



REVIEW OF CONDENSED INTERIM
FINANCIAL INFORMATION OF
PAK OMAN MICROFINANCE BANK LIMITED
FOR THE HALF YEAR ENDED
JUNE 30, 2022

BDO Ebrahim & Co. Chartered Accountants

BDO Ebrahim & Co., a Pakistan registered partnership firm, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

DRAFT**INDEPENDENT AUDITOR'S REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS TO THE MEMBERS****Introduction**

We have reviewed the accompanying condensed interim statement of financial position of **PAK OMAN MICROFINANCE BANK LIMITED** ("the Bank") as at June 30, 2022 and the related condensed interim profit and loss account, condensed interim statement of cash flows, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and notes to the condensed interim financial statements for the six months period then ended (here-in-after referred as the "interim financial statements"). Management is responsible for the preparation and presentation of this interim financial statements in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this 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 statements 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 as at and for the six months period ended June 30, 2022 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Other Matter

The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarter ended June 30, 2022 and June 30, 2021 have not been reviewed, as we are required to review only the cumulative figures for the six-months period ended June 30, 2022.

The financial statements of the Company for the year ended December 31, 2021 were audited and the condensed interim financial information for the half year ended June 30, 2021 were reviewed by another firm of chartered accountants who have expressed an unmodified opinion and conclusion thereon vide their report dated March 31, 2022 and September 16, 2021, respectively.

The engagement partner on the review resulting in this independent auditor's review report is Zulfikar Ali Causer.

KARACHI**DATED:****UDIN:** _____**BDO EBRAHIM & CO.
CHARTERED ACCOUNTANTS****BDO Ebrahim & Co. Chartered Accountants**

BDO Ebrahim & Co., a Pakistan registered partnership firm, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

PAK OMAN MICROFINANCE BANK LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UNAUDITED)
AS AT JUNE 30, 2022

		June 30 2022 (Un-Audited)	December 31 2021 (Audited)
	Note	----- (Rupees) -----	
ASSETS			
Cash and bank balances with SBP and NBP	6	105,992,858	88,026,731
Balances with other banks / NBFIs / MFBs	7	504,723,037	894,388,932
Investments	8	266,996,535	286,396,358
Advances - net of provisions	9	5,429,651,012	5,372,014,802
Operating fixed assets	10	290,685,489	284,582,431
Other assets	11	291,097,179	176,497,959
Deferred tax asset - net	12	116,725,080	78,956,186
Total assets		7,005,871,190	7,180,863,399
LIABILITIES			
Deposits and other accounts	13	1,688,760,332	1,771,282,584
Borrowings	14	2,232,284,483	2,482,284,483
Other liabilities	15	494,288,502	381,524,840
Lease obligation		142,682,653	139,701,223
Total liabilities		4,558,015,970	4,774,793,130
NET ASSETS		2,447,855,220	2,406,070,269
REPRESENTED BY:			
Share capital	16	2,308,300,000	2,308,300,000
Share premium		52,041,600	52,041,600
Statutory and general reserves		83,418,066	75,412,003
Depositors' protection fund		25,113,588	22,026,642
Accumulated loss		(21,018,034)	(51,709,976)
MEMORANDUM / OFF BALANCE SHEET ITEMS	17	2,447,855,220	2,406,070,269

The annexed notes from 1 to 26 form an integral part of these financial statements.

President & Chief Executive

Chairman

Director

Director

PAK OMAN MICROFINANCE BANK LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)
FOR THE HALF YEAR AND QUARTER ENDED JUNE 30, 2022

	Note	Half year ended		Quarter ended	
		June 30 2022	June 30 2021	June 30 2022	June 30 2021
		(Rupees)		(Rupees)	
Mark-up / return / interest earned	18	1,189,358,699	614,857,585	638,553,215	341,070,616
Mark-up / return / interest expensed	19	(240,826,790)	(73,061,178)	(114,774,200)	(40,794,074)
Net mark-up / return / interest income		948,531,909	541,796,407	523,779,015	300,276,542
Provision against non-performing loans and advances	9.2	(444,552,213)	(90,678,522)	(270,003,836)	(54,228,762)
Net mark-up / return / interest income after provisions		503,979,696	451,117,885	253,775,179	246,047,780
NON MARK-UP / NON INTEREST INCOME					
Fee, commission and brokerage income		86,120,213	113,927,979	38,938,314	60,047,173
Other income	20	44,893,752	42,106,525	33,311,472	19,618,707
Total non-mark-up / non-interest income		131,013,965	156,034,504	72,249,786	79,665,880
NON MARK-UP / NON INTEREST EXPENSES					
Administrative expenses		557,073,166	489,429,823	288,799,103	259,904,186
Penalties		-	7,097,154	-	-
Finance cost for lease		2,981,430	3,040,248	1,490,715	1,520,124
Total non mark-up / non interest expenses		560,054,596	499,567,225	290,289,818	261,424,310
PROFIT BEFORE TAXATION		74,939,065	107,585,164	55,735,147	64,289,350
Taxation - current		(51,074,357)	(18,289,478)	(26,533,720)	(9,144,739)
- prior years		(20,805,653)	-	(20,805,653)	-
- deferred		37,809,454	(27,096,563)	-	-
PROFIT AFTER TAXATION		(4,040,556)	(45,386,041)	(47,339,373)	(9,144,739)
		40,868,509	62,199,123	(11,604,226)	55,144,611
Basic and diluted earnings per share - Rupees		0.18	0.27	-0.05	0.24

The annexed notes from 1 to 26 form an integral part of these financial statements.

President / Chief Executive

Chairman

Director

Director

PAK OMAN MICROFINANCE BANK LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2022

	June 30 2022 (Un-Audited)	June 30 2021 (Un-Audited)
Note	(Rupees)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	74,939,065	107,585,164
	<u>74,939,065</u>	<u>107,585,164</u>
Adjustments for non-cash charges:		
Depreciation	46,758,940	33,447,527
Amortization	5,149,704	3,513,732
Provision against non-performing advances	90,426,263	90,678,522
Gain on disposal of fixed assets	(1,714,469)	(514,409)
Finance cost on lease obligation	2,981,430	3,040,248
Provision for gratuity	7,500,000	4,800,000
Surplus on revaluation on investments	139,862	1,184,550
Provision for leave fare assistance	1,719,827	12,395,477
	<u>152,961,557</u>	<u>148,545,647</u>
	<u>227,900,622</u>	<u>256,130,811</u>
(Increase) / decrease in operating assets		
Advances	(148,062,472)	(1,941,587,781)
Other assets (excluding advance taxation)	(129,227,054)	10,751,160
	<u>(277,289,526)</u>	<u>(1,930,836,621)</u>
(Decrease) / increase in operating liabilities		
Deposits and other accounts	(82,522,252)	630,445,001
Other liabilities (excluding current taxation)	124,977,269	59,426,361
	<u>42,455,017</u>	<u>689,871,362</u>
	<u>(6,933,887)</u>	<u>(984,834,448)</u>
Income tax paid	(33,361,597)	(23,689,879)
Gratuity paid	-	(9,575,202)
Leave fare assistance paid	(11,970,650)	(7,348,179)
Net cash outflow from operating activities	<u>(52,266,134)</u>	<u>(1,025,447,708)</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Net investments in available for sale securities	5,583,333	(50,000,000)
Net investments in held to maturity securities	13,816,490	138,549,124
Rentals paid against lease obligation	(23,865,752)	(18,864,938)
Investment in operating fixed assets	(67,901,119)	(4,702,801)
Sale proceeds of property and equipment disposed-off	2,933,414	1,114,322
Net cash outflow from investing activities	<u>(69,433,634)</u>	<u>66,095,707</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Borrowings repaid / obtained from Financial Institution	(250,000,000)	880,000,000
Net cash (outflow) / inflow from financing activities	<u>(250,000,000)</u>	<u>880,000,000</u>
Net outflow in cash and cash equivalents	<u>(371,699,768)</u>	<u>(79,352,001)</u>
Cash and cash equivalents at the beginning of the period	982,415,663	1,435,250,166
Cash and cash equivalents at the end of the period	<u>610,715,895</u>	<u>1,355,898,165</u>

23

The annexed notes from 1 to 26 form an integral part of these financial statements.

President / Chief Executive

Chairman

Director

Director

PAK OMAN MICROFINANCE BANK LIMITED
 CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
 FOR THE HALF YEAR AND QUARTER ENDED JUNE 30, 2022

	Half year ended		Quarter ended	
	June 30 2022	June 30 2021	June 30 2022	June 30 2021
	(Rupees)		(Rupees)	
Profit after taxation	40,868,509	62,199,123	(11,604,226)	55,144,611
Other comprehensive (loss) / income:				
Items that are not to be reclassified to profit	-	-	-	-
Comprehensive income for the year transferred to equity	<u>40,868,509</u>	<u>62,199,123</u>	<u>(11,604,226)</u>	<u>55,144,611</u>
Comprehensive income for the year not transferred to equity				
Items that may be reclassified to profit and loss account in subsequent periods	-	-	-	-
Surplus on revaluation of 'available for sale investment'	139,862	1,184,550	139,862	1,184,550
Related tax impact	(40,560)	(343,520)	(40,560)	(343,520)
	<u>(40,560)</u>	<u>841,030</u>	<u>(40,560)</u>	<u>841,030</u>
Total comprehensive income for the period - net of tax	<u>40,827,949</u>	<u>63,040,153</u>	<u>(11,644,786)</u>	<u>55,985,641</u>

The annexed notes from 1 to 26 form an integral part of these financial statements.

 President / Chief Executive

 Chairman

 Director

 Director

PAK OMAN MICROFINANCE BANK LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2022

	Share capital	Share premium	Capital reserves		Revenue reserves	Total
			Statutory reserve	Depositors' Protection Fund	Accumulated losses	
(Rupees)						
Balance as at January 01, 2021 (Audited)	2,308,300,000	52,041,600	32,059,174	9,975,327	(215,300,851)	2,187,075,250
Total comprehensive income:						
Profit after tax for the period ended June 30, 2021	-	-	-	-	62,199,123	62,199,123
Other comprehensive income - net of tax	-	-	-	-	841,030	841,030
Total comprehensive income	-	-	-	-	63,040,153	63,040,153
Transfer to statutory reserve	-	-	12,439,825	-	(12,439,825)	-
Transfer to Depositors' Protection Fund						
5% of the profit after tax	-	-	-	3,109,956	(3,109,956)	-
Return on investment - net of tax	-	-	-	576,910	-	576,910
Balance as at June 30, 2021 (Un-audited)	2,308,300,000	52,041,600	44,498,999	13,662,193	(167,810,479)	2,250,692,313
Balance as at January 1, 2022 (Audited)	2,308,300,000	52,041,600	75,244,364	22,026,642	(51,709,976)	2,405,902,630
Total comprehensive income:						
Profit after tax for the year ended June 30, 2022	-	-	-	-	40,868,509	40,868,509
Other comprehensive income - net of tax	-	-	-	-	40,560	40,560
Total comprehensive income	-	-	-	-	40,909,069	40,909,069
Transfer to statutory reserve	-	-	8,173,702	-	(8,173,702)	-
Issue of share capital - deferred tax	-	-	-	-	-	-
Transfer to Depositors' Protection Fund						
5% of the profit after tax	-	-	-	2,043,425	(2,043,425)	-
Return on investment - net of tax	-	-	-	1,043,521	-	1,043,521
Balance as at June 30, 2022 (Un-audited)	2,308,300,000	52,041,600	83,418,066	25,113,588	(21,018,034)	2,447,855,220

The annexed notes from 1 to 26 form an integral part of these financial statements.

President / Chief Executive

Chairman

Director

Director

PAK OMAN MICROFINANCE BANK LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2022

1. STATUS AND NATURE OF BUSINESS

1.1 Pak Oman Microfinance Bank Limited (the Bank) was incorporated on 09 March 2006 as a public limited company under Companies Ordinance, 1984 (Repealed with the enactment of the Companies Act, 2017 on 30 May 2017) and was granted license by the State Bank of Pakistan (SBP) on 12 April 2006. The Bank received certificate of commencement of business on 06 May 2006, effective from 08 May 2006. The Bank's principal business is to provide microfinance services to the poor and under served segment of the society as envisaged under the Microfinance Institutions Ordinance, 2001. The registered office of the Bank is situated at 20-C, Khayaban-e-Nishat, Ittehad Commercial Area, Phase-VI, DHA, Karachi, Pakistan. As at June 30, 2022 the Bank has 45 branches (2021: 31) and 35 service centers (2021: 35) in operation in all provinces of Pakistan, and Azad Jammu & Kashmir other than Gilgit Baltistan, including the Federal Capital Islamabad and is licensed to operate nationwide.

1.2 JCR-VIS has determined the Bank's medium to long-term rating as 'A-' and the short-term rating as 'A-2'.

1.3 In the year 2016, the Board of Directors of the Bank entered into an agreement with LOLC PLC, the Parent Company, who in lieu of the agreement acquired the majority of the stake (50.1%) in the Bank. As per the signed agreement dated 03 February 2017, the existing shareholders retained their shareholdings while new 115,648,000 shares were issued (equal to the existing issued and paid up capital) at an offer price of Rs.10.5 each (face value of Rs.10 each).

In the year 2021, the Board of Directors of the Bank again entered into an agreement with LOLC PLC, the Parent Company, who in lieu of the agreement acquired the remaining of the stake (49.9%) in the Bank. As per the signed agreement dated October 26, 2021, the existing shareholders sold 115,182,000 shares at an offer price of Rs.10.5 each (face value of Rs.10 each).

2 BASIS OF PRESENTATION

These financial statements have been presented in accordance with the requirements of Banking Surveillance Department Circular No. 11 dated 30 December 2003 issued by SBP.

3 STATEMENT OF COMPLIANCE

3.1 These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. Accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standard issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.
- The Microfinance Institutions Ordinance, 2001, the Prudential Regulations for Microfinance Banks and directives issued by the Securities and Exchange Commission of Pakistan and the SBP.

Where provisions of and directives issued under the Companies Act, 2017, Microfinance Institutions Ordinance, 2001, the Prudential Regulations for Microfinance Banks and directives issued by the Securities and Exchange Commission of Pakistan and the SBP differ from the IFRS, the provisions of and directives issued under the Companies Act, 2017, Microfinance Institutions Ordinance, 2001, the Prudential Regulations for Microfinance Banks and directives issued by the Securities and Exchange Commission of Pakistan and the SBP have been followed.

- 3.2 The SBP, through its BSD Circular No. 10 dated August 26, 2002, has deferred the implementation of International Accounting Standard (IAS) 39 - "Financial Instruments: Recognition and Measurement" and IAS 40 - "Investment Property" for Banking Companies in Pakistan, till further instructions. Accordingly, the requirements of these Standards have not been considered in the preparation of these financial statements. Further, the SECP has deferred the applicability of International Financial Reporting Standard (IFRS) 7 "Financial Instruments: Disclosures" through its S.R.O. 411(I)/2008 dated April 28, 2008. Accordingly, the requirements of this standard have also not been considered in the preparation of these financial statements. However, investments and non-banking assets have been classified and valued in accordance with the requirements prescribed by the SBP through various circulars.

Moreover, recently SBP through its BPRD Circular letter No. 03 of 2022, dated July 05, 2022, extend the date of implementation of IFRS-9 till January 01, 2024. Accordingly, the requirements of this standard have also not been considered in the preparation of these financial statements. However, during the transition period, the Company is required to carry out the parallel run reporting for submission of IFRS-9 pro-forma on quarterly and half yearly financial statements for the current period.

3.3 New accounting standards, amendments and IFRS interpretations that are effective for the year ended June 30, 2022

The following standards, amendments and interpretations are effective for the year ended June 30, 2022. These standards, amendments and interpretations are either not relevant to the Company's operations or are not expected to have significant impact on the financial statements other than certain additional disclosures.

**Effective date
(annual periods
beginning on or
after)**

Interest Rate Benchmark Reform - Phase 2
(Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and
January 01, 2021

Amendments to IFRS 16 'Leases' - Extended practical relief regarding Covid -
19 related rent concessions
April 01, 2021

New accounting standards, amendments and interpretations that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, amendments and interpretations are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

Amendments to IFRS 3 'Business Combinations' - Reference to the
conceptual framework
January 01, 2022

Amendments to IAS 1 'Presentation of Financial Statements' - Classification
of liabilities as current or non-current
January 01, 2023

Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure of
Accounting Policies
January 01, 2023

Amendments to IAS 8 'Accounting Policies, Changes in Accounting
Estimates and Errors' - Definition of Accounting Estimates
January 01, 2023

Amendments to IAS 12 'Income Taxes' - Deferred Tax related to Assets and
Liabilities arising from a single transaction
January 01, 2023

Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before
intended use
January 01, 2022

Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent
Assets' - Onerous Contracts - Cost of fulfilling a contract
January 01, 2022

Certain annual improvements have also been made to a number of IFRSs.

The following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which have not been adopted locally by the Securities and Exchange Commission of Pakistan (SECP):

IFRS 1 First Time Adoption of International Financial Reporting Standards
IFRS 17 Insurance Contracts

4 BASIS OF MEASUREMENT

- 4.1 These condensed interim financial statements have been prepared under the historical cost convention except for certain investments that have been marked to market and are carried at fair value and staff retirement benefits which are measured at present value.
- 4.2 This condensed interim financial statements have been presented in Pakistani rupees, which is the bank's functional and presentation currency.

5 SIGNIFICANT ACCOUNTING POLICIES AND FINANCIAL RISK MANAGEMENT

- 5.1 The accounting policies adopted in the preparation of this condensed interim financial information are consistent with those applied in the preparation of financial statements of the bank for the period ended December 31, 2021.
- 5.2 The Financial risk management objectives and policies are consistent with those disclosed in the financial statement of the company for the year ended December, 31 2021.

		June 30 2022 (Un-Audited)	December 31 2021 (Audited)
	Note	----- (Rupees) -----	
6 CASH AND BANK BALANCES WITH SBP AND NBP			
Cash in hand - local currency		2,423,623	2,093,138
Balance with State Bank of Pakistan	6.1	103,569,235	85,933,593
		<u>105,992,858</u>	<u>88,026,731</u>

- 6.1 This represents current accounts maintained with SBP to meet the minimum balance requirement equivalent to 5% as cash reserve of Bank's demand and term deposits with tenor of less than 1 year in accordance with the Prudential Regulations.

		June 30 2022 (Un-Audited)	December 31 2021 (Audited)
	Note	------(Rupees)-----	
7	BALANCES WITH OTHER BANKS/NBFIs/MFBs		
	In Pakistan		
	- on local currency current accounts	81,030,110	5,115,776
	- on local currency deposit accounts	423,692,927	889,273,156
		<u>504,723,037</u>	<u>894,388,932</u>
7.1	These represents deposits with commercial banks carrying mark-up at rates ranging from 8.25% to 17.25% per annum (2021: 6.50% to 11% per annum).		
8	INVESTMENTS		
	Federal Government Securities		
	- Pakistan Investment Bonds	11,855,952	11,796,124
	- Market treasury bills	213,265,583	227,141,901
	Bonds, participation term certificates & term finance certificates	6,202,375	6,202,375
	Sukuk	51,875,000	57,458,333
	Provision for diminution in value of investments	(16,202,375)	(16,202,375)
	Investments - net of provision	<u>266,996,535</u>	<u>286,396,358</u>
8.1	PIB having a face value Rs. 5 million was purchased from Pak Oman Investment Company Limited (POICL), an associated company, on Apr 26, 2021 at a cost of Rs. 4.949 million and PIB having a face value Rs. 7 million was purchased from Pak Oman Investment Company Limited on July 09, 2021 at a cost of Rs. 6.786 million. These carry mark-up rate of 8.0% per annum (2021: 8.0%) and 7.0% per annum (2021: 7.0%) respectively and have maturity on July 12, 2023 and August 20, 2023 respectively. The PIBs are classified as Held to Maturity, and are kept for the purpose of Depositor Protection Fund as required by State Bank of Pakistan.		
8.2	This represents amount of Rs. 4.752 million and 1.45 million which was fully provided against the investments in term finance certificates issued by WorldCall Telecom Limited and Agritech Limited respectively.		
8.3	This represents amount of Rs. 10 million which was fully provided against the investments in sukus issued by Agritech Limited.		

		June 30 2022 (Un-Audited)	December 31 2021 (Audited)
	Note	----- (Rupees) -----	
9	ADVANCES - NET OF PROVISIONS		
Advances - gross		5,730,570,827	5,583,519,184
Provision against non performing loans and advances			
Specific provision	9.1	213,293,843	123,386,018
General provision		105,119,769	104,601,332
	9.2	318,413,612	227,987,350
Staff loan		17,493,797	16,482,968
Advances - net of provisions		5,429,651,012	5,372,014,802

9.1 Particulars of non-performing advances

Advances includes Rs. 598,474,577 (2021: Rs. 390,501,156) which have been placed under non-performing status as detailed below:

Category of classification	June 30, 2022 (Un-Audited)			December 31, 2021 (Audited)		
	Amount outstanding	Provision required	Provision held	Amount outstanding	Provision required	Provision held
	----- (Rupees) -----					
Other assets especially mentioned	192,446,132	7,069,031	7,069,031	114,618,962	-	-
Sub-standard	134,292,162	33,573,040	33,573,040	101,571,536	25,392,883	25,392,883
Doubtful	198,169,024	99,084,512	99,084,512	152,635,049	76,317,525	76,317,525
Loss	73,567,259	73,567,259	73,567,259	21,675,609	21,675,609	21,675,609
Total	<u>598,474,577</u>	<u>213,293,842</u>	<u>213,293,842</u>	<u>390,501,156</u>	<u>123,386,017</u>	<u>123,386,017</u>

9.2 Particulars of provision against non-performing loans and advances

The movement of provision against non-performing advances is as follows:

	June 30, 2022 (Un-Audited)			December 31, 2021 (Audited)		
	Specific	General	Total	Specific	General	Total
	----- (Rupees) -----					
Opening balance	123,386,018	104,601,331	227,987,349	45,885,688	24,733,719	70,619,407
Charge for the year	443,980,775	571,438	444,552,213	235,671,760	79,867,612	315,539,372
Amounts written off	(354,072,950)	(53,000)	(354,125,950)	(158,171,430)	-	(158,171,430)
	89,907,825	518,438	90,426,263	77,500,330	79,867,612	157,367,942
Closing balance	<u>213,293,843</u>	<u>105,119,769</u>	<u>318,413,612</u>	<u>123,386,018</u>	<u>104,601,331</u>	<u>227,987,349</u>

June 30	December 31
2022	2021
(Un-Audited)	(Audited)
------(Rupees)-----	

10. OPERATING FIXED ASSETS

Property and equipment	163,278,660	142,565,032
Right of use asset	113,163,039	134,835,210
Intangible assets	14,243,790	7,182,189
	<u>290,685,489</u>	<u>284,582,431</u>

10.1 Additions during the period - at cost

Improvements to leasehold buildings	34,791,787	29,316,712
Furniture and fixtures	2,893,663	8,768,189
Electrical, office and computer equipments	13,582,064	24,406,152
Vehicles - owned	4,422,301	18,081,372
Intangibles	12,211,304	817,280
	<u>67,901,119</u>	<u>81,389,705</u>

10.2 Disposal during the period - at cost

Furniture and fixtures	-	269,014
Electrical, office and computer equipments	-	69,500
Vehicle - owned	3,903,515	3,350,118
	<u>3,903,515</u>	<u>3,688,632</u>

11 OTHER ASSETS

Income / mark-up accrued on advances and investments	208,507,139	104,109,896
Advances, deposits, advance rent and other prepayments	61,522,788	40,058,669
Refundable / advance taxation (payments less provision)	-	14,627,834
Others	21,067,252	17,701,560
	<u>291,097,179</u>	<u>176,497,959</u>

June 30	December 31
2022	2021
(Un-Audited)	(Audited)
------(Rupees)-----	

12 DEFERRED TAX ASSET - NET

For the Six months ended June 30, 2022

Deductible temporary differences arising in respect of:

Provision against non-performing loans and advances	92,339,947	66,116,331
Provision of diminution in value of investments	4,241,928	4,698,688
Lease obligation IFRS 16	41,377,969	40,513,355
Other provisions	7,607,975	10,496,956
	<u>145,567,819</u>	<u>121,825,330</u>

Taxable temporary differences arising in respect of:

Accelerated depreciation allowance	(28,842,739)	(42,869,144)
	<u>116,725,080</u>	<u>78,956,186</u>

13 DEPOSITS AND OTHER ACCOUNTS

Saving deposits

63,539

63,539

Fixed deposits

1,682,179,041

1,764,701,293

Current deposits - mandatory

6,517,752

6,517,752

13.1 Particulars of deposits by ownership

1,688,760,332

1,771,282,584

Individual depositors

256,002,798

84,501,291

Institutional depositors - Corporation

1,432,757,534

1,686,781,293

1,688,760,332

1,771,282,584

13.2 Particulars of deposits by Number of accounts

Saving deposits

129

129

Fixed deposits

151

128

Current deposits - mandatory

14,446

14,446

14,726

14,703

13.3 These carry interest rate of 11.25% to 15.50% (2021: 3.50% to 10%) per annum on saving deposits and 11.00% - 16.15% (2021: 8.25% to 13.50%) per annum for fixed deposits.

		June 30 2022	December 31 2021
	Note	(Un-Audited)	(Audited)
		(Rupees)	
14	BORROWINGS		
	Borrowing from State Bank of Pakistan	14.1 1,982,284,483	1,982,284,483
	Borrowing from Pakistan Microfinance Investment Company	14.2 250,000,000	500,000,000
		<u>2,232,284,483</u>	<u>2,482,284,483</u>

14.1 This represents line of credit facility carrying interest at 6 month KIBOR minus 100 bps and is repayable in June 2024.

14.2 This represents line of credit facility carrying interest at 6 month KIBOR plus 350 bps and is repayable biannually upto October 2023.

15 OTHER LIABILITIES

Mark-up / interest / return payable	180,877,564	91,646,184
Book overdraft	-	34,958,492
Accrued expenses	127,107,161	95,736,833
Payable to LOLC Technology Services Limited	118,448,989	99,208,078
Payable to LOLC Asia (Private) Limited	2,344,388	2,344,388
Payable to defined benefit plan	7,507,000	9,037,070
Provision for compensated absences	13,781,767	14,281,767
Current taxation (provisions less payments)	23,890,579	-
Provision for leave fare assistance	4,945,629	15,196,452
Withholding taxes payable	3,445,137	4,590,831
Sales taxes	2,296,615	3,893,838
Advance from customer	8,642,377	8,386,588
Security deposit	1,001,296	2,244,319
	<u>494,288,502</u>	<u>381,524,840</u>

16 SHARE CAPITAL

16.1 Authorised capital

	June 30 2022	December 31 2021
	(Un-Audited)	(Audited)
	(Number of shares)	
250,000,000 Ordinary shares of Rs. 10 each	<u>250,000,000</u>	<u>250,000,000</u>

16.2 Issued, subscribed and paid-up share capital

	June 30 2022 (Un-Audited)	December 31 2021 (Audited)	June 30 2022 (Un-Audited)	December 31 2021 (Audited)
(Number of shares)			(Rupees)	
Ordinary shares of Rs. 10 each fully paid in cash	230,830,000	230,830,000	2,308,300,000	2,308,300,000

17 MEMORANDUM / OFF BALANCE SHEET ITEMS

There are no memorandum / off balance sheet items as at June 30, 2022.

18 MARK-UP RETURN/INTEREST EARNED

Interest / mark-up on:		
Income from advances	1,141,763,630	577,043,959
Income from investment in government securities	12,270,511	2,356,036
Income from deposit accounts	31,939,861	35,457,590
Income from sukuk	3,226,299	-
Income from staff loan	158,398	-
	<u>1,189,358,699</u>	<u>614,857,585</u>

19 MARK-UP / RETURN / INTEREST EXPENSED

Mark up on deposits	112,552,267	2,781,665
Mark up on borrowing	128,274,523	70,279,513
	<u>240,826,790</u>	<u>73,061,178</u>

20 OTHER INCOME

Gain on disposal of fixed assets	1,714,469	514,409
Recoveries against written off advances	29,194,428	18,815,854
Moratorium income	1,789,793	22,737,249
Miscellaneous Income	12,195,062	39,013
	<u>44,893,752</u>	<u>42,106,525</u>

	June 30 2022	June 30 2021
	(Un-Audited)	(Un-Audited)
	------(Rupees)-----	

21 ADMINISTRATIVE EXPENSES

Salaries	296,957,455	249,610,878
Bonus to employees	10,000,000	4,400,000
Contribution to defined contribution plan	6,987,257	6,943,202
Charge for defined benefit plan	7,500,000	4,800,000
Charge for leave fare assistance	1,719,827	12,395,477
Non-executive directors' allowances and other expenses	1,000,000	4,200,000
Training	3,312,554	872,465
Rent, rates and taxes	25,779,470	21,950,970
Legal and professional charges	4,354,753	7,697,585
Utilities	6,532,826	8,509,901
Communications	12,158,102	15,684,237
Fusion expenses	22,017,823	13,800,000
Repairs and maintenance	3,812,982	13,554,253
Vehicle running	593,532	4,614,686
Insurance	15,153,888	6,479,818
Travel and transportation	19,067,834	7,424,366
Stationery and printing	23,119,660	14,603,348
Fees and subscription	4,002,836	8,200,116
Advertisement and business promotions	12,769,750	10,193,463
Auditors' remuneration	1,000,000	2,133,040
Depreciation	25,086,769	14,885,157
Depreciation on right-of-use assets	21,672,171	18,562,370
Amortisation of intangible assets	5,149,704	3,513,732
Bank charges	3,663,496	8,328,586
Security expense	11,931,023	11,576,882
Kitchen expenses	3,891,977	3,295,646
Entertainment expenses	1,944,306	693,529
Medical staff	97,970	132,111
Archiving	1,051,544	1,226,497
Other expenses	4,743,657	9,147,508
	<u>557,073,166</u>	<u>489,429,823</u>

22

RELATED PARTY TRANSACTIONS

The Bank has related party relationship with its parent, associates, employee benefit plans, and its key management personnel (including their associates).

Contributions to the accounts in respect of staff retirement benefits are made in accordance with actuarial valuation / terms of the contribution plan. Remuneration of the key management personnel is in accordance with the terms of their employment. Other transactions are carried out as per agreed terms.

The details of transactions with related parties, other than those which have been specifically disclosed elsewhere in the financial statements are as follows:

22.1 The volumes of related party transactions, outstanding balances at the year end, and related expense and income for the period are as follows:

Nature of related party transaction	2022		2021	
	As at January 01 2022	Given / made during the year	As at June 30 2022	As at January 01 2021
Investments				
Associates				
Advances - staff loans				
Key management personnel	3,627,280	4,024,000	6,671,754	2,580,428
		979,546		2,000,000
				51,379,589
				381,611
				4,198,817

2022 2021
(Rupees)

Other payable

Gratuity fund

	7,507,000	9,037,070
	2,344,388	2,344,388

LOLC Asia (Private) Limited-Sri Lankan airfare

LOLC Technology Services Limited

-System cost

	83,103,289	63,862,378
	35,345,700	35,345,700

-Staff Deployed

Other receivable

LOLC Asia (Private) Limited-Travelling cost

	2,802,066	2,802,066
--	-----------	-----------

Mark-up income

Key management personnel

	111,762	178,428
--	---------	---------

23 CASH AND CASH EQUIVALENT

Cash and balances with SBP and NBP	105,992,858	88,026,731
Balances with other banks / NBFIs / MFBs	504,723,037	894,388,932
	<u>610,715,895</u>	<u>982,415,663</u>

24 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is an amount for which an asset can be exchanged, or liability settled, between knowledgeable willing parties in arm's length transaction. Consequently, differences may arise between the carrying values and the fair values estimates. The Bank measures fair values using the following fair value hierarchy that reflects the significance of the inputs use in making the measurements:

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

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

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

The investments classified as available for sale financial assets have been impaired and full provision has been maintained by there against. The carrying amounts of other financial assets are a approximately equal to their fair values.

During the period ended June 30, 2022, there were no transfers between level 1 and level 2 fair value measurements, and no transfer into and out of level 3 fair value measurements.

24.1 On balance sheet financial instruments

	2022									
	Carrying amount					Total	Fair value			
	Available for sale	Held for Maturity	Held for Trading	Loans and receivables	Other financial assets / liabilities		Level 1	Level 2	Level 3	Total
	(Rupees)									
Financial assets not measured at fair value										
- Cash and bank balances with SBP and NBP	-	-	-	-	105,992,858	105,992,858	-	-	-	-
- Balances with other banks	-	-	-	-	504,723,037	504,723,037	-	-	-	-
- Investments - PIB	-	11,855,952	-	-	-	11,855,952	-	-	-	-
- Investments - T-Bills	-	213,265,583	-	-	-	213,265,583	-	11,855,952	-	11,855,952
- Investments - Sukuks	51,875,000	-	-	-	-	51,875,000	51,875,000	213,265,583	-	213,265,583
- Advances	-	-	-	5,429,651,012	-	5,429,651,012	-	-	-	5,429,651,012
- Other assets	-	-	-	-	291,097,179	291,097,179	-	5,429,651,012	-	5,429,651,012
	51,875,000	225,121,535	-	5,429,651,012	901,813,074	6,608,460,621	-	-	-	-
Financial liabilities not measured at fair value										
- Deposits and other accounts	-	-	-	-	1,688,760,332	1,688,760,332	-	-	-	-
- Borrowing from PMICL	-	-	-	-	250,000,000	250,000,000	-	-	-	-
- Borrowing from SBP	-	-	-	-	1,982,284,483	1,982,284,483	-	-	-	-
- Other liabilities	-	-	-	-	494,288,502	494,288,502	-	-	-	-
	-	-	-	-	4,415,333,317	4,415,333,317	-	-	-	-
On balance sheet financial instruments										
	2021									
	Carrying amount					Total	Fair value			
	Available for sale	Held for Maturity	Held for Trading	Loans and receivables	Other financial assets / liabilities		Level 1	Level 2	Level 3	Total
	(Rupees)									
Financial assets not measured at fair value										
- Cash and bank balances with SBP and NBP	-	-	-	-	88,026,731	88,026,731	-	-	-	-
- Balances with other banks	-	-	-	-	894,388,932	894,388,932	-	-	-	-
- Investments - PIB	-	11,796,124	-	-	-	11,796,124	-	-	-	-
- Investments - T-Bills	-	227,141,901	-	-	-	227,141,901	-	11,796,124	-	11,796,124
- Investments - Sukuks	57,458,333	-	-	-	-	57,458,333	57,458,333	227,141,901	-	227,141,901
- Advances	-	-	-	5,372,014,802	-	5,372,014,802	-	-	-	-
- Other assets	-	-	-	-	176,497,958	176,497,958	-	5,372,014,802	-	-
	57,458,333	238,938,025	-	5,372,014,802	1,158,913,621	6,827,324,781	-	-	-	-
Financial liabilities not measured at fair value										
- Deposits and other accounts	-	-	-	-	1,771,282,584	1,771,282,584	-	-	-	-
- Borrowing from PMICL	-	-	-	-	500,000,000	500,000,000	-	-	-	-
- Borrowing from SBP	-	-	-	-	1,982,284,483	1,982,284,483	-	-	-	-
- Other liabilities	-	-	-	-	381,524,840	381,524,840	-	-	-	-
	-	-	-	-	4,635,091,907	4,635,091,907	-	-	-	-

The fair value of financial assets and liabilities not carried at fair value are not significantly different from their carrying values since these assets and liabilities are either short term in nature or in case of loans are frequently repriced.

25 GENERAL

Figures have been rounded off to the nearest Rupee unless otherwise specified.

26 DATE OF AUTHORISATION

These condensed interim financial statements were authorized for issue on _____ by the Board of Directors of the Bank.

President / Chief Executive

Chairman

Director

Director