

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](http://www.tameerbank.com) | UAN 111 111 004

**Un-Audited Interim Condensed  
Financial Statement for the  
Quarter Ended March 31st, 2014**

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# Corporate Information

## *Board of Directors*

Ms. Tine Gottlob Wollebakk	Chairwoman
Mr. Nadeem Hussain	Chief Executive Officer & President
Mr. Lars Christian Iuel	Director
Mr. Irfan Wahab Khan	Director
Mr. Roar Bjaerum	Director
Mr. Salim Raza	Director
Mr. Nizar Noor Muhammad	Director

## *Chief Financial Officer & Company Secretary*

Mr. Kabeer Naqvi

## *Human Resource Management & Planning Committee*

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

## *Branchless Banking Steering Committee*

Mr. Irfan Khan	Chairman
Mr. Nadeem Hussain	Member
Mr. Roar Bjaerum	Member
Ms. Tine Gottlob Wollebakk	Member
Mr. Lars Christian Iuel	Member
Mr. Nizar Noor Mohammed	Member
Mr. Salim Raza	Member

## *Audit Committee*

Mr. Salim Raza	Chairman
Mr. Roar Bjaerum	Member
Mr. Nizar Noor Muhammad	Member

## *Risk Management Committee*

Mr. Salim Raza	Chairman
Mr. Tine Gottlob Wollebakk	Member
Mr. Roar Bjaerum	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](mailto:info@tameerbank.com)

# Director's Review

The Board of Directors is pleased to present the unaudited condensed interim financial information of the Bank for the quarter ended March 31, 2014.

Financial Highlights	Quarter ended	Quarter ended
	March 31, 2014	March 31, 2013
	Rupees in 000's	
Profit before provisions and taxation	221,201	107,113
Provision against loans and advances	(2,441)	(697)
Bad debts written off directly-net of recoveries	(3,022)	(1,478)
	(5,463)	(2,175)
Profit before taxation	215,738	104,938
Taxation	(73,351)	(36,728)
Profit After Taxation	142,387	68,210
Earnings per share (FTQ)	1.06	0.51

During the quarter ended March 31, 2014, the Bank's profit before taxation stood at Rs. 215.738 million as compared to Rs. 104.938 million for the previous comparable period, registering a sound increase of 106%. Net interest income of the bank increased by 65% to reach Rs. 495.147 million as compared to Rs. 300.450 million in corresponding period last year. Non markup income has registered an impressive growth of 48% to reach Rs. 303.521 million.

Gross Advances increased by 25% to reach Rs. 8,675.798 million as at March 31, 2014. Whereas PAR>30 still stand below 1% at 0.91% at the end of first quarter 2014.

In terms of funding, the deposit portfolio of the Bank expanded by 31% to reach Rs.11,280.307 million, backed by high CASA ratio of 60%. The deposits consist of Rs.6,754.820 million CASA deposits which grew by 20% during the quarter.

We continue to strengthen our presence in the markets place. As of March 31, 2014 we operate through 131 touch points nationwide, and through more than 45,000 Branchless Banking agents.

## Credit Rating

Based on the results for the year ended December 31, 2013, the credit rating company PACRA upgraded 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).

The ratings of TMBL reflect its strengthening position in the microfinance industry. The bank's key strengths include high quality loan book, healthy liquidity, increasing deposit base, and improving capitalization level. The ratings denote a low expectation of credit risk. The capacity for timely payments of financial commitments is considered strong.

## Appreciation & Acknowledgment

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.

On behalf of the Board



Nadeem Hussain  
Chief Executive Officer  
Date: 30<sup>th</sup> April, 2014  
Place: Karachi

# INTERIM CONDENSED BALANCE SHEET (UN-AUDITED)

AS AT 31, MARCH 2014

	Note	31 March 2014 (Un-Audited)	31 December 2013 (Audited) ----- (Rupees in '000) -----
<b>ASSETS</b>			
Cash and balances with State Bank of Pakistan and National Bank of Pakistan	6	1,352,311	1,225,227
Balances with other banks	7	1,011,810	571,006
Lendings to financial institutions		-	-
Investments	8	2,889,212	3,471,857
Advances- net of provisions	9	8,652,931	8,311,128
Operating fixed assets		518,950	480,237
Other assets		1,263,499	1,131,244
Deferred tax assets - net		-	-
		15,688,714	15,190,699
<b>LIABILITIES</b>			
Deposits and other accounts	10	11,280,307	10,627,546
Borrowings		464,439	501,280
Subordinated debt		493,353	989,757
Other liabilities		1,091,524	854,124
Deferred tax liabilities		8,567	8,567
		13,338,190	12,981,274
<b>NET ASSETS</b>		<u>2,350,524</u>	<u>2,209,425</u>
<b>REPRESENTED BY:</b>			
Share capital		1,346,939	1,346,939
Reserves		679,330	641,705
Accumulated Profit		310,548	205,787
		2,336,818	2,194,431
Surplus on revaluation of assets - net of tax		(315)	(1,388)
Deferred Grants		14,021	16,382
		<u>2,350,524</u>	<u>2,209,425</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 31, MARCH 2014

Note	Year to date 31 March 2014	Quarter ended 31 March 2014	Year to date 31 March 2013	Quarter ended 31 March 2013
----- (Rupees in '000) -----				
Mark-up / return / interest earned	693,425	693,425	576,017	576,017
Mark-up / return / interest expensed	(198,278)	(198,278)	(275,567)	(275,567)
Net mark-up / return / interest income	<u>495,147</u>	<u>495,147</u>	<u>300,450</u>	<u>300,450</u>
Provision against non-performing loans and advances	(2,441)	(2,441)	(697)	(697)
Provision for diminution in the value of investments	-	-	-	-
Bad debts written off directly	(3,022)	(3,022)	(1,478)	(1,478)
	<u>(5,463)</u>	<u>(5,463)</u>	<u>(2,175)</u>	<u>(2,175)</u>
Net mark-up / return / interest income after provisions	<u>489,684</u>	<u>489,684</u>	<u>298,275</u>	<u>298,275</u>
<b>NON MARK-UP / INTEREST INCOME</b>				
Fee, commission and brokerage income	287,492	287,492	191,321	191,321
Dividend income	-	-	-	-
Other income	16,029	16,029	13,604	13,604
Total non mark-up / interest income	<u>303,521</u>	<u>303,521</u>	<u>204,926</u>	<u>204,926</u>
	<u>793,205</u>	<u>793,205</u>	<u>503,201</u>	<u>503,201</u>
<b>NON MARK-UP / INTEREST EXPENSES</b>				
Administrative expenses	(563,024)	(563,024)	(392,200)	(392,200)
Other provisions / write-offs	(10,040)	(10,040)	(3,921)	(3,921)
Other charges	(4,403)	(4,403)	(2,142)	(2,142)
Total non mark-up / interest expenses	<u>(577,467)</u>	<u>(577,467)</u>	<u>(398,263)</u>	<u>(398,263)</u>
	<u>215,738</u>	<u>215,738</u>	<u>104,938</u>	<u>104,938</u>
Extraordinary / unusual items	-	-	-	-
<b>PROFIT BEFORE TAXATION</b>	<u>215,738</u>	<u>215,738</u>	<u>104,938</u>	<u>104,938</u>
Taxation - Current	(73,351)	(73,351)	(36,728)	(36,728)
- Prior years	-	-	-	-
- Deferred	-	-	-	-
	<u>(73,351)</u>	<u>(73,351)</u>	<u>(36,728)</u>	<u>(36,728)</u>
<b>PROFIT AFTER TAXATION</b>	<u><u>142,387</u></u>	<u><u>142,387</u></u>	<u><u>68,210</u></u>	<u><u>68,210</u></u>
Basic and diluted earnings per share - Rupees	<u>1.06</u>	<u>1.06</u>	<u>0.51</u>	<u>0.51</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 COMPREHENSIVE INCOME (UN-AUDITED)

FOR THE THREE MONTHS ENDED 31, MARCH 2014

	Year to date 31 March 2014	Quarter ended 31 March 2014	Year to date 31 March 2013	Quarter ended 31 March 2013
	----- (Rupees in '000)-----			
Net profit for the period	142,387	142,387	68,210	68,210
Other comprehensive income	-	-	-	-
Total comprehensive income / for the period	<u>142,387</u>	<u>142,387</u>	<u>68,210</u>	<u>68,210</u>

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



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President &  
Chief Executive Officer



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Director

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

## FOR THE THREE MONTHS ENDED 31, MARCH 2014

	Capital reserves					Total
	Share capital	Share premium	Statutory reserve	Depositors' Protection Fund	Accumulated Profit/loss	
	----- (Rupees in '000) -----					
Balance as at 01 January 2013	1,346,939	343,469	151,590	45,552	(61,041)	1,826,509
Net Profit / (loss) for the year	-	-	-	-	381,755	381,755
Other comprehensive income / (loss)	-	-	-	-	(13,833)	(13,833)
Total comprehensive income / (loss) 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 31 Dec 2013	<u>1,346,939</u>	<u>343,469</u>	<u>228,012</u>	<u>70,224</u>	<u>205,787</u>	<u>2,194,431</u>
Net Profit / (loss) for the period	-	-	-	-	142,387	142,387
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	142,387	142,387
Transfer to statutory reserve *	-	-	28,477	-	(28,477)	-
Contribution to Depositors' Protection Fund **	-	-	-	9,148	(9,148)	-
Balance as at 31 March 2014	<u>1,346,939</u>	<u>343,469</u>	<u>256,489</u>	<u>79,372</u>	<u>310,548</u>	<u>2,336,818</u>

\* 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

# INTERIM CONDENSED CASH FLOW STATEMENT (UN-AUDITED)

FOR THE THREE MONTHS ENDED 31, MARCH 2014

	31 March 2014 (Un-Audited)	31 December 2013 (Audited) ----- (Rupees in '000) -----
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	215,738	104,938
Adjustments:		
Depreciation and amortisation	35,565	25,964
Grant income recognised	(3,211)	(1,322)
Reversal / provision against non-performing advances	5,463	2,175
Loss/Gain on sale of operating fixed asset	(440)	(378)
Amortisation of discount on investments	(52,962)	(90,489)
Finance charges on leased assets	459	568
Loss on derivative financial instruments	-	-
Provision for gratuity fund	8,138	6,576
Other provisions	10,040	3,921
	3,053	(52,986)
<i>(Increase) / decrease in operating assets</i>		
Advances	(347,267)	(261,680)
Other assets (excluding advance taxation)	(132,255)	(110,820)
	(479,522)	(372,500)
<i>Increase / (decrease) in operating liabilities</i>		
Deposits and other accounts	652,761	229,843
Other liabilities (excluding current taxation)	173,304	(25,133)
	826,065	204,711
Income tax paid Advance Tax	(7,658)	(2,223)
Payment to employee gratuity fund	(17,833)	(2,344)
<i>Net cash flow from operating activities</i>	<u>539,842</u>	<u>(120,404)</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of investments in available-for-sale securities	(5,099,695)	(12,495,720)
Investments in operating fixed assets	(76,233)	(66,441)
Sale proceed from disposal of available-for-sale securities	5,737,733	11,578,713
Sale proceed from disposal of operating fixed assets	2,397	2,367
<i>Net cash flow from investing activities</i>	<u>564,202</u>	<u>(981,082)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Payments of lease obligation	(3,762)	(1,490)
Borrowing from financial institution	(36,841)	1,091,319
Subordinated debt	(496,404)	4,398
Grant received	850	1,095
<i>Net cash flow from financing activities</i>	<u>(536,156)</u>	<u>1,095,322</u>
	567,888	(6,164)
Cash and cash equivalents at beginning of the period	1,796,233	1,657,642
Cash and cash equivalents at end of the period	<u><u>2,364,121</u></u>	<u><u>1,651,478</u></u>
<b>CASH AND CASH EQUIVALENTS</b>		
Cash and balances with SBP and NBP	1,352,311	742,567
Balances with other Banks / NBFIs / MFBs	1,011,810	908,911
	<u><u>2,364,121</u></u>	<u><u>1,651,478</u></u>



President &  
Chief Executive Officer



Director

# NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED 31, MARCH 2014

## 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 2013.



# NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED 31, MARCH 2014

9.1 Advances include Rs. 78,984 million (31 December 2013: Rs. 49,489 million) which have been placed under non-performing status as detailed below:

	31-March-14			31-Dec-13		
	Amount outstanding	Provision required	Provision held	Amount outstanding	Provision required	Provision held
	----- (Rupees in '000) -----			----- (Rupees in '000) -----		
OAEM	64,177	-	-	41,685	-	-
Substandard	11,493	482	482	4,202	58	58
Doubtful	2,958	314	314	2,340	477	477
Loss	356	259	259	1,262	998	998
	<u>78,984</u>	<u>1,055</u>	<u>1,055</u>	<u>49,489</u>	<u>1,533</u>	<u>1,533</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.

9.3 Particulars of write offs

	31 March 2014 (Un-Audited)	31 December 2013 (Audited)
	----- (Rupees in '000) -----	
Against provisions	2,620	3,329
Directly charged to profit and loss account	3,022	30,632
	<u>5,642</u>	<u>33,961</u>

## 10 DEPOSITS AND OTHER ACCOUNTS

	31 March 2014 (Un-Audited)	31 December 2013 (Audited)
	----- (Rupees in '000) -----	
Current deposits	5,782,156	4,823,720
Fixed deposits	4,525,487	4,966,394
Saving deposits	972,664	837,432
	<u>11,280,307</u>	<u>10,627,546</u>

10.1 Particulars of deposits by ownership

	31 March 2014 (Un-Audited)	31 December 2013 (Audited)
	----- (Rupees in '000) -----	
Individual depositors	10,067,335	9,141,036
Institutional depositors		
- Corporations / firms etc	1,170,108	1,352,630
- Banks / financial institutions	42,864	133,880
	<u>11,280,307</u>	<u>10,627,546</u>

## 11 MARK-UP / RETURN / INTEREST EARNED

	Quarter ended	
	31 March 2014 (Un-Audited)	31 March 2013 (Un-Audited)
	----- (Rupees in '000) -----	
On loans and advances	609,179	459,480
On available for sale investments	52,962	90,489
On deposits with financial institutions	14,313	14,839
On call money lendings	16,970	11,209
	<u>693,425</u>	<u>576,017</u>

# NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED 31, MARCH 2014

## 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:

	31-March-2014				31-December-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 01 January	-	31,614	-	31,614	-	22,469	-	22,469
Given during the period	-	10,219	-	10,219	-	16,568	-	16,568
Repaid during the period	-	(8,031)	-	(8,031)	-	(7,423)	-	(7,423)
At 31st Mar / 31st Dec	-	33,802	-	33,802	-	31,614	-	31,614
Deposits								
At 01 January	99,868	2,305	13,050	115,223	200,972	6,586	17,498	225,056
Received during the period	914,115	76,309	-	990,424	469,932	7,450	12,767	490,149
Withdrawn during the period	(902,165)	(59,950)	(220)	(962,335)	(571,036)	(11,731)	(17,215)	(599,982)
At 31st Mar / 31st Dec	111,818	18,664	12,830	143,312	99,868	2,305	13,050	115,223

## 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 30<sup>th</sup> April, 2014



\_\_\_\_\_  
President &  
Chief Executive Officer



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Director