

CONDENSED QUARTERLY ACCOUNTS

(Un-Audited)

Mar - 2023



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Balance Sheet

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



Profit and Loss Account

Cross Markup Earmed on Advances 13	No		YTD - MAR - 23 Actual PKR Million	YTD - MAR - 22 Actual PKR Million
Markury Suspended/Waiver on Advances 13				
Net Mark up/Interest Earned on alvances 4,662 3,541 Net Mark up/Interest Earned on Investments/Placements 5,50 5,552 4,107 Mark up/Interest Expensed on Deposits 3,66 247 Mark up/Interest Expensed on Deposits 3,682 2,126 Mark up / Interest sepensed on Deposits 3,682 2,126 Mark up / Interest sepensed on Deposits 1,804 1,734 Micro Credit Processing Fees 14 391 365 Ketall Banking Services Fees 15 40 363 Non Mark up/Interest Income 453 365 369 Gross Income Earned 2,237 2,333 359 OPERATING EXPENSES 3 45 35 359 Salaries, wages & other benefits 1 971 1 927 1 Incentive on Asset and Liability Sales 8 7 46 6 8 46 8 7 46 8 7 46 8 7 46 1 1 1 1 1 1		2		
Net Mark up/Interest Eamed on Investments/Placements		3		
Total Mark up / Interest earned 5,252 4,107 Mark up/Interest Expensed on Bornowings/Debt Mark up / Interest expensed on Deposits 3,082 2,126 Mark up / Interest expensed on Deposits 3,082 2,126 Mark up / Interest expensed on Deposits 3,484 2,273 Net Mark up / Interest expensed 14 8,273 365 431 365				
Mark up/ Interest expensed on Deposits' Mark up / Interest expensed 3,448 2,73 Net Mark up / Interest income 1,804 1,734 Micro Credit Processing Fees 15 42 34 Ketali Banking Services Fees 15 42 34 Non Mark up/Interest Income 433 399 Gross Income Earned 2,237 2,333 OPERATING EXPENSES 971 22 Salaries, wages & other benefits Incentive on Asset and Liability Sales 971 22 Recoultment & Development - 1 4 Recoultment & Development - 1 1 Incentive on Asset and Liability Sales 165 116 1 Recoultment & Development - - 1 1 4 4 4 4 4 4 4 6 1 6 1				
Met 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 15 423 399 Gross Income 2,237 2,133 OFERATING EXPENSES Salaries, wages & other benefits Incentive on Asset and Liability Sales 87 46 Recruitment & Development 971 927 Incentive on Asset and Liability Sales 87 46 Recruitment & Development 97 16 To perations 165 116 Training & Development 16 15 16 Training & Development 18 133 165 Training & Development 18	Mark up/Interest Expensed on Borrowings/Debt		366	247
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 2,237 2,133 OPERATING EXPENSES				
Micro Credit Processing Fees 14 391 365 34 34 399	Mark up / Interest expensed		3,448	2,373
Retail Banking Services Fees 15 42 343 399 Gross Income Earned	Net Mark up / Interest income		1,804	1,734
No Mark up/Interest Income 433 399 Gross Income Earned 2,237 2,133 OPERATING EXPENSES			391	365
Salaries, wages & other benefits Salaries, wage		5		
Salaries, wages & other benefits 971 927 1 927 1 927 1	• •			
Salaries, wages & other benefits	Gross Income Earned		2,237	2,133
Incentive on Asset and Liability Sales 87	OPERATING EXPENSES			
Recruitment & Development	Salaries, wages & other benefits		971	927
Management consultancy 105	Incentive on Asset and Liability Sales		87	46
TOperations 165 116 116 116 116 118 133 165 116 118 133 165 118 133 165 118 133 165 165 118 133 165 165 118 133 165 165 118 133 165 16			-	1
Training & Development 2 5 5 6 16 16 16 16 16	· · · · · · · · · · · · · · · · · · ·		- 165	116
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 5 Frinting, stationery & office supplies 55 5 5 Subscription 11 1 <t< td=""><td></td><td></td><td></td><td></td></t<>				
Utilities	Operating Lease/Rent Expense 1	8	183	165
Communication & Verification 34 8 6 6 8 6 6 8 6 6 1 1 2 2 2 2 2 2 2 2				
Traveling & conveyance				
Insurance				
Security services		6		18
Health Hygiene - COVID - 19 Vehicle running & maintenance 184 120 Legal & Professional 5 5 5 5 5 5 5 5 5				
Vehicle running & maintenance 184 120 Legal & Professional 5 5 Printing, stationery & office supplies 55 50 Subscription 1 1 1 Advertisement & business promotion 14 52 16 ATM Operations and Call Center Charges 25 16 7 ATM Operations and Call Center Charges 25 7 7 Depreciation and amortization 159 154 154 154 Other Expenses 1<			-	
Printing, stationery & office supplies 55 50 Subscription 1 1 1 Advertisement & business promotion 14 52 16 ATM Operations and Call Center Charges 25 7 Depreciation and amortization 159 154 Other Expenses 1 1 1 Workers Welfare Fund 2,077 1,831 1 </td <td></td> <td></td> <td>184</td> <td></td>			184	
1				
Advertisement & business promotion Financial charges ATM Operations and Call Center Charges Depreciation and amortization Other Expenses Workers Welfare Fund Reimbursement of Social Mobilization Cost Reimbursement of Social Mobilization Cost Net Provision against advances/other assets Total operating expenses OPERATING PROFIT/(LOSS) OTHER INCOME Amortization of deferred grant Gain/(Loss) on Disposal of Fixed Assets Miscellaneous Income Taxation - Current - Prior Year - Deferred - Prior Year - Deferred - ProfIT/(LOSS) AFTER TAXATION PROFIT/(LOSS) AFTER TAXATION Un-appropriated profit b/f (152) 168 25 16 25 77 168 25 17 11 11 11 11 11 11 11 11 11 11 11 11				
Financial charges				
159	·		25	
Other Expenses 1 1 1 1 1 1 5 5 5 5 2,077 1,832 2,077 1,832 1 1 1 1 1,832 2,077 1,831 1,831 1 1,346 785 785 765 765 765 765 766 765 766 765 766 765 766 766 765 766 76				
Norkers Welfare Fund Comparison of Social Mobilization Cost Comparison of Social Mobilization of ROU Fixed Assets Comparison of Social Mobilization of Social Mobilization of Social Mobilization of ROU Asset/Liability Comparison of Social Mobilization of Social Mobil				
Reimbursement of Social Mobilization Cost			-	
Net Provision against advances/other assets 17 2,077 1,336 785 785 785 785 785 3,423 2,616 785 785 785 785 785 785 785 785 785 785			2,077	
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 - - 1 - PROFIT/(LOSS) BEFORE TAXATION (1,052) (483) (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	Reimbursement of Social Mobilization Cost		2 077	
OPERATING PROFIT/(LOSS) (1,186) (483) OTHER INCOME Image: Comparity of the profit	Net Provision against advances/other assets	7	1,346	785
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 134 - PROFIT/(LOSS) BEFORE TAXATION (1,052) (483) Taxation - Current 19 91 69 - Prior Year 19 - - - Deferred (394) (242) PROFIT/(LOSS) AFTER TAXATION (749) (310) Un-appropriated profit b/f 4,514 7,616	Total operating expenses		3,423	2,616
Amortization of deferred grant Gain/(Loss) on Disposal of Fixed Assets Modification of ROU Asset/Liability Miscellaneous Income PROFIT/(LOSS) BEFORE TAXATION Taxation - Current - Prior Year - Deferred - Profit Year - Deferred - PROFIT/(LOSS) AFTER TAXATION PROFIT/(LOSS) AFTER TAXATION Un-appropriated profit b/f To the description of deferred grant and contained as a second	OPERATING PROFIT/(LOSS)		(1,186)	(483)
Gain/(Loss) on Disposal of Fixed Assets 18.2 132 1 1 1 1 1 1 1 1 1	OTHER INCOME			
Gain/(Loss) on Disposal of Fixed Assets 18.2 132 1 1 1 1 1 1 1 1 1	Amortization of deferred grant		1	_
Miscellaneous Income 1 - PROFIT/(LOSS) BEFORE TAXATION (1,052) (483) Taxation - Current 19 91 69 - Prior Year 19 - - - Deferred (394) (242) PROFIT/(LOSS) AFTER TAXATION (749) (310) Un-appropriated profit b/f 4,514 7,616			-	(1)
Taxation - Current		3.2	132	1
PROFIT/(LOSS) BEFORE TAXATION (1,052) (483) Taxation - Current 19 91 69 - Prior Year 19 - - - Deferred (394) (242) PROFIT/(LOSS) AFTER TAXATION (749) (310) Un-appropriated profit b/f 4,514 7,616	Miscellaneous Income		134	-
- Prior Year	PROFIT/(LOSS) BEFORE TAXATION			(483)
- Prior Year	Toyotion Current	0	01	60
- Deferred (394) (242) (303) (173) PROFIT/(LOSS) AFTER TAXATION (749) (310) Un-appropriated profit b/f 4,514 7,616			-	-
(303) (173) PROFIT/(LOSS) AFTER TAXATION (749) (310) Un-appropriated profit b/f 4,514 7,616		_	(394)	(242)
Un-appropriated profit b/f 4,514 7,616			(303)	(173)
Un-appropriated profit b/f 4,514 7,616	PROFIT/(LOSS) AFTER TAXATION		(749)	(310)
			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 PKR Million	31-Dec-22 PKR Million
	Balances with SBP	1.1	1,569 1,569	2,677 2,677

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 PKR Million	31-Dec-22 PKR Million
	Cash in hand		1,166	2,387
	Current Account		742	997
	Saving Account	2.1	315_	121_
			2,223	3,505

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
			-	4,893

- 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	Held by Bank	Further given as collateral	
		PKR Million			PKR Million	
Market Treasury Bills/PIB's	-	-	-	4,950	-	
	-	-	-	4,950	-	
INVESTMENTS - NET OF PROVISIONS			31-Mar-23			
	Note		PKR Million			
Available for sale securities						
Pakistan Investment Bonds	4.1		11,511			
Held to maturity securities						
Term Finance Certificates	4.2		150			
Term Deposit Receipts/Placements	4.3					
			11,661			
Surplus/(Deficit) on revaluation on T-Bills/PIB's	4.4		(148)			
			11,513			

- 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.
- $4.3 \quad \text{This represents placement with microfinance bank carrying interest rate NIL% (2022: 17.00\%) per annum.}$
- 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	Amount	Loans	Amount
		Outstanding	outstanding	Outstandi	ng outstanding
		Number	PKR Million	Number	PKR Million
General Loans					
Secured/Semi Secured	5.1	182,406	21,069	177,	34 19,094
Unsecured	5.3	410,285	30,510	441,	78 31,400
		592,691	51,579	619,1	12 50,494
Micro Enterprise Loans					
Secured	5.2	60,675	21,193	68, ⁴	10 22,311
Unsecured	5.2	42,671	7,182	35,:	706,198_
		103,346	28,375	103,5	30 28,509
Micro Housing Loans					
Secured		2,122	3,005	2,:	01 2,989
Unsecured		9,110	4,084	10,0	67 4,543
		11,232	7,089	12,1	58 7,532
Microcredit advances :		707,269	87,043	734,8	60 86,535
Staff Loans					
Staff Loans - General Purpose	5.4	2,111	438	2,3	80 459
Staff Loans - Housing Finance	5.5	411	1,635		01 1,602
		2,522	2,073	2,6	31 2,061
Gross advances :		709,791	89,116		41 88,596
Less : provisions held					
Specific provision		51,486	2,083	33,	67 1,609
General provision		560,799	850	590,9	
			2,933		2,496
Advances - Net of Provisions		709,791	86,183	737,5	

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%) 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.

		31-Mar-23			31-Dec-22	
Category of classification	Amount out standing	Provision required	Provision held	Amount t standing	Provision required	Provision held
General and Staff Loans		PKR Million			PKR Million	
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
		PKR Million			PKR Million
pening Provision	1,609	887	2,496	575	1,054
rovision Charge	1,358	(37)	1,321	6,082	(167)
ess: Portfolio Charge off	884_		884	5,048	
losing Provision	2,083	850	2,933	1,609	887
	-	-	-		
articulars of Charge off during the period			31-Mar-23		

articulars of Charge off during the period	31-Mar-23 PKR Million	31-Dec-22 PKR Million
Loans Charge off against provision	884	5,048
Loans Charge off directly	140_	247_
	1,024	5,295

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: $\frac{1}{2} \left(\frac{1}{2} \right) = \frac{1}{2} \left(\frac{1}{2} \right) \left(\frac{1}$

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

5.10 Portfolio Quality

5.8 P

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 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.

	31-Mar-23				31-Dec-22	
Loan Portfolio	Note	Portfolio	Amount	Portfolio		mount
	•	at Risk	Outstanding	at Risk		standing
		%	PKR Million	%	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.	53%	489
Doubtful		1.53%	1,211	0.	56%	436
Loss		0.39%	310	3.	54%	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.	55%	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	53%	88,595
Global over bue Edulis		0.0170	05,110	<u></u>	13 70	00,555
Global Non-Performing Loans		5.71%	5,086	3.	95%	3,503

154,646

9,660



5.9.1 Category wise portfolio classification is as under:

			31-Mar-23				31-Dec-22	
Loan Portfolio	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
L033 730 1343 Duys		7.050	30	7,089	1.91%	7,495	38	7,532
2033 730 1343 Duy3	2.41%	7,059	30	. /		.,		7,552

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

	Total Outstanding Deferred and F	Rescheduled Loans		161,606	10,186
6.	OPERATING FIXED ASSETS	Note	31-Mar-23 PKR Million		31-Dec-22 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
	Carital Wallahamana		3,176		4,154

6.1 Capital Work-in-progress

Rollover Loans under internal policy

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



7.

6.3 Property and Equipment & Intangible Assets

	Leasehold Improvements	Vehicles	Furniture & Fixture	Electrical and Office Equipment	Computer Equipment	Total	Computer Software
Cost			1	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							
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							
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%

. OTHER ASSETS	Note	31-Mar-23 PKR Million	31-Dec-22 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			<u></u> .
Opening Provision		190	128
Provision Charge during the quarter		8	70
Receivable written off against provision		_	(8)
Closing Provision		198	190
		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.

				31-Dec-22	
		Accounts Outstanding	Amount Oustanding	Accounts Outstanding	Amount Oustanding
Fime 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
Particulars of Deposits by ownership					
ndividual Depositors		3,158,726	75,555	3,113,916	78,277
nstitutional 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
	Term Deposits Demand Liabilities: Saving Deposits Current Deposits Call Deposits (CDR) Particulars of Deposits by ownership Individual Depositors Institutional Depositors	Term Deposits 8.2 Demand Liabilities: Saving Deposits 8.3 Current Deposits 8.4 Call Deposits (CDR) Particulars of Deposits by ownership individual Depositors institutional Depositors a) Corporations/Firms	Time Liabilities: Number Term Deposits 8.2 54,094 Demand Liabilities: 58aving Deposits 8.3 84,059 Current Deposits 8.4 3,024,746 Call Deposits (CDR) 600 3,109,405 Variticulars of Deposits by ownership individual Depositors 3,158,726 Institutional Depositors 3,158,726 Institutional Depositors 4,722 a) Banks/Financial Institutions 51	rime Liabilities: Number PKR Million Term Deposits 8.2 54,094 69,178 Demand Liabilities: 8.3 84,059 20,970 Current Deposits 8.4 3,024,746 6,170 Call Deposits (CDR) 600 161 Call Deposits (CDR) 3,109,405 27,301 Variaticulars of Deposits by ownership individual Depositors 3,158,726 75,555 Institutional Depositors 3,158,726 75,555 Institutional Depositors 4,722 16,012 a) Banks/Financial Institutions 51 4,912	rime Liabilities: Number PKR Million Number Term Deposits 8.2 54,094 69,178 55,052 Demand Liabilities: 55,052 84,059 20,970 83,082 Current Deposits 8.4 3,024,746 6,170 2,979,936 Call Deposits (CDR) 600 161 609 3,109,405 27,301 3,063,627 Particulars of Deposits by ownership individual Depositors 3,158,726 75,555 3,113,916 Institutional Depositors 3,258,726 75,555 3,113,916 Institutional Depositors 4,722 16,012 4,714 a) Banks/Financial Institutions 51 4,912 49

- 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 PKR Million	31-Dec-22 PKR Million
	Borrowings from banks/financial Institutions in Pakistan	0.4		
	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 PKR Million	31-Dec-22 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 I Capital for meeting its capital adequacy requirments 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 indebtness 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 caluses 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	31-Dec-22
			PKR Million	PKR Million
	Maylon /Interest navable on denseits		1.540	1.564
	Markup/Interest payable on deposits Markup/Interest payable on borrowings/subordinated debt		1,549 320	1,564 192
	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		4,895	5,551
			4,895	5,551
12.	CAPITAL AND GENERAL RESERVES		4.000	4 000
	Statutory Reserve Capital Reserve		1,900 24	1,900
	Net Surplus/(Deficit) on revaluation of available for sale securities		(105)	24 (48)
	Net Surplus/ (Beliete) of revaluation of available for Suite Securities		1,819	1,876
			27023	1,0.0
13.	MARKUP/INTEREST ON ADVANCES		31-Mar-23	31-Mar-22
	·		PKR Million	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 Gross Markup Earned		<u>23</u> 6,288	
	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			
14.				254
	Micro Credit Processing Fee - General Loans		268 122	251
	Micro Credit Processing Fee - Micro Enterprise Loans Micro Credit Processing Fee - Micro Housing Loans		0	91 23
	Plicio Credit Processing Fee Plicio Flousing Loans		391	365
15.	RETAIL BANKING SERVICES FEES		531	
	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		1.050	
	Specific Provision General Provision	5.7	1,358	1,252
	General Provision	5.7	(37) 1,321	(481) 771
	Bad Debts Written off Directly		1,321	7/1
	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			
			1 246	29
			1,346	785



18.	PREMISES RENT & OPERATING LEASE	Note	31-Mar-23 PKR Million	31-Mar-22 PKR Million
	Interest Expense - Operating Lease Liability		65	60
	Depreciation - Right of Use Assets		110	96
	Rent Expense - Archiving Services		8	9
18.1	IFRS 16 INCREMENTAL IMPACT		183	165
	Premises Rent Expense		140	122
	IFRS 16 Impact		35	34
	Rent Expense - Archiving Services		8	9
	•		183	165
18.2	Gain/(Loss) on Modification of ROU Asset & Liability	18.2.1	132	-

- 18.2.1 This represents net gain / (loss) on modification of existing lease agreements of Corporate & treasury office and 21 other locations including 11 SME branches, 6 retail branches, 3 Booths/SC and 1 store. Under IFRS 16 all these amendments i.e. reduction in lease terms of existing contracts are accounted for as modifications, where standard requires:
 - a) Reduction of ROU asset and lease liability in proportion to the reduction in lease terms and recognise the difference in profit & loss; Note 18.2.2
 - b) Adjust the lease liability resulting from step a to its modified carrying amount with a corresponding charge to the ROU asset. Note 18.2.2
- 18.2.2 Reduction in ROU Asset & Liability

Net Gain / (loss) on modification of lease agreements (a+b)		132	I	-
CV of ROU Assets pertaining to modified lease agreements PV of ROU Liability pertaining to modified lease agreements Gain / (Loss) on Adjustment	18.2.3	98 - 98	1	- - -
Adjustment of ROU Assesst & Liability				
CV of ROU Assets pertaining to modified lease agreements PV of ROU Liability pertaining to modified lease agreements Gain / (Loss) on modification (a)		886 920 34	j	- - -
Reduction of ROU Assesst & Liability	Note	31-Mar-23 PKR Million	1	31-Mar-22 PKR Million

- 18.2.3 All modifications are reduction in lease term of existing contracts where all agreements will expire in the month of June & Jul 2023, ROU assets & liabilities are recalculated on revised lease terms, accordingly ROU asset have been recognised while ROU liability will be zero as the Bank has payment terms of advance payments in all lease agreements resultantly one time gain is booked in Profit & Loss account. This gain reflects to prior periods additional impact of interest expense on ROU liability approximately Rs. 400mn at the time of adoption in June 2019.
- 19. TAXATION

The bank has provided for corporate tax at the rate of 29% (2022: 29%) for the year with minimum tax being limited to 1.25% of non exempt turnover.

20.	SHARE CAPITAL	Note	Share %	-Mar-23 PKR Million	Share %	1-Dec-22 PKR Million
20.1	Authorized Capital	20.1.1	- Silare 70	6,000	Share 70	6,000
20.1.1	The Bank's authorized share capital is 600 million ordinary shares of Rs.10/- each.					
20.2	Issued, Subscribed and Paid up Capital	20.2.1	_	1,705		1,705
20.2.1	The Bank's issued, subscribed and fully paid up capital for consideration other than	cash is 17	70.5 million o	rdinary shares of Rs.10/- each	as follows:	
	United Bank Limited		29.7%	506	29.7%	506
	Rural Impulse Fund II S.A. SICAV-FIS (Incofin Investment Management Comm. VA)		24.5%	417	24.5%	b 417
	MultiConcept Fund Management Company S.A (responsibility Global Microfinance Fu	ınd)	19.9%	339	19.9%	339
	ShoreCap II Limited (Equator Capital Partners LLC)		14.3%	244	14.3%	b 244
	ASN Microkredietpool (Tripple Jump B.V)		9.9%	169	9.9%	i 169
	Bank Al Habib Limited		1.8%	30	1.8%	o 30
21.	DEFERRED GRANTS		100.0%	1,705	100.0%	1,705
21.	Grant from ADB Less: Grant amortized			14		14
	Up to December 31, 2022 Up to March 31, 2023			- (1)		
				13		14

The Bank enters into Term Finance agreement of US\$20 Million which also includes Technical Assistance Grant of US\$500K which comprise of Technical Assistance for Training and Development of staff amounting to US\$125K, Mobile Banking Platform amounting to U

22. 22.1	GENERAL INFORMATION Number of Employees Credit Sales Staff		31-Mar-23 Number		31-Dec-22 Number
	Permanent		2,032		2,225
	Banking/Support Staff				
	Permanent		2,301		2,210
	Contractual		912		921
	Total number of employees at the end of quarter		3,213 5,245		3,131 5,356
22.1.1	Credit Sales Staff - MSME		397		414
22.1.2	Female Staff		492		506
22.1.3	Managers		120		119
		21 Mar 22		21 Dec 22	

22.1.2	remaie Starr				492				_	506
22.1.3	Managers				120					119
			31-Mar-23				31-Dec-22			
22.2	Network Outreach	Branches	Service Center	Permanent Booth	Total Outlets		Branches	Service Center	Permanent Booth	Total Outlets
22.2.1	At the Beginning of the year	220	-	23	243		206	-	33	239
	Opened/Converted during the quarter	=	-	-	=		14	-	-	14
	Closed/merged during the quarter	(11)	-	(6)	(17)			-	(10)	(10)
	At the end of the quarter	209	-	17	226		220	-	23	243





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 Bank Limited

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