

THE FIRST MICROFINANCEBANK LIMITED
BALANCE SHEET
FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	2014 Rupees '000	2013 Rupees '000
ASSETS			
Cash and Balances with SBP and NBP	7	484,308	504,071
Balances With Other Banks/NBFIs/MFBs	8	747,842	1,019,600
Lending to Financial Institutions		-	-
Investments - Net of Provisions	9	4,273,049	4,050,851
Advances - Net of Provisions	10	4,416,691	3,450,418
Operating Fixed Assets	11	205,717	141,607
Other Assets	12	486,891	310,577
Deferred Tax Asset	13	60,232	36,918
Total assets		10,674,730	9,514,042
LIABILITIES			
Deposits and other accounts	14	8,749,901	7,814,981
Borrowings	15	289,880	296,042
Subordinated Debt		-	-
Other Liabilities	16	397,810	294,387
Deferred Tax Liabilities		-	-
Total liabilities		9,437,591	8,405,410
NET ASSETS		1,237,139	1,108,632
REPRESENTED BY:			
Share Capital	17	1,351,501	1,351,501
Statutory & General Reserves		63,974	42,092
Depositors protection fund		19,588	12,955
Accumulated loss		(226,929)	(304,486)
		1,208,134	1,102,062
Surplus on revaluation of assets	18	24,745	1,121
Deferred Grants	19	4,260	5,449
Total Capital		1,237,139	1,108,632
MEMORANDUM / OFF-BALANCE SHEET ITEMS	20		

The annexed notes from 1 to 40 form an integral part of these financial statements.

THE FIRST MICROFINANCEBANK LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	2014 Rupees '000	2013 Rupees '000
Mark-up/Return/Interest Earned	21	1,655,588	1,430,006
Mark-up/Return/Interest Expensed	22	(590,199)	(518,283)
Net Mark-up/Interest Income		1,065,389	911,723
Provision against non-performing loans and advances	10.3	(142,455)	(124,759)
Recovery against written off advances		32,483	65,482
Provision for diminution in the value of investments		-	-
Bad debts written off directly		-	-
		(109,972)	(59,277)
Net Mark-up/ Interest Income after provisions		955,417	852,446
NON MARK-UP/ NON INTEREST INCOME			
Fee, commission and brokerage income	23	107,680	91,670
Dividend income		-	-
Amortization of deferred grant	24	2,290	5,177
Other income		14,331	1,642
Total non-markup/non interest income		124,301	98,489
		1,079,718	950,935
NON MARK-UP/ NON INTEREST EXPENSES			
Administrative expenses	25	(976,722)	(833,981)
Grant related expenses		(2,290)	(5,177)
Other provisions/write offs		-	-
Other charges	26	(527)	-
Total non-markup/non interest expenses		(979,539)	(839,158)
		100,179	111,777
Extra ordinary/unusual items		-	-
PROFIT BEFORE TAXATION		100,179	111,777
Taxation - Current		(17,777)	(15,300)
- Prior years		3,695	9,704
- Deferred		23,314	36,918
	27	9,232	31,322
Profit after taxation		109,411	143,099
Accumulated loss brought forward		(304,868)	(411,760)
Loss before appropriation		(195,457)	(268,661)
APPROPRIATIONS:			
Transfer To:			
Statutory reserve		(21,882)	(28,620)
Capital reserve		-	-
Contribution to Depositors protection fund:			
5% of Profit after tax		(5,471)	(7,155)
Interest on Investment		(1,162)	(432)
Revenue reserve		-	-
Dividend		-	-
		(28,515)	(36,207)
Accumulated loss carried forward		(223,972)	(304,868)
Earning per share (Rupee)	33	0.81	1.06

The annexed notes from 1 to 40 form an integral part of these financial statements.

THE FIRST MICROFINANCEBANK LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	2014 Rupees '000	2013 Rupees '000
		<u> </u>	<u> </u>
Profit for the year		109,411	143,099
Other comprehensive income			
Other comprehensive income/ (loss) not to be reclassified to profit or loss in subsequent periods :			
Actuarial loss on defined benefit obligations	28.4	(3,339)	(1,409)
Comprehensive income transferred to equity		<u>106,072</u>	<u>141,690</u>
Components of comprehensive income not reflected in equity			
Surplus/ (Deficit) on revaluation of investments	9.5	23,624	(19,211)
		<u>23,624</u>	<u>(19,211)</u>

The annexed notes from 1 to 40 form an integral part of these financial statements.

THE FIRST MICROFINANCEBANK LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	2014 Rupees '000	2013 Rupees '000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		100,179	111,777
Adjustments for non-cash charges			
Depreciation of property and equipment		46,799	41,173
Amortization of intangible assets		3,445	3,322
Provision against non performing loans and advances		142,455	124,759
Gain on disposal of Operating Fixed Assets		(10,634)	(3,356)
Loss on write off/disposal of property and equipment		210	1,060
Amortization of deferred grant		(2,290)	(5,177)
Income on investment in Government securities		(178,042)	(154,676)
Gain on sale of investment		(730)	1,114
Revaluation loss / (income) on investment - held for trading		885	4,528
Net amortization of premium on investments		851	1,015
Net amortization of discount on investments		(5,176)	(6,085)
Mark-up on reverse repo transactions		(2,695)	(2,426)
Provision for gratuity		9,535	8,883
		4,613	14,134
		104,792	125,911
(Increase)/decrease in operating assets			
Advances		(1,108,728)	(603,447)
Other Assets (excluding advance taxation)		(129,772)	20,929
		(1,238,500)	(582,518)
Increase/(decrease) in operating liabilities			
Deposits and other accounts		934,920	1,244,353
Borrowings from financial institutions		(6,162)	(87,846)
Other Liabilities (excluding current taxation)		106,399	(10,859)
		1,035,157	1,145,648
Cash (outflow)/inflows from operations			
		(98,551)	689,041
Gratuity paid		(15,850)	(23,400)
Grants received		1,084	4,520
Income tax paid		(60,624)	(39,344)
Net cash (outflow)/inflow from operating activities		(173,941)	630,817
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment in held to maturity securities		(2,787,826)	(250,000)
Investment in available for sale securities		(10,301,205)	(4,976,501)
Investment in held for trading securities		(2,008,691)	(709,574)
Investment in lending to financial institutions		(1,205,860)	(2,267,927)
Refund of principal on available for sale securities		22,446	22,886
Proceeds from sale/redemption of held to maturity securities		1,706,470	-
Proceeds from sale/redemption of available for sale securities		9,705,783	6,025,000
Proceeds from sale/redemption of held for trading securities		1,981,720	1,332,248
Proceeds from lending to financial institutions		1,208,555	2,270,353
Investments in Operating Fixed Assets		(114,833)	(58,335)
Sale proceeds of property and equipment disposed		10,903	4,649
Net cash (outflow) / inflow from investing activities		(1,782,538)	1,392,799
Net (decrease)/increase in cash and cash equivalents		(1,956,479)	2,023,616
Cash and cash equivalents at the beginning of the year		4,149,837	2,126,221
Cash and cash equivalents at the end of the year	35	2,193,358	4,149,837

The annexed notes from 1 to 40 form an integral part of these financial statements.

THE FIRST MICROFINANCEBANK LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2014

	Share Capital	Statutory & General Reserves	Depositors protection fund	Accumulated Loss	Total
	Rupees '000	Rupees '000	Rupees '000	Rupees '000	Rupees '000
Balance at 01 January 2013	1,351,501	13,472	5,368	(411,760)	958,581
Effect of retrospective change in accounting policy with respect to accounting for actuarial gains	-	-	-	1,791	1,791
Balance at 01 January 2013	1,351,501	13,472	5,368	(409,969)	960,372
Total Comprehensive Income					
Profit for the year	-	-	-	143,099	143,099
Other comprehensive income	-	-	-	(1,409)	(1,409)
	-	-	-	141,690	141,690
Interest earned on investment of fund	-	-	432	(432)	-
Contribution for the year	-	28,620	7,155	(35,775)	-
Balance at 31 December 2013	1,351,501	42,092	12,955	(304,486)	1,102,062
Balance at 01 January 2014	1,351,501	42,092	12,955	(304,486)	1,102,062
Total Comprehensive Income					
Profit for the year	-	-	-	109,411	109,411
Other comprehensive income	-	-	-	(3,339)	(3,339)
	-	-	-	106,072	106,072
Interest earned on investment of fund	-	-	1,162	(1,162)	-
Contribution for the year	-	21,882	5,471	(27,353)	-
Balance at 31 December 2014	1,351,501	63,974	19,588	(226,929)	1,208,134

The annexed notes from 1 to 40 form an integral part of these financial statements.

THE FIRST MICROFINANCEBANK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

1 STATUS AND NATURE OF BUSINESS

The First MicroFinanceBank Limited ("FMFB") was incorporated in The Islamic Republic of Pakistan on 5 November, 2001 as a public limited company under the Companies Ordinance, 1984. FMFB received the certificate of commencement of business on 14 February 2002. FMFB'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. FMFB has 136 business locations comprising of 100 branches/point of links/permanent booths, 36 Pakistan Post Office (PPO) sub offices (2013: 137 business locations comprising of 87 branches/point of links and 50 Pakistan Post Office (PPO) sub offices) in operation with registered office at 16-17 Floor Habib Bank Tower, Blue Area, Islamabad, Pakistan and is licensed to operate nationwide.

2 BASIS OF PRESENTATION

These financial statements have been presented in accordance with the Banking Supervision Department (BSD) circular number 11 dated 30 December, 2003 issued by the State Bank of Pakistan ("SBP").

3 STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Ordinance, 1984, the requirements of the Companies Ordinance, 1984, the Micro Finance Institutions Ordinance, 2001, and the directives issued by the Securities and Exchange Commission of Pakistan (SECP) and SBP. Wherever, the requirements of the Companies Ordinance, 1984, the Micro Finance Institutions Ordinance, 2001, or directives issued by the SECP and the SBP differ with the requirements of IFRS, the requirements of the Companies Ordinance, 1984, the Micro Finance Institutions Ordinance, 2001, or the requirements of the said directives prevail.

These financial statements also comply with the disclosure guidelines for financial reporting by Microfinance Institutions which are voluntary norms recommended by the Consultative Group to Assist the Poor (CGAP) and the members of the Small Enterprise Education and Promotion Network (SEEP).

SBP vide BSD Circular Letter No.10, dated 26 August, 2002 has deferred the applicability of International Accounting Standard (IAS) 39, "Financial Instruments: Recognition and Measurement" and IAS 40, "Investment Property" for banking companies and microfinance banks till further instructions. Accordingly, the requirements of these standards have not been considered in the preparation of these financial statements. However, investments have been measured in accordance with the Prudential Regulations (the Regulations) of SBP and presented in accordance with the requirements of SBP BSD circular number 11 dated 30 December, 2003. Further, the SECP vide its S.R.O No. 411 (I)/ 2008 dated 28 April, 2008 has deferred the applicability of International Financial Reporting Standard (IFRS) 7 "Financial Instruments Disclosure", which is applicable for annual periods beginning on or after 01 July, 2009, till further instructions.

4 BASIS OF MEASUREMENT

These financial statements have been prepared under the historical cost basis except obligations under employee retirement benefit plan are measured at present value and investments available for sale and held for trading which are measured at fair value.

THE FIRST MICROFINANCEBANK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

4.1 Functional and presentation currency

These financial statements are presented in Pakistan Rupees (PKR), which is FMFB's functional currency. All financial information presented in PKR has been rounded off to the nearest thousand PKR, unless otherwise stated.

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

5.1 Cash and cash equivalents

Cash and cash equivalents comprise of cash in hand, balances with treasury banks and balances with other banks and investments having a maturity of three months or less from the date of acquisition.

5.2 Lending to/borrowing from financial institutions

Assets sold with a simultaneous commitment to repurchase at a specified future date (repos) continue to be recognized in the balance sheet and are measured in accordance with the accounting policies for investment securities. The counter party liability for consideration received is included in borrowings from financial institutions. The difference between sale and repurchase price is treated as mark-up/return/interest expense over the period of the transaction. Assets purchased with a corresponding commitment to resell at a specified future date (reverse repos) are not recognized as investments in the balance sheet. Amounts paid under these agreements are included in lending to financial institutions. The difference between the purchase and the resale price is treated as mark-up/return/interest income over the period of the transaction.

5.3 Investment

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

Investments of FMFB are classified into the following categories:

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(a) Held for trading

These are investments acquired principally for the purpose of generating profit from short-term fluctuations in price or dealer's margin. These are marked to market based on quoted market prices and the surplus/(deficit) arising from changes in the fair value of securities classified as held for trading is taken to profit and loss account. Unquoted securities are valued at cost less impairment, if any.

(b) Held to maturity

Investments with a fixed maturity, where management has both the intent and the ability to hold to maturity, are classified as held to maturity. Subsequent to initial recognition at cost, these investments are measured at amortized cost, less provision for impairment in value, if any. Amortized cost is calculated using the effective interest rate method. Profit on held to maturity investments is recognized on a time proportion basis taking into account the effective yield on the investments.

Premium or discount on acquisition of held to maturity investments is amortized through the profit and loss account over the remaining period till maturity.

(c) Available-for-sale

Investments which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices are classified as available for sale. Available-for-sale investments are initially recognized at cost and subsequently measured at fair value. Profit on available-for-sale investments is recognized on a time proportion basis taking into account the effective yield on the investments.

The surplus/(deficit) arising on revaluation of available for sale investments is presented in the balance sheet below equity. The surplus/(deficit) arising on these investments is taken to the profit and loss account when actually realized upon disposal.

5.4 Advances

These are stated net of provision for non-performing advances, if any. The outstanding principal of the advances, payments against which are overdue for 30 days or more are classified as non-performing and divided into following four categories:

(a) Other Assets Especially Mentioned:

These are advances in arrears (payments/instalments overdue) for 30 days or more but less than 60 days.

(b) Substandard:

These are advances in arrears (payments/instalments overdue) for 60 days or more but less than 90 days.

(c) Doubtful:

These are advances in arrears (payments/instalments overdue) for 90 days or more but less than 180 days

(d) Loss:

These are advances in arrears (payments/instalments overdue) for 180 days or more.

In accordance with the requirements of the Regulations, FMFB maintains a specific provision for potential loan losses for all non-performing advances as follows:

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(i) Other Assets Especially Mentioned	Nil
(ii) Substandard	25% of outstanding principal net of cash collaterals
(iii) Doubtful	50% of outstanding principal net of cash collaterals
(iv) Loss	100% of outstanding principal net of cash collaterals

In addition to the above, a general provision is made equivalent to 1% (2013: 1%) of the net outstanding balance (advances net of specific provisions and secured loan products).

General and specific provisions are charged to the profit and loss account in the period in which they occur.

Non-performing advances are written off one month after the loan is classified as "Loss". However, FMFB continues its efforts for the recovery of the written off balances.

5.5 Operating Fixed Assets

(a) Capital work-in-progress

Capital work-in-progress is stated at cost less impairment losses, if any.

(b) Property and equipment

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Depreciation is charged on the straight line method at rates specified in note 11.2 to the financial statements, so as to write off the cost of assets over their estimated useful lives. A full month's depreciation is charged in the month of addition, while no depreciation is charged in the month of deletion.

Subsequent costs are included in the assets carrying amount when it is probable that the future economic benefits associated with the item will flow to FMFB and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All the other repair and maintenance expenditure is recognized in profit and loss account as incurred.

Gain or losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amounts of fixed asset. Gains are recognized within "other income" while losses are recognised in administrative expenses in the profit and loss account.

(c) Intangible assets

An intangible asset is recognized if it is probable that the future economic benefits that are attributable to the asset will flow to FMFB and that the cost of such asset can also be measured reliably. These are stated at cost less accumulated amortization and impairment losses, if any.

Intangible assets comprise of computer software and related applications. Intangible assets are amortized over their estimated useful lives at the rates specified in note 11.3 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 the profit and loss account as incurred.

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NOTES TO THE FINANCIAL STATEMENTS
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5.6 Deposits

Deposits are initially recorded at the amount of proceeds received. Mark-up accrued on deposits, if any, is recognised separately as part of Other Liabilities and is charged to the profit and loss account over the deposit period.

5.7 Taxation

Income tax expense/income comprises of current and deferred tax. Income tax expense/income is recognized in the profit or loss account except to the extent that it relates to items recognized directly in equity or below equity/ other comprehensive income in which case it is recognized in equity or below equity/ other comprehensive income.

FMFB takes into account the current income tax law and decisions taken by appellate authorities. Instances where FMFB's view differs from the view taken by the income tax department at the assessment stage and where FMFB considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

(a) Current

Current tax is the tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, taking into account tax credits, rebates and tax losses, if any, and any adjustment to tax payable in respect of previous years.

(b) Deferred

Deferred tax is accounted for on all major temporary differences between the carrying amounts of items for financial reporting purposes and their taxation base. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefit will be realized. At each balance sheet date, FMFB reassesses the carrying and the unrecognized amount of deferred tax asset.

Deferred tax asset and liability is calculated at the rate that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date.

5.8 Staff retirement benefits

Salaries, wages and benefits are accrued in the period in which the associated services are rendered by employees of FMFB. The main features of the schemes operated by FMFB for its employees are as follows:

(a) Defined benefit plan

FMFB operates an approved non-contributory defined benefit gratuity fund for all employees with a qualifying service period of five years. Eligible employees are entitled to one month's basic salary for each completed year of service upon retirement. An annual provision has been made on the basis of an actuarial valuation to cover obligations under the scheme for all employees eligible for gratuity benefits.

(b) Defined contribution plan

FMFB operates a defined contribution provident fund scheme for its eligible employees. Contributions are made by FMFB and its employees in accordance with rules of the fund.

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NOTES TO THE FINANCIAL STATEMENTS
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5.9 Reserves

(a) Statutory reserve

FMFB is required to maintain a statutory reserve to which an appropriation equivalent to 20% of its annual profit after tax is made till such time the reserve fund equals the paid-up capital of FMFB and, thereafter, an appropriation of a sum not less than 5% of its annual profit after taxes in accordance with statutory requirements under the Microfinance Institutions Ordinance, 2001.

(b) Depositors protection fund

FMFB contributes 5% of its annual after tax profit along with related income on investment to the Depositors Protection Fund, as required under the Microfinance Institutions Ordinance, 2001

5.10 Provisions

A provision is recognized when, and only when, FMFB has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

5.11 Grants

Income from grants is recognized according to the related terms and conditions. Income related to grants for the funding of projects and programs is recognized as the expenditure is incurred on projects and programs.

The grants which involve funding for fixed assets are deferred and amortised to the profit and loss account when the related fixed asset is depreciated. Other grants are recognized as income in the year of receipt.

5.12 Foreign currency transactions

The financial statements are presented in Pakistan Rupees, which is FMFB's functional currency. Transactions in foreign currencies are translated into Pakistan Rupees at the exchange rate prevailing on the date of the transaction.

5.13 Operating leases

Operating lease rentals are recorded in the profit and loss account on a time proportion basis over the term of the lease arrangements.

5.14 Revenue recognition

(a) Mark-up/income on advances

Mark-up/Income/Return/Service Charge on advances is recognized on an accrual/time proportion basis using the effective / flat interest rate method at FMFB's prevailing interest rates for the loan products. Mark-up/Income on advances is collected with loan instalments. Due but unpaid service charges/income are accrued on overdue advances for period up to 30 days. After 30 days, overdue advances are classified as non-performing and income recognition of unpaid service charges/income ceases. Further, accrued mark-up on non-performing advances is reversed and credited to suspense account. Subsequently, mark-up recoverable on non-performing advances is recognized on a receipt basis in accordance with the requirements of the Regulations.

THE FIRST MICROFINANCEBANK LIMITED
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(b) Income from investments

Mark-up/return on investments is recognized on accrual/time proportion basis using the effective interest rate method. Where debt securities are purchased at premium or discount, those premiums/discouts are amortized through the profit and loss account over the remaining period of maturity.

(c) Dividend income

Dividend income is recognized when FMFB's right to receive the dividend is established.

(d) Fee, commission and brokerage income

Fee, commission and brokerage income is recognized when the related services are rendered.

(e) Income from lending to financial institutions

The income on reverse repo transactions arising from the difference between the sale and repurchase price is recognized using the effective yield method.

(f) Income from inter bank deposits

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

5.15 Related party transactions

Transactions between FMFB and its related parties are carried out on an arm's length basis using the comparable uncontrolled price method.

5.16 Financial instruments

Financial assets and liabilities are recognised when FMFB becomes a party to the contractual provisions of the instrument. These are derecognized when FMFB ceases to be the 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 historical cost, as the case may be.

(a) Financial assets

Financial assets are Cash and Balances with SBP and NBP, Balances With Other Banks/NBFIs/MFBs, lending to financial institutions, 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 classified as available for sale are valued at year end prices and investments classified as held to maturity are stated at amortized cost.

(b) Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangement entered into. Financial liabilities include deposit and other accounts, borrowings and Other Liabilities which are stated at their nominal value.

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

5.17 Off-setting

Financial assets and financial liabilities are only off-set and the net amount is reported in the financial statements when there is a legally enforceable right to set off the recognized amount and FMFB intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

5.18 Borrowing costs

Mark up, interest and other charges on borrowings are charged to income in the period in which they are incurred.

5.19 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, mark-up bearing borrowings are stated at original cost less subsequent repayments.

5.20 Changes in accounting policies and disclosure resulting from adoption of standards, amendments and interpretations during the year

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year, except as described below:

New Standards, Interpretations and Amendments

IFAS 3 – Profit and Loss Sharing on Deposits

IAS 32 - Financial Instruments: Presentation - (Amendment)
- Offsetting Financial Assets and Financial Liabilities

IAS 36 – Impairment of Assets – (Amendment)
-Recoverable Amount Disclosures for Non-Financial Assets

IFRIC 21 – Levies

The adoption of the above does not have any effect on the financial statement for the current year.

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5.21 Standards, interpretations and amendments to approved accounting standards that are not yet effective

The following standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretations:

Standard or Interpretation	Effective date (annual periods beginning on or after)
IFRS 10 – Consolidated financial statements	01 January 2015
IFRS 11 – Joint Arrangements	01 January 2015
IFRS 12 – Disclosure of Interests in Other Entities	01 January 2015
IFRS 13 – Fair Value Measurement	01 January 2015
IAS 1 – Presentation of Financial Statements – (Amendment) - Disclosure Initiative	01 January 2016
IAS 16 & 38 – Property, Plant and Equipment & intangible assets - (Amendment) - Clarification of Acceptable Method of Depreciation and Amortization	01 January 2016
IAS 16 & 41 – Property, Plant and Equipment & Agriculture (Amendment) - Agriculture: Bearer Plants	01 January 2016
IAS 19 – Employee Benefits – (Amendment) - Defined Benefit Plans: Employee Contributions	01 July 2014

The above standards and amendments are not expected to have any material impact on the Company's financial statements in the period of initial application.

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB. Such improvements are generally effective for accounting periods beginning on or after 01 July 2014 and 01 January 2016. The Company expects that such improvements to the standards will not have any material impact on the Company's financial statements in the period of initial application.

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standard	IASB Effective date (annual periods beginning on or after)
IFRS 9 – Financial Instruments: Classification and Measurement	01 January 2018
IFRS 14 – Regulatory Deferral Accounts	01 January 2016
IFRS 15 – Revenue from Contracts with Customers	01 January 2017

6 SIGNIFICANT ACCOUNTING ESTIMATES

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The preparation of financial statements in conformity with approved accounting standards as applicable in Pakistan, requires management to make judgments/estimates and associated assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These judgments/estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the estimates about carrying value of assets and liabilities that are not readily apparent from other sources.

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Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods. Information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have significant effect on the amounts recognised in the financial statements relates to valuation and impairment of investments, advances, provision for income taxes, staff retirement benefits, determination of useful lives of depreciable assets and intangible assets and other provisions which are discussed in following paragraphs:

6.1 Provision for loan losses on customers' loan portfolio

FMFB reviews its micro credit loan portfolio to assess the amount of non-performing advances and provision required there against on a regular basis. While assessing this requirement, the Regulations of SBP are taken into consideration.

6.2 Operating Fixed Assets/intangible assets

Estimates of residual values and useful lives of Operating Fixed Assets are reassessed annually and any change in estimate is taken into account in the determination of depreciation charge and impairment loss. Changes in estimates are accounted for over the estimated remaining economic life of the assets.

6.3 Employee benefits

Defined benefit plan is provided for eligible employees of FMFB. For defined benefit, a deferred liability is recognized in FMFB's financial statements. The calculation of defined benefit plan requires assumptions to be made of future outcomes, the principal ones being in respect of increases in remuneration, expected long-term return on plan assets and the discount rate used to convert future cash flows to current values. The assumptions used may vary as they are determined by independent actuary. Calculations are sensitive to changes in the underlying adjustments.

6.4 Other provisions

Estimates of the amount of provisions recognized are based on current legal and constructive requirements. Because actual outflows can differ from estimates due to changes in laws, regulations, public expectations, prices and conditions, and can take place many years in the future, the carrying amounts of provisions are regularly reviewed and adjusted to take account of such changes.

6.5 Deferred tax asset

Deferred tax asset is recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgement is required to determine the amount of deferred tax asset that can be recognized, based upon the likely timing and the level of future taxable profits.

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	Note	2014 Rupees '000	2013 Rupees '000
7 CASH AND BALANCES WITH SBP AND NBP			
Cash in hand		122,803	112,341
Balance with State Bank of Pakistan	7.1	248,944	234,197
Balance with National Bank of Pakistan in			
Current account		-	-
Deposit accounts	7.2	112,561	157,533
		<u>484,308</u>	<u>504,071</u>
7.1	This represents the balance maintained in a current account with SBP to meet the Cash Reserve Requirement ("CRR").		
7.2	These carry markup at the rate of 6% (2013: 6%) per annum.		
8 BALANCES WITH OTHER BANKS/NBFIS/MFBS	Note	2014 Rupees '000	2013 Rupees '000
In Pakistan			
- on current accounts		53,553	40,452
- on deposit accounts	8.1,8.2	694,289	979,148
		<u>747,842</u>	<u>1,019,600</u>
8.1	All deposit accounts carry markup at rates ranging between 7.3% to 10% (2013: 7.35% to 9.3%) per annum.		
8.2	These include balances held with a related party, Habib Bank Limited, of Rs. 267,322 thousand (2013: Rs. 367,555 thousand).		
9 INVESTMENTS-NET OF PROVISIONS	Note	2014 Rupees '000	2013 Rupees '000
Held to Maturity			
Federal Government securities			
Pakistan Investment Bonds	9.1	652,991	2,914
Market Treasury Bills	9.2	96,826	-
		749,817	2,914
Term Deposit Receipts (TDRs)	9.3	1,574,455	2,876,166
		<u>2,324,272</u>	<u>2,879,080</u>
Available for Sale			
Federal Government securities			
Pakistan Investment Bonds	9.1	1,042,036	434,872
Market Treasury Bills	9.2	716,542	592,864
		1,758,578	1,027,736
Term Finance Certificates - listed	9.4	22,488	62,424
		<u>1,781,066</u>	<u>1,090,160</u>
Held for Trading			
Federal Government securities			
Pakistan Investment Bonds	9.1	-	80,490
Market Treasury Bills	9.2	142,966	-
		142,966	80,490
Surplus on revaluation of available for sale investments	9.5	24,745	1,121
		<u>4,273,049</u>	<u>4,050,851</u>

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- 9.1** These represent three to ten year bonds carrying markup at rates ranging between 9.6% to 11.25% (2013: 9.6% to 11.5%) per annum, payable on a semi-annual basis, maturing in 2016, and includes a ten year bond held for the purpose of the Depositors protection fund carrying markup at the rate of 9.6% (2013: (9.6% per annum), maturing in 2017.
- 9.2** These securities have an original maturity period of six months to one year with yields ranging between 9.37% to 9.99% (2013: 9.54% to 9.73%) per annum.
- 9.3** These represent TDRs with an original maturity of thirteen days to one year carrying markup at rate ranging between 9.5% to 11% (2013: 9.55% to 10.2%) per annum, payable on maturity.

9.4 Term Finance Certificates-listed

	Credit Rating	No. of units		Market Value		Amortised Cost	
		2014	2013	2014	2013	2014	2013
				Rupees '000	Rupees '000	Rupees '000	Rupees '000
Bank Al-Habib Limited - II	AA	9,000	9,000	21,283	45,111	22,488	45,425
United Bank Limited - III	AA	10,000	10,000	-	16,631	-	16,999
				<u>21,283</u>	<u>61,742</u>	<u>22,488</u>	<u>62,424</u>

- 9.4.1** Term Finance Certificates are quoted and carry a rate of return of 12.12% (2013: 10.72% to 11.04%) per annum and will mature in February 2015 (2013: 1 year).

9.5 Particulars of surplus on revaluation of available for sale investments:	Note	2014	2013
		Rupees '000	Rupees '000
Opening balance		1,121	20,332
Gain/(Loss) transferred to revaluation of assets account below equity		23,624	(19,211)
Closing balance	18	<u>24,745</u>	<u>1,121</u>

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	Note	2014		2013	
		Number	Rupees '000	Number	Rupees '000
10 ADVANCES - NET OF PROVISIONS					
Considered good	10.1	146,993	4,442,895	128,759	3,467,955
Considered doubtful	10.2	1,783	37,104	1,638	31,362
		<u>148,776</u>	<u>4,479,999</u>	<u>130,397</u>	<u>3,499,317</u>
Less:					
Specific provision	10.3		16,983		7,921
General provision					
- Mandatory provision at the rate of 1%	10.3		39,795		34,448
- Provision for flood effected clients	10.4		3,320		6,530
- Additional provision	10.5		3,210		-
			<u>46,325</u>		<u>40,978</u>
			<u>63,308</u>		<u>48,899</u>
			<u>4,416,691</u>		<u>3,450,418</u>

10.1 This includes fully secured advances amounting to Rs. 433,558 thousand (2013: Rs. 46,590 thousand) whereas the remaining advances are secured by personal guarantees except staff loan. Advances includes 451 (2013: 410) staff loans, aggregating to Rs. 49,988 thousand (2013: Rs. 33,653 thousand), carrying markup at rates ranging between 3% to 5% per annum (2013: 3% to 5% per annum). This includes loans outstanding of key management personnel of Rs. 5,978 thousand (2013: Rs. 3,602 thousand).

10.2 Particulars of non performing advances

Following is the detail of advances which have been placed under non-performing status in accordance with note 5.4.

Classification	Amount outstanding	Required provision percentage	Provision required	Provision held
	Rupees '000		Rupees '000	Rupees '000
Other Assets Especially Mentioned	11,221	0%	-	-
Sub-standard	4,393	25%	1,098	1,098
Doubtful	11,210	50%	5,605	5,605
Loss	10,280	100%	10,280	10,280
Total	<u>37,104</u>		<u>16,983</u>	<u>16,983</u>

10.3 Particulars of provision against non performing advances

	Note	Specific	General	Total	Specific	General	Total
		2014	2014	2014	2013	2013	2013
		Rupees '000	Rupees '000	Rupees '000	Rupees '000	Rupees '000	Rupees '000
Opening balance		7,921	40,978	48,899	14,510	70,422	84,932
Charge/(Reversal) for the year		137,108	5,347	142,455	154,203	(29,444)	124,759
Less: Amounts written off	10.6	128,046	-	128,046	160,792	-	160,792
		<u>9,062</u>	<u>5,347</u>	<u>14,409</u>	<u>(6,589)</u>	<u>(29,444)</u>	<u>(36,033)</u>
Closing balance		<u>16,983</u>	<u>46,325</u>	<u>63,308</u>	<u>7,921</u>	<u>40,978</u>	<u>48,899</u>

10.4 The general provision is maintained in respect of advances of flood affected portfolio in three branches.

10.5 The additional provision has been maintained as prudent risk management in respect of portfolio of a branch with higher non performing loans.

	Note	2014	2013
		Rupees '000	Rupees '000
10.6 Particulars of write offs			
Against provisions	10.6.1	128,046	160,792
Directly charged to profit and loss account		-	-
		<u>128,046</u>	<u>160,792</u>

10.6.1 These represent non-performing advances overdue for 210 days or more, written off in accordance with FMFBL policy, as explained in note 5.4.

10.6.2 There is no requirement for the borrowers to save and deposit any amount as a condition for the loan disbursement.

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10.7 Portfolio quality report

FMFB'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 class of loan, the aggregated outstanding principal balance of such loan is divided by the aggregated 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. Loan payments are applied first to any interest due and then to instalment of principal that is due but unpaid. The number of days of delay is based on the due date of the earliest loan instalment that has not been fully paid.

Loans	2014	2014	2013	2013
	Amount Rupees '000	Portfolio at Risk %	Amount Rupees '000	Portfolio at Risk %
Current and less than 30 days late	4,442,895	-	3,467,955	-
30-59 days late	11,221	0.25%	14,485	0.41%
60-89 days late	4,393	0.10%	6,161	0.18%
90-179 days late	11,210	0.25%	8,597	0.25%
180 days or more late	10,280	0.23%	2,119	0.06%
	4,479,999	0.83%	3,499,317	0.90%

In 2014, 9 loan products (2013: 9 loan products) have been disbursed with tenures ranging from three months to three years (2013: 3 months to 4 years), in accordance with the needs of the borrowers. The staff loans have maturity up to 60 months (2013: 60 months). Loan repayments are scheduled on a bullet or instalment basis whereby principal and service charges are recovered on an instalment basis and/or on maturity as per the repayment schedule. Management estimates that the average term of its outstanding loan portfolio is 11.83 months (2013: 11.5 months) based on the remaining weighted average tenure of loans outstanding as at the balance sheet date.

Measures related to the classification of late payments are mentioned in note 5.4.

10.8 Current recovery ratio

Current recovery ratios are calculated on a monthly basis for management reporting purposes. The numerator of this ratio is cash received on account of principal during the reporting period (including prepayments and late payments). The denominator is total payments of principal amounts that fell due for the first time during the reporting period, as per the terms of the original loan contracts (regardless of any subsequent loan renegotiations). Additional service charge is not included in the numerator or the denominator of the ratio. Loan delinquency is measured using the Non Performing Loans (NPL) ratio.

Period	Current recovery ratio in %	
	2014	2013
1st Quarter	101%	98%
2nd Quarter	109%	114%
3rd Quarter	111%	114%
4th Quarter	106%	104%
	107%	107%

The Annual Loss Rate (loans written off during the year divided by average loan portfolio outstanding) for the year is 3.27% (2013: 4.82%).

10.9 Portfolio by segment	Note	2014	2013
		Rupees '000	Rupees '000
Loan type			
Agri input		644,740	571,111
Live stock		1,418,992	1,125,015
Micro-enterprise		1,406,524	1,122,871
Others	10.9.1	1,009,743	680,320
		4,479,999	3,499,317

10.9.1 These include loans provided for general purposes.

11 OPERATING FIXED ASSETS

Capital work-in-progress	11.1	25,137	352
Property and equipment	11.2	171,382	130,485
Intangible assets	11.3	9,198	10,770
		205,717	141,607

11.1 Capital work-in-progress

Civil works	12,979	352
Advances to suppliers and contractors	12,158	-
	25,137	352

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11.2 Property and equipment

	Cost				Rate per annum	Accumulated Depreciation				Net Book Value
	At 01 January	Additions	Disposals/ Write offs	At 31 December		At 01 January	Charge for the year	On Disposals/ Write offs	At 31 December	At 31 December
	Rupees '000					%	Rupees '000			
2014										
Free hold land	7,814	-	-	7,814	-	-	-	-	-	7,814
Lease hold improvements	136,548	22,040	-	158,588	14%	92,128	14,177	-	106,305	52,283
Furniture and fixtures	43,861	10,785	(352)	54,294	20%	37,600	3,422	(352)	40,670	13,624
Office equipment	71,227	18,562	(1,157)	88,632	25%	57,975	6,436	(1,157)	63,254	25,378
Computer equipment	112,963	19,228	(291)	131,900	33%	99,179	8,477	(291)	107,365	24,535
Vehicles	114,915	17,560	(14,221)	118,254	20%	69,961	14,287	(13,742)	70,506	47,748
	487,328	88,175	(16,021)	559,482		356,843	46,799	(15,542)	388,100	171,382
2013										
Free hold land	7,814	-	-	7,814		-	-	-	-	7,814
Lease hold improvements	128,274	16,065	(7,791)	136,548	14%	85,832	12,918	(6,622)	92,128	44,420
Furniture and fixtures	40,752	3,528	(419)	43,861	20%	35,313	2,637	(350)	37,600	6,261
Office equipment	63,058	9,767	(1,598)	71,227	25%	53,250	5,608	(883)	57,975	13,252
Computer equipment	103,501	11,201	(1,739)	112,963	33%	93,902	6,682	(1,405)	99,179	13,784
Vehicles	99,866	19,168	(4,119)	114,915	20%	60,686	13,328	(4,053)	69,961	44,954
	443,265	59,729	(15,666)	487,328		328,983	41,173	(13,313)	356,843	130,485

11.2.1 Property and equipment include fully depreciated items, still in use, having a cost of Rs. 339,046 thousand (2013: Rs. 241,339 thousand).

11.2.2 Details of fixed assets deleted with the original cost or book value in excess of Rs. 1 million or Rs. 250 thousand respectively; whichever is less; is as under:

Particulars	Accumulated Depreciation		Book value	Sale Proceeds	Mode of Disposal	Particulars of buyers
	Cost	Rupees '000				
Toyota Corolla	1,279	1,279	-	1,010	Auction	M/s Car Max
Toyota Corolla	1,269	1,269	-	961	Auction	M/s Car Edge
Toyota Corolla	1,269	1,269	-	1,060	Auction	M/s Car Max
Suzuki Liana	1,005	1,005	-	756	Auction	Mr. Shah Makeen
Suzuki Bolan	654	174	480	450	Insurance Claim	Jubilee General Insurance
Total 2014	5,476	4,996	480	4,237		
2013	1,046	479	567	585		

11.2.3 No fixed assets were sold to the Chief Executive or Directors of FMFB.

	Cost				Rate	Accumulated Amortisation				Net Book Value
	At 01 January	Additions	Disposal	At 31 December		At 01 January	Charge for the year	Disposal	At 31 December	At 31 December
	Rupees '000					%	Rupees '000			
11.3 Intangible assets										
2014										
Computer software and intangibles	20,890	1,873	-	22,763	20%	10,120	3,445	-	13,565	9,198
2013										
Computer software and intangibles	18,804	2,086	-	20,890	20%	6,798	3,322	-	10,120	10,770

11.3.1 These include Rs. 1,189 thousand (2013: Rs 1,191 thousand) related to grant related assets.

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	Note	2014 <u>Rupees '000</u>	2013 <u>Rupees '000</u>
12 OTHER ASSETS			
Accrued mark-up on:			
- loans and advances		358,194	313,827
- non performing loans and advances transferred to suspense account		(138,748)	(120,490)
- investments and bank accounts		79,391	33,765
		<u>298,837</u>	<u>227,102</u>
Advances	12.1	9,666	5,320
Branch adjustment account		35,380	5,732
Deposits		6,169	4,876
Prepayments	12.2	46,877	33,680
Advance tax - net of provision		75,887	29,345
Insurance claim receivable	12.3	12,545	2,786
Stationery stock		1,530	1,736
		<u>486,891</u>	<u>310,577</u>

12.1 These include amounts due from Aga Khan Agency for Microfinance, a related party, of Rs. 546 thousand (2013: payable of Rs. 6,006 thousand).

12.2 These include prepaid rent to Habib Bank Limited, a related party, of Rs. 10,416 thousand (2013: Rs. 9,548 thousand).

12.3 This represents an amounts due from Jubilee General / Life Insurance, a related party of Rs. 12,545 thousand (2013: Rs. 2,786 thousand).

	Note	2014 <u>Rupees '000</u>	2013 <u>Rupees '000</u>
13 DEFERRED TAX ASSET			
Arising in respect of deductible temporary differences			
Operating fixed asset		8,225	-
Provision against non-performing loans and advances		22,158	-
Business losses brought forward		26,133	-
Unabsorbed depreciation		37,161	36,099
Unabsorbed amortization		843	819
		<u>94,520</u>	<u>36,918</u>
Arising in respect of taxable temporary differences			
Recovery against written off advances		(34,288)	-
	13.1	<u>60,232</u>	<u>36,918</u>

13.1 FMFB has not recognized a deferred tax asset on deductible temporary differences of Rs. 39,624 thousand on account of minimum tax paid by FMFB in 2013 and 2014 due to uncertainty over the availability of future taxable profits.

	Note	2014 <u>Number</u>	2014 <u>Rupees '000</u>	2013 <u>Number</u>	2013 <u>Rupees '000</u>
14 DEPOSITS AND OTHER ACCOUNTS					
Time liabilities					
Fixed Deposits		8,322	5,330,511	9,118	4,794,836
Demand liabilities					
Saving deposits		101,644	2,585,842	98,488	2,214,449
Current deposits		160,821	833,548	155,831	805,696
	14.1	<u>270,787</u>	<u>8,749,901</u>	<u>263,437</u>	<u>7,814,981</u>

14.1 These include balances due from related parties of Rs. 521,125 thousand (2013: Rs. 379,692 thousand).

2014 2014 2013 2013

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14.2 Particulars of deposits by ownership

Individual depositors

Institutional depositors

a) Corporations/Firms

b) Banks and financial institutions

<u>Number</u>	<u>Rupees '000</u>	<u>Number</u>	<u>Rupees '000</u>
257,855	5,790,798	251,217	5,695,613
12,846	2,208,768	12,151	1,759,278
86	750,335	69	360,090
<u>270,787</u>	<u>8,749,901</u>	<u>263,437</u>	<u>7,814,981</u>

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	Note	2014 Rupees '000	2013 Rupees '000
15 BORROWINGS			
Borrowings under repurchase agreement from banks in Pakistan	15.1	289,880	296,042
15.1 These represent borrowings from Pak Oman Investment Company Limited (2013: Habib Bank Limited, a related party) secured against Treasury Bills having a face value of Rs. 300 million (2013: 300 million) carrying markup at the rate of 9.85% (2013: 9.95%). These borrowings have a remaining maturity of less than one month.			
	Note	2014 Rupees '000	2013 Rupees '000
16 OTHER LIABILITIES			
Payable to suppliers		57,823	25,161
Accrued markup on deposits and borrowings	16.1	250,542	199,478
Bills payable	16.2	28,328	20,743
Accrued liabilities		53,901	40,971
Withholding tax payable		3,715	2,920
Retention money		2,871	1,586
Payable to defined benefit gratuity fund	28.4	374	3,350
Payable to defined contribution provident fund		256	178
		<u>397,810</u>	<u>294,387</u>
16.1 These include accrued markup on deposits due to related parties of Rs. 852 thousand (2013: Rs.2,519 thousand).			
16.2 These include balances amounts due to a related party of Rs. 3,874 thousand (2013: Rs. 2,850 thousand).			
	Note	2014 Rupees '000	2013 Rupees '000
17 SHARE CAPITAL			
17.1 Authorized Share Capital			
		<u>2014</u> <u>Numbers</u>	<u>2013</u> <u>Numbers</u>
		<u>150,000,000</u>	<u>150,000,000</u>
		Ordinary shares of Rs. 10 each	
		<u>1,500,000</u>	<u>1,500,000</u>
17.2 Issued, subscribed and paid-up capital			
		<u>2014</u> <u>Numbers</u>	<u>2013</u> <u>Numbers</u>
		<u>135,150,080</u>	<u>135,150,080</u>
		Ordinary shares of Rs. 10 each fully paid in cash	
	17.3	<u>1,351,501</u>	<u>1,351,501</u>
17.3 Share Capital of FMFB is held as under:			
Aga Khan Agency for Microfinance ("AKAM")		571,500	571,500
Aga Khan Rural Support Programme ("AKRSP")		300,000	300,000
International Finance Corporation ("IFC")		240,000	240,000
Japan International Corporation Agency ("JICA")		240,000	240,000
Others		1	1
		<u>1,351,501</u>	<u>1,351,501</u>
18 SURPLUS ON REVALUATION OF ASSETS			

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Available-for-sale investments:

Government securities		24,725	1,803
Term Finance Certificates		20	(682)
	9.5	24,745	1,121

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19 DEFERRED GRANTS

Note	AKAM	SDC	SBP	CIDA	SBP FICF	Total
	2014	2014	2014	2014	2014	2014
	Rupees '000	Rupees '000	Rupees '000	Rupees '000	Rupees '000	Rupees '000
	19.1		19.2	19.3	19.4	
Opening balance as at 01 January 2014	7	-	5,140	302	-	5,449
Grants received during the year	-	-	-	-	1,084	1,084
Expenses incurred during the year	-	-	-	-	1,101	1,101
Amortization during the year	7	-	1,182	-	-	1,189
Income transferred to profit and loss account	7	-	1,182	-	1,101	2,290
Grant written off during the year	-	-	-	-	-	-
Closing balance as at 31 December 2014	-	-	3,958	302	-	4,260
Closing receivable balance as at 31 December 2014	-	-	-	-	(17)	(17)
Cumulative grants received till 31 December 2014	8,088	9,605	12,841	4,288	1,084	
	AKAM	SDC	SBP	CIDA	SBP	Total
	2013	2013	2013	2013	2013	2013
	Rupees '000	Rupees '000	Rupees '000	Rupees '000	Rupees '000	Rupees '000
Opening balance as at 01 January 2013	16	-	6,090	-	-	6,106
Grants received during the year	-	-	232	4,288	-	4,520
Expenses incurred during the year	-	-	-	3,986	-	3,986
Amortization during the year	9	-	1,182	-	-	1,191
Income transferred to profit and loss account	9	-	1,182	3,986	-	5,177
Grant written off during the year	-	-	-	-	-	-
Closing balance as at 31 December 2013	7	-	5,140	302	-	5,449
Cumulative grants received till 31 December 2013	8,088	9,605	12,841	4,288	-	

- 19.1** This represents a grant received from the Aga Khan Agency for Microfinance - Micro Insurance Initiative (AKAM MI) for developing of micro-insurance business in Pakistan against an aggregate limit of USD 140,000. The grant can only be availed for program related expenditure.
- 19.2** This represents grant under Financial Inclusion Program ("FIP") designed to develop capacity of the Microfinance Industry to enhance potential for growth and depth in outreach by improving human resource quality, improving quality of services and increasing the services available to potential client. This grant is approved for purchasing, installing and implementation of Oracle Financial and Human Resource Information System (HRIS).
- 19.3** This represents grant from the Canadian International Development Agency (CIDA) for Independent Evaluation of Alternate Microcredit Delivery Channel - Pakistan Post Office Operation. The grant can only be availed for program related expenditure.
- 19.4** This represents grant awarded by State Bank of Pakistan (SBP) to introduce the solar tube wells in the agriculture sector to support irrigation needs in collaboration with Nizam Energy (Pvt) Ltd.

20 MEMORANDUM / OFF - BALANCE SHEET ITEMS

20.1 Contingencies:

According to the Workers' Welfare Fund Ordinance, 1971 ('WWF Ordinance') as amended by the Finance Act, 2006 and 2008, every commercial establishment is required to pay a WWF levy of 2% of the accounting profit before taxation or the declared income for the year as per the income tax return, whichever is higher.

The aforementioned amendments have been challenged before the High Courts. The Lahore High Court has considered the amendments made to the WWF Ordinance as void being procedurally incorrect while the Sindh High Court has upheld that the amendments are valid. The decision of the Sindh High Court has been challenged in the Supreme Court of Pakistan, and the matter is therefore pending before the Supreme Court of Pakistan.

Based upon the legal opinion obtained by the management and pending outcome of the decision by the Supreme Court of Pakistan on the amendments made to the WWF Ordinance, the management has not made the provision in this respect in these financial statements.

20.2 Commitments:

There were no commitments as at 31 December 2014 (2013: Nil)

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21 Mark-up/Return/Interest Earned	Note	2014	2013
		Rupees '000	Rupees '000
Markup on advances		1,184,550	1,029,672
Income on investment in Government securities		310,731	238,289
Income from Term Finance Certificates - net of premium		4,406	7,058
Income from Term Deposit Receipts (TDRs)		87,455	79,943
Markup on reverse repo transactions		2,695	2,426
Markup on deposit accounts with treasury and other banks		59,281	69,145
Income on other placements		6,470	3,473
		1,655,588	1,430,006
22 Mark-up/Return/Interest Expensed			
Deposits and other accounts		584,477	507,896
Borrowings	22.1	5,722	10,387
		590,199	518,283
22.1 This represents markup expense on repo transactions during the year.			
23 FEE, COMMISSION AND BROKERAGE INCOME			
Loan processing fee		99,329	86,773
Commission		8,351	4,897
		107,680	91,670
24 AMORTIZATION OF DEFERRED GRANT			
Deferred grant income recognised in respect of :			
- Operational expenses		1,101	3,986
- Capital expenditure (amortization)	11.3.1	1,189	1,191
	19	2,290	5,177

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	Note	2014 Rupees '000	2013 Rupees '000
25 ADMINISTRATIVE EXPENSES			
Staff salaries and benefits		479,259	400,991
Contribution to defined contribution provident fund		22,706	20,026
Charge for defined benefit gratuity fund	28.7	9,535	8,883
Depreciation	11.2	46,799	41,173
Travel and transportation		86,221	76,593
Rent, rates and taxes		67,864	58,301
Utilities		49,913	47,485
Printing, stationery and periodicals		19,035	17,927
Communications		22,229	22,956
Office security		41,449	29,198
Repair and maintenance		21,109	22,842
Office supplies		15,602	14,370
Training and capacity building		9,033	7,017
Advertisement and business promotions		4,886	3,284
Legal and professional		15,720	14,297
Information technology supplies and software		7,683	5,814
Insurance		31,268	24,825
Auditors' remuneration	25.1	1,440	1,429
Amortization of intangible assets	11.3	3,445	3,322
Verification charges		11,751	12,560
Bank charges		3,955	2,668
Other expenses		8,110	3,197
		<u>979,012</u>	<u>839,158</u>
Less: grant related expense	24	(2,290)	(5,177)
		<u>976,722</u>	<u>833,981</u>
25.1 Auditors' remuneration			
Audit fee		908	908
Fee for half yearly review		132	132
Out of pocket expenses		400	389
		<u>1,440</u>	<u>1,429</u>
26 OTHER CHARGES			
Penalties imposed by the State Bank of Pakistan		<u>527</u>	<u>-</u>
27 PROVISION FOR TAXATION			

A numerical reconciliation between the tax expense and the accounting profit has not been presented as the provision for the current year's income tax has been made under section 113 of the Income Tax Ordinance, 2001 on markup income, fee, commission and brokerage income and other income due to assessed brought forward losses.

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28 DEFINED BENEFIT PLAN

28.1 General description

As mentioned in note 5.8, FMFB operates an approved defined benefit gratuity plan for all permanent employees with a qualifying service period of five years. Eligible employees are entitled to one month's basic salary for each completed year of service upon retirement. An annual provision has been made on the basis of an actuarial valuation to cover obligations under the scheme for all eligible employees.

28.2 Principal actuarial assumptions

The latest actuarial valuation of FMFB's defined benefit plan based on the Projected Unit Credit Method was carried out as at 31 December 2014. Actuarial gains/(losses) arising during the year are recognised in Other Comprehensive Income (OCI) in accordance with IAS-19 (Revised 2011). The significant assumptions used in the valuation are as follows:

- Discount rate of 11.25% (2013: 12.5%) per annum
- Expected increase in salary levels of 9.25% (2013: 11%) per annum
- Expected return on plan assets of 11.25% (2013: 12.5%) per annum.

28.3 Fair value of plan assets and present value of obligation under the scheme at the balance sheet date were as follows:

	Note	2014	2013
		<u>Rupees '000</u>	<u>Rupees '000</u>
Present value of defined benefit obligation		80,352	66,900
Fair value of plan assets	28.9	<u>(79,978)</u>	<u>(63,550)</u>
		<u>374</u>	<u>3,350</u>

28.4 Movement in the liability recognized in the balance sheet:

Opening net liability		3,350	16,458
Expense for the year	28.7	9,535	8,883
Contributions paid		(15,850)	(23,400)
Actuarial loss		3,339	1,409
Liability at end of the year		<u>374</u>	<u>3,350</u>

28.5 Movement in the present value of defined benefit obligation:

Present value of defined benefit obligation at beginning of the year		66,900	52,860
Current service cost		14,072	12,397
Interest cost		7,974	5,781
Benefits paid		(6,216)	(5,173)
Settlement gain		(4,460)	(4,060)
Actuarial loss		2,082	5,095
Present value of defined benefit obligation at end of the year		<u>80,352</u>	<u>66,900</u>

28.6 Movement in the fair value of plan assets:

Fair value of plan assets at beginning of the year		63,550	36,402
Expected return on plan assets		8,051	5,235
Contributions paid		15,850	23,400

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Benefits paid	(6,216)	(5,173)
Actuarial (loss)/gain	(1,257)	3,686
Fair value of plan assets at end of the year	<u>79,978</u>	<u>63,550</u>

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	Note	2014 Rupees '000	2013 Rupees '000
28.7 Amount charged to defined benefit plan in the profit and loss account:			
Current service cost		14,072	12,397
Interest cost		7,974	5,781
Expected return on plan assets		(8,051)	(5,235)
Settlement gain		(4,460)	(4,060)
	25	<u>9,535</u>	<u>8,883</u>
28.8 Actual return on plan assets			
The actual return earned on plan assets		<u>6,189</u>	<u>5,314</u>
28.9 Plan assets consists of the following assets:			
Bank balances		12,191	7,661
Investment in PIBs - T Bills		27,358	923
Fixed Deposits - TDRs		40,429	54,966
		<u>79,978</u>	<u>63,550</u>

28.10 Sensitivity Analysis

Sensitivity analysis has been performed by varying one assumption keeping all other assumptions constant and calculating the impact on the present value of the defined benefit obligation under the various employee benefit scheme. The increase / (decrease) in the present value of defined benefit obligations (PVDBO) as a result of change in each assumption is summarized below :

Particulars	PVDBO	Changes in PVDBO
Increase in discount rate by 1%	70,673	(9,679)
Decrease in discount rate by 1%	92,128	11,775
Increase in future increment in salary by 1%	92,642	12,289
Decrease in future increment in salary by 1%	70,133	(10,220)
Increase in Mortality Rate by 10%	80,436	83
Decrease in Mortality Rate by 10%	80,269	(84)
Increase in Withdrawal Rate by 10%	80,627	274
Decrease in Withdrawal Rate by 10%	80,071	(282)

28.11 Historical information and comparison for five years:

	2014 Rupees '000	2013 Rupees '000	2012 Rupees '000	2011 Rupees '000	2010 Rupees '000
Funded gratuity plan					
Present value of defined benefit obligation	80,352	66,900	52,860	44,152	38,205
Fair value of plan assets	(79,978)	(63,550)	(36,402)	(38,431)	(26,162)
Deficit	<u>374</u>	<u>3,350</u>	<u>16,458</u>	<u>5,721</u>	<u>12,043</u>

28.12 Expected contribution to the plan

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Based on actuarial advice, the management estimates that the charge in respect of defined benefit plan for the year ended 31 December 2015 is Rs. 18,007 thousand.

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29 NUMBER OF EMPLOYEES

		2014		
		Credit/sales	Banking/ support	Total
Permanent		902	235	1,137
Contractual		18	14	32
Total		920	249	1,169
		2013		
		Credit/sales	Banking/ support	Total
Permanent		876	225	1,101
Contractual		10	11	21
Total		886	236	1,122

	2014	2013
29.1 Average number of employees during the year	1,132	1,070

30 EMPLOYEES PROVIDENT FUND TRUST

	2014	2013
	Rupees '000	Rupees '000
Size of the Fund	217,208	178,740
Cost of investments made	210,942	150,000
Percentage of investments made	97%	84%
Fair value of investments	210,789	151,101

Breakup of Investments is as follows:

	2014		2013	
	Rs '000'	%	Rs '000'	%
Pakistan Investment Bonds	78,679	37%	5,000	3%
Market Treasury Bills	-	-	-	-
Term Finance Certificates	-	-	-	-
Mutual Funds	-	-	-	-
TDRs	132,263	63%	145,000	97%
	210,942		150,000	

30.1 The figures for 2014 are based on the un-audited financial statements of the Provident Fund. All the investments out of provident fund trust have been made in accordance with the provisions of Section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

31 NUMBER OF BRANCHES/POINT OF LINK UNITS/PERMANENT BOOTHS

At beginning of the year	87	84
Opened during the year	13	3
Merged during the year	-	-
At end of the year	100	87

32 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	President/Chief Executive		Executives	
	2014	2013	2014	2013
	Rupees '000	Rupees '000	Rupees '000	Rupees '000
Managerial remuneration	10,868	10,250	77,869	67,071
Contribution to provident fund	1,087	1,025	7,123	6,260
Rent and house maintenance	4,347	4,100	31,147	26,829
Utilities	1,087	1,025	7,787	6,707
Medical	36	36	539	479
Others	-	1,250	349	388
	17,425	17,686	124,814	107,734
Numbers	1	1	78	65

32.1 Number of persons includes those who have worked partly or completely during the year.

32.2 An executive is any employee whose basic salary exceeds Rs. 500,000 (2013: Rs. 500,000) per year.

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32.3 The President/Chief Executive Officer and certain other executives are also provided with free use of FMFB owned and maintained cars in accordance with their entitlement as per policy of FMFB.

32.4 No remuneration was paid to the directors of FMFB.

	<u>2014</u>	<u>2013</u>
33 EARNING PER SHARE (RUPEE)		
Profit after taxation - Rupees in '000'	<u>109,411</u>	<u>143,099</u>
Weighted average number of ordinary shares - Numbers in '000'	<u>135,150</u>	<u>135,150</u>
Earning per share - Rupee	<u>0.81</u>	<u>1.06</u>

33.1 There is no dilutive effect on the basic earning per share of FMFB.

34 RELATED PARTY TRANSACTIONS

Related parties of FMFB comprise of associates (including entities having directors in common with FMFB), staff retirement funds, major share holders, directors and key management personnel.

Balances with related parties have been disclosed in the respective notes. Transaction with related parties, other than those disclosed in the elsewhere in the financial statements are summarized as follows:

	<u>2014</u>	<u>2013</u>
	<u>Rupees '000</u>	<u>Rupees '000</u>
Related party by virtue of significant influence over FMFB		
Mark-up expense on deposits received and borrowings	16,151	3,007
Administrative expenses on services	19,951	21,891
Profit received on deposits with related parties	12,875	17,439
Related parties by virtue of common directorship		
Mark-up expense on deposits received	17,371	11,987
Administrative expenses on services	31,268	24,825
Others		
Charge for defined contribution gratuity fund	9,535	8,883
Contribution to defined contribution provident fund	22,706	20,026
Remuneration of key management personnel	43,619	36,785
Mark-up expense on deposits of key management personnel	36	35

FMFB has not extended any microfinance services to members of management, directors or parties related to them.

	Note	<u>2014</u>	<u>2013</u>
		<u>Rupees '000</u>	<u>Rupees '000</u>
35 CASH AND CASH EQUIVALENTS			
Cash and Balances with SBP and NBP	7	484,308	504,071
Balances With Other Banks/NBFIs/MFBs	8	747,842	1,019,600
Term deposit receipts		961,208	2,626,166
		<u>2,193,358</u>	<u>4,149,837</u>

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36 FINANCIAL INSTRUMENTS (based on contractual obligation)

	Effective yield/ interest rate	Interest/Mark up bearing				Non interest/mark up bearing			Total
		Up to one year	One to five years	Over five years	Sub total	Up to one year	One to five years	Sub total	2014
		Rupees '000	Rupees '000	Rupees '000	Rupees '000	Rupees '000	Rupees '000	Rupees '000	Rupees '000
31 December 2014	%								
Financial assets									
Cash and Balances with SBP and NBP	6.0	112,561	-	-	112,561	371,747	-	371,747	484,308
Balances With Other Banks/NBFIs/MFBs	7.3 - 10.0	694,289	-	-	694,289	53,553	-	53,553	747,842
Investments	9.37 - 12.12	2,706,819	1,566,230	-	4,273,049	-	-	-	4,273,049
Advances	5.49 - 41.7	3,817,660	599,031	-	4,416,691	-	-	-	4,416,691
Other Assets		-	-	-	-	484,644	2,247	486,891	486,891
		<u>7,331,329</u>	<u>2,165,261</u>	<u>-</u>	<u>9,496,590</u>	<u>909,944</u>	<u>2,247</u>	<u>912,191</u>	<u>1,048,781</u>
Financial liabilities									
Deposits and other accounts	4 - 9.5	6,614,823	1,301,530	-	7,916,353	833,548	-	833,548	8,749,901
Borrowings	9.85	289,880	-	-	289,880	-	-	-	289,880
Other Liabilities		-	-	-	-	326,412	71,398	397,810	397,810
		<u>6,904,703</u>	<u>1,301,530</u>	<u>-</u>	<u>8,206,233</u>	<u>1,159,960</u>	<u>71,398</u>	<u>1,231,358</u>	<u>9,437,591</u>

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36 FINANCIAL INSTRUMENTS (based on contractual obligation)

	Effective yield/ interest rate	Interest/Mark up bearing				Non interest/mark up bearing			Total
		Up to one year	One to five years	Over five years	Sub total	Up to one year	One to five years	Sub total	2013
	%	Rupees '000	Rupees '000	Rupees '000	Rupees '000	Rupees '000	Rupees '000	Rupees '000	Rupees '000
31 December 2013									
Financial assets									
Cash and Balances with SBP and NBP	6.0	157,533	-	-	157,533	346,538	-	346,538	504,071
Balances With Other Banks/NBFIs/MFBs	7.35 - 9.30	979,148	-	-	979,148	40,452	-	40,452	1,019,600
Investments	9.18 - 13.65	3,852,171	198,680	-	4,050,851	-	-	-	4,050,851
Advances	5.6 - 41.7	2,990,011	460,407	-	3,450,418	-	-	-	3,450,418
Other Assets		-	-	-	-	227,102	-	227,102	227,102
		<u>7,978,863</u>	<u>659,087</u>	<u>-</u>	<u>8,637,950</u>	<u>614,092</u>	<u>-</u>	<u>614,092</u>	<u>9,252,042</u>
Financial liabilities									
Deposits and other accounts	3 - 13	6,203,570	805,715	-	7,009,285	805,696	-	805,696	7,814,981
Borrowings	9.95	296,042	-	-	296,042	-	-	-	296,042
Other Liabilities		-	-	-	-	96,542	102,936	199,478	199,478
		<u>6,499,612</u>	<u>805,715</u>	<u>-</u>	<u>7,305,327</u>	<u>902,238</u>	<u>102,936</u>	<u>1,005,174</u>	<u>8,310,501</u>

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36.1 Concentration of credit risk:

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. FMFB's credit risk is primarily attributable to its advances, lending to financial institutions and balances at banks. The credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit ratings. FMFB has an effective loan disbursement and recovery monitoring system which allows it to evaluate borrowers credit worthiness and identify potential problem loans. A provision for potential loan losses is maintained as required by the Regulations. Maximum amount of financial assets which are subject to credit risk amount to Rs. 7,079,027 thousand (2013: Rs. 7,649,372 thousand).

36.2 Liquidity risk:

Liquidity risk is the risk that FMFB will encounter difficulty in raising funds to meet its net funding requirements. FMFB attempts to manage this risk by having adequate credit lines in place and maintaining sufficient liquidity at branch level to meet anticipated funding requirements.

36.3 Interest rate risk:

Interest rate risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market interest rate. FMFB's interest rate exposure stems mainly from investing activities. This risk is managed by regular review of held-for-trading portfolio of government securities.

36.4 Fair value of financial instruments:

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair value except for Held to Maturity investments which are recorded at amortized cost.

36.5 Capital management

Capital requirements applicable to FMFB are set out under Microfinance Institutions Ordinance, 2001. These requirements are put in place to ensure sufficient solvency margins. FMFB manages its capital requirement by assessing its capital structure against required capital level on regular basis. Currently, FMFB has a paid up capital of Rs. 1,351,501 thousand (2013: Rs. 1,351,501 thousand). The minimum paid up capital (free of losses) requirement applicable to FMFB is Rs. 1,000,000 thousand (2013: Rs. 1,000,000 thousand) which is adequately complied. FMFB has also maintained capital adequacy ratio in accordance with regulation number 1 of the Regulations which states that the Bank shall maintain capital equivalent to at least 15% of its risk-weighted assets.

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37 SCHEDULE OF MATURITY DISTRIBUTION OF MARKET RATE ASSETS AND LIABILITIES

	Total 2014	Up to one month	Over one month up to six months	Over six months up to one year	Over one year
31 December 2014	Rupees '000	Rupees '000	Rupees '000	Rupees '000	Rupees '000
Assets					
Interest/Mark up earning					
Cash and Balances with SBP and NBP	112,561	112,561	-	-	-
Balances With Other Banks/NBFIs/MFBs	694,289	694,289	-	-	-
Investments	4,273,049	961,208	663,809	1,081,802	1,566,230
Advances	4,416,691	179,758	1,407,947	2,229,955	599,031
Non-Interest/Mark up earning					
Cash and Balances with SBP and NBP	371,747	371,747	-	-	-
Balances With Other Banks/NBFIs/MFBs	53,553	53,553	-	-	-
Other Assets	486,891	345,414	92,353	46,877	2,247
Deferred Tax	60,232	-	-	-	-
Operating Fixed Assets	205,717	-	-	-	-
	10,674,730	2,718,530	2,164,109	3,358,634	2,167,508
Liabilities					
Interest/mark up bearing					
Large time deposits above Rs. 100,000	5,119,476	888,100	1,687,130	1,302,696	1,241,550
Deposits and other accounts	2,796,877	2,614,271	69,738	52,888	59,980
Borrowings	289,880	289,880	-	-	-
Non-Interest/mark up bearing					
Deposits and other accounts	833,548	833,548	-	-	-
Other Liabilities	397,810	183,020	91,158	52,234	71,398
	9,437,591	4,808,819	1,848,026	1,407,818	1,372,928
Net assets	1,237,139	(2,090,289)	316,083	1,950,816	794,580
Represented by :					
Share Capital	1,351,501				
Statutory & General Reserves	63,974				
Depositors protection fund	19,588				
Accumulated loss	(226,929)				
Surplus on revaluation of assets	24,745				
Deferred grant	4,260				
	1,237,139				

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37 SCHEDULE OF MATURITY DISTRIBUTION OF MARKET RATE ASSETS AND LIABILITIES

	Total 2013	Up to one month	Over one month up to six months	Over six months up to one year	Over one year
<u>31 December 2013</u>	<u>Rupees '000</u>	<u>Rupees '000</u>	<u>Rupees '000</u>	<u>Rupees '000</u>	<u>Rupees '000</u>
Assets					
Interest/Mark up earning					
Cash and Balances with SBP and NBP	157,533	157,533	-	-	-
Balances With Other Banks/NBFIs/MFBs	979,148	979,148	-	-	-
Investments	4,050,851	2,624,949	843,548	383,674	198,680
Advances	3,450,418	222,916	1,163,928	1,603,167	460,407
Non-Interest/Mark up earning					
Cash and Balances with SBP and NBP	346,538	346,538	-	-	-
Balances With Other Banks/NBFIs/MFBs	40,452	40,452	-	-	-
Other Assets	310,577	225,145	51,214	31,703	2,515
Deferred Tax	36,918	-	-	-	36,918
Operating Fixed Assets	141,607	-	-	-	141,607
	<u>9,514,042</u>	<u>4,596,681</u>	<u>2,058,690</u>	<u>2,018,544</u>	<u>840,127</u>
Liabilities					
Interest/mark up bearing					
Large time deposits above Rs. 100,000	4,527,609	667,363	1,746,739	1,382,136	731,371
Deposits and other accounts	2,481,676	2,249,263	79,298	78,771	74,344
Borrowings	296,042	296,042			
Non-Interest/mark up bearing					
Deposits and other accounts	805,696	805,696			
Other Liabilities	294,387	97,149	15,074	79,228	102,936
	<u>8,405,410</u>	<u>4,115,513</u>	<u>1,841,111</u>	<u>1,540,135</u>	<u>908,651</u>
Net assets	<u>1,108,632</u>	<u>481,168</u>	<u>217,579</u>	<u>478,409</u>	<u>(68,524)</u>
Represented by :					
Share Capital	1,351,501				
Statutory & General Reserves	42,092				
Depositors protection fund	12,955				
Accumulated loss	(304,486)				
Deficit on revaluation of assets	1,121				
Deferred grant	5,449				
	<u>1,108,632</u>				

THE FIRST MICROFINANCEBANK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

	2014	2013
	<u>Rupees '000</u>	<u>Rupees '000</u>
38 OPERATIONAL/NON-OPERATIONAL PROFIT / (LOSS)		
Profit before taxation comprises of:		
Operational Profit	97,889	106,600
Grant income	2,290	5,177
	<u>100,179</u>	<u>111,777</u>

39 GENERAL

Figures have been rounded off to the nearest thousand rupee unless otherwise stated.

40 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue by the Board of Directors of FMFB in their meeting held on March 13, 2015