Annual Report 2014

Tameer Bank
Micro Finance

Celebrating 10 Years

ہم خود تراشتے ہیں منازل کے سنگِ میل
ہم وہ نہیں ہیں جن کو زمانہ بنا گیا

As we continue carving new milestones,
our inspiration is grounded in Allama Iqbal's
philosophy of being the master of one's destiny.
Our wide range of product and services
continue to touch thousands of lives,
leaving behind trails of smiles
and success stories.

Spirit of Tameerians

Annual Report 2014

Our journey so far

Obtained License by Central Bank

Launched Micro Business Loans

Established National Foot Print

Launched Micro Group Lending

easypaisa

First Branchless Banking license granted by Central Bank

Launched country's 1st **Bill Payment & Money Transfer** Service

2005 | 2006 | 2007 | 2008 | 2009

Launched **First ever Voice Aided Biometric** ATMs in Pakistan

Launched Lending against Gold & Saving Certificates

Acquired 51% by country's **Second Largest Telecom**

telenor

1st MFB to receive scheduled bank status

Won the **Best Mobile Money** Launch of the Year

Long Term	Short Term
A+	A1

Rated by JCR-VIS & PACRA

2010

Showcased by World Bank as a **'Model'** in Annual Meeting

Winner of **3 Base of Pyramid Awards** from SBP in 2010-11

1st Bank to provide **24x7** branch banking

1st Bank to launch satellite enabled BoW

Launched Micro Health Insurance

Launched Micro Savings Program

Best New Entrant in Global Mobile Money Transfer **Award**

2011

Short listed by International Finance Corporation for **Sustainable Finance Awards**

First Retail Micro Finance Bank to be listed at the KSE

2012

Consumer Choice Award **Best Micro Finance Bank** in Pakistan

Launched Senior Citizen Savings Product

Launched Dairy & Animal Financing

CSR Business Excellence Award of Environmental Sustainability

2013

Launched Home Based Solar Financing

1st Bank to migrate 11 branches to Solar Energy (8 partial 3 full)

Launched Private School Financing

Launched Agri Group Financing

1st Bank to offer APM to customers & merchants

Launched Gold Savings Program

Launched Micro Enterprise Loan

2014

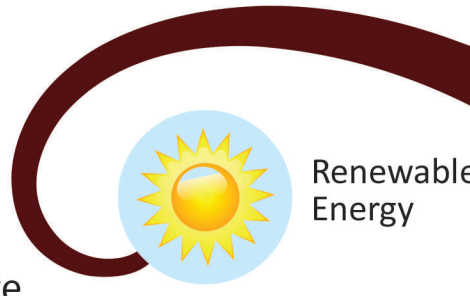
GSMA Award Winner 2014 Best Mobile Product

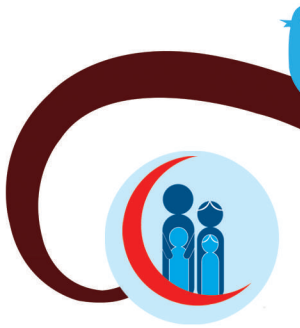
1st Bank to test Telco based scorecard model

About **Tameer Bank**

From humble beginnings in **2005**, we have grown to become a leader in microfinance banking. Our **1.14** million borrowers, **1.4** million savers and **6** million unique easypaisa users every month are a testament to the trust we have created as a financial services provider.

We have established an impressive financial services footprint over the years with **149** touch points and **62,000** easypaisa agents across Pakistan. Our **2,058** employees strive to meet the financial needs of thousands of clients daily and continue to provide best in class customer service.



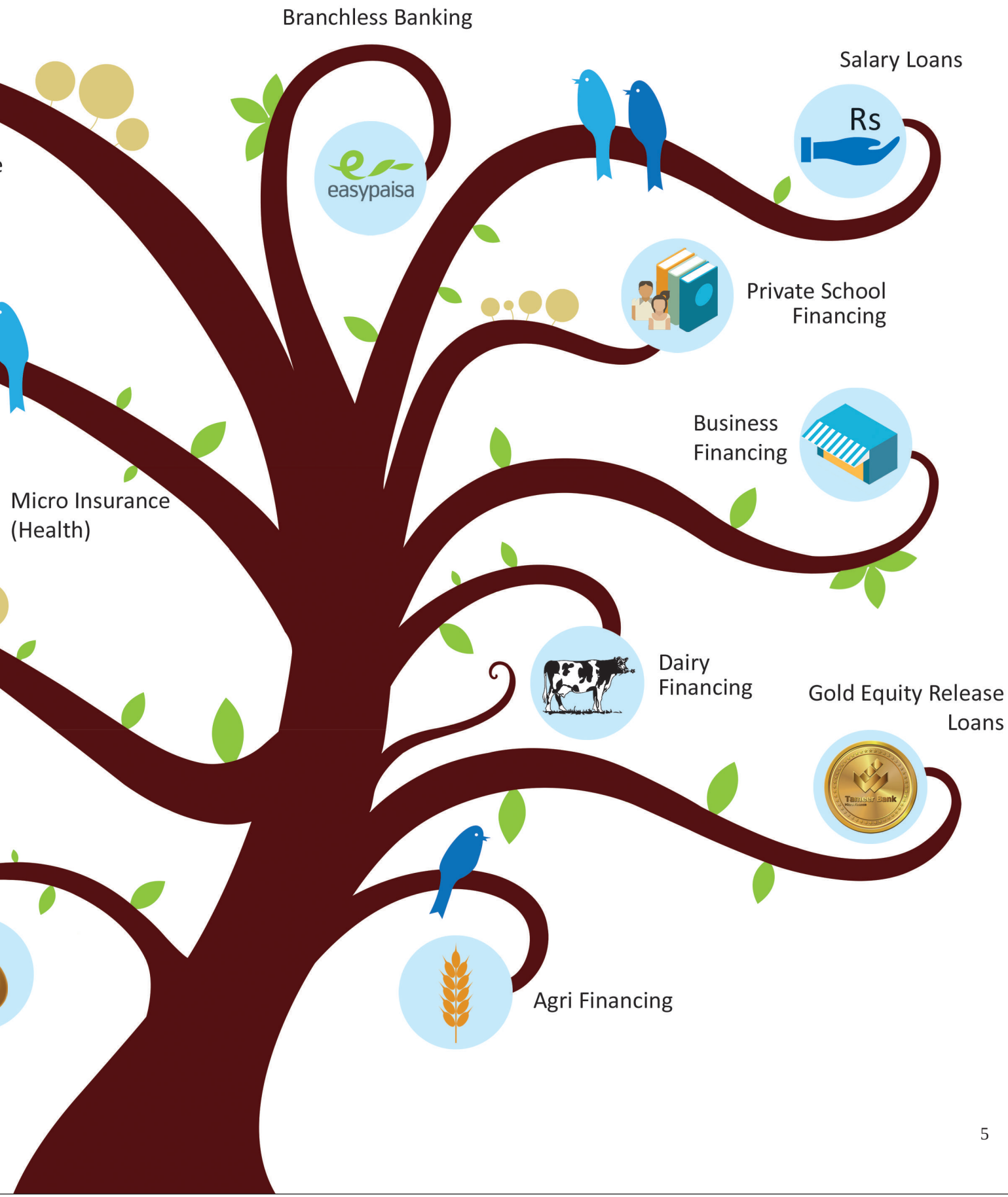


Vision

To "**improve lives** in every home"

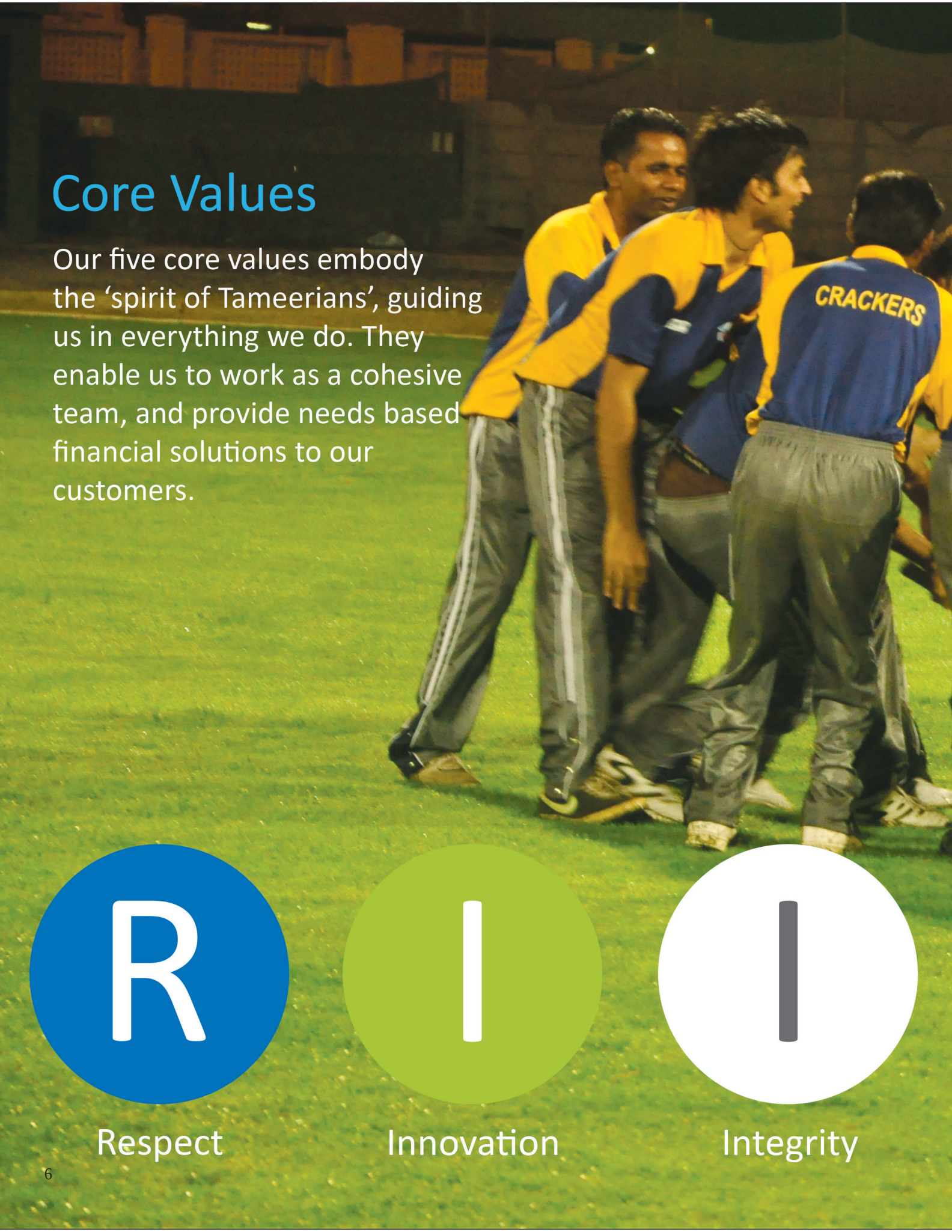
Mission

To "**improve lives** by building an ecosystem for the unbanked through innovation, best in class talent and customer care"


Branchless Banking
easypaisa
Salary Loans
Rs
Private School Financing
Business Financing
Micro Insurance (Health)
Dairy Financing
Gold Equity Release Loans
Tameer Bank
Agri Financing

Core Values

Our five core values embody the ‘spirit of Tameerians’, guiding us in everything we do. They enable us to work as a cohesive team, and provide needs based financial solutions to our customers.



M
E
Meritocracy
Equal Opportunity

Tameer's Social Impact

Disbursed
PKR 51 bn
Since Inception

No. of Customers
1,137,943
Since Inception

32%
Females empowered
Since Inception

Market Share
24%
Total Advances Market Share in MFB 2014

Value of Transactions
PKR 2,190 bn
Since Inception

Volume of Transactions
421 mn
Since Inception

Total Deposits
PKR 12.26 bn
As at December 2014
M-Wallet Account
2.04 mn
As at December 2014
G2P Beneficiaries
Over 1 mn
As at December 2014
Stand Alone Health Insurance
Over 100,000
Since 2010
Unique Users
6 million
Per Month
98%
Satisfied with Mobile Money
OTC Services

Customers

"Customers are the very reason we exist; they are our nucleus."
Nadeem Hussain

Loans

I've been with Tameer for over five years; it has helped me gradually realize my dream of owning a decoration business!

Nasir Francis - Karachi

Disbursed
PKR

15
Billion
In 2014

226,870
Active
Borrowers

31%
Females
In 2014

عجب نہیں کہ بدل دے اسے نگاہ تری
بلا رہی ہے تجھے ممکنات کی دنیا

Our loan products are designed to meet the specific needs of agri, business and salaried individuals

We enable these segments to improve their economic conditions, by providing loans for business and personal use, and integrating them through the financial inclusion process.

Core Deposit	Branchless Banking	No. of Depositors
9.7 Billion As at Dec 2014	2.5 Billion As at Dec 2014	1.4 Million As at Dec 2014

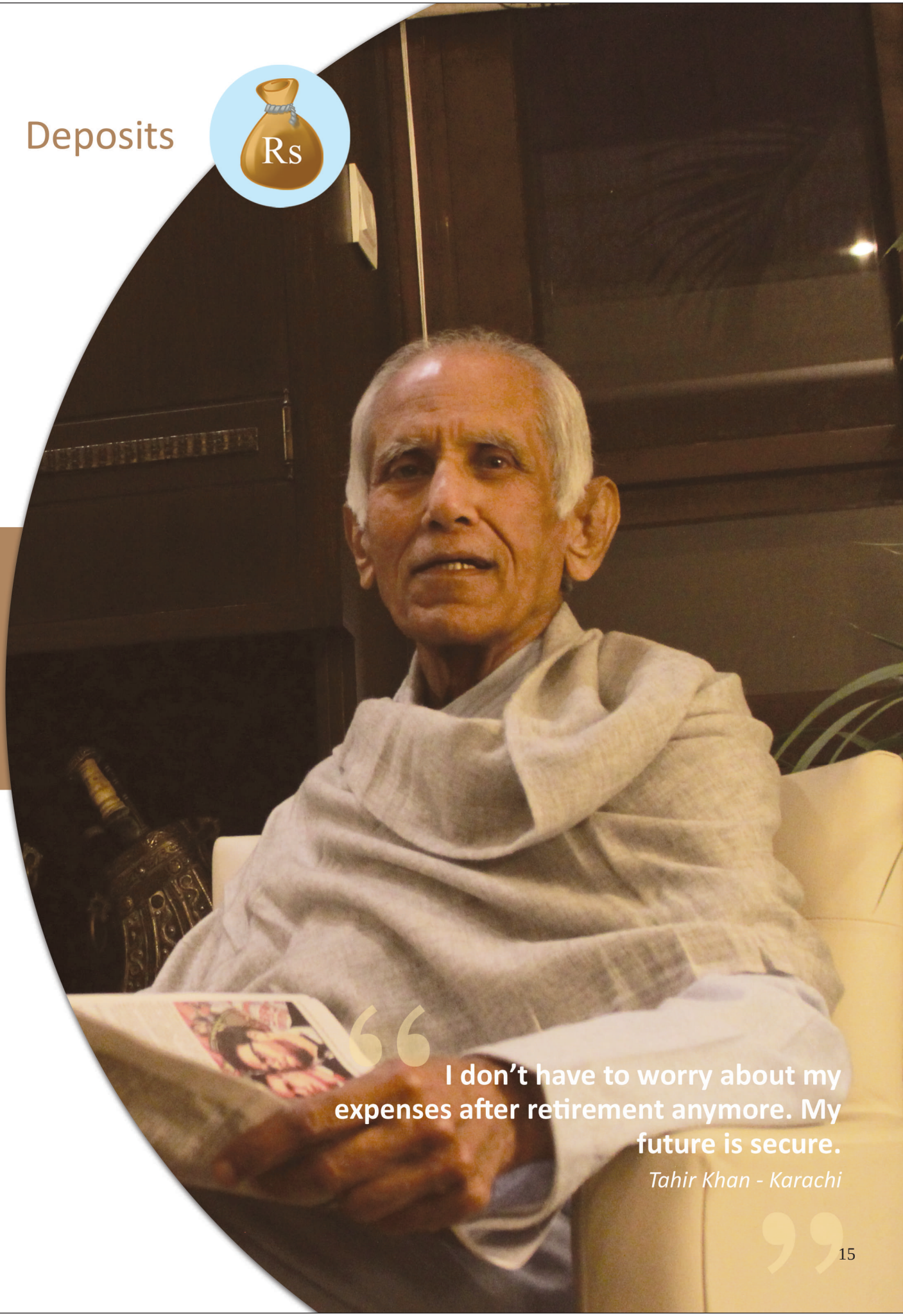
عبث ہے شکوہ تقدیر یزداں
تو خود تقدیر یزداں کیوں نہیں ہے

Our deposit products offer unique advantages to customers - giving them freedom and flexibility

Tameer has a complete products' menu serving the needs of monthly and long term savers, regular current account holders, and businessmen [Tajir].

From offering 24x7 banking, to customized cash management services, Tameer offers unparalleled benefits that are a 'first' in the microfinance industry.

Deposits



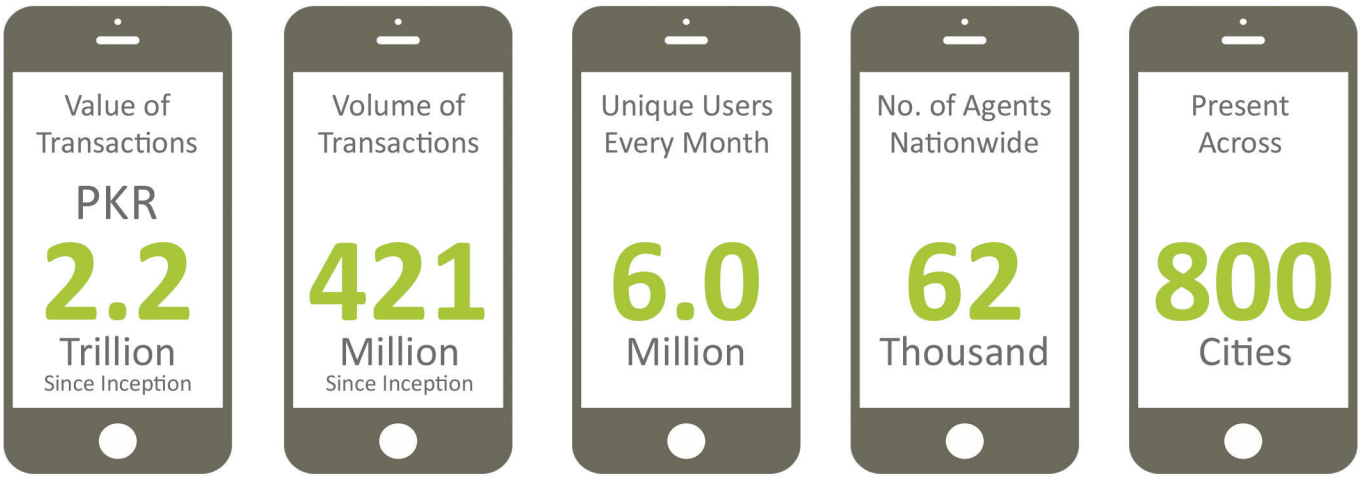
I don’t have to worry about my expenses after retirement anymore. My future is secure.

Tahir Khan - Karachi

Branchless Banking

My son works in the city, he sends me money every month through easypaisa. I don't have to walk miles and miles to the post office anymore.

Basheeran - Dul Goth, Sind



جو عالمِ ایجاد میں ہے صاحبِ ایجاد
ہر دور میں کرتا ہے طواف اس کا زمانہ

Easypaisa, Pakistan's first mobile based branchless banking service, is ranked number two in the world

Easypaisa aims to empower people by making financial services available through branchless banking. The innovative products' menu of Easypaisa gives people of Pakistan complete convenience and empowerment. Our products include money transfer, utility bill payments, Inter Bank Funds Transfer, insurance, international remittances, savings, air time top-ups, donations and ticketing.

No. of customers served

205,021

Loans disbursed to date

PKR **12.9** Billion

یہی آئینِ قدرت ہے یہی اسلوبِ قدرت ہے
جو ہے راہِ عمل میں گامزن محبوبِ فطرت ہے

We provide easy credit facility to boost agricultural produce

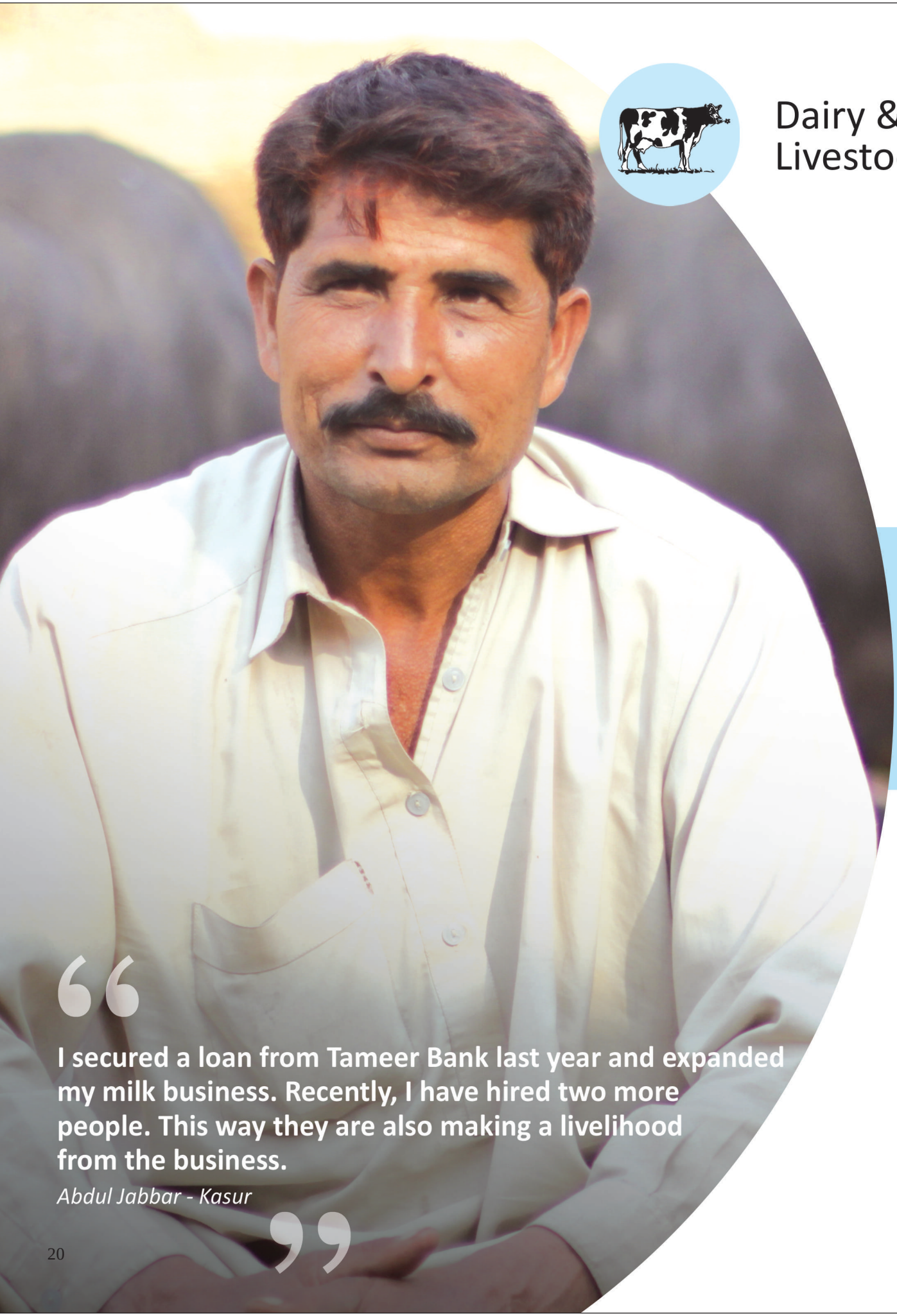
Agricultural credit is an integral part of the process of modernization of agriculture, and commercialization of the rural economy. Unfortunately, farmers rarely have access to formal finance, and often borrow money through informal and exploitative means.

Tameer Bank provides formal credit facilities to small landholders for their business needs. Our Agri financing products protect the interests of farmers by providing them loans on flexible terms.

Agri Financing

My loan is tailor made for me, matching my crop cycle. My crop yield has increased as well.

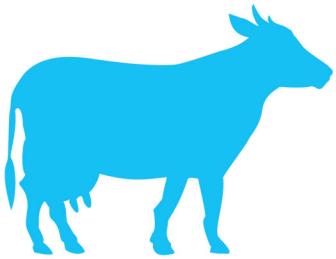
Sher Afsar - Ali Pur Chattha, Punjab



Dairy & Livestock

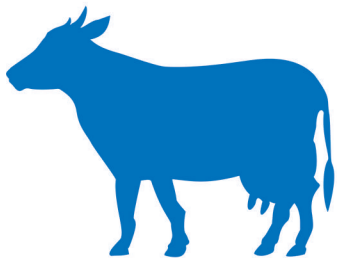
I secured a loan from Tameer Bank last year and expanded my milk business. Recently, I have hired two more people. This way they are also making a livelihood from the business.

Abdul Jabbar - Kasur



Amount disbursed to date

PKR **832** Million



No of Loans Disbursed

10,979

ہو بندہ آزاد اگر صاحبِ الہام
ہے اس کی نگاہ فکر و عمل کے لئے مہمیز

Our livestock products provide dairy and cattle farmers affordable financing options to increase their income

Pakistan is among the top milk producing countries in the world. Banks generally offer loans to corporate farmers, therefore there is a huge un-met need of credit in livestock and dairy sector for low end farmers.

We provide dairy financing to small farmers who intend to increase their income through expansion of production capacity.

Community

"The best way to serve and develop local communities is by creating an ecosystem for the unbanked."
Nadeem Hussain

Women Empowerment
زمانے کے سمندر سے نکالا گوہر فروا

Empowering Women, Empowering Pakistan

Tameer Bank aims to empower women by giving them access to financial services; we are committed to empowering women to succeed as entrepreneurs, by offering them specialized and affordable financial products. Our women customers broadly constitute borrowers, micro-savers and micro insurance beneficiaries.

Through specialized health micro insurance, Tameer Bank has been able to protect women from health emergencies.

Loans

PKR
11.8
Billion

Disbursed
Since inception

Empowering Over
36,000
Women

Deposits

PKR
1.5
Billion

Saved
As at Dec 2014

Impacting Over
200,000
Savers

Health Beneficiaries

21,000
Lives

Insured

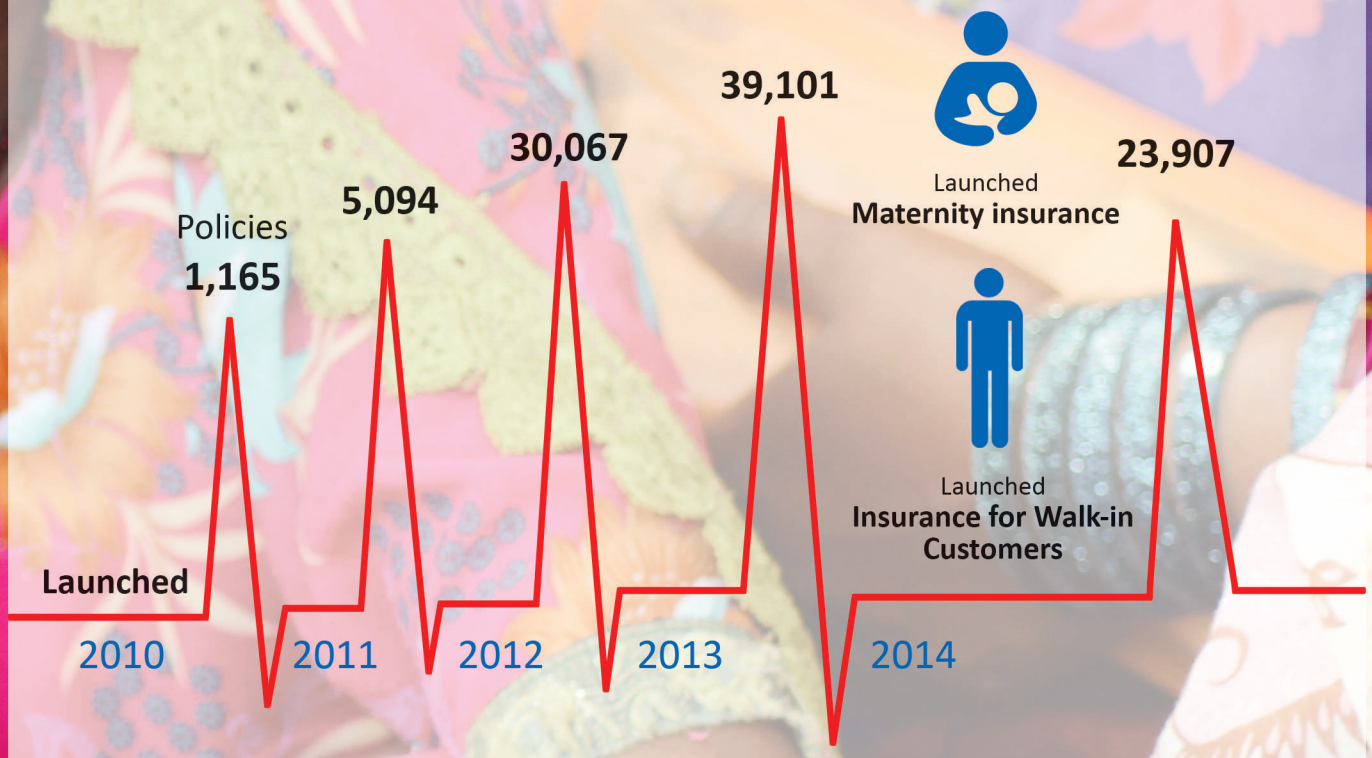
وہی ہے صاحبِ افروز جس نے اپنی ہمت سے

Micro Insurance - Health
روشن سر تیشہ سے ہے خانہء فرہاد

Tameer believes that Sehat with Sakoon (health with peace of mind) is the right of every Pakistani

Health micro insurance cushions the poor against catastrophic medical costs. Our innovative micro insurance product set under the umbrella 'Sehat-o-Sakoon' with an insurance partner, is affordable, voluntary and first of its kind in the microfinance industry.

Getting insured through Tameer is now as easy as walking into one of our branches with a CNIC and walking out with a policy. Another key initiative undertaken by Tameer is providing healthcare in remote rural areas through free medical health camps. Medical services at these monthly medical camps include free checkups, consultancy, maternity and dental services by experienced doctors. Patients are also provided free medicine according to their diagnosis.



بے محنت پیہم کوئی جوہر نہیں کھلتا

Bank on Wheels

Started	Oct 2010
Amount Disbursed	PKR 2.5bn
Beneficiaries Served	240,000+

بحرِ ظلمات میں دوڑا دیئے گھوڑے ہم نے

Taking banking to the remotest areas of Pakistan

Through Bank on Wheels, Tameer is transforming microfinance banking by connecting remote communities at the base of the pyramid. Bank on Wheels not only disburses and collects money, but also provides real time financial services at the point of contact with community.

This innovative solution helps us reach out to the farthest corners of Pakistan for socio-economic development.

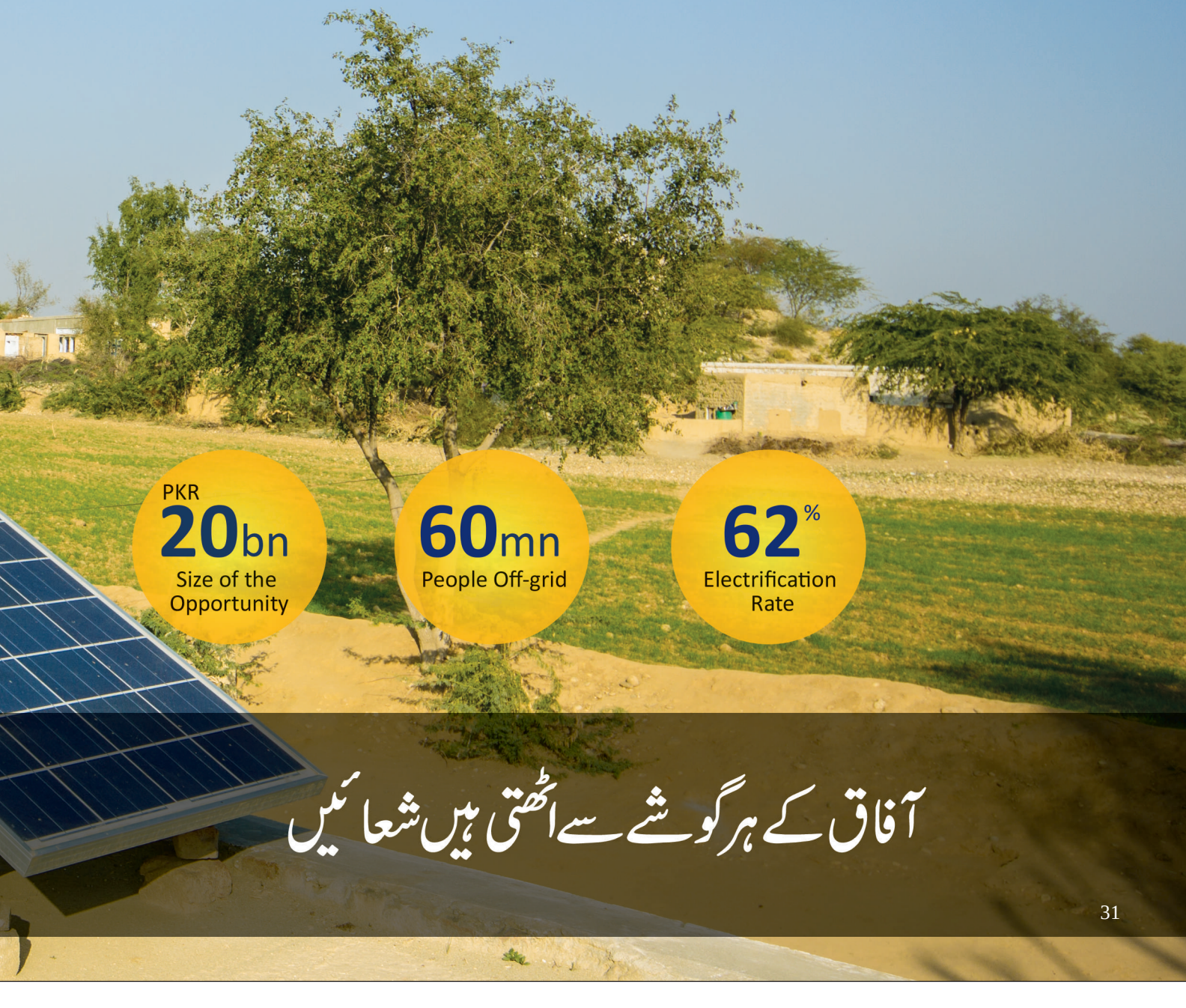
Renewable Energy

بچھڑے ہوئے خورشید سے ہوتی ہیں ہم آغوش

Energy inclusion through financial inclusion

Access to energy is essential for social development and economic prosperity. In Pakistan, there are around 40,000 villages in off-grid areas. The quality of their lives is severely hampered by the lack of productive hours.

Through our solar home system financing, customers now have easy access to uninterrupted electricity based on flexible plans. They have the opportunity to save fuel expenses, increase their savings, and pursue more economically productive activities.



Value Added Services
BALOCHISTAN
TLQ-355
LASBELA
یہ سنگ و خشت نہیں، جو تری نگاہ میں ہے

Facilitating Retail Transactions

Our innovative range of cash management services provide support to merchants, traders, the fishermen community and enterprise to conduct businesses efficiently and with ease.

Services like cash pick-up facility, and 24x7 operational banking ensure that businessmen are not dependent on conventional hours to fulfill their business needs.

easypaisa

E-Cheque Facility

24 7

24x7 Branch Banking Service

APM
Auxiliary Payment Machine

Convenience at Business Retail/Purchase

Nine am to 9 pm

Business Hour Banking

Cash Collection Service

Pre Paid Debit Cards

وہی جہاں ہے ترا جس کو تو کرے پیدا

Colleagues

"Tameer, not only in Pakistan but around the world, is being viewed as the fastest growing microfinance bank and a worthy success story. This has been possible only because of the passion of our people - the spirit of Tameerians. Their belief in our vision drives Tameer's continued growth. I am proud of my team."
Nadeem Hussain

"My journey has been challenging and equally rewarding. When I started I didn't realize I could become a BM one day."

Sobia Michael

Joined: July 2006
Cash Officer to Branch Manager

"Tameer's environment is infectious. It is our passion to succeed that separates us from the rest."

M. Shakir Hussain

Joined: November 2005
Accounts Assistant to Assistant Director Treasury

"I always underestimated my potential; Tameer made me realize that nothing is impossible."

Sadiqa Nawab

Joined: September 2007
Customer Services Officer to Operations Manager

"Not only am I committed to Tameer, I always feel Tameer is committed to me."

Khurram Aziz

Joined: November 2005
Relationship Officer to Operations Head - South

"If you have the passion and drive to excel, then Tameer is the place for you."

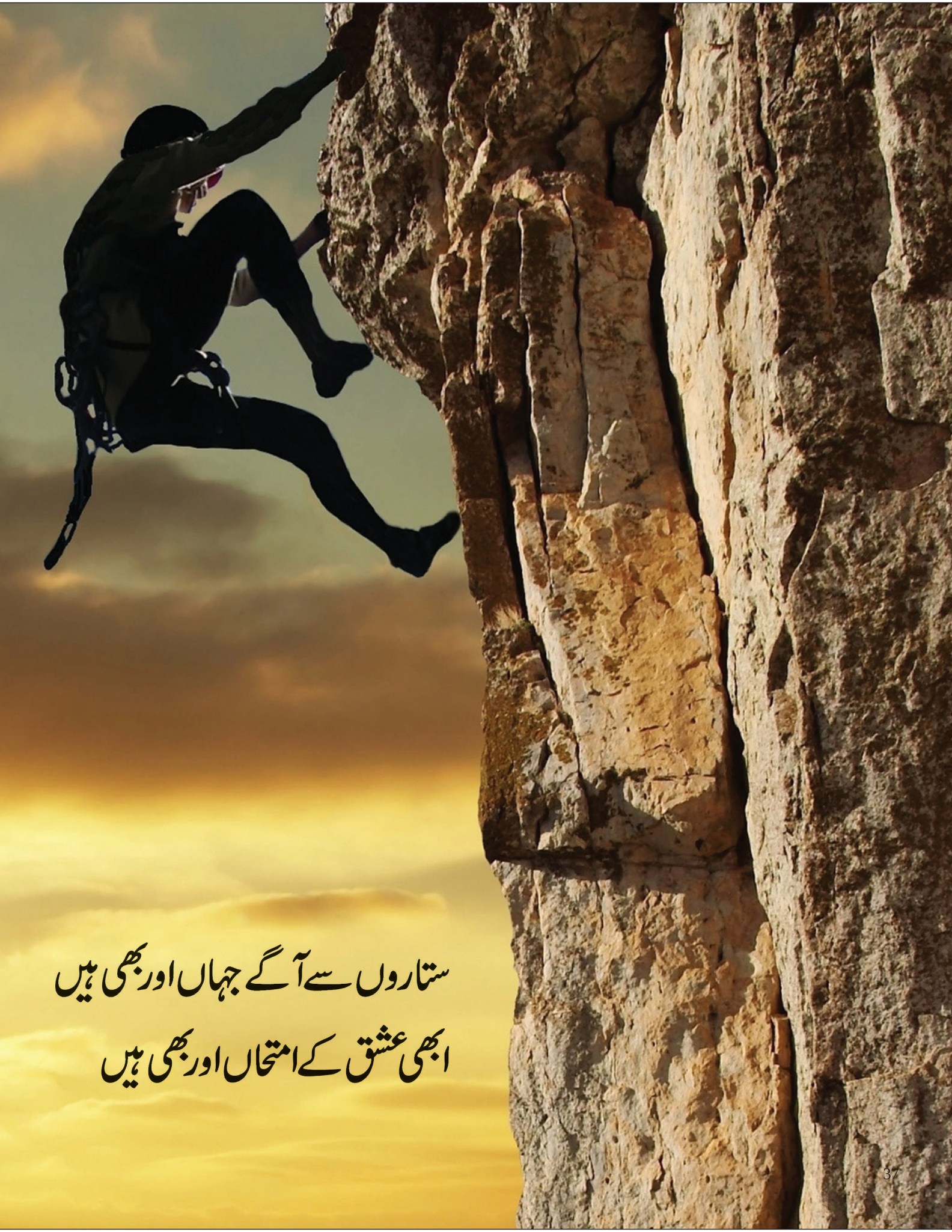
Shahbaz Umer

Joined: July 2007
Data Entry Operator to Branch Manager

"For me, Tameer has been a truly inspiring and life changing experience."

Muhammad Sajid

Joined: February 2006
Cash Officer to Branch Manager


ستاروں سے آگے جہاں اور بھی ہیں
ابھی عشق کے امتحاں اور بھی ہیں

2,058

No. of Colleagues

13,048

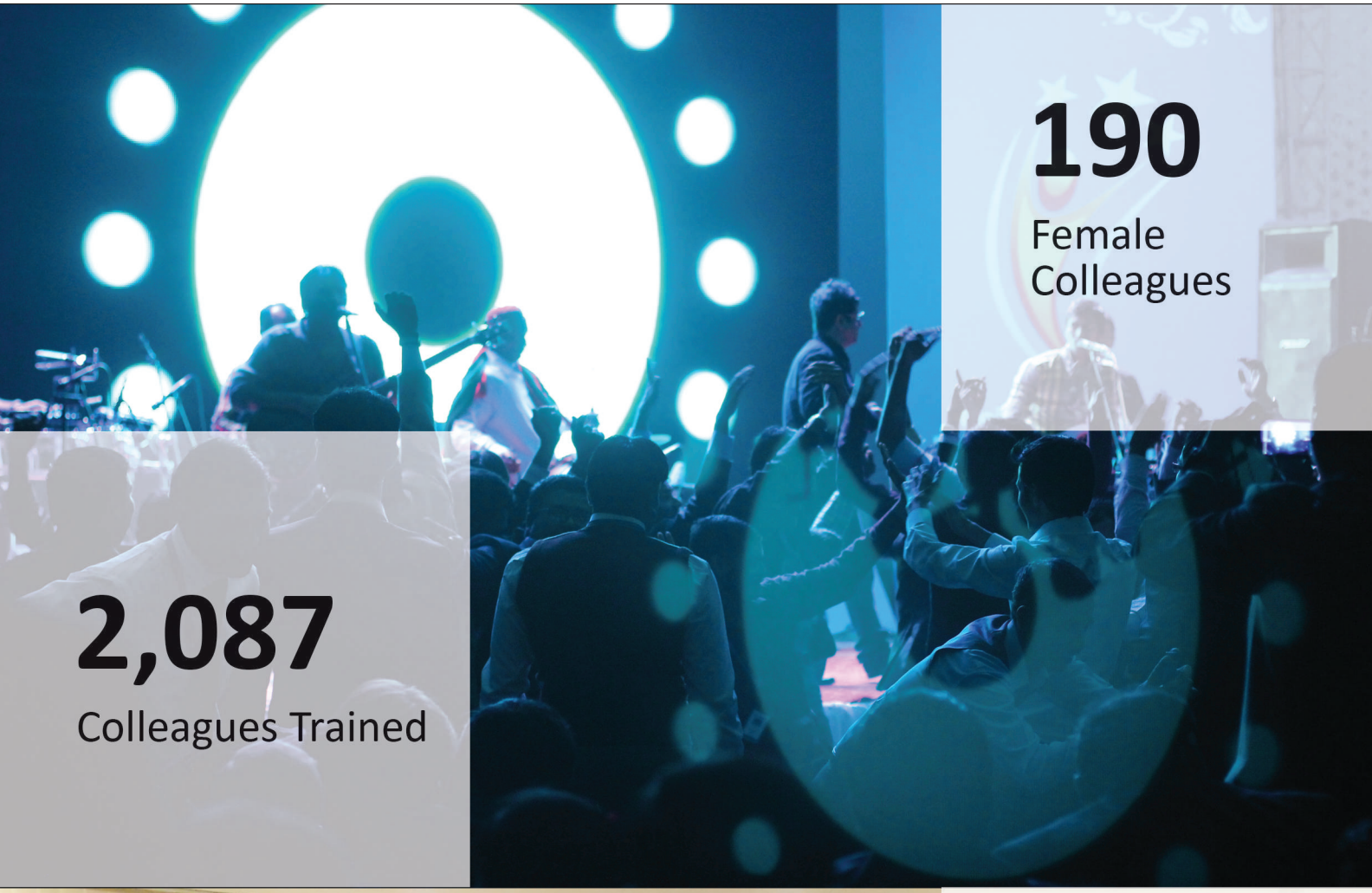
Training Hours

227

Training Sessions

75%

Colleagues between age 20-36



190
Female Colleagues

2,087
Colleagues Trained

55
Internees

41%
Internal Hiring

Company

"At the heart of Tameer's strategy, is a commitment to Pakistan's economic growth and prosperity."

Nadeem Hussain

Tameer Bank
Micro Finance
Saving Accounts | Loans | Insurance | Utility Bill Payment | Easypaisa
Mithi Branch
تعمیر بینک
خاص بچت
سالانہ آمدنی سرٹیفکیٹ
پاکستان میں پہلی مرتبہ 5 ہزار روپے
سرمایہ قرض
سونے کے بدلے فور
قرضے کی سہولت ...
نہ ماہانہ قسط

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Key Figures

Advances (Rs. in Million)

2014 8,942

2013 8,311

Deposits (Rs. in Million)

2014 12,261

2013 10,628

Total Capital (Rs. in Million)

2014 2,844

2013 2,209

No. of Ordinary Shares (in Million)

2014 135

2013 135

BB Income (Rs. in Million)
(Branchless Banking)

2014 869

2013 660

Profit Before Tax (Rs. in Million)

2014 1,020

2013 615

Investments (Rs. in Million)

2014 3,776

2013 3,472

Total Assets (Rs. in Million)

2014 16,393

2013 15,191

Interest Income (Rs. in Million)

2014 3,055

2013 2,519

Net Interest Income (Rs. in Million)

2014 2,289

2013 1,484

Profit After Tax (Rs. in Million)

2014 708

2013 382

Earning Per Share (Rs.)

2014 5.26

2013 2.83

Corporate Information

Board of Directors

Ms. Tine Gottlob Wollebekk	Chairperson
Mr. Michael Patrick Foley	Director
Mr. Roar Bjaerum	Director
Mr. Irfan Wahab Khan	Director
Mr. Syed Salim Raza	Director
Mr. Nizar Noor Muhammad	Director
Mr. Nadeem Hussain	Founder, President & CEO

Board Committees

Audit Committee

Mr. Syed Salim Raza	Chairman
Mr. Roar Bjaerum	Member
Mr. Nizar Noor Mohammed	Member

Branchless Banking Steering Committee

Mr. Irfan Wahab Khan	Chairman
Mr. Nadeem Hussain	Member
Mr. Roar Bjaerum	Member
Ms. Tine Gottlob Wollebekk	Member
Mr. Nizar Noor Mohammed	Member
Mr. Syed Salim Raza	Member
Mr. Michael Patrick Foley	Member

Risk Management Committee

Mr. Syed Salim Raza	Chairman
Ms. Tine Gottlob Wollebekk	Member
Mr. Roar Bjaerum	Member

Human Resource Management, Planning & Remuneration Committee

Mr. Irfan Wahab Khan	Chairman
Mr. Nizar Noor Mohammed	Member
Mr. Michael Patrick Foley	Member

Chief of Staff, Chief Financial Officer & Company Secretary
Mr. Kabeer Naqvi

Auditors
Ernst & Young Ford Rhodes Sidat Hyder & Co.
Chartered Accountants

Legal Advisors
Ebrahim Hosain

Registered Office
Tameer Micro Finance Bank Limited
15-A Block 7-8, Central Commercial Area, K.C.H.S. Union,
Karachi - 75350, Pakistan

Tel: +92-21-111-111-004
Website: www.tameerbank.com
Email: info@tameerbank.com

Board of Directors

Tine Gottlob Wollebekk
Chairperson

Syed Salim Raza
Director

Michael Patrick Foley
Director

Nizar Noor Mohammed
Director

Roar Bjaerum
Director

Nadeem Hussain
Founder, President & CEO

Irfan Wahab Khan
Director

Management Committee

Nadeem Hussain
Founder, President & CEO

Tariq Mohar
Deputy CEO

Kabeer Naqvi
Chief of Staff,
Chief Financial Officer &
Company Secretary

Naresh Karia
Head of Compliance

Atyab Tahir
Chief Risk Officer

Tazeen Adnan
Head of Human Resource

Umaima Sohaib
Chief Marketing Officer

Atif Aziz
Head of Information Technology

Noor Ali
Acting Head of Branchles
Banking Operations

Message from the Chairperson

2014 has marked a year of strong consolidation for Tameer Micro Finance Bank (TMFB). Despite very increased competition and demanding market conditions I am pleased to share that TMFB recorded its best year ever. Continuing the strong performance from 2013 the bank posted a profit before tax of PKR 1.02 Billion, improving the profitability by 66% compared to last year.

Tameer Bank is committed to its vision of bringing financial inclusion to the unbanked population in Pakistan. This resulted in the highest ever disbursal crossing PKR 15 billion for the year, increasing the advances to PKR 8,942 million. The board is very pleased with this development especially considering that the portfolio at risk (PAR) is maintained at a level of less than 1%.

During the year, the bank attracted substantial deposits and saving with 15% increase in deposits while current deposit increased by 40%. The focus to offer attractive deposit and savings accounts will continue going forward.

The competition has been very active and the Pakistani market for microfinance and branchless banking has seen increased activity and considerable margin pressure. During the year TMFB continued to enhance its footprint of Core Bank locations elevated to 149 by the end of 2014. Easypaisa, the joint service between TMFB and Telenor, also continued to increase its reach and number of agents to 62k, which has helped to further solidify the bank's standing as the financial institution with the largest number of customer touch points.

The strong performance has been made possible by the spirit of the Tameerians – the devoted employees of Tameer Bank. We are very pleased with the great effort and want to thank them for the hard work that has been the force behind the good results.

As of September 2014 TMFB entered into it's 10th year of operation. The anniversary will be marked throughout the year. It is with great pleasure we pass this milestone and know that TMFB is well positioned to continue to serve the unbanked and work for an increased financial inclusion to empower society.

Tine Gottlob Wollebekk
Chairperson

ORMING CEOs &
RS OF PAKISTAN
MANAGER TODAY

Message from the Founder, President & CEO

As I write today, we mark the 10 year Tameerian journey. This journey has engaged and enabled millions of lives through financial success stories and accomplishments. We started in 2005 with one branch in Karachi, and have grown impressively to own the largest financial services footprint in Pakistan. This is evident by the 149 branches and 62,000 branchless banking locations that Tameer has set up in under a decade. I am proud to share that Tameer, through its joint venture with Telenor Pakistan, has successfully revolutionalised the face of financial services in the country. It is a shift that has all, including the top 5 banks and MNOs changing the way they reach out to customers.

Looking back at 2014, I am happy to report Tameer's financial impact that spread to over 3.7 million customers, including 226,870 borrowers, 1.2 million G2P beneficiaries and 2.5 million depositors. We were able to give over PKR 15 billion in loans, which was the microfinance industry's highest disbursement of the year. I am humbled by the consistency with which Tameer continues to lead this category of financial services.

I take great pride in presenting an exemplary portfolio of PKR 8.9 billion, with a 30-day PAR of 0.83%. Our strength lies in the diversity of services we offer to augment the credit engine. Microfinance is a unique construct of credit, savings, insurance, and payment services to an inherently underserved market. At Tameer, we reinforce the approach that focuses on a combination of financial services for socio-economic uplift. To this credit, we strive to cultivate products along the financial services spectrum. Life and health insurance, attractive savings for social safety net, and needs based payment options through branchless banking are all in addition to Tameer's growing loan book.

Our solid business results of 2014 were achieved while maintaining a palpable edge in the industry, and delivering quality to our customers. Some of the notable achievements include:

- Ending the year with a pre-tax profit of PKR 1 billion, to become the first microfinance bank in Pakistan to pay out dividend to its shareholders;
- A rating of A+/A-1 by JCR-VIS and PACRA;
- First standalone, non-embedded health micro-insurance policy to mark our commitment to customer protection through transparency of services;
- Business Excellence Award 2014 as lead UN Global Compact Champion Organization on alignment of core business with UNGC's principles;
- Best Mobile Money Service awarded by GSMA 2014

Looking Ahead: Tameer of Tomorrow

Tameer's philosophy since inception is best reflected in Allama Iqbal's words. We chisel our own destiny', a mantra every Tameerian has imbibed, and aspires towards.

The Tameer of Tomorrow is poised to lead a silent financial revolution based on disruptive innovation. The next 3 years for the Bank are littered with ambitions of 100,000+ touch points, 35 million unique customers, and trillions in transactions.

All this and more will be possible because of our belief in the 4-As of financial services – accounts, application, acceptance and awareness. We cannot underscore the relevance of these elements enough, and their ability to change the face of financial inclusion unlike any other time in our history. A mobile account in every hand is a near term reality, as is the utility of digital money, and the ubiquity of e-payment acceptance. The fourth and most important cog is psychological acceptance, and functional understanding of digital money. Immense economic and social benefits are forecasted to accrue from the prevalence of mobile financial services. Tameer is already on its way to improving the ratio of accounts to mobile handsets, and acceptance of, in accomplishment of those benefits.

I am honored to be part of an organization that is going to be the country's next largest retail bank. The nucleus of our existence and success is our customers. Our daily struggle centers on bringing convenience to the customer. At Tameer, we have worked relentlessly to make a one-minute account opening process a reality. To be financially included in the economy through a 60 second process is ground breaking both within Pakistan and abroad. We hope to do this for millions of people in the next 3 years to revolutionalize the 12% banking penetration.

I would like to acknowledge the people who realize the Tameer dream every day - our incredibly passionate colleagues. Tameer rests on a strong foundation of 2,058 self-driven employees. It is our people on the front lines, in communities, and with customers that tells me how we are woven into the fabric of society. The legacy of creating destinies is transferred from our staff to our customers, in a full circle of financial success stories at Tameer.

Nadeem Hussain
Founder, President & CEO

“People should have the opportunity to escape poverty.”

Nadeem Hussain

Director's Report to the Shareholders

December 31, 2014

It is our privilege to present on behalf of the Board of Directors the 10th Annual Report and audited financial statements of Tameer Micro Finance Bank Limited ('The Bank') for the year ended December 31, 2014. By the grace of Almighty Allah, the Bank has shown tremendous progress as compared to the last year and is on the right track and fully committed to achieve its long-term goals of fast track growth and prosperity.

Overall the Bank has increased its balance sheet footing by 8% from Rs. 15.191 billion last year to Rs. 16.393 billion in the current year. The increase is mainly attributable to the increase in net advances by 8% from Rs. 8.311 billion last year to Rs. 8.942 billion during this year. Apart from increase in Core Banking business, Branchless Banking business has also showed a huge growth as compared to the last year. On the other side deposits also increased by 15% from Rs. 10.628 billion to Rs. 12.261 billion during the current year.

Financial Results		December 31, 2014	December 31, 2013
		---(Rupees in 000')---	
Profit before taxation		**1,020,489**	615,432
Less: Taxation	-Current	**(318,119)**	(115,477)
	-Deferred	**6,123**	(118,200)
Profit after taxation		**708,493**	381,755
Earnings per share (Rupees)		**5.26**	2.83

Transfer to Reserves

As per the requirements of Microfinance Institution Ordinance, 2001 and the Prudential Regulations for Microfinance Banks issued by the State Bank of Pakistan, the Bank has transferred an amount equivalent to 20% of profit after tax to the statutory reserve (Rs.141,698,000) and 5% of profit after tax to the Depositors' Protection Fund (Rs.44,738,000).

Capital Adequacy Ratio

The Banks Capital Adequacy Ratio as on Balance Sheet date stood at 64% compared to 64% as at the end of December 2013.

Board of Directors

Two casual vacancies occurred during the year 2014, which were subsequently filled up by the Board, following clearance from the State Bank of Pakistan.

Holding Company

Telenor Pakistan (Private) Limited with a holding of 51% shares is the holding company for Tameer Microfinance Bank Limited. Telenor ASA a listed Telecom company in Norway is an ultimate parent of the Bank.

Corporate Governance

The Board of Directors of the Bank is responsible to the shareholders for the management of the Bank. It acknowledges the responsibility for the system of sound internal controls and is committed to uphold the highest standards of Corporate Governance.

Statement of Corporate governance

The Directors are pleased to state that:

a) The financial statements, prepared by the management of the Bank present fairly its state of affairs, the result of its operations, cash flows and changes in equity.

b) Proper books of account of the Bank have been maintained.

c) Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.

d) These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of the International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Ordinance, 1984, the requirements of the Companies Ordinance, 1984, the Microfinance Institutions Ordinance, 2001 and the regulations / directives issued by the SECP and SBP. Wherever the requirements of the Companies Ordinance, 1984, the Microfinance Institutions Ordinance, 2001 or the regulations / directives issued by the SECP and SBP differ with the requirements of IFRSs, the requirements of the Companies Ordinance, 1984, the Microfinance Institutions Ordinance, 2001 or the requirements of the said regulations / directives shall prevail.

e) The system of internal control is sound in design and has been effectively implemented and monitored. The ultimate responsibility of the effectiveness of internal control system and its monitoring lies with the Board. An Audit Committee has been formed for the purpose that meets periodically and independently throughout the year with the management and also with the internal and external auditors to discuss the effectiveness of internal control system and other financial reporting matters. In addition, there are financial forecasts and budgetary control procedures in place, which are reviewed and monitored throughout the year to indicate and evaluate the variances from the budget.

f) There are no significant doubts upon the bank's ability to continue as a going concern.

g) During the year, 5 board meetings were held. These meetings were attended by the directors as under:

Name of Directors	Designation	Number of meetings	
		Held during the year during tenure	Attended
Ms. Tine Wollebekk	Chairperson	5	5
Mr. Nadeem Hussain	Chief Executive	5	5
Mr. Lars Christian Iuel	Director	4	2*
Mr. Irfan Wahab Khan	Director	5	3*
Mr. Salim Raza	Director	5	5
Mr. Karl Erik Broten	Director	1	0*
Mr. Nizar Noor Muhammad	Director	5	5
Mr. Roar Bjaerum	Director	4	4

* Leaves of absences were granted to Mr. Irfan Wahab Khan, Mr. Lars Christian Iuel and Mr. Karl Erik who could not attend certain Board Meetings. Mr. Broten resigned following the 45th Board Meeting whereas Mr. Iuel resigned following the 48th Board Meeting.

The following changes have taken place in the Board of Directors during the year ended December 31, 2014:

- Mr. Roar Bjaerum joined the Board in place of Mr. Karl Erik Broten who resigned in the 45th Board Meeting. Furthermore and Mr. Lars Christian Iuel, resigned from the Board in the 48th Board meeting of the Bank and was replaced by Mr. Michael Patrick Foley, following Fit and Proper clearance by the State Bank of Pakistan.

h) The key information as to operating and financial data of the bank is available in the annual report. The categories and pattern of shareholding as required by the Companies Ordinance, 1984 are also included in the annual report.

i) No director has acquired any shares in the bank during the year and no trading was carried out in the shares of the bank during the year by the Directors, Chief Executive Officer, Chief Financial Officer, Company Secretary, Chief Internal Auditor or their spouses and minor children.

Audit Committee

The Audit Committee consist of three Non-executive directors namely Mr. Salim Raza, Mr. Roar Bjaerum and Mr. Nizar Noor Muhammad.

Credit Rating

Based on the results for the year ended December 31, 2014, the credit rating company PACRA maintained the long-term entity rating of Tameer Microfinance Bank Limited (TMBL) to "A+ (Single A Plus) [Previous: "A"] while maintaining the short-term rating at"A1" (A One).

Auditors

The present auditor Messrs Ernst & Young Ford Rhodes Sidat Hyder & Co. Chartered Accountants retire and will not be eligible to offer themselves for re-appointment for the next term, having served for 5 years.

Events after Balance Sheet Date

There have not been any material events that occurred subsequent to the date of the Balance Sheet that require adjustments to the enclosed financial statements, except those which have already been made or disclosed.

Pattern of Shareholding

The pattern of Shareholding as at December 31, 2014 is annexed with this report.

Financial Highlights

Key performance highlights for the last six years are summarized and annexed to this report.

Earnings Per Share

Earnings per share of the bank for the year ended 2014 is Rs. 5.26 compared to Rs. 2.83 at end of year 2013.

Statement of Investments of Provident Fund & Gratuity Fund

Value of investments including accrued income of provident and gratuity funds as at December 31, 2014 on the basis of un-audited accounts is:

Provident Fund	177,966,000
Gratuity Fund	149,154,000

We take this opportunity to express our gratitude to our customers and business partners for their continued support and trust. We offer sincere appreciation to the State Bank of Pakistan and the Securities and Exchange Commission of Pakistan for their guidance and cooperation extended to the bank. Finally, we are also thankful to our associates, staff and colleagues for their committed services provided to our valued customers.

On behalf of the Board

Nadeem Hussain
President / Chief Executive Officer

Michael Foley
Chairman

Place : Karachi
Dated : March 03, 2015

Six-Year Financial Summary

December 31, 2014

	2014	2013	2012	2011	2010	2009
Balance Sheet						
Assets						
Cash and balances with SBP & NBP	1,371,733	1,225,227	730,133	516,706	310,485	160,040
Balances with other banks	717,070	571,006	927,509	1,258,896	926,107	666,128
Lending to financial institutions	-	-	-	-	-	-
Investments	3,775,640	3,471,857	3,604,983	328,236	177,724	56,459
Advances - net of provisions	8,941,759	8,311,128	6,687,865	5,054,297	3,045,537	1,513,247
Operating fixed assets	556,761	480,237	349,240	252,812	188,611	156,467
Other assets	1,030,330	1,131,244	948,668	656,273	341,431	199,317
Deferred tax asset - net	-	-	101,466	213,886	289,205	37,351
Total Assets	**16,393,293**	**15,190,699**	**13,349,864**	**8,281,106**	**5,279,100**	**2,789,009**
Liabilities						
Deposits and other accounts	12,261,354	10,627,546	8,371,951	4,512,529	2,954,653	1,267,829
Borrowings	239,211	501,280	1,391,257	1,801,725	661,608	309,939
Subordinated debt	-	989,757	971,886	-	-	-
Other liabilities	1,044,847	854,124	775,513	491,007	311,587	86,089
Deferred tax liabilities	3,960	8,567	-	-	-	-
Total Liabilities	**13,549,372**	**12,981,274**	**11,510,607**	**6,805,261**	**3,927,848**	**1,663,857**
Net Assets	**2,843,921**	**2,209,425**	**1,839,257**	**1,475,845**	**1,351,252**	**1,125,152**
REPRESENTED BY:						
Share capital	1,346,939	1,346,939	1,346,939	1,346,939	1,346,939	1,346,939
Reserves	828,142	641,705	540,611	439,430	405,812	343,469
Accumulated Profit / (Loss)	646,831	205,787	(61,041)	(328,145)	(428,997)	(616,026)
	2,821,912	**2,194,431**	**1,826,509**	**1,458,224**	**1,323,754**	**1,074,382**
Deficit on revaluation of assets - net of tax	(959)	(1,388)	(55)	(17)	(289)	(473)
Deferred grants	22,968	16,382	12,803	17,638	27,787	51,243
	2,843,921	**2,209,425**	**1,839,257**	**1,475,845**	**1,351,252**	**1,125,152**

	2014	2013	2012	2011	2010	2009
Profit and Loss Statement						
Mark-up / return / interest earned	3,054,770	2,519,124	1,951,549	1,277,002	753,406	439,691
Mark-up / return / interest expensed	(766,186)	(1,035,160)	(773,757)	(445,874)	(181,769)	(88,395)
Net mark-up / interest income	**2,288,584**	**1,483,964**	**1,177,792**	**831,128**	**571,637**	**351,296**
Reversal / (provision) against non-performing loans and advances	(26,120)	(11,390)	(11,416)	21,404	(24,864)	(9,331)
Provision for diminution in the value of investments	-	-	-	-	-	-
Bad debts written off directly	(89,462)	(42,058)	(11,721)	(3,263)	(384)	-
	(115,582)	**(53,448)**	**(23,137)**	**18,141**	**(25,248)**	**(9,331)**
Net mark-up / interest income after provisions	**2,173,002**	**1,430,516**	**1,154,655**	**849,269**	**546,389**	**341,965**
Non mark-up / interest income						
Fee, commission and brokerage income	1,195,071	876,464	627,838	350,899	194,054	50,906
Dividend income	-	-	-	-	-	-
Other income	99,164	69,796	91,786	56,978	117,294	70,826
Total non mark-up / interest income	**1,294,235**	**946,260**	**719,624**	**407,877**	**311,348**	**121,732**
	3,467,237	**2,376,776**	**1,874,279**	**1,257,146**	**857,737**	**463,697**
Non mark-up / interest expenses						
Administrative expenses	(2,425,400)	(1,745,878)	(1,353,755)	(1,011,568)	(825,298)	(553,664)
Other provisions / write offs	(309)	(2,806)	(6,535)	(3,271)	(3,511)	(2,262)
Other charges	(21,039)	(12,660)	(10,594)	(15,586)	(21,861)	(27,207)
Total non mark-up / interest expenses	**(2,446,748)**	**(1,761,344)**	**(1,370,884)**	**(1,030,425)**	**(850,670)**	**(583,133)**
	1,020,489	615,432	503,395	226,721	7,067	(119,436)
Extraordinary / unusual items	-	-	-	-	-	-
Profit before taxation	**1,020,489**	**615,432**	**503,395**	**226,721**	**7,067**	**(119,436)**
Taxation	(311,996)	(233,677)	(129,056)	(92,251)	242,305	(2,543)
Profit after taxation	**708,493**	**381,755**	**374,339**	**134,470**	**249,372**	**(121,979)**

	2014	2013	2012	2011	2010	2009
Cashflow statement - Summary						
Cash flow from operating activities	1,814,795	844,795	2,582,647	(378,538)	191,023	(164,955)
Cash flow from investing activities	(243,206)	172,497	(3,319,659)	(213,992)	(181,417)	(84,978)
Cash flow from financing activities	(1,279,019)	(878,700)	619,052	1,131,540	400,818	7,850
Net increase in cash and cash equivalents	292,570	138,592	(117,960)	539,010	410,424	(242,083)
Cash and cash equivalents at beginning of the year	1,796,233	1,657,642	1,775,602	1,236,592	826,168	1,068,251
Cash and cash equivalents at end of the year	**2,088,803**	**1,796,234**	**1,657,642**	**1,775,602**	**1,236,592**	**826,168**

	2014	2013	2012	2011	2010	2009
Financial Ratios:						
Return On Equity (ROE)	25%	17%	20%	9%	18%	-11%
Return On Assets (RoA)	4%	3%	3%	2%	5%	-4%
Deposits to Liabilities	90%	82%	73%	66%	75%	76%
Advance to Deposit	73%	78%	80%	112%	103%	119%
Borrowing to Liability (%)	2%	11%	21%	26%	17%	19%
Total Asset to Shareholders' Fund	5.76	6.88	7.26	5.61	3.91	2.48
Capital Adequacy ratio (CAR)	64%	64%	73%	60%	39%	-
Earning Per Share	5.26	2.83	2.78	1.00	1.85	-0.91
Other Information:						
Number of Branches	57	49	45	42	40	39
Number of Employees	2,058	1,692	1,495	744	786	791
Number of Borrowers	226,870	197,811	154,973	132,728	111,153	70,671
Number of Depositors	3,841,340	1,643,313	923,963	641,386	228,634	122,538

Statement of Compliance with the Code of Corporate Governance for the year ended December 31, 2014.

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No. 35 Chapter XI of listing regulations of the Karachi Stock Exchange for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The company has applied the principles contained in the CCG in the following manner:

1. The company encourages representation of independent non-executive directors and directors representing minority interests on its board of directors. At present the board includes:

Category	Names
Independent Director	Mr. Salim Raza
Executive Director	Mr. Nadeem Hussain
Non-Executive Directors	Ms. Tine Gottlob Wollebekk
	Mr. Michael Patrick Foley
	Mr. Roar Bjaerum
	Mr. Irfan Wahab Khan
	Mr. Nizar Noor Mohammed

The independent directors meet the criteria of independence under clause i (b) of the CCG.

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).

3. All the resident directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4. Two casual vacancies occurred during the year 2014, which were subsequently filled up by the Board, following clearance from the State Bank of Pakistan.

5. The company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.

6. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

7. All the powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the board/shareholders.

8. The meetings of the board were presided over by the Chairman and, in his/her absence, by a director elected by the board for this purpose and the board met at least once in every quarter. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. Director training was held during the year, with the CEO attending.

10. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment.

11. The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.

12. The financial statements of the company were duly endorsed by CEO and CFO before approval of the board.

13. The directors, CEO and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.

14. The company has complied with all the corporate and financial reporting requirements of the CCG.

15. The board has formed an Audit Committee. It comprises three members, of whom two are non-executive directors and the chairman of the committee is an independent director.

16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.

17. The board has formed an HR and Remuneration Committee. It comprises of three members, all of whom are non-executive directors including the chairman of the committee.

18. The board has set up an effective internal audit function which is considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.

19. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange(s).

22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).

23. We confirm that all other material principles enshrined in the CCG have been complied with.

Nadeem Hussain
President and CEO

REVIEW REPORT TO THE MEMBERS ON THE STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

We have reviewed the enclosed Statement of Compliance with the best practices (the Statement) contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of Tameer Micro Finance Bank Limited (the Bank) for the year ended 31 December 2014 to comply with the said Code.

The responsibility for compliance with the Code is that of the Board of Directors of the Bank. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement reflects the status of the Bank's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirement to the Code. A review is limited primarily to inquiries of the Bank's personnel and review of various documents prepared by the Bank to comply with the Code.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Bank's corporate governance procedures and risks.

The Code requires the Bank to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement does not appropriately reflect the Bank's compliance, in all materials respects, with the best practices contained in the Code as applicable to the Bank for the year ended 31 December 2014.

Chartered Accountants

Date: March 03, 2015

Karachi

AUDITORS'S REPORT TO THE MEMBERS

We have audited annexed balance sheet of Tameer Micro Finance Bank Limited (the Bank) as at 31st December 2014 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the proposes of our audit.

It is the responsibility of the Bank's Board of Directors to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Microfinance Institutions Ordinance, 2001 and the Companies Ordinance, 1984. Our responsibility is to express and opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

(a) In our opinion, proper books of accounts have been kept by the Bank as required by the Microfinance Institutions Ordinance, 2001 and the Companies Ordinance, 1984;

(b) In our opinion:

(i) The balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Microfinance Institutions Ordinance, 2001 and Companies Ordinance, 1984 and are in agreement with the books of account and are further in accordance with accounting policies consistently applied, accept for the changes as stated in note 5.1 to the financial statement with which we concur;

(ii) The expenditure incurred during the year was for the purpose of the Bank's business; and

(iii) The business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Bank;

(c) In our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and give the information required by the Microfinance Institutions Ordinance, 2001 and Companies Ordinance, 1984 in the manner so required and respectively give a true and fair view of the state of the Bank's affairs as at 31 December 2014 and of the profit, its comprehensive income, cash flows and changes in equity for the year then ended; and

(d) In our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Bank and deposited in the Central Zakat Fund established under Section 7 of that Ordinance.

Chartered Accountants

Audit Engagement Partner: Shabbir Yunus

Date: March 03, 2015

Karachi

Balance Sheet

As At December 31, 2014

	Note	2014	2013
		(Rupees in '000)	
ASSETS			
Cash and balances with State Bank of Pakistan and National Bank of Pakistan	8	**1,371,733**	1,225,227
Balances with other banks - NBFIs / MFBs	9	**717,070**	571,006
Lending to financial institutions		**-**	-
Investments - net of provisions	10	**3,775,640**	3,471,857
Advances - net of provisions	11	**8,941,759**	8,311,128
Operating fixed assets	12	**556,761**	480,237
Other assets	13	**1,030,330**	1,131,244
Deferred tax asset		**-**	-
Total assets		**16,393,293**	15,190,699
LIABILITIES			
Deposits and other accounts	14	**12,261,354**	10,627,546
Borrowings	15	**239,211**	501,280
Subordinated debt	16	**-**	989,757
Other liabilities	17	**1,044,847**	854,124
Deferred tax liabilities - net	18	**3,960**	8,567
Total liabilities		**13,549,372**	12,981,274
Net assets		**2,843,921**	2,209,425
REPRESENTED BY:			
Share capital	19	**1,346,939**	1,346,939
Statutory and general reserves		**828,142**	641,705
Unappropriated profit		**646,831**	205,787
		2,821,912	2,194,431
Deficit on revaluation of assets - net of deferred tax	20	**(959)**	(1,388)
Deferred grants	21	**22,968**	16,382
		2,843,921	2,209,425
MEMORANDUM / OFF BALANCE SHEET ITEMS	22		

The annexed notes 1 to 42 form an integral part of these financial statements.

President & Chief Executive Officer	Chairman	Director	Director

PROFIT AND LOSS ACCOUNT

For the year ended December 31, 2014

	Note	2014	2013
		(Rupees in '000)	
Mark-up / return / interest earned	23	**3,054,770**	2,519,124
Mark-up / return / interest expensed	24	**(766,186)**	(1,035,160)
Net mark-up / interest income		**2,288,584**	1,483,964
Provision against non-performing loans and advances	11.2	**(26,120)**	(11,390)
Provision for diminution in the value of investments		**-**	-
Bad debts written off directly	11.3	**(89,462)**	(42,058)
		(115,582)	(53,448)
Net mark-up / interest income after provisions		**2,173,002**	1,430,516
Non mark-up / interest income			
Fee, commission and brokerage income	25	**1,195,071**	876,464
Dividend income		**-**	-
Other income	26	**99,164**	69,796
Total non mark-up / interest income		**1,294,235**	946,260
		3,467,237	2,376,776
Non mark-up / interest expenses			
Administrative expenses	27	**(2,425,400)**	(1,745,878)
Other provisions / write offs		**(309)**	(2,806)
Other charges	28	**(21,039)**	(12,660)
Total non mark-up / interest expenses		**(2,446,748)**	(1,761,344)
		1,020,489	615,432
Extraordinary / unusual items		**-**	-
Profit before taxation		**1,020,489**	615,432
Taxation - current		**(318,119)**	(115,477)
- prior		**-**	-
- deferred	18.1	**6,123**	(118,200)
	29	**(311,996)**	(233,677)
Profit after taxation		**708,493**	381,755
		(Rupees)	
Earnings per share	30	**5.26**	2.83

Appropriations are reflected in the statement of changes in equity.

The annexed notes 1 to 42 form an integral part of these financial statements.

President & Chief Executive Officer	Chairman	Director	Director

STATEMENT OF COMPREHENSIVE INCOME

For the year ended December 31, 2014

	2014	2013
	(Rupees in '000)	
Net profit for the year	**708,493**	381,755
Other Comprehensive income not to be reclassified to profit and loss account in subsequent periods		
Re-measurement losses on defined benefit plan	**(28,319)**	(21,282)
Effect of taxation	**(1,240)**	7,449
	(29,559)	(13,833)
Total comprehensive income for the year	**678,934**	367,922

Deficit on revaluation of available-for-sale investments is presented under a separate account below equity in accordance with the format of financial statements as prescribed under BSD Circular No. 11 dated December 30, 2003 issued by the State Bank of Pakistan (SBP).

The annexed notes 1 to 42 form an integral part of these financial statements.

President & Chief Executive Officer	Chairman	Director	Director

STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2014

	Capital reserves					
	Share capital	Share premium	Statutory reserve	Depositors' Protection Fund	Unappropriated profit	Total
	(Rupees in '000)					
Balance as at January 01, 2013	1,346,939	343,469	151,590	45,552	(61,041)	1,826,509
Net profit for the year	-	-	-	-	381,755	381,755
Other comprehensive income	-	-	-	-	(13,833)	(13,833)
Total comprehensive income for the year	-	-	-	-	367,922	367,922
Transfer to statutory reserve *	-	-	76,422	-	(76,422)	-
Contribution to Depositors' Protection Fund **	-	-	-	24,672	(24,672)	-
Balance as at December 31, 2013	1,346,939	343,469	228,012	70,224	205,787	2,194,431
Net profit for the year	-	-	-	-	708,493	708,493
Other comprehensive income	-	-	-	-	(29,559)	(29,559)
Total comprehensive income for the year	-	-	-	-	678,934	678,934
Interim Cash Dividend - 31 March 2014 at the rate of Re.0.38 per share	-	-	-	-	(51,453)	(51,453)
Transfer to statutory reserve *	-	-	141,699	-	(141,699)	-
Contribution to Depositors' Protection Fund **	-	-	-	44,738	(44,738)	-
Balance as at December 31, 2014	**1,346,939**	**343,469**	**369,711**	**114,962**	**646,831**	**2,821,912**

* In accordance with the requirements of the Microfinance Institution Ordinance, 2001 and the Prudential Regulations for Microfinance Banks issued by the SBP (Prudential Regulations), the Bank has transferred an amount equivalent to 20% of profit after tax to the statutory reserve.

** In accordance with the requirements of the Microfinance Institution Ordinance, 2001 and the Prudential Regulations, the Bank has transferred an amount equivalent to 5% of profit after tax to the Depositors' Protection Fund, plus the return earned on such funds.

The annexed notes 1 to 42 form an integral part of these financial statements.

President & Chief Executive Officer	Chairman	Director	Director

CASH FLOW STATEMENT

For the year ended December 31, 2014

	Note	2014	2013
		(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		**1,020,489**	615,432
Adjustments to reconcile profit before tax to net cash flows;			
Depreciation		**138,902**	103,878
Amortisation		**20,667**	11,388
Finance charges on leased assets		**1,604**	1,937
Provision against non-performing loans and advances		**115,582**	53,448
Provision for gratuity		**28,637**	18,506
Other provisions		**309**	2,806
Amortisation of discount on investments		**(294,214)**	(288,447)
Loss on derivative financial instrument		**-**	-
Grant income		**(24,471)**	3,423
Gain on sale of operating fixed assets		**(1,751)**	(1,684)
		(14,735)	(94,745)
Increase in operating assets			
Advances		**(746,522)**	(1,661,956)
Other assets		**100,914**	(184,398)
		(645,608)	(1,846,354)
Increase in operating liabilities			
Deposits and other accounts		**1,633,808**	2,255,595
Other liabilities (excluding current taxation)		**206,733**	40,508
		1,840,541	2,296,103
Income tax paid		**(338,583)**	(90,175)
Gratuity paid		**(47,309)**	(35,466)
Net cash flows from operating activities		**1,814,795**	844,795
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of investments in available-for-sale securities		**(26,832,470)**	(38,100,381)
Investments in operating fixed assets		**(244,327)**	(253,615)
Sale proceeds from redemption of available-for-sale securities		**26,823,606**	38,517,457
Sale proceeds from disposal of operating fixed assets		**9,985**	9,036
Net cash flows (used in) investing activities		**(243,206)**	172,497
CASH FLOW FROM FINANCING ACTIVITIES			
Grant received		**31,057**	156
Borrowings		**(262,069)**	(889,977)
Subordinated debt		**(989,757)**	17,871
Cash dividend paid to shareholders		**(48,932)**	-
Payments of lease obligation		**(9,318)**	(6,750)
Net cash inflow from financing activities		**(1,279,019)**	(878,700)
Net increase in cash and cash equivalents		**292,570**	138,591
Cash and cash equivalents at beginning of the year		**1,796,233**	1,657,642
Cash and cash equivalents at end of the year	31	**2,088,803**	1,796,233

The annexed notes 1 to 42 form an integral part of these financial statements.

President & Chief Executive Officer	Chairman	Director	Director

1. STATUS AND NATURE OF BUSINESS

Tameer Micro Finance Bank Limited (the Bank) was incorporated in Pakistan on August 01, 2005 as a public limited company under the Companies Ordinance, 1984. The Bank obtained Microfinance banking license from the SBP on August 05, 2005 to operate on a nationwide basis and received the certificate of commencement of business from the Securities and Exchange Commission of Pakistan (SECP) on 05 September 2005. The Bank is a subsidiary of Telenor Pakistan (Private) Limited (the Holding Company) which owns 51% shareholding in the Bank. The Bank's registered office is situated at 15-A, Block 7 & 8, KCHS Union, Karachi. The Bank's principal business is to provide micro finance banking and related services to the poor and underserved segment of the society with a view to alleviate poverty under the Microfinance Institutions Ordinance, 2001. In 2009, the Bank also started Branchless Banking services with the Holding Company under the Branchless Banking license from the SBP.

2. BASIS OF PRESENTATION

These financial statements have been prepared in compliance with the format as prescribed under the BSD Circular No. 11 dated December 30, 2003 issued by the SBP.

3. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of the International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Ordinance, 1984, the requirements of the Companies Ordinance, 1984, the Microfinance Institutions Ordinance, 2001 and the regulations / directives issued by the SECP and SBP. Wherever the requirements of the Companies Ordinance, 1984, the Microfinance Institutions Ordinance, 2001 or the regulations / directives issued by the SECP and SBP differ with the requirements of IFRSs, the requirements of the Companies Ordinance, 1984, the Microfinance Institutions Ordinance, 2001 or the requirements of the said regulations / directives shall prevail.

The SBP vide BSD Circular No. 10, dated August 26, 2002 has deferred the applicability of International Accounting Standard (IAS) 39, "Financial Instruments: Recognition and Measurement" and IAS 40, "Investment Property" for Banking companies till further instructions. Accordingly, the requirements of these standards have not been considered in the preparation of these financial statements. Further, the SECP vide its S.R.O No. 411 (I) / 2008 dated 28 April 2008 has deferred the applicability of International Financial Reporting Standard (IFRS) 7 "Financial Instruments: Disclosures", which is applicable for annual periods beginning on or after July 01, 2009, till further orders.

4. BASIS OF MEASUREMENT

4.1 These financial statements have been prepared under historical cost convention except for derivative financial instruments and available-for-sale investments which are measured at fair value.

4.2 These financial statements have been presented in Pakistani Rupees, which is the Bank's functional and presentation currency.

5. SIGNIFICANT ACCOUNTING POLICIES

5.1 Standards, interpretations and amendments effective in current year

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year except as follows:

New and amended standards and interpretations

The Bank has adopted the following new and amended IFRS and related interpretations and improvements which became effective during the year:

IFAS 3 – Profit and Loss Sharing on Deposits

IAS 32 – Financial Instruments : Presentation – (Amendment)
– Offsetting Financial Assets and Financial Liabilities

IAS 36 – Impairment of Assets – (Amendment)
– Recoverable Amount Disclosures for Non-Financial Assets

IAS 39 – Financial Instruments: Recognition and Measurement – (Amendment)
– Novation of Derivatives and Continuation of Hedge Accounting

IFRIC 21 – Levies

The adoption of the above amendments, revisions, improvements to accounting standards and interpretations did not have any effect on the financial statements.

5.2 Cash and cash equivalents

These include cash in hand, balances with SBP and NBP and balances with other banks.

5.3 Sale of securities under repurchase obligation

Securities sold with a simultaneous commitment to repurchase at a specified future date (repos) continue to be recognised in the balance sheet and are measured in accordance with accounting policies for investments. Amounts received under these agreements are recorded as repurchase agreement borrowings. The difference between sale and repurchase price is amortised as expense over the term of the repo agreement.

5.4 Investments

The investments of the Bank, upon initial recognition, are classified as held-for-trading, held-to-maturity or available-for-sale, as appropriate.

Investments (other than held-for-trading) are initially measured at fair value plus transaction costs associated with the investments. Held-for-trading investments are initially measured at fair value and transaction costs are expensed out in the profit and loss account.

Purchase and sale of investments that require delivery within the time frame established by regulation or market convention are recognised at the trade date, which is the date the Bank commits to purchase or sell the investment.

Held-for-trading

These represent securities, which are either acquired for the purpose of generating profit from short-term fluctuations in prices or dealer's margin or are securities included in the portfolio in which a pattern of short-term profit making exists. After initial measurement, such investments are carried at fair value and the surplus / (deficit) arising as a result of revaluation is taken to profit and loss account.

Held-to-maturity

These are securities with fixed or determinable payments and fixed maturities which the Bank has the intention and ability to hold till maturity. After initial measurement, such investments are carried at amortised cost.

Available-for-sale

These are investments which do not fall under the held-for-trading and held-to-maturity categories. After initial measurement, such investments are measured at fair value. The surplus / (deficit) arising on revaluation is shown in the balance sheet below equity which is taken to the profit and loss account when actually realised upon disposal.

Premium or discount on securities classified as available-for-sale and held-to-maturity is amortised using effective interest method and taken to the profit and loss account.

Provision for impairment in the value of equity securities is made after considering objective evidence of impairment. Provision for diminution in the value of debt securities is made as per the Prudential Regulations.

5.5 Advances

Advances are stated net of specific and general provisions which are determined on the basis of the Prudential Regulations. Advances are written off according to the Prudential Regulations or when there is no realistic prospect of recovery.

5.6 Financial instruments

Financial assets and financial liabilities are recognised at the time when the Bank becomes a party to the contractual provision of the instrument. Financial assets are de-recognised when the contractual right to future cash flows from the asset expires or is transferred along with the risk and reward of ownership of the asset. Financial liabilities are de-recognised when obligation is discharged, cancelled or expired. Any gain or loss on de-recognition of the financial asset and liability is recognised in the profit and loss account.

5.7 Derivative financial instruments

These are initially recognised at fair value on the date on which the derivative contract is entered into and are subsequently re-measured at fair value using appropriate valuation techniques. All derivative financial instruments are carried as assets when fair value is positive and liabilities when fair value is negative. Any change in the fair value of derivative financial instruments is taken to the profit and loss account.

5.8 Off setting

Financial assets and financial liabilities are off-set and the net amount is reported in the financial statements when there is a legally enforceable right to set-off the recognised amount and the Bank intends either to settle on a net basis, or to realize the assets and to settle the liabilities simultaneously. Income and expense items of such assets and liabilities are also off-set and the net amount is reported in the financial statements.

5.9 Operating fixed assets

Property and equipment - owned

These are stated at cost less accumulated depreciation and impairment (if any). Depreciation is charged using the straight-line basis over the estimated useful lives of assets. Full month's depreciation is charged in the month of addition and no depreciation is charged for the month in which the disposal is made. The residual value, depreciation methods and useful lives are reviewed and adjusted (if appropriate) at each balance sheet date. Gains and losses on disposal of assets are determined by comparing the sale

proceeds with the carrying amount are included in the profit and loss account. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit and loss account.

Property and equipment - leased

Leases in terms of which the Bank assumes substantially all the risks and rewards of ownership are classified as assets subject to finance lease. These are stated at amounts equal to the lower of their fair value and the present value of minimum lease payments at inception of the lease, less accumulated depreciation and impairment (if any). Financial charges are allocated over the period of the lease term so as to provide a constant periodic rate of financial charge on the outstanding liability.Depreciation is charged on the basis similar to owned assets.

Capital work-in-progress

These are stated at cost less impairment loss (if any).

Intangible assets

Intangible assets with a definite useful life are stated at cost less accumulated amortisation and impairment (if any). These are amortised from the month, when these assets are available for use, using the straight-line method, whereby the cost of the intangible asset is amortised on the basis of the estimated useful life over which economic benefits are expected to flow to the Bank. The residual value, useful life and amortisation method is reviewed and adjusted, if appropriate, at each balance sheet date.

Impairment

The carrying value of the fixed assets is reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the relevant asset is estimated. An impairment loss is recognised in profit and loss account whenever the carrying amount of an asset exceeds its recoverable amount. An impairment loss is reversed if the reversal can be objectively related to an event occurring after the impairment loss was recognised.

Changes in accounting estimates

During the year, the management has revised accounting estimates in respect of useful life of a class of vehicles - owned. Consequently, the useful life of vehicles has been changed from five years to four years.

The change has been accounted for prospectively i.e. from January 01, 2014 in accordance with the requirement of IAS-8 "Accounting Policies, Change in Accounting Estimates and Errors".

Had the estimate not been changed, the depreciation charged for the year would have been lower by Rs.5.2 million and carrying value of property, plant and equipment would have been higher by the same amount.

5.10 Provisions

Provisions are recognised when the Bank has a legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and are adjusted to reflect the current best estimate.

5.11 Taxation

Income tax on the profit or loss for the year comprises of current and deferred tax. Income tax is recognised in the profit and loss account, except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current

Provision for current taxation is based on the taxable income for the year determined in accordance with the Income Tax Ordinance, 2001. The charge for tax also includes adjustments, where considered necessary relating to prior years.

Deferred

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes. A deferred tax asset is recognised only to the extent it is probable that future taxable profits will be available against which the asset can be realised. Deferred tax assets are reviewed at each balance sheet date and are reduced to the extent that it is no longer probable that the related tax benefits will be realised. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the balance sheet date.

5.12 Staff retirement benefits

Defined benefit plan

The Bank operates a funded gratuity scheme for its eligible permanent and contractual employees. Provision is made annually on the basis of actuarial recommendations based on projected unit credit method. Re-measurement gains and losses arising from the actuarial valuation are recognised immediately and presented in other comprehensive income.

Defined contribution plan

The Bank also operates a recognised provident fund scheme for its eligible employees. Equal monthly contributions are made, both by the Bank and the employees, to the Fund at the rate of 10% of the basic salary.

5.13 Revenue recognition

Mark-up / interest / return on advances and investments is recognised on accrual basis, except in case of advances classified under the Prudential Regulations on which mark-up is recognised on receipt basis.

Return on bank balances is recognised on accrual basis.

Gain or loss on sale of securities is accounted for in the period in which the sale / settlement occurs.

Fee, commission and brokerage income is recognised as services are rendered.

5.14 Foreign currency transactions

Foreign currency transactions are translated into Pak Rupees at the exchange rates prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are translated into rupees at the exchange rates prevailing at the balance sheet date. Non-monetary items that are measured in terms

of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using exchange rates at the date when the fair value was determined. Exchange gains or losses are included in profit and loss account.

5.15 Grant

The grant related to an asset is recognised in the balance sheet initially as deferred income when there is reasonable certainty that it will be received and that the Bank will comply with the conditions attached to it. Grants that compensate the Bank for expenses incurred are recognised as revenue in the profit and loss account on a systematic basis in the same period in which the expenses are incurred. Grants that compensate the Bank for the cost of an asset are recognised in the profit and loss account on a systematic basis over the useful life of the asset.

5.16 Dividend distribution

Declaration of dividend to holders of the equity instruments of the Bank is recognised as liability in the period in which it is declared.

6. STANDARDS, INTERPRETATIONS AND AMENDMENTS TO APPROVED ACCOUNTING STANDARDS THAT ARE NOT YET EFFECTIVE

The following standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

Standard or interpretation	Effective date (accounting periods beginning on or after)
IFRS 10 – Consolidated Financial Statements	January 01, 2015
IFRS 11 – Joint Arrangements	January 01, 2015
IFRS 12 – Disclosure of Interests in Other Entities	January 01, 2015
IFRS 13 – Fair Value Measurement	January 01, 2015
IAS 1 – Presentation of Financial Statements – (Amendment) - Disclosure Initiative	January 01, 2016
IAS 16 & 38 – Property, Plant and Equipment & intangible assets - (Amendment) - Clarification of Acceptable Method of Depreciation and Amortization	January 01, 2016
IAS 16 & 41 – Property, Plant and Equipment & Agriculture - (Amendment) – Agriculture: Bearer Plants	January 01, 2016
IAS 19 – Employee Benefits – (Amendment) - Defined Benefit Plans: Employee Contributions	January 01, 2014

The Bank expects that the adoption of the above revisions and amendments of the standards will not materially affect the Bank's financial statements in the period of initial application.

Improvements to IFRS

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB. Such improvements are generally effective for accounting periods beginning on or after July 01, 2014. The Bank expects that such improvements to the standards will not have any impact on the Bank's financial statements in the period of initial application.

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standard	IASB effective date (annual periods beginning on or after)
IFRS 9 – Financial Instruments: Classification and Measurement	January 01, 2018
IFRS 14 – Regulatory Deferral Accounts	January 01, 2016
IFRS 15 – Revenue from Contracts with Customers	January 01, 2017

7. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Bank's accounting policies. Estimates and judgments are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. In the process of applying the accounting policies, management has made the following estimates and judgments which are significant to the financial statements:

	Note
Classification and valuation of investments	5.4 & 10
Provision against non-performing loans and advances	5.5 & 11
Residual values, useful lives of assets and methods of depreciation / amortisation	5.9 & 12
Recognition of current and deferred taxation	5.11 & 18
Provision for defined benefit plan	5.12 & 34

8. CASH AND BALANCES WITH STATE BANK OF PAKISTAN (SBP) AND NATIONAL BANK OF PAKISTAN (NBP)

	Note	2014	2013
		(Rupees in '000)	
Cash in hand		**558,280**	374,334
Balance with SBP		**763,620**	821,266
Balance with NBP		**49,833**	29,626
	8.1	**813,453**	850,892
		1,371,733	1,225,227

8.1 This represents current accounts maintained with SBP and NBP to meet the minimum balance requirement equivalent to 5% as cash reserve and 10% as liquidity reserve of the Bank's time and demand liabilities in accordance with the Prudential Regulations.

	Note	2014	2013
		(Rupees in '000)	
9. BALANCES WITH OTHER BANKS			
In Pakistan			
- Current accounts		**7,953**	6,718
- PLS deposit accounts	9.1	**709,117**	414,288
- Term deposit accounts		**-**	150,000
		717,070	571,006

9.1 These represents demand deposits with commercial banks carrying mark-up ranging from 6.50% to 9.00% (2013: 6.50% to 12%) per annum.

	Note	2014	2013
		(Rupees in '000)	
10. INVESTMENTS - net of provisions			
Federal Government Securities - available-for-sale			
Market Treasury Bills	10.1	**3,777,071**	3,473,993
Deficit on revaluation	20	**(1,431)**	(2,136)
		3,775,640	3,471,857

10.1 These carry interest rates ranging between 9.41% to 9.95% (2013: 9.75% to 10.30%) per annum and have maturity upto February 2014. These securities have an aggregate face value of Rs.3,800 million (2013: Rs.3,500 million).

11. ADVANCES - net of provisions

	Note	2014		2013	
		Number of loans	(Rupees in '000)	Number of loans	(Rupees in '000)
Micro credit					
- Secured		**98,158**	**6,430,685**	94,998	6,667,472
- Unsecured		**128,712**	**2,550,705**	102,813	1,664,082
		226,870	**8,981,390**	197,811	8,331,554
Less: Provision held					
- Specific	11.1	**625**	**(9,586)**	189	(1,533)
- General	11.2	**-**	**(30,045)**	-	(18,893)
	11.2		**(39,631)**		(20,426)
			8,941,759		8,311,128

11.1 Particulars of non-performing advances

Advances include Rs.74.381 million (2013: Rs.49.489 million) which have been placed under non-performing status as detailed below:

	2014			2013		
	Amount outstanding	Provision required	Provision held	Amount outstanding	Provision required	Provision held
	---------- (Rupees in '000) ----------			---------- (Rupees in '000) ----------		
Other Assets Especially Mentioned (OAEM)	**43,238**	**-**	**-**	41,685	-	-
Substandard	**5,967**	**590**	**590**	4,202	58	58
Doubtful	**17,065**	**2,639**	**2,639**	2,340	477	477
Loss	**8,111**	**6,357**	**6,357**	1,262	998	998
	74,381	**9,586**	**9,586**	49,489	1,533	1,533

11.2 Particulars of provision against non-performing advances

	Note	2014			2013		
		Specific	General	Total	Specific	General	Total
		---------- (Rupees in '000) ----------			---------- (Rupees in '000) ----------		
Opening balance		**1,533**	**18,893**	**20,426**	1,466	10,899	12,365
Charge for the year		**19,619**	**11,152**	**30,771**	8,783	7,994	16,777
Reversals		**(4,651)**	**-**	**(4,651)**	(5,387)	-	(5,387)
		14,968	**11,152**	**26,120**	3,396	7,994	11,390
Amount written off	11.3	**(6,915)**	**-**	**(6,915)**	(3,329)	-	(3,329)
Closing balance		**9,586**	**30,045**	**39,631**	1,533	18,893	20,426

11.3 Particulars of write offs

	Note	2014	2013
		(Rupees in '000)	
Against provisions		**6,915**	3,329
Directly charged to profit and loss account		**89,462**	42,058
		96,377	45,387

12. OPERATING FIXED ASSETS

	Note		
Property and equipment	12.1	**491,148**	406,055
Intangible assets	12.2	**34,957**	32,407
Capital work-in-progress - advance against purchase of fixed assets		**30,655**	41,775
		556,761	480,237

12.1 Property and equipment

	2014							
	Cost			Depreciation			Book value	
	As at January 01, 2014	Additions / (disposals)	As at December 31, 2014	As at January 01, 2014	Charge /(on disposals)	As at December 31, 2014	As at December 31, 2014	Rate of depreciation per annum (%)
	(Rupees in '000)							
Owned								
Leasehold improvement	93,691	44,332	138,023	25,145	11,834	36,959	101,044	10
Office furniture and fixtures	123,819	39,399 (99)	163,119	43,069	14,335 (60)	57,344	105,775	10
Office equipment	160,968	60,389 (230)	221,127	77,445	31,026 (230)	108,241	112,886	20
Computer equipment	197,624	59,231 (66)	256,789	134,285	49,014 (40)	183,259	73,530	33
Vehicles	140,211	28,878 (9,848)	159,241	44,407	29,603 (4,760)	69,250	89,991	20 - 25
	716,313	232,229 (10,243)	938,299	324,351	135,812 (5,090)	455,073	483,226	
Leased								
Vehicles	21,397	- (5,230)	16,167	7,304	3,090 (2,149)	8,245	7,922	20
	737,710	232,229 (15,473)	954,466	331,655	138,902 (7,239)	463,318	491,148	

	2013							
	Cost			Depreciation			Book value	
	As at January 01, 2013	Additions / (disposals)	As at December 31, 2013	As at January 01, 2013	Charge /(on disposals)	As at December 31, 2013	As at December 31, 2013	Rate of depreciation per annum (%)
	(Rupees in '000)							
Owned								
Leasehold improvement	67,502	26,189	93,691	16,987	8,158	25,145	68,546	10
Office furniture and fixtures	95,689	28,130	123,819	31,723	11,346	43,069	80,750	10
Office equipment	111,345	49,623	160,968	55,686	21,759	77,445	83,523	20
Computer equipment	162,254	41,309 (5,939)	197,624	101,835	38,187 (5,737)	134,285	63,339	33
Vehicles	101,845	50,862 (12,496)	140,211	30,186	20,618 (6,397)	44,407	95,804	20
	538,635	196,113 (18,435)	716,313	236,417	100,068 (12,134)	324,351	391,962	
Leased								
Vehicles	22,799	- (1,402)	21,397	3,845	3,810 (351)	7,304	14,093	20
	561,434	196,113 (19,837)	737,710	240,262	103,678 (12,485)	331,655	406,055	

12.1.1 Property and equipment include assets costing Rs.175.308 million (2013: Rs.128.050 million) which are fully depreciated and still in use.

12.1.2 Deletions of fixed assets during the year with original cost or book value in excess of Rs.1,000,000 or Rs.250,000 respectively (whichever is less) are as follows:

Vehicles - Owned	Cost	Accumulated depreciation	Written down value	Sale proceeds	Mode of disposal	Particulars of buyers
	---------- (Rupees in '000) ----------					
Nissan Sunny	1,395	1,130	265	265	Bank's Policy	Shyam Lal, Employee
Suzuki Bolan	645	169	475	601	Auction	Wali Ahmed, Karachi
Suzuki Bolan	645	169	475	606	Auction	Wali Ahmed, Karachi
Suzuki Bolan	645	169	475	612	Auction	Wali Ahmed, KarachiSuzuki
Bolan	667	150	517	590	Auction	Wali Ahmed, Karachi
Suzuki Bolan	657	168	489	498	Auction	Muhammad Faheem, Karachi
Honda City	1,418	1,000	419	418	Bank's Policy	Habib Ali, Employee
Honda City	1,477	1,329	148	148	Bank's Policy	Naresh Karia, Employee
Suzuki Bolan	645	193	451	576	Auction	Akber Khan, Karachi
Suzuki Bolan	667	175	492	575	Auction	Akber Khan, Karachi
Suzuki Bolan	706	62	644	705	Insurance Claim	EFU General Insurance Ltd.
2014	**9,567**	**4,714**	**4,853**	**5,594**		
2013	**11,389**	**5,688**	**5,701**	**6,565**		

Vehicles - Leased	Cost	Accumulated depreciation	Written down value	Sale proceeds	Mode of disposal	Particulars of buyers
	---------- (Rupees in '000) ----------					
Suzuki Bolan	701	219	482	661	Auction	Naveed Ahmed Khan, Karachi
Suzuki Bolan	701	219	482	651	Auction	Naveed Ahmed Khan, Karachi
Suzuki Bolan	701	210	491	641	Auction	Naveed Ahmed Khan, Karachi
Toyota Corolla	1,570	707	864	1,412	Auction	Syed Muhammad Nadeem, Lahore
Honda City	1,557	794	763	763	Bank's Policy	Sajjad Ahmed, Employee
2014	**5,230**	**2,149**	**3,081**	**4,128**		
2013	**1,402**	**351**	**1,052**	**1,231**		

12.2 Intangible assets

	2014							
	Cost			Amortisation			Book value	
	As at January 01, 2014	Additions	As at December 31, 2014	As at January 01, 2014	Charge for the year	As at December 31, 2014	As at December 31, 2014	Rate of Amortisation per annum (%)
	(Rupees in '000)							
Computer software	78,780	23,218	101,998	46,373	20,667	67,040	34,958	33

	2013							
	Cost			Amortisation			Book value	
	As at January 01, 2013	Additions	As at December 31, 2013	As at January 01, 2013	Charge for the year	As at December 31, 2013	As at December 31, 2013	Rate of Amortisation per annum (%)
	(Rupees in '000)							
Computer software	55,982	22,798	78,780	34,985	11,388	46,373	32,407	33

12.2.1 Intangible assets include software costing Rs.34.945 million (2013: Rs.28.681 million) which are fully amortised and still in use.

	Note	2014	2013
		(Rupees in '000)	
13. OTHER ASSETS			
Mark-up / return / interest accrued		**590,163**	801,473
Loans to employees	13.1	**143,077**	105,569
Security deposits		**8,896**	7,500
Prepayments - rent		**53,576**	45,139
Prepayments - others		**8,928**	29,420
Taxation - net		**-**	-
Branchless banking transaction fee receivable		**171,948**	114,653
Others		**53,740**	27,490
		1,030,330	1,131,244

13.1 These represent interest free loans to staff and executives of the Bank for a maximum period of 36 months. These are secured against the retirement benefits of employees.

	2014		2013	
	Number	(Rupees in '000)	Number	(Rupees in '000)

14. DEPOSITS AND OTHER ACCOUNTS

Current deposits	**3,462,746**	**6,757,528**	1,624,432	4,823,720
Fixed deposits	**11,983**	**4,638,659**	13,120	4,966,394
Saving deposits	**6,611**	**865,167**	5,761	837,432
	3,481,340	**12,261,354**	1,643,313	10,627,546

	2014		2013	
	Number	(Rupees in '000)	Number	(Rupees in '000)

14.1 Particulars of deposits by ownership

Individual depositors	**3,480,944**	**10,630,350**	1,643,158	9,141,036
Institutional depositors				
- Corporations / firms etc	**382**	**1,595,357**	147	1,352,630
- Banks / financial institutions	**14**	**35,647**	8	133,880
	3,481,340	**12,261,354**	1,643,313	10,627,546

	Note	2014	2013
		(Rupees in '000)	

15. BORROWINGS

Banks / financial institutions outside Pakistan		-	-
Banks / financial institutions in Pakistan		**239,211**	501,280
		239,211	501,280

15.1 Details of borrowings

Unsecured
From commercial banks

Microfinance Credit Guarantee Facility (MCGF)	15.2	**240,695**	503,750
Unamortised transaction cost		**(1,484)**	(2,470)
		239,211	501,280

15.2 The Bank has obtained financing from commercial banks under the MCGF scheme introduced by the SBP to facilitate and promote channelization of funds from banks / DFIs to Microfinance institutions. These carry mark-up rate of 6 months' KIBOR plus 2% (2013: 6 months' KIBOR plus 2%) and are repayable in fixed installments over a period of 2-5 years.

	Note	2014	2013
		(Rupees in '000)	

16. SUB - ORDINATED DEBTS

Listed			
Term Finance Certificate (TFCs) - I (Quoted)	16.1	-	498,800
Unamortised transaction cost		-	(987)
		-	497,813
Term Finance Certificate (TFCs) - II (Quoted)	16.1	-	498,800
Unamortised transaction cost		-	(6,856)
		-	491,944
		-	989,757

16.1 During the year, TFC I and TFC II have been matured and fully paid out on January 28, 2014 and December 28, 2014 respectively.

17. OTHER LIABILITIES

Mark-up / return / interest payable		**93,777**	111,275
Accrued expenses		**178,783**	53,965
Provision for staff bonus		**100,000**	57,000
Withholding tax payable		**34,496**	6,927
Liabilities against assets subject to finance lease	17.1	**4,938**	12,652
Payable to defined contribution plan		**6,149**	2,664
Payable to defined benefit plan	34.3	**21,492**	11,846
Payable to Workers' Welfare Fund		**33,539**	12,713
Taxation - net		**3,016**	23,480
Payable against branchless banking transactions		**525,305**	534,110
Others		**43,352**	27,493
		1,044,847	854,124

	2014		2013	
	Minimum lease payment	Present value	Minimum lease payment	Present value
17.1 Liabilities against assets subject to finance lease				
Not later than one year	**1,507**	**535**	4,924	4,392
Later than one year and not later than five years	**4,578**	**4,403**	10,543	8,260
	6,085	**4,938**	15,467	12,652
Less: Financial charges allocable to future periods	**(1,147)**	**-**	(2,815)	-
Present value of minimum lease payments	**4,938**	**4,938**	12,652	12,652

17.1.1 The Bank has entered into agreements with a Modaraba for lease of vehicles. Lease rentals are payable on quarterly basis with mark-up at the rate of 6 months' KIBOR plus 2% - 2.25% per annum with a floor and cap of 12% - 13% and 23% per annum, respectively. The Bank intends to exercise its option to purchase the above assets upon completion of the lease period.

	2014	2013
	(Rupees in '000)	

18. DEFERRED TAX LIABILITY - net

Deductible temporary differences arising in respect of:

Provision against non-performing loans and advances	**13,078**	7,086
Deferred grant	**-**	5,734
Deficit on revaluation of assets	**472**	748
Actuarial effect on defined benefit plan	**9,345**	10,585
	22,895	24,153

Taxable temporary differences arising in respect of:

Accelerated tax depreciation allowance	**(26,855)**	(29,975)
Un-amortized transaction cost	**-**	(2,745)
	(26,855)	(32,720)
	(3,960)	(8,567)

18.1 Reconciliation of deferred tax

	Balance as at January 01, 2013	Recognised in profit and loss account	Recognised in other comprehensive income / (deficit on revaluation of assets) *	Balance as at December 31, 2013	Recognised in profit and loss account	Recognised in other comprehensive income / (deficit on revaluation of assets) *	Balance as at December 31, 2014
Deductible temporary differences arising in respect of:							
Carry forward tax losses	68,469	(68,469)	-	-	-	-	**-**
Provision against non-performing loans and advances	4,328	2,758	-	7,086	5,992	-	**13,078**
Deferred grant	4,481	1,253	-	5,734	(5,734)	-	**-**
Deficit on revaluation of assets	30	-	718 *	748	-	(276) *	**472**
Turnover tax carried forward	45,167	(45,167)	-	-	-	-	**-**
Actuarial effect on defined benefit plan	3,136	-	7,449	10,585	-	(1,240)	**9,345**
	125,611	(109,625)	8,167	24,153	258	(1,516)	**22,895**
Taxable temporary differences arising in respect of:							
Accelerated tax depreciation allowance	(24,145)	(5,830)	-	(29,975)	3,120	-	**(26,855)**
Unrealised gain on derivative financial instruments	-	-	-	-	-	-	**-**
Un-amortised transaction cost	-	(2,745)	-	(2,745)	2,745	-	**-**
	(24,145)	(8,575)	-	(32,720)	5,865	-	**(26,855)**
	101,466	(118,200)	8,167	(8,567)	6,123	(1,516)	**(3,960)**

19. SHARE CAPITAL

Authorised share capital

2014	2013		2014	2013
(Number of Shares in '000)			(Rupees in '000)	
270,000	270,000	Ordinary shares of Rs.10 each	**2,700,000**	2,700,000

Issued, subscribed and paid-up capital

2014	2013		2014	2013
(Number of Shares in '000)			(Rupees in '000)	
134,694	134,694	Ordinary shares of Rs.10 each fully paid in cash	**1,346,939**	1,346,939

	Note	2014	2013
		(Rupees in '000)	
20 DEFICIT ON REVALUATION OF ASSETS - NET OF DEFERRED TAX			
Available-for-sale investments			
Federal Government Securities		**(1,431)**	(2,136)
Related deferred tax		**472**	748
		(959)	(1,388)
21. DEFERRED GRANTS			
Grant received from			
State Bank of Pakistan	21.1	**26,129**	5,203
Consultative Group to Assist the Poor	21.2	**3,576**	3,872
Soros Economic Development Fund	21.3	**149**	149
The Aga Khan Agency for Microfinance	21.4	**64**	64
Financial Sector Strengthening Programme	21.5	**219**	219
Frankfurt School of Management	21.6	**3,548**	1,892
Winrock International	21.7	**536**	1,449
Gates Foundation	21.8	**13,218**	111
		47,439	12,959
Reversal of (grant income recognised) during the year			
State Bank of Pakistan		**(12,556)**	5,178
Consultative Group to Assist the Poor		**(166)**	(296)
Soros Economic Development Fund		**-**	-
The Aga Khan Agency for Microfinance		**-**	-
Financial Sector Strengthening Programme		**-**	-
Frankfurt School of Management		**(1,097)**	(10)
Winrock International		**(536)**	(1,449)
Gates Foundation		**(10,116)**	-
	26	**(24,471)**	3,423
		22,968	16,382

21.1 Represents USD grant received from SBP under the Institutional Strengthening Fund of the Financial Inclusion Program (FIP) sponsored by Department of International Development - UK for the inclusive economic growth and improved livelihood opportunities for poor and marginalized groups in Pakistan and improved access to financial services for these groups.

21.2 Represents USD grant received from International Bank for Reconstruction and Development and International Development Association for Consultative Group to Assist the Poor to assist the Bank in achieving its growth goals for financial services to lower income clients via institutional capacity building and training and to develop, launch and scale up mobile banking using agent distribution network and cell phone technologies.

21.3 Represents USD grant received from Soros Economic Development Fund to assist the Bank in expanding the outreach of microfinance services to low and moderate income clients by connecting to an interbank ATM switch and a payment settlement network.

21.4 Represents USD grant received from Aga Khan Agency for Microfinance to provide finance for life insurance premium of specific depositors.

21.5 Represents USD grant received from Swiss Agency for Development and Corporation under the Financial Sector Strengthening program to provide technical support for maintenance of IT infrastructure of the Bank.

21.6 Represents USD grant received from Frankfurt School of Management to provide financial support to implement a project on Promotion of Renewable Energy Technologies.

21.7 Represents USD grant received from Winrock International to provide financial support to operate a branch in Gawadar.

21.8 Represents USD grant received from Bill and Malinda Gates Foundation to provide financial support to establish branchless banking operations.

	2014	2013
	(Rupees in '000)	
22. MEMORANDUM / OFF BALANCE SHEET ITEMS		
Bills for collection	-	-
Acceptances, endorsements and other obligations	-	-
Contingent liabilities	-	-
Total memorandum / off balance sheet items	-	-
23. MARK-UP / RETURN / INTEREST EARNED		
On:		
Loans and advances	**2,608,276**	2,116,598
Available-for-sale investments	**294,214**	288,447
Deposits with financial institutions	**73,020**	63,591
Call money lendings	**31,615**	26,221
Repurchase agreement lendings	**47,645**	24,267
	3,054,770	2,519,124

	Note	2014	2013
		(Rupees in '000)	
24. MARK-UP / RETURN / INTEREST EXPENSED			
On:			
Deposits		**640,636**	791,414
Borrowings		**51,346**	101,112
Sub-ordinated debt		**74,204**	142,634
		766,186	1,035,160
25. FEE, COMMISSION AND BROKERAGE INCOME			
Loan processing fee		**306,614**	192,264
Income from branchless banking	25.1	**868,811**	659,618
Others		**19,646**	24,582
		1,195,071	876,464

25.1 This represents income from branchless banking operations (Easy Paisa) carried out by the Bank together with the Holding Company under the SBP's Branchless Banking Regulations. As per the agreement with the Holding Company, income from Easy Paisa is shared between the Bank and the Holding Company in the ratio of 14% and 86% net of agents' commission (2013: 14% and 86% net of agents' commission), respectively.

	Note	2014	2013
		(Rupees in '000)	
26. OTHER INCOME			
Grant income	21	**24,471**	(3,423)
Cheque book fees, ATM fees and other service charges		**62,011**	51,299
Recoveries against advances written off		**10,931**	20,236
Gain on sale of operating fixed assets		**1,751**	1,684
		99,164	69,796

	Note	2014	2013
		(Rupees in '000)	
27. ADMINISTRATIVE EXPENSES			
Salaries and other allowances		**1,155,631**	872,935
Contribution to defined contribution plan		**34,184**	15,395
Charge for defined benefit plan	34.7	**28,637**	18,506
Staff welfare		**25,960**	22,165
Training and capacity building		**5,672**	2,794
Rent and taxes		**103,760**	77,185
Legal and professional charges		**21,058**	11,427
Utilities		**41,940**	32,005
Communication		**107,249**	89,355
Finance charges on leased assets		**1,604**	1,937
Travelling and conveyance		**61,222**	56,748
Insurance		**93,582**	81,089
Printing and stationery		**96,043**	65,831
Repairs and maintenance		**86,880**	68,611
Depreciation	12.1	**138,902**	103,878
Amortisation	12.2	**20,667**	11,388
Auditors' remuneration	27.1	**2,074**	2,245
Advertisement		**42,993**	55,148
Security services		**50,477**	29,694
Customer verification charges		**120,561**	23,727
Professional consultancy charges		**22,805**	12,451
Bank charges		**56,102**	33,035
Deposit mobilization commission	27.2	**102,744**	56,313
Other expenses		**4,653**	2,016
		2,425,400	1,745,878

27.1 Auditors' remuneration

Audit fee	**1,200**	1,200
Half yearly review fee	**480**	480
Other certifications	**88**	290
Out-of-pocket expenses	**222**	208
	1,990	2,178
Sales tax	**84**	67
	2,074	2,245

27.2 Deposit mobilization commission

Represents commission on deposit mobilization services provided by Holding Company to the Bank in respect of its Branchless Banking Services under an agreement.

	2014	2013
	(Rupees in '000)	

28. OTHER CHARGES

Workers' Welfare Fund	**20,826**	12,560
Penalty imposed by SBP	**213**	100
	21,039	12,660

29. TAXATION

29.1 Relationship between tax expense and accounting profit

Profit before taxation	**1,020,489**	615,432
Tax at the rate of 33%	**336,761**	209,249
Tax effects of:		
Non deductible expenses	**(16,689)**	25,935
Exempt income	**(8,076)**	(1,507)
Minimum tax	**-**	-
Others	**-**	-
	311,996	233,677

29.2 The Bank has filed returns upto tax year 2014 which are deemed to be orders under section 120 of the Income Tax Ordinance, 2001 unless any ammendments have been made by the Tax Authorities.

	2014	2013

30. BASIC AND DILUTED EARNINGS PER SHARE

Net profit for the year (Rupees in '000)	**708,493**	381,755
Weighted average ordinary shares (Numbers in '000)	**134,694**	134,694
Basic and diluted earnings per share (Rupees)	**5.26**	2.83

		2014	2013
	Note	(Rupees in '000)	

31. CASH AND CASH EQUIVALENTS

Cash and balances with SBP and NBP	8	**1,371,733**	1,225,227
Balances with other banks	9	**717,070**	571,006
		2,088,803	1,796,233

32. NUMBER OF EMPLOYEES

	2014			2013		
	Credit / sales staff	Banking / support staff	Total	Credit / sales staff	Banking / support staff	Total
Permanent	**234**	**830**	**1,064**	271	655	926
Temporary / on contractual basis	**472**	**522**	**994**	324	442	766
	706	**1,352**	**2,058**	595	1,097	1692

33. NUMBER OF BRANCHES

	2014	2013
As at January 01	**49**	45
Opened during the year	**8**	4
As at December 31	**57**	49

34. DEFINED BENEFIT PLAN

34.1 General description

The Bank operates a funded gratuity scheme for all its employees, who have completed minimum qualifying period of service. Contributions to the fund are made in accordance with the rules of the fund. The benefit is equal to one month's last drawn basic salary for each year of eligible service or part thereof, subject to a minimum of three years of service.

34.2 Principal actuarial assumptions

The latest actuarial valuation of the gratuity scheme was carried out as at 31 December, 2014. Following are the significant assumptions used in the valuation:

	2014	2013
	(% Per annum)	
- Discount rate	**11.50**	13.00
- Salary increase rate	**11.25**	13.00
- Expected rate of return on plan assets	**11.50**	13.00

		2014	2013
		(Rupees in '000)	
34.3	**Movement in defined benefit plan**		
	Opening balance	**11,845**	7,523
	Expense charged in the current year	**28,637**	18,506
	Remeasurements recognized in OCI during the year	**28,319**	21,282
	Contributions to gratuity fund	**(47,309)**	(35,466)
	Closing balance	**21,492**	11,845
34.4	**Reconciliation of defined benefit plan**		
	Present value of defined benefit obligations	**170,646**	114,889
	Fair value of plan assets	**(149,154)**	(103,044)
		21,492	11,845
34.5	**Movement in present value of defined benefit obligations**		
	Opening balance	**114,889**	66,990
	Current service cost	**30,172**	19,825
	Interest cost	**13,830**	7,415
	Actuarial loss on obligations	**28,767**	25,682
	Benefits paid	**(17,012)**	(5,023)
	Closing balance	**170,646**	114,889
34.6	**Movement in fair value of plan assets**		
	Opening balance	**103,044**	59,467
	Contributions to the fund	**47,309**	35,466
	Benefits paid	**(17,012)**	(5,023)
	Expected return on plan assets	**15,365**	8,734
	Actuarial (loss) / gain on plan assets	**448**	4,400
	Closing balance	**149,154**	103,044
34.7	**Charge for defined benefit plan**		
	Current service cost	**30,172**	19,825
	Interest cost	**13,830**	7,415
	Expected return on plan assets	**(15,365)**	(8,734)
		28,637	18,506
34.8	**Actual return on plan assets**	**15,813**	13,133
34.9	**Plan assets consist of**		
	TDR	**145,653**	100,688
	Bank balances	**3,501**	2,356
		149,154	103,044

34.10 Historical information

	2014	2013	2012	2011	2010
	---------- (Rupees in '000) ----------				
Present value of defined benefit obligations	**170,646**	114,889	66,990	62,978	45,575
Fair value of plan assets	**(149,154)**	(103,044)	(59,467)	(52,064)	(40,173)
Deficit	**21,492**	11,845	7,523	10,914	5,402

34.11 Remeasurements recognized in other comprehensive income, expense / (income) during the year

	2014	2013
	(Rupees in '000)	
Remeasurements: Actuarial gain / (loss) on obligation:		
Gain due to change in financial assumptions	**(3,705)**	-
Loss due to change in demographic assumptions	**994**	-
Loss due to change in experience adjustments	**31,478**	25,681
Total actuarial loss on obligation	**28,767**	25,681
Remeasurements: Actuarial gain / (loss) on assets:		
Actual net return on plan assets	**15,813**	13,133
Less: Interest income on plan assets	**(15,365)**	(8,734)
Total remeasurements recognised in OCI during the year	**448**	4,399

34.12 Maturity profile of defined benefit obligation

	2014	2013
	-----Year-----	
Weighted average duration of the present value of defined benefit obligation	**9**	12

	2014	2013
	-----Benefit Payments----- (Rupees in '000)	
Distribution of timing of benefit payments		
Years		
1	**33,697**	23,256
2	**31,412**	13,039
3	**12,312**	27,999
4	**11,506**	9,194
5	**10,622**	8,780
6 - 10	**43,247**	38,484
11 - 15	**67,474**	67,658
16 - 20	**117,684**	123,984
20+	**554,979**	645,158

34.13 Expected contribution to the plan

Based on actuarial advice, the management estimates that the charge in respect of defined benefit plan for the year ending December 31, 2014 would be Rs.41.231 million.

34.14 Sensitivity analysis on significant actuarial assumptions: Actuarial liability

Base	**170,646**	114,888
Discount rate +1%	**157,372**	105,425
Discount rate -1%	**186,540**	115,802
Future salary increases +1%	**157,235**	127,091
Future salary increases -1%	**170,682**	116,537

35. DEFINED CONTRIBUTION PLAN

35.1 The Bank operates an approved funded contributory provident fund for all its permanent employees to which monthly contributions are made both by the Bank and the employees at the rate of 10 % of basic salary.

35.2 Disclosures relating to Provident Fund

Size of the fund	185,853	146,912
Cost of investments made	163,029	128,883
Percentage of investments made	88%	88%
Fair value of investments	177,966	141,163
Break-up of investments		
TDR's	177,937	137,280
Bank balances	29	3,883
	177,966	141,163

The figures for 2014 are based on the un-audited financial statements of the Provident Fund. Investments out of Provident Fund have been made in accordance with the provisions of section 227 of the Ordinance and the rules formulated for this purpose.

36. REMUNERATION OF DIRECTORS AND EXECUTIVES

	2014			2013		
	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
	(Rupees in '000)			(Rupees in '000)		
Fees	-	900	-	-	225	-
Managerial remuneration	21,642	-	162,997	19,487	-	105,949
Charge for defined benefit plan	1,612	-	13,583	1,453	-	8,829
Contribution to defined contribution plan	1,934	-	18,300	1,743	-	10,217
Rent and house maintenance	15,621	-	48,899	13,576	-	31,785
Utilities	4,996	-	16,300	4,695	-	10,595
Medical	3,243	-	26,717	2,833	-	17,217
Conveyance	2,412	-	10,110	1,314	-	11,433
Others	468	-	2,025	180	-	2,593
Membership fee	214		215	157		1,628
	52,142	900	297,146	45,438	225	200,245
Number of persons	1	7	125	1	7	76

36.1 In addition to the above, the Chief Executive and certain executives are provided with use of Company maintained car.

37. RELATED PARTY TRANSACTIONS

Related parties of the Bank comprise of the Holding Company, associates (including entities having directors in common with the Bank), retirement benefit funds, major share holders, directors and key management personnel and their close family members. Transactions with related parties, other than remuneration of directors and executives as disclosed in note 33 to the financial statements, are summarised as follows:

	2014				2013			
	Holding company	Directors and key management personnel	Others	Total	Holding company	Directors and key management personnel	Others	Total
	(Rupees in '000)				(Rupees in '000)			
Advances								
At January 01	-	31,614	-	31,614	-	22,469	-	22,469
Given during the year	-	25,062	-	25,062	-	16,568	-	16,568
Repaid during the year	-	(23,150)	-	(23,150)	-	(7,423)	-	(7,423)
At December 31	-	33,526	-	33,526	-	31,614	-	31,614
Deposits								
At January 01	99,868	2,305	233,789	335,962	200,972	6,586	17,498	225,056
Received during the year	54,625,681	404,962	319,880	55,350,533	25,220,894	146,880	233,506	25,601,260
Withdrawn during the year	(54,649,570)	(401,480)	(234,823)	(55,285,873)	(25,321,998)	(151,141)	(17,215)	(25,490,354)
At December 31	75,979	5,787	318,856	400,622	99,868	2,305	233,789	335,962
Mark-up expense	7,777	109	31,582	39,468	9,981	104	27,542	37,627
Communication expenses	6,307	-	-	6,307	4,571	-	-	4,571
Sale of vehicles	-	5,847	-	5,847	-	4,201	-	4,201
Payable against branchless banking transactions	166,604	-	-	166,604	147,070	-	-	147,070
Mark-up payable	-	-	25,520	25,520	417	-	19,412	19,829
Rent and taxes	6,800	-	-	6,800	10,200	-	-	10,200
Exp payable	12,791	-	-	12,791	13,550	-	-	13,550
Deposit mobilization fee	102,744	-	-	102,744	56,313	-	-	56,313

38. MATURITIES OF ASSETS AND LIABILITIES

The table below summarises the maturity profile of the expected cash flows of the Bank's financial assets and liabilities. The demand deposits of the Bank are classified as payable within one month. However, the Bank expects that many customers will not request repayment on the earliest date the Bank could be required to pay and the table does not reflect the expected cash flows indicated by the Bank's deposit retention history.

	2014				
	Total	Upto one Month	Over one month upto 6 months	Over 6 months upto 1 year	Over one Year upto 5 years
	---------- (Rupees in '000) ----------				
Assets					
Cash and balances with SBP and NBP	1,371,733	1,371,733	-	-	-
Balances with other banks / NBFIs / MFBs	717,070	717,070	-	-	-
Investments - net of provisions	3,775,640	2,490,984	1,284,656	-	-
Advances - net of provisions	8,941,759	934,865	4,243,873	2,891,875	871,146
Operating fixed assets	556,761	-	-	-	556,761
Other assets	1,030,330	139,570	345,102	386,969	158,689
	16,393,293	5,654,222	5,873,631	3,278,844	1,586,596
Liabilities					
Deposits and other accounts	12,261,354	7,935,920	1,466,443	2,472,937	386,054
Borrowings	239,211	8,334	73,194	73,195	84,488
Subordinated debt	-	-	-	-	-
Other liabilities	1,044,847	771,486	188,608	74,528	10,225
Deferred tax liabilities - net	3,960	-	-	-	3,960
	13,549,372	8,715,740	1,728,245	2,620,660	484,727
Net assets	2,843,921	(3,061,518)	4,145,386	658,184	1,101,869
Represented by:					
Share capital	1,346,939				
Statutory and general reserves	713,180				
Depositors' Protection Fund	114,962				
Unappropriated profit	646,831				
	2,821,912				
Deficit on revaluation of assets - net of deferred tax	(959)				
Deferred grants	22,968				
	2,843,921				

	2013				
	Total	Upto one Month	Over one month upto 6 months	Over 6 months upto 1 year	Over one Year upto 5 years
	(Rupees in '000)				
Assets					
Cash and balances with SBP and NBP	1,225,227	1,225,227	-	-	-
Balances with other banks / NBFIs / MFBs	571,006	421,006	150,000	-	-
Investments - net of provisions	3,471,857	1,992,955	1,478,902	-	-
Advances - net of provisions	8,311,128	688,490	3,735,183	3,489,045	398,411
Operating fixed assets	480,237	-	-	-	480,237
Other assets - Restated	1,131,244	147,771	472,004	291,776	219,691
	15,190,699	4,475,449	5,836,089	3,780,821	1,098,340

	2013				
	Total	Upto one Month	Over one month upto 6 months	Over 6 months upto 1 year	Over one Year upto 5 years
	(Rupees in '000)				
Liabilities					
Deposits and other accounts	10,627,546	6,211,683	1,556,123	1,413,467	1,446,273
Borrowings	501,279	8,333	123,194	131,528	238,224
Subordinated debt	989,757	497,813	-	491,944	-
Other liabilities	854,125	601,582	115,510	54,407	82,625
Deferred tax liabilities	8,567	-	8,567	-	-
	12,981,274	7,319,411	1,803,394	2,091,346	1,767,122
Net assets	2,209,425	(2,843,963)	4,032,695	1,689,475	(668,728)
Represented by:					
Share capital	1,346,939				
Statutory and general reserves	571,481				
Depositors' Protection Fund	70,224				
Unappropriated profit	205,787				
	2,194,431				
Deficit on revaluation of assets	(1,388)				
Deferred grants	16,382				
	2,209,425				

39. FINANCIAL RISK MANAGEMENT

39.1 Interest / mark-up rate risk

"Interest rate risk is the risk that the value of the financial instrument will fluctuate due to changes in the market interest rates."

The Bank interest rate exposure is low due to the short-term nature of the majority of business transactions.Interest rate risk is also controlled through flexible credit pricing mechanism and variable deposit rates.Optimization of yield is achieved through the Bank's investment strategy which aims on attaining abalance between yield and liquidity under the strategic guidance of ALCO.

The advances and deposits of the Bank are on periodic basis based on interest rates scenario are as under:

	2014					
			Exposed to yield / interest risk			
	Effective yield/ interest rate %	Total	Upto one month	One month to six month	Over six month to one year	Over one year to five years
	---------- (Rupees in '000) ----------					
Assets						
Balances with other banks NBFIs/ MFBs	6% to 9%	709,117	709,117	-	-	-
Investment - net of provisions	9.41% to 9.95%	3,775,640	2,490,984	1,284,656	-	-
Advances - net of provisions	16% to 33%	8,941,759	934,865	4,243,873	2,891,875	871,146
		13,426,516	4,134,966	5,528,529	2,891,875	871,146
Liabilities						
Deposits	6.5% to 16%	5,503,826	1,178,392	1,466,443	2,472,937	386,054
Borrowings	Kibor + 2%	239,211	8,334	73,194	73,195	84,488
Subordinated debt	12% to 12.5%	-	-	-	-	-
		5,743,037	1,186,726	1,539,637	2,546,132	470,542
		7,683,479	2,948,240	3,988,892	345,743	400,604

	2013					
			Exposed to yield / interest risk			
	Effective yield/ interest rate %	Total	Upto one month	One month to six month	Over six month to one year	Over one year to five years
	---------- (Rupees in '000) ----------					
Assets						
Balances with other banks / NBFIs / MFBs	6.5% to 12%	564,288	414,288	150,000	-	-
Investments - net of provisions	9.75% to 10.30%	3,471,857	1,992,955	1,478,902	-	-
Advances - net of provisions	18% to 35%	8,311,128	688,490	3,735,183	3,489,045	398,410
		12,347,273	3,095,733	5,364,085	3,489,045	398,410
Liabilities						
Deposits	6% to 16%	5,803,826	1,387,963	1,556,123	1,413,467	1,446,273
Borrowings	Kibor + 2%	501,280	8,333	123,194	131,528	238,225
Subordinated debt	12% to 12.5%	989,757	497,813	-	491,944	-
		7,294,863	1,894,109	1,679,317	2,036,939	1,684,498
		5,052,410	1,201,624	3,684,768	1,452,106	(1,286,088)

39.2 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Bank's credit risk is primarily attributable to its “advances” balances at banks and investments. The credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit ratings. The Bank has an effective loan disbursement and recovery monitoring system which allows it to evaluate borrowers' credit worthiness and identify potential problem loans. A provision for loan losses is maintained as required by the Prudential Regulations. Investments are mainly in the goverment securities or other securities having good credit rating. Maximum amount of financial assets which are subject to credit risk amount to Rs.4,398 million (2013: Rs.3,377 million).

39.3 Liquidity risk

Liquidity risk is the risk that the Bank will not be able to raise funds to meet its commitments. At presentthe bank is not exposed to this risk as there is sufficient cash placed with various commercial banks atthe year end.

39.4 Fair value of financial Instruments

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair value.

40. CAPITAL MANAGEMENT

The Bank's objectives when managing its capital are:

- To comply with the capital requirements set by the SBP.
- To safeguard the Bank's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders.
- To maintain a strong capital base to support the development of its business.

As of the balance sheet date, the Bank's net equity and Capital Adequacy Ratio stood at Rs.2,819 million (2013: Rs.2,184 million) and 64% (2013: 64%) respectively, as against the minimum requirement of Rs.1000 million and 15% prescribed by SBP.

41. GENERAL

40.1 Captions, as prescribed by BSD Circular No. 11, dated 30 December 2003, 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.

40.2 Figures have been rounded off to the nearest thousand rupees.

42. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Bank on **3rd March, 2015**.

President & Chief Executive Officer	Chairman	Director	Director

SHAREHOLDING STRUCTURE OF TAMEER MICRO FINANCE BANK LIMITED AS AT DECEMBER 31st, 2014

S. No.	Name of the Shareholder	Address	No. of Shares	%	Nationality	Citizenship	Current Country of Residence
1	Telenor Pakistan	38, Paris Plaza, Markaz F-11, Islamabad, Pakistan	68,693,878	51.0000%	N/A	N/A	N/A
2	EMC	49, Old Clifton, Karachi, Pakistan	39,599,960	29.4000%	N/A	N/A	N/A
3	Kamal Uddin Azfar	31-F, Block 4, KDA Scheme Np. 5, Shahrah e Firdousi, Clifton, Karachi, Pakistan	10	0.0000%	Pakistani	Pakistani	Pakistan
4	Mansoor Alam	D-73, Block 4, Clifton, Karachi, Pakistan	10	0.0000%	Pakistani	Pakistani	Pakistan
5	Mayada Moussa Baydas	2325, Isle Royale Ln, Davis USA	10	0.0000%	American	Pakistani	USA
6	Mumtaz Saeed	94, Khyaban-e-Ghazi, DHA, Phase 6, Karachi, Pakistan	10	0.0000%	Pakistani	Pakistani	Pakistan
7	IFC	2121 Pennsylvania Avenue, NW, Washington, DC, 20433, United States of America	6,600,000	4.9000%	N/A	N/A	N/A
8	Centurion	45, Bangalore Town, Tipu Sultan Road, Karachi, Pakistan	9,900,000	7.3500%	Pakistani	N/A	N/A
9	Nizar Noor Muhammed	F-65, Block 7, Clifton, Karachi	4,950,000	3.6750%	Pakistani	Pakistani	Pakistan
10	Noor Muhammad Mewawalla	F-65, Block 7, Clifton, Karachi	4,950,000	3.6750%	Pakistani	Pakistani	Pakistan
				100%			

Kabeer Naqvi
Company Secretary

CREDITS

Design & Concept

Tameer Micro Finance Bank (TMFB) Limited
In-house creative unit

Photography

TMFB In-house Creative Unit
Concoction Studios, Karachi, Pakistan

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