

APNA MICROFINANCE BANK LIMITED
INDEPENDENT AUDITORS' REPORT AND
AUDITED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021



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Chartered Accountants

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF APNA MICROFINANCE BANK LIMITED REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the annexed financial statements of Apna Microfinance Bank Limited (the Bank), which comprise the balance sheet as at December 31, 2021, and the profit and loss account, the statement of comprehensive income, the statement of changes in equity, the cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the balance sheet, the profit and loss account, the statement of comprehensive income, the statement of changes in equity and the cash flow statement together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), the Microfinance Institutions Ordinance, 2001 and the directives issued by the Securities and Exchange Commission of Pakistan (SECP) and the State Bank of Pakistan (SBP) in the manner so required and respectively give a true and fair view of the state of the Bank's affairs as at December 31, 2021 and of the loss, the comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty relating to Going Concern – Emphasis of matters

We draw attention to Note 1.2 to the financial statements states that the Bank has incurred loss for the year amounting to Rs. 1,931 million and as at the year end, its accumulated loss was Rs. 2,899 million. The Bank is facing problems in recovery of unsecured non performing advances which includes non-performing advances of Rs. 3,459 million against which provision will be made in a phased manner (Note 8.2.3). These events and conditions, along with other matters as set forth in the said note, indicate a material uncertainty that may cast significant doubt on the Bank's ability to continue as a going concern. Realization of deferred tax asset of Rs. 1,283 million also depends on the Bank's ability to continue as a going concern. Our opinion is not modified with respect to these matters.

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Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matters described in the Material Uncertainty Related to Going Concern - emphasis of matter Section of our report, we have determined following Key audit matters:

Sr. No.	Key Audit Matter	How our audit addressed the key audit matter
1)	<p>Provision against advances (Refer note 4.6 and 8 to the annexed financial statements).</p> <p>The Bank makes provision against advances on a time-based criteria and subjective assessment criteria which considers the evaluation of the credit worthiness of borrowers, history of recovery, restructuring, subsequent recovery and other related factors.</p> <p>The determination of provision against advances involves significant judgement and estimation and provision is made on the basis of management's best estimate. Because of the significance of the impact of these judgements/ estimations and the materiality of advances relative to the overall statement of financial position of the Bank, we considered the area of provision against advances and suspension of related mark up as a Key Audit Matter.</p>	<p>Our audit procedures, included, amongst others, the following procedures:</p> <ul style="list-style-type: none"> • an understanding of the design and implementation of the accounting and internal control systems relevant to advances; • checked the governance and approval process related to provisions, including continuous reassessment by the management, recovery and restructuring process etc. <p>A sample of loan accounts was selected for following substantive procedures:</p> <ul style="list-style-type: none"> • checked repayments of loan / mark-up installments and tested classification of nonperforming advances based on the number of days overdue; and • evaluated the management's assessment for classification of a borrower's loan facilities as performing or non-performing based on review of repayment pattern, inspection of credit documentation, discussions with the management and management's consideration of the impact of Covid-19 on the borrowers, their assessment of improvement of repayment capacity of borrowers post Covid 19, recovery and restructuring strategy, related management approvals and subsequent recovery; • checked the specific provision and general provision made in accordance with regulatory requirements /



		<p>instructions /relaxation, if any;</p> <ul style="list-style-type: none"> checked suspension of mark up related to non -performing advances;
2)	Right of use assets and related lease liabilities	
	<p>Refer note 10 and 15 to the financial statements</p> <p>The bank has number of branches under rental arrangements which also include long-term lease contracts. IFRS 16 – ‘Leases’ requires recognition of right of use assets and related lease liabilities in respect of all long- term lease contracts.</p> <p>The bank has corrected the error retrospectively and recorded the right of use assets and related lease liabilities in respect of such long term lease contracts during the year in accordance with the requirements of IAS-8 Accounting Policies, Change in Accounting Estimates and Errors.</p> <p>Considering the significance of these account balances, these areas were considered as Key Audit Matter.</p>	<p>Our audit procedures, included, amongst others, the following procedures:</p> <ul style="list-style-type: none"> Evaluated management's process for retrospective correction of error. calculation of right of use assets and related lease liabilities was obtained and recalculation was performed; checked terms of lease contracts on test check basis; checked accounting treatment of correction of error in accordance with the requirements of IAS- 8 Accounting Policies, Change in Accounting Estimate and Errors; checked related disclosures in the financial statements in accordance with the requirements of IAS-8;
3)	Deposits and other accounts and related mark-up expense	
	<p>Refer note 13 to the financial statements.</p> <p>Deposits and other accounts represent major part of liabilities of the bank and related mark-up expense is also significant.</p> <p>Considering the materiality of this account balance and nature of activities of the Bank, these deposits and other accounts were considered as a Key Audit Matter.</p>	<p>Our audit procedures, included, amongst others, the following procedures:</p> <ul style="list-style-type: none"> obtained an understanding of the design and implementation of the accounting and internal -control systems relevant to deposits and other accounts; obtained party-wise detail of all these deposit accounts; balance confirmation requests and reminders were sent to the selected parties; the responses received were compared with the information as per financial record of the bank;

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		<ul style="list-style-type: none"> - alternate audit procedures were performed to verify the balances where no reply was received in response to our balance confirmation requests; - calculation of mark-up on selected sample was re-performed; - Disclosures related to these accounts in the financial statements were checked;
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Information Other than the Financial Statements and Auditor’s Report Thereon

Management is responsible for other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor’s report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017(XIX of 2017), the Microfinance Institutions Ordinance, 2001 and the directives issued by the SECP and SBP and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Bank’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Board of directors is responsible for overseeing the Bank’s financial reporting process.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered

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material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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



Report on Other Legal and Regulatory Requirements

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

- a) proper books of account have been kept by the Bank as required by the Companies Act, 2017 (XIX of 2017);
- b) the balance sheet, the profit and loss account, the statement of comprehensive income, the statement of changes in equity and the cash flow statement together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017), the Microfinance Institutions Ordinance, 2001 and the directives issued by the SECP and the SBP. These are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Bank's business; and
- d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980) was deducted by the Bank and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

Other Matter

The financial statements of the Bank for the year ended December 31, 2020 were audited by another firm of chartered accountants who have expressed a qualified opinion in their report dated March 08, 2021.

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

A handwritten signature in blue ink, appearing to be 'RSM', is located on the right side of the page.

**RSM AVAIS HYDER LIAQUAT NAUMAN
CHARTERED ACCOUNTANTS**

Place: Lahore

Date:

UDIN:AR2021102397uiYxXOGe

APNA MICROFINANCE BANK LIMITED
BALANCE SHEET
AS AT DECEMBER 31, 2021

	Note	2021 Rupees	2020 Rupees *(Restated)	2019 Rupees *(Restated)
ASSETS				
Cash and Balances with SBP and NBP	5	1,586,619,423	2,394,744,268	1,342,224,336
Balances with other banks / NBFIs / MFBs	6	4,284,767,144	9,505,025,520	5,464,027,515
Investments	7	1,259,859,259	1,704,020,909	1,045,912,390
Advances - Net of provisions	8	11,505,706,719	10,119,919,747	8,779,226,353
Operating fixed assets	9	976,219,982	985,452,512	927,788,157
Right of use assets	10	699,454,614	737,852,307	776,033,614
Other assets	11	2,180,609,481	3,592,473,029	2,486,413,916
Deferred tax asset	12	1,283,481,934	546,094,039	504,005,802
Total Assets		23,776,718,556	29,585,582,331	21,325,632,083
LIABILITIES				
Deposits and other accounts	13	22,083,717,249	26,178,886,970	18,317,083,706
Borrowings	14	472,722	3,466,749	6,597,519
Lease liabilities	15	766,027,453	794,205,901	797,912,728
Other liabilities	16	484,122,526	389,785,806	345,245,310
Total Liabilities		23,334,339,950	27,366,345,426	19,466,839,263
NET ASSETS		442,378,606	2,219,236,905	1,858,792,820
REPRESENTED BY:				
Share capital	17	4,289,849,620	3,439,849,620	3,439,849,620
Capital reserves				
Discount on issue of shares		(1,335,963,831)	(1,335,963,831)	(1,335,963,831)
Share deposit money	18	350,390,276	1,046,215,185	696,215,185
Statutory reserve		22,078,496	22,078,496	19,530,051
Depositors' protection fund		5,519,624	5,519,624	4,882,513
Revenue reserve				
Accumulated loss		(2,889,495,579)	(958,524,235)	(968,080,904)
		442,378,606	2,219,174,859	1,856,432,634
Deferred grants		-	62,046	2,360,186
Total Capital		442,378,606	2,219,236,905	1,858,792,820
MEMORANDUM / OFF- BALANCE SHEET ITEMS	19	-	-	-

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

*Restatement relates to recognition of right of use assets and related lease liabilities (Refer Note 15.4.).

President / CEO

Chief Financial Officer

Chairman

Director

Director

APNA MICROFINANCE BANK LIMITED
PROFIT AND LOSS ACCOUNT
AS AT DECEMBER 31, 2021

	Note	2021 Rupees	2020 Rupees *(Restated)
Mark-up / Return / Interest Earned	20	908,380,258	3,418,310,151
Mark-up / Return / Interest Expensed	21	(1,459,014,295)	(1,471,575,005)
Net Mark-up / Return / Interest Income		(550,634,037)	1,946,735,146
Provision against non-performing loans and advances	8.2.2	(107,433,018)	(91,990,273)
Recovery of bad debts		21,751,568	21,591,651
		(85,681,450)	(70,398,622)
Net Mark-up / Interest Income after provisions		(636,315,487)	1,876,336,524
NON MARK-UP / NON INTEREST INCOME			
Fee, commission and brokerage income		114,163,404	82,409,656
Other Income	22	48,109,065	94,719,815
Total non mark-up / Non interest income		162,272,469	177,129,471
		(474,043,018)	2,053,465,995
NON MARK-UP / NON INTEREST EXPENSES			
Administrative expenses	23	(2,167,670,263)	(2,021,197,500)
Other charges	24	(1,381,754)	(8,875,068)
Total non mark-up / Non interest expenses		(2,169,052,017)	(2,030,072,568)
(Loss)/profit for the year before taxation		(2,643,095,035)	23,393,427
Provision for taxation			
- Current	25	(25,264,204)	(52,739,439)
- Deferred		737,387,895	42,088,237
		712,123,691	(10,651,202)
(Loss)/profit for the year		(1,930,971,344)	12,742,225
Unappropriated loss brought forward		(958,524,235)	(968,080,904)
Total unappropriated (Loss)		(2,889,495,579)	(955,338,679)
APPROPRIATIONS OF PROFIT:			
Transfer to:			
Statutory reserve		-	(2,548,445)
Contribution to Depositors' Protection Fund		-	(637,111)
		-	(3,185,556)
Unappropriated loss carried forward		(2,889,495,579)	(958,524,235)
			(Restated)
(Loss)/earning per share - Basic and diluted	26.1	(4.84)	0.03

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

*Restatement relates to recognition of right of use assets and related lease liabilities (Refer Note 15.4.).

President / CEO

Chief Financial Officer

Chairman

Director

Director

APNA MICROFINANCE BANK LIMITED
STATEMENT OF COMPREHENSIVE INCOME
AS AT DECEMBER 31, 2021

	Note	2021	2020
		Rupees	Rupees *(Restated)
(Loss)/profit for the year		(1,930,971,344)	12,742,225
Other comprehensive income		-	-
Total comprehensive (loss)/income for the year		<u>(1,930,971,344)</u>	<u>12,742,225</u>

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

*Restatement relates to recognition of right of use assets and related lease liabilities (Refer Note 15.4).

President / CEO

Chief Financial Officer

Chairman

Director

Director

APNA MICROFINANCE BANK LIMITED
STATEMENT OF CHANGES IN EQUITY
AS AT DECEMBER 31, 2021

	Share Capital	Discount On Issue Of Shares	Capital Reserves				Revenue Reserve Accumulated (Loss)	Total
			Share Deposit Money	Statutory Reserve	Depositor's* Protection Fund	1		
Rupees								
Balance as at January 01, 2020 - as previously reported	3,439,849,620	(1,335,963,831)	696,215,185	22,636,885	5,659,222	(956,430,276)	1,871,966,805	
Effect of correction error (Refer Note 15.4)	-	-	-	(3,106,834)	(776,709)	(11,650,628)	(15,534,171)	
Balance as at January 01, 2020 - *restated	3,439,849,620	(1,335,963,831)	696,215,185	19,530,051	4,882,513	(968,080,904)	1,856,432,634	
Total comprehensive loss for the year - *restated								
Loss for the year	-	-	-	-	-	-	12,742,225	
Impact of IFRS_16	-	-	-	2,548,445	637,111	(3,185,556)	-	
Other comprehensive income	-	-	-	2,548,445	637,111	9,556,669	12,742,225	
Transactions with owners								
Share deposit money received during the year	-	-	350,000,000	-	-	-	350,000,000	
Balance as at December 31, 2020 - *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	
Total comprehensive loss for the year								
Loss for the year	-	-	-	-	-	-	(1,930,971,344)	
Other comprehensive income	-	-	-	-	-	-	(1,930,971,344)	
Transactions with owners								
Share deposit money received during the year	850,000,000	-	154,175,091	-	-	-	154,175,091	
Shares issued during the year	850,000,000	-	(850,000,000)	-	-	-	-	
Balance as at December 31, 2021	4,289,849,620	(1,335,963,831)	350,390,276	22,078,496	5,519,624	(2,889,495,579)	442,378,606	

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

*Restatement relates to recognition of right of use assets and related lease liabilities (Refer Note 15.4).

President / CEO

Chief Financial Officer

Chairman

Director

Director

APNA MICROFINANCE BANK LIMITED
CASH FLOW STATEMENT
AS AT DECEMBER 31, 2021

	Note	2021 Rupees	2020 Rupees *(Restated)
A) CASH FLOW FROM OPERATING ACTIVITIES			
(Loss)/profit for the year before taxation		(2,643,095,035)	23,393,427
Adjustments for non-cash charges			
Depreciation of operating fixed assets		101,425,340	102,847,147
Depreciation on right of use assets		190,899,996	179,591,384
Amortization of intangible assets		7,010,896	9,706,984
Amortization of deferred grants		(62,046)	(2,298,140)
Provision against non-performing advances		107,433,018	91,990,273
Gain on disposal of operating fixed assets		(4,632,709)	(150,000)
		402,074,495	381,687,648
Operating cash flow before working capital changes		(2,241,020,540)	405,081,075
Changes in working capital			
(Increase) / Decrease in operating assets			
Advances		(1,493,219,990)	(1,432,683,667)
Other assets		1,499,628,908	(1,057,518,943)
Held for trading securities		-	51,999,283
		6,408,918	(2,438,203,327)
Increase / (Decrease) in operating liabilities			
Deposits		(4,095,169,721)	7,861,803,264
Other liabilities		94,336,720	44,540,496
		(4,000,833,001)	7,906,343,760
Income tax paid		(113,029,564)	(101,279,609)
Net cash flow from operating activities		(6,348,474,187)	5,771,941,899
B) CASH FLOW FROM INVESTING ACTIVITIES			
Net investments/(disvestment) in held to maturity securities		444,161,650	(710,107,802)
Investments in operating fixed assets		(69,593,941)	(68,566,732)
Investments in intangible assets		(48,228,001)	(101,651,754)
Repayment of lease liabilities		(180,680,751)	(145,116,904)
Proceeds from disposal of operating fixed assets		23,250,945	150,000*
Net cash flow from investing activities		168,909,902	(1,025,293,192)
C) CASH FLOW FROM FINANCING ACTIVITIES			
Share deposit money received		154,175,091	350,000,000
Re-payment of demand finance		(2,994,027)	(3,130,770)
Net cash flow from financing activities		151,181,064	346,869,230
(Decrease)/increase in cash and cash equivalents during the year (A + B + C)		(6,028,383,221)	5,093,517,937
Cash and cash equivalents at the beginning of the year		11,899,769,788	6,806,251,851
Cash and cash equivalents at the end of the year	27	5,871,386,567	11,899,769,788

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

*Restatement relates to recognition of right of use assets and related lease liabilities (Refer Note 15.4.).

President / CEO

Chief Financial Officer

Chairman

Director

Director

1 STATUS AND NATURE OF BUSINESS

1.1 Apna Microfinance Bank Limited (the Bank) was incorporated on May 08, 2003 as a public limited Company under the repealed Companies Ordinance, 1984 updated by '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 (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. Detail of business location of the Bank is given in Note 35.

1.2 The bank has incurred loss for the year amounting to Rs. 1,931 million and as at year end, its accumulated loss was Rs. 2,889 million. The Bank is facing problems in recovery of unsecured non performing advances which includes non-performing advances of Rs. 3,459 million against which provision will be made in a phased manner (Note 8.2.3). 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 issued right shares of Rs. 850 million (2020: Nil) during the year and has share deposit money of Rs. 350.39 million (2020: 1046.22 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 during the year 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 8.1 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.

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.

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

2.4 Critical accounting estimates and judgements

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

The estimates / judgments and associated assumptions are reviewed on an ongoing basis. Revisions to the accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of revision and in future periods if the revision affects both current and future periods. The estimates, judgments and assumptions that have significant effect on the financial statements are as follows:

- Classification and valuation of investments (Note 4.5 & 7)
- Provision against non-performing advances (Note 4.6 & 8)
- Residual values and useful lives of assets and methods of depreciation (Note 4.1 & 9.1)
- Amortization of intangibles assets (Note 4.1 & 9.2)
- Amortization of deferred grants (Note 4.17 & 20)
- Recognition of current and deferred taxation (Note 4.13 & 25)

2.4.1 The management has revised the estimate of useful life of 'computer software' and 'motor vehicles' classified under operating fixed assets. The change in estimate is accounted for prospectively in accordance with the requirements of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors affecting current and future periods. The overall impact on future periods will be increase in amortization and depreciation charge and decrease in carrying value of intangible operating fixed assets. Impact of the change in estimate on current year is as under:

	Rupees
	Increase / (Decrease)
EFFECT ON BALANCE SHEET	
Operating fixed assets	8,877,594
Deferred tax asset	(2,574,502)
Accumulated loss	(6,303,092)
EFFECT ON PROFIT AND LOSS ACCOUNT	
Administrative expenses	(8,877,594)
(Loss) for the year before taxation	(8,877,594)
Provision for deferred taxation	(2,574,502)
(Loss) for the year	(6,303,092)

3 STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS

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

The following standards, amendments to standards and interpretations have become effective and are mandatory for financial statements of the Bank for the accounting periods beginning on or after January 01, 2021 and therefore, have been applied in preparing these financial statements.

- **Interest Rate Benchmark Reform**

The International Accounting Standards Board (IASB) had published 'Interest Rate Benchmark Reform — Phase 2 with amendments that addressed issues that might affect financial reporting after the reform of an interest rate benchmark, including its replacement with alternative benchmark rates. The amendments were effective for annual periods beginning on after 1 January 2021.

The amendments did not have an impact on the financial statements of the Bank.

3.2 Standards, amendments to standards and interpretations becoming effective in current period but not relevant

There are certain new standards, amendments to standards and interpretations that became effective during the year and are mandatory for accounting periods of the Bank beginning on or after January 01, 2021 but are considered not to be relevant to the Bank's operations and are, therefore, not disclosed in these financial statements.

3.3 Standards, amendments to standards and interpretations becoming effective in future periods

The following standards, amendments to standards and interpretations have been published and are mandatory for the Bank's accounting periods beginning on or after their respective effective dates.

- **Annual Improvements to IFRS Standards 2018–2020 Cycle**

The IASB has issued 'Annual Improvements to IFRS Standards 2018–2020'. The pronouncement contains amendments to the following Financial Reporting Standards (IFRSs) as result of the IASB's annual improvements project.

IFRS 9 Financial Instruments - Fees in the '10 per cent' test for derecognition of financial liabilities: The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

IFRS 16 Leases - The amendment to Illustrative Example 13 accompanying IFRS 16 removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.

IAS 41 Agriculture - The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique. This will ensure consistency with the requirements in IFRS 13.

The amendments are applicable for annual periods beginning on or after 1 January 2022. The amendments are not expected to have any impact on the financial statements of the Bank.

- **IFRS 16 - Leases**

In May 2020, the IASB issued Covid-19-Related Rent Concessions (Amendment to IFRS 16). The pronouncement amended IFRS 16 Leases to provide lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification. On issuance, the practical expedient was limited to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2021.

Since lessors continue to grant COVID-19-related rent concessions to lessees and since the effects of the COVID-19 pandemic are ongoing and significant, the IASB decided to extend the time period over which the practical expedient is available for use. The amendment is effective for annual reporting periods beginning on or after 1 April 2021.

Application of this amendment is not expected to have any significant impact on the Bank's financial statements.

- **IAS 1 - Presentation Of Financial Statements**

Classification of liabilities as current or non-current (Amendments to IAS 1) effective for the annual period beginning on or after 1 January 2023. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8.

Application of these amendments is not expected to have any significant impact on the Bank's financial statements.

- **IAS 1 - Presentation of Financial Statements and IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors**

The IASB has issued 'Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)' with amendments that are intended to help preparers in deciding which accounting policies to disclose in their financial statements in the following ways:

- an entity is now required to disclose its material accounting policy information instead of its significant accounting policies;
- several paragraphs are added to explain how an entity can identify material accounting policy information and to give examples of when accounting policy information is likely to be material;
- the amendments clarify that accounting policy information may be material because of its nature, even if the related amounts are immaterial;

- the amendments clarify that accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements; and
- the amendments clarify that if an entity discloses immaterial accounting policy information, such information shall not obscure material accounting policy information.
- In addition, IFRS Practice Statement 2 has been amended by adding guidance and examples to explain and demonstrate the application of the 'four-step materiality process' to accounting policy information in order to support the amendments to IAS 1.

The amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2023. Earlier application is permitted. Once the entity applies the amendments to IAS 1, it is also permitted to apply the amendments to IFRS Practice Statement 2. The management is in the process of assessing impact of these standards/amendments on the financial statements of the Bank.

- **IAS 12 – Income Taxes**

The IASB has published 'Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)' that clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. Accordingly, the initial recognition exemption, provided in IAS 12.15(b) and IAS 12.24, does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition. The amendments are effective for annual reporting periods beginning on or after 1 January 2023.

Application of these amendments is not expected to have any significant impact on the Bank's financial statements.

- **IAS 37 - Provisions, Contingent Liabilities and Contingent Assets**

Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37) effective for the annual period beginning on or after 01 January 2022 amends IAS 1 by mainly adding paragraphs which clarifies what comprise the cost of fulfilling a contract, Cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

Application of these amendments is not expected to have any significant impact on the Bank's financial statements.

- **Standards issued by IASB but not applicable in Pakistan**

Following new standards and amendments subsequent to the issue of these standards have been issued by IASB which are yet to be notified by the SECP for purpose of applicability in Pakistan:

- IFRS 1 - First-time adoption of International Financial Reporting Standards
- IFRS 17 - Insurance Contracts

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

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

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

The State Bank of Pakistan (SBP), vide BPRD circular no. 24, dated July, 2021, deferred the applicability of IFRS-9 'Financial Instrument' till annual periods beginning on or after January 01, 2022. Previously the application of IAS 39 'Financial Instrument Recognition and Measurement' and IAS 40 'Investment Property' were also deferred by SBP. According to the notification of SECP issued vide SRO 411 (1)/2008 dated April 28, 2008, IFRS 7, Financial Instrument: Disclosures has not been made applicable for banks. Accordingly, the requirements of these standards have not have considered in the preparation of these financial statements. However, investments have been classified and valued in accordance with the requirements of various circulars issues by the SBP.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted and applied in the preparation of these financial statements are set out below:

4.1 Financial instruments

Financial assets and financial liabilities are recognized at the time when the Bank becomes a party to the contractual provisions of the instruments. Financial assets are de-recognized when the contractual right to future cash flows from the asset expire or is transferred along with the risk and rewards of the asset. Financial liabilities are de-recognized when obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on de-recognition of the financial assets and liabilities is recognized in the profit and loss account of the current year.

4.2 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are set off and the net amount is reported in the financial statements when there is a legally enforceable right to set off the recognized amount and the Bank intends either to settle the assets and liabilities on a net basis or to realize the assets and to settle the liabilities simultaneously. Income and expense items of such assets and liabilities are also off-set and the net amount is reported in the financial statements.

4.3 Derivative financial instruments

Derivative financial instruments are initially recognized at fair value on the date on which the derivative contract is entered into and are subsequently re-measured at fair value using appropriate valuation techniques. All derivative financial instruments are carried as assets when fair value is positive and liabilities when fair value is negative. Any change in the fair value of derivative financial instruments is taken to the profit and loss account.

4.4 Cash and cash equivalents

Cash and cash equivalents comprises of cash in hand, balances with the Banks / NBFIs and MFBs carried at cost.

4.5 Investments

The investments, upon initial recognition, are classified as held-for-trading, held-to-maturity or available-for-sale, as appropriate.

Investments other than held-for-trading are initially measured at fair value plus transaction costs associated with investments. Held-for-trading investments are initially measured at fair value and transaction costs are expensed out in the profit and loss account.

Purchase and sale of investments that require delivery within the time frame established by regulation or market convention are recognized at the trade date, which is the date the Bank commits to purchase or sell the investments.

Held-for-trading

These represent securities, which are either acquired for the purpose of generating profit from short-term fluctuations in prices or dealer's margin or are securities included in the portfolio in which a pattern of short-term profit making exists. After initial recognition, such investments are carried at fair value and the surplus / (deficit) arising as a result of revaluation is taken to the profit and loss account.

Held-to-maturity

These are securities with fixed or determinable payments and fixed maturities in respect of which the Bank has the positive intent and ability to hold till maturity. After initial recognition, such investments are carried at amortized cost less impairment, if any.

Available-for-sale

These represent securities, which do not fall under the held-for-trading or held-to-maturity categories. After initial recognition, such investments are measured at fair value. The surplus/ (deficit) arising on revaluation is shown in the balance sheet below equity which is taken to the profit and loss account when actually realized upon disposal.

Premium or discount on securities classified as available-for-sale and held-to-maturity is amortized using effective interest method and taken to the profit and loss account.

Provision for impairment in the value of equity securities is made after considering objective evidence of impairment. Provision for diminution in the value of debt securities is made as per the Prudential Regulations for Microfinance Banks.

4.6 Advances

Advances are stated net of specific and general provisions which are determined on the basis of Prudential Regulations for Microfinance Banks and management's subjective assessment as to recovery/non-recovery of old advances considering different factors which include past history, future strength of customers, recovery efforts and subsequent recovery. Advances are written off according to the Prudential Regulations or when there is no realistic prospect of recovery.

4.7 Receivables

Receivables are recognised at nominal amount which is fair value of the consideration to be received in future less an estimate made for doubtful receivables based on review of outstanding amounts at the year end.

4.8 Payables

Liabilities for payables are carried at cost which is the fair value of the consideration to be paid in future for goods and services received, whether or not billed to the Bank.

4.9 Deposits

Deposits are initially recorded at the amount of proceeds received. Mark-up accrued on deposits is recognized separately as part of other liabilities and is charged to profit and loss account over the period.

4.10 Operating fixed assets

Property and equipment

These are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is charged to the profit and loss account by applying the straight line method using the rates specified in note 9.1 to the financial statements. Depreciation on additions is charged for the full month of purchase/acquisition/availability for use of an asset while no depreciation is charged in the month of disposal. The asset's residual values, useful lives and depreciation methods are reviewed and adjusted, if appropriate, at each balance sheet date. The effect of any revision is charged to profit and loss account for the year, when the change arises, and in future periods.

Maintenance and repairs are charged against income as and when incurred. Subsequent costs including major renewals and improvements are capitalized when it is probable that respective future economic benefits will flow to the Bank.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use. Gains and losses on disposals, if any, of assets are determined by comparing the sale proceeds with the carrying amount of asset and are included in income currently.

Capital work-in-progress

All expenditure connected with specific assets incurred during installation and construction period are carried under this head. These are transferred to specific assets as and when these assets are available for use. These are carried at cost less impairment loss, if any.

Intangible assets

These are stated at cost less accumulated amortization and accumulated impairment losses, if any. Amortization is charged over the estimated useful life of the asset on a systematic basis to income applying the straight line method at the rate specified in note 9.2 to the financial statements. Amortization on additions is charged from the month in which the assets are available for use while no amortization is charged in the month in which the asset is disposed off or de-recognized.

Maintenance and repairs are charged against income as and when incurred. Subsequent costs including major renewals and improvements are capitalized when it is probable that respective future economic benefits will flow to the Bank.

An item of intangible assets is derecognized upon disposal or when no future economic benefits are expected from its use. Gains and losses on disposals, if any, of assets are determined by comparing the sale proceeds with the carrying amount of asset and are included in income currently.

4.11 Leases

Lease Liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following:

- future lease payments arising from a change in an index or a rate used;
- residual guarantee;
- lease term;
- certainty of a purchase option; and
- termination penalties.

When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Right of use

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use asset is depreciated over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Company expects to obtain ownership of the Right-of-use asset at the end of the lease term, the depreciation is charged over its estimated useful life. Right-of use asset is subject to impairment or adjusted for any remeasurement of the related lease liability.

Lease term

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the Company's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The Company reassesses whether it is reasonably certain to exercise an extension option, or not to exercise a termination option, if there is a significant event or significant change in circumstances.

Incremental borrowing rate

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the Company estimates it would have to pay to a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

4.12 Impairment

Financial Assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence which indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

Significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in the profit and loss account. An impairment loss is reversed if the reversal can be related objectively to an event accruing after the impairment loss was recognised. For financial assets carried at cost, the impairment loss is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows, discounted at current market rate of return for a similar financial asset. Such impairment loss is not reversed in subsequent periods. For financial assets' carried at amortized cost, the amount of impairment loss recognised is the difference between carrying amount and present value of estimated cash flows, discounted at effective interest rate.

Non-Financial Assets

At each reporting date, non-financial assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount (selling price less costs to complete and sell), but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset (group of related assets) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

4.13 Taxation

Current

Provision for current taxation is based on the taxable income at current rates of taxation after taking into consideration available tax credits and rebates, if any, in accordance with provisions of Income Tax Ordinance, 2001. The charge for tax also includes adjustments, where considered necessary relating to prior years.

Deferred

Deferred tax is recognized using the balance sheet liability method, on all temporary differences arising at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences, carry forwarded unused tax losses and tax credits, if any, to the extent that it is probable that the future taxable profits will be available against which the asset may be utilized.

The carrying amount of deferred tax asset is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be realized. Unrecognized deferred tax asset are reassessed at each balance sheet date and are recognized to the extent that it has become probable that future taxable profits will allow deferred tax asset to be realized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the periods when the asset is expected to be utilized or the liability is expected to be settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is charged or credited to profit or loss, except in case of items credited or charged to equity in which case it is included in equity.

4.14 Provisions

Provisions are recognized when the Bank has a legal or constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and are adjusted to reflect the current best estimate.

4.15 Employee benefits

Defined contribution plan

The Bank operates an approved funded contributory provident fund for all its permanent employees to whom equal monthly contributions are made both by the Bank and the employees at the rate of 10% per annum of basic salary. The contributions made by the Bank are recognized as employee benefit expense when they are due.

4.16 Revenue recognition

Revenue is recognized at an amount that reflects the consideration to which the Bank is expected to be entitled in exchange for transferring goods or services to a customer. For this purpose, the Bank:

- identifies the contract with a customer;
- identifies the performance obligations in the contract;
- determines the transaction price which takes into account estimates of variable consideration, if any, and the time value of money;
- allocates the transaction price to the separate performance obligations, if applicable, on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and
- recognizes revenue when or as each performance obligation is satisfied in a manner that depicts the transfer of control of the goods or services promised to the customer.

Determining the timing of the transfer of control – at a point in time or over time – requires judgment. Revenue is recognized by the Bank on the following basis:

- Mark-up / return / interest on regular advances is recognized on accrual / time proportion basis using effective interest rate method at the Bank's prevailing interest rates for the loan products. Profit on classified advances is recognized on receipt basis.
- Return on investment is recognized on accrual basis using effective interest rate method.
- Fee, commission and brokerage income is recognized when earned.
- Dividend income from investments is recognized when Bank's right to receive the dividend is established.
- Gain or loss on sale of securities is accounted for in the period in which the sale / settlement occurs.
- Income on balances with other banks is recognized in the profit and loss account as it is earned.

4.17 Deferred grants

Grants are initially recognized at fair value in the balance sheet when there is reasonable assurance that the grants will be received and the Bank will comply with all the attached conditions. Grants that compensate the Bank for expenses incurred are recognized as other income in the profit and loss account on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Bank for the cost of an asset are recognized in the profit and loss account as other income on a systematic basis over the estimated useful life of the asset.

4.18 Related party transactions

Transactions with related parties are carried at arm's length on price determined using the comparable uncontrolled price method except for those transactions which, in exceptional circumstances, are specifically approved by the Board.

4.19 Foreign currency transactions

Transactions in currencies other than Pak Rupee are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date except where forward exchange contracts have been entered into for repayment of liabilities, in that case, the rates contracted for, are used. Gains and losses arising on retranslation are included in the profit and loss account for the year.

4.20 Earnings per share

The Bank presents basic and diluted earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Bank by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

4.21 Statutory Reserve

The Prudential Regulations for Microfinance Banks require the microfinance banks to create a statutory reserve which shall be credited an amount equal to at least 20% of its annual profits after taxes till such time the reserve fund equals to Paid-up Capital of Microfinance bank and thereafter, an amount not less than 5% of its annual profits after taxes.

4.22 Depositors' Protection Fund

The Microfinance Institutions Ordinance, 2001 requires Microfinance banks to maintain Depositors' Protection Fund (DPF) for the purpose of mitigating risk of its depositors to which shall be credited not less than 5% of the annual profits after taxes.

APNA MICROFINANCE BANK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2021

5	CASH AND BALANCES WITH SBP AND NBP	Note	2021	2020
			Rupees	Rupees
	Cash in hand - local currency		623,895,818	517,224,946
	Balance with State Bank of Pakistan (SBP)	5.1	701,257,484	1,765,367,577
	Balance with National Bank of Pakistan (NBP) in:			
	- Current Account	5.1	216,031,224	92,258,987
	- Deposit Account	5.2	45,434,897	19,892,758
			<u>1,586,619,423</u>	<u>2,394,744,268</u>

5.1 These represent balances maintained in current account with the SBP and NBP to meet the requirements of maintaining a minimum balance equivalent to not less than 5% of the Bank's time and demand liabilities, with tenure of less than 1 year, in accordance with Regulation R-3 of the Prudential Regulations for Microfinance Banks issued by the SBP.

5.2 This carries mark-up at the rate of 7.25% per annum (2020: 5.50% per annum).

6	BALANCES WITH OTHER BANKS / NBFIS / MFBS	Note	2021	2020
			Rupees	Rupees
	In Pakistan			
	- In current accounts		37,016,276	31,032,785
	- In deposit accounts	6.1	3,847,750,868	3,273,992,735
	- Certificates of deposits	6.2	400,000,000	6,200,000,000
			<u>4,284,767,144</u>	<u>9,505,025,520</u>

6.1 These carry mark-up rates ranging from 7.25% to 11.50% per annum (2020: 5.50% to 8.50% per annum).

6.2 These represent placement with different financial institutions carrying mark-up ranging from 7.90% to 11.75% per annum (2020: 8.25% to 14.50% per annum). Their maturity ranges from one month to one year (2020: three months to one year) from the date of placement.

7	INVESTMENTS	Note	2021	2020
			Rupees	Rupees
	Federal Govt. Securities:			
	- Market Treasury Bills - (Held to maturity)	7.1	1,159,939,259	1,604,080,909
	Others			
	Term Finance Certificate (TFC's) - (Held to maturity)	7.2	99,920,000	99,940,000
			<u>1,259,859,259</u>	<u>1,704,020,909</u>

7.1 This represents T-Bills issued for periods of three to six months having maturities ranging from January 13, 2022 to March 24, 2022. These carry yields ranging from 7.38% to 10.33% per annum (2020: 7.10% to 7.15% per annum). These securities have an aggregate face value of Rs. 1,170 million. (2020: Rs. 1,627 million).

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

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B	ADVANCES - NET OF PROVISIONS	Note	2021		2020	
			No. of Loans Outstanding	Rupees	No. of Loans Outstanding	Rupees
	Micro credits	8.1	118,474	11,997,793,506	117,973	10,504,573,516
	Less: Provision held:					
	- Specific	8.2	9,867	324,528,039	3,905	217,095,021
	- General	8.2.2		167,558,748		167,558,748
				492,086,787		384,653,769
	Advances - Net of provisions			<u>11,505,706,719</u>		<u>10,119,919,747</u>

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

	Note	2021	2020
		Rupees	Rupees
Secured	8.1.1	5,797,887,370	3,000,989,582
Unsecured		6,199,906,136	7,503,583,934
		<u>11,997,793,506</u>	<u>10,504,573,516</u>

8.1.1 Advances are secured by personal guarantees and advances amounting to Rs. 3,059.47 million (2020: Rs. 1,272.63 million) are further secured against gold.

8.2 Particulars of non-performing advances

	Note	2021	2020
		Rupees	Rupees
Specific non-performing advances	8.2.1	639,732,919	486,043,483
Other non-performing advances	8.2.3	3,459,183,047	737,351,093
		<u>4,098,915,966</u>	<u>1,223,394,576</u>

8.2.1 Specific non-performing advances

Category of Classification	2021			2020		
	Principal Amount Outstanding	Provision Required	Provision Held	Principal Amount Outstanding	Provision Required	Provision Held
	----- Rupees -----			----- Rupees -----		
OAEM	167,846,037	-	-	206,014,916	-	-
Sub-standard	82,276,228	20,488,184	20,488,184	7,413,485	1,841,864	1,841,864
Doubtful	167,872,331	83,526,401	83,526,401	93,656,255	46,700,788	46,700,788
Loss	221,738,323	220,513,454	220,513,454	178,958,827	168,552,369	168,552,369
	<u>639,732,919</u>	<u>324,528,039</u>	<u>324,528,039</u>	<u>486,043,483</u>	<u>217,095,021</u>	<u>217,095,021</u>

8.2.2 Particulars of provision against non-performing advances

	2021			2020		
	Specific	General	Total	Specific	General	Total
	----- Rupees -----			----- Rupees -----		
Opening balance	217,095,021	167,558,748	384,653,769	125,104,748	167,558,748	292,663,496
Charge for the year	107,433,018	-	107,433,018	91,990,273	-	91,990,273
Closing balance	<u>324,528,039</u>	<u>167,558,748</u>	<u>492,086,787</u>	<u>217,095,021</u>	<u>167,558,748</u>	<u>384,653,769</u>

8.2.3 These advances have been classified as non performing advances against which provision will be made in phased manner as per regulatory instructions. These advances became overdue mainly owing to the adverse economic conditions since outbreak of Covid 19. The management has devised and is implementing a recovery and restructuring strategy for the recovery of these non performing advances and has succeeded in recovering non performing advances of Rs. 236 million subsequently.

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9.2	Intangible assets	2021	2020
		Rupees	Rupees
	Computer Software		
	Cost	240,985,204	192,757,203
	Accumulated amortization	(71,016,365)	(64,005,469)
	Written down value	<u>169,968,839</u>	<u>128,751,734</u>

9.2.1	Reconciliation of written down value	2021	2020
	Balance at the beginning of the year	128,751,734	36,806,964
	Additions during the year	48,228,001	101,651,754
	Amortization charge for the year	(7,010,896)	(9,706,984)
	Balance at the end of the year	<u>169,968,839</u>	<u>128,751,734</u>
		2021	2020
	Useful life (% age) (Refer Note 2.4.1)	5	10-25

9.2.2 Intangibles include assets costing Rs. 35.68 million (2020: Rs. 35.68 million) which are fully amortized and still in use.

9.3	Advances to suppliers / contractors	2021	2020
		Rupees	Rupees
	Leasehold improvements		
	Balance at the beginning of the year	40,795,441	40,642,212
	Additions during the year	12,943,717	13,616,882
	Transfer to operating fixed assets	(30,000,223)	(13,463,653)
	Balance at the end of the year	<u>23,738,935</u>	<u>40,795,441</u>

10	RIGHT OF USE ASSETS	Note	2021	2020
			Rupees	Rupees
	Buildings			
	Cost		1,217,876,893	1,065,374,590
	Accumulated depreciation		(518,422,279)	(327,522,283)
	Written down value	10.1 & 10.2	<u>699,454,614</u>	<u>737,852,307</u>

10.1	Reconciliation of written down value	2021	2020
	Balance at the beginning of the year	737,852,307	776,033,614
	Additions during the year	152,502,303	141,410,077
	Depreciation charge for the year	(190,899,996)	(179,591,384)
	Balance at the end of the year	<u>699,454,614</u>	<u>737,852,307</u>

	2021	2020
Lease term (years)	3 to 12 years	3 to 12 years

10.2 These represent premises acquired for operating activities. The right to terminate lease by serving a 1 to 12 months notice is available to the Bank, however, the Bank is reasonably certain not to exercise this right during the lease terms.

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11	OTHER ASSETS	Note	2021	2020
			Rupees	Rupees
	Income / Mark-up Accrued		990,053,921	2,606,732,804
	Advances to Staff	11.1	185,062,677	145,409,984
	Advances and Prepayments		324,906,545	256,200,704
	Advance Income Tax - Net of Provision		189,302,881	101,537,521
	Security Deposits		37,131,920	37,761,920
	Inter Banks ATM Settlement Account		11,779,148	2,457,707
	Insurance Claims Receivable from related party		442,372,389	442,372,389
			<u>2,180,609,481</u>	<u>3,592,473,029</u>

11.1 Advances to staff are granted to the eligible employees of the Bank as per markup rates and the ceiling limits as prescribed under the HR policy of the Bank.

12	DEFERRED TAX ASSET	Note	2021	2020
			Rupees	Rupees
	Opening balance		546,094,039	504,005,802
	Recognized in profit and loss account		737,387,895	42,088,237
	Closing balance	12.1	<u>1,283,481,934</u>	<u>546,094,039</u>

12.1 Components of deferred tax

Taxable temporary differences in respect of;				
	Accelerated tax depreciation		(64,495,868)	(67,923,269)
Deductible temporary differences in respect of;				
	Leases liabilities		19,306,123	16,342,542
	Provision against advances		143,104,100	111,150,661
	Carry forwardable tax losses		1,076,112,937	318,661,909
	Minimum tax credits		109,454,642	167,862,196
			<u>1,283,481,934</u>	<u>546,094,039</u>

12.1.1 Deferred tax assets and liabilities on temporary differences are measured at 29% (2020: 29%).

13	DEPOSITS AND OTHER ACCOUNTS	Note	2021		2020	
			No. of accounts	Rupees	No. of accounts	Rupees
	Time liabilities					
	Fixed Deposits (Deals)	13.1	7,297	7,267,908,020	7,350	6,141,735,917
	Demand liabilities					
	Saving Deposits	13.2	31,005	11,564,405,616	28,445	12,744,083,910
	Current Deposits		399,347	3,251,403,613	360,796	7,293,067,143
			430,352	14,815,809,229	389,241	20,037,151,053
		13.3	<u>437,649</u>	<u>22,083,717,249</u>	<u>396,591</u>	<u>26,178,886,970</u>

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13.1 These represent deposits received from customers with maturity period 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).

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

13.3	Particulars of deposits by ownership	2021		2020	
		No. of accounts	Rupees	No. of accounts	Rupees
	Individual Depositors	436,629	16,765,080,170	395,863	19,917,821,549
	Institutional Depositors				
	- Corporations / Firms	1,007	5,224,560,997	713	5,871,825,004
	- Banks & Financial Institutions	13	94,076,082	15	389,240,417
		1,020	5,318,637,079	728	6,261,065,421
		437,649	22,083,717,249	396,591	26,178,886,970

14	BORROWINGS	Note	2021	2020
			Rupees	Rupees
	Borrowings from Banks / Financial Institutions in Pakistan			
	Demand Finance	14.1	472,722	3,466,749

14.1 The demand finance facility was obtained to purchase 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 and 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.

15	LEASE LIABILITIES	2021	2020
		Rupees	Rupees
	Opening balance	794,205,901	797,912,728
	Leases acquired during the year	152,502,303	141,410,077
	Finance cost accrued during the year	78,511,211	82,308,124
		1,025,219,415	1,021,630,929
	Rentals paid during the year	(259,191,962)	(227,425,028)
		766,027,453	794,205,901

15.1 These represents liabilities related to buildings under lease contracts (refer note 10). These are recognized at present value of remaining lease payments, discounted using incremental borrowing rate of 10% (2020: 10%) per annum.

15.2 The future lease payments to which the Company is committed are as under:

	2021	2020
	Rupees	Rupees
Future minimum lease payments	1,514,204,856	1,362,489,121
Less: Financial charges allocated to future periods	(748,177,403)	(568,283,220)
	766,027,453	794,205,901
Lease term (years)	3 to 12 years	3 to 12 years

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

	Minimum lease payments	Present value of minimum lease payments	Finance Cost
	----- Rupees -----		
2021			
Due within one year	614,466,376	196,989,076	417,477,300
Due after one year but not later than five years	879,723,025	550,119,687	329,603,338
Due after five years	20,015,455	18,918,690	1,096,765
	<u>1,514,204,856</u>	<u>766,027,453</u>	<u>748,177,403</u>
2020			
Due within one year	369,559,883	160,513,897	209,045,986
Due after one year but not later than five years	979,123,429	621,346,401	357,777,028
Due after five years	13,805,809	12,345,603	1,460,206
	<u>1,362,489,121</u>	<u>794,205,901</u>	<u>568,283,220</u>

15.4 Lease contracts were not accounted for previously due to misapplication of related accounting policy under IFRS-16. The error has been corrected retrospectively and comparative information has been restated in accordance with the requirements of IAS 8 'Accounting Policies, Change in Accounting Estimates and Errors'. The effect of correction of error on reported prior periods is as under:

	2020 Rupees Increase / (Decrease)	2019 Rupees Increase / (Decrease)
Effect on Balance Sheet		
Right of use assets	737,852,307	776,033,614
Deferred tax asset	16,342,542	6,344,943
Lease liabilities	794,205,901	797,912,728
Capital reserves		
Statutory reserve	1,788,542	(3,106,834)
Depositors' protection fund	447,135	(776,709)
Revenue reserve		
Accumulated (loss)	(30,008,289)	(11,650,628)
Effect on Profit and loss account		
Mark-up / Return / Interest Expensed	82,308,124	
Administrative expenses	(47,833,644)	
(Loss)/profit for the year before taxation	(34,474,480)	
Provision for taxation - Deferred tax income	9,997,599	
Profit for the year	(24,476,881)	
Unappropriated (loss) brought forward	(11,650,628)	
Total unappropriated (loss)	(36,127,509)	

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		2020	
		Rupees	
		Increase / (Decrease)	
Effect on Profit and loss account			
APPROPRIATIONS OF PROFIT:			
Transfer to:			
	Statutory reserve	4,895,376	
	Contribution to Depositors' Protection Fund	1,223,844	
	Unappropriated (loss) carried forward	(30,006,269)	
	Earnings per share - Basic and diluted	(0.06)	
16	OTHER LIABILITIES	2021	2020
		Rupees	Rupees
	Mark-up / Return / Interest payable	283,078,915	246,212,071
	Payable against pay orders	107,666,931	86,349,839
	Accrued expenses	338,343	158,343
	Others	93,038,337	57,065,553
		<u>484,122,526</u>	<u>389,785,806</u>
17	SHARE CAPITAL		
17.1	Authorized capital		
		No. of shares	Rupees
		2021	2020
		2021	2020
	<u>500,000,000</u>	<u>500,000,000</u>	Ordinary shares of Rs. 10/- each
		<u>5,000,000,000</u>	<u>5,000,000,000</u>
17.2	Issued, subscribed and paid-up capital		
		No. of shares	Rupees
		2021	2020
		2021	2020
	<u>428,984,962</u>	<u>343,984,962</u>	Ordinary shares of Rs. 10/- each fully paid in cash
		<u>4,289,849,620</u>	<u>3,439,849,620</u>
17.3	Reconciliation of issued, subscribed and paid-up capital		
		No. of shares	Rupees
		2021	2020
		2021	2020
	343,984,962	343,984,962	Opening balance
	85,000,000	-	Right shares of Rs. 10/- each issued during the year
	<u>428,984,962</u>	<u>343,984,962</u>	
		<u>4,289,849,620</u>	<u>3,439,849,620</u>
18	SHARE DEPOSIT MONEY	2021	2020
		Rupees	Rupees
	Share deposit money	350,390,276	1,046,215,185
		<u>350,390,276</u>	<u>1,046,215,185</u>

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

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19	DEFERRED GRANTS	Note	2021	2020
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19.1 Contingencies:

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

19.2	Commitment:	Note	2021 Rupees	2020 Rupees
	Bank Guarantee issued on behalf of The United Insurance Company of Pakistan Limited in favour of Lahore Waste Management Company	19.2.1	73,650	-

20	MARK-UP / RETURN / INTEREST EARNED	2021 Rupees	2020 Rupees
	Mark-up on Loans and Advances	395,279,494	2,667,261,205
	Mark-up on Deposit Accounts	422,319,609	651,410,366
	Mark-up on Investments in Government Securities	90,781,155	99,638,580
		<u>908,380,258</u>	<u>3,418,310,151</u>
20.1	Mark-up on Loans and Advances		
	Gross income	2,833,164,776	-
	Mark-up on advances suspended	(2,437,885,282)	-
		<u>395,279,494</u>	<u>-</u>

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21	MARK-UP / RETURN / INTEREST EXPENSED	Note	2021	2020
			Rupees	Rupees
Related to:				
	Deposits		1,380,256,249	1,388,639,949
	Borrowings		246,835	626,932
	Lease liabilities		78,511,211	82,308,124
			<u>1,459,014,295</u>	<u>1,471,575,005</u>
22	OTHER INCOME	Note	2021	2020
			Rupees	Rupees
	Amortization of deferred grants		62,046	2,298,140
	Insurance claim against defaulted loans		-	57,566,154
	Gain on disposal of operating fixed assets		4,632,709	150,000
	Cheque book charges		7,632,029	8,303,774
	Income on ATM card issuance		14,653,316	5,445,501
	Others	22.1	21,128,965	20,956,246
			<u>48,109,065</u>	<u>94,719,815</u>

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

23	ADMINISTRATIVE EXPENSES	Note	2021	2020
			Rupees	Rupees
	Salaries, allowances, etc.		1,353,863,372	1,288,416,243
	Rent, taxes, insurance, electricity, etc.		121,038,004	89,266,206
	Security charges		114,147,323	109,899,225
	Depreciation on operating fixed assets	9.1	101,425,340	102,847,147
	Depreciation on right of use assets	10.1	190,899,996	179,591,384
	Fees and subscription		67,012,124	25,139,085
	Repairs and maintenance		44,232,596	25,587,791
	Communication		36,475,605	40,563,192
	Contribution to defined contribution plan		23,829,453	21,829,521
	Stationery and printing		25,055,493	26,856,416
	Fuel expense		18,264,868	25,452,855
	Entertainment		20,850,291	23,135,785
	Legal and professional charges		9,305,838	7,841,152
	Traveling		8,836,896	16,199,768
	Credit verification expenses		7,250,602	7,643,879
	Amortization of intangible assets	9.2	7,010,896	9,706,984
	Advertisement and publicity		3,987,376	5,443,444
	Auditors' remuneration	23.1	4,735,500	4,115,000
	Training / capacity building		271,000	970,838
	IT Expenses		-	-
			<u>2,167,670,263</u>	<u>2,021,197,500</u>
23.1	Auditors' Remuneration	Note	2021	2020
			Rupees	Rupees
	Annual audit fee and report on CCG compliance		3,675,000	2,992,500
	Half yearly review		535,500	440,000
	Other certifications fee		-	157,500
	Out of pocket expenses		525,000	525,000
			<u>4,735,500</u>	<u>4,115,000</u>

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24	OTHER CHARGES	Note	2021	2020
			Rupees	Rupees
	Penalties	24.1	782,000	5,236,000
	Bank charges		599,754	3,639,068
			<u>1,381,754</u>	<u>8,875,068</u>

24.1 These represent penalties imposed by State Bank of Pakistan (SBP) against violations of AML/CFT Regulations and other directives issued by SBP.

25 PROVISION FOR TAXATION

25.1 Current Tax

The income of the Bank is subject to minimum tax under section 113 of the Income Tax Ordinance, 2001, owing to losses, hence provision for minimum taxation is made under section 113.

25.1.1 Relationship between accounting loss and tax expense

The relationship between accounting loss and tax expense has not been presented in these financial statements as provision for taxation has been made under section 113 of the Income Tax Ordinance, 2001.

26	(LOSS)/EARNINGS PER SHARE - BASIC AND DILUTED	2021	2020
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26.1 (LOSS)/EARNING PER SHARE - BASIC AND DILUTED

(Loss) for the year	Rupees	<u>(1,930,971,344)</u>	<u>12,742,225</u>
Weighted average number of	Numbers	<u>399,130,074</u>	<u>378,412,520</u>
(Loss)/earning per share-Basic & diluted (2020: Re-stated)	Rupees	<u>(4.84)</u>	<u>0.03</u>

26.2 There is no dilutive effect on (loss)/earning per share of the Bank.

27	CASH AND CASH EQUIVALENTS	Notes	2021	2020
			Rupees	Rupees
	Cash and Balances with SBP and NBP	5	1,586,619,423	2,394,744,268
	Balances with other banks / NBFIs / MFBs	6	4,284,767,144	9,505,025,520
			<u>5,871,386,567</u>	<u>11,899,769,788</u>

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28 NUMBER OF EMPLOYEES

As at December 31	2021			2020		
	Credit / Sales	Banking / Support	Total	Credit / Sales	Banking / Support	Total
Permanent	792	801	1,593	850	973	1823
Contractual	193	339	532	338	258	596
	<u>985</u>	<u>1,140</u>	<u>2,125</u>	<u>1188</u>	<u>1231</u>	<u>2419</u>
Average no. of Employees	2021			2020		
	Credit / Sales	Banking / Support	Total	Credit / Sales	Banking / Support	Total
Permanent	821	887	1,708	664	821	1485
Contractual	266	299	565	660	256	916
	<u>1,087</u>	<u>1,186</u>	<u>2,273</u>	<u>1324</u>	<u>1077</u>	<u>2401</u>

29 NUMBER OF BRANCHES/SERVICE CENTRES

	2021	2020
	Number	Number
Beginning of the year	121	123
Opened/(Closed) during the year:		
- Branches	-	-
- Service centres	(3)	(2)
At the end of the year	<u>118</u>	<u>121</u>

30 REMUNERATION OF DIRECTORS AND EXECUTIVES

The aggregate amount charged in the financial statements for remuneration, including all benefits to President / Chief Executive Officer of the Bank is as follows:

	President / Chief Executive Officer		Directors		Executives	
	2021	2020	2021	2020	2021	2020
	-----Rupees-----		-----Rupees-----		-----Rupees-----	
Meeting Fee	-	-	2,906,250	2,093,750	-	-
Managerial remuneration	6,479,375	7,140,000	-	-	159,995,157	160,858,391
Rent and house maintenanc	2,591,750	1,920,000	-	-	61,642,433	59,443,239
Utilities	647,938	418,067	-	-	15,410,755	14,860,927
Medical	647,938	188,760	-	-	15,999,668	15,371,950
Contribution to provident f	657,528	-	-	-	15,999,516	9,543,589
Bonus and other benefits	169,772	-	-	-	-	-
	<u>11,194,301</u>	<u>9,666,827</u>	<u>2,906,250</u>	<u>2,093,750</u>	<u>269,047,529</u>	<u>260,078,096</u>
Number of persons	<u>1</u>	<u>1</u>	<u>8</u>	<u>8</u>	<u>152</u>	<u>140</u>

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

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

31 MATURITIES OF ASSETS AND LIABILITIES

Assets	2021				
	Total	Up to one month	Over one month up to 6 months	Over 6 months up to 1 year	Over one year
Market rate assets	-----Rupees-----				
Investments - Net of Provisions	1,259,859,259	632,178,257	527,761,002	-	99,920,000
Advances - Net of Provisions	11,505,706,719	2,911,634,012	2,061,309,399	4,188,372,009	2,344,391,299
Other earning assets	4,478,248,442	4,134,700,358	2,569,604	206,778,575	134,199,905
Total market rate assets	<u>17,243,814,420</u>	<u>7,678,512,627</u>	<u>2,591,640,005</u>	<u>4,395,150,584</u>	<u>2,578,511,204</u>
Other non-earning assets	5,833,449,522	2,932,535,416	125,000,000	150,000,000	2,625,914,106
Total assets	<u>23,077,263,942</u>	<u>10,611,048,043</u>	<u>2,716,640,005</u>	<u>4,545,150,584</u>	<u>5,204,425,310</u>
Market rate liabilities					

	2021				
	Total	Up to one month	Over one month up to 6 months	Over 6 months up to 1 year	Over one year
	-----Rupees-----				
Time deposits of Rs. 100,000 and above	7,082,567,849	278,026,158	2,060,766,809	2,084,000,348	2,659,774,534
Time deposits below Rs. 100,000	185,340,173	21,810,000	34,906,000	20,442,773	108,181,400
Borrowings	472,722	472,722	-	-	-
Subordinated Debt	-	-	-	-	-
Other cost bearing liabilities	11,564,405,616	11,564,405,616	-	-	-
Total market rate liabilities	18,832,786,360	11,864,714,496	2,095,672,809	2,104,443,121	2,767,955,934
Other non-cost bearing liabilities	3,735,526,139	3,735,526,139	-	-	-
Total liabilities	22,568,312,499	15,600,240,635	2,095,672,809	2,104,443,121	2,767,955,934
	-----Rupees-----				
	2020				
Assets	Total	Up to one month	Over one month up to 6 months	Over 6 months up to 1 year	Over one year
Market rate assets	-----Rupees-----				
Investments - Net of Provisions	1,704,020,909	34,906,522	1,569,174,387	-	99,940,000
Advances - Net of Provisions	10,119,919,747	2,161,911,221	1,148,728,839	1,785,889,515	5,023,390,172
Other earning assets	9,639,295,477	4,246,124,912	5,314,841,591	29,833,298	48,495,676
Total market rate assets	21,463,236,133	6,442,942,655	8,032,744,817	1,815,722,813	5,171,825,848
Other non-earning assets	7,400,241,987	5,299,500,510	125,000,000	150,000,000	1,825,741,477
Total assets	28,863,478,120	11,742,443,165	8,157,744,817	1,965,722,813	6,997,567,325
Market rate liabilities	-----Rupees-----				
Time deposits of Rs. 100,000 and above	5,996,623,417	377,666,100	1,510,431,500	1,307,514,385	2,801,011,432
Time deposits below Rs. 100,000	145,112,500	4,430,000	28,895,000	25,201,000	86,586,500
Borrowings	3,466,749	3,466,749	-	-	-
Subordinated Debt	-	-	-	-	-
Other cost bearing liabilities	12,744,083,910	12,744,083,910	-	-	-
Total market rate liabilities	18,889,286,576	13,129,646,759	1,539,326,500	1,332,715,385	2,887,597,932
Other non-cost bearing liabilities	7,682,852,949	7,682,852,949	-	-	-
Total liabilities	26,572,139,525	20,812,499,708	1,539,326,500	1,332,715,385	2,887,597,932

32 FINANCIAL RISK MANAGEMENT

32.1 Coronavirus pandemic (COVID-19)

Risk management in the current economic scenario

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 Govt. adopted various strategies including general lockdown resulted into halt in the operations of various industries, which has translated into negative GDP growth rate.

The State Bank of Pakistan (SBP) responded in a timely manner and undertook various initiatives like:

- Reduction of the policy rate from 13.25% to 7% since the start of the COVID-19
- Allowing banks to defer borrowers principal loan payments by one year and or restructure/ reschedule loans to borrowers who require relief of principal repayment exceeding one year and / or mark up with no reflection on credit
- Introduction of refinancing scheme for payments of wages and salaries.

COVID-19 will impact banks in Pakistan on a number of fronts including increase in overall credit risk pertaining to loans and advances portfolio, reduced fee income due to free of cost service offering and overall slowdown in economic activity, continuity of business operations and managing cyber security threats.

32.2 Interest / mark-up rate risk

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

	Effective yield / interest rate %	2021				
		Total	Exposed to yield / interest risk			
			Up to one month	One month to six months	Over six months to one year	Over one year
		-----Rupees-----				
Assets						
Cash and balances with SBP and NBP	7.25%	45,434,897	45,434,897	-	-	-
Balances with other banks / NBFIs / MFBs	7.25% - 11.50%	4,247,750,868	3,847,750,868	400,000,000	-	-
Investments	7.38%- 10.33%	1,259,859,259	632,178,257	527,761,002	-	99,920,000
Advances - Net of provisions	21% - 53.84%	11,505,706,719	2,911,634,012	2,061,309,399	4,188,372,009	2,344,391,299
Other Assets - Advances to Staff	6.46% - 7.46%	185,062,677	41,514,593	2,569,604	6,778,575	134,199,905
		17,243,814,420	7,478,512,627	2,991,640,005	4,195,150,584	2,578,511,204
Liabilities						
Deposits and other accounts	3% - 15.50%	18,832,313,636	11,864,241,772	2,095,672,809	2,104,443,121	2,767,955,934
Borrowings	13.30%	472,722	472,722	-	-	-
		18,832,786,358	11,864,714,494	2,095,672,809	2,104,443,121	2,767,955,934
		(1,588,971,938)	(4,386,201,867)	895,967,196	2,090,707,463	(189,444,730)

	Effective yield / interest rate %	2020				
		Total	Exposed to yield / interest risk			
			Up to one month	One month to six months	Over six months to one year	Over one year
		-----Rupees-----				
Assets						
Cash and balances with SBP and NBP	5.50%	19,892,758	19,892,758	-	-	-
Balances with other Banks / NBFIs / MFBs	5.50% - 14.50%	9,473,992,735	4,173,992,735	5,300,000,000	-	-
Investments - Net of Provisions	7.10% - 7.15%	1,704,020,909	34,906,522	1,569,174,387	-	99,940,000
Advances - Net of Provisions	21% - 52.86%	10,119,919,747	2,161,911,221	1,148,728,839	1,785,889,515	5,023,390,172
Other Assets - Advances to Staff	7.2% - 9.97%	145,409,984	52,239,420	14,841,590	29,833,298	48,495,676
		21,463,236,133	6,442,942,656	8,032,744,816	1,815,722,813	5,171,825,848

Effective yield / interest rate	2020					
	Total	Exposed to yield / interest risk				
		Up to one month	One month to six months	Over six months to one year	Over one year	
%	-----Rupees-----					
Liabilities						
Deposits and other accounts	3% - 15.50%	18,885,819,827	13,126,180,009	1,539,326,501	1,332,715,385	2,887,597,932
Borrowings	13.30%	3,466,749	3,466,749	-	-	-
		18,889,286,576	13,129,646,758	1,539,326,501	1,332,715,385	2,887,597,932
		2,573,949,557	(6,686,704,102)	6,493,418,315	483,007,428	2,284,227,916

32.3 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Bank's credit risk is primarily attributable to its advances, balances at banks, investments and certain other assets. The credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit ratings. The Bank has an effective loan disbursement and recovery monitoring system which allows it to evaluate borrowers' credit worthiness and identify potential problem loans. A provision for loan losses is maintained as required by the Prudential Regulations for Microfinance Banks. Investments are mainly in government securities or other securities having good credit rating. The maximum amount of financial assets which are subject to credit risk amounting to Rs. 17,243 million (2020: Rs. 21,463 million).

32.4 Liquidity risk

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

32.5 Fair value of financial instruments

The carrying values of all the financial assets and financial liabilities reported in the financial statements approximate their fair values.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an ordinary transaction between market participants at the measurement date.

33 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	2021	2020
		Rupees	Rupees

Balances at year end:

Associated company	Deposits	253,725,829	146,393,251
	Share Deposit Money	350,390,276	963,015,274
	Insurance Claims Receivable	442,372,389	442,372,389
Key management personnel	Deposits	2,280,077	3,651,525
Directors / sponsors / shareholders	Deposits	5,433,003	1,873,015
	Share Deposit Money	-	83,199,911

Transactions during the year:

Associated company	Deposits received	5,072,746,314	1,708,437,055
	Withdrawals	4,970,914,881	1,602,504,107
	Mark-up paid on deposits	4,274,622	2,278,936
	Shares issued against Share Deposit Money	762,624,990	-
	Share Deposit Money received	150,000,000	350,000,000

Nature of Relationship	Nature of Transactions	2021	2020
		Rupees	Rupees
Key management personnel	Deposits received	111,689,885	106,030,118
	Withdrawals	113,069,777	103,570,024
	Mark-up paid on deposits	28,806	14,216
Directors / sponsors / shareholders	Deposits received	141,718,006	19,765,065
	Withdrawals	140,377,443	19,666,696
	Share Deposit Money received	4,175,091	-
	Mark-up paid on deposits	64,334	76,254
	Shares issued against Share Deposit Money	87,375,010	-
Staff Provident Fund	Contribution made during the year	23,829,453	21,829,521

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

Name of Related Party	Nature of Relationship	Aggregate Percentage of Shareholding (%)
The United Insurance Company Of Pakistan Ltd	Shareholding	46.50%
United Track System (Pvt) Limited	Common Directorship	19.34%
Tawasul Healthcare Tpa (Private) Limited	Common Directorship	1.62%
United Software and Technologies International (Pvt.)	Common Directorship	2.55%
Saudi Pak Insurance Company Limited	Common Directorship	1.97%
UIC Employee Provident Fund	Common Control	-
Syed Rahat Ali Shah	Director	0.00%
Mr. Muhammad Saleem Shaikh	Director	0.00%
Mr. Muhammad Akram Shahid	Director/ Chairman	5.19%
Mr. Imad Mohammad Tahir	Director	12.86%
Tawasul Risk Management Services (Pvt.) Limited	Common Directorship	0.57%

34 PROVIDENT FUND RELATED DISCLOSURE

The following information is based on the audited financial statements of the provident fund for the year ended December 31, 2020 and audited financial statements for the year ended December 31, 2021.

	2021	2020
	Rupees	Rupees
Size of the fund - Total assets	113,108,320	88,699,582
Cost of investments	53,200,000	53,200,000
Percentage of investments made	47.0%	60.0%
Fair value of investments	53,200,000	53,200,000

Investments represent Term deposit receipts

34.1 The investment has been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

35 DETAILS OF BUSINESS LOCATIONS

The addresses of the branches of the Bank are as follow:

- | | | |
|---|--|--|
| 1) I.I Chundrigar (101)
Ry-9, Survey No.11/9A, Railway Quarters,
Opposite Schon Center, I.I.
Chundrigar Road, Karachi. | 2) Shahrah-E- Faisal (102)
Shop # 4, Plot # 22, Block A, 6-Amber
Tower, Shahrah-E-Faisal, Karachi. | 3) North Karachi (105)
Ls-8, Street 11-K, North Karachi. |
| 4) Paper Market (108)
Survey # 20, Sheet # Sr. 8, Hassan
Ali Afandi Road, Seria Quarters, Paper
Market, Karachi. | 5) Gizri (109)
K3/4, 4/4, Chaudhry Khaliq-Uz-Zaman Road,
Gizri Karachi | 6) Malir Branch (110)
Shop # 106-108, 114-115, Liaquat
Market, Malir Colony, Karachi. |
| 7) Mehmoodabad (111)
Plot # 169, Mahmoodabad # 2,
Jamshed Town, Karachi. | 8) Larkana (112)
City Survey # 164/1, Old Anaj Mandi,
Gajnpur Chowk, Tehsil & District Larkana. | 9) Kumb Road, Sui Gas (113)
Survey # 764, Plot # 12, Deh Gahi
Chakrani, Union Council Moosan
Shah, Kumbh Road Suigas. |

10) Khairpur (115) D/270, Mohallah Ali Murad, New Goth, Deh & Taluka, Khairpur, Kutchery Road, Khairpur Mirus	11) Hyderabad (116) F73-74, Commercial, Risala Road, Saddar, Hyderabad.	12) Tando Allah Yar (117) 5/C, Main Hyderabad Road, Tando Allah Yar
13) Tando Muhammad Khan (118) City Survey # 831, Ward B, Court Road, Tando Muhammad Khan	14) Ghotki (119) S. # 10, Devri Road, Near Chandu Ram Colony, Taluka Ghotki, Deh Odharwali, District Ghotki	15) Mirpurkhas (120) City Survey # 731, Tourabad, Umer Kot Road Mirpurkhas, Tehsil & District Mirpurkhas.
16) Umerkot (121) Shop No. 18-19, City Survey No. 115, Gulsha-E-Akber, Mirpurkhas Road, Umerkot.	17) Nawabshah (122) City Survey No. 2146/165/1, Buchery Road, Nawabshah.	18) Sukkur (123) Shop No. 8 & 9, City-Survey No. F-9, Pak Colony, Race Course Road, Sukkur.
19) Shahdadpur (124) City Survey No. 379, Ward A Shahdadpur, Tehsil Shahdadpur, District Sanghar	20) Tando Adam Khan (125) City Survey No. 224/1, Muhammadi Chowk, Tando Adam, District Sanghar.	21) Sanghar (126) City Survey No. 752-755, Main Shopping centre, M.A. Jinnah Road, Sanghar
22) Mehar (127) Vip Road Mehar Nr Sindh Laboratory.	23) Mehrabpur (128) Thari Road Mehrabpur Tehsil:Khandiara Dist. Noshero Feroz Dist:Nosheroferoz.	24) Sunder Das Road Lahore (130) 23-A, Sundar Das Road Zaman Park Lahore
25) Kamoki (131) Gt Road Kamoki	26) Adiala Road, Rawalpindi (134) Jandad Tower Near Six Road Metro Stop Main Murree Road Rawalpindi	27) G.T Road Gujrawala (136) G.T Road Gujranwala
28) Sharaqpur Chowk, Sheikhpura (137) Lahore Road Near Usman Cng Sheikhpura	29) Church Road, Okara (139) Church Road Okara	30) Vehari (140) Karkhana Bazar Vehari
31) Stadium Road Sahiwal (141) Apna Microfinance Bank Ltd Stadium Road Sahiwal.	32) Madina Chowk Depalpur (142) Katchery Road Madina Chowk Deplapur	33) Kasur (143) Pul Qatal Garhi, Kecheeri Road, Kasur
34) Lodhran (145) Bahawal Pur Road Lodhran	35) Model Town (146) Shop No. 31 & 33 (A) Block, Store Market, Model Town Branch, Lahore	36) Paris Road Sialkot (148) Paris Road Sialkot.
37) Haveli Lakhani (150) Pakpatan Road Haveli Lakha Tehsil & Dist Okara	38) Multan (151) Mashallah Plaza Shop # 1 Azmat Wasti Road Multan	39) Layyah (152) Apna Micro Bank College Road Layyah
40) Township (153) Barkat Chowk Township Lahore	41) Ferozpur Road (154) Ferozpur Road 18 K.M Sofia Abad Opposite Descon Ferozpur Road Lahore	42) D.H.A (155) 51-Cca, Dd Block, Phase 4, Dha Lahore
43) Karim Block Lahore (156) 56/2 Karim Block Allama Iqbal Town Lahore	44) Shahdira (157) 25-Number Stop, Darbar Allah Hoo Shadara Lahore.	45) Mardan (158) Opposite To Abdul Wali Khan University Female Campus College Chowk Mardan.
46) Sabzi Mandi Peshawar (159) Cty Circular Road Near Gunj Gate Peshawar	47) Nowshera (160) Shobra Building Nowshera Cantt	48) Charsadda (161) S.S Plaza Bacha Khan Chowk Charsadda
49) Dean Plaza Peshawar (162) Ambi, Unit Lg-13 Deans Branch, Deans Trade Center Peshawar Cantt.	50) Daska (163) Apna Microfinance Bank Limited, 872/3 Near Muslim Market, Bank Road, Daska.	51) Mirpur Ak (164) Plot No. 35-A Opposite Sco Exchange Nangi Mirpur Azad Kashmir
52) Gilgit (165) Near Nha Hq Jutial Gilgit	53) Rahim Yar Khan (166) Ashraf Complex, Modal Town Rahim Yar Khan.	54) Quetta (167) Ambi Mission Road Quetta

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55) Bahawalpur (169) Cantt Branch Airport Road Bahawalpur.	56) Hafizabad (170) Gujranwala Road Hafizabad	57) Bahawalnagar (171) Grain Market Bahawalnagar
58) Chichawatni (172) G.T.Road Chichawatni	59) Qasimabad (173) Qasimabad Branch Near Jamali Pso Petrol Pump, Alamdaar Road,Nasim Nagar Hyderabad	60) Kahna Nau (174) Main Ferozepur Road Kahna Nau Lahore
61) Raiwind (175) Railway Road Raiwind	62) D-Chowk Ground (176) Apna Microfinance Bnak Ltd. People'S Colony Branch D.Ground Faisalabad	63) Chorastan Mian Khan (177) Arora Mian Khan Chorasta Mian Khan P/O Basirpurteh Depalpur Distt Okara
64) Jhang (178) Near Women College Chowk Main Gojra Road Jhang Sadar	65) Fort Abbas (179) Apna Micro Finance Bank Ltd School Bazar Fort Abbas	66) Dharanwala (180) Khwat No 60-57 Khatoni # .202 Fort Abbas Road Dahran Wala.
67) Minchinabad (181) Apna Micro Finance Bank Ltd. Circular Road Minchinabad	68) Haroonbad (182) Bangla Road Haroonabad	69) Mandi Bahauddin (183) Railway Road Of Bank Road Mandi Bahuddin
70) Burewala (184) Near Chungi #5 Multan Road Burewala	71) Taxila (187) Faisal Shaheed Road, Taxila	72) Kot Noor Shah (188) Al-Jaleel Garden Housing Scheme, Faizpur Interchange, Kot Noor Shah, Sharaqpur Road, Sheikhpura.
73) Bhalwal (189) Liaqat Shaheed Road Bhalwal	74) Bhagtanwala (190) Baghatanwala Branch Plot # 164/147 Baghatanwala	75) Pakpattan (191) Railway Road Pakpattan
76) Arifwala (192) Tehsil Road Arifwala Branch	77) Gujar Khan (193) Apna Bank Ltd Gujarkhan Haji Fazal Dad Plaza Railway Road Gujarkhan	78) Chakwal (194) Near Sadwal Plaza Bhoun Road Chakwal
79) Bara Kahu (196) Bara Kahu Islamabad Near Ubl Bank	80) Dina (197) Apna Bank,Mangla Road Dina.	81) Gojra (198) Gali Bohar Wali Sabzi Mandi Quaid-E-Azam Road Gojra
82) Jauharabad (199) Janubi Bazar Jauhar Abad District Khushab	83) Muree (200) Main Gpo Chowk Bank Road Murree	84) Bhakkar (201) Railwy Rod Apna Microfinance Bank Bhakkar
85) Muzaffarabad (202) Apna Microfinace Bank Tangastand Road Mzd	86) Abbotabad (203) Near Setthi Masjid Supply Main Mansehra Road Abbottabad	87)Chillas (204) Apna Microfinance Bank Chilas Branch
88) Dasu (205) Dasu Komila Kohistan	89) Chishtian (206) Grain Market,Chishtian	90) Haripur (207) G.T.Road, Haripur, Distt. Haripur Kpk.
91) Nol Plot (209) Ada Nolplot, Okara	92) Khudian Kasur (210) Naya Adda Khudian Kasur.	93)Farooqabad (211) Ghalla Mandi Farooqabad Near Allied Bank Tehsil District Sheikhpura.
94) Jassoki Sheller Okara (212) Khwat No 99 Khatoni No 344 Ahmadabad Mauza Jassoki Gurditta Tehsil Depalpur District Okara	95) Jada Jehlum (214) Near M.A Jinnah College M.M No 3 Jhelum	96) Toba Tek Singh (215) Allama Iqbal Road Toba Tek Singh
97) Ahmedpur East (216) Shikrani Chowk Near Koraija Car Stand Ahmedpur East Dist Bahawalpur	98) Dadu (217) Ambi.0217 Plot No:82 , Sehwan Sharif Road Dadu	99) Shikarpur (218) City Survey #5/146,5/147 Sividar Road Shikarpur Sindh

APNA MICROFINANCE BANK LIMITED
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100) Johar Town Branch Lahore (219) Plot #472 Block G 3 Near Khokhar Chowk Johar Town Lahore	101) Pattoki (220) Bhatti Chowk Bypass Pattoki	102) Mian Channu (221) G.T Road Mian Channu
103) Gujrat (222) Apna Bank Near Area Gate G T Road Gujrat	104) Sargodha City (223) Settelite Twon Chungi No 9 Sargodha	105) Sadiqabad (224) Kacha Shahi Road Sadiqabad
106) Islamabad (225) 109/E Mehreen Heights Lower Ground Floor Blue Area Islamabad	107) Khanpur (226) Apna Micro Finance Building # 18 Model Town A Street No 1 Khanpur	108) Rajanpur (227) Apna Micro Finance Bank Gulshan Iqbal Colony Main Indus Highway Rajanpur
109) Alipur (228) Ambl College Chowk Alipur Dist. Muzafargarh	110) D.G.Khan (229) Ambl Eid Gah Chowk Dg Khan	111) Fazil Pur (230) Ambl Main Indus Highway Road Fazilpur
112) Shujabad (231) Ambl Jilalpur Road Shujabad	113) Tiba Sultanpur (232) Duniya Pur Road, Opposite Bank Al Habib, Tiba Sultanpu	114) Liqat Pur Branch (233) Kachi Mandi Near Allah Wala Chowk
115) Sundar Adda Lahore (234) Sundar Ada Multan Road Lahore	116) Ghalla Mandi Multan (235) Ghalla Mandi Branch Multan	

36 MATERIAL OUTSOURCING ARRANGEMENTS

In compliance to BPRD Circular No. 06 of 2017 of SBP, the material outsourcing arrangements of the Bank are listed below:

Sr. No	Name of Service Provider	Name of Service	Estimated Cost
			Rupees
1	Track Security Systems (Pvt.) Limited	Security guards services	42,933,858
2	Homeland Security (Pvt.) Limited	Security guards services	26,906,361

37 COMPLAINTS MANAGEMENT MECHANISM

Apna Micro Finance Bank Limited believes in fair treatment of customers and for this the Bank has an effective Consumer Grievance Handling Mechanism in place. The bank provides a secure channel through which customers of the Bank may lodge their complaints about their grievances. The Bank ensure the resolution of the customers' complaints as per the banking practices and within turnaround time (TAT) and for which proper escalation matrix is in place. Customers are fairly treated and updated throughout the process till final resolution of their complaint. During the year 542 (2020: 264) complaints were received and average time to resolve a complaint is 9.5 days (2020: 10.25 days).

38 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were approved and authorised for issue on by the Board of Directors of the Bank.

39 GENERAL

39.1 The corresponding figures have been rearranged / reclassified, wherever necessary, for better presentation. However, no material reclassifications have been made.

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

 President / CEO

 Chief Financial Officer

 Chairman

 Director

 Director