

U MICROFINANCE BANK LIMITED
CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE PERIOD
January 01,2019
to
March 31,2019

U MICROFINANCE BANK LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)
As at 31 MARCH 2019

	Note	(Un-audited) March 31, 2019 Rupees	(Audited) Decemeber 31, 2018 Rupees
ASSETS			
Cash and balances with SBP and NBP	4	1,395,072,006	1,457,386,758
Balances with other Banks/ NBFIs/ MFBs	5	10,122,367,579	11,027,311,074
Investments - net of provisions	6	1,976,627,539	1,967,824,071
Advances - net of provisions	7	18,901,424,367	17,019,838,156
Operating fixed assets	8	801,734,460	754,499,905
Other assets	9	3,248,913,804	2,523,062,846
Deferred tax asset	10	58,552,955	41,654,400
Total Assets		36,504,692,709	34,791,577,210
LIABILITIES			
Deposits and other accounts	11	21,799,018,026	20,534,770,395
Borrowings	12	6,060,000,000	6,010,000,000
Subordinated Debt	13	4,599,640,000	4,599,640,000
Other liabilities	14	1,087,517,873	838,664,403
Total Liabilities		33,546,175,900	31,983,074,798
NET ASSETS		2,958,516,809	2,808,502,412
REPRESENTED BY:			
Share capital	15	2,285,714,290	2,285,714,290
Discount on issue of share capital		(25,714,290)	(25,714,290)
Advance against issue of shares		-	-
Accumulated Profit		475,739,207	324,888,330
Share capital		2,735,739,207	2,584,888,330
Statutory and other reserve		223,643,281	223,643,281
Deficit on revaluation of assets		(865,679)	(29,199)
Total Capital		2,958,516,809	2,808,502,412
MEMORANDUM / OFF BALANCE SHEET ITEMS	16		

The annexed notes from 1 to 22 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 2019

	Note	Period Ended	
		March 31, 2019 Rupees	March 31, 2018 Rupees
Mark-up/ return/ interest earned	17	1,644,464,443	938,902,300
Mark-up/ return/ interest expensed	18	(865,491,576)	(344,749,845)
Net mark-up/ interest income		<u>778,972,867</u>	<u>594,152,455</u>
Provision against non-performing advances	7.3	(141,719,187)	(36,044,694)
Net mark-up/ interest income after provisions		<u>637,253,680</u>	<u>558,107,761</u>
NON MARK-UP/ NON INTEREST INCOME			
Fee commission & brokerage income	19	195,541,726	126,379,131
(Loss) / Gain on Sale of AFS Investments		(119,408)	-
Other income	20	1,548,257	2,508,316
		<u>196,970,575</u>	<u>128,887,447</u>
		<u>834,224,255</u>	<u>686,995,208</u>
NON MARK-UP/ NON INTEREST EXPENSES			
Salaries & Benefits		334,302,935	255,921,958
Administrative expenses		299,570,611	220,043,380
		<u>633,873,546</u>	<u>475,965,338</u>
PROFIT BEFORE TAXATION & WWF			
		<u>200,350,709</u>	<u>211,029,870</u>
Workers Welfare Fund		(4,007,014)	(4,220,597)
PROFIT BEFORE TAXATION		<u>196,343,695</u>	<u>206,809,273</u>
TAXATION			
Current		(60,852,668)	(69,720,410)
Prior years		(1,513,184)	-
Deferred		16,873,034	6,929,031
		<u>(45,492,818)</u>	<u>(62,791,379)</u>
PROFIT AFTER TAXATION		<u>150,850,877</u>	<u>144,017,894</u>
EARNINGS PER SHARE		<u>0.66</u>	<u>1.00</u>

The annexed notes from 1 to 22 form an integral part of these financial statements.

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CHAIRMAN

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U MICROFINANCE BANK LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2019

	March 31, 2019	March 31, 2018
	Rupees	Rupees
Profit for the period	150,850,877	144,017,894
Other comprehensive income/(loss) for period		
Items that may be subsequently reclassified to profit and loss:		
Deficit on revaluation of available for sale investments	(981,408)	(187,678)
Loss/(Gain) on revaluation of assets transferred to profit and loss	119,408	45,616
Tax Impact	25,520	42,619
	(836,480)	(99,443)
Total comprehensive income for the period	<u>150,014,397</u>	<u>143,918,451</u>

The annexed notes from 1 to 22 form an integral part of these financial statements.

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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 2019

	Share capital	Discount on issue of share capital	Statutory and other reserves		Accumulated Profit	Total
			Statutory reserve	Depositors' protection fund		
-----Rupees-----						
Balance as at December 31, 2017(Audited)	1,285,714,290	(25,714,290)	69,503,178	17,375,794	32,149,466	1,379,028,438
Profit for the year ended December 31, 2018	-	-	-	-	547,057,236	547,057,236
Other Comprehensive Income	-	-	-	-	(3,268,348)	(3,268,348)
	-	-	-	-	543,788,888	543,788,888
Transfer to:						-
Statutory reserve	-	-	109,411,447	-	(109,411,447)	-
Depositors' Protection Fund	-	-	-	27,352,862	(27,352,862)	-
Interim cash dividend at 50 paisa per share Issue of ordinary shares	1,000,000,000				(114,285,715)	1,000,000,000
						-
Balance as at December 31, 2018 (Audited)	2,285,714,290	(25,714,290)	178,914,625	44,728,656	324,888,330	2,808,531,611
Statutory reserve			-	-		
Profit for the period ended March 31, 2019	-	-	-	-	150,850,877	150,850,877
Other Comprehensive Income					-	-
Balance as at March 31, 2019 (Un-Audited)	2,285,714,290	(25,714,290)	178,914,625	44,728,656	475,739,207	2,959,382,488

The annexed notes from 1 to 22 form an integral part of these financial statements.

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U MICROFINANCE BANK LIMITED
CONDENSED INTERIM STATEMENT OF CASHFLOW (UN-AUDITED)
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2019

Note	March 31, 2019 Rupees	March 31, 2018 Rupees
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	196,343,695	206,809,273
Less: Dividend income		
Adjustments for non-cash charges		
Depreciation	32,737,367	21,228,740
Amortization	5,525,168	4,079,024
Provisions against non-performing advances	141,719,187	36,044,694
Advances written off against provision	(81,117,523)	(9,928,487)
Provision for gratuity	7,063,325	3,648,420
Gain on sale of fixed assets	-	-
Finance charges on leased assets	537,684	-
	106,465,208	55,072,391
	302,808,903	261,881,664
Increase in operating assets		
Advances	(1,942,187,875)	(1,826,706,452)
Other assets (excluding advance taxation)	(750,647,700)	(433,610,542)
Increase in operating liabilities		
Bills payables	59,956,484	
Deposits and other accounts	1,264,247,631	407,762,932
Other liabilities (excluding current tax, bills payable finance lease and provision for gratuity)	164,950,291	468,791,768
	(1,203,681,169)	(1,383,762,294)
Net cash generated from / (used in) operations	(900,872,265)	(1,121,880,630)
Payments against provisions held against off-balance sheet obligations		
Gratuity paid	-	(5,667,336)
Income taxes paid	(20,351,518)	(12,694,594)
Net cash generated/ (used in) from operating activities	(921,223,784)	(1,140,242,560)
CASH FLOW FROM INVESTING ACTIVITIES		
Net investments in available for sale securities - Government securities	(9,745,466)	792,961,431
Net investments in term deposits receipts	-	(1,000,000,000)
Investments in operating fixed assets	(85,497,090)	(117,488,645)
Sale proceeds of property and equipment disposed-off	-	-
Net cash used in investing activities	(95,242,556)	(324,527,214)
CASH FLOW FROM FINANCING ACTIVITIES		
Receipts of subordinated loan	-	
Payments of subordinated loan	-	
Borrowings obtained during the period	300,000,000	957,365,357
Borrowings repaid during the period	(250,000,000)	
Payments of lease obligations	(791,908)	
Issuance of shares	-	1,000,000,000
Dividend paid	-	
Net increase / (decrease) in cash and cash equivalents	49,208,092	1,957,365,357
Net Increase/ (decrease) in cash and cash equivalents	(967,258,248)	492,595,583
Cash and cash equivalents at beginning of the period	12,484,697,832	1,359,051,938
Cash and cash equivalents at the end of period	11,517,439,585	1,851,647,521

The annexed notes from 1 to 22 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 2019

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, 2018. Comparative statement of financial position is extracted from the audited annual financial statements as of December 31, 2018, 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, 2018.

3. SIGNIFICANT ACCOUNTING POLICIES AND FINANCIAL RISK MANAGEMENT

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, 2018.

- 3.1 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, 2019 Rupees	(Audited) December 31, 2018 Rupees
4. CASH AND BALANCES WITH SBP AND NBP			
Cash in hand			
Local currency		449,191,807	552,351,271
Balances with State Bank of Pakistan (SBP)			
Local currency current accounts		945,105,351	904,260,639
Balances with National Bank of Pakistan (NBP)			
Local currency current accounts		774,848	774,848
		1,395,072,006	1,457,386,758

	Note	(Un-audited) March 31, 2019 Rupees	(Audited) December 31, 2018 Rupees
5. BALANCES WITH OTHER BANKS/ NBFIs/ MFBs			
In Pakistan - Local currency			
Current accounts	5.1	12,631,876	14,847,356
Deposit accounts	5.2	909,735,703	1,112,463,718
Term deposit receipts	5.3	9,200,000,000	9,900,000,000
		10,122,367,579	11,027,311,074

- 5.1 This includes Rs. 7,425,000 (2018: Rs. 7,425,000) 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 6% to 12.50% (2018: 5.5% to 12.15%) per annum.

- 5.3 Term Deposit Receipts (TDR) carries markup at rate ranging between 10.75% to 13% (2018: 10.75% to 13%) per annum with maturities upto 1 year.

		(Un-audited) March 31, 2019 Rupees	(Audited) December 31, 2018 Rupees
6. INVESTMENTS			
Available for Sale			
Market Treasury Bills (T-Bills)		1,977,529,538	1,967,864,070
Unrealised loss on revaluation of investments		(901,999)	(39,999)
		1,976,627,539	1,967,824,071

7 ADVANCES - NET OF PROVISIONS

Loan type	(Un-audited) March 31, 2019		(Audited) December 31, 2018	
	Number of loans outstanding	Amount outstanding Rupees	Number of loans outstanding	Amount outstanding Rupees
Micro credit				
Secured	35,412	3,356,330,411	34,407	3,206,985,277
Unsecured	276,254	15,811,101,123	252,913	14,018,258,382
	<u>311,666</u>	<u>19,167,431,534</u>	<u>287,320</u>	<u>17,225,243,659</u>
Provisions held				
Specific provision	8,134	(111,306,776)	7,044	(72,258,960)
General provision	7.1	(154,700,391)		(133,146,543)
		<u>(266,007,167)</u>		<u>(205,405,503)</u>
Advances - net of provisions		<u>18,901,424,367</u>		<u>17,019,838,156</u>

7.1 General provision is maintained at the rate of 1% (2018: 1%) of unsecured micro credit balance net of specific provision in accordance with the Regulations.

7.2 Particulars of non-performing advances

Category of classification	Provision rate	March 31, 2019			December 31, 2018		
		Amount outstanding	Provisions required	Provisions held	Amount outstanding	Provisions required	Provisions held
-----Rupees-----							
OAEM	-	124,762,650	-	-	64,818,836	-	-
Sub-standard	25%	75,428,556	18,570,016	18,570,016	37,405,717	8,841,473	8,841,473
Doubtful	50%	144,325,453	68,785,800	68,785,800	83,508,303	34,432,574	34,432,574
Loss	100%	26,680,760	23,950,960	23,950,960	32,193,038	28,984,913	28,984,913
		<u>371,197,421</u>	<u>111,306,776</u>	<u>111,306,776</u>	<u>217,925,894</u>	<u>72,258,960</u>	<u>72,258,960</u>

7.3 Particulars of provisions against non-performing advances

	(Un-audited) March 31, 2019			(Audited) December 31, 2018		
	Specific	General	Total	Specific	General	Total
	-----Rupees-----					
Balance at beginning of the period/ year	72,258,960	133,146,543	205,405,503	13,607,599	80,747,183	94,354,782
Provision charge for the period/ year	120,165,339	21,553,848	141,719,187	207,314,443	52,399,360	259,713,803
Reversals	-	-	-	-	-	-
Advances written off against provision	(81,117,523)	-	(81,117,523)	(148,663,082)	-	(148,663,082)
Balance at end of the period/ year	<u>111,306,776</u>	<u>154,700,391</u>	<u>266,007,167</u>	<u>72,258,960</u>	<u>133,146,543</u>	<u>205,405,503</u>

	Note	(Un-audited) March 31, 2019 Rupees	(Audited) December 31, 2018 Rupees
8 OPERATING FIXED ASSETS			
Capital work-in-progress	8.1	97,226,756	49,912,875
Property and equipment	8.2	595,618,519	595,586,622
Intangible assets	8.3	108,889,185	109,000,408
		<u>801,734,460</u>	<u>754,499,905</u>
8.1 Capital work-in-progress			
Advances to suppliers/ contractors		32,529,154	40,288,098
Leasehold improvements		64,697,602	9,624,777
		<u>97,226,756</u>	<u>49,912,875</u>

8.2 Property and equipment

March 31, 2019										
	Cost			Depreciation				Book value as at March	Rate of depreciation	
	As at January 1, 2019	Addition	Deletion	As at March 31, 2019	As at January 1, 2019	Charge for the period	deletions	As at March 31, 2019	31, 2019	% (per annum)
-----Rupees-----										
Assets Subject to Finance Lease										
Vehicle	26,362,716	-	-	26,362,716	1,026,858	1,318,136	-	2,344,994	24,017,722	20.00%
Owned Assets										
Furniture and fixture	137,162,430	1,543,357	-	138,705,787	25,072,232	3,472,123	-	28,544,355	110,161,432	10.00%
Computers	140,503,548	2,939,450	-	143,442,998	107,282,294	5,189,703	-	112,471,997	30,971,001	33.33%
Electrical equipment	306,699,356	17,229,414	-	323,928,770	106,812,632	15,189,338	-	122,001,970	201,926,800	20.00%
Vehicle	27,153,042	-	-	27,153,042	17,519,373	903,943	-	18,423,316	8,729,726	20.00%
Office improvement	280,045,330	11,057,043	-	291,102,373	64,626,411	6,664,124	-	71,290,535	219,811,838	10.00%
	<u>917,926,422</u>	<u>32,769,264</u>	<u>-</u>	<u>950,695,686</u>	<u>322,339,800</u>	<u>32,737,367</u>	<u>-</u>	<u>355,077,167</u>	<u>595,618,519</u>	

December 31, 2018										
	Cost			Depreciation				Book value as at	Rate of depreciation	
	As at January 1, 2018	Additions	Deletion	As at December 31, 2018	As at January 1, 2018	Charge for the year	deletions	As at December 31, 2018	December 31, 2018	% (per annum)
-----Rupees-----										
Vehicle	-	26,362,716	-	26,362,716	-	1,026,858	-	1,026,858	25,335,858	
Furniture and fixture	82,190,913	54,971,517	-	137,162,430	13,531,938	11,540,294	-	25,072,232	112,090,198	10.00%
Computers	113,884,301	29,068,629	(2,449,382)	140,503,548	92,651,956	17,079,720	(2,449,382)	107,282,294	33,221,254	33.33%
Electrical equipment	154,073,633	155,584,731	(2,959,008)	306,699,356	60,732,202	47,659,810	(1,579,380)	106,812,632	199,886,724	20.00%
Vehicle	26,943,042	210,000	-	27,153,042	13,157,949	4,361,424	-	17,519,373	9,633,669	20.00%
Office improvement	136,210,290	143,835,040	-	280,045,330	29,812,567	34,813,844	-	64,626,411	215,418,919	10.00%
	<u>513,302,179</u>	<u>410,032,633</u>	<u>(5,408,390)</u>	<u>917,926,422</u>	<u>209,886,612</u>	<u>116,481,950</u>	<u>(4,028,762)</u>	<u>322,339,800</u>	<u>595,586,622</u>	

8.3 Intangible assets

(Un-audited)

March 31, 2019

	Cost			Amortization				Book value as at March 31, 2019	Rate of amortization % (per annum)	
	As at January 1, 2019	Additions	Deletion	As at March 31, 2019	As at January 1, 2019	Charge for the period	On deletions			As at March 31, 2019
-----Rupees-----										
Branchless banking software	178,351,420	5,413,945	-	183,765,365	69,351,012	5,525,168	-	74,876,180	108,889,185	10.00%
Licenses						-	-		-	20.00%
Mail server						-	-		-	33.33%
	<u>178,351,420</u>	<u>5,413,945</u>	<u>-</u>	<u>183,765,365</u>	<u>69,351,012</u>	<u>5,525,168</u>	<u>-</u>	<u>74,876,180</u>	<u>108,889,185</u>	

December 31, 2018

	Cost			Amortization				Book value as at December 31, 2018	Rate of amortization % (per annum)	
	As at January 1, 2018	Additions	Deletion	As at December 31, 2018	As at January 1, 2018	Charge for the year	On deletions			As at December 31, 2018
-----Rupees-----										
Branchless banking software	133,582,738	32,295,565	-	165,878,303	41,492,508	15,785,377	-	57,277,885	108,600,418	10.00%
Licenses	12,394,739	-	-	12,394,739	9,515,801	2,478,948	-	11,994,749	399,990	20.00%
Mail server	78,378	-	-	78,378	78,378	-	-	78,378	-	33.33%
	<u>114,788,355</u>	<u>31,267,500</u>	<u>-</u>	<u>178,351,420</u>	<u>51,086,687</u>	<u>18,264,325</u>	<u>-</u>	<u>69,351,012</u>	<u>109,000,408</u>	

		(Un-audited) March 31, 2019 Rupees	(Audited) December 31, 2018 Rupees
9. OTHER ASSETS			
Income/ mark-up accrued		2,350,488,259	1,826,626,488
Advances, deposits and other prepayments		469,693,422	330,064,031
Advance taxation (payments less provisions)		-	24,796,741
Inventory of ATM cards & Stationery		7,762,484	7,568,722
Advance to employees		11,472,782	11,732,575
Receivable from SBP	9.1	337,992,100	269,805,856
Others		71,504,758	52,468,433
		<u>3,248,913,805</u>	<u>2,523,062,846</u>

9.1 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, 2019 Rupees	(Audited) December 31, 2018 Rupees
10. DEFFERED TAX ASSET			
Deductable temporary differences arising in respect of			
Provision against advances		71,821,935	55,459,486
Deficit on revaluation of available for sale securities		311,189	10,800
Remeasurements of employees' retirement benefits		2,012,293	2,012,293
Lease finance facilities		4,874,509	5,357,705
		<u>79,019,926</u>	<u>62,840,284</u>
Taxable temporary differences arising in respect of			
Accelerated tax depreciation / amortization		<u>(20,466,972)</u>	<u>(21,185,884)</u>
		<u>58,552,955</u>	<u>41,654,400</u>

	(Un-audited) March 31, 2019		(Audited) December 31, 2018	
	Number of accounts	Rupees	Number of accounts	Rupees
11. DEPOSITS				
Fixed deposits	2,365	13,157,711,322	2,316	12,243,825,791
Saving deposits	11,314	7,262,048,474	10,902	6,208,685,764
Current deposits	654,864	1,379,258,230	608,030	2,082,258,840
	<u>668,543</u>	<u>21,799,018,026</u>	<u>621,248</u>	<u>20,534,770,395</u>

	Note	(Un-audited)	(Audited)
		March 31, 2019	December 31, 2018
12. BOROWINGS			
Borrowings from Banks/Financial Institutions in Pakistan			
Borrowings from Pak Oman Investment Co. Ltd	12.1	100,000,000	100,000,000
Borrowings from Bank Alfalah Ltd	12.2	120,000,000	120,000,000
Borrowings from United Bank Ltd	12.3	40,000,000	40,000,000
Borrowings from Allied Bank Ltd	12.4	1,000,000,000	1,250,000,000
Borrowings from Faysal Bank Ltd	12.5	1,000,000,000	1,000,000,000
Loan Allied Bank Ltd-2	12.6	2,000,000,000	2,000,000,000
NBP-Running Finance	12.7	500,000,000	500,000,000
Loan Faysal Bank Ltd-2	12.8	1,000,000,000	1,000,000,000
Bank of Punjab- Running Finance	12.9	100,000,000	-
Bank of Punjab	12.10	200,000,000	-
		<u>6,060,000,000</u>	<u>6,010,000,000</u>

- 12.1 This represent outstanding balance of term finance loan of Rs. 500 million carrying markup of 6-months KIBOR plus 2.0% (2018: 6-month KIBOR plus 2.0%) per annum payable semi-annually. This is secured against first pari passu charge on present and future advances of the Bank with 25% margin over facility amount and post dated cheques of principal repayments. This loan is repayable in 5 equal semi-annual instalments of Rs. 100 million each. Repayments have started from April 2017.
- 12.2 This represent outstanding balance of term finance loan of Rs. 300 million carrying markup of 6-months KIBOR plus 1.5% (2018: 6-month KIBOR plus 1.5%) per annum payable semi-annually. This is secured against first pari passu charge on present and future advance of the Bank for Rs. 400 million registered with SECP and State Bank of Pakistan guarantee through SBP Microfinance guarantee facility covering 60% loss sharing on principal amount disbursed. This loan is repayable in 5 equal semi-annual instalments of Rs. 60 million each. Repayments have started from September 2017.
- 12.3 This represents outstanding balance of term finance loan of Rs. 100 million carrying markup of 6-months KIBOR plus 1.5% (2018: 6-month KIBOR plus 1.5%) per annum payable semi-annually. This is secured 100% against first pari passu charge on present and future current assets of the Bank with 25% margin as well as assignment on revenue, charge amount of Rs. 133.33 million. This loan is repayable in 5 equal semi-annual instalments of Rs. 20 million each. Repayments have started from December 2017.
- 12.4 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% (2018: 6-month KIBOR plus 1.10%) per annum payable semi-annually. These are secured against first pari passu charge over all present and future assets of U Microfinance Bank Limited with 25% margin. This loan is repayable in 6 equal semi-annual instalments of Rs. 250 million each. Repayments have started from September 2018.
- 12.5 This represent term finance loan of Rs. 1 billion carrying markup of 6-months KIBOR plus 1% per annum (2018: 6-Months KIBOR plus 1%) per annum payable semi-annually. These are secured against first pari passu charge on book debts, advances and receivable of U Microfinance Bank Limited with 25% margin and Microfinance Credit Guarantee Facility from State Bank of Pakistan at 25%. This loan is repayable in 8 equal semi-annual instalments of Rs. 125 million each commencing from September 2019.
- 12.6 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% per annum (2018: 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 with in 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.
- 12.7 This represents running finance facility through National Bank of Pakistan Limited of Rs. 500 million carrying markup of 3-months KIBOR plus 0.75% per annum (2018: 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 from March 2019.
- 12.8 This represent term finance loan of Rs. 1 Billion carrying markup of 6-months KIBOR plus 0.75% per annum (2018: 6-Months KIBOR plus 0.75%) per annum. This 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 this offer letter dated 21 December 2018. This loan is repayable in 6 semi-annual instalments of Rs. 166.66 million each after grace period of 01 year.
- 12.9 This represent term finance loan of Rs. 100 Million carrying markup of 6-months KIBOR plus 0.85% per annum (2018: Nil). This is secured against first pari passu charge on book debts, advances and receivables of the Bank for Rs. 133.34 million (25% margin).
- 12.10 This represent term finance loan of Rs. 200 Million carrying markup of 6-months KIBOR plus 0.85% per annum (2018: Nil). This 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.

	Note	(Un-audited) March 31, 2019	(Audited) December 31, 2018
13. SUBORDINATED DEBT			
Term Finance Certificates	13.1	599,640,000	599,640,000
Subordinated loan PTCL	13.2	4,000,000,000	4,000,000,000
		<u>4,599,640,000</u>	<u>4,599,640,000</u>

13.1 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%. 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.

13.2 This represents unsecured, subordinated debt from the Parent Company. The facility tenure is 7 years with grace period of 5 years and is priced at 3 Month KIBOR + 2%. 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, 2019 Rupees	(Audited) December 31, 2018 Rupees
14. OTHER LIABILITIES			
Mark-up / return / interest payable		561,484,429	260,151,096
22. Accrued expenses		162,584,816	260,644,585
Payable to Utility Companies for utility bills collection		74,375,183	30,604,224
Payable to Pak Telecom Mobile Limited (PTML), an associated company		92,258,138	69,614,227
Uncollected remittances		57,301,787	55,428,921
Payable to defined contribution plan - provident fund		25,116,471	12,096,665
Payable to staff retirement benefit - gratuity		16,100,331	9,037,006
Sales tax / federal excise duty		17,137,594	
Finance lease liabilities	14.1	18,053,738	18,845,646
Bills payable		59,956,484	80,297,896
Others		3,148,901	41,944,137
		<u>1,087,517,873</u>	<u>838,664,403</u>

14.1 The Bank has leased vehicles from commercial banks for a period of five years. These carry finance charge at six month KIBOR plus 0.9% (2018: 0.9%). The rentals are payable in equal monthly instalments in advance upto September 2023. At the end of the lease term, the Bank has the option to acquire the assets on payment of all instalments. The facility is secured by way of ownership of leased assets.

15.	SHARE CAPITAL			
15.1	Authorized capital			
	(Un-audited) March 31, 2019 Number	(Audited) December 31, 2018 Number		(Un-audited) March 31, 2019 Rupees
	<u>800,000,000</u>	<u>300,000,000</u>	Ordinary shares of Rs. 10 each	<u>8,000,000,000</u>
				<u>3,000,000,000</u>
15.2	Issued, subscribed and paid-up capital			
	March 31, 2019 Number	December 31, 2018 Number		March 31, 2019 Rupees
	20,000,000	20,000,000	Ordinary shares of Rs. 10 each fully paid in cash	200,000,000
	8,571,429	8,571,429	Fully paid shares of Rs. 10 each issued as right shares at discounted	85,714,290
	200,000,000	200,000,000	Fully paid ordinary shares of Rs. 10	2,000,000,000
	<u>228,571,429</u>	<u>228,571,429</u>		<u>2,285,714,290</u>
				<u>2,285,714,290</u>
16.	MEMORANDUM / OFF BALANCE SHEET ITEMS			
16.1	Contingencies			
	There are no material contingencies as at 31 March 2019 (2018: Nil).			
16.2	Commitments			
				(Un-audited) March 31, 2019 Rupees
	Standby letter of guarantee	5.1		7,425,000
	Property and equipment			3,759,200
	Intangible assets			-
				<u>11,184,200</u>
				<u>70,586,371</u>
				(Un-audited) March 31, 2019 Rupees
17.	MARK-UP/ RETURN/ INTEREST EARNED			
	Mark-up / return / interest on advances			1,291,636,958
	Interest on investments in government securities			49,660,876
	Interest on deposit accounts / TDRs with other banks / financial institutions			303,166,609
				<u>1,644,464,443</u>
				<u>938,902,300</u>
18.	MARK-UP/ RETURN/ INTEREST EXPENSED			
	Mark-up / return / interest expense on deposits			555,782,222
	Mark-up expense on borrowings from banks / financial institutions			309,709,354
				<u>865,491,576</u>
				<u>344,749,845</u>
19.	OTHER CHARGES COLLECTED FROM CUSTOMERS			
	Loan processing fee			177,136,019
	Other fee income collected from customers			18,405,707
				<u>195,541,726</u>
				<u>126,379,131</u>
				(Un-audited) March 31, 2019 Rupees
20.	OTHER INCOME			
	Recovery against advances written off			1,116,928
	Miscellaneous income			431,329
				<u>1,548,257</u>
				<u>2,508,316</u>

21. GENERAL

Comparative information has been reclassified, rearranged or additionally incorporated in these financial statements for the purposes of better presentation.

Captions, as prescribed by BSD Circular No. 11, dated 30 December 2003 issued by SBP, in respect of which there are no amounts, have not been reproduced in these financial statements, except for the captions of the balance sheet and profit and loss account.

22. DATE OF APPROVAL

These financial statements were approved by the Board of Directors of the Bank in their meeting held on

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PRESIDENT / CHIEF EXECUTIVE

CHAIRMAN

DIRECTOR

DIRECTOR