

Balance Sheet as at March 31, 2018

	Note	31-Mar-2018	31-Dec-2017
ASSETS			
Balances with State Bank of Pakistan	1	1,113,629	1,127,573
Cash in hand and balances with banks	2	1,225,538	2,935,809
Lending to financial institutions	3	2,450,227	474,532
Investments - net of provisions	4	14,747,786	16,297,590
Advances - net of provisions	5	34,711,817	32,215,992
Operating fixed assets	6	1,233,451	1,141,596
Other assets	7	5,332,277	4,537,441
Deferred tax assets		244,167	230,670
Total Assets		61,061,092	58,961,203
LIABILITIES			
Deposits and other accounts	8	47,037,285	45,746,661
Borrowings	9	4,201,281	4,782,681
Subordinated debt	10	1,000,000	-
Other liabilities	11	2,093,216	2,075,886
Total Liabilities		54,331,782	52,605,428
NET ASSETS		6,729,310	6,355,775
REPRESENTED BY :			
CAPITAL			
Paid up capital	18	1,705,000	1,705,000
Capital and general reserves	12	1,318,436	1,225,428
Unappropriated profit		3,704,369	3,423,732
		6,727,805	6,354,160
Deferred Grants	19	1,505	1,615
Total Capital		6,729,310	6,355,775

Profit & Loss Account for the quarter ended March 31, 2018

	Note	YTD - MAR - 18	YTD - MAR - 17
Make up / Interest on advances	28	2,585,370	1,734,442
Micro Credit Processing Fees	14	264,368	281,892
Retail Banking Services Fee	15	23,054	25,811
		2,872,792	1,990,145
Reflex on investments/bank accounts		803,828	73,088
		2,976,677	2,063,236
Interest on borrowings/subordinated debt		85,184	177,018
Interest on deposits		1,022,064	829,409
		1,107,248	1,006,427
		1,871,802	1,575,779
OPERATING EXPENSES			
Salaries, wages & other benefits		570,624	460,520
Incentive on Asset and Mobility Sales		68,946	29,531
Recruitment & Development		1,672	7,366
Management consultancy		2,187	6,809
IT Operations		47,064	32,352
Training		10,388	14,491
Rent, rates & taxes		75,001	84,482
Meeting & Conferences		8,508	6,796
Utilities		29,38	16,508
Communication & Verification		16,149	17,899
Traveling & conferences		8,002	4,729
Insurance		40,259	28,099
Repair & maintenance		12,869	10,726
Security services		13,239	13,733
Vehicle running & maintenance		46,043	56,284
Legal & Professional		2,729	3,999
Printing, stationery & office supplies		24,706	34,548
Subscription		326	1,887
Advertisement & business promotion		52,584	60,314
Financial charges		43,427	12,701
ATM Operations		2,879	449
Depreciation and amortization		61,643	54,288
Other Expenses		3,042	1,982
Workers Welfare Fund		3,314	2,156
		118,869	904,472
Reimbursement of Social Mobilisation Cost		31,177	39,862
		1,044,712	843,610
Net Provision against advances/other assets	18	182,928	150,850
Total operating expenses		1,287,840	994,460
		683,962	581,319
OTHER INCOME			
Amortisation of deferred grant		108	-
Gain/(Loss) on Disposal of Fixed Assets		(349)	1,334
Misc Income		1,002	78
Gain/(Loss) on Foreign Currency Transactions		(311)	0
		30	1,412
		633,892	582,942
Taxation - Current	17	191,927	155,782
- Prior Year		-	-
- Deferred		(78,244)	(2,748)
		113,683	153,034
		467,731	432,808
Un-appropriated profit b/f		3,429,731	2,366,816
Profit available for appropriation		3,891,462	2,799,724
APPROPRIATIONS:			
Transfer to:			
Statutory Reserve		98,546	86,592
Microfinance Sector Development Fund		46,773	43,291
Risk Mitigation Fund		25,307	21,645
Depositors' Protection Fund		21,387	21,645
		192,013	173,173
		3,700,449	2,626,551

Financial Statements

For the quarter ended March 31, 2018

Notes to the Accounts for the quarter ended March 31, 2018

1	BALANCES WITH SBP	Notes	31-Mar-2018	31-Dec-2017				
	Balances with SBP	1.1	1,113,879 <u>1,113,878</u>	1,027,873 <u>1,027,873</u>				
1.1	This represents balances held with State Bank of Pakistan to meet the requirement of maintaining minimum balance equivalent to 5% (2017: 5%) of the Bank's time and demand liabilities in accordance with the Regulation R - 5A.							
2	CASH IN HAND AND BALANCES WITH BANKS		31-Mar-2018	31-Dec-2017				
	Cash in hand		497,402	554,727				
	Current Account		543,932	614,283				
	Saving Account	2.1	643,204 <u>1,284,538</u>	1,783,249 <u>2,952,259</u>				
2.1	This represents balances held in corporate accounts of which Rs. 268.3 million (2017: Rs. 110.6 million) is held for the purpose of cash management such as meeting Bank's operation and lending to borrowers. Corporate accounts carry interest rates ranging from 8.75% to 7.25% (2017: 8.75% to 7.50%) per annum.							
3	LENDING TO FINANCIAL INSTITUTIONS		31-Mar-2018	31-Dec-2017				
	Reverse Repo Lending	3.1	1,010,227	474,592				
	Call/Clean Lending	3.2	1,400,000 <u>2,410,227</u>	- <u>474,592</u>				
3.1	This represents reverse repo lending of the rate 9.20% per annum (2017: 8.80% per annum) maturing on April 2, 2018 (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/TBills		1,033,000	-	1,033,000	475,000	-	475,000
			<u>1,033,000</u>	-	<u>1,033,000</u>	<u>475,000</u>	-	<u>475,000</u>
3.3	This represents call/clean placement of the rate ranging from 6.40% to 6.50% per annum (2017: NIL) from 7 to 11 days maturing on April 2, 2018.							
4	INVESTMENTS - NET OF PROVISIONS		31-Mar-2018	31-Dec-2017				
	Available for sale securities							
	Market Treasury Bills	4.1	30,852,808	62,160,479				
	Held for trading							
	Market Treasury Bills	4.1	-	2,071,838				
	Held to maturity securities							
	Term Finance Certificates	4.2	50,000	50,000				
	Term Deposit Receipts/Placements	4.3	3,345,307 14,748,708 <u>18,094,015</u>	2,015,000 18,297,277 <u>20,312,277</u>				
	Surplus/(Deficit) on revaluation on T-Bills	4.4	(122) <u>14,747,786</u>	(127) <u>18,297,150</u>				
4.1	This represents T-Bills purchased for the period of 84 days (2017: 80 to 84 days) having yield return ranging from 6.17% to 6.26% (2017: 5.98% to 5.99%) per annum.							
4.2	This represents 10,000 term finance certificates (TFCs) having face value of Rs.1,000/- each duly issued by Bank Al Habib Limited for perpetual tenor. TFCs carrying profit @ 6 month KIBOR plus 150% markable 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 8.25% (2017: 7.00% to 8.25%) per annum. These TDRs are due to mature on August 02, 2018 (2017: August 02, 2018).							
4.4	In compliance with the requirements of the Regulation (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.							
5	ADVANCES - NET OF PROVISIONS	Notes	31-Mar-2018	31-Dec-2017				
			No. of loans outstanding	Amount outstanding	No. of loans outstanding	Amount outstanding		
	Draw advances:							
	General Loans							
	Secured	5.1	40,818	3,128,464	44,346	3,847,468		
	Unsecured		681,240	79,091,738	627,794	26,786,826		
			691,058	82,220,202	672,140	30,634,294		
	Micro Enterprise Loans							
	Secured	5.2	10,224	2,244,877	8,790	1,391,885		
	Unsecured	5.2	4,534	537,072	5,385	440,533		
			14,758	2,781,949	14,175	1,832,418		
	Micro Housing Loans							
	Unsecured		105	15,588	72	14,040		
			710,348	84,992,149	671,075	32,424,972		
	Loans - provisions held							
	Specific provision		4,184	64,208	3,865	105,879		
	General provision		678,119	516,688	639,594	431,773		
			682,303	580,896	643,459	537,652		
	Microcredit Advances - Net of Provisions			24,271,463		11,827,220		
	Staff Loans - General Purpose	5.3	585	97,541	623	83,348		
	Staff Loans - Housing Finance	5.4	79	362,793	84	209,527		
	Staff Loans		664	460,334	707	392,875		
	Advances - Net of Provisions		715,102	84,711,817	671,702	32,218,592		
5.1	This includes microcredit loans amounting to Rs. 560.4 million (2017: Rs. 666.5 million) which are partially (50%) secured against own deposits (in marking with the Bank).							
5.2	This includes 5,340 (2017: 6,999) micro enterprise clients having aggregate outstanding amount of Rs. 940.5 million (2017: Rs. 1,412.7 million) which are 50% backed by Guarantees under the terms of Loan Portfolio Guarantee Agreement between USAID and the Bank on September 30, 2014. The Guarantee II effective from November 24, 2014.							

5.3 This represents short to medium term general purpose loans to employees of the Bank carrying interest at the rate of 3 months NBOR plus 100 bps (2017: 3 months NBOR 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 NBOR Less 100bps (2017: 3 months NBOR 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 R 493.5 million and interest/markup amount of R 85.5 million (2017: principal amount of R 534.2 million and interest/markup amount of R 57.9 million) which, as detailed below, have been placed under non performing status.

Category of classification	31-Mar-2018			31-Dec-2017		
	Amount outstanding	Provision required	Provision held	Amount outstanding	Provision required	Provision held
QAEM	199,499	-	-	194,224	-	-
Sub-standard	140,888	27,256	27,256	51,783	10,744	10,744
Doubtful	241,832	82,059	82,059	118,997	43,718	43,719
Loss	32,776	24,995	24,999	71,799	51,896	51,516
	<u>614,995</u>	<u>134,310</u>	<u>134,264</u>	<u>416,803</u>	<u>106,358</u>	<u>106,979</u>

5.6 Particulars of the provisions against non-performing advances:

	31-Mar-2018			31-Dec-2017		
	Specific	General	Total	Specific	General	Total
Balance at the beginning of the year	105,978	491,773	597,751	147,268	222,206	369,474
Change during the quarter/year	134,335	25,115	159,450	430,912	268,567	699,479
Amount written off	103,015	-	103,015	455,773	-	455,773
Balance at end of the quarter/year	<u>134,298</u>	<u>516,888</u>	<u>651,186</u>	<u>105,978</u>	<u>491,773</u>	<u>597,751</u>

5.7 Particulars of write off:

	31-Mar-18	31-Dec-17
Against provision		
Related to scheduled advances	-	-
Related to other classified advances	103,015	461,778
	<u>103,015</u>	<u>461,778</u>
Directly charge to profit and loss account	17,468	22,365
	<u>120,483</u>	<u>484,143</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 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.

Loans payments 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	31-Mar-18		31-Dec-17	
	Portfolio at Risk	Amount	Portfolio at Risk	Amount
Current	0.00%	34,011,420	0.00%	31,890,208
1 - 29 days late	1.30%	47,794	0.71%	260,814
30 - 59 days late	0.40%	77,188	0.88%	105,208
60 - 89 days late	0.34%	119,863	0.18%	47,786
90 - 179 days late	0.50%	74,732	0.52%	103,893
More than 179 days late	0.08%	27,869	0.18%	57,293
	<u>2.61%</u>	<u>34,822,967</u>	<u>1.77%</u>	<u>32,424,971</u>

6. OPERATING FIXED ASSETS

Note	31-Mar-18	31-Dec-17
Capital work-in-progress	454,084	438,854
Property and equipment	147,721	289,887
Intangible assets	37,646	34,475
	<u>1,253,454</u>	<u>1,145,996</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.

	31-Mar-18	31-Dec-17
Opening Balance	438,854	66,051
Advances issued during the quarter/year	120,339	506,402
Assets transferred during the quarter/year	103,108	134,899
Closing Balance	<u>454,084</u>	<u>496,854</u>

Notes to the Accounts for the quarter ended March 31, 2018

6.2 Property and Equipment & Intangible Assets

Cost							
Balance as on January 1, 2018	151,271	239,409	918,796	479,916	357,190	1,546,582	198,374
Additions	19,623	Nil	77,544	2,382	36,206	185,196	1,997
Deposits	-	-	3,048	538	79	3,550	-
Balance as on March 31, 2018	170,894	239,420	1,000,388	482,836	393,475	1,678,528	199,371
Depreciation							
Balance as on January 1, 2018	32,141	152,159	127,281	285,675	275,479	876,715	161,499
Depreciation/Amortization Charge	8,248	10,434	7,707	17,084	13,977	57,077	4,826
Disposals	(1)	-	2,334	(4,059)	4,681	2,925	-
Balance as on March 31, 2018	40,387	162,573	132,654	298,700	293,137	930,867	166,325
Carrying Value							
As on March 31, 2018	130,507	76,847	260,438	174,137	104,912	747,721	31,646
As on December 31, 2017	119,130	87,270	191,818	194,241	77,711	669,867	34,675
Rate of Depreciation per annum	20.00%	25.00%	10.00%	20.00%	20% - 38.39%		38.33%

7. OTHER ASSETS

	Note	31-Mar-18	31-Dec-17
Markup/Interest accrued on advances		5,816,626	2,793,391
Less: Suspended Markup/Interest on non performing advances		93,202	87,309
		3,843,424	2,706,082
Interest receivable on investments/placements		123,219	178,098
Loans & advances to staff		128,346	107,309
Advances to Supplier and Service Providers		98,662	98,670
Security deposit		6,517	8,041
Prepayments		179,958	135,402
Receivable from MSDF	7.1	562,582	508,889
Insurance Claims Receivable		7,845	8,269
Sales Tax/Federal Excise Duty		138,289	150,829
Receivable from SBP		249,567	539,588
Other receivables		32,425	31,022
		5,366,044	4,371,208
Less: Provision held against classified assets			
Opening Provision		93,767	22,892
Provision Charge for the quarter/year		-	11,262
Receivable written off against provision		-	327
Closing Provision		33,767	33,767
		5,332,277	4,337,441

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-18		31-Dec-17	
		Number of accounts	Rupees	Number of accounts	Rupees
Time Liabilities:					
Term Deposits	8.2	40,743	80,619,449	37,572	28,883,240
Demand Liabilities:					
Saving Deposits	8.3	49,508	12,260,297	48,097	11,432,983
Current Deposits		1,689,236	4,187,875	1,681,578	5,460,638
		1,738,744	16,417,670	1,669,675	14,898,621
		1,779,487	47,037,285	1,697,247	43,746,861
8.1 Particulars of Deposits by ownership					
Individual Depositors		1,776,646	33,717,722	1,694,478	31,274,083
Institutional Depositors					
a) Corporations/Firms		2,826	11,888,092	2,716	12,499,747
a) Banks/Financial Institutions		48	1,761,511	53	1,973,081
		1,779,487	47,037,285	1,697,247	43,746,861

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 103.69 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: 5.00% to 9%). The saving deposits amounting to Rs 340.16 million (2017: Rs 365.44 million) are lien marked against advances to borrowers.

Notes to the Accounts for the quarter ended March 31, 2018

		Note	31-Mar-18	31-Dec-17
9.	BORROWINGS			
	Borrowings from banks/financial institutions outside Pakistan			
	Unsecured	9.1	1,944,138	2,046,038
	Borrowings from banks/financial institutions in Pakistan			
	Secured	9.2	2,257,143	2,734,643
			<u>4,201,281</u>	<u>4,780,681</u>
9.1	Borrowings from Financial Institutions outside Pakistan			
	Asian Development Bank	9.1.1	1,091,188	1,091,188
	ECO Trade & Development Bank (TF-II)	9.1.2	311,700	415,600
	ECO Trade & Development Bank (TF-III)	9.1.3	541,250	541,250
			<u>1,944,138</u>	<u>2,048,038</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 amount 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 CoP, 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 CoP 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% (2017: 3.84% and 3.82%) per annum.			
9.1.2	This represents borrowing from ECO Trade and Development Bank amounting to US\$1 million which carries interest of 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\$ million were translated at the exchange rate of Rs. 108.25 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. 108.90 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.			
		Note	31-Mar-18	31-Dec-17
9.2	Borrowings from Financial Institutions in Pakistan			
	Pak Oman Investment Company Limited (TF-II)	9.2.1	312,500	312,500
	Pak Oman Investment Company Limited (TF-III)	9.2.2	457,500	500,000
	Pak Oman Investment Company Limited (TF-IV)	9.2.3	500,000	500,000
	Akhari Bank Limited (TF-I)	9.2.4	-	40,000
	Soneri Bank Limited (TF-IV)	9.2.5	-	150,000
	Syndicated Term Finance (JS Bank Ltd, Askari Bank Ltd and PAIR)	9.2.6	857,143	857,143
	The Bank of Punjab (TF-I)	9.2.7	-	225,000
	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	-	-
			<u>2,257,143</u>	<u>2,734,643</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 7.82% (2017: 7.70% to 7.80%) per annum and repayable in a 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 7.80% to 7.83% (2017: 7.63% to 7.80%) per annum and repayable in a 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 ranging from 7.80% to 7.82% (2017: 7.78% to 7.80%) per annum and repayable in a 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 of 7.65% (2017: 7.62% to 7.65%) per annum and repayable in 10 equal quarterly installments. This borrowing is secured against 40% partial Microfinance Credit Guarantee Facility (MCGF) by SBP and charge over current and future micro loans of Rs.320 million.
- 9.2.5 This represents term finance facility of Rs.800 million carrying interest rate of 7.71% (2017: 7.69%) 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 of 7.51% (2017: 7.44% to 7.43%) 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 7.81% (2017: 7.69% to 7.73%) 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.
- 9.2.8 This represents interbank money market borrowing carrying interest rate of 7.81% (2017: 7.43% 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 7.89% (2017: 7.90%) 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.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.834 million.

10. SUB-ORDINATED DEBT	Note	31-Mar-18	31-Dec-17
Term Finance Certificate (TFC) - I	10.1	1,000,000	-
		<u>1,000,000</u>	<u>-</u>
10.1 This represents rated, unsecured, subordinated and privately placed term finance certificates of worth Rs.100,000/- each fully subscribed on March 15, 2016. The issue is for a period of 8 years from the date of subscription and mature on March 15, 2025. The issue has assigned preliminary rating of single 'A' (Single A) with stable outlook.			
Profit is @ 6 months KIBOR plus 3.02% and repayable every six months in arrears while principal shall be redeemed in two equal semi annual installments falling on the end of 90th and 96th months.			
The issue has call option after 10th redemption date, lock-in clause and less absorbency clause.			
11. OTHER LIABILITIES	Note	31-Mar-18	31-Dec-17
Markup/ interest payable on borrowing		77,557	91,397
Markup/return payable on deposits		682,700	562,658
Bills Payable		52,245	56,509
Accrued expenses		368,240	367,804
Payable to defined benefit plan - Gratuity/EOBI		93,891	71,912
Contribution payable to funds		435,459	380,712
Payable to suppliers and service providers		185,321	169,284
Provision for workers welfare fund		28,220	24,907
Sundry deposits		6,581	-
Corporate Tax Payable		128,018	128,100
Other Payables		34,823	44,586
		<u>2,093,216</u>	<u>2,073,886</u>
12. CAPITAL AND GENERAL RESERVES			
Statutory Reserve		1,294,826	1,201,279
Capital Reserve		24,255	24,253
Net Surplus/(Deficit) on revaluation of available for sale securities		(645)	(106)
		<u>1,318,436</u>	<u>1,225,426</u>
13. MARKUP/INTEREST ON ADVANCES		31-Mar-18	31-Mar-17
Markup/Interest on Advances - General Loans		2,240,870	1,644,475
Markup/Interest on Advances - Mikro Enterprise Loans		136,115	86,228
Markup/Interest on Advances - Mikro Housing Loans		1,023	328
Markup/Interest on Advances - Staff Home Loans		4,070	3,883
Markup/Interest on Advances - Staff General Purpose Loans		1,492	451
		<u>2,383,570</u>	<u>1,734,942</u>
14. MICROCREDIT PROCESSING FEES			
Micro Credit Processing Fee - General Loans		254,256	228,040
Micro Credit Processing Fee - Mikro Enterprise Loans		10,074	6,478
Micro Credit Processing Fee - Mikro Housing Loans		35	74
		<u>264,365</u>	<u>234,592</u>
15. RETAIL BANKING SERVICES FEES			
Banking Services Fee		17,310	18,445
Remittance Services Fee		401	341
Bank Assurance Services Fee		4,174	3,399
ATM Services Fee		3,169	1,786
		<u>25,054</u>	<u>23,971</u>

Notes to the Accounts for the quarter ended March 31, 2018

16.	NET PROVISION AGAINST ADVANCES/OTHER ASSETS	Note	31-Mar-18	31-Mar-17	
	Provision against advances				
	Specific Provision	5.7	131,335	115,421	
	General Provision	5.7	28,118	86,602	
			159,453	194,023	
	Bad Debts Written off Directly		17,468	4,345	
	Bad Debts Recovered		(20,949)	(28,108)	
	Net Provision against advances		156,972	169,260	
	Provision against Other Assets				
	Provision against other assets	7	-	390	
	Recovery against other assets		(41)	-	
			(41)	390	
			152,928	170,650	
17.	TAXATION				
	The bank has provided for corporate tax at the rate of 30% (2017: 30%) for the year with minimum tax being limited to 1% of non exempt turnover.				
18.	SHARE CAPITAL	Note	31-Mar-18	31-Dec-17	
18.1	Authorized Capital	18.1.1	6,000,000	6,000,000	
18.1.1	The Bank's authorized share capital is 600 million ordinary shares of Rs.10/- each.				
18.2	Issued, Subscribed and Paid up Capital	18.2.1	1,705,000	1,706,000	
18.2.1	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		506,283	506,283	
	Rural Impulse Fund II S.A. SICAV-FIS (Incofin Investment Management Comen. VA)		412,057	412,057	
	responsAbility Management Company S.A (responsAbility Global Microfinance Fund)		339,250	339,250	
	ShareCap II Limited (Equator Capital Partners LLC)		243,500	243,500	
	ASN Microcreditpool (Tripple Jump B.V)		168,795	168,795	
	Bank Al Habib Limited		30,000	30,000	
			1,705,000	1,706,000	
19.	DEFERRED GRANTS				
	Grant from MDF		1,613	1,613	
	Less Grant amortized				
	Up to December 31, 2017		-	-	
	Up to March 31, 2018		(106)	-	
			(106)	-	
			1,507	1,613	
	This represents MoU between Market Development Fund (Australian Department for Foreign Affairs and Trade), Shikarganj Food Products Limited and Kaushthal Microfinance Bank Limited to collaborate on providing financial services to the farmers in the Shikarganj milk collection areas in Pakistan. MDF will contribute to help by investing in the van which would serve as "Bank on Wheels" and Shikarganj will facilitate farmers access. The Bank will provide financial services (credit, savings and micro insurance) initially to Shikarganj client farmers and also targets microfinance clients. Currently, this project is in its pilot phase.				
20.	GENERAL INFORMATION		31-Mar-18	31-Dec-17	
20.1	Number of Employees		Number	Number	
	Credit Sales Staff				
	Permanent		1,812	1,779	
	Banking/Support Staff				
	Permanent		1,506	1,500	
	Contractual		672	645	
			2,178	2,149	
	Total number of employees at the end of quarter		3,990	3,924	
20.1.1	Credit Sales Staff - MSME		294	341	
20.1.2	Female Staff		341	331	
20.1.3	Managers		86	84	
20.2	Network Outreach		31-Mar-18	31-Dec-17	
			No. of SC	No. of Branches	
20.2.1	At the Beginning of the year	24	149	2	139
	Opened during the quarter/year	-	1	22	10
	Closed/merged during the quarter/year	-	(1)	-	-
	At the end of the quarter/year	24	149	24	149
20.2.2	Total Outlets		172	172	