



Micro Finance
apna bank
Limited



Annual Report **2021**

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



KEY PERFORMANCE INDICATORS

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

Deposit and Other Accounts

22,084

(PKR in million)

Micro Credits

11,506

(PKR in million)

Total Assets

23,777

(PKR in million)

Total Equity

442

(PKR in million)

Mark-Up/Return/Interest Earned

908

(PKR in million)

Loss Before Tax

(2,643)

(PKR in million)

Loss After Tax

(1,931)

(PKR in million)

Loss Per Share

(4.84)

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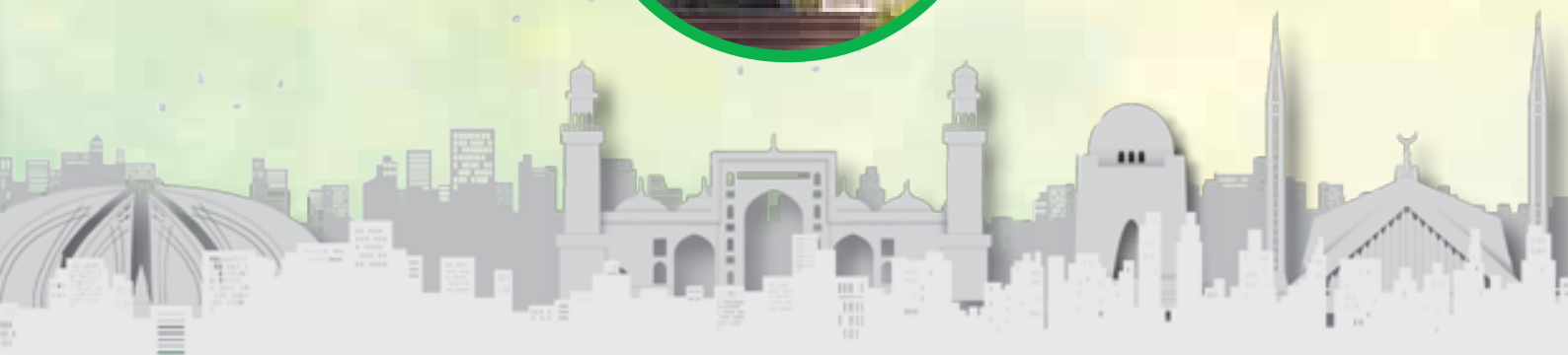
ABOUT **AMBL**

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

Alleviating poverty by encouraging entrepreneurship with easy access to financial services to fulfil their dreams.

MISSION

Enable people with passion and commitment to realize their dreams with easy and tailor-made financial solutions/products.

CORE VALUES

- Customers are reason for our existence.
- Treating the customer with respect and compassion
- Delivering best services through an exceptional team work
- Legal and regulatory compliance in letter and spirit helps us grow faster and makes us stronger.
- Transparency builds customer loyalty and trust.
- Merit is the sole criteria in our decision making
- Diversity ensures long term sustainability, improves decision making and is instrumental in bringing Innovative and cost-effective solutions for delivering services to the clients.



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

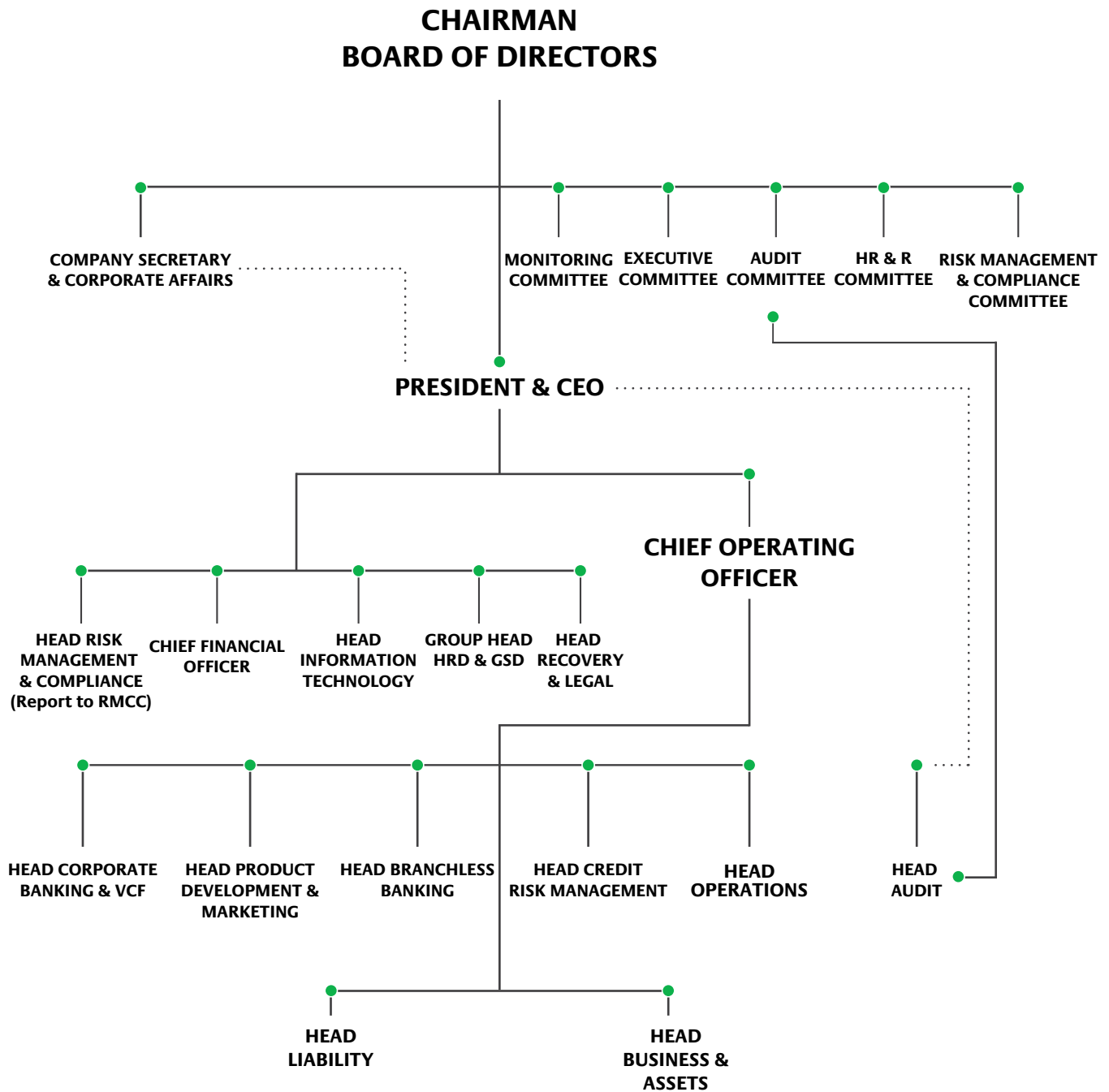
BANK'S **PHILOSOPHY**

"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"

Micro Finance is a means to break the vicious cycle of poverty by empowering individuals to take control of their lives

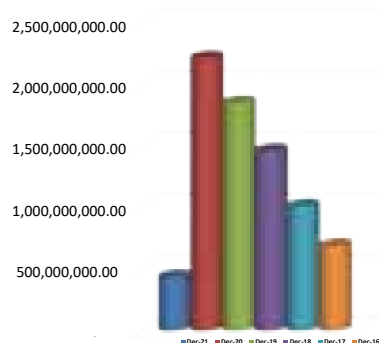
ORGANIZATIONAL CHART



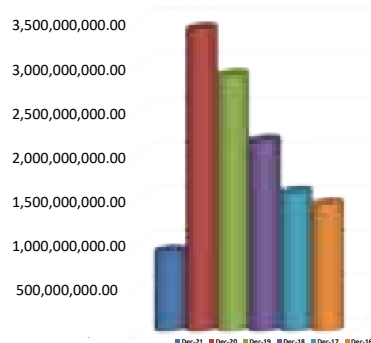
KEY FINANCIAL AND OPERATIONAL DATA AT A GLANCE

	Position for Year Ended							
	% Rise 2020 Vs 2021	Dec-21 Rupees	% Rise 2019 Vs 2020	Dec-20 Rupees	Dec-19 Rupees	Dec-18 Rupees	Dec-17 Rupees	Dec-16 Rupees
Financial Data								
Total Assets	-19.63%	23,776,718,556	38.73%	29,585,582,331	21,325,632,083	17,623,046,929	13,983,590,224	13,554,003,018
Advances-net of provisions	13.69%	11,505,706,719	15.27%	10,119,919,747	8,779,226,353	8,812,740,994	5,226,547,934	5,484,025,056
Deposits	-15.64%	22,083,717,249	42.92%	26,178,886,970	18,317,083,706	15,866,330,742	12,528,727,169	12,347,070,954
Share Capital	24.71%	4,289,849,620	0.00%	3,439,849,620	3,439,849,620	2,500,000,000	2,500,000,000	2,200,000,000
Share Deposit money	-66.51%	350,390,276	50.27%	1,046,215,185	696,215,185	900,078,363	500,008,080	400,000,000
	3.44%	4,640,239,896	8.46%	4,486,064,805	4,136,064,805	3,400,078,363	3,000,008,080	2,600,000,000
Net Equity	-80.07%	442,378,606	19.54%	2,219,174,859	1,856,432,634	1,468,419,136	1,015,087,402	694,590,229
Accumulated Loss	201.45%	(2,889,495,579)	-0.99%	(958,524,235)	(968,080,904)	(996,574,069)	(1,036,520,157)	(957,009,250)
Operating Data								
Mark-up / return / interest earned	-73.43%	908,380,258	17.88%	3,418,310,151	2,899,784,536	2,157,835,801	1,577,979,881	1,441,502,272
Mark-up / return / interest expensed	-0.85%	(1,459,014,295)	21.71%	(1,471,575,005)	(1,209,081,032)	(800,799,272)	(703,943,573)	(671,551,250)
Administrative expenses	7.25%	(2,167,670,263)	12.59%	(2,021,197,500)	(1,795,186,386)	(1,595,647,431)	(1,308,598,684)	(1,107,253,472)
Profit / (Loss) before taxation	-11398.45%	(2,643,095,035)	-73.82%	23,393,427	89,344,447	100,500,905	(188,301,605)	(1,097,577,883)
Profit / (Loss) after taxation	-15254.11%	(1,930,971,344)	-76.19%	12,742,225	53,525,058	53,261,451	(79,510,907)	(735,523,560)
(Loss) / earning per share	-16233.33%	(4.84)	(82.35%)	0.03	0.17	0.3	(0.35)	(3.34)

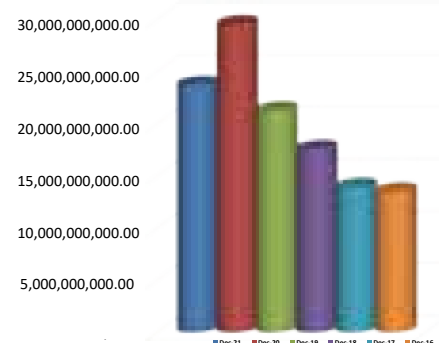
NET EQUITY



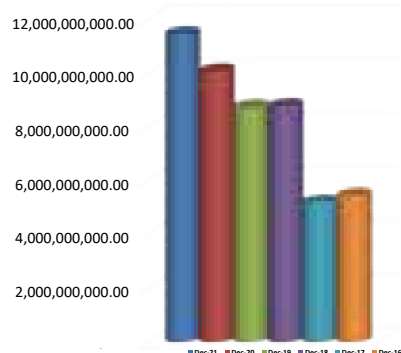
MARKUP INCOME



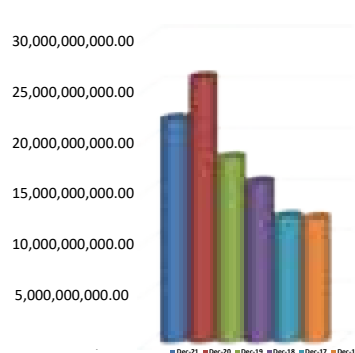
TOTAL ASSETS



ADVANCES-NET OF PROVISIONS



DEPOSITS



BOARD OF **DIRECTORS**



Mr. M. A. Shahid

Chairman



Mr. Imad Mohammad Tahir

Director



Mr. Muhammad Asghar

Director



Mr. M. Saleem Shaikh

Director



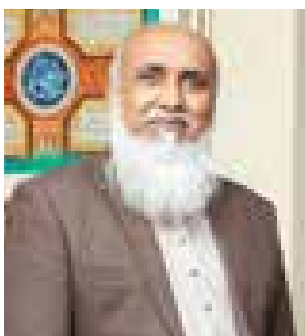
Mr. Javed Sadiq (Late)

Director



Syed Rahat Ali Shah

Director



Mr. Abdul Aziz Khan

Director



Ms. Parveen Akhter Malik

Director

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 (Late)
Director

Ms. Parveen Akhter Malik
Director

PRESIDENT / CHIEF EXECUTIVE OFFICER

Mr. Wajahat Malik

COMPANY SECRETARY

Mr. Rafat Abbas

CHIEF FINANCIAL OFFICER

Mr. Ali Murtza

BOARD COMMITTEES

AUDIT COMMITTEE

Mr. Abdul Aziz Khan
Chairman

Mr. Muhammad Asghar
Member

Mr. Imad Mohammad Tahir
Member

Mr. Muhammad Saleem Shaikh
Member

Syed Rahat Ali Shah
Member

EXECUTIVE COMMITTEE

Mr. Muhammad Akram Shahid
Chairman

Mr. Imad Mohammad Tahir
Member

Mr. Abdul Aziz Khan
Member

Mr. Muhammad Asghar
Member

Mr. Muhammad Saleem Shaikh
Member

HUMAN RESOURCE & REMUNERATION COMMITTEE

Ms. Parveen Akhter Malik
Chairman

Mr. Javaid Sadiq (Late)
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 (Late)
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 (Late)
Member

Mr. Muhammad Akram Shahid
Member

Syed Rahat Ali Shah
Member

AUDITORS

RSM Avais Hyder Liaquat Nauman
Chartered Accountants

TAX / LEGAL ADVISOR

Mumtaz Najam Law Chambers
Advocates & Corporate Consultants Lahore

BANKERS

Bank Islami Limited
Sindh Bank Limited
Faysal 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
MCB Bank Limited
Tameer Microfinance Bank Limited
FINCA Microfinance Bank Limited
NRSP Microfinance Bank Limited
Habib Metropolitan Bank Limited
National Bank of Pakistan Limited
Habib Bank Limited
The Bank of Punjab Limited
U Microfinance Bank Limited
AL Baraka Bank Pakistan Limited
Mobilink Microfinance Bank Limited

REGISTERED OFFICE

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

HEAD OFFICE

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

SHARE REGISTRAR

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

HOW WE **PERFORM**





CHAIRMAN'S REVIEW



Apna Microfinance Bank Limited (the Bank) started its journey in 2005. This journey has been filled with both challenges and successes. Over these years the Bank has remained steadfast in achieving its mission of poverty alleviation through provision of low-cost financing services to the poor and unbanked sect of the society and has contributed in this regard since inception.

The year 2021 proved to be a particularly challenging one for the Bank. Devastating aftereffects of the Covid-19 pandemic led the bank to record losses after tax of PKR. 1.9 billion. Despite the current year loss, I am confident that management has the

capacity to turnaround these results. A multifaceted business plan has been developed and is being implemented to improve the financial and operational position of the Bank. I believe that we have substantial opportunities in the years ahead to grow as an organization and the best is yet to come for Apna Microfinance Bank Limited.

On behalf of the Board of Directors as well as the sponsors, I would like to reiterate our commitment to the Bank. The Board has continued to perform its statutory role during these difficult times. Challenges facing the businesses were discussed and guidance provided to the management. All decisions made by the Board are mutual, objective and in the best interests of the organization.

The Board has constituted 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 continuity and improvement. The Board and its committees met regularly during the year for due deliberation on all important matters and provided their oversight.

Lastly, 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, the Securities and Exchange Commission of Pakistan and other regulatory bodies for their guidance and support.

Sincerely,

Mian Muhammad Akram Shahid
Chairman of the Board

August 19, 2022
Lahore

PRESIDENT / CEO'S MESSAGE



2021 presented a mixed bucket of challenges across the globe. As the negative effects of the pandemic subsided, amid stimulus measures and effective vaccine rollouts, the domestic economy witnessed a combination of recovery and growth. However, reverting back to pre Covid levels is likely to be a gradual process. We saw inflation rise due to higher global commodity prices and Rupee devaluation, ensuing a rise in policy rate by the SBP.

Covid-19 has left devastating effects on the entire Microfinance industry. The Bank's borrower base, which mainly consists of members of the marginalized sect of our community, has faced the worst impact of this

prolonged pandemic. This has resulted in negative effects on recovery and squeezed profit margins.

Consequently, 2021 has been focused as a year for consolidation. Addressing the emerged challenging situations of covid-19 the Bank continued its strategy of focusing on secured lending and shifting its advances portfolio from unsecured to secured. We have been successful in deploying this strategy of making of fresh loans disbursed in 2021 in the secured segment. Accordingly, there has been a visible shift in the overall portfolio mix of secured and unsecured advances.

The Board has continued to perform its statutory role during the unparalleled

time of the COVID-19 pandemic. The Board's oversight and guidance have been the major contributing factor to the Bank's ongoing success.

We remain focused and devoted to accomplishing our goals by serving the unbanked/less privileged segment of Pakistan. Our focus is not only to increase the Bank's outreach at the lowest pricings but also to safeguard the interests of our depositors. We consistently pursue to empower our clients by providing them financial services and thereby support the national duty of financial inclusion.

Our employees are our asset. Our belief and confidence in them is further strengthened when they address head-on, the ongoing challenges facing the Bank. We have full faith that they will remain dedicated, focused and strong willed to overcome these challenging situations and lead the Bank into a brighter future.

I would like to acknowledge the leadership of our Chairman, and Board of Directors for their confidence and trust. I am grateful to our shareholders who continue to show their trust in the Bank.

I would also like to thank the State Bank of Pakistan, Securities & Exchange Commission of Pakistan & other regulatory bodies for their guidance & support.

A stylized signature of Wajahat Malik in black ink.

Wajahat Malik
President/CEO

August 19, 2022
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 31st, 2021.

Economic Overview:

The past few months have brought positive news on the global economy, suggesting a vigorous recovery from the COVID-19 crisis. In Pakistan, the economic recovery had maintained an upward trajectory for FY2021. In the post pandemic period the economy moved to the path of stabilization as witnessed by the fact that Pakistan posted a higher-than-expected real GDP growth of 5.6% in FY'21.

On the other hand, inflation figures have soared. The impact of the Ukraine-Russia war has sharply impacted global commodity prices. This coupled with the political in-stability in the country has increased headline inflation to record high levels.

To counter high inflation, SBP raised the policy rate by 275 basis points (from 7.00% to 9.75%) in the year 2021 and by 525 basis points (from 9.75% to 15.00%) in the ongoing year. The rise reflects prevailing economic and political developments which include, increase in domestic demand, higher international commodity prices, increased inflation, rising current account deficit and volatile political scenario of the country.

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 during the year ended December 31st, 2021 is as follows;

Particulars	31 st December 2021	31 st December 2020	%
	Audited (PKR)	Audited (Restated) (PKR)	Change
Advances-net of provisions	11,505,706,719	10,119,919,747	14 %
Deposits and other accounts	22,083,717,249	26,178,886,970	(16) %
Mark-up/return/interest earned	908,380,258	3,418,310,151	(73) %
Mark-up/return/interest expensed	(1,459,014,295)	(1,471,575,005)	(1) %
Administrative expenses	(2,167,670,263)	(2,021,197,500)	7 %
(Loss)/profit after taxation	(1,930,971,344)	12,742,225	(15254) %

Portfolio amounting to PKR. 3,459.18 million was classified during the year 2021 due to adverse economic conditions instigated by the Covid-19 outbreak. Consequently, the Bank recorded a markup suspension of PKR. 2,304 million against these advances. The recognition of this large suspension was significantly contributed towards loss of the bank and reduction in mark-up income.

The Bank reported a loss after tax in the current year amounting to PKR. 1.93 billion as compared to profit of PKR. 12.74 million in the year 2020. The equity (net of losses) of the Bank stood at PKR. 442.37 million and the total assets shrunk to PKR. 23,776.71 million from PKR. 29,585.58 million as at December 31, 2020.

The management has devised and is implementing a recovery and restructuring strategy regarding this portfolio and has succeeded in recovering non-performing advances of Rs. 236 million subsequently.

The advances-net of provision stood at PKR. 11,505.70 million as on December 31st, 2021, compared to PKR. 10,119.919 million at the close of the corresponding period, registering a growth of 14%. The Bank's gross advances to deposit ratio (ADR) at the year-end 2021 was reported at 54.32 % as compared to 40.12 % in 2020.

DIRECTORS' REPORT TO THE MEMBERS

The management has recorded a specific provision PKR. 324 million as at the reporting date in accordance with the requirements stipulated in Prudential Regulations for MFBs issued by the SBP.

The Bank's deposit base has declined to PKR. 22,083.71 million in December 2021 from PKR. 26,178.89 million as at December 31st, 2020. During the year the Bank issued right shares of PKR. 850 million divided into 85 million number of shares of Rs. 10/- to directors /sponsors and general members. The sponsors have injected fresh capital / share deposit money of PKR. 150 million during 2021.

Principal Risks and Uncertainties

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

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

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

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

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

- **Compliance and Regulation Risk:** The risk 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.

DIRECTORS' REPORT TO THE MEMBERS

- **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.

Uncertainties That Could Affect the Bank's Resource, Revenues and Operations

Factors that may potentially affect the Bank's resource, revenues and operations are:

- Capital injection;
- Decisions on Discount Rate / Monetary policy;
- Revisions to rate of returns on deposits;
- Geo-Political risks and uncertainties across the geography that we operate in;
- Law and Order situation;
- Local Government rules and regulations;
- Inflation, fuel and general commodity prices; and
- Corporate taxation measures.

Future Outlook

The bank has incurred loss for the year amounting to Rs. 1,931 million and as at year end, its accumulated loss was Rs. 2,889 million. The Bank is facing problems in recovery of unsecured non-performing advances which includes non-performing advances of Rs. 3,459 million against which provision will be made in a phased manner. The Bank was non-compliant with Minimum Capital Requirements (MCR) and Capital Adequacy Ratio (CAR) requirements of Prudential Regulations for Microfinance Banks, 2014. There has been material uncertainty related to events and conditions which may cast significant doubt about the Bank's ability to continue as a going concern and, therefore the Bank may not be able to realize its assets and discharge its liabilities in the normal course of business.

The management of the Bank, however, developed a multi-faceted plan and is implementing the same to overcome the financial and operational difficulties faced by the Bank. The plan is feasible and its implementation will result in addressing the adverse factors being faced by the Bank. These are discussed below:

- The Sponsors are injecting capital and will inject further capital in the ensuing years. The bank has issued right shares of Rs. 850 million (2020: Nil) during the year and has share deposit money of Rs. 350.39 million (2020: 1046.22 million) against which shares will be issued in due course. Further capital will be injected by current sponsors / potential sponsors (with whom negotiations are already in process) subject to approval of State Bank of Pakistan (SBP). Injection of further capital will help address the issue of compliance with MCR and CAR. The sponsors have undertaken to continue their support to the Bank.
- The Bank is putting efforts to recover the non-performing advances and is hopeful that these advances will be recovered substantially. The delay in recovery of non-performing advances is owing to the adverse economic conditions post Covid-19 which are beyond the control of the borrowers. Non-performing advances of Rs. 613 million have been recovered during the year and non-performing of Rs. 236 million have been recovered by the Bank subsequently. Recovery of the classified portfolio will result in improvement of the financial position of the Bank in the ensuing years.

DIRECTORS' REPORT TO THE MEMBERS

- The Bank is converting its advances portfolio from unsecured to secured portfolio which is reflected in Note 8.1 to the financial statements. The Bank is utilizing the proceeds of further issue of capital and recovery of non-performing advances to enhance its secured portfolio by advancing more secured advances to increase its income and profitability.
- The management of the Bank is also making efforts to limit its administrative and operating expenses without, however, effecting the operational efficiency of the Bank.
- The management believes that the above-mentioned plans / efforts will help the Bank to overcome its financial and operational problems and will result in improvement in the financial position and results of the Bank in ensuing years and is confident that the Bank will be able to continue as a going concern.

The management realizes the importance of digital banking services amid the COVID-19 pandemic. Over the past years the Bank had established internet banking and mobile banking to increase its outreach and cater for the unbanked population. The first phase of this digitization process has already been completed. The next phase of our digital transformation will include the following after complying with regulatory requirements;

- Branchless banking services such as “Merchant Portal” and “Mobile Wallets”
- Issuance of Multiple schemes & Types of payments cards
- Point of Sale (POS)/ Acquiring Business
- Digitally quick Customer on boarding

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

The microfinance sector of Pakistan is recognized as a key player in the banking industry. The Bank is striving to provide financial services to the unbanked segment of the population while catering to high demands of customers.

The Bank has completed 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.

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.

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.

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

DIRECTORS' REPORT TO THE MEMBERS

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 "Negative" future outlook as determined by The Pakistan Credit Rating Agency Ltd. (PACRA) in their statement issued on April 30, 2022.

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;
- 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 Bank is in compliance with significant requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019. The prescribed statement by the management together with the Auditors' Review Report thereon is annexed to the Annual Report.

DIRECTORS' REPORT TO THE MEMBERS

The Directors are pleased to give the following statements required under Chapter XII- Reporting and Disclosure of the aforementioned Regulations:

1. The total number of directors are eight (08*) as per the following:

Category	Number of Directors
Male Director	07
Female Director	01

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

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

* Mr. Javaid Sadiq passed away in the year 2022.

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 (Late)
- Mr. Imad Mohammad Tahir
- Mr. Muhammad Saleem Shaikh
- Syed Rahat Ali Shah

RISK MANAGEMENT COMMITTEE OF THE BOARD

- Mr. Muhammad Asghar (Chairman)
- Mr. Muhammad Akram Shahid
- Mr. Javaid Sadiq (Late)
- 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. 30 to the audited Financial Statements for the year ended December 31st, 2021.

DIRECTORS' REPORT TO THE MEMBERS

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 was not cleared by SBP. During the year 2021, Ms. Parveen Akhter Malik elected as independent director (Female Director) and her Fit Proper Test is cleared by SBP in February 17th, 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 balance of the fund as per its audited financial statements was PKR 113.11 million (2020: PKR 88.70 million) as at year end.

Related Party Disclosure

Transactions with related parties are carried at arm's length on price determined using the comparable uncontrolled price method except for those transactions which, in exceptional circumstances, are specifically approved by the Board.

Dividend and Appropriations

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

Particulars	31 st December 2021 Audited (PKR)	31 st December 2020 Audited – Restated (PKR)
Profit after taxation	(1,930,971,344)	12,742,225
Appropriations:		
Transfer to:		
- Statutory Reserve	-	(2,548,445)
- Contribution to MSDF / DPF / RMF	-	(637,111)
		(3,185,556)
Unappropriated loss brought forward	(958,524,235)	(968,080,904)
Unappropriated loss carried forward	(2,889,495,579)	(958,524,235)

Earnings per Share

The Basic and Diluted earnings per share of the Bank after tax is RKR. (4.84) (2020: RKR. 0.03 re-stated).

Audit Observations

The external auditors have drawn attention towards Note 1.2 of the financial statements for the year ended December 31, 2021 via an emphasis of matter paragraph. Attention is drawn towards the large losses for the year and Non-performing loan figure as a result of which the Bank is MCR and CAR noncompliant. These events and conditions along with other matters set forth in the above-mentioned note indicate a material uncertainty that may cast significant doubt in the Bank's ability to continue as a going concern. Further, realization of deferred tax of Rs. 1,283 million also depends on the Bank's ability to continue as a going concern.

The auditors have not modified their opinion with respect to these matters. The management has devised and is implementing a detailed plan of action to overcome the financial and operational difficulties faced by the Bank as discussed in the said note.

Auditors

The retiring auditors' **M/s RSM Avais Hyder Liaquat Nauman Chartered Accountants, Lahore**, being eligible, have offered themselves for re-appointment. The external auditors have been given a 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 2022.

DIRECTORS' REPORT TO THE MEMBERS

Material Change

During the year, a casual vacancy occurred with the resignation of **M/s Ilyas Saeed & Co. Chartered Accountants, Lahore** which was filled by the appointment of **M/s RSM Avas Hyder Liaquat Nauman Chartered Accountants, Lahore**.

Pattern of Shareholding

The pattern of shareholding as at December 31st, 2021 is annexed to the annual report.

Trading 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 31st, 2021. The Bank has not entered into any commitment, which would materially affect its financial position at the date.

Acknowledgement

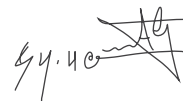
We take this opportunity to express our gratitude to our customers and business partners for their continued support and trust and we are also thankful to our associates, staff and colleagues for their committed services provided to our valued customers.

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.**



Wajahat Malik
President/CEO



Syed Rahat Ali Shah
Director

Date: August 19, 2022
Lahore

ممبران کے لیے ڈائریکٹرز رپورٹ

ہے، کی وصولی بھی بینک کے جاری رہنے کی صلاحیت پر منحصر ہے۔ آڈیٹر نے ان معاملات کے حوالے سے اپنی رائے میں کوئی تبدیلی نہیں کی ہے۔ انتظامیہ نے بینک کو درپیش مالی اور آپریشنل مشکلات پر قابو پانے کے لئے ایک تفصیلی لائحہ عمل وضع کیا ہے۔ اور اس پر عمل درآمد کر رہی ہے۔ جیسا کہ مذکورہ نوٹ میں بتایا گیا ہے۔

آڈیٹر:

ریٹائرنگ آڈیٹر میسرز آرائیس ایم او ایس حیدر لیاقت نعمان چارٹرڈ اکاؤنٹنٹ لاہور نے اہل ہونے کی بنیاد پر خود کو دوبارہ تقرری کے لئے پیش کرتے ہیں۔ ایکسٹرنل آڈیٹرز کو پاکستان کے چارٹرڈ اکاؤنٹنٹ ادارے کے کوالٹی کنٹرول جائزہ کے تحت قابل اطمینان درجہ دیا گیا ہے۔ آڈٹ کمیٹی نے سال 2022ء میں آڈیٹر کے لئے دوبارہ تقرری کو ریگولیشنڈ کیا ہے۔

اہم تبدیلیاں:

سال کے دوران میسرز الیاس سعید اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس لاہور کے استعفی کے ساتھ ایک غیر معمولی آسامی واقع ہوئی جسے میسرز آرائیس ایم او ایس حیدر لیاقت نعمان چارٹرڈ اکاؤنٹنٹس لاہور کی تقرری سے پُر کیا گیا۔

شیئر ہولڈنگ کا نمونہ:

31 دسمبر 2021ء 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 آڈیٹرز یا ان کے شریک حیات اور نابالغ بچوں میں سے کسی نے بھی حصص کی تجارت نہیں کی۔

سیٹلمنٹ آف فنانشل پوزیشن کے بعد کے واقعات:

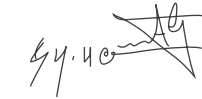
31 دسمبر 2021ء کے بعد کوئی اہم تبدیلی نہیں ہوئی۔ بینک نے کوئی ایسا وعدہ نہیں کیا، جس سے مالیاتی پوزیشن پر اثرات مرتب ہوں۔

اعترافات:

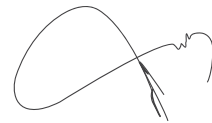
ہم اس موقع سے فائدہ اٹھاتے ہوئے اپنے صارفین، کاروباری شراکت داروں کی مستقل حمایت اور بھروسے کے حاصل ہونے پر اظہار تشکر پیش کرتے ہیں اور ہم صارفین کو دی گئی پُر عزم خدمات کے لئے اپنے ملازمین کا بھی شکریہ ادا کرتے ہیں۔

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

منجانب بورڈ آف ڈائریکٹرز اپنا مائیکروفنانس بینک لمیٹڈ



سید راحت علی شاہ، ڈائریکٹر



وجاہت ملک صاحب، صدر/سی ای او

19 اگست 2022ء، لاہور

ممبران کے لیے ڈائریکٹرز رپورٹ

(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 2021ء کی مالیاتی رپورٹ کے نوٹ نمبر 30 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 2021ء 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 2021ء کی آڈیٹڈ مالیاتی سٹیٹمنٹ کے مطابق فنڈ کا یہ بیلنس آڈیٹڈ 113.11 ملین پاکستانی روپے (2020ء: 88.70 ملین پاکستانی روپے) ہے۔

متعلقہ فریقوں سے تعلقات:

متعلقہ فریقوں کے ساتھ لین دین کا موازنہ غیر کنٹرول شدہ قیمت کے طریقہ کار کو استعمال کرتے ہوئے طے شدہ قیمت کے مطابق کیا جاتا ہے۔ سوائے ان لین دین کے جو غیر معمولی حالات میں خاص طور پر بورڈ سے منظور شدہ ہوں۔

ڈیویڈنڈ اور تصرفات:

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

کوائف	31 دسمبر 2021ء (پاکستانی روپے)	31 دسمبر 2020ء (پاکستانی روپے)
دوبارہ بیان کیا گیا		
منافع بعد از ٹیکس ادا کی گئی	(1,930,971,344)	12,742,225
تصرفات		
قانونی ذخائر میں منتقلی	--	(2,548,445)
ایم ایس ڈی ایف / ڈی پی ایف / آرایم ایف میں شرکت	--	(637,111)
	--	(3,185,556)
غیر تصرف شدہ خسارہ آگے لایا گیا	(958,524,235)	(968,080,904)
غیر تصرف شدہ خسارہ آگے لے جایا گیا	(2,889,495,579)	(958,524,235)

آمدنی / نقصان / فی حصص:

ٹیکس کے بعد بینک کی فی حصص بنیادی اور کمزور آمدنی (4.84) پاکستانی روپے (2020 : 0.03 دوبارہ بیان کیا گیا)۔

آڈٹ کے مشاہدے:

ایکسٹرنل آڈیٹرز نے 31 دسمبر 2021ء کو ختم ہونے والے سال کے مالیاتی بیانات کے نوٹ نمبر 1.2 کی طرف توجہ مبذول کروائی ہے جس میں ایمفا سز آف میٹر پیچر اگراف کی طرف زور دیا گیا ہے۔ دوران سال بڑے نقصانات اور غیر فعال قرض کے اعداد و شمار کی طرف توجہ مبذول کروائی گئی ہے۔ جس کے نتیجے میں بینک MCR اور CAR کی تعمیل نہیں کر رہا ہے۔ مذکورہ بالا نوٹ میں بیان کردہ دیگر معاملات کے ساتھ یہ واقعات اور حالات ایک ایسی غیر یقینی صورت حال کی نشاندہی کرتے ہیں جو بینک کے جاری رہنے کی صلاحیت پر اہم شکوک پیدا کرتے ہیں۔ مزید ڈیفیریڈ ٹیکس جو کہ 1283 ملین

ممبران کے لیے ڈائریکٹرز رپورٹ

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

مرد: 07

خاتون: 01

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

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

☆ جاوید صادق صاحب دوران سال 2022ء میں انتقال کر گئے۔

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

ہیومن ریسورس اینڈ ریمونڈیشن کمیٹی:

☆ جناب عبدالعزیز خان (چیئرمین)

☆ جناب جاوید صادق صاحب (مرحوم)

☆ 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 صاحب (مرحوم)

☆ جناب عبدالعزیز خان

☆ سید راحت علی شاہ

ممبران کے لیے ڈائریکٹرز رپورٹ

کرڈٹ ریٹنگ:

پاکستان کرڈٹ ریٹنگ ایجنسی لمیٹڈ (PACRA) نے بینک کے منفی مستقبل کے لائحہ عمل کے تناظر میں بینک کی لاگت ٹرم ریٹنگ ٹریبل بی پلس (BBB+) اور شاٹ ٹرم ریٹنگ اے تھری (A3) مقرر کی ہے۔ (PACRA) نے یہ ریٹنگ اپنی اسٹیٹمنٹ میں 30 اپریل 2022ء کو جاری کی ہے۔

کاروباری سماجی ذمہ داری:

ہم کاروباری سماجی ذمہ داریاں (CSR) 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، ہی ایس آر اس چیز کا اہم حصہ ہے، ہم اپنی کاروباری کامیابی کو صرف مالیاتی معیار کے لحاظ سے نہیں مانتے، بلکہ اپنے صارفین کا اطمینان اور وہ طبقہ جس کو ہم خدمات فراہم کرتے ہیں اس کو بھی مد نظر رکھتے ہیں۔

انٹرنل کنٹرولز:

ڈائریکٹرز انٹرنل 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۔

☆ 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، سیکورٹیز 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 سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور اسٹیٹ بینک آف پاکستان کے جاری کردہ قواعد و ضوابط / ہدایات میں اختلاف ہو، اس صورت میں کمپنیز ایکٹ 2017ء میں ضروریات، مائیکرو فنانس انسٹی ٹیوشن آرڈیننس 2001ء یا SECP اور SBP کے جاری کردہ قواعد و ضوابط غالب ہوں گے۔

☆ انٹرنل کنٹرول نظام کا ڈھانچہ کارآمد ہے اور موثر طریقے سے کام کر رہا ہے۔ انٹرنل کنٹرول کے نظام اور اس کی نگرانی کی حتمی ذمہ داری بورڈ پر لازم ہے۔ آڈٹ کمیٹی کی تشکیل کے مقاصد میں شامل ہے کہ وہ انٹرنل کنٹرول کے نظام اور دیگر مالیاتی امور کی رپورٹنگ کے موثر اطلاق کی نگرانی کے لئے اندرونی و بیرونی آڈیٹرز اور انتظامیہ کے ساتھ سال بھر وقتاً فوقتاً آزادانہ طور پر مشاورتی ملاقاتیں کرتا ہے۔ مزید برآں پورے سال مسلسل مالی پیشین گوئی اور بجٹ کنٹرول کے ذریعے کارکردگی کی نگرانی کی جاتی ہے۔

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

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

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

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

☆ ڈائریکٹرز کے تربیتی پروگراموں کی تفصیل، کوڈ آف کارپوریٹ گورننس کے ساتھ اسٹیٹمنٹ 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:

بینک لمیٹڈ کمپنیوں (کوڈ آف کارپوریٹ گورننس) کے ضوابط 2019ء کے اہم تقاضوں کی تعمیل کر رہا ہے۔ انتظامیہ کی جانب سے بیانیہ اور آڈیٹرز کی جائزہ رپورٹ سالانہ رپورٹ کے ساتھ منسلک ہے۔ ڈائریکٹرز کو باب XII کے تحت مطلوبہ درج ذیل بیانات دینے پر خوشی ہے۔

ممبران کے لیے ڈائریکٹر رپورٹ

بینک اپنے قرضوں کو غیر محفوظ سے محفوظ میں تبدیل کر رہا ہے۔ جس کی عکاسی مالیاتی گوشوراؤں کے نوٹ 8.1 میں ہے۔ بینک اپنی آمدنی اور منافع میں اضافے کے لئے مزید محفوظ قرضوں کو بڑھا رہا ہے۔ اس مقصد کے لئے بینک سرمایہ اور غیر فعال قرضوں کی وصولی سے حاصل ہونے والی آمدنی کو استعمال کر رہا ہے۔

بینک کی انتظامیہ، بینک کی آپریشنل کارکردگی کو متاثر کیے بغیر اپنے انتظامی اور آپریشنل اخراجات کو محدود کرنے کی کوشش کر رہی ہے۔

انتظامیہ کا خیال ہے کہ مذکورہ بالا منصوبوں اور کوششوں سے بینک کو اپنے مالی اور آپریشنل مسائل پر قابو پانے میں مدد ملے گی اور اس کے نتیجے میں آنے والے برسوں میں بینک کی مالی حالت اور نتائج میں بہتری آئے گی اور انہیں یقین ہے کہ بینک کو جاری رکھنے میں کامیاب ہو جائیں گے۔ انتظامیہ کو کورونا وائرس (Covid-19) وباء کے درمیان ڈیجیٹل بینکنگ کی خدمات کی اہمیت کا احساس ہوا ہے۔ پچھلے سالوں میں بینک میں انٹرنیٹ بینکنگ اور موبائل بینکنگ قائم کی ہے۔ تاکہ اس کی رسائی کو بڑھایا جاسکے۔ اور بینک سے محروم آبادی کو پورا کیا جاسکے۔

اس پریذیکٹڈ تیزیشن کے عمل کا پہلا مرحلہ مکمل ہو چکا ہے۔

ہماری ڈیجیٹل تبدیلی کے اگلے مرحلے میں درج ذیل ریگولیٹری تقاضوں کی تکمیل کے بعد درج ذیل چیزیں شامل ہوں گی:

☆ برانچ لیس بینکنگ خدمات جیسا کہ "مرچنٹ پورٹل" اور "موبائل والٹ"

☆ متعدد سیکسوں کا اجراء اور ادائیگی کارڈز کی اقسام

☆ پوائنٹ آف سیل (POS) اور ایکوائزنگ بزنس

☆ بورڈنگ پریذیکٹڈ طور پر فوری گاہک

ڈیجیٹل تیزیشن کے اس اقدام سے نہ صرف سماجی فاصلے کے کچھ کفر و غلطیوں کا بلکہ آپریشنل اور برانچ کی سطح پر اخراجات کو کم کرتے ہوئے بینک کی رسائی میں توسیع ہوگی۔ ہمارا اولین مقصد ایک ٹیکنالوجی پاور ہاؤس بنانا ہے۔ جو ادائیگیوں کی صنعت کی ضروریات کو پورا کرے گا اور بینک کے کاروبار کو بڑھائے گا۔

پاکستان کے مائیکرو فنانس سیکٹر کو بینکنگ انڈسٹری میں ایک اہم کھلاڑی کے طور پر تسلیم کیا جاتا ہے۔ بینک صارفین کے اعلیٰ مطالبات کو پورا کرتے ہوئے آبادی غیر بینک شدہ حصے کو مالی خدمات فراہم کرنے کے لئے کوشاں ہے۔ بینک میں اپنا آر ٹی جی ایس (RTGS) پروسیجر میکانزم کامیابی سے مکمل کر لیا ہے۔ یہ نیا طریقہ کار جسے سٹریٹ تھرو پروسیجر (STP) کہا جاتا ہے، بڑی رقم کی ادائیگیوں کو مؤثر اور فوری طور پر منتقل کرنے کی سہولت فراہم کرتا ہے۔

موجودہ ٹیکنالوجی کو استعمال کرتے ہوئے بینک نئی اور موجودہ مارکیٹوں میں آگے بڑھنے کے لئے کاروبار کے مختلف طریقے تخلیق کرنے جا رہا ہے۔ بینک ریگولیٹری تقاضوں کی تعمیل کے بعد زیادہ آمدنی پیدا کرنے اور زیادہ کسٹمرز اور تعلقات کو مضبوط بنانے کے لئے مندرجہ ذیل چیزوں پر توجہ دینا ضروری ہے۔

برانچ لیس بینکنگ فریم ورک:

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

متعدد سیکسوں 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 کے ذریعے پیدا کئے جاسکتے ہیں۔

پوائنٹ آف سیل (POS) ایکوائزنگ بزنس:

اسٹیٹ بینک آف پاکستان اور نئی صنعت کی حرکات کے مطابق پی او ایس ممکنہ محصولات کے ذرائع 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 پریذیکٹڈ 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 ہوگا، جس کے نتیجے میں محصولات کی آمدنی زیادہ ہوگی۔ ہم نے بینک کے قرض دینے کے نظام میں مسلسل شفافیت کو یقینی بنانے کے لئے اپنے نئے جدید ترین کریڈٹ اور انفارمیشن سسٹم کی بہتری کے لئے کوششیں جاری رکھیں گے۔ مزید بینک زیادہ کوریج اثاثوں کی کارکردگی اور پیداواری صلاحیت کے ذریعے اپنے منافع کو بہتر بنانے کی حکمت عملی پر عمل درآمد کرے گا۔

ممبران کے لیے ڈائریکٹرز رپورٹ

اس فریم ورک کو برقرار رکھتے ہیں جو بینک کی انتظامیہ اور عمل کو قابل قبول سطح پر آئی ٹی سکیورٹی 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 جاسکے۔

ماحولیاتی خطرہ:

بینک یا اس 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۔

غیر یقینی صورتحال جو بینک کے وسائل، محصولات اور کارروائی کو متاثر کر سکتی ہے:

مندرجہ ذیل عوامل ممکنہ طور پر بینک کے وسائل، محصولات کی کارروائیوں کی متاثر کر سکتے ہیں:-

☆ کیپٹل انجکشن

☆ ڈسکاؤنٹ ریٹ اور معالیاتی پالیسی سے متعلق فیصلے

☆ ڈپازٹس پر شرح سود میں ترمیم

☆ جغرافیائی، سیاسی خطرات اور جغرافیہ میں غیر یقینی صورتحال جس میں ہم کام کرتے ہیں

☆ امن و امان کی صورتحال

☆ مقامی حکومت کے قواعد و ضوابط

☆ افراط زر، ایندھن اور عام اشیاء کی قیمتیں

☆ کارپورٹ ٹیکسیشن پراقدامات

مستقبل کا لائحہ عمل:

بینک کا اس سال کا خسارہ 1,931 ملین ہے اور سال کے اختتام تک اس کا مجموعی خسارہ 2,889 ملین ہو گیا ہے۔ بینک کو غیر محفوظ، غیر فعال قرض کی وصولی میں مسائل کا سامنا ہے۔ جس میں 3,459 ملین کا غیر فعال قرض شامل ہے جس کے خلاف مرحلہ وار پروژن کی جائے گی۔ بینک مائیکرو فنانس بینکوں کے لئے پروڈیکشن ریگولیشنز، 2014ء کے کم از کم سرمائے کی ضروریات (MCR) اور کیپٹل ایڈیکوئیسی ریٹو (CAR) کی ضروریات کے مطابق نہیں تھا۔ غیر یقینی واقعات اور حالات کی وجہ سے بینک کے جاری رہنے کی صلاحیت کے بارے میں نمایاں شک پیدا ہو سکتا ہے اور اس وجہ سے بینک کے اپنے اثاثوں کا ادراک کرنے اور کاروبار کے عام دورانیہ میں اپنی ذمہ داریوں کو ادا کرنے کی قابلیت میں کمی آ سکتی ہے۔ تاہم بینک کی انتظامیہ نے ایک مختلف پہلو والا منصوبہ تیار کیا ہے اور بینک کو درپیش مالی اور آپریشنل مشکلات پر قابو پانے کے لئے اس پر عمل درآمد کر رہا ہے۔ یہ منصوبہ قابل عمل ہے۔ اور اس کے نفاذ سے بینک کو درپیش منفی عوامل سے نمٹا جاسکتا ہے۔

ان پر ذیل میں بحث کی گئی ہے:

اسپانسرز سرمایہ لگا رہے ہیں اور آنے والے سالوں میں مزید سرمایہ لگائیں گے۔ بینک نے سال کے دوران 850 ملین روپے (صفر: 2020) رائٹ شیئر جاری کیے ہیں اور اس کے حصص کی جمع کردہ رقم 350.49 ملین روپے (2020: 1,046.22 ملین) ہیں جس کے مقابلے میں حصص مناسب وقت پر جاری کیے جائیں گے۔ مزید سرمایہ موجود اسپانسرز/مکملہ اسپانسرز جن کے ساتھ مذاکرات پہلے ہی جاری ہیں اسٹیت بینک آف پاکستان SBP کی منظوری سے مشروط کریں گے۔ مزید سرمایہ سے ایم سی آر اور سی آے آر کی تعمیل کے مسئلے کو حل کرنے میں مدد ملے گی۔ اسپانسرز نے بینک کی حمایت جاری رکھنے کا فیصلہ کیا ہے۔

بینک غیر فعال قرضوں کی وصولی کے لئے کوششیں کر رہا ہے اور امید ہے کہ ان قرضوں کو کافی حد تک بحال کر دیا جائے گا۔ غیر فعال قرضوں کی بحالی میں تاخیر کی وجہ کو رونا وائرس (Covid-19) کے بعد غیر مناسب معاشی حالات ہیں جو قرض لینے والوں کے کنٹرول سے باہر ہے۔ سال کے دوران 613 ملین کے غیر فعال قرضوں کو وصول کیا گیا ہے اور سال کے بعد بینک نے 236 ملین روپے کے غیر فعال قرضوں کو وصول کیا ہے۔ کلاسیفائیڈ پورٹ فولیو کی وصولی کے نتیجے میں آنے والے سالوں میں بینک کے مالی حالات میں بہتری آئے گی۔

ممبران کے لیے ڈائریکٹرز رپورٹ

بینک کے بورڈ نے 850 ملین پاکستانی روپے کے 85 ملین رائٹ شیئرز، 10 روپے کے حساب سے، ڈائریکٹرز اسپانسرز اور جنرل ممبرز کو جاری کئے۔ رواں سال کے دوران اسپانسرز نے 150 پاکستانی روپے کا فریش کپٹل / شیئر ڈیپازٹ منی متعارف کرائی۔

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 اور لائٹنئی کمیٹی (ALCO) کے ذریعے بینک کی شرح سود کے خطرے کی نگرانی کی جاتی ہے، جو قفا قفا بینک کے دیئے گئے قرضہ جات کی شرح ڈیپازٹ پراڈکٹ پر نظر رکھتا ہے اور اس بات کو یقینی بناتا ہے کہ سٹرمیں کو برقرار رکھا جاسکے اور شرح سود کے پیریڈ کو زیادہ سے زیادہ بڑھایا جاسکے۔

کریڈٹ کا خطرہ:

صارفین کے ذریعے 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 حصے کے طور پر 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 کرکرنے کو یقینی بناتے ہوئے ایک بہتر کریڈٹ پورٹ فولیو کو برقرار رکھنے کے لئے پُر عزم ہے۔

قابل عٹاف 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 ہنرمند عٹاف 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 نوازا 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 سے بینک کو نقصان ہو سکتا ہے۔

انٹرنیٹ اور موبائل بینکاری میں جدید ترین ٹیکنیکی 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 حکمہ باقاعدگی سے نگرانی کی 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 فعالیت نقصان کسی بینک کو اس کی بینکاری سرگرمیوں پر لاگو قوانین، ضوابط اور ضابطہ اخلاق کی تعمیل کرنے میں ناکامی کے نتیجے میں دوچار 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 بناتا 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 جاسکے۔ بینک انتہائی لیکویڈیٹ سرکاری سیکورٹیز کا خاطر خواہ پورٹ فولیو بھی برقرار رکھتا ہے، جس کو لیکویڈیٹی کے دباؤ کی صورت میں استعمال کیا جاسکتا ہے۔

انفارمیشن سیکوریٹی کا خطرہ:

یہ نقصان اندرونی اور بیرونی خطرات کی وجہ سے ہو سکتا ہے۔ جسے اہم مالی اعداد و شمار تک یرسائی، حساس صارفین کی معلومات، اہم خدمات کی عدم فراہمی، موکلوں کی نقالی اور معلومات میں رد و بدل، مالی معاملات اور بینک کے حساس الیکٹرانک ڈیٹا اور آئی ٹی سسٹم کا نقصان شامل ہیں۔ آئی ٹی سیکوریٹی رسک مینجمنٹ یونٹ آئی ٹی سیکوریٹی رسک مینجمنٹ کے لئے ریگولیٹری ضروریات کو کم کرنے کے لئے

ممبران کے لیے ڈائریکٹر رپورٹ

اپنا مائیکرو فنانس بینک کے ڈائریکٹر انتہائی مسرت کے ساتھ 31 دسمبر 2021ء کو ختم ہونے والے مالی سال کے لئے اپنی رپورٹ بمعہ آڈٹڈ مالیاتی اسٹیٹمنٹ اور اس پر آڈیٹر رپورٹ پیش کر رہے ہیں۔
معاشی جائزہ:

پچھلے کچھ مہینے عالمی معیشت پر اچھے اثرات لائیں ہیں جو کورونا وائرس (Covid-19) کے بہران سے نکلنے کا اشارہ دیتے ہیں۔ پاکستان میں 2021 میں معاشی بحالی نے رفتار کو برقرار رکھا ہے۔
وہابی مرض کے بعد کہ عرصہ میں معیشت استحکام کی راہ پر گامزن ہوئی جیسا کہ یہ اس بات کی گواہی ہے کہ پاکستان میں مالی سال 2021 میں 5.6 فیصد کی حقیقی جی ڈی پی (GDP) کی شرح نمو متوقع سے زیادہ حاصل کی۔

دوسری جانب مہنگائی کے اعداد و شمار بڑھ گئے ہیں یوکرین روس جنگ کے اثرات نے عالمی اجناس کی قیمتوں کو شدید متاثر کیا ہے۔ اس کے ساتھ ساتھ ملک میں سیاسی عدم استحکام نے افراط زر میں ریکارڈ بلندی تک اضافہ کر دیا ہے۔ اعلیٰ افراط زر کا مقابلہ کرنے کے لئے SBP نے سال 2021 پالیسی ریٹ میں 275 پیسز پوائنٹس (9.75% - 7.00%) اور رواں سال میں 525 پیسز پوائنٹس (15.00% - 9.75%) تک اضافہ کیا۔ یہ اضافہ موجودہ معاشی اور سیاسی پیش رفت کی عکاسی کرتا ہے جس میں ملکی طلب میں اضافہ، اشیاء کی بین الاقوامی قیمتوں میں اضافہ، مہنگائی میں اضافہ، کرنٹ اکاؤنٹ خسارے میں اضافہ اور ملک کا غیر مستحکم سیاسی نظام شامل ہیں۔

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 انسٹیٹیویشنز 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۔

31 دسمبر 2021ء کو ختم ہونے والے سال کے دوران بینک کی مالیاتی کارکردگی مندرجہ ذیل ہے۔

کوائف	31 دسمبر 2021ء (پاکستانی روپے)	31 دسمبر 2020ء (پاکستانی روپے)	% تبدیلی
فراہم کیا گیا کل ایڈوانس (پرووژن کے بعد)	11,505,706,719	10,119,919,747	14%
ڈیپازٹس اور دیگر اکاؤنٹس	22,083,717,249	26,178,886,970	(16)%
مارک اپ آمدنی	908,380,258	3,418,310,151	(73)%
مارک اپ اخراجات	(1,459,014,295)	(1,471,575,005)	(1)%
انتظامی اخراجات	(2,167,670,263)	(2,021,197,500)	7%
(نقصان) منافع بعد از ٹیکس ادائیگی	(1,930,971,344)	12,742,225	(15254)%

سال 2021 کے دوران کورونا وائرس (Covid-19) کے منفی معاشی اثرات کی وجہ سے پورٹ فولیو جس کی رقم 3459.18 ملین پاکستانی روپے، جس کی درجہ بندی کی گئی تھی۔ نتیجتاً بینک میں 2304 ملین پاکستانی روپے کی مارک اپ معطلی ان ایڈوانسز کے خلاف ریکارڈ کی۔ اس بڑی معطلی کی وجہ سے بینک کے نقصان میں اضافہ ہوا اور مارک اپ آمدنی میں کمی ہوئی۔
گزشتہ سال 2020ء کے 12.74 ملین پاکستانی روپے کے منافع کے مقابلے میں اس سال بینک نے 1.93 ملین پاکستانی روپے کا نقصان ظاہر کیا۔ بینک کی ایکویٹی (بعد از نقصانات) 442.37 ملین پاکستانی روپے ہے اور 31 دسمبر 2021ء تک بینک کے کل اثاثے 29,585.58 ملین پاکستانی روپے سے کم ہو کر 23,776.71 ملین پاکستانی روپے ہو گئے ہیں۔
انتظامیہ نے اس پورٹ فولیو کے حوالے سے ریکوری اور ری اسٹرکچرنگ کی حکمت عملی وضع کی ہے اور اس پر عمل درآمد کرتے ہوئے 236 ملین پاکستانی روپے کی نان پرو فارمنگ ایڈوانسز کی ریکوری کی ہے۔
ایڈوانسز میٹ آف پرووژن پچھلے سال کے مقابلے میں 14% کے اضافے کے ساتھ 11,505.70 ملین پاکستانی روپے رہے، جبکہ پچھلے سال اس عرصہ کے اختتام پر 10,119.919 ملین پاکستان روپے تھے، رواں سال 2021ء کے آخر میں بینک کی مجموعی ایڈوانس ٹو ڈیپازٹ ریٹو (ADR) 40.12 جبکہ 2020ء میں 54.32 فیصد پر رپورٹ کی۔
میجمنٹ نے اسٹیٹ بینک آف پاکستان کی طرف سے MFB's کے لئے جاری کردہ پروڈیشنل ریگولیشنز کے مطابق 324 ملین پاکستانی روپے کی مخصوص پرووژن چارج کی۔
بینک کے ڈپوٹ کم ہو کر 31 دسمبر 2021 کو 22,083.71 ملین پاکستانی روپے ہوں گے ہیں جبکہ گزشتہ سال ڈپوٹ 26,178.89 ملین پاکستانی روپے تھے۔

MEETINGS OF THE BOARD

From January 1, 2021 to December 31, 2021

Name of Directors	Meetings Due	Meetings Attended
Mr. M. A Shahid	7	7
Mr. Imad Muhammad Tahir	7	7
Mr. Muhammad Saleem Shaikh	7	7
Mr. Muhammad Asghar	7	7
Syed Rahat Ali Shah	7	7
Mr. Javaid Sadiq (Late)	7	7
Mr. Abdul Aziz Khan Niazi	7	7
Ms. Parveen Akther Malik	6	4

MEETINGS OF THE AUDIT COMMITTEE

From January 1, 2021 to December 31, 2021

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

Annexure 'A'

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

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

Year ending: **December 31, 2021**

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

1. The total numbers of director are 8 as per the following:
 - a) Male: 7
 - b) Female: 1
2. The composition of board is as follows:
 - a) Independent Directors: 2
 - b) Other Non-executive Director: 6
 - c) Executive Directors: 1 (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 Bank;
4. The Bank has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Bank along with its supporting policies and procedures.
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Bank. The Board has ensured that a complete record of particulars of significant policies along with the dates on which they were approved or is maintained by the Bank.
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 Companies Act, 2017 (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.
9. The Board has arranged Directors' Training Program (DT) for the following directors:
 - Mr. Muhammad Akram Shahid
 - Mr. M Saleem Sheikh
 - Mr. Syed Rahat Ali Shah
 - Mr. Mohammad Asghar
 - Ms. Parveen Akhtar Malik
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, 2020

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

a) Audit Committee	
Mr. Abdul Aziz Khan	Chairman
Mr. Muhammad Asghar	Member
Mr. Imad Mohammad Tahir	Member
Mr. Muhammad Saleem Shaikh	Member
Syed Rahat Ali Shah	Member
b) HR and Remuneration Committee	
Ms. Parveen Akhtar Malik	Chairman
Mr. Javaid Sadiq (Late)	Member
Mr. Imad Mohammad Tahir	Member
Syed Rahat Ali Shah	Member
Mr. Muhammad Saleem Shaikh	Member
c) Risk Management Committee	
Mr. Muhammad Asghar	Chairman
Mr. Muhammad Akram Shahid	Member
Mr. Javaid Sadiq (Late)	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 committees 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 | Half yearly |
15. The Board has set up an effective internal audit function which is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Board.
16. The statutory auditors of the Bank have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountant of Pakistan (ICAP) and are registered with Audit Oversight Board of Pakistan, that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by ICAP and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, company secretary or director of the Bank;
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 except the following;
- The number of directors on the Board of directors of the Bank remained 8 during the year instead of 9 which was fixed by the Board for election of its directors. However, fresh election of directors was held subsequently wherein 9 directors have been elected.
19. Explanation for non-compliance with some requirements, other than Regulations 3,6,7,8,27,32,33 and 36 are below;
- Development of certain policies as specified in Regulation 10(4) is as under process and will be submitted to the board for its consideration and approval in due course;
 - 05 out of 8 directors have completed the DTP as discussed in para (9) above and remaining directors will also complete DTP in due course.

For Apna Microfinance Bank Ltd.

Muhammad Akram Shahid
Chairman

Date: August 19, 2022
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 with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors (the Board) of Apna MicroFinance Bank Limited (the Bank) for the year ended December 31, 2021 in accordance with the requirements of Regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board 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's statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal control, 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 for their review and approval, its related party transactions. 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 upon recommendation of the Audit Committee.

Based on our review, 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, 2021.



RSM AVAIS HYDER LIAQUAT NAUMAN
CHARTERED ACCOUNTANTS

Engagement partner: Syed Naveed Abbas

Place: Lahore

Date: August 19, 2022

UDIN: CR2021102393copOldZU

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

ETHICS AND **BUSINESS PRACTICES**

WORKPLACE ENVIRONMENT

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

RESPONSIBILITIES TOWARDS EMPLOYER (AMBL)

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

INFORMATION MANAGEMENT

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

ETHICS AND **BUSINESS PRACTICES**

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

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

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

OTHER KEY LEGAL/COMPLIANCE RULES AND ISSUES

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



Chairman

Lahore

Date: August 19, 2022

PATTERN OF SHAREHOLDING

As at 31 December 2021

Number of Shareholders	Shareholding		Total Shares Held
	From	To	
252	1	100	2,759
88	101	500	38,206
18	501	1000	16,884
35	1001	5000	96,297
3	5001	10000	23,000
3	10001	15000	32,019
2	15001	20000	37,117
2	20001	25000	47,294
1	25001	30000	25,108
1	55001	60000	60,000
1	110001	115000	112,000
1	210001	215000	211,833
1	265001	270000	267,687
1	275001	280000	277,500
1	375001	380000	375,939
1	380001	385000	381,492
1	1170001	1175000	1,171,607
1	2465001	2470000	2,465,500
1	2995001	3000000	3,000,000
1	3325001	3330000	3,326,687
1	5240001	5245000	5,242,088
1	6965001	6970000	6,967,050
1	7320001	7325000	7,323,501
1	8460001	8465000	8,462,237
1	8615001	8620000	8,618,522
1	20530001	20535000	20,532,691
1	22255001	22260000	22,259,577
1	55150001	55155000	55,151,688
1	82980001	82985000	82,980,672
1	199475001	199480000	199,478,007
425			428,984,962

CATEGORIES OF SHAREHOLDERS

As at 31 December 2021

Categories of Shareholders	Name	Number of Shares	Percentage %
Directors, Chief Executive Officer their Spouse(s) & Minor Children.			
	Syed Rahat Ali Shah	500	
	Mr. Muhammad Asghar	500	
	Mr. Abdul Aziz Khan	500	
	Mr. Muhammad Saleem Shaikh	500	
	Mr. Javaid Sadiq (Late)	500	
	Mr. Muhammad Akram Shahid	22,259,577	
	Mr. Imad Mohammad Tahir	55,151,688	
	SUB TOTAL	77,413,765	18.05
Associated Companies, Undertaking and Related Parties			
	The United Insurance Company of Pakistan Ltd	199,478,007	
	United Track System (Pvt) Limited	82,980,672	
	Mr. Shahid Hussain	20,532,691	
	United Software and Technologies International (PVT) Limited	10,927,688	
	Mr. Anas Mohammad Tahir	8,618,522	
	Saudi Pak Insurance Company Limited	8,462,237	
	Tawasul Healthcare TPA (PRIVATE) Limited	6,967,050	
	Mr. Nasarullah Khan	5,242,088	
	Tawasul Risk Management Service	2,465,500	
	Sub-Totals	345,674,455	80.58
Joint Stock Companies, insurance companies and others			
	NCC- Pre Settlement Delivery Account	500	
	Sarfaz Mehmood (Pvt.) Limited	500	
	Pakistan Stock Exchange Limited	59	
	Maple Leaf Capital Limited	1	
	SUB TOTAL	1,060	0.00
General Public - Local			
	General Public- Local	5,895,682	1.37
GRAND TOTAL		428,984,962	100.00

CATEGORIES OF SHAREHOLDERS

as at December 31, 2021

Shareholder's Category	Number of Shareholders	Number of Shares	Percentage %
Directors, Chief Executive Officer their Spouse(s) & Minor Children	8	77,413,765	18.05
Associated Companies, Undertakings & Related Parties.	6	345,674,455	80.58
Joint Stock Companies, Insurance Companies And Others	4	1,060	0.00
General Public	407	5,895,682	1.37
TOTAL	425	428,984,962	100.00

SHAREHOLDERS HOLDING 10% OR MORE VOTING RIGHTS

Name, Father's Name & Address of Shareholder(s)	Holding	Percentage %
The United Insurance Company Of Pakistan Ltd	199,478,007	46.50
United Track System (Pvt) Limited	82,980,672	19.34
Imad Mohammad Tahir	55,151,688	12.86

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

Opinion

We have audited the annexed financial statements of Apna Microfinance Bank Limited (the Bank), which comprise the balance sheet as at December 31, 2021, 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, 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 and the directives issued by the Securities and Exchange Commission of Pakistan (SECP) and the State Bank of Pakistan (SBP) 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, 2021 and of the loss, the comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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.

Material Uncertainty relating to Going Concern – Emphasis of matters

We draw attention to Note 1.2 to the financial statements states that the Bank has incurred loss for the year amounting to Rs. 1,931 million and as at the year end, its accumulated loss was Rs. 2,899 million. The Bank is facing problems in recovery of unsecured non performing advances which includes non-performing advances of Rs. 3,459 million against which provision will be made in a phased manner (Note 8.2). These events and conditions, along with other matters as set forth in the said note, indicate a material uncertainty that may cast significant doubt on the Bank's ability to continue as a going concern. Realization of deferred tax asset of Rs. 1,283 million also depends on the Bank's ability to continue as a going concern. Our opinion is not modified with respect to these matters.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, 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 matters described in the Material Uncertainty Related to Going Concern- emphasis of matter Section of

INDEPENDENT **AUDITORS' REPORT**

our report, we have determined following Key audit matters:

S. No	Key Audit Matter	How our audit addressed the key audit matter
1)	Provision against advances	
	<p>(Refer note 8 to the annexed financial statements).</p> <p>The Bank makes provision against advances on a time-based criteria and subjective assessment criteria which considers the evaluation of the credit worthiness of borrowers, history of recovery, restructuring, subsequent recovery and other related factors.</p> <p>The determination of provision against advances involves significant judgement and estimation and provision is made on the basis of management's best estimate. Because of the significance of the impact of these judgements/ estimations and the materiality of advances relative to the overall statement of financial position of the Bank, we considered the area of provision against advances and suspension of related mark up as a Key Audit Matter.</p>	<ul style="list-style-type: none"> • Our audit procedures, included, amongst others, the following procedures: • an understanding of the design and implementation of the accounting and internal control systems relevant to advances; • checked the governance and approval process related to provisions, including continuous reassessment by the management, recovery and restructuring process etc. <p>A sample of loan accounts was selected for following substantive procedures:</p> <ul style="list-style-type: none"> • checked repayments of loan / mark-up installments and tested classification of nonperforming advances based on the number of days overdue; and • evaluated the management's assessment for classification of a borrower's loan facilities as performing or non-performing based on review of repayment pattern, inspection of credit documentation, discussions with the management and management's consideration of the impact of Covid-19 on the borrowers, their assessment of improvement of repayment capacity of borrowers post Covid 19, recovery and restructuring strategy, related management approvals and subsequent recovery; • checked the specific provision and general provision made in accordance with regulatory requirements / instructions /relaxation, if any; • checked suspension of markup related to non-performing advances;
2)	Right of use assets and related lease liabilities	

INDEPENDENT **AUDITORS' REPORT**

	<p>Refer note 10 and 15 to the financial statements</p> <p>The bank has number of branches under rental arrangements which also include long-term lease contracts. IFRS 16 – 'Leases' requires recognition of right of use assets and related lease liabilities in respect of all long- term lease contracts.</p> <p>The bank has corrected the error retrospectively and recorded the right of use assets and related lease liabilities in respect of such long term lease contracts during the year in accordance with the requirements of IAS-8 Accounting Policies, Change in Accounting Estimates and Errors.</p> <p>Considering the significance of these account balances, these areas were considered as Key Audit Matter.</p>	<p>Our audit procedures, included, amongst others, the following procedures:</p> <ul style="list-style-type: none"> • Evaluated management's process for retrospective correction of error. • calculation of right of use assets and related lease liabilities was obtained and recalculation was performed; • checked terms of lease contracts on test check basis; • checked accounting treatment of correction of error in accordance with the requirements of IAS- 8 Accounting Policies, Change in Accounting Estimate and Errors; • checked related disclosures in the financial statements in accordance with the requirements of IAS-8;
3)	Deposits and other accounts and related mark-up expense	
	<p>Refer note 13 and 21 to the financial statements.</p> <p>Deposits and other accounts represent major part of liabilities of the bank and related mark-up expense is also significant.</p> <p>Considering the materiality of this account balance and nature of activities of the Bank, these deposits and other accounts were considered as a Key Audit Matter.</p>	<ul style="list-style-type: none"> • Our audit procedures, included, amongst others, the following procedures: • obtained an understanding of the design and implementation of the accounting and internal control systems relevant to deposits and other accounts; • obtained party-wise detail of all these deposit accounts; • balance confirmation requests and reminders were sent to the selected parties; • the responses received were compared with the information as per financial record of the bank; • alternate audit procedures were performed to verify the balances where no reply was received in response to our balance confirmation requests; • calculation of mark-up on selected sample was re-performed; • Disclosures related to these accounts in the financial statements were checked;

Information Other than the Financial Statements and Auditors' Report Thereon

INDEPENDENT **AUDITORS' REPORT**

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

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017(XIX of 2017), the Microfinance Institutions Ordinance, 2001 and the directives issued by the SECP and SBP and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

INDEPENDENT AUDITORS' REPORT

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

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

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

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

Report on Other Legal and Regulatory Requirements


Based on our audit, we further report that, subject to the forgoing, in our opinion:

- proper books of account have been kept by the Bank as required by the Companies Act, 2017 (XIX of 2017);
- 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 SECP and the SBP. These are in agreement with the books of account and returns;
- investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Bank's business; and
- zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980) was deducted by the Bank and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

Other Matter

The financial statements of the Bank for the year ended December 31, 2020 were audited by another firm of chartered accountants who have expressed a qualified opinion in their report dated March 08, 2021.

The engagement partner on the audit resulting in this independent auditor's report is **Syed Naveed Abbas..**



RSM AVAIS HYDER LIAQUAT NAUMAN
CHARTERED ACCOUNTANTS

Place: Lahore

Date: August 19, 2022

UDIN: AR2021102397uiYxXOGe

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

BALANCE SHEET

As at 31 December 2021

	Note	2021 Rupees	2020 Rupees *(Restated)	2019 Rupees *(Restated)
ASSETS				
Cash and Balances with SBP and NBP	5	1,586,619,423	2,394,744,268	1,342,224,336
Balances with other banks / NBFIs / MFBs	6	4,284,767,144	9,505,025,520	5,464,027,515
Investments	7	1,259,859,259	1,704,020,909	1,045,912,390
Advances- Net of provisions	8	11,505,706,719	10,119,919,747	8,779,226,353
Operating fixed assets	9	976,219,982	985,452,512	927,788,157
Right of use assets	10	699,454,614	737,852,307	776,033,614
Other assets	11	2,180,609,481	3,592,473,029	2,486,413,916
Deferred tax asset	12	1,283,481,934	546,094,039	504,005,802
Total Assets		23,776,718,556	29,585,582,331	21,325,632,083
LIABILITIES				
Deposits and other accounts	13	22,083,717,249	26,178,886,970	18,317,083,706
Borrowings	14	472,722	3,466,749	6,597,519
Lease liabilities	15	766,027,453	794,205,901	797,912,728
Other liabilities	16	484,122,526	389,785,806	345,245,310
Total Liabilities		23,334,339,950	27,366,345,426	19,466,839,263
NET ASSETS		442,378,606	2,219,236,905	1,858,792,820
REPRESENTED BY:				
Share capital	17	4,289,849,620	3,439,849,620	3,439,849,620
Capital reserves				
Discount on issue of shares		(1,335,963,831)	(1,335,963,831)	(1,335,963,831)
Share deposit money	18	350,390,276	1,046,215,185	696,215,185
Statutory reserve		22,078,496	22,078,496	19,530,051
Depositors' protection fund		5,519,624	5,519,624	4,882,513
Revenue reserve				
Accumulated loss		(2,889,495,579)	(958,524,235)	(968,080,904)
		442,378,606	2,219,174,859	1,856,432,634
Deferred Grants		-	62,046	2,360,186
Total Capital		442,378,606	2,219,236,905	1,858,792,820

MEMORANDUM/OFF-BALANCE SHEET ITEMS

19

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The annexed notes form an integral part of these financial statements.

*Restatement relates to recognition of right of use assets and related lease liabilities (Refer Note 15.4.).



President / CEO



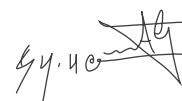
Chief Financial Officer



Chairman



Director



Director

PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2021

	Note	2021 Rupees	2020 Rupees *(Restated)
Mark-up / Return / Interest Earned	20	908,380,258	3,418,310,151
Mark-up / Return / Interest Expensed	21	(1,459,014,295)	(1,471,575,005)
Net Mark-up / Return / Interest (Expense)/Income		(550,634,037)	1,946,735,146
Provision against non-performing loans and advances	8.2.2	(107,433,018)	(91,990,273)
Recovery of bad debts		21,751,568	21,591,651
		(85,681,450)	(70,398,622)
Net Mark-up / Interest (Expense)/Income after provisions		(636,315,487)	1,876,336,524
NON MARK-UP/NON INTEREST INCOME			
Fee, commission and brokerage income		114,163,404	82,409,656
Other Income	22	48,109,065	94,719,815
Total non mark-up / Non interest income		162,272,469	177,129,471
		(474,043,018)	2,053,465,995
NON MARK-UP/NON INTEREST EXPENSES			
Administrative expenses	23	(2,167,670,263)	(2,021,197,500)
Other charges	24	(1,381,754)	(8,875,068)
Total non mark-up / Non interest expenses		(2,169,052,017)	(2,030,072,568)
(Loss)/profit for the year before taxation		(2,643,095,035)	23,393,427
Provision for taxation			
- Current	25	(25,264,204)	(52,739,439)
- Deferred		737,387,895	42,088,237
		712,123,691	(10,651,202)
(Loss)/profit for the year		(1,930,971,344)	12,742,225
Accumulated loss brought forward		(958,524,235)	(968,080,904)
Total Accumulated (Loss)		(2,889,495,579)	(955,338,679)
APPROPRIATIONS OF PROFIT:			
Transfer to:			
Statutory Reserve		-	(2,548,445)
Contribution to Depositors' Protection Fund		-	(637,111)
		-	(3,185,556)
Accumulated loss carried forward		(2,889,495,579)	(958,524,235)
			(Restated)
(Loss)/earning per share - Basic and diluted	26	(4.84)	0.03

The annexed notes form an integral part of these financial statements.

*Restatement relates to recognition of right of use assets and related lease liabilities (Refer Note 15.4.).



President / CEO



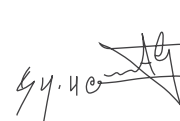
Chief Financial Officer



Chairman



Director



Director

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2021

	Note	2021 Rupees	2020 Rupees *(Restated)
(LOSS)/PROFIT FOR THE YEAR		(1,930,971,344)	12,742,225
Other comprehensive income		-	-
Total comprehensive (loss)/income for the year		(1,930,971,344)	12,742,225

The annexed notes form an integral part of these financial statements.

*Restatement relates to recognition of right of use assets and related lease liabilities (Refer Note 15.4.).



President / CEO



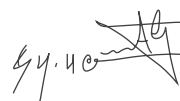
Chief Financial Officer



Chairman



Director



Director

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2021

	Share Capital	Discount On Issue Of Shares	Share Deposit Money	Statutory Reserve	Depositors' Protection Fund	Accumulated (Loss)	Revenue Reserve	Total
Rupees								
Balance as at January 01, 2020 -as previously reported	3,439,849,620	(1,335,963,831)	696,215,185	22,636,885	5,659,222	(956,430,276)		1,871,966,805
Effect of correction error (Refer Note 15.4)	-	-	-	(3,106,834)	(776,709)	(11,650,628)		(15,534,171)
Balance as at January 01, 2020- *restated	3,439,849,620	(1,335,963,831)	696,215,185	19,530,051	4,882,513	(968,080,904)		1,856,432,634
Total comprehensive loss for the year - *restated								
Loss for the year	-	-	-	-	-	12,742,225		12,742,225
Other comprehensive income	-	-	-	-	-	-		-
	-	-	-	-	-	12,742,225		12,742,225
Appropriations								
Transfer to statutory reserves	-	-	-	2,548,445	-	(2,548,445)		-
Transfer to depositors protection fund	-	-	-	-	637,111	(637,111)		-
Transactions with owners								
Share deposit money received during the year	-	-	350,000,000	-	-	-		350,000,000
Balance as at December 31, 2020- * restated	3,439,849,620	(1,335,963,831)	1,046,215,185	22,078,496	5,519,624	(958,524,235)		2,219,174,859
Total comprehensive loss for the year								
Loss for the year	-	-	-	-	-	(1,930,971,344)		(1,930,971,344)
Other comprehensive income	-	-	-	-	-	-		-
	-	-	-	-	-	(1,930,971,344)		(1,930,971,344)
Transactions with owners								
Share deposit money received during the year	-	-	154,175,091	-	-	-		154,175,091
Shares issued during the year	850,000,000	-	(850,000,000)	-	-	-		-
	850,000,000	-	(695,824,909)	-	-	-		154,175,091
Balance as at December 31, 2021	4,289,849,620	(1,335,963,831)	350,390,276	22,078,496	5,519,624	(2,889,495,579)		442,378,606

The annexed notes form an integral part of these financial statements.

*Restatement relates to recognition of right of use assets and related lease liabilities (Refer Note 15.4.).



President / CEO



Chief Financial Officer



Chairman



Director



Director

CASH FLOW STATEMENT

For the year ended 31 December 2021

	Note	2021 Rupees	2020 Rupees *(Restated)
A) CASH FLOW FROM OPERATING ACTIVITIES			
(Loss)/profit for the year before taxation		(2,643,095,035)	23,393,427
Adjustments for non-cash charges			
Depreciation of operating fixed assets		101,425,340	102,847,147
Depreciation on right of use assets		190,899,996	179,591,384
Amortization of intangible assets		7,010,896	9,706,984
Amortization of deferred grants		(62,046)	(2,298,140)
Provision against non-performing advances		107,433,018	91,990,273
Gain on disposal of operating fixed assets		(4,632,709)	(150,000)
		402,074,495	381,687,648
Operating cash flow before working capital changes		(2,241,020,540)	405,081,075
Changes in working capital			
(Increase) / Decrease in operating assets			
Advances		(1,493,219,990)	(1,432,683,667)
Other assets		1,499,628,908	(1,057,518,943)
Held for trading securities		-	51,999,283
		6,408,918	(2,438,203,327)
Increase / (Decrease) in operating liabilities			
Deposits		(4,095,169,721)	7,861,803,264
Other Liabilities		94,336,720	44,540,496
		(4,000,833,001)	7,906,343,760
Income tax paid		(113,029,564)	(101,279,609)
Net cash flow from operating activities		(6,348,474,187)	5,771,941,899
B) CASH FLOW FROM INVESTING ACTIVITIES			
Net investments/(divestment) in held to maturity securities		444,161,650	(710,107,802)
Investments in operating fixed assets		(69,593,941)	(68,566,732)
Investments in intangible assets		(48,228,001)	(101,651,754)
Repayment of lease liabilities		(180,680,751)	(145,116,904)
Proceeds from disposal of operating fixed assets		23,250,945	150,000
Net cash flow from investing activities		168,909,902	(1,025,293,192)
C) CASH FLOW FROM FINANCING ACTIVITIES			
Share deposit money received		154,175,091	350,000,000
Re-payment of demand finance		(2,994,027)	(3,130,770)
Net cash flow from financing activities		151,181,064	346,869,230
(Decrease)/increase in cash and cash equivalents during the year (A + B + C)		(6,028,383,221)	5,093,517,937
Cash and cash equivalents at the beginning of the year		11,899,769,788	6,806,251,851
Cash and cash equivalents at the end of the year	27	5,871,386,567	11,899,769,788

The annexed notes form an integral part of these financial statements.

*Restatement relates to recognition of right of use assets and related lease liabilities (Refer Note 15.4.).



President / CEO



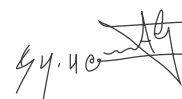
Chief Financial Officer



Chairman



Director



Director

NOTES TO THE **FINANCIAL STATEMENTS**

For the year ended 31 December 2021

1 STATUS AND NATURE OF BUSINESS

1.1 Apna Microfinance Bank Limited (the Bank) was incorporated on May 08, 2003 as a public limited Company under the repealed Companies Ordinance, 1984 updated by '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 118 business locations comprising of 116 branches and 2 service centers (2020: 121 business locations comprising of 116 branches and 5 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. Detail of business location of the Bank is given in Note 35.

1.2 The bank has incurred loss for the year amounting to Rs. 1,931 million and as at year end, its accumulated loss was Rs. 2,889 million. The Bank is facing problems in recovery of unsecured non performing advances which includes non-performing advances of Rs. 3,459 million against which provision will be made in a phased manner (Note 8.2). The Bank was non-compliant with Minimum Capital Requirements (MCR) and Capital Adequacy Ratio (CAR) requirements of Prudential Regulations for Microfinance Banks, 2014. There has been material uncertainty related to events and conditions which may cast significant doubt about the Bank's ability to continue as a going concern and, therefore the Bank may not be able to realize its assets and discharge its liabilities in the normal course of business.

The management of the Bank, however, developed a multi-faceted plan and is implementing the same to overcome the financial and operational difficulties faced by the Bank. The plan is feasible and its implementation will result in addressing the adverse factors being faced by the Bank. These are discussed below:

- (a)** The Sponsors are injecting capital and will inject further capital in the ensuing years. The bank has issued right shares of Rs. 850 million (2020: Nil) during the year and has share deposit money of Rs. 350.39 million (2020: 1,046.22 million) against which shares will be issued in due course. Further capital will be injected by current sponsors / potential sponsors (with whom negotiations are already in process) subject to approval of State Bank of Pakistan (SBP). Injection of further capital will help address the issue of compliance with MCR and CAR. The sponsors have undertaken to continue their support to the Bank.
- (b)** The Bank is putting efforts to recover the non-performing advances and is hopeful that these advances will be recovered substantially. The delay in recovery of non-performing advances is owing to the adverse economic conditions post Covid-19 which are beyond the control of the borrowers. Non-performing advances of Rs. 613 million have been recovered during the year and non-performing of Rs. 236 million have been recovered by the Bank subsequently. Recovery of the classified portfolio will result in improvement of the financial position of the Bank in the ensuing years.
- (c)** The Bank is converting its advances portfolio from unsecured to secured portfolio which is reflected in Note 8.1 to the financial statements. The Bank is utilising the proceeds of further issue of capital and recovery of non-performing advances to enhance its secured portfolio by advancing more secured advances to increase its income and profitability.
- (d)** The management of the Bank is also making efforts to limit its administrative and operating expenses without, however, effecting the operational efficiency of the Bank.

The management believes that the above mentioned plans / efforts will help the Bank to overcome its financial and operational problems and will result in improvement in the financial position and results of the Bank in ensuing years and is confident that the Bank will be able to continue as a going concern.

NOTES TO THE **FINANCIAL STATEMENTS**

For the year ended 31 December 2021

2 BASIS OF PRESENTATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. The approved accounting standards comprise of:

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- The local laws which comprise of the Companies Act, 2017, the Microfinance Institutions Ordinance, 2001, the Prudential Regulations for Microfinance Banks / Institutions and the directives issued under these local laws by the Securities and Exchange Commission of Pakistan (SECP) and the State Bank of Pakistan (SBP).

Where provisions of and directives issued under the local laws differ from the IFRS Standards, the provisions of and directives issued under the local laws have been followed.

2.2 Basis of measurement

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

2.3 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.

2.4 Critical accounting estimates and judgements

The preparation of the financial statements in conformity with approved accounting standards 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 in 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 4.5 & 7)
- Provision against non-performing advances (Note 4.6 & 8)
- Residual values and useful lives of assets and methods of depreciation (Note 4.10 & 9.1)
- Amortization of intangibles assets (Note 4.10 & 9.2)
- Recognition of current and deferred taxation (Note 4.13, 12 & 25)

NOTES TO THE **FINANCIAL STATEMENTS**

For the year ended 31 December 2021

- 2.4.1** The management has revised the estimate of useful life of 'computer software' and 'motor vehicles' classified under operating fixed assets. The change in estimate is accounted for prospectively in accordance with the requirements of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors affecting current and future periods. The overall impact on future periods will be increase in amortization and depreciation charge and decrease in carrying value of intangible operating fixed assets. Impact of the change in estimate on current year is as under:

	Rupees Increase / (Decrease)
EFFECT ON BALANCE SHEET	
Operating fixed assets	8,877,594
Deferred tax asset	(2,574,502)
Accumulated loss	(6,303,092)
EFFECT ON PROFIT AND LOSS ACCOUNT	
Administrative expenses	(8,877,594)
(Loss) for the year before taxation	(8,877,594)
Provision for deferred taxation	(2,574,502)
(Loss) for the year	(6,303,092)

3 STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS

3.1 Standards, amendments to standards and interpretations becoming effective in current period

The following standards, amendments to standards and interpretations have become effective and are mandatory for financial statements of the Bank for the accounting periods beginning on or after January 01, 2021 and therefore, have been applied in preparing these financial statements.

Interest Rate Benchmark Reform

The International Accounting Standards Board (IASB) had published 'Interest Rate Benchmark Reform — Phase 2 with amendments that addressed issues that might affect financial reporting after the reform of an interest rate benchmark, including its replacement with alternative benchmark rates. The amendments were effective for annual periods beginning on after 1 January 2021.

The amendments did not have an impact on the financial statements of the Bank.

3.2 Standards, amendments to standards and interpretations becoming effective in current period but not relevant

There are certain new standards, amendments to standards and interpretations that became effective during the year and are mandatory for accounting periods of the Bank beginning on or after January 01, 2021 but are considered not to be relevant to the Bank's operations and are, therefore, not disclosed in these financial statements.

3.3 Standards, amendments to standards and interpretations becoming effective in future periods

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

NOTES TO THE **FINANCIAL STATEMENTS**

For the year ended 31 December 2021

Annual Improvements to IFRS Standards 2018–2020 Cycle

The IASB has issued 'Annual Improvements to IFRS Standards 2018–2020'. The pronouncement contains amendments to the following Financial Reporting Standards (IFRSs) as result of the IASB's annual improvements project.

IFRS 9 Financial Instruments- Fees in the '10 per cent' test for derecognition of financial liabilities. The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

IFRS 16 Leases - The amendment to Illustrative Example 13 accompanying IFRS 16 removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.

IAS 41 Agriculture - The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique. This will ensure consistency with the requirements in IFRS 13.

The amendments are applicable for annual periods beginning on or after 1 January 2022. The amendments are not expected to have any impact on the financial statements of the Bank.

IFRS 16 - Leases

In May 2020, the IASB issued Covid-19-Related Rent Concessions (Amendment to IFRS 16). The pronouncement amended IFRS 16 Leases to provide lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification. On issuance, the practical expedient was limited to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2021.

Since lessors continue to grant COVID-19-related rent concessions to lessees and since the effects of the COVID-19 pandemic are ongoing and significant, the IASB decided to extend the time period over which the practical expedient is available for use. The amendment is effective for annual reporting periods beginning on or after 1 April 2021.

Application of this amendment is not expected to have any significant impact on the Bank's financial statements.

IAS 1 - Presentation Of Financial Statements

Classification of liabilities as current or non-current (Amendments to IAS 1) effective for the annual period beginning on or after 1 January 2023. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8.

Application of these amendments is not expected to have any significant impact on the Bank's financial statements.

IAS 1 – Presentation of Financial Statements and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors

The IASB has issued 'Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)' with amendments that are intended to help preparers in deciding which accounting policies to disclose in their financial statements in the following ways:

NOTES TO THE **FINANCIAL STATEMENTS**

For the year ended 31 December 2021

- an entity is now required to disclose its material accounting policy information instead of its significant accounting policies;
- several paragraphs are added to explain how an entity can identify material accounting policy information and to give examples of when accounting policy information is likely to be material;
- the amendments clarify that accounting policy information may be material because of its nature, even if the related amounts are immaterial;
- the amendments clarify that accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements; and
- the amendments clarify that if an entity discloses immaterial accounting policy information, such information shall not obscure material accounting policy information.
- In addition, IFRS Practice Statement 2 has been amended by adding guidance and examples to explain and demonstrate the application of the 'four-step materiality process' to accounting policy information in order to support the amendments to IAS 1.
- The amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2023. Earlier application is permitted. Once the entity applies the amendments to IAS 1, it is also permitted to apply the amendments to IFRS Practice Statement 2. The management is in the process of assessing impact of these standards/amendments on the financial statements of the Bank.

IAS 12 – Income Taxes

The IASB has published 'Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)' that clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. Accordingly, the initial recognition exemption, provided in IAS 12.15(b) and IAS 12.24, does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition. The amendments are effective for annual reporting periods beginning on or after 1 January 2023.

Application of these amendments is not expected to have any significant impact on the Bank's financial statements.

IAS 37 - Provisions, Contingent Liabilities and Contingent Assets

Onerous Contracts- Cost of Fulfilling a Contract (Amendments to IAS 37) effective for the annual period beginning on or after 01 January 2022 amends IAS 1 by mainly adding paragraphs which clarifies what comprise the cost of fulfilling a contract, Cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

Application of these amendments is not expected to have any significant impact on the Bank's financial statements.

Standards issued by IASB but not applicable in Pakistan

Following new standards and amendments subsequent to the issue of these standards have been issued by IASB which are yet to be notified by the SECP for purpose of applicability in Pakistan:

- IFRS 1- First-time adoption of International Financial Reporting Standards
- IFRS 17- Insurance Contracts

NOTES TO THE **FINANCIAL STATEMENTS**

For the year ended 31 December 2021

3.4 Standards, amendments to standards and interpretations becoming effective in future period but not relevant

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

3.5 Abeyance of applicability of International Financial Reporting Standards and International Accounting Standards

The State Bank of Pakistan (SBP), vide BPRD circular no. 3, dated July 05, 2022, deferred the applicability of IFRS-9 'Financial Instrument' till annual periods beginning on or after January 01, 2024. Previously the application of IAS 39 'Financial Instrument Recognition and Measurement' and IAS 40 'Investment Property' were also deferred by SBP. According to the notification of SECP issued vide SRO 411 (1)/2008 dated April 28, 2008, IFRS 7, Financial Instrument: Disclosures has not been made applicable for banks. Accordingly, the requirements of these standards have not have considered in the preparation of these financial statements. However, investments have been classified and valued in accordance with the requirements of various circulars issues by the SBP.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted and applied in the preparation of these financial statements are set out below:

4.1 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.

4.2 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.

4.3 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.

4.4 Cash and cash equivalents

Cash and cash equivalents comprises of cash in hand, balances with the Banks / NBFIs and MFBs carried at cost.

4.5 Investments

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

NOTES TO THE **FINANCIAL STATEMENTS**

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

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

Held-for-trading

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

Held-to-maturity

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

Available-for-sale

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

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

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

4.6 Advances

Advances are stated net of specific and general provisions which are determined on the basis of Prudential Regulations for Microfinance Banks and management's subjective assessment as to recovery/non-recovery of old advances considering different factors which include past history, future strength of customers, recovery efforts and subsequent recovery. Advances are written off according to the Prudential Regulations or when there is no realistic prospect of recovery.

4.7 Receivables

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

4.8 Payables

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

NOTES TO THE **FINANCIAL STATEMENTS**

For the year ended 31 December 2021

4.9 Deposits

Deposits are initially recorded at the amount of proceeds received. Mark-up accrued on deposits is recognized separately as part of other liabilities and is charged to profit and loss account over the period.

4.10 Operating fixed assets

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 9.1 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, and in future periods.

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 property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use. Gains and losses on disposals, if any, of assets are determined by comparing the sale proceeds with the carrying amount of asset and are included in income currently.

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.

Intangible assets

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 9.2 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.

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 intangible assets is derecognized upon disposal or when no future economic benefits are expected from its use. Gains and losses on disposals, if any, of assets are determined by comparing the sale proceeds with the carrying amount of asset and are included in income currently.

NOTES TO THE **FINANCIAL STATEMENTS**

For the year ended 31 December 2021

4.11 Leases

Lease Liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following:

- future lease payments arising from a change in an index or a rate used;
- residual guarantee;
- lease term;
- certainty of a purchase option; and
- termination penalties.

When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Right of use

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use asset is depreciated over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Company expects to obtain ownership of the Right-of-use asset at the end of the lease term, the depreciation is charged over its estimated useful life. Right-of use asset is subject to impairment or adjusted for any remeasurement of the related lease liability.

Lease term

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the Company's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The Company reassesses whether it is reasonably certain to exercise an extension option, or not to exercise a termination option, if there is a significant event or significant change in circumstances.

NOTES TO THE **FINANCIAL STATEMENTS**

For the year ended 31 December 2021

Incremental borrowing rate

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the Company estimates it would have to pay to a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

4.12 Impairment

Financial Assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence which indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

Significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in the profit and loss account. An impairment loss is reversed if the reversal can be related objectively to an event accruing after the impairment loss was recognised. For financial assets carried at cost, the impairment loss is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows, discounted at current market rate of return for a similar financial asset. Such impairment loss is not reversed in subsequent periods. For financial assets' carried at amortized cost, the amount of impairment loss recognised is the difference between carrying amount and present value of estimated cash flows, discounted at effective interest rate.

Non-Financial Assets

At each reporting date, non-financial assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount (selling price less costs to complete and sell), but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset (group of related assets) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

4.13 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.

NOTES TO THE **FINANCIAL STATEMENTS**

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Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences, carry forwarded unused tax losses and tax credits, if any, to the extent that it is probable that the future taxable profits will be available against which the asset 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.

Deferred tax is charged or credited to profit or loss, except in case of items credited or charged to equity in which case it is included in equity.

4.14 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.

4.15 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.

4.16 Revenue recognition

Revenue is recognized at an amount that reflects the consideration to which the Bank is expected to be entitled in exchange for transferring goods or services to a customer. For this purpose, the Bank:

- identifies the contract with a customer;
- identifies the performance obligations in the contract;
- determines the transaction price which takes into account estimates of variable consideration, if any, and the time value of money;
- allocates the transaction price to the separate performance obligations, if applicable, on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and
- recognizes revenue when or as each performance obligation is satisfied in a manner that depicts the transfer of control of the goods or services promised to the customer.

Determining the timing of the transfer of control – at a point in time or over time – requires judgment. Revenue is recognized by the Bank on the following basis:

- 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.
- Fee, commission and brokerage income is recognized when earned.

NOTES TO THE **FINANCIAL STATEMENTS**

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- 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.

4.17 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.

4.18 Related party transactions

Transactions with related parties are carried at arm's length on price determined using the comparable uncontrolled price method except for those transactions which, in exceptional circumstances, are specifically approved by the Board.

4.19 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.

4.20 Earnings per share

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

4.21 Statutory Reserve

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

4.22 Depositors' Protection Fund

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

	Note	2021 Rupees	2020 Rupees
5 CASH AND BALANCES WITH SBP AND NBP			
Cash in hand- local currency		623,895,818	517,224,946
Balance with State Bank of Pakistan (SBP)	5.1	701,257,484	1,765,367,577
Balance with National Bank of Pakistan (NBP) in:			
- Current Account	5.1	216,031,224	92,258,987
- Deposit Account	5.2	45,434,897	19,892,758
		1,586,619,423	2,394,744,268

5.1 These represent balances maintained in current account with the SBP and NBP to meet the requirements of maintaining a minimum balance equivalent to not less than 5% of the Bank's time and demand liabilities, with tenure of less than 1 year, in accordance with Regulation R-3 of the Prudential Regulations for Microfinance Banks issued by the SBP.

5.2 This carries mark-up at the rate of 7.25% per annum (2020: 5.50% per annum).

	Note	2021 Rupees	2020 Rupees
6 BALANCES WITH OTHER BANKS/NBFIs/MFBs			
In Pakistan			
- In current accounts		37,016,276	31,032,785
- In deposit accounts	6.1	3,847,750,868	3,273,992,735
- Certificates of deposits	6.2	400,000,000	6,200,000,000
		4,284,767,144	9,505,025,520

6.1 These carry mark-up rates ranging from 7.25% to 11.50% per annum (2020: 5.50% to 8.50% per annum).

6.2 These represent placement with different financial institutions carrying mark-up ranging from 7.90% to 11.75% per annum (2020: 8.25% to 14.50% per annum). Their maturity ranges from one month to one year (2020: three months to one year) from the date of placement.

	Note	2021 Rupees	2020 Rupees
7 INVESTMENTS			
Federal Govt. Securities:			
- Market Treasury Bills- (Held to maturity)	7.1	1,159,939,259	1,604,080,909
Others			
Term Finance Certificate (TFC's)- (Held to maturity)		99,920,000	99,940,000
		1,259,859,259	1,704,020,909

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

- 7.1** This represents T-Bills issued for periods of three to six months. These carry yields ranging from 7.38% to 10.33% per annum (2020: 7.10% to 7.15% per annum). These securities have an aggregate face value of Rs. 1,170 million. (2020: Rs. 1,627 million).
- 7.2** 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 (2020: 6 months KIBOR plus 1.85% per annum).

	Note	2021		2020	
		No. of Loans Outstanding	Rupees	No. of Loans Outstanding	Rupees
8 ADVANCES - NET OF PROVISIONS					
Micro credits	8.1	118,474	11,997,793,506	117,973	10,504,573,516
Less: Provision held:					
- Specific	8.2.1	9,867	324,528,039	3,905	217,095,021
- General			167,558,748		167,558,748
	8.2.2		492,086,787		384,653,769
Advances - Net Of Provisions			11,505,706,719		10,119,919,747

- 8.1** The Micro credits include secured and un-secured loans as detailed below;

	Note	2021 Rupees	2020 Rupees
Secured		5,797,887,370	3,000,989,582
Unsecured		6,199,906,136	7,503,583,934
	8.1.1	11,997,793,506	10,504,573,516

- 8.1.1** Advances are secured by personal guarantees and advances amounting to Rs. 3,059.47 million (2020: Rs. 1,272.63 million) are further secured against gold.

8.2 Particulars of non-performing advances

	Note	2021 Rupees	2020 Rupees
Specific non-performing advances	8.2.1	639,732,919	486,043,483
Other non-performing advances	8.2.3	3,459,183,047	737,351,093
		4,098,915,966	1,223,394,576

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

8.2.1 Specific non-performing advances

Category of Classification	2021			2020		
	Principal Amount Outstanding	Provision Required	Provision Held	Principal Amount Outstanding	Provision Required	Provision Held
	-----Rupees-----			-----Rupees-----		
OAEM	167,846,037	-	-	206,014,916	-	-
Sub-standard	82,276,228	20,488,184	20,488,184	7,413,485	1,841,864	1,841,864
Doubtful	167,872,331	83,526,401	83,526,401	93,656,255	46,700,788	46,700,788
Loss	221,738,323	220,513,454	220,513,454	178,958,827	168,552,369	168,552,369
	639,732,919	324,528,039	324,528,039	486,043,483	217,095,021	217,095,021

8.2.2 Particulars of provision against non-performing advances

	2021			2020		
	Specific	General	Total	Specific	General	Total
	-----Rupees-----			-----Rupees-----		
Opening balance	217,095,021	167,558,748	384,653,769	125,104,748	167,558,748	292,663,496
Charge for the year	107,433,018	-	107,433,018	91,990,273	-	91,990,273
Closing balance	324,528,039	167,558,748	492,086,787	217,095,021	167,558,748	384,653,769

8.2.3 These advances have been classified as non performing advances against which provision will be made in phased manner as per regulatory instructions. These advances became overdue mainly owing to the adverse economic conditions since outbreak of Covid 19. The management has devised and is implementing a recovery and restructuring strategy for the recovery of these non performing advances and has succeeded in recovering non performing advances of Rs. 236 million subsequently.

	Note	2021 Rupees	2020 Rupees
9 OPERATING FIXED ASSETS			
Property and equipment	9.1	782,512,208	815,905,337
Intangible assets	9.2	169,968,839	128,751,734
Advances to suppliers / contractors	9.3	23,738,935	40,795,441
		976,219,982	985,452,512

NOTES TO THE FINANCIAL STATEMENTS

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9.1 Property and equipment

2021	Cost			Depreciation			Written down value as at 31 December 2021	Rate (%)
Particulars	As at 01 January 2021	Additions / transfers	(Disposals)	As at 31 December 2021	Charge for the year	(Adjustment on disposals)		
Rupees-								
Leasehold improvements	466,523,131	47,949,567	-	514,472,698	24,323,471	-	121,605,925	5
Furniture and fixtures	168,395,979	4,434,828	-	172,830,807	15,267,470	-	71,468,535	10
Electrical and office equipment	306,650,555	10,150,737	-	316,801,292	27,058,099	-	150,113,097	10-20
Computer hardware and peripheral	147,921,338	16,114,670	-	164,036,008	26,342,416	-	117,030,041	20-30
Motor vehicles (Refer Note 2.4.1)	152,710,489	8,000,645	(25,799,209)	134,911,925	8,433,884	(7,180,973)	60,322,924	15
Total	1,242,201,492	86,650,447	(25,799,209)	1,303,052,730	101,425,340	(7,180,973)	520,540,522	782,512,208

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

9.1.1 Property and equipment includes assets costing Rs. 34.811 million (2020: Rs. 28.837 million) which are fully depreciated and still in use.

9.1.2 There is a hypothecation charge over motor vehicles amounting to Rs. 17.85 million (2020: Rs. 17.85 million) created under a hire purchase agreement with a banking company.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

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

	2021						
Particulars	Cost	Accumulated Depreciation	Written down value	Sales Proceeds	Gain/ (Loss) on Disposal of Fixed Asset	Mode of disposal	Particulars of Buyer
Rupees							
Honda Civic	1,402,500	(1,402,500)	-	710,000	710,000	Negotiation	Mr. Rafaqat Ali
Toyota Corolla	1,729,229	(1,035,025)	694,204	2,135,000	1,440,796	Negotiation	Mr. Saad Bin Shad
Honda Civic	2,929,435	(1,395,365)	1,534,070	3,000,000	1,465,930	Negotiation	Mr. Iqbal Khan
Toyota Corolla	1,720,440	(436,208)	1,284,232	1,800,000	515,768	Under bank policy	Mr. Rao Waqas Khalid (Employee)
Honda Vezel	5,282,530	(118,857)	5,163,673	3,850,000	(1,313,673)	Negotiation	Mr. Naoman Younas
Toyota Fortuner	9,084,920	(1,916,464)	7,168,456	8,600,000	1,431,544	Negotiation	Mr. Ejaz Hameed
Suzuki Cultus	1,953,115	-	1,953,115	1,973,000	19,885	Under bank policy	Mr. Imran Zahid (Employee)
Suzuki Cultus	1,127,040	(306,554)	820,486	1,125,000	304,514	Under bank policy	Mr. Farhan Saleem (Employee)
Total	25,229,209	(6,610,973)	18,618,236	23,193,000	4,574,764		
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		

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

	Note	2021 Rupees	2020 Rupees
9.2 Intangible assets			
Computer Software			
Cost		240,985,204	192,757,203
Accumulated amortization		(71,016,365)	(64,005,469)
Written down value		169,968,839	128,751,734
9.2.1 Reconciliation of written down value			
Balance at the beginning of the year		128,751,734	36,806,964
Additions during the year		48,228,001	101,651,754
Amortization charge for the year		(7,010,896)	(9,706,984)
Balance at the end of the year		169,968,839	128,751,734
		2021	2020
Useful life (% age) (Refer Note 2.4.1)		5	10-25
9.2.2 Intangibles assets include assets costing Rs. 35.68 million (2020: Rs. 35.68 million) which are fully amortized and still in use.			
9.3 Advances to suppliers / contractors			
Leasehold improvements			
Balance at the beginning of the year		40,795,441	40,642,212
Additions during the year		12,943,717	13,616,882
Transfer to operating fixed assets		(30,000,223)	(13,463,653)
Balance at the end of the year		23,738,935	40,795,441
10 RIGHT OF USE ASSETS			
Buildings			
Cost		1,217,876,893	1,065,374,590
Accumulated depreciation		(518,422,279)	(327,522,283)
Written down value	10.1 & 10.2	699,454,614	737,852,307
10.1 Reconciliation of written down value			
Balance at the beginning of the year		737,852,307	776,033,614
Additions during the year		152,502,303	141,410,077
Depreciation charge for the year		(190,899,996)	(179,591,384)
Balance at the end of the year		699,454,614	737,852,307
Lease term: 3 to 7 years			
10.2 These represent premises acquired for operating activities. The right to terminate lease by serving a 1 to 12 months notice is available to the Bank, however, the Bank is reasonably certain not to exercise this right during the lease terms.			

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

	Note	2021 Rupees	2020 Rupees
11 OTHER ASSETS			
Income / Mark-up Accrued		990,053,921	2,606,732,804
Advances to Staff	11.1	185,062,677	145,409,984
Advances and Prepayments		324,906,545	256,200,704
Advance Income Tax- Net of Provision		189,302,881	101,537,521
Security Deposits		37,131,920	37,761,920
Inter Banks ATM Settlement Account		11,779,148	2,457,707
Insurance Claims Receivable from related party		442,372,389	442,372,389
		2,180,609,481	3,592,473,029

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

12 DEFERRED TAX ASSET			
Opening balance		546,094,039	504,005,802
Recognized in profit and loss account		737,387,895	42,088,237
Closing balance	12.1	1,283,481,934	546,094,039

12.1 It comprises of the following;

Taxable temporary differences in respect of			
Accelerated tax depreciation		(64,495,868)	(67,923,269)
Deductible temporary differences in respect of			
Leases liabilities		19,306,123	16,342,542
Provision against advances		143,104,100	111,150,661
Carry forwardable tax losses		1,076,112,937	318,661,909
Minimum tax credits		109,454,642	167,862,196
Net deductible temporary difference		1,283,481,934	546,094,039

12.1.1 Deferred tax assets and liabilities on temporary differences are measured at tax rate of 29% (2020: 29%).

	Note	2021		2020	
		No. of accounts	Rupees	No. of accounts	Rupees
13 DEPOSITS AND OTHER ACCOUNTS					
Time liabilities					
Fixed deposits (Deals)	13.1	7,297	7,267,908,020	7,350	6,141,735,917
Demand liabilities					
Saving deposits	13.2	31,005	11,564,405,616	28,445	12,744,083,910
Current deposits		399,347	3,251,403,613	360,796	7,293,067,143
		430,352	14,815,809,229	389,241	20,037,151,053
	13.3	437,649	22,083,717,249	396,591	26,178,886,970

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

13.1 These represent deposits received from customers with maturity period ranging from 1 month to 5 years. These carry interest rates ranging from 4.75% to 15.5% per annum (2020: 4.75% to 15.5% per annum).

13.2 These carry interest rates ranging from 3% to 5.75% per annum (2020: 3% to 7.75% per annum).

13.3 Particulars of deposits by ownership	2021		2020	
	No. of accounts	Rupees	No. of accounts	Rupees
Individual Depositors	436,629	16,765,080,170	395,863	19,917,821,549
Institutional Depositors				
- Corporations / Firms	1,007	5,224,560,997	713	5,871,825,004
- Banks & Financial Institutions	13	94,076,082	15	389,240,417
	1,020	5,318,637,079	728	6,261,065,421
	437,649	22,083,717,249	396,591	26,178,886,970

	Note	2021 Rupees	2020 Rupees
14 BORROWINGS			
Borrowings from Banks/Financial Institutions in Pakistan			
Demand Finance	14.1	472,722	3,466,749

14.1 The demand finance facility was obtained to purchase 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 and 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.

	Note	2021 Rupees	2020 Rupees
15 LEASE LIABILITIES			
Opening balance		794,205,901	797,912,728
Leases acquired during the year		152,502,303	141,410,077
Finance cost accrued during the year		78,511,211	82,308,124
		1,025,219,415	1,021,630,929
Rentals paid during the year		(259,191,962)	(227,425,028)
		766,027,453	794,205,901

15.1 These represents liabilities related to buildings under lease contracts (Refer Note 10). These are recognized at present value of remaining lease payments, discounted using incremental borrowing rate of 10% (2020: 10%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

15.2 The future lease payments to which the Company is committed are as under:

Note	2021 Rupees	2020 Rupees
Future minimum lease payments	1,514,204,856	1,362,489,121
Less: Financial charges allocated to future periods	(748,177,403)	(568,283,220)
	766,027,453	794,205,901

15.3 Reconciliation of minimum lease payments and their present values are as follows:

	Minimum lease payments	Present value of minimum lease payments Rupees	Finance Cost
2021			
Due within one year	614,466,376	196,989,076	417,477,300
Due after one year but not later than five years	879,723,025	550,119,687	329,603,338
Due after five years	20,015,455	18,918,690	1,096,765
	1,514,204,856	766,027,453	748,177,403
2020			
Due within one year	369,559,883	160,513,897	209,045,986
Due after one year but not later than five years	979,123,429	621,346,401	357,777,028
Due after five years	13,805,809	12,345,603	1,460,206
	1,362,489,121	794,205,901	568,283,220

15.4 Lease contracts were not accounted for previously due to misapplication of related accounting policy under IFRS-16. The error has been corrected retrospectively and comparative information has been restated in accordance with the requirements of IAS 8 'Accounting Policies, Change in Accounting Estimates and Errors'. The effect of correction of error on reported prior periods is as under:

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

	2020 Rupees Increase / (Decrease)	2019 Rupees Increase / (Decrease)
Effect on Balance Sheet		
Right of use assets	737,852,307	776,033,614
Deferred tax asset	16,342,542	6,344,943
Lease liabilities	794,205,901	797,912,728
Capital reserves		
Statutory reserve	1,788,542	(3,106,834)
Depositors' protection fund	447,135	(776,709)
Revenue reserve		
Accumulated (loss)	(26,822,733)	(11,650,628)

	2020 Rupees Increase / (Decrease)
Effect on Profit and loss account	
Mark-up / Return / Interest Expensed	82,308,124
Administrative expenses	(47,833,644)
(Loss)/profit for the year before taxation	(34,474,480)
Provision for taxation- Deferred tax income	9,997,599
Profit for the year	(24,476,881)
Accumulated (loss) brought forward	(11,650,628)
Total accumulated (loss)	(36,127,509)

	2020 Rupees Increase / (Decrease)
Effect on Profit and loss account	
APPROPRIATIONS OF PROFIT:	
Transfer to:	
Statutory reserve	4,895,376
Contribution to Depositors' Protection Fund	1,223,844
Accumulated (loss) carried forward	(30,008,289)
Earnings per share- Basic and diluted	(0.06)

NOTES TO THE **FINANCIAL STATEMENTS**

For the year ended 31 December 2021

16	OTHER LIABILITIES	2021 Rupees	2020 Rupees
	Mark-up / Return / Interest payable	283,078,915	246,212,071
	Payable against pay orders	107,666,931	86,349,839
	Accrued expenses	338,343	158,343
	Others	93,038,337	57,065,553
		484,122,526	389,785,806

17 SHARE CAPITAL

17.1 Authorized Capital

2021 No. of Shares	2020		2021 Rupees	2020 Rupees
500,000,000	500,000,000	Ordinary shares of Rs. 10/- each	5,000,000,000	5,000,000,000

17.2 Issued, subscribed and paid-up capital

2021 No. of Shares	2020	2021 Rupees	2020 Rupees
428,984,962	343,984,962	4,289,849,620	3,439,849,620

17.3 Reconciliation of issued, subscribed and paid-up capital

2021 No. of Shares	2020		2021 Rupees	2020 Rupees
343,984,962	343,984,962	Opening balance	3,439,849,620	3,439,849,620
85,000,000	-	Right shares of Rs. 10/- each issued during the year	850,000,000	-
428,984,962	343,984,962		4,289,849,620	3,439,849,620

	Note	2021 Rupees	2020 Rupees
18	SHARE DEPOSIT MONEY		
	Share deposit money	18.1	350,390,276
			1,046,215,185

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

19 MEMORANDUM / OFF- BALANCE SHEET ITEMS

19.1 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 of Rs. 80.3 million (2020: Rs. 80.3 million) in respect of disallowed input tax. Being aggrieved from the said orders, the Bank filed appeal against the orders to Commissioner (Appeals) of PRA. For FY 2016 the impugned order is upheld by Commissioner (Appeal) and the Bank has filed appeal before honorable PRA Appellate Tribunal. The hearings for FY 2017 and 2018 are still pending before Commissioner (Appeals).
- b) Proceedings, as per provisions of Punjab Sales Tax on Services (Withholding) Rules, 2015 for tax period January, 2016 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 of Rs. 18.4 million was raised on account of alleged default of withholding of Punjab Sales Tax on Services against which the bank filed appeal before Honorable PRA Appellate Tribunal. The honorable tribunal has passed its judgement in which the impugned order passed by Commissioner HQ PRA is set aside and the matter is referred back to the officer concerned having jurisdiction for decision afresh. Now the proceedings are in progress at commissioner PRA forum.
- 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 amount demanded in the said order was Rs. 5.8 million (2020: Rs. 5.8 million). The proceedings are held from time to time during the year and impugned order is passed by the officer against which the bank has filed an appeal at SRB Commissioner (Appeals) forum.

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.

	2021 Rupees	2020 Rupees
19.2 Commitments:		
Bank Guarantee issued on behalf of		
The United Insurance Company of Pakistan Limited		
in favour of Lahore Waste Management Company.	73,650	-
20 MARK-UP / RETURN / INTEREST EARNED		
Mark-up on Loans and Advances- Net	395,279,494	2,667,261,205
Mark-up on Deposit Accounts	422,319,609	651,410,366
Mark-up on Investments in Government Securities	90,781,155	99,638,580
	908,380,258	3,418,310,151

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

	Note	2021 Rupees	2020 Rupees
21 MARK-UP / RETURN / INTEREST EXPENSED			
Related to:			
Deposits		1,380,256,249	1,388,639,949
Borrowings		246,835	626,932
Lease liabilities		78,511,211	82,308,124
		1,459,014,295	1,471,575,005
22 OTHER INCOME			
Amortization of deferred grants		62,046	2,298,140
Insurance claim against defaulted loans		-	57,566,154
Gain on disposal of operating fixed assets		4,632,709	150,000
Cheque book charges		7,632,029	8,303,774
Income on ATM card issuance		14,653,316	5,445,501
Others	22.1	21,128,965	20,956,246
		48,109,065	94,719,815

22.1 These represents income related to ECIB report charges, account activation charges, stop payment charges, pay order issuance / cancellation charges, locker charges etc.

	Note	2021 Rupees	2020 Rupees
23 ADMINISTRATIVE EXPENSES			
Salaries, allowances, etc.		1,353,863,372	1,288,416,243
Rent, taxes, insurance, electricity, etc.		121,038,004	89,266,206
Security charges		114,147,323	109,899,225
Depreciation on operating fixed assets	9.1	101,425,340	102,847,147
Depreciation on right of use assets	10.1	190,899,996	179,591,384
Fees and subscription		67,012,124	25,139,085
Repairs and maintenance		44,232,596	25,587,791
Communication		36,475,605	40,563,192
Contribution to defined contribution plan		23,829,453	21,829,521
Stationery and printing		25,055,493	26,856,416
Fuel expense		18,264,868	25,452,855
Entertainment		20,850,291	23,135,785
Legal and professional charges		9,305,838	7,841,152
Traveling		8,836,896	16,199,768
Credit verification expenses		7,250,602	7,643,879
Amortization of intangible assets	9.2	7,010,896	9,706,984
Advertisement and publicity		3,987,376	5,443,444
Auditors' remuneration	23.1	4,735,500	4,115,000
Training / capacity building		271,000	970,838
Others		9,177,690	10,691,585
		2,167,670,263	2,021,197,500

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

	Note	2021 Rupees	2020 Rupees
23.1 Auditors' Remuneration			
Annual audit fee and report on CCG compliance		3,675,000	2,992,500
Half yearly review		535,500	440,000
Other certifications fee		-	157,500
Out of pocket expenses		525,000	525,000
		4,735,500	4,115,000
24 OTHER CHARGES			
Penalties	24.1	782,000	5,236,000
Bank charges		599,754	3,639,068
		1,381,754	8,875,068

24.1 These include penalties imposed by SBP and Pakistan Stock Exchange against certain non-compliances.

25 PROVISION FOR TAXATION

25.1 Current Tax

The income of the Bank is subject to minimum tax under section 113 of the Income Tax Ordinance, 2001, owing to losses, hence provision for minimum taxation is made under section 113.

25.1.1 Relationship between accounting profit and tax expense

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

		2021	2020
26 (LOSS)/EARNINGS PER SHARE - BASIC AND DILUTED			
26.1 (LOSS)/EARNING PER SHARE - BASIC AND DILUTED			
(Loss)/Profit for the year	Rupees	(1,930,971,344)	12,742,225
Weighted average number of shares	Numbers	399,130,074	378,412,520
(Loss)/earning per share-Basic & diluted (2020: Re-stated)	Rupees	(4.84)	0.03

26.2 There is no dilutive effect on (loss)/earning per share of the Bank.

	Note	2021 Rupees	2020 Rupees
27 CASH AND CASH EQUIVALENTS			
Cash and Balances with SBP and NBP	5	1,586,619,423	2,394,744,268
Balances with other banks / NBFIs / MFBs	6	4,284,767,144	9,505,025,520
		5,871,386,567	11,899,769,788

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

28 NUMBER OF EMPLOYEES

As at December 31	2021			2020		
	Credit/ Sales	Banking/ Support	Total	Credit/ Sales	Banking/ Support	Total
	----- Numbers -----			----- Numbers -----		
Permanent	792	801	1,593	850	973	1823
Contractual	193	339	532	338	258	596
	985	1,140	2,125	1188	1231	2419

Average no. of Employees	2021			2020		
	Credit/ Sales	Banking/ Support	Total	Credit/ Sales	Banking/ Support	Total
	----- Numbers -----			----- Numbers -----		
Permanent	821	887	1,708	664	821	1485
Contractual	266	299	565	660	256	916
	1,087	1,186	2,273	1324	1077	2401

	2021 Number	2020 Number
29 NUMBER OF BRANCHES/SERVICE CENTRES		
Beginning of the year	121	123
Opened/(closed) during the year		
-Branches	-	-
-Service centres	(3)	(2)
At the end of the year	118	121

30 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	
	2021 Rupees	2020 Rupees	2021 Rupees	2020 Rupees	2021 Rupees	2020 Rupees
Meeting Fee	-	-	2,906,250	2,093,750	-	-
Managerial remuneration	6,479,375	7,140,000	-	-	159,995,157	160,858,391
Rent and house maintenance	2,591,750	1,920,000	-	-	61,642,433	59,443,239
Utilities	647,938	418,067	-	-	15,410,755	14,860,927
Medical	647,938	188,760	-	-	15,999,668	15,371,950
Contribution to provident fund	657,528	-	-	-	15,999,516	9,543,589
Bonus and other benefits	169,772	-	-	-	-	-
	11,194,301	9,666,827	2,906,250	2,093,750	269,047,529	260,078,096
Number of persons	1	1	8	8	152	140

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

30.2 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 2021

31 MATURITIES OF ASSETS AND LIABILITIES

	2021				
	Total	Upto one month	Over one month upto 6 months	Over 6 months upto 1 year	Over one year
	-----Rupees-----				
Assets					
Market rate assets					
Investments- Net of Provisions	1,259,859,259	632,178,257	527,761,002	-	99,920,000
Advances- Net of Provisions	11,505,706,719	2,911,634,012	2,061,309,399	4,188,372,009	2,344,391,299
Other earning assets	4,478,248,442	4,134,700,358	2,569,604	206,778,575	134,199,905
Total market rate assets	17,243,814,420	7,678,512,627	2,591,640,005	4,395,150,584	2,578,511,204
Other non-earning assets	6,532,904,136	2,932,535,416	125,000,000	150,000,000	3,325,368,720
Total assets	23,776,718,556	10,611,048,043	2,716,640,005	4,545,150,584	5,903,879,924
Market rate liabilities					
Time deposits of Rs. 100,000 and above	7,082,567,849	278,026,158	2,060,766,809	2,084,000,348	2,659,774,534
Time deposits below Rs. 100,000	185,340,173	21,810,000	34,906,000	20,442,773	108,181,400
Borrowings	472,722	472,722	-	-	-
Subordinated Debt	-	-	-	-	-
Other cost bearing liabilities	12,330,433,067	11,580,821,372	82,078,782	98,494,538	569,038,375
Total market rate liabilities	19,598,813,811	11,881,130,252	2,177,751,591	2,202,937,659	3,336,994,309
Other non-cost bearing liabilities	3,735,526,139	3,735,526,139	-	-	-
Total liabilities	23,334,339,950	15,616,656,391	2,177,751,591	2,202,937,659	3,336,994,309
	2020				
	Total	Upto one month	Over one month upto 6 months	Over 6 months upto 1 year	Over one year
	-----Rupees-----				
Assets					
Market rate assets					
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	8,122,346,198	5,299,500,510	125,000,000	150,000,000	2,547,845,688
Total assets	29,585,582,331	11,742,443,165	8,157,744,817	1,965,722,813	7,719,671,536
Market rate liabilities					
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	13,538,289,811	12,757,460,068	66,880,790	80,256,949	633,692,004
Total market rate liabilities	19,683,492,477	13,143,022,917	1,606,207,290	1,412,972,334	3,521,289,936
Other non-cost bearing liabilities	7,682,852,949	7,682,852,949	-	-	-
Total liabilities	27,366,345,426	20,825,875,866	1,606,207,290	1,412,972,334	3,521,289,936

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

32 FINANCIAL RISK MANAGEMENT

32.1 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.

32.2 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).

	2021					
	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	7.25%	45,434,897	45,434,897	-	-	-
Balances with other banks / NBFIs / MFBs	7.25%- 11.50%	4,247,750,868	3,847,750,868	400,000,000	-	-
Investments	7.38%- 10.33%	1,259,859,259	632,178,257	527,761,002	-	99,920,000
Advances- Net of Provisions	21%- 53.84%	11,505,706,719	2,911,634,012	2,061,309,399	4,188,372,009	2,344,391,299
Other Assets- Advances to Staff	6.46%- 7.46%	185,062,677	41,514,593	2,569,604	6,778,575	134,199,905
		17,243,814,420	7,478,512,627	2,991,640,005	4,195,150,584	2,578,511,204
Liabilities						
Deposits and other accounts	3%- 15.50%	18,832,313,636	11,864,241,772	2,095,672,809	2,104,443,121	2,767,955,934
Borrowings	13.30%	472,722	472,722	-	-	-
		18,832,786,358	11,864,714,494	2,095,672,809	2,104,443,121	2,767,955,934
		(1,588,971,938)	(4,386,201,867)	895,967,196	2,090,707,463	(189,444,730)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

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/ NBFIs/MFBs	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	13.30%	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

32.3 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. 19,336 million (2020: Rs. 27,316) million. However, credit risk is limited in respect of Cash and Balances with SBP and NBP, Balances with other banks / NBFIs / MFBs and Investments as the same are placed with Banks NBFIs, MFBs having good credit rating.

32.4 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 banks at the year end.

32.5 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 2021

33 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	2021 Rupees	2020 Rupees
Balances at year end:			
Associated company	Deposits	253,725,829	146,393,251
	Share deposit money	350,390,276	963,015,274
	Insurance Claim Receivable	442,372,389	442,372,389
Key management personnel	Deposits	2,280,077	3,651,525
Directors / sponsors / shareholders	Deposits	5,433,003	1,873,015
	Share deposit money	-	83,199,911
Transactions during the year:			
Associated company	Deposits received	5,072,746,314	1,708,437,055
	Withdrawals	4,970,914,881	1,602,504,107
	Mark-up paid on deposits	4,274,622	2,278,936
	Shares issued against share deposit money	762,624,990	-
	Share deposits money received	150,000,000	350,000,000
	Deposits received	111,689,885	106,030,118
Key management personnel	Withdrawals	113,069,777	103,570,024
	Mark-up on deposit paid	28,806	14,216
	Deposits received	141,718,006	19,765,065
Directors / sponsors / shareholders	Withdrawals	140,377,443	19,666,696
	Share deposit money received	4,175,091	-
	Mark-up paid on deposits	64,334	76,254
	Shares issued against Share Deposit Money	87,375,010	-
	Contribution made during the year	23,829,453	21,829,521

33.1 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	Shareholding	46.5%
United Track System (Pvt) Limited	Common Directorship	19.34%
Tawasul Healthcare Tpa (Private) Limited	Common Directorship	1.62%
United Software and Technologies International (Pvt.) Limited	Common Directorship	2.55%
Saudi Pak Insurance Company Limited	Common Directorship	1.97%
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	5.19%
Mr. Imad Mohammad Tahir	Director	12.86%
Tawasul Risk Management Services (Pvt.) Limited	Common Directorship	0.57%

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

34 PROVIDENT FUND RELATED DISCLOSURE

The following information is based on the audited financial statements of the provident fund;

	2021 Rupees	2020 Rupees
Size of the fund- Total assets	113,108,320	88,699,582
Cost of investments	53,200,000	53,200,000
Percentage of investments made	47.0%	60.0%
Fair value of investments	53,200,000	53,200,000
Investments represent term deposit receipts		

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

35 DETAILS OF BUSINESS LOCATIONS

The addresses of the branches of the Bank are as follow:

1) I.I. Chundrigar Road Branch (101) RY-9, Survey No. 11/9A, Railway Quarters, Opposite Schon Center, I.I. Chundrigar Road, Karachi.	2) Shahrah-E- Faisal Branch (102), Shop # 4, Plot # 22, Block A, 6-Amber Tower, Shahrah-e-Faisal, Karachi.	3) North Karachi Branch (105) LS- 8, Street 11-K, North Karachi.
4) Paper Market (108) Survey # 20, Sheet # Sr. 8, Hassan Ali Afandi Road, Seria Quarters, Paper Market, Karachi.	5) Gizri Branch (109) K-4/3 & 4/4, Ch. Khaliq-uz- Zaman Road, Gizri, Karachi.	6) Malir Branch (110) Shop # 106-108, 114-115, Liaquat Market, Malir Colony, Karachi.
7) Mehmoodabad Branch (111) Plot # 169, Mahmoodabad # 2, Jamshed Town, Karachi. 021-35319240, 021-35319241	8) Larkana (112) City Survey # 164/1, Old Anaj Mandi, Gajnpur Chowk, Tehsil & District Larkana.	9) Kumb Road, Sui Gas (113) Shop # 106-108, 114-115, Liaquat Market, Malir Colony, Karachi.
10) Khairpur Branch (115) D/270, Mohallah Ali Murad, New Goth, Deh & Taluka, Khairpur, Kutchery Road, Khairpur Mirus.	11) Hyderabad (116), F73-74, Commercial, Risala Road, Saddar, Hyderabad.	12) Tando Allah Yar (117) 5/C, Main Hyderabad Road, Tando Allah Yar.
13) Tando Muhammad Khan (118), City Survey # 831, Ward B, Court Road, Tando Muhammad Khan.	14) Ghotki Branch (119) S. # 10, Devri Road, Near Chandu Ram Colony, Taluka Ghotki, Deh Odharwali, District Ghotki.	15) Mirpurkhas (120) City Survey # 731, Tourabad, Umer Kot Road Mirpurkhas, Tehsil & District Mirpurkhas.
16) Umer Kot (121) Shop No. 18-19, City Survey No. 115, Gulsha-e-Akber, Mirpurkhas Road, Umerkot.	17) Nawabshah Branch (122) City Survey No. 2146/165/1, Buchery Road, Nawabshah.	18) Sukkur Branch (123) Shop No. 8 & 9, City Survey No. F-9, Pak Colony, Race Course Road, Sukkur.
19) Shahdadpur (124) City Survey No. 379, Ward A Shahdadpur, Tehsil Shahdadpur, District Sanghar.	20) Tando Adam Khan (125) City survey No. 224/1, Muhammadi Chowk, Tando Adam, District Sanghar.	21) Sanghar Branch (126) City Survey No. 752-755, Main ShoppingCentre, M.A. Jinnah Road, Sanghar.

NOTES TO THE **FINANCIAL STATEMENTS**

For the year ended 31 December 2021

22) Mehar Branch (127)
VIP ROAD MEHAR NR SINDH
LABORATORY.

25) Kamoki (131)
Gt Road Kamoki

28) Sharaqpur Chowk, Sheikhpura
(137) Lahore Road Near Usman Cng
Sheikhpura.

31) Stadium Road Sahiwal (141)
Apna Microfinance Bank Ltd
Stadium Road, Sahiwal.

34) Lodhran (145)
Bahawal Pur Road Lodhran.

37) Haveli Lakhan (150)
Pakpatan Road Haveli Lakha Tehsil &
Dist Okara.

40) Township (153)
Barkat Chowk Township Lahore.

43) Karim Block Lahore (156)
56/2 Karim Block Allama
Iqbal Town Lahore.

46) Sabzi Mandi Peshawar (159)
Cty Circular Road Near
Gunj Gate Peshawar.

49) Dean Plaza Peshawar (162)
Ambl, Unit Lg-13 Deans Branch,
Deans Trade Center Peshawar Cantt.

52) Gilgit (165)
Near Nha Hq Jutial Gilgit.

23) Mehrabpur Branch (128)
THARI ROAD MEHRABPUR
TEHSIL:KHANDIARA
DIST:NOSHEROFEEROZ.

26) Adiala Road, RWP (134)
Jandad Tower Near Six Road Metro
Stop Main Murree Road, Rawalpindi.

29) Church Road, Okara (139)
Church Road, Okara.

32) Madina Chowk Depalpur (142)
Katchery Road Madina Chowk
Depalpur.

35) Model Town (146)
Shop No. 31 & 33 (A) Block, Store
Market, Model Town Branch, Lahore

38) Multan (151)
Mashallah Plaza Shop # 1 Azmat Wasti
Road Multan.

41) Ferozpur Road (154)
Ferozpur Road 18 K.M Sofia Abad
Opposite Descon Ferozpur Road
Lahore.

44) Shahdira (157)
25-Number Stop,Darbar Allah Hoo
Shadara Lahore. .

47) Nowshera (160)
Shobra Building Nowshera Cantt.

50) Daska (163)
Apna Microfinance Bank Limited,
872/3 Near Muslim Market, Bank
Road, Daska.

53) Rahim Yar Khan (166)
Ashraf Complex , Modal Towm
Rahim Yar Khan.

24) Sunder Das Road Lahore (130),
Zaman Park, 23-A, Sunderdas Road,
Lahore.

27) G.T Road Gujrawala (136)
G.T Road Gujranwala.

30) Vehari (140)
Karkhana Bazar Vehari

33) Kasur (143)
Pul Qatal Garhi , Kecheri Road, Kasur.

36) Paris Road Sialkot (148)
Paris Road Sialkot.

39) Layyah (152)
Apna Micro Bank College
Road Layyah.

42) D.H.A (155)
51-Cca, Dd Block, Phase 4, Dha Lahore.

45) Mardan (158)
Opposite To Abdul Wali Khan
University Female Campus College
Chowk Mardan.

48) Charsaddah (161)
S.S Plaza Bacha Khan Chowk
Charsadda.

51) Mirpur Ak (164)
Plot No. 35-A Opposite Sco Exchange
Nangi Mirpur Azad Kashmir.

54) Quetta (167)
Ambl Mission Road Quetta.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

55) Bahawalpur (169) Cantt Branch Airport Road Bahawalpur.	56) Hafizabad (170) Gujranwala Road Hafizabad.	57) Bahawalnagar (171) Grain Market Bahawalnagar.
58) Chichawatni (172) G.T.Road Chichawatni	59) Qasimabad (173) Qasimabad Branch Near Jamali Pso Petrol Pump, Alamdaar Road, Nasim Nagar Hyderabad.	60) Kahna Nau (174) Main Ferozepur Road Kahna Nau Lahore.
61) Raiwind (175) Railway Road Raiwind.	62) D-Chowk Ground (176) Apna Microfinance Bank Ltd. People's Colony Branch D.Ground Faisalabad.	63) Chorastan Mian Khan (177) Arora Mian Khan Chorasta Mian Khan P/O Basirpurteh Depalpur Distt Okara.
64) Jhang (178) Near Women College Chowk Main Gojra Road Jhang Sadar.	65) Fort Abbas (179) Apna Micro Finance Bank Ltd School Bazar Fort Abbas.	66) Dharanwala (180) Khewat No 60-57 Khatoni # .202 Fort Abbas Road Dahrana Wala.
67) Minchinabad (181) Apna Micro Finance Bank Ltd. Circular Road Minchinabad.	68) Haroonabad (182) Bangla Road Haroonabad.	69) Mandi Bahauddin (183) Railway Road Of Bank Road Mandi Bahuddin.
70) Burewala (184) Near Chungi #5 Multan Road Burewala.	71) Taxila (187) Faisal Shaheed Road, Taxila.	72) Kot Noor Shah (188) Al-Jaleel Garden Housing Scheme, Faizpur Interchange, Kot Noor Shah, Sharaqpur Road, Sheikhupura.
73) Bhalwal (189) Liaqat Shaheed Road Bhalwal.	74) Bhagtanwala (190) Baghatanwala Branch Plot # 164/147 Baghatanwala.	75) Pakpattan (191) Railway Road Pakpattan.
76) Arifwala (192) Tehsil Road Arifwala Branch.	77) Gujar Khan (193) Apna Bank Ltd Gujarkhan Haji Fazal Dad Plaza Railway Road Gujarkhan.	78) Chakwal (194) Near Sadwal Plaza Bhoun Road Chakwal.
79) Bara Kahu (196) Bara Kahu Islamabad Near Ubl Bank.	80) Dina (197) Apna Bank, Mangla Road Dina.	81) Gojra (198) Gali Bohar Wali Sabzi Mandi Quaid-E-Azam Road Gojra.
82) Jauharabad (199) Janubi Bazar Jauhar Abad District Khushab.	83) Muree (200) Main Gpo Chowk Bank Road Murree.	84) Bhakkar (201) Railway Road Apna Microfinance Bank Bhakkar.
85) Muzaffarabad (202) Apna Microfinance Bank Tangastand Road Mzd.	86) Abbotabad (203) Near Setthi Masjid Supply Main Mansehra Road Abbottabad/	87) Chillas (204) Apna Microfinance Bank Chillas Branch.

NOTES TO THE **FINANCIAL STATEMENTS**

For the year ended 31 December 2021

88) Dasu (205)
Dasu Komila Kohistan.

89) Chishtian (206)
Grain Market, Chishtian.

90) Haripur (207)
G.T.Road, Haripur, Distt. Haripur Kpk.

91) Nol Plot (209)
Ada Nolplot, Okara.

92) Khudian Kasur (210)
Naya Adda Khudian Kasur.

93) Farooqabad (211)
Ghalla Mandi Farooqabad Near Allied
Bank Tehsil District Sheikhpura.

94) Jassoki Sheller Okara (212)
Khewat No 99 Khatoni No 344
Ahmadabad Mauza Jassoki Gurditta
Tehsil Depalpur District Okara.

95) Jada Jehlum (214)
Near M.A Jinnah College M.M No 3
Jhelum.

96) Toba Tek Singh (215)
Allama Iqbal Road Toba Tek Singh.

97) Ahmedpur East (216)
Shikrani Chowk Near Koraija Car Stand
Ahmedpur East Dist Bahawalpur.

98) Dadu (217)
Ambl.0217 Plot No:82, Sehwan Sharif
Road Dadu.

99) Shikarpur (218)
City Survey #5/146,5/147 Sividar
Road Shikarpur Sindh.

100) Johar Town Brannch Lahore
(219) Plot #472 Block G 3 Near
Khokhar Chowk Johar Town Lahore.

101) Pattoki (220)
Bhatti Chowk Bypass Pattoki.

102) Mian Channu (221)
G.T Road Mian Channu.

103) Gujrat (222)
Apna Bank Near Area Gate G T Road
Gujrat.

104) Sargodha City (223)
Settelite Twon Chungi No 9 Sargodha.

105) Sadiqabad (224)
Kacha Shahi Road Sadiqabad.

106) Islamabad (225)
109/E Mehreen Heights Lower
Ground
Floor Blue Area Islamabad.

107) Khanpur (226)
Apna Micro Finance Building # 18
Model Town A Street No 1 Khanpur.

108) Rajanpur (227)
Apna Micro Finance Bank Gulshan
Iqbal Colony Main Indus Highway
Rajanpur.

109) Alipur (228)
Ambl College Chowk Alipur
Dist. Muzafargarh.

110) D.G.Khan (229)
Ambl Eid Gah Chowk Dg Khan.

111) Fazil Pur (230)
Ambl Main Indus Highway Road
Fazilpur.

112) Shujabad (231)
Ambl Jilalpur Road Shujaabad.

113) Tiba Sultanpur (232)
Duniya Pur Road, Opposite Bank Al
Habib, r Tiba Sultanpu.

114) Liqat Pur Branch (233)
Kachi Mandi Near Allah Wala Chowk.

115) Sundar Adda Lahore (234)
Sundar Ada Multan Road Lahore.

116) Ghalla Mandi Multan (235)
Ghalla Mandi Branch Multan.

NOTES TO THE **FINANCIAL STATEMENTS**

For the year ended 31 December 2021

36 MATERIAL OUTSOURCING ARRANGEMENTS

In compliance to BPRD Circular No. 06 of 2017 of SBP, the material outsourcing arrangements of the Bank are listed below:

Sr. No	Name of Service Provider	Name of Service	Estimated Cost
			Rupees
1	Track Security Systems (Pvt.) Limited	Security guards services	42,933,858
2	Homeland Security (Pvt.) Limited	Security guards services	26,906,361

37 COMPLAINTS MANAGEMENT MECHANISM

Apna Micro Finance Bank Limited believes in fair treatment of customers and for this the Bank has an effective Consumer Grievance Handling Mechanism in place. The bank provides a secure channel through which customers of the Bank may lodge their complaints about their grievances. The Bank ensure the resolution of the customers' complaints as per the banking practices and within turnaround time (TAT) and for which proper escalation matrix is in place. Customers are fairly treated and updated throughout the process till final resolution of their complaint. During the year 542 (2020: 264) complaints were received and average time to resolve a complaint is 9.5 days (2020: 10.25 days).

38 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were approved and authorised for issue on August 19, 2022 by the Board of Directors of the Bank.

39 GENERAL

39.1 The corresponding figures have been rearranged / reclassified, wherever necessary, for better presentation. However, no material reclassifications have been made.

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



President / CEO



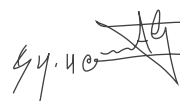
Chief Financial Officer



Chairman



Director



Director

NOTICE FOR THE NINETEENTH ANNUAL GENERAL MEETING

Notice is hereby given that the Nineteenth Annual General Meeting of Apna Microfinance Bank Limited is scheduled to be held on Saturday the September 10, 2022, at 12:00 noon, at Registered 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 Extraordinary General Meeting held on June 18, 2022.
2. To receive, consider and adopt the Annual Audited Financial Statements for the year ended December 31, 2021 together with Directors' and Auditors' Reports thereon.
3. To review, consider and appointment of RSM Avais Hyder Liaquat Nauman, Chartered Accountants as auditors of the bank for the year ending December 31, 2022 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

August 19, 2022
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), The Securities & Exchange Commission of Pakistan (SECP), vide its Circular No. 6 of 2021 dated March 3, 2021 (to be read with Circular No. 4 of 2021 dated February 15, 2021), has allowed the companies to hold their general meetings through electronic mode. Therefore, in the wake of prevailing situation due to pandemic and government's restrictions on public gatherings, the AGM of the Bank will be conducted only through video- conference facility, to protect 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 SECP 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
-----	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 07 September, 2022 and download video-link from Zoom.

Name	Folio/CDC Account No.	CNIC No.	Email
------	-----------------------	----------	-------

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 September 4, 2022 to September 10, 2022 (both days inclusive). The share transfer office is situated at F.D. Registrar Services (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 September 3, 2022 will be treated in time

For Apna Microfinance Bank Ltd.



Rafat Abbas
Company Secretary

NOTES

[illegible]

NOTES

[illegible]

FORM OF PROXY

I/We _____ of _____ a member/ members of the company/ merged companies, do hereby appoint Mr./ Ms. _____ of _____ a member of the company, or failing him/ her Mr./ Ms. _____ of _____ who is also a member of the company, as my/ our proxy to attend, speak and vote for me/ us and on my/ our behalf at the Annual General Meeting of the Company to be held on September 10, 2022 at 12:00 noon, at Registered office, 4/3 & 4/4, Ch. Khaliq-uz Zaman road, Gizri, Karachi and at any adjournment thereof.

Signed this _____ day of _____ 2022.

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.fcregistrar.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.

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