

APNA MICROFINANCE BANK LIMITED

Un-audited Condensed Interim Financial Statements

For the Quarter Ended March 31, 2022

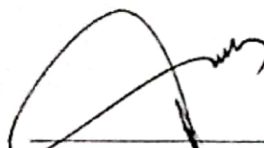
**APNA MICROFINANCE BANK LIMITED
CONDENSED INTERIM BALANCE SHEET
AS AT MARCH 31, 2022**

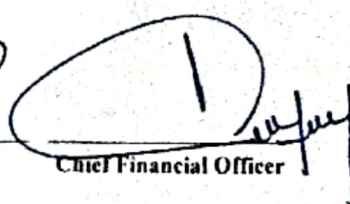
	Note	March 31, 2022	December 31, 2021
		Rupees	Rupees
		Un-audited	Audited
ASSETS			
Cash and Balances with SBP and NBP	6	1,335,825,993	1,586,619,423
Balances With Other Banks/NBFIs/MFBs	7	2,455,577,369	4,284,767,144
Investments - Net Of Provisions	8	1,183,503,321	1,259,859,259
Advances - Net Of Provisions	9	10,960,700,282	11,505,706,719
Operating Fixed Assets		959,952,074	976,219,982
Right of use assets		653,982,641	699,454,614
Other Assets	10	2,382,930,969	2,180,609,481
Deferred Tax Asset		1,448,610,177	1,283,481,934
Total Assets		21,381,082,826	23,776,718,556
LIABILITIES			
Deposits and other accounts	11	20,295,485,430	22,083,717,249
Borrowings	12	472,722	472,722
Lease liabilities		718,865,736	766,027,453
Other Liabilities		302,376,612	484,122,526
Total Liabilities		21,317,200,500	23,334,339,950
NET ASSETS		63,882,326	442,378,606
REPRESENTED BY:			
Share capital		4,289,849,620	4,289,849,620
Capital Reserve			
Discount on issue of shares		(1,335,963,831)	(1,335,963,831)
Share deposit money		350,390,276	350,390,276
Statutory reserve		22,078,496	22,078,496
Depositors' protection fund		5,519,624	5,519,624
Revenue Reserve			
Accumulated Loss		(3,267,991,859)	(2,889,495,579)
		63,882,326	442,378,606
Total Capital		63,882,326	442,378,606

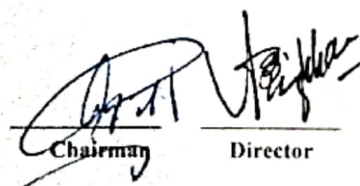
MEMORANDUM / OFF- BALANCE SHEET ITEMS


13

The annexed notes from 1 to 18 form an integral part of this condensed interim financial information.


President / CEO


Chief Financial Officer


Chairman


Director


Director

APNA MICROFINANCE BANK LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER ENDED MARCH 31, 2022

	Note	March 31, 2022	March 31, 2021
		Rupees	Rupees
			Re-stated
Mark-up/Return/Interest Earned	14	790,642,344	847,984,083
Mark-up/Return/Interest Expensed		(373,989,736)	(341,809,272)
Net mark-up/Interest Income		416,652,608	506,174,811
Provision against non-performing loans and advances	9.2.2	(493,122,249)	(31,471,238)
Recovery against bad debts written off		3,790	-
Bad debts written off directly		-	-
Net mark-up/Interest Income / (loss) after provisions		(493,118,459)	(31,471,238)
		(76,465,851)	474,703,573
NON MARK-UP/NON INTEREST INCOME			
Fee, Commission and Brokerage Income		28,033,801	21,986,657
Other Income		9,713,455	10,500,971
Total non mark-up/non interest Income		37,747,256	32,487,628
		(38,718,595)	507,191,201
NON MARK-UP/NON INTEREST EXPENSES			
Administrative expenses		(494,672,476)	(501,118,807)
Other charges		-	-
Total non mark-up/non interest expenses		(494,672,476)	(501,118,807)
		(533,391,071)	6,072,394
Extra ordinary/unusual items		-	-
PROFIT / (LOSS) BEFORE TAXATION		(533,391,071)	6,072,394
Taxation		(10,233,452)	(13,049,561)
- Current		-	-
- Prior years		-	-
- Deferred		165,128,243	9,814,755
		154,894,791	(3,234,806)
PROFIT/(LOSS) AFTER TAXATION		(378,496,280)	2,837,588
Unappropriated Profit / (Loss) brought forward		(2,889,495,579)	(958,524,235)
Profit available for appropriation / (loss)		(3,267,991,859)	(955,686,647)
APPROPRIATIONS:			
Transfer to:			
Statutory Reserve		-	-
Capital Reserve		-	-
Contribution to MSDF/ DPF/ RMF		-	-
Revenue Reserve		-	-
Proposed Cash dividend Rs. Nil per share (2021: Rs. Nil per share)		-	-
Others		-	-
		-	-
Unappropriated Profit / (Loss) carried forward		(3,267,991,859)	(955,686,647)
Earnings / (Loss) per share-Basic & Diluted		(0.882)	0.008

The annexed notes from 1 to 18 form an integral part of this condensed interim financial information.


 President / CEO


 Chief Financial Officer


 Chairman



 Director


 Director

**APNA MICROFINANCE BANK LIMITED
 CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME - (UN-AUDITED)
 FOR THE QUARTER ENDED MARCH 31, 2022**

	March 31, 2022	March 31, 2021
	Rupees	Rupees Re-stated
PROFIT / (LOSS) AFTER TAXATION	(378,496,280)	2,837,588
Other comprehensive income / (loss):		
Items that will not be reclassified to the profit and loss account	-	-
Items that may subsequently be reclassified to the profit and loss account	-	-
	-	-
Comprehensive income/(loss) transferred to equity	(378,496,280)	2,837,588
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	(378,496,280)	2,837,588

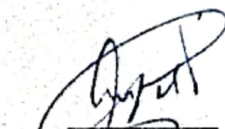
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 President / CEO



 Chief Financial Officer



 Chairman



 Director



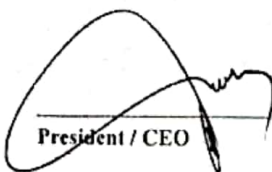
 Director

APNA MICROFINANCE BANK LIMITED
 CONDENSED INTERIM CASH FLOW STATEMENT - (UN-AUDITED)
 FOR THE QUARTER ENDED MARCH 31, 2022

Note	March 31, 2022	March 31, 2021
	Rupees	Rupees Re-stated
CASH FLOW FROM OPERATING ACTIVITIES		
Profit / (loss) before taxation	(533,391,071)	6,072,394
Adjustments for non-cash charges		
Depreciation of operating fixed assets	24,870,838	17,850,101
Amortization of intangibles	2,129,943	2,457,982
Depreciation on right of use assets	45,471,973	47,724,999
Amortization of deferred grants	-	(62,046)
Provision against non-performing advances	493,122,249	31,471,238
	565,595,003	99,442,274
Operating cash flow before working capital changes	32,203,932	105,514,668
Changes in working capital		
(Increase)/Decrease in operating assets		
Advances	51,884,188	(419,792,153)
Other assets	(212,554,940)	(278,287,578)
	(160,670,752)	(698,079,731)
Increase / (Decrease) in operating liabilities		
Deposits	(1,788,231,819)	(6,528,594,217)
Other Liabilities	(181,745,914)	67,566,717
	(1,969,977,733)	(6,461,027,500)
CASH GENERATED FROM OPERATIONS	(2,098,444,553)	(7,053,592,563)
Net cash flow from operating activities	(2,098,444,553)	(7,053,592,563)
CASH FLOW FROM INVESTING ACTIVITIES		
Net investments in held to maturity securities	76,355,938	564,628,277
Repayment of lease liabilities	(47,161,717)	(41,236,061)
Investments in operating fixed assets	(10,732,873)	(18,593,414)
Net cash flow from investing activities	18,461,348	504,798,802
CASH FLOW FROM FINANCING ACTIVITIES		
Share deposit money	-	150,000,000
Borrowings-net	-	(864,861)
Net cash flow from financing activities	-	149,135,139
Increase / (Decrease) in cash and cash equivalents	(2,079,983,205)	(6,399,658,622)
Cash and cash equivalents at the beginning of the period	5,871,386,567	11,899,769,788
Cash and cash equivalents at the end of the period	3,791,403,362	5,500,111,166

15

The annexed notes from 1 to 18 form an integral part of this condensed interim financial information.


 President / CEO


 Chief Financial Officer


 Chairman


 Director


 Director

APNA MICROFINANCE BANK LIMITED
 CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
 FOR THE QUARTER ENDED MARCH 31, 2022

	Share Capital	Discount On Issue Of Shares	Share Deposit Money	Statutory Reserve	Depositors' Protection Fund	Unappropriated Loss	Total
	-----Rupess-----						
Balance as at January 01, 2021_restated	3,439,849,620	(1,335,963,831)	1,046,215,185	22,078,496	5,519,624	(958,524,235)	2,219,174,859
Comprehensive income / (loss) for the period							
Profit after taxation	-	-	-	-	-	7,444,734	7,444,734
Effect of correction of error IFRS-16	-	-	-	-	-	(4,607,146)	(4,607,146)
Other comprehensive income / (loss)	-	-	-	-	-	-	-
Total comprehensive income / (loss) for the period	-	-	-	-	-	2,837,588	2,837,588
Transactions with owners directly recorded in equity							
Share deposit money received during the period	-	-	150,000,000	-	-	-	150,000,000
Share issued against share deposit money	-	-	-	-	-	-	-
Discount on issue of share	-	-	-	-	-	-	-
	-	-	150,000,000	-	-	-	150,000,000
Balance as at March 31, 2021	3,439,849,620	(1,335,963,831)	1,196,215,185	22,078,496	5,519,624	(955,686,647)	2,372,012,447
Comprehensive income / (loss) for the period							
Profit after taxation	-	-	-	-	-	(1,931,160,413)	(1,931,160,413)
Effect of correction of error IFRS-16	-	-	-	-	-	(2,648,519)	(2,648,519)
Other comprehensive income / (loss)	-	-	-	-	-	-	-
Total comprehensive income / (loss) for the period	-	-	-	-	-	(1,933,808,932)	(1,933,808,932)
Transactions with owners directly recorded in equity							
Share deposit money received during the period	-	-	4,175,091	-	-	-	4,175,091
Share issued against share deposit money	850,000,000	-	(850,000,000)	-	-	-	-
Discount on issue of share	-	-	-	-	-	-	-
	850,000,000	-	(845,824,909)	-	-	-	4,175,091
Balance as at December 31, 2021 - Audited	4,289,849,620	(1,335,963,831)	350,390,276	22,078,496	5,519,624	(2,889,495,579)	442,378,606
Comprehensive income / (loss) for the period							
Profit after taxation	-	-	-	-	-	(378,496,280)	(378,496,280)
Other comprehensive income / (loss)	-	-	-	-	-	-	-
Total comprehensive income / (loss) for the period	-	-	-	-	-	(378,496,280)	(378,496,280)
Transactions with owners directly recorded in equity							
Share deposit money received during the period	-	-	-	-	-	-	-
Share issued against share deposit money	-	-	-	-	-	-	-
Discount on issue of share	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
Balance as at March 31, 2022 - Un-audited	4,289,849,620	(1,335,963,831)	350,390,276	22,078,496	5,519,624	(3,267,991,859)	63,882,326


The annexed notes from 1 to 18 form an integral part of this condensed interim financial information.


 President / CEO


 Chief Financial Officer


 Chairman


 Director


 Director

APNA MICROFINANCE BANK LIMITED
SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE QUARTER ENDED MARCH 31, 2022

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 118 business locations comprising of 116 branches and 2 service centers (2021: 118 business locations comprising of 116 branches and 2 service centers) in operation. Its registered office is situated at K-4/3 and 4/4, Ch. Khaliq-uz-Zaman Road, Gizri, Karachi in the Province of Sindh and its head office is situated at 23 - A, Sundar Das Road, Zaman Park, Lahore, in the Province of Punjab.
- 1.2** The bank has incurred loss for the year amounting to Rs. 378.496 million and as at period end, its accumulated loss was Rs. 3,267.991 million. The Bank is facing problems in recovery of unsecured non performing advances which includes non-performing advances of Rs. 2,959.59 million against which provision will be made in a phased manner (Note 9.2). The Bank was non-compliant with Minimum Capital Requirements (MCR) and Capital Adequacy Ratio (CAR) requirements of Prudential Regulations for Microfinance Banks, 2014. There has been material uncertainty related to events and conditions which may cast significant doubt about the Bank's ability to continue as a going concern and, therefore the Bank may not be able to realize its assets and discharge its liabilities in the normal course of business.

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

- a. The Sponsors are injecting capital and will inject further capital in the ensuing years. The bank has share deposit money of Rs. 350.39 million (2021: 350.39 million) against which shares will be issued in due course. Further capital will be injected by current sponsors / potential sponsors (with whom negotiations are already in process) subject to approval of State Bank of Pakistan (SBP). Injection of further capital will help address the issue of compliance with MCR and CAR. The sponsors have undertaken to continue their support to the Bank.
- b. The Bank is putting efforts to recover the non-performing advances and is hopeful that these advances will be recovered substantially. The delay in recovery of non-performing advances is owing to the adverse economic conditions post Covid-19 which are beyond the control of the borrowers. Non-performing advances of Rs. 613 million have been recovered in year-2021 and non-performing of Rs. 236 million have been recovered by the Bank subsequently. Recovery of the classified portfolio will result in improvement of the financial position of the Bank in the ensuing years.
- c. The Bank is converting its advances portfolio from unsecured to secured portfolio which is reflected in Note to the financial statements. The Bank is utilising the proceeds of further issue of capital and recovery of non-performing advances to enhance its secured portfolio by advancing more secured advances to increase its income and profitability.
- d. The management of the Bank is also making efforts to limit its administrative and operating expenses without, however, effecting the operational efficiency of the Bank.

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

APNA MICROFINANCE BANK LIMITED
SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE QUARTER ENDED MARCH 31, 2022

2 BASIS OF PRESENTATION

2.1 Statement of compliance

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

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

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

Accordingly, this condensed interim financial information should be read in conjunction with the annual audited published financial statements of the Bank for the year ended December 31, 2021.

2.2 Basis of measurement

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

3 FUNCTIONAL AND PRESENTATION CURRENCY

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

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

During preparation of this condensed interim financial information, the significant judgments made by the management in applying the Bank's accounting policies and the key sources of estimation and uncertainty were the same as those that applied in the preceding audited annual published financial statements of the Bank for the year ended December 31, 2021.

5 ACCOUNTING POLICIES AND COMPUTATION METHODS

The accounting policies and the methods of computation adopted in preparation of this condensed interim financial information are the same as those applied in the preparation of the annual audited published financial statements for the year ended December 31, 2021.

APNA MICROFINANCE BANK LIMITED
 SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
 FOR THE QUARTER ENDED MARCH 31, 2022

6 CASH AND BALANCES WITH SBP AND NBP	Note	March 31, 2022	December 31, 2021
		Rupees	Rupees
		Un-audited	Audited
Cash in hand - local currency		515,276,594	623,895,818
Balance with State Bank of Pakistan	6.1	723,559,770	701,257,484
Balance with National Bank of Pakistan in:			
Current Account		66,080,554	216,031,224
Deposit Account	6.2	30,909,075	45,434,897
		<u>1,335,825,993</u>	<u>1,586,619,423</u>

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

6.2 This carries mark-up rate at 8.25% per annum (2021: 7.25%).

7 BALANCES WITH OTHER BANKS/NBFIs/MFBs	Note	March 31, 2022	December 31, 2021
		Rupees	Rupees
		Un-audited	Audited
In Pakistan			
- In current accounts		24,985,277	37,016,276
- In deposit accounts	7.1	1,830,592,092	3,847,750,868
- Certificates of deposits	7.2	600,000,000	400,000,000
		<u>2,455,577,369</u>	<u>4,284,767,144</u>

7.1 These carry mark-up rates ranging from 7.25% to 11.50% per annum (2021: 7.25% to 11.50% per annum).

7.2 These represent placement with different financial institutions carrying mark-up ranging from 7.90% to 12% per annum (2021: 7.90% to 11.75% per annum). Their maturity ranges from three months to one year from the date of placement.

8 INVESTMENTS - NET OF PROVISIONS	Note	March 31, 2022	December 31, 2021
		Rupees	Rupees
		Un-audited	Audited
Federal Govt. Securities:			
- Market Treasury Bills - (Held to maturity)	8.1	1,083,583,321	1,159,939,259
Silk Bank Limited - Term Finance Certificate (TFC's) - (Held to maturity)	8.2	99,920,000	99,920,000
		<u>1,183,503,321</u>	<u>1,259,859,259</u>

8.1 This represents T-Bills issued for periods of three to twelve months having maturities ranging from April 21, 2022 to August 25, 2022. These carry yields ranging from 10.15% to 11.78% per annum (2021: 7.38% to 10.33% per annum). These securities have an aggregate face value of Rs. 1,110 million. (2021: Rs. 1,170 million).

8.2 This represents investment in 20,000 units in TFC's issued by Silk Bank Limited. The investment will mature on August 10, 2025. It carries mark-up at the rate of 6 months KIBOR plus 1.85% per annum (2021: 6 months KIBOR plus 1.85% per annum).

9 ADVANCES - NET OF PROVISIONS	Note	March 31, 2022		December 31, 2021	
		No. of Loans Outstanding	Rupees	No. of Loans Outstanding	Rupees
		Un-audited		Audited	
Micro credits	9.1	116,266	11,945,909,318	118,474	11,997,793,506
Less: Provision held:					
- Specific	9.2		817,650,288		324,528,039
- General			167,558,748		167,558,748
			985,209,036		492,086,787
Advances - Net Of Provisions			<u>10,960,700,282</u>		<u>11,505,706,719</u>

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

	Note	March 31, 2022	December 31, 2021
		Rupees	Rupees
		Un-audited	Audited
Secured		5,882,620,890	5,797,887,370
Unsecured	9.1.1	6,063,288,428	6,199,906,136
		<u>11,945,909,318</u>	<u>11,997,793,506</u>

9.1.1 Advances are secured by personal guarantees and advances amounting to Rs. 3,213,955 million (2021: Rs. 3,059.47 million) are further secured against gold.

APNA MICROFINANCE BANK LIMITED
 SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
 FOR THE QUARTER ENDED MARCH 31, 2022

9.2 Particulars of non-performing advances

Specific non-performing advances
 Other non-performing advances

Note	March 31, 2022	December 31, 2021
	Rupees	Rupees
	Un-audited	Audited
9.2.1	1,154,467,162	639,732,919
	2,959,586,169	3,459,183,047
	<u>4,114,053,331</u>	<u>4,098,915,966</u>

9.2.1 Particulars of non-performing advances

Category of Classification	March 31, 2022			December 31, 2021		
	Principal Amount Outstanding	Provision Required	Provision Held	Principal Amount Outstanding	Provision Required	Provision Held
	----- Rupees -----			----- Rupees -----		
	----- Un-audited -----			----- Audited -----		
OAEM	153,178,191	-	-	167,846,037	-	-
Sub-standard	95,805,860	23,951,465	23,951,465	82,276,228	20,488,184	20,488,184
Doubtful	225,856,866	112,928,433	112,928,433	167,872,331	83,526,401	83,526,401
Loss	679,626,245	680,770,390	680,770,390	221,738,323	220,513,454	220,513,454
	<u>1,154,467,162</u>	<u>817,650,288</u>	<u>817,650,288</u>	<u>639,732,919</u>	<u>324,528,039</u>	<u>324,528,039</u>

9.2.2 Particulars of provision against non-performing advances

	March 31, 2022			December 31, 2021		
	Specific	General	Total	Specific	General	Total
	----- Rupees -----			----- Rupees -----		
	----- Un-audited -----			----- Audited -----		
Opening balance	324,528,039	167,558,748	492,086,787	217,095,021	167,558,748	384,653,769
Charge/ (reversal) for the period	493,122,249	-	493,122,249	107,433,018	-	107,433,018
Closing balance	<u>817,650,288</u>	<u>167,558,748</u>	<u>985,209,036</u>	<u>324,528,039</u>	<u>167,558,748</u>	<u>492,086,787</u>

10

OTHER ASSETS	Note	March 31, 2022	December 31, 2021
		Rupees	Rupees
		Un-audited	Audited
Income / Mark-up Accrued		1,299,902,664	990,053,921
Advances to Staff		184,591,733	185,062,677
Advances and Prepayments		209,314,381	324,906,545
Advance Income Tax - Net of Provision		196,705,114	189,302,881
Security Deposits		37,131,920	37,131,920
Inter Banks ATM Settlement account		12,912,768	11,779,148
Insurance Claim's Receivable		442,372,389	442,372,389
		<u>2,382,930,969</u>	<u>2,180,609,481</u>

APNA MICROFINANCE BANK LIMITED
SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE QUARTER ENDED MARCH 31, 2022

11 DEPOSITS AND OTHER ACCOUNTS

Note	March 31, 2022		December 31, 2021	
	No. of accounts	Rupees	No. of accounts	Rupees
	-----Un-audited-----		-----Audited-----	
Time liabilities				
Fixed Deposits (Deals)	11.1	6,648 7,264,806,716	7,297	7,267,908,020
Demand liabilities				
Saving Deposits	11.2	31,370 10,329,141,690	31,005	11,564,405,616
Current Deposits		404,206 2,791,537,024	399,347	3,251,403,613
		435,576 13,030,678,714	430,352	14,815,809,229
	11.3	442,224 20,295,485,430	437,649	22,083,717,249

11.1 These represent deposits received from customers ranging from 1 month to 5 years. These carry interest rates ranging from 5.25% to 17.25% per annum (2021: 4.75% to 15.5% per annum)

11.2 These carry interest rates ranging from 3% to 13% per annum (2021: 3% to 5.75% per annum)

11.3 Particulars of deposits by ownership

	March 31, 2022		December 31, 2021	
	No. of accounts	Rupees	No. of accounts	Rupees
	-----Un-audited-----		-----Audited-----	
Individual Depositors	441,113	15,428,511,558	436,629	16,765,080,170
Institutional Depositors				
- Corporation / Firm	1,097	4,606,453,435	1,007	5,224,560,997
- Banks & Financial Institutions	14	260,520,437	13	94,076,082
	1,111	4,866,973,872	1,020	5,318,637,079
	442,224	20,295,485,430	437,649	22,083,717,249

12 BORROWINGS

Note	March 31, 2022	December 31, 2021
	Rupees	Rupees
	Un-audited	Audited

Demand Finance

472,722

472,722

12.1 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.

13 MEMORANDUM / OFF- BALANCE SHEET ITEMS

13.1 Contingencies:

- Proceedings for Financial Years (FY) 2016, 2017, and 2018 were initiated by Additional Commissioner (Enforcement-IV) of Punjab Revenue Authority ["PRA"] regarding alleged inadmissible input tax credit claimed without apportionment a same between taxable and non-taxable service. The Bank responded to the notices as per the Bank contention. The said commissioner passed impugned orders for relevant financial years by raising unjustified demand of Rs. 80.3 million (2020: Rs. 80.3 million) in respect of disallowed input tax. Being aggrieved from the said orders, the Bank filed appeal against the orders to Commissioner (Appeals) of PRA. For FY 2016 the impugned order is upheld by Commissioner (Appeal) and the Bank has filed appeal before honorable PRA Appellate Tribunal. The hearings for FY 2017 and 2018 are still pending before Commissioner (Appeals).
- Proceedings, as per provisions of Punjab Sales Tax on Services (Withholding) Rules, 2015 for tax period January, 2016 to December, 2016 for non-deduction of Punjab Sales Tax, were initiated by The Additional Commissioner, Enforcement-II, PRA. Recovery notice was issued from the same office indicating that order had been passed by the Commissioner HQ, PRA wherein the impugned demand of Rs. 18.4 million was raised on account of alleged default of withholding of Punjab Sales Tax on Services against which the bank filed appeal before Honorable PRA Appellate Tribunal. The honorable tribunal has passed its judgement in which the impugned order passed by Commissioner HQ PRA is set aside and the matter is referred back to the officer concerned having jurisdiction for decision afresh. Now the proceedings are in progress at commissioner PRA forum.
- A show cause notice was issued to bank by Assistant Commissioner (Unit-09) of Sindh Revenue Board ["SRB"] in which the bank was confronted that it has claimed inadmissible input tax credit during the tax periods from January 2012 to December 2015 in terms applicable Sindh Sales Tax Act 2011. Further, it is also alleged that the Bank has short deducted / not deducted of sales tax on services. The amount demanded in the said order was Rs. 5.8 million (2020: Rs. 5.8 million). The proceedings are held from time to time during the year and impugned order is passed by the officer against which the bank has filed an appeal at SRB Commissioner (Appeals) forum.

In respect of above tax cases, based upon advise of its tax consultants, management expects favorable outcomes and is confident that significant outflow of economic resources will not be required, as a result of final decisions.

13.2 Commitments:

Note	March 31, 2022	December 31, 2021
	Rupees	Rupees
	Un-audited	Audited

Bank Guarantee Issued on behalf of

The United Insurance Company of Pakistan Limited
in favour of Lahore Waste Management Company.

73,650

73,650

APNA MICROFINANCE BANK LIMITED
 SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
 FOR THE QUARTER ENDED MARCH 31, 2022

14 MARK-UP/RETURN/INTEREST EARNED

	March 31, 2022	March-31, 2021
	Rupees	Rupees
	Un-audited	Un-Audited
Mark-Up on Loans and Advances	695,353,841	674,564,330
Mark-Up on Deposit Accounts	68,838,516	147,803,595
Mark-Up on Investments in Government Securities	26,449,987	25,616,158
	<u>790,642,344</u>	<u>847,984,083</u>

15 CASH AND CASH EQUIVALENTS

	March 31, 2022	March-31, 2021
	Rupees	Rupees
	Un-audited	Un-Audited
Cash and Balances with SBP and NBP	1,335,825,993	1,346,061,788
Balances With Other Banks/NBFIs/MFBs	2,455,577,369	4,154,049,378
	<u>3,791,403,362</u>	<u>5,500,111,166</u>

16 TRANSACTION AND BALANCES WITH RELATED PARTIES

Related parties of the Bank comprise of Chief Executive Officer, Directors and their close family members, entities under common control, staff retirement benefits fund, key management personnel, entities with common directors, and major shareholders of the Bank. The details of transactions and balances with related parties other than those disclosed elsewhere in these financial statements are as under:

Nature of Relationship	Nature of Transactions	March 31, 2022	December 31, 2021
		Rupees	Rupees
		Un-audited	Audited

Balances at period end:

Associated company	Nature of Transactions	March 31, 2022	December 31, 2021
		Rupees	Rupees
		Un-audited	Audited
Associated company	Deposits	88,326,424	253,725,829
	Share deposit money	350,390,276	350,390,276
	Insurance Claim Receivable	442,372,389	442,372,389
Key management personnel	Deposits	941,260	2,280,077
Directors / sponsors / shareholders	Deposits	2,335,421	5,433,003

Transactions during the period:

	Nature of Transactions	March 31, 2022	March 31, 2021
		Rupees	Rupees
		Un-audited	Un-audited
Associated company	Deposits received	1,534,817,053	959,603,457
	Withdrawals	1,716,014,438	998,820,917
	Mark-up paid on deposits	14,342,482	3,085,595
Key management personnel	Deposits received	23,803,814	31,725,506
	Withdrawals	24,696,543	34,167,545
	Mark-up paid on deposits	5,175	15,585
Directors / sponsors / shareholders	Deposits received	19,840,136	15,865,053
	Withdrawals	22,957,326	15,107,205
	Mark-up paid on deposits	8,231	21,858
Staff Provident Fund	Contribution made during the period	5,553,259	5,697,968

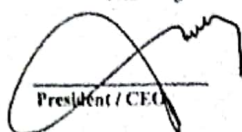
17 DATE OF AUTHORIZATION FOR ISSUE

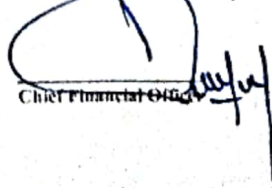
This condensed interim financial information was approved and authorised for issue on by the board of Directors of the Bank

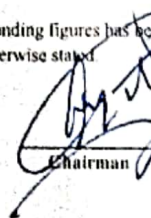
18 GENERAL

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

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


 President / CEO


 Chief Financial Officer


 Chairman


 Director


 Director

Directors' Reviews

The Directors of the Apna Microfinance Bank Limited (hereinafter referred to as 'the Bank') are pleased to present the Un-audited Condensed Interim Financial Information of the Bank for the quarter end March 31st, 2022.

Economic Overview:

Pakistan's economy remained under severe stress during the first quarter of 2022. The USD/PKR parity start depreciated significantly in first quarter of year 2022, while domestic food prices and fuel and energy prices increased sharply. The KSE-100 index was also impacted by the current economic crisis but remained relatively resilient as against on 31 December 2021.

The geographical uncertainty, arising out of the Russia-Ukraine conflict, has amplified macroeconomic imbalance and global commodity prices have increased substantially. For Pakistan's economy, the main impact will be on Current Account Deficit (CAD) and inflation. These geopolitical tensions along with domestic political conditions can hamper the positive outlook for Pakistan's economy and may also aggravate the macroeconomic imbalances.

The State Bank of Pakistan (SBP) kept the policy rate unchanged at 9.75% during the first quarter of 2022. However, the SBP in its emergency meeting held on April 07, 2022 raised the policy rate by 2.50% to 12.25% and till issuance of condensed interim financial statements it raise to 15%.

Principal Activity and Financial Performance

The Bank was incorporated as a public limited bank and its shares are listed on Pakistan Stock Exchange Limited. The Bank's principal business is to provide microfinance banking and related services to the poor and underserved segment of the society with a view to alleviate poverty under the Microfinance Institutions Ordinance, 2001.

The financial performance of the Bank during the quarter end March 31st, 2022 is as follows;

Particular's	March 31 st , 2022	December 31 st , 2021	%
	Un-audited	Audited	Change
Advances net of provision	10,960,700,282	11,505,706,719	-5%
Deposits and other accounts	20,295,485,430	22,083,717,249	-8%
	March 31 st , 2022	March 31 st , 2021	%
	Un-audited	Un-audited	Change
Mark-up/return/interest earned	790,642,344	847,984,083	-7%
Mark-up/return/interest expenses	(373,989,736)	(341,809,272)	9%
Administrative expenses	(494,672,476)	(501,118,807)	-1%
Profit/(loss) after taxation	(378,496,280)	2,837,588	-13439%

The Bank posted loss before tax PKR. 533.591 million and loss after tax PKR 378.496 million in the current period as compared to a profit of PKR 2.837 million in corresponding period. The equity (net of losses) of the Bank has stood at PKR 63.882 million and the total assets stood at PKR 21,381.082 million as at March 31st, 2022. The loss per share for the period ended March 31st, 2022 is PKR (0.882) as compared to earnings per share of PKR 0.008 in the corresponding period.

The deposits of the Bank settled at PKR 20,295.485 million whereas with a slight decrease from the year end 2021, advances-net of provision stood at PKR 10,960.700 million. Investments were at PKR 1,183.503 million.

The Bank has made fresh lending of approx. PKR 1,373.824 million to 8,970 new customers during the current quarter. The Bank recorded the additional provision expense of PKR 493.122 million against a gross loan portfolio of PKR 11,945.909 million in current quarter. Whereas, the provision of PKR 31.471 million was recorded against the portfolio of PKR 10,924.365 million in corresponding period.

Non-performing loans were PKR. 1,154.467 million on March 31, 2022 as against PKR. 639.732 million on December 31, 2021. The Bank's gross NPL ratio (Gross non-performing loans to Gross Advances) as of March 31, 2022 stood at 9.66% as against 5.33% on December 31, 2021. The major factor attributable to the current period losses is the provisioning of PKR. 493.122 million against our advance portfolio/assets recognized during the period. The Bank's revenue was decreasing due to the deteriorating health of the bank's advance portfolio. As the Quality of advance was getting affected due to Non-Performing loans (NPL's) during COVID 19 period.

At the quarter end, the Bank's gross advances to deposits ratio stands at 58.86% as compared to 54.33% on December 31, 2021.

The Bank's administrative expenses remained well-contained as they decreased by 1% as compared to the previous period, recorded at PKR. 494.672 million during first quarter of 2022.

As at March 31, 2022, the Bank has recognized further deferred tax asset (net) of PKR. 165.128 million as compared to corresponding period PKR 9.814 million.

Future Outlook

The bank has incurred loss for the period amounting to PKR. 378.496 million and its accumulated loss was stood at PKR.3,267.991 million. The Bank is facing problems in recovery of unsecured non-performing advances which includes non-performing advances of PKR. 2,959.586 million against which provision will be made in a phased manner.

The Bank was non-compliant with Minimum Capital Requirements (MCR) and Capital Adequacy Ratio (CAR) requirements of Prudential Regulations for Microfinance Banks, 2014. There has been material uncertainty related to events and conditions which may cast significant doubt about the Bank's ability to continue as a going concern and, therefore the Bank may not be able to realize its assets and discharge its liabilities in the normal course of business.

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

- The Sponsors are injecting capital and will inject further capital in the ensuing years. The bank has share deposit money of PKR. 350.39 million (2021: PKR 350.39 million) against which shares will be issued in due course. Further capital will be injected by current sponsors / potential sponsors (with whom negotiations are already in process) subject to approval of State Bank of Pakistan (SBP). Injection of further capital will help address the issue of compliance with MCR and CAR. The sponsors have undertaken to continue their support to the Bank.
- The Bank is putting efforts to recover the non-performing advances and is hopeful that these advances will be recovered substantially. The delay in recovery of non-performing advances is owing to the adverse economic conditions post Covid-19 which are beyond the control of the borrowers. Non-performing advances of PKR. 613 million have been recovered during the previous year and non-performing of PKR. 236 million have been recovered by the Bank subsequently till July-2022. Recovery of the classified portfolio will result in improvement of the financial position of the Bank in the ensuing years.

- The Bank is converting its advances portfolio from unsecured to secured portfolio. The Bank is utilizing the proceeds of further issue of capital and recovery of non-performing advances to enhance its secured portfolio by advancing more secured advances to increase its income and profitability.
- The management of the Bank is also making efforts to limit its administrative and operating expenses without, however, effecting the operational efficiency of the Bank.

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

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

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

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

The Bank’s Capital Adequacy Ratio (CAR), as also referred in Note no 1.2 to the condensed interim financial statements for the quarter end March 31st, 2022, is not in compliance with the requirements of Prudential Regulation for MFB’s. However, the sponsors are committed to filling the CAR shortage soon.

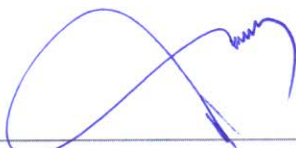
Credit Rating

The long-term rating of the Bank is “BBB+” (Triple B plus) and the short-term rating is “A3” (A Three) with a “Negative” future outlook as determined by The Pakistan Credit Rating Agency Ltd. (PACRA) in their statement issued on April 30, 2022.

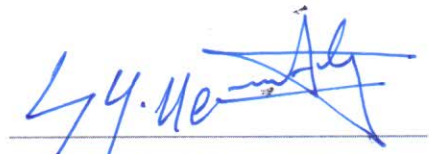
Acknowledgement

We would also like to express our gratitude to the State Bank of Pakistan (SBP), the Securities and Exchange Commission of Pakistan (SECP) and the Pakistan Stock Exchange (PSX) for their continued guidance and support. We especially offer our sincere appreciation to the management of the State Bank of Pakistan for the co-operation extended to the Bank during this demanding phase. We duly acknowledge that SBP’s constant support and enlightened guidelines that provided us with a reason to rethink about the future of this potential organization.

On behalf of the Board of Directors



Wajahat Malik
President/Chief Executive Officer



Syed Rahat Ali Shah
Director

Date: August 31, 2022
Lahore