

KHUSHHALI MICROFINANCE BANK LIMITED
CONDENSED QUARTERLY ACCOUNTS (Un-audited)
FOR THE QUARTER ENDED
March 31, 2019



Balance Sheet as at March 31, 2019 - (Un-audited)

	Note	31-Mar-2019	31-Dec-2018
		Un-audited	Audited
ASSETS			
Balances with State Bank of Pakistan	1	1,356,973	1,284,356
Cash in hand and balances with banks	2	7,180,056	8,006,739
Lending to financial institutions	3	100,000	1,837,749
Investments - net of provisions	4	7,589,682	8,915,710
Advances - net of provisions	5	45,536,316	43,500,532
Operating fixed assets	6	1,869,233	1,353,528
Other assets	7	6,488,167	5,311,313
Deferred tax assets		279,658	262,025
Total Assets		70,400,085	70,471,952
LIABILITIES			
Deposits and other accounts	8	54,567,770	56,017,988
Borrowings	9	2,907,772	2,964,872
Subordinated debt	10	1,000,000	1,000,000
Other liabilities	11	3,257,119	2,290,825
Total Liabilities		61,732,661	62,273,685
NET ASSETS		8,667,424	8,198,267
REPRESENTED BY :			
CAPITAL			
Paid up capital	19	1,705,000	1,705,000
Capital and general reserves	12	1,743,421	1,717,055
Unappropriated profit		5,219,003	4,776,212
Total Capital		8,667,424	8,198,267

Profit & Loss Account for the quarter ended March 31, 2019 - (Un-audited)

	Note	YTD - MAR - 19	YTD - MAR - 18
		Un-audited	Audited
Mark up / Interest Income on advances	13	3,192,693	2,383,570
Mark up / Interest Income on investments/placements		416,310	303,828
Mark up / Interest earned		3,609,003	2,687,398
Mark up/Interest on borrowings/subordinated debt		98,975	83,161
Mark up/Interest on deposits		1,321,525	1,022,054
Mark up / Interest expensed		1,420,500	1,105,215
Net Mark up / Interest income		2,188,503	1,582,183
Micro Credit Processing Fees	14	287,729	264,365
Retail Banking Services Fees	15	25,063	25,054
Non Mark up/Interest Income		312,792	289,419
Gross Income Earned		2,501,295	1,871,602
OPERATING EXPENSES			
Salaries, wages & other benefits		677,892	570,624
Incentive on Asset and Liability Sales		49,667	68,946
Recruitment & Development		2,348	1,672
Management consultancy		267	2,187
IT Operations		84,495	42,084
Training		15,800	10,388
Rent, rates & taxes		99,328	75,001
Meeting & Conferences		7,748	8,508
Utilities		46,104	25,118
Communication & Verification		20,471	16,149
Traveling & conveyance		15,696	6,002
Insurance	16	45,013	40,259
Repair & maintenance		18,554	12,839
Security services		24,251	13,259
Vehicle running & maintenance		65,030	46,043
Legal & Professional		4,080	2,729
Printing, stationery & office supplies		48,668	26,706
Subscription		1,268	326
Advertisement & business promotion		44,281	32,584
Financial charges		5,230	17,518
BB Channel Commission		9,501	25,909
ATM Operations		5,200	2,879
Depreciation and amortization		84,171	61,843
Other Expenses		2,063	3,002
Workers Welfare Fund		2,146	3,314
		1,379,272	1,115,889
Reimbursement of Social Mobilization Cost		26,970	31,177
		1,352,302	1,084,712
Net Provision against advances/other assets	17	316,783	152,928
Total operating expenses		1,669,085	1,237,640
OPERATING PROFIT/(LOSS)		832,210	633,962
OTHER INCOME			
Amortization of deferred grant		1,183	108
Gain/(Loss) on Disposal of Fixed Assets		(738)	(549)
Misc Income		71	1,002
Gain/(Loss) on Foreign Currency Transactions		-	(531)
		516	30
PROFIT BEFORE TAXATION		832,726	633,992
Taxation - Current	18	258,810	181,527
- Prior Year	18	-	-
- Deferred		(16,474)	(15,266)
		242,336	166,261
PROFIT AFTER TAXATION		590,390	467,731
Un-appropriated profit b/f		4,776,212	3,423,732
Profit available for appropriation		5,366,602	3,891,463
APPROPRIATIONS:			
Transfer to:			
Statutory Reserves		29,520	93,546
Microfinance Sector Development Fund		59,039	46,773
Risk Mitigation Fund		29,520	23,387
Depositors' Protection Fund		29,520	23,387
		147,599	187,093
UNAPPROPRIATED PROFIT c/f		5,219,003	3,704,370

Notes to the Accounts for the quarter ended March 31, 2019 - (Un-audited)

1	BALANCES WITH SBP	Note	Un-audited		Audited			
			31-Mar-2019		31-Dec-2018			
			Rs. '000		Rs. '000			
	Balances with SBP	1.1	1,356,973	1,356,973	1,284,356	1,284,356		
1.1	This represents balance held with State Bank of Pakistan to meet the requirement of maintaining minimum balance equivalent to 5% (2018: 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-2019		31-Dec-2018			
			Rs. '000		Rs. '000			
	Cash in hand		436,423		507,221			
	Current Account		365,047		1,013,345			
	Saving Account	2.1	6,378,586	7,180,056	6,486,173	8,006,739		
2.1	This represents corporate accounts carry interest rates ranging from 8.00% to 12.00% (2018: 3.75% to 8.50%) per annum.							
3.	LENDING TO FINANCIAL INSTITUTIONS		31-Mar-2019		31-Dec-2018			
			Rs. '000		Rs. '000			
	Reverse Repo Lending	3.1	-		1,337,749			
	Call/Clean Lending	3.3	100,000	100,000	500,000	500,000		
			100,000	100,000	1,837,749	1,837,749		
3.1	This represents reverse repo lending at the rate of NIL% per annum (2018: 10.10% per annum) maturing on NIL (2018: January 2, 2019).							
3.2	Securities held as collateral against lending to financial institutions - Reverse Repo							
			Held by Bank	Further given as collateral	Total	Held by Bank	Further given as collateral	Total
	Market Treasury Bills/PIB's		-	-	-	1,338,489	-	1,338,489
			-	-	-	1,338,489	-	1,338,489
3.3	This represents call/clean placement at the rate of 9.75% per annum (2018: 11.25% per annum) maturing on April 01, 2019 (2018: January 3, 2019).							
4.	INVESTMENTS - NET OF PROVISIONS		31-Mar-2019		31-Dec-2018			
			Rs. '000		Rs. '000			
	Available for sale securities							
	Market Treasury Bills	4.1	4,444,326		3,916,037			
	Held to maturity securities							
	Term Finance Certificates	4.2	150,000	150,000	150,000	150,000		
	Term Deposit Receipts/Placements	4.3	3,000,000	7,594,326	4,850,000	8,916,037		
	Surplus/(Deficit) on revaluation on T-Bills	4.4	(4,644)	(4,644)	(327)	(327)		
			7,589,682	7,589,682	8,915,710	8,915,710		
4.1	This represents T-Bills purchased for the period of 84 days (2018: 70 to 84 days) having yield return ranging from 10.48% to 10.51% (2018: 8.72% to 10.27%) per annum.							
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	This represents term deposit receipts and placements with commercial and microfinance banks carrying interest at the rate ranging from 11.00% to 13.00% (2018: 8.70% to 13.00%) per annum. These Placements/TDR's are due to mature on December 28, 2019 (2018: December 28, 2019)							
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-2019		31-Dec-2018			
			No. of loans outstanding	Amount outstanding	No. of loans outstanding	Amount outstanding		
Gross advances :								
General Loans								
	Secured	5.1	67,414	5,410,303	41,024	3,096,695		
	Unsecured		717,302	35,661,691	716,128	36,245,134		
			784,716	41,071,994	757,152	39,341,829		
Micro Enterprise Loans								
	Secured	5.2	15,434	3,527,765	14,051	3,209,463		
	Unsecured	5.2	13,754	840,177	12,848	859,772		
			29,188	4,367,942	26,899	4,069,235		
Micro Housing Loans								
	Unsecured		648	140,988	429	50,171		
			814,552	45,580,924	784,480	43,461,235		
Less : provisions held								
	Specific provision		14,049	276,525	9,630	214,024		
	General provision		773,543	584,185	743,904	507,275		
				860,710		721,299		
	Microcredit Advance - Net of Provisions			44,720,214		42,739,936		
	Staff Loans - General Purpose	5.3	1,285	256,831	934	238,492		
	Staff Loans - Housing Finance	5.4	123	559,271	120	522,104		
	Staff Loans		1,408	816,102	1,054	760,596		
	Advances - Net of Provisions		815,960	45,536,316	785,534	43,500,532		

Notes to the Accounts for the quarter ended March 31, 2019 - (Un-audited)

- 5.1 This includes microcredit loans amounting to Rs. 253.1 million (2018: Rs. 301.2 million) which are partially (50%) secured against own deposit lien marking with the Bank.
- 5.2 This includes 2,191 (2018: 2,395) micro enterprise clients having aggregate outstanding amount of Rs. 373.1 million (2018: Rs. 520.9 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 represents short to medium term general purpose loans to employees of the Bank carrying fixed interest at the rate of 5% per annum (2018: 3 months KIBOR plus 100bps) per annum. These loans are partially secured against employees' accrued terminal benefits.
- 5.4 This represents long term housing loans to eligible employees of the Bank for the period ranging from 5 to 20 years carrying fixed interest at the rate of 5% per annum (2018: 3 months KIBOR Less 100bps) per annum. These loans are secured against equitable mortgage over unencumbered property.
- 5.5 Particulars of non-performing advances

Non performing advances includes principal amount of Rs. 909.7 million and interest/markup amount of Rs. 193.2 million (2018: principal amount of Rs. 512.2 million and interest/markup amount of Rs.115.6 million) which, as detailed below, have been placed under non performing status.

Category of classification	31-Mar-2019			31-Dec-2018		
	Amount out standing	Provision required	Provision held	Amount out standing	Provision required	Provision held
OAEM	365,678	-	-	179,021	-	-
Sub-standard	215,804	44,302	44,302	111,999	21,485	21,485
Doubtful	455,176	179,156	179,156	175,029	70,758	70,758
Loss	66,188	53,067	53,067	161,782	121,781	121,781
	<u>1,102,847</u>	<u>276,525</u>	<u>276,525</u>	<u>627,831</u>	<u>214,024</u>	<u>214,024</u>

- 5.6 Particulars of the provisions against non-performing advances

	31-Mar-2019			31-Dec-2018		
	Specific	General	Total	Specific	General	Total
Balance at the beginning of the year	214,024	507,275	721,299	105,978	491,773	597,751
Charge during the period	266,485	76,910	343,395	723,236	15,502	738,738
Less: Amount written off	203,984	-	203,984	615,190	-	615,190
Balance at end of the month	<u>276,525</u>	<u>584,185</u>	<u>860,710</u>	<u>214,024</u>	<u>507,275</u>	<u>721,299</u>

- 5.7 Particulars of write offs

	31-Mar-19		31-Dec-18	
	Rs. '000		Rs. '000	
Against provision				
Related to rescheduled advances		-		-
Related to other classified advances		203,984		615,190
		<u>203,984</u>		<u>615,190</u>
Directly charge to profit and loss account		3,691		39,492
		<u>207,675</u>		<u>654,682</u>

- 5.8 Portfolio quality report

The Bank's main measure of loan delinquency is an aged portfolio-at-risk ratio. Loans are separated into classes depending on the number of days they are over-due. For each of such class of loan, the outstanding principal balance of such loan class is divided by the outstanding principal balance of the gross loan portfolio before deducting allowance for non-performing advances.

Loans payment are applied first to any interest due, then to any installment of principal that is due but unpaid, beginning with the earliest such installment. The number of days of delay is based on the due date of the earliest loan installment that has not been fully paid. Late payment surcharge/ penalty on overdue advances is not added to principal.

	31-Mar-19		31-Dec-18	
	Portfolio at Risk	Amount Rs. '000	Portfolio at Risk	Amount Rs. '000
Normal Loans				
Current	0.00%	43,911,126	0.00%	42,393,098
1 - 29 days late	1.67%	760,112	1.28%	555,911
30 - 59 days late	0.69%	314,124	0.34%	146,731
60 - 89 days late	0.40%	181,489	0.21%	92,261
90 - 179 days late	0.79%	360,973	0.34%	147,290
More than 179 days late	0.12%	53,100	0.29%	125,944
	<u>3.66%</u>	<u>45,580,924</u>	<u>2.46%</u>	<u>43,461,235</u>

6. OPERATING FIXED ASSETS

	Note	31-Mar-19	31-Dec-18
		Rs. '000	Rs. '000
Capital work-in-progress	6.1	579,614	350,703
Property and equipment	6.2	886,331	920,731
Intangible assets	6.2	403,288	82,094
		<u>1,869,233</u>	<u>1,353,528</u>

- 6.1 Capital Work-in-progress

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

	31-Mar-19	31-Dec-18
	Rs. '000	Rs. '000
Opening Balance	350,703	436,853
Advances issued during the quarter	705,209	356,799
Assets transferred during the quarter	476,298	442,949
Closing Balance	<u>579,614</u>	<u>350,703</u>

Notes to the Accounts for the quarter ended March 31, 2019 - (Un-audited)

6.2 Property and Equipment & Intangible Assets

	Leasehold Improvements	Vehicles	Furniture & Fixture	Electrical and Office Equipment	Computer Equipment	Total	Computer Software
Cost							
Balances as on January 1, 2019	190,586	305,089	428,115	526,946	576,485	2,027,221	263,905
Additions	6,494	7,011	13,187	2,735	12,075	41,502	330,452
Disposals	-	(25)	4,904	949	2,940	8,768	-
Balance as on March 31, 2019	197,080	312,125	436,398	528,732	585,620	2,059,955	594,357
Depreciation							
Balances as on January 1, 2019	67,398	189,868	149,896	350,757	348,571	1,106,490	181,811
Depreciation/Amortization Charge	9,858	13,512	10,162	19,510	21,870	74,912	9,258
Disposals	-	1	3,881	956	2,940	7,778	-
Balance as on March 31, 2019	77,256	203,379	156,177	369,311	367,501	1,173,624	191,069
Carrying Value							
As on March 31, 2019	119,824	108,746	280,221	159,421	218,119	886,331	403,288
As on December 31, 2018	123,188	115,221	278,219	176,189	227,914	920,731	82,094
Rate of Depreciation per annum	20.00%	25.00%	10.00%	20.00%	20% - 33.33%		33.33%

7. OTHER ASSETS	Note	31-Mar-19	31-Dec-18
		Rs. '000	Rs. '000
Markup/interest accrued on advances		5,181,628	3,971,074
Less: Suspended Markup/interest on non performing advances		193,160	115,582
		4,988,468	3,855,492
Interest receivable on investments/placements		164,139	103,662
Advances to staff		7,209	5,466
Advances to Suppliers and Service Providers		18,423	12,608
Prepayments & Security deposit		316,000	284,258
Receivable from MSDF	7.1	274,991	208,743
Insurance Claims Receivable		7,443	7,443
Receivable from SBP		476,980	606,023
Other receivables		274,092	266,837
		6,527,745	5,350,532
Less: Provision held against classified assets			
Opening Provision		39,219	33,767
Provision Charge for the month		500	5,452
Receivable written off against provision		(141)	-
Closing Provision		39,578	39,219
		6,488,167	5,311,313

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

8. DEPOSITS	Note	31-Mar-19		31-Dec-18	
		Number of accounts	Rupees	Number of accounts	Rupees
Time Liabilities:					
Term Deposits	8.2	53,899	37,016,924	52,456	36,211,113
Demand Liabilities:					
Saving Deposits	8.3	54,257	12,864,027	52,313	11,949,867
Current Deposits		1,893,850	4,654,341	1,957,793	7,816,597
Call Deposits (CDR)		493	32,478	427	40,411
		1,948,600	17,550,846	2,010,533	19,806,875
		2,002,499	54,567,770	2,062,989	56,017,988
8.1 Particulars of Deposits by ownership					
Individual Depositors		1,999,456	42,463,280	2,060,246	43,962,455
Institutions Depositors					
a) Corporations/Firms		2,990	7,638,712	2,677	7,590,396
a) Banks/Financial Institutions		53	4,465,778	66	4,465,137
		2,002,499	54,567,770	2,062,989	56,017,988

8.2 This represents term deposits having tenure of 3 to 36 months (2018: 3 to 36 months) carrying interest at rates ranging from 6.25% to 14.25% (2018: 5.75% to 13.50%) per annum. The term deposits amounting to Rs 302.32 Million (2018: Rs 322.52 Million) are lien marked against advances to borrowers.

8.3 This represents saving deposits carrying interest rates ranging from 5.00% to 12.25% per annum (2018: 5.00% to 8%). The saving deposits amounting to Rs 139.59 million (2018: Rs 165.55 million) are lien marked against advances to borrowers.

Notes to the Accounts for the quarter ended March 31, 2019 - (Un-audited)

9. BORROWINGS	Note	31-Mar-19	31-Dec-18
		Rs. '000	Rs. '000
Borrowings from banks/financial Institutions outside Pakistan			
Unsecured	9.1	1,282,401	1,386,301
Borrowings from banks/financial Institutions in Pakistan			
Secured	9.2	1,625,371	1,578,571
		<u>2,907,772</u>	<u>2,964,872</u>
9.1 Borrowings from Financial Institutions outside Pakistan			
Asian Development Bank	9.1.1	727,459	727,459
ECO Trade & Development Bank (TF-II)	9.1.2	103,900	207,800
ECO Trade & Development Bank (TF-III)	9.1.3	451,042	451,042
		<u>1,282,401</u>	<u>1,386,301</u>

9.1.1 This represents loan received under the Subsidiary Loan and Grant Agreement entered between the Bank and the Government of Pakistan (GOP). The loan #1806 has been extended as part of Microfinance Sector Development Project between Asian Development Bank & Islamic Republic of Pakistan. The Bank is liable to repay the principal amount of the loan to GoP, over a period of 20 years including a grace period of 8 years. Repayment of loan commenced from May 1, 2009, through bi-annual equal installments. The principal repayable is the aggregate equivalent of the amounts drawn by the Bank from the loan account for sub-loan expressed in PKR, determined as of the respective dates of the withdrawal, while the GoP shall bear the foreign exchange risk. The interest is being paid on bi-annual basis charged at the rate equal to weighted average cost of deposits during the preceding six months in the banking industry as calculated by SBP. The interest rate used for bi-annual payments during the period was determined to be 4.41% and 6.00% (2018: 3.93% and 4.41%) per annum.

9.1.2 This represents borrowing from ECO Trade and Development Bank amounting to US\$5 Million which carries interest at the rate of 6 month USD LIBOR plus 2.9% per 360 days. The repayment of borrowing will be in 5 equal semi annual installments starting on 24th month after the disbursement and interest is payable semi annually.

The Bank has entered into Cross Currency SWAP agreement with JS Bank Limited for the borrowing. Under such arrangement US\$5 million were translated at the exchange rate of Rs. 103.90 and the repayment will be in 5 equal semi annual installments starting on 18th month after the disbursement. The interest is payable at the fixed rate 10.47% actual/365 on unadjusted basis commencing from date of disbursement.

9.1.3 This represents borrowing from ECO Trade and Development Bank amounting to US\$5 Million which carries interest at the rate of 6 month USD LIBOR plus 2.5% per 360 days. The repayment of borrowing will be in 6 equal semi annual installments starting on 18th month after the disbursement and interest is payable semi annually.

The Bank has entered into Cross Currency SWAP agreement with JS Bank Limited for the borrowing. Under such arrangement US\$5 million were translated at the exchange rate of Rs. 108.25 and the repayment will be in 5 equal semi annual installments starting on 24th month after the disbursement. The interest is payable at the six months KIBOR 1.77% actual/365 on unadjusted basis commencing from date of disbursement.

9.2	Borrowings from Financial Institutions in Pakistan	Note	31-Mar-19	31-Dec-18
			Rs. '000	Rs. '000
	Pak Oman Investment Company Limited (TF-II)	9.2.1	187,500	187,500
	Pak Oman Investment Company Limited (TF-III)	9.2.2	312,500	375,000
	Pak Oman Investment Company Limited (TF-IV)	9.2.3	375,000	437,500
	Syndicated Term Finance (JS Bank Ltd, Askari Bank Ltd and PAIR)	9.2.4	428,571	428,571
	Bank Alfalah Limited (TF-1)	9.2.5	75,000	100,000
	Allied Bank Limited (TF-1)	9.2.6	50,000	50,000
	Repo Borrowing	9.2.7	196,800	-
			<u>1,625,371</u>	<u>1,578,571</u>

9.2.1 This represents interbank money market borrowing for 5 years with grace period of 12 months from draw down date carrying interest rate ranging from 7.82% to 12.90% (2018: 7.82% to 10.66%) per annum and repayable in 8 semi annual equal installments. This borrowing is secured against charge over current and future assets of Rs.667 million.

9.2.2 This represents interbank money market borrowing for 5 years with grace period of 12 months from draw down date carrying interest rate ranging from 9.67% to 12.52% (2018: 7.80% to 9.67%) per annum and repayable in 8 semi annual equal installments. This borrowing is secured against charge over current and future assets of Rs.667 million.

9.2.3 This represents interbank money market borrowing for 5 years with grace period of 12 months from draw down date carrying interest rate ranging from 7.80% to 12.50% (2018: 7.80% to 9.70%) per annum and repayable in 8 semi annual equal installments. This borrowing is secured against charge over current and future assets of Rs.667 million.

9.2.4 This represents syndicated term finance facility of Rs.1.5 billion carrying interest rate of 12.09% (2018: 7.51% to 12.09%) per annum for a period of 4 year from the draw down date inclusive of grace period of 6 months. This borrowing is secured against charge over present and future assets of the Bank worth Rs.2 billion and 40% partial Microfinance Credit Guarantee Facility.

9.2.5 This represents interbank money market borrowing carrying interest rate ranging from 12.10% to 12.50% (2018: 7.51% to 9.89%) per annum for a period of 3 years from the draw down date inclusive of grace period of 1 year. This borrowing is secured against charge over present and future assets of the Bank worth Rs.667 million.

9.2.6 This represents interbank money market borrowing carrying interest rate ranging from 10.24% to 12.64% (2018: 7.81% to 10.24%) per annum for a period of 5 years from the draw down date inclusive of grace period of 2 years. This borrowing is secured against charge over present and future assets of the Bank worth Rs.334 million.

Notes to the Accounts for the quarter ended March 31, 2019 - (Un-audited)

9.2.7 This represents repo borrowing carrying interest rate of 10.40% (2018: NIL) for 3 days maturing on April 1, 2019.

10. SUB-ORDINATED DEBT	Note	31-Mar-19 Rs. '000	31-Dec-18 Rs. '000
Term Finance Certificate (TFCs) - I	10.1	1,000,000	1,000,000
		<u>1,000,000</u>	<u>1,000,000</u>
<p>10.1 This represents rated, unsecured, subordinated and privately placed term finance certificates of worth Rs.100,000/- each fully subscribed on March 19, 2018. The issue is for a period of 8 years from the date of subscription and mature on March 19, 2026. The issue has assigned preliminary rating of single 'A' (Single A) with stable outlook.</p> <p>Profit is @ 6 months KIBOR plus 2.05% and repayable every six months in arrears while principal shall be redeemed in two equal semi annual installments falling on the end of 90th and 96th months.</p> <p>The issue has call option after 10th redemption date, lockin clause and loss aborbency clause.</p>			
11. OTHER LIABILITIES	Note	31-Mar-19 Rs. '000	31-Dec-18 Rs. '000
Markup/ interest payable on borrowing		83,398	89,578
Markup/return payable on deposits		731,321	683,833
Bills Payable		221,956	74,548
Accrued expenses		346,179	369,703
Payable to defined benefit plan - Gratuity/EOBI		47,753	19,418
Contribution payable to funds		609,836	491,757
Payable to suppliers and service providers		776,721	144,740
Provision for workers welfare fund		40,618	38,472
Sundry deposits		6,772	6,934
Taxation Payable		321,111	299,410
Dividend Payable		61,942	61,942
Other Payables		9,512	10,490
		<u>3,257,119</u>	<u>2,290,825</u>
12. CAPITAL AND GENERAL RESERVES			
Statutory Reserve		1,722,556	1,693,035
Capital Reserve		24,255	24,255
Net Surplus/(Deficit) on revaluation of available for sale securities		(3,390)	(235)
		<u>1,743,421</u>	<u>1,717,055</u>
13. MARKUP/INTEREST ON ADVANCES		31-Mar-19 Rs. '000	31-Mar-18 Rs. '000
Markup/Interest on Advances - General Loans		2,898,101	2,240,870
Markup/Interest on Advances - Micro Enterprise Loans		279,010	136,115
Markup/Interest on Advances - Micro Housing Loans		7,221	1,023
Markup/Interest on Advances - Staff Loans		8,361	5,562
		<u>3,192,693</u>	<u>2,383,570</u>
14. MICROCREDIT PROCESSING FEES			
Micro Credit Processing Fee - General Loans		277,508	254,256
Micro Credit Processing Fee - Micro Enterprise Loans		10,060	10,074
Micro Credit Processing Fee - Micro Housing Loans		161	35
		<u>287,729</u>	<u>264,365</u>
15. RETAIL BANKING SERVICES FEES			
Banking Services Fee		21,115	20,479
Remittance Services Fee		296	401
Bancassurance Services Fee		2,770	4,174
BB Channel Services Fee & Other Commission		882	-
		<u>25,063</u>	<u>25,054</u>
16. INSURANCE			
Insurance - Advances		41,513	33,368
Insurance - Deposits		700	3,445
Insurance - Operating Fixed Assets & Others		2,800	3,446
		<u>45,013</u>	<u>40,259</u>

Notes to the Accounts for the quarter ended March 31, 2019 - (Un-audited)

17.	NET PROVISION AGAINST ADVANCES/OTHER ASSETS	Note	31-Mar-19		31-Mar-18					
			Rs. '000		Rs. '000					
	Provision against advances									
	Specific Provision	5.7	266,485		131,335					
	General Provision	5.7	76,910		25,115					
			343,395		156,450					
	Bad Debts Written off Directly		3,691		17,468					
	Bad Debts Recovered		(30,803)		(20,949)					
	Net Provision against advances		316,283		152,969					
	Provision against Other Assets									
	Provision against other assets	7	500		-					
	Recovery against other assets		-		(41)					
			500		(41)					
			316,783		152,928					
18.	TAXATION									
	The bank has provided for corporate tax at the rate of 28% (2018: 29%) for the year with minimum tax being limited to 1% of non exempt turnover.									
19.	SHARE CAPITAL	Note	31-Mar-19		31-Dec-18					
			Rs. '000		Rs. '000					
19.1	Authorized Capital	18.1.1	6,000,000		6,000,000					
19.1.1	The Bank's authorized share capital is 600 million ordinary shares of Rs.10/- each.									
19.2	Issued, Subscribed and Paid up Capital	18.2.1	1,705,000		1,705,000					
19.2.1	The Bank's issued, subscribed and fully paid up capital for consideration other than cash is 170.5 million ordinary shares of Rs.10/- each as follows:									
	United Bank Limited		506,285		506,285					
	Rural Impulse Fund II S.A. SICAV-FIS (Incofin Investment Management Comm. VA)		417,057		417,057					
	responsAbility Management Company S.A (responsibility Global Microfinance Fund)		339,295		339,295					
	ShoreCap II Limited (Equator Capital Partners LLC)		243,568		243,568					
	ASN Microkredietpool (Tripple Jump B.V)		168,795		168,795					
	Bank Al Habib Limited		30,000		30,000					
			1,705,000		1,705,000					
20.	GENERAL INFORMATION		31-Mar-19		31-Dec-18					
20.1	Number of Employees		Number		Number					
	Credit Sales Staff									
	Permanent		2,181		2,078					
	Banking/Support Staff									
	Permanent		1,854		1,776					
	Contractual		807		760					
			2,661		2,536					
	Total number of employees at the end of the period		4,842		4,614					
20.1.1	Credit Sales Staff - MSME		395		369					
20.1.2	Female Staff		467		448					
20.1.3	Managers		95		93					
20.2	Network Outreach		31-Mar-19				31-Dec-18			
			Branches	Service Center	Permanent Booth	Total Outlets	Branches	Service Center	Permanent Booth	Total Outlets
20.2.1	At the Beginning of the year		161	28	8	197	149	24	-	173
	Opened during the quarter		-	-	7	7	13	10	8	31
	Closed/merged during the quarter		-	-	-	-	(1)	(6)	-	(7)
	At the end of the quarter		161	28	15	204	161	28	8	197