



# 2021 ANNUAL REPORT



**2021**  
**ANNUAL**  
**REPORT**



# TABLE OF CONTENT

03

About Us

05

Performance Growth

08

Our Customers

15

U Bank's Triple Bottom Line

17

Digital Financial Solutions Partners

19

Awards & Recognition

21

Company Information

23

Board of Directors

25

Management Team





Message from the Chairman	32
Message from the President & CEO	34
U Bank's Business Canvases	35
Directors' Report to the Shareholders	37
Independent Auditors' Report	48
Balance Sheet	51
Profit & Loss Account	52
Statement of Comprehensive Income	53
Statement of Changes in Equity	54
Cash Flow Statement	55
Notes to the Financial Statement	56



# ABOUT US

U Microfinance Bank Ltd. (U Bank) is a wholly owned subsidiary of Pakistan Telecommunication Company Limited (PTCL) – Etisalat Company. The bank has a network of more than 200 branches, across 183 cities and rural areas in Pakistan and offers a wide range of microfinance loans, deposit products, and branchless banking solutions. U Bank's branchless banking offers services under the banner of UPaisa in collaboration with Ufone (Pak Telecom Mobile Limited). The service is offered at nearly 50,000 agent locations across Pakistan.

U Microfinance Bank is proud to stand at the front line of fighting poverty in Pakistan and is dedicated to play its critical part in the implementation of National Financial Inclusion Strategy 2023 aims to bring 50% of Pakistan's adult population into the banking net.

At U Microfinance Bank, we firmly believe that access to microfinance services contribute significantly towards building a more inclusive society by bringing the underserved population into the banking net as well as to help document the informal economy. Our product portfolio is designed to continuously create livelihoods for the underserved population of Pakistan and bring betterment to their lives.

## OUR VISION

Driven by the passion for disruptive innovation and the desire for financial inclusion, we aim to become the problem solver and enabler to the Pakistani microfinance ecosystem.

## CORE VALUES

Merit | Commitment | Innovation  
Ethics | Transparency



55

Billion - Deposit

36.4

Billion - Loans

200+

Branch Network

# PERFORMANCE GROWTH



## GROSS LOAN PORTFOLIO

(in Billion)

5.57	10.65	17.22	21.88	31.31	36.41
2016	2017	2018	2019	2020	2021

## CUSTOMER DEPOSIT VOLUME

(in Billion)

8.11	11.97	20.53	23.29	46.10	55
2016	2017	2018	2019	2020	2021

## NUMBER OF CUSTOMERS

317,644	435,131	621,248	839,509	1,478,934	2,739,578
2016	2017	2018	2019	2020	2021

## CREDIT RATING

Long Term	A-	A	A	A	A+	A+
Short Term	A-2	A-2	A-1	A-1	A-1	A-1
	2016	2017	2018	2019	2020	2021







# OUR CUSTOMERS





## SHELTERING THE FAMILY

### Home Loan - Government Mark-up Subsidy Scheme

Munir Ahmed Khokhar, a modest man who is a father of five hails from the Dadu district. Munir spent his young years studying hard to earn income for his family; giving tuition classes locally to help make ends meet. He steadily progressed in life, got a government job before starting his own family while continuing to live with his parents.

As time passed, his siblings also started their own families, and space in their parent's home became sparse, as it became evident for him to find a separate home for his family. However, working as a salaried individual, Munir struggled to build up an adequate amount of funds for a new home.

He started looking for financing schemes and fortunately for him, he went for U Microfinance Bank's Home Loan; a government-subsidized project which allows individuals to avail long-term loans with easy to repay payments. Soon after, Munir became the proud owner of his own house, allowing his family to have a space of their own and freeing up some much-needed space at his old home for his parents and siblings.



## ACTUALIZING DREAMS

### Sunehra Sarmaya Loan

Saif-ur-Rehman Memon, a resident of Chambar (Tando Allahyar), began rearing cattle at a young age and now has been working for 15 years. He started his business with only two cows, selling milk on a small scale – tending to customers with lesser demand before realizing the demand for milk around Chambar area was quickly growing.

However, despite his early success, being a sole proprietor, Saif lacked investment, which hindered his farming business' growth. However, being the budding entrepreneur with a knack for spotting an opportunity, Saif got in contact with U Microfinance bank.

He utilized "Sunehra Sarmaya Loan" which helped him grow his business while staying on track with repayments. Saif was able to diversify, add animal trading to his repertoire of services alongside the sale of milk, and managed to expand his business into the neighboring areas too. With the much needed and perfectly tailored financial help he got from U Bank's Loan, Saif now stands as the owner of one of the largest cattle farms in the Chambar area, with his business going from strength to strength.



## OVERCOMING ADVERSITY

### Tankhwa Loan

Roohi Asif, a resident of Liaqatabad in Karachi had been working hard to take care of two children since her husband's demise.

As a widowed single mother, she was the sole breadwinner for her children and had to face immense struggle as a result. Being unable to afford a place of her own, Roohi had to move in with her brother's family to help support her children. Even with Roohi's combined assets and savings, she still lacked the financials to afford separate shelter for her family.

Struggling to make ends meet, she consulted a colleague who referred her to U Microfinance Bank, and things changed. With the help of the Bank's understanding and cooperative service, Roohi was recommended the Tankhwa Loan, which helped her in overcoming her financial obstacles while allowing her to repay the loan comfortably. Roohi now lives in a separate space of her own - A Home.





## STRIVING FOR SUCCESS

### Commercial Vehicle Financing

Hafeez Shakeel Hussain Shah started out as a humble fruit and vegetable seller on the streets of Bagh, Azad Kashmir where he sold his produce directly to people at their doorsteps. Despite his modest beginnings, Hafeez rented a commercial vehicle to help support his sales to help grow his business.

However, the rent of the vehicle created an obstacle and started to impact his revenues negatively. He also faced logistical issues as his deliveries were often late, and he faced numerous complaints from his customers. Knowing how much negative word of mouth could impact his business, he began to seek avenues to finance the purchase of his own vehicle for his business.

By getting in touch with U Microfinance Bank, Hafeez was able to avail a loan through Commercial Vehicle Financing. Hafeez was able to get his own vehicle and now consistently delivers to his customers on time. With the positive experience he had with U Bank's customer services alongside an easy to pay back repayment plan, Hafeez is now looking to get an additional vehicle to help his business grow even further.



## JOURNEYING TO GREATER TRIUMPHS

### Barhta Karobar Loan (MSME Loan)

Syed Rahim, a resident of Khwazakhela Swat has been the proud owner of his own fish farm since four years now. With his business flourishing in the fish farm-heavy area of Swat, Syed Rahim was often encouraged to expand on his business, but he lacked the resources to grow his farming business further, despite managing to upscale his facility to some extent.

Syed Rahim through U Bank was able to utilize “Barhta Karobar Loan” (MSME Loan) which allowed him to take his business to the next level. The loan allowed him to expand his farm’s size considerably.

Syed Rahim’s business has grown to an extent that he now works as the wholesaler while trading in city markets as well. Throughout his journey, Syed Rahim has appreciated the bank’s customer service, which assisted him in achieving his goals and allowed him to look to the future, with greater expansion for his business and farms.



## PAYROLL DISBURSEMENT

### Branchless Banking Solutions

Blue-EX is a sub-brand of Universal Network Systems (UNS) – a reputable Pakistani organization that was launched in 2005. Operating as a logistics company relying on motorbike riders, “Blue-EX” has been operating in Pakistan since 2011, with the company operating in more than 38 cities across the country.

Previously, Blue-EX was using dated, conventional banking services for its payroll disbursement process. These became a hindrance for their staff who complained about issues with monitoring payments.

The organization then opted for U Bank’s UPaisa - Digital Services which allowed for a seamless shift of the company’s payroll accounts, making the employees’ lives much easier.

With U Bank’s nationwide operations, their riders now have the option of using ATM services from even the most remote areas in Pakistan, allowing them access to their funds without any need for branch visits.



# PEOPLE, PLANET & PROFIT

## U BANK'S TRIPLE BOTTOM LINE

At U Microfinance Bank we are led by the triple bottom line ambition of keeping People, Planet and Profit at the center of our work. While we continue to invest in our people, including employees and customers alike, we are also cognizant of the impact of our work on our planet and its climate. As a result we have been committed to reducing our carbon and waste footprint.

We have been working closely with Saaf Suthra Sheher, an environmental management startup, for the third year in a row to recycle all of our waste. This year U Bank recycled a total of 2026 kg of waste, a majority of which was paper.

Furthermore, the bank has continued to digitize more of its processes to also reduce paper related waste.

Keeping up with the tradition from past years, the bank continued with a company wide tree plantation campaign to contribute to the National 10 Billion Trees Tsunami Campaign and planted 6,000 trees in Miyawaki Forest. As we move forward we will also keep embodying the spirit of a truly Green Microfinance institution, by introducing more services and products geared towards environmental sustainability.

## U MICROFINANCE BANK SAVED

**26,800 L**  
Water

**17**  
Trees

**4 MW**  
Electricity





# Recycled **1061 KG** in 2021

Paper  
**1013 KG**

Plastic  
**35 KG**

Metal  
**13 KG**

Glass  
**1 KG**

Savings are calculated using international research standards



# DIGITAL FINANCIAL SOLUTIONS PARTNERS



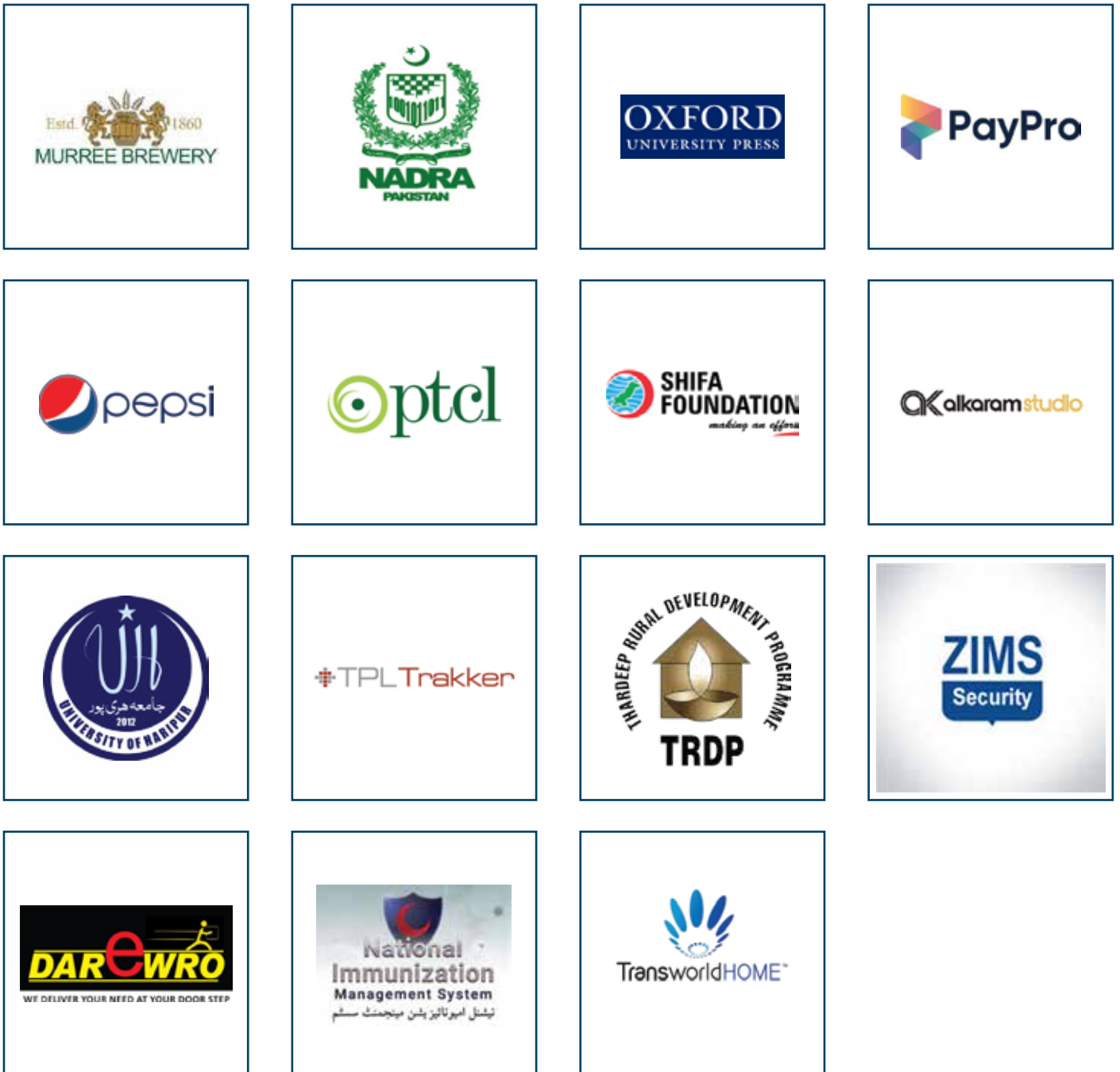
haball



WAVES Plus

kuickpay







# AWARDS AND RECOGNITION



## **Global Good Governance (3G) Awards – 2021**

3G Creativity and Innovation Award

3G Best Emerging Leader in Corporate Sector Award



## **Global Business Outlook Awards – 2021**

Fastest Growing Microfinance Bank in Pakistan



## **Global Diversity & Inclusion Benchmark (GDIB) Awards – 2021**

Vision, Strategy and Business Case – Proactive

Community, Government and Social Responsibility – Progressive

Products and Services – Progressive



## **Asian Banking & Finance (ABF) Retail Banking Award 2021**

Rural/Cooperative Bank of the Year – Pakistan



# COMPANY INFORMATION

## Board of Directors

Mr. Burak Sevilengul

Chairman

Mr. Kabeer Naqvi

President & CEO / Director

Mr. Mohammad Nadeem Khan

Director

Mr. Muhammad Aqueel Malik

Director

Ms. Misbah Naqvi

Independent Director

Mr. Muhammad Jahanzeb Rahim

Director

Mr. Mohamed Essa Al Taheri

Director

Mr. Tariq Mohar

Independent Director

## Chief Financial Officer

Mr. Muhammad Majid Khan

## Company Secretary

Ms. Palwasha Qazi

## Auditors

M/s KPMG Taseer Hadi & Co. Chartered Accountants Islamabad

## Legal Advisor

Ali & Ali Associates

## Principal Registered Office

2nd Floor, 13-B Jinnah Super Market, F-7, Islamabad

## Website

[www.ubank.com.pk](http://www.ubank.com.pk)





# BOARD COMMITTEES

## Risk Management Committee

Mr. Mohammad Nadeem Khan – Chairman

Mr. Mohamed Essa Al Taheri – Member

Mr. Jahanzeb Rahim – Member

Mr. Tariq Mohar – Member

## Human Resource & Remuneration Committee

Mr. Aqueel Malik – Chairman

Mr. Mohamed Essa-Al-Taheri – Member

Ms. Misbah Naqvi – Member

Mr. Jahanzeb Rahim – Member

## Information Technology Committee

Mr. Jahanzeb Rahim – Member

Ms. Misbah Naqvi – Member

Mr. Aqueel Malik – Member

## Finance Committee

Mr. Mohammad Nadeem Khan – Chairman

Mr. Aqueel Malik – Member

Mr. Mohamed Essa-Al-Taheri – Member

Mr. Tariq Mohar – Member

## Audit Committee

Ms. Misbah Naqvi – Chairperson

Mr. Mohammad Nadeem Khan – Member

Mr. Tariq Mohar – Member

# BOARD OF DIRECTORS



Mr. Burak Sevilengul  
Chairman



Mr. Kabeer Naqvi  
President & CEO / Director



Mr. Mohammad Nadeem Khan  
Director



Mr. Mohamed Essa Al Taheri  
Director



Mr. Aqueel Malik  
Director



Ms. Misbah Naqvi  
Independent Director



Mr. Muhammad Jahanzeb Rahim  
Director



Mr. Tariq Mohar  
Independent Director



# MANAGEMENT TEAM



## KABEER NAQVI

### *President & CEO*

Mr. Naqvi has been with U Microfinance Bank since Sep 2015 and has been instrumental in the turnaround of the bank. He has more than 21 years of work experience to his name and continues to lead U Bank with his vigor, drive and vision. Mr. Naqvi represents a new breed of bankers who have managed to push the evolution in banking while staying true to the spirit of serving the underserved and excluded population of the country.

Previously he has served as the Chief of Staff & Chief Financial Officer at Tameer Microfinance Bank (Currently Telenor Microfinance Bank) where his career spanned over 9 years. He has had extensive work experience in External & Internal Audit, Corporate Finance and Taxation and has served at Ernst & Young Saudi Arabia, TPL Pakistan and House of Habib.

Mr. Naqvi is a trained accountant and a distinguished fellow member of ACCA – the Association of Chartered Certified Accountants. He is a part of the board of directors at Pakistan Microfinance Network and also chairs its Audit Committee.



## AMBREEN MALIK

### *Chief Business Officer & Chief Digital Officer*

Ms. Malik is a graduate of London School of Economics and Political Science and holds degrees in Business, Development and Urban policy. She has more than 20 years of work experience spanning Pakistan, UK and The Philippines. She has worked in Retail, Priority banking and Trade Finance with ABN AMRO Pakistan, Dubai Islamic Bank Pakistan and HBL, UK respectively. She has been with U Microfinance Bank since Oct, 2015.

Ms. Malik brings an incredibly diverse experience to U Microfinance Bank. A shift in career took her to the likes of Habitat for Humanity International, The Asia Foundation and Senate of Philippines. She has also taught at National University of Science & Technology – Islamabad.



## HAIDER ALI

*Chief Credit Officer*

Mr. Haidar Ali is an experienced banker with more than 18 years of Banking experience under his belt. He started his career as Management Trainee with Bank Alfalah and served at various key positions across different areas of banking spanning over Branch Banking, Credit, Compliance and Risk Management both in Pakistan and overseas. His last assignment was as Head Risk Management at FINCA Microfinance Bank Limited where he played a vital role in establishing the Risk Management function of the bank.

Mr. Haidar Ali has done his Masters in Business Administration from the University of Peshawar.



## MARIAM PERVAIZ

*Chief Commercial Officer & Chief of Staff*

Ms. Pervaiz brings with her 17 years of experience in corporate and commercial banking. She has an MBA degree from Bahria University Islamabad. Her expertise include corporate finance, liability management, product design, cash management and transaction banking.

She has previously worked with MCB Bank where her last held position was Head of Transaction Banking North and has an extensive experience in establishing relationships with very diverse clientele.



## MUBASHAR SHAHANI

### *Chief Internal Auditor*

Mr. Shahani is a Chartered Accountant by profession and a fellow member of Institute of Chartered Accountants of Pakistan. He has over 16 years of work experience and core areas of expertise include control design and risk assessment, quality assessment and development and implementation of risk based audit methodology for conventional and digital banking processes.

Prior to joining U Microfinance Bank, he had worked with Telenor Microfinance Bank where he played an active role in development of Internal Audit function in line with the international standards and played the leading role in development and implementation of risk based audit methodology for mobile financial services (easypaisa). He had also worked with KPMG Pakistan and KPMG Lower Gulf Limited and was involved in audit of clients in financial services, manufacturing and service industry.



## MUHAMMAD JAVED

### *Chief Compliance Officer*

Mr. Javed brings nearly 22 years of diversified experience to the table with more than 18 years with microfinance banks in Pakistan. He has served in various capacities in the areas of Finance, Compliance, Internal controls, Risk management and fraud Investigations. Mr. Javed has been part of the founding team of U Microfinance Bank and has played a critical role in setting up U Microfinance Bank in 2012. He has worked for the likes of Khushhali Microfinance Bank, Mobilink Microfinance and Sapphire Fibers Ltd.

Mr. Javed holds a post grad certification in management accounting as well as a Master in Business Administration.



## MUHAMMAD MAJID KHAN

### *Chief Financial Officer*

Mr. Khan is a seasoned finance executive with 20 years of experience in banking and financial services in Pakistan and in the Middle East.

Before joining U Microfinance Bank Limited, he has worked with Bank Al Jazira, Abu Dhabi Islamic Bank, MCB Bank and ORIX Leasing Pakistan Limited. Prior to that, he also worked with PricewaterhouseCoopers (PWC) in assurance, advisory and tax services. His area of expertise includes Financial Reporting, MIS, Business Planning, and Strategy.

Mr. Khan is a Fellow Member of the Institute of Chartered Accountants of Pakistan and an Associate Member of the Institute of Chartered Accountants England and Wales.



## PALWASHA QAZI

### *Chief Legal Officer & Company Secretary*

Ms. Qazi has over 14 years of experience in Corporate Affairs, Corporate and Strategic Communication & Regulatory Affairs, etc.

Prior to joining U Microfinance Bank Limited, she served at various organizations including Universal Service Fund – USF (Ministry of Information Technology and Telecom), Midas Communication, Online International News Network (Magnates Communication).

Ms. Qazi is a Law Graduate and holds a Masters in International relations from Quaid-e-Azam University, Islamabad.



## SARMAD PRETU

### *Chief Risk Officer*

Mr. Pretu carries a experience in banking and finance spanning over 20 years. He started his career with Askari Bank Limited in 2002 and worked with the likes of ABN AMRO Bank Pakistan Limited, Faysal Bank Limited and The Bank of Punjab. He also worked at various levels at Pakistan Credit Rating Agency (PACRA) and JCR VIS Credit Rating Company Limited. He has worked on infrastructure project financing, corporate finance, commercial credits, investment banking, trade finance, risk management etc. He has also led various trainings at Institute of Bankers Pakistan Limited.

Mr. Pretu holds a MBA from Bahria University and a Master of Applied Finance from University of Western Sydney – Australia.



## SAADIA MANSOOR

### *Chief Human Resource Officer*

Ms. Mansoor is a HR professional with over 16 years of experience. She has worked for the NHS (UK), Mobilink (JAZZ), The Hub power company, PTCL and Askari Bank Limited. Having worked in different HR roles across various industries she has extensive experience in Strategy Development and Implementation, Business Partnerships, Core HR Operations, ER, Talent Management as well as Process Optimization and Digitalization.

She holds a Master's degree in English Literature, Post Graduate Diplomas in HRM from the University of London and The University of Westminster as well as GPHR certification from HRCI, California, USA. She is a certified Six Sigma Green Belt.



## SHAIKH MASHOOD-UR-RAHMAN

### *Chief Technology Officer*

Mr. Rahman has a diverse experience of more than 27 years within the technology sphere with 20 years in the banking industry. Prior to joining U Bank, he was heading the technology function at Dubai Islamic Bank Pakistan. Gradually progressing towards management positions, he has held various key positions across different organizations across various functions within the technology domain including Governance, Operations Management, Infrastructure Designing and Deployment, etc.

Mr. Rahman has a Master's degree in space and astronomical physics.





# MESSAGE FROM THE CHAIRMAN

As we enter a new chapter of U Microfinance Bank's journey, I would like to recognize the growth and expansion that we as a company have achieved over these last few years. Given the global pandemic and the myriad of challenges faced we did not falter, in fact we grew stronger and more determined to weather the storm and emerged out equipped to face any challenges head on.

As the Chairman of the board, it gives me great pleasure to announce that U Microfinance Bank closed the year with PKR 37 Bn GLP and PKR 55 Bn Deposit. This happened in large part due to the tactical plan and hard work put forth by the U Microfinance Bank employees. Our collective efforts have given us recognition in the banking and larger corporate sector as we were the recipient of 5 awards in 2021. Moving forward, we will continue to invest in digitalization and automation of services, to help optimize operational efficiency resulting in greater reduction in costs while improving customer experience.

We do not aim to stop here, rather are ambitious to continue to make U Microfinance Bank the best in class among financial institutions. Today, U Microfinance Bank boasts over 200 branches across Pakistan making us the largest microfinance institution in terms of outreach. Customers' financial and economic enablement continues to

be a source of great pride and joy to us. For this reason, our services and offerings have not only maintained consistency with quality but if anything, we have expanded our product range and level of accessibility to cater to our growing customer base.

With a new year comes a renewed focus and perspective. Sustainability continues to be a focal point moving forward. Giving back to the greater community is a pillar of our values as a progressive and sustainable entity. We aim to create and implement activities, systems, and policies that ensure profitability, scalability whilst achieving our sustainability goals for 2022.

As we look back at 2021, I would like to express my appreciation to the larger U Bank family. I thank all employees and the management for their continued hard work, dedication and unwavering passion. I would also like to thank our stakeholders for continuing to put their trust in the Board and management team. I look forward to continue to work on our strategy and vision for a more prosperous year ahead filled with monumental achievements and continued milestones.

Yours truly,  
Burak Sevilengul





# MESSAGE FROM THE PRESIDENT & CEO

Dear Friends of U Bank

As Pakistan emerged out of global pandemic not many businesses were able to see the light of the day. The pandemic's reminiscence is still here as we adjust to new realities and changes that have affected everyone. The challenges that we faced in this year were of unparalleled nature and led to some life changing internal conversations. In the end, the year 2021 has emerged as the year of resilience for U Microfinance Bank as the team continued to rally together in these testing times and was able to deliver another year of remarkable performance.

We continue to be one of the fastest growing banks in the microfinance sector and have the largest network of branches, spanning 200+ branches, 200 ATMs, across 183 rural and urban locations in Pakistan. U Microfinance Bank is pleased to be present at the last mile, where our branches and ATMs have continued to serve customers. This pandemic has also taught us that our ambition to bring more of Pakistan into banking net has become more important than ever before.

In 2021, our deposit grew to PKR 55 billion, whereas our loan portfolio increased to PKR 36.4 billion. Our treasury book stood at 57 Billion while our borrowing book was at PKR 39 Billion. U Microfinance Bank's total asset size stood at PKR 104 Billion. Our strategic foresight nudged us to focus on building secured portfolio along with activation of alternative revenue engines apart from traditional asset book building which, helped us get through a challenging time. We continued our journey in bringing financial relief to as many customers as we could so our customers could build resilience to absorb economic shocks linked to the pandemic and otherwise.

The year 2021 brought with it the recognition for our dedicated team and accomplishments in the banking sector. U Microfinance Bank Limited won the ABF Retail Banking Award 2021 for "Rural/Cooperative Bank of the Year – Pakistan", "Global Diversity & Inclusion Benchmarks (GDIB) Awards 2021". We were also given the award of the Fastest Growing Microfinance Bank in Pakistan at the Global Business Outlook Awards 2021 for our innovation and drive to create industry value.

The year 2022 will have an inclined focus towards building housing finance, launch and scaling of Islamic Banking and design and rollout of more of climate resilient products financing options. We aim to continue to build the digital rail roads needed to take the banking to the last mile and become a challenger retail bank.

I specially want to add that all our achievements have been only possible due to our diverse and talented team serving our customers across Pakistan. I want to thank our employees for their continued dedication and commitment to our values and our story of change.

I would also like to express our appreciation to our supervisory bodies for their valuable advice, as well as to our shareholders, for their continued trust and support. Finally, I thank our customers for their confidence in our bank.

We look forward to delivering another landmark year!

Yours sincerely,  
Kabeer Naqvi



# **U BANK's BUSINESS CANVASES**



## U BANK's BUSINESS CANVASES



Rural Retail Banking



Islamic Banking



Digital Banking



Corporate Finance  
& Investment Banking



Urban Retail Banking



Corporate Banking

## Directors' Report to the shareholders

We are pleased to present the Directors' Report and Audited Financial Statements of U Microfinance Bank Limited ('Ubank') for the year ended December 31<sup>st</sup>, 2021. The Bank, while persisting with the larger goal to serve the unbanked or under banked population, prospered during the year despite the challenging economic conditions and managed to deliver consistent financial results on the back of a robust and resilient balance sheet. The Bank stands firm with the resolve to address all financial needs of the customers in the microfinance ecosystem in Pakistan.

### Activities, Performance and Development:

Bank operates in more than 180 cities in Pakistan with a vision to disrupt and innovate the financial ecosystem and act as an enabler and problem solver for the customers. The vision includes women empowerment by financing micro and small enterprise loans, delivering access to education and finance, nurturing small businesses to help diversify economies, and leveraging microfinance to help business and livelihood outside metropolitan cities. Bank believes that access to microfinance services, i.e. access to credit, deposit and digital services shall contribute significantly to build a more inclusive society.

The financial year 2021 brought many challenges to the financial system in Pakistan. The aftershocks of COVID 19, the higher inflation rate, and the uncertain economic outlook of the country, coupled with the volatile currency exchange rates and higher oil prices, have put extraordinary pressure on the microfinance sector's customers. The micro and small businesses were particularly affected as measures to control COVID 19 limited their ability to do business, disrupted the supply chain, in addition to the health challenges. The Bank, with the support of the regulator, took actions to help our customer navigate this economic stress and stay in control of their finances during this turbulent time.

The challenges of 2021 forced the sector to adapt to the new operating environment and transform the processes accordingly. The need to evolve and innovate the products and services to address the customers' needs was even more critical. The Bank refreshed the strategic priorities during the year to reflect the evolving macroeconomic outlook post-pandemic. While the Bank will continue to focus on differentiated and low income earning segments of the society, the strategy now also includes MSME, housing finance, and Islamic banking segments. There is added focus on collateralized lending. This enrichment will help Bank develop more resilient customer-centric financial institutions.

The exponential transformation brought in by the emerging technologies has forced the banking and financial services sector to adopt these changes to satisfy customer needs. The Bank, as per the vision of financial inclusion through disruptive innovation is offering a complete suite of digital banking services to its customers, including internet and mobile banking, mobile wallets, and ATMs. The Bank is also actively investing in core banking, process automation, and IT security to ensure continuous service through the digital platforms.

International Remittance Business took root in FY 2020 as a strategic pillar. The business has started growing as the partnerships are coming to life. Remittance volumes have grown to 30 folds in FY 2021. The bank anticipates continued momentum in FY 2022 with more partnerships getting materialized.

The Bank's balance sheet remained strong despite the challenging financial year. Total assets increased by 48% compared to last year to PKR 104.6Bn from PKR 70.7Bn last year mainly due to an increase in loan and

investment portfolio. The Bank's credit exposure remained well diversified in secured and unsecured loans, the investment in government securities and A/A+ rated instruments.

Challenged with a difficult operating environment, higher market and credit risk, the Bank adopted and effectively implemented a series of measures to promote financial resilience. This includes developing a loan book with a mix of secured and unsecured portfolio and asset-backed loans, including commercial vehicles and housing finance. The Bank has disbursed loans in excess of PKR 33 billion and increased the gross loan portfolio by PKR 5.1Bn during the year. The increase was mainly in the collateralized portfolio. The strategy also includes building a sustainable funding base with a lower cost of CASA deposits and maintaining enough liquidity buffer to shield itself from liquidity shocks. The Bank increased the customer deposits by 19% to PKR 55Bn at the end of 2021 compared to PKR 46.1Bn in 2020. The increase is mainly due to an increase in CASA deposit by 76% from PKR 19.7Bn to PKR 34.7Bn. The Bank also strengthened its strategic funding alliances, which helped diversify its funding base and supported its growth trajectory, while the Treasury arm continued to create positive arbitrage opportunities for the Bank to ensure a positive bottom line impact.

The Bank managed the operating expenses despite inflationary pressures, mainly through aggressive cost rationalization measures and process automation.

U Bank's management team steered the company through a turbulent and challenging year. Despite the difficulties, U Microfinance Bank was able to post a Profit after Tax of PKR 1,111 million in year 2021 in comparison to PKR 906 million for the year 2020.

## Financial Results

Financial Results	December 31, 2021 (Rs'000)	December 31, 2020 (Rs'000)
Profit before taxation	1,356,145	1,204,072
Less WWF	(27,110)	(24,081)
Less: Taxation-Current	(429,474)	(549,449)
- Prior year	(12,702)	(52,310)
- Deferred	224,177	327,927
Profit after taxation	1,111,036	906,159
Earnings per share (Rupees)	3.60	3.19

## Transfer to Reserve

As per the requirements of Microfinance Institution Ordinance, 2001 and the Prudential Regulations for Microfinance Banks issued by the State Bank of Pakistan, the Bank has transferred an amount equivalent

to 20% of profit after tax to the statutory reserve PKR 222.2 million and 5% of profit after tax to the Depositors' Protection Fund PKR 55.6 million during 2021.

## Capital Adequacy Ratio

As of the balance sheet date, the Bank's equity for capital adequacy purpose and Capital Adequacy Ratio stood at PKR 8,626 million and 18.50% respectively, as against the minimum requirement of PKR 1, 000 million and, 15%, as prescribed by the State Bank of Pakistan (SBP).

## Number of Directors and Remuneration

The Bank has eight directors, excluding the President & CEO, out of which six are Non-Executive Directors and two of them are independent directors. There is female representation on the Board of Ubank. The Bank has a Remuneration Policy in place duly approved by the Board of Directors and the Shareholder. Remuneration of the Non-Executive Directors and Independent Directors is paid in accordance with the provisions laid out by the State Bank of Pakistan (SBP) in AC&MFD Circular No.02 of 2019.

## Change in Composition of Board of Directors

There was a casual vacancy on the Board in Feb 2021 detail of which is as follows:

S.No	Outgoing Director	Incoming Director
1.	Mr. Sher Afgan Khan	Vacant

## Holding Company

On August 30th, 2012, Pakistan Telecommunication Company Limited (PTCL) acquired 100% shareholding of Rozgar Microfinance Bank Limited, incorporated in Karachi on October 29th, 2003 under the Companies Ordinance, 1984, and its name was changed to U Microfinance Bank Limited (Ubank) with effect from December 07th, 2012. On January 31st, 2013, the Bank was granted license by the State Bank of Pakistan (SBP) for commencement of nationwide operations. On July 11th, 2013, approval for the nationwide commercial launch of Branchless Banking Services (BBS) was received from the State Bank of Pakistan (SBP).

## Corporate Governance

The Bank's management, being responsible for establishing and maintaining an adequate and effective system of internal controls and procedures, evaluates the effectiveness of the Bank's internal control system and reviews significant policies and procedures. To make these functions more effective & independent Board Sub - Committees have been set-up to provide the necessary oversight.

## Statements of Compliance with the code of Corporate Governance

The Directors are pleased to state that:



- a) The financial statements, prepared by the management of the Bank fairly present's its state of affairs encompassing; result of operations, cash flows and changes in equity;
- b) Proper books of account of the Bank have been maintained;
- c) Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment;
- d) International Financial Reporting Standards, as applicable in Pakistan and adopted by the State Bank of Pakistan (SBP), have been followed in preparation of the Bank's financial statements, and departures, if any, have been adequately disclosed;
- e) The system of internal control has been effectively implemented and monitored;
- f) There are no significant doubts upon the Bank's ability to continue as a going concern;
- g) During the year, six board meetings were held. These meetings were attended by the following directors:

Board Member	Designation	Total No of meetings	Meetings Attended
Mr. Burak Sevilengul	Chairman	06	06
Mr. Mohammad Nadeem Khan	Director	06	06
Mr. Mohamed Essa Al Taheri	Director	06	06
Mr. Muhammad Aqueel Abbas Malik	Director	06	06
Ms. Misbah Naqvi	Independent Director	06	05
Mr. Sher Afgan Khan (Resigned on February 08th, 2021)	Director	01	01
Mr. Jahanzeb Rahim	Director	06	06
Mr. Tariq Mohar	Independent Director	05	05
Mr. Kabeer Naqvi	President & CEO /Director	06	06

Following are the changes that took place in the Board of Directors composition during the year ended December 31st, 2021:

- Mr. Sher Afgan Khan resigned as a Director Ubank Board on February 08th, 2021 leaving a casual vacancy on the Board.
- h) Each Director on the Board of Ubank holds a qualification share/s and no director has acquired any share in the Bank during the year.

## Payment of Debts:

The Bank remains solvent with regards to its debt obligation and there has been no single instance of delay in discharging its legal obligations.

## Internal Audit

The Bank has an independent Internal Audit Department with experienced professionals with industry exposure. The Chief Internal Auditor directly reports to the Audit Committee of the Board. However, the Chief Internal Auditor administratively reports to the President & CEO.

## Audit Committee

The Audit Committee currently has three members, two Non-Executive Directors and an Independent Director i.e. Ms. Misbah Naqvi, who is the Chairperson of the committee.

## Credit Rating

The VIS Credit Rating Company Limited, based on the Banks financial position, has upgraded the entity rating to “A+” for the long term and “A-1” (A One) for the short term, with outlook assigned as “Stable”.

## Principal Risk and uncertainties

Banking industry is one of the highly regulated industry in Pakistan. State Bank of Pakistan (SBP) not only regularly keeps a check on each and every unit of the industry by frequently inspecting affairs of the Banks but has also put various stress indicator such as Minimum Capital Requirement (MCR), Capital Adequacy Ratio (CAR), Cash Reserve Requirement (CRR) and Statutory Liquidity Reserve (SLR) in order to regularize. During the year, the Bank remained compliant with all the regulatory requirements. In addition, the Bank also maintained high quality of its asset portfolio including investments and maintained industry standard liquidity, stress and delinquency ratios.

## External Auditors

The present auditors, Messers KPMG Taseer Hadi & Co. Chartered Accountants (KPMG), will be retiring in the upcoming Annual General Meeting and being eligible, have offered themselves for re-appointment. The Audit Committee of the board has recommended the reappointment of KPMG for next year. Accordingly, the Board of Directors endorses the recommendation of the Audit Committee for appointment of KPMG, as the statutory auditors of the Bank for the next year at fee agreed. The external auditor's re-appointment shall be subject to approval in the forthcoming Annual General Meeting.

## Related Party Transactions

Related parties of the Bank comprise of parent company, associated company, directors, key management personnel and employees' retirement benefit funds. The detail of Bank's shareholders is given in note 17 of the Bank's Annual Audited Financial Statements. PTCL, the parent company, holds

100% shares of the Bank, therefore, all subsidiaries and associated undertakings of PTCL are related parties of the Bank. Also, the Bank has related party relationships with its directors, key management personnel, entities over which the directors are able to exercise significant influence and employees' retirement benefit funds. Transactions with related parties were carried out in the ordinary course of business. Detail of transactions during the period and balances outstanding as at the period ended December 31st, 2021 are disclosed in note 37 of the Bank's Annual Audited Financial Statements.

## Events after Balance Sheet Date

There have not been any material events that occurred subsequent to the date of the Balance Sheet that require adjustments to the enclosed financial statements, except those which have already been made or disclosed.

## Pattern of Shareholding

The pattern of Shareholding as at December 31<sup>st</sup>, 2021.

S.No.	No Shares	Distinctive No	Held by
1	08	01 to 08	Directors (Qualifying Shares)
2	408,571,421	09 to 408,571,421	PTCL

## Earning Per share

Earnings per share of the Bank for the year ended 2021 is PKR.3.60 compared to PKR.3.19 as at end of year 2020.

## Appreciation & Acknowledgment

We take this opportunity to express gratitude to our customers and business partners for their continued support and trust. We offer sincere appreciation to the State Bank of Pakistan (SBP), for its unwavering support in a particularly difficult year. A heartfelt thanks is also extended to the Securities and Exchange Commission of Pakistan (SECP) and Central Depository Company (CDC), for their guidance and cooperation. Finally, we are also thankful to our associates, the Bank's management and staff for their committed services provided to our valued customers.



President and Chief Executive Officer  
Islamabad  
08 February 2022



Chairman

S.No.	No Shares	Distinctive No	Held by
1	08	01 to 08	Directors (Qualifying Shares)
2	408,571,421	09 to 408,571,421	PTCL

## فی شیئر آرنگ

2021ء کے آخر تک فی شیئر آرنگ 3.60 روپے تھی جو کہ 2020ء میں 3.19 روپے تھی۔

## قدرو اعتراف

ہم اپنے صارفین اور بزنس پارٹنرز کے مسلسل اعتبار اور تعاون پر ان کے شکرگزار ہیں۔ ہم رہنمائی اور تعاون پر اسٹیٹ بینک آف پاکستان، سیوریٹی اینڈ ایکسچینج کمیشن آف پاکستان اور سنٹرل ڈپازٹری کے بھی شکرگزار ہیں اور آخر میں ہم اپنے معزز اور پر عزم رفقاء، بینک انتظامیہ اور اسٹاف اور ان کی سروسز کے شکرگزار ہیں۔



دستخط چیف ایگزیکٹو آفیسر  
اسلام آباد  
08 فروری 2022



دستخط چیئرمین



31 دسمبر 2021 تک بورڈ آف ڈائریکٹرز کی تشکیل میں رونما ہونے والی تبدیلیاں درج ذیل ہیں

- شیراگن خان نے مورخہ 8 فروری 2021 کو بینک کے ڈائریکٹر کی حیثیت سے استعفیٰ دے دیا جس کے بعد بورڈ میں ایک اسامی خالی ہے۔
- (ح) بینک کے ڈائریکٹر شیئرز لینے کے اہل ہیں تاہم اس سال کے دوران کسی ڈائریکٹر نے بھی بینک سے کوئی شیئر حاصل نہیں کیا۔

## قرضوں کی ادائیگی

قرض ادا کرنے میں بینک کی کارکردگی اچھی رہی اور اس قانونی قرض کو پورا کرنے میں کوئی تاخیر نہیں ہوئی۔

## انٹرنل آڈٹ

بینک کا اپنا انٹرنل آڈٹ ڈیپارٹمنٹ ہے جس کا اسٹاف انڈسٹری کے تجربے کا حامل ہے۔ ہیڈ آف انٹرنل آڈٹ بورڈ کی آڈٹ کمیٹی کو جوابدہ ہے مگر انتظامی طور پر وہ پریذیڈنٹ اور CEO کو بھی جواب دہ ہے۔

## آڈٹ کمیٹی

آڈٹ کمیٹی میں اس وقت تین ممبران ہیں، دونوں ایگزیکٹو ڈائریکٹرز اور ایک خود مختار ڈائریکٹر ہیں جن کا نام مصباح نقوی ہے۔ مصباح نقوی کمیٹی کی چیئر پرسن ہیں۔

## کریڈٹ ریٹنگ

VIS کریڈٹ ریٹنگ کمپنی لمیٹڈ نے بینک کی فنانشل پوزیشن کے پیش نظر اس کی ریٹنگ طویل المدت "A+" اور قلیل المدت (A-1) 'A-One' کی ہے اور بینک کی بیرونی ساکھ متوازن ہے۔

## پرنسپل رسک اور غیر متوقع صورتحال

پاکستان میں بینکنگ انڈسٹری نہایت فعال ہے۔ اسٹیٹ بینک آف پاکستان ہر بینک کی کڑی نگرانی کرتا ہے اور باقاعدہ وقفوں سے ان کا معائنہ کرتا ہے۔ اسٹیٹ بینک آف پاکستان نے کم از کم سرمایہ ایم سی آر (MCR) سرمایہ کی مناسب ریشٹری اے آر (CAR)، کیشن ریزیروسی آر آر (CRR) اور ایس ایل آر (SLR) کی حد مقرر کی ہوئی ہے۔ گزشتہ سال بینک نے تمام ریگولیٹری شرائط پوری کیں۔ اس کے علاوہ بینک نے سرمایہ اور سرمایہ کاری کا اعلیٰ معیار قائم رکھا اور سٹینڈرڈ لیکویڈٹی، سٹریس اور ڈیلیٹو بٹنسی ریشٹرو کو بھی بحال رکھا۔

## ایکسٹرنل آڈیٹرز

موجودہ آڈیٹرز میسرز KPMG تاخیر ہادی اینڈ کمپنی آئندہ سالانہ اجلاس عام تک ریٹائر ہو جائیں گے اور اہلیت کی بنا پر انہوں نے دوبارہ تقرری کے لئے درخواست دی ہے۔ بورڈ کی آڈٹ کمیٹی نے انہیں دوبارہ مقرر کرنے کی سفارش کی ہے۔ بورڈ آف ڈائریکٹرز نے بھی طے شدہ فیس پر ان کی دوبارہ تقرری کو منظور کیا ہے۔ مذکورہ آڈیٹرز کو سالانہ اجلاس عام کی منظوری کے بعد مقرر کر دیا جائے گا۔

## متعلقہ پارٹی ٹرانزیکشنز

سرپرست کمیٹی، ملحقہ کمپنیز، ڈائریکٹرز، اہم انتظامی عہدے اور ایمپلائز ریٹائرمنٹ فنڈ بینک کی متعلقہ پارٹیز میں شامل ہیں۔ بینک کے شیئرز ہولڈرز کی تفصیل سالانہ آڈٹ فنانشل اسٹیٹمنٹ کے نوٹ نمبر 17 میں دی ہوئی ہے۔ پاکستان ٹیلی کمیونیکیشن کمپنی لمیٹڈ (پی ٹی سی ایل) کے پاس بینک کے 100% شیئرز ہیں لہذا اس کے اقرار نامے اور سب سڈی بھی بینک کی متعلقہ پارٹی میں شامل ہیں۔ اس کے علاوہ ملحقہ کمپنیز، ڈائریکٹرز، اہم انتظامی عہدے اور ایمپلائز ریٹائرمنٹ فنڈ بینک کی متعلقہ پارٹیز میں شامل ہیں اور تفصیل سالانہ آڈٹ فنانشل اسٹیٹمنٹ کے نوٹ نمبر 37 میں دی ہوئی ہے۔

## بیلنس شیٹ ڈیٹ کے بعد کے واقعات

بیلنس شیٹ ڈیٹ کے بعد کے واقعات میں قابل ذکر تبدیلی نہیں ماسوائے ان کے جن کا ذکر پہلے ہو چکا ہے۔

## شیئرز ہولڈنگ کا نمونہ

31 دسمبر 2021 تک شیئرز ہولڈنگ کا نمونہ درج ذیل ہے۔

## ہولڈنگ کمپنی

کمپنیز آرڈی نینس 1984ء کے تحت 29 اکتوبر 2003ء کو کراچی میں قائم ہوئے ”روزگار مائیکروفنانس بینک لمیٹڈ“ کو 30 اگست 2012ء کو پاکستان ٹیلی کمیونیکیشن کمپنی لمیٹڈ (پی ٹی سی ایل) نے اس کے 100% شیئر خرید لئے۔ 7 دسمبر 2012ء کو اس کا نام تبدیل کر کے یو مائیکروفنانس بینک لمیٹڈ رکھا گیا۔ 31 جنوری 2013ء کو سٹیٹ بینک آف پاکستان نے اسے ملک بھر میں کام کرنے کا لائسنس جاری کیا۔ 11 جولائی 2013ء سٹیٹ بینک آف پاکستان نے ملک بھر میں برانچس بینکنگ کے کمرشل اجرا کی منظوری دی۔

## کارپوریٹ گورننس

بینک کی مینجمنٹ داخلی امور اور دستور عمل کے لیے ایک منظم اور کارآمد نظام وضع کرنے اور اسے برقرار رکھنے کی ذمہ دار ہونے کے ساتھ ساتھ ان امور کی نگرانی اور جائزے کا کام بھی سرانجام دیتی ہے۔ بینک کے نظام کو مزید بہتر اور خود کار بنانے کے لئے بورڈ کی ذیلی کمیٹیاں تشکیل دی گئی ہیں۔

## کارپوریٹ گورننس کا معیار اور قوانین کے مطابق چلنے کا عزم

ڈائریکٹرز کا بیان ہے کہ

(الف) بینک انتظامیہ کی تیار کردہ فنانشل سٹیٹمنٹ، معاملات، آپریشن کے نتائج، کیش فلو اور ایکویٹی میں تبدیلی کی بہترین عکاسی ہیں۔

(ب) اکاؤنٹ کی کتابوں کو نہایت ترتیب سے رکھا گیا ہے۔

(ج) بینک مروجہ اکاؤنٹ پالیسیز پر مستقل کاربند ہے اور فنانشل سٹیٹمنٹ کی تیاری، تمام کوائف اور جائزہ قواعد کے مطابق درست انداز میں پیش کیا گیا ہے۔

(د) بین الاقوامی مالیاتی رپورٹنگ کے معیارات، جیسا کہ پاکستان میں قابل اطلاق ہیں اور اسٹیٹ بینک آف پاکستان کے ذریعے اپنایا گیا ہے اور بینک کے فنانشل سٹیٹمنٹ کی تیاری میں اپنایا گیا ہے اور اگر کوئی انحراف ہے تو ان کا مناسب طور پر انکشاف کیا گیا ہے۔

(ڈ) اندرونی کنٹرول پر موجود نظام مستحکم ہے اور اس کو موثر انداز میں نافذ اور نگرانی کی جارہی ہے۔

(ز) بینک کے نظام میں کوئی خامی نہیں ہے۔

(ر) پورے سال میں 6 بورڈ میٹنگز ہوئی جن میں درج ذیل ڈائریکٹرز نے شرکت کی۔

Board Member	Designation	Total No of meetings	Meetings Attended
Mr. Burak Sevilengul	Chairman	06	06
Mr. Mohammad Nadeem Khan	Director	06	06
Mr. Mohamed Essa Al Taheri	Director	06	06
Mr. Muhammad Aqueel Abbas Malik	Director	06	06
Ms. Misbah Naqvi	Independent Director	06	05
Mr. Sher Afgan Khan (Resigned on February 08th, 2021)	Director	01	01
Mr. Jahanzeb Rahim	Director	06	06
Mr. Tariq Mohar	Independent Director	05	05
Mr. Kabeer Naqvi	President & CEO /Director	06	06

34.7 بلین روپے تک 76% اضافے کی وجہ سے ہے۔ بینک نے اپنے اسٹریٹجک فنڈنگ الاؤنس کو بھی مضبوط کیا، جس نے اس کی فنڈنگ کی بنیاد کو متنوع بنانے میں مدد کی اور اس کی ترقی کی رفتار کو سہارا دیا، جب کہ ٹریژری آرم نے بینک کے لیے مثبت نچلی سطح پر اثر کو یقینی بنانے کے لیے مثبت ثالثی کے مواقع پیدا کرنے کا سلسلہ جاری رکھا۔ بینک نے افراط زر کے دباؤ کے باوجود بنیادی طور پر لاگت کو درست کرنے کے جارحانہ اقدامات اور عمل آؤمیشن کے ذریعے آپریٹنگ اخراجات کو منبج کیا۔ یو بینک کی مینجمنٹ ٹیم نے ایک ہنگامہ خیز اور چیلنجز بھرے سال سے کمپنی کو آگے بڑھایا۔ مشکلات کے باوجود، یو اینیکرو فنانس بینک سال 2020 کے لیے 906 ملین روپے کے مقابلے میں 2021 میں 1,111 ملین روپے کا بعد از ٹیکس منافع کمانے میں کامیاب رہا۔

## مالی نتائج

Financial Results	December 31, 2021 (Rs'000)	December 31, 2020 (Rs'000)
Profit before taxation	1,356,145	1,204,072
Less WWF	(27,110)	(24,081)
Less: Taxation-Current	(429,474)	(549,449)
- Prior year	(12,702)	(52,310)
- Deferred	224,177	327,927
Profit after taxation	1,111,036	906,159
Earnings per share (Rupees)	3.60	3.19

## ریزروٹرانسفر

2021ء میں مائیکرو فنانس انسٹیٹیوشن آرڈی نینس 2001ء اور اسٹیٹ بینک آف پاکستان کے جاری کردہ پروڈینشل ریگولیشنز فار مائیکرو فنانس بینک کے مطابق بینک نے اپنے بعد از ٹیکس منافع کا 20% سٹوری ریزرو میں 222.2 ملین روپے اور بعد از منافع کا 5% ڈپازٹس پر ٹیکسشن فنڈ میں 55.6 ملین روپے جمع کرائے ہیں۔

## کیپیٹل ایڈیکوئیسی ریشو

سٹیٹ بینک آف پاکستان کی مقررہ کم از کم شرط 1000 ملین ہے اور 15% کے مقابلہ میں بینک کی بیلنس شیٹ کے مطابق بینک ایکویٹی اور کیپیٹل ایڈیکوئیسی ریشو بالترتیب 8,626 ملین روپے اور 18.50% ہے۔

## ڈائریکٹرز کی تعداد اور ان کی تنخواہ

پریذیڈنٹ اور سی ای او سمیت بینک کے کل 9 ڈائریکٹرز ہیں جن میں 6 نان ایگزیکٹو اور 2 خود مختار ڈائریکٹرز ہیں۔ بورڈ آف ڈائریکٹرز میں خواتین کی نمائندگی بھی ہے۔ بینک کی remuneration پالیسی بورڈ آف ڈائریکٹرز اور شیئر ہولڈرز سے منظور شدہ ہے۔ نان ایگزیکٹو اور خود مختار ڈائریکٹرز کو remuneration سٹیٹ بینک آف پاکستان کے AC&MFD Circular No. 22 of 2019 کے تحت دی جاتی ہے۔

## بورڈ آف ڈائریکٹرز میں تبدیلی

فروری 2021 میں بورڈ کے پاس ایک نشست خالی تھی۔ اس کی تفصیلات درج ذیل ہیں۔

S.No	Outgoing Director	Incoming Director
1.	Mr. Sher Afgan Khan	Vacant

## شیر ہولڈرز کے لئے ڈائریکٹر رپورٹ

ہمیں 31 دسمبر 2021 کو ختم ہونے والے سال کے لیے یو مائیکرو فنانس بینک لمیٹڈ کی ڈائریکٹر رپورٹ اور آڈٹ شدہ مالیاتی گواہیوں کو پیش کرتے ہوئے خوشی ہو رہی ہے۔ بینک، بینکنگ سروسز استعمال ناکرے والے یا انڈر بینکنگ افراد کی خدمت کرنے کے بڑے ہدف کے ساتھ قائم رہتے ہوئے، مشکل معاشی حالات کے باوجود سال کے دوران خوشحال ہوا اور ایک مضبوط اور ری بیلنس شیٹ کی پشت پر مسلسل مالی نتائج فراہم کرنے میں کامیاب رہا۔ بینک پاکستان میں مائیکرو فنانس ایکو سسٹم میں صارفین کی تمام مالی ضروریات کو پورا کرنے کے لیے پُر عزم ہے۔

### سرگرمیاں، کارکردگی اور ترقی:

بینک پاکستان کے 180 سے زیادہ شہروں میں مالیاتی ایکو سسٹم میں ڈیسرپٹ اور جدت پیدا کرنے کے وژن کے ساتھ کام کرتا ہے اور صارفین کے لیے ایک فعال بنانے اور مسائل حل کرنے والے کے طور پر کام کرتا ہے۔ اس وژن میں مائیکرو اور چھوٹے کاروباری قرضے فراہم کر کے خواتین کو با اختیار بنانا، تعلیم اور مالیات تک رسائی، معیشت کو متنوع بنانے کے لیے چھوٹے کاروباروں کی حوصلہ افزائی، اور میٹرو پولیٹن شہروں سے باہر کاروبار اور معاش میں مدد کرنے کے لیے مائیکرو فنانس سے استفادہ حاصل کرنا شامل ہے۔ بینک کا خیال ہے کہ مائیکرو فنانس سروسز تک رسائی، یعنی کریڈٹ، ڈپازٹ اور ڈیجیٹل سروسز تک رسائی ایک زیادہ جامع معاشرے کی تعمیر میں اہم کردار ادا کرے گی۔

مالی سال 2021 پاکستان میں مالیاتی نظام کے لیے بہت سے چیلنجز لے کر آیا۔ کووڈ 19 کے آفر شکس، افراط زر کی بلند شرح، اور ملک کے غیر یقینی معاشی منظر نامے کے ساتھ کرنسی کی شرح تبادلہ اور تیل کی بلند قیمتوں نے مائیکرو فنانس سیکٹر کے صارفین پر غیر معمولی دباؤ ڈالا ہے۔ مائیکرو اور چھوٹے کاروبار خاص طور پر متاثر ہوئے کیونکہ کووڈ 19 کو کنٹرول کرنے کے اقدامات نے صحت کے چیلنجز کے علاوہ کاروبار کرنے کی ان کی صلاحیت کو محدود کر دیا اور سپلائی چین میں خلل ڈالا۔ بینک نے ریگولیٹر کے تعاون سے، اس مشکل وقت کے دوران اپنے صارفین کو اس معاشی دباؤ کو نیوگیٹ کرنے اور اپنے مالیات پر قابو پانے میں مدد کرنے کے لیے اقدامات کیے۔

2021 کے چیلنجزوں نے اس سیکٹر کو نئے آپریٹنگ ماحول کے مطابق ڈھالنے اور اس کے مطابق عمل کو تبدیل کرنے پر مجبور کیا۔ صارفین کی ضروریات کو پورا کرنے کے لیے مصنوعات اور خدمات تبدیلی اور جدت کی ضرورت اور بھی اہم تھی۔ بینک نے سال کے دوران سٹریٹجک ترجیحات کو مزید فعال بنایا تاکہ وبائی امراض کے بعد ابھرتے ہوئے میکرو اکنامک منظر نامے کی عکاسی کی جاسکے۔ جبکہ بینک معاشرے کے امتیازی اور کم آمدنی والے طبقوں پر توجہ مرکوز کرتا رہے گا، اس حکمت عملی میں اب MSME، ہاؤسنگ فنانس اور اسلامی بینکنگ بھی شامل ہیں۔ ضمانتی قرضے پر مزید توجہ دی گئی ہے۔ اس سب سے بینک کو مزید کسٹمر سینٹرک مالیاتی ادارہ بنانے میں مدد ملے گی۔

ابھرتی ہوئی تکنالوجیز کے ذریعے تیزی سے لائی گئی تبدیلی نے بینکنگ اور مالیاتی خدمات کے شعبے کو صارفین کی ضروریات کو پورا کرنے کے لیے ان تبدیلیوں کو اپنانے پر مجبور کر دیا ہے۔ بینک، مالی شمولیت کے وژن کے مطابق جدت کے ذریعے اپنے صارفین کو انٹرنیٹ اور موبائل بینکنگ، موبائل والٹس اور ای ٹی ایم سمیت ڈیجیٹل بینکنگ سروسز کا مکمل مجموعہ پیش کر رہا ہے۔ بینک ڈیجیٹل پلیٹ فارمز کے ذریعے مسلسل خدمات کو یقینی بنانے کے لیے بنیادی بینکنگ، پروسیس آٹومیشن، اور آئی ٹی سیکورٹی میں بھی بڑھ چڑھ کر سرمایہ کاری کر رہا ہے۔

بین الاقوامی ترسیلات زر کے کاروبار نے مالی سال 2020 میں ایک اسٹریٹجک ستون کے طور پر جڑ پکڑی۔ کاروبار بڑھنے لگا ہے کیونکہ پارٹنر شپس تقویت پارہی ہیں۔ مالی سال 2021 میں ترسیلات زر کا حجم 30 گنا تک بڑھ گیا ہے۔ بینک کو توقع ہے کہ مالی سال 2022 میں مزید شراکت داریوں کے عمل میں آنے سے یہ رفتار جاری رہے گی۔

چیلنجنگ مالی سال کے باوجود بینک کی بیلنس شیٹ مضبوط رہی۔ بنیادی طور پر قرض اور سرمایہ کاری کے پورٹ فولیو میں اضافہ کی وجہ سے کل اثاثے گزشتہ سال کے مقابلے میں 48% بڑھ کر 104.6 بلین روپے ہو گئے جو گزشتہ سال 70.7 بلین روپے تھے۔ محفوظ اور غیر محفوظ قرضوں، سرکاری سیکورٹیز میں سرمایہ کاری اور A/A+ ریٹڈ آلات میں بینک کا کریڈٹ ایکسپوزر اچھی طرح سے متنوع رہا۔

مشکل آپریٹنگ ماحول، ہائرمارکیٹ اور کریڈٹ رسک چیلنج کے ساتھ، بینک نے مالی لپک کو فروغ دینے کے لیے کئی اقدامات کو اپنایا اور مؤثر طریقے سے نافذ کیا۔ اس میں محفوظ اور غیر محفوظ شدہ پورٹ فولیو اور اثاثہ سے ایسیٹ بیکڈ قرضوں بشمول کمرشل و ہیکل اور ہاؤسنگ فنانس کے مرکب کے ساتھ لون بک تیار کرنا شامل ہے۔ بینک نے 33 ارب روپے سے زائد کے قرضے فراہم کیے ہیں اور سال کے دوران مجموعی قرض کے پورٹ فولیو میں 5.1 بلین روپے کا اضافہ کیا ہے۔ اضافہ بنیادی طور پر کو لیئر لائزڈ پورٹ فولیو میں تھا۔ حکمت عملی میں CASA ڈپازٹس کی کم لاگت کے ساتھ ایک پائیدار فنڈنگ کی بنیاد بنانا اور لیکویڈیٹی کے جھکے سے خود کو بچانے کے لیے کافی لیکویڈیٹی بفر کو برقرار رکھنا بھی شامل ہے۔ بینک نے 2020 میں 46.1 بلین روپے کے مقابلے میں 2021 کے آخر میں صارفین کے ڈپازٹس میں 19% اضافہ کر کے 55 بلین روپے کر دیا ہے۔ یہ اضافہ بنیادی طور پر CASA ڈپازٹس میں 19.7 بلین روپے سے



## INDEPENDENT AUDITORS' REPORT

To the members of U Microfinance Bank Limited

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the annexed financial statements of U Microfinance Bank Limited (the Bank), which comprise the balance sheet as at 31 December 2021, and the profit and loss account, the statement of comprehensive income, the statement of changes in equity, 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, 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), Microfinance Institutions Ordinance, 2001 and the directives issued by the State Bank of Pakistan in the manner so required and respectively give a true and fair view of the state of the Bank's affairs as at 31 December 2021 and of the profit, the comprehensive income, 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.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017), Microfinance Institutions Ordinance, 2001 and the directives issued by the State Bank of Pakistan 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.

Board of directors are 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 judgement and maintain professional scepticism 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.

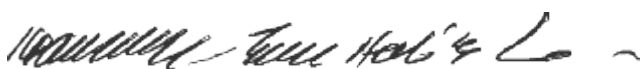
We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

## 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, 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), Microfinance Institutions Ordinance, 2001 and the directives issued by the State Bank of Pakistan and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Bank's business; and
- d) zakat deductible at source under the Zakat and Usher Ordinance, 1980 (XVIII of 1980), was deducted by the Bank and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditors' report is Riaz Pesnani.



**KPMG Taseer Hadi & Co.**

**Chartered Accountants**

**Islamabad**

**21 March, 2022**

## BALANCE SHEET


AS AT 31 DECEMBER 2021

	Note	2021 Rupees	2020 Rupees
<b>ASSETS</b>			
Cash and balances with SBP and NBP	6	3,799,930,850	3,160,116,831
Balances with other Banks/ NBFIs/ MFBs	7	6,223,904,412	1,908,209,748
Lending to financial institution		-	450,000,000
Investments - net of provisions	8	46,564,519,779	24,074,499,338
Advances - net of provisions	9	34,375,729,318	30,006,298,899
Operating fixed assets	10	2,886,170,228	2,917,413,581
Other assets	11	10,050,583,152	7,797,247,350
Deferred tax asset	12	677,447,619	399,616,598
<b>Total Assets</b>		<b>104,578,285,358</b>	<b>70,713,402,345</b>
<b>LIABILITIES</b>			
Deposits and other accounts	13	55,000,289,695	46,104,640,853
Borrowings	14	36,880,686,164	13,274,190,642
Subordinated debt	15	1,798,920,000	2,799,160,000
Other liabilities	16	3,407,296,747	2,860,212,627
Deferred tax liabilities		-	-
<b>Total Liabilities</b>		<b>97,087,192,606</b>	<b>65,038,204,122</b>
<b>Net Assets</b>		<b>7,491,092,752</b>	<b>5,675,198,223</b>
<b>REPRESENTED BY:</b>			
Share capital	17	4,085,714,290	3,085,714,290
Discount on issue of share capital		(25,714,290)	(25,714,290)
Advance against issue of shares	18	1,000,000,000	1,000,000,000
Statutory and general reserves	5.13.1	633,083,649	410,876,256
Depositors' protection fund	5.13.2	158,270,912	102,719,064
Unappropriated profit		1,926,314,403	1,099,564,241
		<b>7,777,668,964</b>	<b>5,673,159,561</b>
Surplus / (deficit) on revaluation of assets	19	(288,630,328)	628,774
Deferred grants		2,054,116	1,409,888
<b>Total Capital</b>		<b>7,491,092,752</b>	<b>5,675,198,223</b>
<b>MEMORANDUM / OFF BALANCE SHEET ITEMS</b>	20		

The annexed notes from 1 to 40 form an integral part of these financial statements.

  
 \_\_\_\_\_  
 PRESIDENT / CHIEF EXECUTIVE

  
 \_\_\_\_\_  
 CHAIRMAN

  
 \_\_\_\_\_  
 DIRECTOR

  
 \_\_\_\_\_  
 DIRECTOR



## PROFIT AND LOSS ACCOUNT

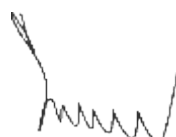
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 Rupees	2020 Rupees
Mark-up / return / interest earned	21	12,215,993,833	10,133,879,505
Mark-up / return / interest expensed	22	(5,589,495,387)	(4,341,888,111)
Net mark-up / interest income		6,626,498,446	5,791,991,394
Provision against non-performing loans and advances	9.4	(1,494,744,681)	(1,578,024,398)
Provision for diminution in the value of investments		-	-
Bad debts written off directly	9.4 & 9.5	(18,155,783)	(1,841,681)
Net mark-up / interest income after provisions		5,113,597,982	4,212,125,315
<b>NON MARK-UP / NON INTEREST INCOME</b>			
Fee, commission and brokerage income	23	1,018,362,875	1,124,650,050
Other income	24	259,408,477	138,370,093
Total non-markup / non interest income		1,277,771,351	1,263,020,143
		6,391,369,334	5,475,145,458
<b>NON MARK-UP / NON INTEREST EXPENSES</b>			
Administrative expenses	25	5,035,205,163	4,265,595,760
Other provisions / write offs		-	-
Other charges	26	19,000	5,477,000
Total non-markup / non interest expenses		5,035,224,163	4,271,072,760
Extra ordinary / unusual items		-	-
<b>PROFIT BEFORE TAXATION</b>		1,356,145,171	1,204,072,698
Worker Welfare Fund (WWF)		(27,110,218)	(24,081,454)
		1,329,034,952	1,179,991,244
<b>TAXATION</b>			
Current		(429,474,114)	(549,448,880)
Prior years		(12,701,793)	(52,310,066)
Deferred		224,177,922	327,927,656
	27	(217,997,985)	(273,831,290)
<b>PROFIT AFTER TAXATION</b>		1,111,036,967	906,159,954
Unappropriated profit brought forward		1,099,564,241	512,586,043
Less: Other comprehensive income		(6,527,564)	7,358,233
Profit available for appropriation		2,204,073,645	1,426,104,230
<b>APPROPRIATIONS:</b>			
<b>Transfer to:</b>			
Statutory reserves		222,207,393	181,231,991
Capital reserve		-	-
Contribution to MSDF / DFP / RMF		55,551,848	45,307,998
Revenue reserve		-	-
Interim cash dividend Rs. Nil per share (2020: Rs. 0.32 paisa per share)		-	100,000,000
		277,759,241	326,539,989
<b>UNAPPROPRIATED PROFIT CARRIED FORWARD</b>		1,926,314,404	1,099,564,241
<b>EARNINGS PER SHARE</b>	31	3.60	3.19

The annexed notes from 1 to 43 form an integral part of these financial statements.

  
PRESIDENT / CHIEF EXECUTIVE

  
CHAIRMAN

  
DIRECTOR

  
DIRECTOR

## STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 Rupees	2020 Rupees
<b>Profit for the year</b>		<b>1,111,036,967</b>	906,159,954
<b>Other comprehensive income for the year</b>			
<b>Items that will not be reclassified to profit and loss account:</b>			
(Loss) / profit on revaluation of assets transferred to profit and loss	16.3.3	(9,193,752)	10,363,709
Tax Impact	12	2,666,188	(3,005,476)
		(6,527,564)	7,358,233
<b>Comprehensive income for the year transferred to equity</b>		<b>1,104,509,403</b>	913,518,187
<b>Components of comprehensive income for the year not transferred to equity:</b>			
<b>Items that may be reclassified to profit and loss:</b>			
(Deficit) / Surplus on revaluation of available for sale investments	19	(340,246,013)	11,067,414
Related tax effect	19	50,986,911	(1,660,112)
		(289,259,102)	9,407,302
<b>Total comprehensive income for the year</b>		<b>815,250,301</b>	922,925,489

The annexed notes from 1 to 40 form an integral part of these financial statements.

  
 \_\_\_\_\_  
 PRESIDENT / CHIEF EXECUTIVE

  
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 CHAIRMAN

  
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 DIRECTOR

  
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 DIRECTOR

## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

	Share capital	Advance against issue of shares	Discount on issue of share capital	Capital reserves Statutory reserve	Depositors' protection fund	Revenue reserve Unappropriated profit	Total
Rupees							
<b>Balance at 31 December 2019</b>	2,285,714,290	-	(25,714,290)	229,644,265	57,411,066	512,586,043	3,059,641,374
Profit for the year	-	-	-	-	-	906,159,954	906,159,954
Other comprehensive income	-	-	-	-	-	7,358,233	7,358,233
<b>Total comprehensive income</b>	-	-	-	-	-	913,518,187	913,518,187
Transfer to:							
Statutory reserve	-	-	-	181,231,991	-	(181,231,991)	-
Depositors' Protection Fund	-	-	-	-	45,307,998	(45,307,998)	-
<b>Transactions with owners, recorded directly in equity</b>							
<b>Contributions and distributions</b>							
Interim cash dividend Rs. 0.32 paisa per share	-	-	-	-	-	(100,000,000)	(100,000,000)
Issue of ordinary shares	800,000,000	-	-	-	-	-	800,000,000
Conversion of subordinated debt as advance against issue of preference shares	-	1,000,000,000	-	-	-	-	1,000,000,000
<b>Balance at 31 December 2020</b>	<b>3,085,714,290</b>	<b>1,000,000,000</b>	<b>(25,714,290)</b>	<b>410,876,256</b>	<b>102,719,064</b>	<b>1,099,564,241</b>	<b>5,673,159,561</b>
Profit for the year	-	-	-	-	-	1,111,036,967	1,111,036,967
Other comprehensive income	-	-	-	-	-	(6,527,564)	(6,527,564)
<b>Total comprehensive income</b>	-	-	-	-	-	1,104,509,403	1,104,509,403
Transfer to:							
Statutory reserve	-	-	-	222,207,393	-	(222,207,393)	-
Depositors' Protection Fund	-	-	-	-	55,551,848	(55,551,848)	-
<b>Transactions with owners, recorded directly in equity</b>							
<b>Contributions</b>							
Issue of preference shares	1,000,000,000	(1,000,000,000)	-	-	-	-	-
Conversion of subordinated debt as advance against issue of ordinary shares	-	1,000,000,000	-	-	-	-	1,000,000,000
<b>Balance at 31 December 2021</b>	<b>4,085,714,290</b>	<b>1,000,000,000</b>	<b>(25,714,290)</b>	<b>633,083,649</b>	<b>158,270,912</b>	<b>1,926,314,403</b>	<b>7,777,668,964</b>

The annexed notes from 1 to 40 form an integral part of these financial statements.



PRESIDENT / CHIEF EXECUTIVE



CHAIRMAN



DIRECTOR



DIRECTOR

# Cash Flow Statement

FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 Rupees	2020 Rupees
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Profit before taxation		1,329,034,952	1,179,991,244
Less: Dividend income		-	-
		1,329,034,952	1,179,991,244
Adjustments for non-cash charges			
Depreciation of property and equipment	10.2	404,964,461	359,818,212
Amortization of intangible assets	10.3	50,374,157	35,647,218
Depreciation of right of use assets	10.4	280,923,394	264,975,496
Provisions against non-performing advances	9.4	1,512,900,464	1,579,866,079
Advances written off against provision	9.4	(790,348,087)	(775,030,493)
Provision for gratuity	25	40,983,207	35,436,791
Loss / (gain) on sale of operating fixed assets - net	10.2.2 & 10.4.1	6,518,036	(127,686)
Finance charges on leased assets	25	156,172,345	178,910,741
		1,662,487,977	1,679,496,358
		2,991,522,929	2,859,487,602
Increase in operating assets			
Advances		(5,091,982,796)	(9,437,055,220)
Other assets (excluding advance taxation)		(2,253,335,802)	(3,987,752,946)
Increase / (decrease) in operating liabilities			
Bills payables		60,275,863	5,137,705
Deposits and other accounts		8,895,648,842	22,814,381,382
Other liabilities (excluding current tax, bills payable finance lease and provision for gratuity)		436,078,404	80,586,470
		2,046,684,511	9,475,297,391
Net cash (used in) / generated from operations		5,038,207,440	12,334,784,993
Payments against provisions held against off-balance sheet obligations			
Contributions to gratuity fund	16.3.10	(38,923,143)	(34,158,605)
Income taxes paid		(373,206,856)	(89,281,448)
Net cash generated from operating activities		4,626,077,441	12,211,344,940
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Net investments in available for sale securities - Government securities		(21,149,279,543)	(10,964,485,954)
Net investments in term deposits receipts		(1,630,000,000)	(6,120,000,000)
Lending to financial institution		450,000,000	(450,000,000)
Investments in operating fixed assets		(599,137,836)	(433,854,252)
Sale proceeds of operating fixed assets		6,637,695	10,524,928
Net cash used in investing activities		(22,921,779,684)	(17,957,815,278)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Payments of subordinated loan		(240,000)	(240,000)
Borrowings obtained during the year		424,056,216,609	136,987,490,862
Borrowings repaid during the year		(400,449,721,087)	(130,446,631,553)
Payments of lease obligations		(355,044,596)	(362,854,268)
Dividend paid		-	(100,000,000)
Net cash generated from financing activities		23,251,210,926	6,077,765,041
Net increase in cash and cash equivalents		4,955,508,683	331,294,703
Cash and cash equivalents at beginning of the year		5,068,326,579	4,737,031,876
Cash and cash equivalents at end of the year	28	10,023,835,262	5,068,326,579

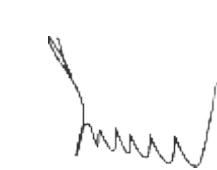
The annexed notes from 1 to 40 form an integral part of these financial statements.



PRESIDENT / CHIEF EXECUTIVE



CHAIRMAN



DIRECTOR



DIRECTOR



# Notes To The Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2021

## 1 STATUS AND NATURE OF BUSINESS

On 30 August 2012, Pakistan Telecommunication Company Limited (PTCL, the Parent Company) acquired 100% shareholding of Rozgar Microfinance Bank Limited, incorporated in Karachi on 29 October 2003 under the repealed Companies Ordinance, 1984 (now Companies Act, 2017), and its name was changed to U Microfinance Bank Limited (the Bank) with effect from 07 December 2012. On 31 January 2013, the Bank was granted license by State Bank of Pakistan (SBP) for commencement of nationwide microfinance banking operations.

On 11 July 2013, approval for the nationwide commercial launch of Branchless Banking Services (BBS) was received from SBP. The Bank commenced commercial operations of BBS on 23 July 2013.

The Bank's principal business is to assist in stimulating progress, prosperity and social peace in society through creation of income generating opportunities for the small entrepreneur under the Microfinance Institutions Ordinance, 2001. The Bank also provides branchless banking services. The Bank's head office and the principal place of business is located at Jinnah Super market, F-7 Markaz, Islamabad, Pakistan.

The credit rating company JCR-VIS assigned the long-term entity rating of the Bank at "A+" and short term rating at "A-1" on 29 April 2021.

## 2 BASIS OF PRESENTATION

The financial information has been presented in accordance with the requirements of format prescribed by SBP Banking Supervision Department (BSD) Circular number 11 dated 30 December 2003.

## 3 STATEMENT OF COMPLIANCE

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

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

Where the requirements of the Companies Act, 2017, the MFI Ordinance and the directives issued by the SECP and SBP differ with the requirements of IFRSs, the requirements of the Companies Act, 2017, the Microfinance Ordinance, 2001, or the requirements of the said directives shall prevail.

State Bank of Pakistan (SBP) through its BPRD circular No. 4 of 2019 dated 23 October 2019 had decided that the effective date of IFRS 9 implementation was 01 January 2021 for banks/DFIs/MFBs. However, given the prevalent COVID-19 (Corona Virus Disease 2019) pandemic situation, SBP through its BPRD circular No. 15 of 2020 dated 26 March 2020 had decided to extend the timeline of the tasks related to IFRS 9 implementation till periods beginning on or after 01 July 2020. Further in view of COVID-19 impact and banking industry representations, SBP vide its BPRD circular letter no. 24 of 2021 dated 05 July 2021 has decided to implement IFRS 9 from 01 January 2022. Accordingly, the requirements of this standard have not been considered in the preparation of these financial statements.

The SBP vide BSD Circular No. 10, dated 26 August 2002 has deferred the applicability of the International Accounting Standard (IAS) 39, "Financial Instruments: Recognition and Measurement" and IAS 40, "Investment Property" for banking companies till further instructions. Further, the SECP vide its SRO 633 (I)/ 2014, dated 10 July 2014 has deferred the applicability of International Accounting Standard (IAS) 39, "Financial Instruments: Recognition and Measurement", IAS 40, "Investment Property" and International Financial Reporting Standard (IFRS) 7, "Financial Instruments: Disclosures" for banking companies till further instructions. 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 prescribed by SBP through various circulars /regulations.

## **4 BASIS OF MEASUREMENT**

### **4.1 Accounting convention**

These financial statements have been prepared under the historical cost convention except for available for sale investments which are measured at fair value, right of use asset and lease liability which are initially measured at their present values and employee's gratuity which is measured based on actuarial valuation.

### **4.2 Functional and presentation currency**

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

### **4.3 Use of judgments and estimates**

In preparing these financial statements, management has made judgments, estimates and assumptions that affect the application of the Bank's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Information about assumptions and estimation uncertainties or where judgment was exercised in application of accounting policies that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the year ended 31 December 2021 is included in the following notes:

Note 5.12.3 and 16.3.4 – measurement of defined benefit obligations: key actuarial assumptions;

Note 5.7.2 and 27 – recognition of deferred tax assets;

Notes 5.14 and 20 – recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources;

Note 5.5 and 10 useful lives, reassessed values, residual values and depreciation method of property and equipment;

Note 5.5.3 and 10.3 useful lives, residual values and amortization method of intangible assets;

Note 5.4 and 9.2 criteria / rates for provision against non-performing advances as per the requirements of the prudential regulations;

Note 5.3 and 8 Provision for diminution in the value of investment as per the regulations issued by SBP; and

Note 5.6 and 16.2 for recognition of leased liabilities and corresponding right of use assets under IFRS-16.

#### 4.4 Standards, interpretations and amendments to the accounting and reporting standards

The following International Financial Reporting Standard (IFRS Standard) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 January 2022:

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) effective for the annual periods beginning on or after 1 January 2022 amends IAS 1 by mainly adding paragraphs which clarifies what comprises the cost of fulfilling a contract, Cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

- **Annual Improvements to IFRS standards 2018-2020:**

The following annual improvements to IFRS standards 2018-2020 are effective for annual reporting periods beginning on or after 1 January 2022.

IFRS 9 – The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.

IFRS 16 – The amendment partially amends Illustrative Example 13 accompanying IFRS 16 by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.

IAS 41 – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) effective for the annual period beginning on or after 1 January 2022. Clarifies that sales proceeds and cost of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc., are recognized in profit or loss in accordance with applicable Standards. The entity measures the cost of those items applying the measurement requirements of IAS 2. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

- Reference to the Conceptual Framework (Amendments to IFRS 3) - Reference to the Conceptual Framework, issued in May 2020, amended paragraphs 11, 14, 21, 22 and 23 of and added paragraphs 21A, 21B, 21C and 23A to IFRS 3. An entity shall apply those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2022. Earlier application is permitted if at the same time or earlier an entity also applies all the amendments made by Amendments to References to the Conceptual Framework in IFRS Standards, issued in March 2018.
- Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4) - In response to concerns regarding temporary accounting mismatches and volatility, and increased costs and complexity, the Board issued

amendments to IFRS 4 Insurance Contracts in 2017. The two optional solutions raised some considerations which required detailed analysis and management judgement. On the issue of IFRS 17 (Revised) Insurance Contracts in June 2020, the end date for applying the two options under the IFRS 4 amendments was extended to 1 January 2023, aligned with the effective date of IFRS 17.

- Classification of liabilities as current or non-current (Amendments to IAS 1) effective for the annual period beginning on or after 1 January 2022. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8.
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) – the Board has issued amendments on the application of materiality to disclosure of accounting policies and to help companies provide useful accounting policy disclosures. The key amendments to IAS 1 include:
  - requiring companies to disclose their material accounting policies rather than their significant accounting policies;
  - clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
  - clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

The Board also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted.

- Definition of Accounting Estimates (Amendments to IAS 8) – The amendments introduce a new definition for accounting estimates clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy. The amendments are effective for periods beginning on or after 1 January 2023 and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments.
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) – The amendments narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognize a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognized from the beginning of the earliest comparative period presented, with any cumulative effect recognized as an adjustment to retained earnings or other components of equity at that date. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted.
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) – The amendment amends accounting treatment on loss of control of business or assets. The amendments also introduce new accounting for less frequent transaction that involves neither cost nor full step-up of certain retained interests in assets that are not businesses. The effective date for these changes has been deferred indefinitely until the completion of a broader review.
- As per State Bank of Pakistan (SBP)' BPRD circular letter no. 24 of 2021, IFRS 9 'Financial Instruments' is applicable to banks/DFIs/MFBs effective 1 January 2022. The aforementioned circular letter contained instructions for quarterly parallel reporting purposes to the SBP only and it was stated that final instructions will be issued based



on the results of parallel reporting. However, banks have submitted their reservations on instructions issued for parallel reporting through the Pakistan Banks Association (PBA) and requested that they are addressed in the final instructions to be issued. The reservations are pervasive and points of contention inter alia include, retaining some relaxations given presently in the Prudential Regulations, prescription of macro-economic variables, retaining local regulatory requirements related to IFRS 9 related areas on overseas branches, impact on capital adequacy ratio, adequacy of significant increase in credit risk criteria, future tax impact of any reversals, recording of expected credit loss on local currency denominated Government securities, further clarifications required in certain areas etc.

- Due to the fact that final instructions have not yet been issued and the large number of reservations over the draft instructions, the banks are collectively of the opinion that impact on initial application of IFRS 9 cannot be determined as required under IAS 8.

## 5. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies as set out below have been applied consistently to all periods presented in these financial statements

### 5.1 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, balances held with State Bank of Pakistan (SBP) and National Bank of Pakistan (NBP) and balances held with other banks / Non-Banking Financial Institutions (NBFIs) / Microfinance Banks (MFBs) and are carried at cost.

### 5.2 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 financial institutions. The difference between sale and repurchase price is treated as markup/return/interest expense over the period of the transaction. Assets purchased with a corresponding commitment to resell at a specified future date (reverse repo) are not recognized as investment in the balance sheet. Amounts paid under these agreements are included in lending to financial institutions. The difference between the purchase and resale price is treated as markup/return/interest income over the period of the transaction.

### 5.3 Investments

The investments of the Bank, upon initial recognition, are classified as held-for-trading, held-to-maturity or available-for-sale, as appropriate.

Investments (other than held-for-trading) are initially measured at fair value plus transaction costs associated with the investments. Held-for-trading investments are initially measured at fair value and transaction costs are expensed out in the profit and loss account.

Purchase and sale of investments that require delivery within the time frame established by regulation or market convention is recognised at the trade date, which is the date the Bank commits to purchase or sell the investment.

#### *Held for trading*

These represent securities acquired with the intention to trade by taking advantage of short-term market/ interest rate movements. These securities are required to be disposed off within 90 days from the date of their acquisition. After initial measurement, these are marked to market and surplus/ deficit arising on revaluation of 'held for trading' investments is taken to profit and loss account in accordance with the requirements prescribed by SBP.

### ***Held to maturity***

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, and 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.

### ***Available for sale***

These are investments which do not fall under the held-for-trading and held-to-maturity categories. After initial measurement, such investments are measured at fair value. The surplus / (deficit) arising on revaluation is shown in the balance sheet below equity which is taken to the profit and loss account when actually realised upon disposal.

Premium or discount on securities classified as available-for-sale and held-to-maturity is amortised using effective interest method and taken to the profit and loss account.

Provision for impairment in the value of equity securities is made after considering objective evidence of impairment as a result of one or more events that may have an impact on the estimated future cash flows of these investments. A significant or prolonged decline in the value of security is also considered as an objective evidence of impairment. Provision for diminution in the value of debt securities is made as per the Prudential Regulations. In the event of impairment of available for sale securities, the cumulative loss that had been recognized directly in surplus on revaluation of securities on the balance sheet below equity is thereof removed and recognized in the profit and loss account.

## **5.4 Advances**

Advances are stated net of provision for non-performing advances. The outstanding principal and mark-up of the loans and advances, payments against which are overdue for 30 days or more are classified as non-performing loans (NPLs). The unrealized interest / profit / mark-up / service charges on NPLs is suspended and credited to interest suspense account. Further the NPLs are classified into following categories as prescribed in the Regulations:

### ***Other assets especially mentioned***

These are advances, payments against which are overdue for 30 days or more but less than 60 days.

### ***Substandard***

These are advances, payments against which are overdue for 60 days or more but less than 90 days.

### ***Doubtful***

These are advances, payments against which are overdue for 90 days or more but less than 180 days.

### ***Loss***

These are advances, payments against which are overdue for 180 days or more.

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

In order to enable MFBs in extending relief measures to the affected borrowers, SBP via AC&MFD Circular Letter No. 01 of 2021 dated 01 December 2021 relaxed the criteria for classification of assets and provisioning requirements for Deferred and Restructured Portfolio (DRP) as per the following:

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

Accordingly, the Bank has reclassified the outstanding DRP loans against the above categories, leading to benefit for the Bank amounting to Rs. 106.32 million.

In accordance with the Regulations, the Bank maintains specific provision of outstanding principal net of cash collaterals and gold (ornaments and bullion) realizable without recourse to a Court of Law at the following rates:

<b><i>Other assets especially mentioned Substandard</i></b>	Nil
<b><i>Substandard</i></b>	25% of outstanding principal net of cash collaterals
<b><i>Doubtful</i></b>	50% of outstanding principal net of cash collaterals
<b><i>Loss</i></b>	100% of outstanding principal net of cash collaterals

In addition to above, a general provision is made equivalent to 1% (2020: 1%) of the net outstanding balance (advance net of specific provisions) in accordance with the requirement of the Regulations. The Bank also recognises general provisions in addition to the above general provision when the circumstances indicate delinquency in the portfolio.

General and specific provision is charged to the profit and loss account in the period in which they occur.

Non-performing advances are written off one month after the loan is classified 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. Such rescheduling does not have any effects on the classification of the loan as per the Prudential Regulations.

## 5.5 Operating fixed assets

### 5.5.1 Property and equipment

#### ***Owned***

These are stated at cost less accumulated depreciation and impairment (if any). Cost includes expenditure that are directly attributable to the acquisition of items. Depreciation is charged using the straight-line basis over the estimated

useful lives of assets. Full month's depreciation is charged in the month of addition and no depreciation is charged for the month in which the disposal is made. The residual value, depreciation methods and useful lives are reviewed and adjusted (if appropriate) at each balance sheet date. Gains and losses on disposal of assets are determined by comparing the sale proceeds with the carrying amount are included in the profit and loss account. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only 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. The carrying amount of the replaced part is derecognised. All other repairs and maintenance is charged to the profit and loss account. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

### ***Right of use assets***

The Bank recognizes right-of-use assets at the lease commencement date. Right-of-use assets are initially measured at cost, which comprises the initial amount of lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred. Right of use asset is calculated as the initial amount of the lease liability in terms of rentals for business locations at the lease contract commencement date.

The right to use assets is subsequently depreciated using the straight line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Bank by the end of lease term or the cost of the right of use asset reflect that the Bank will exercise a purchase option. In that case the right of use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right of use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurement of lease liability.

The right of use asset is subsequently depreciated using the straight line method for a period of lesser of ten years or actual lease term. Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

## **5.5.2 Capital work-in-progress**

All expenditure connected with specific assets incurred during installation and development period are carried under capital work in progress. These are transferred to specific assets as and when these are available for use. Capital work in progress is stated at cost less accumulated impairment losses, if any.

## **5.5.3 Intangible assets**

Intangible assets with a definite useful life are stated at cost less accumulated amortisation and impairment (if any). These are amortised from the month, when these assets are available for use, using the straight-line method, whereby the cost of the intangible asset is amortised on the basis of the estimated useful life over which economic benefits are expected to flow to the Bank. The residual value, useful life and amortisation method is reviewed and adjusted, if appropriate, at each balance sheet date.

## **5.6 Lease liability**

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 payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Bank and payments of penalties for terminating a lease, if the lease term reflects the Bank exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.



### *Short-term leases*

The Bank applies the short-term lease recognition exemption to its short-term leases of property and equipment (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognized as expense on a straight-line basis over the lease term.

## **5.7 Taxation**

Income tax expense comprises current and deferred tax. It is recognised in profit and loss account except to the extent that it relates to items recognised directly in equity or in OCI.

### **5.7.1 Current tax**

Current tax comprises the expected tax payable or refundable on the taxable income or loss for the year and any adjustment to the tax payable or refundable in respect of previous years. The amount of current tax payable or refundable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. The charge for current taxation is based on taxable income at current rates of taxation enacted or substantially enacted at the reporting date, after taking into consideration available tax credits, rebates and tax losses, if any. Current tax assets and liabilities are offset if certain criteria are met.

### **5.7.2 Deferred tax**

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Bank is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on business plans for the Bank and the reversal of temporary differences. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves. Unrecognized deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantially enacted at the reporting date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Bank expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are offset if certain criteria are met.

### **5.7.3 Group taxation**

The Bank is taxed as a one fiscal unit along with the Parent Company and its other wholly owned subsidiaries under section 59AA to the Income Tax Ordinance, 2001. Current and deferred income taxes are recognised by each entity within the Group in their respective profit and loss account, regardless of who has the legal rights or obligation for the recovery or payment of tax from or to the tax authorities. However, tax liability / receivable is shown by the Parent

Company, on submission of annual tax return, who has the legal obligation to pay or right of recovery of tax from the taxation authorities. Balances between the group entities on account of group tax is shown as other receivable / liability by the respective group entities.

## **5.8 Impairment**

### **5.8.1 Non-derivative financial assets**

Financial assets not classified at fair value through profit and loss account are assessed at each reporting date to determine whether there is objective evidence of impairment.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the Bank on the terms that the Bank would not consider otherwise and indication that a debtor will enter bankruptcy.

For financial assets measured at amortized cost, the Bank considers evidence of impairment for these assets at both an individual asset and a collective level. All significant assets are assessed for impairment individually. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by grouping together assets with similar risk characteristics. In assessing collective impairment, the Bank uses historical information on the timing of recoveries and the amount of loss incurred, and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit and loss account and reflected in an allowance account. When the Bank considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit and loss account.

### **5.8.2 Non-financial asset**

At each reporting date, the Bank reviews the carrying amount of its non-financial assets (deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash generating units (CGUs).

The recoverable amount of an asset or CGU is greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit and loss account. These are allocated to reduce the carrying amounts of the assets in the CGU on a pro rata basis. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognised.

## **5.9 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 historical cost as the case may be.

Other particular recognition methods adopted by the Bank are disclosed in the individual policy statements associated with each item of financial instruments.

### ***Financial Assets***

Financial assets are cash and balances with SBP and NBP, balances with other banks, 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. Investments are recognized as per note 5.3.

### **Financial Liabilities**

Financial liabilities are classified according to the substance of the contractual arrangement entered into. Financial liabilities include deposits, borrowings 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 de-recognition of the financial assets and liabilities is included in the net profit and loss for the year in which it arises.

### ***Derivative financial instruments***

Derivative financial instruments are initially recognised at fair value on the date on which the derivative contract is entered into and are subsequently re-measured at fair value using valuation techniques. All derivative financial instruments are carried as assets when fair value is positive and liabilities when fair value is negative. Any change in the fair value of derivative financial instruments is taken to the profit and loss account.

## **5.10 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.

## **5.11 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.

## **5.12 Employee benefits**

### **5.12.1 Short-term employee benefits**

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Bank has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

### **5.12.2 Defined contribution plan – provident fund**

The Bank operates a defined contribution provident fund scheme for permanent employees. Contributions to the fund are made monthly by the Bank and employees at an agreed rate of salary (8% of the basic salary of the employee), the fund is managed by its Board of Trustees. The contribution of Bank is charged to profit and loss account.

### 5.12.3 Staff retirement benefit - gratuity

The Bank operates defined benefit plan comprising an unfunded gratuity scheme covering all eligible employees completing the minimum qualifying period of service (three years) as specified by the scheme.

The Bank's net liability in respect of this defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods and discounting that amount.

The calculation of defined benefit liability is performed annually by a qualified actuary using the projected unit credit method (PUC).

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses are recognised immediately in other comprehensive income. The Bank determines the net interest expense on the net defined benefit liability for the year by applying the discount rate used to measure the defined benefit liability at the beginning of the annual period to the then-net defined benefit liability, taking into account any changes in the net defined benefit liability during the year as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plan are recognised in profit and loss account.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit and loss account. The Bank recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

## 5.13 Reserves

### 5.13.1 Statutory reserve

In compliance with the requirements of the Regulation R-4, the Bank maintains 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.

### 5.13.2 Depositors' protection fund

In compliance with the requirements of section 19 of the Microfinance Institutions Ordinance 2001, the Bank contributes 5% of annual profit after tax to the Depositor's Protection Fund for the purpose of providing security or guarantee to the persons depositing money in the Bank.

### 5.13.3 Cash reserve

In compliance with the requirements of the Regulation R-3A, the Bank maintains a cash reserve equivalent to not less than 5% of its deposits (including demand deposits and time deposits with tenure of less than 1 year) in a current account opened with the State Bank of Pakistan (SBP) or its agent.

### 5.13.4 Statutory liquidity requirement

In compliance with the requirements of the Regulation R-3B, the Bank maintains liquidity equivalent to at least 10% of its total demand liabilities and time liabilities with tenure of less than one year in the form of liquid assets i.e. cash, gold, unencumbered treasury bills, Pakistan Investment Bonds and Government of Pakistan sukuk bonds. Treasury bills and Pakistan Investment Bonds held under depositor's protection fund are excluded for the purposes of determining liquidity.

## 5.14 Provisions

A provision is recognised in the balance sheet when the Bank has a legal or constructive obligation as a result of a past



event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax discount rate that reflects current market assessment of time value of money and risk specific to the liability. The unwinding of discount is recognised as interest expense.

## **5.15 Revenue recognition**

### **5.15.1 Revenue from contracts with customers**

Revenue is measured based on the consideration specified in a contract with customer and excludes amounts collected on behalf of third parties.

Revenue is recognized when the Bank satisfies the performance obligations by transferring a promised good or service to a customer. Goods or services are transferred when the customer obtains control of those assets. Revenue from all revenue streams is recognized when the services are provided to the customer.

The stand-alone selling prices are determined based on the observable price at which the Bank sells the services on a standalone basis.

The nature and timing of satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies are as follows:

#### ***Mark-up / income on advances***

Mark-up / income / return / service charge on advances is recognized on accrual / time proportion basis using effective interest rate method at the Bank's prevailing interest rates for the respective loan products. Mark-up/ income on advances is collected with loan instalments. Due but unpaid service charges/ income are accrued on overdue advances for period up to 30 days. After 30 days, overdue advances are classified as non-performing and recognition of unpaid service charges / income ceases. Further accrued mark-up on non-performing advances are reversed and credited to suspense account. Subsequently, mark-up recoverable on non-performing advances is recognized on a receipt basis in accordance with the requirements of the Regulations. Application processing fee is recognized as income when service is performed. Also refer 5.4.

#### ***Income from investment***

Mark-up / return on investments is recognized on time proportion basis using effective interest method. Where debt securities are purchased at premium or discount, the related premiums or discounts are amortized through the profit and loss account over the remaining period of maturity of said investment. Gain or loss on sale of securities is accounted for in the period in which the sale occurs.

#### ***Fee, commission and brokerage income***

Fee, commission and brokerage income are recognised as services are performed.

#### ***Income on inter bank deposits***

Income from interbank deposits in saving accounts are recognized in the profit and loss account using the effective interest method.

## **5.16 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.

### **5.17 Borrowing costs**

Borrowing costs are recognized as an expense in the period in which they are incurred except where such costs relate to the acquisition, construction or production of a qualifying asset in which case such costs are capitalized as part of the cost of that asset.

### **5.18 Off-setting**

Financial assets and financial liabilities and tax assets and tax liabilities are only off-set and the net amount is reported in the financial statements when there is a legally enforceable right to set off the recognized amount and the Bank intends either to settle on net basis or to realize the assets and to settle the liabilities simultaneously. Income and expense items of such assets and liabilities are also off-set and the net amount is reported in the financial statements.

### **5.19 Foreign currency transactions and translation**

Transactions in foreign currencies are translated into Pak Rupee at exchange rate on the date of transaction. All monetary assets and liabilities in foreign currencies are translated into Pak Rupee at the rate of exchange approximating those ruling at the balance sheet date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit and loss account.

### **5.20 Earnings per share**

The Bank presents basic and diluted earnings per share (EPS). Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Bank by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for the effects of all dilutive potential ordinary shares.

### **5.21 Share capital and dividend**

Ordinary shares are classified as equity and recognised at their face value. Dividend distribution to the shareholders is recognised as liability in the period in which it is declared.

### **5.22 Fair value measurement**

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Bank has access at that date. The fair value of a liability reflects its non-performance risk.

A number of the Bank's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When one is available, the Bank measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Bank uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Bank measures assets and long positions at a bid price and liabilities and short positions at an ask price.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Bank determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in profit and loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

6	CASH AND BALANCES WITH SBP AND NBP	Note	2021 Rupees	2020 Rupees
	Cash in hand - Local currency		808,663,563	920,790,506
	<b>Local currency current accounts</b>			
	Balances with State Bank of Pakistan (SBP)	6.1	2,990,491,101	2,238,550,139
	Balances with National Bank of Pakistan (NBP)		776,186	776,186
			<b>3,799,930,850</b>	<b>3,160,116,831</b>

- 6.1** This includes balance maintained with SBP to comply with the requirement of Prudential Regulations for Microfinance Banks to maintain minimum cash reserve not less than 5% (2020: 5%) of the Bank's time and demand deposits liabilities with tenure of less than one year. This also includes Rs. 158,299,594 (2020: Rs. 102,719,064 ) maintained with SBP under Depositors' Protection Fund.

7	BALANCES WITH OTHER BANKS/ NBFIs/ MFBs	Note	2021 Rupees	2020 Rupees
	In Pakistan - Local currency			
	Current accounts	7.1	12,385,714	11,702,453
	Deposit accounts	7.2	6,211,518,698	1,896,507,295
			<b>6,223,904,412</b>	<b>1,908,209,748</b>

- 7.1** This includes Rs. 10,600,000 (2020: Rs. 10,200,000) held as deposit under lien in respect of standby letter of guarantee issued to China Union Pay International.

- 7.2** Deposit accounts carried interest at rates ranging from 5.50% to 11.5% (2020: 5.50% to 14.5%) per annum.

8	INVESTMENTS - NET OF PROVISIONS	Note	2021 Rupees	2020 Rupees
	<b>Federal Government Securities</b>			
	<b>Available for sale</b>			
	Market Treasury Bills (T-Bills)	8.1	21,005,065,107	10,352,699,370
	Pakistan Investment Bonds (PIBs)	8.2	6,066,754,960	7,601,060,234
	Unrealised loss on revaluation of investments	8.5	(339,506,279)	739,734
			<b>26,732,313,788</b>	<b>17,954,499,338</b>
	<b>Held for trading</b>			
	Mutual Funds	8.3	12,082,205,991	-
	<b>Held to maturity</b>			
	Term deposit receipts	8.4	7,750,000,000	6,120,000,000
			<b>46,564,519,779</b>	<b>24,074,499,338</b>
			-	-
	Less: Provision for diminution in value of investments		<b>46,564,519,779</b>	<b>24,074,499,338</b>

- 8.1** This represents market treasury bills with maturities ranging from 13 to 181 days (2020: 42 to 84 days) carrying interest at the rate ranging from 7.40% to 11.45% (2020: 7.10% to 7.14%) per annum.
- 8.2** This represents Pakistan Investment Bonds carrying interest at the rate ranging from 9.00% to 9.5% (2020: 8.12% to 9.06%) per annum payable on semi annually basis maturing within 09 months to 33 months.
- 8.3** This represents investments in open ended mutual funds and are measured at fair value through profit or loss. Fair value of these investments is determined using quoted repurchase price. Units held in funds are tabulated below:

	2021	
	No. of units	Rupees
ABL Cash Fund	681,214,232	7,043,167,898
Faysal Income and Growth Fund	36,078,290	4,037,160,639
Pak Oman Government Securities Fund	88,979,054	1,001,877,454
	<b>806,271,576</b>	<b>12,082,205,991</b>

- 8.4** Term Deposit Receipts (TDR) carries markup at rate ranging between 10.5% to 13.00% (2020: 8.50% to 12%) per annum with maturities upto 6 months to 1 year.

	2021	2020
	Rupees	Rupees
<b>8.5 Revaluation of available for sale securities - net of deferred tax</b>		
Market Treasury Bills (T-Bills)	(26,979,500)	648,500
Pakistan Investment Bonds (PIBs)	(312,526,779)	91,234
	(339,506,279)	739,734
Related deferred tax effect	50,875,951	(110,960)
	<b>(288,630,328)</b>	<b>628,774</b>

In accordance with Regulation R-11, available for sale securities have been valued at market value and the resulting surplus is kept in a separate account titled 'surplus / (deficit) on revaluation of assets' through statement of comprehensive income.

## 9 ADVANCES - NET OF PROVISIONS

Loan type	Note	2021		2020	
		Number	Rupees	Number	Rupees
Micro credit					
Secured		103,952	18,810,906,403	86,949	14,648,994,902
Unsecured		242,438	17,600,438,168	259,309	16,670,366,873
		<b>346,390</b>	<b>36,411,344,571</b>	<b>346,258</b>	<b>31,319,361,775</b>
Less: Provision held					
Specific	9.1	15,813	(529,681,308)	516	(7,247,107)
General	9.2		(1,505,933,945)		(1,305,815,769)
	9.4		(2,035,615,253)		(1,313,062,876)
Advances - net of provisions			<b>34,375,729,318</b>		<b>30,006,298,899</b>

- 9.1** Specific provision for the year has been arrived at after considering the relaxation granted by SBP to financial sector as referred to in note 5.4 to the financial statements. Specific provision is maintained net of risk coverage by SBP under credit guarantee for small and marginalized farmers (CGSMF) amounting Rs. 600 million (2020: Rs. 520 million), in accordance with the Regulations.
- 9.2** General provision is maintained at the rate of 1% (2020: 1%) of unsecured micro credit balance net of specific provision amounting to Rs. 529.68 million (2020: Rs. 7.25 million).

In view of the COVID 19, management expect that certain degree of customers would be impacted, however, it is difficult to estimate potential effect on advances portfolio with any degree of certainty. Accordingly, an additional general provision of Rs. 1,312 million (2020: Rs. 1,144 million) is recognized in the financial statements based on management's assessment of asset quality and credit risk.

### 9.3 Particulars of non-performing advances

Advances include Rs. 1,023 million (2020: Rs. 35.87 million) as detailed below, which have been placed under non-performing status. Non-performing advances include Rs. 149.88 million (2020: Rs. 6.16 million) of secured loans on which there is no provision as per regulation. Out of these non-performing advances, Rs. 603.68 million relate to the restructured / deferred portfolio.

Category of classification	2021				2020		
	Provision rate	Amount outstanding	Provision required	Provision held	Amount outstanding	Provision required	Provision held
		Rupees			Rupees		
Other Assets Especially Mentioned (OAEM)	-	194,815,142	-	-	15,371,672	-	-
Sub-standard	25%	70,559,898	13,632,230	13,632,230	9,018,144	2,022,961	2,022,961
Doubtful	50%	340,663,300	119,217,348	119,217,348	8,464,804	3,174,302	3,174,302
Loss	100%	417,448,102	396,831,730	396,831,730	3,016,744	2,049,844	2,049,844
<b>Total</b>		<b>1,023,486,442</b>	<b>529,681,308</b>	<b>529,681,308</b>	<b>35,871,364</b>	<b>7,247,107</b>	<b>7,247,107</b>

### 9.4 Particulars of provisions against non-performing advances

	Note	2021				2020			
		Specific	General		Total	Specific	General		Total
			Mandatory	Additional			Mandatory	Additional	
		Rupees				Rupees			
Opening balance		7,247,107	161,815,769	1,144,000,000	1,313,062,876	353,264,391	154,962,899	-	508,227,290
Charge for the year	9.4.1	1,312,782,288	32,118,176	168,000,000	1,512,900,464	429,013,209	6,852,870	1,144,000,000	1,579,866,079
Advances written off	9.5	(790,348,087)	-	-	(790,348,087)	(775,030,493)	-	-	(775,030,493)
Reversals		-	-	-	-	-	-	-	-
Closing balance		<b>529,681,308</b>	<b>193,933,945</b>	<b>1,312,000,000</b>	<b>2,035,615,253</b>	<b>7,247,107</b>	<b>161,815,769</b>	<b>1,144,000,000</b>	<b>1,313,062,876</b>

9.4.1 This includes Rs. 18.15 million (2020: Rs. 1.84 million) directly charged to profit and loss account.

### 9.5 Particulars of advances written off

	Note	2021 Rupees	2020 Rupees
Against provision		(772,192,304)	(773,188,812)
Directly charged to profit and loss account		(18,155,783)	(1,841,681)
		<b>(790,348,087)</b>	<b>(775,030,493)</b>

9.6 In order to dampen the adverse effects of COVID-19 and to enable the Microfinance Banks continue to fulfill their role in funding the real economy, SBP issued AC&MFD Circular Letter No. 1 of 2020 dated 26 March 2020 regarding "Regulatory relief to dampen the effects of COVID-19". This circular allowed certain relaxations to MFBs. In accordance with this circular, MFBs, upon written request from borrower received before 30 June 2020, could defer repayment of principal for one year provided borrower continues to service the markup amount in accordance with agreed terms. The said circular also clarified that the above-mentioned deferment does not affect the credit history of the borrower and is not to be reported as restructuring in ECIB. Further, the financing facilities of such borrowers, who are unable to service the mark-up amount or need deferment exceeding one year, may be rescheduled / restructured upon their request. If the rescheduling / restructuring is done within 90 days of the loans being overdue, such facilities could continue to be treated as regular and reported in the ECIB accordingly. MFBs could not classify as NPL, the financing facilities of such borrowers who had requested for deferment unless the payment obligations were past due by 90 days. The aforesaid treatment was available for loans which were regular on or after 15 February 2020 and became non-performing subsequently.

In continuation to the aforementioned letter, the SBP vide its letter AC&MFD Circular Letter No. 4 of 2020 dated 07 July 2020 further extended the date of submission of rescheduling request to 30 September 2020, provided, borrower continues to service the mark-up amount as per agreed terms and conditions. In order to enable MFBs in extending further relief measures to the affected borrowers, on 10 August 2020, SBP issued AC&MFD Circular Letter No. 7 of 2020, wherein the treatment prescribed vide aforesaid circular letters was now available for loans which were regular on 31 December 2019 (previously this was 15 February 2020). Total 131,212 (2020: 142,181) number of loans are outstanding under SBP relief restructured / deferred portfolio amounting to Rs. 8,233 million (2020: Rs. 8,499 million).

## 10 OPERATING FIXED ASSETS

		2021 Rupees	2020 Rupees
Capital work-in-progress	10.1	171,418,550	75,560,939
Property and equipment	10.2	1,286,159,012	1,435,956,474
Intangible assets	10.3	270,259,396	201,790,196
Right of use asset (ROU)	10.4	1,158,333,270	1,204,105,972
		<b>2,886,170,228</b>	<b>2,917,413,581</b>



## 10.1 Capital work-in-progress

Breakup of capital work in progress at the reporting date is as follows:

Advances to suppliers / contractors  
Office improvements

10.1.1	28,308,159	27,926,998
	143,110,391	47,633,941
	<u>171,418,550</u>	<u>75,560,939</u>

10.1.1 This represents advance given for software and property and equipment.

## 10.2 Property and equipment

	2021										
	Cost				Depreciation						
	At 01 January 2021	Additions	Disposals	Transfers	At 31 December 2021	At 01 January 2021	Charge for the year	Disposals / Transfers	At 31 December 2021	Book value at 31 December 2021	Rates of depreciation % (per annum)
	Rupees										
Owned											
Furniture and fixture	205,768,045	22,212,056	(5,593,148)	-	222,386,953	62,626,997	22,397,323	(1,924,862)	83,099,458	139,287,495	10.00%
Computer equipments	383,778,928	98,656,024	(3,918,576)	-	478,516,376	214,761,095	163,856,834	(3,903,812)	374,714,117	103,802,259	33.33%
Electrical equipment	1,194,316,122	76,407,893	(5,726,724)	-	1,264,997,291	423,636,719	167,053,302	(5,369,102)	585,320,919	679,676,372	20.00%
Vehicles	31,597,740	-	-	-	31,597,740	26,030,433	3,098,924	-	29,129,357	2,468,383	20.00%
Office improvement	488,235,042	66,242,830	(11,786,747)	-	542,691,125	140,684,159	48,558,078	(7,475,615)	181,766,622	360,924,503	10.00%
	2,303,695,877	263,518,803	(27,025,195)	-	2,540,189,485	867,739,403	404,964,461	(18,673,391)	1,254,030,473	1,286,159,012	
	Rupees										
	2020										
	Cost				Depreciation						
	At 01 January 2020	Additions	Disposals	Transfers	At 31 December 2020	At 01 January 2020	Charge for the year	Disposals / Transfers	At 31 December 2020	Book value at 31 December 2020	Rates of depreciation % (per annum)
	Rupees										
Owned											
Furniture and fixture	188,359,184	17,413,324	(4,463)	-	205,768,045	41,799,387	20,830,176	(2,566)	62,626,997	143,141,048	10.00%
Computer equipments	200,257,510	104,982,182	(387,456)	78,926,692	383,778,928	139,307,999	75,840,552	(387,456)	214,761,095	169,017,833	33.33%
Electrical equipment	1,105,358,505	202,536,886	-	(113,579,269)	1,194,316,122	209,931,259	213,705,460	-	423,636,719	770,679,403	20.00%
Vehicles	31,597,740	-	-	-	31,597,740	21,525,721	4,504,712	-	26,030,433	5,567,307	20.00%
Office improvement	454,119,198	34,560,614	(444,770)	-	488,235,042	95,932,168	44,937,312	(185,321)	140,684,159	347,550,883	10.00%
	1,979,692,137	359,493,006	(836,689)	(34,652,577)	2,303,695,877	508,496,534	359,818,212	(575,343)	867,739,403	1,435,956,474	

10.2.1 Cost of fully depreciated property and equipment that are still in use is Rs. 285,965,459 (2020: Rs. 224,808,337).

### 10.2.2. Detail of disposals of operating fixed assets

Details of deletion of fixed assets during the year with cost in excess of Rs. 1 million or book value in excess of Rs. 250,000 is as follows:

Description	Original cost	Accumulated depreciation	Book value	Sale proceeds	Gain / (Loss)	Mode of disposal	Particulars of buyers
Rupees							
Sign Board	891,276	185,682	705,594	32,000	(673,594)	Auction	Wali Enterprises
Civil Works	381,940	92,302	289,638	-	(289,638)	Writeoff	-
Civil Works	1,231,025	964,303	266,722	-	(266,722)	Writeoff	-
Civil Works	1,552,655	1,060,981	491,674	-	(491,674)	Writeoff	-
Civil Works	526,152	245,538	280,614	16,100	(264,514)	Auction	M Abdullah
Civil Works	1,742,718	1,205,380	537,338	-	(537,338)	Writeoff	-
Civil Works	604,445	337,482	266,963	-	(266,963)	Writeoff	-
Civil Works	1,299,764	758,196	541,568	-	(541,568)	Writeoff	-
Civil Works	1,804,911	1,248,397	556,514	595,000	38,486	Insurance	Insurance claim (EFU)
Other assets (Note 10.2.2.1)	16,990,309	12,575,130	4,415,179	1,082,322	(3,332,857)	Tender / Auction	Various buyers
	<u>27,025,195</u>	<u>18,673,391</u>	<u>8,351,804</u>	<u>1,725,422</u>	<u>(6,626,382)</u>		

10.2.2.1. Other assets includes those assets whose individual cost and book value does not exceed Rs. 1 million and Rs. 250,000, respectively.

## 10.3 Intangible assets

Note	2021										Rates of amortization % (per annum)
	Cost				Amortization				Book value at 31 December 2021		
	At 01 January 2021	Additions	Transfers	At 31 December 2021	At 01 January 2021	Additions	Transfers	At 31 December 2021			
	Rupees										
Computer softwares	318,183,374	118,843,357	-	437,026,731	116,393,178	50,374,157	-	166,767,335	270,259,396	10.00%	
Licenses	12,394,739	-	-	12,394,739	12,394,739	-	-	12,394,739	-	20.00%	
Mail server	78,378	-	-	78,378	78,378	-	-	78,378	-	33.33%	
	<u>330,656,491</u>	<u>118,843,357</u>	<u>-</u>	<u>449,499,848</u>	<u>128,866,295</u>	<u>50,374,157</u>	<u>-</u>	<u>179,240,452</u>	<u>270,259,396</u>		
Note	2020										Rates of amortization % (per annum)
	Cost				Amortization				Book value at 31 December 2020		
	At 01 January 2020	Additions	Transfers	At 31 December 2020	At 01 January 2020	Additions	Transfers	At 31 December 2020			
	Rupees										
Computer softwares	217,484,528	66,046,269	34,652,577	318,183,374	80,745,960	35,647,218	-	116,393,178	201,790,196	10.00%	
Licenses	12,394,739	-	-	12,394,739	12,394,739	-	-	12,394,739	-	20.00%	
Mail server	78,378	-	-	78,378	78,378	-	-	78,378	-	33.33%	
	<u>229,957,645</u>	<u>66,046,269</u>	<u>34,652,577</u>	<u>330,656,491</u>	<u>93,219,077</u>	<u>35,647,218</u>	<u>-</u>	<u>128,866,295</u>	<u>201,790,196</u>		

**10.3.1** This includes operating system and microsoft office licenses. The average remaining life of the computer softwares is 03 years (2020: 04 years).

<b>10.4 Right of use asset</b>	<b>Note</b>	<b>2021 Rupees</b>	<b>2020 Rupees</b>
Balance at start of the year		<b>1,204,105,972</b>	1,429,341,831
Transfer from property and equipment		<b>194,002,253</b>	50,023,228
Additions	10.4.1	<b>(4,803,926)</b>	(10,283,591)
Disposals		<b>(33,271,735)</b>	-
Modification of lease		<b>79,224,100</b>	-
Depreciation	25	<b>(280,923,394)</b>	(264,975,496)
Balance at end of the year		<b>1,158,333,270</b>	1,204,105,972

**10.4.1** Details of deletion of right of use assets during the year with cost in excess of Rs. 1 million or book value in excess of Rs. 250,000 are as follows:

Description	Original cost	Accumulated depreciation	Book value	Sale proceeds	Gain	Mode of disposal	Particulars of buyers
<b>Rupees</b>							
Corolla Altis 1.6	2,499,766	1,333,209	1,166,557	1,166,557	-	Buy back	Sharmeen Niaz
Corolla Gli 1.3	2,462,156	943,826	1,518,330	1,571,986	53,656	Buy back	Palwasha Qazi
Corolla Altis 1.6	3,260,060	1,141,021	2,119,039	2,173,730	54,691	Buy back	Obaid Riaz
	<u>8,221,982</u>	<u>3,418,056</u>	<u>4,803,926</u>	<u>4,912,273</u>	<u>108,347</u>		

<b>11 OTHER ASSETS</b>	<b>Note</b>	<b>2021 Rupees</b>	<b>2020 Rupees</b>
Income / mark-up accrued	11.1	<b>8,837,417,346</b>	6,724,115,659
Advances, deposits and other prepayments		<b>376,198,998</b>	208,483,161
Advance tax - net		-	-
Receivable from 1-Link		<b>100,536,490</b>	181,726,809
Inventory of ATM cards and stationery		<b>29,192,613</b>	18,285,049
Advance to employees	11.2	<b>125,840,940</b>	92,403,524
Receivable from SBP against crop and livestock insurance	11.3	<b>456,749,452</b>	476,990,966
Insurance claims receivable		<b>93,071,656</b>	75,370,102
Receivable from staff retirement benefit - gratuity	16.3	-	7,849,721
Receivable from defined contribution plan - provident fund		-	1,391,950
Others		<b>31,575,657</b>	10,630,409
		<b>10,050,583,152</b>	7,797,247,350

**11.1** This is net of markup suspended amounting to Rs. 1,793 million (2020: Rs. 769 million) on non-performing loans of the Bank.

**11.2** These represent loans to staff and executives of the Bank for a maximum period of 60 months. These are secured against the retirement benefits of employees.

**11.3** This represents amount receivable from SBP in respect of insurance premium paid by the Bank for livestock and crop loans under AC&MFD circular no. 01 of 2013 dated 01 November 2013.

## 12 DEFERRED TAX ASSET

Deductible temporary differences arising in respect of

Provision against advances

Deficit on revaluation of available for sale securities

Remeasurement of employees' retirement benefits

Lease finance facilities

Accelerated tax depreciation / amortization allowance

Taxable temporary differences arising in respect of

Accelerated tax depreciation / amortization allowance

Gain on revaluation of available for sale securities

Treasury bills

Pakistan Investment Bonds (PIBs)

Mutual funds

2021	2020
Rupees	Rupees
590,328,423	380,788,234
50,875,951	-
2,919,774	253,586
60,926,189	50,994,492
41,408,196	-
746,458,533	432,036,312
-	(24,254,668)
-	(110,960)
(25,073,192)	(8,054,086)
(24,439,803)	-
(19,497,919)	-
677,447,619	399,616,598

	Net balance at 01 January 2021	Recognised in Profit and loss account	Other comprehensive income	Net balance at 31 December 2021
	Rupees			
<b>2021</b>				
<b>Taxable temporary differences</b>				
Treasury Bills	(8,054,086)	(17,019,106)	-	(25,073,192)
Pakistan Investment Bonds (PIBs)	-	(24,439,803)	-	(24,439,803)
Mutual funds	-	(19,497,919)	-	(19,497,919)
<b>Deductible temporary differences</b>				
Operating fixed assets	(24,254,668)	65,662,864	-	41,408,196
Provision for advances	380,788,234	209,540,189	-	590,328,423
Employee retirement benefit - gratuity	253,586	-	2,666,188	2,919,774
Surplus / (deficit) on revaluation of assets	(110,960)	-	50,986,911	50,875,951
Leases	50,994,492	9,931,697	-	60,926,189
	407,670,684	285,134,750	53,653,099	746,458,533
	399,616,598	224,177,922	53,653,099	677,447,619

## 2020

### Taxable temporary differences

Operating fixed assets

Treasury Bills

(97,299,842)

73,045,174

-

(24,254,668)

(12,740,588)

4,686,502

-

(8,054,086)

### Deductible temporary differences

Provision for advances

Employee retirement benefit - gratuity

Surplus / (deficit) on revaluation of assets

Leases

147,385,914

233,402,320

-

380,788,234

3,259,061

-

(3,005,475)

253,586

1,549,152

-

(1,660,112)

(110,960)

34,200,832

16,793,660

-

50,994,492

186,394,959

250,195,980

(4,665,587)

431,925,352

76,354,529

327,927,656

(4,665,587)

399,616,598

### 13 DEPOSITS AND OTHER ACCOUNTS

	2021		2020	
	No. of Accounts	Amount Rupees	No. of Accounts	Amount Rupees
Fixed deposits	1,556	20,280,326,633	2,282	26,357,673,331
Saving deposits	15,846	30,892,674,901	14,785	16,802,040,082
Current deposits	2,722,176	3,827,288,161	1,461,867	2,944,927,440
	<b>2,739,578</b>	<b>55,000,289,695</b>	<b>1,478,934</b>	<b>46,104,640,853</b>

#### 13.1 Particulars of deposits by ownership

Individual depositors	2,739,404	29,468,403,092	1,478,758	19,448,644,288
Institutional depositors				
Corporation/ firms etc.	140	17,428,759,047	105	11,988,551,046
Banks / financial institutions	34	8,103,127,556	71	14,667,445,519
<b>Total</b>	<b>2,739,578</b>	<b>55,000,289,695</b>	<b>1,478,934</b>	<b>46,104,640,853</b>

**13.2** This includes deposits amounting to Rs. 5,769 million (2020: Rs. 5,573 million) from related parties. Also refer note 37.

### 14 BORROWINGS

Borrowings from Banks / Financial Institutions in Pakistan:

#### Secured

	Note	2021 Rupees	2020 Rupees
Allied Bank Limited - I		-	249,999,998
Faysal Bank Limited - I	14.1	166,666,667	500,000,000
Allied Bank Limited - II	14.2	1,333,333,330	2,666,666,667
National bank of Pakistan - Running finance	14.3	1,000,000,000	500,000,000
Faysal Bank Limited - II	14.4	333,332,667	666,665,334
Bank of Punjab		-	50,000,000
State Bank of Pakistan	14.5	1,500,000,000	1,500,000,000
Repo Borrowing	14.6	15,555,721,500	6,154,540,000
Allied Bank Limited - Running finance - I	14.7	500,000,000	500,000,000
Bank Al Falah (Cash Management)		-	486,318,643
Repo Borrowing - PIB	14.8	1,916,632,000	-
Bank Alfalah - PPTFC	14.9	3,500,000,000	-
Bank of Punjab	14.10	600,000,000	-
Allied Bank Limited - III	14.11	2,250,000,000	-
Pakistan Mortgage Refinance Company	14.12	500,000,000	-
Pakistan Kuwait Investment Company (Private) Limited	14.13	750,000,000	-
Allied Bank Limited - Running finance - II	14.14	5,000,000,000	-
Allied Bank Limited - IV	14.15	500,000,000	-
Pakistan Mortgage Refinance Company - II	14.16	500,000,000	-
United Bank Limited	14.17	475,000,000	-
MCB Bank Limited	14.18	500,000,000	-
		<b>36,880,686,164</b>	<b>13,274,190,642</b>

**14.1** This represents term finance loan of Rs. 1 billion carrying markup of 6-months KIBOR plus 1% (2020: 6-Months KIBOR plus 1%) per annum payable semi-annually. The loan is secured against first pari passu charge on book debts, advances and receivable of the Bank with 25% margin and Microfinance Credit Guarantee Facility from State Bank of Pakistan at 25%. This loan is repayable in 6 equal semi-annual instalments of Rs. 166.67 million each. Repayments have started from August 2019.

**14.2** This represents term finance facility under syndicate financing through Allied Bank Limited of Rs. 4 billion carrying markup of 6-months KIBOR plus 0.95% (2020: 6-Months KIBOR plus 0.95%) per annum payable semi-annually in

arrears. This is secured against first pari passu charge over all present and future assets excluding land and building of the Bank but not limited to advances and investments beyond CRR and SLR requirements of the Bank with 25% margin. Disbursement was initially made against a ranking charge which was upgraded to 1st pari passu within 120 days of first disbursement. This loan is repayable in 06 equal semi-annual instalments with the first principal repayment falling due on eighteenth (18th) month from the first disbursement date. The loan was drawn on 31 December 2018.

**14.3** This represents utilized amount of running finance facility through National Bank of Pakistan Limited of Rs. 1,000 million (2020: 500 million) carrying markup of 3-months KIBOR plus 0.75% per annum. During the year Rs. 500 million was further drawn on 31 December 2021 carrying markup of KIBOR+1.25% (2020: 3-Months KIBOR plus 0.75% per annum). This is secured against first pari passu charge on all current and future book debts, advances and receivable of the Bank. The initial disbursement was made against ranking charge which was upgraded to first pari passu charge within 120 days from date of disbursement. Markup is repayable on quarterly basis.

**14.4** This represents term finance loan of Rs. 1 Billion carrying markup of 6-months KIBOR plus 0.75% per annum (2020: 6-Months KIBOR plus 0.75% per annum). This is secured against first pari passu charge on book debts, advances and receivables of the Bank for Rs. 1,333 million (25% margin). Initial disbursement on ranking charge was upgraded to first pari passu from 21 December 2018. This loan is repayable in 6 semi-annual instalments of Rs. 166.66 million each after grace period of 01 year with the notional principle of Rs. 1,000 within first two semi-annual mark-up payments.

**14.5** This represents term finance loan of Rs. 1,500 million carrying markup of 6-months KIBOR minus 100 bps (2020: 6 Months KIBOR minus 100 bps) for the tenor of five years. Markup amount is payable on every half year end i.e 30 June and 31 December, while payment of principle will be made in the last four quarters of the loan period or in bullet form. The loan is provided against the following target set by the SBP:

- the loan should be disbursed to 60% female borrowers
- the Bank should disburse 25,000 loans; and
- all loans disbursed should meet the E&S guideline issued by SBP.

The Bank disbursed 30,714 loans (2020: 28,983 loans) amounting to Rs. 4.09 billion (2020: Rs. 2.77 billion) out of which 21,248 loans (2020: 20,123 loans) amounting to Rs. 2.39 billion (2020: Rs. 1.64 billion) were disbursed to female borrower as per the E&S guideline issued by SBP.

**14.6** This represents Repo Borrowing from:

- SAMBA Bank Limited at the rate of 10.7% amounting to Rs. 1.48 billion with maturity date of 07 January 2022.
- Allied Bank Limited at the rate of 10.75% amounting to Rs. 950.6 million with maturity date of 07 January 2022.
- Allied Bank Limited at the rate of 10.75% amounting to Rs. 1.903 billion with maturity date of 06 January 2022.
- Pak Oman Investment Bank Limited at the rate of 10.7% amounting to Rs. 1.953 billion with maturity date of 31 January 2022.
- National Bank of Pakistan at the rate of 10% amounting to Rs. 492.365 million with maturity date of 07 January 2022.
- Bank of Punjab at the rate of 10.75% amounting to Rs. 1.420 billion with maturity date of 07 January 2022.
- Bank of Punjab at the rate of 10.75% amounting to Rs. 1.420 billion with maturity date of 07 January 2022.
- Bank Alfalah Limited at the rate of 10.75% amounting to Rs. 1.961 billion with maturity date of 04 January 2022.
- Muslim Commercial Bank at the rate of 10.5% amounting to Rs. 1.992 billion with maturity date of 04 January 2022.
- Zarai Taraqiati Bank Limited at the rate of 10.7% amounting to Rs. 1.981 billion with maturity date of 07 January 2022.

**14.7** This represents running finance of Rs. 500 million at the rate of 3 months KIBOR + 0.85% per annum to be paid on quarterly basis with the tenor of 12 months. This running finance facility is secured against all present and future assets of Bank excluding land and building with 25 % margin and is obtained to meet the short term funding requirement and to finance growth in advances.

**14.8** This represents Repo Borrowing from Zarai Taraqiati Bank Limited at the rate of 10.7% amounting to Rs. 1.916 billion with maturity date of 07 January 2022.

**14.9** This represents privately placed term finance certificates (TFCs) of Rs. 3.5 Billion distributed in 35,000 TFCs of Rs. 100,000 each. The Issue amount will be utilized to enhance the advances portfolio of the Bank. The facility tenure is 04



years (inclusive of 01 year grace) and is priced at 6 Month KIBOR + 1.35%. Half of the issue amount is secured against 1st pari passu charge on the book debts, advances and receivables with 25% margin remaining half is secured against charge/lien on government securities. Semi - annual principal redemption shall commence from 2nd year from issue date in 06 equal principal installments and shall continue till the maturity of the instrument. The rating of these certificates issued by PACRA is AA- with stable outlook. These TFCs shall be inducted in CDS and the laws and regulation relating to the CDS with respect to the term finance certificates will be applicable to the TFCs.

- 14.10** This represents term finance facility through The Bank of Punjab of Rs. 600 Million carrying markup of 6-months KIBOR plus 0.95% per annum payable semi-annually in arrears. This is secured against first pari passu charge over all present and future assets (excluding land and building), book debts, advances microcredit receivables and investments of the bank with 25% margin. This loan is repayable in 07 equal semi-annual instalments with the first principal repayment falling due on twelfth (12th) month from the first disbursement date. The loan was drawn on 30 June 2021.
- 14.11** This represents syndicated term finance facility with Allied Bank Limited of Rs. 2,250 million carrying markup at the rate of 6-month KIBOR plus 1.25% per annum. Mark up is paid semi annually in arrears. The first payment shall be due and payable at the end of eighteen months from disbursement date and subsequently every six months thereafter. This is secured against first pari-passu charge on all present and future assets of the borrower with the margin of 25%. The loan was drawn on 26 November 2021.
- 14.12** This represents housing loan from Pakistan Mortgage Refinance Company Limited of Rs. 500 million carrying markup at the rate of 1 year Kibor with negative spread of 1% depending upon the utilization. First payment shall fall due at the end of 3rd month from disbursement and subsequently every quarter thereafter. This is secured against first pari-passu charge on all present and future current assets of the borrower with the margin of 25%. Loan amounting to Rs. 300 million was drawn on 27 August 2021 and Rs. 200 million on 30 Sep 2021.
- 14.13** This represents utilised amount of term finance facility of Rs. 750 million from Pakistan Kuwait Investment Company (Private) Limited (PKIC or lender) carrying markup at the rate of 6-months KIBOR plus 1.10% per annum (2020: Nil). This is secured against first pari-passu charge on all present and future assets (excluding land and building) including but not limited to book debts, advances, microcredits, bills, cash and bank balances, investments etc with 25% margin. This loan is repayable in 4 semi-annual instalments of Rs. 187.5 million each with no grace period. The loan was drawn on 2 December 2021.
- 14.14** This represents utilised amount of running finance facility of Rs. 5,000 million carrying markup at the rate of 3 months KIBOR + 0.10% per annum to be paid on quarterly basis in arrears with the tenor of 12 months. This is secured against ABL asset management units with 10% margin. This running finance facility is obtained to meet the short term funding requirement and to finance growth in advances/agri portfolio including but not limited to lending in KPK/Balochistan. The loan was drawn on 20 December 2021.
- 14.15** This represents housing loan of Rs. 500 million from Allied Bank Limited carrying markup at the rate of 6-months KIBOR plus 0.95% per annum (2020: Nil). This is secured against first pari-passu hypothecated charge on all present and future assets (excluding land and building) of the Bank inclusive of 25% margin. This loan is repayable in 9 equal semi-annual instalments of Rs. 55.55 million each inclusive of 6 months grace period. The loan was drawn on 17 December 2021.
- 14.16** This represents housing loan of Rs. 500 million from Pakistan Mortgage Refinance Company Limited carrying markup at the rate of 1 year Kibor with negative spread of 1% depending upon the utilization. First payment shall fall due at the end of 3rd month from disbursement and subsequently every quarter thereafter. This is secured against first pari-passu charge on all present and future assets of the Bank. The loan was drawn on 30 December 2021
- 14.17** This represents housing loan of Rs. 475 million from United Bank Limited carrying markup at the rate of 1-month KIBOR plus 0.85% per annum (2020: Nil). This is secured against first pari-passu hypothecated charge on all present and future assets inclusive of 25% margin. This loan is repayable in 6 equal semi-annual instalments of Rs. 79.17 million starting from June 2022. The loan was drawn on 29 December 2021.
- 14.18** This represents housing loan of Rs. 500 million from MCB Bank Limited carrying markup at the rate of 3-months KIBOR plus 0.75% per annum (2020: Nil). This is secured against first pari-passu amounting to Rs. 667 million charge on all present and future assets (excluding land and building) but not limited to advances/microcredit receivables and

investments (excluding CRR and SLR requirements, any lien over cash/TDR). This loan is repayable in 12 quarterly instalments of Rs. 41.67 million starting from fifteenth month each inclusive of 1 year grace period. The loan was drawn on 31 December 2021.

15	SUBORDINATED DEBT	Note	2021	2020
			Rupees	Rupees
	Term Finance Certificates	15.1	598,920,000	599,160,000
	Subordinated loan from PTCL	15.2	1,200,000,000	2,200,000,000
			<b>1,798,920,000</b>	<b>2,799,160,000</b>

**15.1** This represents term finance certificates (TFCs) of Rs. 600 million distributed in 120,000 TFCs of Rs. 5,000 each issued as subordinated loan in June 2017. The loan is availed as TIER-II subordinated debt for inclusion in the Bank's Supplementary Capital. The facility tenure is 7 years and is priced at 6 Month KIBOR + 3.50% (2020: 6 Month KIBOR + 3.50%). The instrument is structured to redeem 0.02% of principal, semi-annually, over the first 60 months and remaining principal of 24.95% each of the issue amount respectively, in four equal instalments starting from 66th month. The TFCs are subordinated as to the payment of principal and profit to all other indebtedness of the Bank. The rating of these certificates issued by JCR-VIS is A- with an stable outlook.

**15.2** This represents unsecured, subordinated debt from PTCL, the Parent Company. The facility tenure is 7 years with grace period of 5 years and is priced at 3 Month KIBOR + 2% (2020: 3 Month KIBOR + 2%) per annum. The loan is availed as TIER-II subordinated debt for inclusion in the Bank's Supplementary Capital. Loan is structured to redeem in four equal semi-annual instalments starting from June 2024. The debt is unsecured, subordinated as to the payment of principle and profit to all other indebtedness of the Bank, including deposit and it is not redeemable before maturity without prior approval of the SBP. During the year, the Bank and Parent Company PTCL entered into an agreement for the conversion of its Tier II subordinated debt amounting to Rs. 1 billion into ordinary shares subject to regulatory approvals. State Bank of Pakistan via letter no. BPRD/BA&CP/671/174072/2022 dated 12 January 2022 granted approval for the said conversion subject to certain conditions, effective as of 31 December 2021. Approval of Securities and Exchange Commission of Pakistan (SECP) is pending in this regard. Also refer note 18.

16	OTHER LIABILITIES	Note	2021	2020
			Rupees	Rupees
	Mark-up / return / interest payable	16.1	612,294,341	604,640,989
	Accrued expenses		525,121,278	292,234,939
	Payable to utility companies for utility bills collection		18,382,235	-
	Taxes payable		48,506,485	461,547,577
	Payable to Pakistan Telecommunication Company Limited, the Parent Company		513,757,012	31,746,869
	Payable to Pak Telecom Mobile Limited (PTML), an associated company		66,190,908	47,034,661
	Uncollected remittances		121,780,510	58,794,815
	Lease liability	16.2	1,194,661,938	1,212,010,930
	Payable to staff retirement benefit - gratuity	16.3	3,404,095	-
	Payable to defined contribution plan - provident fund	16.4	154,137	-
	Bills payable		136,247,772	75,971,909
	Others		84,304,213	19,698,438
	Workers' Welfare Fund		82,491,823	56,531,500
			<b>3,407,296,747</b>	<b>2,860,212,627</b>

**16.1** This includes amount of Rs. 16.39 million (2020: Rs. 224.83 million) payable to related parties on account of markup for the month of December 2021. For details of balances please refer to note 37 to these financial statements.

16.2 Lease liability	Note	2021	2020
		Rupees	Rupees
Lease liability - right of use assets	16.2.1	1,127,350,510	1,155,434,087
Lease liabilities - right of use assets - vehicles	16.2.2	67,311,428	56,576,843
		<b>1,194,661,938</b>	<b>1,212,010,930</b>

### 16.2.1 Lease liability - right of use assets

#### Contractual maturity of remaining lease commitments

Within one year	304,942,788	325,095,559
Between 2 and 5 years	1,193,007,899	1,465,495,481
After 5 years	496,665,163	496,665,163
Total un-discounted lease commitments	<b>1,994,615,850</b>	<b>2,287,256,203</b>
Discounted lease liability using the incremental borrowing rate as at 31 December 2021	<b>1,127,350,510</b>	<b>1,155,434,087</b>

### 16.2.2 Lease liabilities - right of use assets - vehicles

	Present value of minimum lease payments	Interest cost for future periods	Future minimum lease payments
<b>2021</b>			
Not later than one year	18,663,811	4,929,341	23,593,152
Later than one year and not later than five years	48,647,617	5,756,042	54,403,659
	<b>67,311,428</b>	<b>10,685,383</b>	<b>77,996,811</b>
<b>2020</b>			
Not later than one year	13,136,100	4,489,140	17,625,240
Later than one year and not later than five years	43,440,743	12,854,567	56,295,310
	<b>56,576,843</b>	<b>17,343,707</b>	<b>73,920,550</b>

**16.2.2.1** The Bank has leased vehicles from commercial banks with lease term of five years. These carry finance charge at six month KIBOR plus 1% (2020: six month KIBOR plus 1%) per annum. The rentals are payable in equal monthly instalments in advance upto December 2026. At the end of the lease term, the Bank has the option to acquire the assets on payment of all instalments. The facility is secured by way of ownership of leased assets.

16.3 Movement in the liability recognised in the balance sheet	2021	2020
	Rupees	Rupees
Present value of defined benefit obligation	156,936,452	107,091,392
Fair value of plan assets	(153,532,357)	(114,941,113)
Net defined benefit (asset)/ liability	<b>3,404,095</b>	<b>(7,849,721)</b>

### 16.3.1 Net defined benefit liability - gratuity

The Bank operates an unfunded gratuity scheme for its eligible employees.

#### Movement in net defined benefit liability - gratuity

Balance at 01 January	107,091,392	81,787,046
Charge for the year	53,964,771	47,012,418
Experience adjustments on defined benefit liability	6,649,031	(11,657,016)
Benefits paid	(10,768,742)	(10,051,056)
Balance at 31 December	<b>156,936,452</b>	<b>107,091,392</b>

#### Reconciliation of liability recognised in the balance sheet

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liability / (asset)
<b>2021</b>			
Balance at 01 January	107,091,392	(114,941,113)	(7,849,721)
Charge for the year	53,964,771	-	53,964,771
Experience adjustments on defined benefit liability	6,649,031	2,544,721	9,193,752
Benefits paid on behalf of the fund	(10,768,742)	10,768,742	-
Expected return on plan assets	-	(12,981,564)	(12,981,564)
Contributions to gratuity fund	-	(38,923,143)	(38,923,143)
Balance at 31 December	<u>156,936,452</u>	<u>(153,532,357)</u>	<u>3,404,095</u>

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liability / (asset)
<b>2020</b>			
Balance at 01 January	81,787,046	(80,551,244)	1,235,802
Charge for the year	47,012,418	-	47,012,418
Experience adjustments on defined benefit liability	(11,657,016)	1,293,307	(10,363,709)
Benefits paid	(10,051,056)	10,051,056	-
Benefits paid on behalf of the fund	-	(11,575,627)	(11,575,627)
Expected return on plan assets	-	(34,158,605)	(34,158,605)
Contributions to gratuity fund	<u>107,091,392</u>	<u>(114,941,113)</u>	<u>(7,849,721)</u>
Balance at 31 December			

#### 16.3.2 Charge to profit and loss account net of return on plan assets

	<b>2021</b>	<b>2020</b>
	<b>Rupees</b>	<b>Rupees</b>
Charge for the year	53,964,771	47,012,418
Expected return on assets	(12,981,564)	(11,575,627)
<b>Cost for the year</b>	<u>40,983,207</u>	<u>35,436,791</u>

##### 16.3.2.1 Expense is recognized in the following line items in profit and loss account

Administrative expenses	<u>40,983,207</u>	<u>35,436,791</u>
-------------------------	-------------------	-------------------

#### 16.3.3 Charge / (credit) to other comprehensive income

	<b>2021</b>	<b>2020</b>
	<b>Rupees</b>	<b>Rupees</b>
Actuarial loss / (gain) on obligations	6,649,031	(11,657,016)
Actuarial loss on assets	2,544,721	1,293,307
	<u>9,193,752</u>	<u>(10,363,709)</u>

#### 16.3.4 Key actuarial assumptions

The latest actuarial valuation was carried out on 31 December 2021 using projected unit credit method with the following assumptions:

	<b>2021</b>	<b>2020</b>
Valuation discount rate	12.25%	10.50%
Discount rate used for interest cost in profit and loss account	10.50%	12.50%
Salary growth rate	11.25%	9.50%
Date of next expected salary increase	01 January 2022	01 January 2021
Mortality rate	SLIC 2001-2005	SLIC 2001-2005
Expected return on plan assets	12.25%	10.50%
Duration (years)	11.89	17.18
Withdrawal rates	Low	Low
Retirement assumption	Age 60	Age 60

Assumption regarding future mortality has been based on State Life Corporation (SLIC 2001-2005), ultimate mortality rate with 1 year setback as per recommendation of Pakistan Society of Actuaries (PSOA).

### 16.3.5 Sensitivity analysis

For a change of 100 basis points, present value of defined benefit liability at reporting date would have been as follows:

	2020 Increase Rupees	2020 Decrease Rupees	2019 Increase Rupees	2019 Decrease Rupees
Discount rate	131,778,925	166,945,805	88,792,140	124,861,283
Salary increase rate	167,694,445	130,919,851	125,430,130	88,118,230

**16.3.5.1** Although the analysis does not take into account full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

**16.3.6** The Bank's expected charge for defined benefit liability - gratuity for the next year is Rs. 51.801 million.

### 16.3.7 Risks associated with defined benefit liability - gratuity

#### Final Salary Risk (linked to inflation risk)

The risk that the final salary at the time of cessation of service is greater than what was assumed. Since the benefit is calculated on the final salary (which will closely reflect inflation and other macroeconomic factors), the benefit amount increases as salary increases.

#### Salary Increase Risk

##### - 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 the assumed withdrawal probability. The significance of the withdrawal risk varies with the age, service and the entitled benefits of the beneficiary.

### 16.3.8 Expected maturity profile

Following are the expected distribution and timing of benefit payments at the reporting date:

	2021 Rupees	2020 Rupees
Year 1	19,446,694	1,936,608
Year 2	10,345,290	2,017,575
Year 3	9,576,534	2,002,151
Year 4	9,301,074	2,001,119
Year 5	8,673,584	2,295,101
Year 6 to Year 10	45,462,554	12,693,090
Year 11 and beyond	953,975,297	837,270,203



### 16.3.9 Historical information

	Present value of defined benefit liability Rupees	Net (asset)/ liability at the reporting date Rupees
2021	156,936,452	3,404,095
2020	107,091,392	(7,849,721)
2019	81,787,046	1,235,802
2018	47,612,926	9,037,006
2017	29,488,343	3,464,570

### 16.3.10 Fair value of plan assets

Total assets of fund - opening	114,941,113	80,551,244
Expected return on plan assets	12,981,564	11,575,627
Contributions to gratuity fund	38,923,143	34,158,605
Benefits paid	(10,768,742)	(10,051,056)
Actuarial loss on plan assets	(2,544,721)	(1,293,307)
Total assets of fund - closing	153,532,357	114,941,113

### 16.4 Employees provident fund

	2021 Rupees	2020 Rupees
Size of the fund	221,405,264	172,049,535
Cost of investments held	221,405,264	172,049,535
Percentage of investments held	100%	100%
Fair value of investments	221,405,264	172,049,535

Investments represent balances held with bank carrying interest at rate of 12% (2020: 4.5% to 12%) per annum.

All the investments out of provident fund trust have been made in accordance with the provisions of Section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

## 17 SHARE CAPITAL

### 17.1 Authorized capital

2021 Number	2020 Number		2021 Rupees	2020 Rupees
800,000,000	800,000,000	Ordinary shares of Rs. 10 each	8,000,000,000	8,000,000,000

### 17.2 Issued, subscribed and paid-up capital

2021 Number	2020 Number			
20,000,000	20,000,000	Ordinary shares of Rs. 10 each fully paid in cash	200,000,000	200,000,000
8,571,429	8,571,429	Fully paid shares of Rs. 10 each issued as right shares at discounted rate of Rs. 7 each	85,714,290	85,714,290
200,000,000	200,000,000	Fully paid ordinary shares of Rs. 10 each in cash issued as right shares at par	2,000,000,000	2,000,000,000
80,000,000	80,000,000	Fully paid ordinary shares of Rs. 10 each in cash issued as other than right shares at par	80,000,000	80,000,000
100,000,000	-	Fully paid preference shares of Rs. 10 each in cash issued as other than right shares at par	1,000,000,000	-
408,571,429	308,571,429		4,085,714,290	3,085,714,290

- 17.3** Pakistan Telecommunication Company Limited (PTCL), the Parent Company, holds 100% shares of the Bank.
- 17.4** All ordinary shares rank equally with regard to the Bank's residual assets. Holders of these shares are entitled to dividends from time to time and are entitled to one vote per share at general meetings of the Bank.
- 17.5** During the year, the Bank issued 100,000,000 voting, non-cumulative, non-participatory, convertible and redeemable preference shares of Rs. 10 per share at par value having such rights, benefits, privileges and conditions as provided under Article 6 of the Bank's Articles of Association by way of other than right to Pakistan Telecommunication Company Limited (PTCL) by conversion of Tier-II Unsecured & subordinated debt into preference shares amounting to Rs. 1 billion. These preference shares are convertible into fixed number of ordinary shares of the Bank after five years from issuance date at discretion of the Bank subject to the prior approval of SBP. The preference shares are superior to the claims of ordinary shareholders and junior to all other claims (including depositors, general creditors and other borrowings including all Tier II instruments). These preference shares are entitled to dividend as per discretion of the Bank.

## 18 ADVANCE AGAINST ISSUE OF SHARES

- 18.1** This represents conversion of Tier II subordinated debt amounting to Rs. 1 billion into ordinary shares subject to regulatory approvals. State Bank of Pakistan via letter no. BPRD/BA&CP/671/174072/2022 dated 12 January 2022 granted approval for the said conversion subject to certain conditions effective as of 31 December 2021. Approval of Securities and Exchange Commission of Pakistan (SECP) is pending in this regard.

- 18.2** During the year, the Bank issued 100,000,000 voting, non-cumulative, non-participatory, convertible and redeemable preference shares of Rs. 10 per share at par value from advance against issue of shares. Also refer note 17.5.

## 19 SURPLUS/(DEFICIT) ON REVALUATION OF ASSETS

Surplus on revaluation of fixed assets

Note

2021

2020

Rupees

Rupees

-

-

### Surplus/(deficit) on revaluation of securities

*Federal and Provincial Government securities*

Market Treasury Bills (T-Bills)

(26,979,500)

648,500

Pakistan Investment Bonds (PIBs)

(312,526,779)

91,234

(339,506,279)

739,734

Related deferred tax effect

50,875,951

(110,960)

(288,630,328)

628,774

## 20 MEMORANDUM / OFF BALANCE SHEET ITEMS

### 20.1 Contingencies

There are no material contingencies as at 31 December 2021 (2020: Nil).

### 20.2 Commitments

Standby letter of guarantee

20.3

10,600,000

10,200,000

Property and equipment

4,896,005

13,851,935

Intangible assets

-

1,495,500

15,496,005

25,547,435

- 20.3** This represents letter of guarantee issued on behalf of the Bank to China Union Pay International Company Limited for interbank settlements.

		2021	2020
		Rupees	Rupees
<b>21</b>	<b>MARK-UP / RETURN / INTEREST EARNED</b>		
	Mark-up / return / interest on advances	10,032,070,107	9,066,483,022
	Interest on investments in government securities	1,147,398,214	489,692,250
	Interest on deposit accounts / TDRs with other banks / financial institutions	1,036,525,512	577,704,233
		<u>12,215,993,833</u>	<u>10,133,879,505</u>
<b>22</b>	<b>MARK-UP / RETURN / INTEREST EXPENSED</b>		
	Mark-up / return / interest expense on deposits	4,212,660,763	2,996,767,901
	Mark-up expense on borrowings from banks / financial institutions	1,376,834,624	1,345,120,210
		<u>5,589,495,387</u>	<u>4,341,888,111</u>
<b>23</b>	<b>FEE, COMMISSION AND BROKERAGE INCOME</b>		
	Loan processing fee	893,026,763	987,791,601
	Branchless banking	78,874,418	74,723,644
	Other fee income collected from customers	46,461,694	62,134,805
		<u>1,018,362,875</u>	<u>1,124,650,050</u>
<b>24</b>	<b>OTHER INCOME</b>		
	Recovery against advances written off	103,743,626	69,499,700
	Gain on sale of investments	140,523,053	66,395,282
	Other	15,141,798	2,475,111
		<u>259,408,477</u>	<u>138,370,093</u>
		2021	2020
		Rupees	Rupees
<b>25</b>	<b>ADMINISTRATIVE EXPENSES</b>		
	Staff salaries and benefits	2,337,679,514	1,983,142,486
	Charge for defined benefit plan - gratuity	40,983,207	35,436,791
	Contribution to defined contribution plan - provident fund	42,448,396	37,990,158
	Non-Executive directors' fee	3,750,000	1,163,406
	Financial charges on leased assets	156,172,345	178,910,741
	Trainings	9,640,904	1,472,778
	Insurance	182,688,122	144,975,545
	Rent, rate and taxes	68,882,955	64,789,376
	Travelling and conveyance	79,465,498	38,829,601
	Postage and courier	14,246,356	16,583,160
	Utilities	169,619,092	130,593,609
	Repair and maintenance	232,432,768	208,733,474
	Depreciation on property and equipment	404,964,461	359,818,212
	Amortization of intangible assets	50,374,157	35,647,218
	Depreciation on right of use assets	280,923,394	264,975,496
	Software support and maintenance fee	224,133,064	147,657,297
	Stationery and printing	105,776,284	98,092,450
	Auditors' remuneration	4,640,761	4,319,899
	Legal and professional fee	30,475,850	36,516,066
	Security services	188,015,793	209,561,424
	Office supplies	33,299,219	24,141,922
	Internet and connectivity charges	96,648,693	116,343,293
	NADRA verification charges	64,160,761	34,688,846
	Bank charges	61,214,911	26,190,508
	Marketing expenses	130,713,798	59,147,972
	Other	21,854,860	5,874,032
		<u>5,035,205,163</u>	<u>4,265,595,760</u>

Note

			2021	2020
			Rupees	Rupees
25.1	Auditors' remuneration			
	Half year review		350,000	350,000
	Annual audit		1,350,000	1,150,000
	Fee for certifications		1,700,000	600,000
	Taxation services		190,142	319,899
	Advisory services		1,050,619	1,900,000
			4,640,761	4,319,899
			2021	2020
			Rupees	Rupees
26	OTHER CHARGES			
	SBP penalty	26.1	19,000	5,477,000
	Loss on sale of investments		-	-
			19,000	5,477,000
26.1	This represents penalty paid during the year related to various non-compliances identified by the State Bank of Pakistan during its inspection of the Bank.			
27	TAXATION	Note	2021	2020
			Rupees	Rupees
	Current		(429,474,114)	(549,448,880)
	- for the year		(12,701,793)	(52,310,066)
	- for prior years		(442,175,907)	(601,758,946)
	Deferred	12	224,177,922	327,927,656
			(217,997,985)	(273,831,290)
	Effective tax rate		16.40%	23.21%
27.1	Tax rate reconciliation		2021	2020
			Rupees	Rupees
	Profit before tax and after WWF (Rupees)		1,329,034,952	1,179,991,244
	Tax rate		29%	29%
	Tax on accounting profit		29.00%	29.00%
	Tax effect of income taxable at lower rates		(14.15%)	(8.27%)
	Prior year charge		0.96%	4.43%
	Permanent difference		0.59%	(1.96%)
	Tax expense for the year		16.40%	23.21%
28	CASH AND CASH EQUIVALENTS	Note	2021	2020
			Rupees	Rupees
	Cash and balances with SBP and NBP	6	3,799,930,850	3,160,116,831
	Balances with other banks / NBFIs / MFBs	7	6,223,904,412	1,908,209,748
			10,023,835,262	5,068,326,579

## 28.1 Reconciliation of movements of liabilities to cash flow arising from financing activities:

	Subordinated loan	Borrowings	Lease liability	Share capital	Advance against issue of shares	Unappropriated profit
	(Rupees)					
Balance at 01 January 2021	2,799,160,000	13,274,190,642	1,212,010,930	3,085,714,290	1,000,000,000	1,099,564,241
<b>Change from financing activities</b>						
Receipts	-	424,056,216,609	-	-	-	-
Payments	(240,000)	(400,449,721,087)	(355,044,596)	-	-	-
	(240,000)	23,606,495,522	(355,044,596)	-	-	-
<b>Other Changes</b>						
Additions / modifications	-	-	221,522,446	-	-	-
Disposals	-	-	(39,999,187)	-	-	-
Interest cost on lease facilities	-	-	156,172,345	-	-	-
Transfer to share capital	-	-	-	1,000,000,000	(1,000,000,000)	-
Transfer to advance for issuance of	(1,000,000,000)	-	-	-	1,000,000,000	-
Total comprehensive income	-	-	-	-	-	1,104,509,403
Transfers to	-	-	-	-	-	-
Statutory reserve	-	-	-	-	-	(222,207,393)
Depositors' protection fund	-	-	-	-	-	(55,551,848)
Lease facility availed	-	-	-	-	-	-
	(1,000,000,000)	-	337,695,604	1,000,000,000	-	826,750,162
<b>Balance at 31 December 2021</b>	<b>1,798,920,000</b>	<b>36,880,686,164</b>	<b>1,194,661,938</b>	<b>4,085,714,290</b>	<b>1,000,000,000</b>	<b>1,926,314,403</b>

## Reconciliation of movements of liabilities to cash flow arising from financing activities:

	Subordinated loan	Borrowings	Lease liability	Share capital	Advance against issue of shares	Unappropriated profit
	(Rupees)					
Balance at 01 January 2020	4,599,400,000	6,733,331,333	1,350,956,711	2,285,714,290	-	512,586,043
<b>Change from financing activities</b>						
Receipts	-	7,807,525,310	-	-	-	-
Payments	(240,000)	(1,266,666,001)	(362,854,268)	-	-	-
Dividend payment Rs.0.32 per share	-	-	-	-	-	(100,000,000)
	(240,000)	6,540,859,309	(362,854,268)	-	-	(100,000,000)
<b>Other Changes</b>						
Lease liability on right of use assets	-	-	44,997,746	-	-	-
Modification of lease	-	-	-	-	-	-
Interest cost on lease facilities	-	-	178,910,741	-	-	-
Transfer to share capital	(800,000,000)	-	-	800,000,000	-	-
Transfer to advance for issuance of shares	(1,000,000,000)	-	-	-	1,000,000,000	-
Total comprehensive income	-	-	-	-	-	913,518,187
Transfers to	-	-	-	-	-	-
Statutory reserve	-	-	-	-	-	(181,231,991)
Depositors' protection fund	-	-	-	-	-	(45,307,998)
	(1,800,000,000)	-	178,910,741	800,000,000	1,000,000,000	686,978,198
<b>Balance at 31 December 2020</b>	<b>2,799,160,000</b>	<b>13,274,190,642</b>	<b>1,212,010,930</b>	<b>3,085,714,290</b>	<b>1,000,000,000</b>	<b>1,099,564,241</b>



## 29 NUMBER OF EMPLOYEES

Credit / sales staff

Permanent

Contractual

Banking / support staff

Permanent

Contractual

Total number of employees at 31 December

Average number of employees during the year

2021	2020
Numbers	Numbers
240	113
1,062	961
1,302	1,074
812	695
893	926
1,705	1,621
3,007	2,695
3,000	2,607

## 30 NUMBER OF BRANCHES

Branches / Service centres at beginning of the year

Closed during the year

- Branches/Booth

Branches / Service centres at end of the year

212	212
(5)	-
207	212

## 31 EARNING 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 outstanding during the year.

Profit attributable to equity holders (Rupees)  
Weighted average number of shares (numbers)  
Earning per share - basic (Rupees)

2021	2020
1,111,036,967	906,159,954
308,571,429	284,309,134
3.60	3.19

### Diluted

Diluted earnings per share is calculated by dividing the profit attributable to equity holders of the Bank by the weighted average number of ordinary shares outstanding during the year after adjustment of all dilutive potential ordinary shares.

Profit attributable to equity holders (Rupees)  
Weighted average number of shares (numbers)  
Earnings per share - diluted (Rupees)

2021	2020
1,111,036,967	906,159,954
341,413,186	284,309,134
3.25	3.19

## 32 DETAILS OF BUSINESS LOCATIONS

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

<b>Branch Name</b>	<b>Address</b>
Nazimabad	Plot no 1/28, nazimabad no 1, Al-ghafoor , eden ground floor, karachi.
Rawalpindi	PTCL Exchange, OSS Hall, Kashmir Road, Saddar, Rawalpindi
Bhakkar	Plot# 156A2 Club Road Mandi town Bhakkar
Lodhran	Khata no.291, ward no. 26, Near Jalalpur Mor, Opposite Ahl-e-Hadis Masjid, Multan Bahawalpur Road Lodhran
Layyah	Khasra # 371, Near Paracha Petrol Pump Chobara Road, Near TDA Chowk Layyah
Lahore	117 -A, Chowk yateem Khana, Multan Road, Lahore
Rahim Yar Khan	House # 20A, Al-Hamra House, Modal Town, Rahim Yar Khan
Sahiwal	Plot # 183/c, Block # B-vii, Kachehri Road Sahiwal
Bahawalpur	House # 17, Texation # B-III, 2784/2, Ihata Sinda Ram, Stadium Road Farid gate Bahawalpur
Ahmedpur East	Khata # 136/134, Khatooni # 193, Near Rohi Autos, Kachahry Road, Ahmedpur East, District Bahawalpur
Dunya Pur	Khewat No. 233, Near Khawaja Asim & Qasim Company, Railway Road Dunyapur, District Lodhran
Karachi Gulshan	F-13/11, Block - 5, Gulshan-e-Iqbal, Karachi
Abbottabad	Shop # 1,to 3, first floor, Yousaf Plaza, Mansehra Road, Abbottabad
Mirpurkhas	PTCL Exchange Office near Main GPO chowk Mirpurkhas
Multan	Khewat No. 431, Khatooni # 786, Moza Neel Kot Chungi No 6, Bosan Road Punjab Nursery Gulgasht Colony, Multan.
Chistian	Khatooni no.397, Tal plaza near melaad chowk, college road, chistian dsitric, bahawalnagar.
Pakpattan	Plot No. B-I/92/A-II Khasra No. 208/14, Khewat No.2603, Khatoni No. 2928, College road Pakpattan
Faisalabad	Plot # 343-B, London Plaza, Ground Floor, Adjacent Ideal Bakers, Satiyana Road, Faisalabad
Muzafarabad	Shop # 1-6, 1st floor, Bilal Shopping Complex, Upper Adda, Muzaffarabad
Gujranwala	Khatooni no.65, Khawat no.65, Aftab Steel Market, Near Old Regent Cinema, GT Road, Gujranwala
Peshawar	Compound No.80, T.T.C, Opposite Gulbahar Road, District Peshawar.
Nawabshah	Samar Palace House# 25, 26 Hospital Road Nawab Shah
Ghotki	City Survey # 890, Ward B, Near Faisal Bank, Dewari Road, Ghotki
Khairpur	House # B-2443, Kachehry Road, Opposite ZTBL, Khairpur Mirus
Hyderabad	House # A/2592, Ward A, Bhurgury Road, Hirabad, Hyderabad
Mankera	Haji Ikram Filling station Asghar Chowk Mankera
Kot Addu	Khata#451 Khatoni#640 Near Al Quraish CNG GT Road Kot Addu
Okara	Khewat No 1320, Khatooni No 1408, Khasra No C/2771, Sahi Manzil, College Road, Opposite Municipal Corporation, Okara.
Kasur	Kasur Beroon (Jadeed Urban), Tehsil & District Kasur, Khawat # 169, Khatooni # 503, Khasra # 2193
Hafizabad	Khewat # 755, khatooni # 1793, Gujranwala road near MCB hafizabad
Gujrat	Khewat no.788,khatooni no.1374-1375,khasra no.31 mohal nanwan rangpura sargodha road gujrat
Sukkur	City survey no. 240, ward c, ptcl old cto compound building, neem ki chari,minara road sukkur.
Ghulam Muhammad Abad	House no 1451B (4M 119SF) Main GMA Road sabri chowk, 70fit bazar,civil quarters Ghulam Muhammad Abad Faisalabad.
Qila Dildar Singh	Khasra no 4203/150 , Near Jamiyah Muhammadia, Hafizabad road
Ali Pur Chatta	Khewat no.424,khatooni no 110 Gujranwala Road, Alipur Chatta
Uch Sharif	13/13 , Khatooni No. 20 Sohail Trade centre, Near ZTBL, Ahmedpur East road, Uch sharif Tehsil APE, district Bahawalpur
Khanewal	Near Purana karkhana nad union council no 1 khasra no 205/29 khewat no. 28/27, zafar ullah raod Khanewal
Basirpur	Khewat # 272/266, Khatooni # 673, Khasra # 169, Mauza Baseerpur, Tehsil Depalpur District Okara
Depalpur	Khewat # 1916, Khatooni # 3060, Khasra # 45/1449, Hujra road, Deepalpur Opposite Iari Adda
Renala Khurad	Khewat no. 596,khatooni no.576 Chak # 21/2-L, Hussain Arcade, Androon Hadud committee, Renala district Okara
Hujra Shah Muqem	Khewat no.1440/1404,khatooni no.2193, salam khata no.333-4, qatta no.216, Circular Road, Hujra Shah Muqem, Attari Road, near Molvi Muhammad Siddique Daras
Chichawatni	Kewat no.17,Fazal Plaza, Begum Shahnaz road, Chichawatni
Darya Khan	Khata # 51, Khatoni # 72 Near govt. college of commerce railway road Darya Khan District Bhakkar

<b>Branch Name</b>	<b>Address</b>
Khanpur	Ahmad Plaza Bypass Road Khanpur, Tehsil Khanpur, District Rahim Yar Khan
Sadiqabad	Khata # 6/6, Khatoni # 7, Nishtar road, Mehra Abad colony, Nehar Kinara, Tehsil Sadiqabad, District Rahim Yar Khan
Digri	City Survey # 1185, Mirwah Road digri Taluka Digri, District Mirpurkhas
Raiwind	Khewat no 2432, khatooni no 3482, sunder road near sohail surgical hospital raiwind
Khudian	Khewat # 285, Khatooni # 938, Khasra # 10133/7452/3-14, Moza Khudian, Androon Hadood Committee Near Lari Adda Tehsil & District Kasur
Pano Aqil	Survey # 436, Baiji Road Tehsil Panuu Aqil District Sukkur
Shahdra	Khewat no 82 khatooni no 118 khasra no 163/143, gt road, saeed park, had bast moza fateh puri, tehsil lahore
Hasilpur	Khewat & Khatooni # 103, Altaj Plaza, railway road, Hasilpur, District Bahawalpur
Chowk Azam	Khewat # 19, China plaza, Near Khushhali Bank Ltd, Fatehpur road, Chowk Azam District Layyah.
Karor Lal Essan	Khata # 74, Khatoni # 264, Near PTCL exchange fateh pur road, Tehsil Karor Lal Essan District Layyah.
Kahrar Pacca	Khewat # 92, Duniyapur road near railway phatak, zafar abad tehsil Kahrar Pacca, District Ldhran
Jalalpur Pirwala	Khewat # 246, Mouza jalalpur pirwala, District Multan
Arifwala	Khasra # 2082, Khewat # 1346, Khatoni # 1361, Lakar Mandi, Arifwala Pakpattan
Dinga	Khasra no.211, Khawat no.700, Khatooni no.1700, Anaar Plaza, Thana Road Near Gulzar Shaheed chowk, Dinga, tehsil Kharian District Gujrat.
Muridke	Plot no. 1-5, Khewat no.8302, khatooni no.2566, Khasra no. 3133 Timber Market, Qaiser Park, GT road Muridke.
Wazirabad	PT 1 no BV-11-s-3/RH; Malik Building; Rex cinema Road near Boys High School Wazirabad district Gujranwala.
Dharampura	SE6R-240/8/RH, Allama Iqbal Road, Lahore.
Jalalpur Bhattian	Khewat no. 78 & 739, Khasra no. 446 & 1166 Khatooni no. 134 & 472/2 Vinkay Chowk Pull Same Nala Jalalpur Bhattian district Hafizabad.
Pindi Bhattian	Khewat no. 183; Khasra no. 397; Khatooni no.476/494 Main Bazar Hafizabad Road near nalka Stop Pindi Bhattian; District Hafizabad.
Ellahabad	Khewat no.1100, Khatooni no.1992, Khasra no.3904/1167, Chunian road, Ellahabad, Tehsil & district Kasur
Jalalpur Jattan	Khewat no. 2000, Khatooni no: 2599, Marba no. 37 Qila no.26, Shahbaz pur Road, Near Patianwala Chowk Jalalpur Jattan District Gujrat.
Tando Muhammad Khan	Plot/city survey no.1940/1, ward-B, phuleli Road, Tando Muhammad Khan.
Phalia	Khatooni no.80, Khasra no.364, Heelan Road Near Heelan Choungi opposite gourmet baker, Phalia.
Shujaabad	Khewat # 92, Chungi # 10, Near ZTBL, Jalalpur road, Shujaabad, District Multan
Ranipur	Plot no.659 National Highways, Ward no.04, Town Ranipur.
Islamabad	Shop no.7 & 8, Plot no.64W, Masco Plaza, Ground Floor, Jinnah Avenue, Blue Area, Islamabad.
Jaranwala	P-1480, Faisalabad Road, Near NADRA office, Jaranwala, Tehsil & District Faisalabad.
Korangi	Plot No. N – 23, Ground Floor, Area – N Korangi No. 3 ½, Karachi.
Rajanpur	Khata no. 644, Intaqal no. 12720, Moza Rajanpur 1, Kamran Market Indus Highway, Near Khushhali Bank, Rajanpur
Tando Allahyar	Plot no.7, Near Grid Station Mohalla Main Hyderabad Road Tando Allahyar Tehsil & District Tando Allahyar
North Karachi	Plot no R-12, sector no 5 c/4 North karachi township Karachi
Shahra E Faisal	Showroom NO.11 & 13 Ground floor Pak Avenue, Plot No 24/A survey Sheet No.35-P/1, Block No.6, PECHS, Shahra-e-Faisal Karachi
Jhang	Khata no. 55, Moaza Civil Station, Katchery Road, Library Chowk, Jhang.
Moro	Ward# 13 Main Road, Moro, District Naushahro feroze.
Tando Adam	Ward# A House# 516 Near Indus Hotel, Hyderabad Road Tando Adam District Sanghar.
Umar Kot	Plot # 19, 20, 40 & 41 Mirpurkhas, Road Umar Kot District Umar Kot.
Bahawalnagar	Khewat # 2222, Khatooni 2321, Minchen Abad Road, Near Askari Bank, Tehsil & District Bahawalnagar.
Kandhkot	Registration No# 464, Entry No# 1000, Juman Shah Mohalla Kandhkot District Kashmore.
Mehar	Ward# A City Survey # 752, 1041 & 1042 School Road Mehar District Dadu.

<b>Branch Name</b>	<b>Address</b>
Mehrabpur	Plot No# III A-13 A Thari Mirwah Road ,Mehrabpur District Naushahro feroze.
Naseerabad	House No.# 2334 Ward-B Madina Shopping Centre, Mohallah Kathia Bazar, Badah Road, Nasirabad, District Qambar, ShahdadKot.
Shikarpur	Ward No# 51 Near Jahaz Chowk Station Road Shikarpur District Shikarpur.
Chundko	Plot# 149 Main Chowk near Bus Stand Chundko District Khairpur Mir's.
Sargodha	Bilal Plaza, Plot No 40 C, W – Block, new satellite Town, Sargodha.
Sheikhupura	Khasra no 1284/1285, Khawat no 5-13, 5 College Road 129 Civil Line Sheikhupura.
Dera Ghazi Khan	Shop no 21-22, Block E Opp. Civil Line Police Station Railway Road Dera Ghazi Khan.
Qambar	Ward –B city survey no 63/132-64/88, 65 & 66 Muhabbat Ali Road Old Shahdad Kot, Near NBP/Sindh Bank, Qambar.
Larkana	Ward A, City Survey no 571/1 and 570/2 Bank square, near Mobilink bank, District Larkana.
Muzaffargarh	Khewat no 646, Jhang Road, near bank of Punjab, Muzaffargarh.
Chowk Sarwar	Khatooni no 54, Khewat no 35/32, MM Road, opposite general Bus stand , Chowk Sarwar Shaheed , tehsil Kot Addu District Muzaffargarh.
Narowal	Khata no. 1171, Khatooni no 1958, Khasra no. 5206/2570 Jasir Bypass, Circular Road , Tehsil & District Narowal.
Noorpur Thal	Khawat no.1134/1072, khatooni no.1717 Joharabad Road near Rescue 1122 Office Noorpur Thal.
Dadu	City Survey 1003 revenue survey number 133 Kachehry Road Dadu.
Kashmore	Deh Pakka Kashmore, indus highway , opposit shell petrol pump district kashmore
Ratadero	City survey no 794/34, 794/35 & 794/36 shikarpur road ratodero
Nowshera	Plot, No. 2-A, Cantonment Board, Al-Jameel City, GT Road, Near PSO Filling Station, Nowshera.
Daherki	Survey No. 446, GT Road, Daharki, District Ghotki.
Qazi Ahmed	Ward No. 2 Sardar Colony, Near Police Station National High Way Road Qazi Ahmed, District Nawabshah.
Sanghar	Plot No. A - 8, City Survey no. 124, Ward A, Housing Society Main Nawabshah Road,Taluka & District Sanghar.
Mithi	Plot No. 10 and 11, Near Press Club Mithi District Tharparkar
Golarchi	Plot No. A-1, Main Karachi Road ,Golarchi , District Badin
Mirpur Sakro	Plot No. 285, Main Gharo Road Mirpur Sakro District Thatta
Vehari	Khewat # 48, Khattoni # 48 49-A ,Block Karkhana Bazar Vehari, District Vehari
Ali Pur	Khata no. 209,Rayan Plaza Near College Chowk, Multan Road, Alipur, District Muzaffargarh.
Fazilpur	Khata Number 437 Ward # 09 Main Indus Highway Fazilpur Tehsil and Distt Rajanpur
Liaqat Pur	Plot no.133 City Center Rest House Road Tehsil Liaqat Pur, District Rahim Yar Khan.
Mian Channu	Khawat no.635, khattoni no.647, khasra no.1672,Din Plaza 1672 Bodla Road, Mian Channu District Khanewal.
Tibba Sultan Pur	Khewat no.126,,khattoni no.326, khasra no. 104/121,plot no.133,ward no.4,Qutab Pur Road Tibba Sultan pur tehsil Mailsi district vehari
Qasba Gujrat	Khata no. 118, Khattoni No. 326, Mansa Raam Khas ,Civil Hospital chowk, GT Road Qasba Gujrat tehsil kot addu District Muzaffargarh
Fort Abbas	Khewat no. 267, Khasra no. 126/B, Moulana Hafeez Street near Boys' High School , Fort Abbas,District Bahawalnagar.
Shore Kot	Plot # B-P207/SH, Tehsil Chowk, Cantt Road, Shore Kot City, Shore Kot, Distt. Jhang,
Haroon Abad	Khewat # 685, Khatooni # 685, Shop # 195/C Block C, Bangla Road, Near Grain Market, Haroonabad, Distt. Bahawalnagar.
Burewala	Khewat # 286/292, Khatooni # 532, I24-P, Lahore Road, Burewala, Distt. Vehari.
Minchen Abad	Khewat # 471, Khatooni # 472, Circular Road, Minchen Abad, Distt. Bahawalnagar,
Kot Mithan	Khewat no.1357, Khata no.17/486, Khawaja Ayaz Tower Baldia Chowk Kot Mithan Tehsil and District Rajanpur
Islamabad F-7 Markaz	Plot # 13-H, Jinnah Super, F-7 Markaz, Islamabad.
Bhiriya Road	Shop No. IIC-14/M, Station Road, Deh Chaheen Manno Mal, Bhiriya Road, Taluka Bhiriya City, District Noshoro Feroze.
Super Highway, Karachi	Rahim view Shop no. 13, 14, 15 & 16, Flat No. B1-001 & B1-002, Sector 17-B, Gulzar-e-Bijri, Scbeme 33, Main Super highway Road, Karachi

<b>Branch Name</b>	<b>Address</b>
Jampur	Ward No. 13, Khata No. 737, Dajal Road, Tehsil Jampur, District Rajanpur.
Yazman	Khata no 423/373, khatooni no. 572, Rec no.228/12, Muraba no. 9 _Kila no.25/1, chak no 56_DB-(A),Bahawalpur Road Yazman, Near Tool Tax Tehsil Yazman,District Bahawalpur.
Haripur	OSS Hall, PTCL , Telephone Exchange Kanpur Road Opposite .TIP Haripur.
D.I.Khan	Customer,Service Center, PTCL Opposite Circuit House, Dera Ismail Khan.
Mansehra	Khata,Khatooni no.0739/0394,Khasra no.08994/9827,Baidra Chowk, District Mansehra.
Jhelum	OSS Hall, Kazim Kamal Road, PTCL Compound, Jhelum Cantt.
Chakwal	Khewat,No. 1385, Khatooni No. 2486,Dhoke Momen, Pindi Road, Chakwal, District, Chakwal.
Mir Pur	PTCL Exchange, OSS Hall,Aftab Building, Allama Iqbal Road, Mirpur AJK
Wah Cantt	OSS Hall, PTCL Exchange ,Alm Market ,Mall Road, wha cantt.
Mardan	Main Telephone Exchange Building OSS Hall, Near College Chowk opposite Kechari, Mardan.
Charsadda	Main PTCL Telephone Exchange Building, OSS Hall, Nowshera Road, Charsadda.
Gojra	OSS Hall, Adjacent PTCL Exchange, Club Road, Gojra district Toba Tek Singh.
Hala	City Survey No.1365, Dargah Road Near the first Microfinance Bank District Matiari.
Cto Compound, Quetta	Oss Hall, PTCL Smart Shop CTO, besides main GPO Zarghoon road Quetta.
Landhi	Ptcl smart shop landi telephone exchange near landi -89, karachi
Kot Chutta	Khewat No. 109, intaqal No.9252, Kot Chutta No.3, Tehsil Kot Chutta, District Dera Ghazi Khan.
Jauharabad	Khatooni 1225, Khewat 736, College Chowk, Main Bazar Jauharabad.
Mingora	Registry No. 293, Abaseen tower, China Plaza, Tehsil Mingora, District Sawat.
Chobara	KhataNo.8,Khatooni No.63, Near HBL branch Layyah Faisalabad Road, Tehsil Chobara,District Layyah.
Kot Sultan	Khata No.103,Khatooni No. 398-407,Layyah, Kot Addu Road, Near Askar 1 Petrol Pump, Kot sultan district Layyah.
Kamalia	Khasra No.4193, House No. 875/1202-D, Mohallah Mhtain Wala, Tehsil Kamalia, District Toba Tek Singh.
Daska	Serial No 928/1 in PT-1, Circular Road, Near Sohawa, stop Daska, District Sialkot.
Badin	Survey No.176, Main Hyderabad Road,Badin.
Choota Sahiwal	Khewat No. 1239, Khatooni No. 1998, Sahiwal Sargodha Road Sahiwal,Choota Sahiwal,district Sargodha.
Malakwal	Khewat No. 268, Khatooni No.371, Khasra No. 3220/456/1 Bismillah Plaza, Badshah Pur Road, Choungi No.2, Malakwal, District Mandi Bahauddin.
Kunri	Ward no.06, Block -292, Plot No. 17 & 18, Kunri, District Umar Kot.
Khipro	Ward no.76, Mirpurkhas Road, Khipro Taluka Khipro District Sanghar.
Bagh	Khasra No 212, Near Pulli Stop, Bagh, District Azad Kashmir.
Sujawal	Plot No. 5-A, Main Sujawal to Karachi Road, near irrigation colony, Sujawal District Sujawal.
Abdul Hakeem	Khatooni no. 191 & 199, Khata No. 63/27973, Kacha Kho road, Nized Sabzi Mandi Abdul Hakeem, district Khanewal.
Shahdadkot	Ward C, City survey No. 644/1, District Qambar Shahdadkot.
Mandi Bahauddin	Khewat No.258,Khatooni No. 363, Khasra No.368, Main Bazar Bank Square, District Mandi Bahauddin.
Lala Mosa	Khewat No. 215, Qiata 27, Khatooni No. 493-516, Behari Colony, Near Graveyard, GT Road, Lala Moosa, Tehsil Kharian & District Gujrat.
Kohat	Khata No.2179, Khasra No. 1136, Khatooni No. 2999, Near Al Moiz CNG, Malik Noor Plaza, Hungu Road, Kohat, District Kohat.
Islamabad F-10 Markaz	Plot No. 1-N, SL No. 1, F-10 Markaz, Islamabad.
Sialkot	Khata No.114, Khewat No.269, Khatooni No.9723, Khasra No.92/448, Kashmir Road, Pacca Gharra, District Sialkot.
Ahmed Pur Sial	Khewat No.581/558 Khatooni No. 1969, Opposite Usmania Masjid, Main Ahmedpur Sial Road, Tehsil Ahmedpur, District Jhang.
Mianwali	Khewat # 236, Khatooni # 703, Mianwali District, Mianwali.
Paharpur	Khewat No. 145, Khatooni No. 293, Rang Pur Adda, Tehsil Paharpur, District Dear Ismael khan.
Chachro	Plot 294/02, Main Umer Kot Road, Chachro, District Tharparkar.
Nosheroferoze	Plot No. 327, Old National Highway, Nosheroferoze,
Nankana Sahib	Khewat # 261, Khatooni # 365, Shora Kothi Road, Near Nadra Office, Nankana Sahib.



<b>Branch Name</b>	<b>Address</b>
Gujar Khan	Chaudhary Ghulam Muhammad Plaza, Main GT Road, Ward # 15, Khewat No. 14, Khatooni No. 19, Gujar Khan, District Rawalpindi.
Tala Gang	Khewat 435, Khatooni 834, Khata 10/55, B-11, 203-E-2, Near Madni Chowk, Pindi Road, Talagang, District Chakwal.
Qadir Pur Rawan	Khewat No.449/443, Khatooni No. 1616 to 1617, Opposite Higher Secondary School Qadir Pur Ran towan, Tehsil Multan Sadar, District Multan.
Khairpur Tamewali	Basti Malook, District Multan.
Chiniot	Khewat No. 3188/3178, Faisalabad Road, Near ZTBL, Tehsil Chowk Chiniot, District Chiniot.
Thatta	S. No. 117, Sujawal Road, Near Shah Jahan Masjid, Thatta Sindh, District Thatta.
Daur	Ward: No, 04, House# IB/137 Mohallah Jamali Road Daur, District Shaheed Benazirabad (Nawabshah).
Shahdadpur	Plot 10/11/12/13/14/15, Station Road, Shahdadpur, District Sanghar.
Rohillanwali	Khewat No. 22, Khatooni No.76-82, Opposite ZTBL Branch, Main Alipur Road, Rohillanwali, Tehsil & District Muzaffargarh.
Dha Karachi	Plot No. 5-C, nishat Lane 2, Phase VI, Defense Housing Authority, Karachi. Karachi South.
Islamkot	Plot No. 49A, Nangar Parkar Road, Mukhi Mohla, Islamkot, District Tharparkar.
Naukot	Plot # 150, Sabzi Market Road Naukot, District Mirpurkhas.
Dera Allah Yar	Near District Council Hall, D.C. Office, Tehsil Road, PTCL Exchange, Dera Allah Yar, District Jafarabad.
Muhammad Pur Dewan	Mouza Muhamamd Pur 2, Khatta 267, Khewat No. 258, Tehsil Jampur, District Rajanpur.
18 Hazari	Khata no. 328/321, Khatooni no. 891, 18 Hazari, District Jhang.
Lahore Dha	32, Z Block, Commercial Area, DHA Lahore, Phase 3, Lahore.
Quaidabad	P-12, 3 Marla Scheme, Khewat No. 32 & 33, Lakkar Mandi, Tehsil Quaidabad, District Khushab.
Thul	survey # 401, Riaz Chowk, Kandhkot Road, Tehsil Thul, District Jacobabad.
Dera Murad Jamali	New Circuit House, Opposite Officer Club & D.C. Office, Allah Chowk, PTCL Exchange Road, Dera Murad Jamali.
Jacobabad	City survey no. 201/1/3/1, Ward No.06, Adam Khan, Panhwaer Road, Tehsil and district Jacobabad.
Bhalwal	Khata No. 35, Ahata No. 131, Liaqat Shaheed Road, Tehsil Bhalwal, District Sargodha.
Kot Ghulam Muhammad	Deh # 290-A City Survey Plot # 978, Tehsil Kot Ghulam Muhammad, District Mirpurkhas.
Attock	Circle III, Block-F, Ward B-VI, Opposite Meezan Bank, Attock, District Attock.
Sawabi	Khata no.1889/3308, 1897/3308, & 4478/3617, Grade Station, Khangira Road, District Sawabi.
Toba Tak Singh	Khewat 133/127, Khatooni 159, near Allied Bank, Toba Tek Singh, District Toba Tek Singh.
Fateh Jhang	Khewat 495, Khatooni 605, Pindi Road, Near UBL, Tehsil Fateh Jang, District Attock.
Basti Malook	Khewat 5, Khatooni 15-17, Multan Road, Opposite Patrolling Post, Near Sabzi Mandi, Basti Malook, District Multan.
Gilgit	Khasra # 1935, Jutial Road, District Gilgit.
Kot Momin	Khata No. 104, Khewat No. 483 1/2, Bhagtanwala Road, Tehsil Kot Momin, District Sargodha.
Gawadar	Khewat 131, Khatooni 131, Khasra 146, Sayed Hashmi Avenue, Airport Road, Master Khuda Bakhsh Ward, Gawadar, District Gawadar.
Taunsa Sharif	Khata No.1313, Opposite Adil Shah Bus stand, Mouza Taunsa Sharif, District D.G.Khan
Usta Muhammad	Shop No. 386/4-17-5-3 & 368/4-17-5-4, Bala Khana # 368/4-17-5-5, Near Main Police Station, Jinnah Road, Tehsil Usta Muhamamd, District Jafarabad.
Sammundari	Khewat 604/592, Khatooni 604, Gojra Road, Opposite Government High School No.1 Sammundari, District Faisalabad.
G-8 Booth	PTCL Head Quarter, Block E, Sector G-8/4, Islamabad.
Fatepur	PTCL Exchange, Fatehpur, District Bhakkar
Dulley wala	Mutation 13205, Khata 2126, and Khatooni 3649, Mianwali Multan Road Dulley Wala.
Zahir pir	Old klp Road, Chachar Road, Zahir Pir, Tehsil Khanpur.
Channi Goth	Khewat No. 77, Khatooni No. 168 to 170, Uch Road, Channi Goth Station.
Daharanwala	Khewat 131/114, Khatooni # 262 to 271, Haroonabad Road, Daharanwala, Tehsil Chishtian, District Bahawalnagar.

**Service Centers****Address**

Taranda Muhammad Panah	Akbar Chowk, Near PTCL Office, Taranda Muhammad Panah, Tehsil Liaquat Pur, District Rahim Yar Khan.
Khan Bela	Khewat No. 50/50, Khatooni No. 207-212, KLP Road, Khan Bela, Tehsil Liaquat Pur.
Array Wahain	Khewat # 53, Adda Array Wahain, Moza Basti Sultan, Tehsil Mailsi, District Vehari.
Tandalianwali	Khewat No. 119/119, Khatooni No. 143, Khasra 50/17, Mohallah Mumtazabad, Sammundari Road, Tandalianwali, District Faisalabad
Sultan Colony	Khewat 88, Zulfqar Abad, Sultan Colony.

### 33 FINANCIAL INSTRUMENTS

#### A FAIR VALUES

##### 33.1 Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

On-balance sheet financial instruments		Carrying amount					Fair value				
		Fair value through profit and loss	Held to maturity	Loans and receivables	Available for sale	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
<u>31 December 2021</u>	Note	Rupees						Rupees			
Financial assets measured at fair value											
Investments - net of provisions	8	12,082,205,991	-	-	26,732,313,788	-	38,814,519,779	38,814,519,779	-	-	38,814,519,779
Financial assets not measured at fair value											
Cash and cash equivalents	28	-	-	10,023,835,262	-	-	10,023,835,262	-	-	-	-
Investments - net of provisions	8	-	7,750,000,000	-	-	-	7,750,000,000	-	-	-	-
Advances - net of provisions	9	-	-	34,375,729,318	-	-	34,375,729,318	-	-	-	-
Other assets	11 & 33.2	-	-	10,021,390,539	-	-	10,021,390,539	-	-	-	-
		-	7,750,000,000	54,420,955,119	-	-	62,170,955,119	-	-	-	-
Financial liabilities not measured at fair value											
Deposits and other accounts	13	-	-	-	-	55,000,289,695	55,000,289,695	-	-	-	-
Borrowings	14	-	-	-	-	36,880,686,164	36,880,686,164	-	-	-	-
Subordinated debt	15	-	-	-	-	1,798,920,000	1,798,920,000	-	-	-	-
Other liabilities	16 & 33.3	-	-	-	-	2,797,871,256	2,797,871,256	-	-	-	-
		-	-	-	-	96,477,767,115	96,477,767,115	-	-	-	-
On-balance sheet financial instruments											
		Carrying amount					Fair value				
		Fair value through profit and loss	Held to maturity	Loans and receivables	Available for sale	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
<u>31 December 2020</u>	Note	Rupees						Rupees			
Financial assets measured at fair value											
Investments - net of provisions	8	-	-	-	17,954,499,338	-	17,954,499,338	17,954,499,338	-	-	17,954,499,338
Financial assets not measured at fair value											
Cash and cash equivalents	28	-	-	5,068,326,579	-	-	5,068,326,579	-	-	-	-
Lending to financial institution	-	-	-	-	-	-	-	-	-	-	-
Investments - net of provisions	8	-	6,120,000,000	-	-	-	6,120,000,000	-	-	-	-
Advances - net of provisions	9	-	-	30,006,298,899	-	-	30,006,298,899	-	-	-	-
Other assets	11 & 33.2	-	-	7,778,962,301	-	-	7,778,962,301	-	-	-	-
		-	6,120,000,000	42,853,587,779	-	-	48,973,587,779	-	-	-	-
Financial liabilities not measured at fair value											
Deposits and other accounts	13	-	-	-	-	46,104,640,853	46,104,640,853	-	-	-	-
Borrowings	14	-	-	-	-	13,274,190,642	13,274,190,642	-	-	-	-
Subordinated debt	15	-	-	-	-	2,799,160,000	2,799,160,000	-	-	-	-
Other liabilities	16 & 33.3	-	-	-	-	2,548,385,962	2,548,385,962	-	-	-	-
		-	-	-	-	64,726,377,457	64,726,377,457	-	-	-	-

**33.2** It excludes advances taxation and inventory of ATM cards & stationery.

**33.3** It excludes accrued expenses and others.

**33.4** The Bank has not disclosed the fair values for these financial assets and financial liabilities because their carrying amounts are a reasonable approximation of fair value.

#### B FINANCIAL RISK MANAGEMENT

##### 33.5 Interest / mark-up rate risk

Interest rate risk is the risk that the value of the financial instrument will fluctuate due to changes in the market interest rates. The Bank's interest rate exposure is low due to the short-term nature of the majority of business transactions. Interest rate risk is also controlled through flexible credit pricing mechanism and variable deposit rates. Optimization of yield is achieved through the Bank's investment strategy which aims on attaining a balance between yield and liquidity under the strategic guidance of Assets and Liability Committee of Management (ALCO).

### 33.6 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Bank's credit risk is primarily attributable to its advances and balances at banks. The credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit ratings. The Bank has an effective loan disbursement and recovery monitoring system which allows it to evaluate borrowers' credit worthiness and identify potential problem loans. A provision for loan losses is maintained as required by the Prudential Regulations. Investments are mainly in government securities or other securities having good credit rating. Maximum amount of financial assets which are subject to credit risk amount to Rs. 100,177 million (2020: Rs. 66,457 million).

### 33.7 Liquidity risk

Liquidity risk is the risk that the Bank will not be able to raise funds to meet its commitments. At present, the bank is not exposed to this risk as there is sufficient cash placed with various commercial banks at the year end.

The Assets and Liability Management Committee (ALCO) of the Bank is responsible for the oversight of liquidity management and meets on a monthly basis or more frequently, if required. The Bank's approach to liquidity management is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking sustained damage to business franchises. A centralized approach is adopted, based on an integrated framework incorporating an assessment of all material known and expected cash flows and the availability of collateral which could be used to secure additional funding if required. The framework entails careful monitoring and control of the daily liquidity position, and regular liquidity stress testing under a variety of scenarios. These encompass both normal and stressed market conditions, including general market crises and the possibility that access to markets could be impacted by a stress event affecting some part of the Bank's business.

## 34 CAPITAL RISK MANAGEMENT

**34.1** The objective of managing capital is to safeguard the Bank's ability to continue as a going concern, so that it could continue to provide adequate returns and benefits to stakeholders by pricing products and services commensurately with the level of risk. It is the policy of the Bank to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The impact of the level of capital on shareholders' return is also recognised and the Bank recognises the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position.

**34.2** The Bank's objectives when managing its capital are:

- To comply with the capital requirements set by the SBP.
- 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.
- To maintain a strong capital base to support the development of its business.

### 36.3 Statutory minimum capital requirement and management of capital

As per amendments on Prudential Regulations (R-1) issued vide BPRD Circular No. 10 of 2015 dated 3 June 2015, the minimum paid up capital requirement (MCR), free of losses for Microfinance Banks operating at national level is Rs. 1,000 million as at 31 December 2021. As of 31 December 2021, the net equity of the Bank stood at Rs. 7,491 million (2020: Rs. 5,676 million).

The capital of the Bank is managed keeping in view the minimum CAR (15%) required by the Prudential Regulations for Microfinance Banks / Institutions. The adequacy of the capital is tested with reference to the risk-weighted assets of the Bank. The calculation of capital adequacy enables the Bank to assess the long-term soundness. As the Bank conducts

business on a wide area network basis, it is critical that Bank continuously monitor the exposure across the entire organization.

The Bank manages its capital structure and makes adjustments to it in light of the changes in regulatory and economic conditions. In order to maintain or adjust the capital structure, the Bank may adjust the return on capital to shareholders or issue new shares.

As at 31 December 2021, the Bank's Capital adequacy ratio (CAR) was appropriately 18.50% (2020: 21.69%) of its weighted exposure, as against the minimum requirement of 15% prescribed by SBP.

### 35 REMUNERATION OF PRESIDENT/CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	31 December 2021			31 December 2020		
	President / Chief Executive	Directors	Executives	President / Chief Executive	Directors	Executives
	Rupees			Rupees		
Fee	-	3,750,000	-	-	1,100,000	-
Managerial remuneration	17,186,341	-	177,928,092	15,525,147	-	121,536,386
Bonus	17,250,166	-	44,196,912	20,150,159	-	21,966,401
Gratuity fund	1,432,195	-	14,905,624	1,293,763	-	10,129,198
Provident fund	1,374,907	-	11,758,903	1,242,014	-	9,514,662
Rent and house maintenance	10,025,365	-	103,298,065	9,056,338	-	70,896,224
Utilities	1,432,199	-	14,756,867	1,293,763	-	10,128,032
Medical	48,674	-	9,558,974	9,000	-	5,729,168
Conveyance	1,200,000	-	28,467,458	1,200,000	63,406	25,613,248
Others	3,983,067	-	15,719,499	3,726,260	-	10,685,573
Total	<b>53,932,914</b>	<b>3,750,000</b>	<b>420,590,394</b>	<b>53,496,444</b>	<b>1,163,406</b>	<b>286,198,892</b>
Number of person(s)	<b>1</b>	<b>8</b>	<b>82</b>	<b>1</b>	<b>9</b>	<b>51</b>

**35.1** Executive means an employee whose annual basic salary exceeds Rs. 1.20 million (2020: Rs. 1.20 million) during the year.

**35.2** Bank maintained vehicles are also provided to the chief executive officer and some of the executives as per their entitlement; the net book values of which are Rs. 73.505 million (2020: Rs. 66.385 million).

**35.2** No remuneration and other benefits were paid to directors of the Bank. An amount of Rs. 3,750,000 (2020: Rs. 1,163,406) was paid to the independent directors for attending the Board / sub-committee meetings.



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

	Total	Up to one month	Over one month up to six months	Over six months up to one year	Over one year
	Rupees				
<b>Market rate assets</b>					
Advances	34,375,729,318	530,360,966	9,518,285,480	16,114,830,014	8,212,252,858
Investments	46,564,519,779	12,969,716,203	27,838,117,331	491,985,000	5,264,701,245
Other earning assets					
Balances with other banks - deposit accounts	6,211,518,698	6,211,518,698	-	-	-
<b>Total market rate assets</b>	<b>87,151,767,795</b>	<b>19,711,595,867</b>	<b>37,356,402,811</b>	<b>16,606,815,014</b>	<b>13,476,954,103</b>
<b>Other non-earning assets</b>					
Cash in hand	808,663,563	808,663,563	-	-	-
Balances with SBP and NBP - current accounts	2,991,267,287	2,991,267,287	-	-	-
Balances with other banks - current accounts	12,385,714	12,385,714	-	-	-
Operating fixed assets	2,886,170,227.9	15,988,000	77,790,000	118,802,000	2,673,590,228
Other assets	10,050,583,152	564,059,593	3,099,303,837	3,113,660,551	3,273,559,171
Deferred tax asset	677,447,619	-	-	-	677,447,619
<b>Total non-earning assets</b>	<b>17,426,517,563</b>	<b>4,392,364,157</b>	<b>3,177,093,837</b>	<b>3,232,462,551</b>	<b>6,624,597,018</b>
<b>Total assets</b>	<b>104,578,285,358</b>	<b>24,103,960,024</b>	<b>40,533,496,648</b>	<b>19,839,277,565</b>	<b>20,101,551,121</b>
<b>Market rate liabilities</b>					
Large time deposits above Rs. 100,000	20,134,642,321	3,927,985,466	11,416,643,090	3,526,887,066	1,263,126,699
All other time deposits (including fixed rate deposits)	145,684,312	6,485,000	36,743,000	41,874,500	60,581,812
Other cost bearing deposits	30,892,674,901	30,892,674,901	-	-	-
Borrowings	38,679,606,164	17,472,353,500	1,685,833,965	8,995,136,173	10,526,282,526
<b>Total market rate liabilities</b>	<b>89,852,607,698</b>	<b>52,299,498,867</b>	<b>13,139,220,055</b>	<b>12,563,897,739</b>	<b>11,849,991,037</b>
<b>Other non-cost bearing liabilities</b>					
Deposits	3,827,288,161	3,827,288,161	-	-	-
Other liabilities	3,407,296,747	3,324,804,924	82,491,823	-	-
<b>Total non-cost bearing liabilities</b>	<b>7,234,584,908</b>	<b>7,152,093,085</b>	<b>82,491,823</b>	<b>-</b>	<b>-</b>
<b>Total liabilities</b>	<b>97,087,192,606</b>	<b>59,451,591,952</b>	<b>13,221,711,878</b>	<b>12,563,897,739</b>	<b>11,849,991,037</b>
<b>Net assets</b>	<b>7,491,092,752</b>	<b>(35,347,631,928)</b>	<b>27,311,784,770</b>	<b>7,275,379,826</b>	<b>8,251,560,084</b>

### SCHEDULE OF MATURITY DISTRIBUTION OF MARKET RATE ASSETS AND LIABILITIES AT 31 DECEMBER 2020

	Total	Up to one month	Over one month up to six months	Over six months up to one year	Over one year
	Rupees				
<b>Market rate assets</b>					
Advances	30,006,298,899	1,249,286,833	11,399,127,605	13,118,217,206	4,239,667,255
Investments	24,074,499,338	120,000,000	15,353,439,449	1,000,000,000	7,601,059,889
Other earning assets					
Balances with other banks - deposit accounts	2,346,507,295	2,346,507,295	-	-	-
<b>Total market rate assets</b>	<b>56,427,305,532</b>	<b>3,715,794,128</b>	<b>26,752,567,054</b>	<b>14,118,217,206</b>	<b>11,840,727,144</b>
<b>Other non-earning assets</b>					
Cash in hand	920,790,506	920,790,506	-	-	-
Balances with SBP and NBP - current accounts	2,239,326,325	2,239,326,325	-	-	-
Balances with other banks - current accounts	11,702,453	11,702,453	-	-	-
Operating fixed assets	2,917,413,581	55,036,744	275,183,719	330,220,463	2,256,972,655
Other assets	7,797,247,350	1,002,184,804	3,677,250,982	2,217,391,528	900,420,036
Deferred tax asset	399,616,598	-	-	-	399,616,598
<b>Total non-earning assets</b>	<b>14,286,096,813</b>	<b>4,229,040,832</b>	<b>3,952,434,701</b>	<b>2,547,611,991</b>	<b>3,557,009,289</b>
<b>Total assets</b>	<b>70,713,402,345</b>	<b>7,944,834,960</b>	<b>30,705,001,755</b>	<b>16,665,829,197</b>	<b>15,397,736,433</b>
<b>Market rate liabilities</b>					
Large time deposits above Rs. 100,000	26,082,756,214	1,606,171,000	16,395,396,224	4,864,085,706	3,217,103,284
All other time deposits (including fixed rate deposits)	274,917,117	5,468,000	42,099,174	86,442,500	140,907,443
Other cost bearing deposits	16,802,040,082	16,802,040,082	-	-	-
Borrowings	16,073,350,642	6,654,540,000	1,793,278,987	1,493,278,989	6,132,252,666
<b>Total market rate liabilities</b>	<b>59,233,064,055</b>	<b>25,068,219,082</b>	<b>18,230,774,385</b>	<b>6,443,807,195</b>	<b>9,490,263,393</b>
<b>Other non-cost bearing liabilities</b>					
Deposits	2,944,927,440	2,944,927,440	-	-	-
Other liabilities	2,860,212,627	2,803,681,127	-	56,531,500	-
<b>Total non-cost bearing liabilities</b>	<b>5,805,140,067</b>	<b>5,748,608,567</b>	<b>-</b>	<b>56,531,500</b>	<b>-</b>
<b>Total liabilities</b>	<b>65,038,204,122</b>	<b>30,816,827,649</b>	<b>18,230,774,385</b>	<b>6,500,338,695</b>	<b>9,490,263,393</b>
<b>Net assets</b>	<b>5,675,198,223</b>	<b>(22,871,992,689)</b>	<b>12,474,227,370</b>	<b>10,165,490,502</b>	<b>5,907,473,040</b>

## 37 RELATED PARTIES TRANSACTIONS

The Bank is a subsidiary of Pakistan Telecommunication Company Limited ("the Parent Company"). Therefore all subsidiaries and associated undertakings of the Parent Company are related parties of the Bank. Other related parties comprise of directors, key management personnel, entities over which the Bank has significant influence, entities having common directors and entities over which the directors are able to exercise significant influence and employees retirement benefit funds. Detail of transactions during the year and balances outstanding as at the reporting date are as follows:

Transactions	Note	2021 Rupees	2020 Rupees
<b>Pakistan Telecommunication Company Limited (Parent Company)</b>			
Internet and connectivity charges expense		48,468,957	81,321,425
Utilities expense		590,361	692,905
Utility Bill collected on behalf of the Parent Company		107,767,021	77,564,465
Payment in regards to utility bills collected on behalf of the Parent Company		107,767,021	77,564,465
Utility Bill collection charges		348,552	680,581
Payment for administrative costs and fixed assets		136,068,898	162,597,425
Interest expense on TIER-II subordinated debt		209,377,129	413,344,914
Payment of interest expense on TIER-II subordinated debt		209,377,129	413,344,914
Interest expense on deposits		-	-
<b>Associated Company - Pakistan Telecommunication Company Limited GP Fund</b>			
Interest expense on PTCL employee GP fund		204,103,259	198,384,839
<b>Associated Company - Pak Telecom Mobile Limited (PTML)</b>			
Internet and connectivity charges expense		3,267,378	1,758,456
Utilities expense		20,206,393	21,931,083
Payment for administrative costs and fixed assets		65,439,874	57,777,575
Payment against branchless banking and bills collected		-	234,305,055
Amount received against reimbursement of agent's commission		231,558,453	220,636,867
<b>Associated Company - Pakistan Telecommunication Employees Trust (PTET)</b>			
Interest expense on deposits		119,493,199	200,019,672
<b>U Microfinance Bank Limited Employees' provident fund</b>			
Contribution to provident fund	25	42,448,396	37,990,158
<b>U Microfinance Bank Limited Employees' gratuity fund</b>			
Payment to gratuity fund	16.3.10	38,923,143	35,436,791
<b>Balances</b>			
<b>Pakistan Telecommunication Company Limited (Parent Company)</b>			
Deposits	13.2	210,119,988	384,478,758
Interest payable on deposits	16.1	-	-
Payable against utility bills collected	16	1,157,052	122,902
Utility bills collection charges receivable	11	643,315	1,792,839
<b>Pakistan Telecommunication Company Limited Gratuity fund</b>			
Deposits	13.3	1,402,181,868	1,163,546,937
<b>Pakistan Telecommunication Company Limited GP Fund</b>			
Deposits	13.2	1,120,339,594	1,008,370,997

	Note	2021 Rupees	2020 Rupees
<b>Balances</b>			
Interest payable on deposits - PTCL Employees' GP Fund	16.1	3,021,588	198,384,839
Associated Company - Pakistan Telecommunication Employees Trust			
Deposits	13.2	1,929,187,801	1,916,265,365
Interest payable on deposits	16.1	9,250,788	25,232,911
Associated Company - Pak Telecom Mobile Limited (PTML)			
Deposits	13.2	23,014,161	93,179,809
Payable against branchless banking and bills collected	16	66,190,908	61,034,661
Interest payable on deposits	16.1	324,723	177,534
Associated Company - Pak Telecom Mobile Limited (PTML) gratuity fund			
Deposits	13.2	500,002,795	720,259,489
U Microfinance Bank Limited Employees' provident fund			
Deposits	13.2	221,405,264	172,049,535
Interest payable on deposits	16.1	2,240,201	262,465
Receivable from provident fund	16	-	1,391,950
U Microfinance Bank Limited Employees' gratuity fund			
Deposits	13.2	153,532,357	114,941,113
Interest payable on deposits	16.1	1,555,398	772,263
Receivable from gratuity fund	16.3	-	7,849,721

### 37.1 Following are particulars of related parties of the Bank with their respective shareholding:

	Name	Basis of relationship	Share-holding	Percentage of shareholding
1)	Mr. Burak Sevilengul	Director/Chairman	01	0.00%
2)	Mr. Nadeem Khan	Director	01	0.00%
3)	Mr. Mohamed Essa Al Taheri	Director	01	0.00%
4)	Mr. Muhammad Aqueel Abbas Malik	Director	01	0.00%
5)	Mr. Tariq Mohar	Director	02	0.00%
6)	Mr. Muhammad Jahanzeb Rahim	Director	01	0.00%
7)	Ms. Misbah Naqvi	Director	01	0.00%
8)	Mr. Kabeer Naqvi	Director/CEO	01	0.00%
9)	PTCL	Parent Company	-	0.00%
			408,571, 421	99.99%

## 38 COMPLAINTS MANAGEMENT MECHANISM

The Bank is a customer oriented organization and gives due consideration to the valuable feedback of its customers. Complaints are treated as opportunity to align our products/services and processes to serve the customers in a best possible way. A Complaints Resolution Unit (CRU) has been established in the Bank in line with applicable regulatory requirement and Bank's own policy drive. The Unit is equipped with Complaints Management System (CMS) to record, escalate and resolve complaints received through available channels. All calls/complaints are recorded in Complaints Management System against a unique ticket number and acknowledged to the customer for tracking its resolution. Scenario based work codes are embedded in the system with the escalation matrix. Periodic reviews are also conducted and results are shared with the management for their information. Duly approved Complaints Resolution and Financial Consumer Protection Policies are in place to protect the rights and interests of the customers. During the year 37,455 (2020: 29,419) complaints were received by the Bank and were resolved with average resolution time of 107.88 hours (2020: 33.37 hours).

## 39 GENERAL


- 39.1** Captions, as prescribed by BSD Circular No. 11, dated 30 December 2003 issued by SBP, in respect of which there are no amounts, have not been reproduced in these financial statements, except for the captions of the balance sheet and profit and loss account.

## 40 DATE OF APPROVAL

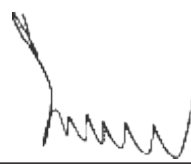
These financial statements were approved by the Board of Directors of the Bank in their meeting held on 08 Feb, 2022.



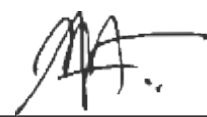
PRESIDENT / CHIEF EXECUTIVE



CHAIRMAN



DIRECTOR



DIRECTOR



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