

Balance Sheet as at March 31, 2014

	Note	31-Mar-2014	31-Dec-2013
ASSETS			
Balances with State Bank of Pakistan	1	213,878,751	243,218,245
Cash in hand and balances with banks	2	544,408,989	686,221,888
Lending to financial institutions	3	-	942,371,214
Investments - net of provisions	4	1,055,223,224	1,038,900,528
Advances - net of provisions	5	9,270,776,952	8,756,895,434
Operating fixed assets	6	300,771,709	275,183,756
Other assets	7	1,505,700,543	1,247,439,984
Deferred tax assets		113,936,138	99,425,493
Total Assets		13,004,696,306	13,289,656,542
LIABILITIES			
Deposits and other accounts	8	6,219,482,417	7,132,919,239
Borrowings	9	3,146,106,352	2,746,106,352
Other liabilities	10	779,696,481	651,752,959
Total Liabilities		10,145,285,250	10,530,778,550
NET ASSETS		2,859,411,056	2,758,877,992
REPRESENTED BY :			
CAPITAL			
Paid up capital	16	1,705,000,000	1,705,000,000
Capital and general reserves	11	329,914,154	305,399,463
Unappropriated profit		812,397,292	738,853,220
		2,847,311,446	2,749,252,683
Surplus/(Deficit) on revaluation of assets	12	8,054,004	3,235,008
Deferred grants	13	4,045,606	6,390,301
Total Capital		2,859,411,056	2,758,877,992

Bank Limited

Profit & Loss Account for the period ended March 31, 2014

YTD - Mar - 14

	Note		
Mark up / Interest on advances		654,718,793	415,020,493
Micro credit Processing Fees		85,966,716	65,981,936
Retail Banking Services Fees	15	1,889,390	2,247,607
		742,574,899	483,249,836
Return on investments/bank accounts		24,843,723	40,202,984
		767,418,622	523,452,820
Interest on borrowings		(46,209,537)	(46,591,741)
Interest on deposits		(129,044,460)	(72,128,256)
		(169,253,997)	(118,719,998)
		598,164,625	404,732,822

OPERATING EXPENSES

Salaries, wages & other benefits		250,167,494	197,558,462
Incentive on Asset and Liability Sales		15,361,442	7,461,050
Recruitment & Development		794,002	660,779
Management consultancy		-	1,691,441
IT Operations		12,831,323	7,120,256
Training		5,132,570	1,223,503
Rent, rates & taxes		34,385,307	29,177,163
Meeting & Conferences		4,121,891	3,523,034
Utilities		12,574,291	11,704,338
Communication		7,132,268	7,055,772
Traveling & conveyance		4,224,116	2,088,935
Insurance		10,772,301	8,724,764
Repair & maintenance		4,806,938	3,257,843
Security services		1,757,968	1,493,400
Vehicle running & maintenance		26,273,158	23,733,423
Legal & Professional		788,725	464,812
Printing, stationery & office supplies		13,059,137	13,956,804
Subscription		727,703	327,171
Advertisement & business promotion		5,006,270	2,000,612
Financial charges		2,429,485	4,186,134
ATM Operations		-	-
Depreciation		28,313,204	25,454,224
WWF/Other expenses		5,248,480	1,240,101
		445,908,073	354,084,022
Reimbursement of USAID program costs		(7,912,789)	(7,836,506)
		437,995,284	346,247,516
Net Provision against advances/other assets	14	18,339,832	6,010,374
Total operating expenses		456,335,116	352,257,890
		141,829,509	49,474,932

OTHER INCOME

Amortization of deferred grant		2,344,695	2,504,644
Reimbursement of Social Mobilization Cost		29,997,500	29,928,600
Gain/(Loss) on Disposal of Fixed Assets		(379,799)	(131,773)
Misc Income		324,153	268,963
Gain/(Loss) on Foreign Currency Transactions		16,781	282,385
		32,303,330	32,852,819
		174,132,839	82,327,751

Taxation - Current	16	66,070,030	17,622,340
- Deferred		(24,510,645)	-
		41,559,385	17,622,340
		122,573,454	64,705,411
Un-appropriated profit b/f		739,853,220	525,770,167
Profit available for appropriation		861,426,674	590,475,578

APPROPRIATIONS:

Transfer to:			
Statutory Reserves		24,514,691	12,941,082
Microfinance Sector Development Fund		12,257,345	6,470,541
Risk Mitigation Fund		6,128,673	3,235,271
Depositors' Protection Fund		6,128,673	3,235,271
		49,029,382	25,882,165
		812,397,292	564,593,413

Notes to the Accounts for the period ended March 31, 2014

5.7 Portfolio quality report

The Bank's main measure of loan delinquency is an aged portfolio-at-risk ratio. Loans are separated into classes depending on the number of days they are over-due. For each of such class of loan, the outstanding principal balance of such loan class is divided by the outstanding principal balance of the gross loan portfolio before deducting allowance for non-performing advances. Loans are considered overdue if any payment has fallen due and remained unpaid. Loans payment are applied first to any interest due, then to any installment of principal that is due but unpaid, beginning with the earliest such installment. The number of days of delay is based on the due date of the due date of the earliest loan installment that has not been fully paid. Late payment surcharge/ penalty on overdue advances is not added to principal.

Normal Loans	31-Mar-14		31-Dec-13	
	Portfolio at Risk	Amount	Portfolio at Risk	Amount
Current	0.00%	9,190,897,541	0.00%	8,742,669,291
1 - 29 days late	0.60%	56,477,488	0.33%	29,971,592
30 - 59 days late	0.61%	57,159,907	0.36%	31,785,867
60 - 89 days late	0.21%	19,806,869	0.15%	12,982,261
90 - 179 days late	0.41%	38,527,367	0.17%	15,429,442
More than 179 days late	0.06%	5,893,870	0.11%	9,453,761
	1.89%	9,358,262,782	1.12%	8,841,692,214

6. OPERATING FIXED ASSETS	Note	31-Mar-14	31-Dec-13
Capital work-in-progress	6.1	41,018,886	15,848,803
Property and equipment	6.2	222,467,051	217,139,064
Intangible assets	6.2	37,285,772	42,194,889
		300,771,709	275,182,756

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

Cost						
Balances as on January 1, 2014	150,756,148	160,743,397	195,067,673	181,976,839	658,844,037	108,104,410
Additions	-	341,441	6,478,658	20,521,581	27,341,680	2,530,582
Disposals	600,424	675,640	627,944	135,084	2,059,092	-
Balances as on March 31, 2014	150,155,724	160,409,198	200,918,387	202,363,336	713,846,645	110,635,092
Depreciation						
Balances as on January 1, 2014	133,747,976	72,205,111	118,274,554	147,177,852	471,404,993	68,909,521
Depreciation/Amortization Charge	1,341,484	3,740,098	7,611,962	8,179,861	20,873,405	7,439,799
Disposals	24,210	242,664	496,661	135,069	898,804	-
Balances as on March 31, 2014	135,065,250	75,702,545	125,389,655	155,222,144	491,379,594	73,349,320
Carrying Value						
As on March 31, 2014	15,090,474	84,706,653	75,528,732	47,141,192	222,467,051	37,285,772
As on December 31, 2013	17,008,172	88,538,286	76,793,119	34,799,487	217,139,064	42,194,889
Rate of Depreciation per annum	25%	10%	20%	33.33%		33.33%

7. OTHER ASSETS

	Note	31-Mar-14	31-Dec-13
Markup/Interest accrued on advances		1,088,581,077	899,387,927
Suspended Markup/Interest on non performing advances		(26,103,023)	(12,187,907)
		1,062,478,054	887,200,020
Interest receivable on investments		27,879,800	11,225,863
Loans & advances to staff		73,334,514	70,675,025
Advances to Suppliers and Service Providers		3,856,954	2,383,598
Security deposit		1,997,290	1,997,290
Prepayments		89,958,506	78,097,607
Receivable from MSDP	7.1	167,087,043	119,295,593
Receivable from USAID	7.1	8,492,499	3,995,604
Insurance Claim Receivable		7,135,142	6,369,491
Sales Tax/Federal Excise Duty		66,749,124	52,815,692
Other receivables		32,622,470	17,182,280
		1,511,091,396	1,261,238,063
Less: Provision held against classified assets			
Opening Provision		13,798,079	9,789,282
Provision Change for the year		1,592,774	5,596,560
Receivable written off against provision		-	(1,587,753)
		15,390,853	13,798,079
		1,505,700,543	1,247,439,984

7.1 This represents 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 #1806 between ADB and Islamic Republic of Pakistan.

7.2 This represents cost reimbursement to the Bank under Cooperative Agreement TWEIP Phase II 391-A-00-11-01230-00 effective February 25, 2011 for disbursement of USAID funds to the TWEIP (Tubewell Efficiency Improvement Replacement Program) equipment vendors. Cumulative disbursements made to vendors up to March 31, 2014 amounted to USD 12.6 million; while the total project cost is USD 18.5 million. The Bank recovers 1.755% of the amount disbursed and personnel cost as indirect cost charge. The extended expiry date is June 30, 2014.

Notes to the Accounts for the period ended March 31, 2014

3. DEPOSITS	Note	31-Mar-14		31-Dec-13	
		Number of accounts	Rupees	Number of accounts	Rupees
Time Liabilities:					
Term Deposits	8.2	2,951	2,566,195,420	2,924	2,640,674,258
Demand Liabilities:					
Saving Deposits	8.3	19,131	2,585,790,109	17,127	2,661,417,108
Current Deposits		699,033	1,067,496,888	654,010	1,830,827,873
		<u>718,164</u>	<u>3,653,286,997</u>	<u>671,137</u>	<u>4,492,244,981</u>
		<u>721,115</u>	<u>6,219,482,417</u>	<u>674,061</u>	<u>7,132,919,239</u>
3.1 Particulars of Deposits by ownership					
Individual Depositors		719,903	3,722,392,013	672,898	4,074,501,471
Institutional Depositors					
a) Corporations/Firms		1,206	1,930,411,249	1,154	2,259,919,085
a) Banks/Financial Institutions		6	566,679,155	9	798,498,683
		<u>721,115</u>	<u>6,219,482,417</u>	<u>674,061</u>	<u>7,132,919,239</u>
3.2 This represents term deposits having tenure of 1 to 36 months (2013: 1 to 36 months) carrying interest at rates ranging from 6.00% to 14.00% (2013: 6.00% to 14.00%) per annum. This include fixed deposits Rs 24.18 Million (2013: Rs 19.69 Million) lien marked against advances to borrowers.					
3.3 This represent savings deposits carrying interest rates ranging from 6% to 10.85% per annum (2013: 6% to 10.85%).					
3. BORROWINGS	Note	31-Mar-14	31-Dec-13		
Unsecured:					
Borrowings from financial institutions outside Pakistan	9.1	2,546,106,352	2,546,106,352		
Secured:					
Borrowings from financial institutions in Pakistan	9.2	600,000,000	200,000,000		
		<u>3,146,106,352</u>	<u>2,746,106,352</u>		
3.1 This represents loan received under the Subsidiary Loan and Grant Agreement entered between the Bank and the Government of Pakistan (GOP). The loan (#1806 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 installments. 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 bi-annual payments during the period was determined to be 6.26% (2013: 6.28% and 6.45%) per annum.					
3.2 Borrowings from Financial Institutions in Pakistan	Note	31-Mar-14	31-Dec-13		
Pakistan Poverty Alleviation Fund (PPAF TF-II)	9.2.1	600,000,000	200,000,000		
		<u>600,000,000</u>	<u>200,000,000</u>		
3.2.1 This represents interbank money market borrowings from Pakistan Poverty Alleviation Fund carrying interest rate ranging 9.11% to 11.61% (2013: 8.06% to 10.56%) per annum. The PPAF extended Rs.1.5 billion financing facility for a period of one year. The Bank is liable to repay the principal amount to PPAF in 5 equal quarterly installments after the expiry of one year as grace period. The Bank had draw down Rs.600 million up to March 31, 2014					
10. OTHER LIABILITIES		31-Mar-14	31-Dec-13		
Markup/ interest payable on borrowing		74,662,198	29,600,078		
Markup/return payable on deposits		120,956,937	165,780,827		
Bills Payable		93,011,549	24,296,276		
Accrued expenses		81,330,712	111,339,744		
Payable to defined benefit plan - Gratuity/EODI		25,685,182	24,706,736		
Contribution payable to funds		97,154,292	72,639,601		
Payable to suppliers and service providers		33,306,978	57,552,471		
Provision for workers welfare fund		22,325,390	18,842,733		
Sundry deposits		18,225,094	19,330,171		
Corporate Tax Payable		185,540,245	121,911,340		
Other Payables		27,497,904	4,752,982		
		<u>779,686,481</u>	<u>651,752,959</u>		
11. CAPITAL AND GENERAL RESERVES					
Statutory Reserve		305,658,930	281,144,239		
Capital Reserve		24,255,224	24,255,224		
		<u>329,914,154</u>	<u>305,399,463</u>		
12. SURPLUS/(DEFICIT) ON REVALUATION OF ASSETS					
Surplus/(Deficit) on revaluation of available for sale securities		9,720,524	4,901,528		
Deferred tax on surplus		(1,666,520)	(1,666,520)		
		<u>8,054,004</u>	<u>3,235,008</u>		

Notes to the Accounts for the period ended March 31, 2014

	Note	31-Mar-14	31-Dec-13
13. DEFERRED GRANTS			
Grant from GoP	13.1	251,589,232	251,589,232
Less: Grant amortized			
Up to December 31, 2013		(251,246,720)	(251,246,720)
Up to March 31, 2014		(71,199)	-
		271,313	342,512
Grant from USAID	13.2	98,974,901	98,974,901
Less: Grant amortized			
Up to December 31, 2013		(97,282,378)	(97,282,378)
Up to March 31, 2014		(148,799)	-
		942,724	1,092,523
Grant from SBI SA Micro Savings	13.3	25,484,937	25,484,937
Less: Grant amortized			
Up to December 31, 2013		(20,529,071)	(20,529,071)
Up to March 31, 2014		(2,123,697)	-
		2,831,569	4,955,266
		4,045,606	6,390,301
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 Interim retail banking application Bank Essential 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			
Provision against advances			
Specific Provision	5.4	25,335,055	35,247,181
General Provision	5.4	4,725,238	(10,837,672)
		30,060,293	24,409,459
Bad Debts Recovered		(13,023,285)	(19,678,681)
Net Provision against advances		17,047,058	4,730,778
Provision against Other Assets			
Provision against other assets	7	1,552,774	2,054,352
Recovery against other assets		(300,000)	(784,756)
		1,252,774	1,279,596
		18,339,832	6,010,374
15. RETAIL BANKING SERVICES FEES			
Banking Services Fee		1,221,408	1,841,393
Remittance Services Fee		416,582	406,014
Bancassurance Services Fee		251,400	-
ATM Services Fee		-	-
		1,889,390	2,247,407
16. TAXATION			
The five year tax holiday was available to Micro Finance Banks (MFB) in Pakistan. As per the conditions laid 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% (2013: 34%) with minimum tax being limited to 0.5% of non-exempt turnover.			
17. SHARE CAPITAL			
17.1 Authorized Capital	17.1.1	6,000,000,000	6,000,000,000
17.1.1 The Bank's authorized share capital is 600 million ordinary shares of Rs.10/- each.			
17.2 Issued, Subscribed and Paid up Capital	17.2.1	1,705,000,000	1,705,000,000
17.2.1 The Bank's issued, subscribed and fully paid up capital is 170.5 million shares of Rs.10/- each as follows:			
United Bank Limited		506,285,280	506,285,280
Habib Bank Limited		300,000,000	300,000,000
Rural Impulse Fund II S.A. SICAV-FIS		298,496,310	298,496,310
ShoreCap II Limited		243,568,080	243,568,080
ASN-NOVB Microcreditors		168,795,020	168,795,020
Credit Suisse Microfinance Fund Management Company		132,855,310	132,855,310
Bank Al Habib Limited		50,000,000	50,000,000
Sowari Bank Limited		25,000,000	25,000,000
		1,705,000,000	1,705,000,000
18. GENERAL INFORMATION			
18.1 Number of Employees			
Credit Sales Staff			
Permanent		725	708
Banking/Support Staff			
Permanent		788	732
Contractual		891	858
		1,679	1,585
Total number of employees at the end of the period		2,404	2,283
18.2 Number of Branches			
Total branches at the beginning of the period		110	106
Opened during the period		10	8
Closed/merged during the period		(1)	(2)
Total branches at the end of the period		119	110