

Role of Micro Finance Banks in Economic Development

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Abstract

The role of MFBs in the employment generation, services, finance and, development of MFBs branches and the income to the contribution in government lot in the economic development of Pakistan. Further than this research the philosophy is to know the basic objectives, functions of MFBs and how it reduces the scarcity and construct relationship with the low ordinary people. As well as the small enterprises obtain the payback from the MFBs and expand their businesses with the facilitation of small loans given by MFBs. In our study we evaluate the performance of Microfinance banks in Pakistan. Financial Ratio Analysis (FRA) is used to characterize on the performance on besieged Microfinance Banks. Role and Performance of microfinance banks in Pakistan not only inform about the performance but also inform the role by MFBs for economic development of Pakistan. This result shows the positive performance of MFBS in Pakistan. It initiates that the performance of NRSP and Khushhali Banks is very superior among 8 MFBs during research project. The research witnessed that NRSP catch net profit of Rs. 821,474 and Khushhali Bank produce Rs. 1.8 million. NRSP composed investment of Rs. 2.69 million and Khushhali Bank Rs. 16.29 million. The return on assets of NRSP of 2.45% and return on equity of 21.23%. The Return on assets of Khushhali bank 3.05% and return on equity is 28.34%. It can bring to a close that NRSP and Khushhali are the chief MFBs in Pakistan.

Key Words: Microfinance banks (MFBs), NRSP, Khushhali, Financial ratio analysis (FRA)

Introduction

Microfinance provide services like loans, money transfer, saving accounts, insurance, and other services to those people that did not have ability to enjoy proper financial services due to poverty. Microcredit is also called traditional credit and to secure it, small amount of loans are offered to individuals. Improvement in microfinance banking operations in Pakistan are characterized by striking a harmony

among effort and destitution mitigation, an escalated development procedure would have been savvier at the underlying phases of improvement. This would have reflected in enhanced execution, proficiency and efficiency. Rather the division embraced a board development system which included colossal interest in physical framework and quick increment in enlistment and branch organize. The six elements of effort analyzed additionally demonstrate that the objectives set were humbly achieved as broadness of effort is underneath the objective effort, profundity of effort is amassed in enormous urban areas, and extent of effort is for the most part constrained to credit. Organizations should be monetarily independent to meet the goal of improved effort. It possesses depth of effort, scope of effort, cost of effort or operational independence, and length of effort (Achalkechukwu, 2012; Armendáriz, & Morduch, 2010).

Literature Review

An audit of characters about the microfinance division in Pakistan uncovers that passion for surveying the implementation of microfinance division is generally new and the immense common of the examinations were at primary lead to assess the result of microfinance on poverty diminish. Superior division of the investigations about there was embraced in the time of 2000 for the majority component by the microfinance foundations like Kashf, NRSP, and the Pakistan Destitution Mitigation Program. A pair of studies and overviews were similarly bound by Pakistan Establishment of Improvement Financial aspects, State Bank of Pakistan and the Connected Monetary Exploration Center. At first a large section of the examinations analyzed development of microfinance by creating mediator proportions of attempt and compensation of credits. Such a tactic depends on the opinion that if exceed as far as number of borrowers was expanding and credit reimbursements were made by the borrowers then microfinance area was performing effectively (Khandker, 1999). The AKRSP, NRSP and PRSP all embraced this methodology, revise borrowers, increasing attempt and advance reimbursement oblique effectual development of microfinance. Constraints of such a methodology are, to the position that it evaluates bulk of endeavor as the main component of implementation and exhaust dissimilar mechanism of exertion that show the depth, scale, value and money related force of the division (Schreiner, 2002). Later in 1980s, a case and consequence contemplate move toward was embraced, this methodology was the same one-sided as for the most element the productive background investigations were accounted for and reimbursement of credits was as yet consumed as the prime marker of implementation of an entity organization or the general partition. Such examinations misjudge the return and believe slight of expenses which covering the right figure of the authentic states of neediness Adams (1988). All the more as of late there is a move in the opinion of implementation of the microfinance region. The new and usually consumed methodology strenuous on different scope of budgetary manageability and capacity of effecting pointers. It is contended that money connected manageability is basic as coincidence cost without microfinance organizations might be high (Ledgerwood, 1998). Others contend that the social objective of microfinance would be destabilized if microfinance isn't sponsored (Khandker, 1998; Morduch, 1999). In unkindness of the truth that swap off between the social and business purpose of microfinance is generally discussed, it is very convinced that the swap off can be partial by espousal a development method which accentuates on attractive ability and competence. Serious development methodology of microfinance section can be financially savvy and guarantee the long-haul manageability of the part (Craig & Cheryl, 2006).

Role of Micro Finance Banks in Economic Development

As funds eloquent to the methods and techniques during assets are acquired, controlled, dispensed and consumed showcase economy requires a hard running an account structure that empowers supports

reorganization. Banks execute different tasks in the economy. Close to playing out a serious job in corporate administration and attractive the data issues amongst financial specialists and borrowers, banks affix to monetary progression. A bank can be related with a budgetary administration combined prepared to give essential money related administrations what's more, justifiably work within the monetary, political, lawful and worldwide state that decides its advantage and conservatory openings, loan amount, trade charge and the detailed assets a bank requires. The ability of the administration an account agenda is a solution determinant of manageable development. In this method, banks are essential for any hurtful border economy, not just as far as return, yet in accumulation as the important representative of the national economy (Armendáriz & Morduch, 2010; Brau & Woller, 2004; Hulme, 2000; Khandker, 2005; Ledgerwood, 1998; Morduch, 1999; Morduch, 2000).

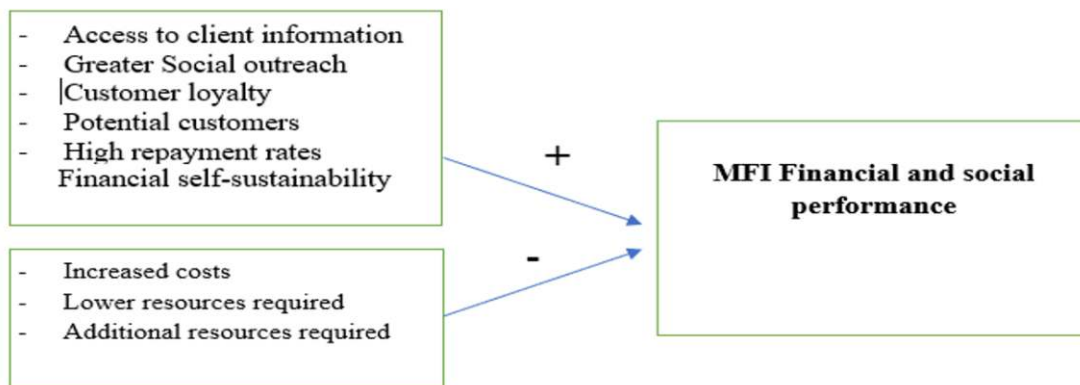


Figure 1: Framework

Methodology

This research is proposed to study the performance of MFBs in Pakistan. Research is depending on those variables from which we compute the performance of MFBs. First of all, the data about the Microfinance banks will be composed from the prime possessions in which the researchers had conducted the interviews from Microfinance Banks in various sessions. Moreover, the data from the resultant resources for instance from the financial statements of the Microfinance banks under research.

There are 12 MFBs working in Pakistan. I take only 8 MFBs for the research purpose so that more competent consequence can be obtained. I extracted the data from the annual reports of these 6 MFBs. Following MFBs taken for the research:

- Ufone Microfinance Bank
- NRSP Microfinance Bank
- Advances Microfinance Bank
- Khushhali Microfinance Bank
- Mobilink Microfinance Bank
- Telenor Microfinance Bank

Tools and Measurement of Performance:

We considered analysis of MFBs by the help of ratio analysis. Ratio analysis is the finest and essential tool for financial analysis. I have taken three ratios in my research to analyze performance of MFBs, which are

Return on equity (ROE), Return on Assets (ROA), and Earnings Per Share (EPS).

Results & Discussion

Information Gathered from MFBs about Loans:

I have gathered the data about the loan which are short term microfinance banks as my primary data collection. Name listed below:

- First Microfinance Bank
- Apna Microfinance Bank
- Telenor Microfinance Bank
- Finca Microfinance

First Microfinance Bank

Loan to groups and individuals are obtained by First microfinance bank. Government employees, private, permanent employees and pensioners are as individual person whose savings or income up to Rs. 300,000.

- For running business loan up to Rs. 1 million allows at rate of interest 14% to 16%.
- 20% interest charge on giving loan of minimum Rs. 20,000.
- Salaried persons whose salary is more than Rs. 150,000, charged interest is at 10% to 11% but if the salary is less than Rs. 150,000, interest will charge at rate of 18% to 19%.
- According to crops and make pass book of agri, bank allows agriculture loan of Rs. 500,000.
- Loans against guarantee of business or land's registry are given. If the third-party, case than government employees are treated as guarantors.

Finca's Microfinance Bank

Loans for livestock, business and gold are obtained by Finca microfinance bank. It allows loan of Rs. 24,000 to Rs. 160,000 and maximum amount is Rs. 300,000. Guarantee of individual such as shopkeeper and salaried person is accepted. 22% interest charged on exchange of gold loan for example 80% interest on one tola gold with security of 1 year. Interest on business loans is charge every month. Loan for livestock allow after seen the farms of livestock.

Apna's Microfinance Bank

Livestock loans are allowed by Apna Microfinance Bank. Agriculture loans are giving up to Rs. 50,000 to Rs. 500,000. Interest on Loan for personal vehicle (Apna sawari loan) charged at the rate of 22% up to Rs. 50,000-100,000. For Rs. 100,000 above, the rate of interest is different.

Telenor Microfinance Bank

Telenor Microfinance bank allow loan of Rs. 50,000 at 10% rate of interest as minimum limit along with receive 15% bank fees on loan with drawl. For example, Telenor provides Rs. 48,500 to the borrower on loan of Rs. 50,000 at 15% bank fees i.e. Rs. 1,500.

Telenor Microfinance bank gives loan as maximum is Rs. 500,000 on 10% interest rate. It also allows emergency loan on exchange of gold for example on one tola gold Rs. 30,000 allow on 21% rate of interest for one year and after loan maturity. It submits markup on gold exchange it allows Rs. 10,000 to Rs. 500,000 within two hours. Enterprise loan allows on the financial position of the existing business. It also allows up to Rs. 500.000 loan on agricultural product. Salary loan paid to government and private employees on low installments.

Performance Analysis of Each MFB

U MICROFINANCE BANK

U Microscope Bank is led by the leading telecommunication company of Pakistan PTCL. The bank is spread along 141 different areas, including 109 cities and backward area of Pakistan and offer loans to people to establish their business and to live with freedom. It offers service to the people in the form of U paisa that is a subsidiary of Ufone. This service is spread along 45,000 located in Pakistan. U Microfinance Bank is playing a vital part to fight poverty in Pakistan and are trying to implement National Financial involvement strategy 2020 that has a goal to bring youth towards net banking. We believe that the involvement of the financial services provided to the people lends towards the betterment and fast growth of the society towards the net banking. We aim towards the underserved population of Pakistan to strengthen their lives. The year 2017 was an exceptional year for U Microfinance Bank. Ration of loans was increased from 119,261 consumers in 2k16 to 635,462 in 2017, 30% of our concerned population is of women. Customers deposited Rs. 9.1 billion to Rs. 11,79 billion, whereas the ratio of loan has grown from Rs. 5.52 billion to Rs. 10,74 billion. Our networks have 30 more points, staff increased from 939 in 2016 to 1321 in 2017. Performance analysis of U MFB is as follow.

Analysis of Total Equity

Table 1: The total equity of U Bank

Year	2013	2014	2015	2016	2017
Total Equity	1,064, 531	967,566	1,074,765	1,147,117	1,404,742
Share Capital	1.185.714	1.185.714	1.185.714	1.185.714	1.185.714
Reserves	2,042	2,042	4,049	22,137	86,879
Un Appropriated profit	-123,225	-220,190	-214,998	-160,734	23149
Others	-25,714	-10,817	-26,710	-24,653	-25,742

The above data revealed that total equity of U Bank was Rs. 1.06 million in 2013 and it shows downfall in 2014 up to Rs. 0.97 million. It is observed that total equity in FY 2015 increased from Rs. 0.97 millions to Rs. 1.071 millions. In FY 2016 the total equity increased from Rs. 1.07 million to Rs. 1.14 million. The data witnessed an increase in total equity from FY 2015-2017 skyrocketed Rs. 1.07 million to Rs. 1.40 million.

Analysis of Total Liabilities

Total liabilities of U Bank were increased by Rs. 16.25 million in FY 2017 from Rs. 0.34 million in FY 2013

Table 2: Liabilities of UBank

Year	2013	2014	2015	2016	2017
Total Liabilities	342,693	875,260	1,222,867	9,469,250	16,251,887
Bills Payable	130	16,369	7,125	17,649	54,332
Borrowings from financial institutions	0	0	0	1,000,000	3,069,487
Deposits and other accounts	205,178	702,579	1,065,316	8,109,924	11,971,358
Other/misc. liabilities	137,385	156,312	150,426	341,677	1,156,720

Borrowings from financial institutions increased from Rs. 1 million in FY 2016 to Rs. 3.1 million in FY 2017. Deposits and other accounts increased from Rs. 0.2 million in FY 2013 to Rs. 11.98 million in CY 2017 of U Bank.

Table 3: Assets of UBank

Year	2013	2014	2015	2016	2017
Total Assets	1,381,510	1,832,009	2,270,922	10,591,714	17,630,887

In FY 2017, total assets stood at Rs. 17.6 million increased by when compared to previous year 2013

Table 4: Cash & Bank Balances

Year	2013	2014	2015	2016	2017
Cash and balances with treasury banks	25,740	74,143	136,676	470,734	772,154

The cash and balances with T Banks were Rs. 25,740 in FY2013 and increased up to Rs. 74,143 in FY2014. It is also observed that current assets stood Rs. 136,676 in FY2015 and it increased Rs. 0.47 million in FY2016. The analyzed data is witnessed that the cash and balances with T Banks increased rapidly year to year and in the year 2017 it were Rs. 0.77 million.

Table 5: Investments by UBank

Year	2013	2014	2015	2016	2017
Investments	294,736	517,956	180,483	1,130,483	1,786,375

The investment by U Bank in FY2013 was 0.29 million and it was increased in FY2014 up to Rs. 0.51 million. But the analyzed data showed that in FY2015 the investment by U Bank declined from Rs. 0.51 million to Rs. 0.18 million. It covered the deficiency of investments in FY2016 from Rs. 0.18 million to Rs. 1.13 million. We observed a boom in investment up to Rs. 1.78 million in FY2017.

Table 6: Fixed Assets of UBank

Year	2013	2014	2015	2016	2017
Fixed Assets	198,884	220,570	222,413	303,027	465,355

A fixed cost of U Bank in FY213 was Rs. 0.19 million. Fixed assets increased from Rs. 0.19 million in FY 0.19 million to Rs. 0.22 million in FY2014. It is also observed that fixed asset stood Rs. 0.22 million in FY 2014 and it is increased Rs. 0.30 million in FY2016. IN the current year 2017 the fixed assets increased from Rs. 0.30 million to Rs. 0.46 million.

Table 7: Profit and loss) after taxation

Year	2013	2014	2015	2016	2017
Profit/(loss) after taxation	-45,062	-96,965	8,030	72,353	258,966

The U Bank was unable to earn profit from FY 2013 to FY 2014. In FY 2015 it earned profit of Rs. 8,030. The data also revealed that after the year 2015 it earned profit after taxes up to Rs. 0.25 million.

Analysis of Performance Ratio

Past five years ratio analysis is as under:

Table 8: Ratio analysis

Years	2013	2014	2015	2016	2017
ROE	-4.23%	-10.0%	0.75%	6.31%	18.44%
ROA	-3.26%	-5.29%	0.35%	0.68%	1.47%
EPS	-0.38	-0.82	0.06	0.56	2.01

Return on Equity (ROE)

The data extracted from balance sheet and income statement of U bank revealed that the return on equity show negative trend in FY2013 and FY 2014. After that it increased from FY2015-2017 up to percentage from 0.75% to 18.44% respectively.

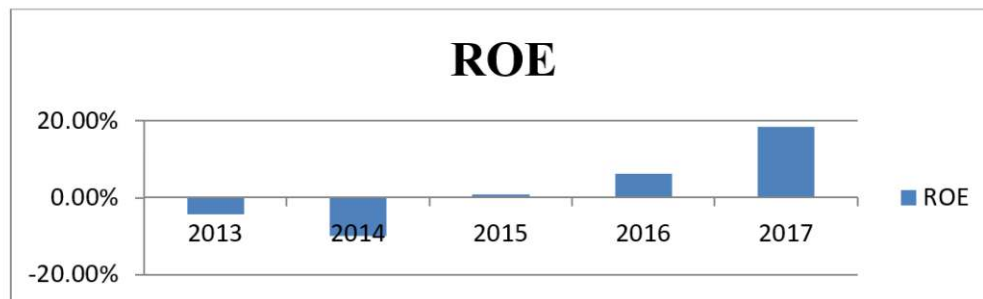


Figure 2: ROE of UBank

Return on Assets (ROA)

The data obtained from balance sheet and income statement of U Bank shows the negative trend of return on asset from FY2013-2014 from -3.26% to -5.29% respectively. It increased from FY2015-2017 up to percentage 0.35% to 1.47% respectively.

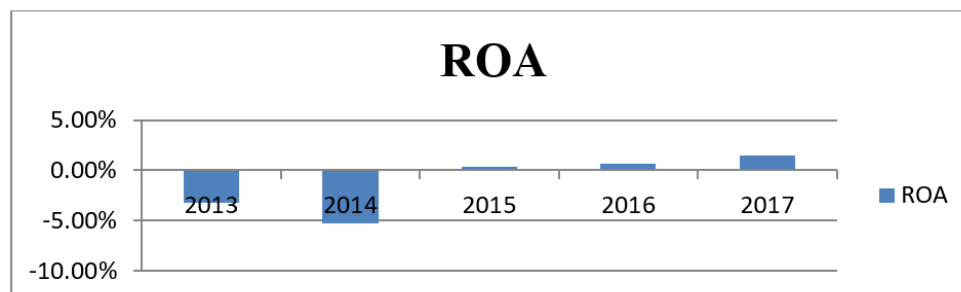


Figure 3: ROA of UBank

Earnings Per Share (EPS)

We explored that EPS of U Bank was negative from FY2013-2014 from -0.38 to -0.82. It means that the shareholder didn't received dividend in these two years. In FY2015 the shareholders received 0.06 dividends on each share. In FY 2016-2017 the earnings per share was 0.56 to 2.01 respectively.

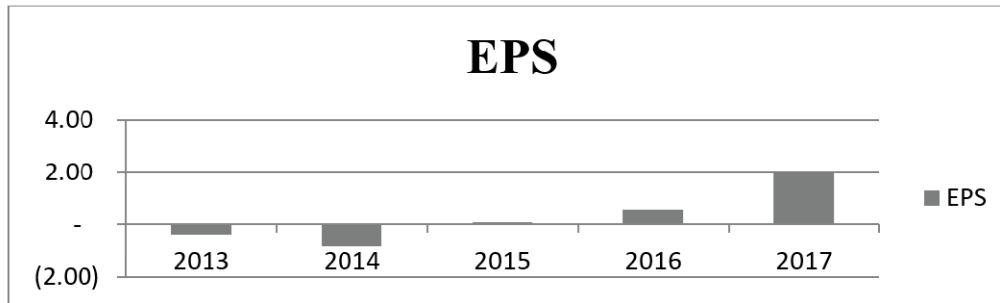


Figure 4: EPS of UBank

NRSP Microfinance Bank

NRSP Microfinance bank in Pakistan is considered as one of the leading banks. In 2011 they have operated with a mission to financially help the poor, farmers and those who cannot afford their livings. Quality services are offered to the valuable clients working in government or private institutions. NRSP Bank adheres to internationally recognized Corporate Governance and prudent banking practices due to which the bank doubled its equity in 5 years. As the bank is providing people with finance and services, it is also the first bank to provide Islamic microfinance. The bank has strengthened its resource and established 143 branches within 45 districts. Its services offer a wide range of service to people including Deposits, Micro-Credit and Micro-Insurance. Two companies PARCA and JCR-VIS has acknowledged the bank status by rating it "A" in Long Term and "A-1" in short term.

Analysis of Total Equity

The total equity of NRSP bank for the period of five years is given below:

Table 9: Equity of NRSP bank

Year	2013	2014	2015	2016	2017
Total Equity	1,364,594	2,040,729	2,473,641	3,106,336	3,869,522
Share Capital	1,000,000	1,498,372	1,498,372	1,498,372	1,498,372
Reserves	89,305	128,840	220,782	357,739	522,034
Un appropriated profit	275,289	413,517	754,487	1,250,225	1,849,116
Others	85,656	85,375	70,860	97,393	144,388

The above data expressed that the total equity of NRSP was Rs. 1.3 million in FY 2013 and it showed increased continuously in the years. It is analyzed that total equity in FY2015 increased from Rs. 2.04 million to Rs. 2.4 million. In 2016 the total equity increased from Rs. 2.4 million to Rs. 3.1 million. The data expressed an increased in total equity from FY 2014-2017 from Rs. 2.04 million to Rs. 3.8 million respectively.

Analysis of Liabilities

Total liabilities of NRSP Bank increased from Rs. 8.3 million in FY 2013 to Rs. 29.5 million in FY 2017 as per the table presents below:

Table 10: Liability of NRSP bank

Year	2013	2014	2015	2016	2017
Total liabilities	8,334,012	9,671,512	11,747,685	23,248,698	29,575,599
Bills Payable	0	0	0	0	0
Borrowings from financial institutions	4,457,250	4,204,216	4,156,925	4,677,175	3,293,888
Deposits and other accounts	3,618,714	5,159,810	7,255,316	16,922,084	23,671,820
Other/Misc. liabilities	268,048	307,486	335,444	1,649,439	2,609,891

The analyzed data showed that borrowings from financial institutions decreased from Rs. 4.4 million in FY 2013 to Rs. 3.2 million in FY 2017. Deposits and other accounts increased from Rs. 3.6 million in FY 2013 to Rs. 23.67 million in FY 2017 of NRSP Bank. The other misc. liabilities increased rapidly in every year from FY2013-2017.

Table 11 : Assets of NRSP bank

Year	2013	2014	2015	2016	2017
Total Assets	9,794,262	11,797,616	14,292,186	26,452,427	33,589,509

The total assets of NRSP increased year to year and it stood at Rs. 33.5 million in FY 2017. It showed increased in total assets from FY 2013-2017 from Rs. 9.7 million to Rs. 33.5 million.

Table 12: Cash and balance of NRSP bank

Year	2013	2014	2015	2016	2017
Cash & balances with treasury banks	209,957	308,723	472,108	1,199,469	1,642,950

The above data of NRSP Bank showed that the cash and balances with NRSP Bank were Rs. 0.2 million in FY2013 and increased up to Rs.0.3 million in FY 2014. It is also expressed that current asset stood Rs. 0.47 million in FY 2015 and it is increased Rs. 1.19 million in FY 2016. The analyzed data is witnessed that the cash and balances with NRSP bank increased rapidly year to year and in the year 2017 it was Rs. 1.64 million.

Table 13: Investment of NRSP bank

Year	2013	2014	2015	2016	2017
Fixed Assets	244,171	222,810	221,427	353,177	533,617

Fixed assets of NRSP Bank in FY2013 was 0.24 million. Fixed assets decreased from Rs. 0.24 million in FY2013 to Rs. 0.22 million in FY2014. It is also observed that fixed asset stood Rs. 0.22 million in FY2015 and it increased Rs. 0.35 million in FY2016. In the current year 2017 the fixed assets increased from Rs. 0.35 million to Rs.0.53 million.

Table 14: Profit / (loss) after taxation of NRSP bank

Year	2013	2014	2015	2016	2017
Profit/(loss) After Tax	244,249	197,679	459,705	684,787	821,474

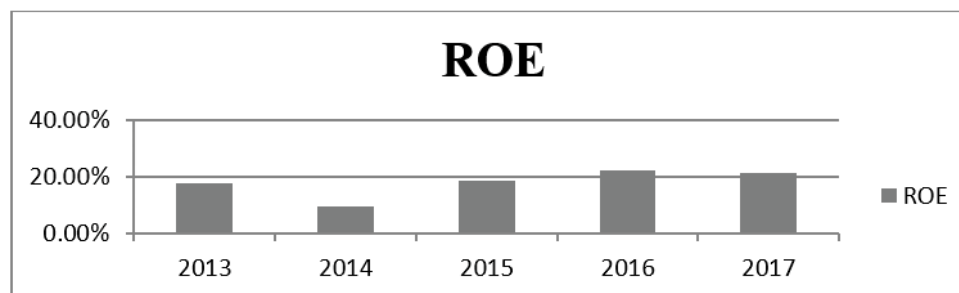
The NRSP Bank was earned profit in FY 2013 of Rs. 0.24 million. We observed from the above data of NRSP it reduces the profit in FY2014 from 0.24 million to 0.19 million, in the FY 2015 it earned profit of Rs. 0.45 million. the above data witnessed that the profit after tax of NRSP Bank showed continuously increased in next FY2017 upto Rs. 0.82 million.

Table 15: Performance ratio of NRSP bank

Years	2013	2014	2015	2016	2017
ROE	17.90%	9.69%	18.58%	22.04%	21.23%
ROA	2.49%	1.68%	3.22%	2.59%	2.45%
EPS	2.44	1.32	3.07	4.57	5.48

Return on Equity (ROE)

The data concluded from balance sheet and income statement of NRSP bank expressed that the return of equity in FY 2013 was 17.90%. After that the ROE shrink in FY2014 was 9.69%. In FY2015 the ROE increased from 9.69% to 18.58%. After that it increased in FY2016 to 22.04%. In FY2017 it slightly decreased from 22.04% to 21.23%.

**Figure 5:** ROE of NRSP bank

Return on Assets (ROA)

The data obtained from balance sheet and income statement of NRSP Bank shows that it decreased from FY2013 to FY2014 from 2.49% to 1.32%. It increased in FY2015 upto 3.22%. It decreases in the next year from 3.22% to 2.59%. And in FY 2017 it showed 2.45%.

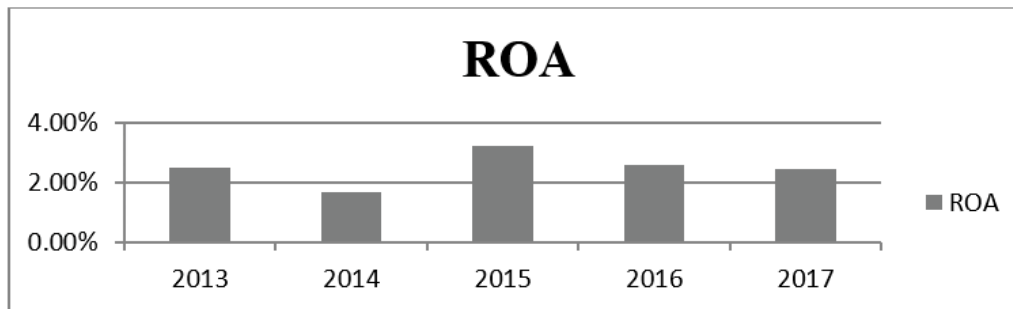


Figure 6: ROA of NRSP bank

Earnings Per Share (EPS)

We explored that EPS of NRSP Bank was positive throughout the year from FY2013-2017. The shareholders received dividend on each share in every year. In FY2013-2017 the earning per share was 2.44 to 5.48 respectively. Shareholder received highest dividend in FY2017 of Rs. 5.48 on each share.

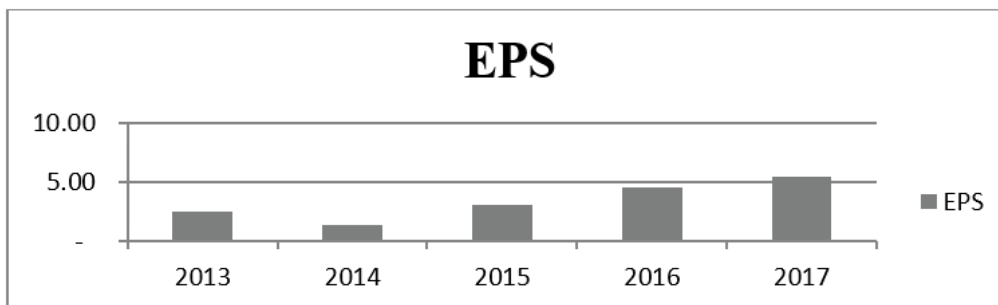


Figure 7: EPS of NRSP bank

Advans Bank

Advans offers a vast option of financial services at different level of organizations or enterprises. Advans Pakistan Microfinance Bank is the six subsidiaries of advances groups. Advans MFBL was established for general public under supervision of the ordinance of companies 1984, on 17th April 2012 and state bank of Pakistan give license on 28 June 2012 to conduct the operation by acting as microfinance bank Sindh province. The banks focus to give banking services to the poor or degraded people by following the institution ordinance of finance 2001. Bank identified as a microfinance, it provides vast options of financial services at different level of organizations or enterprises from PKR 10,000 to PKR 500,000. Advans is also offering loans to individuals through their gold loan product. Performance analysis of Advans MFB is as follow:

Analysis of Total Equity

The total equity of Advans Bank for the period of five years is as follow:

Table 16: Total Equity of Advans Bank

Year	2013	2014	2015	2016	2017
Total Equity	636,199	547,310	469,644	437,757	624,542
Share Capital	800,000	800,000	800,000	974,000	1,290,163
Reserves	0	0	0	0	0
Un appropriated profit	-163,801	-252,690	-330,356	-536,243	-665,621
Others	0	21,149	16,924	177,418	5,617

The above data showed that the total equity of NRSP was Rs. 0.63 million in FY2013. It is analyzed that total equity in FY2015 decreased from Rs. 0.54 million to Rs. 0.46 million. In 2016 the total equity shrinks from Rs. 0.46 million to Rs. 0.43 million. We observed from the above data the total equity increased upto 0.62 million in FY 2017.

Analysis of Total Liability

The liabilities of Advans Bank for the period of five years are given below:

Table 17: Total Liabilities of Advans Bank

Year	2013	2014	2015	2016	2017
Total Liabilities	124,275	51,365	76,180	69,281	372,942
Bills Payable	76	0	0	0	0
Borrowings from financial institutions	0	0	0	0	0
Deposits and other accounts	10,563	14,634	14,627	21,469	301,626
Other/misc. liabilities	113,636	36,731	61,553	47,812	71,316

Total liabilities of Advans Bank in FY2013 was Rs. 124,275. The analyzed data showed that the total liability decreased in FY2014 from Rs. 124,275 to Rs. 51,365. In FY2015 the total liability slightly rises to Rs. 76,180. In FY2016 the total liability diminished to Rs. 69,281. It is observed that there is a boom in total liability increased from Rs. 69,281 to Rs. 372,942.

Analysis of Total Assets

Table 18: Total Assets of Advans Bank

Year	2013	2014	2015	2016	2017
Total Assets	760,475	619,824	562,748	684,456	1,003,101

The above data showed that the total assets of Advans bank in FY2013 is Rs. 0.76 million. It was reduced in FY2014 from Rs. 0.76 million to Rs. 0.69 million. The data witnessed that the total assets rapidly increased in FY2016 and FY2017 upto Rs. 0.68 million to Rs. 1 million. In FY2017 it showed a boom in the total assets.

Analysis of Cash & Bank Balances

Table 19: Cash and Bank Balance of Advans Bank

Year	2013	2014	2015	2016	2017
Cash and balances with treasury banks	6,434	11,802	17,391	12,248	187,332

The given data of Advans Bank described that the cash and balances with T Banks was increased in first 3 years from FY2013-FY2015 upto Rs. 6,434 to Rs. 17,391. The provided data express that the cash & balances with T banks was slightly reduce from Rs. 17,391 to Rs. 12,248. After that it showed a high increased in FY2017 of Rs. 187,332.

Analysis of Investments

Table 20: Investments of Advans Bank

Year	2013	2014	2015	2016	2017
Investments	176,711	147,084	0	59,117	0

The above data classified that the total investment of Advans Bank in FY2013 was Rs. 176,711, after that in the next FY2014 the total investment by Bank was Rs. 147,084. It was a big shocked that the Advans bank not invested a single penny in FY2015 & FY 2017. So, in FY2016 it invested Rs. 59,117.

Analysis of Fixed Assets

Table 21: Total Assets of Advans Bank

Year	2013	2014	2015	2016	2017
Fixed Assets	60,583	78,396	79,583	57,375	56,399

The above-mentioned data summarized that the total fixed assets increased rapidly throughout three year from FY2013 to FY 2015 upto Rs. 60,583 to Rs. 79,583. And it showed a decreased in FY2016 from Rs.79,583 to Rs.57,375. In FY2017 it slightly decreases to Rs.56,399.

Analysis of Profit / (Loss) After Taxation:

Table 22: Profit / (Loss) after Taxation of Advans Bank

Year	2013	2014	2015	2016	2017
Profit/(loss) after Tax	-100,398	-88,890	77,666	-205,887	-129,378

The above data expressed that the Advans bank has faced loss in FY2013-2014 upto Rs.-0.1 million to Rs.-88,890. After that it earned profit of Rs. 77,666 in FY2015. And in FY2016-2017 it again shows the loss of Rs.-205,887 to Rs.-129,378.

Analysis of Performance Ratio

Past five years analysis of Advans MFB

Table 23: ROE, ROA and EPS of Advans Bank

Year	2013	2014	2015	2016	2017
ROE	-15.78%	-16.24%	16.54%	-47.03%	-20.72%
ROA	-13.20%	-14.34%	13.80%	-30.08%	-12.89%
EPS	-1.25	-1.11	0.97	-2.57	-1.62

Return on Equity (ROE)

The examined above data expressed that the return on shareholders' investment shows negative its mean that the bank not generate any profit and they needed more capital to manage this. It showed negative in FY2013-2014 and FY2016-2017. We observed from the above data only it generates profit of 16.54% in FY2015.

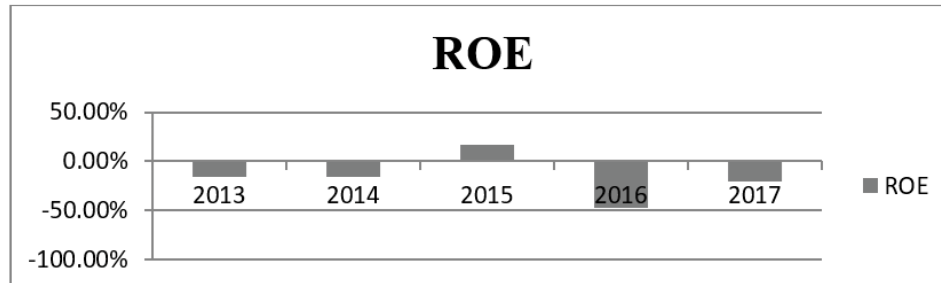


Figure 8: ROE of Advans Bank

Return on Assets (ROA)

The above data witnessed that the Advans bank return on total assets showed negative in FY2013-2014. After that it showed a increased in the FY2015 of 13.80%. So, as onward it showed negative that mean it didn't earned in the next FY2016-2017.

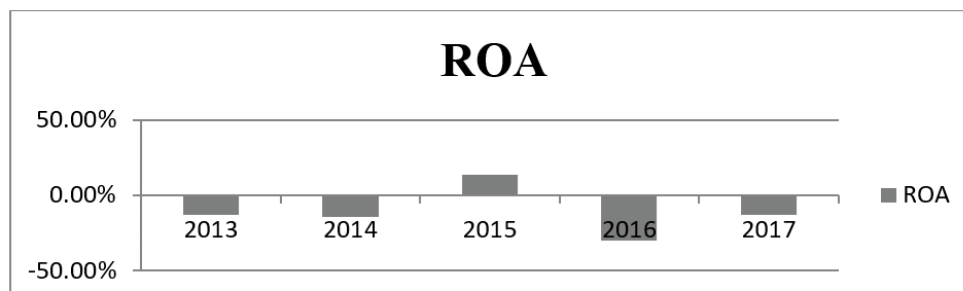


Figure 9: ROA of Advans Bank

Earnings Per Share (EPS)

As the above observed data it showed that in the FY2013-2014 the shareholder didn't get any dividend on each share. After that in FY2015 it showed that the earning per share was 0.97 this mean in this year shareholder earned dividend on each share. In the next FY2016-2017 it showed a negative trend which anticipated that shareholders earned nothing in these years.

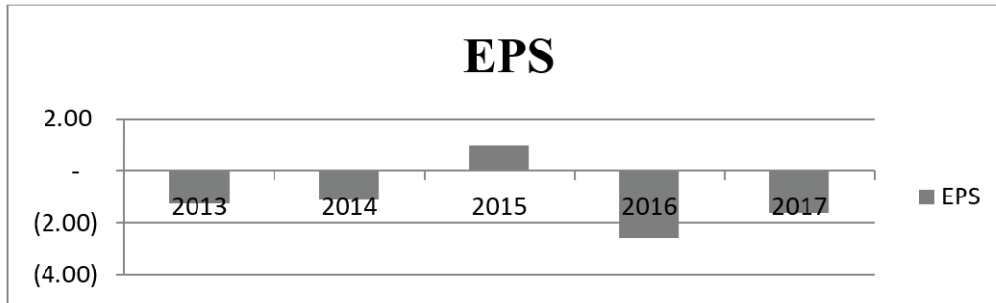


Figure 10: EPS of Advans Bank

KHUSHHALI Microfinance Bank

This bank was formed in 2000 and is called Khushhali bank. Asian Development Bank (ADB) developed the (MSDP). Their Headquarter located in Islamabad and monitored by State Bank of Pakistan. Bank has 9 board of directors including g bankers, managers and microfinance experts from world. Performance analysis of Khushhali MFB is as follow:

Analysis of Total Equity

The total equity of Khushhali MFB is as follow for the period of five years.

Table 24: Equity, Capital and Reserves of Khushhali Bank

Year	2013	2014	2015	2016	2017
Total Equity	2,749,253	3,285,364	3,934,189	4,937,238	6,354,266
Share Capital	1,705,000	1,705,000	1,705,000	1,705,000	1,705,000
Reserves	305,399	446,042	610,874	865,421	1,225,534
Un appropriated profit	738,854	1,134,322	1,618,314	2,366,816	3,423,731

From the above given data of Khushhali MFB showed that the total equity rapidly increased from year to year. In FY2013 the total equity was Rs. 2.7 million. Further it was increased in the next year FY2014 from Rs. 2.7 million to Rs. 3.28 million. In the next year it again slightly increased from Rs. 3.28 million to Rs. 3.93 million. The total equity in FY2017 was Rs. 6.35 million.

Analysis of Total Liabilities

The total liabilities of Khushhali MFB are as under:

Table 25: Total Liabilities of Khushhali Bank

Year	2013	2014	2015	2016	2017
Total Liabilities	10,530,778	13,406,306	22,744,856	28,836,382	52,605,428
Bills Payable	24,296	63,102	42,081	78,396	0
Borrowings from Financial Institutions	2,746,106	3,729,877	5,890,397	6,199,882	4,782,681
Deposits and other accounts	7,132,919	8,682,473	15,583,727	21,179,403	45,746,861
Other/misc. liabilities	627,457	930,854	1,228,651	1,378,701	2,075,886

The above data expressed that the total liabilities of Khushhali MFB constantly increasing year to year from FY2013-2017. The total liabilities in FY2013 were Rs. 10.5 million. It was increased in next year upto Rs. 13.4 million. It showed a highest liability increased from FY2016-2017. It increased from FY2016-2017 upto Rs. 28.8 million to Rs. 52.6 million.

Analysis of Total Assets

Table 26: Total Assets of Khushhali Bank

Year	2013	2014	2015	2016	2017
Total Assets	13,289,657	16,692,434	26,696,346	33,773,479	58,961,203

The above data described that the total assets of the bank continuously increasing from FY2013-2017 upto Rs. 13.28 million to Rs. 58.96 million. In the last FY2017 it showed in highly increased in the amount of total assets from Rs. 33.77 million to Rs. 58.96 million.

Analysis of Cash & Bank Balances

Table 27: Cash and Bank Balances Khushhali Bank

Year	2013	2014	2015	2016	2017
Cash & balances with treasury banks	617,892	701,036	1,001,222	1,300,650	1,664,251

The cash and balances with T Banks seem increased in the above given period of five years from FY2013-2017 respectively. In the FY2013 the total amount of cash and balances with treasury banks was Rs. 0.61 million. It is also concluded that in FY2015 it increased from Rs. 0.70 million to Rs. 1.0 million. After that it showed increased in FY2016 from Rs. 0.10 million to Rs. 1.3 million. In the last FY2017 it increased as compared to previous one upto Rs. 1.66 million.

Analysis of Investments

Table 28: Investment by Khushhali Bank

Year	2013	2014	2015	2016	2017
Investments	1,038,901	836,886	1,847,825	2,967,965	16,297,590

It is observed from the given data the investments increased from FY2014-2017. In the FY2013 the total investment was Rs. 1.03 million and it was declined in the FY2014 to Rs. 0.83 million. Further it was increased constantly from FY2015-2017 upto Rs. 1.84 million to Rs. 16.29 million.

Analysis of Fixed Assets

Table 29: Fixed Assets of Khushhali Bank

Year	2013	2014	2015	2016	2017
Fixed Assets	275,184	322,920	548,979	719,730	1,141,596

The total fixed assets of Khushhali MFB was subsequently increased from year to year. It showed an increasing trend from FY2013 to FY2017 upto Rs. 0.27 million to Rs. 1.14 million respectively.

Analysis of Profit / (Loss) after Taxation

Table 30: Profit / (Loss) after Taxation of Khushhali Bank

Year	2013	2014	2015	2016	2017
Profit/(loss) after taxation	363,198	703,212	824,165	1,272,734	1,800,565

From the data given above we conclude that the khushhali bank earned profit from FY2013-2017. It showed in FY2013 it earned profit of Rs. 0.36 million and in the next FY2014 it increased profit to Rs. 0.7 million. This shows the management of Khushhali MFB was very good. In FY2017 it shows a profit of Rs. 1.8 million which showed better management of Khushhali MFB in these periods and got a maximum profit in FY2017.

Analysis of Performance Ratio

Five years ratio analysis of Khushhali MFB

Table 31: ROE, ROA and EPS of Khushhali Bank

Year	2013	2014	2015	2016	2017
ROE	13.21%	21.4%	20.9%	25.8%	28.34%
ROA	2.73%	4.21%	3.09%	3.77%	3.05%
EPS	2.13	4.12	4.83	7.46	10.54

Return on Equity (ROE)

The data obtained from balance sheet and income statement of Khushhali bank concluded that the return on equity showed a positive throughout the year from FY2013-2017. It showed that the khushhali bank generates profit from its shareholders amount that they invested in it. It showed a good ROE ratio from FY2014-2017. The ROE ratio was 21.4% in FY2014 and it constantly increased throughout the year to 28.34% in FY2017.

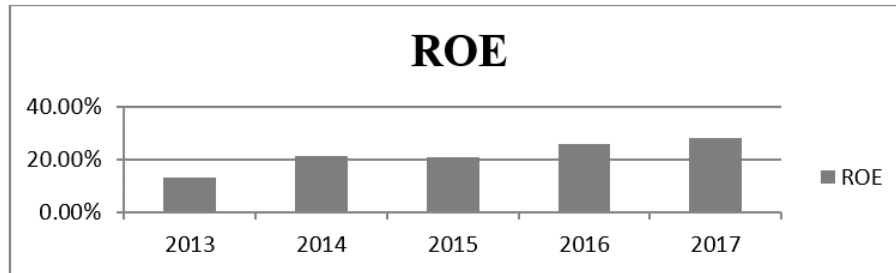


Figure 11: ROE of Khushhali Bank

Return on Assets (ROA)

The above data extracted from the annual reports of Khushhali MFB after the calculation we get ROA ratio and we observed that the ROA shows positive in each year. This shows the management of bank is very good. It is generating profit from its total assets this will give a good sign for the investors. The highest ROA ratio was in FY2014 of 4.21%. It decreased sequence from FY2015-2017 from 3.09% to 3.05%.

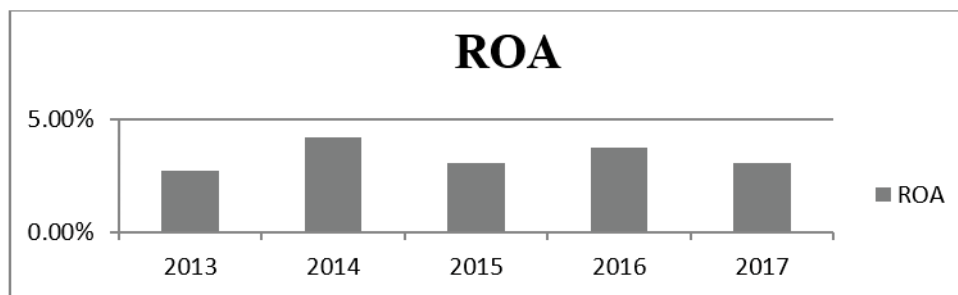


Figure 12: ROA of Khushhali Bank

Earnings Per Share (EPS)

We observed from the analyzed data given above the EPS ratio showed positive trend throughout the five year from FY2013-2017. In FY2013 the EPS was 2.13 and it was increased in next year to 4.12. Further it was increased highly from 4.83 in FY2015 to 7.46 in FY2016. In FY2017 it was 10.54 that are higher as compared to previous years. It means that the Khushhali bank generates dividends and investments in every year.

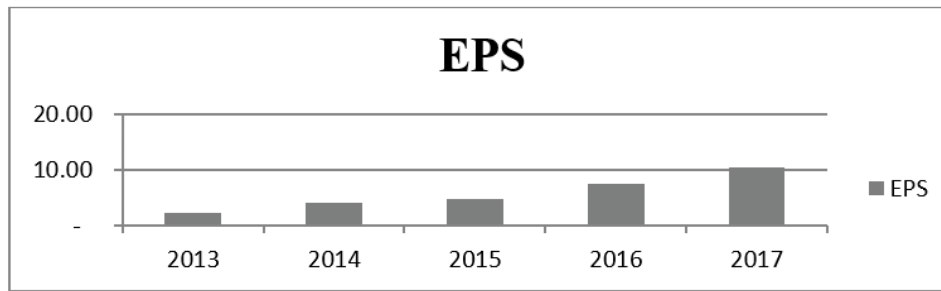


Figure 13: EPS of Khushhali Bank

Mobilink Microfinance Bank (MMBL)

Mobilink Microfinance Limited (MMBL) is the largest microfinance bank of Pakistan with over 15 million wallets on mobile. MMBL operations were started in April 2012 and they launched operation of branchless banking with the name of Jazz Cash in the deal with the largest operator of telecom Jazz in Nov 2012. Bank has the leading branches around 61 mark, 1000 employees and over 70,000 people running their branchless banking and a USSD (GSM) based channel in the country that is offering savings, micro enterprise loans, housing loans, mobile wallets, life insurance. With a fact that MMBL is a young bank, it has emerged as one of the leading front-line runners and achieved some financial breaks within its four years of working operations in 2015. One of the fastest progress by any microfinance bank in 2016 and 2017 financial performance of bank was remarkable with return. Financial performance of the bank on exceeding equity 35% in 2017. Performance analysis of Mobilink MFB is as follow:

Analysis of Total Equity

The total equity of Mobilink Microfinance bank is as under for five years.

Table 32: Total Equity of MMBL

Year	2013	2014	2015	2016	2017
Total Equity	829,817	1,037,013	999,736	1,218,956	3,062,142
Share Capital	1,137,504	1,451,754	1,451,754	1,451,754	2,713,597
Reserves	0	0	0	46,152	168,570
Un appropriated profit	-307,687	-414,741	-452,018	-278,950	179,975
Others	314,228	-683	600	11,538	42,493

The total shareholders' investment in FY2013 was Rs. 0.83 million as it was observed that in the FY2014 the total equity improved up to Rs. 1.03 million. The total equity was slightly decreased in the FY2014 from Rs. 1.03 million to Rs. 0.99 million. For the FY2016 it was again improved from Rs. 0.99 million to Rs. 1.22 million, as mentioned above the total equity in the FY2017 was Rs. 3.06 million.

Analysis of Total Liabilities

The total liabilities of Mobilink MFB were given as under from FY2013 to FY2017:

Table 33: Total Equity of MMBL

Year	2013	2014	2015	2016	2017
Total Liabilities	769,353	1,504,516	3,890,220	13,003,363	17,476,241
Bills Payable	0	0	0	0	0
Borrowings from Financial Institutions	0	0	0	0	0
Deposits and other accounts	645,369	1,287,919	3,197,311	10,306,362	14,943,057
Other/misc. liabilities	123,984	216,597	692,909	2,697,001	2,533,184

Total liabilities showed that there were no bills payable and borrowings from financial institutions. It showed very minor other/misc. liabilities from FY2013 to FY2017. As the data expressed that the total liabilities were increased throughout the year from FY2013-2017.

Analysis of Total Assets

Table 34: Total Assets of MMBL

Year	2013	2014	2015	2016	2017
Total Assets	1,913,398	2,540,846	4,890,556	14,233,857	20,580,876

The data above taken from annual reports of microfinance bank showed that the total assets increased continuously from the first periodic year to the last year. It was highly addition in the total assets in FY2016 and FY2017. Now in the FY2017 it was Rs.20.58 million.

Analysis of Cash & Bank Balances

Table 35: Cash and Bank Balance of MMBL

Year	2013	2014	2015	2016	2017
Cash & balances with treasury banks	73,019	121,820	266,578	747,930	1,071,464

The cash and balances with T Banks of Mobilink MFB stated that it was improved swiftly from FY2013 to FY2017 upto Rs. 73,019 to Rs. 1.07 million respectively.

Analysis of Investments

Table 36: Investments of MMBL

Year	2013	2014	2015	2016	2017
Investments	409,517	326,780	125,272	1,495,053	4,527,807

The total investment by Mobilink MFB in the FY2013 was Rs. 0.41 million then it gradually declines to FY2015 upto Rs. 0.12 million. The investment start rises in FY2016 and FY2017 was known to be the best year for investments.

Analysis of Fixed Assets

Table 37: Fixed Assets of MMBL

Year	2013	2014	2015	2016	2017
Fixed Assets	180,221	220,961	289,235	388,448	462,744

The fixed assets of the Mobilink MFB were increased constantly throughout the periodic period from FY2013-2017.

Analysis of Profit / (Loss) after Taxation

Table 38: Profit and Loss after Taxation of MMBL

Year	2013	2014	2015	2016	2017
Profit/(loss) after taxation	-215,960	-107,054	-37,227	230,758	612,089

From the given data we concluded that the Mobilink MFB faced loss in FY2013 to Rs. -0.22million due to the previous loss happened in FY2013 management took significant steps and overcome this loss this can be seen in the data the loss was declined from Rs. -0.22 million to Rs. -0.11 million and in the FY2015 it was again decreased to Rs. -37,277. Due to the efficient and effective strategy Mobilink MFB earned profit and it was increased rapidly from FY2016-2017 up to Rs. 0.23 million to Rs. 0.61 million.

Analysis of Performance Ratio

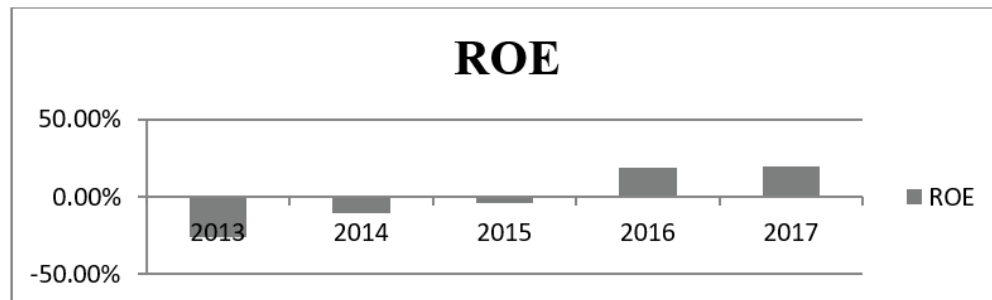
Past five years ratio analysis Mobilink

Table 38: ROE, ROA and EPS of MMBL

Year	2013	2014	2015	2016	2017
ROE	-26.03%	-10.32%	-3.73%	18.93%	19.99%
ROA	-11.29%	-4.21%	-0.76%	1.62%	2.97%
EPS	-1.9	-0.74	-0.26	1.59	2.26

Return on Equity (ROE)

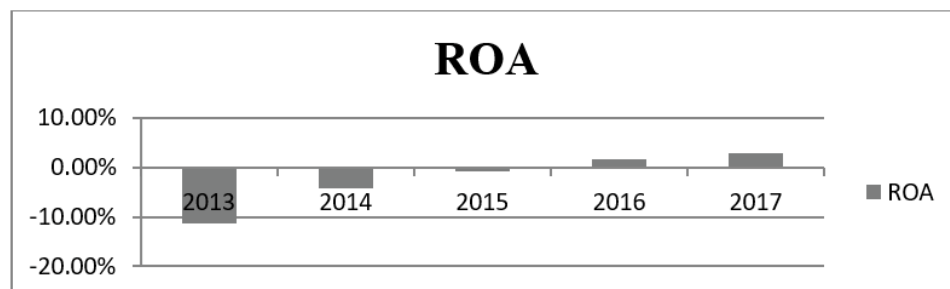
We see that the Mobilink MFB generates no profit from shareholders investment from FY2013-FY2015. Further due to their efficient management the Mobilink MFB ROE was positive in FY2016 and it was a good ROE percentage of 18.93. Further in FY2017 the ROE was 19.9% it means bank management is better.

**Figure 14:** ROE of MMBL

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Return on Assets (ROA)

The ROA of Mobilink MFB showed negative from FY2013-2015. After that the MFB generates income from its total assets that revealed efficient management from FY2016-2017. Its showed that the Mobilink MFB stables their financial matters and achieved their goal in FY2016.

**Figure 15:** ROA of MMBL

Earnings Per Share (EPS)

From the analyzed data from the income statement and balance sheet in the FY2013-2014 it concluded that the shareholders didn't received dividend in these years after that in FY2016 it showed positive of 1.59 on each share. In FY2017 the shareholders got dividend of 2.26 on each share. That showed the performance of MFB is better from FY2016-2017.

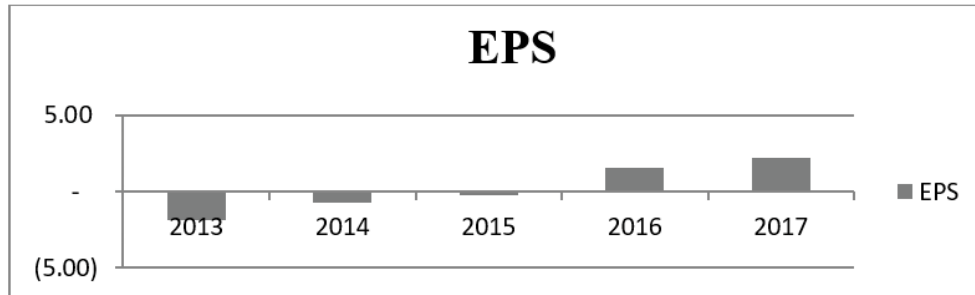


Figure 16: EPS of MMBL

Telenor Microfinance Bank (TMB)

They have a network of 75,000 employees with having 176 branches around the country. Telenor microfinance bank is aimed to provide financial service to the degraded or less areas of the society to improve and strengthen the poor people of the society with the Microfinance Institution Ordinance, 2001. In 2009, they launched largest platform of Banking Easypaisa which is the largest achievement by any microfinance bank. They are having a admirable journey of innovations to achieve financial gain on individual level. With the use of Easypaisa every common man can easily handle all his financial needs are the right time. Awards for the 'Best Microfinance Bank' and 'Bank the Unbanked' were awarded to Telenor Microfinance bank in the year 2016 and 2017. Performance analysis of Telenor MFB is as follow:

Analysis of Total Equity

The total equity of Telenor Microfinance bank is as under from FY2013-2017.

Table 39: Total Equity of TMB

Year	2013	2014	2015	2016	2017
Total Equity	2,194,431	2,821,912	3,658,787	4,577,575	4,981,530
Share Capital	1,346,939	1,346,939	1,346,939	1,346,939	1,346,939
Reserves	641,705	828,142	1,050,952	1,286,756	1,405,571
Un appropriated profit	205,787	646,831	1,260,896	1,943,880	2,229,020
Others	14,994	22,009	30,496	8,334	24,265

The above data revealed that the total equity gradually arise from FY2013 to FY2017. In the FY2013 the equity was Rs. 2.2 million then in the next year it gradually raised to Rs. 2.82 million. It highly increased in FY2015 from Rs. 2.81 million to Rs. 3.65 million. In FY2016, the equity increased swiftly from Rs. 3.65 million to Rs. 4.57 million. In FY2017 it slightly arises from Rs. 4.57 million to Rs. 4.98 million.

Analysis of total liabilities

Table 40: Total Liabilities of TMB

Year	2013	2014	2015	2016	2017
Total Liabilities	12,981,274	13,549,372	17,368,840	31,717,737	42,121,973
Bills Payable	0	0	0	0	0
Borrowings from Financial Institutions	501,280	239,211	85,474	0	0
Deposits and other accounts	10,627,546	12,261,354	15,678,541	27,829,780	36,664,927
Other/misc. liabilities	1,852,448	1,048,807	1,604,825	3,887,957	5,457,046

The total liability of the Telenor MFB increased rapidly throughout the FY2013-2017 from Rs. 12.9 million to Rs. 42.12 million. The above data showed that there were no bills payable but the borrowings from financial institutions from FY2013 to FY2015. Deposits and other account increased in every year.

Analysis of total assets

Table 41: Total Assets of TMB

Year	2013	2014	2015	2016	2017
Total Assets	15,190,699	16,393,293	21,058,123	36,303,646	47,127,768

The total assets of Telenor Microfinance bank in FY2013 were Rs. 15.2 million then it increased gradually throughout the FY2014-2017. And in FY2017 it was Rs. 47.12 million.

Analysis of cash & bank balances

Table 42: Total Cash and Bank Balances of TMB

Year	2013	2014	2015	2016	2017
Cash & balances with treasury banks	1,225,227	1,371,733	1,588,338	3,116,926	3,497,633

Cash and balances with T banks were constantly raised from FY2013-2017. The total amount of cash and balances with T banks raised from Rs. 1.22 million to Rs. 3.5 million.

Analysis of investments

Table 43: Investments by TMB

Year	2013	2014	2015	2016	2017
Investments	3,471,857	3,775,640	3,784,189	11,568,227	6,767,309

The investments by Telenor MFB in FY2013 were Rs. 3.4 million. Further it decreased slightly in the FY2014-2015. An investment was increased quickly in FY2016 from Rs. 3.78 million to Rs. 11.56 million. In FY 2017 declined from 11.5 million to Rs. 6.7 million.

Analysis of fixed assets

Table 44: Total Equity of TMB

Year	2013	2014	2015	2016	2017
Fixed Assets	480,237	556,761	645,474	1,041,611	1,729,560

The Telenor MFB invest in the fixed assets increased year to year from Rs. 0.48 million to Rs. 1.73 million respectively.

Analysis of profit / (loss) after taxation

Table 45: Profit / (Loss) after Taxation of TMB

Year	2013	2014	2015	2016	2017
Profit/(loss) after taxation	381,755	708,493	851,740	895,354	416,756

The Telenor MFB earned profit in each year that shows that the management of the bank is good. But in the FY2013 to FY2016 the profit increased every year and it was declined in the FY2017 from Rs. 0.89 million to Rs. 0.42 million.

Analysis of performance ratio

Table 46: Performance Ratios of TMB

Year	2013	2014	2015	2016	2017
ROE	17.40%	25.11%	23.28%	19.56%	8.37%
ROA	2.51%	4.32%	4.04%	2.47%	0.88%
EPS	2.83	5.26	6.32	6.65	3.09

Return on Equity (ROE)

The Telenor MFB manages the equity and generates good income from the investments of shareholders. The highest ROE ratio was in FY2014 of 25.11% that showed a good ROE ratio. It was declined in FY2017 from 19.56% to 8.37%.

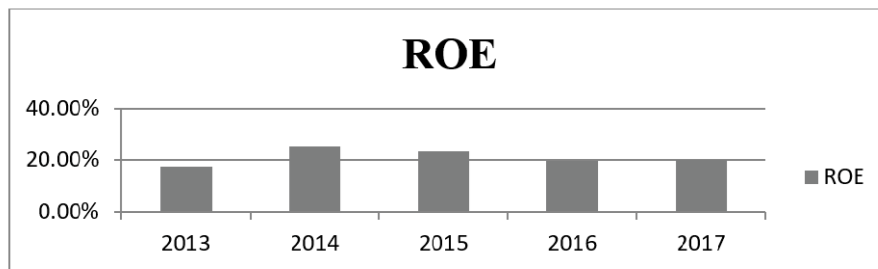


Figure 17: ROE of TMB

Return on Assets (ROA)

The Return on assets in FY2013 was 2.51% it increased in FY2014 and FY2015 then it declined in FY2016. In FY2017 ROA was 0.88%. It means Telenor MFB generates profit from its total assets in FY 2013-2015 from 2.51% to 4.04%. Then it showed declined from 4.04% to 0.88%.

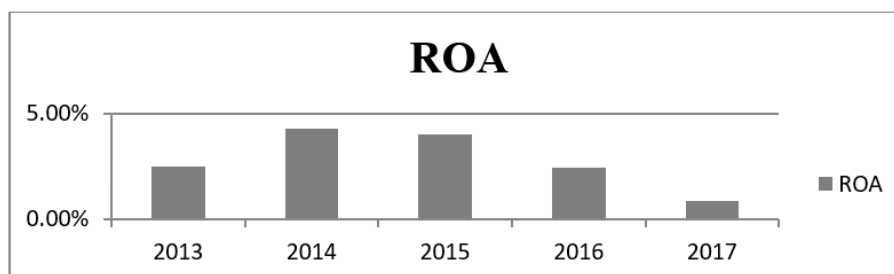


Figure 18: ROA of TMB

Earnings Per Share (EPS)

The shareholders of Telenor MFB received good dividend on each share from FY2013-2016. In FY2017 the EPS reduced from 6.65 to 3.09. The highest EPS was in FY2016 of 6.65.

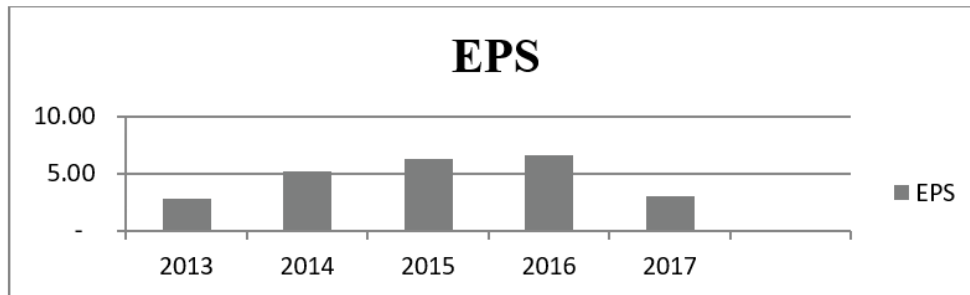


Figure 18: EPS of TMB

Overall Microfinance Banks Analysis

As, previously discussed in literature review only the role of MFB was done. Not only a single result shows a positive relationship toward MFB analysis but also collectively shows a performance of Microfinance bank in Pakistan. The total number of MFB in Pakistan are 10-15 in number and in my research, I have done analysis on 8 of them so our findings can be generalizing.

Performance analysis of overall MFB is as follow:

Analysis of Total Equity

Table 47: Total Equity of all MFBs

Year	2013	2014	2015	2016	2017
Total Equity	14,904,978	18,079,359	23,893,485	28,125,443	35,872,132
Share Capital	14,460,458	16,323,080	19,889,988	21,443,298	24,477,784
Reserves	1,086,785	1,513,220	2,093,205	2,977,973	4,126,727
Un appropriated profit	-642,265	243,059	1,910,292	3,704,172	7,267,621
Others	-2,118,380	-3,130,498	-4,800,615	-3,610,302	-3,463,477

We observed from the above data that the total equity of overall microfinance banks increased rapidly. In FY2013 was Rs. 14.9 million and it increased throughout the year from FY2013-2017. In FY2017 it increased to Rs. 35.8 million. The profit of the MFB increase cause the equity increase.

Analysis of total liabilities

Table 48: Liabilities of all MFBs

Year	2013	2014	2015	2016	2017
Total Liabilities	45,228,787	54,856,247	78,882,571	145,615,827	214,746,449
Bills Payable	58,169	125,342	79,230	110,670	136,194
Borrowings from Financial Institutions	8,000,678	8,664,284	10,893,373	13,728,881	13,017,323
Deposits and other accounts	33,581,490	42,730,482	63,084,832	120,173,249	185,909,900
Other/misc. liabilities	3,588,450	3,336,139	4,825,136	11,603,027	15,683,032

The above data expressed that the total liabilities increased constantly from FY2013-2017. In FY2013 the total liabilities were Rs. 45.23 million and it increased in the next year to FY2017 of Rs. 214.75 million.

Analysis of total assets

Table 49: Total Assets of all MFBs

Year	2013	2014	2015	2016	2017
Total Assets	58,015,386	69,805,108	97,975,441	170,130,968	247,155,104

We concluded from the above data the total assets were increased throughout the periodic year from FY2013-2017. In first FY2013 total assets were Rs. 58.10 million and in the next FY2014 it was Rs. 69.8 million. It increased gradually year to year. In FY2017 the total assets was Rs. 247.1 million.

Table 50: Total Cash and Balances of all MFBs

Year	2013	2014	2015	2016	2017
Cash & balances with treasury banks	2,908,717	3,464,599	4,700,656	9,534,721	12,224,551

Cash and balances with treasury banks of overall microfinance banks were increased from FY2013-2017. It increased in FY2017 from Rs. 2.90 million to Rs. 12.22 million.

Table 51: Total Investments of all MFBs

Year	2013	2014	2015	2016	2017
Investments	12,655,954	14,565,967	13,520,656	30,964,763	44,674,356

The total investments of Microfinance banks in FY2013 were Rs. 12.65 million. It was increased in FY2014 from Rs. 12.65 million to Rs. 14.65 million. Further year it was slightly declined from Rs. 14.56 million to Rs. 13.52 million. It was highly raised in FY2016 to Rs. 30.96 million. In FY2017 the total investments was Rs. 44.67 million.

Table 52: Fixed Assets of all MFBs

Year	2013	2014	2015	2016	2017
Fixed Assets	1,914,457	2,526,436	3,557,475	5,142,024	7,256,382

The above data represent that the fixed assets were increased swiftly in every year from Rs. 1.91 million to Rs. 7.25 million

Table 53: Profit/(Loss) after Taxation of all MFBs

Year	2013	2014	2015	2016	2017
Profit/(loss) after taxation	690,450	1,600,899	2,654,184	3,180,677	5,292,818

We concluded that the microfinance banks profit constantly increased in every year. It increases from FY2013-2017 from Rs. 0.69 million to Rs. 5.29 million.

Analysis of performance ratio

Past 5 years ratio analysis of Overall MFBs

Table 54: Performance Ratios all MFBs

Year	2013	2014	2015	2016	2017
ROE	4.63%	8.85%	11.11%	11.31%	14.75%
ROA	1.19%	2.29%	2.71%	1.87%	2.14%
EPS	0.48	0.98	1.133	1.5	2.21

Return on Equity (ROE):

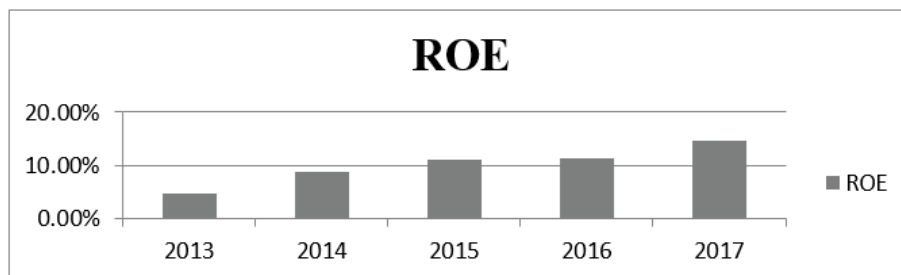


Figure 19: ROE of all MFBs

The overall microfinance banks return on equity was rapidly increased from FY2013-2017. It showed that it generates income from the investments of the shareholders. This shows the overall management of MFBs was good. In FY2017 the ROE was 14.75% which represent the good ROE ratio.

Return on Assets (ROA)

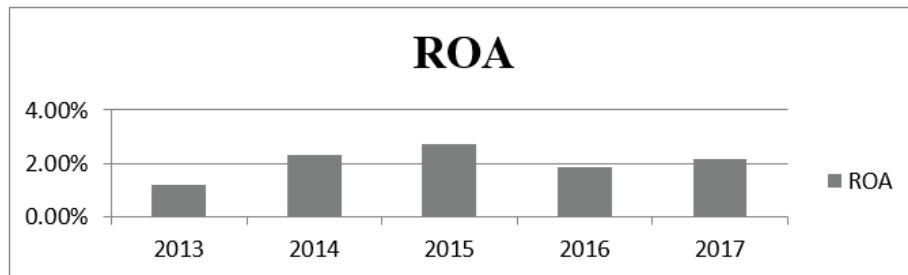


Figure 20: ROA of all MFBs

We expressed from the above data that the ROA increases from FY2013-2015 from 1.19% to 2.71%. After that it was decreased in FY2016 from 2.71% to 1.87%. Then it gradually increases in the FY2017 that shows a good sign of performance.

Earnings Per Share (EPS)

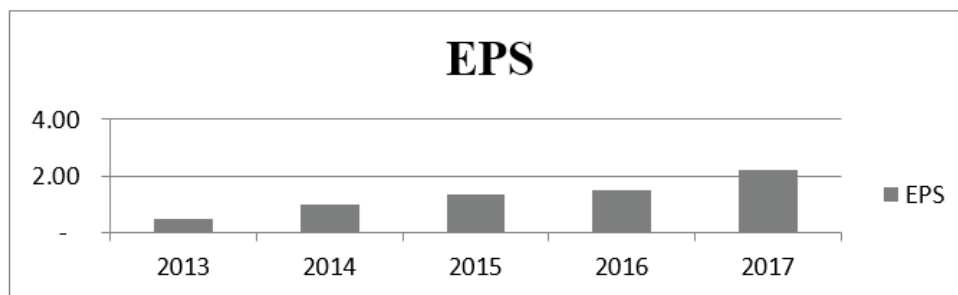


Figure 21: EPS of all MFBs

The earnings per share of overall microfinance banks were not so high but it was positive and slightly increased throughout the years. In FY2013 the EPS was 0.48 then in FY2014 it increased to 0.98. In FY2017 the EPS was 2.21.

Conclusion

Microfinance provides total number of employments of 16,650 people in Pakistan. In FY2013 total employees in MFBs were 6,946 in which the Khushhali bank provides large number of employments to 2,293 people in FY2013. The total employment increased in each year and those who provide higher employments include Khushhali, Finca, NRSP and Telenor bank. The MFBs reduce the unemployment in Pakistan. MFBs provide borrowing of Rs. 8 million in FY2013 and it increased from FY2013-2016. In FY2017 it showed a downfall from Rs. 13.72 million to Rs. 13 million. The branches of MFBs increasing year to year as these were 312 in FY2013 and 770 branches in FY2017. The financial acceptability of this sector is very weak, and I think it should be addressed. There is increase in cost per borrower and productivity ratios are weak. The main weak financial cause for this sector is unplanned strategies and inappropriate growth strategies. To minimize the exchange between social and commercial objectives regarding microfinance. The sector should stop focus on expansion and must focus on utilizing the

human resources and financials in effective way. After the data extracted from the balance sheets and income statements of MFBs and completing whole research we come to find that the overall performance of MFBs is satisfactory. The data revealed that MFBs earned the profit of Rs. 0.69 million in FY2013 and it was increased in FY2014 of Rs. 1.6 million. In FY2015 the total profit was Rs. 2.65 million and it was increased to Rs. 3.18 million in FY2016. Now in FY2017 the total profit is Rs. 5.29 million.

The ROE represents positive in every year. In FY2013 it was 4.63% and it gradually rose in FY2014-FY2017. In FY2014 it was 8.85% and it increased in the next FY2015 to 11.11%. After that it was slightly increased to 11.31%. It showed a good ROE in FY2017 of 14.75%. The ROA showed positive throughout the FY2013-2017. It was 1.19% in FY2013. It increased in FY2014 to 2.29%. It was slightly declined in FY2016 from 2.71% to 1.87%. It was raised in FY2017 to 2.14%. The earnings per share of overall microfinance banks were not showed high but it was positive trend and rose throughout the years. In FY2013 the EPS was 0.48 and it increased to 0.98 in FY2014. In FY2017 the EPS showed positive of 2.21.

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