



# Annual Report 2020



# OUR PURPOSE



**Enhancing Quality  
of Banking and  
Contributing  
to a future.**

## Online

You can find more information about the  
apna bank at  
**[www.apnabank.com.pk](http://www.apnabank.com.pk)**



## Social Media Pages:

Facebook: <https://www.facebook.com/Apnamicrofinancebank>  
Twitter: <https://twitter.com/amfbl/>  
LinkedIn: <https://www.linkedin.com/company/apna-micro-finance-bank-limited/>



# KEY PERFORMANCE INDICATORS

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

Deposit and Other Accounts

**26,179**

(PKR in million)

Micro Credits

**10,505**

(PKR in million)

Total Assets

**28,831**

(PKR in million)

Total Equity

**2,259**

(PKR in million)

Mark-Up/Return/Interest Earned

**3,418**

(PKR in million)

Profit Before Tax

**58**

(PKR in million)

Profit After Tax

**37**

(PKR in million)

Earning Per Share

**0.11**

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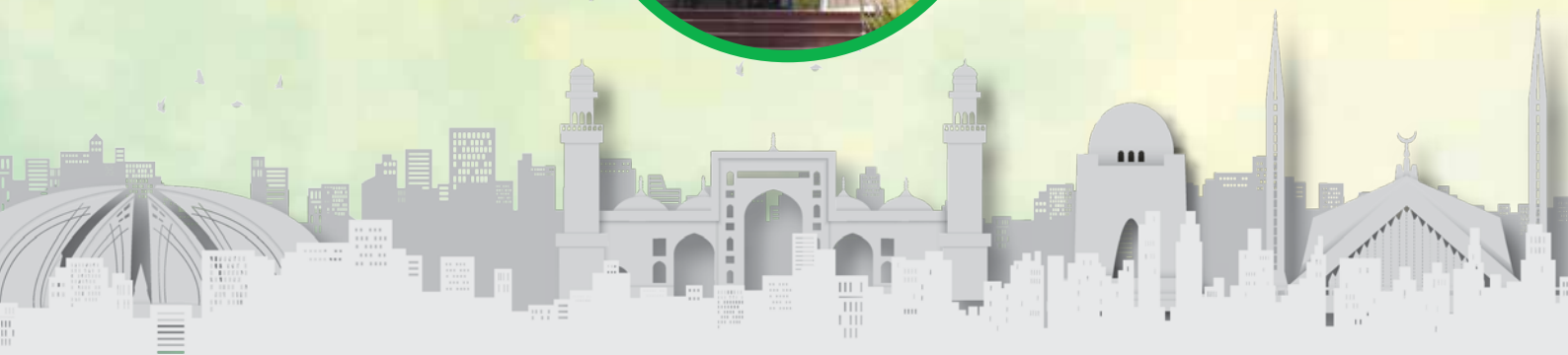
# ABOUT **AMBL**

**Apna Microfinance Bank Limited** is managed by group of highly experienced bankers. We are committed to providing 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 under served 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

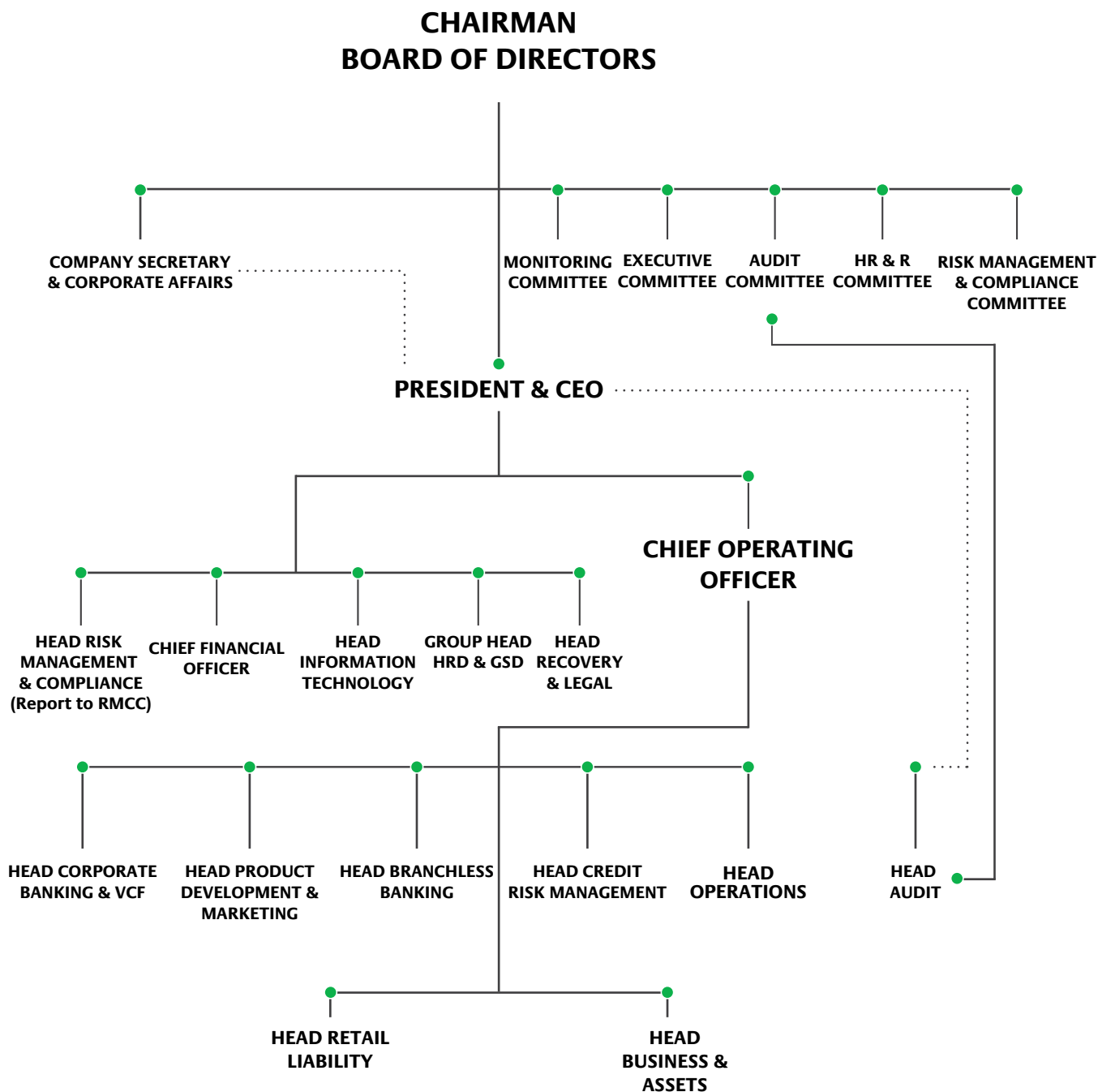
# BANK'S **PHILOSOPHY**

**"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

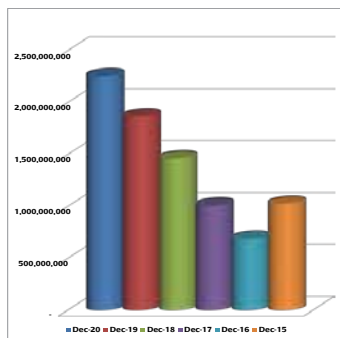




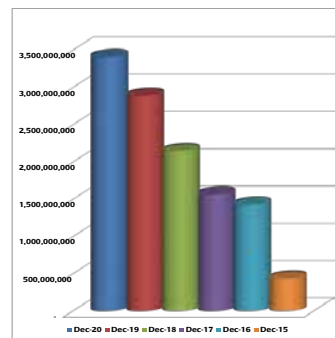
# KEY FINANCIAL AND OPERATIONAL DATA AT A GLANCE

	Position for Year Ended							
	% Rise 2020 Vs 2019	Dec-20 Rupees	% Rise 2019 Vs 2018	Dec-19 Rupees	Dec-18 Rupees	Dec-17 Rupees	Dec-16 Rupees	Dec-15 Rupees
<b>Financial Data</b>								
Total Assets	40.34%	28,831,387,482	16.57%	20,543,253,526	17,623,046,929	13,983,590,224	13,554,003,018	5,670,478,820
Advances-net of provisions	15.27%	10,119,919,747	-0.38%	8,779,226,353	8,812,740,994	5,226,547,934	5,484,025,056	2,588,423,092
Deposits	42.92%	26,178,886,970	15.45%	18,317,083,706	15,866,330,742	12,528,727,169	12,347,070,954	4,546,697,079
Share Capital	0.00%	3,439,849,620	37.59%	3,439,849,620	2,500,000,000	2,500,000,000	2,200,000,000	2,200,000,000
Share Deposit money	50.27%	1,046,215,185	-22.65%	696,215,185	900,078,363	500,008,080	400,000,000	-
	8.46%	4,486,064,805	21.65%	4,136,064,805	3,400,078,363	3,000,008,080	2,600,000,000	2,200,000,000
Net Equity	20.69%	2,259,185,911	27.48%	1,871,966,805	1,468,419,136	1,015,087,402	694,590,229	1,030,113,789
Accumulated Loss	-2.92%	(928,515,946)	-4.03%	(956,430,276)	(996,574,069)	(1,036,520,157)	(957,009,250)	(221,485,690)
<b>Operating Data</b>								
Mark-up / return / interest earned	17.88%	3,418,310,151	34.38%	2,899,784,536	2,157,835,801	1,577,979,881	1,441,502,272	447,154,900
Mark-up / return / interest expensed	14.90%	(1,389,266,881)	50.98%	(1,209,081,032)	(800,799,272)	(703,943,573)	(671,551,250)	(187,445,668)
Administrative expenses	15.25%	(2,069,031,144)	12.51%	(1,795,186,386)	(1,595,647,431)	(1,308,598,684)	(1,107,253,472)	(351,792,126)
Profit / (Loss) before taxation	-35.23%	57,867,907	-11.10%	89,344,447	100,500,905	(188,301,605)	(1,097,577,883)	(24,346,382)
Profit / (Loss) after taxation	-30.46%	37,219,106	0.49%	53,525,058	53,261,451	(79,510,907)	(735,523,560)	(29,215,689)
EPS	-35.29%	0.11	-43.33%	0.17	0.3	-0.35	-3.34	-0.16

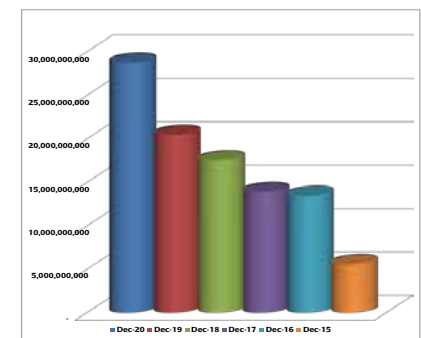
## NET EQUITY



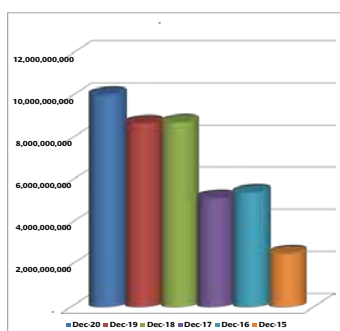
## MARKUP INCOME



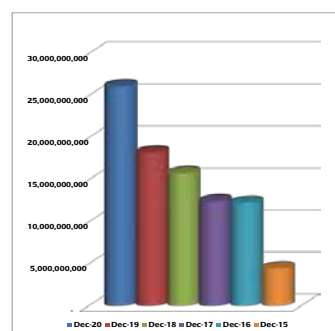
## TOTAL ASSETS



## ADVANCES-NET OF PROVISIONS



## DEPOSITS



# BOARD OF **DIRECTORS**



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**Mr. M. A. Shahid**

Chairman



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**Mr. Imad Mohammad Tahir**

Director



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**Mr. Muhammad Asghar**

Director



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**Mr. M. Saleem Shaikh**

Director



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**Mr. Javed Sadiq**

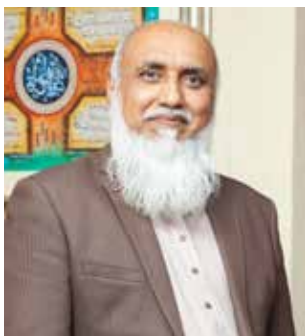
Director



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**Syed Rahat Ali Shah**

Director



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**Mr. Abdul Aziz Khan**

Director



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**Ms. Parveen Akhter Malik**

Director

# CORPORATE MEETINGS





# 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*

Ms. Parveen Akhter Malik  
*Director*

## PRESIDENT / CHIEF EXECUTIVE OFFICER

Mr. Muhammad Gulistan Malik

## COMPANY SECRETARY

Mr. Rafat Abbas

## CHIEF FINANCIAL OFFICER

Mr. Ali Murtza

## CHIEF INTERNAL AUDITOR

Mr. Latif Ahmad Saqi

## 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

Mumtaz Najam Law Chambers  
*Advocates & Corporate Consultants Lahore*

## Tax Consultant

Grant Thornton Anjum Rahman  
*Chartered Accountants*

## BANKERS

United Bank Limited  
Sindh Bank Limited  
First Microfinance Bank Limited  
Bank AlHabib Limited  
Bank Al-Falah Limited  
Summit Bank Limited  
Zarai Taraqati Bank Limited  
JS Bank Limited  
Silk Bank Limited  
Allied Bank Limited  
Dubai Islamic Bank Limited  
Soneri Bank Limited  
khushhali Microfinance Bank Limited  
Telenor Microfinance Bank Limited  
FINCA Microfinance Bank Limited  
NRSP Microfinance Bank Limited  
Habib Metropolitan Bank Limited  
National Bank of Pakistan  
The Bank of Punjab  
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](http://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](http://www.apnabank.com.pk)

## SHARE REGISTRAR

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

# 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



**Mr. Latif Ahmad Saqi**  
Head Internal Audit



**Mr. M. Salman Hamid**  
Head Liability



**Mr. M Usman Masood Bhutta**  
Head Business Assets



**Mr. Nazish Ali**  
Head Operation



**Mr. M. Kamran**  
Head Credit Risk  
Management



**Mr. Zubair Elahi**  
Head IT



**Mr. M. Sarfaraz Bhatti**  
Head Recovery & Legal



**Mia Dilshad Ahmed**  
Head Product Development  
& Marketing



**Mr. Imran Ashraf**  
Head Business Assets Central



# 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 (AMBL)** for the financial year ended December 31st, 2020.

Year 2020 has been the foremost difficult year across the world. Unfortunately, several precious lives were lost and spread of the coronavirus (COVID-19) pandemic has impelled countries to observe stringent lockdowns. The pandemic effectively places the Globe in reset mode and cessation of the Global economic activities aggravated unemployment and the worst economic downturn since the great depression. Whereas, Pakistan has fared better in the COVID-19 crisis than many other nations. This is attributable to prudent early lockdowns and stimulus measures extended by the Government, which have paved the way to economic recovery.

Despite the pandemic and lockdown challenges, most of our branches remained open and accessible for customers. This was possible only because of the dedication and determination of our valued staff who continued to serve at the frontline in these difficult circumstances. Further, we are continually re-assessing and re-aligning our operational strategies as we continue to serve our customers and clients.

I am also pleased to report on the overall performance and effectiveness of the Board. 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 would also like to thank the State Bank of Pakistan, Securities and Exchange Commission of Pakistan and other regulatory bodies for their guidance and support.

Sincerely,

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

**Mian Muhammad Akram Shahid**  
Chairman of the Board

**March 08, 2021**  
Lahore

# PRESIDENT / CEO'S MESSAGE



**Apna Microfinance Bank Limited** has continued its expedition of consolidation, development and success throughout the year by strengthening our procedures and systems. A substantial growth was observed in both segments of Asset & Liability during the year. Due to the untiring efforts and dedication of our management and staff, the Bank is being considered among the key players within the microfinance industry in Pakistan.

I submit my sincere well wishes and compliments to all the stake holders involved in our endeavor to sustain in challenging year of 2020, in general, for financial industry due to the sudden eruption of COVID-19 pandemic overwhelming Pakistan's health system, slashing growth, derailing recovery, and pushing the country's most vulnerable segment further into poverty. However,

thanks to timely remedial measures by the regulator to dampen the severe effects of pandemic on economy in shape of various relief packages to the borrowers across the board that has played an imperative role in supporting the shaky economy to further decline and stabilizing the Pakistan's economy.

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 has not only improved our clients' life quality but also constituted a positive growth towards our national economy. We consistently pursue to empower our clients by providing them financial services and thereby support in the national duty of financial inclusion.

In pursuance of increasing trend of

digitalization in banking industry, we have recently updated our I.T. systems to include the following digital banking solutions for our valued customers:

- Switch upgradation from legacy switch to 'SMART VISTA', a state-of-the-art ADC switch.
- Launch of EMV compliant Debit card with badging of Paypak.
- Internet Banking.
- Mobile Banking having convenient Interface with good customer experience.
- Integrated CRM to host all the inbound calls, users will be able to activate / deactivate Debit cards, generate PIN and lodge complaints if any.
- Fraud Risk Management System (FRMS) for the monitoring of digital transactions in collaboration with 1-Link.
- Bill Payments are being integrated throughout the banking channels, including Internet Banking, Mobile Banking and ATMs.
- Bulk IBFT through 1-Link.

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 achieve the very pinnacle of the microfinance industry in the years to come IA 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 bank which led us to close 2021 on a positive note.

**Muhammad Gulistan Malik**  
President/CEO

**March 08, 2021**  
Lahore



# 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 December 31<sup>st</sup>, 2020.**

## **Economic Overview:**

The country's economy, after being severely impacted by the coronavirus (COVID-19) pandemic is now poised for a rebound. Receptive measures taken by the government and the State Bank of Pakistan (SBP), on both the social and economic front, have proven extremely effective in containing the spread of the virus and aiding the economy. Consequently, the economic indicators have shown steady improvement in last quarter of current year.

In order to dampen the effects of the pandemic, The Govt. of Pakistan (GOP) took timely steps like imposing smart lock downs, encouraging social distancing and introducing monetary relief packages for major industries. The SBP decrease the interest rates by 625 basis points during the year, bringing the policy rate to 7.00% as at December 31<sup>st</sup>, 2020 from 13.25% as at December 31<sup>st</sup>, 2019.

The Bank facilitated its borrowers by extending the credit facilities in accordance with AC & MFD Circular Letter No. 1 of 2020 dated March 26<sup>th</sup>, 2020 and the guidelines of SBP issued during the period of COVID-19 pandemic. The Bank's management 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.

We are now witnessing encouraging outcomes of these efforts. The ratio of new effected cases has declined significant within the country, leading to an ease in lockdowns and normalization of routine life. These are promising signs for the future. With the inception of routine business operations, the economic indicators will gradually revert to a steady trajectory leading to imminent growth.

## **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.

The financial performance of the Bank throughout the year ended December 31<sup>st</sup>, 2020 is as follows;

Particulars	31 <sup>st</sup> December 2020	31 <sup>st</sup> December 2019	%
	<b>Audited (PKR)</b>	<b>Audited (PKR)</b>	<b>Change</b>
Advances-net of provisions	<b>10,119,919,747</b>	8,779,226,353	15.27%
Deposits and other accounts	<b>26,178,886,970</b>	18,317,083,706	42.92%
Mark-up/return/interest earned	<b>3,418,310,151</b>	2,899,784,536	17.88%
Mark-up/return/interest expensed	<b>(1,389,266,881)</b>	(1,209,081,032)	14.90%
Administrative expenses	<b>(2,069,031,144)</b>	(1,794,619,592)	15.29%
Profit after taxation	<b>37,219,106</b>	53,525,058	(30.46%)

The Bank reported a profit after tax in the current year amounting to PKR. 37.22 million as compared to a profit of PKR. 53.53 million in the year 2019. The equity (net of losses) of the Bank stood at PKR. 2,259.19 million and the total assets have grown to PKR. 28,831.39 million from PKR. 20,543.25 million as at December 31<sup>st</sup>, 2020.

The advances-net of provision stood at 10,119.92 million as on December 31<sup>st</sup>, 2020 as compared to 8,779.22 million at the close of the corresponding period by registering a comparatively better growth of 15.27%. The Bank has made lending of approx. PKR. 3,351.79 million to 29,305 new borrowers in year 2020. The Bank's gross advances to deposit ratio (ADR) at the year-end 2020 was

# DIRECTORS' REPORT TO THE MEMBERS

reported at 40.13% as against 49.53% in 2019. The overall NPL ratio of the Bank's loan portfolio has declined from the last year, which is commendable and confirms the transparency of our revamped loan disbursement system.

The management has charged a specific provision amounting to PKR. 214 million against its new loan portfolio of PKR. 9,755 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. 750 million as per managements subjective assessment. (Refer to note no. 1.1.1 to the audited financial statements for the year ended December 31<sup>st</sup>, 2020).

The Bank's deposit base has shown a considerable increase of PKR. 7,861.80 million over the last year with total deposits of PKR. 26,178.89 million as at December 31<sup>st</sup>, 2020 as opposed to a deposits figure of PKR. 18,317.08 million 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.

The Board of the Bank has resolved to issue right shares of PKR. 850 million divided into 85 million number of shares of Rs. 10/- to directors / sponsors and general members. During the year the sponsors have injected fresh capital / share deposit money of PKR. 350 million. As a result, the equity net of losses of the Bank has increased by over PKR. 387.22 million from the last year. These figures are a sign of improved investor confidence in the Bank's operations translating in successful future prospects.

## Principal Risks and Uncertainties

The Directors of the Bank consider the following as key risks:

- **Interest Rate Risk:** Interest rates have fallen 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.

- **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.

- **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.

# DIRECTORS' REPORT TO THE MEMBERS

- **Compliance and Regulation Risk:** The risk of legal or regulatory sanctions, material functional loss, a bank might suffer as a result of its failure to comply with laws, regulations, and codes of conduct applicable to its banking activities.

To mitigate the said risk the compliance division is responsible for ensuring the Bank's timely compliance with applicable guidelines and directives issued by regulatory bodies.

- **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 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.
- **Information Security Risk:** It is the risk of damage that may be caused by internal or external threats, such as un-authorized access to critical financial data, sensitive customer information, non-availability of critical services, impersonating clients and theft or alteration of information, while performing financial transactions, and loss of the Bank's sensitive electronic data and IT systems.

To mitigate the said risk IT Security Risk Management Unit caters to the regulatory requirements for IT Security Risk Management, maintains the framework that enables the Bank's Management and staff to mitigate IT security risks to acceptable levels.

- **Reputational Risk:** A loss that may arise by an activity, action, or stance taken by the Bank, any of its affiliates, or its officials that can impair its image with one or more of its stakeholders resulting in loss of business and/or decrease in the value of the Bank's shares.

To mitigate the reputational risks various departments within the Bank, assess reputational risk associated with the Bank's activities in order to safeguard the Bank's interests at all times.

- **Environmental Risk:** Actual or potential threats of adverse effects on the environment and living organism by effluents, emissions, wastes, chemical releases, resource depletion, etc., arising out of the Bank or its clients' operational activities.

The Bank is endeavoring internally as well as externally to cater 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.

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.

In year 2020, the Bank has completed its RTGS processing mechanism successfully. This new mechanism, termed as Straight Through Processing (STP) facilitate the transfer of large value of 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 31<sup>st</sup>, 2020, 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.

By using the current technology platform, the Bank is going to create different ways of doing business to drive growth in new and existing markets. The Bank is focusing on the following major streams to generate more revenue and strengthen customer base and relationship after complying with regulatory requirements.

### i. Branchless Banking Framework

By introducing the branchless banking, we can increase the reach of customer without spreading physically. This would not only increase customer base but will generate the revenue streams on all the transactions done through branchless banking agents.



# DIRECTORS' REPORT TO THE MEMBERS

## ii. Issuance of Multiple schemes & Types of payment cards

Our payment switch has a capability of issuance of multiple types of cards. This can also increase the customer base. The revenue streams can also be generated through transactions as well.

## iii. Point of Sale (POS)/ Acquiring Business

As per SBP and new industry dynamics, POS is one of the potential revenue streams. Our payment switch has a capability to manage the large number of POS network, but it has a cost to set up the infrastructure of acquiring business. Currently no microfinance bank is in POS acquiring business, we can have an early mover advantage with introduction of POS acquiring.

## iv. Digitally quick Customer on boarding

We have a capacity of onboarding customer digitally. This would not only reduce the cost of customer onboarding but will increase the customer base resulting into more revenue generation streams.

## 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 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;

# DIRECTORS' REPORT TO THE MEMBERS

- 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 (09) \* as per the following:

Category	Number of Directors
Male Director	07
Female Director	01

*\*(The Board has resolved nine (09) Directors whereas the fit and proper test of one director is under process with the State Bank of Pakistan)*

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

Category	Names
<b>Independent Directors</b>	Mr. Abdul Aziz Khan
	Ms. Parveen Akhter Malik
<b>Non-Executive Directors</b>	Mr. Muhammad Akram Shahid (Chairman)
	Mr. Imad Mohammad Tahir
	Mr. Muhammad Asghar
	Mr. Muhammad Saleem Shaikh
	Syed Rahat Ali Shah
	Mr. Javaid Sadiq

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

# DIRECTORS' REPORT TO THE MEMBERS

## 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 no. 32 to the audited Financial Statements for the year ended December 31<sup>st</sup>, 2020.

## Changes in the Board of Directors

Mr. Imam Bukhsh Baloch elected as independent director in election held in year 2019 but his Fit and Proper Test has not yet cleared by SBP. During the year 2020, Ms. Parveen Akhter Malik elected as independent director (Female Director) and her Fit and Proper Test is cleared by SBP in February 17<sup>th</sup>, 2021.

## 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<sup>st</sup>, 2020 is PKR 88.70 million (2019: PKR 60.49 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	31 <sup>st</sup> December 2020	31 <sup>st</sup> December 2019
	<b>Audited (PKR)</b>	<b>Audited (PKR)</b>
Profit after taxation	37,219,106	53,525,058
Appropriations:		
Transfer to:		
- Statutory Reserve	(7,443,821)	(10,705,012)
- Contribution to MSDF / DPF / RMF	(1,860,955)	(2,676,253)
	(9,304,776)	(13,381,265)
Unappropriated loss brought forward	(956,430,276)	(996,574,069)
<b>Unappropriated loss carried forward</b>	<b>(928,515,946)</b>	<b>(956,430,276)</b>

## Earnings per Share

The Basic and Diluted earnings per share of the Bank after tax is RKR. 0.11 (2019: RKR. 0.17).

## 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, suspension of markup and resultant deferred tax asset with respect to old running finance portfolio due to incomplete information generated from the Bank's Information system.



# DIRECTORS' REPORT TO THE MEMBERS

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.

The board presently constitutes of eight 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 2021.

## Pattern of Shareholding

The pattern of shareholding as at December 31<sup>st</sup>, 2020 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<sup>st</sup>, 2020. The Bank has not entered into any commitment, which would materially affect its financial position at the date.

## Acknowledgement

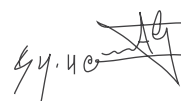
We take this opportunity to express our gratitude to our customers and business partners for their continued support and trust and we are also thankful to our associates, staff and colleagues for their committed services provided to our valued customers.

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



**Syed Rahat Ali Shah**  
Director

## Lahore

Date: March 08, 2021

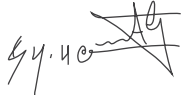
## ممبران کے لیے ڈائریکٹرز رپورٹ

### اعترافات:

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

ہم اسٹیٹ بینک آف پاکستان، سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور پاکستان سٹاک ایکسچینج کو ان کی مستقل رہنمائی اور تعاون کے لئے اظہارِ تشکر پیش کرتے ہیں، ہم خاص طور پر اسٹیٹ بینک آف پاکستان کو خراجِ 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 مائیکرو فنانس بینک لمیٹڈ



سید راحت علی شاہ  
ڈائریکٹر



محمد گلستان ملک  
صدر/سی ای او

08 مارچ 2021ء، لاہور

# ممبران کے لیے ڈائریکٹرز رپورٹ

## ڈیویڈنٹ اور تصرفات:

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

کوائف	31 دسمبر 2020ء (پاکستانی روپے)	31 دسمبر 2019ء (پاکستانی روپے)
منافع بعد از ٹیکس ادائیگی	37,219,106	53,525,058
تصرفات:		
قانونی ذخائر میں منتقلی	(7,443,821)	(10,705,012)
ایم ایس ڈی ایف / ڈی پی ایف / آر ایم ایف میں شراکت	(1,860,955)	(2,676,253)
	(9,304,776)	(13,381,265)
غیر تصرف شدہ خسارہ آگے لایا گیا	(956,430,276)	(996,574,069)
غیر تصرف شدہ خسارہ آگے لے جایا گیا	(928,515,946)	(956,430,276)

## آمدنی فی حصص:

بعد از ٹیکس بنیادی اور diluted آمدنی فی حصص 0.11 روپے ہے (2019ء : 0.17 روپے)

## آڈٹ کے مشاہدے:

ایکسٹرنل آڈیٹر نے نومبر 2016ء سے پہلے والے پرانے رنگ فنانس پورٹ فولیو کی ٹیکنگ کے حوالے سے اپنی رپورٹ کو موڈیفائڈ کیا ہے۔ آڈیٹر نے اس ٹیکنگ کو نامکمل اور ذہنی پایا، کیونکہ سسٹم میں معلومات، دستیاب معلومات کی بنا پر باتھ درج کی گئی تھیں۔ آڈیٹر سسٹم سے نکالی گئی نامکمل معلومات کی بنا پر پرانے رنگ فنانس پورٹ فولیو این پی ایل (NPL)، اس کی پرووژن، مارک اپ کی معطلی اور اس کے اوپر ڈیفرد ٹیکس 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 ہم آڈیٹر کے خدشات کو آنے والے ادوار میں اطمینان بخش انداز میں ختم کر دیں گے۔

بورڈ میں اس وقت آٹھ ڈائریکٹرز ہیں، ایکسٹرنل آڈیٹر نے اس سلسلے میں بھی اپنی رائے میں تبدیلی کی ہے، کیونکہ ریگولیٹری تقاضوں اور بورڈ کی قرار دادوں کے مطابق ڈائریکٹرز کی کل تعداد نو سے کم نہیں ہونی چاہئے۔

## آڈیٹرز:

ریٹائرنگ آڈیٹرز میسرز الیاس سعید کمپنی چارٹرڈ اکاؤنٹینٹ اہلیت کی بنیاد پر خود کو دوبارہ تقرری کے لئے پیش کرتے ہیں۔ ایکسٹرنل آڈیٹر کو پاکستان کے چارٹرڈ اکاؤنٹینٹ ادارے کے کوالٹی کنٹرول جائزہ کے تحت قابل اطمینان درجہ دیا گیا ہے۔ آڈٹ کمیٹی نے سال 2021ء میں آڈیٹر کے لئے دوبارہ تقرری کو ریگومینڈ کیا ہے۔

## شیئر ہولڈنگ کا نمونہ:

31 دسمبر 2020ء 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 2020ء کے بعد کوئی اہم تبدیلی نہیں ہوئی۔ بینک نے کوئی ایسا وعدہ نہیں کیا، جس سے مالیاتی پوزیشن پر اثرات مرتب ہوں۔



## ممبران کے لیے ڈائریکٹرز رپورٹ

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

### آڈٹ کمیٹی:

- ..... جناب عبدالعزیز خان (چیئرمین)
- ..... جناب محمد اصغر
- ..... جناب عماد محمد طاہر
- ..... جناب محمد سلیم شیخ
- ..... سید راحت علی شاہ

### بیومن ریسورس اینڈ ریمو نریشن کمیٹی:

- ..... جناب عبدالعزیز خان (چیئرمین)
- ..... جناب جاوید صادق
- ..... جناب عماد محمد طاہر
- ..... جناب محمد سلیم شیخ
- ..... سید راحت علی شاہ

### رسک مینجمنٹ کمیٹی:

- ..... جناب محمد اصغر (چیئرمین)
- ..... جناب محمد اکرم شاہد
- ..... جناب جاوید صادق
- ..... جناب عبدالعزیز خان
- ..... سید راحت علی شاہ

(3) 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 31 دسمبر 2020ء کی مالیاتی رپورٹ کے نوٹ نمبر 32 میں دی گئی ہے۔

### بورڈ آف ڈائریکٹرز میں تبدیلیاں:

جناب امام بخش بلوچ سال 2019ء میں ہونے والے انتخابات میں آزاد ڈائریکٹر منتخب ہوئے تھے، لیکن ان کا فٹ اور مناسب ٹیسٹ ابھی تک اسٹیٹ بینک نے کلیئر نہیں کیا۔ سال 2020ء کے دوران، محترمہ پروین اختر ملک آزاد ڈائریکٹر (خاتون) کے طور پر منتخب ہوئی تھیں اور ان کا فٹ اور مناسب ٹیسٹ 17 فروری 2021ء کو اسٹیٹ بینک نے کلیئر کر دیا تھا۔

### بورڈ کے اجلاس میں ڈائریکٹرز کی شرکت:

اس سال کے دوران ہونے والے اجلاسوں میں بورڈ کے 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 فنڈڈ پراویڈنٹ فنڈ مہیا کرتا ہے، 31 دسمبر 2020ء کو فنڈ کا یہ بیلنس قبل از آڈٹ 88.70 ملین پاکستانی روپے ہے (2019ء: 60.49 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۔

# ممبران کے لیے ڈائریکٹرز رپورٹ

- ★..... 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 انسٹی ٹیوشن آرڈیننس 2001ء، سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) اور اسٹیٹ 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 انسٹی ٹیوشن آرڈیننس 2001ء یا سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور اسٹیٹ بینک آف پاکستان کے جاری کردہ قواعد و ضوابط/بدایات میں اختلاف ہو، اس صورت میں کمپنیز ایکٹ 2017ء میں ضروریات، مائیکرو فنانس انسٹی ٹیوشن آرڈیننس 2001ء یا SECPI اور SBP کے جاری کردہ قواعد و ضوابط غالب ہوں گے۔
- ★..... انٹرنل کنٹرول نظام کا ڈھانچہ کار آمد 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 لسٹنگ 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 پیمائش واجب الادا نہیں ہے۔
- ★..... ڈائریکٹرز کے تربیتی پروگراموں کی تفصیل، کوڈ آف کارپوریٹ گورننس کے ساتھ سٹیٹمنٹ آف کمپلائنس میں دی گئی ہے، اور 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 لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019ء اور پاکستان سٹاک ایکسچینج کی رول بُک 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: 07

خاتون: 01

★..... (بورڈ نے) (9) ڈائریکٹرز کا فیصلہ کیا، جبکہ ایک ڈائریکٹر کا فٹ اینڈ پراپر ٹیسٹ اسٹیٹ بینک آف پاکستان کے زیر عمل ہے)

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

کیٹیگری	نام
خود مختار ڈائریکٹر	جناب عبد العزیز خان
	مس پروین اختر ملک
نان ایگزیکٹو ڈائریکٹرز	جناب محمد اکرم شاہد (چیئرمین)
	جناب محمد عماد طاہر
	جناب محمد اصغر
	جناب محمد سلیم شیخ
	سید راحت علی شاہ
	جناب جاوید صادق

## ممبران کے لیے ڈائریکٹرز رپورٹ

بینک کی CAR مائیکرو فنانس کے پروڈینشل ریگولیشنز کے مطابق نہیں ہے جیسا کہ 31 دسمبر 2020ء 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۔

موجودہ ٹیکنالوجی پلیٹ فارم کو استعمال کرتے ہوئے بینک نئی اور موجودہ منڈیوں میں ترقی اور کاروبار کرنے کے مختلف طریقے بنانے جا رہے ہیں۔ بینک ریگولیٹری ضروریات کی تعمیل کے بعد زیادہ آمدنی بڑھانے اور گاہکوں کی بنیاد اور تعلقات کو مضبوط بنانے کے لئے درج ذیل بڑے دھاروں پر توجہ دے رہا ہے۔

### برانچ لیس بینکنگ فریم ورک:

برانچ لیس بینکنگ متعارف کر کر ہم جسمانی طور پر پھیلے بغیر گاہک کی پہنچ بڑھا سکتے ہیں، اس سے نہ صرف کسٹمر بیس میں اضافہ ہو گا، بلکہ برانچ لیس بینکنگ ایجنٹس کے ذریعے ہونے والے تمام لین دین پر محصولات کی آمدنی بہتر ہو گی۔

### متعدد سکیموں اور ادائیگی کارڈ کی اقسام کا اجراء:

ہمارے ادائیگی سوئچ میں متعدد قسم کے کارڈ جاری کرنے کی صلاحیت ہے اس سے گاہک کی بنیاد میں بھی اضافہ ہو سکتا ہے۔ لین دین کے ذریعے بھی محصولات کی دھاریں پیدا کی جا سکتی ہیں۔

### پوائنٹ آف سیل (پی او ایس) ایکوائٹنگ بزنس:

اسٹیٹ بینک آف پاکستان اور نئی صنعت کی حرکیات کے مطابق پی او ایس ممکنہ محصولات کے دھاروں میں سے ایک ہے، ہمارے ادائیگی سوئچ میں پی او ایس نیٹ ورک کی بڑی تعداد کو منظم کرنے کی صلاحیت ہے، لیکن اس کے پاس کاروبار کے حصول کا بنیادی ڈھانچہ قائم کرنے کی لاگت ہے، فی الحال کوئی بھی مائیکرو فنانس بینک پی او ایس کے حصول کے کاروبار میں نہیں ہے۔ پی او ایس کے حصول کے تعارف کے ساتھ ہمیں ابتدائی موور کا فائدہ ہو سکتا ہے۔

### بورڈنگ پر ڈیجیٹل طور پر فوری گاہک:

ہمارے پاس ڈیجیٹل طور پر گاہک کو آگاہ کرنے کی صلاحیت ہے، اس سے نہ صرف گاہک کی آن بورڈنگ کی لاگت میں کمی آئے گی، بلکہ گاہک کی بنیاد میں اضافہ ہو گا، جس کے نتیجے میں محصولات کی آمدنی زیادہ ہو گی۔

### کریڈٹ ریٹنگ:

پاکستان کریڈٹ ریٹنگ ایجنسی لمیٹڈ (PACRA) نے بینک کے مستقبل کے لائحہ عمل کے تناظر میں بینک کی لانگ ٹرم ریٹنگ ٹریپل بی 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 مدنظر رکھتے ہیں۔

### 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 لاگو کئے 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۔



# ممبران کے لیے ڈائریکٹرز رپورٹ

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:

قانونی یا باقاعدہ پابندیوں، مادی فعالی نقصان کسی بینک کو اس کی بینکاری سرگرمیوں پر لاگو قوانین، ضوابط اور ضابطہ اخلاق کی تعمیل کرنے میں ناکامی کے نتیجے میں دو چار ہونا پڑ سکتا ہے۔ مذکورہ خطرے کو کم کرنے کے لئے Compliance ڈویژن ذمہ دار رہنما اصولوں اور انضباطی اداروں کے ذریعے جاری کردہ ہدایات کے ساتھ بینک کی بروقت تعمیل کو یقینی بنانا ہے۔

## 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 جا سکے۔ بینک انتہائی لیکویڈ سرکاری سیکیورٹیز کا خاطر خواہ پورٹ فولیو بھی برقرار رکھتا ہے، جس کو لیکویڈیٹی کے دباؤ کی صورت میں استعمال کیا جا سکتا ہے۔

## انفارمیشن سیکیورٹی خطرہ:

یہ نقصان اندرونی اور بیرونی خطرات کی وجہ سے ہو سکتا ہے۔ جسے اہم مالی اعداد و شمار تک غیرمجاز رسائی، حساس صارفین کی معلومات، اہم خدمات کی عدم فراہمی، موکلوں کی نقالی اور معلومات میں ردو بدل، مالی معاملات اور بینک کے حساس الیکٹرانک ڈیٹا اور آئی ٹی سسٹم کا نقصان شامل ہیں۔ آئی ٹی سیکیورٹی رسک مینجمنٹ یونٹ آئی ٹی سیکیورٹی رسک مینجمنٹ کے لئے ریگولیٹری ضروریات کو کم کرنے کے لئے اس فریم ورک کو برقرار رکھتے ہیں جو بینک کی انتظامیہ اور عملے کو قابل قبول سطح پر آئی ٹی سیکیورٹی خطرات کو کم کرنے کے قابل بناتا ہے۔

## ساکھ کا خطرہ:

وہ نقصان جو بینک، اس سے وابستہ کسی بھی شخص یا اس کے عہدیداروں کی جانب سے اختیار کی گئی سرگرمی، کارروائی یا موقف سے پیدا ہو سکتا ہے، جو اس کے ایک یا ایک سے زیادہ اسٹیک ہولڈرز کے ساتھ اس کی تصویر کو خراب کر سکتا ہے، جس کے نتیجے میں کاروبار ختم ہو سکتا ہے اور / یا بینک کے حصص کی قیمت میں کمی واقع ہو سکتی ہے۔

ساکھ کے خطرہ کو کم کرنے کے لئے بینک کے اندر مختلف ڈیپارٹمنٹس کا کام بینک کی سرگرمیوں کا جائزہ لینا ہے تاکہ ہر وقت بینک کے مفادات کا تحفظ کیا جا سکے۔

## ماحولیاتی خطرہ:

بینک یا اسی کے گاہکوں کی آپریشنل سرگرمیوں سے پیدا ہونے والی عدم روانی، اخراج، فضلات، کیمیائی اخراج، وسائل میں کمی وغیرہ سے ماحول اور جاندار پر برے اثرات کے حقیقی یا ممکنہ خطرات شامل ہیں۔

مذکورہ بالا خطرات اور یقینی صورت حال کے اثرات کا مقابلہ 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۔

سال 2020ء میں بینک نے اپنا آر ٹی جی ایس پروسیسنگ میکنزم کامیابی سے مکمل کیا ہے۔ یہ نیا طریقہ کار جس کو براہ راست بذریعہ پروسیسنگ (ایس ٹی پی) کہا جاتا ہے، ادائیگیوں کی بڑی مالیت کو موثر اور فوری طریقے سے منتقل کرنے میں سہولت فراہم کرتا ہے۔

## ممبران کے لیے ڈائریکٹرز رپورٹ

ایڈوانسز نیٹ آف پرووژن پچھلے سال کے مقابلے میں 15.27% کے اضافے کے ساتھ 10,119.92 ملین پاکستانی روپے رہے، جبکہ پچھلے سال اس عرصہ کے اختتام پر 8,779.22 ملین پاکستان روپے تھے، بینک نے سال 2020ء میں 29,305 نئے صارفین کو تقریباً 3,351.79 ملین پاکستانی روپے کے قرضے فراہم کئے۔ سال 2020ء کے اختتام پر بینک کی گراس ایڈوانسز ٹو ڈیپازٹ کا تناسب 40.13 فیصد تھی، جبکہ 2019ء میں 49.53 فیصد تھی۔ بینک کے قرضے پورٹفولیو میں مجموعی طور پر NPL کا تناسب گزشتہ سال سے کم ہوا ہے، جو کہ قابل تعریف ہے اور اصلاح شدہ قرضہ فراہمی کے نظام کی شفافیت کی تصدیق کرتا ہے۔

مینجمنٹ نے 9,755 ملین پاکستانی روپے کے نئے لون پورٹ فولیو پر پروڈیشنل ریگولیشنز کے مطابق 214 ملین پاکستانی روپے کی سپسیفک پرووژن چارج کی، جبکہ 750 ملین پاکستانی روپے کے پرانے پورٹ فولیو پر 3 ملین پاکستانی روپے کی پرووژن انتظامیہ نے اندازے کے مطابق ریکارڈ کی (مالیاتی اسٹیٹمنٹس کے نوٹ نمبر 1.1 اور 11.4 ملاحظہ کریں)

گزشتہ سال کے آخر میں بینک کے ڈیپازٹ 18,317.08 ملین پاکستانی روپے کے اعداد و شمار کے برخلاف، دسمبر 2020ء میں مجموعی طور پر 26,178.89 ملین پاکستان روپے کے ساتھ، گزشتہ سال کے دوران 7,861.80 ملین پاکستانی روپے کا اضافہ ہوا۔ بینک کے ڈیپازٹ کی موومنٹ کی حکمت عملی کا مقصد کرنٹ اور سیونگ اکاؤنٹ پر زور دینے کے ساتھ ان کے بہترین تناسب کو یقینی بنانا ہے۔

بینک کے بورڈ نے 850 ملین پاکستانی روپے کے 85 ملین رائٹ شیئرز، 10 روپے کے حساب سے، ڈائریکٹرز، اسپانسرز اور جنرل ممبرز کو ایشو کرنے کا فیصلہ کیا۔ رواں سال کے دوران سپانسرز نے 350 ملین پاکستانی روپے کا فریش کیپٹل / شیئر ڈیپازٹ منی متعارف کرایا، جس کے نتیجے میں بینک کی ایکویٹی بعد از نقصانات پچھلے سال کے مقابلے میں 387.22 ملین 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۔

### بنیادی خطرات اور غیر یقینی صورت حال:

#### ڈائریکٹرز 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 اور بینک کے سودی پیریڈ کے مابین تعلق، بینک کے مجموعی منافع کے لئے خطرے کا باعث بنے گا۔ ایسٹ اور لاپیٹل کمیٹی (ALCO) کے ذریعے بینک کی شرح سود کے خطرے کی نگرانی کی جاتی ہے، جو وقتاً فوقتاً بینک کے دیئے گئے قرضہ جات، ڈیپازٹ پراڈکٹ کی شرح پر نظر رکھتا ہے اور اس بات کو یقینی بناتا ہے کہ کسٹمر بیس کو برقرار رکھا جا سکے اور شرح سود کے پیریڈ کو زیادہ سے زیادہ بڑھایا جا سکے۔

##### 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۔

##### قابل سٹاف کی برقراری:

انسانی وسائل کی اہمیت عالمی سطح پر تسلیم کی جاتی ہے۔ تاہم مائیکرو فنانس کے شعبے میں مسلسل بڑھتی ہوئی مقابلے بازی کی وجہ سے قابل اور ہنر مند سٹاف 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 نوازتا 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 کاروباری حریفوں کے ہاتھوں اعتماد کھو بیٹھیں گے۔ اس خطرے کا ایک اور پہلو یہ ہے کہ اس کے الیکٹرانک سسٹم میں رکاوٹ کی وجہ سے بینک کو نقصان ہو سکتا ہے۔

# ممبران کے لیے ڈائریکٹرز رپورٹ

اپنا مائیکرو فنانس بینک لمیٹڈ کے ڈائریکٹر انتہائی مسرت کے ساتھ 31 دسمبر 2020ء کو ختم ہونے والے مالی سال کے لئے اپنی رپورٹ بمعہ آڈٹڈ مالیاتی اسٹیٹمنٹس اور اس پر آڈیٹرز رپورٹ پیش کر رہے ہیں۔

## معاشی جائزہ:

کورونا وائرس (COVID-19) کے وبائی مرض سے شدید متاثر ہونے کے بعد اب ملک کی معیشت بہتری کی طرف گامزن ہے۔ حکومت اور اسٹیٹ بینک آف پاکستان کی جانب سے معاشرتی اور اقتصادی دونوں محاذوں پر کئے گئے قابل قبول اقدامات، وائرس کے پھیلاؤ پر قابو پانے اور معاشرتی ترقی کو سہارا دینے میں انتہائی کارآمد ثابت ہوئے ہیں۔ اس کے نتیجہ میں اس سال کی آخری سہ ماہی کے دوران معیشت نے مستحکم بہتری کا اشارہ کیا ہے۔

وبائی مرض کے اثرات کو ختم کرنے کے لئے حکومت نے معاشرتی 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 ہے۔ اسٹیٹ بینک نے سود کی شرح میں سال کے دوران 625 بنیادی پوائنٹس کی کمی کر دی ہے اور 31 دسمبر 2020ء کو پالیسی کی شرح کو 7 فیصد پر لایا گیا ہے، جو 31 دسمبر 2019ء کو 13.25 فیصد تھی۔

بینک نے اپنے قرض داروں کو 26 مارچ 2020ء کے جاری کردہ AC&MFD سرکلر لیٹر نمبر 1 اور (COVID-19) وبائی مرض کے دوران اسٹیٹ بینک کی جاری کردہ ہدایات کے مطابق کریڈٹ کی سہولیات فراہم کی۔ بینک کی انتظامیہ نے ایک کورونا وائرس رسک تشخیصی کمیٹی قائم کی ہے جو صورت حال کا قریب سے جائزہ لے رہی ہے، جو کورونا وائرس (COVID-19) کے بحران کے نتیجہ 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 تعطل خدمات کی فراہمی کی ضمانت دیتے ہوئے اپنے ملازمین کی حفاظت کو یقینی بنانے کے لئے تمام ضروری اقدامات اٹھا رہے ہیں۔

اب ہم ان کوششوں کے حوصلہ افزا نتائج دیکھ رہے ہیں، ملک میں نئے متاثرہ کیسوں کے تناسب میں نمایاں کمی کی وجہ سے لاک ڈاؤن میں نرمی اور معمولات زندگی معمول پر آئے۔ یہ مستقبل کے لئے بہتری کے اشارے ہیں، معمول کے کاروباری عمل کے آغاز کے ساتھ، معیشت بتدریج مستحکم رفتار سے بہتری کی طرف لوٹ آنے کا اشارہ کر رہی ہے، جو کہ تیزی سے ترقی کا باعث بنے گی۔

## پرنسپل سرگرمی، ترقی اور مالی کارکردگی:

اپنا مائیکرو فنانس بینک لمیٹڈ ایک پبلک لمیٹڈ بینک کے طور پر بنا اور اس کے حصص پاکستان سٹاک ایکسچینج پر درج ہیں، بینک کا اہم کاروبار مائیکرو فنانس انسٹیٹیوشنز آرڈیننس 2001ء کے تحت غربت کو کم کرنے کے نظریے سے معاشرے کے غریب اور پسماندہ طبقے کو مائیکرو فنانس بینکنگ سے متعلق خدمات مہیا کرنا ہے۔

سال 31 دسمبر 2020ء کے دوران بینک کی مالیاتی کارکردگی مندرجہ ذیل ہے۔

کوائف	31 دسمبر 2020ء پاکستانی روپے	31 دسمبر 2019ء پاکستانی روپے	%
فراہم کیا گیا کل ایڈوانس	10,119,919,747	8,779,226,353	15.27%
ڈیپازٹس اور دیگر اکاؤنٹس	26,178,886,970	18,317,083,706	42.92%
مارک آپ آمدنی	3,418,310,151	2,899,784,536	17.88%
مارک آپ اخراجات	(1,389,266,881)	(1,209,081,032)	14.90%
انتظامی اخراجات	(2,069,031,144)	(1,794,619,592)	15.29%
منافع بعد از ٹیکس	37,219,106	53,525,058	(30.46%)

★ ..... گزشتہ سال 2019ء کے 53.53 ملین پاکستانی روپے کے منافع کے مقابلے میں اس سال بینک نے بعد از ٹیکس ادائیگی 37.22 ملین پاکستانی روپے کا منافع ظاہر کیا۔ بینک کی ایکوٹی (بعد از نقصانات) 2,259.19 ملین پاکستانی روپے ہے اور 31 دسمبر 2020ء تک بینک کے کل اثاثے 20,543.25 ملین پاکستانی روپے سے بڑھ کر 28,831.39 ملین پاکستانی روپے ہو گئے ہیں۔



# MEETINGS OF THE BOARD

From January 1,2020 to December 31,2020

Name of Directors	Meetings Due	Meetings Attended
Mr. M. A. Shahid	4	4
Mr. Imad Mohammad Tahir	4	4
Mr. Muhammad Saleem Shaikh	4	4
Mr. Muhammad Asghar	4	4
Syed Rahat Ali Shah	4	4
Mr. Javaid Sadiq	4	4
Mr. Abdul Aziz Khan Niazi	4	4

# MEETINGS OF THE AUDIT COMMITTEE

From January 1, 2020 to December 31, 2020

Name of Directors	Meetings Due	Meetings Attended
Mr. Muhammad Saleem Shaikh	4	4
Mr. Muhammad Asghar	4	4
Syed Rahat Ali Shah	4	4
Mr. Imad Mohammad Tahir	4	4
Mr. Abdul Aziz Khan Niazi	4	4

## 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, 2020**

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: 7
  - b) Female: 1
2. The composition of board is as follows:
  - a) Independent Directors: 2 (1 male, 1 Female)
  - b) Other Non-executive Director: 6
  - c) Executive Directors: President/ CEO is a deem Director
  - d) Female Director: 1
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, Ms. Parveen Akhter Malik 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:

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

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 3,6,7,8,27,32,33 and 36 of the regulations have been complied with;

19. Explanation for non-compliance with requirements, other than regulations 3,6,7,8,27,32,33 and 36 are submitted.

**For Apna Microfinance Bank Ltd.**



**Muhammad Akram Shahid**  
Chairman

Date: March 08, 2021  
Lahore



# INDEPENDENT AUDITOR'S **REVIEW REPORT**

To the members of Apna Microfinance Bank Limited

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

We have reviewed the enclosed Statement of Compliance contained in 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, 2020 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 controls 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 recommendations 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 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 eight Directors.

Based on our review, except for the above instance 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, 2020.



Chartered Accountants

**Engagement partner:** Muhammad Ilyas

**Lahore:**

Date: March 08, 2021

# ETHICS AND BUSINESS PRACTICES

**All employees of Apna Microfinance Bank Limited, hereafter called AML, 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 AML, 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.
- Only officially designated spokesperson, as provided under the Bank's Media Policy, may provide comments about the Bank to the media.



# ETHICS AND **BUSINESS PRACTICES**

## **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**

**Lahore**

Date: March 08, 2021

# PATTERN OF SHAREHOLDING

As at 31 December 2020

Number of Shareholders	Shareholding		Total Shares Held
	From	To	
271	1	100	2,538
91	101	500	39,710
26	501	1000	24,740
33	1001	5000	86,270
4	5001	10000	27,170
2	10001	15000	28,759
3	15001	20000	50,184
1	20001	25000	24,000
2	25001	30000	52,175
1	40001	45000	41,500
1	55001	60000	60,000
1	90001	95000	90,422
1	130001	135000	134,992
1	210001	215000	211,833
1	240001	245000	244,000
1	375001	380000	375,939
1	785001	790000	790,000
1	1445001	1450000	1,448,500
1	2995001	3000000	3,000,000
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
454			343,984,962

# CATEGORIES OF SHAREHOLDERS

As at 31 December 2020

Categories of Shareholders	Name	Number of Shares	Percentage %
<b>Directors, Chief Executive Officer their Spouse(s) &amp; Minor Children.</b>			
	Syed Rahat Ali Shah	500	
	Mr. Muhammad Asghar	500	
	Mr. Muhammad Saleem Shaikh	500	
	Mr. Abdul Aziz Khan	500	
	Mr. Javaid Sadiq	500	
	Mr. Mian M. A Shahid	15,324,877	
	Mr. Imad Mohammad Tahir	55,151,688	
	<b>SUB TOTAL</b>	<b>70,479,065</b>	<b>20.49</b>
<b>Associated Companies, Undertaking and Related Parties</b>			
	The United Insurance Company Of Pakistan Ltd	153,073,308	
	United Track System (Pvt) Limited	68,746,573	
	Saudi Pak Insurance Company Limited	8,462,237	
	Tawasul Healthcare Tpa (Private) Limited	5,803,050	
	United Software And Technologies International (Pvt.) Limited	4,775,187	
	Shahida Bilquis	10,000,000	
	<b>SUB TOTAL</b>	<b>250,860,355</b>	<b>72.93</b>
<b>Joint Stock Companies, insurance companies and others</b>			
	Fancy Petroleum Services (Pvt.) Limited	13,000	
	Sarfaz Mehmood (Pvt.) Limited	500	
	Darson Securities (Pvt) Limited	99	
	Pakistan Stock Exchange Limited	59	
	Maple Leaf Capital Limited	1	
	<b>SUB TOTAL</b>	<b>13,659</b>	<b>0.00</b>
<b>General Public - Local</b>			
	General Public - Local	22,631,883	6.58
<b>GRAND TOTAL</b>		<b>343,984,962</b>	<b>100.00</b>

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

For the year ended 31 December 2020

Shareholder's Category	Number of Shareholders	Number of Shares	Percentage %
Directors, Chief Executive Officer their Spouse(s) & Minor Children	7	70,479,065	20.49
Associated Companies, Undertakings & Related Parties.	6	250,860,355	72.93
Joint Stock Companies, Insurance Companies And Others	5	13,659	0.00
General Public	436	22,631,883	6.58
<b>TOTAL</b>	<b>454</b>	<b>343,984,962</b>	<b>100.00</b>

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

For The Year Ended 31 December 2020

Name, Father's Name & Address of Shareholder(s)	Holding	Percentage %
The United Insurance Company Of Pakistan Limited	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**



APNA Agri Loan



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 of the balance sheet as at December 31, 2020, and the profit and loss account, the 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, 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 forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), the Microfinance Institutions Ordinance, 2001, the Prudential Regulations for Microfinance Banks and the directives issued by the Securities & Exchange Commission of Pakistan and the State Bank of Pakistan, 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, 2020, 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 of Rs. 737 million (2019: Rs. 1,387 million) and provision of Rs. 1 million (2019: Rs. 1 million) as per note 1.1.1 and suspended income of Rs. 280 million (2019: Rs. 261 million) of the said portfolio built before November 2016, as per note 11.5 and the resultant deferred tax asset of Rs. 0.398 million (2019: Rs. 0.398 million) as per note 14. Further, we are unable to determine the quantum of non-performing advances, related provision and suspended income and the resultant deferred tax asset 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, 2020.

### 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. In addition to the matter described in the Basis for Qualified Opinion section, we have determined certain matters to be the key audit matters to be communicated in our report.

# INDEPENDENT AUDITORS' REPORT

Following are the Key Audit Matter(s):

S. No	Nature of the Key Audit Matter	How the matter was addressed in our audit
1	<p><b>Investments - Net of Provisions</b></p> <p>Refer to note 10 and the accounting policies in note 7.2 to the financial statements.</p> <p>As at December 31, 2020, the Bank has investments classified as "Held for Trading" and "Held to Maturity" amounting to Rs. 1,704 million which in aggregate represent 6% of the total assets of the Bank.</p> <p>Investments other than Held-for-Trading are initially measured at fair value plus transaction costs associated with such investments. Held-for-Trading investments are initially measured at fair value and transaction costs are expensed out in the profit and loss account. Provision against investment is made based on impairment policy of the Bank which includes both objective and subjective factors.</p> <p>We identified assessing the valuation and classification of investments as a key audit matter because of its significance to the financial statements.</p>	<p>Our procedures in respect of Investments - Net of Provisions, amongst others, included the following:</p> <ul style="list-style-type: none"> <li>• Obtained an understanding of and tested the design and operation effectiveness of the controls relating to the investments;</li> <li>• Checked on sample basis, investments supporting documents, externally quoted market prices and break-up values;</li> <li>• Re-performed the valuation to assess that investments are carried as per the valuation methodology specified in the accounting policies;</li> <li>• Evaluated the Bank's assessment of available for sale 'Held for Trading' and 'Held to Maturity' investments for any addition in accordance with the Bank's accounting policies and performed an independent assessment of the assumptions; and</li> <li>• Considered the adequacy of the Bank's disclosures of investments, to the guidelines laid down by the State Bank of Pakistan regarding forms and disclosures.</li> </ul>



# INDEPENDENT AUDITORS' REPORT

2	<p><b>Net Mark-up / Interest Income after provisions</b></p> <p>The Bank's Net Mark-up / Interest Income after provisions is Rs. 1,959 Million and represents 91.7% of its total revenue recognized for the year.</p> <p>The Bank recognized markup income against advances on a time-based criteria that involves ensuring all markup income on non-performing loans and advances are suspended correctly in accordance with the Prudential Regulations (PRs) issued by the State Bank of Pakistan (SBP).</p> <p>The recognition of markup income against advances based on the above criteria remains a significant area of judgement and evaluation. Because of the significance of the impact of these judgments / evaluations and the materiality of Net Mark-up / Interest Income after provisions relative to the overall profit and loss account of the Bank, we considered the area of Net Mark-up / Interest Income after provisions as a key audit matter.</p>	<ul style="list-style-type: none"> <li>• Our audit procedures to verify mark-up income against advances, amongst others, included the following:</li> </ul> <p>We reviewed the design and tested operating effectiveness of key controls established by the Bank to recognize and for determining the extent of suspended income against non-performing loans and advances.</p> <p>The testing of controls included:</p> <ul style="list-style-type: none"> <li>• Obtained an understanding of and testing the design and operation effectiveness of the controls relating to the Net Mark-up / Interest Income;</li> <li>• Obtained an understanding of Automated (IT system based) controls over classification of non-performing advances on time-based criteria and correct recognition of mark-up on loans and advances;</li> <li>• Obtained an understanding of controls over accurate computation and recording of markup.</li> </ul> <p>We performed the following substantive procedures for sample loan accounts:</p> <ul style="list-style-type: none"> <li>• Verified repayments of loans &amp; advances / mark-up installments and recalculated the mark-up earned on sample basis;</li> <li>• Ensured that Mark-up is recognized as per the Prudential Regulations (PRs) and directives issued by SBP.</li> <li>• In addition to the above, on a sample basis, we also reviewed the minutes of the meetings of credit and audit committee to identify risky exposures.</li> </ul>
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## Information Other than the Financial Statements and Auditors' 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.

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 made available to us till the date of this report 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.

# INDEPENDENT AUDITORS' REPORT

## 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 the Microfinance Institutions Ordinance, 2001, the Companies Act, 2017 (XIX of 2017) and the directives issued by the Securities & Exchange Commission of Pakistan and the State Bank of Pakistan 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 the 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.
- 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.

# INDEPENDENT AUDITORS' REPORT

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, subject to the forgoing, in our opinion:

- a) proper books of account have been kept by the Bank as required by the Companies Act, 2017 (XIX of 2017) and the Microfinance Institutions Ordinance, 2001;
- b) 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 (XIX of 2017), the Microfinance Institutions Ordinance, 2001 and the directives issued by the Securities & Exchange Commission of Pakistan and the State Bank of Pakistan and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Bank's business; and
- d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 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**.



Chartered Accountants

**Lahore:**

Date: March 08, 2021

# BALANCE SHEET

As at 31 December 2020

	Note	2020 Rupees	2019 Rupees
<b>ASSETS</b>			
Cash and Balances with SBP and NBP	8	2,394,744,268	1,342,224,336
Balances with other Banks / NBFIs / MFBs	9	9,505,025,520	5,464,027,515
Lending to Financial Institutions		-	-
Investments - Net of Provisions	10	1,704,020,909	1,045,912,390
Advances - Net of Provisions	11	10,119,919,747	8,779,226,353
Operating Fixed Assets	12	985,452,512	927,788,157
Other Assets	13	3,592,473,029	2,486,413,916
Deferred Tax Asset	14	529,751,497	497,660,859
<b>Total Assets</b>		<b>28,831,387,482</b>	<b>20,543,253,526</b>
<b>LIABILITIES</b>			
Deposits and other accounts	15	26,178,886,970	18,317,083,706
Borrowings	16	3,466,749	6,597,519
Subordinated Debt		-	-
Other Liabilities	17	389,785,806	345,245,310
Deferred Tax Liabilities		-	-
<b>Total Liabilities</b>		<b>26,572,139,525</b>	<b>18,668,926,535</b>
<b>NET ASSETS</b>		<b>2,259,247,957</b>	<b>1,874,326,991</b>
<b>REPRESENTED BY:</b>			
Share capital	18	3,439,849,620	3,439,849,620
Discount on issue of shares		(1,335,963,831)	(1,335,963,831)
Share deposit money	19	1,046,215,185	696,215,185
Statutory reserve		30,080,706	22,636,885
Depositors' protection fund		7,520,177	5,659,222
Unappropriated loss		(928,515,946)	(956,430,276)
		<b>2,259,185,911</b>	<b>1,871,966,805</b>
Surplus / (Deficit) on Revaluation of Assets		-	-
Deferred Grants	20	62,046	2,360,186
<b>Total Capital</b>		<b>2,259,247,957</b>	<b>1,874,326,991</b>
<b>MEMORANDUM/OFF-BALANCE SHEET ITEMS</b>	21	-	-

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



President / CEO



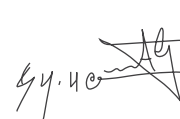
Chief Financial Officer



Chairman



Director



Director



# PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2020

	Note	2020 Rupees	2019 Rupees
Mark-up / Return / Interest Earned	22	3,418,310,151	2,899,784,536
Mark-up / Return / Interest Expensed	23	(1,389,266,881)	(1,209,081,032)
Net Mark-up / Interest Income		2,029,043,270	1,690,703,504
Provision against non-performing loans and advances	11.3	(91,990,273)	(293,568,067)
Provision for diminution in the value of investments		-	-
Recovery against bad debts written off		21,591,651	692,048
Bad debts written off directly		-	-
		(70,398,622)	(292,876,019)
Net Mark-up / Interest Income after provisions		1,958,644,648	1,397,827,485
<b>NON MARK-UP/NON INTEREST INCOME</b>			
Fee, Commission and Brokerage Income		82,409,656	120,003,072
Dividend Income		-	-
Other Income	24	94,719,815	369,252,276
Total non mark-up / Non interest income		177,129,471	489,255,348
		2,135,774,119	1,887,082,833
<b>NON MARK-UP/NON INTEREST EXPENSES</b>			
Administrative expenses	25	(2,069,031,144)	(1,794,619,592)
Other provisions / write offs / adjustment		-	-
Other charges	26	(8,875,068)	(3,118,794)
Total non mark-up / Non interest expenses		(2,077,906,212)	(1,797,738,386)
		57,867,907	89,344,447
Extra ordinary / unusual items		-	-
<b>PROFIT BEFORE TAXATION</b>		57,867,907	89,344,447
Taxation -Current	27	(52,739,439)	(45,296,814)
-Prior years		-	-
-Deferred		32,090,638	9,477,425
		(20,648,801)	(35,819,389)
<b>PROFIT AFTER TAXATION</b>		37,219,106	53,525,058
Unappropriated loss brought forward		(956,430,276)	(996,574,069)
(Loss) / Profit available for appropriation		(919,211,170)	(943,049,011)
<b>APPROPRIATIONS:</b>			
Transfer to:			
Statutory Reserve		(7,443,821)	(10,705,012)
Capital Reserve		-	-
Contribution to MSDF / DPF / RMF		(1,860,955)	(2,676,253)
Revenue Reserve		-	-
Proposed cash dividend Rs. Nil per share (2019: Rs. Nil per share)		-	-
Others		-	-
		(9,304,776)	(13,381,265)
<b>Unappropriated Loss carried forward</b>		(928,515,946)	(956,430,276)
<b>Earnings per share-Basic</b>	28.1	0.11	0.17
<b>Earnings per share -Diluted</b>	28.2	0.11	0.17

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 2020

	2020 Rupees	2019 Rupees
<b>PROFIT AFTER TAXATION</b>	37,219,106	53,525,058
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	-	-
	-	-
<b>Comprehensive income transferred to equity</b>	37,219,106	53,525,058
<b>Components of comprehensive income / (loss) not reflected in equity:</b>		
Net change in fair value of available-for-sale investments	-	-
<b>Total comprehensive income for the year</b>	37,219,106	53,525,058

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



President / CEO



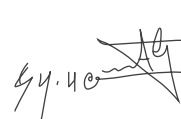
Chief Financial Officer



Chairman



Director



Director

# CASH FLOW STATEMENT

For the year ended 31 December 2020

	Note	2020 Rupees	2019 Rupees
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Profit before taxation		57,867,907	89,344,447
<b>Adjustments for non-cash charges</b>			
Depreciation		102,847,147	88,474,202
Amortization of intangibles		9,706,984	4,315,710
Amortization of deferred grants		(2,298,140)	(2,966,766)
Provision against non-performing advances		91,990,273	293,568,067
Gain on disposal of fixed asset		(150,000)	(166,910)
		202,096,264	383,224,303
<b>Operating cash flow before working capital changes</b>		259,964,171	472,568,750
<b>Changes in working capital</b>			
<b>(Increase) / Decrease in operating assets</b>			
Advances		(1,432,683,667)	(260,053,426)
Other assets		(1,057,518,943)	(384,780,440)
Held for trading securities		51,999,283	(51,999,283)
		(2,438,203,327)	(696,833,149)
<b>Increase / (Decrease) in operating liabilities</b>			
Deposits		7,861,803,264	2,450,752,964
Other Liabilities		44,540,496	71,644,270
		7,906,343,760	2,522,397,234
Income tax paid		(101,279,609)	(63,106,775)
<b>Net cash flow from operating activities</b>		5,626,824,995	2,235,026,060
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Net investments in held to maturity securities		(710,107,802)	(109,443,727)
Investments in operating fixed assets		(68,566,732)	(147,444,659)
Investments in intangible assets		(101,651,754)	(17,262,100)
Sale proceeds from disposal of operating fixed assets		150,000	1,678,700
<b>Net cash used in investing activities</b>		(880,176,288)	(272,471,786)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Net increase in Share deposit money		350,000,000	350,022,611
Re-payments of demand finance		(3,130,770)	(2,771,540)
<b>Net cash flow from financing activities</b>		346,869,230	347,251,071
Increase in cash and cash equivalents during the year		5,093,517,937	2,309,805,345
<b>Cash and cash equivalents at the beginning of the year</b>		6,806,251,851	4,496,446,506
<b>Cash and cash equivalents at the end of the year</b>	29	11,899,769,788	6,806,251,851

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




President / CEO



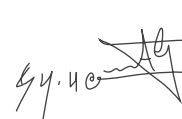
Chief Financial Officer



Chairman



Director



Director

# STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2020

	Share Capital	Discount On Issue Of Shares	Share Deposit Money	Statutory Reserve	Depositors' Protection Fund	Unappropriated Loss	Total
<b>Balance as at January 01, 2019</b>							
<b>Comprehensive income for the year</b>	2,500,000,000	(950,000,000)	900,078,363	11,931,873	2,982,969	(996,574,069)	1,468,419,136
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)	-	-	-	-	-	-	-
<b>Total comprehensive income for the year</b>	-	-	-	10,705,012	2,676,253	40,143,793	53,525,058
<b>Transactions with owners directly recorded in equity</b>							
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)
<b>Balance as at December 31, 2019</b>	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
<b>Comprehensive income for the year</b>							
Profit after taxation	-	-	-	-	-	37,219,106	37,219,106
Transfer to statutory reserves	-	-	-	7,443,821	-	(7,443,821)	-
Transfer to depositors protection fund	-	-	-	-	1,860,955	(1,860,955)	-
Other comprehensive income / (loss)	-	-	-	-	-	-	-
<b>Total comprehensive income for the year</b>	-	-	-	7,443,821	1,860,955	27,914,330	37,219,106
<b>Transactions with owners directly recorded in equity</b>							
Share deposit money received during the year	-	-	350,000,000	-	-	-	350,000,000
Shares issued against share deposit money	-	-	-	-	-	-	-
Discount on issue of shares	-	-	-	-	-	-	-
<b>Balance as at December 31, 2020</b>	3,439,849,620	(1,335,963,831)	1,046,215,185	30,080,706	7,520,177	(928,515,946)	2,259,185,911

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



President / CEO



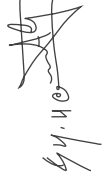
Chief Financial Officer



Chairman



Director



Director



# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 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 121 business locations comprising of 116 branches and 5 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 9,755 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 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 - 2020			December - 2019		
	Term Finance	Running Finance	Total Portfolio	Term Finance	Running Finance	Total Portfolio
	Rs. In Million			Rs. In Million		
<b>Loan portfolio built before November-2016</b>						
Micro credits	13	737	750	15	1,387	1,402
<b>Less: Provision held</b>						
- Specific	2	1	3	2	1	3
- General	-	85	85	-	96	96
	2	86	88	2	97	99
	11	651	662	13	1,290	1,303
<b>Loan portfolio built from June-2017</b>						
Micro credits	2,814	6,941	9,755	2,817	4,853	7,670
<b>Less: Provision held</b>						
- Specific	136	78	214	91	31	122
- General	27	56	83	27	45	72
	163	134	297	118	76	194
	2,651	6,807	9,458	2,699	4,777	7,476
Advances - Net of provisions	2,662	7,458	10,120	2,712	6,067	8,779

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

- (b) 'During the year 2020, sponsors of the Bank have injected fresh share deposit money of Rs. 350 million (2019: Rs. 350 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, 2020 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, 2020. 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 Financial Reporting Standard (IFRS) 9, 'Financial Instruments' through BPRD Circular No. 04 of 2019 dated October 23, 2019 and 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, 2020 and, therefore, have been applied in preparing these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

		Effective Date (annual period beginning on or after)
	Amendments to Conceptual Framework	1-Jan-20
IFRS 3	Business Combinations - Amendments to clarify the definition of a business.	1-Jan-20
IFRS 7	Financial Instruments - Amendments regarding pre-replacement issues in the context of the IBOR reform.	1-Jan-20
IFRS 9	Financial Instruments Amendments regarding pre-replacement issues in the context of the IBOR reform.	1-Jan-20
IFRS 14	Regulatory Deferral Accounts.	1-Jul-19
IFRS 16	Leases - Amendment to provide lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification.	1-Jun-20
IAS 1	Presentation of Financial Statements - Amendments regarding the definition of material.	1-Jan-20
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors - Amendments regarding the definition of material.	1-Jan-20
IAS 39	Financial Instruments: Recognition and Measurement - Amendments regarding pre-replacement issues in the context of the IBOR reform.	1-Jan-20

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, 2020 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)
IFRS 3	Business Combinations - Amendments updating a reference to the Conceptual Framework.	1-Jan-22
IFRS 4	Insurance Contracts - Amendments regarding the expiry date of the deferral approach.	1-Jan-23
IFRS 4	Insurance Contracts - Amendments regarding replacement issues in the context of the IBOR reform.	1-Jan-21
IFRS 7	Financial Instruments - Amendments regarding replacement issues in the context of the IBOR reform.	1-Jan-21
IFRS 9	Financial Instruments - Amendments resulting from Annual Improvements to IFRS Standards 2018-2020 (fees in the '10 per cent' test for derecognition of financial liabilities).	1-Jan-22

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

		Effective Date (annual period beginning on or after)
IFRS 9	Financial Instruments Amendments regarding replacement issues in the context of the IBOR reform.	1-Jan-21
IFRS 16	Covid-19-Related Rent Concessions - Amendment to IFRS 16.	1-Jun-21
IFRS 16	Leases - Amendments regarding replacement issues in the context of the IBOR reform.	1-Jan-21
IFRS 17	Insurance Contracts - Amendments to address concerns and implementation challenges that were identified after IFRS 17 was published (includes a deferral of the effective date to annual periods beginning on or after 1 January 2023).	1-Jan-23
IAS 1	Presentation of Financial Statements - Amendments regarding the classification of liabilities.	1-Jan-23
IAS 1	Presentation of Financial Statements - Amendment to defer the effective date of the January 2020 amendments.	1-Jan-23
IAS 16	Property, Plant and Equipment - Amendments prohibiting a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use.	1-Jan-22
IAS 37	Provisions, Contingent Liabilities and Contingent Assets - Amendments regarding the costs to include when assessing whether a contract is onerous.	1-Jan-22
IAS 39	Financial Instruments: Recognition and Measurement - Amendments regarding pre-replacement issues in the context of the IBOR reform.	1-Jan-21

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

		Effective Date (annual period beginning on or after)
IFRS 1	Amendments resulting from Annual Improvements to IFRS Standards 2018–2020 (subsidiary as a first-time adopter).	1-Jan-22
IFRS 17	Insurance Contracts	1-Jan-23

## 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, 2020.

'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.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

## 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 grants (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.

### 7.1 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.

### 7.2 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.



# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

## 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.

## 7.3 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.

## 7.4 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 for the full month of purchase/acquisition/availability for use of an asset 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.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

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.

## IFRS 16 - Leases

**Right of use asset:** The Company assesses whether a contract is or contains a lease at the inception of the contract. The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises 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 and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

Where the Company determines that the lease term of identified lease contracts is short term in nature i.e. with a lease term of twelve months or less at the commencement date, right of use assets is not recognized and payments made in respect of these leases are expensed in the statement of profit or loss.

**Lease liability:** The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments in the measurement of the lease liability comprise the following:

- a) fixed payments, including in-substance fixed payments;
- b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- c) amounts expected to be payable under a residual value guarantee; and
- d) the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and the penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right of use asset, or is recorded in profit or loss if the carrying amount of the right of use asset has been reduced to zero.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

Variable lease payments are recognised in the profit or loss in the period in which the condition that triggers those payments occurs.

**Determining whether an arrangement contains a lease:** At inception of an arrangement, the Company determines whether the arrangement is or contains a lease. At inception or on reassessment of an arrangement that contains a lease, the Company separates payments and other consideration required by the arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Company concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset; subsequently, the liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the Company's incremental borrowing rate.

**Lease assets:** Leases of property, plant and equipment that transfer to the Company substantially all of the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to that asset.

**Lease payments:** Payments made over operating leases are recognised in profit and loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

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 and loss.

## 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.

## 7.5 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 2020

## **7.6 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.

## **7.7 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.

## **7.8 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.

## **7.9 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.

## **7.10 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 2020

## 7.11 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.

## 7.12 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.

## 7.13 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.

## 7.14 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.

## 7.15 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 2020

## 7.16 Deposits

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

## 7.17 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.

## 7.18 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.

## 7.19 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.

## 7.20 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.

## 7.21 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 2020

	Note	2020 Rupees	2019 Rupees
<b>8 CASH AND BALANCES WITH SBP AND NBP</b>			
Cash in hand - local currency		517,224,946	461,769,843
Balance with State Bank of Pakistan	8.1	1,765,367,577	694,606,155
Balance with National Bank of Pakistan in:			
- Current Account		92,258,987	160,691,770
- Deposit Account	8.2	19,892,758	25,156,568
		2,394,744,268	1,342,224,336

**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 5.50% per annum (2019: 11.25%).

	Note	2020 Rupees	2019 Rupees
<b>9 BALANCES WITH OTHER BANKS/NBFIs/MFBs</b>			
In Pakistan			
- In current accounts		31,032,785	43,991,546
- In deposit accounts	9.1	3,273,992,735	2,620,035,969
- Certificates of deposits	9.2	6,200,000,000	2,800,000,000
		9,505,025,520	5,464,027,515

**9.1** These carry mark-up rates ranging from 5.50% to 8.50% per annum (2019: 11.25% to 14.35% per annum).

**9.2** These represent placement with different financial institutions carrying mark-up ranging from 8.25% to 14.50% per annum (2019: 14.50% to 15.00% per annum). Their maturity ranges from three months to one year from the date of placement.

	Note	2020 Rupees	2019 Rupees
<b>10 INVESTMENTS - NET OF PROVISIONS</b>			
<b>Federal Govt. Securities:</b>			
- Market Treasury Bills - (Held to maturity)	10.1	1,604,080,909	893,953,107
Silk Bank Limited - Term Finance Certificate (TFC's) - (Held to maturity)	10.2	99,940,000	99,960,000
Mutual Fund - Alfalah GHP Money Market Fund - Nil units (2019: 529,898 units) - (Held for trading)		-	51,999,283
		1,704,020,909	1,045,912,390

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

- 10.1** This represents T-Bills issued for periods of three to twelve months having maturities ranging from January 14, 2021 to April 22, 2021. These carry yields ranging from 7.10% to 7.15% per annum (2019: 12.97% to 13.40% per annum). These securities have an aggregate face value of Rs. 1,627 million. (2019: Rs. 900 million).
- 10.2** 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 (2019: 6 months KIBOR plus 1.85% per annum).

	Note	2020		2019	
		No. of Loans Outstanding	Rupees	No. of Loans Outstanding	Rupees
<b>11 ADVANCES - NET OF PROVISIONS</b>					
Micro credits	11.1	117,973	10,504,573,516	107,843	9,071,889,849
Less: Provision held:					
- Specific	11.2	3,905	217,095,021	2,987	125,104,748
- General	11.3		167,558,748		167,558,748
			384,653,769		292,663,496
<b>Advances - Net Of Provisions</b>			<b>10,119,919,747</b>		<b>8,779,226,353</b>

- 11.1** All advances are secured by personal guarantees including gold loans amounting to Rs. 1,272.63 million (2019: Rs. 306.11 million).

**11.2 Particulars of non-performing advances**

Advances include Rs. 486.04 million (2019: Rs. 486.62 million) which have been placed under non performing status as detailed below:

Category of Classification	2020			2019		
	Principal Amount Outstanding	Provision Required	Provision Held	Principal Amount Outstanding	Provision Required	Provision Held
	-----Rupees-----			-----Rupees-----		
OAEM	206,014,916	-	-	69,749,555	-	-
Sub-standard	7,413,485	1,841,864	1,841,864	93,911,048	16,611,471	16,611,471
Doubtful	93,656,255	46,700,788	46,700,788	200,980,930	69,930,167	69,930,167
Loss	178,958,827	168,552,369	168,552,369	121,987,396	38,563,110	38,563,110
	<b>486,043,483</b>	<b>217,095,021</b>	<b>217,095,021</b>	<b>486,628,929</b>	<b>125,104,748</b>	<b>125,104,748</b>

**11.3 Particulars of provision against non-performing advances**

	2020			2019		
	Specific	General	Total	Specific	General	Total
	-----Rupees-----			-----Rupees-----		
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 year	91,990,273	-	91,990,273	290,568,067	3,000,000	293,568,067
Amount written off	-	-	-	(1,275,299,682)	-	(1,275,299,682)
Closing balance	<b>217,095,021</b>	<b>167,558,748</b>	<b>384,653,769</b>	<b>125,104,748</b>	<b>167,558,748</b>	<b>292,663,496</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

## 11.3.1 Particulars of write offs:

	2020 Rupees	2019 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. 390 million (2019: Rs. 339 million) of which suspended income pertaining to running finance portfolio built prior to November, 2016 is Rs. 280 million (2019: Rs. 261 million).

	Note	2020 Rupees	2019 Rupees
<b>12 OPERATING FIXED ASSETS</b>			
Capital work in progress	12.1	40,795,441	40,642,212
Property and equipment	12.2	815,905,337	850,338,981
Intangible assets	12.3	128,751,734	36,806,964
		985,452,512	927,788,157

## 12.1 Advances to suppliers and contractors

Particulars	Leasehold improve- ments	Furniture and fixtures	Electricity and office equipment	Computer hardware & peripheral	Total
-----Rupees-----					
Balance as on January 01, 2020	34,609,732	261,150	294,852	5,476,478	40,642,212
Addition during the year	13,616,882	-	-	-	13,616,882
Transfer to fixed assets	(7,431,173)	(261,150)	(294,852)	(5,476,478)	(13,463,653)
Balance as on December 31, 2020	40,795,441	-	-	-	40,795,441

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

## 12.2 Property and equipment

2020	Cost			Rate (%)	Depreciation			Written down value as at 31 December 2020		
Particulars	As at 01 January 2020	Additions	(Deletions)		As at 31 December 2020	Charge for the year	(Adjustments)		As at 31 December 2020	
-----Rupees-----										
Leasehold improvements	449,783,174	16,739,957	-	466,523,131	5	74,656,032	22,626,422	-	97,282,454	369,240,677
Furniture and fixtures	162,915,185	5,480,794	-	168,395,979	10	41,296,759	14,904,306	-	56,201,065	112,194,914
Electricity and office equipment	288,794,512	17,856,043	-	306,650,555	10-20	96,419,049	26,635,949	-	123,054,998	183,595,557
Computer hardware and peripheral	121,478,259	26,443,079	-	147,921,338	20-30	68,923,631	21,763,994	-	90,687,625	57,233,713
Motor vehicles	151,480,464	1,893,630	(663,605)	152,710,489	20	42,817,142	16,916,476	(663,605)	59,070,013	93,640,476
Total	1,174,451,594	68,413,503	(663,605)	1,242,201,492		324,112,613	102,847,147	(663,605)	426,296,155	815,905,337

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	-	449,783,174	5	21,124,972	-	74,656,032
Furniture and fixtures	122,550,308	40,364,877	-	162,915,185	10	11,301,122	-	41,296,759
Electricity and office equipment	273,378,826	15,415,686	-	288,794,512	10-20	24,602,010	-	96,419,049
Computer hardware and peripheral	101,939,705	19,538,554	-	121,478,259	20-30	17,392,996	-	68,923,631
Motor vehicles	83,112,720	70,370,244	(2,002,500)	151,480,464	20	14,053,102	(490,710)	42,817,142
Total	993,816,324	182,637,770	(2,002,500)	1,174,451,594		88,474,202	(490,710)	324,112,613
								850,338,981

**12.2.1** Property and equipment includes assets costing Rs. 28.837 million (2019: Rs. 26.488 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 (2019: Rs. 17.85 million). The hypothecation charge has been created under a hire purchase agreement with Soneri Bank Ltd.

**12.2.3** Addition in Leasehold improvements, Furniture and fixtures, Electricity and office equipment and Computer hardware and peripheral includes amount of Rs. 7.43 million, Rs. 0.26 million, Rs. 0.29 million and Rs. 5.48 million respectively transferred from capital work in progress.

**12.2.4** 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:



# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

2020							
Particulars	Cost	Accumulated Depreciation	Written down value	Sales Proceeds	Gain on Disposal of Fixed Asset	Mode of disposal	Particulars of Buyer
Rupees-----							
Motor vehicles	663,605	(663,605)	-	150,000	150,000	Negotiation	Mr. Shehzad Yousaf
Total	663,605	(663,605)	-	150,000	150,000		

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

## 12.3 Intangible assets

2020		Cost		Rate (%)	Amortization			Written down value as at 31 December 2020
Particulars	As at 01 January 2020	Additions	(Deletions)		As at 01 January 2020	Charge for the year	(Adjustments)	
Computer software	91,105,449	101,651,754	-	10-25	54,298,485	9,706,984	-	128,751,734

2019		Cost		Rate (%)	Amortization			Written down value as at 31 December 2019
Particulars	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	-	10-25	49,982,775	4,315,710	-	36,806,964

**12.3.1** Intangibles include assets costing Rs. 35.685 million (2019: Rs. 35.465 million) which are fully amortized and still in use.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

	Note	2020 Rupees	2019 Rupees
<b>13 OTHER ASSETS</b>			
Income / Mark-up Accrued		2,606,732,804	1,490,791,015
Advances to Staff	13.1	145,409,984	127,641,630
Advances and Prepayments		256,200,704	310,518,676
Advance Income Tax - Net of Provision		101,537,521	52,997,351
Security Deposits		37,761,920	38,561,920
Inter Banks ATM Settlement Account		2,457,707	31,097,089
Insurance Claims Receivable	13.2	442,372,389	434,806,235
		3,592,473,029	2,486,413,916

**13.1** Advances to staff are granted to the eligible employees of the Bank as per markup rates and the ceiling limits as per prescribed under the HR policy of the Bank.

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

	Note	2020 Rupees	2019 Rupees
<b>14 DEFERRED TAX ASSET</b>			
Deferred tax asset - Opening balance		497,660,859	488,183,434
Recognized in the profit and loss account - net		32,090,638	9,477,425
	14.1	529,751,497	497,660,859

	Note	2020 Rupees	2019 Rupees
<b>14.1 Components of deferred tax</b>			
<b>Taxable temporary differences in respect of</b>			
Accelerated tax depreciation		(234,218,168)	(246,863,515)
<b>Deductible temporary differences in respect of</b>			
Provision against advances	14.2	383,278,141	291,287,868
Unabsorbed losses		1,098,834,169	1,266,091,784
<b>Net deductible temporary difference</b>		1,247,894,142	1,310,516,137
Deferred tax asset on net temporary differences		361,889,301	380,049,680
Minimum tax available for carry forward		167,862,196	117,611,179
<b>Net asset as at December 31</b>		529,751,497	497,660,859

**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 2020

	Note	2020		2019	
		No. of accounts	Rupees	No. of accounts	Rupees
<b>15 DEPOSITS AND OTHER ACCOUNTS</b>					
Time liabilities					
Fixed deposits (Deals)	15.1	7,350	6,141,735,917	8,372	6,507,523,120
Demand liabilities					
Saving deposits	15.2	28,445	12,744,083,910	31,962	7,951,669,125
Current deposits		360,796	7,293,067,143	350,237	3,857,891,461
		389,241	20,037,151,053	382,199	11,809,560,586
	15.3	396,591	26,178,886,970	390,571	18,317,083,706

**15.1** These represent deposits received from customers ranging from 1 month to 5 years. These carry interest rates ranging from 4.75% to 15.5% per annum (2019: 5.6% to 15.5% per annum).

**15.2** These carry interest rates ranging from 3% to 7.75% per annum (2019: 4% to 11% per annum).

15.3 Particulars of deposits by ownership		2020		2019	
		No. of accounts	Rupees	No. of accounts	Rupees
Individual Depositors		395,863	19,917,821,549	390,142	14,829,400,647
Institutional Depositors					
- Corporations / Firms		713	5,871,825,004	411	3,285,223,519
- Banks & Financial Institutions		15	389,240,417	18	202,459,540
		728	6,261,065,421	429	3,487,683,059
		396,591	26,178,886,970	390,571	18,317,083,706

	Note	2020 Rupees	2019 Rupees
<b>16 BORROWINGS</b>			
Borrowings from Banks/Financial Institutions in Pakistan			
Demand Finance	16.1	3,466,749	6,597,519

**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.

		2020 Rupees	2019 Rupees
<b>17 OTHER LIABILITIES</b>			
Mark-up / Return / Interest payable		246,212,071	258,235,714
Bills Payable		86,349,839	49,800,445
Accrued expenses		158,343	338,343
Others		57,065,553	36,870,808
		389,785,806	345,245,310

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

## 18 SHARE CAPITAL

### 18.1 Authorized Capital

2020 No. of Shares	2019 No. of Shares		2020 Rupees	2019 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

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

### 18.3 Reconciliation of issued, subscribed and paid-up capital

2020 No. of Shares	2019 No. of Shares		2020 Rupees	2019 Rupees
343,984,962	250,000,000		3,439,849,620	2,500,000,000
-	93,984,962	Right shares issued during the year at discount	-	939,849,620
343,984,962	343,984,962		3,439,849,620	3,439,849,620

	Note	2020 Rupees	2019 Rupees
<b>19 SHARE DEPOSIT MONEY</b>			
Share deposit money	19.1	1,046,215,185	696,215,185

**19.1** This share deposit money shall be used against the issue of right shares subject to the approval of competent authority. Further, the Bank is in the process of issuing the Right Shares.

**19.2** During the year the Bank has received share deposit money of Rs. 350 million from the United Insurance Company of Pakistan Limited, which is the related party of the Bank.

## 20 DEFERRED GRANTS

	Note	2020 Rupees	2019 Rupees
Financial Innovation Challenge Fund (FICF)	20.1	62,046	2,360,186
<b>20.1 Financial Innovation Challenge Fund (FICF)</b>			
Balance as at January 01		2,360,186	5,326,952
Less: Amortization of deferred grants		(2,298,140)	(2,966,766)
	20.1.1	62,046	2,360,186

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

**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.

## 21 MEMORANDUM / OFF- BALANCE SHEET ITEMS

### 21.1 Contingencies:

- a) Proceedings for Financial Years (FY) 2016, 2017, and 2018 were initiated by Additional Commissioner (Enforcement-IV) of Punjab Revenue Authority ['PRA'] regarding alleged inadmissible input tax credit claimed without apportionment a same between taxable and non-taxable service. The Bank responded to the notices as per the Bank contention. The said commissioner passed impugned orders for relevant financial years by raising unjustified demand in respect of disallowed input tax. Being aggrieved from the said orders, the Bank filed appeal against the orders in Commissioner (Appeals) of PRA. The hearing is still pending before Commissioner Appeal.
- b) Proceedings, as per provisions of Punjab Sales Tax on Services (Withholding) Rules, 2015 for tax period January to December, 2016 for non-deduction of Punjab Sales Tax, were initiated by The Additional Commissioner, Enforcement-II, PRA. Recovery notice was issued from the same office indicating that order had been passed by the Commissioner HQ, PRA wherein the impugned demand was raised on account of alleged default of withholding of Punjab Sales Tax on Services against which the bank filed appeal in Honorable Appellate Tribunal. The said tribunal grant a stay against the recovery till the disposal of the appeal.
- c) A show cause notice was issued to bank by Assistant Commissioner (Unit-09) of Sindh Revenue Board ['SRB'] in which the bank was confronted that it has claimed inadmissible input tax credit during the tax periods from January 2012 to December 2015 in terms applicable Sindh Sales Tax Act 2011. Further, it is also alleged that the Bank has short deducted / not deducted of sales tax on services. The proceedings are held from time to time during the year but not finalized so far.
- d) Proceedings, under Rule 44(4) of the Income Tax Rules, 2002 for the FY 2014, 2015 and 2018 were initiated by the Assistant Commissioner Inland Revenue (ACIR), Large Taxpayer Unit, Karachi. For FY 2014 and FY 2015, the Bank had complied the aforesaid proceedings by submitting all the required reconciliations. There has been no further correspondence till date. For FY 2018, compliance of the proceeding is in progress and required reconciliations are submitted from time to time.
- e) The tax audit proceedings under Section 177 of the Income Tax Ordinance, 2001 for FY 2014 were initiated by the Deputy Commissioner Inland Revenue (DCIR), Audit Unit-3, Large Taxpayer Unit, Karachi. The Bank had complied the proceedings by providing all the required data/ information along with supporting documents etc. There has been no further correspondence till date in this regard.

In respect of above tax cases, based upon advise of its tax consultants, management expects favorable outcomes and is confident that significant outflow of economic resources will not be required, as a result of final decisions. Except as stated above, there is no other significant matter required to be disclosed.



# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

	Note	2020 Rupees	2019 Rupees
<b>21.2 Commitments:</b>			
Bank Guarantee	21.2.1	-	924,298

**21.2.1** The bank guarantees issued by the Bank have been expired during the year and there is no clean guarantee that is required to be disclosed at the year end.

	2020 Rupees	2019 Rupees
<b>22 MARK-UP / RETURN / INTEREST EARNED</b>		
Mark-up on Loans and Advances	2,667,261,205	2,372,740,445
Mark-up on Deposit Accounts	651,410,366	429,847,071
Mark-up on Investments in Government Securities	99,638,580	97,197,020
	3,418,310,151	2,899,784,536

	2020 Rupees	2019 Rupees
<b>23 MARK-UP / RETURN / INTEREST EXPENSED</b>		
Deposits	1,388,639,949	1,207,980,792
Borrowings	626,932	1,100,240
	1,389,266,881	1,209,081,032

	Note	2020 Rupees	2019 Rupees
<b>24 OTHER INCOME</b>			
Amortization of deferred grants		2,298,140	2,966,766
Insurance claim against defaulted loans	24.1	57,566,154	326,925,755
Gain on disposal of fixed assets		150,000	166,910
Cheque book charges		8,303,774	10,076,249
Others	24.2	26,401,747	29,116,596
		94,719,815	369,252,276

**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, locker charges etc.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

	Note	2020 Rupees	2019 Rupees
<b>25 ADMINISTRATIVE EXPENSES</b>			
Salaries, allowances, etc.		1,288,416,243	1,108,528,635
Training / capacity building		970,838	1,444,284
Contribution to defined contribution plan		21,829,521	18,867,958
Rent, taxes, insurance, electricity, etc.		316,691,234	281,749,740
Communication		40,563,192	44,366,208
Legal and professional charges		7,841,152	8,440,472
Security charges		109,899,225	101,134,658
Traveling		16,199,768	18,728,185
Fees and subscription		25,139,085	15,697,579
Fueling expense		25,452,855	28,610,130
Repair and maintenance		25,587,791	17,769,030
Stationery and printing		26,856,416	17,249,738
Advertisement and publicity		5,443,444	3,416,384
Auditors' remuneration	25.1	4,115,000	3,842,500
Depreciation	12.2	102,847,147	88,474,202
Amortization of intangibles	12.3	9,706,984	4,315,710
Entertainment		23,135,785	15,000,401
Credit verification expenses		7,643,879	14,895,832
Others		10,691,585	2,087,946
		2,069,031,144	1,794,619,592
<b>25.1 Auditors' Remuneration</b>			
Annual audit fee and report on CCG compliance		2,992,500	2,400,000
Half yearly review		440,000	440,000
Other certifications fee		157,500	562,500
Out of pocket expenses		525,000	440,000
		4,115,000	3,842,500
	Note	2020 Rupees	2019 Rupees
<b>26 OTHER CHARGES</b>			
Penalties imposed by the State Bank of Pakistan	26.1	5,236,000	2,552,000
Financial charges		3,639,068	566,794
		8,875,068	3,118,794

**26.1** This represent penalties imposed by State Bank of Pakistan (SBP) against violations of AML/CFT Regulations and other directives issued by SBP.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

## 27 TAXATION

### 27.1 Current Tax

The Bank has carried forward tax losses of Rs.1,098.83 million (2019: Rs. 1,266.09 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. 52.739 million (2019: Rs. 45.297 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.

### 27.2 Deferred Tax

The Bank has recognized deferred tax asset amounting to Rs.529.8 million (2019: Rs. 497.7 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.

		2020	2019	
28	EARNINGS PER SHARE - BASIC AND DILUTED			
28.1	Earnings Per Share-Basic			
	Profit after taxation Rupees	37,219,106	53,525,058	
	Weighted average number of shares Numbers	343,984,962	315,682,518	
	Earnings per share-Basic Rupees	0.11	0.17	
28.2	Earnings Per Share-Diluted			
	Weighted average number of shares Numbers	343,984,962	315,682,518	
	Earnings per share-Diluted Rupees	0.11	0.17	
		Note	2020 Rupees	2019 Rupees
29	CASH AND CASH EQUIVALENTS			
	Cash and Balances with SBP and NBP	8	2,394,744,268	1,342,224,336
	Balances with other Banks / NBFIs / MFBs	9	9,505,025,520	5,464,027,515
			11,899,769,788	6,806,251,851

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

## 30 NUMBER OF EMPLOYEES

As at December 31	2020			2019		
	Credit/ Sales	Banking/ Support	Total	Credit/ Sales	Banking/ Support	Total
	----- Numbers -----			----- Numbers -----		
Permanent	850	973	1,823	477	669	1146
Contractual	338	258	596	982	253	1235
	1,188	1,231	2,419	1459	922	2381

Average no. of Employees	2020			2019		
	Credit/ Sales	Banking/ Support	Total	Credit/ Sales	Banking/ Support	Total
	----- Numbers -----			----- Numbers -----		
Permanent	664	821	1,485	369	765	1134
Contractual	660	256	916	913	361	1274
	1,324	1,077	2,401	1282	1126	2408

	2020 Number	2019 Number
<b>31 NUMBER OF BRANCHES/SERVICE CENTRES</b>		
Beginning of the year	123	123
Opened/(closed) during the year		
-Branches	-	-
-Service centres	(2)	-
At the end of the year	121	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		Directors		Executives	
	2020 Rupees	2019 Rupees	2020 Rupees	2019 Rupees	2020 Rupees	2019 Rupees
Meeting Fee	-	-	2,093,750	2,906,250	-	-
Managerial remuneration	7,140,000	7,140,000	-	-	160,858,391	131,127,665
Rent and house maintenance	1,920,000	1,872,000	-	-	59,443,239	50,501,496
Utilities	418,067	323,821	-	-	14,860,927	12,625,705
Medical	188,760	17,206	-	-	15,371,950	13,113,089
Contribution to provident fund	-	-	-	-	9,543,589	6,874,575
Bonus and other benefits	-	-	-	-	-	-
	9,666,827	9,353,027	2,093,750	2,906,250	260,078,096	214,242,530
Number of persons	1	1	8	7	140	134

**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 to its non-executive directors for attending Board of Directors and Committee meetings.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

## 33 MATURITIES OF ASSETS AND LIABILITIES

	2020				
	Total	Upto one month	Over one month upto 6 months	Over 6 months upto 1 year	Over one year
-----Rupees-----					
<b>Assets</b>					
<b>Market rate assets</b>					
Investments - Net of Provisions	1,704,020,909	34,906,522	1,569,174,387	-	99,940,000
Advances - Net of Provisions	10,119,919,747	2,161,911,221	1,148,728,839	1,785,889,515	5,023,390,172
Other earning assets	9,639,295,477	4,246,124,912	5,314,841,591	29,833,298	48,495,676
Total market rate assets	21,463,236,133	6,442,942,655	8,032,744,817	1,815,722,813	5,171,825,848
Other non-earning assets	7,368,151,349	5,299,500,510	125,000,000	150,000,000	1,793,650,839
<b>Total assets</b>	<b>28,831,387,482</b>	<b>11,742,443,165</b>	<b>8,157,744,817</b>	<b>1,965,722,813</b>	<b>6,965,476,687</b>
<b>Market rate liabilities</b>					
Time deposits of Rs. 100,000 and above	5,996,623,417	377,666,100	1,510,431,500	1,307,514,385	2,801,011,432
Time deposits below Rs. 100,000	145,112,500	4,430,000	28,895,000	25,201,000	86,586,500
Borrowings	3,466,749	3,466,749	-	-	-
Subordinated Debt	-	-	-	-	-
Other cost bearing liabilities	12,744,083,910	12,744,083,910	-	-	-
<b>Total market rate liabilities</b>	<b>18,889,286,576</b>	<b>13,129,646,759</b>	<b>1,539,326,500</b>	<b>1,332,715,385</b>	<b>2,887,597,932</b>
Other non-cost bearing liabilities	7,682,852,949	7,682,852,949	-	-	-
<b>Total liabilities</b>	<b>26,572,139,525</b>	<b>20,812,499,708</b>	<b>1,539,326,500</b>	<b>1,332,715,385</b>	<b>2,887,597,932</b>
-----Rupees-----					
	2019				
	Total	Upto one month	Over one month upto 6 months	Over 6 months upto 1 year	Over one year
-----Rupees-----					
<b>Assets</b>					
<b>Market rate assets</b>					
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
Other earning assets	5,572,834,167	2,681,747,470	2,801,175,593	1,725,827	88,185,277
Total market rate assets	15,397,972,910	7,116,557,329	4,042,074,354	1,459,113,074	2,780,228,153
Other non-earning assets	5,145,280,616	2,908,431,818	125,000,000	155,310,000	1,956,538,798
<b>Total assets</b>	<b>20,543,253,526</b>	<b>10,024,989,147</b>	<b>4,167,074,354</b>	<b>1,614,423,074</b>	<b>4,736,766,951</b>
<b>Market rate liabilities</b>					
Time deposits of Rs. 100,000 and above	6,329,901,295	473,250,227	1,138,460,335	1,412,764,112	3,305,426,621
Time deposits below Rs. 100,000	177,621,825	7,425,000	25,952,925	24,373,400	119,870,500
Borrowings	6,597,519	6,597,519	-	-	-
Subordinated Debt	-	-	-	-	-
Other cost bearing liabilities	7,951,669,125	7,951,669,125	-	-	-
<b>Total market rate liabilities</b>	<b>14,465,789,764</b>	<b>8,438,941,871</b>	<b>1,164,413,260</b>	<b>1,437,137,512</b>	<b>3,425,297,121</b>
Other non-cost bearing liabilities	4,203,136,771	4,203,136,771	-	-	-
<b>Total liabilities</b>	<b>18,668,926,535</b>	<b>12,642,078,642</b>	<b>1,164,413,260</b>	<b>1,437,137,512</b>	<b>3,425,297,121</b>



# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

## 34 FINANCIAL RISK MANAGEMENT

### 34.1 Coronavirus pandemic (COVID-19)

#### Risk management in the current economic scenario

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 Govt. adopted various strategies including general lockdown resulted into halt in the operations of various industries, which has translated into negative GDP growth rate.

The State Bank of Pakistan (SBP) responded in a timely manner and undertook various initiatives like:

- Reduction of the policy rate from 13.25% to 7% since the start of the COVID-19
- Allowing banks to defer borrowers principal loan payments by one year and or restructure/ reschedule loans to borrowers who require relief of principal repayment exceeding one year and / or mark up with no reflection on credit history; and
- Introduction of refinancing scheme for payments of wages and salaries.

COVID-19 will impact banks in Pakistan on a number of fronts including increase in overall credit risk pertaining to loans and advances portfolio, reduced fee income due to free of cost service offering and overall slowdown in economic activity, continuity of business operations and managing cyber security threats.

### 34.2 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).

	2020					
	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
	%	Rupees				
Assets						
Cash and balances with SBP and NBP	5.50%	19,892,758	19,892,758	-	-	-
Balances with other Banks / NBFI s / MFBI s	5.50% - 14.50%	9,473,992,735	4,173,992,735	5,300,000,000	-	-
Investments - Net of Provisions	7.10% - 7.15%	1,704,020,909	34,906,522	1,569,174,387	-	99,940,000
Advances - Net of Provisions	21% - 52.86%	10,119,919,747	2,161,911,221	1,148,728,839	1,785,889,515	5,023,390,172
Other Assets - Advances to Staff	7.2% - 9.97%	145,409,984	52,239,420	14,841,590	29,833,298	48,495,676
		21,463,236,133	6,442,942,656	8,032,744,816	1,815,722,813	5,171,825,848
Liabilities						
Deposits and other accounts	3% - 15.50%	18,885,819,827	13,126,180,009	1,539,326,501	1,332,715,385	2,887,597,932
Borrowings	1Year KIBOR+1.5%	3,466,749	3,466,749	-	-	-
		18,889,286,576	13,129,646,758	1,539,326,501	1,332,715,385	2,887,597,932
		2,573,949,557	(6,686,704,102)	6,493,418,315	483,007,428	2,284,227,916

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

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	
%						Rupees
<b>Assets</b>						
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	7.2% - 13.9%	127,641,630	36,554,933	1,175,593	1,725,827	88,185,277
		15,397,972,910	7,116,557,329	4,042,074,354	1,459,113,074	2,780,228,153
<b>Liabilities</b>						
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 KI-BOR+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
		932,183,146	(1,322,384,542)	2,877,661,094	21,975,562	(645,068,968)

## 34.3 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. 21,463 million (2019: Rs. 15,398 million).

## 34.4 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.

## 34.5 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.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

## 35 TRANSACTION AND BALANCES WITH RELATED PARTIES

Related parties of the Bank comprise of Chief Executive Officer, Directors and their close family members, entities under common control, staff retirement benefits fund, key management personnel, entities with common directors, 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	2020 Rupees	2019 Rupees
<b>Balances at year end:</b>			
<b>Associated company</b>	Deposits	146,393,251	38,181,368
	Share deposit money	963,015,274	613,015,264
	Insurance Claim Receivable	442,372,389	434,806,235
<b>Key management personnel</b>	Deposits	3,651,525	2,601,990
<b>Directors / sponsors / shareholders</b>	Deposits	1,873,015	2,116,834
	Share deposit money	83,199,911	83,199,911
<b>Transactions during the year:</b>			
<b>Associated company</b>	Deposits received	1,708,437,055	1,157,260,031
	Withdrawals	1,602,504,107	1,284,480,450
	Mark-up paid on deposits	2,278,936	7,490,558
	Shares issued against share deposit money	-	367,244,195
	Share deposits money received	350,000,000	279,251,381
	Deposits received	106,030,118	88,503,076
<b>Key management personnel</b>	Withdrawals	103,570,024	88,946,974
	Mark-up paid on deposit	14,216	32,916
	Deposits received	19,765,065	5,794,062
<b>Directors / sponsors / shareholders</b>	Withdrawals	19,666,696	5,526,421
	Share deposit money received	-	70,771,220
	Mark-up paid on deposits	76,254	49,715
	Shares issued against Share Deposit Money	-	186,641,588
<b>Staff Provident Fund</b>	Contribution made during the year	21,829,521	18,867,958

**35.1** The names of related parties with whom the Bank has entered into transactions or had agreements / arrangements in place during the year.

Name of Related Party	Nature of Relationship	Aggregate Percentage of Shareholding (%)
The United Insurance Company Of Pakistan Ltd	Associate	44.50%
United Track System (Pvt) Limited	Common Directorship	19.99%
Tawasul Healthcare Tpa (Private) Limited	Common Directorship	1.69%
United Software and Technologies International (Pvt.) Limited	Common Directorship	1.39%
Saudi Pak Insurance Company Limited	Common Directorship	2.46%
UIC Employee Provident Fund	Common Control	-
Syed Rahat Ali Shah	Director	0.00%
Mr. Muhammad Saleem Shaikh	Director	0.00%
Mr. Muhammad Akram Shahid	Director/ Chairman	4.46%
Mr. Imad Mohammad Tahir	Director	16.03%

**35.2** Transaction with related parties are carried out on mutually agreed terms and conditions.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

## 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, 2019 and unaudited financial statements for the year ended December 31, 2020.

	2020 Rupees Un-Audited	2019 Rupees Audited
Size of the fund - Total assets	88,699,582	60,491,775
Cost of investments	53,200,000	53,200,000
Percentage of investments made	60.0%	87.9%
Fair value of investments	53,200,000	53,200,000
<b>36.1</b> The break-up cost of investments is as follows:		
Term deposit receipts	53,200,000	53,200,000
	53,200,000	53,200,000

**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 08, 2021** 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)
<b>Administrative Expenses</b>	<b>Other charges</b>	
- Others	- Financial charges	566,794
<b>Other Income</b>	<b>Other Income</b>	
- Others	- Cheque book charges	10,074,249

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



President / CEO



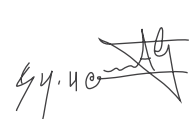
Chief Financial Officer



Chairman



Director



Director

## OUR **BRANCHES**

### **Punjab: Central I:**

Sunder Das Road Lahore (130),  
Zaman Park, 23-A, Sunderdas Road,  
Lahore.  
042-36305314, 042-36305315

Kasur (143),  
Property No. B-IV-7.R, Near Chowk Kot  
Peeran, Kasur.  
049-2761225, 049-2761224

Model Town (146),  
Shop No. 31 & 33, A Block, Store  
Market, Model Town, Lahore..  
042-35928241, 042-35928244

Saddar Cantt (149),  
Al-Rehman Shopping, Decca Road,  
Near Bank Alfalah, Saddar Cantt,  
Lahore..  
0366-67023, 0366-67024

Township (153),  
150-13-B-1, Barkat Chowk, Township,  
Lahore..  
0351-50158, 0351-56306

Ferozpur Road (154),  
945 Mouza Atari Sarupa, Tehsil Cantt,  
Ferozpur Road, Lahore..  
042-35923645, 042-35923646

D.H.A (155),  
51-CCA, Block DD, Phase 4, DHA,  
Lahore..  
042-35694434, 042-35694190

Karim Block Lahore (156),  
56/2, Karim Block, Allama Iqbal Town,  
Lahore..  
042-35415041, 042-35415045

Kahna Nou (174),  
Khana nau Main Ferozpur Road, Tehsil  
& Dist. Lahore.  
042-35270552, 042-35270553

Raiwind (175),  
Railway Road, Station Raiwind Tehsil &  
Dist Lahore.  
042-35394059, 042-35394057

Johar Town Branch (219),  
Plot # 472, Block G-3, Near Khokhar  
Chowk, Johar Town, Lahore..  
042-35445690, 042-35445623

### **Central II:**

Madina Chowk, Depalpur (142),  
Khewat No. 1923/1872, Khatoni No.  
2959 to 2969, Okara Road, Madina  
Chowk, Depalpur, District Okara.  
044-4542002, 044-4542003

Haweli Lakha (150),  
Pakpatan Road, Haweli Lakha..  
044-4774102, 044-4774103.

Bahawalnagar (171),  
Plot No. 153, Grain Market, G.T. Road,  
Chichawatni..  
063-2277157, 063-2277158

Choraasta Mian Khan (177),  
Khewat No 1/1, Khatonee 1 to 31  
Arrodey Wala Main Khan Tehsil  
Depalpur District Okara.  
044-4890002, 044-4890003

Fort Abbas (179),  
Khewat No. 265-266, Khatooni No.  
265, School Bazar Fort Abbas, District  
Bahawalnagar.  
063-2511030, 063-2511034

Dharanwala (180),  
Propert Bearing Khewat No. 265/266,  
Khatooni No. 265, Dharanwala.  
063-2440261, 063-2440262



## OUR BRANCHES

Minchinabad (181),  
Property Bearing Khewat No. 200,  
Khatooni No. 200, Circular Road,  
Manchinabad.  
063-2750072, 063-2750073

Haroonabad (182),  
Khewat No. 715, Khatooni No. 715,  
Main Ghalla Mandi Road, Haroonabad,  
District Bhawalnagar.  
,

ArifWala (192),  
Khewat no 1207, kahtonee no 1224,  
khasra no 2517/177, arif wala pak  
pattan.  
0457-831759, 0457-832759

Chistian (206),  
Khewat No 152-153 Khatoni No 152  
ghalla Mandi tehsil Chistian district  
Bhawa.  
063-2501105, 063-2501107

Khudian (210),  
Khewat # 993, Katooni # 3218,  
Depalpur Road, Naya Adda, Khudian,  
District Kasur.  
049-2791490, 049-2791489

Jassoki Sheller (212),  
Mouza Jassoki Gurdatta Tehsil  
Depalpur District Okara.  
,

### Central III:

Kotwali Road, Faisalabad (132),  
Ward No. 4, Chak No. 212/R.B,  
P-79, Kotwali Road, Chiniot Bazar,  
Faisalabad..  
041-2644474, 041-2633471

D- Chowk Ground (176),  
P-241, Block B, D Ground, Peoples  
Colony No. 1, Faisalabad..  
041-8716627, 041-8716625

Jhang (178),  
Gull Plaza, Main Gojra Road, Chowk  
Burji, Jhang Saddar.  
0477-652588, 0477-652589

Mandi Bahud Din (183),  
Khatooni No. 622, Khewat No. 616,  
Railway Road/Bank Road, Mandi  
Bahauddin.  
054-6500763, 0546-500764

Bhalwal (189),  
Khata No 95, ashata no 130, Chak 8,  
shamali liaquat shaheed raod tehsil  
Bhalwal, district sargodha.  
048-6642157, 048-6642156

Bhagtanwala (190),  
Plot No 164/147, bhagtanwala kot  
momin Road Sargodha.  
048-3781430, 048-3767834

Gojra (198),  
PLOT NO 1-40, GHALLAH MANDI  
GOJRA, Faisalbad.  
046-3516606, 046-3516605

Jaurharabad (199),  
Plot No 58\B And 59\B, Janubi bazar  
Jauharabad, district Khushab..  
0454-720498, 0454-720499

Bhakkar (201),  
PLOT NO 2/3, RAILWAY ROAD  
BHAKKAR..  
0453-510775, 045-3510774

Toba Tek Singh (215),  
House No-93, Allama Iqbal Road,  
Mohalla Gang Gher, Toba Tek Singh.  
046-2512293, 046-2510294

Sargodha (223),  
198, Block A, Main Road, Satellite  
Town, Sargodha.  
483258543, 0483258544-5

## OUR BRANCHES

### Central IV:

G.T road, Kamoke (131),  
Plot No. 10A/SS, Block 1/1 CS, Main GT  
Road, Kamoki District Gujranwala..  
055-6813676, 055-6813677

Sheikhupura Main (135),  
H. No. B-II, IS-78/2, Basti Balocha,  
Lahore Sargodha Road, Sheikhupura.  
056-3546627,

G.T road, Gujranwala (136),  
Khasra No. 109, Ghorī Centre, Service  
Road, G.T. Road, Gujranwala.  
055-3820462, 055-9201003

Sheikhupura, Sharaqpur Chowk (137),  
Property No. 348/767, Main Faisalabad  
Road, Chowk Sharaqpur, Fort Road,  
Sheikhupura City.  
056-3543176,

Paris Road, Sialkot (148),  
Opposite Allama Iqbal Library, Paris  
Road, Sialkot.  
052-4583474, 052-4583477

Shahdara (157),  
Khasra No. 2460/2728, Mouza Jia  
Musa, Shahdara, Lahore.  
042-37922501, 042-37922503

Daska (163),  
872/3-A, Near Muslim Market, Bank  
Road, Daska.  
052-6612581, 052-6612582

Hafizabad (170),  
Khasra No. 2380/841, Gujranwala  
Road, Hafizabad..  
0547-521213, 0547-521214

Kot Noor Shah (188),  
Al-jalil Garden Lahore, Plot No 09 Kot  
Noor Shah, Sharaqpur Road Lahore.  
0423-810-2149, 0423-8102148

Farooqabad (211),  
Khewat # 608, Khatooni # 1119,  
Khasra # 1291, Old Sabzi Mandi Road,  
Farooqabad, Sheikhupura..  
056-3875056, 056-3875057

Gujrat (222),  
Saithee Enterprises, Opp.  
Woodworking Center, Small Industrial  
Estate-1, GT Rd., Gujrat.  
053-3526452, 053-3726454

### Central V:

Church Road, Okara (139),  
Khewat No. 3842, Khatooni No. 388,  
Khasra No. 54514/103/4/6, Church  
Road, Okara.  
044-2551001, 044-2510873

Vehari (140),  
Plot No. E-4, Karkhana Bazar, Vehari,  
Tehsil & District Vehari.  
067-3366421, 067-3366422

Stadium Road Sahiwal (141),  
Khata No. 601-608, Khatooni No.  
620-656, Super Market, Stadium  
Road, Sahiwal.  
040-4221198, 040-4221184

Lodhran (145),  
Plot No.4, Jinnah Colony, Near Sugar  
Mill Colony, Gate No. 2, Lodhran.  
0608-361821, 0608-361722

Multan (151),  
Shop No. 1, Mashallah Plaza, Azam  
Basti Road, Sadhu Hassan, Multan.  
061-4540155, 061-450154

Layyah (152),  
House No. 4, College Road, Jinnah  
Colony, Near Sugar Mill Colony,  
Layyah..  
0606-410246, 0606-410245

Rahim Yar Khan (166),  
Shop No. 941, Zone-I, Ashraf Complex,  
Model Town, Rahim Yar Khan.  
0685-889004, 068-5889005

Bahawalpur (169),  
Shop No. 12,13,14 & 15, Pelicon  
Shopping Plaza, Yazman Road,  
Bahawalpur Cantt.  
0622-740212,

Chichawatni (172),  
Plot No. 153, Grain Market, G.T. Road,  
Chichawatni..  
0405-480714,

## OUR BRANCHES

Burewala (184),  
Plot No. 11, V Block Housing Scheme,  
Multan Road, Burewala.  
067-3771323, 067-3355323

Kot Khadim, Sahiwal (186),  
Khata No 331/1470 Khatoonee  
No 669/1847, Chak no 85/6-R kot  
khadim ali shah tehsil & District  
sahiwal.  
040-4500668, 040-4500666

Pakpattan (191),  
Khewat No 2194, khatoone no 1530,  
Pak pattan,.  
0457-352243, 0457-352240

Nol Plot (209),  
Plot No 10 main road Nol Plot Distt.  
Okara.

Ahmed Pur East (216),  
Khewat No-115, Khatooni No-121,  
Shahra 5, Mohalla Noor Shah  
Bokhari, Nawab Road, Ahmedpur East,  
Distt Bhwl Ngr.  
0622-275451, 062-2275450

Pattoki (220),  
Khewat # 375/ 346, Khatooni # 603-  
604, Chak # 37, Patoki.  
049-2729104, 049-2729103

Mian Channu (221),  
Khewat # 12, Khatoni # 13, Amin  
Trade Center, G.T. Road, Near Sabzi  
Mandi, Mian Channu.  
065-2661334,

Sadiqabad (224),  
Katcha Rahim Yar Khan Road,  
Sadiqabad.  
068-5801391, 068-5801392

Khan Pur (226),  
Building #18, Model Town A, Street #  
01, Khanpur.  
068-5573866 - 69

Rajan Pur (227),  
Gulshan Iqbal Colony, Indus Highway,  
Rajanpur (near FMFB).

Ali Pur (228),  
Multan Road, Near College Chowk,  
Alipur.  
066-2552863,

DG Khan (229),  
Sajjad Square, Block Y, Eid Gah Chowk,  
DG Khan.

Fazil Pur (230),  
Indus Highway, Fazilpur.

Shujabad (231),  
Jalalpur Road, Opposite Faisal Bank,  
Shujabad.

### North:

Adiala Road, RWP (134),  
3-Jahandad Tower, Khasara # 17,  
Talian Sohan Qasbati (Near 6th Road),  
Murree Road, Rawalpindi..  
051-5187074, 051-5187065

Mirpur (164),  
35-A, Sector B/2, Main Mian Road,  
Nagi Bank Square, Mirpur, Azad  
Kashmir.  
05827-448678, 80, 05827-448679

Gilgit (165),  
Khasra No. 4472/2403/579, Opposite  
Army Communicates, NHA Complex,  
Jutial, Gilgit.  
05811-450731, 0581-1450730

Taxila (187),  
Khewat # 170/172, Khatooni # 241,  
Khasra # 261-263, Faisal Saheed Road,  
Sarai Khola, Taxila.  
051-4542213, 051-4542215

Gujar Khan (193),  
Haji Fazal dada Plaza no 13-A,  
Railway Road Gujar Khan.  
051-3511533,

Chakwal (194),  
Property No B-II-5-S/7 Bhaun Road  
Chakwal.  
0543-553062, 054-3553063

## OUR **BRANCHES**

Bhara Kahu (196),  
Khewat no. 258, khatooni no.330-331, Khasra no.1119 hathal, Bara kahu, Islamabad.  
051-2322145, 051-2322146

Dina (197),  
Taj puri Hospital, mamgla road, Dina district Jehlum.  
, 0544-635686

Murree (200),  
Mayfair estate bank road, murree shop no.1 ,2 3,.  
051-3414002, 051-3414001

Muzaffarabad (202),  
Tanga Stand Bank Road  
Muzafaranbad Azad Kashmir.  
05822-442312, 05822-442314

Abbotabad (203),  
Mouza Sheikh ul Bandi main Mansehra Road near Sethi Masjid Abbotabad.  
0992-331252, 0992-331253

Chillas (204),  
Bazar Area Chillas, Near Chillas Old Terminal/Adda, Chillas..  
058-12450456, 058-12450458

Dasu (205),  
Dasu, District Kohistan,KPK..  
0998-407265, 0998-407262

Hari Pur (207),  
171-Tehsil and district Haripur.  
0995-627136, 0995-627135-7

Jehlum (214),  
Machine Mohallah No. 2, Near M.A Jinnah College, Jehlum.  
0544-621308, 0544-621309

Blue Area, Islamabad (225),  
Marina Heights, 109 East, Jinnah Avenue, Blue Area, Islamabad.  
051-2348399, 051-2348398

### **Sindh:**

#### **Interior Sindh:**

Old Anaj Mandi Branch, Larkana (112),  
City Survey # 164/1, Old Anaj Mandi, Gajnpur Chowk, Tehsil & District Larkana.  
074-4055350, 074-4055349

Kumb Road Branch (113),  
Survey # 764, Plot # 12, Deh Gahi Chakrani, Union Council Moosan Shah, Kumbh Road Suigas, Tehsil Tharimirwah, District Khairpur.  
0243-614440, 0243-614441

Khairpur Branch (115),  
D/270, Mohallah Ali Murad, New Goth, Deh & Taluka, Khairpur, Kutchery Road, Khairpur Mirus.  
0243-715330, 0243-715331

Hyderabad (116),  
F73-74, Commercial, Risala Road, Saddar, Hyderabad.  
022-2731282, 022-2731675

Tando Allah Yar (117),  
5/C, Main Hyderabad Road, Tando Allah Yar.  
022-3890450, 022-3890449

Tando Muhammad Khan (118),  
City Survey # 831, Ward B, Court Road, Tando Muhammad Khan.  
022-3341811, 022-3341812-3

Ghotki Branch (119),  
S. # 10, Devri Road, Near Chandu Ram Colony, Taluka Ghotki, Deh Odharwali, District Ghotki.  
0723-662463, 0723-662464

Mirpur Khas (120),  
City Survey # 731, Tourabad, Umer Kot Road Mirpurkhas, Tehsil & District Mirpurkhas.  
0233-875096, 0233-875097

Umer Kot (121),  
Shop No. 18-19, City Survey No. 115, Gulsha-e-Akber, Mirpurkhas Road, Umerkot.  
0238-571500, 0238-571502

## OUR BRANCHES

Nawabshah Branch (122),  
City Survey No. 2146/165/1, Buchery  
Road, Nawabshah.  
0244-330081, 0244-330084

Sukkur Branch (123),  
Shop No. 8 & 9, City Survey No.  
F-9, Pak Colony, Race Course Road,  
Sukkur..  
071-5616501, 071-5616503

Shahdadpur (124),  
City Survey No. 379, Ward A  
Shahdadpur, Tehsil Shahdadpur,  
District Sanghar..  
0235-844671, 0235-844672

Tando Adam (125),  
City survey No. 224/1, Muhammadi  
Chowk, Tando Adam, District Sanghar.  
0235-571437-8, 0235-571432

Sanghar Branch (126),  
City Survey No. 752-755, Main  
ShoppingCentre, M.A. Jinnah Road,  
Sanghar.  
0235-542649, 0235-542650

Mehar Branch (127),  
VIP ROAD MEHAR NR SINDH  
LABORATORY.  
025-4730074, 025-4730075

Mehrabpur Branch (128),  
THARI ROAD MEHRABPUR  
TEHSIL:KHANDIARA  
DIST:NOSHERO FEROZ.  
0242-430016, 0242-430019

Qasimabad (173),  
Phase II, Deh Jamshoro, Tappa  
Jamshoro, Taluka Qasimabad Dist.  
Hyderabad..  
022-2103002, 022-2114023

Dadu Branch (217),  
Plot # 82, Dadu District Cooperative  
Housing Society, Shewan Road, New  
Excise Office, Dadu.  
0254-710841, 0254-710835

Shikarpur Branch (218),  
City Survey No. 11/3/2/2/09 &  
11/3/2/2/10, Station Road, Near Aga  
Khan Laboratory, Shikarpur.  
0726-540004, 0726-540005

### Karachi Region: Karachi:

I.I. Chundrigar Road Branch (101),  
RY-9, Survey No. 11/9A, Railway  
Quarters, Opposite Schon Center, I.I.  
Chundrigar Road, Karachi.  
021-32632669, 021-32632670

Shahrahe Faisal Branch (102),  
Shop # 4, Plot # 22, Block A, 6-Amber  
Tower, Shahrah-e-Faisal, Karachi.  
021-34322248, 021 34303761

North Karachi Branch (105),  
LS- 8, Street 11-K, North Karachi..  
021-36961071, 021-36961068

Paper Market Branch (108),  
Survey # 20, Sheet # SR. 8, Hassan  
Ali Afandi Road, Seria Quarters, Paper  
Market, Karachi.  
0213-2600954, 0213-2600957

Gizri Branch (109),  
K-4/3 & 4/4, Ch. Khaliq-uz- Zaman  
Road, Gizri, Karachi..  
021-35865024, 021-35865026

Malir Branch (110),  
Shop # 106-108, 114-115, Liaquat  
Market, Malir Colony, Karachi..  
021-34113783, 021-34113784

Mehmoodabad Branch (111),  
Plot # 169, Mahmoodabad # 2,  
Jamshed Town, Karachi.  
021-35319240, 021-35319241

Quetta Branch (167),  
Commercial Property No. 894,  
235/272, Mission Road, Near Meezan  
Chowk, Quetta.  
081-2821006, 081-2821021



## OUR **BRANCHES**

### **Peshawar Region:**

Nowshera Road, Mardan (158),  
College Chowk, Opposite Wali Khan  
University, Nowshera Road, Mardan..  
093-7864504,

Charsadda (161),  
S.S. Plaza, Batcha Khan Chowk,  
Charsaddah.  
0916513502, "

Circular Road, Peshawar (159),  
G-60, City Circular Road, Lahori Gate,  
Peshawar City..  
091-2563117, 091-2563118

Dean Plaza, Peshawar (162),  
Shop No. LG13,14, UG 13, 13A, 13B, 14  
and 14A, Dean Trade Centre, Peshwar  
Cantt..  
091-5603415, 091-5603413

Nowshera (160),  
Property No. 1080/9, Shobra Hotel,  
G.T. Road, Nowshehra.  
092-3612116, 092-3612118

# NOTICE FOR THE EIGHTEENTH ANNUAL GENERAL MEETING

Notice is hereby given that the Eighteenth Annual General Meeting of Apna Microfinance Bank Limited is scheduled to be held on March 31, 2021, 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 28, 2020.
2. To receive, consider and adopt the Annual Audited Financial Statements for the year ended December 31, 2020 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, 2021 as proposed by the Board of Directors and to fix their remuneration.
4. To transact any other business with the permission of the chair.

By Order of the Board



**Rafat Abbas**  
Company Secretary

March 8, 2021  
Karachi

## 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.

### For Attending Meeting:

In view of the outbreak of CORONA VIRUS (COVID-19), Government of Sindh, vide notification no. So/(C-IV)/SGA&CD/3-1/2020 dated March 14, 2020 suspended large public gatherings at one place with immediate effect. Further, the Securities and Exchange Commission of Pakistan (SECP) has vide circular no. 5 of 2020 dated March 17, 2020, advised the companies to modify their usual planning for their general meetings for the well-being of the shareholders and avoid large gatherings by provision of video link facilities.

In pursuance with the restrictions imposed by the Government and SECPs directives, as mentioned above. It has been decided to hold the AGM electronically at the above given date and time. The members can send their comments/ suggestions related to the agenda items of the meeting through following means.

WhatsApp	Email
+92 311 4999347	agm@apnabank.com.pk

The members who are willing to attend and participate in the AGM can do so through video-link via smart phones, computers, tablets etc. To attend the AGM through video-link, members are requested to get their following particulars registered by sending an email of WhatsApp at the number/ address given above, at least 48 hours before the date/ time of the AGM i.e. latest by 4:00 p.m. March 25 2021 and download video-link from Zoom.

Name	Folio/CDC Account No.	CNIC No.	Email
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Upon receipt of requests, the video-link login credentials will be shared with the interested shareholders on their email address or WhatsApp message. Feedback/queries received from shareholders would be discussed in the meeting and be made a part of minutes.

The Company will follow the best practices and comply with the instructions of the Government and SECP to ensure protective measures are in place for well-being of its members.

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 March 25, 2021 to March 31, 2021 (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 March 24, 2021 will be treated in time.

For Apna Microfinance Bank Ltd.










**Rafat Abbas**  
Company Secretary



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# 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, to speak and vote for me/ us and on my/ our behalf at the Annual General Meeting of the company to be held on March 31, 2021 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 \_\_\_\_\_ 2021.

## Witness: (1)

Signature \_\_\_\_\_  
Name \_\_\_\_\_  
Address \_\_\_\_\_  
CNIC \_\_\_\_\_

Please 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,  
Gizri, Karachi-Pakistan







**Head Office:**

23 - A, Sunderdas Road,  
(Thandi Sarak) Zaman Park, Lahore.

Tel : +92 42-36362475-76

UAN : +92 42 111-771-772

Email : [info@apnabank.com.pk](mailto:info@apnabank.com.pk)

**[www.apnabank.com.pk](http://www.apnabank.com.pk)**

