

**NRSP MICROFINANCE BANK LIMITED**

**REVIEW OF CONDENSED INTERIM  
FINANCIAL STATEMENTS**

**FOR THE HALF YEAR ENDED  
JUNE 30, 2020**

**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, 2020 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 are 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: September 4, 2020

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**NRSP MICROFINANCE BANK LIMITED**  
**CONDENSED INTERIM BALANCE SHEET (UNAUDITED)**  
**AS AT JUNE 30, 2020**

		June 30, 2020 (Unaudited)	December 31, 2019 (Audited)
	Note	----- Rupees -----	
<b>ASSETS</b>			
Cash and balances with SBP and NBP		1,741,925,427	1,483,412,144
Balances with other Banks/ NBFIs /MFBs		4,179,103,852	3,967,373,841
Lending to financial institutions	7	2,075,688,400	-
Investments - net of provisions	8	3,416,010,951	1,590,417,993
Advances - net of provision	9	28,634,479,392	27,370,611,456
Operating fixed assets	10	1,935,601,630	2,023,314,033
Other assets		4,430,576,574	3,338,470,432
Deferred tax asset - net	11	270,509,416	231,670,697
<b>Total Assets</b>		<b>46,683,895,642</b>	<b>40,005,270,596</b>
<b>LIABILITIES</b>			
Deposits and other accounts	12	33,327,428,282	26,650,662,052
Borrowings	13	3,257,099,487	3,764,296,762
Subordinated debt		672,360,000	672,360,000
Other liabilities		4,402,492,761	4,230,319,090
Deferred tax liability - net		-	-
<b>Total liabilities</b>		<b>41,659,380,530</b>	<b>35,317,637,904</b>
<b>Net assets</b>		<b>5,024,515,112</b>	<b>4,687,632,692</b>
<b>REPRESENTED BY</b>			
Share capital		1,498,372,010	1,498,372,010
Statutory reserve		724,581,291	657,079,488
Depositors' protection fund		225,082,397	198,412,206
Unappropriated profit		2,567,328,091	2,330,318,665
		5,015,363,789	4,684,182,369
Surplus/ (deficit) on revaluation of assets		1,173,180	(7,000)
Deferred grants		7,978,143	3,457,323
<b>Total capital</b>		<b>5,024,515,112</b>	<b>4,687,632,692</b>

**MEMORANDUM/ OFF-BALANCE SHEET ITEMS**

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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, 2020**

		Half Year Ended	
		June 30, 2020	June 30, 2019
		----- Rupees -----	
	Note		
Mark-up/ return/ interest earned	15	4,197,837,526	3,303,343,863
Mark-up/ return/ interest expensed	16	(1,890,679,400)	(1,549,577,800)
<b>Net mark-up/ interest income</b>		<b>2,307,158,126</b>	<b>1,753,766,063</b>
Provision against non-performing loans and advances	9.3	(678,454,406)	(1,021,771,009)
Provision for demunition in the value of investments		-	-
Bad debts written off directly - net of insurance recoveries	9.4	(4,544,173)	(15,839,624)
		(682,998,579)	(1,037,610,633)
<b>Net mark-up/ interest income after provisions</b>		<b>1,624,159,547</b>	<b>716,155,430</b>
<b>NON MARK-UP/ NON INTEREST INCOME</b>			
Fee, commission and brokerage income	17	299,536,316	284,737,053
Dividend income		-	77,481,056
Other income - net		174,140,104	99,075,941
<b>Total non mark-up/ non interest income</b>		<b>473,676,420</b>	<b>461,294,050</b>
		2,097,835,967	1,177,449,480
<b>NON MARK-UP/ NON INTEREST EXPENSES</b>			
Administrative expenses	18	(1,626,918,071)	(1,780,490,880)
Other charges		(854,171)	(219,361)
<b>Total non mark-up/ non interest expenses</b>		<b>(1,627,772,242)</b>	<b>(1,780,710,241)</b>
		470,063,725	(603,260,761)
Extra ordinary/ unusual items		-	-
<b>PROFIT/ (LOSS) BEFORE TAXATION</b>		<b>470,063,725</b>	<b>(603,260,761)</b>
Taxation - Current		(171,393,430)	(61,645,535)
Prior year		-	-
Deferred		38,838,719	225,462,559
		(132,554,711)	163,817,024
<b>PROFIT/ (LOSS) AFTER TAXATION</b>		<b>337,509,014</b>	<b>(439,443,737)</b>
Unappropriated profit/ (loss) brought forward		2,330,318,665	2,278,585,992
Less: Other comprehensive income		(16,122,334)	(7,925,478)
<b>Profit available for appropriation</b>		<b>2,651,705,345</b>	<b>1,831,216,777</b>
<b>APPROPRIATIONS</b>			
Transfer to:			
Statutory reserve		(67,501,803)	-
Depositors' protection fund		(16,875,451)	-
		(84,377,254)	-
<b>Unappropriated profit/ (loss) carried forward</b>		<b>2,567,328,091</b>	<b>1,831,216,777</b>
Earnings/ (loss) per share		2.25	(2.93)

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, 2020**

	<b>Half Year Ended</b>	
	<b>June 30, 2020</b>	<b>June 30, 2019</b>
<b>Note</b>	<b>----- Rupees -----</b>	
<b>Profit/ (loss) after taxation</b>	337,509,014	(439,443,737)
<b>Other comprehensive income/ (loss)</b>		
Items that will not be subsequently reclassified through profit and loss account :		
Loss on remeasurement of employees' retirement benefits - net of tax	(16,122,334)	(7,925,478)
Comprehensive income transferred to equity	<u>321,386,680</u>	<u>(447,369,215)</u>
<b>Components of comprehensive income/ (loss) not reflected in equity</b>		
Items that will be subsequently reclassified through profit and loss account :		
Surplus/ (deficit) on revaluation of available for sale investments	1,173,180	(7,000)
	<u><u>322,559,860</u></u>	<u><u>(447,376,215)</u></u>

Surplus/ (deficit) on revaluation of available for sale investments is presented under a separate account below equity in accordance with the format of financial statements as prescribed under BSD Circular No. 11 dated December 30, 2003 issued by the State Bank of Pakistan (SBP).

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, 2020**

	Share capital	Capital reserves		Revenue reserve	Total
		Statutory reserve	Depositors' protection fund	Unappropriated profit	
----- Rupees -----					
Balance as at January 01, 2019	1,498,372,010	640,217,412	180,937,261	2,278,585,992	4,598,112,675
(Loss) for the period	-	-	-	(439,443,737)	(439,443,737)
Other comprehensive income/ (loss) for the year	-	-	-	(7,925,478)	(7,925,478)
Total comprehensive income for the year	-	-	-	(447,369,215)	(447,369,215)
Transfer to statutory reserve	-	-	-	-	-
Transfer to depositors' protection fund:					
- 5% of the profit after tax for the year	-	-	-	-	-
- Return on investments - net of tax	-	-	5,572,515	-	5,572,515
	-	-	5,572,515	-	5,572,515
Balance as at June 30, 2019	<u>1,498,372,010</u>	<u>640,217,412</u>	<u>186,509,776</u>	<u>1,831,216,777</u>	<u>4,156,315,975</u>
Profit for the year	-	-	-	523,754,118	523,754,118
Other comprehensive income/ (loss) for the year	-	-	-	(3,574,635)	(3,574,635)
Total comprehensive income for the year	-	-	-	520,179,483	520,179,483
Transfer to statutory reserve	-	16,862,076	-	(16,862,076)	-
Transfer to depositors' protection fund:					
- 5% of the profit after tax for the year	-	-	4,215,519	(4,215,519)	-
- Return on investments - net of tax	-	-	7,686,911	-	7,686,911
	-	-	11,902,430	(4,215,519)	7,686,911
Balance as at December 31, 2019	<u>1,498,372,010</u>	<u>657,079,488</u>	<u>198,412,206</u>	<u>2,330,318,665</u>	<u>4,684,182,369</u>
Profit for the year	-	-	-	337,509,014	337,509,014
Other comprehensive income/ (loss) for the year	-	-	-	(16,122,334)	(16,122,334)
Total comprehensive income for the year	-	-	-	321,386,680	321,386,680
Transfer to statutory reserve	-	67,501,803	-	(67,501,803)	-
Transfer to depositors' protection fund:					
- 5% of the profit after tax for the year	-	-	16,875,451	(16,875,451)	-
- Return on investments - net of tax	-	-	9,794,740	-	9,794,740
	-	-	26,670,191	(16,875,451)	9,794,740
Balance as at June 30, 2020	<u>1,498,372,010</u>	<u>724,581,291</u>	<u>225,082,397</u>	<u>2,567,328,091</u>	<u>5,015,363,789</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 CASH FLOW STATEMENT (UNAUDITED)**  
**FOR THE HALF YEAR ENDED JUNE 30, 2020**

Note	Half Year Ended	
	June 30, 2020	June 30, 2019
	----- Rupees -----	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit/ (loss) before taxation	470,063,725	(603,260,761)
Less : Dividend income	-	(77,481,056)
	470,063,725	(680,741,817)
<b>Adjustments for non-cash changes</b>		
Depreciation	106,046,699	177,492,385
Amortization	101,487,188	18,785,189
Provision against non-performing advances	678,454,406	1,021,771,009
Provision against advances to employees	-	445,341
Advances directly written-off - net of insurance recoveries	4,544,173	15,839,624
Unrealized gain on revaluation of investments classified as held-for-trading	-	-
Gain on sale/ redemption of securities	(79,967,132)	(33,835,251)
Unrealized exchange (gain) / loss	(39,069,333)	84,831,500
Unrealized loss/ (gain) on derivative financial asset	62,595,809	(80,457,747)
Loss / (gain) on sale of fixed assets	7,526,323	(10,996)
Finance charges on leased assets	77,825,753	72,657,077
Amortization of deferred grants	(52,617,712)	(1,048,991)
Provision for gratuity and leave encashment	73,014,569	71,469,529
	939,840,743	1,347,938,669
<b>(Increase)/ decrease in operating assets</b>		
Lending to financial institutions	(2,075,688,400)	(17,477,025)
Net investment in held for trading securities	5,227,421	2,834,579,712
Advances	(1,946,866,515)	(2,943,990,420)
Other assets (excluding advance taxation)	(1,170,858,980)	(206,099,283)
	(5,188,186,474)	(332,987,016)
<b>Increase/ (decrease) in operating liabilities</b>		
Bills payable	(12,722,025)	(159,739)
Borrowings from financial institutions	(468,127,942)	(1,247,836,520)
Deposits	6,676,766,230	1,577,943,413
Other liabilities (excluding bills payable, current taxation, gratuity and leave encashment, finance lease)	49,610,373	562,529,461
	6,245,526,636	892,476,615
Payment against provision held against off- balance sheet obligations		
Income tax paid	(151,918,455)	(5,093,471)
Gratuity and leave encashment paid (including contributions)	(13,841,576)	(10,191,656)
	2,301,484,599	1,211,401,324
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Net investment in available-for-sale securities	(1,850,269,360)	(147,698,334)
Net investment in held-to-maturity securities	110,957,644	(361,369,508)
Investment in operating fixed assets	(45,030,632)	(209,616,312)
Interest income on depositors' protection fund	-	6,555,900
Dividend received from mutual funds	-	77,481,056
Sale proceeds from property and equipment disposed-off	210,263	349,656
	(1,784,132,085)	(634,297,542)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Grants received	57,138,532	688,855
Net payments of lease obligations	(104,247,752)	(104,240,801)
	(47,109,220)	(103,551,946)
<b>Increase/ (decrease) in cash and cash equivalents</b>		
	470,243,294	473,551,836
Cash and cash equivalents at the beginning of the year	5,450,785,985	6,844,951,849
<b>Cash and cash equivalents at the end of the year</b>	<b>5,921,029,279</b>	<b>7,318,503,685</b>

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**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
**FOR THE HALF YEAR ENDED JUNE 30, 2020**

**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 154 (2019: 153) branches including 40 (2019: 37) Islamic branches as at June 30, 2020.

National Rural Support Programme (NRSP) is holding company of the Bank which holds 52.06% (2019: 52.06%) shares of the Bank.

**2 BASIS OF PRESENTATION**

- 2.1 These condensed interim financial statements of the Bank have been prepared, in accordance with the requirements of the International Accounting Standard 34 - 'Interim Financial Reporting', provisions of the Companies Act, 2017, the Microfinance Institution Ordinance, 2001 and directives issued by the Securities and Exchange Commission of Pakistan (SECP) and the State Bank of Pakistan (SBP). Where, the requirements of the Companies Act, 2017, the Microfinance Institutions Ordinance, 2001 or directives issued by the SECP and the SBP differ with the requirements of IFRS, the requirements of the Companies Act, 2017, the Microfinance Institutions Ordinance, 2001, or the requirements of the said directives have been followed.
- 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, 2019, 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;

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- 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.

There are certain new standards and interpretations of and amendments to existing accounting and reporting standards that have become applicable to FMFB for accounting periods beginning on or after January 1, 2020 but are considered not to be relevant or do not have any significant effect on Bank's operations and are therefore not detailed in these condensed interim financial statements.

As per the SBP's BPRD Circular Letter No. 4 dated October 23, 2019, the applicability of IFRS 9 to Microfinance Banks in Pakistan has been deferred to accounting periods beginning on or after January 1, 2021.

#### **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, 2019.

#### **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, 2019.

#### **6 FINANCIAL RISK MANAGEMENT**

##### **6.1 Risk management in the current economic scenario**

The Bank's risk management policies are the same as disclosed in the financial statements for the year ended December 31, 2019. Further, additional considerations have been made due to the COVID - 19 whereby the Bank is reviewing its portfolio regularly and conducts regular portfolio reviews in line with the emerging risks.

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The COVID – 19 pandemic has taken a toll on all economies and emerged as a contagion risk around the globe, including Pakistan. To reduce the impact on businesses and economies in general, regulators / governments across the globe have introduced a host of measures on both the fiscal and economic fronts.

The State Bank of Pakistan (SBP) has responded to the crisis by cutting the policy rate by 625 basis points to 7 percent and by introducing regulatory measures to maintain banking system soundness and to sustain economic activity. These include allowing Banks to defer clients' payment of principal on loan obligations by one year and relaxing regulatory criteria for restructured/rescheduled loans for borrowers who require relief beyond the extension of principal repayment for one year.

COVID-19 can impact banks in Pakistan on a number of fronts including increase in overall credit risk pertaining to the loans and advances portfolio, reduced fee income due to overall slowdown in economic activity, continuity of business operations.

## **6.2 Assets quality and credit risk**

The Risk Management function of the Bank is regularly conducting assessments of the credit portfolio to identify borrowers most likely to get affected due to changes in the business and economic environment. The Bank has further strengthened its credit review procedures in the light of COVID-19. The Bank is continuously reviewing the portfolio, to identify accounts susceptible to higher risk, resulting from the COVID-19 outbreak.

## **6.3 Liquidity management**

Bank had received applications for deferral of principal and restructuring/ rescheduling of outstanding balance including mark-up of loans for an aggregate amount of Rs 6.671 billion till June 30, 2020 and is expecting to receive further such applications. These applications are being reviewed by the bank on case to case basis. The above will have an impact on the Bank's maturity profile as estimated previously. The Asset and Liability Committee (ALCO) of Bank is continuously monitoring the liquidity position to take due precautionary measures where needed. Keeping in view the liquidity position, ALCO has decided not to opt for the deferrment / resheduling of borrowings.

## **6.4 Operations**

The Bank is closely monitoring the situation and has invoked required actions to ensure safety and security of Bank's staff and an uninterrupted service to our customers. The senior management is mandated to continuously monitor the situation and to take timely decision to resolve any concerns to ensure that service levels are maintained, customer complaints are resolved and turnaround times are monitored as the Bank intends to meet the expectations of its employees and customers.

## **6.5 Capital adequacy ratio**

The Capital Adequacy Ratio (CAR) of financial sector entities is vulnerable to additional pressures under the prevalent economic scenario as impacted by COVID-19 pandemic and by considering the overall deteriorating credit risk along increased Non-Performing Loans (NPL). As at June 30, 2020 the Bank's unaudited CAR is maintained per the regulatory limit.

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	Note	June30, 2020 (Unaudited)	December 31, 2019 (Audited)
		-----Rupees-----	
<b>7 LENDING TO FINANCIAL INSTITUTIONS</b>			
Call money lendings		-	-
Repurchase agreement lendings (Reverse repo)	7.1 & 7.2	2,075,688,400	-
		<u>2,075,688,400</u>	<u>-</u>

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 carried mark-up at the rate of 7% to 8% (2019: Nil) are due to mature in July 2020.

7.2 Securities held as collateral against lending to financial institutions

	Held by Bank	Further given as collateral	Total
As at December 31, 2019			
Market treasury bills (MTBs)	-	-	-
As at June 30, 2020			
Market treasury bills (MTBs)	<u>2,100,000,000</u>	<u>-</u>	<u>2,100,000,000</u>

	Note	June30, 2020 (Unaudited)	December 31, 2019 (Audited)
		-----Rupees-----	
<b>8 INVESTMENTS - NET OF PROVISIONS</b>			
<b>Held to maturity</b>			
<b>Federal Government Securities</b>			
Market treasury bills (MTBs)	8.1	1,295,513,581	1,191,609,401
Ijarah Sukuks	8.2	-	149,957,479
		<u>1,295,513,581</u>	<u>1,341,566,880</u>
<b>Available for sale</b>			
<b>Federal Government Securities</b>			
Market treasury bills (MTBs)	8.3	2,119,324,190	243,649,000
Deficit on revaluation of available for sale investments		1,173,180	(7,000)
		<u>2,120,497,370</u>	<u>243,642,000</u>
<b>Held for trading</b>			
Mutual funds		-	5,209,113
		<u>3,416,010,951</u>	<u>1,590,417,993</u>

8.1 The T-Bills carry mark up at the rate of 8.1% to 10.8% (2019: 13.05% to 13.13%) per annum and are due to mature in July and August 2020.

8.2 Ijarah Sukuk carried mark up at the rate of 5.24% per annum and matured in June 2020.

8.3 The T-Bills carry mark up at the rate of 8% to 8.13% (2019: 13.40%) per annum and are due to mature in July and August 2020.

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9 ADVANCES - NET OF PROVISION

Loan type	June 30, 2020		December 31, 2019	
	Number	Rupees	Number	Rupees
Micro credit	339,716	23,652,565,691	330,461	21,915,522,516
Islamic financing	20,874	5,797,484,518	21,385	5,853,238,237
Less: Provision held				
Specific	10,212	(549,546,740)	6,743	(141,715,892)
General	12.2	(266,024,077)		(256,433,405)
Advances - net of provisions		28,634,479,392		27,370,611,456

9.1 Particulars of non performing loans

Advances include Rs 1,194 million (2019: 450 million) which as detailed below, have been placed under non performing status.

Category of classification	June 30, 2020		December 31, 2019	
	Amount	Provisions required	Amount outstanding	Provisions required
OAEM	544,121,460	-	195,885,182	-
Sub-Standard	43,633,401	10,171,611	85,232,812	20,403,360
Doubtful	126,864,933	62,262,131	90,811,814	43,791,191
Loss	479,376,351	477,112,998	78,471,559	77,521,341
	1,193,996,145	549,546,740	450,401,367	141,715,892

9.2 This represents general provision maintained against unsecured microcredit advances net of specific provision at the rate of 1% (2019: 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, 2020		December 31, 2019	
	Specific	General	Specific	General
Opening balance	141,715,892	256,433,405	238,020,546	228,490,379
Charge for the year	668,863,734	9,590,672	1,792,526,418	27,943,026
Amounts written off	(261,032,886)	-	(1,888,831,072)	-
Reversals	-	-	-	-
Closing balance	549,546,740	266,024,077	141,715,892	256,433,405

9.4 Particulars of advances written off

	June 30, 2020		December 31, 2019	
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Against provisions	261,032,886	1,888,831,072	261,032,886	1,888,831,072
Directly charged to profit & loss account	4,544,173	24,571,874	4,544,173	24,571,874
	265,577,059	1,913,402,946	265,577,059	1,913,402,946

*Signature*

	June 30, 2020 (Unaudited)	December 31, 2019 (Audited)
<b>10 OPERATING FIXED ASSETS</b>		
Capital work-in-progress	40,349,962	38,484,276
Property and equipment	834,067,057	930,042,808
Right-of-use assets	945,747,793	938,753,610
Intangible assets	115,436,818	116,033,339
<b>10.1</b> Carrying value at the beginning of the period / year	1,935,601,630	2,023,314,033
Right-of-use assets - Initial recognition	-	896,343,375
Additions during the period/year	127,558,070	515,531,708
Disposals / deletion during the period/year at carrying value	(7,736,586)	(986,276)
Depreciation or amortization for the period/year	2,143,135,517	2,419,496,177
Carrying value at the end of the period / year	1,935,601,630	2,023,314,033
<b>10.2</b> Additions during the period / year		
Freehold land	-	329,720
Furniture and fixtures	12,691,706	113,918,310
Office equipment	1,661,408	31,045,369
Computer equipment	2,272,610	64,610,664
Owned Vehicles	1,181,810	40,523,119
Leased Vehicles	-	1,222,232
Intangible assets	25,357,412	100,159,937
Right-of-use assets	82,527,438	194,139,988
Capital work-in-progress	11,817,711	81,283,017
Transfer from capital work in progress	137,510,095	627,232,356
<b>10.3</b> Right-of-use assets		
Net book value at the beginning/ Initial recognition under IFRS-16	938,753,610	896,343,375
Additions during the period	82,527,438	194,139,988
Deletions during the year	-	-
Depreciation charged during the period	(75,533,255)	(151,729,753)
Net book value at the end	945,747,793	938,753,610
<b>11 DEFERRED TAX ASSET - NET</b>		
Deferred tax asset arising on account of deductible temporary differences on:		
Lease liability	320,439,799	306,514,673
Deferred Grants	2,313,661	1,002,624
Un-realized exchange loss on borrowings	60,948,913	72,279,020
Provision for non-performing loans	236,515,537	115,463,296
Minimum tax	-	112,029,283
Deferred tax liability arising on account of taxable temporary differences on:		
Accelerated depreciation allowance - owned assets	(17,892)	(12,822,569)
Accelerated depreciation allowance - leased assets	(283,234,988)	(284,823,968)
Amortization on intangible assets	(895,249)	(1,069,625)
Un-realized gain on derivative financial instrument	(60,363,163)	(72,683,869)
Un-realised mark-up on Government Securities	(5,197,202)	(4,218,168)
	(349,708,494)	(375,618,199)
	270,509,416	231,670,697

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Note

Rupees-----

	June 30, 2020 (Unaudited)		December 31, 2019 (Audited)	
	No of accounts	Rupees	No of accounts	Rupees
<b>12 DEPOSITS AND OTHER ACCOUNTS</b>				
<b>Conventional</b>				
Current deposits	325,929	2,051,863,352	302,646	1,621,850,588
Saving deposits	797,718	6,180,753,000	796,327	5,135,405,820
Fixed deposits	6,644	20,829,916,074	5,939	16,592,973,673
	<u>1,130,291</u>	<u>29,062,532,426</u>	<u>1,104,912</u>	<u>23,350,230,081</u>
<b>Islamic</b>				
Current deposits	47,651	571,116,338	42,890	651,289,200
Saving deposits	21,140	1,730,666,435	20,685	1,174,911,369
Fixed deposits	1,697	1,963,113,083	1,370	1,474,231,402
	<u>70,488</u>	<u>4,264,895,856</u>	<u>64,945</u>	<u>3,300,431,971</u>
	<u>1,200,779</u>	<u>33,327,428,282</u>	<u>1,169,857</u>	<u>26,650,662,052</u>
<b>12.1 Particulars of Deposits by ownership</b>				
Individual depositors	1,198,360	14,226,172,564	1,167,707	8,609,707,762
Institutional depositors				
Corporation / firms etc.	2,278	15,454,429,251	2,015	12,250,200,835
Banks & financial institutions	141	3,646,826,467	135	5,790,753,455
	<u>2,419</u>	<u>19,101,255,718</u>	<u>2,150</u>	<u>18,040,954,290</u>
Total	<u>1,200,779</u>	<u>33,327,428,282</u>	<u>1,169,857</u>	<u>26,650,662,052</u>

12.2 Deposits include related parties balances amounting to Rs 3,998 million (2019: Rs 3,990 million) as disclosed in note 19.

	Note	June 30,	December 31,
		2020 (Unaudited)	2019 (Audited)
		-----Rupees-----	
<b>13 BORROWINGS</b>			
Borrowings from Banks / Financial Institutions			
In Pakistan	13.1	2,696,930,820	2,990,058,762
Outside Pakistan	13.2	560,168,667	774,238,000
		<u>3,257,099,487</u>	<u>3,764,296,762</u>

**13.1 Borrowings from Banks / Financial Institutions in Pakistan**

**Secured**

Pak Oman Investment Company Limited (Term Finance)	13.1.1	111,111,108	166,666,664
Allied Bank Limited (Term Finance)	13.1.2	125,000,000	175,000,000
United Bank Limited (Running Finance)	13.1.3	-	700,651,757
Askari Bank Limited (Running Finance)	13.1.4	349,397,720	300,000,330
Allied Bank Limited (Running Finance)	13.1.5	199,005,323	199,842,393
Faysal Bank Limited (Running Finance)	13.1.6	450,000,405	450,000,405
National Bank of Pakistan (Running Finance)	13.1.7	962,416,264	997,897,213
Borrowing from BOP (Running Finance)	13.1.8	500,000,000	-
		<u>2,696,930,820</u>	<u>2,990,058,762</u>

13.1.1 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 charge on the present and future current assets of the Bank with 25% margin.

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- 13.1.2** 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 Pari Passu charge with all prior charges on the present and future current assets of the Bank with 25% margin.

- 13.1.3** The Bank entered into a 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 was repayable at the end of term and carried markup at the rate of three month KIBOR+1% per annum.

The loan was secured through a First Pari Passu charge with all prior charges on the present and future current assets of the Bank with 25% margin.

- 13.1.4** 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 one months KIBOR + 1% per annum payable on quarterly basis. As at the period end, the facility has been availed upto Rs. 349 million (2019: Rs 300 million).

This loan is secured against a demand promissory note and a First Pari Passu charge 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 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 per annum payable on quarterly basis. As at period end the facility has been availed upto Rs. 199 million (2019: Rs 199.8 million).

This loan is secured against a demand promissory note and a First Pari Passu charge on the present and future current assets of the Bank with 25% margin.

- 13.1.6** 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. As at the year end, the facility has been availed upto Rs 450 million ( 2019: Rs 450 million).

This loan is secured against a demand promissory note and a First Pari Passu charge on the present and future current assets of the Bank with 25% margin.

- 13.1.7** 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. As at the year end, the facility has been availed by the Bank upto Rs. 962 million (2018: Rs 998 million).

This loan is secured against a demand promissory note and a First Pari Passu charge on the present and future current assets of the Bank with 25% margin.

- 13.1.8** The Bank entered into running finance facility agreement amounting to Rs 500 million with the Bank of Punjab 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. As at the year end, the facility was fully availed (2019: Rs Nil).

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

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**13.2 Borrowings from Banks / Financial Institutions outside Pakistan**

		June30, 2020 (Unaudited)	December 31, 2019 (Audited)
	Note	-----Rupees-----	
ECO Trade & Development Bank	13.2.1	560,168,667	774,238,000
		560,168,667	774,238,000

**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 notes 14.1.1 and 14.1.2, there is no significant / material change in the status of contingencies and commitments of the Bank from the status outlined in the preceding audited annual financial statements for the year ended December 31, 2019.

**14.1.1** The income tax assessment for the tax year 2018 was amended by the Assessing Officer Inland Revenue, whereby tax demand of Rs 52.30 million was raised. Major issues on which assessment was amended include disallowing the difference between provision against non-performing loans and actual write-offs against the aforesaid provision, partial disallowance of accounting gain on sale of assets, disallowance of charge for employees' leave encashment scheme and disallowance for foreign tax credit. The Bank has filed appeal with the Commissioner Inland Revenue (Appeals) [CIR(A)] which is pending adjudication.

**14.1.2** Tax authorities of the Punjab Revenue Authority (PRA) have passed the Order in Original NO NRSP/2020 dated February 03, 2020 whereby demand for Punjab Sales Tax amounting to Rs 86 million and penalty of Rs 86 million have been raised for alleged inadmissible claim of input tax credit without apportionment between taxable services i.e. fee, commission and brokerage income and non-taxable services i.e. mark-up receipts during the financial years 2012, 2013, 2014, 2015 and 2018. The Bank has preferred appeal against the order along with stay application before the Commissioner (Appeals) PRA which is pending disposal.

The management of the Bank is of the view that ultimate outcome of proceedings in respect of cases referred above are expected to be favorable to the Bank. The management further believes that liability, if any, arising on settlement of the aforementioned cases is not likely to be material.

		Half year ended	
		June 30, 2020	June 30, 2019
	Note	-----Rupees-----	
<b>15 MARK-UP / RETURN / INTEREST EARNED</b>			
Interest / mark-up on			
Advances		3,326,223,798	2,707,259,960
Lending to financial institutions		17,090,905	32,347,727
Investments in government securities		79,967,132	45,145,765
Deposits accounts, placements with other bank / financial institutions		125,135,745	148,678,895
Employees' loan		5,721,048	3,323,582
Profit on Islamic financing		643,698,898	366,587,934
		4,197,837,526	3,303,343,863

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		Half year ended	
		June 30, 2020	June 30, 2019
		-----Rupees-----	
16	MARK-UP / RETURN / INTEREST EXPENSED	Note	
	Deposits	16.1	1,385,337,755
	Profit Sharing Islamic Deposits		171,387,827
	Borrowings	16.2	253,531,467
	Ammortization of loan processing fee on borrowings		2,589,366
	Finance lease charges		77,825,753
	Other costs of deposits		7,232
			<u>1,890,679,400</u>
			<u>1,549,577,800</u>

16.1 Mark-up expense on deposits includes amount of Rs 213 million (2019: 150.77 million) in respect of deposit account balances of related parties as disclosed in note 19.

16.2 It includes an amount of Rs 57.60 million (2019: Rs 48.4 million) in respect of markup expense on subordinated loan from a shareholder.

		Half year ended	
		June 30, 2020	June 30, 2019
		-----Rupees-----	
17	FEE, COMMISSION AND BROKERAGE INCOME	Note	
	Loan processing fee on advances		236,454,777
	Other banking services fee		59,957,334
	Commission Income		3,124,205
			<u>299,536,316</u>
			<u>284,737,053</u>

#### 18 ADMINISTRATIVE EXPENSES

	Staff salaries and benefits		796,763,000	897,600,680
	Charge for defined benefit plans		73,014,569	71,469,529
	Contribution for defined contribution plan		33,615,780	36,139,350
	Incentives		111,556,668	134,037,136
	Non-Executive directors' fee		2,330,717	2,624,393
	Trainings		28,923,900	10,926,048
	Legal and professional charges		38,592,756	17,011,436
	Communication		35,105,923	52,566,700
	Postage, courier etc.		4,013,830	10,577,547
	Verification fee		11,824,433	9,420,024
	Repair and maintenance		10,239,574	11,586,892
	Stationary and printing		16,655,458	38,526,220
	Advertisement and publicity		2,369,147	11,874,272
	Depreciation	10.1	106,046,699	177,492,385
	Amortization	10.1	101,487,188	18,785,189
	Staff travel		4,430,645	14,586,049
	Fuel and power		32,977,408	40,455,003
	Vehicle running and maintenance		11,455,855	13,757,160
	Office supplies		3,657,081	5,547,310
	Meetings and conferences		7,464,235	13,511,370
	Utilities		23,808,959	28,909,539
	Rent expenses		-	-
	Software license renewals and Flex Cube Maintenance Fee		32,046,808	31,446,403
	Insurance expenses		73,064,001	67,213,022
	Security and administration		52,033,106	49,632,492
	Donations		-	-
	Auditor's remuneration		2,769,065	2,393,432
	Corporate social responsibility		222,796	496,394
	Financial charges on leased vehicles		-	-
	Miscellaneous expenses		10,448,470	11,904,905
			<u>1,626,918,071</u>	<u>1,780,490,880</u>

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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, 2020 (Unaudited)	December 31, 2019 (Audited)
-----Rupees-----			
<b>Balances outstanding</b>	<b>Relationship with the related party</b>		
Payable to NRSP	Parent Organisation	11,253,071	34,859,640
Sub-ordinated Debt from KfW	Shareholder	672,360,000	672,360,000
Markup accrued on Sub-ordinated Debt from KfW	Shareholder	362,183,793	304,582,712
Bank balance with Dubai Islamic Bank Limited	Common Directorship	-	28,869,997
Markup receivable from Dubai Islamic Bank Limited	Common Directorship	-	275,639
Payable to employees' gratuity fund	Employees' Trust	-	-
Payable to staff leave encashment fund	Employees' Trust	-	-
Receivable from employees' provident fund	Employees' Trust	-	-
Balance Maintained with Silk Bank Limited	Common Share holder	1,677,546	490,212,707
Markup receivable from Silk Bank Limited	Common Share holder	-	-
Balance Maintained with Bank Alfalah Limited	Common Share holder	2,775	3,389
Call Money Lending to Bank Alfalah Limited	Common Share holder	589,940,400	-
Pakistan Microfinance Network	Common Directorship	-	-
<b>Deposits accounts contain amounts relating to following related parties:</b>			
National Rural support programme	Parent Organization	49,380	-
Institute of Rural Management (IRM)	Parent Company's Subsidiary	3,496,172	201,379,301
Employees' Gratuity Fund	Employees' Trust	92,676,749	89,311,873
Employees' Provident Fund Trust	Employees' Trust	490,340,489	457,690,160
Employees' Welfare Trust	Employees' Trust	33,078,829	28,703,595
Employee Housing Colony	Employees' Trust	1,437,554	1,484,824
NRSP Contributory Provident Fund	Parent Company's Employees' Trust	653,739,378	544,129,128
NRSP Employees Gratuity Fund Trust	Parent Company's Employees' Trust	751,409,604	624,969,339
NRSP Rohi Handlooms	Parent Company's Project	3,119	3,043
NRSP Natural Resource Management	Parent Company's Project	630,338	479,204
Rural Support Programmes Network (RSPN)	Common Directorship	9,118	8,771
Sindh Rural Support Organization (SRSO)	Common Directorship	1,247,044,260	1,045,940,539
SRSO UC BPRP Enterprise	Common Directorship	428,548	412,554
Ghazi Barotha Tarqiati Idara	Common Directorship	355,384,293	707,401,030
BRSP Endowment Funds	Common Directorship	327,976,977	250,853,963
Pakistan Microfinance Network	Common Directorship	-	-
Key management personnel		40,668,225	36,903,904
<b>Half year ended</b>			
		<b>June 30, 2020</b>	<b>June 30, 2019</b>
<b>Transactions with related parties</b>			
Payments made to NRSP	Parent Organisation	36,777,990	1,954,748
Markup paid to related parties on deposit accounts (net of tax)			
Institute of Rural Management (IRM)	Parent Company's Subsidiary	11,000,460	9,227,854
Employees' Gratuity Fund	Employees' Trust	3,364,875	4,296,254
Employees' Provident Fund Trust	Employees' Trust	8,764,082	16,646,209
Employees' Welfare Trust	Employees' Trust	1,120,019	1,023,283
Employee Housing Colony	Employees' Trust	58,429	78,209
NRSP Contributory Provident Fund	Parent Company's Employees' Trust	36,397,830	841,436

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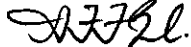
		Half year ended	
		June 30, 2020	June 30, 2019
NRSP Employees Gratuity Fund Trust	Parent Company's Employees' Trust	44,440,265	556,460
NRSP Rohi Handlooms	Parent Company's Project	76	121
NRSP Natural Resource Management	Parent Company's Project	1,522	2,429
Rural Support Programmes Network (RSPN)	Common Directorship	347	45,552,500
Sindh Rural Support Organization (SRSO)	Common Directorship	75,392,259	49,314,640
SRSO UC BPRP Enterprise	Common Directorship	15,994	129,408
Ghazi Barotha Tarqiati Idara	Common Directorship	2,940,281	57,620
BRSP Endowment Funds	Common Directorship	29,499,701	21,013,832
National Rural support programme	Parent Organization	938	-
Pakistan Microfinance Network	Common Directorship	-	2,033,261
Contribution to employees' gratuity fund	Employees' Trust	320,098,234	53,369,171
Contribution to employees' provident fund	Employees' Trust	11,266,289	36,139,350
Remuneration paid to key menegement personnel:			
Managerial remuneration		29,572,899	53,557,385
Rent and house maintenance		13,307,813	24,100,859
Utilities		2,957,297	5,355,761
Conveyance		2,957,297	5,355,761
Leave encashment		1,997,592	5,116,283
Other Allowance		720,000	1,430,733
Medical		528,736	531,779
Bonus/Incentive		8,654	11,871,862
Charge for defined benefit plan		4,045,867	7,098,533
Contribution to defined contribution plan		2,906,479	4,860,783
Remuneration paid to non-executive directors		2,330,717	2,624,393

**20 GENERAL**

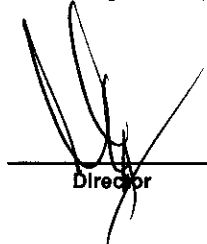
Figures have been rounded off to the nearest rupee.

**21 DATE OF APPROVAL**

These financial statements were approved and authorised by the Board of Directors of the Bank in their meeting held on \_\_\_\_\_.




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



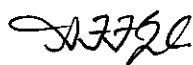
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Director

**NRSP MICROFINANCE BANK LIMITED**  
**CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
**FOR THE HALF YEAR ENDED JUNE 30, 2020**

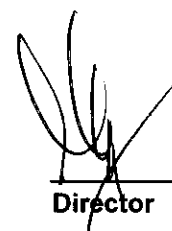
Financial results of the Islamic Microfinance Division, as referred to in note 2.3 of the financial statements.

Balance sheet as at June 30, 2020

	June 30, 2020 (Unaudited) Rupees	December 31, 2019 (Audited) Rupees
<b>ASSETS</b>		
Cash and Balances with SBP and NBP	431,646,881	259,880,122
Balances with Other Banks/NBFIs/MFBs	483,801,642	412,072,182
Investment- net of provisions	-	149,780,001
Islamic Financing and related assets - net of provisions	5,708,471,129	5,798,511,788
Operating fixed assets	765,452,734	594,143,706
Other assets	89,916,144	245,452,790
<b>Total Assets</b>	<b>7,479,288,530</b>	<b>7,459,840,589</b>
<b>LIABILITIES</b>		
Deposits and other accounts		
- Current accounts	571,116,338	671,788,444
- Saving accounts	1,730,666,435	1,174,911,369
- Term accounts	1,963,113,083	1,474,231,402
Other Liabilities	2,255,295,973	3,250,222,167
<b>Total Liabilities</b>	<b>6,520,191,829</b>	<b>6,571,153,382</b>
<b>NET ASSETS</b>	<b>959,096,701</b>	<b>888,687,207</b>
<b>REPRESENTED BY:</b>		
Islamic Banking Fund	440,000,000	440,000,000
Unappropriated profit	519,096,701	448,687,207
	<b>959,096,701</b>	<b>888,687,207</b>
<b>Remuneration of the Shariah Advisor</b>	<b>600,000</b>	<b>1,200,000</b>




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



\_\_\_\_\_  
**Director**

**NRSP MICROFINANCE BANK LIMITED**  
**CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
**FOR THE HALF YEAR ENDED JUNE 30, 2020**

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

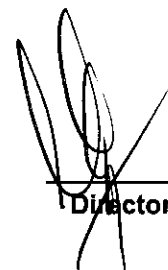
Profit and loss account for the half year ended June 30, 2020.

	<b>June 30, 2020 Rupees</b>	<b>June 30, 2019 Rupees</b>
Profit / return earned	682,322,615	390,620,569
Profit / return expensed	(193,070,785)	(104,526,289)
<b>Net profit / return / income</b>	<b>489,251,830</b>	<b>286,094,280</b>
Provisions against non-performing financing	(58,654,797)	(19,361,053)
Bad debts written off directly	(1,463,606)	(1,253,024)
	(60,118,403)	(20,614,077)
<b>Net return earned after provisions</b>	<b>429,133,427</b>	<b>265,480,203</b>
Fee, Commission and brokerage income	285,200,989	30,615,442
Other income	-	640,809
<b>Total income for the period</b>	<b>714,334,416</b>	<b>296,736,454</b>
<b>OTHER EXPENSES</b>		
Administrative expenses	(643,924,924)	(217,453,694)
	70,409,492	79,282,760
Extraordinary/unusual items	-	-
<b>PROFIT BEFORE TAXATION</b>	<b>70,409,492</b>	<b>79,282,760</b>

*SAJED.*



**President / Chief Executive**



**Director**