

TELENOR MICROFINANCE BANK LIMITED
Condensed Interim Financial Statements
For the six months ended June 30, 2020 (Un-audited)

TELENOR MICROFINANCE BANK LIMITED
CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)
AS AT JUNE 30, 2020

June 30, 2020 (Un-audited) (USD in '000)	December 31, 2019 (Audited) (Restated note 15.1)		Note	June 30, 2020 (Un-audited) (Rupees in '000)	December 31, 2019 (Audited) (Restated note 15.1)
ASSETS					
		Cash and balances with State Bank of Pakistan			
21,626	20,611	and National Bank of Pakistan	6	3,634,321	3,463,741
37,304	44,085	Balances with other banks	7	6,268,884	7,408,549
5,356	29,455	Lendings to financial institutions	8	900,000	4,950,000
75,968	81,960	Investments	9	12,766,462	13,773,400
83,881	119,005	Advances - net of provisions	10	14,096,298	19,998,939
41,177	45,624	Operating fixed assets	11	6,919,822	7,667,057
24,289	21,412	Other assets	12	4,081,810	3,598,248
-	-	Deferred tax asset - net	15	-	-
289,601	362,152	Total assets		48,667,597	60,859,934
LIABILITIES					
206,828	244,989	Deposits and other accounts	13	34,757,550	41,170,537
-	-	Borrowings		-	-
-	-	Subordinated debt		-	-
61,067	67,652	Other liabilities	14	10,262,294	11,369,058
-	-	Deferred tax liability - net	15	-	-
267,895	312,641	Total liabilities		45,019,844	52,539,595
21,706	49,511	NET ASSETS		3,647,753	8,320,339
REPRESENTED BY:					
25,454	25,454	Share capital	16	4,277,589	4,277,589
122,604	122,493	Reserves		20,603,713	20,585,009
(126,927)	(98,523)	Accumulated loss		(21,330,135)	(16,556,869)
21,131	49,424			3,551,167	8,305,729
467	(25)	Surplus / (deficit) on revaluation of assets		78,453	(4,130)
108	112	Deferred grants		18,133	18,740
21,706	49,511			3,647,753	8,320,339
MEMORANDUM / OFF BALANCE SHEET ITEMS					
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The annexed notes 1 to 26 form an integral part of these condensed interim financial statements.

**President and
Chief Executive Officer**

Chairman

Director

Director

TELENOR MICROFINANCE BANK LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE SIX MONTHS ENDED JUNE 30, 2020

Six months ended		Quarter ended			Note	Six months ended		Quarter ended	
June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019			June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
(USD in '000)		(USD in '000)				(Rupees in '000)		(Rupees in '000)	
	(Restated note 15.1)		(Restated note 15.1)			(Restated note 15.1)	(Restated note 15.1)		(Restated note 15.1)
19,248	31,819	5,773	15,653	Mark-up / return / interest earned	18	3,234,705	5,347,209	970,189	2,630,448
(9,655)	(10,601)	(3,959)	(5,280)	Mark-up / return / interest expensed	19	(1,622,535)	(1,781,539)	(665,300)	(887,282)
9,593	21,218	1,814	10,373	Net mark-up / return / interest income		1,612,170	3,565,670	304,889	1,743,166
(6,727)	(9,953)	(6,663)	(7,121)	Provision against non-performing loans and advances	10.3	(1,130,518)	(1,672,594)	(1,119,748)	(1,196,633)
-	-	-	-	Provision for diminution in the value of investments		-	-	-	-
(222)	(132)	(172)	(50)	Bad debts written off directly		(37,309)	(22,239)	(28,902)	(8,321)
(6,949)	(10,085)	(6,835)	(7,171)			(1,167,827)	(1,694,833)	(1,148,650)	(1,204,954)
2,644	11,133	(5,021)	3,202	Net mark-up / return / interest income after provisions		444,343	1,870,837	(843,761)	538,212
NON MARK-UP / NON INTEREST INCOME									
19,769	24,104	8,135	12,122	Fee, commission and brokerage income	20	3,322,260	4,050,769	1,367,159	2,037,166
2,535	706	1,992	355	Other income		425,978	118,689	334,821	59,705
22,304	24,810	10,127	12,477	Total non-mark-up / non-interest income		3,748,238	4,169,458	1,701,980	2,096,871
24,948	35,943	5,106	15,679			4,192,581	6,040,295	858,219	2,635,083
NON MARK-UP / NON INTEREST EXPENSES									
(53,646)	(58,273)	(24,812)	(29,739)	Administrative expenses	21	(9,015,322)	(9,792,878)	(4,169,589)	(4,997,732)
1,029	(395)	1,041	(392)	Other provisions / write-offs / (reversals)		172,896	(66,441)	174,896	(65,815)
(1)	-	-	-	Provision for other charges		(210)	(5)	-	-
(52,618)	(58,668)	(23,771)	(30,131)	Total non-mark-up / non-interest expenses		(8,842,636)	(9,859,324)	(3,994,693)	(5,063,547)
(27,670)	(22,725)	(18,665)	(14,452)			(4,650,055)	(3,819,029)	(3,136,474)	(2,428,464)
-	-	-	-	Extraordinary / unusual items		-	-	-	-
(27,670)	(22,725)	(18,665)	(14,452)	LOSS BEFORE TAXATION		(4,650,055)	(3,819,029)	(3,136,474)	(2,428,464)
(837)	(869)	(345)	(502)	Taxation - Current		(140,605)	(145,976)	(57,954)	(84,288)
14	-	15	-	- Prior		2,367	-	2,526	-
201	-	(10)	-	- Deferred		33,731	-	(1,746)	-
(622)	(869)	(340)	(502)			(104,507)	(145,976)	(57,174)	(84,288)
(28,292)	(23,594)	(19,005)	(14,954)	LOSS AFTER TAXATION		(4,754,562)	(3,965,005)	(3,193,648)	(2,512,752)
(USD)		(USD)				(Rupees)		(Rupees)	
(0.07)	(0.07)	(0.04)	(0.04)	Basic and diluted loss per share		(11.12)	(11.18)	(7.47)	(7.08)

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

President and
Chief Executive Officer

Chairman

Director

Director

TELENOR MICROFINANCE BANK LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE SIX MONTHS ENDED JUNE 30, 2020

Six months ended		Quarter ended			Six months ended		Quarter ended		
June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019		June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019	
(USD in '000)		(USD in '000)			(Rupees in '000)		(Rupees in '000)		
(Restated note 15.1)		(Restated note 15.1)			(Restated note 15.1)		(Restated note 15.1)		
(28,292)	(23,594)	(19,005)	(14,954)	Loss after taxation for the period	(4,754,562)	(3,965,005)	(3,193,648)	(2,512,752)	
Other comprehensive income									
<i>Item not to be reclassified to statement of profit or loss in subsequent periods</i>									
-	-	-	-	Remeasurement loss on defined benefit obligation	-	-	-	-	
-	-	-	-	Related tax impact	-	-	-	-	
(28,292)	(23,594)	(19,005)	(14,954)	Comprehensive loss for the period transferred to equity	(4,754,562)	(3,965,005)	(3,193,648)	(2,512,752)	
Component of comprehensive income for the period not transferred to equity									
<i>Item to be reclassified to statement of profit or loss subsequently on sale</i>									
692	12	396	6	Surplus on revaluation of 'available for sale' investments	116,314	1,968	66,533	984	
(201)	3	115	2	Related tax impact	(33,731)	571	19,295	285	
491	15	511	8		82,583	2,539	85,828	1,269	
(27,801)	(23,579)	(18,494)	(14,946)	Total comprehensive loss for the period	(4,671,979)	(3,962,466)	(3,107,821)	(2,511,483)	

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TELENOR MICROFINANCE BANK LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE SIX MONTHS ENDED JUNE 30, 2020

Six months ended			Six months ended	
June 30, 2020	June 30, 2019		June 30, 2020	June 30, 2019
(USD in '000)			(Rupees in '000)	
(Restated note 15.1)			(Restated note 15.1)	
CASH FLOW FROM OPERATING ACTIVITIES				
(27,670)	(22,725)	Loss before taxation	(4,650,055)	(3,819,029)
Adjustments for non cash and other items:				
4,050	3,446	Depreciation and amortisation	680,568	579,106
1,087	900	Depreciation on right-of-use assets	182,663	151,192
1,002	407	Mark-up / Return / Interest expense on Lease liability against right-of-use assets	168,435	68,443
6,949	10,085	Provision against non-performing loans and advances - net	1,167,827	1,694,833
604	401	Provision for gratuity	101,527	67,432
(1,029)	395	Other provisions / write-offs	(172,896)	66,441
(4,869)	(2,974)	Amortisation of discount on available-for-sale securities	(818,257)	(499,832)
31	(31)	(Gain) / loss on sale of operating fixed assets	5,244	(5,275)
7,825	12,629		1,315,111	2,122,340
Decrease / (increase) in operating assets				
24,100	(9,679)	Lending to financial institutions	4,050,000	(1,626,636)
28,175	(4,867)	Advances	4,734,814	(817,883)
(1,710)	(3,716)	Other assets (excluding advance taxation)	(287,401)	(624,534)
50,565	(18,262)		8,497,413	(3,069,053)
(Decrease) / increase in operating liabilities				
(38,161)	17,433	Deposits and other accounts	(6,412,987)	2,929,573
(4,503)	14,007	Other liabilities (excluding lease liability against right-of-use assets and payable to defined benefit plan)	(756,704)	2,353,806
(42,664)	31,440		(7,169,691)	5,283,379
(937)	(823)	Income tax paid	(157,452)	(138,347)
(535)	(539)	Contribution to defined benefit plan	(89,848)	(90,565)
(13,416)	1,720	Net cash (used in) / generated from operating activities	(2,254,522)	288,725
CASH FLOW FROM INVESTING ACTIVITIES				
11,568	17,229	Net Investment in available for sale securities	1,944,025	2,895,269
(3,031)	(3,330)	Investments in operating fixed assets	(509,356)	(559,560)
19	68	Proceeds from disposal of operating fixed assets	3,207	11,509
8,556	13,967	Net cash generated from investing activities	1,437,876	2,347,218
CASH FLOW FROM FINANCING ACTIVITIES				
(907)	(2,939)	Payment of lease liability against right-of-use assets	(152,439)	(493,853)
(907)	(2,939)	Net cash used in financing activities	(152,439)	(493,853)
(5,767)	12,748	Net (decrease) / increase in cash and cash equivalents	(969,085)	2,142,090
64,697	48,049	Cash and cash equivalents at beginning of the period	10,872,290	8,074,705
58,930	60,797	Cash and cash equivalents at end of the period	9,903,205	10,216,795

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TELENOR MICROFINANCE BANK LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE SIX MONTHS ENDED JUNE 30, 2020

	Capital reserves				Total capital reserve	Accumulated losses	Total
	Share capital	Share premium	Statutory reserve	Depositors' protection fund			
----- (Rupees in '000) -----							
Balance as at January 01, 2019 (as previously reported)	3,547,269	9,332,649	802,481	277,823	10,412,953	(345,238)	13,614,984
Prior period adjustment (Note 15.1)	-	-	-	-	-	153,066	153,066
Balance as at January 01, 2019 (restated)	3,547,269	9,332,649	802,481	277,823	10,412,953	(192,172)	13,768,050
Total comprehensive income for the period							
Loss after tax for the period - restated	-	-	-	-	-	(3,965,005)	(3,965,005)
Other comprehensive loss - net of tax	-	-	-	-	-	-	-
	-	-	-	-	-	(3,965,005)	(3,965,005)
Transfer to statutory reserve *	-	-	-	-	-	-	-
Transfer to Depositors' Protection Fund **							
- return on investments	-	-	-	14,947	14,947	(14,947)	-
Balance as at June 30, 2019 (Un-audited)	3,547,269	9,332,649	802,481	292,770	10,427,900	(4,172,124)	9,803,045
Total comprehensive income for the period							
Loss after tax for the period - restated	-	-	-	-	-	(12,266,528)	(12,266,528)
Other comprehensive loss - net of tax	-	-	-	-	-	(99,688)	(99,688)
	-	-	-	-	-	(12,366,216)	(12,366,216)
Transfer to statutory reserve *	-	-	-	-	-	-	-
Issue of share capital	730,320	10,138,580	-	-	10,138,580	-	10,868,900
Transfer to Depositors' Protection Fund **							
- return on investments	-	-	-	18,529	18,529	(18,529)	-
Balance as at December 31, 2019 (Audited)	4,277,589	19,471,229	802,481	311,299	20,585,009	(16,556,869)	8,305,729
Balance as at January 01, 2020 (as previously reported)	4,277,589	19,471,229	802,481	311,299	20,585,009	(16,830,229)	8,032,369
Prior period adjustment (Note 15.1)	-	-	-	-	-	273,360	273,360
Balance as at January 01, 2020 (as restated)	4,277,589	19,471,229	802,481	311,299	20,585,009	(16,556,869)	8,305,729
Total comprehensive loss for the period							
Loss after tax for the period	-	-	-	-	-	(4,754,562)	(4,754,562)
Other comprehensive income - net of tax	-	-	-	-	-	-	-
	-	-	-	-	-	(4,754,562)	(4,754,562)
Transfer to statutory reserve *	-	-	-	-	-	-	-
Transfer to Depositors' Protection Fund **							
- return on investments	-	-	-	18,704	18,704	(18,704)	-
Balance as at June 30, 2020 (Un-audited)	4,277,589	19,471,229	802,481	330,003	20,603,713	(21,330,135)	3,551,167

* 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. No amount has been allocated to this reserve in the current period as there is a loss after tax for the period.

** 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. Although there is a loss after tax for the period, an amount equal to the profit earned on the investments of the fund has been credited to this fund during the period.

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

**President and
Chief Executive Officer**

Chairman

Director

Director

TELENOR MICROFINANCE BANK LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE SIX MONTHS ENDED JUNE 30, 2020

1. STATUS AND NATURE OF BUSINESS

1.1 Telenor Microfinance Bank Limited (the Bank) was incorporated in Pakistan on 01 August 2005 as a public limited company under the Companies Ordinance, 1984 (Repealed with the enactment of the Companies Act, 2017 on 30 May 2017). The Bank obtained microfinance banking license from the State Bank of Pakistan (SBP) on 05 August 2005 to operate on a nationwide basis and received the certificate of commencement of business from the Securities and Exchange Commission of Pakistan (SECP) on 05 September 2005.

1.2 The Bank's principal business is to provide Microfinance banking and related services to the poor and under-served segment of the society with a view to alleviate poverty under the Microfinance Institutions Ordinance, 2001. In 2009, the Bank also started Branchless Banking services under the Branchless Banking license from the SBP.

The Bank's registered office is situated at 15-A, Block 7 & 8, KCHS Union, Karachi.

1.3 The Bank is jointly held by Telenor Pakistan B.V, a joint stock company based in Amsterdam with 55% shareholding (December 31, 2019: 55%) and Alipay (Hong Kong) Holding Limited with 45% (December 31, 2019: 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 Financial.

1.4 The credit rating companies PACRA and JCR-VIS have maintained the long-term entity rating of the bank at "A+" and short term rating at "A1" as of April 30, 2020.

1.5 Going concern basis of accounting

During the period ended 30 June 2020, the Bank has incurred a net loss after tax of Rs. 4,755 million and due to continuing losses particularly from the last financial year, its accumulated losses amount to Rs. 21,330 million as at 30 June 2020. As a result, the capital adequacy ratio as of 30 June 2020 was 12.76% which is below the regulatory requirements.

These factors indicates the existence of the material uncertainties regarding sustainability of future operations of the Bank, however, these condensed interim 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:

- Board of Directors of the Bank has approved the business plan of the Bank which envisages injections in the Bank's equity over the period of three years aggregating to USD 95 million. As per this plan the sponsors of the Bank have made an equity injection of Rs. 7,443 million (USD 45 million) on 31 August 2020 (subsequent to period end). As a result of such equity injection the Capital adequacy ratio as of 31 August 2020 is 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 in financial projections for the years 2020 – 2023. In this respect particular challenges include, (but not limited to) Bank's ability to maintain and improve the level of asset quality, ensure remaining capital inflows of USD 50 million 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 31 December 2021, 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.

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.

2.2 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. 168.0506 per US Dollar has been used for 2020 and 2019 as it was the prevalent rate on the reporting date.

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 the 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 Accounting Standard (IAS) 39 "Financial Instrument: Recognition and Measurement", International Accounting Standard (IAS) 40 "Investment Property" and 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 IAS 34. 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, 2019. Comparative condensed interim balance sheet is stated from the audited annual financial statements as of December 31, 2019, whereas comparative condensed interim profit and loss account, condensed interim other comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity are stated from unaudited condensed interim financial statements for the six months period ended June 30, 2019.

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.

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, 2020 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 2019 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.

With regard to IFRS 9, the SBP vide its BPRD Circular No. 04 of 2019 dated 23 October 2019 directed the banks in Pakistan to implement IFRS 9 with effect from 01 January 2021. IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. The SBP has directed the Bank to conduct an impact assessment as at December 31, 2019 and the Bank is in the process of complying with the 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 annual financial statements of the Bank for the year ended December 31, 2019.

5.2 COVID - 19 Implications

During the half year ended June 30, 2020, the global economic environment including Pakistan has been severely affected by the COVID -19 outbreak. To reduce the impact on businesses and economy in general, the SBP has undertaken various relief measures including in particular reduction in SBP Policy Rate by 625 basis points and allowed the Banks to reschedule / restructure eligible financing facilities on case to case basis.

Despite the aforementioned relief measures, COVID-19 has adversely impacted the overall economic activity and disrupted business operations in Pakistan. Resultantly, it has impacted banks by increasing the overall credit risk.. The Bank's management and Board is fully cognizant of these challenges posed by the COVID-19 outbreak and lock down imposed by the Government of Pakistan. The Bank continues its operations to serve customers through its branch network across Pakistan and the digital channels by observing the Government instructions and adopting precautionary measures. Further a significant number of the Bank's staff was working from home through using technology infrastructure during the period ended Jun 30, 2020 which potentially exposes the Bank to greater challenge of managing cyber security risks.

In addition to the above operational challenges, the Bank is also monitoring its credit risk exposure through its risk management function and assessment of the credit portfolio to identify customers or portfolios that may require additional risk management considerations. Subsequent to the emergence of the COVID - 19 situation and in line with the SBP directives, the Bank has restructured / reschedule a number of financing facilities with an aggregate outstanding balance of Rs.4,220 Million after review of the restructuring / rescheduling proposals as per the established policies of the Bank. The impact of such restructuring / rescheduling has also been assessed on the credit risk, liquidity and maturity profile of the Bank. Accordingly, the Bank considers that the liquidity buffer is sufficiently maintained at this stage.

The management of the Bank is constantly monitoring the situation and is taking appropriate actions in response to the current situation and will adapt as the situation evolves.

5.3 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 annual financial statements for the year ended December 31, 2019.

The significant judgements made by management in applying its accounting policies and the key sources of estimation uncertainty were the same as those applied to the annual financial statements for the year ended December 31, 2019.

	Note	June 30, 2020 (Un-audited)	December 31, 2019 (Audited)
(Rupees in '000)			
6. CASH AND BALANCES WITH STATE BANK OF PAKISTAN AND NATIONAL BANK OF PAKISTAN			
Cash in hand - local currency		1,330,485	936,918
Balance with State Bank of Pakistan - current account		2,200,696	2,391,443
Balance with National Bank of Pakistan - current account		103,140	135,380
	6.1	2,303,836	2,526,823
		<u>3,634,321</u>	<u>3,463,741</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, 2020 (Un-audited)	December 31, 2019 (Audited)
(Rupees in '000)			
7. BALANCES WITH OTHER BANKS			
In Pakistan			
- Current accounts		576,601	209,104
- PLS deposit accounts	7.1 & 7.2	3,692,283	4,199,445
- Fixed term deposits	7.3	2,000,000	3,000,000
		<u>6,268,884</u>	<u>7,408,549</u>

- 7.1 This represents demand deposits with various financial institutions carrying markup at rates ranging between 6.5% to 8.0% per annum (December 31, 2019: 11.25% to 14.25% per annum).

- 7.2 This include certain guarantees of Rs. 119.36 million (December 31, 2019: Rs. 119.36 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.

- 7.3 This represents fixed term deposit with a commercial bank carrying mark-up at rate of 8.85% per annum (December 31, 2019: 14.25% to 14.30% per annum) and having maturity in July 2020 (December 31, 2019: January 2020).

	Note	June 30, 2020 (Un-audited)	December 31, 2019 (Audited)
(Rupees in '000)			

8. LENDINGS TO FINANCIAL INSTITUTIONS

Call money lendings - unsecured	8.1	900,000	4,950,000
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- 8.1 This represent call money lending to a financial institution carrying mark-up rate of 7.25% (December 31, 2019: 13.05% to 13.36%) per annum and having maturity in July 2020 (December 31, 2019: January 2020).

	Note	June 30, 2020 (Un-audited)	December 31, 2019 (Audited)
(Rupees in '000)			

9. INVESTMENTS

Federal Government Securities - available for sale

Market Treasury Bills	9.1	12,655,965	13,779,217
Surplus / (deficit) on revaluation of investment		110,497	(5,817)
		<u>12,766,462</u>	<u>13,773,400</u>

- 9.1 These carry mark-up at rates ranging between 7.49% to 13.46% (December 31, 2019: 13.10% to 13.47%) per annum, having maturities up to May 2021 (December 31, 2019: May 2020). These securities have an aggregate face value of Rs. 13,200 million (December 31, 2019: Rs. 14,300 million).

10. ADVANCES - net of provisions	Note	June 30, 2020 (Un-audited)		December 31, 2019 (Audited)	
		Number of loans outstanding	(Rupees in '000)	Number of loans outstanding	(Rupees in '000)
Advances - gross					
- Secured		78,306	6,218,361	93,525	7,143,892
- Unsecured	10.1	452,193	12,097,956	803,169	20,316,673
		530,499	18,316,317	896,694	27,460,565
Less: Provision held					
- Specific	10.1	185,141	(4,140,444)	448,556	(3,993,209)
- General	10.2		(79,575)		(3,468,417)
			(4,220,019)		(7,461,626)
Advances - net of provisions			14,096,298		19,998,939

- 10.1 Advances include Rs. 5,651.708 million (December 31, 2019: Rs. 5,781.65 million) which have been placed under non-performing status as detailed below:

	June 30, 2020 (Un-audited)			December 31, 2019 (Audited)		
	Amount outstanding	Provision required	Provision held	Amount outstanding	Provision required	Provision held
	----- (Rupees in '000) -----					
Other Assets Especially Mentioned (OAEM)	756,549	-	-	777,081	-	-
Substandard	367,275	77,432	77,432	622,234	148,017	148,017
Doubtful	814,599	368,385	368,385	1,046,903	513,226	513,226
Loss	3,713,285	3,694,627	3,694,627	3,335,433	3,331,966	3,331,966
	5,651,708	4,140,444	4,140,444	5,781,651	3,993,209	3,993,209

- 10.2 This includes general provision of Rs. 79.575 million (2019: Rs. 163.234 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.
- 10.3 As referred to note 10.5 to the annual financial statements for the year ended 31 December 2019, the Bank initiated its internal portfolio review exercise at the borrower level due to identification of significant irregularities including improprieties involving certain employees, breakdown and lapses in the internal controls, in relation to its credit portfolio spread across the branch network. Further, the Bank also suspended its fresh lending activities for the period from September 2019 to June 2020 against unsecured facilities handled through its branch banking network except for specific renewal of credit facilities.

Based on the results of the above exercise which was completed in July 2020, the Bank has identified unconfirmed loan balances and non-contactable borrowers with an aggregate outstanding loan balance of Rs. 3,400 million as of 30 June 2020 (excluding written-off loans amounted to Rs. 2,532 million). While many of such loans do not reflect "past due or overdue status" as of 30 June 2020, due to the terms of the underlying contract which requires bullet payments following due subsequent to the period end, the management as a matter of prudence and based on the portfolio review results have made full provision against the above referred loans amounting to Rs. 3,341 million in these financial statements after adjustments for recoveries made in the subsequent period from 30 June 2020 till 31 August 2020.

Considering the nature and timing of the portfolio review exercise, it was not practicable for the Bank to determine the specific effects, if any, in relation to the credit loss recognised in the year ended 31 December 2019 and period ended 30 June 2019.

Such loans and the related provisions are categories in the loss category of the advances. The Bank has simultaneously suspended the related un-realized interest income as at 30 June 2020. The Bank has also initiated legal proceedings against certain staff and borrowers in accordance with the findings in these portfolio review exercises. The Bank holds fidelity insurance cover in respect of such incidents and has initiated the process of lodging claims after fixing of responsibilities to the concerned employees.

	June 30, 2020 (Un-audited)			December 31, 2019 (Audited)		
	Specific	General	Total	Specific	General	Total
	----- (Rupees in '000) -----					
Opening balance	3,993,209	3,468,417	7,461,626	572,968	669,763	1,242,731
Charge for the period / year	4,605,465	9,333	4,614,798	6,605,948	2,798,654	9,404,602
Reversals	(86,105)	(3,398,175)	(3,484,280)	(584,626)	-	(584,626)
	4,519,360	(3,388,842)	1,130,518	6,021,322	2,798,654	8,819,976
Amount written off	(4,372,125)	-	(4,372,125)	(2,601,081)	-	(2,601,081)
Closing balance	4,140,444	79,575	4,220,019	3,993,209	3,468,417	7,461,626

10.4 Particulars of write offs		June 30, 2020 (Un-audited) (Rupees in '000)	December 31, 2019 (Audited) (Rupees in '000)
Against provisions		4,372,125	2,601,081
Directly charged to the profit and loss account		<u>37,309</u>	<u>49,502</u>
		<u>4,409,434</u>	<u>2,650,583</u>
		June 30, 2020 (Un-audited) (Rupees in '000)	December 31, 2019 (Audited) (Rupees in '000)
11. OPERATING FIXED ASSETS	Note		
Property and equipment		3,203,956	3,508,629
Right-of-use assets		2,244,198	2,811,770
Intangible assets		709,734	791,046
Capital work-in-progress		<u>761,934</u>	<u>555,612</u>
		<u>6,919,822</u>	<u>7,667,057</u>
11.1 Additions during the period - at cost			
Improvements to leasehold buildings		18,471	36,198
Furniture and fixtures		69,440	6,725
Office and Computer equipments		169,537	272,631
Intangible assets		<u>46,028</u>	<u>183,892</u>
		<u>303,476</u>	<u>499,446</u>
11.2 Disposals during the period - at cost			
Furniture and fixtures		12,751	1,484
Office and Computer equipments		-	6,362
Vehicles		<u>9,065</u>	<u>15,842</u>
		<u>21,816</u>	<u>23,688</u>
12. OTHER ASSETS			
Mark-up / return / interest accrued		2,027,400	1,876,934
Service fee receivable on digital loans		35,904	30,610
Receivable from branchless banking agents	12.1	412,780	473,200
Loans to employees	12.2	226,095	288,446
Security deposits		119,474	118,430
Prepayments - others		323,460	109,983
Branchless banking transaction fee receivable		673,340	658,019
Advance tax - net		26,785	7,571
Receivable from SBP against livestock insurance		-	24,248
Receivable from SBP against international remittances		13,890	21,380
Advance sales tax		235,502	176,640
Others		<u>118,740</u>	<u>121,294</u>
		<u>4,213,370</u>	<u>3,906,755</u>
Less: Provision held against other assets		<u>(131,560)</u>	<u>(308,507)</u>
		<u>4,081,810</u>	<u>3,598,248</u>
12.1			
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.			
12.2			
These represent advance against salaries to staff and executives of the Bank for a maximum period of 60 months. These are secured against the retirement benefits of employees			
		June 30, 2020 (Un-audited) (Rupees in '000)	December 31, 2019 (Audited) (Rupees in '000)
13. DEPOSITS AND OTHER ACCOUNTS			
Current deposits		16,352,435	13,247,452
Saving deposits		4,258,922	6,020,702
Fixed deposits		<u>14,146,193</u>	<u>21,902,383</u>
		<u>34,757,550</u>	<u>41,170,537</u>
13.1 Particulars of deposits by ownership			
Individual depositors		30,424,864	27,178,714
Institutional depositors			
- Corporations / firms etc		3,881,395	3,927,331
- Banks / financial institutions		<u>451,291</u>	<u>10,064,492</u>
		<u>34,757,550</u>	<u>41,170,537</u>

	June 30, 2020 (Un-audited)	December 31, 2019 (Audited)
(Rupees in '000)		
14. OTHER LIABILITIES		
Mark-up / return / interest payable	232,502	464,820
Accrued expenses	3,883,648	4,753,928
Commission payable - branchless banking	93,351	172,995
Provision for staff bonus	149,678	233,490
Withholding tax payable	92,724	126,445
Payable to defined contribution plan	30,858	58,819
Payable to defined benefit plan	82,195	70,516
Payable to Worker's Welfare Fund	103,365	103,365
Lease liability against right-of-use assets	2,321,095	2,682,835
Bills payable	421,289	791,797
Switch settlement liability	622,083	211,117
Payable against branchless banking transactions	2,089,491	1,622,815
Others	140,015	76,117
	<u>10,262,294</u>	<u>11,369,059</u>

15. DEFERRED TAX LIABILITY - NET

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

	June 30, 2020 (Un-audited)	December 31, 2019 (Audited)
(Rupees in '000)		
(Restated note 15.1)		
Deductible temporary differences		
- Deficit on revaluation of assets (investments)	-	1,687
- Un-absorbed tax depreciation	249,233	273,360
	<u>249,233</u>	<u>275,047</u>
Taxable temporary differences		
- Accelerated tax depreciation allowance	(217,189)	(275,047)
- Surplus on revaluation of assets (investments)	(32,044)	-
	<u>(249,233)</u>	<u>(275,047)</u>
	<u>-</u>	<u>-</u>

- 15.1** In accordance with the requirements of International Accounting Standard 12 'Income Taxes' the deferred tax asset should be recognised to the extent that the entity has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which the unused tax losses or unused tax credits can be utilised by the entity. During the prior years, the Bank had not recognized deferred tax asset to the extent of availability of taxable temporary differences (deferred tax liability on account of accelerated tax depreciation) under the requirements of IAS 12 which has now been adjusted in the condensed interim financial statement with retrospective effect by restatement of prior periods presented as required by IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors".

Financial impact of restatement on each item of financial statements are as follows:

	As previously reported	Adjustment	As restated
(Rupees in '000)			
Equity as at 01 January 2019	13,614,984	153,066	13,768,050
Equity as at 31 December 2019	8,032,369	273,360	8,305,729
Deferred tax liability as at 31 December 2019	273,360	(273,360)	-
Loss for the period ended 30 June 2019	(3,917,382)	(47,623)	(3,965,005)
Loss for the period ended 31 December 2019	(12,434,445)	167,917	(12,266,528)
Loss per share for period ended 30 June 2019	(11.04)	0.138	(11.18)

- 15.2** As of 30 June 2020, the Bank has unrecognized deferred tax asset of Rs. 3,776 million (December 31, 2019 : 2,925 million) on account of available deductible temporary difference in the form of carry forward tax losses of Rs. 13,019 million (December 31, 2019 : 10,085 million) in excess of available taxable temporary differences which has not been recognized in these condensed interim financial statements due uncertainty of realisibility of the amount.

16. SHARE CAPITAL**16.1 Authorised capital**

June 30, 2020 (Un-audited)	December 31, 2019 (Audited)		June 30, 2020 (Un-audited)	December 31, 2019 (Audited)
(Number of shares in '000)				
<u>450,000</u>	<u>450,000</u>	Ordinary shares of Rs.10 each	<u>4,500,000</u>	<u>4,500,000</u>

16.2 Issued, subscribed and paid-up capital

June 30, 2020 (Un-audited) (Number of shares in '000)	December 31, 2019 (Audited)		June 30, 2020 (Un-audited) (Rupees in '000)	December 31, 2019 (Audited) (Rupees in '000)
<u>427,759</u>	<u>354,727</u>	Ordinary shares of Rs.10 each fully paid in cash	<u>4,277,589</u>	<u>4,277,589</u>

16.3 Reconciliation of number of shares outstanding

	Note	June 30, 2020 (Number of shares in '000)	December 31, 2019 (Number of shares in '000)
Number of shares outstanding at the beginning of the period/ year		427,759	354,727
Issuance of right shares	16.3.1	-	73,032
Number of shares outstanding at the ending of the period/ year		<u>427,759</u>	<u>427,759</u>

16.3.1 As at 30 June 2020, Telenor Pakistan B.V. and Ali pay (Hong Kong) Holding Limited held 55% and 45% respectively stake in the Bank.

Subsequent to June 30, 2020, the sponsor shareholders have injected Rs. 7,442.7 million (USD 45 million) in the Bank on August 31, 2020 in proportion to their respective shareholding. The shares are yet to be allotted against such subscription.

17. MEMORANDUM / OFF BALANCE SHEET ITEMS

	Note	June 30, 2020 (Un-audited) (Rupees in '000)	December 31, 2019 (Audited) (Rupees in '000)
Contingent liabilities	17.1	128,120	128,120
Commitments in respect of fixed assets		<u>516,659</u>	<u>398,777</u>
		<u>644,779</u>	<u>526,897</u>

17.1 Contingencies

The status of all the contingencies is same as disclosed under note 19.1 of the annual financial statements for the year ended 31 December 2019 except as follows:

During the period, the Bank received notice from FBR to intimate regarding selection for audit u/s. 177 of the Income Tax Ordinance, 2001 for tax year 2016. The tax authority has requested the Bank to furnish records / documents for audit purposes.

	Half year ended		Quarter ended	
	June 30, 2020 (Un-audited) (Rupees in '000)	June 30, 2019 (Un-audited) (Rupees in '000)	June 30, 2020 (Un-audited) (Rupees in '000)	June 30, 2019 (Un-audited) (Rupees in '000)
18. MARK-UP / RETURN / INTEREST EARNED				
On:				
Advances	1,897,056	4,397,851	470,875	2,191,693
Available-for-sale investments in Government Securities	818,257	499,832	332,516	228,337
Deposits with financial institutions / Banks	222,272	193,817	78,471	119,229
Call money lendings	223,145	161,010	70,292	58,992
Repurchase agreement lendings	73,975	94,699	18,035	32,197
	<u>3,234,705</u>	<u>5,347,209</u>	<u>970,189</u>	<u>2,630,448</u>
19. MARK-UP / RETURN / INTEREST EXPENSED				
On:				
Deposits	1,453,570	1,713,038	577,256	818,781
Borrowings	530	58	-	58
Lease liabilities against right-of-use assets	168,435	68,443	88,044	68,443
	<u>1,622,535</u>	<u>1,781,539</u>	<u>665,300</u>	<u>887,282</u>
20. FEE, COMMISSION AND BROKERAGE INCOME				
Loan processing fee	300,134	397,552	102,348	209,933
Income from branchless banking	3,015,682	3,645,095	1,260,376	1,825,349
Others	6,444	8,122	4,435	1,884
	<u>3,322,260</u>	<u>4,050,769</u>	<u>1,367,159</u>	<u>2,037,166</u>

21. ADMINISTRATIVE EXPENSES	Half year ended	
	June 30, 2020	June 30, 2019
	(Un-audited)	
	(Rupees in '000)	
Salaries and other allowances	2,041,865	2,028,227
Charge for defined benefit plan	101,527	67,432
Contribution to defined contribution plan	81,997	76,890
Staff welfare	30,994	43,890
Training and capacity building	23,887	11,241
Non-executive directors' fees, allowances and other expenses	3,105	550
Commission - Branchless Banking	2,205,092	2,390,856
Customer Incentives	1,171,215	1,528,077
Advertisement	407,621	847,587
Professional consultancy charges	279,722	285,033
Customer verification charges	191,715	239,620
Legal and professional charges	22,643	63,969
Depreciation	551,009	482,047
Depreciation on right-of-use assets	182,663	151,192
Amortisation	129,559	97,059
Repairs and maintenance - IT	547,391	257,353
Insurance	212,638	194,901
Repairs and maintenance - General	151,582	130,634
Security services	166,021	131,352
Travelling and conveyance	56,228	120,662
Communication	179,518	77,827
Bank charges	101,218	64,235
Utilities	76,072	46,808
Printing and stationery	59,430	23,643
Rent and taxes	-	60,885
Donations	3,531	-
Auditors' remuneration	1,250	13,490
Other expenses	35,829	357,418
	9,015,322	9,792,878

22. EARNINGS PER SHARE	Half year ended	
	June 30, 2020	June 30, 2019
	(Un-audited)	
	(Rupees in '000)	
22.1 Basic		(Restated note 15.1)
Loss after taxation for the period	(4,754,562)	(3,965,005)
	(Number in '000)	
Weighted average ordinary shares	427,759	354,727
	(Rupees)	
Loss per share - Basic and diluted	(11.12)	(11.18)

22.2 Diluted

No figure for diluted earnings per share has been presented as the Bank has not issued any instrument which would have an impact on basic earnings per share when exercised.

23. Fair value of financial Instruments

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

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

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

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

23.1 On balance sheet
financial instruments

June 30, 2020 (Un-audited)

	Carrying amount				Fair value				
	Available for Cash and cash sale	Cash and cash equivalents	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
(Rupees in '000)									
Financial assets measured at fair value									
- Investments - market treasury bills	12,655,965	-	-	-	12,655,965	-	12,766,462	-	12,766,462
Financial assets not measured at fair value									
- Cash and bank balances with SBP and NBP	-	3,634,321	-	-	3,634,321	-	-	-	-
- Balances with other banks	-	6,268,884	-	-	6,268,884	-	-	-	-
- Lending to financial instruments	-	-	900,000	-	900,000	-	-	-	-
- Advances	-	-	14,096,298	-	14,096,298	-	-	-	-
- Other assets	-	-	4,081,810	-	4,081,810	-	-	-	-
	12,655,965	9,903,205	19,078,108	-	41,637,278	-	12,766,462	-	12,766,462
Financial liabilities not measured at fair value									
- Deposits and other accounts	-	-	-	(34,757,550)	(34,757,550)	-	-	-	-
- Other liabilities	-	-	-	(10,262,294)	(10,262,294)	-	-	-	-
	-	-	-	(45,019,844)	(45,019,844)	-	-	-	-
	12,655,965	9,903,205	19,078,108	(45,019,844)	(3,382,566)	-	12,766,462	-	12,766,462

On balance sheet
financial instruments

December 31, 2019 (Audited)

	Carrying amount				Fair value				
	Available for Cash and cash sale	Cash and cash equivalents	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
(Rupees in '000)									
Financial assets measured at fair value									
- Investments - market treasury bills	13,779,217	-	-	-	13,779,217	-	13,773,400	-	13,773,400
Financial assets not measured at fair value									
- Cash and bank balances with SBP and NBP	-	3,463,741	-	-	3,463,741	-	-	-	-
- Balances with other banks	-	7,408,549	-	-	7,408,549	-	-	-	-
- Lending to financial instruments	-	-	4,950,000	-	4,950,000	-	-	-	-
- Advances	-	-	19,998,939	-	19,998,939	-	-	-	-
- Other assets	-	-	3,598,248	-	3,598,248	-	-	-	-
	13,779,217	10,872,290	28,547,187	-	53,198,694	-	13,773,400	-	13,773,400
Financial liabilities not measured at fair value									
- Deposits and other accounts	-	-	-	(41,170,537)	(41,170,537)	-	-	-	-
- Other liabilities	-	-	-	(11,369,058)	(11,369,058)	-	-	-	-
	-	-	-	(52,539,595)	(52,539,595)	-	-	-	-
	13,779,217	10,872,290	28,547,187	(52,539,595)	659,099	-	13,773,400	-	13,773,400

24. 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:

Note	30 June 2020 (Un-audited)					31 December 2019 (Audited)				
	Associates	Key management personnel	Directors	Retirement benefit plans	Total	Associates	Key management personnel	Directors	Retirement benefit plans	Total
	(Rupees in '000)					(Rupees in '000)				
Loans										
At 1 January	-	21,233	-	-	21,233	-	32,564	10,029	-	42,593
Given during the period	-	2,000	-	-	2,000	-	12,645	-	-	12,645
Repaid during the period	-	(6,050)	-	-	(6,050)	-	(23,976)	(10,029)	-	(34,005)
12.2	-	17,183	-	-	17,183	-	21,233	-	-	21,233
Deposits										
At 1 January	15,575	980	16,036	1,458,447	1,491,038	22,654	746	-	1,243,059	1,266,459
Received during the period	1,250,025	18,803	525	377,104	1,646,457	1,787,851	42,078	16,036	4,400,209	6,246,174
Withdrawn during the period	(1,254,525)	(18,258)	(16,001)	(158,812)	(1,447,596)	(1,794,930)	(41,844)	-	(4,184,821)	(6,021,595)
	11,075	1,525	560	1,676,739	1,689,899	15,575	980	16,036	1,458,447	1,491,038
Other Liabilities										
Payable against goods and services	1,676,595	-	-	-	1,676,595	1,593,576	-	-	-	1,593,576
Payable to defined contribution plan	-	-	-	30,858	30,858	-	-	-	58,819	58,819
Payable to defined benefit plan	-	-	-	82,195	82,195	-	-	-	70,516	70,516
	1,676,595	-	-	113,053	1,789,648	1,593,576	-	-	129,335	1,722,911
Capital Expenditure										
	-	-	-	-	-	61,179	-	-	-	61,179
Transactions during the period / year										
Directors' meeting fees	-	-	3,105	-	3,105	-	-	5,675	-	5,675
Remuneration of Key Management Personnel	-	132,221	30,568	-	162,789	-	104,597	140,544	-	245,141
Mark-up expense	-	-	-	83,055	83,055	-	-	-	148,674	148,674
Communication expense	46,679	-	-	-	46,679	58,088	-	-	-	58,088
Rent	9,914	-	-	-	9,914	138,474	-	-	-	138,474
Professional consultancy charges	216,940	-	-	-	216,940	564,778	-	-	-	564,778
Other charges	-	-	-	-	-	69,070	-	-	-	69,070
Repair and maintenance	76,626	-	-	-	76,626	141,907	-	-	-	141,907
Advertisement	610,088	-	-	-	610,088	1,186,848	-	-	-	1,186,848
	960,247	132,221	33,673	83,055	1,209,196	2,159,165	104,597	146,219	148,674	2,558,655

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

25. GENERAL

- 25.1** Comparative information has been reclassified or rearranged in these condensed interim financial statements for the purpose of better presentation. However, the amounts are not material except as disclosed in note 15.1 to these condensed interim financial statements.
- 25.2** The figures have been rounded off to the nearest thousand rupees, unless otherwise stated.
- 25.3** The figures of the condensed interim profit and loss account for the quarter ended June 30, 2020 have not been subjected to the limited scope review by the auditors.

26. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue by the Board of Directors in their meeting held on October 15, 2020.

President & Chief Executive
Officer

Chairman

Director

Director