



EMBRACING THE SUSTAINABLE VALUE

Un-Audited Interim Condensed
Financial Statements
FOR THE HALF YEAR ENDED JUNE 30, 2020



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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

AUDITORS

Ilyas Saeed & Co.
Chartered Accountants

LEGAL ADVISOR

Mumtaz Najam Law Chamber
Advocate and Corporate Consultants
Lahore

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 Taraqiati 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

HEAD OFFICE

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: +92 21-32271905 & 32271906
Fax: +92 21-3261233
Email: fdregistrar@yahoo.com

DIRECTORS' REPORT TO THE MEMBERS

The Directors of the Apna Microfinance Bank Limited (hereinafter referred to as 'the Bank') are pleased to present the Un-audited Condensed Interim Financial Information of the Bank for the half year ended June 30, 2020.

Economic Overview:

Considering the steadily improving indicators at the beginning of the current year, the country's economy was poised for a slow rebound, owing largely to reduced deficits and other stabilization measures undertaken by the government. However, this economic trajectory has been severely impacted by the outbreak of the novel coronavirus (COVID-19) pandemic. The pandemic has taken a toll on all global economies including that of Pakistan, creating unique challenges for governments and future uncertainty.

In order to dampen the effects of the pandemic, the government has undertaken a host of receptive measures on both the social and economic front. These include imposing lock downs in major parts of the country, encouraging social distancing and introducing financial relief packages for major industries. The State Bank of Pakistan has also responded by slashing the policy rate by a cumulative 6.25% since March 2020 and issuing instructions to lending institutions for restructuring of loans in order to provide relief to the borrowers via deferred payments.

In response to these trying times, the Bank has facilitated its borrowers by extending the credit facilities to its customers through deferment of principal amount in accordance with the guidelines of SBP. The Bank's management has also established a Corona Virus Risk Evaluation Committee to closely monitor the situation as it unfolds and taking timely decisions in order to mitigate all challenges faced by the organization in the wake of the COVID-19 crises. We are keenly aware of our responsibility to the stakeholders and have taken all the necessary actions in order to ensure the safety of our employees while guaranteeing the provision of uninterrupted services to our customers.

Principal Activity, Developments and Financial Performance

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.

In the light of above difficult economic background, the Bank has managed its financial position as mentioned below:

Particulars	June 30, 2020	December 31, 2019	%
	Un-audited	Audited	Change
..... Rs. in million.....			
Advances - net of provision	9,482.762	8,779.226	8%
Deposits and other accounts	21,754.872	18,317.084	19%

Particulars	June 30, 2020	June 30, 2019	%
	Un-audited	Un-audited	Change
..... Rs. in million.....			
Mark-up / return / interest earned	1,687.984	1,379.349	22%
Mark-up / return / interest expenses	(705.387)	(531.411)	33%
Administrative expenses	(998.182)	(891.969)	12%
Profit after taxation	29.593	40.873	-28%

The Bank posted a profit after tax in the current period amounting to PKR 29.593 million as compared to a profit of PKR 40.873 million in corresponding period. The equity (net of losses) of the Bank stood at PKR 2,051.560 million and PKR 1,871.967 million as at December 31, 2019. The earnings per share for the period ended June 30, 2020 is PKR 0.086 per share as compared to earnings per share of PKR 0.119 in the corresponding period.

The Bank's total Assets as at June 30, 2020 improved to PKR 24,060.294 million as against PKR 20,543.254 million as of December 31, 2019. The deposits of the Bank settled at PKR 21,754.872 million, whereas with a slight increase from the year end 2019, advances net of provision and investment stood at PKR 9,482.762 million and PKR 1,321.113 million respectively.

During the current period, the Bank has made lending of approx. PKR 2,118.964 million to 21,534 new customers. The management have devised and implemented new strategies to control the provision of the Bank's loan portfolio. The Bank recorded an additional provision expense of PKR 75.143 million against a portfolio of PKR 9,850.579 million in current quarter. Whereas, the provision of PKR 107.193 million was recorded against the portfolio of PKR 9,071.890 million in corresponding period.

DIRECTORS' REPORT TO THE MEMBERS

Owing to the current market competition and need for the funds, the microfinance sector has to offer high rates to its depositors as compared to commercial banks, consequently the cost of deposits of the microfinance banks is comparatively higher than the commercial banks. To counter this inherent business limitation, the management of the Bank has formulated and implemented a strategic plan regarding its products. This includes attracting low cost deposits with a focus on restructuring of the Bank's deposit mix (CASA) to maintain the mark-up / interest expense within acceptable limits.

Future Outlook

The first half of 2020 proved to be a challenging one due to the outbreak of Novel Coronavirus in Pakistan and the subsequent lock downs in the country. The economic disruptions prompted by the pandemic are likely to have significant future impacts on the Microfinance Industry and its already marginalized borrower base. Consequently, in the future we expect increased deterioration to the advance's portfolio, reduced profitability and distortions to normal business operations. However, the management is taking all necessary steps to manage and mitigate these challenges such as deferring a substantial portion of the loan portfolio in order to facilitate the borrower base.

The management realizes the importance of digital banking services amid the COVID-19 pandemic. Over the past year the Bank had established internet banking and mobile banking to increase its outreach and cater for the unbanked population. The first phase of this digitization process is already complete. The next phase of our digital transformation will include branchless banking services such as "Merchant Portal" and "Mobile Wallets".

This digitization initiative will not only promote a culture of social distancing but also expand the Bank's outreach while bringing down 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.

The Bank is 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.

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.

The Bank's Capital Adequacy Ratio (CAR), as also referred in Note no 1.2 to the condensed interim financial statements for the half year ended June 30, 2020, is not in compliance with the requirements of Prudential Regulation for MFB's. However, the sponsors are committed to filling the CAR shortage soon.

Credit Rating

The Pakistan Credit Rating Agency Ltd. (PACRA) maintained the long-term rating of the Bank as "BBB+" (Triple B plus) and the short-term rating is "A3" (A Three) with a "Stable" future outlook on April 30, 2020.

Acknowledgement

The Board would like to record their appreciation for the efforts and devotion of all the Bank's employees and hope they will continue their contribution towards the enhancement of productivity and well-being of the Bank in the future as well.

We would also like to express our gratitude to the State Bank of Pakistan, the Securities and Exchange Commission of Pakistan and the Pakistan Stock Exchange for their continued guidance and support.

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



Muhammad Gulistan Malik
President/CEO

Date: August 28, 2020
Lahore



Syed Rahat Ali Shah
Director

ممبران کے لئے ڈائریکٹرز رپورٹ

حکمت عملی وضع کی ہے۔ بینک نے رواں مدت میں 9,850.579 ملین (پاکستانی روپے) کے کریڈٹ پورٹ فولیو پر 75.143 ملین (پاکستانی روپے) اضافی پرووژن ریکارڈ کی، جبکہ گزشتہ اسی مدت میں 107.193 ملین (پاکستانی روپے) کی پرووژن 9,071.890 ملین (پاکستانی روپے) کے کریڈٹ پورٹ فولیو پر ریکارڈ کی گئی تھی۔

موجودہ کاروباری مقابلے اور سرمائے کی ضرورت کے پیش نظر مائیکرو فنانس سیکٹر کو اپنے ڈائریکٹرز کو کمیشن بنکوں کے مقابلے میں زیادہ شرح پیش کرنا پڑی جس کے نتیجے میں ڈپازٹ کی قیمت میں کمیشن بنکوں کے مقابلے میں اضافہ دیکھا گیا۔ ان حدود کا مقابلہ کرنے کے لئے اپنی ڈپازٹ پراڈکٹس کے لئے سٹریٹیجک منصوبہ تیار کیا۔ جس پر عمل کرتے ہوئے کم لاگت کے ڈپازٹ کو راغب کیا جس میں بینک کے ڈپازٹ کس (CASA) پر توجہ شامل ہے تاکہ قابل قبول حد تک مارک اپ اسود کے اخراجات کو برقرار رکھا جاسکے۔

مستقبل کا لانچ عمل:

پاکستان میں گورنر وائس پھیلنے اور اس کے نتیجے میں لاک ڈاؤن کے سبب 2020ء کا پہلا نصف حصہ چیلنج کا بت ہوا۔ عالمی وبا کی مرض سے پیدا ہونے والی معاشی رکاوٹوں کا مائیکرو فنانس انڈسٹری اور قرض لینے والوں پر مستقبل میں اہم اثرات پڑنے کا امکان ہے۔ اس کے نتیجے میں مستقبل میں لون پورٹ فولیو میں بگاڑ، منافع میں کمی اور معمول کے کاروباری کاموں میں خلل متوقع ہے۔ تاہم انتظامیہ ان چیلنجز کے حل اور خاتمے کے لئے تمام ضروری اقدامات اٹھا رہی ہے جیسا کہ قرض لینے والوں کو قرض کی ریسٹرکچرنگ شامل ہے۔ انتظامیہ عالمی وبا کی مرض کے دوران ڈیجیٹل بینکاری کی ضرورت کو اہم تصور کرتی ہے۔

پچھلے ایک سال کے دوران بینک نے انٹرنیٹ بینکنگ اور موبائل بینکنگ میں اضافہ کیا ہے تاکہ ان علاقوں میں بھی بینکاری کی سہولت دی جاسکے جہاں بینک نہیں ہیں اس ڈیجیٹل ٹرانزیکشن کا پہلا مرحلہ پیبلے ہی مکمل ہو چکا ہے۔ ہمارے ڈیجیٹل تبدیلی کے اگلے مرحلے میں برانچ لیس بینکاری جیسی خدمات جیسا کہ ”مرچنٹ پورٹل اور ”موبائل ولس“ شامل ہوں گے۔

ڈیجیٹل ٹرانزیکشن کا یہ قدم نہ صرف معاشرتی دوری کی ثقافت کو فروغ دے گا بلکہ بینک کی رسائی بھی بڑھے گی، آپریشنل اور برانچ سطح کے اخراجات 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۔

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 رقم کی ادائیگیوں کی منتقلی میں آسانی پیدا کرے گا۔

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۔

بینک کی (CAR) مائیکرو فنانس ٹیکس کے پروڈیوشن ریلیوشن کے مطابق نہیں ہے جیسا کہ 30 جون 2020ء کی مالیاتی رپورٹ کے نوٹ نمبر 2.1 میں بھی بیان کیا گیا ہے تاہم سپانسرز CAR کی کمی کو جلد پورا کرنے کے لئے پُر عزم ہیں۔

کریڈٹ ریٹنگ:

پاکستان کریڈٹ ریٹنگ ایجنسی لمیٹڈ (PACRA) نے 30 اپریل 2020ء کو بینک کے مستقبل کے لانچ عمل کے تناظر میں بینک کی لاگت ٹرم ریٹنگ ٹریپل بی پلس (BBB+) اور شاٹ ٹرم ریٹنگ اے تھری (A3) کو برقرار رکھا ہے۔

اعترافات:

بینک کے ڈائریکٹرز تمام ملازمین کی کوششوں اور لگن کو سراہتے ہیں اور امید کرتے ہیں کہ وہ بینک کی ترقی میں اضافہ اور بینک کی بھلائی کی خاطر مستقبل میں بھی اپنی کوششوں کو جاری رکھیں گے۔

ہم سٹیٹ بینک آف پاکستان، سیکرٹریٹ اینڈ ایگزیکیوٹو کمیشن آف پاکستان اور پاکستان سٹاک ایکسچینج کو ان کی مستقل رہنمائی اور تعاون کے لئے اظہار تشکر پیش کرتے ہیں۔

منجانب بورڈ آف ڈائریکٹرز

اپنا مائیکرو فنانس بینک لمیٹڈ

44.4

سید راحت علی شاہ

ڈائریکٹر

محمد گلستان ملک

صدر اسی۔ ای۔ او

تاریخ: 28 اگست 2020ء

لاہور

ممبران کے لئے ڈائریکٹرز رپورٹ

اپنا مائیکروفنانس بینک لمیٹڈ کے ڈائریکٹرز انجمنی مسرت کے ساتھ بینک کی 30 جون 2020ء کو ختم ہونے والی مالیاتی مدت کی غیر آڈٹ شدہ مختصر عبوری مالیاتی رپورٹ پیش کر رہے ہیں۔

معاشی جائزہ:

رواں سال کے آغاز پر بہتری کے اشاروں کو دیکھتے ہوئے معاشی حالات بتدریج بہتری کی طرف جارہے ہیں۔ اس کی بڑی وجہ حکومت کے خسارے کو کم کرنے اور استحکام کے لئے اٹھائے گئے اقدامات تھے، جبکہ معاشی ترقی کی رفتار کو روکنا وائرس (Covid-19) کی وجہ سے بہت متاثر ہوئی ہے۔ اس عالمی وبا نے پاکستان سمیت پوری دنیا کی معیشت کو متاثر کیا ہے جس سے حکومتوں اور غیر یقینی صورت حال کے لئے انوکھے چیلنجز پیدا ہوئے ہیں۔

وبائی مرض کے اثرات کو ختم کرنے کے لئے حکومت نے معاشی اور معاشی محاذ پر بہت سے قابل قبول اقدامات اٹھائے ہیں ان میں ملک کے بڑے حصوں میں لاک ڈاؤن کا نفاذ کرنا، معاشرتی دوری کی حوصلہ افزائی اور بڑی صنعتوں کے لئے مالی ریلیف پیکیج متعارف کرانا شامل ہیں۔ سٹیٹ بینک آف پاکستان نے مارچ 2020ء سے مجموعی طور پر پالیسی کی شرح میں 6.25 فیصد کمی کرتے ہوئے قرضوں کی تنظیم کو کم کرنے کے لئے قرض دینے والے اداروں کو موخر ادائیگیوں کے ذریعے ادائیگ کر کے لئے ہدایات جاری کی ہیں۔

ان آزمائشی اوقات کے جواب میں بینک نے اپنے قرض داروں کو سٹیٹ بینک کی رہنمائی کے مطابق پرنسپل رقم کے اتواء کے ذریعے اپنے صارفین کو کریڈٹ کی سہولیات میں توسیع کر کے سہولت فراہم کی ہے۔ بینک کی انتظامیہ نے ایک کورونا وائرس رسک تشخیصی کمیٹی قائم کی ہے جو صورت حال کا قریب سے جائزہ لے رہی ہے جو (Covid-19) بحران کے نتیجے میں آرگنائزیشن کو درپیش تمام چیلنجز کو عبور کرنے کے لئے بروقت فیصلے کر رہی ہے۔ ہم سٹیک ہولڈرز کے بارے میں اپنی ذمہ داری سے بخوبی واقف ہیں اور اپنے صارفین کو بلا تھقل خدمات کی فراہمی کی ضمانت دیتے ہوئے اپنے ملازمین کی حفاظت کو یقینی بنانے کے لئے تمام ضروری اقدامات اٹھا رہے ہیں۔

پرنسپل سرگرمی، ترقی اور مالی کارکردگی:

بینک ایک پبلک لمیٹڈ بینک کے طور پر بنا اور اس کے حصص پاکستان شاہک پیکیج پر درج ہیں۔ بینک کا اہم کاروبار مائیکروفنانس انسٹیٹیوشنز آرڈیننس 2001ء کے تحت غربت کو کم کرنے کے نظریے سے معاشرے کے غریب اور پسماندہ طبقے اور مائیکروفنانس سے متعلق خدمات مہیا کرنا ہے۔ مندرجہ بالا مشکل معاشی پس منظر کی روشنی میں بینک نے اپنی مالی حیثیت کو سنبھال لیا ہے جو مندرجہ ذیل ہے۔

کوائف	30 جون 2020	31 دسمبر 2019	% تبدیلی
ملین (پاکستانی روپے)	ان آڈٹ	آڈٹ	
فراہم کیا گیا کل ایڈوائس (پروڈن کے بعد)	9,482.762	8,779.226	8%
ڈپازٹس اور دیگر اکاؤنٹس	21,754.872	18,317.084	19%
کوائف	30 جون 2020	30 جون 2019	% تبدیلی
ملین (پاکستانی روپے)	ان آڈٹ	ان آڈٹ	
مارک اپ آمدنی	1,687.984	1,379.349	22%
مارک اپ خرچ	(705.387)	(531.411)	33%
انتظامی اخراجات	(998.182)	(891.969)	12%
منافع بعد از ٹیکس ادائیگی	29.593	40.873	-28%

بینک نے ٹیکس کے بعد رواں مدت میں 29.593 ملین (پاکستانی روپے) کا منافع ظاہر کیا ہے، جبکہ گزشتہ اسی مدت میں 40.873 ملین (پاکستانی روپے) کا منافع تھا۔ بینک کی ایکویٹی بعد از نقصانات 2,051.560 ملین (پاکستانی روپے) اور 31 دسمبر 2019ء کو 1,871.967 ملین (پاکستانی روپے) تھی۔

30 جون 2020ء کو فی شخص منافع کی شرح 0.086 (پاکستانی روپے) ہے، جبکہ گزشتہ اسی مدت میں یہی شرح 0.119 (پاکستانی روپے) تھی۔ بینک کے کل اثاثہ جات 30 جون 2020ء کو بڑھ کر 24,060.294 ملین (پاکستانی روپے) ہو گئے ہیں جو کہ 31 دسمبر 2019ء کو 20,543.254 ملین (پاکستانی روپے) تھے بینک کے ڈپازٹس 21,754.872 ملین (پاکستانی روپے) ہیں جبکہ سال 2019ء کے اختتام سے معمولی اضافے کے ساتھ ایڈوائسز نیٹ آف پروڈنرز اور سرمایہ کاری کی مالیت بالترتیب 9,482.762 ملین (پاکستانی روپے) اور 1,321.113 ملین (پاکستانی روپے) رہی۔ رواں مدت کے دوران بینک نے 21,534 نئے سسٹمز کو تفریباً 2,118.964 ملین (پاکستانی روپے) کے قرضے دیئے۔ انتظامیہ نے بینک کے کریڈٹ پورٹ فولیو کی پروڈن کو کم کرنے کے لئے نئی



FINANCIAL STATEMENTS

APNA MICRO FINANCE BANK LIMITED



To the members of Apna Microfinance Bank Limited **Report on review of Interim Financial Statements**

Introduction

We have reviewed the accompanying condensed interim balance sheet of **APNA MICROFINANCE BANK LIMITED** ("the Bank") as at June 30, 2020 and the related condensed interim profit and loss account and condensed interim statement of comprehensive income, condensed interim statement of changes in equity, and condensed interim cash flow statement, and notes to the financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of this interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review.

Scope of Review

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

Basis of Qualified Conclusion

As disclosed in note 1.1.1 to the condensed interim 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. During the year 2018, the Bank claims 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 as per note 1.1.1 out of running finance portfolio built before November 2016. Further, we are unable to determine the quantum of non-performing advances, related provision and suspended income in accordance with the requirements of Prudential Regulations due to incomplete information / details generated from the Bank's information system.

Qualified Conclusion

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

Emphasis of matter

We draw attention to note 1.2 of the accompanying condensed interim financial statements which mentions that the Bank has not complied with certain applicable regulatory requirements as detailed in the said note. Our opinion is not qualified in respect of this matter.

INDEPENDENT AUDITORS' REVIEW REPORT

Other Matters

The figures of the condensed interim unconsolidated profit and loss account and condensed interim unconsolidated statement of comprehensive income for the three months period ended June 30, 2020, have not been reviewed, as we are required to review only the cumulative figures for the six months period ended June 30, 2020.

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



ILYAS SAEED & CO.

Chartered Accountants

LAHORE

Date: August 28, 2020

In case of any discrepancy on the Bank's website and the published material, the auditors shall only be responsible in respect of the information contained in the hard copies of the reviewed financial statements available at the Bank's registered office.

APNA MICROFINANCE BANK LIMITED
CONDENSED INTERIM BALANCE SHEET

AS AT JUNE 30, 2020

	Note	June 30, 2020 Rupees	December 31, 2019 Rupees
		Un-audited	Audited
ASSETS			
Cash And Balances With SBP And NBP	7	2,070,084,853	1,342,224,336
Balances With Other Banks/NBFIs/MFBs	8	6,656,002,070	5,464,027,515
Lending To Financial Institutions		-	-
Investments - Net Of Provisions	9	1,321,112,594	1,045,912,390
Advances - Net Of Provisions	10	9,482,762,234	8,779,226,353
Operating Fixed Assets		919,568,362	927,788,157
Other Assets	11	3,102,288,519	2,486,413,916
Deferred Tax Asset		508,475,556	497,660,859
Total Assets		24,060,294,188	20,543,253,526
LIABILITIES			
Deposits And Other Accounts	12	21,754,872,115	18,317,083,706
Borrowings	13	5,339,901	6,597,519
Subordinated Debt		-	-
Other Liabilities		247,537,910	345,245,310
Deferred Tax Liabilities		-	-
Total Liabilities		22,007,749,926	18,668,926,535
NET ASSETS		2,052,544,262	1,874,326,991
REPRESENTED BY:			
Share Capital	14	3,439,849,620	3,439,849,620
Discount On Issue Of Shares		(1,335,963,831)	(1,335,963,831)
Share Deposit Money		846,215,185	696,215,185
Statutory Reserve		22,636,885	22,636,885
Depositors' Protection Fund		5,659,222	5,659,222
Unappropriated (Loss)		(926,837,475)	(956,430,276)
		2,051,559,606	1,871,966,805
Surplus/(Deficit) On Revaluation Of Assets		-	-
Deferred Grants		984,656	2,360,186
Total Capital		2,052,544,262	1,874,326,991
MEMORANDUM / OFF- BALANCE SHEET ITEMS	15	-	-

The annexed notes from 1 to 21 form an integral part of this condensed interim financial information.



President / CEO



Chief Financial Officer



Chairman



Director



Director

APNA MICROFINANCE BANK LIMITED

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)

FOR THE HALF YEAR ENDED JUNE 30, 2020

		Half Year Ended		Quarter Ended	
	Note	June 30, 2020 Rupees	June 30, 2019 Rupees	June 30, 2020 Rupees	June 30, 2019 Rupees
Mark-up/Return/Interest Earned	16	1,687,984,307	1,379,348,554	885,621,568	731,956,964
Mark-up/Return/Interest Expensed		(705,386,940)	(531,410,812)	(350,028,712)	(288,525,153)
Net Mark-up/Interest Income		982,597,367	847,937,742	535,592,856	443,431,811
Provision against non-performing loans and advances	10.3	(75,143,473)	(107,192,974)	(41,082,481)	(117,813,828)
Provision for diminution in the value of investments		-	-	-	-
Recovery against bad debts written off		21,591,651	520,319	21,523,651	129,554
Bad debts written off directly		-	-	-	-
		(53,551,822)	(106,672,655)	(19,558,830)	(117,684,274)
Net Mark-up/Interest Income after provisions		929,045,545	741,265,087	516,034,026	325,747,537
NON MARK-UP/NON INTEREST INCOME					
Fee, Commission and Brokerage Income		42,850,699	64,287,992	12,396,507	31,643,192
Dividend Income		-	-	-	-
Other Income		71,026,411	164,850,385	6,712,099	141,301,987
Total Non Mark-up/Non Interest Income		113,877,110	229,138,377	19,108,606	172,945,179
		1,042,922,655	970,403,464	535,142,632	498,692,716
NON MARK-UP/NON INTEREST EXPENSES					
Administrative expenses		(998,182,026)	(891,969,024)	(517,992,492)	(464,869,647)
Other provisions/write offs/adjustment		-	-	-	-
Other charges		-	-	-	-
Total Non Mark-up/Non Interest Expenses		(998,182,026)	(891,969,024)	(517,992,492)	(464,869,647)
		44,740,629	78,434,440	17,150,140	33,823,069
Extra ordinary/unusual items		-	-	-	-
PROFIT BEFORE TAXATION		44,740,629	78,434,440	17,150,140	33,823,069
Taxation - Current		(25,962,525)	(18,045,457)	(13,470,271)	(10,010,629)
- Prior periods		-	-	-	-
- Deferred		10,814,697	(19,516,445)	11,402,967	(12,395,642)
		(15,147,828)	(37,561,902)	(2,067,304)	(22,406,271)
PROFIT AFTER TAXATION		29,592,801	40,872,538	15,082,836	11,416,798
Unappropriated loss brought forward		(956,430,276)	(996,574,069)	(941,920,311)	(967,118,329)
Profit available for appropriation / (loss)		(926,837,475)	(955,701,531)	(926,837,475)	(955,701,531)
APPROPRIATIONS:					
Transfer to:					
Statutory Reserve		-	-	-	-
Capital Reserve		-	-	-	-
Contribution to MSDF/ DPF/ RMF		-	-	-	-
Revenue Reserve		-	-	-	-
Proposed Cash dividend Rs.Nil per share (2019: Rs.Nil per share)		-	-	-	-
Others		-	-	-	-
		-	-	-	-
Unappropriated loss carried forward		(926,837,475)	(955,701,531)	(926,837,475)	(955,701,531)
Earnings per share-Basic & Diluted		0.086	0.119	0.044	0.030

The annexed notes from 1 to 21 form an integral part of this condensed interim financial information.



President / CEO



Chief Financial Officer



Chairman



Director



Director

APNA MICROFINANCE BANK LIMITED

CONDENSED INTERIM STATEMENT OF **COMPREHENSIVE INCOME** (UN-AUDITED)

FOR THE HALF YEAR ENDED JUNE 30, 2020

	Half Year Ended		Quarter Ended	
	June 30, 2020 Rupees	June 30, 2019 Rupees	June 30, 2020 Rupees	June 30, 2019 Rupees
PROFIT AFTER TAXATION	29,592,801	40,872,538	15,082,836	11,416,798
Other comprehensive income/(loss)				
Items that will not be reclassified to profit and loss account	-	-	-	-
Items that may subsequently be reclassified to profit and loss account	-	-	-	-
	-	-	-	-
Comprehensive income transferred to equity	29,592,801	40,872,538	15,082,836	11,416,798
Components of comprehensive income/(loss) not reflected in equity:				
Net change in fair value of available-for-sale investments	-	-	-	-
Total comprehensive income for the period	29,592,801	40,872,538	15,082,836	11,416,798

The annexed notes from 1 to 21 form an integral part of this condensed interim financial information.



President / CEO




Chief Financial Officer



Chairman



Director



Director

APNA MICROFINANCE BANK LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

FOR THE HALF YEAR ENDED JUNE 30, 2020

	Note	June 30, 2020 Rupees	June 30, 2019 Rupees
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		44,740,629	78,434,440
Adjustments for non-cash charges			
Depreciation		50,630,881	42,267,781
Amortization of intangibles		2,622,099	2,017,604
Amortization of deferred grants		(1,375,530)	(1,618,236)
Provision against non-performing advances		75,143,473	107,192,974
(Gain) / Loss on disposal of fixed asset		(150,000)	-
		126,870,923	149,860,123
Operating cash flow before working capital changes		171,611,552	228,294,563
Changes in working capital			
(Increase)/Decrease in operating assets			
Advances		(778,679,354)	(289,691,608)
Other assets		(641,837,128)	(75,573,741)
		(1,420,516,482)	(365,265,349)
Increase/(Decrease) in operating liabilities			
Deposits		3,437,788,409	951,333,752
Other Liabilities		(97,707,400)	32,218,794
		3,340,081,009	983,552,546
Net cash flow from operating activities		2,091,176,079	846,581,760
CASH FLOW FROM INVESTING ACTIVITIES			
Net investments in held to maturity securities		(275,200,204)	(5,498,268)
Investments in operating fixed assets		(45,033,185)	(91,246,275)
Sale proceeds from disposal of operating fixed assets		150,000	-
Net cash used in investing activities		(320,083,389)	(96,744,543)
CASH FLOW FROM FINANCING ACTIVITIES			
Share deposit money		150,000,000	100,017,601
Borrowings-net		(1,257,618)	(1,354,704)
Net cash flow from financing activities		148,742,382	98,662,897
Increase in cash and cash equivalents		1,919,835,072	848,500,114
Cash and cash equivalents at the beginning of the period		6,806,251,851	4,496,446,506
Cash and cash equivalents at the end of the period	17	8,726,086,923	5,344,946,620

The annexed notes from 1 to 21 form an integral part of this condensed interim financial information.



President / CEO




Chief Financial Officer



Chairman



Director



Director

APNA MICROFINANCE BANK LIMITED
CONDENSED INTERIM STATEMENT OF **CHANGES IN EQUITY**

FOR THE PERIOD ENDED JUNE 30, 2020

	Share Capital	Discount On Issue Of Shares	Share Deposit Money	Statutory Reserve	Depositors' Protection Fund	Unappropriated (Loss)	Total
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 / (loss) for the period							
Profit after taxation	-	-	-	-	-	40,872,538	40,872,538
Other comprehensive income / (loss)	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	40,872,538	40,872,538
Transactions with owners directly recorded in equity							
Share deposit money received during the period	939,849,620	-	100,017,601	-	-	-	100,017,601
Share issued against share deposit money	-	(385,963,831)	(553,885,789)	-	-	-	385,963,831
Discount on issue of share	939,849,620	(385,963,831)	(453,868,188)	-	-	-	100,017,601
Balance as at June 30, 2019 - Un-audited	3,439,849,620	(1,335,963,831)	446,210,175	11,931,873	2,982,969	(955,701,531)	1,609,309,275
Comprehensive income / (loss) for the period							
Profit after taxation	-	-	-	-	-	12,652,520	12,652,520
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 period	-	-	-	10,705,012	2,676,253	(728,745)	12,652,520
Transactions with owners directly recorded in equity							
Share deposit money received	-	-	250,005,010	-	-	-	250,005,010
Share issued against share deposit money	-	-	-	-	-	-	-
Discount on issue of share	-	-	-	-	-	-	-
Balance as at December 31, 2019 - Audited	3,439,849,620	(1,335,963,831)	696,215,185	22,636,885	5,659,222	(956,430,276)	1,871,966,805
Comprehensive income / (loss) for the period							
Profit after taxation	-	-	-	-	-	29,592,801	29,592,801
Other comprehensive income / (loss)	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	29,592,801	29,592,801
Transactions with owners directly recorded in equity							
Share deposit money received during the period	-	-	150,000,000	-	-	-	150,000,000
Share issued against share deposit money	-	-	-	-	-	-	-
Discount on issue of share	-	-	-	-	-	-	-
Balance as at June 30, 2020 - Un-audited	3,439,849,620	(1,335,963,831)	846,215,185	22,636,885	5,659,222	(926,837,475)	2,051,559,606

The annexed notes from 1 to 21 form an integral part of this condensed interim financial information.



President / CEO



Chief Financial Officer



Chairman



Director



Director

FOR THE PERIOD ENDED JUNE 30, 2020

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 (2019: 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 Rs 8,473 million (2019: Rs 7,670 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 also 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.

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	June - 2020			December- 2019		
	Term Finance	Running Finance	Total Portfolio	Term Finance	Running Finance	Total Portfolio
<i>-----Rupees in million-----</i>						
Loan portfolio built before Nov-2016						
Micro credits	14	1,364	1,378	15	1,387	1,402
Less: Provision held						
- Specific	2	1	3	2	1	3
- General	-	94	94	-	96	96
	2	95	97	2	97	99
	12	1,269	1,281	13	1,290	1,303
Loan portfolio built from June-2017						
Micro credits	2,667	5,806	8,473	2,817	4,853	7,670
Less: Provision held						
- Specific	122	75	197	91	31	122
- General	25	49	74	27	45	72
	147	124	271	118	76	194
	2,520	5,682	8,202	2,699	4,777	7,476
Advances - Net of provisions	2,532	6,951	9,483	2,712	6,067	8,779

FOR THE PERIOD ENDED JUNE 30, 2020

- 1.2 As at June 30, 2020 the Bank could not meet the regulatory requirements of "Prudential Regulations for Microfinance 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 June 30, 2020 and the Bank is hopeful of bringing its CAR upto the required limit in near future.

2 BASIS OF PRESENTATION

This condensed interim financial information is prepared in accordance with BSD Circular No. 11 dated 30 December 2003 issued by the State Bank of Pakistan (SBP) and IAS – 34 'Interim Financial Reporting' and hence do not include all the information required in the annual audited published financial statements. Accordingly, this condensed interim financial information should be read in conjunction with the annual financial statements of the Bank for the year ended December 31, 2019.

This condensed interim financial information is presented in Pak Rupees, which is the Bank's functional and presentation currency.

BUSINESS AND ECONOMIC ENVIRONMENT

The coronavirus pandemic (COVID-19) has been evolving as a major strain to the global economy including Pakistan, causing major disruption to the financial activities. COVID-19, is expected to cast a significant impact on the entire microfinance sector. The Microfinance institutions offer loans and other services to low-income customers who lack easy access to commercial Banks. However, as household incomes have collapsed with the imposition of lockdowns, our borrowers' ability to repay loans has been diminished as well.

This inability of the borrower to repay their loans has direct consequences for Microfinance Banks, on a number of fronts. These include increased credit risk pertaining to the loans and advances portfolio, reduced income and continuity of normal business operations. If the present scenario continues in the upcoming months there is a risk that the resulting slowdown will have severe ramifications on Banks' outstanding portfolio as well as fresh lending, recovery activities, core business operations and future financial results of the overall Microfinance industry.

3 STATEMENT OF COMPLIANCE

- 3.1 This condensed interim financial information of the Bank for the half year ended June 30, 2020 has been prepared in accordance with the requirements of the International Accounting Standard 34 – 'Interim Financial Reporting', provisions of the Companies Act, 2017, the Microfinance Institution Ordinance, 2001, 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). In case where the requirements differ, the provisions of Companies Act, 2017, the Microfinance Institution Ordinance 2001, the Prudential Regulations of Microfinance Banks/Institutions or the requirements of the said directives have been followed.
- 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 26 August 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 633(1) / 2014 dated 10th July 2014. Accordingly, the requirements of these standards have not been considered in the preparation of this condensed interim financial information.

4 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.

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of this condensed interim financial information in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Bank's accounting policies. Estimates and judgments are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

During preparation of this condensed interim financial information, the significant judgments made by the management in applying the Bank's accounting policies and the key sources of estimation and uncertainty were the same as those that applied in the preceding audited annual published financial statements of the Bank for the year ended December 31, 2019.

6 ACCOUNTING POLICIES AND COMPUTATION METHODS

The accounting policies and the methods of computation adopted in preparation of this condensed interim financial information are the same as those applied in the preparation of the annual audited published financial statements for the year ended December 31, 2019.

7 CASH AND BALANCES WITH SBP AND NBP

	Note	June 30, 2020	December 31, 2019
		Rupees	Rupees
		Un-audited	Audited
Cash in hand - local currency		683,016,967	461,769,843
Balance with State Bank of Pakistan	7.1	1,101,474,126	694,606,155
Balance with National Bank of Pakistan in:			
- Current Account		267,913,730	160,691,770
- Deposit Account	7.2	17,680,030	25,156,568
		2,070,084,853	1,342,224,336

7.1 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.

7.2 This carries mark-up rate at 7.50% per annum (2019: 11.25% per annum).

8 BALANCES WITH OTHER BANKS/NBFIs/MFBs

	Note	June 30, 2020	December 31, 2019
		Rupees	Rupees
		Un-audited	Audited
In Pakistan			
- In current accounts		33,874,827	43,991,546
- In deposit accounts	8.1	3,722,127,243	2,620,035,969
- Certificates of deposits	8.2	2,900,000,000	2,800,000,000
		6,656,002,070	5,464,027,515

8.1 These carry mark-up rates ranging from 6.50% to 11.25% per annum (2019: 11.25% to 14.35% per annum).

8.2 These represent placement with different financial institutions carrying mark-up ranging from 11.50% to 14.50% per annum (2019: 14.50% to 15.00% per annum). Their maturity ranges from six months to one year from the date of placement.

9 INVESTMENTS - NET OF PROVISIONS

	Note	June 30, 2020	December 31, 2019
		Rupees	Rupees
		Un-audited	Audited
Held to maturity:			
Treasury Bills -Federal Government Securities	9.1	1,221,162,594	893,953,107
Term Finance Certificate (TFCs) - Silk Bank Limited	9.2	99,950,000	99,960,000
Held for trading:			
Mutual Fund - Alfalah GHP Money Market Fund - Nil units (2019: 529,898 units)		-	51,999,283
		1,321,112,594	1,045,912,390

FOR THE PERIOD ENDED JUNE 30, 2020

9.1 This represents T-Bills issued for periods of three to twelve months having maturities ranging from July 02, 2020 to September 10, 2020. These carry yields of 7.65% to 10.40% per annum (2019: 12.97% to 13.40% per annum). These securities have an aggregate face value of Rs. 1,230 million. (2019: Rs. 900 million).

9.2 This represents investment in 20,000 units in TFCs 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 (2019: 6 months KIBOR plus 1.85% per annum).

10 ADVANCES - NET OF PROVISIONS

Note	June 30, 2020		December 31, 2019	
	No. of Loans Outstanding	Rupees	No. of Loans Outstanding	Rupees
	-----Un-audited-----		-----Audited-----	
Micro credits	10.1	111,099 9,850,569,203	107,843	9,071,889,849
Less: Provision held:				
- Specific	10.2	200,248,221		125,104,748
- General		167,558,748		167,558,748
	10.3	367,806,969		292,663,496
Advances - Net Of Provisions		9,482,762,234		8,779,226,353

10.1 All advances are secured by personal guarantees including gold loans amounting to Rs. 824.04 million (2019: Rs. 306.11 million).

10.2 Particulars of non-performing advances

Advances include Rs. 846.915 million (2019: Rs. 486.628 million) which have been placed under non performing status as detailed below:

Category of Classification	June 30, 2020			December 31, 2019		
	Principal Amount Outstanding	Provision Required	Provision Held	Principal Amount Outstanding	Provision Required	Provision Held
	----- Rupees -----			----- Rupees -----		
	-----Un-audited-----			-----Audited-----		
OAEM	510,048,253	-	-	69,749,555	-	-
Sub-standard	72,294,199	18,010,412	18,010,412	93,911,048	16,611,471	16,611,471
Doubtful	161,964,808	80,757,415	80,757,415	200,980,930	69,930,167	69,930,167
Loss	63,767,841	62,836,693	62,836,693	65,159,576	37,312,472	37,312,472
Written off	38,840,358	38,643,701	38,643,701	56,827,820	1,250,638	1,250,638
	846,915,459	200,248,221	200,248,221	486,628,929	125,104,748	125,104,748

10.3 Particulars of provision against non-performing advances

	June 30, 2020			December 31, 2019		
	Specific	General	Total	Specific	General	Total
	----- Rupees -----			----- Rupees -----		
	-----Un-audited-----			-----Audited-----		
Opening balance	125,104,748	167,558,748	292,663,496	1,109,836,363	164,558,748	1,274,395,111
Charge/ (reversal) for the period	75,143,473	-	75,143,473	290,568,067	3,000,000	293,568,067
Amount written off	-	-	-	(1,275,299,682)	-	(1,275,299,682)
Closing balance	200,248,221	167,558,748	367,806,969	125,104,748	167,558,748	292,663,496

APNA MICROFINANCE BANK LIMITED

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE PERIOD ENDED JUNE 30, 2020

11 OTHER ASSETS	Note	June 30, 2020	December 31, 2019
		Rupees	Rupees
		Un-audited	Audited
Income / Mark-up Accrued		2,154,655,753	1,490,791,015
Advances to Staff		133,383,174	127,641,630
Advances and Prepayments		246,722,362	310,518,676
Advance Income Tax - Net of Provision		81,059,220	52,997,351
Security Deposits		37,761,920	38,561,920
Inter Banks ATM Settlement account		8,902,136	31,097,089
Insurance Claims Receivable	11.1	439,803,954	434,806,235
		3,102,288,519	2,486,413,916

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

12 DEPOSITS AND OTHER ACCOUNTS	Note	June 30, 2020		December 31, 2019	
		No. of accounts	Rupees	No. of accounts	Rupees
		Un-audited		Audited	
Time liabilities					
Fixed Deposits (Deals)	12.1	8,547	6,704,803,303	8,372	6,507,523,120
Demand liabilities					
Saving Deposits	12.2	33,218	10,360,073,867	31,962	7,951,669,125
Current Deposits		376,675	4,689,994,945	350,237	3,857,891,461
		409,893	15,050,068,812	382,199	11,809,560,586
	12.3	418,440	21,754,872,115	390,571	18,317,083,706

12.1 These represent deposits received from customers ranging from 1 month to 5 years. These carry interest rates ranging from 5% to 15.5% per annum (2019: 5.6% to 15.5% per annum).

12.2 These carry interest rates ranging from 3% to 7.5% per annum (2019: 4% to 11% per annum).

12.3 Particulars of deposits by ownership	June 30, 2020		December 31, 2019	
	No. of accounts	Rupees	No. of accounts	Rupees
	Un-audited		Audited	
Individual Depositors	417,852	17,288,096,437	390,142	14,829,400,647
Institutional Depositors				
- Corporations / Firms	572	4,180,384,361	411	3,285,223,519
- Banks & Financial Institutions	16	286,391,317	18	202,459,540
	588	4,466,775,678	429	3,487,683,059
	418,440	21,754,872,115	390,571	18,317,083,706

13 BORROWINGS	Note	June 30, 2020	December 31, 2019
		Rupees	Rupees
		Un-audited	Audited
Borrowings from Banks/Financial Institutions in Pakistan			
Demand Finance	13.1	5,339,901	6,597,519

13.1 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.

APNA MICROFINANCE BANK LIMITED

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE PERIOD ENDED JUNE 30, 2020

14 SHARE CAPITAL

14.1 Authorized capital

No. of shares			Rupees	
June 30, 2020	December 31, 2019		June 30, 2020	December 31, 2019
500,000,000	500,000,000	Ordinary shares of Rs. 10/- each	5,000,000,000	5,000,000,000

14.2 Issued, subscribed and paid-up capital

No. of shares			Rupees	
June 30, 2020	December 31, 2019		June 30, 2020	December 31, 2019
343,984,962	343,984,962	Ordinary shares of Rs. 10/- each fully paid in cash	3,439,849,620	3,439,849,620

15 MEMORANDUM / OFF- BALANCE SHEET ITEMS

15.1 Contingencies:

There are no known material contingencies as at June 30, 2020 (2019: Nil).

15.2 Commitments:

Note	June 30, 2020	December 31, 2019
	Rupees	Rupees
	Un-audited	Audited
15.2.1	142,272	924,298

15.2.1 This represents bank guarantee issued by the Bank during the year amounting to Rs. 142,272. This guarantee will expire in August 2020.

16 MARK-UP/RETURN/INTEREST EARNED

	Half Year Ended		Quarter Ended	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
	Rupees	Rupees	Rupees	Rupees
	-----Un-audited-----			
Mark-Up on Loans and Advances	1,301,657,112	1,187,014,739	700,934,634	624,594,875
Mark-Up on Deposit Accounts	329,266,230	150,949,054	158,340,699	85,679,839
Mark-Up on Investments in Government Securities	57,060,965	41,384,761	26,346,235	21,682,250
	1,687,984,307	1,379,348,554	885,621,568	731,956,964

17 CASH AND CASH EQUIVALENTS

	June 30, 2020	June 30, 2019
	Rupees	Rupees
	Un-audited	Un-audited
Cash And Balances With SBP And NBP	2,070,084,853	1,364,723,487
Balances With Other Banks/NBFIs/MFBs	6,656,002,070	3,980,223,133
	8,726,086,923	5,344,946,620

FOR THE PERIOD ENDED JUNE 30, 2020

18 TRANSACTION AND BALANCES WITH RELATED PARTIES

Related parties of the Bank comprise the 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 this condensed interim financial information are as under:

Nature of Relationship	Nature of Transactions	June 30, 2020	December 31, 2019
		Rupees	Rupees
		Un-audited	Audited
Balances at period end:			
Associated Company	Deposits	98,990,535	38,181,368
	Share deposit money	763,015,264	613,015,264
	Insurance claims receivable	439,803,954	434,806,235
Key Management Personnel	Deposits	1,729,937	2,601,990
Directors / Sponsors / Shareholders	Deposits	2,582,970	2,116,834
	Share deposit money	83,199,911	83,199,911
Transactions during the period:		June 30, 2020	June 30, 2019
		Rupees	Rupees
		Un-audited	Un-audited
Associated Company	Deposits received	457,949,553	754,813,567
	Withdrawals	397,849,202	829,018,006
	Mark-up paid on deposits	708,817	4,420,919
	Share deposit money received	150,000,000	42,151,381
	Share issued against share deposit money	-	367,244,195
Key Management Personnel	Deposits received	59,544,766	38,263,564
	Withdrawals	59,000,186	35,784,016
	Mark-up paid on deposits	7,166	490
Directors / Sponsors / Shareholders	Deposits received	2,759,304	4,188,944
	Withdrawals	1,899,059	4,441,835
	Mark-up paid on deposits	24,333	17,453
	Share deposit money received	-	57,866,220
	Shares issued against Share Deposit Money	-	186,610,124
Staff Provident Fund	Contribution made during the period	10,485,231	8,875,108

19 TAXATION**Current**

The Bank has carried forward tax losses of Rs. 1,141.64 million (2019: Rs. 1,266.09 million) as at reporting date due to which no taxable income arises during the period. 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. 25.962 million (2019: Rs. 45.297 million) has been made.

Deferred tax

The management is expecting future taxable profits and has recognized deferred tax asset amounting to Rs. 508.475 million on the basis of financial projections indicating utilization of deferred tax asset against those future taxable profits. The financial projections involve certain key assumptions such as deposit composition, interest rates, decrease in cost of deposits and operational costs, growth of deposits and advances, investment returns and potential recoveries against non-performing loan. Any significant change in the key assumptions may have an effect on the utilization of the deferred tax asset.

FOR THE PERIOD ENDED JUNE 30, 2020

20 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was approved and authorised for issue by the Board of Directors on
August 28, 2020
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21 GENERAL

- 21.1** No significant reclassification / rearrangement of the corresponding figures has been made.
- 21.2** Figures have been rounded off to the nearest rupee unless otherwise stated.



President / CEO



Chief Financial Officer



Chairman



Director



Director



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