

Balance Sheet as at September 30, 2018

	Note	30-Sep-2018	30-Jun-2018
ASSETS			
Balances with State Bank of Pakistan	1	937,514	1,028,005
Cash in hand and balances with banks	2	1,333,980	1,524,755
Lending to financial institutions	3	-	400,000
Investments - net of provisions	4	12,284,812	15,018,856
Advances - net of provisions	5	38,823,770	37,026,714
Operating fixed assets	6	1,350,470	1,328,652
Other assets	7	6,246,527	5,221,513
Deferred tax assets		283,212	262,079
Total Assets		61,260,285	61,810,576
LIABILITIES			
Deposits and other accounts	8	47,053,859	47,648,499
Borrowings	9	3,513,731	3,742,631
Subordinated debt	10	1,000,000	1,000,000
Other liabilities	11	2,204,914	2,354,918
Total Liabilities		53,772,504	54,746,048
NET ASSETS		7,487,781	7,064,528
REPRESENTED BY :			
CAPITAL			
Paid up capital	19	1,705,000	1,705,000
Capital and general reserves	12	1,530,773	1,424,248
Unappropriated profit		4,250,718	3,933,882
		7,486,491	7,063,130
Deferred Grants	20	1,290	1,398
Total Capital		7,487,781	7,064,528

Profit & Loss Account for the nine months ended September 30, 2018

	Note	YTD - SEP - 18	Q3 - 18
Mark up / Interest Income on advances	13	7,784,975	2,496,439
Mark up / Interest Income on Investment/Placements		842,778	291,888
Mark up / Interest earned		3,563,453	2,889,946
Mark up/Interest on borrowings/subordinated debt		246,800	99,781
Mark up/Interest on deposits		3,070,044	(1,026,534)
Mark up / Interest expensed		3,938,844	1,921,885
Net Mark up / Interest Income		5,264,508	1,756,251
Micro Credit Proceeding Fees	14	873,188	371,873
Retail Banking Service Fees	15	78,453	30,887
Net Mark up/Interest Income		954,549	402,760
Gross Income Earned		4,218,143	2,179,011
OPERATING EXPENSES			
Salaries, wages & other benefits		1,747,224	598,816
Incentive on Asset and Liability Sales		156,199	81,824
Recruitment & Development		8,250	1,181
Management consultancy		8,298	440
IT Operations		298,948	82,881
Training		44,837	12,957
Rent, rates & taxes		289,348	74,376
Meeting & Conference		28,478	7,620
Utilities		83,047	40,184
Communication & Verification		34,086	20,279
Traveling & conveyance		8,970	6,769
Insurance	16	119,378	36,834
Repair & maintenance		44,033	17,688
Security (MPK)		48,405	15,953
Vehicle running & maintenance		182,197	51,270
Legal & Professional		9,971	4,079
Printing, stationery & office supplies		90,527	32,584
Subscription		3,718	1,042
Advertisement & business promotion		108,382	84,227
Financial charges		55,822	(861)
BS Channel Commission		71,807	67,158
ATM Operation		12,821	3,048
Depreciation and amortisation		204,245	66,863
Other Expenses		9,078	3,366
Workers Welfare Fund		8,822	3,128
		2,004,939	1,194,434
Reimbursement of Social Mobilization Cost		65,828	27,432
		2,421,508	1,467,041
Net Provision against advances/other assets	17	382,812	178,268
Total operating expenses		2,980,488	1,845,814
		2,238,394	833,297
OTHER INCOME			
Amortisation of deferred grant		828	107
Gain/(Loss) on Disposal of Fixed Assets		487	(1,025)
Net Income		4,290	2,079
Gain/(Loss) on Foreign Currency Transactions		(887)	(781)
		3,335	843
		2,342,816	829,049
Taxation - Current	18	698,297	270,680
- Prior Year	18	72,622	40,881
- Deferred		(23,363)	(13,392)
		746,556	308,169
		1,596,915	533,188
Un-appropriated profit left		3,339,200	1,661,001
Profit available for appropriation		4,882,281	2,317,194
APPROPRIATIONS:			
Transfer to:			
Stability Reserve		308,782	104,427
Microfinance Sector Development Fund		152,891	53,363
Risk Mitigation Fund		70,448	28,880
Depositors' Protection Fund		70,448	28,880
		602,569	215,550
		4,279,712	2,101,644

Financial Statements

For the nine months ended Sept

Notes to the Accounts for the nine months ended September 30, 2018

1	BALANCES WITH SBP	Note	30-Sep-2018		30-Jun-2018			
	Balances with SBP	1.1	837,314		1,028,008			
			987,814		1,028,008			
1.1	This represents balance held with State Bank of Pakistan to meet the requirement of maintaining minimum balance equivalent to 3% (2017: 3%) of the Bank's time and demand liabilities in accordance with the Regulation R - BA.							
2	CASH IN HAND AND BALANCES WITH BANKS		30-Sep-2018		30-Jun-2018			
	Cash in hand		333,768		392,890			
	Current Account		528,268		786,339			
	Savings Account	2.1	249,854		135,806			
			1,111,890		1,315,035			
2.1	This represents corporate accounts carry interest rates ranging from 3.73% to 4.50% (2017: 3.73% to 7.90%) per annum.							
3.	LENDING TO FINANCIAL INSTITUTIONS		30-Sep-2018		30-Jun-2018			
	Reverse Repo Lending	3.1	-		-			
	Call/Clean Lending	3.3	-		400,000			
			-		400,000			
3.1	This represents reverse repo lending at the rate NIL % per annum (2017: 3.83% per annum) maturing on NIL (2017: January 2, 2018).							
3.2	Securities held as collateral against lending to financial institutions - Reverse Repo							
			Held by Bank	Further given as collateral	Total	Held by Bank	Further given as collateral	Total
	Market Treasury Bills/Bills		-	-	-	-	-	-
			-	-	-	-	-	-
3.3	This represents collection placement at the rate ranging from 7.03% to 8.33% per annum (30-Jun-2018: 7.15%) from 3 to 31 days maturing on September 7, 2018.							
4.	INVESTMENTS - NET OF PROVISIONS		30-Sep-2018		30-Jun-2018			
	Available for sale securities							
	Market Treasury Bills	4.1	4,895,641		7,986,492			
	Held for trading		-		-			
	Market Treasury Bills	4.1	-		-			
	Held to maturity securities							
	Term Finance Certificates	4.2	50,000		50,000			
	Term Deposit Receipts/Placements	4.3	7,219,889		5,084,432			
			13,164,529		13,020,924			
	Surplus/(Deficit) on revaluation on T-Bills	4.4	(764)		(2,095)			
			13,163,765		13,018,829			
4.1	This represents T-Bills purchased for the period ranging from 72 to 84 days (2017: 80 to 84 days) having yield return ranging from 7.84% to 7.73% (2017: 5.84% to 5.99%) per annum.							
4.2	This represents 10,000 and 100 term finance certificates (TFC) having face value of Rs.5,000/- and Rs.1,000,000/- each duly issued by Bank Al Habib Limited and Soneri Bank Limited respectively for perpetual tenor. These TFC carrying profit @ 6 month KIBOR plus 1.50% and 2.00% respectively receivable on semi annual basis from the date of issue.							
4.3	This represents term deposit receipts and placements with commercial and microfinance banks carrying interest at the rate ranging from 7.50% to 9.00% (2017: 7.00% to 8.25%) per annum. These TDR's are due to mature on January 16, 2019 (2017: August 03, 2018).							
4.4	In compliance with the requirements of the Regulations (R-IIIC), available for sale investments have been valued on mark-to-market basis and the resulting (deficit) /surplus is kept in a separate account and is charged through statement of comprehensive income.							
5.	ADVANCES - NET OF PROVISIONS	Note	30-Sep-2018		30-Jun-2018			
			No. of loans outstanding	Amount outstanding	No. of loans outstanding	Amount outstanding		
	Other advances:							
	General Loans							
	Secured	5.1	41,318	3,127,060	36,991	3,088,948		
	Unsecured		681,786	52,369,317	457,824	31,073,248		
			723,104	55,496,377	494,815	34,162,196		
	Micro Enterprise Loans							
	Secured	5.2	12,424	2,783,087	11,824	2,818,027		
	Unsecured	5.3	11,247	703,421	9,634	629,927		
			23,671	3,486,508	21,458	3,447,954		
	Micro Housing Loans							
	Unsecured		235	28,449	182	21,336		
			747,020	39,021,884	718,025	37,300,674		
	Loan - provision held							
	Specific provision		1,871	232,924	9,302	182,021		
	General provision		710,702	338,986	685,364	349,119		
			712,573	571,910	694,666	531,140		
	Microcredit Advance - Net of Provisions			38,249,894		38,559,534		
	Staff Loans - General Purpose	5.5	824	107,836	723	91,205		
	Staff Loans - Housing Finance	5.4	107	472,220	88	365,875		
	Staff Loans		931	580,056	811	457,080		
	Advances - Net of Provisions		747,931	38,823,770	719,884	37,028,714		
5.1	This includes microcredit loans amounting to Rs. 359.8 million (2017: Rs. 688.5 million) which are partially (50%) secured against own deposit lien marking with the Bank.							
5.2	This includes 250 (2017: 4,969) micro enterprise clients having aggregate outstanding amount of Rs. 21.1 million (2017: Rs. 1412.7 million) which are 50% backed by Guarantee under the terms of Loan Portfolio Guarantee Agreement between USAID and the Bank on September 30, 2014. The Guarantee is effective from November 24, 2014.							

Notes to the Accounts for the nine months ended September 30, 2018

5.3 This represents short to medium term general purpose loans to employees of the Bank carrying interest at the rate of 3 months KIBOR plus 100 bps (2017: 3 months KIBOR plus 100bps) per annum. These loans are partially secured against employees' accrued terminal benefits.

5.4 This represents long term housing loans to eligible employees of the Bank for the period ranging from 5 to 30 years carrying interest at the rate of 3 months KIBOR Less 100bps (2017: 3 months KIBOR Less 100bps) per annum. These loans are secured against equitable mortgage over unencumbered property.

5.5 Particulars of non-performing advances:

Non performing advances include: principal amount of Rs. 566.1 million and interest/makeup amount of Rs. 12.5 million (2017: principal amount of Rs. 524.2 million and interest/makeup amount of Rs. 57.3 million) which, as detailed below, have been placed under non performing status.

Category of classification	30-Sep-2018			30-Jun-2018		
	Amount out standing	Provision required	Provision held	Amount out standing	Provision required	Provision held
OABM	104,344	-	-	256,327	-	-
Sub-standard	180,777	20,002	20,002	93,930	18,949	18,949
Doubtful	401,946	59,442	189,442	270,526	103,372	103,372
Loss	71,365	25,140	33,480	79,499	59,751	59,751
	<u>678,432</u>	<u>253,624</u>	<u>242,924</u>	<u>702,281</u>	<u>182,021</u>	<u>182,021</u>

5.6 Particulars of the provision against non-performing advances:

	30-Sep-2018			30-Jun-2018		
	Specific	General	Total	Specific	General	Total
Balance at the beginning of the year	106,978	49,773	566,751	106,978	49,773	566,751
Change during the nine months/year	337,701	41,193	584,894	294,628	57,346	381,969
Amount written off	432,788	-	480,755	248,580	-	248,580
Balance at end of the nine months/year	<u>211,891</u>	<u>90,966</u>	<u>571,890</u>	<u>153,026</u>	<u>107,119</u>	<u>260,145</u>

5.7 Particulars of write off:

	30-Sep-18	30-Jun-18
Against provision		
Related to rescheduled advances:	-	-
Related to other detailed advances:	410,755	248,580
Directly charge to profit and loss account	33,548	23,278
	<u>444,303</u>	<u>271,858</u>

5.8 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 days 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.

Loan 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 surcharges/ penalty on overdue advances is not added to principal.

Nominal Loans	30-Sep-18		30-Jun-18	
	Portfolio at Risk	Amount	Portfolio at Risk	Amount
Current	0.00%	37,899,889	0.00%	36,082,274
1 - 29 days late	1.17%	458,481	1.70%	634,519
30 - 59 days late	0.34%	95,444	0.59%	379,189
60 - 89 days late	0.22%	87,453	0.22%	82,569
90 - 119 days late	0.84%	328,998	0.59%	230,374
More than 119 days late	0.14%	56,217	0.77%	61,870
	<u>2.61%</u>	<u>39,021,484</u>	<u>3.27%</u>	<u>37,360,624</u>

6. OPERATING FIXED ASSETS

	Note	30-Sep-18	30-Jun-18
Capital work-in-progress	6.1	400,133	401,390
Property and equipment	6.2	874,696	876,474
Intangible assets	6.3	75,435	80,788
		<u>1,350,264</u>	<u>1,358,652</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-Sep-18	30-Jun-18
Opening Balance	436,854	436,854
Advances issued during the nine months/year	369,568	251,959
Assets transferred during the nine months/year	346,283	267,423
Closing Balance	<u>460,139</u>	<u>401,390</u>

Notes to the Accounts for the nine months ended September 30, 2018

6.2 Property and Equipment & Intangible Assets

Cost							
Balance as on January 1, 2018	151,271	239,409	348,796	479,916	357,190	1,546,282	196,374
Additions	28,198	58,049	95,482	32,227	184,383	400,141	55,480
Deposals	-	11,719	1,845	1,654	273	24,985	-
Balance as on September 30, 2018	179,469	286,645	443,433	510,493	541,232	1,921,738	251,854
Depreciation							
Balance as on January 1, 2018	82,141	152,139	127,281	285,675	278,479	876,715	161,499
Depreciation/Amortization Charge	24,016	33,284	26,976	51,840	51,409	189,525	14,720
Deposals	(1)	8,473	8,797	1,653	274	19,198	-
Balance as on September 30, 2018	58,156	176,950	145,460	335,862	330,614	1,047,042	176,219
Carrying Value							
As on September 30, 2018	121,311	109,695	298,423	174,620	210,638	874,696	75,635
As on June 30, 2018	126,201	99,300	263,516	181,603	209,834	876,474	50,788
Rate of Depreciation per annum	20.00%	25.00%	10.00%	20.00%	20% - 38.38%		33.33%

7. OTHER ASSETS

Note	30-Sep-18	30-Jun-18
Markup/Interest accrued on advances	4,379,875	3,384,949
Less: Suspended Markup/Interest on non performing advances	112,475	118,641
	4,467,400	3,266,308
Interest receivable on investments/placements	130,955	144,152
Loans & advances to staff	189,120	126,188
Advances to Suppliers and Service Providers	77,907	75,520
Security deposit	6,577	6,517
Prepayments	28,181	287,003
Receivable from MSDP	7.1	500,567
Insurance Claims Receivable	7,590	7,217
Sales Tax/Federal Excise Duty	103,021	106,900
Receivable from SBP	601,282	581,946
Other receivables	195,219	204,913
	6,285,544	5,257,133
Less: Provision held against classified assets		
Opening Provision	58,620	33,767
Provision Charge for the nine months/year	9,250	1,854
Receivable written off against provision	(1,852)	(0)
Closing Provision	69,017	35,620
	6,246,527	5,221,513

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 #1808 between ADB and Islamic Republic of Pakistan.

8. DEPOSITS

Note	30-Sep-18		30-Jun-18		
	Number of accounts	Rupees	Number of accounts	Rupees	
Time Liabilities:					
Term Deposits	8.2	48,715	82,848,693	42,944	80,989,689
Demand Liabilities:					
Saving Deposits	8.3	50,678	9,085,208	49,892	11,225,173
Current Deposits		1,846,729	5,149,958	1,769,524	5,488,848
		1,897,402	14,205,196	1,818,926	16,696,816
		1,946,117	47,053,899	1,861,870	47,648,499
8.1 Particulars of Deposits by ownership					
Individual Depositors		1,943,842	39,195,942	1,859,339	35,850,942
Institutional Depositors					
a) Corporations/Firms		2,323	3,815,461	2,476	9,526,817
a) Banks/Financial Institutions		52	2,342,456	55	2,470,740
		1,946,117	47,053,899	1,861,870	47,648,499

8.2 This represents term deposits having tenure of 3 to 36 months (2017: 1 to 36 months) carrying interest at rates ranging from 5.25% to 15.00% (2017: 5.25% to 15.00%) per annum. The term deposits amounting to Rs 279.89 Million (2017: Rs 98.98 Million) are lien marked against advances to borrowers.

8.3 This represents saving deposits carrying interest rates ranging from 5.00% to 8.00% per annum (2017: 3.00% to 9%). The saving deposits amounting to Rs 264.79 million (2017: Rs 365.44 million) are lien marked against advances to borrowers.

Notes to the Accounts for the nine months ended September 30, 2018

9.	BORROWINGS	Note	30-Sep-18	30-Jun-18
	Borrowings from banks/financial institutions outside Pakistan			
	Unsecured	9.1	1,658,374	1,762,274
	Borrowings from banks/financial institutions in Pakistan			
	Secured	9.2	1,835,357	1,980,337
			<u>3,513,731</u>	<u>3,742,611</u>
9.1	Borrowings from Financial Institutions outside Pakistan			
	Asian Development Bank	9.1.1	909,834	909,324
	ECO Trade & Development Bank (TF-I)	9.1.2	207,800	51,700
	ECO Trade & Development Bank (TF-II)	9.1.3	541,250	541,250
			<u>1,658,884</u>	<u>1,502,274</u>
9.1.1	This represents loan received under the Subsidy Loan and Grant Agreement entered between the Bank and the Government of Pakistan (GoP). The loan #006 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 3.84% and 3.92% per annum.			
9.1.2	This represents borrowing from ECO Trade and Development Bank amounting to US\$3 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\$3 million were translated at the exchange rate of Rs. 106.25 and the repayment will be in 5 equal semi annual installments starting on 18th month after the disbursement. The interest is payable at the fixed rate 10.47% actual/365 on unadjusted basis commencing from date of disbursement.			
9.1.3	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 18th 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 six months LIBOR 1.77% actual/365 on unadjusted basis commencing from date of disbursement.			
9.2	Borrowings from Financial Institutions in Pakistan		30-Sep-18	30-Jun-18
	Pak Oman Investment Company Limited (TF-II)	9.2.1	250,000	250,000
	Pak Oman Investment Company Limited (TF-III)	9.2.2	375,000	487,500
	Pak Oman Investment Company Limited (TF-IV)	9.2.3	437,500	500,000
	Askari Bank Limited (TF-I)	9.2.4	-	-
	Soneri Bank Limited (TF-IV)	9.2.5	-	-
	Syndicated Term Finance (JS Bank Ltd, Askari Bank Ltd and PAIR)	9.2.6	642,857	642,857
	The Bank of Punjab (TF-I)	9.2.7	-	-
	Bank Alfalah Limited (TF-I)	9.2.8	100,000	100,000
	Allied Bank Limited (TF-I)	9.2.9	50,000	50,000
	JS Bank Limited (RF)	9.2.10	-	-
	United Bank Limited (RF)	9.2.11	-	-
	MCB Bank Limited (Formerly, NIB Bank Limited) (RF)	9.2.12	-	-
			<u>1,835,357</u>	<u>1,980,357</u>
9.2.1	This represents interbank money market borrowing for 3 years with grace period of 12 months from draw down date carrying interest rate of 7.82% (2017: 7.70% to 7.80%) per annum and repayable in 6 semi annual equal installments. This borrowing is secured against charge over current and future assets of Rs.667 million.			
9.2.2	This represents interbank money market borrowing for 3 years with grace period of 12 months from draw down date carrying interest rate ranging from 7.80% to 9.67% (2017: 7.65% to 7.80%) per annum and repayable in 6 semi annual equal installments. This borrowing is secured against charge over current and future assets of Rs.667 million.			
9.2.3	This represents interbank money market borrowing for 3 years with grace period of 12 months from draw down date carrying interest rate ranging from 7.80% to 9.70% (2017: 7.78% to 7.80%) per annum and repayable in 6 semi annual equal installments. This borrowing is secured against charge over current and future assets of Rs.667 million.			

- 9.2.4 This represents interbank money market borrowing for a year with the grace period of 6 months from draw down date carrying interest rate of 7.65% (2017: 7.62% to 7.65%) per annum and repayable in 10 equal quarterly instalments. This borrowing is secured against 40% partial Microfinance Credit Guarantee Facility (MCOF) by SBP and charge over current and future micro loans of Rs.320 million.
- 9.2.5 This represents term finance facility of Rs.300 million carrying interest rate of 7.71% (2017: 7.65%) per annum for a period of 3 years with grace period of 1 year from the draw down date. This borrowing is 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 ranging from 7.51% to 8.34% (2017: 7.44% to 7.45%) per annum for a period of 4 year from the draw down date inclusive of grace period of 4 months. This borrowing is 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 borrowing carrying interest rate of 7.81% (2017: 7.62% to 7.75%) per annum for a period of 3 years from the draw down date inclusive of grace period of 1 year. This borrowing is secured against charge over present and future assets of the Bank worth Rs.300 million.
- 9.2.8 This represents interbank money market borrowing carrying interest rate ranging from 7.51% to 8.34% (2017: 7.45% to 7.46%) per annum for a period of 3 years from the draw down date inclusive of grace period of 1 year. This borrowing is secured against charge over present and future assets of the Bank worth Rs.667 million.
- 9.2.9 This represents interbank money market borrowing carrying interest rate ranging from 7.81% to 10.24% (2017: 7.80%) per annum for a period of 3 years from the draw down date inclusive of grace period of 2 years. This borrowing is secured against charge over present and future assets of the Bank worth Rs.334 million.
- 9.2.10 This represents running finance facility of Rs.500 million carrying interest rate of 7.87% (2017: 7.87%) for a period of 1 year from the draw down date. This borrowing is secured against charge over present and future assets of the Bank worth Rs.667 million.
- 9.2.11 This represents running finance facility of Rs.175 million carrying interest rate of 6.87% (2017: 6.87% to 7.35%) for a period of 1 year from the draw down date. This borrowing is secured against charge over present and future assets of the Bank worth Rs.234 million.
- 9.2.12 This represents running finance facility of Rs.400 million carrying interest rate of 7.62% (2017: 7.62%) for a period of 1 year from the draw down date. This borrowing is secured against charge over present and future assets of the Bank worth Rs.534 million.

10. SUB-ORDINATED DEBT	Note	30-Sep-18	30-Jun-18
Term Finance Certificate (TFC) - I	10.1	1,000,000	1,000,000
		<u>1,000,000</u>	<u>1,000,000</u>
10.1 This represents rated, unsecured, subordinated and privately placed term finance certificates of worth Rs.100,000/- each fully subscribed on March 19, 2018. The issue is for a period of 8 years from the date of subscription and matures on March 19, 2026. The issue has assigned preliminary rating of single 'A' (Single A) with stable outlook. Profit is @ 6 months KIBOR plus 2.05% and repayable every six months in arrears while principal shall be redeemed in two equal semi annual instalments falling on the end of 90th and 96th months. The issue has call option after 10th redemption date, lockin clause and loss abeyance clause.			
11. OTHER LIABILITIES	Note	30-Sep-18	30-Jun-18
Markup/ Interest payable on borrowing		60,388	11,875
Markup/return payable on deposits		665,868	693,541
Bills Payable		92,694	184,003
Accrued expenses		477,816	456,484
Payable to defined benefit plan - Gratuity/ROBI		88,571	21,181
Contribution payable to funds		308,782	560,288
Payable to suppliers and service providers		249,358	201,955
Provision for workers welfare fund		33,729	31,348
Sundry deposits		6,769	6,758
Corporate Tax Payable		211,114	181,324
Other Payables		46,175	36,863
		<u>2,204,914</u>	<u>2,854,918</u>
12. CAPITAL AND GENERAL RESERVES			
Statutory Reserve		1,307,081	1,401,433
Capital Reserve		24,255	24,255
Net Surplus/(Deficit) on revaluation of available for sale securities		(348)	(1,489)
		<u>1,330,779</u>	<u>1,424,248</u>
13. MARKUP/INTEREST ON ADVANCES		30-Sep-18	30-Jun-18
Markup/Interest on Advances - General Loans		7,276,606	6,680,720
Markup/Interest on Advances - Micro Enterprise Loans		435,191	286,945
Markup/Interest on Advances - Micro Housing Loans		5,346	2,755
Markup/Interest on Advances - Staff Home Loans		19,064	8,804
Markup/Interest on Advances - Staff General Purpose Loans		4,546	2,974
		<u>7,755,675</u>	<u>4,982,198</u>
14. MICROCREDIT PROCESSING FEES			
Micro Credit Processing Fee - General Loans		889,889	814,006
Micro Credit Processing Fee - Micro Enterprise Loans		35,097	21,614
Micro Credit Processing Fee - Micro Housing Loans		202	118
		<u>925,188</u>	<u>835,738</u>
15. RETAIL BANKING SERVICES FEES			

Notes to the Accounts for the nine months ended September 30, 2018

Banking Services Fee	54,767	89,228
Remittance Services Fee	1,356	688
Bancassurance Services Fee	12,688	9,086
ATM Services Fee	10,344	6,794
	<u>79,155</u>	<u>105,896</u>
16. INSURANCE		
Insurance - Advances	105,307	67,465
Insurance - Deposits	5,624	3,606
Insurance - Operating Fixed Assets & Other	8,847	6,022
	<u>119,778</u>	<u>77,093</u>

17.	NET PROVISION AGAINST ADVANCES/OTHER ASSETS	Note	30-Sep-18	30-Jun-18
	Provision against advances			
	Specific Provision	5.7	537,701	294,623
	General Provision	5.7	47,192	57,346
			584,894	351,969
	Bad Debts Written off Directly		39,548	23,278
	Bad Debts Recovered		(64,049)	(48,799)
	Net Provision against advances		559,393	326,448
	Provision against Other Assets			
	Provision against other assets	7	3,250	1,854
	Recovery against other assets		(9)	(8)
			5,219	1,773
			<u>559,612</u>	<u>328,221</u>

18. TAXATION

The bank has provided for corporate tax at the rate of 29% (2017: 30%) for the year with minimum tax being limited to 1% of non exempt turnover. The Finance Act, 2018 introduced a one-time super tax on all persons. It was levied at 3%. Finance Act, 2017, extended this levy to the tax year 2017. Now Through Finance Act 2018 the Government extended the application of super tax for Tax year 2018, 2019 and 2020 at the rate of 3%, 2% and 1% respectively.

19.	SHARE CAPITAL	Note	30-Sep-18	30-Jun-18
19.1	Authorized Capital	18.11	8,000,000	8,000,000
19.1.1	The Bank's authorized share capital is 800 million ordinary shares of Rs.10/- each.			
19.2	Issued, Subscribed and Paid up Capital	18.21	1,705,000	1,705,000
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	506,285
	Rural Impute Fund II S.A. SICAV-FIS (Incofin Investment Management Comm. VA)		417,057	417,057
	responsibility Management Company S.A (responsibility Global Microfinance Fund)		339,295	339,295
	ShareCap II Limited (Equator Capital Partners LLC)		243,568	243,568
	ASN Microcreditpool (Triple Jump B.V)		168,795	168,795
	Bank Al Habib Limited		30,000	30,000
			<u>1,705,000</u>	<u>1,705,000</u>
20.	DEFERRED GRANTS			
	Grant from MDF		1,613	1,613
	Less: Grant amortized			
	Up to December 31, 2017		-	-
	Up to September 30, 2018		(323)	(215)
			<u>(323)</u>	<u>(215)</u>
			<u>1,290</u>	<u>1,398</u>

This represents MoU between Market Development Fund (Australian Department for Foreign Affairs and Trade), Shalerganj Food Products Limited and Khushhal Microfinance Bank Limited to collaborate on providing financial services to the farmers in the Shalerganj milk collection areas in Pakistan. MDF will cost share to help by investing in the van which would serve as "Bank on Wheels" and Shalerganj will facilitate farmers access. The Bank will provide financial services (credit, savings and micro insurance) initially to Shalerganj client farmers and also targets microfinance clients. Currently, this project is in its pilot phase.

21.	GENERAL INFORMATION	30-Sep-18	30-Jun-18
21.1	Number of Employees	Number	Number
	Credit Sales Staff		
	Permanent	1,911	1,904
	Banking/Support Staff		
	Permanent	1,704	1,618
	Contractual	728	741
		2,427	2,359
	Total number of employees at the end of the nine months	<u>4,338</u>	<u>4,263</u>
21.1.1	Credit Sales Staff - MSME	322	389
21.1.2	Female Staff	401	336
21.1.8	Managers	94	94

21.2	Network Outreach	30-Sep-18		30-Jun-18	
		No. of SC	No. of Branches	No. of SC	No. of Branches
21.2.1	At the Beginning of the year	24	149	24	149
	Opened during the period/year	10	11	6	6
	Closed/merged during nine months/year	(6)	(1)	(2)	(1)
	At the end of the nine months/year	<u>28</u>	<u>159</u>	<u>28</u>	<u>156</u>
21.2.2	Total Outlets		<u>187</u>		<u>184</u>