

TELENOR MICROFINANCE BANK LTD
CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)
AS AT SEPTEMBER 30, 2018

	September 30, 2018 (Un-Audited)	December 31, 2017 (Audited)
	----- Rupees in '000 -----	

ASSETS

Cash and balances with State Bank of Pakistan and National Bank of Pakistan	6	3,842,722	3,497,633
Balances with other banks	7	2,484,417	4,154,764
Lending to financial institutions		872,539	3,368,059
Investments	8	4,977,175	6,767,309
Advances- net of provisions	9	32,415,107	24,761,653
Operating fixed assets	10	2,064,344	1,729,560
Other assets		4,398,080	2,848,790
Deferred tax assets - net		73,761	-
		51,128,144	47,127,768

LIABILITIES

Deposits and other accounts	11	38,973,077	36,664,927
Borrowings		-	-
Other liabilities		6,207,711	5,445,012
Deferred tax liabilities		-	12,034
		45,180,788	42,121,973

NET ASSETS

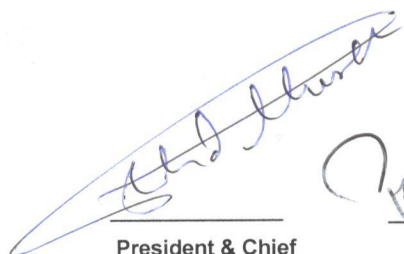
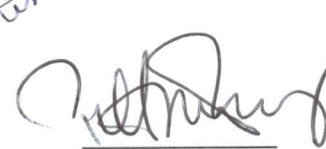


	5,947,357	5,005,795
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REPRESENTED BY:

Share capital	12	2,285,339	1,346,939
Advance against future issue of right shares		531,610	-
Reserves		1,405,571	1,405,571
Accumulated Profit		1,678,535	2,229,020
		5,901,055	4,981,530
Surplus/Deficit on revaluation of assets - net of tax		708	(911)
Deferred Grants		45,594	25,176
		5,947,357	5,005,795

MEMORANDUM / OFF BALANCE SHEET ITEMS

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

			
President & Chief Executive Officer	Chairman	Director	Director

TELENOR MICROFINANCE BANK LTD
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018

		Nine months ended September 30, 2018	Quarter ended September 30, 2018	Nine months ended September 30, 2017	Quarter ended September 30, 2017
Note		Rupees in '000			
		6,241,173	2,277,470	4,339,069	1,560,306
		(1,842,220)	(665,689)	(1,258,477)	(455,525)
		4,398,953	1,611,781	3,080,594	1,104,781
		(414,047)	(190,421)	(140,509)	(62,837)
		-	-	-	-
		(18,752)	(6,383)	(14,388)	(2,037)
		(432,799)	(196,804)	(154,896)	(64,874)
		3,966,154	1,414,977	2,925,696	1,039,907
		6,171,981	1,973,872	6,222,944	1,928,859
		-	-	-	-
		134,823	55,129	97,664	35,415
		6,306,804	2,029,001	6,320,608	1,964,274
		10,272,958	3,443,978	9,246,304	3,004,181
		(10,542,314)	(3,590,932)	(8,570,862)	(2,872,551)
		(163,046)	-	(7,745)	-
		(8,095)	(245)	(13,709)	(2,698)
		(10,713,455)	(3,591,177)	(8,592,316)	(2,875,248)
		(440,497)	(147,199)	653,988	128,932
		-	-	-	-
		(440,497)	(147,199)	653,988	128,932
		(170,945)	(57,703)	(133,149)	39,161
		(24,838)	(638)	(43,894)	-
		85,795	(15,632)	(43,920)	(50,209)
		(109,988)	(73,973)	(220,963)	(11,048)
		(550,485)	(221,172)	433,026	117,884
		(2.41)	(0.97)	3.21	0.88

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

**President & Chief
Executive Officer**

Chairman

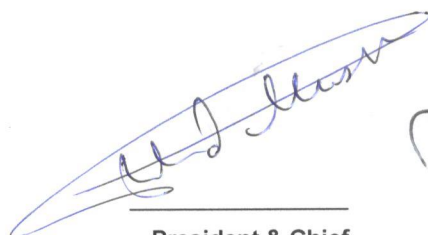
Director

Director

TELENOR MICROFINANCE BANK LTD
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018

	Nine months ended September 30, 2018	Quarter ended September 30, 2018	Nine months ended September 30, 2017	Quarter ended September 30, 2017
	----- (Rupees in '000) -----			
Net profit for the period	(550,485)	(221,172)	433,026	117,884
Other comprehensive income not to be reclassified to profit and loss account in subsequent periods				
Actuarial loss on defined benefit plan	-	-	-	-
Effect of taxation	-	-	-	-
Total comprehensive income / (loss) for the period	<u>(550,485)</u>	<u>(221,172)</u>	<u>433,026</u>	<u>117,884</u>

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




President & Chief
Executive Officer



Chairman



Director



Director

TAMEER MICROFINANCE BANK LTD
INTERIM CONDENSED CASH FLOW STATMENT (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018

	September 30, 2018	September 30, 2017
----- Rupees in '000 -----		
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	(440,497)	653,988
Adjustments:		
Depreciation and amortisation	519,200	287,052
Grant income recognised	-	(2,817)
Reversal / provision against non-performing advances	432,799	154,896
Loss/ (Gain) on sale of operating fixed asset	65	(3,219)
Amortisation of discount on investments	(306,097)	(287,186)
Finance charges on leased assets	-	-
Loss on derivative financial instruments	-	-
Provision for gratuity fund	125,248	188,243
Other provisions	163,046	7,745
	934,261	344,714
(Increase) / decrease in operating assets		
Lending to financial institutions	2,495,520	(482,619)
Advances	(7,855,885)	(6,740,632)
Other assets (excluding advance taxation)	(1,553,998)	(1,287,614)
	(6,914,363)	(8,510,865)
Increase / (decrease) in operating liabilities		
Deposits and other accounts	2,308,150	2,872,232
Other liabilities (excluding current taxation)	806,525	(109,433)
	3,114,674	2,762,799
Income tax paid Advance Tax	(182,419)	(266,947)
Payment to employee gratuity fund	(118,065)	(153,870)
Net cash flow from operating activities	(3,606,409)	(5,170,182)
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of investments in available-for-sale securities	(26,619,088)	(29,187,831)
Investments in operating fixed assets	(882,158)	(954,638)
Sale proceed from disposal of available-for-sale securities	28,261,095	34,882,131
Sale proceed from disposal of operating fixed assets	30,873	9,435
Net cash flow from investing activities	790,722	4,749,097
CASH FLOW FROM FINANCING ACTIVITIES		
Payments of lease obligation	-	-
Increase in Share Capital	938,400	-
Advance against future issue of right shares	531,610	-
Borrowing from financial institution - repaid	-	-
Grant received	20,419	15,314
Net cash flow from financing activities	1,490,429	15,314
	(1,325,258)	(405,772)
Cash and cash equivalents at beginning of the period	7,652,397	5,675,863
Cash and cash equivalents at end of the period	6,327,139	5,270,091

CASH AND CASH EQUIVALENTS

Cash and balances with SBP and NBP	3,842,722	3,023,377
Balances with other Banks	2,484,417	2,246,716
	6,327,139	5,270,092


**President & Chief
Executive Officer**


Chairman


Director


Director

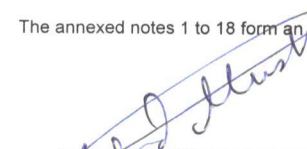
MINOR MICROFINANCE BANK LTD
 INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
 FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018

	Share capital	Advance against future issue of right shares	Capital reserves			Accumulated Profit	Total
			Share premium	Statutory reserve	Depositors' Protection Fund		
	----- (Rupees in '000) -----						
Balance as at 01 January 2017	1,346,939	-	343,469	719,130	224,157	1,943,880	4,577,575
Net Profit / (loss) for the year	-	-	-	-	-	433,026	433,026
Other comprehensive income / (loss)	-	-	-	-	-	-	-
Total comprehensive income / (loss) for the year	-	-	-	-	-	433,026	433,026
Transfer to statutory reserve *				83,351		(83,351)	-
Contribution to Depositors' Protection Fund **					32,452	(32,452)	-
Balance as at 30 Sep 2017	1,346,939	-	343,469	802,481	256,609	2,261,102	5,010,601
Net Profit / (loss) for the year	-	-	-	-	-	(16,270)	(16,270)
Other comprehensive income / (loss)	-	-	-	-	-	(12,801)	(12,801)
Total comprehensive income / (loss) for the year	-	-	-	-	-	(29,071)	(29,071)
Transfer to statutory reserve *				-		-	-
Contribution to Depositors' Protection Fund **					3,012	(3,012)	-
Balance as at 31 Dec 2017	1,346,939	-	343,469	802,481	259,621	2,229,020	4,981,530
Net Profit / (loss) for the period	-	-	-	-	-	(550,485)	(550,485)
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	(550,485)	(550,485)
Transfer to statutory reserve *	-	-	-	-	-	-	-
Issued subscribed and paidup capital	12 938,400	531,610	-	-	-	-	1,470,010
Contribution to Depositors' Protection Fund **	-		-	-	-	-	-
Balance as at 30 Sep 2018	2,285,339	531,610	343,469	802,481	259,621	1,678,535	5,901,055

* 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 condensed interim financial statements.


 President & Chief
 Executive Officer


 Chairman


 Director


 Director

TELENOR MICROFINANCE BANK LTD
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018

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'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 Telenor Group (Telenor Pakistan B.V. a joint stock company based in Amsterdam) holds 99.99% shareholding of the Bank.

2. BASIS OF PRESENTATION

These financial statements have been presented in accordance with the requirements of Banking Surveillance Department Circular No. 11 dated 30 December 2003 issued by the State Bank of Pakistan (SBP).

3. STATEMENT OF COMPLIANCE

- 3.1 These condensed interim 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, the Prudential Regulation for Microfinance Banks 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, the Prudential Regulation for Microfinance Banks and the said directives have been followed. The Companies Ordinance, 1984 has been repealed after the enactment of the Companies Act, 2017. However, as allowed by the SECP vide its press release dated 20 July 2017, these condensed interim financial statements have been prepared in accordance with the provisions of the repealed Companies Ordinance, 1984.
- 3.2 The State Bank of Pakistan has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement' and International Accounting Standard (IAS) 40, 'Investment Property'. Further, the Securities and Exchange Commission of Pakistan (SECP) has deferred the applicability of International Financial Reporting Standard (IFRS) 7, 'Financial Instruments : Disclosures' through its notification S.R.O. 411(I)/2008 dated 28 April 2008. Accordingly, the requirements of these standards have not been considered in the preparation of these financial statements. However, investments have been classified and valued in accordance with the requirements prescribed by SBP through various circulars / regulations.

4. BASIS OF MEASUREMENT

- 4.1 These condensed interim financial statements have been prepared under the historical cost convention except for available for sale investments which are measured at fair value.
- 4.2 These condensed interim financial statements have been presented in Pakistani Rupees, which is the Bank's functional and 'presentation currency.
- 4.3 The preparation of these condensed interim financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and income and expenses. It also requires management to exercise judgment in the application of its accounting policies. The estimates and assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. These estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

The significant judgements made by management in applying its accounting policies and the key sources of estimation uncertainty were the same as those applied to the annual financial statements for the year ended 31 December 2017.

5. SIGNIFICANT ACCOUNTING POLICIES AND FINANCIAL RISK MANAGEMENT

- 5.1 The accounting policies adopted in the preparation of these financial statements are consistent with those applied in the preparation of financial statements of the Bank for the year ended 31 December 2017.
- 5.2 The financial risk management objectives and policies adopted by the bank are consistent with those disclosed in the annual financial statements of the bank for the year ended 31 December 2017.

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	Note	30 September 2018 (Un-Audited) (Rupees in '000)	31 December 2017 (Audited) (Rupees in '000)
6 CASH AND BALANCE WITH SBP & NBP			
Cash in Hand - Local Currency		1,593,661	1,508,998
Balance with State Bank of Pakistan	6.1	2,121,984	1,882,288
Balance with National Bank of Pakistan	6.1	127,077	106,347
		<u>3,842,722</u>	<u>3,497,633</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.

		30 September 2018 (Un-Audited) (Rupees in '000)	31 December 2017 (Audited) (Rupees in '000)
7 BALANCE WITH OTHER BANKS / NBFIs/MFBs			
In Pakistan			
- Current accounts		120,825	16,046
- PLS deposit accounts		2,363,592	1,738,718
- Term deposit accounts		-	2,400,000
		<u>2,484,417</u>	<u>4,154,764</u>

7.1 This represents demand deposits with commercial banks carrying mark-up ranging from 4.00% to 7.9% (31 December 2017: 4.00% to 6.10%) per annum.

7.2 No TDR was booked by Treasury with any Commercial Bank as of September 30, 2018.

8 INVESTMENTS

Federal Government Securities - available-for-sale

Market Treasury Bills	4,978,051	6,768,610
Deficit on revaluation of assets	(876)	(1,301)
	<u>4,977,175</u>	<u>6,767,309</u>

8.1 These carry interest rates ranging between 5.8% to 7.75% (31 December 2017: 5.94% to 6.05%) per annum and have maturity upto 30 September 2018. These securities have an aggregate face value of Rs. 5,000 million (31 December 2017: Rs. 6,800 million).

		30-Sep-18 (Un-Audited)		31-Dec-17 (Audited)	
9 ADVANCES	Note	Number of loans	(Rupees in '000)	Number of loans	(Rupees in '000)
Micro credit					
- Secured		105,337	7,619,706	104,377	7,030,686
- Unsecured		554,837	25,219,940	431,036	17,971,827
		660,174	32,839,646	535,413	25,002,513
Less: Provision held					
- Specific	9.1	15,990	(169,283)	3,076	(61,759)
- General		-	(255,256)	-	(179,101)
			(424,540)		(240,860)
			32,415,107		24,761,653

9.1 Advances include Rs. 748.91 million (31 December 2017: Rs. 256.738 million) which have been placed under non-performing status as detailed below:

	30-Sep-18			31-Dec-17		
	Amount outstanding	Provision required	Provision held	Amount outstanding	Provision required	Provision held
	------(Rupees in '000)-----			------(Rupees in '000)-----		
OAEM	301,562	-	-	100,672	-	-
Substand	189,047	32,492	32,492	60,551	8,699	8,699
Doubtful	224,331	105,098	105,098	72,737	33,643	33,643
Loss	33,971	31,694	31,694	22,778	19,417	19,417
	<u>748,910</u>	<u>169,283</u>	<u>169,283</u>	<u>256,738</u>	<u>61,759</u>	<u>61,759</u>

10 OPERATING FIXED ASSETS

Property and equipment
Intangible assets
Capital work-in-progress - advance against purchase of fixed assets

30 September 31 December
2018 2017
(Un-Audited) (Audited)
(Rupees in '000)

1,786,490	1,600,088
150,164	69,645
127,689	59,827
<u>2,064,344</u>	<u>1,729,560</u>

10.1 Addition during the period - at cost

Improvements to leasehold buildings
Furniture and Fixtures
Electrical, office and computer equipments
Vehicles-owned
Intangible assets

30 September 30 September
2018 2017
(Un-Audited) (Un-Audited)
(Rupees in '000)

20,105	20,859
8,112	42,732
665,849	982,455
3,829	57,579
116,400	41,287
<u>814,295</u>	<u>1,144,912</u>

10.2 Deletion during the period - at cost

Electrical, office and computer equipments
Vehicles-owned
Vehicles-Leased

7,263	508
60,870	37,853
-	1,422
<u>68,133</u>	<u>39,783</u>

11 DEPOSITS AND OTHER ACCOUNTS

Current deposits
Fixed deposits
Saving deposits

30 September 31 December
2018 2017
(Un-Audited) (Audited)
(Rupees in '000)

10,360,487	14,366,579
18,115,968	18,125,078
10,496,622	4,173,270
<u>38,973,077</u>	<u>36,664,927</u>

11.1 Particulars of deposits by ownership

Individual depositors
Institutional depositors
- Corporations / firms etc
- Banks / financial institutions

21,023,531	24,529,096
10,429,701	5,838,150
7,519,844	6,297,681
<u>38,973,077</u>	<u>36,664,927</u>

12 SHARE CAPITAL

12.1 Authorised share capital

30 September 2018 (Un-Audited) (Number of shares in '000)	31 December 2017 (Audited)	
<u>450,000</u>	<u>270,000</u>	Ordinary shares of Rs.10

30 September 31 December
2018 2017
(Un-Audited) (Audited)
(Rupees in '000)

<u>4,500,000</u>	<u>2,700,000</u>
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12.2 Issued, subscribed and paid-up share capital

30 September 2018 (Un-Audited) (Number of shares in '000)	31 December 2017 (Audited)	
<u>228,534</u>	<u>134,694</u>	Ordinary shares of Rs.10

<u>2,285,339</u>	<u>1,346,939</u>
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12.3 During the period the Bank has issued right shares amounting to Rs. 938.4 million.

12.4 The Bank has increased its authorised share capital for the purpose of issuing further right shares amounting to Rs. 531.6 million.

Nine months ended September 30, 2018	Quarter ended September 30, 2018	Nine months ended September 30, 2017	Quarter ended September 30, 2017
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(Un-Audited)
(Rupees in '000)

13 MARK-UP / RETURN / INTEREST EARNED

On loans and advances	5,699,443	2,089,473	3,915,923	1,426,213
On available for sale investments	306,097	104,280	287,186	86,175
On deposits with financial institutions	81,117	31,067	67,231	21,760
On call money lendings	66,484	26,171	32,100	11,404
On repurchase agreement lendings	88,032	26,479	36,629	14,753
	<u>6,241,173</u>	<u>2,277,470</u>	<u>4,339,069</u>	<u>1,560,306</u>

14 MARK-UP / RETURN / INTEREST EXPENSED

On Deposits	1,842,220	665,689	1,258,419	455,525
On Borrowings	-	-	57	-
On Subordinated Debt	-	-	-	-
	<u>1,842,220</u>	<u>665,689</u>	<u>1,258,477</u>	<u>455,525</u>

15 FEE, COMMISSION AND BROKERAGE INCOME

Loan processing fee	518,936	178,910	377,932	126,415
Income from branchless banking	5,638,847	1,790,670	5,825,933	1,797,646
Others	14,198	4,292	19,078	4,798
	<u>6,171,981</u>	<u>1,973,872</u>	<u>6,222,944</u>	<u>1,928,859</u>

15.1 The Bank and Telenor Pakistan (Private) Limited entered into a service level agreement in 2017 as per which professional consultancy charges are to be paid by the Bank to Telenor Pakistan (Private) Limited against branchless banking services.

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:

	30 September 2018				31 December 2017			
	Directors and key management personnel	Telenor Pakistan B.V.	Others	Total	Directors and key management personnel	Telenor Pakistan B.V.	Others	Total
	(Un-Audited) (Rupees in '000)				(Audited) (Rupees in '000)			
Advances								
Opening balance	40,835	-	-	40,835	5,611	-	-	5,611
Addition during the period / year	18,968	-	-	18,968	44,859	-	-	44,859
Repaid during the period / year	(27,021)	-	-	(27,021)	(9,635)	-	-	(9,635)
Closing balance	32,782	-	-	32,782	40,835	-	-	40,835
Deposits								
Opening balance	14,907	-	847,239	862,146	17,445	-	527,527	544,972
Received during the period / year	19,188	-	22,124,124	22,143,312	49,609	-	23,089,428	23,139,037
Withdrawn during the period / year	(31,667)	-	(22,555,914)	(22,587,581)	(52,147)	-	(22,769,716)	(22,821,863)
Closing balance	2,428	-	415,449	417,877	14,907	-	847,239	862,146
Other Liabilities								
Payable against branchless banking transactions	-	-	297,022	297,022	-	-	302,460	302,460
Mark-up payable	-	-	17,697	17,697	37	-	53,741	53,778
Accrued Expenses	-	-	693,393	693,393	5,611	-	874,017	879,628
Miscellaneous payable	-	-	-	-	-	-	907,991	907,991
Payable to defined benefit plan	-	-	16,083	16,083	-	-	23,411	23,411
Payable to defined contribution plan	-	-	30,594	30,594	-	-	12,661	12,661
Closing balance	-	-	1,054,791	1,054,791	5,648	-	2,174,281	2,179,929
Other Assets								
Other receivable	-	6,028	58,287	64,315	-	3,215	58,487	61,702
	30 September 2018 (Un-Audited) (Rupees in '000)				30 September 2017 (Un-Audited) (Rupees in '000)			
Expenses								
Mark-up expense	-	-	35,781	35,781	-	-	56,980	56,980
Communication expenses	-	-	28,822	28,822	-	-	1,399	1,399
Contribution to defined contribution plan	-	-	101,420	101,420	-	-	89,598	89,598
Charge for defined benefit plan	-	-	125,248	125,248	-	-	188,243	188,243
	-	-	291,271	291,271	-	-	336,220	336,220

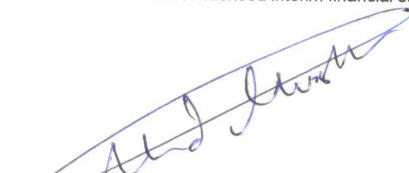
17. GENERAL

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 September 2018 and 30 September 2017 have neither been subjected to audit nor limited scope review by the auditors.

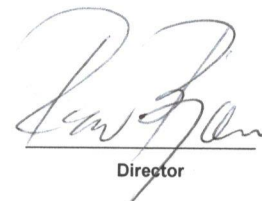
18. DATE OF AUTHORISATION FOR ISSUE

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


President & Chief
Executive Officer


Chairman


Director


Director