



**LOLC MICROFINANCE  
BANK LIMITED (FORMALLY  
PAK OMAN MICROFINANCE BANK)**

**CONDENSED INTERIM FINANCIAL  
STATEMENTS**

**FOR THE PERIOD ENDED  
JUNE 30, 2023**

**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.



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**INDEPENDENT AUDITORS REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS TO THE MEMBERS OF LOLC MICROFINANCE BANK LIMITED (FORMALLY PAK OMAN MICROFINANCE BANK LIMITED)**

***Introduction***

We have reviewed the accompanying condensed interim statement of financial position of **LOLC Microfinance Bank Limited** (“the Bank”) formally Pak Oman Microfinance Bank Limited as at June 30, 2023 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, condensed interim cash flow statement, and notes to the condensed interim financial statements for the six-month period then ended (herein after referred as the “condensed interim financial statements”). Management is responsible for the preparation and presentation of this condensed 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 these condensed interim financial statements based on our review.

***Scope of Review***

We conducted our review in accordance with the International Standards on Review Engagements 2410, “Review of Interim Financial Information performed by the Independent Auditor of the Entity.” A review of condensed 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 condensed interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on review resulting in this independent auditors review report is Atif Riaz.

ISLAMABAD

DATED: 20 OCT 2023

UDIN: RR202310060fahX5ISdO

**BDO EBRAHIM & CO.**

**CHARTERED ACCOUNTANTS**

**LOLC MICROFINANCE BANK LIMITED**  
**(FORMALLY PAK OMAN MICROFINANCE BANK LIMITED)**  
**CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)**  
**AS AT JUNE 30, 2023**

|  | Note | June 30, 2023<br>(Un-Audited) | December 31, 2022<br>(Audited) |
|--|------|-------------------------------|--------------------------------|
| <b>ASSETS</b>  |      |                               |                                |
| Cash and bank balances with SBP / NBP                  | 6    | 152,949,198                   | 96,335,117                     |
| Balances with other banks                              | 7    | 433,759,794                   | 1,119,240,396                  |
| Investments  | 8    | 297,208,533                   | 312,032,150                    |
| Advances - net of provisions                           | 9    | 4,766,149,952                 | 5,286,759,877                  |
| Operating fixed assets                                 | 10   | 397,784,234                   | 339,423,768                    |
| Deferred tax asset - net                               | 12   | 160,962,969                   | 100,626,934                    |
| Other assets   | 11   | 535,385,733                   | 425,906,757                    |
|  |      | <u>6,744,200,413</u>          | <u>7,680,324,999</u>           |
| <b>LIABILITIES</b>                                     |      |                               |                                |
| Borrowings   | 14   | 1,982,284,483                 | 1,982,284,483                  |
| Deposits and other accounts                            | 13   | 1,586,072,413                 | 2,413,803,587                  |
| Other liabilities                                      | 15   | 855,209,870                   | 759,027,589                    |
|  |      | <u>4,423,566,766</u>          | <u>5,155,115,659</u>           |
| <b>NET ASSETS</b>                                      |      | <u>2,320,633,647</u>          | <u>2,525,209,340</u>           |
| <b>REPRESENTED BY:</b>                                 |      |                               |                                |
| Share capital  | 16   | 2,308,300,000                 | 2,308,300,000                  |
| Share premium  |      | 52,041,600                    | 52,041,600                     |
| Depositor's protection fund                            |      | 31,863,735                    | 30,353,389                     |
| Statutory and general reserves                         |      | 98,175,982                    | 98,175,982                     |
| Accumulated (losses) / profit                          |      | <u>(169,811,173)</u>          | <u>36,248,928</u>              |
|  |      | 2,320,570,144                 | 2,525,119,899                  |
| Surplus on revaluation of assets - net of deferred tax |      | 63,503                        | 89,441                         |
|  |      | <u>2,320,633,647</u>          | <u>2,525,209,340</u>           |

**MEMORANDUM / OFF BALANCE SHEET  
ITEMS**

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The annexed notes 1 to 27 form an integral part of the condensed interim financial information.

  
PRESIDENT/CHIEF EXECUTIVE

  
DIRECTOR

**LOLC MICROFINANCE BANK LIMITED**  
**(FORMALLY PAK OMAN MICROFINANCE BANK LIMITED)**  
**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED JUNE 30, 2023**

|  | Note | Half year ended |               |
|--|------|-----------------|---------------|
|  |      | June 30, 2023   | June 30, 2022 |
| ----- (Rupees) -----   |      |                 |               |
| Mark-up / return / interest earned                           | 18   | 1,194,126,881   | 1,189,358,699 |
| Mark-up / return / interest expensed                         | 19   | (329,451,855)   | (243,808,220) |
| Net mark-up / return / interest income                       |      | 864,675,026     | 945,550,479   |
| Provision against non-performing loans and advances          | 9.2  | 528,503,188     | 444,552,213   |
| Net mark-up / return / interest income after provisions      |      | 336,171,838     | 500,998,266   |
| <b>NON MARK-UP / NON INTEREST INCOME</b>                     |      |                 |               |
| Fee, commission and brokerage income                         | 21   | 103,329,745     | 86,120,213    |
| Other income   | 20   | 75,242,189      | 44,893,752    |
| Total non-mark-up / non-interest income                      |      | 178,571,934     | 131,013,965   |
|  |      | 514,743,772     | 632,012,231   |
| <b>NON MARK-UP / NON INTEREST EXPENSES</b>                   |      |                 |               |
| Administrative expenses                                      | 22   | 763,987,456     | 557,073,166   |
| Total non-mark-up / non-interest expenses                    |      | 763,987,456     | 557,073,166   |
| <b>(LOSS) / PROFIT BEFORE TAXATION</b>                       |      | (249,243,684)   | 74,939,065    |
| <b>TAXATION</b>  |      |                 |               |
| - Current  |      | (17,178,390)    | (51,074,357)  |
| - Prior year   |      | -               | (20,805,653)  |
| - Deferred   |      | 60,361,973      | 37,809,454    |
|  |      | 43,183,583      | (34,070,556)  |
| <b>(LOSS) / PROFIT AFTER TAXATION</b>                        |      | (206,060,101)   | 40,868,509    |
| <b>Basic and diluted (loss) / earnings per share - Rupee</b> |      | (0.89)          | 0.18          |

The annexed notes 1 to 27 form an integral part of the condensed interim financial information.

  
**PRESIDENT/CHIEF EXECUTIVE**

  
**DIRECTOR**

**LOLC MICROFINANCE BANK LIMITED  
(FORMALLY PAK OMAN MICROFINANCE BANK LIMITED)  
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)  
FOR THE HALF YEAR ENDED JUNE 30, 2023**

|   | <u>Half year ended</u>   |                          |         |          |          |  |        |         |          |          |
|---|--|--------------------------|---------|----------|----------|--|--------|---------|----------|----------|
|   | <u>June 30, 2023</u>   | <u>June 30, 2022</u>     |         |          |          |  |        |         |          |          |
|   | ----- (Rupees) -----   |                          |         |          |          |  |        |         |          |          |
| (Loss) / profit after taxation  | (206,060,101)  | 40,868,509               |         |          |          |  |        |         |          |          |
| <b>Other comprehensive income:</b>  |  |                          |         |          |          |  |        |         |          |          |
| Item not to be reclassified to profit and loss account in subsequent periods - net of tax | -  | -                        |         |          |          |  |        |         |          |          |
| Comprehensive (loss) / income for the period transferred to equity                        | <u>(206,060,101)</u>   | <u>40,868,509</u>        |         |          |          |  |        |         |          |          |
| <b>Comprehensive income for the period not transferred to equity:</b>                     |  |                          |         |          |          |  |        |         |          |          |
| Items that may be reclassified to profit and loss account in subsequent periods:          |  |                          |         |          |          |  |        |         |          |          |
| Surplus on revaluation of 'available for sale investments                                 | <table border="1" style="display: inline-table;"><tr><td style="text-align: center;">89,441</td><td style="text-align: center;">125,973</td></tr><tr><td style="text-align: center;">(25,938)</td><td style="text-align: center;">(36,532)</td></tr></table> | 89,441                   | 125,973 | (25,938) | (36,532) | <table border="1" style="display: inline-table;"><tr><td style="text-align: center;">89,441</td><td style="text-align: center;">125,973</td></tr><tr><td style="text-align: center;">(36,532)</td><td style="text-align: center;">(36,532)</td></tr></table> | 89,441 | 125,973 | (36,532) | (36,532) |
| 89,441  | 125,973  |                          |         |          |          |  |        |         |          |          |
| (25,938)  | (36,532)   |                          |         |          |          |  |        |         |          |          |
| 89,441  | 125,973  |                          |         |          |          |  |        |         |          |          |
| (36,532)  | (36,532)   |                          |         |          |          |  |        |         |          |          |
| Related tax impact  | <u>63,503</u>  | <u>89,441</u>            |         |          |          |  |        |         |          |          |
| <b>Total comprehensive (loss) / income for the period - net of tax</b>                    | <u><u>(205,996,598)</u></u>  | <u><u>40,957,950</u></u> |         |          |          |  |        |         |          |          |

The annexed notes 1 to 27 form an integral part of the condensed interim financial information.

  
**PRESIDENT/CHIEF EXECUTIVE**

  
**DIRECTOR**

LOIC MICROFINANCE BANK LIMITED  
(FORMALLY PAK OMAN MICROFINANCE BANK LIMITED)  
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN - AUDITED)  
FOR THE SIX MONTHS ENDED JUNE 30, 2023

|   | Share capital        | Share premium     | Capital reserves  |                             | Revenue reserves     | Total                |
|---|----------------------|-------------------|-------------------|-----------------------------|----------------------|----------------------|
|   |                      |                   | Statutory reserve | Depositors' Protection Fund | Accumulated losses   |                      |
| (Rupees)  |                      |                   |                   |                             |                      |                      |
| Balance as at January 01, 2022 (Audited)          | 2,308,300,000        | 52,041,600        | 75,244,364        | 22,026,642                  | (51,709,976)         | 2,405,902,630        |
| <b>Total comprehensive income</b>                 |                      |                   |                   |                             |                      |                      |
| Profit for the period                             | -                    | -                 | -                 | -                           | 40,868,509           | 40,868,509           |
| Other comprehensive income - net of tax           | -                    | -                 | -                 | -                           | -                    | -                    |
|   | -                    | -                 | -                 | -                           | 40,868,509           | 40,868,509           |
| Transfer to statutory reserve                     | -                    | -                 | 8,173,702         | -                           | (8,173,702)          | -                    |
| 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            |
|   | -                    | -                 | -                 | 3,086,946                   | (2,043,425)          | 1,043,521            |
| <b>Balance as at June 30, 2022 (Un- Audited)</b>  | <b>2,308,300,000</b> | <b>52,041,600</b> | <b>83,418,066</b> | <b>25,113,588</b>           | <b>(21,058,594)</b>  | <b>2,447,814,660</b> |
| <b>Total comprehensive income for the period:</b> |                      |                   |                   |                             |                      |                      |
| Profit for the period                             | -                    | -                 | -                 | -                           | 73,789,579           | 73,789,579           |
| Other comprehensive income - net of tax           | -                    | -                 | -                 | -                           | 1,965,338            | 1,965,338            |
|   | -                    | -                 | -                 | -                           | 75,754,917           | 75,754,917           |
| Transfer to statutory reserve                     | -                    | -                 | 14,757,916        | -                           | (14,757,916)         | -                    |
| <b>Transfer to depositors' protection fund:</b>   |                      |                   |                   |                             |                      |                      |
| - 5% of the profit after tax                      | -                    | -                 | -                 | 3,689,479                   | (3,689,479)          | -                    |
| - return on investment - net of tax               | -                    | -                 | -                 | 1,550,322                   | -                    | 1,550,322            |
|   | -                    | -                 | -                 | 5,239,801                   | (3,689,479)          | 1,550,322            |
| <b>Balance as at December 31, 2022 (Audited)</b>  | <b>2,308,300,000</b> | <b>52,041,600</b> | <b>98,175,982</b> | <b>30,353,389</b>           | <b>36,248,928</b>    | <b>2,525,119,899</b> |
| <b>Total comprehensive loss:</b>                  |                      |                   |                   |                             |                      |                      |
| Loss after tax for the period                     | -                    | -                 | -                 | -                           | (206,060,101)        | (206,060,101)        |
| Other comprehensive income - net of tax           | -                    | -                 | -                 | -                           | -                    | -                    |
|   | -                    | -                 | -                 | -                           | (206,060,101)        | (206,060,101)        |
| Transfer to statutory reserve                     | -                    | -                 | -                 | -                           | -                    | -                    |
| <b>Transfer to depositors' protection fund:</b>   |                      |                   |                   |                             |                      |                      |
| - 5% of the profit after tax                      | -                    | -                 | -                 | -                           | -                    | -                    |
| - return on investment - net of tax               | -                    | -                 | -                 | 1,510,346                   | -                    | 1,510,346            |
|   | -                    | -                 | -                 | 1,510,346                   | -                    | 1,510,346            |
| <b>Balance as at June 30, 2023 (Un-Audited)</b>   | <b>2,308,300,000</b> | <b>52,041,600</b> | <b>98,175,982</b> | <b>31,863,735</b>           | <b>(169,811,173)</b> | <b>2,320,570,144</b> |

The annexed notes 1 to 27 form an integral part of the condensed interim financial information.

  
PRESIDENT/CHIEF EXECUTIVE

  
DIRECTOR



**LOLC MICROFINANCE BANK LIMITED**  
**(FORMALLY PAK OMAN MICROFINANCE BANK LIMITED)**  
**CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED 30 JUNE 2023**

|   | June 30,<br>2023<br>(Un-Audited) | June 30,<br>2022<br>(Un-Audited) |
|---|----------------------------------|----------------------------------|
|   | (Rupees)                         |                                  |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                     |                                  |                                  |
| (Loss) / profit before taxation                                 | (249,243,684)                    | 74,939,065                       |
|   | (249,243,684)                    | 74,939,065                       |
| <b>Adjustments for non-cash charges:</b>                        |                                  |                                  |
| Depreciation  | 53,482,492                       | 46,758,940                       |
| Amortization  | 5,458,194                        | 5,149,704                        |
| Provision against non-performing advances - net of written offs | 212,801,140                      | 90,426,263                       |
| Gain on disposal of fixed assets                                | -                                | (1,714,469)                      |
| Finance cost on lease obligation                                | 6,865,100                        | 2,981,430                        |
| Provision for gratuity  | 8,300,000                        | 7,500,000                        |
| Surplus on revaluation on investments                           | -                                | 139,862                          |
| Provision for leave fare assistance                             | -                                | 1,719,827                        |
|   | 286,906,926                      | 152,961,557                      |
|   | 37,663,242                       | 227,900,622                      |
| <b>(Increase) / decrease in operating assets</b>                |                                  |                                  |
| Advances- net   | 307,808,785                      | (148,062,472)                    |
| Other assets (excluding advance taxation)                       | (85,433,355)                     | (129,227,054)                    |
|   | 222,375,430                      | (277,289,526)                    |
| <b>Increase / (decrease) in operating liabilities</b>           |                                  |                                  |
| Deposits and other accounts                                     | (827,731,174)                    | (82,522,252)                     |
| Other liabilities   | 15,572,955                       | 124,977,269                      |
|   | (812,158,219)                    | 42,455,017                       |
|   | (552,119,547)                    | (6,933,887)                      |
| Income tax paid   | (45,883,846)                     | (33,361,567)                     |
| Leave fare assistance paid                                      | (4,138,548)                      | (11,970,650)                     |
| <b>Net cash outflow from operating activities</b>               | (602,141,941)                    | (52,266,104)                     |
| <b>CASH FLOW FROM INVESTING ACTIVITIES</b>                      |                                  |                                  |
| Net investments in available for sale securities                | 5,555,557                        | 5,583,333                        |
| Net investments in held to maturity securities                  | 9,268,060                        | 13,816,490                       |
| Rentals paid against lease obligation                           | (16,084,595)                     | (23,865,752)                     |
| Investment in operating fixed assets                            | (25,463,602)                     | (67,901,119)                     |
| Sale proceeds of property and equipment disposed-off            | -                                | 2,933,414                        |
| <b>Net cash outflow from investing activities</b>               | (26,724,580)                     | (69,433,634)                     |
| <b>CASH FLOW FROM FINANCING ACTIVITIES</b>                      |                                  |                                  |
| Borrowings from SBP   | -                                | (250,000,000)                    |
| <b>Net cash outflow from financing activities</b>               | -                                | (250,000,000)                    |
| Decrease in cash and cash equivalents                           | (628,866,521)                    | (371,699,738)                    |
| Cash and cash equivalents at the beginning of the period        | 1,215,575,513                    | 982,415,663                      |
| Cash and cash equivalents at the end of the period              | 586,708,992                      | 610,715,925                      |

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The annexed notes 1 to 27 form an integral part of the condensed interim financial information.

  
**PRESIDENT/CHIEF EXECUTIVE**

  
**DIRECTOR**

**LOLC MICRO FINANCE BANK LIMITED**  
**(FORMALLY PAK OMAN MICROFINANCE BANK LIMITED)**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED JUNE 30, 2023**

**1. STATUS AND NATURE OF BUSINESS**

- 1.1 LOLC Microfinance Bank Limited (the Bank) was incorporated on March 9, 2006 as a public limited company under Companies Ordinance, 1984 (Repealed with the enactment of the Companies Act, 2017 on May 30, 2017) and was granted license by the State Bank of Pakistan (SBP) on April 12, 2006. The Bank received certificate of commencement of business on May 6, 2006, effective from May 8, 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 D-7 Parveen Building Shaheed-e-Millat Road, Bangalore Town, Karachi, Pakistan. As at June 30, 2023, the Bank has 61 branches (2022: 45) and 24 service centers (2022: 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 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 February 3, 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).
- 1.3 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, LOLC Asia Private Limited has acquired 33% shareholding from Ministry of Finance Sultanate of Oman and 17% from Pak Oman investment Company Limited at an agreed price of PKR 10.5 per share. The shares has been transferred on the name of the LOLC Asia Private Limited, the Parent Company on February 24, 2022.
- 1.4 In the year 2022, the name of the bank was Pak Oman Microfinance Bank Limited, however, the Bank filed a application of change of name to the SECP and SBP after the acquisition. The SECP and SBP has approved the application filed for change in the name of the Bank and allowed the Bank to change its name from January 01, 2023. Thereafter, the Bank is known as "LOLC Microfinance Bank Limited"
- 1.5 JCR-VIS has determined the Bank's medium to long-term rating as 'A-' and the short-term rating as 'A-2'.

**2. BASIS OF PRESENTATION**

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

The Bank believes that there is no significant doubt on the Bank's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.



### **3. STATEMENT OF COMPLIANCE**

3.1 These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. Accounting and reporting standards as 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 Microfinance Banking Ordinance, 2001 and the Companies Act, 2017; and
- Directives issued by the State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan (SECP).

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 Bank is required to carry out the parallel run reporting for submission of IFRS-9 pro-forma on quarterly, half yearly and annual financial statements for the current reporting period.

### **4 BASIS OF MEASUREMENT**

#### **4.1 Accounting convention**

These 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 Functional and presentation currency**

These financial statements are presented in Pakistani rupees ( 'Rupees' or 'Rs.' ), which is also the functional currency of the Bank, and have been rounded off to the nearest rupee.

### **5 SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES AND JUDGEMENTS AND FINANCIAL RISK MANAGEMENT POLICIES**

#### **5.1 Significant accounting policies, estimates and judgements**

The accounting policies, underlying estimates and judgements and method of computation followed in the preparation of these condensed interim financial statements are same as those applied in preparing the financial statements of the Bank for the year ended December 31, 2022.

5.2 There are certain new and amended standards, issued by International Accounting Standards Board (IASB), interpretations and amendments that are mandatory for the Bank's accounting periods beginning on or after January 01, 2023 but are considered not to be relevant or do not have any significant effect on the Bank's operations and therefore not detailed in these condensed interim financial statements.

5.3 The Bank's financial risk management objectives and policies adopted by the Bank are consistent with those disclosed in the financial statements for the year ended December 31, 2022.

|  |      | June 30,<br>2023<br>(Un-Audited) | December 31,<br>2022<br>(Audited) |
|--|------|----------------------------------|-----------------------------------|
|  | Note | ----- (Rupees) -----             |                                   |
| <b>6. CASH AND BALANCES WITH SBP AND NBP</b> |      |                                  |                                   |
| Cash in hand:                                |      |                                  |                                   |
| - local currency                             |      | 11,894,798                       | 2,618,194                         |
| Balance with State Bank of Pakistan (SBP)    | 6.1  | 141,054,400                      | 93,716,923                        |
|  |      | <u>152,949,198</u>               | <u>96,335,117</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,<br>2023<br>(Un-Audited) | December 31,<br>2022<br>(Audited) |
|--------------------------------------|------|----------------------------------|-----------------------------------|
|                                      | Note | ----- (Rupees) -----             |                                   |
| <b>7. BALANCES WITH OTHER BANKS</b>  |      |                                  |                                   |
| In Pakistan                          |      |                                  |                                   |
| - on local currency current accounts |      | 7,085,099                        | 57,839,401                        |
| - on local currency deposit accounts | 7.1  | 426,674,695                      | 1,061,400,995                     |
|                                      |      | <u>433,759,794</u>               | <u>1,119,240,396</u>              |

7.1 These represents deposits with commercial banks carrying mark-up at rates ranging from 18.00% to 22.00% per annum (2022: 14.00% to 17.25% per annum).

|  |           | June 30,<br>2023<br>(Un-Audited) | December 31,<br>2022<br>(Audited) |
|--|-----------|----------------------------------|-----------------------------------|
|  | Note      | ----- (Rupees) -----             |                                   |
| <b>8. INVESTMENTS</b>  |           |                                  |                                   |
| Held-to-maturity securities:                                       |           |                                  |                                   |
| Federal government securities                                      |           |                                  |                                   |
| - Pakistan Investment Bonds  | 8.1       | 11,984,153                       | 11,919,210                        |
| - Market treasury bills  |           | 254,474,381                      | 263,807,384                       |
| Available for sale securities:                                     |           |                                  |                                   |
| Bonds, participation term certificates & term finance certificates |           | 5,882,055                        | 5,882,055                         |
| Sukuk  |           | 40,749,999                       | 46,305,556                        |
| Provision for diminution in value of investments                   | 8.2 & 8.3 | (15,882,055)                     | (15,882,055)                      |
| Investments - net of provision                                     |           | <u>297,208,533</u>               | <u>312,032,150</u>                |

*(Signature)*

- 8.1 PIB having a face value Rs. 5.000 million was purchased from Pak Oman Investment Company Limited (POICL), on April 26, 2021 at a cost of Rs. 4.949 million and PIB having a face value Rs. 7.000 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 (2022: 7.75%) and 7.0% per annum (2022: 7.75%) 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. 4.473 million and Rs. 1.408 million which was fully provided against the investments in term finance certificates issued by WorldCall Telecom Limited and Agritech Limited respectively.
- 8.3 This also represents amount to Rs. 10.000 million which was fully provided against the investments in sukuks issued by Agritech Limited.

|      | June 30,<br>2023<br>(Un-Audited) | December 31,<br>2022<br>(Audited) |
|------|----------------------------------|-----------------------------------|
| Note | ----- (Rupees) -----             | -----                             |

## 9. ADVANCES - NET OF PROVISIONS

|   |     |                      |                      |
|---|-----|----------------------|----------------------|
| Advances - gross                                    |     | 5,170,704,452        | 5,493,901,167        |
| Provision against non-performing loans and advances |     |                      |                      |
| - Specific provision                                | 9.1 | 398,784,044          | 130,109,712          |
| - General provision                                 |     | 47,719,204           | 103,592,396          |
|   | 9.2 | 446,503,248          | 233,702,108          |
| Staff loans   |     | 41,948,748           | 26,560,818           |
| Advances - net of provisions                        |     | <u>4,766,149,952</u> | <u>5,286,759,877</u> |

- 9.1 Advances includes Rs. 1,036.243 million (2022: Rs. 788.972 million) which have been placed under non-performing status as detailed below:

| Category of classification        | June 30, 2023 (Un-Audited) |                    |                    | December 31, 2022 (Audited) |                    |                    |
|-----------------------------------|----------------------------|--------------------|--------------------|-----------------------------|--------------------|--------------------|
|                                   | Amount outstanding         | Provision required | Provision held     | Amount outstanding          | Provision required | Provision held     |
|                                   | ----- Rupees -----         |                    |                    | ----- Rupees -----          |                    |                    |
| Other assets especially mentioned | 322,366,323                | 5,312,741          | 5,312,741          | 262,344,394                 | 4,953,208          | 4,953,208          |
| Sub-standard                      | 214,120,604                | 67,582,426         | 67,582,426         | 194,706,615                 | 29,636,136         | 29,636,136         |
| Doubtful                          | 333,513,211                | 159,645,741        | 159,645,741        | 328,719,805                 | 92,933,647         | 92,933,647         |
| Loss                              | 166,243,136                | 166,243,136        | 166,243,136        | 3,201,982                   | 2,586,721          | 2,586,721          |
|                                   | <u>1,036,243,274</u>       | <u>398,784,044</u> | <u>398,784,044</u> | <u>788,972,796</u>          | <u>130,109,712</u> | <u>130,109,712</u> |

*Yeh*

## 9.2 Particulars of provision against non-performing advances

|                     | June 30, 2023 (Un-Audited) |              |               | December 31, 2022 (Audited) |             |               |
|---------------------|----------------------------|--------------|---------------|-----------------------------|-------------|---------------|
|                     | Specific                   | General      | Total         | Specific                    | General     | Total         |
|                     | Rupees                     |              |               | Rupees                      |             |               |
| Opening balance     | 130,109,712                | 103,592,396  | 233,702,108   | 123,386,018                 | 104,601,331 | 227,987,349   |
| Charge for the year | 584,376,380                | (5,873,192)  | 578,503,188   | 737,640,533                 | (1,008,935) | 736,631,598   |
| Reversal            | -                          | (50,000,000) | (50,000,000)  | -                           | -           | -             |
| Amount written off  | (315,702,048)              | -            | (315,702,048) | (730,916,839)               | -           | (730,916,839) |
|                     | 268,674,332                | (55,873,192) | 212,801,140   | 6,723,694                   | (1,008,935) | 5,714,759     |
| Closing balance     | 398,784,044                | 47,719,204   | 446,503,248   | 130,109,712                 | 103,592,396 | 233,702,108   |

|                                   | Note | June 30,<br>2023<br>(Un-Audited) | December 31,<br>2022<br>(Audited) |
|-----------------------------------|------|----------------------------------|-----------------------------------|
| <b>10. OPERATING FIXED ASSETS</b> |      |                                  |                                   |
| Property and equipment            | 10.1 | 152,249,088                      | 162,272,190                       |
| Right of use asset                |      | 230,872,051                      | 166,652,076                       |
| Intangible assets                 |      | 14,663,095                       | 10,499,502                        |
|                                   |      | <u>397,784,234</u>               | <u>339,423,768</u>                |

### 10.1 Details of additions and deletions during the period/ year are as follows:

|  | June 30,<br>2023<br>(Un-Audited) | December 31,<br>2022<br>(Audited) |
|--|----------------------------------|-----------------------------------|
| <b>Additions during the period - at cost</b> |                                  |                                   |
| Property and equipment                       | 15,841,814                       | 86,050,835                        |
| Improvements to leasehold buildings          | 2,102,721                        | 49,438,892                        |
| Office equipment                             | 2,826,276                        | 7,162,382                         |
| Furniture and fixtures                       | 3,227,373                        | 3,839,284                         |
| Computers                                    | 7,685,444                        | 15,707,455                        |
| Vehicles - owned                             | -                                | 9,902,822                         |
| Intangible assets                            | 9,621,788                        | 13,822,394                        |
| Right of use assets                          | 89,106,428                       | 81,771,028                        |
|  | <u>114,570,030</u>               | <u>181,644,257</u>                |
| <b>Disposals during the period - at cost</b> |                                  |                                   |
| Property and equipment                       | -                                | 4,277,165                         |
| Computers                                    | -                                | 373,650                           |
| Vehicles - owned                             | -                                | 3,903,515                         |
| Intangible assets                            | -                                | -                                 |
| Right of use assets                          | -                                | -                                 |
|  | <u>-</u>                         | <u>4,277,165</u>                  |



|   |  | June 30,<br>2023<br>(Un-Audited) | December 31,<br>2022<br>(Audited) |
|---|--|----------------------------------|-----------------------------------|
| <b>11. OTHER ASSETS</b>                                 |  |                                  |                                   |
| Income / mark-up accrued on Advances and Investments    |  | 379,528,621                      | 317,369,033                       |
| Advances, deposits, advance rent and other prepayments  |  | 83,577,693                       | 57,375,695                        |
| Refundable / advance taxation (payments less provision) |  | 51,522,423                       | 27,476,802                        |
| Others  |  | 20,756,996                       | 23,685,227                        |
|   |  | <u>535,385,733</u>               | <u>425,906,757</u>                |
| <b>12. DEFERRED TAX ASSET - NET</b>                     |  |                                  |                                   |
| Deductible temporary differences arising in respect of: |  |                                  |                                   |
| Provision against non-performing loans and advances     |  | 129,485,942                      | 67,773,611                        |
| Provision of diminution in value of investments         |  | 11,216,211                       | 10,612,589                        |
| Lease obligation - IFRS 16                              |  | 75,813,618                       | 54,988,913                        |
| Difference in accounting and book value of fixed assets |  | 1,451,879                        | 7,208,596                         |
| Other Provisions  |  | 9,974,152                        | 8,477,331                         |
|   |  | <u>227,941,802</u>               | <u>149,061,040</u>                |
| Taxable temporary differences arising in respect of:    |  |                                  |                                   |
| Amortisation of premium on investment                   |  | 25,938                           | 105,004                           |
| Right of use assets - IFRS 16                           |  | 66,952,895                       | 48,329,102                        |
|   |  | <u>160,962,969</u>               | <u>100,626,934</u>                |
| 12.1  | Deferred tax asset amounting to Rs. 160.962 million has been recognized as the management expects to have future taxable profits against which the deferred tax asset can be utilized. |                                  |                                   |
|   |  | June 30,<br>2023<br>(Un-Audited) | December 31,<br>2022<br>(Audited) |
| <b>13. DEPOSITS AND OTHER ACCOUNTS</b>                  |  |                                  |                                   |
| Fixed deposits  | 13.1   | 1,579,468,471                    | 2,407,222,296                     |
| Saving deposits   |  | 73,776                           | 63,539                            |
| Current deposits - mandatory                            |  | 6,530,166                        | 6,517,752                         |
|   |  | <u>1,586,072,413</u>             | <u>2,413,803,587</u>              |
| <b>13.1 Particulars of deposits by ownership</b>        |  |                                  |                                   |
| Individual depositors                                   |  | 341,213,471                      | 981,046,053                       |
| Institutional depositors - corporation                  |  | 1,238,255,000                    | 1,426,176,243                     |
|   |  | <u>1,579,468,471</u>             | <u>2,407,222,296</u>              |

|   | <b>June 30,<br/>2023<br/>(Un-Audited)</b> | <b>December 31,<br/>2022<br/>(Audited)</b> |
|---|---|--|
|   | ----- (Rupees) -----                      |  |
| <b>13.2 Particulars of deposits by number of accounts</b> |   |  |
| Saving deposits   | 140                                       | 129  |
| Fixed deposits  | 303                                       | 133  |
| Current deposits - mandatory                              | 16,391                                    | 14,509                                     |
|   | <u>16,834</u>                             | <u>14,771</u>                              |

13.3 These carry interest rate of 15.25% to 18.50% (2022: 3.50% to 10%) per annum on saving deposits and 13.50% to 23.03% (2022: 12.13% to 19.56%) per annum for fixed deposits.

|                                       | <b>June 30,<br/>2023<br/>(Un-Audited)</b> | <b>December 31,<br/>2022<br/>(Audited)</b> |
|---------------------------------------|---|--|
|                                       | ----- (Rupees) -----                      |  |
| <b>14. BORROWINGS</b>                 |   |  |
| Borrowing from State Bank of Pakistan | 14.1 <u>1,982,284,483</u>                 | <u>1,982,284,483</u>                       |

14.1 On July 19, 2019, the State Bank of Pakistan provided a Line of Credit Fund for five years to ensure liquidity constraint of the microfinance sector and to provide access to long-term market-based funding. Pricing is done at 6-month KIBOR minus 100 basis points, payable by 15th of September 2023. However, the said amount has not been paid till date of approval of financial statements.

|   | <b>June 30,<br/>2023<br/>(Un-Audited)</b> | <b>December 31,<br/>2022<br/>(Audited)</b> |
|---|---|--|
|   | ----- (Rupees) -----                      |  |
| <b>15. OTHER LIABILITIES</b>                  |   |  |
| Mark-up / interest / return payable           | 195,197,473                               | 172,239,648                                |
| Bank overdraft                                | -   | 19,685,225                                 |
| Accrued expenses                              | 129,982,645                               | 150,179,066                                |
| Payable to LOLC Technologies Services Limited | 215,912,398                               | 183,012,175                                |
| Payable to defined benefit plan               | 21,042,228                                | 12,242,228                                 |
| Provision for compensated absences            | 12,781,767                                | 16,281,767                                 |
| Provision for leave fare assistance           | 569,633                                   | 708,181                                    |
| Withholding taxes payable                     | 4,722,463                                 | 4,792,517                                  |
| Sales taxes                                   | 3,507,943                                 | 597,302                                    |
| Advance from customer                         | 10,067,051                                | 9,618,067                                  |
| Security deposit                              | -   | 54,470                                     |
| Lease obligation                              | 261,426,269                               | 189,616,943                                |
|   | <u>855,209,870</u>                        | <u>759,027,589</u>                         |

## 16. SHARE CAPITAL

### 16.1 Authorised share capital

| June 30,<br>2023<br>(Un-Audited) | December 31,<br>2022<br>(Audited) | Ordinary shares<br>of Rs.10 each | June 30,<br>2023<br>(Un-Audited) | December 31,<br>2022<br>(Audited) |
|----------------------------------|-----------------------------------|----------------------------------|----------------------------------|-----------------------------------|
| <u>250,000,000</u>               | <u>250,000,000</u>                |                                  | <u>2,500,000,000</u>             | <u>2,500,000,000</u>              |

### 16.2 Issued, subscribed and paid-up share capital

| June 30,<br>2023<br>(Un-Audited) | December 31,<br>2022<br>(Audited) | Ordinary shares<br>of Rs.10 each<br>fully paid in | June 30,<br>2023<br>(Un-Audited) | December 31,<br>2022<br>(Audited) |
|----------------------------------|-----------------------------------|---|----------------------------------|-----------------------------------|
| <u>230,830,000</u>               | <u>230,830,000</u>                |   | <u>2,308,300,000</u>             | <u>2,308,300,000</u>              |

### 16.3 Share capital has been subscribed by the following:

|  |                      |                      |
|--|----------------------|----------------------|
| LOLC Asia (Private) Limited - Parent Company     | 2,308,299,980        | 2,308,300,000        |
| LOLC Asia Holdings (Private) Limited             | 10                   | -                    |
| LOLC Financial Sector Holdings (Private) Limited | 10                   | -                    |
|  | <u>2,308,300,000</u> | <u>2,308,300,000</u> |

## 17. MEMORANDUM / OFF BALANCE SHEET ITEMS

There are no memorandum / off balance sheet items as at June 30, 2023. (2022: Nil)

June 30, 2023  
(Un-audited)  
-----Rupees-----  
June 30, 2022  
(Un-audited)

## 18. MARK-UP / RETURN / INTEREST EARNED

### Interest / mark-up on:

|   |                      |                      |
|---|----------------------|----------------------|
| - Income from advances                            | 1,120,947,371        | 1,141,763,630        |
| - Income from investment in government securities | 23,639,071           | 12,270,511           |
| - Income from deposit accounts                    | 39,537,521           | 31,939,861           |
| - Income from sukuk                               | 3,841,886            | 3,226,299            |
| - Income from early settlement                    | 5,371,876            | -                    |
| - Income from staff loan                          | 789,156              | 158,398              |
|   | <u>1,194,126,881</u> | <u>1,189,358,699</u> |

## 19. MARK-UP / RETURN / INTEREST EXPENSED

|                        |                    |                    |
|------------------------|--------------------|--------------------|
| Mark up on deposits    | 160,523,292        | 112,552,267        |
| Mark up on borrowing   | 162,063,463        | 128,274,523        |
| Finance cost on leases | 6,865,100          | 2,981,430          |
|                        | <u>329,451,855</u> | <u>243,808,220</u> |

|  | June 30, 2023<br>(Un-audited) | June 30, 2022<br>(Un-audited) |
|--|-------------------------------|-------------------------------|
| Note   | -----Rupees-----              |                               |
| <b>20. OTHER INCOME</b>                                |                               |                               |
| Gain on disposal of fixed assets                       | -                             | 1,714,469                     |
| Recoveries against written off advances                | 40,421,530                    | 29,194,428                    |
| Moratorium income                                      | 23,716,070                    | 1,789,793                     |
| Premature TDRs   | 11,097,995                    | -                             |
| Miscellaneous income                                   | 6,594                         | 12,195,062                    |
|  | <u>75,242,189</u>             | <u>44,893,752</u>             |
| <b>21. FEE, COMMISSION AND BROKERAGE INCOME</b>        |                               |                               |
| Micro-credit application processing fee                | 67,178,960                    | 55,978,138                    |
| Over-due interest expense                              | 36,150,665                    | 30,142,075                    |
|  | <u>103,329,625</u>            | <u>86,120,213</u>             |
| <b>22. ADMINISTRATIVE EXPENSES</b>                     |                               |                               |
| Salaries, allowances etc.                              | 423,619,271                   | 296,957,455                   |
| Bonus to employees                                     | 4,000,000                     | 10,000,000                    |
| Contribution to defined contribution plan              | 8,087,533                     | 6,987,257                     |
| Charge for defined benefit plan                        | 8,300,000                     | 7,500,000                     |
| Charge for leave fare assistance                       | -                             | 1,719,827                     |
| Non-executive directors' allowances and other expenses | 400,000                       | 1,000,000                     |
| Training   | 1,472,863                     | 3,312,554                     |
| Rent, rates and taxes                                  | 26,771,250                    | 25,779,470                    |
| Legal and professional charges                         | 6,909,661                     | 4,354,753                     |
| Utilities  | 9,973,527                     | 6,532,826                     |
| Communications   | 27,577,984                    | 12,158,102                    |
| Fusion expenses  | 42,460,194                    | 22,017,823                    |
| Repairs and maintenance                                | 9,689,052                     | 3,812,982                     |
| Vehicle running  | 4,672,977                     | 593,532                       |
| Insurance  | 22,324,939                    | 15,153,888                    |
| Travel and transportation                              | 11,298,852                    | 19,067,834                    |
| Stationery and printing                                | 11,756,105                    | 9,074,557                     |
| IT supplies and software                               | 21,684,125                    | 11,899,427                    |
| Office supplies  | 1,911,988                     | 2,145,676                     |
| Fees and subscription                                  | 11,600,528                    | 4,002,836                     |
| Advertisement and business promotions                  | 12,388,280                    | 12,769,750                    |
| Auditors' remuneration                                 | 22.1 1,817,251                | 1,000,000                     |
| Depreciation   | 28,596,039                    | 25,086,771                    |
| Depreciation on right-of-use assets                    | 24,886,453                    | 21,672,171                    |
| Amortisation of intangible assets                      | 5,458,194                     | 5,149,704                     |
| Bank charges   | 2,249,452                     | 3,663,496                     |
| Security expense                                       | 12,909,297                    | 11,931,023                    |
| Kitchen expenses                                       | 4,004,495                     | 3,891,977                     |
| Entertainment expenses                                 | 1,679,547                     | 1,944,306                     |

|  | June 30, 2023<br>(Un-audited) | June 30, 2022<br>(Un-audited) |
|--|-------------------------------|-------------------------------|
| -----Rupees-----                           |                               |                               |
| Medical staff                              | 42,711                        | 97,970                        |
| Archiving                                  | 1,364,757                     | 1,051,544                     |
| Write off against loan principal           | 11,227,897                    | -                             |
| Other expenses                             | 2,852,234                     | 4,743,655                     |
|  | <u>763,987,456</u>            | <u>557,073,166</u>            |
| <b>22.1 Auditors' remuneration</b>         |                               |                               |
| <b>Audit fees:</b>                         |                               |                               |
| Special purpose audits                     | 1,200,000                     | 538,940                       |
| Review of half yearly financial statements | 380,218                       | 330,625                       |
|  | <u>1,580,218</u>              | <u>869,565</u>                |
| Sales taxes                                | 237,033                       | 130,435                       |
|  | <u>1,817,251</u>              | <u>1,000,000</u>              |

### 23. FAIR VALUE OF FINANCIAL INSTRUMENTS

IFRS 13 - 'Fair Value Measurement' establishes a single source of guidance under IFRS for all fair value measurements and disclosures about fair value measurement where such measurements are required as permitted by other IFRSs. It defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price).

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the balance sheet date. The estimated fair value of all other financial assets and liabilities is considered not significantly different from book value.

The following table shows financial instruments recognized at fair value, analysed between those whose fair value is based on:

Level 1: quoted prices in active markets for identical assets or liabilities;

Level 2: those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and

Level 3: those with inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

During the period ended June 30, 2023, there were no transfers between level 1 and level 2 fair value measurements, and no transfers into and out of level 3 fair value measurements.



23.1. On balance sheet financial instruments

|   |                   | June 30, 2023 (Un-audited) |                       |                                      | Fair value    |            |               |
|---|-------------------|----------------------------|-----------------------|--------------------------------------|---------------|------------|---------------|
|   |                   | Carrying amount            |                       |                                      | Level 1       | Level 2    | Level 3       |
| Available for sale                                  | Held for Maturity | Held for Trading           | Loans and receivables | Other financial assets / liabilities | Total         |            | Total         |
|   |                   |                            |                       |                                      | (Rupees)      |            |               |
| Financial assets measured at fair value             |                   |                            |                       |                                      |               |            |               |
| - Investments - TFC's and Sukuk (net of provisions) |                   |                            |                       |                                      |               |            |               |
| 30,749,999  | -                 | -                          | 152,949,198           | -                                    | 30,749,999    | 30,749,999 | 30,749,999    |
| Financial assets not measured at fair value         |                   |                            |                       |                                      |               |            |               |
| - Cash and bank balances with SBP and NBP           |                   |                            |                       |                                      |               |            |               |
| -   | -                 | -                          | 433,759,794           | -                                    | 433,759,794   | -          | -             |
| - Balances with other banks                         |                   |                            |                       |                                      |               |            |               |
| -   | 11,984,153        | -                          | -                     | -                                    | 11,984,153    | -          | 11,984,153    |
| - Investments - PIB                                 |                   |                            |                       |                                      |               |            |               |
| -   | 254,474,381       | -                          | -                     | -                                    | 254,474,381   | -          | 254,474,381   |
| - Investments - T-Bills                             |                   |                            |                       |                                      |               |            |               |
| -   | -                 | -                          | 4,766,149,952         | -                                    | 4,766,149,952 | -          | 4,766,149,952 |
| - Advances  |                   |                            |                       |                                      |               |            |               |
| -   | -                 | -                          | -                     | 1,094,132,936                        | 1,094,132,936 | -          | 1,094,132,936 |
| - Other assets                                      |                   |                            |                       |                                      |               |            |               |
| 30,749,999  | 266,458,534       | -                          | 5,552,858,945         | 1,094,132,936                        | 6,744,200,413 | 30,749,999 | 5,063,358,485 |
| Financial liabilities not measured at fair value    |                   |                            |                       |                                      |               |            |               |
| - Deposits and other accounts                       |                   |                            |                       |                                      |               |            |               |
| -   | -                 | -                          | -                     | 1,586,072,413                        | 1,586,072,413 | -          | -             |
| - Other liabilities                                 |                   |                            |                       |                                      |               |            |               |
| -   | -                 | -                          | -                     | 855,209,870                          | 855,209,870   | -          | -             |
| - Borrowing from Financial Institutions             |                   |                            |                       |                                      |               |            |               |
| -   | -                 | -                          | -                     | 1,982,284,483                        | 1,982,284,483 | -          | -             |
| -   | -                 | -                          | -                     | 4,423,566,766                        | 4,423,566,766 | -          | -             |

On balance sheet financial instruments

|   |                   | December 31, 2022 (Audited) |                       |                                      | Fair value    |            |             |
|---|-------------------|-----------------------------|-----------------------|--------------------------------------|---------------|------------|-------------|
|   |                   | Carrying amount             |                       |                                      | Level 1       | Level 2    | Level 3     |
| Available for sale                                  | Held for Maturity | Held for Trading            | Loans and receivables | Other financial assets / liabilities | Total         |            | Total       |
|   |                   |                             |                       |                                      | (Rupees)      |            |             |
| Financial assets measured at fair value             |                   |                             |                       |                                      |               |            |             |
| - Investments - TFC's and Sukuk (net of provisions) |                   |                             |                       |                                      |               |            |             |
| 36,305,556  | -                 | -                           | 96,335,117            | -                                    | 36,305,556    | 36,305,556 | -           |
| Financial assets not measured at fair value         |                   |                             |                       |                                      |               |            |             |
| - Cash and bank balances with SBP and NBP           |                   |                             |                       |                                      |               |            |             |
| -   | -                 | -                           | 1,119,240,396         | -                                    | 1,119,240,396 | -          | -           |
| - Balances with other banks                         |                   |                             |                       |                                      |               |            |             |
| -   | 11,919,210        | -                           | -                     | -                                    | 11,919,210    | -          | 744,641,000 |
| - Investments - PIB                                 |                   |                             |                       |                                      |               |            |             |
| -   | 263,807,384       | -                           | -                     | -                                    | 263,807,384   | -          | 9,639,358   |
| - Investments - T-Bills                             |                   |                             |                       |                                      |               |            |             |
| -   | -                 | -                           | 5,286,759,877         | -                                    | 5,286,759,877 | -          | -           |
| - Advances  |                   |                             |                       |                                      |               |            |             |
| -   | -                 | -                           | -                     | 865,957,459                          | 865,957,459   | -          | -           |
| - Other assets                                      |                   |                             |                       |                                      |               |            |             |
| 36,305,556  | 275,726,594       | -                           | 6,502,335,390         | 865,957,459                          | 7,680,324,999 | 36,305,556 | 754,280,358 |
| Financial liabilities not measured at fair value    |                   |                             |                       |                                      |               |            |             |
| - Deposits and other accounts                       |                   |                             |                       |                                      |               |            |             |
| -   | -                 | -                           | -                     | 2,413,803,587                        | 2,413,803,587 | -          | -           |
| - Other liabilities                                 |                   |                             |                       |                                      |               |            |             |
| -   | -                 | -                           | -                     | 759,027,589                          | 759,027,589   | -          | -           |
| - Borrowing from SBP                                |                   |                             |                       |                                      |               |            |             |
| -   | -                 | -                           | -                     | 1,982,284,483                        | 1,982,284,483 | -          | -           |
| -   | -                 | -                           | -                     | 5,155,115,659                        | 5,155,115,659 | -          | -           |

23.2. 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.

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

23.4. During the period ended June 30, 2023, 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.

2024/1

## 24 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:

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

| Nature of related party transaction | 2023                             |                              |                               | 2022                             |                                  |                              |                               |                                  |
|-------------------------------------|----------------------------------|------------------------------|-------------------------------|----------------------------------|----------------------------------|------------------------------|-------------------------------|----------------------------------|
|                                     | As at January 01, 2023 (Audited) | Given / made during the year | Repaid / sale during the year | As at June 30, 2023 (Un-Audited) | As at January 01, 2022 (Audited) | Given / made during the year | Repaid / sale during the year | As at June 30, 2022 (Un-Audited) |
| Advances - staff loans              |                                  |                              |                               |                                  |                                  |                              |                               |                                  |
| Key management personnel            | 9,955,034                        | 18,138,479                   | 1,750,183                     | 26,343,330                       | 3,627,280                        | 4,024,000                    | 979,546                       | 6,671,734                        |

|                                    | June 30, 2023 (Un-Audited) | December 31, 2022 (Audited) |
|------------------------------------|----------------------------|-----------------------------|
| <b>Other payable</b>               |                            |                             |
| Gratuity fund                      | 21,042,228                 | 12,242,228                  |
| LOLC holding limited               | -                          | 2,344,388                   |
| LOLC Technology Services Limited   | 215,912,398                | 183,012,175                 |
| <b>Other receivable</b>            |                            |                             |
| LOLC Asia (Private) Limited        | -                          | 2,802,066                   |
| Key management personnel - Mark-up | 501,280                    | 111,762                     |

## 25. GENERAL

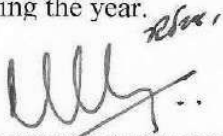
Figures have been rounded off to the nearest thousand rupees, unless otherwise stated.

**26. DATE OF AUTHORISATION FOR ISSUE**

These financial statements were authorised for issue on \_\_\_\_\_ by the Board of Directors of the Bank.

**27. CORRESPONDING FIGURES**

Corresponding figures have been rearranged and reclassified, wherever necessary for the purposes of comparison and for better presentation. However, no significant reclassification has been made during the year.

*Ref*  


**PRESIDENT/CHIEF EXECUTIVE**



**DIRECTOR**