

# FINCA MICROFINANCE BANK LIMITED

## Condensed Balance Sheet

As at 30 September 2022

		(Un-audited) 30 September 2022 Rupees	(Audited) 31 December 2021 Rupees
<b>Assets</b>			
Cash and balances with SBP and NBP	8	1,686,859,955	1,702,585,689
Balances with other banks / NBFIs / MFBs	9	121,901,639	278,598,549
Investments	10	7,692,481,795	10,229,997,480
Advances - net of provisions	11	19,697,446,354	18,827,193,888
Operating fixed assets	12	1,685,729,433	1,966,209,373
Other assets	13	2,092,256,016	3,033,007,520
Deferred tax assets	14	1,772,193,890	1,014,865,800
<b>Total assets</b>		<b>34,748,869,082</b>	<b>37,052,458,299</b>
<b>Liabilities</b>			
Deposits and other accounts	15	24,488,396,374	25,419,127,446
Borrowings	16	3,880,253,280	4,381,378,885
Subordinated debt	17	800,000,000	800,000,000
Other liabilities	18	2,546,240,909	2,714,340,019
<b>Total liabilities</b>		<b>31,714,890,563</b>	<b>33,314,846,350</b>
<b>Net assets</b>		<b>3,033,978,519</b>	<b>3,737,611,949</b>
<b>Represented by:</b>			
Share capital		6,348,887,110	6,348,887,110
Discount on issue of shares		(4,089,040,293)	(4,089,040,293)
Statutory reserve		868,881,433	868,881,433
Depositors' protection fund		311,130,594	286,448,527
Unappropriated profit		(394,957,299)	334,322,112
		<b>3,044,901,545</b>	<b>3,749,498,889</b>
Deficit on revaluation of assets - net of tax	19	(10,923,026)	(11,886,940)
<b>Total capital</b>		<b>3,033,978,519</b>	<b>3,737,611,949</b>
<b>Memorandum / off-balance sheet items</b>	20		

The annexed notes from 1 to 24 form an integral part of these financial statements.

Chief Executive Officer

Chairman

Director

# FINCA MICROFINANCE BANK LIMITED

Condensed Profit and Loss Account (Un-audited)

For the nine months ended 30 September 2022

	Note	Nine months ended		Three months ended	
		30 September 2022	30 September 2021	30 September 2022	30 September 2021
		Rupees	Rupees	Rupees	Rupees
Mark-up / return / interest earned	21	3,358,059,205	3,953,548,062	613,071,030	810,276,746
Mark-up / return / interest expensed	22	(2,418,564,799)	(1,970,417,305)	(926,563,580)	(652,942,091)
Net mark-up / interest income		939,494,406	1,983,130,757	(313,492,550)	157,334,655
Reversal / (provision) against non-performing advances	11.4	(268,740,206)	(1,786,324,590)	(433,200,840)	(548,349,220)
Bad debts written off directly		(18,965,461)	(14,476,047)	(11,588,324)	(10,202,451)
		(287,705,667)	(1,800,800,637)	(444,789,164)	(558,551,671)
Net mark-up / interest income after provisions		651,788,739	182,330,120	(758,281,714)	(401,217,016)
<b>Non mark-up / non interest income</b>					
Fee, commission and brokerage income	23	438,956,752	425,600,792	141,288,346	130,126,446
Other income		278,379,594	189,154,899	68,265,590	73,972,639
Total non mark-up / non interest income		717,336,346	614,755,691	209,553,936	204,099,085
		1,369,125,085	797,085,811	(548,727,778)	(197,117,931)
<b>Non mark-up / non interest expenses</b>					
Administrative expenses		(2,851,366,034)	(2,809,231,061)	(948,394,545)	(1,004,351,023)
Other charges		(45,189,346)	(31,981,739)	(11,813,050)	(11,173,817)
Total non mark-up / non interest expenses		(2,896,555,380)	(2,841,212,800)	(960,207,595)	(1,015,524,840)
<b>Loss before taxation</b>		(1,527,430,295)	(2,044,126,989)	(1,508,935,373)	(1,212,642,771)
Taxation - Current		(50,942,444)	(57,103,797)	(10,282,812)	(12,679,699)
- Prior		92,348,152	-	-	-
- Deferred		756,745,176	774,923,914	602,317,435	439,439,404
		798,150,884	717,820,117	592,034,623	426,759,705
<b>Profit / (loss) after taxation</b>		(729,279,411)	(1,326,306,872)	(916,900,750)	(785,883,066)
<b>Earnings / (Loss) per share</b>		(1.15)	(2.09)	(1.44)	(1.24)

The annexed notes from 1 to 24 form an integral part of these financial statements.

Chief Executive Officer

Chairman

Director

**FINCA MICROFINANCE BANK LIMITED**

Condensed Interim Statement of Comprehensive Income (Un-audited)

For the nine months ended 30 September 2022

	<b>Nine months ended</b>		<b>Three months ended</b>	
	<b>30 September 2022</b>	30 September 2021	<b>30 September 2022</b>	30 September 2021
	<b>Rupees</b>	Rupees	<b>Rupees</b>	Rupees
Loss after taxation	<b>(729,279,411)</b>	(1,326,306,872)	<b>(916,900,750)</b>	(785,883,066)
<b><u>Other comprehensive income / (loss) for the period</u></b>				
<b><u>Components of comprehensive income for the period not transferred to equity:</u></b>				
<i>Items that may be reclassified subsequently to profit and loss account</i>				
Net change in fair value of 'available-for-sale' securities	<b>381,000</b>	2,268,000	<b>(7,527,150)</b>	5,376,400
Related tax impact	<b>582,914</b>	(858,340)	<b>2,634,503</b>	-
	<b>963,914</b>	1,409,660	<b>(4,892,647)</b>	5,376,400
<b>Total comprehensive loss for the period</b>	<b><u>(728,315,497)</u></b>	<u>(1,324,897,212)</u>	<b><u>(921,793,397)</u></b>	<u>(780,506,666)</u>

The annexed notes from 1 to 24 form an integral part of these financial statements.

\_\_\_\_\_  
Chief Executive Officer\_\_\_\_\_  
Chairman\_\_\_\_\_  
Director

## FINCA MICROFINANCE BANK LIMITED

### Condensed Interim Statement of Changes In Equity

For the nine months ended 30 September 2022

	Capital reserves			Revenue reserves	Total	
	Share capital	Discount on issue of shares	Statutory reserve	Unappropriated profit		
	----- Rupees -----					
<b>Balance as at 31 December 2020 (Audited)</b>	6,348,887,110	(4,089,040,293)	868,881,433	266,156,280	1,848,106,312	5,242,990,842
Loss for the period	-	-	-	-	(1,326,306,872)	(1,326,306,872)
<i>Other comprehensive income</i>	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	-	(1,326,306,872)	(1,326,306,872)
Transfer to statutory reserve	-	-	-	-	-	4
Return on depositors' protection fund's investments	-	-	-	15,004,587	-	15,004,587
<b>Balance as at 30 September 2021 (Un-audited)</b>	<b>6,348,887,110</b>	<b>(4,089,040,293)</b>	<b>868,881,433</b>	<b>281,160,867</b>	<b>521,799,440</b>	<b>3,931,688,561</b>
<b>Balance as at 31 December 2021 (Audited)</b>	6,348,887,110	(4,089,040,293)	868,881,433	286,448,527	334,322,112	3,749,498,889
Loss for the period	-	-	-	-	(729,279,411)	(729,279,411)
<i>Other comprehensive income</i>	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	(729,279,411)	(729,279,411)
Transfer to statutory reserve	-	-	-	-	-	-
Return on depositors' protection fund's investments	-	-	-	24,682,067	-	24,682,067
<b>Balance as at 30 September 2022 (Un-audited)</b>	<b>6,348,887,110</b>	<b>(4,089,040,293)</b>	<b>868,881,433</b>	<b>311,130,594</b>	<b>(394,957,299)</b>	<b>3,044,901,545</b>

The annexed notes from 1 to 24 form an integral part of these financial statements.

\_\_\_\_\_  
Chief Executive Officer

\_\_\_\_\_  
Chairman

\_\_\_\_\_  
Director

# FINCA MICROFINANCE BANK LIMITED

Condensed Interim Cash Flow Statement (Un-audited)

For the nine months ended 30 September 2022

Note	30 September 2022 Rupees	30 September 2021 Rupees
<b><u>Cash flow from operating activities</u></b>		
Loss before taxation	(1,527,430,295)	(2,044,126,989)
<i>Adjustments for non-cash charges:</i>		
Depreciation on property and equipment	140,311,161	162,515,420
Depreciation on right of use assets	176,968,792	179,442,803
Amortization on intangible assets	48,787,554	50,076,458
Notional interest on lease liability	96,604,023	117,144,548
Provision against non-performing advances	268,740,206	1,786,324,590
Markup earned on investments in government securities	(757,575,763)	(417,228,060)
Net gain on disposal of operating fixed assets	(280,976)	(5,429,687)
Gain on revaluation of held for trading securities	(127,049)	-
Loss / (gain) on disposal of government securities	20,858,656	(468,648)
Amortization of deferred grant	-	(300,000)
Provision for gratuity	65,277,134	63,000,000
	<b>59,563,738</b>	<b>1,935,077,424</b>
	<b>(1,467,866,557)</b>	<b>(109,049,565)</b>
<i>Decrease / (increase) in operating assets:</i>		
Net investments in held for trading securities	(637,851,942)	-
Advances	(1,138,992,672)	(344,908,181)
Others assets	1,040,156,012	1,603,174,278
	<b>(736,688,602)</b>	<b>1,258,266,097</b>
<i>(Decrease) / increase in operating liabilities:</i>		
Bills payable	12,859,361	59,303,865
Borrowings from financial institutions	(501,125,605)	(247,750,001)
Deposits	(930,731,072)	(424,711,197)
Other liabilities	(15,738,942)	230,615,228
	<b>(1,434,736,258)</b>	<b>(382,542,105)</b>
	<b>(3,639,291,417)</b>	<b>766,674,427</b>
Gratuity paid	(54,583,643)	(33,761,913)
Income tax paid	(90,189,670)	(267,077,160)
<b>Net cash used in / (generated from) operating activities</b>	<b>(3,784,064,730)</b>	<b>465,835,354</b>
<b><u>Cash flow from investing activities</u></b>		
Net investments in available for sale securities	3,937,274,850	(2,288,606,877)
Interest income on depositors protection fund	-	15,004,587
Purchase of operating fixed assets	(84,748,043)	(17,348,034)
Sale proceeds of operating fixed assets	1,696,322	16,790,979
<b>Net cash generated from / (used in) investing activities</b>	<b>3,854,223,129</b>	<b>(2,274,159,345)</b>
<b><u>Cash flow from financing activities</u></b>		
Payment of lease liabilities	(242,581,043)	(234,171,278)
<b>Net cash used in financing activities</b>	<b>(242,581,043)</b>	<b>(234,171,278)</b>
<b>Increase / (decrease) in cash and cash equivalents</b>	<b>(172,422,644)</b>	<b>(2,042,495,269)</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>1,981,184,238</b>	<b>4,421,178,460</b>
<b>Cash and cash equivalents at end of the period</b>	<b>1,808,761,594</b>	<b>2,378,683,191</b>

The annexed notes from 1 to 24 form an integral part of these financial statements.

Chief Executive Officer

Chairman

Director

# FINCA MICROFINANCE BANK LIMITED

## Notes to the Condensed Financial Statements (Un-audited)

For the nine months ended 30 September 2022

### 1 Status and nature of business

FINCA Microfinance Bank Limited, ("the Bank") was incorporated on 26 June 2008 as a public limited company. The Bank obtained the Microfinance banking license from the State Bank of Pakistan ("SBP") on 12 August 2008 under the provisions of Microfinance Institutions Ordinance, 2001 and certificate of commencement of business on 04 September 2008 from Securities and Exchange Commission of Pakistan. The Bank received the certificate of commencement of business from SBP on 27 October 2008.

The Bank's principal business is to provide microfinance services to the poor and under-served segments of the society as envisaged under the Microfinance Institutions Ordinance, 2001. The registered office of the Bank is situated at Building-36 Sector-XX Commercial Zone, Phase III, Khayaban-e-Iqbal, DHA, Lahore, Pakistan. Subsequent to takeover by FINCA International the Bank has changed its name from Kashf Microfinance Bank Limited to FINCA Microfinance Bank Limited with effect from 25 November 2013.

The Bank is licensed to operate nationwide. As at 30 September 2022, the Bank has 130 branches (2021: 130 branches) operating in the provinces of Punjab, Khyber Pakhtunkhwa, Balochistan, Sindh, Gilgit Baltistan and Azad Jammu & Kashmir.

The holding company of the Bank is FINCA Microfinance Cooperatief U.A., (a cooperative with exclusion of liability incorporated in the Netherlands). The ultimate holding company of the Bank is FINCA Impact Finance, a not-for-profit corporation incorporated in Washington DC, USA.

#### 1.1 Going concern assumption

The Bank has incurred loss amounting to Rs. 729.28 million during the nine months in addition to the loss incurred in 2021 amounting to Rs. 1,523 million due to the adverse effects of COVID-19 and floods which have significantly affected the Bank's obligors' ability to repay the advances and resulted in reduction in markup income and the Capital Adequacy Ratio (CAR).

In order to avoid such situation the Bank's management is in continuous liaison with the Ultimate Parent Company - Finca Impact Finance (FIF) and the State Bank of Pakistan. The management has devised a plan in collaboration with the ultimate parent to seek additional equity injections in the forthcoming twelve months. Accordingly, these condensed financial statements have been prepared on a going concern basis.

However, the management acknowledges that there remains a material uncertainty pertaining to the timely achievement of plans and incase the plans are not materialized, the Bank may not be able to remain a going concern and realize its assets and discharge its liabilities in the normal course of business.

### 2 Basis of presentation

These condensed financial statements have been presented in accordance with the requirements of SBP Banking Surveillance Department (BSD) Circular No. 11 dated 30 December 2003.

These condensed financial statements comprise the condensed balance sheet of the Bank as at 30 September 2022 and the related condensed profit and loss account, condensed statement of comprehensive income, condensed statement of changes in equity and condensed cash flow statement together with the notes forming part thereof for the nine months ended 30 September 2022.

### **3 Basis of measurement**

These condensed financial statements have been prepared under the historical cost convention except for the following which are stated at fair values / present values:

- Investments in government securities;
- Right of use assets and corresponding lease liabilities; and
- Payable to defined benefit plan.

These condensed financial statements are presented in Pakistani Rupees ("Rs.") which is the Bank's functional currency. All amounts have been rounded to the nearest Rupee, unless otherwise indicated.

### **4 Statement of compliance and basis of preparation**

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

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as 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) and the Securities and Exchange Commission of Pakistan (SECP).

Wherever the requirements of the Microfinance Institution Ordinance, 2001, the Companies Act, 2017 or the directives issued by the SBP and SECP differ with the requirements of IFRS, the requirements of the Microfinance Ordinance, 2001, the Companies Act, 2017 and the said directives shall prevail.

**4.2** These condensed financial statements do not include all of the information and disclosures required for the annual financial statements and should be read in conjunction with the annual audited financial statements of the Bank for the year ended 31 December 2021.

**4.3** Comparative balance sheet numbers are extracted from the annual audited balance sheet of the Bank for the year ended 31 December 2021, whereas comparative figures of profit and loss account, statement of comprehensive income, statement of changes in equity and cash flow statement are stated from unaudited condensed financial statements of the Bank for the nine months ended 30 September 2021.

**4.4** The SBP, vide BSD Circular Letter No. 10, dated August 26, 2002 has deferred the applicability of International Accounting Standard 39 'Financial Instruments: Recognition and Measurement' (IAS 39) and International Accounting Standard 40 'Investment Property' (IAS 40) for banking companies till further instructions. Further, according to a notification of Securities and Exchange Commission of Pakistan (SECP) dated April 28, 2008, International Financial Reporting Standard 7 'Financial Instruments Disclosure' (IFRS 7), has not been made applicable for banks.

Accordingly, the requirements of these standards have not been considered in the preparation of these condensed financial statements. However, investments have been classified and disclosed in accordance with the requirements prescribed by SBP through various circulars.

#### **4.5 Newly effective requirements of IFRS effective from 01 January 2022:**

During the year certain amendments to currently effective IFRS have become effective. However these have no significant impact on the condensed financial statements of the Bank.

#### 4.6 Standards, interpretations of and amendments to the published approved accounting standards that are not yet effective

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and the interpretation thereto will be effective for accounting periods beginning on or after 01 January 2023:

<u>Standards or interpretation</u>	<u>Effective date (accounting periods beginning on or after)</u>
- IFRS 17 Insurance Contracts, including amendments Initial Application of IFRS 17 and IFRS 9 – Comparative Information	01 January 2023
- <i>Classification of Liabilities as Current or Non-current – Amendments to IAS 1 Presentation of Financial Statements</i>	01 January 2023
- Definition of Accounting Estimates – Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors	01 January 2023
- Disclosure Initiative: Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2	01 January 2023
- The SECP, through SRO 229(I)/2019 dated February 14, 2019, has notified that IFRS 9, Financial Instruments, is applicable for accounting periods ending on or after 30 June 2019. However, as per BPRD Circular No. 03 of 2022 dated 05 July 2022 of SBP, effective date of IFRS 9 implementation for microfinance banks has been extended to 01 January 2024.	

IFRS 9, Financial Instruments: Classification and Measurement, addresses recognition, classification, measurement and derecognition of financial assets and financial liabilities. The standard has also 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.

#### 5 Use of accounting estimates and judgements

In preparing the condensed financial statements, the significant judgments made by the management in applying accounting policies and the key source of estimation uncertainty are the same as those applied in the preparation of audited financial statements of the Bank for the year ended 31 December 2021.

#### 6 Significant accounting policies

The accounting policies and the methods of computation adopted in the preparation of the condensed financial statements are same as those applied in the preparation of the audited financial statements of the Bank for the year ended 31 December 2021.

#### 7 Financial Risk Management

The financial risk management objectives and policies adopted by the Bank are consistent with those disclosed in the financial statements for the year ended 31 December 2021.



	Note	(Un-audited) 30 September 2022 Rupees	(Audited) 31 December 2021 Rupees
<b>8 Cash and balances with SBP and NBP</b>			
Cash in hand	8.1	469,102,294	395,334,434
Balance with State Bank of Pakistan	8.2	1,099,193,742	1,123,669,630
<i>Balance with National Bank of Pakistan in:</i>			
Saving account	8.2	1,246,342	3,915,685
Current account	8.2	117,317,577	179,665,940
		<u>1,686,859,955</u>	<u>1,702,585,689</u>

8.1 The cash in hand is held by the Bank to comply with the statutory liquidity requirements as set out under the Prudential Regulations R-3 "Maintenance of cash reserve and liquidity".

8.2 This represents the balance maintained with SBP and NBP to meet the minimum balance requirement equivalent to 5% (2021: 5%) as cash reserve and 10% (2021: 10%) as liquidity reserve of the Bank's time and demand liabilities in accordance with the Prudential Regulations. Saving accounts carry markup at 6% (2021: 5.50% to 7.25%) per annum.

	Note	(Un-audited) 30 September 2022 Rupees	(Audited) 31 December 2021 Rupees
<b>9 Balances with other banks / NBFIs / MFBs</b>			
<i>In Pakistan:</i>			
Saving accounts	9.1	12,049,649	132,134,051
Current accounts		109,851,990	146,464,498
		<u>121,901,639</u>	<u>278,598,549</u>

9.1 These accounts carry mark-up ranging from 8.25% to 12.25% (2021: 5.50% to 7.40%) per annum.

	Note	(Un-audited) 30 September 2022 Rupees	(Audited) 31 December 2021 Rupees
<b>10 Investments</b>			
<i>Federal Govt. Securities:</i>			
Market treasury bills (Available for sale)	10.1	6,641,920,900	9,879,609,700
Market treasury bills (Held for trading)	10.1	1,050,560,895	350,387,780
		<u>7,692,481,795</u>	<u>10,229,997,480</u>

10.1 These carry yield rate ranging from 12.21% to 14.91% (2021: 6.39% to 11.40%) per annum and have maturity upto 24 March 2023. These securities have an aggregate face value of Rs. 7,574.69 million (2021: Rs. 10,370 million). This includes Rs. 311.13 million (2021: Rs. 286.45 million) maintained with SBP under depositors' protection fund to comply with the statutory liquidity requirements as set under the Prudential Regulations.

#### 11 Advances - net of provisions

	Note	30 September 2022 (Un-audited)		31 December 2021 (Audited)	
		Number	Rupees	Number	Rupees
Micro credit advances	11.1	173,968	20,397,664,176	200,967	19,615,335,012
Other advances	11.2	639	84,399,799	1,127	80,394,421
			<u>20,482,063,975</u>		<u>19,695,729,433</u>
Less: Provisions held:					
Specific	11.3 & 11.4	40,931	647,333,870	46,140	720,172,279
General	11.5		137,283,751		148,363,266
			<u>784,617,621</u>		<u>868,535,545</u>
			<u>19,697,446,354</u>		<u>18,827,193,888</u>

11.1 This includes fully secured advances amounting to Rs. 6,106.36 million (2021: Rs. 4,139.23 million) whereas the remaining advances are secured by personal guarantees.

11.2 These advances are staff loans and carry markup rate between 5% to 10% per annum (2021: 5% to 10%).

### 11.3 Particulars of non-performing advances

The total advances of Rs. 3,451.15 million (2021: Rs. 2,922.15 million) placed under non-performing status includes Rs 107.81 million (2021: Rs 55.30 million) advances, secured against gold.

30 September 2022 (Un-audited)				
%	Number	Amount outstanding Rupees	Provision required Rupees	Provision held Rupees
<b>Microenterprise loans</b>				
OAEM	10	18,597	1,914,460,235	189,951,904
Sub-standard	25	17,098	1,054,673,756	262,269,447
Doubtful	50	4,391	386,449,002	193,054,213
Loss	100	4	347,400	180,000
Total		40,090	3,355,930,393	645,455,564
<b>General and house loans</b>				
OAEM	0	318	36,990,073	-
Sub-standard	25	198	22,019,537	1,058,052
Doubtful	50	265	29,769,545	820,254
Loss	100	60	6,445,333	-
Total		841	95,224,488	1,878,306

31 December 2021 (Audited)				
%	Number	Amount outstanding Rupees	Provision required Rupees	Provision held Rupees
OAEM	0	14,450	1,164,616,182	-
Sub-standard	25	9,716	644,220,001	156,440,940
Doubtful	50	21,388	1,082,189,547	532,608,423
Loss	100	586	31,122,916	31,122,916
Total		46,140	2,922,148,646	720,172,279

### 11.4 Particulars of non-performing advances

Movement of provision against non-performing advances is as under:

Note	30 September 2022 (Un-audited)			31 December 2021 (Audited)		
	Specific Rupees	General Rupees	Total Rupees	Specific Rupees	General Rupees	Total Rupees
Balance as at 01 January	720,172,279	148,363,266	868,535,545	115,534,548	188,866,507	304,401,055
Charge for the period / year	279,819,721	(11,079,515)	268,740,206	2,210,729,731	(40,503,241)	2,170,226,490
Advances written off	(352,658,130)	-	(352,658,130)	(1,606,092,000)	-	(1,606,092,000)
	(72,838,409)	(11,079,515)	(83,917,924)	604,637,731	(40,503,241)	564,134,490
Balance as at	647,333,870	137,283,751	784,617,621	720,172,279	148,363,266	868,535,545

11.4.1 Particulars of write offs	(Un-audited)	(Audited)
	30 September 2022 Rupees	31 December 2021 Rupees
Against provisions	352,658,130	1,606,092,000
Directly charged to profit and loss account	18,965,461	22,531,552
	371,623,591	1,628,623,552

11.5 This represents general provision equivalent to 1% (2021: 1%) of the outstanding advances net of specific provisions and those against which gold collaterals are taken.

12 Operating fixed assets	Note	(Un-audited)	(Audited)
		30 September 2022 Rupees	31 December 2021 Rupees
Capital work-in-progress	12.1	53,380,336	27,237,929
Intangible assets	12.2	159,348,219	185,311,071
Right of use assets	12.3	803,427,913	978,078,124
Property and equipment	12.4	669,572,965	775,582,249
		<b>1,685,729,433</b>	<b>1,966,209,373</b>
<b>12.1 Capital work-in-progress</b>			
Equipment		47,896,704	23,748,226
Advances to suppliers and contractors	12.1.1	5,483,632	3,489,703
		<b>53,380,336</b>	<b>27,237,929</b>
12.1.1 This represents advances to suppliers given against property and equipment.			
<b>12.2 Intangible assets</b>			
Computer Software			
Cost:			
Balance as at 01 January		645,791,527	600,288,488
Additions during the period / year		22,824,702	45,503,039
Balance as at		<b>668,616,229</b>	645,791,527
Amortization:			
Balance as at 01 January		460,480,456	394,386,106
Charge during the period / year		48,787,554	66,094,350
Balance as at		<b>509,268,010</b>	460,480,456
<b>Carrying value</b>		<b>159,348,219</b>	<b>185,311,071</b>
		<b>2022</b>	<b>2021</b>
<b>Amortization rate</b>		<b>10% - 20%</b>	<b>10% - 20%</b>
<b>12.3 Right of use assets:</b>			
The movement in right of use assets during the period is as follows:			
Opening net book value		978,078,124	1,222,372,194
Additions during the period / year		2,318,581	47,652,159
Right of use asset derecognized during the period / year		-	(63,391,044)
Modification of lease for the period / year		-	5,588,749
Depreciation charge for the period / year		(176,968,792)	(234,143,934)
Closing net book value		<b>803,427,913</b>	<b>978,078,124</b>
<b>12.4 Property and equipment</b>			
The movement in property and equipment during the period is as follows:			
Opening net book value		775,582,249	973,121,672
Additions during the period / year		35,640,223	45,958,921
Disposals during the period / year - net book value		(1,338,346)	(20,818,294)
Write offs during the period / year		-	(8,769,679)
Depreciation charged during the period / year		(140,311,161)	(213,910,371)
Closing net book value		<b>669,572,965</b>	<b>775,582,249</b>

	(Un-audited) 30 September 2022 Rupees	(Audited) 31 December 2021 Rupees
<b>13 Other assets</b>		
Income / mark-up accrued on advances	1,449,521,014	2,589,642,115
Income / mark-up accrued on balance with banks	187,649	361,711
Prepayments	85,643,598	31,660,105
Security deposits	9,474,270	9,324,270
Stationary and stamps on hand	22,652,722	31,855,951
Advance tax - net	229,776,473	130,371,965
Receivable from SBP against crop insurance	149,450,545	188,280,825
Others	145,549,745	51,510,578
	<b>2,092,256,016</b>	<b>3,033,007,520</b>

#### 14 Deferred tax asset

*Deferred tax asset on deductible temporary differences arising in respect of:*

- Payable to defined benefit plan	107,999,476	93,179,885
- Provision against non performing advances	522,850,582	469,224,882
- Turnover tax credits	126,963,656	76,004,919
- Unadjusted tax losses	1,006,468,580	380,538,766
- Deficit on revaluation of 'available for sale' securities	6,911,814	6,400,660
	<b>1,771,194,108</b>	<b>1,025,349,112</b>

*Deferred tax liability on taxable temporary differences arising in respect of:*

- Accelerated tax depreciation	1,049,331	(10,483,312)
- Gain on revaluation of 'available for sale' securities	(49,549)	-
	<b>1,772,193,890</b>	<b>1,014,865,800</b>

#### 15 Deposits and other accounts

	Note	30 September 2022 (Un-audited)		31 December 2021 (Audited)	
		Number of accounts	Amount (Rupees)	Number of accounts	Amount (Rupees)
Fixed deposits	15.1	6,213	13,267,476,837	9,220	13,707,049,478
Saving deposits	15.2	124,968	8,751,669,513	123,712	9,024,669,682
Current deposits		1,668,450	2,469,250,024	1,575,558	2,687,408,286
		<b>1,799,631</b>	<b>24,488,396,374</b>	<b>1,708,490</b>	<b>25,419,127,446</b>

**15.1** These represent fixed deposits having tenure of 1 to 60 months carrying profit rates ranging from 7.72% to 17.50% (2021: 7.25% to 14.00%) per annum.

**15.2** The saving deposits represent accounts carrying interest rates ranging from 7.25% to 16.00% (2021: 6.50% to 9.50%) per annum.

#### 15.3 Particulars of deposits by ownership

	30 September 2022 (Un-audited)		31 December 2021 (Audited)	
	Number of accounts	Amount (Rupees)	Number of accounts	Amount (Rupees)
Individual depositors	1,798,630	18,917,294,112	1,707,645	20,415,984,736
<i>Institutional depositors:</i>				
Corporations, firms and other such entities	927	3,993,511,032	780	3,766,187,373
Banks and financial institutions	74	1,577,591,230	65	1,236,955,337
	<b>1,799,631</b>	<b>24,488,396,374</b>	<b>1,708,490</b>	<b>25,419,127,446</b>

**15.4** Deposits include deposits from related parties amounting to Rs. 155.76 million (2021: Rs. 209.12 million).



	<b>(Un-audited)</b> <b>30 September 2022</b> <b>Rupees</b>	<b>(Audited)</b> <b>31 December 2021</b> <b>Rupees</b>
--	--	--

**19 Deficit on revaluation of assets**

*Deficit on revaluation of securities:*

Federal government securities - market treasury bills  
(T-Bills - available for sale) - net of tax

<b>(10,923,026)</b>	<b>(11,886,940)</b>
---------------------	---------------------

**19.1** 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)".

**20 Memorandum / off-balance sheet items**

**20.1 Contingencies and commitments**

There has been no change in the status of contingencies and commitments for the period, from those disclosed in the annual financial statements for the year ended 31 December 2021.

	<b>(Un-audited)</b> <b>30 September 2022</b> <b>Rupees</b>	<b>(Un-audited)</b> <b>30 September 2021</b> <b>Rupees</b>
--	--	--

**21 Mark-up / return / interest earned**

Interest / mark-up on advances	<b>2,574,590,985</b>	3,478,272,640
Markup earned on investments in government securities	<b>757,575,763</b>	417,228,060
Interest / mark-up on bank accounts	<b>25,892,457</b>	58,047,362
	<b>3,358,059,205</b>	3,953,548,062

**22 Mark-up / return / interest expensed**

Deposits	<b>1,816,429,795</b>	1,553,430,490
Borrowings	<b>392,107,420</b>	235,605,116
Subordinated loan	<b>113,423,561</b>	64,237,151
Notional interest on lease liability	<b>96,604,023</b>	117,144,548
	<b>2,418,564,799</b>	1,970,417,305

**23 Fee, commission and brokerage income**

Loan processing fee	<b>318,567,867</b>	349,305,723
Income on cheque book issuance	<b>5,303,161</b>	5,177,419
Over due charges	<b>50,968,538</b>	40,896,231
Early settlement charges	<b>44,596,325</b>	19,653,801
Others	<b>19,520,861</b>	10,567,618
	<b>438,956,752</b>	425,600,792

**24 General**

Figures have been rounded to the nearest Rupee unless otherwise specified.

\_\_\_\_\_  
Chief Executive Officer

\_\_\_\_\_  
Chairman

\_\_\_\_\_  
Director