

FINCA MICROFINANCE BANK LIMITED
CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)
AS AT MARCH 31, 2016

	Note	March 31 2016	December 31 2015
(Rupees)			
ASSETS			
Cash and balances with SBP and NBP	7	396,635,792	356,638,478
Balances with other banks/NBFIs/MFBs	8	588,826,154	409,990,696
Lending to financial institutions		100,000,000	-
Investments - net of provisions	9	497,628,100	1,039,196,250
Advances - net of provisions	10	6,180,680,848	5,418,675,734
Operating fixed assets		796,505,527	776,652,189
Other assets		415,097,397	283,848,386
Deferred tax asset		133,876,700	166,917,194
Total assets		9,109,250,518	8,451,918,927
LIABILITIES			
Deposits and other accounts	11	6,320,517,289	6,057,364,103
Borrowings		314,001,465	115,000,880
Subordinated debt		-	-
Other liabilities		463,739,191	346,019,502
Total liabilities		7,098,257,945	6,518,384,485
Net assets		2,010,992,573	1,933,534,442
REPRESENTED BY:			
Share capital	12	6,348,887,110	6,348,887,110
Discount on issue of shares		(4,089,040,293)	(4,089,040,293)
Statutory reserve		68,843,467	68,843,467
Depositors' protection fund		18,216,492	17,928,449
Accumulated loss		(352,807,581)	(431,381,215)
		1,994,099,195	1,915,237,518
Deferred grants		16,893,378	18,296,924
Total capital		2,010,992,573	1,933,534,442

Memorandum / Off-balance sheet items

The annexed notes from 1 to 14 form an integral part of these financial statements

Chief Executive Officer

Chairperson

Director

FINCA MICROFINANCE BANK LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE PERIOD ENDED MARCH 31, 2016

	March 31 2016	March 31 2015
	(Rupees)	
Mark-up / return / interest earned	605,013,688	417,227,086
Mark-up / return / interest expensed	<u>(127,882,842)</u>	<u>(117,504,508)</u>
Net mark-up / interest income	477,130,846	299,722,578
Provision against non-performing loans and advances	<u>(26,588,123)</u>	<u>(14,583,622)</u>
Provision for diminution in the value of investments	-	-
Bad written off directly	<u>(31,809,705)</u>	<u>-</u>
	<u>(58,397,828)</u>	<u>(14,583,622)</u>
Net mark-up / interest income after provisions	418,733,018	285,138,956
Non mark-up / non interest income		
Fee, commission and brokerage income	<u>50,109,769</u>	69,791,783
Dividend income	-	-
Other income	<u>52,984,562</u>	6,802,956
Total non mark-up / non interest income	<u>103,094,331</u>	76,594,739
	521,827,349	361,733,695
Non mark-up / non interest expenses		
Administrative expenses	<u>(401,123,876)</u>	<u>(321,405,000)</u>
Other charges	<u>(2,538,110)</u>	<u>(2,673,898)</u>
Total non mark-up / non interest expenses	<u>(403,661,986)</u>	<u>(324,078,898)</u>
Profit before taxation	118,165,363	37,654,797
Taxation - Current year	<u>(6,551,235)</u>	<u>(4,870,024)</u>
Prior years	-	-
Deferred	<u>(33,040,494)</u>	<u>(5,992,796)</u>
	<u>(39,591,729)</u>	<u>(10,862,820)</u>
Profit after taxation	<u>78,573,634</u>	<u>26,791,977</u>
Earning per share	0.12	0.06

The annexed notes from 1 to 38 form an integral part of these financial statements

Chief Executive Officer

Chairperson

Director

Director

FINCA MICROFINANCE BANK LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE PERIOD ENDED MARCH 31, 2016

	<u>March 31</u> <u>2016</u>	<u>March 31</u> <u>2015</u>
	(Rupees)	
Profit after tax	78,573,634	26,791,977
Other comprehensive income for the year - net of tax		
<i>Items that will not be reclassified subsequently to profit or loss:</i>		
Remeasurement of post defined benefit obligation	-	-
Impact of deferred tax	-	-
<i>Items that may be reclassified subsequently to profit or loss</i>	-	-
Total comprehensive income for the year	<u><u>78,573,634</u></u>	<u><u>26,791,977</u></u>

The annexed notes from 1 to 14 form an integral part of these financial statements

Chief Executive Officer

Chairman

Director

Director

FINCA MICROFINANCE BANK LIMITED
INTERIM CONDENSED CASH FLOW STATEMENT (UN-AUDITED)
FOR THE PERIOD ENDED MARCH 31, 2016

Note	March 31 2016	March 31 2015
	(Rupees)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	118,165,363	37,654,797
Adjustments for non-cash charges		
Depreciation	18,307,181	15,440,004
Amortisation	8,195,445	5,584,017
Provision against non-performing advances	26,588,123	14,583,622
Provision for diminution in the value of investments/other assets	-	-
Loss on disposal of fixed assets	(22,358)	(297,919)
Finance charge on leased assets	-	-
Amortisation of discount on held to maturity investment	(11,621,406)	(10,992,543)
Provision for accumulating compensated absences	700,000	999,999
Deferred grant recognised as income	(1,602,450)	(1,772,300)
Provision for gratuity	5,250,000	5,250,000
	45,794,535	28,794,880
	163,959,898	66,449,677
(Increase)/decrease in operating assets		
Lendings to financial institutions	(100,000,000)	-
Advances	(788,593,237)	(447,872,086)
Others assets (excluding advance taxation)	(93,724,604)	(71,183,350)
	(982,317,841)	(519,055,436)
Increase/(decrease) in operating liabilities		
Bills payable	(3,082,616)	(1,908,215)
Borrowings from financial institutions	199,000,585	(1,099,665)
Deposits	263,153,186	179,900,889
Other liabilities	135,097,439	36,744,165
	594,168,594	213,637,174
	(224,189,349)	(238,968,585)
Gratuity paid	(425,328)	(2,507,962)
Income tax paid	(63,895,448)	(1,257,931)
Net cash flow from operating activities	(288,510,125)	(242,734,478)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net investments in held for trading securities	-	-
Net investments in held-to-maturity securities	553,189,556	(35,571,265)
Interest income on depositors protection fund	288,043	189,843
Dividend income	-	-
Investments in operating fixed assets	(46,551,922)	(10,755,600)
Sale proceeds of property and equipment disposed-off	218,316	3,523,000
Net cash flow from investing activities	507,143,993	(42,614,022)
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipt/payments of sub-ordinated loan	-	-
Receipts/ payments of lease obligations	-	-
Issuance of Share capital	-	-
Dividend paid	-	-
Grant received from donors	198,904	361,675
Net cash flow from financing activities	198,904	361,675
Increase/(decrease) in cash and cash equivalents	218,832,772	(284,986,825)
Cash and cash equivalents at beginning of the year	766,629,174	918,084,860
Cash and cash equivalents at end of the year	985,461,946	633,098,035

Chief Executive Officer

Chairperson

Director

Director

FINCA MICROFINANCE BANK LIMITED
INTERIM CONDENSED CASH FLOW STATEMENT (UN-AUDITED)
FOR THE PERIOD ENDED MARCH 31, 2016

	Share Capital	Discount on Issue of Shares	Statutory Reserve	Depositors' Protection Fund	Accumulated Loss	Total
	(Rupees)					
Balance as at December 31, 2014	4,731,980,440	(2,957,205,624)	35,504,563	8,881,508	(555,185,410)	1,263,975,477
Profit for the year					166,694,520	166,694,520
Other comprehensive income - (net of tax)					(1,216,695)	(1,216,695)
	-	-	-	-	165,477,825	165,477,825
Transfer to statutory reserve	-	-	33,338,904	-	(33,338,904)	-
Transfer to depositors' protection fund	-	-	-	8,334,726	(8,334,726)	-
- 5% of the profit after tax for the year	-	-	-	712,215	-	712,215
- return on investments - net of tax	-	-	-	-	-	-
Issue of share capital	1,616,906,670	(1,131,834,669)	-	-	-	485,072,001
Premium/Discount on issue of shares	-	-	-	-	-	-
Balance as at December 31, 2015	6,348,887,110	(4,089,040,293)	68,843,467	17,928,449	(431,381,215)	1,915,237,518
Total comprehensive loss for the period ended March 31, 2016	-	-	-	-	78,573,634	78,573,634
Other comprehensive income - (net of tax)	-	-	-	-	-	-
	-	-	-	-	78,573,634	78,573,634
Transfer to statutory reserve	-	-	-	-	-	-
Transfer to depositors' protection fund	-	-	-	-	-	-
- 5% of the profit after tax for the year	-	-	-	-	-	-
- return on investments - net of tax	-	-	-	288,043	-	288,043
Issue of share capital	-	-	-	-	-	-
Premium/Discount on issue of shares	-	-	-	-	-	-
Advance against issue of shares	-	-	-	-	-	-
Balance as at March 31, 2016	6,348,887,110	(4,089,040,293)	68,843,467	18,216,492	(352,807,581)	1,994,099,195

The annexed notes from 1 to 38 form an integral part of these financial statements

Chief Executive Officer

Chairperson

Director

Director

FINCA MICROFINANCE BANK LIMITED
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2016

1 STATUS AND NATURE OF BUSINESS

1.1 FINCA Microfinance Bank Limited, (the Bank) was incorporated on June 26, 2008 as a public limited company under the Companies Ordinance, 1984. The Bank obtained the Microfinance banking license from the State Bank of Pakistan (SBP) on August 12, 2008 under the provisions of Microfinance Institutions Ordinance, 2001 and certificate of commencement of business on September 4, 2008 from Securities and Exchange Commission of Pakistan. On October 27, 2008 the Bank received the certificate of commencement of business from SBP.

The Bank's principal business is to provide microfinance services to the poor and under-served segments of the society as envisaged under the Microfinance Institutions Ordinance, 2001. The registered office of the Bank is situated at 387-E, Johar Town, Lahore, Pakistan. Subsequent to takeover by FINCA International the Bank has changed its name from Kashf Microfinance Bank Limited to FINCA Microfinance Bank Limited with effect from November 25, 2013.

The Bank is licensed to operate nationwide. As at December 31, 2015, the Bank has 79 branches (2014: 42 branches) and 21 permanent booths (2014: 58) operating in the provinces of Punjab, Khyber Pakhtunkhwa and Sindh.

1.2 The holding company of the Bank is FINCA Microfinance Cooperatief U.A., (a cooperative with exclusion of liability incorporated in the Netherlands) The ultimate holding company of the Bank is FINCA International, Inc, a not-for-profit corporation incorporated in the Washington DC, USA.

2. BASIS OF PRESENTATION

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

3. STATEMENT OF COMPLIANCE

3.1 These Interim Condensed financial statements have been prepared in accordance with the directives issued by State Bank of Pakistan, the requirements of the Microfinance Institution Ordinance, 2001, the Companies Ordinance, 1984, and the accounting standards issued by the International Accounting Standards Board (IASB) and interpretations issued by International Financial Reporting Interpretation Committee, of the IASB as adopted in Pakistan.

SBP has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement' and International Accounting Standard (IAS) 40, 'Investment Property' for Banking Companies through BSD Circular No. 10 dated August 26, 2002. Further, SECP has deferred applicability of IFRS 7 "Financial Instruments: Disclosures" through its notification S.R.O 411(1) / 2008 dated April 28, 2008. Accordingly, the requirements of these standards have not been considered in the preparation of these financial statements.

4 BASIS OF MEASUREMENT

4.1 Accounting convention

These Interim Condensed financial statements have been prepared under the historical cost convention except for certain staff retirement benefits which are measured at present value and certain investments which are measured at fair value and amortised cost.

4.2 Functional and presentation currency

Items included in the Interim Condensed financial statements are measured using the currency of the primary economic environment in which the Bank operates. The financial statements are presented in Pakistani Rupees, which is the Bank's functional and presentation currency.

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the method of computation adopted in preparation of this condensed interim financial report are the same as those applied in the preparation of the annual financial statements for the year ended 31 December 2015.

	Note	March 31	December 31
		2016	2015
		(Un-Audited)	(Audited)
7 Cash and balances with SBP and NBP		(Rupees)	
Cash in hand		116,385,274	93,549,572
Balance with State Bank of Pakistan	7.1	225,125,808	245,236,567
Balance with National Bank of Pakistan in :			
Deposit account		20,860,732	17,601,439
Current account	7.1	34,263,978	250,900
		<u>396,635,792</u>	<u>356,638,478</u>

7.1 TTthis represents the balance maintained with SBP and NBP to meet the minimum balance requirement equivalent to 5 % as cash reserve and 10% as liquidity reserve of the Bank's time and demand liabilities in accordance with the Prudential Regulations.

	Note	March 31	December 31
		2016	2015
		(Un-Audited)	(Audited)
8 Balances with other banks		(Rupees)	
In Pakistan:			
Saving accounts	8.1	284,935,141	238,715,690
Deposit accounts	8.2	250,000,000	125,000,000
Current accounts		53,891,013	46,275,006
		<u>588,826,154</u>	<u>409,990,696</u>

8.1 These accounts carry mark-up ranging from 4.5% to 7.0% (2015: 4.5% to 9.3%) per annum.

8.2 These term deposits carry mark-up ranging from 6.0% to 7.15% (2015: 6.55% to 9.00%) per annum with maturity up to one month.

	Note	March 31	December 31
		2016	2015
		(Un-Audited)	(Audited)
9 Investments-net of provisions		(Rupees)	
Federal Govt. Securities:			
Market treasury bills (Held for trading)		-	-
Pakistan investment bond (Held to maturity)		-	-
Market treasury bills (Held to maturity)	9.1	497,628,100	1,039,196,250
		<u>497,628,100</u>	<u>1,039,196,250</u>

9.1 These carry yield rate ranging between 6.17% to 6.41% (2015: 6.41% to 6.95%) per annum .These securities have an aggregate face value of Rs. 500,000,000 (2015:1,050,000,000)

	Note	March 31 2016 (Un-Audited)		December 31 2015 (Audited)	
		Number	Rupees	Number	Rupees
10 Advances - net of provisions					
Micro credit advances		96,571	6,201,605,544	90,804	5,438,119,109
Micro lease		-	-	-	-
Other advances		495	47,080,909	476	40,638,816
			6,248,686,453		5,478,757,925
Less: Provisions held:					
Specific	10.1	1,191	12,916,728	2,154	14,415,116
General	10.2		55,088,877		45,667,075
			68,005,605		60,082,191
			6,180,680,848		5,418,675,734

10.1 Particulars of non-performing advances

The total advances of Rs. 110,935,413 (2015: Rs. 126,350,998) placed under non-performing status includes Rs 66,281,764 (2014: Rs. 84,220,264) against secured gold loans:

	Number	March 31 2016		Provision required Rupees	Provision held Rupees
		Amount outstanding Rupees	%		
OAEM	985	37,169,452	0	-	-
Sub-standard	583	33,105,428	25	2,732,307	2,732,307
Doubtful	605	40,586,245	50	10,110,133	10,110,133
Loss	3	74,288	100	74,288	74,288
Total	2,176	110,935,413		12,916,728	12,916,728

	Number	December 31 2015		Provision required Rupees	Provision held Rupees
		Amount outstanding Rupees	%		
OAEM	471	26,748,246	0	-	-
Sub-standard	345	19,097,718	25	2,005,553	2,005,553
Doubtful	1,327	80,116,646	50	12,117,737	12,117,737
Loss	11	388,388	100	291,826	291,826
Total	2,154	126,350,998		14,415,116	14,415,116

10.2 This represents general provision equivalent to 1% (2015: 1%) of the outstanding advances net of specific provisions and those against which gold collaterals are taken.

10.3 Particulars of provisions against non-performing advances

Note	March 31 2016			December 31 2015		
	Specific Rupees	General Rupees	Total Rupees	Specific Rupees	General Rupees	Total Rupees
Opening balance	14,415,116	45,667,075	60,082,191	8,274,452	25,472,839	33,747,291
Charge for the year	17,166,319	9,421,802	26,588,121	57,316,777	20,194,236	77,511,013
Reversal during the year	-	-	-	-	-	-
Amounts written off	(18,664,707)	-	(18,664,707)	(51,176,113)	-	(51,176,113)
	(1,498,388)	9,421,802	7,923,414	6,140,664	20,194,236	26,334,900
Closing balance	12,916,728	55,088,877	68,005,605	14,415,116	45,667,075	60,082,191

10.5.1 Particulars of write offs

	March 31 2016 (Un-Audited)	December 31 2015 (Audited)
Against provisions	18,664,707	51,176,113
Directly charged to profit and loss account	31,809,705	28,143,149
	50,474,412	79,319,262

11 Deposits

	Note	March 31 2016 (Un-Audited)		December 31 2015 (Audited)	
		Number of accounts	Amount Rupees	Number of accounts	Amount Rupees
Fixed deposits		4,742	4,391,011,028	4,669	3,921,406,395
Saving deposits		101,206	1,222,731,805	100,308	1,295,568,840
Current deposits		295,653	706,774,456	277,054	840,388,868
		401,601	6,320,517,289	382,031	6,057,364,103

11.2 Particulars of deposits by ownership

	March 31 2016	December 31 2015
1) Individual depositors	400,911	381,276
2) Institutional depositors	-	-
a) Corporations, firms and other such entities	678	744
b) Banks and financial institutions	12	11
	401,601	382,031

12 Share Capital

12.1 Authorised capital

	March 31 2016	December 31 2015
(Number of shares)	750,000,000	750,000,000
Ordinary shares of Rs 10 each	7,500,000,000	7,500,000,000

12.2 Issued, subscribed and paid-up share capital

	December 31 2016	December 31 2015
(Number of shares)	634,888,711	634,888,711
Ordinary shares of Rs 10 each fully paid in cash	6,348,887,110	6,348,887,110

	March 31 2016	March 31 2015
(Rupees)		

13 **Mark-up / return / interest earned**

Interest / mark-up on advances	586,161,046	398,890,606
Markup earned on investments in government securities	11,621,406	7,343,937
Interest / mark-up on bank accounts	7,231,236	10,992,543
	<u>605,013,688</u>	<u>417,227,086</u>

14 **General**

- Figures have been rounded to the nearest Rupee unless otherwise specified.
- Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison. However, no significant re-arrangements have been made.
- Where there are no amounts to be disclosed in the account captions as prescribed by BSD Circular No.11 dated December 30, 2003 issued by SBP in respect of forms of

Chief Executive Officer

Chairperson

Director

Director