

Un-Audited Interim Condensed  
**Financial Statements**  
for the Half Year Ended June 30, 2018



Micro Finance  
**apna bank**  
Limited

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# CORPORATE INFORMATION

## BOARD OF DIRECTORS

Mr. Muhammad Akram Shahid  
Chairman

Mr. Qamar-uz-Zaman

Directors

Mr. Muhammad Azam Cheema  
Directors

Mr. Imad Mohammad Tahir  
Directors

Mr. Muhammad Saleem Shaikh  
Directors

Syed Rahat Ali Shah  
Directors

Mr. Muhammad Asghar  
Directors

Mr. Imam Bukhsh Baloch  
Directors

## PRESIDENT / CHIEF EXECUTIVE

Mr. Muhammad Gulistan Malik

## COMPANY SECRETARY

Mr. Rafat Abbas

## CHIEF FINANCIAL OFFICER

Mr. Ali Murtza

## BOARD COMMITTEES

### AUDIT COMMITTEE OF THE BOARD

Mr. Imam Bukhsh Baloch  
Chairman

Mr. Muhammad Asghar  
Member

Mr. Imad Mohammad Tahir  
Member

Mr. Muhammad Saleem Shaikh  
Member

Syed Rahat Ali Shah  
Member

### EXECUTIVE COMMITTEE OF THE BOARD

Mr. Muhammad Akram Shahid  
Chairman

Mr. Qamar uz Zaman  
Member

Mr. Muhammad Asghar  
Member

Syed Rahat Ali Shah  
Member

Mr. Muhammad Azam Cheema  
Member

### HUMAN RESOURCE & REMUNERATION COMMITTEE

Mr. Imad Mohammad Tahir  
Chairman

Mr. Muhammad Akram Shahid  
Member

Mr. Imam Bukhsh Baloch  
Member

Syed Rahat Ali Shah  
Member

Mr. Muhammad Saleem Shaikh  
Member

### RISK MANAGEMENT COMMITTEE OF THE BOARD

Mr. Muhammad Asghar  
Chairman

Mr. Muhammad Akram Shahid  
Member

Mr. Muhammad Azam Cheema  
Member

Syed Rahat Ali Shah  
Member

Mr. Imam Bukhsh Baloch  
Member

## AUDITORS

Ilyas Saeed &Co.  
Chartered Accountants

## TAX/LEGAL ADVISOR

### RAMDAYS

Advocates & Corporate  
Consultants Lahore

## 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](http://www.apnabank.com.pk)

## HEAD OFFICE

23-A, Sundar Das Road, Zaman Park  
Lahore .  
Tel: +92 42 363 62475 -76  
UAN: +92 42 111 771 772  
Website: [www.apnabank.com.pk](http://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  
E-Mail: [fdregistrar@yahoo.com](mailto:fdregistrar@yahoo.com)

## BANKERS

Bank Islami Limited  
Sindh Bank Limited  
Faysal Bank Limited  
Bank AlHabib Limited  
Bank Al -Falah Limited  
Summit Bank Limited  
Zarai Taraqiati Bank Limited  
JS Bank Limited  
Silk Bank Limited  
Allied Bank Limited  
Dubai Islamic Bank Limited  
Soneri Bank Limited  
MCB Bank Limited  
Tameer Microfinance Bank Limited  
FINCA Microfinance Bank Limited  
NRSP Microfinance Bank Limited  
Habib Metropolitan Bank Limited  
National Bank of Pakistan Limited  
Habib Bank Limited  
The Bank of Punjab Limited  
U Microfinance Bank Limited  
AL Baraka Bank Pakistan Limited  
Mobilink Microfinance Bank Limited

## Directors' Report

On behalf of the Board of Directors, I am pleased to present the reviewed Condensed Interim Financial Information of the Bank for the half year ended June 30, 2018.

### Operational and Financial Review

Particulars	June 30, 2018	Dec 31, 2017	%
	Un-audited	Audited	Change
Advances-net of provision	7,447,467,498	4,797,740,650	55%
Deposits and other accounts	14,526,096,217	12,528,727,169	16%

Particulars	June 30, 2018	June 30, 2017	%
	Un-audited	Un-audited	Change
Mark-up/return/interest earned	938,841,705	820,391,433	14%
Mark-up/return/interest expenses	(357,156,255)	(402,180,054)	-11%
Administrative expenses	(763,294,421)	(637,221,289)	20%
Profit/(loss) after taxation	32,369,747	(250,022,296)	-113%

During the half year ended June 30, 2018, the Bank posted a profit after tax amounting to PKR 32.369 million as compared to a loss of PKR 250.022 million for previous comparable period. The equity (net of losses) of the Bank stood at PKR 1,047.457 million and the total assets have grown to PKR 15,932.978 million from PKR 13,983.590 million as at December 31, 2017. The earning per share for the half year ended June 30, 2018 is PKR 0.01 as compared to a loss per share of PKR (1.14) in the corresponding period.

During the previous year, the management has devised and successfully implemented new strategies to reduce the provision of bank's old portfolio. As a result, the bank recorded a provision expense of PKR 20.619 million in current period in comparison to PKR 192.091 million in corresponding period. Further the management has also rationalize their cost over the deposits through attracting low cost deposits and by improving CASA which ultimately contributed towards the positive results for the half year ended June 30, 2018.

We continue to strengthen our presence in the market place. As of June 30, 2018, we operate through 123 business locations comprising of 116 branches and 7 service centers nationwide and aim to upgrade our branch infrastructure to provide a better customer experience to our valued clients.

### Future Outlook

We will continue to strive for the betterment of our revamped credit and information system to ensure transparency in bank's lending system.

Further, the Bank is fully geared to capitalize the business opportunities which are present in the market. We are in the process of introducing Islamic banking and branchless banking in near future and these new services will not only enhance the goodwill of the bank but will increase the outreach of the bank and will also serve as tools for income diversification as well.

The Bank's Capital Adequacy Ratio (CAR), as also referred in Note no 1.3 to the financial statements for the half year ended June 30, 2018, is not in compliance with the requirement of Prudential Regulation for MFB's. However, the management is hopeful that CAR shortage will be filled by the end of year 2018 through profits, fresh injection of equity (Tier I & Tier II) and issuance of right shares.

### **Credit Rating**

Based on the results for the year ended December 31, 2017, the Pakistan Credit Rating Agency (Pvt.) Ltd. (PACRA) upgraded the long term rating of the Bank to "BBB+" (Triple B plus) while maintaining the short term rating at "A3" (A Three) with a "**Stable**" future outlook.

The rating of the Bank reflects its strengthening position in the microfinance industry. The Bank's key rating driver includes management's ability and sponsor's commitment to turn around the bank, quality of fresh loan book as well as recoveries from older NPL's, healthy liquidity and projected profits. The rating denote a low expectation of credit risk, however the capacity for timely repayments of financial commitments is adequate.

### **Acknowledgement**

We would like to take this opportunity to thank our valued clients, shareholders and other stakeholders for their patronage and confidence and our management and employees for their dedication and hard work.

We would also like to express our gratitude to the State Bank of Pakistan, the Securities and Exchange Commission of Pakistan and the Pakistan Stock Exchange for their continued guidance and support.

On behalf of the Board



**Muhammad Gulistan Malik**  
**President and CEO**

Lahore: August 31, 2018

## کریڈٹ ریٹنگ:

31 دسمبر 2017 کے اختتام تک کے نتائج کی بنیاد پر پاکستان کریڈٹ ریٹنگ ایجنسی پرائیویٹ لمیٹڈ (PACRA) نے مستقبل کے لائحہ عمل کے تناظر میں بینک کی طویل المدت ریٹنگ کو ٹریبل بی پلس (BBB+) پر اپ گریڈ کیا اور مختصر المدت ریٹنگ A3 (اے تھری) پر برقرار رکھا۔ بینک کی ریٹنگ مائیکرو فنانس انڈسٹری میں مستحکم مقام کی عکاسی کرتی ہے۔ بینک کی ریٹنگ کی اہم وجوہات میں، انتظامیہ کی قابلیت اور اسپانسر کے مستحکم ادارے اعلیٰ معیار کے نئے قرضے اور پرانے قرضوں کی ریکوری، مستحکم لیکوڈیٹی اور مستقبل کے منافع شامل ہیں۔ یہ ریٹنگ خدشہ برائے وصولی قرض میں وضع کی کو ظاہر کرتی ہے اور مالیاتی ازیں قرضوں کی بروقت ادائیگی کی صلاحیت بھی تسلی بخش ہے

## اعترافات:

اس موقع پر ہم اپنے معزز صارفین، حصص داران، کھانیداروں کے ساتھ سر پرستوں کے اعتماد اور انتظامیہ کے ساتھ ملازمین کی محنت اور لگن سے اپنا بھرپور کردار ادا کرنے پر شکر یہ ادا کرتے ہیں۔ اس کے ساتھ ہم اسٹیٹ بینک آف پاکستان، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور پاکستان اسٹاک ایکسچینج کے بھی مشکور ہیں جنہوں نے ہماری مستقل رہنمائی جاری رکھی۔

لاہور 31 اگست 2018

بورڈ کی جانب سے



محمد گلستان ملک

صدر اسی۔ ای۔ او

## ڈائریکٹران کی رپورٹ

بورڈ آف ڈائریکٹرز کی طرف سے میں انتہائی مسرت کے ساتھ بینک کی 30 جون 2018 کو ختم ہونے والے نصف مالیاتی سال کی غیر آڈٹ شدہ مختصر مالیاتی رپورٹ پیش کر رہا ہوں۔

انتظامی اور مالیاتی جائزہ:

کوائف	30 جون 2018	31 دسمبر 2017	% تبدیلی
	ان آڈٹڈ (پاکستانی روپے)	ان آڈٹڈ (پاکستانی روپے)	
فراہم کی گیا کل ایڈوائس (پروڈون کے بعد)	7,447,467,498	4,797,740,650	55%
ڈپازٹس اور دیگر اکاؤنٹس	14,526,096,217	12,528,727,169	16%
کوائف	30 جون 2018	30 جون 2017	% تبدیلی
	ان آڈٹڈ (پاکستانی روپے)	ان آڈٹڈ (پاکستانی روپے)	
مارک اپ آمدنی	938,841,705	820,391,433	14%
مارک اپ خرچ	(357,156,255)	(402,180,054)	-11%
انتظامی اخراجات	(763,294,421)	(637,221,289)	20%
نفع/ نقصان بعد از ٹیکس اور ایسٹس	32,369,747	(250,022,296)	-113%

نصف سال کے دوران جو کہ 30 جون 2018 کو اختتام پذیر ہوا۔ بینک نے ٹیکس کے بعد رواں مدت میں 32.369 ملین (پاکستانی روپے) کا منافع ظاہر کیا ہے۔ جبکہ گزشتہ برس اسی مدت میں 250.022 ملین (پاکستان روپے) کا نقصان تھا۔ بینک کی کل ایکویٹی بعد از نقصانات 1047.457 ملین (پاکستان روپے) ہے جبکہ 30 جون 2018 کو بینک کے کل اثاثہ جات 13,983.590 ملین پاکستانی روپے سے بڑھ کر 15,932.978 ملین پاکستانی روپے ہو گئے ہیں۔ 30 جون 2018 کو فی حصص منافع کی شرح 0.01 روپے ہے جبکہ گزشتہ برس اسی مدت میں یہی فی حصص نقصان کی شرح (1.14) روپے تھی۔

گزشتہ برس انتظامیہ نے بینک کے پرانے پورٹ فولیو کی پروڈون پر قابو پانے کے لئے نئی کامیاب حکمت عملی وضع کی۔ اس حکمت عملی کے نتیجے میں بینک نے رواں مدت میں 20.619 ملین پاکستانی روپے کی پروڈون ریکارڈ کی جبکہ گزشتہ برس اسی مدت میں یہ پروڈون 192.091 ملین پاکستانی روپے تھی۔ اس کے علاوہ انتظامیہ نے کم خرچے والے ڈپازٹس کو متوجہ کر کے اور (CASA) کو مزید بہتر بنا کے ڈپازٹس کے خرچے کو منطقی بنا دیا۔ نتیجہ میں 30 جون 2018 کو مثبت نتائج میں اہم کردار ادا کیا۔

ہم مارکیٹ میں اپنی موجودگی کو مستقل مضبوط سے مضبوط تر کر رہے ہیں 30 جون 2018 تک ہم نے قومی سطح پر 123 کاروباری مقامات جن میں 116 شاخیں اور 7 سروس سنٹر شامل ہیں، کے ذریعے بنکاری کی اور ہم نے اپنے کاروباری مقامات کے انفراسٹرکچر کو اپ گریڈ کرنے کا عمل جاری رکھا تاکہ قیمتی صارفین کو مزید بہتر سہولیات فراہم کی جاسکیں۔

### مستقبل کا لائحہ عمل:

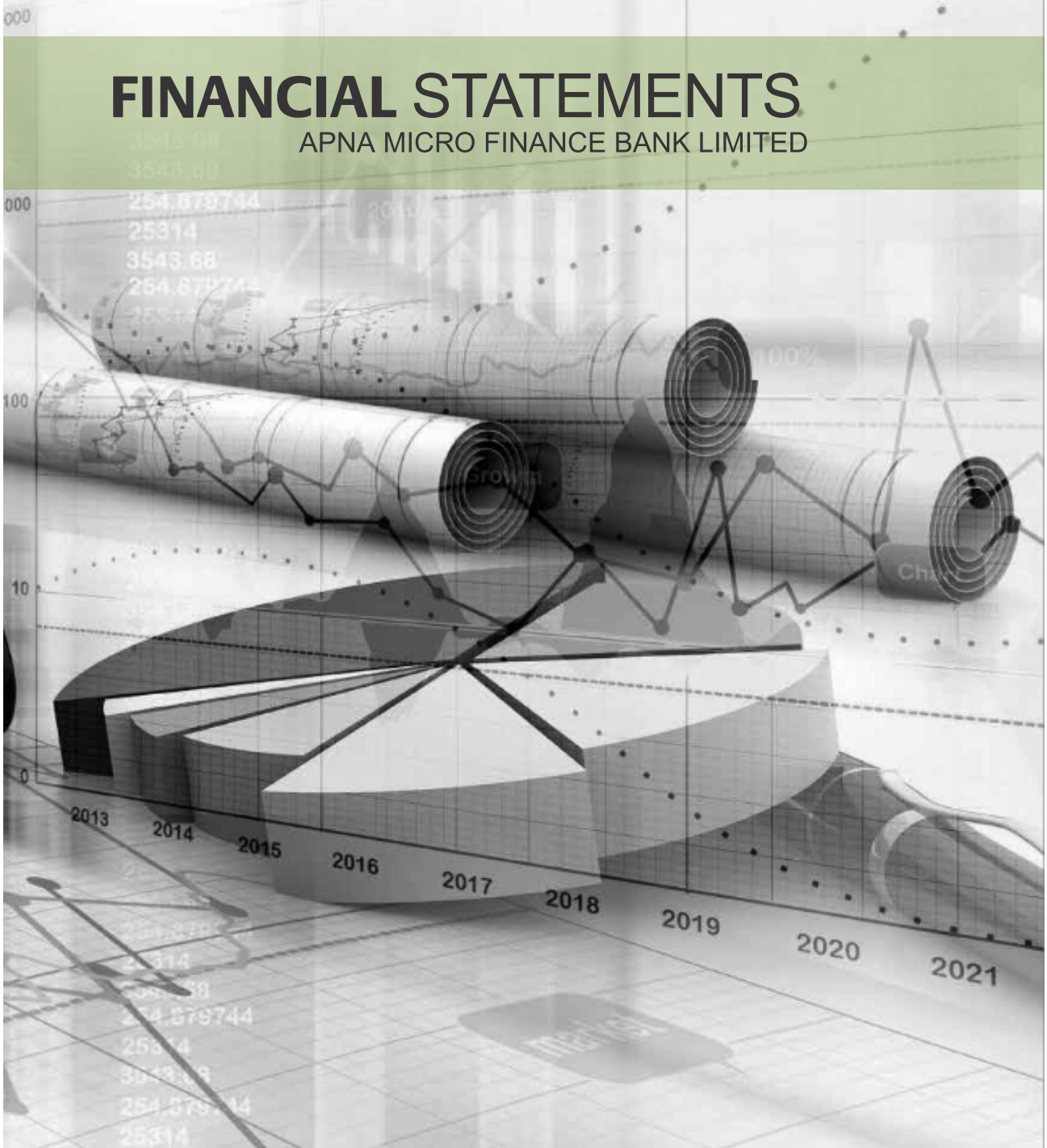
ہم اپنے کریڈٹ اور انفارمیشن سسٹم کی مزید بہتری کیلئے کوششیں جاری رکھیں گے تاکہ قرضوں کی فراہمی کے سسٹم میں شفافیت کو یقینی بناسکیں۔ اس کے علاوہ بینک مارکیٹ میں موجود کاروباری مواقع سے فائدہ اٹھانے کیلئے مکمل طور پر تیار ہیں ہم مستقبل قریب میں برانچ لیس بنکاری اور اسلامی بنکاری کے تعارف کیلئے کام کر رہے ہیں۔ اور ان خدمات کی بنیاد پر نہ صرف بینک کی ساخت میں اضافہ ہوگا بلکہ ذرائع آمدن میں بھی اضافہ ہوگا۔

بینک کی CAR وضاحتی قوانین کے مطابق نہیں ہے۔ جیسا کہ 30 جون 2018 کی مالیاتی رپورٹ کے نوٹ نمبر 1.3 میں بھی بیان کیا ہے۔ تاہم انتظامیہ پر امید ہے کہ CAR کی کمی کو منافع، نئی سرمایہ کاری (TIER I & TIER II) اور نئے حصص کے اجراء کے ذریعے سال 2018 کے اختتام پر پورا کیا جائے گا۔



# FINANCIAL STATEMENTS

APNA MICRO FINANCE BANK LIMITED



## INDEPENDENT AUDITORS' REVIEW REPORT

### To the members of Apna Microfinance Bank Limited

### Report on review of Interim Financial Statements

#### Introduction

We have reviewed the accompanying condensed interim balance sheet of **APNA MICROFINANCE BANK LIMITED** (“the Bank”) as at June 30, 2018 and the related condensed interim profit and loss account and condensed interim statement of comprehensive income, condensed interim statement of changes in equity, and condensed interim cash flow statement, and notes to the financial statements for the six-month period then ended (here-in-after referred to as the “interim financial statements”). Management is responsible for the preparation and presentation of this interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review.

#### Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

#### Basis of Qualified Conclusion

During the previous year, the Bank has renewed a number of micro-credit (running finance) cases without completion of certain conditions of renewal. The Bank’s information system has not classified such advances as non-performing advances, no provision has been made and related income has also not been suspended against such advances. We are, therefore, unable to determine the quantum of non-performing advances, related provision and suspended income in accordance with the requirements of Prudential Regulations for Microfinance Banks due to non-availability of required information / details from the Bank’s information system.

#### Qualified Conclusion

Based on our review, with the exception of the matter described in preceding paragraph, nothing has come to our attention that causes us to believe that the accompanying interim financial statements is not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

**Emphasis of matter**

We draw attention to note 1.3 of the accompanying condensed interim financial statements which mentions that the Bank has not complied with certain applicable regulatory requirements as detailed in the said note. Our opinion is not qualified in respect of this matter.

The engagement partner on the audit resulting in this independent auditor's report is **Muhammad Ilyas**.



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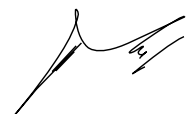
**ILYAS SAEED & CO.**  
*Chartered Accountants*  
LAHORE

Date: August 31, 2018

**APNA MICROFINANCE BANK LIMITED  
CONDENSED INTERIM BALANCE SHEET  
AS AT JUNE 30, 2018**

	Note	June 30, 2018	December 31, 2017
		Rupees	Rupees
		Un-audited	Audited
<b>ASSETS</b>			
Cash and Balances with SBP and NBP	6	1,850,203,375	1,202,269,848
Balances With Other Banks/NBFIs/MFBs	7	2,507,094,499	4,048,778,510
Lending to financial Institutions		-	-
Investments - Net Of Provisions	8	731,265,386	658,482,895
Advances - Net Of Provisions	9	7,447,467,498	4,797,740,650
Operating Fixed Assets		882,995,801	881,490,545
Other Assets	10	2,008,616,880	1,888,585,767
Deferred Tax Asset		505,334,958	506,242,009
<b>Total Assets</b>		<b>15,932,978,397</b>	<b>13,983,590,224</b>
<b>LIABILITIES</b>			
Deposits and other accounts	11	14,526,096,217	12,528,727,169
Borrowings	12	10,854,779	202,285,246
Subordinated Debt		-	-
Other Liabilities		344,167,415	232,164,806
Deferred Tax Liabilities		-	-
<b>Total Liabilities</b>		<b>14,881,118,411</b>	<b>12,963,177,221</b>
<b>NET ASSETS</b>		<b>1,051,859,986</b>	<b>1,020,413,003</b>
<b>REPRESENTED BY:</b>			
Share capital	13	2,500,000,000	2,500,000,000
Discount on issue of shares		(950,000,000)	(950,000,000)
Share deposit money		500,008,080	500,008,080
Statutory reserve		1,279,583	1,279,583
Depositors' protection fund		319,896	319,896
Unappropriated Profit/(loss)		(1,004,150,410)	(1,036,520,157)
		<b>1,047,457,149</b>	<b>1,015,087,402</b>
Surplus/(Deficit) on Revaluation of Assets		(3,279,516)	(3,279,516)
Deferred Grants	14	7,682,353	8,605,117
<b>Total Capital</b>		<b>1,051,859,986</b>	<b>1,020,413,003</b>
<b>MEMORANDUM / OFF- BALANCE SHEET ITEMS</b>	15	-	-

The annexed notes from 1 to 21 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 PERIOD ENDED JUNE 30, 2018**

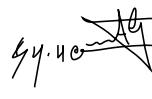
Note	Half Year Ended		Quarter Ended	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
	Rupees (Un-Audited)	Rupees (Un-Audited)	Rupees (Un-Audited)	Rupees (Un-Audited)
Mark-up/Return/Interest Earned	938,841,705	820,391,433	506,046,967	388,228,730
Mark-up/Return/Interest Expensed	(357,156,255)	(402,180,054)	(194,770,845)	(192,254,560)
Net mark-up/Interest Income	581,685,450	418,211,379	311,276,122	195,974,170
Provision against non-performing loans and advances	(20,619,014)	(192,091,166)	(7,983,967)	(105,719,431)
Provision for diminution in the value of investments	-	-	-	-
Recovery against bad debts written off	207,716	204,739	119,608	162,958
Bad debts written off directly	-	-	-	-
	(20,411,298)	(191,886,427)	(7,864,359)	(105,556,473)
Net mark-up/Interest Income / (loss) after provisions	561,274,152	226,324,952	303,411,763	90,417,697
<b>NON MARK-UP/NON INTEREST INCOME</b>				
Fee, Commission and Brokerage Income	98,664,953	13,294,481	46,305,012	6,546,334
Dividend Income	-	-	-	-
Other Income	149,600,947	13,553,551	116,747,269	6,635,539
Total non mark-up/non interest Income	248,265,900	26,848,032	163,052,281	13,181,873
	809,540,052	253,172,984	466,464,044	103,599,570
<b>NON MARK-UP/NON INTEREST EXPENSES</b>				
Administrative expenses	(763,294,421)	(637,221,289)	(444,276,640)	(328,126,832)
Other provisions/write offs/adjustment	-	-	-	-
Other charges	-	-	-	-
Total non mark-up/non interest expenses	(763,294,421)	(637,221,289)	(444,276,640)	(328,126,832)
	46,245,631	(384,048,305)	22,187,404	(224,527,262)
Extra ordinary/unusual items	-	-	-	-
<b>PROFIT / (LOSS) BEFORE TAXATION</b>	46,245,631	(384,048,305)	22,187,404	(224,527,262)
Taxation - Current	(12,968,833)	(10,421,074)	(4,439,005)	(5,993,737)
- Prior years	-	-	-	-
- Deferred	(907,051)	144,447,083	(907,051)	144,447,083
	(13,875,884)	134,026,009	(5,346,056)	138,453,346
<b>PROFIT/(LOSS) AFTER TAXATION</b>	32,369,747	(250,022,296)	16,841,348	(86,073,916)
Unappropriated Profit / (Loss) brought forward	(1,036,520,157)	(957,009,250)	(1,020,991,758)	(1,120,957,630)
Profit available for appropriation / (loss)	(1,004,150,410)	(1,207,031,546)	(1,004,150,410)	(1,207,031,546)
<b>APPROPRIATIONS:</b>				
Transfer to:				
Statutory Reserve	-	-	-	-
Capital Reserve	-	-	-	-
Contribution to MSDF/ DPF/ RMF	-	-	-	-
Revenue Reserve	-	-	-	-
Proposed Cash dividend Rs. Nil per share (2017: Rs. Nil per share)	-	-	-	-
Others	-	-	-	-
	-	-	-	-
<b>Unappropriated Profit / (Loss) carried forward</b>	(1,004,150,410)	(1,207,031,546)	(1,004,150,410)	(1,207,031,546)
<b>Earnings / (Loss) per share-Basic &amp; Diluted</b>	0.01	(1.14)	0.007	(0.39)

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

  
President /CEO

  
Chief Financial Officer

  
Chairman

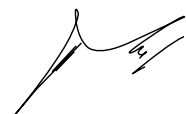
  
Director

  
Director

**APNA MICROFINANCE BANK LIMITED**  
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME - (UN-AUDITED)**  
**FOR THE PERIOD ENDED JUNE 30, 2018**

Note	Half Year Ended		Quarter Ended	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
	Rupees	Rupees	Rupees	Rupees
	(Un-Audited)	(Un-Audited)	(Un-Audited)	(Un-Audited)
<b>PROFIT/(LOSS) AFTER TAXATION</b>	<b>32,369,747</b>	<b>(250,022,296)</b>	<b>16,841,348</b>	<b>(86,073,916)</b>
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	-	-	-	-
	-	-	-	-
<b>Comprehensive income/(loss) transferred to equity</b>	<b>32,369,747</b>	<b>(250,022,296)</b>	<b>16,841,348</b>	<b>(86,073,916)</b>
<b>Components of comprehensive (loss) not reflected in equity</b>				
Net change in fair value of available-for-sale investments	-	(1,263,027)	-	(633,867)
<b>Total comprehensive income/(loss) for the period</b>	<b>32,369,747</b>	<b>(251,285,323)</b>	<b>16,841,348</b>	<b>(86,707,783)</b>

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

  
 President /CEO

  
 Chief Financial Officer

  
 Chairman

  
 Director

  
 Director

**APNA MICROFINANCE BANK LIMITED**  
**CONDENSED INTERIM CASH FLOW STATEMENT - (UN-AUDITED)**  
**FOR THE PERIOD ENDED JUNE 30, 2018**


	Note	June 30, 2018	June 30, 2017
		Rupees	Rupees
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Profit / (loss) before taxation		46,245,631	(384,048,305)
<b>Adjustments for non-cash charges</b>			
Depreciation		27,447,081	49,247,767
Amortization of intangibles		1,247,574	4,094,394
Amortization of deferred grants		(922,764)	(2,015,746)
Provision against non-performing advances		20,619,014	192,091,166
		48,390,905	243,417,581
<b>Operating cash flow before working capital changes</b>		94,636,536	(140,630,724)
<b>Changes in working capital</b>			
<b>(Increase)/Decrease in operating assets</b>			
Advances		(2,670,345,862)	1,392,392,713
Other assets		(132,999,946)	(233,326,513)
		(2,803,345,808)	1,159,066,200
<b>Increase / (Decrease) in operating liabilities</b>			
Deposits		1,997,369,048	340,657,646
Other Liabilities		112,002,609	(42,071,756)
		2,109,371,657	298,585,890
<b>CASH GENERATED FROM OPERATIONS</b>		(599,337,615)	1,317,021,366
Net cash flow from operating activities		(599,337,615)	1,317,021,366
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Net investments in held to maturity securities		(72,782,491)	36,745,317
Investments in operating fixed assets		(30,199,911)	(51,846,538)
Net cash flow from investing activities		(102,982,402)	(15,101,221)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Share deposit money		-	100,000,000
Borrowings-net		(191,430,467)	(190,112,684)
Net cash flow from financing activities		(191,430,467)	(90,112,684)
Increase / (Decrease) in cash and cash equivalents		(893,750,484)	1,211,807,461
<b>Cash and cash equivalents at the beginning of the period</b>		5,251,048,358	5,308,299,217
<b>Cash and cash equivalents at the end of the period</b>	17	4,357,297,874	6,520,106,678

*The annexed notes from 1 to 21 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 PERIOD ENDED JUNE 30, 2018**

	Share Capital Rupees	Discount On Issue Of Shares Rupees	Share Deposit Money Rupees	Statutory Reserve Rupees	Depositors' Protection Fund Rupees	Unappropriated Profit/(Loss) Rupees	Total Rupees
<b>Balance as at December 31, 2016 - Audited</b>	2,200,000,000	(950,000,000)	400,000,000	1,279,583	319,896	(957,009,250)	694,590,229
<b>Comprehensive income / (loss) for the period</b>							
Profit / (Loss) after taxation	-	-	-	-	-	(250,022,296)	(250,022,296)
Other comprehensive income / (loss)	-	-	-	-	-	(250,022,296)	(250,022,296)
<b>Total comprehensive income / (loss) for the period</b>							
<b>Transactions with owners directly recorded in equity</b>							
Share deposit money received during the period	-	-	100,000,000	-	-	-	100,000,000
	-	-	100,000,000	-	-	-	100,000,000
<b>Balance as at June 30, 2017 (Un-audited)</b>	2,200,000,000	(950,000,000)	500,000,000	1,279,583	319,896	(1,207,031,546)	544,567,933
<b>Comprehensive income / (loss) for the period</b>							
Profit / (Loss) after taxation	-	-	-	-	-	170,511,389	170,511,389
Other comprehensive income / (loss)	-	-	-	-	-	-	-
<b>Total comprehensive income / (loss) for the period</b>							
<b>Transactions with owners directly recorded in equity</b>							
Share issued against share deposit money	-	-	(300,000,000)	-	-	-	(300,000,000)
Share issued	300,000,000	-	300,008,080	-	-	-	300,008,080
Share deposit money	300,000,000	-	8,080	-	-	-	300,008,080
<b>Balance as at December 31, 2017 - Audited</b>	2,500,000,000	(950,000,000)	500,008,080	1,279,583	319,896	(1,036,520,157)	1,015,087,402
<b>Comprehensive income / (loss) for the period</b>							
Profit / (Loss) after taxation	-	-	-	-	-	32,369,747	32,369,747
Other comprehensive income / (loss)	-	-	-	-	-	32,369,747	32,369,747
<b>Total comprehensive income / (loss) for the period</b>							
<b>Balance as at June 30, 2018 - Un-audited</b>	2,500,000,000	(950,000,000)	500,008,080	1,279,583	319,896	(1,004,150,410)	1,047,457,149

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



**APNA MICRO FINANCE BANK LIMITED**  
President / CEO



Chairman



Director



Director

**APNA MICROFINANCE BANK LIMITED**  
**SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION**  
**FOR THE PERIOD ENDED JUNE 30, 2018**

**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 123 business locations comprising of 116 branches and 7 service centers (2017: 123 business locations comprising of 116 branches and 7 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** In year 2016 & 2017, the Bank had been facing some financial and operational difficulties pertaining to financial loss for that year, non-compliance of certain Prudential Regulations and difficulties in recovery of advances. However,

- (a) In year 2017, sponsors of the Bank have injected fresh capital of Rs. 400 million and have undertaken to provide further financial support, if required, enabling the Bank to conduct its affairs in such a way that it will be able to meet its financial obligations. During the period, the Bank earned a profit before taxation of Rs. 46.245 million (2017: Rs. loss 188 million). As at 30 June 2018, the accumulated losses amount to Rs. 1,004.150 million (2017: Rs. 1,036.520 million) against issued, subscribed and paid up capital of Rs. 2,500 million (2017: Rs. 2,500 million). The management is confident that the Bank will be continuing remain in profit from 2018 and will eliminate its accumulated losses in coming few years.
- (b) In year 2017, the management fulfilled the Minimum Capital Requirement (MCR) shortage of Rs. 305 million and became the equity compliant MFB as per the requirements of Prudential Regulations for MFBs issued by the State Bank of Pakistan (SBP).
- (c) The Bank has developed a team of competent staff that has and will ensure smooth and efficient operations of the Bank in the coming years. A considerable effort is being made by the management of the Bank in the recovery of the loan portfolio which should result in improvement of the financial position in the coming years. The Bank has substantially improved recovery of its advances portfolio as compared to last year.

The above mentioned plans/ efforts have helped the bank to overcome its financial problems to a great extent and are further likely to result in improvement of its financial and operational position.

**1.3** As at June 30, 2018 the Bank could not meet the regulatory requirements of "Prudential Regulations for Micro Finance 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 microenterprise lending.

The Capital Adequacy Ratio of the Bank fell below the minimum ratio required as at 30 June 2018. However, as explained in Note 1.2 (a) above, the Bank is hopeful of bringing its CAR upto the required limit.

**2 BASIS OF PRESENTATION**

This condensed interim financial information is 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 31 December 2017.

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

**APNA MICROFINANCE BANK LIMITED**  
**SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION**  
**FOR THE PERIOD ENDED JUNE 30, 2018**

presentation currency.

**3 STATEMENT OF COMPLIANCE**

**3.1** This condensed interim financial information of the Bank for the half year ended 30 June 2018 has been prepared in accordance with the requirements of the International Accounting 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.

**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 continually 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 31 December 2017.

**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 31 December 2017.

**6 CASH AND BALANCES WITH SBP AND NBP**

	Note	June 30, 2018	December 31, 2017
		Rupees	Rupees
		Un-audited	Audited
Cash in hand - local currency		426,670,406	525,710,227
Balance with State Bank of Pakistan	6.1	1,348,272,012	624,633,244
Balance with National Bank of Pakistan in current accounts		75,260,957	51,926,377
		<b>1,850,203,375</b>	<b>1,202,269,848</b>

**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 3 of the Prudential Regulations.

**APNA MICROFINANCE BANK LIMITED**  
**SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION**  
**FOR THE PERIOD ENDED JUNE 30, 2018**

7	BALANCES WITH OTHER BANKS/NBFIs/MFBs	Note	June 30, 2018	December 31, 2017
			Rupees	Rupees
			Un-audited	Audited
	In Pakistan			
	- In current accounts		44,793,236	54,170,149
	- In deposit accounts	7.1	1,412,301,263	2,544,608,361
	- Certificates of deposits	7.2	1,050,000,000	1,450,000,000
			<b>2,507,094,499</b>	<b>4,048,778,510</b>

7.1 These carry mark-up rates ranging from 3.75% to 7.75% per annum (2017: 3.50% to 8.0% per annum).

7.2 These represent placement with different financial institutions carrying mark-up ranging from 8.00% to 9.50% per annum (2017: 6.7% to 9.50% per annum). Their maturity ranges from six months to one year from the date of placement.

8	INVESTMENTS - NET OF PROVISIONS	Note	June 30, 2018	December 31, 2017
			Rupees	Rupees
			Un-audited	Audited
	<b>Available-for-sale</b>			
	Federal Government Securities			
	Pakistan Investment Bonds (PIBs)		-	51,678,496
	Fair value adjustment		-	(1,378,496)
	Matured during the period		-	(50,300,000)
			-	-
	<b>Held-to-maturity</b>			
	B.R.R Guardian Modaraba - Term Finance Certificates (TFCs)	8.1	2,560,070	4,118,510
	Term Finance Certificate (TFC's)	8.2	99,990,000	100,000,000
			102,550,070	104,118,510
	Treasury Bills	8.3	628,715,316	554,364,385
			<b>731,265,386</b>	<b>658,482,895</b>

8.1 It represents investment in 4000 units of diminishing Musharaka based Sukuk certificates issued by B.R.R Guardian Modaraba. This investment was rescheduled in the year 2016 with the repayments ending on 06<sup>th</sup> April 2019. It carries markup at the rate of 1 month KIBOR plus 1.5% per annum (2017: 1 month KIBOR plus 1.5% per annum).

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 (2017: 6 months KIBOR plus 1.85% per annum)

8.3 This represents T-Bills issued for periods of three months having maturities on 5<sup>th</sup> July 2018 and 19<sup>th</sup> July 2018. These carry yield rates of 6.40% to 6.445% per annum (2017: 5.93% to 5.96% per annum). These securities have an aggregate face value of Rs. 630 million (2017: Rs. 560 million).

9	ADVANCES - NET OF PROVISIONS	Note	June 30, 2018		December 31, 2017	
			No. of Loans Outstanding	Rupees	No. of Loans Outstanding	Rupees
			-----Un-audited-----		-----Audited-----	
	Micro credits	82,297	8,654,157,321	49,672	5,983,811,459	
	Less: Provision held:					
	- Specific		976,276,086		1,139,749,422	
	- General		230,413,737		46,321,387	
			1,206,689,823		1,186,070,809	
	Advances - Net Of Provisions		<b>82,297</b>	<b>7,447,467,498</b>	<b>49,672</b>	<b>4,797,740,650</b>

**APNA MICROFINANCE BANK LIMITED**  
**SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION**  
**FOR THE PERIOD ENDED JUNE 30, 2018**

9.1 All advances are secured by personal guarantees including gold loans amounting to Rs. 250.996 million (2017: Rs. 211.923 million).

**9.2 Particulars of non-performing advances**

Advances include Rs. 1,132 million (2017: Rs. 1,315 million) which have been placed under non performing status as detailed below:

Category of Classification	June 30, 2018			December 31, 2017		
	Principal Amount Outstanding	Provision Required	Provision Held	Principal Amount Outstanding	Provision Required	Provision Held
	----- Rupees -----			----- Rupees -----		
	-----Un-audited-----			-----Audited-----		
OAEM	39,225,187	-	-	50,609,795	-	-
Sub-standard	35,033,916	7,841,687	7,841,687	30,106,009	7,504,847	7,504,847
Doubtful	160,813,446	77,697,499	77,697,499	191,237,249	95,137,217	95,137,217
Loss	484,585,083	484,237,324	484,237,324	684,633,341	678,066,285	678,066,285
Written off	413,188,249	406,499,576	406,499,576	359,041,073	359,041,073	359,041,073
	<b>1,132,845,881</b>	<b>976,276,086</b>	<b>976,276,086</b>	<b>1,315,627,467</b>	<b>1,139,749,422</b>	<b>1,139,749,422</b>

9.3 The provision held includes Rs. 534.963 million (2017: Rs. 719.05 million) as a result of inspection of "State Bank of Pakistan" (SBP).

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

	June 30, 2018			December 31, 2017		
	Specific	General	Total	Specific	General	Total
	----- Rupees -----			----- Rupees -----		
	-----Un-audited-----			-----Audited-----		
Opening balance	1,139,749,422	46,321,387	1,186,070,809	861,724,628	51,438,757	913,163,385
Charge/ (reversal) for the period	20,619,014	-	20,619,014	278,024,794	(5,117,370)	272,907,424
Transferred (from)/to	(184,092,350)	184,092,350	-	-	-	-
Closing balance	<b>976,276,086</b>	<b>230,413,737</b>	<b>1,206,689,823</b>	<b>1,139,749,422</b>	<b>46,321,387</b>	<b>1,186,070,809</b>

9.5 The provision has been made in accordance with the terms of prudential regulations and management's subjective assessment.

10 OTHER ASSETS	Note	June 30, 2018	December 31, 2017
		Rupees	Rupees
		Un-audited	Audited
Income / Mark-up Accrued		1,207,713,008	1,068,690,323
Advances to Staff		116,688,637	115,319,356
Advances and Prepayments		209,837,223	164,229,024
Advance Income Tax - Net of Provision		34,178,223	26,439,963
Security Deposits		38,001,920	38,001,920
Inter Banks ATM Settlement account		22,106,286	42,216,482
Insurance Claim's Receivable		380,091,583	433,688,699
		<b>2,008,616,880</b>	<b>1,888,585,767</b>

**APNA MICROFINANCE BANK LIMITED**  
**SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION**  
**FOR THE PERIOD ENDED JUNE 30, 2018**

11 DEPOSITS AND OTHER ACCOUNTS	Note	June 30, 2018		December 31, 2017	
		No. of accounts	Rupees	No. of accounts	Rupees
		-----Un-audited-----		-----Audited-----	
Time liabilities					
Fixed Deposits (Deals)	11.1	5,891	4,985,186,331	6,351	4,855,614,074
Demand liabilities					
Saving Deposits	11.2	29,332	5,691,993,145	28,021	3,086,835,479
Current Deposits		246,025	3,848,916,741	167,881	4,586,277,616
		275,357	9,540,909,886	195,902	7,673,113,095
	11.3	281,248	14,526,096,217	202,253	12,528,727,169

11.1 These represent deposits received from customers ranging from 1 month to 5 years. These carry interest at the rate ranging from 5.6% to 15.00% per annum (2017: 5% to 14% per annum).

11.2 These carry interest at the rate ranging from 4% to 9.00% per annum (2017: 3.75% to 8% per annum).

**11.3 Particulars of deposits by ownership**

	June 30, 2018		December 31, 2017	
	No. of accounts	Rupees	No. of accounts	Rupees
	-----Un-audited-----		-----Audited-----	
Individual Depositors	280,910	13,871,167,761	201,894	11,867,152,127
Institutional Depositors				
- Corporation / Firm	320	134,039,176	341	201,680,269
- Banks & Financial Institutions	18	520,889,280	18	459,894,773
	338	654,928,456	359	661,575,042
	281,248	14,526,096,217	202,253	12,528,727,169

**12 BORROWINGS**

Borrowings from Banks/Financial Institutions in Pakistan

Running Finance	12.1	-	190,000,000
Demand Finance	12.2	10,854,779	12,285,246
		10,854,779	202,285,246

12.1 The Bank has obtained running finance facility of Rs. 190 million to ensure that sufficient funds are available in the current account with State Bank of Pakistan (SBP) to honour clearing obligations in case the funds in current account with SBP fall short. These borrowings are secured against lien over time deposit receipt of Rs. 200 million in the name of Apna Microfinance Bank Limited. It is subject to mark-up at the rate offered for time deposits receipt plus 1% per annum. The effective rate of Mark-up charged during the period is also 7.75%.

12.2 The demand finance facility is obtained to purchase brand new locally manufactured vehicles with maximum limit of Rs. 100 million for the business of the Bank. The facility is secured against hypothecation charge over 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 respective disbursement. It is subject to mark-up at the rate of 1 year KIBOR plus 1.50% per annum payable on monthly basis.

**APNA MICROFINANCE BANK LIMITED**  
**SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION**  
**FOR THE PERIOD ENDED JUNE 30, 2018**

13 SHARE CAPITAL	June 30, 2018 (Un-audited)	Dec 31, 2017 (Audited)	June 30, 2018 (Un-audited)	Dec 31, 2017 (Audited)
	-----No. of shares -----		-----Rupees-----	
<b>Authorized capital</b>				
Ordinary shares of Rupees 10 each	500,000,000	250,000,000	500,000,000	2,500,000,000
<b>Issued, subscribed and paid-up capital</b>				
Ordinary shares of Rupees 10 each fully paid in cash	250,000,000	250,000,000	2,500,000,000	2,500,000,000
	<u>250,000,000</u>	<u>250,000,000</u>	<u>2,500,000,000</u>	<u>2,500,000,000</u>
<b>Reconciliation of issued, subscribed and paid-up capital</b>	June 30, 2018 (Un-audited)	Dec 31, 2017 (Audited)	June 30, 2018 (Un-audited)	Dec 31, 2017 (Audited)
	-----No. of shares -----		-----Rupees-----	
	250,000,000	220,000,000	2,500,000,000	2,200,000,000
Right share issued of Rs. 10/- each during the period	-	30,000,000	-	300,000,000
	<u>250,000,000</u>	<u>250,000,000</u>	<u>2,500,000,000</u>	<u>2,500,000,000</u>

14 DEFERRED GRANTS	Note	June 30, 2018	December 31, 2017
		Rupees	Rupees
		Un-audited	Audited
Institutional Strengthening Fund (ISF)		-	160,966
Financial Innovation Challenge Fund (FICF)		7,682,353	8,444,151
		<u>7,682,353</u>	<u>8,605,117</u>

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

There were no contingencies and commitments as at 30<sup>th</sup> June 2018 (2017: Nil).

16 MARK-UP/RETURN/INTEREST EARNED	Half Year Ended		Quarter Ended	
	June 30, 2018 Rupees (Un-Audited)	June 30, 2017 Rupees (Un-Audited)	June 30, 2018 Rupees (Un-Audited)	June 30, 2017 Rupees (Un-Audited)
Mark-Up on Loans and Advances	812,366,157	654,189,474	452,475,979	297,462,895
Mark-Up on Deposit Accounts	108,467,530	149,496,131	44,273,698	82,420,468
Mark-Up on Investments in Government Securities	18,008,018	16,705,828	9,297,290	8,345,367
	<u>938,841,705</u>	<u>820,391,433</u>	<u>506,046,967</u>	<u>388,228,730</u>

**17 CASH AND CASH EQUIVALENTS**

	Note	June 30, 2018	June 30, 2017
		Rupees	Rupees
		Un-audited	Un-audited
Cash and Balances with SBP and NBP	6	1,850,203,375	1,059,009,714
Balances With Other Banks/NBFIs/MFBs	7	2,507,094,499	5,461,096,964
		<u>4,357,297,874</u>	<u>6,520,106,678</u>

**18 TAXATION**

**18.1 Current Tax**

The Bank has carried forward tax losses of Rs. 482,657,692/- (December 2017: Rs. 527,241,216/-) 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.12,968,833/- (December 2017: Rs.20,367,251/-) has been made.

**APNA MICROFINANCE BANK LIMITED**  
**SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION**  
**FOR THE PERIOD ENDED JUNE 30, 2018**

**18.2 Deferred Tax**

The management is expecting future taxable profits and has recognized deferred tax asset amounting to Rs. 505,334,958/- 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.

**19 TRANSACTION AND BALANCES WITH RELATED PARTIES**

Related parties of the Bank comprise of Chief Executive Officer, Directors, group companies, staff retirement benefits fund, key management personnel 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	June 30, 2018	December 31, 2017
		Rupees	Rupees
		Un-audited	Audited
<b>Balances at period end:</b>			
Associated company	Deposits	37,906,970	34,037,273
	Share deposit money	400,008,080	400,008,080
	Insurance Claim Receivable	380,091,583	432,566,253
Key management personnel	Deposits	1,837,632	2,376,904
Directors / sponsors / shareholders	Deposits	957,752	677,321
	Share deposit money	100,000,000	100,000,000
		<b>June 30, 2018</b>	<b>June 30, 2017</b>
		<b>Rupees</b>	<b>Rupees</b>
		<b>Un-audited</b>	<b>Un-audited</b>
<b>Transactions during the period:</b>			
Associated company	Deposits received	462,277,132	51,934,019
	Withdrawals	443,699,840	51,229,439
	Mark-up paid on deposits	792,402	114,390
	Share deposits money received	-	100,000,000
	Insurance claim received	150,092,127	17,157,360
Key management personnel	Deposits received	19,021,357	16,647,465
	Withdrawals	18,233,877	16,553,768
	Mark-up on deposit paid	5,861	31,313
Directors / sponsors / shareholders	Deposits received	1,688,609	9,197,922
	Withdrawals	1,414,971	9,543,883
	Mark-up paid on deposits	6,579	126,850
Staff Provident Fund	Contribution made during the period	5,940,399	2,132,092

**20 DATE OF AUTHORIZATION FOR ISSUE**

This condensed interim financial information was approved and authorised for issue by the Board of Directors on August 31, 2018.

**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.

  
President /CEO

  
Chief Financial Officer

  
Chairman

  
Director

  
Director



## 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](mailto:info@apnabank.com.pk)

[www.apnabank.com.pk](http://www.apnabank.com.pk)



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