

**Accounts for the year ended
December 31, 2021**



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Directors Report

Directors' Report

On behalf of the Board of Directors, I am pleased to present audited financial statements for the financial year ended 31 December 2021.

Economic Developments

At the beginning of 2021, World Economic Forum's Global Crisis Report highlighted that the world faced the risks bursting asset bubbles, price inflation, debt crises, commodity shocks, livelihood crisis, digital power concentration, and digital inequality. A year down the road, one finds that besides the Omicron variant of COVID-19, the world economies were also adversely affected by most of the risks identified in the report.

At the end of 2021, global economic recovery from the pandemic is continuing, even as the Omicron variant has been driving a surge in new cases. The fault lines opened up by COVID-19 are looking more persistent in near-term and divergences are expected to leave lasting imprints on medium-term performance. Differences in vaccine access and early policy support from regulators are the principal drivers of the gaps. Globally, we have seen unusual surge in consumer prices due to increased demand triggered by a faster than expected economic recovery from COVID-19, disrupted supply chains, increase in cost of shipments, and a ripple effect of the hike in energy prices.

Pakistan, being dependent on energy imports, saw a mixed economic performance during the year. A worsening trade deficit was witnessed for six consecutive months owing to an unprecedented increase in the import bill of fiscal year 2021-22 due to increase in global commodities prices. This also impacted the cost of living in Pakistan, and we have experienced stagflation. On the other side, despite of all these risks and challenges Pakistan achieved decent economic growth in the first half of 2021-22 in various sector of economy and moving well against the target GDP of 4.8%.

Microfinance Industry Performance

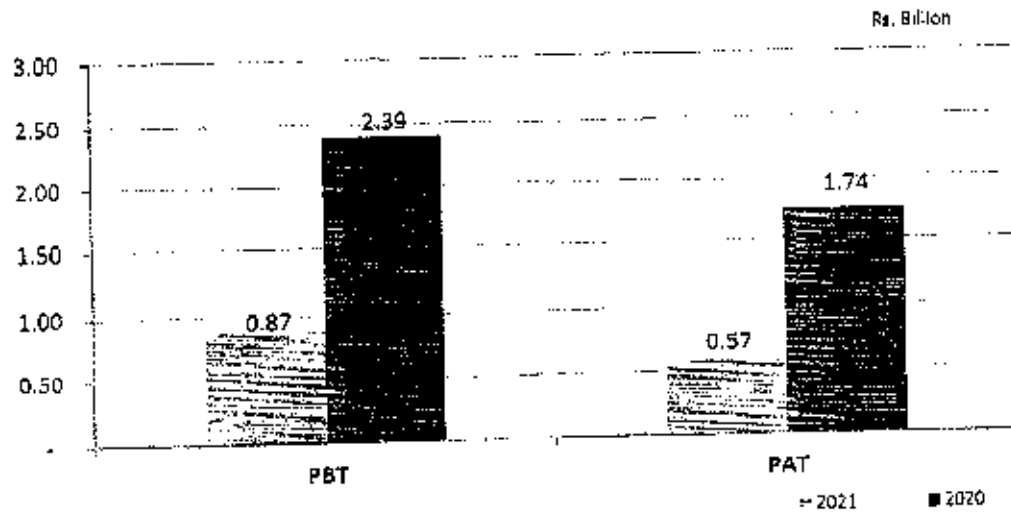
The impact of revival of economy also seen in Pakistan's microfinance industry which shows decent growth in active loans, disbursement, loan book and value of saving as compared to last year which is a positive sign for the progress of the industry. In parallel, the recovery of rescheduled and deferred loan portfolio remains top challenge during the year where we have seen overall PAR (regular & deferred/rescheduled loans) of industry cross 6% mark which increased due to lower recovery trends and unprecedented consumer behavior for the non-payment of due loans despite regulatory and another moratorium relief provided to customer. This adversely impacted the profitability of the industry in the shape of additional charge in provision and accrued markup suspension.

Most of the impact of rescheduled and deferred loan portfolio unfolded in 2021 and rest will be visible in the first half of 2022. Moving forward, with the contraction in the rescheduled and deferred loan portfolio and steady growth in the new disbursements, the PAR ratio is expected to ease out in 2022 resulting into improvement in the operating margins.

Financial Highlights

The Bank reported Profit Before Tax (PBT) of Rs 0.87 billion (2020: Rs 2.39 billion) and Profit After Tax (PAT) of Rs 0.57 billion (2020: Rs 1.74 billion) for the year ended 31 December 2021, a reduction of 64% in PBT & 67% in PAT YOY. Consequently, earnings per share dropped to Rs 2.68 for the year in comparison to Rs 8.16 per share last year. However, the break-up value per share increased to Rs 65.60 (2020: Rs 63.31 per share), an increase of 4%. The return on equity reduced from 15.9% to 4.0% and return on average assets from 1.7% to 0.4% YOY.

The profit margin fell due to major increase in requisite provisions, revenue suspensions against non-performing bullet deferred and rescheduled loans, and partly due to declining net interest margins attributable to monetary easing.



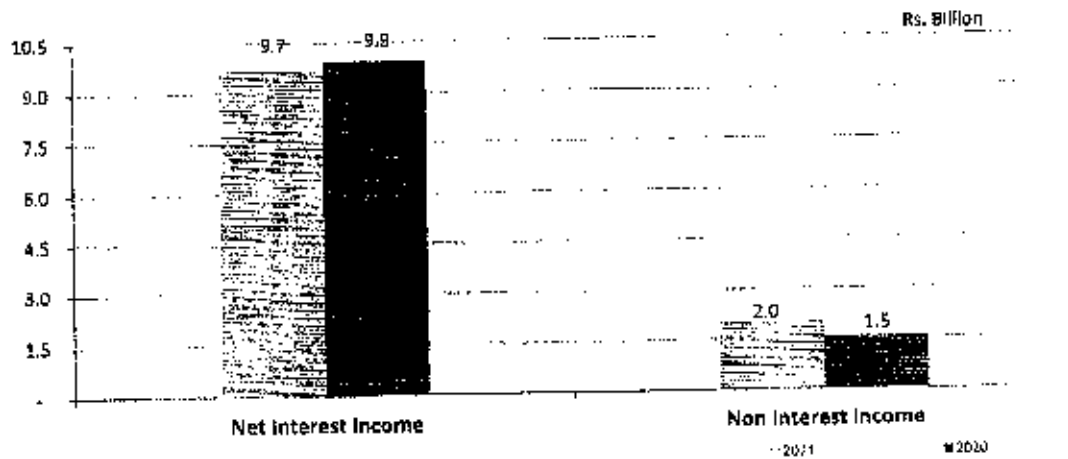
Financial Performance

Net Markup Income:

The net markup income closed at Rs 9.69 billion (2020: Rs 9.94 billion), reduction of 2%. Markup revenue on loans remains stable at Rs 18.6 billion, the growth of loan portfolio of 17% helped offset the interest income losses on rescheduled portfolio. Return on investment closed at Rs 1.89 billion against Rs 1.84 billion of last year, marginal increase of 2%. On the other side, markup expense closed at Rs 8.96 billion against Rs 8.73 billion of last year, an increase of 3% due to growth of 10% in overall funding base. Consequently, interest margin closed at 9.3% from 11.4% of last year.

Non-Markup Income:

Non-markup income comprising of fees, commission and other income increase by 29%, closing at Rs 1.99 billion in 2021 (2020: Rs 1.54 billion). Fee and commission income increase from Rs 1.47 billion to Rs 1.86 billion, increase of 26% and other income mainly comprising of recoveries from written off loans and gain on disposal of fixed assets increased to Rs 137.15 million from Rs 73.36 million of last year.



Provision and Loan Losses:

During the year, provision charges on classified loan portfolio increased to Rs 3,960 million (2020: Rs 2,992 million), an increase of 32% YOY due to performance issues of Deferred & Reschedule Portfolios. Frequent waves of the pandemic and consequent curtailing measures imposed by the government have, on one side, affected the repayment capacity and the relief, on the other side impacted borrowers' behavior and willingness to repay as they were continuously approaching the Bank to grant further relief.

A key portfolio quality indicator, PAR 30+%, has been recorded at 2.89% (2020: 2.75%) at the end of December 31, 2021 and annual loss rate up surged at 5.64% (2020: 4.76%) an increase of 18% YOY broadly due to lower repayment pattern of deferred & reschedule Portfolios. The bank has prudently increase general provision reserve to 1.90% against the regulatory requirement of 1.0% on total loan portfolio at the end of December 31, 2021.

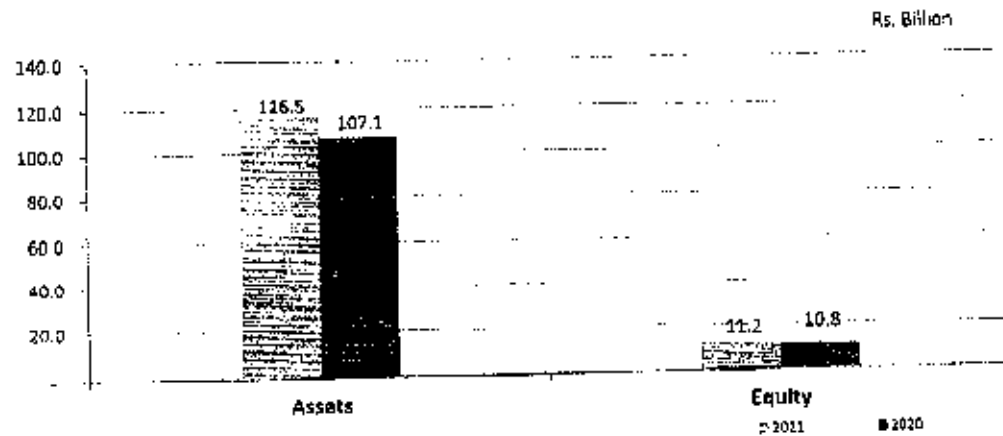
Cost Management:

The administrative expenses closed at Rs 6.78 billion (2020 Rs 6.04 billion), an increase of 12%. The bank continues to work on the optimization of operating cost and during the year employee related cost of Rs 3.59 billion (2020: 3.41 billion) marginally increased by 5% in spite of portfolio growth of 17%. Other operating expenses increased to 3.19 billion (2020: 2.63 billion), due to full year cost impact of branches opened in 2020, 13 additional branches opened during the year and inflationary impact of over 12% on the administrative overhead. Consequently, cost to income ratio is measured at 58.8% (2021: 53.5%).

Assets & Equity:

During the year under review, Bank's total asset registered a growth of 9% and the asset base increased to Rs 116.52 billion (2020: 107.12 billion). Net advances to total assets also increased to 61% from 57% of last year.

The equity of the Bank increased by Rs 391 million and closed at Rs 11.18 billion from Rs 10.79 billion of last year, growth of 4% YOY.



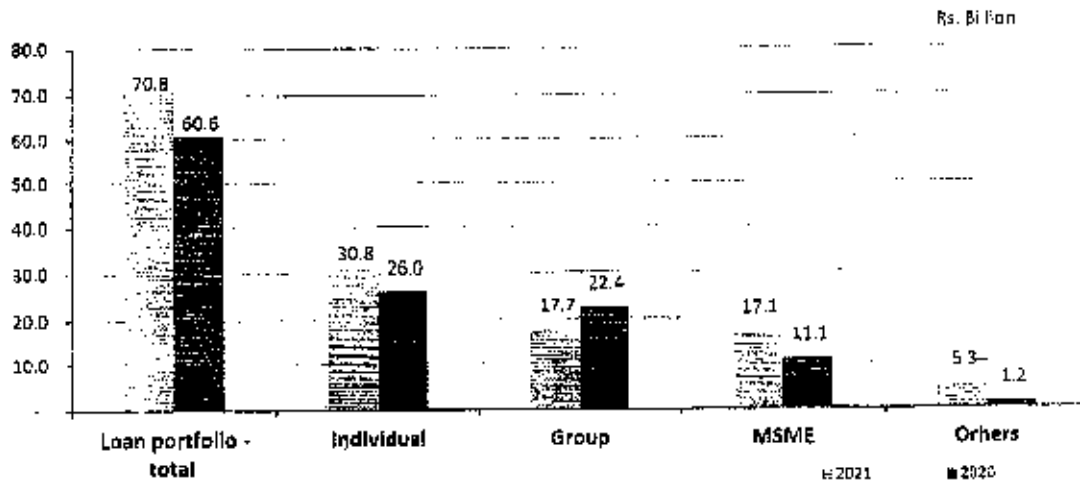
Loan Portfolio:

The Bank's gross advances portfolio increased to Rs 70.78 billion (2020: Rs 60.65 billion), i.e. growth of 17% year on year. The portfolio mix and growth in key segments appears below;

Products	2021		2020		YOY Growth	
	Rs Billion	Mix - %	Rs Billion	Mix - %	Rs Billion	%
Individual loans	30.8	43%	26.0	37%	4.8	18%
Group Loan	17.7	25%	22.4	32%	(4.7)	-21%
MSME	17.1	24%	11.1	16%	5.9	53%
Others	5.3	7%	1.2	2%	4.1	358%
Total	70.8	100%	60.6	86%	10.1	17%

Post COVID, the Bank changed assets strategy by reducing legacy group lending and expanding individual, MSME and housing. The Individual loan portfolio increased to Rs 30.8 billion from Rs 26.0 billion of last year, an increase of 18%, and its share in the total portfolio improved by 6%. The group loan portfolio decreased to 17.7 billion from Rs 22.4 billion of last year, decrease of 21%, and its share in total portfolio dropped by 7% as compared to last year. The Micro Small and Medium Enterprise (MSME) portfolio closed at Rs 17.1 billion from Rs 11.1 billion of last year,

registering an increase of 53% YOY with the Improved share of 16 %. Housing loan portfolio closed at Rs 5.3 billion from Rs 1.2 billion of last year, registering an increase of over 350% YOY with the Improved share of 2 %.



The repositioning of loan book helped to improve secured portfolio to 35% of the book as against 26% of last year.

Restructured Portfolio:

SBP announced Debt Relief Scheme for deferment or rescheduling of COVID affected borrowers remained valid up to 31 March 2021. Under the aforesaid scheme, loan portfolio of Rs 35.1 billion was deferred / rescheduled by the Bank. Out of Rs 35.1 billion, rescheduled portfolio matured last year was around Rs 4.5 billion and major recoveries of around 26 billion were due during this year. The bank has recovered/settled Rs 26.1 billion out of the total due amount of Rs 30.6 billion which translate into recovery rate of around 83%. The amount written off against rescheduled portfolio amount to Rs 3.1 billion which is around 10% of the due amount and Rs 2.1 billion is overdue which is pursued for recovery. The rescheduled portfolio not yet due amounts to Rs. 4.5 billion which is due in the IH of 2022. With the maturity of rescheduled portfolio of around 87%, the delinquency trend of last two years is expected to ease out going forward.

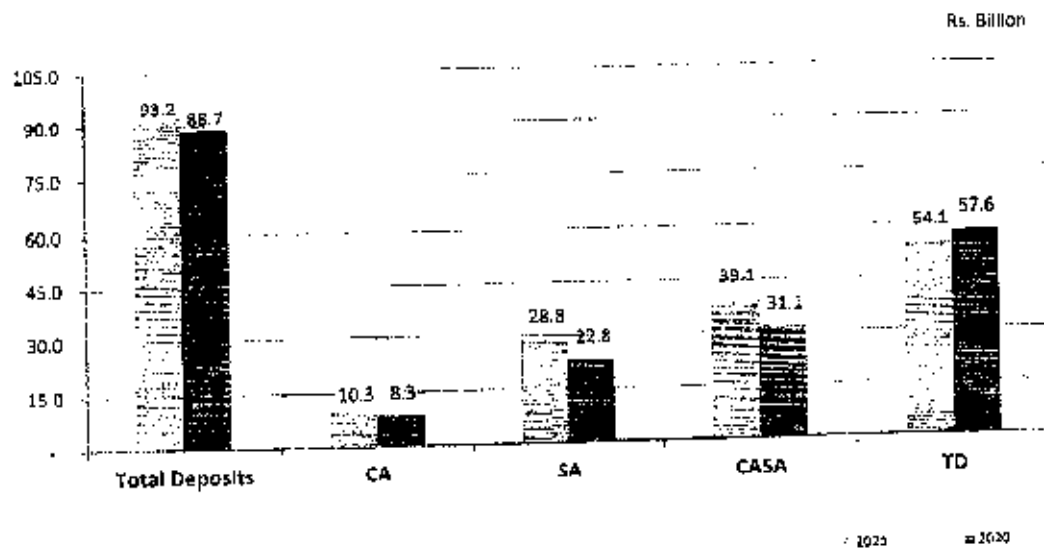
Liquidity:

The Bank continues to monitor liquidity position through monitoring of early warning indicators and stress testing, to ensure efficient and timely action. The bank has consolidated its liquidity position and based on improvement in business conditions the liquid assets are held at 24% of total assets. The ADR closed at 76% against 68% of last year. The major portion of the bank's liquid assets of around 39% are invested in Govt bills/bonds.

Deposits:

The Bank continue to serve a broad range of clients including Institutional, large, medium and small depositors. The Bank's deposits increased to Rs 93.2 billion from Rs 88.6 billion of last year, posting growth of 5%.

CASA deposit improved from Rs 31.1 billion to Rs 39.1 billion an increase of 26%. Saving deposits increased from Rs 22.8 billion to Rs 28.8 billion, an increase of 27% and current accounts amounts to Rs 10.3 billion against Rs 8.3 billion of last year, an increase of 24%. However, Term deposits decreased by 6% to Rs 54.1 billion form Rs 57.6 billion of last year. The changes in the portfolio mix and rationalization of product pricing helped improve cost of deposits to 9.3% as against 11.0% of last year.



The results of operations under review are presented below;

	2021	2020
	----- Rupees '000 -----	
Profit After Tax	571,680	1,739,756
Re-measurement (loss)/gain employment benefit obligation	(12,946)	10,341
Un-appropriated profit brought forward	<u>7,200,276</u>	<u>5,885,119</u>
Profit available for appropriation	7,759,010	7,635,216
Appropriations		
Transfer to:		
Statutory reserve	28,584	86,988
Microfinance Social Development Fund	57,168	173,976
Depositors' Protection Fund	28,584	86,988
Risk Mitigation Fund	<u>28,584</u>	<u>86,988</u>
	142,920	434,940
Un-appropriated Profit Carried Forward	<u>7,616,090</u>	<u>7,200,276</u>

Capital Adequacy Ratio

As of December 31, 2021, the Bank's capital adequacy ratio (CAR) is measured at 18.5% against 19.1% of last year. The Bank's CAR compares well against the mandatory requirement of 15% as per the Prudential Regulations (PR) for Microfinance Banks.

Credit Rating

The credit rating company JCR-VIS has maintained the Bank's long-term credit rating of "A+" (Single A plus) and short-term credit rating at "A-1" (A - One) with "Developing" outlook.

Awards and Recognition

- Khushhali Microfinance Bank is one of the top and leading microfinance banks of Pakistan and was awarded 'Best Microfinance Bank' for the fourth time in a row at the **6th Pakistan Banking Awards 2021** organized by the Institute of Bankers of Pakistan on account of all-round performance in expanding outreach, efficiency and innovations, social impact, and a strong bottom line.
- Khushhali Microfinance Bank (KMBL) has achieved another great milestone, as it has been awarded the Gold Level in 'Client Protection Certification', by the prestigious MicroFinanza Rating Agency. This international recognition has elevated KMBL as the world's first financial institution to achieve this coveted accolade. The certification acknowledges that the accredited institution has ensured compliance with the most stringent Client-Protection regulations, set forth in the Universal Standards for Social Performance Management.

- KMBL successfully completed **Social Rating assessment** with Microfinanza Rating Agency. After a thorough review of our Social Performance Management System, KMBL has been assigned the **SA**, based on the Social Rating scale adopted by MFR. KMBL is the first institution in Pakistan to achieve a high score in good social performance management and client protection systems.
- The CFA society Pakistan also awarded best microfinance bank of Pakistan second year in a row during the year.

Statement of Corporate Governance

The Bank has adopted good corporate governance practices and the Directors are pleased to inform that:

1. The financial statements prepared by the management of the Bank present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
2. Proper books of account of the Bank have been maintained.
3. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
4. The Bank has followed International accounting standards, as applicable to Banks in Pakistan, in the preparation of the accounts without any departure therefrom.
5. The system of internal control in the Bank is sound in design, and is effectively implemented and monitored.
6. There are no significant doubts about the Bank's ability to continue as a going concern.
7. No director has acquired any shares in the Bank during the year and no trading was carried out in the shares of the Bank during the year by the Directors, CEO, CFO, CS, CIA or their spouses and minor children.
8. The Board has constituted the following four committees with defined terms of reference,
 - Board Audit Committee - BAC
 - Board Human Resources & Compensation Committee - BHRCC
 - Board Risk Management Committee - BRMC
 - Social & Environmental Committee - SEC
 - Board Digital Finance Committee - BDFC

The board reconstituted the board committees in its 72nd Board meeting held on 26th November 2020 with the following board members' composition and thereafter no change was made in 2021:

Committee Name	Chair	Member	Member
BAC	Ms. Simi Sadaf Kamal	Mr. Henning Haugerudbraaten	Mr. Sharjeel Shahid
BHRCC	Mr. Robert Binyon	Mr. Humayun Bashir	Ms. Simi Sadaf Kamal
BRMC	Mr. Eelco Mol	Mr. Geert Peetermans	Mr. Robert Binyon
SEC	Mr. Geert Peetermans	Mr. Eelco Mol	Mr. Henning Haugerudbraaten
BDFC	Mr. Humayun Bashir	Mr. Henning Haugerudbraaten	Mr. Sharjeel Shahid

The number of board committee meetings attended during the year by each director is shown below:

S No	Name of member	Designation and name of committee	BAC	BHRCC	BRMC	SEC	BDFC
	Meetings Held		4	4	4	2	4
	Meetings Attended						
1	Mr Geert Peetermans	Chair SEC, Member BRMC	-	-	4	2	-
2	Mr Robert Binyon	Chair BHRCC, Member BRMC	-	4	4	-	-
3	Mr Sharjeel Shahid	Member BAC, BDFC	4	-	-	-	4
4	Mr Henning Haugerudbraaten	Member SEC, BAC & BDFC	4	-	-	2	4
5	Mr Eelco Mol	Chair BRMC, Member SEC	-	-	4	1	-
6	Ms Simi Sadaf	Chair BAC, Member BHRCC	4	4	-	-	-
7	Mr Humayun Bashir	Chair BDFC, BHRCC	-	4	-	-	4

Meetings of the Board

The Board meets on a quarterly basis, and the meeting dates are scheduled well in advance to enable the Directors to plan ahead. When required, the Board also meet other than the quarterly basis to consider and approve urgent matters. Details of attendance of each Director at Board meetings held during the year 2021 are set out in the table below:

S. No	Name of Director	Designation	Meeting Attended	Eligibility
1	Mr Aameer Karachwalla	Chairman	5	5
2	Mr Geert Peetermans	Director	5	5
3	Mr Robert Binyon	Director	5	5
4	Mr Sharjeel Shahid	Director	5	5
5	Mr Henning Haugerudbraaten	Director	5	5
6	Mr Eelco Mol	Director	5	5
7	Ms Simi Sadaf Kamal	Independent Director	5	5
8	Mr Humayun Bashir	Independent Director	5	5
9	Mr Ghalib Nishtar	President and CEO	5	5

Change in Directors

There was no change in the membership of the Board of Directors in the year 2021.

CGAP Compliant Reporting

The Consultative Group to Assist the Poor (CGAP), a consortium of international public and private development agencies housed at the World Bank, has issued two guidelines to enhance transparent reporting for microfinance institutions, i.e., disclosure guidelines for financial reporting and definitions of selected financial terms, ratios and adjustments.

The Bank in its financial statements as at December 31, 2021, has complied with the above stated guidelines. The CGAP disclosures and ratios are presented in addition to the requirements of SBP BSD circular 11 dated December 30, 2003.

Pattern of Shareholding

The Pattern of shareholding of the Bank as at December 31, 2021 is as follows;

No of shareholders	From	To	Total shares - No
1	1	5,000,000	3,000,000
1	5,000,001	20,000,000	16,879,502
2	20,000,001	35,000,000	58,286,307
2	35,000,001	65,000,000	92,334,191
6			170,500,000

Shareholders holding above 10% of voting shares are

Share holders	Shares
United Bank Limited	50,628,528
Rural Impulse Fund II S.A SICAV-FIS	41,705,663
responsAbility Global Micro and SME Finance Fund *	33,929,499
Shorecap II Limited	24,356,808
Total Shares	150,620,498

*formerly responsAbility Micro and SME Finance Fund and before that responsAbility Global Microfinance Fund, represented by MultiConcept Fund Management S.A (formerly responsAbility Management Company S.A and before that Credit Suisse Microfinance Fund Management Company).

Categories of Shareholders

Particulars	Number	Shares held	
Individual	-	-	-
Joint Stock Companies	-	-	-
Financial Institutions	2	53,628,528	31.50%
Others	4	119,871,472	68.50%
Total	6	170,500,000	100.00%

Auditors

The present auditors, M/s Ernst & Young Ford Rhodes, Chartered Accountants have completed their assignment for the year ended December 31, 2021. Being eligible, they have offered themselves for reappointment. As advised by the Board's Audit Committee, the Board recommends appointment of M/s Ernst & Young Ford Rhodes, Chartered Accountants, as auditors for the year ending December 31, 2022.

Appreciation and Acknowledgement

On behalf of the Board, I would like to place on record the efforts of regulatory authorities for their prudent policies and measures to safeguard interest of all stakeholders of the economy and thanks to all shareholders for their patronage. I also express my appreciation to our customers who continue to build strong relationship with the bank and most importantly I would like to acknowledge all members of Khushhali family for their valuable contributions during the year.

For and on behalf of the board,



Chairman

Place : Islamabad

Dated : February 25, 2022

Auditors Report



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EY Forc Rhodes
Chartered Accountants
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INDEPENDENT AUDITORS' REPORT

To the members of Khushhall Microfinance Bank Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of Khushhall Microfinance Bank Limited (the Bank), which comprise the balance sheet as at 31 December 2021 and the profit and loss account, the statement of other comprehensive income, the statement of changes in equity and the cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the balance sheet, the profit and loss account, the statement of comprehensive income, the statement of changes in equity and the cash flow statement together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan, and, give the information required by the Companies Act, 2017 (XIX of 2017), provisions of and directives issued under the Microfinance Institutions Ordinance, 2001 and directives issued by the State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan (SECP) in the manner so required and respectively give a true and fair view of the state of the Bank's affairs as at 31 December 2021 and of the profit, the other comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises the Directors' Report but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



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Responsibilities of Management and the Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting and reporting standards as applicable in Pakistan, the requirements of the Companies Act, 2017 (XIX of 2017), provisions of and directives issued under the Microfinance Institutions Ordinance, 2001 and directives issued by the State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan (SECP) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

The Board of directors is responsible for overseeing the Bank's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report.



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However, future events or conditions may cause the Bank to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion;

- a) proper books of account have been kept by the Bank as required by the Companies Act, 2017 (XIX of 2017).
- b) the balance sheet, the profit and loss account, the statement of other comprehensive income, the statement of changes in equity and the cash flow statement (together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Bank's business; and
- d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Bank and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditors' report is Ahsan Shahzad.

EY Ford Rhodes
Chartered Accountants
Islamabad, Pakistan
Date: 19 March 2022

UDIN: AR202110079dHUCx0Jvk

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Audited Financial Statements


KHUSHALI MICROFINANCE BANK LIMITED
BALANCE SHEET
AS AT DECEMBER 31, 2021

	Note	2021 ----- Rupees '000 -----	2020
ASSETS			
Cash and balances with SBP and NBP	7	3,883,711	2,860,265
Balances with other banks/ NBFIs/ MFBs	8	10,177,317	10,762,177
Lending to financial institutions	9	100,000	795,981
Investments - net of provisions	10	14,089,836	17,679,889
Advances - net of provisions	11	70,884,244	60,640,787
Operating fixed assets	12	3,578,798	3,688,195
Other assets	13	13,270,613	10,241,141
Deferred tax asset	14	539,407	454,439
Total assets		116,523,926	107,102,874
LIABILITIES			
Deposits and other accounts	15	93,162,369	88,649,614
Borrowings	16	4,608,379	427,708
Subordinated debt	17	3,000,000	2,400,000
Other liabilities	18	4,568,629	4,831,474
Total liabilities		105,339,377	96,308,996
NET ASSETS		11,184,549	10,793,878
REPRESENTED BY:			
Share capital	19	1,705,000	1,705,000
Statutory reserve	6.12	1,900,415	1,871,831
Capital reserve	6.13	24,255	24,255
Unappropriated profit		7,616,090	7,200,276
		11,245,760	10,801,362
Deficit on revaluation of assets	20	(61,211)	(7,484)
Deferred grants		-	-
Total capital		11,184,549	10,793,878
MEMORANDUM / OFF BALANCE SHEET ITEMS	21	-	-

The annexed notes from 1 to 47 form an integral part of these financial statements.


PRESIDENT


CHAIRMAN



DIRECTOR


DIRECTOR

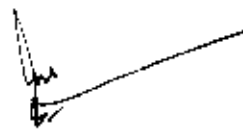
KHUSHALI MICROFINANCE BANK LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED DECEMBER 31, 2021

	Note	2021 Rupees '000	2020
Mark-up/ return/ interest earned	22	18,652,795	18,670,291
Mark-up/ return/ interest expensed	23	8,960,999	8,732,042
Net mark-up/ interest income		9,691,796	9,938,249
Provision against non-performing loans and advances - net	11.4	3,938,294	2,863,177
Bad debts written off directly	11.5	22,202	29,178
Net mark-up/ interest income after provisions		5,731,300	8,845,894
NON MARK-UP/ NON INTEREST INCOME			
Fee, commission and brokerage income	24	1,857,405	1,469,614
Other income	25	137,154	73,357
Total non mark-up/ non interest income		1,994,559	1,542,971
NON MARK-UP/ NON INTEREST EXPENSES			
Administrative expenses	26	6,775,162	6,037,253
Other provisions	13	62,145	47,519
Other charges	27	18,962	12,295
Total non-mark-up/ non interest expense		6,856,269	6,097,067
PROFIT BEFORE TAXATION		869,590	2,391,798
Taxation - Current	28	323,829	712,793
- Prior year	28	31,817	-
- Deferred	28	(57,736)	(60,721)
		297,910	652,042
PROFIT AFTER TAXATION		571,680	1,739,756
Unappropriated profit brought forward		7,200,276	5,885,119
Other comprehensive (loss) /gain transferred to equity		(12,946)	10,341
Profit available for appropriation		7,759,010	7,635,216
APPROPRIATIONS:			
Transfer to:			
Statutory reserve	6.12	28,584	86,988
Microfinance social development fund	6.14	57,168	173,875
Depositors' protection fund	6.14	28,584	86,988
Risk mitigation fund	6.14	28,584	86,988
		142,920	434,940
UNAPPROPRIATED PROFIT CARRIED FORWARD		7,616,090	7,200,276
EARNINGS PER SHARE - BASIC AND DILUTED	33	2.68	6.16

The annexed notes from 1 to 47 form an integral part of these financial statements.


PRESIDENT


CHAIRMAN


DIRECTOR


DIRECTOR

**KHUSHHALI MICROFINANCE BANK LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2021**

		2021	2020
		----- Rupees '000 -----	
Profit after taxation	Note	571,680	1,739,756
Other comprehensive income			
Items that will not be reclassified subsequently to profit and loss			
Remeasurement (loss) / gain on post employment benefit obligation		(18,234)	14,666
Deferred tax relating to remeasurement gain / (loss) on post employment benefit obligation	14.1	5,288	(4,226)
Other comprehensive (loss) / gain transferred to equity		(12,946)	10,341
Items that may be subsequently reclassified to profit and loss.			
Deficit on revaluation of investments - AFS	10.5	(88,213)	(10,542)
Transfer to profit and loss on disposal of available for sale investments		10,542	798
Deferred tax asset on deficit on revaluation of investments - AFS	14.1	21,844	2,827
		(53,727)	(8,917)
Total comprehensive income		505,007	1,743,180

The annexed notes from 1 to 47 form an integral part of these financial statements.


PRESIDENT


CHAIRMAN


DIRECTOR


DIRECTOR

KHUSHALI MICROFINANCE BANK LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2021

	Share capital	Capital reserve (Note - 8.13)	Statutory reserve (Note - 8.12)	Unappropriated profit	Total
	Rupees '000				
Balance as at January 01, 2020	1,705,000	24,255	1,784,843	5,885,119	9,399,217
Total comprehensive income for the year					
Profit for the year	-	-	-	1,739,766	1,739,766
Other comprehensive gain	-	-	-	10,341	10,341
	-	-	-	1,750,097	1,750,097
Transfer to:					
Statutory reserve	-	-	86,988	(86,988)	-
Microfinance social development fund	-	-	-	(173,976)	(173,976)
Risk mitigation fund	-	-	-	(86,988)	(86,988)
Depositors' protection fund	-	-	-	(86,988)	(86,988)
Balance as at December 31, 2020	1,705,000	24,255	1,871,831	7,200,276	10,801,362
Total comprehensive income for the year					
Profit for the year	-	-	-	571,680	571,680
Other comprehensive loss	-	-	-	(12,946)	(12,946)
	-	-	-	558,734	558,734
Transfer to:					
Statutory reserve	-	-	28,584	(28,584)	-
Microfinance social development fund	-	-	-	(57,168)	(57,168)
Risk mitigation fund	-	-	-	(28,584)	(28,584)
Depositors' protection fund	-	-	-	(28,584)	(28,584)
Balance as at December 31, 2021	1,705,000	24,255	1,900,415	7,616,080	11,245,760

The annexed notes from 1 to 47 form an integral part of these financial statements.


 PRESIDENT


 CHAIRMAN


 DIRECTOR


 DIRECTOR

KHUSHALI MICROFINANCE BANK LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2021

Note	2021	2020
	----- Rupees '000 -----	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	869,590	2,391,798
Adjustments for:		
Depreciation of property and equipment	471,148	400,637
Depreciation of right of use asset	372,643	360,908
Amortization of intangible assets	153,309	100,144
Provision against non-performing advances	3,938,294	2,893,177
Gain on sale of fixed assets	(50,914)	(16,376)
Mark-up on advances	(16,766,009)	(16,827,168)
Interest income on investments and deposit accounts	(1,867,788)	(1,843,105)
Interest expense on borrowings and deposits	6,437,673	6,167,239
Interest expense on subordinated debt	275,932	307,936
Interest expense on lease liability	247,394	256,867
Provision against other assets	62,145	47,519
Charge for defined benefit plan	142,256	144,268
	(4,602,913)	(6,938,074)
	(3,733,323)	(3,546,276)
(Increase) / decrease in operating assets		
Advances	(14,181,751)	(10,062,812)
Other assets	(63,893)	83,612
	(14,245,644)	(9,979,200)
Increase / (decrease) in operating liabilities		
Deposits	4,512,555	24,767,465
Other liabilities	(87,308)	(200,666)
	4,426,247	24,566,800
Net cash (used in) / generating from operations	(13,663,720)	11,051,423
Mark-up received on advances	14,048,778	12,474,056
Interest received on investments and deposit accounts	1,863,504	1,932,904
Interest paid on borrowings, deposits and subordinated debt	(9,027,083)	(8,122,176)
Contributions to defined benefit plan	(96,462)	(231,182)
Income taxes paid	(694,898)	(670,154)
	6,093,849	5,483,448
Net cash (used in) / generating from operating activities	(7,469,871)	16,534,871
CASH FLOW FROM INVESTING ACTIVITIES		
Investments in AFS/HFT/HTM securities	3,514,382	(7,577,888)
Purchase of operating fixed assets	(664,956)	(642,334)
Sale proceeds against disposal of operating fixed assets	64,496	19,899
Net cash generated (used in) from investing activities	2,913,922	(8,400,334)
CASH FLOW FROM FINANCING ACTIVITIES		
Dividend paid	-	-
Payment of lease liability	(472,117)	(395,169)
Subordinated debt	600,000	-
Borrowings acquired during the year	151,848,367	-
Borrowings paid during the year	(147,767,698)	(898,313)
Net cash used in financing activities	4,308,554	(1,293,472)
Net (decrease) / increase in cash and cash equivalents	(237,395)	6,841,065
Cash and cash equivalents at beginning of the year	14,398,423	7,557,358
Cash and cash equivalents at end of the year	14,161,028	14,398,423

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The annexed notes from 1 to 47 form an integral part of these financial statements.


 PRESIDENT


 CHAIRMAN


 DIRECTOR


 DIRECTOR

**KHUSHALI MICROFINANCE BANK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

1 STATUS AND NATURE OF BUSINESS

Khushhali Microfinance Bank Limited (KMBL/the Bank) came into existence with the promulgation of the Khushhali Bank Ordinance, 2000 as a corporate body with limited liability on August 4, 2000. It commenced its business with the issuance of license by the State Bank of Pakistan (SBP) on August 11, 2000. KMBL was established to mobilize funds for providing microfinance services to poor persons, particularly poor women for mitigating poverty and promoting social welfare and economic justice through community building and social mobilization with the ultimate objective of poverty alleviation.

In pursuance of the requirements of Improving Access of Financing Service Program (IAFSP) Agreement signed in 2008 between the Government of Pakistan (GOP) and Asian Development Bank, where by all microfinance institutions in Pakistan including KMBL were required to operate under Microfinance Institutions Ordinance, 2001. Consequently, with the approval of SBP, KMBL was incorporated as a public company with Securities and Exchange Commission of Pakistan (SECP) and Certificate of Incorporation was issued under the repealed Companies Ordinance, 1984 (repealed with the enactment of Companies Act, 2017) on February 28, 2008.

On March 18, 2008, SBP sanctioned a scheme for transfer of assets, liabilities and undertaking of Khushhali Bank (KB) into KMBL with effect from April 1, 2008, a microfinance institution licensed under the Microfinance Institution Ordinance, 2001. In accordance with the scheme of conversion all assets and liabilities of the KB were transferred to the Bank at their respective book values based on the audited accounts of the Bank as of March 31, 2008.

On June 4, 2012, a consortium led by United Bank Limited and comprising ASN-NOVIB Microkredietfonds (Triple Jump B.V), responsAbility Global Micro and SME Finance Fund (formerly responsAbility Micro and SME Finance Fund and before that responsAbility Global Microfinance Fund) represented by MultiConcept Fund Management S.A (formerly responsAbility Management Company S.A and before that Credit Suisse Microfinance Fund Management Company), Rural Impulse Fund II S.A, SICAS-FIS (Incofin Investment Management Comm.VA), and ShoreCap II Limited (Equator Capital Partners LLC) acquired 67.4% equity stake in KMBL from a selling consortium comprising of eleven shareholders. In view of the changes in the shareholding, a new microfinance banking license was issued on November 19, 2012 by SBP to the Bank.

On November 01, 2019, responsAbility Management Company S.A has been replaced as management company by MultiConcept Fund Management Company S.A. acting in its own name but on behalf of the fund (the "New Management Company").

The Bank's registered office and principal place of business is situated at 5th Floor, Ufone Tower, Blue Area, Islamabad. The Bank has 208 branches and 33 permanent booths in operation as at December 31, 2021 (December 31, 2020: 193 branches, 41 permanent booths) and is licensed to operate nationwide.

2 BASIS OF PRESENTATION

These financial statements have been presented in accordance with the requirements of format prescribed by the SBP Banking Supervision Department (BSD) Circular number 11 dated December 30, 2003. The Bank has also elected to present additional disclosures, refer to notes 42 and 43, by applying the definitions of selected financial terms and ratios for microfinance prescribed by the Microfinance Consensus Guidelines, issued by the Consultative Group to Assist the Poor (CGAP), in September 2003.

3 STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards comprise of:

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017;
- Provisions of and directives issued under the Microfinance Institutions Ordinance, 2001 and the Companies Act, 2017; and
- Directives issued by the State Bank of Pakistan (SBP) (including Prudential Regulations of Microfinance Banks) and the Securities and Exchange Commission of Pakistan (SECP).

Wherever the provisions of and directives issued under the Microfinance Institution Ordinance, 2001, the Companies Act, 2017, the Prudential Regulations of Microfinance Banks and the directives issued by the SBP and SECP differ with the requirements of IFRS, the provisions of and directives issued under the Microfinance Institution Ordinance, 2001, the Companies Act, 2017, the Prudential Regulations of Microfinance Banks and the directives issued by the SBP and SECP shall prevail.

The State Bank of Pakistan, vide SBP BPRD circular no. 24, dated July 05, 2021, deferred the applicability of IFRS-9 'Financial Instruments' till annual periods beginning on or after January 01, 2022. Previously the application of IAS 39 'Financial Instruments Recognition and Measurement' and IAS 40 'Investment Property' were also deferred by SBP. According to the notification of the SECP issued vide SRO 411(1)/2008 dated April 28, 2008, IFRS 7, Financial Instruments: Disclosures has not been made applicable for banks. Accordingly, the requirements of these standards have not been considered in the preparation of these financial statements. However, investments have been classified and valued in accordance with the requirements of various circulars issued by the SBP.

4 BASIS OF MEASUREMENT

Accounting convention

These financial statements have been prepared under the historical cost convention as modified for obligations under staff retirement benefits, right of use asset and lease liability, which are measured at present value and investments available for sale, which are measured at mark-to-market basis.

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires the use of certain accounting estimates and judgments in application of accounting policies. The area involving a high degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 6.34

5 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS

5.1 Standards, interpretations and amendments that are effective in the current year

Following amendments to existing standards that have become applicable to the Bank for accounting periods beginning on or after January 1, 2020 but are considered not to be either relevant or not have any significant impact on these financial statements:

Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9 IAS 39, IFRS 7, IFRS 4 and IFRS 16 - These amendments had no impact on the financial statements of the Bank

Covid-19-Related Rent Concessions beyond 30 June 2021: Amendments to IFRS 16 - These amendments had no impact on the financial statements of the Bank

5.2 Standards, Interpretations and amendments that are not effective in the current year

a) The following amendments to the accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard:

		Effective date (annual periods beginning on or after)
IFRS 3	Business Combinations – The amendment updates a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.	January 01, 2022
IAS 16	Property, plant and equipment – Amendment to clarify the prohibition on an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss.	January 01, 2022
IAS 37	Provisions, Contingent Liabilities and Contingent Assets to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.	January 01, 2022
IAS 1 and IFRS Practice Statement	Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2 - The amendments aim to help entities provide accounting policy disclosures that are more useful by: - Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies; and - Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.	January 01, 2023

IAS 8	Definition of Accounting Estimates – Amendments to IAS 8 - The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates	January 01, 2023
IAS 1	Classification of liabilities as current or non-current (Amendments to IAS 1)	January 01, 2023
IFRS 10 & IAS 28	Consolidated Financial Statements & Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – (Amendment)	Not yet finalized

As per BPRD Circular No. 24 of 2021 dated July 05, 2021 of SBP effective date of IFRS 9 implementation is January 01, 2022. The standard has introduced a new impairment model for financial assets which requires recognition of impairment charge based on an 'expected credit losses' (ECL) approach rather than the 'incurred credit losses' approach as currently followed. The ECL approach has an impact on all assets of the Bank which are exposed to credit risk. The Bank is in the process of assessing the full impact of this standard and the Bank awaits final guidelines from SBP for application of some aspects of IFRS 9.

In addition to the above new standards (other than IFRS 9) and amendments to standards, improvements to various accounting standards (under the annual improvements 2018 - 2020 cycle) have also been issued by the IASB in May 2020. Such improvements are generally effective for accounting periods beginning on or after January 01, 2022.

The Bank expects that the adoption of the above standards and amendments will have no material effect on the Bank's financial statements.

b) **Standards or interpretations not yet effective**

The following standards and interpretations have been issued by the International Accounting Standards Board (IASB), which have not been adopted locally by the Securities and Exchange Commission of Pakistan (SECP):

	Effective date (annual periods beginning on or after)	
IFRS 1	First time adoption of international financial reporting standards	July 01, 2004
IFRS 17	Insurance Contracts	January 01, 2023

The Bank expects that the adoption of the above standards will have no material effect on the Bank's financial statements, in the period of initial application.

6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the presentation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

6.1 Cash and cash equivalents

Cash and cash equivalents comprise of cash in hand, balances with treasury bank and balance with other banks and short term, highly liquid investments that are readily convertible to known amount of cash and subject to an insignificant risk of changes in value.

TJR

6.2 Sale and repurchase agreements

Assets sold with a simultaneous commitment to repurchase at a specified future date (repos) continue to be recognized in the balance sheet and are measured in accordance with the accounting policies for investment securities. The counter party liability for consideration received is included in borrowings from the financial institutions. The difference between sale and repurchase price is treated as markup/return/interest expense over the period of the transaction. Assets purchased with a corresponding commitment to resell at a specified future date (reverse repo) are not recognized as investment in the balance sheet. Amounts paid under these agreements are included in lending to financial institutions. The difference between the purchase and the resale price is treated as markup/return/interest income over the period of the transaction.

6.3 Investments

All purchases and sale of investments are recognized using settlement date accounting. Settlement date is the date on which investments are delivered to or by the Bank. All investments are derecognized when the right to receive economic benefits from the investments has expired or has been transferred and the Bank has transferred substantially all the risks and rewards of ownership.

Investments are classified as follows:

a) Held for trading investments

These represent securities acquired with the intention to trade by taking advantage of short-term market/ interest rate movements. These are measured at mark-to-market and surplus / (deficit) arising on revaluation of 'held for trading' investments is taken to profit and loss account.

b) Available for sale investments

Investments which may be sold in response to need for liquidity or changes in interest rates, exchange rates or equity prices are classified as available for sale. Available for sale investments are initially recognized at cost and subsequently measured at mark-to-market basis.

The surplus / (deficit) arising on revaluation of available for sale investments is carried as "surplus / (deficit) on revaluation of assets" through statement of comprehensive income and also shown in the balance sheet below equity. The surplus / (deficit) arising on these investments is taken to the profit and loss account, when actually realized upon disposal.

On reclassification of an investment from the available for sale category, the investment is reclassified at its fair value on the date of reclassification. This fair value becomes its new cost or amortized cost, as applicable. For investments with fixed maturity, any gain or loss previously recognized in "surplus / (deficit) on revaluation of assets" is amortized to profit and loss over the remaining life of the investment using the effective interest rate method and if the investment does not have a fixed maturity, the gain or loss previously recognized in "surplus / (deficit) on revaluation of assets" is recognized in profit and loss when the investment is sold or disposed off.

c) Held to maturity investments

Investments with fixed maturity, where management has both the intent and the ability to hold till maturity, are classified as held to maturity. Subsequent to initial recognition at cost, these investments are measured at amortized cost, less provision for impairment in value, if any. Amortized cost is calculated taking into account effective interest rate method. Profit on held to maturity investments is recognized on a time proportion basis taking into account the effective yield on the investments.

Premium or discount on acquisition of held to maturity investments are amortized through profit and loss account over the remaining period, using the effective interest rate method.

6.4 Advances

Advances are stated net of provisions for non-performing advances. Advances and mark-up that are overdue for 30 days or more are classified as non-performing and divided into following categories:

a) Other Assets Especially Mentioned (OAE M)

Advances and mark-up in arrears for 30 days or more but less than 60 days.

b) Substandard

Advances and mark-up in arrears for 60 days or more but less than 90 days.

c) **Doubtful**

Advances and mark-up in arrears for 90 days or more but less than 180 days.

d) **Loss**

Advances and mark-up in arrears for 180 days or more.

In addition, the Bank maintains a watch list of all accounts delinquent by 5 - 29 days. However, such accounts are not treated as non-performing for the purpose of classification / provisioning.

In accordance with the Prudential Regulations for Microfinance Banks issued by SBP (the Prudential Regulations), the Bank maintains specific provision for potential loan losses for all non-performing outstanding advances net of cash and gold collaterals realizable without recourse to a court of law at the following rates:

OAEM	Nil
Substandard	25%
Doubtful	50%
Loss	100%

In addition, minimum of 1% general provision required under the Prudential Regulations is made on outstanding advances net of specific provision. However general provision is not required in cases wherein loans have been secured against gold or other cash collateral with appropriate margin. General and specific provisions are charged to the profit and loss

In accordance with the Prudential Regulations, non-performing advances are written-off one month after the loan is categorized as "Loss". However, the Bank continues its efforts for recovery of the written-off balances.

Under exceptional circumstances, management reschedules repayment terms for clients who have suffered catastrophic events and who appear willing and able to fully repay their loans. The classification made as per the Prudential Regulations is not changed due to such rescheduling. The accrued mark-up till the date of rescheduling is received prior to such rescheduling.

6.5.1 **Operating fixed assets****Capital work in progress**

Capital work-in-progress are stated at cost less impairment losses (if any) and consist of expenditure incurred, advances made and other costs directly attributable to operating fixed assets in the course of their construction and installation. Cost also includes applicable borrowing costs, if any. Transfers are made to relevant operating fixed assets category as and when assets are ready for use.

Property and equipment

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the asset and the costs of dismantling and removing the items and restoring the site on which they are located, if any.

Depreciation is charged on the straight line basis at rates specified in note 12.3 to the financial statements, so as to write off the cost of assets over their estimated useful lives. Full month's depreciation is charged in the month of capitalization and no depreciation is charged in the month of disposal.

Subsequent costs are included in the assets carrying amount when it is probable that future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably. Carrying amount of the replaced part is derecognized. All other repair and maintenance expenses are charged to profit and loss account during the year.

Gains and losses on disposal of property and equipment are taken to the profit and loss account.

Intangible assets

An intangible asset is recognized if it is probable that the future economic benefits that are attributable to the asset will flow to the Bank and that the cost of such asset can also be measured reliably. These are stated at cost less accumulated amortization and impairment losses, if any.

Intangible assets comprise of computer software and related applications. Intangible assets are amortized over their estimated useful lives at rate specified in note 12.4 to the financial statements. Subsequent expenditure is capitalized only when it increases the future economic benefit embodied in the specific asset to which it relates. All other expenditure is recognized in profit and loss account as incurred.

6.6 Impairment of non-financial assets

Assets that have an indefinite useful life – for example, goodwill or intangible assets not ready to use – are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

6.7 Deposits

Deposits are initially recorded at the amount of proceeds received. Mark-up accrued on deposits, if any is recognised separately as part of other liabilities, and is charged to the profit and loss account over the period.

6.8 Subordinated debt

Subordinated loans are initially recorded at the amount of proceeds received. Mark-up accrued on subordinated loans is recognised as part of other liabilities and is charged to the profit and loss account over the period on an accrual basis.

6.9 Taxation

The tax expense for the period comprises current and deferred tax. Tax is recognized in the profit and loss account, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

Current

The current income tax charge is calculated on the basis of the tax laws enacted or substantially enacted at the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred

Deferred income tax is recognized, using the balance sheet method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax assets and liabilities are off-set when there is a legally enforceable right to offset current tax assets against current tax liabilities where there is an intention to settle the balances on a net basis.

Prior years

The taxation charge for prior years represents adjustments to the tax charge relating to prior years, arising from assessments and changes in estimates made during the current year, except otherwise stated.

6.10 Employee benefits

Salaries, wages and benefits are accrued in the period in which the associated services are rendered by employees of the Bank.

The Bank operates an approved funded gratuity scheme for all eligible employees completing the minimum qualifying period of one year of service. In accordance with the gratuity scheme eligible salary constitutes the basic salary for the service uptill July 26, 2004 and gross salary for service thereafter which is paid to the employee on the basis of period in service. The defined benefit obligation is calculated annually using the projected unit credit method. The present value of defined obligation is determined by discounting the estimated market yield on government bonds and have terms to maturity approximating to the terms of the related liability. The Bank has a policy of carrying out actuarial valuations annually with the assistance of independent actuarial appraisers. The latest actuarial valuation was carried out on December 31, 2021

The remeasurement gains and losses are recognized immediately in other comprehensive income (OCI). Further, past service costs are recognized in profit and loss account in the year in which they arise.

6.11 Mark-up bearing borrowings

Mark-up bearing borrowings are recognized initially at cost being the fair value of consideration received, less attributable transaction costs. Subsequent to initial recognition mark-up bearing borrowings are stated at original cost less subsequent repayments.

6.12 Statutory reserve

In compliance with the requirements of Regulation 4 of the Prudential Regulations, the Bank is required to maintain a statutory reserve to which an appropriation equivalent to 20% of the profit after tax is made till such time the reserve fund equals the paid up capital of the Bank. However, thereafter, the contribution is reduced to 5% of the profit after tax.

6.13 Capital reserve

Pursuant to the Scheme of conversion, as explained in note 1 to the financial statements, the unappropriated profit of KB has been treated as Capital reserve of the Bank.

6.14 Contributions

In pursuance of the requirement of Microfinance Sector Development Program (Schedule-6 Loan # 1806-Pak, Fund Rules and 'Report and Recommendation of the President to the Board of Asian Development Bank' and as confirmed by the SBP vide its letter dated February 17, 2015, the Bank contributes an aggregate of 20% of its annual profit after tax to the following three funds:

Depositor's Protection Fund	5% of the profit after tax
Risk Mitigation Fund	5% of the profit after tax
Microfinance Social Development Fund	10% of the profit after tax

The above contributions represents outflow of economic resources of the Bank and thus are required to be included within profit and loss account as expense, under IFRSs, reducing the amount of profit after tax, but as required by the SBP Banking Supervision Department (BSD) Circular number 11 dated December 30, 2003, the related annual contributions are instead disclosed as appropriation from profit available from distribution, within the profit and loss account, and are separately presented in the statement of changes in equity. The Bank has, however, deducted these contributions, from the amount of profit after tax to arrive at profit attributable to equity holders, for the purpose of calculation of Earnings Per Share.

6.15 Cash reserve requirement

In compliance with the Prudential Regulations, the Bank maintains a cash reserve equivalent to not less than 5% of its time and demand liabilities in a current account opened with the State Bank of Pakistan.

6.16 Statutory liquidity requirement

The Bank maintains liquidity equivalent to at least 10% of its time and demand deposits in the form of liquid assets i.e. cash, gold and unencumbered approved securities.

6.17 Grants

Grants of non-capital nature are recognized as deferred income at the time of their receipt. Subsequently, these are recognized in the profit and loss account to the extent of the actual expenses incurred. Expenses incurred against grants committed but not received, is recognized directly in the profit and loss account and reflected in balance sheet as receivable from donors.

Grants that compensate the Bank for the cost of an asset are recognized in the profit and loss account as other operating income on a systematic basis over the useful life of the asset.

The grant related to an asset is recognized in the balance sheet initially as deferred grant when there is reasonable assurance that it will be received and that the Bank will comply with the conditions attached to it.

6.18 Revenue recognition

Mark-up/ return on advances is recognized on accrual/ time proportion basis, except for income, if any, which warrants suspension in compliance with the Prudential Regulations. Mark-up recoverable on non-performing advances is recognized on a receipt basis in accordance with the requirements of the Prudential Regulations. Loan processing fee is recognized as income on the approval of loan application of borrowers and disbursement of loan.

Mark-up/ return on investments is recognized on time proportion basis using effective interest method. Where debt securities are purchased at premium or discount, those premiums/discounts are amortized through the profit and loss account over the remaining period of maturity.

Income from interbank deposits in saving accounts is recognized in the profit and loss account as it accrues using the effective interest method.

Gains and losses on sale of investments and operating assets are recognized in profit and loss account.

Fee and commission income is recognised at an amount that reflects the consideration to which the Bank expects to be entitled in exchange for providing the services. The performance obligations, as well as the timing of their satisfaction, are identified, and determined, at the inception of the contract.

6.19 Borrowing costs

Borrowings are recorded at the amount of proceeds received.

The cost of borrowings is recognized on an accrual basis as an expense in the period in which it is incurred.

6.20 Leases

The Bank assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Bank as a lessee

The Bank applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Bank recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Bank recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term.

The right-of-use assets are presented within Note 12 'Operating fixed assets'.

Lease liabilities

At the commencement date of the lease, the Bank recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made.

6.21 Financial instruments

Financial assets and liabilities are recognized when the Bank becomes a party to the contractual provisions of the instrument. These are derecognized when the Bank ceases to be the party to the contractual provisions of the instrument.

All financial assets and liabilities are initially measured at cost which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value, amortized cost or cost, as the case may be.

6.21.1 Financial assets

Financial assets are cash and balances with SBP and NBP, balances with other banks and MFBs, lending to financial institutions, investments, advances and other receivables. Advances are stated at their nominal value as reduced by appropriate provisions against non-performing advances, while other financial assets excluding investments are stated at cost, net of provision, if any. Investments classified as available for sale are valued at mark-to-market basis and investments classified as held to maturity are stated at amortized cost.

6.21.2 Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangement entered into. Financial liabilities include deposits, borrowings, subordinated debt and other liabilities which are stated at their nominal value. Financial charges are accounted for on accrual basis.

Any gain or loss on the recognition and derecognition of the financial assets and liabilities is included in profit and loss account for the year in which it arises.

6.22 Impairment – financial assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. All impairment losses are recognized in profit and loss account.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost the reversal is recognized in profit and loss account.

Impairment assessment of AFS investments is carried out as per the requirements of the Prudential Regulations and directives issued by SBP. T Bill, being a sovereign investment, are not considered for impairment under current applicable financial reporting framework.

6.23 Off-setting

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Income and expense items of such assets and liabilities are also off-set and the net amount is reported in the financial statements.

6.24 Foreign currency translation**a) Functional and presentation currency**

Items included in the financial statements of the Bank are measured using the currency of the primary economic environment in which the Bank operates (the functional currency) which is Pak Rupees. The financial statements are also presented in Pak Rupees, which is the Bank's presentation currency.

b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the profit and loss account.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the profit and loss account.

Changes in the fair value of monetary securities denominated in foreign currency classified as available for sale are analyzed between translation differences resulting from changes in the amortized cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortized cost are recognized in profit and loss account.

6.25 Provisions

Provisions are recognized when the Bank has a legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and reliable estimate of the amount can be made.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

6.26 Exceptional items

Exceptional items, if any, are disclosed separately in the financial statements where it is necessary to do so to provide further understanding of the financial performance of the Bank. They are material items of income or expense that have been shown separately due to the significance of their nature or amount.

6.27 Related party transactions

Transactions involving related parties arising in the normal course of business are conducted at agreed terms.

6.28 Earnings per share

The Bank presents earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Bank by weighted average number of ordinary shares outstanding during the year.

6.29 Segment reporting

A segment is a distinguishable component of the Bank that is engaged either in providing particular products or services (business segment), or in providing product or services within a particular economic environment (geographical segment), and is subject to risk and rewards that are different from those of other segments. The Bank has only one reportable segment.

6.30 Other payables

Liabilities for other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for the goods and services received, whether or not billed to the Bank.

6.31 Dividend and apportioning to reserves

Dividend and appropriation to reserves are recognized in the financial statements in the period in which these are approved, except appropriation required by law which are recorded in the period to which they pertain.

6.32 Other receivables

These are recognized at cost, which is the fair value of the consideration given. An assessment is made at each balance sheet date to determine whether there is an indication that a financial asset, or a group of financial assets, may be impaired. If such an indication exists, the estimated recoverable amount of that asset is determined and an impairment loss is recognized for the difference between the recoverable amount and the carrying value.

6.33 Contingencies

A contingent liability is disclosed when the Bank has a possible obligation as a result of past events, existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Bank or the Bank has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

6.34 Significant accounting estimates and judgments

The preparation of financial statements in conformity with the accounting and reporting standards as applicable in Pakistan requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and assumptions

The assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustments to the carrying amounts of assets and liabilities within the next financial year are described below:

The Bank based its assumptions and estimates on the parameters under which these financial statements were prepared.

Existing circumstances and assumptions about the future development may change due to market changes or circumstances arising that are beyond the control of the Bank. Such changes are reflected in the assumptions when they occur.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have significant effect on the amounts recognized in the financial statements relates to valuation and impairment of investments, advances, determination of useful lives of depreciable assets and intangible assets, provision for income taxes and other provisions which are discussed in following paragraphs:

a) Useful lives

The Bank reviews useful life and residual value of operating fixed assets on regular basis. Any change in estimates may affect the carrying amounts of the respective items of operating fixed assets with a corresponding effect on the depreciation charge.

b) Provision for income taxes

The Bank recognizes tax liabilities for pending tax assessments using estimates based on expert opinion obtained from tax/legal advisors. Differences, if any, between the income tax provision and the final tax liability is recorded when such liability is determined. Deferred income tax is calculated at the rates that are expected to apply to the period when the differences reverse.

c) **Staff retirement benefits**

Actuarial valuation of gratuity contributions requires use of certain assumptions related to future periods including increase in remuneration, expected long term return on plan assets and the discount rate used to convert future cash flows to current values. Actuarial gains and losses arising from changes in actuarial assumptions are taken in the other comprehensive income immediately.

d) **Provision against advances**

The Bank maintains a provision against advances as per the requirements of the Prudential Regulations and assesses the adequacy of provision against delinquent portfolio. Any change in the criteria/rate for provision may affect the carrying amount of the advances with a corresponding effect on the mark-up/interest earned and provision charge.

e) **Financial Instrument**

The fair value of the financial instrument that are not traded in an active market is determined by using valuation techniques based on assumption that are dependent on conditions existing at the balance sheet.

f) **Provision for doubtful receivables**

The carrying amount of other receivables are assessed on regular basis and if there is any doubt about the realisability of these receivables, appropriate amount of provision is made

Judgements

In the process of applying Bank's accounting policies management has made the judgements, as mentioned below, which have most significant effects on the amounts recognized in the financial statements.

a) **Classification and impairment of Investments**

The classification of investments between different categories depends upon management's intentions to hold those investments. Any change in the classification of investments may affect their carrying amounts with a corresponding effect on the return and unrealized surplus / (deficit) on these Investments of the Bank.

b) **Provision and contingent liabilities**

The management exercises judgment in measuring and recognizing provisions and exposures to contingent liabilities related to pending litigations or other outstanding claims. Judgment is necessary in assessing the likelihood that a pending claim will succeed, or a liability will arise, and to quantify the possible range of the financial settlement. Because of inherent uncertainty in this evaluation process, actual losses may be different from the originally estimated provision.

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	Note	2021 Rupees '000	2020 Rupees '000
7 CASH AND BALANCES WITH SBP AND NBP			
Cash in hand - local currency		1,406,382	925,172
Balance with State Bank of Pakistan In			
Local currency current accounts - SBP	7.1	2,409,300	1,923,772
Balance with National Bank of Pakistan in			
Local currency deposit accounts - NBP	7.2	68,049	1,321
		<u>3,883,711</u>	<u>2,850,265</u>

7.1 This represents balance held with SBP to meet the requirement of maintaining a minimum balance equivalent to 5% (2020: 5%) of the Bank's time and demand deposits with a tenure of less than one year. In accordance with R-3A of the Prudential Regulations.

7.2 This represents balances held in saving account carrying interest at the rate of 7.25% (2020: 4.5%) per annum.

	Note	2021 Rupees '000	2020 Rupees '000
8 BALANCES WITH OTHER BANKS/ NBFIs/ MFSs			
In Pakistan			
Local currency current accounts		654,486	1,324,016
Local currency deposit accounts	8.1	9,522,829	9,428,182
		<u>10,177,317</u>	<u>10,752,177</u>

8.1 This represents balances held with various banks in saving accounts carrying interest at the rates ranging from 4.50% to 12.25% (2020: 4.50% to 9.00%) per annum.

	Note	2021 Rupees '000	2020 Rupees '000
9 LENDING TO FINANCIAL INSTITUTIONS			
Call / clean lending	9.1	100,000	-
Repurchase agreement lending (reverse repo)	9.2	-	795,981
		<u>100,000</u>	<u>795,981</u>

9.1 This represents called lending carrying interest at the rate 10.70% per annum maturing on January 4, 2022.

9.2 This represented reverse repo transaction carrying interest rate Nil (2020: 6.05% to 7.18% per annum matured on January 13, 2021).

9.2.1 Securities held as collateral against lending to financial institutions - reverse repo are as follows:

	2021			2020		
	Held by Bank	Further given as	Total	Held by Bank	Further given as collateral	Total
	Rupees '000					
Market Treasury Bills/PIB's	-	-	-	800,000	-	800,000

	Note	2021 Rupees '000	2020 Rupees '000
10 INVESTMENTS - NET OF PROVISIONS			
Available for sale (AFS)			
Federal government securities			
Market treasury bills (T-bills)	10.1	3,451,863	8,401,224
Pakistan Investment Bonds (PIB's)	10.2	7,574,188	7,139,207
Held to maturity (HTM)			
Term finance certificates (TFCs)	10.3	150,000	150,000
Term deposit receipts (TDRs)	10.4	3,000,000	2,000,000
		<u>14,176,049</u>	<u>17,690,431</u>
Deficit on revaluation of federal government securities	10.5	(86,213)	(10,542)
		<u>14,089,836</u>	<u>17,679,889</u>

- 10.1 This represents T-bills having maturity from 28 to 88 days (2020: 84 days) carrying yield ranging from 7.47% to 9.88% (2020: ranging from 7.13% to 7.15%) per annum. These are held by the Bank to comply with the statutory liquidity requirements as set out under Regulations - Risk Management R-3 "Maintenance of cash reserve and liquidity".
- 10.2 This represents fixed / floating interest based Pakistan Investment Bonds (PIB's) at the interest rate ranging from 7% to 9% (2020: 7.12% to 9.00%) maturing in June, 2023, August, 2023, September, 2023, October, 2023 (2019: June, 2023, September, 2022 and October, 2023) respectively.
- 10.3 This represents 10,000 term finance certificates (TFC's) having face value of Rs. 5,000/- each duly issued by Bank Al Habib Limited for perpetual tenure, carrying profit at the rate of 6 month KIBOR + 1.50% (2020: 6 month KIBOR + 1.50%); and 100 TFC's having face value of Rs 1,000,000/- each issued by Soneri Bank Limited for perpetual tenure, carrying profit at the rate of 6 month KIBOR + 2.00% (2020: 6 month KIBOR + 2.00%) respectively. Interest on these TFC's is receivable on semi annual basis from the date of issue.

10.4	Term deposit receipts (TDRs)	Note	2021	2020
			Rupees '000	
	Microfinance banks	10.4.1	1,000,000	2,000,000
	Other banks/DFIs/NBFIs	10.4.2	2,000,000	-
			<u>3,000,000</u>	<u>2,000,000</u>

- 10.4.1 This represents investment in short term deposits receipts maturing on January 31, 2022 (2020: April 13, 2021) and carries mark-up at the rate of 13.45% (2020: 8.50%) per annum.
- 10.4.2 This represents investment in short term deposits receipts maturing on January 11, 2022 to January 13, 2022 (2020: Nil) and carries mark-up at the rate of 14.5% (2020: nil) per annum.
- 10.5 In accordance with R-11C of the Prudential Regulations, available for sale securities have been valued on mark-to-market basis and the resulting surplus / (deficit) is kept in a separate account titled 'surplus / (deficit) on re-valuation of investments' and is charged through statement of comprehensive income in accordance with the R -11 (c) 'Treatment of surplus / (deficit)' of the Prudential Regulations.

11 ADVANCES - NET OF PROVISIONS

Loan type	Note	2021		2020	
		Loans outstanding		Loans outstanding	
		Number	Rupees '000	Number	Rupees '000
Micro credit loans:					
Secured / semi secured	11.1	189,577	29,087,180	147,994	19,122,831
Unsecured	11.2	614,243	42,715,117	731,643	41,525,805
		<u>803,820</u>	<u>70,782,297</u>	<u>879,637</u>	<u>60,648,237</u>
Less: Provisions held					
Specific provision	11.4	22,319	(575,014)	38,358	(649,341)
General provision	11.4	731,310	(1,053,777)	807,021	(815,513)
			<u>(1,628,791)</u>		<u>(1,464,854)</u>
Microcredit advances - net of provisions			<u>69,153,506</u>		<u>59,183,383</u>
Staff loans	11.7	2,614	1,730,738	2,513	1,457,404
Advances - net of provision		<u>806,434</u>	<u>70,884,244</u>	<u>881,950</u>	<u>60,640,787</u>

- 11.1 This includes microcredit loans amounting to Rs. 15.4 billion (2020: Rs. 9.8 billion) which are secured against gold.
- 11.2 This includes outstanding deferred and restructured loan portfolio (DRP) amounting to Rs. 19.6 billion (2020 : Rs. 25.4 billion) against SBP relief package, details of which are provided below:

	Note	2021		2020	
		Loans outstanding	Amount of loans outstanding	Loans outstanding	Amount of loans outstanding
		Number	Rupees '000	Number	Rupees '000
Regulatory relief under COVID 19	11.2.1	98,540	6,664,124	348,080	20,902,250
Internal rescheduling scheme	11.2.2	211,512	12,914,627	159,077	4,536,666
		<u>310,052</u>	<u>19,578,751</u>	<u>507,157</u>	<u>25,438,916</u>

- 11.2.1 The SBP has advised vide circular letter No. 1 of 2020 dated March 26, 2020 to provide regulatory relief to dampen the effect of COVID-19 for microfinance borrowers who were regular/performing as on February 15, 2020. Subsequently, SBP vide circular no AC&MFD Circular Letter No. 7 dated August 10, 2020 extended the eligibility of regular/performing borrowers with effect from December 31, 2019, instead of February 15, 2020. Under the SBP relief package, the regular/performing borrowers were allowed to rescheduled/deferred their loans in accordance with the SBP guidelines. As on December 31, 2021; 98,540 rescheduled/deferred loans amounting to Rs. 6.7 billion were outstanding.
- 11.2.2 This represents loans outstanding against Internal rescheduling scheme of the Bank, which allows borrowers to defer their payments of loans for period of twelve months.

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11.3 Particulars of non-performing advances

The classification of non-performing advances is made in accordance with the requirements of the Prudential Regulations (PRs), related policy has been disclosed in note 6.4 to the financial statements.

In order to provide relaxation, SBP issued circular letter no 1 dated December 01, 2021, whereby criteria for classification of assets and provisioning requirements for MFBs were relaxed by providing 30 days extension for Deferred and Restructured Portfolio (DRP) upto 31 March 2022. The comparison summary of existing and DRP determinant is presented below:

Category	Determinant (Existing)	Determinant (DRP)
Other Assets Especially Mentioned (OAEM)	Loans (principal/mark-up) is overdue for 30 days or more but less than 60 days	Loans (principal/mark-up) is overdue for 60 days or more but less than 90 days
Substandard	Loans (principal/mark-up) is overdue for 60 days or more but less than 90 days	Loans (principal/mark-up) is overdue for 90 days or more but less than 120 days
Doubtful	Loans (principal/mark-up) is overdue for 90 days or more but less than 180 days	Loans (principal/mark-up) is overdue for 120 days or more but less than 210 days
Loss	Loans (principal/mark-up) is overdue for 180 days or more	Loans (principal/mark-up) is overdue for 210 days or more

11.3.1 The categories of classification of non-performing loans including the revised classifications of DRP allowed under SBP AC & MFD Circular letter number 1 date December 1, 2021 are appeared as under:

Category of classification	2021			2020		
	Amount outstanding	Provisions required	Provisions held	Amount outstanding	Provisions required	Provisions held
	Rupees '000					
OAEM	1,139,649	-	-	314,089	-	-
Sub-standard	489,051	85,070	85,070	273,902	67,160	67,160
Doubtful	1,302,568	422,282	422,282	1,294,544	529,155	529,155
Loss	83,708	67,662	67,662	70,464	53,026	53,026
	<u>3,014,976</u>	<u>575,014</u>	<u>575,014</u>	<u>1,882,999</u>	<u>649,341</u>	<u>649,341</u>

11.3.2 Classified amount outstanding tabulated above includes principal amount of Rs. 2,047.3 million and suspended interest / markup amount of Rs. 967.7 million (2020: principal amount of Rs. 1,666.5 million and suspended interest/markup amount of Rs. 226.5 million).

11.4 Particulars of provisions against non-performing advances

	2021			2020		
	Specific Provision	General Provision	Total	Specific Provision	General Provision	Total
	Rupees '000					
Balance at beginning of the year	649,341	815,513	1,464,854	760,829	495,841	1,256,670
Provision charge for the year	3,700,030	238,264	3,938,294	2,643,505	319,672	2,963,177
Advances written/charge off against provision	(3,774,357)	-	(3,774,357)	(2,754,993)	-	(2,754,993)
Balance at end of the year	<u>575,014</u>	<u>1,053,777</u>	<u>1,628,791</u>	<u>649,341</u>	<u>815,513</u>	<u>1,464,854</u>

11.4.1 General provision maintained against unsecured microcredit advances net of specific provision at the rate of 1.90 % (2020: 1.58%) against the requirement of 1% specified under the Prudential Regulations issued by the State Bank of Pakistan.

11.5 Particulars of write offs	Note	2021	2020
		Rupees '000	
Against provisions		3,774,357	2,754,993
Bad debts written off directly	11.5.1	22,202	28,178
		<u>3,796,559</u>	<u>2,783,171</u>

11.5.1 This represents write offs against secured micro credit advances which were not recovered through sale of its collateral in case of default loans.

11.6 Portfolio quality report

The Bank's main measure of loan delinquency is an aged portfolio-at-risk ratio. Loans are separated into classes depending on the number of days they are over-due. For each of such classes of loan, the outstanding principal balance of such loan class is divided by the outstanding principal balance of the gross loan portfolio before deducting allowance for non-performing advances. Loans are considered overdue if any payment has fallen due and remained unpaid. Loan payments are applied first to any interest due, then to any installment of principal that is due but unpaid, beginning with the earliest such installment. The number of days of delay is based on the due date of the earliest loan installment that has not been fully paid. Late payment surcharge / penalty on overdue advances is not added to principal.

	2021		2020	
	Amount Rupees '000	Portfolio at risk	Amount Rupees '000	Portfolio at risk
Normal loans				
Current	49,368,477	-	39,325,374	-
Watchlist & regular	980,922	1.39%	2,734,138	4.51%
OAEM	378,118	0.53%	54,481	0.09%
Sub-standard	188,810	0.28%	39,054	0.06%
Doubtful	226,959	0.32%	107,213	0.18%
Loss	58,480	0.08%	29,093	0.05%
Total	51,203,546	2.59%	42,288,353	4.89%
Deferred and Restructured Portfolio				
Current	18,543,430	-	23,487,619	-
Watchlist & regular	1,736,168	2.45%	533,611	0.88%
OAEM	407,448	0.66%	239,080	0.39%
Sub-standard	181,448	0.23%	216,997	0.36%
Doubtful	821,985	0.89%	958,284	1.58%
Loss	8,274	0.01%	25,365	0.04%
Total	19,578,751	4.2%	26,438,616	3.25%
Total	70,782,297	6.78%	67,727,269	8.14%

11.7 This includes general purpose loans to employees of the Bank carrying interest at the rate of 5% (2020: 5%) per annum and long term housing loans to eligible employees of the Bank for the period ranging from 5 to 20 years carrying interest at 6% (2020: 5%) per annum. General purpose loans are partially secured against employees' accrued terminal benefits and long term housing loans are secured against equitable mortgage over unencumbered property respectively. This also includes interest free staff entitlement vehicle loans amounting Rs 183.29 million (2020: Rs 234.52 million).

12 OPERATING FIXED ASSETS

	Note	2021 Rupees '000	2020 Rupees '000
Capital work-in-progress	12.1	204,687	186,655
Right of use assets	12.2	1,418,622	1,555,393
Property and equipment	12.3	1,394,789	1,393,807
Intangible assets	12.4	560,700	553,340
		<u>3,578,798</u>	<u>3,688,195</u>

12.1 Capital work-in-progress

	Note	Opening balances	Additions	Transferred	Closing balances
Advances to suppliers - software modules		88,602	93,860	(60,359)	122,103
Advances to suppliers - operating fixed assets		97,053	157,731	(172,200)	82,584
December 31, 2021	12.1.1	185,655	251,591	(232,559)	204,687
December 31, 2020		48,165	356,177	(218,687)	186,655

12.1.1 This represents advances to suppliers for development of various software modules and purchase of operating fixed assets.

12.2 Right of use assets

	2021 Rupees '000	2020 Rupees '000
Right of use assets as at January	2,257,249	2,158,593
Additions / renewal during the year	236,872	98,656
Accumulated depreciation	2,493,121	2,257,249
Net book value at the end of year	<u>(1,074,499)</u>	<u>(701,856)</u>
	<u>1,418,622</u>	<u>1,555,393</u>

Set out below are the carrying amounts of lease liabilities (included under 'Other liabilities' in Note 18) and the movements during the period:

	2021 Rupees '000	2020 Rupees '000
As at January 1	(1,830,695)	(1,870,331)
Additions / renewal during the year	(236,816)	(98,656)
Accretion of interest	(247,394)	(256,867)
Payments during the year	472,117	396,159
As at December 31	<u>(1,842,788)</u>	<u>(1,830,695)</u>

12.3 Property and equipment

	Leasehold improvements	Furniture and fixtures	Electrical and office equipment	Computer equipment	Vehicles	Total
	Rupees '000					
Cost						
Balance as at January 1, 2020	282,043	511,523	651,875	753,026	368,315	2,567,782
Additions	65,550	49,058	54,394	235,572	147,265	551,839
Disposals	(520)	(10,947)	(6,623)	(12,686)	(25,902)	(56,658)
Balance as at December 31, 2020	347,073	549,634	699,646	975,932	490,678	3,062,963
Balance as at January 1, 2021	347,073	549,634	699,846	975,932	490,678	3,062,963
Additions	110,351	25,419	84,874	210,378	54,690	485,712
Disposals	-	(6,331)	(20,871)	(31,156)	(62,080)	(120,238)
Balance as at December 31, 2021	457,424	568,722	763,849	1,155,154	483,288	3,428,437
Accumulated Depreciation						
Balance as at January 1, 2020	114,395	176,893	413,787	403,879	212,810	1,321,764
Depreciation charge	62,379	50,592	83,521	136,440	67,605	400,537
Disposals	(24)	(10,208)	(5,364)	(11,968)	(25,581)	(53,145)
Balance as at December 31, 2020	176,750	217,277	491,944	528,351	254,834	1,669,156
Balance as at January 1, 2021	176,750	217,277	491,944	528,351	254,834	1,669,156
Depreciation charge	73,933	52,252	78,038	175,305	91,620	471,148
Disposals	(6)	(5,031)	(19,549)	(24,844)	(57,226)	(106,656)
Balance as at December 31, 2021	250,677	764,498	550,433	678,812	289,228	2,033,648
Carrying value						
2020	170,323	332,357	207,702	447,581	235,844	1,393,807
2021	206,747	304,224	213,416	476,342	194,060	1,394,789
Rates of depreciation per annum						
2020	20%	10.0%	20%	20%	20%	20%
2021	20%	10.0%	20%	20%	20%	20%

12.3.1 Cost of the assets as at December 31, 2021 includes Rs. 3.07 million (2020: Rs. 10.72 million) in respect of assets acquired against grants received.

12.3.2 The cost of fully depreciated property and equipment that are still in use is Rs. 953.04 million (2020: Rs. 731.7 million).

12.3.3 Details of property and equipment disposed with the original cost or book value in excess of Rs. 1 million or Rs. 250,000 respectively, whichever is less, are as under:

Particulars of assets	Cost	Book value	Sale proceed	Gain/(loss) on disposal	Mode of disposal As per policy	Particulars of purchaser / remarks
Mercedes Benz E 200	18,444	4,611	8,300	3,689	As per policy	M. Ghalib Nishar
	18,444	4,611	8,300	3,689		
2021						
2020						

	2021	2020
	----- Rupees '000 -----	
12.4 Intangible assets		
Computer software		
Cost		
Balance as at January 1	903,472	760,467
Additions	160,670	153,005
Write-off	(742)	-
Balance as at December 31	<u>1,063,400</u>	<u>903,472</u>
Amortization		
Balance as at January 1	(350,132)	(249,989)
Amortization charge	(153,309)	(100,144)
Write-off	741	1
Balance as at December 31	<u>(502,700)</u>	<u>(350,132)</u>
Carrying amount	<u>560,700</u>	<u>553,340</u>

12.4.1 Amortization is charged on straight line basis at the rate ranging from 10% to 33.33 % per annum (2020: 10% to 33.33%), starting from the month the asset is available for use

12.4.2 Cost of the intangible assets includes Rs. 25.48 million (2020: Rs 25.48 million) in respect of assets acquired from grant received.

12.4.3 The cost of fully amortized intangible assets that are still in use is Rs. 248.3 million (2020: Rs. 191.1 million).

	2021	2020
	----- Rupees '000 -----	
13 OTHER ASSETS		
Mark-up accrued	13,038,477	9,580,987
Suspended markup on non-performing advances	(967,790)	(226,511)
	<u>12,070,687</u>	<u>9,354,456</u>
Interest receivable on investments and deposit accounts	181,092	166,810
Advances - unsecured		
Employees	9,256	2,842
Suppliers	18,721	3,021
	24,988	5,863
Receivable from Microfinance Social Development Fund	21,078	52,825
Insurance premium receivable from SBP	206,009	383,231
Receivable from SBP under markup subsidy scheme	7,840	-
Advance tax - net	298,554	-
Prepayments	171,318	101,306
Insurance claims receivable	55,943	6,266
Receivable from defined benefit plan - KMBL employees gratuity fund	-	9,343
Security deposits	6,873	6,576
Other receivables	345,397	230,805
	<u>13,398,577</u>	<u>10,317,101</u>
Less: Provisions against doubtful receivables		
Balance at the beginning of the year	75,950	40,769
Provision charge for the year	62,145	47,519
Receivables written off against provision	(10,141)	(12,328)
Balance at the end of the year	<u>127,954</u>	<u>75,950</u>
	<u>13,270,613</u>	<u>10,241,141</u>

13.1 This represents amount receivable from Micro Finance Social Development Fund (MSDF) against cost reimbursed to service providers and the Bank's own cost reimbursement against community mobilization lending and management cost of hosting the fund.

13.2 This includes receivable from State Bank of Pakistan against claim lodged for crop and livestock insurance premium.

13.3 This includes an amount of Rs. 64.15 million (2020: 71.95 million) paid under protest to the taxation authorities.

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- 13.4 This represents provisions made against receivables from resigned employees, cash embezzlement and insurance claims receivable.

2021 2020
----- Rupees '000 -----

14 DEFERRED TAX ASSET

Deferred tax assets arising on account of temporary differences in:

Provision against advances and other assets	509,460	446,837
Remeasurement of post employment benefit obligation	56,894	50,606
Deficit on revaluation of assets - AFS	25,002	3,058
Provision against Workers' Welfare Fund	22,866	18,082
	613,222	518,583

Deferred tax liabilities arising on account of temporary differences in:

Operating fixed assets	(73,815)	(64,144)
	539,407	454,439

14.1 Reconciliation of deferred tax asset

Balance at the beginning of the year	454,439	395,116
(Reversal) / charge for the year in respect of:		
Operating fixed assets	(9,671)	(13,351)
Provision against advances and other assets	62,623	70,577
Deferred grants	-	-
Provision against Workers' Welfare Fund	4,784	3,495
Charge to profit and loss account	57,736	60,721
Charge to other comprehensive income		
Deferred tax on revaluation of available for sale investments	21,944	2,827
Deferred tax on remeasurement of post employment benefits obligation	5,288	(4,225)
Balance at the end of the year	539,407	454,439

- 14.2 The deferred tax asset recognized in the financial statements represents the management's best estimate of the potential benefit which is expected to be realized in future years in the form of reduced tax liability as the Bank would be able to set off the profits earned in those years against temporary differences.

15 DEPOSITS AND OTHER ACCOUNTS

	Note	2021		2020	
		No of accounts	Amount Rupees '000	No of accounts	Amount Rupees '000
Fixed deposits	15.2	64,455	54,051,370	71,370	57,561,426
Saving deposits	15.3	77,276	28,840,400	64,126	22,754,423
Current deposits	15.4	2,848,391	10,270,599	2,275,738	8,333,965
		2,990,122	93,162,369	2,411,234	88,649,814

15.1 Particulars of deposits by ownership

Individual depositors	2,985,884	73,677,820	2,407,617	64,096,415
Institutional depositors				
Corporation/ firms etc.	4,209	15,175,055	3,538	17,050,192
Banks & financial institutions	29	4,309,494	78	7,503,207
	2,990,122	93,162,369	2,411,234	88,649,814

- 15.2 This represents term deposits having tenure of 3 to 36 months (2020: 1 to 36 months) carrying interest at the rates ranging from 6.50 % to 15.00 % (2020: 7.00% to 14.50%) per annum. This includes fixed deposits amounting to Rs. 594.41 million (2020: Rs. 273.28 million) on which lien is marked against advances to borrowers.
- 15.3 This represents savings accounts carrying interest at the rates ranging from 5 % to 12.50 % (2020: 7.00 % to 8.50 %) per annum. This include lien marked against advances to borrowers 56.6 million (2020: Rs. 0.125 million).
- 15.4 This represents current accounts. This includes current deposits amounting to Rs. 81.21 million (2020: 60.125) on which lien is marked against advances to borrowers.

16	BORROWINGS	Note	2021	2020
			----- Rupees '000 -----	
	Borrowing from financial institutions outside Pakistan	16.1	-	90,208
	Borrowings from financial institutions in Pakistan	16.2	4,608,379	337,500
			<u>4,608,379</u>	<u>427,708</u>
16.1	Borrowings from financial Institutions outside Pakistan			
	Unsecured			
	ECO Trade & Development Bank (TF-III)	16.1.2	-	90,208
			<u>-</u>	<u>90,208</u>

16.1.2 This represented borrowing from ECO Trade and Development Bank originally amounting to USD 5 million which carried interest at the rate of 6 month USD LIBOR plus 2.5% per 360 days. The repayment of borrowing was in six (6) equal semi annual installments starting on 18th month after the disbursement and interest was payable semi annually and was matured on June 28, 2021.

16.2	Borrowings from financial institutions in Pakistan:	Note	2021	2020
			----- Rupees '000 -----	
	Secured			
	Pak Oman Investment Company Limited (TF-III)	16.2.1	-	125,000
	Pak Oman Investment Company Limited (TF-IV)	16.2.2	62,500	187,500
	Allied Bank Limited (TF-1)	16.2.3	8,333	25,000
	The Bank of Punjab (TF-2)	16.2.4	600,000	-
	Pakistan Mortgage Refinance Company Limited (TF-1)	16.2.5	900,000	-
	Allied Bank Limited (RF)	16.2.6	200,000	-
	Repo Borrowings	16.2.7	2,937,548	-
			<u>4,608,379</u>	<u>337,500</u>

16.2.1 This represents term finance facility of Rs. 500 million carrying interest at the rates ranging from 8.74% to 9.22% (2020:8.74% to 15.87%) per annum for a period of five years with a grace period of twelve months from draw down date and repayable in 8 semi annual equal installments and have matured on August 01, 2021. These borrowings are secured against charge over current and future assets of Rs. 667 million.

16.2.2 This represents term finance facility of Rs. 500 million carrying interest at the rates ranging from 8.88% to 9.22% (2020:8.88% to 15.73%) per annum for a period of five years with a grace period of twelve months from draw down date and repayable in 8 semi annual equal installments and are due to mature latest by February 16, 2022. These borrowings are secured against charge over current and future assets of Rs. 667 million.

16.2.3 This represents term finance facility of Rs. 50 million carrying interest rates ranging from 8.95% to 12.07% (2020:8.90% to 15.20%) per annum for a period of 5 years with a grace period of twenty four months from draw down date and are due to mature latest by June 30, 2022. These borrowings are secured against charge over current and future assets of Rs. 67 million.

16.2.4 This represents interbank money market borrowing carrying interest rate ranging from 8.27% to 10.85% (2020: NIL) per annum for a period of 3 years from the draw down date inclusive of grace period of 1 year. This borrowing is secured against charge over present and future current assets of the Bank worth Rs.2,667 million.

16.2.5 This represents mortgage refinance facility for creating Bank's housing mortgage portfolio carrying fixed interest rate of 8.5% for first 5 years and 8.5% per annum for next 5 years (2020: NIL) per annum for a period of 10 years from the draw down date inclusive of 2 years as grace period under the Government's Markup Subsidy Scheme for Housing Finance (GMSS). Markup is payable quarterly in arrears. This borrowing is secured against charge over present and future current assets of the Bank worth Rs.1,200 million.

16.2.6 This represents running finance borrowing carrying interest rate of 8.68% (2020: NIL) This borrowing is secured against charge over present and future assets of the Bank. Bank worth of Rs 287 million.

16.2.7 This represents repo borrowings carrying interest rate ranging from 10.50% to 10.70% (2020: NIL) per annum maturing on January 4, 2022 and January 21, 2022.

	Note	2021 ----- Rupees '000 -----	2020
16.3 Quarterly average borrowing			
1st Quarter		342,986	1,241,299
2nd Quarter		733,750	958,853
3rd Quarter		3,078,022	748,393
4th Quarter		4,690,994	551,246
16.4 Borrowing repayment schedule			
Balance at the beginning of the year		427,708	1,326,021
Availed during the year		151,948,387	-
Repayments during the year		(147,767,696)	(888,313)
Balance at the end of the year		<u>4,808,379</u>	<u>427,708</u>
17 SUBORDINATED DEBT			
Term finance certificate - TFC I	17.1	1,000,000	1,000,000
Term finance certificate - TFC II	17.2	1,400,000	1,400,000
Term finance certificate - TFC III	17.3	600,000	-
		<u>3,000,000</u>	<u>2,400,000</u>

17.1 The Bank has raised 10,000/- rated, unsecured, subordinated and privately placed term finance certificates of worth Rs 100,000/- each fully subscribed on March 19, 2018 to improve capital adequacy at the rate of 8 month KIBOR plus 2.05% per annum. The issue is for a period of 8 years from the date of subscription and mature on March 19, 2026. The issue has call option after 10th redemption date including lock-in and loss absorbency clause. The principal will redeemed in two equal semi annual installments falling on the end of 90th month and 96th month from the date of issue. The issue has preliminary rating of 'single A' with stable outlook.

17.2 This represents rated, unsecured, subordinated and privately placed term finance certificates of worth Rs.100,000/- each fully subscribed on December 27, 2019 to improve capital adequacy at the rate of 3 month KIBOR plus 2.70% per annum. The issue is for a period of 8 years from the date of subscription and will mature on December 27, 2027. The issue has assigned preliminary rating of single 'A' (Single A) with stable outlook. The principal amount of issued TFC - II will be redeemed in twelve equal quarterly installments, commencing from the 63rd month from the issue date including lock-in and loss absorbency clause.

17.3 This represents unsecured, subordinated and privately placed term finance certificates of worth Rs.100,000/- each fully subscribed on June 18, 2021. The issue is for a period of 8 years from the date of subscription and mature on June 18, 2029. Profit is priced at 6 months KIBOR plus 2.70% and repayable every three months in arrears while principal shall be redeemed in twelve equal quarterly installments commencing from the 63rd month from the issue date including lock-in and loss absorbency clause.

18	OTHER LIABILITIES	Note	2021	2020
			----- Rupees '000 -----	
	Mark-up / return / interest payable on deposits		1,142,874	1,462,270
	Interest payable on borrowings/subordinated debt		45,756	39,538
	Lease liability	12.2	1,842,788	1,530,595
	Accrued expenses		695,832	639,848
	Payable to defined benefit plan - KMBL employees gratuity fund	18.1	54,697	-
	Corporate taxes payable - net	18.2	-	42,599
	GST/FED payable		83,800	84,782
	Payable to suppliers		51,276	85,525
	Bills payable		184,893	114,582
	Provision for Workers' Welfare Fund		78,848	82,350
	Dividend payable		150,244	150,244
	Payable to service providers		2,553	4,524
	Withholding tax payable		2,773	9,565
	Contribution payable to:			
	Microfinance social development fund	6.14	57,188	173,976
	Risk mitigation fund	6.14	28,584	86,988
	Depositors' protection fund	6.14	28,584	86,988
	Other payables	18.3	117,561	98,802
			<u>4,568,629</u>	<u>4,831,474</u>

18.1 Payable to defined benefit plan - gratuity

General description

The scheme provides for terminal benefits for all its permanent employees who attain the minimum qualifying period of one year where eligible salary constitutes the basic salary for the service upto July 26, 2004 and last drawn gross salary thereafter. The percentage depends on the number of service years with the Bank. Annual charge is based on actuarial valuation carried out as at December 31, 2021 using the Projected Unit Credit Method.

The Bank faces the following risks on account of gratuity

Final salary risk - The risk that the final salary at the time of cessation of service is greater than what the Bank has assumed. Since the benefit is calculated on the final salary, the benefit amount would also increase proportionately.

Investment risks - The risk of the investment underperforming and not being sufficient to meet the liabilities. This risk is mitigated by closely monitoring the performance of investment.

Demographic Risks

Mortality Risk - The risk that the actual mortality experience is different than the assumed mortality. This effect is more pronounced in schemes where the age and service distribution is on the higher side.

Withdrawal Risk - The risk of actual withdrawals experience is different from assumed withdrawal probability. The significance of the withdrawal risk varies with the age, service and the entitled benefits of the beneficiary.

Disclosures related to employees gratuity fund are given below:

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	2021	2020
	----- Rupees '000 -----	
a) Amounts recognized in the balance sheet		
Present value of defined benefit obligations	965,507	834,405
Fair value of plan assets	(910,810)	(843,748)
Balance sheet (assets) / liability	54,697	(9,343)
b) Movement in net liability		
Opening net liability	(9,343)	92,137
Net expense recognized in profit and loss	142,258	144,268
Remeasurement (gain) / losses recognized in OCI	18,234	(14,566)
Contributions	(96,452)	(231,182)
Closing net (assets) / liability	54,697	(9,343)
c) Changes in present value of defined benefit obligation		
Opening defined benefit obligation	834,406	697,783
Current service cost	149,373	147,840
Interest expense	79,919	77,757
Benefits due but not paid (payables)	(23,679)	(13,895)
Benefits paid	(85,728)	(58,143)
Remeasurements:		
Actuarial (gains) / losses from change in demographic assumptions	-	-
Actuarial (gains) / losses from change in financial assumptions	6,130	(4,125)
Experience adjustments	5,086	(12,811)
Closing defined benefit obligation	965,507	834,406
d) Changes in fair value of plan assets		
Opening fair value of plan assets	843,749	605,646
Interest income	87,034	81,329
Contributions	96,452	231,182
Benefits paid	(85,728)	(58,143)
Benefits due but not paid	(23,679)	(13,895)
Return on plan assets, excluding interest income	(7,018)	(2,370)
Closing fair value of plan assets	910,810	843,749
e) Amounts recognized in the profit and loss account		
Current service cost	149,373	147,840
Interest cost on defined benefit obligation	79,919	77,757
Interest income on plan assets	(87,034)	(81,329)
	142,258	144,268
f) Amounts recognized in other comprehensive income		
Remeasurement losses for the year	11,216	(18,836)
Experience adjustments in present value of defined benefit obligation	7,018	2,370
Return on plan assets, excluding interest income	18,234	(14,566)

	2021		2020	
	Rupees '000	Percentage	Rupees '000	Percentage
g) Major categories of plan assets				
Accrued interest	9,500	1.04%	4,289	0.51%
Cash at bank - Saving Deposits	361,428	39.65%	289,513	34.31%
Term Finance Certificates	150,000	16.47%	150,000	17.78%
Pakistan investments bonds	413,863	45.44%	413,863	49.05%
Term deposit receipts	-	0.00%	-	0.00%
Payables to out-going employees	(23,679)	(2.60%)	(13,895)	(1.65%)
	<u>910,810</u>	<u>100.00%</u>	<u>843,750</u>	<u>100.00%</u>

h) The latest actuarial valuation was carried out on December 31, 2021. The significant assumptions used for actuarial valuation are as follows:

	2021	2020
Discount rate - per annum	12.25%	10.25%
Salary Increase rate - per annum	11.25%	9.25%
Mortality rate	SLIC 2001-05	SLIC 2001-05

i) Sensitivity analysis

	Change in assumption	Impact on defined benefit obligation	
		Increase in assumptions	Decrease in assumptions
		Rupees '000	
Discount rate	1%	868,730	1,080,804
Salary rate increase	1%	1,083,022	865,140

The above sensitivity analysis is based on changes in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity of defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the gratuity liability recognized within the balance sheet.

The weighted average duration of the defined benefit obligation is 11 years (2020: 11 years).

j) Expected contribution of the Bank to the defined benefit gratuity fund for the year ending December 31, 2022 will be Rs. 184.3 million.

k) Comparison for five years

	2021	2020	2019	2018	2017
	Rupees '000				
Present value of defined benefits obligation and fair value of plan assets					
Present value of defined benefits obligations at year end	965,507	834,405	697,763	545,320	457,011
Fair value of plan assets at year end	(910,810)	(843,748)	(605,648)	(525,902)	(385,898)
	<u>54,697</u>	<u>(9,343)</u>	<u>92,137</u>	<u>19,418</u>	<u>71,312</u>

	Note	2021	2020
		Rupees '000	
18.2 Taxes payable/ (Advance tax) - net			
Opening balance		42,699	65,945
Payments		(464,369)	(327,528)
Advance tax paid		(230,530)	(242,625)
Provision of prior periods / (tax paid)		31,817	(165,857)
Provision for the year	28	356,112	712,763
Closing balance		<u>(264,271)</u>	<u>42,699</u>

18.3 This includes payable to insurance companies amounting to Rs. 22.41 million (2020: Rs. 15.30 million) against crop and livestock insurance premium.

		2021		2020	
		Number		Rupees '000	
19	SHARE CAPITAL				
19.1	Authorized capital				
		2021	2020		
		Number			
		600,000,000	600,000,000	6,000,000	6,000,000
		Ordinary shares of Rs. 10 each			
19.2	Issued, subscribed and paid up capital				
		2021	2020		
		Number			
		170,500,000	170,500,000	1,705,000	1,705,000
		Ordinary shares of Rs. 10 each fully paid for consideration other than cash			
				19.2.1	
19.2.1	The Shareholders of the Bank are as follows:				
	United Bank Limited			506,285	506,285
	Rural Impulse Fund II S.A. SICAV-FIS			417,057	417,057
	ShoreCap II Limited			243,568	243,568
	ASN-NOVIB Microkredietfonds			168,795	168,795
	MultiConcept Fund Management S.A. (formerly responsAbility Management Company S.A.)			339,295	339,295
	Bank Al Habib Limited			30,000	30,000
				<u>1,705,000</u>	<u>1,705,000</u>

Particulars of major foreign shareholders, other than natural person, holding more than 5% of paid up capital of the Bank are as follows:

- Rural Impulse Fund II S.A. SICAV-FIS, a Luxembourg specialized investment fund with its registered address at 5, Rue Jean Monnet, L-2013 Luxembourg, Grand Duchy of Luxembourg (hereinafter referred to as "RIF II"), and duly represented by its alternative investment fund manager, Incofin Investment Management Comm. VA, a company incorporated under the laws of Belgium, having its registered office at Sneeuwbeslaan 20, 2610 Antwerp, Belgium.
- ShoreCap II Limited, a private limited life company limited by shares, organized and existing under the laws of the Republic of Mauritius, having its registered office at CIM Global Business 33, Edith Cavell Street, Port Louis, Republic of Mauritius (hereinafter referred to as "ShoreCap") and duly represented by its attorney/investment manager, Equator Capital Partners LLC of 100 North LaSalle Street, Suite 1710, Chicago IL 60602 USA.
- ASN Microkredietpool (formerly ASN Novib Microkredietfonds) acting through its legal owner Pettelaar Effectenbewaarbeprijf N.V., a public company with limited liability organized and existing under the laws of the Netherlands with registered office in Utrecht, the Netherlands, and with offices at Graedt van Roggenweg 250, 3531 AH, Utrecht, the Netherlands, managed by ASN Beleggingsinstellingen Beheer B.V., duly represented by its agent Triple Jump B.V., a private company with limited liability, organized and existing under the laws of the Netherlands, with registered address in Amsterdam, and with offices at Nachtwachtlaan 20, 6th floor, 1058 EA Amsterdam, the Netherlands.
- responsAbility Management Company S.A. (formerly named Credit Suisse Microfinance Fund Management Company), a public limited liability company (société anonyme), organized and existing under the laws of Luxembourg, having its registered office at 148-150, Boulevard de la Pétrusse, L-2330 Luxembourg, Grand Duchy of Luxembourg, and registered with the Luxembourg Trade and Companies Register under number B 45629, acting in its own name for responsAbility Global Microfinance Fund, an unincorporated investment fund (fonds commun de placement) organized under the laws of Luxembourg.

On November 01, 2019, responsAbility Management Company S.A. has been replaced as management company by MultiConcept Fund Management Company S.A., acting in its own name but on behalf of the fund (the "New Management Company") having its registered office at 5, rue Jean Monnet, L-2180 Luxembourg.

	Note	2021 ----- Rupees '000 -----	2020
20 DEFICIT ON REVALUATION OF ASSETS			
Deficit on revaluation of investment - AFS	10	(86,213)	(10,542)
Related deferred tax effect		25,002	3,058
Net deficit on revaluation of investment - AFS		<u>(61,211)</u>	<u>(7,484)</u>

20.1 Deficit on revaluation of available for sale investments is charged through statement of comprehensive income in accordance with the Prudential Regulation "R-11(c) Treatment of Surplus / (deficit)"

21 MEMORANDUM/ OFF BALANCE SHEET ITEMS

21.1 Contingencies

- a) For the period from January 2013 to December 2014, the taxation authorities issued order of Rs. 48 million in respect of non-payment of FED on processing fee, Rs. 27 million in respect of non-payment of FED on grant received by the bank, Rs. 48 million in respect of apportionment of input tax, non-withholding of sales tax / FED and non-payment of sales tax on disposal of fixed assets. The Bank filed civil petitions against the alleged demand which is pending for adjudication before the Honourable Islamabad High Court.
- b) For the period from January 2016 to December 2017, Punjab Revenue Authority (PRA) issued assessment order and created alleged demand of Rs. 84 million due to apportionment of input tax between taxable and exempt revenue. The Bank views that apportionment does not apply to the Bank being a service company and being aggrieved of the order, the Bank filed a reference with Honourable Lahore High Court. On January 20, 2020 notice was issued to the respondent department. The Bank has paid, under protest, an amount of Rs. 28 million, which is recognized as other receivables.
- c) For the period from January 2015 to December 2015, the Bank has received an order from DCIR for non-deduction of withholding tax on profit on debt under section 151 of Income Tax Ordinance, 2001. The Bank preferred an appeal against the alleged demand of Rs. 62.77 million which is pending adjudication before the Appellate Tribunal Inland revenue.
- d) For the period from January 2012 to December 2015 and January 2018 to December 2018, Punjab Revenue Authority (PRA) issued assessment order alleging short deposit of Sales Tax as input tax was fully claimed by the Bank instead of applying apportionment of input tax rules. The Bank views that apportionment does not apply to the Bank and being aggrieved of the order, the Bank filed an appeal against the alleged aggregate demand of Rs. 59.36 million, which is pending for adjudication before the Commissioner Appeals Punjab Revenue Authority.
- e) For the tax year 2012, 2013, 2015 and 2016, the Bank received assessment orders from Assistant Commissioner, Sindh Revenue Board (Sindh) for value of services short declared and short payment of Sindh Sales Tax. The Bank preferred an appeal against the alleged aggregate demand of Rs. 52 million which is pending adjudication before the Commissioner Appeals Sindh Revenue Board.

In respect of above tax cases, based upon advise of its tax consultants, management expects favorable outcomes and is confident that significant outflow of economic resources will be not be required, as a result of final decisions of Appellate authorities. Accordingly, no provision has been recognized, in respect of these tax cases.

	Note	2021 ----- Rupees '000 -----	2020 ----- Rupees '000 -----
21.2 Commitments			
Capital expenditure	21.2.1	<u>198,114</u>	<u>240,660</u>
21.2.1 This represents capital commitments relating to IT related services and non-IT related services of Rs. 138 million (2020: Rs. 117 million), and Rs. 60 million (2020: Rs. 124 million) respectively.			
		2021	2020
		----- Rupees '000 -----	----- Rupees '000 -----
22 MARK-UP/ RETURN/INTEREST EARNED			
Mark-up / interest / gain on:			
Advances		16,765,009	16,827,186
Investment in federal government securities		1,019,266	760,577
Deposits / placements with other banks /Fis / MFBs / TFCs etc		<u>868,520</u>	<u>1,082,528</u>
		<u>18,652,795</u>	<u>18,670,291</u>
23 MARK-UP/ RETURN/ INTEREST EXPENSED			
Interest on borrowings from:			
Financial institutions - outside Pakistan		4,012	47,636
Financial institutions - inside Pakistan		<u>178,178</u>	<u>71,231</u>
		182,190	118,867
Interest on subordinated debt		275,932	307,936
Interest on deposits		8,255,463	8,048,372
Interest on lease liability		<u>247,394</u>	<u>256,867</u>
		<u>8,960,989</u>	<u>8,732,042</u>
24¹⁾ FEE, COMMISSION AND BROKERAGE INCOME			
Micro-credit application processing fee		1,736,868	1,349,704
Other commission		<u>120,439</u>	<u>118,910</u>
		<u>1,857,405</u>	<u>1,469,614</u>
		2021	2020
		----- Rupees '000 -----	----- Rupees '000 -----
25 OTHER INCOME			
Recoveries against advances written off		85,113	58,852
Gain on disposal of fixed assets		50,914	16,376
Others		<u>1,127</u>	<u>329</u>
		<u>137,154</u>	<u>73,357</u>

26 ADMINISTRATIVE EXPENSES

Salaries, wages and benefits		2,841,804	2,733,605
Charge for defined benefit plan	18.1	142,258	144,268
Contract/ seconded staff expenses		604,244	528,806
Training / capacity building		30,644	37,122
Rent and rates		31,939	25,258
Legal and professional charges		16,340	15,184
Communication		240,514	218,149
Vehicles up keep and maintenance		393,258	315,512
Repairs and maintenance		317,237	287,876
Advertisement		163,018	115,586
Printing, stationery and office supplies		166,636	145,052
Insurance		351,210	282,419
Cash management and financial charges		75,259	57,817
Utilities		280,292	193,974
Security charges		73,230	86,148
Meetings and conferences		34,898	25,164
Travelling and conveyance		24,587	17,210
Recruitment and development		11,886	8,098
Consultancies		4,233	-
Newspapers and subscriptions		4,824	7,631
Auditors' remuneration	26.1	6,643	5,864
Depreciation	12.3	471,148	400,537
Depreciation - right of use assets		372,643	380,906
Amortization	12.4	153,309	100,144
Miscellaneous		3,163	6,096
		<u>6,794,987</u>	<u>6,098,235</u>
Expenditure reimbursed during the year	26.2	(19,825)	(80,982)
))	<u>6,775,162</u>	<u>6,037,253</u>

26.1 Auditors' remuneration

Audit fee	1,978	1,857
Tax consultancy fee	1,478	1,037
Other services	1,318	925
Certifications	-	179
Out of pocket expenses	1,104	1,226
Sales tax	765	640
	<u>6,643</u>	<u>5,864</u>

26.2 This represents cost reimbursement from Microfinance Social Development Fund (MSDF) to recover the new client acquisition cost incurred by the Bank under the Loan Agreement (Special Operations) - Microfinance Sector Development Project, Loan No. 1806 between ADB and Islamic Republic of Pakistan.

		2021	2020
	Note	----- Rupees '000 -----	
27 OTHER CHARGES			
Penalties	27.1	300	45
Workers' Welfare Fund		18,098	12,050
Professional tax		568	200
		<u>18,962</u>	<u>12,295</u>
27.1	This represent penalties imposed by State Bank of Pakistan (SBP) against non-compliance of certain Prudential Regulations and other directives issued by SBP.		
		2021	2020
		----- Rupees '000 -----	
28 TAXATION			
Current		323,829	712,763
Prior year		31,817	-
Deferred		(57,738)	(60,721)
		<u>297,910</u>	<u>662,042</u>
28.1	Tax charge reconciliation		
Profit before tax		<u>868,590</u>	<u>2,391,798</u>
		%	%
Applicable tax rate		29.00	29.00
Income tax relating to prior period		3.88	-
Change in rate of tax		-	-
Permanent difference		0.24	(1.89)
Others		1.36	(0.11)
Average effective tax rate		<u>34.26</u>	<u>27.29</u>
		2021	2020
		----- Rupees '000 -----	
29 CASH AND CASH EQUIVALENTS			
Cash and balances with SBP and NBP		3,883,711	2,850,266
Balances with other Banks/ NBFIs/ MFBs		10,177,317	10,752,177
Lending to financial institutions		100,000	786,961
		<u>14,161,028</u>	<u>14,399,423</u>

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	2021	2020
	----- Number -----	
30 NUMBER OF EMPLOYEES		
Credit sales staff - permanent	2,743	2,668
Banking / support staff		
Permanent	2,003	1,918
Contractual	898	925
	2,901	2,843
Total number of employees at the end of the year	5,644	5,511
31 AVERAGE NUMBER OF EMPLOYEES		
Credit sales staff - Permanent	2,845	2,522
Banking / support staff		
Permanent	1,936	1,935
Contractual	895	907
	2,831	2,842
Average number of employees during the year	5,478	5,364
32 NUMBER OF BRANCHES		
Total branches/service center/booths at beginning of the year	234	226
Opened during the year		
Branches	13	7
Service centers/booths		14
Closed / merged during the year	(8)	(13)
Total branches/service centers/booths at the end of the year	239	234
Total branches at the end of the year	206	193
Total service centers/booths at the end of the year	33	41
Total branches/service centers/booths at the end of the year	239	234

33 EARNINGS PER SHARE**Basic**

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Bank by the weighted average number of ordinary shares in issue during the year excluding ordinary shares purchased by the Bank and held as treasury shares.

	2021	2020
	----- Rupees '000 -----	
Profit after taxation	571,660	1,739,756
Microfinance social development fund	(57,168)	(173,976)
Depositors' protection fund	(28,584)	(88,988)
Risk mitigation fund	(28,584)	(88,988)
	(114,336)	(347,952)
Profit attributable to equity holders	457,324	1,391,804
Weighted average number of ordinary shares (numbers)	170,500	170,500
Earnings per share - basic (rupees)	2.68	8.16

Diluted

There is no dilutive effect on the basic earnings per share of the Bank. Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares in issue to assume conversion of all dilutive potential ordinary shares. The Bank has no dilutive equity instruments.

34 REMUNERATION PAID TO PRESIDENT, DIRECTORS AND EXECUTIVES

The aggregate amount charged in the financial statements for remuneration, including all benefits to President/Chief Executive, Directors and Executives of the Bank is as follows:

	2021				2020			
	President	Directors	Executives		President	Directors	Executives	
			KMPs	Other			KMPs	Other
	Rupees '000				Rupees '000			
Fee	15,493	4,400	47,405	304,504	-	3,500	-	-
Managerial remuneration	-	-	6,851	42,392	14,616	-	49,997	274,245
Charge for defined benefit plan	6,972	-	21,332	137,027	-	-	6,875	38,002
House rent allowance	3,099	-	9,481	60,902	6,577	-	22,498	123,410
Utilities	1,549	-	4,740	30,450	2,923	-	9,999	54,849
Medical	933	-	7,410	133,249	1,462	-	5,000	27,424
Conveyance allowance	10,000	-	18,056	54,118	789	-	8,878	117,788
Bonus	2,224	-	543	19,355	5,000	-	15,991	36,147
Others	40,270	4,400	115,818	781,997	2,074	-	551	15,619
Total	40,270	4,400	115,818	781,997	33,441	3,500	119,790	687,484
Number of persons	1	2	9	315	1	3	10	295

34.1 The President is also provided with a bank maintained car. Further, he is entitled to certain additional benefits in accordance with the Bank policy

34.2 Key Management Personnel (KMP) means persons having authority and responsibility for planning, directing and controlling the activities of the entity, either directly or indirectly, including any member (or non-executive) of the board.

34.3 Executives mean employees, other than the Chief Executive and Directors, whose basic salary exceeds five hundred thousand Rupees in a financial year. Further, executives are entitled to certain additional benefits in accordance with the Bank Policy.

36 SCHEDULE OF MATURITY DISTRIBUTION OF MARKET RATE ASSETS AND LIABILITIES AS AT DECEMBER 31, 2021

	Total	Up to one month	Over one month up to six months	Over six months up to one year	Over one year
Rupees '000					
Market rate assets					
Advances	70,884,244	6,773,460	21,460,111	26,055,082	16,576,591
Investments	14,088,836	3,000,000	3,441,709	1,527,644	6,120,483
Other earning assets					
Balances with SBP and NBP - deposit accounts	68,049	68,049	-	-	-
Balances with other banks - deposit accounts	9,522,829	9,522,829	-	-	-
Lending to financial institutions	100,000	100,000	-	-	-
Total market rate assets	94,664,958	19,464,338	24,921,820	27,582,726	22,696,074
Other non-earning assets					
Cash in hand	1,406,362	1,406,362	-	-	-
Balances with SBP and NBP - current accounts	2,409,300	2,409,300	-	-	-
Balances with other banks - current accounts	654,488	654,488	-	-	-
Operating fixed assets	3,578,798	24,011	322,224	142,253	3,090,310
Other assets	13,270,813	1,327,061	1,990,592	2,654,123	7,298,837
Deferred tax asset	539,407	-	-	-	539,407
Total non-earning assets	21,858,968	5,821,222	2,312,816	2,796,376	10,928,654
Total assets	116,523,926	25,285,560	27,234,636	30,379,102	33,624,628
Market rate liabilities					
Cost bearing deposits	82,881,770	14,733,592	34,380,084	14,434,665	19,343,449
Subordinated debt	3,000,000	-	-	-	3,000,000
Borrowings	4,808,378	3,137,546	70,833	125,000	1,275,000
Total market rate liabilities	90,690,148	17,871,138	34,450,917	14,559,665	23,618,449
Other non-cost bearing liabilities					
Deposits	10,270,598	1,540,590	2,567,850	3,081,180	3,081,179
Other liabilities	4,568,629	987,558	1,234,448	1,726,227	618,398
Total non-cost bearing liabilities	14,839,227	2,528,148	3,802,298	4,807,407	3,699,575
Total liabilities	105,529,375	20,399,286	38,253,215	19,367,072	27,318,024
Net assets	11,184,548	4,886,274	(1,018,579)	11,012,030	6,306,604

35.1 SCHEDULE OF MATURITY DISTRIBUTION OF MARKET RATE ASSETS AND LIABILITIES AS AT DECEMBER 31, 2020

	Total	Up to one month	Over one month up to six months	Over six months up to one year	Over one year
Rupees '000					
Market rate assets					
Advances	60,406,263	4,736,445	19,669,541	27,778,931	8,221,346
Investments	17,679,889	491,901	9,998,781	-	7,289,207
Other earning assets					
Balances with SBP and NBP - deposit accounts	1,321	1,321	-	-	-
Balances with other banks - deposit accounts	9,428,162	9,428,162	-	-	-
Lending to financial institutions	795,961	795,961	-	-	-
Total market rate assets	88,311,616	15,453,810	29,568,322	27,778,931	15,510,553
Other non-earning assets					
Cash in hand	926,172	926,172	-	-	-
Balances with SBP and NBP - current accounts	1,923,772	1,923,772	-	-	-
Balances with other banks - current accounts	1,324,015	1,324,015	-	-	-
Operating fixed assets	3,688,195	24,011	303,898	142,253	3,218,033
Other assets	10,475,665	1,047,567	1,571,350	2,095,133	5,761,615
Deferred tax asset	454,439	-	-	-	454,439
Total non-earning assets	18,781,258	5,244,537	1,875,248	2,237,386	9,434,087
Total assets	107,102,874	20,698,347	31,443,570	30,016,317	24,944,640
Market rate liabilities					
Cost bearing deposits	80,315,849	8,404,555	26,307,184	23,655,795	21,948,315
Subordinated debt	2,400,000	-	-	-	2,400,000
Borrowings	427,708	-	223,542	133,333	70,833
Total market rate liabilities	83,143,557	8,404,555	26,530,726	23,789,128	24,419,148
Other non-cost bearing liabilities					
Deposits	8,333,965	1,250,095	3,750,284	1,666,793	1,666,793
Other liabilities	4,831,474	987,558	1,234,448	1,728,227	881,241
Total non-cost bearing liabilities	13,165,439	2,237,653	4,984,732	3,395,020	2,548,034
Total liabilities	96,308,996	10,642,208	31,515,458	27,184,148	26,967,182
Net assets	10,793,878	10,056,139	(71,888)	2,832,169	(2,022,542)

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36 FINANCIAL INSTRUMENTS

36.1 Interest rate risk

The Bank's exposure to interest rate risk and the effective rates on its financial assets and liabilities as at December 31, 2021 are summarized as follows:

Description	Interest rate - %	INTEREST-MARK-UP BEARING							Sub total	NON INTEREST BEARING	Total
		Maturity up to one year	Maturity after one year & up to two years	Maturity after two years & up to three years	Maturity after three years & up to four years	Maturity after four years & up to five years	Maturity after five years	Rupees '000			
Financial assets:											
Cash and balances in current and other accounts		-	-	-	-	-	-	-	4,470,150	4,470,150	
Balance in deposit accounts	4.50 to 12.25	9,590,876	-	-	-	-	-	9,590,876	-	9,590,876	
Lending to financial institutions	10.70	100,000	-	-	-	-	-	100,000	-	100,000	
Investments	7.12 to 14.50	7,988,884	5,950,852	-	-	-	-	14,089,836	-	14,089,836	
Advances	5.00 to 33.00	54,308,653	7,877,770	3,662,197	494,081	1,751,231	2,657,070	70,894,244	183,292	71,077,536	
Other assets	-	71,988,415	13,828,872	3,662,197	494,081	1,751,231	2,757,070	94,481,656	17,388,818	111,870,474	
Financial liabilities:											
Deposits and other accounts	5.00 to 16.00	83,548,321	11,352,814	7,940,076	36,490	3,800	499	103,281,770	10,270,899	113,552,669	
Borrowings	8.50 to 12.07	3,333,379	251,482	134,392	4,576	-	884,550	4,608,379	-	4,608,379	
Subordinated debt	9.81 to 14.07	-	-	-	986,867	866,867	1,065,686	3,000,000	-	3,000,000	
Other liabilities	-	66,881,700	11,614,086	8,074,458	1,007,703	970,467	1,851,715	90,500,149	4,568,628	95,068,777	
On balance sheet gap	-	5,106,715	2,214,576	(4,412,271)	(513,622)	780,764	605,355	3,981,517	14,839,228	18,820,745	
Un recognized:											
Commitments	-	-	-	-	-	-	-	-	(198,114)	(198,114)	
Off balance sheet gap	-	5,106,715	2,214,576	(4,412,271)	(513,622)	780,764	605,355	3,981,517	7,004,918	10,986,435	

The Bank's exposure to interest rate risk and the effective rates on its financial assets and liabilities as at December 31, 2020 are summarized as follows:

Description	Interest rate - %	INTEREST-MARK-UP BEARING							Sub total	NON INTEREST BEARING	Total
		Maturity up to one year	Maturity after one year & up to two years	Maturity after two years & up to three years	Maturity after three years & up to four years	Maturity after four years & up to five years	Maturity after five years	Rupees '000			
Financial assets:											
Cash and balances in current and other accounts		-	-	-	-	-	-	-	4,112,859	4,112,859	
Balance in deposit accounts	4.50 to 9.00	9,429,483	-	-	-	-	-	9,429,483	-	9,429,483	
Lending to financial institutions	6.05 to 7.18	795,981	-	-	-	-	-	795,981	-	795,981	
Investments	7.40 to 9.00	10,380,882	505,043	6,634,164	-	-	150,000	17,679,889	-	17,679,889	
Advances	5.00 to 34.00	52,184,917	5,157,539	1,539,740	239,408	243,004	1,641,585	60,406,263	234,524	60,640,787	
Other assets	-	72,801,063	5,662,582	8,173,904	239,408	243,004	1,181,585	88,311,816	14,363,775	102,675,591	
Financial liabilities:											
Deposits and other accounts	7.00 to 14.50	58,367,534	17,092,388	4,840,138	11,989	3,800	-	80,315,649	8,333,865	88,649,514	
Borrowings	8.74 to 15.73	358,875	70,833	-	-	-	-	427,708	-	427,708	
Subordinated debt	9.35 to 16.25	-	-	-	-	986,867	1,433,333	2,400,000	-	2,400,000	
Other liabilities	-	58,724,409	17,163,221	4,840,138	11,989	970,467	1,433,333	83,143,557	4,831,474	87,975,031	
On balance sheet gap	-	14,076,554	(11,500,638)	3,333,766	227,479	(727,463)	(241,738)	5,168,059	5,825,819	10,993,878	
Un recognized:											
Commitments	-	-	-	-	-	-	-	-	(240,660)	(240,660)	
Off balance sheet gap	-	14,076,554	(11,500,638)	3,333,766	227,479	(727,463)	(241,738)	5,168,059	5,305,159	10,473,218	

37 RISK MANAGEMENT

The Bank defines risk as the possible outcome of actions or events which could hamper the Bank's ability to meet its objective (business objectives, ongoing financial viability, legal & regulatory compliance). In order to achieve these objectives, optimal trade-off between risk and return is the ultimate goal of the Risk Management function within the Bank. The Risk Governance function is segregated into three levels i.e. Strategic, Macro and Micro. The SOD has delegated the oversight function of Risk Management to its Sub-Committee i.e. Board Risk Management Committee. Robust Risk Management System is in place including frameworks, policies, product programs, procedures and manuals to proactively address all potential threats to the Bank. The Bank ensures that the Risk management function is embedded within the culture of the organization.

37.1 Credit risk

Credit risk is the risk of suffering financial loss due to any of Bank's customer or counterparty failing to fulfill their contractual obligations which arise mainly from Bank's lending activities, placement of funds in deposits/money market and taking cover through guarantees and derivatives. The Bank has a sound and effective credit risk management framework in place which is based on bank's strategy and risk appetite established by the BOD. Credit evaluation system comprises of credit appraisal and monitoring mechanism where special focus is given to asset quality management. There is also a system in place to identify and correct portfolio concentrations in terms of geographies, products, economic segments etc. The risks identified through portfolio testing are reported to the Risk Management Committees of the Bank along-with the corrective action plan. For this purpose, various tools, techniques and stress tests are used to ensure that risk-return tradeoff is maintained. Risk review function is Independent of those who approve and take risk. The Risk Asset Review function is performed by Risk Management as well as internal Audit Departments of the Bank. The provision of loan losses is maintained in terms of SBP Regulations. The Bank reviews financial performance of various counterparties on annual basis through detailed analysis using Financial Models and past business experience and limits for each counterparty in respective segments are defined accordingly.

37.2 Operational risk

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Operational risk governance structure of the Bank is at the core of the three lines of defense including strategic, macro and micro - integrating risk management practices into processes, procedures, product programs, systems and culture. The bank has in place board approved Risk management framework which is flexible enough to implement in stages and permits the overall approach to evolve in response to banks future requirements. The Bank uses various risk mitigating tools and techniques such as Risk and Control Self-Assessment, Key Risk Indicators Analysis, and Stress testing under well-defined programs. There are dedicated units within the bank to manage operational risk, information security risk, business continuity risk, disaster recovery risk etc.

37.3 Market risk

Market risk is the risk that banks earnings or capital can be adversely affected by movement in market rates and prices. The Bank is directly exposed to market risk through its investment in instruments whose value is influenced by the market (Investment price risk) and position in financial assets and liabilities that are not matched in terms of repricing dates or interest rate basis (interest rate risk). The Bank is indirectly exposed to market risk through its collateralized lending whose value is marked to market. In order to manage these risks effectively, the bank has implemented Risk Management Framework including defined policies, procedures, tools and methodology to identify, measure, monitor and control market risk. The tools include Value-at-Risk (VaR), Price Value of Basis Point (PVBP) and Stress Testing to track potential losses. The Bank's Treasury Middle Office function monitors and reports risks on an ongoing basis. The Bank maintains diversified investments portfolio in order to make maximum returns and capital gains and minimize underlying risks.

37.4 Liquidity risk

Liquidity risk is the risk that the Bank will be unable to meet its obligations in a timely manner as they fall due. The Market and Liquidity desk monitors risk appetite limits to avoid undue threats. The Bank's liquidity position is monitored by ALCO on monthly basis through liquidity and capacity ratios, concentrations in terms of nature and size of funding on portfolio as well as on transaction basis, liquidity and cashflow gaps etc. The Bank has a Liquidity Contingency Plan in place to manage liquidity risk and maintains sufficient counter balancing capacity at all times to meet all its obligations on timely basis. Early warning indicators have been developed and are assessed on daily basis in order to envisage any incoming risks and take appropriate actions.

37.5 Capital adequacy risk

Capital adequacy risk is the risk that the Bank may not meet minimum regulatory capital requirements. The Bank maintains conservative safety margin beyond the regulatory requirements to ensure full compliance even in the event of stress. While setting targets in business and strategic plans, it is ensured that optimal use of available capital is made.

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37.6 Currency risk

Currency risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rate. Currency risk arises in financial instruments that are denominated in foreign currencies. The Bank is not exposed to foreign currency risk.

37.7 Social and environmental risk

Social and environmental risk is the risk of KMBL's activities or transactions directly or indirectly resulting in any loss or harm to the environment and to any individual. The Bank is committed to adequately balancing its core objective of financial sustainability with its social mission of economic empowerment by improving the standard of living and accessibility of financial services. The Bank seeks to adhere to socially and environmentally sustainable business principles which create an environment that encourages the development of long-term value, the development of communities in which it operates and serves high standards of occupational health and safety, and of environmental, social and ethical responsibility. Social and environmental risks arising from the totality of the Bank's operations and business activities are adequately defined, monitored and mitigated, within the Bank's overall ESMS (Environmental and Social Management System). ESMS is a management process and goal oriented function whereby the institution specifies its social and environmental goals, aligns them to different functions of the Bank, creates processes for said functions to achieve these goals, and following the implementation, assesses the performance of the Bank in relation to its social and environmental goals.

38 CUSTOMER GRIEVANCE

38.1 Overview

To effectively manage customer grievances at the Bank, Complaint Cell working under Operations Department is given an essential role. In accordance with State Bank's guidelines regarding Customer Grievance Handling Mechanism (CGHM), Bank has strengthened its complaint management function by developing centralized complaint management system which helps in capturing, acknowledging, tracking, automatic escalation of unresolved complaints, managing complaint statuses and producing/extracting relevant report.

For desired objectives, dedicated Complaint Cell at Corporate Office is persistently performing relevant tasks.

The Complaint Cell is effectively engaged in resolving & responding customers' complaints, queries, requests and feedbacks received through multiple channels. Such Channels include Contact Center, Branches, SBP/PMDU, Website, Social Media, email, letter, fax, and complaint cell toll free number.

38.2 General process for complaint resolution

Customer complaints received from any of the specified channels are being lodged, acknowledged, investigated and responded as per timelines defined by State Bank of Pakistan. After doing an initial assessment of a complaint, it is further assigned to the concerned department for investigation. Upon satisfaction with inquiry findings, Complaint Cell informs the customer about the resolution details with alternate grievance redressal forum. If dissatisfied with the resolution,

38.3 Initiative taken during 2021

During the year 2021, Bank had invested its best efforts to streamline the Complaints Management to the extent of utmost customer satisfaction by way of comprehensive, quick and efficient disposal of complaints.

Moreover, for customer ease upon complaint lodgment, Bank has enhanced its complaint lodgment channels and new forums have been introduced

- Social Media
- Website

Bank is also in process to approach the Benchmark for complaints lodgment through Internet Banking & Mobile Banking and in 2021 kicked-off the project to update Internet/Mobile Banking platform.

During 2021, bank has embedded all enhanced Product/complaint types in Complaint Management System, introduced through revised SBP CGHM circular reference BC & CPD Circular no. 02 of 2021.

Complaint status	2021	2020
Total number of complaints received during the year	2,989	2,542
Average time taken to resolve (days)	3	4

Complaints' Data for the year 2020

Complaint Nature	Complaint received	Open as on 31-12-2021 (Within Regulator's)
Minor	1,690	12
Major	1184	26
Total Count	2,874	38

39 FAIR VALUE MEASUREMENT

Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences can arise between carrying values and fair value estimates.

Underlying the definition of fair value is the presumption that the Bank is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

Fair value of fixed term loans, other assets, other liabilities, fixed term deposits and borrowings cannot be calculated with sufficient reliability due to the absence of current and active market for such assets and liabilities and reliable data regarding market rates for similar instruments. The provision for impairment of loans and advances has been calculated in accordance with the Bank's accounting policy.

Fair value of remaining financial assets and liabilities except fixed term loans, staff loans, non-performing advances and fixed term deposits is not significantly different from the carrying amounts since assets and liabilities are either short term in nature or are frequently repriced in the case of customer loans and deposits.

Fair value hierarchy

International Financial Reporting Standard (IFRS) 13, "Fair Value Measurement" requires to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels.

The Bank use the following hierarchy for determining and disclosing the fair value of the assets and liabilities by valuation method:

Level 1: based on quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: based on valuation techniques whereby all inputs having a significant effect on the fair value are observable, either directly or indirectly and includes quoted prices for identical or similar assets or liabilities in markets that are not so much actively traded.

Level 3: based on valuation techniques whereby all inputs having a significant effect on the fair value are not observable market data.

The following table provides the fair value measurement hierarchy of the Bank's assets and liabilities carried at fair value. The valuation was carried at December 31, 2021.

	Rupees '000	Level of hierarchy	Significant unobservable inputs	Inter-relationship between unobservable inputs and fair value
2021				
Available for sale investment				
Market treasury bills	3,441,708	Level 2	-	-
Pakistan Investments bonds	7,498,127	Level 2	-	-
2020				
Available for sale investment				
Market treasury bills	8,400,586	Level 2	-	-
Pakistan Investments bonds	7,260,950	Level 2	-	-

Valuation technique used and key inputs

Revaluation rates for T-bills are contributed by money market brokers on daily basis.

Transfer between levels of the fair value hierarchy are recognized at the end of the reporting period, during which the changes have occurred.

During the reporting period there were no transfers into and out of level 3.

40 RELATED PARTY TRANSACTIONS

The Bank's related parties comprise of the President, directors, executives, shareholders, entities over which the directors are able to exercise significant influence and employee gratuity fund. The detail of Bank's shareholders is given in Note 19.2.1 while remuneration of the president, directors and executives is disclosed in Note 34 to the financial statements. Detail of transactions during the year and balances outstanding at the year end are as follows:

	2021	2020
	----- Rupees '000 -----	
Transactions during the year		
- with shareholders		
Lending to financial institutions	-	12,689,750
Repayment of lending to financial institutions	-	12,596,122
Investments made during the year	207,794	-
Borrowings	-	476,005
Subordinated debt	-	-
Repayment of borrowings/Subordinated Debt	45,566	527,341
Repayment against TFC's Investment	4,367	6,043
Branchless banking services recovery of loan portfolio	17,479	54,344
ATM services payments	6,066	981
Income		
Interest income on deposit account bank balances	6,677	13,092
Interest income on lending to financial institutions	-	6,372
Interest income on investment (TFC)	4,577	6,043
Expenses		
Interest expense on borrowings	-	121
Interest expense on TFC	45,908	49,218
Fee, Commission & Bank charges	18,233	11,818
Branchless banking service commission/ATM charges	-	-
Transactions during the year		
- with defined benefit plan		
Contribution paid to KB employees gratuity fund	96,352	231,182
- with others		
Cost reimbursement received from MSDF	83,830	338,103
Cost reimbursement claim from MSDF	51,218	183,201
Balances outstanding at the year end		
- with shareholders		
Balances with banks	274,770	977,787
Investments/ TFCs	50,000	50,000
Interest receivable on investments/TFCs	210	146
Borrowings and subordinated debt	460,000	380,000
Interest payable on borrowings/subordinated debt	7,289	4,272
- with defined benefit plan		
Balance (receivable) / payable to gratuity fund	54,897	(9,343)
- with key management personnel including President		
Advances - staff loans	141,600	94,892
Other assets - staff advances	-	986
Deposits	148,131	121,311
- with others		
Receivable from MSDF	21,078	62,626



41 CAPITAL RISK MANAGEMENT

The Bank's objectives when managing its capital are:

- a) To comply with the capital requirements set by the SBP;
- b) To safeguard the Bank's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders and
- c) To maintain a strong capital base to support the development of its business.

Capital requirements applicable to the Bank are set out under the Regulations. These requirements are put in place to ensure sufficient solvency margins. The Bank manages its capital requirement by assessing its capital structure against required capital level on regular basis. Currently, the Bank has paid up capital of Rs. 1,705 billion. The minimum paid up capital requirement applicable to the Bank is Rs. 1,00 billion. The Bank has maintained capital adequacy ratio in accordance with Regulation No. 1 which states that the Bank shall maintain capital equivalent to at least 15% of its risk-weighted assets.

The Bank will continue to maintain the required regulatory capital either through its risk management strategies or by increasing the capital in line with the business and capital needs.

42 GENERAL INFORMATION

The following information, based on definition of financial terms prescribed by Microfinance Consensus Guidelines, is included in these financial statements to facilitate the calculation of financial ratios.

	2021	2020
	----- Number -----	
Offices		
Total branches of the Bank	206	193
Total service centers/booth of the Bank	33	41
Micro-credit cases		
Number of active cases at year end	803,820	878,637
Number of loans disbursed during the year	389,209	417,766
Number of loan rescheduled and deferment during the year	411,967	589,048
Average number of active borrowers for the year	841,729	876,433
Microcredit portfolio		
Microcredit advances receivable - Gross	70,782,297	80,648,237
Total disbursements for the year	48,652,005	38,198,363
Total rescheduled and deferment during the year	27,553,995	35,089,000
Portfolio quality		
Portfolio at risk (normal / deferred loan)	2,047,302	1,888,527
Portfolio written off	3,786,558	2,784,171
Loan loss reserve	1,828,781	1,484,854
Average loan sizes		
Average outstanding loan size	88,057	88,947
Average gross loan portfolio	65,715,267	67,127,841
Information about the Bank's assets/ liabilities		
Total assets	118,491,643	107,102,874
Current assets	89,677,364	87,449,887
Fixed assets	3,578,788	3,668,195
Average total assets	111,787,259	94,298,001
Current liabilities	78,021,353	69,341,814
Bank's equity	11,283,622	10,793,879

43 FINANCIAL RATIOS

The definition of ratios, presented below and described in notes 43.1 to 43.22, are in accordance with provisions of Microfinance Consensus Guidelines issued by The Consultative Group to Assist the Poor (CGAP) and does not necessarily reflect the Bank's internal practices, which are based on more granular data.

	Note	2021 Percentage	2020 Percentage
Sustainability/ Profitability			
Return on equity	43.1	4.90%	15.86%
Adjusted return on equity	43.2	5.04%	15.82%
Return on assets	43.3	0.48%	1.70%
Adjusted return on assets	43.4	0.50%	1.69%
Operational self sufficiency	43.5	104.73%	112.94%
Financial self sufficiency	43.6	104.81%	113.00%
Profit margin	43.7	4.51%	11.46%
Asset / Liability Management			
Current ratio (times)	43.8	1.06	1.18
Yield on gross loan portfolio	43.9	23.45%	23.65%
Yield gap	43.10	12.63%	22.65%
Funding-expense ratio	43.11	13.31%	14.94%
Cost-of-funds ratio	43.12	9.32%	10.98%
Portfolio quality			
Portfolio at risk	43.13		
Watchlist & regular		3.84%	5.39%
OAEM		1.11%	0.48%
Sub-standard		0.48%	0.42%
Doubtful		1.20%	1.76%
Loss		0.09%	0.09%
Write-off ratio	43.14	5.84%	4.78%
Risk coverage ratio	43.15	79.66%	87.90%
	Note	2021 Percentage	2020 Percentage
Efficiency / Productivity			
Operating expense ratio	43.16	9.93%	10.45%
Cost to revenue ratio	43.17	57.70%	53.48%
Cost per borrower (Rupees)	43.18	7,916	6,962
Personnel productivity (Numbers)	43.19	142	160
Loan officer productivity (Numbers)	43.20	293	330
Average disbursed loan size (Rupees)	43.21	131,503	91,437
Average outstanding loan size (Rupees)	43.22	86,057	68,947

- 43.1 Return on equity (RoE) calculates the rate of return on the average equity for the year. RoE calculations are net operating income less taxes divided by average equity for the year.
- 43.2 Adjusted return on equity is calculated on an adjusted basis to address the effects of subsidies, provision against non-performing advances and other items that are not in the Bank's net operating income.
- 43.3 Return on assets (RoA) measures how well the Bank uses its total assets to generate returns. RoA calculations are net operating income less taxes divided by average assets during the year.
- 43.4 Adjusted return on assets is calculated on an adjusted basis to address the effects of subsidies, provision against non-performing advances and other items that are not included in the Bank's net operating income.
- 43.5 Operational self-sufficiency measures how well the Bank covers its costs through operating revenues. In addition to operating expenses, financial expenses and loan loss provision expense are also included in the calculation.
- 43.6 Financial self-sufficiency measures how well the Bank covers its costs, taking into account a number of adjustments to operating revenues and expenses. The purpose of these adjustments is to model how well the Bank covers its costs if its operations were unsubsidized and was funding its expansion with commercial-cost liabilities.
- 43.7 Profit margin measures the percentage of operating revenue that remains after all financial, loan loss provision and operating expenses are paid.
- 43.8 Current ratio measures how well the Bank matches the maturities of its assets and liabilities.
- 43.9 Yield on gross loan portfolio indicates the gross loan portfolio's ability to generate cash financial revenue from interest, fees and commission. It does not include any revenues that have been accrued but not paid in cash, or any non-cash revenues in the form of post-dated cheques, seized but unsold collateral, etc.
- 43.10 Yield gap compares revenue actually received in cash with revenue expected from microcredit advances.
- 43.11 Funding-expense ratio shows the blended interest rate the Bank is paying to fund its financial assets. This ratio can be compared with yield on the gross microcredit advances to determine the interest margin.
- 43.12 Cost-of-funds ratio gives a blended interest rate for all of the Bank's funding liabilities. Funding liabilities do not include interest payable or interest on loans to finance fixed assets.
- 43.13 Portfolio at-risk ratio is the most accepted measure of portfolio quality. Portfolio at risk is the outstanding amount of all loans that have one or more installments of principal past due by certain number of days. Rescheduled loans are also included in the calculation, if any.
- 43.14 Write-off ratio represents the percentage of the Bank's microcredit advances that have been removed from the balance of the gross microcredit advances because they are unlikely to be repaid.
- 43.15 Risk coverage ratio shows how much of the portfolio at risk is covered by the Bank's provision against non-performing advances. It is an indicator of how prepared the Bank is to absorb loan losses in the worst case scenario.
- 43.16 Operating expense ratio is the most commonly used efficiency indicator for Microfinance Banks. It includes all administrative and personnel expenses.
- 43.17 Cost to revenue ratio measures how well the Bank covers its operating costs through net revenue.
- 43.18 Cost per borrower provides a meaningful measure of efficiency for the Bank, by determining the average cost of maintaining an active borrower.
- 43.19 Personnel productivity measures the overall productivity of total Bank's human resources in managing clients who have an outstanding loan balance and are thereby contributing to the financial revenue of the Bank.
- 43.20 Loan officer productivity measures the average case load of each loan officer.
- 43.21 Average disbursed loan size measures the average loan size that is disbursed to clients.
- 43.22 Average outstanding loan size measures the average outstanding microcredit balance by client, which may be significantly less than the average disbursed loan size.

44 MATERIAL OUTSOURCING ARRANGEMENTS

In compliance to the SPRD circular no 06 of 2017 of SBP the material outsourcing arrangements of the bank are listed below:

Sr No	Name of the service provider	Nature of service	Estimated cost of outsourcing 2021 (per annum)
1	Prime Human Resource	Employees various outsourcing services	Rs. 320 million
2	Data technologies (Pvt) Ltd	Data archive scanning and record management	Rs. 31 million
3	Human Development Foundation	Client mobilization for group loans	Rs. 12.3 million
4	Family Planning Association of Pakistan	Client mobilization for group loans	Rs. 10.7 million
5	Sindh Graduates Association	Client mobilization for group loans	Rs. 2.8 million
6	Health & Nutrition Development Society	Client mobilization for group loans	Rs. 1.2 million
7	Society of Human Development	Client mobilization for group loans	Rs. 2.4 million
8	Idemia Pakistan (Pvt) Ltd	Debit card production & stuffing	Rs. 1.8 million

45 CORRESPONDING FIGURES

The corresponding figures have been rearranged and reclassified, wherever considered necessary, to comply with the requirements of format prescribed by the SBP Banking Supervision Department (BSD) Circular number 11 dated December 30, 2003 and Companies Act, 2017. There is no major reclassification during the year.

46 DATE OF APPROVAL

These financial statements were approved by the Board of Directors of the Bank in their meeting held on Feb 25, 2022.

47 GENERAL

47.1 Account captions as prescribed by BSD circular No. 11 dated December 30, 2003 which have nil balances, have not been reproduced in these financial statements.

47.2 The addresses of the branches of the Bank are as follows:

Sr. No.	Branch Name	Address
1	Abbottabad	Ground Floor, Ali Plaza, Manshehra Road, Supply Bazar Abbottabad
2	Ahmedpur East	Khewat No.54/54, Khatooni No. 55, Katchary Road N/By Sheikh Petrol Pump Tehsil Ahmed Pur East.
3	Ali Abad	Khasra No.3891, Ramzan Plaza, Near Agha Khan health center, Karakorum Highway, Aliabad Hunza, Gilgit Baltistan.
4	All pur	Kheta No221, College Chowk, Opposite Sibtain Town, All Pur Road,
5	Arifwala	21- A/ Block, Main Muhammadi Road, Karkhana Bazar, Arifwala, Distt
6	Attock	BV 11-56 & 57, Indus Plaza, Barq Road, Near Gedar Chowk, Attock City
7	Badeh	Shop No 1-3, Mohallah Pyaro Khan Sariyo, Main Badeh Nasserabad Road,
8	Badin	Survey # 33, Adjacent Abbasi Hospital Main DCO Chowk, Karachi Road, Badin
9	Bagh	Al Noor Plaza, Ground Floor, college Road Bagh AK

Sr. No.	Branch Name	Address
10	Bahawanagar	Plot no 7, City Chowk, Jail Road Bahawanagar
11	Bahawalpur	Shop # 43, New Gharia Mandi, Model Town B, Bahawalpur
12	Basirpur	Khewat No. 415, Khazra No. 75, 51, Main basirpur Road, Tehsil Depalpur District Okara
13	Bhakkar	Plot No- 155/2, Club Road, Bhakkar
14	Bhakwal	Plot No 451, Block 4, Lidgeri Shaheed Road Bhakwal
15	Buner	Khatooni No 464 Shops located at Opposite New Bus Stand Mardan Road Sawara District Buner
16	Burewala	Khewat No. 165/154 Khatooni No.331 Salim Khana, Mohal 439/E.B. Muftan Road Industrial Area Tehsil Burewala District Vehari
17	Chakwal	Shop No. 4/1785, Tehsil Chowk Near World Franchise, Rawalpindi Road, Chakwal
18	Charsada	M. G Plaza, Tangi Road, Charsadda
19	Chichawatni	Plot No. 18-19 Main G.T. Road, Near Lakkar Mandi Puli, Chichawatni
20	Chiniot	Plot No 2/13-z Block Z Development Scheme opposite Masool Pump
21	Chishtian	Gharia Mandi Chowk, Jhumra Road Chiniot
22	Chona Wala	Khewat No 56/54 Khatooni No. 338 to 343, Square No 43, 62, situated at Main Hasilpur road Chonawala Mohal Chak No. 161/M, Tehsil Hasilpur District Bahawalpur
23	Chowk Azam	Khata # 19 Moza Shanon Thal Kalan, Multan Mianwala Road, Near greenway Petrol Pump, Chowk Azam, Tehsil & District Layyah
24	Chowk Sarwar Shaheed	Property No. 964SH, Khatta No.18, Salim Khatta, Mohal 571/TM, MM Road, Chowk Sarwar Shaheed, Tehsil Kot Addu, District Muzaffargarh.
25	Dadu	Plot # 629, Mian Road, Adjacent to Govt Girls High School, Dadu
26	Daherki	Deh Tapo, Taluka Daherki, District Ghotki.
27	Dahranwala	Waraich Market, Haroonabad Road, Dahranwala, District Bahawalnagar
28	Darya Khan	Plot No 89, ward No. 6, Bhakkar Road Darya Khan, Tehsil Darya Khan, District Bhakkar
29	Deeka	Property No. 899/11-B/Englow, Circular Road, opposite Civil Hospital, Deeka, District Sialkot
30	Dera Ghazi Khan	Khazra No. 1228/9526, 1228/9529, Block-J Railway Road, Dera Ghazi Khan
31	Dera Ismail Khan	Khatooni No. 1969, Ground Floor, West Circular Road Syndicate Mor, Dera Ismail Khan
32	Dunyapur	Khewat No. 17, Khatooni No. 110, Railway Road, Near Al-Mulk Hospital, Dunyapur, District Lodhran
33	Eilahabad	Khazra No. 2926/1153, Khewat No. 831, Khatooni No. 1636, Situated at Main Main Chuniyan Eilahabad Road Near PSO Pump Eilahabad, Tehsil Casuarina, and District Kasur.
34	Faisalabad	Ayubi Plaza P- 834/A, Liaqat Road, Near Police Line Petrol Pump Faisalabad
35	Fateh Jang	Shop No 1, Ground Floor, Mudassar Awan Arcade, Pindi Road Fateh Jang District Attock
36	Fazilpur	M Ismaeel Plaza Traffic Chowk Main Indus Highway Fazilpur
37	Feroza	Khewat No. 167, Khatooni No.248, Situated at Shehi Road Feroza, Mohal Hayat Lar, Feroza, Tehsil Liaquatpur & District Rahim Yar Khan.
38	Fort Abbas	Khata No 259/260, Khatooni No. 259, School Bazar, Fort Abbas, District Bahawalnagar
39	Gehkuch	Khazra No.1087, Rais Market, Opposite City Park, Near LG-2, Bazar, Gehkuch, Tehsil Punial, District Ghizer, Gigit
40	Ghoid	Plot No 115, Davri Sahib road Near National bank of Pakistan Ghoid
41	Gilgit	S M Abdul Hakim Market, Near radio Pakistan, Zalkumbat, Gilgit District Gilgit
42	Gojra	P-499, Siddique Commercial Center, Tehsil Office Road, Gojra District Toba Tek Singh

Sr. No.	Branch Name	Address
43	Gujar Khan	Haji Raja Karam Eilan Plaza G T Road, Gujar Khan District Rawalpindi
44	Gujranwala	Khasra No 182, Khawat No. 42 Khatoon Number 43 Mouza Main Sansi Tehsil & District Gujranwala
45	Gujrat	Khawat No 228, Khatooni No 342 & 343, Khasra No. 1144 1145 Abid Colony G.T Road, Mouza Nanwa, Tehsil & District Gujrat
46	Hyderabad	Khawat No. 888, Khatooni No 148, Street No. 06 Near Fiza Carpet, Gujranwala Road, Tehsil and District Hazratnagar
47	Hala	Plot No. 284, Old Main National Highway, Adjacent babi- Nooh Hala
48	Hanipur	Pandak Area, Shahrah-e-e Hazara, Hanpur
49	Haroonabad	Plot # 734, Front Main Bazar Bangla Road Tehsil Haroonabad, District Bahawalnagar
50	Hasilpur	Khata No. 34/29, Plot Adjacent Honda Motorcycle Showroom, Near Bus Stand, Main Bahawalpur Road Hasilpur
51	Hassanabdal	Manar Al Khar, Plaza Near General Bus Stand G T Road Hassanabdal, District Attock
52	Havelian	Malik Cottage, main Bazar Havelian, District Abbottabad.
53	Hyderabad	Plot No. HCB-73, Qaz Abdul Qayyum Road, gan Khata Hyderabad.
54	Islamabad	Amir Plaza, Ground Floor, 94-West, Jinnah Avenue, Blue Area, Islamabad.
55	Jahnia	Khawat No. 19, Chak No. 11110-R Opposite Govt. Middle School No. 03 for
56	Jail Road-Lahore	House No 15, Shadman Colony, Jail Road, Lahore
57	Jalalpur Pirwala	Almadina Market Near Genera Bus stand Multan Road Jalalpur Pirwala
58	Jampur	Ward No 13 Registry No 692/1 Pesticide Market Darya Road Jampur, Tehsil
59	Jaranwala	Ismail plaza, Muhalian Usmania Park, Faisalabad Road, Near Fesco Office, Jaranwala.
60	Jhang	Khata No. 128, Near Govt. Women College Main Gojra Road Tehsil and District Jhang Sadar
61	Jhelum	Ground Floor, Shan-e-e Muhammadi Plaza, Opposite Taleegh-ul-Islam High
62	Juddo	Plot City Survey No 7, Ward No 3 B, Near Rajput Chowk, Shahi Bazar, Jhuddo, Tehsil Jhuddo, District Muzaffargarh.
63	Kahror Pacca	Near Railway, Track Jailsi Chowk, Main City Road, Mohal Pacca Harbasi 390, Tehsil Kahror Pacca District Lodhran.
64	Kallur Kot	Khata No 244/243, Khatooni No 368, Ward No.2, Lodhi Market Kallur Kot, District Bhakkar
65	Kambar/Wagan	Opposite Govt primary boys School, Miro Khan Road, Kambar
66	Kamoki	197/162, Near Shifa Eye Hospital, Main G T Road, Kamoki
67	Kandkot	Jaryan No 284, Main Haibat Road Near National Bank of Pakistan Branch Kandh Kot
68	Karachi	Plot No 13, Commercial Area main Rashid Minhas Road, Gulshan e iqbal, Block- 10 Opp. Lal Flats Karachi.
69	Karachi - Korangi	Plot No L-04, Sector 35- C, Korangi Township, Karachi.
70	Karor Lal Essan	Khasra No. 269, Sewag Plaza, Opposite PTCL Exchange, Faisalabad, Karor Lal Essan, District Layyah.
71	Kashmore	Jaryan No.1/884, Deh kashmore, Taluka & District Kashmore
72	Kasur	Khawat No. 1088, Khatooni No. 1388, Minhas Colony, Chowk Cinema, Main Lahore Road Kasur.
73	Khairpur	Kadham Road Khairpur.
74	Khairpur Tamewali	Khata No 127/119, Khatooni No 274-278 Main Hasilpur Road, Near Petroleum Service, Mouza Khairpur, Tamewali, Tehsil Khairpur, Tamewali, District Bahawalpur.
75	Khangwal	Plot No.1, Street No 1, Block-2, RCA Chowk, Khanewal.
76	Khanpur	Qaid Millet Road, opposite Saving Center, Khanpur, District Rahim Yar Khan
77	Khudian Khas	Khawat No. 1006, Khatooni No. 3250, Khasra No. 888, Block # 02, Plot # 01, Bank Square, Jahanabad Dist. Khanewal
78	Khughab	Nalam Complex, Near Police Lines, hangu Road, Kohat
79	Kohat	Opp. Faisal Motors, Near PSO Pump, Main G T Road, Kohat
80	Kot addu	Kotaddu, District Muzaffargarh.
81	Kot Chuhita	Khata No. 105, Opposite Tehsil Office, Main Indus Highway, Kot Chuhita, District Dera Ghazi Khan
82	Kot Mithan	Ward No.7, Registry No.1018 & 1081, Darbar Road, Kot Mithan, Tehsil & District Rahim Yar Khan

Sr. No.	Branch Name	Address
83	Kot Sultan	Khata No. 77, Mohala Husham Abbas Near Civil Hospital, Multan Road, Kot Sultan, District Leyyan.
84	Lahore Shahdara	71 Near Allah Ho Damar & Masjid Turheed, Adjacent ZTBL Bank Main Sheikhpura Road, Jia Musa, Shahdara, Lahore
85	Lahore-DHA	Plot No. 79, Block CCA, Phase-IV Defense Housing Authority, Lahore Cantt
86	Larkana	C.S/R.s No 1827/1878, Near Bank Square, Larkana
87	Leyyah	Plot # 406 / B- 2nd, Main Choubara Road, Near MCB Leyyah.
88	Liaqatpur	87- A, Scheme No.2, Bank Road, Opposite Qayyum petroleum, Liaqatpur.
89	Lodhran	Plot / khewat No. 509/479 & 528/486, Jalal Pur More Near masjid e Ahl - e -
90	Malakand Agency	Shop # 1-5 and 29-34 Tahir Plaza, Main Bazar, Bathkela, Malakand Agency.
91	Mandi Bahauddin	Khewat No. 282, Khatooni No. 486 to 487, Tehreem plaza Punjab Cantt.
92	Mandi Yazman	Khata-Khawar No 404 Khatooni No. 609, Situated at Chak No. 55/DB Aif, Bahawalpur Road, Opposite NBP Bank Mand Yazman
93	Mankera	KHATA # 224-225/218-219 KHATOONI # 356-357, MANKERA TOWN, MAIN
94	Mansehra	Ammar's Arcade, Near NBP College, Old Balakot Bypass Road, Mansehra.
95	Mardan	CB 445/ A- 2, Saddar Bazar, The Mall, Mardan Cantt, Mardan.
96	Mehar	Survey No 151, Khairpur Nathan Shah Road, Mehar, District Dadu
97	Mian Channu	M A Ghan colony street # 04 Corner Plot: GT Road, Near Opposite
98	Mianwali	Plot No. 706, Soney Khai Market, Govt. High School Road, Mianwali.
99	Minchan Abad	Khata/ khatooni No. 152, Mouza (Mohal: Michinabad) Distt. Bahawalnagar.
100	Mirpur	Plot No 1, Sector No. II, Allama Iqbal Road, Mirpur Azad Kashmir.
101	Mirpurkhas	Ward -A, MP Colony Main Umer Kot Road, Mirpurkhas.
102	Mithi	Shop # 01 to 6, Sameer & Kunal Market Near Kashmir Chowk Main Naukot
103	Mubark Pur	Khewat no. 205, Khatooni No.528, Situated at Mohala Mubark Pur, Tehsil Ahmad Pur east, Distt. Bahawalpur
104	Multan	Shop No.1, Royal Shopping Centre, Azmat Warsi Road, Dera Ada Chowk, Multan.
105	Muridke	Sa'im Qifta 17, Khewat No. 419, Khatooni No. 1019 to 1023, Mouza Mureedke Near Bilal Meald Main GT Road Tehsil Mureedke, District Sheikhpura
106	Muzaffar Garh	Khewat No. 664, Jhang Road Near Zewa Hotel Mohalla Khurshidebad Tehsil & District Muzaffar Garh
107	Muzaffarabad	Raza Building, Poultry Farm Road, Opposite AJK University, Muzaffarabad, A.K
108	Nankana Sahib	Khewat No.551, Khatooni No.700, Adjacent Khatid Rice Mills, Momi Wala
109	Narowal	VI-284, Near Siddique Pura Morre, Circular Road, Narowal.
110	Naseerabad	Khara No.6775/76, Near City Police Station, Main Quetta Road, Dera Ghazi
111	Nawabshah	House # A-306, Poro hospital Road, Qila Quarter, Nawabshah
112	Nosheroheroze	Plot Near Jilbani Petroleum Services, Mian National Highway, Nosheroheroze.
113	Nowshera	Al Jameel City Centre, Near PSO Police Petrol Pump, Main GT
114	Okara	Habib Cotton Factory, M. A Jinnah Road, Check No. 1-A/4-L, Okara.
115	Paharpur	Khewat No.870 Khatooni No.843, Khara No.4809/154814, Qila 4, Rahwal
116	Pakpattan	Khata No. 3182/3152, 4347/3993, Khatooni No. 3384, 4754, College Road, Pakpattan.
117	Pannu Aqil	Plot No. 436, Balli Road, Pannu Aqil.

Sr. No.	Branch Name	Address
118	Pasrur	Faisal Colony, Main Sialkot Pasrur Road, Near Gujar PSO Petrol Pump.
119	Pattoki	Khasra # 1920/1573 Khewat # 928 Khaton # 2657 Main Multan Road opposite Naseem Anwar Hospital, Pattoki
120	Peshawar	Amar Hotel Main GT Road Hashtnagar Peshawar
121	Pir Mahal	Khewat No. 3 Khatooni No 12 to 13, Situated at Chak No 316 GB Urban, Tehsil Pir Mahal, District Toba Tek Singh
122	Qadirpur Rawan	Plot No. 26, Opposite Town committee Office G.T. Road Qadirpur Rawan
123	Qasba Gujrat	Khewat No. 382, khatooni No. 1, Salim Khatta, Ghazi Ghat Road, Near Chowk
124	Rahim Yar Khan	Khewat No. 302/278, Situated at 16-A, Businessman Colony, Opposite Desert Palm Hotel, Rahim Yar Khan
125	Rajanpur	Kamran Market, opposite Jamia Sheikhs Darkhasti, Rajanpur.
126	Ranipur	Shop No. 1-3 Plot No. 232/4-7, Near Mazhar Model School, Main National Highway Ranipur
127	Ratodero	Shop No 1 2 & 3 Ward- B Near Main Bus Stand Ratodero, District Larkana
128	Rawalpindi	Ropyal Brothers Plaza, Property No. B-130 Main Muree Road, Chandni
129	Rawakot	Al-Makkah Shopping Plaza CMH Road Near Ali Firdous Clinic, Supply Bazaar, Rawakot
130	Rohilanwala	Khata No. 57 Situated at Moha Sandaila, Main Ali Pur Road Near Canal House Rohilanwali, Tehsil & District Muzafargarah.
131	Sadiq Abad	Chak No. 10/NP, Nishta: Chowk, KLP Road, Sadiqabad, District Rahim Yar Khan
132	Sahiwal	Khewat No. 15848/4764, Uraat Ali Road, Sahiwal
133	Sahiwal-SGD	Khewat No. 2895, Nawan Lok, Main Sargodha Road, Tehsil Sahiwal, District Sargodha.
134	Sanghar	Choudhary Corner, Main Nawabshah Road Sanghar.
135	Sargodha	Khasra No. 35 Khewat No. 16, Chak No 45, Shumail Main Khushab Road, Sargodha, Tehsil & District Sargodha
136	Shah Kot	Khewat No 33, Khatooni No 34, Khasra No. 519, Hajj Bahoo Chowk, Shah Kot, District Nankana
137	Shahdad Kot	City Survey No. 883, Ward- A, Lakhpeti Road Near Keenjhar Public School, Shahdad Kot, Tehsil & District Shahdad Kot.
138	Shakargarh	Khasra No. 1448/178, Maqsood Plaza, Near Railway Phatak, Railway Road, Shakargarh, Tehsil Shakargarh, District Narowal.
139	Sheikhupura	Al Rehman Center, Near Millan Marriage Hall, Main Lahore Road Sheikhupur.
140	Shikarpur	Plot No. 3/1 Near Jahaz Chowk, Station Road, Shikarpur.
141	Shorekot	Khata No. 1181, Ammad Ashraf Plaza Jhang Road, Shorekot City, Tehsil Shorekot District Jhang
142	Shujahabad	Plot No E-455, opposite Khan Brothers Bus Stand, Jalalpur Road, Shujahabad.
143	Sukkur	Small Industrial State, Near Alam Chowk, Shahabpura Road Sukkur
144	Sukkur	Survey No. 717, Deh Old Sukkur, Adam Shah Colony, Military Road, Sukkur
145	Swabi	Rehman Market, Swabi Merdan Road, Swabi.
146	Swat (Mingora)	Ground Floor, Shahzad Plaza, Seidu Sherif, Mekan Begh Road, Mingora, Swat.
147	Tando Allahyar	Plot # 2 Block A, Survey # 273/1, Opposite to Civil Hospital, Main Hyderabad Road, Tando Allahyar
148	Tanda Muhammad Khan	Plot No. C S 832, Opposite SSP office, Tando Muhammad Khan.
149	Taunsa Sharif	Khata No. 1739, Mangrotha Road, Taunsa Sharif
150	Toba	Shop No. 6, Al-Shahbaz Shope, National Highway, Toba
151	Toba	Khata No. 81, main Indus Highway, Tobi Galerani, Tehsil Taunsa & District S-G Khan
152	Toba Tek Singh	Al-Aziz Center Shore Kot Road, Toba Tek Singh.
153	UCH Sharif	Abbasia Road Opposite Mariam Hospital Near Lahu Wali Full Uch Sharif Tehsil Ahmadpur East Dist. Bahawalpur
154	Umar Kot	Saleem Shopping Center, Shop No. 1 & 2 Gulshan-e-Saleem Housing Society, Main Chora Cantt Road, Opposite M. A Jinnah Park, Umar Kot
155	Vehari	Plot # E/B Main Karkhana Bazar Near Goal Chowk, Vehari

Sr. No.	Branch Name	Address
156	Wazirabad	Khewat No.1223, Khatoni No.1954, Khaara No.1767, Main Sialkot Road,
157	Zafarwal	Khewat No. 575, Khaara No. 2637, Situated at Town Committee, Zafarwal, Mohalla & Tehsil Zafarwal, Distt. Narowal
158	Zahirpir	Old GT Road, Canal Rest House Chowk, Zahir Pir, District Rahim Yar Khan.
159	Zareef Shaheed	Khewat no. 350/342, Khatooni no 1120 to 1124, Situated at Main Lodhran
160	Malir Karachi	S-1/296 Saudabad, Malir, Karachi
161	North Nazim Abad	Sub-Plot No.6, Block No.1, Soq Ul Aman, Plot No. FLT-1, Block-G, North Nazimabad, KDA's Scheme No.2, Karachi
162	Head Rajkaan	Chak No 35, DNB Noor Pur Road, Head Rajkaan, Tehsil Mandi Yazman, Distt. Bahawalpur
163	Kot Radha Kishan	Khewat No.302, Khatooni No.422 to 437, Main Raiwind Road, Azam Abad, Opposite NADRA Office, Kot Radha Kishan, Distt. Kasur
164	Talagang	Khewat No. 664, Khatooni No. 1192, Khaara No. 3625/1274, Sadiq Abad Chowk Main Sargodha Road, Talagang, Distt. Chakwal
165	Farooqabad	Khewat No. 266 Khatooni No. 291,320 Near Bus Stand Main Approach Road, Farooqabad, Distt. Shaikhupura
166	Tando Adam	Shop No. CCS/945/1, Near Muhammadi Chowk, Tando Adam, Distt. Sanghar
167	Marot	Khewat No. 122/116, Khatooni No.311 & 560, Salim Khatta Qilla 6, Mohalla 319/HR, Main Fort Abbas Road, Marot, Tehsil Fort Abbas Distt. Bahawalpur.
168	Jatoi	Khata No. 7/6, Khatooni No.13 to 16, Mohalla Qasir Ghaziani, Tehsil Jatoi & District Muzaffargarh
169	Gagoo Mandi	Khewat No. 182, Khatooni No. 325 to 329, Salim Khatta, Chak No. 187 EB, P/O Gagoo, Tehsil Burewala District Vehari
170	Sarai Mohajir	Khewat No 130, Jhang Bhakkar Road, Sarai Mohajir
171	Mandi Ahmad Abad	Khewat No.44, Khatooni No.95 Kangan Pur Road Mandi Ahmad Abad Tehsil Deepalpur, District Okara
172	Sanjar Pur	Khewat No. 3, Khatooni No.29 to 33, KLP Road Opposite Agriculture Office Sanjarpur, Chak No.44/NP, Hadbest 102, Tehsil Sadiqabad & District Rahim Yar Khan
173	Adda Zakhira	Khewat No.75/71, Khatooni No.196, Salim Khatta Qilla 1, Mohalla Adda Zakhira, Tehsil Dunyapur, District Lodhran
174	Shah Jamal	Khata No. 309 Khatoni No. 357 Khan Garh Road Near Mohalla Shah Jamal, District Muzaffargarh
175	Muhammad Pur Dewan	Khata # 268 main Indus highway, opposite Rural Health Centre, Muhammad Pur Dewan, Tehsil Jampur District. Rajapur
176	Sillanwall	Khewat No.522, Khatooni No.642, Khaara No.4633, Mohalla Sillanwall, Mohalla Mandi Sillanwall, District Sargodha
177	Jacobabad	Survey No. 202/33/5, Kamora Line, Main Quetta Road, Tehsil Jacobabad
178	Pindi Bhattian	Khewat No.183, Khatooni No.478 to 484, Qilla 367, Hafizabad Tehsil Pindi Bhattian, District Hafizabad
178	Shahded Pur	City Survey No.1009, Situated at Ward A, Station Road, District Sanghar
180	Timergara	Ground Floor, Shah Shopping Centre, Bypass Road, Timergara District Lower Dir.
181	Kunri	Plot No.148-149, Survey No. 209/1 & 209/2 Dah Chak, Tehsil Kunri, District Uperkot
182	Lata Muss	Plot No. 100, Survey No. 209/1 & 209/2 Dah Chak, Tehsil Kunri, District Uperkot
183	Quaidabad	Khewat No.1188, Khatooni No.1560, Plot No.82, Mianwali Sargodha Road Quaidabad Tehsil Quaidabad District Khushab.
184	Mailsi	Khewat No 73/71, Khatooni No. 97, Khaara no.92/19/2, Mohalla & Tehsil Mailsi, District Vehari

Sr. No.	Branch Name	Address
185	Sangla Hill	Khewat No. 335, Khatooni No. 783, Murabba No. 28, Qila No.05, Main Safdarabad Road, Opposite Allah Bux Town, Chak No 46/R.B, Tehsil Sangla Hill, District Nankana Sahib.
186	Karachi-DHA	Shop # 01, Plot # 30-E, Badar Commercial, Street # 1, Phase V, DHA Karachi.
187	Kot Ghulam Muhammad	Ward No B, Plot No.977, Main Road Kot Ghulam Muhammad, Tehsil Kot Ghulam Muhammad, District Mirpurkhas
188	Chowk Shahbazpur	Khata No.101, Khatooni No. 273 to 276 Mohal Muhammad Nazazwasa, JDW Road, Chowk Shahbazpur, Tehsil Sadiqabad, District Rahim Yar Khan.
189	Sui Wala	Khatooni No. 731 Sui Wala, Mahala Hafiz Muhammad Wala, Tehsil & District Lochran
190	Basti Malook	Khewat No.22, Khatooni No 180.-198, Mouza 12 F, Basti/Malook, Tehsil Multan Sadder, District Multan
191	Mor Khunda	Khewat no 24, Khatooni No.166, Khasra No. 846/2/2, Main Lahore Road, Opposite UC-49 office, More Khunda, Tehsil & District Nankana Sahib
192	Hattian Bala	Khewat No. 5, Khatooni No.170, Chandkot, tehsil Hattian Bala, District Jhelum Valley, AJK
193	Samundari	Khewat No.373/348, Khatooni No. 651 to 652, Chak no. 467, Ghaf bay, tehsil Samundari, District Faisalabad
194	Mehrabpur	DSC No. IIA-125, Town Mehrabpur, District Naushahro Feroze, Sindh
195	Kahuta	Khasra No.144, Arahad Plaza, Main Rawalpindi Road, Near NSP Kahuta, tehsil Kahuta, District Rawalpindi.
196	Kallar Syedan	Khewat No 249, Khatooni No.453, mouza Kallar badhal, tehsil Kallar Syedan, District Rawalpindi
197	Shaheed Fazal Rahu	Plot No. A 1, Deh Barodari, Tapo Golarchi Taluka/Tehsil Shaheed Fazil Rahu, District Badin
198	Fateh Pur	Chak No.249 TDA, Ward NO.1, opposite Yaseen Petrol Pump, Karor Lal Easan Road, Fateh Pur, Tehsil Karor Lal Easan and District Layyah.
199	Gujranwala-SME	Main G. T Road Opposite General Bus Stand, Gujranwala, Tehsil & District Gujranwala
200	Bhawal	Khewat No. 1304, Khatooni No 1877, Cha Jhangl Wala Dehkal, Tehsil Bhawal, District Sargodha
201	Harappa	Khewat-128/128, Khatooni-309/310, Jinnah Town, G.T. Road Harappa station, District & Tehsil, Sahiwal
202	Sialkot-SME	Mohalla Haji Pura, Main Road Near Executive Passport Office, Sialkot, Tehsil, District Sialkot.
203	Sharaqpur	Khewat No. 578, Khatooni No. 1748, Khasra No. 670/1, Bhatti Town, Lahore Jaranwala Road, Near Main Bus Stop, Sharaqpur, Tehsil Sharaqpur and
204	Sharaqpur-SME	Khasra No 872, Khatooni No. 1442, Narwa Rangpura, Sargodha Road Chak
205	Faisalabad-SME	Plot No 30, GCU Road, Jinnah Colony, Near Saeed Mari, Faisalabad.
206	Sargodha-SME	Khewat No 4334, Khatooni no. 4344, Khasra No. 198/A Sattalita town Block A, Chak No 42, NB Sargodha

47.3 The addresses of the permanent GPO booths of the Bank are as follows:

Sr. No.	Permanent Booth Name	Address
1	GPO-New Town Karachi	General Post Office, New Town, Guru Mandir, Karachi
2	GPO-Chandigarh Road	General Post Office, J. Chundrigar Road, Karachi
3	GPO-Model Town Lahore	General Post Office, Model Town Lahore.
4	GPO-Mall Road Lahore	General Post Office, Bank Square, Mall Road, Lahore
5	GPO-University Road	General Post Office, Beside Pashtu Academy, University of Peshawar.
6	GPO-Saddar Cantt	General Post Office, main Saddar, GPO Road Peshawar
7	GPO-G 6 Islamabad	General Post Office, Near Melody Food Park, Sector G-6, Islamabad.
8	GPO-Saddar Road Rawalpindi	General Post Office, Main Saddar, Adjacent Mall Plaza, Mall Road, Rawalpindi.
9	Nowshera Virkan	Khewat No. 257, Khatooni No. 305, Qitta 2, Salim Khatta, Mohal Ghathi, Tehsil Virkan, Distt. Gujranwala
10	Sardarabad	Khewat No. 682, Khatooni No. 1356, Mumabba, 193, Qila 10, Mohal Chak 13 RB, Tehsil Sardarabad, Distt. Sheikhupura
11	Phalia	Khewat No. 14, Khatooni No. 59, Abdullah Plaza, Main Gujrat Road, Phalia, Keema, Distt. Mangobahuddin.
12	GPO-Jafferabad	Pakistan Post Office, T Chowk, Dera Allan Yar, Distt. Jafferabad.
13	GPO-Abdullah Haron Road Karachi	Pakistan Post Saddar GPO, Abdullah Haron Road Karachi.
14	Chaksawi	Wahid Plaza, Main Road, Chaksawi, Mirpur, Azad Kashmir.
15	GPO Ogh - Abbotabad	Pakistan Post Office, Baigrah Road, Near Police Station, Oghi, Distt. Mansehra
16	Ailpur Chatta	Khewat No. 1100, Khatooni No. 1547, Khaara No. 1599, Near Railway Phatak, Gujranwala Road, Tehsil Wazirabad, Ailpur Chatta, Distt. Gujranwala.
17	Lalian	Khewat No. 291, Khaara No. 720, Bangle Road, Near Nawab Chowk, Opposite Dera Ghulam Muhammad Lali, Mouza Lalian, Tehsil Lalian, District Chiniot
18	Nowshera	Khewat No. 821, Khatooni no. 1482, Khaara No. 2155, Opposite Nisai Plaza, Sakasar Road Nowshera, District Khushab
19	Kamalia	Khaara No. 4209, Plot No. 1062 D, Niaz Chowk, Mohala Niazabad, Kamalia, District Toba Tek Singh
20	Tholai Niaz Baig	Khaara No. 10713, Khatooni No. 1099, Lalazar Market, Rewind Road Lahore
21	Mandi Faizabad	Khewat No. 05, Khatooni No. 143, in Salam Khata, Qat 104 Main Jaranwala Road, Mohala Kori Yaqoob, Mandi Faizabad
22	Kot Momin	Khewat No. 226, Bhaglan Vela Road, Near Asker Petrol Pump, Mohal & Tehsil Kot Momin District, Sarogodha
23	Jhabran Mandi	Khewat 1096/1084, Khatooni no. 2267, Main Grain Market, Jhabran Mandi, Sheikhupura.
24	Chungi Amar Sadhu	Khewat No. 194, Khatooni No. 542 to 549, Ferozepur Road, Mouza Daboukhurd, Model Town, Lahore.
25	Paroa	Khewat No. 858, Khatooni No. 1136, Khaara No. 2452/3121, Main Paroa Adda, Near HBL, Tehsil Paroa, District Q.J./Chen
26	Qila Dider Singh	Khewat No. 1246, Khatooni No. 1543, Khaara No. 324, Main Bazar, Jafferabad, Govt. Technical Training Center, Mouza Qila Dider Singh, Tehsil & District Gujranwala.
27	Duley Wala	Khewat No. 2126/2039, Khatooni No. 3849, Mill Road, Mohal Duley Wala, Tehsil & District Bhakkar
28	Dinga	Khaara No. 3028/2, & 3028/1, Khewat No. 140 & 142, Khatooni No. 140, Mouza Dinga, Tehsil Kharian, District Gujrat
29	GPO-Gujranwala	General Post office, Main GT Road, Near Dal Bazar, Gujranwala, District Gujranwala
30	GPO-BAILKOT	General Post office, Main Paris Road, Sialkot
31	GPO-Gligt	General Post office, Near Govt. Boys High School No.1, Gligt, District Gligt
32	GPO-Faisalabad	General Post office, Main Railway Road, Near Ghumal, Faisalabad
33	Gharo	Main National Highway, Near Town Committee Gharo, Tehsil Gharo, District Thatta

47.4 Figures have been rounded off to the nearest thousand rupees unless otherwise stated.


PRESIDENT


CHAIRMAN


DIRECTOR


DIRECTOR

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