

empowering the unbanked



Tameer Micro Finance Bank Limited
A-15, Block 7 & 8 Central Commercial Area, K.C.H.S Union Karachi- 75350, Pakistan
www.tameerbank.com | UAN 111 111 004

Un-Audited Condensed Interim
Financial Statement for the Half Year
Ended June 30th, 2013



The Largest Micro Finance Bank in Pakistan

Empowering for Change

Most of Tameer's loan customers have acquired opportunities to transform their quality of life by ensuring access to health care and education for their children.

Extensive financial education within the communities has set the pace for socio-economic empowerment with a long term impact on the lives of marginalized and disadvantaged people. That is the social premium on Tameer's commercial business.

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Director's Review

Tameer Microfinance Bank Limited
Director's Review Report

The Board of Directors are pleased to present the unaudited Financial Statements of the Bank for the Half year Ended June 30, 2013

	Half Year ended June 30, 2013	Half Year ended June 30, 2012 ---(Restated)---
	------(Rupees in '000)-----	
Profit Before Provisions and Taxations	235,388	286,175
Provision against loans and advances	4,105	8,040
Bad debts written off directly-net of recoveries	13,155	603
Profit Before Taxation	218,128	277,532
Taxation	(80,343)	(107,658)
Profit After Taxation	137,785	169,874
Earnings per Share	1.02	1.26

During the half-year ended June 30, 2013, the Bank's profit before taxation stood at Rs. 218.128 million from the previous comparable period.

We continue to strengthen our presence in the markets place as of June 30, 2013 we operate through 114 branches nationwide.

PACRA, a premier rating agency of the country, has rated the Bank 'A' Long-Term and 'A-1' Short-Term.

The ratings denote a low expectation of credit risk. The capacities for timely payments of financial commitments are considered strong.

The Board would like to thank our valued customers for their continued patronage and support, the State Bank of Pakistan, Securities Exchange Commission of Pakistan and other regulatory authorities for their continuous guidance and support with whom we enjoy a very cordial relationship. The Board would like to place on record its appreciation for the hard work, dedication, professionalism, and sincere efforts of the senior management, officer, and staff of the Bank at all levels.



Nadeem Hussain
Chief Executive Officer
Date : 22nd August, 2013
Place: Karachi.

Corporate Information

Board of Directors

Ms. Tine Gottlob Wollebekk	Chairman
Mr. Nadeem Hussain	Chief Executive Officer & President
Mr. Lars Christian Iuel	Director
Mr. Irfan Wahab Khan	Director
Mr. Karl Erik Broten	Director
Mr. Salim Raza	Director
Mr. Nizar Noor Muhammad	Director

Chief Financial Officer & Company Secretary

Mr. Kabeer Naqvi

Human Resource Management & Planning Committee

Mr. Irfan Wahab Khan	Chairman
Mr. Lars Christian Iuel	Member
Mr. Nizar Noor Muhammad	Member

Branchless Banking Steering Committee

Mr. Irfan Wahab Khan	Chairman
Mr. Nadeem Hussain	Member
Mr. Karl Erik Broten	Member
Ms. Tine Gottlob Wollebekk	Member

Audit Committee

Mr. Salim Raza	Chairman
Mr. Karl Erik Broten	Member
Mr. Nizar Noor Muhammad	Member

Risk Management Committee

Mr. Salim Raza	Chairman
Mr. Irfan Wahab Khan	Member
Mr. Karl Erik Broten	Member

Auditors

Ernst & Young Ford Rhodes SidatHyder & Co	Chartered Accountants
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Legal Advisors

Ebrahim Hossain

Registered Office

Tameer Microfinance Bank Limited
15-A Block 7 & 8, Central Commercial Area, K.C.H.S. Union, Karachi - 75350, Pakistan
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AUDITORS' REPORT TO THE CHIEF EXECUTIVE OFFICER ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim balance sheet of Tameer Micro Finance Bank Limited (the Bank) as at 30 June 2013 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, condensed interim cash flow statement and explanatory notes (here-in-after referred to as the "condensed interim financial information") for the six-months' period then ended. Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for condensed interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard of Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for condensed interim financial reporting.

Chartered Accountants
Audit Engagement Partner: Arsalan Khalid
Karachi
Date: 22nd August, 2013

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2013

	Note	30 June 2013 (Un-Audited)	31 December 2012 (Audited) ------(Rupees in '000)-----
(Restated)			
ASSETS			
Cash and balances with State Bank of Pakistan and National Bank of Pakistan		1,821,275	730,133
Balances with other banks		1,088,654	927,509
Lendings to financial institutions		-	-
Investments	5	3,655,042	3,604,983
Advances- net of provisions	6	7,415,991	6,687,865
Operating fixed assets	7	420,645	349,240
Other assets		1,047,049	948,668
Deferred tax assets - net	8	34,013	98,330
		<u>15,482,669</u>	<u>13,346,728</u>
LIABILITIES			
Deposits and other accounts	9	10,599,556	8,371,951
Borrowings	10	648,976	1,391,257
Subordinated debt	11	980,738	971,886
Other liabilities		1,280,189	775,514
Deferred tax liabilities		-	-
		<u>13,509,459</u>	<u>11,510,608</u>
NET ASSETS		<u><u>1,973,210</u></u>	<u><u>1,836,120</u></u>
REPRESENTED BY:			
Share capital		1,346,939	1,346,939
Reserves		577,588	540,611
Accumulated profit / (loss)		36,630	(64,178)
		<u>1,961,157</u>	<u>1,823,372</u>
Surplus on revaluation of assets - net of tax		162	(55)
Deferred Grants		11,891	12,803
		<u><u>1,973,210</u></u>	<u><u>1,836,120</u></u>

MEMORANDUM / OFF BALANCE SHEET ITEMS

The annexed notes 1 to 18 form an integral part of these interim condensed financial statements.



President & Chief
Executive Officer



Chairman



Director



Director

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)

FOR THE HALF YEAR ENDED JUNE 30, 2013

	Note	Half Year ended		Quarter ended	
		30 June 2013	30 June 2012	30 June 2013	30 June 2012
----- (Rupees in '000) -----					
		(Restated)		(Restated)	
Mark-up / return / interest earned	12	1,171,877	877,545	595,860	456,744
Mark-up / return / interest expensed	13	(546,099)	(317,096)	(270,532)	(159,053)
Net mark-up / return / interest income		625,778	560,449	325,328	297,691
Provision against non-performing loans and advances		(4,105)	(8,040)	(2,354)	(3,451)
Provision for diminution in the value of investments		-	-	-	-
Bad debts written off directly-net of recoveries		(13,155)	(603)	(9,476)	(444)
		(17,260)	(8,643)	(11,830)	(3,895)
Net mark-up / return / interest income after provisions		608,518	551,806	313,498	293,796
NON MARK-UP / INTEREST INCOME					
Fee, commission and brokerage income	14	406,266	281,156	214,944	154,979
Dividend income		-	-	-	-
Other income		36,147	41,523	22,543	25,314
Total non mark-up / interest income		442,413	322,679	237,487	180,293
		1,050,931	874,485	550,985	474,089
NON MARK-UP / INTEREST EXPENSES					
Administrative expenses		(826,209)	(587,681)	(434,107)	(301,393)
Other provisions / write-offs		(2,042)	(3,501)	(1,378)	(3,329)
Other charges		(4,552)	(5,771)	(2,310)	(3,173)
Total non mark-up / interest expenses		(832,803)	(596,953)	(437,795)	(307,895)
		218,128	277,532	113,190	166,194
Extraordinary / unusual items		-	-	-	-
PROFIT BEFORE TAXATION		218,128	277,532	113,190	166,194
Taxation - Current	15	(16,143)	(12,002)	20,585	(6,370)
- Prior years		-	-	-	-
- Deferred	8	(64,200)	(95,656)	(64,200)	(95,656)
		(80,343)	(107,658)	(43,615)	(102,026)
PROFIT AFTER TAXATION		137,785	169,874	69,575	64,168
Basic and diluted earnings per share - Rupees		1.02	1.26	0.52	0.48

The annexed notes 1 to 18 form an integral part of these interim condensed financial statements.



President & Chief
Executive Officer



Chairman



Director



Director

INTERIM CONDENSED CASH FLOW STATEMENT (UN-AUDITED)

FOR THE HALF YEAR ENDED JUNE 30, 2013

	30 June 2013	30 June 2012
	----- (Rupees in '000) -----	
CASH FLOW FROM OPERATING ACTIVITIES		(Restated)
Profit before taxation	218,128	277,532
Adjustments:		
Depreciation and amortisation	53,952	40,223
Finance charges on leased assets	987	1,459
Provision against non-performing advances	17,260	8,643
Provision for Gratuity	13,158	9,917
Other Provisions	2,042	3,501
Amortisation of discount on investments	(168,940)	(47,424)
Loss on derrivative financial instruments	-	328
Grant Income	(3,146)	(16,332)
Loss on sale of operating fixed Assets	(1,222)	(2,614)
	(85,909)	(2,299)
<i>(Increase) / decrease in operating assets</i>		
Advances	(743,510)	(1,184,110)
Other assets (excluding advance taxation)	(98,748)	(140,065)
	(842,258)	(1,324,175)
<i>Increase / (decrease) in operating liabilities</i>		
Deposits and other accounts	2,227,605	892,502
Other liabilities (excluding current taxation)	501,723	114,974
	2,729,328	1,007,476
Income tax paid Advance Tax	(15,653)	(6,454)
Payment to employee gratuity fund	(11,358)	(9,602)
	<u>1,992,278</u>	<u>(57,522)</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of investments in available-for-sale securities	(21,924,779)	(2,102,500)
Investments in operating fixed assets	(128,028)	(107,894)
Sale proceed from disposal of available-for-sale securities	22,042,900	1,705,966
Sale proceed from disposal of operating fixed assets	3,967	6,386
Net cash flow used in investing activities	(5,940)	(498,042)
CASH FLOW FROM FINANCING ACTIVITIES		
Payments of lease obligation	(2,856)	(1,275)
Borrowing from financial institution	(742,281)	163,893
Subordinated Debt	8,852	-
Grant received	2,234	32,295
	(734,051)	194,913
	1,252,287	(360,651)
	1,657,642	1,775,602
Cash and cash equivalents at end of the period	<u>2,909,929</u>	<u>1,414,951</u>
CASH AND CASH EQUIVALENTS		
Cash and balances with SBP and NBP	1,821,275	596,401
Balances with other Banks	1,088,654	543,550
Lendings to financial institutions	-	275,000
	<u>2,909,929</u>	<u>1,414,951</u>

The annexed notes 1 to 18 form an integral part of these interim condensed financial statements.



President & Chief
Executive Officer



Chairman



Director



Director

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

FOR THE HALF YEAR ENDED JUNE 30, 2013

	Half Year ended		Quarter ended	
	30 June 2013	30 June 2012	30 June 2013	30 June 2012
	<small>(Rupees in '000)</small>			
	(Restated)		(Restated)	
Net profit for the period	137,785	169,874	69,575	64,168
Actuarial gain on defined benefit plan (note 4.2)	-	78	-	40
Total comprehensive income for the period	137,785	169,952	69,575	64,208

The annexed notes 1 to 18 form an integral part of these interim condensed financial statements.



President & Chief
Executive Officer



Chairman



Director



Director

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)

FOR THE HALF YEAR ENDED JUNE 30, 2013

	Capital reserves					Total
	Share capital	Share premium	Statutory reserve	Depositors' Protection Fund	Accumulated loss	
	----- (Rupees in '000) -----					
Balance as at 01 January 2012	1,346,939	343,469	76,768	19,193	(328,145)	1,458,224
Effect of change in accounting policy (note 4.2)	-	-	-	-	(9,472)	(9,472)
Balance as at 01 January 2012 (restated)	1,346,939	343,469	76,768	19,193	(337,617)	1,448,752
Net profit for the period (restated)	-	-	-	-	169,874	169,874
Other comprehensive income	-	-	-	-	78	78
Total comprehensive income for the period	-	-	-	-	169,952	169,952
Transfer to statutory reserve *	-	-	33,939	-	(33,939)	-
Contribution to Depositors' Protection Fund **	-	-	-	8,485	(8,485)	-
Balance as at 30 June 2012 (restated)	1,346,939	343,469	110,707	27,678	(210,089)	1,618,704
Net profit for the period (restated)	-	-	-	-	204,590	204,590
Other comprehensive income	-	-	-	-	78	78
Total comprehensive income for the period	-	-	-	-	204,668	204,668
Transfer to statutory reserve *	-	-	40,883	-	(40,883)	-
Contribution to Depositors' Protection Fund **	-	-	-	17,874	(17,874)	-
Balance as at 31 December 2012 (restated)	1,346,939	343,469	151,590	45,552	(64,178)	1,823,372
Net profit for the period	-	-	-	-	137,785	137,785
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	137,785	137,785
Transfer to statutory reserve *	-	-	27,628	-	(27,628)	-
Contribution to Depositors' Protection Fund **	-	-	-	9,349	(9,349)	-
Balance as at 30 June 2013	1,346,939	343,469	179,218	54,901	36,630	1,961,157

* 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 18 form an integral part of these interim condensed financial statements.



President & Chief Executive Officer



Chairman



Director



Director

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED JUNE 30, 2013

1. STATUS AND NATURE OF BUSINESS

- 1.1 Tameer Micro Finance Bank Limited (the Bank) was incorporated in Pakistan on 01 August 2005 as a public limited company under the Companies Ordinance, 1984. The Bank obtained Microfinance banking license from the SBP on 05 August 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 Institution Ordinance, 2001. In 2009, the Bank also started Branchless Banking services with the holding company under the Branchless Banking license from the SBP.

2. STATEMENT OF COMPLIANCE

These interim condensed financial statements of the Bank have been prepared, in accordance with the requirements of the International Accounting Standard 34 - 'Interim Financial Reporting', provisions of the Companies Ordinance, 1984, the Microfinance Institution Ordinance, 2001 and directives issued by the Securities and Exchange Commission of Pakistan (SECP) and the State Bank of Pakistan (SBP). In case where requirements differ, the provisions of the Companies Ordinance, 1984, the Microfinance Institution Ordinance, 2001 and the said directives have been followed.

3. BASIS OF MEASUREMENT

- 3.1 These financial statements have been prepared under historical cost convention except for available for sale investments which are measured at fair value.
- 3.2 These financial statements have been presented in Pakistani Rupees, which is the Bank's functional and presentation currency.

4. SIGNIFICANT ACCOUNTING POLICIES

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

New, amended and revised International Financial Reporting Standards (IFRSs) and interpretations of IFRSs

The Company has adopted the following revised standard, amendments and interpretation of IFRSs which became effective for the current period:

IAS 1 - Presentation of Financial Statements - Presentation of items of other comprehensive income (Amendment)

IFRS 7 - Financial Instruments : Disclosures

- Amendments enhancing disclosures about offsetting of financial assets and financial liabilities

IAS 19 - Employee Benefits - (Revised)

IFRIC 20 - Stripping Costs in the Production Phase of a Surface Mine

The adoption of the above revision, amendments and interpretation of the standards did not have any effect on the financial statements except for as described in note 4.2 below:

Further, certain new standards have been issued by IASB which are effective for accounting periods beginning on or after 01 January 2013 but are yet to be notified by the Securities Exchange Commission of Pakistan (SECP) for the purpose of applicability in Pakistan.

4.2 Change in accounting policy

During the period, the Company has adopted Revised IAS 19 - 'Employee Benefits'. As per revised standard, actuarial gains and losses for defined benefit plans are recognized in other comprehensive income when they occur. Amounts recorded in profit and loss are limited to current and past service costs, gains or losses on settlements, and net interest income / (expense). All other changes in the net defined benefit asset / (liability) are recognized in other comprehensive income with no subsequent recycling to profit and loss.

The adoption of above revised standard has resulted in change in accounting policy of the Company related to recognition of actuarial gains and losses to recognize actuarial gains and losses in total in other comprehensive income in the period in which they occur. Previously, actuarial gains or losses in excess of 10% of the actuarial liability or plan assets were recognised in profit and loss account over the expected average working life of the employees. The impact of the said changes on these condensed interim financial statements is as under:

	(Rupees in '000')
Increase in accumulated deficit as at 1 January 2012	9,472
Increase in profit and loss for the period ended 30 June 2012	177
Increase in other comprehensive income for the period ended 30 June 2012	78
Increase in defined benefit liability as at 31 December 2012	7,524
Decrease in defined benefit asset as at 31 December 2012	1,437

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED JUNE 30, 2013

Note	30 June 2013 (Un-Audited)	31 December 2012 (Audited)
------	---------------------------------	----------------------------------

----- (Rupees in '000) -----

5. INVESTMENTS

Federal Government Securities - available-for-sale

Market Treasury Bills	3,654,793	3,605,068
Surplus / (deficit) on revaluation of assets	249	(85)
	<u>3,655,042</u>	<u>3,604,983</u>

5.1 These carry interest rates ranging between 9.15% to 9.75% (31 December 2012: 9.15% to 9.43%) per annum and will mature in July 2013. These securities have an aggregate face value of Rs. 3,670.75 million (31 December 2012: Rs. 3,630 million).

6. ADVANCES

Advances - gross	7,430,585	6,700,230
Provision against non-performing loans and advances		
- Specific provision	6.1 (1,047)	(1,466)
- General provision	6.2 (13,547)	(10,899)
	(14,594)	(12,365)
Advances - net of provisions	<u>7,415,991</u>	<u>6,687,865</u>

6.1 Advances include Rs. 108.239 million (31 December 2012: Rs. 56.686 million) which have been placed under non-performing status as detailed below:

	30 June 2013			31 December 2012		
	Amount outstanding	Provision required	Provision held	Amount outstanding	Provision required	Provision held
	----- (Rupees in '000) -----			----- (Rupees in '000) -----		
OAEM	64,436	-	-	29,600	-	-
Substandard	29,223	250	250	16,893	42	42
Doubtful	12,536	434	434	8,424	614	614
Loss	2,044	363	363	1,769	810	810
	<u>108,239</u>	<u>1,047</u>	<u>1,047</u>	<u>56,686</u>	<u>1,466</u>	<u>1,466</u>

6.2 Particulars of provision against non-performing advances

	Specific	30 June 2013		Specific	30 June 2013	
		General	Total		General	Total
	----- (Rupees in '000) -----					
Opening balance	1,466	10,899	12,365	5,978	10,147	16,125
Charge for the year	1,944	2,648	4,592	16,707	752	17,459
Reversals	(487)	-	(487)	(6,043)	-	(6,043)
	1,457	2,648	4,105	10,664	752	11,416
Amount written off	(1,876)	-	(1,876)	(15,176)	-	(15,176)
Closing balance	<u>1,047</u>	<u>13,547</u>	<u>14,594</u>	<u>1,466</u>	<u>10,899</u>	<u>12,365</u>



President & Chief
Executive Officer



Chairman



Director



Director

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED JUNE 30, 2013

	30-June-13 (Un-Audited)	31-Dec-12 (Audited)
	------(Rupees in '000)-----	
7. OPERATING FIXED ASSETS		
7.1 Property and equipment	375,930	321,172
Intangible assets	17,397	20,997
Capital work-in-progress - advance against purchase of fixed assets	27,318	7,071
	<u>420,645</u>	<u>349,240</u>
	30-June-13 (Un-Audited)	30-June-12 (Audited)
	------(Rupees in '000)-----	
7.2 Addition during the period - at cost		
Improvements to leasehold buildings	11,454	10,032
Furniture and Fixtures	13,922	10,114
Electrical, office and computer equipments	50,168	57,707
Vehicles-owned	30,332	7,214
Vehicles-leased	-	11,278
Intangible assets	1,905	13,482
	<u>107,781</u>	<u>109,827</u>
7.3 Deletion during the period - at cost		
Electrical, office and computer equipments	5,807	194
Vehicles-owned	4,362	7,644
	<u>10,169</u>	<u>7,838</u>
	30-June-13 (Un-Audited)	31-Dec-12 (Audited)
	------(Rupees in '000)-----	
8. DEFERRED TAX ASSET - net		
Deductible temporary differences arising in respect of:		
Carry forward tax losses	2,000	68,469
Provision against non-performing loans and advances	5,108	4,328
Deferred grant	4,162	4,481
Deficit on revaluation of investments	-	30
Minimum tax carried forward	61,310	45,167
	<u>72,580</u>	<u>122,475</u>
Taxable temporary differences arising in respect of:		
Accelerated depreciation allowance	(38,480)	(24,145)
Surplus on revaluation of investments	(87)	-
	<u>(38,567)</u>	<u>(24,145)</u>
	<u>34,013</u>	<u>98,330</u>
8.1 As of the balance sheet date, the Bank has accumulated tax losses of Rs. 5.713 million (2012: Rs. Rs. 195.625 million).		



President & Chief
Executive Officer



Chairman



Director



Director

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED JUNE 30, 2013

Note	30 June 2013 (Un-Audited)	31 December 2012 (Audited)
	------(Rupees in '000)-----	
9. DEPOSITS AND OTHER ACCOUNTS		
Fixed deposits	5,678,669	5,441,130
Savings deposits	904,345	921,142
Current accounts	4,016,542	2,009,679
	<u>10,599,556</u>	<u>8,371,951</u>
9.1 Particulars of deposits by ownership		
Individual depositors	8,654,716	5,749,716
Institutional depositors		
- Corporations / firms etc	1,682,064	2,160,067
- Banks / financial institutions	262,776	462,168
	<u>10,599,556</u>	<u>8,371,951</u>
10. BORROWINGS		
Banks / financial Institutions inside Pakistan	648,976	1,391,257
	<u>648,976</u>	<u>1,391,257</u>
Detail of borrowings		
Unsecured		
Microfinance Credit Guarantee Facility (MCGF)	10.1 651,944	1,000,139
Unamortised transaction cost	(2,968)	(3,905)
	648,976	996,234
Call borrowings	-	100,000
Borrowing under Repurchase agreement	-	295,023
	<u>648,976</u>	<u>1,391,257</u>
10.1 This represents 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% (2012: 6 months' KIBOR plus 2%) and are repayable in fixed installments over a period of 2-5 years.		
11. SUBORDINATED DEBT - listed		
Term Finance Certificate (TFCs) - I	499,400	500,000
Unamortised transaction cost	(7,711)	(14,326)
	491,689	485,674
Term Finance Certificate (TFCs) - II	499,400	500,000
Unamortised transaction cost	(10,351)	(13,788)
	489,049	486,212
	<u>980,738</u>	<u>971,886</u>



President & Chief
Executive Officer



Chairman



Director



Director

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED JUNE 30, 2013

Note	Half year ended		Quarter ended	
	30 June 2013 (Un-Audited) (Rupees in '000)	30 June 2012 (Un-Audited) (Rupees in '000)	30 June 2013 (Un-Audited) (Rupees in '000)	30 June 2012 (Un-Audited) (Rupees in '000)
12. MARK-UP / RETURN / INTEREST EARNED				
On loans and advances	952,070	783,535	492,590	418,251
On available for sale investments	168,940	47,424	78,450	24,712
On deposits with financial institutions	24,278	22,112	9,440	6,737
On call money lendings	26,589	24,474	15,380	7,044
	<u>1,171,877</u>	<u>877,545</u>	<u>595,860</u>	<u>456,744</u>
13. MARK-UP / RETURN / INTEREST EXPENSED				
On Deposits	408,868	191,555	212,302	99,291
On Borrowings	66,128	125,541	22,325	59,762
On Subordinated Debt	71,103	-	35,905	-
	<u>546,099</u>	<u>317,096</u>	<u>270,532</u>	<u>159,053</u>
14. FEE, COMMISSION AND BROKERAGE INCOME				
Loan processing fee	90,379	80,401	48,848	43,138
Income from branchless banking	14.1 307,683	189,438	160,592	104,731
Others	8,204	11,317	5,504	7,110
	<u>406,266</u>	<u>281,156</u>	<u>214,944</u>	<u>154,979</u>

14.1 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 13% and 87% (2012: 13% and 87%) respectively.

15. TAXATION

The charge for current tax represents minimum tax in accordance with section 113 of the Income Tax Ordinance, 2001.

16. RELATED PARTY TRANSACTIONS

Related parties of the Bank comprise of subsidiaries, 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.

Balances with related parties have been disclosed in respective notes. Transactions with related parties, other than those disclosed elsewhere in the financial statements, are summarised as follows:



President & Chief
Executive Officer



Chairman



Director



Director

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED JUNE 30, 2013

	30-June-2013				31-Dec-2012			
	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 01 January	-	22,469	-	22,469	-	4,784	-	4,784
Given during the year	-	3,338	-	3,338	-	28,518	-	28,518
Repaid during the year	-	(3,934)	-	(3,934)	-	(10,833)	-	(10,833)
At 30 June / 31 December	-	21,873	-	21,873	-	22,469	-	22,469
Deposits								
At 01 January	200,972	6,586	17,498	225,056	213,432	820	-	214,252
Received during the year	449,455	5,682	-	455,137	414,404	7,406	17,498	439,308
Withdrawn during the year	(469,307)	(9,075)	(5,489)	(483,871)	(426,864)	(1,640)	-	(428,504)
At 30 June / 31 December	181,120	3,193	12,009	196,322	200,972	6,586	17,498	225,056
Other Liabilities								
Payable against branchless banking transactions								
	123,833	-	-	123,833	132,324	-	-	132,324
Mark-up payable								
	919	-	18	937	1,007	-	73	1,080
Accrued Expenses								
	9,844	-	-	9,844	3,999	-	-	3,999
At 30 June / 31 December	134,596	-	18	134,614	137,330	-	73	137,403

	30 June 2013 (Un-Audited)				30 June 2012 (Un-Audited)			
	----- (Rupees in '000) -----				----- (Rupees in '000) -----			
Expenses								
Rent and taxes	5,100	-	-	5,100	5,100	-	-	5,100
Mark-up expense	5,625	145	18	5,788	5,135	116	-	5,251
Communication expenses	1,682	-	-	1,682	2,311	-	-	2,311
Deposit Mobilization Commission	18,988	-	-	18,988	24,278	-	-	24,278
Period ended 30 June	31,395	145	18	31,558	36,824	116	-	36,940

17. GENERAL

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

17.2 Figures of the profit and loss account for the quarters ended 30 June 2013 and 30 June 2012 have not been subjected to limited scope review by the auditors.

18. DATE OF AUTHORISATION

These interim condensed financial statements were authorised for issue by the Board of Directors in their meeting held on 22nd August, 2013.



President & Chief Executive Officer



Chairman



Director



Director