

## Directors' Reviews

The Directors of the Apna Microfinance Bank Limited (hereinafter referred to as 'the Bank') are pleased to present the Un-audited Condensed Interim Financial Information of the Bank for the quarter end March 31<sup>st</sup>, 2023.

### Principal Activity 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 quarter end March 31<sup>st</sup>, 2023 is as follows;

Particular's	March 31 <sup>st</sup> , 2023	December 31 <sup>st</sup> , 2022	%
	Un-audited	Audited	Change
Advances net of provision	6,824,880,390	8,354,266,042	-18%
Deposits and other accounts	21,703,903,692	22,606,344,550	-4%
	March 31 <sup>st</sup> , 2023	March 31 <sup>st</sup> , 2022	%
	Un-audited	Un-audited	Change
Mark-up/return/interest earned	612,249,999	790,642,344	-23%
Mark-up/return/interest expenses	488,475,274	373,989,736	31%
Administrative expenses	532,995,538	494,672,476	8%
Loss after taxation	1,513,734,576	378,496,280	300%

The Bank posted a loss after tax 1,514 million during the current period as compared to a loss of PKR 378 million in corresponding period. The equity (net of losses) of the Bank has stood at negative PKR 5,561 million and the total assets stood at PKR 17,161 million as at March 31<sup>st</sup>, 2023. The loss per share for the period ended March 31<sup>st</sup>, 2023 is PKR 3.53 as compared to loss per share of PKR 0.88 in the corresponding period.

The deposits of the Bank settled at PKR 21,704 million whereas advances-net of provision stood at PKR 6,825 million. Investments were at PKR 2,707 million.

The Bank has made fresh lending of approx. PKR 1,255 million to 5,471 new customers during the current quarter. The Bank recorded the additional provision expense of PKR 1,140 million against a gross loan portfolio of PKR 11,678 million in current quarter. Whereas, the provision expense of PKR 493 million was recorded against the portfolio of PKR 11,946 million in corresponding period.

Non-performing loans were PKR. 4,688 million on March 31, 2023 as against PKR. 4,641 million on December 31, 2022. The Bank's gross NPL ratio (Gross non-performing loans to Gross Advances) as of March 31, 2023 stood at 40% as against 38% on December 31, 2022. The major factor attributable to the current period losses is the provisioning of PKR. 1,035 million against our advance portfolio/assets recognized during the period.

At the quarter end, the Bank's gross advances to deposits ratio stands at 54% as compared to 53% on December 31, 2022.

The Bank's administrative expenses remained well-contained showing an 8% increase as compared to the previous period, recorded at PKR. 531 million during first quarter of 2023.



## Future Outlook

The bank has incurred loss for the period amounting to PKR 1,514 million (2022: PKR 378 million) and as at period end, its accumulated loss was PKR 8,893 million (2022: PKR 7,379 million). The Bank is facing problems in recovery of unsecured non-performing advances which includes non-performing advances of PKR 4,688 million (2022: PKR 4,641 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 share deposit money of PKR 350 million (2022: PKR 350 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 making 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 due to the adverse economic conditions post Covid-19 which are beyond the control of the borrowers. The amount of non-performing advances is reduced by the amounts recovered since their classification and by the amount recovered subsequently. The Bank has made substantial provision against the non-performing loans during the period. This includes recognition of remaining provision figure against the entire non-performing portfolio identified/classified by the SBP. Consequently, quantum of provision against advances in future periods is not expected to be significant. Further, recovery of the classified portfolio will result in reversal of such provision and hence will result in the improvement of the financial position of the Bank in the ensuing years.
- The Bank is converting its advances portfolio from unsecured to secured portfolio which is reflected in Note 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 also 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.


#### **Credit Rating**

The long-term rating of the Bank is "BBB-" (Triple B negative) and the short-term rating is "A4" (A Four) with a "Negative" future outlook as determined by The Pakistan Credit Rating Agency Ltd. (PACRA) in their statement issued on July 27<sup>th</sup>, 2023.

#### **Acknowledgement**

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.

**On behalf of the Board of Directors**



**Wajahat Malik**  
President/Chief Executive Officer

Date: May 29, 2024  
Lahore



**Muhammad Asghar**  
Director




**APNA MICROFINANCE BANK LIMITED  
CONDENSED INTERIM BALANCE SHEET  
AS AT MARCH 31, 2023**

	Note	March 31, 2023	December 31, 2022
		Rupees	Rupees
		Un-audited	Audited
<b>ASSETS</b>			
Cash and Balances with SBP and NBP	6	1,559,653,322	1,720,318,818
Balances With Other Banks/NBFIs/MFBs	7	1,353,713,001	2,236,767,029
Investments - Net Of Provisions	8	2,706,950,535	2,466,243,246
Advances - Net Of Provisions	9	6,824,880,390	8,354,266,042
Operating Fixed Assets		878,443,349	905,888,333
Right of use assets		435,223,838	478,513,372
Other Assets	10	1,702,153,797	1,725,479,702
Deferred Tax Asset	12	1,700,000,000	1,700,000,000
<b>Total Assets</b>		<b>17,161,018,232</b>	<b>19,587,476,542</b>
<b>LIABILITIES</b>			
Deposits and other accounts	11	21,703,903,692	22,606,344,550
Borrowings		-	-
Lease liabilities		499,856,279	543,145,813
Other Liabilities		517,978,134	484,971,476
<b>Total Liabilities</b>		<b>22,721,738,105</b>	<b>23,634,461,839</b>
<b>NET ASSETS</b>		<b>(5,560,719,873)</b>	<b>(4,046,985,297)</b>
<b>REPRESENTED BY:</b>			
Share capital		4,289,849,620	4,289,849,620
Capital Reserve			
Discount on issue of shares		(1,335,963,831)	(1,335,963,831)
Share deposit money		350,390,276	350,390,276
Statutory reserve		22,078,496	22,078,496
Depositors' protection fund		5,519,624	5,519,624
Revenue Reserve			
Accumulated Loss		(8,892,594,058)	(7,378,859,482)
<b>Total Capital</b>		<b>(5,560,719,873)</b>	<b>(4,046,985,297)</b>

MEMORANDUM / OFF- BALANCE SHEET ITEMS

13

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

  
\_\_\_\_\_  
President / CEO

  
\_\_\_\_\_  
Chief Financial Officer

  
\_\_\_\_\_  
Chairman

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

**APNA MICROFINANCE BANK LIMITED**  
**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)**  
**FOR THE QUARTER ENDED MARCH 31, 2023**

	Note	March 31, 2023 Rupees	March 31, 2022 Rupees
Mark-up/Return/Interest Earned	14	612,249,999	790,642,344
Mark-up/Return/Interest Expensed		(488,475,274)	(373,989,736)
Net mark-up/Interest Income		123,774,725	416,652,608
Provision against non-performing loans and advances	9.2.2	(1,139,643,430)	(493,122,249)
Recovery against bad debts written off		-	3,790
Bad debts written off directly		-	-
Net mark-up/Interest Income / (loss) after provisions		(1,015,868,705)	(76,465,851)
<b>NON MARK-UP/NON INTEREST INCOME</b>			
Fee, Commission and Brokerage Income		29,853,262	28,033,801
Other Income		13,302,696	9,713,455
Total non mark-up/non interest Income		43,155,958	37,747,256
		(972,712,747)	(38,718,595)
<b>NON MARK-UP/NON INTEREST EXPENSES</b>			
Administrative expenses		(532,995,538)	(494,672,476)
Other charges		-	-
Total non mark-up/non interest expenses		(532,995,538)	(494,672,476)
		(1,505,708,285)	(533,391,071)
Extra ordinary/unusual items		-	-
<b>PROFIT / (LOSS) BEFORE TAXATION</b>		(1,505,708,285)	(533,391,071)
Taxation		(8,026,291)	(10,233,452)
- Current		-	-
- Prior years		-	-
- Deferred		-	165,128,243
		(8,026,291)	154,894,791
<b>PROFIT/(LOSS) AFTER TAXATION</b>		(1,513,734,576)	(378,496,280)
Unappropriated Profit / (Loss) brought forward		(7,378,859,482)	(2,889,495,579)
Profit available for appropriation / (loss)		(8,892,594,058)	(3,267,991,859)
<b>APPROPRIATIONS:</b>			
Transfer to:			
Statutory Reserve		-	-
Capital Reserve		-	-
Contribution to MSDF/ DPF/ RMF		-	-
Revenue Reserve		-	-
Proposed Cash dividend Rs. Nil per share (2022: Rs. Nil per share)		-	-
Others		-	-
		-	-
<b>Unappropriated Profit / (Loss) carried forward</b>		(8,892,594,058)	(3,267,991,859)
<b>Earnings / (Loss) per share-Basic &amp; Diluted</b>		(3.529)	(0.882)

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

  
President / CEO

  
Chief Financial Officer

  
Chairman

  
Director

  
Director



**APNA MICROFINANCE BANK LIMITED**  
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME - (UN-AUDITED)**  
**FOR THE QUARTER ENDED MARCH 31, 2023**

	March 31, 2023	March 31, 2022
	Rupees	Rupees
<b>PROFIT / (LOSS) AFTER TAXATION</b>	<b>(1,513,734,576)</b>	<b>(378,496,280)</b>
<b>Other comprehensive income / (loss):</b>		
Items that will not be reclassified to the profit and loss account	-	-
Items that may subsequently be reclassified to the profit and loss account	-	-
	-	-
<b>Comprehensive income/(loss) transferred to equity</b>	<b>(1,513,734,576)</b>	<b>(378,496,280)</b>
<b>Components of comprehensive income / (loss) not reflected in equity:</b>		
Net change in fair value of available-for-sale investments	-	-
<b>Total comprehensive income for the period</b>	<b>(1,513,734,576)</b>	<b>(378,496,280)</b>

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

  
 \_\_\_\_\_  
 President / CEO

  
 \_\_\_\_\_  
 Chief Financial Officer

  
 \_\_\_\_\_  
 Chairman

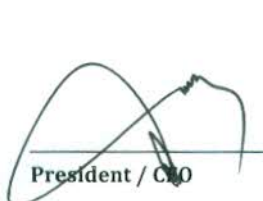
  
 \_\_\_\_\_  
 Director

  
 \_\_\_\_\_  
 Director

**APNA MICROFINANCE BANK LIMITED**  
**CONDENSED INTERIM CASH FLOW STATEMENT - (UN-AUDITED)**  
**FOR THE QUARTER ENDED MARCH 31, 2023**

	Note	March 31, 2023	March 31, 2022
		Rupees	Rupees
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Profit / (loss) before taxation		(1,505,708,285)	(533,391,071)
<b>Adjustments for non-cash charges</b>			
Depreciation of operating fixed assets		25,578,629	24,870,838
Amortization of intangibles		868,419	2,129,943
Depreciation on right of use assets		43,289,534	45,471,973
Amortization of deferred grants		-	-
(Gain) on disposal of operating fixed asset		(1,212,070)	-
Provision against non-performing advances		1,139,643,430	493,122,249
		1,208,167,942	565,595,003
<b>Operating cash flow before working capital changes</b>		<b>(297,540,343)</b>	<b>32,203,932</b>
<b>Changes in working capital</b>			
<b>(Increase)/Decrease in operating assets</b>			
Advances		389,742,222	51,884,188
Other assets		15,299,620	(212,554,940)
		405,041,842	(160,670,752)
<b>Increase / (Decrease) in operating liabilities</b>			
Deposits		(902,440,858)	(1,788,231,819)
Other Liabilities		33,006,658	(181,745,914)
		(869,434,200)	(1,969,977,733)
<b>CASH GENERATED FROM OPERATIONS</b>		<b>(761,932,701)</b>	<b>(2,098,444,553)</b>
Net cash flow from operating activities		(761,932,701)	(2,098,444,553)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Net investments in held to maturity securities		(240,707,289)	76,355,938
Repayment of lease liabilities		(43,289,534)	(47,161,717)
Proceeds from disposal of operating fixed assets		2,435,000	-
Investments in operating fixed assets		(225,000)	(10,732,873)
Net cash flow from investing activities		(281,786,823)	18,461,348
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Share deposit money		-	-
Borrowings-net		-	-
Net cash flow from financing activities		-	-
Increase / (Decrease) in cash and cash equivalents		(1,043,719,524)	(2,079,983,205)
<b>Cash and cash equivalents at the beginning of the period</b>		<b>3,957,085,847</b>	<b>5,871,386,567</b>
<b>Cash and cash equivalents at the end of the period</b>	15	<b>2,913,366,323</b>	<b>3,791,403,362</b>

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

  
 President / CEO

  
 Chief Financial Officer

  
 Chairman

  
 Director

  
 Director



**APNA MICROFINANCE BANK LIMITED**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY**  
**FOR THE QUARTER ENDED MARCH 31, 2023**

	Share Capital	Capital Reserves				Revenue Reserve	Total
		Discount On Issue Of Shares	Share Deposit Money	Statutory Reserve	Depositors' Protection Fund	Unappropriated Loss	
----- Rupees -----							
<b>Balance as at January 01, 2022</b>	4,289,849,620	(1,335,963,831)	350,390,276	22,078,496	5,519,624	(2,889,495,579)	442,378,606
<b>Comprehensive income / (loss) for the period</b>							
Loss after taxation	-	-	-	-	-	(378,496,280)	(378,496,280)
Other comprehensive income / (loss)	-	-	-	-	-	-	-
Total comprehensive income / (loss) for the period	-	-	-	-	-	(378,496,280)	(378,496,280)
<b>Transactions with owners directly recorded in equity</b>							
Share deposit money received during the period	-	-	-	-	-	-	-
Share issued against share deposit money	-	-	-	-	-	-	-
Discount on issue of share	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
<b>Balance as at March 31, 2022</b>	4,289,849,620	(1,335,963,831)	350,390,276	22,078,496	5,519,624	(3,267,991,859)	63,882,326
<b>Comprehensive income / (loss) for the period</b>							
Loss after taxation	-	-	-	-	-	(4,110,867,623)	(4,110,867,623)
Other comprehensive income / (loss)	-	-	-	-	-	-	-
Total comprehensive income / (loss) for the period	-	-	-	-	-	(4,110,867,623)	(4,110,867,623)
<b>Transactions with owners directly recorded in equity</b>							
Share deposit money received during the period	-	-	-	-	-	-	-
Share issued against share deposit money	-	-	-	-	-	-	-
Discount on issue of share	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
<b>Balance as at December 31, 2022 - Audited</b>	4,289,849,620	(1,335,963,831)	350,390,276	22,078,496	5,519,624	(7,378,859,482)	(4,046,985,297)
<b>Comprehensive income / (loss) for the period</b>							
Profit after taxation	-	-	-	-	-	(1,513,734,576)	(1,513,734,576)
Other comprehensive income / (loss)	-	-	-	-	-	-	-
Total comprehensive income / (loss) for the period	-	-	-	-	-	(1,513,734,576)	(1,513,734,576)
<b>Transactions with owners directly recorded in equity</b>							
Share deposit money received during the period	-	-	-	-	-	-	-
Share issued against share deposit money	-	-	-	-	-	-	-
Discount on issue of share	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
<b>Balance as at March 31, 2023 - Un-audited</b>	4,289,849,620	(1,335,963,831)	350,390,276	22,078,496	5,519,624	(8,892,594,058)	(5,560,719,873)

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

  
 President / CEO

  
 Chief Financial Officer

  
 Chairman

  
 Director

  
 Director



## 1 STATUS AND NATURE OF BUSINESS

1.1 Apna Microfinance Bank Limited (the Bank) was incorporated on May 08, 2003 as a public limited Bank under the repealed Companies Ordinance, 1984 now the "Companies Act, 2017" (the Companies Act). The Bank was granted certificate of commencement of business on December 28, 2004 and started its operations on January 01, 2005. Its shares are listed on Pakistan Stock Exchange Limited. The Bank's principal business is to provide microfinance services to the poor and underserved segment of the society as envisaged under the Microfinance Institutions Ordinance, 2001. The Bank has been operating at national level in Pakistan. The Bank has 113 business locations comprising of 111 branches and 2 service centers (2022: 113 business locations comprising of 111 branches and 2 service centers) in operation. Its registered office is situated at K-4/3 and 4/4, Ch. Khaliq-uz-Zaman Road, Gizri, Karachi in the Province of Sindh and its head office is situated at 23 - A, Sundar Das Road, Zaman Park, Lahore, in the Province of Punjab.

1.2 The bank has incurred loss for the period amounting to Rs. 1,514 million (2022: Rs. 378 million) and as at period end, its accumulated loss was Rs. 8,893 million (2022: Rs. 7,379 million). The Bank is facing problems in recovery of unsecured non performing advances which includes non-performing advances of Rs. 4,688 million (2022: Rs. 4,641 million against which provision will be made in a phased manner (Note 9.2). 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 share deposit money of Rs. 350.39 million (2022: 350.39 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 making 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 due to the adverse economic conditions post Covid-19 which are beyond the control of the borrowers. The amount of non-performing advances is reduced by the amounts recovered since their classification and by the amount recovered subsequently. The Bank has made substantial provision against the non-performing loans during the period. This includes recognition of remaining provision figure against the entire non-performing portfolio identified/classified by the SBP. Consequently, quantum of provision against advances in future periods is not expected to be significant. Further, recovery of the classified portfolio will result in reversal of such provision and hence will result in the 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 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.

In view of the above, 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.

## 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.

Accordingly, this condensed interim financial information should be read in conjunction with the annual audited published financial statements of the Bank for the year ended December 31, 2022.

## **2.2 Basis of measurement**

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

## **3 FUNCTIONAL AND PRESENTATION CURRENCY**

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

## **4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS**

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

During preparation of this condensed interim financial information, the significant judgments made by the management in applying the Bank's accounting policies and the key sources of estimation and uncertainty were the same as those that applied in the preceding audited annual published financial statements of the Bank for the year ended December 31, 2022.

## **5 ACCOUNTING POLICIES AND COMPUTATION METHODS**

The accounting policies and the methods of computation adopted in preparation of this condensed interim financial information are the same as those applied in the preparation of the annual audited published financial statements for the year ended December 31, 2022.



APNA MICROFINANCE BANK LIMITED  
 SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION  
 FOR THE QUARTER ENDED MARCH 31, 2023

6	CASH AND BALANCES WITH SBP AND NBP	Note	March 31, 2023	December 31, 2022
			Rupees	Rupees
			Un-audited	Audited
	Cash in hand - local currency		663,992,845	733,700,930
	Balance with State Bank of Pakistan	6.1	815,998,644	983,829,309
	Balance with National Bank of Pakistan in:			
	Current Account		44,142,705	2,788,579
	Deposit Account	6.2	35,519,128	-
			<u>1,559,653,322</u>	<u>1,720,318,818</u>

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

6.2 This carries mark-up rate at 15.50% per annum (2022: 14.50%).

7	BALANCES WITH OTHER BANKS/NBFIs/MFBs	Note	March 31, 2023	December 31, 2022
			Rupees	Rupees
			Un-audited	Audited
	In Pakistan			
	- In current accounts		28,514,532	33,165,647
	- In deposit accounts	7.1	825,198,469	1,703,601,382
	- Certificates of deposits	7.2	500,000,000	500,000,000
			<u>1,353,713,001</u>	<u>2,236,767,029</u>

7.1 These carry mark-up rates ranging from 15.50% to 21% per annum (2022: 14.50% to 17.40% per annum).

7.2 This represent placement with financial institution carrying mark-up 17 % per annum (2022: 17% per annum). The maturity is one year from the date of placement.

8	INVESTMENTS - NET OF PROVISIONS	Note	March 31, 2023	December 31, 2022
			Rupees	Rupees
			Un-audited	Audited
	Federal Govt. Securities:			
	- Market Treasury Bills - (Held to maturity)	8.1	2,607,030,535	2,366,323,246
	Silk Bank Limited - Term Finance Certificate (TFC's) - (Held to maturity)	8.2	99,920,000	99,920,000
			<u>2,706,950,535</u>	<u>2,466,243,246</u>

8.1 This represents T-Bills issued for periods of six to twelve months having maturities ranging from April 06, 2023 to June 16, 2023. These carry yields ranging from 15.60% to 21.65% per annum (2022: 15.60% to 16.93% per annum). These securities have an aggregate face value of Rs. 2,650 million. (2022: Rs. 2,420 million).

8.2 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 (2022: 6 months KIBOR plus 1.85% per annum).

9	ADVANCES - NET OF PROVISIONS	Note	March 31, 2023		December 31, 2022	
			No. of Loans Outstanding	Rupees	No. of Loans Outstanding	Rupees
			-----Un-audited-----		-----Audited-----	
	Micro credits	9.1	105,969	11,678,215,623	109,616	12,067,957,845
	Less: Provision held:					
	- Specific	9.2		4,685,776,485	46,545	3,546,133,055
	- General			167,558,748		167,558,748
				4,853,335,233		3,713,691,803
	Advances - Net Of Provisions			<u>6,824,880,390</u>		<u>8,354,266,042</u>

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

	Note	March 31, 2023	December 31, 2022
		Rupees	Rupees
		Un-audited	Audited
Secured		6,088,656,086	6,401,229,070
Unsecured	9.1.1	5,589,559,537	5,666,728,775
		<u>11,678,215,623</u>	<u>12,067,957,845</u>

9.1.1 Advances are secured by personal guarantees and advances amounting to Rs. 3,768.404 million (2022: Rs. 3,927.319 million) are further secured against gold.

9.2 Particulars of non-performing advances

	Note	March 31, 2023	December 31, 2022
		Rupees	Rupees
		Un-audited	Audited
Specific non-performing advances	9.2.1	1,265,891,211	1,163,226,086
Other non-performing advances		3,422,501,817	3,477,414,293
		<u>4,688,393,028</u>	<u>4,640,640,379</u>

9.2.1 Particulars of non-performing advances

Category of Classification	March 31, 2023			December 31, 2022		
	Principal Amount Outstanding	Provision Required	Provision Held	Principal Amount Outstanding	Provision Required	Provision Held
	-----Rupees-----					
	-----Un-audited-----			-----Audited-----		
OAEM	21,999,644	-	-	21,056,590	-	-
Sub-standard	15,836,892	3,959,223	3,959,223	16,583,885	4,145,971	4,145,971
Doubtful	47,777,517	23,888,758	23,888,758	55,739,229	27,869,615	27,869,615
Loss	4,602,778,975	4,602,635,383	4,657,928,504	4,547,260,675	4,547,117,084	3,514,117,469
	<b>4,688,393,028</b>	<b>4,630,483,364</b>	<b>4,685,776,485</b>	<b>4,640,640,379</b>	<b>4,579,132,670</b>	<b>3,546,133,055</b>

9.2.2 Particulars of provision against non-performing advances

	March 31, 2023			December 31, 2022		
	Specific	General	Total	Specific	General	Total
	-----Rupees-----					
	-----Un-audited-----			-----Audited-----		
Opening balance	3,546,133,055	167,558,748	3,713,691,803	324,528,039	167,558,748	492,086,787
Charge/ (reversal) for the period	1,139,643,430	-	1,139,643,430	3,221,605,016	-	3,221,605,016
Closing balance	<b>4,685,776,485</b>	<b>167,558,748</b>	<b>4,853,335,233</b>	<b>3,546,133,055</b>	<b>167,558,748</b>	<b>3,713,691,803</b>

10	OTHER ASSETS	Note	March 31, 2023	December 31, 2022
			Rupees	Rupees
			Un-audited	Audited
	Income / Mark-up Accrued		1,096,651,267	1,018,617,624
	Advances to Staff		119,831,742	142,242,463
	Advances and Prepayments		183,111,681	238,193,147
	Advance Income Tax - Net of Provision		245,095,085	234,129,475
	Security Deposits		35,941,920	35,941,920
	Inter Banks ATM Settlement account		21,522,102	51,473,658
	Insurance Claim's Receivable		-	4,881,415
			<b>1,702,153,797</b>	<b>1,725,479,702</b>



**APNA MICROFINANCE BANK LIMITED**  
**SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION**  
**FOR THE QUARTER ENDED MARCH 31, 2023**

11	DEPOSITS AND OTHER ACCOUNTS	Note	March 31, 2023		December 31, 2022	
			No. of accounts	Rupees	No. of accounts	Rupees
			-----Un-audited-----		-----Audited-----	
	Time liabilities					
	Fixed Deposits (Deals)	11.1	6,109	7,281,972,668	5,841	6,976,267,093
	Demand liabilities					
	Saving Deposits	11.2	29,937	10,334,261,282	29,449	10,531,850,607
	Current Deposits		366,072	4,087,669,742	363,054	5,098,226,850
			396,009	14,421,931,024	392,503	15,630,077,457
		11.3	402,118	21,703,903,692	398,344	22,606,344,550

11.1 These represent deposits received from customers ranging from 1 month to 5 years. These carry interest rates ranging from 5.60% to 23.50% per annum (2022: 5.60% to 18.00% per annum).

11.2 These carry interest rates ranging from 3% to 22% per annum (2022: 3% to 16.50% per annum).

11.3	Particulars of deposits by ownership	March 31, 2023		December 31, 2022	
		No. of accounts	Rupees	No. of accounts	Rupees
		-----Un-audited-----		-----Audited-----	
	Individual Depositors	400,560	15,613,044,513	396,730	16,518,367,113
	Institutional Depositors				
	- Corporation / Firm	1,545	6,059,307,989	1,601	6,055,996,992
	- Banks & Financial Institutions	13	31,551,190	13	31,980,445
		1,558	6,090,859,179	1,614	6,087,977,437
		402,118	21,703,903,692	398,344	22,606,344,550

12	DEFERRED TAX ASSET	Note	March 31, 2023	December 31, 2022
			Rupees	Rupees
	Opening balance		1,700,000,000	1,283,481,934
	Recognized in profit and loss account		-	416,518,066
	Closing balance		1,700,000,000	1,700,000,000

12.1 As a matter of prudence, the management has recognized deferred tax assets of Rs. 1,700 million out of total deferred tax assets of Rs. 3,035 million (2022 :Rs. 2,635 Million) considering the probability of availability of future taxable profits against which deductible temporary differences will be utilized. Total deferred tax asset comprises of;

**Taxable temporary differences in respect of;**

Accelerated tax depreciation

(62,796,148) (64,275,078)

**Deductible temporary differences in respect of;**

Leases liabilities

18,743,408 18,743,408

Provision against advances

1,407,866,150 1,076,970,623

Carry forwardable tax losses

1,569,413,136 1,464,375,162

Minimum tax credits

102,086,031 139,356,554

3,035,312,577 2,635,170,669

12.1.1 Deferred tax assets and liabilities on temporary differences are measured at tax rate of 29% (2022: 29%).

**13 MEMORANDUM / OFF- BALANCE SHEET ITEMS**

**13.1 Contingencies:**

- 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 (2022: 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 PRA Appellate Tribunal as well. Now the Bank intends to file appeal before honorable High Court against the order. The hearings for FY 2017 and 2018 are still pending before Commissioner (Appeals).
- 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.
- 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 (2022: 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.



**APNA MICROFINANCE BANK LIMITED**  
**SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION**  
**FOR THE QUARTER ENDED MARCH 31, 2023**

**13.2 Contingencies:**

**Bank Guarantee issued on behalf of,**  
 The Al Riaz International Rawalpindi  
 in favour of Controller of Military Accounts.

Note	March 31, 2023	December 31, 2022
	Rupees	Rupees
	Un-audited	Audited
	-	460,500

**14 MARK-UP/RETURN/INTEREST EARNED**

Mark-Up on Loans and Advances  
 Mark-Up on Deposit Accounts  
 Mark-Up on Investments in Government Securities

	March 31, 2023	March-31, 2022
	Rupees	Rupees
	Un-audited	Un-Audited
	462,740,788	695,353,841
	48,707,902	68,838,516
	100,801,309	26,449,987
	612,249,999	790,642,344

**15 CASH AND CASH EQUIVALENTS**

Cash and Balances with SBP and NBP  
 Balances With Other Banks/NBFIs/MFBs

Note	March 31, 2023	March-31, 2022
	Rupees	Rupees
	Un-audited	Un-Audited
	1,559,653,322	1,335,825,993
	1,353,713,001	2,455,577,369
	2,913,366,323	3,791,403,362

**16 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	March 31, 2023	December 31, 2022
		Rupees	Rupees
		Un-audited	Audited

**Balances at period end:**

Associated company	Deposits	57,962,164	123,295,288
	Share deposit money	350,390,276	350,390,276
	Insurance Claim Receivable	-	4,881,415
Key management personnel	Deposits	2,842,642	216,326
Directors / sponsors / shareholders	Deposits	2,711,016	1,817,937

**Transactions during the period:**

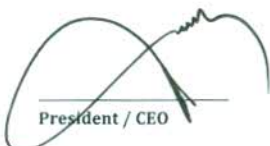
		March 31, 2023	March 31, 2022
		Rupees	Rupees
		Un-audited	Un-audited
Associated company	Deposits received	1,228,695,324	1,534,817,053
	Withdrawals	1,296,405,683	1,716,014,438
	Mark-up paid on deposits	2,377,235	14,342,482
Key management personnel	Deposits received	12,279,306	23,803,814
	Withdrawals	9,539,511	24,696,543
	Mark-up paid on deposits	1,772	5,175
Directors / sponsors / shareholders	Deposits received	29,949,244	19,840,136
	Withdrawals	29,069,044	22,957,326
	Mark-up paid on deposits	12,879	8,231
Staff Provident Fund	Contribution made during the period	5,740,590	5,553,259

**17 DATE OF AUTHORIZATION FOR ISSUE**

These condensed interim financial statements were approved and authorised for issue on May 29, 2024 by the Board of Directors of the Bank.

**18 GENERAL**

- 18.1** The corresponding figures have been rearranged / reclassified, wherever necessary, for better presentation. However, no material reclassifications have been made.  
**18.2** Figures have been rounded off to the nearest rupee unless otherwise stated.

  
 President / CEO

  
 Chief Financial Officer

  
 Chairman

  
 Director

  
 Director