

apna bank  
Limited

خوابوں سے خوشحالی تک

اپنا بنک

*Un-Audited Interim Condensed  
**Financial Statements**  
for the Half Year Ended June 30, 2017*



Micro Finance  
**apna bank**  
Limited

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## CORPORATE INFORMATION

### Board of Directors

Chairman  
Directors

Mr. Muhammad Akram Shahid  
Mr. Qamar-uz-Zaman  
Mr. Muhammad Azam Cheema  
Mr. Imad Mohammad Tahir  
Mr. Muhammad Saleem Shaikh  
Syed Rahat Ali Shah  
Mr. Muhammad Asghar

President / Chief Executive  
Company Secretary  
Chief Financial Officer

Mr. Muhammad Gulistan Malik  
Mr. Rafat Abbas  
Mr. Ali Murtza

Audit Committee of the Board  
Composition  
Chairman  
Members

Mr. Muhammad Asghar  
Mr. Imad Mohammad Tahir  
Mr. Muhammad Saleem Shaikh  
Syed Rahat Ali Shah  
Mr. Muhammad Azam Cheema

Executive Committee of the Board  
Composition  
Chairman  
Members

Mr. Muhammad Akram Shahid  
Mr. Qamar uz Zaman  
Mr. Muhammad Asghar  
Syed Rahat Ali Shah  
Mr. Muhammad Azam Cheema

Human Resource and Remuneration Committee  
Composition  
Chairman  
Members

Mr. Imad Mohammad Tahir  
Mr. Muhammad Akram Shahid  
Mr. Qamar uz Zaman  
Syed Rahat Ali Shah  
Mr. Muhammad Saleem Shaikh

Risk Management Committee of the Board  
Composition  
Chairman  
Members

Mr. Muhammad Azam Cheema  
Mr. Muhammad Akram Shahid  
Mr. Muhammad Asghar  
Mr. Imad Mohammad Tahir  
Syed Rahat Ali Shah

Monitoring Committee  
Composition  
Chairman  
Members

Mr. Muhammad Asghar  
Mr. Muhammad Azam Cheema  
Mr. Muhammad Saleem Shaikh  
Syed Rahat Ali Shah

Auditors

Ilyas saeed & Co.  
Chartered Accountants

Tax/ Legal Advisor

RAMDAYS  
Advocates & Corporate Consultants  
Lahore

Bankers

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

Registered Office

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

Head Office

23-A, Sundar Das Road, Zaman Park Lahore.  
PABX Tel: +92 42 36306730  
Website: [www.apnabank.com.pk](http://www.apnabank.com.pk)

Share Registrar

Technology Trade (Pvt.) Ltd.  
Dagia House,  
241-C, Block-2, P.E.C.H.S.  
Off. Shahrah-e-Quaideen, Karachi.  
Phone: 021-34391316 -17  
Fax: 021-34391318

## Directors' Report

On behalf of the Board of Directors, I am pleased to present the reviewed Condensed Interim Financial Statements of the Bank for the half year ended June 30, 2017.

### Operational and Financial Review

Particulars	June 30, 2017	Dec 31, 2016	%
	Un-audited	Audited	Change
	Rupees	Rupees	
Advances - net of provision	3,899,541,175	5,484,025,056	-29%
Deposits and other accounts	12,687,728,600	12,347,070,954	3%

Particulars	June 30, 2017	June 30, 2016	%
	Un-audited	Un-audited	Change
	Rupees	Rupees	
Mark-up/return/interest earned	820,391,433	595,079,204	38%
Mark-up/return/interest expenses	(402,180,054)	(248,524,958)	62%
Administrative expenses	(637,221,289)	(453,327,126)	41%
Profit / (loss) after taxation	(250,022,296)	51,684,828	-584%

The Bank posted a loss after tax in the current period amounting to Rs. 250.02 million as compared to a profit of Rs. 51.68 million in corresponding period. The equity (net of losses) of the Bank stood at Rs. 544.56 million and the total assets have decrease to Rs. 13,509.17 million from Rs. 13,554 million as at December 31, 2016, the loss per share for the half year ended June 30, 2017 is Rs. (1.14) as compared to earnings per share of Rs. 0.23 in the corresponding period.

The most important element attributable to the current period loss is the decrease in revenue streams on advance portfolio because of Non-Performing loans (NPL's), and suspension of new/additional financing since November 2016 due to improvisation in our credit and Information system's controls & procedures. The completion of said advancements in our system in June 2017 ensued the organization towards the resumption of its advances.

The administrative expenses have increased by 41% in comparison to the corresponding period. The major factor attributable to this rise is the increase in manpower as a direct result of the new branches opened during the previous year. For the coverage of the Banks growth and expansion strategy in the previous period the Bank persisted with the hiring of professional and competent people to further strengthen the team and to bring efficiency in the Internal Controls over system & procedures. The management is focusing its efforts on extensive training of existing HR in order to bring efficiency and effectiveness in operations.

### Future Outlook

We will take all possible steps to ensure the transparency and efficiency in the Bank's processes and improve in all aspect of business keeping in view the best industry practices. Additionally, we will focus attentions towards competitive team building, regulatory compliances and risk assessments to address regulatory standards.

Further, the Bank is fully geared to capitalize the business opportunities presented by the market. We are in the process for the introduction of branchless banking in near future and these new technology based services will not only enhance the goodwill of the bank but shall increase the outreach and will serve as tools for income diversification and as well.

The Bank's equity (free of losses) stood at Rs. 541.70 million as at the balance sheet date which is not in compliance with the minimum capital requirement (MCR) as specified in the Prudential Regulations for MFBs, however to meet the equity requirements the Bank's sponsors have already injected Rs. 500 Million of fresh capital since June 2016 and they are planning to inject further fresh capital of Rs. 700 million till the end of December 31<sup>st</sup>, 2017. The stated capital injection plan has also been shared with State Bank of Pakistan (SBP).

#### **Credit Rating**

The Pakistan Credit Rating Agency (Pvt.) Ltd. has assigned the Bank "BBB" (Triple B) and "A3" (A Three) as long term and as short-term ratings respectively with a "Stable" future outlook.

#### **Acknowledgement**

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

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

Lahore: August 30, 2017

On behalf of the Board



Muhammad Gulistan Malik  
President and CEO

## ڈائریکٹرز رپورٹ

☆ بورڈ آف ڈائریکٹرز کی طرف سے منجانباً سرت کے ساتھ 30 جون 2017ء کو ختم ہونے والے عبوری مالی سال کی تیسرے آٹھ ماہہ مختصر بینک کی مالیاتی رپورٹ پیش کر رہا ہوں۔  
انتظامی اور مالیاتی جائزہ:

کوائف:		30 جون 2017	31 دسمبر 2016	% تبدیلی
	ان آڈیٹ	ان آڈیٹ	ان آڈیٹ	
	(پاکستانی روپے)	(پاکستانی روپے)	(پاکستانی روپے)	
فراہم کیا گیا کل ایڈوائس (ہر پونے کے بعد)	3,899,541,175	5,484,025,056	-29%	
ڈیپازٹس اور دیگر کلائنٹس	12,687,728,600	12,347,070,954	3%	
کوائف:		30 جون 2017	30 جون 2016	% تبدیلی
	ان آڈیٹ	ان آڈیٹ		
	(پاکستانی روپے)	(پاکستانی روپے)		
مارک اپ آمدنی	820,391,433	595,079,204	38%	
مارک اپ خرچ	(402,180,054)	(248,524,958)	62%	
انتظامی اخراجات	(637,221,289)	(453,327,126)	41%	
تفصیل اخراجات بعد از ٹیکس اور ایک	(250,022,296)	51,684,828	-584%	

بینک نے ٹیکس کے بعد رواں مدت میں 250.02 ملین پاکستانی روپے کا نقصان ظاہر کیا ہے۔ جبکہ گزشتہ برس اسی مدت میں منافع 51.680 ملین (پاکستانی روپے) تھا۔ بینک کی کل ایکویٹی بعد از نقصانات 544.56 ملین (پاکستانی روپے) ہے جبکہ 30 جون 2017ء کو بینک کے کل اثاثہ جات 13554.00 ملین (پاکستانی روپے) سے کم ہو کر 13509.17 ملین (پاکستانی روپے) ہو گئے ہیں 30 جون 2017ء کو فی شخص نقصان کی شرح (1.14) روپے ہے جبکہ گزشتہ مدت میں یہ فی شخص منافع کی شرح 0.23 روپے تھی۔  
رواں مدت کے نقصانات کی وجوہات کا ایک اہم عنصر بینک میں دیئے گئے قرضوں کے اوپر آمدنی میں کمی ہے جو کہ NPL's اور کریڈٹ اور انفارمیشن سسٹم میں بہتری آنے تک نومبر 2016ء سے نئے قرضوں کی فراہمی کی معطلی کی وجہ سے سسٹم میں کمی کی بہتری جون 2017ء میں مکمل ہوئی جو کہ نئے قرضوں کی بحالی کا سبب بنی۔  
گزشتہ مالی مدت کے مقابلے رواں مالی مدت میں انتظامی اخراجات میں 41 فیصد اضافہ ہوا اس سبب سے جزی بڑی وجہ رواں مالی سال میں نئی برانچ کھولنے کی وجہ سے اس میں افرادی قوت کے اخراجات ہیں۔ بینک کی ترقی اور توسیع کے لئے انتظامیہ نے فیصلہ کیا ہے کہ وہ مستقبل میں انتہائی پیشہ ور اور قابل لوگوں کی خدمات حاصل کرے گا جو ہمارے اندرونی نظام اور طریقہ کار کو بہتر طور پر چلائیں گے۔ انتظامیہ کی اولین ترجیحات میں موجود ہیں ریٹس ڈیپازٹمنٹ کے لوگوں کو تربیت دینا ہے جس سے ان کی انتظامی امور کو انجام دینے کی استعداد بہتر ہو سکے۔

### مستقبل کا جائزہ

ہم جیٹ انڈسٹری پریکٹس کو مد نظر رکھتے ہوئے بینک کے تمام انتظامات میں شفافیت کو یقینی بنانے کے تمام ممکنہ اقدامات کریں گے اس کے ساتھ ساتھ معاشی تنظیم سازی، لازمی قیام اور خطرے کی تشخیص پر بھی قابو پانے پر توجہ دے رہے ہیں بینک مارکیٹ میں موجود کاروباری مواقع سے فائدہ اٹھانے کے لئے مکمل طور پر تیار ہے ہم مستقبل قریب میں براؤنچ لیس بینکاری کے تعارف کے لئے بھی کام کر رہے ہیں اور نئی ٹیکنالوجی کی بنیاد پر صرف بینک کی ساتھ میں اضافہ ہوگا بلکہ بینک کے ذرائع آمدنی میں بھی اضافہ ہوگا بینک کی ایکویٹی (بعد از نقصانات) ٹیکس شیڈ کی تاریخ پر 544.56 ملین (پاکستانی روپے) ہے جو کہ کم سے کم سرمایہ کی ضرورت (MCR) دیگر بینکنگ سیکٹور کے لئے پروڈیٹل سیکولٹیٹیشن میں مخصوص طور پر سرمائے کی شرح کے مطابق ٹیکس ہے تاہم ایکویٹی ضرورت کو پورا کرنے کے لئے بینک کے اسپانسرز نے جون 2016ء سے اب تک 500 ملین کی سرمایہ کاری کی ہے اور مزید 700 ملین نئی سرمایہ کاری کی منصوبہ بندی کی ہے سرمایہ کاری کی منصوبہ بندی سٹیٹ بینک آف پاکستان کو بھی مہیا کی گئی ہے

## ڈائریکٹرز رپورٹ

### گریڈ ریٹنگ:


پاکستان کریڈٹ ریٹنگ ایجنسی پرائیویٹ لمیٹڈ نے بینک کے مستقبل کے مستحکم لانچ عمل کے تناظر میں لاگت نرم اور شارج نرم ریٹنگ "BBB" (ٹرپل بی) اور A3 (AAA) جاری کیا ہے۔

### اعترافات:

اس موقع پر ہم اپنے معزز صارفین، حصص داران، کھاتہ داروں کے ساتھ سرپرستوں کے اعتماد اور انتظامیہ کے ساتھ ملازمین کا منت اور ہمیں سے اپنا بھرپور کردار ادا کرنے پر شکر یہ ادا کرتے ہیں۔ اس کے ساتھ ہم سٹیٹ بینک آف پاکستان، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور پاکستان سٹاک ایکسچینج کے بھی مشکور ہیں جنہوں نے ہماری مستقل رہنمائی جاری رکھی۔

یورڈ کی جانب سے

لاہور، 30 اگست 2017ء

  
محمد گلستان ملک  
صدر راسی - اپنا - ای۔ او

## INDEPENDENT AUDITORS' REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION TO THE MEMBERS

### Introduction

We have reviewed the accompanying condensed interim balance sheet of Apna Microfinance Bank Limited ("the Bank") as at June 30, 2017 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity for the six months period then ended, and a summary of significant accounting policies and other explanatory notes (here-in-after collectively referred to as "condensed interim financial information"). The management of the Bank is responsible for the preparation and fair presentation of this condensed interim financial information in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarters ended June 30, 2017 and June 30, 2016 have not been reviewed, as we are required to review only the cumulative figures for the half year ended June 30, 2017.

### Scope of Review

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

### Basis for Qualified Conclusion

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

### Qualified Conclusion

Based on our review, with the exception of the matter described in preceding paragraph, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as of and for the six month period ended June 30, 2017 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

### Emphasis of matter

We draw attention to note 1.1 to the condensed interim financial information which mentions that the Bank has not complied with certain applicable regulatory requirements as detailed in the said note. We also draw attention to note 18 which states that the bank has carried forward business losses of Rs. 887 million and deferred tax assets of Rs. 521 million the realization of which depends upon availability of future taxable profits. Our conclusion is not further qualified in respect of these matters.

### **Other matters**

The financial statements of the Bank for the year ended December 31, 2016 and the interim condensed financial information of the Bank for the six month period ended June 30, 2016 were audited and reviewed respectively by another firm of chartered accountants who expressed a modified opinion on the financial statements of the Bank for the year ended December 31, 2016 along with emphasis of matter paragraph and expressed unqualified conclusion on the condensed interim financial information of the Bank for six month period ended June 30, 2016 vide audit report dated April 07, 2017 and review report dated August 19, 2016.

The audit report on financial statements of Bank for the year ended December 31, 2016 contains the following modification:

1. During the year, the Bank has renewed a number of micro-credit (running finance) cases without completion of certain conditions of renewal. The Bank's information system has not classified such advances as non-performing advances, has not made any provision and has not suspended related income. We are, therefore, unable to verify non performing advances of Rs. 1,484.01 million, provision of Rs. 861.72 million (Refer note 11) and suspended income of Rs. 165.60 million. Further, we are unable to determine the quantum of non-performing advances, related provision and suspended income in accordance with the requirements of Prudential Regulations due to non-availability of required information / details from the Bank's information system.

**ILYAS SAEED & CO.**  
**Chartered accountants**  
**Engagement Partner: Muhammad Ilyas**  
**LAHORE**

**APNA MICROFINANCE BANK LIMITED**  
**CONDENSED INTERIM BALANCE SHEET (Un-Audited)**  
**AS AT JUNE 30, 2017**

		30-Jun-17	31-Dec-16
		----- Rupees -----	
	Note	(Un-audited)	(Audited)
<b>ASSETS</b>			
Cash and balances with SBP and NBP	5	1,059,009,714	1,028,052,212
Balances with other banks / NBFIs / MFBS	6	5,461,096,964	4,280,247,005
Lending to financial institutions		-	-
Investments - net of provisions	7	567,401,133	605,409,478
Advances-net of provisions	8	3,899,541,177	5,484,025,056
Operating fixed assets	9	819,594,032	821,089,654
Other assets	10	1,181,000,992	958,095,553
Deferred tax asset		521,531,143	377,084,060
<b>Total assets</b>		<b>13,509,175,155</b>	<b>13,554,003,018</b>
<b>LIABILITIES</b>			
Deposits and other accounts	11	12,687,728,600	12,347,070,954
Borrowings	12	13,889,061	204,001,745
Subordinated debt		-	-
Other liabilities		253,659,125	295,730,881
Deferred tax liabilities		-	-
<b>Total liabilities</b>		<b>12,955,276,786</b>	<b>12,846,803,580</b>
<b>NET ASSETS</b>		<b>553,898,369</b>	<b>707,199,438</b>
<b>REPRESENTED BY:</b>			
Share capital	13	2,200,000,000	2,200,000,000
Discount on issue of Right Shares		(950,000,000)	(950,000,000)
Share deposit money		500,000,000	400,000,000
Statutory and general reserves		1,279,583	1,279,583
Depositors' Protection Fund		319,896	319,896
Accumulated loss		(1,207,031,546)	(957,009,250)
		544,567,933	694,590,229
Deficit on revaluation of assets		(3,164,047)	(1,901,020)
Deferred grants	14	12,494,483	14,510,229
<b>Total capital</b>		<b>553,898,369</b>	<b>707,199,438</b>
<b>MEMORANDUM/OFF BALANCE SHEET ITEMS</b>	16	-	-

The annexed notes 1 to 21 form an integral part of these condensed interim financial statements.



\_\_\_\_\_  
President & Chief Executive Officer



\_\_\_\_\_  
Chairman



\_\_\_\_\_  
Director



\_\_\_\_\_  
Director

**APNA MICROFINANCE BANK LIMITED**  
**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)**  
**FOR THE PERIOD ENDED JUNE 30, 2017**

Note	Half Year Ended		Quarter Ended	
	30-Jun-17	30-Jun-16	30-Jun-17	30-Jun-16
Rupees				
	(Un-Audited)	(Un-Audited)	(Un-Audited)	(Un-Audited)
Mark-up/return/interest earned	820,391,433	595,079,204	388,228,730	358,967,211
Mark-up/return/interest expensed	(402,180,054)	(248,524,958)	(192,254,560)	(142,992,548)
<b>Net mark-up/interest income</b>	<b>418,211,379</b>	<b>346,554,246</b>	<b>195,974,170</b>	<b>215,974,663</b>
Provision against non-performing loans and advances	(192,091,166)	6,186,454	(105,719,431)	42,692,060
Provision for diminution in the value of investments	-	-	-	-
Recovery against written off advances	204,739	689,227	162,958	166,021
Bad debts written off directly	-	-	-	-
	(191,886,427)	6,875,681	(105,556,473)	42,858,081
<b>Net mark-up/interest income after provisions</b>	<b>226,324,952</b>	<b>353,429,927</b>	<b>90,417,697</b>	<b>258,832,744</b>
<b>Non mark-up/non interest income</b>				
Fee, commission and brokerage income	13,294,481	48,823,515	6,546,334	25,856,299
Other income	13,553,551	44,500,429	6,635,539	11,352,982
<b>Total non mark-up/non interest income</b>	<b>26,848,032</b>	<b>93,323,944</b>	<b>13,181,873</b>	<b>37,209,281</b>
	253,172,984	446,753,871	103,599,570	296,042,025
<b>Non mark-up/non interest expenses</b>				
Administrative expenses	(637,221,289)	(453,327,126)	(328,126,832)	(254,508,370)
Other provisions/write offs	-	-	-	-
Other charges	-	-	-	-
<b>Total non mark-up/non interest expenses</b>	<b>(637,221,289)</b>	<b>(453,327,126)</b>	<b>(328,126,832)</b>	<b>(254,508,370)</b>
	(384,048,305)	(6,573,255)	(224,527,262)	41,533,655
Extra ordinary/unusual items	-	-	-	-
<b>(Loss) / profit before taxation</b>	<b>(384,048,305)</b>	<b>(6,573,255)</b>	<b>(224,527,262)</b>	<b>41,533,655</b>
Taxation				
- Current	(10,421,074)	(6,903,846)	(5,993,737)	(3,947,593)
- Prior year	-	-	-	-
- Deferred	144,447,083	65,161,929	144,447,083	19,283,701
	134,026,009	58,258,083	138,453,346	15,336,108
<b>(Loss) / profit after taxation</b>	<b>(250,022,296)</b>	<b>51,684,828</b>	<b>(86,073,916)</b>	<b>56,869,763</b>
Accumulated loss brought forward	(957,009,250)	(221,485,690)	(1,120,957,630)	(226,670,625)
	<b>(1,207,031,546)</b>	<b>(169,800,862)</b>	<b>(1,207,031,546)</b>	<b>(169,800,862)</b>
<b>Appropriations</b>				
Transfer to				
Statutory reserve	-	-	-	-
Capital reserve	-	-	-	-
Contribution to MSDF/ DPF/ RMF	-	-	-	-
Revenue reserve	-	-	-	-
Proposed cash dividend Rupee Nil per share (2016: Rupee Nil per share)	-	-	-	-
Others	-	-	-	-
	-	-	-	-
<b>Accumulated loss carried forward</b>	<b>(1,207,031,546)</b>	<b>(169,800,862)</b>	<b>(1,207,031,546)</b>	<b>(169,800,862)</b>
<b>(Loss) / earnings per share - basic and diluted</b>	<b>(1.14)</b>	<b>0.23</b>	<b>(0.39)</b>	<b>0.26</b>

The annexed notes 1 to 21 form an integral part of these condensed interim financial statements.



President & Chief Executive Officer



Chairman



Director



Director

**APNA MICROFINANCE BANK LIMITED**  
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)**  
**FOR THE PERIOD ENDED JUNE 30, 2017**

	Half Year Ended		Quarter Ended	
	30-Jun-17	30-Jun-16	30-Jun-17	30-Jun-16
	----- Rupees -----			
	(Un-Audited)	(Un-Audited)	(Un-Audited)	(Un-Audited)
<b>Profit / (loss) after taxation</b>	<b>(250,022,296)</b>	51,684,828	<b>(86,073,916)</b>	56,869,763
<b>Other comprehensive income</b>				
Items that will not be reclassified to profit and loss account	-	-	-	-
Items that may subsequently be reclassified to profit and loss account	-	-	-	-
	-	-	-	-
<b>Comprehensive income / (loss) transferred to equity</b>	<b>(250,022,296)</b>	51,684,828	<b>(86,073,916)</b>	56,869,763
<b>Components of comprehensive income not reflected in equity</b>				
Net change in fair value of available-for-sale investments	<b>(1,263,027)</b>	(607,744)	<b>(633,867)</b>	(422,105)
<b>Total comprehensive (loss) / income for the period</b>	<b>(251,285,323)</b>	51,077,084	<b>(86,707,783)</b>	56,447,658

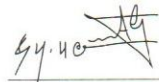
The annexed notes 1 to 21 form an integral part of these condensed interim financial statements.



\_\_\_\_\_  
President & Chief Executive Officer



\_\_\_\_\_  
Chairman



\_\_\_\_\_  
Director



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Director

**APNA MICROFINANCE BANK LIMITED**  
**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)**  
**FOR THE PERIOD ENDED JUNE 30, 2017**

30-Jun-17  
----- Rupees -----  
Note (Un-Audited) (Un-Audited)

**CASH FLOW FROM OPERATING ACTIVITIES**

(Loss) before taxation (384,048,305) (6,573,255)

**Adjustments for non-cash charges**

Depreciation	49,247,767	12,693,301
Amortization of intangibles	4,094,394	4,046,232
Provision against non-performing advances	192,091,166	(6,186,454)
Amortization of discount on TFCs	-	(101,728)
Amortization of deferred grants	(2,015,746)	(2,963,912)
(Gain) on disposal of fixed assets - net	-	(688,900)
	<b>243,417,581</b>	<b>6,798,539</b>

**Operating cash flow before working capital changes** (140,630,724) 225,284

**Changes in working capital**

(Increase)/decrease in operating assets		
Advances	1,392,392,713	(3,666,275,834)
Other assets	(233,326,513)	(375,076,781)
	<b>1,159,066,200</b>	<b>(4,041,352,615)</b>

**Increase / (decrease) in operating liabilities**

Deposits	340,657,646	5,873,891,566
Other liabilities	(42,071,756)	104,641,399
	<b>298,585,890</b>	<b>5,978,532,965</b>

**Net cash flow from operating activities** 1,317,021,366 1,937,405,634

**CASH FLOW FROM INVESTING ACTIVITIES**

Net investments in available for sale securities	-	-
Net investments in held for trading securities	-	51,248,672
Net investments in held to maturity securities	36,745,317	(292,675,328)
Investments in operating fixed assets	(51,846,538)	(289,847,364)
Investments in intangible assets	-	(13,695,700)
Sales proceeds from disposal of operating fixed assets	-	688,900

**Net cash used in investing activities** (15,101,221) (544,280,820)

**CASH FLOW FROM FINANCING ACTIVITIES**

Share deposit money	100,000,000	-
Borrowings	(190,112,684)	-

**Net cash flow from financing activities** (90,112,684) -

Increase in cash and cash equivalents for the period 1,211,807,461 1,393,124,814

Cash and cash equivalents at the beginning of the period 5,308,299,217 1,996,519,461

**Cash and cash equivalents at the end of the period** 15 6,520,106,678 3,389,644,275


The annexed notes 1 to 21 form an integral part of these condensed interim financial statements.



President & Chief Executive Officer



Chairman



Director




Director

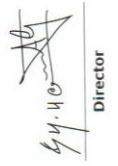
**APNA MICROFINANCE BANK LIMITED**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)**  
**FOR THE PERIOD ENDED JUNE 30, 2017**

	Share Capital	Discount on Issue of Shares	Share Deposit Money	Statutory Reserve	Depositors' Protection Fund	Accumulated profit / (loss)	Total
	Rupees						
<b>Balance as at December 31, 2015</b>	2,200,000,000	(950,000,000)	-	1,279,583	319,896	(221,485,690)	1,030,113,789
<b>Comprehensive income for the period</b>							
Profit after taxation	-	-	-	-	-	51,684,828	51,684,828
Other comprehensive income / (loss)	-	-	-	-	-	51,684,828	51,684,828
Total comprehensive income for the period	-	-	-	-	-	(169,800,862)	1,081,798,617
<b>Balance as at June 30, 2016</b>	2,200,000,000	(950,000,000)	-	1,279,583	319,896	-	400,000,000
<b>Share Deposit money</b>	-	-	400,000,000	-	-	-	-
<b>Comprehensive (loss) for the period</b>							
(Loss) after taxation	-	-	-	-	-	(787,208,388)	(787,208,388)
Other comprehensive income / (loss)	-	-	-	-	-	(787,208,388)	(387,208,388)
Total comprehensive (loss) for the period	-	-	-	-	-	(957,006,250)	694,590,229
<b>Balance as at December 31, 2016 (Audited)</b>	2,200,000,000	(950,000,000)	400,000,000	1,279,583	319,896	-	100,000,000
<b>Share Deposit money</b>	-	-	100,000,000	-	-	-	-
<b>Comprehensive (loss) for the period</b>							
(Loss) after taxation	-	-	-	-	-	(250,022,296)	(250,022,296)
Other comprehensive income / (loss)	-	-	-	-	-	(250,022,296)	(250,022,296)
Total comprehensive (loss) for the period	-	-	-	-	-	-	-
<b>Balance as at June 30, 2017 (Un-audited)</b>	2,200,000,000	(950,000,000)	500,000,000	1,279,583	319,896	(1,207,031,546)	544,567,933

The annexed notes 1 to 21 form an integral part of these condensed interim financial statements.

  
President & Chief Executive Officer

  
Chairman

  
Director

  
Director

**APNA MICROFINANCE BANK LIMITED**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)**  
**FOR THE PERIOD ENDED JUNE 30, 2017**

**1 STATUS AND NATURE OF BUSINESS**

Apna Microfinance Bank Limited ("the Bank") was incorporated on 08 May 2003 as a public limited Bank under the repealed Companies Ordinance, 1984 (now the company act 2017). The Bank was granted a certificate of commencement of business on 28 December 2004 and its operations started from 01 January 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. As at the reporting date, the Bank operates 116 branches and 6 service centres (December 2016: 116 branches & 6 service centres) and its registered office is situated at K-4/3 and 4/4, Ch. Khaliq-uz-Zaman Road, Gizri, Karachi.

During the year 2015, the bank achieved the status of national level microfinance bank pursuant to license issued by the State Bank of Pakistan and its equity (free of losses) met the minimum capital requirements (MCR) of Rupees 1,000 million as stipulated in Prudential Regulations for Microfinance Banks as at 31st December 2015.

- 1.1 As at June 30, 2017 the Bank could not meet the regulatory requirements of "Prudential Regulations for Microfinance Banks" issued by the State Bank of Pakistan (SBP), mentioned as under;

Regulation R-1: A microfinance bank operating at national level shall maintain a minimum paid-up capital (free of losses) amounting to Rs. 1 billion.

Regulation R-5(c): Only those MFBs that are fully compliant with Minimum Capital Requirement (MCR) and Capital Adequacy Ratio (CAR) (equivalent to at least 15% of their risk weighted assets) shall be eligible to undertake microenterprise lending. The Capital Adequacy Ratio of the Bank, however, fell below the minimum ratio required as at June 30, 2017.

**2 BASIS OF PREPARATION**

These financial statements have been presented in accordance with BSD Circular No.11 dated 30 December 2003 issued by the State Bank of Pakistan (SBP).

**2.1 STATEMENT OF COMPLIANCE**

During the year, the Companies Ordinance, 1984, has been repealed and the Companies Act, 2017 (the Act) has been promulgated. However, the Securities and Exchange Commission of Pakistan (SECP) vide its circular no. 17 of 2017 dated July 20, 2017 under section 509 of the Act, has communicated Commission's decision that the companies whose financial year closes on or before June 30, 2017 shall prepare their financial statements including the interim and quarterly financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984.

This condensed interim financial information of the Bank for the half period ended 30 June 2017 has been prepared in accordance with the requirements of the International Accounting Standard 34 - 'Interim Financial Reporting', provisions of the repealed Companies Ordinance, 1984, the Microfinance Institution Ordinance, 2001, the Prudential Regulations for Microfinance Banks/ Institutions and the directives issued by the Securities and Exchange Commission of Pakistan (SECP) and the State Bank of Pakistan (SBP). In case where the requirements differ, the provisions of repealed Companies Ordinance, 1984, the Microfinance Institution Ordinance 2001, the Prudential Regulations of Microfinance Banks/Institutions or the requirements of the said directives take precedence.

- 2.2 SBP has deferred the applicability of International Accounting Standards (IAS) 39 'Financial Instruments Recognition and Measurement' and International Accounting Standards (IAS) 40 'Investment Property' for Banking Companies through BSD Circular No. 10 dated 26 August 2002. Further, the Securities and Exchange Commission of Pakistan (SECP) has deferred applicability of IFRS-7 "Financial Instruments: Disclosures" through its notification S.R.O 633(1) / 2014 dated 10th July 2014. Accordingly, the requirements of these standards have not been considered in the preparation of this condensed interim financial information.

**APNA MICROFINANCE BANK LIMITED**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)**  
**FOR THE PERIOD ENDED JUNE 30, 2017**

**2.3 Basis of presentation**

This condensed interim financial information is prepared in accordance with BSD Circular No. 11 dated December 30, 2003 issued by the State Bank of Pakistan (SBP) and IAS – 34 'Interim Financial Reporting' and hence do not include all the information required in the annual financial statements. Accordingly, this condensed financial information should be read in conjunction with the annual financial statements of the Bank for the year ended December 31, 2016. This condensed interim financial information is un-audited but subject to limited scope review by the statutory auditors.

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

**3 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS**

The preparation of this condensed interim financial information in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Bank's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. During preparation of this condensed interim financial information, the significant judgments made by the management in applying the Bank's accounting policies and the key sources of estimation and uncertainty were the same as those that applied in the preceding audited annual published financial statements of the Bank for the year ended 31 December 2016.

**4 ACCOUNTING POLICIES AND COMPUTATION METHODS**

The accounting policies and the methods of computation adopted in preparation of this condensed interim financial information are the same as those applied in the preparation of the audited annual published financial statements for the year ended 31 December 2016.

**APNA MICROFINANCE BANK LIMITED**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)**  
**FOR THE PERIOD ENDED JUNE 30, 2017**

	Note	30-Jun-17 ----- (Un-audited)	31-Dec-16 ----- (Audited)
		Rupees	
<b>5</b>	<b>CASH AND BALANCES WITH SBP AND NBP</b>		
	Cash in hand-local currency	408,070,616	321,221,064
	Balance with State Bank of Pakistan	598,934,015	592,817,045
	Balance with National Bank of Pakistan in Current Accounts	52,005,083	114,014,103
		<u>1,059,009,714</u>	<u>1,028,052,212</u>
5.1	This represents balance maintained in current account with the State Bank of Pakistan to meet the requirements of maintaining a minimum balance equivalent to not less than 5% of the Bank's time and demand liabilities in accordance with Regulation 3 of the Prudential Regulations.		
<b>6</b>	<b>BALANCES WITH OTHER BANKS / NBFIS / MFBS</b>		
	In Pakistan		
	- on current account	200,605,937	46,781,023
	- on deposit account	4,205,491,027	3,118,465,982
	- certificates of deposits	1,055,000,000	1,115,000,000
		<u>5,461,096,964</u>	<u>4,280,247,005</u>
6.1	These carry mark-up rates ranging from 3.75% to 8% (December 31, 2016: 3.75% to 8%) per annum.		
6.2	These represent placements with different financial institutions carrying mark-up ranging from 6.75% to 11.75% percent (December 31, 2016: from 7% to 11.75%) per annum. Their maturity range from six months to one year from the date of placement.		
<b>7</b>	<b>INVESTMENTS - NET OF PROVISIONS</b>		
	<b>HELD-FOR-TRADING</b>		
	Term Finance Certificate (TFCs)		
	Opening balance	-	19,193,937
	Fair value adjustment	-	431,063
	Redemptions made during the year	-	(19,625,000)
	Closing balance	-	-
	National Bank of Pakistan NAFA - Mutual Fund		
	Opening balance	-	32,054,735
	Placements made during the period	-	-
	Fair value adjustment	-	468,576
	Redemptions made during the period	-	(32,523,311)
	Closing balance	-	-
	<b>HELD-TO-MATURITY</b>		
	B R R Guardian Modaraba - Term Finance Certificate (TFCs)	5,676,950	7,235,390
	Amortization of discount	-	-
		5,676,950	7,235,390
	<b>Treasury Bills</b>	511,308,715	546,495,592
	<b>AVAILABLE-FOR-SALE</b>		
	<b>Federal Government Securities</b>		
	Pakistan Investment Bonds (PIBs)	53,579,516	53,579,516
	Fair value adjustment	(3,164,048)	(1,901,020)
		50,415,468	51,678,496
	<b>Total Investments</b>	<u>567,401,133</u>	<u>605,409,478</u>

**APNA MICROFINANCE BANK LIMITED**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)**  
**FOR THE PERIOD ENDED JUNE 30, 2017**

- 7.1 It represents investment in 4000 units in B.R.R Guardian Modaraba. The principal amount will be repaid in 34 equal instalments commenced from 06 July 2016 and ending on 06 April 2019. It carries mark-up at the rate of 1 month KIBOR plus 1.5% per annum (December 31, 2016: 1 month KIBOR plus 1.5% per annum).
- 7.2 This represents T-Bills issued for a period of three months having maturity period is upto 17 August 2017. These carry yield rate of 5.90% per annum (December 31, 2016: 5.82% - 5.86% per annum). These securities have an aggregate face value of Rs. 514 million (December 31, 2016: Rs. 548 million).
- 7.3 This represents PIBs issued for a period of three years having maturity on 17 July 2017. These carry interest at the rate 11.25% per annum (December 31, 2016: 11.25% per annum).

**8 ADVANCES - NET OF PROVISIONS**

Note	30-Jun-17		31-Dec-16	
	No. of Loans Outstanding	Rupees	No. of Loans Outstanding	Rupees
	----- (Un-audited) -----		----- (Audited) -----	
Micro credits	41,310	4,801,716,945	50,096	6,397,188,441
Less: Provision held:				
-Specific	8.1	865,512,808		861,724,628
-General	8.2	36,662,960		51,438,757
		902,175,768		913,163,385
<b>Advances -net of provision</b>	<b>41,310</b>	<b>3,899,541,177</b>	<b>50,096</b>	<b>5,484,025,056</b>

**8.1 Particulars of non-performing advances**

Advances include Rs. 1,181,318,120/- (December 31, 2016: Rs. 1,484,012,565/-) which have been placed under non performing status as detailed below:

Category of classification	30-Jun-17			31-Dec-16		
	Amount Outstanding	Provision Required	Provision Held	Amount Outstanding	Provision Required	Provision Held
	----- Rupees -----					
	----- (Un-audited) -----			----- (Audited) -----		
QAEM	101,542,331	-	-	358,209,817	-	-
Sub-standard	86,764,116	21,441,765	21,441,765	163,612,651	33,919,890	33,919,890
Doubtful	286,329,661	141,722,705	141,722,705	261,399,323	128,345,116	128,345,116
Loss	706,682,012	702,348,338	702,348,338	700,790,774	699,459,622	699,459,622
<b>Total</b>	<b>1,181,318,120</b>	<b>865,512,808</b>	<b>865,512,808</b>	<b>1,484,012,565</b>	<b>861,724,628</b>	<b>861,724,628</b>

**8.2 Particulars of provisions against non-performing advances**

	30-Jun-17			31-Dec-16		
	Specific	General	Total	Specific	General	Total
	----- Rupees -----					
	----- (Un-audited) -----			----- (Audited) -----		
Opening balance	861,724,628	51,438,757	913,163,385	42,365,121	23,628,187	65,993,308
Charge for the period	206,866,963	(14,775,797)	192,091,166	819,359,507	27,810,570	847,170,077
Amount written off	(203,078,783)	-	(203,078,783)	-	-	-
<b>Closing balance</b>	<b>865,512,808</b>	<b>36,662,960</b>	<b>902,175,768</b>	<b>861,724,628</b>	<b>51,438,757</b>	<b>913,163,385</b>

**APNA MICROFINANCE BANK LIMITED**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)**  
**FOR THE PERIOD ENDED JUNE 30, 2017**

	Note	30-Jun-17		31-Dec-16	
		Rupees		Rupees	
		(Un-audited)		(Audited)	
<b>9 OPERATING FIXED ASSETS</b>					
Capital work in progress		74,025,413		118,459,717	
Property and equipment		728,287,798		684,499,722	
Intangible assets		17,280,821		18,130,215	
		<u>819,594,032</u>		<u>821,089,654</u>	
<b>10 OTHER ASSETS</b>					
Income / mark-up accrued		736,908,772		533,009,040	
Advances to staff	10.1	135,459,143		127,474,382	
Advances, deposits, advance rent, and other prepayments		201,188,457		187,129,230	
Advance income tax - net of provision		18,740,717		7,867,933	
Security deposits		36,811,920		30,287,360	
Inter bank ATM settlement account		22,637,084		36,357,979	
Insurance claim receivable	10.2	29,254,899		35,969,629	
		1,181,000,992		958,095,553	
Considered doubtful					
Insurance claim receivable		27,252,773		27,252,773	
Less Provisions/write offs/adjustments	10.2	(27,252,773)		(27,252,773)	
		<u>1,181,000,992</u>		<u>958,095,553</u>	
<b>10.1 Advances to staff</b>					
Loan to executive director of the company		-		-	
Loan to executive and other staff		135,459,143		127,474,382	
		<u>135,459,143</u>		<u>127,474,382</u>	
<b>10.2</b> This represents receivable from The United Insurance Company of Pakistan (UIC), (a related party) against the claim lodged.					
<b>11 DEPOSITS AND OTHER ACCOUNTS</b>					
	Note	30-Jun-17		31-Dec-16	
		Number	Rupees	Number	Rupees
		(Un-audited)		(Audited)	
Fixed deposits/Deals		18,030	5,037,883,318	16,325	6,012,459,663
Saving deposits		26,502	3,583,882,251	23,683	4,119,134,284
Current deposits		143,797	4,065,963,031	128,087	2,215,477,007
		170,299	7,649,845,282	151,770	6,334,611,291
	11.1	<u>188,329</u>	<u>12,687,728,600</u>	<u>168,095</u>	<u>12,347,070,954</u>

**APNA MICROFINANCE BANK LIMITED**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)**  
**FOR THE PERIOD ENDED JUNE 30, 2017**

**11.1 PARTICULARS OF DEPOSITS BY OWNERSHIP**

Note	30-Jun-17		31-Dec-16	
	Number ----- (Un-audited) -----	Rupees -----	Number ----- (Audited) -----	Rupees -----
Individual depositors	187,893	12,014,256,772	167,644	11,453,555,275
Institutional depositors				
- Corporation / firm	391	464,989,437	399	429,029,020
- Banks and financial institutions	45	208,482,391	52	464,486,659
	<u>188,329</u>	<u>12,687,728,600</u>	<u>168,095</u>	<u>12,347,070,954</u>

Note	30-Jun-17 ----- Rupees ----- (Un-audited)	31-Dec-16 ----- (Audited)
------	---	---------------------------------

**12 BORROWINGS**

Running finance	12.1	-	189,000,888
Demand finance	12.2	13,889,061	15,000,857
		<u>13,889,061</u>	<u>204,001,745</u>

**12.1** The bank has obtained running finance facility of Rs. 190 million to ensure that sufficient funds are available in the current account with State Bank of Pakistan (SBP) to honour clearing obligations in case the funds in current account with SBP fall short. These borrowings has been paid off during the period. The effective rate of mark-up charged during the period was 7.75% per annum.

**12.2** The demand finance facility is obtained to purchase vehicles. The facility is secured against hypothecation charge over financed vehicles under hire purchase agreement, against corporate guarantee of the Bank. Each demand finance (for each vehicle) is repayable in 60 monthly instalments commenced from the date of respective disbursement. It is subject to mark-up at the rate of 1 year KIBOR plus 1.50% per annum payable on monthly basis.

30-Jun-17 (Un-audited)	31-Dec-16 (Audited)	30-Jun-17 (Un-audited)	31-Dec-16 (Audited)
-----No. of shares-----		-----Rupees-----	

**13 SHARE CAPITAL**

**13.1 AUTHORIZED CAPITAL**

Ordinary shares of Rupees 10 each	<u>250,000,000</u>	<u>250,000,000</u>	<u>2,500,000,000</u>	<u>2,500,000,000</u>
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**13.2 Issued, subscribed and paid-up capital**

Ordinary shares of Rupees 10 each fully paid in cash	220,000,000	220,000,000	2,200,000,000	2,200,000,000
Discount on issue of shares	-	-	(950,000,000)	(950,000,000)
	<u>220,000,000</u>	<u>220,000,000</u>	<u>1,250,000,000</u>	<u>1,250,000,000</u>

**APNA MICROFINANCE BANK LIMITED**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)**  
**FOR THE PERIOD ENDED JUNE 30, 2017**

	Note	30-Jun-17 ----- Rupees ----- (Un-audited)	31-Dec-16 ----- Rupees ----- (Audited)
<b>14 DEFERRED GRANTS</b>			
Institutional Strengthening Fund (ISF)	14.1	1,100,500	2,040,034
Financial Innovation Challenge Fund (FICF)	14.2	11,393,983	12,470,195
		<u>12,494,483</u>	<u>14,510,229</u>

14.1 In the year 2013, the SBP approved a grant of Rs. 36.08 million for meeting the project cost to be incurred by the Bank to support its institutional capacity building under the project "Strengthening the Institution via a Business Capacity Building, IT infrastructural Improvement and Human Capital Development" with 25% contribution by the bank. The Bank has recognized the grant against the assets and expenses as prescribed thereby meeting the conditions attached to the grant. During the year 2015, receipt and amortization of grant was audited by a firm of Chartered Accountants. As a result, un-utilized grant of Rs.165,568/- was refunded to SBP. Amortization of the grant is being made on a systematic basis over the remaining useful life of related asset.

14.2 In the year 2013, the SBP approved a grant of Rs. 34 million under the Financial Inclusion Program (FIP) with 30% contribution by the bank out of which grant of Rs. 16.77 million was received during 2014 and of Rs. 17.24 million was received during 2015. The main purpose of the FIP is the provision of improved access to financial services for poor and marginalized groups and for micro, small and medium enterprises in Pakistan with the help of two partners; Pedavar and AGD Pakistan (Pvt.) Ltd. The Bank has recognized the grant against assets and expenses as prescribed, thereby meeting the conditions attached to the grant. During previous year, receipt and amortization of grant was audited by a firm of Chartered Accountants. Amortization of the grant is being made for expenses incurred and on a systematic basis over the remaining useful life of related asset.

	30-Jun-17 ----- Rupees ----- (Un-audited)	30-Jun-16 ----- Rupees ----- (Un-audited)
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**15 CASH & CASH EQUIVALENTS**

Cash and balances with SBP and NBP	1,059,009,714	1,102,933,396
Balances with other banks/NBFIs/MFBs	5,461,096,964	2,286,710,879
	<u>6,520,106,678</u>	<u>3,389,644,275</u>

**16 MEMORANDUM/OFF BALANCE SHEET ITEMS**

16.1 No guarantee has been renewed/issued during the period ended June 30, 2017.

16.2 There were no other contingencies and commitments as at June 30, 2017 (December 31, 2016: Nil).

**17 MARKUP/RETUR/INTEREST EARNED**

	Half Year Ended		Quarter Ended	
	30-Jun-17 Rupees (Un-audited)	30-Jun-16 Rupees (Un-audited)	30-Jun-17 Rupees (Un-audited)	30-Jun-16 Rupees (Un-audited)
Mark-up on loans and advances	654,189,474	550,930,633	297,462,895	338,088,658
Mark-up on investments in government securities	16,705,828	2,837,126	8,345,367	1,426,315
Mark-up on deposit accounts	149,496,131	41,311,445	82,420,468	19,452,238
	<u>820,391,433</u>	<u>595,079,204</u>	<u>388,228,730</u>	<u>358,967,211</u>

**APNA MICROFINANCE BANK LIMITED**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)**  
**FOR THE PERIOD ENDED JUNE 30, 2017**

**18 TAXATION**

**18.1 Current Tax**

The Bank has carried forward tax losses of Rs. 886,877,606/- (December 31, 2016: RS. 477,396,496/-) as at reporting date due to which no taxable income arises during the period. However, under section 113 "minimum tax on income of certain persons" of the Income Tax Ordinance, 2001, the Bank is required to make a provision for minimum taxation. Therefore, provision for minimum taxation amounting to Rs.10,421,074/- (December 31, 2016: Rs.15,029,737/-) has been made.

**18.2 Deferred Tax**

The management is expecting future taxable profits and has recognized deferred tax asset amounting to Rs. 521,531,143/- on the basis of financial projections indicating utilization of deferred tax asset against those future taxable profits. The financial projections involve certain key assumptions such as deposit composition, interest rates, decrease in cost of deposits and operational costs, growth of deposits and advances, investment returns and potential recoveries against non-performing loans. Any significant change in the key assumptions may have an effect on the utilization of the deferred tax asset.

**19 TRANSACTION WITH RELATED PARTIES**

Related parties of the Bank comprise group companies, staff retirement benefits fund, key management personnel and major shareholders of the bank.

The details of transactions and balances with related parties other than those disclosed elsewhere in this condensed interim financial information as under:

<u>Nature of Relationship</u>	<u>Nature of Transactions</u>	<u>30-Jun-17</u> <u>Rupees</u> <u>(Un-audited)</u>	<u>31-Dec-16</u> <u>Rupees</u> <u>(Audited)</u>
<b>BALANCES AS AT PERIOD END</b>			
Associated Company:			
	Deposits	<u>6,272,495</u>	<u>5,453,525</u>
	Share deposit money	<u>400,000,000</u>	<u>300,000,000</u>
	Insurance claim receivable	<u>56,507,672</u>	<u>63,222,402</u>
	Provision on claim receivables	<u>(27,252,773)</u>	<u>-</u>
Key management personnel:			
	Deposits	<u>2,819,644</u>	<u>3,769,929</u>
From Directors / sponsors / shareholders:			
	Deposits	<u>8,480,486</u>	<u>8,699,169</u>
	Share deposit money	<u>100,000,000</u>	<u>100,000,000</u>

**APNA MICROFINANCE BANK LIMITED**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)**  
**FOR THE PERIOD ENDED JUNE 30, 2017**

	30-Jun-17 Rupees (Un-audited)	30-Jun-16 Rupees (Un-audited)
<b>TRANSACTIONS DURING THE PERIOD</b>		
<b>Associated company:</b>		
Deposits received	<u>51,934,019</u>	<u>94,820,014</u>
Withdrawals	<u>51,229,439</u>	<u>100,558,497</u>
Mark-up paid on deposits	<u>114,390</u>	<u>-</u>
Share deposits money received	<u>100,000,000</u>	<u>-</u>
Insurance premium paid	<u>-</u>	<u>5,565,007</u>
Insurance claim received	<u>17,157,360</u>	<u>-</u>
<b>Other related parties:</b>		
Contribution to Staff Provident Fund	<u>2,132,092</u>	<u>1,355,205</u>
<b>Key management personnel:</b>		
<b>Deposits</b>		
Deposits received	<u>16,647,465</u>	<u>10,871,060</u>
Withdrawals	<u>16,553,768</u>	<u>9,988,298</u>
Mark-up paid on deposits	<u>31,313</u>	<u>159,086</u>
<b>From directors/sponsors:</b>		
Deposits received	<u>9,197,922</u>	<u>32,093,860</u>
Share deposits money received	<u>-</u>	<u>-</u>
Share deposits money repaid	<u>-</u>	<u>-</u>
Withdrawals	<u>9,543,883</u>	<u>22,990,058</u>
Mark-up paid on deposits	<u>126,850</u>	<u>892,086</u>

**20 DATE OF AUTHORIZATION FOR ISSUE**

This condensed interim financial information was approved and authorised for issue by the Board of Directors on August 30, 2017.

**21 GENERAL**

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

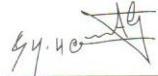
21.2 Figures have been rounded off to the nearest rupee unless otherwise stated.



\_\_\_\_\_  
President & Chief Executive Officer



\_\_\_\_\_  
Chairman



\_\_\_\_\_  
Director



\_\_\_\_\_  
Director





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