

THE FIRST MICROFINANCEBANK LIMITED
CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED
MARCH 31, 2020

THE FIRST MICROFINANCEBANK LIMITED
CONDENSED INTERIM BALANCE SHEET (UNAUDITED)
AS AT MARCH 31, 2020

	Note	March 31, 2020 (Un-audited)	December 31, 2019 (Audited)
-----Rupees in '000'-----			
<u>ASSETS</u>			
Cash and balances with SBP and NBP		2,607,178	2,875,826
Balances with other banks/NBFIs/MFBs		2,195,826	3,404,932
Investments - net of provisions	8	5,478,614	4,512,898
Advances - net of provisions	9	32,122,445	30,936,267
Operating fixed assets	10	2,737,598	2,819,654
Other assets		2,987,911	2,462,334
Deferred tax asset - net		275,004	220,110
Total assets		48,404,576	47,232,021
<u>LIABILITIES</u>			
Deposits and other accounts	11	39,114,152	38,403,643
Borrowings		400,000	-
Subordinated debt		-	-
Other liabilities		2,775,754	2,780,946
Total liabilities		42,289,906	41,184,589
NET ASSETS		6,114,670	6,047,432
<u>REPRESENTED BY:</u>			
Share capital		2,730,811	2,730,811
Share premium		620,690	620,690
Statutory & general reserves		639,921	633,279
Depositors' protection fund		192,385	190,724
Accumulated profit		1,897,468	1,872,561
		6,081,275	6,048,065
Surplus/(Deficit) on revaluation of assets		33,395	(633)
TOTAL CAPITAL		6,114,670	6,047,432
MEMORANDUM / OFF-BALANCE SHEET ITEMS	12		

The annexed notes from 1 to 16 form an integral part of this condensed interim financial information.

THE FIRST MICROFINANCEBANK LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)
FOR THE QUARTER ENDED MARCH 31, 2020

	Note	Quarter ended	
		March 31, 2020	March 31, 2019
-----Rupees in '000'-----			
Markup/return/interest earned	13	2,574,667	1,903,688
Markup/return/interest expensed		(1,154,171)	(615,576)
Net markup/interest income		<u>1,420,496</u>	<u>1,288,112</u>
Provision against non - performing loans and advances		<u>(421,281)</u>	<u>(121,391)</u>
Recovery against written off advances		<u>25,439</u>	<u>9,232</u>
		<u>(395,842)</u>	<u>(112,159)</u>
Net markup/interest income after provisions		<u>1,024,654</u>	<u>1,175,953</u>
Non markup/non interest income			
Fee, commission and brokerage income		<u>204,433</u>	<u>140,954</u>
Amortization of deferred grant		-	-
Other income		<u>1,010</u>	<u>16,250</u>
Total non markup/non interest income		<u>205,443</u>	<u>157,204</u>
Non markup/non interest expenses			
Administrative expenses		<u>(1,180,066)</u>	<u>(937,490)</u>
Grant related expenses		-	-
Other charges		-	-
Total non-markup/non interest expenses		<u>(1,180,066)</u>	<u>(937,490)</u>
Profit before taxation		<u>50,031</u>	<u>395,667</u>
Taxation - Current		<u>(71,715)</u>	<u>(110,788)</u>
- Prior years		-	-
- Deferred		<u>54,894</u>	<u>-</u>
		<u>(16,821)</u>	<u>(110,788)</u>
Extraordinary/unusual items		-	-
Profit after taxation		<u>33,210</u>	<u>284,879</u>
Accumulated profit brought forward		<u>1,872,561</u>	<u>1,477,604</u>
Profit before appropriations		<u>1,905,771</u>	<u>1,762,483</u>
Appropriations - transfers to			
Statutory reserve		<u>(6,642)</u>	<u>(56,976)</u>
Contribution to depositors' protection fund			
5% of Profit after tax		<u>(1,661)</u>	<u>(14,244)</u>
Interest on investment		-	<u>(2,161)</u>
		<u>(8,303)</u>	<u>(73,381)</u>
Accumulated profit carried forward		<u>1,897,468</u>	<u>1,689,102</u>
Earning per share (Rupee)		<u>0.12</u>	<u>1.04</u>

The annexed notes from 1 to 16 form an integral part of this condensed interim financial information.

THE FIRST MICROFINANCEBANK LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE QUARTER ENDED MARCH 31, 2020

	<u>Quarter ended</u>	
	March 31, 2020	March 31, 2019
	-----Rupees in '000'-----	
Profit after taxation for the period	33,210	284,879
Other comprehensive income that can not be reclassified into profit or loss in subsequent periods		
Remeasurement of defined benefit plan	-	-
Comprehensive income transferred to equity	33,210	284,879
Components of comprehensive income not reflected in equity		
Other comprehensive income that can be reclassified into profit or loss in subsequent periods		
Surplus/(Deficit) on revaluation of available for sale investments	34,028	93
	67,238	284,972

Surplus / (Deficit) on revaluation of available for sale investments is presented under a separate account below equity in accordance with the format of financial statements as prescribed under BSD Circular No. 11 dated December 30, 2003 issued by the State Bank of Pakistan (SBP).

The annexed notes from 1 to 16 form an integral part of this condensed interim financial information.

THE FIRST MICROFINANCEBANK LIMITED
CONDENSED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE QUARTER ENDED MARCH 31, 2020

	Share capital	Share premium account	Statutory reserve	Depositors protection fund	Accumulated Profit	Total
	-----Rupees in '000'-----					
Balance as at December 31, 2018	2,730,811	620,690	526,737	148,892	1,477,604	5,504,734
Total comprehensive income for the quarter ended March 31, 2019:						
Net profit for the quarter ended March 31, 2019	-	-	-	-	284,879	284,879
Remeasurement of defined benefit plan	-	-	-	-	-	-
					284,879	284,879
Interest earned on investment of fund	-		-	2,161	(2,161)	-
Contribution for the quarter ended March 31, 2019	-		56,976	14,244	(71,220)	-
Balance as at March 31, 2019	2,730,811	620,690	583,713	165,297	1,689,102	5,789,613
Total comprehensive income for the nine months ended December 31, 2019:						
Net profit for the nine months ended December 31, 2019	-	-	-	-	247,833	247,833
Remeasurement of defined benefit plan	-	-	-	-	10,619	10,619
					258,452	258,452
Interest earned on investment of fund	-		-	13,035	(13,035)	-
Contribution for the nine months ended December 31, 2019	-		49,566	12,392	(61,958)	-
Balance as at December 31, 2019	2,730,811	620,690	633,279	190,724	1,872,561	6,048,065
Total comprehensive income for the quarter ended March 31, 2020:						
Net profit for the quarter ended March 31, 2020	-	-	-	-	33,210	33,210
Remeasurement of defined benefit plan	-	-	-	-	-	-
					33,210	33,210
Interest earned on investment of fund	-		-	-	-	-
Contribution for the quarter ended March 31, 2020	-		6,642	1,661	(8,303)	-
Balance as at March 31, 2020	2,730,811	620,690	639,921	192,385	1,897,468	6,081,275

The annexed notes from 1 to 16 form an integral part of this condensed interim financial information.

THE FIRST MICROFINANCEBANK LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)
FOR THE QUARTER ENDED MARCH 31, 2020

	Quarter ended	
	March 31, 2020	March 31, 2019
	-----Rupees in '000'-----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	50,031	395,667
Adjustment for non cash items:		
Depreciation of property and equipment	85,322	51,326
Depreciation on right of use assets	65,194	-
Amortization of intangible assets	10,609	26,218
Provision against non performing loans and advances	421,281	121,391
Gain on disposal of operating fixed assets	(849)	1,165
Finance charges on lease liability	45,805	-
Net amortization of discount on investments	(74,926)	(917)
Provision for gratuity	15,961	13,419
	<u>568,397</u>	<u>212,602</u>
	618,428	608,269
(Increase) / decrease in operating assets:		
Advances	(1,607,459)	(2,759,180)
Accrued interest on investments	(68,969)	-
Other Assets (excluding advance taxation)	(526,697)	(541,444)
	<u>(2,203,125)</u>	<u>(3,300,624)</u>
Increase/(decrease) in operating liabilities:		
Deposits and other accounts	710,509	(982,846)
Borrowings from financial institutions	400,000	-
Other Liabilities (excluding gratuity)	2,901	18,042
	<u>1,113,410</u>	<u>(964,804)</u>
Cash outflow from operations	(471,286)	(3,657,159)
Gratuity paid	(5,320)	(16,029)
Income tax paid	(82,416)	(129,722)
Net cash outflow from operating activities	<u>(559,022)</u>	<u>(3,802,910)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment in held to maturity securities	(183,852)	(500,000)
Investment in available for sale securities	(1,915,155)	-
Proceeds from sale/redemption of held to maturity securities	249,790	504,353
Proceeds from sale/redemption of available for sale securities	-	-
Investments in operating fixed assets	(79,197)	(129,694)
Sale proceeds of property and equipment disposed	977	1,005
Net cash inflow from investing activities	<u>(1,927,437)</u>	<u>(124,336)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts/ (payments) of Sub-ordinated loan	-	-
Payments of lease obligations	(57,165)	-
Issue of share capital	-	-
Dividend paid	-	-
	<u>(57,165)</u>	<u>-</u>
Net decrease in cash and cash equivalents	<u>(2,543,625)</u>	<u>(3,927,246)</u>
Cash and cash equivalents at the beginning of the quarter	8,657,171	10,681,835
Cash and cash equivalents at the end of the quarter	<u>6,113,546</u>	<u>6,754,589</u>
Cash and cash equivalents comprise of the following:		
Cash and balances with State Bank of Pakistan and National Bank of Pakistan	2,607,178	1,644,577
Balances with other banks/NBFIs/MFBs	2,195,826	2,582,134
Investments (having tenure of three months or less)	1,310,542	2,527,878
	<u>6,113,546</u>	<u>6,754,589</u>

The annexed notes from 1 to 16 form an integral part of this condensed interim financial information.

THE FIRST MICROFINANCEBANK LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR THE QUARTER ENDED MARCH 31, 2020

1 STATUS AND NATURE OF BUSINESS

The First MicroFinanceBank Limited (FMFB) was incorporated in the Islamic Republic of Pakistan on November 5, 2001 as a public limited company under the Companies Ordinance, 1984 (repealed by the Companies Act, 2017). The registered office of FMFB is at 16-17 Floor Habib Bank Tower, Blue Area, Islamabad, Pakistan. FMFB obtained license from the State Bank of Pakistan (SBP) on January 10, 2002 to operate nationwide. Certificate of commencement of business was issued by Securities and Exchange of Pakistan (SECP) on February 14, 2002. FMFB's principal business is to provide microfinance services to the poor and under served segment of the society as envisaged under the Microfinance Institutions Ordinance, 2001. FMFB has 206 (2019: 206) business locations comprising of 199 (2019: 199) branches/ Permanent Booths (PBs) and 7 (2019: 7) Pakistan Post Office (PPO) sub offices in operation.

Habib Bank Limited (HBL) is the holding company of FMFB which has 50.51% (2018: 50.51%) shares of FMFB.

2 BASIS OF PRESENTATION

These condensed interim financial statements of FMFB have been prepared, in accordance with the requirements of the International Accounting Standard 34 - 'Interim Financial Reporting', provisions of the Companies Act, 2017, the Microfinance Institution Ordinance, 2001 and directives issued by the Securities and Exchange Commission of Pakistan (SECP) and the State Bank of Pakistan (SBP). Where, the requirements of the Companies Act, 2017, the Microfinance Institutions Ordinance, 2001 or directives issued by the SECP and the SBP differ with the requirements of IFRS, the requirements of the Companies Act, 2017, the Microfinance Institutions Ordinance, 2001, or the requirements of the said directives prevail.

These condensed interim financial statements do not include all the information and disclosures required for the annual financial statements, and should be read in conjunction with the annual financial statements of the FMFB as at December 31, 2019, which have been prepared in accordance with approved accounting standards as applicable in Pakistan, which comprise of International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017, the requirements of the Companies Act, 2017, the Microfinance Institutions Ordinance, 2001, and the directives issued by the Securities and Exchange Commission of Pakistan (SECP) and SBP. Wherever, the requirements of the Companies Act, 2017, the Microfinance Institutions Ordinance, 2001, or directives issued by the SECP and the SBP differ with the requirements of IFRS, the requirements of the Companies Act, 2017, the Microfinance Institutions Ordinance, 2001, or the requirements of the said directives prevail. Further, the aforesaid financial statements also comply with the disclosure guidelines for financial reporting by Microfinance Institutions which are voluntary norms recommended by the Consultative Group to Assist the Poor (CGAP) and the members of the Small Enterprise Education and Promotion Network (SEEP).

3 STATEMENT OF COMPLIANCE

These condensed interim financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017, the requirements of the Companies Act, 2017, the Microfinance Institutions Ordinance, 2001, and the directives issued by the Securities and Exchange Commission of Pakistan (SECP) and SBP. Wherever, the requirements of the Companies Act, 2017, the Microfinance Institutions Ordinance, 2001, or directives issued by the SECP and the SBP differ with the requirements of IFRS, the requirements of the Companies Act, 2017, the Microfinance Institutions Ordinance, 2001, or the requirements of the said directives prevail.

The SECP, through SRO 229(I)/2019 dated February 14, 2019, has notified that IFRS 9, Financial Instruments, is applicable for accounting periods ending on or after June 30, 2019. The SBP, vide its circular BPRD Circular No. 04 of 2019 dated October 23, 2019 has deferred the requirements of IFRS 9; the effective date for implementation of IFRS 9 for Microfinance Institution is January 1, 2021. Accordingly, the requirements of IFRS 9 have not been considered in preparation of these financial statements.

The SBP vide BSD Circular No. 10, dated August 26, 2002 has deferred the applicability of International Accounting Standard (IAS) 39, "Financial Instruments: Recognition and Measurement" and IAS 40, "Investment Property" till further instructions. Accordingly, the requirements of these standards have not been considered in the preparation of these condensed interim financial statements. However, investments have been measured in accordance with the Prudential Regulations (the Regulations) of the SBP and presented in accordance with the requirements of SBP BSD Circular No. 11 dated December 30, 2003. Further, the SECP vide its S.R.O No. 411 (I)/ 2008 dated April 28, 2008 has deferred the applicability of International Financial Reporting Standard (IFRS) 7 "Financial Instruments: Disclosures", which is applicable for annual periods beginning on or after July 01, 2009, till further orders.

4 BASIS OF MEASUREMENT

These condensed interim financial statements have been prepared under the historical cost basis except obligation under employee retirement benefit plan which is measured at present value and investments available for sale and held for trading which are measured at fair value.

These condensed interim financial statements have been presented in Pakistani Rupees (Rs.), which is the functional and presentation currency of FMFB.

5 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted for the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements for the year ended December 31, 2019.

6 ACCOUNTING ESTIMATES

The basis for accounting estimates adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation on the financial statements of FMFB for the year ended December 31, 2019.

7 FINANCIAL RISK MANAGEMENT

7.1 Risk management in the current economic scenario

The Bank's risk management policies are the same as disclosed in the financial statements for the year ended December 31, 2019 except for the following additional considerations due to the COVID - 19.

The COVID – 19 and the measures to reduce its spread has impacted the economy of Pakistan significantly. Regulators and governments across the globe have introduced fiscal and economic stimulus measures to mitigate its impact.

The State Bank of Pakistan (SBP) has responded to the crisis by cutting the policy rate by 225 basis points to 11 percent and by introducing regulatory measures to maintain banking system soundness and to sustain economic activity. These include allowing Banks to defer clients' payment of principal on loan obligations by one year and relaxing regulatory criteria for restructured/rescheduled loans for borrowers who require relief beyond the extension of principal repayment for one year.

COVID 19 has impacted the Banks in Pakistan from various facets which includes increase in overall credit risk pertaining to loans and advances portfolio in certain sectors, reduced fee income due to slowdown in economic activity, operational issues at field level, protection against cyber security threat etc.

The major activities under taken by the FMFB for creating resilience against impact of COVID 19

7.2 Assets quality and credit risk

The Bank is assessing the impact of COVID-19 over various business segment The Bank has being tweaking its risk acceptance criteria.

7.3 Liquidity management

The Bank has received applications for deferral of principal and markup amounting to Rs 3.6 billion till April 30, 2020 and is expected to receive further such applications. These applications are being reviewed by the bank as per its established policies. The above will have an impact on the maturity profile of the Bank as estimated previously. The Asset and Liability Committee (ALCO) of the Bank is continuously monitoring the liquidity position and is taking due precautionary measures where needed. The Bank has conducted various stress testing on its liquidity ratios and is confident that the liquidity buffer currently maintained by the Bank is sufficient to cater any adverse movement in cash flow maturity profile.

7.4 Operations

The Bank is closely monitoring the situation and has invoked required actions to ensure safety and security of Bank staff and an uninterrupted service to our customers. The senior management of the Bank is continuously monitoring the situation and is taking timely decisions to resolve any concerns. Business Continuity Plans (BCP) for respective areas are in place and tested. The Bank has significantly enhanced monitoring for all cyber security risk during these times from its information security protocols. The remote work capabilities were enabled for all staff and related risk and control measures were assessed to make sure they are fully protected using virtual private network ("VPN") connections. Further, the Bank has also ensured that its remote access systems are sufficiently resilient to any unwanted cyber attacks.

The Bank is communicating with its customers on how they can connect with the Bank through its full suite of channels including digital and online channels. The Bank has taken all measures to ensure that service levels are maintained, customer complaints are resolved as per SLAs and the Bank continues to meet the expectations of their clients as they would in a normal scenario.

7.5 Capital adequacy ratio

Under the current scenario, the Banks are under pressure to extend further credit to its borrowers, while overall deteriorating credit risk and increased NPL may also put additional pressures on the Bank from Capital Adequacy Ratio perspective. CAR as at March 31, 2020 is 15.35% which is above the regulatory limit of 15%; The bank is already in the process of obtaining Rs. 2 billion subordinated loan from Habib Bank Limited (HBL) to contribute towards Bank's Supplementary /Tier-II capital and will be utilized for ongoing business expansion and growth plans as permitted by its Memorandum and Articles of Association in future. The proposed facility has been approved by the shareholders of both HBL and FMFB in their respective Annual General Meeting; the proposed facility is in the process of approval of State Bank Pakistan.

		March 31, 2020	December 31, 2019
		(Un-audited)	(Audited)
	Note	-----Rupees in '000'-----	
8 INVESTMENTS - NET OF PROVISIONS			
Held to maturity			
Federal Government Securities			
Market Treasury Bills	8.2	189,608	204,753
		189,608	204,753
Term Deposit Receipts (TDRs)	8.3	1,615,986	1,558,427
		1,805,594	1,763,180
Available for sale			
Federal Government Securities			
Pakistan Investment Bonds	8.1	955,941	-
Market Treasury Bills	8.2	2,683,684	2,210,455
		3,639,625	2,210,455
Held for trading			
Federal Government Securities			
Market Treasury Bills	8.2	-	539,896
		-	539,896
Add: Deficit on revaluation of available for sale investments		33,395	(633)
		<u>5,478,614</u>	<u>4,512,898</u>

- 8.1 These represent bonds held with maturity of three years and carried markup at the rates at 10.90% to 11.08% per annum.
- 8.2 These represent securities with original maturity period of three month to one year carry markup at the rates ranging between 13.05% to 13.42% (2019: 13.08% to 13.68%) per annum. These also include securities with original maturity period of three month held for the purposes of Depositors' Protection Fund with face value of Rs.205,000 thousand (2019: Rs. 205,000 thousand) and carry markup at the rates ranging between 13.05% to 13.40% (2019: 13.10% to 13.64%) per annum.
- 8.3 These represent TDR's with original maturity of upto one year carrying markup at rates ranging between 11.65% to 15.50% (2019: 11.65% to 15.50%) per annum, payable on maturity.

9 ADVANCES - NET OF PROVISIONS

		March 31, 2020 (Un-audited)		December 31, 2019 (Audited)	
		Number of loans outstanding	Amount of loans outstanding	Number of loans outstanding	Amount of loans outstanding
	Note	Number	Rupees in '000'	Number	Rupees in '000'
Considered good	9.1	469,509	31,954,919	456,527	30,507,746
Considered doubtful		24,060	982,198	30,077	1,106,004
		<u>493,569</u>	<u>32,937,117</u>	<u>486,604</u>	<u>31,613,750</u>
Less:					
Specific provision	9.2		496,550		371,227
General provision			318,020		306,154
- Mandatory provision at the rate of 1%			102		102
- Additional provision	9.2		318,122		306,256
			814,672		677,483
			<u>32,122,445</u>		<u>30,936,267</u>

9.1 These include advances for an aggregate amount of Rs. 62,008 thousand (2019: Rs. 65,192 thousand) secured against gold collaterals and cash deposits whereas the remaining advances except staff and key management personnel loans are secured by personal guarantee. Advances includes 1,142 (2019: 1,099) staff loans, aggregating to Rs. 559,848 thousand (2019: Rs. 547,620 thousand), carrying markup at the rates ranging between 3% to 5% per annum (2019: 3% to 5% per annum). These also include outstanding loans of the key management personnel (KMP) which have been disclosed in note 14.

9.2 Particulars of provision against non performing advances

	March 31, 2020 (Un-audited)			December 31, 2019 (Audited)		
	Specific	General	Total	Specific	General	Total
	-----Rupees in '000'-----			-----Rupees in '000'-----		
Opening balance	371,227	306,256	677,483	70,092	232,566	302,658
Charge for the period/year	409,415	11,866	421,281	811,029	73,690	884,719
Less: Amount written off	284,092	-	284,092	509,894	-	509,894
	125,323	11,866	137,189	301,135	73,690	374,825
Closing balance	496,550	318,122	814,672	371,227	306,256	677,483

10 OPERATING FIXED ASSETS

	Note	March 31, 2020 (Un-audited) -----Rupees in '000'-----	December 31, 2019 (Audited)
Carrying value at the beginning of the period/year		2,819,654	1,187,584
Add: Additions during the period/year	10.1	79,197	2,234,386
Less: Disposals / deletion during the period/year at carrying value		(128)	(2,928)
		2,898,723	3,419,042
Less: Depreciation or amortization for the period/year		(161,125)	(599,388)
Carrying value at the end of the period/year	10.2	2,737,598	2,819,654

10.1 Additions during the period/year

Office equipment	20,500	141,334
Furniture and fixture	3,310	46,207
Computer equipment	6,331	135,146
Vehicles	54	64,188
Leasehold improvement	17,423	198,125
Computer Software	4,441	59,439
Capital work-in-progress	37,754	314,729
Right to use asset	3,267	1,601,165
Transfer from Capital work-in-progress	(13,883)	(325,947)
	79,197	2,234,386

10.2 This include capital work-in-progress amounting to Rs. 167,882 thousand (December 31, 2019: Rs. 144,011 thousand).

	March 31, 2020 (Un-audited) -----Rupees in '000'-----	December 31, 2019 (Audited)
Right of use assets - Initial Recognition under IFRS-16	1,350,458	1,328,900
Additions during the period	3,267	291,801
Deletions during the year	-	(19,536)
Depreciation charged during the period	(65,194)	(250,707)
Net book value at the end	1,288,531	1,350,458

	Note	March 31, 2020 (Un-audited)		December 31, 2019 (Audited)	
		Number	Rupees in '000'	Number	Rupees in '000'
11 DEPOSITS AND OTHER ACCOUNTS					
Time liabilities					
Fixed Deposits		16,128	19,548,306	15,419	19,706,543
Saving deposits		116,251	17,112,406	115,608	15,165,784
Current deposits		1,138,847	2,453,440	1,090,674	3,531,316
	11.1	<u>1,271,226</u>	<u>39,114,152</u>	<u>1,221,701</u>	<u>38,403,643</u>

11.1 Particulars of deposits by ownership

	March 31, 2020 (Un-audited)		December 31, 2019 (Audited)	
	Number	Rupees in '000'	Number	Rupees in '000'
Individual depositors	1,259,988	14,739,722	1,193,866	15,231,974
Institutional depositors				
Corporations/ firms	10,726	12,699,192	27,366	14,832,710
Banks and financial institutions	512	11,675,238	469	8,338,959
	11,238	24,374,430	27,835	23,171,669
	<u>1,271,226</u>	<u>39,114,152</u>	<u>1,221,701</u>	<u>38,403,643</u>

12 MEMORANDUM/OFF BALANCE SHEET ITEMS

12.1 Contingencies

FMFB has filed tax returns up to tax year 2018, which are deemed assessed in terms of section 120(1) of the Income Tax Ordinance, 2001.

12.2 Commitments

There are no Commitments as at 31 March 2020 (December 31,2019: Nil)

	Quarter ended	
	March 31, 2020 (Un-audited)	March 31, 2019 (Un-audited)
	-----Rupees in '000'-----	
13 MARKUP/RETURN/INTEREST EARNED		
Mark-up on advances	2,299,347	1,731,754
Income on investment in Government Securities	105,779	70,618
Income from Term Deposit Receipts	61,430	20,542
Mark-up on deposit accounts with treasury and other banks	108,111	80,774
	<u>2,574,667</u>	<u>1,903,688</u>

14 RELATED PARTY TRANSACTIONS

Related parties of FMFB comprise of its major shareholders, associates (including entities having directors in common with FMFB), directors, key management personnel which include CEO and Head of Departments (HOD's) and staff retirement funds. Transactions with the related parties, other than those under terms of employment, are executed on an arm's length basis i.e. do not involve more than normal risk and are substantially on the same terms, including markup rates and collateral, as those prevailing at the time for comparable transactions with unrelated parties.

Details of transactions and balances with related parties as at the year end, other than disclosed elsewhere in these financial statements, are as follows:

	As at March 31, 2020			
	Shareholders	Group entities/ common directorship	Key Management Personnel	Staff retirement funds
	----- Rupees '000-----			
Balance sheet				
Balances with other Banks/NBFIs/MFBs				
on deposit accounts	375,020	-	-	-
Advances				
Opening balance	-	-	37,862	-
Addition during the year	-	-	-	-
Repaid during the year	-	-	2,306	-
Markup/ Return/ Interest earned	-	-	453	-
Closing balance	-	-	36,009	-
Operating fixed assets				
Capital Work in progress	-	10,214	-	-
Right of use assets	109,969	-	-	-
	109,969	10,214	-	-
Other assets				
Income/ Markup accrued	894	-	-	-
Prepayments	-	-	-	-
Other receivable	3,488	73,873	-	-
Receivable from defined benefit gratuity fund	-	-	-	1,180
	4,382	73,873	-	1,180
Deposits				
Opening balance	3,163,586	2,186,470	235	-
Received during the year	3,736,141	2,609,448	1,218	-
Withdrawn during the year	5,679,418	2,717,429	1,005	-
Markup/ Return/ Interest expensed	44,178	72,976	0	-
Closing balance	1,264,487	2,151,465	448	-
Other liabilities				
Markup/ Return/ Interest payable	101,632	51,813	0	-
Accrued liabilities	450	3,941	-	-
Lease liability on right of use assets	61,323	-	-	-
Payable to defined benefit gratuity fund	-	-	-	-
Payable to defined contribution provident fund	-	-	-	-
	163,405	55,754	0	-
Profit and loss account				
Income				
Markup/ Return/ Interest earned	10,791	-	453	-
Expense				
Markup/ Return/ Interest expensed	44,178	72,976	0	-
Administration expenses				
Remuneration	-	-	48,524	-
Charge for defined contribution gratuity fund	-	-	-	15,961
Contribution to defined contribution provident fund	-	-	-	22,583
Depreciation on right of use assets	8,940	-	-	-
Finance cost of lease liability on right of use assets	2,098	-	-	-
Offices' rentals expense	-	-	-	-
Bank charges	791	-	-	-
Vehicle rentals expense	397	-	-	-
Insurance expense	-	17,863	-	-
Other expenses	27	4,527	-	-
	56,431	95,366	48,524	38,544
Others				
Proceeds from sale of vehicles	-	-	-	-

	As at December 31, 2019			
	Shareholders	Group entities/ common directorship	Key Management Personnel	Staff retirement funds
	Rupees '000			
Balance sheet				
Balances with other Banks/NBFIs/MFBs				
on deposit accounts	420,216	-	-	-
Advances				
Opening balance	-	-	37,774	-
Addition during the year	-	-	10,246	-
Repaid during the year	-	-	11,929	-
Markup/ Return/ Interest earned	-	-	1,771	-
Closing balance	-	-	37,862	-
Operating fixed assets				
Capital Work in progress	-	10,214	-	-
Right of use assets	109,969	-	-	-
	109,969	10,214	-	-
Other assets				
Income/ Markup accrued	1,006	-	62	-
Prepayments	-	-	-	-
Other receivable	29	922	-	-
Receivable from defined benefit gratuity fund	-	-	-	11,821
	1,035	922	62	11,821
Deposits				
Opening balance	3,012,556	2,104,062	5,385	-
Received during the year	7,415,415	19,248,856	9,679	-
Withdrawn during the year	7,599,993	19,399,533	14,936	-
Markup/ Return/ Interest expensed	335,608	233,085	107	-
Closing balance	3,163,586	2,186,470	235	-
Other liabilities				
Markup/ Return/ Interest payable	102,857	41,273	-	-
Accrued liabilities	2,580	3,068	-	-
Lease liability on right of use assets	59,225	-	-	-
Payable to defined benefit gratuity fund	-	-	-	-
Payable to defined contribution provident fund	-	-	-	-
	164,662	44,341	-	-
For the Quarter Ended March 31, 2019				
	Shareholders	Group entities/ common directorship	Key Management Personnel	Staff retirement funds
	Rupees '000			
Profit and loss account				
Income				
Markup/ Return/ Interest earned	7,631	258	475	-
Expense				
Markup/ Return/ Interest expensed	74,076	46,086	73	-
Administration expenses				
Remuneration	-	-	64,757	-
Charge for defined contribution gratuity fund	-	-	-	13,419
Contribution to defined contribution provident fund	-	-	-	18,057
Offices' rentals expense	8,570	-	-	-
Bank charges	1,586	-	-	-
Vehicle rentals expense	397	-	-	-
Insurance expense	-	15,812	-	-
Other expenses	48	1,071	-	-
	84,677	62,969	64,830	31,476

15 GENERAL

Figures have been rounded off to the nearest thousand rupee.

16 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue by the Board of Directors of the FMFB in their meeting held on May 14, 2020.