

Balance Sheet as at March 31, 2013

	Note	31-Mar-2013	31-Dec-2012
ASSETS			
Cash and balance with SBP & NBP	1	325,943,497	482,695,280
Balances with other banks	2	477,779,515	792,784,243
Lending to financial institutions	3	151,930,740	590,014,893
Investments - net of provisions	4	1,029,102,995	1,043,516,062
Advances - net of provisions	5	6,656,560,006	5,717,031,631
Operating fixed assets	6	306,880,536	312,592,222
Other assets	7	972,263,981	888,289,322
Deferred tax assets		126,692,458	126,692,458
Total Assets		10,047,163,728	9,953,616,111
LIABILITIES			
Deposits and other accounts	8	4,015,328,026	4,040,646,992
Borrowings	9	3,009,835,832	3,009,835,832
Other liabilities	10	471,960,365	414,105,182
Total Liabilities		7,497,124,223	7,464,588,006
NET ASSETS		2,550,029,505	2,489,028,105
REPRESENTED BY :			
CAPITAL			
Paid up capital		1,705,000,000	1,705,000,000
Capital and general reserves	11	241,145,215	241,145,215
Unappropriated profit		590,475,578	525,770,167
		2,536,620,793	2,471,915,382
(Deficit) /Surplus on revaluation of assets	12	(37,582)	1,161,785
Deferred grants	13	13,446,294	15,950,938
Total Capital		2,550,029,505	2,489,028,105

Profit & Loss Account for the month ended March 31, 2013

Rupees

Jan - Mar - 2013 Jan - Mar 12

Mark up / Interest on advances	415,020,493	282,888,807
Micro credit Processing Fees	65,981,938	53,959,538
Retail Banking Services Fees	2,247,408	1,651,380
	483,249,836	338,299,705
Return on investments/bank accounts	40,202,984	59,545,899
	523,452,819	397,845,606
Borrowing cost	(49,581,742)	(62,484,284)
Interest on deposits	(72,128,268)	(12,013,407)
	(121,710,010)	(74,497,691)
	401,732,821	323,348,004
OPERATING EXPENSES		
Salaries, wages & other benefits	197,558,482	180,718,056
Incentive Sales	7,461,050	2,201,418
Recruitment & Development	660,779	1,785,423
Management consultancy	1,691,441	25,820
IT Operations	7,120,256	8,192,450
Training	1,223,603	2,087,878
Rent, rates & taxes	29,177,163	25,833,914
Meeting & Conferences	3,523,084	3,471,546
Utilities	11,704,338	10,143,553
Communication	7,055,772	5,110,688
Traveling & conveyance	2,088,835	2,046,688
Insurance	8,724,784	5,703,162
Repair & maintenance	3,257,843	3,818,024
Security services	1,493,400	1,086,893
Vehicle running & maintenance	20,733,423	23,718,737
Legal & Professional	444,812	718,309
Printing, stationery & office supplies	13,956,804	15,140,754
Subscription	327,171	381,038
Advertisement & business promotion	2,000,612	4,250,868
Financial charges	4,186,134	1,792,910
ATM Operations	-	-
Depreciation	25,454,224	19,108,109
Miscellaneous expenses	1,240,101	3,688,474
	354,084,022	300,794,792
Reimbursement of USAID program costs	(7,838,608)	(3,839,465)
	346,245,414	296,955,327
Net Provision against advances/other assets 14	8,010,373	35,727,158
Total operating expenses	352,255,888	332,682,485
OPERATING PROFIT/(LOSS)	49,476,932	(8,334,481)
OTHER INCOME		
Amortization of deferred grant	2,504,644	3,287,803
Reimbursement cost of Social Mobilization cost	29,928,600	29,682,100
(Loss)/Gain on Disposal of Fixed Asset	(131,773)	(688,894)
Misc Income	288,963	88,898
Gain/(Loss) on foreign currency transactions	282,366	165,443
	32,852,819	32,817,151
PROFIT BEFORE TAXATION	82,327,751	23,282,870
Taxation - Current	17,622,340	3,978,457
- Deferred	-	-
	17,622,340	3,978,457
PROFIT AFTER TAXATION	64,705,411	19,304,213
Un-appropriated profit b/f	525,770,167	404,476,790
UNAPPROPRIATED PROFIT	580,475,678	423,780,943

Notes to the Accounts for the period ended March 31, 2013

1. CASH AND BALANCES WITH SBP & NBP	Note	31-Mar-2013	31-Dec-2012
Cash in hand		207,021,686	330,400,374
Balances with SBP	1.1	114,366,826	149,504,818
Balances with NBP			
Current Account		1,287,528	1,282,286
Saving Account	1.2	3,267,437	1,508,022
		4,654,965	2,790,298
		<u>328,643,497</u>	<u>482,884,280</u>

- 1.1 This represents balance maintained with SBP to meet the requirement of maintaining minimum balance equivalent to 3% (2012: 5%) of the Bank's time and demand liabilities in accordance with regulation 8A of the Prudential Regulations issued by SBP.
- 1.2 This represents balances held across the network for the purpose of lending to borrowers and recoveries from customers, which carry an interest rate of 6.0% (2012: 6.0%) per annum.

2. BALANCES WITH OTHER BANKS

Current Account		199,702,561	299,648,160
Saving Account	2.1	79,076,663	302,809,077
Term Deposit	2.2	200,000,000	200,000,000
		<u>477,779,224</u>	<u>782,457,237</u>

- 2.1 This represents balances held in corporate accounts of which PKR 82M (2012: 197M) is held for the purpose of cash management such as meeting Bank's operations and lending to borrowers. Also included is a balance of PKR 17M (2012: 106M) held with NIB Bank as institutional savings. Corporate accounts carry interest rates ranging from 6.0% to 6.5% (2012: 6% to 6.5%).
- 2.2 This represents 03 Months Term Deposit Receipt (tdcr) of the rate of 6.40 % (2012: 6.65%) per annum maturing on April 18, 2013 (2012: January 18, 2013).

3. LENDING TO FINANCIAL INSTITUTIONS

Reverse repo lending	3.1	151,930,746	860,014,893
Clean lending		100,000,000	100,000,000
Less: Provision for impairment		100,000,000	100,000,000
		<u>151,930,746</u>	<u>860,014,893</u>

- 3.1 This represents reverse repo lending at the rate of 9.50 % per annum (2012: 8.50 % to 9.20% per annum) maturing on April 02, 2013 (2012: January 12, 2013).

4. INVESTMENTS - NET OF PROVISIONS

Market Treasury Bills	4.1	1,028,515,000	1,041,728,700
Surplus on revaluation	4.2	587,995	1,787,392
		<u>1,029,102,995</u>	<u>1,043,516,092</u>

- 4.1 This represents T-Bills purchased for the year (ranging from 84 days to 364 days (2012: 64 days to 364 days) having yield interest ranging from 8.14% to 11.56% (2012: 9.12% to 11.56%) per annum. T-Bills amounting to Rs. Nil (2012: Rs. Nil) are given as collateral against borrowings.
- 4.2 In compliance with the requirements of the Regulations, available for sale investments have been valued on mark-to-market basis and the resulting (deficit) / surplus is kept in a separate account and is shown below the shareholders' equity in the balance sheet.

5. ADVANCES - NET OF PROVISIONS

	Note	31-Mar-2013		31-Dec-2012	
		Number of loans outstanding	Amount outstanding	Number of loans outstanding	Amount outstanding
Gross advances:					
Unsecured					
Secured	5.1	363,049	5,486,184,781	355,486	5,135,883,068
		16,288	1,249,324,038	8,642	871,892,458
		380,335	6,735,478,819	364,136	5,906,576,542
Less: provisions held					
Specific provision		7,919	28,438,974	6,568	17,223,387
General provision		352,348	60,482,850	325,426	71,329,524
			88,918,824		88,543,911
			<u>6,666,660,008</u>		<u>6,717,031,831</u>

- 5.1 This includes rescheduled micro credit having aggregate amount of Rs.15.47 million (2012: Rs.16.45 million) related to branches affected from flood/hail.

5.2 Particulars of non-performing advances

Category of classification	31-Mar-2013			31-Dec-2012		
	Amount outstanding	Provision required	Provision held	Amount outstanding	Provision required	Provision held
QAEM	57,641,883	-	-	32,590,100	-	-
Sub-standard	25,313,706	9,329,817	9,329,817	10,849,525	2,712,381	2,712,381
Doubtful	38,841,362	18,488,378	18,488,378	11,076,339	5,837,669	5,837,669
Loss	3,637,879	3,637,879	3,637,879	8,673,837	8,673,837	8,673,837
	<u>123,695,030</u>	<u>28,438,974</u>	<u>28,438,974</u>	<u>63,798,901</u>	<u>17,223,387</u>	<u>17,223,387</u>

5.3 Particulars of the provisions against non-performing advances

	31-Mar-2013			31-Dec-2012		
	Specific	General	Total	Specific	General	Total
Balance at the beginning of the year	17,223,387	71,329,524	88,543,911	21,718,687	64,970,035	106,688,822
Charge for the period	35,247,131	(10,937,674)	24,409,457	298,380,826	(13,849,513)	284,731,315
Amount written off	(24,084,544)	-	(24,084,544)	(302,876,328)	-	(302,876,328)
Balance at end of the period	<u>28,438,974</u>	<u>60,482,850</u>	<u>88,918,824</u>	<u>17,223,387</u>	<u>71,329,524</u>	<u>88,543,911</u>

5.4 Particulars of write offs

Against provision		24,034,544	302,876,328
Directly charge to profit and loss account			
		<u>24,034,544</u>	<u>302,876,328</u>

Notes to the Accounts for the period ended March 31, 2013

6. OPERATING FIXED ASSETS	Note	31-Mar-13	31-Dec-12
Capital work-in-progress	6.1	9,819,536	13,160,924
Property and equipment	6.2	237,997,514	239,472,549
Intangible assets	6.2	59,063,388	65,958,749
		<u>306,880,238</u>	<u>318,602,222</u>

6.1 Capital Work-in-progress

This includes payments made to the vendor for the development of various software Modules and purchase of fixed assets.

6.2 Property and Equipment & Intangible Assets

	Vehicles	Furniture & Fixtures	Mechanical and Office Equipment	Computer Equipment	Total	Computer Software
Cost						
Balance as on January 1, 2013	172,039,906	188,309,894	185,066,601	177,585,174	690,671,677	104,720,156
Additions	10,951,940	228,800	12,331,932	399,000	23,912,372	447,799
Disposals	1,280,603	571,823	588,363	573,469	3,024,488	-
Balance as on March 31, 2013	<u>180,711,243</u>	<u>187,966,871</u>	<u>194,810,140</u>	<u>177,410,705</u>	<u>711,489,659</u>	<u>105,167,955</u>
Depreciation						
Balance as on January 1, 2013	100,616,690	69,388,593	100,952,229	125,137,715	487,099,426	38,751,407
Depreciation/Amortization Charge	204,218	2,509,607	4,578,911	4,625,568	11,908,600	4,777,280
Disposals	(60,367)	(814,672)	(1,836,516)	(1,710,874)	(4,483,316)	(2,575,882)
Balance as on March 31, 2013	<u>169,929,083</u>	<u>82,706,372</u>	<u>110,389,698</u>	<u>131,474,286</u>	<u>473,482,347</u>	<u>46,164,665</u>
Carrying Value						
As on March 31, 2013	<u>13,381,882</u>	<u>92,254,899</u>	<u>88,480,484</u>	<u>46,016,449</u>	<u>237,997,514</u>	<u>99,003,290</u>
As on December 31, 2012	<u>4,508,488</u>	<u>88,619,785</u>	<u>81,114,372</u>	<u>81,984,620</u>	<u>239,004,146</u>	<u>84,854,405</u>
Rate of Depreciation p.a	25%	10%	20%	33.33%		33.33%

7. OTHER ASSETS	Note	31-Mar-13	31-Dec-12
Markup/Interest on advances receivable		620,786,462	487,292,197
Interest receivable on investments		19,278,808	25,104,861
Loans & advances to staff		84,167,617	78,978,206
Advances to Suppliers and Service Providers		2,663,822	1,699,960
Security deposit		1,943,940	1,981,240
Prepayments		61,479,821	70,840,543
Advance tax deducted - Net of Provisions		-	6,730,518
Receivable from MSDF	7.1	160,724,866	193,581,859
Receivable from USAID	7.2	7,608,508	10,443,555
Insurance Claim Receivable		6,913,447	6,936,048
Sales Tax/Federal Excise Duty		16,433,072	6,869,178
Other receivables		<u>12,024,344</u>	<u>12,197,291</u>
		<u>964,117,810</u>	<u>998,078,604</u>
Less: Provision held against classified assets			
Opening Provision		<u>9,789,282</u>	<u>8,063,883</u>
Provision for the year		<u>2,064,352</u>	<u>2,860,799</u>
Receivable written off against provision		-	<u>(685,320)</u>
		<u>11,853,634</u>	<u>10,799,292</u>
		<u>972,264,176</u>	<u>987,279,312</u>

7.1 This represent claims lodged by the Bank with Microfinance Social Development Fund (MSDF) for reimbursement of client acquisition cost incurred by the Bank under the Loan Agreement (Special Operations) - Microfinance Sector Development Project, Loan #1808 between ADB and Islamic Republic of Pakistan

7.2 This represents cost reimbursement to the Bank under Cooperative Agreement TWEP Phase II 891-A-00-11-01230-00 effective February 23, 2011 for deburment of USAID funds to the TWEP (Tubewell Efficiency Improvement Replacement Program) equipment vendors. Cumulative disbursements made to vendors up to March 31, 2013 amounted to USD 8.6 million, while the total project cost is USD 15.5 million. The Bank recovers 1.755% of the amount disbursed and personnel cost as indirect cost charge. The current expiry date is September 15, 2013.

8. DEPOSITS	Note	31-Mar-13		31-Dec-12		
		Number of accounts	Rupess	Number of accounts	Rupess	
Time Liabilities						
Term Deposits	6.3	2,930	2,388,507,798	2,089	1,589,897,100	
Demand Liabilities:						
Saving Deposits	6.4	9,838	778,222,784	7,831	738,616,217	
Current Deposits		469,848	870,597,456	449,892	1,892,331,678	
			<u>508,886</u>	<u>1,648,820,240</u>	<u>458,523</u>	<u>2,480,948,092</u>
			<u>811,316</u>	<u>4,016,328,038</u>	<u>468,612</u>	<u>4,040,846,992</u>
8.2 Particulars of Deposits by ownership						
Individual Depositors		610,248	2,466,988,199	467,617	3,041,946,911	
Institutional Depositors						
a) Corporations/Firms		1,064	889,879,472	989	898,408,538	
b) Banks/Financial Institutions		14	708,481,655	6	302,292,548	
		<u>511,316</u>	<u>4,016,328,038</u>	<u>468,612</u>	<u>4,040,846,992</u>	

6.3 This represent term deposits carrying interest rates ranging from 8% to 14% per annum having tenure of 1 to 36 Months. (2012- 6% to 14% per annum having tenure of 1 to 36 months.)

6.4 This represent savings deposits carrying interest rates ranging from 8% to 8% per annum (2012- 6% to 8%)

9. BORROWINGS

Unsecured:			
Borrowings from ADB	9.1	2,608,835,832	2,609,838,832
Secured:			
Borrowings from FI	6.2	<u>100,000,000</u>	<u>100,000,000</u>
		<u>3,008,835,832</u>	<u>3,009,838,832</u>

Notes to the Accounts for the period ended March 31, 2013

9.1 This represents loan received under the Subsidiary Loan and Grant Agreement entered between the Bank and the Government of Pakistan (GoP). The loan (R1806 has been extended as part of Microfinance Sector Development Project between Asian Development Bank & Islamic Republic of Pakistan.
The Bank is liable to repay the principal amount of the loan to GoP, over a period of 20 years including a grace period of 8 years. Repayment of loan commenced from May 1, 2009, through bi-annual equal instalments. The principal repayable is the aggregate equivalent of the amounts drawn by the Bank from the loan account for sub-loan expressed in PKR, determined as of the respective dates of the withdrawal while the GoP shall bear the foreign exchange risk.
The interest is being paid on bi-annual basis charged at the rate equal to weighted average cost of deposits during the preceding six months in the banking industry as calculated by SBP. The interest rate used for the first bi-annual payment during the period was determined to be 6.47% (2012: 6.28% and 6.47%) per annum.

9.2 This represents interbank money market borrowings for three years carrying interest rate of 11.11% (2012: 11.95% to 13.75) per annum and is repayable in four equal instalments in the years 2013 and 2014. These borrowings are secured against 40% partial Micro Credit Guarantee Facility (MCOF) by SBP and a charge of PKR 100Mn over current assets of the bank. An undertaking has been signed to utilize funds for microfinance activities.

10. OTHER LIABILITIES	Note	31-Mar-13	31-Dec-12
Marked interest payable on borrowing		60,319,617	139,242,933
Marked/return payable on deposits		94,892,750	52,951,899
Bills Payable		115,404,899	27,758,462
Accrued expenses		66,346,584	48,351,777
Payable to SPs		-	7,759,700
Payable to defined benefit plan - gratuity/EODI		(123,387)	(1,278,201)
Contribution payable to funds		33,586,232	33,586,232
Payable to suppliers		43,082,469	81,915,526
Provision for WWF		8,642,875	8,083,892
Sundry deposits		18,512,120	131,279
Corporate Tax Payable		6,807,139	-
Other Payables		4,887,867	21,594,784
		471,846,381	414,195,182
11. CAPITAL AND GENERAL RESERVES			
Statutory Reserve		208,504,836	208,504,836
Contingency Reserve		8,345,353	8,388,353
Capital Reserve		24,255,224	24,255,224
		241,145,413	241,145,413
12. SURPLUS(DEFICIT) ON REVALUATION OF ASSETS			
Federal Government Securities			
Surplus(Deficit) on revaluation of available for sale securities		587,895	1,787,362
Deferred tax on surplus		(925,577)	(925,577)
		(337,682)	1,141,765
13. DEFERRED GRANTS			
Grant from GoP	15.1	251,589,232	251,589,232
Less: Grant amortized			
Up to December 31, 2012		(250,823,195)	(250,823,195)
Up to March 31, 2013		(68,020)	-
		578,017	668,037
Grant from USAID	15.2	66,374,601	66,374,601
Less: Grant amortized			
Up to December 31, 2012		(66,540,054)	(66,540,054)
Up to March 31, 2013		(292,627)	-
		1,541,920	1,834,547
Grant from SBI SA Micro Savings	15.3	25,484,337	25,484,337
Less: Grant amortized			
Up to December 31, 2012		(12,034,283)	(12,034,283)
Up to March 31, 2013		(2,128,697)	-
		11,321,357	13,450,054
		13,448,294	13,668,638
13.1 This represents grant from GoP for assets acquired for institutional Strengthening of the Bank, under subsidiary loan and grant agreement entered with GoP and ADB			
13.2 This represents grant from USAID for assets acquired for Bank's operations to develop non bankable territories for financial services in Sindh, Balochistan and FATA areas from Sep-2003 to Sep-2009.			
13.3 This represents grant for Inmarr retail banking application BankEssential awarded by Shore Bank International Limited to improve the capacity of the Bank for delivering saving products more effectively, profitably and at the enhanced scale.			
14. NET PROVISION AGAINST ADVANCES/OTHER ASSETS	Note	31-Mar-13	31-Dec-12
Provision against advances			
Specific Provision	5.3	35,247,131	298,586,828
General Provision	5.3	(10,837,874)	(13,648,513)
		24,409,257	284,938,315
Bad Debts Recovered		(19,678,681)	(178,031,865)
Net Provision against advances		4,730,576	106,896,450
Provision against Other Assets			
Provision against other assets	7	2,084,352	1,880,708
Recovery against other assets		(784,755)	(1,482,812)
		1,299,597	1,227,897
		6,030,173	108,124,347
15. TAXATION			
The five year tax holiday was available to Micro Finance Banks (MFB) in Pakistan. As per the conditions levied by Government of Pakistan (GoP) the bank was prohibited from distributing its profits. This tax holiday expired on June 30, 2012 and as a result the restriction placed on profit distribution has been lifted. Further, the profits of the bank will be taxed at the rate of 35% from July 2012 onwards with minimum tax being limited to 0.5% of non-exempt turnover.			