



Micro Finance
apna bank
Limited



ANNUAL REPORT 2018

KEY PERFORMANCE INDICATORS

Based on results of the Bank as presented in the Financial Statements

Deposit and Other Accounts

15,866

(PKR in million)

Micro Credits

10,087

(PKR in million)

Total Assets

17,623

(PKR in million)

Total Equity

1,468

(PKR in million)

Mark-Up/Return/Interest Earned

2,158

(PKR in million)

Profit Before Tax

101

(PKR in million)

Profit After Tax

53

(PKR in million)

Earning Per Share

0.210

Rupees Per Share

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ABOUT **AMBL**



Apna Microfinance Bank Limited is managed by group of highly experienced bankers. We are committed to providing specialized financial services to the less privileged, marginized and poor segments of society . We support economic empowerment of women & micro-entrepreneurs in the Agri and Micro enterprises in rural areas of Pakistan. The Bank has been operating at national level in Pakistan.

Our main focus is to provide personalized services to the poor segment of the society through our dedicated products aimed at changing their life-style by entering them in micro-entrepreneurship at the lowest mark-up rate in the market.

We aim to:

- Arrange capacity building of under served masses by improving attitudes, skill, knowledge and ability to initiate and manage economically viable projects.
- Provide finances, advances and other credit facilities for the development of agriculture and rural market sector including production, marketing and house finance facilities.
- Mobilize savings by accepting deposits in savings and other specialized deposit products.
- Combine the knowledge base with the modern management methodology, latest technology, sophisticated financial instruments, universal micro-banking concepts and current corporate sciences.
- Create and perpetuate a culture of balanced approach for the development of market related competitive and innovative financial services. Introducing a culture of innovation and excellence with a view to find acceptable solutions to real and conceived impediments for promoting a true microfinancial regime.

VISION & MISSION & CORE VALUES

VISION

'SELF RELIANCE THROUGH SELF GENERATION'

To strive and play our role in eradicating poverty by providing them opportunity to make their lives better on sustainable long term basis, through inculcating sense of participation, vision, prioritization, and justified use of available resources; and providing required & justified financial assistance.

MISSION

Alleviating the poverty by providing financial services and professional advices, which have a lasting positive impact on our customers' standard of living, their financial sustainability and growth in their income generation.

CORE VALUES

The Bank is aimed to inculcate a nurturing and invigorating corporate culture based on providing a safe and healthy professional environment, where the employees are valued, respected, and able to deliver their full potential.

The Bank expects its staff to be honest, truthful, straightforward, committed, and dedicated to their work and discharge their duties in a highly professional manner.

The following will be the core values of the Bank, which it will endeavor to, pursue in the achievement of its short and long term goals/ objectives.



SERVICE

We care
our valued
customer



CREATIVITY

We are
Creative,
Innovative,
and Quality
conscious



HONESTY

We are
Honest,
Integrated,
and Trustful



GROWTH

We provide
equal
opportunity
and growth



RECIPROCITY

We believe
in building
a top notch
professional
team



TRANSPARENCY

We are
responsible,
trustworthy
and law
abiding in all
that we do

BANK'S PHILOSOPHY

"It is far better to help a poor person by teaching him how to catch a fish instead of buying him a fish."

"ALLAH HELPS THOSE WHO HELP THEMSELVES"

Microfinance may not be posed a significant impact on the overall poverty scenario but it will certainly change the life of the Micro Entrepreneurs.



2018

**ACHIEVEMENTS
&
EVENTS**

ACHIEVEMENTS & EVENTS 2018



Authorised Training Employer

APNA MICROFINANCE BANK LTD

Employer number A00764045

is authorised to train ICAEW Chartered Accountants from 31 May 2018

Apna Microfinance Bank became an approved employer of ICAEW

Compliance Knowledge Test

Compliance Knowledge Test Developed By Apna IS

Log In

User ID:

Password:

☐ Remember me next time

Log In

Established in house training module and testing system



Got 2nd position in National Financial Literacy Program conducted by State Bank of Pakistan

ACHIEVEMENTS & **EVENTS** 2018

New Year Ceremony



Apna Microfinance Bank Award Show – Rawalpindi



MOU between Apna Microfinance Bank and Cheez Group



ACHIEVEMENTS & **EVENTS** 2018

Branch Opening – Johar Town



Apna Microfinance Bank Interacting with Team of ACCA Pakistan



President meeting with regional and area staff



BOARD OF **DIRECTORS**



**MIAN M. A.
SHAHID**

Chairman



**MOHAMMAD AZAM
CHEEMA**

Director/Vice Chairman



**IMAD MOHAMMAD
TAHIR**

Director



**Muhammad Saleem
Shaikh**

Director

BOARD OF **DIRECTORS**



**Muhammad
Asghar**

Director



**Imam Bukhsh
Baloch**

Director



**Syed Rahat Ali
Shah**

Director



CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Muhammad Akram Shahid
Chairman

Mr. Qamar-uz-Zaman (Resigned)
Director

Mr. Muhammad Azam Cheema
Director

Mr. Imad Mohammad Tahir
Director

Mr. Muhammad Saleem Shaikh
Director

Syed Rahat Ali Shah
Director

Mr. Muhammad Asghar
Director

Mr. Imam Bukhsh Baloch
Director

PRESIDENT / CHIEF EXECUTIVE

Mr. Muhammad Gulistan Malik

COMPANY SECRETARY

Mr. Rafat Abbas

CHIEF FINANCIAL OFFICER

Mr. Ali Murtza

BOARD COMMITTEES

AUDIT COMMITTEE

Mr. Imam Bukhsh Baloch
Chairman

Mr. Muhammad Asghar
Member

Mr. Imad Mohammad Tahir
Member

Mr. Muhammad Saleem Shaikh
Member

Syed Rahat Ali Shah
Member

EXECUTIVE COMMITTEE

Mr. Muhammad Akram Shahid
Chairman

Mr. Qamar-uz-Zaman (Resigned)
Member

Mr. Muhammad Asghar
Member

Syed Rahat Ali Shah
Member

Mr. Muhammad Azam Cheema
Member

HUMAN RESOURCE & REMUNERATION COMMITTEE

Mr. Imam Bukhsh Baloch
Chairman

Mr. Muhammad Akram Shahid
Member

Mr. Imad Mohammad Tahir
Member

Syed Rahat Ali Shah
Member

Mr. Muhammad Saleem Shaikh
Member

RISK MANAGEMENT & COMPLIANCE COMMITTEE

Mr. Muhammad Asghar
Chairman

Mr. Muhammad Akram Shahid
Member

Mr. Muhammad Azam Cheema
Member

Syed Rahat Ali Shah
Member

Mr. Imam Bukhsh Baloch
Member

MONITORING COMMITTEE

Mr. Muhammad Asghar
Chairman

Mr. Muhammad Azam Cheema
Member

Mr. Muhammad Saleem Shaikh
Member

Syed Rahat Ali Shah
Member

Mr. Imam Bukhsh Baloch
Member

AUDITORS

Ilyas Saeed & Co.
Chartered Accountants

TAX / LEGAL ADVISOR

RAMDAYS
Advocates & Corporate Consultants Lahore

BANKERS

Bank Islami Limited
Sindh Bank Limited
Faysal Bank limited
Bank Al-Habib 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
MCB Bank Limited
Tameer Microfinance Bank Limited
FINCA Microfinance Bank Limited
NRSP Microfinance Bank Limited
Habib Metropolitan Bank Limited
National Bank of Pakistan Limited
Habib Bank Limited
The Bank of Punjab Limited
U Microfinance Bank Limited
AL Baraka Bank Pakistan Limited
Mobilink Microfinance Bank Limited

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

HEADOFFICE

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

SHARE REGISTRAR

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

CORPORATE MEETINGS



KEY MANAGEMENT



Mr. Gulistan Malik
President / CEO



Mian Anwar Zahid
Advisor to President



Mr. Ali Murtza
Chief Financial Officer



Mr. Rafat Abbas
Company Secretary



Mr. Qasim Mansoor
Group Head HR & GSD



Mr. Latif Ahmad Saqi
Head Internal Audit



Mr. Salman Hamid
Head Branchless Banking



Mr. Kamran Ramzan
Head HR



Mr. Nazish Ali
Head Operation



Mr. Fahad Naeem
Head Risk Management & Compliance



Mr. Sarfaraz Bhatti
Head Recovery & Legal



Mr. Zubair Elahi
Head IT



Mr. Imran Ashraf
Head Business Assets-
North Regions



Mr. Ahmed Sheikh
Country Head Liability

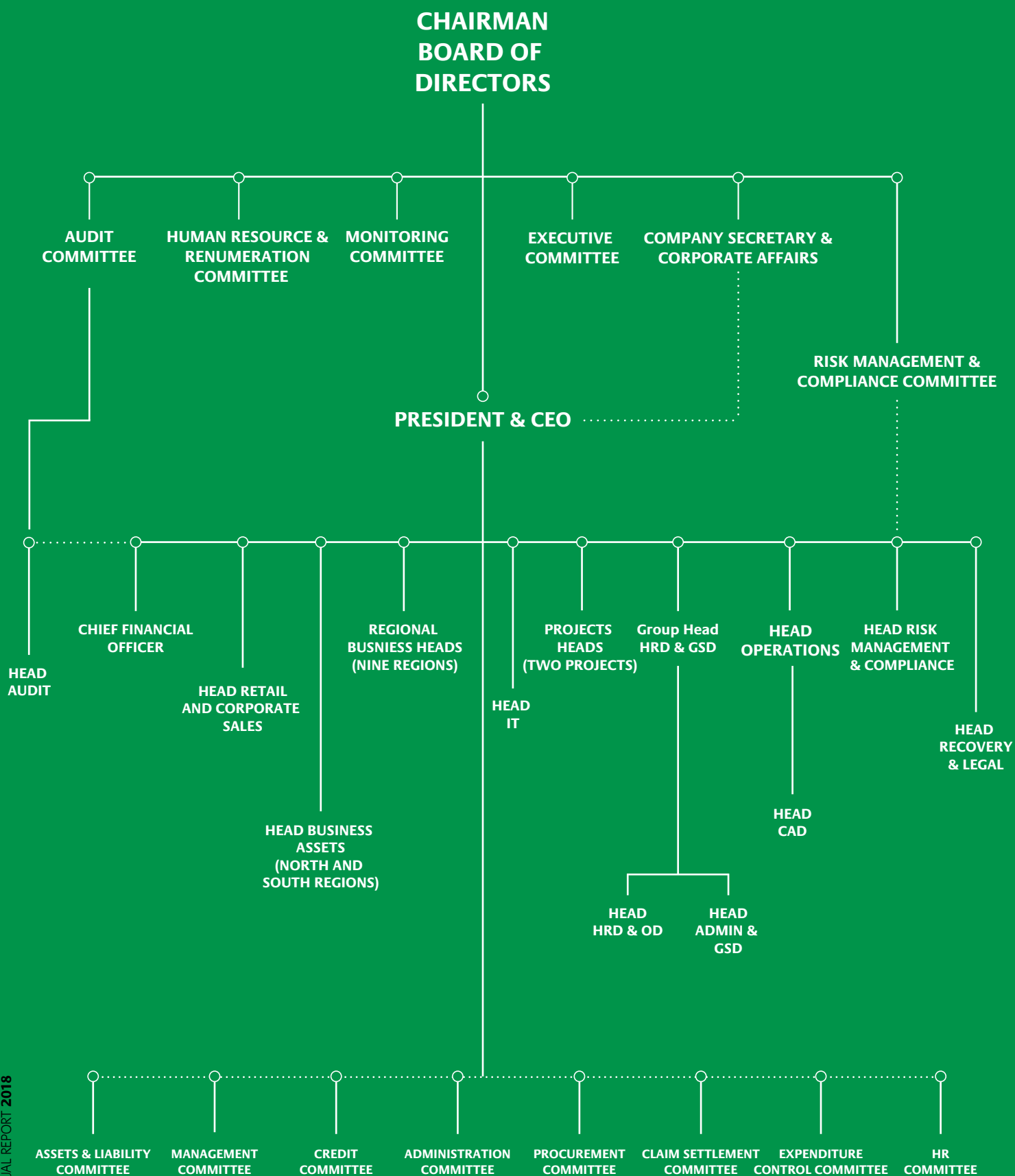


Mr. Basit Ali
Head Corporate Banking

HOW WE **PERFORMED**



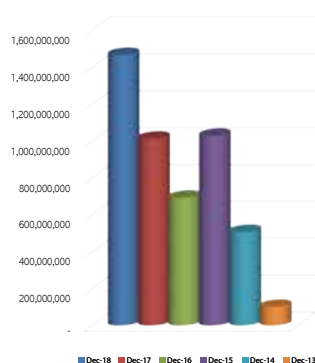
ORGANIZATIONAL CHART



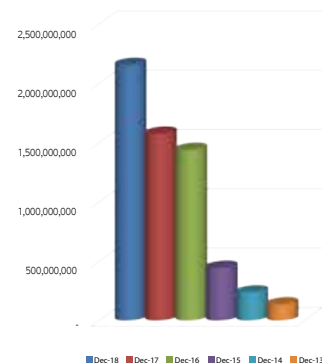
KEY FINANCIAL AND OPERATIONAL DATA AT A GLANCE

	% Rise 2018 Vs 2017	Dec-18 Rupees	% Rise 2018 Vs 2017	Dec-17 Rupees	Dec-16 Rupees	Dec-15 Rupees	Dec-14 Rupees	Dec-13 Rupees
Financial Data								
Total Assets	26.03%	17,623,046,929	3.17%	13,983,590,224	13,554,003,018	5,670,478,820	1,758,954,506	1,313,382,730
Advances-net of provisions	75.37%	9,165,740,059	-4.70%	5,226,547,934	5,484,025,056	2,588,423,092	766,138,548	319,016,883
Deposits	26.64%	15,866,330,742	1.47%	12,528,727,169	12,347,070,954	4,546,697,079	1,193,506,624	762,025,569
Share Capital	0.00%	2,500,000,000	13.64%	2,500,000,000	2,200,000,000	2,200,000,000	1,100,000,000	300,000,000
Share Deposit money	80.01%	900,078,363	25.00%	500,008,080	400,000,000	-	-	403,300,000
	13.34%	3,400,078,363	15.38%	3,000,008,080	2,600,000,000	2,200,000,000	1,100,000,000	703,300,000
Net Equity	44.66%	1,468,419,136	46.14%	1,015,087,402	694,590,229	1,030,113,789	509,329,478	103,169,116
Accumulated (Loss)	-3.85%	(996,574,069)	8.31%	(1,036,520,157)	(957,009,250)	(221,485,690)	(192,270,001)	(196,880,895)
Operating Data								
Mark-up / return / interest earned	36.75%	2,157,835,801	9.47%	1,577,979,881	1,441,502,272	447,154,900	239,418,864	139,325,686
Mark-up / return / interest expensed	13.76%	(800,799,272)	4.82%	(703,943,573)	(671,551,250)	(187,445,668)	(78,963,877)	(52,354,812)
Administrative expenses	21.94%	(1,595,647,431)	18.18%	(1,308,598,684)	(1,107,253,472)	(351,792,126)	(165,664,970)	(124,559,804)
Profit / (Loss) before taxation	-153.37%	100,500,905	-82.84%	(188,301,605)	(1,097,577,883)	(24,346,382)	8,721,335	(52,120,573)
Profit / (Loss) after taxation	-166.99%	53,261,451	-89.19%	(79,510,907)	(735,523,560)	(29,215,689)	6,147,859	(53,321,392)
EPS	-160.00%	0.21	-89.52%	(0.35)	(3.34)	(0.16)	0.07	(1.78)

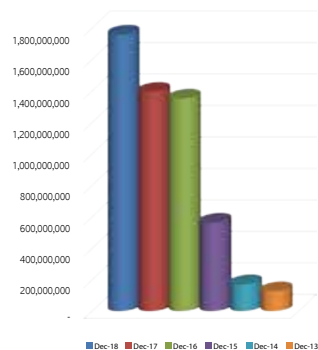
NET EQUITY



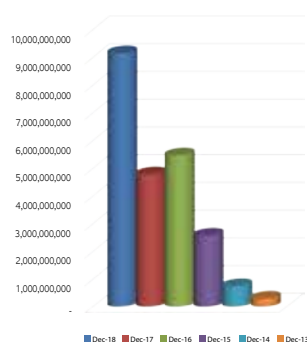
MARKUP INCOME



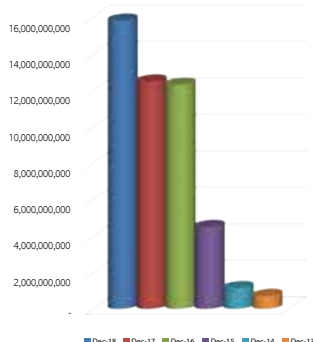
TOTAL ASSETS



ADVANCES-NET OF PROVISIONS



DEPOSITS



CHAIRMAN'S REVIEW



I am pleased to report on the overall performance and effectiveness of the role played by the board in achieving ultimate objectives of bank's sustained performance during the year 2018. The performance of the Directors collectively and individually remained highly satisfactory.

The AMBL's Board composition is appropriate, having the right mix of knowledge, expertise and skills to maximize bank's performance. The Board members demonstrate adequate industry knowledge, diversified experience and requisite abilities. All members of the Board are aware of their fiduciary duty towards the Bank and its Shareholders. The Board played an effective role in setting a clear direction for the Bank to focus on core business activities such as procurement

& disbursement of new deposits & fresh loans while keeping in view the appropriate deposit mix and financing ratio respectively. The said dedicated approach resulted in an improvement in bank's deposits, lending, mark up income and overall profitability.

As Chairman of the Board, I assure that input from all directors are always encouraged and given due consideration before taking any decision. The Board members make decisions objectively and collectively in the best interests of the organization and feel jointly responsible for achieving organizational success.

The Board has clearly set out the terms of reference of its committees, and the members of all Committees are appointed after considering their requisite skills and experience. Further, the Board and its committees meet regularly during the

year and exercise their responsibilities after making due deliberations on each and every matter placed before them.

The Board has also approved and put in place a process for annual self-evaluation, of itself and its committees, to ensure the performance of the Directors so that the Board can continue to play an effective role in governance of the Bank.

The Board has approved a directors remuneration policy which is appropriate and rational as per the level of their responsibilities and expertise. I believe that under the direction of the Board, our Bank is well-positioned to play its part in the development of Microfinance industry and for that I am truly obliged to my fellow board members for their efforts.

Lastly, I would like to pay my gratitude to our employees, shareholders, customers, and all other stakeholders for their dedication, sustained support, and trust in this esteemed organization.

Sincerely,

A handwritten signature in black ink, appearing to read 'Mian Muhammad Akram Shahid'. The signature is fluid and stylized, with a long horizontal stroke at the end.

Mian Muhammad Akram Shahid
Chairman of the Board
March 08, 2019
Lahore

PRESIDENT / CEO'S MESSAGE



The year 2018 brought plenty of challenges for the Microfinance industry in shape of various economic conditions and inflating interest rates but the Apna Micro Finance Bank Limited (AMBL) delivered promising financial numbers and remained persistent due to hard work, proficient strategies and capable leadership. The substantial growth in bank's advances portfolio and deposit base showed customers' faith in this organization and our passionate and talented teams. We have continued meeting bank's basic mandate of serving underserved population of society through marking its presence in unbanked areas of Pakistan.

Despite the rising interest rate scenario, the bank still managed to generate profits while striking the balance between growing advances and deposit base. The Bank's deposit base, with 67% (2017:61%)

concentration in CASA remained one of the major reason to get control over bank's cost of deposit which ultimately contributed towards positive financial results. During the year, the Bank disbursed micro credit of approx. Rs. 7.09 billion to new customers in diversified regions of the country. These positive financial results demonstrate the competent execution of well-defined strategies and provide us with the assurance that we are indeed on the right track to achieve and deliver on our goals and milestones.

We continued to strive for improvements and perfection in our internal operational environment, credit procedures and IT advancements and our efforts were duly acknowledged. Such as during the year, the strength of the Bank was reaffirmed by Pakistan Credit Rating Agency (PACRA) and the agency upgraded our long term

credit rating to BBB+ (Triple B Plus) from BBB (Triple B) and maintained short term rating at A3 (A Three) with "Stable" future outlook.

The Bank is fully intent to capitalize on available market opportunities and to keep pace with the changing customer need. Therefore, the bank is in a phase of adopting digitization (internet banking and mobile banking) to bring down its costs and expand outreach. The bank aims to enlarge its footprint in a range of areas through a clearly defined strategy of attracting and retaining the best professionals' available, providing efficient and effective services and meeting the needs of our valued customers.

Lastly, I express my gratitude to all our employees, customers, shareholders, the State Bank of Pakistan, Securities and Exchange Commission of Pakistan and Pakistan Stock Exchange for their confidence, continued support and trust in the Bank.

A handwritten signature in black ink, appearing to read 'Muhammad Gulistan Malik'. The signature is stylized with a large, sweeping 'M' and a trailing flourish.

Muhammad Gulistan Malik
President/CEO

DIRECTORS' REPORT TO THE MEMBERS

The Directors of the Apna Microfinance Bank Limited (hereinafter referred to as 'the Bank') are pleased to present their report together with the Audited Financial statements and Auditors' Report thereon for the year ended 31 December 2018.

PRINCIPAL ACTIVITY, DEVELOPMENTS AND FINANCIAL PERFORMANCE

Apna Microfinance Bank Limited (the Bank) was incorporated as a public limited Bank and its shares are listed on Pakistan Stock Exchange Limited. The Bank's principal business is to provide Microfinance banking and related services to the poor and underserved segment of the society with a view to alleviate poverty under the Microfinance Institutions Ordinance, 2001. The financial performance of the Bank during the year ended December 31, 2018 is as follow;

Particulars	31 December 2018	31 December 2017	%
	Audited (PKR)	Audited (PKR)	Change
Advances-net of provisions	9,165,740,059	5,226,547,934	75%
Deposits and other accounts	15,866,330,742	12,528,727,169	27%
Mark-up/return/interest earned	2,157,835,801	1,577,979,881	37%
Mark-up/return/interest expensed	(800,799,272)	(703,943,573)	14%
Administrative expenses	(1,595,647,431)	(1,308,598,684)	22%
Profit/(Loss) after taxation	53,261,451	(79,510,907)	-167%

The Bank posted a profit after tax in the current year amounting to PKR 53.26 million as compared to a loss of PKR 79.51 million in the year 2017. The equity (net of losses) of the Bank stood at PKR 1,468.42 million and the total assets have grown to PKR 17,623.05 million from PKR 13,983.59 million as at December 31, 2018.

The major factor attributable to current year's profit is increase in Bank's financing and its resultant associated incomes. Consequently, the mark up income of the Bank increased by 37% (2017: 9%). During the year, the Bank has made lending of approx. 7.02 billion to 68,854 new customers till December 31, 2018 and the NPL ratio of these fresh disbursement stood at 4% of outstanding principal as on balance sheet date, which is commendable and confirms the transparency of the revamped loan disbursement system. Further, the overall NPL ratio of Bank's credit portfolio is stood at 13% (2017: 22%).

The management have devised and implemented new strategies to reduce the provision of Bank's loan portfolio. As a result, the Bank recorded a provision expense of PKR 88 million in current year in comparison to PKR 272 million of last year. The management has charged provision amounting to Rs. 509 million on the portfolio of Rs. 7,172 million as per the requirements of the Prudential Regulations for MFBs. However, the provision amounting to Rs. 601 million has been charged on the portfolio of Rs.2,915 million as per managements subjective assessment. (Refer to note no 1.1.1 & 11.4 to the Financial Statements)

Owing to the current market competition and need for the funds, the microfinance sector has to offer high rates to its depositors as compared to commercial Banks, consequently the cost of deposits of the microfinance Banks is comparatively higher than the commercial Banks. To counter this inherent business limitation, the management of the Bank has formulated and implemented a strategic plan regarding its products. It includes attracting low cost deposits with the focus on restructuring of the Bank's deposit mix (CASA) to maintain the mark-up/ interest expense within acceptable limits.

PRINCIPAL RISK AND UNCERTAINTIES

The Bank considers the following as key risks:

Interest Rate: Interest rates have risen significantly to the highest that have been in over three years during 2018. The relationship between the prevailing policy rates in market and the Bank's interest spread will threaten the overall profitability of the Bank.

Credit Risk: The most fundamental lending risk is a significant threat to the Bank. Driven by the motivation of increasing market share, a large growth in financing is prevailing in the sector containing a hefty portion of unsecured financing. The macro economic trends such as inflation, recession and currency devaluation will incapacitate the borrowers to pay back their dues.

DIRECTORS' REPORT TO THE MEMBERS

Retention of Qualified Staff: The importance of human capital is globally recognized. However, the MFB sector continuously facing increasing competition owing to which the retention of qualified and skilled staff is getting difficult.

Technology Risk: The risk that the Bank may be unable to cope up with the new advancements in IT is quite inherent on part of better service provision to customers. The increasing competition and the dynamic needs of clients increase the importance of technology in providing successful solutions.

Compliance and Regulation Risk: The risk that inherently exists in financial sectors, perhaps the regulations and their respective compliances are meant to create an enabling for institutions. Excessive regulations will require a higher compliance cost for MFBs which will make it more difficult to operate profitably within the sector.

The Bank is endeavoring internally as well as externally to cater with and mitigate the impact of aforesaid risks and uncertainties.

FUTURE OUTLOOK

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

The microfinance industry in Pakistan is recognized as a key player in the financial industry. The Bank is striving to provide financial services to the unbanked segment of the population while catering to high demands of customers. Therefore, the Bank is in the phase of adopting digitization (internet Banking and mobile Banking) to bring down its costs and expand outreach. This defined our vision to build a technology powerhouse to cater to the needs of the payments industry and enhance the businesses of a Bank.

The Bank's Capital Adequacy Ratio (CAR), as also referred in Note no 1.2 to the financial statements for the year ended December 31st, 2018, is not in compliance with the requirement of Prudential Regulation for MFB's. However, the sponsors are committed to filling the CAR shortage soon.

CREDIT RATING

During the year, the Pakistan Credit Rating Agency (Pvt.) Ltd. (PACRA) upgraded the long-term rating of the Bank to "BBB+" (Triple B plus) from BBB (Triple B) while maintain the short-term rating at "A3" (A Three) with a "Stable" future outlook.

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

CORPORATE SOCIAL RESPONSIBILITY

We are also committed to Corporate Social Responsibility (CSR) and integrating sound social practices in our day to day business activities. CSR is an important part of who we are and how we operate. We measure our success not only in terms of financial criteria but also in building customer satisfaction and supporting the communities we serve.

INTERNAL FINANCIAL CONTROLS

The directors are aware of their responsibility with respect to internal financial controls. Through discussion with management and auditors (both internal & External), they confirm that adequate controls have been implemented by the Bank.

CORPORATE AND FINANCIAL REPORTING FRAMEWORK

The Directors confirm the compliance with Corporate and Financial Reporting Framework of the Securities and Exchange Commission of Pakistan and Code of Corporate Governance for the following matters:

- The Financial Statements have been prepared by the management of the Bank and present fairly the 'state of affairs' of the Bank, the results of its operations, cash flow statement and statements of changes in equity;
- Proper books of accounts of the Bank have been maintained;
- Appropriate accounting policies as stated in the notes to the financial statements have been consistently applied for the preparation of the financial statements; accounting estimates are based on reasonable and prudent judgment;
- These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of the International Financial Reporting Standards (IFRSs) issued by the International

DIRECTORS' REPORT TO THE MEMBERS

Accounting Standards Board (IASB) as are notified under the Companies Act, 2017, the requirements of the Companies Act, 2017, the Microfinance Institutions Ordinance, 2001 and the regulations / directives issued by the SECP and SBP. Wherever the requirements of the Companies Act, 2017, the Microfinance Institutions Ordinance, 2001 or the regulations / directives issued by the SECP and SBP differ with the requirements of IFRSs, the requirements of the Companies Act, 2017, the Microfinance Institutions Ordinance, 2001 or the requirements of the said regulations / directives shall prevail;

- The system of internal control is sound in design and has been effectively implemented and monitored. The ultimate responsibility of the effectiveness of internal control system and its monitoring lies with the Board. An Audit Committee has been formed for the purpose that meets periodically and independently throughout the year with the management and the internal and external auditors to discuss the effectiveness of internal control system and other financial reporting matters. In addition, there are financial forecasts and budgetary control procedures in place, which are reviewed and monitored throughout the year to indicate and evaluate the variances from the budget.
- There is no doubt about the ability of the Bank to continue as a going concern;
- Key operating and financial data of last six years has been included in the Annual Report;
- There is no material departure from best practices of corporate governance, as detailed in listing regulations; and
- No statutory payment has been remained outstanding on account of any taxes, duties, levies and charges.

CORPORATE GOVERNANCE

Directors are committed to good corporate governance and comply with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2017 and the Rule Book of Pakistan Stock Exchange. The statement of compliance with the CCG is enclosed.

1. The total number of directors are eight as per the following:
Male: Eight
Female: Nil
2. The composition of the Board of Directors (the Board) is as follows:

Category	Names
Independent Director	Mr. Imam Bukhsh Baloch
Non-Executive Directors	Mr. Mohammad Akram Shahid (Chairman) Mr. Mohammad Azam Cheema Mr. Qamar- uz- Zaman* Mr. Muhammad Asghar Mr. Muhammad Saleem Shaikh Mr. Imad Mohammad Tahir Syed Rahat Ali Shah

* Mr. Qamar-uz-Zaman resigned subsequently to the year end.

3. The Board has formed committees comprising of members given below:

AUDIT COMMITTEE

- Mr. Imam Bukhsh Baloch (Chairman)
- Mr. Muhammad Asghar
- Mr. Imad Mohammad Tahir
- Mr. Muhammad Saleem Shaikh
- Syed Rahat Ali Shah

EXECUTIVE COMMITTEE

- Mr. Muhammad Akram Shahid (Chairman)
- Mr. Muhammad Asghar
- Mr. Qamar-uz-Zaman
- Mr. Muhammad Azam Cheema
- Syed Rahat Ali Shah

HUMAN RESOURCE & REMUNERATION COMMITTEE

- Mr. Imam Bukhsh Baloch (Chairman)
- Mr. Muhammad Akram Shahid
- Mr. Imad Mohammad Tahir

DIRECTORS' REPORT TO THE MEMBERS

- Mr. Muhammad Saleem Shaikh
- Syed Rahat Ali Shah

RISK MANAGEMENT COMMITTEE OF THE BOARD

- Mr. Muhammad Asghar (Chairman)
- Mr. Muhammad Akram Shahid
- Mr. Imam Bukhsh Baloch
- Mr. Muhammad Azam Cheema
- Syed Rahat Ali Shah

MONITORING COMMITTEE OF THE BOARD

- Mr. Muhammad Asghar (Chairman)
- Mr. Muhammad Azam Cheema
- Mr. Muhammad Saleem Shaikh
- Syed Rahat Ali Shah
- Mr. Imam Bukhsh Baloch

- The Board of Directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations. The detail of which is given in Note 30 to the Financial Statement.

ATTENDANCE OF DIRECTORS IN BOARD MEETINGS

The meetings attended by the BOD during the current year are annexed to the annual report.

STATEMENT OF INVESTMENT OF PROVIDENT FUND

The Bank operates a funded provident fund scheme covering all its permanent employees. The un-audited balance of the fund as at December 31, 2018 is PKR 35.089 million (2017: PKR 18.88 million - Audited).

RELATED PARTY DISCLOSURE

All transactions with related parties undertaken during the financial year were at arm's length using comparable controlled price method, as admissible in the best interest of the Bank. The Bank has fully complied with the best practices on transfer pricing.

DIVIDEND AND APPROPRIATIONS

The company has neither declared the dividend nor issued bonus shares for the year due to accumulated losses of past years. However, the appropriation of current years' profit is as under:

	2018 Rupees	2017 Rupees
Profit/(Loss) after taxation	53,261,451	(79,510,907)
Appropriations:		
Transfer to:		
Statutory reserve	(10,652,290)	-
Contribution to MSDF/ DPF/ RMF	(2,663,073)	-
	(13,315,363)	-
Unappropriated loss brought forward	(1,036,520,157)	(957,009,250)
Unappropriated loss carried forward	(996,574,069)	(1,036,520,157)

EARNINGS PER SHARE

The Basic and Diluted earnings per share of Bank after tax is Rs. 0.21 and 0.15 respectively. (2017 Loss per Share: Rs. 0.35).

AUDIT OBSERVATIONS

The external auditors have modified their report with respect to the tagging of old running finance portfolio built before November 2016. The auditors found the tagging both incomplete and subjective as the information were entered in the system manually on the basis of available physical record. The auditors were unable to determine the quantum of NPL's, related provision and suspension of markup with respect to old running finance portfolio due to incomplete information generated from Bank's Information system.

DIRECTORS' REPORT TO THE MEMBERS

In respect of the audit observation, it is to state that the cases were tagged on the basis of physically available information and said information were diligently entered in the Bank system. We are duly convinced that the system is providing the information about those tagged cases in true and fair manners. However we remained unable to satisfy their concerns. Although, we are hopeful that we will address their concerns in due course and will resolve their audit observations.

Further, the external auditors have also modified their opinion with respect to the non-appointment of two independent directors as per the requirement of Regulation G-1 of the Prudential Regulations for Microfinance Bank's. As at reporting date, the Bank has one independent directors on its Board and the appointment of the second independent director is in process which will be finalized in near future.

AUDITORS

The retiring auditors' **M/s Ilyas Saeed & Co., Chartered Accountants, Lahore**, being eligible, have offered themselves for re-appointment. The external auditors have been given satisfactory rating under Quality Control Review of the Institute of Chartered Accountants of Pakistan (ICAP). The Audit Committee has recommended their re-appointment as auditors of the Bank for the year 2019.

PATTERN OF SHAREHOLDING

The pattern of shareholding as at December 31, 2018 is annexed to the annual report

TRADES IN SHARES

No trading was carried out in the shares of the Bank during the year by the Directors, Chief Executive Officer, Chief Financial Officer, Company Secretary, Chief Internal Auditor or their spouses and minor children other than that has already been disclosed in the pattern of shareholding.

Events after the date of the Statement of Financial Position

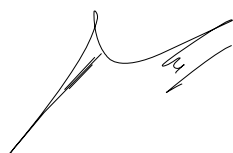
There have been no material changes since December 31, 2018 except the allotment of Right shares to existing shareholders (referred in note 18.4 to the financial statements). The Bank has not entered into any commitment, which would materially affect its financial position at the date.

ACKNOWLEDGEMENT

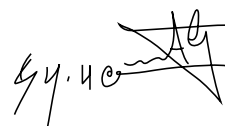
We take this opportunity to express our gratitude to our customers and business partners for their continued support and trust and we are also thankful to our associates, staff and colleagues for their committed services provided to our valued customers.

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

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



Muhammad Gulistan Malik
President/CEO



Syed Rahat Ali Shah
Director

Date: March 08, 2019
Lahore

ممبران کے لیے ڈائریکٹرز رپورٹ

آڈیٹرز:

ریٹائرنگ آڈیٹرز میسرز الیاس سعید اینڈ چارٹرز اکاؤنٹینٹس اہلیت کی بنیاد پر خود کو دوبارہ تقرری کے لئے پیش کرتے ہیں۔ ایکسٹرنل آڈیٹرز کو پاکستان کے چارٹرڈ اکاؤنٹینٹس ادارے کے کوالٹی کنٹرول جائزہ کے تحت قابل اطمینان درجہ دیا گیا ہے۔ آڈٹ کمیٹی نے ان کی اگلی مدت کے لئے دوبارہ تقرری کو ریگمنڈ کیا ہے۔

شیئر ہولڈنگ کا نمونہ:

31 دسمبر 2018ء کا شیئر ہولڈنگ کا نمونہ اس سالانہ رپورٹ کے ساتھ منسلک ہے۔

حصص میں تجارت:

رواں سال کے دوران ڈائریکٹرز، سی ای او چیف فنانسل آفیسر، کمپنی سیکرٹری، چیف انٹرنل آڈیٹر یا ان کے شریک حیات اور نابالغ بچوں میں سے کسی نے بھی حصص کی تجارت نہیں کی۔

سٹینٹ آف فنانسل پوزیشن کے بعد کے واقعات:

31 دسمبر 2018ء کے بعد ماسوائے موجودہ حصص داران کو رائٹ حصص کے حصول (مالیاتی سٹیٹ منٹس کا نوٹ نمبر 18.4 ملاحظہ کریں) کے علاوہ کوئی اہم تبدیلی نہیں ہوئی۔ بینک نے کوئی ایسا وعدہ نہیں کیا، جس سے بینک کی مالیاتی پوزیشن پر اثرات مرتب ہوں گے۔

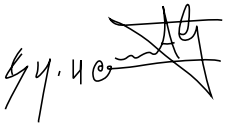
اعترافات:

ہم اس موقع سے فائدہ اٹھاتے ہوئے اپنے صارفین، کاروباری شراکت داروں کی مستقل حمایت اور بھروسے کے حاصل ہونے پر اظہار تشکر پیش کرتے ہیں اور ہم صارفین کو دی گئی پُر عزم خدمات کے لئے اپنے ملازمین کا بھی شکریہ ادا کرتے ہیں۔

ہم سٹیٹ بینک آف پاکستان، سکیورٹیز اینڈ ایکسچینج آف پاکستان اور پاکستان سٹاک ایکسچینج کو ان کی مستقل رہنمائی اور تعاون کے لئے اظہار تشکر پیش کرتے ہیں۔ ہم خاص طور پر سٹیٹ بینک آف پاکستان کو خراج تحسین پیش کرتے ہیں، جن کا تعاون بینک کے مشکل وقت میں بھی شامل حال رہا۔ ہم یقینی طور پر تسلیم کرتے ہیں کہ سٹیٹ بینک آف پاکستان کی مسلسل حمایت اور روشن رہنمائی نے ہمیں اس بینک کے مستقبل کے بارے میں پھر سے سوچنے کا سبب فراہم کیا۔

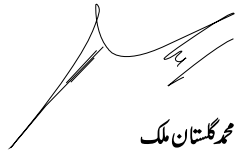
منجانب: بورڈ آف ڈائریکٹرز

اپنا مائیکروفانس بینک لمیٹڈ



سید راحت علی شاہ

ڈائریکٹر



محمد گلستان ملک

صدر ای۔ای۔او

08 مارچ 2019

لاہور

ممبران کے لیے ڈائریکٹرز رپورٹ

بورڈ کے اجلاس میں ڈائریکٹرز کی شرکت:

رواں سال کے دوران ہونے والے اجلاسوں میں بورڈ آف ڈائریکٹرز کی حاضریوں کا ریکارڈ سالانہ رپورٹ کے ساتھ منسلک ہے۔

پروڈیٹ فنڈ کی سرمایہ کاری کا بیان:

بینک اپنے تمام مستقل ملازمین کے لئے فنڈ پروڈیٹ فنڈ مہیا کرتا ہے۔ 31 دسمبر 2018ء کو فنڈ کا نیٹس قبل از آڈٹ 35.089 ملین پاکستانی روپے ہے۔ (18.88:2017 ملین پاکستانی روپے آڈیٹڈ)

متعلقہ پارٹیوں سے تعلقات:

متعلقہ فریقوں کے درمیان لین دین مارکیٹ کی مقررہ کردہ قیمتوں کے مطابق کیا جاتا ہے، تمام کی گئی ٹرانزیکشنز میں مناسب قیمت کا طریقہ کار استعمال کیا گیا جو کہ بینک کے بھرپور مفاد میں ہے۔ بینک قیمتوں کی منتقلی پر بہترین ضابطے کے مطابق مکمل طور پر عمل کرتا ہے۔

ڈیوڈنٹ اور تصرفات:

پچھلے برسوں کے مجموعی خسارے کی وجہ سے نڈو ڈیوڈنٹ اور نڈی بولس حصص دینے کا اعلان کیا ہے۔

تاہم منافع کی تصرف ذیل کے تحت کی جائے گی۔

31 دسمبر 2017	31 دسمبر 2018	
(پاکستانی روپے)	(پاکستانی روپے)	
(79,510,907)	53,261,451	منافع/(نقصان) بعد از ٹیکس ادائیگی
-	(10,652,290)	تصرفات:
-	(2,663,073)	قانونی ذخائر میں منتقلی:
-	(13,315,363)	بی پی ایف/ایم ایس ڈی ایف/آر ایم ایف میں شراکت:
(957,009,250)	(1,036,520,157)	غیر تصرف شدہ خسارہ آگے لایا گیا
(1,036,520,151)	(996,574,069)	غیر تصرف شدہ خسارہ آگے لے جایا گیا

آمدنی فی حصص:

بعد از ٹیکس بنیادی اور diluted آمدنی فی حصص 0.21 روپے اور 0.15 روپے ہے۔ (2017: خسارہ فی حصص 0.35 روپے)

آڈٹ کے مشاہدے:

ایکسٹرنل آڈیٹر نے نومبر 2016ء سے پہلے والے پرانے رنگ فنانس پورٹ فولیو کی ٹیکنگ کے حوالے سے اپنی رپورٹ کو موڈیفائیڈ کیا ہے۔ آڈیٹرز نے اس ٹیکنگ کو نامکمل اور ذہنی پایا، کیونکہ سسٹم میں معلومات دستیاب معلومات کی بنا پر ہاتھ سے درج کی گئی تھیں۔ آڈیٹرز سسٹم سے نکالی گئی نامکمل معلومات کی بنا پر پرانے رنگ فنانس پورٹ فولیو کے این پی ایل (NPL)، اس کی پروڈیٹن اور مارک آپ کی معطلی کا تعین کرنے میں ناکام رہے۔

آڈٹ مشاہدے کے بارے میں ہمارا یہ کہنا ہے کہ تمام قرضوں کی ٹیکنگ دستیاب معلومات کی بنا پر کی گئی اور یہ معلومات بینک کے سسٹم میں بہت احتیاط سے درج کی گئی۔ اس لئے ہم اس بات پر یقین رکھتے ہیں کہ بینک کا سسٹم ٹیکنگ کی معلومات حقیقی اور منصفانہ بنیاد پر فراہم کر رہا ہے۔ تاہم ہم آڈیٹر کو مطمئن کرنے میں ناکام رہے، لیکن ہم پُر امید ہیں کہ ہم جلد ہی ان کے اعتراضات کو ختم کریں گے اور ان کے تمام مشاہدات کو حل کریں گے۔

اس کے علاوہ ایکسٹرنل آڈیٹرز نے دو خود مختار ڈائریکٹران کی غیر تفری کے بارے میں اپنی رائے کو موڈیفائیڈ کیا ہے۔ دو خود مختار ڈائریکٹران کی تفری مائیکرو فنانس بینک کے پروڈیٹنل ریگولیشنز کے ضابطہ نمبر 1-G کا مطالبہ ہے۔ البتہ بینک کے بورڈ میں ایک خود مختار ڈائریکٹر ہے جبکہ دوسرے خود مختار ڈائریکٹر کی تفری دوران عمل ہے جو کہ مستقبل قریب میں مکمل ہو جائے گی۔

ممبران کے لیے ڈائریکٹرز رپورٹ

(3) بورڈ نے حسب ذیل ارکان پر مشتمل کمیٹیاں تشکیل دی ہیں:

آڈٹ کمیٹی:

- جناب امام بخش بلوچ (چیرمین)

- جناب محمد اصغر

- جناب عمار محمد طاہر

- جناب محمد سلیم شیخ

- سید راحت علی شاہ

ایگزیکٹو کمیٹی:

- جناب محمد اکرم شاہد (چیرمین)

- جناب محمد اصغر

- جناب قمر ازمان

- جناب محمد اعظم چیمہ

- سید راحت علی شاہ

ایچ آر اینڈ ریمونڈیشن کمیٹی:

- جناب امام بخش بلوچ (چیرمین)

- جناب عمار محمد طاہر

- جناب محمد اکرم شاہد

- جناب محمد سلیم شیخ

- سید راحت علی شاہ

رسک مینجمنٹ کمیٹی:

- جناب محمد اصغر (چیرمین)

- جناب محمد اکرم شاہد

- جناب امام بخش بلوچ

- جناب محمد اعظم چیمہ

- سید راحت علی شاہ

مگرانی کمیٹی:

- جناب محمد اصغر (چیرمین)

- جناب محمد اعظم چیمہ

- جناب محمد سلیم شیخ

- سید راحت علی شاہ

- جناب امام بخش بلوچ

(4): بورڈ آف ڈائریکٹرز نے ایکٹ اور ان ریگولیشنز کے مطابق ڈائریکٹرز کی صلہ خدمات کے لئے ایک رسمی پالیسی اور شفاف طریقہ کار اپنایا ہے جس کی تفصیل مالیاتی رپورٹ کے نوٹ نمبر 30 میں شامل ہے۔

ممبران کے لیے ڈائریکٹرز رپورٹ

پاکستان کے جاری کردہ قواعد و ضوابط کے تحت منظور شدہ ہیں، بصورت دیگر بین الاقوامی مالیاتی رپورٹنگ کے معیار IFRSs کے قواعد و ضوابط ایکٹ 2017 کی ضروریات مانگیر و فنانش ادارے آرڈیننس 2001 یا سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور سٹیٹ بینک آف پاکستان کے جاری کردہ قواعد و ضوابط اہدایات میں اختلاف درپہ ہوں۔ اس صورت میں کمپنیز ایکٹ 2017 میں ضروریات، مانگیر و فنانش ادارے اور آرڈیننس 2001 یا SECPC اور SBP کے جاری کردہ قواعد و ضوابط غالب ہوں گے۔

اندرونی انضباط کے نظام کا ڈھانچہ کارآمد ہے اور موثر طریقے سے عملدرآمد بھی ہے اور اندرونی انضباط کے نظام اور اس کی نگرانی کی حتمی ذمہ داری بورڈ پر لازم ہے۔ آڈٹ کمیٹی کی تشکیل کے مقاصد میں شامل ہے کہ وہ اندرونی انضباط کے نظام اور دیگر مالیاتی امور کی رپورٹنگ کے موثر اطلاق کی نگرانی کے لئے اندرونی و بیرونی آڈیٹرز اور انتظامیہ کے ساتھ سال بھر وقفہ وقفہ سے آزادانہ طور پر مشاورتی ملاقاتیں کرتا ہے۔ مزید برآں مکمل سال مسلسل مالی پیشین گوئی اور بجٹ کنٹرول کے ذریعے کارکردگی کی نگرانی کی جاتی ہے۔

بنک کے کاروبار جاری و ساری رکھنے کی اہلیت پر کوئی قابل ذکر خدشات نہیں ہیں۔

گزشتہ چھ برسوں کی مالیاتی جھلکیاں اس سالانہ رپورٹ کے ساتھ منسلک ہیں۔

بینک نے لسٹنگ ریگولیشن میں تفصیلی طور پر بیان کردہ کارپوریٹ گورننس کے بہترین طریقوں میں سے کسی کی بھی خلاف ورزی نہیں کی ہے۔

گورنمنٹ ڈیوٹی یا ٹیکس کی مد میں بینک پر کوئی بھی پیمائش واجب الادا نہیں ہے۔

کارپوریٹ گورننس:

ڈائریکٹرز ایجنسے کا کارپوریٹ گورننس پر عملدرآمد اور لسٹنگ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2017ء اور پاکستان سٹاک ایکسچینج کی رول بک کی ضروریات کو پورا کرتے ہیں۔ سی سی جی کے مطابق تعمیل کا بیان منسلک ہے۔

(1) مندرجہ ذیل کے مطابق ڈائریکٹرز کی کل تعداد آٹھ ہے:

مرد: آٹھ

خواتین: صفر

(2) بورڈ آف ڈائریکٹرز (بورڈ) کی تشکیل مندرجہ ذیل ہے:

نام	کنگری
جناب امام بخش بلوچ	خود مختار ڈائریکٹرز
جناب محمد اکرم شاہد (چیئرمین)	نان ایگزیکٹو ڈائریکٹر
جناب محمد اعظم چیمہ	
جناب قمر زمان *	
جناب محمد اصغر	
جناب محمد سلیم شیخ	
جناب عماد محمد طاہر	
سید راحت علی شاہ	

* جناب قمر صاحب نے سال کے اختتام کے بعد استعفیٰ دے دیا۔

ممبران کے لیے ڈائریکٹرز رپورٹ

ٹیکنالوجی کا خطرہ:

یہ خطرہ ہے کہ بینک شاید ٹیکنالوجی میں آنے والی ترقی کو اپنانے میں اور بہتر کسٹمر سروس دینے میں ناکام رہے۔ بڑھی ہوئی مقابلے بازی اور کسٹمرز کی متحرک ضروریات کا کامیاب حل فراہم کرنے میں ٹیکنالوجی کی اہمیت مزید بڑھتی جا رہی ہے۔

تعمیل اور ریگولیشن کا خطرہ:

مالیاتی شعبوں میں یہ خطرہ قدرتی طور پر موجود ہے، حالانکہ ریگولیشنز اور ان کی تعمیل اداروں کو قابل بنانے کے لئے ہے، لیکن زیادہ ریگولیشنز کے لئے مائیکرو فنانس بینکس کی تعمیل کی لاگت زیادہ ہوگی، جس کی وجہ سے انڈسٹری میں منافع کو بہتر بنانا اور مشکل ہو جائے گا۔

اوپر دیئے گئے بنیادی خطرات اور غیر یقینی صورت حال کے اثرات کو کم کرنے اور ان پر قابو پانے کے لئے بینک اندرونی اور بیرونی طور پر کوشش کر رہا ہے۔

مستقبل کا لائحہ عمل:

ہم اپنے کریڈٹ اور انفارمیشن سسٹم کی مزید بہتری کے لئے کوششیں جاری رکھیں گے تاکہ قرضوں کی فراہمی کے سسٹم میں شفافیت کو یقینی بناسکیں۔

پاکستان میں مائیکرو فنانس کی صنعت مالیاتی صنعت میں ایک اہم جزو کے طور پر تسلیم کیا جاتا ہے، کسٹمرز کے اعلیٰ مطالبات کو پورا کرتے ہوئے بینک آبادی کے غیر منحصر طبقے کو مالیاتی خدمات فراہم کرنے کی کوشش کر رہا ہے، لہذا بینک اپنے اخراجات کو کم کرنے اور اپنی پہنچ بڑھانے کے لئے ڈیجیٹلائزیشن (انٹرنیٹ بینکنگ اور موبائل بینکنگ) اپنانے کے مراحل میں ہے۔ یہ ہمارے ٹیکنالوجی گڑھ بنانے کے نقطہ نظر کو بیان کرتا ہے اس سے صنعتی ادائیگی اور بینک کے کاروبار کو بڑھانے کی ضروریات کو پورا کرنے میں مدد ملے گی۔

بینک کی CAR مائیکرو فنانس کے پروڈیوسر ریگولیشنز کے مطابق نہیں ہے جیسا کہ 31 دسمبر 2018ء کی مالیاتی رپورٹ کے نوٹ نمبر 1.2 میں بھی بیان کیا ہے۔ تاہم اسپانسرز CAR کی کمی کو جلد پورا کرنے کے لئے پُر عزم ہے۔

کریڈٹ ریٹنگ:

رواں سال پاکستان کریڈٹ ریٹنگ ایجنسی پرائیویٹ لمیٹڈ (PACRA) نے بینک کے مستقبل کے لائحہ عمل کے تناظر میں بینک کی لانگ ٹرم ریٹنگ ٹریبل بی (BBB) سے بڑھا کر ٹریبل بی پلس (BBB+) کر دی اور شارٹ ٹرم ریٹنگ کو آء تھری (A3) پر برقرار رکھا۔

بینک کی ریٹنگ مائیکرو فنانس انڈسٹری میں مستحکم مقام کی عکاسی کرتی ہے۔ بینک کی ریٹنگ کی اہم وجوہات میں انتظامیہ کی قابلیت اور سپانسرز کے مستحکم ارادے، اعلیٰ معیار کے نئے قرضے اور پرانے قرضوں کی ریکوری، مستحکم لیکوڈیٹی اور مستقبل کے منافع شامل ہیں، یہ ریٹنگ خدشہ برائے وصولی قرض میں واضح کمی کو ظاہر کرتی ہے اور مالیاتی ازیں قرضوں کی بروقت ادائیگی کی صلاحیت بھی تسلی بخش ہے۔

کاروباری سماجی ذمہ داری:

ہم کاروباری سماجی ذمہ داریاں (سی ایس آر) کے لئے بھی عزم رکھتے ہیں اور ہمارے روزمرہ کی کاروباری سرگرمیوں میں معاشی عمل متحرک رہتا ہے، جو ہم ہیں اور جس طرح ہم کام کرتے ہیں، سی ایس آر اُس چیز کا اہم حصہ ہے، ہم اپنی کاروباری کامیابی کو صرف مالیاتی معیار کے لحاظ سے نہیں مانتے، بلکہ اپنے کسٹمرز کا اطمینان اور وہ طبقہ جس کو فراہم کرتے ہیں اُس کو بھی مد نظر رکھتے ہیں۔

انٹرنل فنانشل کنٹرولز:

ڈائریکٹرز انٹرنل فنانشل کنٹرولز کے حوالے سے اپنی ذمہ داریوں سے آگاہ ہیں۔ انتظامیہ اور آڈیٹرز (انٹرنل اور ایکسٹرنل) کے ساتھ تبادلہ خیال کے ذریعے وہ تصدیق کرتے ہیں کہ بینک کی طرف سے مناسب کنٹرولز لاگو کئے گئے ہیں۔

کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک:

مندرجہ ذیل معاملات کے لئے ڈائریکٹرز نے کوڈ آف کارپوریٹ گورنرز اور سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے کارپوریٹ اینڈ فنانس رپورٹنگ فریم ورک کے ساتھ تعمیل کی تصدیق کی ہے۔

- بینک کی انتظامیہ کی جانب سے تیار کردہ مالیاتی گوشوارہ منصفانہ طور پر بینک کے معاملات کی صورت حال، سرگرمیوں کے نتائج، زیر گردش نقدی اور ایکویٹی میں تبدیلیاں پیش کرتی ہیں۔

- بینک کے کھاتوں کا مناسب انتظام رکھا گیا ہے۔

- مالیاتی گوشواروں کی تیاری میں مستقل مناسب کھاتے داری کی پالیسی کا اطلاق کیا گیا ہے، نیز کھاتے داری کے مالی تخمینے موزوں اور محتاط اندازوں پر مبنی ہیں۔

- یہ مالیاتی گوشوارے پاکستان میں لاگو منظور کھاتے داری کے معیار کے مطابق تیار کئے گئے ہیں، ان کھاتے داری کے معیار میں یہ شامل ہے۔ بین الاقوامی مالیاتی رپورٹنگ کے معیار (IFRSs) جو کہ

بین الاقوامی کھاتے داری کے معیار کے بورڈ IASB کے جاری کردہ ہیں کمیٹی ایکٹ 2017، مائیکرو فنانس ادارے آرڈیننس 2001 سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) اور سٹیٹ بینک آف

ممبران کے لیے ڈائریکٹرز رپورٹ

اپنا مائیکروفنانس بینک کے ڈائریکٹرز انتہائی مسرت کے ساتھ 31 دسمبر 2018ء کو ختم ہونے والے مالی سال کے لئے اپنی رپورٹ بمع آڈٹ مالیاتی اسٹیٹ منٹس اور اس پر آڈیٹرز رپورٹ پیش کر رہے ہیں۔

پرنسپل سرگرمی، ترقی اور مالی کارکردگی:

اپنا مائیکروفنانس بینک لمیٹڈ ایک پبلک لمیٹڈ بینک کے طور پر بنا اور اس کے حصص پاکستان شاک ایکسچینج پر درج ہیں۔ بینک کا اہم کاروبار مائیکروفنانس انسٹی ٹیوشن آرڈیننس 2001ء کے تحت غربت کو کم کرنے کے نظریے سے معاشرے کے غریب اور پسماندہ طبقے کو مائیکروفنانس سے متعلق خدمات مہیا کرنا ہے۔ سال 31 دسمبر 2018ء کے دوران بینک کی مالیاتی کارکردگی مندرجہ ذیل ہے۔

کوائف	31 دسمبر 2018 (پاکستانی روپے)	31 دسمبر 2017 (پاکستانی روپے)	%
فراہم کیا گیکل ایڈوانس (پرویشن کے بعد)	9,165,740,059	5,226,547,934	75%
ڈیپازٹس اور دیگر اکاؤنٹس	15,866,330,742	12,528,727,169	27%
مارک آپ آمدنی	2,157,835,801	1,577,979,881	37%
مارک آپ اخراجات	(800,799,272)	(703,943,573)	14%
انتظامی اخراجات	(1,595,647,431)	(1,308,598,684)	22%
منافع (نقصان) بعد از ٹیکس ادائیگی	53,261,451	(79,510,907)	-167%

گزشتہ برس 2017ء کے 79.51 ملین پاکستان روپے خسارے کے مقابلے میں اس سال بینک نے بعد از ٹیکس ادائیگی 53.26 ملین پاکستان روپے کا منافع ظاہر کیا۔ بینک کی ایکٹیوٹی 1,468.42 ملین پاکستان روپے ہے، جبکہ 31 دسمبر 2018ء تک بینک کے کل اثاثے 13,983.59 ملین پاکستان روپے سے بڑھ کر 17,623.05 ملین پاکستان روپے ہو گئے ہیں۔ موجودہ سال کے منافع کی اہم وجہ بینک کے قرضے اور اس کے نتیجے میں آنے والی آمدنی میں اضافہ ہے۔ اس کے نتیجے میں بینک کی مارک آپ آمدنی میں 37 فیصد (2017:9%) اضافہ ہوا۔ رواں سال میں 31 دسمبر 2018ء کے اختتام تک بینک نے 68,854 نئے کسٹمرز کو تقریباً 7.02 ارب کے قرضے دیئے اور بیلنس شیٹ کی تاریخ پر ان سے قرضوں کے NPL کا تناسب بقایا جات کا چار فیصد ہے جو کہ قابل تعریف ہے اور اصلاح شدہ قرضے فراہمی کے نظام کی شفافیت کی تصدیق کرتا ہے۔ اس کے علاوہ بینک کے پورے کریڈٹ پورٹ فولیو کی مجموعی NPL تناسب 13 فیصد ہے (2017:22%)۔ انتظامیہ نے بینک کے کریڈٹ پورٹ فولیو کی پرویشن کو کم کرنے کے لئے نئی حکمت عملی وضع کی۔ اس کے نتیجے میں بینک نے گزشتہ برس 272 ملین پاکستان روپے کے مقابلے میں رواں سال 88 ملین پاکستان روپے کی پرویشن ریکارڈ کی۔ انتظامیہ نے مائیکروفنانس بینکس کے پروڈیوشل ریگولیشنز کے قوانین کے مطابق 7,172 ملین پاکستان روپے کے کریڈٹ پورٹ فولیو پر 509 ملین پاکستان روپے کی پرویشن چارج کی۔ تاہم انتظامیہ نے 2,915 ملین پاکستان روپے کے کریڈٹ پورٹ فولیو پر 601 ملین پاکستان روپے کی پرویشن ذہنی تشخیص کے مطابق چارج کی۔ (مالیاتی اسٹیٹ منٹس کا نوٹ نمبر 1.1 اور 11.4 ملاحظہ کریں)

موجودہ مارکیٹ کے مقابلے اور سرمائے کی ضرورت کی وجہ سے کمرشل بینک کے مقابلے میں مائیکروفنانس بینک کو اپنے صارفین کو نسبتاً زیادہ شرح منافع فراہم کرنا پڑ رہا ہے، نتیجے میں مائیکروفنانس کا سودی خرچ کمرشل بینک سے نسبتاً زیادہ ہے۔ اس قدرتی مسئلے پر قابو پانے کے لئے انتظامیہ نے اپنی پراڈکٹ کے لئے حکمت عملی وضع کی اور اس کو نافذ کیا ہے، جس میں کم خرچے والے ڈیپازٹس کو لانا ہے اور ڈیپازٹس کے مرکب کی تبدیلی پر اہم توجہ دینا ہے، جس کے نتیجے میں بینک کے کرنٹ اور سیونگ ڈیپازٹس (CASA) کا تناسب بڑھے گا، جو مارک آپ کے خرچے کو قابل قبول حد تک برقرار رکھنے میں مدد کرے گا۔

بنیادی خطرات اور غیر یقینی صورتحال:

بینک مندرجہ ذیل کوائف خطرات تصور کرتا ہے:

شرح سود: رواں سال شرح سود پچھلے تین سال کے مقابلے میں سب سے زیادہ بڑھی۔ مارکیٹ میں بڑھتی ہوئی شرح اور بینک کے سودی سپریڈ کا درمیانی تعلق بینک کے مجموعی منافع کا خطرہ ہے۔

کریڈٹ کا خطرہ: کریڈٹ کا خطرہ بینک کے لئے بنیادی خطرہ ہے۔ مارکیٹ میں انحصار بڑھانے کے لئے قرضوں میں تیزی سے اضافہ ہو رہا ہے، جبکہ ان قرضوں کا ایک بڑا حصہ غیر محفوظ ہوتا ہے۔ وسیع اقتصادی رجحانات جیسے افراط زر، معاشی گراؤ اور کرنسی کے خسارے قرض داروں کو اپنا قرض واپس ادا کرنے میں ناکام کر دیں گے۔

قابل ستاف کی برقراری: انسانی وسائل کی اہمیت عالمی سطح پر تسلیم کی جاتی ہے تاہم مائیکروفنانس کے شعبے میں مسلسل بڑھتی ہوئی مقابلے بازی کی وجہ سے قابل اور ہنرمند ستاف کی برقراری مشکل ہوتی چلی جا رہی ہے۔

MEETINGS OF THE BOARD

From January 1, 2018 to December 31, 2018

Name of Directors	Meetings Due	Meetings Attended
Mr. Muhammad Akram Shahid	4	4
Mr. Muhammad Azam Cheema	4	3
Mr. Qamar-uz-Zaman	4	1
Mr. Imad Mohammad Tahir	4	4
Mr. Muhammad Saleem Shaikh	4	4
Mr. Muhammad Asghar	4	4
Syed Rahat Ali Shah	4	4
Mr. Imam Bukhsh Baloch	4	4

MEETINGS OF THE AUDIT COMMITTEE

From January 1, 2018 to December 31, 2018

Name of Directors	Meetings Due	Meetings Attended
Mr. Imam Bukh Baloch	4	4
Mr. Muhammad Asghar	4	4
Mr. Muhammad Saleem Shiekh	4	4
Syed Rahat Ali Shah	4	4
Mr. Imad Mohammad Tahir	4	1

Annexure 'A'

STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2017

Name of company: **Apna Microfinance Bank Limited.**

Year ending: **December 31, 2018**

The company has complied with the requirements of the Regulations in the following manner:

1. The total numbers of director are 9 as per the following:
 - a) Male: 8
 - b) Female: 0
2. The composition of board is as follows:
 - a) Independent Directors: 1
 - b) Other Non-executive Director: 7
 - c) Executive Directors: President/ CEO is a deem Director
3. The directors have confirmed that none of them is serving as a director on more than five listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).
4. The company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
5. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by board/ shareholders as empowered by the relevant provisions of the Act and these Regulations.
7. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.
8. The board of directors has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations. The remuneration of directors have been revised and approved by the stakeholders, post facto in Annual General Meeting.
9. The Board has arranged Directors' Training program for the following:

The Board is already attended and certified from PICG as Certified Director, Mr. Qamar uz Zaman, Mr. Muhammad Akram Shahid, Mr. Muhammad Azam Cheema, Mr. Saleem Shaikh.

Currently Syed Rahat Ali Shah has attended the training programs and certified by ICAP in April 2018 during a period.
10. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
11. CFO and CEO duly endorsed the financial statements before approval of the board.

Annexure 'A'

STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2017

12. The board has formed committees comprising of members given below:

a) Audit Committee	
Mr. Imam Bukhsh Baloch	Chairman
Mr. Muhammad Asghar	Member
Mr. Imad Mohammad Tahir	Member
Mr. Muhammad Saleem Shaikh	Member
Syed Rahat Ali Shah	Member
b) HR and Remuneration Committee	
Mr. Imam Bukhsh Baloch	Chairman
Mr. Muhammad Akram Shahid	Member
Mr. Imad Mohammad Tahir	Member
Syed Rahat Ali Shah	Member
Mr. Muhammad Saleem Shaikh	Member
c) Risk Management & Compliance Committee	
Mr. Muhammad Asghar	Chairman
Mr. Muhammad Akram Shahid	Member
Mr. Muhammad Azam Cheema	Member
Syed Rahat Ali Shah	Member
Mr. Imam Bukhsh Baloch	Member

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.

14. The frequency of meetings (quarterly/half yearly/ yearly) of the committee was as per following:

a) Audit Committee	Quarterly
b) HR and Remuneration Committee	Half yearly
c) Risk Management & Compliance Committee (if applicable)	Half yearly

15. The board has set up an effective internal audit function, which are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.

16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

18. We confirm that all other requirements of the Regulations have been complied with.

For Apna Microfinance Bank Ltd.



Muhammad Akram Shahid
Chairman

Date: March 08, 2019

Lahore

INDEPENDENT AUDITOR'S MODIFIED REVIEW REPORT

To the members of Apna Microfinance Bank Limited

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2017

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of Apna Microfinance Bank Limited (the Bank) for the year ended December 31, 2018 in accordance with the requirements of regulation 40 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Bank. Our responsibility is to review whether the Statement of Compliance reflects the status of the Bank's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Bank's personnel and review of various documents prepared by the Bank to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Bank's corporate governance procedures and risks.

The Regulations require the Bank to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Bank's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Following instances of non-compliance with the requirements of the regulations was observed which is not stated in the statement of compliance:

- i. As per requirements of Regulation G-1 of the Prudential Regulations For Microfinance Banks, every microfinance institution is required to have at least 2 independent directors; however, as described in para 2 of the enclosed Statement of Compliance the Bank has one independent director as at year end.

Based on our review, except for the above instance of non-compliance, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Bank's compliance, in all material respects, with the Regulations as applicable to the Bank for the year ended December 31, 2018.



Chartered Accountants

Engagement partner: Muhammad Ilyas

Lahore:

Date: March 08, 2019

ETHICS AND BUSINESS PRACTICES

All employees of Apna Microfinance Bank Limited, hereafter called AMBL, are required to follow a Code of Ethics and Business Practices in all areas of professional conduct. They must abide by the following:

LAWS AND RULES

- All the employees are required to comply with all the laws, rules and regulations governing AMBL, including the Bank's policies, procedures and standards, the State Bank of Pakistan and the Security and Exchange Commission of Pakistan's regulations applicable to the Bank.
- All employees must function with integrity within the scope of their authorities and follow directives given by the person(s) under whose jurisdiction they are deputed with complete honesty.
- Core value of 'Integrity' must be promoted by upholding fairness, equality and respect for all team members. Discrimination, harassment of all types, intimidation and other negative practices are strictly prohibited.
- Harassment includes any unwanted, immoral act or attitude, including abuse of authority, creating a hostile environment and retaliation to non compliance with unethical demands, which is demeaning or detrimental to work performance or the career of any employee in any capacity.
- Adherence to designated time schedules is imperative. The Bank is entitled to take disciplinary action in case of unauthorized absences.
- No employee shall indulge in any political activity, including forming or joining a political, ethnic or linguistic association; get elected to a legislative body, in Pakistan or elsewhere, or indulge in any activity detrimental to the ideology of Pakistan.
- All full-time employees must devote their entire business day to their work; avoid any outside activity that interferes with their judgment in the best interest of the Bank and its clients. The Human Resource & Recruitment Department must be informed in case an employee:
- Holds an outside directorship; carries on business activity outside; holds majority shares/interest in a public or private business; takes direct advantage of securities of a public listed company, or serves as a client's personal representative.
- No employee shall bring political or other outside pressure/ influence to bear on the authorities/superior officers or use the media with intent to induce them to act in a manner inconsistent with rules in any matter relating to the Bank.
- Employees are prohibited from any engagement outside the Bank without prior approval from the Human Resource & Recruitment Department. Employees with financial or other interest in any family business must declare in advance by writing and seek no objection.
- Employees shall not borrow from or lend personal funds or property to any Client or Vendor who has a relationship with the Bank except on market terms and conditions from financial institutions. Borrowing or lending in personal capacity within the Bank is prohibited.
- Employees shall be alert and vigilant with respect to frauds, thefts or significant illegal activity committed within the office, reporting them immediately in writing to higher authority for appropriate action to be taken. Employment or Internship Certificates can only be issued by the Human Resource & Recruitment Department. Receipts of funds can only be issued on prescribed forms.
- Disciplinary action may be taken in case of misconduct or unsatisfactory performance including breach of above mentioned rules; willful insubordination; breach of confidential material; use of drugs or alcohol; falsification of

ETHICS AND BUSINESS PRACTICES

documents; violation of safety/health rules; insider trading; parallel banking; money laundering and any act detrimental to the Bank's business.

WORKPLACE ENVIRONMENT

- The Bank is committed to creating and maintaining a working, learning and customer care environment, which is free from violence and has zero tolerance for violence against any employee or its property.
- Employees are not allowed to play practical jokes or pranks on each other, indulge in horseplay, or share immoral jokes with other employees or the outside world, through Apna bank email server or computer, or cell phones.
- Employees are prohibited to use, exchange, or sell intoxicants or drugs in the work place or come to work under their influence.
- Employees are required to maintain proper dress code, appear well groomed and presentable at all the time. Livery staff should be in their proper uniform. High standards of behavior and tidy work areas are to be maintained at all times.

RESPONSIBILITIES TOWARDS EMPLOYER (AMBL)

- Employees must raise concerns and suspicions, in confidence, about any actual or potential illegal activity or misconduct according to the process in Whistle Blowing Policy and the Anti Harassment Policy. Failure to do so will result in employee being deemed a party to the irregularity.
- Guidance must be sought from relevant department in case any employee receives any demand or request for information from outside party including law enforcement agencies.
- Every employee must protect the Bank's assets, physical and intellectual, and adhere to its Email and Internet Usage Policy and Acceptable Use Policy.
- Employees must maintain all records accurately and are prohibited from making any false or misleading entries, forging or tampering with signatures to compromise integrity of Bank's record.
- Employees are required to identify all conflicts of interest and declare them immediately, including all matters expected to interfere with their duty to the Bank or ability to make unbiased and objective recommendations.

INFORMATION MANAGEMENT

- All employees shall regard as strictly confidential any information concerning the business of the Bank which is not intended to be made public unless required to do so under the law, consulting the Human Resource & Recruitment Department in case of ambiguity about a required disclosure. Confidential information must only be shared with employees on a need to know basis consistent with their job assignments as set out in Information Security and Governance Policies.
- All customers' related information should be kept secret, used for intended purpose only and any further use should be allowed only after prior consent of the concerned customer.
- Employees should protect the privacy and confidentiality of personnel records, not sharing them inside or outside the Bank except after approval by Human Resource & Recruitment Department.
- Employees should not use Bank's facilities to access, download or distribute personal or social information, including any material that may pose reputational risk to the Bank. Secrecy of passwords must be maintained to prevent unauthorized access to Bank's systems. Personal use of internet and email is deemed inappropriate in the workplace. Private telephone conversations must be kept at a minimum during office hours.
- Only officially designated spokesperson, as provided under the Bank's Media Policy, may provide comments about the Bank to the media.

ETHICS AND BUSINESS PRACTICES

RELATIONSHIP WITH AND RESPONSIBILITIES TO CUSTOMERS, PROSPECTS AND OTHER EXTERNAL CONSTITUENCIES

- Employees must always act fairly, equitably and objectively with all customers, prospects, suppliers and other external constituencies. Highest degree of integrity, honesty, proprietary and loyalty, towards the interest of the Bank, its customers and regulators is a must.
- Employees are not authorized to accept or agree to accept any gifts or conveyance of anything of value from any current or prospective Apna bank customers or vendors or any person who has a business relationship with the Bank with exception of the following.
- Gifts that relate to commonly recognized events or occasions such as a promotion, new job, wedding, retirement etc. provided those gifts are of reasonable value.
- Gifts from a person who has a business relationship with the Bank, provided the acceptance is based on relationship existing independent of the business of the Bank and reported to the Human Resource & Recruitment Department.
- Benefits available to the general public e.g. advertising or promotional materials, and discount or rebates on merchandise or services.
- Civic, charitable, educational or religious organizational awards for recognition of service or accomplishment.

OTHER KEY LEGAL/COMPLIANCE RULES AND ISSUES

- Employees are strictly prohibited to engage in insider trading, buying or selling Bank's common stocks or otherwise benefitting from sharing inside information, whether obtained through workplace or outside sources.
- AMBL fully supports the intended drive against serious crime and is committed to assisting the authorities to identify money laundering transactions and where appropriate to confiscate the proceeds of crime. Employees must follow the Anti Money Laundering Policy and Procedures.
- Violation of any of the clauses of this 'Code of Ethics' by any employee, may lead to disciplinary proceedings culminating in punishment as per merits of the case.



Chairman

Date: March 08, 2019

Lahore

LOANS PRODUCTS



Value Chain Financing



Apna Gold



APNA Pension Loan



APNA Business Loan



APNI Sawari – 4 Wheeler



APNI Sawari Deals



APNA Salary Loan



APNA Tractor Loan



APNA House Loan



APNA Live Stock Loan

PATTERN OF SHAREHOLDING

As at 31 December 2018

	Shareholding		
Number of Shareholders	From	To	Total Shares Held
276	1	1	2,715
97	101	101	41,209
39	501	501	37,468
53	1001	1001	145,259
14	5001	5001	103,167
2	10001	10001	25,666
4	15001	15001	67,505
2	25001	25001	52,608
1	35001	35001	36,000
1	40001	40001	41,500
1	55001	55001	60,000
1	60001	60001	62,500
1	70001	70001	70,500
1	95001	95001	100,000
1	120001	120001	125,000
1	210001	210001	211,833
1	240001	240001	244,000
1	280001	280001	284,000
1	570001	570001	574,500
1	895001	895001	896,922
1	995001	995001	1,000,000
1	2195001	2195001	2,200,000
1	3300001	3300001	3,301,000
1	9995001	9995001	10,000,000
1	13630001	13630001	13,632,830
1	40080001	40080001	40,082,921
1	65350001	65350001	65,350,897
1	111245001	111245001	111,250,000
507			250,000,000

CATEGORIES OF SHAREHOLDERS

As at 31 December 2018

Categories of Shareholders	Shares Held	Percentage %
Directors, Chief Executive Officer And Their Spouse and Minor Children		
SYED RAHAT ALI SHAH	500	
MUHAMMAD ASGHAR	500	
MUHAMMAD SALEEM SHAIKH	500	
MUHAMMAD AZAM CHEEMA	500	
QAMAR UZ ZAMAN	500	
IMAM BUKHSH BALOCH	500	
MUHAMMAD AKRAM SHAHID	13,632,830	
IMAD MOHAMMAD TAHIR	40,082,921	
SUB TOTAL	53,718,751	21.48
Associated Companies, Undertaking and Related Parties		
THE UNITED INSURANCE COMPANY OF PAKISTAN LIMITED	111,250,000	
UNITED TRACK SYSTEM (PVT) LIMITED	65,350,897	
TAWASUL HEALTHCARE TPA (PRIVATE) LIMITED	574,500	
SAUDI PAK INSURANCE COMPANY LIMITED	2,000	
SHAHIDA BILQUIS	10,000,000	
SUB TOTAL	187,177,397	74.87
Joint Stock Companies, insurance companies and others		
SALIM SOZER SECURITIES (PVT.) LIMITED	100,000	
FANCY PETROLEUM SERVICES (PVT.) LIMITED	36,000	
FIRST NATIONAL ENERGY (PVT.) LIMITED	4,000	
DARSON SECURITIES (PVT) LIMITED	99	
PAKISTAN STOCK EXCHANGE LIMITED	59	
MAPLE LEAF CAPITAL LIMITED	1	
SUB TOTAL	140,159	0.06
General Public - Local		
General Public - Local	8,963,693	3.59
GRAND TOTAL	250,000,000	100.00

LIST OF CDC BENEFICIAL OWNERS HOLDING SHARES BY SPONSORS DIRECTORS

For the year ended 31 December 2018

Shareholder's Category	Number of Shareholders	Number of Shares	Percentage %
DIRECTORS, CHIEF EXECUTIVE OFFICER THEIR SPOUSE(S) & MINOR CHILDREN	7	53,718,751	21.49
ASSOCIATED COMPANIES, UNDERTAKINGS & RELATED PARTIES.	3	187,177,397	74.87
JOINT STOCK COMPANIES, INSURANCE COMPANIES AND OTHERS	8	140,159	0.06
GENERAL PUBLIC	507	8,963,693	3.59
TOTAL	525	250,000,000	100.00

LIST OF CDC BENEFICIAL OWNERS HOLDING SHARES 10% AND ABOVE

FOR THE YEAR ENDED 31 DECEMBER 2018

Name, Father's Name & Address of Shareholder(s)	Holding	Percentage %
THE UNITED INSURANCE COMPANY OF PAKISTAN LTD	111,250,000	44.50
UNITED TRACK SYSTEM (PVT) LIMITED	65,350,897	26.14
IMAD MOHAMMAD TAHIR	40,082,921	16.03

FINANCIAL STATEMENTS

APNA MICRO FINANCE BANK LIMITED

INDEPENDENT AUDITORS' REPORT

To the members of Apna Microfinance Bank Limited Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the annexed financial statements of Apna Microfinance Bank Limited (the Bank), which comprise the balance sheet as at December 31, 2018, and the profit and loss account, 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, except for the effects of the matter described in the *Basis for Qualified Opinion* section of our report, the balance sheet, profit and loss account, 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), and the Microfinance Institutions Ordinance, 2001, 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, 2018, and of the profit, other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Qualified Opinion

As disclosed in note 1.1.1 to the financial statements, the Bank's lending operations were suspended by the State Bank of Pakistan (SBP) in November, 2016. Till then the Bank's information system had not been classifying micro-credits (Running Finance) cases as non performing advances, making any provision and suspending related income. Subsequently, the Bank was allowed to resume the lending operations from June 2017. During the year 2018, the Bank claims to have completed the tagging of old running finance portfolio pertaining to the period prior to November, 2016, by manual input. We have found the tagging both incomplete and subjective. We are, therefore, unable to verify the non performing advances out of Rs. 2,915 million (2017: Rs 3,933 million) & provision of Rs. 601 million (2017: Rs. 719 million) as per note 1.1.1 and suspended income of Rs. 449 million (2017: Rs. 113 million) of the said portfolio built before November, 2016, as per note 11.5. 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 incomplete information / details generated from the Bank's information system.

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.

Emphasis of Matter

Without further qualifying our opinion, we draw attention towards Note 1.2 to the financial statements which states that the Bank was unable to meet the regulatory requirements of "Prudential Regulations for Microfinance Banks" issued by the State Bank of Pakistan (SBP) with regard to the Capital Adequacy Ratio (CAR) which fell below the minimum required ratio (equivalent to at least 15% of their risk weighted assets) as at December 31, 2018.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, 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.

We have determined that there are no key audit matters to communicate in our report.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the 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.

INDEPENDENT AUDITORS' REPORT

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) 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 are 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 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

INDEPENDENT AUDITORS' REPORT

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) and the Microfinance Institutions Ordinance, 2001;
- b) the balance sheet, the profit and loss account, 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) and the Microfinance Institutions Ordinance, 2001, and 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.

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



Chartered Accountants

Lahore:

Date: March 08, 2019

BALANCE SHEET

As at 31 December 2018

	Note	2018 Rupees	2017 Rupees
ASSETS			
Cash and Balances with SBP and NBP	8	1,585,615,708	1,202,269,848
Balances With Other Banks/NBFIs/MFBs	9	2,910,830,798	4,048,778,510
Lending to financial Institutions		-	-
Investments - Net Of Provisions	10	884,469,380	658,482,895
Advances - Net Of Provisions	11	9,165,740,059	5,226,547,934
Operating Fixed Assets	12	857,383,100	881,490,545
Other Assets	13	1,730,824,450	1,459,778,483
Deferred Tax Asset	14	488,183,434	506,242,009
Total Assets		17,623,046,929	13,983,590,224
LIABILITIES			
Deposits and other accounts	15	15,866,330,742	12,528,727,169
Borrowings	16	9,369,059	202,285,246
Subordinated Debt		-	-
Other Liabilities	17	273,601,040	232,164,806
Deferred Tax Liabilities		-	-
Total Liabilities		16,149,300,841	12,963,177,221
NET ASSETS		1,473,746,088	1,020,413,003
REPRESENTED BY:			
Share capital	18	2,500,000,000	2,500,000,000
Discount on issue of shares		(950,000,000)	(950,000,000)
Share deposit money		900,078,363	500,008,080
Statutory reserve		11,931,873	1,279,583
Depositors' protection fund		2,982,969	319,896
Unappropriated loss		(996,574,069)	(1,036,520,157)
		1,468,419,136	1,015,087,402
Surplus / (Deficit) on Revaluation of Assets		-	(3,279,516)
Deferred Grants	19	5,326,952	8,605,117
Total Capital		1,473,746,088	1,020,413,003
MEMORANDUM/OFF-BALANCE SHEET ITEMS	20	-	-

The annexed notes from 1 to 36 form an integral part of these financial statements.



President / CEO



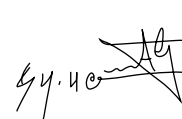
Chief Financial Officer



Chairman



Director



Director

PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2018

	Note	2018 Rupees	2017 Rupees
Mark-up/Return/Interest Earned	21	2,157,835,801	1,577,979,881
Mark-up/Return/Interest Expensed	22	(800,799,272)	(703,943,573)
Net mark-up/interest income		1,357,036,529	874,036,308
Provision against non-performing loans and advances	11.3.1	62,045,425	130,854,057
Provision for diminution in the value of investments		-	-
Recovery against bad debts written off		781,448	344,392
Bad debts written off directly		-	-
		62,826,873	131,198,449
Net mark-up/Interest Income after provisions		1,419,863,402	1,005,234,757
Non mark-up/non interest income			
Fee, Commission and Brokerage Income		176,634,556	51,400,206
Dividend Income		-	-
Other Income	23	99,650,378	63,662,116
Total non mark-up/non interest Income		276,284,934	115,062,322
		1,696,148,336	1,120,297,079
Non mark-up/non interest expenses			
Administrative expenses	24	(1,595,647,431)	(1,308,598,684)
Other provisions/write offs/adjustment		-	-
Other charges		-	-
Total non mark-up/non interest expenses		(1,595,647,431)	(1,308,598,684)
		100,500,905	(188,301,605)
Extra ordinary/unusual items		-	-
PROFIT / (LOSS) BEFORE TAXATION		100,500,905	(188,301,605)
Taxation -Current	25	(29,180,879)	(20,367,251)
-Prior years		-	-
-Deferred		(18,058,575)	129,157,949
		(47,239,454)	108,790,698
PROFIT/(LOSS) AFTER TAXATION		53,261,451	(79,510,907)
Unappropriated loss brought forward		(1,036,520,157)	(957,009,250)
Profit available for appropriation / (loss)		(983,258,706)	(1,036,520,157)
Appropriations:			
Transfer to:			
Statutory Reserve		(10,652,290)	-
Capital Reserve		-	-
Contribution to MSDF/ DPF/ RMF		(2,663,073)	-
Revenue Reserve		-	-
Proposed Cash dividend Rs. Nil per share (2017: Rs. Nil per share)		-	-
Others		-	-
		(13,315,363)	-
Unappropriated Loss carried forward		(996,574,069)	(1,036,520,157)
Earnings/(Loss) per share-Basic	26.1	0.21	(0.35)
Earnings/(Loss) per share -Diluted	26.2	0.15	(0.35)

The annexed notes from 1 to 36 form an integral part of these financial statements.



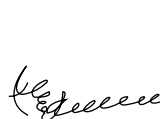
President / CEO



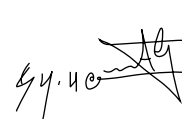
Chief Financial Officer



Chairman



Director



Director

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2018

Note	2018 Rupees	2017 Rupees
PROFIT/(LOSS) AFTER TAXATION	53,261,451	(79,510,907)
Other comprehensive income/(loss)		
Items that will not be reclassified to the profit and loss account	-	-
Items that may subsequently be reclassified to the profit and loss account	-	-
	-	-
Comprehensive income/(loss) transferred to equity	53,261,451	(79,510,907)
Components of comprehensive (loss) not reflected in equity:		
Net change in fair value of available-for-sale investments	-	(1,378,496)
Total comprehensive income/(loss) for the year	53,261,451	(80,889,403)

The annexed notes from 1 to 36 form an integral part of these financial statements.



President / CEO



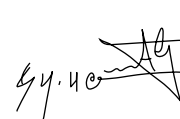
Chief Financial Officer



Chairman



Director



Director

CASH FLOW STATEMENT

For the year ended 31 December 2018

	Note	2018 Rupees	2017 Rupees
CASH FLOW FROM OPERATING ACTIVITIES			
Profit / (loss) before taxation		100,500,905	(188,301,605)
Adjustments for non-cash charges			
Depreciation		77,123,257	66,798,643
Amortization of intangibles		3,522,297	2,869,459
Amortization of deferred grants		(3,278,165)	(5,905,112)
Provision against non-performing advances		(62,045,425)	(130,854,057)
(Surplus)/Deficit on revaluation of government securities		3,279,516	-
(Gain)/Loss on disposal of fixed asset		73,145	-
		18,674,625	(67,091,067)
Operating cash flow before working capital changes		119,175,530	(255,392,672)
Changes in working capital			
(Increase)/decrease in operating assets			
Advances		(3,877,146,700)	413,376,982
Other assets		(262,298,540)	(508,156,703)
		(4,139,445,240)	(94,779,721)
Increase/(decrease) in operating liabilities			
Deposits		3,337,603,573	181,656,215
Other liabilities		41,436,234	(63,566,075)
		3,379,039,807	118,090,140
CASH GENERATED FROM OPERATIONS		(641,229,903)	(232,082,253)
Income tax paid		(37,928,306)	(38,939,281)
Net cash flow from operating activities		(679,158,209)	(271,021,534)
CASH FLOW FROM INVESTING ACTIVITIES			
Net investments in held to maturity securities		(225,986,485)	(54,451,913)
Investments in operating fixed assets		(57,677,560)	(118,065,572)
Investments in intangible assets		(118,694)	(12,003,421)
Sale proceeds from disposal of operating fixed assets		1,185,000	-
Net cash flow from investing activities		(282,597,739)	(184,520,906)
CASH FLOW FROM FINANCING ACTIVITIES			
Share deposit money received		400,070,283	400,008,080
Running finance received		-	999,112
Re-payments of demand finance		(192,916,187)	(2,715,611)
Net cash flow from financing activities		207,154,096	398,291,581
Decrease in cash and cash equivalents		(754,601,852)	(57,250,859)
Cash and cash equivalents at the beginning of the year		5,251,048,358	5,308,299,217
Cash and cash equivalents at the end of the year	27	4,496,446,506	5,251,048,358

The annexed notes from 1 to 36 form an integral part of these financial statements.



President / CEO



Chief Financial Officer



Chairman



Director



Director

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2018

	Share Capital	Discount On Issue Of Shares	Share Deposit Money	Statutory Reserve	Depositors' Protection Fund	Unappropriated Loss	Total
Rupees							
Balance as at January 01, 2017	2,200,000,000	(950,000,000)	400,000,000	1,279,583	319,896	(957,009,250)	694,590,229
Comprehensive income / (loss) for the year							
Loss after taxation	-	-	-	-	-	(79,510,907)	(79,510,907)
Other comprehensive income / (loss)	-	-	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	-	-	(79,510,907)	(79,510,907)
Transactions with owners directly recorded in equity							
Share issued against share deposit money	-	-	(300,000,000)	-	-	-	(300,000,000)
Share issued	300,000,000	-	-	-	-	-	300,000,000
Share deposit money received	-	-	400,008,080	-	-	-	400,008,080
	300,000,000	-	100,008,080	-	-	-	400,008,080
Balance as at December 31, 2017	2,500,000,000	(950,000,000)	500,008,080	1,279,583	319,896	(1,036,520,157)	1,015,087,402
Comprehensive Income / (loss) for the year							
Profit after taxation	-	-	-	-	-	53,261,451	53,261,451
Transfer to statutory reserves	-	-	-	10,652,290	-	(10,652,290)	-
Transfer to depositors protection fund	-	-	-	-	2,663,073	(2,663,073)	-
Other comprehensive income / (loss)	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	10,652,290	2,663,073	39,946,088	53,261,451
Transactions with owners directly recorded in equity							
Share issued against share deposit money	-	-	-	-	-	-	-
Share deposit money received	-	-	400,070,283	-	-	-	400,070,283
	-	-	400,070,283	-	-	-	400,070,283
Balance as at December 31, 2018	2,500,000,000	(950,000,000)	900,078,363	11,931,873	2,982,969	(996,574,069)	1,468,419,136

The annexed notes from 1 to 36 form an integral part of these financial statements.



President / CEO



Chief Financial Officer



Chairman



Director



Director

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

1 STATUS AND NATURE OF BUSINESS

1.1 Apna Microfinance Bank Limited (the Bank) was incorporated on May 08, 2003 as a public limited bank under the repealed Companies Ordinance, 1984 (now the Companies Act 2017). The Bank was granted certificate of commencement of business on December 28, 2004 and started its operations on January 01, 2005. Its shares are listed on Pakistan Stock Exchange Limited. The Bank's principal business is to provide microfinance services to the poor and underserved segment of the society as envisaged under the Microfinance Institutions Ordinance, 2001. The Bank has been operating at national level in Pakistan. The Bank has 123 business locations comprising of 116 branches and 7 service centers (2017: 123 business locations comprising of 116 branches and 7 service centers) in operation. Its registered office is situated at K-4/3 and 4/4, Ch. Khaliq-uz-Zaman Road, Gizri, Karachi in the province of Sindh and its head office is situated at 23 - A, Sundar Das Road, Zaman Park, Lahore, in the province of Punjab.

1.1.1 In consequence of an inspection by the State Bank of Pakistan (SBP), the lending operations of the Bank were suspended from November, 2016. Till then the Bank's information system had not been classifying micro-credits (Running Finance) cases as non performing advances, had not been making any provision and had not been suspending related income. Provisioning on said portfolio was determined manually on the basis of management's subjective assessment.

Subsequently, the Bank was allowed to resume the lending operations from June 2017. The Bank has built up fresh portfolio as from June, 2017, amounting to Rs 6,705 million against which the related provision has been recorded and markup is suspended in accordance with the Prudential Regulations for Microfinance Banks. During this period the Bank also completed the tagging of old running finance portfolio pertaining to the period prior to November, 2016, by manual input on the basis of available information in physical record.

Following the said suspension of operations, the bank faced enormous operational & financial difficulties and fell short of its regulatory requirements named as Minimum Capital Requirement (MCR) and Capital Adequacy Ratio (CAR). However, owing to managements and sponsors below given extraordinary efforts, commitments and dedications, the Bank overcame all of its financial and operational hurdles and emerged as a survivor in microfinance industry:

(a) Subsequent to resumption of financing operations, the Bank built up a new credit portfolio. The portrait of growth in the fresh portfolio and recovery of the old portfolio is stated below:

Particulars	2018			2017		
	Term Finance	Running Finance	Total Portfolio	Term Finance	Running Finance	Total Portfolio
	Rs. In Million			Rs. In Million		
Loan portfolio built before November-2016						
Micro credits	467	2,915	3,382	623	3,933	4,556
Less: Provision held						
- Specific	438	601	1,039	421	719	1,140
- General	-	100	100	2	30	32
-Insurance claims receivable against cases held in specific provision	(311)	(42)	(353)	(387)	(42)	(429)
	127	659	786	36	707	743
	340	2,256	2,596	587	3,226	3,813
Loan portfolio built from June-2017						
Micro credits	4,535	2,170	6,705	1,084	344	1,428
Less: Provision held						
- Specific	66	5	71	-	-	-
- General	45	20	65	11	3	14
	111	25	136	11	3	14
	4,424	2,145	6,569	1,073	341	1,414
Advances - Net of provisions	4,764	4,401	9,165	1,660	3,567	5,227

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

- (b) During the year 2018, sponsors of the Bank have injected fresh capital of Rs. 400 million (2017: Rs. 400 million) and have undertaken to provide further financial support, if required, enabling the Bank to conduct its affairs in such a way that it will be able to meet its financial obligations.
- (c) In the year 2017, the Bank became an equity compliant bank and fulfilled the Minimum Capital Requirement (MCR) shortage which showed sponsor's commitment for compliance to the regulatory obligations.

- 1.2** As at December 31, 2018 the Bank could not meet the regulatory requirements of "Prudential Regulations for Micro Finance Banks" issued by the State Bank of Pakistan (SBP), mentioned as under;

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

The Capital Adequacy Ratio of the Bank fell below the minimum ratio required as at 31st December, 2018. However, as explained in Note 1.1.1 (b) above, the Bank is hopeful of bringing its CAR upto the required limit.

2 BASIS OF PRESENTATION

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

3 STATEMENT OF COMPLIANCE

- 3.1** These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. The approved accounting standards comprise of the International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017, the requirements of the Companies Act, 2017, the Microfinance Institutions 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). Wherever the requirements of the Companies Act, 2017, the Microfinance Institutions Ordinance, 2001, the Prudential Regulations for Microfinance Banks / Institutions or the directives issued by the SECP and SBP differ from the requirements of the IFRSs, the requirements of the Companies Act, 2017, the Microfinance Institutions Ordinance, 2001, the Prudential Regulations for Microfinance Banks / Institutions or the requirements of the said directives shall prevail.
- 3.2** SBP has deferred the applicability of International Accounting Standards (IAS) 39 'Financial Instruments Recognition and Measurement' and International Accounting Standards (IAS) 40 'Investment Property' for Banking Companies through BSD Circular No. 10 dated 26 August 2002. Further, the Securities and Exchange Commission of Pakistan (SECP) has deferred applicability of IFRS-7 "Financial Instruments: Disclosures" through its notification S.R.O 411(1) / 2008 dated 28 April 2008. Accordingly, the requirements of these standards have not been considered in the preparation of these financial statements. However, investments have been classified and valued in accordance with the requirements prescribed by SBP through various circulars.

4 STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS

- 4.1 Standards, interpretations and amendments to published approved accounting standards becoming effective in the current year:**

The following standards, amendments to standards and interpretations have been effective and are mandatory for the financial statements of the Bank for the periods beginning on or after January 01, 2018 and, therefore, have been applied in preparing these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

		Effective Date (annual period beginning on or after)
IFRS 1	First-time Adoption of International Financial Reporting Standards - (Amended)	01 January 2018
IFRS 2	Share Based Payments - (Amended)	01 January 2018
IFRS 4	Insurance contracts - (Amended)	01 January 2018
IAS 28	Investments in Associates -(Amendments resulting from annual improvement 2014-2016 cycle)	01 January 2018
IAS 39	Financial Instruments: Recognition and Measurement -(Amended)	01 January 2018
IAS 40	Investment Property - (Amended)	01 January 2018
IFRIC 22	Foreign Currency Transaction and Advance Consideration	01 January 2018

The management considers that adoption of above standards, amendments and interpretations has no material impact on the Bank's financial statements other than in presentation/ disclosure.

4.2 Standards, interpretations and amendments to published approved accounting standards becoming effective in the current year but not relevant:

There are certain amendments to standards that became effective during the year and are mandatory for accounting periods of the Bank beginning on or after January 01, 2018 but are considered not to be relevant to the Bank's operations and are, therefore, not disclosed in these financial statements.

4.3 Standards, interpretations and amendments to published approved accounting standards 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.

		Effective Date (annual period beginning on or after)
IFRS 3	Business Combinations - (Amended)	01 January 2019
IFRS 11	Joint Arrangements (Amended by Annual Improvements to IFRS Standards 2015–2017 Cycle)	01 January 2019
IFRS 9	Financial Instruments: Classification and Measurements	01 July 2018
IFRS 15	Revenue from Contracts with Customers	01 July 2018
IFRS 16	Leases	01 January 2019
IAS 12	Income Taxes - (Amended)	01 January 2019
IAS 19	Employee Benefits-(Amended)	01 January 2019
IFRIC 23	Uncertainty Over Income Tax Treatments	01 January 2019

The management anticipates that adoption of above standards and amendments in future periods will have no material impact on the Bank's financial statements other than in presentation/ disclosure.

4.4 Standards, interpretations and amendments to published approved accounting standards becoming effective in future period but not relevant:

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

5 BASIS OF MEASUREMENT

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

6 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the financial statements in conformity with approved IFRS 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 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 10)
- Provision against non-performing advances (Note 11)
- Residual values and useful lives of assets and methods of depreciation (Note 12.2)
- Amortization of intangibles (Note 12.3)
- Amortization of deferred grant (Note 19)
- Recognition of current and deferred taxation (Note 25)

7 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted and applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

7.1 Cash and cash equivalents

Cash and cash equivalents comprise of cash in hand, balances with the State Bank of Pakistan (SBP) and National Bank of Pakistan (NBP) and balances held with other banks / NBFIs and MFBs.

7.2 Investments

The investments of the Bank, 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 a 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

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 measurement, such investments are carried at amortized cost less impairment loss, 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 the 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 MFBs.

7.3 Advances including net investment in micro lease

Advances are stated net of specific and general provisions which are determined on the basis of the Prudential Regulations for MFBs. Advances are written off according to the Prudential Regulations for MFBs or when there is no realistic prospect of recovery.

Leases, where substantially all risks and rewards incidental to ownership of an asset are transferred to the lessee, are classified as micro lease. A receivable is recognized at an amount equal to the present value of the lease payments. The difference between the gross receivable and the present value of the receivable is recognized as unearned finance income.

7.4 Operating fixed assets

Capital work-in-progress

All expenditure connected with specific assets incurred during the 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.

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 12.2 to the financial statements. Depreciation on additions is charged from the month in which the asset is acquired 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 the profit and loss account for the year, when the change arises.

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 the respective future economic benefits will flow to the Bank.

An item of fixed asset is derecognized upon disposal or when no future economic benefits are expected from its use or disposal.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

Gains and losses on disposals, if any, of assets are determined by comparing the sale proceeds with the carrying amount of assets and are included in income of the current year.

Intangible assets

Expenditure incurred to acquire software and other development costs are capitalized to the extent that future economic benefits are expected to be derived by the Bank.

These are stated at cost less accumulated amortization and accumulated impairment losses, if any. Amortization is charged over the useful life of the asset on a systematic basis to income applying the straight line method at the rate specified in note 12.3 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.

7.5 Impairment

The carrying amounts of non-financial assets are assessed at each reporting date to ascertain whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated to determine the extent of impairment loss, if any. An impairment loss is recognized, as an expense in the profit and loss account. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Value in use is ascertained through discounting of the estimated future cash flows using a pre tax discount rate that reflects current market assessments of the time value of money and the risk specific to the assets for which the estimate of future cash flows have not been adjusted. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

An impairment loss is reversed if there is a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized previously. Reversal of an impairment loss is recognised immediately in the profit and loss account.

7.6 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.

7.7 Payables

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

7.8 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 the provisions of the 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that the future taxable profits will be available against which the assets may be utilized.

The carrying amount of a 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 profit 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 utilized or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

7.9 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.

7.10 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 an employee benefit expense when they are due.

7.11 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business.

- Mark-up / return / interest on regular advances is recognized on an accrual / time proportion basis using the effective interest rate method at the Bank's prevailing interest rates for the loan products. Profit on classified advances is recognized on a receipt basis.
- Return on investment is recognized on accrual basis using the effective interest rate method.
- Income on net investment in micro lease is recognized over the term of the lease so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease. Income on classified micro lease is recognized on receipt basis in compliance with the Prudential Regulations for MFBs issued by SBP.
- 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 profit and loss account as it is earned.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

7.12 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 expires 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 expire. Any gain or loss on de-recognition of the financial assets and liabilities is recognized in the profit and loss account of the current period.

7.13 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.

7.14 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.

7.15 Related party transactions

Prices for transactions with related parties are determined using the comparable uncontrolled price method except for those transactions which in exceptional circumstances are specifically approved by the Board.

7.16 Deposits

Deposits are initially recorded at the amount of proceeds received. Mark-up accrued on deposits is recognized separately as part of other liabilities.

7.17 Foreign currencies

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.

Foreign currency transactions

Transactions in currencies other than Pak Rupees 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.

Translation gains and losses

Translation gains and losses are included in the profit and loss account.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

7.18 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 useful life of the asset.

7.19 Earnings per share

The Bank presents basic and diluted earning 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.

7.20 Statutory Reserve

The Prudential Regulations for Microfinance Banks require microfinance banks to create a statutory reserve to 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.

7.21 Depositors' Protection Fund

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

	Note	2018 Rupees	2017 Rupees
8 CASH AND BALANCES WITH SBP AND NBP			
Cash in hand - Local currency		440,164,743	525,710,227
Balance with State Bank of Pakistan	8.1	832,264,937	624,633,244
Balance with National Bank of Pakistan in current accounts		313,186,028	51,926,377
		1,585,615,708	1,202,269,848

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

	Note	2018 Rupees	2017 Rupees
9	BALANCES WITH OTHER BANKS/NBFIs/MFBs		
In Pakistan			
- In current accounts		127,165,114	54,170,149
- In deposit accounts	9.1	2,333,665,684	2,544,608,361
- Certificates of deposits	9.2	450,000,000	1,450,000,000
		2,910,830,798	4,048,778,510
10	INVESTMENTS - NET OF PROVISIONS		
Available-for-sale			
Federal Government Securities			
Pakistan Investment Bonds (PIBs)		-	51,678,496
Fair value adjustment		-	(1,378,496)
Matured during the year		-	(50,300,000)
			-
Held-to-maturity			
B.R.R Guardian Modaraba - Term Finance Certificates (TFC's)	10.1	1,261,370	4,118,510
Term Finance Certificate (TFC's)	10.2	99,980,000	100,000,000
		101,241,370	104,118,510
Treasury Bills	10.3	783,228,010	554,364,385
		884,469,380	658,482,895

- 10.1** It represents investment in 4,000 units of diminishing Musharaka based Sukuk certificates issued by B.R.R Guardian Modaraba. This investment was rescheduled in the year 2016 with the repayments ending on 6th April 2019. It carries markup at the rate of 1 month KIBOR plus 1.5% per annum (2017: 1 month KIBOR plus 1.5% per annum).
- 10.2** This represents investment in 20,000 units in TFC's issued by Silk Bank Limited. The investment will mature on August 10, 2025. It carries mark-up at the rate of 6 months KIBOR plus 1.85% per annum (2017: 6 months KIBOR plus 1.85% per annum).
- 10.3** This represents T-Bills issued for periods of three and six months having maturities ranging from 3rd January 2019 to 11th April 2019. These carry yields of 8.65% to 10.26% per annum (2017: 5.93% to 5.96% per annum). These securities have an aggregate face value of Rs. 790 million (2017: Rs. 560 million).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

	Note	2018		2017	
		No. of Loans Outstanding	Rupees	No. of Loans Outstanding	Rupees
11 ADVANCES - NET OF PROVISIONS					
Micro credits	11.1	102,659	10,087,136,105	49,672	5,983,811,459
Less: Provision held:					
- Specific	11.2	10,848	1,109,836,363	10,670	1,139,749,422
- General	11.3		164,558,748		46,321,387
			1,274,395,111		1,186,070,809
Less: Insurance claims receivable against cases held in specific provision	11.6		(352,999,065)		(428,807,284)
			921,396,046		757,263,525
Advances - Net Of Provisions			9,165,740,059		5,226,547,934

11.1 All advances are secured by personal guarantees including gold loans amounting to Rs. 219.89 million (2017: Rs. 211.923 million).

11.2 Particulars of non-performing advances

Advances include Rs. 1,309 million (2017: Rs. 1,315 million) which have been placed under non performing status as detailed below:

Category of Classification	2018			2017		
	Principal Amount Outstanding	Provision Required	Provision Held	Principal Amount Outstanding	Provision Required	Provision Held
	-----Rupees-----			-----Rupees-----		
OAEM	98,397,446	-	-	50,609,795	-	-
Sub-standard	45,979,635	9,806,033	9,806,033	30,106,009	7,504,847	7,504,847
Doubtful	89,314,851	40,723,874	40,723,874	191,237,249	95,137,217	95,137,217
Loss	620,183,191	617,925,522	617,925,522	684,633,341	678,066,285	678,066,285
Written off	455,138,742	441,380,934	441,380,934	359,041,073	359,041,073	359,041,073
	1,309,013,865	1,109,836,363	1,109,836,363	1,315,627,467	1,139,749,422	1,139,749,422

11.3 Particulars of provision against non-performing advances

	2018			2017		
	Specific	General	Total	Specific	General	Total
	-----Rupees-----			-----Rupees-----		
Opening balance	1,139,749,422	46,321,387	1,186,070,809	861,724,628	51,438,757	913,163,385
Charge/ (reversal) for the year	88,324,302	-	88,324,302	278,024,794	(5,117,370)	272,907,424
Transferred (from)/to	(118,237,361)	118,237,361	-	-	-	-
Closing balance	1,109,836,363	164,558,748	1,274,395,111	1,139,749,422	46,321,387	1,186,070,809

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

11.3.1 Provision against non-performing loans and advances

	Note	2018 Rupees	2017 Rupees
Provision charged during the year		88,324,302	272,907,424
Insurance claims lodged against defaulted loans during the year		(150,369,727)	(403,761,481)
		(62,045,425)	(130,854,057)

11.4 The provision has been made in accordance with the terms of the Prudential Regulations for MFBs and management's subjective assessment.

11.5 On the basis of above non performing loans, the Bank has suspended markup income of Rs. 606.77 million (2017: Rs. 232.31 million) of which suspended income pertaining to running finance portfolio built prior to November, 2016 is Rs. 449 million (2017: Rs. 113 million).

11.6 This represents Rs. 352.99 million (2017: Rs. 428.80 million) receivable from The United Insurance Company of Pakistan Limited, which is a related party of the Bank. Further, previously these claims were disclosed in other assets and now reclassified for better presentation.

12 OPERATING FIXED ASSETS

Capital work in progress			
Advance payment to suppliers	12.1	75,835,323	86,835,697
Property and equipment	12.2	757,687,203	767,390,671
Intangible assets	12.3	23,860,574	27,264,177
		857,383,100	881,490,545

12.1	Particulars	Leasehold improve- ments	Furniture and fixtures	Electricity and office equipment	Computer hardware & peripheral	Total
-----Rupees-----						
	Balance as on January 1 st , 2018	46,534,092	27,962,068	6,166,971	6,172,566	86,835,697
	Addition during the year	7,737,099	-	-	-	7,737,099
	Transfer to fixed assets	(15,737,473)	(3,000,000)	-	-	(18,737,473)
	Balance as on December 31 st , 2018	38,533,718	24,962,068	6,166,971	6,172,566	75,835,323

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

12.2 Property and equipment

2018	Cost			Rate (%)	Depreciation			Written down value as at 31 December 2018		
PARTICULARS	As at 01 January 2018	Additions	(Deletions)		As at 31 December 2018	Charge for the year	(Adjustments)		As at 31 December 2018	
Rupees										
Leasehold improvements	387,085,641	25,749,124	-	412,834,765	5	34,068,561	19,462,499	-	53,531,060	359,303,705
Furniture and fixtures	113,976,038	8,574,270	-	122,550,308	10	19,570,977	10,424,660	-	29,995,637	92,554,671
Electricity and office equipment	259,233,324	14,145,502	-	273,378,826	10-20	48,790,664	23,026,375	-	71,817,039	201,561,787
Computer hardware & peripheral	84,956,566	17,050,678	(67,539)	101,939,705	20-30	36,557,263	14,984,066	(10,694)	51,530,635	50,409,070
Motor vehicles	81,419,360	3,158,360	(1,465,000)	83,112,720	20	20,292,793	9,225,657	(263,700)	29,254,750	53,857,970
Total	926,670,929	68,677,934	(1,532,539)	993,816,324		159,280,258	77,123,257	(274,394)	236,129,121	757,687,203

2017	Cost			Rate (%)	Depreciation			Written down value as at 31 December 2017
PARTICULARS	As at 01 January 2017	Additions	(Deletions)		As at 31 December 2017	Charge for the year	(Adjustments)	
Rupees								
Leasehold improvements	372,540,823	14,544,818	-	5	15,079,907	18,988,654	-	34,068,561
Furniture and fixtures	105,849,485	8,126,553	-	10	10,097,199	9,473,778	-	19,570,977
Electricity and office equipment	193,159,272	66,074,052	-	10-20	29,133,604	19,657,060	-	48,790,664
Computer hardware & peripheral	48,547,448	36,409,118	-	20-30	24,779,794	11,777,469	-	36,557,263
Motor vehicles	56,884,309	24,535,051	-	20	13,391,111	6,901,682	-	20,292,793
Total	776,981,337	149,689,592	-		92,481,615	66,798,643		159,280,258
								767,390,671

12.2.1 Property and equipment includes assets costing Rs. 23.184 million (2017: Rs. 15.691 million) which are fully depreciated and still in use.

12.2.2 There is a hypothecation charge over motor vehicles amounting to Rs. 17.85 million (2017: Rs. 17.85 million). The hypothecation charge has been created under a hire purchase agreement with Soneri Bank Ltd.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

12.2.3 Disposal of property and equipment having book value in aggregate more than Rs. 250,000/- or cost more than Rs. 1,000,000/- during the year:

Particulars	Cost	Accumulated Depreciation	Written down value	Sales Proceeds / Insurance Claim	Loss on Disposal of Fixed Asset	Mode of disposal	Particulars of Buyer/Insurer
Rupees-							
Motor vehicles	1,465,000	(263,700)	1,201,300	1,150,000	(51,300)	Accident	Security General Insurance Co Limited
Computer hardware & peripheral	67,539	(10,694)	56,845	35,000	(21,845)	Theft	Security General Insurance Co Limited
2018	1,532,539	(274,394)	1,258,145	1,185,000	(73,145)		
2017	-	-	-	-	-		

12.3 Intangible assets

2018	Cost			Rate (%)	Amortization			Written down value as at 31 December 2018	
PARTICULARS	As at 01 January 2018	Additions	(Deletions)		As at 31 December 2018	Charge for the year	(Adjustments)		As at 31 December 2018
Rupees									
Computer software	73,724,655	118,694	-	10-25	46,460,478	3,522,297	-	49,982,775	23,860,574
Rupees									

2017	Cost			Rate (%)	Amortization			Written down value as at 31 December 2017	
PARTICULARS	As at 01 January 2017	Additions	(Deletions)		As at 31 December 2017	Charge for the year	(Adjustments)		As at 31 December 2017
Rupees									
Computer software	61,721,234	12,003,421	-	10-25	43,591,019	2,869,459	-	46,460,478	27,264,177
Rupees									

12.3.1 Intangibles include assets costing Rs. 34,795 million (2017: Rs. 32,162 million) which are fully amortized and still in use.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

	Note	2018 Rupees	2017 Rupees
13 OTHER ASSETS			
Income / Mark-up Accrued		1,278,598,024	1,068,690,323
Advances to Staff		124,743,349	115,319,356
Advances and Prepayments		235,914,548	164,229,024
Advance Income Tax - Net of Provision		35,187,390	26,439,963
Security Deposits		38,001,920	38,001,920
Inter Banks ATM Settlement Account		13,497,804	42,216,482
Insurance Claims Receivable	13.1	4,881,415	4,881,415
		1,730,824,450	1,459,778,483

13.1 This balance is receivable from The United Insurance Company of Pakistan Limited, which is a related party of the Bank.

14 DEFERRED TAX ASSET			
Deferred tax asset - Opening balance		506,242,009	377,084,060
Recognized in the profit and loss account - net		(18,058,575)	129,157,949
	14.1	488,183,434	506,242,009

14.1 Components of deferred tax

Taxable temporary differences in respect of			
Accelerated tax depreciation		(205,799,143)	260,037,870
Deductible temporary differences in respect of			
Provision against advances		1,274,395,111	1,186,070,809
Unabsorbed losses		360,385,232	91,826,305
Net deductible temporary difference		1,428,981,200	1,537,934,984
Deferred tax asset on net temporary differences		414,404,548	461,380,495
Minimum tax available for carry forward		73,778,886	44,861,514
Net asset as at December 31		488,183,434	506,242,009

	Note	2018		2017	
		No. of accounts	Rupees	No. of accounts	Rupees
15 DEPOSITS AND OTHER ACCOUNTS					
Time liabilities					
Fixed deposits (Deals)	15.1	6,312	5,266,340,560	6,351	4,855,614,074
Demand liabilities					
Saving deposits	15.2	31,736	6,567,806,922	28,021	3,086,835,479
Current deposits		312,894	4,032,183,260	167,881	4,586,277,616
		344,630	10,599,990,182	195,902	7,673,113,095
	15.3	350,942	15,866,330,742	202,253	12,528,727,169

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

15.1 These represent deposits received from customers ranging from 1 month to 5 years. These carry interest rates ranging from 5% to 15% per annum (2017: 5% to 14% per annum).

15.2 These carry interest rates ranging from 4% to 9.5% per annum (2017: 3.75% to 8% per annum).

15.3 Particulars of deposits by ownership	2018		2017	
	No. of accounts	Rupees	No. of accounts	Rupees
Individual Depositors	350,584	15,347,989,917	201,894	11,867,152,127
Institutional Depositors				
- Corporations / Firms	339	239,367,628	341	201,680,269
- Banks & Financial Institutions	19	278,973,197	18	459,894,773
	358	518,340,825	359	661,575,042
	350,942	15,866,330,742	202,253	12,528,727,169

	Note	2018 Rupees	2017 Rupees
16 BORROWINGS			
Borrowings from Banks/Financial Institutions in Pakistan			
Running Finance	16.1	-	190,000,000
Demand Finance	16.2	9,369,059	12,285,246
		9,369,059	202,285,246

16.1 The Bank had obtained a 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 the current account with the SBP fall short. These borrowings were secured against lien over time deposit receipt of Rs. 200 million in the name of Apna Microfinance Bank Limited. It is subject to mark-up at the rate offered for time deposits receipt plus 1% per annum. The effective rate of mark-up charged during the year is 7.75%.

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

17 OTHER LIABILITIES		
Mark-up/ Return/ Interest payable	142,937,409	91,849,011
Bills Payable	58,027,773	55,691,084
Accrued expenses	308,343	188,343
Others	72,327,515	84,436,368
	273,601,040	232,164,806

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

18 SHARE CAPITAL

18.1 Authorized Capital

2018 No. of Shares	2017		2018 Rupees	2017 Rupees
500,000,000	250,000,000	Ordinary shares of Rs. 10/- each	5,000,000,000	2,500,000,000

18.1.1 During the year, authorized capital of the bank was increased from Rs. 2,500 million to Rs. 5,000 million.

18.2 Issued, subscribed and paid-up capital

2018 No. of Shares	2017		2018 Rupees	2017 Rupees
250,000,000	250,000,000	Ordinary shares of Rs. 10/- each fully paid in Cash	2,500,000,000	2,500,000,000

18.3 Reconciliation of issued, subscribed and paid-up capital

2018 No. of Shares	2017		2018 Rupees	2017 Rupees
250,000,000	220,000,000		2,500,000,000	2,200,000,000
-	30,000,000	Right share issued of Rs. 10/- each during the year	-	300,000,000
250,000,000	250,000,000		2,500,000,000	2,500,000,000

18.4 During the year the Bank initiated further issue of capital and obtained approval of Securities and Exchange Commission of Pakistan (SECP) for issue of 93.98 million shares. Subsequent to the year end the Bank has allotted further right shares as stated below:

Sr no.	Subscriber	No. of shares	Face value @ Rs. 10	Issued capital	Discount rate	Discount amount
				Rupees	Rupees	Rupees
1	Directors / Sponsor	91,331,839	913,318,390	913,318,390	4.09	373,547,222
2	General members	2,653,123	26,531,230	26,531,230	4.68	12,416,616
Total		93,984,962	939,849,620	939,849,620		385,963,838

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

	Note	2018 Rupees	2017 Rupees
19 DEFERRED GRANTS			
Institutional Strengthening Fund (ISF)	19.1	-	160,966
Financial Innovation Challenge Fund (FICF)	19.2	5,326,952	8,444,151
		5,326,952	8,605,117
19.1 Institutional Strengthening Fund (ISF)			
Balance as at January 01		160,966	2,040,034
Less: Amortization of deferred grants		(160,966)	(1,879,068)
	19.1.1	-	160,966

19.1.1 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. In the year 2015, the receipt and amortization of the 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 the related asset.

19.2 Financial Innovation Challenge Fund (FICF)			
Balance as at January 01		8,444,151	12,470,195
Less: Amortization of deferred grants		(3,117,199)	(4,026,044)
	19.2.1	5,326,952	8,444,151

19.2.1 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. In the year 2015, the receipt and amortization of the 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 the related asset.

20 MEMORANDUM/OFF BALANCE SHEET ITEMS

20.1 Contingencies:

There are no known material contingencies as at December 31, 2018 (2017: Nil).

20.2 Commitments:

Bank Guarantee

20.2.1 1,445,396

-

20.2.1 This represents bank guarantee issued by the Bank during the year ranging between Rs. 106,923 to Rs. 500,000. These guarantees will expire within the period from September 2019 to April 2020.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

	Note	2018 Rupees	2017 Rupees
21 MARK-UP/RETURN/INTEREST EARNED			
Mark-up on loans and advances		1,920,709,271	1,245,683,637
Mark-up on deposit accounts		192,263,338	299,139,988
Mark-up on investments in government securities		44,863,192	33,156,256
		2,157,835,801	1,577,979,881
22 MARK-UP/RETURN/INTEREST EXPENSED			
Deposits		796,401,943	696,886,082
Borrowings		4,397,329	7,057,491
		800,799,272	703,943,573
23 OTHER INCOME			
Amortization of deferred grants		3,278,165	5,905,112
Insurance claim against defaulted loans	23.1	-	-
Loss on disposal of fixed assets		(73,145)	-
Others	23.2	96,445,358	57,757,004
		99,650,378	63,662,116
23.1	This represents the claims against the default loans lodged by the Bank during the year with The United Insurance Company of Pakistan Limited a related party of the Bank.		
23.2	These include income related to documentation charges, ECIB report charges, SMS service charges, ATM service charges, cheque book charges, commission on remittances, commission on bills, asset inspection charges and clearing charges etc.		
24 ADMINISTRATIVE EXPENSES			
Salaries, allowances, etc.		982,553,036	748,405,808
Training / capacity building		179,240	213,869
Contribution to defined contribution plan		13,411,922	5,566,031
Rent, taxes, insurance, electricity, etc.		237,506,035	237,944,703
Communication		36,582,709	23,847,663
Legal and professional charges		4,592,390	9,650,589
Security charges		88,296,974	74,079,875
Travelling		17,081,240	13,462,196
Fees and subscription		21,627,893	14,758,378
Fueling expense		23,994,560	23,095,708
Repair and maintenance		19,195,745	11,998,883
Stationery and printing		22,429,042	12,209,792
Advertisement and publicity		4,026,329	7,421,028
Auditors' remuneration	24.1	3,508,000	3,132,500
Depreciation	12.2	77,123,257	66,798,643

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

	Note	2018 Rupees	2017 Rupees
Amortization of intangibles	12.3	3,522,297	2,869,459
Entertainment		14,800,346	12,488,854
Credit verification expenses		16,483,155	5,204,185
Others		8,733,261	35,450,520
		1,595,647,431	1,308,598,684
24.1 Auditors' Remuneration			
Annual audit fee and report on CCG compliance		2,260,000	2,150,000
Half yearly review		400,000	300,000
Other certifications fee		300,000	200,000
Sales tax		148,000	132,500
Out-of-pocket expenses		400,000	350,000
		3,508,000	3,132,500

25 TAXATION

25.1 Current Tax

The Bank has carried forward tax losses of Rs. 360.38 million (2017: Rs. 523.362 million) as at reporting date due to which no taxable income arises during the year. 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. 29.180 million (2017: Rs. 20.367 million) has been made.

25.1.1 Relationship between accounting profit and tax expense

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

25.2 Deferred Tax

The Bank has recognized deferred tax asset amounting to Rs. 488.2 million (2017: Rs. 506.2 million) (refer note 14) on the basis that it is probable that future taxable profits will be available for utilization.

	Note	2018	2017
26 EARNING / (LOSS) PER SHARE - BASIC AND DILUTED			
26.1 EARNINGS/(LOSS) PER SHARE-BASIC			
Profit / (loss) after taxation	Rupees	53,261,451	(79,510,907)
Weighted average number of shares	Numbers	250,000,000	227,726,028
Earnings / (Loss) per share-Basic	Rupees	0.21	(0.35)
26.2 EARNINGS/(LOSS) PER SHARE -DILUTED			
Weighted average number of shares	Numbers 26.2.1	343,984,962	227,726,028
Earnings / (Loss) per share-Diluted	Rupees	0.15	(0.35)

26.2.1 Diluted earnings per share has been calculated on the basis of further right issue by the Bank as per note 18.4.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

	Note	2018 Rupees	2017 Rupees
27 CASH AND CASH EQUIVALENTS			
Cash and Balances with SBP and NBP	8	1,585,615,708	1,202,269,848
Balances With Other Banks/NBFIs/MFBs	9	2,910,830,798	4,048,778,510
		4,496,446,506	5,251,048,358

28 NUMBER OF EMPLOYEES

As at December 31	2018			2017		
	Credit/ Sales	Banking/ Support	Total	Credit/ Sales	Banking/ Support	Total
	----- Numbers -----			----- Numbers -----		
Permanent	261	860	1121	400	429	829
Contractual	844	469	1313	633	514	1147
	1105	1329	2434	1033	943	1976

Average no. of Employees	2018			2017		
	Credit/ Sales	Banking/ Support	Total	Credit/ Sales	Banking/ Support	Total
	----- Numbers -----			----- Numbers -----		
Permanent	330	644	974	274	471	745
Contractual	739	492	1231	438	661	1099
	1069	1136	2205	712	1132	1844

	2018 Number	2017 Number
29 NUMBER OF BRANCHES/SERVICE CENTRES		
Beginning of the year	123	122
Opened during the year		
Branches	-	-
Service centres	-	1
At the end of the year	123	123

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

30 REMUNERATION OF DIRECTORS AND EXECUTIVES

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

	President/Chief Executive Officer		Executives	
	2018 Rupees	2017 Rupees	2018 Rupees	2017 Rupees
Managerial remuneration	7,140,000	3,130,000	193,566,622	78,120,807
Rent and house maintenance	1,736,000	700,000	75,666,196	30,033,318
Utilities	238,663	175,004	18,916,575	7,508,462
Medical	66,687	175,004	19,356,689	7,812,218
Contribution to provident fund	-	-	11,192,784	2,874,373
Bonus and other benefits	-	420,000	-	1,822,330
	9,181,350	4,600,008	318,698,866	128,171,508
Number of persons	1	1	225	87

- 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 amounting to Rs.1,737,500/- (2017: Rs.1,445,000/-) to its non-executive directors for attending Board of Directors meetings.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

31 MATURITIES OF ASSETS AND LIABILITIES

	2018				
	Total	Upto one month	Over one month upto 6 months	Over 6 months upto 1 year	Over one year upto 5 years
	-----Rupees-----				
Assets					
Cash and Balances with SBP and NBP	1,585,615,708	1,585,615,708	-	-	-
Balances With Other Banks/ NBFIs/MFBs	2,910,830,798	2,460,830,798	450,000,000	-	-
Lending to financial Institutions	-	-	-	-	-
Investments - Net Of Provisions	884,469,380	479,083,893	305,405,487	-	99,980,000
Advances - Net Of Provisions	9,165,740,059	4,818,091,316	1,003,183,602	1,442,557,485	1,901,907,656
Operating Fixed Assets	857,383,100	-	-	-	857,383,100
Other Assets	1,730,824,450	1,131,436,756	7,429,888	375,910,492	216,047,314
Deferred Tax Asset	488,183,434	-	-	-	488,183,434
	17,623,046,929	10,475,058,471	1,766,018,977	1,818,467,977	3,563,501,504
Liabilities					
Deposits and other accounts	15,866,330,742	10,826,603,240	1,495,590,285	1,457,343,278	2,086,793,939
Borrowings	9,369,059	9,369,059	-	-	-
Subordinated Debt	-	-	-	-	-
Other Liabilities	273,601,040	273,601,040	-	-	-
Deferred Tax Liabilities	-	-	-	-	-
	16,149,300,841	11,109,573,339	1,495,590,285	1,457,343,278	2,086,793,939
Net assets	1,473,746,088	(634,514,868)	270,428,692	361,124,699	1,476,707,565
Represented by:					
Share capital	2,500,000,000				
Discount on issue of shares	(950,000,000)				
Share deposit money	900,078,363				
Statutory reserve	11,931,873				
Depositors' protection fund	2,982,969				
Unappropriated loss	(996,574,069)				
Surplus/(Deficit) on Revaluation of Assets	-				
Deferred Grants	5,326,952				
	1,473,746,088				

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

2017					
Total	Upto one month	Over one month upto 6 months	Over 6 months upto 1 year	Over one year upto 5 years	
-----Rupees-----					
Assets					
Cash and Balances with SBP and NBP	1,202,269,848	1,202,269,848	-	-	-
Balances With Other Banks/ NBFIs/MFBs	4,048,778,510	2,598,778,510	1,150,000,000	300,000,000	-
Lending to financial Institutions	-	-	-	-	-
Investments - Net Of Provisions	658,482,895	99,705,310	454,659,075	-	104,118,510
Advances - Net Of Provisions	5,226,547,934	3,975,891,434	52,341,988	690,281,992	508,032,520
Operating Fixed Assets	881,490,545	-	-	-	881,490,545
Other Assets	1,459,778,483	763,165,668	4,900,642	5,898,663	685,813,510
Deferred Tax Asset	506,242,009	-	-	-	506,242,009
	13,983,590,224	8,639,810,770	1,661,901,705	996,180,655	2,685,697,094
Liabilities					
Deposits and other accounts	12,528,727,169	7,827,413,165	1,559,315,690	2,101,855,695	1,040,142,619
Borrowings	202,285,246	202,285,246	-	-	-
Subordinated Debt	-	-	-	-	-
Other Liabilities	232,164,806	232,164,806	-	-	-
Deferred Tax Liabilities	-	-	-	-	-
	12,963,177,221	8,261,863,217	1,559,315,690	2,101,855,695	1,040,142,619
Net assets	1,020,413,003	377,947,553	102,586,015	(1,105,675,040)	1,645,554,475
Represented by:					
Share capital	2,500,000,000				
Discount on issue of shares	(950,000,000)				
Share deposit money	500,008,080				
Statutory reserve	1,279,583				
Depositors' protection fund	319,896				
Unappropriated loss	(1,036,520,157)				
Surplus/(Deficit) on Revaluation of Assets	(3,279,516)				
Deferred Grants	8,605,117				
	1,020,413,003				

32 FINANCIAL RISK MANAGEMENT

32.1 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).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

	2018					
	Exposed to yield/ interest risk					
	Effective yield/ interest rate	Total	Upto one month	One month to six months	Over six months to one year	Over one year to five years
	%	Rupees				
Assets						
Balances With Other Banks/ NBFIs/MFBs	6.50% - 11%	2,783,665,684	2,333,665,684	450,000,000	-	-
Investments - Net Of Provisions	8.65% - 10.26%	884,469,380	479,083,893	305,405,487	-	99,980,000
Advances - Net Of Provisions	21% - 46.60%	8,812,740,994	4,465,092,251	1,003,183,602	1,442,557,485	1,901,907,656
Other Assets - Advances to Staff and Mark-up receivable	7.0% - 46.60%	1,403,341,373	1,278,756,448	1,406,894	3,242,037	119,935,994
		13,884,217,431	8,556,598,276	1,759,995,983	1,445,799,522	2,121,823,650
Liabilities						
Deposits and other accounts	4% - 15%	11,834,147,482	6,794,419,980	1,495,590,285	1,457,343,278	2,086,793,939
Borrowings	1Year KIBOR+1.5%	9,369,059	9,369,059	-	-	-
		11,843,516,541	6,803,789,039	1,495,590,285	1,457,343,278	2,086,793,939
		2,040,700,890	1,752,809,237	264,405,698	(11,543,756)	35,029,711

2017						
Exposed to yield/ interest risk						
Effective yield/ interest rate	Total	Upto one month	One month to six months	Over six months to one year	Over one year to five years	
%	Rupees					
Assets						
Balances With Other Banks/ NBFIs/MFBs	3.50% - 9.50%	3,994,608,361	2,544,608,361	1,150,000,000	300,000,000	-
Investments - Net Of Provisions	5.93% - 8.06%	658,482,895	99,705,310	454,659,075	-	104,118,510
Advances - Net Of Provisions	15.75% - 41%	4,797,740,650	3,547,084,150	52,341,988	690,281,992	508,032,520
Other Assets - Advances to Staff and Mark-up receivable	6.0% - 41%	1,184,009,679	1,068,690,323	-	-	115,319,356
		10,634,841,585	7,260,088,144	1,657,001,063	990,281,992	727,470,386
Liabilities						
Deposits and other accounts	3.75% - 14%	7,942,449,553	3,241,135,549	1,559,315,690	2,101,855,695	1,040,142,619
Borrowings	7.75% - 8.0%	202,285,246	202,285,246	-	-	-
		8,144,734,799	3,443,420,795	1,559,315,690	2,101,855,695	1,040,142,619
		2,490,106,786	3,816,667,349	97,685,373	(1,111,573,703)	(312,672,233)

32.2 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 MFBs. 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. 13,884.2 million (2017: Rs. 10,634.8 million).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

32.3 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.

32.4 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 orderly transaction between market participants at the measurement date.

33 TRANSACTION AND BALANCES WITH RELATED PARTIES

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

Nature of Relationship	Nature of Transactions	2018 Rupees	2017 Rupees
Balances at year end:			
Associated company	Deposits	156,716,764	34,037,273
	Share deposit money	701,008,080	400,008,080
	Insurance Claim Receivable	357,880,480	432,566,253
Key management personnel	Deposits	2,178,053	2,376,904
Directors / sponsors / shareholders	Deposits	1,799,478	677,321
	Share deposit money	199,038,815	100,000,000
Transactions during the year:			
Associated company	Deposits received	889,807,828	262,621,081
	Withdrawals	826,566,689	273,664,563
	Mark-up paid on deposits	2,938,350	796,762
	Shares issued against share deposit money	-	(299,991,920)
	Share deposits money received	301,000,000	400,000,000
	Insurance claim received	250,000,000	25,092,127
	Deposits received	46,253,911	34,903,287
	Withdrawals	45,102,827	34,949,872
Key management personnel	Mark-up on deposit paid	8,681	61,809
Directors / sponsors / shareholders	Deposits received	3,527,845	11,341,439
	Withdrawals	2,431,466	12,049,624
	Share deposit money received	99,038,815	-
	Mark-up paid on deposits	24,982	186,557
Staff Provident Fund	Contribution made during the year	13,411,922	5,566,031

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

34 PROVIDENT FUND RELATED DISCLOSURE

The following information is based on the audited financial statements of the provident fund for the year ended 31 December 2017 and unaudited financial statements for the year ended 31 December 2018.

	2018 Rupees Un-Audited	2017 Rupees Audited
Size of the fund - Total assets	35,089,432	18,880,158
Cost of investments	39,700,000	17,600,000
Percentage of investments made	113.1%	93.2%
Fair value of investments	39,700,000	17,600,000
34.1 The break-up cost of investments is as follows:		
Term deposit receipts	39,700,000	17,600,000
	39,700,000	17,600,000

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

35 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were approved and authorised for issue on March 08, 2019 by the Board of Directors of the Bank.

36 GENERAL

36.1 Figures have been rounded off to the nearest rupees unless otherwise stated.

36.2 The corresponding figures have been rearranged / reclassified, wherever necessary, for better presentation. However, no material reclassifications have been made other than disclosed below;

Particulars	Note	From	To	Amount (Rupees)
Other Income	23.1	Insurance claim against defaulted loans	Provision against non-performing loans and advances for the year	403,761,481
Other Assets	13	Insurance claims receivable	Advances net of provisions	428,807,284



President / CEO



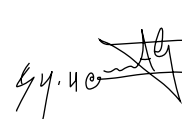
Chief Financial Officer



Chairman



Director



Director

OUR BRANCHES

Punjab: Central I:

Kasur Branch:

Katchry Road, Kasur
Tel: 0492 - 761223
0492 - 761224
0492 - 761225
0492 - 761226

Sadar Cantt Branch:

Al Rahman Shopping Center, Dhaka
Raod, Sadar Cantt, Lahore
Tel: 042 - 36667023
042 - 36667024
042 - 36667025

Karim Block Branch:

56/2 Karim Block, Allama Iqbal Town,
Lahore
Tel: 042 - 35415044
042 - 35415045
042 - 35415046

Township Branch:

House No. 150, Block 30, Sector B-1,
Township, Lahore
Tel: 042-35156304
042 - 35156309
042 - 35150158

Sundardas Road Branch:

23-A Sundardas Road, Zaman Park,
Lahore
Tel: 042 - 38101607
042 - 38100006

Ferozpur Road Branch:

Main Ferozpur Road, Lahore Near
Bank Stop
Tel: 042-35923645
042-35923646

Khana Nau Branch:

Kahna Nou, Main Ferozpur Road,
Tehsil Model Town, Lahore
Tel: 042 - 35270551
042 - 35270552
042 - 35270553
042 - 35270554
042 - 35270555

Model Town Branch:

Shop # 31 & 33 A Block Store Market,
Model Town, Lahore
Tel: 042-35928241
042-35928242
042-35928243
042-35928244
042-35928245

DHA Branch:

Commerical Bulidng # 51 CCA Block
DD, Phase 4, DHA Lahore
Tel: 042-35694131
042-35694132
042-35694434
042-35694190

Raiwind Branch:

Railway Road Station, Raiwind Tehsil
Lahore, District Lahore
Tel: 042 -35394055
042 - 35394056
042 - 35394057
042 -35394059

Johar Town Branch:

Plot # 472, Block-G- 3, Johar Town,
Lahore
Tel: 042 - 35445623
042 - 35445622

Central II:

Bahawalnagar Branch:

Ghalla Mandi, Bhawalnagar
Tel: 063 - 2277157
063 - 2277158
063 - 22771-59

Pakpattan:

Pakpattan Branch:

Ghallah Mandi, Pakpattan, Tehsil &
Distt Pakpattan
Tel: 0457 - 352240
0457 - 352241
0457 - 352243

Chowrasa Mian Khan Branch:

Arrodey wala Chowrassta Mian Khan
Depalpur
Tel: 044-4890002
044-4890003
044-4890004

OUR BRANCHES

Dharanwala Branch:

Dharanwala Tehsil Chistian
Tel: 063-2440260
063-2440261
063-2440262
063-2440263

Madina Chowk Depalpur Branch:

Madina Chowk, Okara Road, Depalpur
Tel: 044 - 4542001
044 - 4542002
044 - 4542003

Jassoki Branch:

Jassoki Sheller Main Depalpur Okara
Road Jassoki
Tel: 044-2510001
044-2510873
0442510871

Chistian Branch:

Ghala Mandi Chistian Distt
Bahawalnagar
Tel: 063 - 2501107
063 - 2501105
063 - 2501108

Hujra Shah Muqeem Branch:

Hujra Shah Muqeem, Depalpur
Tel: 044-4860202
044-4860203
044-4860204
044-4860404

Khuddian Branch:

Kasur Depalpur Road, Naya Adda
Khuddian Khas
Tel: 0492 791488

Ellahabad Branch:

Main Kasur Depalpur Road, Ellabad
Tehsil Chunian Distt. Kasur
Tel: 049 - 4751258
049 - 4751259
049 - 4751260

Haveli Lakkah Branch:

Head Sulemanki Road, Haveli Lakkah,
Depalpur
Tel: 044 - 4774102
044 - 4774103

Nol Plot Branch:

Plot No 10, Main Road Nol Plot Distt.
Okara
Tel: Not Available

Fort Abbas Branch:

School Bazar, Fort Abbas, Disst
Bhawalnagar
Tel: 063 - 2511030
063 - 2511032
063 - 2511034
063 - 2511035

Haroonabad Branch:

Main Ghalla Mandi Road, Haroonabad
District Bhawalnagar
Tel: 0632 - 250361
0632 - 250362
0632 - 250363
0632 - 250364
0632 - 250365

Minchinabad Branch:

Circular Road Manchinabad
Tel: 0632 - 750071
0632 - 750072
0632 - 750073

Central III: Bhakkar:

Bhakkar Branch:

Shop # 2,3 Register # 99 Railway
Road, Bhakkar
Tel: 0453 - 510775

Bhagtanwala Branch:

Chak No 23, Junoobi Kotmomin Road,
Bhagtanwala
Tel: 048 - 3781430
048 - 3781431

D Ground Faisalabad Branch:

0176-Faisalabad Peoples Colony
D Ground People Colony No 1
Faisalabad
Tel: 041 - 8716624

Bhalwal Branch:

Chak No.8 Shamli Liaqat Shaeed Road
Tel: 048 - 6642156
048 - 6642157

Kotwali Road Faisalabad Branch:

Kotwali Road, Faisalabad
Tel: 041-2633472

Gojra Branch:

Ghala Mandi, Gojra
Tel: 046 - 3516603
046 - 3516604
046 - 3516605
046 - 3516606

OUR BRANCHES

Jhang Branch:

Main Gojra Road, Saddar,
Jhang
Tel: 0477 - 652586

Kot Khadim Ali Branch:

Shadman Colony, Teh & Distt Sahiwal
Tel: 040 - 4500669

Joharabad/Khushab Branch:

Shop # 58-B, Block # 1, Junoobi Bazar,
Joharabad
Tel: 0454 – 720498
0454 -720499

Mandi Bahauddin Branch:

Rawily Road Bank Road, Mandi
Bahaudin
Tel: 0546 - 500762
0546 - 500763
0546 – 500764

Toba Tek Singh Branch:

H#93, Allama Iqbal Road, Toba Tek
Singh
Tel: 046-2510293

Central IV:

Daska Branch:

House # 37, Motee Masjid, Daska
District Sialkot
Tel: 055 – 6612580
055 – 6612581
055 - 6612582

Hafizabad Branch:

Gujranwala Road, Hafizabad
Tel: 0547 - 521213

Muridke Branch:

Main G.T Road, Muridke
Tel: 042 - 37990033

G.T Road Gujranwala Branch:

Ghori Centre Service Road G.T Road
Gujranwala
Tel: 055 - 9201002
055 - 9201003
055 – 38020462

Kamoki Branch:

Plot No. 10-A/SS Block1/1 CS, Main
G.T Road, Kamoki
Tel: 055-6813676

Sheikhupura Branch:

Stadium Road Sheikhupura
Tel: 056-3613504

Sharqpur Chowk Branch:

Sharqpur Chowk Faisalabad Road,
Sheikhupura
Tel: 056 -3791416
056 – 3791417
056 -3791418

Shahdara Branch:

Mouza Jia Musa, Shahdara, Lahore
Tel: 0423-7922502
0423-7922503
0423-7922504
0423-7922505

Khan Kah Dogran Branch:

Muaza Khan Kah Dogran, Sheikhupura
Tel: 056-3726328
056-3726114
056-3726728

Al Jaleel Garden Branch:

Al - Jalil Garden Lahore, Plot No: 09,
Kot Noor Shah Shurqpur Road, Lahore
Tel: 042 - 38102144
042 - 38102145
042 - 38102146
042 – 38102147

Farooqabad Branch:

Old Sabzi Mandi Road, Near Allied
Bank and Bank Alfalah, Farooqabad
Tel: 0563 – 875056
0563 – 875057
056 – 3875058

Paris Road Sialkot Branch:

BI-16S-40/A Bank Road Sialkot
Tel: 052 - 4583475
052 - 4583479
052 – 4583478

Central V:

Ahmadpur East Branch:

Moh Noor Shah Bukhari Gou Shala
Dera Nawab Road, Ahmedpur East
Tel: 0622 – 275450
0622 - 275451

Arifwala Branch:

Tehsil Road, Arifwala Distt. Pakpattan
Tel: 0457 - 831759

Bahawalpur Branch:

Shop No. 12,13,14 and 15, Pelican
Shopping Centre, Bahawalpur Cantt
Tel: 062 – 2740212
062 – 2740211

OUR BRANCHES

Burewala Branch:

Plot No 11 V Block, Multan Road,
Burewala

Tel: 067 – 3771323
067 – 3354323
067 - 3355323

Chichawatni Branch:

Plot3#153 Ghalla Mandi G.T Road
Chichawatni

Tel: 040 – 5480711
040 – 5480712
040 – 5480713
040 - 5480714

Layyah Branch:

Property No. 04, College Road, Jinnah
Colony, Layyah

Tel: 0606 – 410245
0606 - 410216

Lodhran Branch:

Bahawalpur Road, Lodhran

Tel: 0608-361821
0608-361823
0608-361722

Multan Branch:

Shop No.1, Mashallah Plaza Plot No
3624/4 Azam Wasti Road, Multan

Tel: 061-4540158

Pattoki Branch:

Yousaf Bhatti Chowk Bypass Multan
Road, Pattoki

Tel: 049-2729101

Jinnah Road Okara Branch:

Jinnah Road, Okara

Tel: 0442 - 510773
0442 – 510774
0442 – 510775
0442 – 510776

Rahim Yar Khan Branch:

Shop No. 939, Zone I, Fouzia
Complex, Model Town, Rahim Yar
Khan

Tel: 068 – 5889004
068 – 5889005
068 – 5886007

Church Road Okara Branch:

Church Road Mouza Soba Singh Distt
Okara

Tel: 044-2510001
044 -2704804
044 – 2510871
044 – 2510872
044 -2510873
044 -2510874
044 -2510875

Wan Radha Ram Branch:

Umarabad Dakhana Habibabad,
Pattoki

Tel: 049 - 4500940

Sahiwal Stadium Road Branch:

Stadium Road Sahiwal

Tel: 040-221198
040-221184
040-221183
040-221187
040-221197
040-221189
040-221199

Vehari Branch:

Karkhana Bazar, Vehari

Tel: 067-3366421
067-3366422
067-3366423

North:

Chakwal Branch:

B-2-5-S-7 Bhoun Road, Chakwal

Tel: 054 - 3553061
054 – 3553062
054- 3553063

Gujjar Khan Branch:

Main Bazar G.T Road, Gujjar Khan

Tel: 051 – 3511530
051 – 3511531
051 – 3511532
051 – 3511533
051 – 3511534

Murree Branch:

Mayfair Estate Bank Road Murree

Tel: 051 - 3414001
051 - 3414002
051 - 3414003

Dina Branch:

Aziz Plaza, Mangla Road, Dina

Tel: 0544 – 630111
0544 – 635686
0544 - 635685

Jhelum Branch:

Machine Moh # 2 Jada Adda G.T
Road, Jhelum

Tel: 0544-621308
0544-621309

Adyala Road Branch:

Main Adyala Road, Rawalpindi

Tel: 051 – 5187050
051 – 5187061
051 – 5187065
051 - 5187074

OUR BRANCHES

Chillas Branch:

Old Terminal / Adda Main Bazar,
Chillas
Tel: 08512 - 450454
08512 - 450455
08512 - 450456
08512 - 450457

Dasu Branch:

Mouza Komila Dasu
Tel: 0998 - 407265

Taxila Branch:

Missoin Road, Taxila
Tel: 051 - 4542213
051 - 4542214
051 - 4542215

Gilgit Branch:

Opposite Army Communicates NHA
Complex Jutail Gilgit
Tel: 05811450732

Bara Kahu Branch:

Hathal, Bara Kahu, Islamabad
Tel: 051 - 2322145
051 - 2322146
051 - 2322147

Abbottabad Branch:

Main Mansehra Road, Saithee Masjid,
Abbottabad
Tel: 0992 - 331251
0992 - 331252
0992 - 331253

Haripur Branch:

Main Bazar Haripur
Tel: 0995 - 627136
0995 - 627137

Muzaffarabad Branch:

Mouza Tanga Stand Tariq Road Bank
Road, Muzaffarabad
Tel: 05822 - 442312
05822 - 442313
05822 - 442314

Mirpur Azad Kashmir Branch:

Plot No 35-A, Sector B/2, Nagi Road,
Mirpur, Azad Kashmir
Tel: 05827 - 448678
05827 - 4448679
05827 - 448680

Sindh:

Interior Sindh:

Dadu Branch:

District Cooperative Housing Society
Sahwan Road Near Excise Office Dadu
Tel: 0254-710853

Khairpur Branch:

Muhalla Ali Murad Kuchary Road,
Khairpur Mirs
Tel: 0243-715330-31-32

Nawabshah Branch:

Buchery Road, Nawabshah
Tel: 0244 - 330081
0244 - 330083
0244 - 330084
0244 - 330085

Shikarpur Branch:

Sivi Dar Road, Shikarpur
Tel: 0726-540004

Shahdadpur Branch:

Station Road Shahdadpur
TEL:0235-844670

Ghotki Branch:

St # 10 Dawari Road, New Chandu
Ram Colony, Udharwali, Ghotki
Tel: 0723 - 662462
0723 - 662463
723 - 662464

Mehar Branch:

Thari Road Mehrabpur, Noshero Feroz
Tel: 0254-730074

Qasimabad Branch:

Naseem Nagar Chowk Alamdar Road,
Qasimabad Distt. Hyderabad
Tel: 0222 - 103002
0222 - 114024
0222 - 114023
0222 - 114021
0222 - 103003

Hyderabad Branch:

City Survey # F 73-74, Commercial
Risala Road, Saddar, Hyderabad
Tel: 022 - 2780887
022 - 2731286

OUR BRANCHES

Mehrabpur Branch:

Thari Road Mehrabpur, Noshero Feroz
Tel: 0242 - 430018
0242 - 430020

Kumb Road Branch:

Kumb Road, Sui Gas Branch, Dist:
Khairpur
Tel: 0243-614440
0243 – 614441
0243 – 614445

Mirpur Khas Branch:

Iqba Nagar Tourabad, Umer Kot Road,
Mirpur Khas
Tel: 0233-875096

Sanghar Branch:

M.A Jinnah Road, Sanghar Branch,
Sanghar
Tel: 0235 - 542650
0235 - 542651
0235 - 542649

Sukkur Branch:

Shop # 8/9, New Pak Colony Race
Course Road Sukkar, Pak Cly, Race
Corse Rd, Sukkur
Tel: 071 - 5616501
0571 - 5616502
0571 - 5616503

Tando Allah Yar Branch:

Main Hyderabad Road, Tando Allah Yar
Tel: 022 - 3890449
022 - 3890450
022 - 3890121

Umerkot Branch:

Shop #185/19, City Survey # 115,
Gulshan E Akbar, Mir Pur Khas Rd,
Umerkot
Tel: 0238 - 571500
0238 - 571501
0238 - 571502

Tando Adam Branch:

Muhammmadi Chowk, Tando Adam
Khan
Tel: 0235 - 571432
0235 - 571440
0235 - 571436
0235 - 571437
0235 - 571438
0235 – 571439

Tando Muhammad Khan Branch:

City Survey #831 Ward B, Court Road,
Tando Muhammad Khan
Tel: 02233 - 41811
02233 - 41813

Larkana Branch:

Gajan Pur Chowk, Old Anaj Mandi,
Larkana
Tel: 074-4055347-49-50

Karachi Region: Karachi:

I.I Chundrigarh Road Branch:

RY-9, Survey No 11/9/A, Railway
Quarters, I.I Chundrigarh Road,
Karachi
Tel: 0213 - 2623669
0213 – 2623670

Orangi Town Branch:

LS-5, Sector 1/A, Street # 09, Orangi
Town, Karachi
Tel: 021-36652103
021-36652095

Bhens Colony Branch:

Plot No 42/B, Commercial Area, Road
No 8, Bhens Colony, Karachi
Tel: 021-350812810
021 – 35081282
021-35081283
021 – 35081284
021 - 35081285

OUR BRANCHES

Shahrah e Faisal Branch:

Shop No 2 & Arika 80's 25-B,
S.M.C.H.S. Shahrah-e-Faisal, Karachi
Tel: 0213-4324658

North Karachi Branch:

LS- 8, Street 11-K, North Karachi
Tel: 021-36961067
021 - 36961068
021 - 36961071

Korangi Branch:

Plot No D-6, Future Colony, Landhi
Korangi Industrial Area, Karachi
Tel: 021 -35013400
021 - 35013403

Paper Market Branch:

Survey No. 20, SR 08, Hasaan Ali
Afandi Road, Paper Market, Karachi
Tel: 021-32600954

Quetta Branch:

Mission Road Near Meezan Chowk
Quetta
Tel: 081 - 2821006
081 - 2021007
081 - 2021021

Gizri Branch:

K-4/3 & 4/4 Ch. Khaliq-uz- Zaman
Road, Gizri, Karachi
Tel: 021- 35865024

Malir Branch:

Plot No 107/10, Block G, Liaquat
Market, Malir
Tel: 021-34113781
021 34113782
021 - 34113783
021 - 34113784

Mehmoodabad Branch:

Plot No 169, Sheet No. M.A.C.
Mahmoodabad No.2, Jamshed Town,
Karachi
Tel: 021-35319240
021-35319241
021 -35319242
021 - 35319243

Gulshan e Hadeed Branch:

A 2483, Phase II, Gulshan-e-Hadeed,
Bin Qasim, Karachi
Tel: 021-34717820
021 - 34717821
021 - 34717822

Peshawar Region:

Charsadda Branch:

Bacha Khan Chowk Tehsil Bazar,
Charsadda
Tel: 091-6513502
091-6513503
091-6513504
091-6511505

Parhoti Road Mardan Branch:

Malik Azam Market Near Qazi Hospital
Main Bazar Parhoti Mardan
Tel: 0937 - 560170
0937 - 844063

Circular Road Peshawar Branch:

G-60 City Circular Road Lahore Gate
Peshawar
Tel: 091 - 2670101
091-2670102
091-2670103

Mardan Branch:

Nowshera Road College Chowk
Opposite Wali Khan University Mardan
Tel: 0937 - 840504
0937-840604
0937-840708
0937-843126

Nowshera Branch:

Property No 1080/9, Shobra Hotel G.T
Road Nowshera
Tel: 0923-612115
0923612116
0923612118
0923612119
0923612117

Dean Plaza Peshawar Branch:

Shop no LG13, LG14 Dean Trade
Centre Peshawar Cantt
Tel: 091-5603409
091-5603415
091- 5603380

NOTICE FOR THE SIXTEENTH ANNUAL GENERAL MEETING

Notice is hereby given that the Sixteenth Annual General Meeting of Apna Microfinance Bank Limited is scheduled to be held on April 26, 2019 at 12:00 Noon, at Hilltop Hotel, Dr. Mahmood Hussain Road, Adj. Ferozabad Police Station, Karachi to transact the following business:

AGENDA

1. To read and confirm the minutes of the Extraordinary General Meeting held on June 20, 2018.
2. To receive, consider and adopt the Annual Audited Financial Statements for the year ended December 31, 2018 together with Directors' and Auditors' Reports thereon.
3. To review, consider and re-appointment of M/S Ilyas Saeed & Co. Chartered Accountants as auditors of the bank for the year ending December 31, 2019 as proposed by the Board of Directors and to fix their remuneration.
4. To review, consider and approve the revision in Directors' remuneration.
5. To transact any other business with the permission of the chair.

March 08, 2019
Karachi

By Order of the Board



Rafat Abbas
Company Secretary

NOTES:

1. A member of the Bank entitled to attend and vote at this meeting may appoint another member as his/her proxy to attend and vote instead of him/her. Proxies in order to be effective must receive by the Bank not less than 48 hours before the meeting.

Central Depository Company of Pakistan Limited (CDC) account holders will further have the following under mentioned guidelines as laid down by the Securities and Exchange Commission of Pakistan.

A) For Attending Meeting:

- i) In the case of individuals, the account holder or sub account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall authenticate his identity by showing his original National Identity Card (CNIC) or original Passport at the time of attending the meeting.
- ii) In the case of Corporate Entity, the Board of Directors' Resolution/ Power of Attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.

B) For Appointing Proxies:

- i) In the case of individuals, the account holder or sub-account holder and /or the person whose securities are in-group account and their registration details are uploaded as per the regulations, shall submit the proxy form as per the above requirement.
- ii) Two persons whose names, addresses and CNIC numbers shall be mentioned on the form shall witness the proxy.
- iii) Attested copies of CNIC or the passport of the beneficial owners and proxy shall be furnished with the Proxy Form.
- iv) The proxy shall produce his/her original CNIC or original Passport at the time of the meeting.
- v) In the case of Corporate Entity, the Board of Directors' resolution/ power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) along with proxy form to the Bank.

2. Members are requested to immediately notify the change of their address, if any.
3. The Share Transfer Book of the company will remain closed from April 20, 2019 to April 26, 2019 (both days inclusive). The share transfer office is situated at F.D. Registrar Services (SMC-Pvt) Ltd, Office no. 1705, 17th floor, Saima Trade Tower-A, I.I. Chundrigar Road, Karachi. (Phone No. 021-32271905, 32271906- Fax 021-32621233- fdregistrar@yahoo.com- www.fcregistrar.com). Transfer received at the share transfer office at the close of business on April 19, 2018 will be treated in time.

For Apna Microfinance Bank Ltd.










Rafat Abbas
Company Secretary



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FORM OF PROXY

I/ We _____ of _____ a member/ members of the company/ merged companies, do hereby appoint Mr./ Ms. _____ of _____ a member of the company, or failing him/ her Mr./ Ms. _____ of _____ who is also a member of the company, as my/ our proxy to attend, speak and vote for me/ us and on my/ our behalf at the Annual General Meeting of the company to be held on April 26, 2019 at 12:00 Noon, at Hilltop Hotel, Dr. Mahmood Hussain Road, Adj. Ferozabad Police Station, Karachi and at any adjournment thereof.

Signed this _____ day of _____ 2019.

Witness: (1)

Signature _____
Name _____
Address _____
CNIC _____

Please affix
Revenue
Stamp

Witness: (2)

Signature _____
Name _____
Address _____
CNIC _____

Signature: _____
(The signature should agree with the Specimen
Registered with the Company)

Folio No. _____
CDC A/c No. _____
No. of shares held _____
Distinctive Numbers _____

IMPORTANT:

1. The proxy Form must be deposited at the registrar office of the company, at F.D. Registrar Services (SMC-Pvt) Ltd, Office no. 1705, 17th floor, Saima Trade Tower-A, I.I. Chundrigar Road, Karachi. (Phone No. 021-32271905, 32271906- Fax 021-32621233- fdregistrar@yahoo.com- www.fdregistrar.com). as soon as possible but not later than 48 hours before the time of holding the meeting and default Proxy form will not be treated as valid.
2. No person shall act as proxy unless he/ she is a member of the company except a corporation being a member may appoint as its proxy any officer of such corporation whether a member of the company or not.
3. The proxy Form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
4. Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
5. The proxy shall produce his/ her original CNIC or original passport and bring Folio number at the time of the meeting.
6. In case of corporate entity, the Board of Directors' resolution/ power of attorney with specimen signature shall be submitted along with proxy form to the Company (if not provided earlier).

STAMP

Company Secretary

K-4/3 & 4/4,
Ch. Khaliq-uz-Zaman Road,
Gizri, Karachi-Pakistan



Micro Finance
apnabank
Limited

خوابوں سے خوشحالی تک

اپنا بینک





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