

**U MICROFINANCE BANK LIMITED**  
**INTERIM BALANCE SHEET**  
**AS AT JUNE 30, 2015**

	Note	(Un-audited) June 30, 2015 Rupees	December 31, 2014 Rupees
<b>ASSETS</b>			
Cash and balances with SBP and NBP	6	123,621,959	74,142,780
Balances with other Banks/ NBFIs/ MFBs	7	598,438,324	452,986,322
Investments	8	529,272,100	517,956,219
Advances - net of provisions	9	525,216,779	344,127,634
Operating fixed assets	10	235,933,745	220,570,455
Other assets	11	137,570,809	128,883,296
Deferred tax asset	12	88,290,794	93,341,897
<b>Total Assets</b>		<b>2,238,344,510</b>	<b>1,832,008,603</b>
<b>LIABILITIES</b>			
Deposits	13	1,029,521,383	702,578,635
Other liabilities	14	171,920,929	172,681,284
<b>Total Liabilities</b>		<b>1,201,442,312</b>	<b>875,259,919</b>
<b>NET ASSETS</b>		<b>1,036,902,198</b>	<b>956,748,684</b>
<b>REPRESENTED BY:</b>			
Share capital	15	1,285,714,290	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		(252,854,753)	(220,189,679)
		<b>1,009,187,072</b>	<b>941,852,146</b>
Surplus on revaluation of assets	8.1	27,715,126	14,896,538
<b>Total Capital</b>		<b>1,036,902,198</b>	<b>956,748,684</b>
<b>MEMORANDUM / OFF BALANCE SHEET ITEMS</b>	16		

The annexed notes from 1 to 31 form an integral part of the interim financial information.

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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**  
**INTERIM PROFIT AND LOSS ACCOUNT**  
**FOR THE HALF YEAR ENDED JUNE 30, 2015**

	Note	(Un-audited) June 30, 2015 Rupees	(Un-audited) June 30, 2014 Rupees
Mark-up/ return/ interest earned	17	107,381,724	63,386,944
Mark-up/ return/ interest expensed	18	(24,282,708)	(4,313,390)
Net mark-up/ interest income		83,099,016	59,073,554
Provision against non-performing advances	9.4	(1,303,968)	(1,032,320)
Net mark-up/ interest income after provisions		81,795,048	58,041,234
<b>NON MARK-UP/ NON INTEREST INCOME</b>			
Fee, commission and brokerage income	19	115,843,626	66,117,797
Other income	20	461,234	668,614
Total non-markup/ non interest income		116,304,860	66,786,411
		198,099,908	124,827,645
<b>NON MARK-UP/ NON INTEREST EXPENSES</b>			
Administrative expenses	21	227,912,139	204,439,073
Operating fixed assets written off		-	250,741
		227,912,139	204,689,814
<b>LOSS BEFORE TAXATION</b>		(29,812,231)	(79,862,169)
<b>TAXATION</b>			
Current		(2,232,253)	(1,295,047)
Deferred		(620,590)	19,757,000
	22	(2,852,843)	18,461,953
<b>LOSS AFTER TAXATION</b>		(32,665,074)	(61,400,216)
Accumulated loss brought forward		(220,189,679)	(123,224,586)
		(252,854,753)	(184,624,802)
<b>APPROPRIATIONS:</b>			
<b>Transfer to:</b>			
Statutory reserves		-	-
Depositor's protection fund		-	-
		-	-
<b>ACCUMULATED LOSS CARRIED FORWARD</b>		(252,854,753)	(184,624,802)
<b>LOSS PER SHARE</b>	26	(0.27)	(0.52)

The annexed notes from 1 to 31 form an integral part of the interim financial information.

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PRESIDENT / CHIEF EXECUTIVE

CHAIRMAN

DIRECTOR

DIRECTOR



**U MICROFINANCE BANK LIMITED**  
**INTERIM STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE HALF YEAR ENDED JUNE 30, 2015**

	(Un-audited) June 30, 2015 Rupees	(Un-audited) June 30, 2014 Rupees
Loss after taxation	(32,665,074)	(61,400,216)
Comprehensive income transferred to equity	<u>(32,665,074)</u>	<u>(61,400,216)</u>
Components of comprehensive income not reflected in equity		
Surplus on revaluation of investments	12,818,588	90,282
	<u>(19,846,486)</u>	<u>(61,309,934)</u>

The annexed notes from 1 to 31 form an integral part of the interim financial information.

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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**  
**INTERIM CASH FLOW STATEMENT**  
**FOR THE HALF YEAR ENDED JUNE 30, 2015**

	Note	(Un-audited) June 30, 2015 Rupees	(Un-audited) June 30, 2014 Rupees
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Loss before taxation		(29,812,231)	(79,862,169)
Adjustments for:			
Depreciation		23,441,886	16,687,222
Amortization		5,569,910	3,939,378
Provision for gratuity		1,799,097	3,303,388
Provisions against non-performing advances		1,303,968	1,032,320
Operating fixed assets written off		241,454	250,741
		<u>32,356,315</u>	<u>25,213,049</u>
		2,544,084	(54,649,120)
(Increase)/ decrease in operating assets			
Advances		(182,393,113)	(151,668,589)
Other assets (excluding advance taxation)		857,073	(30,179,865)
Increase/ (decrease) in operating liabilities			
Deposits		326,942,748	205,464,639
Other liabilities		(1,873,112)	21,454,408
		<u>143,533,596</u>	<u>45,070,593</u>
Cash generated from operations		<u>146,077,680</u>	<u>(9,578,527)</u>
Gratuity paid		(686,340)	-
Income tax paid		(5,843,619)	(3,536,875)
Net cash generated from operating activities		<u>139,547,721</u>	<u>(13,115,402)</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Investments in Federal Government securities		-	(246,216,250)
Investments in operating fixed assets		(44,616,540)	(28,831,116)
Net cash outflow from investing activities		<u>(44,616,540)</u>	<u>(275,047,366)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Issuance of shares		<u>100,000,000</u>	-
Net cash inflow from financing activities		<u>100,000,000</u>	-
Net Increase/ (decrease) in cash and cash equivalents		<u>194,931,181</u>	<u>(288,162,768)</u>
Cash and cash equivalents at beginning of the period		527,129,102	1,025,089,101
Cash and cash equivalents at end of the period	23	<u><u>722,060,283</u></u>	<u><u>736,926,333</u></u>

The annexed notes from 1 to 31 form an integral part of the interim financial information.

PRESIDENT / CHIEF EXECUTIVE

CHAIRMAN

DIRECTOR

DIRECTOR

**U MICROFINANCE BANK LIMITED**  
**INTERIM STATEMENT OF CHANGES IN EQUITY**  
**FOR THE HALF YEAR ENDED JUNE 30, 2015**

	Statutory and other reserves					Total
	Share capital	Discount on issue of share capital	Statutory reserve	Depositors' protection fund	Accumulated loss	
Balance as at December 31, 2013	1,185,714,290	(25,714,290)	1,633,460	408,365	(123,224,586)	1,038,817,239
Loss for the half year ended June 30, 2014 (un-audited)	-	-	-	-	(61,400,216)	(61,400,216)
Transfer to:						
Statutory reserve	-	-	-	-	-	-
Depositors' Protection Fund	-	-	-	-	-	-
Balance as at June 30, 2014 (un-audited)	1,185,714,290	(25,714,290)	1,633,460	408,365	(184,624,802)	977,417,023
Loss for the half year ended December 31, 2014 (Un-audited)	-	-	-	-	(35,564,877)	(35,564,877)
Transfer to:						
Statutory reserve	-	-	-	-	-	-
Depositors' Protection Fund	-	-	-	-	-	-
Balance as at December 31, 2014	1,185,714,290	(25,714,290)	1,633,460	408,365	(220,189,679)	941,852,146
Loss for the half year ended June 30, 2015 (un-audited)	-	-	-	-	(32,665,074)	(32,665,074)
Issue of share capital	100,000,000	-	-	-	-	100,000,000
Transfer to:						
Statutory reserve	-	-	-	-	-	-
Depositors' Protection Fund	-	-	-	-	-	-
Balance as at June 30, 2015 (un-audited)	1,285,714,290	(25,714,290)	1,633,460	408,365	(252,854,753)	1,009,187,072

The annexed notes from 1 to 31 form an integral part of the interim financial information.

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PRESIDENT / CHIEF EXECUTIVE

CHAIRMAN

DIRECTOR

DIRECTOR



**U MICROFINANCE BANK LIMITED**  
**NOTES TO THE INTERIM FINANCIAL INFORMATION (Un-audited)**  
**FOR THE HALF YEAR ENDED JUNE 30, 2015**

**1. STATUS OF BANK**

Rozgar Microfinance Bank Limited (RMBL) was incorporated in Karachi on October 29, 2003 under the Companies Ordinance, 1984. On September 14, 2004 RMBL was granted license No. MFI-004 by 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 RMBL and its name was changed to U Microfinance Bank Limited (the Bank) 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 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. The Bank also provides branchless banking services. 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**

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

**3. STATEMENT OF COMPLIANCE**

These interim financial information has been prepared in accordance with the directives issued by 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 SBP directive, the MFI Ordinance and the Companies 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 the interim financial information. However, investments have been measured in accordance with the requirements of SBP BSD Circular no. 11 dated December 30, 2003 and Prudential Regulations for Microfinance Banks (the Regulations). 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' till further orders, which is applicable for annual years beginning on or after July 1, 2008.

**4. Basis of measurement**

**4.1 Accounting convention**

The interim financial information has been prepared under the historical cost convention except for available for sale investments which are measured at fair value.





(a) New and amended standards adopted during the year by the Bank

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

		Effective date (years beginning on or after)
IFRS 2	Share-based Payments (Amendments)	July 1, 2014
IFRS 3	Business Combination (Amendments)	July 1, 2014
IFRS 8	Operating Segments (Amendments)	July 1, 2014
IAS-16	Property, Plant and Equipment (Amendments)	July 1, 2014
IAS-19	Employee Benefits (Amendments)	July 1, 2014
IAS-24	Related Party Disclosures (Amendments)	July 1, 2014
IAS-38	Intangible Assets (Amendments)	July 1, 2014
IAS-40	Investment Property (Amendments)	July 1, 2014
IFRS 13	Fair Value Measurements (Amendments)	July 1, 2014

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

The management anticipates that the adaption of the following standards, amendments and interpretations in future years, will have no material impact on these interim financial information.

		Effective date (years beginning on or after)
IFRS 5	Non-current Assets Held for Sale and Discontinued Operations (Amendments)	January 1, 2016
IFRS 10	Consolidated Financial Statements (Amendments)	January 1, 2016
IFRS 11	Joint Arrangements (Amendments)	January 1, 2016
IFRS 12	Disclosure of Interests in Other Entities (Amendments)	January 1, 2016
IFRS 14	Regulatory Deferral Accounts	January 1, 2016
IFRS 15	Revenue from Contracts with Customers	January 1, 2017
IAS 1	Presentation of Financial Statements (Amendments)	January 1, 2016
IAS-16	Property, Plant and Equipment (Amendments)	January 1, 2016
IAS-19	Employee Benefits (Amendments)	January 1, 2016
IAS-27	Separate Financial Statements (Amendments)	January 1, 2016
IAS-28	Investments in Associates and Joint Ventures (Amendments)	January 1, 2016
IAS-34	Interim Financial Reporting (Amendments)	January 1, 2016
IAS-38	Intangible Assets (Amendments)	January 1, 2016
IAS-41	Agriculture (Amendments)	January 1, 2016

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## 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 Regulations 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 the interim financial information 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 recognized 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

All purchases and sale of investments are recognized using settlement date accounting. Settlement date is the date on which investments are delivered to or by the Bank. All investments are derecognized when the right to receive economic benefits from the investments has expired, or has been transferred and the Bank has transferred substantially all the risks and rewards of ownership.

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 securities are disposed off within 90 days from the date of their acquisition. These are measured in accordance with the requirements prescribed by SBP in the Regulations R-11.

#### **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 subsequent to initial recognition at cost, investments are measured 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 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. Impairment in the value of these investments is provided by charging it to the profit and loss account.

### 5.4 Advances

Advances are stated net of provisions for non-performing advances. The outstanding principal and mark-up of the loans and advances, payments against which are overdue for 30 days or more, shall be classified as Non-Performing Loans (NPLs). The unrealized interest / profit / mark-up / service charges on NPLs shall be suspended and credited to interest suspense account. Further the NPLs shall be divided into following categories:

#### **a) Other Assets Especially Mentioned (OAEM)**

Loans (principal/mark-up) is overdue for 30 days or more but less than 60 days

#### **b) Substandard**


Loans (principal/mark-up) is overdue for 60 days or more but less than 90 days.

#### **c) Doubtful**

Loans (principal/mark-up) is overdue for 90 days or more but less than 180 days.

#### **d) Loss**

Loans (principal/mark-up) is overdue for 180 days or more.



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

In accordance with the Regulations, the Bank maintains specific provision of outstanding principal net of cash collaterals and Gold (ornaments and bullion) realizable without recourse to a Court of Law at the following rates:

OAEM: Nil

OAEM: Nil

OAEM: Nil

Doubtful: 50%

Loss: 100%

The bank maintains a general provision equivalent to 1% of the net outstanding advances (advances net of specific provisions). However, general provision shall not be required in cases 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 the interim financial information. 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. Carrying amount of the replaced part is derecognized. All other repairs and maintenance are recognized 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).

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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**

Income tax on the profit or loss for the year comprises of current and deferred tax. Income tax is recognized in the profit and loss account, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In such case the tax is also recognized in other comprehensive income or directly in equity, respectively.

##### **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 or substantively 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 accrual basis.

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 at the time of disbursement of loan.





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

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. These are derecognized when the Bank ceases to be a party to the contractual provisions of the instrument.

All financial assets and liabilities are initially measured at cost which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value, amortized cost or cost, as the case may be.

##### **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 excluding investments are stated at cost. Investments are classified as available for sale, and are measured at fair value.

##### **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. Financial charges are accounted for on accrual basis.

Any gain or loss on the recognition and de-recognition of the financial assets and liabilities is included in the 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 and loss account.

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

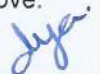
#### **5.13 Offsetting of financial assets and financial liabilities**

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 set off 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 an unfunded 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 maintains 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 deposits (including demand deposits and time deposits with tenor of less than 1 year) in a current account opened with the State Bank or its agent.

### **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 total demand liabilities and time liabilities with tenor of less than one year 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.

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		(Un-audited) June 30, 2015 Rupees	December 31, 2014 Rupees
<b>6. CASH AND BALANCES WITH SBP and NBP</b>	<b>Note</b>		
Cash in hand			
Local currency		46,401,899	24,624,804
Balances with State Bank of Pakistan (SBP)			
Local currency current accounts	6.1	76,220,060	48,517,976
Balances with National Bank of Pakistan (NBP)			
Local currency current accounts		1,000,000	1,000,000
		<u>123,621,959</u>	<u>74,142,780</u>

**6.1** This includes balance held with SBP in current account to meet the requirement of maintaining minimum balance equivalent to 5% (2014: 5%) of the Bank's time and demand deposits with a tenure of less than one year, in accordance with regulation R-3A of the Regulations and Rs 408,365 (2014: 408,365) placed for the Depositors' Protection Fund.

		(Un-audited) June 30, 2015 Rupees	December 31, 2014 Rupees
<b>7. BALANCES WITH OTHER BANKS/ NBFIs/ MFBs</b>	<b>Note</b>		
In Pakistan - Local currency			
Current accounts	7.1	7,118,986	12,516,383
Savings accounts	7.2	591,319,338	440,469,939
		<u>598,438,324</u>	<u>452,986,322</u>

**7.1** This includes Rs 6,365,151 (2014: 6,365,151) held as deposit under lien in respect of standby letter of guarantee issued to Union Pay International.

**7.2** Savings accounts carry interest at rates ranging from 6.9% to 10.30% (2014: 7.0% to 10.25%) per annum.

		(Un-audited) June 30, 2015 Rupees	December 31, 2014 Rupees
<b>8. INVESTMENTS</b>	<b>Note</b>		
<b>Federal Government Securities</b>			
Available for Sale			
Pakistan Investment Bonds (PIBs)	8.2	489,105,251	495,038,469
Surplus on revaluation of available for sale securities	8.3	40,166,849	22,917,750
		<u>529,272,100</u>	<u>517,956,219</u>
<b>8.1 Surplus on revaluation of investment</b>			
Pakistan Investment Bonds (PIBs)		40,166,849	22,917,750
Related deferred tax (liability)		(12,451,723)	(8,021,212)
		<u>27,715,126</u>	<u>14,896,538</u>

**8.2** This represents PIBs carried at market value maturing between July 18, 2016 to July 17, 2017 carrying interest rate of 11.25% per annum (2014: 11.25% per annum).

**8.3** In accordance with Regulation R-11, available for sale securities have been valued at market value and the resulting surplus is kept in a separate account titled 'surplus on revaluation of assets' through statement of comprehensive income.

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9. ADVANCES - NET OF PROVISIONS

		(Un-audited) June 30, 2015		December 31, 2014	
Loan type	Note	Number of loans outstanding	Amount outstanding Rupees	Number of loans outstanding	Amount outstanding Rupees
Micro credit					
Secured		2,632	185,050,972	1,616	111,465,614
Unsecured		10,121	343,790,004	7,170	235,027,571
		12,753	528,840,976	8,786	346,493,185
Provisions held					
Specific provision		23	(188,179)	5	(15,430)
General provision	9.1	10,126	(3,436,018)	7,170	(2,350,121)
			(3,624,197)		(2,365,551)
Advances - net of provisions			525,216,779		344,127,634

9.1 General provision is maintained at the rate of 1% (2014: 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. 1,853,623 (2014: Rs. 267,357) which have been placed under non-performing status.

Category of classification	Provision rate	(Un-audited) June 30, 2015		December 31, 2014	
		Amount outstanding	Provisions required	Amount outstanding	Provisions required
OAEM	-	1,138,252	-	226,126	-
Sub-standard	25%	500,423	49,356	20,743	5,186
Doubtful	50%	152,252	76,127	20,488	10,244
Loss	100%	62,696	62,696	-	-
		1,853,623	188,179	267,357	15,430

Rupees

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9.3 Particulars of provisions against non-performing advances

	(Un-audited) June 30, 2015			December 31, 2014		
	Specific	General	Total	Specific	General	Total
	-----Rupees-----					
Balance at beginning of the period/ year	15,430	2,350,121	2,365,551	10,984	330,595	341,579
Provision charge for the period/ year	218,071	1,085,897	1,303,968	26,414	2,019,526	2,045,940
Reversals	-	-	-	-	-	-
Advances written off against provision	(45,322)	-	(45,322)	(21,968)	-	(21,968)
Balance at end of the period/ year	188,179	3,436,018	3,624,197	15,430	2,350,121	2,365,551

9.4 Provision against non-performing advances

	(Un-audited) June 30, 2015 Rupees	(Un-audited) June 30, 2014 Rupees
Charge for the period	1,303,968	1,032,320
Reversal	-	-
	1,303,968	1,032,320

9.5 Particulars of write off

	(Un-audited) June 30, 2015 Rupees	(Un-audited) June 30, 2014 Rupees
Against provisions	(45,322)	(21,968)
Directly charged to profit and loss account	-	-
	(45,322)	(21,968)

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10. OPERATING FIXED ASSETS

Capital work-in-progress  
Property and equipment  
Intangible assets

(Un-audited)  
June 30, 2015  
Rupees  
December 31, 2014  
Rupees

10.1 Capital work-in-progress

Advances to suppliers/ contractors  
Leasehold improvements

10.1	1,526,696	14,446,732
10.2	147,193,411	119,753,845
10.3	87,213,638	86,369,878
	235,933,745	220,570,455
10.1.1	1,526,696	7,904,680
	-	6,542,052
	1,526,696	14,446,732

10.1.1 This represents advance given for software and operating fixed assets.

10.2 Property and equipment

(Un-audited)  
June 30, 2015

	Cost			Depreciation			Book value as at	Rate of depreciation %
	As at January 1, 2015	Additions	Deletion	As at June 30, 2015	As at January 1, 2015	Charge for the period	As at June 30, 2015	(per annum)
Furniture and fixture	16,530,306	5,684,331	-	22,214,637	1,885,955	1,098,265	2,984,220	10.00%
Computers	72,576,130	9,213,880	(84,561)	81,705,449	37,450,506	12,986,013	50,420,912	33.33%
Electrical equipment	42,775,850	14,817,923	(230,000)	57,363,773	8,507,184	5,652,931	14,102,615	20.00%
Vehicle	9,074,179	-	-	9,074,179	2,877,616	907,417	3,785,033	20.00%
Office improvement	34,548,790	21,406,772	-	55,955,562	5,030,149	2,797,260	7,827,409	10.00%
	175,505,255	51,122,906	(314,561)	226,313,600	55,751,410	23,441,886	79,120,189	
							147,193,411	

December 31, 2014

	Cost			Depreciation			Book value as at	Rate of depreciation %
	As at January 1, 2014	Additions	Deletion	As at December 31, 2014	As at January 1, 2014	Charge for the year	As at December 31, 2014	(per annum)
Furniture and fixture	9,373,945	7,156,361	-	16,530,306	567,922	1,318,033	1,885,955	10.00%
Computers	63,323,009	9,551,067	(297,946)	72,576,130	14,813,007	22,749,489	37,450,506	33.33%
Electrical equipment	14,542,747	28,463,103	(230,000)	42,775,850	1,705,603	6,820,748	8,507,184	20.00%
Vehicle	9,074,179	-	-	9,074,179	1,062,780	1,814,836	2,877,616	20.00%
Office improvement	20,361,421	14,187,369	-	34,548,790	1,657,701	3,372,448	5,030,149	10.00%
	116,675,301	59,357,900	(527,946)	175,505,255	19,807,013	36,075,554	55,751,410	
							119,753,845	

10.2.1 The cost of fully depreciated property and equipment that are still in use is Rs 2,050,015 (2014: Rs 2,043,515).

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10.3 Intangible assets

(Un-audited)  
June 30, 2015

As at January 1, 2015	Cost			Amortization			Book value as at June 30, 2015	Rate of amortization % (per annum)
	As at	Additions	Deletion	As at June 30, 2015	As at January 1, 2015	Charge for the period deletions	As at June 30, 2015	

Rupees

Branchless banking software	88,660,167	6,413,670	-	95,073,837	10,334,204	4,575,422	-	14,909,626	80,164,211	10.00%
Licenses	9,814,257	-	-	9,814,257	1,818,270	981,426	-	2,799,696	7,014,561	20.00%
Mail server	78,378	-	-	78,378	30,450	13,062	-	43,512	34,866	33.33%
	<u>98,552,802</u>	<u>6,413,670</u>	<u>-</u>	<u>104,966,472</u>	<u>12,182,924</u>	<u>5,569,910</u>	<u>-</u>	<u>17,752,834</u>	<u>87,213,638</u>	

December 31, 2014

As at January 1, 2014	Cost			As at December 31, 2014	As at January 1, 2014	Amortization		As at December 31, 2014	Book value as at December 31, 2014	Rate of amortization % (per annum)
	As at	Additions	Deletion			Charge for the year	On deletions			

Rupees

Branchless banking software	56,535,577	32,124,590	-	88,660,167	2,796,949	7,537,255	-	10,334,204	78,325,963	10.00%
Licenses	6,349,015	3,465,242	-	9,814,257	317,451	1,500,819	-	1,818,270	7,995,987	20.00%
Mail server	78,378	-	-	78,378	4,350	26,100	-	30,450	47,928	33.33%
	<u>62,962,970</u>	<u>35,589,832</u>	<u>-</u>	<u>98,552,802</u>	<u>3,118,750</u>	<u>9,064,174</u>	<u>-</u>	<u>12,182,924</u>	<u>86,369,878</u>	

10.3.1 The cost of fully amortized intangible assets that are still in use is nil (2014: nil).

10.3.2 This includes operating system and microsoft office licenses

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		(Un-audited) June 30, 2015 Rupees	December 31, 2014 Rupees
<b>11. OTHER ASSETS</b>	<b>Note</b>		
Income/ mark-up accrued		78,388,155	53,528,270
Advances, deposits and other prepayments	11.1	32,306,876	53,109,619
Advance taxation (payments less provisions)		22,153,067	18,541,701
Receivable from Pak Telecom Mobile Limited (PTML), an associated company	11.2	1,973,964	-
Inventory of ATM cards & Stationery		1,828,954	3,317,025
Advance to staff		872,293	346,183
Others		47,500	40,498
		<u>137,570,809</u>	<u>128,883,296</u>

**11.1** This includes an amount of Rs. 6.56 million paid to PTCL (2014: 8.53), the parent company, for disaster recovery service.

**11.2** This represents net amount receivable from PTML, an associated company, in respect of transaction related to branchless banking income, prepaid and postpay bill collected and expenditure incurred by PTML on behalf of the Bank. Please refer to note 29 for detailed breakup.

		(Un-audited) June 30, 2015 Rupees	December 31, 2014 Rupees
<b>12. DEFERRED TAX ASSET</b>			
Deferred debits arising in respect of:			
Unused tax losses		100,627,300	105,470,427
Unused tax credit		6,420,965	4,223,932
Provision against advances		<u>1,268,469</u>	<u>827,943</u>
		108,316,734	110,522,302
Deferred credits arising in respect of:			
Surplus on revaluation of available for sale securities		(12,451,724)	(8,021,212)
Accelerated tax depreciation / amortization		<u>(7,574,216)</u>	<u>(9,159,193)</u>
		<u>88,290,794</u>	<u>93,341,897</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 2015 - 2019 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.

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	(Un-audited) June 30, 2015		December 31, 2014	
	Number of accounts	Rupees	Number of accounts	Rupees
<b>13. DEPOSITS</b>				
Fixed deposits	92	279,150,915	51	123,438,337
Saving deposits	2,917	455,720,396	2,279	312,461,257
Current deposits	387,151	294,650,072	52,129	266,679,041
	<u>390,160</u>	<u>1,029,521,383</u>	<u>54,459</u>	<u>702,578,635</u>

**13.1 Particulars of deposits by ownership**

Individual depositors	389,997	835,969,748	54,376	541,660,804
Institutional depositors				
Corporation/ firms	163	193,551,635	83	160,917,831
Banks/ financial institutions				-
	<u>390,160</u>	<u>1,029,521,383</u>	<u>54,459</u>	<u>702,578,635</u>

	Note	(Un-audited) June 30, 2015 Rupees	December 31, 2014 Rupees
<b>14. OTHER LIABILITIES</b>			
Interest payable on deposits		7,375,556	3,287,728
Accrued expenses		40,804,632	43,468,296
Payable to Pak Telecom Mobile Limited (PTML), an associated company		-	37,150,374
Payable to Utility Companies for utility bills collection		27,379,127	4,559,525
Uncollected remittances		40,974,387	33,367,885
Provision for gratuity	14.1	11,480,646	10,367,889
Payable to provident fund	14.2	1,050,415	-
Payable for capital expenditure		1,571,135	3,728,124
Sales tax / federal excise duty		13,292,434	8,788,686
Bills payable		8,740,783	16,369,142
Others		19,251,814	11,593,635
		<u>171,920,929</u>	<u>172,681,284</u>

**14.1 Provision for gratuity**

Opening balance	10,367,889	4,744,626
Payment during the period/ year	(686,340)	-
Charge for the period/ year	1,799,097	5,623,263
Closing balance	<u>11,480,646</u>	<u>10,367,889</u>

**14.2 Employees provident fund**

Size of the fund (total assets)	19,026,331	15,811,900
Cost of investments held	19,026,331	15,811,900
Percentage of investments held	100%	100%
Fair value of investments	19,026,331	15,811,900

Investments represent balances held with banks.

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.

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15. SHARE CAPITAL

15.1 Authorized capital

(Un-audited) June 30, 2015 Number	December 30, 2014 Number		(Un-audited) June 30, 2015 Rupees	December 30, 2014 Rupees
140,000,000	125,000,000	Ordinary shares of Rs. 10 each	1,400,000,000	1,250,000,000

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
110,000,000	100,000,000	Fully paid ordinary shares of Rs. 10 each in cash issued as right shares at par	1,100,000,000	1,000,000,000
128,571,429	118,571,429		1,285,714,290	1,185,714,290

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

16. MEMORANDUM/ OFF BALANCE SHEET ITEMS

CONTINGENCIES

There were no material known contingencies at period end. (2014: nil)

COMMITMENTS

	Note	(Un-audited) June 30, 2015 Rupees	December 30, 2014 Rupees
Standby Letter of Guarantee	16.1	6,365,151	6,365,151
Property and equipment		1,808,804	37,858,281
Intangible assets		6,034,000	8,162,000
		14,207,955	52,385,432

16.1 This represents letter of guarantee issued by the Bank to UnionPay International Company Limited for interbank settlements.

	Note	(Un-audited) June 30, 2015 Rupees	(Un-audited) June 30, 2014 Rupees
17. MARK-UP/ RETURN/ INTEREST EARNED			
Mark-up on advances		53,144,042	14,636,707
Interest on investment in Government securities		27,893,831	14,614,186
Interest on deposit accounts/ placements with other banks/ financial institutions/ mutual funds		26,343,851	34,136,051
		107,381,724	63,386,944

18. MARK-UP/ RETURN/ INTEREST EXPENSED

This represents interest expense on deposits.

19. FEE, COMMISSION AND BROKRAGE INCOME

Fee from branchless banking		103,664,981	59,424,007
Other charges collected from customers	19.1	12,178,645	6,693,790
		115,843,626	66,117,797

19.1 This includes fee on loan processing and cheque book issuance collected from customers.

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	Note	(Un-audited) June 30, 2015 Rupees	(Un-audited) June 30, 2014 Rupees
<b>20. OTHER INCOME</b>			
Recovery against advances written off		213,625	414,173
Miscellaneous income		247,609	254,441
		<u>461,234</u>	<u>668,614</u>
<b>21. ADMINISTRATIVE EXPENSES</b>			
Staff salaries and benefits		99,458,539	94,141,468
Salaries of contracted/ outsourced employees		6,198,310	9,550,595
Gratuity		1,799,097	3,303,388
Provident fund		2,977,296	2,561,146
Insurance		1,778,537	1,998,398
Rent, rate and taxes		24,881,089	23,772,930
Travelling and conveyance		1,952,236	3,380,060
Postage and courier		1,457,186	1,436,705
Utilities		8,892,947	6,696,395
Repair and maintenance		11,030,985	7,524,342
Depreciation and amortization	10	29,011,796	20,626,600
Software support and maintenance fee		14,905,103	7,479,785
Stationery and printing		3,350,311	6,932,996
Auditors' remuneration	21.1	375,000	476,000
Legal and professional fee		1,256,237	357,525
Security services		7,774,868	4,459,269
Office supplies		1,447,860	1,414,761
Internet and connectivity charges		3,346,421	3,320,755
NADRA verification charges		883,094	950,568
Training Charges		505,648	895,658
Bank and Collection charges		3,526,783	2,639,079
Miscellaneous expenses		1,102,796	520,650
		<u>227,912,139</u>	<u>204,439,073</u>
<b>21.1 Auditors' remuneration</b>			
Half year review		340,000	330,000
Tax services		-	126,000
Out of pocket expenses		35,000	20,000
		<u>375,000</u>	<u>476,000</u>
<b>22. TAXATION</b>			
Current - for the period		(2,232,253)	(1,295,047)
Deferred - for the period		12,337,966	27,649,563
- for prior period		(12,958,556)	(7,892,563)
		(620,590)	19,757,000
		<u>(2,852,843)</u>	<u>18,461,953</u>
<b>22.1 Tax rate reconciliation</b>			
Loss before tax (Rupees)		<u>(29,812,231)</u>	<u>(79,862,169)</u>
Applicable tax rate		32%	33%
Deferred tax		(39.81%)	(7.77%)
Effect of change in tax rate		(1.76%)	(2.12%)
Average effective tax rate charged to income		<u>(9.57%)</u>	<u>23.11%</u>

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	(Un-audited) June 30, 2015 Rupees	December 31, 2014 Rupees
<b>23. CASH AND CASH EQUIVALENTS</b>		
Cash and balances with SBP and NBP	123,621,959	74,142,780
Balances with other banks	598,438,324	452,986,322
	<u>722,060,283</u>	<u>527,129,102</u>
<b>24. NUMBER OF EMPLOYEES</b>		
Credit sales staff		
Permanent	61	45
Contractual	2	6
	<u>63</u>	<u>51</u>
Banking/ support staff		
Permanent	215	195
Contractual	1	1
Outsourced	57	91
	<u>273</u>	<u>287</u>
Total number of employees at the end of the period/ year	<u>336</u>	<u>338</u>
Average number of employees during the period/ year	<u>337</u>	<u>294</u>
<b>25. NUMBER OF BRANCHES</b>		
Branches at beginning of the period/ year	25	15
Opened during the period/ year	-	10
Branches at the end of the period/ year	<u>25</u>	<u>25</u>

**26. LOSS PER SHARE**

(a) Basic

Basic loss per share is calculated by dividing the loss attributable to equity holders of the Bank by the weighted average number of ordinary shares in issue during the year.

	(Un-audited) June 30, 2015	(Un-audited) June 30, 2014
Loss attributable to equity holders (Rupees)	<u>(32,665,074)</u>	<u>(61,400,216)</u>
Ordinary shares outstanding as at December 2014 (numbers)	118,571,429	118,571,429
Weighted average number of shares in issue (numbers)	4,475,138	-
Total shares (numbers)	<u>123,046,567</u>	<u>118,571,429</u>
Loss per share - basic (Rupees)	<u>(0.27)</u>	<u>(0.52)</u>

(b) Diluted

There is no dilutive effect on the basic loss per share of the Bank.

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27. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	(Un-audited)		(Un-audited)	
	June 30, 2015		June 30, 2014	
	Chief Executive	Executives	Chief Executive	Executives
	Rupees		Rupees	
Managerial remuneration	4,320,000	16,544,523	6,920,000	17,664,141
Gratuity fund	360,000	1,378,710	360,000	1,260,114
Provident fund	345,600	1,142,184	345,600	1,209,710
Rent and house maintenance	2,520,000	9,650,971	2,520,000	8,628,311
Utilities	360,003	1,378,711	360,000	1,232,616
Medical	146,990	968,156	63,897	967,442
Conveyance	330,000	2,878,708	330,000	2,465,000
Others	362,400	1,449,110	360,000	1,260,114
Total	8,744,993	35,391,073	11,259,497	34,687,448
Number of person(s)	1	33	1	30

27.1 The chief executive is also provided with a Bank maintained car in accordance with the terms of employment.

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.

*Signature*



28. SCHEDULE OF MATURITY DISTRIBUTION OF MARKET RATE ASSETS AND LIABILITIES AS AT JUNE 30, 2015

	Total	Up to one month	Over one month up to six months	Over six months up to one year	Over one year
Rupees					
<b>Market rate assets</b>					
Advances	525,216,779	9,884,357	196,887,079	318,324,173	121,170
Investments	529,272,100	-	-	-	529,272,100
Other earning assets	591,319,338	591,319,338	-	-	-
Balances with other banks - deposit accounts					
<b>Total market rate assets</b>	<b>1,645,808,217</b>	<b>601,203,695</b>	<b>196,887,079</b>	<b>318,324,173</b>	<b>529,393,270</b>
<b>Other non-earning assets</b>					
Cash in hand	46,401,899	46,401,899	-	-	-
Balances with SBP and NBP - current accounts	77,220,060	77,220,060	-	-	-
Balances with other banks - current accounts	7,118,986	7,118,986	-	-	-
Operating fixed assets	235,933,745	5,394,432	26,972,160	32,366,592	171,200,561
Other assets	137,570,809	84,564,329	18,180,667	3,216,021	31,609,792
Deferred tax asset	88,290,794	-	-	-	88,290,794
<b>Total non-earning assets</b>	<b>592,536,293</b>	<b>220,699,706</b>	<b>45,152,827</b>	<b>35,582,613</b>	<b>291,101,147</b>
<b>Total assets</b>	<b>2,238,344,510</b>	<b>821,903,401</b>	<b>242,039,906</b>	<b>353,906,786</b>	<b>820,494,417</b>
<b>Market rate liabilities</b>					
Large time deposits above Rs. 100,000	277,072,915	53,521,622	134,417,924	81,033,369	8,100,000
All other time deposits (including fixed rate deposits)	2,078,000	100,000	916,000	1,062,000	-
Other cost bearing deposits	455,720,396	455,720,396	-	-	-
<b>Total market rate liabilities</b>	<b>734,871,311</b>	<b>509,342,018</b>	<b>135,333,924</b>	<b>82,095,369</b>	<b>8,100,000</b>
<b>Other non-cost bearing liabilities</b>					
Deposits	294,650,072	294,650,072	-	-	-
Other liabilities	171,920,929	155,674,346	566,592	3,839,505	11,840,486
<b>Total non-cost bearing liabilities</b>	<b>466,571,001</b>	<b>450,324,418</b>	<b>566,592</b>	<b>3,839,505</b>	<b>11,840,486</b>
<b>Total liabilities</b>	<b>1,201,442,312</b>	<b>959,666,436</b>	<b>135,900,516</b>	<b>85,934,874</b>	<b>19,940,486</b>
<b>Net assets</b>	<b>1,036,902,198</b>	<b>(137,763,035)</b>	<b>106,139,390</b>	<b>267,971,912</b>	<b>800,553,931</b>

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## 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. 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 period and balances outstanding as at the period ended June 30, 2015 are as follows:

Transactions	(Un-audited) June 30, 2015 Rupees	(Un-audited) June 30, 2014 Rupees
Parent Company - PTCL		
Payment for disaster recovery services	271,500	1,494,725
Internet, connectivity, utility & rental charges	1,636,244	1,123,788
Utility Bill collected on behalf of PTCL	228,508,484	-
Payment to PTCL for utility bills collected on behalf of PTCL	228,085,688	-
Utility bill collection charges	1,393,587	-
Utility bill collection charges received	1,551,280	-
Associated Company - PTML		
Fixed assets transferred from PTML	-	886,502
Payment for fixed assets and administrative costs	8,151,116	3,773,978
Payment against branchless banking and bills collected	33,669,665	57,684,059
Interest expense on deposits	1,025,570	606,971
Net change in deposits	48,320,961	17,954,297
Expenses incurred on behalf of PTML	4,886,836	-
Employees provident fund		
Contribution to provident fund	2,977,296	2,561,146
Balances	(Un-audited) June 30, 2015 Rupees	December 31, 2014 Rupees
Parent Company - PTCL		
Prepaid for disaster recovery services	6,563,360	7,547,838
Payable against utility bills collected	1,113,306	690,510
Utility bills collection charges receivable	159,208	343,960
Associated Company - PTML		
Deposits	15,743,816	64,064,777
Receivable against branchless banking and bills collected	1,973,964	
Payable to PTML		
Payable against branchless banking and bills collected	-	37,150,374
Interest payable on deposits	57,142	281,790
Employees provident fund		
Payable to provident fund	1,050,415	-



### 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 the interim financial information.

### 31. DATE OF APPROVAL

The interim financial information was approved by the Board of Directors of the Bank in their meeting held on

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

\_\_\_\_\_  
CHAIRMAN

\_\_\_\_\_  
DIRECTOR

\_\_\_\_\_  
DIRECTOR