



Micro Finance
apna bank
Limited

Un-audited Condensed Interim Financial Statements

For The Period Ended September 30, 2021



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Muhammad Akram Shahid
Chairman

Mr. Imad Mohammad Tahir
Director

Mr. Muhammad Asghar
Director

Mr. Muhammad Saleem Shaikh
Director

Syed Rahat Ali Shah
Director

Mr. Abdul Aziz Khan
Director

Mr. Javaid Sadiq
Director

Ms. Parveen Akhter Malik
Director

PRESIDENT/ CEO (ACTING)

Mr. Wajahat Malik

COMPANY SECRETARY

Mr. Rafat Abbas

CHIEF FINANCIAL OFFICER

Mr. Ali Murtza

CHIEF INTERNAL AUDITOR

Mr. Latif Ahmad Saqi

BOARD COMMITTEES

AUDIT COMMITTEE

Mr. Abdul Aziz Khan
Chairman

Mr. Muhammad Asghar
Member

Mr. Imad Mohammad Tahir
Member

Mr. Muhammad Saleem Shaikh
Member

Syed Rahat Ali Shah
Member

EXECUTIVE COMMITTEE

Mr. Muhammad Akram Shahid
Chairman

Mr. Imad Mohammad Tahir
Member

Mr. Abdul Aziz Khan
Member

Mr. Muhammad Asghar
Member

Ms. Parveen Akhter Malik
Member

HUMAN RESOURCE & REMUNERATION COMMITTEE

Ms. Parveen Akhter Malik
Chairman

Mr. Javaid Sadiq
Member

Mr. Imad Mohammad Tahir
Member

Syed Rahat Ali Shah
Member

Mr. Muhammad Saleem Shaikh
Member

RISK MANAGEMENT & COMPLIANCE COMMITTEE

Mr. Muhammad Asghar
Chairman

Mr. Muhammad Akram Shahid
Member

Mr. Javaid Sadiq
Member

Syed Rahat Ali Shah
Member

Mr. Abdul Aziz Khan
Member

MONITORING COMMITTEE

Mr. Muhammad Asghar
Chairman

Mr. Muhammad Saleem Shaikh
Member

Mr. Javaid Sadiq
Member

Mr. Muhammad Akram Shahid
Member

Syed Rahat Ali Shah
Member

AUDITORS

Ilyas Saeed & Co.
Chartered Accountants

TAX / LEGAL ADVISOR

Mumtaz Najam Law Chambers
Advocates & Corporate Consultants Lahore

BANKERS

Sindh Bank Limited
The Bank Of Khyber Limited
Bank AlHabib Limited
Askari Bank Limited
Summit Bank Limited
Zarai Taraqiati Bank Limited
JS Bank Limited
Silk Bank Limited
Allied Bank Limited
Dubai Islamic Bank Limited
Soneri Bank Limited
Frist Microfinance Limited
Tameer Microfinance Bank Limited
FINCA Microfinance Bank Limited
NRSP Microfinance Bank Limited
Habib Metropolitan Bank Limited
National Bank of Pakistan Limited
Khushhali Microfinance Bank Limited
The Bank of Punjab Limited
U Microfinance Bank Limited
United Bank Limited
Mobilink Microfinance Bank Limited
Pak Oman Microfinance Bank Limited

REGISTERED OFFICE

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

HEAD OFFICE

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

SHARE REGISTRAR

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

DIRECTORS' REPORT TO THE MEMBERS

The Directors of the Apna Microfinance Bank Limited (hereinafter referred to as 'the Bank') are pleased to present the Un-audited Condensed Interim Financial Information of the Bank for the nine months ended September 30, 2021.

Economic Overview:

The past few months have brought positive news on the global economy, suggesting a vigorous recovery from the COVID-19 crisis. In Pakistan, the economic recovery has maintained an upward trajectory not only for FY2021 but also setting an optimistic baseline scenario for FY2022 as well. There are growing signs that the latest wave of the pandemic remains well contained, given strong government efforts. This, coupled with robust domestic demand, depicts that the economic recovery now appears less vulnerable to pandemic-related uncertainties.

The SBP raised the policy rate by 25 basis points to 7.25% in its Monetary Policy Committee meeting held on September 20th, 2021. The rise reflects prevailing economic developments which include, increase in domestic demand, higher international commodity prices, increased inflation figures and rising current account deficit.

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 under served segment of the society with a view to alleviate poverty under the Microfinance Institutions Ordinance, 2001.

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

Particulars	September 30, 2021	December 31, 2020	%
	Un-audited	Audited	Change
Advances net of provision	10,679,349,564	10,119,919,747	6%
Deposits and other accounts	22,071,162,646	26,178,886,970	-16%

Particulars	September 30, 2021	September 30, 2020	%
	Un-audited	Un-audited	Change
Mark -up/return/interest earned	2,500,532,223	2,513,186,369	-1%
Mark -up/return/interest expenses	(1,019,223,700)	(1,043,623,284)	-2%
Administrative expenses	(1,526,989,594)	(1,507,965,864)	1%
Profit / (loss) after taxation	9,338,659	35,429,797	-74%

The Bank posted a profit after tax in the current period amounting to PKR 9.339 million as compared to a profit of PKR 35.430 million in corresponding period. The equity (net of losses) of the Bank has grown to PKR 2,422.699 million and the total assets stood at PKR 24,757.471 million as at September 30, 2021. The earnings per share for the period ended September 30, 2021 is PKR 0.020 per share as compared to earnings per share of PKR 0.090 in the corresponding period.

The Bank's deposit figure stood at PKR. 22,071.162 million. The deposits have exhibited a significant a decrease of 16% from December 31, 2020. This decline is due a withdrawal of approx. PKR 4,000 million by a large ticket depositor. However, the management has revamped its deposit strategies which focus on building a long-term deposits portfolio while minimizing costs of deposits. Further, with a slight increase from the year end 2020, advances net of provision stood at PKR. 10,679.350 million. Investment – Net of provision were at PKR 1,375.607 million.

DIRECTORS' REPORT TO THE MEMBERS

During the period the Bank has made lending of approx. PKR 3,591.819 million to 21,238 new customers. The management have devised and implemented new strategies to control the provision of the Bank's loan portfolio. The Bank recorded an additional provision expense of PKR 59.998 million against a gross portfolio of PKR 11,124.001 million in current period. Whereas, the provision of PKR 82.050 million was recorded against the gross portfolio of PKR 10,553.026 million in corresponding period.

During the period of nine months the sponsors have injected fresh capital/share deposit money of PKR 150 million. As a result, the equity net of losses of the Bank has increased by over PKR 163.514 million from December 31st, 2020. These figures are a sign of improved investor confidence in the Bank's operations translating in successful future prospects.

Future Outlook

Following the economic devastation caused by COVID-19 in previous periods, all global economies including Pakistan are now on a rebound. The Government of Pakistan has taken firm steps, such as vaccinations and strict adherence to SOPs in order to limit the impacts of this pandemic. Due to these efforts the economic situation of the country has shown signs of improvements and we are now observing financial recovery in all sectors.

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

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

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

The Bank's Capital Adequacy Ratio (CAR), as also referred in Note no 1.2 to the condensed interim financial statements for the nine months ended September 30, 2021, is not in compliance with the requirements of Prudential Regulation for MFB's. However, the sponsors are committed to filling the CAR shortage soon.

Material Changes

Following are material changes since December 31, 2020;

- I. The Bank has completed its 7th Right Share issue process and issued the 85,000,000 right shares @ Rs. 10 per share (PKR. 850,000,000) to its directors/sponsors and general members.
- II. Mr. Muhammad Gulistan Malik has resigned from the position of President and Chief Executive Officer of the Bank with effect from July 12, 2021 and Mr. Wajahat Malik has been appointed as Acting President/Chief Executive Officer.

Credit Rating

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

DIRECTORS' REPORT TO THE MEMBERS

Acknowledgment

We would 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 throughout these tumultuous times. We would also like to thank our valued customers, shareholders and business partners for their continued patronage and confidence as well as staff members for their commitment and devotion.

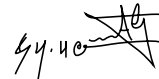
**For and on behalf of Board of Directors,
The Apna Microfinance Bank Limited**



Mr. Wajahat Malik
President/CEO (Acting)

Date: October 29, 2021

Lahore



Syed Rahat Ali Shah
Director

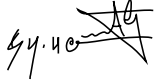
ممبران کے لئے ڈائریکٹرز رپورٹ

کریڈٹ ریٹنگ:

پاکستان کریڈٹ ریٹنگ ایجنسی لمیٹڈ (PACRA) نے بینک کے مستقبل کے لائحہ عمل کے تناظر میں بینک کی لاگ ٹرم ریٹنگ ٹریبل بی پلس (BBB+) اور سٹاٹ ٹرم ریٹنگ اے تھری (A3) کو برقرار رکھا ہے۔

اعترافات:

ہم اس مشکل وقت میں اسٹیٹ بینک آف پاکستان، سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور پاکستان سٹاک ایکسچینج کو ان کی مستقل رہنمائی اور تعاون کے لئے اظہارِ تشکر پیش کرتے ہیں۔ ہم اپنے قابل قدر کسٹمرز، شیئرز، ہولڈرز اور کاروباری شراکت داروں کی مسلسل سرپرستی اور اعتماد کے ساتھ ساتھ عملے کی کمنٹس اور جدوجہد کا بھی شکریہ ادا کرنا چاہیں گے۔



سید راحت علی شاہ
ڈائریکٹر

منجانب بورڈ آف ڈائریکٹرز اپن مائیکروفنانس بینک لمیٹڈ



وجاہت ملک

قائم مقام صدر / سی ای او
تاریخ: 29 اکتوبر 2021ء
لاہور

ممبران کے لئے ڈائریکٹرز رپورٹ

ایڈوانس (پروٹون کے بعد) 10,679,350 ملین (پاکستانی روپے) رہا۔ انوسٹمنٹ (پروٹون کے بعد) 1,375,607 ملین (پاکستانی روپے) رہی۔ رواں مدت کے دوران بینک نے 21,238 نئے کسٹمرز کو تقریباً 3,591,819 ملین (پاکستانی روپے) قرضے دیئے۔ انتظامیہ نے بینک کے کریڈٹ پورٹ فولیو کی پروٹون کو کم کرنے کے لئے نئی حکمت عملی وضع کی ہے۔ بینک نے رواں مدت میں 11,124,001 ملین (پاکستانی روپے) کے کریڈٹ پورٹ فولیو پر 59,998 ملین پاکستانی روپے کی اضافی پروٹون ریکارڈ کی، جبکہ گزشتہ اسی مدت میں 82,050 ملین (پاکستانی روپے) کی پروٹون 10,553,026 ملین (پاکستانی روپے) کے کریڈٹ پورٹ فولیو پر ریکارڈ کی گئی تھی۔

رواں مدت کی دوران سپانسرز نے 150 ملین (پاکستانی روپے) کا فریش کیپٹل / شیئرز ڈیپازٹ منی متعارف کرایا، جس کے نتیجے میں بینک کی ایکویٹی بعد از نقصانات 31 دسمبر 2020ء کے مقابلے میں 163,514 ملین (پاکستانی روپے) بڑھ گئی ہے۔ یہ اعداد و شمار سرمایہ کاروں کے بینک کے اقدامات پر اعتماد کی علامت ہے، جو کہ کامیاب مستقبل کی عکاسی کرتا ہے۔

مستقبل کا لائحہ عمل:

چھٹی مدت میں COVID-19 کی وجہ سے ہونے والی معاشی تباہی کے بعد پاکستان سمیت تمام عالمی معیشتیں اب بہتری کی طرف پلٹ رہی ہیں۔ حکومت پاکستان نے اس وبائی مرض کے اثرات کو محدود کرنے کیلئے حفاظتی ٹیکوں اور ایس او بییز پر سختی سے عمل پیرا ہونے جیسے سخت اقدامات اٹھائے ہیں۔ ان کوششوں کی وجہ سے ملک کی معاشی صورتحال میں بہتری کے آثار ظاہر ہوئے ہیں اور اب ہم تمام شعبوں میں مالی بحالی کا مشاہدہ کر رہے ہیں۔

انتظامیہ عالمی وبائی مرض کے دوران ڈیجیٹل بینکاری کی ضرورت کو اہم تصور کرتی ہے، پچھلے ایک سال کے دوران بینک نے انٹرنیٹ بینکنگ اور موبائل بینکنگ میں اضافہ کیا ہے تاکہ ان علاقوں میں بھی بینکاری کی سہولت دی جاسکے جہاں بینک نہیں ہیں۔ اس ڈیجیٹائزیشن کا پہلا مرحلہ پہلے ہی مکمل ہو چکا ہے۔

ہماری ڈیجیٹل تبدیلی کے اگلے مرحلے میں ریگولیٹری ضروریات کی تعمیل کے بعد درج ذیل شامل ہوں گے:

☆..... برانچ لیس بینکاری خدمات جیسے ”مرچنٹ پورٹل“ اور ”موبائل والٹس“۔

☆..... متعدد سیکس میں جاری کرنا اور ادائیگی کارڈوں کی اقسام۔

☆..... پوائنٹ آف سیل (POS) / (حصول کاروباری)۔

☆..... ڈیجیٹل کوئیک کسٹمر آن بورڈنگ۔

ڈیجیٹائزیشن کا یہ اقدام نہ صرف معاشرتی دوری کی ثقافت کو فروغ دے گا، بلکہ بینک کی رسائی بھی بڑھے گی، آپریشنل اور برانچ سطح کے اخراجات کم ہوں گے۔ ہمارا وژن ایسا ٹیکنالوجی گڑھ بنانا ہے جو صنعتی ادائیگی کی ضروریات کو پورا کرے اور بینک کے کاروبار میں اضافہ کرے۔

بینک کی (CAR) مائیکرو فنانس کے پروڈیوٹس ریگولیشنز کے مطابق نہیں، جیسا کہ 30 ستمبر 2021ء کی مالیاتی رپورٹ کے نوٹ نمبر 1.2 میں بھی بیان کیا گیا ہے تاہم سپانسرز CAR کی کمی کو جلد پورا کرنے کے لئے پرعزم ہیں۔

اہم تبدیلیاں:

31 دسمبر 2020ء سے اہم تبدیلیاں درج ذیل ہیں:

☆ بینک نے اپنا سا تو ان رائٹ شیئرز جاری کرنے کا عمل مکمل کر لیا ہے، اور اپنے ڈائریکٹرز / سپانسرز اور عام ممبران کو 85,000,000 کے رائٹ شیئرز 10 روپے فی

شیئرز (850,000,000) کے حساب سے جاری کئے۔

☆ جناب محمد گلستان ملک نے صدر / چیف ایگزیکٹو آفیسر کے عہدے سے 12 جولائی 2021ء کو استعفیٰ دے دیا ہے اور جناب وجاہت ملک قائم مقام صدر اور چیف ایگزیکٹو

آفیسر مقرر کئے گئے ہیں۔

ممبران کے لئے ڈائریکٹرز رپورٹ

اپنا مائیکروفنانس بینک لمیٹڈ کے ڈائریکٹرز انتہائی مسرت کے ساتھ بینک کی 30 ستمبر 2021ء کو ختم ہونے والی مالیاتی مدت کی غیر آڈٹ شدہ مختصر عبوری مالیاتی رپورٹ پیش کر رہے ہیں۔

معاشی جائزہ:

گزشتہ چند مہینوں سے عالمی معیشت مثبت خبروں کی طرف گامزن ہے۔ جس میں COVID-19 بحران سے بھرپور بحالی کی تجویز پیش کی گئی ہے۔ پاکستان میں معاشی بحالی نے نہ صرف مالی سال 2021 کیلئے ایک اعلیٰ درجہ کی رفتار برقرار رکھی ہے بلکہ مالی سال 2022 کیلئے بھی ایک امید کا بنیادی منظر نامہ مرتب کیا ہے۔ حکومت کی مضبوط کوششوں کے پیش نظر وبائی مرض کی تازہ ترین لہر میں بہتری آئی ہے۔ اس سے گھر بلو طلب کے ساتھ مل کر یہ ظاہر ہوتا ہے کہ معاشی بحالی اب وبائی امراض سے متعلق غیر یقینی صورتحال کا کم خطرہ ہے

اسٹیٹ بینک آف پاکستان نے 30 ستمبر 2021 کو منعقدہ اپنی مائٹری پالیسی کمیٹی کے اجلاس میں پالیسی کی شرح کو 2.5 بنیادی پوائنٹس بڑھا کر 7.25% کر دیا ہے۔ یہ اضافہ معاشی ترقی کی عکاسی کرتا ہے۔ جس میں گھر بلو طلب میں اضافہ اجناس کی اعلیٰ قیمتیں، افراط زر کے اعداد و شمار میں اضافہ اور کرنٹ اکاؤنٹ کا خسارہ بڑھتا ہے۔

پرنسپل سرگرمی، ترقی اور مالی کارکردگی:

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

کوائف	30 ستمبر 2021ء ان آڈنڈ	31 دسمبر 2020ء آڈنڈ	% تبدیلی
فراہم کیا گیا کل ایڈوائس (پروڈن کے بعد)	10,679,349,564	10,119,919,747	6%
ڈپازٹس اور دیگر اکاؤنٹس	22,071,162,646	26,178,886,970	-16%
کوائف	30 ستمبر 2021ء ان آڈنڈ	30 ستمبر 2020ء ان آڈنڈ	% تبدیلی
مارک اپ آمدنی	2,500,532,223	2,513,186,369	-1%
مارک اپ خرچ	(1,019,223,700)	(1,043,623,284)	-2%
انتظامی اخراجات	(1,526,989,594)	(1,507,965,864)	1%
منافع / نقصان بعد از ٹیکس اور ایجنسی	9,338,659	35,429,797	-74%

بینک نے ٹیکس کے بعد رواں مدت میں 9.339 ملین (پاکستانی روپے) کا منافع ظاہر کیا ہے، جبکہ گزشتہ برس اسی مدت میں 35.430 ملین (پاکستانی روپے) کا منافع تھا۔ بینک کی ایکویٹی بعد از نقصانات بڑھ کر 2,422.699 ملین (پاکستانی روپے) ہو گئی ہے، اور بینک کے کل اثاثہ جات 30 ستمبر 2021ء پر 24,757.471 ملین (پاکستانی روپے) ہیں۔ 30 ستمبر 2021 کو فی حصص منافع کی شرح 0.020 پاکستانی روپے ہے، جبکہ گزشتہ برس اسی مدت میں یہی شرح 0.090 پاکستانی روپے تھی۔

بینک کے ڈپوزٹس 22,071.162 ملین (پاکستانی روپے) ہیں۔ 31 دسمبر 2020ء سے ڈپوزٹس میں 16% کی نمایاں کمی ہوئی ہے یہ کمی ایک بڑے ڈپوزیٹر کے تقریباً 4,000 ملین روپے کے ڈیپازٹ نکلوانے کی وجہ سے ہوئی ہے تاہم مینجمنٹ نے اپنی ڈیپازٹ کی حکمت عملی کوئی شکل دی ہے جس کا مقصد ڈیپازٹ کے اخراجات کو کم کرتے ہوئے ایک طویل المدتی ڈیپازٹ پورٹ فولیو کی تعمیر کرنا ہے۔ مزید یہ کہ سال 2020ء کے اختتام سے معمولی اضافے کے ساتھ فراہم کیا گیا کل

FINANCIAL STATEMENTS

APNA MICRO FINANCE BANK LIMITED

APNA MICROFINANCE BANK LIMITED
 CONDENSED INTERIM BALANCE SHEET
 AS AT SEPTEMBER 30, 2021

	Note	September 30, 2021 Rupees	December 31, 2020 Rupees
		Un-audited	Audited
ASSETS			
Cash And Balances With SBP And NBP	7	1,567,897,139	2,394,744,268
Balances With Other Banks/NBFIs/MFBs	8	5,200,654,370	9,505,025,520
Lending To Financial Institutions		-	-
Investments - Net Of Provisions	9	1,375,606,670	1,704,020,909
Advances - Net Of Provisions	10	10,679,349,564	10,119,919,747
Operating Fixed Assets		1,009,214,944	985,452,512
Other Assets	11	4,372,142,583	3,592,473,029
Deferred Tax Asset		552,605,291	529,751,497
Total Assets		24,757,470,561	28,831,387,482
LIABILITIES			
Deposits And Other Accounts	12	22,071,162,646	26,178,886,970
Borrowings	13	653,218	3,466,749
Subordinated Debt		-	-
Other Liabilities		262,955,027	389,785,806
Deferred Tax Liabilities		-	-
Total Liabilities		22,334,770,891	26,572,139,525
NET ASSETS		2,422,699,670	2,259,247,957
REPRESENTED BY:			
Share Capital	14	4,289,849,620	3,439,849,620
Discount On Issue Of Shares		(1,335,963,831)	(1,335,963,831)
Share Deposit Money		350,390,285	1,046,215,185
Statutory Reserve		30,080,706	30,080,706
Depositors' Protection Fund		7,520,177	7,520,177
Unappropriated Loss		(919,177,287)	(928,515,946)
		2,422,699,670	2,259,185,911
Surplus/(Deficit) On Revaluation Of Assets		-	-
Deferred Grants		-	62,046
Total Capital		2,422,699,670	2,259,247,957

MEMORANDUM / OFF- BALANCE SHEET ITEMS 15

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

Acting President / CEO

Chief Financial Officer

Chairman

Director

Director

APNA MICROFINANCE BANK LIMITED

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)

FOR THE PERIOD ENDED SEPTEMBER 30, 2021

Note	Nine Months Ended		Quarter Ended		
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020	
	Rupees	Rupees	Rupees	Rupees	
Mark-up/Return/Interest Earned	16	2,500,532,223	2,513,186,369	841,262,843	825,202,062
Mark-up/Return/Interest Expensed		(1,019,223,700)	(1,043,623,284)	(367,430,608)	(338,236,344)
Net Mark-up/Interest Income		1,481,308,523	1,469,563,085	473,832,235	486,965,718
Provision against non-performing loans and advances	10.3	(59,997,850)	(82,049,708)	(13,956,269)	(6,906,235)
Provision for diminution in the value of investments		-	-	-	-
Recovery against bad debts written off		21,347,629	21,591,651	8,888,498	-
Bad debts written off directly		-	-	-	-
Net Mark-up/Interest Income after provisions		1,442,658,302	1,409,105,028	468,764,464	480,059,483
NON MARK-UP/NON INTEREST INCOME					
Fee, Commission and Brokerage Income		69,695,678	70,191,461	28,217,319	27,340,762
Dividend Income		-	-	-	-
Other Income		33,248,328	81,144,340	11,994,957	10,117,929
Total Non Mark-up/Non Interest Income		102,944,006	151,335,801	40,212,276	37,458,691
		1,545,602,308	1,560,440,829	508,976,740	517,518,174
NON MARK-UP/NON INTEREST EXPENSES					
Administrative expenses		(1,526,989,594)	(1,507,965,864)	(508,360,357)	(509,783,838)
Other provisions/write offs/adjustment		-	-	-	-
Other charges		-	-	-	-
Total Non Mark-up/Non Interest Expenses		(1,526,989,594)	(1,507,965,864)	(508,360,357)	(509,783,838)
		18,612,714	52,474,965	616,383	7,734,336
Extra ordinary/unusual items		-	-	-	-
PROFIT BEFORE TAXATION		18,612,714	52,474,965	616,383	7,734,336
Taxation	19	(32,127,849)	(38,955,444)	(6,616,633)	(12,992,919)
- Current		-	-	-	-
- Prior periods		-	-	-	-
- Deferred		22,853,794	21,910,276	7,442,042	11,095,579
		(9,274,055)	(17,045,168)	825,409	(1,897,340)
PROFIT AFTER TAXATION		9,338,659	35,429,797	1,441,792	5,836,996
Unappropriated loss brought forward		(928,515,946)	(956,430,276)	(920,619,079)	(926,837,475)
Profit available for appropriation / (loss)		(919,177,287)	(921,000,479)	(919,177,287)	(921,000,479)
APPROPRIATIONS:					
Transfer to:					
Statutory Reserve		-	-	-	-
Capital Reserve		-	-	-	-
Contribution to MSDF/ DPF/ RMF		-	-	-	-
Revenue Reserve		-	-	-	-
Proposed Cash dividend Rs.Nil per share (2020: Rs.Nil per share)		-	-	-	-
Others		-	-	-	-
		-	-	-	-
Unappropriated loss carried forward		(919,177,287)	(921,000,479)	(919,177,287)	(921,000,479)
Earnings per share-Basic & Diluted		0.020	0.090	0.004	0.020

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

Acting President / CEO

Chief Financial Officer

Chairman

Director

Director

APNA MICROFINANCE BANK LIMITED

CONDENSED INTERIM STATEMENT OF **COMPREHENSIVE INCOME** (UN-AUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2021

	Nine Months Ended		Quarter Ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
	Rupees	Rupees	Rupees	Rupees
PROFIT AFTER TAXATION	9,338,659	35,429,797	1,441,792	5,836,996
Other comprehensive income/(loss)				
Items that will not be reclassified to profit and loss account	-	-	-	-
Items that may subsequently be reclassified to profit and loss account	-	-	-	-
Comprehensive income transferred to equity	9,338,659	35,429,797	1,441,792	5,836,996
Components of comprehensive income/(loss) not reflected in equity:				
Net change in fair value of available-for-sale investments	-	-	-	-
Total comprehensive income for the period	9,338,659	35,429,797	1,441,792	5,836,996

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



Acting President / CEO



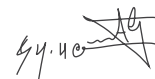
Chief Financial Officer



Chairman



Director



Director

APNA MICROFINANCE BANK LIMITED

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

FOR THE PERIOD ENDED SEPTEMBER 30, 2021

	Note	September 30, 2021 Rupees	September 30, 2020 Rupees
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		18,612,714	52,474,965
Adjustments for non-cash charges			
Depreciation		47,389,193	68,358,567
Amortization of intangibles		2,682,292	3,209,807
Amortization of deferred grants		(62,046)	(1,529,726)
Provision against non-performing advances		59,997,850	82,049,708
(Gain) / Loss on disposal of fixed asset		(1,435,970)	(150,000)
		108,571,319	151,938,356
Operating cash flow before working capital changes		127,184,033	204,413,321
Changes in working capital			
(Increase)/Decrease in operating assets			
Advances		(619,427,667)	(1,481,136,057)
Other assets		(811,797,403)	(985,251,066)
		(1,431,225,070)	(2,466,387,123)
Increase/(Decrease) in operating liabilities			
Deposits		(4,107,724,324)	5,106,045,480
Other Liabilities		(126,830,779)	(108,676,482)
		(4,234,555,103)	4,997,368,998
Net cash flow from operating activities		(5,538,596,140)	2,735,395,196
CASH FLOW FROM INVESTING ACTIVITIES			
Net investments in held to maturity securities		328,414,239	(375,869,667)
Investments in operating fixed assets		(81,815,892)	(143,150,648)
Sale proceeds from disposal of operating fixed assets		9,417,945	150,000
Net cash used in investing activities		256,016,292	(518,870,315)
CASH FLOW FROM FINANCING ACTIVITIES			
Net Increase in Share deposit money		154,175,100	150,000,000
Borrowings-net		(2,813,531)	(2,043,433)
Net cash flow from financing activities		151,361,569	147,956,567
Increase in cash and cash equivalents		(5,131,218,279)	2,364,481,448
Cash and cash equivalents at the beginning of the period		11,899,769,788	6,806,251,851
Cash and cash equivalents at the end of the period	17	6,768,551,509	9,170,733,299

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



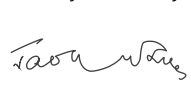
Acting President / CEO



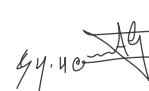
Chief Financial Officer



Chairman



Director



Director

CONDENSED INTERIM STATEMENT OF **CHANGES IN EQUITY**

FOR THE PERIOD ENDED SEPTEMBER 30, 2021

	Share Capital	Discount On Issue Of Shares	Share Deposit Money	Statutory Reserve	Depositors' Protection Fund	Unappropriated (Loss)	Total
Balance as at December 31, 2019 - Audited	3,439,849,620	(1,335,963,831)	696,215,185	22,636,885	5,659,222	(956,430,276)	1,871,966,805
Comprehensive income / (loss) for the period	-	-	-	-	-	35,429,797	35,429,797
Profit after taxation	-	-	-	-	-	-	-
Other comprehensive income / (loss)	-	-	-	-	-	35,429,797	35,429,797
Total comprehensive income for the period	-	-	-	-	-	35,429,797	35,429,797
Transactions with owners directly recorded in equity	-	-	150,000,000	-	-	-	150,000,000
Share deposit money received during the period	-	-	150,000,000	-	-	-	150,000,000
Share issued against share deposit money	-	-	-	-	-	-	-
Discount on issue of share	-	-	-	-	-	-	-
Balance as at September 30, 2020 - Un-audited	3,439,849,620	(1,335,963,831)	846,215,185	22,636,885	5,659,222	(921,000,479)	2,057,396,602
Comprehensive income / (loss) for the period	-	-	-	-	-	1,789,309	1,789,309
Profit after taxation	-	-	-	-	-	1,789,309	1,789,309
Transfer to statutory reserves	-	-	-	7,443,821	-	(7,443,821)	-
Transfer to depositors protection fund	-	-	-	-	1,860,955	(1,860,955)	-
Other comprehensive income / (loss)	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	7,443,821	1,860,955	(7,515,467)	1,789,309
Transactions with owners directly recorded in equity	-	-	200,000,000	-	-	-	200,000,000
Share deposit money received	-	-	200,000,000	-	-	-	200,000,000
Share issued against share deposit money	-	-	-	-	-	-	-
Discount on issue of share	-	-	-	-	-	-	-
Balance as at December 31, 2020 - Audited	3,439,849,620	(1,335,963,831)	1,046,215,185	30,080,706	7,520,177	(928,515,946)	2,259,185,911
Comprehensive income/(loss) for the period	-	-	-	-	-	9,338,659	9,338,659
Profit after taxation	-	-	-	-	-	-	-
Other comprehensive income / (loss)	-	-	-	-	-	9,338,659	9,338,659
Total comprehensive income for the period	-	-	-	-	-	9,338,659	9,338,659
Transactions with owners directly recorded in equity	-	-	154,175,100	-	-	-	154,175,100
Share deposit money received during the period	850,000,000	-	(850,000,000)	-	-	-	-
Share issued against share deposit money	-	-	-	-	-	-	-
Discount on issue of share	-	-	-	-	-	-	-
Balance as at September 30, 2021 - Un-audited	4,289,849,620	(1,335,963,831)	350,390,285	30,080,706	7,520,177	(919,177,287)	2,422,699,670

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



Acting President / CEO



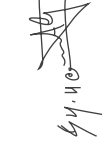
Chief Financial Officer



Chairman



Director



Director

SELECTED NOTES TO THE CONDENSED INTERIM **FINANCIAL INFORMATION**
FOR THE PERIOD ENDED SEPTEMBER 30, 2021

1 STATUS AND NATURE OF BUSINESS

1.1 Apna Microfinance Bank Limited (the Bank) was incorporated on May 08, 2003 as a public limited Bank under the repealed Companies Ordinance, 1984 now the "Companies Act, 2017" (the Companies Act). The Bank was granted certificate of commencement of business on December 28, 2004 and started its operations on January 01, 2005. Its shares are listed on Pakistan Stock Exchange Limited. The Bank's principal business is to provide microfinance services to the poor and underserved segment of the society as envisaged under the Microfinance Institutions Ordinance, 2001. The Bank has been operating at national level in Pakistan. The Bank has 121 business locations comprising of 116 branches and 5 service centers (2020: 121 business locations comprising of 116 branches and 5 service centers) in operation. Its registered office is situated at K-4/3 and 4/4, Ch. Khaliq-uz-Zaman Road, Gizri, Karachi in the Province of Sindh and its head office is situated at 23 - A, Sundar Das Road, Zaman Park, Lahore, in the Province of Punjab.

1.2 As at September 30, 2021 the Bank could not meet the regulatory requirements of "Prudential Regulations for Microfinance Banks" issued by the State Bank of Pakistan (SBP), mentioned as under;

Regulation R-5 (C): Only those MFBs that are fully compliant with Minimum Capital Requirement (MCR) and Capital Adequacy Ratio (CAR) (equivalent to at least 15% of their risk weighted assets) shall be eligible to undertake micro enterprise lending.

The Capital Adequacy Ratio of the Bank fell below the minimum ratio required as at September 30, 2021 and the Bank is hopeful of bringing its CAR upto the required limit in near future.

2 BASIS OF PRESENTATION

This condensed interim financial information has been prepared in accordance with BSD Circular No. 11 dated 30 December 2003 issued by the State Bank of Pakistan (SBP) and IAS – 34 'Interim Financial Reporting' and hence do not include all the information required in the annual audited published financial statements. Accordingly, this condensed interim financial information should be read in conjunction with the annual financial statements of the Bank for the year ended December 31, 2020.

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

BUSINESS AND ECONOMIC ENVIRONMENT

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

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

3 STATEMENT OF COMPLIANCE

3.1 This condensed interim financial information of the Bank for the nine months period ended September 30, 2021 has been prepared in accordance with the requirements of the International Accounting

SELECTED NOTES TO THE CONDENSED INTERIM **FINANCIAL INFORMATION**
FOR THE PERIOD ENDED SEPTEMBER 30, 2021

Standard 34 – ‘Interim Financial Reporting’, provisions of the Companies Act, 2017, the Microfinance Institution Ordinance, 2001, the Prudential Regulations for Microfinance Banks/Institutions and the directives issued by the Securities and Exchange Commission of Pakistan (SECP) and the State Bank of Pakistan (SBP). In case where the requirements differ, the provisions of Companies Act, 2017, the Microfinance Institution Ordinance 2001, the Prudential Regulations of Microfinance Banks/Institutions or the requirements of the said directives have been followed.

- 3.2 SBP has deferred the applicability of International Accounting Standards (IAS) 39 ‘Financial Instruments Recognition and Measurement’ and International Accounting Standards (IAS) 40 ‘Investment Property ‘ for Banking Companies through BSD Circular No. 10 dated 26 August 2002. Further, the Securities and Exchange Commission of Pakistan (SECP) has deferred applicability of IFRS-7 “ Financial Instruments: Disclosures” through its notification S.R.O 633(1) / 2014 dated 10th July 2014. Accordingly, the requirements of these standards have not been considered in the preparation of this condensed interim financial information.
- 3.3 Effective date for implementation of IFRS 9 ‘Financial Instruments’ has been further extended by SBP through BPRD Circular No. 24 of 2021 dated July 05, 2021 to annual periods beginning on or after January 01, 2022 instead of its earlier implementation date of January 01, 2021. IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new Expected Credit Loss (ECL) model for calculating impairment on financial assets, and new general hedge accounting requirements. The ECL approach has an impact on all assets of the Bank which are exposed to credit risk. SBP has shared “IFRS 9 Financial Instruments Application Instructions” for parallel reporting. Meanwhile, the banks/DFIs/MFBs are required to Submit IFRS 9 compatible pro forma Financial Statements for year-ending 2020 and Parallel Run Implementation of IFRS 9 results for period ending March 31, 2021, June 30, 2021 and September 30, 2021 according to timelines given in foresaid notification. Accordingly, the requirements of IFRS 9 have not been considered in the preparation of this condensed interim financial information.

4 BASIS OF MEASUREMENT

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

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

During preparation of this condensed interim financial information, the significant judgments made by the management in applying the Bank’s accounting policies and the key sources of estimation and uncertainty were the same as those that applied in the preceding audited annual published financial statements of the Bank for the year ended December 31, 2020.

6 ACCOUNTING POLICIES AND COMPUTATION METHODS

The accounting policies and the methods of computation adopted in preparation of this condensed interim financial information are the same as those applied in the preparation of the annual audited published financial statements for the year ended December 31, 2020.

SELECTED NOTES TO THE CONDENSED INTERIM **FINANCIAL INFORMATION**

FOR THE PERIOD ENDED SEPTEMBER 30, 2021

	Note	September 30, 2021 Rupees	December 31, 2020 Rupees
7 CASH AND BALANCES WITH SBP AND NBP		Un-audited	Audited
Cash in hand - local currency		596,353,396	517,224,946
Balance with State Bank of Pakistan	7.1	799,262,792	1,765,367,577
Balance with National Bank of Pakistan in:			
- Current Account		160,062,281	92,258,987
- Deposit Account	7.2	12,218,670	19,892,758
		1,567,897,139	2,394,744,268

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

7.2 This carries mark-up rate at 5.50% per annum (2020: 5.50% per annum).

	Note	September 30, 2021 Rupees	December 31, 2020 Rupees
8 BALANCES WITH OTHER BANKS/NBFIs/MFBs		Un-audited	Audited
In Pakistan			
- In current accounts		42,600,977	31,032,785
- In deposit accounts	8.1	4,858,053,393	3,273,992,735
- Certificates of deposits	8.2	300,000,000	6,200,000,000
		5,200,654,370	9,505,025,520

8.1 These carry mark-up rates ranging from 5.50% to 8.30% per annum (2020: 5.50% to 8.50% per annum).

8.2 These represent placement with different financial institutions carrying mark-up ranging from 7.90% to 9.10% per annum (2020: 8.25% to 14.50% per annum). Their maturity falls in three months from the date of placement.

	Note	September 30, 2021 Rupees	December 31, 2020 Rupees
9 INVESTMENTS - NET OF PROVISIONS		Un-audited	Audited
Federal Govt. Securities:			
-Market Treasury Bills - (Held to maturity)	9.1	1,275,676,670	1,604,080,909
Silk Bank Ltd. - Term Finance Certificate (TFC's) - (Held to maturity)	9.2	99,930,000	99,940,000
		1,375,606,670	1,704,020,909

9.1 This represents T-Bills issued for periods of three to six months with maturities ranging from October 07, 2021 to March 10, 2022. These carry yields ranging from 7.18% to 7.53% per annum (2020: 7.10% to 7.15% per annum). These securities have an aggregate face value of Rs. 1,300 million. (2020: Rs. 1,627 million).

9.2 This represents investment in 20,000 units in TFC's issued by Silk Bank Limited. The investment will mature on August 10, 2025. It carries mark-up at the rate of 6 months KIBOR plus 1.85% per annum (2020: 6 months KIBOR plus 1.85% per annum).

10 ADVANCES - NET OF PROVISIONS	Note	September 30, 2021		December 31, 2020	
		No. of Loans Outstanding	Rupees	No. of Loans Outstanding	Rupees
		-----Un-audited-----		-----Audited-----	
Micro credits	10.1	116,985	11,124,001,183	117,973	10,504,573,516
Less: Provision held:					
- Specific	10.2		277,092,871		217,095,021
- General	10.3		167,558,748		167,558,748
			444,651,619		384,653,769
Advances - Net Of Provisions			10,679,349,564		10,119,919,747

10.1 All advances are secured by personal guarantees including gold loans amounting to Rs. 2,371.66 million (2020: Rs. 1,272.63 million).

10.2 **Particulars of non-performing advances**

Advances include Rs. 706.12 million (2020: Rs. 486.04 million) which have been placed under non performing status as detailed below:

Category of Classification	September 30, 2021			December 31, 2020		
	Principal Amount Outstanding	Provision Required	Provision Held	Principal Amount Outstanding	Provision Required	Provision Held
	----- Rupees -----			----- Rupees -----		
	-----Un-audited-----			----- Audited -----		
OAEM	316,114,929	-	-	206,014,916	-	-
Sub-standard	65,146,662	16,286,665	16,286,665	7,413,485	1,841,864	1,841,864
Doubtful	126,244,633	63,122,316	63,122,316	93,656,255	46,700,788	46,700,788
Loss	198,615,038	197,683,890	197,683,890	178,958,827	168,552,369	168,552,369
	706,121,262	277,092,871	277,092,871	486,043,483	217,095,021	217,095,021

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

	September 30, 2021			December 31, 2020		
	Specific	General	Total	Specific	General	Total
	----- Rupees -----			----- Rupees -----		
	-----Un-audited-----			----- Audited -----		
Opening balance	217,095,021	167,558,748	384,653,769	125,104,748	167,558,748	292,663,496
Charge/ (reversal) for the period	59,997,850	-	59,997,850	91,990,273	-	91,990,273
Closing balance	277,092,871	167,558,748	444,651,619	217,095,021	167,558,748	384,653,769

11 OTHER ASSETS	Note	September 30, 2021	December 31, 2020
		Rupees	Rupees
		-----Un-audited-----	----- Audited -----
Income / Mark-up Accrued		3,250,913,323	2,606,732,804
Advances to Staff		180,570,496	145,409,984
Advances and Prepayments		261,772,582	256,200,704
Advance Income Tax - Net of Provision		157,038,606	101,537,521
Security Deposits		37,131,920	37,761,920
Inter Banks ATM Settlement account		42,343,267	2,457,707
Insurance Claims Receivable	11.1	442,372,389	442,372,389
		4,372,142,583	3,592,473,029

SELECTED NOTES TO THE CONDENSED INTERIM **FINANCIAL INFORMATION**

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

Note	September 30, 2021		December 31, 2020	
	No. of accounts	Rupees	No. of accounts	Rupees
	-----Un-audited-----		-----Audited-----	
12 DEPOSITS AND OTHER ACCOUNTS				
Time liabilities				
Fixed Deposits (Deals)	12.1	7,662 6,888,619,286	7,350	6,141,735,917
Demand liabilities				
Saving Deposits	12.2	30,426 11,768,519,238	28,445	12,744,083,910
Current Deposits		388,899 3,414,024,122	360,796	7,293,067,143
		419,325 15,182,543,360	389,241	20,037,151,053
	12.3	426,987 22,071,162,646	396,591	26,178,886,970

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

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

12.3 Particulars of deposits by ownership	September 30, 2021		December 31, 2020	
	No. of accounts	Rupees	No. of accounts	Rupees
	-----Un-audited-----		-----Audited-----	
Individual Depositors	425,906	16,217,661,013	395,863	19,917,821,549
Institutional Depositors				
- Corporations / Firms	1,068	5,544,279,325	713	5,871,825,004
- Banks & Financial Institutions	13	309,222,308	15	389,240,417
	1,081	5,853,501,633	728	6,261,065,421
	426,987	22,071,162,646	396,591	26,178,886,970

Note	September 30, 2021		December 31, 2020	
	Rupees		Rupees	
	Un-audited		Audited	
13 BORROWINGS				
Borrowings from Banks/Financial Institutions in Pakistan				
Demand Finance	13.1	653,218		3,466,749

- 13.1 The demand finance facility was obtained to purchase brand new locally manufactured vehicles with a maximum limit of Rs. 100 million for the business of the Bank. The facility is secured against hypothecation charge over the financed vehicles under hire purchase agreement, against corporate guarantee of the Bank. Each demand finance (for each vehicle) is repayable in 60 monthly installments commenced from the date of the respective disbursement. It is subject to mark-up at the rate of 1 year KIBOR plus 1.50% per annum payable on a monthly basis.

14 SHARE CAPITAL

- 14.1 **Authorized capital**

No. of shares		Rupees	
September 30, 2021	December 31, 2020	September 30, 2021	December 31, 2020
Un-audited	Audited	Un-audited	Audited
500,000,000	500,000,000	5,000,000,000	5,000,000,000

Ordinary shares of Rs. 10/- each

- 14.2 **Issued, subscribed and paid-up capital**

No. of shares		Rupees	
September 30, 2021	December 31, 2020	September 30, 2021	December 31, 2020
Un-audited	Audited	Un-audited	Audited
428,984,962	343,984,962	4,289,849,620	3,439,849,620

Ordinary shares of Rs. 10/- each fully paid in cash

14.3 **Reconciliation of issued, subscribed and paid-up capital**

No. of shares			Rupees	
September 30, 2021	December 31, 2020		September 30, 2021	December 31, 2020
Un-audited	Audited		Un-audited	Audited
343,984,962	343,984,962	Right share issued	3,439,849,620	3,439,849,620
85,000,000	-	during the period	850,000,000	-
428,984,962	343,984,962	at Rs. 10/- per share.	4,289,849,620	3,439,849,620

15 MEMORANDUM / OFF- BALANCE SHEET ITEMS

15.1 Contingencies:

Proceedings for Financial Years (FY) 2016, 2017, and 2018 were initiated by Additional Commissioner (Enforcement-IV) of Punjab Revenue Authority [‘PRA’] regarding alleged inadmissible input tax credit claimed without apportionment a same between taxable and non-taxable service. The Bank responded to the notices as per the Bank contention. The said commissioner passed impugned orders for relevant financial years by raising unjustified demand in respect of disallowed input tax. Being aggrieved from the said orders, the Bank filed appeal against the orders in Commissioner (Appeals) of PRA. The hearing is still pending before Commissioner Appeal. For FY 2016 the impugned order is upheld by Commissioner (Appeal) and the hearings for FY 2017 and 2018 are still pending before Commissioner Appeal.

Proceedings, as per provisions of Punjab Sales Tax on Services (Withholding) Rules, 2015 for tax period January to December, 2016 for non-deduction of Punjab Sales Tax, were initiated by The Additional Commissioner, Enforcement-II, PRA. Recovery notice was issued from the same office indicating that order had been passed by the Commissioner HQ, PRA wherein the impugned demand was raised on account of alleged default of withholding of Punjab Sales Tax on Services against which the bank filed appeal in Honorable Appellate Tribunal. The tribunal has passed its judgement in which the impugned order passed by Commissioner HQ PRA is set aside and the matter is referred back to the officer concerned having jurisdiction for decision afresh. Now the proceedings are in progress at commissioner PRA forum.

A show cause notice was issued to bank by Assistant Commissioner (Unit-09) of Sindh Revenue Board [‘SRB’] in which the bank was confronted that it has claimed inadmissible input tax credit during the tax periods from January 2012 to December 2015 in terms applicable Sindh Sales Tax Act 2011. Further, it is also alleged that the Bank has short deducted / not deducted of sales tax on services. The proceedings are held from time to time during the year but not finalized so far.

An audit observation notice is issued by an auditor of Sindh Revenue Board [‘SRB’] for tax periods from January 2018 to December 2018 in which the officer raised certain queries in respect of non-declaration of sales, failure to deposit Sindh withholding tax, input tax adjustment and documentary evidence of Sindh Sales Tax Withholding Tax. The proceedings are held from time to time during the period and required documentary evidence and reconciliations are submitted to concerned officer. The proceedings are not finalized so far.

Proceedings, under Rule 44(4) of the Income Tax Rules, 2002 for the FY 2014, 2015 and 2018 were initiated by the Assistant Commissioner Inland Revenue (ACIR), Large Taxpayer Unit, Karachi. For FY 2014 and FY 2015, the Bank had complied the aforesaid proceedings by submitting all the required reconciliations. There has been no further correspondence till date. For FY 2018, compliance of the proceeding is in progress and required reconciliations are submitted from time to time.

The tax audit proceedings under Section 177 of the Income Tax Ordinance, 2001 for FY 2014 were initiated by the Deputy Commissioner Inland Revenue (DCIR), Audit Unit-3, Large Taxpayer Unit, Karachi. The Bank had complied the proceedings by providing all the required data/ information along with supporting documents etc. There has been no further correspondence till date in this regard.

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

15.2 Commitments:

Note	September 30, 2021	December 31, 2020
	Rupees	Rupees
	Un-audited	Audited
15.2.1	73,650	-

Bank Guarantee

SELECTED NOTES TO THE CONDENSED INTERIM **FINANCIAL INFORMATION**

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15.2.1 This represents bank guarantee issued by the Bank during the period amounting to Rs.73,650. This guarantee will expire on June 14, 2022.

16 MARK-UP/RETURN/INTEREST EARNED	Nine Months Ended		Quarter Ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
	Rupees	Rupees	Rupees	Rupees
	-----Un-audited-----			
Mark-Up on Loans and Advances	2,102,206,973	1,973,499,349	718,350,504	671,842,237
Mark-Up on Deposit Accounts	330,613,969	464,370,844	100,156,991	135,104,614
Mark-Up on Investments in Government Securities	67,711,281	75,316,176	22,755,348	18,255,211
	2,500,532,223	2,513,186,369	841,262,843	825,202,062

17 CASH AND CASH EQUIVALENTS	September 30, 2021	September 30, 2020
	Rupees	Rupees
	Un-audited	
Cash and Balances with SBP and NBP	1,567,897,139	2,579,107,960
Balances With Other Banks/NBFIs/MFBs	5,200,654,370	6,591,625,339
	6,768,551,509	9,170,733,299

18 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 this condensed interim financial information are as under:

Nature of Relationship	Nature of Transactions	September 30, 2021	December 31, 2020
		Rupees	Rupees
		Un-audited	
Balances at period end:			Audited
Associated company	Deposits	240,525,107	146,393,251
	Share deposit money	350,390,285	963,015,274
	Insurance Claims Receivable	442,372,389	442,372,389
Key management personnel	Deposits	1,940,291	3,651,525
Directors / Sponsors / Shareholders	Deposits	3,727,158	1,873,015
	Share deposit money	-	83,199,911

Nature of Relationship	Nature of Transactions	September 30, 2021	September 30, 2020
		Rupees	Rupees
		Un-audited	
Transactions during the period:			Un-audited
Associated company	Deposits received	3,841,369,412	818,090,689
	Withdrawals	3,752,402,200	750,897,413
	Mark-up paid on deposits	3,938,120	1,115,742
	Share deposit money received	150,000,000	150,000,000
	Share issued against share deposit money	762,624,990	-
Key management personnel	Deposits received	78,722,976	80,427,798
	Withdrawals	80,442,382	77,656,873
	Mark-up paid on deposit	28,534	14,533
Directors / Sponsors / Shareholders	Deposits received	84,369,553	3,760,174
	Withdrawals	84,713,387	2,876,389
	Mark-up paid on deposits	42,886	67,616
	Share deposit money received	4,175,100	-
	Share issued against share deposit money	87,375,010	-
Staff Provident Fund	Contribution made during the period	18,031,220	16,093,997

SELECTED NOTES TO THE CONDENSED INTERIM **FINANCIAL INFORMATION**
FOR THE PERIOD ENDED SEPTEMBER 30, 2021

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

Name of Related Party	Nature of Relationship	Aggregate Percentage of Shareholding (%)
The United Insurance Company Of Pakistan Ltd	Associate	46.50%
United Track System (Pvt) Limited	Common Directorship	19.34%
Tawasul Healthcare Tpa (Private) Limited	Common Directorship	1.62%
United Software and Technologies International (Pvt.) Limited	Common Directorship	2.20%
Saudi Pak Insurance Company Limited	Common Directorship	1.97%
Tawasul Risk Management Services	Common Directorship	0.57%
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%

19 TAXATION

Current

The Bank has carried forward tax losses of Rs. 1,046.82 million (2020: Rs. 1,098.83 million) as at reporting date due to which no taxable income arises during the period. However, under section 113 "minimum tax on income of certain persons" of the Income Tax Ordinance, 2001, the Bank is required to make a provision for minimum taxation. Therefore, provision for minimum taxation amounting to Rs. 32.128 million (2020: Rs. 52.739 million) has been made.

Deferred tax

The management is expecting future taxable profits and has recognized deferred tax asset amounting to Rs. 552.605 million on the basis of financial projections indicating utilization of deferred tax asset against those future taxable profits. The financial projections involve certain key assumptions such as deposit composition, interest rates, decrease in cost of deposits and operational costs, growth of deposits and advances, investment returns and potential recoveries against non-performing loans. Any significant change in the key assumptions may have an effect on the utilization of the deferred tax asset.

20 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was approved and authorised for issue by the Board of Directors on **October 29, 2021**

21 GENERAL

21.1 No significant reclassification / rearrangement of the corresponding figures has been made.

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



Acting President / CEO



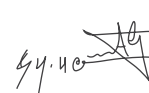
Chief Financial Officer



Chairman



Director



Director



Micro Finance
apna bank
Limited

Head Office:
23 - A, Sunderdas Road,
(Thandi Sarak) Zaman Park, Lahore.
Tel : +92 42-36362475-76
UAN : +92 42 111-771-772
Email : info@apnabank.com.pk
www.apnabank.com.pk

