

Balance Sheet as at September 30, 2016

	Note	30-Sep-2016	31-Dec-2015
ASSETS			
Balances with State Bank of Pakistan	1	601,098,071	509,603,126
Cash in hand and balances with banks	2	1,160,433,418	1,435,627,928
Lending to financial institutions	3	2,155,071,600	2,383,352,710
Investments - net of provisions	4	2,869,978,780	1,847,825,070
Advances - net of provisions	5	19,759,263,597	17,246,531,575
Operating fixed assets	6	711,088,010	548,979,304
Other assets	7	3,189,934,865	2,616,868,449
Deferred tax assets		135,743,792	107,557,987
Total Assets		30,582,612,133	26,686,346,149
LIABILITIES			
Deposits and other accounts	8	18,647,471,019	15,583,727,129
Borrowings	9	6,203,532,652	5,890,397,392
Other liabilities	10	1,180,433,403	1,270,731,541
Total Liabilities		26,031,437,074	22,744,856,062
NET ASSETS		4,551,175,059	3,951,490,087
REPRESENTED BY :			
CAPITAL			
Paid up capital	19	1,705,000,000	1,705,000,000
Capital and general reserves	11	760,610,514	611,088,643
Unappropriated profit		2,067,134,021	1,618,313,938
		4,532,744,535	3,934,402,581
Deferred grants	12	18,430,524	17,087,506
Total Capital		4,551,175,059	3,951,490,087

Profit & Loss Account for the nine months ended September 30, 2016

	Note	YTD - SEP - 16	YTD - SEP - 15
Mark up / Interest on advances	18	4,010,871,894	3,124,958,155
Micro Credit Processing Fees	14	527,790,212	288,553,481
Retail Banking Services Fees	15	44,055,894	43,795,151
		4,582,718,000	3,507,306,787
Return on Investments/bank accounts		261,066,040	72,188,454
		4,843,784,139	3,580,500,291
Interest on borrowings		316,590,425	303,076,184
Interest on deposits		1,015,908,432	554,799,388
		1,332,438,857	857,875,572
		3,511,345,282	2,722,624,679
OPERATING EXPENSES			
Salaries, wages & other benefits		1,107,805,269	941,485,003
Incentive on Asset and Liability Sales		81,922,139	70,786,870
Recruitment & Development		5,669,988	9,913,428
Management consultancy		6,651,544	6,890,525
IT Operations		68,848,546	47,901,890
Training		30,844,460	40,918,197
Rent, rates & taxes		161,257,363	121,200,613
Meeting & Conferences		19,681,207	22,805,217
Utilities		61,396,388	58,682,426
Communication & Verification		38,679,039	38,908,621
Traveling & conveyance		12,819,811	11,222,528
Insurance		26,004,842	44,876,022
Repair & maintenance		28,768,750	20,800,750
Security services		36,683,416	33,356,586
Vehicle running & maintenance		78,228,144	78,082,948
Legal & Professional		3,627,307	1,790,171
Printing, stationery & office supplies		57,518,846	62,552,241
Subscription		5,077,950	1,788,013
Advertisement & business promotion		36,288,434	23,442,541
Financial charges		42,259,238	15,875,638
ATM Operations		7,211,242	3,583,630
Depreciation and amortization		121,744,024	101,088,893
MSME Branches Refurbishment/Amortisation		4,069,977	-
Other Expenses		5,813,481	5,142,982
Workers Welfare Fund		21,465,870	17,316,863
		2,103,711,648	1,778,699,576
Net Provision against advances/other assets	16	424,270,468	172,399,328
Total operating expenses		2,528,002,112	1,951,099,103
OP. INCOME, PROVISIONS:		883,343,170	771,585,578
OTHER INCOME			
Amortisation of deferred grant		5,971,126	1,634,907
Reimbursement of Technical Assistance on MSME	17	-	971,415
Reimbursement of Social Mobilization Cost		78,951,000	80,926,300
Gain/(Loss) on Disposal of Fixed Assets		2,444,230	10,103,767
Misc Income		1,884,470	1,304,621
Gain/(Loss) on Foreign Currency Transactions		1,629,383	294,494
		89,830,309	96,236,904
PROFIT BEFORE TAX IN US		1,079,293,479	867,822,482
Taxation - Current	18	920,642,670	266,594,998
- Prior Year		92,760,476	21,680,219
- Deferred		(28,148,140)	(15,147,600)
		985,254,906	273,127,617
PROFIT AFTER TAX IN US		748,033,473	594,884,771
Un-appropriated profit b/f		1,816,318,986	1,194,321,734
Profit available for appropriation		2,366,347,413	1,729,006,505
APPROPRIATIONS:			
Transfer to:			
Statutory Reserves		149,808,685	119,936,954
Microlfinance Sector Development Fund		74,809,947	39,468,477
Risk Mitigation Fund		37,401,674	29,714,239
Depository Protection Fund		37,401,674	29,784,239
		299,421,980	237,879,909
INR PROFIT AFTER TAX IN US		2,067,124,021	1,491,132,596

Notes to the accounts for the nine months ended September 30, 2016

	Nov	30-Sep-2016	31-Dec-2015
1. BALANCES WITH BSP			
Balances with BSP	1.1	601,046,031	509,401,121
		<u>461,096,074</u>	<u>509,401,121</u>

2.1 This number of balances held with State Bank of Pakistan is in accordance with the requirements of maintaining minimum liquidity assessment to 5% (2015: 5%) of the balances and demand liabilities in accordance with the Regulation R-5A

	30-Sep-2016	31-Dec-2015
2. CASH IN HAND AND BALANCES WITH BANKS		
Cash in hand	337,400,797	497,851,129
Current Account	258,723,488	443,041,114
Saving Account	508,110,488	377,788,873
	<u>1,104,235,773</u>	<u>1,318,681,116</u>

2.2 This report balance held in corporate accounts of which Rs. 62.3 million (2015: Rs. 48.8 million) is held for the purpose of cash management such as meeting Bank's operations and funding by borrowings. Also included is a balance of approximately Rs. 420.8 million (2015: Rs. 4.4 million) held with banks in institutional savings. Corporate accounts carry interest rates ranging from 3.75% to 6.00% (2015: 4.00% to 8.25%) per annum.

	30-Sep-2016	31-Dec-2015
3. LENDING TO FINANCIAL INSTITUTIONS		
Reverse Repo lending	3.1	1,155,073,600
		<u>1,155,073,600</u>
		<u>1,969,747,710</u>

2.1 This represents reverse repo lending at the rate ranging from 5.75% to 8.00% per annum (2015: 4.50% to 8.25% per annum) maturing on October 6, 2016 (2015: October 3, 2016).

2.2 Securities held as collateral appertaining to financial institutions - Reverse Repo

	Held by Bank	Further given as collateral	Total	Held by Bank	Further given as collateral	Total
Market Treasury Bils/TDRs	1,200,000,000	-	1,200,000,000	1,437,000,000	-	1,437,000,000
	<u>1,200,000,000</u>		<u>1,200,000,000</u>	<u>1,437,000,000</u>		<u>1,437,000,000</u>

	30-Sep-2016	31-Dec-2015
4. INVESTMENTS - NET OF PROVISIONS		
Available for sale securities		
- Pakistan Treasury Bils	4.1	1,502,701,000
- Mutual Funds		500,000,000
Held to maturity securities		
- Term Deposit Receipt	4.2	1,700,000,000
		<u>1,847,510,000</u>
Surplus/(Deficit) on revaluation on T-DRs	4.3	116,782
Surplus/(Deficit) on revaluation on Mutual Funds	4.3	-
		<u>1,847,626,782</u>

4.1 The investments in TDRs purchased for the period ranging from 90 days to 180 days (2015: 90 days to 180 days) having paid interest ranging from 5.50% to 6.25% (2015: 6.25% to 7.00%) per annum.

4.2 This represents term deposit receipt (TDR) carrying interest at the rate ranging from 7.35% to 11.50% (2015: 7.35%) per annum. These TDRs are due to mature on March 04, 2017 (2015: January 24, 2016).

4.3 In compliance with the requirements of the Regulation (R-5C), securities for sale investments have been valued on market or market bid and the resulting surplus / surplus is kept in a separate account and is charged through statement of comprehensive income.

	Nov	30-Sep-2016	31-Dec-2015		
	No. of loans	Amount outstanding	No. of loans	Amount outstanding	
	Number	PKR	Number	PKR	
5. ADVANCES - NET OF PROVISIONS					
5.1 Gross advances:					
General loans					
Secured	49,722	8,594,240,323	43,440	3,579,851,542	
Unsecured	491,875	15,848,453,791	473,702	13,464,268,857	
		<u>24,442,694,114</u>		<u>17,044,120,399</u>	
FINANCIAL loans					
Secured	5.1	246,721,164	136	46,997,514	
Unsecured	5.1	358,142,316	2,013	314,173,520	
		<u>604,863,480</u>		<u>361,171,034</u>	
		<u>25,047,557,594</u>		<u>17,405,291,433</u>	
Loan provisions held					
Specific provision		109,796,679	4,320	72,049,847	
General provision		379,866,894	416,800	147,413,170	
		<u>489,663,573</u>		<u>219,463,017</u>	
Micro-finance - Net of Provisions					
Small loans - General Purpose	5.2	265	17,014,014,522	212	17,199,294,740
Small loans - Housing Finance	5.3	20	18,824,797	14	18,274,828
		<u>285</u>		<u>35,288,819</u>	
		<u>25,047,557,594</u>		<u>17,440,580,252</u>	

5.1 This includes 5,540 (2015: 2,202) micro enterprise loans having aggregate outstanding amount of Rs. 492.7 million (2015: Rs.162.50 million) which are 50% backed by Guarantee under the terms of loan Portfolio Guarantee Agreement between USAID and the Bank on October 30, 2014. The guarantee is effective from November 24, 2014.

5.2 This represents short to medium term general purpose loans to employees of the bank carrying interest at the rate of 10% (2015: 10%) per annum. These loans are secured against employees' secured term bank deposits.

5.3 This represents long term housing loans to eligible employees of the bank for the period ranging from 5 to 20 years carrying 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 eligible mortgage over unencumbered property.

5.4 Particulars of non-performing advances

Non performing advances includes principal amount of Rs. 498.71 million and interest/charge amount of Rs.108.32 million (2015: principal amount of Rs. 337.00 million and interest/charge amount of Rs. 103.20 million) which, as detailed below, have been placed under non performing status.

Category of classification	30-Sep-2016			31-Dec-2015		
	Amount outstanding	Provision required	Provision held	Amount outstanding	Provision required	Provision held
GNPA	100,160,338	-	-	142,641,155	-	-
Sub-standard	46,249,753	13,803,741	16,806,743	78,583,753	13,855,715	13,435,715
Doubtful	654,549,097	187,438,894	187,864,884	46,846,107	32,323,247	32,438,247
Loss	79,808,202	58,330,034	58,330,264	25,519,002	26,416,816	26,658,536
	<u>665,527,390</u>	<u>269,572,669</u>	<u>263,992,891</u>	<u>194,595,917</u>	<u>72,615,578</u>	<u>72,532,517</u>

5.5 Particulars of the provision against non-performing advances

	2016	2015	Total	2016	2015	Total
Balance at the beginning of the year	31,319,317	147,413,170	178,732,487	10,122,049	109,291,041	119,413,090
Charge for the nine months/year	415,716,329	27,279,505	442,995,834	110,466,816	44,123,213	154,590,029
Amount written off	116,875,367	-	116,875,367	187,275,826	-	187,275,826
Balance at the end of the nine months/year	<u>209,159,279</u>	<u>174,692,675</u>	<u>383,851,954</u>	<u>33,313,049</u>	<u>153,414,254</u>	<u>186,727,303</u>

Notes to the Accounts for the nine months ended September 30, 2016

5.6 Particulars of write offs	30-Sep-16	31-Dec-15
Against provision		
Released to rescheduled advances		
Related to other classified advances	316,872,167	187,075,908
Directly charge to profit and loss account	7,724,620	4,065,475
	<u>324,596,787</u>	<u>191,141,383</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-Sep-16		31-Dec-15	
	Portfolio at Risk	Amount	Portfolio at Risk	Amount
Current	0.00%	19,822,560,894	0.00%	16,897,745,437
1 - 29 days late	0.86%	172,126,184	0.88%	159,898,125
30 - 59 days late	0.45%	89,907,216	1.05%	169,316,758
60 - 89 days late	0.31%	61,993,344	0.34%	58,513,191
90 - 179 days late	1.43%	286,507,544	0.39%	68,390,942
More than 179 days late	0.30%	60,400,702	0.15%	26,771,972
	<u>3.36%</u>	<u>19,992,895,884</u>	<u>2.83%</u>	<u>17,389,636,425</u>

6. OPERATING FIXED ASSETS

	Note	30-Sep-16	31-Dec-15
Capital work-in-progress	6.1	78,653,795	61,403,196
Property and equipment	6.2	603,949,907	457,881,006
Intangible assets	6.2	28,484,308	28,694,102
		<u>711,088,010</u>	<u>548,978,304</u>

6.1 Capital Work-in-progress

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

	30-Sep-16	31-Dec-15
Opening Balance	61,403,196	29,107,497
Advances issued during the nine months/year	195,855,331	298,632,180
Assets transferred during the nine months/year	176,604,732	267,336,481
Closing Balance	<u>78,653,795</u>	<u>61,403,196</u>

6.2 Property and Equipment & Intangible Assets

	Computer hardware	Computer software	Furniture & Interiors	Electricity and Office Equipment	Computer Equipment	Total	Impairment provision
Cost							
Balances as on January 1, 2016	-	186,040,108	232,298,574	350,053,231	267,077,164	1,035,469,077	149,517,199
Additions	55,823,240	11,495,000	75,250,583	82,247,288	56,212,836	260,928,947	11,900,882
Disposals	-	7,227,389	8,261,467	7,330,062	1,274,478	24,099,395	-
Balances as on September 30, 2016	<u>55,823,240</u>	<u>190,307,719</u>	<u>299,287,690</u>	<u>424,970,457</u>	<u>324,015,522</u>	<u>1,272,304,628</u>	<u>161,418,081</u>
Depreciation							
Balances as on January 1, 2016	-	95,828,443	87,429,600	184,768,282	208,580,747	577,587,072	119,823,087
Depreciation/Amortization Charge	3,276,322	22,296,486	19,446,719	43,929,017	29,083,145	111,931,689	13,110,676
Disposals	-	7,179,886	5,621,425	7,088,347	1,274,362	21,164,020	-
Balances as on September 30, 2016	<u>3,276,322</u>	<u>110,945,023</u>	<u>101,254,894</u>	<u>221,609,952</u>	<u>231,389,530</u>	<u>668,254,721</u>	<u>132,933,763</u>
Carrying Value							
As on September 30, 2016	<u>52,546,918</u>	<u>79,362,696</u>	<u>198,032,796</u>	<u>203,361,505</u>	<u>70,645,992</u>	<u>604,949,907</u>	<u>28,484,308</u>
As on December 31, 2015	-	90,211,665	144,868,974	165,284,949	57,526,417	457,881,006	29,694,102
Rate of Depreciation per annum	33.33%	25.00%	10.00%	20.00%	33.33%		33.33%

7. OTHER ASSETS

	Note	30-Sep-16	31-Dec-15
Markup/Interest accrued on advances		2,403,270,603	1,739,411,232
Less: Suspended Markup/Interest on non performing advances		<u>308,222,860</u>	<u>80,594,243</u>
		2,295,047,743	1,658,817,009
Interest receivable on investments/placements		58,866,480	14,725,549
Loans & advances to staff		91,500,032	83,238,517
Advances to Suppliers and Service Providers		6,837,768	11,281,483
Security deposit		8,025,175	7,310,215
Prepayments		129,827,848	97,907,982
Receivable from MSDP	7.1	179,884,366	516,144,318
Insurance Claim Receivable		16,687,407	8,749,956
Sales Tax/Federal Excise Duty		133,807,840	119,590,532
Other receivables		<u>295,481,807</u>	<u>134,137,791</u>
		3,215,965,974	2,641,903,252
Less: Provision held against classified assets			
Opening Provision		25,034,803	18,674,464
Provision Charge for the nine months/year		669,363	17,137,934
Receivable written off against provision		<u>(326,943)</u>	<u>10,776,997</u>
Closing Provision		<u>25,031,109</u>	<u>25,034,803</u>
		<u>3,190,934,865</u>	<u>2,616,868,449</u>

Notes to the Accounts for the nine months ended September 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.

6. DEPOSITS	Note	30-Sep-16		31-Dec-15	
		Number of accounts	Rupees	Number of accounts	Rupees
Time Liabilities:					
Term Deposits	6.2	9,668	8,634,078,672	6,661	7,632,933,623
Demand Liabilities:					
Saving Deposits	6.3	87,854	7,471,344,189	32,886	4,556,629,081
Current Deposits		1,291,179	2,541,848,158	1,069,254	3,394,154,413
		1,269,033	10,013,392,347	1,122,240	7,850,793,504
		1,278,701	18,647,471,019	1,128,901	15,583,727,129
8.1 Particulars of Deposits by ownership					
Individual Depositors		1,276,415	10,018,948,889	1,126,811	9,093,840,377
Institutions Depositors					
a) Corporations/Firms		2,254	7,657,255,873	2,064	5,344,045,088
b) Banks/Financial Institutions		30	973,266,287	26	1,127,841,664
		1,278,701	18,647,471,019	1,128,901	15,583,727,129

6.2 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 50.66 Million (2015: Rs 34.92 Million) are lien marked against advances to borrowers.

6.3 This represents saving deposits carrying interest rates ranging from 5.00% to 9.00% per annum (2015: 5.00% to 10.25%). The saving deposits amounting to Rs 474.97 million (2015: Rs 287.39 million) are lien marked against advances to borrowers.

9. BORROWINGS	Note	30-Sep-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	3,540,000,000	3,045,000,000
		6,203,532,652	5,890,397,392

9.1 Borrowings from Financial Institutions outside Pakistan	Note	30-Sep-16	31-Dec-15
Asian Development Bank	9.1.1	1,696,782,652	1,910,647,392
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	519,500,000
		2,663,532,652	2,845,397,392

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 expanded 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 nine months 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 LIBOR 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 2.5% 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. 103.90 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-Sep-16	31-Dec-15
Pak Oman Investment Company Limited (TF-I)	9.2.1	-	325,000,000
Pak Oman Investment Company Limited (TF-II)	9.2.2	500,000,000	500,000,000
Pak Oman Investment Company Limited (TF-III)	9.2.3	900,000,000	-
United Bank Limited (TF-I)	9.2.4	200,000,000	400,000,000
Astari Bank Limited (TF-I)	9.2.5	240,000,000	360,000,000
Sonari Bank Limited (TF-IV)	9.2.6	300,000,000	300,000,000
Syndicated Term Finance (JS Bank Ltd, Askari Bank Ltd and PAIR)	9.2.7	1,500,000,000	100,000,000
Pakistan Poverty Alleviation Fund (TF-I)	9.2.8	500,000,000	1,660,000,000
JS Bank Limited (RF)	9.2.9	-	-
United Bank Limited (RF)	9.2.10	-	-
NIB Bank Limited (RF)	9.2.11	-	-
		3,540,000,000	3,045,000,000

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 8.15% 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.850 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 8.01% 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 5 years with grace period of 12 months from draw down date carrying interest rate @ 7.63% (2015: NIL) 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.

9.2.4 This represents interbank money market borrowings for 3 years with the grace period of 6 months from draw down date carrying interest rate ranging 7.87% to 11.89% (2015: 8.12% to 11.89%) per annum and repayable in 5 equal installments. These borrowings are secured against 40% partial Microfinance Credit Guarantee Facility (MCGF)

Notes to the Accounts for the nine months ended September 30, 2016

- 9.2.5 This represents interbank money market borrowings for 3 years with the grace period of 8 months from draw down date carrying interest rate ranging 7.55% to 10.03% (2015: 8.10% 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 and future micro loans of Rs.320 million.
- 9.2.6 This represents term finance facility of Rs.300 million carrying interest rate ranging 7.56% to 8.58% (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.
- 9.2.7 This represents syndicated term finance facility of Rs.1.5 billion carrying interest rate ranging 7.36% to 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.
- 9.2.8 This represents interbank money market borrowings carrying interest rate ranging 5.51% to 11.11% (2015: 6.05% 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.
- 9.2.9 This represents running finance facility of Rs.300 million carrying interest rate ranging 8.35% to 11.32% (2015: 8.35% 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.
- 9.2.10 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 1 year from the draw down date. These borrowings are secured against charge over present and future assets of the Bank worth Rs.100 million.
- 9.2.11 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-Sep-16	31-Dec-15
Markup/ interest payable on borrowing		150,586,360	117,970,587
Markup/return payable on deposits		323,625,683	286,760,712
Bills Payable		49,445,238	42,080,689
Accrued expenses		179,502,107	223,679,853
Payable to defined benefit plan - Gratuity/EOBI		11,371,455	80,568,150
Contribution payable to funds		149,608,695	164,832,992
Payable to suppliers and service providers		122,038,190	121,789,297
Provision for workers welfare fund		92,796,431	61,330,561
Sundry deposits		12,851,872	14,967,501
Corporate Tax Payable		93,051,532	135,039,618
Other Payables		5,560,840	21,691,581
		1,180,493,403	1,270,731,541
11. CAPITAL AND GENERAL RESERVES			
Statutory Reserve		736,226,274	586,619,579
Capital Reserve		24,255,224	24,255,224
Net Surplus/(Deficit) on revaluation of available for sale securities		129,036	213,840
		760,610,534	611,088,643
12. DEFERRED GRANTS			
Grant from GoP	12.1	251,589,232	251,589,232
Less: Grant amortized			
Up to December 31, 2015		(251,523,789)	(251,523,789)
Up to September 30, 2016		(92,353)	-
		(251,616,142)	(251,523,789)
		13,090	65,443
Grant from USAID	12.2	98,374,901	98,374,901
Less: Grant amortized			
Up to December 31, 2015		(98,188,242)	(98,188,242)
Up to September 30, 2016		(98,936)	-
		(98,287,178)	(98,188,242)
		96,713	196,659
Grant from Enclude (Shore Bank International)	12.3	50,993,463	43,681,321
Less: Grant amortized			
Up to December 31, 2015		(26,845,917)	(26,845,917)
Up to September 30, 2016		(5,626,837)	-
		(32,472,754)	(26,845,917)
		18,320,711	16,835,404
		18,430,524	17,067,306

- 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 nine months ended September 30, 2016

	Note	30-Sep-16	30-Sep-15
13. MARKUP/INTEREST ON ADVANCES			
Markup/Interest on Advances - General Loans		5,898,198,671	5,109,884,601
Markup/Interest on Advances - MSME Loans		106,139,015	19,512,039
Markup/Interest on Advances - Staff Home Loans		5,416,603	592,607
Markup/Interest on Advances - Staff General Purpose Loans		2,117,604	968,908
		<u>4,010,871,894</u>	<u>6,324,958,155</u>
14. MICRO CREDIT PROCESSING FEES			
Micro Credit Processing Fee - General Loans		518,658,481	895,887,251
Micro Credit Processing Fee - MSME Loans		9,181,780	2,668,240
		<u>527,840,261</u>	<u>902,555,491</u>
15. RETAIL BANKING SERVICES FEES			
Banking Services Fee		27,027,570	84,431,245
Remittance Services Fee		1,819,081	2,038,272
Bank Assistance Services Fee		9,505,486	5,245,510
ATM Services Fee		5,303,907	2,080,124
		<u>44,055,994</u>	<u>93,795,151</u>
16. NET PROVISION AGAINST ADVANCES/OTHER ASSETS			
Provision against advances			
Specific Provision	5.5	483,726,328	157,814,274
General Provision	5.5	22,273,506	30,119,090
		475,999,835	188,033,364
Bad Debts Written off Directly		7,724,620	2,433,290
Bad Debts Recovered		(58,450,084)	(25,784,689)
Net Provision against advances		425,274,371	184,682,015
Provision against Other Assets			
Provision against other assets	7	649,868	12,365,964
Recovery against other assets		(1,003,902)	(4,428,454)
		<u>424,270,489</u>	<u>172,619,525</u>
17. This represents grant reimbursements to support launch of new MSME products nationwide network of the Bank under its 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 nine months/year with minimum tax being limited to 1% of non exempt turnover.			
19. SHARE CAPITAL	Note	30-Sep-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-FIS		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
ASH-NDV-B Mikrokreditfonds / Triple Jump		168,795,020	168,795,020
Bank Al Habib Limited		30,000,000	30,000,000
		<u>1,705,000,000</u>	<u>1,705,000,000</u>
20. GENERAL INFORMATION		30-Sep-16	31-Dec-15
20.1 Number of Employees		Number	Number
Credit Sales Staff			
Permanent		1,360	1,221
Banking/Support Staff			
Permanent		1,229	1,043
Contractual		548	303
		<u>1,777</u>	<u>1,848</u>
Total number of employees at the end of the period/year		<u>3,137</u>	<u>3,069</u>
20.1.1 Credit Sales Staff - MSME		190	77
20.1.2 Female Staff		286	264
20.1.3 Managers		79	73
20.2 Number of Branches/Permanent Booths			
Total branches/Permanent Booth at the beginning of the nine months/year		129	118
Opened during the nine months/year		10	11
Closed/merged during the nine months/year			
Total branches/Permanent Booth at the end of nine months/year		<u>139</u>	<u>129</u>