

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 Condensed Interim  
Financial Statements for the  
Nine Months Ended  
September 30, 2014

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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, 2014.

	Nine months ended September 30, 2014	Nine months ended September 30, 2013
-----Rupees in 000's-----		
<b>Profit before provisions and taxation</b>	<b>724,041</b>	423,392
Provision against loans and advances	<b>(10,155)</b>	(8,173)
Bad debts written off directly-net of recoveries	<b>(10,598)</b>	(20,578)
	<b>(20,753)</b>	(28,751)
<b>Profit before taxation</b>	<b>703,288</b>	394,641
Taxation	<b>(244,088)</b>	(89,415)
<b>Profit After Taxation</b>	<b>459,200</b>	305,226
<b>Earnings per share</b>	<b>3.41</b>	2.27

During the nine months ended September 30, 2014, the Bank's made profit before taxation stood at Rs. 703.288 million as compared to Rs. 394.641 million for the previous corresponding period, registering a sound increase of 78.21%.

Net interest income of the bank increased by 54% to reach Rs. 1,588.825 million as compared to Rs. 1,030.503 million in corresponding period last year. Non markup income has registered an impressive growth of 40% to reach at Rs. 963.820 million.

Gross Advances increased by 9% to reach Rs.9,079.609 million as at September 30, 2014. Deposits grew by 16% to reach Rs. 12,327.578 million.

We continue to strengthen our presence in the markets place as of September 30, 2014 we operate through 57 Branches and 87 Services Centre nationwide and continued to upgrade its touch point infrastructure to provide a better customer experience.

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: 30, October 2014  
Place: Karachi

# Corporate Information

## **Corporate Information**

### **Board of Directors**

Ms. Tine Gottlob Wollebakk	Chairperson
Mr. Nadeem Hussain	Chief Executive Officer & President
Mr. Irfan Wahab Khan	Director
Mr. Roar Bjaerum	Director
Mr. Salim Raza	Director
Mr. Nizar Noor Muhammad	Director
Casual Vacancy	

### **Chief Financial Officer & Company Secretary**

Mr. Kabeer Naqvi

### **Human Resource Management & Planning Committee**

Mr. Nizar Noor Muhammad	Acting Chairman
Mr. Irfan Wahab Khan	Member
Casual Vacancy	

### **Branchless Banking Steering Committee**

Mr. Irfan Wahab Khan	Chairman
Mr. Nadeem Hussain	Member
Mr. Roar Bjaerum	Member
Ms. Tine Gottlob Wollebakk	Member
Mr. Nizar Noor Mohammed	Member
Mr. Salim Raza	Member
Casual Vacancy	

### **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
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### **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)

# CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)

AS AT SEPTEMBER 30, 2014

	Note	September 30 2014 (Un-Audited)	December 31 2013 (Audited)
------(Rupees in '000)-----			
<b>ASSETS</b>			
Cash and balances with State Bank of Pakistan and National Bank of Pakistan	5	1,299,864	1,225,227
Balances with other banks	6	1,105,252	571,006
Lending to financial institutions		-	-
Investments	7	4,287,373	3,471,857
Advances- net of provisions	8	9,049,028	8,311,128
Operating fixed assets	9	560,932	480,237
Other assets		1,152,273	1,131,244
Deferred tax assets - net		-	-
		<b>17,454,720</b>	<b>15,190,699</b>
<b>LIABILITIES</b>			
Deposits and other accounts	10	12,327,578	10,627,546
Borrowings	11	333,406	501,280
Subordinated debt	12	496,229	989,757
Other liabilities		1,663,515	854,124
Deferred tax liabilities		18,122	8,567
		<b>14,838,849</b>	<b>12,981,274</b>
<b>NET ASSETS</b>		<b>2,615,871</b>	<b>2,209,425</b>
<b>REPRESENTED BY:</b>			
Share capital		1,346,939	1,346,939
Reserves		763,121	641,705
Accumulated Profit		489,904	205,787
		<b>2,599,964</b>	<b>2,194,431</b>
Surplus on revaluation of assets - net of tax		(1,277)	(1,388)
Deffered Grants		17,184	16,382
		<b>2,615,871</b>	<b>2,209,425</b>

## 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



Director

## CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2014

Note	Nine months ended September 30, 2014	Quarter ended September 30, 2014	Nine months ended September 30, 2013	Quarter ended September 30, 2013
----- (Rupees in '000) -----				
Mark-up / return / interest earned	13 <b>2,167,629</b>	<b>756,397</b>	1,832,628	660,751
Mark-up / return / interest expensed	14 <b>(578,804)</b>	<b>(193,979)</b>	(802,124)	(256,025)
<b>Net mark-up / return / interest income</b>	<b>1,588,825</b>	<b>562,418</b>	1,030,504	404,726
Provision against non-performing loans and advances	<b>(10,155)</b>	<b>(4,124)</b>	(8,173)	(4,066)
Provision for diminution in the value of investments - net	-	-	-	-
Bad debts written off directly	<b>(10,598)</b>	<b>(3,600)</b>	(20,578)	(7,422)
	<b>(20,753)</b>	<b>(7,724)</b>	(28,751)	(11,488)
<b>Net mark-up / return / interest income after provisions</b>	<b>1,568,072</b>	<b>554,695</b>	1,001,753	393,238
<b>NON MARK-UP / INTEREST INCOME</b>				
Fee, commission and brokerage income	15 <b>900,401</b>	<b>320,548</b>	638,356	232,091
Dividend income	-	-	-	-
Other income	<b>63,419</b>	<b>27,573</b>	50,551	14,404
<b>Total non mark-up / interest income</b>	<b>963,820</b>	<b>348,121</b>	688,907	246,495
	<b>2,531,892</b>	<b>902,815</b>	1,690,660	639,733
<b>NON MARK-UP / INTEREST EXPENSES</b>				
Administrative expenses	<b>(1,755,382)</b>	<b>(639,972)</b>	(1,279,123)	(452,817)
Other provisions / write-offs	<b>(58,865)</b>	<b>(32,596)</b>	(8,842)	(6,799)
Other charges	<b>(14,358)</b>	<b>(4,610)</b>	(8,054)	(3,602)
<b>Total non mark-up / interest expenses</b>	<b>(1,828,605)</b>	<b>(677,178)</b>	(1,296,019)	(463,218)
	<b>703,288</b>	<b>225,637</b>	394,641	176,515
Extraordinary / unusual items	-	-	-	-
<b>Profit before taxation</b>	<b>703,288</b>	<b>225,637</b>	394,641	176,515
<b>TAXATION</b>				
- Current	<b>(234,244)</b>	<b>(76,810)</b>	(25,215)	(9,072)
- Prior years	-	-	-	-
- Deferred	<b>(9,844)</b>	-	(64,200)	-
	<b>(244,088)</b>	<b>(76,810)</b>	(89,415)	(9,072)
<b>PROFIT AFTER TAXATION</b>	<b>459,200</b>	<b>148,827</b>	305,226	167,443
	----- Rupees -----			
<b>Basic and diluted earnings per share</b>	<b>3.41</b>	<b>1.10</b>	2.27	1.24

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

  
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**President &  
Chief Executive Officer**

  
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**Director**

## CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2014

	Nine months ended September 30, 2014	Quarter ended September 30, 2014	Nine months ended September 30, 2013	Quarter ended September 30, 2013
	(Rupees in '000)			
Net profit for the period	459,200	148,827	305,226	167,443
Other comprehensive income not to be reclassified to profit and loss account in subsequent periods				
Actuarial loss on defined benefit plan	(2,897)	-	-	-
Effect of taxation	683	-	-	-
	(2,214)	-	-	-
<b>Total comprehensive income / (loss) for the period</b>	<b>456,986</b>	<b>148,827</b>	<b>305,226</b>	<b>167,443</b>

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



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**President &  
 Chief Executive Officer**



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**Director**

# CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2014

	September 30 2014	September 30 2013
	----- (Rupees in '000) -----	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	703,288	394,641
Adjustments:		
Depreciation and amortisation	113,112	83,661
Grant income recognised	(14,508)	4,065
Reversal / provision against non-performing advances	20,753	28,751
Loss/Gain on sale of operating fixed asset	(1,690)	(354)
Amortisation of discount on investments	(205,409)	(240,297)
Finance charges on leased assets	1,259	1,450
Loss on derrivative financial instruments	-	-
Provision for gratuity fund	24,692	21,052
Other provisions	58,865	8,842
	(2,926)	(92,830)
<b>(Increase) / decrease in operating assets</b>		
Advances	(764,552)	(1,333,991)
Other assets (excluding advance taxation)	(21,029)	(236,687)
	(785,581)	(1,570,678)
<b>Increase / (decrease) in operating liabilities</b>		
Deposits and other accounts	1,700,032	939,590
Other liabilities (excluding current taxation)	809,391	173,363
	2,509,423	1,112,953
Income tax paid Advance Tax	(45,013)	(20,633)
Payment to employee gratuity fund	(23,204)	(18,378)
<b>Net cash flow from operating activities</b>	<u>2,355,986</u>	<u>(194,925)</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of investments in available-for-sale securities	(20,209,790)	(31,163,986)
Investments in operating fixed assets	(201,414)	(184,099)
Sale proceed from disposal of available-for-sale securities	19,357,152	32,999,562
Sale proceed from disposal of operating fixed assets	9,299	6,043
<b>Net cash flow from investing activities</b>	<u>(1,044,753)</u>	<u>1,657,520</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Payments of lease obligation	(7,325)	(4,300)
Borrowing from financial institution	(167,874)	(779,115)
Subordinated debt	(493,528)	13,307
Cash dividend paid to shareholders	(48,934)	-
Grant received	15,310	156
<b>Net cash flow from financing activities</b>	<u>(702,352)</u>	<u>(769,952)</u>
	<u>608,882</u>	<u>692,643</u>
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>2,405,115</u>	<u>2,350,285</u>
<b>CASH AND CASH EQUIVALENTS</b>		
Cash and balances with SBP and NBP	1,299,864	1,010,565
Balances with other Banks / NBFIs / MFBs	1,105,252	1,339,720
	<u>2,405,115</u>	<u>2,350,285</u>



**President &  
Chief Executive Officer**



**Director**



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

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2014

	Share capital	Capital reserves			Accumulated loss	Total
		Share premium	Statutory reserve	Depositors' Protection Fund		
----- (Rupees in '000) -----						
<b>Balance as at 01 January 2013</b>	<b>1,346,939</b>	<b>343,469</b>	<b>151,590</b>	<b>45,552</b>	<b>(61,041)</b>	<b>1,826,509</b>
Net Profit / (loss) for the period	-	-	-	-	305,226	305,226
Other comprehensive income / (loss)	-	-	-	-	-	-
Total comprehensive income / (loss) for the year	-	-	-	-	305,226	305,226
Transfer to statutory reserve *			61,116		(61,116)	-
Contribution to Depositors' Protection Fund **				19,156	(19,156)	-
<b>Balance as at 30 Sep 2013</b>	<b>1,346,939</b>	<b>343,469</b>	<b>212,706</b>	<b>64,708</b>	<b>163,913</b>	<b>2,131,736</b>
Net Profit / (loss) for the period	-	-	-	-	76,529	76,529
Other comprehensive income / (loss)	-	-	-	-	(13,833)	(13,833)
Total comprehensive income / (loss) for the year	-	-	-	-	62,696	62,696
Transfer to statutory reserve *			15,306		(15,306)	-
Contribution to Depositors' Protection Fund **				5,516	(5,516)	-
<b>Balance as at 31 Dec 2013</b>	<b>1,346,939</b>	<b>343,469</b>	<b>228,012</b>	<b>70,224</b>	<b>205,787</b>	<b>2,194,432</b>
Net Profit / (loss) for the period	-	-	-	-	459,200	459,200
Other comprehensive income	-	-	-	-	(2,214)	(2,214)
Total comprehensive income for the period	-	-	-	-	456,986	456,986
Interim Cash Dividend - 31 March 2014 at the rate of Re.0.38 per share					(51,453)	(51,453)
Transfer to statutory reserve *	-	-	91,840	-	(91,840)	-
Contribution to Depositors' Protection Fund **	-	-	-	29,576	(29,576)	-
<b>Balance as at 30 Sep 2014</b>	<b>1,346,939</b>	<b>343,469</b>	<b>319,852</b>	<b>99,800</b>	<b>489,904</b>	<b>2,599,964</b>

\* 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 financial statements.



**President &  
Chief Executive Officer**



**Director**

# NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 30 SEP 2014

## 1. STATUS AND NATURE OF BUSINESS

1.1 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, Central Commercial Area, K.C.H.S. Union, Karachi. The Bank's principal business is to provide microfinance 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. STATEMENT OF COMPLIANCE

These interim condensed 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 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 and the said directives have been followed.

These interim condensed financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the annual financial statements of the Bank as at 31 December 2013.

## 3. BASIS OF MEASUREMENT

3.1 These interim condensed financial statements have been prepared under historical cost convention except for available for sale investments which are measured at fair value.

3.2 These interim condensed financial statements have been presented in Pakistani Rupees, which is the Bank's functional and presentation currency.

## 4. SIGNIFICANT ACCOUNTING POLICIES AND FINANCIAL RISK MANAGEMENT

4.1 The accounting policies adopted for the preparation of these interim condensed financial statements are the same as those applied in the preparation of the annual financial statements for the year ended December 31, 2013, except as follows:

### **New, Amended And Revised Standards And Interpretations of IFRSs**

The Bank has adopted the following revised standards, amendments and interpretation of IFRSs which became effective during the period:

IAS 32 – Financial Instruments : Presentation – (Amendment)

IAS 36 – Impairment of Assets – (Amendment)

IFRIC 21 – Levies

IFAS 3 – Profit and Loss Sharing on Deposits

The adoption of the above standards / amendments did not have any effect on the interim condensed financial statements.

4.2 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 2013.

# NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 30 SEP 2014

	Note	September 30 2014 (Un-Audited)	December 31 2013 (Audited)
------(Rupees in '000)-----			
<b>5</b>	<b>CASH AND BALANCE WITH SBP &amp; NBP</b>		
	Cash in Hand - Local Currency	586,272	374,334
	Balance with State Bank of Pakistan	5.1 667,190	821,266
	Balance with National Bank of Pakistan	5.1 46,401	29,626
		<u>1,299,864</u>	<u>1,225,227</u>

5.1 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.

	Note	September 30 2014 (Un-Audited)	December 31 2013 (Audited)
------(Rupees in '000)-----			
<b>6</b>	<b>BALANCE WITH OTHER BANKS / NBFIs/MFBs</b>		
	In Pakistan		
	- Current accounts	15,177	6,718
	- PLS deposit accounts	990,074	414,288
	- Term deposit accounts	100,000	150,000
		<u>1,105,252</u>	<u>571,006</u>

<b>7</b>	<b>INVESTMENTS</b>		
	<b>Federal Government Securities - available-for-sale</b>		
	Market Treasury Bills	7.1 4,289,003	3,473,994
	Deficit on revaluation of assets	(1,630)	(2,136)
		<u>4,287,373</u>	<u>3,471,857</u>

7.1 These carry interest rates ranging between 9.87% to 9.96% (2013: 9.75% to 10.30%) per annum and will mature upto Nov 2014. These securities have an aggregate face value of Rs. 4,325 million (2013: Rs. 3,500 million).

	Note	September 30, 2014 (Un-Audited)		December 31, 2013 (Audited)	
		Number of loans	(Rupees in '000)	Number of loans	(Rupees in '000)
<b>8</b>	<b>ADVANCES</b>				
	Micro credit				
	- Secured	99,923	6,709,410	94,998	6,667,472
	- Unsecured	123,582	2,370,199	102,813	1,664,082
		<u>223,505</u>	<u>9,079,609</u>	<u>197,811</u>	<u>8,331,554</u>
	Less: Provision held				
	- Specific	8.1 1,685	(3,909)	189	(1,533)
	- General	-	(26,672)	-	(18,893)
			<u>(30,581)</u>		<u>(20,426)</u>
			<u>9,049,028</u>		<u>8,311,128</u>

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 30 SEP 2014

- 8.1** Advances include Rs. 433.670 million (31 December 2013: Rs. 49.489 million) which have been placed under non-performing status as detailed below:

	Sep 30, 2014			Dec 31, 2013		
	Amount outstanding	Provision required	Provision held	Amount outstanding	Provision required	Provision held
	------(Rupees in '000)-----			------(Rupees in '000)-----		
OAEM	312,891	-	-	41,685	-	-
Substandard	76,157	945	945	4,202	58	58
Doubtful	43,498	2,620	2,620	2,340	477	477
Loss	1,124	344	344	1,262	998	998
	<u>433,670</u>	<u>3,909</u>	<u>3,909</u>	<u>49,489</u>	<u>1,533</u>	<u>1,533</u>

September 30 2014 (Un-Audited)	December 31 2013 (Audited)
------(Rupees in '000)-----	

### 9 OPERATING FIXED ASSETS

Property and equipment	481,607	406,055
Intangible assets	36,975	32,407
Capital work-in-progress - advance against purchase of fixed assets	42,350	41,775
	<u>560,932</u>	<u>480,237</u>

September 30 2014 (Un-Audited)	September 30 2013 (Un-Audited)
------(Rupees in '000)-----	

#### 9.1 Addition during the period - at cost

Improvements to leasehold buildings	36,265	20,136
Furniture and Fixtures	30,456	20,969
Electrical, office and computer equipments	95,017	70,023
Vehicles-owned	19,355	39,329
Intangible assets	19,746	2,217
	<u>200,839</u>	<u>152,674</u>

#### 9.2 Deletion during the period - at cost

Furniture and Fixtures	291	-
Electrical, office and computer equipments	103	5,807
Vehicles-owned	9,119	9,884
Vehicles-Leased	5,230	701
	<u>14,744</u>	<u>16,392</u>

# NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 30 SEP 2014

	Note	September 30 2014 (Un-Audited)	December 31 2013 (Audited)
----- (Rupees in '000) -----			
<b>10 DEPOSITS AND OTHER ACCOUNTS</b>			
Current deposits		6,669,172	4,823,720
Fixed deposits		4,592,973	4,966,394
Saving deposits		1,065,432	837,432
		<u>12,327,578</u>	<u>10,627,546</u>
<b>10.1 Particulars of deposits by ownership</b>			
Individual depositors		10,110,821	9,141,036
Institutional depositors			
- Corporations / firms etc		2,177,499	1,352,630
- Banks / financial institutions		39,257	133,880
		<u>12,327,578</u>	<u>10,627,546</u>
<b>11 BORROWINGS</b>			
Banks / financial Institutions inside Pakistan		333,406	501,280
		<u>333,406</u>	<u>501,280</u>
<b>Detail of borrowings</b>			
<b>Unsecured</b>			
Microfinance Credit Guarantee Facility (MCGF)	11.1	335,139	503,750
Unamortised transaction cost		(1,733)	(2,470)
		<u>333,406</u>	<u>501,280</u>
<b>11.1</b> 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% (2013: 6 months' KIBOR plus 2%) and are repayable in fixed installments over a period of 2-5 years.			
<b>12 SUBORDINATED DEBT - listed</b>			
Term Finance Certificate (TFCs) - I		-	498,800
Unamortised transaction cost		-	(987)
		-	497,813
Term Finance Certificate (TFCs) - II		497,900	498,800
Unamortised transaction cost		(1,671)	(6,856)
		496,229	491,944
		<u>496,229</u>	<u>989,757</u>

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 30 SEP 2014

Note	Nine months ended September 30, 2014	Quarter ended September 30, 2014	Nine months ended September 30, 2013	Quarter ended September 30, 2013
----- Rupees in '000 ----- ----- Un-Audited) -----				
<b>13</b>	<b>MARK-UP / RETURN / INTEREST EARNED</b>			
On loans and advances	1,858,193	618,737	1,510,988	558,918
On available for sale investments	205,409	106,204	240,297	71,357
On deposits with financial institutions	52,433	19,893	44,946	20,668
On call money lendings	17,711	2,819	18,166	3,674
On repurchase agreement lendings	33,883	8,744	18,231	6,134
	<u>2,167,629</u>	<u>756,397</u>	<u>1,832,628</u>	<u>660,751</u>
<b>14</b>	<b>MARK-UP / RETURN / INTEREST EXPENSED</b>			
On Deposits	479,741	163,277	610,850	201,982
On Borrowings	41,875	13,261	84,619	18,491
On Subordinated Debt	57,189	17,441	106,655	35,552
	<u>578,804</u>	<u>193,979</u>	<u>802,124</u>	<u>256,025</u>
<b>15</b>	<b>FEE, COMMISSION AND BROKERAGE INCOME</b>			
Loan processing fee	225,188	84,689	140,085	49,707
Income from branchless banking	666,587	234,109	484,134	176,451
Others	8,626	1,750	14,137	5,933
	<u>900,401</u>	<u>320,548</u>	<u>638,356</u>	<u>232,091</u>

**15.1** Represents income from branchless banking operations (Easypaisa) 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 Easypaisa is shared between the Bank and the holding company at the ratio of 14% and 86% (2013: 14%:86%) respectively.

**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 Interim Condensed financial statements, are summarised as follows:

# NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 30 SEP 2014

	September 30, 2013				December 31, 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)-----			
<b>Advances</b>								
At 01 January	-	31,614	-	31,614	-	22,469	-	22,469
Given during the period	-	16,149	-	16,149	-	16,568	-	16,568
Repaid during the period	-	(19,498)	-	(19,498)	-	(7,423)	-	(7,423)
At 30th Sep'14 / 31st Dec'13	-	28,265	-	28,265	-	31,614	-	31,614
<b>Deposits</b>								
At 01 January	99,868	2,305	233,789	335,962	200,972	6,586	17,498	225,056
Received during the period	37,866,497	336,741	151,739	38,354,976	25,220,894	7,450	233,506	25,461,850
Withdrawn during the period	(37,775,426)	(333,953)	(159,128)	(38,268,507)	(25,321,998)	(11,731)	(17,215)	(25,350,944)
At 30th Sep'14 / 31st Dec'13	190,939	5,092	226,400	422,431	99,868	2,305	233,789	335,962
<b>Other Liabilities</b>								
Payable against branchless banking transactions	158,405	-	-	158,405	147,070	-	-	147,070
Mark-up payable	872	-	-	872	417	-	11,273	11,690
Accrued Expenses	14,631	-	-	14,631	13,550	-	-	13,550
At 30th Sep'14 / 31st Dec'13	173,908	-	-	173,908	161,037	-	11,273	172,310

	September 30, 2014 (Un-Audited)				September 30, 2013 (Un-Audited)			
	------(Rupees in '000)-----				------(Rupees in '000)-----			
<b>Expenses</b>								
Rent and taxes	6,800	-	-	6,800	7,650	-	-	7,650
Mark-up expense	6,692	-	487	7,178	8,388	-	127	8,515
Communication expenses	4,469	-	-	4,469	2,887	-	-	2,887
Deposit Mobilization Commission	74,403	-	-	74,403	42,370	-	-	42,370
Period ended 30 Sep	92,363	-	487	92,850	61,295	-	127	61,422

## 17 GENERAL

17.1 Figures have been rounded off to the nearest thousand rupees.

## 18 DATE OF AUTHORISATION

These interim condensed financial statements were authorised for issue by the Board of Directors in their meeting held on 30, October 2014.



President &  
Chief Executive Officer



Director