



**A. F. FERGUSON & CO.**

**AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF INTERIM FINANCIAL INFORMATION**

***Introduction***

We have reviewed the accompanying interim balance sheet of U Microfinance Bank Limited (the Bank) as at June 30, 2014 and the related interim profit and loss account, interim statement of comprehensive income, interim cash flow statement, interim statement of changes in equity and notes to the accounts for the half year 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, requirements of Microfinance Institutions Ordinance, 2001, the Companies Ordinance, 1984 and the directives issued by the State Bank of Pakistan. 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, requirements of Microfinance Institutions Ordinance, 2001, the Companies Ordinance, 1984 and the directives issued by the State Bank of Pakistan.

Chartered Accountants  
Islamabad:

Engagement partner: S. Haider Abbas

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**U MICROFINANCE BANK LIMITED**  
**BALANCE SHEET**  
**AS AT JUNE 30, 2014**

	Note	(Un-audited) June 30, 2014 Rupees	December 31, 2013 Rupees
<b>ASSETS</b>			
Cash and balances with SBP and NBP	6	37,832,181	25,739,898
Balances with other Banks/ NBFIs/ MFBs	7	600,787,009	704,613,132
Investments	8	344,658,143	294,736,071
Advances - net of provisions	9	191,675,537	41,039,268
Operating fixed assets	10	206,838,153	198,884,378
Other assets	11	90,024,986	57,603,293
Deferred tax asset	12	78,606,680	58,894,148
<b>Total assets</b>		<b>1,550,422,689</b>	<b>1,381,510,188</b>
<b>LIABILITIES</b>			
Deposits	13	410,642,871	205,178,232
Other liabilities	14	162,272,513	137,514,717
<b>Total liabilities</b>		<b>572,915,384</b>	<b>342,692,949</b>
<b>NET ASSETS</b>		<b>977,507,305</b>	<b>1,038,817,239</b>
<b>REPRESENTED BY:</b>			
Share capital	15	1,185,714,290	1,185,714,290
Discount on issue of share capital		(25,714,290)	(25,714,290)
Statutory and other reserve		2,041,825	2,041,825
Accumulated loss		(184,624,802)	(123,224,586)
Surplus on revaluation of assets		90,282	-
<b>Total capital</b>		<b>977,507,305</b>	<b>1,038,817,239</b>
<b>MEMORANDUM / OFF BALANCE SHEET ITEMS</b>	16		

The annexed notes 1 to 31 form an integral part of these financial statements.



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**PRESIDENT / CHIEF EXECUTIVE**

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**CHAIRMAN**

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**DIRECTOR**

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**DIRECTOR**

**U MICROFINANCE BANK LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE HALF YEAR ENDED JUNE 30, 2014**

	Note	(Un-audited) June 30, 2014 Rupees	(Un-audited) June 30, 2013 Rupees
Mark-up/ return/ interest earned	17	63,386,944	46,970,374
Mark-up/ return/ interest expensed	18	(4,313,390)	(224,627)
Net mark-up/ interest income		59,073,554	46,745,747
Provision against non-performing advances	9.4	(1,032,320)	(57,809)
Net mark-up/ interest income after provisions		58,041,234	46,687,938
<b>NON MARK-UP/ NON INTEREST INCOME</b>			
Fee, commission and brokerage income	19	66,117,797	76,886
Other income	20	668,614	86,525
Total non-markup/ non interest income		66,786,411	163,411
		124,827,645	46,851,349
<b>NON MARK-UP/ NON INTEREST EXPENSES</b>			
Administrative expenses	21	204,439,073	67,164,390
Operating fixed assets written off		250,741	-
		204,689,814	67,164,390
<b>LOSS BEFORE TAXATION</b>		(79,862,169)	(20,313,041)
<b>TAXATION</b>			
Current		(1,295,047)	(470,473)
Deferred		19,757,000	28,098,712
	22	18,461,953	27,628,239
<b>(LOSS)/ PROFIT AFTER TAXATION</b>		(61,400,216)	7,315,198
Accumulated loss brought forward		(123,224,586)	(78,162,568)
		(184,624,802)	(70,847,370)
<b>APPROPRIATIONS:</b>			
<b>Transfer to:</b>			
Statutory reserve		-	-
Depositors' Protection Fund		-	-
		-	-
<b>ACCUMULATED LOSS CARRIED FORWARD</b>		(184,624,802)	(70,847,370)
<b>(LOSS)/ EARNING PER SHARE</b>	26	(0.52)	0.06

The annexed notes 1 to 31 form an integral part of these financial statements.



PRESIDENT / CHIEF EXECUTIVE

CHAIRMAN

DIRECTOR

DIRECTOR

**U MICROFINANCE BANK LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE HALF YEAR ENDED JUNE 30, 2014**

	Note	(Un-audited) June 30, 2014 Rupees	(Un-audited) June 30, 2013 Rupees
(Loss)/ profit for the period		(61,400,216)	7,315,198
<b>Other comprehensive income</b>			
Surplus on revaluation of assets		134,750	-
Tax impact		(44,468)	-
		90,282	-
Total comprehensive (loss)/ income for the period		<u>(61,309,934)</u>	<u>7,315,198</u>

The annexed notes 1 to 31 form an integral part of these financial statements.



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**PRESIDENT / CHIEF EXECUTIVE**

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**CHAIRMAN**

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**DIRECTOR**

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**DIRECTOR**

**U MICROFINANCE BANK LIMITED**  
**CASH FLOW STATEMENT**  
**FOR THE HALF YEAR ENDED JUNE 30, 2014**

	Note	(Un-audited) June 30, 2014 Rupees	(Un-audited) June 30, 2013 Rupees
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Loss before taxation		(79,862,169)	(20,313,041)
Adjustments for:			
Depreciation		16,687,222	3,929,777
Amortization		3,939,378	-
Provision for gratuity		3,303,388	2,043,683
Provisions against non-performing advances		1,032,320	57,809
Operating fixed assets written off		250,741	-
		<u>25,213,049</u>	<u>6,031,269</u>
		(54,649,120)	(14,281,772)
Increase in operating assets			
Advances		(151,668,589)	(5,422)
Other assets (excluding advance taxation)		(30,179,865)	(5,769,173)
Increase in operating liabilities			
Deposits		205,464,639	7,448,178
Other liabilities		21,454,408	20,685,493
		<u>45,070,593</u>	<u>22,359,076</u>
Cash (used in)/ generated from operations		(9,578,527)	8,077,304
Taxes paid		(3,536,875)	(6,695,894)
Net cash (used in)/ generated from operating activities		<u>(13,115,402)</u>	<u>1,381,410</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Investment in Federal Government securities		(246,216,250)	-
Investments in operating fixed assets		(28,831,116)	(72,980,749)
Net cash outflow from investing activities		<u>(275,047,366)</u>	<u>(72,980,749)</u>
Net decrease in cash and cash equivalents		(288,162,768)	(71,599,339)
Cash and cash equivalents at beginning of the period		1,025,089,101	1,048,834,693
Cash and cash equivalents at end of the period	23	<u><u>736,926,333</u></u>	<u><u>977,235,354</u></u>

The annexed notes 1 to 31 form an integral part of these financial statements.

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\_\_\_\_\_  
**PRESIDENT / CHIEF EXECUTIVE**

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**CHAIRMAN**

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**DIRECTOR**

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**DIRECTOR**

U MICROFINANCE BANK LIMITED  
STATEMENT OF CHANGES IN EQUITY  
FOR THE HALF YEAR ENDED JUNE 30, 2014

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The annexed notes 1 to 31 form an integral part of these financial statements.

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**PRESIDENT / CHIEF EXECUTIVE**

**CHAIRMAN**

**DIRECTOR**

**DIRECTOR**

**U MICROFINANCE BANK LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE HALF YEAR ENDED JUNE 30, 2014**

**1. STATUS AND NATURE OF BUSINESS**

Rozgar Microfinance Bank Limited (the Bank) was incorporated in Karachi on October 29, 2003 under the Companies Ordinance, 1984. The Bank's principal business is to assist in stimulating progress, prosperity and social peace in society through creation of income generating opportunities for the small entrepreneur under the Microfinance Institutions Ordinance, 2001.

On September 14, 2004 the Bank was granted license No. MFI-004 by the State Bank of Pakistan (SBP) for commencement of business in the district of Karachi. It commenced the commercial operations with effect from April 8, 2005.

On August 30, 2012, Pakistan Telecommunication Company Limited (PTCL) acquired 100% share holding of the Bank. Name of the Bank was changed from "Rozgar Microfinance Bank Limited" to "U Microfinance Bank Limited" with effect from December 7, 2012. On January 31, 2013, the Bank was granted license No. MFI-014 by SBP for commencement of nationwide microfinance banking operations. Under the terms and conditions of the nationwide license, PTCL would reduce its shareholding in the Bank to 51% within a period of three years.

On July 11, 2013, approval for the nationwide commercial launch of Branchless Banking Services (BBS) was received from SBP. The Bank commenced commercial operations of BBS on July 23, 2013.

The Bank's head office and the principal place of business is located at the Razia Sharif Plaza, Jinnah Avenue, Blue Area, Islamabad, Pakistan.

**2. BASIS OF PRESENTATION**

These financial statements have been presented in accordance with the requirements of format prescribed by the SBP Banking Supervision Department (BSD) Circular number 11 dated December 30, 2003.

**3. STATEMENT OF COMPLIANCE**

These financial statements have been prepared in accordance with the directives issued by the SBP, the requirements of the Microfinance Institutions Ordinance 2001 (the MFI Ordinance), the Companies Ordinance, 1984 (the Companies Ordinance) and the International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) and interpretations issued by the Standards Interpretation Committee of IASB as adopted in Pakistan. In case where provisions of directives issued by the SBP, the MFI Ordinance and the Companies Ordinance differ with the requirements of these standards, such provisions of the SBP directive, the MFI ordinance and the Company Ordinance shall take precedence.

SBP vide BSD Circular no. 10 dated August 26, 2002 has deferred the applicability of International Accounting Standard 39, "Financial Instruments: Recognition and Measurement" and International Accounting Standard 40, till further instructions. Accordingly, the requirements of these standards have not been considered in the preparation of these financial statements. However, investments have been measured in accordance with the requirements of SBP BSD Circular no. 11 dated December 30, 2003. Further, the SECP vide its S.R.O. No. 411 (I) / 2008 dated April 28, 2008 has deferred the applicability of International Financial Reporting Standards (IFRS) 7 "Financial Instruments" which is applicable for annual years beginning on or after July 1, 2008 till further orders.



#### 4. Basis of measurement

##### 4.1 Accounting convention

These financial statements have been prepared under the historical cost convention as modified for investments available for sale and held for trading which are measured at market value.

###### *(a) New and amended standards adopted during the period*

The Bank has adopted the following new and amended IFRSs, which became effective during the period, however the adaptation of these standards and amendments did not have any material effect on the financial statement.

	Effective date (annual years beginning on or after)
IFRS 10 - Consolidated financial statements	January 1, 2014
IFRS 12 - Disclosure of interest in other entities	January 1, 2014
IAS 27 - Separate financial statements (Revised)	January 1, 2014
IAS 32 - Financial instruments: presentation	January 1, 2014
IAS 36 - Impairment of assets	January 1, 2014
IAS 39 - Financial instruments : recognition and measurement	January 1, 2014
IFRIC 21 - Levies	January 1, 2014

###### *(b) New standards, amendments and interpretations issued but not yet effective and not early adopted by the Bank*

	Effective date (annual years beginning on or after)
IFRS 7 - Financial instrument: disclosures	January 1, 2015
IFRS 9 - Financial instruments	January 1, 2015

The management anticipates that the adaption of the above standards, amendments and interpretations in future periods, will have no material impact on the Bank's financial statements.

##### 4.2 Critical accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires the use of certain accounting estimates and assumptions. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The areas where assumptions and estimates are significant to the Bank's financial statements or where judgment is exercised in application of accounting policies are as follows:

###### *a) Operating fixed assets*

The Bank reviews useful life and residual value of operating fixed assets on regular basis. Any change in estimates may affect the carrying amounts of the respective items of operating fixed assets with a corresponding effect on the depreciation / amortization charge.

###### *b) Provision for income taxes*

The Bank recognizes tax liabilities for pending tax assessments using estimates based on expert opinion obtained from tax / legal advisors. Differences, if any, between the income tax provision and the final tax liability is recorded when such liability is determined.





Deferred income tax is calculated at the rates that are expected to apply to the period when the differences reverse, based on tax rates that have been enacted or substantively enacted by the balance sheet date.

c) *Classification of investments*

The classification of investments between different categories depends upon management's intentions to hold those investments. Any change in the classification of investments may affect their carrying amounts with a corresponding effect on the return and unrealized surplus / (deficit) on these investments.

d) *Provision against advances*

The Bank maintains a provision against advances as per the requirements of the Prudential Regulations for microfinance banks and assesses the adequacy of provision against delinquent portfolio. Any change in the criteria / rate for provision may affect the carrying amount of the advances with a corresponding effect on the markup/interest earned and provision charge.

e) *Provision and contingent liabilities*

The management exercises judgment in measuring and recognizing provisions and exposures to contingent liabilities related to pending litigations or other outstanding claims. Judgment is necessary in assessing the likelihood that a pending claim will succeed, or a liability will arise, and to quantify the possible range of the financial settlement. Because of inherent uncertainty in this evaluation process, actual losses may be different from the originally estimated provision.

## 5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below:

### 5.1 Cash and cash equivalents

Cash and cash equivalents are short term, highly liquid investments that are readily convertible to known amount of cash and subject to an insignificant risk of changes in value.

### 5.2 Sale and repurchase agreements

Securities sold under repurchase agreement (repo) are retained in the financial statements as investments and a liability for consideration received is included in borrowings. Conversely, consideration for securities purchased under resale agreement (reverse repo) is included in lending to financial institutions. The difference between sale and repurchase / purchase and resale price is recognised as return / markup expensed and earned respectively. Repo and reverse repo balances are reflected under borrowings from and lending to financial institutions respectively.

### 5.3 Investments

Investments are classified as follows:

Held for trading

These represent securities acquired with the intention to trade by taking advantage of short-term market/ interest rate movements. These are measured at market value and surplus / (deficit) arising on revaluation of 'held for trading' investments is taken to profit and loss account in accordance with the requirements prescribed by the SBP through various circulars.



#### Held to maturity investments

These are investments with fixed or determinable payments and fixed maturity and the Bank has positive intent and ability to hold the investment till maturity. These are carried at amortized cost, less provision for impairment in value, if any.

#### Available for sale investments

These are investments which do not fall under the held for trading and held to maturity categories. Such investments are initially recognized at cost and subsequently measured at market value. The surplus / (deficit) arising on revaluation is kept in a separate account titled 'surplus on revaluation of assets' through statement of comprehensive income, which is taken to profit and loss account when realized upon disposal.

### 5.4 Advances

Advances are stated net of provisions for non-performing advances. Advances that are overdue for 30 days or more are classified as non-performing and divided into following categories:

- a) Other Assets Especially Mentioned (OAEM)  
Advances in arrears for 30 days or more but less than 60 days.
- b) Substandard  
Advances in arrears for 60 days or more but less than 90 days.
- c) Doubtful  
Advances in arrears for 90 days or more but less than 180 days.
- d) Loss  
Advances in arrears for 180 days or more.

In addition the Bank maintains a Watch List of all accounts delinquent by 5 - 29 days. However, such accounts are not treated as non-performing for the purpose of classification / provisioning.

In accordance with the Prudential Regulations (the Regulations) for Microfinance Banks issued by the SBP, the Bank maintains specific provision for potential loan losses for all non-performing advances net of cash and gold collaterals realizable without recourse to a Court of Law at the following rates:

OAEM:	Nil
Substandard:	25%
Doubtful:	50%
Loss:	100%

In addition, minimum 1% general provision required under the Regulations is calculated on outstanding advances net of specific provision. However, general provision is not required where loans have been secured against gold or other cash collateral with appropriate margin.

General and specific provisions for the period are charged to the profit and loss account.

In accordance with the Regulations, non-performing advances are written-off one month after the loan is categorized as Loss. However, the Bank continues its efforts for recovery of the written-off balances.



## **5.5 Operating fixed assets**

### **Capital work-in-progress**

Capital work-in-progress is stated at cost less impairment loss (if any). Cost includes expenditure that is directly attributable to the acquisition of the asset.

### **Property and equipment**

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment loss, if any. Cost includes expenditure that is directly attributable to the acquisition of the asset. Depreciation is charged in the profit and loss account over estimated useful life of the related assets on straight line method at rates given in note 10 to these financial statements. Full month's depreciation is charged in the month of capitalization and no depreciation is charged in the month of disposal.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably. All other repairs and maintenance are recognize in profit and loss account during the period in which these are incurred. Gains and losses on disposal of fixed assets are taken to profit and loss account for the period.

### **Intangible assets**

Intangible assets are capitalized at cost and stated at cost less accumulated amortization and accumulated impairment loss (if any).

Intangible assets comprise of computer software and related applications. Intangible assets are amortized over their estimated useful lives at rate specified in note 10.3 to the financial statements. Subsequent expenditure is capitalized only when it increases the future economic benefit embodied in the specific asset to which it relates. All other expenditure is recognized in profit and loss account as incurred.

## **5.6 Impairment of non-financial assets**

The carrying value of the Bank's assets is reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying value exceeds the estimated recoverable amount, the assets are written down to their recoverable amount and the impairment losses are recognized in the profit and loss account. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

## **5.7 Mark-up bearing borrowings**

Mark-up bearing borrowings are recognized initially at cost being the fair value of consideration received, less attributable transaction costs. Subsequent to initial recognition, these are stated at original cost less subsequent repayments.

## **5.8 Grants**

The grant related to an asset is recognized in the balance sheet initially as deferred income when grant is received or there is reasonable assurance that it will be received and that the Bank will comply with the conditions attached to it. Grants that compensate the Bank for expenses incurred are recognized as revenue in the profit and loss account on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Bank for the cost of an asset are recognized in the profit and loss account as other operating income on a systematic basis over the useful life of the asset.



## **5.9 Taxation**

### **Current**

Provision for current taxation is based on taxable income at the current rates of taxation after taking into account available tax credits and rebates, if any, or one percent of turnover, whichever is higher.

### **Deferred**

Deferred tax is provided using the balance sheet liability method on all major temporary differences arising between the carrying amounts of assets and liabilities for financial reporting purposes and amount used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities using tax rates enacted at the balance sheet date. A deferred tax asset is recognized only to the extent that it is probable that future taxable profit will be available and the credits can be utilized.

## **5.10 Revenue recognition**

Mark-up / return on investment is recognized on time proportion basis using effective interest rate method.

Mark-up/ return on advances is recognized on accrual/ time proportion basis, except for income, if any, which warrants suspension in compliance with the Regulations. Mark-up recoverable on non-performing advances is recognized on a receipt basis in accordance with the requirements of the Regulations. Loan processing fee is recognized as income on the approval of loan application of borrowers.

Income from interbank deposits in saving accounts is recognized in the profit and loss account as it accrues using the flat interest method.

The effective interest rate is the rate that exactly discounts the estimated future cash payment and receipts through the expected life of the financial assets or liability (or, where appropriate, a shorter period) to the carrying amount of the financial assets or liability. The effective interest rate is established on initial recognition of the financial assets and liability and is not revised subsequently.

Fee, commission and other income is recognized when earned.

## **5.11 Financial Instruments**

All the financial assets and financial liabilities are recognized at the time when the Bank becomes a party to the contractual provisions of the instrument. Any gain or loss on de-recognition of the financial assets and financial liabilities is taken to profit and loss account currently.

### **Financial assets**

Financial assets are cash and balances with SBP and NBP, balances with other banks, investments, advances and other receivables. Advances are stated at their nominal value as reduced by appropriate provisions against non-performing advances, while other financial assets are stated at cost. Investments are classified as held to maturity, and are stated at amortized cost.

### **Financial liabilities**

Financial liabilities are classified according to the substance of the contractual arrangement entered into. Financial liabilities include other liabilities which are stated at their nominal value.



Any gain or loss on the recognition and de-recognition of the financial assets and liabilities is included in the net profit and loss for the period in which it arises.

#### **5.12 Impairment of financial assets**

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. All impairment losses are recognized in profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized.

#### **5.13 Offsetting of financial assets and financial liabilities**

A financial asset and a financial liability is offset and the net amount is reported in the balance sheet if the Bank has legally enforceable right to setoff the recognized amount and intend either to settle on a net basis or to realize the asset and settle the liability simultaneously.

#### **5.14 Staff retirement benefits**

##### **a) Gratuity**

The Bank operates a defined benefit gratuity scheme for all its regular employees. Gratuity equivalent to one month basic salary for each completed year of service is paid to entitled employees, if the period of their service is three years or above.

##### **b) Provident fund**

The Bank operates a funded provident fund scheme for all its regular employees for which equal monthly contributions are made both by the Bank and employee at the rate of 8% of the basic salary of the employee. The Bank's contribution is charged to profit and loss account.

#### **5.15 Deposits**

Deposits are initially recorded at the amounts of proceeds received. Mark-up accrued on deposits is recognized separately as part of other liabilities and is charged to the profit and loss account over the period.

#### **5.16 Statutory reserve**

In compliance with the requirements of the Regulation 4, the Bank is required to maintain a statutory reserve to which an appropriation equivalent to 20% of the profit after tax is made till such time the reserve fund equals the paid up capital of the Bank. However, thereafter, the contribution is reduced to 5% of the profit after tax.

#### **5.17 Contributions**

In compliance with the requirements of section 19 of the Microfinance Institutions Ordinance 2001, the Bank contributes 5% of annual profit after tax to the Depositor's Protection Fund.



#### **5.18 Cash reserve**

In compliance with the requirements of the Regulation 3A, the Bank maintains a cash reserve equivalent to not less than 5% of its time and demand liabilities in a current account opened with the State Bank of Pakistan.

#### **5.19 Statutory liquidity requirement**

In compliance with the requirements of the Regulation 3B, the Bank maintains liquidity equivalent to at least 10% of its time and demand deposits in the form of liquid assets i.e. cash, gold, unencumbered treasury bills, Pakistan Investment Bonds and Government of Pakistan sukuk bonds. Treasury bills and Pakistan Investment Bonds held under depositor protection fund are excluded for the purposes of determining liquidity.

#### **5.20 Provisions**

Provisions are recognized when the Bank has a legal or constructive obligation as a result of past events; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and reliable estimate of the amount can be made.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.



		(Un-audited) June 30, 2014 Rupees	December 31, 2013 Rupees
<b>6. CASH AND BALANCES WITH SBP and NBP</b>	<b>Note</b>		
Cash in hand			
Local currency		18,166,034	13,738,775
Balances with State Bank of Pakistan (SBP)			
Local currency current accounts	6.1	19,666,147	12,001,123
		<u>37,832,181</u>	<u>25,739,898</u>

- 6.1** This represents balance held with SBP to meet the requirement of maintaining minimum balance equivalent to 5% (2013: 5%) of the Bank's time and demand deposits with a tenure of less than one year, in accordance with regulation 3A of the Regulations. This includes Rs 408,365 (2013: Rs 408,365) placed for the Depositors' Protection Fund.

		(Un-audited) June 30, 2014 Rupees	December 31, 2013 Rupees
<b>7. BALANCES WITH OTHER BANKS/ NBFIs/ MFBs</b>	<b>Note</b>		
In Pakistan - Local currency			
Current accounts	7.1	8,240,047	7,831,592
Savings accounts	7.2	342,546,962	446,781,540
Term deposit receipts	7.3	250,000,000	250,000,000
		<u>600,787,009</u>	<u>704,613,132</u>

- 7.1** This includes Rs 6,365,151 (2013: Rs 6,365,151) held as deposit under lien in respect of standby letter of guarantee issued by the Bank.
- 7.2** Saving accounts carry interest at rates ranging from 7% to 10.25% (2013: 6.5% to 10.85%) per annum.
- 7.3** Term Deposit Receipt (TDR) due to mature on July 9, 2014 carry interest at the rate of 10.3% (2013: 9.7%) per annum.

		(Un-audited) June 30, 2014 Rupees	December 31, 2013 Rupees
<b>8. INVESTMENTS</b>	<b>Note</b>		
Federal Government securities			
Held to maturity			
Market Treasury Bills (T-Bills)	8.1	98,307,143	294,736,071
Available for sale			
Pakistan Investment Bonds (PIBs)	8.2	246,216,250	-
Surplus on revaluation of available for sale securities	8.3	134,750	-
		<u>246,351,000</u>	<u>-</u>
		<u>344,658,143</u>	<u>294,736,071</u>

- 8.1** This represents T-Bill maturing on September 4, 2014 carrying interest at the rates of 9.98% (2013: 9.87% - 9.91%) per annum.
- 8.2** This represents PIBs due to mature on July 18, 2016 carrying interest at the rate of 11.25% per annum.
- 8.3** In accordance with Regulation 11, available for sale securities have been valued at market value and the resulting surplus/ (deficit) is kept in a separate account titled 'surplus on revaluation of assets' through statement of comprehensive income.

**9. ADVANCES - NET OF PROVISIONS**

Loan type	Note	(Un-audited) June 30, 2014		December 31, 2013	
		Number of loans outstanding	Amount outstanding Rupees	Number of loans outstanding	Amount outstanding Rupees
Micro credit					
Secured		833	57,834,368	122	8,310,384
Unsecured		4,258	135,193,100	1,094	33,048,495
Micro lease		-	-	4	21,968
		5,091	193,027,468	1,220	41,380,847
Provisions held					
Specific provision		-	-	4	(10,984)
General provision	9.1	4,258	(1,351,931)	1,094	(330,595)
			(1,351,931)		(341,579)
Advances - net of provisions			191,675,537		41,039,268

**9.1** General provision is maintained at the rate of 1% (2013: 1%) of unsecured micro credit balance net of specific provision in accordance with the Regulations.

**9.2 Particulars of non-performing advances**

Advances include Rs 104 (2013: Rs. 21,968) which have been placed under non-performing status.

Category of classification	Provision rate	(Un-audited) June 30, 2014			December 31, 2013		
		Amount outstanding	Provisions required	Provisions held	Amount outstanding	Provisions required	Provisions held
OAEM	-	104	-	-	-	-	-
Sub-standard	25%	-	-	-	-	-	-
Doubtful	50%	-	-	-	21,968	10,984	10,984
Loss	100%	-	-	-	-	-	-
		104	-	-	21,968	10,984	10,984

-----Rupees-----

*and*



9.3 Particulars of provisions against non-performing advances

	(Un-audited) June 30, 2014		December 31, 2013	
	Specific	General	Total	Total
Balance at beginning of the period/ year	10,984	330,595	341,579	319,784
Provision charge for the period/ year	10,984	1,021,336	1,032,320	362,721
Reversals	-	-	-	-
Advances written off against provision	(21,968)	-	(21,968)	(340,926)
Balance at end of the period/ year	-	1,351,931	1,351,931	341,579

(Un-audited)  
June 30, 2014  
Rupees

(Un-audited)  
June 30, 2013  
Rupees

9.4 Provision against non-performing advances

Charge for the period	1,032,320	60,642
Reversal	-	(2,833)
	1,032,320	57,809

(Un-audited)  
June 30, 2014  
Rupees

December 31, 2013  
Rupees

9.5 Particulars of write off

Against provisions	(21,968)	(340,926)
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	Note	(Un-audited) June 30, 2014 Rupees	December 31, 2013 Rupees
10.1	10.1	11,843,527	42,171,870
10.2	10.2	118,769,756	96,868,288
10.3	10.3	76,224,870	59,844,220
		<u>206,838,153</u>	<u>198,884,378</u>
10.1.1	10.1.1	5,077,749	20,060,280
		<u>6,765,778</u>	<u>22,111,590</u>
		<u>11,843,527</u>	<u>42,171,870</u>

10.1.1 This represents advance given for middlewares and other operating fixed assets.

## 10.2 Property and equipment

	(Un-audited) June 30, 2014					Rate of depreciation %	
	Rupees					(per annum)	
	As at January 1, 2014	Cost Additions	Deletion	As at June 30, 2014	As at January 1, 2014	Depreciation Charge for the period On deletions	As at June 30, 2014
Furniture and fixture	9,373,945	4,071,550	-	13,445,495	567,922	615,146	1,183,068
Computers	63,323,009	7,133,500	(62,464)	70,394,045	14,813,007	11,059,251	25,849,702
Electrical equipment	14,542,747	17,525,602	(230,000)	31,838,349	1,705,603	2,653,103	4,339,539
Vehicle	9,074,179	-	-	9,074,179	1,062,780	907,417	1,970,197
Office improvement	20,361,421	10,108,779	-	30,470,200	1,657,701	1,452,305	3,110,006
	<u>116,675,301</u>	<u>38,839,431</u>	<u>(292,464)</u>	<u>155,222,268</u>	<u>19,807,013</u>	<u>16,687,222</u>	<u>36,452,512</u>
							<u>118,769,756</u>

	(Un-audited) December 31, 2013					Rate of depreciation %	
	Rupees					(per annum)	
	As at January 1, 2013	Cost Additions	Deletion	As at December 31, 2013	As at January 1, 2013	Depreciation Charge for the year On deletions	As at December 31, 2013
Furniture and fixture	883,421	8,490,524	-	9,373,945	95,380	472,542	567,922
Computers	2,551,377	60,771,632	-	63,323,009	1,868,291	12,944,716	14,813,007
Electrical equipment	2,682,100	11,860,647	-	14,542,747	98,207	1,607,396	1,705,603
Vehicle	55,500	9,018,679	-	9,074,179	9,641	1,053,139	1,062,780
Office improvement	7,342,517	13,018,904	-	20,361,421	224,418	1,433,283	1,657,701
	<u>13,514,915</u>	<u>103,160,386</u>	<u>-</u>	<u>116,675,301</u>	<u>2,295,937</u>	<u>17,511,076</u>	<u>19,807,013</u>
							<u>96,868,288</u>

10.2.1 The cost of fully depreciated property and equipment that are still in use is Rs 2,026,015 (2013: Rs 2,024,345).

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		(Un-audited) June 30, 2014 Rupees	December 31, 2013 Rupees
<b>11. OTHER ASSETS</b>	<b>Note</b>		
Income/ mark-up accrued		34,274,956	9,944,103
Advances, deposits and other prepayments	11.1	36,400,798	32,397,042
Advance taxation (payments less provisions)		15,612,897	13,371,069
Inventory of ATM cards		2,676,879	1,392,355
Others		1,059,456	498,724
		<u>90,024,986</u>	<u>57,603,293</u>

- 11.1 This includes Rs 8,532,336 in respect outstanding prepaid disaster recovery site fee to PTCL, the parent company.

		(Un-audited) June 30, 2014 Rupees	December 31, 2013 Rupees
<b>12. DEFFERED TAX ASSET</b>			
Deferred debits arising in respect of:			
Unused tax losses		83,292,858	65,452,833
Unused tax credit		2,720,927	1,425,880
Provision against advances		<u>446,137</u>	<u>116,137</u>
		86,459,922	66,994,850
Deferred credits arising in respect of:			
Accelerated tax depreciation / amortization		(7,808,774)	(8,100,702)
Surplus on revaluation of available for sale securities		<u>(44,468)</u>	<u>-</u>
		<u>78,606,680</u>	<u>58,894,148</u>

- 12.1 The deferred tax asset recognised in the financial statements represents the management's best estimate of the potential benefit which is expected to be realized in future years in the form of reduced tax liability as the Bank would be able to set off the profits earned in those years against unused tax losses of prior years.

Deferred tax asset is recognised in view of projected taxable profits as per the Bank's five year business plan 2013 - 2017 approved by the board of directors using assumptions which are linked to various variable factors such as the economic outlook of the country, investment growth, interest rate movement, expansion in depositors / advances portfolio, other initiatives and increased branchless banking operations.



	(Un-audited) June 30, 2014		December 31, 2013	
	Number of accounts	Rupees	Number of accounts	Rupees
<b>13. DEPOSITS</b>				
Fixed deposits	26	20,019,631	9	7,575,000
Saving deposits	1,859	134,924,840	1,520	70,821,593
Current deposits	35,779	255,698,400	19,083	126,781,639
	<u>37,664</u>	<u>410,642,871</u>	<u>20,612</u>	<u>205,178,232</u>

**13.1 Particulars of deposits by ownership**

Individual depositors	37,465	359,098,601	20,437	180,114,060
Institutional depositors Corporation/ firms	199	51,544,270	175	25,064,172
	<u>37,664</u>	<u>410,642,871</u>	<u>20,612</u>	<u>205,178,232</u>

	Note	(Un-audited) June 30, 2014 Rupees	December 31, 2013 Rupees
<b>14. OTHER LIABILITIES</b>			
Interest payable on deposits		1,324,829	451,424
Accrued expenses		36,748,102	26,017,970
Payable to Pak Telecom Mobile Limited (PTML), an associated company	14.1	52,828,783	49,341,251
Payable to NADRA for utility bills collection		11,241,838	20,492,046
Payable to utility companies for utility bills collection		11,532,222	-
Uncollected remittances		24,265,672	8,494,291
Payable to provident fund		886,914	532,040
Provision for gratuity	14.2	8,048,014	4,744,626
Payable / accruals for capital expenditure		494,867	24,991,296
Sales tax / federal excise duty		7,533,417	1,823,403
Bills payable		5,598,594	129,665
Others		1,769,261	496,705
		<u>162,272,513</u>	<u>137,514,717</u>

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- 14.1 This represents amount payable to PTML, an associated company, related to purchase of fixed assets from PTML, share of branchless banking income, prepaid and post pay bill collected on behalf of PTML and expenditure incurred by PTML on behalf of the Bank.

	(Un-audited) June 30, 2014 Rupees	December 31, 2013 Rupees
14.2 Provision for gratuity		
Opening balance	4,744,626	1,271,466
Payment during the period/ year	-	(364,535)
Charge for the period/ year	3,303,388	3,837,695
Closing balance	<u>8,048,014</u>	<u>4,744,626</u>

14.3 Employees provident fund

Size of the fund (total assets)	9,486,773	4,495,381
Cost of investments held	9,486,773	4,495,381
Percentage of investments held	100%	100%
Fair value of investments	9,486,773	4,495,381

Investment represents balances held with a bank.

Investments out of the provident fund have been made in accordance with the provisions of section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.



**15. SHARE CAPITAL**

**15.1 Authorized capital**

(Un-audited) June 30, 2014 Number	December 31, 2013 Number		(Un-audited) June 30, 2014 Rupees	December 31, 2013 Rupees
<u>125,000,000</u>	<u>125,000,000</u>	Ordinary shares of Rs. 10 each	<u>1,250,000,000</u>	<u>1,250,000,000</u>

**15.2 Issued, subscribed and paid-up capital**

10,000,000	10,000,000	Ordinary shares of Rs. 10 each fully paid in cash	100,000,000	100,000,000
8,571,429	8,571,429	Fully paid shares of Rs. 10 each issued as right shares at discounted rate of Rs. 7 each	85,714,290	85,714,290
100,000,000	100,000,000	Fully paid ordinary shares of Rs. 10 each in cash issued as right shares at par	1,000,000,000	1,000,000,000
<u>118,571,429</u>	<u>118,571,429</u>		<u>1,185,714,290</u>	<u>1,185,714,290</u>

**15.3** Pakistan Telecommunication Company Limited (PTCL), parent company, holds 100% shares of the Bank.

	Note	(Un-audited) June 30, 2014 Rupees	December 31, 2013 Rupees
<b>16. MEMORANDUM/ OFF BALANCE SHEET ITEMS</b>			
CONTINGENCIES			
Standby letter of guarantee	16.1	5,425,975	5,425,975
COMMITMENTS			
Property and equipment		660,197	14,906,960
Intangible assets		21,501,134	18,440,733
		<u>22,161,331</u>	<u>33,347,693</u>

**16.1** This represents letter of guarantee issued by the Bank to a vendor for interbank settlement.



	Note	(Un-audited) June 30, 2014 Rupees	(Un-audited) June 30, 2013 Rupees
<b>17. MARK-UP/ RETURN/ INTEREST EARNED</b>			
Mark-up on advances		14,636,707	40,455
Interest on investment in Government securities		14,614,186	14,744,170
Interest on deposit accounts/ placements with other banks/ financial institutions/ mutual funds		34,136,051	32,185,749
		<u>63,386,944</u>	<u>46,970,374</u>
<b>18. MARK-UP/ RETURN/ INTEREST EXPENSED</b>			
This represents interest expense on deposits.			
<b>19. FEE, COMMISSION &amp; BROKERAGE INCOME</b>			
Fee from branchless banking		59,424,007	58,906
Other charges collected from customers		6,693,790	17,980
		<u>66,117,797</u>	<u>76,886</u>
	Note	(Un-audited) June 30, 2014 Rupees	(Un-audited) June 30, 2013 Rupees
<b>20. OTHER INCOME</b>			
Recovery against advances written off		414,173	80,914
Miscellaneous income		254,441	5,611
		<u>668,614</u>	<u>86,525</u>
<b>21. ADMINISTRATIVE EXPENSES</b>			
Staff salaries and benefits		94,141,468	38,996,097
Salaries of contracted/ outsourced employees		9,550,595	1,560,083
Gratuity		3,303,388	2,043,683
Provident fund		2,561,146	941,925
Insurance		1,998,398	1,579,458
Rent, rate and taxes		23,772,930	5,904,788
Travelling and conveyance		3,380,060	1,665,557
Postage and courier		1,436,705	139,048
Utilities		6,696,395	2,065,540
Repair and maintenance		7,524,342	1,303,129
Depreciation and amortization		20,626,600	3,929,777
Software support and maintenance fee		7,479,785	1,250,000
Stationery and printing		6,932,996	1,349,780
Auditors' remuneration	21.1	476,000	441,500
Legal and professional fee		357,525	1,645,077
Security services		4,459,269	579,796
Office supplies		1,414,761	946,791
Internet and connectivity charges		3,320,755	217,777
NADRA verification charges		950,568	114,266
Training expense		895,658	266,011
Bank charges		2,639,079	27,656
Miscellaneous expenses		520,650	196,651
		<u>204,439,073</u>	<u>67,164,390</u>



	(Un-audited) June 30, 2014 Rupees	(Un-audited) June 30, 2013 Rupees
<b>21.1 Auditors' remuneration</b>		
Annual audit and half year review	330,000	325,000
Tax services	126,000	84,000
Out of pocket expenses	20,000	32,500
	<u>476,000</u>	<u>441,500</u>
<b>22. TAXATION</b>		
Current - for the period	(1,295,047)	(470,473)
Deferred - for the period	27,649,563	7,376,907
- for prior period	(6,202,319)	20,721,805
- tax loss lapsed during the period	(1,690,244)	-
- effect of reduction in tax rate	19,757,000	28,098,712
	<u>18,461,953</u>	<u>27,628,239</u>
<b>22.1 Tax charge reconciliation</b>		
Loss before tax (Rupees)	<u>(79,862,169)</u>	<u>(20,313,041)</u>
Applicable tax rate	33.00%	34.00%
Deferred tax relating to prior periods	(7.77%)	102.01%
Effect of change in tax rate	(2.12%)	0.00%
Average effective tax rate charged to income	<u>23.11%</u>	<u>136.01%</u>
	(Un-audited) June 30, 2014 Rupees	December 31, 2013 Rupees
<b>23. CASH AND CASH EQUIVALENTS</b>		
Cash and balances with SBP and NBP	37,832,181	25,739,898
Balances with other banks	600,787,009	704,613,132
Investments - market treasury bills	98,307,143	294,736,071
	<u>736,926,333</u>	<u>1,025,089,101</u>
<b>24. NUMBER OF EMPLOYEES</b>		
Credit sales staff		
Permanent	41	28
Contractual	4	3
	<u>45</u>	<u>31</u>
Banking/ support staff		
Permanent	166	138
Contractual	3	4
Outsourced	77	77
	<u>246</u>	<u>219</u>
Total number of employees at the end of the period/ year	<u>291</u>	<u>250</u>
Average number of employees during the period/ year	<u>271</u>	<u>145</u>
<b>25. NUMBER OF BRANCHES</b>		
Branches at beginning of the period/ year	15	2
Opened during the period/ year	-	13
Closed/ merged during the period/ year	-	-
Branches at the end of the period/ year	<u>15</u>	<u>15</u>

## 26. (LOSS)/ EARNING PER SHARE

### (a) Basic

Basic (loss)/ earning per share is calculated by dividing the (loss)/ profit attributable to equity holders of the Bank by the weighted average number of ordinary shares in issue during the period.

	(Un-audited) June 30, 2014	(Un-audited) June 30, 2013
(Loss)/ profit attributable to equity holders (Rupees)	<u>(61,400,216)</u>	<u>7,315,198</u>
Weighted average number of ordinary shares in issue during the period (numbers)	<u>118,571,429</u>	<u>118,571,429</u>
(Loss)/ earning per share - basic (Rupees)	<u>(0.52)</u>	<u>0.06</u>

### (b) Diluted

There is no dilutive effect on the basic (loss)/ profit per share of the Bank.

## 27. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	(Un-audited) June 30, 2014		(Un-audited) June 30, 2013	
	Chief Executive	Executives	Chief Executive	Executives
	Rupees		Rupees	
Managerial remuneration	6,920,000	17,664,141	3,600,000	9,014,435
Gratuity fund	360,000	1,260,114	300,000	751,203
Provident fund	345,600	1,209,710	288,000	583,079
Rent and house maintenance	2,520,000	8,628,311	2,100,000	5,363,420
Utilities	360,000	1,232,616	300,000	766,203
Medical	63,897	967,442	11,268	350,498
Conveyance	330,000	2,465,000	573,915	3,134,764
Others	360,000	1,260,114	1,600	272,500
Total	<u>11,259,497</u>	<u>34,687,448</u>	<u>7,174,783</u>	<u>20,236,102</u>
Number of person(s)	<u>1</u>	<u>30</u>	<u>1</u>	<u>19</u>

- 27.1 The chief executive is also provided with a Bank maintained car in accordance with the human resource policy of the Bank.
- 27.2 Executives mean employees, other than the chief executive and directors, whose basic salary exceeds five hundred thousand rupees in a financial year.
- 27.3 No remuneration and other benefits were paid to directors of the Bank. Further, no fees was paid to the directors for attending the Board or sub committee meetings.

28. SCHEDULE OF MATURITY DISTRIBUTION OF MARKET RATE ASSETS AND LIABILITIES AS AT JUNE 30, 2014

	Total	Up to one month	Over one month up to six months	Over six months up to one year	Over one year
<b>Market rate assets</b>					
Advances	191,675,537	2,368,389	78,006,397	111,300,751	-
Investments	344,658,143	-	98,307,143	-	246,351,000
Other earning assets	592,546,962	592,546,962	-	-	-
Balances with other banks - deposit accounts	1,128,880,642	594,915,351	176,313,540	111,300,751	246,351,000
<b>Total market rate assets</b>					
<b>Other non-earning assets</b>					
Cash in hand	18,166,034	18,166,034	-	-	-
Balances with SBP and NBP - current accounts	19,666,147	19,666,147	-	-	-
Balances with other banks - current accounts	8,240,047	8,240,047	-	-	-
Operating fixed assets	206,838,153	4,065,693	20,328,466	24,394,160	158,049,834
Other assets	90,024,986	40,342,749	17,013,717	4,272,396	28,396,124
Deferred tax asset	78,606,680	-	-	-	78,606,680
<b>Total non-earning assets</b>	421,542,047	90,480,670	37,342,183	28,666,556	265,052,638
<b>Total assets</b>	<b>1,550,422,689</b>	<b>685,396,021</b>	<b>213,655,723</b>	<b>139,967,307</b>	<b>511,403,638</b>
<b>Market rate liabilities</b>					
Large time deposits above Rs. 100,000	18,959,631	8,074,231	6,850,000	4,035,400	-
All other time deposits (including fixed rate deposits)	1,060,000	100,000	125,000	835,000	-
Other cost bearing deposits	134,924,840	134,924,840	-	-	-
<b>Total market rate liabilities</b>	154,944,471	143,099,071	6,975,000	4,870,400	-
<b>Other non-cost bearing liabilities</b>					
Deposits	255,698,400	255,698,400	-	-	-
Other liabilities	162,272,513	100,464,196	53,760,303	-	8,048,014
<b>Total non-cost bearing liabilities</b>	417,970,913	356,162,596	53,760,303	-	8,048,014
<b>Total liabilities</b>	<b>572,915,384</b>	<b>499,261,667</b>	<b>60,735,303</b>	<b>4,870,400</b>	<b>8,048,014</b>
<b>Net assets</b>	<b>977,507,305</b>	<b>186,134,354</b>	<b>152,920,420</b>	<b>135,096,907</b>	<b>503,355,624</b>

## 29. RELATED PARTIES TRANSACTIONS

Related parties of the Bank comprise of parent company, associated company, directors, key management personnel and employees retirement benefit funds. The detail of Bank's shareholders is given in note 15.3 while remuneration of key employee personnel is disclosed in note 28 to the financial statements. PTCL, the parent company, holds 100% shares of the Bank, therefore, all subsidiaries and associated undertakings of PTCL are related parties of the Bank. Also, the Bank has related party relationships with its directors, key management personnel, entities over which the directors are able to exercise significant influence and employees retirement benefit funds. Detail of transactions during the half year and balances outstanding as at the half year ended June 30, 2014 are as follows:

<b>Transactions</b>	<b>(Un-audited) June 30, 2014 Rupees</b>	<b>(Un-audited) June 30, 2013 Rupees</b>
Parent Company - PTCL		
Payment for disaster recovery services	1,494,725	-
Internet, connectivity and utility charges	1,123,788	302,698
Associated Company - PTML		
Fixed assets transferred from PTML	886,502	-
Payment for fixed assets and administrative costs	3,773,978	314,355
Payment against branchless banking and bills collected	57,684,059	793,061
Interest expense on deposits	606,971	55,000
Employees provident fund		
Contribution to provident fund	2,561,146	941,925
<b>Balances</b>	<b>(Un-audited) June 30, 2014 Rupees</b>	<b>December 31, 2013 Rupees</b>
Parent Company - PTCL		
Prepaid fee for disaster recovery site	8,532,336	9,516,834
Associated Company - PTML		
Deposits	35,054,758	17,100,461
Payable to PTML		
Administrative expenses incurred on behalf of the Bank	11,064,613	14,838,591
Fixed assets transferred from PTML	17,033,265	16,146,763
Payable against branchless banking and bills collected	24,730,905	18,355,897
Employees provident fund		
Payable to provident fund	886,914	532,040

### 30. GENERAL

Corresponding figures have been rearranged and reclassified where necessary for more appropriate presentation of transactions and balances. Account captions as prescribed by BSD circular No. 11 dated December 30, 2003 which have nil balances, have not been reproduced in these financial statements.

### 31. DATE OF APPROVAL

These financial statements were approved by the Board of Directors of the Bank in their meeting held on



\_\_\_\_\_  
PRESIDENT / CHIEF EXECUTIVE

\_\_\_\_\_  
CHAIRMAN

\_\_\_\_\_  
DIRECTOR

\_\_\_\_\_  
DIRECTOR