

TELENOR MICROFINANCE BANK LTD (FORMERLY TAMEER MICROFINANCE BANK LTD)
CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)
AS AT 31 MARCH 2017

	Note	31 March 2017 (Un-Audited) (Rupees in '000)	31 December 2016 (Audited)
ASSETS			
Cash and balances with State Bank of Pakistan and National Bank of Pakistan	6	2,044,134	3,116,926
Balances with other banks	7	1,407,206	2,558,937
Lendings to financial institutions		220,975	323,215
Investments	8	6,163,855	11,568,227
Advances- net of provisions	9	17,939,563	15,835,248
Operating fixed assets		1,446,452	1,041,611
Other assets		2,537,139	1,844,687
Deferred tax assets - net		24,760	14,795
		31,784,082	36,303,646
LIABILITIES			
Deposits and other accounts	10	24,811,474	27,829,780
Borrowings		-	-
Subordinated debt		-	-
Other liabilities		2,273,849	3,887,957
Deffered tax liabilities - net		-	-
		27,085,323	31,717,737
NET ASSETS		4,698,758	4,585,909
REPRESENTED BY:			
Share capital		1,346,939	1,346,939
Reserves		1,314,494	1,286,756
Accumulated Profit		2,013,519	1,943,880
		4,674,952	4,577,575
(Deficit) on revaluation of assets - net of tax		(899)	(1,527)
Deffered Grants		24,705	9,861
		4,698,758	4,585,909
MEMORANDUM / OFF BALANCE SHEET ITEMS		Nil	Nil

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

President &
Chief Executive Officer

Director

TELENOR MICROFINANCE BANK LTD (FORMERLY TAMEER MICROFINANCE BANK LTD)
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE THREE MONTHS ENDED 31 MARCH 2017

	Note	Year to date 31 March 2017	Quarter ended 31 March 2017	Year to date 31 March 2016	Quarter ended 31 March 2016
----- (Rupees in '000) -----					
Mark-up / return / interest earned	11	1,328,215	1,328,215	971,291	971,291
Mark-up / return / interest expensed		(399,081)	(399,081)	(135,388)	(135,388)
Net mark-up / return / interest income		929,134	929,134	835,903	835,903
Provision against non-performing loans and advances		(32,854)	(32,854)	(14,664)	(14,664)
Provision for diminution in the value of investments		-	-	-	-
Bad debts written off directly		(8,599)	(8,599)	(1,260)	(1,260)
		(41,452)	(41,452)	(15,925)	(15,925)
Net mark-up / return / interest income after provisions		887,682	887,682	819,978	819,978
NON MARK-UP / INTEREST INCOME					
Fee, commission and brokerage income		1,997,788	1,997,788	362,824	362,824
Dividend income		-	-	-	-
Other income		33,277	33,277	31,236	31,236
Total non mark-up / interest income		2,031,065	2,031,065	394,060	394,060
		2,918,746	2,918,746	1,214,039	1,214,039
NON MARK-UP / INTEREST EXPENSES					
Administrative expenses		(2,795,593)	(2,795,593)	(793,769)	(793,769)
Other provisions / write-offs		-	-	-	-
Other charges		(2,415)	(2,415)	(8,403)	(8,403)
Total non mark-up / interest expenses		(2,798,008)	(2,798,008)	(802,172)	(802,172)
		120,739	120,739	411,866	411,866
Extraordinary / unusual items		-	-	-	-
PROFIT BEFORE TAXATION		120,739	120,739	411,866	411,866
Taxation - Current		(33,594)	(33,594)	(131,754)	(131,754)
- Prior years		-	-	-	-
- Deferred		10,232	10,232	-	-
		(23,361)	(23,361)	(131,754)	(131,754)
PROFIT AFTER TAXATION		97,378	97,378	280,112	280,112
Earnings per share		0.72	0.72	2.08	2.08

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President &
Chief Executive Officer

Director

TELENOR MICROFINANCE BANK LTD (FORMERLY TAMEER MICROFINANCE BANK LTD)
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE THREE MONTHS ENDED 31 MARCH 2017

	Year to date 31 March 2017	Quarter ended 31 March 2017	Year to date 31 March 2016	Quarter ended 31 March 2016
	----- (Rupees in '000) -----			
Net profit for the period	97,378	97,378	280,112	280,112
Other comprehensive income	-	-	-	-
Total comprehensive income / (loss) for the period	<u>97,378</u>	<u>97,378</u>	<u>280,112</u>	<u>280,112</u>

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TELENOR MICROFINANCE BANK LTD (FORMERLY TAMEER MICROFINANCE BANK LTD)
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE THREE MONTHS ENDED 31 MARCH 2017

	Share capital	Share premium	Statutory reserve	Capital reserves Depositors' Protection Fund	Accumulated Profit / (Loss)	Total
	----- (Rupees in '000) -----					
Balance as at 01 January 2016	1,346,939	343,469	540,059	167,424	1,260,896	3,658,787
Net Profit / (loss) for the year	-	-	-	-	895,354	895,354
Other comprehensive income / (loss)	-	-	-	-	23,434	23,434
Total comprehensive income / (loss) for the year	-	-	-	-	918,788	918,788
Transfer to statutory reserve *	-	-	179,071	-	(179,071)	-
Transfer to Depositors' Protection Fund *						
- 5% of the profit after tax	-	-	-	44,768	(44,768)	-
- return on investment - net of tax	-	-	-	11,965	(11,965)	-
	-	-	-	56,733	(56,733)	-
Balance as at 31 Dec 2016	1,346,939	343,469	719,130	224,157	1,943,880	4,577,575
Net Profit / (loss) for the period	-	-	-	-	97,378	97,378
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	97,378	97,378
Transfer to statutory reserve *	-	-	19,476	-	(19,476)	-
Transfer to Depositors' Protection Fund**						
- 5% of the profit after tax	-	-	-	4,869	(4,869)	-
- return on investment - net of tax	-	-	-	3,394	(3,394)	-
	-	-	-	8,263	(8,263)	-
Balance as at 31 March 2017	1,346,939	343,469	738,605	232,420	2,013,519	4,674,952

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

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Chief Executive Officer

Director

TELENOR MICROFINANCE BANK LTD (FORMERLY TAMEER MICROFINANCE BANK LTD)
CONDENSED INTERIM CASH FLOW STATMENT (UN-AUDITED)
FOR THE THREE MONTHS ENDED 31 MARCH 2017

	31 March 2017	31 March 2016
	(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	120,739	411,866
Adjustments:		
Depreciation and amortisation	84,278	48,329
Grant income	(1,409)	(10,094)
Provision against non-performing advances	32,854	14,664
Loss/Gain on sale of operating fixed asset	-	(773)
Amortisation of discount on investments	(103,811)	(43,263)
Finance charges on leased assets	-	227
Provision for gratuity fund	114,887	12,620
	126,799	21,711
(Increase) / decrease in operating assets		
Lending to financial institutions	102,240	(803,298)
Advances	(2,138,055)	(944,926)
Other assets (excluding advance taxation)	(766,400)	(193,667)
	(2,802,214)	(1,941,891)
Increase / (decrease) in operating liabilities		
Deposits and other accounts	(3,018,306)	(1,459,538)
Other liabilities (excluding current taxation)	(1,369,267)	602,748
	(4,387,573)	(856,790)
Income tax paid Advance Tax	(257,636)	(111,353)
Payment to employee gratuity fund	(59,956)	(24,144)
Net cash flow from operating activities	(7,259,841)	(2,500,600)
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of investments in available-for-sale securities	(8,612,463)	(3,661,487)
Investments in operating fixed assets	(489,119)	(95,223)
Sale proceed from disposal of available-for-sale securities	14,120,646	5,380,789
Sale proceed from disposal of operating fixed assets	-	2,026
Net cash flows (used in) / from investing activities	5,019,065	1,626,104
CASH FLOW FROM FINANCING ACTIVITIES		
Borrowing from financial institution	-	462,139
Grant received	16,253	-
Net cash flows used in financing activities	16,253	462,139
	(2,224,524)	(412,357)
Cash and cash equivalents at beginning of the period	5,675,863	2,706,528
Cash and cash equivalents at end of the period	3,451,339	2,294,171
CASH AND CASH EQUIVALENTS		
Cash and balances with SBP and NBP	2,044,134	1,486,835
Balances with other Banks / NBFIs / MFBs	1,407,206	807,336
	3,451,339	2,294,171

President &
Chief Executive Officer

Director

TELENOR MICROFINANCE BANK LTD (FORMERLY TAMEER MICROFINANCE BANK LTD)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2017

1. STATUS AND NATURE OF BUSINESS

- 1.1 Telenor Microfinance Bank (formerly Tameer Microfinance 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.
- 1.2 During the year 2016, Telenor Group (Telenor Pakistan B.V. a joint stock company based in Amsterdam) acquired 49% shareholding of the Bank from its minority shareholders. The Group eventually plans to transfer its existing shareholding (51%) from Telenor Pakistan (Private) Limited to Telenor Pakistan B.V., to make it 100% wholly owned subsidiary, subject to regulatory approvals.

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 2016.

Note	31 March 2017 (Un-Audited) (Rupees in '000)	31 December 2016 (Audited) (Rupees in '000)
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6 CASH AND BALANCE WITH SBP & NBP

Cash in Hand		762,366	840,750
Balance with State Bank of Pakistan	6.1	1,225,025	2,218,914
Balance with National Bank of Pakistan	6.1	56,743	57,262
		<u>2,044,134</u>	<u>3,116,926</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.

31 March 2017 (Un-Audited) (Rupees in '000)	31 December 2016 (Audited) (Rupees in '000)
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7 BALANCE WITH OTHER BANKS / NBFIs/MFBs

In Pakistan			
- Current accounts		13,613	7,914
- PLS deposit accounts		1,193,593	1,351,023
- Term deposit accounts		200,000	1,200,000
		<u>1,407,206</u>	<u>2,558,937</u>

8 INVESTMENTS

Federal Government Securities - available-for-sale

Market Treasury Bills	8.1	6,165,138	11,570,409
(Deficit) on revaluation of assets		(1,283)	(2,182)
		<u>6,163,855</u>	<u>11,568,227</u>

8.1 These carry interest rates ranging between 5.93% to 5.99% (2016: 5.75% to 5.99%) per annum and will mature upto July 2016. These securities have an aggregate face value of Rs. 6,200 million (2016: Rs. 11,625 million).

9 ADVANCES	Note	31-Mar-17 (Un-Audited)		31-Dec-16 (Audited)	
		Number of loans	(Rupees in '000)	Number of loans	(Rupees in '000)
Micro credit					
- Secured		97,363	6,289,270	95,665	6,014,188
- Unsecured		316,591	11,785,504	289,752	9,931,130
		413,954	18,074,774	385,417	15,945,318
Less: Provision held					
- Specific	9.1	1,962	(17,531)	1,656	(10,868)
- General	9.2	-	(117,680)	-	(99,202)
			(135,211)		(110,070)
			<u>17,939,563</u>		<u>15,835,248</u>

9.1 Advances include Rs. 128.003 million (31 December 2016: Rs. 95.774 million) which have been placed under non-performing status as detailed below:

	31-Mar-17 (Un-Audited)			31-Dec-16 (Audited)		
	Amount outstanding	Provision required	Provision held	Amount outstanding	Provision required	Provision held
	------(Rupees in '000)-----			------(Rupees in '000)-----		
OAEM	61,171	-	-	38,238	-	-
Substandard	31,603	3,718	3,718	25,346	1,842	1,842
Doubtful	29,340	9,612	9,612	23,491	6,134	6,134
Loss	5,890	4,201	4,201	8,699	2,892	2,892
	<u>128,003</u>	<u>17,531</u>	<u>17,531</u>	<u>95,774</u>	<u>10,868</u>	<u>10,868</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-Mar-17 (Un-Audited) (Rupees in '000)	31-Dec-16 (Audited) (Rupees in '000)
Against provisions	7,714	16,776
Directly charged to profit and loss account	8,599	37,171
	<u>16,312</u>	<u>53,947</u>

10 DEPOSITS AND OTHER ACCOUNTS

	31 March 2017 (Un-Audited)	31 December 2016 (Audited)
	(Rupees in '000)	
Current deposits	9,387,568	12,536,029
Fixed deposits	13,226,165	13,191,822
Saving deposits	2,197,742	2,101,929
	24,811,474	27,829,780

10.1 Particulars of deposits by ownership

Individual depositors	18,380,894	20,815,055
Institutional depositors		
- Corporations / firms etc	4,307,565	4,393,006
- Banks / financial institutions	2,123,016	2,621,719
	24,811,474	27,829,780

11 MARK-UP / RETURN / INTEREST EARNED

	Quarter ended	
	31 March 2017 (Un-Audited)	31 March 2016 (Un-Audited)
	(Rupees in '000)	
On loans and advances	1,185,140	900,536
On available for sale investments	103,811	43,263
On deposits with financial institutions	23,475	15,406
On call money lendings	8,832	4,146
On repurchase agreement lendings	6,956	7,941
	1,328,215	971,291

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-Mar-17 (Un-Audited)				31-Dec-16 (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								
At 01 January	-	5,611	-	5,611	-	47,787	-	47,787
Given during the period	-	300	-	300	-	7,847	-	7,847
Repaid during the period	-	1,191	-	1,191	-	(50,023)	-	(50,023)
At 31st Mar / 31st Dec	-	7,102	-	7,102	-	5,611	-	5,611
Deposits								
At 01 January	57,977	17,445	469,550	544,972	282,853	10,614	407,440	700,907
Received during the period	5,700,928	7,178	524,280	6,232,386	58,144,895	134,762	735,112	59,014,769
Withdrawn during the period	(5,709,828)	(7,839)	(404,080)	(6,121,746)	(58,369,771)	(127,931)	(673,002)	(59,170,704)
At 31st Mar / 31st Dec	49,078	16,784	589,750	655,612	57,977	17,445	469,550	544,972

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 _____.

President &
Chief Executive Officer

Director