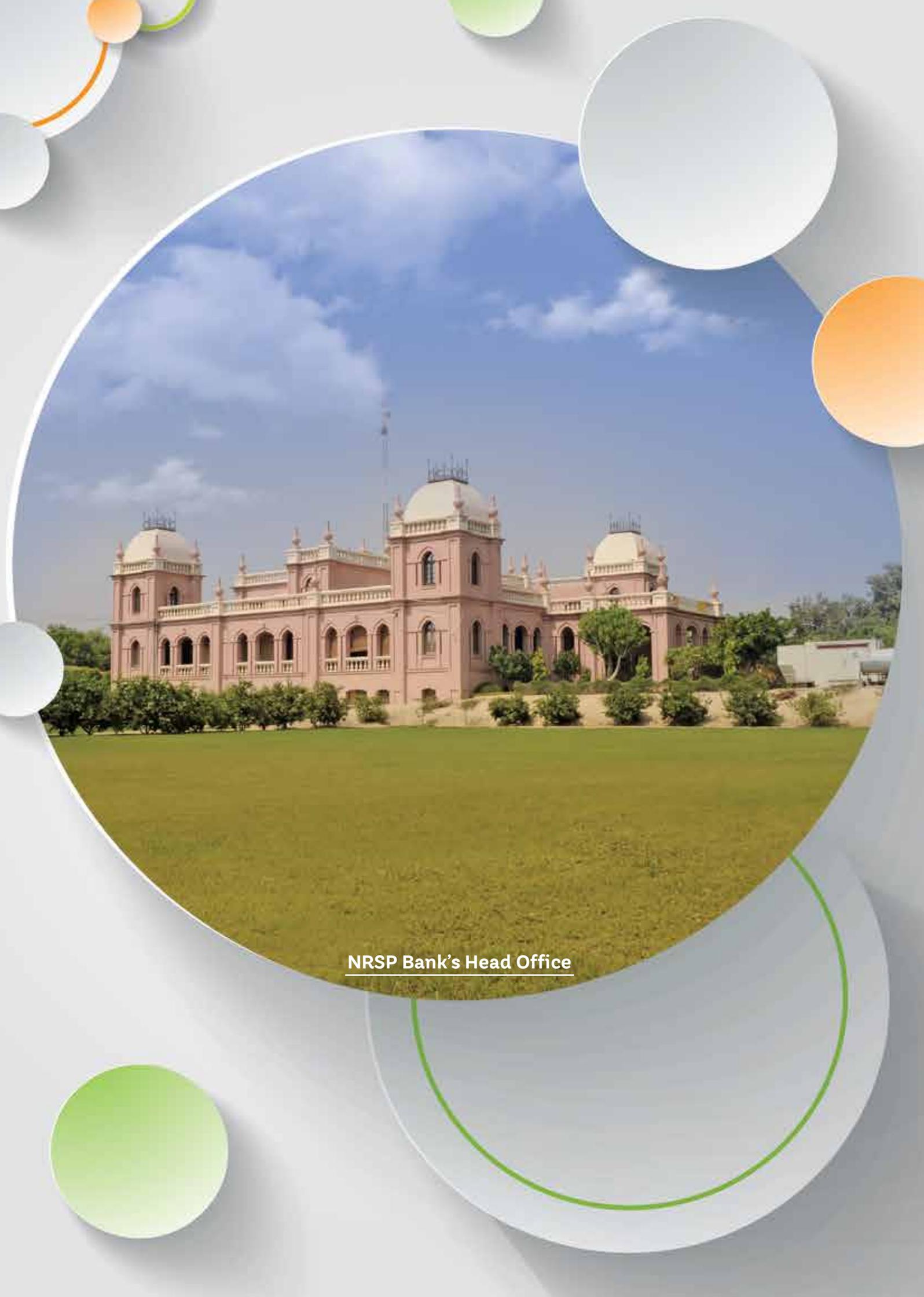




**ANNUAL
REPORT
2017**



NRSP Bank's Head Office

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OUR VISION

To become the leading Microfinance Bank
in Pakistan

OUR MISSION

We believe in harnessing the potential of the
people through inclusive finance,
for poverty reduction and a brighter future.



INTEGRITY:

We endeavor to make integrity and honesty an integral part of our operations.

INNOVATION:

We consistently strive to offer innovative products bringing value to our customers.

**OUR
CORE
VALUES**

TRANSPARENCY:

We provide the highest level of disclosure and transparency to our stakeholders.

ACCOUNTABILITY:

We take complete responsibility of our decisions and actions.

Corporate Information

Board of Directors:

Dr. Rashid Bajwa	Chairman	Dr. Ayesha Khan	Director
Mr. Shoaib Sultan Khan	Director	Mr. Naved A. Khan	Director
Mr. Fazlullah Qureshi	Director	Mr. Rashid Ali Khan	Director
Ms. Amena Arif	Director	Mr. Zahoor Hussain Khan	President & CEO
Ms. Christiane Schmidt	Director		



Board Committees

a. Compensation and Remuneration Committee

Mr. Naved A. Khan	Chairman
Mr. Rashid Ali Khan	Member
Mr. Shoaib Sultan Khan	Member
Dr. Rashid Bajwa	Member

b. Audit Committee

Mr. Rashid Ali Khan	Chairman
Dr. Rashid Bajwa	Member
Mr. Fazlullah Qureshi	Member

c. Operations and Risk Policy Committee

Mr. Rashid Ali Khan	Chairman	Ms. Christiane Schmidt	Member
Ms. Amena Arif	Member	Mr. Naved A. Khan	Member

Auditors

A.F. Fergusons & Co.
Chartered Accountants

Tax Advisors

KPMG Taseer Hadi & Co.
Chartered Accountants

Company Secretary/Head Finance and Treasury

Mr. Asif Mahmood

Our Management Team



Mr. Zahoor Hussain Khan	President & CEO
Mr. Zafar Iqbal	Group Head Business
Mr. Farooq Rashid	Head Branchless Banking
Mr. Waqas Ashraf	Head Islamic Microfinance Division
Mr. Asif Mehmood	Head Finance & Treasury /Company Secretary
Mr. Tanveer Hussain	Head Operations
Mr. Asad Mushtaq	Head Information Technology
Mr. Riaz Khan Bangash	Head Human Resource & Admin
Ms. Rafia Saleem	Head Risk & Compliance
Mr. Muhammad Khalid Masood	Head Internal Audit

Management Committees:

Operations and Risk Management Committee (ORMC)

Chaired by: President/CEO
 Group Head Business
 Head Branchless Banking
 Head Finance & Treasury
 Head Operations
 Head Information Technology
 Head Human Resource & Admin
 Head Risk & Compliance
 Head Islamic Microfinance Division

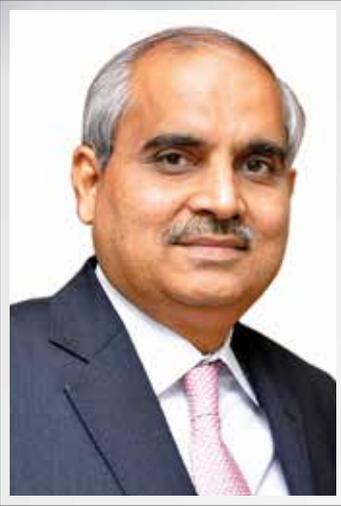
Asset and Liability Committee (ALCO)

Chaired by: President/CEO
 Group Head Business
 Head Finance & Treasury
 Head Operations
 Head Risk & Compliance
 Head Islamic Microfinance Division

IT Steering Committee (ITSC)

Chaired by: President/CEO
 Group Head Business
 Head Information Technology
 Head Branchless Banking
 Head Finance & Treasury
 Head Operations
 Head Islamic Microfinance Division
 Head Risk & Compliance

Chairman's Message



It gives me immense pleasure to congratulate all NRSP Bank staff for completing 7 successful years. It has indeed been an extraordinary journey where the Bank not only focused on financial inclusion of small farmers but also dedicated its efforts towards improving technology, HR and product development.

Microfinance industry continued to grow and expand in the year 2017. Overall, the industry is now viewed as an important pillar in furthering the financial inclusion agenda on national level, as evident by various initiatives undertaken as part of National Financial Inclusion Strategy (NFIS). Growth in Pakistan's economy also accelerated during 2017, mainly due to agriculture and stronger manufacturing. I am happy to see these trends reflecting favorable prospects for NRSP Bank in all business lines.

Building on global revolution in digital financial services, Pakistan is also experiencing rapid changes in digital finance business. Progress in this segment has been huge and has put Pakistan on global map, ranking 3rd in the world in branchless banking penetration and transactions. This enabling environment, together with the synergies obtainable through Rural Support Program(s), offers NRSP Bank an outstanding opportunity to cater to growing customer need for DFS business. To accomplish this, the Bank has already started working with State Bank of Pakistan for a Pilot approval to commence branchless banking operations. Pakistan is also one of the most promising markets for Islamic Microfinance, with very few microfinance players ready to serve this evolving segment. I am confident that Islamic microfinance products and services of NRSP Bank have great potential to cater to financing needs of Islamic-minded customers.

I am very pleased with the performance and outreach of NRSP Bank over the last few years. As we move forward, I feel there is a great need to introduce efficiency and improvement in our core processes so as to pass on the resulting benefits to clients in all possible ways. As such, I foresee that the year 2018 would be a time for the Bank to focus on operating more efficiently and responsibly. On behalf of the Board of Directors, I would like to extend my gratitude and congratulations to all staff and management of NRSP Bank for their untiring efforts and dedication. I also extend my gratitude to our Regulators, Directors and Shareholders for their all-out support in achieving our goals and continued trust for even greater ambitions.

Dr. Rashid Bajwa
Chairman

President's Message



Year 2017 was a landmark year for NRSP Bank in many ways. We not only increased our outreach in terms of active clients by 31% but also enhanced our active loan portfolio by 57% and expanded our deposit base by 40%. At the same time, we emphasized on portfolio diversification by augmenting MSME and Livestock development loans and remained true to our mission of serving the underserved by entering the lesser served markets of Balochistan and AJK.

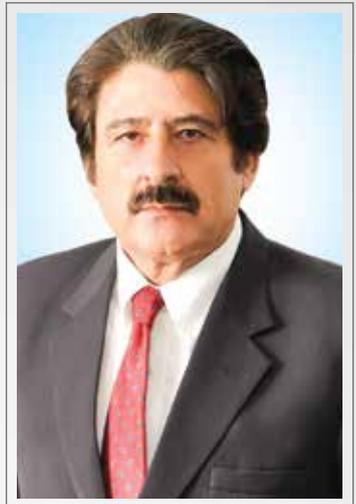
Islamic Microfinance business expanded during the year where innovative products like agriculture machinery and vehicles' Ijarah were added to the palette. Additionally, the physical Islamic branch network also expanded to more locations across Pakistan.

On the technological front, the Bank achieved many milestones. Launch of internet banking and opening of biometrically verified accounts were some of the key highlights. The Bank also completed the formalities for obtaining a pilot license from SBP for launching branchless banking services in the year 2018.

During 2017, we continued to focus on our clients through targeted efforts to increase financial literacy through various means including comprehensive village-level sessions on various banking products and services. As part of the Bank's commitment to protection of client interests, the process for obtaining SMART certification on client protection was initiated while complaint-handling mechanisms were also strengthened.

As the Bank moves forward, we remain determined to serve our customers through 3 different business lines i.e. conventional microfinance, Islamic microfinance and branchless banking. With a core focus on providing the highest standards of banking services with cutting-edge technology, we will continue to pursue our vision of becoming the leading microfinance bank in Pakistan in terms of outreach, depth and diversification of products and services. While service to small rural farmers remains our core business, we will also strengthen our MSME offerings in addition to scaling up our Islamic microfinance operations.

I would like to acknowledge the hard work of my colleagues, which has enabled us to achieve remarkable financial results. I am also thankful to our Directors, Shareholders and the State Bank of Pakistan who continued to support and encourage us along each step of our journey. My sincerest gratitude goes to our 400,000+ clients for their growing trust in NRSP Bank – they have made us who we are and their trust fuels our drive to offer the best, always.



A handwritten signature in blue ink, appearing to read 'Zahoor Hussain Khan'.

Zahoor Hussain Khan
President/CEO

Shareholders' Profile

National Rural Support Programme

Established in 1991 by Mr. Shoaib Sultan Khan, National Rural Support Program ("NRSP") builds upon the earlier work of Aga Khan Rural Support Program ("AKRSP") done in northern mountainous region of Pakistan. NRSP, the largest Rural Support Program in the country in terms of outreach, staff and development activities, is a not-for-profit organization registered under Section 42 of Companies Ordinance 1984.

NRSP's mandate is to alleviate poverty by harnessing people's potential to undertake development initiatives in rural areas of Pakistan. The organization has a presence in all the four Provinces including Azad Jammu and Kashmir through its Regional and Field Offices. NRSP is currently working with more than 2.5 million poor households organized into a network of 165,328 Community Organizations.

The logo for the National Rural Support Programme (NRSP) is displayed within a white circular frame with a grey border. The letters "NRSP" are in a bold, blue, sans-serif font, enclosed in a blue rectangular box.

Kreditanstalt Für Wiederaufbau

KfW is a government-owned development bank, based in Frankfurt, Germany. Formed in 1948, KfW operates as a promotional bank for the domestic economy and a development bank for the developing countries. According to its statutory mission, KfW has been supporting change and encouraging forward-looking ideas in Germany and other parts of the world.

The logo for Kreditanstalt Für Wiederaufbau (KfW) is displayed within a white circular frame with a grey border. It features a stylized graphic of orange and grey dots forming an upward-pointing arrow on the left, followed by the lowercase letters "kfw" in a bold, black, sans-serif font. Below "kfw" is the word "ENTWICKLUNGSBANK" in a smaller, black, sans-serif font.

International Finance Corporation

IFC, a member of the World Bank Group, is the largest global development institution focused exclusively on the private sector in developing countries. Established in 1956, IFC is owned by 184 member countries, a group that collectively determines its policies. IFC's work in more than 100 developing countries allows companies and financial institutions in emerging markets to create jobs, generate tax revenues, improve corporate governance and environmental performance and to contribute to their local communities. IFC's vision is that people should have the opportunity to escape poverty and improve their lives.



Acumen

Acumen was founded in 2001 by Ms. Jacqueline Novogratz. It is a non-profit global venture fund that uses entrepreneurial approaches to solve the problems of poverty. Acumen's mission is to change the way the world tackles poverty by investing in companies, leaders, and ideas. Acumen fund has investments in developing countries including Pakistan in sectors ranging from agriculture, education, energy, health, housing to water.





Credit Rating

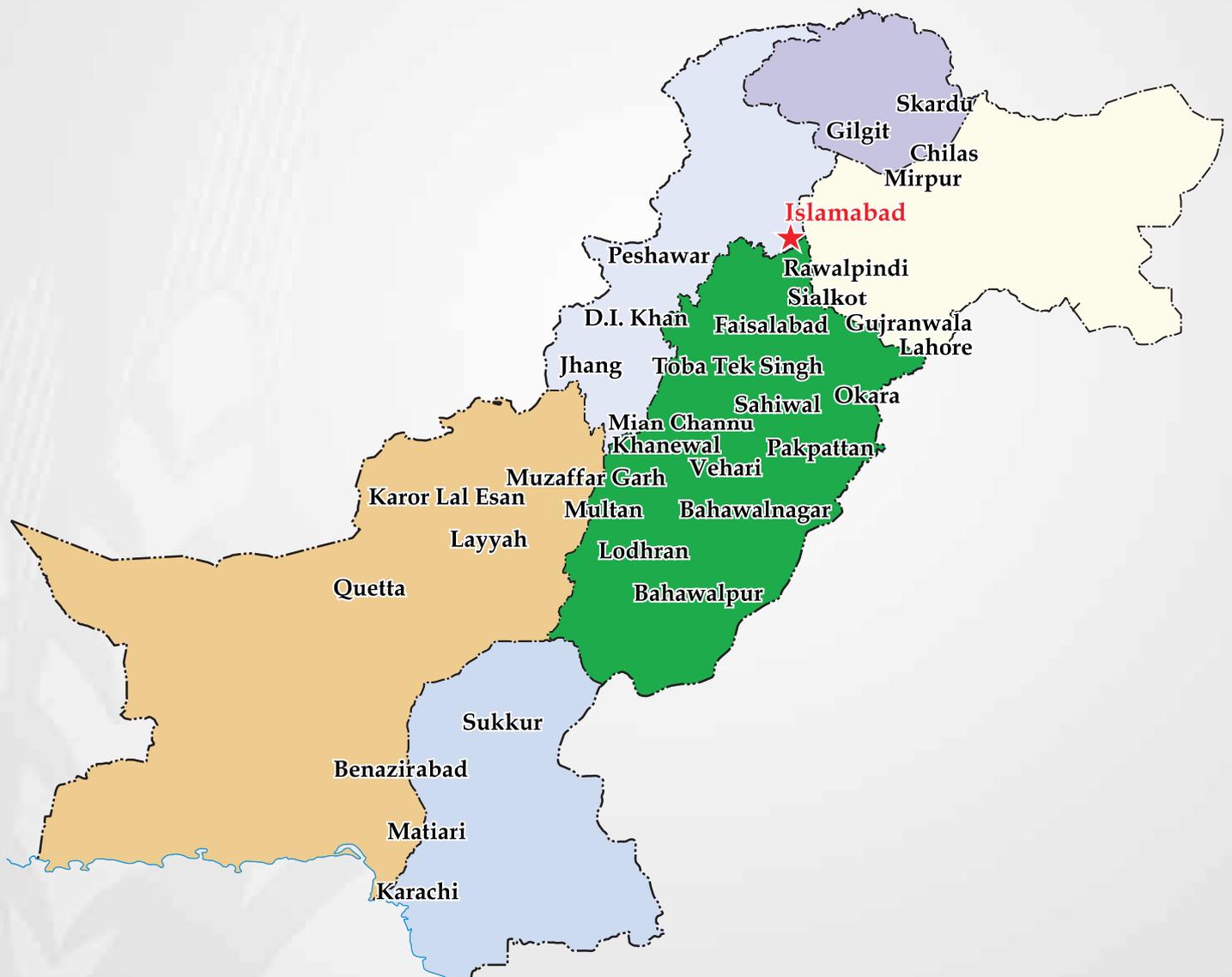
Pakistan Credit Rating Agency (PACRA) and JCR-VIS have both assigned an entity rating of 'A' for the long-term and 'A-1' for the short-term to NRSP Bank, with a stable outlook.

long-term **A**

short-term **A-1**

Outreach

NRSP Microfinance Bank Limited has a nationwide presence including in Balochistan with a footprint of 95 conventional and 10 Islamic branches. The Bank continues to look for expansion of its products and services through physical branches and branchless banking to serve marginalized rural communities across Pakistan.



Products and Services

NRSP Bank offers a vast array of financial products and services to its target clients to meet their varying business and lifecycle needs. Our products not only support small agriculture/livestock farmers, micro entrepreneurs, salaried individuals and pensioners but also cater to small urban savers as well as corporate clients. NRSP also offers certain loan products that cater to women only.



Conventional Banking Products

a- Advances

- Group Based Loans
 - i. Agriculture Group Loan
 - ii. Livestock Group Loan
 - iii. Women Empowerment Group Loan
- } (From PKR 10,000 – 70,000)
- Individual Loans
 - i. Kissan Zarai Taraqiati Loan (up to PKR 500,000)
 - ii. Livestock Individual Loan (up to PKR 150,000)
 - iii. Micro-Enterprise Loan (up to PKR 150,000)
 - iv. Asan Sarmaya (against Gold) (up to PKR 150,000)
 - v. General Loans (against Salary and Pension) (up to PKR 150,000)
 - vi. Livestock Karobar Loan (up to PKR 500,000)
 - vii. MSME Loan (up to PKR 500,000)

b- Liabilities

- Asaan Account (Current/Saving)
- NRSP Behtareen Current Account
- NRSP Bachat Account
- Kissan Bachat Account
- Tanzeem Bachat Account
- Mahana Bachat Account
- NRSP Ziada Munafa (Term Deposit Receipts)

Islamic Banking Products

a- Financing

- Murabaha
- Rozgar Ijarah
- Ijarah Bikes

b- Savings

- Kisan Modaraba
- Asaan Modaraba
- Mukammal Modaraba
- Islamic Certificates

Insurance

- Credit Life Insurance
- Crop Loan Insurance
- Livestock Insurance
- Micro-Health Insurance

General Banking Services



- NRSP Internet Banking
- ATM Cards

Supporting the Economic Eco-system

During 2017, NRSP Bank served 426,411 loan customers with PKR 20.934 billion microcredit portfolio. Average loan size remained PKR 49,074 ranging from PKR 10,000–500,000 used mainly in the following sectors:

Agriculture and Livestock Development: Within the rural economy, purchase of water for irrigation, land preparation, seed, fertilizer, tube well water, agricultural implements, tractors, purchase of milk animals and livestock fattening continue to be the mainstays for small farmers.

Trading and services: NRSP Bank financed, fully or partially, the expansion of clinics, medical stores, beauty parlours, schools, grocery shops, restaurants, purchase of taxi motorcycles and rickshaws, and steel works amongst other trades and enterprises.

Manufacturing: NRSP Bank clientele was also engaged in molding works, bakeries, shoemaking, embroidery work, furniture shops, garment making, leather works, steel works, saw machines and woodwork.



Thriving in Adversity



Today, Muhammad Hashim Shahzad is a thriving farmer. A middle aged man, he is a resident of Basti Langah Wala, Kot Addu who inherited the business of farming from his father a few years ago. After his father's demise, Muhammad became the sole breadwinner for 9 dependents in his family including 5 children, wife, mother, and his siblings. The family business, however, was barely productive, as an arid terrain coupled with traditional farming methods resulted in very little income.

In 2014, Muhammad heard about NRSP Bank's financing products from the Bank's field staff. He approached NRSP Bank for his first loan of PKR 25,000 through a community organization to meet his working capital requirement. With more funds at his disposal, availing tube-well water became possible, and with more water, Muhammad's produce increased.

After his first successful experience with the Bank, Muhammad decided to take further help from NRSP Bank. He coordinated with NRSP MFBL representatives who helped him select improved farming techniques and explore available financing options. Since then, Muhammad has received larger loans, cultivated more quantity and better quality of produce and has increased his income gradually. The larger loan sizes enabled him to implement mechanized farming by paying for tractor and harvester rental services.

With increased income, Muhammad and his family have experienced changed circumstances as their standards of living have also improved. He has built a new home for his family and has been able to provide quality education to his children.

Mr. Muhammad Hashim



Realizing Dreams

Sadaf Ali, a resident of Habib Town, Sahiwal, was a skilled seamstress who had learnt the art of tailoring as a child. She was not, however, using her skill to earn an income – until adversity struck and her husband's income was no longer sufficient to run their house and support their two daughters.

In 2013, Sadaf decided to take a loan of PKR 40,000 from NRSP Bank to buy stitching equipment and set up a tailoring business. Soon, she started getting repeat orders from her growing clientele – so much so that she was able to pay back the loan to the Bank before the due time.

With the first successful experience, Sadaf decided to take another loan to expand the tailoring business. The second loan was also of PKR 40,000 and with it she was able to hire a part-time worker. With the tailoring business doing well, Sadaf decided to diversify. She used her savings and took a loan of PKR 70,000 to set up a small livestock business and now she has more than ten small animals.

Sadaf and her family now live in a brick house and her daughters are getting good education. NRSP MFBL was able to change Sadaf's life and realize the dreams she had for her family.

Ms. Sadaf Ali

Paving the Way for Progress

“

Rabia Irshad has been running the Muhammadan Grammar School in Qasimpur Colony, Multan for the past 16 years. In December 2016, Rabia contacted the Bank for financial support to improve the infrastructure of the school and that marked the beginning of NRSP Bank's relationship with Muhammadan Grammar School.

There were 318 students in school at that time and Rabia lacked the funds to renovate the building and improve the classrooms. With a loan amount of PKR 500,000, she achieved both goals and increased the school's capacity.

After completing one loan cycle successfully, Rabia has again applied for financing for further improvements. She appreciated NRSP Bank staff for providing timely and effective services which allowed her to improve and expand her school, leading to quality education being available to more students.

”



Ms. Rabia Irshad

Cultivating Success



Abdul Qadir is a farmer who lives in Inayat Pur, Tehsil Ahmedpur East. He owns 30 acres of land which he could not cultivate effectively because of the unavailability of farm machinery. Since the land was not as productive as it could be, his income and the wellbeing of his family suffered.

Hearing of the Islamic microfinance services offered by NRSP MFBL, Abdul Qadir met with the bank representatives and expressed his desire to purchase a tractor. In a few days, he was the proud owner of a tractor under Ijarah financing.

With a tractor, he was able to farm his land more efficiently using it for cultivation, tube well operations, threshing amongst other things, and increased his income. Now the same land provides employment to two of his previously unemployed brothers.

Once he has paid off this financing facility, Abdul Qadir is planning to buy a tractor trolley and thresher through NRSP Bank.

Mr. Abdul Qadir

Changing Destinies

“

Dilshad Ahmed lives in a remote village called Mangraja, near Head Rajkaan, Tehsil Yazman. Dilshad is a rickshaw driver but used to drive a rickshaw on rent which limited his earnings to PKR 12,000–15,000 per month. With the limited income, he struggled a lot to educate his children.

One day, his friend informed him about NRSP Bank's Islamic banking services. He visited the Bank to learn of the Islamic banking methodology and products available. He then, applied for a Loader Rickshaw under the Ijarah financing product.

Today, he drives his own rickshaw and his income has more than doubled. All his children are in school and he is far more hopeful of the future.

”



Mr. Dilshad Ahmed

Aiming Higher



Zahid Hussain and his wife run a private college in Ahmedpur East. There are about 500 students in the college who are getting quality education and good results. Despite the success of his business, Zahid felt that he needed to do more to modernize the curriculum he was offering and he felt the greatest impediment to growth and modernization was the lack of a computer lab.

After much contemplation, Zahid decided to approach NRSP Bank's Islamic branch in Ahmedpur to evaluate whether the Bank could help him meet the financing requirements for a computer lab. After meeting the bank representative, he felt he could turn his vision into reality. Islamic branch helped him to purchase 25 computers under a Murabaha agreement and Zahid was delighted to realize his ambitions in a Shariah compliant way.

Mr. Zahid Hussain

Beyond Microfinance: Helping the Poorest of the Poor

While the NRSP Bank ethos is that microfinance is a powerful tool to fight poverty, the Bank also understands that poverty is complex and the poorest are not the ones who are best able to utilize microfinance. Thus, under the Bank's Corporate Social Responsibility program, NRSP Bank decided to aid the poorest and marginalized. During 2017, the Bank constructed a number of single rooms for poor female-headed households in Bahawalpur to provide shelter to vulnerable widows with limited means of sustenance.



Offering Islamic financing

NRSP Bank is the first microfinance bank in Pakistan to offer a range of Shariah-compliant financial products for both rural and urban customers. Continuing this tradition, the Bank launched Murabaha, Tractor/Bike Ijarah and Modaraba products to address the financing needs of its farming and consumer client segments.

Pushing the fronts of technological innovation

NRSP Bank continued to reach new milestones through its technological enhancements. During 2017, the Bank launched its internet banking services for customers. Opening of Asaan accounts was also enabled through biometric verification. The Bank started to verify the identity of its loan customers through capturing a picture and biometric thumbprint, before payment of cash at the counter. Procurement of a Transaction Monitoring System and installation of additional ATM machines were also among the highlights of year 2017.

Services of hosting Primary Data Center and printing of ATM cards were outsourced to Multinet Pakistan (Pvt.) Limited and Oberthur Technologies Pakistan respectively during the reporting year.

Tapping new opportunities

In order to increase its footprints in all areas of Pakistan and contribute towards financial inclusion, NRSP Bank opened its branches in all provinces of Pakistan including Balochistan and AJK during 2017. Going forward, the Bank will strengthen its presence all over Pakistan by provision of demand-driven financial products and services.



Remaining customer-centric

Customer complaints and grievances are deemed as top priority in NRSP Bank. Systems to collect customer complaints and feedback operate under the direct supervision of the Internal Audit Function, which collects complaints through various channels, analyzes them and recommends necessary actions to address the complaints and findings in an efficient and appropriate manner.

During 2017, NRSP bank started to send acknowledgment SMS to customers when they lodged complaints. As a follow-up, customers are also being intimated through a telephone calls and letters, upon closure of a complaint. During the year 2017, a total of 235 complaints were directly received from customers with a resolution rate of 99.58%. The average time taken to resolve the complaints was eight (8) days.

In addition to encourage the customers to provide feedback and to lodge complaints when required, NRSP Bank also imparted comprehensive Financial Literacy Programs to its clients at the village-level.



Equipping employees to excel

Being an equal-opportunity employer while upholding meritocracy, NRSP MFBL takes great pride in its staff and remains particularly appreciative of the work done by high performers. Remuneration structure of the Bank remains at par with the industry standards.

The Bank also values the contribution offered by its female workforce and focuses on providing a congenial work environment where productivity thrives. As part of its strong commitment to human resource development, the Bank conducted various training programs aimed towards team building, leadership skills, stress management, communication skills and banking policies and procedures. Key highlights are mentioned below:

Trainings/ Workshops	No of Sessions	No of Participants
In-House	126	3,578
Ex-House	33	60
Foreign	5	19
Total	164	3,657

Nine training programs on Islamic Banking were held where 257 participants underwent mandatory training on Islamic Banking and Shariah-based products as per SBP requirements.

**Highlights of
the year ended
December 31, 2017**

Total Lives Insured (Health)
567,257

Total Lives Insured (Life)
80,630

Profit before taxation as on year end (PKR in Million)
1,106

Shareholder's Equity and Reserves as on year end (PKR in Billion)
4.01

Number of Business Locations
105

Female Clients (%age)
21

PAR > 30 days (%age)
0.33%

Outstanding Advances as on year end (PKR in Billion)
20.93

Number of Active Borrowers as on year end
426,411

Deposits as on year end (PKR in Billion)
23.67

Advances disbursed during the year (PKR in Billion)
27.71

Number of Employees
2,645

Performance at a Glance 2011-2017

	2011	2012	2013	2014	2015	2016	2017
Number of Business Locations	19	39	54	58	67	98	105
Maximum Number of Active Borrowers during the year	127,018	177,576	205,378	226,165	261,960	338,079	426,411
Number of Active Borrowers at Year End	101,767	126,717	171,718	194,489	258,444	325,521	426,411
Number of Savers at Year End	14,683	80,623	108,326	327,128	515,321	674,494	892,912
Gross Advances (PKR in Billions)	2.09	3.06	4.85	5.19	9.09	13.27	20.93
Deposits (PKR in Billions)	0.63	1.83	3.62	5.16	7.26	16.92	23.67
Equity (PKR in Billions)	0.90	1.27	1.45	2.13	2.54	3.20	4.01
Profit Before Taxation (PKR in Millions)	37	148	338	286	650	960	1,106

Directors' Report – Year 2017

On behalf of the Board of Directors, I am pleased to present the 9th Annual report of the Bank with the audited Financial Statements and Auditors' Report thereon, for the year ended December 31, 2017.

Corporate Reporting Framework

The Bank has continued to comply with the best corporate governance practices and the Directors are pleased to inform that:

- The financial statements prepared by the management of the Bank presents a true and fair view of the state of its affairs, operational results, cash flows and changes in equity.
- Proper books of accounts of the Bank have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements.
- The Bank has followed international accounting standards (as applicable in Pakistan) in preparation of accounts. Also there has been no departure from the said standards.
- As a continuous process, efforts have been made to effectively implement the internal control system.
- There are no doubts about the Bank's ability to continue as a going concern.
- The Board has functional Audit Committee comprising of non - executive members which has defined terms of reference. The Board has met four times during the financial year 2017.

Performance Review

The Bank has served 426,411 borrowers during the year mostly in rural areas and has posted a profit before tax of **PKR 1,106 million**. Operational activity showed encouraging results, where gross advances stood as high as PKR. 20.9 billion at financial year-end. Through loan disbursement, the Bank has processed 519,006 requests from poor masses with a volume of PKR 27.7 billion. In pursuance of the Bank's strategy of generating low cost funding for business growth and expansion, the Bank has focused on scaling up its deposit base to PKR 23.7 billion at the year end with a favorable growth of 40%.

The Bank has opted for non-payment of dividend during the year despite after-tax profit of PKR 821.5 million and retained earnings of PKR 1,849.1 million. The decision has been made to re-invest funds for future growth of the Bank.

The operational results for the year are presented below

	2017 Rupees	2016 Rupees
Profit before taxation	1,105,673,570	960,498,604
Less: Taxation-Current	(270,513,654)	(259,761,346)
-Prior	0	0
-Deferred	(13,685,440)	(15,950,089)
Profit after taxation	821,474,476	684,787,169
Earnings per share	5.48	4.57

Capital Adequacy

As of December 31, 2017, the Bank's Capital Adequacy Ratio (CAR) measures at 18.36% against the mandatory requirements of 15% under the Prudential Regulations (PR) for Microfinance Banks.

Auditors

Statutory Auditors of the Bank, M/S A. F. Ferguson & Co., Chartered Accountants (PWC), Islamabad, have completed their audit for the year ended December 31, 2017 and shall retire at the conclusion of the ninth Annual General Meeting. Being eligible, they have offered themselves for reappointment and the Board also recommended their appointment as auditor the year ending December 31, 2018.

Transfer to reserves:

As per the requirements of Microfinance Institutions Ordinance, 2001 and Prudential Regulations for Microfinance Banks issued by the State Bank of Pakistan, the Bank has transferred an amount equivalent to 20% of profit after tax to the Statutory Reserve and 5% of profit after tax to Depositors' Protection Fund along with profits on investments for such fund.

Pattern of Shareholding

The Pattern of shareholding of the Bank as at December 31, 2017 as required under section 236 of the Companies Ordinance 1984 is as follows:

No of Shareholder(s)	From	To	Total Shares Held
1	1	100	75
3	101	150	450
5	8,000,000	77,999,475	149,836,676
			149,837,201

Categories of Shareholder

Particular	Number	Shares held	Percentage
Individual (by directors)	4	525	0.00035%
Corporate entities	5	149,836,676	99.99965%

Shareholder holding above 5% of voting shares

Shareholders	Shares	%age held
National Rural Support Program (NRSP) – Holding company	77,999,475	52.06%
KfW Germany	23,837,201	15.91%
International Finance Corporation – IFC	24,000,000	16.02%
Acumen Fund USA	16,000,000	10.68%
Acumen Capital Market	8,000,000	05.34%
Total Shares	149,836,676	

Appreciation and Acknowledgment

On behalf of the Board of the Bank, I would like to express my sincere gratitude to the State Bank of Pakistan for its guidance; to the shareholders and clients for their support; and to the employees for their commitment.



Chairman

Date: March 6, 2018

Shariah Advisor's Report – 2017

Year 2017 was the 2nd year of Islamic Microfinance operations of NRSP Microfinance Bank (“the Bank”). During 2017, by the Grace of Allah, the Bank’s Islamic Microfinance Division (IMD) rolled out a number of new Islamic banking products. Queries and issues were also received from various departments of the Bank and in response, appropriate pronouncements, instructions and guidelines were issued. A proper check and balance system has been put in place to ensure that all activities of IMD are in line with Islamic principles. As a Shariah Advisor, I have reviewed all products and services, related policies, agreements, operations of IMD and Islamic branches to confirm that all operations are in line with Shariah principles.

However, I would like to emphasize that the Board of Directors and Managements is also responsible to ensure that the Bank’s operations are Shariah compliant on a continuing basis. Further, I am of the opinion that;

1. The products, policies, agreements and all other operations conducted by IMD during the year 2017 are in compliance with Shariah and guidelines given by Shariah department of SBP.
2. Profit Distribution Mechanism and allocation of funds, expenses, weightages and other affairs of the Bank are in conformity with the basis which have been approved by Shariah Department in accordance with Islamic rules and principles.
3. All sources of income of the Bank are Shariah compliant and any earning which has been realized from sources or by means prohibited by Islamic rules and principles have been transferred to the Charity Account.
4. It is worth-mentioning that, other than above, some mistakes in documentation have been pointed out by the Shariah Audit Unit which did not render the income to be non-Shariah compliant and they have been addressed as per instructions issued by the Shariah Department.
5. Level of awareness, capacity and sensitization of the staff and management is high in appreciating the importance of Shariah compliance in all products and processes of the Bank.

May Allah forgive us and keep us on the right path. (Ameen)



Qazi Abdul Samad
Shariah Advisor
Date: March 6, 2018

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of NRSP Microfinance Bank Limited (the Bank) as at December 31, 2017 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 and 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 the 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 accounts 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 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 accounts 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, 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 December 31, 2017 and of the profit, total comprehensive income, its cash flows and changes in equity for the year then ended; and
- 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.

The financial statements of the Bank for the year ended December 31, 2016 were audited by another auditor who expressed an unmodified opinion on those statements on March 8, 2017.



Chartered Accountants
Islamabad: March 6, 2018

Engagement partner: JehanZeb Amin

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
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■ KARACHI ■ LAHORE ■ ISLAMABAD

BALANCE SHEET AS AT DECEMBER 31, 2017

	Note	2017 Rupees	2016 Rupees
ASSETS			
Cash and balances with SBP and NBP	6	1,642,950,036	1,199,468,738
Balances with other Banks/NBFIs/MFBs	7	5,223,369,743	4,067,413,359
Lending to financial institutions		-	-
Investments - net of provisions	8	2,696,482,931	6,115,543,956
Advances - net of provision	9	20,705,809,185	13,126,730,911
Operating fixed assets	10	533,617,070	353,177,316
Other assets	11	2,787,279,551	1,590,093,812
Total Assets		33,589,508,516	26,452,428,092
LIABILITIES			
Deposits and other accounts	12	23,671,819,632	16,922,083,617
Borrowings	13	3,293,888,888	4,677,175,000
Subordinated debt	14	672,360,000	672,360,000
Other liabilities	15	1,922,913,622	976,148,143
Deferred tax liability - net	16	14,616,979	931,540
Total Liabilities		29,575,599,121	23,248,698,300
Net Assets		4,013,909,395	3,203,729,792
REPRESENTED BY			
Share capital	17	1,498,372,010	1,498,372,010
Statutory reserve	5.9	522,034,107	357,739,212
Depositors' protection fund	5.9	142,607,377	96,583,278
Unappropriated profit		1,849,115,619	1,250,224,935
		4,012,129,113	3,202,919,435
Surplus / (Deficit) on revaluation of assets		-	-
Deferred grants	18	1,780,282	810,357
Total capital		4,013,909,395	3,203,729,792
MEMORANDUM / OFF-BALANCE SHEET ITEMS	19		

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


PRESIDENT


CHAIRMAN


DIRECTOR


DIRECTOR

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 2017



	Note	2017 Rupees	2016 Rupees
Mark-up / return / interest earned	20	4,976,176,699	3,221,205,577
Mark-up / return / interest expensed	21	(2,038,966,710)	(1,239,767,787)
Net mark-up / interest income		2,937,209,989	1,981,437,790
Provision against non-performing loans and advances	9	(383,809,692)	(135,953,448)
Provision for diminution in the value of investments	8	-	-
Bad debts written off directly - net of insurance recoveries		(3,700,406)	(19,375,256)
		(387,510,098)	(155,328,704)
Net mark-up / interest income after provisions		2,549,699,891	1,826,109,086
NON MARK-UP / NON INTEREST INCOME			
Fee, commission and brokerage income	22	615,784,095	471,611,991
Dividend income		-	-
Other income	23	255,338,459	221,732,001
Total non- mark-up / non interest income		871,122,554	693,343,992
		3,420,822,445	2,519,453,078
NON MARK-UP / NON INTEREST EXPENSES			
Administrative expenses	24	(2,313,916,396)	(1,558,766,474)
Other charges	25	(1,232,479)	(188,000)
Total non mark-up / non interest expenses		(2,315,148,875)	(1,558,954,474)
		1,105,673,570	960,498,604
Extra ordinary / unusual items		-	-
PROFIT BEFORE TAXATION		1,105,673,570	960,498,604
Taxation - Current	26	(270,513,654)	(259,761,346)
Taxation - Prior year		-	-
Taxation - Deferred		(13,685,440)	(15,950,089)
		(284,199,094)	(275,711,435)
PROFIT AFTER TAXATION		821,474,476	684,787,169
Unappropriated profit brought forward		1,250,224,935	754,487,456
Less: Other comprehensive income		(17,215,174)	(17,852,898)
Profit available for appropriation		2,054,484,237	1,421,421,727
Appropriations:			
Transfer to:			
Statutory reserve		(164,294,895)	(136,957,434)
Depositors' protection fund		(46,024,099)	(36,201,699)
		(210,318,994)	(173,159,133)
Unappropriated profit carried forward		1,844,165,243	1,248,262,594
Earnings per share	27	5.48	4.57

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


PRESIDENT


CHAIRMAN


DIRECTOR


DIRECTOR

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2017

	Note	2017 Rupees	2016 Rupees
Profit after taxation		821,474,476	684,787,169
Other comprehensive income			
Items that will not be subsequently reclassified through profit and loss account:			
Loss on re-measurement of employees' retirement benefits - net of tax	15.2	(17,215,174)	(17,852,898)
Total comprehensive income for the year		<u>804,259,302</u>	<u>666,934,271</u>

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


PRESIDENT


CHAIRMAN


DIRECTOR


DIRECTOR

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2017

	Share capital	Capital reserves		Revenue reserves	Total
		Statutory reserve	Depositors' protection fund	Unappropriated profit	
.....Rupees.....					
Balance as at January 01, 2016	1,498,372,010	220,781,778	60,381,579	754,487,456	2,534,022,823
Profit for the year	-	-	-	684,787,169	684,787,169
Other comprehensive loss for the year	-	-	-	(17,852,898)	(17,852,898)
Total comprehensive income for the year	-	-	-	666,934,271	666,934,271
Transfer to statutory reserve	-	136,957,434	-	(136,957,434)	-
Transfer to depositors' protection fund	-	-	-	-	-
5% of the profit after tax for the year	-	-	34,239,358	(34,239,358)	-
Return on investments - net of tax	-	-	1,962,341	-	1,962,341
	-	-	36,201,699	(34,239,358)	1,962,341
Balance as at December 31, 2016	1,498,372,010	357,739,212	96,583,278	1,250,224,935	3,202,919,435
Profit for the year	-	-	-	821,474,476	821,474,476
Other comprehensive loss for the year	-	-	-	(17,215,174)	(17,215,174)
Total comprehensive income for the year	-	-	-	804,259,302	804,259,302
Transfer to statutory reserve	-	164,294,895	-	(164,294,895)	-
Transfer to depositors' protection fund	-	-	-	-	-
5% of the profit after tax for the year	-	-	41,073,723	(41,073,723)	-
Return on investments - net of tax	-	-	4,950,376	-	4,950,376
Balance as at December 31, 2017	1,498,372,010	522,034,107	142,607,377	1,849,115,619	4,012,129,113

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


PRESIDENT


CHAIRMAN


DIRECTOR


DIRECTOR

CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2017

	Note	2017 Rupees	2016 Rupees
Cash flow from operating activities			
Profit before taxation		1,105,673,570	960,498,604
Less: Dividend income		-	-
		1,105,673,570	960,498,604
Adjustments for non-cash charges			
Depreciation		104,742,244	63,616,467
Amortization of intangible assets		34,949,552	29,190,043
Provision against non-performing advances		383,809,692	135,953,448
Provision against employees' advances		359,278	-
Advances directly written off - net of recoveries		3,700,406	19,375,256
Unrealized gain on revaluation of investments classified as held for trading		(7,161,348)	(38,033,264)
Gain on sale / redemption of securities		(182,621,319)	(96,215,080)
Unrealized exchange loss		55,000,000	-
Unrealized gain on derivative asset		(66,570,718)	-
Gain on sale of fixed assets		(13,339,939)	(13,782,228)
Finance charges on leased assets		7,871,473	5,691,402
Amortization of deferred grant		(8,067,044)	(27,802,327)
Provision for gratuity and leave encashment		107,977,735	77,676,138
		420,650,012	155,669,855
(Increase) / decrease in operating assets			
Net investment in held-for-trading securities		4,274,782,411	(3,304,138,427)
Advances		(7,966,588,372)	(4,282,868,299)
Other assets (excluding advance taxation)		(1,041,881,063)	(839,350,384)
		(4,733,687,024)	(8,426,357,110)
Increase / (decrease) in operating liabilities			
Bills payable		370,619,738	-
Borrowings from financial institutions		(1,438,286,112)	520,250,000
Deposits and other accounts		6,749,736,015	9,666,767,792
Other liabilities (excluding bills payable, current taxation, gratuity and leave encashment, Finance lease)		442,746,635	534,772,213
		6,124,816,276	10,721,790,005
Payments against provisions held against off-balance sheet obligations		-	-
Income tax paid		(325,783,430)	(328,971,433)
Gratuity and Leave encashment paid (including contributions)		(35,001,060)	(19,804,553)
		-	-
Net cash generated from operating activities		2,556,668,344	3,062,825,368
CASH FLOW FROM INVESTING ACTIVITIES			
Net investment in available-for-sale securities		-	40,016,760
Net investment in held-to-maturity securities		(660,114,748)	(561,521,205)
Investment in operating fixed assets		(306,285,021)	(207,330,910)
Sale proceeds of property and equipment disposed-off		14,493,460	30,782,639
Net cash used in investing activities		(951,906,309)	(698,052,716)
CASH FLOW FROM FINANCING ACTIVITIES			
Receipts from subordinated loan		-	672,360,000
Grant received		9,036,969	13,526,346
Net payments of lease obligations		(14,361,322)	(8,582,292)
Net cash from financing activities		(5,324,353)	677,304,054
Net increase/(decrease) in cash and cash equivalents		1,599,437,682	3,042,076,706
Cash and cash equivalents at beginning of the year		5,266,882,097	2,224,805,391
Cash and cash equivalents at end of the year	28	6,866,319,779	5,266,882,097

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


PRESIDENT


CHAIRMAN


DIRECTOR


DIRECTOR

1 STATUS AND NATURE OF BUSINESS

NRSP Microfinance Bank Limited (the Bank) was incorporated in Pakistan on October 22, 2008 as a public limited company under the repealed Companies Ordinance, 1984. The Bank obtained license from the State Bank of Pakistan (SBP) on February 18, 2009 to operate, on nationwide basis, as a microfinance bank under Microfinance Institutions Ordinance, 2001. Certificate of commencement of business was issued by Securities and Exchange Commission of Pakistan (SECP) on February 8, 2011 and certificate of commencement of business from SBP was received on February 28, 2011.

The Bank was established to mobilize funds for providing microfinance banking and related services to low income and underserved segment of society for mitigating poverty through providing access to financial markets at micro level.

The Bank's registered office is situated at 7th Floor, UBL Tower, Jinnah Avenue, Blue area Islamabad and principal place of business is situated at University road, Bahawalpur. Bank is operating 104 branches and 1 rural service center as at December 31, 2017 (2016: 82 branches and 16 rural service centers).

National Rural Support Programme (NRSP) is holding company of the Bank which holds 52.06% (2016: 52.06%) shares of the Bank.

2 BASIS OF PRESENTATION

2.1 These financial statements have been presented in accordance with the requirements of Banking Supervision Department (BSD) Circular N^o 11 dated December 30, 2003 issued by the State Bank of Pakistan (SBP).

2.2 The financial results of the Islamic Microfinance Division (IMD) of the Bank have been consolidated in these financial statements for reporting purpose, after eliminating inter-branch transactions/balances. Key figures of the IMD, derived from the related accounting records of the Bank, are disclosed as Annexure-II to these financial statements for disclosure purpose only to comply with the requirements of the license issued by SBP to the Bank to commence Islamic microfinance operations. Further, the IMD results are to be separately reported upon for Shariah Compliance by the Shariah Advisor of the Bank as required by the SBP in conditions prescribed for the Bank to commence Islamic Microfinance operations.

3 STATEMENT OF COMPLIANCE

3.1 The Companies Act, 2017 was enacted on May 30, 2017 and SECP vide its circular 23 of 2017 dated October 4, 2017 has clarified that the companies whose financial year, closes on or before December 31, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

3.2 These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS's) issued by the International Accounting Standard Board (IASB) and Islamic Financial Accounting Standards (IFAS) issued by Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the repealed Companies Ordinance 1984, the requirements of the repealed Companies Ordinance, 1984, Microfinance Institutions Ordinance, 2001, and the directives issued by the SECP and SBP. Wherever the requirements of the repealed Companies Ordinance, 1984, the Microfinance Institutions Ordinance, 2001, and directives issued by SECP and SBP differ with the requirements of the IFRS's and IFAS's, the requirements of the repealed Companies Ordinance, 1984, the Microfinance Institutions Ordinance, 2001, and the requirements of the said directives shall prevail.

3.3 The SBP vide BSD Circular N^o 10, dated August 26, 2002 has deferred the applicability of International Accounting Standard (IAS) 39, "Financial Instruments: Recognition and Measurement" and IAS 40, "Investment Property" till further instructions. Further, SECP vide its S.R.O. 411(I)/2008 dated April 28, 2008 has deferred the applicability of IFRS 7 – 'Financial instruments – disclosures'. Accordingly, the requirements of the 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 N^o 11 dated December 30, 2003.

3.4 New accounting standards and IFRS interpretations that are not yet effective

a) Following standards and amendments to published accounting standards will be effective in future periods and have not been early adopted by the Bank.

		Effective date (annual periods beginning on or after)
IFRS 2	Share-based payment (Amendments)	January 1, 2018
IFRS 4	Insurance Contracts	January 1, 2018
IFRS 9	Financial Instruments	July 1, 2018
IAS 12	Income Taxes (Amendments)	January 1, 2019
IAS 19	Employee Benefits (Amendments)	January 1, 2019
IFRS 15	Revenue from Contracts with Customers	July 1, 2018
IAS 28	Investment in Associates and Joint Ventures (Amendments)	January 1, 2019
IAS 39	Financial Instruments: Recognition and Measurement (Amendments)	January 1, 2018
IAS 40	Investment property (Amendments)	January 1, 2018
IFRIC 22	Foreign Currency Transactions and Advance	January 1, 2018
IFRIC 23	Uncertainty over Income Tax Treatments	January 1, 2019

The management anticipates that adoption of above standards and amendments in future periods will have no material impact on the Bank's financial statements other than in presentation/disclosure.

b) Following standards have been issued by the International Accounting Standards Board (IASB), which are yet to be notified by the Securities and Exchange Commission of Pakistan (SECP) for the purpose of its applicability in Pakistan:

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 14 – Regulatory Deferral Accounts
- IFRIC 16 – Leases
- IFRIC 17 – Insurance contracts

c) The following interpretations issued by the IASB have been waived of by SECP:

- IFRIC 4 – Determining whether an arrangement contains lease
- IFRIC 12 – Service concession arrangements

4 BASIS OF MEASUREMENT

These financial statements have been prepared under the historical cost convention except for certain investments carried at fair value and recognition of certain staff retirement benefits, liabilities against assets subject to finance lease and murabaha financing which are stated at present 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

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 are discussed in following paragraphs:

a) Impairment of investments

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.

b) 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.

c) 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.

d) Fair value of derivative financial instruments

The Company reviews the fair values of derivative financial instruments on a regular basis. Fair values are sensitive to changes in interest and foreign currency exchange rates, and if there is any change in interest and foreign currency exchange rates, the fair values are adjusted accordingly.

e) Employees' benefits

Employees' benefits include gratuity and compensated absences which are provided for on basis of actuarial valuation. Estimate is made on the basis of expected period of service of employees, expected increase in salary, discount rate and other demographic assumptions.

f) Provisions and contingencies

Estimates of the amount of provisions recognized are based on current legal and constructive requirements. As actual outflows can differ from estimates due to changes in laws, regulations, public expectations, prices and conditions, and can take many years in the future, the carrying amounts of provisions are regularly reviewed and adjusted to take account of such changes. Further, the Bank also reviews the status of all the legal cases on a regular basis. Based on the expected outcome and consideration of opinion of its legal advisor, appropriate provision / disclosure is made.

g) Impairment of financial assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events would have a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. All impairment losses are recognized in profit and loss account.

h) Taxation

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

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

5.1 Cash and cash equivalents

Cash and cash equivalents represent cash in hand, balances held with State Bank of Pakistan (SBP) and National Bank of Pakistan (NBP) and balances held with other banks/ Non-Banking Financial Institutions (NBFIs) / Microfinance Banks (MFBs) carried at cost.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

5.2 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.

Other particular recognition methods adopted by the Bank are disclosed in the individual policy statements associated with each item of financial instruments.

a) Financial Assets

Financial assets are cash and balances with SBP and NBP, balances with other banks, 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 are recognized as per note 5.3.

b) Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangement entered into. Financial liabilities include borrowings 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 de-recognition of the financial assets and liabilities is included in the net profit and loss for the year in which it arises.

c) Derivative financial instruments

Derivative financial instruments are initially recognised at fair value on the date on which the derivative contract is entered into and are subsequently re-measured at fair value using valuation techniques. All derivative financial instruments are carried as assets when fair value is positive and liabilities when fair value is negative. Any change in the fair value of derivative financial instruments is taken to the profit and loss account.

5.3 Investments

All purchase and sale of investments that require delivery within the time frame established by regulation or market convention are recognised at the trade date, which is the date the Bank commits to purchase or sell the investment. 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 are classified into following categories:

a) Held for trading

These represent securities acquired with the intention to trade by taking advantage of short-term market / interest rate movements. These securities are required to be disposed off within 90 days from the date of their acquisition. After initial measurement, 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 SBP.

b) Held to maturity

Investments with fixed maturity, where management has both the intent and the ability to hold till 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, and 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.

c) Available for sale

Investments which may be sold in response to need 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

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 of the investment.

5.4 Advances

Advances are stated net of provision for non-performing advances. The outstanding principal and mark-up of the loans and advances, payments against which are overdue for 30 days or more are classified as non-performing loans (NPLs). The unrealized interest / profit / mark-up / service charges on NPLs is suspended and credited to interest suspense account. Further the NPLs are classified into following categories as prescribed in the Regulations:

a) Other assets especially mentioned

These are advances, payments against which are overdue for 30 days or more but less than 60 days.

b) Substandard

These are advances, payments against which are overdue for 60 days or more but less than 90 days.

c) Doubtful

These are advances, payments against which are overdue for 90 days or more but less than 180 days.

d) Loss

These are advances, payments against which are overdue for 180 days or more.

In addition the Bank maintains a watch list of all accounts overdue for 5-29 days. However, such accounts are not treated as non-performing for the purpose of classification/ provisioning.

In accordance with the Regulations, the Bank maintains specific provision of outstanding principal net of cash collaterals and Gold (ornaments and bullion) realizable without recourse to a Court of Law at the following rates:

Other assets especially mentioned	Nil
Substandard	25% of outstanding principal net of cash collaterals
Doubtful	50% of outstanding principal net of cash collaterals
Loss	100% of outstanding principal net of cash collaterals

In addition to above, a general provision is made equivalent to 1% (2016: 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.

5.4.1 Islamic financing and related assets

a) Murabaha

Receivable under Murabaha financing represent cost price plus an agreed mark-up on sale arrangement. Mark-up income is recognised on straight line basis over the tenure of financing period.

b) Ijarah

Ijarah financing represent arrangements whereby the Bank (being the owner of assets) transfers its usufruct to its customers for an agreed period at an agreed consideration. Assets leased out under Ijarah are stated at cost less accumulated depreciation and accumulated impairment losses, if any. These assets are depreciated over the term of the Ijarah financing. Ijarah income is recognised on an accrual basis.

5.5 Operating fixed assets

a) Capital work-in-progress

Capital work-in-progress is stated at cost less accumulated 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. Property and equipment's are recognized 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. Subsequent expenditure is capitalized only when it increases the future economic benefit embodied in the specific asset to which it relates. Carrying amount of the replaced component is derecognized. All other repair and maintenance are charged to profit and loss account.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

Depreciation is charged on the straight line at rates specified in note 10.2 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 acquisition while no depreciation is charged in the month of disposal.

Gains and losses arising on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amounts of fixed asset. Net gain is recognized within other income while net loss is 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 10.3 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 profit and loss account as incurred.

5.6 Impairment

a) Non - financial assets

The carrying amounts of the Bank's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is determined.

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognized in profit and loss account. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss recognized in prior years is assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

b) Financial Assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events has a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. All impairment losses are recognized in profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost the reversal is recognized in profit or loss.

5.7 Taxation

Income tax expense comprises of current and deferred tax. Income tax expense 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.

Management periodically evaluates positions taken in tax returns, with respect to situations in which applicable tax regulation is subject to interpretation, and establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities. Instances where the Bank's view differs from the view taken by the income tax department at the assessment stage, the amounts are shown as contingent liabilities.

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

Deferred

Deferred tax is accounted for on all major taxable temporary differences between the carrying amounts of assets for financial reporting purposes and their tax 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 amount and the unrecognized amount of deferred tax assets.

Deferred tax assets and liabilities are calculated at the rate that are expected to apply for 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 substantially enacted till the balance sheet date. Deferred tax, on revaluation of investments, if any, is recognized as an adjustment to surplus/ (deficit) arising on such revaluation.

5.8 Employee benefits

The main features of the schemes operated by the Bank for its employees are as follows:

- a) **Defined benefit plan**
- i) **Employees' gratuity fund**

The Bank operates an approved funded gratuity fund for all its regular employees. The cost of providing benefits under the plan is determined using the projected unit credit actuarial valuation method. Estimate is made on the basis of expected period of service of employees, expected increase in salary, discount rate and other demographic assumptions. Six or more months of service is counted as one full year. Qualifying service period is two years. Gratuity is paid to employee upon leaving the bank's service and is calculated on basis of last drawn gross salary multiplied with numbers of years of service with the bank.

The most recent valuation for defined benefit plan was carried out as at December 31, 2017 by an independent actuary using the projected unit credit method. Gain or loss arising on re-measurement of defined benefit obligation are recognised immediately in other comprehensive income. Past service cost and curtailments are recognised in the profit and loss account, in the period in which a change takes place.

ii) Accumulated compensated absences

The Bank provides compensated absences to all its regular employees who are entitled to accumulate the unutilized privilege leaves up to 90 days (2016: 90 days). Provision for expected cost of accumulated compensated absences is charged to profit and loss account on the basis of actuarial valuations. The most recent valuation for defined benefit plan was carried out as at December 31, 2017 by an independent actuary using the projected unit credit method.

b) Defined contribution plan

The Bank operates an approved defined contribution provident fund for all permanent employees. Equal monthly contributions at 10% of basic salary are made by the employees and by the Bank to the fund.

5.9 Reserves

a) Statutory reserve

In compliance with the Regulations, the Bank is required to maintain a statutory reserve to which an appropriation equivalent to 20% of the profit after tax is to be made till such time the reserve fund equals the paid up capital of the Bank. Thereafter, the contribution is to be reduced to 5% of the annual profit after tax.

b) Depositors' protection fund

The Bank is required under the Microfinance Institution Ordinance, 2001 to contribute 5% of annual after tax profit and profit earned on investments of the fund shall be credited to depositors' protection fund for the purpose of providing security or guarantee to persons depositing money in the bank.

c) Cash reserve

In compliance with the related regulatory requirements, the Bank is required to maintain a cash reserve equivalent to not less than 5% of its deposits (including demand deposits and time deposits with tenor of less than 1 year) in a current account opened with the State Bank or its agent.

d) Statutory liquidity requirement

In compliance with the related regulatory requirements, the Bank is required to maintain liquidity equivalent to at least 10% of its total demand and time liabilities with tenor of less than one year in form of liquid assets i.e. cash, gold, unencumbered treasury bills, Pakistan Investment Bonds and Government of Pakistan sukuk

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

bonds. Treasury bills and Pakistan Investment Bonds held under depositor protection fund are excluded for the purpose of determining liquidity.

5.10 Grants

Grants that compensate the Bank for the cost of an asset are initially recognized in the balance sheet as deferred income when grant is received or there is reasonable assurance that it will be received and that the Bank will comply with the conditions attached to it and are charged to the profit and loss account as other operating income on a systematic basis over the useful life of the asset. Grants that compensate the Bank for expenses are initially recognized as deferred income or receivable, depending upon the nature of grant arrangement and are recognized as income in the profit and loss account on a systematic basis in the same period in which the related expenses are incurred.

5.11 Earnings per share

The Bank presents earnings per share (EPS) for its ordinary shares which is calculated by dividing the profit or loss attributable to ordinary shareholders of the Bank by weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effect of all dilutive potential ordinary shares. There were no dilutive potential ordinary shares in issue at December 31, 2017.

5.12 Revenue recognition

a) Mark-up / income on advances

Mark-up / 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 respective 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 recognition of unpaid service charges / income ceases. Further, accrued mark-up on non-performing advances are 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. Application processing fee is recognized as income when service is performed.

b) Income from investment

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

Gain or loss on sale of securities is accounted for in the period in which the sale occurs.

c) Fee, commission and brokerage income

Fee, commission and brokerage income are recognised as services are performed.

d) Income on inter bank deposits

Income from interbank deposits in saving accounts are recognized in the profit and loss account using the effective interest method.

5.13 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.

5.14 Leases

Leases are classified as finance lease when the terms of lease substantially transfer all the risk and rewards of ownership to the Bank. All other leases are classified as operating leases.

Assets held under finance lease are initially recognized at fair value at the inception of lease or, if lower, at present value of minimum lease payments. A corresponding liability is recorded in the statement of financial position as finance lease obligation. Lease payments are apportioned between finance expenses and reduction of lease obligation so as to achieve a constant rate of interest on the remaining balance of liability. Depreciation on assets subject to finance lease is charged on the basis similar to the owned assets.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

5.15 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.

5.16 Foreign currencies translation

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.

5.17 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.

		2017	2016
	Note	-----Rupees-----	
6	CASH AND BALANCES WITH SBP AND NBP		
	Cash in hand	283,223,658	202,904,528
	Balances with State Bank of Pakistan	1,358,647,431	995,947,687
	Balances with National Bank of Pakistan in		
	Current account	28,836	28,836
	Deposit account	1,050,111	587,687
		1,642,950,036	1,199,468,738
6.1	This represents balance maintained with SBP to comply with requirements of Prudential Regulations for Microfinance Banks to maintain minimum cash reserve equivalent to not less than 5% (2016: 5%) of the Bank's demand deposits and time deposits with tenor of less than one year.		
		2017	2016
		-----Rupees-----	
7	BALANCES WITH OTHER BANKS / NBFIs / MFBs		
	In Pakistan		
	Local currency current accounts	31,413,117	5,300,591
	Local currency deposit accounts	4,475,956,626	2,466,112,768
	Local currency term deposits	716,000,000	1,596,000,000
		5,223,369,743	4,067,413,359
7.1	These represent deposits with commercial banks and Islamic banks payable on demand carrying mark-up/profit ranging from 2.75% to 6.30% per annum (2016: 4.93% to 6.75% per annum).		
7.2	These represent term deposits with local commercial banks carrying mark-up ranging from 6.15% to 7.15% per annum (2016: 6.06% to 10.19% per annum) and maturing up to July, 2018.		
7.3	Local currency term deposits include amount of Rs 316 million (2016: Rs 348 million) which is placed under lien with lenders against long term loans as explained further in note 13.1.5 and 13.1.9.		
		2017	2016
		-----Rupees-----	
8	INVESTMENTS - NET OF PROVISIONS		
	Held to maturity		
	Federal Government securities		
	Pakistan Investment Bonds (PIBs)	-	130,648,671
	Market Treasury Bills	1,484,679,524	790,995,348
	Ijarah Sukuks	145,055,899	42,152,685
		1,629,735,423	963,796,704
	Available for sales		
	Bonds, participation term certificates and term finance certificates		
	Term Finance Certificates	-	-
	Held for trading		
	Mutual Funds	1,066,747,508	5,151,747,252
	Less: Provision for diminution in value of investments	-	-
		2,696,482,931	6,115,543,956

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

- 8.1 PIBs having face value of Rs 125 million carried coupon rate of 11.25% (2016: 11.25%) per annum and matured on July 17, 2017.
- 8.2 The T-Bills carry mark up at the rate of 5.99% to 6.02% per annum (2016: 5.87% to 5.98% per annum) and are due to mature between February 2018 to April 2018.
- 8.3 Ijarah Sukuks carry mark up at the rate of 5.59% per annum (2016: 5.89% to 6.10% per annum) and are due to mature between December 2018 to March 2019.
- 8.4 This represents units held in funds as tabulated below:

Fund name	2017		2016	
	No of units	Rupees	No of units	Rupees
ABL Cash Fund	10,179,801	105,084,040	29,655,189	305,472,173
Alfalah GHP Sovereign Fund	-	-	490,715	53,166,556
Alfalah GHP Cash Fund	-	-	264,486	134,528,335
Alfalah GHP Money Market Fund	255,835	25,570,989	1,563,268	157,835,774
Askari Sovereign Cash Fund	-	-	1,268,079	130,556,813
Atlas Money Market Fund	201,271	103,769,484	871,584	448,386,497
Faysal Money Market Fund	-	-	1,727,418	179,202,369
First Habib Cash Fund	-	-	1,358,438	139,932,377
JS Investment Limited	-	-	478,469	50,354,067
Lakson Money Market Fund	1,002,602	103,070,244	7,486,576	769,809,418
MCB Cash Management Optimizer	1,019,644	105,201,030	6,817,227	701,838,294
NAFA Government Securities Liquid Fund	-	-	19,313,297	201,217,512
NAFA Money Market Fund	30,799,709	311,837,811	98,263,746	994,922,452
Pakistan Cash Management Fund	-	-	2,345,289	120,854,361
PICIC Cash Fund	2,022,023	208,585,266	5,890,393	607,883,813
UBL Liquidity Plus Fund	1,002,273	103,628,644	1,511,847	155,786,441
		<u>1,066,747,508</u>		<u>5,151,747,252</u>

9 ADVANCES - NET OF PROVISION

Loan type	Notes	2017		2016	
		Number	Rupees	Number	Rupees
Micro credit		409,755	19,559,056,801	318,750	12,863,573,694
Islamic financing		16,656	1,375,136,900	6,771	407,466,211
		<u>426,411</u>	<u>20,934,193,701</u>	<u>325,521</u>	<u>13,271,039,905</u>
Less: Provision held					
Specific	9.1	1,099	(21,554,081)	1,271	(12,124,598)
General	9.2	-	(206,830,435)	-	(132,184,396)
		<u>1,099</u>	<u>(228,384,516)</u>	<u>1,271</u>	<u>(144,308,994)</u>
Advances - net of provisions			<u>20,705,809,185</u>		<u>13,126,730,911</u>

9.1 Particulars of non performing loans

Advances include Rs 69 million (2016: 48 million) which as detailed below, have been placed under non performing status.

Category of classification	2017			2016		
	Amount outstanding	Provisions required	Provisions held	Amount outstanding	Provisions required	Provisions held
	-----Rupees-----			-----Rupees-----		
OAEM	30,510,464	-	-	26,957,545	-	-
Sub-Standard	7,757,521	1,939,377	1,939,377	3,318,146	792,038	792,038
Doubtful	22,034,827	11,002,508	11,002,508	12,703,933	6,266,333	6,266,333
Loss	8,738,194	8,612,196	8,612,196	5,080,331	5,066,227	5,066,227
	<u>69,041,006</u>	<u>21,554,081</u>	<u>21,554,081</u>	<u>48,059,955</u>	<u>12,124,598</u>	<u>12,124,598</u>

9.2 This represents general provision maintained against unsecured microcredit advances net of specific provision at the rate of 1% (2016: 1%) in accordance with the requirement of Prudential Regulations issued by the State Bank of Pakistan.

9.3 Particulars of provision against non-performing advances

	2017			2016		
	Specific	General	Total	Specific	General	Total
	-----Rupees-----			-----Rupees-----		
Opening balance	12,124,598	132,184,396	144,308,994	4,362,907	81,953,806	86,316,713
Charge for the year	309,163,653	74,646,039	383,809,692	85,722,858	50,230,590	135,953,448
Amounts written off	(299,734,170)	-	(299,734,170)	(77,961,167)	-	(77,961,167)
Reversals	-	-	-	-	-	-
Closing balance	<u>21,554,081</u>	<u>206,830,435</u>	<u>228,384,516</u>	<u>12,124,598</u>	<u>132,184,396</u>	<u>144,308,994</u>

9.4 Particulars of advances written off

	2017	2016
	-----Rupees-----	
Against provision	299,734,170	77,961,167
Directly charged to profit & loss account	3,700,406	19,375,256
	<u>303,434,576</u>	<u>97,336,423</u>

10 OPERATING FIXED ASSETS

	Note	2017	2016
		-----Rupees-----	
Capital work-in-progress	10.1	21,020,457	29,804,872
Property and equipment	10.2	469,819,997	250,593,036
Intangible assets	10.3	42,776,616	72,779,408
		<u>533,617,070</u>	<u>353,177,316</u>

10.1 Capital work-in-progress

Civil works		<u>21,020,457</u>	<u>29,804,872</u>
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10.2 Property and equipment

Particulars	COST				ACCUMULATED DEPRECIATION				Net Book Value as at December 31, 2017	Rate %
	As at January 01, 2017	Additions	Disposal	As at December 31, 2017	As at January 01, 2017	Charge for the year	Disposal	As at December 31, 2017		
-----Rupees-----										
Owned assets										
Furniture and fixtures	130,761,158	99,510,396	(171,922)	230,099,632	41,114,992	16,718,683	-66,742	57,766,933	172,332,699	10
Office equipment	117,401,211	70,326,901	-5,054,002	182,674,110	59,331,469	26,847,562	-4,856,815	81,322,216	101,351,894	20
Computer equipment	144,098,704	132,037,912	(4,887,459)	271,249,157	106,692,699	41,091,078	(4,616,610)	143,167,167	128,081,990	33.33
Vehicles	38,630,698	8,247,467	(13,829,749)	33,048,416	28,043,146	4,749,862	(13,249,444)	19,543,564	13,504,852	20
	430,891,771	310,122,676	(23,943,132)	717,071,315	235,182,306	89,407,185	(22,789,611)	301,799,880	415,271,435	
Leased assets										
Vehicles	72,100,363	15,000,050	-	87,100,413	17,216,792	15,335,059	-	32,551,851	54,548,562	20
December 31, 2017	502,992,134	325,122,726	(23,943,132)	804,171,728	252,399,098	104,742,244	(22,789,611)	334,351,731	469,819,997	

Particulars	COST				ACCUMULATED DEPRECIATION				Net Book Value as at December 31, 2016	Rate %
	As at January 01, 2016	Additions	Disposal	As at December 31, 2016	As at January 01, 2016	Charge for the year	Disposal	As at December 31, 2016		
-----Rupees-----										
Furniture and fixtures	101,348,781	29,492,953	(80,576)	130,761,158	28,627,089	12,531,550	(43,647)	41,114,992	89,646,166	10
Office equipment	75,972,888	41,526,702	(98,379)	117,401,211	44,203,376	15,201,272	(73,179)	59,331,469	58,069,742	20
Computer equipment	98,889,861	45,346,728	(137,885)	144,098,704	88,039,735	18,685,422	(32,458)	106,692,699	37,406,005	33.33
Vehicles	62,572,560	7,111,102	(31,052,964)	38,630,698	45,524,911	6,583,879	(24,065,644)	28,043,146	10,587,552	20
Total	338,784,090	123,477,485	(31,369,804)	430,891,771	206,395,111	53,002,123	(24,214,928)	235,182,306	195,709,465	
Leased assets										
Vehicles	48,422,443	34,226,620	(10,548,700)	72,100,363	7,305,614	10,614,344	(703,166)	17,216,792	54,883,571	20
December 31, 2016	387,206,533	157,704,105	(41,918,504)	502,992,134	213,700,725	63,616,467	(24,918,094)	252,399,098	250,593,036	

10.2.1 Cost of fully depreciated property and equipment that are still in use is Rs 128.5 million (2016: Rs 118.3 million)

10.2.2 As required by BSD Circular No 11 of 2003, details of property and equipment disposed off during the year is disclosed in Annexure-I and forms integral part of these financial statements.

	Note	2017 -----Rupees-----	2016 -----Rupees-----
10.3 Intangible assets			
Computer softwares	10.3.1	<u>42,776,616</u>	<u>72,779,408</u>
10.3.1 Computer softwares			
Cost			
Opening balance		215,159,446	115,884,745
Additions during the year		4,946,760	99,274,701
Closing balance		<u>220,106,206</u>	<u>215,159,446</u>
Amortization			
Opening balance		(142,380,038)	(113,189,995)
Amortization for the year	10.3.2	(34,949,552)	(29,190,043)
Closing balance		<u>(177,329,590)</u>	<u>(142,380,038)</u>
Net book value		<u>42,776,616</u>	<u>72,779,408</u>

10.3.2 Amortization is charged on straight line basis at the rate of 33.33% per annum, starting from the month the asset is available for use and no amortization is charged in month of disposal.

	Note	2017 -----Rupees-----	2016 -----Rupees-----
11 OTHER ASSETS			
Income / mark-up accrued on			
Loans and Advances		1,477,966,982	798,675,151
Bank deposits		27,375,349	34,834,664
Advances to employees			
Personal advances - net of provision	11.1	89,438,478	57,150,462
Operational		2,607,558	3,799,380
Advances to suppliers		91,705,058	95,030,584
Prepayments		120,885,591	126,811,134
Income tax refundable		125,743,535	49,303,446
FED/Sales tax refundable		24,392,456	3,709,952
Fair value of derivative financial instrument		66,570,718	-
Receivable from parent company		-	759,858
Insurance claims receivables		32,252,705	28,119,022
Receivable from State Bank of Pakistan	11.2	383,155,649	214,655,009
Others		345,185,472	177,245,150
		<u>2,787,279,551</u>	<u>1,590,093,812</u>

11.1 The Bank provides advances & loans to its employees as per Bank's HR policies. Specific and general provision is charged against personal advances to employees in accordance with provisions of the Regulations as explained in note 5.4. Breakup of employee advances and provision held there against is as follow:

	Mark-up Rate		Amount	
	2017	2016	2017	2016
	----- Percentage -----		----- Rupees -----	
Advances against Salary	10.40%	10.35%	30,429,491	22,164,940
Advances for house	KIBOR + 1%	KIBOR + 1%	13,334,109	2,683,000
Advances for cars - note 11.1.1	5%	5%	39,341,561	31,416,294
Advances for motorcycles - note 11.1.1	5%	5%	4,727,879	-
Other personal advances			1,964,716	886,228
			<u>89,797,756</u>	<u>57,150,462</u>
Less provision held				
Specific			(55,538)	-
General			(303,740)	-
			(359,278)	-
			<u>89,438,478</u>	<u>57,150,462</u>

11.1 The loan under acquisition of personal vehicles represent present value of minimum lease payments in respect of vehicles leased by the Bank to its employees as per the Bank's policy. The interest rate inherent in the leases range from 7.56% to 13.38% however interest rate charged to the employee is fixed at 5% per annum.

11.2 This represents amount of insurance premium receivable from SBP under crop loan insurance scheme and livestock insurance scheme for borrowers of the bank.

12 DEPOSITS AND OTHER ACCOUNTS	2017		2016	
	No of accounts	Rupees	No of accounts	Rupees
Conventional				
Current deposits	119,711	1,606,445,824	67,676	676,677,936
Saving deposits	740,885	6,123,624,050	597,008	6,531,946,777
Fixed deposits	1,985	13,598,156,292	1,502	9,186,273,386
	<u>862,581</u>	<u>21,328,226,166</u>	<u>666,186</u>	<u>16,394,898,099</u>
Islamic				
Current deposits	13,545	954,194,361	7,992	32,670,260
Saving deposits	16,408	226,264,335	130	128,734,258
Fixed deposits	378	1,163,134,770	186	365,781,000
	<u>30,331</u>	<u>2,343,593,466</u>	<u>8,308</u>	<u>527,185,518</u>
	<u>892,912</u>	<u>23,671,819,632</u>	<u>674,494</u>	<u>16,922,083,617</u>
12.1 Particulars of Deposits by ownership				
Individual depositors	891,933	8,534,347,502	673,938	6,840,056,172
Institutional depositors				
Corporation / firms etc.	903	12,289,337,135	416	4,449,715,511
Banks & financial institutions	76	2,848,134,995	140	5,632,311,934
	<u>979</u>	<u>15,137,472,130</u>	<u>556</u>	<u>10,082,027,445</u>
Total	<u>892,912</u>	<u>23,671,819,632</u>	<u>674,494</u>	<u>16,922,083,617</u>

12.2 Deposits include related parties balances amounting to Rs 3,251 million (2016: Rs 3,009 million) as disclosed in note 32.

	Note	2017	2016
		-----Rupees-----	
13 BORROWINGS			
Borrowings from Banks / Financial Institutions In Pakistan	13.1	2,188,888,888	4,425,000,000
Outside Pakistan	13.2	1,105,000,000	252,175,000
		<u>3,293,888,888</u>	<u>4,677,175,000</u>
13.1 Borrowings From Banks / Financial Institutions In Pakistan			
Secured			
JS Bank Limited (Term Finance)	13.11	-	50,000,000
Pak Oman Investment Company Limited (TF I)	13.12	-	20,000,000
Pak Oman Investment Company Limited (TF II)	13.13	240,000,000	400,000,000
Pak Oman Investment Company Limited	13.14	388,888,888	500,000,000
Askari Bank Limited	13.15	40,000,000	120,000,000
Syndicated Term Finance	13.16	300,000,000	600,000,000
United Bank Limited (Term Finance)	13.17	170,000,000	270,000,000
United Bank Limited (Running Finance)	13.18	300,000,000	215,000,000
Term Finance Certificates	13.19	750,000,000	2,250,000,000
		<u>2,188,888,888</u>	<u>4,425,000,000</u>

13.1.1 The bank entered into a loan agreement with JS Bank Limited on May 07, 2012 for a loan of Rs 500 million to finance its operations. Principal amount was repayable in ten equal semi-annual instalments of Rs. 50 million each which commenced from December 2012 and culminated in June 2017. Mark-up was chargeable at the rate of six months KIBOR+2% per annum payable on semi-annual basis.

The loan was secured through a guarantee issued by the SBP under Microfinance Credit Guarantee Facility (MCGF) in favour of the JS Bank Limited for 40% of the outstanding principal and a first hypothecation charge ranking pari passu with all prior charges on the present and future current assets of the Bank with 25% margin.

13.1.2 The bank entered into a loan agreement amounting to Rs 100 million with Pak Oman Investment Company Limited to finance its operations. The principal amount was repayable in ten equal semi-annual instalments of Rs 10 million each which commenced from April 15, 2013 and culminated in October 2017. Mark-up was chargeable at the rate of six months KIBOR+2% per annum payable on semi-annual basis.

The loan was secured through a guarantee issued by the SBP under Microfinance Credit Guarantee Facility (MCGF) in favour of Pak Oman Investment Company Limited for 40% of the outstanding principal and a first hypothecation charge ranking pari passu with all prior charges on the present and future current assets of the Bank with 25% margin.

13.1.3 The bank entered into a loan agreement amounting to Rs 800 million with Pak Oman Investment Company Limited to finance its operations. The principal amount is repayable in ten equal semi-annual instalments of Rs 80 million each commencing from October 16, 2014 and culminating in October 2019. Mark-up is chargeable at the rate of six months KIBOR+1.85% per annum payable on semi-annual basis.



The loan is secured through a guarantee issued by the SBP under Microfinance Credit Guarantee Facility (MCGF) in favour of the Pak Oman Investment Company Limited for 40% of the outstanding principal and a first hypothecation charge ranking pari passu with all prior charges on the present and future current assets of the Bank with 25% margin.

- 13.1.4** The bank entered into a loan agreement amounting to Rs 500 million with Pak Oman Investment Company Limited to finance its operations. The principal amount is repayable in nine equal semi-annual instalments of Rs 55.55 million each commencing from June 30, 2017 and culminating in June 2021. Mark-up is chargeable at the rate of six months KIBOR+2.25% per annum payable on semi-annual basis.

This loan is secured against a demand promissory note and a first pari passu hypothecation charge on the present and future current assets of the Bank.

- 13.1.5** The bank entered into a loan agreement amounting to Rs 400 million with Askari Bank Limited to finance its operations. The principal amount is repayable in ten equal semi-annual instalments of Rs 40 million each commencing from July 02, 2013 and culminating in January 2018. Mark-up is chargeable at the rate of six months KIBOR+2% per annum payable on semi-annual basis.

The loan is secured through a cash margin of 40% of outstanding principal amount, guarantee issued by the SBP under Microfinance Credit Guarantee Facility (MCGF) in favour of the Askari Bank Limited for 40% of the outstanding principal and a first hypothecation charge ranking pari passu with all prior charges on the present and future current assets of the Bank with 25% margin.

- 13.1.6** The bank entered into a syndicated term finance facility amounting to Rs 900 million to finance its operation. The contributors to this facility are Silk Bank Limited, Pakistan Kuwait Investment Company (Private) Limited and Pak China Investment Company Limited contributing Rs. 500 million, 250 million and 150 million respectively. The principal amount is repayable in six equal semi annual instalments of 150 million each commencing from January 2, 2016 and culminating in July 2018. Mark-up is chargeable at the rate of six months KIBOR+1.85% per annum payable on quarterly basis.

The syndicated loan is secured through a guarantee issued by the SBP under Microfinance Credit Guarantee Facility (MCGF) in favour of the syndicate for 40% of the outstanding principal and a first hypothecation charge ranking pari passu with all prior charges on the present and future current assets of the Bank with 25% margin.

- 13.1.7** The bank entered into a loan agreement amounting to Rs 300 million with United Bank Limited to finance its operations. The principal amount is repayable in six equal semi-annual instalments of Rs 50 million each commencing from November 30, 2016 and culminating in May 2019. Mark-up is chargeable at the rate of six months KIBOR+2% per annum payable on semi-annual basis.

This loan is secured against a demand promissory note and a first pari passu hypothecation charge on the present and future current assets of the Bank with 25% margin.

- 13.1.8** The bank entered into a running finance facility agreement amounting to Rs 300 million with United Bank Limited to finance its operations. The loan carries mark-up at the rate of 1 month KIBOR + 1.5% per annum. The term of the loan is 1 year commencing from April 01, 2017.

The loan is secured through a first hypothecation charge ranking pari passu with all prior charges on the present and future current assets of the Bank with 25% margin.

13.1.9 The bank issued Term Finance Certificates (TFCs) amounting to Rs 3,000 million to finance its operations. JS Bank Limited and Askari Bank Limited are the arranger while Pak Oman Investment Company Limited is the trustee. First participants of the issue were JS Bank Limited with investment of Rs 300 million, Askari Bank Limited Rs 1,000 million, Faysal Bank Limited Rs 445 million, PAIR Investment Company Limited Rs 400 million, Pak Brunei Investment Company Limited Rs 300 million, Pak Libya Holding Company Limited Rs 250 million, Lakson Income Fund Rs 100 million, Faysal Income & Growth Fund Rs 75 million, JS Income Fund Rs 50 million, Lakson Tactical Fund Rs 50 million and First Credit & Investment Bank Limited Rs 30 million.

The principal amount is repayable in 8 equal quarterly instalment of Rs. 375 million and carries mark-up at the rate of three month KIBOR plus 2.35 percent per annum. The term of the loan is 2 years commencing from June 30, 2016. TFCs are secured against a partial cash coverage of up to Rs 300 million till the last coupon paid and a first pari passu hypothecation charge on the present and future current assets of the bank with 25% margin.

	Note	2017 -----Rupees-----	2016 -----Rupees-----
13.2 Borrowings from Banks / Financial Institutions outside Pakistan			
ECO Trade & Development Bank			
First Agreement			
Second Tranche	13.2.1	-	252,175,000
Second Agreement	13.2.2	1,105,000,000	-
		<u>1,105,000,000</u>	<u>252,175,000</u>

13.2.1 This represents the second tranche of USD 2.5 million received from ECO Trade and Development Bank on December 30, 2014. This loan had grace period of two years and principal amount was repayable in two equal semi-annual instalments of USD 1.25 million each which commenced from June 29, 2017 and culminated on December 29, 2017. The loan carried mark-up at the rate of six month USD BBA LIBOR plus a spread of 2.5% per annum.

The Bank entered into a cross currency swap and interest rate swap agreement with JS Bank Limited on December 30, 2014 to mitigate any foreign currency risk and interest rate risk.

13.2.2 The bank entered into a loan agreement amounting to USD 10 million with ECO Trade and Development Bank on January 30, 2017. The amount was received on April 18, 2017. The loan had a grace period of one year and principal amount is repayable in six equal semi-annual instalments of USD 1.7 million each commencing from October, 2018 and culminating on April 2021. The loan carries mark-up at the rate of six month USD LIBOR plus a spread of 2.7% per annum.

The Bank entered into a cross currency swap and interest rate swap agreement with JS Bank Limited on April 05, 2017 to mitigate any foreign currency risk and interest rate risk.

	Note	2017 -----Rupees-----	2016 -----Rupees-----
14 SUBORDINATED DEBT			
KfW Germany	14.1	<u>672,360,000</u>	<u>672,360,000</u>

14.1 The Bank entered into a loan agreement with KfW, shareholder of the bank, on December 29, 2014 for an amount of EURO 6 million. The loan is intended to be availed as TIER-II subordinated debt for inclusion in the Bank's Supplementary Capital. The amount was translated into local currency at the exchange rate of Rs.112.06 and sub-ordinated debt of Rs 672,360,000 was recorded in the financial statements. Loan carries interest at rate of KIBOR + 3.5% per annum. Principal amount and interest is repayable in a bullet payment at the end of loan term by converting the principal and accrued mark-up into EUROS at the exchange rate prevalent as at June 30, 2023. All foreign currency risks in connection with the transaction rest with KfW.

	Note	2017 -----Rupees-----	2016
15 OTHER LIABILITIES			
Mark-up / return / interest payable on Deposits and other accounts		446,433,015	271,466,607
Borrowings	15.1	153,626,377	88,205,318
Payable for employees' benefit plans			
Employees' gratuity fund	15.2	159,611,984	94,843,841
Accumulated compensated absences	15.3	102,428,789	69,627,151
Provident Fund	15.4	-	103,031
Payable to employees'		6,588,689	9,226
Obligation under finance lease			
Company's vehicles		51,331,515	45,472,314
Vehicles sub-leased to employees'		35,847,199	20,543,053
	15.5	87,178,714	66,015,367
Payable to suppliers		33,289,152	15,995,082
Withholding tax payable		25,331,312	10,665,335
Sindh Workers' Welfare Fund		966,479	-
Accrued expenses		71,139,292	24,051,522
Security deposits against Islamic financing		52,815,533	-
Payable to parent company		26,168,108	32,246,009
Insurance payable		5,121,720	-
Unearned / deferred income on Islamic financing		112,835,881	33,853,234
Bills payable		630,503,652	259,883,914
Others		8,874,925	9,182,506
		<u>1,922,913,622</u>	<u>976,148,143</u>

15.1 This includes mark-up payable amounting to Rs 129.5 million (2016: Rs 63.4 million) in respect of subordinated loan from a shareholder.

15.2 Employees' gratuity fund

The latest actuarial valuation was carried out at December 31, 2017 on the basis of which, amounts recognised in financial statements in respect of employees' gratuity fund as at December 31, 2017 are as follow:

	Note	2017 -----Rupees-----	2016
i) Amounts recognized in the balance sheet			
Present value of defined benefit obligation		229,963,632	164,627,094
Fair value of plan assets		(75,026,451)	(70,977,809)
Benefits due but not paid		4,674,803	1,194,556
Net liability		<u>159,611,984</u>	<u>94,843,841</u>
ii) Amounts recognized in the profit and loss account			
Current service cost		54,637,432	38,843,501
Interest cost		14,373,999	10,688,311
Expected return on plan assets		(5,672,956)	(6,646,735)
		<u>63,338,475</u>	<u>42,885,077</u>
iii) Remeasurements chargeable in other comprehensive income			
Actuarial gains from changes in financial assumptions		-	(315,011)
Experience adjustments		22,968,792	23,682,870
Return on plan assets, excluding interest income		1,624,314	2,136,281
		<u>24,593,106</u>	<u>25,504,140</u>
iv) Changes in present value of defined benefit obligation			
Opening defined benefit obligation		164,627,094	106,883,110
Current service cost for the year		54,637,432	38,843,501
Interest cost for the year		14,373,999	10,688,311
Benefits due but not paid		(4,118,729)	(1,194,556)
Benefits paid during the year		(22,524,956)	(13,961,131)
Remeasurements:			
Actuarial gains from changes in financial assumptions		-	(315,011)
Experience adjustments		22,968,792	23,682,870
Closing defined benefit obligation		<u>229,963,632</u>	<u>164,627,094</u>
v) Changes in fair value of plan assets			
Opening fair value of plan assets		70,977,809	66,467,355
Contributions paid during the year		23,163,438	13,961,131
Interest income on plan assets		5,672,956	6,646,735
Benefit paid during the year from plan assets		(23,163,438)	(13,961,131)
Actuarial (loss)/ gain		-	-
Return on plan assets, excluding interest income		(1,624,314)	(2,136,281)
Closing fair value of plan assets		<u>75,026,451</u>	<u>70,977,809</u>

	Note	2017	2016
		-----Rupees-----	
vi) Changes in net liability as follows:			
Opening defined benefit obligation		94,843,841	40,415,755
Amounts recognized in the profit and loss account		63,338,475	42,885,077
Remeasurements chargeable in other comprehensive Income		24,593,106	25,504,140
Benefits paid		(23,163,438)	(13,961,131)
		<u>159,611,984</u>	<u>94,843,841</u>

vii) Plan assets of the staff gratuity fund comprise of only term deposits with the Bank.

viii) Significant actuarial assumptions were as follows

The Projected Unit Credit Method using the following significant assumptions was used for the valuation:

Discount rate - per annum	9.50%	9.50%
Expected rate of increase in salaries - per annum	8.50%	8.50%
Mortality rate	SLIC 2001 - 2005	SLIC 2001 - 2005
Average expected remaining working life of employees	10 years	11 years

ix) Sensitivity Analysis

The calculation of the defined benefit obligation is sensitive to assumptions set out above. The following table summarizes how the defined benefit obligation at the end of reporting period would have increased/ (decreased) as a result of change in respective assumptions by one percent.

	Defined benefit obligation	
	Effect of 1%	
	Increase	(Decrease)
	-----Rupees-----	
Discount rate	(20,698,193)	25,043,382
Expected rate on increment in salaries	25,727,304	(21,666,554)

x) Based on actuarial advice, expense to be charged in profit and loss account during financial year 2018 in respect of employees' gratuity scheme is estimated to be Rs 88.38 million.

15.3 Accumulated compensated absences

All employees of the bank are entitled to earned leaves of thirty days every year. Earned leaves can be accumulated up to fifteen days each year up to a maximum of ninety days. Unutilized leaves are encashed on basis of gross salary upon leaving the service with the bank. Amount recognised in the financial statements in respect of leaves encashment obligation on basis of actuarial valuation as at December 31, 2017 are as follow:

	2017	2016
Note	-----Rupees-----	
i) Amounts recognized in the balance sheet		
Present value of accumulated compensated absences	98,977,361	69,627,151
Benefits due but not paid	3,451,428	-
Fair value of plan assets	-	-
Net liability	102,428,789	69,627,151
ii) Amounts recognized in the profit and loss account		
Current service cost	31,024,493	15,996,255
Past service cost due to change in rule	-	6,861,540
Adjustment for opening payables	35,463	-
Interest cost	5,888,349	3,775,780
Remeasurement adjustment	7,690,955	8,157,486
	44,639,260	34,791,061
iii) Changes in present value of defined benefit obligation		
Opening defined benefit obligation	69,627,151	40,679,512
Current service cost for the year	31,024,493	15,996,255
Past service cost due to change in rule	-	6,861,540
Adjustment for opening payables	35,463	-
Interest cost for the year	5,888,349	3,775,780
Benefits due but not paid	(3,451,428)	-
Benefits paid during the year	(11,837,622)	(5,843,422)
Actuarial loss recognised	7,690,955	8,157,486
Closing defined benefit obligation	98,977,361	69,627,151
iv) Significant actuarial assumptions were as follows:		
Discount rate - per annum	9.50%	9.50%
Expected rate of increase in salaries - per annum	8.50%	8.50%
Mortality rate	SLIC 2001- 2005	SLIC 2001- 2005
Average expected remaining working life of employees	11 years	10 years
Average number of leaves accumulated - per annum	15 days	10 days
v) Sensitivity Analysis		

The calculation of the leave encashment obligation is sensitive to assumptions set out above. The following table summarizes how the leave encashment obligation at the end of reporting period would have increased/ (decreased) as a result of change in respective assumptions by one percent.

	Defined benefit obligation	
	Effect of 1%	
	Increase	(Decrease)
	-----Rupees-----	
Discount rate	(9,449,128)	11,488,499
Expected rate on increment in salaries	11,200,933	(9,348,784)

15.4 Defined contribution plan

The bank operates a recognised provident fund for all its regular employees for which equal monthly contributions are made both by the Bank and the employees to the fund at the rate of 10% of basic salary of the employee. Payments are made to the employees as specified in the rules of the fund.

Details of the provident fund based on un-audited financial statements for the year ended December 31, 2017 are as follows:

	2017 Un-audited Rupees	2016 Audited Rupees
Size of the fund	267,709,336	195,394,718
Cost of investments made	258,779,853	190,919,672
Fair value of investments made	258,779,853	190,919,672
%age of investments made	96.66%	97.71%

	2017		2016	
	Rupees	%age	Rupees	%age
Breakup of investment - at cost				
Term deposits with banks	200,000,000	77.29%	150,000,000	78.57%
Saving deposits with banks	58,779,853	22.71%	40,919,672	21.43%
	<u>258,779,853</u>	<u>100.00%</u>	<u>190,919,672</u>	<u>100.00%</u>

Investments out of provident funds have been made in accordance with the provisions of section 227 of the Companies Ordinance, 1984 and the rules formulated for the purpose.

15.5 Obligation under finance leases

The bank leased certain of its vehicles under finance leases. The average lease term is 3 to 5 years. The bank has option to purchase the vehicles for a nominal amount at the end of the lease term. The bank's obligations under finance leases are secured by the lessor's title to the leased assets.

Interest rates underlying obligation under finance leases are KIBOR plus 1.5% (2016: KIBOR plus 4.5%) per annum.

	2017	2016
Note	-----Rupees-----	
a Finance lease liabilities against assets		
<i>Minimum lease payments:</i>		
Not later than one year	32,135,905	36,262,992
Later than one year but not later than five years	73,792,403	70,242,788
Later than five years	-	-
	<u>105,928,308</u>	<u>106,505,780</u>
Less: Finance cost allocated to future period	<u>(18,749,594)</u>	<u>(17,209,712)</u>
	<u>87,178,714</u>	<u>89,296,068</u>
<i>Present value of minimum lease payments</i>		
Not later than one year	24,551,676	27,755,814
Later than one year but not later than five years	62,627,039	61,540,254
Later than five years	-	-
	<u>87,178,714</u>	<u>89,296,068</u>
16 DEFERRED TAX LIABILITY - NET		
Deferred tax asset arising on account of deductible temporary differences on:		
Amortization on intangible assets	2,658,020	3,043,589
Lease liability	26,153,614	-
Grants	536,785	243,107
Un-realized exchange loss on borrowings	16,500,000	-
Actuarial loss on remeasurement of employees' retirement benefits	-	7,651,242
	<u>45,848,419</u>	<u>10,937,938</u>
Deferred tax liability arising on account of taxable temporary differences on:		
Accelerated depreciation allowance - owned assets	(19,422,358)	(3,370,284)
Accelerated depreciation allowance - Leased assets	(16,364,569)	(2,823,377)
Un-realized gain on derivative financial instrument	(19,971,215)	-
Un-realized capital gains	(1,074,202)	(5,675,817)
Un-realised mark-up on Government Securities	(3,633,054)	-
	<u>(60,465,398)</u>	<u>(11,869,478)</u>
	<u>(14,616,979)</u>	<u>(931,540)</u>

17 Share capital

17.1 Authorized capital

2017 Number	2016 Number		2017 Rupees	2016 Rupees
300,000,000	300,000,000	Ordinary shares of Rs. 10 each	3,000,000,000	3,000,000,000

17.2 Issued, subscribed and paid-up capital

149,837,201	149,837,201	Ordinary shares of Rs. 10 each fully paid in cash	1,498,372,010	1,498,372,010
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17.3 The shareholders of the Bank are as follows:

77,999,475	77,999,475	NRSP	779,994,750	779,994,750
24,000,000	24,000,000	International Finance Corporation (IFC)	240,000,000	240,000,000
23,837,201	23,837,201	KfW Germany	238,372,010	238,372,010
16,000,000	16,000,000	Acumen Fund USA	160,000,000	160,000,000
8,000,000	8,000,000	Acumen Capital Markets LLP	80,000,000	80,000,000
150	150	Mr. Shoaib Sultan	1,500	1,500
150	150	Mr. Fazalullah Qureshi	1,500	1,500
150	150	Dr. Rashid Bajwa	1,500	1,500
75	75	Mr. Rashid Khan	750	750
149,837,201	149,837,201		1,498,372,010	1,498,372,010

18 DEFERRED GRANTS

	Note	2017 -----Rupees-----	2016
Opening balance		810,357	10,467,055
Grants received from			
SBP	18.1	168,410	-
PPAF - SWF	18.2	-	5,357,703
SWF - PMIC	18.3	4,716,600	-
KfW	18.4	4,151,959	12,306,346
		9,036,969	17,664,049
Interest income		-	481,580
Amortization of grants during the year		(8,067,044)	(27,802,327)
		1,780,282	810,357

18.1 This represents grant received from State Bank of Pakistan (SBP) under the Financial Innovation Challenge Fund (FICF) for activities related to establishment of Islamic banking.

18.2 This represents grant received from Pakistan Poverty Alleviation Fund (PPAF) under arrangements with Sona Welfare Foundation (SWF) for implementation of Agriculture Value Chain Program in district Bahawalpur. The agreement was signed in August 2016 and was for a period of four months. Main purpose of this grant was training and awareness of farmers in district Bahawalpur.

18.3 This represents grant received from Sona Welfare Foundation (SWF) under a Memorandum of Understanding (MoU) dated May 22, 2017 between Pakistan Microfinance Investment Company (PMIC) Limited, SWF and the Bank for the purpose of implementation of Agriculture Value Chain Program in four union councils of district Bahawalpur. The activities to be undertaken for implementation of the program include training of one thousand farmers aimed at reducing crop cultivation cost and increasing crop yield for the farmers.

18.4 This represents grant received under an agreement with KfW Germany (shareholder of the Bank) through Economic Affairs Division of Government of Pakistan for the purpose of institutional strengthening, to develop and strengthen its overall strategy and planning process, internal procedures, banking functions, product offerings and staff capacities of the Bank.

19 MEMORANDUM / OFF BALANCE SHEET ITEMS

19.1 Contingencies

- i) The income tax assessment for the tax years 2013 and 2014 were amended by the Additional Commissioner Inland Revenue (ADCIR) by making certain disallowances and add backs including, apportionment of income and expenses between exempt and taxable period, disallowance of provision against non performing loans, bad debts written off etc. and created an aggregate tax demand of Rs 362 million. The Bank filed appeal against the order of ADCIR before Commissioner Inland Revenue (Appeals) [CIR (A)] who remanded the case back to ADCIR for reassessment. The Bank has preferred appeal against the decision of CIR (A) before the Appellate Tribunal, Inland Revenue (ATIR) which is pending for adjudication.
- ii) For the tax year 2015 and 2016, the ADCIR issued notices to the Bank for levy of super tax for an amount of Rs 34 million for each of the above tax years. In this respect, the Bank preferred a writ petition before the Honourable Lahore High Court (LHC) on legal grounds and was granted stay by the LHC against the proceedings till disposal of the case by the LHC. The petition is pending for adjudication.
- iii) The income tax assessment for the tax year 2016 was amended by the ADCIR by recomputing tax liability by making certain disallowances and add backs including disallowance of provision against non performing loans, disallowance of minimum tax brought forward, disallowance of prior years' tax refunds etc. and created an aggregate tax demand of Rs 104 million. The Bank has filed appeal before CIR (A) against the order of ADCIR which is pending for adjudication till date.
- iv) The Bank is defending its stance in various tax proceedings for alleged non/short withholding of tax of which proceedings are not yet culminated.

The management of the Company is of the view that ultimate outcome of the proceedings in respect of cases referred to in (i) to (iv) above are expected to be favourable to the Bank. The management further believes that liability, if any, arising on the settlement of the aforementioned cases is not likely to be material. Accordingly, no provision has been made in the financial statements in this regard.

19.2 Commitments:

There are no known material commitments as at December 31, 2017 (2016: Nil).

	Note	2017 -----Rupees-----	2016
20 MARK-UP / RETURN / INTEREST EARNED			
Interest / mark-up on			
Advances		4,494,252,195	3,027,832,940
Investments in government securities		64,552,708	43,417,200
Deposits accounts, placements with other bank / financial institutions		229,433,589	103,268,443
Investments in term finance certificates		-	572,834
Employees' loan		1,638,407	735,054
Profit on Islamic financing		186,299,800	45,379,106
		<u>4,976,176,699</u>	<u>3,221,205,577</u>
21 MARK-UP / RETURN / INTEREST EXPENSED			
Deposits	21.1	1,497,789,578	723,029,650
Profit Sharing Islamic Deposits		58,808,040	14,272,446
Borrowings	21.2	406,707,463	458,499,530
Amortization of loan processing fee on borrowings		42,711,764	30,453,792
Finance lease charges		4,894,145	3,887,353
Other costs of deposits		28,055,720	9,625,016
		<u>2,038,966,710</u>	<u>1,239,767,787</u>
21.1	Mark-up expense on deposits includes amount of Rs 299.7 million in respect of deposits by related parties as disclosed in note 32.		
21.2	It includes an amount of Rs 65.84 million (2016: Rs 63.84) in respect of mark-up expense on subordinated loan from a shareholder.		
22 FEE, COMMISSION AND BROKERAGE INCOME			
Loan processing fee on advances		545,715,946	400,198,075
Other banking services fee		68,252,069	71,297,780
Commission Income		1,816,080	116,136
		<u>615,784,095</u>	<u>471,611,991</u>
23 OTHER INCOME - NET			
Investment income		189,782,666	134,248,344
Amortization of deferred grant	18	8,067,044	27,802,327
Gain on disposal of fixed assets		13,339,939	13,782,228
Unrealized gain on derivative financial instrument		66,570,718	-
Unrealized exchange loss on borrowings		(55,000,000)	-
Write off recovered		29,263,686	19,113,200
Other services income		3,314,406	26,785,902
		<u>255,338,459</u>	<u>221,732,001</u>

	Note	2017 -----Rupees-----	2016 -----Rupees-----
26 TAXATION			
Current tax			
Current year		270,513,654	259,761,346
Prior year		-	-
		<u>270,513,654</u>	<u>259,761,346</u>
Deferred tax		13,685,440	15,950,089
		<u>284,199,094</u>	<u>275,711,435</u>

		2017 %	2016 %
26.1 Reconciliation of average tax rate and applicable tax rate			
Applicable tax rate		30.00	31.00
Effect of change in rate		(0.003)	0.050
Income charged at different tax rate		(3.171)	(1.420)
Penalties		0.007	-
Reameasurement loss on employees' benefits		(0.664)	-
Others		(0.597)	(0.925)
Average effective tax rate		<u>25.57</u>	<u>28.71</u>

		2017 -----Rupees-----	2016 -----Rupees-----
27 EARNINGS PER SHARE			
Profit after taxation	Rupees	821,474,476	684,787,169
Weighted average ordinary shares	Number	149,837,201	149,837,201
Basic and diluted earning per share	Rupees	<u>5.48</u>	<u>4.57</u>

	Note	2017 -----Rupees-----	2016 -----Rupees-----
28 CASH AND CASH EQUIVALENTS			
Cash and balances with SBP and NBP	6	1,642,950,036	1,199,468,738
Balances with other banks / NBFIs / MFBS	7	5,223,369,743	4,067,413,359
		<u>6,866,319,779</u>	<u>5,266,882,097</u>

	Credit/ sales staff	Banking / support staff	Total	
29	-----Numbers-----			
	Number of employees			
	For the year ended December 31, 2017			
Permanent	1,404	803	2,207	
Temporary / contractual	4,226	212	438	
Total	1,630	1,015	2,645	
	For the year ended December 31, 2016			
Permanent	856	720	1,576	
Temporary / contractual	433	331	764	
Total	1,289	1,051	2,340	
30	NUMBER OF BRANCHES/ SERVICE CENTRES			
	2017		2016	
	Branches	Service centers	Branches	Service centers
	-----Number-----		-----Number-----	
Branches at beginning of the year	82	16	67	1
Add: Opened during the year	22	-	15	15
Less: Closed / merged during the year	-	(15)	-	-
As at end of the year	104	1	82	16
31	REMUNERATION OF DIRECTORS AND EXECUTIVES			
	President		Executives	
	2017	2016	2017	2016
	-----Rupees-----		-----Rupees-----	
Short-term employee benefits				
Fees / Managerial remuneration	8,727,276	5,745,447	120,036,437	79,130,753
Rent and house maintenance	3,927,276	2,585,459	54,016,558	35,608,978
Utilities	872,724	574,547	12,003,757	7,913,179
Conveyance	872,724	574,547	12,003,757	7,913,179
Medical	139,540	51,993	3,200,512	2,011,438
Other allowances	-	-	8,567,171	3,657,171
Leave encashment	1,131,666	773,330	15,620,070	10,545,674
Bonus	727,273	495,230	45,111,914	9,993,213
Termination benefits				
Charge for defined benefit plan	1,139,466	780,680	16,427,316	11,029,236
Contribution to defined contribution plan	872,726	574,547	10,866,338	6,372,980
	18,410,671	12,155,780	297,853,830	174,175,801
Number of persons	1	1	110	74

In addition to the above, President / CEO and certain other executives are provided with the Bank maintained car in accordance with their terms of employment.

Non-executive directors of the Bank were not paid any remunerations except the fee for attending meetings amounting to Rs 4.2 million (2016: Rs 4.175 million) and boarding / lodging expenses incurred for such meetings.

Executives mean employees, other than President / CEO and directors, whose basic salary exceeds five hundred thousand rupees in a financial year.

Amount of Rs.150,000 is reimbursed to Non-Executive Director of the bank on account of attending board meetings as per SBP regulation (2015: Rs. 225,000).

32 BALANCES AND TRANSACTIONS WITH RELATED PARTIES

The Bank is a subsidiary of National Rural Support Program (NRSP) which holds 52% share capital of the Bank. Therefore, all subsidiaries and associated undertakings of NRSP are related parties of the Bank. Other related parties include staff retirement benefits, directors, key management personnel which include CEO and Head of Departments (HOD's) and entities under common directorship. Remuneration to directors and executives is disclosed in note 31 to these financial statements. All transactions involving related parties are subject to the approval of the Board of Directors. Significant transactions with the related parties other than those referred to in the foregoing entered into during the year are as follows:

		2017	2016
		-----Rupees-----	
Transactions during the year:	Relationship with related party		
National Rural Support Program (NRSP)	Parent Company		
Payment of rent including advance rent		10,394,148	3,654,000
Collection service income from parent company		-	30,035
KfW Germany	Shareholder		
Subordinated loan received		-	672,360,000
Mark-up accrued on sub-ordinated loan		66,110,977	63,403,946
Grant received		4,151,959	12,306,346
Institute of Rural Management (IRM)	Parent Company's Subsidiary		
Funds deposited		400,000,000	1,015,719,643
Funds withdrawn		419,450,100	1,043,015,638
Payment of profit on deposits		19,414,450	22,959,927
Employees' Gratuity Fund	Employees' Trust		
Funds deposited		-	-
Funds withdrawn		-	501,162
Payment of profit on deposits		4,048,642	5,011,616
Expense charged in respect of gratuity fund		63,338,475	42,885,077

		2017	2016
		-----Rupees-----	
Employees' Provident Fund Trust	Employees' Trust		
Funds deposited including terms deposit roll overs		439,707,883	326,195,119
Funds withdrawn including term deposits maturity		380,853,302	289,836,449
Payment of profit on deposits		16,230,591	13,382,167
Bank's contribution paid to the fund		45,755,301	31,121,499
Expense charged in respect of employer's contribution		45,755,301	31,121,499
Employees' Welfare Trust	Employees' Trust		
Funds deposited		5,502,163	6,408,010
Funds withdrawn		9,821,250	5,121,667
Payment of profit on deposits		1,001,174	2,068,032
Employee Housing Colony	Employees' Trust		
Funds deposited		3,503,299	3,229,385
Funds withdrawn		4,389,018	2,169,128
Payment of profit on deposits		1,071,145	58,648
NRSP Contributory Provident Fund	Parent Company's Employees' Trust		
Funds deposited		627,643,483	503,227,628
Funds withdrawn		677,644,183	357,180,520
Payment of profit on deposits		30,717,477	9,534,569
NRSP Employees Gratuity Fund Trust	Parent Company's Employees' Trust		
Funds deposited		993,910,552	1,040,000,000
Funds withdrawn		1,143,911,252	520,000,000
Payment of profit on deposits		62,801,016	-
NRSP Natural Resource Management	Parent Company's Project		
Funds deposited		251,550	357,473
Funds withdrawn		134,300	329,025
Payment of profit on deposits		2,182	3,079
Rural Support Programmes Network (RSPN)	Common Directorship		
Funds deposited		1,412,416,045	840,713,697
Funds withdrawn		1,431,028,256	840,672,661
Payment of profit on deposits		33,887,539	44,662,761

		2017	2016
		-----Rupees-----	
Sindh Rural Support Organization (SRSO)	Common Directorship		
Funds deposited		1,987,583,520	1,835,930,023
Funds withdrawn		1,908,534,137	1,771,328,329
Payment of profit on deposits		71,958,337	76,733,544
SRSO UC BPRP Enterprise	Common Directorship		
Funds deposited		5,498,557	3,940,029
Funds withdrawn		5,020,385	5,713,525
Payment of profit on deposits		40,786	109,555
Ghazi Barotha Tarqati Idara	Common Directorship		
Funds deposited		1,125,670,051	1,254,474,789
Funds withdrawn		1,208,797,417	863,050,271
Payment of profit on deposits		48,060,647	6,905,258
BRSP Endowment Funds	Common Directorship		
Funds deposited		430,673,400	-
Funds withdrawn		330,673,825	-
Payment of profit on deposits		695,614	-
Pakistan Microfinance Network	Common Directorship		
Funds deposited		60,000,100	-
Funds withdrawn		20,000,000	-
Profit on deposits		-	-
Dubai Islamic Bank Limited (DIBL)	Common Directorship		
Funds deposited with DIBL		2,035,330,084	80,000,000
Funds withdrawn from DIBL		1,415,332,434	-
Profit on deposits received from DIBL		28,324,499	-
Balances outstanding as at December 31, 2017			
Payable to NRSP	Parent Organisation	26,168,108	31,488,152
Sub-ordinated Debt from KfW	Shareholder	672,360,000	672,360,000
Mark-up accrued on Sub-ordinated Debt from KfW	Shareholder	129,514,923	63,403,946
Bank balance with Dubai Islamic Bank Limited	Common Directorship	719,937,333	80,000,000
Mark-up receivable from Dubai Islamic Bank Limited	Common Directorship	3,028,455	-
Payable to employees' gratuity fund	Employees' Trust	159,611,984	94,843,841

Deposits accounts contain amounts relating to following related parties:

Institute of Rural Management (IRM)	Parent Company's Subsidiary	200,369,075	200,404,725
Employees' Gratuity Fund	Employees' Trust	75,026,450	70,977,808
Employees' Provident Fund Trust	Employees' Trust	263,351,109	188,265,937
Employees' Welfare Trust	Employees' Trust	17,951,063	21,268,976
Employee Housing Colony	Employees' Trust	1,532,195	1,346,769
NRSP Contributory Provident Fund	Parent Company's Employees' Trust	236,964,610	256,247,833
NRSP Employees Gratuity Fund Trust	Parent Company's Employees' Trust	432,800,316	520,000,000
NRSP Rohi Handlooms	Parent Company's Project	2,628	2,519
NRSP Natural Resource Management	Parent Company's Project	256,663	137,231
Rural Support Programmes Network (RSPN)	Common Directorship	475,031,243	459,755,915
Sindh Rural Support Organization (SRSO)	Common Directorship	965,117,357	814,109,637
SRSO UC BPRP Enterprise	Common Directorship	899,937	380,979
Ghazi Barotha Tarqiati Idara	Common Directorship	441,399,326	476,466,045
BRSP Endowment Funds	Common Directorship	100,695,189	-
Pakistan Microfinance Network	Common Directorship	40,000,100	-

33 Fair value of financial instruments

The fair value of traded investments is based on quoted market prices, except for securities classified by the Bank as 'held to maturity'. Securities classified as held to maturity are carried at amortized cost. Fair value of unquoted equity investments is determined on the basis of break up value of these investments as per the latest available audited financial statements.

Fair value of fixed term loans, other assets, other liabilities, fixed term deposits and borrowings cannot be calculated with sufficient reliability due to the absence of current and active market for such assets and liabilities and reliable data regarding market rates for similar instruments. The provision for impairment of loans and advances has been calculated in accordance with the Bank's accounting policy as stated in note 5.4 to these financial statements.

Fair value of remaining financial assets and liabilities except fixed term loans, staff loans, non-performing advances and fixed term deposits is not significantly different from the carrying amounts since assets and liabilities are either short term in nature or are frequently repriced in the case of customer loans and deposits.

The Bank measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurements using input for the asset or liability that are not based on observable market data (i.e. unobservable inputs)

a) Financial instruments in level 1

Financial instruments included in level 1 comprise of investment in units of mutual funds.

b) Financial instruments in level 2

Financial instruments included in level 2 comprise of derivative assets.

c) Financial instruments in level 3

Currently, no financial instruments are classified in level 3.

The Bank's policy is to recognise transfers into and out of the different fair value hierarchy levels at the date the event or change in circumstances that caused such transfer takes place. There were no transfers between levels 1 and 2 during the year.

The table below analyses the financial and non-financial assets carried at fair values, by valuation methods. Valuation of investments is carried out as per guidelines specified by the SBP.

	Level 1	Level 2	Level 3
	-----'Rupees'-----		
December 31, 2017			
Financial assets measured at fair value			
Held for trading investments - Units of mutual funds	1,066,747,508	-	-
Fair value of derivative financial instruments	-	66,570,718	-
	1,066,747,508	66,570,718	-
December 31, 2016			
Financial assets measured at fair value			
Held for trading investments - Units of mutual funds	5,151,747,252	-	-

Valuation techniques and inputs used in determination of fair values

<u>Item</u>	<u>Valuation techniques and inputs used</u>
Units of mutual funds	Fair value of investment in units of mutual funds is determined based on Net Asset Value per unit as at close of business day available at MUFAP.
Fair value of derivative financial instrument	Fair value of derivative financial instruments is calculated is determined by discounting estimated future cash flows that are based on the respective currency's yield curve.

34 SCHEDULE OF MATURITY OF MARKET RATE ASSETS AND LIABILITIES

	Total	Upto one month	Over one month upto six months	Over six months upto one year	Over one year
----- (Rupees) -----					
As at December 31, 2017					
Market rate assets					
Advances – net of provision	20,705,809,185	564,451,754	7,269,016,027	6,669,458,991	6,202,882,413
Investments	2,696,482,931	1,067,240,648	1,484,679,524	5,000,000	139,562,759
Balances with NBP on saving deposits	1,050,111	1,050,111	-	-	-
Balances with other banks on saving deposits	5,191,956,626	4,591,956,626	600,000,000	-	-
Total market rate assets	28,595,298,853	6,224,699,139	9,353,695,551	6,674,458,991	6,342,445,172
Other non-earning assets					
Cash and balances with SBP and NBP	1,641,899,925	1,641,899,925	-	-	-
Balances with other banks on current accounts	31,413,117	31,413,117	-	-	-
Operating fixed assets	533,617,070	-	-	-	533,617,070
Other assets	2,787,279,551	201,219,548	1,001,358,812	447,374,148	1,137,327,043
Total non-earning assets	4,994,209,663	1,874,532,590	1,001,358,812	447,374,148	1,670,944,113
Total assets	33,589,508,516	8,099,231,729	10,355,054,363	7,121,833,139	8,013,389,285
Market rate liabilities					
Deposits and other accounts	21,111,179,447	7,512,494,413	6,385,436,640	6,578,404,124	634,844,270
Finance lease obligation	87,178,714	2,131,389	10,288,412	12,131,873	62,627,040
Subordinated loan	672,360,000	-	-	-	672,360,000
Borrowings	3,293,888,888	190,000,000	1,465,555,555	510,555,555	1,127,777,778
Total market rate liabilities	25,164,607,049	7,704,625,802	7,861,280,607	7,101,091,552	2,497,609,088
Other non-cost bearing liabilities					
Current deposits	2,560,640,185	2,560,640,185	-	-	-
Other liabilities	1,835,734,908	788,311,203	388,881,676	187,800,078	470,741,951
Deferred tax liability	14,616,979	-	-	-	14,616,979
Total non-cost bearing liabilities	4,410,992,072	3,348,951,388	388,881,676	187,800,078	485,358,930
Total liabilities	29,575,599,121	11,053,577,190	8,250,162,283	7,288,891,630	2,982,968,018

34.1 SCHEDULE OF MATURITY OF MARKET RATE ASSETS AND LIABILITIES

	Total	Upto one month	Over one month upto six months	Over six months upto one year	Over one year
----- (Rupees) -----					
As at December 31, 2016					
Market rate assets					
Advances – net of provision	2 13,126,730,911	337,471,465	3,834,300,442	3,132,609,231	5,822,349,773
Investments	6,109,061,490	5,151,747,252	790,995,349	124,166,205	42,152,684
Balances with other banks	4,062,112,768	2,584,112,768	1,478,000,000	-	-
Total market rate assets	23,297,905,169	8,073,331,485	6,103,295,791	3,256,775,436	5,864,502,457
Other non-earning assets					
Cash and balances with SBP and NBP	1,199,468,738	1,199,468,738	-	-	-
Balances with other banks	5,300,591	5,300,591	-	-	-
Operating fixed assets	353,177,316	-	-	-	353,177,316
Other assets	1,596,576,278	172,440,373	525,193,989	202,463,431	696,478,485
Deferred tax assets	-	-	-	-	-
Total non-earning assets	3,154,522,923	1,377,209,702	525,193,989	202,463,431	1,049,655,801
Total assets	26,452,428,092	9,450,541,187	6,628,489,780	3,459,238,867	6,914,158,258
Market rate liabilities					
Deposits and other accounts	16,212,735,421	7,715,475,737	3,898,732,000	4,147,798,533	450,729,151
Finance lease obligation	66,015,366	1,574,222	8,087,671	10,187,807	46,165,666
Subordinated debt	672,360,000	-	-	-	672,360,000
Borrowings	4,677,175,000	405,000,000	1,125,643,056	1,265,643,056	1,880,888,888
Total market rate liabilities	21,628,285,787	8,122,049,959	5,032,462,727	5,423,629,396	3,050,143,705
Other non-cost bearing liabilities					
Current deposits	709,348,196	709,348,196	-	-	-
Other liabilities	910,132,777	494,532,811	111,807,397	106,419,448	197,373,121
Deferred tax liability	931,540	-	-	-	931,540
Total non-cost bearing liabilities	1,620,412,513	1,203,881,007	111,807,397	106,419,448	198,304,661
Total liabilities	23,248,698,300	9,325,930,966	5,144,270,124	5,530,048,844	3,248,448,366

35 CAPITAL MANAGEMENT

The Bank's objectives when managing its capital are:

- a) To comply with the capital requirements set by the SBP;
- b) To safeguard the Bank's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- c) To maintain a strong capital base to support the development of its business.

Capital requirements applicable to the Bank are set out under Microfinance Institutions Ordinance, 2001. These requirements are put in place to ensure sufficient solvency margins. The Bank manages its capital requirement by assessing its capital structure against required capital level on regular basis. The minimum paid up capital requirement applicable to the Bank is Rs 1 billion whereas the paid up capital of the Bank as at December 31, 2017 is Rs 1.49 billion.

The Bank intends to maintain the required regulatory capital either through its risk management strategies or by increasing the capital in line with the business and capital needs.

36 RECLASSIFICATION

Corresponding figures have been reclassified as per the details given below to reflect more appropriate presentation of the related transactions in the financial statements. These reclassifications have no effect on previously reported net income or shareholders' equity.

From	To	Rupees
Other assets	Investments	6,482,466
Other income	Fee, commission and brokerage income	1,918,551

37 GENERAL

Account captions, as prescribed by BSD Circular N^o 11, dated December 30, 2003, in the context of which there are no amounts, have not been reproduced in these financial statements, except for the captions of the balance sheet and profit and loss account.

38 DATE OF APPROVAL

These financial statements were approved and authorised by the Board of Directors of the Bank in their meeting held on March 06, 2018.



PRESIDENT



CHAIRMAN



DIRECTOR



DIRECTOR

NOTES TO THE FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

Details of property and equipment disposed off during the year as referred to Note 10.2.2 of financial statements:

Particulars of assets	Cost	Depreciation	Book value	Sale Proceed	Gain/Loss	Mode of disposal	Particulars of buyers
Motor vehicles							
1000 CC - Potohar (Reg # BRK-05-9203, Eng # 5109942, Chassis # 333511)	264,550	264,550	-	438,000	438,000	Assets Auction	Tariq Mahmood
1000 CC - Potohar (Reg # BRK-02-9709, Eng # J 109962, Chassis # 333554)	223,725	223,725	-	512,999	512,999	Assets Auction	Muhammad Munir
1000 CC - Potohar (Reg # IDL-02-1853, Eng # 703989, Chassis # 331494)	287,530	265,611	21,919	456,999	435,080	Assets Auction	Muhammad Munir
1000 CC - Potohar (Reg # IDL-02-4951, Eng # I 108224, Chassis # 331052)	248,725	248,725	-	326,000	326,000	Assets Auction	Tariq Mahmood
1000 CC - Potohar (Reg # IDL-02-4968, Eng # 331053, Chassis # I 108223)	187,500	187,500	-	402,000	402,000	Assets Auction	Tariq Mahmood
1000 CC - Potohar (Reg # IDL-02-4969, Eng # 108237, Chassis # 331063)	171,000	171,000	-	384,999	384,999	Assets Auction	Muhammad Munir
1000 CC - Potohar (Reg # IDM-03-1297, Eng # 108764, Chassis # 331795)	341,585	303,713	37,872	457,000	419,128	Assets Auction	Muhammad Usman
1000 CC - Potohar (Reg # IDN-04-4613, Eng # 109138, Chassis # 332275)	433,633	433,633	-	505,999	505,999	Assets Auction	Muhammad Munir
1000 CC - Potohar (Reg # KF-07-396, Eng # 118697, Chassis # 334773)	186,883	186,883	-	561,999	561,999	Assets Auction	Muhammad Munir
800 CC - Mehran (Reg # BRA-08-1072, Eng # 410216, Chassis # 948761)	291,430	291,430	-	240,786	240,786	Assets Auction	Rehmat Ali
800 CC - Mehran (Reg # BRA-08-1358, Eng # 416435, Chassis # SB 308 PK-954964)	269,995	269,995	-	235,000	235,000	Assets Auction	Shoukat Ali
800 CC - Mehran (Reg # BRA-08-1364, Eng # B 416639, Chassis # 955164)	229,198	229,198	-	231,000	231,000	Assets Auction	Shoukat Ali
800 CC - Mehran (Reg # BRA-08-1368, Eng # B 416442, Chassis # 954972)	233,810	233,810	-	226,500	226,500	Assets Auction	Shoukat Ali
800 CC - Mehran (Reg # BRA-08-1369, Eng # B416636, Chassis # 955172)	230,621	230,621	-	250,000	250,000	Assets Auction	Shoukat Ali
800 CC - Mehran (Reg # BRA-08-1373, Eng # B 416624, Chassis # 955158)	213,725	213,725	-	227,500	227,500	Assets Auction	Shoukat Ali
800 CC - Mehran (Reg # BRA-08-1376, Eng # B 416627, Chassis # 955169)	215,660	211,295	4,365	225,500	221,135	Assets Auction	Shoukat Ali
800 CC - Mehran (Reg # BRA-08-1377, Eng # B 416630, Chassis # 955167)	213,725	213,725	-	232,999	232,999	Assets Auction	Muhammad Munir
800 CC - Mehran (Reg # BRA-08-1657, Eng # B 425052, Chassis # 963589)	250,874	250,874	-	230,500	230,500	Assets Auction	Muhammad Tahir Yaseen
800 CC - Mehran (Reg # BRA-08-1659, Eng # B 425055, Chassis # 963588)	233,810	233,810	-	250,500	250,500	Assets Auction	Shoukat Ali
800 CC - Mehran (Reg # BRA-08-1378, Eng # B 416592, Chassis # 955176)	279,460	279,460	-	235,000	235,000	Assets Auction	Shoukat Ali
800 CC - Mehran (Reg # BRO-07-185, Eng # B 389984, Chassis # 928540)	291,468	291,468	-	280,070	280,070	Assets Auction	Syed Arif Hussain

Particulars of assets	Cost	Depreciation	Book value	Sale Proceed	Gain/Loss	Mode of disposal	Particulars of buyers
				-----Rupees-----			
Motor vehicles							
993 CC - Cultus (Reg # BR-10-331, Eng # PKF 545174, Chassis # SF410 PK 452050)	805,467	805,467	-	670,135	670,135	Assets Auction	Muhammad Yaseen
1300 CC - XLI (Reg # BR-12-536, Eng # Y539592, 1,570,350 Chassis # NZE140-2136123)	1,570,350		-	1,210,600	1,210,600	Assets Auction	Muhammad Tahir Yaseen
1300 CC - XLI (Reg # BR-12-538, Eng # Y541066, 1,593,090 Chassis # NZE140-2136121)	1,593,090		-	1,218,333	1,218,333	Assets Auction	Muhammad Latif
1300 CC - XLI (Reg # BR-12-539, Eng # Y540941, Chassis # NZE140-2136122)	1,570,350	1,570,350	-	1,213,333	1,213,333	Assets Auction	Muhammad Latif
2400 CC - Family Cabin (Reg # IDN-05-4198, Eng # 5361888, Chassis # LN 1453005018)	583,425	577,609	5,816	1,087,786	1,081,970	Assets Auction	Hashim Bhatti
70 CC - Bike (Reg # BRO-07-4912, Eng # 4224252, Chassis # JC 391089)	39,020	39,020	-	26,127	26,127	Assets Auction	Muhammad Irshad
70 CC - Bike (Reg # BRL-12-8726, Eng # 5660688, Chassis # JE 102759)	69,700	69,700	-	33,999	33,999	Assets Auction	Muhammad Ejaz Adeel
70 CC - Bike (Reg # BRM-12-2855, Eng # 5694175, Chassis # JE 144247)	69,575	69,575	-	32,999	32,999	Assets Auction	Muhammad Ejaz Adeel
70 CC - Bike (Reg # BRM-12-2858, Eng # 5694291, Chassis # JE 144340)	69,575	69,575	-	34,999	34,999	Assets Auction	Muhammad Ejaz Adeel
70 CC - Bike (Reg # BRM-12-2859, Eng # 5694298, Chassis # JE 144345)	69,575	69,575	-	33,999	33,999	Assets Auction	Muhammad Ejaz
70 CC - Bike (Reg # BRM-12-2878, Eng # 5694215, Chassis # JE 144284)	69,575	69,575	-	35,999	35,999	Assets Auction	Muhammad Ejaz Adeel
70 CC - Bike (Reg # BRN-12-7283, Eng # 5838793, Chassis # JE 345034)	70,075	70,075	-	29,700	29,700	Assets Auction	Tariq Hussain
70 CC - Bike (Reg # BRN-12-7261, Eng # 5839041, Chassis # JE 345111)	70,075	70,075	-	30,855	30,855	Assets Auction	Zubair Nazeer
70 CC - Bike (Reg # BRN-12-7270, Eng # 5838970, Chassis # JE)	70,075	70,075	-	30,550	30,550	Assets Auction	Tariq Mahmood
70 CC - Bike (Reg # BRN-12-7282, Eng # 5838895, Chassis # JE 345109)	70,075	70,075	-	29,555	29,555	Assets Auction	Muhammad Imran
70 CC - Bike (Reg # BRK-13-6546, Eng # 5899393, Chassis # JE 421471)	71,030	67,276	3,754	33,111	29,357	Assets Auction	Muhammad Rehman Akram
70 CC - Bike (Reg # BRK-13-6552, Eng # 5904228, Chassis # JE 426430)	71,030	67,276	3,754	31,786	28,032	Assets Auction	Maqdoor Hussain
70 CC - Bike (Reg # BRK-13-8345, Eng # 5892045, Chassis # JE 412096)	71,030	67,276	3,754	33,507	29,753	Assets Auction	Shahzad Khurram

Particulars of assets	Cost	Depreciation	Book value	Sale Proceed	Gain/Loss	Mode of disposal	Particulars of buyers
Motor vehicles							
70 CC - Bike (Reg # BRM-13-3551, Eng # 6694902, Chassis # AK 658807)	71,385	62,816	8,569	34,500	25,931	Assets Auction	Muhammad Ajmal
70 CC - Bike (Reg # BRN-13-4052 , Eng # 6114938, Chassis # JE-730988)	71,985	57,140	14,845	33,500	18,655	Assets Auction	Muhammad Akram
70 CC - Bike (Reg # BRN-13-4032 , Eng # 6116794, Chassis # JE-732844)	71,985	57,140	14,845	34,600	19,755	Assets Auction	Pervaiz Akhtar
70 CC - Bike (Reg # BRN-13-4033 , Eng # 6116802, Chassis # JE-732929)	71,985	57,140	14,845	37,100	22,255	Assets Auction	Muhammad Riaz
70 CC - Bike (Reg # BRK-14-8334 , Eng # 6187900, Chassis # JE-851977)	72,885	50,671	22,214	35,000	12,786	Insurance Claim	Jubilee Insurance.
70 CC - Bike (Reg # BRK-14-8348, Eng # 6187905, Chassis # JE-851892)	72,885	55,530	17,355	36,200	18,845	Assets Auction	Zulfiqar
70 CC - Bike (Reg # BRK-14-8354, Eng # 6187937, Chassis # JE-852005)	72,885	55,530	17,355	36,200	18,845	Assets Auction	Muhammad Nadeem
70 CC - Bike (Reg # BRK-14-8363, Eng # 6185443, Chassis # JE-847529)	72,885	48,242	24,643	55,000	30,357	Insurance Claim	Jubilee Insurance.
70 CC - Bike (Reg # BRO-14-7308, Eng # 6362346, Chassis # JG-094903) AVC	72,990	44,959	28,031	38,789	10,758	Assets Auction	Muhammad Sajid
70 CC - Bike (Reg # BRO-14-7306, Eng # 6361849, Chassis # JG-094559) AVC	72,990	44,959	28,031	38,600	10,569	Assets Auction	Muhammad Sajid
70 CC - Bike (Reg # BRO-14-7304, Eng # 6362221, Chassis # JG-094814) AVC Farman	72,990	44,959	28,031	38,999	10,968	Assets Auction	Rana Muhammad
70 CC - Bike (Reg # BRO-14-7302, Eng # 6361819, Chassis # JG-094383) AVC	72,990	44,959	28,031	35,300	7,269	Assets Auction	Saqib
70 CC - Bike (Reg # BRO-14-7299, Eng # 6362184, Chassis # JG-094728) AVC Farman	72,990	44,959	28,031	39,999	11,968	Assets Auction	Rana Muhammad
70 CC - Bike (Reg # BRO-14-7298, Eng # 6362111, Chassis # JG-094790) AVC	72,990	44,959	28,031	37,200	9,169	Assets Auction	Muhammad Riaz
70 CC - Bike (Reg # BRO-14-7307, Eng # 6362227, Chassis # JG-094818)	72,990	44,959	28,031	37,200	9,169	Assets Auction	Khadim Hussain
70 CC - Bike (Reg # BRP-14-2393, Eng # 6387556, Chassis # JG-126134) AVC	72,990	44,959	28,031	36,100	8,069	Assets Auction	Muhammad Sajid
70 CC - Bike (Reg # BRP-14-2270, Eng # 6847501, Chassis # CA-158708) AVC	72,990	44,959	28,031	37,200	9,169	Assets Auction	Abid Hussain
70 CC - Bike (Reg # BRP-14-2386, Eng # 6847544, Chassis # CA-158750) AVC	72,990	44,959	28,031	36,770	8,739	Assets Auction	Ejaz Maqsood

Particulars of assets	Cost	Depreciation	Book value	Sale Proceed	Gain/Loss	Mode of disposal	Particulars of buyers
-----Rupees-----							
Motor vehicles							
70 CC - Bike (Reg # BRP-14-2385, Eng # 6847485, Chassis # CA-158704) AVC	72,990	44,959	28,031	37,620	9,589	Assets Auction	Ejaz Maqsood
70 CC - Bike (Reg # BRP-14-2388, Eng # 6380691, Chassis # JG-117253) AVC	72,990	44,959	28,031	37,512	9,481	Assets Auction	Rizwan Akram
70 CC - Bike (Reg # BRP-14-2389, Eng # 6380676, Chassis # JG-117264) AVC	72,990	44,959	28,031	37,552	9,521	Assets Auction	Hafiz Mazhar Hussain
Sub total	13,829,7491	3,249,441	580,308	13,519,664	12,939,356		
Office equipment							
Photocopier	46,185	46,185	-	2,000	2,000	Assets Auction	Shaheen Nawaz
Photocopier	44,711	44,711	-	2,500	2,500	Assets Auction	Shaheen Nawaz
Photocopier	45,482	45,482	-	620	620	Assets Auction	Abdul Hameed
Photocopier	24,742	24,742	-	610	610	Assets Auction	Abdul Hameed
Photocopier	65,356	65,356	-	610	610	Assets Auction	Abdul Hameed
Photocopier	49,081	49,081	-	610	610	Assets Auction	Abdul Hameed
Photocopier	67,896	67,896	-	610	610	Assets Auction	Abdul Hameed
Photocopier	59,142	59,142	-	610	610	Assets Auction	Abdul Hameed
Photocopier	63,826	63,826	-	610	610	Assets Auction	Abdul Hameed
Photocopier	63,826	63,826	-	610	610	Assets Auction	Abdul Hameed
Photocopier	63,826	63,826	-	610	610	Assets Auction	Abdul Hameed
Photocopier	75,577	75,577	-	610	610	Assets Auction	Abdul Hameed
Photocopier	65,661	65,661	-	610	610	Assets Auction	Abdul Hameed
Photocopier	75,577	75,577	-	610	610	Assets Auction	Abdul Hameed
Photocopier	64,047	64,047	-	610	610	Assets Auction	Abdul Hameed
Photocopier	73,361	73,361	-	610	610	Assets Auction	Abdul Hameed
Photocopier	35,162	35,162	-	610	610	Assets Auction	Abdul Hameed
Photocopier	85,467	85,467	-	610	610	Assets Auction	Abdul Hameed
Photocopier	31,601	31,601	-	610	610	Assets Auction	Abdul Hameed
Photocopier	66,772	66,772	-	610	610	Assets Auction	Abdul Hameed
Photocopier	66,353	66,353	-	610	610	Assets Auction	Abdul Hameed
Photocopier	101,614	101,614	-	610	610	Assets Auction	Abdul Hameed
Photocopier	70,770	70,770	-	610	610	Assets Auction	Abdul Hameed
Photocopier	62,661	62,661	-	610	610	Assets Auction	Abdul Hameed
Photocopier	64,106	64,106	-	610	610	Assets Auction	Abdul Hameed
Photocopier	55,601	55,601	-	610	610	Assets Auction	Abdul Hameed
Photocopier (Panasonic 8020)	60,738	60,738	-	610	610	Assets Auction	Abdul Hameed
Photocopier DP 8020	89,496	89,496	-	610	610	Assets Auction	Abdul Hameed
Photocopier DP 8020	94,130	94,130	-	610	610	Assets Auction	Abdul Hameed

Particulars of assets	Cost	Depreciation	Book value	Sale Proceed	Gain/Loss	Mode of disposal	Particulars of buyers
Office equipment							
Photocopier							
DP 8020	86,440	86,440	-	610	610	Assets Auction	Abdul Hameed
Photocopier							
DP 8020	133,916	133,916	-	610	610	Assets Auction	Abdul Hameed
LG 14"	3,551	3,551	-	1,315	1,315	Assets Auction	Zubair Nazeer
LG 14"	3,551	3,551	-	1,280	1,280	Assets Auction	Zubair Nazeer
LG 14"	6,213	6,213	-	1,280	1,280	Assets Auction	Zubair Nazeer
LG 14"	4,594	4,594	-	1,280	1,280	Assets Auction	Zubair Nazeer
Television							
LG 14"	8,411	8,411	-	2,500	2,500	Assets Auction	Faisal Razzaq
Generator	299,993	299,993	-	7,000	7,000	Assets Auction	Abdul Wajid Qureshi
Generator	50,895	50,895	-	7,000	7,000	Assets Auction	Abdul Wajid
Generator H							
onda 2500 Watt	43,710	43,710	-	7,000	7,000	Assets Auction	Abdul Wajid
Generator							
Honda	59,763	59,763	-	7,000	7,000	Assets Auction	Abdul Wajid
Honda							
Generator	69,271	69,271	-	7,000	7,000	Assets Auction	Abdul Wajid
Generator							
Honda	46,544	46,544	-	6,000	6,000	Assets Auction	Abdul Wajid
Honda							
EG 6500 CXS	186,508	186,508	-	6,000	6,000	Assets Auction	Abdul Wajid
Yamaha Generator 5 KVA	160,996	160,996	-	12,500	12,500	Assets Auction	Abdul Islam
Yamaha Generator 5 KVA	160,996	160,996	-	12,500	12,500	Assets Auction	Abdul Islam
Yamaha Generator 5 KVA	194,026	155,425	38,601	39,000	399	Assets Auction	Abdul Wajid
Yamaha Generator 5 KVA	160,996	142,213	18,783	19,000	217	Assets Auction	Abdul Wajid
Yamaha Generator 5 KVA	160,996	142,213	18,783	19,000	217	Assets Auction	Abdul Wajid
Yamaha Generator 5 KVA	160,996	142,213	18,783	19,000	217	Assets Auction	Abdul Wajid
Yamaha Generator 5 KVA	192,426	176,839	15,587	12,500	(3,087)	Assets Auction	Abdul Islam
Yamaha Generator 5 KVA	193,426	154,104	39,322	40,000	678	Assets Auction	Abdul Wajid
Yamaha Generator 5 KVA	160,996	160,996	-	12,500	12,500	Assets Auction	Abdul Islam
Yamaha Generator 5 KVA	160,996	142,213	18,783	19,000	217	Assets Auction	Abdul Wajid
Yamaha Generator 5 KVA	160,996	142,213	18,783	19,000	217	Assets Auction	Abdul Wajid
Air Cooler	4,402	4,402	-	1,201	1,201	Assets Auction	Amjad Hussain
Air Cooler	4,402	4,402	-	1,200	1,200	Assets Auction	Muhammad Amjad

Particulars of assets	Cost	Depreciation	Book value	Sale Proceed	Gain/Loss	Mode of disposal	Particulars of buyers
Office equipment							
REFRIGERATER PEL	9,573	9,573	-	1,000	1,000	Assets Auction	Muhammad Qasim
Refrigerator (Haier)	8,968	8,968	-	1,000	1,000	Assets Auction	Muhammad Qasim
Refrigerator (Haier)	5,891	5,891	-	1,000	1,000	Assets Auction	Muhammad Qasim
Refrigerator (Dawalance)	6,914	6,914	-	1,000	1,000	Assets Auction	Muhammad Qasim
Refrigerator (Haier)	11,099	11,099	-	1,000	1,000	Assets Auction	Muhammad Qasim
Refrigerator Haier	15,887	15,887	-	1,000	1,000	Assets Auction	Muhammad Qasim
Referigerator Haier	15,887	15,887	-	1,000	1,000	Assets Auction	Muhammad Qasim
Deep Freezer (Dawalance)	15,887	15,887	-	3,600	3,600	Assets Auction	Usman Ramzan
Refrigerator (Haier)	16,169	16,169	-	1,000	1,000	Assets Auction	Muhammad Qasim
Refrigerator Dawalance with							
Stabilizer 1500 Watt	11,348	11,348	-	6,500	6,500	Assets Auction	Shaheen Nawaz
Refrigerator (Haier)	8,619	8,619	-	1,000	1,000	Assets Auction	Muhammad Qasim
Refrigerator (Dawalance)							
Stabilizer Pel 4500 Watt	19,298	19,298	-	6,000	6,000	Assets Auction	Shaheen Nawaz
Refrigerator (Dawalance)	5,081	5,081	-	3,400	3,400	Assets Auction	Muhammad Qasim
Refrigerator (Dawalance)							
Stabilizer 3000 Watt	9,121	9,121	-	1,000	1,000	Assets Auction	Muhammad Qasim
Refrigerator (Dawalance) with							
Stabilizer 3000 Watt L.G	14,743	14,743	-	8,000	8,000	Assets Auction	Muhammad Qasim
Refrigerator (Haier)	6,422	6,422	-	10,600	10,600	Assets Auction	Muhammad Qasim
Referigerator Dawalance	35,799	29,236	6,563	16,786	10,223	Assets Auction	Muhammad Naeem
Deep Freezer Waves Triplet 13 LT	4,598	4,598	-	1,200	1,200	Assets Auction	Abdul Hameed
Electric Water Cooler	33,590	33,590	-	5,187	5,187	Assets Auction	Muhammad Sajid
Electric Water Cooler 40 Gallon	30,404	27,205	3,199	5,000	1,801	Assets Auction	Muhammad Sajid
Water Dispenser	10,431	10,431	-	900	900	Assets Auction	Abdul Hameed
Water Dispenser (Homage)	7,980	7,980	-	850	850	Assets Auction	Abdul Hameed
Water Dispenser Orient	3,522	3,522	-	850	850	Assets Auction	Abdul Hameed
Water Dispenser (Homeage)	9,067	9,067	-	850	850	Assets Auction	Abdul Hameed
Water Dispenser	6,970	6,970	-	850	850	Assets Auction	Abdul Hameed
Water Dispenser Homage	6,388	6,388	-	850	850	Assets Auction	Abdul Hameed
Water Dispenser Orient	9,240	9,240	-	850	850	Assets Auction	Abdul Hameed
Electric Geezor	2,329	2,329	-	1,499	1,499	Assets Auction	Usman Ramzan
Sub total	5,054,002	4,856,815	197,187	387,028	189,841		
Furniture and fixtures							
Almirah (Iron)	7,338	4,953	2,385	3,132	747	Assets Auction	Usman Ramzan
Almirah (Iron)	4,639	3,131	1,508	2,368	860	Assets Auction	Usman Ramzan
Almirah (Iron)	4,639	3,131	1,508	1,600	92	Assets Auction	Usman Ramzan
Cash Safe (Small)	15,487	9,292	6,195	3,000	(3,195)	Assets Auction	Muhammad Qasim
Cash Safe (Small)	13,860	8,316	5,544	3,000	(2,544)	Assets Auction	Muhammad Qasim
Cash Safe for Bank Branch	11,059	6,636	4,423	3,000	(1,423)	Assets Auction	Muhammad Qasim
Fire Proof Cash Safe	11,919	7,152	4,767	3,000	(1,767)	Assets Auction	Muhammad Qasim
Fire Proof Cash Safe	11,919	7,152	4,767	3,000	(1,767)	Assets Auction	Muhammad Qasim
Bed with mattress	2,068	1,241	827	4,475	3,648	Assets Auction	Khalid Mehmood

Particulars of assets	Cost	Depreciation	Book value	Sale Proceed	Gain/Loss	Mode of disposal	Particulars of buyers
Furniture and fixtures							
Bed with mattress	2,281	1,369	912	4,475	3,563	Assets Auction	Khalid Mahmood
Bed with Mattress	2,274	1,364	910	4,475	3,565	Assets Auction	Khalid Mehmood
Bed with Mattress	2,274	1,364	910	4,475	3,565	Assets Auction	Khalid Mehmood
Sign Board (Back Lit Board)	82,165	11,640	70,525	350	(70,175)	Broken & Sold	Mr. Rasheed
Sub total	171,922	66,741	105,181	40,350	64,831		
Computer equipment							
Computer with LCD (Core 2 Duo, 1.8 Ghz, 2 GB Ram)	11,755	11,641	114	2,786	2,672	Assets Auction	Muhammad Qasim
Computer	22,212	21,996	216	3,500	3,284	Assets Auction	Muhammad Qasim
Computer	16,439	16,279	160	1,500	1,340	Assets Auction	Muhammad Qasim
Computer with LCD (P-4, 3.2 GHz, 1 GB Ram, 80 GB Hard Disk)	29,887	29,596	291	1,500	1,209	Assets Auction	Muhammad Qasim
Computer with LCD (P-4, 3.2 GHz, 2 GB Ram, 80 GB Hard Disk)	21,537	21,328	209	1,500	1,291	Assets Auction	Muhammad Qasim
Computer	14,392	14,252	140	1,500	1,360	Assets Auction	Muhammad Qasim
Computer	16,721	16,559	162	1,500	1,338	Assets Auction	Muhammad Qasim
Computer	28,172	27,898	274	1,500	1,226	Assets Auction	Muhammad Qasim
Computer	11,078	10,970	108	1,500	1,392	Assets Auction	Muhammad Qasim
Computer	19,446	19,257	189	1,500	1,311	Assets Auction	Muhammad Qasim
Computer	19,446	19,257	189	1,435	1,246	Assets Auction	Muhammad Qasim
Computer with LCD (Dual Core, 3.30 Ghz, 2 GB Ram)	37,758	37,391	367	1,395	1,028	Assets Auction	Muhammad Qasim
Computer	10,037	9,940	97	1,500	1,403	Assets Auction	Muhammad Qasim
Computer with LCD (Pentium D, 3.40 Ghz, 2 GB Ram)	16,400	16,241	159	1,395	1,236	Assets Auction	Muhammad Qasim
Computer with LCD	15,949	15,794	155	1,500	1,345	Assets Auction	Muhammad Qasim
Computer with LCD (Core 2 Duo, 2 GB Ram)	41,261	40,860	401	1,500	1,099	Assets Auction	Muhammad Qasim
Computer with LCD (Core 2 Duo, 1.8 GHz, 2 GB Ram, 80 GB Hard Disk)	41,261	40,860	401	1,500	1,099	Assets Auction	Muhammad Qasim
Computer	30,289	29,995	294	1,500	1,206	Assets Auction	Muhammad Qasim
Computer	20,624	20,423	201	210	9	Assets Auction	Faisal Jan
Computer	20,624	20,423	201	210	9	Assets Auction	Faisal Jan
Computer	20,624	20,423	201	210	9	Assets Auction	Faisal Jan
Computer	20,624	20,423	201	210	9	Assets Auction	Faisal Jan
Computer	34,677	34,340	337	350	13	Assets Auction	Faisal Jan
Computer	36,290	35,937	353	360	7	Assets Auction	Faisal Jan
Computer	5,811	5,754	57	250	193	Assets Auction	Faisal Jan
Computer	27,840	27,569	271	300	29	Assets Auction	Faisal Jan
Computer	7,866	7,790	76	200	124	Assets Auction	Faisal Jan
Computer	7,866	7,790	76	200	124	Assets Auction	Faisal Jan
Computer with LCD (Core 2 Duo, 2.33 GHz, 2 GB Ram)	7,576	7,502	74	200	126	Assets Auction	Faisal Jan
Computer	9,243	9,153	90	1,395	1,305	Assets Auction	Muhammad Qasim

Particulars of assets	Cost	Depreciation	Book value	Sale Proceed	Gain/Loss	Mode of disposal	Particulars of buyers
Computer equipment							
Computer with LCD (P-IV, 3.20 Ghz, 2 GB Ram)	7,212	7,142	70	200	130	Assets Auction	Faisal Jan
Computer with LCD (P-IV, 3.20 Ghz, 2 GB Ram)	22,576	22,357	219	250	31	Assets Auction	Faisal Jan
Computer with LCD (Core 2 Duo, 1.80 Ghz, 512 MB Ram)	20,623	20,422	201	250	49	Assets Auction	Faisal Jan
Computer	12,776	12,652	124	250	126	Assets Auction	Faisal Jan
Computer	12,776	12,652	124	250	126	Assets Auction	Faisal Jan
Computer with LCD (P-IV, 3.20 GHz, 2 GB Ram)	10,060	9,962	98	250	152	Assets Auction	Faisal Jan
Computer with LCD (P-IV, 3.20 Ghz, 2 GB Ram)	47,421	46,960	461	500	39	Assets Auction	Faisal Jan
Computer with LCD (P-IV, 3.20 Ghz, 2GB Ram)	32,688	32,370	318	400	82	Assets Auction	Faisal Jan
Computer with LCD (P-IV, 3.40 Ghz, 2 GB Ram)	32,688	32,370	318	1,395	1,077	Assets Auction	Muhammad Qasim
Computer	11,696	11,582	114	200	86	Assets Auction	Faisal Jan
Computer	7,842	7,766	76	1,395	1,319	Assets Auction	Muhammad Qasim
Computer with LCD (P-IV, 3.0 Ghz, 1 GB Ram)	16,295	16,136	159	250	91	Assets Auction	Faisal Jan
Computer with LCD (Intel Dula Core, 1.60 Ghz, 1 GB Ram)	16,295	16,136	159	250	91	Assets Auction	Faisal Jan
Computer with LCD (P-4, 512 MB Ram, 40 GB Hard Disk)	19,866	19,673	193	250	57	Assets Auction	Faisal Jan
Computer with LCD (Core 2 Dui, 1.8 GHz, 1.5 GB Ram, 80 Hard Disk)	19,866	19,673	193	300	107	Assets Auction	Faisal Jan
Computer	28,892	28,611	281	300	19	Assets Auction	Faisal Jan
Computer with LCD (Midway, 750 MB Ram, 80 GB Hard Disk)	9,067	8,979	88	1,395	1,307	Assets Auction	Muhammad Qasim
Computer with LCD (Pentium R, 1.88 GHz, 512 MB Ram)	37,625	37,259	366	400	34	Assets Auction	Faisal Jan
Computer	12,151	12,033	118	1,395	1,277	Assets Auction	Muhammad Qasim
Computer	20,358	20,160	198	250	52	Assets Auction	Faisal Jan
Computer with LCD (P-IV, 2 GB Ram, 3.2 Ghz, 80 GB Hard Disk)	25,966	25,714	252	300	48	Assets Auction	Faisal Jan
Computer (Processor)	13,702	13,569	133	250	117	Assets Auction	Faisal Jan
Computer with LCD (P-IV, 3.4 Ghz, 2 GB Ram)	8,577	8,494	83	1,395	1,312	Assets Auction	Muhammad Qasim
Computer Intel Core 2 Duo	27,626	27,358	268	1,395	1,127	Assets Auction	Muhammad Qasim
Computer P IV	13,089	12,962	127	250	123	Assets Auction	Faisal Jan
Computer with Monitor	8,541	8,458	83	250	167	Assets Auction	Faisal Jan
Computer with LCD (P-IV, 3.20 Ghz, 1 GB Ram)	12,126	12,008	118	250	132	Assets Auction	Faisal Jan
Computer with LCD (P-IV, 3.0 Ghz, 512 MB Ram, 80GB Hard Disk)	12,141	12,023	118	250	132	Assets Auction	Faisal Jan
Computer with LCD (Core 2 Duo, 2.80 Ghz, 2 GB Ram)	16,000	15,844	156	250	94	Assets Auction	Faisal Jan

Particulars of assets	Cost	Depreciation	Book value	Sale Proceed	Gain/Loss	Mode of disposal	Particulars of buyers
Computer equipment							
Computer System with LCD	17,800	17,627	173	1,000	827	Assets Auction	Faisal Jan
Computer System with LCD	17,800	17,627	173	1,000	827	Assets Auction	Faisal Jan
Computer System with LCD	20,350	20,350	-	1,000	1,000	Assets Auction	Faisal Jan
Computer System with LCD	17,800	17,627	173	1,000	827	Assets Auction	Faisal Jan
Computer System with LCD	24,100	24,100	-	1,000	1,000	Assets Auction	Faisal Jan
Computer System with LCD	17,800	17,627	173	1,000	827	Assets Auction	Faisal Jan
Computer System with LCD	17,800	17,627	173	1,000	827	Assets Auction	Faisal Jan
Computer System with LCD	17,800	17,627	173	1,000	827	Assets Auction	Faisal Jan
Computer System with LCD	17,800	17,627	173	1,000	827	Assets Auction	Faisal Jan
Computer System with LCD	17,800	17,627	173	1,000	827	Assets Auction	Faisal Jan
Computer System with LCD	17,800	17,627	173	1,000	827	Assets Auction	Faisal Jan
Computer System with LCD	17,800	17,627	173	1,000	827	Assets Auction	Faisal Jan
Computer System with LCD	17,700	17,528	172	1,000	828	Assets Auction	Faisal Jan
Computer System with LCD	17,700	17,528	172	5,000	4,828	Assets Auction	Faisal Jan
Computer System with LCD (Core 2 Duo, 1.86 Ghz, 2 GB Ram)	17,700	17,528	172	1,395	1,223	Assets Auction	Muhammad Qasim
Computer System with LCD	17,700	17,528	172	5,000	4,828	Assets Auction	Faisal Jan
Computer System with LCD	17,700	17,528	172	5,000	4,828	Assets Auction	Faisal Jan
Computer System with LCD	17,700	17,528	172	5,000	4,828	Assets Auction	Faisal Jan
Computer System with LCD (Pentium D, 2.80 GHz, 512 MB Ram)	17,700	17,700	-	2,500	2,500	Assets Auction	Faisal Jan
Computer System with LCD	17,700	17,700	-	2,500	2,500	Assets Auction	Faisal Jan
Computer System with LCD (Dual Core, 1.60 Ghz, 2 GB Ram)	17,700	17,700	-	2,500	2,500	Assets Auction	Faisal Jan
Computer System with LCD	17,700	17,700	-	2,500	2,500	Assets Auction	Faisal Jan
Computer System with LCD (P-IV, 3.20 GHz, 2 GB Ram)	17,700	17,700	-	2,000	2,000	Assets Auction	Faisal Jan
Computer System with LCD (P-IV, 3.0 Ghz, 1GB Ram)	16,800	16,800	-	2,000	2,000	Assets Auction	Faisal Jan
Computer System with LCD (P-IV, 3.0 Ghz, 1GB Ram)	16,800	16,800	-	2,000	2,000	Assets Auction	Faisal Jan
Computer System with LCD (Core 2 Duo, 2.2 GHz, 2 GB Ram, 80 GB Hard Disk)	16,800	16,800	-	2,000	2,000	Assets Auction	Faisal Jan
Computer System with LCD (Core 2 Duo, 2.2 GHz, 2 GB Ram, 80 GB Hard Disk)	16,800	16,800	-	1,395	1,395	Assets Auction	Muhammad Qasim
Computer System with LCD (P4, 3.20 GHz, 2 GB Ram, 80 GB Hard Disk)	16,800	16,800	-	500	500	Assets Auction	Faisal Jan
Computer System with LCD (P4, 3.20 GHz, 2 GB Ram, 80 GB Hard Disk)	16,800	16,800	-	500	500	Assets Auction	Faisal Jan
Computer System with LCD (P-4, 2.8 GHz, 512 MB Ram, 80 GB Hard)	16,800	16,800	-	1,000	1,000	Assets Auction	Faisal Jan
Computer System with LCD (P4, 2.4 GHz, 512 MB Ram, 40 GB Hard Disk)	16,800	16,800	-	1,000	1,000	Assets Auction	Faisal Jan
Computer System with LCD	16,800	16,800	-	1,000	1,000	Assets Auction	Faisal Jan
Computer (HP DC 7700, Core2Due 1.86 Ghz, 2GB RAM, 80 GB Hard Disk							
Acer 15" Wide LCD	16,800	16,800	-	500	500	Assets Auction	Faisal Jan

Particulars of assets	Cost	Depreciation	Book value	Sale Proceed	Gain/Loss	Mode of disposal	Particulars of buyers
Computer equipment							
Computer with LCD (Core 2 Duo 2.33 GHz, 2 GB RAM, 80 GB HDD & 19" LCD)	16,800	16,800	-	1,395	1,395	Assets Auction	Muhammad Qasim
Computer with LCD (Core 2 Duo 2.33 GHz, 2 GB RAM, 80 GB HDD & 19" LCD)	16,800	16,800	-	1,395	1,395	Assets Auction	Muhammad Qasim
Computer with LCD (Core 2 Duo 2.33 GHz, 2 GB RAM, 80 GB HDD & 19" LCD)	16,800	16,800	-	1,395	1,395	Assets Auction	Muhammad Qasim
Computer with LCD (Core 2 Duo 2.33 GHz, 2 GB RAM, 80 GB HDD & 19" LCD)	16,800	16,800	-	1,395	1,395	Assets Auction	Muhammad Qasim
Computer with LCD (Core 2 Duo 2.33 GHz, 2 GB RAM, 80 GB HDD & 19" LCD)	20,300	20,300	-	1,395	1,395	Assets Auction	Muhammad Qasim
Computer with LCD (Core 2 Duo 3.0 GHz, 2 GB RAM, 80 GB HDD & 19" LCD)	16,700	16,700	-	1,395	1,395	Assets Auction	Muhammad Qasim
Lap Top (Acer Aspire 5920)							
At Store	53,084	53,084	-	3,000	3,000	Assets Auction	Abdul Wajid
Lap top Compaq (At Store)	22,243	22,027	216	3,000	2,784	Assets Auction	Abdul Wajid
Lap Top Acer Aspire 6920 (At Store)	60,084	59,500	584	3,000	2,416	Assets Auction	Abdul Wajid
Lap top Dell Latitude 1430 (At Store)	35,271	34,928	343	3,000	2,657	Assets Auction	Abdul Wajid
Lap top 5920 (At Store)	46,652	46,198	454	3,000	2,546	Assets Auction	Abdul Wajid
Lap top Dell Latitude D 640 (In Store)	44,132	43,703	429	3,000	2,571	Assets Auction	Abdul Wajid
Lap top Aser Aspire (At Store)	44,132	43,703	429	3,000	2,571	Assets Auction	Abdul Wajid
Lap top Acer Aspire 5920 (At Store)	44,132	43,703	429	3,000	2,571	Assets Auction	Abdul Wajid
Lap Top Acer Aspire 5920 (At Store)	50,113	50,113	-	3,000	3,000	Assets Auction	Abdul Wajid
Laptop Dell XPS M1330 (At Store)	71,173	70,481	692	4,000	3,308	Assets Auction	Abdul Wajid
Laptop Acer Aspire 6920 (At Store)	31,921	31,611	310	3,000	2,690	Assets Auction	Abdul Wajid
Laptop HP Compaq Q 4 Presaria 2000 (At Store)	33,588	33,261	327	3,000	2,673	Assets Auction	Abdul Wajid
Laptop Acer for DPO LDR	73,242	72,530	712	3,000	2,288	Assets Auction	Abdul Wajid
Laptop (Acer) Vostro 1400 (At Store)	42,950	42,533	417	3,000	2,583	Assets Auction	Abdul Wajid
Dell Vostor2 Duo Laptop (At Store)	53,111	52,595	516	3,000	2,484	Assets Auction	Abdul Wajid
Lap Top (HP) Pavilion G 6 (At Store)	66,040	65,414	626	3,000	2,374	Assets Auction	Abdul Wajid
Lap Top (HP) Processor 2066							
HD 320 GB (Farhat Abbas)	70,790	67,602	3,188	3,390	202	Cleared to Staff Member	Cleared to Mr. Farhat Abbas on resigning.
HP Probook Core i5 (4 GB Ram, 750 GB Hard Disk, Graphic Card 2 GB) Liability Manager	70,500	37,208	33,292	33,292	-	Cleared to Staff Member	
Dell Core i5 (2.3 GHz, 8 GB Ram, 1 TB HDD) Farhat Abbas - DHBO	68,300	7,589	60,711	62,609	1,898	Cleared to Staff Member	Cleared to Mr. Farhat Abbas on resigning.

Particulars of assets	Cost	Depreciation	Book value	Sale Proceed	Gain/Loss	Mode of disposal	Particulars of buyers
				-----Rupees-----			
Computer equipment							
Printer HP Laserjet 2015	10,611	10,508	103	1,199	1,096	Assets Auction	Muhammad Ramzan
HP Laserjet 2015	7,847	7,771	76	3,000	2,924	Assets Auction	Muhammad Ramzan
Printer HP Laserjet 1020	7,148	7,079	69	1,000	931	Assets Auction	Muhammad Ramzan
Printer HP Laserjet 2015	4,132	4,092	40	1,000	960	Assets Auction	Muhammad Ramzan
Hp 1320	7,147	7,077	70	1,000	930	Assets Auction	Muhammad Ramzan
Printer HP Laserjet 2015	5,246	5,195	51	1,000	949	Assets Auction	Muhammad Ramzan
Hp 2015	13,285	13,156	129	1,000	871	Assets Auction	Muhammad Ramzan
Hp Laserjet 2055	7,147	7,077	70	150	80	Assets Auction	Abdul Hameed
Hp 2015	11,728	11,614	114	120	6	Assets Auction	Abdul Hameed
Printer HP Laserjet 2015	9,743	9,648	95	120	25	Assets Auction	Abdul Hameed
Printer HP Laserjet 2015	10,229	10,130	99	120	21	Assets Auction	Abdul Hameed
LAZER JET PRINTER	11,245	11,136	109	1,517	1,408	Assets Auction	Saif ur Rehman
HP Laser Jet 1200	11,149	11,041	108	130	22	Assets Auction	Abdul Hameed
Hp Laserjet 2015	8,605	8,521	84	120	36	Assets Auction	Abdul Hameed
LAZER JET PRINTER	8,910	8,824	86	120	34	Assets Auction	Abdul Hameed
Printer HP Laserjet 2015	9,905	9,809	96	120	24	Assets Auction	Abdul Hameed
Printer HP Laserjet 2015	8,476	8,394	82	120	38	Assets Auction	Abdul Hameed
Printer HP Laserjet 2015	4,661	4,616	45	120	75	Assets Auction	Abdul Hameed
Printer Canon 3300	23,450	23,222	228	230	2	Assets Auction	Abdul Hameed
Printer HP Laserjet 2015	6,063	6,004	59	204	145	Assets Auction	Abdul Hameed
Printer Hp 1020	23,657	23,427	230	1,517	1,287	Assets Auction	Saif ur Rehman
Printer Hp 2015	5,398	5,346	52	204	152	Assets Auction	Abdul Hameed
Printer Hp 2015	15,618	15,466	152	204	52	Assets Auction	Abdul Hameed
Printer HP Laserjet 1320	10,694	10,590	104	250	146	Assets Auction	Abdul Hameed
Printer HP 2015	8,556	8,473	83	250	167	Assets Auction	Abdul Hameed
Hp Laser Jet 2035	12,936	12,810	126	250	124	Assets Auction	Abdul Hameed
Printer HP Laserjet 2015	9,339	9,248	91	250	159	Assets Auction	Abdul Hameed
Printer HP Lazer Jet	9,023	8,935	88	1,517	1,429	Assets Auction	Saif ur Rehman
Printer HP Laserjet 2015	20,624	20,423	201	250	49	Assets Auction	Abdul Hameed
Printer Hp 1320	9,023	8,935	88	250	162	Assets Auction	Abdul Hameed
Printer Hp 1320	9,079	8,991	88	250	162	Assets Auction	Abdul Hameed
Printer HP Lazer Jet Hp 1200	19,981	19,787	194	668	474	Assets Auction	Abdul Hameed
Printer HP Laserjet 2015	5,887	5,830	57	1,517	1,460	Assets Auction	Saif ur Rehman
Printer Hp 1320	13,506	13,375	131	1,517	1,386	Assets Auction	Saif ur Rehman
Printer HP Lazer Jet hp 2015	13,506	13,375	131	1,517	1,386	Assets Auction	Saif ur Rehman
UPS	3,627	3,592	35	1,805	1,770	Assets Auction	Muhammad Naeem
UPS	8,084	8,005	79	1,805	1,726	Assets Auction	Muhammad Naeem
UPS	8,084	8,005	79	1,805	1,726	Assets Auction	Muhammad Naeem
UPS	10,715	10,611	104	1,805	1,701	Assets Auction	Muhammad Naeem
UPS	10,715	10,611	104	1,805	1,701	Assets Auction	Muhammad Naeem
UPS	2,871	2,843	28	1,805	1,777	Assets Auction	Muhammad Naeem
UPS	2,871	2,843	28	1,805	1,777	Assets Auction	Muhammad Naeem
UPS	2,871	2,843	28	1,805	1,777	Assets Auction	Muhammad Naeem
UPS	2,871	2,843	28	1,805	1,777	Assets Auction	Muhammad Naeem
UPS	2,871	2,843	28	1,805	1,777	Assets Auction	Muhammad Naeem
UPS	2,871	2,843	28	1,805	1,777	Assets Auction	Muhammad Naeem
UPS	2,871	2,843	28	1,805	1,777	Assets Auction	Muhammad Naeem
UPS	2,871	2,843	28	1,805	1,777	Assets Auction	Muhammad Naeem
UPS	2,871	2,843	28	1,805	1,777	Assets Auction	Muhammad Naeem
UPS	2,871	2,843	28	1,805	1,777	Assets Auction	Muhammad Naeem

Particulars of assets	Cost	Depreciation	Book value	Sale Proceed	Gain/Loss	Mode of disposal	Particulars of buyers
Computer equipment							
UPS	2,871	2,843	28	1,805	1,777	Assets Auction	Muhammad Naeem
UPS	2,871	2,843	28	1,805	1,777	Assets Auction	Muhammad Naeem
UPS	2,871	2,843	28	1,805	1,777	Assets Auction	Muhammad Naeem
UPS	2,871	2,843	28	1,805	1,777	Assets Auction	Muhammad Naeem
UPS	2,871	2,843	28	1,805	1,777	Assets Auction	Muhammad Naeem
UPS	3,076	3,046	30	1,805	1,775	Assets Auction	Muhammad Naeem
UPS	3,076	3,046	30	1,805	1,775	Assets Auction	Muhammad Naeem
UPS	2,871	2,843	28	1,805	1,777	Assets Auction	Muhammad Naeem
UPS 3 KVA Esp 3000VA	84,140	83,322	818	6,000	5,182	Assets Auction	Abdul Wajid
UPS 3 KVA Esp 3000VA	84,140	83,322	818	6,000	5,182	Assets Auction	Abdul Wajid
UPS 3 KVA Apex Wave	79,965	79,188	777	6,000	5,223	Assets Auction	Abdul Wajid
Black Berry 8520 for Farhat (Manager Branch Operations)	17,290	17,122	168	169	1	Cleared to Staff Member	Cleared to Mr. Farhat Abbas on resigning.
Huawei Mobile G700 (Muhammad Amir)	16,000	16,000	-	-	-	As Per Policy	As per policy of 3 years the mobile has been given to him.
Huawei Mobile G-6 (DH BO)	20,000	19,444	556	1,112	556	Cleared to Staff Member	Cleared to Mr. Farhat Abbas on resigning.
Samsung Galaxy Prime (Shafqat Ullah)	16,000	9,778	6,222	6,667	445	Cleared to Staff Member	Given to Mr. Shafqat Ullah Area Manger at Resigning.
Samsung Galaxy A5 (Group Head)	29,100	15,358	13,742	15,500	1,758	Insurance Claim	Claim Received from Jubilee Insurance.
Samsung Grand Prime G-530 (Qaiser Rasheed)	19,800	8,800	11,000	11,000	-	Cleared to Staff Member	
Samsung Galaxy A5 (Waqas Ashraf)	31,350	12,192	19,158	18,580	(578)	Insurance Claim	Claim Received from Jubilee Insurance.
Head Internal Audit HTC - Desire 626 LTE 4G (Manager Finance - Haseeb Farrukh)	20,000	6,111	13,889	12,000	(1,889)	Insurance Claim	Insrance cheque of Rs. 12000/- received from Jubilee General Insurance.
Samsung J7 (Sher Muhammad)	20,000	6,667	13,333	13,891	558	Cleared to Staff Member	Cleared to Mr. Sher Muhammad Shaheen on resign.
Huawei P9 Lite (Yasin Imran Operations)	20,000	3,889	16,111	11,000	(5,111)	Insurance Claim	Claim Received from Jubilee Insurance.
Huaie Y6 ii (Ayaz Asim Microfinance Dept.)	20,000	3,889	16,111	17,223	1,112	Cleared to Staff Member	Cleared to staff member while Resigned.
Samsung Galaxy Note 5 (Head Marketing)	40,000	10,000	30,000	30,000	-	Cleared to Staff Member	Given to Mr. Tanveer Haral on Resign as per policy.

Particulars of assets	Cost	Depreciation	Book value	Sale Proceed	Gain/Loss	Mode of disposal	Particulars of buyers
Computer equipment							
Blackberry Q5-Black (Muhammad Naeem)	41,000	41,000	-	10,000	10,000	Cleared to Staff Member	Recovery from employee against official mobile.
Sub total		4,887,459	4,616,612	270,847	546,420	275,573	
Grand Total		23,943,132	22,789,609	1,153,523	14,493,462	13,339,939	

ISLAMIC MICROFINANCE DIVISION BALANCE SHEET AS AT DECEMBER 31, 2017



Financial results of the Islamic Microfinance Division as referred to in note 2.2 of the financial statements of NRSP Microfinance Bank Limited for the year ended December 31, 2017:

	2017 Rupees	2016 Rupees
ASSETS		
Cash and balances with SBP and NBP	206,669,400	48,398,869
Balances with other Banks/NBFIs/MFBs	1,349,962,357	141,702,558
Investment- net of provisions	145,055,899	42,152,685
Islamic financing and related assets - net of provisions	1,360,319,556	403,389,963
Operating fixed assets	23,352,109	2,299,876
Other assets	13,272,729	42,985,422
Total Assets	3,098,632,050	680,929,373
LIABILITIES		
Deposits and other accounts	2,343,593,472	527,185,518
Other liabilities	461,378,411	45,395,390
Total Liabilities	2,804,971,883	572,580,908
NET ASSETS	293,660,167	108,348,465
REPRESENTED BY:		
Islamic Banking Fund	185,000,000	90,408,566
Accumulated profit	108,660,167	17,939,899
	293,660,167	108,348,465

ISLAMIC MICROFINANCE DIVISION PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 2017

	2017 Rupees	2016 Rupees
Profit / return earned	239,413,861	47,620,192
Profit / return expensed	(58,808,040)	(11,069,158)
Net profit / return income	180,605,821	36,551,034
Provision against non-performing loans and advances	(12,051,091)	(3,687,137)
Bad debts written off directly	(147,935)	-
	(12,199,026)	(3,687,137)
Net return earned after provisions	168,406,795	32,863,897
OTHER INCOME		
Fee, commission and brokerage income	26,369,165	6,723,274
Total other income	194,775,960	39,587,171
OTHER EXPENSES		
Administrative expenses	(104,055,692)	(21,441,873)
Other charges	-	-
Total other expense	(104,055,692)	(21,441,873)
Extraordinary/unusual items	90,720,268	18,145,298
	-	-
PROFIT BEFORE TAXATION	90,720,268	18,145,298





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