

**INDEPENDENT AUDITOR'S REVIEW REPORT****To the members of NRSP Microfinance Bank Limited  
Report on review of Interim Financial Statements****Introduction**

We have reviewed the accompanying condensed interim balance sheet of NRSP Microfinance Bank Limited as at June 30, 2019 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity and the notes to the condensed interim financial statements for the six month period then ended (here in after referred to as the 'interim financial statements'). Management is responsible for the preparation and presentation of this interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review.

**Scope of Review**

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements is not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the audit resulting in this independent auditor's report is JehanZeb Amin



Chartered Accountants  
Islamabad  
Date: August 29, 2019

**NRSP MICROFINANCE BANK LIMITED**  
**CONDENSED INTERIM BALANCE SHEET (UNAUDITED)**  
**AS AT JUNE 30, 2019**

	Note	June 30, 2019 (Unaudited) Rupees	December 31, 2018 (Audited) Rupees
<b>ASSETS</b>			
Cash and balances with SBP and NBP		1,094,236,925	1,120,907,602
Balances with other Banks/NBFIs/MFBs		4,924,266,760	3,699,044,247
Lending to financial institutions	7	1,814,679,025	2,522,202,000
Investments - net of provisions	8	1,289,648,186	3,458,697,984
Advances - net of provision	9	25,217,501,615	23,311,121,828
Operating fixed assets	10	2,122,914,235	1,008,607,370
Other assets		3,480,363,187	3,136,557,194
Deferred tax asset - net	11	318,910,099	93,447,540
<b>Total Assets</b>		<b>40,262,520,032</b>	<b>38,350,585,765</b>
<b>LIABILITIES</b>			
Deposits and other accounts	12	27,841,118,541	26,263,175,128
Borrowings	13	3,650,977,361	4,531,799,881
Subordinated debt		672,360,000	672,360,000
Other liabilities		3,932,470,136	2,275,492,810
Deferred tax liability - net		-	-
<b>Total Liabilities</b>		<b>36,096,926,038</b>	<b>33,742,827,819</b>
<b>Net Assets</b>		<b>4,165,593,994</b>	<b>4,607,757,946</b>
<b>REPRESENTED BY:</b>			
Share capital		1,498,372,010	1,498,372,010
Statutory reserve		640,217,412	640,217,412
Depositors' protection fund		186,509,776	180,937,261
Unappropriated profit		1,831,216,777	2,278,585,992
		4,156,315,975	4,598,112,675
(Deficit) / Surplus on revaluation of assets		(7,116)	-
Deferred grants		9,285,135	9,645,271
<b>Total capital</b>		<b>4,165,593,994</b>	<b>4,607,757,946</b>

**MEMORANDUM / OFF BALANCE SHEET ITEMS** 14

The annexed notes from 1 to 21 form an integral part of these financial statements.

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**President / Chief Executive**

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**Director**

**NRSP MICROFINANCE BANK LIMITED**  
**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)**  
**FOR THE HALF YEAR ENDED JUNE 30, 2019**

		Half Year Ended	
		June 30, 2019	June 30, 2018
		Rupees	Rupees
	<b>Note</b>		
Mark-up / return / interest earned	15	3,303,343,863	2,983,672,641
Mark-up / return / interest expensed	16	(1,549,577,800)	(1,069,366,253)
<b>Net mark-up / interest income</b>		<u>1,753,766,063</u>	<u>1,914,306,388</u>
Provision against non-performing loans and advances	9.3	(1,021,771,009)	(490,600,182)
Provision for diminution in the value of investments		-	-
Bad debts written off directly - net of insurance recoveries	9.4	(15,839,624)	(10,571,131)
		<u>(1,037,610,633)</u>	<u>(501,171,313)</u>
<b>Net mark-up / interest income after provisions</b>		<u>716,155,430</u>	<u>1,413,135,075</u>
<b>NON MARK-UP / NON INTEREST INCOME</b>			
Fee, commission and brokerage income	17	284,737,053	334,770,537
Dividend income		77,481,056	-
Other income - net		99,075,941	14,779,863
<b>Total non mark-up / non interest income</b>		<u>461,294,050</u>	<u>349,550,400</u>
		<u>1,177,449,480</u>	<u>1,762,685,475</u>
<b>NON MARK-UP / NON INTEREST EXPENSES</b>			
Administrative expenses	18	(1,780,490,880)	(1,358,872,601)
Other charges		(219,361)	(284)
<b>Total non mark-up / non interest expenses</b>		<u>(1,780,710,241)</u>	<u>(1,358,872,885)</u>
		<u>(603,260,761)</u>	<u>403,812,590</u>
Extra ordinary / unusual items		-	-
<b>(LOSS) / PROFIT BEFORE TAXATION</b>		<u>(603,260,761)</u>	<u>403,812,590</u>
Taxation - Current		(61,645,535)	(263,545,140)
Prior year		-	(54,419,293)
Deferred		225,462,559	200,570,460
		<u>163,817,024</u>	<u>(117,393,973)</u>
<b>(LOSS) / PROFIT AFTER TAXATION</b>		<u>(439,443,737)</u>	<u>286,418,617</u>
Unappropriated profit brought forward		2,278,585,992	1,849,115,619
Less: Other comprehensive income		(7,925,478)	(7,072,469)
<b>Profit available for appropriation</b>		<u>1,831,216,777</u>	<u>2,128,461,767</u>
<b>APPROPRIATIONS:</b>			
Transfer to:			
Statutory reserve		-	(57,283,723)
Depositors' protection fund		-	(14,320,931)
		-	(71,604,654)
<b>Unappropriated profit carried forward</b>		<u>1,831,216,777</u>	<u>2,056,857,113</u>
(Loss) / Earnings per share		<u>(2.93)</u>	<u>1.91</u>

The annexed notes from 1 to 21 form an integral part of these financial statements.

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 President / Chief Executive


  
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 Director

**NRSP MICROFINANCE BANK LIMITED**  
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)**  
**FOR THE HALF YEAR ENDED JUNE 30, 2019**

	Note	Half Year Ended	
		June 30, 2019 Rupees	June 30, 2018 Rupees
<b>(Loss) / profit after taxation</b>		(439,443,737)	286,418,617
<b>Other comprehensive income / (loss)</b>			
Items that will not be subsequently reclassified through profit and loss account:			
Loss on re-measurement of employees' retirement benefits - net of tax		(7,925,478)	(7,072,469)
<b>Total comprehensive (loss) / income for the year</b>		<u>(447,369,215)</u>	<u>279,346,148</u>

The annexed notes from 1 to 21 form an integral part of these financial statements.

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**President / Chief Executive**

  
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**Director**

**NRSP MICROFINANCE BANK LIMITED**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**  
**FOR THE HALF YEAR ENDED JUNE 30, 2019**

	Share capital	Capital reserves		Revenue reserve	Total
		Statutory reserve	Depositors' protection fund	Unappropriated profit	
----- Rupees -----					
Balance as at January 01, 2018	1,498,372,010	522,034,107	142,607,377	1,849,115,619	4,012,129,113
Profit for the period	-	-	-	286,418,617	286,418,617
Other comprehensive loss for the period	-	-	-	(7,072,469)	(7,072,469)
Total comprehensive income for the period	-	-	-	279,346,148	279,346,148
Transfer to statutory reserve	-	57,283,723	-	(57,283,723)	-
Transfer to depositors' protection fund	-	-	-	-	-
5% of the profit after tax for the period	-	-	(14,320,931)	14,320,931	-
Return on investments - net of tax	-	-	4,392,029	-	4,392,029
	-	-	(9,928,902)	14,320,931	4,392,029
<b>Balance as at June 30, 2018</b>	<b>1,498,372,010</b>	<b>579,317,830</b>	<b>132,678,475</b>	<b>2,085,498,975</b>	<b>4,295,867,290</b>
Profit for the year	-	-	-	305,231,616	305,231,616
Other comprehensive loss for the period	-	-	-	(7,072,469)	(7,072,469)
Total comprehensive income for the period	-	-	-	298,159,147	298,159,147
Transfer to statutory reserve	-	60,899,582	-	(60,899,582)	-
Transfer to depositors' protection fund	-	-	-	-	-
5% of the profit after tax for the period	-	-	44,172,548	(44,172,548)	-
Return on investments - net of tax	-	-	4,086,238	-	4,086,238
	-	-	48,258,786	(44,172,548)	4,086,238
<b>Balance as at December 31, 2018</b>	<b>1,498,372,010</b>	<b>640,217,412</b>	<b>180,937,261</b>	<b>2,278,585,992</b>	<b>4,598,112,675</b>
(Loss) for the year	-	-	-	(439,443,737)	(439,443,737)
Other comprehensive loss for the period	-	-	-	(7,925,478)	(7,925,478)
Total comprehensive loss for the period	-	-	-	(447,369,215)	(447,369,215)
Transfer to statutory reserve	-	-	-	-	-
Transfer to depositors' protection fund	-	-	-	-	-
- 5% of the profit after tax for the period	-	-	-	-	-
- return on investments - net of tax	-	-	5,572,515	-	5,572,515
	-	-	5,572,515	-	5,572,515
<b>Balance as at June 30, 2019</b>	<b>1,498,372,010</b>	<b>640,217,412</b>	<b>186,509,776</b>	<b>1,831,216,777</b>	<b>4,156,315,975</b>

Balance as at June 30, 2019

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President / Chief Executive

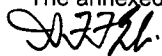
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Director

**NRSP MICROFINANCE BANK LIMITED**  
**CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)**  
**FOR THE HALF YEAR ENDED JUNE 30, 2019**

Note	Half Year Ended	
	June 30, 2019 Rupees	June 30, 2018 Rupees
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
(Loss) / profit before taxation	(603,260,761)	403,812,590
Less: Dividend income	(77,481,056)	-
	(680,741,817)	403,812,590
<b>Adjustments:</b>		
Depreciation	177,492,385	75,817,936
Amortization of intangible assets	18,785,189	17,815,164
Provision against non-performing advances	1,021,771,009	490,600,182
Provision against advances to employees	445,341	-
Advances directly written off - net of recoveries	15,839,624	10,571,131
Gain on sale / redemption of securities	(33,835,251)	(17,127,053)
Unrealized exchange loss	84,831,500	110,410,000
Unrealized gain on derivative asset	(80,457,747)	(97,270,898)
Gain on sale of fixed assets	(10,996)	(3,613,567)
Finance charges on leased assets	72,657,077	3,985,355
Amortization of deferred grant	(1,048,991)	(594,120)
Provision for gratuity and leave encashment	71,469,529	86,661,732
	1,347,938,669	677,255,862
<b>(Increase) / decrease in operating assets</b>		
Lendings to financial institutions	(17,477,025)	-
Net investment in held-for-trading securities	2,834,579,712	1,083,874,560
Advances	(2,943,990,420)	(3,030,460,090)
Other assets (excluding advance taxation)	(206,099,283)	(554,450,382)
	(332,987,016)	(2,501,035,912)
<b>Increase / (decrease) in operating liabilities</b>		
Bills payable	(159,739)	(484,853,638)
Borrowings from financial institutions	(1,247,836,520)	(439,138,214)
Deposits and other accounts	1,577,943,413	635,803,130
Other liabilities (excluding bills payable, current taxation, gratuity and leave encashment, finance lease)	562,529,461	376,764,419
	892,476,615	88,575,697
Payments against provisions held against off-balance sheet obligations		
Income tax paid	(5,093,471)	(211,368,842)
Gratuity and Leave encashment paid (including contributions)	(10,191,656)	(26,262,621)
<b>Net cash generated / (used in) from operating activities</b>	<b>1,211,401,324</b>	<b>(1,569,023,226)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Net investment in available-for-sale securities	(147,698,334)	(399,108,676)
Net investment in held-to-maturity securities	(361,369,508)	724,531,203
Investment in operating fixed assets	(209,616,312)	(481,594,235)
Interest income on depositor's protection fund	6,555,900	5,167,093
Dividend received from mutual funds	77,481,056	-
Sale proceeds from property and equipment disposed-off	349,656	4,236,136
<b>Net cashflow from / (used in) investing activities</b>	<b>(634,297,542)</b>	<b>(146,768,479)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Grant received	688,855	536,060
Net payments of lease obligations	(104,240,801)	(9,133,836)
<b>Net cash used in financing activities</b>	<b>(103,551,946)</b>	<b>(8,597,776)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>473,551,836</b>	<b>(1,724,389,481)</b>
Cash and cash equivalents at beginning of the period	6,844,951,849	6,866,319,779
<b>Cash and cash equivalents at end of the year</b>	<b>7,318,503,685</b>	<b>5,141,930,298</b>

The annexed notes from 1 to 21 form an integral part of these financial statements.



\_\_\_\_\_  
President / Chief Executive




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Director

**NRSP MICROFINANCE BANK LIMITED**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
**FOR THE HALF YEAR ENDED JUNE 30, 2019**

**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 Companies Ordinance, 1984 (repealed by the Companies Act, 2017). 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 the 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. The Bank is operating 153 branches including 37 (2018: 26) Islamic branches as at June 30, 2019 (2018: 142 branches).

National Rural Support Programme (NRSP) is holding company of the Bank which holds 52.06% (2018: 52.06%) shares of the Bank.

**2 BASIS OF PRESENTATION**

2.1 These condensed interim financial statements of the Bank have been presented, in accordance with the requirements of the International Accounting Standard 34 - 'Interim Financial Reporting'.

2.2 These condensed interim financial statements do not include all the information and disclosures required for the annual financial statements, and should be read in conjunction with the annual financial statements of the Bank as at December 31, 2018, which have been presented in accordance with the requirements of Banking Supervision Department (BSD) Circular No. 11 dated December 30, 2003 issued by the State Bank of Pakistan (SBP).

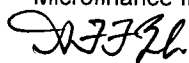
2.3 The financial results of the Islamic Microfinance Division (IMD) of the Bank have been consolidated in these financial statements for reporting purpose, after eliminating inter-branch transactions/balances. Key figures of the IMD, derived from the related accounting records of the Bank, are disclosed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

**3 STATEMENT OF COMPLIANCE**

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for Banks/DFIs/MFIs. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the Companies Act, 2017;
- Provisions of and directives issued under the Microfinance Institutions Ordinance, 2001 and the Companies Act, 2017; and
- Directives issued by the SBP and the SECP.

Wherever the requirements of the Microfinance Institutions Ordinance, 2001, the Companies Act, 2017, or the directives issued by the SBP and the SECP differ with the requirements of the IFRSs or IFASs, the requirements of the Microfinance Institutions Ordinance, 2001, the Companies Act, 2017, and said directives shall prevail.



The SECP, through SRO 229(I)/2019 dated February 14, 2019, had notified that International Financial Reporting Standard 9 - Financial Instruments (IFRS 9), is applicable for accounting periods ending on or after June 30, 2019. Subsequent thereto, the SBP has relaxed the applicability of IFRS 9 and specified that the same is not applicable on financial statements of Microfinance Institutions for the period ended June 30, 2019. Accordingly, the requirements of IFRS 9 have not been considered for in preparation of these condensed interim financial statements. 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 No. 11 dated December 30, 2003.

#### 4 BASIS OF MEASUREMENT

These condensed interim 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 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 basis for accounting estimates adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the financial statements of the Bank for the year ended December 31, 2018.

#### 5 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted for the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements for the year ended December 31, 2018 except as described below:

##### 5.1 CHANGE IN ACCOUNTING POLICIES

During the period, IFRS 16 - 'Leases' (IFRS 16) became applicable to the Bank. IFRS 16 replaces existing guidance on accounting for leases, including IAS 17 - 'Leases', IFRIC 4 - 'Determining whether an Arrangement contains a Lease', SIC 15 - 'Operating Leases - Incentives' and SIC 27 - 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. IFRS 16 introduces an on balance sheet accounting model for leases entered by the lessee. A lessee recognises a right-of-use asset representing its right of using the underlying asset and a corresponding lease liability representing its obligations to make lease payments.

The Bank has adopted IFRS 16 from January 1, 2019, and has not restated comparatives for the 2018 reporting period, as the said treatment is permitted under the specific transitional provisions, specified in IFRS 16. While implementing IFRS 16, the Bank has used a single discount rate methodology for a portfolio of leases with similar characteristics.

5.2 On adoption of IFRS 16, the Bank has recognised liabilities in respect of leases which had previously been classified as operating leases under IAS 17 - 'Leases'. These liabilities were initially measured at the present value of the remaining lease payments, discounted using the the Bank's incremental weighted average borrowing rate as of January 1, 2019. The lease liability is subsequently measured at amortised cost using the effective interest rate method.

	June 30, 2019	January 01, 2019
	-----Rupees-----	
Total lease liability recognized	<u>1,041,602,242</u>	<u>909,132,779</u>

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- 5.3 On adoption of IFRS 16, the associated right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of prepaid lease payments recognised in the balance sheet immediately before the date of initial application.

The right-of-use assets recognised subsequent to the adoption are measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred. The right-of-use assets are depreciated on a straight line basis over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The right-of-use assets are reduced by impairment losses, if any, and adjusted for certain remeasurements of lease liability.

	June 30, 2019	January 01, 2019
	-----Rupees-----	
Right-of-use assets	<u>1,024,835,683</u>	<u>942,323,103</u>

- 5.4 The effect of change in accounting policy is as follows:

**5.4.1 Impact on Balance sheet**

Increase in fixed assets - right-of-use assets	1,024,835,683	942,323,103
Decrease in other assets - advances, deposits and prepayments	(39,124,761)	(33,190,324)
Increase in other assets - deferred taxation	4,862,302	-
Increase in total assets	990,573,224	909,132,779
Decrease in other liabilities	-	-
Increase in other liabilities - lease liability against right-of-use assets	(1,041,602,242)	(909,132,779)
	<u>(1,041,602,242)</u>	<u>(909,132,779)</u>
(Decrease) in net assets	<u>(51,029,018)</u>	<u>-</u>

**For the six months  
ended June 30,  
2019  
Rupees in '000**

**5.4.1 Impact on Profit and loss account**

(Increase) / Decrease in administrative expenses:	
- Depreciation on right-of-use assets	(75,813,325)
- Finance cost - lease liability of right-of-use assets	(67,971,466)
- Rent expense	87,893,471
(Increase) in loss before tax	(55,891,320)
Decrease in tax	4,862,302
(Increase) in loss after tax	<u>(51,029,018)</u>

(Loss) per share for the six months ended June 30, 2019 is Rs. 0.34 higher as a result of the adoption of IFRS 16.

**6 FINANCIAL RISK MANAGEMENT**

The financial risk management objectives and policies adopted by the Bank are consistent with those disclosed in the financial statements of the Bank for the year ended December 31, 2018.

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	Note	June30, 2019 (Unaudited)	December 31, 2018 (Audited)
-----Rupees-----			
<b>7</b>	<b>LENDING TO FINANCIAL INSTITUTIONS</b>		
	Call money lending	1,300,000,000	2,025,000,000
	Repurchase agreement lendings	514,679,025	497,202,000
		1,814,679,025	2,522,202,000

7.1 These are secured against underlying Market Treasury Bills. The differential between the contracted rate and resale price is amortised over the period of related contracts and recorded under mark-up / return / interest earned. These carry mark-up at the rate of 12.25% (2018 : 10.15%) per annum and are due to mature in the month of July 2019 (2018: January 2019).

7.2	Securities held as collateral against lending to financial institutions	June 30, 2019		
		Held by bank	Further given as collateral	Total
		-----Rupees-----		
	Market treasury bills (MTBs)	525,000,000	-	525,000,000

		June30, 2019 (Unaudited)	December 31, 2018 (Audited)
-----Rupees-----			
<b>8</b>	<b>INVESTMENTS - NET OF PROVISIONS</b>		
	<b>Held to maturity</b>		
	<b>Federal Government securities</b>		
	Market Treasury Bills	988,399,301	599,040,701
	Ijarah Sukuks	153,550,551	136,393,878
		1,141,949,852	735,434,579
	<b>Available for sale</b>		
	Market Treasury Bills	147,705,450	-
	Deficit on revaluation of available for sale investments	(7,116)	-
		147,698,334	-
	<b>Held for trading</b>		
	Mutual funds	-	2,723,263,405
		1,289,648,186	3,458,697,984

8.1 The T-Bills carry mark up at the rate of 10.92% to 12.55% (2018 : 8.72% to 8.8%) per annum and are due to mature in August 2019.

8.2 Ijarah Sukuks carry mark up at the rate of 5.24% (2018: 5.59% to 6.10%) per annum and are due to mature in June 2020.

8.3 The T-Bills carry mark up at the rate of 12.60% (Dec 2018 : Nil ) per annum purchased in May 2019 and are due to mature in August 2019.

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**9 ADVANCES - NET OF PROVISION**

Loan type	Note	June 30, 2019 (Unaudited)		December 31, 2018 Audited	
		Number	Rupees	Number	Rupees
		Micro credit	371,925	21,934,370,802	383,854
Islamic financing	16,913	4,298,393,094	15,504	3,138,634,605	
		388,838	26,232,763,896	399,358	23,777,632,753
Less: Provision held					
Specific	9.1	16,372	(770,239,493)	13,536	(238,020,546)
General	9.2	-	(245,022,788)	-	(228,490,379)
		16,372	(1,015,262,281)	13,536	(466,510,925)
Advances - net of provisions			<u>25,217,501,615</u>		<u>23,311,121,828</u>

**9.1 Particulars of non performing loans**

Advances include Rs 1,806.6 million (2018: 646.3 million) which as detailed below, have been placed under non performing status.

Category of classification	June 30, 2019 (Unaudited)			December 31, 2018 (Audited)		
	Amount outstanding	Provisions required	Provisions held	Amount outstanding	Provisions required	Provisions held
	-----Rupees-----			-----Rupees-----		
OAEM	375,440,109	-	-	144,865,634	-	-
Sub-Standard	63,202,751	15,403,636	15,403,636	168,877,107	42,219,276	42,219,276
Doubtful	1,225,720,542	612,663,621	612,663,621	272,785,681	136,061,026	136,061,026
Loss	142,193,957	142,172,236	142,172,236	59,740,244	59,740,244	59,740,244
	<u>1,806,557,359</u>	<u>770,239,493</u>	<u>770,239,493</u>	<u>646,268,666</u>	<u>238,020,546</u>	<u>238,020,546</u>

9.2 This represents general provision maintained against unsecured microcredit advances net of specific provision at the rate of 1 % (2018: 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**

	June 30, 2019 (Unaudited)			December 31, 2018 (Audited)		
	Specific	General	Total	Specific	General	Total
	-----Rupees-----			-----Rupees-----		
Opening balance	238,020,546	228,490,379	466,510,925	21,554,081	206,830,435	228,384,516
Charge for the period / year	1,005,238,600	16,532,409	1,021,771,009	1,103,212,196	21,659,944	1,124,872,140
Amounts written off	(473,019,653)	-	(473,019,653)	(886,745,731)	-	(886,745,731)
Reversals	-	-	-	-	-	-
Closing balance	<u>770,239,493</u>	<u>245,022,788</u>	<u>1,015,262,281</u>	<u>238,020,546</u>	<u>228,490,379</u>	<u>466,510,925</u>

**9.4 Particulars of advances written off**

	June 30, 2019 (Unaudited)	December 31, 2018 (Audited)
	-----Rupees-----	
Against provisions	473,019,653	886,745,731
Directly charged to profit & loss account	15,839,624	29,984,417
	<u>488,859,277</u>	<u>916,730,148</u>

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	June 30, 2019 (Unaudited)	December 31, 2018 (Audited)
Note	-----Rupees-----	
<b>10 OPERATING FIXED ASSETS</b>		
Capital work-in-progress	77,590,658	68,901,907
Property and equipment	2,001,261,764	890,543,261
Intangible assets	44,061,813	49,162,202
	<u>2,122,914,235</u>	<u>1,008,607,370</u>
<b>10.1</b> Carrying value at the beginning of the period / year	1,008,607,370	533,617,070
Add : Additions for the period / year	252,219,077	679,279,923
Less : Disposals during the period / year at carrying value	(338,660)	(925,932)
Less : Transfers from Capital work-in-progress	<u>(41,944,986)</u>	<u>-</u>
	1,218,542,801	1,211,971,061
Right-of-use assets	1,024,835,683	-
Less : Depreciation and amortization for the period / year	<u>(120,464,249)</u>	<u>(203,363,691)</u>
Carrying value at the end of the period / year	<u>2,122,914,235</u>	<u>1,008,607,370</u>
<b>10.2 Additions during the period / year</b>		
Additions :		
Freehold land	329,720	253,090,088
Furniture and fixtures	83,937,900	123,681,896
Office equipment	25,053,348	81,444,426
Computer equipment	42,350,822	72,709,572
Owned Vehicles	35,570,972	27,082,550
Leased Vehicles	657,779	28,586,918
Intangible assets	<u>13,684,803</u>	<u>44,803,024</u>
	201,585,344	631,398,474
Additions to Capital work-in-progress	<u>50,633,733</u>	<u>47,881,450</u>
	<u>252,219,077</u>	<u>679,279,924</u>
<b>10.3 Right-of-use assets</b>		
Right-of-use assets - Initial Recognition under IFRS-16	942,323,103	-
Additions during the period	158,325,905	-
Depreciation charged during the period	<u>(75,813,325)</u>	<u>-</u>
Net book value at the end	<u>1,024,835,683</u>	<u>-</u>
<b>11 DEFERRED TAX ASSET - NET</b>		
<b>Deferred tax asset arising on account of deductible temporary differences on:</b>		
Amortization on intangible assets	1,929,961	2,001,250
Lease liability	320,162,861	20,739,415
Grants	2,692,689	2,700,676
Un-realized exchange loss on borrowings	106,434,060	63,611,100
Provision for non-performing loans	294,426,061	130,723,658
Minimum tax	<u>42,458,304</u>	<u>-</u>
	768,103,936	219,776,099
<b>Deferred tax liability arising on account of taxable temporary differences on:</b>		
Accelerated depreciation allowance - owned assets	19,213,968	(22,342,887)
Accelerated depreciation allowance - leased assets	312,235,352	(17,530,990)
Un-realized gain on derivative financial instrument	115,239,881	(83,336,225)
Un-realized capital gains	2,072,545	(1,119,947)
Un-realised mark-up on Government Securities	<u>432,091</u>	<u>(1,998,510)</u>
	449,193,837	(126,328,559)
	<u>318,910,099</u>	<u>93,447,540</u>

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	June 30, 2019 (Unaudited)		December 31, 2018 (Audited)	
	No of accounts	Rupees	No of accounts	Rupees
<b>12 DEPOSITS AND OTHER ACCOUNTS</b>				
<b>Conventional</b>				
Current deposits	259,296	1,371,229,390	215,372	1,275,866,453
Saving deposits	797,658	5,490,086,690	798,206	4,546,411,849
Fixed deposits	4,520	18,648,959,737	3,423	18,478,829,522
	<u>1,061,474</u>	<u>25,510,275,817</u>	<u>1,017,001</u>	<u>24,301,107,824</u>
<b>Islamic</b>				
Current deposits	34,033	428,527,888	26,241	363,153,549
Saving deposits	20,413	1,000,368,482	19,498	760,050,330
Fixed deposits	923	901,946,354	484	838,863,425
	<u>55,369</u>	<u>2,330,842,724</u>	<u>46,223</u>	<u>1,962,067,304</u>
	<u>1,116,843</u>	<u>27,841,118,541</u>	<u>1,063,224</u>	<u>26,263,175,128</u>
<b>12.1 Particulars of Deposits by ownership</b>				
Individual depositors	1,115,010	10,302,882,790	1,061,842	8,222,220,838
Institutional depositors				
Corporation / firms etc.	1,681	13,269,172,752	1,167	12,250,200,835
Banks & financial institutions	152	4,269,063,000	215	5,790,753,455
	<u>1,833</u>	<u>17,538,235,752</u>	<u>1,382</u>	<u>18,040,954,290</u>
Total	<u>1,116,843</u>	<u>27,841,118,542</u>	<u>1,063,224</u>	<u>26,263,175,128</u>

**12.2** Deposits include related parties balances amounting to Rs 4,154 million (2018: Rs 4,040 million) as disclosed in note 19.

	Note	June 30,	December 31,
		2019 (Unaudited)	2018 (Audited)
		-----Rupees-----	
<b>13 BORROWINGS</b>			
Borrowings from Banks / Financial Institutions			
In Pakistan	13.1	2,583,963,361	3,374,617,381
Outside Pakistan	13.2	1,067,014,000	1,157,182,500
		<u>3,650,977,361</u>	<u>4,531,799,881</u>
<b>13.1 Borrowings from Banks / Financial Institutions in Pakistan</b>			
<b>Secured</b>			
Pak Oman Investment Company Limited ( TF II )	13.1.1	-	80,000,000
Pak Oman Investment Company Limited	13.1.2	222,222,220	277,777,776
United Bank Limited (Term Finance )	13.1.3	20,000,000	70,000,000
United Bank Limited (Running Finance )	13.1.4	349,999,549	749,253,420
Askari Bank Limited (Running Finance)	13.1.5	201,176,744	349,202,623
Allied Bank Limited (Running Finance)	13.1.6	190,563,788	150,002,596
Allied Bank Limited (Term Finance)	13.1.7	200,000,000	200,000,000
Faysal Bank Limited (Running Finance)	13.1.8	200,000,255	498,380,966
National Bank of Pakistan (Running Finance)	13.1.9	900,000,550	1,000,000,000
Bank Alfalah Ltd (Running Finance)	13.1.10	300,000,255	-
		<u>2,583,963,361</u>	<u>3,374,617,381</u>

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- 13.1.1** 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 installments of Rs 80 million each commencing from October 16, 2014 and culminating in April 2019. Markup 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 favor 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.

- 13.1.2** 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 installments of Rs 55.55 million each commencing from June 30, 2017 and culminating in June 2021. Markup 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.

- 13.1.3** 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 installments of Rs 50 million each commencing from November 30, 2016 and culminating in November 2019. Markup 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.

- 13.1.4** The Bank entered into a running finance facility agreement initially amounting to Rs 300 million with United Bank Limited to finance its operations. However, in February 2018 the facility was enhanced upto Rs. 750 million on the same terms and conditions as applicable to the earlier facility. The principal amount is repayable at the end of terms and carries markup at the rate of three month KIBOR+1% per annum. As at year end the facility has been availed upto Rs 749 million ( 2017: 300 million).

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.

- 13.1.5** The Bank entered into running finance facility agreement amounting to Rs 350 million with Askari Bank Limited to finance its operations. The principal amount is repayable at the end of the term and carries mark-up at the rate of three months KIBOR + 1% per annum payable on quarterly basis. The term of the loan is 1 year commencing from September 26, 2018. As at the year end, the facility has been availed upto Rs. 349 million (2017: Rs Nil).

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

- 13.1.6** The Bank entered into running finance facility agreement amounting to Rs 200 million with Allied Bank Limited to finance its operations. The principal amount is repayable at the end of the term and carries mark-up at the rate of three months KIBOR + 1.25% per annum payable on quarterly basis. The term of the loan is 1 year commencing from September 24, 2018. As at year end the facility has been availed upto Rs. 150 million (2017: Rs Nil).

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

- 13.1.7** The Bank entered into a loan agreement amounting to Rs 200 million with Allied Bank Limited to finance its operations. The loan has grace period of one year and principal amount is repayable in eight equal quarterly installments of Rs 25 million each commencing from December 2019 and culminating in September 2021. Markup is chargeable at the rate of three months KIBOR + 1.5% per annum payable on quarterly basis.

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

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**13.1.8** The Bank entered into running finance facility agreement amounting to Rs 500 million with Faysal Bank Limited to finance its operations. The principal amount is repayable at the end of the term and carries mark-up at the rate of three months KIBOR + 1% per annum payable on quarterly basis. The term of the loan is 1 year commencing from September 27, 2018. As at the year end, the facility has been availed upto Rs 498.3 million (2017: Rs Nil).

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

**13.1.9** The Bank entered into running finance facility agreement amounting to Rs 1,000 million with National Bank of Pakistan to finance its operations. The principal amount is repayable at the end of the term and carries mark-up at the rate of three months KIBOR + 0.75% per annum payable on quarterly basis. The term of the loan is 1 year commencing from December 26, 2018. As at the year end, the facility has been fully availed by the Bank.

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.

**13.1.10** The Bank entered into running finance facility agreement amounting to Rs 500 million with Bank Alfalah Limited to finance its operations. The principal amount is repayable at the end of the term and carries mark-up at the rate of One month KIBOR + 1.25% per annum payable on quarterly basis. The term of the loan is 1 year commencing from June 25, 2018. As at the year end, the facility has been availed upto Rs. 300 million (2017 : Rs Nil).

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.

		June 30, 2019 (Unaudited)	December 31 2018 (Audited)
	Note	-----Rupees-----	
<b>13.2</b>	<b>Borrowings from Banks / Financial Institutions outside Pakistan</b>		
	ECO Trade & Development Bank	13.2.1 1,067,014,000	1,157,182,500
		<u>1,067,014,000</u>	<u>1,157,182,500</u>

**13.2.1** The Bank entered into a loan agreement amounting to USD 10 million with ECO Trade and Development Bank on January 30, 2017 and the loan amount was received on April 18, 2017. The loan has a grace period of one year and principal amount is repayable in six equal semi-annual installments of USD 1.7 million each commencing from October, 2018 and culminating on April 2021. The loan carries markup 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 5, 2017 to mitigate any foreign currency risk and interest rate risk.

#### 14 MEMORANDUM / OFF BALANCE SHEET ITEMS

##### 14.1 Contingencies and commitments

Except for the matter outlined in note 14.1.1 there is no significant / material change in the status of contingencies and commitments of the Company from the status outlined in the preceding audited annual financial statements for the year ended December 31, 2018.

**14.1.1** For the tax year 2012, 2013, 2014 and 2015, the Assistant/Deputy Commissioner Inland Revenue raised tax demands amounting to Rs 17.67 million for alleged default in withholding / collecting of tax. The Bank filed appeals before the Commissioner Inland Revenue (Appeals) [CIR (A)] on which, the CIR (A) has remanded back the case with certain directions to proceed under the relevant provisions of the law. The appeal effect order is however awaited from the Inland Revenue department till date.

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		Half year ended	
		June 30, 2019	June 30, 2018
		-----Rupees-----	
<b>15</b>	<b>MARK-UP / RETURN / INTEREST EARNED</b>		
	Interest / mark-up on		
	Advances	2,710,583,542	2,676,613,252
	Lending to financial institutions	32,347,727	-
	Investments in government securities	45,145,765	37,088,391
	Deposits accounts, placements with other bank / financial institutions	148,678,894	108,118,810
	Profit on Islamic financing	366,587,935	161,852,188
		<b>3,303,343,863</b>	<b>2,983,672,641</b>
<b>16</b>	<b>MARK-UP / RETURN / INTEREST EXPENSED</b>		
	Deposits	1,205,983,515	835,075,280
	Profit Sharing Islamic Deposits	91,534,752	61,961,200
	Borrowings	150,278,311	141,853,156
	Amortization of loan processing fee on borrowings	3,776,610	21,884,983
	Finance lease charges	72,657,077	3,985,355
	Other costs of deposits	25,347,535	4,606,279
		<b>1,549,577,800</b>	<b>1,069,366,253</b>
<b>16.1</b>	Mark-up expense on deposits includes amount of Rs 150.77 million (2018: 81.59 million) in respect of deposit account balances of related parties as disclosed in note 19.		
<b>16.2</b>	It includes an amount of Rs 48.4 million (2018 Rs 32.82 million) in respect of markup expense on subordinated loan from a shareholder.		
		Half year ended	
		June 30, 2019	June 30, 2018
		-----Rupees-----	
<b>17</b>	<b>FEE, COMMISSION AND BROKERAGE INCOME</b>		
	Loan processing fee on advances	228,195,726	261,252,521
	Other banking services fee	54,006,889	71,849,685
	Commission Income	2,534,438	1,668,331
		<b>284,737,053</b>	<b>334,770,537</b>
<b>18</b>	<b>ADMINISTRATIVE EXPENSES</b>		
	Staff salaries and benefits	1,031,637,816	740,318,668
	Charge for defined benefit plans	71,469,529	86,661,732
	Contribution for defined contribution plan	36,139,350	27,754,624
	Non-Executive directors' fee	2,624,393	2,570,912
	Trainings	10,926,048	11,276,235
	Legal and professional charges	17,011,436	8,982,858
	Communication	52,566,700	42,126,128
	Postage, courier etc.	10,577,547	7,208,241
	Verification fee	9,420,024	30,490,390
	Repair and maintenance	11,586,892	7,321,698
	Stationery and printing	38,526,220	28,020,107
	Advertisement and publicity	11,874,272	2,632,109
	Depreciation	177,492,385	75,817,936
	Amortization	18,785,189	17,815,164
	Staff travel	14,586,049	13,129,025
	Fuel and power	40,455,003	28,715,330
	Vehicle running and maintenance	13,757,160	9,287,894
	Office supplies	5,547,310	3,864,761
	Meetings and conferences	13,511,370	12,353,646
	Utilities	28,909,539	17,296,291
	Rent expenses	-	66,526,864
	Flex Cube Maintenance Fee	30,912,751	23,544,455
	Insurance expenses	67,213,022	43,244,574
	Security and administration	49,632,492	39,251,406
	Auditor's remuneration	2,393,432	4,898,109
	Corporate social responsibility	496,394	378,177
	Miscellaneous expenses	12,438,557	7,385,267
		<b>1,780,490,880</b>	<b>1,358,872,601</b>

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**19 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 while the other major shareholders of the Bank include International Finance Corporation (IFC), KfW Germany, Acumen Fund USA and Acumen Capital Markets LLP with a total shareholding of approximately 48%. 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. All transactions involving related parties are subject to the approval of the Board of Directors.

Details of transactions and balances with related parties at the period end, other than disclosed elsewhere in these financial statements are as follows:

		June 30, 2019 (Unaudited)	December 31, 2018 (Audited)
-----Rupees-----			
<b>Balances outstanding</b>	<b>Relationship with the related party</b>		
Payable to NRSP	Parent Organisation	29,673,548	29,034,098
Sub-ordinated Debt from KfW	Shareholder	672,360,000	672,360,000
Deferred grant from KfW	Shareholder	7,246,529	7,246,529
Markup accrued on Sub-ordinated Debt from KfW	Shareholder	247,488,515	199,051,514
Bank balance with Dubai Islamic Bank Limited	Common Directorship	309,016,892	247,933,134
Markup receivable from Dubai Islamic Bank Limited	Common Directorship	2,950,158	1,673,420
Payable to employees' gratuity fund	Employees' Trust	294,146,996	250,264,276
Receivable from employees' provident fund	Employees' Trust	11,690,317	6,174,422
Balance Maintained with Silk Bank Limited	Common Share holder	863,384,250	553,005,099
Markup receivable from Silk Bank Limited	Common Share holder	1,097,260	4,260,822
Balance Maintained with Bank Alfalah Limited	Common Share holder	3,744	8,683
Call Money Lending to Bank Alfalah Limited	Common Share holder	514,679,025	497,202,000
Pakistan Microfinance Network	Common Directorship	-	477,441
<b>Deposits accounts contain amounts relating to following related parties:</b>			
Institute of Rural Management (IRM)	Parent Company's Subsidiary	201,586,767	200,009,522
Employees' Gratuity Fund	Employees' Trust	84,282,624	79,986,370
Employees' Provident Fund Trust	Employees' Trust	416,585,577	358,799,390
Employees' Welfare Trust	Employees' Trust	23,490,478	19,026,713
Employee Housing Colony	Employees' Trust	1,518,922	1,461,470
NRSP Contributory Provident Fund	Parent Company's Employees' Trust	485,530,444	357,170,535
NRSP Employees Gratuity Fund Trust	Parent Company's Employees' Trust	586,402,867	591,623,756
NRSP Rohi Handlooms	Parent Company's Project	2,883	2,762
NRSP Natural Resource Management	Parent Company's Project	430,119	405,476
Rural Support Programmes Network (RSPN)	Common Directorship	450,000,000	475,000,000
Sindh Rural Support Organization (SRSO)	Common Directorship	1,030,707,639	1,039,703,106
SRSO UC BPRP Enterprise	Common Directorship	391,959	1,937,459
Ghazi Barotha Tarqiati Idara	Common Directorship	623,064,966	635,296,355
BRSP Endowment Funds	Common Directorship	250,113,837	250,062,453
Pakistan Microfinance Network	Common Directorship	-	30,000,100
Key management personnel		36,579,324	21,566,955
<b>Half year ended</b>			
		<b>June 30, 2019</b>	<b>June 30, 2018</b>
<b>Transactions with related parties</b>			
Payments made to NRSO	Parent Organisation	1,954,748	1,768,092
Markup paid to related parties on deposit accounts (net of tax)			
Institute of Rural Management (IRM)	Parent Company's Subsidiary	9,227,854	1,216
Employees' Gratuity Fund	Employees' Trust	4,296,254	2,092,775
Employees' Provident Fund Trust	Employees' Trust	16,646,209	2,533,004
Employees' Welfare Trust	Employees' Trust	1,023,283	505,130
Employee Housing Colony	Employees' Trust	78,209	11,373
NRSP Contributory Provident Fund	Parent Company's Employees' Trust	841,436	2,533,004
NRSP Employees Gratuity Fund Trust	Parent Company's Employees' Trust	556,460	21,339,686
NRSP Rohi Handlooms	Parent Company's Project	121	56
NRSP Natural Resource Management	Parent Company's Project	2,429	1,117
Rural Support Programmes Network (RSPN)	Common Directorship	45,552,500	-
Sindh Rural Support Organization (SRSO)	Common Directorship	49,314,640	45,179,554
SRSO UC BPRP Enterprise	Common Directorship	129,408	27691
Ghazi Barotha Tarqiati Idara	Common Directorship	57,620	70,746
BRSP Endowment Funds	Common Directorship	21,013,832	6,838,517
Pakistan Microfinance Network	Common Directorship	2,033,261	463,808

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	Half year ended	
	June 30, 2019	June 30, 2018
Contribution to employees' gratuity fund	53,369,171	28,518,754
Contribution to employees' provident fund	36,139,350	15,280,402
Remuneration paid to key management personnel:		
Managerial remuneration	53,557,385	47,600,756
Rent and house maintenance	24,100,859	21,420,372
Utilities	5,355,761	4,760,095
Conveyance	5,355,761	4,760,095
Leave encashment	5,116,283	6,103,810
Other Allowance	1,430,733	1,872,278
Medical	531,779	814,815
Bonus/Incentive	11,871,862	6,647,985
Charge for defined benefit plan	7,098,533	6,272,142
Contribution to defined contribution plan	4,860,783	4,411,177
Remuneration paid to non-executive directors	2,624,393	2,570,912

20 GENERAL


Figures have been rounded off to the nearest rupee.

21 DATE OF APPROVAL

These financial statements were approved and authorised by the Board of Directors of the Bank in their meeting held on Aug. 27, 2019

*207721*

  
\_\_\_\_\_  
President/Chief Executive

  
\_\_\_\_\_  
Director

**NRSP MICROFINANCE BANK LIMITED**  
**CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
**FOR THE HALF YEAR ENDED JUNE 30, 2019**

Financial results of the Islamic Microfinance Division, as referred to in note 2.3 of the financial statements.

Balance sheet as at June 30, 2019

	June 30, 2019 (Unaudited) Rupees	December 31, 2018 (Audited) Rupees
<b>ASSETS</b>		
Cash and Balances with SBP and NBP	198,742,261	149,651,578
Balances with Other Banks/NBFIs/MFBs	780,375,978	427,823,566
Investment- net of provisions	153,550,551	136,393,878
Islamic Financing and related assets - net of provisions	4,246,326,405	3,096,835,182
Operating fixed assets	378,284,791	107,192,134
Other assets	57,158,209	57,554,561
<b>Total Assets</b>	<b>5,814,438,195</b>	<b>3,975,450,899</b>
<b>LIABILITIES</b>		
Deposits and other accounts		
- Current accounts	428,522,888	363,153,549
- Saving accounts	1,000,368,482	758,410,675
- Term accounts	901,946,354	838,863,425
Other Liabilities	2,805,970,535	1,542,676,074
<b>Total Liabilities</b>	<b>5,136,808,259</b>	<b>3,503,103,723</b>
<b>NET ASSETS</b>	<b>677,629,936</b>	<b>472,347,176</b>
<b>REPRESENTED BY:</b>		
Islamic Banking Fund	440,000,000	314,000,000
Unappropriated profit	237,629,936	158,347,176
	<b>677,629,936</b>	<b>472,347,176</b>
<b>Remuneration of the Shariah Advisor</b>	<b>600,000</b>	<b>1,200,000</b>

*AJFh.*

*[Signature]*

\_\_\_\_\_  
 President / Chief Executive

*[Signature]*

\_\_\_\_\_  
 Director

**NRSP MICROFINANCE BANK LIMITED**  
**CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
**FOR THE HALF YEAR ENDED JUNE 30, 2019**

Financial results of the Islamic Microfinance Division, as referred to in note 2.3 of the financial statements.

Profit and loss account for the half year ended June 30, 2019.

	<b>June 30, 2019 Rupees</b>	<b>June 30, 2018 Rupees</b>
Profit / return earned	390,620,569	359,260,072
Profit / return expensed	(104,526,289)	(94,755,524)
<b>Net profit / return / income</b>	<b>286,094,280</b>	<b>264,504,548</b>
Provisions against non-performing financing	(19,361,053)	(25,149,507)
Bad debts written off directly	(1,253,024)	(3,976,122)
	(20,614,077)	(29,125,629)
<b>Net return earned after provisions</b>	<b>265,480,203</b>	<b>235,378,919</b>
Fee, Commission and brokerage income	30,615,442	30,107,191
Other income	640,809	-
<b>Total income for the period</b>	<b>296,095,645</b>	<b>265,486,110</b>
<b>OTHER EXPENSES</b>		
Administrative expenses	(217,453,694)	(162,724,118)
	78,641,951	102,761,992
Extraordinary/unusual items	-	-
<b>PROFIT BEFORE TAXATION</b>	<b>78,641,951</b>	<b>102,761,992</b>

*SAJFSL*



\_\_\_\_\_  
President / Chief Executive



\_\_\_\_\_  
Director