

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

	Note	September 30, 2023 (Un-Audited)	December 31, 2022 (Audited)
<b>ASSETS</b>			
Cash and bank balances with SBP / NBP	6	130,711,106	96,335,117
Balances with other banks	7	675,712,090	1,119,240,396
Investments	8	483,801,568	312,032,150
Advances - net of provisions	9	3,932,478,212	5,286,759,877
Operating fixed assets	10	382,146,425	339,423,768
Deferred tax asset - net	12	160,988,907	100,626,934
Other assets	11	601,014,091	425,906,757
		6,366,852,399	7,680,324,999
<b>LIABILITIES</b>			
Borrowings	14	1,982,284,483	1,982,284,483
Deposits and other accounts	13	565,607,414	2,413,803,587
Other liabilities	15	750,025,806	759,027,589
		3,297,917,703	5,155,115,659
<b>NET ASSETS</b>		<b>3,068,934,696</b>	<b>2,525,209,340</b>
<b>REPRESENTED BY:</b>			
Share capital	16	2,308,300,000	2,308,300,000
Share deposit money		911,700,000	-
Share premium		52,041,600	52,041,600
Depositor's protection fund		32,215,661	30,353,389
Statutory and general reserves		98,175,982	98,175,982
Accumulated (losses) / profit		(333,562,050)	36,248,928
		3,068,871,193	2,525,119,899
Surplus on revaluation of assets - net of deferred tax		63,503	89,441
		<b>3,068,934,696</b>	<b>2,525,209,340</b>
<b>MEMORANDUM / OFF BALANCE SHEET</b>			
<b>ITEMS</b>	17		

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 PERIOD ENDED SEPTEMBER 30, 2023**

	Note	Period ended	
		September 30, 2023	September 30, 2022
		----- (Rupees) -----	
Mark-up / return / interest earned	18	1,768,067,866	1,768,038,233
Mark-up / return / interest expensed	19	(507,615,419)	(397,109,857)
Net mark-up / return / interest income		1,260,452,447	1,370,928,376
Provision against non-performing loans and advances	9.2	773,685,295	687,688,931
Net mark-up / return / interest income after provisions		486,767,152	683,239,445
<b>NON MARK-UP / NON INTEREST INCOME</b>			
Fee, commission and brokerage income	21	129,924,422	120,270,477
Other income	20	108,554,607	62,821,098
Total non-mark-up / non-interest income		238,479,029	183,091,575
		725,246,181	866,331,020
<b>NON MARK-UP / NON INTEREST EXPENSES</b>			
Administrative expenses	22	1,138,240,742	874,869,101
Total non-mark-up / non-interest expenses		1,138,240,742	874,869,101
<b>(LOSS) / PROFIT BEFORE TAXATION</b>		(412,994,561)	(8,538,081)
<b>TAXATION</b>			
- Current		17,178,390	
- Prior period		-	(2,476,043)
- Deferred		(60,361,973)	-
		(43,183,583)	(2,476,043)
<b>(LOSS) / PROFIT AFTER TAXATION</b>		(369,810,978)	(6,062,038)
<b>Basic and diluted (loss) / earnings per share - Rupee</b>		(1.60)	(0.03)

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 PERIOD ENDED SEPTEMBER 30, 2023**

	<b>Period ended</b>			
	<b>September 30,</b>	<b>September 30,</b>		
	<b>2023</b>	<b>2022</b>		
	<b>----- (Rupees) -----</b>			
(Loss) / Profit after taxation	(369,810,978)	(6,062,038)		
Other comprehensive income:				
Item not to be reclassified to statement of profit and loss in subsequent periods - net of tax	-	-		
Comprehensive (loss) / income for the period transferred to equity	<u>(369,810,978)</u>	<u>(6,062,038)</u>		
Comprehensive income for the period not transferred to equity:				
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; vertical-align: middle;"><tr><td style="text-align: center;">89,441</td></tr></table>	89,441	<table border="1" style="display: inline-table; vertical-align: middle;"><tr><td style="text-align: center;">125,973</td></tr></table>	125,973
89,441				
125,973				
Related tax impact	<table border="1" style="display: inline-table; vertical-align: middle;"><tr><td style="text-align: center;">(25,938)</td></tr></table>	(25,938)	<table border="1" style="display: inline-table; vertical-align: middle;"><tr><td style="text-align: center;">(36,532)</td></tr></table>	(36,532)
(25,938)				
(36,532)				
	<u>63,503</u>	<u>89,441</u>		
<b>Total comprehensive (loss) / income for the period - net of tax</b>	<b><u><u>(369,747,475)</u></u></b>	<b><u><u>(5,972,597)</u></u></b>		

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**PRESIDENT/CHIEF EXECUTIVE**

**DIRECTOR**

**LOLC MICROFINANCE BANK LIMITED**  
**(FORMALLY PAK OMAN MICROFINANCE BANK LIMITED)**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN - AUDITED)**  
**FOR THE PERIOD ENDED SEPTEMBER 30, 2023**

	Share capital	Share premium	Share deposit money	Capital reserves		Revenue reserves	Total
				Statutory reserve	Depositors' Protection Fund	Accumulated losses	
	----- (Rupees) -----						
<b>Balance as at January 01, 2022 (Audited)</b>	<b>2,308,300,000</b>	<b>52,041,600</b>	<b>-</b>	<b>75,244,364</b>	<b>22,026,642</b>	<b>(51,709,976)</b>	<b>2,405,902,630</b>
Total comprehensive income							
Profit for the period	-	-	-	-	-	(6,062,038)	(6,062,038)
Other comprehensive income - net of tax	-	-	-	-	-	-	-
Transfer to statutory reserve	-	-	-	-	-	(6,062,038)	(6,062,038)
Transfer to depositors' protection fund							
- 5% of the profit after tax	-	-	-	-	-	-	-
- return on investment - net of tax	-	-	-	-	1,043,521	-	1,043,521
	-	-	-	-	1,043,521	-	1,043,521
<b>Balance as at September 30, 2022 (Un- Audited)</b>	<b>2,308,300,000</b>	<b>52,041,600</b>	<b>-</b>	<b>75,244,364</b>	<b>23,070,163</b>	<b>(57,772,014)</b>	<b>2,400,884,113</b>
<b>Total comprehensive income for the six months</b>							
<b>period ended December 31, 2022</b>							
Total comprehensive income for the period							
Profit for the period	-	-	-	-	-	120,720,126	120,720,126
Other comprehensive income - net of tax	-	-	-	-	-	1,965,338	1,965,338
Transfer to statutory reserve	-	-	-	22,931,618	-	122,685,464	122,685,464
Transfer to depositors' protection fund							
- 5% of the profit after tax	-	-	-	-	5,732,904	(5,732,904)	-
- return on investment - net of tax	-	-	-	-	1,550,322	-	1,550,322
	-	-	-	-	7,283,226	(5,732,904)	1,550,322
<b>Balance as at December 31, 2022 (Audited)</b>	<b>2,308,300,000</b>	<b>52,041,600</b>	<b>-</b>	<b>98,175,982</b>	<b>30,353,389</b>	<b>36,248,928</b>	<b>2,525,119,899</b>
Total comprehensive loss:							
Loss after tax for the period	-	-	-	-	-	(369,810,978)	(369,810,978)
Other comprehensive income - net of tax	-	-	-	-	-	-	-
	-	-	-	-	-	(369,810,978)	(369,810,978)
Transfer to statutory reserve	-	-	-	-	-	-	-
Inflows	-	-	911,700,000	-	-	-	911,700,000
Transfer to depositors' protection fund:							
- 5% of the profit after tax	-	-	-	-	-	-	-
- return on investment - net of tax	-	-	-	-	1,862,272	-	1,862,272
	-	-	-	-	1,862,272	-	1,862,272
<b>Balance as at September 30, 2023 (Un-Audited)</b>	<b>2,308,300,000</b>	<b>52,041,600</b>	<b>911,700,000</b>	<b>98,175,982</b>	<b>32,215,661</b>	<b>(333,562,050)</b>	<b>3,068,871,193</b>

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 PERIOD ENDED SEPTEMBER 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 62 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 transfered 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'.

- 1.6 In the year 2023 during the thrid quarter, LOLC Asia (Private) Limited the parent company infused a furhter capital of Rs 911.7 M to strengthen the postion of the Bank.

## **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.

		September 30, 2023 (Un-Audited)	December 31, 2022 (Audited)
	Note	----- (Rupees) -----	
<b>6. CASH AND BALANCES WITH SBP AND NBP</b>			
Cash in hand:			
- local currency		51,470,272	2,618,194
Balance with State Bank of Pakistan (SBP)	6.1	79,240,834	93,716,923
		<u>130,711,106</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.

		September 30, 2023 (Un-Audited)	December 31, 2022 (Audited)
	Note	----- (Rupees) -----	
<b>7. BALANCES WITH OTHER BANKS</b>			
In Pakistan			
- on local currency current accounts		108,858,312	57,839,401
- on local currency deposit accounts	7.1	<u>566,853,778</u>	<u>1,061,400,995</u>
		<u>675,712,090</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 23.50% per annum (2022: 14.00% to 17.25% per annum).

		September 30, 2023 (Un-Audited)	December 31, 2022 (Audited)
	Note	----- (Rupees) -----	
<b>8. INVESTMENTS</b>			
Held-to-maturity securities:			
Federal government securities			
- Pakistan Investment Bonds	8.1	-	11,919,210
- Market treasury bills		255,829,347	263,807,384
Available for sale securities:			
Bonds, participation term certificates & term finance certificates			
	8.2	5,882,055	5,882,055
Sukuk	8.3	37,972,221	46,305,556
Term Deposit Receipts (TDRs)		200,000,000	-
Provision for diminution in value of investments		<u>(15,882,055)</u>	<u>(15,882,055)</u>
Investments - net of provision		<u>483,801,568</u>	<u>312,032,150</u>



- 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.

	<b>September 30, 2023</b>	<b>December 31, 2022</b>
	<b>(Un-Audited)</b>	<b>(Audited)</b>
<b>Note</b>	<b>----- (Rupees) -----</b>	

## 9. ADVANCES - NET OF PROVISIONS

Advances - gross		4,180,740,236	5,493,901,167
Provision against non-performing loans and advances			
- Specific provision	9.1	249,836,791	130,109,712
- General provision		39,215,197	103,592,396
	9.2	289,051,988	233,702,108
Staff loan		40,789,964	26,560,818
Advances - net of provisions		3,932,478,212	5,286,759,877

- 9.1 Advances includes Rs. 772.719 million (2022: Rs. 788.972 million) which have been placed under non-performing status as detailed below:

Category of classification	<u>September 30, 2023 (Un-Audited)</u>			<u>December 31, 2022 (Audited)</u>		
	Amount outstanding	Provision required	Provision held	Amount outstanding	Provision required	Provision held
	----- Rupees -----			----- Rupees -----		
Other assets especially mentioned	228,615,595	2,392,900	2,392,900	262,344,394	4,953,208	4,953,208
Sub-standard	233,916,161	58,479,040	58,479,040	194,706,615	29,636,136	29,636,136
Doubtful	242,410,247	121,205,124	121,205,124	328,719,805	92,933,647	92,933,647
Loss	67,776,667	67,759,727	67,759,727	3,201,982	2,586,721	2,586,721
	772,718,670	249,836,791	249,836,791	788,972,796	130,109,712	130,109,712

## 9.2 Particulars of provision against non-performing advances

	September 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 period	837,903,968	(14,218,673)	823,685,295	737,640,533	(1,008,935)	736,631,598
Reversal	-	(50,000,000)	(50,000,000)	-	-	-
Amount written off	(718,176,889)	-	(718,176,889)	(730,916,839)	-	(730,916,839)
	119,727,079	(64,218,673)	55,508,406	6,723,694	(1,008,935)	5,714,759
Closing balance	249,836,791	39,373,723	289,210,514	130,109,712	103,592,396	233,702,108

	Note	September 30, 2023 (Un-Audited)	December 31, 2022 (Audited)
<b>10. OPERATING FIXED ASSETS</b>			
Property and equipment	10.1	151,875,365	162,272,190
Right of use asset		214,885,834	166,652,076
Intangible assets		15,385,226	10,499,502
		<u>382,146,425</u>	<u>339,423,768</u>

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

	September 30, 2023 (Un-Audited)	December 31, 2022 (Audited)
<b>Additions during the period - at cost</b>		
Property and equipment	30,355,646	86,050,835
Improvements to leasehold buildings	8,169,166	49,438,892
Office equipment	5,768,728	7,162,382
Furniture and fixtures	8,679,358	3,839,284
Computers	7,738,394	15,707,455
Vehicles - owned	-	9,902,822
Intangible assets	12,465,176	13,822,394
Right of use assets	89,106,428	81,771,028
	<u>131,927,250</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>

	<b>September 30, 2023</b>	<b>December 31, 2022</b>
<b>Note</b>	<b>(Un-Audited)</b>	<b>(Audited)</b>
<b>11. OTHER ASSETS</b>		
Income / mark-up accrued on Advances and Investments	437,158,551	317,369,033
Advances, deposits, advance rent and other prepayments	105,049,974	57,375,695
Refundable / advance taxation (payments less provision)	41,876,732	27,476,802
Others	16,928,834	23,685,227
	<u>601,014,091</u>	<u>425,906,757</u>

## 12. DEFERRED TAX ASSET - NET

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	66,926,957	48,329,102
	<u>160,988,907</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.

	<b>September 30, 2023</b>	<b>December 31, 2022</b>
<b>Note</b>	<b>(Un-Audited)</b>	<b>(Audited)</b>
<b>13. DEPOSITS AND OTHER ACCOUNTS</b>		
Fixed deposits	557,540,567	2,407,222,296
Saving deposits	524,431	63,539
Current deposits - mandatory	7,542,416	6,517,752
	<u>565,607,414</u>	<u>2,413,803,587</u>
<b>13.1 Particulars of deposits by ownership</b>		
Individual depositors	388,607,414	981,046,053
Institutional depositors - corporation	177,000,000	1,426,176,243
	<u>565,607,414</u>	<u>2,407,222,296</u>

	<b>September 30, 2023 (Un-Audited)</b>	<b>December 31, 2022 (Audited)</b>
	----- (Rupees) -----	
<b>13.2 Particulars of deposits by number of accounts</b>		
Saving deposits	144	129
Fixed deposits	230	133
Current deposits - mandatory	16,469	14,509
	<u>16,843</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>September 30, 2023 (Un-Audited)</b>	<b>December 31, 2022 (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 June 2024. However, the said amount has not been paid till date of approval of financial statements.

	<b>September 30, 2023 (Un-Audited)</b>	<b>December 31, 2022 (Audited)</b>
	----- (Rupees) -----	
<b>15. OTHER LIABILITIES</b>		
Mark-up / interest / return payable	123,807,276	172,239,648
Bank overdraft	-	19,685,225
Accrued expenses	81,180,885	150,179,066
Payable to LOLC Technologies Services Limited	233,750,708	183,012,175
Payable to defined benefit plan	24,042,228	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	4,487,677	4,792,517
Sales taxes	2,165,743	597,302
Advance from customer	10,265,233	9,618,067
Security deposit	-	54,470
Lease obligation	256,974,656	189,616,943
	<u>750,025,806</u>	<u>759,027,589</u>

## 16. SHARE CAPITAL

### 16.1 Authorised share capital

September 30, 2023 (Un-Audited)	December 31, 2022 (Audited)	Ordinary shares of Rs.10 each	September 30, 2023 (Un-Audited)	December 31, 2022 (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

September 30, 2023 (Un-Audited)	December 31, 2022 (Audited)	Ordinary shares of Rs.10 each fully paid in cash	September 30, 2023 (Un-Audited)	December 31, 2022 (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>
	<u>911,700,000</u>	<u>-</u>

### 16.4 Share deposit money

In the year 2023 during the thrid quarter, LOLC Asia (Private) Limited the parent company infused a furhter capital of Rs 911.7 Mn (2021-Nil)

## 17. MEMORANDUM / OFF BALANCE SHEET ITEMS

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

September 30, 2023 (Un-Audited)	September 30, 2022 (Un-Audited)
-----Rupees-----	

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

### Interest / mark-up on:

- Income from advances	1,647,777,466	1,689,040,966
- Income from investment in government securities	37,430,547	21,383,462
- Income from deposit accounts	66,242,492	52,224,086
- Income from sukuk	5,837,390	5,093,349
- Income from early settlement	5,761,927	-
- Placement with Financial Institutions	2,782,785	-
- Income from staff loan	2,235,259	296,370
	<u>1,768,067,866</u>	<u>1,768,038,233</u>

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

Mark up on deposits	221,614,541	185,029,853
Mark up on borrowing	270,163,987	207,607,859
Finance cost on leases	15,836,891	4,472,145
	<u>507,615,419</u>	<u>397,109,857</u>

**September 30,**  
**2023**

**September 30,**  
**2022**

**(Un-Audited)**

**(Un-Audited)**

Note -----Rupees-----

**20. OTHER INCOME**

Gain on disposal of fixed assets	-	1,672,295
Recoveries against written off advances	57,643,218	46,334,454
Moratorium income	32,748,488	2,410,321
Miscellaneous income	18,162,901	12,404,028
	<u>108,554,607</u>	<u>62,821,098</u>

**21. FEE, COMMISSION AND BROKERAGE INCOME**

Micro-credit application processing fee	79,583,820	73,364,991
Over-due interest expense	50,340,602	46,905,486
	<u>129,924,422</u>	<u>120,270,477</u>

	September 30, 2023 (Un-Audited)	September 30, 2022 (Un-Audited)
	-----Rupees-----	
<b>22. ADMINISTRATIVE EXPENSES</b>		
Salaries, allowances etc.	634,813,491	472,926,530
Bonus to employees	4,000,000	13,500,000
Contribution to defined contribution plan	12,539,660	10,034,064
Charge for defined benefit plan	11,300,000	11,400,000
Charge for leave fare assistance	277,910	1,756,956
Non-executive directors' allowances and other expenses	400,000	1,600,000
Training	1,595,115	4,636,261
Rent, rates and taxes	38,086,116	40,125,986
Legal and professional charges	13,015,332	5,626,426
Utilities	18,991,744	12,836,940
Communications	43,676,038	23,568,873
Fusion expenses	60,298,505	36,966,437
Repairs and maintenance	12,743,453	5,764,521
Vehicle running	5,860,507	776,627
Insurance	37,028,207	20,466,489
Travel and transportation	16,369,702	28,895,096
Stationery and printing	14,530,273	11,478,370
IT supplies and software	29,739,751	22,307,032
Office supplies	3,505,289	2,990,802
Fees and subscription	16,048,703	7,335,215
Advertisement and business promotions	19,586,611	19,749,412
Auditors' remuneration	22.1 459,162	2,230,600
Depreciation	42,817,233	37,202,718
Depreciation on right-of-use assets	40,872,670	32,758,005
Amortisation of intangible assets	7,579,452	7,730,277
Bank charges	3,675,970	5,980,202
Security expense	21,490,048	15,973,484
Kitchen expenses	5,784,989	5,916,435
Entertainment expenses	2,314,826	2,430,838
Medical staff	67,107	185,563
Archiving	2,074,524	1,611,022
Other expenses	16,698,354	8,107,920
	<u>1,138,240,742</u>	<u>874,869,101</u>

#### 22.1 Auditors' remuneration

##### Audit fees:

Audit fee	395,829	1,637,910
Out of pocket	63,333	262,065
	<u>459,162</u>	<u>2,230,600</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 September 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

	September 30, 2023 (Un-audited)						Fair value			
	Carrying amount					Total	Level 1	Level 2	Level 3	Total
	Available for sale	Held for Maturity	Held for Trading	Loans and receivables	Other financial assets / liabilities					
	(Rupees)									
<b>Financial assets measured at fair value</b>										
- Investments - TFC's and Sukuk (net of provisions)	227,972,221	-	-	-	-	227,972,221	227,972,221	-	-	227,972,221
<b>Financial assets not measured at fair value</b>										
- Cash and bank balances with SBP and NBP	-	-	-	130,711,106	-	130,711,106	-	-	-	-
- Balances with other banks	-	-	-	675,712,090	-	675,712,090	-	-	-	-
- Investments - PIB	-	-	-	-	-	-	-	-	-	-
- Investments - T-Bills	-	255,829,347	-	-	-	255,829,347	-	255,829,347	-	255,829,347
- Advances	-	-	-	3,932,478,212	-	3,932,478,212	-	3,932,478,212	-	3,932,478,212
- Other assets	-	-	-	-	1,144,149,423	1,144,149,423	-	-	-	-
	<u>227,972,221</u>	<u>255,829,347</u>	<u>-</u>	<u>4,738,901,409</u>	<u>1,144,149,423</u>	<u>6,366,852,399</u>	<u>227,972,221</u>	<u>4,188,307,559</u>	<u>-</u>	<u>4,416,279,780</u>
<b>Financial liabilities not measured at fair value</b>										
- Deposits and other accounts	-	-	-	-	565,607,414	565,607,414	-	-	-	-
- Other liabilities	-	-	-	-	750,025,806	750,025,806	-	-	-	-
- Borrowing from Financial Institutions	-	-	-	-	1,982,284,483	1,982,284,483	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,297,917,703</u>	<u>3,297,917,703</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

On balance sheet financial instruments

	December 31, 2022 (Audited)						Fair value			
	Carrying amount					Total	Level 1	Level 2	Level 3	Total
	Available for sale	Held for Maturity	Held for Trading	Loans and receivables	Other financial assets / liabilities					
	(Rupees)									
<b>Financial assets measured at fair value</b>										
- Investments - TFC's and Sukuk (net of provisions)	36,305,556	-	-	-	-	36,305,556	36,305,556	-	-	-
<b>Financial assets not measured at fair value</b>										
- Cash and bank balances with SBP and NBP	-	-	-	96,335,117	-	96,335,117	-	-	-	-
- Balances with other banks	-	-	-	1,119,240,396	-	1,119,240,396	-	-	-	-
- Investments - PIB	-	11,919,210	-	-	-	11,919,210	-	11,919,210	-	744,641,000
- Investments - T-Bills	-	263,807,384	-	-	-	263,807,384	-	263,807,384	-	9,639,358
- Advances	-	-	-	5,286,759,877	-	5,286,759,877	-	5,286,759,877	-	-
- Other assets	-	-	-	-	865,957,459	865,957,459	-	-	-	-
	<u>36,305,556</u>	<u>275,726,594</u>	<u>-</u>	<u>6,502,335,390</u>	<u>865,957,459</u>	<u>7,680,324,999</u>	<u>36,305,556</u>	<u>5,562,486,471</u>	<u>-</u>	<u>754,280,358</u>
<b>Financial liabilities not measured at fair value</b>										
- 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	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,155,115,659</u>	<u>5,155,115,659</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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 a approximately equal to their fair values.

23.4 During the period ended September 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.

## 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 period / year end, and related expense and income for the year are as follows:

	<b>September 30, 2023 (Un-Audited)</b>	<b>December 31, 2022 (Audited)</b>
Opening balance	9,955,034	3,627,280
Give/made during the period	19,438,479	8,125,687
Repiad during the period	(4,911,439)	(1,069,546)
Closing balance	<u>24,482,074</u>	<u>10,683,421</u>
	<b>September 30, 2023 (Un-Audited)</b>	<b>December 31, 2022 (Audited)</b>
<b>Other payable</b>		
Gratuity fund	<u>24,042,228</u>	<u>12,242,228</u>
LOLC holding limited	<u>-</u>	<u>2,344,388</u>
LOLC Technology Services Limited	<u>233,750,708</u>	<u>183,012,175</u>
<b>Other receivable</b>		
LOLC Asia (Private) Limited	<u>-</u>	<u>2,802,066</u>
Key management personnel - Mark-up	<u>767,982</u>	<u>111,762</u>

**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 period.

**PRESIDENT/CHIEF EXECUTIVE**

**DIRECTOR**