



Micro Finance
apna bank
Limited

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.

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 live.

Muhammad Akram Shahid

Chairman

Date: May 29, 2024

Head Office: 23-A, Sundar Das Road, Zaman Park, Lahore - Pakistan
Tel: +92 42 36305314-15 **Fax:** +92 42 36306730
Email: info@apnabank.com.pk **Website:** www.apnabank.com.pk

STATEMENT OF ETHICS AND BUSINESS PRACTICES, 2023
The Code of Conduct,

ETHICS AND BUSINESS PRACTICES

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

Laws and Rules

- All the employees are required to comply with all the laws, rules and regulations governing AMBL, including the Bank's policies, procedures and standards, the State Bank of Pakistan and the Security and Exchange Commission of Pakistan's regulations applicable to the Bank.
- All employees must function with integrity within the scope of their authorities and follow directives given by the person(s) under whose jurisdiction they are deputed with complete honesty.
- Core value of 'Integrity' must be promoted by upholding fairness, equality and respect for all team members. Discrimination, harassment of all types, intimidation and other negative practices are strictly prohibited.
- Harassment includes any unwanted, immoral act or attitude, including abuse of authority, creating a hostile environment and retaliation to non compliance with unethical demands, which is demeaning or detrimental to work performance or the career of any employee in any capacity.
- Adherence to designated time schedules is imperative. The Bank is entitled to take disciplinary action in case of unauthorized absences.
- No employee shall indulge in any political activity, including forming or joining a political, ethnic or linguistic association; get elected to a legislative body, in Pakistan or elsewhere, or indulge in any activity detrimental to the ideology of Pakistan.
- All full-time employees must devote their entire business day to their work; avoid any outside activity that interferes with their judgment in the best interest of the Bank and its clients. The Human Resource & Recruitment Department must be informed in case an employee:
- Holds an outside directorship; carries on business activity outside; holds majority shares/interest in a public or private business; takes direct advantage of securities of a public listed company, or serves as a client's personal representative.
- No employee shall bring political or other outside pressure/ influence to bear on the authorities/superior officers or use the media with intent to induce them to act in a manner inconsistent with rules in any matter relating to the Bank.
- Employees are prohibited from any engagement outside the Bank without prior approval from the Human Resource & Recruitment Department. Employees with financial or other interest in any family business must declare in advance by writing and seek no objection.



- Employees shall not borrow from or lend personal funds or property to any Client or Vendor who has a relationship with the Bank except on market terms and conditions from financial institutions. Borrowing or lending in personal capacity within the Bank is prohibited.
- Employees shall be alert and vigilant with respect to frauds, thefts or significant illegal activity committed within the office, reporting them immediately in writing to higher authority for appropriate action to be taken. Employment or Internship Certificates can only be issued by the Human Resource & Recruitment Department. Receipts of funds can only be issued on prescribed forms.
- Disciplinary action may be taken in case of misconduct or unsatisfactory performance including breach of above mentioned rules; willful insubordination; breach of confidential material; use of drugs or alcohol; falsification of documents; violation of safety/health rules; insider trading; parallel banking; money laundering and any act detrimental to the Bank's business.

Workplace Environment

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

Responsibilities towards Employer (AMBL)

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



- Employees are required to identify all conflicts of interest and declare them immediately, including all matters expected to interfere with their duty to the Bank or ability to make unbiased and objective recommendations.

Information Management

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

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, propriety 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 assisting 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 Conduct and Ethics' by any employee, may lead to disciplinary proceedings culminating in punishment as per merits of the case.

Chairman
Lahore

Date: May 29, 2024



**Statement of Compliance with Listed Companies
(Code of Corporate Governance) Regulations, 2019 (the Regulations)**

Name of Company: Apna Microfinance Bank Limited

Year ending: December 31, 2023

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

1. The total numbers of director are 9 as per the following:

- a) Male: 8
- b) Female: 1

2. The composition of Board is as follows:

Category	Number of Directors	Name of Directors
a) Independent Directors	2	Mr. Abdul Aziz Khan Ms. Tahira Raza
b) Non-executive Directors	6	Mr. Muhammad Akram Shahid Mr. Imad Mohammad Tahir Syed Rahat Ali Shah Mr. Muhammad Saleem Shaikh Mr. Mohammad Asghar Mr. Shahid Hassan
c) Executive Director	1	Mr. Wajahat Malik
d) Female Director	1	Ms. Tahira Raza

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 complete record of particulars of significant policies along with the date of approval or updating is maintained by the Bank.

Head Office: 23-A, Sundar Das Road, Zaman Park, Lahore - Pakistan

Tel: +92 42 36305314-15 **Fax:** +92 42 36306730

Email: info@apnabank.com.pk **Website:** www.apnabank.com.pk

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 the 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 the 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 the Regulations.

9. The following directors have certifications under the Directors' Training program (DTP):

- Mr. Muhammad Akram Shahid
- Mr. Muhammad Saleem Shaikh
- Mr. Mohammad Asghar
- Ms. Tahira Raza
- Syed Rahat Ali Shah

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. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board.

12. The Board has formed following committees comprising of themembers as detailed below:

a) Audit Committee

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

b) Executive Committee

Mr. Muhammad Akram Shahid	Chairman
Mr. Shahid Hassan	Member
Mr. Mohammad Asghar	Member
Mr. Imad Mohammad Tahir	Member
Ms. Tahira Raza	Member

c) Human Resource and Remuneration Committee

Ms. Tahira Raza	Chairperson
Mr. Wajahat Malik	Member
Mr. Imad Mohammad Tahir	Member
Syed Rahat Ali Shah	Member
Mr. Muhammad Saleem Shaikh	Member

d) Risk Management Committee

Mr. Mohammad Asghar	Chairman
Mr. Muhammad Akram Shahid	Member
Mr. Wajahat Malik	Member
Syed Rahat Ali Shah	Member
Mr. Abdul Aziz Khan	Member

e) Monitoring Committee

Mr. Mohammad Asghar	Chairman
Mr. Imad Mohammad Tahir	Member
Mr. Abdul Aziz Niazi	Member
Syed Rahat Ali Shah	Member
Mr. Muhammad Saleem Sheikh	Member
Ms. Tahira Raza	Member

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

14. The frequency of meetings of the committee referred above was as under:

a) Audit Committee	Quarterly
b) Executive Committee	half yearly
c) HR and Remuneration Committee	half yearly
d) Risk Management Committee	half yearly
e) Monitoring Committee	half yearly

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

16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP) and 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 the 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 3,7,8,27,32,33 and 36 of the regulations have been complied with except that the number of independent directors of the Company are less than one third of the total number of directors.

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

- Certain remaining policies will be developed in due course
- Formation of nomination committee is under consideration
- Directors Training Program will be arranged in due course for remaining directors and other executives; and
- The post of head of Internal Audit is vacant which will be fulfilled in due course.

For, Apna Microfinance Bank Limited



Muhammad Akram Shahid

Chairman

Date: May 29, 2024

CHAIRMAN'S REVIEW

On behalf of the Board of Directors, it is my privilege to present the Annual Report of Apna Micro Finance Bank Limited for the financial year ended December 31, 2023.

2023 proved to be another challenging year for the economy. The economic landscape was marred by high-interest rates, continuing twin deficits and political uncertainty. Geopolitical tensions coupled with continued rupee devaluation and soaring inflation led to a stressful operational environment.

It was another tough year for the Bank. High inflation and rise in commodity prices have diminished the repayment capacity of our borrower base. These challenging conditions have led the Bank to record losses after tax of PKR. 3,594 Million during the year.


Despite the current year loss, I am confident that management has the capacity to turnaround these results. A multifaceted business plan has been implemented to improve the financial and operational position of the Bank. Going forward our main focus will be to strengthen portfolio health with an emphasis on strong recovery and secured lending. The Bank remains steadfast to continue its mission of poverty alleviation through provision of low-cost financing services to the poor and unbanked sect of the society.

On behalf of the Board of Director's as well as the sponsors, I would like to reiterate our commitment to the Bank. We are entirely dedicated to revive the Bank's operations via continued support and guidance. The Bank's Board is composed of highly educated and experienced individuals who are effectively performing their statutory duty. All decisions made by the Board are mutual, objective and in the best interests of the organization. I believe that the strategic vision and unwavering focus of the Board will successfully lead the Bank through these challenging times.

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
Lahore: May 29, 2024

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, 2023.

Economic Overview:

The global economy continued to struggle on the back drop of high inflation, supply chain disruptions and monetary tightening by central banks which contributed to a sharp deceleration in global economic activity.

On the domestic front, multiple challenges such as soaring inflation, rapid currency devaluation and import restrictions led to a low down of economic activity within the country. In 2023, Pakistan experienced an unprecedented inflation rate of 29.7% (YoY), driven mainly by the surge in prices of food, gas, electricity and fuel. Record breaking inflation combined with the after shocks of last year's floods have plunged the lower middle classes into further poverty and directly impacted their repayment capacity.

Citing persistent inflationary pressures, the SBP raised its policy rate to an all-time high of 22% in June 2023. The benchmark interest rate has been steeply raised by 600 basis points (from 16.00% to 22.00%) during the year 2023, with the aim of combating high inflation and unlocking IMF funding. Continuous monetary tightening has led to a further slowdown in economic activity.

The past year saw PKR depreciate rapidly against the USD closing at PKR 282 at the end of December 2023. The weak balance of payment situation and political instability in the country remained the primary reason behind this depreciation.

During 2023, socio-economic turmoil within the country exacerbated economic conditions which continued to pose significant challenges for all sectors, including the Microfinance industry. Political instability and dwindling foreign exchange reserves contributed to a difficult environment. Despite these substantial challenges, the future economic outlook is optimistic. During the first half of FY24, the Current Account posted a deficit of USD 831 million for the first half of FY24 against a deficit of USD 3.6 billion last year. Likewise, exports increased by 7.5% and were recorded at USD 15.3 billion. The ongoing year also noted a decline in inflation, however, SBP has cited that, while inflation has eased, the pace of decline is slower than previously anticipated due to substantial hikes in energy tariffs.

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, 2023 is as follows;

Particulars	31 st December 2023	31 st December 2022	%
	Audited (PKR)	Audited (PKR)	Change
Advances - Net of Provisions	6,590,855,560	8,354,266,042	-21%
Deposits and other accounts	22,449,764,944	22,606,344,550	-1%
Mark-up/Return/Interest Earned	2,526,908,227	2,265,996,265	12%
Mark-up/Return/Interest Expensed	2,731,115,695	1,600,191,347	71%
Administrative expenses	2,261,434,587	2,232,257,861	1%
Profit/(loss) after taxation	3,593,816,761	4,489,363,903	-20%

Directors' Report to the Members

The Bank reported a loss after tax in the current year amounting to PKR. 3,594 million as compared to a loss of PKR. 4,489 million in the year 2022. The equity (net of losses) of the Bank stood at negative PKR. 6,641 million. The loss per share was recorded at Rs. 8.38 per share for the current year, compared to Rs. 10.47 per share for the prior year.

Investments – net of provisions of the Bank stood at PKR. 1,254 million as compared to PKR. 2,466 million as of December 31, 2022.

The one of the main contributors of this loss is the provision charge amounting to PKR. 1,312 million during the year. This provision mainly pertains to portfolio that was classified by State Bank of Pakistan (SBP). Consequently, the advances - net of provision stood at PKR. 6,591 million as on December 31st, 2023, compared to PKR. 8,354 million at the close of the corresponding period, registering a decrease of 21%. The Bank's gross advances to deposit ratio (ADR) at the year-end 2023 was reported at 51.7% as compared to 53.4% in 2022.

As of December 31, 2023, the Bank's gross NPL ratio (Gross non-performing loans to Gross Advances) increased to 41.1%, compared to 38.5% recorded on December 31, 2022. This increase is mainly attributed to a reduction in gross advances by Rs. 452 million.

The management has devised and implemented a recovery and restructuring strategy regarding this portfolio and has succeeded in recovering a substantial amount of non-performing advances. The management is hopeful of further recoveries in the future which will result in reversal of provision and improved financial position of the Bank.

As of December 31, 2023, the Bank's deferred tax asset (net) totaled PKR. 1,700 million. In current year no additional deferred tax asset recognized by the Bank. The external auditors limit the deferred tax assets up-to PKR. 1,700 million considering the probability of availability of future taxable profits against which deductible temporary differences will be utilized.

The total asset of the Bank decreased as compared to the previous year amount of PKR. 19,587 million and stood at PKR. 17,020 million as of December 31, 2023.

At the year-end, total deposits and other accounts stood at PKR. 22,450 million in comparison with PKR. 22,606 million as of December 31, 2022.

With a substantial decrease, the net mark-up / interest income during the year was negative with PKR. 204 million as compared to positive PKR. 666 million in the corresponding year. Non-markup / interest income increased and stood at PKR. 212 million as compared to PKR. 170 million in the previous year.

The Bank continued to prudently manage its administrative expenses despite soaring inflation and rupee devaluation and recorded a moderate increase of 1% and total non-mark up expenses were reported at PKR. 2,261 million as against PKR. 2,232 million for the prior year.

Directors' Report to the Members

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.

Directors' Report to the Members

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

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

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

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

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

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

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

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

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. 3,594 million (2022: Rs. 4,489 million) and as at year end, its accumulated loss was Rs. 10,973 million (2022: Rs. 7,379 million). This has resulted in negative net assets of Rs. 6,641 million (2022: 4047). The Bank has been 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

Directors' Report to the Members

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 has devised and is executing a comprehensive, multi-faceted plan to tackle the financial and operational challenges facing the Bank. This plan is viable and its implementation will effectively mitigate the adverse factors impacting the Bank. Key elements of the plan include:

- **Commitment by the Sponsors and Injection of Further Equity:**

The Sponsors have demonstrated their unwavering commitment to rescuing the Bank from its current difficulties. In December 2023, they injected an additional Rs. 1 billion, building on their previous investment of Rs. 350 million in share deposit money. Furthermore, they have issued a formal letter of support to the Bank's management, pledging to provide additional funding in the coming years. This incremental funding will not only enable the Bank to meet its maturing commitments but also empower it to expand its advances portfolio, leading to increased markup income and improved financial position.

- **Increasing Secured Advances Portfolio:**

Following the additional equity injection by the sponsors, the Bank is prioritizing the expansion of its secured advances portfolio. Significant growth in our advance's portfolio will enable the Bank to significantly increase its markup income, covering markup costs and other expenses, and ultimately improving financial position of the Bank.

- **Recovery of Non-Performing Advances:**

The non-performing advances were largely a consequence of the unprecedented economic downturn following the Covid-19 pandemic, which was beyond the borrowers' control. The Bank has already made substantial provisions to date, and therefore, significant additional provisions are not anticipated in future periods. Management is optimistic about the recoverability of these non-performing advances and is proactively pursuing their recovery. Notably, the Bank has successfully recovered Rs. 117.06 million subsequently. These recoveries will not only enhance the Bank's financial results through the reversal of related provisions but will also enable the Bank to further expand its secured advances portfolio by utilizing these recovered funds.

- **Reducing Cost of Deposits:**

The management is proactively implementing strategies to attract a higher volume of corporate customer deposits into current accounts, offering competitive incentives and introducing innovative products. This approach is expected to yield a significant increase in current accounts with the Bank. As a result, the management anticipates a reduction in the cost of deposits, leading to a positive impact on the Bank's overall financial performance and profitability.

- **Optimization of Operations and Reduction of Costs:**

The Bank is implementing strategic measures to optimize its branch operations, including the closure of non-productive and non-strategic branches, to effectively control costs. As a result, the number of branches has been reduced from 111 to 91 subsequently, yielding significant cost savings, which will be reflected in the future periods. Additionally, the management is focused on streamlining administrative expenses without compromising the Bank's operational efficiency. These initiatives are expected to have a positive impact on the Bank's financial performance, enhancing its overall profitability.

Directors' Report to the Members

The management believes the all-adverse elements have fully impacted the Bank resulting in negative net assets and non-compliance with Minimum Capital Requirements (MCR) and Capital Adequacy Ratio (CAR) and from now onward, the results of the measures being taken by the management will start reflecting their positive impact in the years to come. The management is confident that with the implementation of its plan, it will be able to overcome all adverse financial and operational factors and the Bank will be able to continue as a going concern.

The management realizes the importance of digital banking services in today's banking environment. 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.

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.

Directors' Report to the Members

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.

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, 2023.

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;

Directors' Report to the Members

- 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 except discussed in the statement of compliance with listed companies (Code of corporate governance);
- 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 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.

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 nine (09) as per the following:

Category	Number of Directors
Male Director	08
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. Tahira Raza - <i>(Resigned)</i>
Non-Executive Directors	Mr. Muhammad Akram Shahid (Chairman) Mr. Imad Mohammad Tahir Mr. Muhammad Asghar Mr. Muhammad Saleem Shaikh Syed Rahat Ali Shah - <i>(Resigned)</i> Mr. Shahid Hassan
Executive Directors	Mr. Wajahat Malik

Directors' Report to the Members

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 - *(Resigned)*

HUMAN RESOURCE & REMUNERATION COMMITTEE

- Ms. Tahira Raza (Chairperson) - *(Resigned)*
- Mr. Wajahat Malik
- Mr. Imad Mohammad Tahir
- Mr. Muhammad Saleem Shaikh
- Syed Rahat Ali Shah - *(Resigned)*

RISK MANAGEMENT COMMITTEE OF THE BOARD

- Mr. Muhammad Asghar (Chairman)
- Mr. Muhammad Akram Shahid
- Mr. Wajahat Malik
- Mr. Abdul Aziz Khan
- Syed Rahat Ali Shah - *(Resigned)*

MONITORING COMMITTEE OF THE BOARD

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

EXECUTIVE COMMITTEE OF THE BOARD

- Mr. Muhammad Akram Shahid (Chairman)
- Mr. Shahid Hassan
- Mr. Muhammad Asghar
- Mr. Imad Mohammad Tahir
- Ms. Tahira Raza *(Resigned)*

Directors' Report to the Members

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. 31 to the audited Financial Statements for the year ended December 31st, 2022.

Changes in the Board of Directors

Subsequent to year end, Syed Rahat Ali Shah resigned from position of director on April 10, 2024 and Mr. Jamil Ahmed Khan appointed as director subject to approval of SBP in place of outgoing director. Further, Ms. Tahira Raza also resigned on May 10, 2024.

The Board wishes to place on record its deep appreciation for the invaluable services rendered by Syed Rahat Ali Shah and Ms. Tahir Raza during their tenure. Their leadership and commitment have been instrumental in driving our success

Attendance of Directors in Board Meetings

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

Statement of Investment of Provident Fund

The Bank operates a funded provident fund scheme covering all its permanent employees. The un-audited balance of the fund as at December 31, 2023 is PKR 156 million (2022: Audited: PKR 124 million).

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 2023 Audited (PKR)
Profit/(loss) after taxation	(3,593,816,761)
Appropriations:	
Transfer to:	
- Statutory Reserve	-
- Contribution to MSDF / DPF / RMF	-
Unappropriated loss brought forward	(7,378,859,482)
Unappropriated Profit/(loss) carried forward	(10,972,676,243)

Earning/(Loss) per Share

The Basic and Diluted loss per share of the Bank after tax is PKR. 8.38 [2022: RKR. 10.47].

Directors' Report to the Members

Audit Observations

The external auditors have drawn attention towards Note 1.2 of the financial statements for the year ended December 31, 2023 via an emphasis of matter paragraph. Attention is drawn towards the large losses for the year, hefty accumulated losses and Non-performing loan figures as a result of which the net assets are negative at the year end. 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 PKR. 1,700 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 2024.

Pattern of Shareholding

The pattern of shareholding as at December 31st, 2023 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, 2023. 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.

Directors' Report to the Members

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**

Date: May 29, 2024
Lahore



**Muhammad Asghar
Director**

**APNA MICROFINANCE BANK LIMITED
INDEPENDENT AUDITORS' REPORT AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**



RSM Avais Hyder Liaquat Nauman
Chartered Accountants

Avais Chambers, 1/ C- 5
Sikander Malhi Road, Canal Park
Gulberg II, Lahore, Pakistan

T: +92 (42) 3587 2731-3
F: +92 (42) 3587 2734

lahore@rsm-pakistan.pk
www.rsm-global/pakistan

**INDEPENDENT AUDITOR'S 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, 2023, and the statement 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 statement 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, 2023 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 towards Note 1.2 to the financial statements which states that the Bank has incurred loss amounting to Rs. 3,594 million (2022: Rs. 4,489 million) during the year and as at the year end, its accumulated loss was Rs. 10,973 million (2022: Rs. 7,379 million). This has resulted in negative net assets of Rs. 6,641 million (2022: Rs. 4,047 million).

THE POWER OF BEING UNDERSTOOD
ASSURANCE | TAX | CONSULTING



The Bank is facing problems in recovery of unsecured non-performing advances. 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. The Bank's ability to continue as a going concern is subject to successful implementation of the plan as disclosed in the said note and support from the sponsors. Realization of deferred tax asset of Rs. 1,700 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 our report, we have determined following Key audit matters:

Sr. 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>	<p>Our audit procedures, included, amongst others, the following procedures:</p> <ul style="list-style-type: none"> • 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. • A sample of loan accounts was selected for following substantive procedures: • 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



		<p>impact of floods on the borrowers in floods affected areas, their assessment of improvement of repayment capacity of borrowers post floods, recovery and restructuring strategy, related management approvals and subsequent recovery;</p> <ul style="list-style-type: none"> • 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)	<p>Deposits and other accounts and related mark-up expense</p>	
	<p>Refer note 13 and 17 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>	<p>Our audit procedures, included, amongst others, the following procedures:</p> <ul style="list-style-type: none"> - 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;

Rm

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

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

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

Report on Other Legal and Regulatory Requirements

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

- a) proper books of account have been kept by the Bank as required by the Companies Act, 2017 (XIX of 2017);
- b) the balance sheet, the profit and loss account, the statement of comprehensive income, the statement of changes in equity and the cash flow statement together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017), the Microfinance Institutions Ordinance, 2001 and the directives issued by the SECP and the SBP. These are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Bank's business; and



- d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980) was deducted by the Bank and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

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



**RSM AVAIS HYDER LIAQUAT NAUMAN
CHARTERED ACCOUNTANTS**

Place: Lahore


Date:

UDIN: AR202310239zaHhknBRP

APNA MICROFINANCE BANK LIMITED
BALANCE SHEET
AS AT DECEMBER 31, 2023

	Note	2023 Rupees	2022 Rupees
ASSETS			
Cash and balances with SBP and NBP	5	2,003,589,450	1,720,318,818
Balances with other banks/NBFIs/MFBs	6	2,388,034,342	2,236,767,029
Investments - net of provisions	7	1,253,744,740	2,466,243,246
Advances - net of provisions	8	6,590,855,560	8,354,266,042
Operating fixed assets	9	809,093,371	905,888,333
Right of use assets	10	404,201,211	478,513,372
Other assets	11	1,870,083,936	1,725,479,702
Deferred tax asset	12	1,700,000,000	1,700,000,000
Total Assets		17,019,602,610	19,587,476,542
LIABILITIES			
Deposits and other accounts	13	22,449,764,944	22,606,344,550
Lease Liabilities	14	510,706,239	543,145,813
Other Liabilities	15	699,933,482	484,971,476
Total Liabilities		23,660,404,665	23,634,461,839
NET ASSETS		(6,640,802,055)	(4,046,985,297)
REPRESENTED BY:			
Share capital	25	4,289,849,620	4,289,849,620
Capital reserves			
Discount on issue of shares		(1,335,963,831)	(1,335,963,831)
Share deposit money	26	1,350,390,279	350,390,276
Statutory reserve		22,078,496	22,078,496
Depositors' protection fund		5,519,624	5,519,624
Revenue reserve			
Unappropriated loss		(10,972,676,243)	(7,378,859,482)
Total Capital		(6,640,802,055)	(4,046,985,297)
MEMORANDUM / OFF- BALANCE SHEET ITEMS	27	-	-

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


 President / CEO


 Chief Financial Officer


 Chairman

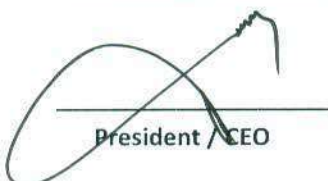

 Director


 Director

APNA MICROFINANCE BANK LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED DECEMBER 31, 2023

	Note	2023 Rupees	2022 Rupees
Mark-up / Return / Interest Earned	16	2,526,908,227	2,265,996,265
Mark-up / Return / Interest Expensed	17	(2,731,115,695)	(1,600,191,347)
Net mark-up/Interest (loss) / Income		(204,207,468)	665,804,918
Provision against Non-performing loans and advances	18	(1,311,581,077)	(3,535,765,376)
Recovery against bad debts written off		6,577,137	56,961,055
		(1,305,003,940)	(3,478,804,321)
Net mark-up/Interest loss after provisions		(1,509,211,408)	(2,812,999,403)
NON MARK-UP/NON INTEREST INCOME			
Fee, Commission and Brokerage Income		154,042,505	126,156,713
Other Income	19	58,027,559	44,393,553
Total non mark-up/non interest Income		212,070,064	170,550,266
		(1,297,141,344)	(2,642,449,137)
NON MARK-UP/NON INTEREST EXPENSES			
Administrative expenses	20	(2,261,434,587)	(2,232,257,861)
Other charges	22	(1,728,946)	(1,273,059)
Total non mark-up/non interest expenses		(2,263,163,533)	(2,233,530,920)
Loss for the year before taxation		(3,560,304,877)	(4,875,980,057)
Provision for taxation			
- Current	23	(33,511,884)	(29,901,912)
- Deferred		-	416,518,066
		(33,511,884)	386,616,154
Loss for the year		(3,593,816,761)	(4,489,363,903)
Accumulated loss brought forward		(7,378,859,482)	(2,889,495,579)
Total Accumulated loss		(10,972,676,243)	(7,378,859,482)
APPROPRIATIONS OF PROFIT:			
Transfer to:			
Statutory reserve		-	-
Contribution to Depositors' Protection Fund		-	-
		-	-
Unappropriated loss carried forward		(10,972,676,243)	(7,378,859,482)
(Loss) per share - Basic and diluted	24	(8.38)	(10.47)

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


 President / CEO


 Chief Financial Officer


 Chairman


 Director


 Director

APNA MICROFINANCE BANK LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2023

	2023	2022
	Rupees	Rupees
Loss for the year	(3,593,816,761)	(4,489,363,903)
Other comprehensive income	-	-
Total comprehensive loss for the year	(3,593,816,761)	(4,489,363,903)

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








President / CEO Chief Financial Officer Chairman Director Director

APNA MICROFINANCE BANK LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2023

	Share Capital	Capital Reserves				Revenue Reserve	Total
		Discount On Issue Of Shares	Share Deposit Money	Statutory Reserve	Depositors' Protection Fund	Accumulated (Loss)	
----- Rupees -----							
Balance as at January 01, 2022	4,289,849,620	(1,335,963,831)	350,390,276	22,078,496	5,519,624	(2,889,495,579)	442,378,606
Total comprehensive loss for the year							
Loss for the year	-	-	-	-	-	(4,489,363,903)	(4,489,363,903)
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	(4,489,363,903)	(4,489,363,903)
Balance as at December 31, 2022	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)
Total comprehensive loss for the year							
Loss for the year	-	-	-	-	-	(3,593,816,761)	(3,593,816,761)
Other comprehensive income	-	-	-	-	-	-	-
Share deposit money received during the year	-	-	1,000,000,003	-	-	(3,593,816,761)	(3,593,816,761)
Balance as at December 31, 2023	4,289,849,620	(1,335,963,831)	1,350,390,279	22,078,496	5,519,624	(10,972,676,243)	(6,640,802,055)

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



 President / CEO



 Chief Financial Officer



 Chairman



 Director



 Director

APNA MICROFINANCE BANK LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2023

	Note	2023 Rupees	2022 Rupees
A) CASH FLOW FROM OPERATING ACTIVITIES			
Loss for the year before taxation		(3,560,304,877)	(4,875,980,057)
Adjustments for non-cash charges			
Depreciation of operating fixed assets		90,746,320	96,141,321
Depreciation on right of use assets		246,966,148	173,158,135
Amortization of intangible assets		9,478,133	8,583,928
Provision against non-performing advances		1,311,581,077	3,535,765,376
Markup on lease liabilities		53,437,238	58,732,988
Gain on disposal of right of use asset		(2,280,916)	-
Gain on disposal of operating fixed asset		(1,632,163)	(404,282)
		1,708,295,837	3,871,977,466
Operating cash flow before working capital changes		(1,852,009,040)	(1,004,002,591)
Changes in working capital			
(Increase)/decrease in operating assets			
Advances		451,829,406	(384,324,699)
Other assets		(68,819,127)	499,956,373
		383,010,279	115,631,674
Increase/(decrease) in operating liabilities			
Deposits		(156,579,606)	522,627,301
Other Liabilities		214,962,006	848,950
		58,382,400	523,476,251
Income tax paid		(109,296,991)	(74,728,506)
Net cash flow from operating activities		(1,519,913,352)	(439,623,172)
B) CASH FLOW FROM INVESTING ACTIVITIES			
Investments realized / (made) in securities		1,212,498,506	(1,206,383,987)
Additions in operating fixed assets		(4,814,328)	(36,800,048)
Repayment of lease liabilities		(256,249,884)	(233,831,521)
Proceeds from disposal of operating fixed assets		3,017,000	2,810,730
Net cash flow from investing activities		954,451,294	(1,474,204,826)
C) CASH FLOW FROM FINANCING ACTIVITIES			
Share deposit money received		1,000,000,003	-
Re-payment of demand finance		-	(472,722)
Net cash flow from financing activities		1,000,000,003	(472,722)
Increase/(decreases) in cash and cash equivalents (A+B+C)		434,537,945	(1,914,300,720)
Cash and cash equivalents at the beginning of the year		3,957,085,847	5,871,386,567
Cash and cash equivalents at the end of the year	21	4,391,623,792	3,957,085,847

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



 President / CEO



 Chief Financial Officer



 Chairman



 Director



 Director

APNA MICROFINANCE BANK LIMITED
NOTES COMPRISING MATERIAL ACCOUNTING POLICY INFORMATION
AND OTHER EXPLANATORY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2023

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 '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 106 business locations comprising of 105 branches and 1 service centers (2022: 113 business locations comprising of 111 branches and 2 service centers). 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 locations of the Bank is given in Note 28.

1.2 The Bank has incurred loss for the year amounting to Rs. 3,594 million (2022: Rs. 4,489 million) and as at year end, its accumulated loss was Rs. 10,973 million (2022: Rs. 7,379 million). This has resulted in negative net assets of Rs. 6,641 million (2022: 4047). The Bank has been 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 has devised and is executing a comprehensive, multi-faceted plan to tackle the financial and operational challenges facing the Bank. This plan is viable and its implementation will effectively mitigate the adverse factors impacting the Bank. Key elements of the plan include:

a. Commitment by the Sponsors and Injection of Further Equity

The Sponsors have demonstrated their unwavering commitment to rescuing the Bank from its current difficulties. In December 2023, they injected an additional Rs. 1 billion, building on their previous investment of Rs. 350 million in share deposit money. Furthermore, they have issued a formal letter of support to the Bank's management, pledging to provide additional funding in the coming years. This incremental funding will not only enable the Bank to meet its maturing commitments but also empower it to expand its advances portfolio, leading to increased markup income and improved financial position.

b. Increasing Secured Advances Portfolio

Following the additional equity injection by the sponsors, the Bank is prioritizing the expansion of its secured advances portfolio. Significant growth in our advance's portfolio will enable the Bank to significantly increase its markup income, covering markup costs and other expenses, and ultimately improving financial position of the Bank.

APNA MICROFINANCE BANK LIMITED
NOTES COMPRISING MATERIAL ACCOUNTING POLICY INFORMATION
AND OTHER EXPLANATORY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2023

c. Recovery of Non-Performing Advances

The non-performing advances were largely a consequence of the unprecedented economic downturn following the Covid-19 pandemic, which was beyond the borrowers' control. The Bank has already made substantial provisions to date, and therefore, significant additional provisions are not anticipated in future periods. Management is optimistic about the recoverability of these non-performing advances and is proactively pursuing their recovery. Notably, the Bank has successfully recovered Rs. 117.06 million subsequently. These recoveries will not only enhance the Bank's financial results through the reversal of related provisions but will also enable the Bank to further expand its secured advances portfolio by utilizing these recovered funds.

d. Reducing Cost of Deposits

The management is proactively implementing strategies to attract a higher volume of corporate customer deposits into current accounts, offering competitive incentives and introducing innovative products. This approach is expected to yield a significant increase in current accounts with the Bank. As a result, the management anticipates a reduction in the cost of deposits, leading to a positive impact on the Bank's overall financial performance and profitability.

e. Optimization of Operations and Reduction of Costs

The Bank is implementing strategic measures to optimize its branch operations, including the closure of non-productive and non-strategic branches, to effectively control costs. As a result, the number of branches has been reduced from 105 to 91 subsequently, yielding significant cost savings, which will be reflected in the future periods. Additionally, the management is focused on streamlining administrative expenses without compromising the Bank's operational efficiency. These initiatives are expected to have a positive impact on the Bank's financial performance, enhancing its overall profitability.

The management believes the all-adverse elements have fully impacted the Bank resulting in negative net assets and non-compliance with Minimum Capital Requirements (MCR) and Capital Adequacy Ratio (CAR) and from now onward, the results of the measures being taken by the management will start reflecting their positive impact in the years to come. The management is confident that with the implementation of its plan, it will be able to overcome all adverse financial and operational factors and 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).

APNA MICROFINANCE BANK LIMITED
NOTES COMPRISING MATERIAL ACCOUNTING POLICY INFORMATION
AND OTHER EXPLANATORY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2023

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/amortization (Note 4.10 & 9)
- Recognition of current and deferred taxation (Note 4.13, 11 & 12)

3 STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS

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

The following standards, amendments to standards and interpretations have been effective and are mandatory for financial statements of the Company for the periods beginning on or after January 01, 2023 and therefore, have been applied in preparing these financial statements.

i. IAS 1 – Presentation of Financial Statements

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:

- 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;

APNA MICROFINANCE BANK LIMITED
NOTES COMPRISING MATERIAL ACCOUNTING POLICY INFORMATION
AND OTHER EXPLANATORY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2023

- 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. Once the entity applies the amendments to IAS 1, it is also

Application of these amendments do not have any significant impact on disclosures in the Company's financial statements.

ii. IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors

The IASB has published 'Definition of Accounting Estimates' to help entities to distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates is replaced with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty".

The IASB clarifies that a change in accounting estimate that results from new information or new developments is not the correction of an error. In addition, the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.

Application of these amendments did not have any significant impact on the Company's financial statements.

iii. 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 IASB has issued amendments to provide a temporary exception to the requirements regarding deferred tax assets and liabilities related to pillar two income taxes. The amendments introduce an exception to the requirements in the standard that an entity does not recognise and does not disclose information about deferred tax assets and liabilities related to the Organisation for Economic Co-operation and Development (OECD) pillar two income taxes.

Application of these amendments did not have any significant impact on the Company's financial statements.

3.2 Standards, amendments to standards and interpretations becoming effective in the current year 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 Company beginning on or after January 01, 2023 but are considered not to be relevant to the Company's operations and are, therefore, not disclosed in these financial statements.

APNA MICROFINANCE BANK LIMITED
NOTES COMPRISING MATERIAL ACCOUNTING POLICY INFORMATION
AND OTHER EXPLANATORY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2023

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 Company's accounting periods beginning on or after the effective dates specified therein.

i. IAS 1 – Presentation of Financial Statements

The IASB has issued 'Classification of Liabilities as Current or Non-current (Amendments to IAS 1)' providing a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendments in Classification of Liabilities as Current or Non-current (Amendments to IAS 1) affect only the presentation of liabilities in the statement of financial position — not the amount or timing of recognition of any asset, liability income or expenses, or the information that entities disclose about those items. They:

- clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the "right" to defer settlement by at least twelve months and make explicit that only rights in place "at the end of the reporting period" should affect the classification of a liability;
- clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability; and
- make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.
- The IASB has further modified the requirements introduced by 'Classification of Liabilities as Current or Non-current' on how an entity classifies debt and other financial liabilities as current or non-current in particular circumstances. Only covenants with which an entity is required to comply on or before the reporting date affect the classification of a liability as current or non-current. In addition, an entity has to disclose information in the notes that enables users of financial statements to understand the risk that non-current liabilities with covenants could become repayable within twelve months.
- The amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2024. The amendments are to be applied retrospectively in accordance with IAS 8. Application of these amendments is not expected to have any significant impact on the Company's financial statements.

ii. IAS 7 – Statement of Cash Flows and IFRS 7 – Financial Instruments: Disclosures

The IASB has published 'Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)' to add disclosure requirements, and 'signposts' within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangements. The amendments in Supplier Finance Arrangements:

- Do not define supplier finance arrangements. Instead, the amendments describe the characteristics of an arrangement for which an entity is required to provide the information. The amendments note that arrangements that are solely credit enhancements for the entity or instruments used by the entity to settle directly with a supplier the amounts owed are not supplier finance arrangements.

Add two disclosure objectives, Entities will have to disclose in the notes information that enables users of financial statements:

- ▶ to assess how supplier finance arrangements affect an entity's liabilities and cash flows, and;
- ▶ to understand the effect of supplier finance arrangements on an entity's exposure to liquidity risk and how the entity might be affected if the arrangements were no longer available to it.

APNA MICROFINANCE BANK LIMITED
NOTES COMPRISING MATERIAL ACCOUNTING POLICY INFORMATION
AND OTHER EXPLANATORY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2023

Complement current requirements in IFRSs by adding to IAS 7 additional disclosure requirements about:

- the terms and conditions of the supplier finance arrangements;
- for the arrangements, as at the beginning and end of the reporting period:
 - a) the carrying amounts of financial liabilities that are part of the arrangement and the associated line item presented;
 - b) the carrying amount of financial liabilities disclosed under a) for which suppliers have already received payment from the finance providers;
 - financial liabilities disclosed under a) and comparable trade payables that are not part of a supplier finance arrangement; and
- the type and effect of non-cash changes in the carrying amounts of the financial liabilities that are part of the arrangement.

The IASB decided that, in most cases, aggregated information about an entity's supplier finance arrangements will satisfy the information needs of users of financial statements.

Add supplier finance arrangements as an example within the liquidity risk disclosure requirements in IFRS 7.

An entity applies these amendments for annual reporting periods beginning on or after 1 January 2024. Application of these amendments is not expected to have any significant impact on the Company's financial statements.

iii. IFRS 16 Leases

The IASB has issued amendments for 'Lease Liability in Sale and Leaseback' that clarify how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for sale.

As these amendments require a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss that relates to the right of use it retains. The new requirements do not prevent a seller-lessee from recognising in profit or loss any gain or loss relating to the partial or full termination of a lease. The amendments also include one amended and one new illustrative example.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024. Application of these amendments is not expected to have any significant impact on the Company's financial statements.

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

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

3.5 Standards issued by IASB but not applicable in Pakistan

Following new standards have been issued by IASB which are yet to be notified by the SECP for the
IFRS 1 - First-time adoption of International Financial Reporting Standards
IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information
IFRS S2 Climate-related Disclosures

APNA MICROFINANCE BANK LIMITED
NOTES COMPRISING MATERIAL ACCOUNTING POLICY INFORMATION
AND OTHER EXPLANATORY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2023

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

The State Bank of Pakistan (SBP), vide BPRD circular no. 7, dated April 13, 2023, 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 been 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. SBP has also extended the preparation of annual / interim financial statements on revised formats to the first quarter of 2024

4 MATERIAL ACCOUNTING POLICY INFORMATION

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.

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.

APNA MICROFINANCE BANK LIMITED
NOTES COMPRISING MATERIAL ACCOUNTING POLICY INFORMATION
AND OTHER EXPLANATORY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2023

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.

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.

APNA MICROFINANCE BANK LIMITED
NOTES COMPRISING MATERIAL ACCOUNTING POLICY INFORMATION
AND OTHER EXPLANATORY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2023

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 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.

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.

APNA MICROFINANCE BANK LIMITED
NOTES COMPRISING MATERIAL ACCOUNTING POLICY INFORMATION
AND OTHER EXPLANATORY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2023

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.

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.

APNA MICROFINANCE BANK LIMITED
NOTES COMPRISING MATERIAL ACCOUNTING POLICY INFORMATION
AND OTHER EXPLANATORY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2023

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.

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.

APNA MICROFINANCE BANK LIMITED
NOTES COMPRISING MATERIAL ACCOUNTING POLICY INFORMATION
AND OTHER EXPLANATORY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2023

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.

APNA MICROFINANCE BANK LIMITED
NOTES COMPRISING MATERIAL ACCOUNTING POLICY INFORMATION
AND OTHER EXPLANATORY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2023

- Dividend income from investments is recognized when Bank's right to receive the dividend
- Gain or loss on sale of securities is accounted for in the period in which the sale /
- 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.

APNA MICROFINANCE BANK LIMITED
NOTES COMPRISING MATERIAL ACCOUNTING POLICY INFORMATION
AND OTHER EXPLANATORY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2023

5	CASH AND BALANCES WITH SBP AND NBP	Note	2023	2022
			Rupees	Rupees
	Cash in hand - local currency		824,441,042	733,700,930
	Balance with State Bank of Pakistan	5.1	1,118,619,880	983,829,309
	Balance with National Bank of Pakistan in:			
	Current Account		60,513,105	2,788,579
	Deposit Account	5.2	15,423	-
			<u>2,003,589,450</u>	<u>1,720,318,818</u>

5.1 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.

5.2 This carries mark-up rate at 20.50% per annum (2022: 14.50%).

6	BALANCES WITH OTHER BANKS/NBFIS/MFBS	Note	2023	2022
			Rupees	Rupees
	In Pakistan			
	- In current accounts		39,697,501	33,165,647
	- In deposit accounts	6.1	2,348,336,841	1,703,601,382
	- Certificates of deposits	6.2	-	500,000,000
			<u>2,388,034,342</u>	<u>2,236,767,029</u>

6.1 These carry mark-up rates ranging from 17.40% to 23.50% per annum (2022: 14.50% to 17.40% per annum).

6.2 This represented placement with a financial institution (2022: with a financial institution) carrying mark-up at the rate of 17% per annum (2022: 17.00% per annum). The certificate is due to mature within one year (2022: within one year) from the date of placement.

7	INVESTMENTS - NET OF PROVISIONS	Note	2023	2022
			Rupees	Rupees
	Federal Govt. Securities:			
	- Market Treasury Bills - (Held to maturity)	7.1	1,153,824,740	2,366,323,246
	Silk Bank Limited - Term Finance Certificate (TFC's) - (Held to maturity)	7.2	99,920,000	99,920,000
			<u>1,253,744,740</u>	<u>2,466,243,246</u>

7.1 This represents T-Bills issued for periods of three to six months. These carry yields ranging from 15.60% to 23.00% per annum (2022: 15.60% to 16.93% per annum). These securities have an aggregate face value of Rs. 1,180 million (2022: Rs. 2,420 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 (2022: 6 months KIBOR plus 1.85% per annum).

8	ADVANCES - NET OF PROVISIONS	Note	2023		2022	
			No. of Loans Outstanding	Rupees	No. of Loans Outstanding	Rupees
	Micro credits					
	- Secured			6,301,502,661		6,401,229,070
	- Unsecured			5,314,625,779		5,666,728,775
		8.1	101,713	11,616,128,440	109,616	12,067,957,845

APNA MICROFINANCE BANK LIMITED
NOTES COMPRISING MATERIAL ACCOUNTING POLICY INFORMATION
AND OTHER EXPLANATORY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2023

ADVANCES - NET OF PROVISIONS	Note	2023		2022	
		No. of Loans Outstanding	Rupees	No. of Loans Outstanding	Rupees
Gross advances (brought forward)			11,616,128,440		12,067,957,845
Less: Provision held:					
- Specific	8.2.1	61,347	4,857,714,132	46,545	3,546,133,055
- General			167,558,748		167,558,748
			5,025,272,880		3,713,691,803
Advances - net of provisions			6,590,855,560		8,354,266,042

8.1 Advances are secured by personal guarantees and advances amounting to Rs. 4,329.453 million (2022: Rs. 3,927.319 million) are further secured against gold.

8.2	Particulars of non-performing advances	Note	2023 Rupees	2022 Rupees
	Specific non-performing advances		1,566,525,274	1,163,226,086
	Other non-performing advances		3,210,130,534	3,477,414,293
		8.2.1	4,776,655,808	4,640,640,379

8.2.1 Specific non-performing advances

Category of Classification	2023			2022		
	Principal Amount Outstanding	Provision Required	Provision Held	Principal Amount Outstanding	Provision Required	Provision Held
	----- Rupees -----			----- Rupees -----		
OAEM	11,583,946	-	-	21,056,590	-	-
Sub-standard	11,366,357	2,841,589	2,841,589	16,583,885	4,145,971	4,145,971
Doubtful	35,119,202	17,559,601	17,559,601	55,739,229	27,869,615	27,869,615
Loss	4,718,586,303	4,718,586,303	4,837,312,942	4,547,260,675	4,547,117,084	3,514,117,469
	4,776,655,808	4,738,987,493	4,857,714,132	4,640,640,379	4,579,132,670	3,546,133,055

8.2.2 Particulars of provision against non-performing advances

	2023			2022		
	Specific	General	Total	Specific	General	Total
	----- Rupees -----			----- Rupees -----		
Opening balance	3,546,133,055	167,558,748	3,713,691,803	324,528,039	167,558,748	492,086,787
Charge for the year	1,311,581,077	-	1,311,581,077	3,221,605,016	-	3,221,605,016
Closing balance	4,857,714,132	167,558,748	5,025,272,880	3,546,133,055	167,558,748	3,713,691,803

APNA MICROFINANCE BANK LIMITED
NOTES COMPRISING MATERIAL ACCOUNTING POLICY INFORMATION
AND OTHER EXPLANATORY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2023

9	OPERATING FIXED ASSETS	Note	2023 Rupees	2022 Rupees
	Property and equipment	9.1	639,645,049	722,096,878
	Intangible assets	9.2	157,473,033	166,951,166
	Advances to suppliers / contractors	9.3	11,975,289	16,840,289
			<u>809,093,371</u>	<u>905,888,333</u>

9.1 Property and equipment

2023		Cost			Depreciation			As at December 31, 2023	Written down value as at December 31, 2023	Rate (%)
PARTICULARS	As at January 01, 2023	Additions / transfers	(Disposals)	As at December 31, 2023	As at January 01, 2023	Charge for the year	(Adjustment on disposals)			
----- Rupees -----										
Leasehold improvements	537,396,713	6,011,205	-	543,407,918	147,486,440	27,545,432	-	175,031,872	368,376,046	5
Furniture and fixtures	173,678,103	1,095,066	-	174,773,169	86,936,603	15,580,050	-	102,516,653	72,256,516	10
Electrical and office equipment	321,707,185	982,078	(130,000)	322,559,263	176,587,559	26,853,190	(71,807)	203,368,942	119,190,321	10-20
Computer hardware and peripheral	166,565,400	1,590,979	-	168,156,379	136,714,847	13,378,307	-	150,093,154	18,063,225	20-30
Motor vehicles	137,666,875	-	(3,028,250)	134,638,625	67,191,949	7,389,341	(1,701,606)	72,879,684	61,758,941	15
	<u>1,337,014,276</u>	<u>9,679,328</u>	<u>(3,158,250)</u>	<u>1,343,535,354</u>	<u>614,917,398</u>	<u>90,746,320</u>	<u>(1,773,413)</u>	<u>703,890,305</u>	<u>639,645,049</u>	

2022		Cost			Depreciation			As at December 31, 2022	Written down value as at December 31, 2022	Rate (%)
PARTICULARS	As at January 01, 2022	Additions / transfers	(Disposals)	As at December 31, 2022	As at January 01, 2022	Charge for the year	(Adjustment on disposals)			
----- Rupees -----										
Leasehold improvements	514,472,698	22,924,015	-	537,396,713	121,605,925	25,880,515	-	147,486,440	389,910,273	5
Furniture and fixtures	172,830,807	986,408	(139,112)	173,678,103	71,468,535	15,546,358	(78,290)	86,936,603	86,741,500	10
Electrical and office equipment	316,801,292	6,051,888	(1,145,995)	321,707,185	150,113,097	27,036,350	(561,888)	176,587,559	145,119,626	10-20
Computer hardware and peripheral	164,036,008	3,372,128	(842,736)	166,565,400	117,030,041	20,268,079	(583,273)	136,714,847	29,850,553	20-30
Motor vehicles	134,911,925	4,798,000	(2,043,050)	137,666,875	60,322,924	7,410,019	(540,994)	67,191,949	70,474,926	15
	<u>1,303,052,730</u>	<u>38,132,439</u>	<u>(4,170,893)</u>	<u>1,337,014,276</u>	<u>520,540,522</u>	<u>96,141,321</u>	<u>(1,764,445)</u>	<u>614,917,398</u>	<u>722,096,878</u>	

9.1.1 Property and equipment includes assets with cost of Rs. 35.037 million (2022: Rs. 34.970 million) which are fully depreciated and still in use.

APNA MICROFINANCE BANK LIMITED
NOTES COMPRISING MATERIAL ACCOUNTING POLICY INFORMATION
AND OTHER EXPLANATORY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2023

9.1.2 Detail of 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:

2023							
Particulars	Cost	Accumulated Depreciation	Written down value	Sales Proceeds	Gain/ (Loss) on Disposal of Fixed Asset	Mode of disposal	Particulars of Buyer
-----Rupees-----							
Toyota Corolla LEC 5091	1,679,850	(456,920)	1,222,930	2,435,000	1,212,070	Negotiation	Mr. Faisal Hussain & Mr. Liaquat
Suzuki Bolan CU-1512	1,348,400	(1,244,686)	103,714	545,000	441,286	Negotiation	Mr. Muhammad Imran
	<u>3,028,250</u>	<u>(1,701,606)</u>	<u>1,326,644</u>	<u>2,980,000</u>	<u>1,653,356</u>		
2022							
Particulars	Cost	Accumulated Depreciation	Written down value	Sales Proceeds	Gain/ (Loss) on Disposal of Fixed Asset	Mode of disposal	Particulars of Buyer
-----Rupees-----							
Suzuki Mehran	765,000	(109,013)	655,987	630,000	(25,987)	Bank policy	Mr. Fahad Mairaj (Employee)
Suzuki Cultus	1,278,050	(431,981)	846,069	1,690,000	843,931	Negotiation	Mr. Imran
Perkains 12KVA Generator	1,145,995	(561,888)	584,107	325,000	(259,107)	Negotiation	M/S N.J merchant and company
	<u>3,189,045</u>	<u>(1,102,882)</u>	<u>2,086,163</u>	<u>2,645,000</u>	<u>558,837</u>		

APNA MICROFINANCE BANK LIMITED
NOTES COMPRISING MATERIAL ACCOUNTING POLICY INFORMATION
AND OTHER EXPLANATORY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2023

9.2 Intangible assets	2023	2022
	Rupees	Rupees
Computer Software:		
Cost	246,551,459	246,551,459
Accumulated amortization	(89,078,426)	(79,600,293)
Written down value	<u>157,473,033</u>	<u>166,951,166</u>

9.2.1 Reconciliation of written down value:

Balance at the beginning of the year	166,951,166	169,968,839
Additions during the year	-	5,566,255
Amortization charge for the year	(9,478,133)	(8,583,928)
Balance at the end of the year	<u>157,473,033</u>	<u>166,951,166</u>

9.2.1.1 Amortization rate: 5% per anum

9.2.2 Intangibles assets include assets with cost of Rs. 35.684 million (2022: Rs. 35.684 million) which are fully amortized and still in use.

9.3 Advances to suppliers / contractors	Note	2023	2022
		Rupees	Rupees
Leasehold improvements			
Balance at the beginning of the year		16,840,289	23,738,935
Additions during the year		497,000	5,900,000
Transfer to operating fixed assets		(5,362,000)	(12,798,646)
Balance at the end of the year		<u>11,975,289</u>	<u>16,840,289</u>

10 RIGHT OF USE ASSETS	Note	2023	2022
		Rupees	Rupees
Buildings			
Cost		1,142,807,620	1,170,093,786
Accumulated depreciation		(738,606,409)	(691,580,414)
		<u>404,201,211</u>	<u>478,513,372</u>

10.1 Reconciliation of written down value:

Balance at the beginning of the year	478,513,372	583,062,687
Additions during the year	203,832,562	68,608,820
Deletions during the year	(31,178,575)	-
Depreciation charge for the year	(246,966,148)	(173,158,135)
Balance at the end of the year	<u>404,201,211</u>	<u>478,513,372</u>

Lease term: 3 to 10 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.

APNA MICROFINANCE BANK LIMITED
NOTES COMPRISING MATERIAL ACCOUNTING POLICY INFORMATION
AND OTHER EXPLANATORY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2023

11	OTHER ASSETS	Note	2023	2022
			Rupees	Rupees
	Income / Mark-up Accrued		1,085,187,980	1,018,617,624
	Advances to Staff		137,900,309	142,242,463
	Advances and Prepayments		232,560,493	238,193,147
	Advance Income Tax - Net of Provision		309,914,582	234,129,475
	Security Deposits		34,878,920	35,941,920
	Inter Banks ATM Settlement account		69,641,652	51,473,658
	Insurance Claim's Receivable		-	4,881,415
			<u>1,870,083,936</u>	<u>1,725,479,702</u>

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	Note	2023	2022
			Rupees	Rupees
	Opening balance		1,700,000,000	1,283,481,934
	Recognized in profit and loss account		-	416,518,066
	Closing balance		<u>1,700,000,000</u>	<u>1,700,000,000</u>

12.1 As a matter of prudence, the management has recognized deferred tax asset of Rs. 1,700 million considering the probability of availability of future taxable profits against which deductible temporary differences will be utilized. Total deferred tax asset, excluding deductible taxable differences that may be expired, comprises of the following;

	2023	2022
	Rupees	Rupees
Taxable temporary differences in respect of;		
Accelerated tax depreciation	(60,453,092)	(64,275,078)
Deductible temporary differences in respect of;		
Leases liabilities	30,886,458	18,743,408
Provision against advances	1,457,329,135	1,076,970,623
Carry forwardable tax losses	1,218,842,627	1,464,375,162
Minimum tax credits	-	139,356,554
	<u>2,646,605,128</u>	<u>2,635,170,669</u>

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

13	DEPOSITS AND OTHER ACCOUNTS	Note	2023		2022	
			No. of accounts	Rupees	No. of accounts	Rupees
	Time liabilities					
	Fixed Deposits (Deals)	13.1	7,962	9,344,864,685	5,841	6,976,267,093
	Demand liabilities					
	Saving Deposits	13.2	32,609	9,319,334,742	29,449	10,531,850,607
	Current Deposits		377,494	3,785,565,517	363,054	5,098,226,850
			410,103	13,104,900,259	392,503	15,630,077,457
		13.3	418,065	22,449,764,944	398,344	22,606,344,550

13.1 These represent deposits received from customers with maturity period ranging from 1 month to 5 years. These carry interest rates ranging from 5.60% to 25.00% per annum (2022: 5.60% to 18.00% per annum).

13.2 These carry interest rates ranging from 3% to 25.00% per annum (2022: 3% to 16.50% per annum).

APNA MICROFINANCE BANK LIMITED
NOTES COMPRISING MATERIAL ACCOUNTING POLICY INFORMATION
AND OTHER EXPLANATORY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2023

13.3	Particulars of deposits by ownership	2023		2022	
		No. of accounts	Rupees	No. of accounts	Rupees
	Individual Depositors	415,170	17,717,719,407	396,730	16,518,367,113
	Institutional Depositors				
	- Corporation / Firm	2,883	4,705,991,609	1,601	6,055,996,992
	- Banks & Financial Institutions	12	26,053,928	13	31,980,445
		2,895	4,732,045,537	1,614	6,087,977,437
		418,065	22,449,764,944	398,344	22,606,344,550

14	LEASE LIABILITIES	Note	2023 Rupees	2022 Rupees
	Opening balance		543,145,813	649,635,526
	Obtained/Adjusted during the year		203,832,563	68,608,820
	Terminated during the year		(33,459,491)	-
	Finance cost accrued during the year		53,437,238	58,732,988
			766,956,123	776,977,334
	Rentals paid during the year		(256,249,884)	(233,831,521)
	Closing balance		510,706,239	543,145,813

14.1 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% (2022: 10%) per annum.

14.2	The future lease payments to which the Company is committed are as under:	2023 Rupees	2022 Rupees
	Future minimum lease payments	601,375,883	688,228,886
	Less: Financial charges allocated to future periods	(90,669,644)	(145,083,073)
		510,706,239	543,145,813

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

	Minimum lease payments	Present value of minimum lease payments	Finance Cost
	----- Rupees -----		
2023			
Due within one year	251,107,960	212,146,996	38,960,964
Due after one year but not later than five years	315,646,225	266,728,421	48,917,804
Due after five years	34,621,698	31,830,822	2,790,876
	601,375,883	510,706,239	90,669,644
	Minimum lease payments	Present value of minimum lease payments	Finance Cost
	----- Rupees -----		
2022			
Due within one year	205,635,813	154,596,827	51,038,986
Due after one year but not later than five years	454,809,798	365,029,605	89,780,193
Due after five years	27,783,275	23,519,381	4,263,894
	688,228,886	543,145,813	145,083,073

APNA MICROFINANCE BANK LIMITED
NOTES COMPRISING MATERIAL ACCOUNTING POLICY INFORMATION
AND OTHER EXPLANATORY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2023

15	OTHER LIABILITIES	Note	2023 Rupees	2022 Rupees
	Mark-up / Return / Interest payable		413,261,486	274,667,574
	Payable against pay orders		76,870,384	49,339,139
	Staff retirement benefits		45,005,056	23,052,994
	Others		164,796,556	137,911,769
			<u>699,933,482</u>	<u>484,971,476</u>
16	MARK-UP / RETURN / INTEREST EARNED			
	Mark-Up on Loans and Advances - Net		1,958,771,024	1,745,353,141
	Mark-Up on Deposit Accounts		222,006,629	324,440,482
	Mark-Up on Investments in Government Securities		346,130,574	196,202,642
			<u>2,526,908,227</u>	<u>2,265,996,265</u>
17	MARK-UP / RETURN / INTEREST EXPENSED			
	Related to:			
	Deposits and other accounts		2,677,678,457	1,541,458,359
	Lease liabilities		53,437,238	58,732,988
			<u>2,731,115,695</u>	<u>1,600,191,347</u>
18	PROVISION AGAINST NON-PERFORMING LOANS AND ADVANCES			
	Specific provision against loans and advances		1,311,581,077	3,221,605,016
	Provision against advances to staff		-	39,694,466
	Provision against other assets		-	37,561,674
	Insurance claim's settled		-	236,904,220
			<u>1,311,581,077</u>	<u>3,535,765,376</u>
19	OTHER INCOME			
	Gain on disposal of operating fixed assets		1,632,163	404,282
	Cheque book charges		11,771,850	10,698,038
	Income on ATM card issuance		38,398,048	28,488,316
	Others		6,225,498	4,802,917
			<u>58,027,559</u>	<u>44,393,553</u>

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

APNA MICROFINANCE BANK LIMITED
NOTES COMPRISING MATERIAL ACCOUNTING POLICY INFORMATION
AND OTHER EXPLANATORY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2023

20	ADMINISTRATIVE EXPENSES	Note	2023 Rupees	2022 Rupees
	Salaries, allowances, etc.		1,219,999,035	1,259,744,583
	Rent, taxes, insurance, electricity, etc.		142,237,208	140,012,364
	Security charges		115,436,684	114,463,458
	Depreciation on operating fixed assets	9.1	90,746,320	96,141,321
	Depreciation on right of use assets	10.1	246,966,148	173,158,135
	Fees and subscription		107,069,817	60,421,981
	Repairs and maintenance		58,447,185	82,079,762
	Communication		39,502,947	32,807,585
	Contribution to defined contribution plan		53,258,318	46,001,685
	Stationery and printing		23,736,321	49,764,045
	Fuel expense		28,572,023	25,672,675
	Entertainment		25,971,966	24,247,322
	Legal and professional charges		18,278,432	18,530,340
	Traveling		12,445,312	13,135,092
	Credit verification expenses		8,453,147	11,566,971
	Amortization of intangible assets	9.2	9,478,133	8,583,928
	Advertisement and publicity		1,918,395	6,055,138
	Auditors' remuneration	20.1	6,681,625	5,280,000
	Training / capacity building		543,286	335,077
	Others		51,692,285	64,256,399
			<u>2,261,434,587</u>	<u>2,232,257,861</u>

20.1 Auditors' Remuneration:

Annual audit fee and report on CCG compliance	4,528,125	3,937,500
Half yearly review	819,000	682,500
Other certifications fee	575,500	-
Out of pocket expenses	759,000	660,000
	<u>6,681,625</u>	<u>5,280,000</u>

21 CASH AND CASH EQUIVALENTS

Cash and Balances with SBP and NBP	5	2,003,589,450	1,720,318,818
Balances with other banks / NBFIs / MFBS	6	2,388,034,342	2,236,767,029
		<u>4,391,623,792</u>	<u>3,957,085,847</u>

22 OTHER CHARGES

Penalties	21.1	1,539,525	370,000
Bank charges		189,421	903,059
		<u>1,728,946</u>	<u>1,273,059</u>

22.1 These include penalties imposed by State Bank of Pakistan (SBP), Pakistan Stock Exchange and Securities Exchange Commission of Pakistan against certain non-compliances.

APNA MICROFINANCE BANK LIMITED
NOTES COMPRISING MATERIAL ACCOUNTING POLICY INFORMATION
AND OTHER EXPLANATORY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2023

23 PROVISION FOR TAXATION

23.1 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 of the Income Tax Ordinance, 2001.

23.1.1 Relationship between accounting loss 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.

24 (LOSS) PER SHARE - BASIC AND DILUTED		2023	2022
		Rupees	Rupees
Loss for the year	Rupees	#####	#####
Weighted average number of shares	Number	428,984,962	428,984,962
Loss per share – Basic & diluted	Rupees	(8.38)	(10.47)

24.1 There is no dilutive effect on loss per share of the Bank.

25 SHARE CAPITAL	2023	2022
	Rupees	Rupees

25.1 Authorized capital

	No. of shares			Rupees	
	2023	2022		2023	2022
	500,000,000	500,000,000	Ordinary Shares of Rs. 10/- each	5,000,000,000	5,000,000,000

25.2 Issued, subscribed and paid-up capital

	No. of shares			Rupees	
	2023	2022		2023	2022
	428,984,962	428,984,962	Ordinary shares of Rs. 10/- each fully paid in cash	4,289,849,620	4,289,849,620

25.3 Reconciliation of issued, subscribed and paid-up capital

	No. of shares			Rupees	
	2023	2022		2023	2022
	428,984,962	428,984,962	Ordinary shares of Rs. 10/- each fully paid in cash		
	-	-	At beginning of the year	4,289,849,620	4,289,849,620
	428,984,962	428,984,962	Issued during the year	-	-
	-	-	At end of the year	4,289,849,620	4,289,849,620

26 SHARE DEPOSIT MONEY	Note	2023	2022
		Rupees	Rupees

Share deposit money 1,350,390,279 350,390,276

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

27 MEMORANDUM / OFF- BALANCE SHEET ITEMS

27.1 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 of 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 was upheld by Commissioner (Appeal) and the Bank filed an appeal before honorable PRA Appellate Tribunal. The honorable PRA Appellate Tribunal passed the order wherein the demand along with penalty and default surcharge amounting to Rs. 13.012 million was affirmed. The Bank filed an appeal before the Honorable High Court where interim relief is granted. 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 (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.

2023	2022
Rupees	Rupees

27.2 Commitment:

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

-	460,500
---	---------

28 DETAILS OF BUSINESS LOCATIONS & SERVICE CENTRES

101-I.I. Chundrigar Road RY-9, Survey No. 11/9A, Railway Quarters, Opposite Schon Center, I.I. Chundrigar Road, Karachi	102-Shahrah-e-Faisal Shop # 4, Plot # 22, Block A, 6-Amber Tower, Shahrah-e-Faisal, Karachi	109-Gizri Branch K-4/3 & 4/4, Ch. Khaliq-uz- Zaman Road, Gizri, Karachi.
110-Malir Branch Shop # 106-108, 114-115, Liaquat Market, Malir Colony, Karachi.	111-Mehmoodabad Plot # 169, Mahmoodabad # 2, Jamshed Town, Karachi.	112-Larkana City Survey # 164/1, Old Anaj Mandi, Gajnpur Chowk, Tehsil & District Larkana
113-Kumb Road Survey # 764, Plot # 12, Deh Gahi Chakrani, Union Council Moosan Shah, Kumbh Road Suigas, Tehsil Tharimirwah, District Khairpur	115-Khairpur D/270, Mohallah Ali Murad, New Goth, Deh & Taluka, Khairpur, Kutchery Road, Khairpur Mirus	116-Hyderabad F73-74, Commercial, Risala Road, Saddar, Hyderabad
117-Tando Allah Yar 5/C, Main Hyderabad Road, Tando Allah Yar	118-Tando Muhammad Khan City Survey # 831, Ward B, Court Road, Tando Muhammad Khan	119-Ghotki Branch S. # 10, Devri Road, Near Chandu Ram Colony, Taluka Ghotki, Deh Odharwali, District Ghotki
120-Mirpurkhas City Survey # 731, Tourabad, Umer Kot Road Mirpurkhas, Tehsil & District Mirpurkhas	121-Umerkot Shop No. 18-19, City Survey No. 115, Gulsha-e-Akber, Mirpurkhas Road, Umerkot	122-Nawabshah City Survey No. 2146/165/1, Buchery Road, Nawabshah
123-Sukkur Branch Shop No. 8 & 9, City Survey No. F-9, Pak Colony, Race Course Road, Sukkur.	125-Tando Adam City survey No. 224/1, Muhammadi Chowk, Tando Adam, District Sanghar	126-Sanghar City Survey No. 752-755, Main ShoppingCentre, M.A. Jinnah Road, Sanghar
128-Mehrabpur Thari Road Mehrabpur Tehsil:Khandiara Dist:Nosheraferoz.	130-Sunder Das Road Zaman Park, 23-A, Sunderdas Road, Lahore	131-Kamoke Plot No. 10A/SS, Block 1/1 CS, Main GT Road, Kamoki District Gujranwala.
134-Adiala Road Rawalpindi 3-Jahandad Tower, Khasara # 17, Talian Sohan Qasbati (Near 6th Road), Murree Road, Rawalpindi.	136-G.T road, Gujranwala Ghori Centre, Service Road, G.T. Road, Gujranwala	137-Sheikhupura, Sharaqpur Chowk Lahore Road Near Usman CNG Sheikhupura
139-Church Road, Okara Khewat No. 3842, Khatooni No. 388, Khasra No. 54514/103/4/6, Church Road, Okara	140-Vehari Plot No. E-4, Karkhana Bazar, Vehari, Tehsil & District Vehari	141-Stadium Road Sahiwal Super Market, Stadium Road, Sahiwal
142-Madina Chowk, Depalpur Okara Road, Madina Chowk, Depalpur, District Okara	143-Kasur Property No. 8-IV-7.R, Near Chowk Kot Peeran, Kasur	145-Lodhran Plot No.4, Jinnah Colony, Near Sugar Mill Colony, Gate No. 2, Lodhran
146-Model Town Shop No. 31 & 33, A Block, Store Market, Model Town, Lahore.	148-Paris Road, Sialkot Oppsite Allama Iqbal Library, Paris Road, Sialkot	150-Haveli Lakha Pakpatan Road, Haveli Lakha.
151-Multan Shop No. 1, Mashallah Plaza, Azam Basti Road, Sadhu Hassan, Multan	152-Layyah House No. 4, College Road, Jinnah Colony, Near Sugar Mill Colony, Layyah.	153-Township 150-13-B-1, Barkat Chowk, Township, Lahore..
154-Ferozpur Road 945 Mouza Atari Sarupa, Tehsil Cantt, Ferozapur Road, Lahore.	155-D.H.A Lahore 51-CCA, Block DD, Phase 4, DHA, Lahore.	156-Karim Block Lahore 56/2, Karim Block, Allama Iqbal Town, Lahore.
157-Shahdara Mouza Jia Musa, Shahdara, Lahore.	158-Mardan College Chowk, Opposite Wali Khan University, Nowshera Road, Mardan.	159-Sabzimandi, Peshawar G-60, City Circular Road, Lahori Gate, Peshawar City.

APNA MICROFINANCE BANK LIMITED
NOTES COMPRISING MATERIAL ACCOUNTING POLICY INFORMATION
AND OTHER EXPLANATORY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2023

160-Nowshera Property No. 1080/9, Shobra Hotel, G.T. Road, Nowshera.	161-Charsadda S.S. Plaza, Batcha Khan Chowk, Charsaddah.	163-Daska 872/3-A, Near Muslim Market, Bank Road, Daska.
164-Mirpur AJK 35-A, Sector B/2, Main Mian Road, Nagi Bank Square, Mirpur, Azad Kashmir.	165-Gilgit Khasra No. 4472/2403/579, Opposite Army Communicates, NHA Complex, Jutial, Gilgit.	166-Rahim Yar Khan Shop No. 941, Zone-I, Ashraf Complex, Model Town, Rahim Yar Khan.
167-Quetta Branch Commercial Property No. 894, 235/272, Mission Road, Near Meezan Chowk, Quetta.	169-Bahawalpur Shop No. 12,13,14 & 15, Pelicon Shopping Plaza, Yazman Road, Bahawalpur Cantt.	170-Hafizabad Khasra No. 2380/841, Gujranwala Road, Hafizabad..
171-Bahawalnagar Grain Market Bahawalnagar.	172-Chichawatni Plot #153 Ghalla Mandi GT Road Chichawatni.	173-Qasimabad Phase II, Deh Jamshoro, Tappa Jamshoro, Taluka Qasimabad Dist. Hyderabad.
174-Kahna Nou Khana nau Main Ferozpur Road, Tehsil & Dist. Lahore.	175-Raiwind Railway Road, Station Raiwind Tehsil & Dist Lahore.	176-D- Chowk Ground FSD P-241, Block 8, D Ground, Peoples Colony No. 1, Faisalabad..
178-Jhang Gull Plaza, Main Gojra Road, Chowk Burji, Jhang Saddar.	179-Fort Abbas School Bazar Fort Abbas, District Bhawalnagar.	180-Dharanwala Propert Bearing Khewat No. 265/266, Khatooni No. 265, Dharanwala.
181-Minchinabad Circular Road, Manchinabad.	182-Haroonabad Main Ghalla Mandi Road, Haroonabad, District Bhawalnagar.	183-Mandi Bahud Din Khatooni No. 622, Khewat No. 616, Railway Road/Bank Road, Mandi Bahauddin.
184-Burewala Plot No. 11, V Block Housing Scheme, Multan Road, Burewala.	187-Taxila Khasra no 261 to 263, saray khola taxila, district rawalpindi.	188-Kot Noor Shah Al-jalil Garden Lahore, Plot No 09 Kot Noor Shah, Sharaqpur Road Lahore.
189-Bhalwal Khata No 95, ashata no 130, Chak 8, shamali liaquat shaheed raod tehsil Bhalwal, district sargodha.	190-Bhagtanwala Plot No 164/147, bhagtanwala kot momin Road Sargodha.	191-Pakpattan Khewat No 2194, khatoone no 1530, Near Officers Club Railway road, Pak pattan,
192-ArifWala Khewat no 1207, kahtonee no 1224, khasra no 2517/177, Tehsil Road Main market, arif wala .	193-Gujar Khan Haji Fazal dada Plaza no 13-A, Raiulway Road Gujar Khan.	194-Chakwal Property No B-II-5-S/7 Bhaun Road Chakwal.
197-Dina Taj puri Hospital, mamgla road, Dina district Jehlum .	198-Gojra PLOT NO 1-40, GHALLAH MANDI GOJRA, Faisalbad.	199-Jaurharabad Plot No 58\B And 59\B, Janubi bazar Jauharabad, district Khushab..
200-Murree Mayfair estate bank road, murree shop no.1 ,2 3, .	201-Bhakkar PLOT NO 2/3, RAILWAY ROAD BHAKKAR.	202-Muzaffarabad Tanga Stand Bank Road Muzafaranbad Azad Kashmir.
203-Abbottabad Mouza Sheikh ul Bandi main Mansehra Road near Sethi Masjid Abbottabad.	204-Chillas Bazar Area Chillas, Near Chillas Old Terminal/Adda, Chillas.	205-Dasu Dasu, District Kohistan, KPK.
206-Chistian Ghalla Mandi Chistian district Bhawalnagar.	207-HariPur Bazar 171-Tehsil and district Haripur.	210-Khudian Building 993, Main Depalpur Road, near ZTPT Bank Khudian.

APNA MICROFINANCE BANK LIMITED
NOTES COMPRISING MATERIAL ACCOUNTING POLICY INFORMATION
AND OTHER EXPLANATORY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2023

211-Farooqabad Old Sabzi Mandi Road, Farooqabad, Sheikhpura.	215-T.T Singh House No-93,Allama Iqbal Road, Mohalla Gang Gher, Toba Tek Singh.	216-Ahmed Pur East Shahra 5, Mohalla Noor Shah Bokhari,Nawab Road, Ahmedpur East, Distt Bahawalpur.
217-Dadu Old Plot # 82, Dadu District Cooperative Housing Society, Shewan Road, New Excise Office, Dadu.	218-Shikarpur City Survey No. 11/3/2/2/09 & 11/3/2/2/10, Station Road, Near Aga Khan Laboratory,Shikarpur.	219-Johar Town Plot # 472, Block G-3, Near Khokhar Chowk, Johar Town, Lahore.
220-Pattoki Khewat # 375/ 346, Khatooni # 603-604, Chak # 37, Patoki.	221-Mian Channu Amin Trade Center, G.T. Road, Near Sabzi Mandi, Mian Channu.	222-Gujrat Saithee Enterprises, Opp. Woodworking Center, Small Industrial Estate-1, GT Rd., Gujrat.
223-Sargodha 198, Block A, Main Road, Satellite Town, Sargodha.	224-Sadiqabad Katcha Rahim Yar Khan Road, Sadiqabad.	225-Blue Area, Islamabad Marina Heights, 109 East, Jinnah Avenue, Blue Area, Islamabad.
226-Khanpur Building #18, Model Town A, Street # 01, Khanpur.	227-Rajan Pur Gulshan Iqbal Colony, Indus Highway, Rajanpur (near FMFB).	228-Ali Pur Multan Road, Near College Chowk, Alipur.
229-D.G Khan Sajjad Square, Block Y, Eid Gah Chowk, DG Khan.	230-Fazilpur Indus Highway Fazilur.	231-Shuja bad Jalalpur Road opposite Faisal Bank,Shuja bad.
232-Tiba Sultan pur Duniya Pur Road, Opposite Bank Al Habib, Tiba Sultanpur.	233-Liaquatpur Railway Road, Liaquatpur, District Rahim Yar Khan.	235-Ghallah Mandi, Multan Ghallah Mandi, Vehari Road, Multan.

28.1 SERVICE CENTRES

1-Midh Ranjha Service Center

Midh Ranjha Tehsil Kotmomin Dist Sargodha Midh Ranjha..

29 NUMBER OF EMPLOYEES

As at the year end	2023			2022		
	Credit/Sales	Banking/ Support	Total	Credit/Sales	Banking/ Support	Total
Permanent	449	765	1,214	612	712	1,324
Contractual	130	242	372	114	253	367
	<u>579</u>	<u>1,007</u>	<u>1,586</u>	<u>726</u>	<u>965</u>	<u>1,691</u>

Average No. of Employees	2023			2022		
	Credit/Sales	Banking/ Support	Total	Credit/Sales	Banking/ Support	Total
Permanent	531	739	1,270	702	757	1,459
Contractual	122	248	370	154	296	450
	<u>653</u>	<u>987</u>	<u>1,640</u>	<u>856</u>	<u>1,053</u>	<u>1,909</u>

30 NUMBER OF BRANCHES/SERVICE CENTRES

	2023 Number	2022 Number
Beginning of the year	113	118
Opened/(Closed) during the year:		
- Branches	(6)	(5)
- Service centres	(1)	-
At the end of the year	<u>106</u>	<u>113</u>

31 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		Director		Executives	
	2023	2022	2023	2022	2023	2022
	-----Rupees-----					
Meeting Fee	-	-	1,312,500	3,000,000	-	-
Managerial remuneration	12,662,030	11,467,500	-	-	172,474,047	162,315,408
Rent and house maintenance	5,017,029	4,587,000	-	-	66,042,397	62,308,800
Utilities	1,266,206	1,146,756	-	-	16,510,682	15,577,308
Medical	1,266,206	1,146,756	-	-	17,247,500	16,231,656
Contribution to provident fund	1,266,206	1,146,756	-	-	12,822,888	15,005,604
Bonus and other benefits	1,424,950	1,031,040	-	-	61,601,669	-
	<u>22,902,627</u>	<u>20,525,808</u>	<u>1,312,500</u>	<u>3,000,000</u>	<u>346,699,183</u>	<u>271,438,776</u>
No of Persons	<u>1</u>	<u>1</u>	<u>8</u>	<u>9</u>	<u>172</u>	<u>165</u>

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

31.2 During the year, the Bank has paid fee to its non-executive directors for attending Board of Directors and Committee meetings.

32 MATURITIES OF ASSETS AND LIABILITIES

	2023				
	Total	Up to one month	Over one month up to 6 months	Over 6 months up to 1 year	Over one year
-----Rupees-----					
Assets					
Market rate assets:					
Investments - Net of Provisions	1,253,744,740	870,846,758	282,977,982	-	99,920,000
Advances - Net of Provisions	6,590,855,560	927,615,864	2,031,644,639	2,756,201,093	875,393,964
Other earning assets	2,486,252,573	2,350,638,642	2,960,712	5,522,097	127,131,122
Total market rate assets	10,330,852,873	4,149,101,264	2,317,583,333	2,761,723,190	1,102,445,086
Other non-earning assets	6,688,749,737	3,775,455,155	-	-	2,913,294,582
Total assets	17,019,602,610	7,924,556,419	2,317,583,333	2,761,723,190	4,015,739,668

	2022				
	Total	Up to one month	Over one month up to 6 months	Over 6 months up to 1 year	Over one year
-----Rupees-----					
Liabilities					
Market rate liabilities:					
Time deposits of Rs. 100,000 and above	9,278,877,215	2,373,718,983	2,981,431,953	2,623,869,596	1,299,856,683
Time deposits below Rs. 100,000	65,987,470	7,368,500	58,618,970	-	-
Other cost bearing liabilities	9,830,040,981	9,319,334,742	-	-	510,706,239
Total market rate liabilities	19,174,905,666	11,700,422,225	3,040,050,923	2,623,869,596	1,810,562,922
Other non-cost bearing liabilities	4,485,498,999	4,485,498,999	-	-	-
Total liabilities	23,660,404,665	16,185,921,224	3,040,050,923	2,623,869,596	1,810,562,922

	2022				
	Total	Up to one month	Over one month up to 6 months	Over 6 months up to 1 year	Over one year
-----Rupees-----					
Assets					
Market rate assets:					
Investments - Net of Provisions	2,466,243,246	743,518,068	1,622,805,178	-	99,920,000
Advances - Net of Provisions	8,354,266,042	2,260,988,653	1,797,227,816	2,742,590,686	1,553,458,887
Other earning assets	2,345,843,845	1,706,598,449	2,472,312	506,830,564	129,942,520
Total market rate assets	13,166,353,133	4,711,105,170	3,422,505,306	3,249,421,250	1,783,321,407
Other non-earning assets	6,421,123,409	3,336,721,704	-	-	3,084,401,705
Total assets	19,587,476,542	8,047,826,874	3,422,505,306	3,249,421,250	4,867,723,112

	2022				
	Total	Up to one month	Over one month up to 6 months	Over 6 months up to 1 year	Over one year
-----Rupees-----					
Liabilities					
Market rate liabilities:					
Time deposits of Rs. 100,000 and above	6,905,599,194	742,255,358	1,880,972,737	2,159,757,398	2,122,613,701
Time deposits below Rs. 100,000	70,667,900	2,570,000	4,261,000	14,136,400	49,700,500
Other cost bearing liabilities	11,074,996,420	10,531,850,607	-	-	543,145,813
Total market rate liabilities	18,051,263,514	11,276,675,965	1,885,233,737	2,173,893,798	2,715,460,014
Other non-cost bearing liabilities	5,583,198,325	5,583,198,326	-	-	-
Total liabilities	23,634,461,839	16,859,874,291	1,885,233,737	2,173,893,798	2,715,460,014

33 FINANCIAL RISK MANAGEMENT

33.1 Interest / mark-up rate risk

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

Effective yield / interest rate	2023				
	Total	Exposed to Yield / Interest risk			
		Up to 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	20.50%	15,423	15,423	-	-
with other banks/NBFIs/MFBs	17.40% - 23.50%	2,348,336,841	2,348,336,841	-	-
Investment	15.60% - 23.00%	1,253,744,740	870,846,758	282,977,982	99,920,000
Advances - Net of provisions	10.00% - 59.00%	6,590,855,560	927,615,864	2,031,644,639	875,393,964
Advances to Staff	7.00% - 8.00%	137,900,309	2,301,801	2,960,712	5,522,097
		10,330,852,873	4,149,116,687	2,317,583,333	2,761,723,190
					1,102,429,663
Liabilities					
Deposits and other accounts	3.00% - 25.00%	18,664,199,427	11,700,422,225	3,040,050,923	2,623,869,596
		18,664,199,427	11,700,422,225	3,040,050,923	2,623,869,596
		(8,333,346,554)	(7,551,305,538)	(722,467,590)	137,853,594
					(197,427,020)

Effective yield / interest rate	2022				
	Total	Exposed to Yield / Interest risk			
		Up to one month	One month to six months	Over six months to one year	Over one year
%	-----Rupees-----				
Assets					
Cash and balances					
with other banks/NBFIs/MFBs	7.25% - 11.75%	2,203,601,382	1,703,601,382	-	500,000,000
Investment	15.60% - 16.93%	2,466,243,246	743,518,068	1,622,805,178	99,920,000
Advances - Net of provisions	21% - 53.84%	8,354,266,042	2,260,988,653	1,797,227,816	2,742,590,686
Advances to Staff	6.96% - 9.34%	142,242,463	2,997,067	2,472,312	6,830,564
		13,166,353,133	4,711,105,170	3,422,505,306	3,249,421,250
					1,783,321,407
Liabilities					
Deposits and other accounts	3% - 18.00%	17,508,117,700	11,276,675,965	1,885,233,737	2,173,893,797
		17,508,117,700	11,276,675,965	1,885,233,737	2,173,893,797
		(4,341,764,567)	(6,565,570,795)	1,537,271,569	1,075,527,453
					(388,992,794)

33.2 Credit risk

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

APNA MICROFINANCE BANK LIMITED
NOTES COMPRISING MATERIAL ACCOUNTING POLICY INFORMATION
AND OTHER EXPLANATORY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2023

The maximum amount of financial assets which are subject to credit risk amounting to Rs. 10,330 million (2022: Rs. 13,166 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.

33.3 Liquidity risk

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

33.4 Fair value of financial instruments

The carrying values of all the financial assets and financial liabilities reported in the financial statements approximate their fair values. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an ordinary transaction between market participants at the measurement date.

34 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	2023 Rupees	2022 Rupees
Balances at year end:			
Associated company	Deposits	121,233,821	123,295,288
	Share Deposit Money	1,301,086,470	350,390,276
	Insurance Claims Receivable	-	4,881,415
Key management personnel	Deposits	1,916,850	216,326
Directors / sponsors / shareholders	Deposits	2,053,793	1,817,937
	Share Deposit Money	49,303,809	-

Transactions during the year:			
Associated company	Deposits received	6,818,965,957	5,553,687,009
	Withdrawals	6,824,298,365	5,689,939,862
	Mark-up paid on deposits	3,270,941	5,822,311
	Share Deposit Money received	950,696,194	-
Key management personnel	Deposits received	41,868,502	70,005,061
	Withdrawals	40,057,127	71,567,981
	Mark-up paid on deposits	4,400	12,045

Nature of Relationship	Nature of Transactions	2023 Rupees	2022 Rupees
Directors / sponsors / shareholders	Deposits received	183,886,773	133,021,110
	Withdrawals	183,693,792	136,773,655
	Share Deposit Money received	49,303,809	-
	Mark-up paid on deposits	42,875	45,020
Staff Provident Fund	Contribution made during the year	23,790,451	22,948,691

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

Name of Related Party	Nature of Relationship	Aggregate Percentage of Shareholding (%)
The United Insurance Company Of Pakistan Ltd	Shareholding	46.50%
United Track System (Pvt) Limited	Common Directorship	19.34%
Tawasul Healthcare Tpa (Private) Limited	Common Directorship	1.62%
United Software and Technologies Intl (Pvt.) Limited	Common Directorship	2.58%
Saudi Pak Insurance Company Limited	Common Directorship	1.97%

APNA MICROFINANCE BANK LIMITED
NOTES COMPRISING MATERIAL ACCOUNTING POLICY INFORMATION
AND OTHER EXPLANATORY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2023

Name of Related Party	Nature of Relationship	Aggregate Percentage of Shareholding (%)
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%

35 PROVIDENT FUND RELATED DISCLOSURE

The following information is based on the Audited financial statements of the provident fund for the year ended December 31, 2022 and Un-audited financial statements for the year ended December 31, 2023;

	2023 Rupees	2022 Rupees
Size of the fund - Total assets	191,622,103	124,050,701
Cost of investments	20,900,000	43,400,000
Percentage of investments made	10.9%	35.0%
Fair value of investments	20,900,000	43,400,000

35.1 Investments represent Term deposit receipts. 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.

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. Rs
1	M/S Track Security Systems (Pvt.) Limited	Security guards services	56,360,042
2	M/S Homeland Security (Pvt.) Limited	Security guards services	34,129,259

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 501 (2022: 720) complaints were received and average time to resolve a complaint is 10.4 days (2022: 11.5 days).

38 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were approved and authorised for issue on May 29, 2024 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



APNA MICROFINANCE BANK LIMITED
FORM OF PROXY
ANNUAL GENERAL MEETING

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 June 21, 2024 at 11:30 am at Registered
 Office, 4/3 & 4/4, Ch. Khaliq-uz Zaman road, Gizri, Karachi and at any
 adjournment thereof.

Signed this _____ day of _____ 2024

Witness: (1)

Signature _____

Name _____

Address _____

CNIC _____

Witness: (2)

Signature _____

Name _____

Address _____

CNIC _____

AFFIX REVENUE STAMP

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:

- The proxy Form must be deposited at the registrar office of the company, at F.D. Registrar Services (SMC-Pvt.) Ltd, Office no. 1705, 17th floor, Saima Trade Tower-A, I.I. Chundrigar Road, Karachi. (Phone No. 021-32271905, 32271906- Fax 021-32621233- fdregistrar@yahoo.com- www.fdregistrar.com). as soon as possible but not later than 48 hours before the time of holding the meeting and default Proxy form will not be treated as valid.



APNA MICROFINANCE BANK LIMITED
FORM OF PROXY
ANNUAL GENERAL MEETING

- 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).



NOTICE FOR THE TWENTY FIRST ANNUAL GENERAL MEETING

Notice is hereby given that the 21st Annual General Meeting of Apna Microfinance Bank Limited is scheduled to be held on June 21, 2024 the Friday, at 11:30 am, 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 Annual General Meeting held on July 05, 2023.
2. To receive, consider and adopt the Annual Audited Financial Statements for the year ended December 31, 2023 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, 2024 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

May 29, 2024
Karachi

Noshad Ahmed
Company Secretary

NOTES:

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

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

For Attending Meeting:

Considering the safety and well-being of the Shareholders. 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
0317-8222038	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 19 June 2024 and download video-link from Zoom.

Name	Folio/CDC Account No.	CNIC No.	Email



Micro Finance
apna bank
Limited

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 June 15, 2024 to June 21, 2024 (both days inclusive). The share transfer office is situated at F.D. Registrar Services (SMC-Pvt.) Ltd. Office no. 1705, 17th floor, Saima Trade Tower-A, I.I. Chundrigar Road, Karachi. (Phone No. 021-32271905, 32271906- Fax 021-32621233- fdregistrar@yahoo.com- www.fdregistrar.com). Transfer received at the share registrar office at the close of business on June 14, 2024 will be treated in time.