

**TELENOR MICROFINANCE BANK LIMITED**  
**Condensed Interim Financial Statements**  
**For the six months ended June 30, 2023 (Un-audited)**

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## INDEPENDENT AUDITORS' REVIEW REPORT

To the members of Telenor Microfinance Bank Limited

Report on Review of Condensed Interim Financial Information

### Introduction

We have reviewed the accompanying condensed interim balance sheet of **Telenor Microfinance Bank Limited** (the Bank) as at **30 June 2023**, the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity, and notes to the financial statements for the six months period then ended (here-in-after referred to as the "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on the financial information based on our review. The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarters ended 30 June 2023 and 30 June 2022 have not been subject to limited scope review by us as we are only required to review the cumulative figures for the six-months period ended 30 June 2023.

### Scope of review

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

### Conclusion

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

### Emphasis of Matter

As more fully explained in note 1.4.1 to the financial statements the Bank accumulated losses amounted to Rs. 45,088 million as at 30 June 2023 due to losses incurred in previous years. The said note also describe the management's future plans and key risks and uncertainties in relation thereto. These conditions indicate the existence of material uncertainty which may cast significant doubt about the Bank's ability to continue as a going concern. In order to support the operations of the Bank, the sponsor shareholders have made equity injection of Rs. 27,722 million (USD 157.2 million) during the years from 2020 - 2023.

Our conclusion is not qualified in respect of the above matter.

The engagement partner on the review resulting in this independent auditor's review report is Arslan Khalid.



Chartered Accountants

Date: 29 August 2023

Karachi

UDIN: RR2023101913K4ZX8uv1

**TELENOR MICROFINANCE BANK LIMITED**  
**CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)**  
**AS AT JUNE 30, 2023**

June 30, 2023 (Un-audited) (USD in '000)	December 31, 2022 (Audited) (USD in '000)		Note	June 30, 2023 (Un-audited) (Rupees in '000)	December 31, 2022 (Audited) (Rupees in '000)
<b>ASSETS</b>					
		Cash and balances with State Bank of Pakistan			
21,737	19,595	and National Bank of Pakistan	6	6,216,450	5,604,020
31,571	19,260	Balances with other banks	7	9,029,134	5,508,160
55,775	10,490	Lendings to financial institutions	8	15,951,124	3,000,000
76,093	97,806	Investments	9	21,761,735	27,971,506
48,907	39,479	Advances - net of provisions	10	13,986,917	11,290,600
24,186	24,929	Operating fixed assets	11	6,916,896	7,129,405
16,192	11,174	Other assets	12	4,630,799	3,195,621
-	-	Deferred tax asset - net	15	-	-
<b>274,461</b>	<b>222,733</b>	<b>Total assets</b>		<b>78,493,055</b>	<b>63,699,312</b>
<b>LIABILITIES</b>					
193,326	162,935	Deposits and other accounts	13	55,289,467	46,597,944
-	-	Borrowings		-	-
-	-	Subordinated debt		-	-
54,373	38,078	Other liabilities	14	15,549,920	10,889,623
-	-	Deferred tax liability - net	15	-	-
<b>247,699</b>	<b>201,013</b>	<b>Total liabilities</b>		<b>70,839,387</b>	<b>57,487,567</b>
<b>26,762</b>	<b>21,720</b>	<b>NET ASSETS</b>		<b>7,653,668</b>	<b>6,211,745</b>
<b>REPRESENTED BY:</b>					
20,509	19,962	Share capital	16	5,865,514	5,709,017
4,830	11,738	Advance against future issue of right shares		1,381,395	3,357,060
159,095	147,727	Reserves		45,499,697	42,248,428
<u>(157,657)</u>	<u>(157,655)</u>	Accumulated loss		<u>(45,088,425)</u>	<u>(45,087,690)</u>
26,777	21,772			7,658,181	6,226,815
(63)	(103)	Deficit on revaluation of assets - net of tax		(18,114)	(29,405)
48	50	Deferred grants		13,600	14,334
<b>26,762</b>	<b>21,719</b>			<b>7,653,668</b>	<b>6,211,745</b>
<b>MEMORANDUM / OFF BALANCE SHEET ITEMS</b>					
17					

The annexed notes 1 to 28 form an integral part of these condensed interim financial statements.

\_\_\_\_\_  
President and  
Chief Executive Officer

\_\_\_\_\_  
Chairman

\_\_\_\_\_  
Director

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Director

**TELENOR MICROFINANCE BANK LIMITED**  
**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)**  
**FOR THE SIX MONTHS ENDED JUNE 30, 2023**

Six months ended		Quarter ended			Six months ended		Quarter ended		
June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022		June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022	
(USD in '000)		(USD in '000)			(Rupees in '000)		(Rupees in '000)		
21,203	12,166	12,002	6,640	Mark-up / return / interest earned	18	6,063,871	3,479,456	3,432,597	1,899,108
(1,618)	(2,587)	(868)	(1,068)	Mark-up / return / interest expensed	19	(462,792)	(739,994)	(248,216)	(305,319)
19,585	9,579	11,134	5,572	Net mark-up / return / Interest Income		5,601,079	2,739,462	3,184,381	1,593,789
(1,859)	(3,660)	(1,113)	(1,720)	Provision against non-performing loans and advances	10.3	(531,552)	(1,046,861)	(318,412)	(491,984)
-	-	-	-	Provision for diminution in the value of investments		-	-	-	-
(64)	(74)	(38)	(22)	Bad debts written off directly	10.4	(18,175)	(21,189)	(10,988)	(6,288)
(1,923)	(3,734)	(1,151)	(1,742)			(549,727)	(1,068,050)	(329,400)	(498,272)
17,662	5,845	9,983	3,830	Net mark-up / return / Interest (expense) / Income after provisions		5,051,352	1,671,412	2,854,981	1,095,517
<b>NON MARK-UP / NON INTEREST INCOME</b>									
17,675	11,250	9,536	5,404	Fee, commission and brokerage income	20	5,054,876	3,217,483	2,727,331	1,545,431
1,605	3,780	804	2,296	Other income	21	459,013	1,081,103	230,059	656,647
19,280	15,030	10,340	7,700	Total non-mark-up / non-Interest income		5,513,889	4,298,586	2,957,390	2,202,078
36,942	20,875	20,323	11,530			10,565,241	5,969,998	5,812,371	3,297,595
<b>NON MARK-UP / NON INTEREST EXPENSES</b>									
(35,440)	(35,309)	(18,036)	(18,329)	Administrative expenses	22	(10,135,616)	(10,098,149)	(5,158,082)	(5,241,996)
(471)	(141)	(611)	(135)	Other provisions / write-offs	23	(134,680)	(40,221)	(174,814)	(38,721)
-	(12)	-	(11)	Other charges		(12)	(3,358)	-	(3,284)
(35,911)	(35,462)	(18,647)	(18,475)	Total non-mark-up / non-Interest expenses		(10,270,308)	(10,141,728)	(5,332,896)	(5,284,001)
1,031	(14,587)	1,676	(6,945)			294,933	(4,171,730)	479,475	(1,986,406)
-	-	-	-	Extraordinary / unusual items		-	-	-	-
1,031	(14,587)	1,676	(6,945)	PROFIT / (LOSS) BEFORE TAXATION		294,933	(4,171,730)	479,475	(1,986,406)
(873)	(642)	(477)	(329)	Taxation - Current		(249,574)	(183,594)	(136,535)	(94,092)
-	-	-	-	- Prior		-	-	-	-
16	(22)	16	72	- Deferred		4,612	(6,276)	4,529	20,712
(857)	(664)	(461)	(257)	PROFIT / (LOSS) AFTER TAXATION		(244,962)	(189,870)	(132,006)	(73,380)
174	(15,251)	1,215	(7,202)			49,971	(4,361,600)	347,469	(2,059,786)
(USD)		(USD)				(Rupees)		(Rupees)	
0.0003	(0.03)	0.002	(0.01)	Earnings / (loss) per share - Basic and diluted	24	0.09	(7.91)	0.60	(3.76)

The annexed notes 1 to 28 form an integral part of these condensed interim financial statements.

\_\_\_\_\_  
President and  
Chief Executive Officer

\_\_\_\_\_  
Chairman

\_\_\_\_\_  
Director

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Director

**TELENOR MICROFINANCE BANK LIMITED**  
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)**  
**FOR THE SIX MONTHS ENDED JUNE 30, 2023**

Six months ended		Quarter ended			Six months ended		Quarter ended	
June 30,	June 30,	June 30,	June 30,		June 30,	June 30,	June 30,	June 30,
2023	2022	2023	2022		2023	2022	2023	2022
(USD in '000)		(USD in '000)			(Rupees in '000)		(Rupees in '000)	
175	(15,251)	1,215	(7,202)	Profit / (loss) after taxation for the period	49,971	(4,361,600)	347,469	(2,059,786)
				<b>Other comprehensive income</b>				
				<i>Item not to be reclassified to statement of profit or loss in subsequent periods</i>				
-	-	-	-	Remeasurement gain / (loss) on defined benefit obligation	-	-	-	-
-	-	-	-	Related tax impact	-	-	-	-
-	-	-	-		-	-	-	-
175	(15,251)	1,215	(7,202)	<b>Comprehensive income / (loss) for the period transferred to equity</b>	<b>49,971</b>	<b>(4,361,600)</b>	<b>347,469</b>	<b>(2,059,786)</b>
				<b>Component of comprehensive income for the period not transferred to equity</b>				
				<i>Item to be reclassified to statement of profit or loss subsequently on sale</i>				
56	(76)	55	(250)	Surplus / (Deficit) on revaluation of 'available for sale' investments	15,902	(21,640)	15,617	(71,421)
(16)	22	(16)	(72)	Related tax impact	(4,612)	6,276	(4,529)	(20,712)
40	(54)	39	(322)		11,290	(15,364)	11,088	(92,133)
215	(15,305)	1,254	(7,524)	<b>Total comprehensive income / (loss) for the period</b>	<b>61,261</b>	<b>(4,376,964)</b>	<b>358,557</b>	<b>(2,151,919)</b>

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Chairman

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Director

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Director

**TELENOR MICROFINANCE BANK LIMITED**  
**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)**  
**FOR THE SIX MONTHS ENDED JUNE 30, 2023**

Six months ended			Six months ended	
June 30, 2023	June 30, 2022		June 30, 2023	June 30, 2022
(USD in '000)			(Rupees in '000)	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
1,031	(14,587)	Profit / (loss) before taxation	294,933	(4,171,730)
Adjustments for non cash and other items:				
2,548	2,378	Depreciation and amortisation	728,592	680,026
375	527	Depreciation on right-of-use assets	107,123	150,808
292	509	Mark-up / Return / Interest expense on Lease liability against right-of-use assets	83,627	145,704
1,922	3,735	Provision against non-performing loans and advances - net	549,727	1,068,050
298	216	Write-offs against operating fixed assets	85,158	61,861
(438)	-	Reversal of provision for impairment	(125,156)	-
(3)	(3)	Grant Income	(734)	(734)
261	277	Provision for gratuity	74,599	79,193
611	(86)	Other provisions / write-offs	174,678	(24,640)
(8)	(1,126)	Gain on termination of lease	(2,241)	(321,945)
124	(30)	Loss / (gain) on sale of operating fixed assets	35,351	(8,526)
5,982	6,397		1,710,724	1,829,797
Decrease / (increase) in operating assets				
(45,285)	-	Lending to financial institutions	(12,951,124)	-
(11,350)	(1,591)	Advances	(3,246,044)	(454,983)
(5,377)	249	Other assets (excluding advance taxation and defined benefit plan)	(1,537,908)	71,307
(62,012)	(1,342)		(17,735,076)	(383,676)
(Decrease) / increase in operating liabilities				
30,391	7,132	Deposits and other accounts	8,691,523	2,039,818
16,153	3,899	Other liabilities (excluding lease liability against right-of-use assets)	4,619,895	1,115,217
46,544	11,031		13,311,418	3,155,035
(1,339)	(851)	Income tax paid	(382,921)	(243,320)
(46)	(231)	Contribution to defined benefit plan	(13,199)	(65,995)
(9,840)	417	<b>Net cash used in operating activities</b>	<b>(2,814,121)</b>	<b>120,110</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>				
21,769	(9,689)	Net Investment in available for sale securities	6,225,673	(2,771,089)
(1,776)	(1,835)	Investments in operating fixed assets	(508,024)	(524,650)
71	62	Proceeds from disposal of operating fixed assets	20,230	17,677
20,064	(11,462)	<b>Net cash generated / (used) in investing activities</b>	<b>5,737,879</b>	<b>(3,278,062)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
-	803	Proceeds from issuance of share capital	-	229,529
4,830	12,828	Proceeds against future issue of right shares	1,381,395	3,668,710
(601)	(789)	Payment of lease liability against right-of-use assets	(171,749)	(225,658)
4,229	12,842	<b>Net cash generated from financing activities</b>	<b>1,209,646</b>	<b>3,672,581</b>
14,453	1,797	<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>4,133,404</b>	<b>514,630</b>
38,855	51,112	Cash and cash equivalents at beginning of the period	11,112,180	14,617,509
53,308	52,909	Cash and cash equivalents at end of the period	15,245,584	15,132,139

The annexed notes 1 to 28 form an integral part of these condensed interim financial statements.

\_\_\_\_\_  
President and  
Chief Executive Officer

\_\_\_\_\_  
Chairman

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Director

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Director

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

	Share capital	Advance against future issue of right shares	Capital reserves			Total capital reserve	Accumulated losses	Total
			Share premium	Statutory reserve	Depositors' protection fund			
(Rupees in '000)								
Balance as at January 01, 2022	5,479,488	-	37,355,675	802,481	368,912	38,527,068	(37,999,226)	6,007,330
<b>Total comprehensive income for the period</b>								
Loss after tax for the period	-	-	-	-	-	-	(4,361,599)	(4,361,599)
Other comprehensive income - net of tax	-	-	-	-	-	-	-	-
Advance against future issue of right shares	-	3,898,239	-	-	-	-	(4,361,599)	(4,361,599)
Issue of share capital	229,529	(3,898,239)	3,668,710	-	-	3,668,710	-	-
Transfer to statutory reserve *	-	-	-	-	-	-	-	-
Transfer to Depositors' Protection Fund ** - return on investments	-	-	-	-	24,418	24,418	(24,418)	-
Balance as at June 30, 2022 (Un-audited)	5,709,017	-	41,024,385	802,481	393,330	42,220,196	(42,385,243)	5,543,970
<b>Total comprehensive income for the period</b>								
Loss after tax for the period	-	-	-	-	-	-	(2,738,313)	(2,738,313)
Other comprehensive income - net of tax	-	-	-	-	-	-	64,098	64,098
Transfer to statutory reserve *	-	-	-	-	-	-	(2,674,215)	(2,674,215)
Advance against future issue of right shares	-	3,357,060	-	-	-	-	-	3,357,060
Issue of share capital	-	-	-	-	-	-	-	-
Transfer to Depositors' Protection Fund ** - return on investments	-	-	-	-	28,232	28,232	(28,232)	-
Balance as at December 31, 2022 (Audited)	5,709,017	3,357,060	41,024,385	802,481	421,562	42,248,428	(45,087,690)	6,226,815
<b>Total comprehensive Income for the period</b>								
Profit after tax for the period	-	-	-	-	-	-	49,971	49,971
Other comprehensive income - net of tax	-	-	-	-	-	-	-	-
Advance against future issue of right shares	-	1,381,395	-	-	-	-	49,971	49,971
Issue of share capital	156,497	(3,357,060)	3,200,563	-	-	3,200,563	-	-
Transfer to statutory reserve *	-	-	-	9,994	-	9,994	(9,994)	-
Transfer to Depositors' Protection Fund ** - 5% of the Profit After Tax - return on investments	-	-	-	-	2,499 38,213	2,499 38,213	(2,499) (38,213)	-
Balance as at June 30, 2023 (Un-audited)	5,865,514	1,381,395	44,224,948	812,475	462,274	45,499,697	(45,088,425)	7,658,181

\* In accordance with the requirements of the Microfinance Institutions Ordinance, 2001 and the Prudential Regulations for Microfinance Banks issued by the SBP (Prudential Regulations), the Bank is required to transfer an amount equivalent to 20% of profit after tax to the statutory reserve.

\*\* In accordance with the requirements of the Microfinance Institutions Ordinance, 2001 and the Prudential Regulations, the Bank is required to transfer an amount equivalent to 5% of profit after tax for the period to the Depositors' Protection Fund, plus the return earned on such funds.

The annexed notes 1 to 28 form an integral part of these condensed interim financial statements.

\_\_\_\_\_  
 President and  
 Chief Executive Officer

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 Chairman

\_\_\_\_\_  
 Director

\_\_\_\_\_  
 Director

**TELENOR MICROFINANCE BANK LIMITED**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)**  
**FOR THE SIX MONTHS ENDED JUNE 30, 2023**

**1. STATUS AND NATURE OF BUSINESS**

1.1 Telenor Microfinance Bank Limited (the Bank) is incorporated in Pakistan as a public limited company and is engaged in providing microfinance and branchless banking service. The Bank's registered office is situated at 19-C, 9th Commercial Lane Main Zamama Boulevard, Phase V, DHA, Karachi. The Bank is operating through 111 locations (December 31, 2022: 108 locations). Out of the 111 locations, 48 (December 31, 2022: 61) are branches, 10 (December 31, 2022: 21) are Service Centers and 53 (December 31, 2022: 26) are Cashless Service Centers.

1.2 The Bank is jointly owned by Telenor Pakistan B.V, a joint stock company based in Amsterdam with 55% shareholding (December 31, 2022: 55%) and Alipay (Hong Kong) Holding Limited with 45% (December 31, 2022: 45%) shareholding.

The holding company of Telenor Pakistan B.V. is Telenor ASA, Norway, while the holding company of Alipay (Hong Kong) Holding Limited is Ant Group Co. Ltd. China (Formerly Ant Small and Micro Financial Services Group Company Limited).

1.3 The credit rating of the Bank as of April 29, 2023 is as follows:

Credit rating company	Long term	Short term
PACRA	A	A1

**1.4 Going concern basis of accounting**

1.4.1 The Bank has accumulated losses amount to Rs. 45,088 million as at 30 June 2023 due to previous years losses. In order to mitigate the impact of losses, the shareholders have injected equity amounting to Rs. 27,722 million (USD 157.2 million) during the years from 2020-2023 and a further capitalization plan has also been approved by the Board of Directors based on the future business financial projections and business plan of the Bank keeping in view the capital adequacy requirements of the State Bank of Pakistan.

The above-mentioned losses indicates the existence of the material uncertainties regarding sustainability of future operations of the Bank, however, these financial statements have been prepared on going concern basis as the Directors have reasonable expectation that the Bank will have the resources to continue its business and comply with regulatory capital requirements based on the following factors:

- During the period the Board of Directors of the Bank has approved the business plan which envisages further injections in the Bank's equity. The sponsors of the Bank have also made equity injection of Rs. 1,381 million (USD 5 million) in March 2023 in accordance with the previously approved business plan.
- Capital Adequacy Ratio (CAR) of the Bank was 21.04% at 30 June 2023 and was compliant with the regulatory requirements.
- The Bank is regulated by the State Bank of Pakistan (SBP) and both the sponsors of the Bank remain committed to the regulatory framework under the terms of the approval of SBP regarding their acquisition of the shares of the Bank. Accordingly, they remain committed to financially support the Bank in complying with the Minimum Capital Requirement and CAR as prescribed by SBP from time to time.
- The Bank has continued to maintain an acceptable liquidity position and the deposit base as expected in line with the business plan.
- In terms of the business plan and strategy approved by the Board the Bank intends to expand its digital platforms to grow the business and rationalize cost structure to achieve profitability going forward.

The key risks and uncertainties associated with the above referred matters includes the ability of the Bank to achieve the results set out as per the revised business plan. In this respect particular challenges include, (but not limited to) Bank's ability to maintain and improve the level of asset quality, ensure capital inflows as per the approved business plan and execution of cost optimization initiatives envisaged under the aforementioned plan.

The assessment of the appropriateness of using the going concern basis of accounting has been subject to a due governance process involving the Audit Committee and Board of Directors of the Bank. In making such assessments, the Board has taken into account all facts and circumstances as referred to in above paragraphs and have concluded that the current situation along with the risk and uncertainties set out above and their consequential effects, represents a material uncertainty which may cast significant doubt upon the Bank's ability to continue as a going concern. In case, the Bank is unable to continue as a going concern, the Bank may not be able to realize its assets and discharge its liabilities in the normal course of business. Nevertheless, after considering the financial projections, in particular, those for the period up to 30 June 2024, the Directors have reasonable expectations that the Bank will have adequate resources to continue its business over this period. For these reasons, the Board of Directors and the management of the Bank continued to adopt the going concern basis in preparing these financial statements.

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## 2. BASIS OF PRESENTATION

- 2.1 These condensed interim financial statements have been prepared in compliance with the format as prescribed under the Banking Surveillance Department (BSD) Circular No. 11 dated December 30, 2003 issued by the SBP.

## 3. STATEMENT OF COMPLIANCE

- 3.1 The condensed interim financial statements of the Bank have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under Microfinance Institutions Ordinance, 2001 (the MFI Ordinance) and the Companies Act, 2017; and
- Directives issued by the SBP (including Prudential Regulations for Microfinance Banks) and Securities and Exchange Commission of Pakistan (SECP).

Wherever 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 SBP and SECP differ with the requirements of 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 SBP and SECP shall prevail.

- 3.2 The SBP vide BSD circular No. 10, dated 26 August 2002 has deferred the applicability of International Accounting Standard (IAS) 39, "Financial Instruments: Recognition and Measurement" and International Accounting Standard (IAS) 40, "Investment Property". Further, the Securities and Exchange Commission of Pakistan (SECP) vide its SRO 633(1) / 2014 dated July 14, 2014 has deferred the applicability of International Financial Reporting Standard (IFRS) 7, 'Financial Instruments : Disclosures'. Accordingly, the requirements of these standards have not been considered in the preparation of these condensed interim financial statements. However, investments have been classified and valued in accordance with the requirements of Prudential Regulation for Microfinance Banks or directives issued by SBP.
- 3.3 The disclosures made in these condensed interim financial statements have been limited based on International Accounting Standard 34 - "Interim Financial Reporting". Accordingly, these condensed interim financial statements do not include all the information and disclosures required for annual financial statements and should be read in conjunction with the financial statements for the year ended December 31, 2022.

## 4. BASIS OF MEASUREMENT

### 4.1 Accounting convention

These condensed interim financial statements have been prepared under the historical cost convention except for available for sale investments which are measured at fair value.

### 4.2 Functional and presentation currency

These condensed interim financial statements have been presented in Pakistani Rupees, which is the Bank's functional and presentation currency.

As an additional information, the US Dollar amounts reported in the condensed interim balance sheet, condensed interim profit and loss account, condensed interim statement of comprehensive income and condensed interim cash flow statement are stated as additional information, solely for the convenience of the users of financial statements. For the purpose of translation to US Dollar, spot rate of Rs. 285.9905 per US Dollar has been used for June 30, 2023 and December 31, 2022 as it was the prevalent rate on the reporting date.

### 4.3 Standards, interpretations and amendments to accounting and reporting standards as applicable in Pakistan that are effective in the current period

There are certain other new and amended standards, 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 are not detailed in these condensed interim financial statements.



**4.4 Standards, interpretations of and amendments to accounting and reporting standards as applicable in Pakistan that are not yet effective in the current period.**

As referred to in note 4.4 to the 2022 annual financial statements of the Bank, there are certain amendments to the financial reporting standards which would become effective from the future financial years, however such amendments are not expected to have a material effect on the Bank's financial statements of the period of initial application.

As per SBP BPRD Circular No. 03 of 2022, the effective date for the implementation of IFRS 9 Financial Instruments is accounting period beginning on or after January 1, 2024. As part of the same circular, SBP has issued detailed instructions on the application of the Standard, including transitional provisions, impact on the Capital Adequacy Ratio (CAR) calculation and reporting requirements.

The actual impact of adopting IFRS 9 on the Bank's financial statements in the year 2024 may not be accurately estimated because it will be dependent on the financial instruments that the Bank would hold during next year and economic conditions at that time as well as accounting elections and judgements that it will make in future.

SBP has also directed the banks in Pakistan vide BPRD Circular Letter no. 24 dated July 05, 2022, to submit IFRS 9 parallel run and proforma financial statements on periodic basis and the Bank is currently in process of complying with these requirements.

**5. SIGNIFICANT ACCOUNTING POLICIES AND FINANCIAL RISK MANAGEMENT**

**5.1** The significant accounting policies and method of computation adopted in the preparation of these condensed interim financial statements are consistent with those applied in the preparation of the audited financial statements of the Bank for the year ended 31 December 2022.

**5.2 Critical accounting estimates and judgements**

The basis for accounting estimates adopted in the preparation of these condensed interim financial statements are the same as that applied in the preparation of the audited financial statements for the year ended 31 December 2022.

	Note	June 30, 2023 (Un-audited) (Rupees in '000)	December 31, 2022 (Audited)
<b>6. CASH AND BALANCES WITH STATE BANK OF PAKISTAN AND NATIONAL BANK OF PAKISTAN</b>			
Cash in hand - local currency		284,571	195,956
Balance with State Bank of Pakistan - current account		5,931,084	5,405,888
Balance with National Bank of Pakistan - current account		795	2,176
	6.1	5,931,879	5,408,064
		<u>6,216,450</u>	<u>5,604,020</u>

**6.1** This represents current accounts maintained with State Bank of Pakistan (SBP) and National Bank of Pakistan (NBP) to meet the minimum balance requirement equivalent to 5% as cash reserve and 10% as liquidity reserve of the Bank's time and demand liabilities in accordance with the Prudential Regulations.

	Note	June 30, 2023 (Un-audited) (Rupees in '000)	December 31, 2022 (Audited)
<b>7. BALANCES WITH OTHER BANKS</b>			
In Pakistan			
- Current accounts		741,594	298,517
- PLS deposit accounts	7.1 & 7.2	8,287,540	5,209,643
- Fixed term deposits		-	-
		<u>9,029,134</u>	<u>5,508,160</u>

*Er*

- 7.1 This represents demand deposits with various financial institutions carrying markup at rates ranging between 19.5% to 24% per annum (31 December 2022: 14.5% to 17.5% per annum).
- 7.2 This include certain guarantees of Rs. 157 million (31 December 2022: Rs. 157 million) which have been given on behalf of the Bank by other financial institution for the Bank's branchless banking customers/ service providers. These guarantees are secured against the profit and loss sharing deposits maintained with the same financial institution.

	Note	June 30, 2023 (Un-audited) (Rupees in '000)	December 31, 2022 (Audited) (Rupees in '000)
<b>8. LENDINGS TO FINANCIAL INSTITUTIONS</b>			
Call money lendings - unsecured	8.1	15,000,000	3,000,000
Repurchase agreement lendings (reverse repo)	8.2.1	951,124	-
		<u>15,951,124</u>	<u>3,000,000</u>

- 8.1 This represent call money lendings to various financial institutions carrying mark-up rate ranging from 20.05% to 22.05% per annum and having maturity in July 2023.
- 8.2 This represent repurchase agreement lending to a financial institution carrying mark-up rate at 20.05% per annum and having maturity in July 2023.
- 8.2.1 Securities held as collateral against lending to financial institutions (Reverse repo)

	June 30, 2023 (Un-audited)			December 31, 2022 (Audited)		
	Held by Bank	Further given as collateral	Total	Held by Bank	Further given as collateral	Total
	----- (Rupees in '000) -----					
Market treasury bills (face value)	<u>1,000,000</u>	<u>-</u>	<u>1,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>1,000,000</u>	<u>-</u>	<u>1,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>

	Note	June 30, 2023 (Un-audited) (Rupees in '000)	December 31, 2022 (Audited) (Rupees in '000)
<b>9. INVESTMENTS</b>			
<b>Federal Government Securities - available for sale</b>			
Market Treasury Bills	9.1	17,794,406	28,012,921
Pakistan Investment Bond	9.2	3,992,842	-
Surplus / (deficit) on revaluation of investment		(25,513)	(41,415)
		<u>21,761,735</u>	<u>27,971,506</u>

- 9.1 These carry mark-up at rates ranging between 21.63% to 21.99% (December 31, 2022: 15.46% to 16.82%) per annum, having maturities up to September 2023 (December 31, 2022: April 2023). These securities have an aggregate face value of Rs. 18,400 million (December 31, 2022: Rs. 28,900 million).
- 9.2 These carry mark-up at rate at 22.98% per annum, having maturities up to August 2023 . These securities have an aggregate face value of Rs. 4,000 million.

10. ADVANCES - net of provisions	Note	June 30, 2023 (Un-audited)		December 31, 2022 (Audited)	
		Number of loans outstanding	(Rupees in '000)	Number of loans outstanding	(Rupees in '000)
Advances - gross					
- Secured		39,500	5,549,664	37,254	4,131,416
- Unsecured	10.1	737,605	8,900,844	451,217	7,462,195
		777,105	14,450,508	488,471	11,593,611
Less: Provision held					
- Specific	10.1	132,070	(252,102)	42,046	(230,696)
- General	10.2		(211,489)		(72,315)
			(463,591)		(303,011)
Advances - net of provisions			13,986,917		11,290,600

10.1 Advances include Rs. 725.824 million (31 December 2022: Rs. 736.31 million) which have been placed under non-performing status as detailed below:

	June 30, 2023 (Un-audited)			December 31, 2022 (Audited)		
	Amount outstanding	Provision required	Provision held	Amount outstanding	Provision required	Provision held
	(Rupees in '000)					
Other Assets Especially						
Mentioned (OAEM)	195,055	4,538	4,538	216,153	5,365	5,365
Substandard	194,879	43,900	43,900	193,602	40,546	40,546
Doubtful	255,996	125,343	125,343	279,411	137,687	137,687
Loss	79,894	78,321	78,321	47,146	47,098	47,098
	725,824	252,102	252,102	736,312	230,696	230,696

10.2 This includes general provision of Rs. 86,487 million (31 December 2022: Rs. 72.315 million) equivalent to 1% of the net outstanding unsecured advances (advances net of specific provision) held in accordance with the requirements of the Prudential Regulations for Microfinance Banks and Rs. 125 million created as additional general provision considering the historical loss experience of the Bank.

#### 10.3 Particulars of provision against non-performing advances

	June 30, 2023 (Un-audited)			December 31, 2022 (Audited)		
	Specific	General	Total	Specific	General	Total
	(Rupees in '000)					
Opening balance	230,697	72,315	303,012	957,472	68,715	1,026,187
Charge for the period / year	406,321	139,174	545,495	1,525,875	3,600	1,529,475
Reversals	(13,943)	-	(13,943)	(24,402)	-	(24,402)
	392,378	139,174	531,552	1,501,473	3,600	1,505,073
Amount written off	(370,973)	-	(370,973)	(2,228,248)	-	(2,228,248)
Closing balance	252,102	211,489	463,591	230,697	72,315	303,012

#### 10.4 Particulars of write offs

	June 30, 2023	December 31, 2022
	(Un-audited)	(Audited)
	(Rupees in '000)	
Against provisions	370,973	2,228,248
Directly charged to the profit and loss account	18,175	29,291
	389,148	2,257,539

#### 11. OPERATING FIXED ASSETS

	June 30, 2023	December 31, 2022
	(Un-audited)	(Audited)
	(Rupees in '000)	
Property and equipment	2,797,818	3,026,855
Intangible assets	2,356,871	2,487,816
Capital work-in-progress	733,576	611,364
Right-of-use assets	1,028,631	1,003,570
	6,916,896	7,129,405

	June 30, 2023 (Un-audited) (Rupees in '000)	December 31, 2022 (Audited) (Rupees in '000)
<b>11.1 Additions during the period - at cost</b>		
Improvements to leasehold buildings	49,047	164,246
Furniture and fixtures	725	36,238
Office equipments	35,511	79,568
Computer equipments	250,065	355,183
Intangible assets	49,444	513,938
	<u>384,792</u>	<u>1,149,173</u>
<b>11.2 Disposals during the period - at cost</b>		
Furniture and fixtures	14,554	9,335
Office equipments	121,783	54,025
Computers	229	33,624
Vehicles	-	10,748
	<u>136,566</u>	<u>107,732</u>
<b>12. OTHER ASSETS</b>		
Mark-up / return / interest accrued	943,052	669,416
Service fee receivable on digital loans	165,325	82,212
Receivable from branchless banking agents	12.1 1,038,167	455,797
Loans to employees	12.2 229,076	232,859
Security deposits	706,779	411,582
Prepayments - others	528,799	229,766
Receivable from defined benefit plan	85,510	146,910
Branchless banking transaction fee receivable	738,458	717,282
Advance tax - net	344,383	211,036
Advance sales tax	189,161	247,913
Others	225,919	180,001
	<u>5,194,629</u>	<u>3,584,774</u>
Less: Provision held against other assets	<u>(563,830)</u>	<u>(389,153)</u>
	<u>4,630,799</u>	<u>3,195,621</u>
<b>12.1</b>	This represents amount receivable from branchless banking agents against e-cash credited into their M-wallet accounts for providing un-interrupted services to the customers.	
<b>12.2</b>	These represent advance against salaries to staff and executives of the Bank for a maximum period of 60 months. These are partially secured against the retirement benefits of employees.	
	June 30, 2023 (Un-audited) (Rupees in '000)	December 31, 2022 (Audited) (Rupees in '000)
<b>13. DEPOSITS AND OTHER ACCOUNTS</b>		
Current deposits	46,535,602	38,827,258
Saving deposits	8,748,357	6,725,546
Fixed deposits	5,508	1,045,140
	<u>55,289,467</u>	<u>46,597,944</u>
<b>13.1 Particulars of deposits by ownership</b>		
Individual depositors	53,571,309	42,393,173
Institutional depositors		
- Corporations / firms etc	1,410,680	2,867,079
- Banks / financial institutions	307,478	1,337,692
	<u>55,289,467</u>	<u>46,597,944</u>



	June 30, 2023 (Un-audited)	December 31, 2022 (Audited)
	(Rupees in '000)	
<b>14. OTHER LIABILITIES</b>		
Mark-up / return / interest payable	133	6,460
Accrued expenses	2,944,519	2,636,358
Payable to related parties	1,628,934	919,003
Commission payable - branchless banking	197,914	183,050
Provision for staff bonus	127,247	325,000
Withholding tax payable	61,242	140,377
Payable to defined contribution plan	34,177	4,131
Payable to Worker's Welfare Fund	102,453	102,453
Lease liability against right-of-use assets	1,150,524	1,110,122
Bills payable	241,934	189,407
Switch settlement liability	2,044,092	1,424,776
Payable against branchless banking transactions	5,903,276	2,944,781
Employee share appreciation right liability	266,400	156,056
Provisions against contingencies	156,705	96,610
Others	690,370	651,039
	<u>15,549,920</u>	<u>10,889,623</u>

**15. DEFERRED TAX LIABILITY - NET**

Deferred tax asset comprises of deductible / (taxable) timing differences in respect of the following:

	June 30, 2023 (Un-audited)	December 31, 2022 (Audited)
	(Rupees in '000)	
<b>Deductible temporary differences</b>		
- Un-absorbed tax depreciation	324,751	339,494
- Deficit on revaluation of assets (investments)	7,399	12,011
	<u>332,150</u>	<u>351,505</u>
<b>Taxable temporary differences</b>		
- Accelerated tax depreciation allowance	(271,668)	(291,023)
- Remeasurement gain/(loss) on defined benefit obligation	(60,482)	(60,482)
	<u>(332,150)</u>	<u>(351,505)</u>
	-	-

- 15.1** As of June 30, 2023, the carry forward tax loss and other deductible temporary difference amount to Rs. 46,368 million (December 31, 2022: Rs. 45,518 million) and Rs. 1,027 million (December 31, 2022: Rs. 511 million) respectively. Unrecognized deferred tax asset due to carry forward tax losses and other deductible timing differences calculated at the current rate of taxation amounts to Rs. 13,745 million (December 31, 2022: Rs. 13,349 million). Such deferred tax asset has not been recognized in these financial statements due to uncertainty of realizability of the amount.

**16. SHARE CAPITAL****16.1 Authorised capital**

June 30, 2023 (Un-audited)	December 31, 2022 (Audited)		June 30, 2023 (Un-audited)	December 31, 2022 (Audited)
(Number of shares in '000)			(Rupees in '000)	
<u>2,200,000</u>	<u>2,200,000</u>	Ordinary shares of Rs.10 each	<u>22,000,000</u>	<u>22,000,000</u>



**16.2 Issued, subscribed and paid-up capital**

June 30, 2023 (Un-audited) (Number of shares in '000)	December 31, 2022 (Audited)		June 30, 2023 (Un-audited) (Rupees in '000)	December 31, 2022 (Audited)
<u>586,551</u>	<u>570,902</u>	Ordinary shares of Rs.10 each fully paid in cash	<u>5,865,514</u>	<u>5,709,017</u>

**16.3 Reconciliation of number of shares outstanding**

	Note	June 30, 2023 (Number of shares in '000)	December 31, 2022
Number of shares outstanding at the beginning of the period / year		570,902	547,949
Issuance of right shares	16.3.1	15,650	22,953
Number of shares outstanding at the ending of the period / year	16.3.2	<u>586,552</u>	<u>570,902</u>

16.3.1 These right shares have been issued to the shareholders as per their respective shareholding.

16.3.2 As at June 30, 2023, Telenor Pakistan B.V. and Ali pay (Hong Kong) Holding Limited held 55% and 45% respectively stake in the Bank.

**17. Contingencies and Commitments**

	Note	June 30, 2023 (Un-audited) (Rupees in '000)	December 31, 2022 (Audited)
Commitments in respect of fixed assets		1,221,058	820,474
Contingent Liabilities	17.1	<u>957,320</u>	<u>1,026,220</u>
		<u>2,178,378</u>	<u>1,846,694</u>

**17.1 Contingent Liabilities**

17.1.1 The Bank was served with an order from Sindh Revenue Board (SRB) creating demand on account of alleged non/short payment of output sales tax and alleged inadmissible input tax adjustment amounting to Rs. 73.03 million (including penalty) for the tax periods from July 2011 to June 2016. The Bank had filed an appeal with Commissioner (Appeals) after paying 25% of the tax demand and the proceedings are still in process.

Further, during the year, SRB has also served the Bank with an order disallowing input tax aggregating to Rs. 758.29 million alleged to be claimed unlawfully during the tax periods from July 2016 till June 2020. The Bank's tax advisor is confident of a favorable outcome in appeal, since the Order is illegal and devoid of merit and has been passed without considering factual and legal submissions of the Bank. The Bank has acquired a stay order from Sindh High Court against recovery during pendency of appeal proceedings.

17.1.2 The Bank was served with an order from Khyber Pakhtunkhwa Revenue Authority (KPRA) creating a demand aggregating to Rs. 13.59 million against input tax disallowances and sales tax withholding in relation to certain tax periods from September 2016 to January 2018. The Bank filed an appeal with Collector (Appeals) which was disposed against the Bank on September 25, 2019. During Feb 2021, Appellate Tribunal, KPK remanded the case back to KPRA for fresh adjudication. The afore-said decision of KPRA-Tribunal was challenged by the Bank before Peshawar High Court and on May 24, 2022 the Court has set aside the order of Tribunal with direction to Tribunal to address the legal issue of time limitation of show cause notice that became basis of the whole proceeding, until then the appeal shall be deemed to be pending with Tribunal.

17.1.3 During 2019, a recovery notice of Rs. 17.95 million (including penalty and surcharge) was received by the Bank from Punjab Revenue Authority (PRA). The Order against the said notice was passed by the Authority during February 2018 in relation to withholding sales tax for the period January to December 2016, however, it was not received by the Bank till May 23, 2019. The Bank acquired a stay order against this demand from Lahore High Court. The Bank also filed an appeal before the Commissioner (Appeals) where the matter is still sub-judice. As the demand is considered unlawful and has been raised without proper verification of facts, no provision has been made in the books and a favorable outcome is expected in appeals. The Bank has recently acquired a fresh stay order from Commissioner (Appeals).

17.1.4 During the years 2022 and 2021, the Bank received amended assessment orders with respect to Tax Years 2015 to 2019 raising a demands of Rs. 74.51 million, Rs. 51.73 million, Rs. 88 million, Rs. 92.74 million and Rs. 40.70 million. The Bank got favorable outcome from Commissioner (Appeals) in respect of all major add-backs and filed appeals with Tribunal in respect of the remaining issues.

During the year 2022, the Bank received another assessment Order for Tax Year 2016 wrongfully raising a demand of Rs. 58 million without considering the reliefs obtained by the Bank from Commissioner (Appeals) in earlier assessment proceedings. The Bank has successfully been able to get relief from Commissioner (Appeals) and this demand is hence no more in the field.

	Half year ended		Quarter ended	
	June 30, 2023 (Un-audited) (Rupees in '000)	June 30, 2022 (Un-audited) (Rupees in '000)	June 30, 2023 (Un-audited) (Rupees in '000)	June 30, 2022 (Un-audited) (Rupees in '000)
<b>18. MARK-UP / RETURN / INTEREST EARNED</b>				
On:				
Advances	2,201,313	1,680,260	1,150,272	830,067
Available-for-sale investments in Government Securities	1,703,412	649,449	820,702	409,131
Deposits with financial institutions / Banks	498,542	308,242	277,626	182,073
Call money lendings	1,293,398	708,419	948,457	398,572
Repurchase agreement lendings	367,206	133,086	235,540	79,265
	<b>6,063,871</b>	<b>3,479,456</b>	<b>3,432,597</b>	<b>1,899,108</b>
<b>19. MARK-UP / RETURN / INTEREST EXPENSED</b>				
On:				
Deposits	378,592	594,210	203,517	237,661
Borrowings	573	80	573	-
Lease liabilities against right-of-use assets	83,627	145,704	44,126	67,658
	<b>462,792</b>	<b>739,994</b>	<b>248,216</b>	<b>305,319</b>
<b>20. FEE, COMMISSION AND BROKERAGE INCOME</b>				
Loan processing fee	908,370	284,654	531,761	134,373
Income from branchless banking	3,999,415	2,868,078	2,136,047	1,388,394
Others	147,091	64,751	59,523	22,664
	<b>5,054,876</b>	<b>3,217,483</b>	<b>2,727,331</b>	<b>1,545,431</b>
<b>21. OTHER INCOME</b>				
Recoveries against advances written off	523,453	774,409	253,175	361,366
Grant income	734	734	734	734
Gain / (loss) on sale of operating fixed assets	(35,351)	8,634	43	830
Gain on termination of lease contracts	2,241	321,945	2,241	321,945
Loss on sale of securities	(32,064)	(24,619)	(26,134)	(28,228)
	<b>459,013</b>	<b>1,081,103</b>	<b>230,059</b>	<b>656,647</b>



22. ADMINISTRATIVE EXPENSES	Half year ended	
	June 30, 2023	June 30, 2022
	(Un-audited) (Rupees in '000)	
Salaries and other allowances	2,374,606	2,112,178
Charge for defined benefit plan	74,599	79,193
Contribution to defined contribution plan	82,528	73,115
Staff welfare	30,538	42,581
Training and capacity building	38,141	33,909
Non-executive directors' fees, allowances and other expenses	2,000	4,000
Commission - Branchless Banking	1,179,262	2,457,062
Customer Incentives	798,099	635,028
Advertisement	632,013	903,223
Professional consultancy charges	358,093	210,281
Customer verification charges	259,521	236,966
Legal and professional charges	162,728	88,265
Depreciation	549,627	518,533
Depreciation on right-of-use assets	107,123	150,808
Amortisation	178,965	161,493
Repairs and maintenance - IT	1,473,960	982,379
Insurance	185,905	173,263
Repairs and maintenance - General	198,436	119,050
Security services	143,154	113,246
Travelling and conveyance	112,659	73,065
Communication	144,599	180,002
Bank charges	421,338	336,510
Utilities	90,808	55,882
Printing and stationery	65,167	83,825
Rent and taxes	22,880	-
Auditors' remuneration	2,948	2,103
Exchange loss / (gain)	345,533	220,494
Other expenses	100,386	51,695
	<b>10,135,616</b>	<b>10,098,149</b>
<b>23. OTHER PROVISIONS / WRITE-OFFS</b>		
Write off against Operating Fixed Assets	85,158	61,861
Reversal of impairment against Operating Fixed Assets	(125,156)	-
Provision / (reversal) against other Assets	174,678	(24,640)
Other provisions	-	3,000
	<b>134,680</b>	<b>40,221</b>



Half year ended	
June 30, 2023	June 30, 2022
(Un-audited)	
(Rupees in '000)	

**24. EARNINGS / (LOSS) PER SHARE - BASIC AND DILUTED**

Profit / (Loss) after taxation for the period	49,971	(4,361,600)
	(Number in '000)	
Weighted average ordinary shares	583,093	551,093
	(Rupees)	
Earnings / (loss) per share - Basic and diluted	0.09	(7.91)

**24.1 Diluted**

Diluted earning has not been presented separately as the bank does not have any convertible instrument in issue.

**25. Fair value Measurements**

Fair value measurement defines fair value as the price that would be received from the sale of an asset or paid to transfer a liability in an orderly transaction between market participant at the measurement date. The fair value of quoted securities other than those classified as held to maturity, is based on quoted market price. The fair value of fixed term loans, lending, other assets, other liabilities, fixed term deposits and borrowings cannot be calculated with sufficient reliability due to the absence of a current and active market for these assets and liabilities and reliable data regarding market rates for similar instruments. In the opinion of the management, the fair value of the remaining financial assets and liabilities are not significantly different from their carrying values since these are either short-term nature or, in the case of customer loans and deposits, are frequently repriced.

**25.1 Fair value of financial Instruments**

The Bank measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making

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

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

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

**25.2 On balance sheet  
financial instruments**

June 30, 2023 (Un-audited)			
Fair value			
Level 1	Level 2	Level 3	Total

**Financial assets measured at fair value**

- Investments - market treasury bills	-	21,761,735	21,761,735
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**On balance sheet  
financial instruments**

December 31, 2022 (Audited)			
Fair value			
Level 1	Level 2	Level 3	Total

**Financial assets measured at fair value**

- Investments - market treasury bills	-	27,971,506	27,971,506
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## 26. RELATED PARTY TRANSACTIONS

The Bank has related party relationships with its holding company, associates, key management personnel, directors and employees' retirement benefit plans. Contribution to the accounts in respect of staff retirement benefits are made in accordance with actuarial valuation / terms of the contribution plan. Remuneration of key management personnel are in accordance with the terms of their employment. Other transactions are carried out as per agreed terms.

Balances and transactions with related parties are summarised as follows:

	30 June 2023 (Un-audited)					31 December 2022 (Audited)						
	Major Shareholder / Sponsors	Associates	Key management personnel (Rupees in '000)	Directors	Retirement benefit plans	Total	Major Shareholder / Sponsors	Associates	Key management personnel (Rupees in '000)	Directors	Retirement benefit plans	Total
<b>Loans</b>												
At 1 January	-	-	11,367	-	-	11,367	-	-	9,922	-	-	9,922
Given during the period	-	-	5,600	-	-	5,600	-	-	12,000	-	-	12,000
Repaid during the period	-	-	(9,417)	-	-	(9,417)	-	-	(10,555)	-	-	(10,555)
	-	-	7,550	-	-	7,550	-	-	11,367	-	-	11,367
<b>Deposits</b>												
At 1 January	-	10,388	2,910	560	61,214	75,072	-	5,000	508	560	116,083	122,161
Received during the period	-	17,983,117	23,690	-	259,021	18,275,828	-	48,783,003	24,669	-	493,539	49,301,210
Withdrawn during the period	-	(18,001,952)	(26,597)	-	(281,667)	(18,310,215)	-	(48,777,615)	(22,267)	-	(548,418)	(49,348,300)
	-	1,553	3	560	38,568	40,685	-	10,388	2,910	560	61,214	75,071
<b>Other Assets</b>												
Receivable from defined benefit plan	-	-	-	-	85,510	85,510	-	-	-	-	148,910	148,910
	-	-	-	-	85,510	85,510	-	-	-	-	148,910	148,910
<b>Other Liabilities</b>												
Payable against goods and services	-	1,628,934	-	-	-	1,628,934	-	919,003	-	-	-	919,003
Payable to defined contribution plan	-	-	-	-	34,177	34,177	-	-	-	-	4,131	4,131
	-	1,628,934	-	-	34,177	1,663,111	-	919,003	-	-	4,131	923,134
<b>Capital Expenditure</b>												
Transactions during the period / year	-	-	-	2,000	-	2,000	-	-	-	-	-	6,400
Directors' meeting fees	-	-	-	91,027	-	133,180	-	-	220,199	-	-	292,694
Remuneration of Key Management Personnel	-	-	-	-	1,595	1,595	-	-	-	-	4,258	4,258
Mark-up expense	-	36,939	-	-	-	36,939	-	80,015	-	-	-	80,015
Communication expense	-	22,984	-	-	-	22,984	-	21,282	-	-	-	21,282
Rent against lease of premises	-	162,278	-	-	-	162,278	-	286,302	-	-	-	286,302
Professional consultancy charges	-	8,347	-	-	-	8,347	-	20,201	-	-	-	20,201
Other expenses	-	744,332	-	-	-	744,332	-	380,891	-	-	-	380,891
Repair and maintenance	-	99,543	-	-	-	99,543	-	903,372	-	-	-	903,372
Expenditure against air time / bundle for customer	-	(162,312)	-	-	-	(162,312)	-	(306,186)	-	-	-	(306,186)
Commission earned against sale of bundle	1,381,395	-	-	-	-	1,381,395	7,255,299	-	-	-	-	7,255,299
Equity injection	1,381,395	912,111	91,027	44,153	1,595	2,430,281	7,255,299	1,385,877	220,199	78,895	4,258	8,944,528

26.1 This represents interest free loan to staff and executives of the Bank for a maximum period of 60 months. These are partially secured against the retirement benefits of employees.

27. **GENERAL**

27.1 Comparative information has been reclassified or rearranged in these condensed interim financial statements for the purpose of better presentation.

28. **DATE OF AUTHORISATION FOR ISSUE**

These condensed interim financial statements were authorised for issue by the Board of Directors in their meeting held on 23 August 2023.



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President & Chief Executive  
Officer

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Chairman

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Director

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Director