

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 Interim Condensed
Financial Statement for the Quarter
Ended March 31st, 2013

Table of Content's

Director's Review	01
Corporate Information	02
Balance Sheet	03
Profit And Loss Account	04
Cash Flow Statment	05
Statement Of Comprehensive Income	06
Statement Of Changes In Equity	07
Notes To The Interim Condensed Financial Statements	08

Director's Review

On Behalf of the Board of Director's of Tameer Micro Finance Bank Limited ('The Bank'), I am pleased to present the unaudited Financial Statements of the Bank for the quarter ended March 31, 2013

Operational and Financial Review:

The Bank has posted a profit before tax of PKR 105 million during the three months period ended March 31st, 2013 as compared to a profit PKR 111 million for the corresponding period last year. The Bank's spreads were under pressure this quarter, mainly attributable to a proportional increase in the investment portfolio which carries a lower yield in comparison to the advances book coupled with a higher cost of deposits. Another factor that has contributed towards this negative variance is lower than planned loan disbursements.

The Bank has historically maintained high quality in its loan portfolio as exhibited the lowest NPL's within the industry, by the end of 31st March, 2013, bank's delinquent portfolio stands at 1.17%.

The Bank has achieved monthly breakeven for the operations under the brand "*Easypaisa*" during the first quarter of 2013, and with a bright outlook "*Easypaisa*" shall continue to remain dominant under the domain of Branchless Banking Business.

Future Outlook

The Bank aims to wipe off its accumulated losses in the next quarter; subsequently the Bank shall be taxed under the normal tax regime of 35%. The Bank previously fell under the regime of minimum tax 0.5% on gross turnover.

The Bank's branchless banking operations have achieved sizeable growth in terms of market penetration and branding. With the management's strategy embarked upon strengthening its retail deposits, the bank is expected to add diversity to its funding base, in turn better risk profile, to register balanced growth in advances.

Credit Rating (Long Term A / Short Term A1)

The ratings reflect TMBL's high quality asset base, majority secured by liquid collateral. This is supplemented by the bank's strong capitalization level cushions any unforeseen losses.

Acknowledgement

We would like to take this opportunity to thank our valued clients, shareholders and other stakeholders for their patronage and confidence our management and employees for their dedication and hard work. We would also like to express our gratitude to the State Bank of Pakistan, the Securities and Exchange Commission of Pakistan and Karachi Stock Exchange for their continued guidance and support.

Karachi: April 26, 2013

On Behalf of the Board


Nadeem Hussain
President & CEO

Corporate Information

Board of Directors

Mr. Jon Eddy Abdullah	Chairman
Mr. Nadeem Hussain	Chief Executive Officer & President
Mr. Lars Christian Iuel	Director
Mr. Roar Bjaerum	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. Roar Bjaerum	Chairman
Mr. Lars Christian Iuel	Member
Mr. Nizar Noor Muhammad	Member

Branchless Banking Steering Committee

Mr. Jon Eddy Abdullah	Chairman
Mr. Nadeem Hussain	Member
Mr. Karl Erik Broten	Member
Mr. Roar Bjaerum	Member

Audit Committee

Mr. Karl Erik Broten	Chairman
Mr. Roar Bjaerum	Member
Mr. Nizar Noor Muhammad	Member

Risk Management Committee

Mr. Salim Raza	Chairman
Mr. Roar Bjaerum	Member
Mr. Karl Erik Broten	Member

Auditors

Ernst & Young Ford Rhodes SidatHyder & Co Chartered Accountants

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

INTERIM CONDENSED BALANCE SHEET (UN-AUDITED)

AS AT MARCH 31, 2013

	Note	31 March 2013 (Un-Audited)	31 December 2012 (Audited) ------(Rupees in '000)-----
ASSETS			
Cash and balances with State Bank of Pakistan and National Bank of Pakistan	6	742,567	730,133
Balances with other banks	7	908,911	927,509
Lendings to financial institutions		-	-
Investments	8	4,566,520	3,604,983
Advances- net of provisions	9	6,947,371	6,687,865
Operating fixed assets		387,709	349,240
Other assets		1,073,954	950,105
Deferred tax assets - net		98,330	98,330
		<u>14,725,363</u>	<u>13,348,165</u>
LIABILITIES			
Deposits and other accounts	10	8,601,794	8,371,951
Borrowings		2,482,576	1,391,257
Subordinated debt		976,284	971,886
Other liabilities		752,264	767,989
Deferred tax liabilities		-	-
		<u>12,812,919</u>	<u>11,503,083</u>
NET ASSETS		<u>1,912,444</u>	<u>1,845,082</u>
REPRESENTED BY:			
Share capital		1,346,939	1,346,939
Reserves		558,768	540,610
Accumulated loss		(5,164)	(55,215)
		<u>1,900,544</u>	<u>1,832,334</u>
Surplus on revaluation of assets - net of tax		(676)	(55)
Deferred Grants		12,576	12,803
		<u>1,912,444</u>	<u>1,845,082</u>

MEMORANDUM / OFF BALANCE SHEET ITEMS

The annexed notes 1 to 14 form an integral part of these interim condensed financial statements.



President &
Chief Executive Officer



Director

INTERIM CONDENSED PROFIT AND LOSS ACCOUNT (UN-AUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2013

Note	Year to date 31 March 2013	Quarter ended 31 March 2013	Year to date 31 March 2012	Quarter ended 31 March 2012
----- (Rupees in '000) -----				
Mark-up / return / interest earned	576,017	576,017	420,800	420,800
Mark-up / return / interest expensed	(275,567)	(275,567)	(158,042)	(158,042)
Net mark-up / return / interest income	300,450	300,450	262,758	262,758
Provision against non-performing loans and advances	(697)	(697)	(1,914)	(1,914)
Provision for diminution in the value of investments	-	-	-	-
Bad debts written off directly	(1,478)	(1,478)	(172)	(172)
	(2,175)	(2,175)	(2,086)	(2,086)
Net mark-up / return / interest income after provisions	298,275	298,275	260,672	260,672
NON MARK-UP / INTEREST INCOME				
Fee, commission and brokerage income	191,321	191,321	126,177	126,177
Dividend income	-	-	-	-
Other income	13,604	13,604	16,209	16,209
Total non mark-up / interest income	204,926	204,926	142,386	142,386
	503,201	503,201	403,058	403,058
NON MARK-UP / INTEREST EXPENSES				
Administrative expenses	(392,200)	(392,200)	(286,376)	(286,376)
Other provisions / write-offs	(3,921)	(3,921)	(2,834)	(2,834)
Other charges	(2,142)	(2,142)	(2,598)	(2,598)
Total non mark-up / interest expenses	(398,263)	(398,263)	(291,808)	(291,808)
	104,938	104,938	111,250	111,250
Extraordinary / unusual items	-	-	-	-
PROFIT BEFORE TAXATION	104,938	104,938	111,250	111,250
Taxation - Current	(36,728)	(36,728)	(5,632)	(5,632)
- Prior years	-	-	-	-
- Deferred	-	-	-	-
PROFIT AFTER TAXATION	68,210	68,210	105,618	105,618
Basic and diluted earnings per share - Rupees	0.51	0.51	0.78	0.78

The annexed notes 1 to 14 form an integral part of these interim condensed financial statements.



President &
Chief Executive Officer



Director

INTERIM CONDENSED CASH FLOW STATEMENT (UN-AUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2013

Note	31 March 2013	31 December 2012
	----- (Rupees in '000) -----	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	104,938	111,250
Adjustments:		
Depreciation and amortisation	25,964	18,415
Grant income recognised	(1,322)	(5,046)
Reversal / provision against non-performing advances	2,175	2,086
Loss/Gain on sale of operating fixed asset	(378)	(1,686)
Amortisation of discount on investments	(90,489)	(22,712)
Finance charges on leased assets	568	734
Loss on derivative financial instruments	-	328
Provision for gratuity fund	6,576	4,311
Other provisions	3,921	2,834
	(52,986)	(735)
(Increase) / decrease in operating assets		
Advances	(261,680)	(484,392)
Other assets (excluding advance taxation)	(110,820)	(77,921)
	(372,500)	(562,313)
Increase / (decrease) in operating liabilities		
Deposits and other accounts	229,843	375,248
Other liabilities (excluding current taxation)	(25,133)	(3,278)
	204,711	371,970
Income tax paid Advance Tax	(2,223)	(4,450)
Payment to employee gratuity fund	(2,344)	(4,283)
Net cash flow from operating activities	<u>(120,404)</u>	<u>(88,562)</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of investments in available-for-sale securities	(12,495,720)	(2,102,500)
Investments in operating fixed assets	(66,441)	(42,911)
Sale proceed from disposal of available-for-sale securities	11,578,713	1,409,498
Sale proceed from disposal of operating fixed assets	2,367	3,933
<i>Net cash flow from investing activities</i>	<i>(981,082)</i>	<i>(731,981)</i>
CASH FLOW FROM FINANCING ACTIVITIES		
Payments of lease obligation	(1,490)	279
Borrowing from financial institution	1,091,319	(146,594)
Subordinated debt	4,398	-
Grant received	1,095	25,183
<i>Net cash flow from financing activities</i>	<i>1,095,322</i>	<i>(121,132)</i>
	(6,164)	(941,674)
Cash and cash equivalents at beginning of the period	1,657,642	1,775,602
Cash and cash equivalents at end of the period	<u>1,651,478</u>	<u>833,928</u>
CASH AND CASH EQUIVALENTS		
Cash and balances with SBP and NBP	742,567	492,248
Balances with other Banks / NBFIs / MFBs	908,911	341,679
	<u>1,651,478</u>	<u>833,928</u>



President &
Chief Executive Officer



Director

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2013

Note	Year to date 31 March 2013	Quarter ended 31 March 2013	Year to date 31 March 2012	Quarter ended 31 March 2012
----- (Rupees in '000)-----				
Net profit for the period	68,210	68,210	105,618	105,618
Other comprehensive income	-	-	-	-
Total comprehensive income / (loss) for the period	<u>68,210</u>	<u>68,210</u>	<u>105,618</u>	<u>105,618</u>

The annexed notes 1 to 14 form an integral part of these interim condensed financial statements.



President &
Chief Executive Officer



Director

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

FOR THE THREE MONTHS ENDED MARCH 31, 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
Net Profit / (loss) for the year	-	-	-	-	374,110	374,110
Other comprehensive income / (loss)	-	-	-	-	-	-
Total comprehensive income / (loss) for the year	-	-	-	-	374,110	374,110
Transfer to statutory reserve *			74,822		(74,822)	-
Contribution to Depositors' Protection Fund **				26,359		(26,359)
Balance as at 31 Dec 2012	1,346,939	343,469	151,590	45,551	(55,215)	1,832,334
Net Profit / (loss) for the period	-	-	-	-	68,210	68,210
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	68,210	68,210
Transfer to statutory reserve *	-	-	13,642	-	(13,642)	-
Contribution to Depositors' Protection Fund **	-	-	-	4,516	(4,516)	-
Balance as at 31 March 2013	1,346,939	343,469	165,232	50,067	(5,164)	1,900,544

* 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 14 form an integral part of these financial statements.



President &
Chief Executive Officer



Director

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 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. BASIS OF PRESENTATION

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

3. STATEMENT OF COMPLIANCE

These Interim Condensed 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 Institution Ordinance, 2001 and the regulations / directives issued by the SECP and SBP. Wherever the requirements of the Companies Ordinance, 1984, the Microfinance Institution 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 Institution Ordinance, 2001 or the requirements of the said regulations / directives shall prevail.

4. BASIS OF MEASUREMENT

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

5. SIGNIFICANT ACCOUNTING POLICIES

5.1 The accounting policies and the method of computation adopted in preparation of this condensed interim financial report are the same as those applied in the preparation of the Annual financial statements for the year ended 31 December 2012.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2013

	Note	31 March 2013 (Un-Audited)	31 December 2012 (Audited) ----- (Rupees in '000) -----
6.			
CASH AND BALANCE WITH SBP & NBP			
Cash in Hand - Local Currency		354,858	333,527
Balance with State Bank of Pakistan	6.1	383,243	356,488
Balance with National Bank of Pakistan	6.1	4,466	40,118
		<u>742,567</u>	<u>730,133</u>
6.1			
Represent 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.			
7.			
BALANCE WITH OTHER BANKS / NBFIs/MFBs			
In Pakistan			
- Current accounts		2,787	11,032
- PLS deposit accounts		906,125	616,477
- Term deposit accounts		-	300,000
		<u>908,911</u>	<u>927,509</u>
8.			
INVESTMENTS			
Federal Government Securities - available-for-sale			
Market Treasury Bills	8.1	4,567,226	3,605,068
Deficit on revaluation of assets		(705)	(85)
		<u>4,566,520</u>	<u>3,604,983</u>
8.1			
These carry interest rates ranging between 9.03% to 9.30% (2012: 9.15% to 9.43%) per annum and will mature upto July 2013. These securities have an aggregate face value of Rs. 4,600 million (2012: Rs. 3,630 million).			

Note	31 March 2013 (Un-Audited)		31 December 2012 (Audited)	
	Number of loans	Rupees in '000	Number of loans	Rupees in '000
9.				
ADVANCES				
Micro credit				
- Secured	83,154	5,932,358	81,708	5,778,855
- Unsecured	77,182	1,028,074	73,265	921,375
	<u>160,336</u>	<u>6,960,433</u>	<u>154,973</u>	<u>6,700,230</u>
Less: Provision held				
- Specific	9.1	467	456	(1,466)
- General	9.2	-	-	(10,899)
		<u>(13,061)</u>		<u>(12,365)</u>
		<u>6,947,371</u>		<u>6,687,865</u>
9.1				
Advances include Rs. 81.77 million (31 December 2012: Rs. 56.686 million) which have been placed under non-performing status as detailed below:				

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2013

	31-Mar-13			31-Dec-12		
	Amount outstanding	Provision required	Provision held	Amount outstanding	Provision required	Provision held
	------(Rupees in '000)-----			------(Rupees in '000)-----		
OAEM	49,038	-	-	29,600	-	-
Substandard	19,598	151	151	16,893	-	42
Doubtful	10,293	426	426	8,424	-	614
Loss	2,842	512	512	1,769	-	810
	<u>81,770</u>	<u>1,090</u>	<u>1,090</u>	<u>56,686</u>	<u>1,466</u>	<u>1,466</u>

9.2 The Bank maintains a general provision equivalent to 1% of the net outstanding advances (advances net of specific provisions), excluding advances secured against collateral.

	31-Mar-13	31-Dec-12
	(Un-Audited)	(Audited)
	------(Rupees in '000)-----	
9.3 Particulars of write offs		
Against provisions	3,420	15,176
Directly charged to profit and loss account - net of recoveries	1,478	11,721
	<u>4,898</u>	<u>26,897</u>
10 DEPOSITS AND OTHER ACCOUNTS		
Current deposits	2,210,601	2,009,679
Fixed deposits	5,599,847	5,441,130
Saving deposits	791,346	921,142
	<u>8,601,794</u>	<u>8,371,951</u>
10.1 Particulars of deposits by ownership		
Individual depositors	6,830,637	5,749,715
- Corporations / firms etc	1,392,785	2,160,067
- Banks / financial institutions	378,372	462,168
	<u>8,601,794</u>	<u>8,371,950</u>

	Quarter ended	
	31-Mar-13	31-Mar-12
	(Un-Audited)	
	------(Rupees in '000)-----	
11 MARK-UP / RETURN / INTEREST EARNED		
On loans and advances	459,480	365,284
On available for sale investments	90,489	22,712
On deposits with financial institutions	14,839	15,374
On call money lendings	11,209	17,429
	<u>576,017</u>	<u>420,800</u>

12. 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 Interim Condensed financial statements, are summarised as follows:

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2013

	31-March-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 period	-	2,125	-	28,518	-	28,518	-	28,518
Repaid during the period	-	(1,371)		(1,371)	-	(10,833)	-	(10,833)
At 31st Mar / 31st Dec	-	23,223	-	23,223	-	22,469	-	22,469
Deposits								
At 01 January	200,972	6,586	17,498	225,056	213,432	820	-	214,252
Received during the period	58,347	14,523	13,802	86,672	414,404	7,406	17,498	439,308
Withdrawn during the period	(83,270)	(3,640)	(17,498)	(104,408)	(426,864)	(1,640)	-	(428,504)
At 31st Mar / 31st Dec	176,049	17,469	13,802	207,320	200,972	6,586	17,498	225,056

13 GENERAL

13.1 Figures have been rounded off to the nearest thousand rupees

14 DATE OF AUTHORISATION

These interim condensed financial statements were authorised for issue by the Board of Directors in their meeting held on April 26, 2013.



President &
Chief Executive Officer



Director