The Pakistan Credit Rating Agency Limited

# Rating Report

## U Microfinance Bank Limited | TFC | PKR 3.5bln | Jun21

Report Contents



| Rating History | | | | | |
|---|---|---|---|---|---|
| Dissemination Date | Long Term Rating | Short Term Rating | Outlook | Action | Rating Watch |
| 16-Aug-2024 | AA- | - | Stable | Maintain | - |
| 17-Feb-2024 | AA- | - | Stable | Maintain | - |
| 18-Aug-2023 | AA- | - | Stable | Maintain | - |
| 18-Aug-2022 | AA- | - | Stable | Maintain | - |
| 18-Aug-2021 | AA- | - | Stable | Initial | - |
| 04-Jan-2021 | AA- | - | Stable | Preliminary | - |

### Rating Rationale and Key Rating Drivers

The ratings reflect the association of U Microfinance Bank Limited (U Bank) with Pakistan Telecommunication Company Limited (PTCL), the country's leading IC&T Service Provider supports the Bank in building strategic alignment and establishing strong systems and controls. The Bank's growth strategy targets retail banking expansion and digital platform development. However, the digital segment is still in its early stages and currently holds a small share in the competitive landscape. More than half of the Bank’s portfolio is gold-backed. The Stage 3 increased to PKR ~4.5bln at the end of Mar'24' from PKR ~3.4bln at the end of Dec'23. The Bank has recognized the provision under IFRS-9 to enhance the reserve by building a buffer and to accommodate any anticipated loan losses. The provision at the end of Mar '24 reported at PKR ~ 5.8bln from PKR ~6.52bln at the end of Dec'23. This provides a strong mitigation against potential credit risk. The Bank reported a loss after tax of PKR ~2.1bln (SPLY: Profit after tax of PKR 357.5mln) due to the one-off impact of markup suspension of the stage 3 portfolio. The shareholder and management demonstrated foresight by appropriately capitalizing the bank with equity injection and conversion of capital instruments. As per management representation, the subordinated debt of PKR ~1.2bln and preference shares of PKR ~1bln have been converted into equity. Furthermore, the Bank has issued rights shares of PKR ~1.2bln, raising its Paid-up Share capital to PKR ~9bln and its net equity to PKR ~5bln, compared to PKR ~5bln and PKR ~3.5bln as of March 2024, respectively. U Microfinance bank in aggregate has paid a markup of PKR ~1,388mln and principal of PKR ~ 2,332mln. The latest payment was made on Jun'24 with a markup of PKR ~ 201mln and principal of PKR ~583mln. The next payment is due on Dec'24. This overview highlights the Bank's proactive measures and solid financial standing.

The ratings are dependent upon the Bank’s ability to aptly combat the emerging risks under the current scenario in order to keep its business and financial risk profile intact. Stable outlook denotes comfort on business risk and financial risk profile of the bank.

| Disclosure | |
|---|---|
| Name of Rated Entity | U Microfinance Bank Limited \| TFC \| PKR 3.5bln \| Jun21 |
| Type of Relationship | Solicited |
| Purpose of the Rating | Debt Instrument Rating |
| Applicable Criteria | Methodology \| Microfinance Institution Rating(Oct-23),Methodology \| Debt Instrument Rating(Dec-23),Methodology \| Rating Modifiers(Apr-24) |
| Related Research | Sector Study \| Microfinance(Sep-23) |
| Rating Analysts | Madiha Sohail \| madiha.sohail@pacra.com \| +92-42-35869504 |

## Issuer Profile

**Profile** U Microfinance Bank Limited ("U Bank" or "the Bank") was incorporated, under section 32 of the Companies Ordinance, 1984 (now Companies Act, 2017). The Bank was granted license by SBP for commencement of nationwide operations in 2013. Rozgar Microfinance Bank Ltd was established in 2003, as a district wide microfinance bank, operating in Karachi. Pakistan Telecommunication Company Limited (PTCL) acquired 100% of its shareholding in 2012. Henceforth, its name was changed to U Microfinance Bank Limited. The Bank offers a wide range of microfinance loans, deposit products, and branchless banking solutions. It has a network of 390 branches, across 183 cities and rural areas in Pakistan, while the head office is situated in Islamabad. The Bank is also establishing its foothold in BB operations via its mobile wallet, U Paisa

**Ownership** The Bank is a wholly-owned subsidiary of PTCL, which is co-owned by the Government of Pakistan (62%) and Etisalat International Pakistan (LLC) (26%) (Etisalat), a state-owned Telecom Corporation of UAE. Management control of PTCL rests with Etisalat. Stable ownership and sovereign support of the Government of Pakistan available in the parent company, complemented by the technical and financial prowess of a global tech giant, bodes well for the future stability of the Bank. PTCL, the backbone for the country's telecommunication infrastructure, is the market leader in providing telephone and internet services nationwide. The Etisalat Group is one of the world's leading telecom groups, which operates in ~16 countries across the Middle East, Asia and Africa. The Group provides U Bank with international expertise and strategic direction through its presence on the Board. PTCL has been assigned credit ratings of AAA/A-1+ by VIS. The sponsor's ability to support the Bank can be gauged, with substantial subordinated lending to the Bank. Etisalat Group enjoys credit ratings of AA-/Stable (Jun'20) and Aa3/Stable (Jun'20) by S&P Global and Moody's, respectively

**Governance** The board of U Bank consists of Five directors, comprising representatives of Etisalat, PTCL, and the Government of Pakistan. All of the board members have international exposure and carry diversified expertise. Mr. Hatem Mohamed Ali Ahmed Bamatraf, the Chairman of the Board. Attendance of board members in these meetings remained adequate. There are five board committees in place which help the board in effective oversight of the Bank's overall operations on relevant matters. M/S KPMG Taseer Hadi & Co. Chartered Accountants, are the External Auditors of the Bank. An unqualified audit opinion was expressed on the financial statements for the year ended Dec'22 and for 2023 M/S KPMG Taseer Hadi & Co. Chartered Accountant were replaced by M/S A.F Ferguson PwC & Co. Chartered Accountants. The internal audit department reports directly to the Audit Committee, ensuring independence.

**Management** U Bank has a horizontally spread organizational structure comprising nine departments. The reporting lines and job descriptions at each level are well defined. Mr. Mohamed Essa Al Taheri, the President & CEO, A team of professionals assist him. The Bank has formed various committees at the management level for effective and smooth functioning of each business segment. The Bank has deployed PIBAS for handling the core banking operations which has Visual Basic at the frontend whereas the back-end is Oracle based. The other IT platform is SYBASE-365, for the BB segment. It is a financial services platform which provides an end-to-end solution for mobile commerce businesses. The Risk Management Committee exists to ensure the risk profile of the Bank remains within the check. A risk management manual contains guidelines to help management in improving the internal control environment. A Disaster Recovery site is in place in Lahore, located alongside the PTCL data center. The management aims to scale up the IT infrastructure for future business growth and network expansion. Building on the synergies with Ufone, has a technological platform, to facilitate BB operations (UPaisa), utility payments, ATM service and G2P payments.

**Business Risk** The microfinance Bank's asset quality witnessed significant impairment due to multiple factors, the high inflationary environment amidst a slowdown in the economy, and the high interest rate. In the Microfinance sector, the Microfinance Banks (MFBs) maintained the highest share of the total GLP at ~77%, while NBMFCs (including MFIs and RSPs) made up the remaining ~23% during CY23. MFBs' bottom line experienced a negative growth of ~52.7% (CY22: ~112.3%). Thereby, MFBs' equity continued to decline in CY23 by ~14.5%. Rising NPLs have been a major sign of concern for the MFBs sector. This issue not only stems from the fresh portfolio disbursed but also due to the carried-forward loan portfolio against the deferments allowed during the pandemic breakout. In CY23, the MFBs' NPLs increased to ~9.5% (~8.8% in CY22). Due to persistent losses and equity erosion, the MFBs sector capital structure also reflects a deteriorated outlook with the overall CAR of the sector falling way below the regulatory benchmark of 15.0% to ~7.6%in CY23. The Sector's Gross Loan Portfolio (GLP) clocked in at PKR~408bln as of End-Dec'23, up ~12.8% since End-Dec'22, when it recorded at PKR~361bln. However, during CY23, the sector's NPLs increased by ~12.3%, which is lower than the increase in NPLs during CY22 when the growth rate stood at ~61.8%. In 1QCY24 the Bank reported net advances of PKR 81.2bln compared to the PKR 82bln at the end Dec'23. The Bank carefully managed its loan portfolio amidst evolving market conditions.

**Financial Risk** At the end Mar'24, Stage 3 of the bank recorded an increase to PKR 4.5bln (end-Dec23: PKR 3.4bln, end-Dec22: PKR 1.71bln). The management of asset quality, going forward, remains essential. The infection ratio increased to 5.5% at the end of Mar'24 compared to 3.8% end of Dec'23. At end Mar'24, the investment book stood at PKR 39.2bln (end-Dec23: PKR 51.6bln) due to investment in mutual funds and Government Securities but the investment portfolio remained dominated by government securities. In end of Sept'23, total earning assets decreased to PKR 127.3bln (end-Dec23: PKR 138.2bln). The total borrowing as at end-Mar'24 stood at PKR 29.2bln (end-Dec23: PKR 43.5). In end-Mar24, the bank's advances to deposits ratio (ADR) stood at 71.3% (end-Dec23: 77.5%). U Bank regularly monitors its liquidity through its Asset and Liability Management Committee (ALCO) and aligns asset-liability mismatch accordingly. The Bank's liquid assets to borrowings and deposits ratio decreased to 37% as of the end of Mar'24, down from 50.8% at the end of Dec'23. The bank's equity reported to PKR 3.5bln at end-Mar24(end-Dec23: PKR 5.7bln)

## Instrument Rating Considerations

**About The Instrument** U Microfinance Bank Limited issued privately placed and secured Term Finance Certificates (TFC) up to PKR 3,500mln. The 50% of the issue amount is secured by a first pari-passu charge on the issuer's book debts, advances, and receivables with a minimum 25% margin. The remaining 50% of the issue amount is secured by Charge/lien on government securities of a similar tenor. The profit is being paid semiannually in arrears at the rate of 6MK+1.35% p.a. Principal repayment is being paid in 6 semiannual installments amounting PKR 583mln till the maturity of the instrument on Jun'25.The basic purpose of the respective issue is to enhance the advances book which will be fueled by the additional liquidity raised through the TFC.

**Relative Seniority/Subordination Of Instrument** The claims of the TFC holders will rank I. Superior to the claims of ordinary shareholders; and II. Pari passu without preference amongst themselves

**Credit Enhancement** 50% of the TFC amount is secured against pari passu charge on the U Bank's debt book, advances, and receivables with a 25% margin. Whereas, 50% of the Issue amount will be secured against charge/lien on government securities of a similar tenor. In case, U Bank fails to make the Profit/Principal payment on the relevant due date, the Security Agent reserves the right to realize the cash from the government securities and make payment to the relevant investor within 05 days of the relevant due date without invoking Event of Default (including but not limited to sending out a notice of default)

PKR mln

| U Microfinance Bank Limited<br>UnListed Public Limited | Mar-24<br>3M | Dec-23<br>12M | Dec-22<br>12M | Dec-21<br>12M |
|---|---|---|---|---|
| **A BALANCE SHEET** | | | | |
| 1 Total Finances - net | 86,017 | 90,160 | 64,216 | 35,388 |
| 2 Investments | 36,537 | 46,886 | 133,577 | 46,565 |
| 3 Other Earning Assets | 4,763 | 1,195 | 7,165 | 6,212 |
| 4 Non-Earning Assets | 26,968 | 24,992 | 18,923 | 17,427 |
| 5 Non-Performing Finances-net | (1,273) | (3,268) | (5,432) | (1,012) |
| Total Assets | 153,011 | 159,966 | 218,449 | 104,578 |
| 6 Deposits | 114,839 | 105,797 | 92,200 | 55,000 |
| 7 Borrowings | 29,273 | 43,543 | 117,969 | 39,874 |
| 8 Other Liabilities (Non-Interest Bearing) | 5,323 | 4,796 | 4,367 | 2,213 |
| Total Liabilities | 149,435 | 154,136 | 214,537 | 97,087 |
| Equity | 3,576 | 5,830 | 3,912 | 7,491 |
| **B INCOME STATEMENT** | | | | |
| 1 Mark Up Earned | 6,415 | 34,816 | 18,662 | 12,216 |
| 2 Mark Up Expensed | (8,388) | (32,548) | (14,738) | (5,589) |
| 3 Non Mark Up Income | 424 | 5,978 | 3,301 | 1,278 |
| Total Income | (1,550) | 8,246 | 7,225 | 7,904 |
| 4 Non-Mark Up Expenses | (2,856) | (9,857) | (6,635) | (5,035) |
| 5 Provisions/Write offs/Reversals | 852 | 513 | (2,861) | (1,540) |
| Pre-Tax Profit | (3,554) | (1,099) | (2,271) | 1,329 |
| 6 Taxes | 1,389 | 1,849 | 1,395 | (218) |
| Profit After Tax | (2,166) | 750 | (876) | 1,111 |
| **C RATIO ANALYSIS** | | | | |
| **1 Performance** | | | | |
| Portfolio Yield | 18.9% | 31.5% | 29.2% | 32.4% |
| Minimum Lending Rate | 47.1% | 55.6% | 48.5% | 34.9% |
| Operational Self Sufficiency (OSS) | 65.7% | 95.2% | 87.8% | 111.9% |
| Return on Equity | -184.2% | 15.4% | -15.4% | 16.9% |
| Cost per Borrower Ratio | 28,469.7 | 24,564.8 | 16,534.1 | 13,544.2 |
| **2 Capital Adequacy** | | | | |
| Net NPL/Equity (Stage 3) | -35.6% | -54.9% | -138.8% | -13.5% |
| Equity / Total Assets (D+E+F) | 2.3% | 3.6% | 0.0% | 7.2% |
| Tier I Capital / Risk Weighted Assets | N/A | N/A | N/A | 13.1% |
| Capital Adequacy Ratio | 9.40% | 13.68% | N/A | 18.5% |
| Capital Formation Rate [(Profit After Tax - Cash Dividend ) / Equity] | -148.6% | 19.2% | -11.7% | 19.6% |
| **3 Funding & Liquidity** | | | | |
| Liquid Assets as a % of Deposits & Short term Borrowings | 37.0% | 50.8% | 180.1% | 104.0% |
| Demand Deposit Coverage Ratio | 494.1% | 551.2% | 1819.1% | 1072.1% |
| Liquid Assets/Top 20 Depositors | 177.5% | 224.7% | 470.7% | 171.5% |
| Funding Diversification (Deposits/(Deposits+Borrowings+Grants)) | 79.7% | 70.8% | 43.9% | 58.0% |
| Net Advances to Deposits Ratio | 73.8% | 82.1% | 63.8% | 62.5% |
| **4 Credit Risk** | | | | |
| Top 20 Advances / Advances | 0.0% | 0.0% | 0.0% | 0.0% |
| PAR 30 Ratio | 5.2% | 3.9% | 1.9% | 2.8% |
| Write Off Ratio | 0.0% | 0.0% | 0.0% | 0.0% |
| True Infection Ratio | 5.2% | 3.9% | 1.9% | 2.8% |
| Risk Coverage Ratio (PAR 30) | 128.1% | 192.9% | 567.2% | 198.9% |

## Credit Rating

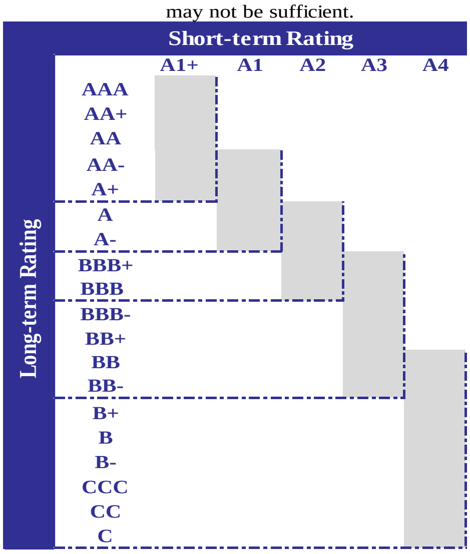
Credit rating reflects forward-looking opinion on credit worthiness of underlying entity or instrument; more specifically it covers relative ability to honor financial obligations. The primary factor being captured on the rating scale is relative likelihood of default.

### Long-term Rating

| Scale | Definition |
|---|---|
| AAA | **Highest credit quality.** Lowest expectation of credit risk. Indicate exceptionally strong capacity for timely payment of financial commitments |
| AA+<br>AA<br>AA- | **Very high credit quality.** Very low expectation of credit risk. Indicate very strong capacity for timely payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events. |
| A+<br>A<br>A- | **High credit quality.** Low expectation of credit risk. The capacity for timely payment of financial commitments is considered strong. This capacity may, nevertheless, be vulnerable to changes in circumstances or in economic conditions. |
| BBB+<br>BBB<br>BBB- | **Good credit quality.** Currently a low expectation of credit risk. The capacity for timely payment of financial commitments is considered adequate, but adverse changes in circumstances and in economic conditions are more likely to impair this capacity. |
| BB+<br>BB<br>BB- | **Moderate risk.** Possibility of credit risk developing. There is a possibility of credit risk developing, particularly as a result of adverse economic or business changes over time; however, business or financial alternatives may be available to allow financial commitments to be met. |
| B+<br>B<br>B- | **High credit risk.** A limited margin of safety remains against credit risk. Financial commitments are currently being met; however, capacity for continued payment is contingent upon a sustained, favorable business and economic environment. |
| CCC<br>CC<br>C | **Very high credit risk.** Substantial credit risk "CCC" Default is a real possibility. Capacity for meeting financial commitments is solely reliant upon sustained, favorable business or economic developments. "CC" Rating indicates that default of some kind appears probable. "C" Ratings signal imminent default. |
| D | Obligations are currently in default. |

### Short-term Rating

| Scale | Definition |
|---|---|
| A1+ | The highest capacity for timely repayment. |
| A1 | A strong capacity for timely repayment. |
| A2 | A satisfactory capacity for timely repayment. This may be susceptible to adverse changes in business, economic, or financial conditions. |
| A3 | An adequate capacity for timely repayment. Such capacity is susceptible to adverse changes in business, economic, or financial |
| A4 | The capacity for timely repayment is more susceptible to adverse changes in business, economic, or financial conditions. Liquidity may not be sufficient. |




**The correlation shown is indicative and, in certain cases, may not hold.*

**Outlook (Stable, Positive, Negative, Developing)** Indicates the potential and direction of a rating over the intermediate term in response to trends in economic and/or fundamental business/financial conditions. It is not necessarily a precursor to a rating change. 'Stable' outlook means a rating is not likely to change. 'Positive' means it may be raised. 'Negative' means it may be lowered. Where the trends have conflicting elements, the outlook may be described as 'Developing'.

**Rating Watch** Alerts to the possibility of a rating change subsequent to, or, in anticipation of some material identifiable event with indeterminable rating implications. But it does not mean that a rating change is inevitable. A watch should be resolved within foreseeable future, but may continue if underlying circumstances are not settled. Rating watch may accompany rating outlook of the respective opinion.

**Suspension** It is not possible to update an opinion due to lack of requisite information. Opinion should be resumed in foreseeable future. However, if this does not happen within six (6) months, the rating should be considered withdrawn.

**Withdrawn** A rating is withdrawn on a) termination of rating mandate, b) the debt instrument is redeemed, c) the rating remains suspended for six months, d) the entity/issuer defaults., or/and e) PACRA finds it impractical to surveill the opinion due to lack of requisite information.

**Harmonization** A change in rating due to revision in applicable methodology or underlying scale.

**Surveillance.** Surveillance on a publicly disseminated rating opinion is carried out on an ongoing basis till it is formally suspended or withdrawn. A comprehensive surveillance of rating opinion is carried out at least once every six months. However, a rating opinion may be reviewed in the intervening period if it is necessitated by any material happening.

**Note.** This scale is applicable to the following methodology(s):

a) Broker Entity Rating
b) Corporate Rating
c) Debt Instrument Rating
d) Financial Institution Rating
e) Holding Company Rating
f) Independent Power Producer Rating
g) Microfinance Institution Rating
h) Non-Banking Finance Companies Rating

## Regulatory and Supplementary Disclosure

(Credit Rating Companies Regulations,2016)

**Rating Team Statements**

(1) Rating is just an opinion about the creditworthiness of the entity and does not constitute recommendation to buy, hold or sell any security of the entity rated or to buy, hold or sell the security rated, as the case may be | Chapter III; 14-3-(x)

2) **Conflict of Interest**

i. The Rating Team or any of their family members have no interest in this rating | Chapter III; 12-2-(j)
ii. PACRA, the analysts involved in the rating process and members of its rating committee, and their family members, do not have any conflict of interest relating to the rating done by them | Chapter III; 12-2-(e) & (k)
iii. The analyst is not a substantial shareholder of the customer being rated by PACRA [Annexure F; d-(ii)] Explanation: for the purpose of above clause, the term "family members" shall include only those family members who are dependent on the analyst and members of the rating committee

**Restrictions**

(3) No director, officer or employee of PACRA communicates the information, acquired by him for use for rating purposes, to any other person except where required under law to do so. | Chapter III; 10-(5)
(4) PACRA does not disclose or discuss with outside parties or make improper use of the non-public information which has come to its knowledge during business relationship with the customer | Chapter III; 10-7-(d)
(5) PACRA does not make proposals or recommendations regarding the activities of rated entities that could impact a credit rating of entity subject to rating | Chapter III; 10-7-(k)

**Conduct of Business**

(6) PACRA fulfills its obligations in a fair, efficient, transparent and ethical manner and renders high standards of services in performing its functions and obligations; | Chapter III; 11-A-(a)
(7) PACRA uses due care in preparation of this Rating Report. Our information has been obtained from sources we consider to be reliable but its accuracy or completeness is not guaranteed. PACRA does not, in every instance, independently verifies or validates information received in the rating process or in preparing this Rating Report | Clause 11-(A)(p).
(8) PACRA prohibits its employees and analysts from soliciting money, gifts or favors from anyone with whom PACRA conducts business | Chapter III; 11-A-(q)
(9) PACRA ensures before commencement of the rating process that an analyst or employee has not had a recent employment or other significant business or personal relationship with the rated entity that may cause or may be perceived as causing a conflict of interest; | Chapter III; 11-A-(r)
(10) PACRA maintains principal of integrity in seeking rating business | Chapter III; 11-A-(u)
(11) PACRA promptly investigates, in the event of a misconduct or a breach of the policies, procedures and controls, and takes appropriate steps to rectify any weaknesses to prevent any recurrence along with suitable punitive action against the responsible employee(s) | Chapter III; 11-B-(m)

**Independence & Conflict of interest**

(12) PACRA receives compensation from the entity being rated or any third party for the rating services it offers. The receipt of this compensation has no influence on PACRA´s opinions or other analytical processes. In all instances, PACRA is committed to preserving the objectivity, integrity and independence of its ratings. Our relationship is governed by two distinct mandates i) rating mandate - signed with the entity being rated or issuer of the debt instrument, and fee mandate - signed with the payer, which can be different from the entity
(13) PACRA does not provide consultancy/advisory services or other services to any of its customers or to any of its customers' associated companies and associated undertakings that is being rated or has been rated by it during the preceding three years unless it has adequate mechanism in place ensuring that provision of such services does not lead to a conflict of interest situation with its rating activities; | Chapter III; 12-2-(d)
(14) PACRA discloses that no shareholder directly or indirectly holding 10% or more of the share capital of PACRA also holds directly or indirectly 10% or more of the share capital of the entity which is subject to rating or the entity which issued the instrument subject to rating by PACRA; | Reference Chapter III; 12-2-(f)
(15) PACRA ensures that the rating assigned to an entity or instrument is not be affected by the existence of a business relationship between PACRA and the entity or any other party, or the non-existence of such a relationship | Chapter III; 12-2-(i)
(16) PACRA ensures that the analysts or any of their family members shall not buy or sell or engage in any transaction in any security which falls in the analyst's area of primary analytical responsibility. This clause shall, however, not be applicable on investment in securities through collective investment schemes. | Chapter III; 12-2-(l)
(17) PACRA has established policies and procedure governing investments and trading in securities by its employees and for monitoring the same to prevent insider trading, market manipulation or any other market abuse | Chapter III; 11-B-(g)

**Monitoring and review**

(18) PACRA monitors all the outstanding ratings continuously and any potential change therein due to any event associated with the issuer, the security arrangement, the industry etc., is disseminated to the market, immediately and in effective manner, after appropriate consultation with the entity/issuer; | Chapter III | 17-(a)
(19) PACRA reviews all the outstanding ratings periodically, on annual basis; Provided that public dissemination of annual review and, in an instance of change in rating will be made; | Chapter III | 17-(b)
(20) PACRA initiates immediate review of the outstanding rating upon becoming aware of any information that may reasonably be expected to result in downgrading of the rating; | Chapter III | 17-(c)
(21) PACRA engages with the issuer and the debt securities trustee, to remain updated on all information pertaining to the rating of the entity/instrument;| Chapter III | 17-(d)

**Probability of Default**

(22) PACRA´s Rating Scale reflects the expectation of credit risk. The highest rating has the lowest relative likelihood of default (i.e., probability). PACRA´s transition studies capture the historical performance behavior of a specific rating notch. Transition behavior of the assigned rating can be obtained from PACRA´s Transition Study available at our website. (www.pacra.com). However, actual transition of rating may not follow the pattern observed in the past; | Chapter III | 14-3(f)(vii)

**Proprietary Information**

# Regulatory and Supplementary Disclosure

| Nature of Instrument | Size of Issue (PKR) | Tenor | Security | Quantum of Security | Nature of Assets | Trustee |
|---|---|---|---|---|---|---|
| PPTFC | PKR 3,500 mln | 4 years from the date of issue | 50 % of the Issue Amount will be secured against pari passu charge on the Issuer's Book Debts, Advances and Receivables with 25% margin | 50% of the Issue Amount | Book Debt and Receivables | Pak Brunei Investment Company Limited |
| | | | 50% of the Issue Amount will be secured against charge/lien on government securities of a similar Tenor. | | Government Securities | |

| | |
|---|---|
| **Name of Issuer** | U Microfinance Bank Limited |
| **Issue Date** | 23-Jun-21 |
| **Maturity** | 23-Jun-25 |
| **Profit Rate** | 6MKIBOR + 1.35% |

**U Microfinance Bank Limited | TFC | Redemption Schedule**

| Sr. | Due Date Principal | Opening Principal | Principal Repayment | 6M Kibor | Markup/Profit Rate (6MK + 1.35%) | Markup/Profit Payment | Principal Payment | Total | Principal Outstanding |
|---|---|---|---|---|---|---|---|---|---|
| | | PKR in mln | | | | PKR in mln | | | |
| | 23-Jun-21 | 3,500 | - | 7.35% | 8.85% | - | - | - | 3,500 |
| 1 | 23-Dec-21 | 3,500 | - | 7.35% | 8.70% | 153 | - | 153 | 3,500 |
| 2 | 23-Jun-22 | 3,500 | - | 11.19% | 12.54% | 219 | - | 219 | 3,500 |
| 3 | 23-Dec-22 | 3,500 | 583 | 15.44% | 16.79% | 295 | 583 | 878 | 2,917 |
| 4 | 23-Jun-23 | 2,917 | 583 | 15.44% | 16.79% | 244 | 583 | 827 | 2,333 |
| 5 | 23-Dec-23 | 2,333 | 583 | 22.15% | 23.65% | 277 | 583 | 860 | 1,750 |
| 6 | 23-Jun-24 | 1,750 | 583 | 21.46% | 22.96% | 201 | 583 | 784 | 1,167 |
| 7 | 23-Dec-24 | 1,167 | 583 | 21.46% | 22.96% | 134 | 583 | 717 | 583 |
| 8 | 23-Jun-25 | 583 | 583 | 21.46% | 22.96% | 67 | 583 | 650 | - |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | **3,500** | | | **1,590** | **3,500** | **5,088** | |