



KPMG Taseer Hadi & Co.
Chartered Accountants

**WASEELA MICROFINANCE
BANK LIMITED**

Financial Statements

For the year ended

31 December 2014



KPMG Taseer Hadi & Co.
Chartered Accountants
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Islamabad, Pakistan

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AUDITORS' REPORT TO THE BOARD OF DIRECTORS

We have audited the annexed balance sheet of **Waseela Microfinance Bank Limited** ("the Bank") as at 31 December 2014 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Bank's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards, the requirements of the Companies Ordinance, 1984, Microfinance Institutions Ordinance, 2001 and the directives issued by the State Bank of Pakistan. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- a) in our opinion, proper books of account have been kept by the Bank as required by the Companies Ordinance, 1984;
- b) in our opinion-
 - i) the balance sheet and profit and loss account and statement of comprehensive income together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, the Microfinance Institutions Ordinance, 2001 and the directives issued by the State Bank of Pakistan, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
 - ii) the expenditure incurred during the year was for the purpose of the Bank's business; and
 - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Bank;
- c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account and statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, the Microfinance Institutions Ordinance, 2001 and the directives issued by the State Bank of Pakistan, in the manner so required and respectively give a true and fair view of the state of the Bank's affairs as at 31 December 2014 and of the loss, its cash flows and changes in equity for the year then ended;
- d) in our opinion Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Bank and deposited in the Central Zakat Fund established under section 7 of that ordinance.

Islamabad
20 March 2015

KPMG Taseer Hadi & Co.
Chartered Accountants
Engagement Partner: Riaz Pesnani

WASEELA MICROFINANCE BANK LIMITED
BALANCE SHEET
AS AT 31 DECEMBER 2014

ASSETS

Cash and Balances with SBP and NBP
 Balances With Other Banks/NBFIs/MFBs
 Lending to financial Institutions
 Investments – Net Of Provisions
 Advances – Net Of Provisions
 Operating Fixed Assets
 Other Assets
 Deferred Tax Asset
Total Assets

Note	2014 Rupees	2013 Rupees
6	121,820,231	73,018,742
7	1,154,463,355	1,001,762,510
	-	-
8	326,779,758	409,516,889
9	497,812,466	177,320,855
10	220,961,347	180,221,154
11	180,895,567	71,557,454
12	38,114,338	-
	2,540,847,062	1,913,397,604

LIABILITIES

Deposits and other accounts
 Borrowings
 Subordinated Debt
 Other Liabilities
 Deferred Tax Liabilities
Total Liabilities

13	1,287,918,740	645,369,212
	-	-
	-	-
14	216,597,967	123,983,802
	-	-
	1,504,516,707	769,353,014

Net Assets

1,036,330,355	1,144,044,590
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REPRESENTED BY:

Share Capital
 Statutory & General Reserves
 Advance Against Issue of Shares
 Accumulated Loss

15	1,451,753,600	1,137,503,600
	-	-
	-	320,250,000
	(414,740,956)	(307,687,140)
	1,037,012,644	1,150,066,460

(Deficit)/Surplus on Revaluation of Assets
 Deferred Grants
Total Capital

16	(682,289)	(6,021,870)
	-	-
	1,036,330,355	1,144,044,590

MEMORANDUM / OFF-BALANCE SHEET ITEMS

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The annexed notes from 1 to 35 form an integral part of these financial statements.

 President/ CEO

 Chairman

 Director

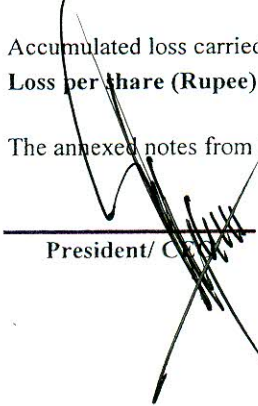
 Director

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**WASEELA MICROFINANCE BANK LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2014**

	Note	2014 Rupees	2013 Rupees
Mark-up/Return/Interest Earned	18	224,924,256	130,068,536
Mark-up/Return/Interest Expensed	19	(30,188,348)	(11,966,249)
Net Mark-up/ Interest Income		194,735,908	118,102,287
Provision against non-performing loans and advances		(1,582,709)	(1,000,646)
Provision for diminution in the value of investments		-	-
Bad debts written off directly		-	-
		(1,582,709)	(1,000,646)
Net Mark-up/ Interest Income after provisions		193,153,199	117,101,641
NON MARK-UP/ NON INTEREST INCOME			
Fee, Commission and Brokerage Income	20	1,403,344,263	188,009,101
Dividend Income		-	-
Other Income	21	1,511,011	-
Total non-markup/non interest Income		1,404,855,274	188,009,101
		1,598,008,473	305,110,742
NON MARK-UP/ NON INTEREST EXPENSES			
Administrative expenses	22	(574,320,174)	(352,233,848)
Other provisions/write offs		-	-
Commission	23	(1,172,466,882)	(160,191,949)
Other charges	24	(125,000)	(5,463,876)
Total non-markup/non interest expenses		(1,746,912,056)	(517,889,673)
		(148,903,583)	(212,778,931)
Extra ordinary/unusual items		-	-
LOSS BEFORE TAXATION		(148,903,583)	(212,778,931)
Taxation - Current		-	(3,180,776)
- Prior years	25	3,735,429	-
- Deferred	25	38,114,338	-
		41,849,767	(3,180,776)
		(107,053,816)	(215,959,707)
LOSS AFTER TAXATION		(107,053,816)	(215,959,707)
Accumulated loss brought forward		(307,687,140)	(91,727,433)
Loss available for appropriation		(414,740,956)	(307,687,140)
APPROPRIATIONS:			
Transfer To:			
Statutory Reserve		-	-
Capital Reserve		-	-
Contribution to Depositors Protection Fund		-	-
Revenue Reserve		-	-
Dividend		-	-
Others		-	-
		-	-
Accumulated loss carried forward		(414,740,956)	(307,687,140)
Loss per share (Rupee)	29	(0.75)	(1.90)

The annexed notes from 1 to 35 form an integral part of these financial statements.


President/ Chairman


Chairman


Director

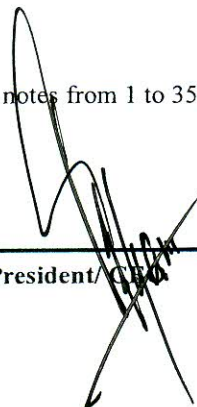

Director

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**WASEELA MICROFINANCE BANK LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2014**

	Note	2014 Rupees	2013 Rupees
Profit/(Loss) after taxation		(107,053,816)	(215,959,707)
Other comprehensive income		-	-
Comprehensive income transferred to equity		<u>(107,053,816)</u>	<u>(215,959,707)</u>
Components of comprehensive income not reflected in equity			
Surplus / (Deficit) on Revaluation of Investments	8.2	5,339,581	(6,926,270)
		<u>(101,714,235)</u>	<u>(222,885,977)</u>


The annexed notes from 1 to 35 form an integral part of these financial statements.



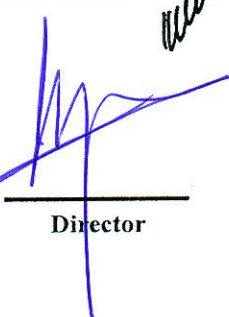
 President/CEO



 Chairman



 Director



 Director

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WASEELA MICROFINANCE BANK LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	2014 Rupees	2013 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation		(148,903,583)	(212,778,931)
Less: Dividend income		-	-
		<u>(148,903,583)</u>	<u>(212,778,931)</u>
Adjustments for non-cash charges			
Depreciation		54,481,294	35,026,520
Amortization		11,259,986	4,567,365
Provision for gratuity		2,409,207	1,335,232
Provision Against Non-performing Advances		1,582,709	1,000,646
Provision for Diminution in the value of investments/ other assets		-	-
Loss/ (Gain) on sale of fixed assets		(1,511,011)	109,410
Loss/ (Gain) on revaluation of available for sale investments		-	6,926,270
Others - Expenses incurred on behalf of Parent		(6,000,000)	-
		<u>62,222,185</u>	<u>48,965,443</u>
		<u>(86,681,398)</u>	<u>(163,813,488)</u>
(Increase)/ Decrease in operating assets			
Lending to financial institutions		-	-
Advances		(322,074,320)	(177,679,163)
Other assets (excluding advance taxation)		(92,634,393)	(48,033,040)
		<u>(414,708,713)</u>	<u>(225,712,203)</u>
Increase/ (Decrease) in operating liabilities			
Borrowings from financial institutions		-	-
Deposits		642,549,528	533,217,846
Other liabilities (excluding current taxation)		90,536,594	93,750,109
		<u>733,086,122</u>	<u>626,967,955</u>
		<u>231,696,011</u>	<u>237,442,264</u>
Gratuity paid		(331,640)	(92,487)
Payments against provisions held against off-balance sheet obligations		-	-
Income tax paid		(12,968,291)	(2,598,365)
Net cash inflow from operating activities		<u>218,396,080</u>	<u>234,751,412</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Net investment in available-for-sale securities		88,076,712	(124,622,647)
Net investment in held-to-maturity securities		-	623,590,069
Dividend income		-	-
Investments in operating fixed assets		(109,264,871)	(109,545,296)
Sale proceeds of property and equipment disposed-off		4,294,413	-
Net cash inflow / (outflow) from investing activities		<u>(16,893,746)</u>	<u>389,422,126</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts/ Payments of Sub-ordinated loan		-	-
Receipts/ Payments of lease obligations		-	-
Advance against equity received		-	320,250,000
Issue of share capital		-	-
Dividend paid		-	-
Net cash inflow from financing activities		<u>-</u>	<u>320,250,000</u>
Increase / (Decrease) in cash and cash equivalents		<u>201,502,334</u>	<u>944,423,538</u>
Cash and cash equivalents at beginning of the year		<u>1,074,781,252</u>	<u>130,357,714</u>
Cash and cash equivalents at end of the year	31	<u>1,276,283,586</u>	<u>1,074,781,252</u>

The annexed notes from 1 to 35 form an integral part of these financial statements.

 President/Chairman

 Director

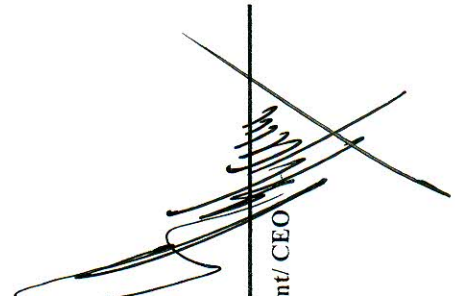
 Director

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WASELA MICROFINANCE BANK LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2014

	Share Capital	Capital Reserve	Statutory Reserve	Revenue Reserve	Advance Against Issue Of Shares	Accumulated Loss	Total
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Balance at 01 January 2013	1,137,503,600	-	-	-	-	(91,727,433)	1,045,776,167
Total comprehensive income for the year - (Loss)	-	-	-	-	-	(215,959,707)	(215,959,707)
Transfers to Statutory reserves	-	-	-	-	-	-	-
Other appropriations	-	-	-	-	-	-	-
Issue of share capital	-	-	-	-	-	-	-
Advance against issue of shares	-	-	-	320,250,000	-	-	320,250,000
Balance at 31 December 2013	1,137,503,600	-	-	320,250,000	-	(307,687,140)	1,150,066,460
Balance at 01 January 2014	1,137,503,600	-	-	-	320,250,000	(307,687,140)	1,150,066,460
Total comprehensive income for the year - (Loss)	-	-	-	-	-	(107,053,816)	(107,053,816)
Transfers to Statutory reserves	-	-	-	-	-	-	-
Other appropriations	-	-	-	-	-	-	-
Issue of share capital	314,250,000	-	-	-	(314,250,000)	-	-
Transfer from advance against issue of shares	-	-	-	-	(6,000,000)	-	(6,000,000)
Balance at 31 December 2014	1,451,753,600	-	-	-	(414,740,956)	(414,740,956)	1,037,012,644

The annexed notes from 1 to 35 form an integral part of these financial statements.



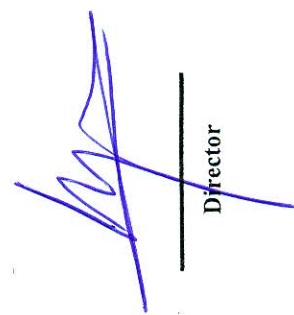
President/ CEO



Chairman



Director



Director

WASEELA MICROFINANCE BANK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

1 STATUS AND NATURE OF BUSINESS

Waseela Microfinance Bank Limited (the Bank) was incorporated in Pakistan on 29 November 2010 as a public limited company under the Companies Ordinance, 1984. The Bank obtained Microfinance banking license from the SBP on 12 September 2011 to operate on a nationwide basis and received the certificate of commencement of business from Securities and Exchange Commission of Pakistan (SECP) on 13 Feb 2012 whereas certificate of commencement of business from SBP was received on 20 April 2012. The Bank has 41 business locations / touch points comprising of 30 branches and 11 booths / service centers (2013: 36 business locations / touch points comprising of 30 branches and 6 service centers) in operation. The Bank is a subsidiary of Global Telecom Holding S.A.E. ("the holding company") which owns 99.99% shareholding in the Bank. The Bank's registered and principal office is situated at Plot No. 3-A/2, F-8 Markaz, Islamabad, Pakistan. The Bank's principal business is to provide microfinance banking and related services to the poor and under served segment of the society under the Microfinance Institution Ordinance, 2001. The Bank is also offering Branchless Banking Services through agency agreement with Pakistan Mobile Communications Limited (PMCL), a related party, under the Branchless Banking license from the SBP.

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 SBP.

3 STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with the 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 Microfinance Institutions Ordinance, 2001, and the regulations/ directives issued by the SECP and the SBP. Wherever the requirements of the Companies Ordinance, 1984, the Microfinance Institutions Ordinance, 2001, or regulations/ directives issued by the SECP and SBP differ with the requirements of IFRSs, the requirements of the Companies Ordinance, 1984, the Microfinance Institutions Ordinance, 2001, or the requirements of the said regulations/ directives shall prevail.

The SBP vide BSD Circular 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 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 the 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: Disclosures", which is applicable for annual periods beginning on or after 01 July 2009, till further orders.

WASEELA MICROFINANCE BANK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

4 BASIS OF MEASUREMENT

These financial statements have been prepared under the historical cost basis except "available for sale" investments which are measured at fair value.

4.1 Functional and presentation currency

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

4.2 Significant accounting estimates

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 and 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. 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 if the revision affects both current and future periods. Information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have significant effect on the amounts recognized in the financial statements relates to valuation and impairment of investments, advances, provision for income taxes, determination of useful lives of depreciable assets and intangible assets and other provisions which are discussed in following paragraphs:

4.2.1 Impairment of investments


Provision for impairment in the value of investments is made after considering objective evidence of impairment. Provision for diminution in the value of investments is made as per the Regulations issued by SBP.

4.2.2 Advances

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

4.2.3 Operating fixed assets/ intangible assets

Estimates of residual values and useful lives of operating fixed assets and intangible assets are reassessed annually and any change in estimate is taken into account in the determination of depreciation/ amortization charge and impairment loss. Changes in estimates are accounted for over the estimated remaining useful life of the assets.



WASEELA MICROFINANCE BANK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

4.2.4 Taxation

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

4.2.5 Provisions and contingencies

The Bank reviews the status of all the legal cases on a regular basis. Based on the expected outcome and lawyers' judgments, appropriate disclosure or provision is made.

4.2.6 Impairment of financial assets

In making an estimates of future cash flows from the Bank's financial assets.

4.2.7 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.

5 SIGNIFICANT ACCOUNTING POLICIES

5.1 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, balance with SBP and other banks.

5.2 Investment

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

Investments of the Bank are classified into the following categories:

(a) Held to maturity

Investments with fixed maturity, where management has both the intention 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 taking into account 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 profit and loss account over the remaining period till maturity.

WASEELA MICROFINANCE BANK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

(b) Held for trading

These represent securities acquired with the intention to trade by taking advantage of short-term market / interest rate movements. These are marked to market and surplus / deficit arising on revaluation of 'held for trading' investments is taken to profit and loss account in accordance with the requirements prescribed by the SBP through various circulars.

(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 kept in "Surplus/(deficit) on revaluation of assets" through statement of comprehensive income. The surplus/(deficit) arising on these investments is taken to profit and loss account, when actually realized upon disposal.

5.3 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 60 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/installments overdue) for 30 days or more but less than 60 days.

(b) Substandard:

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

(c) Doubtful:

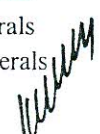
These are advances in arrears (payments/installments overdue) for 90 days or more but less than 180 days.

(d) Loss:

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

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

(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



WASEELA MICROFINANCE BANK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

In addition to above, a general provision is made equivalent to 1% of the net outstanding balance (advances net of specific provisions) in accordance with the requirement of the Regulations.

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, the Bank continues its efforts for recovery of the written off balances.

5.4 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 and the costs of dismantling and removing the items and restoring the site on which they are located, if any.

Depreciation is charged on the straight line method at rates specified note 10.1 to the financial statements, so as to write off the cost of assets over their estimated useful lives.

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 future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably. Carrying amount of the replaced part is derecognized. All other repair and maintenance are charged to income during the period.

Gains 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 recognized 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 the Bank 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 rate specified in note 10.2 to the financial statements. Subsequent expenditure is capitalized only when it increases the future economic benefit embodied in the specific asset to which it relates. All other expenditure is recognized in profit and loss account as incurred.

WASEELA MICROFINANCE BANK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

5.5 Deposits

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

5.6 Taxation

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

The Bank takes into account the current income tax law and decisions taken by appellate authorities. Instances where the Bank's view differs from the view taken by the income tax department at the assessment stage and where the Bank 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 taxable temporary differences between the carrying amounts of assets 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 assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized. At each balance sheet date, the Bank reassesses the carrying and the unrecognized amount of deferred tax assets.

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

5.7 Staff retirement benefits

Defined contribution plan

The Bank operates a defined contribution provident fund scheme for its eligible employees. Monthly contributions are made by the Bank and its employees at rate of 10% of basic salary.



WASEELA MICROFINANCE BANK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

5.8 Reserves

Statutory reserve

The Bank 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 the Bank 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.

5.9 Provisions

A provision is recognized when, and only when, the Bank 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.

5.10 Foreign currency transactions

The financial statements are presented in Pakistani Rupee, which is the Bank's functional currency. Transactions in foreign currencies are translated into Pak Rupee at exchange rate on the date of transaction. All monetary assets and liabilities in foreign currencies are translated into Pak Rupee at the rate of exchange approximating those ruling at the balance sheet date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit and loss account.

5.11 Revenue recognition

(a) Markup / income on advances

Markup / income / return / service charges on advances is recognized on accrual / time proportion basis using effective interest rate method at the Bank's prevailing interest rates for the loan products. Markup/ income on advances is collected with loan installments. 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 recognition of unpaid service charges / income ceases. Further, accrued markup on non-performing advances are reversed and credited to suspense account. Subsequently, markup recoverable on non-performing advances is recognized on a receipt basis in accordance with the requirements of the Regulations.

(b) Income from investments

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

(c) Fee, commission and brokerage income

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



WASEELA MICROFINANCE BANK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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(d) 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 .

(e) Gain/ loss on sale of operating fixed assets

- (i) Gain on sale of operating fixed assets are recognized under other income in the profit and loss account.
- (ii) Loss on sale of operating fixed assets are recognized under administrative expenses in the profit and loss account.

(f) Gain/ loss on sale of investments

Gains and losses on sale of investments are included in income.

5.12 Related party transactions

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

5.13 Financial instruments

Financial assets and liabilities are recognized when the Bank becomes a party to the contractual provisions of the instrument. These are derecognized when the Bank 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 and other liabilities which are stated at their nominal value. Financial charges are accounted for on accrual basis.

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



WASEELA MICROFINANCE BANK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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5.14 Off-setting

Financial assets and financial liabilities and tax assets and tax 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 the Bank intends either to settle on net basis or to realize the assets and to settle the liabilities simultaneously. Income and expense items of such assets and liabilities are also off-set and the net amount is reported in the financial statements.

5.15 Borrowing costs

Borrowing costs are recognized as an expense in the period in which they are incurred except where such costs relate to the acquisition, construction or production of a qualifying asset in which case such costs are capitalized as part of the cost of that asset. Borrowing cost includes exchange differences arising from foreign currency borrowings to the extent these are regarded as an adjustment to borrowing costs.

5.16 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.



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FOR THE YEAR ENDED 31 DECEMBER 2014

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

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning after January 01, 2015:

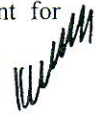
Amendments to IAS 38 Intangible Assets and IAS 16 Property, Plant and Equipment (effective for annual periods beginning on or after 1 January 2016) introduce severe restrictions on the use of revenue-based amortization for intangible assets and explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The rebuttable presumption that the use of revenue-based amortization methods for intangible assets is inappropriate can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue. The amendments are not likely to have an impact on the Bank's financial statements.

IFRS 10 'Consolidated Financial Statements' – (effective for annual periods beginning on or after 1 January 2015) replaces the part of IAS 27 'Consolidated and Separate Financial Statements. IFRS 10 introduces a new approach to determining which investees should be consolidated. The single model to be applied in the control analysis requires that an investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. IFRS 10 has made consequential changes to IAS 27 which is now called 'Separate Financial Statements' and will deal with only separate financial statements. Certain further amendments have been made to IFRS 10, IFRS 12 and IAS 28 clarifying the requirements relating to accounting for investment entities and would be effective for annual periods beginning on or after 1 January 2016.

IFRS 11 'Joint Arrangements' (effective for annual periods beginning on or after 1 January 2015) replaces IAS 31 'Interests in Joint Ventures'. Firstly, it carves out, from IAS 31 jointly controlled entities, those cases in which although there is a separate vehicle, that separation is ineffective in certain ways. These arrangements are treated similarly to jointly controlled assets/operations under IAS 31 and are now called joint operations. Secondly, the remainder of IAS 31 jointly controlled entities, now called joint ventures, are stripped of the free choice of using the equity method or proportionate consolidation; they must now always use the equity method. IFRS 11 has also made consequential changes in IAS 28 which has now been named 'Investment in Associates and Joint Ventures'. The amendments requiring business combination accounting to be applied to acquisitions of interests in a joint operation that constitutes a business are effective for annual periods beginning on or after 1 January 2016. The adoption of this standard is not like to have an impact on Bank's financial statements.

IFRS 12 'Disclosure of Interest in Other Entities' (effective for annual periods beginning on or after 1 January 2015) combines the disclosure requirements for entities that have interests in subsidiaries, joint arrangements (i.e. joint operations or joint ventures), associates and/or unconsolidated structured entities, into one place. The adoption of this standard is not like to have an impact on the Bank's financial statements.

Amendment to IAS 27 'Separate Financial Statement' (effective for annual periods beginning on or after 1 January 2016). The amendments to IAS 27 will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.



WASEELA MICROFINANCE BANK LIMITED
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Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) [effective for annual periods beginning on or after 1 January 2016]. The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

Annual Improvements 2010-2012 and 2011-2013 cycles (most amendments will apply prospectively for annual period beginning on or after 1 July 2014). The new cycle of improvements contain amendments to the following standards:

IFRS 2 'Share-based Payment'. IFRS 2 has been amended to clarify the definition of 'vesting condition' by separately defining 'performance condition' and 'service condition'.

IFRS 3 'Business Combinations'. These amendments clarify the classification and measurement of contingent consideration in a business combination.

IFRS 8 'Operating Segments' has been amended to explicitly require the disclosure of judgments made by management in applying the aggregation criteria.

Amendments to IAS 16 'Property, plant and equipment' and IAS 38 'Intangible Assets'. The amendments clarify the requirements of the revaluation model in IAS 16 and IAS 38, recognizing that the restatement of accumulated depreciation (amortization) is not always proportionate to the change in the gross carrying amount of the asset

IAS 24 'Related Party Disclosure'. The definition of related party is extended to include a management entity that provides key management personnel services to the reporting entity, either directly or through a group entity.

Annual Improvements 2012-2014 cycles (amendments are effective for annual periods beginning on or after 1 January 2016). The new cycle of improvements contain amendments to the following standards:

IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. IFRS 5 is amended to clarify that if an entity changes the method of disposal of an asset (or disposal group) i.e. reclassifies an asset from held for distribution to owners to held for sale or vice versa without any time lag, then such change in classification is considered as continuation of the original plan of disposal and if an entity determines that an asset (or disposal group) no longer meets the criteria to be classified as held for distribution, then it ceases held for distribution accounting in the same way as it would cease held for sale accounting.

- IAS 19 'Employee Benefits'. IAS 19 is amended to clarify that high quality corporate bonds or government bonds used in determining the discount rate should be issued in the same currency in which the benefits are to be paid.
- IAS 34 'Interim Financial Reporting'. IAS 34 is amended to clarify that certain disclosures, if they are not included in the notes to interim financial statements and disclosed elsewhere should be cross referred.

WASEELA MICROFINANCE BANK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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		2014 Rupees	2013 Rupees
6 CASH AND BALANCES WITH SBP AND NBP	Note		
Cash in hand		63,934,693	38,118,992
Balance with State Bank of Pakistan	6.1	57,885,538	34,899,750
		<u>121,820,231</u>	<u>73,018,742</u>

6.1 This represents balance maintained in current account with SBP to meet the requirement of maintaining Cash Reserve Requirement ("CRR"). The bank was unable to maintain CRR by Rs.1.39 million, however it was maintained subsequently.

		2014 Rupees	2013 Rupees
7 BALANCES WITH OTHER BANKS/NBFIs/MFBs	Note		
In Pakistan			
- on current accounts - Local Currency		500,760	2,736,145
- on deposit accounts - Local Currency	7.1	1,153,962,595	999,026,365
		1,154,463,355	1,001,762,510
- on current accounts - Foreign Currency	7.2	-	-
		-	-
		<u>1,154,463,355</u>	<u>1,001,762,510</u>

7.1 These carry markup ranging from 6.5% to 9.6% (2013: 7% to 11%) per annum.

7.2 This account is being maintained with UBL for the purpose of Home Remittance under Pakistan Remittance Initiative as approved by SBP.

		2014 Rupees	2013 Rupees
8 INVESTMENTS - Net Of Provisions	Note		
Available for sale			
Federal Government securities			
Pakistan Investment Bonds	8.1	327,462,047	327,462,047
Held to Maturity			
Term Deposit Receipts		-	88,076,712
Surplus / (Deficit) on revaluation of available for sale investments	8.2	(682,289)	(6,021,870)
Provisions for Diminution in value of Investments		-	-
		<u>326,779,758</u>	<u>409,516,889</u>

8.1 This represents the Pakistan Investment Bonds carrying markup ranging from 11.25% to 11.50% (2013: 11.25% to 11.50%) per annum payable on semi-annual basis maturing within one to two years.

8.2 **Particulars of surplus / (deficit) on revaluation of available for sale investments:**

	2014 Rupees	2013 Rupees
Opening balance	(6,021,870)	904,400
Transferred to revaluation of assets account below equity	5,339,581	(6,926,270)
Closing balance	<u>(682,289)</u>	<u>(6,021,870)</u>

WASEELA MICROFINANCE BANK LIMITED
 NOTES TO THE FINANCIAL STATEMENTS
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	Note	2014 Number	2014 Rupees	2013 Number	2013 Rupees
9 ADVANCES :					
Micro-Credit					
-Secured against gold		3,564	241,597,062	1,133	77,614,549
-Unsecured		7,838	258,805,247	3,274	100,713,440
		<u>11,402</u>	<u>500,402,309</u>	<u>4,407</u>	<u>178,327,989</u>
Less: Provision held					
Specific provision			1,791		-
General provision	9.1		2,588,052		1,007,134
			2,589,843		1,007,134
Advances (net of provision)			<u>497,812,466</u>		<u>177,320,855</u>

9.1 This represents general provision maintained against outstanding advances at the rate of 1% as required under Prudential Regulations issued by the State Bank of Pakistan.

9.2 **Particulars of Provision against Non-Performing Advances**

	2014		2013	
	General Rupees	Specific Rupees	General Rupees	Specific Rupees
Opening balance	1,007,134	-	6,488	-
Charge for the year	1,580,918	1,791	1,000,646	-
Amounts written off	-	-	-	-
Reversals	-	-	-	-
Closing balance	<u>2,588,052</u>	<u>1,791</u>	<u>1,007,134</u>	<u>-</u>

9.3 **Particulars of Non-**

Advances include Rs.7,162 which, as detailed below, have been placed under non-performing status:

	Note	2014		2013	
		Amount outstanding	Provision held	Amount outstanding	Provision held
OAEM		-	-	-	-
Sub-standard	9.4	7,162	1,791	-	-
Doubtful		-	-	-	-
Loss		-	-	-	-
		<u>7,162</u>	<u>1,791</u>	<u>-</u>	<u>-</u>

9.4 This represent amount receivable from deceased borrower against which claim from insurance company has been lodged and subsequently recovered from insurance company and settled on 03 January 2015.

10 **OPERATING FIXED ASSETS**

	Note	2014 Rupees	2013 Rupees
Property and equipment	10.1	171,840,669	146,945,887
Intangible assets	10.2	49,120,678	33,275,267
		<u>220,961,347</u>	<u>180,221,154</u>

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WASEELA MICROFINANCE BANK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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10.1 Property and equipment

	Cost						Depreciation						Net Book Value		
	At 01 January		Additions during the year		Adjustments / Transfer/ Reclassification		Disposals/ Write offs		At 31 December 2014		At 31 December 2014		At 31 December 2014		
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	
2014															
Furniture and Fixture	27,930,818	14,274,841	56,065	(94,400)	42,167,324	20%	3,042,251	6,826,823	2,633	(36,186)	9,835,521	32,331,803	88,673,124		
Electrical, Office and Computer Equipment	97,952,694	48,311,216	4,999,026	(326,946)	150,935,990	10-33%	32,337,343	28,561,519	1,441,757	(77,733)	62,262,866	10,709,811	10,709,811		
Vehicles	29,789,920	-	-	(5,556,698)	24,233,222	25%	9,015,472	7,331,713	-	(2,823,774)	13,523,411	40,125,931	40,125,931		
Leasehold Improvements	45,002,834	19,573,418	(4,798,139)	-	59,778,113	25%	9,335,313	11,761,239	(1,444,370)	-	19,652,182	171,840,669	171,840,669		
Total	200,676,266	82,159,475	256,952	(5,978,044)	277,114,649		53,730,379	54,481,294	-	(2,937,693)	105,273,980	32,331,803	33,275,267		
2013															
Furniture and Fixture	1,690,995	26,239,823	-	-	27,930,818	20%	285,666	2,756,585	-	-	3,042,251	24,888,567	65,615,351		
Electrical, Office and Computer Equipment	45,254,069	52,965,702	-	(267,077)	97,952,694	10-33%	14,065,577	18,367,837	-	(96,071)	32,337,343	20,774,448	20,774,448		
Vehicles	21,997,055	7,792,865	-	-	29,789,920	25%	2,650,151	6,365,321	-	-	9,015,472	35,667,521	35,667,521		
Leasehold Improvements	14,285,165	30,717,669	-	-	45,002,834	25%	1,798,536	7,536,777	-	-	9,335,313	146,945,587	146,945,587		
Total	83,227,284	117,716,059	-	(267,077)	200,676,266		18,799,930	35,026,520	-	(96,071)	53,730,379	146,945,587	146,945,587		
10.2 Intangible Assets															
2014															
Software License	42,135,609	27,105,397	-	-	69,241,006	10-33%	8,860,342	11,259,986	-	-	20,120,328	49,120,678	49,120,678		
Total	42,135,609	27,105,397	-	-	69,241,006		8,860,342	11,259,986	-	-	20,120,328	49,120,678	49,120,678		
2013															
Software License	39,531,764	2,603,845	-	-	42,135,609	10-33%	4,292,977	4,567,365	-	-	8,860,342	33,275,267	33,275,267		
Total	39,531,764	2,603,845	-	-	42,135,609		4,292,977	4,567,365	-	-	8,860,342	33,275,267	33,275,267		

10.2.1 This includes Temenos - 24 (R-10) software with carrying value of Rs.28,582,814 (2013:27,646,079) and remaining amortization period of 6.9 (2013:7.9) years.

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NOTES TO THE FINANCIAL STATEMENTS
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		2014	2013
		Rupees	Rupees
11 OTHER ASSETS			
Income / Markup accrued		68,372,934	28,546,766
Advances, Deposits and Prepayments		62,252,561	29,651,965
Advance Taxation		25,834,011	9,130,291
Receivable from related parties	11.2	1,828,543	-
Printed Stationary		4,420,000	-
Others		18,187,518	4,228,432
		<u>180,895,567</u>	<u>71,557,454</u>
11.2 Detail of Receivable from Related party			
Pakistan Mobile Communication Limited		1,815,603	-
Business Communication System		12,940	-
		<u>1,828,543</u>	<u>-</u>
12 DEFERRED TAX ASSET			
Opening balances		-	-
Deferred tax asset arising on account of temporary differences on:			
Provision against non-performing advances		855,648	-
Precommencement expenditure		8,549,556	-
Unused tax losses		37,483,829	-
Provision for gratuity		1,148,503	-
		<u>48,037,536</u>	<u>-</u>
Deferred tax liability arising on account of temporary differences on:			
Operating fixed assets		(9,923,198)	-
		<u>38,114,338</u>	<u>-</u>

12.1 Out of total unused tax losses of Rs. 479.33 million (2013: Rs. 296.71 million), the deferred tax asset recognized in the financial statements to the extent the management's expects that the benefit will be realized in future years in the form of reduced tax liability.

13 DEPOSIT AND OTHER ACCOUNTS

	Note	2014 Number	2014 Rupees	2013 Number	2013 Rupees
Time Liabilities					
Term Deposits		172	118,104,102	168	86,323,010
Demand Liabilities					
Savings Deposits		16,393	476,222,867	5,433	213,339,613
Current Deposits		4,676	279,797,365	1,808	102,255,798
Current Deposits-Branchless		290,679	413,794,406	59,284	243,450,791
		<u>311,748</u>	<u>1,169,814,638</u>	<u>66,525</u>	<u>559,046,202</u>
		<u>311,920</u>	<u>1,287,918,740</u>	<u>66,693</u>	<u>645,369,212</u>

13.1 Particulars of Deposits by Ownership

1) Individual Depositors	261,937	1,146,096,362	39,974	407,318,292
2) Institutional Depositors	-	-		
a) Corporations/Firms	237	12,484,476	-	-
b) Banks & Financial Institutions	1	113	1	20,373
3) Retailers	49,122	30,728,990	26,128	147,411,749
4) Franchisees	430	94,593,799	401	84,509,605
5) Customer Care Centers	21	4,015,000	21	6,109,193
	<u>311,748</u>	<u>1,287,918,740</u>	<u>66,525</u>	<u>645,369,212</u>

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		2014	2013
		Rupees	Rupees
14	OTHER LIABILITIES		
	Mark-up/ Interest payable	3,119,863	1,076,546
	Accrued expenses	25,890,707	34,942,883
	Payable to related parties	2,617,074	4,096,238
	Withholding tax payable/Tax Payable Corporate/FED Payable A/c	23,310,821	2,905,379
	Payable to suppliers/Nadra payable	72,508,457	77,294,653
	Uncollected remittances	69,428,311	-
	Others	19,722,734	3,668,103
		<u>216,597,967</u>	<u>123,983,802</u>

15 SHARE CAPITAL

15.1 Authorized Capital

	2014	2013		2014	2013
	Numbers	Numbers		Rupees	Rupees
	<u>150,000,000</u>	<u>150,000,000</u>	Ordinary shares of Rs. 10 each.	<u>1,500,000,000</u>	<u>1,500,000,000</u>

15.2 Issued, subscribed and paid-up capital

	2014	2013		2014	2013
	Numbers	Numbers		Rupees	Rupees
	<u>145,175,360</u>	<u>113,750,360</u>	Ordinary shares Fully paid in cash of Rs. 10 each.	<u>1,451,753,600</u>	<u>1,137,503,600</u>

15.3 Global Telecom Holding (S.A.E.) is the parent company controlling 145,175,355 i.e. 99.99% shares (2013: 99.99%) of the Bank.

15.4 The Board of Directors of the Bank in their meeting held on 31 January 2014 announced issuance of 0.27626 right share for every share held at a par value of Rs. 10 per share and during the year 31,425,000 ordinary shares of Rs.10 each were issued accordingly.

		2014	2013
		Rupees	Rupees
16	(DEFICIT) / SURPLUS ON REVALUATION OF ASSETS		
	Available for sale investments		
	Government securities	8.2	
		<u>(682,289)</u>	<u>(6,021,870)</u>
		<u>(682,289)</u>	<u>(6,021,870)</u>

17 MEMORANDUM / OFF-BALANCE SHEET ITEMS

17.1 Commitments:

Commitments against contracts		<u>30,008,763</u>	<u>-</u>
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This represents the amount against the commitment for the procurement of IT hardware and Disaster recovery site.

17.2 Contingencies

There are no contingencies at the year end (2013: Nil).

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WASEELA MICROFINANCE BANK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

		2014	2013
		Rupees	Rupees
18	MARK-UP/RETURN/INTEREST/DISCOUNT/RETURN EARNED		
	Interest / Mark-up On;		
	- Advances	91,439,937	17,816,715
	- Government Securities	36,472,502	47,008,462
	- On Deposit accounts/Placements with other banks/Financial Institution	97,011,817	65,243,359
		<u>224,924,256</u>	<u>130,068,536</u>
19	MARK-UP/RETURN/INTEREST EXPENSED		
	On advances from related party	-	378,357
	On Deposits	30,188,348	11,587,892
		<u>30,188,348</u>	<u>11,966,249</u>
20	FEE, COMMISSION AND BROKERAGE INCOME	2014	2013
		Rupees	Rupees
	Income from Branchless	1,379,564,499	183,126,371
	G2P Revenue	8,613,470	-
	Loan processing fee	10,980,900	3,958,000
	Others	4,185,394	924,730
		<u>1,403,344,263</u>	<u>188,009,101</u>
20.1	This represents the income from branchless banking operations (Mobicash) carried out by the Bank together with Pakistan Mobile Communication Limited (PMCL) through agency agreement under SBP Branchless Banking Regulations. As per the agreement, Income from Mobicash (Net of Agents commission) is shared between the bank and PMCL at the ratio of 30:70 respectively (2013 30:70).		
20.2	This represents Income generated from Punjab Disaster Management Authority Project which was initiated in year 2014 for flood affected families. Rs.25,000 were disbursed per family as announced by government of Punjab.		
21	OTHER INCOME	2014	2013
		Rupees	Rupees
	Gain/Loss-Disposal of Fixed Assets	1,511,011	-
		<u>1,511,011</u>	<u>-</u>
22	ADMINISTRATIVE EXPENSES		
	Salaries, allowances etc.	271,057,682	184,027,785
	Contribution to defined contribution plan	15,593,463	6,522,804
	Training / Capacity building	6,184,943	3,536,844
	Depreciation	54,481,294	35,026,520
	Amortization	11,259,986	4,567,365
	Travel and transportation	9,044,485	14,141,329
	Rent, taxes, insurance, electricity, etc.	47,158,973	41,590,372
	Loss on sale of fixed assets	-	109,410
	Stationary and printing	9,344,467	5,876,840
	Communications	7,067,793	3,178,695
	Repair and maintenance - General	5,968,600	1,945,497
	Legal and professional charges	873,801	2,518,744
	Auditors' remuneration	1,287,879	892,800
	Bank charges	9,122,720	4,617,126
	IT equipment and software maintenance	34,645,453	19,689,112
	Security	16,762,714	7,625,237
	NADRA verification charges	37,195,652	2,679,208
	Janitorial services	13,734,970	4,737,225
	Office supplies	1,643,188	4,452,386
	Entertainment	5,479,440	2,109,425
	G2P Project Cost	10,782,170	-
	Others	5,630,501	2,389,124
		<u>574,320,174</u>	<u>352,233,848</u>

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WASEELA MICROFINANCE BANK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

		2014	2013
	Note	Rupees	Rupees
22.1 Auditors' Remuneration			
Audit fee		675,000	600,000
Fee for audit of provident, pension, gratuity and other funds		-	-
Special certification		100,000	-
Tax services		-	-
Out of pocket expenses		512,879	292,800
		<u>1,287,879</u>	<u>892,800</u>
23 COMMISSION			
Commission to retailer / franchisee	23.1	724,360,788	107,146,934
Commission to related party	23.2	448,106,094	53,045,015
		<u>1,172,466,882</u>	<u>160,191,949</u>

23.1 This represents the commission to retailer/franchisee from branchless banking operations carried out by the Bank together with the Pakistan Mobile Communication Limited (PMCL) under the SBP Branchless Banking Regulation.

23.2 This represents the share of the PMCL in respect of the branchless banking commission. As per the agreement with the PMCL, income from Mobicash is shared between the Bank and PMCL in the ratio of 30% and 70% respectively (2013: 30% and 70%).

		2014	2013
	Note	Rupees	Rupees
24 OTHER CHARGES			
Penalties imposed by the State Bank of Pakistan	24.1	125,000	50,000
Others		-	5,413,876
		<u>125,000</u>	<u>5,463,876</u>

24.1 This represents the penalties paid to the State Bank of Pakistan against SBP inspection for the year 2013.

		2014	2013
		Rupees	Rupees
25 TAXATION			
Current tax			
For the year		-	(3,180,776)
Prior		(3,735,429)	-
Deferred		(38,114,338)	-
		<u>(41,849,767)</u>	<u>(3,180,776)</u>

25.1 Relationship between tax expense and accounting loss

Loss before taxation	(148,903,583)	(212,778,931)
Tax at applicable tax rate of 33% percent (2013: 34% percent)	33%	34%
	(49,138,182)	(72,344,837)
Effect of:		
- Deferred tax asset not recognized	11,023,844	72,344,837
- Prior years	(3,735,429)	-
- Minimum tax	-	(3,180,776)
	<u>(41,849,767)</u>	<u>(3,180,776)</u>

25.2 Minimum tax under section 113(1) of the I.T ordinance 2001 is not applicable as the Bank is in gross loss before setting off depreciation and other inadmissible expenses under the ordinance.

25.3 Change in applicable income tax rate from 34% to 33% is due to change in relevant Income Tax laws.

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WASEELA MICROFINANCE BANK LIMITED
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2014

26 NUMBER OF EMPLOYEES

	2014		
	Credit / Sales Staff	Banking / Support	Total
Permanent	64	250	314
Contractual / temporary	21	140	161
Total	85	390	475

	2013		
	Credit/Sales Staff	Banking/Support	Total
Permanent	38	196	234
Contractual / temporary	-	112	112
Total	38	308	346

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WASEELA MICROFINANCE BANK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

27 NUMBER OF BRANCHES/SERVICE CENTRES	2014 Number	2013 Number
Branches At The Beginning Of The Year	36	10
Add: Opened During The Year		
-Branches	-	26
-Service Centers/Booth	8	-
Less: Closed / Merged During The Year	(3)	-
Total Branches At The End Of The Year	<u>41</u>	<u>36</u>

27.1 This includes 30 branches and 11 Booths/Service Centers (2013: 30 & 6)

28 REMUNERATION OF DIRECTORS AND EXECUTIVES

	President/Chief Executive		Executives	
	2014 Rupees	2013 Rupees	2014 Rupees	2013 Rupees
Managerial remuneration	12,954,540	11,754,540	56,573,571	27,475,249
Rent and house maintenance	270,000	270,000	10,643,425	6,196,418
Utilities	1,295,460	1,175,460	5,485,163	2,636,543
Relocation allowance	-	-	555,000	580,000
Conveyance allowance	-	-	681,706	494,254
Car allowance	-	-	1,549,001	-
Car maintenance	658,726	-	742,540	415,200
Contribution to defined contribution plan	1,295,454	1,175,454	5,479,071	2,855,408
Fuel allowance / reimbursements	572,828	572,657	3,637,059	1,849,241
Sales staff incentive	-	-	1,004,137	-
Training compensation	-	-	30,000	-
Bonus, Prizes and rewards	5,280,000	3,458,630	7,695,027	2,236,983
	<u>22,327,008</u>	<u>18,406,741</u>	<u>94,075,700</u>	<u>44,739,296</u>
Number of Persons	<u>1</u>	<u>1</u>	<u>44</u>	<u>31</u>

- (a) Executive means any employee whose basic salary exceeds Rs. 500,000 (2013: Rs. 500,000) per year.
- (b) The President / Chief Executive Officer and certain other executives are provided with free use of the Bank's owned and maintained cars in accordance with their entitlement as per rules of the Bank.
- (c) No remuneration is paid to the directors of the Bank during the year.

29 LOSS PER SHARE (RUPEE)		2014	2013
Loss after taxation - Rupees	A	(107,053,816)	(215,959,707)
Weighted average ordinary shares - Numbers	B	142,506,387	113,750,360
Loss per share - Rupee	A/B	<u>(0.75)</u>	<u>(1.90)</u>

WASEELA MICROFINANCE BANK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

30 RELATED PARTY TRANSACTIONS

The Bank is wholly sponsored by Global Telecom Holding S.A.E. (GTH). Therefore, all subsidiaries and associated undertakings of GTH are related parties of the Bank. Other related parties include directors, key management personnel, entities under common directorship. Remuneration to directors and executives is disclosed in note 28 to these financial statements. Amounts due from and due to these companies are shown in note 11 & 14 to these financial statements. All transactions involving related parties are entered into at contractual terms and conditions subject to the approval of the Board of Directors. Transactions with the related parties during the period are as follows:

		2014 Rupees	2013 Rupees
Transactions with the parent company			
Advance against equity		-	320,250,000
Issue of Share Capital		314,250,000	-
Expenses incurred on their behalf		6,806,933	-
Receivable from parent		806,933	-
Related parties by virtue of common Shareholding			
Deposit Mobilization Commission Paid		15,923,342	5,413,876
Branchless commission (Net of Agents Commission)		432,182,752	53,045,015
Expenses incurred on our behalf		37,850,338	26,138,196
Purchase of operating fixed assets		-	56,577
Interest on advance		-	378,357
Payments made for expenses incurred on our behalf		2,186,956	1,176,362
Balance payable to related party at the year end		134,951	4,096,238
Balance receivable from related party at the year end		12,940	
Balance receivable from related party at the year end		1,815,603	
Services availed from LinkDotNet		4,630,950	719,100
Payments made against defined contribution plan		23,097,926	13,045,608
Transaction with key management personnel			
Remuneration, allowances and benefits	30.1	44,561,677	40,656,990
30.1 Remuneration, allowances and benefits			
Managerial remuneration		38,387,607	34,673,390
Rent and house maintenance		2,378,250	2,216,250
Utilities		3,795,820	3,467,350
Relocation allowance		-	300,000
		<u>44,561,677</u>	<u>40,656,990</u>

The Bank has not extended financing or other microfinance services to members of management, directors or parties related to them.

		2014 Rupees	2013 Rupees
31 CASH AND CASH EQUIVALENTS	Note		
Cash and Balances with SBP and NBP	6	121,820,231	73,018,742
Balances With Other Banks/NBFIs/MFBs	7	1,154,463,355	1,001,762,510
		<u>1,276,283,586</u>	<u>1,074,781,252</u>

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WASEELA MICROFINANCE BANK LIMITED
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2014

32 FINANCIAL INSTRUMENTS (based on contractual obligation)

	Effective yield/ interest rate %	Interest/Mark up bearing			Non interest/mark up bearing			Total		
		Up to one year Rupees	One to five years Rupees	Over five years Rupees	Sub total Rupees	Up to one year Rupees	One to five years Rupees	Over five years Rupees	Sub total Rupees	2014 Rupees
31 December 2014										
Financial assets										
Cash and balances with SBP and NBP		-	-	-	-	121,820,231	-	-	121,820,231	121,820,231
Balances with other banks/NBFIs/MFBs	6.5-9.6	1,153,962,595	-	-	1,153,962,595	500,760	-	-	500,760	1,154,463,355
Investments	11.25-11.50	201,952,600	124,827,158	-	326,779,758	-	-	-	-	326,779,758
Advances	27-38.22	497,812,466	-	-	497,812,466	-	-	-	-	497,812,466
Other assets		-	-	-	-	180,895,567	-	-	180,895,567	180,895,567
		<u>1,853,727,661</u>	<u>124,827,158</u>	<u>-</u>	<u>1,978,554,819</u>	<u>303,216,558</u>	<u>-</u>	<u>-</u>	<u>303,216,558</u>	<u>2,281,771,377</u>
Financial liabilities										
Deposits and other accounts	6-12.35	562,925,469	31,401,500	-	594,326,969	693,591,771	-	-	693,591,771	1,287,918,740
Other liabilities	-	-	-	-	-	216,158,879	439,088	-	216,597,967	216,597,967
		<u>562,925,469</u>	<u>31,401,500</u>	<u>-</u>	<u>594,326,969</u>	<u>909,750,650</u>	<u>439,088</u>	<u>-</u>	<u>910,189,738</u>	<u>1,504,516,707</u>
Off balance sheet financial instruments:										
Commitments		-	-	-	-	30,008,763	-	-	-	30,008,763

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WASEELA MICROFINANCE BANK LIMITED
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2014

32 FINANCIAL INSTRUMENTS (based on contractual obligation)

	Effective yield/ interest rate %	Interest/Mark up bearing			Non interest/mark up bearing			Total		
		Up to one year Rupees	One to five years Rupees	Over five years Rupees	Up to one year Rupees	One to five years Rupees	Over five years Rupees	Sub total Rupees	Sub total Rupees	2013 Rupees
31 December 2013										
Financial assets										
Cash and balances with SBP and NBP	-	-	-	-	73,018,742	-	-	73,018,742	73,018,742	
Balances with other banks/NBFIs/MFBs	7-9.6	999,026,365	-	-	2,736,145	-	-	2,736,145	1,001,762,510	
Investments	11.25-11.5	88,076,712	321,440,177	-	409,516,889	-	-	-	409,516,889	
Advances	27-38.22	177,320,855	-	-	177,320,855	-	-	-	177,320,855	
Other assets	-	-	-	-	40,697,208	-	-	40,697,208	40,697,208	
		1,176,347,220	409,516,889	-	1,585,864,109	-	-	116,452,095	1,702,316,204	
Financial liabilities										
Deposits and other accounts	6.5-10.5	299,662,623	-	-	345,706,589	-	-	345,706,589	645,369,212	
Other liabilities	12	730,657	-	-	730,657	-	-	123,253,145	123,983,802	
		300,393,280	-	-	300,393,280	-	-	468,959,734	769,353,014	

Off balance sheet financial instruments:

Commitments

	-	-	-	-	-	-	-	-	-
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WASEELA MICROFINANCE BANK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

33 MATURITIES OF ASSETS AND LIABILITIES

	31 December 2014			
	Total Rupees	Up to one month Rupees	Over one month up to six months Rupees	Over six months up to one year Rupees
Market rate assets				
Cash and Balance with SBP and NBP	121,820,231	121,820,231	-	-
Balances With Other Banks/NBFIs/MFBs	1,154,463,355	1,154,463,355	-	-
Investments	326,779,758	-	-	201,952,600
Advances	497,812,466	26,124,612	191,101,773	280,586,081
Total market rate assets	2,100,875,810	1,302,408,198	191,101,773	482,538,681
Other non-earning assets				
Other assets	180,895,567	142,452,800	20,527,114	14,592,801
Deferred Tax Asset	38,114,338	-	-	38,114,338
Operating fixed assets	220,961,347	-	2,908,535	4,965,122
Total non-earning assets	439,971,252	142,452,800	23,435,649	19,557,923
Total assets	2,540,847,062	1,444,860,998	214,537,422	502,096,604
Cost/non cost bearing liabilities				
Deposits and other accounts	1,287,918,740	1,180,009,638	16,026,002	50,481,600
Other non-cost bearing liabilities				
Other liabilities	216,597,967	213,709,125	825,166	751,058
Total Liabilities	1,504,516,707	1,393,718,763	16,851,168	51,232,658
Net assets	1,036,330,355	51,142,235	197,686,254	450,863,946
<i>Represented by :</i>				
Share Capital	1,451,753,600			
Accumulated Loss	(414,740,956)			
Advance Against Issue of Shares	-			
(Deficit) / Surplus on Revaluation of Assets	(682,289)			
	<u>1,036,330,355</u>			

WASELA MICROFINANCE BANK LIMITED
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2014

33 MATURITIES OF ASSETS AND LIABILITIES

	31 December 2013			
	Total Rupees	Up to one month Rupees	Over one month up to six months Rupees	Over six months up to one year Rupees
Market rate assets				
Cash and Balance with SBP and NBP	73,018,742	73,018,742	-	-
Balances With Other Banks/NBFIs/MFBs	1,001,762,510	1,001,762,510	-	-
Investments	409,516,889	88,076,712	-	321,440,177
Advances	177,320,855	6,338,678	72,639,718	98,342,460
Total market rate assets	1,661,618,996	1,169,196,642	72,639,718	321,440,177
Other non-earning assets				
Other assets	71,557,454	32,778,457	18,594,237	6,630,971
Operating fixed assets	180,221,154	4,559,972	22,799,859	27,359,831
Total non-earning assets	251,778,608	37,338,429	41,394,096	33,990,802
Total assets	1,913,397,604	1,206,535,071	114,033,814	132,333,262
Cost/non cost bearing liabilities				
Deposits and other accounts	645,369,212	568,776,203	16,900,010	59,693,000
Other non-cost bearing liabilities				
Other liabilities	123,983,802	119,882,630	-	2,698,428
Total Liabilities	769,353,014	688,658,833	16,900,010	62,391,428
Net assets	1,144,044,590	688,658,833	16,900,010	62,391,428
<i>Represented by :</i>				
Share Capital	1,137,503,600			
Accumulated Loss	(307,687,140)			
Advance Against Issue of Shares	320,250,000			
(Deficit) / Surplus on Revaluation of Assets	(6,021,870)			
	1,144,044,590			

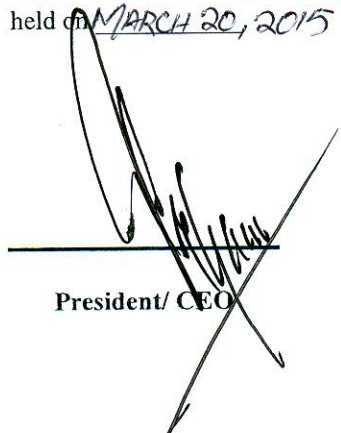
**WASEELA MICROFINANCE BANK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

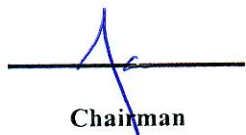
34 GENERAL


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

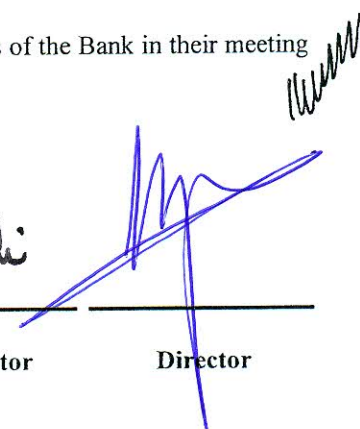
35 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue by the Board of Directors of the Bank in their meeting held on MARCH 20, 2015


President/ CEO


Chairman


Director


Director