



CONDENSED QUARTERLY ACCOUNTS
(Un-Audited)
Mar - 2023



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CONTENTS

Balance Sheet.....	3
Profit and Loss Account.....	4
Notes to the Accounts for the quarter ended Mar 31, 2023.....	5

Balance Sheet

	Note	Actual 31-Mar-23 PKR Million	Actual 31-Dec-22 PKR Million
ASSETS			
Balances with State Bank of Pakistan	1	1,569	2,677
Cash in hand and balances with banks	2	2,223	3,505
Lending to financial institutions	3	-	4,893
Investments - net of provisions	4	11,513	14,162
Gross Advances		89,116	88,596
<i>Less: Provisions Held</i>		2,933	2,496
Advances - net of provisions	5	86,183	86,100
Operating fixed assets	6	3,176	4,154
Other assets	7	15,165	14,625
Deferred tax assets		2,427	2,010
Total Assets		122,256	132,126
LIABILITIES			
Deposits and other accounts	8	96,479	111,791
Borrowings	9	9,080	2,175
Subordinated debt	10	4,500	4,500
Other liabilities	11	4,895	5,551
Total Liabilities		114,954	124,017
NET ASSETS		7,302	8,109
REPRESENTED BY :			
CAPITAL			
Paid up capital	20	1,705	1,705
Capital and general reserves	12	1,819	1,876
Unappropriated profit		3,765	4,514
		7,289	8,095
Deferred Grants	21	13	14
Total Capital		7,302	8,109

Profit and Loss Account

	Note	YTD - MAR - 23	YTD - MAR - 22
		Actual	Actual
		PKR Million	PKR Million
Gross Markup Earned on Advances		6,288	5,502
Markup Suspended/Waiver on Advances	13	(1,626)	(1,961)
Net Mark up/Interest Earned on advances		4,662	3,541
Net Mark up/Interest Earned on Investments/Placements		590	566
Total Mark up / Interest earned		5,252	4,107
Mark up/Interest Expensed on Borrowings/Debt		366	247
Mark up/Interest Expensed on Deposits		3,082	2,126
Mark up / Interest expensed		3,448	2,373
Net Mark up / Interest income		1,804	1,734
Micro Credit Processing Fees	14	391	365
Retail Banking Services Fees	15	42	34
Non Mark up/Interest Income		433	399
Gross Income Earned		2,237	2,133
OPERATING EXPENSES			
Salaries, wages & other benefits		971	927
Incentive on Asset and Liability Sales		87	46
Recruitment & Development		-	1
Management consultancy		-	-
IT Operations		165	116
Training & Development		2	5
Operating Lease/Rent Expense	18	183	165
Meeting & Conferences		15	7
Utilities		85	61
Communication & Verification		34	31
Traveling & conveyance		8	6
Insurance	16	20	18
Repair & maintenance		21	22
Security services		17	15
Health Hygiene - COVID -19		-	1
Vehicle running & maintenance		184	120
Legal & Professional		5	5
Printing, stationery & office supplies		55	50
Subscription		1	1
Advertisement & business promotion		14	52
Financial charges		25	16
ATM Operations and Call Center Charges		25	7
Depreciation and amortization		159	154
Other Expenses		1	1
Workers Welfare Fund		-	5
		2,077	1,832
Reimbursement of Social Mobilization Cost		-	1
		2,077	1,831
Net Provision against advances/other assets	17	1,346	785
Total operating expenses		3,423	2,616
OPERATING PROFIT / (LOSS)		(1,186)	(483)
OTHER INCOME			
Amortization of deferred grant		1	-
Gain/(Loss) on Disposal of Fixed Assets		-	(1)
Modification of ROU Asset/Liability	18.2	132	1
Miscellaneous Income		1	-
		134	-
PROFIT / (LOSS) BEFORE TAXATION		(1,052)	(483)
Taxation - Current	19	91	69
- Prior Year	19	-	-
- Deferred		(394)	(242)
		(303)	(173)
PROFIT / (LOSS) AFTER TAXATION		(749)	(310)
Un-appropriated profit b/f		4,514	7,616
UNAPPROPRIATED PROFIT c/f		3,765	7,306

Notes to the Accounts for the quarter ended Mar 31, 2023

1	BALANCES WITH SBP	Note	31-Mar-23		31-Dec-22	
			PKR Million		PKR Million	
	Balances with SBP	1.1	1,569		2,677	
			<u>1,569</u>		<u>2,677</u>	
1.1	This represents balance held with State Bank of Pakistan to meet the requirement of maintaining minimum balance equivalent to 5% (2022: 5%) of the Bank's time and demand liabilities in accordance with the Regulation R - 3A.					
2	CASH IN HAND AND BALANCES WITH BANKS		31-Mar-23		31-Dec-22	
			PKR Million		PKR Million	
	Cash in hand		1,166		2,387	
	Current Account		742		997	
	Saving Account	2.1	315		121	
			<u>2,223</u>		<u>3,505</u>	
2.1	This represents corporate accounts carrying interest rate ranging from 4.50% to 19.50% (2022: 4.50% to 14.50%) per annum.					
3.	LENDING TO FINANCIAL INSTITUTIONS		31-Mar-23		31-Dec-22	
			PKR Million		PKR Million	
	Reverse Repo Lending	3.1	-		4,893	
			<u>-</u>		<u>4,893</u>	
3.1	This represents reverse repo lending at the rate NIL% per annum (2022: 16.00% to 16.50% per annum) maturing on NIL (2022: January 3, 2023)					
3.2	Securities held as collateral against lending to financial institutions - Reverse Repo					
			Held by Bank	Further given as collateral	Total	
			PKR Million			
	Market Treasury Bills/PIB's		-	-	-	
			4,950	-	4,950	
			<u>-</u>	<u>-</u>	<u>-</u>	
			<u>4,950</u>	<u>-</u>	<u>4,950</u>	
4.	INVESTMENTS - NET OF PROVISIONS	Note	31-Mar-23		31-Dec-22	
			PKR Million		PKR Million	
	Available for sale securities					
	Pakistan Investment Bonds	4.1	11,511		11,205	
	Held to maturity securities					
	Term Finance Certificates	4.2	150		150	
	Term Deposit Receipts/Placements	4.3	-		2,875	
			11,661		14,230	
	Surplus/(Deficit) on revaluation on T-Bills/PIB's	4.4	(148)		(68)	
			<u>11,513</u>		<u>14,162</u>	
4.1	This represents 3 years PIB's having fixed/floater coupon rate ranging from 7.00% to 19.27% per annum (2022: 7.00% to 17.30% per annum) maturing on February 9, 2026.					
4.2	This represents 10,000 and 100 term finance certificates (TFC's) 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's 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 placement with microfinance bank carrying interest rate NIL% (2022: 17.00%) per annum.					
4.4	In compliance with the requirements of the Regulations (R-11C), 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	31-Mar-23		31-Dec-22	
			Loans Outstanding	Amount outstanding	Loans Outstanding	Amount outstanding
			Number	PKR Million	Number	PKR Million
	General Loans					
	Secured/Semi Secured	5.1	182,406	21,069	177,434	19,094
	Unsecured	5.3	410,285	30,510	441,678	31,400
			<u>592,691</u>	<u>51,579</u>	<u>619,112</u>	<u>50,494</u>
	Micro Enterprise Loans					
	Secured	5.2	60,675	21,193	68,410	22,311
	Unsecured	5.2	42,671	7,182	35,170	6,198
			<u>103,346</u>	<u>28,375</u>	<u>103,580</u>	<u>28,509</u>
	Micro Housing Loans					
	Secured		2,122	3,005	2,101	2,989
	Unsecured		9,110	4,084	10,067	4,543
			<u>11,232</u>	<u>7,089</u>	<u>12,168</u>	<u>7,532</u>
	Microcredit advances :		<u>707,269</u>	<u>87,043</u>	<u>734,860</u>	<u>86,535</u>
	Staff Loans					
	Staff Loans - General Purpose	5.4	2,111	438	2,280	459
	Staff Loans - Housing Finance	5.5	411	1,635	401	1,602
			<u>2,522</u>	<u>2,073</u>	<u>2,681</u>	<u>2,061</u>
	Gross advances :		<u>709,791</u>	<u>89,116</u>	<u>737,541</u>	<u>88,596</u>
	Less : provisions held					
	Specific provision		51,486	2,083	33,867	1,609
	General provision		560,799	850	590,905	887
				<u>2,933</u>		<u>2,496</u>
	Advances - Net of Provisions		<u>709,791</u>	<u>86,183</u>	<u>737,541</u>	<u>86,100</u>
5.1	This includes microcredit loans amounting to Rs. 23.1 million (2022: Rs. 24.2 million) which are partially (50%) secured against own deposit lien marking with the Bank.					

- 5.2 This includes 32 (2022: 64) micro enterprise clients having aggregate outstanding amount of Rs. 2.0 million (2022: Rs. 4.1 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
- 5.3 This includes 11,458 (2022: 10,754) borrowers having aggregate outstanding amount of Rs. 754.1 million (2022: Rs. 693.5) against the issuance of Credit Guarantee Scheme for Small Marginalized Farmers (CGSMF) approved by State Bank of Pakistan which is 50% backed by Guarantee under the terms of the scheme.
- 5.4 This represents short to medium term general purpose loans to employees of the Bank carrying fixed interest at the rate of 5% per annum (2022: 5%) per annum. These loans are partially secured against employees' accrued terminal benefits.
- 5.5 This represents long term housing loans to eligible employees of the Bank for the period ranging from 5 to 20 years carrying fixed interest at the rate of 5% per annum (2022: 5%) per annum. These loans are secured against equitable mortgage over unencumbered property.
- 5.6 Particulars of non-performing advances
- Non performing advances includes principal amount of Rs. 5,085.58 million and interest/markup amount of Rs. 2,470.01 million (2022: principal amount of Rs. 3,502.80 million and interest/markup amount of Rs. 1,432.78 million) which, as detailed below, have been placed under non performing status.

Category of classification	31-Mar-23			31-Dec-22		
	Amount out standing	Provision required	Provision held	Amount out standing	Provision required	Provision held
General and Staff Loans						
OAEM	765	-	-	934	0	0
Sub-standard	1,658	275	275	852	147	147
Doubtful	3,069	931	931	1,018	351	351
Loss	399	232	232	753	499	499
	5,891	1,438	1,438	3,557	998	998
Micro Enterprise Loans						
OAEM	193	13	13	190	12	12
Sub-standard	299	46	46	226	41	41
Doubtful	210	66	66	156	58	58
Loss	850	483	483	713	471	471
	1,552	608	608	1,285	582	582
Micro Housing Loans						
OAEM	18	-	-	23	-	-
Sub-standard	32	7	7	29	6	6
Doubtful	37	14	14	24	10	10
Loss	26	16	16	18	13	13
	112	37	37	94	29	29
	7,556	2,083	2,083	4,936	1,609	1,609

- 5.7 Particulars of the provisions against non-performing advances

	31-Mar-23			31-Dec-22		
	Specific	General	Total	Specific	General	Total
Opening Provision	1,609	887	2,496	575	1,054	1,629
Provision Charge	1,358	(37)	1,321	6,082	(167)	5,915
Less: Portfolio Charge off	884	-	884	5,048	-	5,048
Closing Provision	2,083	850	2,933	1,609	887	2,496

- 5.8 Particulars of Charge off during the period

	31-Mar-23	31-Dec-22
	PKR Million	PKR Million
Loans Charge off against provision	884	5,048
Loans Charge off directly	140	247
	1,024	5,295

- 5.9 Particulars of Off Balance Sheet Product wise Loans Charged off:

The outstanding balance of charged off loans since establishment of the Bank till date is as under:

	31-Mar-23	31-Dec-22
	PKR Million	PKR Million
General and Staff Loans		
Group	8,869	8,648
Individual	7,337	6,784
	16,206	15,432
Micro Enterprise Loans	353	329
Micro Housing Loans	5	5
	16,564	15,766

- 5.10 Portfolio Quality

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-advances.

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 delay days 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.

Loan Portfolio	Note	31-Mar-23		31-Dec-22	
		Portfolio at Risk %	Amount Outstanding PKR Million	Portfolio at Risk %	Amount Outstanding PKR Million
Normal and Staff Loans					
Current		0.00%	74,938	0.00%	74,393
Watchlist		0.92%	723	1.37%	1,060
OAEM		0.93%	738	0.75%	579
Substandard		1.28%	1,010	0.63%	489
Doubtful		1.53%	1,211	0.56%	436
Loss		0.39%	310	3.64%	409
		5.06%	78,930	6.96%	77,367
Deferred and Restructured Loans					
Current		0.00%	8,284	0.00%	9,216
Watchlist		0.83%	85	3.77%	423
OAEM		2.05%	209	2.57%	288
Substandard		3.49%	356	2.79%	314
Doubtful		8.11%	826	3.65%	410
Loss		4.19%	427	5.14%	578
	5.9.2	18.67%	10,186	17.92%	11,228
Global Over Due Loans		6.61%	89,116	5.63%	88,595
Global Non-Performing Loans		5.71%	5,086	3.95%	3,503

5.9.1 Category wise portfolio classification is as under:

Loan Portfolio	31-Mar-23				31-Dec-22			
	Portfolio at Risk	Normal	Deferred Rescheduled	Total	Portfolio at Risk	Normal	Deferred Rescheduled	Total
	%	PKR Million			%	PKR Million		
General and Staff Loans								
Current	0.00%	41,200	8,174	49,375	0.00%	39,913	9,081	48,994
Watchlist - 1-29 Days	0.58%	232	80	312	2.07%	673	416	1,089
OAEM - 30-59 Days	1.43%	560	205	765	1.29%	390	286	676
Substandard - 60-89 Days	2.06%	755	349	1,104	1.12%	296	295	591
Doubtful - 90-179 Days	3.47%	1,066	797	1,863	1.34%	322	383	705
Loss - 180 -209 Days	0.43%	107	126	233	0.95%	222	278	500
	7.97%	43,920	9,732	53,652	6.78%	41,815	10,739	52,554
Micro Enterprise Loans								
Current	0.00%	26,830	99	26,929	0.00%	27,109	118	27,227
Watchlist - 1-89 Days	1.46%	413	2	415	1.16%	327	4	331
OAEM - 90-179 Days	0.58%	160	3	163	0.59%	168	1	169
Substandard - 180 - 364 Days	0.82%	228	5	234	0.65%	169	18	187
Doubtful - 365 - 544 Days	0.51%	122	24	146	0.42%	101	20	121
Loss - 545 - 1945 Days	1.72%	198	290	488	1.66%	184	290	474
	5.09%	27,952	423	28,375	4.50%	28,057	451	28,508
Micro Housing Loans								
Current	0.00%	6,908	11	6,918	0.00%	7,372	17	7,388
Watchlist - 1 - 89 Days	1.14%	78	3	81	0.84%	61	2	63
OAEM - 90-179 Days	0.25%	18	0	18	0.30%	22	1	22
Substandard - 180-364 Days	0.39%	27	1	28	0.34%	25	1	26
Doubtful - 365 - 729 Days	0.40%	23	5	28	0.26%	13	6	20
Loss - 730-1945 Days	0.22%	4	11	16	0.17%	3	10	13
	2.41%	7,059	30	7,089	1.91%	7,495	38	7,532
Global Over Due Loans	6.61%	78,930	10,186	89,116	5.63%	77,367	11,228	88,595

5.9.2 This consist of outstanding rescheduled/deferred loan portfolio (DRP) against SBP COVID relief package.

	Loans Outstanding	Amount Outstanding
	Number	PKR Million
Rescheduled/Deferred Loans under regulatory relief	6,960	526
Rollover Loans under internal policy	154,646	9,660
Total Outstanding Deferred and Rescheduled Loans	161,606	10,186

6. OPERATING FIXED ASSETS	Note	31-Mar-23		31-Dec-22	
		PKR Million		PKR Million	
Capital work-in-progress	6.1	253		262	
Right of Use Assets	6.2	1,151		2,007	
Property and equipment	6.3	1,257		1,345	
Intangible assets	6.3	515		540	
		3,176		4,154	

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.

	31-Mar-23		31-Dec-22	
	PKR Million		PKR Million	
Opening Balance	262		205	
Advances issued	48		1,030	
Assets transferred	(57)		(973)	
Closing Balance	253		262	

6.2 RIGHT OF USE ASSETS	31-Mar-23		31-Dec-22	
	PKR Million		PKR Million	
Opening Right of Use Assets	3,479		2,493	
Asset Recognized/(Derecognized) during the quarter/year	(862)		986	
Total ROU Assets	2,617		3,479	
Accumulated Depreciation	(1,466)		(1,472)	
Net Right of Use Assets	1,151		2,007	

6.3 Property and Equipment & Intangible Assets

	Leasehold Improvements	Vehicles	Furniture & Fixture	Electrical and Office Equipment	Computer Equipment	Total	Computer Software
Cost	PKR Million						PKR Million
Balances as on January 1, 2023	591	480	600	852	1,279	3,802	1,164
Additions	8	-	6	6	25	45	3
Disposals	-	-	(2)	(2)	(3)	(7)	-
Balance as on March 31, 2023	599	480	604	856	1,301	3,840	1,167
Depreciation	PKR Million						PKR Million
Balances as on January 1, 2023	331	326	312	625	863	2,457	624
Depreciation/Amortization Charge	22	19	14	22	55	132	28
Disposals	-	-	(1)	(2)	(3)	(6)	-
Balance as on March 31, 2023	353	345	325	645	915	2,583	652
Carrying Value	PKR Million						PKR Million
As on March 31, 2023	246	135	279	211	386	1,257	515
As on December 31, 2022	260	154	288	227	416	1,345	540
Rate of Depreciation per annum	20.00%	25.00%	10.00%	20.00%	20% - 33.33%		33.33%

7. OTHER ASSETS	Note	31-Mar-23		31-Dec-22	
		PKR Million		PKR Million	
Markup/interest accrued on advances		15,332		14,027	
Less: Suspended Markup/interest on non performing advances		2,470		1,433	
		12,862		12,594	
Interest receivable on investments/placements		502		436	
Advances to staff		3		6	
Advances to Suppliers and Service Providers		4		1	
Prepayments & Security deposit		409		302	
Receivable from MSDF	7.1	2		2	
Insurance Claims Receivable		65		52	
Receivable from SBP		816		523	
Advance Taxation		239		252	
Other receivables		461		647	
		15,363		14,815	
Less: Provision held against classified assets		190		128	
Opening Provision		8		70	
Provision Charge during the quarter		-		(8)	
Receivable written off against provision		198		190	
Closing Provision		15,165		14,625	

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	31-Mar-23		31-Dec-22	
		Accounts Outstanding	Amount Outstanding	Accounts Outstanding	Amount Outstanding
Time Liabilities:		Number	PKR Million	Number	PKR Million
Term Deposits	8.2	54,094	69,178	55,052	68,471
Demand Liabilities:					
Saving Deposits	8.3	84,059	20,970	83,082	33,762
Current Deposits	8.4	3,024,746	6,170	2,979,936	9,524
Call Deposits (CDR)		600	161	609	34
		3,109,405	27,301	3,063,627	43,320
		3,163,499	96,479	3,118,679	111,791
8.1 Particulars of Deposits by ownership					
Individual Depositors		3,158,726	75,555	3,113,916	78,277
Institutional Depositors					
a) Corporations/Firms		4,722	16,012	4,714	27,564
a) Banks/Financial Institutions		51	4,912	49	5,950
		3,163,499	96,479	3,118,679	111,791

8.2 This represents term deposits having tenure of 3 to 60 months (2022: 1 to 36 months) carrying interest at rates ranging from 8.50% to 22.50% (2022: 7.00% to 17.50%) per annum. The term deposits amounting to Rs 552.28 Million (2022: Rs 623.09 Million) are lien marked against advances to borrowers.

8.3 This represents saving deposits carrying interest rates ranging from 5.00% to 21.00% per annum (2022: 5.00% to 17.50%). The saving deposits amounting to Rs. 5.19 million (2022: Rs. 26.01 million) are lien marked against advances to borrowers.

8.4 This represents non-remunerative current deposits. The current deposits amounting to Rs. 21.59 million (2022: Rs. 43.22 million) are lien marked against advances to borrowers.

9. BORROWINGS	Note	31-Mar-23	31-Dec-22
		PKR Million	PKR Million
Borrowings from banks/financial Institutions in Pakistan			
Secured	9.1	9,080	2,175
		9,080	2,175
9.1 Borrowings from Financial Institutions in Pakistan			
The Bank of Punjab (TF-2)	9.1.1	313	375
Pakistan Mortgage Refinance Company Limited (TF-1)	9.1.2	900	900
Pakistan Mortgage Refinance Company Limited (TF-2)	9.1.3	450	450
Pakistan Mortgage Refinance Company Limited (TF-3)	9.1.4	450	450
Allied Bank Limited (RF)	9.1.5	200	-
Repo Borrowing	9.1.6	6,767	-
		9,080	2,175

9.1.1 This represents interbank money market borrowing carrying interest rate ranging from 10.85% to 17.82% (2022: 10.85% to 17.82%) per annum for a period of 3 from the draw down date inclusive of grace period of 1 year. This borrowing is secured against charge over present and future current assets of the Bank worth Rs.2,667 million.

9.1.2 This represents mortgage refinance facility for creating Bank's housing mortgage portfolio carrying fixed interest rate of 6.5% per annum for first 5 years and 8.5% annum for next 5 years for a period of 10 years from the draw down date inclusive of 2 years as grace period under the Government's Markup Subsidy Scheme for Housing Finance (GMSS). Markup is payable quarterly in arrears. This borrowing is secured against charge over present and future current assets of the Bank worth Rs.1,200 million.

9.1.3 This represents mortgage refinance facility for creating Bank's housing mortgage portfolio carrying floating interest rate of 11.82% per annum with floor of 8% for period of 3 years from the draw down date inclusive of 1 years as grace period under the Government's Markup Subsidy Scheme for Housing Finance (GMSS). is payable half yearly in arrears. This borrowing is secured against charge over present and future current assets of the Bank worth Rs. 600 million.

9.1.4 This represents mortgage refinance facility for creating Bank's housing mortgage portfolio carrying floating interest rate of 12.32% per annum with floor of 8% for period of 5 years from the draw down date inclusive of 1 years as grace period under the Government's Markup Subsidy Scheme for Housing Finance (GMSS). is payable half yearly in arrears. This borrowing is secured against charge over present and future current assets of the Bank worth Rs. 600 million.

9.1.5 This represents running finance borrowing carrying floating interest rate of 17.90% (2022: 16.67%) per annum. This borrowing is secured against charge over and future current assets of the Bank worth of Rs.333 Million.

9.1.6 This represents repo borrowings carrying interest rate ranging from 20.10% to 20.35% (2022: NIL%) maturing on April 5, 2023.

10. SUB-ORDINATED DEBT	Note	31-Mar-23	31-Dec-22
		PKR Million	PKR Million
Term Finance Certificate IV (TFCs) - Additional Tier I	10.1	1,500	1,500
Term Finance Certificate I (TFCs) - Tier II	10.2	1,000	1,000
Term Finance Certificate II (TFCs) - Tier II	10.3	1,400	1,400
Term Finance Certificate III (TFCs) - Tier II	10.4	600	600
		4,500	4,500

10.1 This represents rated, unsecured, subordinated, privately placed/DSLR Listed, Perpetual and Non-Cumulative Debt Instrument in the nature of Additional Tier I Term Finance Certificates of worth Rs.100,000/- each fully subscribed on June 16, 2022. The funds raised by the Bank through the issuance of these TFC's have contributed towards the Bank's Additional Tier 1 Capital for meeting its capital adequacy requirements as per Basel III Guidelines set by SBP under BPRD Circular 6 dated 15th August 2013. The instrument is sub-ordinated to the payment of principal and profit to all other indebtedness of the Bank Including the TFC's under Tier previously issued by the Bank. These funds are intended to be utilized for the Bank's ongoing business operations in accordance with the Bank's Memorandum and Articles of Association. The instrument has assigned preliminary rating of single 'A-' (Single A Minus) with stable outlook.

Profit is priced @ 6 months KIBOR plus 4.00% and repayable every six months in arrears. The Bank may call the TFC's at par (either partially or in full) with prior approval from SBP, on any profit payment date after 5 years from the issue date. The instrument has lockin and loss absorption clauses and no put option.

10.2 This represents rated, unsecured, subordinated and privately placed term finance certificates of worth Rs.100,000/- each fully subscribed on March 19, 2018. The for a period of 8 years from the date of subscription and mature on March 19, 2026. The issue has assigned preliminary rating of single 'A' (Single A) with stable outlook.

Profit is priced @ 6 months KIBOR plus 2.05% and repayable every six months in arrears while principal shall be redeemed in two equal semi annual installments the end of 90th and 96th months.

The issue has call option after 10th redemption date, lockin clause and loss absorbency clause.

10.3 This represents rated, unsecured, subordinated and privately placed term finance certificates of worth Rs.100,000/- each fully subscribed on December 27, 2019. Issue is for a period of 8 years from the date of subscription and mature on December 27, 2027. The issue has assigned preliminary rating of single 'A' (Single A) stable outlook.

Profit is priced @ 3 months KIBOR plus 2.70% and repayable every three months in arrears while principal shall be redeemed in twelve equal quarterly installments commencing from the 63th month from the issue date. The issue has lockin and loss absorbency clause.

10.4 This represents unsecured, subordinated and privately placed term finance certificates of worth Rs.100,000/- each fully subscribed on June 18, 2021. The issue is for a period of 8 years from the date of subscription and mature on June 18, 2029. Profit is priced @ 6 months KIBOR plus 2.70% and repayable every three in arrears while principal shall be redeemed in twelve equal quarterly installments commencing from the 63rd month from the issue date.

The issue has lockin and loss absorbency clause.

11. OTHER LIABILITIES	Note	31-Mar-23 PKR Million	31-Dec-22 PKR Million
Markup/Interest payable on deposits		1,549	1,564
Markup/Interest payable on borrowings/subordinated debt		320	192
Bills Payable		102	174
Accrued expenses		834	640
Payable to defined benefit plan - Gratuity/EOBI		39	39
Payable to suppliers and service providers		58	50
Provision for workers welfare fund		89	89
Sundry deposits		4	1
Right of Use Liability		1,580	2,547
Dividend Payable		108	108
Other Payables		212	147
		4,895	5,551
12. CAPITAL AND GENERAL RESERVES			
Statutory Reserve		1,900	1,900
Capital Reserve		24	24
Net Surplus/(Deficit) on revaluation of available for sale securities		(105)	(48)
		1,819	1,876
13. MARKUP/INTEREST ON ADVANCES		31-Mar-23 PKR Million	31-Mar-22 PKR Million
Gross Markup/Interest Earned			
Markup/Interest on Advances - General Loans		3,921	3,365
Markup/Interest on Advances - Micro Enterprise Loans		1,938	1,777
Markup/Interest on Advances - Micro Housing Loans		406	341
Markup/Interest on Advances - Staff Loans		23	19
Gross Markup Earned		6,288	5,502
Less: Markup/Interest Suspended		(1,467)	(1,880)
Less: Markup/Interest Waiver		(159)	(81)
Net Markup Earned		4,662	3,541
14. MICROCREDIT PROCESSING FEES			
Micro Credit Processing Fee - General Loans		268	251
Micro Credit Processing Fee - Micro Enterprise Loans		122	91
Micro Credit Processing Fee - Micro Housing Loans		0	23
		391	365
15. RETAIL BANKING SERVICES FEES			
Banking Services Fee		36	28
Remittance Services Fee		1	-
Bancassurance Services Fee		5	6
		42	34
16. INSURANCE			
Insurance - Advances		7	3
Insurance - Deposits		-	3
Insurance - Operating Fixed Assets & Others		13	11
		20	17
17. NET PROVISION AGAINST ADVANCES/OTHER ASSETS			
Provision against advances			
Specific Provision	5.7	1,358	1,252
General Provision	5.7	(37)	(481)
		1,321	771
Bad Debts Written off Directly		140	7
Bad Debts Recovered		(123)	(22)
Net Provision against advances		1,338	756
Provision against Other Assets			
Provision against other assets	7	8	29
Recovery against other assets		-	-
		8	29
		1,346	785



PROSPERITY ON ALL ACCOUNTS

These Financial Statements are proprietary to Finance & Accounts Department, Khushhali Microfinance Bank Limited for the sole intended management purposes.

**Khushhali Microfinance
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