

Balance Sheet as at June 30, 2016

	Note	30-Jun-2016	31-Dec-2015
ASSETS			
Balances with State Bank of Pakistan	1	660,845,358	509,603,126
Cash in hand and balances with banks	2	1,885,854,098	1,435,627,928
Lending to financial institutions	3	2,224,310,325	2,383,352,710
Investments - net of provisions	4	2,862,142,135	1,847,825,070
Advances - net of provisions	5	18,635,138,156	17,246,531,575
Operating fixed assets	6	692,347,845	548,979,304
Other assets	7	2,341,077,091	2,616,868,449
Deferred tax assets		104,308,124	107,557,987
Total Assets		29,406,023,132	26,696,346,149
LIABILITIES			
Deposits and other accounts	8	17,786,629,954	15,583,727,129
Borrowings	9	6,006,032,652	5,890,397,392
Other liabilities	10	1,207,104,056	1,270,731,541
Total Liabilities		24,999,766,662	22,744,856,062
NET ASSETS		4,406,256,470	3,951,490,087
REPRESENTED BY :			
CAPITAL			
Paid up capital	19	1,705,000,000	1,705,000,000
Capital and general reserves	11	723,508,277	611,088,643
Unappropriated profit		1,953,953,641	1,618,313,938
		4,382,461,918	3,934,402,581
Deferred grants	12	23,794,552	17,087,506
Total Capital		4,406,256,470	3,951,490,087

Profit & Loss Account for the half year ended June 30, 2016

	Note	YTD - JUN - 16	YTD - JUN - 15
Mark up / Interest on advances	13	2,566,445,177	1,967,820,404
Micro Credit Processing Fees	14	881,147,811	257,073,800
Retail Banking Services Fees	15	26,052,922	39,791,278
		3,005,645,430	2,228,785,482
Returns on Investments/bank accounts		165,106,120	59,187,425
		3,170,751,550	2,287,972,907
Interest on borrowings		211,276,450	188,357,016
Interest on deposits		657,820,347	345,344,514
		869,096,797	533,701,530
		2,301,654,753	1,748,271,377
OPERATING EXPENSES			
Salaries, wages & other benefits		718,298,823	614,202,857
Incentive on Asset and Liability Sales		56,895,619	50,730,418
Recruitment & Development		3,729,103	8,031,885
Management consultancy		6,390,806	1,282,025
IT Operations		45,014,662	92,868,866
Training		18,552,046	23,908,112
Rent, rates & taxes		102,975,668	78,430,555
Meeting & Conferences		11,478,135	15,149,526
Utilities		88,479,958	92,187,804
Communication & Verification		26,131,615	25,159,854
Travelling & conveyance		7,502,337	7,596,895
Insurance		95,224,697	28,366,756
Repair & maintenance		18,771,718	14,026,858
Security services		21,137,036	28,448,451
Vehicle running & maintenance		52,927,304	51,992,087
Legal & Professional		3,139,541	1,967,308
Printing, stationery & office supplies		38,440,859	44,519,972
Subscription		4,413,950	1,249,846
Advertisement & business promotion		8,573,328	14,331,046
Financial charges		30,017,475	9,149,648
ATM Operations		8,894,896	357,225
Depreciation and amortization		81,549,060	81,894,491
MSME branches Refurbishment/Amortization		1,120,965	-
Other Expenses		5,219,347	5,181,714
Workers Welfare Fund		15,646,142	11,490,008
		1,356,055,753	1,358,421,802
Net Provision against advances/other assets	16	219,939,282	92,636,791
Total operating expenses		1,575,995,035	1,251,060,693
OPERATING PROFIT/LOSS		725,656,698	497,210,484
OTHER INCOME			
Amortization of deferred grant		407,098	585,931
Reimbursement of Technical Assistance on MSME	17	-	871,415
Reimbursement of Social Mobilization Cost		55,934,600	64,849,100
Gain/(Loss) on Disposal of Fixed Assets		(2,008,143)	11,026,176
Misc Income		1,343,054	(233,389)
Gain/(Loss) on Foreign Currency Transactions		340,783	296,494
		56,447,892	77,289,727
PROFIT BEFORE TAXATION		782,307,090	574,500,411
Taxation - Current	18	211,888,094	174,277,293
- Prior Year		8,007,561	-
- Deferred		8,011,930	14,592,061
		222,907,585	188,869,354
PROFIT AFTER TAXATION		559,399,505	404,811,178
Un-appropriated profit b/f		1,618,313,938	1,134,321,734
Profit available for appropriation		2,177,713,443	1,539,136,913
APPROPRIATIONS:			
Transfer to:			
Statutory Reserves		111,879,901	80,969,036
Microfinance Sector Development Fund		55,939,951	40,481,518
Risk Mitigation Fund		27,949,975	20,240,759
Depositors' Protection Fund		27,969,975	20,240,759
		223,739,802	161,932,072
UNAPPROPRIATED PROFIT		1,953,973,641	1,877,210,441

Notes to the Accounts for the half year ended June 30, 2016

	Note	30-Jun-2016	31-Dec-2015
1 BALANCE WITH SBP			
Balance with SBP	1.1	850,845,138	828,828,125
		850,845,138	828,828,125

1.1 This represents balance held with State Bank of Pakistan to meet the requirement of maintaining minimum balance (BPA) upto to 5% (100% 5%) of the liability time and demand liabilities in accordance with the Regulation R-34.

	Note	30-Jun-2016	31-Dec-2015
2 CASH IN HAND AND BALANCE WITH BANKS			
Cash in hand		427,596,763	469,858,109
Current Account		354,331,285	643,041,114
Saving Account	1.1	1,107,874,082	502,733,675
		1,989,802,130	1,615,632,898

2.1 This represents balances held in corporate accounts of which Rs. 431.7 million (2015: Rs. 498.6 million) is held for the purpose of cash management such as meeting Bank's operations and lending to borrowers. Also included is a balance of approximately Rs. 108.1 million (2015: Rs. 4.4 million) held with N B Bank Ltd. as institutional backup. Corporate accounts carry interest rates ranging from 6.75% to 8.25% (2015: 4.00% to 6.35%) per annum.

	Note	30-Jun-2016	31-Dec-2015
3 LENDING TO FINANCIAL INSTITUTIONS			
Reserve Rec. - lending	3.1	1,116,810,435	1,041,352,710
		1,116,810,435	1,041,352,710

3.1 This represents reserve receivables of the nature ranging from 0.95% to 1.85% per annum (2015: 0.50% to 0.35% per annum) maturing on July 18, 2016 (2015: January 8, 2016). Securities held as collateral against lending to financial institutions - Reserve Recs.

	Hold by Bank	Further given as collateral	Total	Hold by Bank	Further given as collateral	Total
Market Treasury Bills/TDRs	1,271,000,000	-	1,271,000,000	1,457,000,000	-	1,457,000,000
	1,271,000,000	-	1,271,000,000	1,457,000,000	-	1,457,000,000

	Note	30-Jun-2016	31-Dec-2015
4 INVESTMENTS - NET OF PROVISIONS			
Available for sale securities			
Market Treasury Bills	4.1	1,291,090,000	1,047,310,000
Market Funds		-	900,000,000
Held to maturity securities			
Term Deposit Receipts	4.2	1,950,050,000	500,000,000
Surplus/(Deficit) on revaluation on TDRs	4.3	1,493,050,000	1,467,310,000
Surplus/(Deficit) on revaluation on Market Funds	4.3	1,032,131	(13,350)
		1,493,050,000	1,467,310,000

4.1 "No investments in TDRs purchased for the period of 182 days (2015: 94 days to 182 days) having yield margin ranging from 6.18% to 6.12% (2015: 6.12% to 6.45%) per annum.

4.2 This represents term deposit receipts (TDRs) carrying interest at the rate ranging from 7.00% to 11.50% (2015: 7.50% to 8.75%) per annum. These TDRs are due to mature on September 03, 2016 (2015: January 14, 2016).

4.3 In compliance with the requirements of the Regulations (R-11.2), surplus for sale investments has been valued at market value basis and the resulting (deficit) / surplus is kept in a separate account and is charged through statement of comprehensive income.

	Note	30-Jun-2016		31-Dec-2015	
		No. of loans outstanding	Amount outstanding	No. of loans outstanding	Amount outstanding
5 ADVANCES - NET OF PROVISIONS					
Secured loans					
Secured		44,068	3,048,071,491	44,604	3,579,601,542
Unsecured		172,329	14,889,458,320	179,729	13,689,248,857
		216,397	17,937,529,811	324,333	17,268,850,399
Unsecured loans					
Secured	5.1	180	131,153,437	136	46,388,324
Unsecured	5.1	3,287	493,038,717	2,015	218,173,801
		3,467	624,292,154	2,151	264,562,125
		3,467	624,292,154	2,151	264,562,125
Loans - provisions held					
Specific provision		6,595	121,372,093	4,854	72,881,257
General provision		487,004	151,538,142	484,810	147,418,178
		493,599	272,910,235	489,664	220,299,435
Microcredit Advances - Net of Provisions					
Staff Loans - General Purpose	5.2	231	17,324,137	213	13,218,429
Staff Loans - Housing Finance	5.3	20	108,880,078	14	63,870,016
		251	126,204,215	227	77,088,445

5.1 This includes 1,000 (2015: 2,262) micro enterprise clients having aggregate outstanding amount of Rs. 383.37 million (2015: Rs.362.90 million) which are 50% backed by Guarantee under the terms of Loan Portfolio Guarantee Agreement between USAID and the Bank on September 06, 2014. The Guarantee is effective from November 24, 2014.

5.2 "No advances short to medium term general purpose loans to employees of the Bank carrying interest at the rate of 12% (2015: 10%) per annum. These loans are secured against employee accrued terminal benefits.

5.3 This represents long term housing loans to eligible employees of the Bank for the period ranging from 5 to 20 years carry ing interest at the rate of average cost of funds plus 50bps (2015: average cost of funds plus 50bps) per annum. These loans are secured against equitable mortgage over unencumbered property.

5.4 Particulars of non-performing advances:
Non performing advances include principal amount of Rs. 481.00 million and interest/maturity amount of Rs. 100.53 million (2015: principal amount of Rs. 347.99 million and interest/maturity amount of Rs. 60.56 million) which, as detailed below, have been stated under non performing assets.

Category of classification	30-Jun-2016			31-Dec-2015		
	Amount outstanding	Provision required	Provision held	Amount outstanding	Provision required	Provision held
GNEM	162,462,140	-	-	152,841,115	-	-
Sub-standard	75,500,678	14,215,648	14,812,068	79,065,752	18,811,718	15,855,715
Doubtful	103,698,104	77,184,993	77,184,969	85,838,107	51,311,247	51,311,247
Loss	61,262,860	36,274,983	56,814,361	35,520,392	28,675,618	28,675,618
	362,923,782	127,675,624	148,811,398	353,765,366	104,802,693	96,842,590

Particulars of the provision against non-performing advances	30-Jun-2016			31-Dec-2015		
	Specific	General	Total	Specific	General	Total
Balance at the beginning of the year	72,908,517	1,87,41,179	190,319,696	58,421,040	1,08,399,885	166,820,925
Charge for the half year/year	1,09,801,000	14,11,911	123,912,911	130,893,856	44,121,778	175,015,634
Amount written off	100,127,994	-	100,127,994	137,075,908	-	137,075,908
Balance at end of the half year/year	172,581,523	1,81,53,090	194,394,613	152,238,994	1,52,521,663	304,760,657

Notes to the Accounts for the half year ended June 30, 2016

	30-Jun-16	31-Dec-15
5.6 Particulars of write offs		
Against provision		
Related to rescheduled advances		
Related to other classified advances	200,127,594	187,075,908
Directly charge to profit and loss account	3,079,725	4,085,475
	<u>203,207,319</u>	<u>191,161,383</u>

5.7 Portfolio quality report

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

Normal loans	30-Jun-16		31-Dec-15	
	Portfolio at Risk	Amount	Portfolio at Risk	Amount
Current	0.00%	17,932,297,093	0.00%	16,897,745,437
1 - 29 days late	2.05%	384,920,401	0.88%	153,898,123
30 - 59 days late	1.18%	221,992,685	1.05%	189,316,758
60 - 89 days late	0.34%	64,153,864	0.34%	59,543,191
90 - 179 days late	0.87%	163,701,852	0.39%	68,350,942
More than 179 days late	0.17%	32,049,551	0.18%	26,771,972
	<u>4.61%</u>	<u>18,799,015,445</u>	<u>2.89%</u>	<u>17,309,636,425</u>

6. OPERATING FIXED ASSETS

Note	30-Jun-16	31-Dec-15
6.1 Capital work-in-progress	119,677,069	61,403,196
6.2 Property and equipment	541,452,696	457,862,006
6.2 Intangible assets	31,218,086	29,694,102
	<u>692,347,845</u>	<u>548,979,304</u>

6.1 Capital Work-in-progress

This includes payments made to the vendor for the development of various software Modules and purchase of fixed assets.

	30-Jun-16	31-Dec-15
Opening Balance	61,403,196	29,307,497
Advances Issued during the half year/year	183,609,780	299,692,180
Assets transferred during the half year/year	125,329,913	267,336,491
Closing Balance	<u>119,677,069</u>	<u>61,403,196</u>

6.2 Property and Equipment & Intangible Assets

	Leasehold Improvements	Vehicle	Furniture & Fixtures	Electrical and Other Equipment	Computer Equipment	Total	Computer Software
Cost							
Balances as on January 1, 2016	-	186,040,308	232,298,574	350,053,233	267,077,164	1,035,469,077	149,517,199
Additions	25,189,411	-	69,819,311	29,398,281	35,257,192	159,664,195	10,545,882
Disposals	-	54,274	8,852,140	2,139,493	232,380	9,277,287	-
Balances as on June 30, 2016	<u>25,189,411</u>	<u>185,985,634</u>	<u>233,285,745</u>	<u>377,318,019</u>	<u>302,101,976</u>	<u>1,125,890,945</u>	<u>160,063,081</u>
Depreciation							
Balances as on January 1, 2016	-	95,828,443	87,429,600	184,768,282	209,560,747	577,587,072	119,823,097
Depreciation/Amortization Charge	1,120,985	14,579,910	12,444,751	27,516,781	17,991,739	73,648,166	9,021,898
Disposals	-	6,785	4,874,442	2,113,356	292,966	6,826,349	-
Balances as on June 30, 2016	<u>1,120,985</u>	<u>110,395,568</u>	<u>95,399,909</u>	<u>210,171,707</u>	<u>227,320,120</u>	<u>644,408,288</u>	<u>128,844,995</u>
Carrying Value							
As on June 30, 2016	<u>24,068,426</u>	<u>75,590,066</u>	<u>137,885,836</u>	<u>167,146,312</u>	<u>74,781,856</u>	<u>541,452,696</u>	<u>31,218,086</u>
As on December 31, 2015	-	<u>90,211,665</u>	<u>144,868,974</u>	<u>165,284,949</u>	<u>57,516,417</u>	<u>457,862,006</u>	<u>29,694,102</u>
Rate of Depreciation per annum	33.33%	23.00%	10.00%	20.00%	33.33%		33.33%

7. OTHER ASSETS

Note	30-Jun-16	31-Dec-15
Markup/Interest accrued on advances	1,695,477,466	1,739,411,252
Less: Suspended Markup/Interest on non performing advances	100,907,355	90,594,243
	<u>1,594,570,051</u>	<u>1,648,817,009</u>
Interest receivable on Investments/placements	30,920,105	14,725,549
Loans & advances to staff	93,124,739	83,238,617
Advances to Suppliers and Service Providers	4,865,818	11,281,483
Security deposit	8,011,175	7,310,215
Prepayments	142,624,787	97,907,982
Receivable from MSDF	136,087,019	516,244,118
Insurance Claim Receivable	16,687,407	8,749,956
Sales Tax/Federal Excise Duty	139,893,832	119,590,582
Other receivables	199,728,481	134,197,793
	<u>2,366,254,394</u>	<u>2,641,903,252</u>
Less: Provision held against classified assets		
Opening Provision	25,034,803	18,674,466
Provision Charge for the half year/year	142,500	17,137,334
Receivable written off against provision	-	10,776,997
Closing Provision	<u>25,177,303</u>	<u>25,034,803</u>
	<u>2,341,077,091</u>	<u>2,616,868,449</u>

Notes to the Accounts for the half year ended June 30, 2016

7.1 This represents claims lodged by the Bank with Microfinance Social Development Fund (MSDF) for reimbursement of client acquisition cost incurred by the Bank under the Loan Agreement (Special Operations) - Microfinance Sector Development Project, Loan #1806 between ADB and Islamic Republic of Pakistan.

8. DEPOSITS	Note	30-Jun-16		31-Dec-15	
		Number of accounts	Rupees	Number of accounts	Rupees
Time Liabilities:					
Term Deposits	8.2	8,847	9,710,126,452	8,861	7,632,933,625
Demand Liabilities:					
Saving Deposits	8.3	36,146	5,207,033,046	32,986	4,556,629,091
Current Deposits		1,180,102	2,869,480,486	1,089,254	3,394,164,419
		1,216,348	8,076,639,502	1,122,240	7,950,793,504
		<u>1,215,195</u>	<u>17,786,629,954</u>	<u>1,128,901</u>	<u>15,583,727,129</u>
8.1 Particulars of Deposits by ownership					
Individual Depositors		1,222,941	9,923,273,827	1,126,811	9,091,840,977
Institutional Depositors					
a) Corporations/Firms		2,219	6,674,446,138	2,064	5,364,045,088
a) Banks/Financial institutions		35	1,188,907,989	26	1,127,841,664
		<u>1,225,195</u>	<u>17,786,629,954</u>	<u>1,128,901</u>	<u>15,583,727,129</u>

8.2 This represents term deposits having tenure of 3 to 36 months (2015: 3 to 36 months) carrying interest at rates ranging from 5.25% to 14.00% (2015: 6.25% to 14.00%) per annum. The term deposits amounting to Rs 41.59 Million (2015: Rs 34.92 Million) are lien marked against advances to borrowers.

8.3 This represents saving deposits carrying interest rates ranging from 3.00% to 9.00% per annum (2015: 5.00% to 10.25%). The saving deposits amounting to Rs 410.13 million (2015: Rs 287.39 million) are lien marked against advances to borrowers.

9. BORROWINGS	Note	30-Jun-16	31-Dec-15
Borrowings from banks/financial institutions outside Pakistan			
Unsecured	9.1	2,663,532,652	2,845,397,392
Borrowings from banks/financial institutions in Pakistan			
Secured	9.2	3,342,500,000	3,045,000,000
		<u>6,006,032,652</u>	<u>5,890,397,392</u>
9.1 Borrowings from Financial Institutions outside Pakistan			
Asian Development Bank	9.1.1	1,636,782,652	1,618,647,392
ECO Trade & Development Bank (TF-I)	9.1.2	507,250,000	507,250,000
ECO Trade & Development Bank (TF-II)	9.1.3	519,500,000	319,500,000
		<u>2,663,532,652</u>	<u>2,845,397,392</u>

9.1.1 This represents loan received under the Subsidiary Loan and Grant Agreement entered between the Bank and the Government of Pakistan (GoP). The loan #1806 has been extended as part of Microfinance Sector Development Project between Asian Development Bank & Islamic Republic of Pakistan. The Bank is liable to repay the principal amount of the loan to GoP, over a period of 20 years including a grace period of 8 years. Repayment of loan commenced from May 1, 2009, through bi-annual equal installments. The principal repayable is the aggregate equivalent of the amounts drawn by the Bank from the loan account for sub-loan expressed in PKR, determined as of the respective dates of the withdrawal, while the GoP shall bear the foreign exchange risk.

The interest is being paid on bi-annual basis charged at the rate equal to weighted average cost of deposits during the preceding six months in the banking industry as calculated by SBP. The interest rate used for bi-annual payments during the period was determined to be 4.52% (2015: 5.11% and 6.27%) per annum.

9.1.2 This represents borrowing from ECO Trade and Development Bank amounting to US\$5 Million which carries interest at the rate of 6 month USD LIBOR plus 2.5% per 360 days. The repayment of borrowing will be on maturity after 2 years and interest is payable semi annually.

The Bank has entered into Cross Currency SWAP agreement with United Bank Limited for the borrowing. Under such arrangement US\$5 million were translated at the exchange rate of Rs. 101.45 and the repayment will be on maturity. The interest is payable at the rate of six months KIBOR plus spread of 1% and payable semi annually commencing from date of disbursement.

9.1.3 This represents borrowing from ECO Trade and Development Bank amounting to US\$5 Million which carries interest at the rate of 6 month USD LIBOR plus 2.9% per 360 days. The repayment of borrowing will be in 5 equal semi annual installments starting on 24th month after the disbursement and interest is payable semi annually.

The Bank has entered into Cross Currency SWAP agreement with JS Bank Limited for the borrowing. Under such arrangement US\$5 million were translated at the exchange rate of Rs. 109.90 and the repayment will be in 5 equal semi annual installments starting on 24th month after the disbursement. The interest is payable at the fixed rate 10.47% actual/365 on unadjusted basis commencing from date of disbursement.

9.2 Borrowings from Financial Institutions in Pakistan	Note	30-Jun-16	31-Dec-15
Pak Oman Investment Company Limited (TF-I)	9.2.1	162,500,000	325,000,000
Pak Oman Investment Company Limited (TF-II)	9.2.2	500,000,000	500,000,000
United Bank Limited (TF-I)	9.2.3	300,000,000	400,000,000
Askari Bank Limited (TF-I)	9.2.4	280,000,000	360,000,000
Sonari Bank Limited (TF-IV)	9.2.5	300,000,000	300,000,000
Syndicated Term Finance (JS Bank Ltd, Askari Bank Ltd and PAIR)	9.2.6	900,000,000	100,000,000
Pakistan Poverty Alleviation Fund (TF-II)	9.2.7	900,000,000	1,060,000,000
JS Bank Limited (RF)	9.2.8	-	-
United Bank Limited (RF)	9.2.9	-	-
NIB Bank Limited (RF)	9.2.10	-	-
		<u>3,342,500,000</u>	<u>3,045,000,000</u>

9.2.1 This represents interbank money market borrowings for 2 years with grace period of 6 months from draw down date carrying interest rate ranging 8.13% to 11.94% (2015: 8.79% to 11.94%) per annum and repayable in 3 equal installments. These borrowings are secured against charge over current and future assets of Rs.650 million.

9.2.2 This represents interbank money market borrowings for 5 years with grace period of 12 months from draw down date carrying interest rate ranging 8.02% to 9.64% (2015: 8.26% to 9.64%) per annum and repayable in 8 semi-annual equal installments. These borrowings are secured against charge over current and future assets of Rs.667 million.

9.2.3 This represents interbank money market borrowings for 9 years with the grace period of 6 months from draw down date carrying interest rate ranging 7.87% to 11.69% (2015: 8.12% to 11.69%) per annum and repayable in 5 equal installments. These borrowings are secured against 40% partial Microfinance Credit Guarantee Facility (MCGF) by SBP and charge over current and future micro loans of Rs.400 million.

Notes to the Accounts for the half year ended June 30, 2016

- 9.2.4 This represents interbank money market borrowings for 3 years with the grace period of 6 months from draw down date carrying interest rate ranging 7.86% to 10.03% (2015: 6.10% to 10.03%) per annum and repayable in 10 equal quarterly instalments. These borrowings are secured against 40% partial Microfinance Credit Guarantee Facility (MCGF) by SBP and charge over current fixed future micro loans of Rs.320 million.
- 9.2.5 This represents term finance facility of Rs.300 million carrying interest rate ranging 8.01% to 8.55% (2015: 8.03% to 8.53%) for a period of 3 years with grace period of 1 year from the draw down date. These borrowings are secured against 40% partial Microfinance Credit Guarantee Facility and charge over present and future assets of the Bank worth Rs.300 million.
- 9.2.6 This represents syndicated term finance facility of Rs.1.5 billion carrying interest rate 7.82% (2015: 7.81%) for a period of 4 year from the draw down date inclusive of grace period of 6 months. These borrowings are secured against charge over present and future assets of the Bank worth Rs.2 billion and 40% partial Microfinance Credit Guarantee Facility.
- 9.2.7 This represents interbank money market borrowings carrying interest rate ranging 5.52% to 11.11% (2015: 6.03% to 11.11%) per annum. The PPAF extended Rs.1,500 million financing facility, hypothecated against receivable created out of financing. The Bank is liable to repay the principal amount to PPAF in 5 equal quarterly instalments after the expiry of one year as grace period. Further, PPAF extended the facility till Jun 30, 2016.
- 9.2.8 This represents running finance facility of Rs.300 million carrying interest rate ranging 8.95% to 11.32% (2015: 8.95% to 11.32%) for a period of 1 year from the draw down date. These borrowings are secured against charge over present and future assets of the Bank worth Rs.400 million.
- 9.2.9 This represents running finance facility of Rs.75 million carrying interest rate ranging 7.35% to 7.76% (2015: 7.35% to 7.76%) for a period of 2 year from the draw down date. These borrowings are secured against charge over present and future assets of the Bank worth Rs.100 million.
- 9.2.10 This represents running finance facility of Rs.400 million carrying interest rate ranging 7.35% (2015: Nil) for a period of 1 year from the draw down date. These borrowings are secured against charge over present and future assets of the Bank worth Rs.534 million.

10. OTHER LIABILITIES	Note	30-Jun-16	31-Dec-15
Markup/interest payable on borrowing		143,796,212	117,970,587
Markup/return payable on deposits		276,616,376	286,780,712
Bills Payable		164,982,290	42,060,689
Accrued expenses		164,846,535	223,679,853
Payable to defined benefit plan - Gratuity/EOBI		20,120,919	80,568,150
Contribution payable to funds		111,879,901	164,832,992
Payable to suppliers and service providers		67,192,154	121,789,297
Provision for workers welfare fund		76,976,703	61,530,561
Sundry deposits		12,872,703	14,967,501
Corporate Tax Payable		144,048,247	135,089,618
Other Payables		23,832,015	21,891,581
		<u>1,207,104,058</u>	<u>1,270,731,541</u>
11. CAPITAL AND GENERAL RESERVES		30-Jun-16	31-Dec-15
Statutory Reserve		698,488,480	588,819,379
Capital Reserve		24,255,224	24,255,224
Net Surplus/(Deficit) on revaluation of available for sale securities		753,573	218,840
		<u>723,506,277</u>	<u>613,088,643</u>
12. DEFERRED GRANTS			
Grant from GoP	12.1	251,588,232	251,588,232
Less: Grant amortized			
Up to December 31, 2015		(251,523,789)	(251,523,789)
Up to June 30, 2016		(94,902)	-
		<u>(251,558,691)</u>	<u>(251,523,789)</u>
		30,541	65,443
Grant from JSAID	12.2	98,374,901	98,374,901
Less: Grant amortized			
Up to December 31, 2015		(98,188,242)	(98,188,242)
Up to June 30, 2016		(62,909)	-
		<u>(98,251,151)</u>	<u>(98,188,242)</u>
		123,750	186,659
Grant from Enclude (Shore Bank International)	12.3	50,995,465	43,661,321
Less: Grant amortized			
Up to December 31, 2015		(26,845,917)	(26,845,917)
Up to June 30, 2016		(509,287)	-
		<u>(27,355,204)</u>	<u>(26,845,917)</u>
		23,640,261	16,815,404
		<u>23,789,552</u>	<u>17,077,506</u>
12.1 This represents grant from GoP for assets acquired for Institutional Strengthening of the Bank, under subsidiary loan and grant agreement entered with GoP and ADB			
12.2 This represents grant from USAID for assets acquired for Bank's operations to develop non bankable territories for financial services in Sindh, Balochistan and FATA areas from Sep-2003 to Sep-2009.			
12.3 This represents grant for interim retail banking application Bank Essential awarded by Enclude (Formerly Shore Bank International Limited) to improve the capacity of the Bank for delivering saving products more effectively, profitably and at the enhanced scale. Further, as an addendum to sub grant agreement, the period of grant is extended till September 30, 2016 for implementation of nationwide marketing campaign to promote awareness of alternative delivery channels and build customer uptake of the Bank's branchless banking services.			

Notes to the Accounts for the half year ended June 30, 2016

	Nota	30-Jun-16	30-Jun-15
13. MARKUP/INTEREST ON ADVANCES			
Markup/Interest on Advances - General Loans		2,524,494,089	1,929,929,967
Markup/Interest on Advances - MSME Loans		60,198,867	7,354,381
Markup/Interest on Advances - Staff Home Loans		3,084,241	50,377
Markup/Interest on Advances - Staff General Purpose Loans		728,036	687,279
		<u>2,588,445,177</u>	<u>1,937,920,404</u>
14. MICRO CREDIT PROCESSING FEES			
Micro Credit Processing Fee - General Loans		386,260,271	255,559,620
Micro Credit Processing Fee - MSME Loans		4,887,040	1,515,180
		<u>391,147,311</u>	<u>257,073,800</u>
15. RETAIL BANKING SERVICES FEES			
Banking Services Fee		16,279,360	27,100,089
Remittance Services Fee		1,391,757	1,309,479
Bancassurance Services Fee		5,761,886	4,619,560
ATM Services Fee		2,679,919	768,156
		<u>26,052,822</u>	<u>33,791,278</u>
16. NET PROVISION AGAINST ADVANCES/OTHER ASSETS			
Provision against advances			
Specific Provision	5.5	249,521,039	84,438,547
General Provision	5.3	14,124,953	19,276,089
		263,646,001	103,714,636
Bad Debts Written off Directly		3,079,725	907,297
Bad Debts Recovered		(45,421,679)	(17,161,496)
Net Provision against advances		221,304,047	87,460,431
Provision against Other Assets			
Provision against other assets	7	142,500	8,613,014
Recovery against other assets		(1,507,265)	(3,434,654)
		<u>140,992,782</u>	<u>5,178,360</u>
		<u>219,999,222</u>	<u>92,638,791</u>
17. This represents grant reimbursements to support launch of new MSME products nationwide network of the Bank under the technical assistance cooperation agreement between Incofin Investment Management and the Bank.			
18. TAXATION			
The bank has provided for corporate tax at the rate of 31% (2015: 32%) for the half year/year with minimum tax being limited to 1% of non exempt turnover.			
19. SHARE CAPITAL	Nota	30-Jun-16	31-Dec-15
19.1 Authorized Capital	18.1.1	<u>6,000,000,000</u>	<u>6,000,000,000</u>
19.1.1 The Bank's authorized share capital is 600 million ordinary shares of Rs.10/- each.			
19.2 Issued, Subscribed and Paid up Capital	18.2.1	<u>1,705,000,000</u>	<u>1,705,000,000</u>
19.2.1 The Bank's issued, subscribed and fully paid up capital for consideration other than cash is 170.5 million ordinary shares of Rs.10/- each as follows:			
United Bank Limited		506,285,280	506,285,280
Rural Impulse Fund II S.A. SICAV-PS		417,056,630	417,056,630
Responsibility Global Microfinance Fund (Credit Suisse Fund Management Company)		339,294,990	339,294,990
ShoreCap II Limited		243,568,080	243,568,080
ASN-NDMB (Mikrokredierfonds (Tripple Jump)		168,795,020	168,795,020
Bank Al Habab Limited		30,000,000	30,000,000
		<u>1,705,000,000</u>	<u>1,705,000,000</u>
20. GENERAL INFORMATION		30-Jun-16	31-Dec-15
20.1 Number of Employees		Number	Number
Credit Sales Staff			
Permanent		1,315	1,221
Banking/Support Staff			
Permanent		1,152	1,045
Contractual		532	809
		<u>1,664</u>	<u>1,848</u>
Total number of employees at the end of the quarter/year		<u>2,999</u>	<u>3,059</u>
20.1.1 Credit Sales Staff - MSME		138	77
20.1.2 Female Staff		276	264
20.1.3 Managers		78	73
20.2 Number of Branches/Permanent Booths			
Total branches/Permanent Booth at the beginning of the half year/year		129	118
Opened during the half year/year		8	11
Closed/merged during the half year/year		-	-
Total branches/Permanent Booth at the end of half year/year		<u>137</u>	<u>129</u>