

**NRSP MICROFINANCE BANK LIMITED**  
**BALANCE SHEET (UN-AUDITED)**  
**AS AT MARCH 31st, 2012**

	<i>Notes</i>	<b>Mar-12 Rupees</b>
<b>ASSETS</b>		
Cash and balances with SBP and NBP	6	59,459,644
Balances with other Banks/ NBFIs/ MFBs	7	799,406,408
Lending to financial institutions	8	-
Investments	9	359,070,064
Advances	10	3,052,961,064
Operating fixed assets	11	218,199,806
Other assets	12	256,909,540
Deferred tax asset - net	11	5,478,532
<b>Total assets</b>		<b><u>4,751,485,058</u></b>
<b>LIABILITIES</b>		
Deposits	13	656,435,419
Borrowings- Others	14	2,851,033,478
Sub-ordinated loan	15	-
Other liabilities	16	139,704,483
Deferred tax Liability - net	11	-
Taxation	27	
<b>Total liabilities</b>		<b><u>3,647,173,380</u></b>
<b>NET ASSETS</b>		<b><u>1,104,311,678</u></b>
<b>REPRESENTED BY:</b>		
Share capital	17	1,000,000,000
Statutory reserve		16,318,298
Capital reserve		
Reserve for contingencies		
Accumulated Profit / (loss)		22,371,104
		<u>1,038,689,402</u>
Surplus / (Deficit) on revaluation of assets	18	-
Deferred grant	19	65,622,276
<b>Total capital</b>		<b><u>1,104,311,678</u></b>

**MEMORANDUM / OFF BALANCE SHEET ITEMS**

The annexed notes 1 to 33 form an integral part of these financial statements.

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PRESIDENT / CHIEF EXECUTIVE OFFICER

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CHIEF FINANCIAL OFFICER

**NRSP MICROFINANCE BANK LIMITED**  
**PROFIT AND LOSS ACCOUNT (UN-AUDITED)**  
**FOR THE THREE MONTH PERIOD ENDED MARCH 31st, 2012**

	<i>Notes</i>	<b>Mar-12 Rupees</b>
Mark-up / return / interest earned	21	219,921,236
Mark-up / return / interest expensed	22	98,010,025
Net Mark-up / Interest income		121,911,211
Provisions against non-performing loans, advances and other assets		
Specific provisions		717,623
General provisions		9,949,246
		10,666,869
Bad debts written off directly	10.2	364,439
<b>Net mark-up / interest income after provisions</b>		<b>110,879,903</b>
<b>NON-MARK-UP / NON-INTEREST INCOME</b>		
Fee, commission and brokerage income	23	31,769,802
Other income	24	7,171,909
Total Non-Mark-up / Non-Interest Income		38,941,711
<b>Total Income</b>		<b>149,821,614</b>
<b>NON MARK-UP/ NON INTEREST EXPENSES</b>		
Administrative expenses	25	101,255,993
Loan processing fee paid to NRSP		-
Other charges	26	-
		101,255,993
<b>PROFIT (LOSS) BEFORE TAXATION</b>		<b>48,565,621</b>
Taxation - Current	27.1	2,516,910
Deffered	27.2	-
<b>PROFIT (LOSS) AFTER TAXATION</b>		<b>46,048,711</b>
Unappropriated loss brought forward		(12,165,429)
Profit/(Loss) available for appropriation		33,883,282
<b>APPROPRIATIONS:</b>		
<b>Transfer to:</b>		
Statutory reserve		9,209,742
Contribution to Depositors Protection Fund		2,302,436
General reserve		-
		11,512,178
<b>UNAPPROPRIATED PROFIT/(LOSS) CARRIED FORWARD</b>		<b>22,371,104</b>
<b>EARNING PER SHARE</b>	29	<b>0.46</b>

The annexed notes 1 to 33 form an integral part of these financial statements.

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PRESIDENT / CHIEF EXECUTIVE OFFICER

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CHIEF FINANCIAL OFFICER

6.	<b>CASH AND BALANCES WITH SBP AND NBP</b>	Note	Mar-12 Rupees
	Cash in hand		
	Local currency		4,741,128
	Balances with State Bank of Pakistan (SBP) in:		
	Local currency current accounts	6.1	54,718,516
	Balances with National Bank of Pakistan (NBP) in:		
	Local currency current accounts		-
	Local currency deposit accounts		-
			59,459,644
			59,459,644
6.1	This represents balance maintained with SBP to meet the requirement of maintaining minimum balance (2010: 5%) Cash Reserve Requirements - CRR and 10% (2010: 10%) Statutory Liquidity Requirements - SL with regulation 6 of the Prudential Regulations for MFBS.		
7.	<b>BALANCES WITH OTHER BANKS/ NBFIS/ MFBS</b>		
	In Pakistan		
	Local currency current accounts		20,478,317
	Local currency deposit accounts		778,928,091
			799,406,408
			799,406,408
7.1	This represents deposits with commercial banks payable on demand carrying mark-up at 10.25% - 12.00% per annum.		
8.	<b>LENDING TO FINANCIAL INSTITUTIONS</b>		
	Call money lending		-
	Repurchase agreement lending (reverse repo)		-
	Clean lending		-
	Less: Provision for impairment		-
			-
			-
9.	<b>INVESTMENTS</b>		
	<b>Held for Trading Investments</b>		
	Market Treasury Bills (T-Bills)		-
	Other Investments		-
			-
	<b>Available for sale securities</b>		
	Market Treasury Bills (T-Bills)		-
	Add/(less): Surplus/(deficit) on revaluation of available for sale securities		-
			-
	<b>Held to maturity investments</b>		
	Treasury Bills		87,483,809
	Pakistan Investment Bonds (PIBs)		71,586,255
	Term Finance Certificates		200,000,000
	Other Investments		-
			359,070,064
			359,070,064

## 10. ADVANCES

### Loan Type

Micro Credit	3,081,696,094
Micro Lease	-
Others	2,799,554
	<u>3,084,495,648</u>

### Less: Provisions held:

Specific	(717,623)
General	(30,816,961)
	<u>(31,534,584)</u>

Advances- net of provisions	<u><u>3,052,961,064</u></u>
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### 10.1 Particulars of Non-Performing Loans

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

Category of Classification	Amount Outstanding	Provisions Required	Provisions Held
OAEM	-	-	-
Sub-Standard	2,843,962	710,991	710,991
Doubtful	13,263	6,632	6,632
Loss	-	-	-
<b>Total</b>	<u>2,857,225</u>	<u>717,623</u>	<u>717,623</u>

### 10.2 Particulars of Write Offs:

	Mar-12
Against Provisions	-
Directly charged to Profit & Loss account	364,439
	<u>364,439</u>

## 11. OPERATING FIXED ASSETS

	Note	Mar-12 Rupees
Capital Work-in-Progress	11.1	125,339,358
Operating Fixed Assets	11.2	89,600,575
Intangible Assets	11.3	3,259,873
		<u>218,199,806</u>

### 11.1 Capital Work-in-Progress

Civil works	1,491,986
Advance to Suppliers for Purchase of Office Equipment	130,000
Advance to Suppliers for Implementation of Banking Software	74,745,226
Hardware	46,053,607
IT Infrastructure Cost	2,918,539
	<u>125,339,358</u>

**NRSP MICROFINANCE BANK LIMITED**  
**NOTE TO THE FINANCIAL STATEMENTS (UN-AUDITED)**  
**FOR THE THREE MONTH PERIOD ENDED MARCH 31st, 2012**

**11.2 Operating Fixed Assets**

	<b>Motor Vehicles</b>	<b>Furniture &amp; Fixture</b>	<b>Office Equipment</b>	<b>Computer Equipment</b>	<b>Total</b>
<b>Cost</b>	-----Rupees-----				
Balance as at December 31, 2010	-	-	24,000	12,296	36,296
Additions during the period	40,187,054	23,308,516	22,903,414	10,527,036	96,926,020
Disposal during the period	(841,709)	(276,706)	(286,603)	(430,191)	(1,835,209)
Balance as at December 31, 2011	<u>39,345,345</u>	<u>23,031,810</u>	<u>22,640,811</u>	<u>10,109,141</u>	<u>95,127,107</u>
Additions during the period	1,340,000	10,849,482	65,850	674,540	12,929,872
Disposal during the period	-	-	-	-	-
Balance as at March 31st, 2012	<u><u>40,685,345</u></u>	<u><u>33,881,292</u></u>	<u><u>22,706,661</u></u>	<u><u>10,783,681</u></u>	<u><u>108,056,979</u></u>
<b>Depreciation</b>					
Balance as at December 31, 2010	-	-	2,800	4,714	7,514
Charge for the year	6,485,287	1,832,175	3,348,105	1,933,553	13,599,120
Depreciation of Disposal	(14,029)	(2,306)	(4,777)	(11,949)	(33,061)
Balance as at December 31, 2011	<u>6,471,258</u>	<u>1,829,869</u>	<u>3,346,128</u>	<u>1,926,318</u>	<u>13,573,573</u>
Charge for the year	2,011,934	846,968	1,133,390	890,539	4,882,831
Depreciation of Disposal	-	-	-	-	-
Balance as at March 31st, 2012	<u><u>8,483,192</u></u>	<u><u>2,676,837</u></u>	<u><u>4,479,518</u></u>	<u><u>2,816,857</u></u>	<u><u>18,456,404</u></u>
<b>Carrying value</b>					
March 2012	32,202,153	31,204,455	18,227,143	7,966,824	89,600,575
December 2011	<u>32,874,087</u>	<u>21,201,941</u>	<u>19,294,683</u>	<u>8,182,823</u>	<u>81,553,534</u>
<b>Useful life of assets</b>	5 years	10 years	5 years	3 years	

**NRSP MICROFINANCE BANK LIMITED**  
**NOTE TO THE FINANCIAL STATEMENTS (UN-AUDITED)**  
**FOR THE THREE MONTH PERIOD ENDED MARCH 31st, 2012**

		<b>Mar-12</b>
		<b>Rupees</b>
<b>11.3</b>	<b>Intangible Assets</b>	
	Computer Softwares	11.3.1 3,259,873
	Goodwill	-
	Client acquisition costs	11.3.2 -
		<u>3,259,873</u>
<b>11.3.1</b>	<b>Computer Softwares</b>	
	Balance as at beginning of the period	6,070,470
	Additions during the period	-
	Balance as at end of the period	<u>6,070,470</u>
	<b>Depreciation</b>	
	Balance as at beginning of the period	(2,279,573)
	Charge during the period	(531,024)
	Balance as at end of the period	<u>(2,810,597)</u>
	<b>Carrying value</b>	<u><u>3,259,873</u></u>
<b>11.3.1.1</b>	Amortization is charged on straight line basis @ 33.33% per annum, starting from the month the asset is available for use.	
<b>11.3.2.1</b>	Amortization is charged on straight line basis @ 20% per annum, starting from the month the asset is available for use.	
<b>11.3.2.2</b>	<b>DEFERRED TAX ASSET - NET</b>	<b>Rupees</b>
	Deferred debits arising in respect of	
	Retirement benefits	13,684,123
	Accelerated amortization allowance	13,684,123
	Deferred credits arising in respect of	
	Accelerated depreciation allowance	8,205,591
	Deficit on revaluation of investment	8,205,591
		<u>5,478,532</u>
<b>12.</b>	<b>OTHER ASSETS</b>	
	Receivable from NRSP	981,327
	Accrued Mark-up on clean Loans	236,304,835
	Accrued Mark-up on NPL's	-
	Accrued Mark-up on Bank Balances	3,156,173
	Accrued Income on Investments	159,452
	Advances to Staff Personal	581,325
	Advances to Staff Operational	1,040,345
	Mobilization Advances	-
	Security Deposits	-
	Other Receivables	2,345,702
	Prepayments	10,675,668
	Advance Tax on Utilities	831,913

Un-Delivered Cheques

832,800

Others

-

256,909,540

<b>13. DEPOSITS</b>	<b>Mar-12</b>	
	<b>Rupees</b>	
Saving Accounts (Tanzeem Bachat Account)	656,435,419	
Fixed Deposits	-	
	<u>656,435,419</u>	
<b>14. BORROWINGS- OTHERS</b>		
Borrowings from PPAF	700,000,000	
Borrowing from NRSP	14.1 2,151,033,478	
Long Term Client Acquisition Cost	14.2 -	
	<u>2,851,033,478</u>	
<b>14.1</b>	This represents loan payable to NRSP. This carries markup @ KIBOR plus 2% per annum.	
<b>14.2</b>	This represents client acquisition cost payable to NRSP. This carries markup @ KIBOR plus 2% per annum.	
<b>15. SUB-ORDINATED LOAN</b>		<u>-</u>
<b>16. OTHER LIABILITIES</b>		
Payable to NRSP		39,913
Staff Gratuity		18,552,133
Interest Mark-up Payable to NRSP	16.1	71,393,710
Mark-up Payable On Borrowings (PPAF)		16,260,617
Mark-up Payable On Deposits and Others		5,702,801
Tax Payable		16,821,981
Accrued Expenses		129,849
Un-earned Investment Income		6,176,392
Unpaid dividends		-
unclaimed dividends		-
Depositor Protection Fund		4,079,575
DD Payable		-
Zakat Payable		3,014
Others		544,498
		<u>139,704,483</u>
<b>16.1</b>	This represents markup payable to NRSP on borrowings and sub-ordinated loan.	
<b>17. SHARE CAPITAL</b>		
<b>17.1 Authorized Capital</b>		
	<b>Mar-12</b>	<b>Mar-12</b>
	<b>Number</b>	<b>Rupees</b>
	<u>100,000,000</u>	Ordinary shares of Rs. 10 each <u>1,000,000,000</u>
<b>17.2 Issued, subscribed and paid-up capital</b>		
	<u>1,000,000,000</u>	Ordinary shares of Rs. 10 each <u>1,000,000,000</u>
<b>17.2.1</b>	This represents ordinary shares allotted to shareholders of the Bank.	



17.2.2 The shareholders of the Bank are as follows:

Mar-12 Number		Mar-12 Rupees
51,999,800	NRSP	519,998,000
16,000,000	Acumen Fund USA	160,000,000
16,000,000	KFW Germany	160,000,000
100	Mr. Shoaib Sultan	1,000
100	Mr. Fazalullah Qureshi	1,000
-	Mr. Tariq Masud	-
-	Ms. Kishwar Naheed	-
-	Mr. Mohammad Nazar Memon	-
-	Mr. Ali Noor Mahomed Rattansey	-
16,000,000	Advance Against Share Capital (BOD)	160,000,000
<u>100,000,000</u>		<u>1,000,000,000</u>

**18. SURPLUS / (DEFICIT) ON REVALUATION OF ASSETS**

Surplus on revaluation of Held to Maturity & Available for Sale securities	-
Unamortised loss on reclassification of available for sale securities to held to maturity	-
Surplus/Deficit on Revaluation of Operating Fixed Assets	-
	<u>-</u>

**19. DEFERRED GRANT**

Opening balance - January 1, 2011	65,587,862
Grant received	-
Interest income	34,414
Amortization of the grant during the period	-
	<u>65,622,276</u>

**19.1** This represents grant received from the State Bank of Pakistan under the Institutional Strengthening Fund (ISF) of the Financial Inclusion Program (FIP). The microfinance operations of NRSP were undergoing transformation into a microfinance bank, NRSP on behalf of the Bank applied and grant of Rs 82 million was approved for the year September, 2009 to August, 2010 to fulfill the objectives of the ISF of generating on-lending resources through commercial credit, equity investments or deposit mobilization strategy; improving in governance mechanisms, internal management controls and functions including human resource base; enhancing strategic direction of the organization through preparation of business plans, trainings and ratings; and employing cost reduction mechanisms for increasing outreach in rural and remote areas through product innovation, development or use of new technologies.

**19.2** Interest income relates to the savings account maintained for the grant.

**20. MEMORANDUM / OFF BALANCE SHEET ITEMS**

**20.1** Commitments in respect of purchase of fixed assets

**20.2** There are no contingent liabilities at the period end.

**Mar-12  
Rupees**

**NRSP MICROFINANCE BANK LIMITED**  
**NOTE TO THE FINANCIAL STATEMENTS (UN-AUDITED)**  
**FOR THE THREE MONTH PERIOD ENDED MARCH 31st, 2012**

	<b>Mar-12</b>
	<b>Rupees</b>
<b>21. MARK-UP / RETURN / INTEREST EARNED</b>	
Mark-up Income on Advances - Microcredit Loans	193,656,966
Interest on deposit accounts/ placements with other banks/ financial institutions/ mutual funds	26,264,270
Others	-
	<u>219,921,236</u>
<b>22. MARK-UP / RETURN / INTEREST EXPENSED</b>	
Interest on:	
NRSP borrowings	
Borrowings- Others	73,740,157
Client acquisition cost	-
Loan processing fee	
PPAF Loan	18,583,562
Other deposits	5,686,306
Others	-
	<u>98,010,025</u>
<b>23. FEE, COMMISSION AND BROKERAGE INCOME</b>	
Micro-credit loan processing fee	29,780,672
Other Transaction Processing Fees	18,115
Commission Income	-
Collection Service income	1,971,015
	<u>31,769,802</u>
<b>24. OTHER INCOME</b>	
Income from Investments	6,374,736
Other Misc Services Incomes	797,173
Gain/(Loss) On Disposal Of Assets	-
Amortization of Deferred Grant	-
	<u>7,171,909</u>

<b>25. ADMINISTRATIVE EXPENSES</b>	
Staff salaries and benefits	60,778,258
Non-Executive Directors Expense	55,183
Training	750,992
Legal & Professional Charges	1,366,505
Communication	3,845,973
Repair & Maintenance	352,003
Stationary and printing	1,480,411
Advertisement and publicity	8,400
Depreciation	4,868,934
Amortization	531,454
Staff Travel	3,384,656
POL Expenses	6,321,325
Vehicle running & maintenance	2,078,748
Office supplies	431,349
Meetings and conferences	957,320
Utilities	1,907,244
Rent Expenses	4,487,370
Corporate Social Responsibility	20,000
Miscellaneous Expenses	972,590
Insurance Expenses	2,971,979
Security & Administration	2,682,433
Auditor's remuneration	1,002,866
Disposal of Assets	-
Disposal of Investments	-
Others	-
	<u>101,255,993</u>
<b>26. OTHER CHARGES</b>	
Penalties imposed by SBP	<u>-</u>