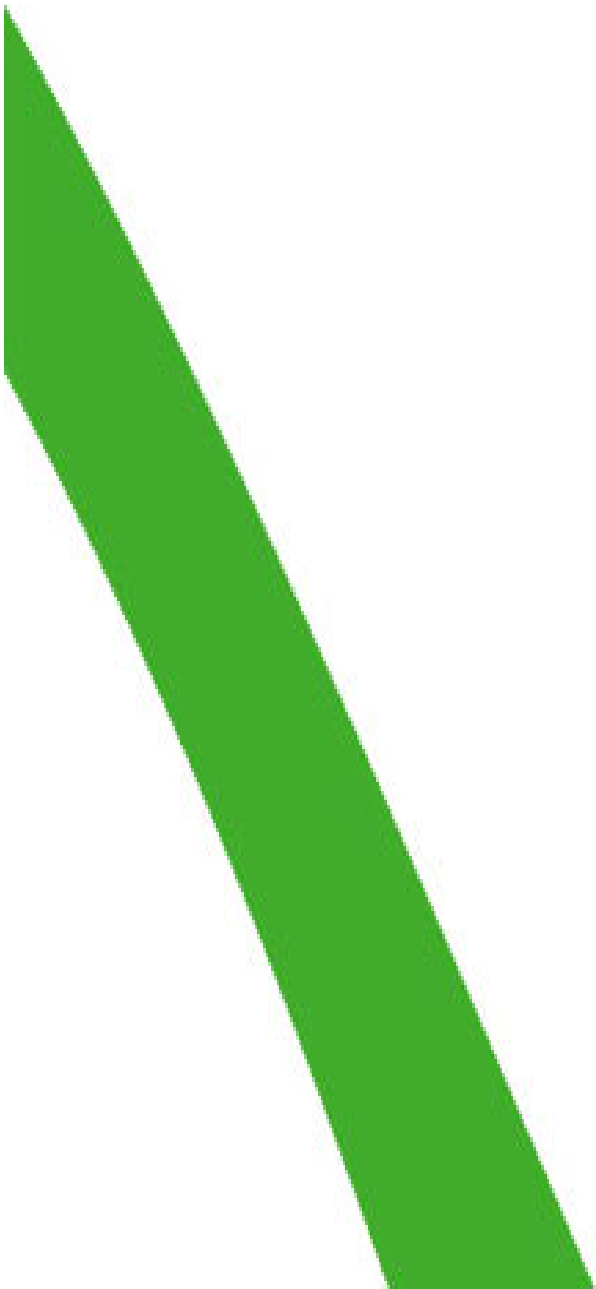


**Accounts for the year ended
December 31, 2022**



Auditors Report to the Members



EY Ford Rhodes
Chartered Accountants
Eagle Plaza 75-West, Fazlul Haq Road
Blue Area, P.O. Box 2388
Islamabad 44000, Pakistan

Tel: +9251 234 4160-62
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ey.com/pk

INDEPENDENT AUDITORS' REPORT

To the members of Khushhali Microfinance Bank Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of Khushhali Microfinance Bank Limited (the Bank), which comprise balance sheets at 31 December 2022 and the profit and loss account, the statement of 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 2022 and of the loss, 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.

Material Uncertainty Related to Going Concern

We draw attention to note 2 to the financial statements, which indicates that at the report date the Bank's capital adequacy ratio fell below the percentage prescribed by State Bank of Pakistan and, the Bank has incurred a net loss after tax of Rs. 3,051.8 million and it has negative operating cashflows during the year ended 31 December 2022. These events or conditions along with other matters as set forth in note 2 indicate the existence of material uncertainty which may cast significant doubt about the Bank's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

Information Other than the Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises the Director's 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.

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. 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 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) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

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



Chartered Accountants

Place: Islamabad

Date: 30 April 2023

UDIN: AR202210079Nx5VMRTGh

Audited Financial Statements

KHUSHALI MICROFINANCE BANK LIMITED
BALANCE SHEET
AS AT DECEMBER 31, 2022

	Notes	2022 Rupees '000	2021
ASSETS			
Cash and balances with SBP and NBP	8	5,153,731	3,883,711
Balances with other banks/ NBFIs/ MFBs	9	3,902,980	10,177,317
Lending to financial institutions	10	4,893,064	100,000
Investments - net of provisions	11	11,287,050	14,089,836
Advances - net of provisions	12	86,372,392	70,884,244
Operating fixed assets	13	4,154,127	3,578,798
Other assets	14	14,433,078	13,270,613
Deferred tax asset	15	2,009,938	539,407
Total assets		132,206,360	116,523,926
LIABILITIES			
Deposits and other accounts	16	111,791,738	93,162,369
Borrowings	17	2,175,000	4,608,379
Subordinated debt	18	4,500,000	3,000,000
Other liabilities	19	5,630,369	4,568,629
Total liabilities		124,097,107	105,339,377
NET ASSETS		8,109,253	11,184,549
REPRESENTED BY:			
Share capital	20	1,705,000	1,705,000
Statutory reserve	7.12	1,900,415	1,900,415
Capital reserve	7.13	24,255	24,255
Unappropriated profit		4,514,447	7,616,090
		8,144,117	11,245,760
Deficit on revaluation of assets	21	(48,458)	(61,211)
Deferred grants		13,594	-
Total capital		8,109,253	11,184,549
MEMORANDUM / OFF BALANCE SHEET ITEMS	22	-	-

The annexed notes from 1 to 48 form an integral part of these financial statements.

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PRESIDENT



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CHAIRMAN



DIRECTOR



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DIRECTOR
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**KHUSHALI MICROFINANCE BANK LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Notes	2022 Rupees '000	2021
Mark-up/ return/ interest earned	23	20,099,705	18,652,795
Mark-up/ return/ interest expensed	24	12,594,913	8,960,999
Net mark-up/ interest income		7,504,792	9,691,796
Provision against non-performing loans and advances - net	12.4	5,643,058	3,938,294
Bad debts written off directly	12.5	247,184	22,202
Net mark-up/ interest income after provisions		1,614,570	5,731,300
NON MARK-UP/ NON INTEREST INCOME			
Fee, commission and brokerage income	25	1,980,252	1,857,405
Other income	26	214,515	137,154
Total non mark-up/ non interest income		2,194,767	1,994,559
		3,809,337	7,725,859
NON MARK-UP/ NON INTEREST EXPENSES			
Administrative expenses	27	7,637,758	6,775,162
Other provisions	14	342,549	62,145
Other charges	28	14,022	18,962
Total non-mark-up/ non interest expense		7,994,329	6,856,269
(LOSS) / PROFIT BEFORE TAXATION		(4,184,992)	869,590
Taxation - Current	29	273,798	323,829
- Prior year	29	48,594	31,817
- Deferred	29	(1,455,539)	(57,736)
		(1,133,147)	297,910
(LOSS) / PROFIT AFTER TAXATION		(3,051,845)	571,680
Unappropriated profit brought forward		7,616,090	7,200,276
Other comprehensive loss transferred to equity		(49,798)	(12,948)
Profit available for appropriation		4,514,447	7,759,010
APPROPRIATIONS:			
Transfer to:			
Statutory reserve	7.12	-	28,584
Microfinance social development fund	7.14	-	57,168
Depositors' protection fund	7.14	-	28,584
Risk mitigation fund	7.14	-	28,584
		-	142,920
UNAPPROPRIATED PROFIT CARRIED FORWARD		4,514,447	7,616,090
(LOSS) / EARNINGS PER SHARE - BASIC AND DILUTED	34	(17.90)	2.68

The annexed notes from 1 to 48 form an integral part of these financial statements.



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PRESIDENT



CHAIRMAN



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DIRECTOR



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DIRECTOR

**KHUSHALI MICROFINANCE BANK LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2022**

	2022	2021
	— Rupees '000 —	
(Loss) / Profit after taxation	(3,051,845)	571,680
Other comprehensive income		
Items that will not be reclassified subsequently to profit and loss:		
Remeasurement loss on post employment benefit obligation	(70,139)	(18,234)
Deferred tax relating to remeasurement gain on post employment benefit obligation	20,341	5,288
Other comprehensive loss transferred to equity	(49,798)	(12,946)
Items that may be subsequently reclassified to profit and loss:		
Deficit on revaluation of investments - AFS	(68,252)	(86,213)
Transfer to profit and loss on disposal of available for sale investments	86,213	10,542
Deferred tax (liability) / asset on deficit on revaluation of investments - AFS	(5,349)	21,944
	12,612	(53,727)
Total comprehensive (loss) / income	<u>(3,089,031)</u>	<u>505,007</u>

The annexed notes from 1 to 48 form an integral part of these financial statements.



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CHAIRMAN



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DIRECTOR



28 Apr, 2023 **DIRECTOR** GMT+5

KHUSHALI MICROFINANCE BANK LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2022

	Share capital	Capital reserve (Note - 7.13)	Statutory reserve (Note - 7.12)	Unappropriated profit	Total
	Rupees '000				
Balance as at January 01, 2021	1,705,000	24,255	1,871,831	7,200,278	10,801,362
Total comprehensive income for the year					
Profit for the year	-	-	-	571,680	571,680
Other comprehensive loss	-	-	-	(12,948)	(12,948)
	-	-	-	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	7,816,090	11,245,760
Total comprehensive loss for the year					
Loss for the year	-	-	-	(3,051,845)	(3,051,845)
Other comprehensive loss	-	-	-	(49,798)	(49,798)
	-	-	-	(3,101,643)	(3,101,643)
Transfer to:					
Statutory reserve	-	-	-	-	-
Microfinance social development fund	-	-	-	-	-
Risk mitigation fund	-	-	-	-	-
Depositors' protection fund	-	-	-	-	-
Balance as at December 31, 2022	1,705,000	24,255	1,900,415	4,514,447	8,144,117

The annexed notes from 1 to 48 form an integral part of these financial statements.



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CHAIRMAN



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DIRECTOR



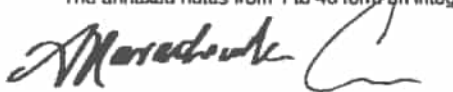
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DIRECTOR

KHUSHALI MICROFINANCE BANK LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2022

	Note	2022	2021
		----- Rupees '000 -----	
CASH FLOW FROM OPERATING ACTIVITIES			
Loss before taxation		(4,184,992)	869,590
Adjustments for:			
Depreciation of property and equipment		515,926	471,148
Depreciation of right of use asset		397,218	372,643
Amortization of intangible assets		121,114	153,309
Provision against non-performing advances		5,643,058	3,938,294
Gain on sale of fixed assets		(3,049)	(50,914)
Mark-up on advances		(17,538,857)	(16,765,009)
Interest income on investments and deposit accounts		(2,560,848)	(1,887,786)
Interest expense on borrowings and deposits		11,850,214	8,437,673
Interest expense on subordinated debt		466,373	275,932
Interest expense on lease liability		278,326	247,394
Provision against other assets		342,549	62,145
Charge for defined benefit plan		152,673	142,258
		(335,303)	(4,602,913)
		(4,520,295)	(3,733,323)
(Increase) in operating assets			
Advances		(21,131,206)	(14,181,751)
Other assets		(685,211)	(63,893)
		(21,816,417)	(14,245,644)
Increase / (decrease) in operating liabilities			
Deposits		18,629,369	4,512,555
Other liabilities		(143,702)	(87,308)
		18,485,667	4,425,247
Net cash used in operations		(7,851,045)	(13,553,720)
Mark-up received on advances		17,014,927	14,048,778
Interest received on investments and deposit accounts		2,315,796	1,863,504
Interest paid on borrowings, deposits and subordinated debt		(11,749,265)	(9,027,083)
Contributions to defined benefit plan		(245,922)	(98,452)
Income taxes paid		(373,072)	(694,898)
		6,962,464	6,093,849
Net cash (used in) operating activities		(888,581)	(7,459,871)
CASH FLOW FROM INVESTING ACTIVITIES			
Investments in AFS/HFT/HTM securities		2,820,747	3,514,382
Purchase of operating fixed assets		(661,043)	(664,956)
Sale proceeds against disposal of operating fixed assets		40,478	64,496
Net cash generated from investing activities		2,200,182	2,913,922
CASH FLOW FROM FINANCING ACTIVITIES			
Dividend paid		(42,660)	-
Payment of lease liability		(560,409)	(472,117)
Subordinated debt		1,500,000	600,000
Borrowings acquired during the year		285,113,969	151,948,367
Borrowings paid during the year		(288,547,348)	(147,767,696)
Deferred grant received		13,594	-
Net cash (used in) / generating from financing activities		(1,522,854)	4,308,554
Net (decrease) in cash and cash equivalents		(211,253)	(237,395)
Cash and cash equivalents at beginning of the year		14,161,028	14,398,423
Cash and cash equivalents at end of the year	30	13,949,775	14,161,028

The annexed notes from 1 to 48 form an integral part of these financial statements


PRESIDENT

CHAIRMAN


DIRECTOR


DIRECTOR

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KHUSHHALI MICROFINANCE BANK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

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 Mikrokredietfonds (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

The Bank's registered office and principal place of business is situated at 5th Floor, Ufone Tower, Blue Area, Islamabad. The Bank has 220 branches and 17 permanent booths in operation as at December 31, 2022 (December 31, 2021: 219 branches, 33 permanent booths) and is licensed to operate nationwide.

2 Capital Adequacy

Pre-COVID period, microfinance sector was facing the challenges of unprecedented locust attacks and multiple crop failures. The outbreak of COVID aggravated the portfolio quality issues resulting into increased losses for the sector. In order to dampen the effect of COVID, SBP provided regulatory relief whereby rescheduling and loan deferment was allowed. The central bank support helped the customers stay afloat, but inherently resulted into potential losses which were realized after the expiry of SBP relief period. The core reason behind customer default was the massive decline in the purchasing power of the borrowers, changed client behavior affected by inconsistent rescheduling practices among the sector and expectation of further relief. The NPLs ratio of the entire sector increased on the rescheduled loans.

Under the SBP COVID relief guidelines, KMBL rescheduled loans of approximately Rs 35 billion. At the reporting date, rescheduled portfolio has completely matured posting cash recovery of 49% (Rs 17 billion), further roll over / rescheduling of 31% (Rs 11billion and loss/overdue write off of 20% (Rs 7 billion). It is pertinent to note that further rescheduling was allowed to certain customers due to financial hardships but after servicing of full/partial accrued mark up on their due loans. In view of the losses on rescheduled loans, Bank's CAR, at 11.50%, fell below the regulatory requirement of 15% at the reporting date. These conditions and events indicate the existence of material uncertainty that may cause significant doubt on the Bank's ability to continue as going concern, and therefore the Bank may be unable to realize its assets and discharge its liabilities in the normal course of business.

In order to address the foregoing, the Board of Directors of the Bank has approved two plans 1) a Contingency plan and 2) long-term strategic plan:

Contingency plan

The Bank intend to increase its regulatory capital and increase its CAR above regulatory requirements, in FY 2023, by:

- a. Converting Additional Tier (ADT) -1 capital (sub-ordinated), amounting to Rs. 1.5 billion, into common equity. The Bank's financing agreements for ADT-1 capital contains loss absorption clause, whereby, the Bank can convert this sub-ordinated loan into common capital, under a mechanism established pursuant to provisions of Basel-III guidelines issued by SBP, if the Bank's Loss Absorbency Ratio (LAR) has fallen below prescribed benchmark - as has happened in February 2023. The Board of Directors of the Bank has approved the conversion of ADT-1, in their meeting held on 19 April 2023.

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- b. The Bank has requested funding from Risk Mitigation Fund (RMF), previously established under the direction of Asian Development Bank (ADB) at the time of formation of the Bank. RMF mitigate losses of the borrowers of the Bank by helping them re-establish their earning assets enabling them to repay the loan obligations towards the Bank. These loans have already been written-off in the financial statements. Based on management's discussion with SBP, management is confident that out its claim, an amount of not less than Rs 2 billion is expected to be realized in FY 2023.
- c. The plan also planned to sell securitized (gold backed) loan portfolio to a commercial bank, in FY 2024, which will also help in improving CAR. In this respect, discussion with multiple commercial banks have already commenced.

Upon successful execution of actions highlighted in point (a) and (b) above – as already discussed with SBP, the Bank expects to be compliant with regulatory requirement for CAR by end of FY 2023.

Long term strategic plan

A long-term strategic plan and five years financial projections for returning to growth and profitability with an additional capital need of Rs 8 billion. The strategic plan has been approved by the Board in the meeting held on March 07, 2023 to improve the capital base of KMBL and to enable it to pursue sustainable future growth. The Bank is in the process of raising new capital from the existing shareholders through right issue through right option and for any unsubscribed right issue, from potential new shareholders through other than right issue for which financial advisor of KMBL is working on a time bound plan ending on 30 June 2023. Amongst the existing shareholders, United Bank Limited (UBL) representing 29.9% shareholding in KMBL has indicated their willingness, subject to approval by their Board, to inject the share capital amounting to Rs 2.4 billion, as per their shareholding in the Bank. While UBL is also providing support to KMBL in arranging capital from existing and / or new shareholders to ensure that KMBL remains compliant with regulatory requirements.

Subsequent to reporting date, three potential investors have signed up Non-disclosure Agreements with KMBL as a part of their due diligence process to assess the investment opportunity. Management of the Bank is confident that the process for further capital injection will be completed by end of FY 2023.

Based on above contingency plan, long term strategic plan, actions outlined above, and projections prepared by KMBL's management, which have been approved by the Board of KMBL, the management and Board of KMBL are of the view that KMBL would have adequate capital and resources to continue its business on a sustainable basis in the foreseeable future. Accordingly, these financial statements have been prepared under the going concern basis of accounting.

3 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.

4 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. 3, dated July 05, 2022, deferred the applicability of IFRS-9 'Financial Instruments' till annual periods beginning on or after January 01, 2023. 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.

5 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.

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

6.1 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, 2022 but are considered not to be either relevant or not have any significant impact on these financial

- 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.

The amendments add an exception to the recognition principle of IFRS 3 Business Combinations to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date. The amendments also add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date. In accordance with the transitional provisions, the Bank applies the amendments prospectively, i.e., to business combinations occurring after the beginning of the annual reporting period in which it first applies the amendments (the date of initial application).

These amendments had no impact on the separate financial statements of the Bank.

- 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.
- In accordance with the transitional provisions, the Bank applies the amendments retrospectively only to items of PP&E made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment (the date of initial application). These amendments had no impact on the financial statements of the Bank as there were no sales of such items produced by property, plant and equipment made available for use on or after the beginning of the earliest period
- IAS 37 - Provisions, Contingent Liabilities and Contingent Assets - Amendments to specify that when assessing whether a contract is onerous or loss-making, an entity needs to include costs that relate directly to a contract to provide goods or services including both incremental costs (e.g., the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract and costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The Bank applied the amendments to the contracts for which it had not fulfilled all of its obligations at the beginning of the reporting period. These amendments had no impact on the financial statements of the Bank, as prior to the application of the amendments, the Bank had not identified any contracts as being onerous and the unavoidable costs under the contracts, which were the costs of fulfilling them, comprised of incremental costs directly related to the contracts and an allocation of costs directly related to contract activities.

The adoption of the above amendments to accounting standards did not have any material effect on the financial statement.

In addition to the above 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 were generally effective for accounting periods beginning on or after January 01, 2022:

- IFRS 16 Leases: Lease incentives – The amendment removes the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 acBanking IFRS 16. This removes potential confusion regarding the treatment of lease incentives when applying IFRS 16 and had no impact on the financial statements of the Bank.
- IAS 41 Agriculture: Taxation in fair value measurements – The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41.

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

6.2 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:

The amendments should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability should also be recognised for all deductible and taxable temporary differences associated with leases and decommissioning obligations. The amendments are not expected to have a material impact on the Bank's financial statements.

- IFRS 16 Leases - Lease Liability in a Sale and Leaseback - Amendments requires a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss that relates to the right of use it retains. The new requirements do not prevent a seller-lessee from recognising in profit or loss any gain or loss relating to the partial or full termination of a lease. A seller-lessee applies the amendments retrospectively in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to sale and leaseback transactions entered into after the date of initial application.

January 01, 2024

- 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). The effective date of Amendments to IFRS 10 and IAS 28 has been deferred indefinitely (until the research project of IASB, on the equity method, has been concluded. Earlier application of the September 2014 amendments continues to be permitted. The Bank expects that the adoption of the amendments will have no material effect on the Bank's financial statements.

Not yet finalized

As per BPRD Circular No. 3 of 2022 dated July 05, 2022 of SBP, effective date of IFRS 9 implementation is January 01, 2024. 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.

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.

7 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.

7.1 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

7.2 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 recognize 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.

7.3 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 recognised 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.

7.4 Advances

Advances are stated net of provisions for non-performing advances. Advances and mark-up that are overdue as per following mentioned categories are classified as non-performing:

a) General loans

Category	Determinant	Treatment of Income	Provisioning to be made
Other Assets Especially Mentioned (OAEM)	Where mark-up or principal is overdue for 30 days or more but less than 60 days	Nil.	No provisioning Required.
Substandard	Where mark-up or principal is overdue for 60 days or more but less than 90 days	The unrealized interest / profit / mark-up / charges on NPLs shall be suspended	25% of outstanding principal net of liquid assets realizable without recourse to a court of law.
Doubtful	Where mark-up or principal is overdue for 90 days or more but less than 180 days	As above.	50% of outstanding principal net of liquid assets realizable without recourse to a court of law.
Loss	Where mark-up or principal is overdue for 180 days or more.	As above.	100% of outstanding principal net of liquid assets realizable without recourse to a court of law.

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b) For Micro Enterprise Loans:

Category	Determinant	Treatment of Income	Provisioning to be made
Other Assets Especially Mentioned (OAEM)	Where mark-up or principal is overdue for 90 days or more but less than 180 days from the due date.	Unrealized interest / profit / mark-up to be kept in Memorandum Account and not to be credited to Income Account except when realized in cash. Unrealized interest / profit / mark-up already taken to income account to be reversed and kept in Memorandum Account.	Provision of 10% of outstanding principal net of (i) liquid assets realizable without recourse to a court of law, and (ii) FSV of pledged stocks, plant & machinery under charge and mortgaged properties (land & building only) as per 11.9.3.
Substandard	Where mark- up/ interest or principal is overdue by 180 days or more but less than one year from the due date.	As above.	Provision of 25% of outstanding principal net of (i) liquid assets realizable without recourse to a court of law, and (ii) FSV of pledged stocks, plant & machinery under charge and mortgaged properties (land & building only) as per 11.9.3.
Doubtful	Where mark-up/ interest or principal is overdue by one year or more but less than 18 months from the due date.	As above.	Provision of 50% of outstanding principal net of (i) liquid assets realizable without recourse to a court of law, and (ii) FSV of pledged stocks, plant & machinery under charge and mortgaged properties (land & building only) as per as per 11.9.3.
Loss	Where mark-up/ interest or principal is overdue by 18 months or more from the due date. Where Inland Trade Bills are not paid/ adjusted within 180 days of the due date.	As above.	Provision of 100% of outstanding principal net of (i) liquid assets realizable without recourse to a court of law, and (ii) FSV of pledged stocks, plant & machinery under charge and mortgaged properties (land & building only) as per as per 11.9.3

c) Housing Loans

Category	Determinant	Treatment of Income	Provisioning to be made
Other Assets Especially Mentioned (OAEM)	Where mark-up or principal is overdue for 90 days or more but less than 180 days	Nil.	No provisioning Required.
Substandard	Where mark-up or principal is overdue for 180 days or more but less than 90 days	Unrealized interest / profit / mark-up to be kept in Memorandum Account and not to be credited to Income Account except when realized in cash. Unrealized interest / profit / mark-up already taken to income account to be reversed and kept in Memorandum Account.	Provision of 25% of the difference resulting from the outstanding balance of principal net of liquid assets realizable without recourse to a court of law, and Forced Sale Value (FSV) of mortgaged properties to the extent of 75% of such FSV.
Doubtful	Where mark-up or principal is overdue by one year or more but less than two years from the due date	As above.	Provision of 50% of the difference resulting from the outstanding balance of principal net of liquid assets realizable without recourse to a court of law, and Forced Sale Value (FSV) of mortgaged properties to the extent of 75% of such FSV.

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Loss	Where mark-up or principal is As above. overdue by two years or more from the due date	Provision of 100% of the difference resulting from the outstanding balance of principal net of liquid assets realizable without recourse to a court of law, and Forced Sale Value (FSV) of mortgaged properties to the extent of 75% of such FSV for first and second year, 50% for third and fourth year and 30% of FSV for fifth year from the date of Classification. Benefit of FSV against NPLs shall not be available after 05 years from the date of classification of financing.
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The benefit of FSV (other than liquid collateral) is not considered for calculation of provision held in the books of accounts.

Charging-off Non-Performing Loans (NPLs)

Loan Categories

General/Unsecured Loans

Housing Loan

Microenterprise Loans

Criteria for Charging Off NPLs

NPLs shall be charged off, one month after being classified as "Loss."

NPLs shall be charged off, one month after 05 years from the date of classification

NPLs secured against Mortgaged residential, commercial and industrial properties (Land & building only) shall be charged off, one month after 05 years from the date of classification. All other NPLs shall be charged off, one month after 03 years from the date of classification.

Extent of benefit of Forced Sale Value available in provisioning on Microenterprise Loans

Benefit of Forced Sale Value (FSV) of pledged stocks, plant & machinery under charge, and mortgaged residential, commercial and industrial properties held as collateral against Non-Performing Loans (NPLs) available for calculating provisioning

Category of Assets

Liquid Assets (Gold, Cash & Deposits)

Mortgaged residential, commercial and industrial properties (Land & building only).

Plan & Machinery under Charge

Pledge Stock

FSV Benefit allowed from the date of classification

100%

75% for first, 60% for second, 45% for third, 30% for fourth, 20% for fifth year.

30% for first, 20% for second, 10% for third year

40% for first, second and third year

Above benefit shall be available only if all other conditions as prescribed in prudential regulations are complied with.

Classification before 1 January 2022

a) Other Assets Especially Mentioned

These are advances in arrears (payments/ instalments overdue) for 30 days or more but less than 60 days

b) Substandard

These are advances in arrears (payments/ instalments overdue) for 60 days or more but less than 90 days.

c) Doubtful:

These are advances in arrears (payments/ instalments overdue) for 90 days or more but less than 180 days

d) Loss:

These are advances in arrears (payments/ instalments overdue) for 180 days or more.

In accordance with the requirements of the Regulations, HBL MFB maintains a specific provision for potential loan losses for all non-performing advances as follows:

(i) Other Assets Especially Mentioned

Substandard

Nil

25% of outstanding principal net of cash collateral and gold collateral (ornaments and bullion) realizable without recourse to a court of law.

Doubtful

50% of outstanding principal net of cash collateral and gold collateral (ornaments and bullion) realizable without recourse to a court of law

Loss

100% of outstanding principal net of cash collateral and gold collateral (ornaments and bullion) realizable without recourse to a court of law.

MFBs shall maintain a watch list of all overdue accounts before they are classified in terms of objective (time-based) criteria. However, such accounts may not be treated as NPLs for the purpose of classification / provisioning.

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 account.

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.

7.5 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 13.3 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 13.4 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.

7.6 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.

7.7 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.

7.8 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.

7.9 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.

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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.

7.10 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 up till 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, 2022.

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.

7.11 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.

7.12 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.

7.13 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.

7.14 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

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.

7.15 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.

7.16 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.

7.17 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 recognised 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.

	2022	2021
	----- Rupees '000 -----	
Grant from Asian develop	14,063	-
Less: Grant amortized	469	-
	<u>13,594</u>	<u>-</u>

The bank enters into term finance agreement with asain development bank which include technical assitance grant of \$0.5 million comprises of technical assistance for training and development of staff amounting to \$0.125 million, mobile banking platform amounting to \$0.275 million and enterprise data analysis amounting to \$0.1 million. 33% cost shared by asian development bank and remaining 67% bear by the bank.

7.18 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.

7.19 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.

7.20 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.

7.21 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.

7.21.1 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.

7.21.2 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.

7.22 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.

7.23 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.

7.24 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.

7.25 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.

7.26 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.

7.27 Related party transactions

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

7.28 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.

7.29 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.

7.30 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.

7.31 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.

7.32 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.

7.33 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.

7.34 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	2022 ----- Rupees '000 -----	2021 ----- Rupees '000 -----
8 CASH AND BALANCES WITH SBP AND NBP			
Cash in hand - local currency		2,387,201	1,406,362
Balance with State Bank of Pakistan in Local currency current accounts - SBP	8.1	2,676,751	2,409,300
Balance with National Bank of Pakistan in Local currency deposit accounts - NBP	8.2	89,779	68,049
		<u>5,153,731</u>	<u>3,883,711</u>

8.1 This represents balance held with SBP to meet the requirement of maintaining a minimum balance equivalent to 5.00% (2021: 5.00%) 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.

8.2 This represents balances held in saving account carrying interest at the rate of 14.50% (2021:7.25%) per annum.

	Note	2022 ----- Rupees '000 -----	2021 ----- Rupees '000 -----
9 BALANCES WITH OTHER BANKS/ NBFIs/ MFBs			
In Pakistan			
Local currency current accounts		997,457	654,488
Local currency deposit accounts	9.1	2,905,523	9,522,829
		<u>3,902,980</u>	<u>10,177,317</u>

9.1 This represents balances held with various banks in saving accounts carrying interest at the rates ranging from 4.50% to 17.00% (2021: 4.50% to 12.25%) per annum.

	Note	2022 ----- Rupees '000 -----	2021 ----- Rupees '000 -----
10 LENDING TO FINANCIAL INSTITUTIONS			
Call / clean lending	10.1	-	100,000
Repurchase agreement lending (reverse repo)	10.2	4,893,064	-
		<u>4,893,064</u>	<u>100,000</u>

10.1 This represents called lending carrying interest Nil (2021:10.70%)

10.2 This represented reverse repo transaction carrying interest rate ranging from 16.00% to 16.50% (2021: Nil).

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

	2022			2021		
	Held by Bank	Further given as collateral	Total	Held by Bank	Further given as collateral	Total
	----- Rupees ' 000 -----					
Market Treasury Bills	4,950,000	-	4,950,000	-	-	-

	Note	2022 ----- Rupees '000 -----	2021 ----- Rupees '000 -----
11 INVESTMENTS - NET OF PROVISIONS			
Available for sale (AFS)			
Federal government securities			
Market treasury bills (T-bills)	11.1	-	3,451,863
Pakistan Investment Bonds (PIB's)	11.2	11,205,302	7,574,186
Held to maturity (HTM)			
Term finance certificates (TFCs)	11.3	150,000	150,000
Term deposit receipts (TDRs)	11.4	-	3,000,000
		<u>11,355,302</u>	<u>14,176,049</u>
Deficit on revaluation of federal government securities	11.5	(68,252)	(86,213)
		<u>11,287,050</u>	<u>14,089,836</u>

11.1 This represents T-bills having Nil maturity (2021: 26 to 68 days) carrying yield rate Nil (2021: ranging from 7.47% to 9.88%) 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".

11.2 This represents fixed / floating interest based Pakistan Investment Bonds (PIB's) at the interest rate ranging from 7.00% to 17.30% (2021: 7.00% to 9.00%) maturing in June 2023, August 2023, October 2023, October 2024, April 2025, September 2025 (2021: June, 2023, August, 2023, September, 2023, October, 2023) respectively.

- 11.3 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% (2021: 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% (2021: 6 month KIBOR + 2.00%) respectively. Interest on these TFC's is receivable on semi annual basis from the date of issue.

	Note	2022	2021
		----- Rupees '000 -----	
11.4 Term deposit receipts (TDRs)			
Microfinance banks	11.4.1	-	1,000,000
Other banks/DFIs/NBFIs	11.4.2	-	2,000,000
		-	3,000,000

- 11.4.1 This represents investment in short term deposits receipts having Nil maturity (2021: January 31, 2022) and carries mark-up at the rate of Nil (2021:13.45%) per annum.

- 11.4.2 This represents investment in short term deposits receipts having Nil maturity (2021: January 11, 2022 to January 13, 2022) and carries mark-up at the rate of Nil (2021:14.5%) per annum.

- 11.5 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 revaluation 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.

12 ADVANCES - NET OF PROVISIONS

Loan type	Note	2022		2021	
		Loans outstanding		Loans outstanding	
		Number	Rupees '000	Number	Rupees '000
Micro credit loans:					
Secured / semi secured	12.1	247,945	44,294,240	189,577	28,067,180
Unsecured	12.2	486,915	42,240,829	614,243	42,715,117
		734,860	86,535,069	803,820	70,782,297
Less: Provisions held					
Specific provision	12.4	33,867	(1,609,306)	22,319	(575,014)
General provision	12.4	590,905	(614,415)	701,310	(1,053,777)
			(2,223,721)		(1,628,791)
Microcredit advances - net of provisions			84,311,348		69,153,506
Staff loans	12.7	2,681	2,061,044	2,614	1,730,738
Advances - net of provision		737,541	86,372,392	806,434	70,884,244

- 12.1 This includes microcredit loans amounting to Rs. 25.1 billion (2021: Rs. 15.4 billion) which are secured against gold.

- 12.2 This includes outstanding deferred and restructured loan portfolio (DRP) amounting to Rs. 11.2 billion (2021: Rs. 19.6 billion) details of which are provided below:

	Note	2022		2021	
		Loans outstanding	Amount of loans outstanding	Loans outstanding	Amount of loans outstanding
		Number	Rupees '000	Number	Rupees '000
Regulatory relief under COVID 19	12.2.1	8,920	669,906	98,540	6,664,124
Internal rescheduling scheme	12.2.2	167,981	10,558,589	211,512	12,914,627
		176,901	11,228,495	310,052	19,578,751

- 12.2.1 During 2020, SBP 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, 2022; 8,920 rescheduled/deferred loans amounting to Rs. 0.67 billion were outstanding.

- 12.2.2 This represents loans rescheduled as Bank's policy, which allows borrowers to defer their payments of loans for period of twelve months.

12.3 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.

SBP vide circular letter no 1 dated December 01, 2021 has extended 30 days relaxation for the provision charge and markup suspension on Deferred and Restructured Portfolio (DRP) upto 31 March 2022 against the criteria for classification of assets and provisioning requirements for MFBs under PR.

- 12.3.1 Classified advances outstanding as tabulated below includes principal amount of Rs. 3,502.80 million and suspended interest / markup amount of Rs. 1,432.78 million were presented inline with revised guideline under SBP AC & MFD circular no 2 of 2022 dated March 16, 2022. (2021: principal amount of Rs. 2,047.30 million and suspended interest/markup amount of Rs. 967.70 million).

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Category of classification	2022			2021		
	Amount outstanding	Provisions required	Provisions held	Amount outstanding	Provisions required	Provisions held
----- Rupees ' 000 -----						
OAEM	1,204,963	12,236	12,236	1,139,649	-	-
Sub-standard	1,143,762	194,533	194,533	489,051	85,070	85,070
Doubtful	1,271,114	419,806	419,806	1,302,568	422,282	422,282
Loss	1,315,745	982,731	982,731	83,708	67,662	67,662
	<u>4,935,584</u>	<u>1,609,306</u>	<u>1,609,306</u>	<u>3,014,976</u>	<u>575,014</u>	<u>575,014</u>

12.4 Particulars of provisions against non-performing advances

	2022			2021		
	Specific Provision	General Provision	Total	Specific Provision	General Provision	Total
----- Rupees ' 000 -----						
Balance at beginning of the year	575,014	1,053,777	1,628,791	649,341	815,513	1,464,854
Provision charge for the year - net	6,082,420	(439,362)	5,643,058	3,700,030	238,264	3,938,294
Advances written/charge off against provision	(5,048,128)	-	(5,048,128)	(3,774,357)	-	(3,774,357)
Balance at end of the year	<u>1,609,306</u>	<u>614,415</u>	<u>2,223,721</u>	<u>575,014</u>	<u>1,053,777</u>	<u>1,628,791</u>

12.4.1 General provision maintained against unsecured microcredit advances net of specific provision at the rate of 1.00% (2021: 1.90%) against the requirement of 1% specified under the Prudential Regulations issued by the State Bank of Pakistan.

12.5 Particulars of write offs	Note	2022	2021
		----- Rupees '000 -----	
Against provisions		5,048,128	3,774,357
Bad debts written off directly	12.5.1	247,164	22,202
		<u>5,295,292</u>	<u>3,796,559</u>

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

12.6 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.

Normal loans	2022		2021	
	Amount Rupees '000	Portfolio at risk	Amount Rupees '000	Portfolio at risk
Current	72,347,088	-	49,368,477	-
Watchlist	1,057,970	1.22%	986,922	1.39%
OAEM	576,004	0.67%	376,118	0.53%
Sub-standard	488,537	0.56%	186,610	0.26%
Doubtful	429,023	0.50%	226,959	0.32%
Loss	407,952	0.47%	58,460	0.08%
Total	<u>75,306,574</u>	<u>3.42%</u>	<u>51,203,546</u>	<u>2.58%</u>
Deferred and Restructured Portfolio				
Current	9,216,328	-	16,643,430	-
Watchlist	423,001	0.49%	1,736,166	2.45%
OAEM	288,079	0.33%	407,448	0.58%
Sub-standard	313,789	0.36%	161,448	0.23%
Doubtful	409,698	0.47%	621,985	0.88%
Loss	577,600	0.67%	8,274	0.01%
Total	<u>11,228,495</u>	<u>2.3%</u>	<u>19,578,751</u>	<u>4.15%</u>
Total	<u>86,535,069</u>	<u>5.72%</u>	<u>70,782,297</u>	<u>6.73%</u>

12.7 This includes general purpose loans to employees of the Bank carrying interest at the rate of 5% (2021: 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 5% (2021: 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. 175.5 million (2021: Rs. 183.3 million).

	Note	2022 ----- Rupees '000 -----	2021 ----- Rupees '000 -----
13 OPERATING FIXED ASSETS			
Capital work-in-progress	13.1	262,258	204,687
Right of use assets	13.2	2,007,377	1,418,622
Property and equipment	13.3	1,343,862	1,394,789
Intangible assets	13.4	540,630	560,700
		<u>4,154,127</u>	<u>3,578,798</u>

13.1 **Capital work-in-progress**

	Note	Opening balances	Additions	Transferred	Closing balances
----- Rupees ' 000 -----					
Advances to suppliers - software modules		122,103	221,195	(226,196)	117,102
Advances to suppliers - operating fixed assets		82,584	931,133	(868,561)	145,156
December 31, 2022	13.1.1	<u>204,687</u>	<u>1,152,328</u>	<u>(1,094,757)</u>	<u>262,258</u>
December 31, 2021		<u>185,655</u>	<u>251,591</u>	<u>(232,559)</u>	<u>204,687</u>

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

13.2 **Right of use assets**

	2022 ----- Rupees '000 -----	2021 ----- Rupees '000 -----
Right of use assets as at January	2,493,121	2,257,249
Additions / renewal during the year	985,973	235,872
	<u>3,479,094</u>	<u>2,493,121</u>
Accumulated depreciation	(1,471,717)	(1,074,499)
Net book value at the end of year	<u>2,007,377</u>	<u>1,418,622</u>

Set out below are the carrying amounts of lease liabilities (Included under 'Other liabilities' in Note 19) and the movements during the period:

	2022 ----- Rupees '000 -----	2021 ----- Rupees '000 -----
As at January 1	(1,842,788)	(1,830,695)
Additions / renewal during the year	(985,972)	(236,816)
Accretion of Interest	(278,326)	(247,394)
Payments during the year	560,409	472,117
As at December 31	<u>(2,546,677)</u>	<u>(1,842,788)</u>

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13.3 Property and equipment

	Leasehold improvements	Furniture and fixtures	Electrical and office equipment	Computer equipment	Vehicles	Total
----- Rupees '000 -----						
Cost						
Balance as at January 1, 2021	347,073	549,634	699,646	975,932	490,678	3,062,963
Additions	110,351	25,419	84,874	210,378	54,690	485,712
Disposals	-	(6,331)	(20,671)	(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
Balance as at January 1, 2022	457,424	568,722	763,849	1,155,154	483,288	3,428,437
Additions	133,595	38,282	97,953	144,499	88,099	502,428
Disposals	-	(6,909)	(10,262)	(20,373)	(91,522)	(129,066)
Balance as at December 31, 2022	591,019	600,095	851,540	1,279,280	479,865	3,801,799
Accumulated Depreciation						
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	264,498	550,433	678,812	289,228	2,033,648
Balance as at January 1, 2022	250,677	264,498	550,433	678,812	289,228	2,033,648
Depreciation charge	80,767	52,870	84,182	201,352	96,755	515,926
Disposals	-	(5,147)	(9,792)	(16,928)	(59,770)	(91,637)
Balance as at December 31, 2022	331,444	312,221	624,823	863,236	326,213	2,457,937
Carrying value						
2021	206,747	304,224	213,416	476,342	194,060	1,394,789
2022	259,575	287,874	226,717	416,044	153,652	1,343,862
Rates of depreciation per annum						
2021	20%	10.0%	20%	20% -33.33%	25%	
2022	20%	10.0%	20%	20% -33.33%	25%	

13.3.1 Cost of the assets as at December 31, 2022 includes Rs. 3.07 million (2021: Rs. 3.07 million) in respect of assets acquired against grants received.

13.3.2 The cost of fully depreciated property and equipment that are still in use is Rs.1,198.15 million (2021: Rs. 953.04 million).

13.3.3 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
----- Rupees '000 -----						
2022						
Range Rover	57,239	28,786	11,448	(17,338)	As per Bank Policy	M. Ghalib Nishtar
Toyota Fortuner	7,335	458	2,113	1,655	Buy Back	Amina Hasan
FAW XPV VAN	1,130	283	730	447	Auction	Muhammad Siddique
FAW XPV VAN	1,130	283	650	367	Auction	Muhammad Zaeem Khan
FAW XPV VAN	1,130	283	655	372	Auction	Amer Ahmed
Suzuki Bolan	1,142	476	920	444	Auction	Muhammad Aizaz Khan
Khonaysser 20KVA Diesel Generator	1,189		305	305	Auction	Tariq Mehmood
CAT Olympian Diesel Genset 18KVA	1,044	-	268	268	Auction	Tariq Mehmood
Hp proliant DL580 G7	2,953	-	165	165	Auction	M. Shahbaz
	<u>74,292</u>	<u>30,569</u>	<u>17,254</u>	<u>(13,315)</u>		
2021						
Mercedes Benz E 200	18,444	4,611	8,300	3,689	As per policy	M. Ghalib Nishtar
	<u>18,444</u>	<u>4,611</u>	<u>8,300</u>	<u>3,689</u>		

2022 **2021**
----- Rupees '000 -----

13.4 Intangible assets

Computer software

Cost

Balance as at January 1

1,063,400

903,472

Additions

101,044

160,670

Write-off

-

(742)

Balance as at December 31

1,164,444

1,063,400

Amortization

Balance as at January 1

(502,700)

(350,132)

Amortization charge

(121,114)

(153,309)

Write-off

-

741

Balance as at December 31

(623,814)

(502,700)

Carrying amount

540,630

560,700

13.4.1 Amortization is charged on straight line basis at the rate ranging from 10% to 33.33 % per annum (2021: 10% to 33.33%), starting from the month the asset is available for use.

13.4.2 Cost of the intangible assets includes Rs.18.4 million (2021: Rs 25.48 million) in respect of assets acquired from grant received.

13.4.3 The cost of fully amortized intangible assets that are still in use is Rs.342.7 million (2021: Rs. 248.3 million).

14 OTHER ASSETS	Note	2022	2021
		----- Rupees '000 -----	
Mark-up accrued		14,027,399	13,038,477
Suspended markup on non-performing advances		(1,432,782)	(967,790)
		12,594,617	12,070,687
Interest receivable on investments and deposit accounts		436,144	191,092
Advances - unsecured			
Employees		6,200	8,265
Suppliers		1,446	16,721
		7,646	24,986
Receivable from Microfinance Social Development Fund	14.1	1,520	21,078
Insurance premium receivable from SBP	14.2	231,899	206,009
Receivable from SBP under markup subsidy scheme		290,832	7,640
Receivable From SBP - CGMF		608	-
Advance tax - net	19.2	347,375	296,554
Prepayments		295,287	171,318
Insurance claims receivable		52,038	56,943
Security deposits		7,008	6,873
Other receivables	14.3	630,723	345,397
		14,895,697	13,398,577
Less: Provisions against doubtful receivables			
Balance at the beginning of the year		127,964	75,960
Provision charge for the year	14.5	342,549	62,145
Receivables written off against provision		(7,894)	(10,141)
Balance at the end of the year	14.4	462,619	127,964
		14,433,078	13,270,613

14.1 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.

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

14.3 This includes an amount of Rs. 69.90 million (2021: 64.15 million) paid under protest to the taxation authorities.

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

14.5 This includes a provision of Rs 272.4 million relating to markup waiver to the borrowers of calamity-notified areas. SBP, with a view to facilitate recovery of farmers from the impact of recent rains/ floods, issued a circular AC&MFD Circular No. 03 of 2022 dated December 21, 2022, the Bank has estimated the impact of mark-up required to be waived off to the borrowers in calamity-notified areas and has been accounted for a provision in these financial statements.

2022 2021
----- Rupees '000 -----

15 DEFERRED TAX ASSET

Deferred tax assets arising on account of temporary differences in:

Provision against advances and other assets	779,039	509,460
Remeasurement of post employment benefit obligation	76,235	55,894
Deficit on revaluation of assets - AFS	19,793	25,002
Provision against Workers' Welfare Fund	25,939	22,866
Taxable losses	1,157,569	-
	<u>2,058,575</u>	<u>613,222</u>

Deferred tax liabilities arising on account of temporary differences in:

Operating fixed assets	(48,637)	(73,815)
Surplus on revaluation of assets - HFT	-	-
	<u>2,009,938</u>	<u>539,407</u>

15.1 Reconciliation of deferred tax asset

Balance at the beginning of the year	539,407	454,439
(Reversal) / charge for the year in respect of:		
Operating fixed assets	25,178	(9,671)
Provision against advances and other assets	269,719	62,623
Taxable losses	1,157,569	-
Provision against Workers' Welfare Fund	3,073	4,784
Charge to profit and loss account	1,455,539	57,736
Charge to other comprehensive income		
Deferred tax on revaluation of available for sale investments	(5,349)	21,944
Deferred tax on remeasurement of post employment benefits obligation	20,341	5,288
Balance at the end of the year	<u>2,009,938</u>	<u>539,407</u>

- 15.2 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. Unabsorbed tax losses are expiring in tax year 2029.

16 DEPOSITS AND OTHER ACCOUNTS

	Note	2022		2021	
		No of accounts	Amount Rupees '000	No of accounts	Amount Rupees '000
Fixed deposits	16.2	55,052	68,471,381	64,455	54,051,370
Saving deposits	16.3	83,082	33,761,594	77,276	28,840,400
Current deposits	16.4	2,980,545	9,558,763	2,848,391	10,270,599
		<u>3,118,679</u>	<u>111,791,738</u>	<u>2,990,122</u>	<u>93,162,369</u>

16.1 Particulars of deposits by ownership

Individual depositors	3,113,916	78,277,529	2,985,884	73,677,820
Institutional depositors				
Corporation/ firms etc.	4,714	27,563,927	4,209	15,175,055
Banks & financial institutions	49	5,950,282	29	4,309,494
	<u>3,118,679</u>	<u>111,791,738</u>	<u>2,990,122</u>	<u>93,162,369</u>

- 16.2 This represents term deposits having tenure of 1 month to 60 months (2021: 3 to 36 months) carrying interest at the rates ranging from 7.00% to 17.50% (2021: 6.50 % to 15.00 %) per annum. This includes fixed deposits amounting to Rs 623.1 (2021: 594.4 million) on which lien is marked against advances to borrowers.

- 16.3 This represents savings accounts carrying interest at the rates ranging from 5.00% to 17.50% (2021: 5.00 % to 12.50 %) per annum. This include lien marked against advances to borrowers 26 million (2021: Rs. 56.6 million).

- 16.4 This represents current accounts. This includes current deposits amounting to Rs.43.2 million (2021: 81.21) on which lien is marked against advances to borrowers.

		2022	2021
		----- Rupees '000 -----	
17	BORROWINGS	Note	
	Borrowings from financial institutions in Pakistan	17.1	2,175,000 <u>2,175,000</u>
			4,608,379 <u>4,608,379</u>
i			
		2022	2021
		----- Rupees '000 -----	
17.1	Borrowings from financial institutions in Pakistan:	Note	
	Secured		
	Pak Oman Investment Company Limited (TF-IV)	17.1.1	- 62,500
	Allied Bank Limited (TF-1)	17.1.2	- 8,333
	The Bank of Punjab (TF-2)	17.1.3	375,000 500,000
	Pakistan Mortgage Refinance Company Limited (TF-1)	17.1.4	900,000 900,000
	Pakistan Mortgage Refinance Company Limited (TF-2)	17.1.5	450,000 -
	Pakistan Mortgage Refinance Company Limited (TF-3)	17.1.6	450,000 -
	Allied Bank Limited (RF)	17.1.7	- 200,000
	Repo Borrowings	17.1.8	- 2,937,546
			<u>2,175,000</u> <u>4,608,379</u>
17.1.1	This represents term finance facility of Rs. 500 million carrying interest at the rate 9.21% (2021:8.88% to 9.22%) 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.		
17.1.2	This represents term finance facility of Rs. 50 million carrying interest rates ranging from 12.07% to 13.63% (2021: 8.95% to 12.07%) 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.		
17.1.3	This represents interbank money market borrowing carrying interest rate ranging from 10.85% to 17.82% (2021: 8.27% to 10.85%) 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.		
17.1.4	This represents mortgage refinance facility for creating Bank's housing mortgage portfolio carrying fixed interest rate of 6.5% for first 5 years and 8.5% per annum for next 5 years (2021: 6.5% for first 5 years and 8.5% per annum for next 5 years) 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.		
17.1.5	This represents mortgage refinance facility for creating Bank's housing mortgage portfolio carrying floating interest rate of 11.82% per annum with floor of 8% for a period of 3 years from the draw down date inclusive of 1 years as grace period under the Government's Markup Subsidy Scheme for Housing Finance (GMSS). Markup is payable half yearly in arrears. This borrowing is secured against charge over present and future current assets of the Bank worth Rs. 600 million.		
17.1.6	This represents mortgage refinance facility for creating Bank's housing mortgage portfolio carrying floating interest rate of 12.32% per annum with floor of 8% for a period of 5 years from the draw down date inclusive of 1 years as grace period under the Government's Markup Subsidy Scheme for Housing Finance (GMSS). Markup is payable half yearly in arrears. This borrowing is secured against charge over present and future current assets of the Bank worth Rs. 600 million.		
17.1.7	This represents running finance borrowing carrying interest rate ranging from 8.68% to 11.44% (2021: 8.68%) This borrowing is secured against charge over present and future assets of the Bank.Bank worth of Rs.267 million.		
17.1.8	This represents repo borrowings carrying interest rate NIL (2021: 10.50% to 10.70%).		
		2022	2021
		----- Rupees '000 -----	
17.2	Quarterly average borrowing	Note	
	1st Quarter		4,121,563 342,986
	2nd Quarter		8,607,868 733,750
	3rd Quarter		3,430,367 3,078,022
	4th Quarter		2,216,667 4,890,994
17.3	Borrowing repayment schedule		
	Balance at the beginning of the year		4,608,379 427,708
	Availed during the year		286,113,969 151,948,367
	Repayments during the year		<u>(288,547,348)</u> <u>(147,767,696)</u>
	Balance at the end of the year		<u>2,175,000</u> <u>4,608,379</u>

	Note	2022 ----- Rupees '000 -----	2021 ----- Rupees '000 -----
18 SUBORDINATED DEBT			
Term finance certificate - TFC I	18.1	1,000,000	1,000,000
Term finance certificate - TFC II	18.2	1,400,000	1,400,000
Term finance certificate - TFC III	18.3	600,000	600,000
Term finance certificate - TFC IV	18.4	1,500,000	-
		<u>4,500,000</u>	<u>3,000,000</u>
18.1	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 6 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 absorbcency 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.		
18.2	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 absorbcency clause.		
18.3	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 absorbcency clause.		
18.4	This represents rated, unsecured, subordinated, privately placed/DSLRL Listed, Perpetual and Non-Cumulative Debt Instrument in the nature of Additional Tier I Capital Term Finance Certificates of worth Rs.100,000/- each fully subscribed on June 16, 2022. The funds raised by the Bank through the issuance of these TFC's have contributed towards the Bank's Additional Tier 1 Capital for meeting its capital adequacy requirements as per Basel III Guidelines set by SBP under BPRD Circular Number 6 dated 15th August 2013. The instrument is sub-ordinated to the payment of principal and profit to all other indebtedness of the Bank including the TFC's under Tier II previously issued by the Bank. These funds are intended to be utilized for the Bank's ongoing business operations in accordance with the Bank's Memorandum and Articles of Association. The instrument has assigned preliminary rating of single 'A-' (Single A Minus) with stable outlook. Profit is priced @ 6 months KIBOR plus 4.00% and repayable every six months in arrears. The Bank may call the TFC's at par (either partially or in full) with prior approval from SBP, on any profit payment date after 5 years from the issue date. The instrument has lockin and loss absorption caluses and no put option.		

Subsequent to the reporting date, as on 28 February 2023 the Bank's Loss Absorbency Ratio (LAR) was below prescribed benchmark. Accordingly, in accordance with Loss Absorbency clause in the related financing agreements of Term Finance Certificates (refer to note 18.4), the Board of Directors of the Bank has approved conversion of amounting to Rs. 1,500 million of these sub-ordinated loans (i.e., Additional Tier (ADT)-1) into common equity Tier 1 (CET-1), under a mechanism established pursuant to provisions of Basel-III guidelines issued by SBP.

	Note	2022 ----- Rupees '000 -----	2021 ----- Rupees '000 -----
19 OTHER LIABILITIES			
Mark-up / return /interest payable on deposits		1,564,008	1,142,874
Interest payable on borrowings/subordinated debt		191,944	45,756
Lease liability	13.2	2,546,677	1,842,788
Accrued expenses		640,119	695,932
Payable to defined benefit plan - KMBL employees gratuity fund	19.1	31,588	54,697
GST/FED payable		78,968	83,900
Payable to suppliers		47,614	51,276
Bills payable		173,534	184,993
Provision for Workers' Welfare Fund		89,446	78,946
Dividend payable		107,584	150,244
Payable to service providers		-	2,553
Withholding tax payable		16,658	2,773
Contribution payable to:		-	-
Microfinance social development fund	7.14	-	57,168
Risk mitigation fund	7.14	-	28,584
Depositors' protection fund	7.14	-	28,584
Other payables	19.3	142,229	117,561
		<u>5,630,369</u>	<u>4,568,629</u>

19.1 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, 2022 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:

	2022	2021
	----- Rupees '000 -----	
a) Amounts recognized in the balance sheet		
Present value of defined benefit obligations	1,074,661	965,507
Fair value of plan assets	(1,043,074)	(910,810)
Balance sheet (assets) / liability	<u>31,587</u>	<u>54,697</u>
b) Movement in net liability		
Opening net liability	54,697	(9,343)
Net expense recognized in profit and loss	152,673	142,258
Remeasurement (gain) / losses recognized in OCI	70,140	18,234
Contributions	(245,922)	(96,452)
Closing net (assets) / liability	<u>31,588</u>	<u>54,697</u>
c) Changes in present value of defined benefit obligation		
Opening defined benefit obligation	965,507	834,406
Current service cost	163,479	149,373
Interest expense	107,146	79,919
Benefits due but not paid (payables)	(39,905)	(23,679)
Benefits paid	(141,782)	(85,728)
Remeasurements:		
Actuarial (gains) / losses from change in demographic assumptions	-	-
Actuarial (gains) / losses from change in financial assumptions	6,594	6,130
Experience adjustments	13,622	5,086
Closing defined benefit obligation	<u>1,074,661</u>	<u>965,507</u>
d) Changes in fair value of plan assets		
Opening fair value of plan assets	910,810	843,749
Interest income	117,953	87,034
Contributions	245,922	96,452
Benefits paid	(141,782)	(85,728)
Benefits due but not paid	(39,905)	(23,679)
Return on plan assets, excluding interest income	(49,924)	(7,018)
Closing fair value of plan assets	<u>1,043,074</u>	<u>910,810</u>
e) Amounts recognized in the profit and loss account		
Current service cost	163,479	149,373
Interest cost on defined benefit obligation	107,146	79,919
Interest income on plan assets	(117,953)	(87,034)
	<u>152,672</u>	<u>142,258</u>
f) Amounts recognized in other comprehensive income		
Remeasurement losses for the year	20,216	11,216
Experience adjustments in present value of defined benefit obligation	49,924	7,018
Return on plan assets, excluding interest income	<u>70,140</u>	<u>18,234</u>

	2022		2021	
	Rupees '000	Percentage	Rupees '000	Percentage
g) Major categories of plan assets				
Accrued interest	15,574	1.49%	9,500	1.04%
Cash at bank - Saving Deposits	253,561	24.31%	361,126	39.65%
Term Finance Certificates	459,900	44.09%	150,000	16.47%
Pakistan investments bonds	356,780	34.20%	413,863	45.44%
Payables to out-going employees	(42,742)	(4.10%)	(23,679)	(2.60%)
	<u>1,043,073</u>	<u>100.00%</u>	<u>910,810</u>	<u>100.00%</u>

h) The latest actuarial valuation was carried out on December 31, 2022. The significant assumptions used for actuarial valuation are as follows:

	2022	2021
Discount rate - per annum	14.25%	12.25%
Salary increase rate - per annum	13.25%	11.25%
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%	967,353	963,473
Salary rate increase	1%	1,204,241	1,201,868

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 (2021: 11 years).

j) Expected contribution of the Bank to the defined benefit gratuity fund for the year ending December 31, 2023 will be Rs. 166.960 million.

k) **Comparison for five years**

	2022	2021	2020	2019	2018
	-----Rupees '000 -----				
Present value of defined benefits obligation and fair value of plan assets					
Present value of defined benefits obligations at year end	1,074,661	965,507	834,405	697,783	545,320
Fair value of plan assets at year end	(1,043,074)	(910,810)	(843,748)	(605,646)	(525,902)
	<u>31,587</u>	<u>54,697</u>	<u>(9,343)</u>	<u>92,137</u>	<u>19,418</u>

	Note	2022	2021
		----- Rupees '000 -----	
19.2 Taxes payable/ (Advance tax) - net			
Opening balance		(296,554)	42,699
Payments		(14,958)	(464,369)
Advance tax paid		(358,255)	(230,530)
Provision of prior periods / (tax paid)		48,594	31,817
Provision for the year	29	273,798	323,829
Closing balance		<u>(347,375)</u>	<u>(296,554)</u>

19.3 This includes payable to insurance companies amounting to Rs. 52.02 million (2021: Rs. 22.41 million) against crop and livestock insurance premium.

	Note	2022 ----- Rupees '000 -----	2021 ----- Rupees '000 -----
20 SHARE CAPITAL			
20.1 Authorized capital			
		2022	2021
		----- Number -----	
		<u>600,000,000</u>	<u>600,000,000</u>
		Ordinary shares of Rs. 10 each	
		6,000,000	6,000,000
20.2 Issued, subscribed and paid up capital			
		2022	2021
		----- Number -----	
		<u>170,500,000</u>	<u>170,500,000</u>
		Ordinary shares of Rs. 10 each fully paid for consideration other than cash	
	20.2.1	1,705,000	1,705,000
20.2.1 The Shareholders of the Bank are as follows:			
United Bank Limited		506,285	506,285
Rural Impulse Fund II S.A. SICAS-FIS		417,057	417,057
ShoreCap II Limited		243,568	243,568
ASN-NOVIB Microkredietfonds		168,795	168,795
MultiConcept Fund Management S.A. (formely 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 Effectenbewaarbedrijf 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 Graadt 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 Jaen Monnet, L-2180 Luxembourg.

	Note	2022 ----- Rupees '000 -----	2021 ----- Rupees '000 -----
21 DEFICIT ON REVALUATION OF ASSETS			
Deficit on revaluation of investment - AFS	11	(68,252)	(86,213)
Related deferred tax effect		19,794	25,002
Net deficit on revaluation of investment - AFS		<u>(48,458)</u>	<u>(61,211)</u>
21.1			
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)".			

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22 MEMORANDUM/ OFF BALANCE SHEET ITEMS**22.1 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. 49 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, 2021 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.
- f) For the period from January 2019 to December 2019, the Bank received the assessment order from Deputy Commissioner-Inland Revenue for short payment of FED on taxable services under section 46 of the Federal Excise Act, 2005. The Bank preferred an appeal before Commissioner Appeals-Inland Revenue against the alleged demand of Rs. 9.7 million. The proceedings of appeal are completed and order is awaited.

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	2022 ----- Rupees '000 -----	2021 ----- Rupees '000 -----
22.2 Commitments			
Capital expenditure	22.2.1	<u>62,431</u>	<u>198,114</u>

- 22.2.1 This represents capital commitments relating to IT related services and non-IT related services of Rs.41 million (2021: Rs. 138 million), and Rs. 21 million (2021: Rs. 60 million) respectively.



	Note	2022 ----- Rupees '000 -----	2021
23 MARK-UP/ RETURN/INTEREST EARNED			
Mark-up / interest / gain on:			
Advances		17,538,857	16,765,009
Investment in federal government securities		1,596,997	1,019,266
Deposits / placements with other banks /Fis / MFBs / TFCs etc		963,851	868,520
		<u>20,099,705</u>	<u>18,652,795</u>
24 MARK-UP/ RETURN/ INTEREST EXPENSED			
Interest on borrowings from:			
Financial institutions - outside Pakistan		-	4,012
Financial institutions - inside Pakistan		630,598	178,178
		<u>630,598</u>	<u>182,190</u>
Interest on subordinated debt		466,373	275,932
Interest on deposits		11,219,616	8,255,483
Interest on lease liability		278,326	247,394
		<u>12,594,913</u>	<u>8,960,999</u>
25 FEE, COMMISSION AND BROKERAGE INCOME			
Micro-credit application processing fee		1,831,091	1,736,966
Other commission		149,161	120,439
		<u>1,980,252</u>	<u>1,857,405</u>
26 OTHER INCOME			
Recoveries against advances written off		210,352	85,113
Amortization of deferred grant		469	-
Gain on disposal of fixed assets		3,049	50,914
Others		645	1,127
		<u>214,515</u>	<u>137,154</u>
27 ADMINISTRATIVE EXPENSES			
Salaries, wages and benefits		3,144,944	2,841,804
Charge for defined benefit plan	19.1	152,673	142,258
Contract/ seconded staff expenses		679,573	604,244
Training / capacity building		28,049	30,544
Rent and rates		39,313	31,939
Legal and professional charges		17,773	16,340
Communication		272,935	240,514
Vehicles up keep and maintenance		608,822	393,258
Repairs and maintenance		443,722	317,237
Advertisement		224,130	163,018
Printing, stationery and office supplies		222,912	166,536
Insurance		71,968	351,210
Cash management and financial charges		111,484	75,259
Utilities		418,368	260,292
Security charges		62,820	73,230
Meetings and conferences		41,096	34,868
Travelling and conveyance		32,955	24,587
Recruitment and development		6,989	11,886
Consultancies		4,121	4,233
Newspapers and subscriptions		8,331	4,824
Auditors' remuneration	27.1	7,980	6,643
Depreciation	13.3	515,926	471,148
Depreciation - right of use assets		397,218	372,643
Amortization	13.4	121,114	153,309
Miscellaneous		4,626	3,163
		<u>7,639,842</u>	<u>6,794,987</u>
Expenditure reimbursed during the year	27.2	(2,084)	(19,825)
		<u>7,637,758</u>	<u>6,775,162</u>

	Note	2022 ----- Rupees '000 -----	2021 ----- Rupees '000 -----
27.1 Auditors' remuneration			
Audit fee		3,250	1,978
Tax consultancy fee		2,704	1,478
Other services		-	1,318
Certifications		174	-
Out of pocket expenses		1,364	1,104
Sales tax		488	765
		<u>7,980</u>	<u>6,643</u>
27.2			
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.			
	Note	2022 ----- Rupees '000 -----	2021 ----- Rupees '000 -----
28 OTHER CHARGES			
Penalties	28.1	4,817	300
Workers' Welfare Fund		9,000	18,096
Professional tax		205	566
		<u>14,022</u>	<u>18,962</u>
28.1			
This represent penalties imposed by State Bank of Pakistan (SBP) against non-compliance of certain Prudential Regulations and other directives issued by SBP.			
29 TAXATION		2022 ----- Rupees '000 -----	2021 ----- Rupees '000 -----
Current		273,798	323,829
Prior year		48,594	31,817
Deferred		(1,455,539)	(57,736)
		<u>(1,133,147)</u>	<u>297,910</u>
29.1 Tax charge reconciliation			
(Loss) / Profit before tax		<u>(4,184,992)</u>	<u>869,590</u>
		%	%
Applicable tax rate		29.00	29.00
Income tax relating to prior period		(1.16)	3.66
Change in rate of tax		-	-
Permanent difference		0.24	0.24
Others		(1.00)	1.36
Average effective tax rate		<u>27.08</u>	<u>34.26</u>
30 CASH AND CASH EQUIVALENTS			
Cash and balances with SBP and NBP		5,153,731	3,883,711
Balances with other Banks/ NBFIs/ MFBs		3,902,980	10,177,317
Lending to financial institutions		4,893,064	100,000
		<u>13,949,775</u>	<u>14,161,028</u>
31 NUMBER OF EMPLOYEES			
Credit sales staff - permanent		2,225	2,743
Banking / support staff			
Permanent		2,210	2,003
Contractual		921	898
		<u>3,131</u>	<u>2,901</u>
Total number of employees at the end of the year		<u>5,356</u>	<u>5,644</u>
32 AVERAGE NUMBER OF EMPLOYEES			
Credit sales staff - Permanent		2,549	2,645
Banking / support staff			
Permanent		2,892	1,936
Contractual		5,442	895
		<u>8,334</u>	<u>2,831</u>
Average number of employees during the year		<u>10,883</u>	<u>5,476</u>

	2022	2021
	----- Rupees '000 -----	
33 NUMBER OF BRANCHES		
Total branches/service center/booths at beginning of the year	239	234
Opened during the year		
Branches	14	13
Service centers/booths		
Closed / merged during the year	(10)	(8)
Total branches/service centers/booths at the end of the year	<u>243</u>	<u>239</u>
Total branches at the end of the year	220	206
Total service centers/booths at the end of the year	23	33
Total branches/service centers/booths at the end of the year	<u>243</u>	<u>239</u>

34 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.

	2022	2021
	----- Rupees '000 -----	
(Loss) / Profit after taxation	(3,051,845)	571,680
Microfinance social development fund	-	(57,168)
Depositors' protection fund	-	(28,584)
Risk mitigation fund	-	(28,584)
	-	(114,336)
(Loss) / Profit attributable to equity holders	<u>(3,051,845)</u>	<u>457,344</u>
Weighted average number of ordinary shares (numbers)	<u>170,500</u>	<u>170,500</u>
(Loss) / Earnings per share - basic (rupees)	<u>(17.90)</u>	<u>2.68</u>

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.



35 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:

	2022				2021			
	President	Directors	Executives		President	Directors	Executives	
			KMPs	Other			KMPs	Other
----- Rupees '000 -----				----- Rupees '000 -----				
Fee		5,200				4,400		
Managerial remuneration	34,235		54,684	356,386	15,493	-	47,405	304,504
Charge for defined benefit plan	-		7,520	50,264	-	-	6,851	42,392
House rent allowance	6,838		24,608	160,374	6,972	-	21,332	137,027
Utilities	3,039		10,937	71,277	3,099	-	9,481	60,902
Medical	2,662		5,468	35,639	1,549	-	4,740	30,450
Conveyance allowance	2,519		11,965	192,562	933	-	7,410	133,249
Bonus	5,313		14,075	36,263	10,000	-	18,056	54,118
Others	4,343		1,057	27,832	2,224	-	543	19,355
Total	58,949	5,200	130,314	930,597	40,270	4,400	115,818	781,997
Number of person(s)	<u>1</u>	<u>2</u>	<u>12</u>	<u>366</u>	<u>1</u>	<u>2</u>	<u>9</u>	<u>315</u>

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

35.2 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.

35.3 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, 2022

	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	86,372,392	5,759,832	21,138,496	31,295,739	27,906,115
Investments	11,287,050	-	1,529,779	-	9,757,271
Other earning assets					
Balances with SBP and NBP - deposit accounts	89,779	89,779	-	-	-
Balances with other banks - deposit accounts	2,905,523	2,905,523	-	-	-
Lending to financial institutions	4,893,064	4,893,064	-	-	-
Total market rate assets	105,547,808	13,648,198	22,668,275	31,295,739	37,663,386
Other non-earning assets					
Cash in hand	2,387,201	2,387,201	-	-	-
Balances with SBP and NBP - current accounts	2,676,751	2,676,751	-	-	-
Balances with other banks - current accounts	997,457	997,457	-	-	-
Operating fixed assets	4,154,127	24,015	380,565	142,253	3,607,294
Other assets	14,433,078	1,443,308	2,164,962	2,886,616	7,938,192
Deferred tax asset	2,009,938	-	-	-	2,009,938
Total non-earning assets	26,658,552	7,528,732	2,545,527	3,028,869	13,555,424
Total assets	132,206,360	21,176,930	25,213,802	34,324,608	51,218,810
Market rate liabilities					
Cost bearing deposits	102,232,975	15,649,913	33,290,669	33,881,180	19,411,213
Subordinated debt	4,500,000	-	-	-	4,500,000
Borrowings	2,175,000	-	125,000	295,232	1,754,768
Total market rate liabilities	108,907,975	15,649,913	33,415,669	34,176,412	25,665,981
Other non-cost bearing liabilities					
Deposits	9,558,763	1,433,814	2,389,691	2,867,629	2,867,629
Other liabilities	5,630,369	2,268,894	1,708,515	1,613,019	53,334
Total non-cost bearing liabilities	15,189,132	3,702,708	4,098,206	4,480,648	2,920,963
Total liabilities	124,097,107	19,352,621	37,513,875	38,657,060	28,586,944
Net assets	8,109,253	1,824,309	(12,300,073)	(4,332,452)	22,631,866

37 FINANCIAL INSTRUMENTS

37.1 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, 2022 are summarized as follows:

Description	Interest rate - %	INTEREST/MARK-UP BEARING							NON INTEREST BEARING	Total
		Maturity up to one year	Maturity after one year & upto 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	Sub total		
----- Rupees '000 -----										
Financial assets:										
Cash and balances in current and other accounts	-	-	-	-	-	-	-	-	6,061,409	6,061,409
Balance in deposit accounts	4.50 to 17.00	2,995,302	-	-	-	-	-	2,995,302	-	2,995,302
Lending to financial institutions	16.00 to 16.50	4,893,064	-	-	-	-	-	4,893,064	-	4,893,064
Investments	7.00 to 17.30	1,549,310	5,950,952	-	-	-	150,000	7,650,262	-	7,650,262
Advances	5.00 to 37.00	58,194,067	11,007,096	3,539,718	1,752,086	3,925,047	7,506,711	85,924,725	175,457	86,100,182
Other assets	-	-	-	-	-	-	-	-	20,597,143	20,597,143
		67,631,743	16,958,048	3,539,718	1,752,086	3,925,047	7,656,711	101,463,353	26,834,009	128,297,362
Financial liabilities:										
Deposits and other accounts	5.00 to 17.50	82,821,762	11,362,614	7,940,076	36,460	3,800	499	102,165,211	9,558,763	111,723,974
Borrowings	6.50 to 17.82	420,232	251,482	134,392	4,576	-	884,550	1,695,232	-	1,695,232
Subordinated debt	9.81 to 18.68	-	-	-	966,667	966,667	1,066,666	3,000,000	-	3,000,000
Other liabilities	-	-	-	-	-	-	-	-	5,630,369	5,630,369
		83,241,994	11,614,096	8,074,468	1,007,703	970,467	1,951,715	106,860,443	15,189,132	122,049,575
On balance sheet gap		(15,610,251)	5,343,952	(4,534,750)	744,383	2,954,580	5,704,996	(5,397,090)	11,644,877	6,247,787
Un recognized:										
Commitments		-	-	-	-	-	-	-	(62,431)	(62,431)
Off balance sheet gap		(15,610,251)	5,343,952	(4,534,750)	744,383	2,954,580	5,704,996	(5,397,090)	11,582,446	6,185,356

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:

Financial assets:										
Cash and balances in current and other accounts	-	-	-	-	-	-	-	-	4,470,150	4,470,150
Balance in deposits accounts	4.50 to 12.25	9,590,878	-	-	-	-	-	9,590,878	-	9,590,878
Lending to financial institutions	10.7	100,000	-	-	-	-	-	100,000	-	100,000
Investments	7.12 to 14.50	7,988,884	5,950,952	-	-	-	150,000	14,089,836	-	14,089,836
Advances	5.00 to 33.00	54,308,653	7,877,720	3,662,197	494,081	1,751,231	2,607,070	70,700,952	183,292	70,884,244
Other assets	-	-	-	-	-	-	-	-	17,388,818	17,388,818
		71,988,415	13,828,672	3,662,197	494,081	1,751,231	2,757,070	94,481,666	22,042,260	116,523,926
Financial liabilities:										
Deposits and other accounts	5.00 to 15.00	63,548,321	11,362,614	7,940,076	36,460	3,800	499	82,891,770	10,270,599	93,162,369
Borrowings	6.50 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	-	-	-	966,667	966,667	1,066,666	3,000,000	-	3,000,000
Other liabilities	-	-	-	-	-	-	-	-	4,568,629	4,568,629
		66,881,700	11,614,096	8,074,468	1,007,703	970,467	1,951,715	90,500,149	14,839,228	105,339,377
On balance sheet gap		5,106,715	2,214,576	(4,412,271)	(513,622)	780,764	805,355	3,981,517	7,203,032	11,184,549
Un recognized:										
Commitments		-	-	-	-	-	-	-	(198,114)	(198,114)
Off balance sheet gap		5,106,715	2,214,576	(4,412,271)	(513,622)	780,764	805,355	3,981,517	7,004,918	10,986,435

38 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 BOD 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.

38.1 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.

38.2 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.

38.3 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.

38.4 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.

38.5 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.

38.6 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.

38.7 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.

39 CUSTOMER GRIEVANCE

39.1 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.

39.2 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.

39.3 Initiative taken during 2021

During the year 2022, 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 & Mobile Banking and the project to update Internet/Mobile Banking platform is in full swing.

During 2022, bank has added 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	2022	2021
Total number of complaints received during the year	4,912	2,989
Average time taken to resolve (days)	2	3

Complaints' Data for the year 2022

Complaint Nature	Complaint received	Open as on 31-Dec-2022 (Within Regulator's TAT)
Minor	2,912	21
Major	2,000	24
Total Count	4,912	45

40 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

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

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

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

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

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, 2022.

	Rupees '000	Level of hierarchy	Significant unobservable inputs	Inter-relationship between unobservable inputs and fair value
2022				
Available for sale investment				
Market treasury bills	(10,154)	Level 2	-	-
Pakistan investments bonds	11,129,243	Level 2	-	-
2021				
Available for sale investment				
Market treasury bills	3,441,709	Level 2	-	-
Pakistan investments bonds	7,498,127	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

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

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41 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:

	2022	2021
	----- Rupees '000 -----	
Transactions during the year		
- with shareholders		
Investments made during the year	495,275	207,794
Investments sold during the year	2,796,113	
Subordinated debt	225,000	-
Repayment of borrowings/Subordinated Debt	41,769	45,566
Repayment against TFC's Investment	6,333	4,367
Branchless banking services recovery of loan portfolio	23,215	17,479
ATM services payments	-	6,086
Income		
Interest income on deposit account bank balances	15,081	6,577
Interest income on Investment (TFC)	7,520	4,577
Expenses		
Interest expense on TFC	41,769	45,908
Fee, Commission & Bank charges	20,104	16,233
Transactions during the year		
- with defined benefit plan		
Contribution paid to KB employees gratuity fund	245,922	96,452
- with others		
Cost reimbursement received from MSDF	25,486	83,830
Cost reimbursement claim from MSDF	8,533	51,218
Balances outstanding at the year end		
- with shareholders		
Balances with banks	383,055	274,770
Investments/ TFCs	50,000	50,000
Interest receivable on investments/TFCs	304	210
Borrowings and subordinated debt	685,000	460,000
Interest payable on borrowings/subordinated debt	18,106	7,289
- with defined benefit plan		
Balance (receivable) / payable to gratuity fund	31,587	54,697
- with key management personnel including President		
Advances - staff loans	192,908	141,560
Other assets - staff advances	90	-
Deposits	141,550	148,131
- with others		
Receivable from MSDF	1,520	21,078

42 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 not been able to maintain the 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.

Refer to note 2 of the financial statements regarding the management plan approved by the Board to comply with the requirement of Regulation No. 1 of the prudential regulations in financial year 2023 and beyond.

43 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.

	2022	2021
	----- Number -----	
Offices		
Total branches of the Bank	220	206
Total service centers/booth of the Bank	17	33
Micro-credit cases		
Number of active cases at year end	734,860	803,820
Number of loans disbursed during the year	440,764	369,209
Number of loan rescheduled and deferment during the year	232,622	411,967
Average number of active borrowers for the year	769,340	841,729
Microcredit portfolio		
Microcredit advances receivable - Gross	86,535,069	70,782,297
Total disbursements for the year	70,360,725	48,552,005
Total rescheduled and deferment during the year	16,829,857	27,553,995

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	2022	2021
	----- Number -----	
Portfolio quality		
Portfolio at risk (normal / deferred loan)	3,490,682	2,047,302
Portfolio written off	5,295,292	3,796,559
Loan loss reserve	2,223,721	1,628,791
Average loan sizes		
Average outstanding loan size	117,757	88,057
Average gross loan portfolio	78,658,683	65,715,267
Information about the Bank's assets/ liabilities		
Total assets	132,206,360	116,491,643
Current assets	88,378,909	89,677,364
Fixed assets	4,154,127	3,578,798
Average total assets	124,349,002	111,797,259
Current liabilities	95,510,163	78,021,353
Bank's equity	8,095,659	11,263,522

44 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	2022 Percentage	2021 Percentage
Sustainability/ Profitability			
Return on equity	44.1	-46.70%	4.90%
Adjusted return on equity	44.2	-46.53%	5.04%
Return on assets	44.3	-3.63%	0.48%
Adjusted return on assets	44.4	-3.62%	0.50%
Operational self sufficiency	44.5	84.18%	104.73%
Financial self sufficiency	44.6	84.23%	104.81%
Profit margin	44.7	-18.80%	4.51%
Asset / Liability Management			
Current ratio (times)	44.8	0.84	1.06
Yield on gross loan portfolio	44.9	23.40%	23.45%
Yield gap	44.10	2.20%	12.63%
Funding-expense ratio	44.11	15.64%	13.31%
Cost-of-funds ratio	44.12	11.49%	9.32%
Portfolio quality			
Portfolio at risk	44.13		
Watchlist		1.71%	3.84%
OAEM		1.00%	1.11%
Sub-standard		0.92%	0.49%
Doubtful		0.97%	1.20%
Loss		1.14%	0.09%
Write-off ratio	44.14	6.57%	5.64%
Risk coverage ratio	44.15	63.70%	79.56%
Efficiency / Productivity			
Operating expense ratio	44.16	9.50%	9.93%
Cost to revenue ratio	44.17	80.55%	57.70%
Cost per borrower (Rupees)	44.18	9,914	7,916
Personnel productivity (Numbers)	44.19	137	142
Loan officer productivity (Numbers)	44.20	330	293
Average disbursed loan size (Rupees)	44.21	159,634	131,503
Average outstanding loan size (Rupees)	44.22	117,757	88,057

- 44.1 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.
- 44.2 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.
- 44.3 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.
- 44.4 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.
- 44.5 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.
- 44.6 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.
- 44.7 Profit margin measures the percentage of operating revenue that remains after all financial, loan loss provision and operating expenses are paid.
- 44.8 Current ratio measures how well the Bank matches the maturities of its assets and liabilities.
- 44.9 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.
- 44.10 Yield gap compares revenue actually received in cash with revenue expected from microcredit advances.
- 44.11 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.
- 44.12 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.
- 44.13 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.
- 44.14 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.
- 44.15 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.
- 44.16 Operating expense ratio is the most commonly used efficiency indicator for Microfinance Banks. It includes all administrative and personnel expenses.
- 44.17 Cost to revenue ratio measures how well the Bank covers its operating costs through net revenue.
- 44.18 Cost per borrower provides a meaningful measure of efficiency for the Bank, by determining the average cost of maintaining an active borrower.
- 44.19 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.
- 44.20 Loan officer productivity measures the average case load of each loan officer.
- 44.21 Average disbursed loan size measures the average loan size that is disbursed to clients.
- 44.22 Average outstanding loan size measures the average outstanding microcredit balance by client, which may be significantly less than the average disbursed loan size.

45 MATERIAL OUTSOURCING ARRANGEMENTS

In compliance to the BPRD 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 2022 (per annum)
1	Prime Human Resource	Employees various outsourcing services	Rs. 357 million
2	Data technologies (Pvt) Ltd	Data archive, scanning and record management	Rs. 35.8 million
3	Human Development Foundation	Client mobilization for group loans	Rs. 1.3 million
4	Family Planning Association of Pakistan	Client mobilization for group loans	Rs. 1.6 million
5	Sindh Graduates Association	Client mobilization for group loans	Rs. 0.5 million
6	Society of Human Development	Client mobilization for group loans	Rs. 0.3 million
7	Idemia Pakistan (Pvt) Ltd	Debit card production & stuffing	Rs. 15.4 million

46 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 reclassifications during the year.

47 DATE OF APPROVAL

These financial statements were approved by the Board of Directors of the Bank in their meeting held on 19 April, 2023.

48 GENERAL

48.1 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.

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

Sr. No.	Branch Name	Address
1	Abbottabad	Ground Floor, Ali Plaza, Mansehra Road, Supply Bazar Abbotabad
2	Ahmedpur East	Khewat No.54/54, Khatooni No. 55, Katechary Road N/By Sheikh Petrol Pump Tehsil Ahmed Pur East.
3	Ali Abad	Khasra No.3891, Ramzan Plaza, Near Agha Khan health center, Karakurum Highway, Allabad Hunza, Gilgit Baltistan.
4	Ali pur	Khata No221, College Chowk, Opposite Sibtain Town, Ali Pur Road,
5	Alipur Chattha	Khewat # 900, Khatoni # 1332, Qadir Abad Road Opposite PSO Petrol Pump, Ali Pur Chatha.
6	Arifwala	21- A/ Block, Main Muhammadi Road, Karkhana Bazar, Arifwala, Distt
7	Attock	BV 11-56 & 57, Indus Plaza, Barq Road, Near Geedar Chowk, Attock
8	Badeh	Shop No 1-3, Mohallah Pyaro Khan Sariyo, Main Badeh Naseerabad
9	Badin	Survey # 33, Adjacent Abbasi Hospital Main DCO Chowk, karachi Road, Badln
10	Bagh	Al Noor Plaza, Ground Floor, college Road Bagh AK
11	Bahawalnagar	Plot no 7, City Chowk, Jail Road Bahawalnagar
12	Bahawalpur	Shop # 43, New Ghalla Mandi, Model Town 'B', Bahawalpur
13	Basirpur	Khewat No. 416, Khasra No. 75/15/1, Main basirpur Road, Tehsil Depalpur, District Okara
14	Bhakkar	Plot No- 155/2, Club Road , Bhakkar
15	Bhalwal	Plot No 451, Block 4, Liaqat Shaheed Road Bhalwal
16	Buner	Khatooni No 464, Shops located at Opposite New Bus Stand Mardan Road Sawarai District Buner
17	Burewala	Khewat No. 165/154, Khatooni No.331, Salim Khatta, Mohal 439/E.B, Multan Road Industrial Area Tehsil Burewala, Distric Vehari
18	Chakwal	Shop No. 4/1785, Tehsil Chowk, Near Warid Franchise, Rawalpindi Road, Chakwal
19	Charsada	M. G Plaza, Tangi Road, Charsadda
20	Chichawatni	Plot No. 18-19, Main G T , Road, Near Lakkar Mandi Pull, Chichawatani
21	Chiniot	Plot No 2/13-z Block Z Development Scheme, opposite Hascol Pump,
22	Chishtian	Ghalla Mandi Chowk, Jhumra Road Chiniot.
23	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 Hasil Pur, District Bahawalpur.
24	Chowk Azam	Khata # 19 Moza lohanch thal Kalan, Multan Mianwala Road, Near greenway Petrol Pump, Chowk Azam, tehsil & District Layyah.
25	Chowk Sarwar Shaheed	Property No. 964SH, Khatta No.18, Salim Khatta, Mohal 571/TM,MM Road, Chowk Sarwar Shaheed, Tehsil Kot Addu, District Muzaffargarh.
26	Dadu	Plot # 629, Mlan Road, Adjacent to Govt Girls High School, Dadu
27	Daherki	Deh Tapo, Taluka Daherki, District Ghotki.
28	Dahranwala	Warraich Market, Haroonabad Road, Dahranwala, District Bahawalnagar
29	Darya Khan	Plot No 89, ward No. 8, Bhakkar Road Darya Khan, Tehsil Darya Khan, District Bhakkar
30	Daska	Property No.889/11-B/Banglow, Circular Road, oppoiste Civil Hospital, Daska, District Sialkot
31	Dera Ghazi Khan	Khasra No 12289/9829, 12288/9829, Block- J Railway Road , Dera Ghazi Khan

Sr. No.	Branch Name	Address
32	Dera Ismail Khan	Khatooni No. 1969, Ground Floor, West Circular Road Syndicate Mor, Dera Ismail Khan.
33	Dunyapur	Khewat No. 17, Khatooni No. 110, Railway Road , Near Al- Mulk Hospital, Dunyapur, District Lodhran.
34	Dinga	Khewat # 245 Khatooni # 733 & Khallas 192,193,194, Situated at Attock Petroleum Kharian Road Dinga, Tehsil Kharian, District Gujrat.
35	Ellahabad	Khasra No 2928/1153, Khewat No. 831, Khatooni No. 1638, Situated at Mahal Main Chunian Ellahabad Road Near PSO Pump Ellahabad, Tehsil
36	Faisalabad	Ayubi Plaza P- 834/A , Liaqat Road, Near Police Line Petrol Pump Faisalabad.
37	FatehJang	Shop No 1 , Ground Floor, Mudassir Awan Arcade, Pindi Road Fatehjang, District Attock.
38	Fazilpur	M Ismaeel Plaza Traffic Chowk Main Indus Highway Fazilpur.
39	Feroza	Khewat No. 167, Khatooni No.248, Situated at Shahi Road Feroza, Mouza Hayat Lar, Feroza ,Tehsil Liaqatpur & District Rahim Yar Khan.
40	Fort Abbas	Khata No 259/260, Khatooni No, 259, School Bazar, Fort Abbas, Distric Bahawalnagar
41	Gahkuch	Khasra No.1087, Rais Market, Opposite City Park, Near LG & RD Office, Main Bazar, Gahkuch, Tehsil Punial, District Ghizar, Gilgit
42	Ghotki	Plot No 115 , Devri Sahib road Near National bank of Pakistan Ghotki
43	Gilgit	S M Abdul Hakim Market , Near radio Pakistan, Zulfiqarabad, Jutial, tehsil & district gilgit
44	Gojra	P -499, Siddique Commercial Center, Tehsil Office Road, Gojra Distric Toba Tek Singh
45	Gujar Khan	Haji Raja Karam Ellahi Plaza, G T Road, Gujar Khan District Rawalpindi
46	Gujranwala	Khasra No 182, Khewat No. 42, Khatooni Number 43, Mouza Main Sansi, Tehsil & District Gujranwala
47	Gujrat	Khewat No.228, Khatooni No.342 & 343, Khasra No. 1144,1145, Abid Colony G.T Road, Mouza Nanwa, Tehsil & District Gujrat
48	Hafizabad	Khewat No.508, Khatooni No.1469, Street No. 06 Near Fiza Carpet, Gujranwala Road, Tehsil and District Hafizabad
49	Hala	Plot No. 284, Old Main National Highway, Adjacent babr- Nooh, Hala
50	Haripur	Pandak Area, Shahrah-e-e Hazara, Haripur
51	Haripur-SME	Khasra No 1987-3046/1853, Mouzadarwesh, Swat Mills Chowk Near Almeezan CNG, Hattar Road Haripur
52	Haroonabad	Plot # 734, Front Main Bazar Bangla Road Tehsil Haroonabad, District Bahawalnagar
53	Hasilpur	Khata No. 34/29, Plot Adjacent Honda Motorcycle Showroom, Near Bus Stand, Main Bahawalpur Road Hasilpur.
54	Hassanabdal	Manan Ali Khan Plaza, Near General Bus Stand, G T Road Hassanabdal, District Attock
55	Havelian	Malik Cottage, main Bazar Havelian, District Abbottabad.
56	Hyderabad	Plot No. HCB-73, Qazi Abdul Qayyom Road, gari Khata hyderabad.
57	Islamabad	Amir Plaza, Ground Floor, 94-West, Jinnah Avenue, Blue Area, Islamabad.
58	Jahnia	Khewat No. 19, Chak No. 111/10 - R, Opposite Govt. Middle School No. 03
59	Jail Road-Lahore	House No 15, Shadman Colony, Jail Road, Lahore
60	Jalalpur Pirwala	Almadina Market, Near General Bus stand Multan Road Jalalpur Pirwala.
61	Jampur	Ward No. 13, Registry No. 692/1 Pesticide Market Dajal Road Jampur, Tehsil
62	Jaranwala	Ismail plaza, Muhallah Usmania Park, Faisalabad Road, Near Fesco Office, Jaranwala.
63	Jhang	Khatta No. 129, Near Govt. Women College Main Gojra Road Tehsil and District Jhang Saddar
64	Jhelum	Ground Floor, Shan-e-e Muhammadi Plaza, Opposite Tableegh-ul-Islam
65	Juddo	Plot City Survey No 7, Ward No 3 B, Near Rajput Chowk, Shahi Bazar, jhuddo, Tehsil jhuddo, District Mirpurkhas.
66	Kahrer Pacca	Near Railway, Track Mailsi Chowk, Main City Road, Mohal Pacca Hadbast 390, Tehsil Kahroar Pacca District Lodhran.
67	Kallur Kot	Khata No 244/243, Khatooni No.366, Ward No.2, Lodhi Market Kallur Kot, District Bhakkar
68	Kambar/Wagan	Opposite Govt primary boys School, Miro Khan Road, Kambar
69	Kamoki	197/162, Near Shifa Eye Hospital , Main G T Road, Kamoki

Sr. No.	Branch Name	Address
70	Kandkot	Jaryan No 264, Main Haibat Road Near National Bank of Pakistan Branch Kandh Kot
71	Karachi	Plot No 13, Commercial Area main Rashid Minhas Road, Gulshan e Iqbal, Block- 10 Opp. Lal Flats Karachi.
72	Karachi - Korangi	Plot No L-04, Sector 35- C, korangi Township, Karachi.
73	Karor Lal Essan	Khasra No. 289, Sewag Plaza, Opposite PTCL Exchange, Fatehpur Road, karor lal Essan, District Layyah.
74	Kashmore	Jaryan No.1/684, Deh kashmore, Taluka & District Kashmore
75	Kasur	Khawat No. 1068, Khatooni No. 1388, Minhas Colony, Chowk Khan Mahal Cinema, Main Lahore Road Kasur.
76	Khairpur	Kacherri Road Khairpur.
77	Khairpur Tamewali	Khata No 127/119, Khatooni No 274-279 Main Hasilpur Road, Near Firdoas Petroleum Service, Mouza Khairpur, Tamewali, Tehsil Khairpur Tamewali District Bahawalpur.
78	khanewal	Plot No.1, Street No 1, Block-2, RCA Chowk, khanewal.
79	Khanpur	Qaid Millat Road, opposite Saving Center, khanpur, District Rahim Yar Khan.
80	Khudian Khas	Khawat No.1005, Khatooni No. 3230, Khasra No.6664, Mahal khudian, Near
81	Khushab	Block # 02,Plot # 01,Bank Square, Jauharabad Distt. Khushab
82	Kohat	Najam Complex, Near Police Lines, hangu Road, Kohat
83	Kot addu	Opp. Faisal Motors, Near PSO Pump, Main G T Road , Kot Addu , Tehsil Kotladdu, District Muzaffargarh.
84	Kot Chuhitta	Khata No. 109, Opposite Tehsil Office, Main Indus Highway,, Kot Chutta, District Dera Ghazi Khan.
85	Kot Momin	Bhagtan Wala Road , Near Askar 1 Petrol Pump , Kot Momin, Teh Kot Momin & Dist. Sargodha.
86	Kot Mithan	Ward No.7, Registry No.1018 & 1081, Darbar Road, Kot Mithan, Tehsil & District Rajanpur.
87	Kot Sultan	Khata No. 77, Mohalla Husnain Abbad Near Civil Hospital, Multan Road , Kot Sultan, District Leyyah.
88	Lahore Shahdara	71, Near Allah Ho Darbar & Masjid Tuheed, Adjacent ZTBL Bank, Main Sheikhpura Road, Jia Musa, Shahdara, Lahore.
89	Lahore-DHA	Plot No. 79, Block CCA, Phase-IV, Defense Housing Authority, Lahore Cantt
90	Lahore-SME	Old AM Studio near Gulshan e Ravi bund road Lahore.
91	Larkana	C.S/ R.s No 1827/1876, Near Bank Square, Larkana
92	Leyyah	Plot # 405 / B- 2nd , Main Choubara Road, Near MCB Leyyah.
93	LiaqatPur	87- A, Scheme No.2 , Bank Road, Opposite Qayyum petrolium, Liaqatpur.
94	Lodhran	Plot / khawat No. 509/479 & 528/486, Jalal Pur More Near masjid e Ahl - e -
95	Lallian	Main Sargodha Road, Opposite MCB Bank, near new Bus Stand, Lallian.
96	Malakand Agency	Shop # 1-5 and 29-34Tahir Plaza, Main Bazar, Batkhela, Malakand Agency.
97	Mandi Bahauddin	Khawat No. 282, Khatooni No. 486 to 487, tehreem plaza Punjab Center,
98	Mandi Yazman	Khata/Khawat No 404 Khatoni No. 609, Situated at Chak No. 56/DB Alif, Bahawalpur Road, Opposite NBP Bank Mandi Yazman
99	Mankera	KHATA # 224-225/218-219, KHATOONI # 356-357, MANKERA TOWN,
100	Mansehra	Ammar's Arcade, Near noor College, Old Balakot Bypass Road, Mansehra.
101	Mardan	CB 445/ A- 2, Saddar Bazar, The Mall, Mardan Cantt. Mardan.
102	Mehar	Survey No 151, Khairpur Nathan Shah Road , Mehar, District Dadu
103	Mian Channu	M A Ghani colony, street # 04, Corner Plot, GT Road, Near Opposite
104	Mianwali	Plot No. 706, Soney Khel Market , Govt. High School Road, Mianwali.
105	Minchan Abad	Khata/ khatooni No. 152, Mouza (Mohal Michinabad) Distt. Bahawalnagar.
106	Mirpur	Plot No 1., Sector No. II, Allama Iqbal Road, Mirpur, Azad Kashmir.
107	Mirpurkhas	Ward -A , MP Colony , Main Umer Kot Road, Mirpurkhas.
108	Mithi	Shop # 01 to 6, Sameer & Kunal Market Near Kashmir Chowk Main Naukot
109	Mubarik Pur	Khawat no. 205, Khatooni No.526, Situated at Mohala Mubarik Pur, Tehsil Ahmad Pur east, Disst. Bahawalpur
110	Multan	Shop No.1,Royal Shopping Centre,Azmat Warsi Road,Dera Ada Chowk,Multan.
111	Muridke	Salim Qitta 17, Khawat No. 419, Khatooni No. 1019 to 1023, Mouza Mureedke Near Bilal Masjid Main GT Road Tehsil Mureedke, District Sheikhpura
112	Muzaffar Garh	Khawat No. 664, Jhang Road Near Zewa Hotel Mohalla Khurshidabad Tehsil & District Muzaffar Garh

Sr. No.	Branch Name	Address
113	Muzaffarabad	Raza Building,Poultry Farm Road,Opposite AJK University,Muzaffarabad,A.K
114	Nankana Sahib	Khewat No.551, Khatooni No.700, Adjacent Khalid Rice Mills, Morni Wala
115	Narowal	VI-284,Near Siddique Pura Morre,Circular Road,Narowal.
116	Naseerabad	Khasra No.6775/76,Near City Police Station,Main Quetta Road,Dera Murad
117	NawabShah	House # A-306,Paro hospital Road,Otaq Quarter,Nawabshah
118	Nosheroferoze	Plot Near Jilbani Petroleum Services,Mian National Highway,Nashero
119	Nowshera	Al Jameel City Centre,Near PSO Police Petrol Pump,Main GT
120	Okara	Habib Cotton Factory, M. A Jinnah Road, Chack No. 1-A/4-L, Okara.
121	OGHI	Shahab Plaza, Main Sher Ghar Road, Near Girls College, Tariq Pul Oghi, District Mansehra, KPK.
122	Okara-SME	Khawat #1265, Khatooni # 1478, 7 Number Chungi, Main G.T Road Near Edhi Centre Okara.
123	Paharpur	Khawat No.870 Khatooni No.843, Khasra No.4809/1&4814,Qitta 4,Khewat
124	Pakpattan	Khata No. 3182/3152, 4347/3993, Khatooni No. 3384, 4754, College Road, Pakpattan.
125	Pannu Aqil	Plot No. 435, Baiji Road, Pannu Aqil.
126	Pasrur	Faisal Colony, Main Sialkot Pasrur Road, Near Gujar PSO Petrol Pump,
127	Pattoki	Khasra # 1920/1573 Khewat # 926 Khatoni # 2857 Main Multan Road opposite Naseem Anwar Hospital Pattoki
128	Peshawar	Amin Hotel Main GT Road Hashtnagri Peshawar
129	Peshawar-SME	Shahid Ullah Tower, Opposite Abasyn University Chowk, Patang, Chowk, Ring Road Peshawar
130	Phalia	Khewat 11/2, Khatooni # 22 to 332, Opposite Admore Petroleum, Gujrat Road, Phalia, Tehsil Phalia & District Mandi Bahauddin.
131	Pir Mahal	Khewat No. 3, Khatooni No.12 to 13, Situated at Chak No.319 GB Urban, Tehsil Pir Mahal, District Toba Taik Singh
132	Qadirpur Rawan	Plot No. 26, Opposite Town committee Office , G.T. Road QadirPur Rawan
133	Qasba Gujrat	Khewat No. 382, khatooni No. 1, Salim Khatta, ghazi Ghat Road, Near
134	Rahim Yar Khan	Khewat No. 302/278, Situated at 16-A, Businessman Colony, Opposite Desert Palm Hotel, Rahim Yar Khan
135	RajanPur	Kamran Market, opposite Jamia Sheiks Darkhasti, Rajanpur.
136	Ranipur	Shop No. 1-3, Plot No. 232/4-7, Near Mazhar Model School, Main National Highway, Ranipur.
137	Ratodero	Shop No 1,2 & 3, Ward- B, Near Main Bus Stand , Ratodero, District Larkana
138	Rawalpindi	Ropyal Brothers Plaza, Property No. B- 130, Main Muree Road, Chandni
139	Rawalpindi -SME	Prpoerty No. P1059, P-1059/A, Khasra Number 42641/1358/1/1, Saidpur Road, Rawalpindi
140	Rawlakot	Al- Makkah Shopping Plaza , CMH Road , Near Ali Firdous Clinic, Supply Bazaar, Rawalakot.
141	Rohillanwala	Khata No. 57 Situated at Mohal Sandaila, Main Ali Pur Road Near Canal House Rohillanwali, Tehsil & District Muzafargarah.
142	Sadiq Abad	Chak No. 10/NP, Nishtar Chowk, KLP Road, Sadiqabad, District Rahim Yar Khan.
143	Sahiwal	Khewat No.15848/4764, Liaqat Ali Road, Sahiwal.
144	Sahiwal-SGD	Khewat No. 2695, Nawan Lok, Main Sargodha Road, Tehsil Sahiwal, District Sargodha.
145	Sanghar	Choudhary Corner, Main Nawabshah Road Sanghar.
146	Sargodha	Khasra No. 35, Khewat No. 16, Chak No 45, Shumali Main Khushab Road, Sargodha, Tehsil & District Sargodha
147	Shah Kot	Khawat No 33, Khatooni No 34, Khasra No, 519, Haq Bahoo Chowk, Shah Kot, District Nankana
148	Shahdad Kot	City Survey No. 883, Ward- A, Lakhpai Road Near Keenjhar Public School, Shahdad Kot, Tehsil & District Shahdad Kot.
149	Shakargarh	Khasra No. 1449/178, Maqsood Plaza, Near Railway Phatak, Railway Road, Shakargarh, Tehsil Shakargarh, District Narowal.
150	Sheikhupura	Al Rehman Center, Near Millan Marriage Hall , Main Lahore Road Sheikhupur.
151	shikarpur	Plot No. 3/1 Near Jahaz Chowk, Station Road, Shikarpur.
152	Shorekot	Khata No. 1191, Ammad Ashraf Plaza Jhang Road, Shorekot City, Tehsil Shorekot District Jhang
153	Shujahabad	Plot No E-456, opposite Khan Brothers Bus Stand , Jalalpur Road, Shujahabad.
154	Sialkot	Small Industrial State, Near Alam Chowk, Shahabpura Road Sialkot

Sr. No.	Branch Name	Address
155	Sukkur	Survey No. 717, Deh Old Sukkur, Adam Shah Colony, Military Road, Sukkur
156	Swabi	Rehman Market, Swabi Mardan Road, Swabi.
157	Swat (Mingora)	Ground Floor, Shahzad Plaza, Saidu Sharif, Makan Bagh Road, Mingora, Swat.
158	Safdarabad	Khawat No.162/147, Khatooni No. 333 Chak No 78/RB, Tehsil Safdarabad, District Sheikhpura
159	Sahiwal-SME	04-Malr-0/S bearing Khawat No. 0691, Khatooni No.692, Khasra No.6119/ High Street Near Meezan Bank/United Bank Sahiwal
160	Shiekhupura -SME	Care -4 Plaza, Near Sultan Hospital, Faisalabad Bi pas, Lahore Road Sheikhpura.
161	Tando Allahyar	Plot # 2 Block A, Survey # 273/1, Opposite to Civil Hospital, Main Hyderabad Road, Tando Allahyar
162	Tando Muhammad Khan	Plot No. C S 832, Opposite SSP office, Tando Muhammad Khan
163	Taunsa Sharif	Khata No. 1739, Mangrotha Road, Taunsa Sharif
164	Thatta	Shop No. 6, Al-Shahbaz Shops, National Highway, Thatta
165	Tibbi	Khata No.81, main Indus Highway, Tibbi Qaisrani, Tehsil Taunsa & District D G Khan
166	Toba Tek Singh	Al- Aziz Center Shore Kot Road, Toba Tek Singh.
167	UCH Sharif	Abbaisa Road Opposite Mariam Hospital Near Lallu Wali Pull Uch Sharif Tehsil Ahmedpur East Dist. Bahawalpur.
168	UmarKot	Saleem Shopping Center, Shop No. 1 & 2 Gulshan-e- Saleem Housing Society, Main Chore Cantt Road, Opposite M. A Jinnah Park, Umerkot.
169	Vehari	Plot # E/8 Main Karkhana Bazar Near Goal Chowk, Vehari
170	Wazirabad	Khawat No.1223, Khatoni No.1954, Khasra No.1767, Main Sialkot Road,
171	Zafarwal*	Khawat No. 575, Khasra No. 2637, Situated at Town Committee, Zafarwal, Mohalla & Tehsil Zafarwal, Disst. Narowal
172	Zahirpir	Old GT Road, Canal Rest House Chowk, Zahir Pir, District Rahim Yar Khan.
173	Zareef Shaheed	Khawat no. 350/342, Khatooni no. 1120 to 1124, Situated at Main Lodhran
174	Malir Karachi	S-1/296, Saudabad, Malir, Karachi
175	North Nazim Abad	Sub-Plot No.6, Block No.1, Sooq Ul Aman, Plot No. FLT-1, Block-G, North Nazimabad, KDA's Scheme No.2, Karachi
176	Head Rajkaan	Chak No.35, DNB Noor Pur Road, Head Rajkaan, Tehsil Mandi Yazman, Distt. Bahawalpur.
177	Kot Radha Kishan	Khawat No.302, Khatooni No.422 to 437, Main Raiwind Road, Azam Abad, Opposite NADRA Office, Kot Radha Kishan, Distt. Kasur
178	Talagang	Khawat No. 664, Khatooni No. 1192, Khasra No. 3625/1274, Sadiq Abad Chowk Main Sargodha Road, Talagang, Distt Chakwal
179	Farooqabad	Khawat No. 266, Khatooni No. 291,320, Near Bus Stand Main Approach Road, Farooqabad, Distt. Sheikhpura
180	Tando Adam	Shop No. CCS/945/1, Near Muhammadi Chowk, Tando Adam, Distt. Sanghar
181	Marot	Khawat No. 122/116, Khatooni No.311 & 580, Salim Khatta Qitta 6, Mohal 319/HR, Main Fort Abbas Road, Marot, Tehsil Fort Abbas Distt. Bahawalnagar.
182	Jatoi	Khata No. 7/6, Khatooni No.13 to 16, Mohalla Qasir Ghazlani, Tehsil Jatoi & District Muzaffargarh
183	Gagoo Mandi	Khawat No. 182, Khatooni No. 525 to 529, Salim Khatta, Chak No. 187 EB, P/O Gagoo, Tehsil Burewala District Vehari
184	Sarai Mohajir	Khawat No 130, Jhang Bhakkar Road, Sarai Mohajir
185	Mandi Ahmad Abad	Khawat No.44, Khatooni No.95 Kangan Pur Road Mandi Ahmad Abad Tehsil Deepalpur, District Okara
186	Sanjar Pur	Khawat No. 3, Khatooni No.29 to 33, KLP Road Opposite Agriculture Office Sanjarpur, Chak No.44/NP, Hadbast 102, Tehsil Sadiqabad & District Rahim Yar Khan
187	Adda Zakhira	Khawat No.75/71, Khatooni No.195, Salim khatta Qitta 1, Mohal 231-WB, Adda Zakhira, Tehsil Dunyapur, District Lodhran
188	Shah Jamal	Khata No. 309 Khatoni No. 357 Khan Garh Road Near Mullan Walla Chowk Shah Jamal, District Muzfargarh
189	Muhammad Pur Dewan	Khata # 268 main Indus highway, opposite Rural Health Center, Muhammad Pur Dewan, Tehsil Jampur District Rajanpur
190	Sillanwali	Khawat No.522, Khatooni No.642, Khasra No546/55, Zia Shaheed Road, Mohalla Mandi Sillanwali, District Sargodha.

Sr. No.	Branch Name	Address
191	Jacobabad	Survey No. 202/33/5, Kamora Line, Main Quetta Road, Taluka & District Jacobabad
192	Pindi Bhattian	Khawat No.183, Khatooni No.476 to 494, Qitta 397, Hafizabad Road, Mohal & Tehsil Pindi Bhattian, District Hafizabad
193	Shahdadpur	City Survey No.1009, Situated at Ward A, Station Road, Shahdadpur, District Sanghar.
194	Timergara	Ground Floor, Shah Shopping Centre, Bypass Road, Near Shaheed Chowk Timergara District Lower Dir.
195	Kunri	Plot No.148-149, Survey No. 209/1 & 209/2 Deh Chajhro, Tapo Chajhro, Taluka Kunri District Umerkot.
196	Lala Musa	Khata No.1, Khatooni No. 1 to 263, Khasra No. 288, G. T Road, Near Nisar Hospital, Mohal Kaira, Lala Musa, Tehsil Kharian & District Gujrat.
197	Qaidabad	Khawat No.1188, Khatooni No.1569, Plot No.62, Mianwali Sargodha Road Qaidabad Tehsil Qaidabad District Khushab.
198	Mailsi	Khawat No 73/71, Khatooni No. 97, Khasra no.92/19/2, Mohal & Tehsil Mailsi, District Vehari
199	Sangla Hill	Khawat 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.
200	Karachi-DHA	Shop # 01, Plot # 30-E, Badar Commercial, Street # 1, Phase V, DHA Karachi.
201	Kot Ghulam Muhammad	Ward No B,Plot No.977, Main Road Kot Ghulam Muhammad, Tehsil Kot Ghulam Muhammad, District Mirpurkhas.
202	Chowk Shahbazpur	Khata No.101, Khatooni No. 273 to 276, Mohal Muhammad Nazazwasa, JDW Road, Chowk Shahbazpur, Tehsil Sadiqabad, District Rahim Yar Khan.
203	Sui Wala	Khatooni No. 731, Sui Wala, Mohala Hafiz Muhammad Wala, Tehsil & District Lodhran
204	Basti Malook	Khawat No.22, Khatooni No.180.-198, Mouza 12 F, BastiMalook, Tehsil Multan Saddar, District Multan
205	Mor Khunda	Khawat no 24, Khatooni No.166, Khasra No. 846/2/2, Main Lahore Road, Opposite UC-49 office, More Khunda, Tehsil & District Nankana Sahib
206	Hattian Bala	Khawat No. 5, Khatooni No.170, Chandkot, tehsil Hattian Bala, District Jehlum Valley, AJK
207	Samundari	Khawat No.373/348, Khatooni No. 651 to 652, Chak no. 467, Ghaf bay, tehsil Samundari, District Faisalabad
208	Mehrabpur	DSC No.IIIA-285, Town Mehrabpur, District Naushehro Feroze, Sindh
209	Kahuta	Khasra No.144, Arshad Plaza, Main Rawalpindi Road, Near NBP Kahuta, tehsil Kahuta, District Rawalpindi.
210	Kallar Syedan	Khawat No.249, Khatooni No.453, mouza Kallar badhal, tehsil Kallar Syedan, District Rawalpindi
211	Shaheed Fazal Rahu	Plot No. A 1, Deh Barodari, Tapo Golarchi Taluka/Tehsil Shaheed Fazil Rahu, District Badin
212	Fateh Pur	Chak No.249 TDA, Ward NO.1, opposite Yaseen Petrol Pump, Karor Lal Esan Road, FatehPur, Tehsil Karor Lal Esan and District Layyah.
213	Gujranwala-SME	Main G. T Road Opposite General Bus Stand, Gujranwala, Tehsil & District Gujranwala
214	Bhera	Khawat No. 1304, Khatooni No 1877, Cha Jhangi Wala Dahkeli, Tehsil Bhera, District Sargodha
215	Harappa	Khawat-128/126, Khatooni-309/310, Jinnah Town, G.T. Road Harappa station, District & Tehsil, Sahiwal
216	Sialkot-SME	Mohalla Haji Pura, Main Road Near Exective Passport Office, Sialkot, Tehsil, District Sialkot.
217	Sharaqpur	Khawat No. 578, Khatooni No. 1748, Khasra No. 670/1, Bhatti Town, Lahore Jaranwala Road, Near Main Bus Stop, Sharaqpur, Tehsil Sharaqpur and District Sahiwal
218	Gujrat-SME	Khasra No 872, Khatooni No. 1442, Nanwa Rangpura, Sargodha Road Gujrat.
219	Faisalabad-SME	Plot No 30, GCU Road, Jinnah Coloney, Near Saeed Mart, Faisalabad.
220	Sargodha-SME	Khawat No 4334, Khatooni no. 4344, Khasra No. 196/A Sattelite town Block A, Chak No 42, NB Sargodha

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

Sr. No.	Permanent Booth Name	Address
1	GPO-Mall Road Lahore	General Post Office, Bank Square, Mall Road, Lahore.
2	GPO-University Road Peshawar	General Post Office, Beside Pashlu Academy, University of Peshawar,
3	GPO -G 6 Islamabad	General Post Office, Near Melody Food Park, Sector G-6, Islamabad.
4	GPO-Saddar Road Rawalpindi	General Post Office, Main Saddar, Adjacent Mall Plaza, Mall Road, Rawalpindi
5	Nowshera Virkan	Khewat No. 257, Khatooni No. 305, Qitta 2, Salim Khatta, Mohal Ghathri, Tehsil Virkan, Distt. Gujranwala
6	GPO-Jafferabad	Pakistan Post Office, T chowk, Dora Allah Yar, Distt. Jafferabad.
7	GPO-Abdullah Haron Road Karachi	Pakistan Post Seddar GPO, Abdullah Haron Road Karachi
8	Nowshera	Khewat No. 821, Khatooni no. 1482, Khasra No. 2155, Opposite Nissal Plaza, Sakesar Road Nowshera, District Khushab
9	Kamalia	Khasra No. 4209, Plot No. 1062 D, Niaz Chowk, Mohalla Niazabad, Kamalia, District Toba Tek Singh
10	Mandi Faizabad	Khewat No. 05, Khatooni No. 143- in Salam Khata, Qitta 104 Main Jaranwala Road, Mohala Kot Yaqoob, Mandi Faizabad
11	Jhabran Mandi	Khewat 1096/1084, Khatooni no. 2257, Main Grain Market Jhabran Mandi, Sheikhpura.
12	Chungi Amar Sadhu	Khewat No. 194, Khatooni No. 542 to 549, Ferozepur Road, Mouza Dholu khurd, Model Town, Lahore.
13	Paroa	Khewat No. 859, Khatooni No. 1135, Khasra No. 2452/3121, Main Paroa Adda, Near HBL, Tehsil Paroa, District D.I.Khan
14	Qila Dider Singh	Khewat No.1248, Khatooni No 1543, Khasra No. 324, Main Bazar Adjacent to Govt. Technical Training Center Mouza Qila Dider Singah Tehsil & District Gujranwala.
15	Dulley Wala	Khewat No. 2126/2039, Khatooni No. 3649, MM Road, Mohal Dulley Wala, Tehsil & District Bhakkar
16	GPO-Gilgit	General Post office, Near Govt. Boys High School No.1, Gilgit, Tehsil & District Gilgit
17	Gharo	Main National Highway, Near Town Committee gharo, Taluka Mirpur Sakro, District Thatta

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



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PRESIDENT



28 Apr, 2023 5:22:59 PM GMT+5

CHAIRMAN



28 Apr, 2023 5:22:59 PM GMT+5

DIRECTOR



28 Apr, 2023 2:35:05 PM GMT+5

DIRECTOR