

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 Statements for the
Nine Months Ended
September 30, 2013**

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Director's Review

The Board of Directors is pleased to present the unaudited condensed interim financial information of the Bank for the nine months ended September 30, 2013.

	Nine months ended September 30, 2013	Nine months ended September 30, 2012
Rupees in 000's		
Profit before provisions and taxation	423,392	392,224
Provision against loans and advances	(8,173)	(11,928)
Bad debts written off directly - net of recoveries	(20,578)	(6,782)
	(28,751)	(18,710)
Profit before taxation	394,641	373,514
Taxation	(89,415)	(110,726)
Profit After Taxation	305,226	262,788
Earnings per share	2.27	1.95

During the nine months ended September 30, 2013, the Bank's profit before taxation stood at Rs. 394.641 million as compared to Rs. 373.514 million for the previous comparable period, registering a sound increase of 5.66%.

Net interest income of the bank increased by 21% to reach Rs. 1,030.504 million as compared to Rs. 852.069 million in corresponding period last year. Non markup income has registered an impressive growth of 35% to reach Rs. 688.907 million.

Gross Advances increased by 20% to reach Rs. 8,011.034 million as at September 30, 2013. Deposits grew by 11% to reach Rs. 9,311.541 million.

We continue to strengthen our presence in the markets place. As of September 30, 2013 we operate through 124 touch points nationwide.

PACRA, a premier rating agency of the country, has determined the long-term and short-term rating of the Bank as 'A' and 'A-1' respectively. The ratings denote a low expectation of credit risk. The capacity for timely payments of financial commitments is 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: 24 October 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
Ms. Tine Gottlob Wollebekk	Member
Mr. Karl Erik Broten	Member

Auditors

Ernst & Young Ford Rhodes Sidat Hyder & Co	Chartered Accountants
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Legal Advisors

Ebrahim Hossain

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: <http://www.tameerbank.com>
Email: info@tameerbank.com

CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)

AS AT SEPTEMBER 30, 2013

	Note	September 30 2013 (Un-Audited)	December 31 2012 (Audited) ----- (Rupees in '000) ----- Restated
ASSETS			
Cash and balances with State Bank of Pakistan and National Bank of Pakistan	7	1,010,565	730,133
Balances with other banks	8	1,339,720	927,509
Lending to financial institutions		-	-
Investments	9	1,986,797	3,604,983
Advances - net	10	7,993,105	6,687,865
Operating fixed assets	11	444,125	349,240
Other assets		1,186,468	948,668
Deferred tax assets - net		34,013	98,330
		<u>13,994,793</u>	<u>13,346,728</u>
LIABILITIES			
Deposits and other accounts	12	9,311,541	8,371,951
Borrowings	13	612,142	1,391,257
Subordinated debt	14	985,193	971,886
Other liabilities		940,401	775,514
Deferred tax liabilities - net		-	-
		<u>11,849,277</u>	<u>11,510,608</u>
NET ASSETS		<u>2,145,516</u>	<u>1,836,120</u>
REPRESENTED BY:			
Share capital		1,346,939	1,346,939
Reserves		620,883	540,611
Accumulated profit / (loss)		160,776	(64,178)
		<u>2,128,598</u>	<u>1,823,372</u>
Surplus on revaluation of assets - net of tax		(106)	(55)
Deferred Grants		17,024	12,803
		<u>2,145,516</u>	<u>1,836,120</u>

MEMORANDUM / OFF BALANCE SHEET ITEMS

The annexed notes 1 to 21 form an integral part of these condensed interim financial information.



President &
Chief Executive Officer



Director

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2013

	Note	Nine months ended	Quarter ended	Nine months ended	Quarter ended
		September 30, 2013	September 30, 2013	September 30, 2012	September 30, 2012
----- (Rupees in '000) -----					
				Restated	Restated
Mark-up / return / interest earned	15	1,832,628	660,751	1,369,117	491,573
Mark-up / return / interest expensed	16	(802,124)	(256,025)	(517,048)	(199,953)
Net mark-up / return / interest income		<u>1,030,504</u>	<u>404,726</u>	<u>852,069</u>	<u>291,620</u>
Provision against non-performing loans and advances - net	10.2	(8,173)	(4,066)	(11,928)	(5,687)
Provision for diminution in the value of investments - net		-	-	-	-
Bad debts written off directly		(20,578)	(7,422)	(6,782)	(1,300)
		<u>(28,751)</u>	<u>(11,488)</u>	<u>(18,710)</u>	<u>(6,987)</u>
Net mark-up / return / interest income after provision		1,001,753	393,238	833,359	284,633
NON MARK-UP / INTEREST INCOME					
Fee, commission and brokerage income	17	638,356	232,091	448,091	166,935
Dividend income		-	-	-	-
Other income		50,551	14,404	62,323	20,800
Total non mark-up / interest income		<u>688,907</u>	<u>246,495</u>	<u>510,414</u>	<u>187,735</u>
		<u>1,690,660</u>	<u>639,733</u>	<u>1,343,773</u>	<u>472,368</u>
NON MARK-UP / INTEREST EXPENSES					
Administrative expenses		(1,279,123)	(452,817)	(960,391)	(362,068)
Other provisions / write-offs		(8,842)	(6,799)	(1,923)	(1,502)
Other charges		(8,054)	(3,602)	(7,945)	(2,174)
Total non mark-up / interest expenses		<u>(1,296,019)</u>	<u>(463,218)</u>	<u>(970,259)</u>	<u>(365,744)</u>
		<u>394,641</u>	<u>176,515</u>	<u>373,514</u>	<u>106,624</u>
Extraordinary / unusual items		-	-	-	-
Profit before taxation		<u>394,641</u>	<u>176,515</u>	<u>373,514</u>	<u>106,624</u>
TAXATION					
- Current	18	(25,215)	(9,072)	(18,795)	(6,793)
- Prior years		-	-	-	-
- Deferred		(64,200)	-	(91,931)	-
		<u>(89,415)</u>	<u>(9,072)</u>	<u>(110,726)</u>	<u>(6,793)</u>
PROFIT AFTER TAXATION		<u><u>305,226</u></u>	<u><u>167,443</u></u>	<u><u>262,788</u></u>	<u><u>99,831</u></u>
----- Rupees -----					
Basic and diluted earnings per share		<u>2.27</u>	<u>1.24</u>	<u>1.95</u>	<u>0.74</u>

The annexed notes 1 to 21 form an integral part of these condensed interim financial information.



President &
Chief Executive Officer



Director

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2013

Note	September 30 2013	December 31 2012
	------(Rupees in '000)-----	
		Restated
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	394,641	373,514
Adjustments:		
Depreciation and amortisation	83,661	64,398
Grant income recognised	4,065	(24,065)
Provision against non-performing advances - net	8,173	11,928
Bad debts written off directly	20,578	6,782
Loss / gain on sale of operating fixed asset	(354)	(3,984)
Discount income on investments	(240,297)	(73,232)
Finance charge on leased assets	1,450	2,149
Loss on derivative financial instruments	-	328
Provision for gratuity fund	21,052	16,787
Other provisions	8,842	1,923
	(92,830)	3,014
Increase in operating assets		
Advances - net	(1,333,991)	(1,620,410)
Other assets (excluding advance taxation)	(236,687)	(294,312)
	(1,570,678)	(1,914,722)
Increase / (decrease) in operating liabilities		
Deposits and other accounts	939,590	2,264,151
Other liabilities (excluding payable against gratuity)	173,363	201,023
	1,112,953	2,465,174
Income tax paid	(20,633)	(18,498)
Payment to employee gratuity fund	(18,378)	(16,325)
Net cash (outflow) / inflow from operating activities	(194,925)	892,157
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of investments classified as available-for-sale securities	(31,163,986)	(4,190,587)
Investment in operating fixed assets	(184,099)	(164,688)
Proceed realised on disposal of investments classified as available-for-sale securities	32,999,562	2,949,097
Proceed realised on disposal of operating fixed assets	6,043	8,645
Net cash inflow / (outflow) from investing activities	1,657,520	(1,397,533)
CASH FLOW FROM FINANCING ACTIVITIES		
Payments in respect of lease obligation	(4,300)	(2,826)
Net increase in borrowings	(779,115)	(793)
Net decrease in subordinated debt	13,307	-
Grant received	156	35,366
Net cash (outflow) / inflow from financing activities	(769,952)	31,747
Net increase / (decrease) in cash and cash equivalents	692,643	(473,629)
Cash and cash equivalents at beginning of the period	1,657,642	1,775,602
Cash and cash equivalents at end of the period	2,350,285	1,301,973
CASH AND CASH EQUIVALENTS		
Cash and balances with SBP and NBP	1,010,565	652,337
Balances with other Banks / NBFIs / MFBs	1,339,720	649,636
	2,350,285	1,301,973

The annexed notes 1 to 21 form an integral part of these condensed interim financial information.



President &
Chief Executive Officer



Director

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2013

Note	Nine months ended	Quarter ended	Nine months ended	Quarter ended
	September 30, 2013	September 30, 2013	September 30, 2012	September 30, 2012
	----- (Rupees in '000)-----			
			---Restated---	
Net profit for the period	305,226	167,443	262,788	99,831
Other comprehensive income	-	-	118	40
Total comprehensive income for the period	<u>305,226</u>	<u>167,443</u>	<u>262,906</u>	<u>99,871</u>

The annexed notes 1 to 21 form an integral part of these condensed interim financial information.



President &
Chief Executive Officer



Director

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

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2013

	Capital reserves					Total
	Share capital	Share premium	Statutory reserve	Depositors' Protection Fund	Accumulated loss	
	(Rupees in '000)					
Balance as at January 1, 2012	1,346,939	343,469	76,768	19,193	(328,145)	1,458,224
Effect of change in accounting policy (note 6.2)	-	-	-	-	(9,472)	(9,472)
Balance as at January 1, 2012 (restated)	1,346,939	343,469	76,768	19,193	(337,617)	1,448,752
Net profit for the nine months ended September 30, 2012 (restated)	-	-	-	-	262,788	262,788
Other comprehensive income	-	-	-	-	118	118
Total comprehensive income for the nine months ended September 30, 2012	-	-	-	-	262,906	262,906
Transfer to statutory reserve*	-	-	52,505	-	(52,505)	-
Contribution to Depositors' Protection Fund**	-	-	-	18,866	(18,866)	-
Balance as at September 30, 2012 (restated)	1,346,939	343,469	129,273	38,059	(146,082)	1,711,658
Net profit for the period from October 1, 2012 to December 31, 2012 (restated)	-	-	-	-	111,676	111,676
Other comprehensive income	-	-	-	-	38	38
Total comprehensive income for the period from October 1, 2012 to December 31, 2012	-	-	-	-	111,714	111,714
Transfer to statutory reserve*	-	-	22,317	-	(22,317)	-
Contribution to Depositors' Protection Fund**	-	-	-	7,493	(7,493)	-
Balance as at December 31, 2012 (restated)	1,346,939	343,469	151,590	45,552	(64,178)	1,823,372
Net profit for the nine months ended September 30, 2013	-	-	-	-	305,226	305,226
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the nine months ended September 30, 2013	-	-	-	-	305,226	305,226
Transfer to statutory reserve *	-	-	61,116	-	(61,116)	-
Contribution to Depositors' Protection Fund **	-	-	-	19,156	(19,156)	-
Balance as at 30 Sep 2013	1,346,939	343,469	212,706	64,708	160,776	2,128,598

* 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 21 form an integral part of these condensed interim financial information.



President &
Chief Executive Officer



Director

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2013

1 STATUS AND NATURE OF BUSINESS

1.1 Tameer Micro Finance Bank Limited (the Bank) was incorporated in Pakistan on August 1, 2005 as a public limited company under the Companies Ordinance, 1984. The Bank obtained microfinance banking license from the State Bank of Pakistan (SBP) on August 5, 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 September 5, 2005. The Bank's principal business is to provide microfinance banking and related services to the poor and under-served segment of the society with a view to alleviate poverty under the Microfinance Institution Ordinance, 2001.

The Bank's registered office is situated at 15-A, Block 7 & 8, KCHS, Union, Karachi.

The Bank is a subsidiary of Telenor Pakistan (Private) Limited (the holding company) which owns 51% shareholding in the Bank. In 2009, the Bank also started branchless banking services with the holding company under the branchless banking license from the SBP.

1.2 Based on the financial statements of the Bank for the year ended December 31, 2012, the Pakistan Credit Rating Agency Limited (PACRA) and JCR - VIS Credit Rating Company Limited have determined the Bank's long-term rating as 'A' and the short term rating as 'A1'.

2 STATEMENT OF COMPLIANCE

2.1 This condensed interim financial information has been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such 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 issued by the SECP and SBP prevail.

2.2 The disclosures made in this condensed interim financial information have been limited based on the requirements of International Accounting Standard 34, "Interim Financial Reporting". They do not include all of the information required for the full annual financial statements and this condensed interim financial information should be read in conjunction with the financial statements of the Bank for the year ended December 31, 2012.

3 BASIS OF MEASUREMENT

This condensed interim financial information have been prepared under historical cost convention except for derivative financial instruments and available for sale investments which are measured at fair value.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The basis and the methods used for critical accounting estimates and judgments adopted in this condensed interim financial information are same as those applied in the preparation of the annual financial statements of the Bank for the year ended December 31, 2012.

5 FUNCTIONAL AND PRESENTATION CURRENCY

Items included in this condensed interim financial information are measured using the currency of the primary economic environment in which the Bank operates. This condensed interim financial information are presented in Pakistani Rupees, which is the Bank's functional and presentation currency.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2013

6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

6.1 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, except as disclosed in note 6.2.

6.2 During the period, the Bank 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 Bank related to recognition of actuarial gains and losses in respect of the defined benefit plan of the Bank. Under the revised accounting policy, aggregate actuarial gains and losses are recognised 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 this condensed interim financial information summarised below:

	Rupees in '000
Increase in accumulated deficit as at January 1, 2012	9,472
Increase in profit and loss for the nine months ended September 30, 2012	265
Increase in other comprehensive income for the nine months ended September 30, 2012	118
Increase in defined benefit liability as at December 31, 2012	7,524
Decrease in defined benefit asset as at December 31, 2012	1,437

	September 30, 2013 (Un-Audited)	December 31, 2012 (Audited)
Note	----- Rupees in '000 -----	

7 CASH AND BALANCES WITH SBP AND NBP

Cash in hand		
- In local currency	497,596	333,527
Balances with State Bank of Pakistan	487,905	356,488
Balances with National Bank of Pakistan	25,064	40,118
	7.1	
	<u>512,969</u>	<u>396,606</u>
	<u>1,010,565</u>	<u>730,133</u>

7.1 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 in respect of the Bank's time and demand liabilities in accordance with the Prudential Regulations.

	September 30, 2013 (Un-Audited)	December 31, 2012 (Audited)
Note	----- Rupees in '000 -----	

8 BALANCES WITH OTHER BANKS

In Pakistan		
Current accounts		11,032
Saving accounts	8.1	616,477
Term deposit accounts	8.2	300,000
		<u>927,509</u>
		<u>1,339,720</u>

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2013

8.1 These represent demand deposits with commercial banks carrying mark-up ranging between 6% to 8.30% per annum (December 31, 2012: 6% to 12% per annum).

8.2 This represents term deposit placed with a commercial bank carrying markup at the rate of 9.42% per annum (December 31, 2012: 9.75% per annum).

	Note	September 30, 2013 (Un-Audited)	December 31, 2012 (Audited)
		----- Rupees in '000 -----	
9 INVESTMENTS			
Available-for-sale securities			
Market Treasury Bills	9.1	1,986,816	3,605,068
Deficit on revaluation of assets		(19)	(85)
		<u>1,986,797</u>	<u>3,604,983</u>

9.1 These carry interest rates ranging between 8.93% to 9.41% per annum (December 31, 2012: 9.15% to 9.43% per annum) and have maturity upto December 31, 2013. These securities have an aggregate face value of Rs 2 billion (December 31, 2012: Rs 3.630 billion).

	Note	September 30, 2013 (Un-Audited)		December 31, 2012 (Audited)	
		Number of loans	Rupees in '000	Number of loans	Rupees in '000
10 ADVANCES - NET					
Micro-credit					
Secured		93,978	6,623,096	81,708	5,778,855
Unsecured		92,104	1,387,938	73,265	921,375
		<u>186,082</u>	<u>8,011,034</u>	<u>154,973</u>	<u>6,700,230</u>
Provision held					
Specific	10.1	586	(2,004)	456	(1,466)
General	10.2	-	(15,925)	-	(10,899)
			<u>(17,929)</u>		<u>(12,365)</u>
			<u>7,993,105</u>		<u>6,687,865</u>

10.1 Advances include Rs. 89.535 million (December 31, 2012: Rs. 56.686 million) which have been placed under non-performing status as detailed below:

	September 30, 2013 (Un-Audited)			December 31, 2012 (Audited)		
	Amount outstanding	Provision required	Provision held	Amount outstanding	Provision required	Provision held
	----- Rupees in '000 -----			----- Rupees in '000 -----		
OAEM	52,535	-	-	29,600	-	-
Substandard	20,202	124	124	16,893	42	42
Doubtful	14,379	1,110	1,110	8,424	614	614
Loss	2,419	770	770	1,769	810	810
	<u>89,535</u>	<u>2,004</u>	<u>2,004</u>	<u>56,686</u>	<u>1,466</u>	<u>1,466</u>

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2013

10.2 Particulars of provision against non-performing advances

	September 30, 2013 (Un-Audited)			December 31, 2012 (Audited)		
	Specific	General	Total	Specific	General	Total
	----- Rupees in '000 -----			----- Rupees in '000 -----		
Opening balance	1,466	10,899	12,365	5,978	10,147	16,125
Charge for the period / year	5,448	5,026	10,474	16,707	752	17,459
Reversals	(2,301)	-	(2,301)	(6,043)	-	(6,043)
	3,147	5,026	8,173	10,664	752	11,416
Amount written off	(2,609)	-	(2,609)	(15,176)	-	(15,176)
Closing balance	<u>2,004</u>	<u>15,925</u>	<u>17,929</u>	<u>1,466</u>	<u>10,899</u>	<u>12,365</u>

11 OPERATING FIXED ASSETS

Note

	September 30, 2013 (Un-Audited)	December 31, 2012 (Audited)
	----- Rupees in '000 -----	
Property and equipment	390,589	321,172
Intangible assets	15,040	20,997
Capital work-in-progress - advance against purchase of fixed assets	38,496	7,071
	<u>444,125</u>	<u>349,240</u>

11.1 Addition during the period - at cost

Note

	Nine months ended September 30, 2013 (Un-Audited)	Nine months ended September 30, 2012 (Un-Audited)
	----- Rupees in '000 -----	
Improvements to leasehold buildings	20,136	16,811
Furniture and fixtures	20,969	15,445
Electrical, office and computer equipments	70,023	77,324
Vehicles - owned	39,329	9,376
Vehicles - leased	-	22,802
Intangible assets	2,217	21,036
	<u>152,674</u>	<u>162,794</u>

11.2 Deletion during the period - at cost

Electrical, office and computer equipments	5,807	194
Vehicles - owned	9,884	11,327
Vehicles - Leased	701	-
	<u>16,392</u>	<u>11,521</u>

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2013

		September 30, 2013 (Un-Audited)	December 31, 2012 (Audited)
		----- Rupees in '000 -----	
12	DEPOSITS AND OTHER ACCOUNTS		
	Fixed deposits	5,312,733	5,441,130
	Saving deposits	1,000,177	921,142
	Current deposits	2,998,631	2,009,679
		<u>9,311,541</u>	<u>8,371,951</u>
	12.1 Particulars of deposits by ownership		
	Individual depositors	7,887,971	5,749,716
	Institutional depositors		
	Corporations / firms etc	1,276,767	2,160,067
	Banks / financial institutions	146,803	462,168
		<u>9,311,541</u>	<u>8,371,951</u>
13	BORROWINGS		
	Inside Pakistan - unsecured		
	Microfinance Credit Guarantee Facility (MCGF)	614,861	1,000,139
	Unamortised transaction cost	(2,719)	(3,905)
		<u>612,142</u>	<u>996,234</u>
	Call borrowings	-	100,000
	Borrowing under repurchase agreement	-	295,023
		<u>612,142</u>	<u>1,391,257</u>
	13.1 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% (December 31, 2012: 6 months' KIBOR plus 2%) and are repayable in fixed installments over a period of 2-5 years.		
		September 30, 2013 (Un-Audited)	December 31, 2012 (Audited)
		----- Rupees in '000 -----	
14	SUBORDINATED DEBT		
	Listed securities		
	Term Finance Certificate (TFC - I) - listed	499,100	500,000
	Unamortised transaction cost	(4,385)	(14,326)
		<u>494,715</u>	<u>485,674</u>
	Term Finance Certificate (TFC - II) - listed	499,100	500,000
	Unamortised transaction cost	(8,622)	(13,788)
		<u>490,478</u>	<u>486,212</u>
		<u>985,193</u>	<u>971,886</u>

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2013

		Nine months ended September 30, 2013 (Un-Audited)	Quarter ended September 30, 2013 (Un-Audited)	Nine months ended September 30, 2012 (Un-Audited)	Quarter ended September 30, 2012 (Un-Audited)
15	MARK-UP / RETURN / INTEREST EARNED	----- Rupees in '000 -----			
	Mark-up / return / interest earned on:				
	- Loans and advances	1,510,988	558,918	1,226,920	443,385
	- Deposits with financial institutions	44,946	20,668	31,805	9,694
	- Call money lendings	36,397	9,808	37,160	12,686
		<u>1,592,331</u>	<u>589,394</u>	<u>1,295,885</u>	<u>465,765</u>
	Discount income on investments classified as available for sale	240,297	71,357	73,232	25,808
		<u>1,832,628</u>	<u>660,751</u>	<u>1,369,117</u>	<u>491,573</u>
16	MARK-UP / RETURN / INTEREST EXPENSED				
	Mark-up / return / interest expensed on:				
	- Deposits	610,850	201,982	311,930	120,376
	- Borrowings	84,619	18,491	205,118	79,577
	- Subordinated debt	106,655	35,552	-	-
		<u>802,124</u>	<u>256,025</u>	<u>517,048</u>	<u>199,953</u>
17	FEE, COMMISSION AND BROKERAGE INCOME				
	Loan processing fee	140,085	49,707	115,211	34,810
	Income from branchless banking	484,134	176,451	315,008	125,570
	Others	14,137	5,933	17,872	6,555
		<u>638,356</u>	<u>232,091</u>	<u>448,091</u>	<u>166,935</u>

17.1 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.

18 TAXATION

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

19 RELATED PARTY TRANSACTIONS

Related parties of the Bank comprise of holding company, associates (including entities having common directorship), retirement benefit funds, major shareholders, directors and key management personnel and their close family members.

Transactions and balances with related parties other than those disclosed elsewhere in this condensed interim financial information are summarised below.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2013

	September 30, 2013 (Un-Audited)				December 31, 2012 (Audited)			
	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								
Opening balance	-	22,469	-	22,469	-	4,784	-	4,784
Disbursement during the period / year	-	10,687	-	10,687	-	28,518	-	28,518
Repayment during the period / year	-	(6,223)	-	(6,223)	-	(10,833)	-	(10,833)
Closing balance	-	26,933	-	26,933	-	22,469	-	22,469
Deposits								
Opening balance	200,972	6,586	17,498	225,056	213,432	820	-	214,252
Received during the period / year	469,932	7,450	12,767	490,149	414,404	7,406	17,498	439,308
Withdrawn during the period / year	(477,812)	(10,332)	(14,488)	(502,632)	(426,864)	(1,640)	-	(428,504)
Closing balance	193,092	3,704	15,777	212,573	200,972	6,586	17,498	225,056
Other liabilities								
Payable against branchless banking transactions	68,846	-	-	68,846	132,324	-	-	132,324
Mark-up payable	945	-	30	975	1,007	-	73	1,080
Accrued expenses	6,400	-	-	6,400	3,999	-	-	3,999
	76,191	-	30	76,221	137,330	-	73	137,403
	----- (Rupees in '000) -----				----- (Rupees in '000) -----			
	September 30, 2013 (Un-Audited)				September 30, 2012 (Un-Audited)			
	Holding Company	Directors and key management personnel	Others	Total	Holding Company	Directors and key management personnel	Others	Total
	----- (Rupees in '000) -----				----- (Rupees in '000) -----			
Expenses								
Rent and taxes	7,650	-	-	7,650	7,650	-	-	7,650
Mark-up expense	8,388	-	127	8,515	8,253	-	-	8,253
Communication expenses	2,887	-	-	2,887	3,646	-	-	3,646
Deposit Mobilization								
Commission	42,370	-	-	42,370	15,335	-	-	15,335
	61,295	-	127	61,422	34,884	-	-	34,884

20 GENERAL

20.1 Figures have been rounded off to the nearest thousand rupees unless otherwise stated.

20.2 Comparative information has been re-classified and re-arranged in this condensed interim financial information, wherever necessary, to facilitate comparison and to conform with changes in presentation in the current period. Earnings per share for the prior periods have been restated consequent to the issue of bonus shares.

21 DATE OF AUTHORISATION

This condensed interim financial information were authorised for issue by the Board of Directors in their meeting held on 24 October 2013.



President &
Chief Executive Officer



Director