

**U MICROFINANCE BANK LIMITED
CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE PERIOD**

January 01,2020

to

March 31,2020

U MICROFINANCE BANK LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)
As at 31 March, 2020

		(Un-audited) March 31, 2020 Rupees	(Audited) December 31, 2019 Rupees
	Note		
ASSETS			
Cash and balances with SBP and NBP	4	1,831,616,489	1,717,205,410
Balances with other Banks/ NBFIs/ MFBs	5	3,897,818,313	3,019,826,466
Lending to Financial Institutions	6	250,000,000	-
Investments - net of provisions	7	4,674,324,175	6,969,538,668
Advances - net of provisions	8	22,632,790,287	21,374,079,265
Operating fixed assets	9	3,041,966,523	3,104,521,964
Other assets	10	4,286,101,939	3,828,677,455
Deferred tax asset	11	111,784,482	76,354,529
Total Assets		40,726,402,208	40,090,203,757
LIABILITIES			
Deposits and other accounts	12	22,733,511,178	23,290,259,471
Borrowings	13	7,782,414,666	6,733,331,333
Subordinated Debt	14	4,599,400,000	4,599,400,000
Other liabilities	15	2,549,011,031	2,416,350,107
Total Liabilities		37,664,336,875	37,039,340,911
NET ASSETS		3,062,065,333	3,050,862,846
REPRESENTED BY:			
Share capital		2,285,714,290	2,285,714,290
Discount on issue of share capital		(25,714,290)	(25,714,290)
Statutory and other reserve		229,644,265	229,644,265
Depositors' protection fund		57,411,066	57,411,066
Accumulated Profit		517,116,030	512,586,043
Share capital		3,064,171,361	3,059,641,374
Deficit on revaluation of assets		(2,106,028)	(8,778,528)
Total Capital		3,062,065,333	3,050,862,846

MEMORANDUM / OFF BALANCE SHEET ITEMS

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The annexed notes from 1 to 29 form an integral part of these financial statements.


PRESIDENT / CHIEF EXECUTIVE


CHAIRMAN


DIRECTOR


DIRECTOR

U MICROFINANCE BANK LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2020

		Period Ended	
		March 31, 2020	March 31, 2019
		Rupees	Rupees
Note			
	17	2,115,842,826	1,644,464,443
Mark-up/ return/ interest earned			
	18	(1,077,741,979)	(865,491,576)
Mark-up/ return/ interest expensed			
Net mark-up/ interest income		1,038,100,847	778,972,867
	8.3	(440,121,317)	(141,719,187)
Provision against non-performing advances			
Net mark-up/ interest income after provisions		597,979,530	637,253,680
NON MARK-UP/ NON INTEREST INCOME			
	19	290,960,107	195,541,726
Fee commission & brokerage income			
	20	27,409,442	1,548,257
Other income			
(Loss) / Gain on Sale of AFS Investments		20,114,186	(119,408)
		338,483,735	196,970,575
		936,463,265	834,224,255
NON MARK-UP/ NON INTEREST EXPENSES			
	21	422,247,647	334,302,935
Salaries & Benefits			
	21	503,582,895	299,570,611
Administrative expenses			
	21.1	5,472,000	-
Other charges			
		931,302,542	633,873,546
		5,160,723	200,350,709
PROFIT BEFORE TAXATION & WWF			
Workers Welfare Fund		-	(4,007,014)
PROFIT BEFORE TAXATION		5,160,723	196,343,695
TAXATION			
		(38,939,219)	(62,365,852)
Current			
Prior years		-	-
Deferred		38,308,482	16,873,034
	22	(630,737)	(45,492,818)
		4,529,986	150,850,877
PROFIT AFTER TAXATION			
	26	0.02	0.66
EARNINGS PER SHARE			

The annexed notes from 1 to 29 form an integral part of these financial statements.


PRESIDENT / CHIEF EXECUTIVE


CHAIRMAN


DIRECTOR


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U MICROFINANCE BANK LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2020

	March 31, 2020 Rupees	March 31, 2019 Rupees
Profit after Taxation for the period	4,529,986	150,850,877
Other comprehensive income/(loss) for period	-	-
Comprehensive income transferred to equity	4,529,986	150,850,877
Items that may be subsequently reclassified to profit and loss in subsequent periods:		
Loss / (Gain) on revaluation of assets transferred to profit and loss	(20,114,186)	119,408
(Deficit) / surplus on revaluation of available for sale investments	37,727,727	(981,408)
Tax Impact	(10,941,041)	25,520
	6,672,500	(836,480)
Total comprehensive income for the period	11,202,487	150,014,397

The annexed notes from 1 to 29 form an integral part of these financial statements.

PRESIDENT / CHIEF EXECUTIVE

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U MICROFINANCE BANK LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2020

	Capital reserve		Revenue reserve		Total
	Share capital	Discount on issue of share capital	Statutory reserve	Depositors' protection fund	
Balance as at December 31, 2018 (Audited)	2,285,714,290	(25,714,290)	178,914,625	44,728,656	324,888,330
Profit for the year ended December 31, 2019	-	-	-	-	253,648,201
Other Comprehensive Income	-	-	-	-	(2,538,438)
Transfer to:					251,109,763
Statutory reserve	-	-	50,729,640	-	(50,729,640)
Depositors' Protection Fund	-	-	-	12,682,410	(12,682,410)
Issue of ordinary shares	-	-	-	-	-
Balance as at December 31, 2019 (Audited)	2,285,714,290	(25,714,290)	229,644,265	57,411,066	512,586,043
Statutory reserve	-	-	-	-	-
Depositors' Protection Fund	-	-	-	-	-
Profit for the period ended March 31, 2020	-	-	-	-	4,529,986
Other Comprehensive Income	-	-	-	-	-
Balance as at March 31, 2020 (Un-Audited)	2,285,714,290	(25,714,290)	229,644,265	57,411,066	517,116,030
					3,064,171,361

The annexed notes from 1 to 29 form an integral part of these financial statements.

PRESIDENT / CHIEF EXECUTIVE

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DIRECTOR

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U MICROFINANCE BANK LIMITED
CONDENSED INTERIM STATEMENT OF CASHFLOW (UN-AUDITED)
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2020

Note	March 31, 2020 Rupees	March 31, 2019 Rupees
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	5,160,723	196,343,695
Less: Dividend income	-	-
Adjustments for non-cash charges		
Depreciation	77,209,146	32,737,367
Amortization	6,511,423	5,525,168
Provisions against non-performing advances	440,121,317	141,719,187
Advances written off against provision	(303,806,116)	(81,117,523)
Provision for gratuity	9,006,775	7,063,325
Operating fixed assets written off	-	-
Gain on sale of fixed assets	-	-
Finance charges on leased assets	477,566	537,684
	229,520,111	106,465,208
	234,680,834	302,808,903
(Increase)/ decrease in operating assets		
Advances	(1,395,026,222)	(1,942,187,875)
Other assets (excluding advance taxation)	(455,439,513)	(750,647,700)
Increase/ (decrease) in operating liabilities		
Bills payables	-	-
Deposits and other accounts	(556,748,293)	1,264,247,631
Other liabilities (excluding current tax, finance lease and provision for gratuity)	186,992,976	224,906,775
	(2,220,221,053)	(1,203,681,169)
	(1,985,540,219)	(900,872,266)
Cash generated from / (used in) operations		
Gratuity paid	(4,338,074)	-
Income taxes paid	(28,170,140)	(20,351,518)
Net cash generated used in operating activities	(2,018,048,433)	(921,223,784)
CASH FLOW FROM INVESTING ACTIVITIES		
Net investments in available for sale securities - Government securities	2,295,214,493	(9,745,466)
Net investments in term deposits receipts	-	-
Investments in operating fixed assets	(82,022,933)	(85,497,090)
Net cash (Outflows)/ inflow from investing Activities	2,213,191,559	(95,242,556)
CASH FLOW FROM FINANCING ACTIVITIES		
Borrowings obtained/(repaid) during the period	1,049,083,333	50,000,000
Dividend paid	-	-
Lending to Financial Institutions	(250,000,000)	-
Payments of lease obligations	(1,823,533)	(791,908)
Issuance of shares	-	-
Net cash inflow from financing activates	797,259,800	49,208,092
Net Increase/ (decrease) in cash and cash equivalents	992,402,926	(967,258,248)
Cash and cash equivalents at beginning of the period	4,737,031,876	12,484,697,832
Cash and cash equivalents at the end of period	5,729,434,802	11,517,439,585

The annexed notes from 1 to 29 form an integral part of these financial statements.

PRESIDENT / CHIEF EXECUTIVE

CHAIRMAN

DIRECTOR

DIRECTOR

U Microfinance Bank Limited
Notes to the Condensed Interim Financial Statements (Un-audited)
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2020

1 STATUS AND NATURE OF BUSINESS

On 30 August 2012, Pakistan Telecommunication Company Limited (PTCL) acquired 100% shareholding of Rozgar Microfinance Bank Limited, incorporated in Karachi on 29 October 2003 under the repealed Companies Ordinance, 1984 (now Companies Act, 2017), and its name was changed to U Microfinance Bank Limited (the Bank) with effect from 07 December 2012. On 31 January 2013, the Bank was granted license by State Bank of Pakistan (SBP) for commencement of nationwide microfinance banking operations.

On 11 July 2013, approval for the nationwide commercial launch of Branchless Banking Services (BBS) was received from SBP. The Bank commenced commercial operations of BBS on 23 July 2013.

The Bank's principle business is to assist in stimulating progress, prosperity and social piece in society through creation of income generating opportunities for the small entrepreneur under the Microfinance Institutions Ordinance, 2001. The Bank also provides branchless banking services. The Bank's head office and the principal place of business is located at Jinnah Super Market, F-7 Islamabad Pakistan.

2. BASIS OF PRESENTATION

- 2.1** Condensed interim financial information has been prepared in accordance with the directives issued by SBP, the requirements of the Microfinance Institutions Ordinance 2001 (the IMF Ordinance), the Companies Act, 2017 (the Companies Act), the International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) and the Interpretation issued by the Standards Interpretation Committee of IASB as adopted in Pakistan. In case where provisions of directives issued by the SBP, the MFI Ordinance and the Companies Ordinance differ with the requirements of these standards, such provisions of SBP directives, the MFI ordinance and the companies' ordinance shall take precedence.

SBP vide BSD Circular no. 10 dated August 26, 2002 has deferred the applicability of International Accounting Standard 39, "Financial instruments: Recognition and Measurement" and International Accounting Standard 40, till further instructions. Accordingly, the requirements of these standards have not been considered in the preparation of these financial statements. However, investments have been measured in accordance with the requirements of SBP BSD Circular no. 11 dated December 30, 2003 and prudential Regulations for Microfinance banks (the Regulations). Further, the SECP vide its S.R.O No. 411(I) / 2008 dated April 28, 2008 has deferred the applicability of International Financial Reporting Standards (IFRS) 7 'Financial Instruments' till further orders, which is applicable for annual years beginning on or after July 1, 2009.

- 2.2** The disclosures in this condensed interim financial information do not include that reported for full audited annual financial statements and should therefore be read in conjunction with the audited annual financial statements for the year ended December 31, 2019. Comparative statement of financial position is extracted from the audited annual financial statements as of December 31, 2019, whereas comparative condensed statement of profit and loss account, condensed interim statement of other comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity are stated from unaudited condensed interim financial information for the Three months period ended March 31, 2019.

3. SIGNIFICANT ACCOUNTING POLICIES AND FINANCIAL RISK MANAGEMENT

3.1 The accounting policies, significant judgments made in the application of accounting policies, key sources of estimations, the methods of computation adopted in preparation of this condensed interim financial information and financial risk management are the same as those applied in preparation of audited annual financial statements for the year ended December 31, 2019 .

3.2 The financial risk management objectives and policies adopted by the bank are consistent with those disclosed in the annual financial statements.

	Note	(Un-audited) March 31, 2020 Rupees	(Audited) December 31, 2019 Rupees
4. CASH AND BALANCES WITH SBP AND NBP			
Cash in hand		760,194,015	618,822,600
Local currency			
Balances with State Bank of Pakistan (SBP)		1,070,646,288	1,097,601,624
Local currency current accounts			
Balances with National Bank of Pakistan (NBP)		776,186	781,186
Local currency current accounts			
		<u>1,831,616,489</u>	<u>1,717,205,410</u>

	Note	(Un-audited) March 31, 2020 Rupees	(Audited) December 31, 2019 Rupees
5. BALANCES WITH OTHER BANKS/ NBFIs/ MFBs			
In Pakistan - Local currency			
Current accounts	5.1	10,603,475	10,341,102
Deposit accounts	5.2	3,887,214,837	909,485,364
Term deposit receipts		-	2,100,000,000
		<u>3,897,818,313</u>	<u>3,019,826,466</u>

5.1 This includes Rs. 9,600,000 (2019: Rs. 9,600,000) held as deposit under lien in respect of standby letter of guarantee issued to China Union Pay International.

5.2 Deposit accounts carried interest at rates ranging from 10% to 14.50% (2019: 5.25% to 14.19%) per annum.

		(Un-audited) March 31, 2020 Rupees	(Audited) December 31, 2019 Rupees
6. Lending to Financial Institution			
Call Money Lending		250,000,000	-
		<u>250,000,000</u>	<u>-</u>

6.1 This represent lending to MCB at the rate of 10.50% per annum (2019:NIL) maturing on 01-April-2020.

		March 31, 2020 Rupees	December 31, 2019 Rupees
7. INVESTMENTS			
Available for Sale			
Pakistan Investment Bonds (PIBs)		-	-
Market Treasury Bills (T-Bills)		4,675,100,825	6,979,866,348
Unrealised loss on revaluation of investments		(776,650)	(10,327,680)
Add: Interest Receivable		-	-
		<u>4,674,324,175</u>	<u>6,969,538,668</u>

8 ADVANCES - NET OF PROVISIONS

Loan type	(Un-audited)		(Audited)	
	March 31, 2020		December 31, 2019	
	Number of loans outstanding	Amount outstanding Rupees	Number of loans outstanding	Amount outstanding Rupees
Micro credit				
Secured	55,740	6,502,420,147	51,414	5,660,089,977
Unsecured	264,298	16,774,912,630	262,650	16,222,216,578
	320,038	23,277,332,777	314,064	21,882,306,555
Provisions held				
Specific provision		18,697	15,141	(353,264,391)
General provision	8.1	(159,179,191)		(154,962,899)
		(644,542,490)		(508,227,290)
Advances - net of provisions		22,632,790,287		21,374,079,265

8.1 General provision is maintained at the rate of 1% (2019: 1%) of unsecured micro credit balance net of specific provision in accordance with the Regulations.

8.2 Particulars of non-performing advances

Category of classification	Provision rate	March 31, 2020		December 31, 2019	
		Amount outstanding	Provisions required	Amount outstanding	Provisions required
OAEM	-	67,232,441	-	291,695,211	-
Sub-standard	25%	129,810,314	32,034,251	172,226,413	43,020,028
Doubtful	50%	706,517,269	353,125,343	246,460,972	123,008,806
Loss	100%	100,203,705	100,203,705	187,452,157	187,235,557
		1,003,763,728	485,363,299	897,834,753	353,264,391

Rupees

8.3 Particulars of provisions against non-performing advances

	(Un-audited) March 31, 2020		(Audited) December 31, 2019	
	Specific	General	Total	
	Rupees			
Balance at beginning of the period/ year	353,264,391	154,962,899	508,227,290	72,258,960
Provision charge for the period/ year	435,905,024	4,216,292	440,121,316	816,639,880
Reversals	-	-	-	(535,634,449)
Advances written off against provision	(303,806,116)	-	(303,806,116)	-
Balance at end of the period/ year	485,363,299	159,179,191	644,542,490	353,264,391
				154,962,899
				508,227,290

9 OPERATING FIXED ASSETS

Capital work-in-progress
Property and equipment
Intangible assets
Right of use Asset (ROU)

Note (Un-audited)
March 31, 2020
Rupees (Audited)
December 31, 2019
Rupees

9.1 Capital work-in-progress

Advances to suppliers/ contractors
Leasehold improvements

9.1	82,745,236	67,245,962
9.3	1,460,165,886	1,508,798,675
9.4	168,174,448	136,738,568
9.2	1,330,880,953	1,391,738,759
	3,041,966,523	3,104,521,964

26,487,378	29,663,568
56,257,858	37,582,994
82,745,236	67,245,962

9.2 Right of use Asset (ROU)

Right of use Asset (ROU)
Accumulated Amortization-ROU assets

1,511,369,627	1,520,831,760
(180,488,674)	(129,093,001)
1,330,880,953	1,391,738,759

9.3 Property and equipment

March 31, 2020

As at January 1, 2020	Cost		Depreciation		Book value as at March 31, 2020	Rate of depreciation % (per annum)
	Addition	Deletion	As at March 31, 2020	As at January 1, 2020	Charge for the period	

Rupees

Assets Subject to Finance Lease

Vehicle

46,553,028

-

(3,293,503)

43,259,525

8,949,956

1,956,389

(366,335)

10,540,010

32,719,515

20.00%

Owned Assets

Furniture and fixture

188,359,184

6,955,917

-

195,315,101

41,799,387

5,205,783

-

47,005,170

148,309,931

10.00%

Computers

200,257,510

82,115,706

-

282,373,216

139,307,999

29,483,998

-

168,791,997

113,581,219

33.33%

Electrical equipment

1,105,358,505

(69,931,717)

-

1,035,426,788

209,931,259

31,334,167

-

241,265,426

794,161,362

20.00%

Vehicle

31,597,740

-

-

31,597,740

21,525,721

1,126,178

-

22,651,899

8,945,841

20.00%

Office improvement

454,119,198

12,363,618

-

466,482,816

95,932,168

8,102,631

-

104,034,799

362,448,017

10.00%

2,026,245,165	31,503,524	(3,293,503)	2,054,455,186	517,446,490	77,209,146	(366,335)	594,289,301	1,460,165,886
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December 31, 2019

As at January 1, 2019	Cost		Depreciation		Book value as at December 31, 2018	Rate of depreciation % (per annum)
	Additions	Deletion	As at December 31, 2019	As at January 1, 2019	Charge for the year	

Rupees

Vehicle

26,362,716

20,190,312

-

46,553,028

1,026,858

7,923,098

-

8,949,956

37,603,072

Furniture and fixture

137,162,430

51,196,754

-

188,359,184

25,072,232

16,727,155

-

41,799,387

146,559,797

10.00%

Computers

140,503,548

60,939,837

(1,185,875)

200,257,510

107,282,294

33,211,580

(1,185,875)

139,307,999

60,949,511

33.33%

Electrical equipment

306,699,356

798,659,149

-

1,105,358,505

106,812,632

103,118,627

-

209,931,259

895,427,246

20.00%

Vehicle

27,153,042

4,444,698

-

31,597,740

17,519,373

4,006,348

-

21,525,721

10,072,019

20.00%

Office improvement

280,045,330

174,073,868

-

454,119,198

64,626,411

31,305,757

-

95,932,168

358,187,030

10.00%

917,926,422	1,109,504,618	(1,185,875)	2,026,245,165	322,339,800	196,292,565	(1,185,875)	517,446,490	1,508,798,675
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		(Un-audited) March 31, 2020 Rupees	(Audited) December 31, 2019 Rupees
10. OTHER ASSETS			
Income/ mark-up accrued		3,338,657,854	3,016,072,476
Advances, deposits and other prepayments		243,300,537	152,669,104
Advance taxation (payments less provisions)		8,413,973	19,183,051
Inventory of ATM cards & Stationery		8,414,444	8,472,151
Advance to employees		37,029,197	38,280,632
Receivable from SBP	10.1	561,978,213	497,710,786
Insurance claims receivable		82,978,517	78,298,383
Others		5,329,204	17,990,872
		<u>4,286,101,939</u>	<u>3,828,677,455</u>

10.1 This represents the amount receivable from SBP in respect of insurance premium paid by Ubank for livestock and crop loans under AC&MFD circular no. 01 of 2013 dated November 01, 2013.

		(Un-audited) March 31, 2020 Rupees	(Audited) December 31, 2019 Rupees
11. DEFFERED TAX ASSET			
Deductable temporary differences arising in respect of			
Provision against advances		186,917,322	147,385,914
Deficit on revaluation of available for sale securities		-	1,549,152
Remeasurements of employees' retirement benefits		3,259,061	3,259,061
Lease finance facilities		<u>36,891,716</u>	<u>34,200,832</u>
		227,068,099	186,394,959
Taxable temporary differences arising in respect of			
Accelerated tax depreciation / amortization		(112,054,340)	(97,299,842)
Surplus on revaluation of available for sale securities		(1,329,377)	-
Treasury Bills		<u>(1,899,900)</u>	<u>(12,740,588)</u>
		<u>111,784,482</u>	<u>76,354,529</u>

	(Un-audited) March 31, 2020		(Audited) December 31, 2019	
	Number of accounts	Rupees	Number of accounts	Rupees
12. DEPOSITS				
Fixed deposits	2,681	14,525,337,373	2,678	14,836,423,300
Saving deposits	13,033	6,453,495,130	12,652	6,071,321,337
Current deposits	922,763	1,754,678,675	824,179	2,382,514,834
	<u>938,477</u>	<u>22,733,511,178</u>	<u>839,509</u>	<u>23,290,259,470</u>

	Note	(Un-audited) March 31, 2020	(Audited) December 31, 2019
13. BOROWINGS			
Borrowings from Banks/Financial Institutions in Pakistan			
Borrowings from Allied Bank Ltd	13.1	500,000,000	750,000,000
Borrowings from Faysal Bank Ltd	13.2	666,666,666	833,333,333
Loan Allied Bank Ltd-2	13.3	2,000,000,000	2,000,000,000
NBP-Running Finance	13.4	500,000,000	500,000,000
Loan Faysal Bank Ltd-2	13.5	999,998,000	999,998,000
Bank of Punjab	13.6	100,000,000	150,000,000
State Bank of Pakistan (LOC)	13.7	1,500,000,000	1,500,000,000
Repo Borrowing	13.8	1,365,750,000	-
Call Borrowing - BOP	13.9	150,000,000	-
		<u>7,782,414,666</u>	<u>6,733,331,333</u>

13.1 This represents outstanding balance of term finance facility under syndicate financing through Allied Bank Limited of Rs. 1,500 million carrying markup of 6-months KIBOR plus 1.10% (2019: 6-month KIBOR plus 1.10%) per annum payable semi-annually. This facility is secured against first pari passu charge over all present and future assets of the Bank with 25% margin. This loan is repayable in 6 equal semi-annual instalments of Rs. 250 million each. Repayments have started from September 2018. In accordance with the agreement entered into with the Allied Bank Limited, the Bank was required to maintain certain ratios which exceeded the required threshold as at year end.

13.2 This represents term finance loan of Rs. 1 billion, carrying markup of 6-months KIBOR plus 1% (2019: 6-Months KIBOR plus 1%) per annum payable semi-annually. This loan is secured against first pari passu charge on book debts, advances and receivable of the Bank with 25% margin and Microfinance Credit Guarantee Facility from State Bank of Pakistan at 25%. This loan is repayable in 6 equal semi-annual instalments of Rs. 166.67 million each. Repayments have started from August 2019.

13.3 This represents term finance facility under syndicate financing through Allied Bank Limited of Rs. 2 billion carrying markup of 6-months KIBOR plus 0.95% (2019: 6-Months KIBOR plus 0.95%) per annum payable semi-annually in arrears. This is secured against first pari passu charge over all present and future assets excluding land and building of the Bank but not limited to advances and investments beyond CRR and SLR requirements of the Bank with 25% margin. Disbursement was initially made against a ranking charge which was upgraded to 1st pari passu within 120 days of first disbursement. This loan is repayable in 06 equal semi-annual instalments with the first principal repayment falling due on eighteenth (18th) month from the first disbursement date. The loan was drawn on 31 December 2018. In accordance with the agreement entered into with the Allied Bank Limited, the Bank was required to maintain certain ratios which exceeded the required threshold as at year end.

13.4 This represents utilized amount of running finance facility from National Bank of Pakistan Limited of Rs. 500 million carrying markup of 3-months KIBOR plus 0.75% (2019: 3-Months KIBOR plus 0.75%) per annum. This is secured against first pari passu charge on all current and future book debts, advances and receivable of the Bank. The initial disbursement was made against ranking charge which was upgraded to first pari passu charge within 120 days from date of disbursement. Markup is repayable on quarterly basis.

13.5 This represents term finance loan of Rs. 1 billion carrying markup of 6-months KIBOR plus 0.75% (2019: 6-Months KIBOR plus 0.75%) per annum. This loan is secured against first pari passu charge on book debts, advances and receivables of the Bank for Rs. 1,333 million (25% margin). Initial disbursement on ranking charge will be upgraded to first pari passu within 90 days from the date of offer letter dated 21 December 2018. This loan is repayable in 6 semi-annual instalments of Rs. 166.66 million each, after a grace period of 01 year with notional principal payment of Rs. 1,000 within first two semi-annual markup payments.

13.6 This represents utilized amount of term finance loan of Rs. 200 million carrying markup of 6-months KIBOR plus 0.85% per annum (2018: Nil). This loan is secured against first pari passu charge on book debts, advances and receivables of the Bank for Rs. 266.67 million (25% margin). This loan is repayable in 4 semi-annual instalments of Rs. 50 million each, after grace period of 06 months. The loan was disbursed on 12 March 2019.

13.7 This represents unsecured term finance loan of Rs. 1,500 million carrying markup of 6-months KIBOR minus 100 bps for the tenor of five years. Mark-up amount is payable on every half year end i.e. 30 June and 31 December, while payment of principal will be made in the last four quarters of the loan period or in bullet form. The loan is provided against the following target set by SBP:

- the loan should be disbursed to 60% female borrowers
- the Bank should disburse 25,000 loans; and
- all loans disbursed should meet the E&S guideline issued by SBP.

13.8 This represent Repo Borrowing with National Bank of Pakistan and Bank of punjab at the rate of 11.20% and 11.30% respectively with the tenor of six months and security of T-bills, Borrowing matured at 03-April-2020. Face value of the both the borrowing is 500M with the net receivable of 455M.

13.9 This represent Repo Borrowing with Bank of Punjab at the rate of 12% , Borrowing matured at 01-April-2020. Face value of the borrowing is 150M.

	Note	(Un-audited) March 31, 2020	(Audited) December 31, 2019
14. SUBORDINATED DEBT			
Term Finance Certificates	14.1	599,400,000	599,400,000
Subordinated loan PTCL	14.2	4,000,000,000	4,000,000,000
		<u>4,599,400,000</u>	<u>4,599,400,000</u>

14.1 This represents term finance certificates (TFCs) of Rs. 600 million distributed in 120,000 TFCs of Rs. 5,000 each issued as subordinated loan in June 2017. The loan is availed as TIER-II subordinated debt for inclusion in the Bank's Supplementary Capital. The facility tenure is 7 years and is priced at 6 Month KIBOR + 3.50% (2019: 6 Month KIBOR + 3.50%). The instrument is structured to redeem 0.02% of principal, semi-annually, over the first 60 months and remaining principal of 24.95% each of the issue amount respectively, in four equal instalments starting from 66th month. The TFCs are subordinated as to the payment of principal and profit to all other indebtedness of the Bank. The rating of these certificates issued by JCR-VIS is A- with an stable outlook.

14.2 This represents unsecured, subordinated debt from PTCL, the Parent Company. The facility tenure is 7 years with grace period of 5 years and is priced at 3 Month KIBOR + 2% (2019: 3 Month KIBOR + 2%) per annum. The loan is availed as TIER-II subordinated debt for inclusion in the Bank's Supplementary Capital. Loan is structured to redeem in four equal semi-annual instalments starting from June 2024. The debt will be unsecured, subordinated as to the payment of principle and profit to all other indebtedness of the Bank, including deposit and it is not redeemable before maturity without prior approval of the SBP.

	Note	(Un-audited) March 31, 2020 Rupees	(Audited) December 31, 2019 Rupees
15. OTHER LIABILITIES			
Mark-up / return / interest payable		764,751,273	491,831,224
Accrued expenses		180,879,906	301,681,149
Payable to Utility Companies for utility bills collection		37,946,011	11,512,274
Payable to Pak Telecom Mobile Limited (PTML), an associated company		122,196,431	63,427,705
Uncollected remittances		60,690,395	62,260,334
Payable to defined contribution plan - provident fund		11,433,174	3,517,822
Payable to staff retirement benefit - gratuity		5,904,503	1,235,802
Lease Liability		1,291,955,957	1,350,956,711
Bills payable		59,436,374	70,834,204
Others		7,602,740	26,642,836
Workers' Welfare Fund		6,214,266	32,450,046
		<u>2,549,011,031</u>	<u>2,416,350,108</u>