

Balance Sheet as at September 30, 2017

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	Note	30-Sep-2017	30-Jun-2017
<b>ASSETS</b>			
Balances with State Bank of Pakistan	1	952,260	798,431
Cash in hand and balances with banks	2	1,022,847	1,588,869
Lending to financial institutions	3	1,281,429	1,222,895
Investments - net of provisions	4	12,105,929	5,831,222
Advances - net of provisions	5	29,403,271	28,242,626
Operating fixed assets	6	1,134,698	851,748
Other assets	7	4,906,879	3,631,484
Deferred tax assets		192,681	173,939
<b>Total Assets</b>		<b>50,999,994</b>	<b>42,341,174</b>
<b>LIABILITIES</b>			
Deposits and other accounts	8	38,045,256	29,806,044
Borrowings	9	5,281,332	5,378,982
Other liabilities	10	1,656,752	1,467,525
<b>Total Liabilities</b>		<b>44,983,340</b>	<b>36,652,551</b>
<b>NET ASSETS</b>		<b>6,016,654</b>	<b>5,688,623</b>
<b>REPRESENTED BY :</b>			
<b>CAPITAL</b>			
Paid up capital	17	1,705,000	1,705,000
Capital and general reserves	11	1,135,035	1,052,957
Unappropriated profit		3,175,006	2,929,430
		6,015,041	5,687,387
Deferred Grants	18	1,613	1,236
<b>Total Capital</b>		<b>6,016,654</b>	<b>5,688,623</b>

Profit & Loss Account for the nine months ended September 30, 2017

	Note	YTD- SEP - 17	Q2 - 17
Mark up / Interest on advances	12	5,877,131	1,948,944
Micro Credit Processing Fees	13	719,109	903,912
Retail Banking Services Fees	14	58,299	24,882
		6,654,539	2,279,566
Return on investments/bank accounts		588,210	107,551
		7,002,743	2,396,999
Interest on borrowings		177,061	103,406
Interest on deposits		1,536,308	529,944
		1,713,369	633,350
		3,049,370	1,753,589
<b>OPERATING EXPENSES</b>			
Salaries, wages & other benefits		1,449,164	480,814
Incentive on Asset and Liability Sales		106,139	33,099
Recruitment & Development		7,935	(2,066)
Management consultancy		11,387	3,408
IT Operations		118,578	38,692
Training		43,559	12,489
Rent, rates & taxes		197,344	64,382
Meeting & Conferences		20,699	8,228
Utilities		80,386	29,422
Communication & Verification		55,065	15,588
Traveling & conveyance		16,477	4,911
Insurance		68,755	30,787
Repair & maintenance		39,851	16,736
Security services		41,781	15,062
Vehicle running & maintenance		113,612	39,489
Legal & Professional		9,724	3,576
Printing, stationery & office supplies		44,842	26,708
Subscription		2,773	523
Advertisement & business promotion		92,170	23,233
Financial charges		77,068	35,849
ATM Operations		8,462	3,006
Depreciation and amortization		160,142	51,994
Other Expenses		21,391	3,704
Workers Welfare Fund		10,707	7,134
		2,869,903	947,313
Reimbursement of Social Mobilization Cost		93,379	29,791
		2,770,326	917,764
Net Provision against advances/other assets	15	468,640	156,099
Total operating expenses		3,238,966	1,073,863
<b>OPERATING PROFIT (LOSS)</b>		1,813,204	577,706
<b>OTHER INCOME</b>			
Amortization of deferred grant		-	-
Gain/(Loss) on Disposal of Fixed Assets		(2,312)	(2,797)
Misc Income		7,337	4,223
Gain/(Loss) on Foreign Currency Transactions		(330)	(22)
		4,675	1,404
<b>PROFIT BEFORE TAXATION</b>		1,817,879	679,110
Taxation - Current	16	525,790	204,638
- Prior Year		-	-
- Deferred		(34,893)	(30,309)
		470,897	174,329
<b>PROFIT AFTER TAXATION</b>		1,346,982	504,781
Un-appropriated profit (L)		2,366,816	2,626,361
Profit available for appropriation		3,713,798	3,191,344
<b>APPROPRIATIONS:</b>			
Transfer to:			
Statutory Reserve		269,396	100,837
Microfinance Sector Development Fund		154,698	50,478
Risk Mitigation Fund		67,849	23,240
Depositor's Protection Fund		67,349	23,240
		539,292	201,914
<b>UNAPPROPRIATED PROFIT</b>		3,174,506	2,989,430

Notes to the Accounts for the nine months ended September 30, 2017

	Note	30-Sep-2017		30-Jun-2017	
<b>1. BALANCES WITH SBP</b>					
Balances with SBP	1.1	982,260		798,431	
		<u>982,260</u>		<u>798,431</u>	
1.1	This represents balance held with State Bank of Pakistan to meet the requirement of maintaining minimum balance equivalent to 5% (2016: 5%) of the Bank's time and demand liabilities in accordance with the Regulation R - 5A.				
<b>2. CASH IN HAND AND BALANCES WITH BANKS</b>		30-Sep-2017		30-Jun-2017	
Cash in hand		364,937		495,785	
Current Account		266,341		839,868	
Saving Account	2.1	399,849		352,271	
		<u>1,031,127</u>		<u>1,687,924</u>	
2.1	The represent balances held in corporate accounts of which Rs. 365.7 million (2016: Rs. 52.6 million) is held for the purpose of cash management such as meeting Bank's operations and lending to borrowers. Corporate accounts carry interest rates ranging from 3.75% to 7.50% (2016: 3.75% to 7.75%) per annum.				
<b>3. LENDING TO FINANCIAL INSTITUTIONS</b>		30-Sep-2017		30-Jun-2017	
Reverse Repo Lending	3.1	1,281,429		1,072,811	
Call/Clean Lending	3.3	-		86,000	
		<u>1,281,429</u>		<u>1,158,811</u>	
3.1	This represents reverse repo lending at the rate ranging from 5.25% to 5.90% per annum (2016: 5.75% to 5.90% per annum) maturing on October 5, 2017 (2016: January 6, 2017).				
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/TDRs		1,282,689	-	1,282,689	1,550,000
		<u>1,282,689</u>	<u>-</u>	<u>1,282,689</u>	<u>1,550,000</u>
<b>4. INVESTMENTS - NET OF PROVISIONS</b>		30-Sep-2017		30-Jun-2017	
Available for sale securities					
Market Treasury Bills	4.1	6,029,754		1,775,870	
Held to maturity securities					
Term Deposits/Placements	4.2	5,975,846		4,098,524	
		12,108,600		5,874,394	
Surplus/(Deficit) on revaluation on T-Bills	4.3	310		(4)	
		<u>12,109,310</u>		<u>5,874,390</u>	
4.1	This represents T-Bills purchased for the period from 89 to 84 days (2016: 64 to 162 days) having yield interest ranging from 5.97% to 5.99% (2016: 5.88% to 5.97%) per annum.				
4.2	This represents term deposits and placements carrying interest at the rate ranging from 6.00% to 9.25% (2016: 6.25% to 11.00%) per annum. These TDRs are due to mature on August 08, 2018 (2016: March 09, 2017).				
4.3	In compliance with the requirements of the Regulations (R-10C), 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.				
<b>5. ADVANCES - NET OF PROVISIONS</b>	Note	30-Sep-2017		30-Jun-2017	
		No. of loans outstanding	Amount outstanding	No. of loans outstanding	Amount outstanding
<b>Gross advances:</b>					
<b>General Loans</b>					
Secured	5.1	46,180	3,494,998	48,837	3,890,476
Unsecured		893,274	26,144,437	848,802	25,850,814
		939,454	30,041,896	909,339	29,741,290
<b>Micro Enterprise Loans</b>					
Secured	5.2	6,096	1,249,156	5,276	1,187,281
Unsecured	5.2	3,772	521,589	4,024	299,892
		10,870	1,570,675	9,900	1,487,173
<b>Micro Housing Loans</b>					
Unsecured		49	12,444	67	15,470
		652,373	29,624,714	618,674	28,488,563
<b>Less: provisions held</b>					
Specific provision		6,884	(38,441)	4,827	(103,919)
General provision		618,885	(522,022)	588,084	(343,860)
			580,443		447,075
<b>Microcredit Advance - Net of Provisions</b>			29,094,271		27,991,188
Staff Loans - General Purpose	5.3	536	67,883	419	47,847
Staff Loans - Housing Finance	5.4	46	281,177	40	203,291
		650,585	29,409,271	619,138	28,242,426
5.1	This includes microcredit loans amounting to Rs. 460.6 million (2016: Rs. 461.0 million) which are partially (50%) secured against own deposit rem marking with the Bank.				
5.2	This includes 4,884 (2016: 5,294) micro enterprise clients having aggregate outstanding amount of Rs. 1,300.8 million (2016: Rs. 1,049.3 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, 2017

- 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 (2016: 10%) 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 20 years carrying interest at the rate of 3 months KIBOR less 100bps (2016: average cost of funds plus 50bps) per annum. These loans are secured against equitable mortgage over unencumbered property.

5.5 Particulars of non-performing advances:

Non performing advances includes principal amount of Rs. 380.7 million and interest/marking amount of Rs.58.5 million (2016: principal amount of Rs. 347.4 million and interest/marking amount of Rs.74.8 million) which as detailed below, have been placed under non performing status.

Category of classification	30-Sep-2017			30-Jun-2017		
	Amount out standing	Provision required	Provision held	Amount out standing	Provision required	Provision held
QAEM	100,948	-	-	228,031	-	-
Sub-standard	78,158	14,030	14,030	75,183	14,210	14,210
Doubtful	258,414	91,198	91,198	83,269	58,278	58,278
Loss	50,659	29,219	29,219	41,676	34,927	34,927
	<u>488,179</u>	<u>134,447</u>	<u>134,447</u>	<u>448,159</u>	<u>107,415</u>	<u>107,415</u>

5.6 Particulars of the provisions against non-performing advances

	30-Sep-2017			30-Jun-2017		
	Specific	General	Total	Specific	General	Total
Balance at the beginning of the year	147,248	223,204	370,451	147,248	223,204	370,451
Change during the nine months/year	331,539	179,794	511,333	209,182	73,884	283,066
Amount written off	<u>350,337</u>	-	<u>350,337</u>	<u>248,232</u>	-	<u>248,232</u>
Balance at end of the nine months/year	<u>128,450</u>	<u>403,002</u>	<u>531,452</u>	<u>108,198</u>	<u>297,084</u>	<u>405,282</u>

5.7 Particulars of write off:

	30-Sep-17	30-Jun-17
Against provision		
Related to reclassified advances	-	-
Related to other classified advances	<u>350,337</u>	<u>248,232</u>
Directly charge to profit and loss account	<u>15,359</u>	<u>8,908</u>
	<u>365,696</u>	<u>257,140</u>

5.8 Portfolio quality report

The Bank's main measure of loan delinquency is an aged portfolio-at-risk ratio. Loans are segregated into classes depending on the number of days they are over-due. For each of such class of loans, 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 instalment of principal that is due but unpaid, beginning with the earliest such instalment. The number of days of delay is based on the due date of the earliest loan instalment that has not been fully paid. Late payment surcharge/ penalty on overdue advances is not added to principal.

Normal Loans	30-Sep-17		30-Jun-17	
	Portfolio at Risk	Amount	Portfolio at Risk	Amount
Current	0.00%	29,008,070	0.00%	27,471,274
1 - 29 days late	0.78%	228,974	1.91%	542,907
30 - 59 days late	0.82%	99,939	0.68%	164,857
60 - 89 days late	0.24%	71,995	0.24%	68,759
90 - 119 days late	0.68%	200,085	0.48%	128,909
More than 119 days late	0.08%	25,225	0.82%	22,804
	<u>2.08%</u>	<u>29,624,794</u>	<u>3.40%</u>	<u>28,498,544</u>

6. OPERATING FIXED ASSETS

	Note	30-Sep-17	30-Jun-17
Capital work-in-progress	6.1	489,082	199,816
Property and equipment	6.2	649,146	633,617
Intangible assets	6.3	20,470	34,885
		<u>1,158,698</u>	<u>868,318</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-17	30-Jun-17
Opening Balance	48,081	45,091
Advances issued during the nine months/year	465,740	163,692
Assets transferred during the nine months/year	<u>74,709</u>	<u>57,187</u>
Closing Balance	<u>488,530</u>	<u>265,970</u>

Notes to the Accounts for the nine months ended September 30, 2017

6.2 Property and Equipment & Intangible Assets

	Leased Implements	Vehicle	Furniture & Fixtures	Electrical and Civil Equipment	Computer Equipment	Total	Computer Software
<b>Cost</b>							
Balance as on January 1, 2017	92,641	190,789	212,108	421,516	310,534	1,327,548	161,768
Additions	58,620	48	18,176	49,209	45,330	164,473	25,079
Disposal	3,058	784	9,421	2,914	327	16,404	-
Balance as on September 30, 2017	148,203	190,023	320,863	467,801	355,627	1,477,617	186,847
<b>Depreciation</b>							
Balance as on January 1, 2017	7,446	118,938	106,162	224,802	289,028	696,373	188,281
Depreciation/Amortization Charge	17,642	23,238	22,102	48,928	30,119	142,029	18,119
Disposal	518	463	5,737	2,966	227	9,981	-
Balance as on September 30, 2017	24,572	141,708	122,507	270,764	299,220	828,471	156,374
<b>Carrying Value</b>							
As on September 30, 2017	118,631	48,315	198,356	197,137	86,707	649,146	30,470
As on December 31, 2016	85,198	71,828	208,946	196,714	71,498	634,175	28,504
Rate of Depreciation per annum	20.00%	25.00%	10.00%	20.00%	20% - 33.33%		33.33%

7. OTHER ASSETS	Note	30-Sep-17	30-Jun-17
Markup/Interest accrued on advances		8,302,417	2,248,591
Less: Suspended Markup/Interest on non performing advances		38,498	71,775
		8,248,924	2,176,816
Interest receivable on investments/placements		66,647	37,642
Loans & advances to staff		112,219	104,637
Advanced to Suppliers and Service Providers		3,229	2,425
Security deposit		8,062	8,062
Prepayments		124,379	167,321
Receivable from MSDP	7.1	494,219	428,060
Insurance Claims Receivable		13,270	11,963
Sales Tax/Federal Excise Duty		190,976	167,057
Receivable from SBP		684,589	538,467
Other receivables		24,415	26,856
		4,940,829	3,664,304
Less: Provision held against classified assets			
Opening Provision		22,832	22,832
Provision Change for the nine months/year		10,944	9,990
Receivable written off against provision		(326)	-
Closing Provision		33,450	32,822
		4,906,879	3,631,484

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-Sep-17		30-Jun-17	
		Number of accounts	Rupees	Number of accounts	Rupees
<b>Time Liabilities:</b>					
Term Deposits	8.2	31,910	24,758,803	23,249	18,287,871
<b>Demand Liabilities:</b>					
Saving Deposits	8.3	45,677	9,933,242	49,827	7,424,755
Current Deposits		1,018,686	3,388,711	1,448,887	4,092,948
		1,564,363	18,291,953	1,492,714	11,518,673
		1,596,273	28,045,256	1,515,963	29,806,044
<b>8.1 Particulars of Deposits by ownership</b>					
Individual Depositors		1,593,673	25,763,347	1,512,465	20,158,566
Institutional Depositors					
a) Corporations/Firms		2,548	10,137,934	2,484	7,920,157
a) Banks/Financial Institutions		50	2,143,953	44	1,727,321
		1,596,273	28,045,256	1,515,963	29,806,044

8.2 This represents term deposits having tenor of 3 to 36 months (2016: 3 to 36 months) carrying interest at rates ranging from 5.25% to 14.00% (2016: 5.25% to 14.00%) per annum. The term deposits amounting to Rs 82.92 Million (2016: Rs 99.16 Million) are lien marked against advances to borrowers.

8.3 This represents saving deposits carrying interest rate ranging from 5.00% to 9.00% per annum (2016: 5.00% to 9%). The saving deposits amounting to Rs 316.40 million (2016: Rs 490.94 million) are lien marked against advances to borrowers.

Notes to the Accounts for the nine months ended September 30, 2017

9.	BORROWINGS	Note	30-Sep-17	30-Jun-17
	Borrowings from banks/financial institutions outside Pakistan			
	Unsecured	9.1	2,229,908	1,792,858
	Borrowings from banks/financial institutions in Pakistan			
	Secured	9.2	3,051,429	3,586,429
			<u>5,281,387</u>	<u>5,379,287</u>
9.1	Borrowings from Financial Institutions outside Pakistan			
	Asian Development Bank	9.1.1	1,273,088	1,273,088
	ECO Trade & Development Bank (TF-I)	9.1.2	-	-
	ECO Trade & Development Bank (TF-II)	9.1.3	415,600	519,300
	ECO Trade & Development Bank (TF-III)	9.1.4	541,250	-
			<u>2,229,938</u>	<u>1,792,388</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 #1006 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 5 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 3.92% and 4.1% (2016: 4.1% and 4.52%) per annum.			
9.1.2	This represents borrowing from ECO Trade and Development Bank amounting to US\$9 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 3 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\$9 million were translated at the exchange rate of Rs. 101.46 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. 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/360 on unadjusted bank commencing from date of disbursement.			
9.1.4	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 KIBOR 1.77% actual/360 on unadjusted basis commencing from date of disbursement.			
9.2	Borrowings from Financial Institutions in Pakistan			
	Pak Oman Investment Company Limited (TF-I)	9.2.1	375,000	375,000
	Pak Oman Investment Company Limited (TF-II)	9.2.2	500,000	500,000
	Pak Oman Investment Company Limited (TF-IV)	9.2.3	500,000	500,000
	United Bank Limited (TF-I)	9.2.4	-	100,000
	Asian Bank Limited (TF-I)	9.2.5	80,000	120,000
	Sohani Bank Limited (TF-IV)	9.2.6	150,000	225,000
	Syndicated Term Finance (JS Bank Ltd, Ashari Bank Ltd and PAIF)	9.2.7	1,071,429	1,071,429
	Pakistan Poverty Alleviation Fund (TF-II)	9.2.8	-	320,000
	The Bank of Punjab (TF-I)	9.2.9	225,000	225,000
	Bank Alfalah Limited (TF-I)	9.2.10	100,000	100,000
	Allied Bank Limited (TF-I)	9.2.11	50,000	50,000
	JS Bank Limited (RF)	9.2.12	-	-
	United Bank Limited (RF)	9.2.13	-	-
	MCB Bank Limited (Formerly, NRB Bank Limited) (RF)	9.2.14	-	-
			<u>3,051,429</u>	<u>3,586,429</u>
9.2.1	This represents interbank money market borrowing for 5 years with grace period of 12 months from draw down date carrying interest rate of 7.70% (2016: 7.70% to 8.01%) per annum and repayable in 8 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 5 years with grace period of 12 months from draw down date carrying interest rate ranging from 7.63% to 7.76% (2016: 7.63% to 7.70%) per annum and repayable in 8 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 5 years with grace period of 12 months from draw down date carrying interest rate of 7.78% (2016: Nil) per annum and repayable in 8 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 3 years with the grace period of 6 months from draw down date carrying interest rate ranging 7.56% to 7.63% (2016: 7.56% to 8.12%) per annum and repayable in 5 equal installments. This borrowing is secured against 40% partial Microfinance Credit Guarantee Facility (MCCGF) by SBP and charge over current and future micro loans of Rs.400 million.			

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- 9.2.5 This represents interbank money market borrowing for 3 years with the grace period of 6 months from draw down date carrying interest rate ranging 7.61% to 7.64% (2016: 7.54% to 7.55%) per annum and repayable in 10 equal quarterly installments. This borrowing is secured against 40% partial Microfinance Credit Guarantee Facility (MCCGF) by SBP and charge over current fixed future micro loans of Rs.320 million.
- 9.2.6 This represents term finance facility of Rs.300 million carrying interest rate of 7.65% (2016: 7.56% to 8.53%) 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.
- 9.2.7 This represents syndicated term finance facility of Rs.1.5 billion carrying interest rate of 7.43% (2016: 7.36% to 7.43%) for a period of 4 year from the draw down date inclusive of grace period of 6 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.
- 9.2.8 This represents interbank money market borrowing carrying interest rate of 9% (2016: 5.11% to 9%) per annum. The PPAF extended Rs.1,500 million financing facility, hypothecated against realizable created out of financing. The Bank is liable to repay the principal amount to PPAF in 5 equal quarterly installments after the expiry of one year as grace period.
- 9.2.9 This represents interbank money market borrowing carrying interest rate of 7.69% (2016: NIL) 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.800 million.
- 9.2.10 This represents interbank money market borrowing carrying interest rate of 7.44% (2016: NIL) 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.
- 9.2.11 This represents interbank money market borrowing carrying interest rate ranging from 7.78% to 7.80% (2016: NIL) per annum for a period of 5 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.584 million.
- 9.2.12 This represents running finance facility of Rs.500 million carrying interest rate of 7.87% (2016: 7.79% to 8.24%) 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.
- 9.2.13 This represents running finance facility of Rs.175 million carrying interest rate of 6.87% (2016: 6.83% to 7.25%) 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.
- 9.2.14 This represents running finance facility of Rs.400 million carrying interest rate of 7.62% (2016: 7.35% to 7.54%) 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. OTHER LIABILITIES	Note	30-Sep-17	30-Jun-17
Markup/Interest payable on borrowing		91,952	88,648
Markup/return payable on deposits		487,008	370,282
Bills Payable		60,763	82,819
Accrued expenses		434,925	315,890
Payable to defined benefit plan - Gratuity(EOB)		36,140	25,382
Contribution payable to funds		269,397	187,588
Payable to suppliers and service providers		105,501	190,916
Provision for workers welfare fund		23,698	22,281
Sundry deposits		8,530	8,530
Corporate Tax Payable		37,914	158,170
Other Payables		20,922	19,175
		<u>1,656,752</u>	<u>1,467,525</u>
11. CAPITAL AND GENERAL RESERVES			
Statutory Reserve		1,110,568	1,028,705
Capital Reserve		24,255	24,255
Net Surplus/(Deficit) on revaluation of available for sale securities		217	(3)
		<u>1,135,035</u>	<u>1,052,957</u>
12. MARKUP/INTEREST ON ADVANCES		YTD Sep-2017	YTD Jun-2017
Markup/Interest on Advances - General Loans		5,566,487	3,487,699
Markup/Interest on Advances - MSME Loans		300,577	189,270
Markup/Interest on Advances - Staff Home Loans		8,877	5,686
Markup/Interest on Advances - Staff General Purpose Loans		1,690	831
		<u>5,877,131</u>	<u>3,683,486</u>
13. MICRO CREDIT PROCESSING FEES			
Micro Credit Processing Fee - General Loans		698,529	524,101
Micro Credit Processing Fee - MSME Loans		20,580	13,403
		<u>719,109</u>	<u>537,504</u>
14. RETAIL BANKING SERVICES FEES			
Banking Services Fee		49,597	36,971
Remittance Services Fee		1,119	733
Benefit Insurance Services Fee		10,079	6,440
ATM Services Fee		7,498	4,359
		<u>68,293</u>	<u>48,723</u>

Notes to the Accounts for the nine months ended September 30, 2017

15.	<b>NET PROVISION AGAINST ADVANCES/OTHER ASSETS</b>	Note	<b>YTD Sep-2017</b>		<b>YTD Jun-2017</b>	
	Provision against advances:					
	Specific Provision	5.7	391,533		201,482	
	General Provision	5.7	179,796		121,854	
			511,329		323,336	
	Bad Debts Written off Directly		19,369		11,908	
	Bad Debts Recovered		(71,870)		(52,990)	
	Net Provision against advances		484,828		278,759	
	Provision against Other Assets					
	Provision against other assets	7	10,944		9,990	
	Recovery against other assets		(132)		-	
			10,812		9,990	
			<b>465,640</b>		<b>288,749</b>	
16.	<b>TAXATION</b>					
	The bank has provided for corporate tax at the rate of 80% (2016: 81%) for the year with minimum tax being limited to 5% of non exempt turnover.					
17.	<b>SHARE CAPITAL</b>	Note	<b>30-Sep-17</b>		<b>30-Jun-17</b>	
17.1	Authorized Capital	17.1.1	6,000,000		6,000,000	
17.1.1	The Bank's authorized share capital is 600 million ordinary shares of Rs.10/- each.					
17.2	Issued, Subscribed and Paid up Capital	17.2.1	1,705,000		1,705,000	
17.2.1	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 Impulse Fund II S.A. SICAV-FIS (Incofin Investment Management Comm. VA)		417,057		417,057	
	Responsibility Global Microfinance Fund (Credit Suisse Fund Management Company)		339,295		339,295	
	ShoreCap II Limited (Equator Capital Partners LLC)		243,568		243,568	
	ASN-NOVIB Mikrocreditfondi (Tripple Jump B.V)		168,795		168,795	
	Bank Al Habib Limited		30,000		30,000	
			<b>1,705,000</b>		<b>1,705,000</b>	
18.	<b>DEFERRED GRANTS</b>					
	This represents MoU between Market Development Fund (Australian Department for Foreign Affairs and Trade), Shokarganj Food Products Limited and Khushhal Microfinance Bank Limited to collaborate on providing financial services to the farmers in the Shokarganj milk collection areas in Pakistan. MDF will cost share to help by investing in the van which would serve as "Bank on Wheels" and Shokarganj will facilitate farmers access. The Bank will provide financial services (credit, savings and micro insurance) initially to Shokarganj client farmers and also targets microfinance clients. Currently, this project is in its pilot phase.					
19.	<b>GENERAL INFORMATION</b>		<b>30-Sep-17</b>		<b>30-Jun-17</b>	
19.1	Number of Employees		Number		Number	
	Credit Sales Staff					
	Permanent		1,679		1,735	
	Banking/Support Staff					
	Permanent		1,452		1,464	
	Contractual		620		600	
			2,072		2,064	
	Total number of employees at the end of nine months/year		3,751		3,799	
19.1.1	Credit Sales Staff - MSME		312		317	
19.1.2	Female Staff		334		343	
19.1.3	Managers		85		85	
19.2	<b>Network Outreach</b>		<b>30-Sep-17</b>		<b>30-Jun-17</b>	
			No. of SC	No. of Branches	No. of SC	No. of Branches
19.2.1	At the Beginning of the year	2	199		2	139
	Opened during the nine months/year	22	9		18	8
	Closed/merged during the nine months/year	-	-		-	-
	At the end of the nine months/year	24	148		20	147
19.2.2	Total Outlets		172		167	