

EMBRACING THE SUSTAINABLE VALUE

ANNUAL REPORT

2019



KEY PERFORMANCE INDICATORS

Based on results of the Bank as presented in the Financial Statements

Deposit and Other Accounts

18,317

(PKR in million)

Micro Credits

9,072

(PKR in million)

Total Assets

20,543

(PKR in million)

Total Equity

1,872

(PKR in million)

Mark-Up/Return/Interest Earned

2,900

(PKR in million)

Profit Before Tax

89

(PKR in million)

Profit After Tax

54

(PKR in million)

Earning Per Share

0.17

Rupees Per Share



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ABOUT AMBL

Apna Microfinance Bank Limited is managed by group of highly experienced bankers. We are committed to provide specialized financial services to the less privileged, marginalized and poor segments of society. We support economic empowerment of women & micro-entrepreneurs in the Agri and Micro enterprises in rural areas of Pakistan. The Bank has been operating at national level in Pakistan.

Our main focus is to provide personalized services to the poor segment of the society through our dedicated products aimed at changing their life-style by entering them in micro-entrepreneurship at the lowest mark-up rate in the market.

We aim to:

- Arrange capacity building of underserved masses by improving attitudes, skill, knowledge and ability to initiate and manage economically viable projects.
- Provide finances, advances and other credit facilities for the development of agriculture and rural market sector including production, marketing and house finance facilities.
- Mobilize savings by accepting deposits in savings and other specialized deposit products.
- Combine the knowledge base with the modern management methodology, latest technology, sophisticated financial instruments, universal micro-banking concepts and current corporate sciences.
- Create and perpetuate a culture of balanced approach for the development of market related competitive and innovative financial services. Introducing a culture of innovation and excellence with a view to find acceptable solutions to real and conceived impediments for promoting a true microfinancial regime.

VISION

‘SELF RELIANCE THROUGH SELF GENERATION’

To strive and play our role in eradicating poverty by providing them opportunity to make their lives better on sustainable long term basis, through inculcating sense of participation, vision, prioritization, and justified use of available resources; and providing required & justified financial assistance.

MISSION

Alleviating the poverty by providing financial services and professional advices, which have a lasting positive impact on our customers’ standard of living, their financial sustainability and growth in their income generation.

CORE VALUES

The Bank is aimed to inculcate a nurturing and invigorating corporate culture based on providing a safe and healthy professional environment, where the employees are valued, respected, and able to deliver their full potential.

The Bank expects its staff to be honest, truthful, straightforward, committed, and dedicated to their work and discharge their duties in a highly professional manner.

The following will be the core values of the Bank, which it will endeavor to, pursue in the achievement of its short and long term goals/ objectives.



SERVICE

We care our valued customer



CREATIVITY

We are Creative, Innovative, and Quality conscious



HONESTY

We are Honest, Integrated, and Trustful



RECIPROCITY

We believe in building a top notch professional team



TRANSPARENCY

We are responsible, trustworthy and law abiding in all that we do



GROWTH

We provide equal opportunity and growth

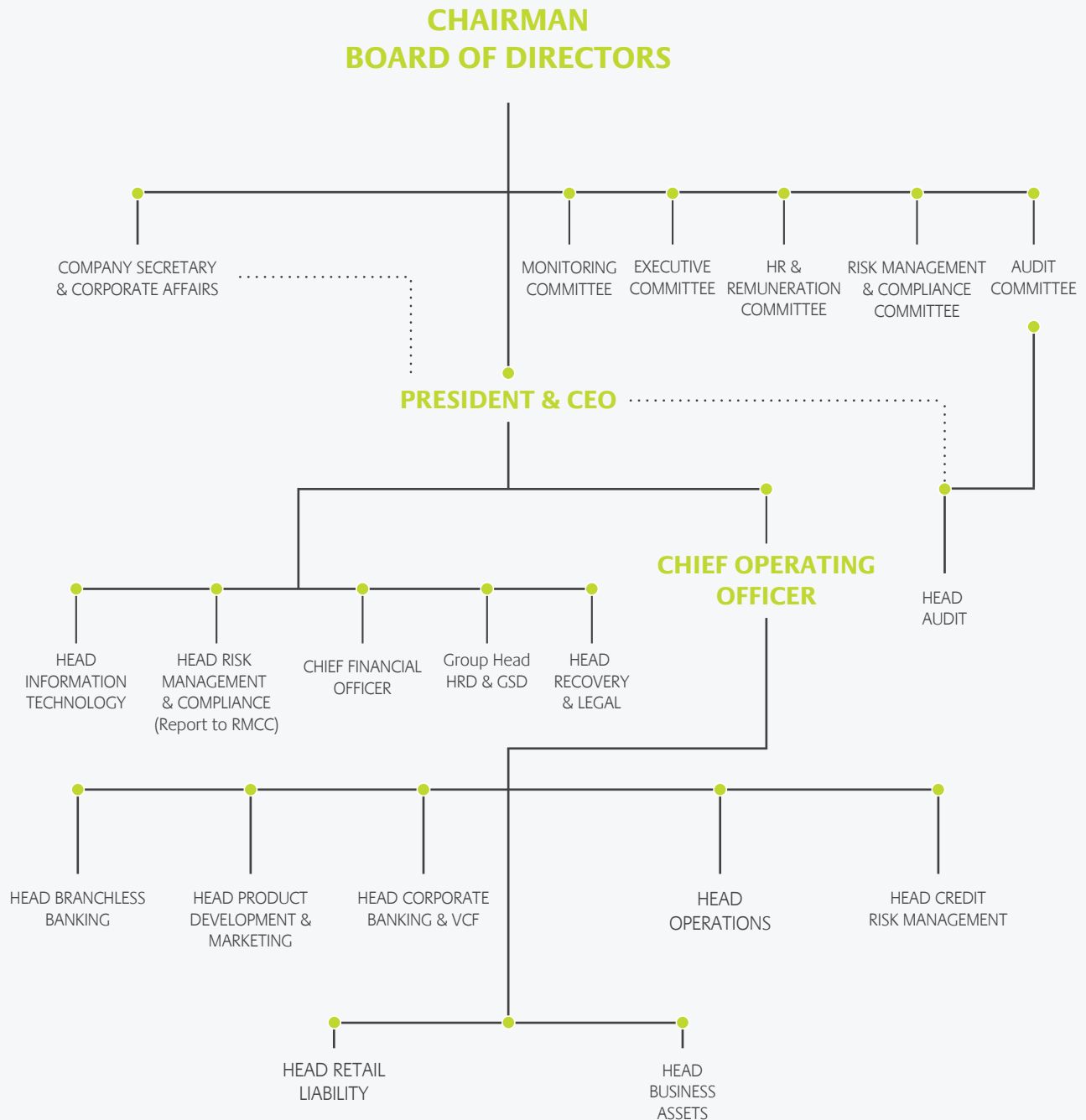
BANK'S PHILOSOPHY

"It is far better to help a poor person by teaching him how to catch a fish instead of buying him a fish."

"ALLAH HELPS THOSE WHO HELP THEMSELVES"

Microfinance may not be posed a significant impact on the overall poverty scenario but it will certainly change the life of the Micro Entrepreneurs.

ORGANIZATIONAL CHART



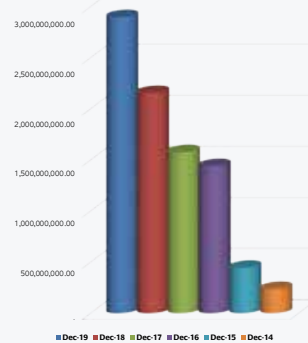
KEY FINANCIAL & OPERATIONAL DATA AT A GLANCE

	Position for Year Ended							
	% Rise 2019 Vs 2018	Dec-19 Rupees	% Rise 2018 Vs 2017	Dec-18 Rupees	Dec-17 Rupees	Dec-16 Rupees	Dec-15 Rupees	Dec-14 Rupees
Financial Data								
Total Assets	16.57%	20,543,253,526	26.03%	17,623,046,929	13,983,590,224	13,554,003,018	5,670,478,820	1,758,954,506
Advances-net of provisions	-0.38%	8,779,226,353	68.61%	8,812,740,994	5,226,547,934	5,484,025,056	2,588,423,092	766,138,548
Deposits	15.45%	18,317,083,706	26.64%	15,866,330,742	12,528,727,169	12,347,070,954	4,546,697,079	1,193,506,624
Share Capital	37.59%	3,439,849,620	0.00%	2,500,000,000	2,500,000,000	2,200,000,000	2,200,000,000	1,100,000,000
Share Deposit money	-22.65%	696,215,185	80.01%	900,078,363	500,008,080	400,000,000	-	-
	21.65%	4,136,064,805	13.34%	3,400,078,363	3,000,008,080	2,600,000,000	2,200,000,000	1,100,000,000
Net Equity	27.48%	1,871,966,805	44.66%	1,468,419,136	1,015,087,402	694,590,229	1,030,113,789	509,329,478
Accumulated Loss	-4.03%	(956,430,276)	-3.85%	(996,574,069)	(1,036,520,157)	(957,009,250)	(221,485,690)	(192,270,001)
Operating Data								
Mark-up / return / interest earned	34.38%	2,899,784,536	36.75%	2,157,835,801	1,577,979,881	1,441,502,272	447,154,900	239,418,864
Mark-up / return / interest expensed	50.98%	(1,209,081,032)	13.76%	(800,799,272)	(703,943,573)	(671,551,250)	(187,445,668)	(78,963,877)
Administrative expenses	12.51%	(1,795,186,386)	21.94%	(1,595,647,431)	(1,308,598,684)	(1,107,253,472)	(351,792,126)	(165,664,970)
Profit / (Loss) before taxation	-11.10%	89,344,447	-153.37%	100,500,905	(188,301,605)	(1,097,577,883)	(24,346,382)	8,721,335
Profit / (Loss) after taxation	0.49%	53,525,058	-166.99%	53,261,451	(79,510,907)	(735,523,560)	(29,215,689)	6,147,859
EPS	-43.33%	0.17	-185.71%	0.30	(0.35)	(3.34)	(0.16)	0.07

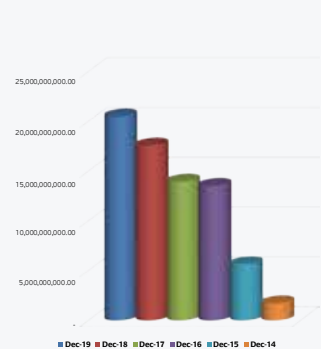
NET EQUITY



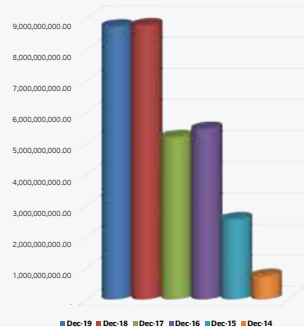
MARKUP INCOME



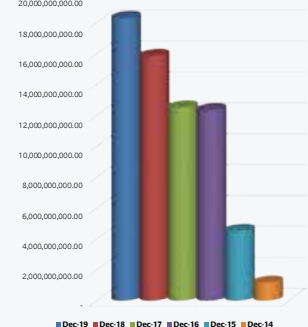
TOTAL ASSETS



ADVANCES-NET OF PROVISIONS



DEPOSITS



ACHIEVEMENTS & EVENTS **2019**



AMBL is approved employer of ICMA. MOU between Apna Microfinance Bank and ICMA



Got 3rd position in National Financial Literacy Program conducted by the SBP



Kashmir Solidarity Day



Road Show - North Region



MOU between Apna Microfinance Bank and Aqua Tas Information Services



ACHIEVEMENTS & EVENTS **2019**

MOU between Apna Microfinance Bank and E-Conceptions for Smart Vista & Digital Financial Services



Re-appointment of President and Chairman



New Branch Opening - Paper Market Karachi



New Branch Opening - Islamabad Blue Area



ACHIEVEMENTS & EVENTS 2019

EMV ATM Card Issuance



Driving License & Certificate
Distribution ceremony
in collaboration
with Uber & TEVTA



ACHIEVEMENTS & EVENTS **2019**

Youth Employment Expo



RCCI International Achievement Awards

Apna Swari prize distribution



BOARD OF **DIRECTORS**



MIAN M. A. SHAHID
Chairman



IMAD MOHAMMAD TAHIR
Director



MUHAMMAD ASGHAR
Director



**MUHAMMAD SALEEM
SHAIKH**
Director



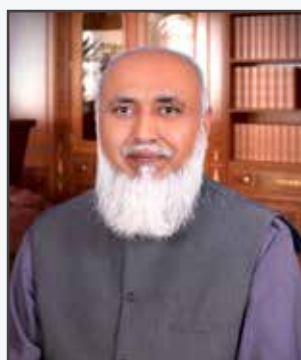
JAVAI D SADIQ
Director



IMAM BUKHSH BALOCH
Director
(SBP-FPT is under Process)



SYED RAHAT ALI SHAH
Director



ABDUL AZIZ KHAN
Director



**SYED MUHAMMAD
TALIB RIZVI**
Advisor to Chairman

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Muhammad Akram Shahid
Chairman

Mr. Imad Mohammad Tahir
Director

Mr. Muhammad Asghar
Director

Mr. Muhammad Saleem Shaikh
Director

Syed Rahat Ali Shah
Director

Mr. Abdul Aziz Khan
Director

Mr. Javaid Sadiq
Director

Mr. Imam Bukhsh Baloch
(SBP-FPT is under process)
Director

PRESIDENT / CHIEF EXECUTIVE OFFICER

Mr. Muhammad Gulistan Malik

COMPANY SECRETARY

Mr. Rafat Abbas

CHIEF FINANCIAL OFFICER

Mr. Ali Murtza

BOARD COMMITTEES

AUDIT COMMITTEE

Mr. Abdul Aziz Khan
Chairman

Mr. Muhammad Asghar
Member

Mr. Imad Mohammad Tahir
Member

Mr. Muhammad Saleem Shaikh
Member

Syed Rahat Ali Shah
Member

EXECUTIVE COMMITTEE

Mr. Muhammad Akram Shahid
Chairman

Mr. Imad Mohammad Tahir
Member

Mr. Abdul Aziz Khan
Member

Mr. Muhammad Asghar
Member

Mr. Muhammad Saleem Shaikh
Member

HUMAN RESOURCE & REMUNERATION COMMITTEE

Mr. Abdul Aziz Khan
Chairman

Mr. Javaid Sadiq
Member

Mr. Imad Mohammad Tahir
Member

Syed Rahat Ali Shah
Member

Mr. Muhammad Saleem Shaikh
Member

RISK MANAGEMENT & COMPLIANCE COMMITTEE

Mr. Muhammad Asghar
Chairman

Mr. Muhammad Akram Shahid
Member

Mr. Javaid Sadiq
Member

Syed Rahat Ali Shah
Member

Mr. Abdul Aziz Khan
Member

MONITORING COMMITTEE

Mr. Muhammad Asghar
Chairman

Mr. Muhammad Saleem Shaikh
Member

Mr. Javaid Sadiq
Member

Mr. Muhammad Akram Shahid
Member

Syed Rahat Ali Shah
Member

AUDITORS

Ilyas Saeed & Co.
Chartered Accountants

LEGAL ADVISOR

Syed Muhammad Junaid Mumtaz
Advocate High Court
(Appointment under Process)

TAX CONSULTANT

Grant Thornton Anjum Rahman
Chartered Accountants

BANKERS

United Bank Limited
Sindh Bank Limited
Khushali Bank limited
Bank Al-Habib Limited
Summit Bank Limited
Zarai Taraqati Bank Limited
JS Bank Limited
Silk Bank Limited
First Microfinance Bank Limited
Soneri Bank Limited
Telenor Microfinance Bank Limited
FINCA Microfinance Bank Limited
NRSP Microfinance Bank Limited
Habib Metropolitan Bank Limited
National Bank of Pakistan Limited
The Bank of Punjab Limited
U Microfinance Bank Limited
Mobilink Microfinance Bank Limited

REGISTERED OFFICE

K-4/3 & 4/4 Ch. Khaliq-uz- Zaman Road,
Gizri Karachi.
PABX Tel: +92 21 35865352-55
Fax: +92 21 35865017
Website: www.apnabank.com.pk

HEADOFFICE

23-A, Sundar Das Road, Zaman Park Lahore.
PABX Tel: +92 42 36306730
UAN: +92 42 111-771-772
Website: www.apnabank.com.pk

SHARE REGISTRAR

F.D. Registrar Services (SMC-Pvt.) Ltd
Office No. 1705, 17th Floor, Saima Trade
Tower-A. I.I. Chundrigar Road, Karachi.
Phone: 021-32271905 & 32271906
Fax: 021-3261233
Email: fdregistrar@yahoo.com

CORPORATE MEETINGS



KEY MANAGEMENT



Mr. M. Gulistan Malik
President / CEO



Mr. Wajhat Malik
Chief Operating Officer



Mr. Ali Murtza
Chief Financial Officer



Mr. Rafat Abbas
Company Secretary



Mr. Qasim Mansoor
Group Head HR, GSD
& Compliance



Mr. Latif Ahmad Saqi
Head Internal Audit



Mr. M. Salman Hamid
Head Branchless Banking



Mr. M. Kamran
Head Credit Risk
Management Department



Mr. Nazish Ali
Head Operation



Mr. M. Sarfaraz Bhatti
Head Recovery & Legal



Mr. Zubair Elahi
Head IT



Mr. M Usman Masood Bhutta
Head Business Assets



Mr. Asad Raza
Head Liability



Mr. Malik Shahid Mehmood
Group Head Corporate
Banking & VCF



HOW WE **PERFORMED**



CHAIRMAN'S REVIEW



On behalf of the Board of Directors, I am pleased to present the Annual report of Apna Microfinance Bank Limited for the financial year ended December 31st, 2019.

During the period under review, the Bank continued to grow and move ahead while operating in tough economic conditions. The upward revision in monetary policy rates combined with inflationary pressures adversely impacted the Bank's core operations. Despite these challenges the Bank's performance remained fairly positive, indicating high potential for future growth.

I am happy to state that this year the Bank efficaciously realized its digital transformation journey by including state of the art technological solutions in

its repertoire of services. This marriage of telephone banking with our existing microfinance model will deliver new value added services to our customer base.

I am also pleased to report on the overall performance and effectiveness of the Board in attaining this year's positive results. The Board's oversight and guidance has been the major contributing factor for the Bank's ongoing success. The performance of our Board members remained highly satisfactory. I am entirely confident, that their continued supervision will aid the Bank in achieving its ultimate objective of sustained success in the upcoming years.

AMBL's Board is effectively balanced, having the right mix of knowledge, expertise and skills. The Board members exhibit high standards of professionalism and ethical conduct and demonstrate vast industry

knowledge along with the requisite skills to effectively guide the management. They are fully aware of their fiduciary duty towards the Bank and its shareholders. Their decisions are made mutually and objectively, in the best interests of the organization. During the year, the Board played an effective role in implementing the Bank's strategic objectives. The Board's dynamic supervision set a clear direction with regards to our core business activities. These included procurement of fresh deposits and loans while maintaining an appropriate blend of deposit mix and financing ratios. The guidance of the board has proved instrumental in improving the Bank's key performance indicators during the year.

The Board has constituted its sub-committees for oversight of all key areas of the Bank. The terms of reference of these committees have been clearly defined by the Board which include periodic review of all significant policies in order to ensure financial and operational soundness. The Board and its committees meet regularly during the year for due deliberation on all outstanding matters and provide their oversight.

On behalf of the Board of Directors, I would like to pay my gratitude to our shareholders and customers for their continued trust in our Bank. I thank the regulatory bodies for their guidance and support. Lastly, I am enormously appreciative for the commitments of our management teams and employees who are an integral part of our organization.

Sincerely,

A handwritten signature in black ink, appearing to read 'Mian Muhammad Akram Shahid', written in a cursive style.

Mian Muhammad Akram Shahid
Chairman of the Board
March 31, 2020
Lahore

PRESIDENT / CEO'S MESSAGE



2019 was a challenging year, in general, for Micro finance industry but Apna Microfinance Bank Limited still managed to continue its expedition of success and development throughout the year. A substantial growth was observed in both segments of Asset & Liability during the year. We are focused and devotedly trying our level best for the accomplishment of our corporate goals by serving the unbanked/less-privileged segment of Pakistan. This shall not only improve our clients' quality of life but also constitute positive growth of our national economy. We consistently pursue to empower our clients by providing them financial services and thereby support in the public duty of financial inclusion.

The Bank has been able to significantly improve its financial and operational indicators. We have successfully emerged

from the tough period, faced after deferment of financing by State Bank of Pakistan (SBP) in the year 2016. I am pleased to say, that through the guidance and leadership of our management the Bank is now able to compete with the key players within the microfinance industry.

Presently, the Bank is in process of further strengthening its procedures and systems, by focusing on consolidation and sustainability. We are focused on the provision of the paramount banking services to our customer base. In pursuance of this we have recently updated our I.T. systems to include the following digital banking solutions for our valued customers:

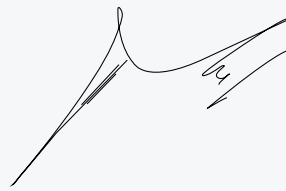
- ADC Switch upgradation from legacy switch to 'SMART VISTA', a state-of-the-art ADC switch
- Launch of Debit card with badging of

Paypak

- Internet Banking
- Mobile Banking
- Integrated CRM to host all the inbound calls, users will be able to activate / deactivate Debit cards, generate PIN and lodge complaints if any.
- Bill Payments are being integrated throughout the banking channels, including Internet Banking, Mobile Banking, ATM and Branchless Banking.

Withal, I would like to acknowledge all the hard work, devotion and commitment of our staff members for carrying out their assigned roles with true letter and spirit. It is only through their dedicated efforts that our Bank shall reach the very pinnacle of the microfinance industry in the years to come and shall continue to show progress towards its vision and mission of raising the living standards of our society's marginalized segments.

Lastly, I express my gratitude to all our customers, shareholders, State Bank of Pakistan, Securities and Exchange Commission of Pakistan and Pakistan Stock Exchange for their confidence, continued support and trust in the Bank which led us to close 2019 on a positive note.



Muhammad Gulistan Malik
President/CEO

DIRECTORS' REPORT TO THE MEMBERS

The Directors of the Apna Microfinance Bank Limited (hereinafter referred to as 'the Bank') are pleased to present their report together with the Audited Financial statements and Auditors' Report thereon for the year ended 31 December 2019.

PRINCIPAL ACTIVITY, DEVELOPMENTS AND FINANCIAL PERFORMANCE

Apna Microfinance Bank Limited (the Bank) was incorporated as a public limited bank and its shares are listed on Pakistan Stock Exchange Limited. The Bank's principal business is to provide microfinance banking and related services to the poor and underserved segment of the society with a view to alleviate poverty under the Microfinance Institutions Ordinance, 2001.

The State Bank of Pakistan (SBP) increased the interest rates by 325 basis points during the year, bringing the policy rate to 13.25% at December 2019 from 10.00% at December 2018. This, combined with climbing inflation levels and periodic currency devaluations during the year had an overwhelming effect on the Microfinance Sector with regards to reduced recovery, increased infection in advances portfolio and write offs. The high policy rates have led to increased cost of deposits, consequently reducing the overall profit margins of Microfinance Banks. Despite these external challenges and several internal limitations, Apna Microfinance Bank Limited is growing up gradually, owing to the dedicated efforts and of its management as well as the commitments of its sponsors.

The financial performance of the Bank during the year ended December 31, 2019 is as follows;

Particulars	31 December 2019	31 December 2018	%
	Audited (PKR)	Audited (PKR)	Change
Advances-net of provisions	8,779,226,353	8,812,740,994	(0.38)%
Deposits and other accounts	18,317,083,706	15,866,330,742	15.45%
Mark-up/return/interest earned	2,899,784,536	2,157,835,801	34.38%
Mark-up/return/interest expensed	(1,209,081,032)	(800,799,272)	50.98%
Administrative expenses	(1,795,186,386)	(1,595,647,431)	12.51%
Profit after taxation	53,525,058	53,261,451	0.49%

In line with past trends, the Bank posted a profit after tax in the current year amounting to PKR. 53.53 million as compared to a profit of PKR. 53.26 million in the year 2018. The equity (net of losses) of the Bank stood at PKR. 1,871.97 million and the total assets have grown to PKR. 20,543.25 million from PKR. 17,623.05 million as at December 31, 2019.

During the year, the Bank has made lending of approx. PKR. 5.114 billion to 55,674 new customers till December 31, 2019. The overall NPL ratio of the Bank's loan portfolio has declined significantly from the last year, which is commendable and confirms the transparency of our revamped loan disbursement system.

The Bank recorded provision expense of PKR. 293.57 million against a gross loan portfolio of PKR. 9.072 billion during the current year. Whereas a provision of PKR.88.32 million was recorded against a gross loan portfolio of PKR. 10.087 billion during the last year. The reason for this increase is attributable to the prevailing economic conditions such as higher inflation and cost of living which has negatively impacted the earning capacity of the Bank's borrower base, resulting in reduced recoveries. To combat these adverse circumstances, the management has devised and implemented new risk based strategies to control provision of the Bank's loan portfolio.

The management has charged a specific provision amounting to PKR. 122 million against its new loan portfolio of PKR. 7,670 million as per the requirements of the Prudential Regulations for MFBs. However, a specific provision amounting to PKR. 3 million has been charged against the old loan portfolio of PKR. 1,402 million as per managements subjective assessment. (Refer to note no. 1.1.1 and 11.4 to the Financial Statements).

During the year the Bank has written off loans against provisions amounting to PKR. 1.275 billion in accordance with the terms and conditions of Prudential Regulations issued by the State Bank of Pakistan for MFBs. The management is committed to make credible future lending and deploying focused recovery efforts to minimize the Bank's non-performing loans.

DIRECTORS' REPORT TO THE MEMBERS

The Bank's deposit base has shown a substantial increase of PKR. 2.451 billion over the last year with total deposits of PKR. 18.317 billion as at December 2019 as opposed to a deposits figure of PKR. 15.867 billion at the end of last year. The Bank's deposits mobilization strategy is aimed at ensuring an optimal mix with a strong focus on building current and saving accounts

Owing to the effects of the present economic conditions and incessant increase in policy rates during the year, the microfinance sector now has to offer even higher rates to its depositors which have resulted in an increased cost of deposits and narrowing profit margins. This is evident from an increase of 50.98% in the Bank's interest expense during the year. To counter these limitations, the Bank has formulated and implemented a strategic plan regarding its deposit products which includes, attracting low cost deposits with a focus on restructuring the Bank's deposit mix (CASA) in order to maintain the mark-up/ interest expense within acceptable limits.

The Bank completed its Rights Share Issue process during the current year. The total number of 93,984,962 shares were issued to directors / sponsors and general members, which significantly increased the share capital to PKR.3.439 billion at the end of December 2019 from PKR.2.50 billion as at December 2018. The sponsors have injected fresh capital of over PKR. 350 million during the year. As a result, the equity net of losses of the Bank has increased by over PKR. 403 million from the last year. These figures are a sign of improved investor confidence in the Bank's operations translating in successful future prospects.

Digital Services Landscape

The importance of Information Technology cannot be ignored in today's rapidly digitizing banking world. The present banking environment is dynamic and undergoes rapid changes as a result of technological innovation, increased customer awareness and demand. Provision of digital banking services are a prerequisite of competitiveness within the sector and of fundamental importance to success. In view of this the Bank has recently updated its IT system to include a host of new offerings, with the objective of providing our customer base the level and variety of services that cater and satisfy all their digital banking needs. Salient features of the Bank's IT upgradation are as under:

ADC Switch Upgradation & Migration: In order to digitally transform banking services, Apna Microfinance Bank Limited is upgrading and migrating legacy ADC switch to "SMART Vista" a state-of-the-art ADC switch will enable the Bank to connect different Digital channels with the banking services.

Internet Banking: As part of digital transformation, The Bank will be offering Internet banking to its account holders. Users can perform IBFT, balance enquiry, bill payments, funds transfers and access their account statements.

Mobile Banking: The Bank is now offering Android and IOS based Mobile Banking smart phone application to its account holders. Users can perform IBFT, balance enquiry, bill payments, funds transfers and access their account statements.

Integrated CRM: Integrated CRM is being deployed to improve customer services. CRM will host all the inbound calls, users will be able to activate / de-activate Debit cards, generate PIN and lodge complaints if any.

Bill Payments: Bill Payments are being integrated throughout the banking channels, including Internet Banking, Mobile Banking, ATM and Branchless Banking. All billers will be available uniformly throughout all the channels. Easy biller management through interactive UI.

e-Dialer: e-Dialer is an integrated corporate SMS & IVR portal. It is used for SMS aggregation of all the telecommunication companies. The aggregator service enables AMBL to send and receive SMS from our short code 8625. Multilingual SMS campaigns are also managed by e-Dialer.

Principal Risks and Uncertainties

The Directors consider the following as key risks:

Interest Rate Risk: Interest rates have risen significantly over the last year. The relationship between the prevailing policy rates and the Bank's interest spread will threaten the overall profitability of the Bank.

Oversight on the Bank's tolerance to interest rate risk is kept through "Asset & Liability Committee – (ALCO)" which periodically monitors and determines the rates of lending and deposit products offered by the Bank, in order to retain the customer base and maximize interest rate spreads.

DIRECTORS' REPORT TO THE MEMBERS

Credit Risk: The risk associated with default by customers is a significant threat to the Bank. Driven by the motivation of increasing market share, a large growth in financing is prevailing in the sector, a hefty portion of which is unsecured. The macro economic trends such as inflation, recession and currency devaluation will incapacitate the borrowers to pay back their dues leading to increased losses to the Bank.

As part of a redefined lending strategy, the management has completely revamped its credit control procedures during the past periods. The management is fully committed to maintain a healthy credit portfolio by ensuring that all credit risks are completely covered.

Coronavirus Pandemic: The risk that the present slowdown in the economic activity as a results of the Coronavirus pandemic and will have adverse effects on the Bank's core business operations and future financial results.

The Coronavirus pandemic has taken a significant toll on human life around the world, disrupting logistic chains and reducing external and domestic demand, while increasing risk aversion and uncertainty about the future. At present, the impacts of this ongoing crises on the local industry and the country's economy in general, remain indefinitely uncertain. Consequently, the financial and operational effects on the entity's future prospects cannot be presently determined. However, there is a risk that if the present scenario prevails, the resulting slowdown will negatively impact fresh lending and recovery activities of the Bank. There is also a risk that the Bank's operational activities may be limited due to government imposed lockdowns and unavailability of optimal staff strength.

Retention of Qualified Staff: The importance of human capital is globally recognized. The Microfinance sector is continuously facing increasing competition owing to which the retention of qualified and skilled staff is a challenge.

The management is committed to provide the right work environment which allows our employees to excel. The aim is to promote a culture of growth which not only rewards competence but also permits the work force to evolve.

Technology Risk: The risk that the Bank may be unable to cope up with new advancements in IT is quite inherent on part of better service provision to customers. The increasing competition and the dynamic needs of clients increase the importance of keeping up with technology advancements in order to provide successful solutions to the user base. Lack of innovation and progressive development in this sector may lead to loss of future business to competitors. Another aspect of this risk is the loss to the Bank from disruption to its electronic systems.

The Bank has updated its IT system during the year to incorporate state of the art technological advancements in internet and mobile banking. Additionally, the system audit department regularly monitors, highlights and reports any unusual instances and weaknesses to the Bank's Information system.

Compliance and Regulation Risk: The risk that inherently exists in financial sectors, perhaps the regulations and their respective compliances are meant to create an enabling for institutions. Excessive regulations will require a higher compliance cost for MFBs which will make it more difficult to operate profitably within the sector.

The Bank is endeavoring internally as well as externally to cater with and mitigate the impact of aforesaid risks and uncertainties.

Liquidity Risk: The risk that the Bank may be unable to meet its contractual obligations in a timely manner due to a lack of funds.

The management performs periodic reviews of available liquidity. Funds are constantly monitored to maintain them at optimal liquidity levels. The Bank also maintains a substantial portfolio of highly liquid government securities that can be realized in the event of liquidity stress.

The Bank is endeavoring internally as well as externally to cater to and mitigate the impact of the aforesaid risks and uncertainties.

FUTURE OUTLOOK

We will continue to strive for the betterment of our revamped credit and information system in order to ensure continued transparency in the Bank's lending system. Further, the Bank shall implement a strategy of improving its profitability by greater coverage, asset performance and productivity.

DIRECTORS' REPORT TO THE MEMBERS

The microfinance sector of Pakistan is recognized as a key player in the banking industry. The Bank is striving to provide financial services to the unbanked segment of the population while catering to high demands of customers. The Bank has completed the first phase of digitization which includes internet and mobile banking services. In the next phase of its digital transformation, the Bank will also be offering branchless banking services after acquiring license of branchless banking from the SBP. Branchless Banking platform will have "Merchant Portal" and "Mobile Wallets". Any user will be able to sign up to the Bank's branchless banking account and our smart phone app will allow the users to cash in and out to the mobile wallet account using QRs, IBFT, balance enquiry, bill payments, funds transfer and account statements.

This digitization initiative will not only expand the Bank's outreach but also bring down the operational and branch level costs. Our vision is to build a technology powerhouse which caters to the needs of the payments industry and enhances the businesses of the Bank.

Subsequent to achieving the membership of PRISM, the Bank is currently in the final stages of automating its RTGS processing mechanism. This new mechanism, termed as Straight Through Processing (STP) will facilitate the transfer of large value payments in an efficient and prompt manner.

The Bank's Capital Adequacy Ratio (CAR), as also referred in Note no. 1.2 to the financial statements for the year ended December 31st, 2019, is not in compliance with the requirements of Prudential Regulation for MFB's. However, the sponsors are committed to bring the CAR up to the required limit in near future.

CREDIT RATING

The long-term rating of the Bank is "BBB+" (Triple B plus) and the short-term rating is "A3" (A Three) with a "Stable" future outlook as determined by The Pakistan Credit Rating Agency Ltd. (PACRA).

CORPORATE SOCIAL RESPONSIBILITY

We are also committed to Corporate Social Responsibility (CSR) and integrating sound social practices in our day to day business activities. CSR is an important part of who we are and how we operate. We measure our success not only in terms of financial criteria but also in building customer satisfaction and supporting the communities we serve.

INTERNAL FINANCIAL CONTROLS

The Directors are aware of their responsibility with respect to internal financial controls. Through discussion with management and auditors (both internal and external), they confirm that adequate controls have been implemented by the Bank.

CORPORATE AND FINANCIAL REPORTING FRAMEWORK

The Directors confirm the compliance with Corporate and Financial Reporting Framework of the Securities and Exchange Commission of Pakistan and Code of Corporate Governance for the following matters:

- The Financial Statements have been prepared by the management of the Bank and present fairly the 'state of affairs' of the Bank, the results of its operations, cash flow statement and statements of changes in equity;
- Proper books of accounts of the Bank have been maintained;
- Appropriate accounting policies as stated in the notes to the financial statements have been consistently applied for the preparation of the financial statements; accounting estimates are based on reasonable and prudent judgment;
- These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of the 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 regulations / directives issued by the SECP and the SBP. Wherever the requirements of the Companies Act, 2017, the Microfinance Institutions Ordinance, 2001 or the regulations / directives issued by the SECP and the SBP differ with the requirements of IFRSs, the requirements of the Companies Act, 2017, the Microfinance Institutions Ordinance, 2001 or the requirements of the said regulations / directives shall prevail;
- The system of internal control is sound in design and has been effectively implemented and monitored. The ultimate responsibility of the effectiveness of the internal control system and its monitoring lies with the Board. An Audit Committee has been formed for the purpose that meets periodically and independently throughout the year with the management and the internal and external auditors to discuss the effectiveness of the internal control system and other financial reporting matters. In addition, there are financial forecasts and budgetary control procedures in place, which are reviewed and monitored throughout the year to indicate

DIRECTORS' REPORT TO THE MEMBERS

and evaluate variances from the budget;

- There is no doubt about the ability of the Bank to continue as a going concern;
- Key operating and financial data of the last six years has been included in the Annual Report;
- There is no material departure from best practices of corporate governance, as detailed in listing regulations; and
- No statutory payment has been remained outstanding on account of any taxes, duties, levies and charges.
- Details of Directors' training programs are given in the Statement of Compliance with the Code of Corporate Governance.
- The Non-Executive Directors, including Independent Directors, are eligible for fees and logistic expenses for attending meetings of the Board and Board Committees as approved by the Board of Directors.

CORPORATE GOVERNANCE

The Directors are committed to good corporate governance and comply with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019 and the Rule Book of Pakistan Stock Exchange. The statement of compliance with the CCG is enclosed.

1. The total number of directors are nine as per the following:

Category	Number of Directors
Male Director	08*
Female Director	0**

*Mr. Imam Bukhsh Baloch – Independent Director is elected in election but the SBP-FPT is under process.

**One Female Director elected in election but SBP not cleared her FPT.

2. The composition of the Board of Directors (the Board") is as follows:

Category	Names
Independent Director	Mr. Abdul Aziz Khan Mr. Imam Bukhsh Baloch *
Non-Executive Directors	Mr. Mohammad Akram Shahid (Chairman) Mr. Imad Mohammad Tahir Mr. Muhammad Asghar Mr. Muhammad Saleem Shaikh Syed Rahat Ali Shah Mr. Javaid Sadiq

Mr. Imam Bukhsh Baloch – Independent Director is elected in election but the SBP-FPT is under process.

The Board has formed committees comprising of the members given below:

AUDIT COMMITTEE

- Mr. Abdul Aziz Khan (Chairman)
- Mr. Muhammad Asghar
- Mr. Imad Mohammad Tahir
- Mr. Muhammad Saleem Shaikh
- Syed Rahat Ali Shah

HUMAN RESOURCE & REMUNERATION COMMITTEE

- Mr. Abdul Aziz Khan (Chairman)
- Mr. Javaid Sadiq
- Mr. Imad Mohammad Tahir
- Mr. Muhammad Saleem Shaikh
- Syed Rahat Ali Shah

RISK MANAGEMENT COMMITTEE OF THE BOARD

- Mr. Muhammad Asghar (Chairman)
- Mr. Muhammad Akram Shahid
- Mr. Javaid Sadiq
- Mr. Abdul Aziz Khan
- Syed Rahat Ali Shah

3. The Board of Directors get the remuneration in accordance with the State Bank Circular No. AC&MFD circular no. 2 of 2019 and their Regulations. The detail of which is given in Note 32 to the Financial Statement.

DIRECTORS' REPORT TO THE MEMBERS

Changes in the Board of Directors

Two Directors of the previous Board of Bank namely Mr. Muhammad Azam Cheema and Mr. Qamar-Uz-Zaman did not consent for the new elections held on June 18, 2019. Consequently, they are no longer part of Board of Directors (BOD). In further, two new shareholders participated in the elections and elected, namely, Mr. Abdul Aziz Khan (Independent Director) and Mr. Javaid Sadiq (Non-Executive Director). They are newly appointed directors of the board.

ATTENDANCE OF DIRECTORS IN BOARD MEETINGS

The meetings attended by the BOD during the current year are annexed to the annual report.

STATEMENT OF INVESTMENT OF PROVIDENT FUND

The Bank operates a funded provident fund scheme covering all its permanent employees. The un-audited balance of the fund as at December 31, 2019 is PKR 60.492 million (2018: PKR 36.559 million - Audited).

RELATED PARTY DISCLOSURE

All transactions with related parties undertaken during the financial year were at arm's length using the comparable controlled price method, as admissible in the best interest of the Bank. The Bank has fully complied with the best practices on transfer pricing.

DIVIDEND AND APPROPRIATIONS

The Bank has neither declared a dividend nor issued bonus shares for the year due to accumulated losses of past years. However, the appropriation of current years' profit is as under:

Particulars	2019 Rupees	2018 Rupees
Profit after taxation	53,525,058	53,261,451
Appropriations:		
Transfer to:		
Statutory Reserve	(10,705,012)	(10,652,290)
Contribution to MSDF/ DPF/ RMF	(2,676,253)	(2,663,073)
	(13,381,265)	(13,381,265)
Unappropriated loss brought forward	(996,574,069)	(1,036,520,157)
Unappropriated loss carried forward	(956,430,276)	(996,574,069)

EARNINGS PER SHARE

The Basic and Diluted earnings per share of the Bank after tax is Rs.0.17. (2018: Rs.0.30 Restated).

AUDIT OBSERVATIONS

The external auditors have modified their report with respect to the tagging of old running finance portfolio built before November 2016. The auditors found the tagging both incomplete and subjective as the information was entered in the system manually on the basis of available physical record. The auditors were unable to determine the quantum of NPL's, related provision and suspension of markup with respect to old running finance portfolio due to incomplete information generated from the Bank's Information system.

In respect of the audit observation, it is to state that the cases were tagged on the basis of physically available information and said information was diligently entered in the Bank's system. We are convinced that the system is providing appropriate information about those tagged cases. We are hopeful that the auditor concerns will be satisfactorily addressed and observations removed within the upcoming periods.

Further, the external auditors have also modified their opinion with respect to non-appointment of female director as per requirement of Listed Companies (Code of Corporate Governance) Regulations, 2019 and the non-appointment of two independent directors as per the requirement of Regulation G-1 of the Prudential Regulations for Microfinance Banks. During the year the Bank appointed two independent directors and female director, however, the fit and proper test of 2nd appointed independent director is still pending at the end of the State Bank of Pakistan. Whereas the fit and proper test of the female director has not been cleared by the regulating body.

DIRECTORS' REPORT TO THE MEMBERS

The board presently constitutes of seven directors. The external auditors modified their opinion in this regard as well since, as per regulatory requirements and resolutions of the board the total number of directors should not be less than nine.

AUDITORS

The retiring auditors' **M/s Ilyas Saeed & Co., Chartered Accountants, Lahore**, being eligible, have offered themselves for re-appointment. The external auditors have been given satisfactory rating under Quality Control Review of the Institute of Chartered Accountants of Pakistan (ICAP). The Audit Committee has recommended their re-appointment as auditors of the Bank for the year 2020.

PATTERN OF SHAREHOLDING

The pattern of shareholding as at December 31, 2019 is annexed to the annual report.

TRADES IN SHARES

No trading was carried out in the shares of the Bank during the year by the Directors, Chief Executive Officer, Chief Financial Officer, Company Secretary, Chief Internal Auditor or their spouses and minor children other than that has already been disclosed in the pattern of shareholding.

Events after the date of the Statement of Financial Position

There have been no material changes since December 31, 2019. The Bank has not entered into any commitment, which would materially affect its financial position at the date.

ACKNOWLEDGEMENT

We take this opportunity to express our gratitude to our customers and business partners for their continued support and trust and we are also thankful to our associates, staff and colleagues for their committed services provided to our valued customers.

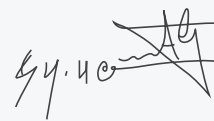
We would also like to express our gratitude to the State Bank of Pakistan (SBP), the Securities and Exchange Commission of Pakistan (SECP) and the Pakistan Stock Exchange (PSX) for their continued guidance and support. We especially offer our sincere appreciation to the management of the State Bank of Pakistan for the co-operation extended to the Bank during this demanding phase. We duly acknowledge that SBP's constant support and enlightened guidelines that provided us with a reason to rethink about the future of this potential organization.

For and on behalf of Board of Directors, The Apna Microfinance Bank Limited.



Muhammad Gulistan Malik
President/CEO

Date: March 31, 2020
Lahore



Syed Rahat Ali Shah
Director

ممبران کے لیے ڈائریکٹرز رپورٹ

مزید، ایکسٹرنل آڈیٹرز نے لیکچرینز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز کے مطابق خاتون ڈائریکٹر اور مائیکروفنانس پروڈیوسر ریگولیشنز G-1 کے مطابق دو خود مختار ڈائریکٹرز کی عدم تفریق پر اپنی رائے کو موافقتی کیا ہے۔ سال کے دوران بینک نے دو خود مختار ڈائریکٹرز اور خاتون ڈائریکٹر کی تفریق کی تاہم دوسرا مقرر کردہ خود مختار ڈائریکٹر کا فٹ اینڈ پر اپریٹ سٹیٹ بینک آف پاکستان کے زیر التوا ہے۔ جبکہ ریگولیشنز ہاڈی نے خاتون ڈائریکٹر کا فٹ اینڈ پر اپریٹ سٹیٹ کلیر نہیں کیا۔ بورڈ میں اس وقت سات ڈائریکٹرز ہیں، ایکسٹرنل آڈیٹرز نے اس سلسلے میں بھی اپنی رائے میں تبدیلی کی ہے، کیونکہ ریگولیشنز تقاضوں اور بورڈ کی قراردادوں کے مطابق ڈائریکٹرز کی کل تعداد نو سے کم نہیں ہونی چاہئے۔

آڈیٹرز:

ریٹائرنگ آڈیٹرز میسرز الیاس سعید اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس اہلیت کی بنیاد پر خود کو دوبارہ تفریق کے لئے پیش کرتے ہیں۔ ایکسٹرنل آڈیٹرز کو پاکستان کے چارٹرڈ اکاؤنٹنٹس ادارے کے کوالٹی کنٹرول جائزہ کے تحت قابل اطمینان درجہ دیا گیا ہے۔ آڈٹ کمیٹی نے ان کی اگلی مدت کے لئے دوبارہ تفریق کو ریگولیشنز میں کمیٹیاں کیا ہے۔

شیئر ہولڈنگ کا نمونہ:

31 دسمبر 2019ء کا شیئر ہولڈنگ کا نمونہ اس سالانہ رپورٹ کے ساتھ منسلک ہے۔

حصص میں تجارت:

رواں سال کے دوران ڈائریکٹرز، سی ای او، چیف فنانشل آفیسر، کمپنی سیکرٹری، چیف انٹرنل آڈیٹر یا ان کے شریک حیات اور نابالغ بچوں میں سے کسی نے بھی حصص کی تجارت نہیں کی۔

سٹیٹمنٹ آف فنانشل پوزیشن کے بعد کے واقعات:

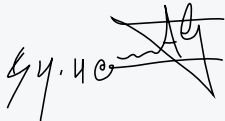
31 دسمبر 2019ء کے بعد کوئی اہم تبدیلی نہیں ہوئی۔ بینک نے کوئی ایسا وعدہ نہیں کیا جس سے مالیاتی پوزیشن پر اثرات مرتب ہوں۔

اعترافات:

ہم اس موقع سے فائدہ اٹھاتے ہوئے اپنے صارفین، کاروباری شراکت داروں کی مستقل حمایت اور بھروسے کے حاصل ہونے پر اظہار تشکر پیش کرتے ہیں اور ہم صارفین کو دی گئی پُر عزم خدمات کے لئے اپنے ملازمین کا بھی شکریہ ادا کرتے ہیں۔

ہم سٹیٹ بینک آف پاکستان، سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور پاکستان ٹاک ایکسچینج کو ان کی مستقل رہنمائی اور تعاون کے لئے اظہار تشکر پیش کرتے ہیں۔ ہم خاص طور پر سٹیٹ بینک آف پاکستان کو خراج تحسین پیش کرتے ہیں، جن کا تعاون بینک کے مشکل وقت میں بھی شامل حال رہا۔ ہم یقینی طور پر تسلیم کرتے ہیں کہ سٹیٹ بینک آف پاکستان کی مسلسل حمایت اور روشن رہنمائی نے ہمیں اس بینک کے مستقبل کے بارے میں سوچنے کا سبب فراہم کیا۔

منجانب بورڈ آف ڈائریکٹرز اپنا مائیکروفنانس بینک لمیٹڈ۔



سید راحت علی شاہ
ڈائریکٹر



محمد گلستان ملک
صدر ای۔ ای۔ او
31 مارچ 2020
لاہور

ممبران کے لیے ڈائریکٹرز رپورٹ

بورڈ آف ڈائریکٹرز میں تبدیلیاں:

پچھلے بورڈ کے دو ڈائریکٹرز جن کے نام جناب محمد اعظم چیمہ اور جناب قمر الزمان ہیں، نے 18 جون 2019ء میں ہونے والے نئے انتخابات کے لئے رضامندی ظاہر نہیں کی تھی، جس کے نتیجے میں وہ اب بورڈ آف ڈائریکٹرز کا حصہ نہیں ہیں۔ اس کے علاوہ دو نئے شیئرز ہولڈرز جناب عبدالعزیز خان (خود مختار ڈائریکٹر) اور جناب محمد جاوید صادق (نان ایگزیکٹو ڈائریکٹر) نے الیکشن میں حصہ لیا اور منتخب ہوئے۔ وہ اب بورڈ کے نئے مقرر کردہ ڈائریکٹرز ہیں۔

بورڈ کے اجلاس میں ڈائریکٹرز کی شرکت:

اس سال کے دوران ہونے والے اجلاسوں میں بورڈ کا ڈائریکٹرز کی حاضریوں کا ریکارڈ سالانہ رپورٹ کے ساتھ منسلک ہے۔

پراویڈنٹ فنڈ کی سرمایہ کاری کا بیان:

بینک اپنے تمام مستقل ملازمین کے لئے فنڈ پراویڈنٹ فنڈ مہیا کرتا ہے، 31 دسمبر 2019ء کو فنڈ کا یہ بیلنس قبل از آڈٹ 60.492 ملین پاکستانی روپے ہے (2018ء: 36.559 ملین پاکستانی روپے آڈٹڈ)۔

متعلقہ فریقوں سے تعلقات:

متعلقہ فریقوں کے درمیان لین دین مارکیٹ کی مقرر کردہ قیمتوں کے مطابق کیا جاتا ہے۔ تمام کی گئی ٹرانزیکشنز میں مناسب قیمت کا طریقہ کار استعمال کیا گیا جو کہ بینک کے بھرپور مفاد میں ہے، بینک قیمتوں کی منتقلی پر بہترین ضابطے کے مطابق مکمل طور پر عمل کرتا ہے۔

ڈیوڈنٹ اور تصرفات:

پچھلے برسوں کے مجموعی خسارے کی وجہ سے نوڈیوڈنٹ اور نہ ہی بونس حصص دینے کا اعلان کیا گیا ہے، تاہم منافع کا تصرف ذیل کے تحت کیا گیا ہے:

31 دسمبر 2018	31 دسمبر 2019	منافع / (نقصان) بعد از ٹیکس اور اینگی
(پاکستانی روپے)	(پاکستانی روپے)	تصرفات:
53,261,451	53,525,058	قانونی ذخائر میں منتقلی
		بی پی ایف / ایم ایس ڈی ایف / آرایم ایف میں شراکت
(10,652,290)	(10,705,012)	غیر تصرف شدہ خسارہ آگے لایا گیا
(2,663,073)	(2,676,253)	غیر تصرف شدہ خسارہ آگے لے جایا گیا
(13,315,363)	(13,381,265)	
(1,036,520,157)	(996,574,069)	
(996,574,069)	(956,430,276)	

آمدنی فی حصص:

بعد از ٹیکس بنیادی اور diluted آمدنی فی حصص 0.17 روپے ہے (2018ء: 0.30 روپے ریٹریڈڈ)۔

آڈٹ کے مشاہدے:

ایکسٹرنل آڈیٹرز نے نومبر 2016ء سے پہلے والے پرانے رنگ فنانس پورٹ فولیو کی ٹیکنگ کے حوالے سے اپنی رپورٹ کو موڈیفائی کیا ہے۔ آڈیٹرز نے اس ٹیکنگ کو نامکمل اور ذہنی پایا، کیونکہ سسٹم میں معلومات، دستیاب معلومات کی بنا پر ہاتھ سے درج کی گئی تھیں۔ آڈیٹرز سسٹم سے نکالی گئی نامکمل معلومات کی بنا پر پرانے رنگ فنانس پورٹ فولیو این پی ایل (NPL)، اس کی پرووژن اور مارک اپ کی معطلی کا تعین کرنے میں ناکام رہے۔ اس لئے ہم اس بات پر یقین رکھتے ہیں کہ بینک کا سسٹم ٹیکنگ کی معلومات حقیقی اور منصفانہ بنیاد پر فراہم کر رہا ہے، ہم پُر امید ہیں کہ آڈیٹرز کے خدشات کو آنے والے ادوار میں اطمینان بخش انداز میں ختم کر دیں گے۔

ممبران کے لیے ڈائریکٹرز رپورٹ

(2) بورڈ آف ڈائریکٹرز (بورڈ) کی تشکیل مندرجہ ذیل ہے:

کیٹگری	نام
خود مختار ڈائریکٹرز	جناب عبدالعزیز خان جناب امام بخش بلوچ *
نان ایگزیکٹو ڈائریکٹرز	جناب محمد اکرم شاہد (چیئر مین) جناب جاوید صادق جناب محمد اصغر جناب محمد سلیم شیخ جناب عماد محمد طاہر سید راحت علی شاہ

☆..... جناب امام بخش بلوچ الیکشن میں خود مختار ڈائریکٹر منتخب ہوئے، لیکن ان کا الیف پی ٹی، ایس بی پی کے زیر عمل ہے۔

(3) بورڈ نے حسب ذیل ارکان پر مشتمل کمیٹیاں تشکیل دی ہیں:

آڈٹ کمیٹی:

..... جناب عبدالعزیز خان (چیئر مین)

..... جناب محمد اصغر

..... جناب عماد محمد طاہر

..... جناب محمد سلیم شیخ

..... سید راحت علی شاہ

ہیومن ریسورس اینڈ ریمو نریشن کمیٹی:

..... جناب عبدالعزیز خان (چیئر مین)

..... جناب جاوید صادق

..... جناب عماد محمد طاہر

..... جناب محمد سلیم شیخ

..... سید راحت علی شاہ

رسک مینجمنٹ کمیٹی:

..... جناب محمد اصغر (چیئر مین)

..... جناب محمد اکرم شاہد

..... جناب جاوید صادق

..... جناب عبدالعزیز خان

..... سید راحت علی شاہ

(4) بورڈ آف ڈائریکٹرز کو سٹیٹ بینک آف پاکستان کے سرکلر نمبر AC&MFD 2019ء کے سرکلر نمبر 2 اور ان ریگولیشنز کے مطابق معاوضہ ملتا ہے۔ اس کی تفصیل مالیاتی رپورٹ کے نوٹس نمبر 32 میں دی گئی ہے۔

ممبران کے لیے ڈائریکٹرز رپورٹ

انٹرنل فنانشل کنٹرولز:

ڈائریکٹرز انٹرنل فنانشل کنٹرولز کے حوالے سے اپنی ذمہ داریوں سے آگاہ ہیں، انتظامیہ اور آڈیٹرز (انٹرنل اور ایکسٹرنل) کے ساتھ تبادلہ خیال کے ذریعے وہ تصدیق کرتے ہیں کہ بینک کی طرف سے مناسب کنٹرولز لگائے گئے ہیں۔

کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک:

- مندرجہ ذیل معاملات کے لئے ڈائریکٹرز نے کوڈ آف کارپوریٹ گورننس اور سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے کارپوریٹ اینڈ فنانشل رپورٹنگ فریم ورک کے ساتھ تعمیل کی تصدیق کی ہے۔

- بینک انتظامیہ کی جانب سے تیار کردہ مالیاتی گوشوارہ منصفانہ طور پر بینک کے معاملات کی صورت حال، سرگرمیوں کے نتائج، زیر گردش نقدی اور ایکٹیویٹی میں تبدیلیاں پیش کرتا ہے۔

- بینک کے کھاتوں کا مناسب انتظام رکھا گیا ہے۔

- مالیاتی گوشواروں کی تیاری میں مستقل مناسب کھاتے داری کی پالیسی کا اطلاق کیا گیا ہے، نیز کھاتے داری کے مالی تخمینے موزوں اور محتاط اندازوں پر مبنی ہیں۔

- یہ مالیاتی گوشوارے پاکستان میں لاگو منظور کھاتے داری کے معیار کے مطابق تیار کئے گئے ہیں۔ ان کھاتے داری کے معیار میں یہ شامل ہے، بین الاقوامی مالیاتی رپورٹنگ کے معیار (IFRSs)

جو کہ بین الاقوامی کھاتے داری کے معیار کے بورڈ IASB کے جاری کردہ ہیں، کمپنیز ایکٹ 2017ء، مائیکرو فنانس انسٹیٹیوشنز آرڈیننس 2001ء، سیکورٹیز اینڈ ایکسچینج کمیشن آف

پاکستان (SECP) اور سٹیٹ بینک آف پاکستان کے جاری کردہ قواعد و ضوابط کے تحت منظور شدہ ہیں، بصورت دیگر بین الاقوامی مالیاتی رپورٹنگ کے معیار (IFRSs) کے قواعد اگر کمپنیز

ایکٹ 2017ء کی ضروریات مائیکرو فنانس انسٹیٹیوشنز آرڈیننس 2001ء یا سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور سٹیٹ بینک آف پاکستان کے جاری کردہ قواعد و ضوابط / ہدایات میں

اختلاف ہو، اس صورت میں کمپنیز ایکٹ 2017ء میں ضروریات، مائیکرو فنانس انسٹیٹیوشنز آرڈیننس 2001ء یا SECP اور SBP کے جاری کردہ قواعد و ضوابط غالب ہوں گے۔

- انٹرنل کنٹرول نظام کا ڈھانچہ کارآمد ہے اور موثر طریقے سے کام کر رہا ہے۔ انٹرنل کنٹرول کے نظام اور اس کی نگرانی کی حتمی ذمہ داری بورڈ پر لازم ہے۔ آڈٹ کمیٹی کی تشکیل کے مقاصد میں شامل

ہے کہ وہ انٹرنل کنٹرول کے نظام اور دیگر مالیاتی امور کی رپورٹنگ کے موثر اطلاق کی نگرانی کے لئے اندرونی و بیرونی آڈیٹرز اور انتظامیہ کے ساتھ سال بھر وقتاً فوقتاً آزادانہ طور پر مشاورتی ملاقاتیں

کرتا ہے۔ مزید برآں پورے سال مسلسل مالی پیشین گوئی اور بجٹ کنٹرول کے ذریعے کارکردگی کی نگرانی کی جاتی ہے۔

- بینک کے کاروبار جاری و ساری رکھنے کی اہلیت پر کوئی قابل ذکر خدشات نہیں ہیں۔

- گزشتہ چھ برسوں کی مالیاتی جھلکیاں اس سالانہ رپورٹ کے ساتھ منسلک ہیں۔

- بینک نے سٹنگ ریگولیشنز میں تفصیلی طور پر بیان کردہ کارپوریٹ گورننس کے بہترین طریقوں میں سے کسی کی بھی خلاف ورزی نہیں کی ہے۔

- گورنمنٹ ڈیوٹی یا ٹیکس کی مد میں بینک پر کوئی بھی جیمینٹ واجب الادا نہیں ہے۔

- ڈائریکٹرز کے ترقیتی پروگراموں کی تفصیل، کوڈ آف کارپوریٹ گورننس کے ساتھ سٹیٹمنٹ آف کمپلائنس میں دی گئی ہے۔

- نان ایگزیکٹو ڈائریکٹرز بشمول خود مختار ڈائریکٹرز بورڈ اور بورڈ کمیٹیوں کے اجلاسوں میں شرکت کے لئے اجرت اور لاجسٹک اخراجات کے اہل ہیں جیسا کہ بورڈ آف ڈائریکٹرز نے منظور کیا ہے۔

کارپوریٹ گورننس:

ڈائریکٹرز اچھے کارپوریٹ گورننس پر عملدرآمد اور لکھنے والے (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019ء اور پاکستان سٹاک ایکسچینج کی رول بک کی ضروریات کو پورا کرتے ہیں۔ سی سی جی کے

مطابق تعمیل کا بیان منسلک ہے۔

(1) مندرجہ ذیل کے مطابق ڈائریکٹرز کی کل تعداد نو ہے:

..... مرد: آٹھ

..... خاتون: صفر

☆..... جناب امام بخش بلوچ ایکشن میں خود مختار ڈائریکٹر منتخب ہوئے، لیکن ان کا ایف پی ٹی، ایس بی پی کے زیر عمل ہے۔

☆☆..... ایک خاتون ڈائریکٹر کو ایکشن میں منتخب کیا گیا، لیکن ان کا ایف پی ٹی، ایس بی پی نے کلیئر نہیں کیا۔

ممبران کے لیے ڈائریکٹر رپورٹ

اس کے الیکٹرانک سسٹم میں رکاوٹ کی وجہ سے بینک کو نقصان ہو سکتا ہے۔

انٹرنیٹ اور موبائل بینکاری میں جدید ترین تکنیکی ترقی کو شامل کرنے کے لئے بینک نے اس سال کے دوران اپنے آئی ٹی سسٹم کو آپ ڈیٹ کیا ہے۔ مزید برآں سسٹم آڈٹ محکمہ باقاعدگی سے نگرانی، نشاندہی کر رہا ہے اور کسی بھی غیر معمولی واقعات اور کمزوریوں کی اطلاع بینک کے انفارمیشن سسٹم کو دیتا ہے۔

تعمیل اور ریگولیشن کا خطرہ:

مالیاتی شعبوں میں یہ خطرہ قدرتی طور پر موجود ہے، حالانکہ ریگولیشنز اور ان کی تعمیل اداروں کو قابل بنانے کے لئے ہے، لیکن زیادہ ریگولیشنز کے لئے مائیکرو فنانس بینکس کی تعمیل کی لاگت زیادہ ہو گئی، جس کی وجہ سے انڈسٹری میں منافع کو بہتر بنانا اور مشکل ہو جائے گا۔

لیکویڈیٹی کا خطرہ:

یہ خطرہ ہے کہ بینک فنڈز کی عدم دستیابی کی وجہ سے بروقت اپنے معاہدے کی ذمہ داریوں کو پورا نہ کر سکے۔
انتظامیہ وقتاً فوقتاً دستیاب لیکویڈیٹی کا جائزہ لیتی رہتی ہے۔ فنڈز کی مستقل نگرانی کی جاتی ہے تاکہ ان کو بہترین لیکویڈیٹی کی سطح پر برقرار رکھا جاسکے۔
بینک انتہائی لیکویڈ سرکاری سیکوریٹیز کا خاطر خواہ پورٹ فولیو بھی برقرار رکھتا ہے، جس کو لیکویڈیٹی کے دباؤ کی صورت میں استعمال کیا جاسکتا ہے۔
مذکورہ بالا خطرات اور غیر یقینی صورت حال کے اثرات کا مقابلہ کرنے اور اسے کم کرنے کے لئے بینک اندرونی اور بیرونی سطح پر کوشش کر رہا ہے۔

مستقبل کا لائحہ عمل:

بینک کے قرض دینے کے نظام میں شفافیت کو یقینی بنانے کے لئے ہم اپنے اصلاح شدہ کریڈٹ اور انفارمیشن سسٹم کی بہتری کے لئے کوشاں رہیں گے۔ مزید بینک زیادہ سے زیادہ کوریج، اثاثوں کی کارکردگی اور پیداواری کے ذریعے اپنے منافع کو بہتر بنانے کی حکمت عملی نافذ کرے گا۔

پاکستان میں مائیکرو فنانس کے شعبے کو بینکنگ صنعت میں ایک اہم جزو کے طور پر تسلیم کیا جاتا ہے۔ صارفین کے اعلیٰ مطالبات کو پورا کرتے ہوئے بینک آبادی کے غیر منحصر طبقے کو مالیاتی خدمات فراہم کرنے کی کوشش کر رہا ہے۔ بینک نے ڈیجیٹلائزیشن کا پہلا مرحلہ مکمل کر لیا ہے، جس میں انٹرنیٹ اور موبائل بینکاری خدمات شامل ہیں۔ ڈیجیٹل تبدیلی کے اگلے مرحلے میں بینک سٹیٹ بینک سے برانچ لیس بینکاری کا لائسنس حاصل کرنے کے بعد برانچ لیس بینکاری خدمات بھی پیش کرے گا۔ برانچ لیس بینکنگ پلیٹ فارم میں ”مرچنٹ پورٹل“ اور ”موبائل والٹس“ ہوں گے۔ کوئی بھی صارف بینک کے برانچ لیس بینکنگ اکاؤنٹ میں سائن اپ کر سکتا ہے اور ہماری سمارٹ فون ایپ صارفین کو کیو آر، آئی بی ایف ٹی، بیلنس ٹرانزیکشن، بل کی ادائیگی، فنڈ ٹرانسفر کے ذریعے موبائل والٹ میں کیش ان اور آؤٹ کرنے کی سہولت فراہم کر سکے گی۔

ڈیجیٹلائزیشن کے اس اقدام کی وجہ سے نہ صرف بینک کی رسائی بڑھے گی، بلکہ آپریشنل اور برانچ سطح کے اخراجات بھی کم ہوں گے۔ ہمارا ڈیٹا ایسا ٹیکنالوجی گڑھ بنانا ہے جو صنعتی ادائیگی کی ضروریات کو پورا کرے اور بینک کے کاروبار میں اضافہ کرے۔

PRISM کی رکنیت حاصل کرنے کے بعد، بینک اپنے RTGS پروسیجرنگ میکانزم کو خود کار کرنے کے آخری مراحل میں ہے۔ یہ نیا طریقہ کار، جس کو سٹریٹ تھرو پروسیجرنگ (STP) کہا جاتا ہے، موثر اور فوری انداز میں بڑی رقوم کی ادائیگیوں کی منتقلی میں آسانی پیدا کرے گا۔

بینک کی CAR مائیکرو فنانس کے پروڈینٹل ریگولیشنز کے مطابق نہیں ہے جیسا کہ 31 دسمبر 2019ء کی مالیاتی رپورٹ کے نوٹ نمبر 1.2 میں بھی بیان کیا گیا ہے۔ تاہم سپانسرز مستقبل قریب میں CAR کو مطلوبہ حد تک پہنچانے کے لئے پُر عزم ہیں۔

کریڈٹ ریٹنگ:

پاکستان کریڈٹ ریٹنگ ایجنسی لمیٹڈ (PACRA) نے بینک کے مستقبل کے لائحہ عمل کے تناظر میں بینک کی لاگ ٹرم ریٹنگ ٹریڈ بل پلس (BBB+) اور شاٹ ٹرم ریٹنگ اے تھری (A3) مقرر کی ہے۔

کاروباری سماجی ذمہ داری:

ہم کاروباری سماجی ذمہ داریاں (سی ایس آر) کے لئے بھی عزم رکھتے ہیں اور ہمارے روزمرہ کی کاروباری سرگرمیوں میں معاشی عمل متحرک رہتا ہے۔ جو ہم ہیں اور جس طرح ہم کام کرتے ہیں، سی ایس آر اس چیز کا اہم حصہ ہے، ہم اپنی کاروباری کامیابی کو صرف مالیاتی معیار کے لحاظ سے نہیں ماپتے بلکہ اپنے صارفین کا اطمینان اور وہ طبقہ جس کو ہم خدمات فراہم کرتے ہیں اس کو بھی مد نظر رکھتے ہیں۔

ممبران کے لیے ڈائریکٹر رپورٹ

بل کی ادائیگی:

انٹرنیٹ بینکنگ، موبائل بینکنگ، اے ٹی ایم اور برانچ لیس بینکنگ سمیت پورے بینکنگ چینلز میں بل کی ادائیگیوں کو ختم کیا جا رہا ہے، تمام بلز تمام چینلز میں یکساں طور پر دستیاب ہوں گے۔ انٹریکٹو UI کے ذریعے بل جمع کروانے کا آسان انتظام ہوگا۔

ای ڈائلر:

ای ڈائلر ایک کارپوریٹ SMS اور IVR پورٹل ہے۔ یہ تمام ٹیلی کمیونیکیشن کمپنیوں کے ایس ایم ایس کو اکٹھا کرنے کے لئے استعمال کیا جاتا ہے۔ یہ سروس اپنا مائیکروفنانس بینک لمیٹڈ کے شارٹ کوڈ 8625 پر SMS بھیجے اور وصول کرنے کے قابل بناتی ہے، کئی زبانوں میں ایس ایم ایس اکٹھا کرنے کا انتظام بھی ای ڈائلر کے ذریعے کیا جاتا ہے۔

بنیادی خطرات اور غیر یقینی صورت حال:

ڈائریکٹر مندرجہ ذیل کو اہم خطرات تصور کرتے ہیں:

شرح سود:

پچھلے سال کے مقابلے میں شرح سود میں نمایاں اضافہ ہوا ہے۔ مارکیٹ میں بڑھتی ہوئی شرح سود اور بینک کے سودی سپریڈ کے مابین تعلق، بینک کے مجموعی منافع کے لئے خطرے کا باعث بنے گا۔ ایسٹ اور لائسنسنگ کمپنی (ALCO) کے ذریعے بینک کی شرح سود کے خطرے کی نگرانی کی جاتی ہے، جو وقتاً فوقتاً بینک کے دیئے گئے قرضہ جات، ڈیپازٹس پر ڈکٹ کی شرح پر نظر رکھتا ہے اور اس بات کو یقینی بناتا ہے کہ کسٹمرز کو برقرار رکھا جاسکے اور شرح سود کے سپریڈ کو زیادہ سے زیادہ بڑھایا جاسکے۔

کریڈٹ کا خطرہ:

صارفین کے ڈیفالٹ سے منسلک خطرہ بینک کے لئے ایک خاص خطرہ ہے۔ مارکیٹ میں اپنا حصہ بڑھانے کے لئے قرضوں میں تیزی سے اضافہ ہو رہا ہے، جبکہ ان قرضوں کا ایک بڑا حصہ غیر محفوظ ہوتا ہے۔ وسیع اقتصادی رجحانات جیسے افراط زر، معاشی گراؤ اور کرنسی کے خسارے قرض داروں کو اپنا قرض واپس ادا کرنے میں ناکام کر دیں گے۔ قرضوں کی وضع کی گئی نئی حکمت عملی کے مطابق انتظامیہ نے گزشتہ ادوار کے دوران اپنے کریڈٹ کنٹرول کے طریقہ کار کو پوری طرح سے بہتر بنایا ہے۔ انتظامیہ تمام کریڈٹ خطرات کو مکمل طور پر کور کرنے کو یقینی بناتے ہوئے ایک بہتر کریڈٹ پورٹ فولیو کو برقرار رکھنے کے لئے پُر عزم ہے۔

کورونا وائرس عالمی وبائی مرض:

یہ خطرہ ہے کہ اقتصادی سرگرمی میں کورونا وائرس عالمی وبائی مرض سے پیدا ہونے والی سست روی بینک کے بنیادی کاروباری عمل اور مستقبل کے مالی نتائج پر منفی اثر مرتب کرے گی۔ کورونا وائرس عالمی وبائی مرض پوری دنیا میں انسانی زندگی پر بڑی طرح سے اثر انداز ہوا ہے، جس نے لاجسٹک چین میں خلل ڈالا ہے اور بیرونی اور اندرونی طلب میں بھی کمی ہوئی ہے، جبکہ مستقبل کے بارے میں خطرے سے بچنے کی کوشش اور غیر یقینی صورت حال میں اضافہ ہوا ہے۔ اس وقت مقامی صنعت اور ملکی معیشت پر اس کے جاری بحرانوں کے اثرات غیر معینہ مدت کے لئے غیر یقینی ہیں اس کے باعث مستقبل کے امکانات پر مالی اور آپریشنل اثرات کافی الحاح لیں نہیں کیا جاسکتا۔ تاہم یہ خطرہ موجود ہے کہ اگر یہی منظر نامہ برقرار رہا تو اس کے نتیجے میں بینک کے نئے قرضوں میں سست روی اور ریکوری کی سرگرمیوں پر منفی اثر پڑے گا۔ اس بات کا بھی خطرہ ہے کہ حکومت کی جانب سے لاک ڈاؤن اور عملے کی عدم دستیابی کی وجہ سے بینک کی آپریشنل سرگرمیاں محدود ہو سکتی ہیں۔

قابل شفاف کی برقراری:

انسانی وسائل کی اہمیت عالمی سطح پر تسلیم کی جاتی ہے۔ تاہم مائیکروفنانس کے شعبے میں مسلسل بڑھتی ہوئی مقابلے بازی کی وجہ سے قابل اور ہنرمند شفاف کی برقراری مشکل ہوتی چلی جا رہی ہے۔ انتظامیہ کام کے صحیح ماحول کی فراہمی کے لئے پُر عزم ہے، جو ہمارے ملازمین کو کارآمد بنائے گا۔ اس کا مقصد ترقی کی ثقافت کو فروغ دینا ہے، جو نہ صرف قابلیت کو لوٹا تا ہے، بلکہ ورک فورس کو بھی ترقی کرنے کی اجازت دیتا ہے۔

ٹیکنالوجی کا خطرہ:

یہ خطرہ ہے کہ بینک شائد ٹیکنالوجی میں آنے والی ترقی اپنانے میں اور بہتر سروس دینے میں ناکام رہے۔ بڑھتی ہوئی مقابلے بازی اور صارفین کی متحرک ضروریات کا کامیاب حل فراہم کرنے میں ٹیکنالوجی کی اہمیت مزید بڑھتی جا رہی ہے۔ اس شعبے میں جدت کی کمی اور بڑھتی ہوئی ترقی کی وجہ سے مستقبل میں ہم کاروبار حریفوں کے ہاتھوں کھو بیٹھیں گے۔ اس خطرے کا ایک اور پہلو یہ ہے کہ

ممبران کے لیے ڈائریکٹرز رپورٹ

رواں سال کے دوران بینک نے سٹیٹ بینک آف پاکستان کی جانب سے مائیکرو فنانس بینکس کے لئے جاری کردہ پروڈینشل ریگولیشنز کے مطابق 1.275 بلین پاکستان روپے کی پروڈن کے خلاف قرضے رائٹ آف کر دیئے ہیں۔ انتظامیہ غیر مستحکم قرضوں کو کم سے کم کرنے کے لئے مستقبل میں قابل اعتبار قرضے دینے اور ریکوری کی کوشش کی پابند ہے۔

گزشتہ سال کے آخر میں بینک کے ڈیپازٹ 15.867 بلین پاکستانی روپے کے اعداد و شمار کے برخلاف، دسمبر 2019ء میں مجموعی طور پر 18.317 بلین پاکستان روپے کے ساتھ، گزشتہ سال کے دوران 2.451 بلین پاکستانی روپے کا اضافہ ہوا۔ بینک کے ڈیپازٹ کی مومونٹ کی حکمت عملی کا مقصد کرنٹ اور سیونگ ڈیپازٹس (CASA) پر زور دینے کے ساتھ ان کے بہترین تناسب کو یقینی بنانا ہے۔

موجودہ معاشی حالات کے اثرات اور سال کے دوران پالیسی شرجوں میں لگا تار اضافے کی وجہ سے مائیکرو فنانس سیکٹر کو اپنے ڈیپازٹرز کو اس سے بھی زیادہ شرح پیش کرنا پڑی، جس کے نتیجے میں ڈیپازٹ کی قیمت میں اضافہ اور منافع کے مارجن میں کمی واقع ہوئی، جو کہ بینک کے سودی اخراجات میں 50.98 فیصد کے اضافے سے ظاہر ہوتا ہے۔ ان حدود کا مقابلہ کرنے کے لئے بینک نے اپنی ڈیپازٹ پراڈکٹ کے لئے سٹریٹجک منصوبہ تیار کیا، جس پر عمل کرتے ہوئے کم لاگت کے ڈیپازٹ کو راغب کیا، جس میں بینک کے ڈیپازٹ کس (CASA) پر توجہ شامل ہے تاکہ قابل قبول حد تک مارک اپ / سود کے اخراجات کو برقرار رکھا جاسکے۔

بینک نے رواں سال کے دوران اپنے رائٹ شیئرز ایڈیٹو کا عمل مکمل کیا۔ 93,984,962 حصص کی مجموعی مقدار ڈائریکٹرز / سپانسرز اور جنرل ممبرز کو جاری کئے گئے تھے، جس نے دسمبر 2019ء کے آخر میں حصص کیپٹل کو 3.439 بلین پاکستانی روپے تک بڑھایا، جو دسمبر 2018ء تک 2.50 بلین پاکستان روپے تھا۔ رواں سال کے دوران سپانسرز نے 350 بلین پاکستانی روپے کا فریش کیپٹل متعارف کرایا، جس کے نتیجے میں بینک کی ایکویٹی نقصانات کے بعد پچھلے سال کے مقابلے میں 403 بلین پاکستانی روپے بڑھ گئی ہے۔

یہ اعداد و شمار سرمایہ کاروں کے بینک کے اقدامات پر اعتماد کی علامت ہے جو کہ کامیاب مستقبل کی عکاسی کرتا ہے۔

ڈیجیٹل سروسز کا پیش منظر:

موجودہ تیزی سے ڈیجیٹلائز ہوئی بینکاری کی دنیا میں انفارمیشن ٹیکنالوجی کی اہمیت کو نظر انداز نہیں کیا جاسکتا۔ جدید بینکاری انتہائی متحرک ہے جس میں تکنیکی جدت، صارفین کی آگاہی اور طلب میں اضافے کے نتیجے میں تیزی سے تبدیلیاں رونما ہوئی ہیں۔ ڈیجیٹل بینکنگ سروسز کی فراہمی اس شعبے کے درمیان مسابقت کی ایک شرط ہے اور کامیابی کے لئے بنیادی اہمیت کی حامل ہے۔ اسی کے پیش نظر حال ہی میں بینک اپنے آئی ٹی سسٹم کو اپ ڈیٹ کیا ہے تاکہ نئی آفرز اپنے صارفین کو متعارف کرائی جاسکیں جو کہ ان کی تمام ڈیجیٹل سروسز کی ضروریات کو پورا کریں گی۔

بینک کے آئی ٹی اپ گریڈیشن کے نمایاں نکات درج ذیل ہیں:

ADC سوئچ اپ گریڈیشن اور مائیکرویشن:

اپنا مائیکرو فنانس بینک لمیٹڈ نے اپنے ADC سوئچ کو اپ گریڈ کر کے "SMART VISTA" پر منتقل کر رہا ہے جو کہ ایک جدید ترین تبدیلی ہے۔ ADC سوئچ کی یہ جدت بینک کو مختلف ڈیجیٹل چینل کی سروسز سے مربوط کرے گا تاکہ بینک کی سروسز کو ڈیجیٹل تبدیل کیا جاسکے۔

انٹرنیٹ بینکنگ:

بینک اپنے اکاؤنٹ ہولڈرز کو انٹرنیٹ بینکنگ کی سروسز پیش کر رہا ہے صارفین IBFT، بیلنس انکوائری کی سہولت کو استعمال کر سکیں گے۔ بل کی ادائیگی، فنڈز کی منتقلی اور صارفین کو اپنے اکاؤنٹ کی اسٹیٹمنٹس تک رسائی حاصل ہوگی جو کہ ڈیجیٹل تبدیلی کا حصہ ہے۔

موبائل بینکنگ:

بینک اپنے اکاؤنٹ ہولڈرز کو Android اور iOS پر مبنی موبائل بینکنگ سمارٹ فون ایپلی کیشن پیش کر رہا ہے۔ صارفین بیلنس انکوائری، بل کی ادائیگی، فنڈز کی منتقلی اور اپنے اکاؤنٹ کی اسٹیٹمنٹس تک رسائی حاصل کر سکیں گے۔

انٹیگریشن آرایم:

کسٹمر سروس کو بہتر بنانے کے لئے انٹیگریشن آرایم لگایا جا رہا ہے۔ سی آرایم بینک کے اندر صارفین کی کال کو سنے گا۔ صارفین ڈیجیٹل کارڈ کو فعال / غیر فعال کرنے، پن جزیٹ کرنے اور اگر شکایات ہوں تو درج کروا سکیں گے۔

ممبران کے لیے ڈائریکٹر رپورٹ

اپنا مائیکروفنانس بینک لمیٹڈ کے ڈائریکٹر انتہائی مسرت کے ساتھ 31 دسمبر 2019ء کو ختم ہونے والے مالی سال کے لئے اپنی رپورٹ بمعہ آڈٹڈ مالیاتی اسٹیٹمنٹس اور اس پر آڈیٹر رپورٹ پیش کر رہے ہیں۔

پرنسپل سرگرمی، ترقی اور مالی کارکردگی:

اپنا مائیکروفنانس بینک لمیٹڈ ایک پبلک لمیٹڈ بینک کے طور پر بنا اور اس کے حصص پاکستان شاک ایسوسی ایشن پر درج ہیں، بینک کا بنیادی کاروبار مائیکروفنانس انسٹیٹیوشنز آرڈیننس 2001ء کے تحت غربت کو کم کرنے کے نظریے سے معاشرے کے غریب اور پسماندہ طبقے کو مائیکروفنانس بینکنگ سے متعلقہ خدمات مہیا کرنا ہے۔ اسٹیٹ بینک آف پاکستان (ایس بی پی) نے سال 2019ء کے دوران سود کی شرحوں میں 325 بیس پوائنٹ کا اضافہ کیا، جس سے دسمبر 2019ء میں پالیسی شرح 13.25 فیصد ہو گئی جو دسمبر 2018ء میں 10.00 فیصد تھی۔ اس نے سال کے دوران مہنگائی کی سطح میں اضافے اور وقتاً فوقتاً کرنسی کی قدر میں کمی کے ساتھ ساتھ مائیکروفنانس سیکٹر پر گہرا اثر ڈالا ہے۔ جس میں کم وصولی، ایڈوانس پورٹ فولیو میں مسائل اور رائٹ آف شامل ہیں۔ اعلیٰ پالیسی نرخوں نے ڈیپازٹ کی لاگت میں اضافہ کیا ہے، جس نے مائیکروفنانس کے مجموعی منافع کے مارجن کو کم کر دیا گیا ہے، ان بیرونی چیلنجوں اور متعدد حدود کے باوجود اپنا مائیکروفنانس بینک لمیٹڈ اپنی سرشار کاروشوں اور بہتر انتظام کے ساتھ ساتھ اپنے سپانسرز کے عزم کی وجہ سے تدریجاً ترقی کر رہا ہے۔

سال 31 دسمبر 2019ء کے دوران بینک کی مالیاتی کارکردگی مندرجہ ذیل ہے:

کوائف	31 دسمبر 2019 (پاکستانی روپے)	31 دسمبر 2018 (پاکستانی روپے)	%
فرائم کیا گیکل ایڈوانس (پروڈن کے بعد)	8,779,226,353	8,812,740,994	(0.38)%
ڈیپازٹس اور دیگر اکاؤنٹس	18,317,083,706	15,866,330,742	15.45%
مارک آپ آمدنی	2,899,784,536	2,157,835,801	34.38%
مارک آپ اخراجات	(1,209,081,032)	(800,799,272)	50.98%
انتظامی اخراجات	(1,795,186,386)	(1,595,647,431)	12.51%
منافع بعد از ٹیکس ادائیگی	53,525,058	53,261,451	0.49%

ماضی کے رجحانات کے مطابق گزشتہ سال 2018ء کے 53.26 ملین پاکستانی روپے کے منافع کے مقابلے میں اس سال بینک نے بعد از ٹیکس ادائیگی 53.52 ملین پاکستانی روپے کا منافع ظاہر کیا۔ بینک کی ایکویٹی 1,871.97 ملین پاکستانی روپے ہے، جبکہ 31 دسمبر 2019ء تک بینک کے کل اثاثے 17,623.05 ملین پاکستانی روپے سے بڑھ کر 20,543.25 ملین پاکستانی روپے ہو گئے ہیں۔

رواں مدت کے دوران بینک نے 31 دسمبر 2019ء میں 55,674 نئے صارفین کو تقریباً 5.114 ملین پاکستانی روپے کے قرضے دیئے۔ بینک کے پورٹ فولیو میں مجموعی طور پر این پی ایل کا تناسب گزشتہ سال کے مقابلے میں نمایاں طور پر کم ہوا ہے جو کہ قابل تعریف ہے اور اصلاح شدہ قرضہ فراہمی کے نظام کی شفافیت کی تصدیق کرتا ہے۔

رواں سال کے دوران بینک نے 9.072 ملین پاکستانی روپے کے مجموعی کریڈٹ پورٹ فولیو پر 293.57 ملین پاکستانی روپے کی پروڈن ریکارڈ کی، جبکہ گزشتہ برس کے دوران 10.087 ملین پاکستانی روپے کے مجموعی کریڈٹ پورٹ فولیو پر 88.32 ملین پاکستانی روپے کی پروڈن ریکارڈ کی گئی تھی، اس اضافے کی وجہ موجودہ معاشی حالات جیسا کہ افراط زر میں زیادتی اور مہنگائی ہے، جس نے قرض لینے والوں کی آمدنی کو متاثر کیا جو کہ قرضوں کی وصولی میں تاخیر کا سبب بنی ہے۔ ان منفی حالات سے نمٹنے کے لئے انتظامیہ نے بینک کے کریڈٹ پورٹ فولیو کو کنٹرول کرنے کے لئے رسک پر مبنی نئی حکمت عملی وضع کی اور اس پر عمل درآمد کیا ہے۔

انتظامیہ نے مائیکروفنانس بینکس کے پروڈیشنل ریگولیشنز کے مطابق 7,676 ملین پاکستانی روپے کے کریڈٹ پورٹ فولیو پر 122 ملین پاکستانی روپے کی پروڈن ریکارڈ کی تاہم 1,402 ملین پاکستانی روپے کے پرانے کریڈٹ پورٹ فولیو پر 3 ملین پاکستانی روپے کی پروڈن انتظامیہ نے اندازے کے مطابق ریکارڈ کی (مالیاتی اسٹیٹمنٹس کے نوٹ نمبر 1.1.1 اور 11.4 ملاحظہ کریں)۔

MEETINGS OF THE BOARD

Board of Director's attendance for the year 2019

Name of Directors	Meetings Due	Meetings Attended
Mr. Muhammad Akram Shahid	5	5
Mr. Imad Mohammad Tahir	5	5
Mr. Muhammad Saleem Shaikh	5	4
Mr. Muhammad Asghar	5	5
Syed Rahat Ali Shah	5	5
Mr. Imam Bukhsh Baloch	4	4
Mr. Javaid Sadiq	1	1
Mr. Abdul Aziz Khan	1	1

MEETINGS OF THE AUDIT COMMITTEE

From January 1, 2019 to December 31, 2019

Name of Directors	Meetings Due	Meetings Attended
Mr. Imam Bukhsh Baloch	3	3
Mr. Muhammad Asghar	4	4
Mr. Muhammad Saleem Shiekh	4	4
Syed Rahat Ali Shah	4	4
Mr. Imad Mohammad Tahir	4	3
Mr. Abdul Aziz Khan	1	1

Annexure 'A'

STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

Name of company: **Apna Microfinance Bank Limited.**

Year ending: **December 31, 2019**

The company has complied with the requirements of the Regulations in the following manner:

1. The total numbers of director are 9 as per the following:
 - a) Male: 8 (Note: Mr. Imam Bukhsh Baloch, Independent Director is elected in election but the SBP clearance is in process)
 - b) Female: 0 (Note: one female Director elected in election but SBP not cleared her FPT, subsequently will be reappointed)
2. The composition of board is as follows:
 - a) Independent Directors: 2
 - b) Other Non-Executive Director: 6
 - c) Executive Directors: President/ CEO is a deem Director
 - d) Female Director: None
3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).
4. The company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
5. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by board/ shareholders as empowered by the relevant provisions of the Act and these Regulations.
7. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.
8. The board of directors has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations. The remuneration of directors have been revised and approved by the stakeholders, post facto in Annual General Meeting.
9. The Board has arranged Directors' Training program for the following:

The Board is already attended and certified from PICG as Certified Director, Mr. Muhammad Akram Shahid and Mr. Saleem Shaikh, and Syed Rahat Ali Shah has attended the training programs and certified by ICAP in April 2018 during the correspondent period.
10. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
11. CFO and CEO duly endorsed the financial statements before approval of the board.

Annexure 'A'

STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

12. The board has formed committees comprising of members given below:

a) Audit Committee	
Mr. Abdul Aziz Khan	Chairman
Mr. Muhammad Asghar	Member
Mr. Imad Mohammad Tahir	Member
Mr. Muhammad Saleem Shaikh	Member
Syed Rahat Ali Shah	Member
b) HR and Remuneration Committee	
Mr. Abdul Aziz Khan	Chairman
Mr. Javaid Sadiq	Member
Mr. Imad Mohammad Tahir	Member
Syed Rahat Ali Shah	Member
Mr. Muhammad Saleem Shaikh	Member
c) Risk Management Committee	
Mr. Muhammad Asghar	Chairman
Mr. Muhammad Akram Shahid	Member
Mr. Javaid Sadiq	Member
Syed Rahat Ali Shah	Member
Mr. Abdul Aziz Khan	Member

(Note: The name of Mr. Imam Bukhsh Baloch will be considered for the member of the Board's Committee as and when SBP Fit & Proper will be cleared.)

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.

14. The frequency of meetings (quarterly/half yearly/ yearly) of the committee was as per following:

- | | |
|----------------------------------------------|-------------|
| a) Audit Committee | Quarterly |
| b) HR and Remuneration Committee | Half yearly |
| c) Risk Management Committee (if applicable) | Half yearly |

15. The board has set up an effective internal audit function, which are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.


16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

18. We confirm that all requirements 3,8,27,32,33 and 36 of the regulations have been complied with;

19. Explanation for non-compliance with requirements, other than regulations 3,8,27,32,33 and 36 are submitted.

For Apna Microfinance Bank Ltd.


Muhammad Akram Shahid
Chairman

Date: March 31, 2020
Lahore

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Apna Microfinance Bank Limited

Review Report on the Statement of Compliance contained in the repealed Listed Companies (Code of Corporate Governance) Regulations, 2017 and the Listed Companies (Code of Corporate Governance) Regulations, 2019.

We have reviewed the enclosed Statement of Compliance contained in the repealed Listed Companies (Code of Corporate Governance) Regulations, 2017 and the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations), prepared by the Board of Directors of Apna Microfinance Bank Limited (the Bank) for the year ended December 31, 2019 in accordance with the requirements of Regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Bank. Our responsibility is to review whether the Statement of Compliance reflects the status of the Bank's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Bank's personnel and review of various documents prepared by the Bank to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Bank's corporate governance procedures and risks.

The Regulations require the Bank to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of Section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Bank's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Further, we highlight below instances of non-compliance with the requirements of the Regulations as reflected in the note/paragraph reference where these are stated in the Statement of Compliance:

- a) The Bank does not have female director as required under Regulation 7 of the Listed Companies (Code of Corporate Governance) Regulations, 2019, where under it is mandatory that the Board shall have at least one female director when it is reconstituted after the expiry of its current term.
- b) The Board of Directors have resolved that the number of Directors for the election of Directors shall be nine. However, the Board is currently operating with seven Directors.
- c) The Bank does not have two independent directors as required under Regulation G-1 of the Prudential Regulations for Microfinance Banks, where under every microfinance institution is required to have at least 2 independent directors.

Based on our review, except for the above instances of non-compliance, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Bank's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Bank for the year ended December 31, 2019.



ILYAS SAEED & CO.
Chartered Accountants

Engagement partner: Muhammad Ilyas

Lahore:

Date: March 31, 2020

ETHICS AND BUSINESS PRACTICES

All employees of Apna Microfinance Bank Limited, hereafter called AMBL, are required to follow a Code of Ethics and Business Practices in all areas of professional conduct. They must abide by the following:

LAWS AND RULES

- All the employees are required to comply with all the laws, rules and regulations governing AMBL, including the Bank's policies, procedures and standards, the State Bank of Pakistan and the Security and Exchange Commission of Pakistan's regulations applicable to the Bank.
- All employees must function with integrity within the scope of their authorities and follow directives given by the person(s) under whose jurisdiction they are deputed with complete honesty.
- Core value of 'Integrity' must be promoted by upholding fairness, equality and respect for all team members. Discrimination, harassment of all types, intimidation and other negative practices are strictly prohibited.
- Harassment includes any unwanted, immoral act or attitude, including abuse of authority, creating a hostile environment and retaliation to non compliance with unethical demands, which is demeaning or detrimental to work performance or the career of any employee in any capacity.
- Adherence to designated time schedules is imperative. The Bank is entitled to take disciplinary action in case of unauthorized absences.
- No employee shall indulge in any political activity, including forming or joining a political, ethnic or linguistic association; get elected to a legislative body, in Pakistan or elsewhere, or indulge in any activity detrimental to the ideology of Pakistan.
- All full-time employees must devote their entire business day to their work; avoid any outside activity that interferes with their judgment in the best interest of the Bank and its clients. The Human Resource & Recruitment Department must be informed in case an employee:
- Holds an outside directorship; carries on business activity outside; holds majority shares/interest in a public or private business; takes direct advantage of securities of a public listed company, or serves as a client's personal representative.
- No employee shall bring political or other outside pressure/ influence to bear on the authorities/superior officers or use the media with intent to induce them to act in a manner inconsistent with rules in any matter relating to the Bank.
- Employees are prohibited from any engagement outside the Bank without prior approval from the Human Resource & Recruitment Department. Employees with financial or other interest in any family business must declare in advance by writing and seek no objection.
- Employees shall not borrow from or lend personal funds or property to any Client or Vendor who has a relationship with the Bank except on market terms and conditions from financial institutions. Borrowing or lending in personal capacity within the Bank is prohibited.
- Employees shall be alert and vigilant with respect to frauds, thefts or significant illegal activity committed within the office, reporting them immediately in writing to higher authority for appropriate action to be taken. Employment or Internship Certificates can only be issued by the Human Resource & Recruitment Department. Receipts of funds can only be issued on prescribed forms.
- Disciplinary action may be taken in case of misconduct or unsatisfactory performance including breach of above mentioned rules; willful insubordination; breach of confidential material; use of drugs or alcohol; falsification of documents; violation of safety/health rules; insider trading; parallel banking; money laundering and any act detrimental to the Bank's business.

ETHICS AND BUSINESS PRACTICES

WORKPLACE ENVIRONMENT

- The Bank is committed to create and maintain a working, learning and customer care environment, which is free from violence and has zero tolerance for violence against any employee or its property.
- Employees are not allowed to play practical jokes or pranks on each other, indulge in horseplay, or share immoral jokes with other employees or the outside world, through Apna bank email server or computer, or cell phones.
- Employees are prohibited to use, exchange, or sell intoxicants or drugs in the work place or come to work under their influence.
- Employees are required to maintain proper dress code, appear well groomed and presentable at all the time. Livery staff should be in their proper uniform. High standards of behavior and tidy work areas are to be maintained at all times.

RESPONSIBILITIES TOWARDS EMPLOYER (AMBL)

- Employees must raise concerns and suspicions, in confidence, about any actual or potential illegal activity or misconduct according to the process in Whistle Blowing Policy and the Anti Harassment Policy. Failure to do so will result in employee being deemed a party to the irregularity.
- Guidance must be sought from relevant department in case any employee receives any demand or request for information from outside party including law enforcement agencies.
- Every employee must protect the Bank's assets, physical and intellectual, and adhere to its Email and Internet Usage Policy and Acceptable Use Policy.
- Employees must maintain all records accurately and are prohibited from making any false or misleading entries, forging or tampering with signatures to compromise integrity of Bank's record.
- Employees are required to identify all conflicts of interest and declare them immediately, including all matters expected to interfere with their duty to the Bank or ability to make unbiased and objective recommendations.

INFORMATION MANAGEMENT

- All employees shall regard as strictly confidential any information concerning the business of the Bank which is not intended to be made public unless required to do so under the law, consulting the Human Resource & Recruitment Department in case of ambiguity about a required disclosure. Confidential information must only be shared with employees on a need to know basis consistent with their job assignments as set out in Information Security and Governance Policies.
- All customers' related information should be kept secret, used for intended purpose only and any further use should be allowed only after prior consent of the concerned customer.
- Employees should protect the privacy and confidentiality of personnel records, not sharing them inside or outside the Bank except after approval by Human Resource & Recruitment Department.
- Employees should not use Bank's facilities to access, download or distribute personal or social information, including any material that may pose reputational risk to the Bank. Secrecy of passwords must be maintained to prevent unauthorized access to Bank's systems. Personal use of internet and email is deemed inappropriate in the workplace. Private telephone conversations must be kept at a minimum during office hours.

ETHICS AND **BUSINESS PRACTICES**

- Only officially designated spokesperson, as provided under the Bank's Media Policy, may provide comments about the Bank to the media.

RELATIONSHIP WITH AND RESPONSIBILITIES TO CUSTOMERS, PROSPECTS AND OTHER EXTERNAL CONSTITUENCIES

- Employees must always act fairly, equitably and objectively with all customers, prospects, suppliers and other external constituencies. Highest degree of integrity, honesty, proprietary and loyalty, towards the interest of the Bank, its customers and regulators is a must.
- Employees are not authorized to accept or agree to accept any gifts or conveyance of anything of value from any current or prospective Apna bank customers or vendors or any person who has a business relationship with the Bank with exception of the following:
- Gifts that relate to commonly recognized events or occasions such as a promotion, new job, wedding, retirement etc. provided those gifts are of reasonable value.
- Gifts from a person who has a business relationship with the Bank, provided the acceptance is based on relationship existing independent of the business of the Bank and reported to the Human Resource & Recruitment Department.
- Benefits available to the general public e.g. advertising or promotional materials, and discount or rebates on merchandise or services
- Civic, charitable, educational or religious organizational awards for recognition of service or accomplishment.

OTHER KEY LEGAL/COMPLIANCE RULES AND ISSUES

- Employees are strictly prohibited to engage in insider trading, buying or selling Bank's common stocks or otherwise benefitting from sharing inside information, whether obtained through workplace or outside sources.
- AMBL fully supports the intended drive against serious crime and is committed to assist the authorities to identify money laundering transactions and where appropriate to confiscate the proceeds of crime. Employees must follow the Anti Money Laundering Policy and Procedures.
- Violation of any of the clauses of this 'Code of Ethics' by any employee, may lead to disciplinary proceedings culminating in punishment as per merits of the case.



Chairman

Date: March 31, 2020

Lahore

PATTERN OF SHAREHOLDING

As at 31 December 2019

Number of Shareholders	Shareholding		Total Shares Held
	From	To	
283	1	100	2,757
96	101	500	40,332
31	501	1000	29,155
39	1001	5000	109,014
5	5001	10000	36,670
2	10001	15000	24,759
3	15001	20000	51,505
3	20001	25000	65,179
1	25001	30000	25,108
1	35001	40000	36,000
1	40001	45000	41,500
1	55001	60000	60,000
1	115001	120000	115,922
1	170001	175000	171,992
1	210001	215000	211,833
1	240001	245000	244,000
1	375001	380000	375,939
1	995001	1000000	1,000,000
1	1060001	1065000	1,064,000
1	3025001	3030000	3,027,067
1	3325001	3330000	3,326,687
1	4200001	4205000	4,203,311
1	4540001	4545000	4,541,977
1	5800001	5805000	5,803,050
1	8460001	8465000	8,462,237
1	8615001	8620000	8,618,522
1	9995001	10000000	10,000,000
1	15320001	15325000	15,324,877
1	55150001	55155000	55,151,688
1	68745001	68750000	68,746,573
1	153070001	153075000	153,073,308
485			343,984,962

CATEGORIES OF SHAREHOLDERS

As at 31 December 2019

Categories of Shareholders	Shares Held	Percentage %
Directors, Chief Executive Officer And Their Spouse(s) and Minor Children		
Syed Rahat Ali Shah	500	
Mr. Muhammad Asghar	500	
Mr. Muhammad Saleem Shaikh	500	
Mr. Imam Bukhsh Baloch	500	
Mr. Javaid Sadiq	1,000	
Mr. Abdul Aziz Khan	1,000	
Mr. Muhammad Akram Shahid	15,324,877	
Mr. Imad Mohammad Tahir	55,151,688	
Sub Total	70,480,565	20.49
Associated Companies, Undertaking and Related Parties		
The United Insurance Company Of Pakistan Ltd	153,073,308	
United Track System (Pvt) Limited	68,746,573	
Tawasul Healthcare Tpa (Private) Limited	5,803,050	
United Software and Technologies International (Pvt.) Limited	4,390,687	
Saudi Pak Insurance Company Limited	8,462,237	
Shahida Bilquis	10,000,000	
Sub-Totals	250,475,855	72.82
Joint Stock Companies, insurance companies and others		
Fancy Petroleum Services (Pvt.) Limited	36,000	
First National Energy (Pvt.) Limited	4,000	
Darson Securities (Pvt) Limited	99	
Pakistan Stock Exchange Limited	59	
Maple Leaf Capital Limited	1	
Sub-Totals	40,159	0.01
General Public - Local		
General Public - Local	22,988,383	6.68
Grand Total	343,984,962	100.00

LIST OF CDC BENEFICIAL OWNERS **HOLDING SHARES BY SPONSORS DIRECTORS**

For the year ended 31 December 2019

Shareholder's Category	Number of Shareholders	Number of Shares	Percentage %
Directors, Chief Executive Officer Their Spouse(s) & Minor Children.	8	70,480,565	20.49
Associated Companies, Undertakings & Related Parties.	6	250,475,855	72.82
Joint Stock Companies, insurance companies and others	5	40,159	0.01
General Public	466	22,988,383	6.68
Total	485	343,984,962	100.00

LIST OF CDC BENEFICIAL OWNERS **HOLDING SHARES 10% AND ABOVE**

For The Year Ended 31 December 2019

Name, Father's Name & Address of Shareholder(s)	Holding	Percentage %
The United Insurance Company Of Pakistan Ltd	153,073,308	44.50
United Track System (Pvt) Limited	68,746,573	19.99
Imad Mohammad Tahir	55,151,688	16.03

Major Loans **PRODUCTS**



Value Chain Financing



Apna Gold



APNA Pension Loan



APNA Business Loan



APNI Sawari – 4 Wheeler



APNI Sawari Deals



APNA Salary Loan



APNA Tractor Loan



APNA House Loan



APNA Live Stock Loan

FINANCIAL **STATEMENTS**

APNA MICRO FINANCE BANK LIMITED

INDEPENDENT AUDITORS' REPORT

To the members of Apna Microfinance Bank Limited Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the annexed financial statements of Apna Microfinance Bank Limited (the Bank), which comprise the balance sheet as at December 31, 2019, and the profit and loss account, statement of comprehensive income, the statement of changes in equity, the cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the balance sheet, profit and loss account, statement of comprehensive income, the statement of changes in equity and the cash flow statement together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017, and the Microfinance Institutions Ordinance, 2001, in the manner so required and respectively give a true and fair view of the state of the Bank's affairs as at December 31, 2019, and of the profit, other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Qualified Opinion

As disclosed in note 1.1.1 to the financial statements, the Bank's lending operations were suspended by the State Bank of Pakistan (SBP) in November, 2016. Till then the Bank's information system had not been classifying micro-credits (Running Finance) cases as non performing advances, making any provision and suspending related income. Subsequently, the Bank was allowed to resume the lending operations from June 2017. In the year 2018, the Bank claimed to have completed the tagging of old running finance portfolio pertaining to the period prior to November, 2016, by manual input. We have found the tagging both incomplete and subjective. We are, therefore, unable to verify the non performing advances out of Rs. 1,387 million (2018: Rs 2,915 million) & provision of Rs. 1 million (2018: Rs. 601 million) as per note 1.1.1 and suspended income of Rs 261 million (2018: Rs. 449 million) of the said portfolio built before November, 2016, as per note 11.5. Further, we are unable to determine the quantum of non-performing advances, related provision and suspended income of running finance portfolio relating to the period prior to November 2016 in accordance with the requirements of Prudential Regulations due to incomplete information / details generated from the Bank's information system.

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

Without further qualifying our opinion, we draw attention towards Note 1.2 to the financial statements which states that the Bank was unable to meet the regulatory requirements of "Prudential Regulations for Microfinance Banks" issued by the State Bank of Pakistan (SBP) with regard to the Capital Adequacy Ratio (CAR) which fell below the minimum required ratio (equivalent to at least 15% of their risk weighted assets) as at December 31, 2019.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined that there are no key audit matters to communicate in our report.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

INDEPENDENT AUDITORS' REPORT

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Bank's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.

INDEPENDENT AUDITORS' REPORT

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- proper books of account have been kept by the Bank as required by the Companies Act, 2017 and the Microfinance Institutions Ordinance, 2001;
- the balance sheet, the profit and loss account, the statement of comprehensive income, the statement of changes in equity and the cash flow statement together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 and the Microfinance Institutions Ordinance, 2001, and are in agreement with the books of account and returns;
- investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Bank's business; and
- zakat deductible at source under the Zakat and Ushr Ordinance, 1980 was deducted by the Bank and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditor's report is **Muhammad Ilyas**.



ILYAS SAEED & CO.

Chartered Accountants

Lahore:

Date: March 31, 2020

BALANCE SHEET

As at 31 December 2019

	Note	2019 Rupees	2018 Rupees
ASSETS			
Cash and Balances with SBP and NBP	8	1,342,224,336	1,585,615,708
Balances with other Banks / NBFIs / MFBs	9	5,464,027,515	2,910,830,798
Lending to Financial Institutions		-	-
Investments - Net of Provisions	10	1,045,912,390	884,469,380
Advances - Net of Provisions	11	8,779,226,353	8,812,740,994
Operating Fixed Assets	12	927,788,157	857,383,100
Other Assets	13	2,486,413,916	2,083,823,515
Deferred Tax Asset	14	497,660,859	488,183,434
Total Assets		20,543,253,526	17,623,046,929
LIABILITIES			
Deposits and other accounts	15	18,317,083,706	15,866,330,742
Borrowings	16	6,597,519	9,369,059
Subordinated Debt		-	-
Other Liabilities	17	345,245,310	273,601,040
Deferred Tax Liabilities		-	-
Total Liabilities		18,668,926,535	16,149,300,841
NET ASSETS		1,874,326,991	1,473,746,088
REPRESENTED BY:			
Share capital	18	3,439,849,620	2,500,000,000
Discount on issue of shares		(1,335,963,831)	(950,000,000)
Share deposit money	19	696,215,185	900,078,363
Statutory reserve		22,636,885	11,931,873
Depositors' protection fund		5,659,222	2,982,969
Unappropriated loss		(956,430,276)	(996,574,069)
		1,871,966,805	1,468,419,136
Surplus / (Deficit) on Revaluation of Assets		-	-
Deferred Grants	20	2,360,186	5,326,952
Total Capital		1,874,326,991	1,473,746,088
MEMORANDUM/OFF-BALANCE SHEET ITEMS	21	-	-

The annexed notes from 1 to 38 form an integral part of these financial statements.



President / CEO



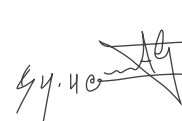
Chief Financial Officer



Chairman



Director



Director

PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2019

	Note	2019 Rupees	2018 Rupees
Mark-up/Return/Interest Earned	22	2,899,784,536	2,157,835,801
Mark-up/Return/Interest Expensed	23	(1,209,081,032)	(800,799,272)
Net Mark-up / Interest Income		1,690,703,504	1,357,036,529
Provision against non-performing loans and advances	11.3	(293,568,067)	(88,324,302)
Provision for diminution in the value of investments		-	-
Recovery against bad debts written off		692,048	781,448
Bad debts written off directly		-	-
		(292,876,019)	(87,542,854)
Net Mark-up/Interest Income after provisions		1,397,827,485	1,269,493,675
NON MARK-UP/NON INTEREST INCOME			
Fee, Commission and Brokerage Income		120,003,072	176,634,556
Dividend Income		-	-
Other Income	24	369,252,276	250,020,105
Total non mark-up/Non interest Income		489,255,348	426,654,661
		1,887,082,833	1,696,148,336
NON MARK-UP/NON INTEREST EXPENSES			
Administrative expenses	25	(1,795,186,386)	(1,595,647,431)
Other provisions/write offs/adjustment		-	-
Other charges	26	(2,552,000)	-
Total non mark-up/Non interest expenses		(1,797,738,386)	(1,595,647,431)
		89,344,447	100,500,905
Extra ordinary/unusual items		-	-
PROFIT BEFORE TAXATION		89,344,447	100,500,905
Taxation -Current	27	(45,296,814)	(29,180,879)
-Prior years		-	-
-Deferred		9,477,425	(18,058,575)
		(35,819,389)	(47,239,454)
PROFIT AFTER TAXATION		53,525,058	53,261,451
Unappropriated loss brought forward		(996,574,069)	(1,036,520,157)
(Loss) / Profit available for appropriation		(943,049,011)	(983,258,706)
APPROPRIATIONS:			
Transfer to:			
Statutory Reserve		(10,705,012)	(10,652,290)
Capital Reserve		-	-
Contribution to MSDF/ DPF/ RMF		(2,676,253)	(2,663,073)
Revenue Reserve		-	-
Proposed cash dividend Rs. Nil per share (2018: Rs. Nil per share)		-	-
Others		-	-
		(13,381,265)	(13,315,363)
Unappropriated Loss carried forward		(956,430,276)	(996,574,069)
Earnings per share-Basic (2018: Re-stated)	28.1	0.17	0.30
Earnings per share -Diluted	28.2	0.17	0.15

The annexed notes from 1 to 38 form an integral part of these financial statements.



President / CEO



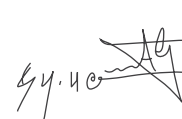
Chief Financial Officer



Chairman



Director



Director

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2019

	2019 Rupees	2018 Rupees
PROFIT AFTER TAXATION	53,525,058	53,261,451
Other comprehensive income/(loss):		
Items that will not be reclassified to the profit and loss account	-	-
Items that may subsequently be reclassified to the profit and loss account	-	-
	-	-
Comprehensive income transferred to equity	53,525,058	53,261,451
Components of comprehensive income / (loss) not reflected in equity:		
Net change in fair value of available-for-sale investments	-	-
Total comprehensive income for the year	53,525,058	53,261,451

The annexed notes from 1 to 38 form an integral part of these financial statements.



President / CEO



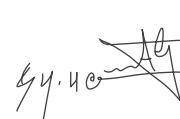
Chief Financial Officer



Chairman



Director



Director

CASH FLOW STATEMENT

For the year ended 31 December 2019

	Note	2019 Rupees	2018 Rupees
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		89,344,447	100,500,905
Adjustments for non-cash charges			
Depreciation		88,474,202	77,123,257
Amortization of intangibles		4,315,710	3,522,297
Amortization of deferred grants		(2,966,766)	(3,278,165)
Provision against non-performing advances		293,568,067	88,324,302
Deficit on revaluation of government securities		-	3,279,516
(Gain) / Loss on disposal of fixed asset		(166,910)	73,145
		383,224,303	169,044,352
Operating cash flow before working capital changes		472,568,750	269,545,257
Changes in working capital			
(Increase)/Decrease in operating assets			
Advances		(260,053,426)	(4,103,324,646)
Other assets		(384,780,440)	(186,490,321)
Held for trading securities		(51,999,283)	-
		(696,833,149)	(4,289,814,967)
Increase/(Decrease) in operating liabilities			
Deposits		2,450,752,964	3,337,603,573
Other liabilities		71,644,270	41,436,234
		2,522,397,234	3,379,039,807
Income tax paid		(63,106,775)	(37,928,306)
Net cash flow from / (used in) operating activities		2,235,026,060	(679,158,209)
CASH FLOW FROM INVESTING ACTIVITIES			
Net investments in held to maturity securities		(109,443,727)	(225,986,485)
Investments in operating fixed assets		(147,444,659)	(57,677,560)
Investments in intangible assets		(17,262,100)	(118,694)
Sale proceeds from disposal of operating fixed assets		1,678,700	1,185,000
Net cash used in investing activities		(272,471,786)	(282,597,739)
CASH FLOW FROM FINANCING ACTIVITIES			
Net increase in Share deposit money		350,022,611	400,070,283
Re-payments of demand finance		(2,771,540)	(192,916,187)
Net cash flow from financing activities		347,251,071	207,154,096
Increase / (Decrease) in cash and cash equivalents during the year		2,309,805,345	(754,601,852)
Cash and cash equivalents at the beginning of the year		4,496,446,506	5,251,048,358
Cash and cash equivalents at the end of the year	29	6,806,251,851	4,496,446,506

The annexed notes from 1 to 38 form an integral part of these financial statements.



President / CEO



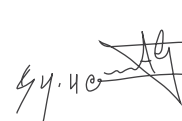
Chief Financial Officer



Chairman



Director



Director

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2019

	Share Capital	Discount On Issue Of Shares	Share Deposit Money	Statutory Reserve	Depositors' Protection Fund	Unappropriated Loss	Total
Rupees							
Balance as at January 01, 2018	2,500,000,000	(950,000,000)	500,008,080	1,279,583	319,896	(1,036,520,157)	1,015,087,402
Comprehensive income for the year							
Profit after taxation	-	-	-	-	-	53,261,451	53,261,451
Transfer to statutory reserves	-	-	-	10,652,290	-	(10,652,290)	-
Transfer to depositors protection fund	-	-	-	-	2,663,073	(2,663,073)	-
Other comprehensive income / (loss)	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	10,652,290	2,663,073	39,946,088	53,261,451
Transactions with owners directly recorded in equity							
Shares issued against share deposit money	-	-	-	-	-	-	-
Share deposit money received	-	-	400,070,283	-	-	-	400,070,283
Balance as at December 31, 2018	2,500,000,000	(950,000,000)	900,078,363	11,931,873	2,982,969	(996,574,069)	1,468,419,136
Comprehensive Income for the year							
Profit after taxation	-	-	-	-	-	53,525,058	53,525,058
Transfer to statutory reserves	-	-	-	10,705,012	-	(10,705,012)	-
Transfer to depositors protection fund	-	-	-	-	2,676,253	(2,676,253)	-
Other comprehensive income / (loss)	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	10,705,012	2,676,253	40,143,793	53,525,058
Transactions with owners directly recorded in equity							
Share deposit money received during the year	-	-	350,022,611	-	-	-	350,022,611
Shares issued against share deposit money	939,849,620	-	(553,885,789)	-	-	-	385,963,831
Discount on issue of shares	-	(385,963,831)	-	-	-	-	(385,963,831)
Balance as at December 31, 2019	939,849,620	(385,963,831)	(203,863,178)	-	-	-	350,022,611
	3,439,849,620	(1,335,963,831)	696,215,185	22,636,885	5,659,222	(956,430,276)	1,871,966,805

The annexed notes from 1 to 38 form an integral part of these financial statements.



President / CEO



Chief Financial Officer



Chairman



Director



Director

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

1 STATUS AND NATURE OF BUSINESS

1.1 Apna Microfinance Bank Limited (the Bank) was incorporated on May 08, 2003 as a public limited Bank under the repealed Companies Ordinance, 1984 now the “Companies Act, 2017” (the Companies Act). The Bank was granted certificate of commencement of business on December 28, 2004 and started its operations on January 01, 2005. Its shares are listed on Pakistan Stock Exchange Limited. The Bank’s principal business is to provide microfinance services to the poor and underserved segment of the society as envisaged under the Microfinance Institutions Ordinance, 2001. The Bank has been operating at national level in Pakistan. The Bank has 123 business locations comprising of 116 branches and 7 service centers (2018: 123 business locations comprising of 116 branches and 7 service centers) in operation. Its registered office is situated at K-4/3 and 4/4, Ch. Khaliq-uz-Zaman Road, Gizri, Karachi in the Province of Sindh and its head office is situated at 23 - A, Sundar Das Road, Zaman Park, Lahore, in the Province of Punjab.

1.1.1 In consequence of an inspection by the State Bank of Pakistan (SBP), the lending operations of the Bank were suspended from November, 2016. Till then the Bank’s information system had not been classifying micro-credits (Running Finance) cases as non performing advances, had not been making any provision and had not been suspending related income. Provisioning on said portfolio was determined manually on the basis of management’s subjective assessment.

Subsequently, the Bank was allowed to resume the lending operations from June 2017. The Bank has built up fresh portfolio as from June, 2017, amounting to 7,670 million (2018: Rs 6,705 million) against which the related provision has been recorded and markup is suspended in accordance with the Prudential Regulations for Microfinance Banks. In year 2018, the Bank has completed the tagging of old running finance portfolio pertaining to the period prior to November, 2016, by manual input on the basis of available information in physical record.

Following the said suspension of operations, the Bank faced enormous operational & financial difficulties and fell short of its regulatory requirements named as Minimum Capital Requirement (MCR) and Capital Adequacy Ratio (CAR). However, owing to managements and sponsors below given extraordinary efforts, commitments and dedications, the Bank overcame all of its financial and operational hurdles and emerged as a survivor in microfinance industry.

(a) Subsequent to resumption of financing operations, the Bank built up a new credit portfolio. The portrait of growth in the fresh portfolio and recovery of the old portfolio is stated below:

Particulars	December - 2019			December - 2018		
	Term Finance	Running Finance	Total Portfolio	Term Finance	Running Finance	Total Portfolio
	Rs. In Million			Rs. In Million		
Loan portfolio built before November-2016						
Micro credits	15	1,387	1,402	467	2,915	3,382
Less: Provision held						
- Specific	2	1	3	438	601	1,039
- General	-	96	96	-	100	100
	2	97	99	438	701	1,139
	13	1,290	1,303	29	2,214	2,243
Loan portfolio built from June-2017						
Micro credits	2,817	4,853	7,670	4,535	2,170	6,705
Less: Provision held						
- Specific	91	31	122	66	5	71
- General	27	45	72	45	20	65
	118	76	194	111	25	136
	2,699	4,777	7,476	4,424	2,145	6,569
Advances - Net of provisions	2,712	6,067	8,779	4,453	4,359	8,812

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

- (b) During the year 2019, sponsors of the Bank have injected fresh capital of Rs. 350 million (2018: Rs. 400 million) and have undertaken to provide further financial support, if required, enabling the Bank to conduct its affairs in such a way that it will be able to meet its financial obligations.

- 1.2 As at December 31, 2019 the Bank could not meet the regulatory requirements of “Prudential Regulations for Micro Finance Banks” issued by the State Bank of Pakistan (SBP), mentioned as under;

“Regulation R-5 (C): Only those MFBs that are fully compliant with Minimum Capital Requirement (MCR) and Capital Adequacy Ratio (CAR) (equivalent to at least 15% of their risk weighted assets) shall be eligible to undertake microenterprise lending”.

The Capital Adequacy Ratio of the Bank fell below the minimum ratio required as at December 31, 2019. However, as explained in Note 1.1.1 (b) above, the Bank is hopeful of bringing its CAR upto the required limit in near future.

2 BASIS OF PRESENTATION

These financial statements have been presented in accordance with Banking Supervision Department (BSD) Circular No.11 dated 30 December 2003 issued by the State Bank of Pakistan (SBP).

3 STATEMENT OF COMPLIANCE

- 3.1 These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. The approved accounting standards comprise of the 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, the Prudential Regulations for Microfinance Banks / Institutions and the directives issued by the Securities and Exchange Commission of Pakistan (SECP) and the State Bank of Pakistan (SBP). Wherever the requirements of the Companies Act, 2017, the Microfinance Institutions Ordinance, 2001, the Prudential Regulations for Microfinance Banks / Institutions or the directives issued by the SECP and SBP differ from the requirements of the IFRSs, the requirements of the Companies Act, 2017, the Microfinance Institutions Ordinance, 2001, the Prudential Regulations for Microfinance Banks / Institutions or the requirements of the said directives shall prevail.

- 3.2 SBP has deferred the applicability of International Accounting Standards (IAS) 39 ‘Financial Instruments Recognition and Measurement’ and International Accounting Standards (IAS) 40 ‘Investment Property’ for Banking Companies through BSD Circular No. 10 dated August 26, 2002. Further, the Securities and Exchange Commission of Pakistan (SECP) has deferred applicability of IFRS-7 “Financial Instruments: Disclosures” through its notification S.R.O 411(1) / 2008 dated April 28, 2008. Accordingly, the requirements of these standards have not been considered in the preparation of these financial statements. However, investments have been classified and valued in accordance with the requirements prescribed by SBP through various circulars.

4 STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS

- 4.1 **Standards, interpretations and amendments to published approved accounting standards becoming effective in the current year:**

The following standards, amendments to standards and interpretations have been effective and are mandatory for the financial statements of the Bank for the periods beginning on or after January 01, 2019 and, therefore, have been applied in preparing these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

		Effective Date (annual period beginning on or after)
IFRS 3	Business Combinations - Amendments resulting from Annual Improvements 2015-2017 Cycle (remeasurement of previously held interest)	01 January 2019
IFRS 11	Joint Arrangements - Amendments resulting from Annual Improvements 2015-2017 Cycle (remeasurement of previously held interest)	01 January 2019
IFRS 15	Revenue from Contracts with Customers	01 July 2018
IFRS 16	Leases	01 January 2019
IAS 12	Income Taxes - Amendments resulting from Annual Improvements 2015-2017 Cycle (income tax consequences of dividends)	01 January 2019
IAS 19	Employee Benefits - Amendments regarding plan amendments, curtailments or settlements	01 January 2019
IAS 23	Borrowing Cost - Amendments resulting from Annual Improvements 2015-2017 Cycle (borrowing costs eligible for capitalisation)	01 January 2019
IAS 28	Investments in Associates and Joint Ventures - Amendments regarding long-term interests in associates and joint ventures	01 January 2019

The Bank has adopted IFRS 15 'Revenue from Contracts with Customers' and IFRS 16 "Leases" from January 01, 2019. The impact of the adoption of these standards and the new accounting policies are explained in note 7.1.

The management considers that adoption of above standards, amendments and interpretations has no material impact on the Bank's financial statements other than presentation or disclosure.

4.2 Standards, interpretations and amendments to published approved accounting standards becoming effective in the current year but not relevant:

There are certain amendments to standards that became effective during the year and are mandatory for the Bank for accounting periods beginning on or after January 01, 2019 but are considered not to be relevant to the Bank's operations and are, therefore, not disclosed in these financial statements.

4.3 Standards, interpretations and amendments to published approved accounting standards becoming effective in future periods:

The following standards, amendments to standards and interpretations have been published and are mandatory for the Bank for the accounting periods beginning on or after their respective effective dates.

		Effective Date (annual period beginning on or after)
-	Amendments to Conceptual Framework	01 January 2020
IFRS 3	Business Combinations - Amendments to clarify the definition of a business	01 January 2020
IFRS 9	Financial Instruments classification and measurements	01 January 2021
IFRS 14	Regulatory Deferral Accounts	01 July 2019
IAS 1	Presentation of Financial Statements - Amendments regarding the definition of material	01 January 2020
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors - Amendments regarding the definition of material	01 January 2020

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

IFRS 9 'Financial Instruments' and amendment – Prepayment Features with Negative Compensation

IFRS 9 'Financial Instruments' and amendment – Prepayment Features with Negative Compensation – for Banks and DFIs, the effective date of the standard has been extended to annual periods beginning on or after January 01, 2021 vide SBP BPRD Circular No. 4 dated October 23, 2019. 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. According to SBP circular referred to above, the Banks / DFIs / MFBs are required to have a parallel run of IFRS 9 from January 01, 2020 and are also required to prepare pro-forma financial statements which includes the impact of IFRS 9 from the year ended December 31, 2019.

The management anticipates that adoption of above standards and amendments in future periods except IFRS 9 will have no material impact on the Bank's financial statements other than presentation or disclosure.

4.4 Standards, interpretations and amendments to published approved accounting standards becoming effective in future period but not relevant:

There are certain new standards, amendments to standards and interpretations that are effective for different future periods but are considered not to be relevant to the Bank's operations, therefore these are not disclosed in these financial statements.

5 BASIS OF MEASUREMENT

These financial statements have been prepared under the historical cost convention except for certain investments which are measured at fair value and amortized cost.

6 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the financial statements in conformity with approved IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Bank's accounting policies. The estimates / judgments and associated assumptions used in the preparation of the financial statements are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates / judgments and associated assumptions are reviewed on an ongoing basis. Revisions to the accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods. The estimates, judgments and assumptions that have significant effect on the financial statements are as follows:

- Classification and valuation of investments (Note 10)
- Provision against non-performing advances (Note 11)
- Residual values and useful lives of assets and methods of depreciation (Note 12.2)
- Amortization of intangibles (Note 12.3)
- Amortization of deferred grant (Note 20)
- Recognition of current and deferred taxation (Note 27)

7 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted and applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, except for the changes mentioned in note 7.1.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

7.1 Changes in Accounting Policy

First time adoption of IFRS 16 - Leases

This standard was notified by the SECP to be effective from annual periods beginning on or after January 01, 2019. Accordingly, the Bank has adopted IFRS 16 using the modified retrospective approach as permitted under the specific transitional provisions in the standard. This standard replaces existing guidance on accounting for leases, including IAS 17, Leases, IFRIC 4, Determining whether an Arrangement contains a Lease, SIC-15, Operating Leases - Incentive, and SIC-27, Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

IFRS 16 introduces an on-balance sheet lease accounting model for leases entered by the lessee. A lessee recognizes a right-of-use asset representing its right of using the underlying asset and a corresponding lease liability representing its obligations to make lease payments. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as either finance or operating leases.

The right-of-use assets recognized subsequent to the adoption are measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred. The right-of-use assets are depreciated on a straight line basis over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The right-of-use assets are reduced by impairment losses, if any, and adjusted for certain remeasurements of lease liability.

In applying IFRS 16 for the first time, the Bank has used the following practical expedients permitted by the standard:

- grandfathered the assessment of which transactions are lease on the date of initial application;
- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- reliance on previous assessments on whether leases are onerous;
- the accounting for operating leases with a remaining lease term of less than 12 months as at January 1, 2019 as short-term leases;
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

There is no significant impact of the standard on these financial statements of the Bank on initial adoption.

The Bank has treated its operating leases as short term leases and the payments associated with short-term leases and leases of low-value assets are recognized on a straight line basis as an expense in profit or loss.

IFRS 15 'Revenue from contracts with customers'

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. Under IFRS 15, revenue is recognized when a customer obtains control of the goods or services. Determining the timing of the transfer of control at a point in time or over time requires judgement.

The Bank has adopted IFRS 15 on January 01, 2019 retrospectively in accordance with IAS 8 without practical expedient. The timing or amount of the Bank's income from contract with customers was not impacted by IFRS 15. The application of IFRS 15 has no impact on the financial position and/or financial performance of the Bank. Accordingly, there was no adjustment in retained earnings on initial application of IFRS 15 as from January 01, 2019.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

7.2 Cash and cash equivalents

Cash and cash equivalents comprises of cash in hand, balances with the State Bank of Pakistan (SBP), National Bank of Pakistan (NBP) and balances held with other Banks / NBFIs and MFBs.

7.3 Investments

The investments of the Bank, upon initial recognition, are classified as held-for-trading, held-to-maturity or available-for-sale, as appropriate.

Investments other than held-for-trading are initially measured at fair value plus transaction costs associated with investments. Held-for-trading investments are initially measured at fair value and transaction costs are expensed out in the profit and loss account.

Purchase and sale of investments that require delivery within the time frame established by regulation or market convention are recognized at the trade date, which is the date the Bank commits to purchase or sell the investments.

Held-for-trading

These represent securities, which are either acquired for the purpose of generating profit from short-term fluctuations in prices or dealer's margin or are securities included in the portfolio in which a pattern of short-term profit making exists. After initial recognition, such investments are carried at fair value and the surplus / (deficit) arising as a result of revaluation is taken to the profit and loss account.

Held-to-maturity

These are securities with fixed or determinable payments and fixed maturities in respect of which the Bank has the positive intent and ability to hold till maturity. After initial recognition, such investments are carried at amortized cost less impairment, if any.

Available-for-sale

These represent securities, which do not fall under the held-for-trading or held-to-maturity categories. After initial recognition, such investments are measured at fair value. The surplus/ (deficit) arising on revaluation is shown in the balance sheet below equity which is taken to the profit and loss account when actually realized upon disposal.

Premium or discount on securities classified as available-for-sale and held-to-maturity is amortized using effective interest method and taken to the profit and loss account.

Provision for impairment in the value of equity securities is made after considering objective evidence of impairment. Provision for diminution in the value of debt securities is made as per the Prudential Regulations for Microfinance Banks.

7.4 Advances including net investment in micro lease

Advances are stated net of specific and general provisions which are determined on the basis of Prudential Regulations for Microfinance Banks. Advances are written off according to the Prudential Regulations or when there is no realistic prospect of recovery.

Leases, where substantially all risks and rewards incidental to ownership of an asset are transferred to the lessee, are classified as micro lease. A receivable is recognized at an amount equal to the present value of the lease payments. The difference between the gross receivable and the present value of the receivable is recognized as unearned finance income.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

7.5 Operating fixed assets

Capital work-in-progress

All expenditure connected with specific assets incurred during installation and construction period are carried under this head. These are transferred to specific assets as and when these assets are available for use. These are carried at cost less impairment loss, if any.

Property and equipment

These are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is charged to the profit and loss account by applying the straight line method using the rates specified in note 12.2 to the financial statements. Depreciation on additions is charged from the month in which the asset is acquired while no depreciation is charged in the month of disposal. The asset's residual values, useful lives and depreciation methods are reviewed and adjusted, if appropriate, at each balance sheet date. The effect of any revision is charged to profit and loss account for the year, when the change arises.

Maintenance and repairs are charged against income as and when incurred. Subsequent costs including major renewals and improvements are capitalized when it is probable that respective future economic benefits will flow to the Bank.

An item of fixed asset is derecognized upon disposal or when no future economic benefits are expected from its use.

Gains and losses on disposals, if any, of assets are determined by comparing the sale proceeds with the carrying amount of asset and are included in income currently.

Intangible assets

Expenditure incurred to acquire software and other development costs are capitalized to the extent that future economic benefits are expected to be derived by the Bank.

These are stated at cost less accumulated amortization and accumulated impairment losses, if any. Amortization is charged over the estimated useful life of the asset on a systematic basis to income applying the straight line method at the rate specified in note 12.3 to the financial statements.

Amortization on additions is charged from the month in which the assets are available for use while no amortization is charged in the month in which the asset is disposed off or de-recognized.

7.6 Impairment

The carrying amounts of non-financial assets are assessed at each reporting date to ascertain whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated to determine the extent of impairment loss, if any. An impairment loss is recognized, as an expense in the profit and loss account. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Value in use is ascertained through discounting of the estimated future cash flows using a pre tax discount rate that reflects current market assessments of the time value of money and the risk specific to the assets for which the estimate of future cash flows have not been adjusted. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

An impairment loss is reversed if there is a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized previously. Reversal of an impairment loss is recognised immediately in the profit and loss account.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

7.7 Receivables

Receivables are recognised at nominal amount which is fair value of the consideration to be received in future less an estimate made for doubtful receivables based on review of outstanding amounts at the year end.

7.8 Payables

Liabilities for payables are carried at cost which is the fair value of the consideration to be paid in future for goods and services received, whether or not billed to the Bank.

7.9 Taxation

Current

Provision for current taxation is based on the taxable income at current rates of taxation after taking into consideration available tax credits and rebates, if any, in accordance with provisions of Income Tax Ordinance, 2001. The charge for tax also includes adjustments, where considered necessary relating to prior years.

Deferred

Deferred tax is recognized using the balance sheet liability method, on all temporary differences arising at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that the future taxable profits will be available against which the assets may be utilized.

The carrying amount of deferred tax asset is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be realized. Unrecognized deferred tax asset are reassessed at each balance sheet date and are recognized to the extent that it has become probable that future taxable profits will allow deferred tax asset to be realized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the periods when the asset is expected to be utilized or the liability is expected to be settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

7.10 Provisions

Provisions are recognized when the Bank has a legal or constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and are adjusted to reflect the current best estimate.

7.11 Employee benefits

Defined contribution plan

The Bank operates an approved funded contributory provident fund for all its permanent employees to whom equal monthly contributions are made both by the Bank and the employees at the rate of 10% per annum of basic salary. The contributions made by the Bank are recognized as employee benefit expense when they are due.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

7.12 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business.

- Mark-up / return / interest on regular advances is recognized on accrual / time proportion basis using effective interest rate method at the Bank's prevailing interest rates for the loan products. Profit on classified advances is recognized on receipt basis.
- Return on investment is recognized on accrual basis using effective interest rate method.
- Income on net investment in micro lease is recognized over the term of the lease so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease. Income on classified micro lease is recognized on receipt basis in compliance with the Prudential Regulations for Microfinance Banks issued by the SBP.
- Fee, commission and brokerage income is recognized when earned.
- Dividend income from investments is recognized when Bank's right to receive the dividend is established.
- Gain or loss on sale of securities is accounted for in the period in which the sale / settlement occurs.
- Income on balances with other banks is recognized in the profit and loss account as it is earned.

7.13 Financial instruments

Financial assets and financial liabilities are recognized at the time when the Bank becomes a party to the contractual provisions of the instruments. Financial assets are de-recognized when the contractual right to future cash flows from the asset expire or is transferred along with the risk and rewards of the asset. Financial liabilities are de-recognized when obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on de-recognition of the financial assets and liabilities is recognized in the profit and loss account of the current year.

7.14 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are set off and the net amount is reported in the financial statements when there is a legally enforceable right to set off the recognized amount and the Bank intends either to settle the assets and liabilities on a net basis or to realize the assets and to settle the liabilities simultaneously. Income and expense items of such assets and liabilities are also off-set and the net amount is reported in the financial statements.

7.15 Derivative financial instruments

Derivative financial instruments are initially recognized at fair value on the date on which the derivative contract is entered into and are subsequently re-measured at fair value using appropriate valuation techniques. All derivative financial instruments are carried as assets when fair value is positive and liabilities when fair value is negative. Any change in the fair value of derivative financial instruments is taken to the profit and loss account.

7.16 Related party transactions

Prices for transactions with related parties are determined using the comparable uncontrolled price method except for those transactions which, in exceptional circumstances, are specifically approved by the Board.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

7.17 Deposits

Deposits are initially recorded at the amount of proceeds received. Mark-up accrued on deposits is recognized separately as part of other liabilities.

7.18 Foreign currencies

Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Bank operates. The financial statements are presented in Pak Rupees, which is the Bank's functional and presentation currency.

Foreign currency transactions

Transactions in currencies other than Pak Rupee are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date except where forward exchange contracts have been entered into for repayment of liabilities, in that case, the rates contracted for, are used. Gains and losses arising on retranslation are included in the profit and loss account for the year.

Translation gains and losses

Translation gains and losses are included in the profit and loss account.

7.19 Deferred grants

Grants are initially recognized at fair value in the balance sheet when there is reasonable assurance that the grants will be received and the Bank will comply with all the attached conditions. Grants that compensate the Bank for expenses incurred are recognized as other income in the profit and loss account on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Bank for the cost of an asset are recognized in the profit and loss account as other income on a systematic basis over the estimated useful life of the asset.

7.20 Earnings per share

The Bank presents basic and diluted earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Bank by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

7.21 Statutory Reserve

The Prudential Regulations for Microfinance Banks require the microfinance banks to create a statutory reserve which shall be credited an amount equal to at least 20% of its annual profits after taxes till such time the reserve fund equals to Paid-up Capital of Microfinance bank and thereafter, an amount not less than 5% of its annual profits after taxes.

7.22 Depositors' Protection Fund

The Microfinance Institutions Ordinance, 2001 requires Microfinance banks to maintain Depositors' Protection Fund (DPF) for the purpose of mitigating risk of its depositors to which shall be credited not less than 5% of the annual profits after taxes.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

	Note	2019 Rupees	2018 Rupees
8 CASH AND BALANCES WITH SBP AND NBP			
Cash in hand - Local currency		461,769,843	440,164,743
Balance with State Bank of Pakistan	8.1	694,606,155	832,264,937
Balance with National Bank of Pakistan in:			
- Current Account		160,691,770	313,186,028
- Deposit Account	8.2	25,156,568	-
		1,342,224,336	1,585,615,708

8.1 This represents balance maintained in current accounts with the State Bank of Pakistan (SBP) to meet the requirements of maintaining a minimum balance equivalent to not less than 5% of the Bank's time and demand liabilities in accordance with Regulation R-3 of the Prudential Regulations for Microfinance Banks issued by the SBP.

8.2 This carries mark-up rate at 11.25% per annum (2018: Nil).

	Note	2019 Rupees	2018 Rupees
9 BALANCES WITH OTHER BANKS/NBFIs/MFBs			
In Pakistan			
- In current accounts		43,991,546	127,165,114
- In deposit accounts	9.1	2,620,035,969	2,333,665,684
- Certificates of deposits	9.2	2,800,000,000	450,000,000
		5,464,027,515	2,910,830,798

9.1 These carry mark-up rates ranging from 11.25% to 14.35% per annum (2018: 6.50% to 11.00% per annum).

9.2 These represent placement with different financial institutions carrying mark-up ranging from 14.50% to 15.00% per annum (2018: 8.50% to 8.90% per annum). Their maturity ranges from three months to six months from the date of placement.

	Note	2019 Rupees	2018 Rupees
10 INVESTMENTS - NET OF PROVISIONS			
Held-to-maturity:			
Treasury Bills -Federal Government Securities	10.1	893,953,107	783,228,010
B.R.R Guardian Modaraba - Term Finance Certificates (TFC's)	10.2	-	1,261,370
Silk Bank Limited - Term Finance Certificate (TFC's)	10.3	99,960,000	99,980,000
		99,960,000	101,241,370
Held for trading:			
Mutual Fund - Alfalah GHP Money Market Fund - 529,898 units (2018:Nil)		51,999,283	-
		1,045,912,390	884,469,380

10.1 This represents T-Bills issued for periods of three months having maturities ranging from January 02, 2020 to February 13, 2020. These carry yields of 12.97% to 13.40% per annum (2018: 8.65% to 10.26% per annum). These securities have an aggregate face value of Rs. 900 million. (2018: Rs. 790 million).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

10.2 It represented investment in 4000 units of diminishing Musharakah based Sukuk certificates issued by B.R.R Guardian Modaraba. This investment was rescheduled in the year 2016 with the repayments ending on April 06, 2019. It carried markup at the rate of 1 month KIBOR plus 1.5% per annum (2018: 1 month KIBOR plus 1.5% per annum).

10.3 This represents investment in 20,000 units in TFC's issued by Silk Bank Limited. The investment will mature on August 10, 2025. It carries mark-up at the rate of 6 months KIBOR plus 1.85% per annum (2018: 6 months KIBOR plus 1.85% per annum).

	Note	2019		2018	
		No. of Loans Outstanding	Rupees	No. of Loans Outstanding	Rupees
11 ADVANCES - NET OF PROVISIONS					
Micro credits	11.1	107,843	9,071,889,849	102,659	10,087,136,105
Less: Provision held:					
- Specific	11.2	2,987	125,104,748	10,848	1,109,836,363
- General	11.3		167,558,748		164,558,748
			292,663,496		1,274,395,111
Advances - Net Of Provisions			8,779,226,353		8,812,740,994

11.1 All advances are secured by personal guarantees including gold loans amounting to Rs. 306.11 million (2018: Rs. 219.89 million).

11.2 Particulars of non-performing advances

Advances include Rs. 486.62 million (2018: Rs. 1,309 million) which have been placed under non performing status as detailed below:

Category of Classification	2019			2018		
	Principal Amount Outstanding	Provision Required	Provision Held	Principal Amount Outstanding	Provision Required	Provision Held
	-----Rupees-----			-----Rupees-----		
OAEM	69,749,555	-	-	98,397,446	-	-
Sub-standard	93,911,048	16,611,471	16,611,471	45,979,635	9,806,033	9,806,033
Doubtful	200,980,930	69,930,167	69,930,167	89,314,851	40,723,874	40,723,874
Loss	65,159,576	37,312,472	37,312,472	620,183,191	617,925,522	617,925,522
Written off	56,827,820	1,250,638	1,250,638	455,138,742	441,380,934	441,380,934
	486,628,929	125,104,748	125,104,748	1,309,013,865	1,109,836,363	1,109,836,363

11.3 Particulars of provision against non-performing advances

	2019			2018		
	Specific	General	Total	Specific	General	Total
	-----Rupees-----			-----Rupees-----		
Opening balance	1,109,836,363	164,558,748	1,274,395,111	1,139,749,422	46,321,387	1,186,070,809
Charge/ (reversal) for the year	290,568,067	3,000,000	293,568,067	88,324,302	-	88,324,302
Transferred (from)/to	-	-	-	(118,237,361)	118,237,361	-
Amount written off	(1,275,299,682)	-	(1,275,299,682)	-	-	-
Closing balance	125,104,748	167,558,748	292,663,496	1,109,836,363	164,558,748	1,274,395,111

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

11.3.1 Particulars of write offs:

	2019 Rupees	2018 Rupees
Against Provision	1,275,299,682	-

11.4 The provision has been made in accordance with the terms of Prudential Regulations for Microfinance Banks issued by the SBP and managements' subjective assessment.

11.5 On the basis of above non performing loans, the Bank has suspended markup income of Rs. 339 million (2018: Rs. 606.77 million) of which suspended income pertaining to running finance portfolio built prior to November, 2016 is Rs. 261 million (2018: Rs. 449 million).

	Note	2019 Rupees	2018 Rupees
12 OPERATING FIXED ASSETS			
Capital work in progress			
Advance payment to suppliers	12.1	40,642,212	75,835,323
Property and equipment	12.2	850,338,981	757,687,203
Intangible assets	12.3	36,806,964	23,860,574
		927,788,157	857,383,100

12.1	Particulars	Leasehold improve- ments	Furniture and fixtures	Electricity and office equipment	Computer hardware & peripheral	Total
-----Rupees-----						
	Balance as on January 01, 2019	38,533,718	24,962,068	6,166,971	6,172,566	75,835,323
	Additions during the year	34,228,524	6,128,194	-	-	40,356,718
	Transfer to fixed assets	(38,152,510)	(30,829,112)	(5,872,119)	(696,088)	(75,549,829)
	Balance as on December 31, 2019	34,609,732	261,150	294,852	5,476,478	40,642,212

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

12.2 Property and equipment

2019	Cost			Rate (%)	Depreciation			Written down value as at 31 December 2019
PARTICULARS	As at 01 January 2019	Additions	(Deletions)		As at 31 December 2019	Charge for the year	(Adjustments)	
Rupees-								
Leasehold improvements	412,834,765	36,948,409	-	5	53,531,060	21,124,972	-	375,127,142
Furniture and fixtures	122,550,308	40,364,877	-	10	29,995,637	11,301,122	-	121,618,426
Electricity and office equipment	273,378,826	15,415,686	-	10-20	71,817,039	24,602,010	-	192,375,463
Computer hardware & peripheral	101,939,705	19,538,554	-	20-30	51,530,635	17,392,996	-	52,554,628
Motor vehicles	83,112,720	70,370,244	(2,002,500)	20	29,254,750	14,053,102	(490,710)	108,663,322
Total	993,816,324	182,637,770	(2,002,500)		236,129,121	88,474,202	(490,710)	850,338,981

2018	Cost			Rate (%)	Depreciation			Written down value as at 31 December 2018
PARTICULARS	As at 01 January 2018	Additions	(Deletions)		As at 31 December 2018	Charge for the year	(Adjustments)	
-----Rupees-----								
Leasehold improvements	387,085,641	25,749,124	-	5	34,068,561	19,462,499	-	359,303,705
Furniture and fixtures	113,976,038	8,574,270	-	10	19,570,977	10,424,660	-	92,554,671
Electricity and office equipment	259,233,324	14,145,502	-	10-20	48,790,664	23,026,375	-	201,561,787
Computer hardware & peripheral	84,956,566	17,050,678	(67,539)	20-30	36,557,263	14,984,066	(10,694)	50,409,070
Motor vehicles	81,419,360	3,158,360	(1,465,000)	20	20,292,793	9,225,657	(263,700)	53,857,970
Total	926,670,929	68,677,934	(1,532,539)		159,280,258	77,123,257	(274,394)	757,687,203

12.2.1 Property and equipment includes assets costing Rs. 26,488 million (2018: Rs. 23,184 million) which are fully depreciated and still in use.

12.2.2 There is a hypothecation charge over motor vehicles amounting to Rs. 17.85 million (2018: Rs. 17.85 million). The hypothecation charge has been created under a hire purchase agreement with Soneri Bank Ltd.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

12.2.3 Disposal of property and equipment having book value in aggregate more than Rs. 250,000/- or cost more than Rs. 1,000,000/- during the year:

Particulars	2019					Particulars of Buyer/Insurer
	Cost	Accumulated Depreciation	Written down value	Sales Proceeds / Insurance Claim	Gain/(loss) on Disposal of Fixed Asset	Mode of disposal
Motor vehicles	1,898,000	(417,560)	1,480,440	1,613,700	133,260	Accident
Motor vehicles	104,500	(73,150)	31,350	65,000	33,650	Sale to employee
Total	2,002,500	(490,710)	1,511,790	1,678,700	166,910	

Particulars	2018					Particulars of Buyer/Insurer
	Cost	Accumulated Depreciation	Written down value	Sales Proceeds / Insurance Claim	loss on Disposal of Fixed Asset	Mode of disposal
Motor vehicles	1,465,000	(263,700)	1,201,300	1,150,000	(51,300)	Accident
Computer hardware peripheral	67,539	(10,694)	56,845	35,000	(21,845)	Theft
Total	1,532,539	(274,394)	1,258,145	1,185,000	(73,145)	

12.3 Intangible assets

2019	Cost			Rate (%)	Amortization			Written down value as at 31 December 2019
	As at 01 January 2019	Additions	(Deletions)		As at 01 January 2019	Charge for the year	(Adjustments)	
Computer software	73,843,349	17,262,100	-	91,105,449	10-25	49,982,775	4,315,710	54,298,485
								36,806,964
2018	Cost			Rate (%)	Amortization			Written down value as at 31 December 2018
	As at 01 January 2018	Additions	(Deletions)		As at 01 January 2018	Charge for the year	(Adjustments)	
Computer software	73,724,655	118,694	-	73,843,349	10-25	46,460,478	3,522,297	49,982,775
								23,860,574

12.3.1 Intangibles include assets costing Rs. 35,465 million (2018: Rs. 34,795 million) which are fully amortized and still in use.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

	Note	2019 Rupees	2018 Rupees
13 OTHER ASSETS			
Income / Mark-up Accrued		1,490,791,015	1,278,598,024
Advances to Staff		127,641,630	124,743,349
Advances and Prepayments		310,518,676	235,914,548
Advance Income Tax - Net of Provision		52,997,351	35,187,390
Security Deposits		38,561,920	38,001,920
Inter Banks ATM Settlement Account		31,097,089	13,497,804
Insurance Claims Receivable	13.1	434,806,235	357,880,480
		2,486,413,916	2,083,823,515

13.1 This represents insurance claims receivable from The United Insurance Company of Pakistan Limited, which is a related party of the Bank.

	Note	2019 Rupees	2018 Rupees
14 DEFERRED TAX ASSET			
Deferred tax asset - Opening balance		488,183,434	506,242,009
Recognized in the profit and loss account - net		9,477,425	(18,058,575)
	14.1	497,660,859	488,183,434
14.1 Components of deferred tax			
Taxable temporary differences in respect of			
Accelerated tax depreciation		(246,863,515)	(205,799,143)
Deductible temporary differences in respect of			
Provision against advances	14.2	291,287,868	1,274,395,111
Unabsorbed losses		1,266,091,784	360,385,232
Net deductible temporary difference		1,310,516,137	1,428,981,200
Deferred tax asset on net temporary differences		380,049,680	414,404,548
Minimum tax available for carry forward		117,611,179	73,778,886
Net asset as at December 31		497,660,859	488,183,434

14.2 The Bank has made provision against micro-credit disbursed from June-2017 as per the requirements of Prudential Regulations issued by the State Bank of Pakistan (SBP) for Microfinance Banks (MFB's) and the Bank has not made any deferred tax asset on specific provision against running finance micro-credits disbursed prior to November 2016.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

	Note	2019		2018	
		No. of accounts	Rupees	No. of accounts	Rupees
15 DEPOSITS AND OTHER ACCOUNTS					
Time liabilities					
Fixed deposits (Deals)	15.1	8,372	6,507,523,120	6,312	5,266,340,560
Demand liabilities					
Saving deposits	15.2	31,962	7,951,669,125	31,736	6,567,806,922
Current deposits		350,237	3,857,891,461	312,894	4,032,183,260
		382,199	11,809,560,586	344,630	10,599,990,182
	15.3	390,571	18,317,083,706	350,942	15,866,330,742

15.1 These represent deposits received from customers ranging from 1 month to 5 years. These carry interest rates ranging from 5.6% to 15.5% per annum (2018: 5% to 15% per annum).

15.2 These carry interest rates ranging from 4% to 11% per annum (2018: 4% to 9.5% per annum).

15.3 Particulars of deposits by ownership	2019		2018	
	No. of accounts	Rupees	No. of accounts	Rupees
Individual Depositors	390,142	14,829,400,647	350,584	15,347,989,917
Institutional Depositors				
- Corporations / Firms	411	3,285,223,519	339	239,367,628
- Banks & Financial Institutions	18	202,459,540	19	278,973,197
	429	3,487,683,059	358	518,340,825
	390,571	18,317,083,706	350,942	15,866,330,742

	Note	2019 Rupees	2018 Rupees
16 BORROWINGS			
Borrowings from Banks/Financial Institutions in Pakistan			
Demand Finance	16.1	6,597,519	9,369,059

16.1 The demand finance facility was obtained to purchase brand new locally manufactured vehicles with a maximum limit of Rs. 100 million for the business of the Bank. The facility is secured against hypothecation charge over the financed vehicles under hire purchase agreement, against corporate guarantee of the Bank. Each demand finance (for each vehicle) is repayable in 60 monthly installments commenced from the date of the respective disbursement. It is subject to mark-up at the rate of 1 year KIBOR plus 1.50% per annum payable on a monthly basis.

	2019 Rupees	2018 Rupees
17 OTHER LIABILITIES		
Mark-up/ Return/ Interest payable	258,235,714	142,937,409
Bills Payable	49,800,445	58,027,773
Accrued expenses	338,343	308,343
Others	36,870,808	72,327,515
	345,245,310	273,601,040

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

18 SHARE CAPITAL

18.1 Authorized Capital

2019 No. of Shares	2018		2019 Rupees	2018 Rupees
500,000,000	500,000,000	Ordinary shares of Rs. 10/- each	5,000,000,000	5,000,000,000

18.2 Issued, subscribed and paid-up capital

2019 No. of Shares	2018		2019 Rupees	2018 Rupees
343,984,962	250,000,000	Ordinary shares of Rs. 10/- each fully paid in Cash	3,439,849,620	2,500,000,000

18.3 Reconciliation of issued, subscribed and paid-up capital

2019 No. of Shares	2018		2019 Rupees	2018 Rupees
250,000,000	250,000,000		2,500,000,000	2,500,000,000
93,984,962	-	Right shares issued during the year at discount	939,849,620	-
343,984,962	250,000,000		3,439,849,620	2,500,000,000

19 SHARE DEPOSIT MONEY

	Note	2019 Rupees	2018 Rupees
Share deposit money	19.1	696,215,185	900,078,363

19.1 This share deposit money shall be used against the issue of right shares subject to the approval of competent authority.

20 DEFERRED GRANTS

	Note	2019 Rupees	2018 Rupees
Financial Innovation Challenge Fund (FICF)	20.1	2,360,186	5,326,952

20.1 Financial Innovation Challenge Fund (FICF)

		2019 Rupees	2018 Rupees
Balance as at January 01		5,326,952	8,444,151
Less: Amortization of deferred grants		(2,966,766)	(3,117,199)
	20.1.1	2,360,186	5,326,952

20.1.1 In the year 2013, the SBP approved a grant of Rs. 34 million under the Financial Inclusion Program (FIP) with 30% contribution by the Bank out of which grant of Rs. 16.77 million was received during 2014 and of Rs. 17.24 million was received during 2015. The main purpose of the FIP is the provision of improved access to financial services for poor and marginalized groups and for micro, small and medium enterprises in Pakistan with the help of two partners; Pedavar and AGD Pakistan (Pvt.) Ltd. The Bank has recognized the grant against assets and expenses as prescribed, thereby meeting the conditions attached to the grant. In the year 2015, the receipt and amortization of the grant was audited by a firm of Chartered Accountants. Amortization of the grant is being made for expenses incurred and on a systematic basis over the remaining useful life of the related asset.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

	Note	2019 Rupees	2018 Rupees
21 MEMORANDUM/OFF BALANCE SHEET ITEMS			
21.1 Contingencies:			
There are no known material contingencies as at December 31, 2019 (2018: Nil).			
21.2 Commitments:			
Bank Guarantee	21.2.1	924,298	1,445,396
21.2.1	This represents bank guarantee issued by the Bank ranging between Rs. 106,923/- to Rs. 500,000/-. These guarantees will expire within the period from January 2020 to April 2020.		
22 MARK-UP/RETURN/INTEREST EARNED		2019 Rupees	2018 Rupees
Mark-up on loans and advances		2,372,740,445	1,920,709,271
Mark-up on deposit accounts		429,847,071	192,263,338
Mark-up on investments in government securities		97,197,020	44,863,192
		2,899,784,536	2,157,835,801
23 MARK-UP/RETURN/INTEREST EXPENSED		2019 Rupees	2018 Rupees
Deposits		1,207,980,792	796,401,943
Borrowings		1,100,240	4,397,329
		1,209,081,032	800,799,272
24 OTHER INCOME	Note	2019 Rupees	2018 Rupees
Amortization of deferred grants		2,966,766	3,278,165
Insurance claim against defaulted loans	24.1	326,925,755	150,369,727
Gain/(Loss) on disposal of fixed assets		166,910	(73,145)
Others	24.2	39,192,845	96,445,358
		369,252,276	250,020,105

24.1 This represents the claims against the default loans lodged by the Bank during the year with The United Insurance Company of Pakistan Limited, a related party of the Bank.

24.2 These include income related to ECIB report charges, account activation charges, stop payment charges, pay order issuance / cancellation charges, ATM related charges, cheque book charges, commission on bills, locker charges etc.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

	Note	2019 Rupees	2018 Rupees
25 ADMINISTRATIVE EXPENSES			
Salaries, allowances, etc.		1,108,528,635	982,553,036
Training / capacity building		1,444,284	179,240
Contribution to defined contribution plan		18,867,958	13,411,922
Rent, taxes, insurance, electricity, etc.		281,749,740	237,506,035
Communication		44,366,208	36,582,709
Legal and professional charges		8,440,472	4,592,390
Security charges		101,134,658	88,296,974
Traveling		18,728,185	17,081,240
Fees and subscription		15,697,579	21,627,893
Fueling expense		28,610,130	23,994,560
Repair and maintenance		17,769,030	19,195,745
Stationery and printing		17,249,738	22,429,042
Advertisement and publicity		3,416,384	4,026,329
Auditors' remuneration	25.1	3,842,500	3,508,000
Depreciation	12.2	88,474,202	77,123,257
Amortization of intangibles	12.3	4,315,710	3,522,297
Entertainment		15,000,401	14,800,346
Credit verification expenses		14,895,832	16,483,155
Others		2,654,740	8,733,261
		1,795,186,386	1,595,647,431
25.1 Auditors' Remuneration			
Annual audit fee and report on CCG compliance		2,400,000	2,373,000
Half yearly review		440,000	420,000
Other certifications fee		562,500	315,000
Out of pocket expenses		440,000	400,000
		3,842,500	3,508,000
26 OTHER CHARGES			
Penalties imposed by the State Bank of Pakistan		2,552,000	-

27 TAXATION

27.1 Current Tax

The Bank has carried forward tax losses of Rs. 1,266.09 million (2018: Rs. 360.38 million) as at reporting date due to which no taxable income arises during the year. However, under section 113 "Minimum Tax on Income of Certain Persons" of the Income Tax Ordinance, 2001, the Bank is required to make a provision for minimum taxation. Therefore, provision for minimum taxation amounting to Rs. 45.297 million (2018: Rs. 29.180 million) has been made.

27.1.1 Relationship between accounting profit and tax expense

The relationship between accounting profit and tax expense has not been presented in these financial statements as provision for taxation has been made under section 113C of the Income Tax Ordinance, 2001.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

27.2 Deferred Tax

The Bank has recognized deferred tax asset amounting to Rs. 497.7 million (2018: Rs. 488.2 million) (Refer note 14) on actual provision of advances as per Prudential Regulations for Microfinance Banks on the basis that it is probable that future taxable profits will be available for utilization.

		2019	2018	
28	EARNINGS PER SHARE - BASIC AND DILUTED			
28.1	EARNINGS PER SHARE-BASIC (2018: RE-STATEd)			
	Profit after taxation	Rupees	53,525,058	53,261,451
	Weighted average number of shares	Numbers	315,682,518	250,000,000
	Earnings per share-Basic (2018: Re-stated)	Rupees	0.17	0.30
28.2	EARNINGS PER SHARE -DILUTED			
	Weighted average number of shares	Numbers	315,682,518	343,984,962
	Earnings per share-Diluted	Rupees	0.17	0.15
29	CASH AND CASH EQUIVALENTS			
		Note	2019 Rupees	2018 Rupees
	Cash and Balances with SBP and NBP	8	1,342,224,336	1,585,615,708
	Balances with other Banks / NBFIs / MFBs	9	5,464,027,515	2,910,830,798
			6,806,251,851	4,496,446,506

30 NUMBER OF EMPLOYEES

As at December 31	2019			2018		
	Credit/ Sales	Banking/ Support	Total	Credit/ Sales	Banking/ Support	Total
	----- Numbers -----			----- Numbers -----		
Permanent	477	669	1146	261	860	1121
Contractual	982	253	1235	844	469	1313
	1459	922	2381	1105	1329	2434

Average no. of Employees	2019			2018		
	Credit/ Sales	Banking/ Support	Total	Credit/ Sales	Banking/ Support	Total
	----- Numbers -----			----- Numbers -----		
Permanent	369	765	1134	330	644	974
Contractual	913	361	1274	739	492	1231
	1282	1126	2408	1069	1136	2205

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

	2019 Number	2018 Number
31 NUMBER OF BRANCHES/SERVICE CENTRES		
Beginning of the year	123	123
Opened during the year		
- Branches	-	-
- Service centres	-	-
At the end of the year	123	123

32 REMUNERATION OF DIRECTORS AND EXECUTIVES

The aggregate amount charged in the financial statements for remuneration, including all benefits to President / Chief Executive Officer of the Bank is as follows:

	President/Chief Executive Officer		Executives	
	2019 Rupees	2018 Rupees	2019 Rupees	2018 Rupees
Managerial remuneration	7,140,000	7,140,000	131,127,665	193,566,622
Rent and house maintenance	1,872,000	1,736,000	50,501,496	75,666,196
Utilities	323,821	238,663	12,625,705	18,916,575
Medical	17,206	66,687	13,113,089	19,356,689
Contribution to provident fund	-	-	6,874,575	11,192,784
Bonus and other benefits	-	-	-	-
	9,353,027	9,181,350	214,242,530	318,698,866
Number of persons	1	1	134	225

32.1 The President / Chief Executive Officer and Executives are entitled to use Bank maintained cars and perquisites in accordance with the terms of their employment.

32.2 During the year, the Bank has paid fee amounting to Rs.2,906,250/- (2018: Rs.1,737,500/-) to its non-executive directors for attending Board of Directors and Committee meetings.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

33 MATURITIES OF ASSETS AND LIABILITIES

	2019				
	Total	Upto one month	Over one month upto 6 months	Over 6 months upto 1 year	Over one year upto 5 years
-----Rupees-----					
Assets					
Cash and Balances with SBP and NBP	1,342,224,336	1,342,224,336	-	-	-
Balances with other Banks / NBFIs/MFBs	5,464,027,515	2,664,027,515	2,800,000,000	-	-
Lending to Financial Institutions	-	-	-	-	-
Investments - Net of Provisions	1,045,912,390	896,740,118	49,212,272	-	99,960,000
Advances - Net of Provisions	8,779,226,353	3,538,069,741	1,191,686,489	1,457,387,247	2,592,082,876
Operating Fixed Assets	927,788,157	-	-	-	927,788,157
Other Assets	2,486,413,916	1,583,927,437	126,175,593	157,035,827	619,275,059
Deferred Tax Asset	497,660,859	-	-	-	497,660,859
	20,543,253,526	10,024,989,147	4,167,074,354	1,614,423,074	4,736,766,951
Liabilities					
Deposits and other accounts	18,317,083,706	12,290,235,813	1,164,413,260	1,437,137,512	3,425,297,121
Borrowings	6,597,519	6,597,519	-	-	-
Subordinated Debt	-	-	-	-	-
Other Liabilities	345,245,310	345,245,310	-	-	-
Deferred Tax Liabilities	-	-	-	-	-
	18,668,926,535	12,642,078,642	1,164,413,260	1,437,137,512	3,425,297,121
Net assets	1,874,326,991	(2,617,089,495)	3,002,661,094	177,285,562	1,311,469,830
Represented by:					
Share capital	3,439,849,620				
Discount on issue of shares	(1,335,963,831)				
Share deposit money	696,215,185				
Statutory reserve	22,636,885				
Depositors' protection fund	5,659,222				
Unappropriated loss	(956,430,276)				
Surplus/(Deficit) on Revaluation of Assets	-				
Deferred Grants	2,360,186				
	1,874,326,991				

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

	2018				
	Total	Upto one month	Over one month upto 6 months	Over 6 months upto 1 year	Over one year upto 5 years
-----Rupees-----					
Assets					
Cash and Balances with SBP and NBP	1,585,615,708	1,585,615,708	-	-	-
Balances with other Banks / NBFIs/MFBs	2,910,830,798	2,460,830,798	450,000,000	-	-
Lending to Financial Institutions	-	-	-	-	-
Investments - Net of Provisions	884,469,380	479,083,893	305,405,487	-	99,980,000
Advances - Net of Provisions	8,812,740,994	4,465,092,251	1,003,183,602	1,442,557,485	1,901,907,656
Operating Fixed Assets	857,383,100	-	-	-	857,383,100
Other Assets	2,083,823,515	1,131,436,756	7,429,888	375,910,492	569,046,379
Deferred Tax Asset	488,183,434	-	-	-	488,183,434
	17,623,046,929	10,122,059,406	1,766,018,977	1,818,467,977	3,916,500,569
Liabilities					
Deposits and other accounts	15,866,330,742	10,826,603,240	1,495,590,285	1,457,343,278	2,086,793,939
Borrowings	9,369,059	9,369,059	-	-	-
Subordinated Debt	-	-	-	-	-
Other Liabilities	273,601,040	273,601,040	-	-	-
Deferred Tax Liabilities	-	-	-	-	-
	16,149,300,841	11,109,573,339	1,495,590,285	1,457,343,278	2,086,793,939
Net assets	1,473,746,088	(987,513,933)	270,428,692	361,124,699	1,829,706,630
Represented by:					
Share capital	2,500,000,000				
Discount on issue of shares	(950,000,000)				
Share deposit money	900,078,363				
Statutory reserve	11,931,873				
Depositors' protection fund	2,982,969				
Unappropriated loss	(996,574,069)				
Surplus/(Deficit) on Revaluation of Assets	-				
Deferred Grants	5,326,952				
	1,473,746,088				

34 FINANCIAL RISK MANAGEMENT

34.1 Interest/ mark-up rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in the market interest rates.

The Bank's interest rate exposure is low due to the short-term nature of the majority of business transactions. Interest rate risk is also controlled through flexible credit pricing mechanism and variable deposit rates. Optimization of yield is achieved through the Bank's investment strategy which aims to maintain a balance between yield and liquidity under the strategic guidance of the Asset and Liability Committee (ALCO).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

	2019					
	Exposed to yield/ interest risk					
	Effective yield/ interest rate	Total	Upto one month	One month to six months	Over six months to one year	Over one year to five years
	%	Rupees				
Assets						
Cash and balances with SBP and NBP	11.25%	25,156,568	25,156,568	-	-	-
Balances With Other Banks/ NBFIs/MFBs	11.25% - 14.35%	5,420,035,969	2,620,035,969	2,800,000,000	-	-
Investments - Net Of Provisions	12.97% - 13.40%	1,045,912,390	896,740,118	49,212,272	-	99,960,000
Advances - Net Of Provisions	21% - 52.86%	8,779,226,353	3,538,069,741	1,191,686,489	1,457,387,247	2,592,082,876
Other Assets - Advances to Staff and Mark-up receivable	7.2% - 52.86%	1,618,432,645	1,527,345,948	1,175,593	1,725,827	88,185,277
		16,888,763,925	8,607,348,344	4,042,074,354	1,459,113,074	2,780,228,153
Liabilities						
Deposits and other accounts	4% - 15.5%	14,459,192,245	8,432,344,352	1,164,413,260	1,437,137,512	3,425,297,121
Borrowings	1Year KIBOR+1.5%	6,597,519	6,597,519	-	-	-
		14,465,789,764	8,438,941,871	1,164,413,260	1,437,137,512	3,425,297,121
		2,422,974,161	168,406,473	2,877,661,094	21,975,562	(645,068,968)

2018						
Exposed to yield/ interest risk						
Effective yield/ interest rate	Total	Upto one month	One month to six months	Over six months to one year	Over one year to five years	
%	Rupees					
Assets						
Balances With Other Banks/ NBFIs/MFBs	6.50% - 11%	2,783,665,684	2,333,665,684	450,000,000	-	-
Investments - Net Of Provisions	8.65% - 10.26%	884,469,380	479,083,893	305,405,487	-	99,980,000
Advances - Net Of Provisions	21% - 46.60%	8,812,740,994	4,465,092,251	1,003,183,602	1,442,557,485	1,901,907,656
Other Assets - Advances to Staff and Mark-up receivable	7.0% - 46.60%	1,403,341,373	1,278,756,448	1,406,894	3,242,037	119,935,994
		13,884,217,431	8,556,598,276	1,759,995,983	1,445,799,522	2,121,823,650
Liabilities						
Deposits and other accounts	4% - 15%	11,834,147,482	6,794,419,980	1,495,590,285	1,457,343,278	2,086,793,939
Borrowings	1Year KIBOR+1.5%	9,369,059	9,369,059	-	-	-
		11,843,516,541	6,803,789,039	1,495,590,285	1,457,343,278	2,086,793,939
		2,040,700,890	1,752,809,237	264,405,698	(11,543,756)	35,029,711

34.2 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Bank's credit risk is primarily attributable to its advances, balances at banks, investments and certain other assets. The credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit ratings. The Bank has an effective loan disbursement and recovery monitoring system which allows it to evaluate borrowers' credit worthiness and identify potential problem loans. A provision for loan losses is maintained as required by the Prudential Regulations for Microfinance Banks. Investments are mainly in government securities or other securities having good credit rating. The maximum amount of financial assets which are subject to credit risk amounting to Rs. 16,888.8 million (2018: Rs. 13,884.2 million).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

34.3 Liquidity risk

Liquidity risk is the risk that the Bank will not be able to raise funds to meet its commitments. At present the Bank is not exposed to this risk as there is sufficient cash placed with various commercial banks at the year end.

34.4 Fair value of financial instruments

The carrying values of all the financial assets and financial liabilities reported in the financial statements approximate their fair values.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an ordinary transaction between market participants at the measurement date.

35 TRANSACTION AND BALANCES WITH RELATED PARTIES

Related parties of the Bank comprise of Chief Executive Officer, Directors, group companies, staff retirement benefits fund, key management personnel and major shareholders of the Bank. The details of transactions and balances with related parties other than those disclosed elsewhere in these financial statements are as under:

Nature of Relationship	Nature of Transactions	2019 Rupees	2018 Rupees
Balances at year end:			
Associated company	Deposits	38,181,368	156,716,764
	Share deposit money	613,015,264	701,008,080
	Insurance Claims Receivable	434,806,235	357,880,480
Key management personnel	Deposits	2,601,990	2,178,053
Directors / sponsors / shareholders	Deposits	2,116,834	1,799,478
	Share deposit money	83,199,911	199,038,815
Transactions during the year:			
Associated company	Deposits received	1,157,260,031	889,807,828
	Withdrawals	1,284,480,450	826,566,689
	Mark-up paid on deposits	7,490,558	2,938,350
	Shares issued against share deposit money	367,244,195	-
	Share deposits money received	279,251,381	301,000,000
Key management personnel	Deposits received	88,503,076	46,253,911
	Withdrawals	88,946,974	45,102,827
	Mark-up on deposit paid	32,916	8,681
Directors / sponsors / shareholders	Deposits received	5,794,062	3,527,845
	Withdrawals	5,526,421	2,431,466
	Share Deposit Money received	70,771,220	99,038,815
	Mark-up paid on deposits	49,715	24,982
	Shares issued against Share Deposit Money	186,641,588	-
Staff Provident Fund	Contribution made during the year	18,867,958	13,411,922

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

36 PROVIDENT FUND RELATED DISCLOSURE

The following information is based on the audited financial statements of the provident fund for the year ended December 31, 2018 and unaudited financial statements for the year ended December 31, 2019.

	2019 Rupees Un-Audited	2018 Rupees Audited
Size of the fund - Total assets	60,491,775	36,558,866
Cost of investments	53,200,000	39,700,000
Percentage of investments made	87.9%	108.6%
Fair value of investments	53,200,000	39,700,000
36.1 The break-up cost of investments is as follows:		
Term deposit receipts	53,200,000	39,700,000
	53,200,000	39,700,000

36.2 The above investment / placement of the funds has been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

37 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were approved and authorised for issue on March 31, 2020 by the Board of Directors of the Bank.

38 GENERAL

38.1 The corresponding figures have been rearranged / reclassified, wherever necessary, for better presentation. However, no material reclassifications have been made other than disclosed below:

Reclassification from component	Reclassification to component	Amount (Rupees)
Advances-net of provision	Other Assets	
- Insurance claims receivable against case held in specific provision	- Insurance claims receivable	352,999,065
Advances-net of provision	Other Income	
- Provision against non-performing loans and advances for the year	- Insurance claim against defaulted loans	150,369,727


38.2 Figures have been rounded off to the nearest rupee unless otherwise stated.



President / CEO



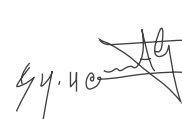
Chief Financial Officer



Chairman



Director



Director

OUR BRANCHES

Punjab: Central I:

Kasur Branch:

Katchry Road, Kasur
Tel: 0492 - 761223
0492 - 761224
0492 - 761225
0492 - 761226

Sadar Cantt Branch:

Al Rahman Shopping Center, Dhaka
Raod, Sadar Cantt, Lahore
Tel: 042 - 36667023
042 - 36667024
042 - 36667025

Karim Block Branch:

Karim Block, Allama Iqbal Town,
Lahore
Tel: 042 - 35415044
042 - 35415045
042 - 35415046

Township Branch:

House No. 150, Block 30, Sector B-1,
Township, Lahore
Tel: 042-35156304
042 - 35156309
042 - 35150158

Sundardas Road Branch:

23-A Sundardas Road, Zaman Park,
Lahore
Tel: 042 - 38101607
042 - 38100006

Ferozpur Road Branch:

Main Ferozpur Road, Lahore Near
Bank Stop
Tel: 042-35923645
042-35923646

Khana Nau Branch:

Kahna Nou, Main Ferozpur Road,
Tehsil Model Town, Lahore
Tel: 042 - 35270551
042 - 35270552
042 - 35270553
042 - 35270554
042 - 35270555

Model Town Branch:

Shop # 31 & 33 A Block Store Market,
Model Town, Lahore
Tel: 042-35928241
042-35928242
042-35928243
042-35928244
042-35928245

DHA Branch:

Commerical Bulidng # 51 CCA Block
DD, Phase 4, DHA Lahore
Tel: 042-35694131
042-35694132
042-35694434
042-35694190

Raiwind Branch:

Railway Road Station, Raiwind Tehsil
Lahore, District Lahore
Tel: 042 -35394055
042 - 35394056
042 - 35394057
042 -35394059

Johar Town Branch:

Plot # 472, Block-G- 3, Johar Town,
Lahore
Tel: 042 - 35445623
042 - 35445622

Central II:

Bahawalnagar Branch:

Khewat No 2145, Khatonee 2240,
Ghalla Mandi, Bhawalnagar
Tel: 063 - 2277157
063 - 2277158
063 - 22771-59

Pakpattan:

Pakpattan Branch:

Ghalla Mandi, Pakpattan, Tehsil &
Distt Pakpattan
Tel: 0457 - 352240
0457 - 352241
0457 - 352243

Chowrasta Mian Khan Branch:

Arrodey wala Chowrassta Mian Khan
Depalpur
Tel: 044-4890002
044-4890003
044-4890004

OUR BRANCHES

Dharanwala Branch:

Dharanwala Tehsil Chistian
Tel: 063-2440260
063-2440261
063-2440262
063-2440263

Madina Chowk Depalpur Branch:

Madina Chowk, Okara Road, Depalpur
Tel: 044 - 4542001
044 - 4542002
044 - 4542003

Jassoki Branch:

Jassoki Sheller Main Depalpur Okara
Road Jassoki
Tel: 044-2510001
044-2510873
0442510871

Chistian Branch:

Ghala Mandi Chistian Distt
Bahawalnagar
Tel: 063 – 2501107
063 – 2501105
063 – 2501108

Hujra Shah Muqem Branch:

Hujra Shah Muqem, Depalpur
Tel: 044-4860202
044-4860203
044-4860204
044-4860404

Khuddian Branch:

Kasur Depalpur Road, Naya Adda
Khuddian Khas
Tel: 0492 791488

Ellahabad Branch:

Main Kasur Depalpur Road, Ellabad
Tehsil Chunian Distt. Kasur
Tel: 049 - 4751258
049 - 4751259
049 - 4751260

Haveli Lakkah Branch:

Head Sulemanki Road, Haveli Lakkah,
Depalpur
Tel: 044 - 4774102
044 - 4774103

Nol Plot Branch:

Plot No 10, Main Road Nol Plot Distt.
Okara
Tel: Not Available

Fort Abbas Branch:

School Bazar, Fort Abbas, Disst
Bhawalnagar
Tel: 063 - 2511030
063 - 2511032
063 - 2511034
063 - 2511035

Haroonabad Branch:

Main Ghalla Mandi Road, Haroonabad
District Bhawalnagar
Tel: 0632 - 250361
0632 - 250362
0632 - 250363
0632 - 250364
0632 – 250365

Minchinabad Branch:

Circular Road Manchinabad
Tel: 0632 - 750071
0632 - 750072
0632 – 750073

Central III: Bhakkar:

Bhakkar Branch:

Shop # 2,3 Register # 99 Railway
Road, Bhakkar
Tel: 0453 – 510775

Bhagtanwala Branch:

Chak No 23, Junoobi Kotmomin Road,
Bhaghtanwala
Tel: 048 - 3781430
048 – 3781431

D Ground Faisalabad Branch:

0176-Faisalabad Peoples Colony
D Ground People Colony No 1
Faisalabad
Tel: 041 – 8716624

Bhalwal Branch:

Chak No.8 Shamli Liaqat Shaeed Road
Tel: 048 - 6642156
048 - 6642157

Kotwali Road Faisalabad Branch:

Kotwali Road, Faisalabad
Tel: 041-2633472

Gojra Branch:

Azeem Plaza Board wali gali near
sabzi mandi Quaid e Azam road Gojra
Tel: 046 – 3516603
046 – 3516604
046 – 3516605
046 - 3516606

OUR BRANCHES

Jhang Branch:

Chowk Burji, Gojra Road,
Jhang
Tel: 0477 - 652586

Kot Khadim Ali Branch:

Chak No:- 85/6-R Shadman Colony,
Teh & Distt Sahiwal
Tel: 040 - 4500669

Sargodha Branch:

198 A block main road satellite town
Sargodha
Tel: 0483-258544-5

Joharabad/Khushab Branch:

Shop # 58-B, Block # 1,
Junoobi Bazar, Joharabad
Tel: 0454 - 720498
0454 - 720499

Mandi Bahauddin Branch:

Rawily Road Bank Road, Mandi
Bahaudin
Tel: 0546 - 500762
0546 - 500763
0546 - 500764

Toba Tek Singh Branch:

H#93, Allama Iqbal Road, Toba Tek
Singh
Tel: 046-2510293

Central IV:

Daska Branch:

House # 37, Motee Masjid, Daska
District Sialkot
Tel: 055 - 6612580
055 - 6612581
055 - 6612582

Hafizabad Branch:

Gujranwala Road, Hafizabad
Tel: 0547 - 521213

Muridke Branch:

Main G.T Road, Muridke
Tel: 042 - 37990033

G.T Road Gujranwala Branch:

Ghori Centre Service Road G.T Road
Gujranwala
Tel: 055 - 9201002
055 - 9201003
055 - 38020462

Kamoki Branch:

Plot No. 10-A/SS Block1/1 CS, Main
G.T Road, Kamoki
Tel: 055-6813676

Sheikhupura Branch:

Stadium Road Sheikhupura
Tel: 056-3613504

Sheikhupura Lahore Road Branch:

Main sheikhupura Lahore road
Hanjranwala Sheikhupura
Tel: 056 - 3791416
056 - 3791417
056 - 3791418

Shahdara Branch:

Mouza Jia Musa, Shahdara, Lahore
Tel: 0423-7922502
0423-7922503
0423-7922504
0423-7922505

Gujrat Branch:

Saithee Enterprises, small industrial
Estate 1 opposite woodworking
center GT road Gujrat
053-3726452

Khan Kah Dogran Branch:

Muaza Khan Kah Dogran, Sheikhupura
Tel: 056-3726328
056-3726114
056-3726728

Al Jaleel Garden Branch:

Al - Jalil Garden Lahore, Plot No: 09,
Kot Noor Shah Shurqpur Road, Lahore
Tel: 042 - 38102144
042 - 38102145
042 - 38102146
042 - 38102147

Farooqabad Branch:

Old Sabzi Mandi Road, Near Allied
Bank and Bank Alfalah, Farooqabad
Tel: 0563 - 875056
0563 - 875057
056 - 3875058

Paris Road Sialkot Branch:

Paris Road Sialkot
Tel: 052 - 4583475
052 - 4583479
052 - 4583478

OUR BRANCHES

Central V:

Ahmadpur East Branch:

Moh Noor Shah Bukhari Gou Shala
Dera Nawab Road, Ahmedpur East
Tel: 0622 – 275450
0622 - 275451

Burewala Branch:

Multan Road, Burewala
Tel: 067 – 3771323
067 – 3354323
067 - 3355323

Chichawatni Branch:

Ghalla Mandi G.T Road Chichawatni
Tel: 040 – 5480711
040 – 5480712
040 – 5480713
040 - 5480714

Multan Branch:

Mashallah Plaza Azam Wasti Road,
Multan
Tel: 061-4540158

Rahim Yar Khan Branch:

Fouzia Complex, Model Town, Rahim
Yar Khan
Tel: 068 – 5889004
068 – 5889005
068 – 5886007

Sahiwal Stadium Road Branch:

Stadium Road Sahiwal
Tel: 040-221198
040-221184
040-221183
040-221187
040-221197
040-221189
040-221199

Arifwala Branch:

Tehsil Road, Arifwala Distt. Pakpattan
Tel: 0457 - 831759

Mian Channu Branch:

Amin trade center Main GT road near
sabzi mandi Mian Channu
Tel:0652-661334-2

Layyah Branch:

College Road, Jinnah Colony, Layyah
Tel: 0606 – 410245
0606 - 410216

Pattoki Branch:

Yousaf Bhatti Chowk Bypass Multan
Road, Pattoki
Tel: 049-2729101

Church Road Okara Branch:

Church Road Mouza Soba Singh Distt
Okara
Tel: 044-2510001
044 -2704804
044 – 2510871
044 – 2510872
044 -2510873
044 -2510874
044 -2510875

Vehari Branch:

Karkhana Bazar, Vehari
Tel: 067-3366421
067-3366422
067-3366423

Bahawalpur Branch:

Pelican Shopping Centre, Bahawalpur
Cantt
Tel: 062 – 2740212
062 – 2740211

Sadaqabad Branch: Kacha Shahi

Road opposite Amin Medical
Complex,sadaqabad
068-5801391

Lodhran Branch:

Bahawalpur Road, Lodhran
Tel: 0608-361821
0608-361823
0608-361722

Jinnah Road Okara Branch:

Jinnah Road, Okara
Tel: 0442 - 510773
0442 – 510774
0442 – 510775
0442 – 510776

Wan Radha Ram Branch:

Umarabad Dakhana Habibabad,
Pattoki
Tel: 049 - 4500940

OUR BRANCHES

North:

Chakwal Branch:

Bhoun Road, Chakwal

Tel: 054 - 3553061

054 - 3553062

054- 3553063

Gujjar Khan Branch:

Main Bazar G.T Road, Gujjar Khan

Tel: 051 - 3511530

051 - 3511531

051 - 3511532

051 - 3511533

051 - 3511534

Murree Branch:

Mayfair Estate Bank Road Murree

Tel: 051 - 3414001

051 - 3414002

051 - 3414003

Dina Branch:

Aziz Plaza, Mangla Road, Dina

Tel: 0544 - 630111

0544 - 635686

0544 - 635685

Jhelum Branch:

G.T Road, Jhelum

Tel: 0544-621308

0544-621309

Adyala Road Branch:

Main Adyala Road, Rawalpindi

Tel: 051 - 5187050

051 - 5187061

051 - 5187065

051 - 5187074

Blue Area Branch:

Marina Height 109 East Jannah

Avenue Blue Area Islamabad

Tel: 051-2348394-5

Chillas Branch:

Old Terminal / Adda Main Bazar,

Chillas

Tel: 08512 - 450454

08512 - 450455

08512 - 450456

08512 - 450457

Dasu Branch:

Mouza Komila Dasu

Tel: 0998 - 407265

Taxila Branch:

Missoin Road, Taxila

Tel: 051 - 4542213

051 - 4542214

051 - 4542215

Gilgit Branch:

Opposite Army Communicates NHA

Complex Jutail Gilgit

Tel: 05811450732

Bara Kahu Branch:

Hathal, Bara Kahu, Islamabad

Tel: 051 - 2322145

051 - 2322146

051 - 2322147

Abbottabad Branch:

Main Mansehra Road, Saithee Masjid,

Abbottabad

Tel: 0992 - 331251

0992 - 331252

0992 - 331253

Haripur Branch:

Main Bazar Haripur

Tel: 0995 - 627136

0995 - 627137

Muzaffarabad Branch

Mouza Tanga Stand Tariq Road Bank

Road, Muzaffarabad

Tel: 05822 - 442312

05822 - 442313

05822 - 442314

Mirpur Azad Kashmir Branch:

98A sector B1 Allama Iqbal road near

SCO office Mirpur AJK

Tel: 05827 - 448678

05827 - 4448679

05827 - 448680

OUR BRANCHES

Sindh:

Interior Sindh:

Dadu Branch:

District Cooperative Housing Society
Sahwan Road Near Excise Office Dadu
Tel: 0254-710853

Khairpur Branch:

Muhalla Ali Murad Kuchary Road,
Khairpur Mirs
Tel: 0243-715330-31-32

Nawabshah Branch:

Buchery Road, Nawabshah
Tel: 0244 – 330081
0244 – 330083
0244 – 330084
0244 – 330085

Shikarpur Branch:

Sivi Dar Road, Shikarpur
Tel: 0726-540004

Shahdadpur Branch:

Station Road Shahdadpur
TEL:0235-844670

Ghotki Branch:

St # 10 Dawari Road, New Chandu
Ram Colony, Udharwali, Ghotki
Tel: 0723 – 662462
0723 – 662463
723 – 662464

Mehar Branch:

VIP Road Mehar, Distt.Dadu, Meharpur
Tel: 0254-730074

Qasimabad Branch:

Naseem Nagar Chowk Alamdar Road,
Qasimabad Distt. Hyderabad
Tel: 0222 - 103002
0222 - 114024
0222 - 114023
0222 - 114021
0222 - 103003

Hyderabad Branch:

City Survey # F 73-74, Commercial
Risala Road, Saddar, Hyderabad
Tel: 022 – 2780887
022 – 2731286

Mehrabpur Branch:

Thari Road Mehrabpur, Noshero Feroz
Tel: 0242 - 430018
0242 - 430020

Kumb Road Branch:

Kumb Road, Sui Gas Branch, Dist:
Khairpur
Tel: 0243-614440
0243 – 614441
0243 – 614445

Mirpur Khas Branch:

Iqba Nagar Tourabad, Umer Kot Road,
Mirpur Khas
Tel: 0233-875096

Sanghar Branch:

M.A Jinnah Road, Sanghar Branch,
Sanghar
Tel: 0235 - 542650
0235 - 542651
0235 - 542649

Sukkur Branch:

Shop # 8/9, New Pak Colony Race
Course Road Sukkur, Pak Cly, Race
Corse Rd, Sukkur
Tel: 071 - 5616501
0571 - 5616502
0571 - 5616503

Tando Allah Yar Branch:

Main Hyderabad Road, Tando Allah Yar
Tel: 022 - 3890449
022 - 3890450
022 - 3890121

Umerkot Branch:

Shop #185/19, City Survey # 115,
Gulshan E Akbar, Mir Pur Khas Rd,
Umerkot
Tel: 0238 - 571500
0238 - 571501
0238 - 571502

Tando Adam Branch:

Muhammmadi Chowk, Tando Adam
Khan
Tel: 0235 - 571432
0235 - 571440
0235 - 571436
0235 - 571437
0235 - 571438
0235 – 571439

Tando Muhammad Khan Branch:

City Survey #831 Ward B, Court Road,
Tando Muhammad Khan
Tel: 02233 - 41811
02233 - 41813

OUR BRANCHES

Larkana Branch:

Gajan Pur Chowk, Old Anaj Mandi,
Larkana
Tel: 074-4055347-49-50

Karachi Region: **Karachi:**

I.I Chundrigarh Road Branch:

RY-9, Survey No 11/9/A, Railway
Quarters, I.I Chundrigarh Road,
Karachi
Tel: 0213 - 2623669
0213 - 2623670

Amber Tower:

Branch:shop No4 plot 22A block 6
amber tower shah r Faisal karachi

North Karachi Branch:

LS- 8, Street 11-K, North Karachi
Tel: 021-36961067
021 - 36961068
021 - 36961071

Paper Market Branch:

Survey No. 20, SR 08, Hasaan Ali
Afandi Road, Paper Market, Karachi
Tel: 021-32600954

Quetta Branch:

Mission Road Near Meezan Chowk
Quetta
Tel: 081 - 2821006
081 - 2021007
081 - 2021021

Gizri Branch:

K-4/3 & 4/4 Ch. Khaliq-uz- Zaman
Road, Gizri, Karachi
Tel: 021- 35865024

Malir Branch:

Plot No 107/10, Block G, Liaquat
Market, Malir
Tel: 021-34113781
021 34113782
021 - 34113783
021 - 34113784

Mehmoodabad Branch:

Plot No 169, Sheet No. M.A.C.
Mahmoodabad No.2, Jamshed Town,
Karachi
Tel: 021-35319240
021-35319241
021 -35319242
021 - 35319243

Peshawar Region:

Charsadda Branch:

Bacha Khan Chowk Tehsil Bazar,
Charsadda
Tel: 091-6513502
091-6513503
091-6513504
091-6511505

Circular Road Peshawar Branch:

G-60 City Circular Road Lahore Gate
Peshawar
Tel: 091 - 2670101
091-2670102
091-2670103

Mardan Branch:

Nowshera Road College Chowk
Opposite Wali Khan University Mardan
Tel: 0937 - 840504
0937-840604
0937-840708
0937-843126

Nowshera Branch:

Property No 1080/9, Shobra Hotel G.T
Road Nowshera
Tel: 0923-612115
0923612116
0923612118
0923612119
0923612117

Dean Plaza Peshawar Branch:

Shop no LG13, LG14 Dean Trade
Centre Peshawar Cantt
Tel: 091-5603409
091-5603415
091- 5603380

NOTICE FOR THE SEVENTEENTH ANNUAL GENERAL MEETING

Notice is hereby given that the Seventeenth Annual General Meeting of Apna Microfinance Bank Limited is scheduled to be held on April 28, 2020 at 12:00 Noon, at Head Office, K-4/3 & 4/4, Ch. Khaliq-uz-Zaman road, Gizri, Karachi to transact the following business:

AGENDA

1. To read and confirm the minutes of the Annual General Meeting held on April 26, 2019.
2. To receive, consider and adopt the Annual Audited Financial Statements for the year ended December 31, 2019 together with Directors' and Auditors' Reports thereon.
3. To review, consider and re-appointment of M/S Ilyas Saeed & Co. Chartered Accountants as auditors of the bank for the year ending December 31, 2020 as proposed by the Board of Directors and to fix their remuneration.
4. To review, consider and approved the revision in Directors' remuneration.
5. To transact any other business with the permission of the chair.

March 31, 2020

Karachi

By Order of the Board



Rafat Abbas
Company Secretary

NOTES:

1. A member of the Bank entitled to attend and vote at this meeting may appoint another member as his/her proxy to attend and vote instead of him/her. Proxies in order to be effective must receive by the Bank not less than 48 hours before the meeting.

Central Depository Company of Pakistan Limited (CDC) account holders will further have the following under mentioned guidelines as laid down by the Securities and Exchange Commission of Pakistan.

A) For Attending Meeting:

- i) In the case of individuals, the account holder or sub account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall authenticate his identity by showing his original National Identity Card (CNIC) or original Passport at the time of attending the meeting.
- ii) In the case of Corporate Entity, the Board of Directors' Resolution/ Power of Attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.

B) For Appointing Proxies:

- i) In the case of individuals, the account holder or sub-account holder and /or the person whose securities are in-group account and their registration details are uploaded as per the regulations, shall submit the proxy form as per the above requirement.
 - ii) Two persons whose names, addresses and CNIC numbers shall be mentioned on the form shall witness the proxy.
 - iii) Attested copies of CNIC or the passport of the beneficial owners and proxy shall be furnished with the Proxy Form.
 - iv) The proxy shall produce his/her original CNIC or original Passport at the time of the meeting.
 - v) In the case of Corporate Entity, the Board of Directors' resolution/ power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) along with proxy form to the Bank.
2. Members are requested to immediately notify the change of their address, if any.
 3. The Share Transfer Book of the company will remain closed from April 21, 2020 to April 28, 2020 (both days inclusive). The share transfer office is situated at F.D. Registrar Services (SMC-Pvt.) Ltd, Office no. 1705, 17th floor, Saima Trade Tower-A, I.I. Chundrigar Road, Karachi. (Phone No. 021-32271905, 32271906- Fax 021-32621233- fdregistrar@yahoo.com- www.fdregistrar.com). Transfer received at the share registrar office at the close of business on April 20, 2020 will be treated in time.

For Apna Microfinance Bank Ltd.



Rafat Abbas
Company Secretary

FORM OF PROXY

I/We _____ of _____ a member/ members of the company/ merged companies, do hereby appoint Mr./ Ms. _____ of _____ a member of the company, or failing him/ her Mr./ Ms. _____ of _____ who is also a member of the company, as my/ our proxy to attend, speak and vote for me/ us and on my/ our behalf at the Annual General Meeting of the company to be held on April 28, 2020 at 12:00 noon at Head Office, 4/3 & 4/4, Ch. Khaliq-uz Zaman road, Gizri, Karachi and at any adjournment thereof.

Signed this _____ day of _____ 2020.

Witness: (1)

Signature _____
Name _____
Address _____
CNIC _____

AFFIX
REVENUE
STAMP

Witness: (2)

Signature _____
Name _____
Address _____
CNIC _____

Signature: _____
(The signature should agree with the Specimen
Registered with the Company)

Folio No. _____
CDC A/c No. _____
No. of shares held _____
Distinctive Numbers _____

IMPORTANT:

1. The proxy Form must be deposited at the registrar office of the company, at F.D. Registrar Services (SMC-Pvt.) Ltd, Office no. 1705, 17th floor, Saima Trade Tower-A, I.I. Chundrigar Road, Karachi. (Phone No. 021-32271905, 32271906- Fax 021-32621233- fdregistrar@yahoo.com- www.fdregistrar.com). as soon as possible but not later than 48 hours before the time of holding the meeting and default Proxy form will not be treated as valid.
2. No person shall act as proxy unless he/ she is a member of the company except a corporation being a member may appoint as its proxy any officer of such corporation whether a member of the company or not.
3. The proxy Form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
4. Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
5. The proxy shall produce his/ her original CNIC or original passport and bring Folio number at the time of the meeting.
6. In case of corporate entity, the Board of Directors' resolution/ power of attorney with specimen signature shall be submitted along with proxy form to the Company (if not provided earlier).

STAMP

Company Secretary








K-4/3 & 4/4,
Ch. Khaliq-uz-Zaman Road,
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*Mobile apps are also available for download for android and ios devices



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company/apna-microfinance-
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23 - A, Sunderdas Road,
(Thandi Sarak) Zaman Park, Lahore.
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Email : info@apnabank.com.pk

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