



KPMG Taseer Hadi & Co.
Chartered Accountants

Telenor Micro Finance Bank Limited

**Condensed Interim Financial
Information (Unaudited)**

**For the six months period ended
30 June 2017**



KPMG Taseer Hadi & Co.
Chartered Accountants
Sheikh Sultan Trust Building No. 2
Beaumont Road
Karachi, 75530 Pakistan

Telephone + 92 (21) 3568 5847
Fax + 92 (21) 3568 5095
Internet www.kpmg.com.pk

Auditors' Report to Members on Review of Interim Financial Information

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **Telenor Micro Finance Bank Limited** ("the Bank") as at 30 June 2017 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the accounts for the six months period then ended (here-in-after referred to as the "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Other Matter

The figures for the quarters ended 30 June 2017 and 30 June 2016 in the condensed interim profit and loss account and the condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

Date: 17 August 2017

Karachi

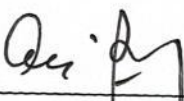

KPMG Taseer Hadi & Co.
Chartered Accountants
Mazhar Saleem


Telenor Micro Finance Bank Limited (Formerly Tameer Micro Finance Bank Limited)
 Condensed Interim Statement of Financial Position (Un-audited)
 As at 30 June 2017

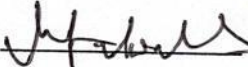
	Note	30 June 2017 (Un-Audited) (Rupees in '000)	31 December 2016 (Audited)
ASSETS			
Cash and balances with State Bank of Pakistan and National Bank of Pakistan		2,562,233	3,116,926
Balances with other banks	6	2,573,008	2,558,937
Lending to financial institutions	7	80,000	323,215
Investments	8	7,363,256	11,568,227
Advances- net of provisions	9	20,236,315	15,835,248
Operating fixed assets	10	1,705,798	1,041,611
Other assets	11	4,177,872	1,844,687
Deferred tax asset - net	12	20,830	14,795
		38,719,312	36,303,646
LIABILITIES			
Deposits and other accounts	13	29,147,083	27,829,780
Borrowings		-	-
Subordinated debt		-	-
Other liabilities	14	4,658,005	3,887,957
Deferred tax liability - net		-	-
		33,805,088	31,717,737
NET ASSETS		4,914,224	4,585,909
REPRESENTED BY:			
Share capital		1,346,939	1,346,939
Reserves		1,372,592	1,286,756
Unappropriated profit		2,173,275	1,943,880
		4,892,806	4,577,575
Deficit on revaluation of assets - net of deferred tax		(939)	(1,527)
Deferred grants		22,357	9,861
		4,914,224	4,585,909
MEMORANDUM / OFF BALANCE SHEET ITEMS			
	15		

The annexed notes 1 to 22 form an integral part of these condensed interim financial statements.

LMC-17


 President & Chief
 Executive Officer


 Chairman


 Director

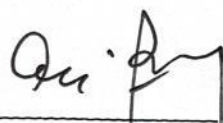

 Director


Telenor Micro Finance Bank Limited (Formerly Tameer Micro Finance Bank Limited)
 Condensed Interim Profit and Loss Account (Un-audited)
 For the half year and quarter ended 30 June 2017

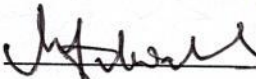
	Note	Half year ended		Quarter ended	
		30 June 2017	30 June 2016	30 June 2017	30 June 2016
		(Rupees in '000)		(Rupees in '000)	
Mark-up / return / interest earned	16	2,778,765	2,005,802	1,450,551	1,034,511
Mark-up / return / interest expensed	17	(802,951)	(329,612)	(403,870)	(194,222)
Net mark-up / return / interest income		1,975,814	1,676,190	1,046,681	840,289
Provision against non-performing loans and advances	9.2	(77,760)	(25,997)	(44,906)	(11,333)
Provision for diminution in the value of investments		-	-	-	-
Bad debts written off directly		(12,262)	(13,688)	(3,663)	(12,428)
		(90,022)	(39,685)	(48,569)	(23,761)
Net mark-up / return / interest income after provisions		1,885,792	1,636,505	998,112	816,528
NON MARK-UP / NON INTEREST INCOME					
Fee, commission and brokerage income	18	4,294,085	738,285	2,296,297	375,461
Dividend income		-	-	-	-
Other income		62,267	69,044	28,990	37,808
Total non-mark-up / non-interest income		4,356,352	807,329	2,325,287	413,269
		6,242,144	2,443,834	3,323,399	1,229,797
NON MARK-UP / NON INTEREST EXPENSES					
Administrative expenses	19	(5,698,242)	(1,675,592)	(2,902,649)	(881,824)
Other provisions / write-offs		(7,745)	-	(7,745)	-
Other charges		(11,011)	(15,365)	(8,596)	(6,962)
Total non-mark-up / non-interest expenses		(5,716,998)	(1,690,957)	(2,918,990)	(888,786)
		525,146	752,877	404,409	341,011
Extraordinary / unusual items		-	-	-	-
PROFIT BEFORE TAXATION		525,146	752,877	404,409	341,011
Taxation - Current		(172,310)	(220,834)	(138,716)	(89,080)
- Prior years		(43,894)	(38,813)	(43,894)	(38,813)
- Deferred		6,289	(13,832)	(3,943)	(13,832)
PROFIT AFTER TAXATION		315,231	479,398	217,856	199,286
Basic and diluted earnings per share - Rupees		2.34	3.56	1.62	1.48

The annexed notes 1 to 22 form an integral part of these condensed interim financial statements.

Amir


 President & Chief
 Executive Officer


 Chairman


 Director

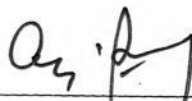

 Director


Telenor Micro Finance Bank Limited (Formerly Tameer Micro Finance Bank Limited)
 Condensed Interim Cash Flow Statement (Un-audited)
 For the half year ended 30 June 2017

	30 June 2017	30 June 2016
	(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	525,146	752,877
Adjustments:		
Depreciation and amortisation	167,209	99,445
Finance charges on leased assets	-	452
Provision against non-performing advances - net	90,022	39,685
Provision for gratuity	151,827	3,943
Other provisions	7,745	-
Amortisation of discount on investments	(201,012)	(87,066)
Grant income	(2,817)	(18,654)
Gain on sale of operating fixed assets	(161)	(3,064)
	212,813	34,741
(Increase) / decrease in operating assets		
Lending to financial institutions	243,215	(2,677,032)
Advances	(4,471,442)	(1,595,583)
Other assets (excluding advance taxation)	(2,291,540)	(209,982)
	(6,519,767)	(4,482,597)
Increase in operating liabilities		
Deposits and other accounts	1,317,303	6,993,907
Other liabilities (excluding current taxation)	770,047	800,552
	2,087,350	7,794,459
Income tax paid	(262,774)	(225,358)
Payment to employee gratuity fund	(137,942)	(36,169)
Net cash (used in) / generated from operating activities	(4,095,174)	3,837,953
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of investments in available-for-sale securities	(20,496,645)	(10,401,647)
Investments in operating fixed assets	(831,493)	(162,193)
Sale proceeds from disposal of available-for-sale securities	24,864,303	9,403,695
Sale proceeds from disposal of operating fixed assets	3,073	9,244
Net cash generated from / (used in) investing activities	3,539,238	(1,150,901)
CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of borrowing from financial institutions	-	(51,965)
Grant received	15,314	-
Net cash generated from / (used in) financing activities	15,314	(51,965)
Increase in cash and cash equivalents during the period	(540,622)	2,635,087
Cash and cash equivalents at beginning of the period	5,675,863	2,706,528
Cash and cash equivalents at end of the period	5,135,241	5,341,615


The annexed notes 1 to 22 form an integral part of these condensed interim financial statements.

2017.06.30


 President & Chief
 Executive Officer


 Chairman


 Director


 Director


Telenor Micro Finance Bank Limited (Formerly Tameer Micro Finance Bank Limited)
 Condensed Interim Statement of Other Comprehensive Income (Un-audited)
 For the half year and quarter ended 30 June 2017

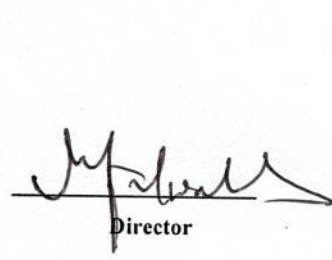
	Half year ended		Quarter ended	
	30 June 2017 (Rupees in '000)	30 June 2016	30 June 2017 (Rupees in '000)	30 June 2016
Profit after taxation for the period	315,231	479,398	217,856	199,286
Other comprehensive income: <i>Items that are not to be reclassified to profit and loss account in subsequent periods</i>				
Remeasurement of defined benefit plan	-	11,491	-	11,491
Related tax impact	-	(3,447)	-	(3,447)
	-	8,044	-	8,044
Comprehensive income for the period transferred to equity	315,231	487,442	217,856	207,330
Comprehensive income for the period not transferred to equity <i>Items that may be reclassified to profit and loss account in subsequent periods</i>				
Surplus on revaluation of 'available for sale investments'	844	729	899	304
Related tax impact	(253)	(231)	(270)	(230)
	591	498	629	74
Total comprehensive income for the period - net of tax	315,822	487,940	218,485	207,404


The annexed notes 1 to 22 form an integral part of these condensed interim financial statements.

Basim


 President & Chief
 Executive Officer


 Chairman


 Director


 Director

Telenor Micro Finance Bank Limited (Formerly Tameer Micro Finance Bank Limited)
 Condensed Interim Statement of Changes in Equity (Un-audited)
 For the half year ended 30 June 2017

	Capital reserves				Unappropriated profit	Total
	Share capital	Share premium	Statutory reserve	Depositors' protection fund		
	(Rupees in '000)					
Balance as at 01 January 2016 (Audited)	1,346,939	343,469	540,059	167,424	1,260,896	3,658,787
Transactions with owners for the period						
Total comprehensive income for the period						
Profit after taxation for the period	-	-	-	-	479,398	479,398
Other comprehensive income - net of tax	-	-	-	-	8,044	8,044
Total comprehensive income for the period	-	-	-	-	487,442	487,442
Transfer to statutory reserve *	-	-	95,880	-	(95,880)	-
Contribution to depositors' protection fund **	-	-	-	29,684	(29,684)	-
Balance as at 30 June 2016 (Un-Audited)	1,346,939	343,469	635,939	197,108	1,622,774	4,146,229
Total comprehensive income for the period						
Profit after taxation for the period	-	-	-	-	415,956	415,956
Other comprehensive income - net of tax	-	-	-	-	15,390	15,390
Total comprehensive income for the period	-	-	-	-	431,346	431,346
Transfer to statutory reserve *	-	-	83,191	-	(83,191)	-
Contribution to depositors' protection fund **	-	-	-	27,049	(27,049)	-
Balance as at 31 December 2016 (Audited)	1,346,939	343,469	719,130	224,157	1,943,880	4,577,575
Total comprehensive income for the period						
Profit after taxation for the period	-	-	-	-	315,231	315,231
Other comprehensive income - net of tax	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	315,231	315,231
Transfer to statutory reserve *	-	-	63,046	-	(63,046)	-
Contribution to depositors' protection fund **	-	-	-	22,790	(22,790)	-
Balance as at 30 June 2017 (Un-Audited)	1,346,939	343,469	782,176	246,947	2,173,275	4,892,806

* 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 22 form an integral part of these condensed interim financial statements.

EMCB


 President & Chief Executive Officer


 Chairman


 Director


 Director

Telenor Micro Finance Bank Limited (*Formerly Tameer Micro Finance Bank Limited*)

Notes to the Condensed Interim Financial Statements (Un-audited)

For the half year ended 30 June 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'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 period, Telenor Group (Telenor Pakistan B.V. a joint stock company based in Amsterdam) acquired 50.99% shareholding of the Bank from Telenor Pakistan (Private) Limited. Telenor Group now owns 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 2016.

N.M.L.F.

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 2016.
- 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 2016.

	Note	30 June 2017 (Un-Audited)	31 December 2016 (Audited)
(Rupees in '000)			
6. BALANCES WITH OTHER BANKS			
In Pakistan			
- Current accounts		118,840	7,914
- PLS deposit accounts	6.1	1,754,168	1,351,023
- Term deposit accounts	6.2	700,000	1,200,000
		<u>2,573,008</u>	<u>2,558,937</u>

6.1 This represents demand deposits with commercial banks carrying mark-up ranging from 4.00% to 6.10% (31 December 2016: 4.00% to 6.10%) per annum.

6.2 This represents term deposits with commercial banks carrying mark-up at a rate of 6.50% (31 December 2016: 6.35% to 7.00%) per annum and will mature by 1 August 2017.

7. LENDING TO FINANCIAL INSTITUTIONS

Call money lending	7.1	80,000	-
Repurchase agreement lendings (reverse repo)		-	323,215
		<u>80,000</u>	<u>323,215</u>

7.1 This represents unsecured lending carrying mark-up at a rate of 6.05% (31 December 2016: Nil) per annum and will mature by 4 July 2017.

8. INVESTMENTS

Federal Government Securities - available-for-sale

Market Treasury Bills		7,364,594	11,570,409
Deficit on revaluation of assets		(1,338)	(2,182)
		<u>7,363,256</u>	<u>11,568,227</u>

8.1 These carry interest rates ranging between 5.94% to 6.00% (31 December 2016: 5.75% to 5.99%) per annum and have maturity upto September 2017. These securities have an aggregate face value of Rs. 7,390 million (31 December 2016: Rs. 11,625 million).

9. ADVANCES - NET OF PROVISIONS

Advances - gross	9.1	20,404,498	15,945,318
Provision against non-performing loans and advances			
- Specific provision	9.1	(31,268)	(10,868)
- General provision	9.2	(136,915)	(99,202)
		(168,183)	(110,070)
Advances - net of provisions		<u>20,236,315</u>	<u>15,835,248</u>

9.1 Advances include Rs. 223.090 million (31 December 2016: Rs. 95.774 million) which have been placed under non-performing status as detailed below:

	30 June 2017 (Un-Audited)			31 December 2016 (Audited)		
	Amount outstanding	Provision required	Provision held	Amount outstanding	Provision required	Provision held
(Rupees in '000)						
OAEM	110,712	-	-	38,238	-	-
Substandard	52,406	5,412	5,412	25,346	1,842	1,842
Doubtful	52,310	19,552	19,552	23,491	6,134	6,134
Loss	7,662	6,304	6,304	8,699	2,892	2,892
<i>Balance</i>	<u>223,090</u>	<u>31,268</u>	<u>31,268</u>	<u>95,774</u>	<u>10,868</u>	<u>10,868</u>

9.2 Particulars of provision against non-performing advances

	30 June 2017 (Un-Audited)			31 December 2016 (Audited)		
	Specific	General	Total	Specific	General	Total
	(Rupees in '000)			(Rupees in '000)		
Opening balance	10,868	99,202	110,070	2,619	57,843	60,462
Charge for the year	51,069	37,713	88,782	41,487	41,359	82,846
Reversals	(11,022)	-	(11,022)	(16,462)	-	(16,462)
	40,047	37,713	77,760	25,025	41,359	66,384
Amount written off	(19,647)	-	(19,647)	(16,776)	-	(16,776)
Closing balance	31,268	136,915	168,183	10,868	99,202	110,070

10. OPERATING FIXED ASSETS

	30 June 2017 (Un-Audited)	31 December 2016 (Audited)
	(Rupees in '000)	
10.1 Property and equipment	1,054,361	765,153
Intangible assets	38,309	28,287
Capital work-in-progress - advance against purchase of fixed assets	613,128	248,171
	<u>1,705,798</u>	<u>1,041,611</u>

10.2 Additions during the period - at cost

	30 June 2017 (Un-Audited)	30 June 2016 (Audited)
	(Rupees in '000)	
Improvements to leasehold buildings	16,267	22,371
Furniture and fixtures	39,408	13,755
Electrical, office and computer equipments	339,861	61,356
Vehicles-owned	50,440	54,919
Intangible assets	20,560	23,064
	<u>466,536</u>	<u>175,465</u>

10.3 Disposals during the period - at cost

	30 June 2017 (Un-Audited)	30 June 2016 (Audited)
	(Rupees in '000)	
Electrical, office and computer equipments	625	508
Vehicles-owned	7,071	36,016
Vehicles-leased	1,560	1,422
	<u>9,256</u>	<u>37,946</u>

11. OTHER ASSETS

	30 June 2017 (Un-Audited)	31 December 2016 (Audited)
	(Rupees in '000)	
Mark-up / return / interest accrued	1,266,671	830,480
Receivable from branchless banking agents	1,375,954	-
Loans to employees	198,510	142,395
Security deposits	52,256	47,792
Prepayments - rent	101,508	106,007
- others	79,031	7,707
Receivable from defined benefit plan	2,820	16,705
Branchless banking transaction fee receivable	705,409	390,150
Taxation - net	78,923	32,353
Receivable from SBP against livestock insurance	100,376	88,421
Others	261,555	220,073
	<u>4,223,013</u>	<u>1,882,083</u>
Less: Provision held against other assets	(45,141)	(37,396)
	<u>4,177,872</u>	<u>1,844,687</u>

11.1 This represents amount receivable from branchless banking agents against e-cash credited into their M-wallet accounts for providing un-interrupted services to the customers on weekends and public holidays.

11.2 These represent interest free loans to staff and executives of the Bank for a maximum period of 36 months. These are secured against the retirement benefits of employees.

Signature

12. DEFERRED TAX ASSET - NET

<i>Note</i>	30 June 2017 (Un-Audited)	31 December 2016 (Audited)
	(Rupees in '000)	
Deductible temporary differences arising in respect of:		
Provision against non-performing loans and advances	50,455	33,021
Deficit on revaluation of investments	401	655
Remeasurement of defined benefit plan	5,980	5,980
Other Provisions / Write Off	<u>13,542</u>	<u>11,219</u>
	70,378	50,875
Taxable temporary differences arising in respect of:		
Accelerated depreciation allowance	<u>(49,548)</u>	<u>(36,080)</u>
	20,830	14,795

13. DEPOSITS AND OTHER ACCOUNTS

Fixed deposits	13,428,675	13,191,822
Savings deposits	2,993,881	2,101,929
Current accounts	<u>12,724,527</u>	<u>12,536,029</u>
	29,147,083	27,829,780

13.1 Particulars of deposits by ownership

Individual depositors	19,299,110	20,815,055
Institutional depositors		
- Corporations / firms etc	6,088,621	4,393,006
- Banks / financial institutions	<u>3,759,352</u>	<u>2,621,719</u>
	29,147,083	27,829,780

14. OTHER LIABILITIES

Mark-up / return / interest payable		188,540	318,966
Payable against branchless banking transactions		1,721,117	1,345,052
Accrued expenses	14.1	1,047,069	408,182
Payable against service level agreement	18.1	251,250	-
Commission payable - branchless banking	19.1	135,453	-
Provision for staff bonus		92,772	127,000
Withholding tax payable		39,801	12,298
Payable to defined contribution plan		19,002	14,191
Payable to Workers' Welfare Fund		97,104	87,652
Bills payable		382,387	816,392
ATM settlement account		497,492	692,796
Others		<u>186,018</u>	<u>65,428</u>
		4,658,005	3,887,957

14.1 This mainly includes amount payable against biometric verification devices amounting to Rs. 201 million (31 December 2016: nil), maintenance of branchless banking software amounting to Rs. 77 million (31 December 2016: nil) and rent payable to Telenor Pakistan (Private) Limited amounting to Rs. 67 million (31 December 2016: nil).

15. MEMORANDUM / OFF BALANCE SHEET ITEMS

There are no memorandum / off balance sheet items as at the end of 30 June 2017.

Signature

16. MARK-UP / RETURN / INTEREST EARNED

	Half year ended		Quarter ended	
	30 June 2017 (Un-Audited) (Rupees in '000)	30 June 2016	30 June 2017 (Un-Audited) (Rupees in '000)	30 June 2016
On loans and advances	2,489,711	1,849,624	1,304,571	949,088
On available for sale investments	201,012	87,066	97,200	43,803
On deposits with financial institutions	45,471	36,945	21,996	21,539
On call money lendings	20,696	13,082	11,864	8,936
On Repurchase agreement lendings	21,875	19,085	14,920	11,145
	<u>2,778,765</u>	<u>2,005,802</u>	<u>1,450,551</u>	<u>1,034,511</u>

17. MARK-UP / RETURN / INTEREST EXPENSED

On deposits	802,894	325,692	403,870	192,968
On borrowings	57	3,920	-	1,254
	<u>802,951</u>	<u>329,612</u>	<u>403,870</u>	<u>194,222</u>

18. FEE, COMMISSION AND BROKERAGE INCOME

Loan processing fee	251,518	183,286	131,394	96,232
Income from branchless banking	18.1 4,028,287	546,579	2,154,758	274,727
Others	14,280	8,420	10,145	4,502
	<u>4,294,085</u>	<u>738,285</u>	<u>2,296,297</u>	<u>375,461</u>

18.1 The Bank and Telenor Pakistan (Private) Limited mutually consented to terminate the revenue sharing agreement related to 'easy paisa' branchless banking business and transfer complete branchless banking setup to the Bank. Accordingly, from 01 January 2017, the revenue and expenses related to branchless banking business are recorded by the Bank and a service level agreement has been entered into between the Bank and Telenor Pakistan (Private) Limited (related party) as per which professional consultancy charges are to be paid by the Bank to Telenor Pakistan (Private) Limited. Previously, 14% share was recorded by the Bank under the above mentioned revenue sharing agreement.

19. ADMINISTRATIVE EXPENSES

	Note	30 June 2017 (Un-Audited) (Rupees in '000)	30 June 2016 (Un-Audited) (Rupees in '000)
Salaries and other allowances		1,287,839	767,089
Contribution to defined contribution plan		61,110	23,748
Charge for defined benefit plan		151,827	3,943
Staff welfare		25,214	25,721
Training and capacity building		649	3,972
Rent and taxes		141,559	76,514
Legal and professional charges		11,772	11,146
Utilities		25,171	23,064
Communication		39,607	37,797
Finance charges on leased assets		-	452
Travelling and conveyance		87,601	30,219
Insurance		95,580	63,075
Printing and stationery		48,471	38,363
Repairs and maintenance		179,406	62,887
Depreciation		153,856	86,018
Amortisation		13,354	162,732
Auditors' remuneration		2,331	1,736
Advertisement		187,219	12,516
Security services		68,550	41,706
Customer verification charges		99,495	72,340
Professional consultancy charges	18.1	268,712	7,590
Bank charges		77,004	61,614
Deposit mobilization commission		-	58,561
Other expenses		3,564	2,789
Commission - Branchless Banking	19.1	2,668,351	-
		<u>5,698,242</u>	<u>1,675,592</u>

19.1 This represents commission expense payable to retailers and franchisees in respect of branchless banking services.

Kishore

20. 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 June 2017				31 December 2016			
	Directors and key management personnel	Others		Total	Directors and key management personnel	Others		Total
		Telenor Pakistan (Private) Limited (Previous Holding Company) (Refer Note 1.2)	Others			Telenor Pakistan (Private) Limited (Previous Holding Company) (Refer Note 1.2)	Others	
	(Un-Audited)				(Audited)			
	(Rupees in '000)				(Rupees in '000)			
Advances								
Opening balance	5,611	-	-	5,611	47,787	-	-	47,787
Addition during the period / year	7,560	-	-	7,560	7,847	-	-	7,847
Repaid during the period / year	(1,991)	-	-	(1,991)	(50,023)	-	-	(50,023)
Closing balance	11,180	-	-	11,180	5,611	-	-	5,611
Deposits								
Opening balance	17,445	57,977	469,550	544,972	10,614	282,853	407,440	700,907
Received during the period / year	32,061	11,565,824	549,164	12,147,049	134,762	58,144,895	735,112	59,014,769
Withdrawn during the period / year	(25,082)	(11,573,802)	(336,820)	(11,935,704)	(127,931)	(58,369,771)	(673,002)	(59,170,704)
Closing balance	24,424	49,999	681,894	756,317	17,445	57,977	469,550	544,972
Other Liabilities								
Payable against branchless banking transactions	-	312,375	-	312,375	-	340,558	-	340,558
Mark-up payable	-	-	37,698	37,698	-	-	40,272	40,272
Accrued Expenses	-	440,394	43,455	483,849	-	105,995	42,214	148,209
Payable to defined contribution plan	-	-	19,002	19,002	-	-	14,191	14,191
Closing balance	-	752,769	100,155	852,924	-	446,553	96,677	543,230
Other Assets								
Other receivable	-	58,887	-	58,887	-	58,287	-	58,287
Receivable from defined benefit plan	-	-	2,820	2,820	-	-	16,705	16,705
Closing balance	-	58,887	2,820	61,707	-	58,287	16,705	74,992
	30 June 2017 (Un-Audited)				30 June 2016 (Un-Audited)			
	(Rupees in '000)				(Rupees in '000)			
Expenses								
Mark-up expense	-	-	36,147	36,147	173	-	27,077	27,250
Communication expenses	-	565	-	565	-	360	-	360
Deposit Mobilization Commission	-	-	-	-	-	58,561	-	58,561
Contribution to defined contribution plan	-	-	61,110	61,110	-	-	23,748	23,748
Charge for defined benefit plan	-	-	151,827	151,827	-	-	3,943	3,943
	-	565	249,084	249,649	173	58,921	54,768	113,862

21. GENERAL

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

21.2 Figures of the profit and loss account for the quarters ended 30 June 2017 and 30 June 2016 have not been subjected to limited scope review by the auditors.

22. DATE OF AUTHORISATION FOR ISSUE

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

17 AUG 2017


President & Chief Executive
Officer


Chairman


Director


Director