

Balance Sheet as at June 30, 2018

	Note	30-Jun-2018	31-Mar-2018
ASSETS			
Balances with State Bank of Pakistan	1	1,028,005	1,113,829
Cash in hand and balances with banks	2	1,524,755	1,225,538
Lending to financial institutions	3	400,000	2,450,227
Investments - net of provisions	4	15,018,858	14,747,786
Advances - net of provisions	5	37,026,714	34,711,817
Operating fixed assets	6	1,328,652	1,233,451
Other assets	7	5,221,513	5,332,277
Deferred tax assets		262,079	246,167
Total Assets		61,810,576	61,061,092
LIABILITIES			
Deposits and other accounts	8	47,648,499	47,037,285
Borrowings	9	3,742,631	4,201,287
Subordinated debt	10	1,000,000	1,000,000
Other liabilities	11	2,354,918	2,093,216
Total Liabilities		54,746,048	54,331,782
NET ASSETS		7,064,528	6,729,310
REPRESENTED BY :			
CAPITAL			
Paid up capital	19	1,705,000	1,705,000
Capital and general reserves	12	1,424,248	1,318,436
Unappropriated profit		4,024,247	3,704,369
		7,153,495	6,727,805
Deferred Grants	20	1,398	1,505
Total Capital		7,154,893	6,729,310

Profit & Loss Account for the half year ended June 30, 2018

	Note	YTD - JUN - 18	Q1 - 18
Mark up / Interest Income on advances	13	4,962,198	2,389,970
Mark up / Interest Income on investments/placements		595,146	303,928
Mark up / Interest earned		5,557,344	2,693,898
Mark up/Interest on borrowings/subordinated debt		(78,312)	(81,161)
Mark up/Interest on deposits		2,048,588	1,022,054
Mark up / Interest expensed		1,970,276	940,895
Net Mark up / Interest (income)		3,587,068	1,752,903
Micro Credit Processing Fees	14	686,738	264,363
Retail Banking Services Fees	15	59,941	35,034
Non Mark up/Interest Income		746,679	299,397
Gross Income Earned		4,333,747	1,952,300
OPERATING EXPENSES			
Salaries, wages & other benefits		1,159,485	570,624
Incentive on Asset and Liability Sales		620,724	66,946
Recruitment & Development		2,893	1,672
Management consultancy		2,633	2,987
IT Operations		94,465	43,084
Training		23,355	10,388
Rent, rates & taxes		149,377	75,001
Meeting & Conferences		16,333	8,508
Utilities		45,272	23,418
Communication & Verification		86,428	16,140
Traveling & conveyance		72,771	6,002
Insurance	16	77,093	40,289
Repair & maintenance		30,524	12,689
Security services		29,222	13,259
Vehicle running & maintenance		97,522	46,048
Legal & Professional		7,308	2,720
Printing, stationery & office supplies		39,890	24,706
Subscription		1,378	326
Advertisement & business promotion		63,811	32,584
Financial charges		42,846	43,427
BB Channel Commission		87,159	-
ATM Operations		5,027	2,879
Depreciation and amortization		130,206	64,843
Other Expenses		8,538	5,002
Workers Welfare Fund		6,442	3,314
		2,310,543	1,115,889
Reimbursement of Social Mobilization Cost		58,790	31,177
		2,251,753	1,047,066
Net Provision against advances/other assets	17	338,221	182,928
Total operating expenses		2,590,074	1,230,094
		1,743,673	717,206
OTHER INCOME			
Amortization of deferred grant		215	108
Gain/(Loss) on Disposal of Fixed Assets		(1,572)	(349)
Misc Income		3,041	1,002
Gain/(Loss) on Foreign Currency Transactions		(632)	(531)
		692	30
		1,468,041	688,073
Taxation - Current	18	452,157	181,327
- Prior Year	19	40,888	-
- Deferred		(30,856)	(15,256)
		462,189	166,071
		1,930,862	883,277
Un-appropriated profit b/f		3,333,366	3,425,781
Profit available for appropriation		4,864,227	3,991,462
APPROPRIATIONS:			
Transfer to:			
Statutory Reserves		200,173	93,546
Microfinance Sector Development Fund		100,086	44,773
Risk Mitigation Fund		50,043	23,387
Depositors' Protection Fund		50,043	23,387
		400,345	187,093
		3,933,882	3,704,369

Notes to the Accounts for the half year ended June 30, 2018

	Note	30-Jun-2018		31-Mar-2018	
7 BALANCES WITH SBP					
Balances with SBP	1.1	1,028,005		1,118,829	
		(1,028,006)		(1,118,829)	
4.1					
This represents balance held with State Bank of Pakistan to meet the requirement of maintaining minimum balance equivalent to 8% (2017: 5%) of the Bank's time and demand liabilities in accordance with the Regulation R - 3A.					
2 CASH IN HAND AND BALANCES WITH BANKS		30-Jun-2018		31-Mar-2018	
Cash in hand		592,890		427,402	
Current Account		786,239		248,932	
Saving Account	2.1	183,926		447,204	
		1,563,055		1,223,538	
2.1					
This represents corporate accounts carry interest rates ranging from 2.75% to 7.25% (2017: 3.75% to 7.50%) per annum.					
3 LENDING TO FINANCIAL INSTITUTIONS		30-Jun-2018		31-Mar-2018	
Reverse Repo Lending	3.1	-		1,050,227	
Call/Clean Lending	3.5	400,000		1,400,000	
		400,000		2,450,227	
3.1					
This represents reverse repo lending at the rate ML % per annum (2017: 8.85% per annum) maturing on ML (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	
Market Treasury Bill/T-Bills		-	-	-	
		1,050,000	-	1,050,000	
		1,050,000	-	1,050,000	
3.5					
This represents call/clean placement at the rate of 7.85% per annum (2017: ML) for 31 days maturing on July 9, 2018.					
4 INVESTMENTS - NET OF PROVISIONS		30-Jun-2018		31-Mar-2018	
Available for sale securities					
Market Treasury Bills	4.1	7,986,493		10,382,806	
Held for trading					
Market Treasury Bills	4.1	-		-	
Held to maturity securities					
Term Finance Certificates	4.2	50,000		30,000	
Term Deposit Receipts/Placements	4.3	6,964,421		4,848,802	
		16,000,913		15,248,708	
Surplus/(Deficit) on revaluation on T-Bills	4.4	(1,059)		(922)	
		15,041,854		14,747,786	
4.1					
This represents T-Bills purchased for the period ranging from 70 to 94 days (2017: 80 to 94 days) having yield return ranging from 6.24% to 6.77% (2017: 5.98% to 6.99%) per annum.					
4.2					
This represents 10,000 term finance certificates (TFCs) having face value of Rs.5,000/- each duly issued by Bank Al Habib Limited for perpetual term. TFCs carrying profit @ 6 month MRRDR plus 1.50% 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 7.00% to 8.50% (2017: 7.00% to 8.28%) per annum. These TDRs are due to mature on December 12, 2018 (2017: August 08, 2018)					
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 (debit)/ surplus is kept in a separate account and is charged through statement of comprehensive income.					
5 ADVANCES - NET OF PROVISIONS	Note	30-Jun-2018		31-Mar-2018	
		No. of loans outstanding	Amount outstanding	No. of loans outstanding	Amount outstanding
Over advances:					
General Loans:					
Secured	5.1	39,981	3,058,968	40,613	3,123,664
Unsecured		637,924	31,072,219	681,340	29,091,786
		677,905	34,131,186	691,953	32,215,450
Micro Enterprise Loans:					
Secured	5.2	1,324	2,814,027	10,224	2,244,187
Unsecured	5.2	9,694	629,927	8,034	537,072
		20,988	3,443,954	18,258	2,781,259
Micro Housing Loans:					
Unsecured	5.3	102	21,934	106	13,984
		79,026	37,300,674	79,039	34,922,469
Less: provisions held:					
Specific provisions		9,302	182,021	6,484	154,398
General provision		683,344	549,179	676,199	536,888
		692,646	731,190	682,683	691,286
Microcredit Advance - Net of Provisions			36,369,484		34,271,483
Staff Loans - General Purpose	5.4	723	91,308	688	87,341
Staff Loans - Housing Finance	5.4	86	184,973	79	352,783
Staff Loans Advances - Net of Provisions		809	476,281	767	440,124
		719,834	37,026,764	711,082	34,711,807
5.1					
This includes microcredit loans amounting to Rs. 439.6 million (2017: Rs. 688.3 million) which are partially (50%) secured against own deposit lien marking with the Bank.					
5.2					
This includes 480 (2017: 6,349) micro enterprise clients having aggregate outstanding amount of Rs. 39.6 million (2017: Rs. 1,422.7 million) which are 80% backed by Guarantee under the terms of Loan Portfolio Guarantee Agreement between UBL and the Bank on September 30, 2014. The Guarantee is effective from November 24, 2014					

Notes to the Accounts for the half year ended June 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 20 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 includes principal amount of Rs. 563.9 million and interest/markup amount of Rs.186.4 million (2017: principal amount of Rs. 824.2 million and interest/markup amount of Rs.57.3 million) which, as detailed below, have been placed under non performing status.

Category of classification	30-Jun-2018			31-Mar-2018		
	Amount outstanding	Provision required	Provision held	Amount outstanding	Provision required	Provision held
OAEM	256,327	-	-	199,499	-	-
Sub-standard	93,930	18,948	18,948	140,393	27,256	27,256
Doubtful	270,526	109,372	109,372	214,032	82,059	82,059
Loss	79,498	59,701	59,701	52,775	24,983	24,983
	<u>700,281</u>	<u>187,021</u>	<u>187,021</u>	<u>596,699</u>	<u>134,298</u>	<u>134,298</u>

5.6 Particulars of the provisions against non-performing advances

	30-Jun-2018			31-Mar-2018		
	Specific	General	Total	Specific	General	Total
Balance at the beginning of the year	134,298	316,888	451,186	105,978	441,773	547,751
Charge during the half year/year	294,629	57,346	351,975	151,356	35,118	186,474
Amount written off	246,900	-	246,900	103,015	-	103,015
Balance at end of the half year/year	<u>182,021</u>	<u>574,234</u>	<u>756,255</u>	<u>134,298</u>	<u>516,891</u>	<u>651,189</u>

5.7 Particulars of write off

	30-Jun-18	31-Mar-18
Against provision		
Related to rescheduled advances	-	-
Related to other classified advances	246,900	103,015
	<u>246,900</u>	<u>103,015</u>
Directly charge to profit and loss account	23,278	17,468
	<u>270,178</u>	<u>120,483</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 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 payment are applied first to any interest due, then to any installment of principal that is due but unpaid, beginning with the earliest such installment. The number of days of delay is based on the due date of the earliest loan installment that has not been fully paid. Late payment surcharge/ penalty on overdue advances is not added to principal.

Normal Loans	30-Jun-18		31-Mar-18	
	Portfolio at Risk	Amount	Portfolio at Risk	Amount
Current	0.00%	36,082,274	0.00%	34,061,420
1 - 29 days late	1.70%	634,319	1.20%	417,798
30 - 59 days late	0.59%	239,169	0.49%	171,866
60 - 89 days late	0.22%	82,369	0.84%	119,943
90 - 179 days late	0.59%	220,374	0.30%	174,732
More than 179 days late	0.17%	61,970	0.08%	27,599
	<u>3.27%</u>	<u>37,300,574</u>	<u>2.61%</u>	<u>34,922,669</u>

6. OPERATING FIXED ASSETS

	Note	30-Jun-18	31-Mar-18
Capital work-in-progress	6.1	401,390	454,084
Property and equipment	6.2	675,474	747,721
Intangible assets	6.2	50,788	31,646
		<u>1,128,652</u>	<u>1,233,451</u>

6.1 Capital Work-in-progress

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

	30-Jun-18	31-Mar-18
Opening Balance	454,084	436,834
Advances issued during the half year/year	261,959	120,839
Assets transferred during the half year/year	<u>304,683</u>	<u>108,109</u>
Closing Balance	<u>401,390</u>	<u>454,084</u>

Notes to the Accounts for the half year ended June 30, 2018

6.2 Property and Equipment & Intangible Assets

Cost							
Balance as on January 1, 2018	151,271	239,409	318,796	479,916	357,190	1,546,582	196,374
Additions	24,108	28,581	91,467	21,516	163,489	329,163	25,381
Disposals	-	-	8,000	1,317	249	9,366	-
Balance as on June 30, 2018	175,379	267,990	402,263	500,117	520,430	1,866,379	221,955
Depreciation							
Balance as on January 1, 2018	92,141	152,839	127,281	285,675	279,479	876,715	161,499
Depreciation/Amortization Charge	17,037	20,881	17,468	34,133	31,347	120,538	9,688
Disposals	-	-	8,002	1,296	250	7,546	-
Balance as on June 30, 2018	49,178	172,690	138,747	318,514	310,576	989,707	171,167
Carrying Value							
As on June 30, 2018	126,201	95,300	263,516	181,603	209,854	876,674	50,788
As on March 31, 2018	130,507	76,947	260,438	174,917	104,912	747,721	31,444
Rate of Depreciation per annum	20.00%	25.00%	10.00%	20.00%	20% - 33.33%		33.33%

7. OTHER ASSETS

	Note	30-Jun-18	31-Mar-18
Markup/Interest accrued on advances		8,384,949	3,536,626
Less: Suspended Markup/Interest on non performing advances		118,841	93,202
		3,266,308	3,443,424
Interest receivable on investments/placements		144,152	123,219
Loans & advances to staff		126,188	123,546
Advances to Suppliers and Service Providers		75,520	96,663
Security deposit		6,517	6,317
Prepayments		237,003	179,968
Receivable from MSDF	7.1	500,567	662,582
Insurance Claims Receivable		7,217	7,843
Sales Tax/Federal Excise Duty		106,900	198,289
Receivable from SBP		581,948	349,567
Other receivables		204,918	32,423
		5,257,133	5,566,044
Less: Provision held against classified assets			
Opening Provision		33,767	33,767
Provision Charge for the half year/year		1,854	-
Receivable written off against provision		(1)	-
Closing Provision		35,620	33,767
		5,221,513	5,332,277

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

8. DEPOSITS

	Note	30-Jun-18		31-Mar-18	
		Number of accounts	Rupees	Number of accounts	Rupees
Time Liabilities:					
Term Deposits	8.2	42,944	50,969,683	40,743	50,619,415
Demand Liabilities:					
Saving Deposits	8.3	49,392	11,225,173	49,308	12,260,297
Current Deposits		1,769,834	5,433,648	1,689,236	4,157,573
		1,819,226	16,658,866	1,738,744	16,417,870
		1,861,870	47,648,499	1,779,487	47,037,285
8.1 Particulars of Deposits by ownership					
Individual Depositors		1,859,339	35,650,942	1,776,616	39,717,722
Institutional Depositors					
a) Corporations/Firms		2,476	9,326,817	2,826	11,538,052
a) Banks/Financial Institutions		53	2,470,740	45	1,761,311
		1,861,870	47,648,499	1,779,487	47,037,285

8.2 This represents term deposits having tenure of 3 to 36 months (2017: 1 to 36 months) carrying interest at rates ranging from 3.25% to 13.00% (2017: 3.25% to 13.00%) per annum. The term deposits amounting to Rs 272.44 Million (2017: Rs 98.99 Million) are lien marked against advances to borrowers.

8.3 This represents saving deposits carrying interest rates ranging from 5.00% to 6.00% per annum (2017: 5.00% to 6%). The saving deposits amounting to Rs 257.54 million (2017: Rs 365.44 million) are lien marked against advances to borrowers.

Notes to the Accounts for the half year ended June 30, 2018

3.	BORROWINGS	Note	30-Jun-18	31-Mar-18
	Borrowings from banks/financial institutions outside Pakistan			
	Unsecured	9.1	1,762,274	1,944,138
	Borrowings from banks/financial institutions in Pakistan			
	Secured	9.2	1,980,357	2,257,143
			<u>3,742,631</u>	<u>4,201,281</u>
2.1	Borrowings from Financial Institutions outside Pakistan			
	Asian Development Bank	9.1.1	909,324	1,091,188
	ECO Trade & Development Bank (TF-II)	9.1.2	311,700	311,700
	ECO Trade & Development Bank (TF-III)	9.1.3	541,250	541,250
			<u>1,762,274</u>	<u>1,944,138</u>
2.1.1	This represents loan received under the Subsidiary Loan and Grant Agreement entered between the Bank and the Government of Pakistan (GoP). The loan #1806 has been extended as part of Microfinance Sector Development Project between Asian Development Bank & Islamic Republic of Pakistan. The Bank is liable to repay the principal amount of the loan to GoP, over a period of 20 years including a grace period of 8 years. Repayment of loan commenced from May 1, 2009, through bi-annual equal installments. The principal repayable is the aggregate equivalent of the amounts drawn by the Bank from the loan account for sub-loan expressed in PKR, determined as of the respective dates of the withdrawal, while the GoP shall bear the foreign exchange risk. The interest is being paid on bi-annual basis charged at the rate equal to weighted average cost of deposits during the preceding six months in the banking industry as calculated by SBP. The interest rate used for bi-annual payments during the period was determined to be 3.84% and 3.93% (2017: 3.84% and 3.92%) per annum.			
2.1.2	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 2.9% 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/365 on unadjusted basis commencing from date of disbursement.			
2.1.3	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 KIBOR 1.77% actual/365 on unadjusted basis commencing from date of disbursement.			
2.2	Borrowings from Financial Institutions in Pakistan	Note	30-Jun-18	31-Mar-18
	Pak Oman Investment Company Limited (TF-I)	9.2.1	250,000	312,500
	Pak Oman Investment Company Limited (TF-II)	9.2.2	437,500	437,500
	Pak Oman Investment Company Limited (TF-IV)	9.2.3	500,000	500,000
	Askari Bank Limited (TF-I)	9.2.4	-	-
	Sonari Bank Limited (TF-IV)	9.2.5	-	-
	Syndicated Term Finance (JS Bank Ltd, Askari Bank Ltd and PAIR)	9.2.6	642,857	857,143
	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>1,980,357</u>	<u>2,257,143</u>
2.2.1	This represents interbank money market borrowing for 5 years with grace period of 12 months from draw down date carrying interest rate of 7.42% (2017: 7.70% to 7.80%) 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.			
2.2.2	This represents interbank money market borrowing for 5 years with grace period of 12 months from draw down date carrying interest rate ranging from 7.80% to 7.83% (2017: 7.63% to 7.80%) 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.			
2.2.3	This represents interbank money market borrowing for 5 years with grace period of 12 months from draw down date carrying interest rate ranging from 7.80% to 7.82% (2017: 7.78% to 7.80%) 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.			

Notes to the Accounts for the half year ended June 30, 2018

- 9.2.4 This represents interbank money market borrowing for 8 years with the grace period of 6 months from draw down date carrying interest rate of 7.66% (2017: 7.62% to 7.66%) per annum and repayable in 10 equal quarterly installments. 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: 7.63%) 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.1.8 billion carrying interest rate of 7.61% (2017: 7.44% to 7.48%) per annum 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.
- 9.2.7 This represents interbank money market borrowing carrying interest rate of 7.89% (2017: 7.69% to 7.76%) 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 of 7.84% (2017: 7.48% 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 of 7.86% (2017: 7.50%) 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.125 million carrying interest rate of 6.87% (2017: 6.87% to 7.36%) 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.334 million.

10. IUB-ORDNATED DEBT	Note	30-Jun-18	31-Mar-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 mature on March 19, 2026. The issue has assigned preliminary rating of single 'A' (Single A) with stable outlook. Profit is @ 6 months KIBOR plus 2.08% and repayable every six months in arrears while principal shall be redeemed in two equal semi annual installments falling on the end of 60th and 66th months. The issue has call option after 10th redemption date, lock-in clause and loss absorbency clause.		
11. OTHER LIABILITIES	Note	30-Jun-18	31-Mar-18
Markup/Interest payable on borrowing		71,873	77,887
Markup/return payable on deposits		633,844	632,700
Bill Payable		134,525	82,243
Accrued expense		436,484	566,249
Payable to defined benefit plan - Gratuity/EOBI		31,881	91,801
Contribution payable to funds		540,284	481,859
Payable to suppliers and service providers		204,958	188,321
Provision for written welfare fund		31,348	28,330
Sundry deposits		6,759	6,591
Corporate Tax Payable		161,204	138,018
Other Payables		56,563	34,870
		<u>2,384,979</u>	<u>2,029,316</u>
12. CAPITAL AND GENERAL RESERVES			
Statutory Reserve		1,401,432	1,394,826
Capital Reserve		34,285	24,288
Net Surplus/(Deficit) on revaluation of available for sale securities		(1,439)	(648)
		<u>1,434,278</u>	<u>1,398,466</u>
13. MARKUP/INTEREST ON ADVANCES		30-Jun-18	31-Mar-18
Markup/Interest on Advances - General Loans		4,580,720	2,340,870
Markup/Interest on Advances - Micro Enterprise Loans		284,946	124,718
Markup/Interest on Advances - Micro Housing Loans		2,783	1,023
Markup/Interest on Advances - Staff Home Loans		8,804	4,070
Markup/Interest on Advances - Staff General Purpose Loans		2,974	1,492
		<u>4,962,198</u>	<u>2,383,573</u>
14. MICROCREDIT PROCESSING FEES			
Micro Credit Processing Fee - General Loans		644,006	284,286
Micro Credit Processing Fee - Micro Enterprise Loans		21,614	10,074
Micro Credit Processing Fee - Micro Housing Loans		118	85
		<u>665,738</u>	<u>294,445</u>
15. RETAIL BANKING SERVICES FEES			
Banking Services Fee		39,223	17,210
Remittance Services Fee		588	401
Remittance Services Fee		9,036	4,174
ATM Services Fee		6,794	3,169
		<u>55,641</u>	<u>25,034</u>
16. INSURANCE			
Insurance - Advances		67,463	-
Insurance - Deposits		3,600	-
Insurance - Operating Fixed Assets & Others		6,022	-
		<u>77,085</u>	<u>-</u>

Notes to the Accounts for the half year ended June 30, 2018

17. NET PROVISION AGAINST ADVANCES/OTHER ASSETS	Note	30-Jun-18	31-Mar-18
Provision against advances			
Specific Provision	6.7	294,623	131,335
General Provision	5.7	57,546	28,115
		351,969	156,450
Bad Debts Written off Directly		23,278	17,468
Bad Debts Recovered		(48,799)	(20,949)
Net Provision against advances		326,448	152,969
Provision against Other Assets			
Provision against other assets	7	1,854	-
Recovery against other assets		(80)	(40)
		1,773	(40)
		328,221	152,928

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, 2015 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-Jun-18	31-Mar-18
19.1 Authorized Capital	18.1.1	6,000,000	6,000,000
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	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 Impulse Fund II S.A. SICAV-FIS (Incofin Investment Management Comm. VA)		417,057	417,057
responsAbility Management Company S.A. (responsAbility Global Microfinance Fund)		339,298	339,298
ShoreCap II Limited (Equator Capital Partners LLC)		243,566	243,566
ASN Miankandletpool (Tripple Jump B.V)		168,795	168,795
Bank Al Habib Limited		30,000	30,000
		1,705,000	1,705,000
20. DEFERRED GRANTS			
Grant from MDF		1,618	1,618
Less: Grant amortized			
Up to December 31, 2017		-	-
Up to June 30, 2018		(215)	(108)
		(215)	(108)
		1,398	1,509

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

21. GENERAL INFORMATION

21.1 Number of Employees	30-Jun-18	31-Mar-18		
	Number	Number		
Credit Sales Staff				
Permanent	1,904	1,812		
Banking/Support Staff				
Permanent	1,618	1,506		
Contractual	741	672		
	2,359	2,778		
Total number of employees at the end of half year	4,263	3,990		
21.1.1 Credit Sales Staff - MSME	389	294		
21.1.2 Female Staff	336	341		
21.1.3 Managers	94	86		
21.2 Network Outreach	30-Jun-18		31-Mar-18	
	No. of SC	No. of Branches	No. of SC	No. of Branches
19.2.1 At the Beginning of the year	24	149	24	149
Opened during the half year/year	6	8	-	1
Closed/merged during the half year/year	(2)	(5)	-	(0)
At the end of the half year/year	28	156	24	149
21.2.2 Total Outlets		184		173