



Annual Report **2023**



Innovating for Your Financial Growth



OUR **PURPOSE**

Enhancing Quality of Banking
and Contributing to a future.

Online

You can find more information about the apna bank at
www.apnabank.com.pk



KEY PERFORMANCE INDICATORS

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

(PKR in million)

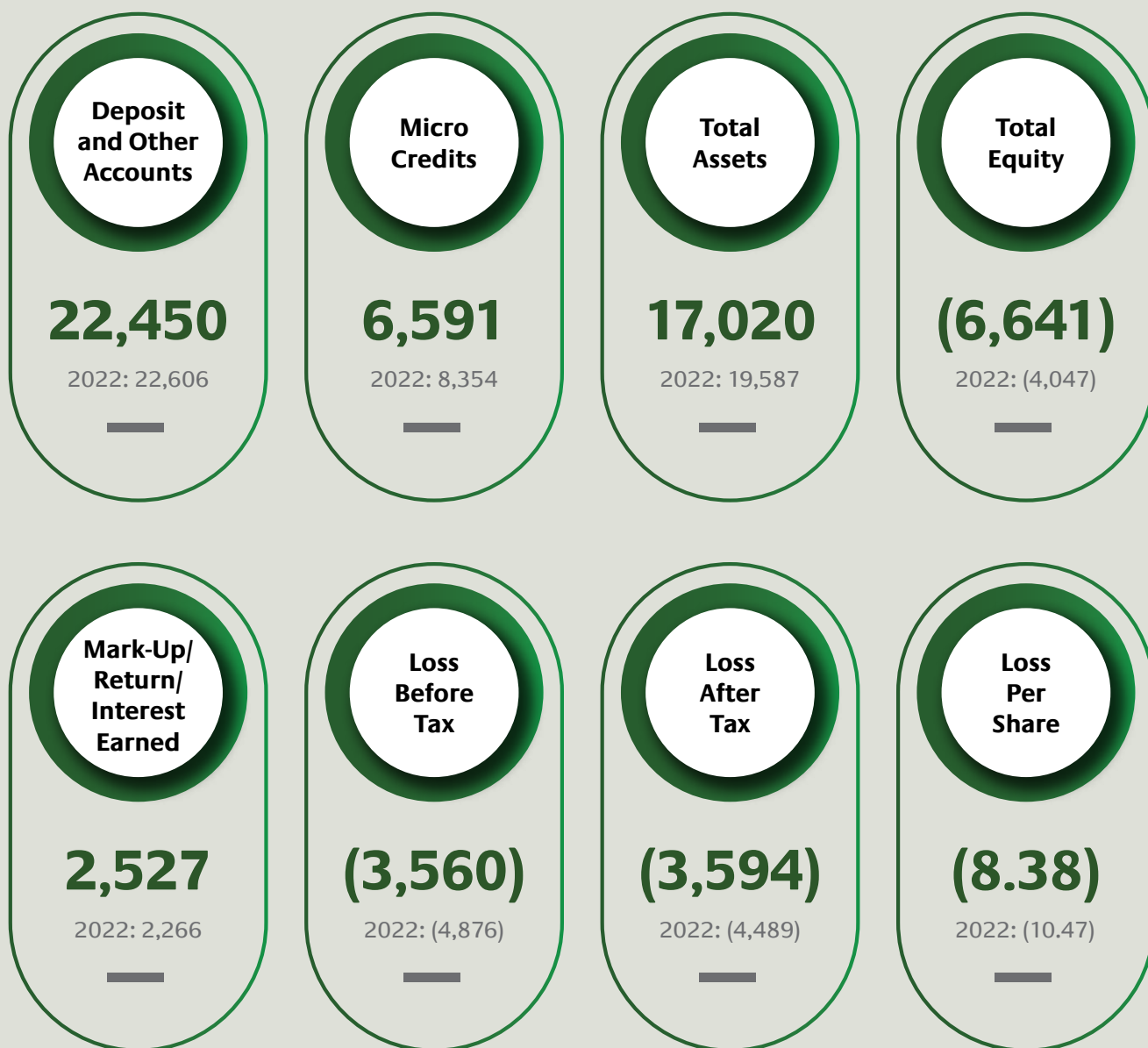


TABLE OF CONTENTS

About AMBL	3
Vision & Mission Statement	4
Core Values & Bank's Philosophy	5
Organizational Chart	6
Key Financial and Operational Data at a Glance	7
Board of Directors	8
Corporate Information	9
Chairman's Review	10
President / CEO's Message	11
Directors' Report to the members	12
Directors' Report (Urdu)	29
Statement Showing Attendance of Board Meetings	30
Statement of Compliance with listed companies the Code of Corporate Governance	31
Independent Auditor's Review Report	34
Ethics and Business Practices	35
Pattern of Shareholding	38
Categories of Shareholders	39
Major Loans Products	41

FINANCIAL STATEMENTS

Independent Auditors' Report	43
Balance Sheet	48
Profit and Loss Account	49
Statement of Comprehensive Income	50
Cash Flow Statement	51
Statement of Changes in Equity	52
Notes to the Financial Statements	53
Notice for the Twenty First Annual General Meeting	88
Form of Proxy	89

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, marginalized 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

Alleviating poverty by encouraging entrepreneurship with easy access to financial services to fulfil their dreams.

MISSION

Enable people with passion and commitment to realize their dreams with easy and tailor-made financial solutions/products.

CORE VALUES

- Customers are reason for our existence.
- Treating the customer with respect and compassion
- Delivering best services through an exceptional team work
- Legal and regulatory compliance in letter and spirit helps us grow faster and makes us stronger.
- Transparency builds customer loyalty and trust.
- Merit is the sole criteria in our decision making
- Diversity ensures long term sustainability, improves decision making and is instrumental in bringing Innovative and cost-effective solutions for delivering services to the clients.



SERVICE

We care our valued customer



CREATIVITY

We are Creative, Innovative, and Quality conscious



RECIPROCITY

We believe in building a top notch professional team



TRANSPARENCY

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



HONESTY

We are Honest, Integrated, and Trustful



GROWTH

We provide equal opportunity and growth

BANK'S PHILOSOPHY

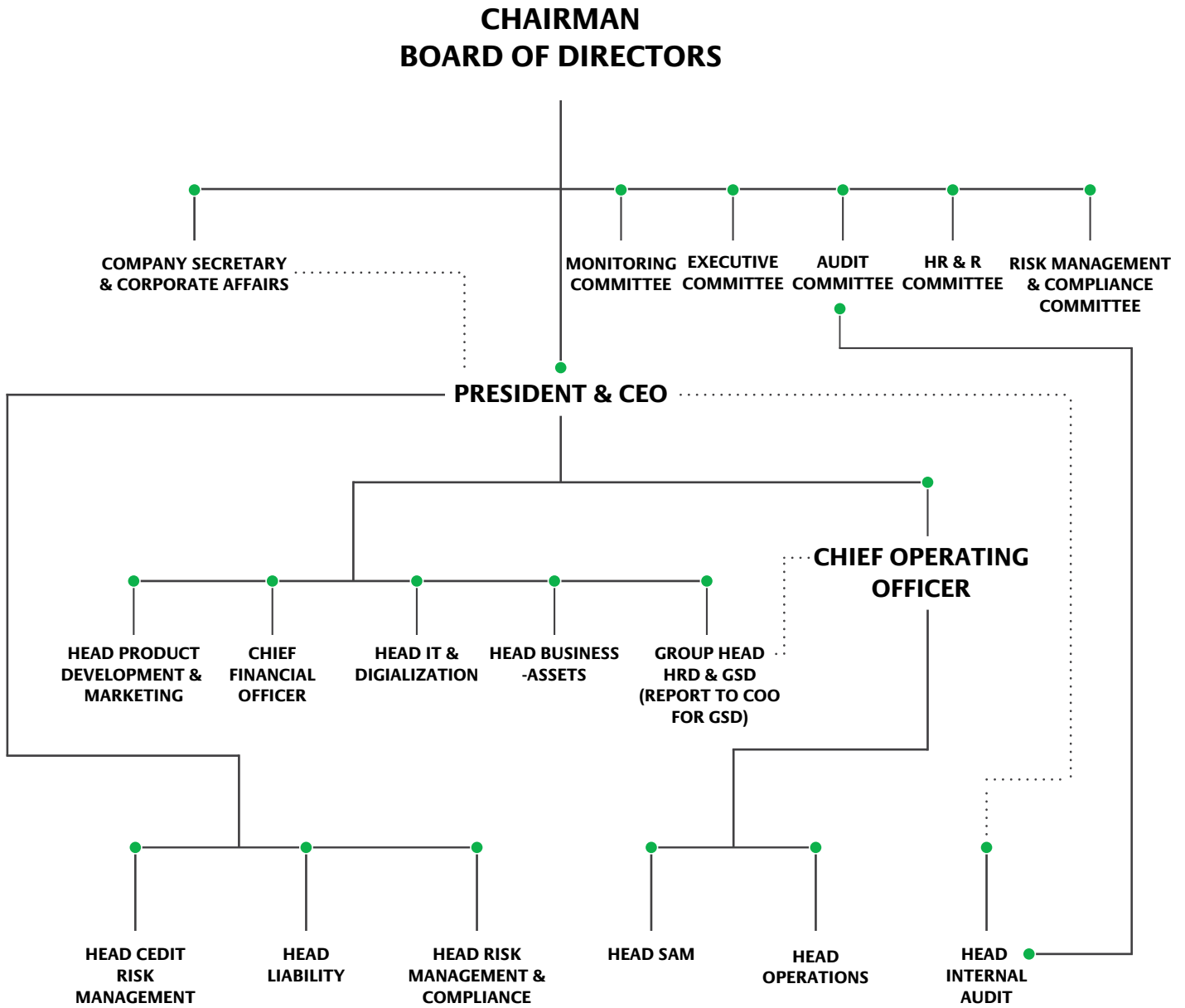
“It is far better to help a poor person by teaching him how to catch a fish instead of buying him a fish.”

Micro Finance is a means to break the vicious cycle of poverty by empowering individuals to take control of their lives.



ALLAH HELPS THOSE WHO HELP THEMSELVES”

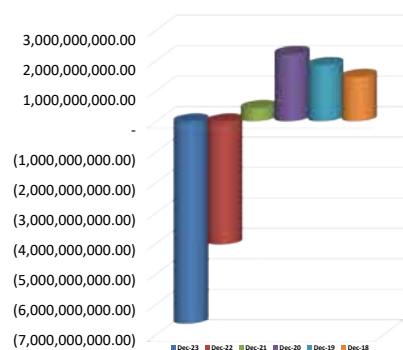
ORGANIZATIONAL CHART



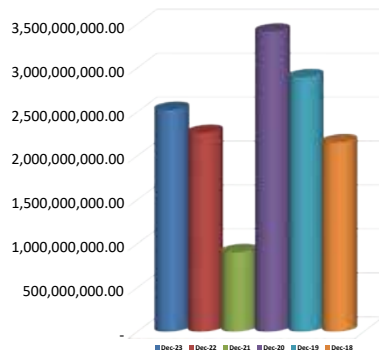
KEY FINANCIAL AND OPERATIONAL DATA AT A GLANCE

	Position for Year Ended							
	% Rise 2022 Vs 2023	Dec-23 Rupees	% Rise 2021 Vs 2022	Dec-22 Rupees	Dec-21 Rupees	Dec-20 Rupees	Dec-19 Rupees	Dec-18 Rupees
					Re-stated	Re-stated		
Financial Data								
Total Assets	-13.11%	17,019,602,610	-17.21%	19,587,476,542	23,660,326,629	29,585,582,331	21,325,632,083	17,623,046,929
Advances-net of provisions	-21.11%	6,590,855,560	-27.39%	8,354,266,042	11,505,706,719	10,119,919,747	8,779,226,353	8,812,740,994
Deposits	-0.69%	22,449,764,944	2.37%	22,606,344,550	22,083,717,249	26,178,886,970	18,317,083,706	15,866,330,742
Share Capital	0.00%	4,289,849,620	0.00%	4,289,849,620	4,289,849,620	3,439,849,620	3,439,849,620	2,500,000,000
Share Deposit money	285.40%	1,350,390,279	0.00%	350,390,276	350,390,276	1,046,215,185	696,215,185	900,078,363
	21.55%	5,640,239,899	0.00%	4,640,239,896	4,640,239,896	4,486,064,805	4,136,064,805	3,400,078,363
Net Equity	64.09%	(6,640,802,055)	-1014.82%	(4,046,985,297)	442,378,606	2,219,174,859	1,856,432,634	1,468,419,136
Accumulated Loss	48.70%	(10,972,676,243)	155.37%	(7,378,859,482)	(2,889,495,579)	(958,524,235)	(968,080,904)	(996,574,069)
Operating Data								
Mark-up / return / interest earned	11.51%	2,526,908,227	149.45%	2,265,996,265	908,380,258	3,418,310,151	2,899,784,536	2,157,835,801
Mark-up / return / interest expensed	70.67%	(2,731,115,695)	9.68%	(1,600,191,347)	(1,459,014,295)	(1,471,575,005)	(1,209,081,032)	(800,799,272)
Administrative expenses	1.29%	(2,261,434,587)	2.99%	(2,232,557,861)	(2,167,670,263)	(2,021,197,500)	(1,795,186,386)	(1,595,647,431)
Profit / (Loss) before taxation	-26.98%	(3,560,304,877)	84.48%	(4,875,980,057)	(2,643,095,035)	23,393,427	89,344,447	100,500,905
Profit / (Loss) after taxation	-19.95%	(3,593,816,761)	132.49%	(4,489,363,903)	(1,930,971,344)	12,742,225	53,525,058	53,261,451
EPS	-19.96%	(8.38)	116.32%	(10.47)	(4.84)	0.03	0.17	0.30

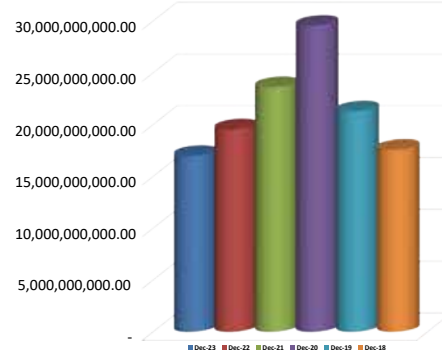
NET EQUITY



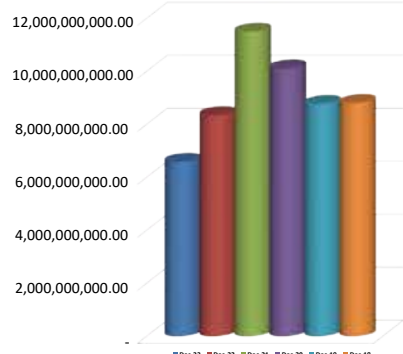
MARKUP INCOME



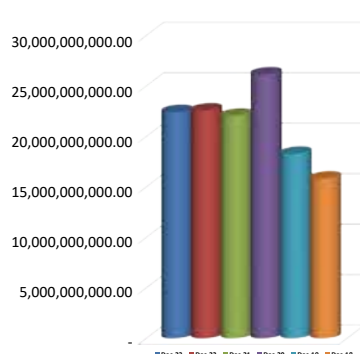
TOTAL ASSETS



ADVANCES-NET OF PROVISIONS



DEPOSITS



BOARD OF **DIRECTORS**



Mr. M. Akram Shahid
Chairman



**MR. IMAD
MOHAMMAD TAHIR**
Director



**MR. MUHAMMAD
ASGHAR**
Director



**MR. M. SALEEM
SHAIKH**
Director



**MR. SHAHID
HASSAN**
Director



**SYED RAHAT ALI
SHAH***
Director



**MR. ABDUL AZIZ
KHAN**
Independent Director



**MS. TAHIRA
RAZA***
Independent Director



**MR. WAJAHAT
MALIK**
Executive Director / President & CEO

*Resigned subsequent to year end.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Muhammad Akram Shahid
Chairman

Mr. Imad Mohammad Tahir
Director

Mr. Muhammad Asghar
Director

Mr. Muhammad Saleem Shaikh
Director

Syed Rahat Ali Shah (*Resigned*)
Director

Mr. Abdul Aziz Khan
Director - Independent

Mr. Shahid Hassan
Director

Ms. Tahira Raza (*Resigned*)
Director - Independent

Mr. Wajahat Malik
Director

PRESIDENT / CHIEF EXECUTIVE

Mr. Wajahat Malik

COMPANY SECRETARY

Mr. Noshad Ahmed

CHIEF FINANCIAL OFFICER

Mr. Mansoor Ahmad

BOARD COMMITTEES

AUDIT COMMITTEE

Mr. Abdul Aziz Khan
Chairman

Mr. Muhammad Asghar
Member

Mr. Imad Mohammad Tahir
Member

Mr. Muhammad Saleem Shaikh
Member

Syed Rahat Ali Shah (*Resigned*)
Member

EXECUTIVE COMMITTEE

Mr. Muhammad Akram Shahid
Chairman

Mr. Imad Mohammad Tahir
Member

Mr. Shahid Hassan
Member

Mr. Muhammad Asghar
Member

Ms. Tahira Raza (*Resigned*)
Member

HUMAN RESOURCE & REMUNERATION COMMITTEE

Ms. Tahira Raza (*Resigned*)
Chairperson

Mr. Wajahat Malik
Member

Mr. Imad Mohammad Tahir
Member

Syed Rahat Ali Shah (*Resigned*)
Member

Mr. Muhammad Saleem Shaikh
Member

RISK MANAGEMENT & COMPLIANCE COMMITTEE

Mr. Muhammad Asghar
Chairman

Mr. Muhammad Akram Shahid
Member

Mr. Wajahat Malik
Member

Syed Rahat Ali Shah (*Resigned*)
Member

Mr. Abdul Aziz Khan
Member

MONITORING COMMITTEE

Mr. Muhammad Asghar
Chairman

Mr. Muhammad Saleem Shaikh
Member

Mr. Abdul Aziz Khan
Member

Mr. Imad Mohammad Tahir
Member

Syed Rahat Ali Shah (*Resigned*)
Member

Ms. Tahira Raza (*Resigned*)
Member

AUDITORS

RSM Avais Hyder Liaquat Nauman
Chartered Accountants

LEGAL ADVISOR

Mumtaz Najam Law Chambers
Advocates & Corporate Consultants Lahore

TAX CONSULTANT

Grant Thornton Anjum Rahman

BANKERS

Sindh Bank Limited

Bank Al Habib Limited

Bank Al Falah Limited

Bank Makramah Limited

Zarai Taraqiati Bank Limited

JS Bank Limited

Silk Bank Limited

Allied Bank Limited

Dubai Islamic Bank

Soneri Bank Limited

Telenor Microfinance Bank Limited

FINCA Microfinance Bank Limited

NRSP Microfinance Bank Limited

Habib Metropolitan Bank Limited

National Bank of Pakistan Limited

The Bank of Punjab Limited

U Microfinance Bank 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

HEAD OFFICE

23-A, Sundar Das Road, Zaman Park Lahore.

PABX 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

CHAIRMAN'S REVIEW



On behalf of the Board of Directors, it is my privilege to present the Annual Report of Apna Micro Finance Bank Limited for the financial year ended December 31, 2023.

2023 proved to be another challenging year for the economy. The economic landscape was marred by high-interest rates, continuing twin deficits and political uncertainty. Geopolitical tensions coupled with continued rupee devaluation and soaring inflation led to a stressful operational environment.

It was another tough year for the Bank. High inflation and rise in commodity prices have diminished the repayment capacity of our borrower base. These challenging conditions have led the Bank to record losses after tax of PKR. 3,594 Million during the year.

Despite the current year loss, I am confident that management has the capacity to turnaround these results. A multifaceted business plan has been implemented to improve the financial and operational position of the Bank. Going forward our main focus will be to strengthen portfolio health with an emphasis on strong recovery and secured lending. The Bank remains steadfast to continue its mission of poverty alleviation through provision of low-cost financing services to the poor and unbanked sect of the society.

On behalf of the Board of Director's as well as the sponsors, I would like to reiterate our commitment to the Bank. We are entirely dedicated to revive the Bank's operations via continued support and guidance. The Bank's Board is composed of highly educated and experienced individuals who are effectively performing their statutory duty. All decisions made by the Board are mutual, objective and in the

best interests of the organization. I believe that the strategic vision and unwavering focus of the Board will successfully lead the Bank through these challenging times.

The Board has constituted committees for oversight of all key areas of the Bank. The terms of reference of these committees have been clearly defined by the Board which include periodic review of all significant policies in order to ensure financial and operational continuity and improvement. The Board and its committees met regularly during the year for due deliberation on all important matters and provided their oversight.

Lastly, on behalf of the Board of Directors, I would like to pay my gratitude to our shareholders and customers for their continued trust in our Bank. I would also like to thank the State Bank of Pakistan, the Securities and Exchange Commission of Pakistan and other regulatory bodies for their guidance and support.

Mian Muhammad Akram Shahid

Chairman of the Board
Lahore: May 29, 2024

PRESIDENT / CEO'S MESSAGE



As we enter 2024 with confidence and certainty about our direction, we must also reflect on 2023 and all that we learned and accomplished together.

During 2023, Microfinance industry as a whole, continued to face challenges like growth, consolidation, portfolio health, talent reallocation, and adverse macro-economic circumstances due to all time high inflation that harshly miffed the purchase power of the consumers. However, throughout the year, we stayed committed to our customers and our employees that we serve and, surely, we did incredibly well, despite the challenges.

The high inflation has left devastating effects on the entire Microfinance industry since our customer base is mainly consist of marginalized and non-documented segment of our community while this segment has been harshly impacted by the inflation, rise in utilities and commute cost making negative impact on the recovery that squeezed the profit margins of the bank as well.

Considering the fact of challenges of borrower's repayment capacity due to highest inflation and further aftershocks of Covid-19, AMLB continued its strategy of soliciting secured lending at high pace with the intent of transformation of unsecured portfolio to secured ensuring the sustainable growth of the bank.

We at AMLB, believe that every employee is unique and possesses distinctive talents that we value and encourage. AMLB is home to an exclusive group of committed and dedicated individuals who jointly, with their dedication, honesty, innovation and teamwork, contribute towards our collective success. We have full faith that they will remain steadfast, focused and strong willed to overcome these

challenging situations and lead the bank to a brighter future.

I would like to acknowledge the leadership of our Chairman, and Board of directors for their confidence and trust. The Boards has continued to perform statutory role during this challenging time. The Board's oversight and guidance have been the major contributing factor to the bank's ongoing success. I am also grateful to our shareholders who continued to show their trust in the Bank.

I would also like to thank the State Bank of Pakistan, Securities & Exchange Commission of Pakistan & other regulatory bodies for their guidance & support.

2024 is the year of consolidation and growth. We are further optimizing our operations having customer centric approach, prioritizing and consistently enhancing our service standards. We hope to continue this spirit and unite further to display agility and serving our customers effectively making AMLB, a brand of 1st choice for the customers.

Wajahat Malik

President/CEO
Lahore: May 29, 2024

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 December 31st, 2023.

Economic Overview:

The global economy continued to struggle on the back drop of high inflation, supply chain disruptions and monetary tightening by central banks which contributed to a sharp deceleration in global economic activity.

On the domestic front, multiple challenges such as soaring inflation, rapid currency devaluation and import restrictions led to a low down of economic activity within the country. In 2023, Pakistan experienced an unprecedented inflation rate of 29.7% (YoY), driven mainly by the surge in prices of food, gas, electricity and fuel. Record breaking inflation combined with the after shocks of last year's floods have plunged the lower middle classes into further poverty and directly impacted their repayment capacity.

Citing persistent inflationary pressures, the SBP raised its policy rate to an all-time high of 22% in June 2023. The benchmark interest rate has been steeply raised by 600 basis points (from 16.00% to 22.00%) during the year 2023, with the aim of combating high inflation and unlocking IMF funding. Continuous monetary tightening has led to a further slowdown in economic activity.

The past year saw PKR depreciate rapidly against the USD closing at PKR 282 at the end of December 2023. The weak balance of payment situation and political instability in the country remained the primary reason behind this depreciation.

During 2023, socio-economic turmoil within the country exacerbated economic conditions which continued to pose significant challenges for all sectors, including the Microfinance industry. Political instability and dwindling foreign exchange reserves contributed to a difficult environment. Despite these substantial challenges, the future economic outlook is optimistic. During the first half of FY24, the Current Account posted a deficit of USD 831 million for the first half of FY24 against a deficit of USD 3.6 billion last year. Likewise, exports increased by 7.5% and were recorded at USD 15.3 billion. The ongoing year also noted a decline in inflation, however, SBP has cited that, while inflation has eased, the pace of decline is slower than previously anticipated due to substantial hikes in energy tariffs.

Principal Activity, Developments and Financial Performance

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

The financial performance of the Bank during the year ended December 31st, 2023 is as follows;

Particulars	31st December 2023	31st December 2022	%
	Audited (PKR)	Audited (PKR)	Change
Advances - Net of Provisions	6,590,855,560	8,354,266,042	-21%
Deposits and other accounts	22,449,764,944	22,606,344,550	-1%
Mark-up/Return/Interest Earned	2,526,908,227	2,265,996,265	12%
Mark-up/Return/Interest Expensed	2,731,115,695	1,600,191,347	71%
Administrative expenses	2,261,434,587	2,232,257,861	1%
Loss after taxation	3,593,816,761	4,489,363,903	-20%

The Bank reported a loss after tax in the current year amounting to PKR. 3,594 million as compared to a loss of PKR. 4,489 million in the year 2022. The equity (net of losses) of the Bank stood at negative PKR. 6,641 million. The loss per share was recorded at Rs. 8.38 per share for the current year, compared to Rs. 10.47 per share for the prior year.

Investments – net of provisions of the Bank stood at PKR. 1,254 million as compared to PKR. 2,466 million as of December 31, 2022. The one of the main contributors of this loss is the provision charge amounting to PKR. 1,312 million during the year. This provision mainly pertains to portfolio that was classified by State Bank of Pakistan (SBP). Consequently, the advances - net of provision stood at PKR. 6,591

DIRECTORS' REPORT TO THE MEMBERS

million as on December 31st, 2023, compared to PKR. 8,354 million at the close of the corresponding period, registering a decrease of 21%. The Bank's gross advances to deposit ratio (ADR) at the year-end 2023 was reported at 51.7% as compared to 53.4% in 2022. As of December 31, 2023, the Bank's gross NPL ratio (Gross non-performing loans to Gross Advances) increased to 41.1%, compared to 38.5% recorded on December 31, 2022. This increase is mainly attributed to a reduction in gross advances by Rs. 452 million.

The management has devised and implemented a recovery and restructuring strategy regarding this portfolio and has succeeded in recovering a substantial amount of non-performing advances. The management is hopeful of further recoveries in the future which will result in reversal of provision and improved financial position of the Bank.

As of December 31, 2023, the Bank's deferred tax asset (net) totaled PKR. 1,700 million. In current year no additional deferred tax asset recognized by the Bank. The external auditors limit the deferred tax assets up-to PKR. 1,700 million considering the probability of availability of future taxable profits against which deductible temporary differences will be utilized.

The total asset of the Bank decreased as compared to the previous year amount of PKR. 19,587 million and stood at PKR. 17,020 million as of December 31, 2023.

At the year-end, total deposits and other accounts stood at PKR. 22,450 million in comparison with PKR. 22,606 million as of December 31, 2022.

With a substantial decrease, the net mark-up / interest income during the year was negative with PKR. 204 million as compared to positive PKR. 666 million in the corresponding year. Non-markup / interest income increased and stood at PKR. 212 million as compared to PKR. 170 million in the previous year.

The Bank continued to prudently manage its administrative expenses despite soaring inflation and rupee devaluation and recorded a moderate increase of 1% and total non-mark up expenses were reported at PKR. 2,261 million as against PKR. 2,232 million for the prior year.

Principal Risks and Uncertainties

The Directors of the Bank consider the following as key risks:

- **Interest Rate Risk:** Interest rates have risen significantly over the last year. The relationship between the prevailing policy rates and the Bank's interest spread will threaten the overall profitability of the Bank.

Oversight on the Bank's tolerance to interest rate risk is kept through "Asset & Liability Committee – (ALCO)" which periodically monitors and determines the rates of lending and deposit products offered by the Bank.

- **Credit Risk:** The risk associated with default by customers 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, a hefty portion of which is unsecured. The macro economic trends such as inflation, recession and currency devaluation will incapacitate the borrowers to pay back their dues leading to increased losses to the Bank.

As part of a redefined lending strategy, the management has completely revamped its credit control procedures during the past periods. The management is fully committed to maintain a healthy credit portfolio by ensuring that all credit risks are completely covered.

- **Retention of Qualified Staff:** The importance of human capital is globally recognized. The Microfinance sector is continuously facing increasing competition owing to which the retention of qualified and skilled staff is a challenge.

The management is committed to provide the right work environment which allows our employees to excel. The aim is to promote a culture of growth which not only rewards competence but also permits the work force to evolve.

DIRECTORS' REPORT TO THE MEMBERS

- **Technology Risk:** The risk that the Bank may be unable to cope up with new advancements in Information Technology (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 keeping up with technology advancements in order to provide successful solutions to the user base. Lack of innovation and progressive development in this sector may lead to loss of future business to competitors. Another aspect of this risk is the loss to the Bank from disruption to its electronic systems.

The Bank has updated its IT system during the year to incorporate state of the art technological advancements in internet and mobile banking. Additionally, the system audit department regularly monitors, highlights and reports any unusual instances and weaknesses to the Bank's Information system.

- **Compliance and Regulation Risk:** The risk of legal or regulatory sanctions, material functional loss, a bank might suffer as a result of its failure to comply with laws, regulations and codes of conduct applicable to its banking activities.

To mitigate the said risk the compliance division is responsible for ensuring the Bank's timely compliance with applicable guidelines and directives issued by regulatory bodies.

- **Liquidity Risk:** The risk that the Bank may be unable to meet its contractual obligations in a timely manner due to a lack of funds.

The management performs periodic reviews of available liquidity. Funds are constantly monitored to maintain at optimal liquidity levels. The Bank also maintains a substantial portfolio of highly liquid government securities that can be realized in the event of liquidity stress.

- **Information Security Risk:** It is the risk of damage that may be caused by internal or external threats, such as un-authorized access to critical financial data, sensitive customer information, non-availability of critical services, impersonating clients and theft or alteration of information, while performing financial transactions, and loss of the Bank's sensitive electronic data and IT systems.

To mitigate the said risk IT Security Risk Management Unit caters to the regulatory requirements for IT Security Risk Management, maintains the framework that enables the Bank's Management and staff to mitigate IT security risks to acceptable levels.

- **Reputational Risk:** A loss that may arise by an activity, action, or stance taken by the Bank, any of its affiliates, or its officials that can impair its image with one or more of its stakeholders resulting in loss of business and/or decrease in the value of the Bank's shares.

To mitigate the reputational risks various departments within the Bank, assess reputational risk associated with the Bank's activities in order to safeguard the Bank's interests at all times.

- **Environmental Risk:** Actual or potential threats of adverse effects on the environment and living organism by effluents, emissions, wastes, chemical releases, resource depletion, etc., arising out of the Bank or its clients' operational activities.

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

Uncertainties That Could Affect the Bank's Resource, Revenues and Operations

Factors that may potentially affect the Bank's resource, revenues and operations are:

- Capital injection;
- Decisions on Discount Rate / Monetary policy;
- Revisions to rate of returns on deposits;
- Geo-Political risks and uncertainties across the geography that we operate in;
- Law and Order situation;
- Local Government rules and regulations;
- Inflation, fuel and general commodity prices; and
- Corporate taxation measures.

DIRECTORS' REPORT TO THE MEMBERS

Future Outlook

The Bank has incurred loss for the year amounting to Rs. 3,594 million (2022: Rs. 4,489 million) and as at year end, its accumulated loss was Rs. 10,973 million (2022: Rs. 7,379 million). This has resulted in negative net assets of Rs. 6,641 million (2022: 4047). The Bank has been non-compliant with Minimum Capital Requirements (MCR) and Capital Adequacy Ratio (CAR) requirements of Prudential Regulations for Microfinance Banks, 2014. There has been material uncertainty related to events and conditions which may cast significant doubt about the Bank's ability to continue as a going concern and, therefore the Bank may not be able to realize its assets and discharge its liabilities in the normal course of business.

The management has devised and is executing a comprehensive, multi-faceted plan to tackle the financial and operational challenges facing the Bank. This plan is viable and its implementation will effectively mitigate the adverse factors impacting the Bank. Key elements of the plan include:

- **Commitment by the Sponsors and Injection of Further Equity:**

The Sponsors have demonstrated their unwavering commitment to rescuing the Bank from its current difficulties. In December 2023, they injected an additional Rs. 1 billion, building on their previous investment of Rs. 350 million in share deposit money. Furthermore, they have issued a formal letter of support to the Bank's management, pledging to provide additional funding in the coming years. This incremental funding will not only enable the Bank to meet its maturing commitments but also empower it to expand its advances portfolio, leading to increased markup income and improved financial position.

- **Increasing Secured Advances Portfolio:**

Following the additional equity injection by the sponsors, the Bank is prioritizing the expansion of its secured advances portfolio. Significant growth in our advance's portfolio will enable the Bank to significantly increase its markup income, covering markup costs and other expenses, and ultimately improving financial position of the Bank.

- **Recovery of Non-Performing Advances:**

The non-performing advances were largely a consequence of the unprecedented economic downturn following the Covid-19 pandemic, which was beyond the borrowers' control. The Bank has already made substantial provisions to date, and therefore, significant additional provisions are not anticipated in future periods. Management is optimistic about the recoverability of these non-performing advances and is proactively pursuing their recovery. Notably, the Bank has successfully recovered Rs. 117.06 million subsequently. These recoveries will not only enhance the Bank's financial results through the reversal of related provisions but will also enable the Bank to further expand its secured advances portfolio by utilizing these recovered funds.

- **Reducing Cost of Deposits:**

The management is proactively implementing strategies to attract a higher volume of corporate customer deposits into current accounts, offering competitive incentives and introducing innovative products. This approach is expected to yield a significant increase in current accounts with the Bank. As a result, the management anticipates a reduction in the cost of deposits, leading to a positive impact on the Bank's overall financial performance and profitability.

- **Optimization of Operations and Reduction of Costs:**

The Bank is implementing strategic measures to optimize its branch operations, including the closure of non-productive and non-strategic branches, to effectively control costs. As a result, the number of branches has been reduced from 111 to 91 subsequently, yielding significant cost savings, which will be reflected in the future periods. Additionally, the management is focused on streamlining administrative expenses without compromising the Bank's operational efficiency. These initiatives are expected to have a positive impact on the Bank's financial performance, enhancing its overall profitability.

The management believes the all-adverse elements have fully impacted the Bank resulting in negative net assets and non-compliance with Minimum Capital Requirements (MCR) and Capital Adequacy Ratio (CAR) and from now onward, the results of the measures being taken by the management will start reflecting their positive impact in the years to come. The management is confident that with the implementation of its plan, it will be able to overcome all adverse financial and operational factors and the Bank will be able to continue as a going concern.

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

DIRECTORS' REPORT TO THE MEMBERS

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

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

The microfinance sector of Pakistan is recognized as a key player in the banking industry. The Bank is striving to provide financial services to the unbanked segment of the population while catering to high demands of customers.

By using the current technology platform, the Bank is going to create different ways of doing business to drive growth in new and existing markets. The Bank is focusing on the following major streams to generate more revenue and strengthen customer base and relationship after complying with regulatory requirements.

i. Branchless Banking Framework

By introducing the branchless banking, we can increase the reach of customer without spreading physically. This would not only increase customer base but will generate the revenue streams on all the transactions done through branchless banking agents.

ii. Issuance of Multiple schemes & Types of payment cards

Our payment switch has a capability of issuance of multiple types of cards. This can also increase the customer base. The revenue streams can also be generated through transactions as well.

iii. Point of Sale (POS)/ Acquiring Business

As per SBP and new industry dynamics, POS is one of the potential revenue streams. Our payment switch has a capability to manage the large number of POS network, but it has a cost to set up the infrastructure of acquiring business. Currently no microfinance bank is in POS acquiring business, we can have an early mover advantage with introduction of POS acquiring.

iv. Digitally quick Customer on boarding

We have a capacity of onboarding customer digitally. This would not only reduce the cost of customer onboarding but will increase the customer base resulting into more revenue generation streams.

We will continue to strive for the betterment of our revamped credit and information system in order to ensure continued transparency in the Bank’s lending system. Further, the Bank shall implement a strategy of improving its profitability by greater coverage, asset performance and productivity.

Credit Rating

The long-term rating of the Bank is “BBB-” (Triple B negative) and the short-term rating is “A4” (A Four) with a “Negative” future outlook as determined by The Pakistan Credit Rating Agency Ltd. (PACRA) in their statement issued on July 27, 2023.

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 and 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:

DIRECTORS' REPORT TO THE MEMBERS

- 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 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 the SBP. Wherever the requirements of the Companies Act, 2017, the Microfinance Institutions Ordinance, 2001 or the regulations / directives issued by the SECP and the 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 the 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 the 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 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 the 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 except discussed in statement of compliance with listed companies (code of corporate governance).
- No statutory payment has been remained outstanding on account of any taxes, duties, levies and charges.
- Details of Directors' training programs are given in the Statement of Compliance with the Code of Corporate Governance.
- Directors, are eligible for fees and logistic expenses for attending meetings of the Board and Board Committees as approved by the Board of Directors.

Corporate Governance

The Bank is in compliance with significant requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019. The prescribed statement by the management together with the Auditors' Review Report thereon is annexed to the Annual Report.

The Directors are pleased to give the following statements required under Chapter XII - Reporting and Disclosure of the aforementioned Regulations:

1. The total number of directors are nine (09) as per the following:

Category	Number of Directors
Male Director	08
Female Director	01

2. The composition of the Board of Directors (the Board) is as follows:

Category	Names
Independent Directors	Mr. Abdul Aziz Khan
	Ms. Tahira Raza - (Resigned)

DIRECTORS' REPORT TO THE MEMBERS

Non-Executive Directors	Mr. Muhammad Akram Shahid (Chairman)
	Mr. Imad Mohammad Tahir
	Mr. Muhammad Asghar
	Mr. Muhammad Saleem Shaikh
	Syed Rahat Ali Shah – <i>(Resigned)</i>
	Mr. Shahid Hassan
Executive Directors	Mr. Wajahat Malik

The Board has formed committees comprising of the members given below:

AUDIT COMMITTEE

- Mr. Abdul Aziz Khan (Chairman)
- Mr. Muhammad Asghar
- Mr. Imad Mohammad Tahir
- Mr. Muhammad Saleem Shaikh
- Syed Rahat Ali Shah – *(Resigned)*

HUMAN RESOURCE & REMUNERATION COMMITTEE

- Ms. Tahira Raza (Chairperson) – *(Resigned)*
- Mr. Wajahat Malik
- Mr. Imad Mohammad Tahir
- Mr. Muhammad Saleem Shaikh
- Syed Rahat Ali Shah – *(Resigned)*

RISK MANAGEMENT COMMITTEE OF THE BOARD

- Mr. Muhammad Asghar (Chairman)
- Mr. Muhammad Akram Shahid
- Mr. Wajahat Malik
- Mr. Abdul Aziz Khan
- Syed Rahat Ali Shah – *(Resigned)*

MONITORING COMMITTEE OF THE BOARD

- Mr. Muhammad Asghar (Chairman)
- Mr. Imad Mohammad Tahir
- Mr. Abdul Aziz Niazi
- Syed Rahat Ali Shah – *(Resigned)*
- Mr. Muhammad Saleem Shaikh
- Ms. Tahira Raza – *(Resigned)*

EXECUTIVE COMMITTEE OF THE BOARD

- Mr. Muhammad Akram Shahid (Chairman)
- Mr. Shahid Hassan
- Mr. Muhammad Asghar
- Mr. Imad Mohammad Tahir
- Ms. Tahira Raza – *(Resigned)*

3. The Board of Directors get the remuneration in accordance with the State Bank Circular No. AC & MFD, circular no. 2 of 2019 and their Regulations. The detail of which is given in Note no. 31 to the audited Financial Statements for the year ended December 31st, 2023.

DIRECTORS' REPORT TO THE MEMBERS

Changes in the Board of Directors

Subsequent to year end, Syed Rahat Ali Shah resigned from position of director on April 10, 2024 and Mr. Jamil Ahmed Khan appointed as director subject to approval of SBP in place of outgoing director. Further, Ms. Tahira Raza also resigned on May 10, 2024.

The Board wishes to place on record its deep appreciation for the invaluable services rendered by Syed Rahat Ali Shah and Ms. Tahir Raza during their tenure. Their leadership and commitment have been instrumental in driving our success.

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, 2023 is PKR 156 million (2022: Audited: PKR 124 million).

Related Party Disclosure

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

Dividend and Appropriations

The Bank has neither declared a dividend nor issued bonus shares for the year due to losses. However, the appropriation of prior years' profit is as under:

Particulars	31 st December 2023
	Audited (PKR)
Profit/(loss) after taxation	(3,593,816,761)
Appropriations:	
Transfer to:	
- Statutory Reserve	-
- Contribution to MSDF / DPF / RMF	-
Unappropriated loss brought forward	(7,378,859,482)
Unappropriated Profit/(loss) carried forward	(10,972,676,243)

Earnings/(Loss) per Share

The Basic and Diluted loss per share of the Bank after tax is PKR. 8.38 [2022: RKR. 10.47].

Audit Observations

The external auditors have drawn attention towards Note 1.2 of the financial statements for the year ended December 31, 2023 via an emphasis of matter paragraph. Attention is drawn towards the large losses for the year, hefty accumulated losses and Non-performing loan figures as a result of which the net assets are negative at the year end. These events and conditions along with other matters set forth in the above-mentioned note indicate a material uncertainty that may cast significant doubt in the Bank's ability to continue as a going concern. Further, realization of deferred tax of PKR. 1,700 million also depends on the Bank's ability to continue as a going concern..

The auditors have not modified their opinion with respect to these matters. The management has devised and is implementing a detailed plan of action to overcome the financial and operational difficulties faced by the Bank as discussed in the said note.

Auditors

The retiring auditors' **M/s RSM Avais Hyder Liaquat Nauman Chartered Accountants, Lahore**, being eligible, have offered themselves for re-appointment. The external auditors have been given a 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 2024.

Pattern of Shareholding

The pattern of shareholding as at December 31st, 2023 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 31st, 2023. 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 the State Bank of Pakistan for the co-operation extended to the Bank during this demanding phase. We duly acknowledge that SBP's constant support and enlightened guidelines that provided us with a reason to rethink about the future of this potential organization.

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



Wajahat Malik
President/CEO

Date: May 29, 2024
Lahore



Muhammad Asghar
Director

آمدنی / (نقصان) فی حصص:

ٹیکس کے بعد بینک کی فی حصص بنیادی اور کمزور نقصان (8.38) پاکستانی روپے (2022: 10.47) پاکستانی روپے ہے۔

آڈٹ کے مشاہدے:

بیرونی آڈیٹر نے 31 دسمبر 2023ء کو ختم ہونے والے سال کے مالیاتی بیانات کے نوٹ نمبر 1.2 کی طرف توجہ مبذول کروائی ہے۔ سال کے بڑے نقصانات، بھاری جمع شدہ نقصانات اور غیر فعال قرض کے اعداد و شمار کی طرف توجہ مبذول کرائی گئی ہے، جس کے نتیجے میں سال کے آخر میں خالص اثاثے منفی ہیں۔ مذکورہ بالا نوٹ میں بیان کردہ دیگر معاملات کے ساتھ یہ واقعات اور حالات ایک ایسی مادی غیر یقینی صورتحال کی نشاندہی کرتے ہیں، جو بینک کی جاری تشویش کے طور پر جاری رکھنے کی صلاحیت میں اہم شکوک پیدا کر سکتا ہے۔ مزید، ڈیفنڈ ٹیکس کی وصولی 1,700 ملین پاکستانی روپے بھی جاری تشویش کے طور پر جاری رکھنے کی صلاحیت پر منحصر ہے۔ آڈیٹر نے ان معاملات کے حوالے سے اپنی رائے میں کوئی تبدیلی نہیں کی ہے۔ انتظامیہ نے بینک کو درپیش مالی اور آپریشنل مشکلات پر قابو پانے کے لئے ایک تفصیلی لائحہ عمل وضع کیا ہے اور اس پر عمل درآمد کر رہی ہے۔ جیسا کہ مذکورہ نوٹ میں بتایا گیا ہے۔

آڈیٹر:

ریٹائرنگ آڈیٹر میسرز آر ایس ایم اولیس حیدر لیاقت نعمان چارٹرڈ اکاؤنٹنٹس لاہور نے اہل ہونے کی بنیاد پر خود کو دوبارہ تقرری کے لئے پیش کرتے ہیں۔ ایکسٹرنل آڈیٹرز کو پاکستان کے چارٹرڈ اکاؤنٹنٹس ادارے کے کوالٹی کنٹرول جائزہ کے تحت قابل اطمینان درجہ دیا گیا ہے۔ آڈٹ کمیٹی نے سال 2024ء میں آڈیٹر کے لئے دوبارہ تقرری کو ریگولیشن کیا ہے۔

شیئر ہولڈنگ کا نمونہ:

31 دسمبر 2023ء کا شیئر ہولڈنگ کا نمونہ اس سالانہ رپورٹ کے ساتھ منسلک ہے۔

حصص میں تجارت:

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

ٹیٹنٹ آف فنانشل پوزیشن کے بعد کے واقعات:

31 دسمبر 2023ء کے بعد کوئی اہم تبدیلی نہیں ہوئی۔ بینک نے کوئی ایسا وعدہ نہیں کیا، جس سے مالیاتی پوزیشن پر اثرات مرتب ہوں۔

اعترافات:

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

ہم اسٹیٹ بینک آف پاکستان، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور پاکستان ٹاک ایکسچینج کو ان کی مستقل رہنمائی اور تعاون کے لئے اظہار تشکر پیش کرتے ہیں، ہم خاص طور پر اسٹیٹ 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 اسٹیٹ بینک آف پاکستان کی مسلسل حمایت اور روشن رہنمائی نے ہمیں اس بینک کے مستقبل کے بارے میں سوچنے کا سبب فراہم کیا۔

منجانب: بورڈ آف ڈائریکٹرز اپنا مائیکروفنانس بینک لمیٹڈ

محمد اصغر، ڈائریکٹر

وجاہت ملک صاحب، صدر اسی ای او

29 مئی 2024ء، لاہور

ممبران کے لیے ڈائریکٹرز رپورٹ

☆ سید راحت علی شاہ (مستعفی)
☆ جناب محمد سلیم شیخ
☆ مس طاہرہ رضا (مستعفی)
ایگزیکٹو کمیٹی:

☆ جناب محمد اکرم شاہد (چیئرمین)
☆ جناب شاہد حسن
☆ جناب محمد اصغر
☆ جناب عماد محمد طاہر
☆ مس طاہرہ رضا (مستعفی)

(3) بورڈ آف ڈائریکٹرز کو سٹیٹ بینک آف پاکستان کے سرکلر نمبر AC&MFD، 2019ء کے سرکلر نمبر 2 اور ان ریگولیشنز کے مطابق معاوضہ ملتا ہے۔ اس کی تفصیل 31 دسمبر 2023ء کی مالیاتی رپورٹ کے نوٹ نمبر 31 میں دی گئی ہے۔

بورڈ آف ڈائریکٹرز میں تبدیلیاں:

سال کے اختتام کے بعد، سید راحت علی شاہ نے 10 اپریل 2024ء کو ڈائریکٹر کے عہدے سے استعفیٰ دے دیا اور سبکدوش ہونے والے ڈائریکٹر کی جگہ ایس بی پی کی منظوری کے بعد جناب جمیل احمد خان کو ڈائریکٹر مقرر کیا جائے گا۔ مزید یہ کہ محترمہ طاہرہ رضا نے بھی 10 مئی 2024ء کو استعفیٰ دیا۔
بورڈ سید راحت علی شاہ اور محترمہ طاہرہ رضا کی ان کے دور میں کی گئی انمول خدمات کے لئے اپنی گہرائی سے تعریف کرنا چاہتا ہے۔ ان کی قیادت اور عزم نے ہماری کامیابی کو آگے بڑھانے میں اہم کردار ادا کیا ہے۔

بورڈ کے اجلاس میں ڈائریکٹرز کی شرکت:

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

پراویڈنٹ فنڈ کی سرمایہ کاری کا بیان:

بینک اپنے تمام مستقل ملازمین کے لئے فنڈڈ پراویڈنٹ فنڈ مہیا کرتا ہے، 31 دسمبر 2023ء کی آن آڈیٹڈ مالیاتی سٹیٹمنٹ کے مطابق فنڈ کا یہ بیلنس آڈیٹڈ 156 ملین پاکستانی روپے (2022ء 124 ملین پاکستانی روپے) ہے۔

متعلقہ فریقوں سے تعلقات:

متعلقہ فریقوں کے ساتھ لین دین کا موازنہ غیر کنٹرول شدہ قیمت کے طریقہ کار کو استعمال کرتے ہوئے طے شدہ قیمت کے مطابق کیا جاتا ہے۔ سوائے ان لین دین کے جو غیر معمولی حالات میں خاص طور پر بورڈ سے منظور شدہ ہوں۔

ڈیویڈنڈ اور تصرفات:

پچھلے برسوں کے مجموعی خسارے کی وجہ سے نہ تو ڈیویڈنڈ اور نہ ہی بونس حصص دینے کا اعلان کیا، تاہم نقصان کا تصرف ذیل کے تحت کیا گیا ہے۔

کوائف	31 دسمبر 2023ء (پاکستانی روپے)
نقصان بعد از ٹیکس ادائیگی	(3,593,816,761)
تصرفات	--
قانونی ذخائر میں منتقلی	--
ایم ایس ڈی ایف / ڈی پی ایف / آرایم ایف میں شراکت	--
غیر تصرف شدہ خسارہ آگے لایا گیا	(7,378,859,482)
غیر تصرف شدہ خسارہ آگے لے جایا گیا	(10,972,676,243)

ممبران کے لیے ڈائریکٹرز رپورٹ

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

کیٹیگری	نام
خود مختار ڈائریکٹر	جناب عبدالعزیز خان
	مس طاہرہ رضا (مستعفی)
نان ایگزیکٹو ڈائریکٹرز	جناب محمد اکرم شاہد (چیئرمین)
نان ایگزیکٹو ڈائریکٹرز	جناب عماد محمد طاہر
نان ایگزیکٹو ڈائریکٹرز	جناب محمد اصغر
نان ایگزیکٹو ڈائریکٹرز	جناب محمد سلیم شیخ
نان ایگزیکٹو ڈائریکٹرز	سید راحت علی شاہ (مستعفی)
نان ایگزیکٹو ڈائریکٹرز	جناب شاہد حسن
ایگزیکٹو ڈائریکٹرز	جناب وجاہت ملک

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

آڈٹ کمیٹی:

☆ جناب عبدالعزیز خان (چیئرمین)

☆ جناب محمد اصغر

☆ جناب عماد محمد طاہر

☆ جناب محمد سلیم شیخ

☆ سید راحت علی شاہ (مستعفی)

ہیومن ریسورس اینڈ ریمونریشن کمیٹی:

☆ مس طاہرہ رضا (چیئر پرسن)

☆ جناب وجاہت ملک

☆ جناب عماد محمد طاہر

☆ جناب محمد سلیم شیخ

ممبران کے لیے ڈائریکٹرز رپورٹ

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 گورننس اور سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے کارپوریٹ اینڈ فنانشل رپورٹنگ فریم ورک کے ساتھ تعمیل کی تصدیق کی ہے۔

☆ بینک انتظامیہ کی جانب سے تیار کردہ مالیاتی گوشوارہ منصفانہ طور پر بینک کے معاملات کی صورت حال، سرگرمیوں کے نتائج، زیر گردش نقدی اور ایکٹیوٹی میں تبدیلیاں پیش کرتا ہے۔

☆ 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 اپرووڈ اکاؤنٹنگ سٹینڈرڈ کے مطابق تیار کئے گئے ہیں۔ اپرووڈ اکاؤنٹنگ سٹینڈرڈ میں یہ شامل ہیں۔ انٹرنیشنل فنانشل رپورٹنگ سٹینڈرڈ (IFRSs) جو کہ انٹرنیشنل اکاؤنٹنگ سٹینڈرڈ بورڈ IASB کے جاری کردہ ہیں، کمپنیز ایکٹ 2017ء، مائیکرو فنانس انسٹیٹیوٹ آرڈیننس 2001ء، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) اور اسٹیٹ بینک آف پاکستان کے جاری کردہ قواعد و ضوابط کے تحت منظور شدہ ہیں، بصورت انٹرنیشنل فنانشل رپورٹنگ سٹینڈرڈ (IFRSs) کے قواعد اگر کمپنیز ایکٹ 2017ء کی ضروریات مائیکرو فنانس انسٹیٹیوٹ آرڈیننس 2001ء یا سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور اسٹیٹ بینک آف پاکستان کے جاری کردہ قواعد و ضوابط/ ہدایات میں اختلاف ہو، اس صورت میں کمپنیز ایکٹ 2017ء میں ضروریات، مائیکرو فنانس انسٹیٹیوٹ آرڈیننس 2001ء یا SECP اور SBP کے جاری کردہ قواعد و ضوابط لاگو ہوں گے۔

☆ انٹرنل کنٹرول نظام کا ڈھانچہ کارآمد ہے اور موثر طریقے سے کام کر رہا ہے۔ انٹرنل کنٹرول 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 انٹرنل کنٹرول 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 وقتاً فوقتاً آزادانہ طور پر مشاورتی ملاقاتیں کرتا ہے۔ مزید برآں پورے سال مسلسل مالی پیشین گوئی اور بجٹ کنٹرول کے ذریعے کارکردگی کی نگرانی کی جاتی ہے۔

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

☆ گورنمنٹ ڈپوٹی یا ٹیکس کی مد میں بینک پر کوئی بھی عیسٹ واجب الادا نہیں ہے۔

☆ ڈائریکٹرز کے تربیتی پروگراموں کی تفصیل، کوڈ آف کارپوریٹ گورننس کے ساتھ سٹینڈنٹ آف کمپلائنس میں دی گئی ہے۔

☆ نان ایگزیکٹو ڈائریکٹرز بشمول خود مختار ڈائریکٹرز بورڈ اور بورڈ کمیٹیوں کے اجلاسوں میں شرکت کے لئے اجرت اور لاجسٹک اخراجات کے اہل ہیں جیسا کہ بورڈ آف ڈائریکٹرز نے منظور کیا ہے۔

کارپوریٹ گورننس:

بینک لمیٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) کے ضوابط 2019ء کے اہم تقاضوں کی تعمیل کر رہا ہے۔ انتظامیہ کی جانب سے بیانیہ اور آڈیٹرز کی جائزہ رپورٹ سالانہ رپورٹ کے ساتھ منسلک ہے۔ ڈائریکٹرز کو باب XII کے تحت مطلوبہ درج ذیل بیانات دینے پر خوشی ہے۔

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

مرد: 08

خاتون: 01

ممبران کے لیے ڈائریکٹرز رپورٹ

انتظامیہ کو آج کے بینکنگ ماحول میں ڈیجیٹل بینکنگ خدمات کا بھی احساس ہے۔ گزشتہ برسوں میں بینک نے اپنی رسائی کو بڑھانے اور بینک سے محروم آبادی کی ضروریات کو پورا کرنے کے لئے انٹرنیٹ بینکنگ اور موبائل بینکنگ قائم کی تھی۔ اس ڈیجیٹائزیشن کے عمل کا پہلا مرحلہ مکمل ہو چکا ہے۔ ہماری ڈیجیٹل تبدیلی کے اگلے مرحلے میں ریگولیٹری تقاضوں کی تکمیل کے بعد درج ذیل چیزیں شامل ہوں گی۔

☆ برانچ لیس بینکنگ خدمات جیسا کہ ”مرچنٹ پورٹل“ اور ”موبائل والٹ“

☆ متعدد سکیموں اور ادائیگی کارڈز کی اقسام

☆ پوائنٹ آف سیل (POS) ایکوائزنگ برنس

☆ بورڈنگ پریڈیجیٹل طور پر فوری گاہک

ڈیجیٹائزیشن کے ان اقدام سے نہ صرف سماجی فاصلے کے کچھ کو فروغ ملے گا، بلکہ آپریشنل اور برانچ کی سطح پر اخراجات کم کرتے ہوئے بینک کی رسائی میں توسیع ہوگی۔ ہمارا اولین مقصد ایک ایسا ٹیکنالوجی پاور ہاؤس بنانا ہے جو ادائیگیوں کی صنعت کی ضروریات کو پورا کرے گا اور بینک کے کاروبار کو بڑھائے گا۔ پاکستان کے مائیکرو فنانس سیکٹر کو بینکنگ انڈسٹری میں ایک اہم کھلاڑی کے طور پر تسلیم کیا جاتا ہے۔ بینک صارفین کے اعلیٰ مطالبات کو پورا کرتے ہوئے آبادی کے غیر بینک شدہ حصے کو مالی خدمات فراہم کرنے کے لئے کوشاں ہے۔

موجودہ ٹیکنالوجی کو استعمال کرتے ہوئے بینک نئی اور موجودہ مارکیٹوں میں آگے بڑھنے کے لئے کاروبار کے مختلف طریقے تخلیق کرنے جا رہا ہے۔ بینک ریگولیٹری تقاضوں کی تعمیل کے بعد زیادہ آمدنی پیدا کرنے اور زیادہ کسٹمرز اور تعلقات کو مضبوط بنانے کے لئے مندرجہ ذیل چیزوں پر توجہ دینا ضروری ہے:

(i) برانچ لیس بینکنگ فریم ورک:

برانچ لیس بینکنگ متعارف کرا کر ہم جسمانی طور پر پھیلے بغیر گاہک کی پہنچ بڑھا سکتے ہیں، اس سے نہ صرف کسٹمرز میں اضافہ ہوگا، بلکہ برانچ لیس بینکنگ ایجنٹس کے ذریعے ہونے والے تمام لین دین پر محصولات کی آمدنی بہتر ہوگی۔

(ii) متعدد سکیموں اور ادائیگی کارڈز کی اقسام کا اجرا:

ہمارے ادائیگی سوئچ میں متعدد قسم کے کارڈ جاری کرنے کی صلاحیت ہے اس سے گاہک کی بنیاد میں بھی اضافہ ہو سکتا ہے۔ لین دین کے ذریعے بھی محصولات کے ذرائع پیدا کئے جاسکتے ہیں۔

(iii) پوائنٹ آف سیل (POS) ایکوائزنگ برنس:

اسٹیٹ بینک آف پاکستان اور نئی صنعت کی حرکات کے مطابق پی او ایس ممکنہ محصولات کے ذرائع میں سے ایک ہے، ہمارے ادائیگی سوئچ میں پی او ایس نیٹ ورک کی بڑی تعداد کو منظم کرنے کی صلاحیت ہے، لیکن اس کے پاس کاروبار کے حصول کا بنیادی ڈھانچہ قائم کرنے کی لاگت ہے، فی الحال کوئی بھی مائیکرو فنانس بینک پی او ایس کے حصول کے کاروبار میں نہیں ہے۔ پی او ایس کے حصول کے تعارف کے ساتھ ہمیں ابتدائی امور کا فائدہ ہو سکتا ہے۔

(iv) بورڈنگ پریڈیجیٹل طور پر فوری گاہک:

ہمارے پاس ڈیجیٹل طور پر گاہک کو آگاہ کرنے کی صلاحیت ہے، اس سے نہ صرف گاہک کی آن بورڈنگ کی لاگت میں کمی آئے گی، بلکہ گاہک کی بنیاد میں اضافہ ہوگا، جس کے نتیجے میں محصولات کی آمدنی زیادہ ہوگی۔ ہم نے بینک کے قرض دینے کے نظام میں مسلسل شفافیت کو یقینی بنانے کے لئے اپنے نئے جدید ترین کریڈٹ اور انفارمیشن سسٹم کی بہتری کے لئے کوششیں جاری رکھیں گے۔ مزید بینک زیادہ کوریج اثاثوں کی کارکردگی اور پیداواری صلاحیت کے ذریعے اپنے منافع کو بہتر بنانے کی حکمت عملی پر عملدرآمد کرے گا۔

کریڈٹ ریٹنگ:

پاکستان کریڈٹ ریٹنگ ایجنسی لمیٹڈ (PACRA) نے بینک کے منفی مستقبل کے لائحہ عمل کے تناظر میں بینک کی لاگت ٹرم ریٹنگ ٹریبل بی منفی (-BBB) اور شارٹ ٹرم ریٹنگ اے فور (A4) مقرر کی ہے۔ (PACRA) نے یہ ریٹنگ اپنی اسٹیٹمنٹ میں 27 جولائی 2023ء کو جاری کی ہے۔

کاروباری سماجی ذمہ داری:

ہم کاروباری سماجی ذمہ داری (CSR) 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 اس چیز کا اہم حصہ ہے، ہم اپنی کاروباری کامیابی کو صرف مالیاتی معیار کے لحاظ سے نہیں مانتے، بلکہ اپنے صارفین کا اطمینان اور وہ طبقہ جس کو ہم خدمات فراہم کرتے ہیں اس کو بھی مد نظر رکھتے ہیں۔

ممبران کے لیے ڈائریکٹرز رپورٹ

مستقبل کا لائحہ عمل:

بینک کو سال کے دوران 3,594 ملین پاکستانی روپے کا نقصان ہوا (4,489:2022 ملین پاکستانی روپے) اور سال کے آخر میں اس کا جمع شدہ نقصان 10,973 ملین پاکستانی روپے تھا (1,739:2022 ملین پاکستانی روپے) اس کے نتیجے میں خالص اثاثے 6,641 ملین پاکستانی روپے سے منفی ہوئے۔ (4,047:2022)۔ بینک نے مائیکرو فنانس بینکوں کے لئے پروڈینشل ریگولیشنز 2014ء کی کم از کم سرمائے کی ضروریات (MCR) اور کیپٹل ایڈیکلیسی ریشو (CAR) کی ضروریات کو پورا نہیں کیا۔ ایک جاری تشویش کے طور پر جاری رکھنا اور اس کے لئے بینک اپنے اثاثوں کا ادراک کرنے اور کاروبار کے ماحول کے دوران اپنی ذمہ داریوں کو ادا کرنے کے قابل نہیں ہو سکتا۔ انتظامیہ نے بینک کو درپیش مالی اور آپریشنل مشکلات سے نمٹنے کے لئے ایک جامع کثیر جہتی منصوبہ تیار کیا ہے اور اس پر عمل پیرا ہیں۔

یہ منصوبہ قابل عمل ہے اور اس کا نفاذ بینک پر اثر انداز ہونے والے منفی عوامل کو موثر طریقے سے کم کرنے کا جو کہ منصوبے کے اہم عناصر میں شامل ہے۔

اسپانسر کی طرف سے عزم اور مزید ایکویٹی کو شامل کرنا:

اسپانسر نے بینک کو اس کی موجودہ مشکلات سے نجات دلانے کے لئے اپنے غیر متزلزل عزم کا مظاہرہ کیا ہے۔ دسمبر 2023ء میں انہوں نے اضافی ایک ارب روپے شامل کئے جبکہ ان کی سابقہ سرمایہ کاری 350 ملین پاکستانی روپے شیئر ڈیپازٹ منی تھی۔ مزید برآں انہوں نے بینک کی انتظامیہ کو تعاون کا ایک رسمی خط جاری کیا ہے، جس میں آنے والے سالوں میں مزید فنڈ فراہم کرنے کا وعدہ کیا ہے۔

یہ اضافی فنڈنگ نہ صرف بینک کو اپنے وعدوں کو پورا کرنے کے قابل بنائے گا، بلکہ اپنے ایڈوانس پورٹ فولیو کو بڑھانے کے لئے بھی بااختیار کرے گا، جس سے مارک اپ آمدنی میں اضافہ ہوگا اور مالیائی پوزیشن میں بہتری آئے گی۔

سکیورڈ ایڈوانس پورٹ فولیو میں اضافہ:

اسپانسر کی طرف سے اضافی ایکویٹی انجکشن کے بعد بینک اپنے سکیورڈ پورٹ فولیو بڑھانے کو ترجیح دے رہا ہے۔ ایڈوانس پورٹ فولیو میں نمایاں اضافے سے بینک کو اپنی مارک اپ آمدنی میں اضافہ کرنے، مارک اپ کے اخراجات اور دیگر اخراجات کو پورا کرنے اور بالآخر بینک کی مالی حالت کو بہتر بنانے کا۔

نان پرفارمنگ ایڈوانس کی وصولی:

نان پرفارمنگ ایڈوانس بڑی حد Covid-19 وبائی مرض کے بعد غیر معمولی معاشی بدحالی کا نتیجہ رہی، جو قرض لینے والوں کے قابو سے باہر تھی۔ بینک نے پہلے ہی آج کی تاریخ تک خاطر خواہ پروویژن ریکارڈ کی ہے اور اس لئے مستقبل میں اضافی پروویژن کی توقع نہیں ہے۔ انتظامیہ ان نان پرفارمنگ ایڈوانس کی وصولی کے بارے میں پُر امید ہے اور ان کی وصولی کے لئے سرگرم عمل ہے۔ قابل ذکر بات یہ ہے کہ بینک نے سال کے بعد کامیابی سے 117.06 ملین پاکستانی روپے وصول کئے ہیں۔ یہ وصولیاں نہ صرف متعلقہ دفعات کو تبدیل کر کے بینک کے مالی منافع کو بہتر بنائے گی بلکہ بینک ان وصول شدہ فنڈ کو استعمال کر کے اپنے سکیورڈ ایڈوانس پورٹ فولیو کو مزید وسعت دینے کے قابل بنائے گی۔

ڈیپازٹس کی کاسٹ کو کم کرنا:

انتظامیہ کارپوریٹ صارفین کے ذخائر کی زیادہ مقدار کو کرنٹ اکاؤنٹس میں راغب کرنے، مسابقتی مراعات اور اختراعی مصنوعات متعارف کرانے کے لئے حکمت عملیوں پر عمل درآمد کر رہی ہے۔ اس نقطہ نظر سے بینک کے کرنٹ اکاؤنٹس میں نمایاں اضافہ متوقع ہے۔ نتیجے کے طور پر انتظامیہ کو ڈیپازٹس کی لاگت میں کمی کی توقع ہے جس سے بینک کی مجموعی مالی کارکردگی اور منافع پر مثبت اثر پڑے گا۔

آپریٹنگ کی اصلاح اور لاگت میں کمی:

بینک اپنی برانچ کی کارروائیوں کو بہتر بنانے کے لئے سٹریٹجک اقدامات پر عمل درآمد کر رہا ہے جس میں لاگت کو موثر طریقے سے کنٹرول کرنے کے لئے غیر سٹریٹجک برانچوں کی بندش شامل ہے۔ اس کے نتیجے میں برانچوں کی تعداد 111 سے کم ہو کر 91 ہو گئی ہے، جس سے لاگت میں نمایاں بچت ہوئی ہے، جو مستقبل کے ادوار میں ظاہر ہوگی۔ مزید برآں انتظامیہ کی توجہ بینک کی آپریشنل کارکردگی پر سمجھوتہ کیے بغیر انتظامی اخراجات کو ہموار کرنے پر مرکوز ہے۔ توقع کی جاتی ہے کہ ان اقدامات سے بینک کی مالی کارکردگی پر مثبت اثر پڑے گا، جس سے اس کے مجموعی منافع میں اضافہ ہوگا۔

انتظامیہ کا خیال ہے کہ تمام عناصر نے بینک کو مکمل طور پر متاثر کیا ہے جس کے نتیجے میں منفی خالص اثاثے اور کم از کم سرمائے کی ضروریات (MCR) اور کیپٹل ایڈیکلیسی ریشو (CAR) کی عدم تعمیل ہوئی ہے اور اب کے بعد سے بینک کی طرف سے اٹھائے جانے والے اقدامات کے نتائج سامنے آئیں گے۔ انتظامیہ آنے والے سالوں میں اپنے مثبت اثرات کو ظاہر کرنا شروع کر دے گی۔ انتظامیہ کو یقین ہے کہ اس کے منصوبے پر عمل درآمد کے ساتھ، وہ تمام منفی، مالی اور آپریشنل عوامل پر قابو پانے میں کامیاب ہو جائے گا اور بینک ایک جاری تشویش کے طور پر جاری رکھنے کے قابل ہو جائے گا۔

ممبران کے لیے ڈائریکٹرز رپورٹ

ٹیکنالوجی کا خطرہ:

یہ خطرہ ہے کہ بینک شائد ٹیکنالوجی میں آنے والی ترقی اپنانے میں اور بہتر سروس دینے میں ناکام رہے، بڑھتی ہوئی مقابلے بازی اور صارفین کی متحرک ضروریات کا کامیاب حل فراہم کرنے میں ٹیکنالوجی کی اہمیت مزید بڑھتی جا رہی ہے۔ اس شعبے میں جدت کی کمی اور بڑھتی ہوئی ترقی کی وجہ سے مستقبل میں ہم کاروباری حریفوں کے ہاتھوں اعتماد کھو بیٹھیں گے۔ اس خطرے کا ایک اور پہلو یہ ہے کہ اس کے الیکٹرانک سسٹم میں رکاوٹ سے بینک کو نقصان ہو سکتا ہے۔

انٹرنیٹ اور موبائل بینکاری میں جدید ترین تکنیکی ترقی کو شامل کرنے کے لئے بینک نے اس سال کے دوران اپنے آئی ٹی سسٹم کو آپ ڈیٹ کیا ہے۔ مزید برآں سسٹم آڈٹ محکمہ باقاعدگی سے نگرانی کی نشاندہی کر رہا ہے اور کسی بھی غیر معمولی واقعات اور کمزوریوں کی اطلاع بینک کے انفارمیشن سسٹم کو دیتا ہے۔

تعمیل اور ریگولیشن کا خطرہ:

قانونی یا باقاعدہ پابندیوں، مادی فعالی نقصان کسی بینک کو اس کی بینکاری سرگرمیوں پر لاگو قوانین، ضوابط اور ضابطہ اخلاق کی تعمیل کرنے میں ناکامی کے نتیجے میں دوچار ہونا پڑ سکتا ہے۔ مذکورہ خطرے کو کم کرنے کے لئے Compliance ڈویژن ذمہ دار رہنما اصولوں اور انضباطی اداروں کے ذریعے جاری کردہ ہدایات کے ساتھ بینک کی بروقت تعمیل کو یقینی بنانا ہے۔

لیکویڈیٹی کا خطرہ:

یہ خطرہ ہے کہ بینک فنڈز کی عدم دستیابی کی وجہ سے بروقت اپنے معاہدے کی ذمہ داریوں کو پورا نہ کر سکے۔ انتظامیہ وقتاً فوقتاً دستیاب لیکویڈیٹی کا جائزہ لیتی رہتی ہے۔ فنڈز کی مستقل نگرانی کی جاتی ہے تاکہ ان کو بہترین لیکویڈیٹی کی سطح پر برقرار رکھا جاسکے۔ بینک انتہائی لیکویڈ سیکورٹیز کا خاطر خواہ پورٹ فولیو بھی برقرار رکھتا ہے، جس کو لیکویڈیٹی کے دباؤ کی صورت میں استعمال کیا جاسکتا ہے۔

انفارمیشن سیکورٹی کا خطرہ:

یہ نقصان اندرونی اور بیرونی خطرات کی وجہ سے ہو سکتا ہے۔ جسے اہم مالی اعداد و شمار تک رسائی، حساس صارفین کی معلومات، اہم خدمات کی عدم فراہمی، موکلوں کی نقالی اور معلومات میں رد و بدل، مالی معاملات اور بینک کے حساس الیکٹرانک ڈیٹا اور آئی ٹی سسٹم کا نقصان شامل ہیں۔ آئی ٹی سیکورٹی رسک مینجمنٹ یونٹ آئی ٹی سیکورٹی رسک مینجمنٹ کے لئے ریگولیشن کی ضروریات کو کم کرنے کے لئے اس فریم ورک کو برقرار رکھتے ہیں جو بینک کی انتظامیہ اور عمل کو قابل قبول سطح پر آئی ٹی سیکورٹی خطرات کو کم کرنے کے قابل بناتا ہے۔

ساکھ کا خطرہ:

وہ نقصان جو بینک، اس سے وابستہ کسی بھی شخص یا اس کے عہدیداروں کی جانب سے اختیار کی گئی سرگرمی، کارروائی یا موقف سے پیدا ہو سکتا ہے، جو اس کے ایک یا ایک سے زیادہ اسٹیک ہولڈرز کے ساتھ اس کی تصویر کو خراب کر سکتا ہے، جس کے نتیجے میں کاروبار ختم ہو سکتا ہے اور ایسا بینک کے حصص کی قیمت میں کمی واقع ہو سکتی ہے۔ ساکھ کے خطرہ کو کم کرنے کے لئے بینک کے اندر مختلف ڈیپارٹمنٹس کا کام بینک کی سرگرمیوں کا جائزہ لینا ہے تاکہ ہر وقت بینک کے مفادات کا تحفظ کیا جاسکے۔

ماحولیاتی خطرہ:

بینک یا اس کے گاہکوں کی آپریشنل سرگرمیوں سے پیدا ہونے والی عدم روانی، اخراج، فضلات، کیمیائی اخراج، وسائل میں کمی وغیرہ سے ماحول اور جاندار پر برے اثرات کے حقیقی یا ممکنہ خطرات شامل ہیں۔

مذکورہ بالا خطرات اور یقینی صورت حال کے اثرات کا مقابلہ کرنے کے لئے بینک اندرونی اور بیرونی سطح پر کوشش کر رہا ہے۔

غیر یقینی صورتحال جو بینک کے وسائل، محصولات اور کارروائی کو متاثر کر سکتی ہے:

مندرجہ ذیل عوامل ممکنہ طور پر بینک کے وسائل، محصولات کی کارروائیوں کی متاثر کر سکتے ہیں:-

- ☆..... کیپٹل انجیکشن
- ☆..... ڈسکاؤنٹ ریٹ اور معالیاتی پالیسی سے متعلق فیصلے
- ☆..... ڈپوزٹس پر شرح سود میں ترمیم
- ☆..... جغرافیائی، سیاسی خطرات اور جغرافیہ میں غیر یقینی صورتحال جس میں ہم کام کرتے ہیں
- ☆..... امن و امان کی صورتحال
- ☆..... مقامی حکومت کے قواعد و ضوابط
- ☆..... افراط زر، ایندھن اور عام اشیاء کی قیمتیں
- ☆..... کارپوریٹ ٹیکسیشن پر اقدامات

ممبران کے لیے ڈائریکٹرز رپورٹ

گزشتہ سال 2022ء کے 4,489 ملین پاکستانی روپے (نقصان بعد از ٹیکس) کے مقابلے میں موجودہ سال بینک نے 3,594 ملین پاکستانی روپے کا نقصان ظاہر کیا۔ بینک کی ایکویٹی (بعد از نقصانات) منفی 6,641 ملین پاکستانی روپے رہی، موجودہ سال کے لئے فی حصص خسارہ 8.38 روپے ریکارڈ کیا گیا، جبکہ پچھلے سال فی حصص خسارہ 10.47 روپے تھا۔

بینک کی سرمایہ کاری نیٹ آف پروویژن 1,254 ملین پاکستانی روپے رہا جو کہ پچھلے سال 31 دسمبر 2022ء کو 2,466 ملین پاکستانی روپے تھا۔ اس نقصان کے اہم شراکت داروں میں سے ایک سال کے دوران 1,312 ملین کا پروویژن چارج ہے۔ یہ پروویژن بنیادی طور پر پورٹ فولیو سے متعلق ہے جسے اسٹیٹ بینک آف پاکستان (SBP) نے غیر فعال کیا تھا، نتیجتاً ایڈوائس بعد از پروویژن 31 دسمبر 2023ء کو 6,591 ملین پاکستانی روپے رہا جو کہ پچھلے سال 8,354 ملین پاکستانی روپے تھا، جس میں 21 فیصد کمی نوٹ کی گئی۔ سال 2023 کے آخر میں بینک کی ایڈوائسز ٹو ڈیپازٹ ریٹو 51.7 فیصد رہی 2022ء میں 53.4 فیصد تھی۔ 31 دسمبر 2023ء تک بینک کا مجموعی NPL تناسب (گراس ایڈوائسز کے لئے مجموعی نان پرفارمنگ لونز) بڑھ کر 41.1 فیصد ہو گیا جو کہ 31 دسمبر 2022ء کو 38.5 فیصد ریکارڈ کیا گیا تھا۔

بنیادی طور پر یہ اضافہ مجموعی ایڈوائسز 452 ملین پاکستانی روپے کی کمی سے منسوب ہے۔ انتظامیہ نے اس پورٹ فولیو کے حوالے سے ریکوری اور ری اسٹرکچرنگ کی حکمت عملی وضع کی ہے اور اس پر عمل درآمد کیا ہے اور کافی حد تک نان پرفارمنگ ایڈوائسز کی وصولی میں کامیابی حاصل کی ہے۔ انتظامیہ مستقبل میں مزید ریکوری کے لئے پُر امید ہے جس کے نتیجے میں پروویژن میں کمی آئے گی اور بینک کی مالی حالت بہتر ہوگی۔ 31 دسمبر 2023ء تک بینک کا ڈیفنڈ ٹیکس اثاثہ (نیٹ) کل 1,700 ملین تھا۔ موجودہ سال میں بینک نے کوئی اضافی ڈیفنڈ ٹیکس اثاثہ تسلیم نہیں کیا گیا ہے بیرونی آئیڈیٹرز مستقبل میں قابل ٹیکس منافع کی دستیابی کے امکان کو مد نظر رکھتے ہوئے موثر ٹیکس اثاثوں کو 1,700 ملین تک محدود کرتے ہیں جس کے خلاف کٹوتی عارضی اختلافات کو استعمال کیا جائے گا۔ بینک کے کل اثاثہ جات گزشتہ سال 19,587 ملین پاکستانی روپے کی رقم کے مقابلے میں کم ہو کر 31 دسمبر 2023ء کو 17,020 ملین پاکستانی روپے رہے۔ سال کے آخر میں کل ڈیپازٹس اور دیگر اکاؤنٹس 31 دسمبر 2022ء تک 22,606 ملین پاکستانی روپے کے مقابلے میں 22,450 ملین پاکستانی روپے رہے۔ کافی کمی کے ساتھ، سال کے دوران خالص مارک اپ / سود کی آمدنی 204 ملین کے ساتھ منفی رہی، جبکہ اس کے مقابلے میں پچھلے سال مثبت 666 ملین پاکستانی روپے رہی۔ غیر مارک اپ / سود کی آمدنی میں اضافہ ہوا اور پچھلے سال کے 170 ملین PKR کے مقابلے میں 212 ملین PKR رہی۔ بینک نے مہنگائی اور روپے کی قدر میں کمی کے باوجود اپنے انتظامی اخراجات کو احتیاط کے ساتھ سنبھالنا جاری رکھا اور 1 فیصد کا معمولی اضافہ ریکارڈ کیا اور کل نان مارک اپ اخراجات 2,261 ملین PKR رہے، جو پچھلے سال کے 2,232 ملین PKR تھے۔

بنیادی خطرات اور غیر یقینی صورتحال:

ڈائریکٹرز مندرجہ ذیل کو اہم خطرات تصور کرتے ہیں:

شرح سود:

پچھلے سال کے مقابلے میں شرح سود میں نمایاں اضافہ ہوا ہے، مارکیٹ میں بڑھتی ہوئی شرح اور بینک کے سودی پیریڈ کے مابین تعلق، بینک کے مجموعی منافع کے لئے خطرے کا باعث بنے گا۔ ایسٹ اور لائیبیلیٹی کمیٹی (ALCO) کے ذریعے بینک کی شرح سود کے خطرے کی نگرانی کی جاتی ہے، جو وقتاً فوقتاً بینک کے دیئے گئے قرضہ جات کی شرح ڈیپازٹ پراڈکٹ پر نظر رکھتا ہے اور اس بات کو یقینی بناتا ہے کہ کسٹمرز کو برقرار رکھا جاسکے اور شرح سود کے پیریڈ کو زیادہ سے زیادہ بڑھایا جاسکے۔ کریڈٹ کا خطرہ:

صارفین کے ذریعے ڈیفالٹ سے منسلک خطرہ بینک کے لئے ایک خاص خطرہ ہے۔ مارکیٹ میں اپنا حصہ 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۔ قرضوں کی وضع کی گئی حکمت عملی کے حصے کے طور پر انتظامیہ نے گزشتہ ادوار کے دوران اپنے کریڈٹ کنٹرول کے طریقہ کار کو پوری طرح سے بہتر بنایا ہے۔ انتظامیہ تمام کریڈٹ خطرات کو مکمل طور پر کور کرنے کو یقینی بناتے ہوئے ایک بہتر کریڈٹ پورٹ فولیو کو برقرار رکھنے کے لئے پُر عزم ہے۔

قابل شفاف کی برقراری:

انسانی وسائل کی اہمیت عالمی سطح پر تسلیم کی جاتی ہے۔ تاہم مائیکرو فنانس کے شعبے میں مسلسل بڑھتی ہوئی مقابلے بازی کی وجہ سے قابل اور ہنرمند شفاف کی برقراری مشکل ہوتی چلی جا رہی ہے۔ انتظامیہ کام کے صحیح ماحول کی فراہمی کے لئے پُر عزم ہے، جو ہمارے ملازمین کو کارآمد بنائے گا۔ اس کا مقصد ترقی کی ثقافت کو فروغ دینا ہے، جو نہ صرف قابلیت کو نوازتا ہے، بلکہ ورک فورس کو بھی ترقی کرنے کی اجازت دیتا ہے۔

ممبران کے لیے ڈائریکٹرز رپورٹ

”اپنا مائیکروفنانس بینک لمیٹڈ“ کے ڈائریکٹرز انتہائی مسرت کے ساتھ بینک کی 31 دسمبر 2023ء کو ختم ہونے والے مالی سال کے لئے اپنی رپورٹ بمعہ آڈٹڈ مالیاتی اسٹیٹمنٹ اور اس پر آڈیٹرز رپورٹ پیش کر رہے ہیں۔

معاشی جائزہ:

عالمی معیشت کی بلند افراط زر، سپلائی چین میں رکاوٹوں اور مرکزی بینکوں کی طرف سے مالیاتی سختی کے پیچھے جدوجہد کرتی رہی جو عالمی اقتصادی سرگرمیوں میں تیزی سے کمی کا باعث بنی۔

گھریلو محاذ پر متعدد مشکلات جیسے بڑھتی ہوئی افراط زر، کرنسی کی تیزی سے قدر میں کمی اور درآمدی پابندیاں ملک کے اندر اقتصادی سرگرمیوں میں کمی کا باعث بنیں۔ 2023ء میں پاکستان نے 29.7 فیصد (YOY) کی بے مثال افراط زر کی شرح کا تجربہ کیا، جس کی وجہ خوراک، گیس، بجلی اور ایندھن کی قیمتوں میں اضافہ ہوا۔ گزشتہ سال سیلاب کی تباہ کاریوں اور ریکارڈ توڑ مہنگائی نے نچلے متوسط طبقے کو مزید غربت میں دھکیل دیا ہے اور ان کی ادائیگی کی صلاحیت کو براہ راست متاثر کیا۔

اسٹیٹ بینک آف پاکستان نے جون 2023ء میں مسلسل افراط زر کے بڑھنے سے پالیسی ریٹ کو 22 فیصد تک لے گیا۔ سال 2023ء کے دوران بیچ مارک سود کی شرح میں تیزی سے 600 فیصد میں پوائنٹس (16 فیصد سے 22 فیصد) اضافہ کیا گیا، جس کے ساتھ اعلیٰ افراط زر کا مقابلہ کرنا اور آئی ایم ایف کی فنڈنگ کو غیر مقفل کرنا تھا جس کی وجہ سے مسلسل مالیاتی سختی اقتصادی سرگرمیوں میں مزید سست روی کا باعث بنی ہے۔

پچھلے سال دسمبر 2023ء کے آخر میں PKR282 پر بند ہونے والے USD کے مقابلے میں پاکستانی روپے کی قدر میں تیزی سے کمی دیکھی گئی ہے اس قدر میں کمی کی بنیادی وجہ ادائیگیوں کی کمزور صورتحال اور ملک میں عدم سیاسی استحکام رہا ہے۔

2023ء کے دوران ملک کے اندر سماجی و اقتصادی انتشار نے معاشی حالات کو مزید بگاڑ دیا جو مائیکروفنانس انڈسٹری سمیت تمام شعبوں کے لئے اہم چیلنجز کا باعث بنا رہا۔ سیاسی عدم استحکام اور کم ہونے سے زرمبادلہ کے ذخائر نے مشکل ماحول میں حصہ ڈالا۔ ان اہم چیلنجز کے باوجود مستقبل کے معاشی نقطہ نظر پر امید ہے۔ مالی سال 2024ء کی پہلی ششماہی کے دوران کرنٹ اکاؤنٹ نے مالی سال 2024ء کی پہلی ششماہی کے لئے USD83.1 بلین پاکستانی روپے کا خسارہ پوسٹ کیا جبکہ گزشتہ سال 3.6 بلین امریکی ڈالر کا خسارہ تھا۔ اسی طرح برآمدات میں 7.5 فیصد اضافہ ہوا اور یہ 15.3 بلین امریکی ڈالر ریکارڈ کی گئی موجودہ سال میں مہنگائی میں کمی کو بھی نوٹ کیا تاہم SBP نے حوالہ دیا ہے کہ جبکہ افراط زر میں کمی آئی ہے، توانائی کے نرخوں میں خاطر خواہ اضافے کی وجہ سے کمی کی رفتار پہلے کی توقع سے کم ہے۔

پرنسپل سرگرمی، ترقی اور مالی کارکردگی:

بینک ایک پبلک لمیٹڈ بینک کے طور پر بنا اور اس کے حصص پاکستان اسٹاک ایکسچینج پر درج ہیں۔ بینک کا اہم کاروبار مائیکروفنانس انشورنس آرڈیننس 2001ء کے تحت غربت کو کم کرنے کے نظریے سے معاشرے کے غریب اور پسماندہ طبقے کو اور مائیکروفنانس بینکنگ اور اس سے متعلقہ خدمات مہیا کرنا ہے۔

31 دسمبر 2023ء کو ختم ہونے والے سال کے دوران بینک کی مالیاتی کارکردگی مندرجہ ذیل ہے:

کوائف	31 دسمبر 2023ء آڈٹڈ (پاکستانی روپے)	31 دسمبر 2022ء آڈٹڈ (پاکستانی روپے)	% تبدیلی
فراہم کیا گیا ایڈوانس (پروٹن کے بعد)	6,590,855,560	8,354,266,042	-21%
ڈپازٹس و دیگر اکاؤنٹس	22,449,764,944	22,606,344,550	-1%
مارک اپ آمدنی	2,526,908,227	2,265,996,265	12%
مارک اپ خرچ	2,731,115,695	1,600,191,347	71%
انتظامی اخراجات	2,261,434,587	2,232,257,861	1%
نقصان بعد از ٹیکس ادائیگی	3,593,816,761	4,489,363,903	-20%

MEETINGS OF **THE BOARD**

From January 1, 2023 to December 31, 2023

Name of Directors	Meetings Held	Meetings Attended
Mr. Muhammad Akram Shahid	1	1
Mr. Imad Mohammad Tahir	1	1
Mr. Muhammad Saleem Shaikh	1	1
Mr. Mohammad Asghar	1	1
Syed Rahat Ali Shah	1	1
Mr. Shahid Hassan	1	1
Mr. Abdul Aziz Khan	1	1
Ms. Tahira Raza	1	1
Mr. Wajahat Malik	1	1

MEETINGS OF **THE AUDIT COMMITTEE**

From January 1, 2023 to December 31, 2023

Name of Directors	Meetings Held	Meetings Attended
Mr. Abdul Aziz Khan, Chairman	1	1
Mr. M. Saleem Sheikh, Member	1	1
Mr. Mohammad Asghar, Member	1	1
Syed Rahat Ali Shah, Member	1	1
Mr. Imad Muhammad Tahir, Member	1	1

STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (Code of Corporate Governance) Regulations, 2019 (the Regulations)

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

Year ending: **December 31, 2023**

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: 1

2. The composition of the Board of Directors (the Board) is as follows:

Category	Number of Directors	Names
a) Independent Directors	2	Mr. Abdul Aziz Khan Ms. Tahira Raza
b) Non-Executive Directors	6	Mr. Muhammad Akram Shahid Mr. Imad Mohammad Tahir Syed Rahat Ali Shah Mr. Muhammad Saleem Shaikh Mr. Mohammad Asghar Mr. Shahid Hassan
c) Executive Director	1	Mr. Wajahat malik
d) Female Director	1	Ms. Tahira Raza

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Bank.
4. The Bank has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the bank along with its supporting policies and procedures.
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Bank. The Board has ensured that complete record of particulars of significant policies along with the date of approval or updating is maintained by the Bank.
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 Companies Act, 2017 (the Act) and the 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 the 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 the Regulations.
9. The following directors have certifications under the Directors' Training program (DTP):
 - Mr. Muhammad Akram Shahid
 - Mr. Muhammad Saleem Shaikh
 - Mr. Mohammad Asghar
 - Ms. Tahira Raza
 - Syed Rahat Ali Shah
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. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board.

STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

12. The Board has formed following committees comprising of the members as detailed below:

a) Audit Committee	
Mr. Abdul Aziz Khan	Chairman
Mr. Muhammad Asghar	Member
Mr. Imad Mohammad Tahir	Member
Mr. Muhammad Saleem Shaikh	Member
Syed Rahat Ali Shah	Member
b) Executive Committee	
Mr. Muhammad Akram Shahid	Chairman
Mr. Shahid Hassan	Member
Mr. Mohammad Asghar	Member
Mr. Imad Mohammad Tahir	Member
Ms. Tahira Raza	Member
c) Human Resource and Remuneration Committee	
Ms. Tahira Raza	Chairperson
Mr. Wajahat Malik	Member
Mr. Imad Mohammad Tahir	Member
Syed Rahat Ali Shah	Member
Mr. Muhammad Saleem Shaikh	Member
d) Risk Management Committee	
Mr. Muhammad Asghar	Chairman
Mr. Muhammad Akram Shahid	Member
Mr. Wajahat Malik	Member
Mr. Abdul Aziz Khan	Member
Syed Rahat Ali Shah	Member
e) Monitoring Committee	
Mr. Muhammad Asghar	Chairman
Mr. Imad Mohammad Tahir	Member
Mr. Abdul Aziz Khan	Member
Syed Rahat Ali Shah	Member
Mr. Muhammad Saleem Shaikh	Member
Ms. Tahira Raza	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 of the committees above referred was as under,
- | | |
|----------------------------------|-------------|
| a) Audit Committee | Quarterly |
| b) Executive Committee | Half yearly |
| c) HR and Remuneration Committee | Half yearly |
| d) Risk Management Committee | Half yearly |
| e) Monitoring Committee | Half yearly |
15. The Board has set up an effective internal audit function, which are considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Bank.
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 Institute of Chartered Accountants of Pakistan (ICAP) and registered with Audit Oversight Board of Pakistan, 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 and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary of director of the Bank.
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.

STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (Code of Corporate Governance) Regulations, 2019 (the Regulations)

18. We confirm that all requirements 3,7,8,32,33 and 36 of the regulations have been complied with except the following.

- the number of independent directors of the Company are less than one third of the total number of directors;
- only one meeting of the Board and audit committee were held during the year.

19. Explanation for non-compliance with requirements, other than regulations 3,6,7,8,27,32,33 and 36 are submitted.

- Certain remaining policies will be developed in due course;
- Formation of nomination committee is under consideration;
- Directors Training Program will be arranged in due course for remaining directors and other executives; and
- The post of Head of Internal Audit vacant which will be fulfilled in due course.

For Apna Microfinance Bank Ltd.



Muhammad Akram Shahid
Chairman

Date: May 29, 2024

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Apna Microfinance Bank Limited

Review Report on the Statement of Compliance contained in the Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors (the Board) of Apna Microfinance Bank Limited (the Bank) for the year ended December 31, 2023 in accordance with the requirements of Regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board 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.

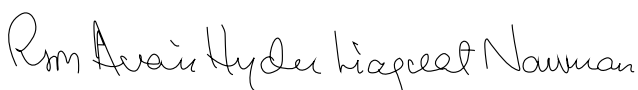
As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal control, 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 for their review and approval, its related party transactions. 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 upon recommendation of the Audit Committee.

Based on our review, 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 requirements contained in the Regulations as applicable to the Bank for the year ended December 31, 2023.

Further, we highlight below an instance of non-compliance with a requirement of Regulations as reflected in the paragraph reference mentioned below where the same is stated in Statement of Compliance:

Sr. No.	Paragraph Reference	Description
1.	18	The number of independent directors were less than one third of total number of directors.
2.	18	Only one meeting of the Board and audit committee were held during the year.



RSM AVAIS HYDER LIAQUAT NAUMAN
CHARTERED ACCOUNTANTS

Engagement partner: Syed Naveed Abbas

Place: Lahore

Date: May 29, 2024

UDIN: CR202310239RalbnU5ci

ETHICS AND **BUSINESS PRACTICES**

All employees of Apna Microfinance Bank Limited, hereafter called AMLB, are required to follow a Code of Conduct, 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 AMLB, 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 documents; violation of safety/health rules; insider trading; parallel banking; money laundering and any act detrimental to the Bank's business.

ETHICS AND **BUSINESS PRACTICES**

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.

ETHICS AND **BUSINESS PRACTICES**

- Only officially designated spokesperson, as provided under the Bank's Media Policy, may provide comments about the Bank to the media.

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 Conduct & Ethics' by any employee, may lead to disciplinary proceedings culminating in punishment as per merits of the case.



Chairman

Lahore

Date: May 29, 2024

PATTERN OF SHAREHOLDING

As on 31 December 2023

Number of Shareholders	Shareholding		Total Shares Held
	From	To	
286	1	100	2,668
79	101	500	34,456
17	501	1000	15,835
30	1001	5000	84,019
2	5001	10000	15,500
2	10001	15000	21,689
2	15001	20000	37,115
3	20001	25000	71,902
1	55001	60000	60,000
1	95001	100000	100,000
1	210001	215000	211,833
1	255001	260000	257,687
1	320001	325000	324,992
1	375001	380000	375,939
1	400001	405000	402,500
1	1160001	1165000	1,160,607
1	2465001	2470000	2,465,500
1	2995001	3000000	3,000,000
1	3325001	3330000	3,326,687
1	5240001	5245000	5,242,088
1	6965001	6970000	6,967,050
1	7320001	7325000	7,323,501
1	8460001	8465000	8,462,237
1	8615001	8620000	8,618,522
1	20530001	20535000	20,532,691
1	22255001	22260000	22,259,577
1	55150001	55155000	55,151,688
1	82980001	82985000	82,980,672
1	199475001	199480000	199,478,007
442			428,984,962

CATEGORIES OF SHAREHOLDERS

As at December 31, 2023

Categories of Shareholders	Name	Number of Shares	Percentage %
Directors, Chief Executive Officer their Spouse(s) & Minor Children.			
	Syed Rahat Ali Shah	500	
	Muhammad Asghar	500	
	Abdul Aziz Khan	500	
	Muhammad Saleem Shaikh	500	
	Shahid Hussain	20,533,191	
	Nasarullah Khan	5,242,588	
	Muhammad Akram Shahid	22,259,577	
	Imad Mohammad Tahir	55,151,688	
	SUB TOTAL	103,189,044	24.05
Associated Companies, Undertaking and Related Parties			
	The United Insurance Company Of Pakistan Ltd	199,478,007	
	United Track System (Pvt) Limited	82,980,672	
	United Software And Technologies Internation (Pvt) Limited	11,052,688	
	Mr. Anas Mohammad Tahir	8,618,522	
	Saudi Pak Insurance Company Limited	8,462,237	
	Tawasul Healthcare Tpa (Private) Limited	6,967,050	
	Tawasul Risk Management Service	2,465,500	
	Sub-Totals	320,024,676	74.60
Joint Stock Companies, insurance companies and others			
	JS Global Capital Limited	4,000	
	Sarfaz Mehmood (Pvt.) Limited	500	
	Pakistan Stock Exchange Limited	59	
	Maple Leaf Capital Limited	1	
	SUB TOTAL	4,560	0.00
General Public - Local			
	General Public - Local	5,766,682	1.34
	GRAND TOTAL	428,984,962	100.00

CATEGORIES OF SHAREHOLDERS

as at December 31, 2023

Shareholder's Category	Number of Shareholders	Number of Shares	Percentage %
Directors, Chief Executive Officer their Spouse(s) & Minor Children.	7	103,189,044	24.05
Associated Companies, Undertakings & Related Parties.	8	320,024,676	74.60
Joint Stock Companies, insurance companies and others	4	4,560	0.00
General Public	423	5,766,682	1.34
TOTAL	442	428,984,962	100.00


SHAREHOLDERS HOLDING 10% OR MORE VOTING RIGHTS

Name, Father's Name & Address of Shareholder(s)	Holding	Percentage %
The United Insurance Company Of Pakistan Ltd	199,478,007	46.50
United Track System (Pvt) Limited	82,980,672	19.34
Imad Mohammad Tahir	55,151,688	12.86

MAJOR LOANS **PRODUCTS**



**APNA
AGRI LOAN**



**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**

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

Opinion

We have audited the annexed financial statements of Apna Microfinance Bank Limited (the Bank), which comprise the balance sheet as at December 31, 2023, and the statement profit and loss account, the statement of comprehensive income, the statement of changes in equity, the cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the balance sheet, the statement profit and loss account, the statement of comprehensive income, the statement of changes in equity and the cash flow statement together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), the Microfinance Institutions Ordinance, 2001 and the directives issued by the Securities and Exchange Commission of Pakistan (SECP) and the State Bank of Pakistan (SBP) in the manner so required and respectively give a true and fair view of the state of the Bank's affairs as at December 31, 2023 and of the loss, the comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Material Uncertainty relating to Going Concern – Emphasis of matters

We draw attention towards Note 1.2 to the financial statements which states that the Bank has incurred loss amounting to Rs. 3,594 million (2022: Rs. 4,489 million) during the year and as at the year end, its accumulated loss was Rs. 10,973 million (2022: Rs. 7,379 million). This has resulted in negative net assets of Rs. 6,641 million (2022: Rs. 4,047 million).

The Bank is facing problems in recovery of unsecured non-performing advances. These events and conditions, along with other matters as set forth in the said note, indicate a material uncertainty that may cast significant doubt on the Bank's ability to continue as a going concern. The Bank's ability to continue as a going concern is subject to successful implementation of the plan as disclosed in the said note and support from the sponsors. Realization of deferred tax asset of Rs. 1,700 million also depends on the Bank's ability to continue as a going concern. Our opinion is not modified with respect to these matters.

Key Audit Matters

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

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

INDEPENDENT **AUDITORS' REPORT**

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

INDEPENDENT **AUDITORS' REPORT**

2)	Deposits and other accounts and related mark-up expense	
	<p>Refer note 13 and 17 to the financial statements.</p> <p>Deposits and other accounts represent major part of liabilities of the bank and related mark-up expense is also significant.</p> <p>Considering the materiality of this account balance and nature of activities of the Bank, these deposits and other accounts were considered as a Key Audit Matter.</p>	<p>Our audit procedures, included, amongst others, the following procedures:</p> <ul style="list-style-type: none"> - obtained an understanding of the design and implementation of the accounting and internal control systems relevant to deposits and other accounts; - obtained party-wise detail of all these deposit accounts; - balance confirmation requests and reminders were sent to the selected parties; - the responses received were compared with the information as per financial record of the bank; - alternate audit procedures were performed to verify the balances where no reply was received in response to our balance confirmation requests; - calculation of mark-up on selected sample was re-performed; - Disclosures related to these accounts in the financial statements were checked;

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

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Bank's ability to continue as a going

INDEPENDENT **AUDITORS' REPORT**

concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

We also provide to 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.

INDEPENDENT **AUDITORS' REPORT**

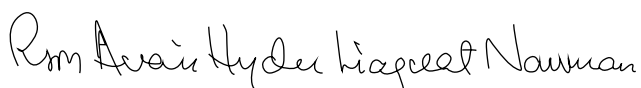
From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes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

Report on Other Legal and Regulatory Requirements

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

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

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



RSM AVAIS HYDER LIAQUAT NAUMAN
CHARTERED ACCOUNTANTS

Place: Lahore

Date: May 29, 2024

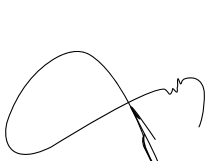
UDIN: AR202310239zaHhknBRP

BALANCE SHEET

As at 31 December 2023

	Note	2023 Rupees	2022 Rupees
ASSETS			
Cash and balances with SBP and NBP	5	2,003,589,450	1,720,318,818
Balances with other banks/NBFIs/MFBs	6	2,388,034,342	2,236,767,029
Investments - net of provisions	7	1,253,744,740	2,466,243,246
Advances - net of provisions	8	6,590,855,560	8,354,266,042
Operating fixed assets	9	809,093,371	905,888,333
Right of use assets	10	404,201,211	478,513,372
Other assets	11	1,870,083,936	1,725,479,702
Deferred tax asset	12	1,700,000,000	1,700,000,000
Total Assets		17,019,602,610	19,587,476,542
LIABILITIES			
Deposits and other accounts	13	22,449,764,944	22,606,344,550
Lease Liabilities	14	510,706,239	543,145,813
Other liabilities	15	699,933,482	484,971,476
Total Liabilities		23,660,404,665	23,634,461,839
NET ASSETS		(6,640,802,055)	(4,046,985,297)
REPRESENTED BY:			
Share capital	25	4,289,849,620	4,289,849,620
Capital reserves			
Discount on issue of shares		(1,335,963,831)	(1,335,963,831)
Share deposit money	26	1,350,390,279	350,390,276
Statutory reserve		22,078,496	22,078,496
Depositors' protection fund		5,519,624	5,519,624
Revenue reserve			
Unappropriated loss		(10,972,676,243)	(7,378,859,482)
Total Capital		(6,640,802,055)	(4,046,985,297)
MEMORANDUM/OFF-BALANCE SHEET ITEMS	27	-	-

The annexed notes 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 2023

	Note	2023 Rupees	2022 Rupees
Mark-up / Return / Interest Earned	16	2,526,908,227	2,265,996,265
Mark-up / Return / Interest Expensed	17	(2,731,115,695)	(1,600,191,347)
Net mark-up/Interest (loss) / Income		(204,207,468)	665,804,918
Provision against Non-performing loans and advances	18	(1,311,581,077)	(3,535,765,376)
Recovery against bad debts written off		6,577,137	56,961,055
Net mark-up/Interest loss after provisions		(1,305,003,940)	(3,478,804,321)
		(1,509,211,408)	(2,812,999,403)
NON MARK-UP/NON INTEREST INCOME			
Fee, commission and brokerage income		154,042,505	126,156,713
Other Income	19	58,027,559	44,393,553
Total non mark-up / non interest income		212,070,064	170,550,266
		(1,297,141,344)	(2,642,449,137)
NON MARK-UP/NON INTEREST EXPENSES			
Administrative expenses	20	(2,261,434,587)	(2,232,257,861)
Other charges	22	(1,728,946)	(1,273,059)
Total non mark-up / non interest expenses		(2,263,163,533)	(2,233,530,920)
Loss for the year before taxation		(3,560,304,877)	(4,875,980,057)
Provision for taxation			
- Current	23	(33,511,884)	(29,901,912)
- Deferred		-	416,518,066
		(33,511,884)	386,616,154
Loss for the year		(3,593,816,761)	(4,489,363,903)
Accumulated loss brought forward		(7,378,859,482)	(2,889,495,579)
Total Accumulated loss		(10,972,676,243)	(7,378,859,482)
APPROPRIATIONS OF PROFIT:			
Transfer to:			
Statutory reserve		-	-
Contribution to Depositors' Protection Fund		-	-
		-	-
Accumulated loss carried forward		(10,972,676,243)	(7,378,859,482)
(Loss) per share - Basic and diluted	24	(8.38)	(10.47)

The annexed notes 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 2023

Note	2023 Rupees	2022 Rupees
LOSS FOR THE YEAR	(3,593,816,761)	(4,489,363,903)
Other comprehensive income	-	-
Total comprehensive loss for the year	(3,593,816,761)	(4,489,363,903)

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



President / CEO



Chief Financial Officer



Chairman



Director



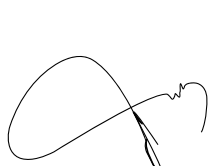
Director

CASH FLOW STATEMENT

For the year ended 31 December 2023

	Note	2023 Rupees	2022 Rupees
A) CASH FLOW FROM OPERATING ACTIVITIES			
Loss for the year before taxation		(3,560,304,877)	(4,875,980,057)
Adjustments for non-cash charges			
Depreciation of operating fixed assets		90,746,320	96,141,321
Depreciation on right of use assets		246,966,148	173,158,135
Amortization of intangible assets		9,478,133	8,583,928
Provision against non-performing advances		1,311,581,077	3,535,765,376
Markup on lease liabilities		53,437,238	58,732,988
Gain on disposal of right of use asset		(2,280,916)	-
Gain on disposal of operating fixed asset		(1,632,163)	(404,282)
		1,708,295,837	3,871,977,466
Operating cash flow before working capital changes		(1,852,009,040)	(1,004,002,591)
Changes in working capital			
(Increase) / Decrease in operating assets			
Advances		451,829,406	(384,324,699)
Other assets		(68,819,127)	499,956,373
		383,010,279	115,631,674
Increase / (Decrease) in operating liabilities			
Deposits		(156,579,606)	522,627,301
Other liabilities		214,962,006	848,950
		58,382,400	523,476,251
Income tax paid		(109,296,991)	(74,728,506)
Net cash flow from operating activities		(1,519,913,352)	(439,623,172)
B) CASH FLOW FROM INVESTING ACTIVITIES			
Investments realized / (made) in securities		1,212,498,506	(1,206,383,987)
Additions in operating fixed assets		(4,814,328)	(36,800,048)
Repayment of lease liabilities		(256,249,884)	(233,831,521)
Proceeds from disposal of operating fixed assets		3,017,000	2,810,730
Net cash flow from investing activities		954,451,294	(1,474,204,826)
C) CASH FLOW FROM FINANCING ACTIVITIES			
Share deposit money received		1,000,000,003	-
Re-payment of demand finance		-	(472,722)
Net cash flow from financing activities		1,000,000,003	(472,722)
Increase/(decreases) in cash and cash equivalents (A+B+C)		434,537,945	(1,914,300,720)
Cash and cash equivalents at the beginning of the year		3,957,085,847	5,871,386,567
Cash and cash equivalents at the end of the year	21	4,391,623,792	3,957,085,847

The annexed notes 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 2023

	Share Capital	Capital Reserves				Revenue Reserve	Total
		Discount On Issue Of Shares	Share Deposit Money	Statutory Reserve	Depositors' Protection Fund		
	Rupees						
Balance as at January 01, 2022	4,289,849,620	(1,335,963,831)	350,390,276	22,078,496	5,519,624	(2,889,495,579)	442,378,606
Total comprehensive loss for the year							
Loss for the year	-	-	-	-	-	(4,489,363,903)	(4,489,363,903)
Other comprehensive income	-	-	-	-	-	-	-
	-	-	-	-	-	(4,489,363,903)	(4,489,363,903)
Balance as at December 31, 2022	4,289,849,620	(1,335,963,831)	350,390,276	22,078,496	5,519,624	(7,378,859,482)	(4,046,985,297)
Total comprehensive loss for the year							
Loss for the year	-	-	-	-	-	(3,593,816,761)	(3,593,816,761)
Other comprehensive income	-	-	-	-	-	-	-
Share deposit money received during the year	-	-	1,000,000,003	-	-	(3,593,816,761)	(3,593,816,761)
	-	-	1,000,000,003	-	-	-	1,000,000,003
Balance as at December 31, 2023	4,289,849,620	(1,335,963,831)	1,350,390,279	22,078,496	5,519,624	(10,972,676,243)	(6,640,802,055)

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

							
President / CEO		Chairman		Director		Director	

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

1 STATUS AND NATURE OF BUSINESS

1.1 Apna Microfinance Bank Limited (the Bank) was incorporated on May 08, 2003 as a public limited Company under the repealed Companies Ordinance, 1984 updated by 'the Companies Act, 2017' (the Companies Act). The Bank was granted certificate of commencement of business on December 28, 2004 and started its operations on January 01, 2005. Its shares are listed on Pakistan Stock Exchange Limited. The Bank's principal business is to provide microfinance services to the poor and underserved segment of the society as envisaged under the Microfinance Institutions Ordinance, 2001. The Bank has been operating at national level in Pakistan. The Bank has 106 business locations comprising of 105 branches and 1 service centers (2022: 113 business locations comprising of 111 branches and 2 service centers). Its registered office is situated at K-4/3 and 4/4, Ch. Khaliq-uz-Zaman Road, Gizri, Karachi in the Province of Sindh and its head office is situated at 23 - A, Sundar Das Road, Zaman Park, Lahore, in the Province of Punjab. Detail of business locations of the Bank is given in Note 28.

1.2 The Bank has incurred loss for the year amounting to Rs. 3,594 million (2022: Rs. 4,489 million) and as at year end, its accumulated loss was Rs. 10,973 million (2022: Rs. 7,379 million). This has resulted in negative net assets of Rs. 6,641 million (2022: 4047). The Bank has been non-compliant with Minimum Capital Requirements (MCR) and Capital Adequacy Ratio (CAR) requirements of Prudential Regulations for Microfinance Banks, 2014. There has been material uncertainty related to events and conditions which may cast significant doubt about the Bank's ability to continue as a going concern and, therefore the Bank may not be able to realize its assets and discharge its liabilities in the normal course of business.

The management has devised and is executing a comprehensive, multi-faceted plan to tackle the financial and operational challenges facing the Bank. This plan is viable and its implementation will effectively mitigate the adverse factors impacting the Bank. Key elements of the plan include:

(a) Commitment by the Sponsors and Injection of Further Equity

The Sponsors have demonstrated their unwavering commitment to rescuing the Bank from its current difficulties. In December 2023, they injected an additional Rs. 1 billion, building on their previous investment of Rs. 350 million in share deposit money. Furthermore, they have issued a formal letter of support to the Bank's management, pledging to provide additional funding in the coming years. This incremental funding will not only enable the Bank to meet its maturing commitments but also empower it to expand its advances portfolio, leading to increased markup income and improved financial position.

(b) Increasing Secured Advances Portfolio

Following the additional equity injection by the sponsors, the Bank is prioritizing the expansion of its secured advances portfolio. Significant growth in our advance's portfolio will enable the Bank to significantly increase its markup income, covering markup costs and other expenses, and ultimately improving financial position of the Bank.

(c) Recovery of Non-Performing Advances

The non-performing advances were largely a consequence of the unprecedented economic downturn following the Covid-19 pandemic, which was beyond the borrowers' control. The Bank has already made substantial provisions to date, and therefore, significant additional provisions are not anticipated in future periods. Management is optimistic about the recoverability of these non-performing advances and is proactively pursuing their recovery. Notably, the Bank has successfully recovered Rs. 117.06 million subsequently. These recoveries will not only enhance the Bank's financial results through the reversal of related provisions but will also enable the Bank to further expand its secured advances portfolio by utilizing these recovered funds.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

(d) Reducing Cost of Deposits

The management is proactively implementing strategies to attract a higher volume of corporate customer deposits into current accounts, offering competitive incentives and introducing innovative products. This approach is expected to yield a significant increase in current accounts with the Bank. As a result, the management anticipates a reduction in the cost of deposits, leading to a positive impact on the Bank's overall financial performance and profitability.

(e) Optimization of Operations and Reduction of Costs

The Bank is implementing strategic measures to optimize its branch operations, including the closure of non-productive and non-strategic branches, to effectively control costs. As a result, the number of branches has been reduced from 105 to 91 subsequently, yielding significant cost savings, which will be reflected in the future periods. Additionally, the management is focused on streamlining administrative expenses without compromising the Bank's operational efficiency. These initiatives are expected to have a positive impact on the Bank's financial performance, enhancing its overall profitability.

The management believes the all-adverse elements have fully impacted the Bank resulting in negative net assets and non-compliance with Minimum Capital Requirements (MCR) and Capital Adequacy Ratio (CAR) and from now onward, the results of the measures being taken by the management will start reflecting their positive impact in the years to come. The management is confident that with the implementation of its plan, it will be able to overcome all adverse financial and operational factors and the Bank will be able to continue as a going concern.

2 BASIS OF PRESENTATION

2.1 Statement of compliance

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

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

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

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

2.4 Critical accounting estimates and judgements

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

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

- Classification and valuation of investments (Note 4.5 & 7)
- Provision against non-performing advances (Note 4.6 & 8)
- Residual values and useful lives of assets and methods of depreciation/amortization (Note 4.10 & 9)
- Recognition of current and deferred taxation (Note 4.13, 11 & 12)

3 STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS

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

The following standards, amendments to standards and interpretations have been effective and are mandatory for financial statements of the Company for the periods beginning on or after January 01, 2023 and therefore, have been applied in preparing these financial statements.

i) IAS 1 – Presentation of Financial Statements

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

- an entity is now required to disclose its material accounting policy information instead of its significant accounting policies;
- several paragraphs are added to explain how an entity can identify material accounting policy information and to give examples of when accounting policy information is likely to be material;
- the amendments clarify that accounting policy information may be material because of its nature, even if the related amounts are immaterial;
- the amendments clarify that accounting policy information is material if users of an entity’s financial statements would need it to understand other material information in the financial statements; and
- the amendments clarify that if an entity discloses immaterial accounting policy information, such information shall not obscure material accounting policy information.

In addition, IFRS Practice Statement 2 has been amended by adding guidance and examples to explain and demonstrate the application of the ‘four-step materiality process’ to accounting policy information in order to support the amendments to IAS 1. Once the entity applies the amendments to IAS 1, it is also permitted to apply the amendments to IFRS Practice Statement 2.

Application of these amendments do not have any significant impact on disclosures in the Company’s financial statements.

ii) IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors

The IASB has published ‘Definition of Accounting Estimates’ to help entities to distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates is replaced with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

The IASB clarifies that a change in accounting estimate that results from new information or new developments is not the correction of an error. In addition, the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.

Application of these amendments did not have any significant impact on the Company's financial statements.

iii) IAS 12 – Income Taxes

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

The IASB has issued amendments to provide a temporary exception to the requirements regarding deferred tax assets and liabilities related to pillar two income taxes. The amendments introduce an exception to the requirements in the standard that an entity does not recognise and does not disclose information about deferred tax assets and liabilities related to the Organisation for Economic Co-operation and Development (OECD) pillar two income taxes.

Application of these amendments did not have any significant impact on the Company's financial statements.

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

There are certain new standards, amendments to standards and interpretations that became effective during the year and are mandatory for accounting periods of the Company beginning on or after January 01, 2023 but are considered not to be relevant to the Company's operations and are, therefore, not disclosed in these financial statements.

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

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

i) IAS 1 – Presentation of Financial Statements

The IASB has issued 'Classification of Liabilities as Current or Non-current (Amendments to IAS 1)' providing a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendments in Classification of Liabilities as Current or Non-current (Amendments to IAS 1) affect only the presentation of liabilities in the statement of financial position – not the amount or timing of recognition of any asset, liability income or expenses, or the information that entities disclose about those items. They:

- clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the "right" to defer settlement by at least twelve months and make explicit that only rights in place "at the end of the reporting period" should affect the classification of a liability;
- clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability; and

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

- make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.
- The IASB has further modified the requirements introduced by ‘Classification of Liabilities as Current or Non-current’ on how an entity classifies debt and other financial liabilities as current or non-current in particular circumstances. Only covenants with which an entity is required to comply on or before the reporting date affect the classification of a liability as current or non-current. In addition, an entity has to disclose information in the notes that enables users of financial statements to understand the risk that non-current liabilities with covenants could become repayable within twelve months.
- The amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2024. The amendments are to be applied retrospectively in accordance with IAS 8. Application of these amendments is not expected to have any significant impact on the Company’s financial statements.

ii) IAS 7 – Statement of Cash Flows and IFRS 7 – Financial Instruments: Disclosures

The IASB has published ‘Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)’ to add disclosure requirements, and ‘signposts’ within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangements. The amendments in Supplier Finance Arrangements:

- Do not define supplier finance arrangements. Instead, the amendments describe the characteristics of an arrangement for which an entity is required to provide the information. The amendments note that arrangements that are solely credit enhancements for the entity or instruments used by the entity to settle directly with a supplier the amounts owed are not supplier finance arrangements.

Add two disclosure objectives, Entities will have to disclose in the notes information that enables users of financial statements:

- to assess how supplier finance arrangements affect an entity’s liabilities and cash flows, and;
- to understand the effect of supplier finance arrangements on an entity’s exposure to liquidity risk and how the entity might be affected if the arrangements were no longer available to it.
- Complement current requirements in IFRSs by adding to IAS 7 additional disclosure requirements about:
 - the terms and conditions of the supplier finance arrangements;
 - for the arrangements, as at the beginning and end of the reporting period:
 - a) the carrying amounts of financial liabilities that are part of the arrangement and the associated line item presented;
 - b) the carrying amount of financial liabilities disclosed under a) for which suppliers have already received payment from the finance providers;
 - c) the range of payment due dates (for example, 30 to 40 days after the invoice date) of financial liabilities disclosed under a) and comparable trade payables that are not part of a supplier finance arrangement; and
 - the type and effect of non-cash changes in the carrying amounts of the financial liabilities that are part of the arrangement.

The IASB decided that, in most cases, aggregated information about an entity’s supplier finance arrangements will satisfy the information needs of users of financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

- Add supplier finance arrangements as an example within the liquidity risk disclosure requirements in IFRS 7.

An entity applies these amendments for annual reporting periods beginning on or after 1 January 2024. Application of these amendments is not expected to have any significant impact on the Company's financial statements.

iii) IFRS 16 Leases

The IASB has issued amendments for 'Lease Liability in Sale and Leaseback' that clarify how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for sale.

As these amendments require a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss that relates to the right of use it retains. The new requirements do not prevent a seller-lessee from recognising in profit or loss any gain or loss relating to the partial or full termination of a lease. The amendments also include one amended and one new illustrative example.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024. Application of these amendments is not expected to have any significant impact on the Company's financial statements.

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

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

3.5 Standards issued by IASB but not applicable in Pakistan

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

IFRS 1 - First-time adoption of International Financial Reporting Standards
 IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information
 IFRS S2 Climate-related Disclosures

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

The State Bank of Pakistan (SBP), vide BPRD circular no. 7, dated April 13, 2023, deferred the applicability of IFRS-9 'Financial Instrument' till annual periods beginning on or after January 01, 2024. Previously the application of IAS 39 'Financial Instrument Recognition and Measurement' and IAS 40 'Investment Property' were also deferred by SBP. According to the notification of SECP issued vide SRO 411 (1)/2008 dated April 28, 2008, IFRS 7, Financial Instrument: Disclosures has not been made applicable for banks. Accordingly, the requirements of these standards have not have considered in the preparation of these financial statements. However, investments have been classified and valued in accordance with the requirements of various circulars issues by the SBP. SBP has also extended the preparation of annual / interim financial statements on revised formats to the first quarter of 2024

4 MATERIAL ACCOUNTING POLICY INFORMATION

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

NOTES TO THE **FINANCIAL STATEMENTS**

For the year ended 31 December 2023

4.1 Financial instruments

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

4.2 Offsetting of financial assets and financial liabilities

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

4.3 Derivative financial instruments

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

4.4 Cash and cash equivalents

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

4.5 Investments

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

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

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

Held-for-trading

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

Held-to-maturity

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

NOTES TO THE **FINANCIAL STATEMENTS**

For the year ended 31 December 2023

Available-for-sale

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

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

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

4.6 Advances

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

4.7 Receivables

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

4.8 Payables

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

4.9 Deposits

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

4.10 Operating fixed assets

Property and equipment

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

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

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

Capital work-in-progress

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

Intangible assets

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

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

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

4.11 Leases

Lease Liabilities

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

Right of use

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

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

Lease term

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

Incremental borrowing rate

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

4.12 Impairment

Financial Assets

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

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

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

NOTES TO THE **FINANCIAL STATEMENTS**

For the year ended 31 December 2023

Non-Financial Assets

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

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

4.13 Taxation

Current

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

Deferred

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

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

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

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

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

4.14 Provisions

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

4.15 Employee benefits

Defined contribution plan

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

4.16 Revenue recognition

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

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

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

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

4.17 Deferred grants

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

4.18 Related party transactions

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

4.19 Foreign currency transactions

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

4.20 Earnings per share

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

4.21 Statutory Reserve

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

4.22 Depositors' Protection Fund

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

	Note	2023 Rupees	2022 Rupees
5 CASH AND BALANCES WITH SBP AND NBP			
Cash in hand - local currency		824,441,042	733,700,930
Balance with State Bank of Pakistan	5.1	1,118,619,880	983,829,309
Balance with National Bank of Pakistan in:			
Current Account		60,513,105	2,788,579
Deposit Account	5.2	15,423	-
		2,003,589,450	1,720,318,818

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

5.2 This carries mark-up rate at 20.50% per annum (2022: 14.50%).

	Note	2023 Rupees	2022 Rupees
6 BALANCES WITH OTHER BANKS/NBFIs/MFBs			
In Pakistan			
- In current accounts		39,697,501	33,165,647
- In deposit accounts	6.1	2,348,336,841	1,703,601,382
- Certificates of deposits	6.2	-	500,000,000
		2,388,034,342	2,236,767,029

6.1 These carry mark-up rates ranging from 17.40% to 23.50% per annum (2022: 14.50% to 17.40% per annum).

6.2 This represented placement with a financial institution (2022: different financial institutions) carrying mark-up at the rate of 17% per annum (2022: 17.00% per annum). The certificate is due to mature within one year (2022: within one year) from the date of placement.

	Note	2023 Rupees	2022 Rupees
7 INVESTMENTS-NET OF PROVISIONS			
Federal Govt. Securities:			
- Market Treasury Bills - (Held to maturity)	7.1	1,153,824,740	2,366,323,246
Silk Bank Limited - Term Finance Certificate (TFC's) - (Held to maturity)	7.2	99,920,000	99,920,000
		1,253,744,740	2,466,243,246

7.1 This represents T-Bills issued for periods of three to six months. These carry yields ranging from 15.60% to 23.00% per annum (2022: 15.60% to 16.93% per annum). These securities have an aggregate face value of Rs. 1,180 million (2022: Rs. 2,420 million).

7.2 This represents investment in 20,000 units in TFC's issued by Silk Bank Limited. The investment will mature on August 10, 2025. It carries mark-up at the rate of 6 months KIBOR plus 1.85% per annum (2022: 6 months KIBOR plus 1.85% per annum).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

	Note	2023		2022	
		No. of Loans Outstanding	Rupees	No. of Loans Outstanding	Rupees
8 ADVANCES - NET OF PROVISIONS					
Micro credits					
- Secured			6,301,502,661		6,401,229,070
- Unsecured			5,314,625,779		5,666,728,775
	8.1	101,713	11,616,128,440	109,616	12,067,957,845
Gross advances (brought forward)			11,616,128,440		12,067,957,845
Less: Provision held:					
- Specific	8.2.1	61,347	4,857,714,132	46,545	3,546,133,055
- General			167,558,748		167,558,748
			5,025,272,880		3,713,691,803
Advances - net of provisions			6,590,855,560		8,354,266,042

8.1 Advances are secured by personal guarantees and advances amounting to Rs. 4,329.453 million (2022: Rs. 3,927.319 million) are further secured against gold.

8.2 Particulars of non-performing advances

	Note	2023 Rupees	2022 Rupees
Specific non-performing advances		1,566,525,274	1,163,226,086
Other non-performing advances		3,210,130,534	3,477,414,293
	8.2.1	4,776,655,808	4,640,640,379

8.2.1 Specific non-performing advances

Category of Classification	2023			2022		
	Principal Amount Outstanding	Provision Required	Provision Held	Principal Amount Outstanding	Provision Required	Provision Held
	-----Rupees-----			-----Rupees-----		
OAEM	11,583,946	-	-	21,056,590	-	-
Sub-standard	11,366,357	2,841,589	2,841,589	16,583,885	4,145,971	4,145,971
Doubtful	35,119,202	17,559,601	17,559,601	55,739,229	27,869,615	27,869,615
Loss	4,718,586,303	4,718,586,303	4,837,312,942	4,547,260,675	4,547,117,084	3,514,117,469
	4,776,655,808	4,738,987,493	4,857,714,132	4,640,640,379	4,579,132,670	3,546,133,055

8.2.2 Particulars of provision against non-performing advances

	2023			2022		
	Specific	General	Total	Specific	General	Total
	-----Rupees-----			-----Rupees-----		
Opening balance	3,546,133,055	167,558,748	3,713,691,803	324,528,039	167,558,748	492,086,787
Charge for the year	1,311,581,077	-	1,311,581,077	3,221,605,016	-	3,221,605,016
Closing balance	4,857,714,132	167,558,748	5,025,272,880	3,546,133,055	167,558,748	3,713,691,803

NOTES TO THE **FINANCIAL STATEMENTS**

For the year ended 31 December 2023

	Note	2023 Rupees	2022 Rupees
9 OPERATING FIXED ASSETS			
Property and equipment	9.1	639,645,049	722,096,878
Intangible assets	9.2	157,473,033	166,951,166
Advances to suppliers / contractors	9.3	11,975,289	16,840,289
		809,093,371	905,888,333

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

9.1.2 Detail of 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:

2023							
Particulars	Cost	Accumulated Depreciation	Written down value	Sales Proceeds	Gain/(Loss) on Disposal of Fixed Asset	Mode of disposal	Particulars of Buyer
Rupees							
Toyota Corolla LEC 5091	1,679,850	(456,920)	1,222,930	2,435,000	1,212,070	Negotiation	Mr. Faisal Hussain & Mr. Liaquat
Suzuki Bolan CU-1512	1,348,400	(1,244,686)	103,714	545,000	441,286	Negotiation	Mr. Muhammad Imran
Total	3,028,250	(1,701,606)	1,326,644	2,980,000	1,653,356		
Rupees							
2022							
Particulars	Cost	Accumulated Depreciation	Written down value	Sales Proceeds	Gain/(Loss) on Disposal of Fixed Asset	Mode of disposal	Particulars of Buyer
Rupees							
Suzuki Mehran	765,000	(109,013)	655,987	630,000	(25,987)	Bank policy	Mr. Fahad Mairaj (Employee)
Suzuki Cultus	1,278,050	(431,981)	846,069	1,690,000	843,931	Negotiation	Mr. Imran
Perkins 12KVA Generator	1,145,995	(561,888)	584,107	325,000	(259,107)	Negotiation	M/S N.J merchant and company
Total	3,189,045	(1,102,882)	2,086,163	2,645,000	558,837		

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

	Note	2023 Rupees	2022 Rupees
9.2 Intangible assets			
Computer Software			
Cost		246,551,459	246,551,459
Accumulated amortization		(89,078,426)	(79,600,293)
Written down value		157,473,033	166,951,166
9.2.1 Reconciliation of written down value			
Balance at the beginning of the year		166,951,166	169,968,839
Additions during the year		-	5,566,255
Amortization charge for the year		(9,478,133)	(8,583,928)
Balance at the end of the year		157,473,033	166,951,166

9.2.1.1 Amortization rate: 5% per anum

9.2.2 Intangibles assets include assets with cost of Rs. 35.684 million (2022: Rs. 35.684 million) which are fully amortized and still in use.

	Note	2023 Rupees	2022 Rupees
9.3 Advances to suppliers / contractors			
Leasehold improvements			
Balance at the beginning of the year		16,840,289	23,738,935
Additions during the year		497,000	5,900,000
Transfer to operating fixed assets		(5,362,000)	(12,798,646)
Balance at the end of the year		11,975,289	16,840,289
10 RIGHT OF USE ASSETS			
Buildings			
Cost		1,142,807,620	1,170,093,786
Accumulated depreciation		(738,606,409)	(691,580,414)
		404,201,211	478,513,372
10.1 Reconciliation of written down value			
Balance at the beginning of the year		478,513,372	583,062,687
Additions during the year		203,832,562	68,608,820
Deletions during the year		(31,178,575)	-
Depreciation charge for the year		(246,966,148)	(173,158,135)
Balance at the end of the year		404,201,211	478,513,372
Lease term: 3 to 10 years			

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

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

	Note	2023 Rupees	2022 Rupees
11 OTHER ASSETS			
Income / Mark-up Accrued		1,085,187,980	1,018,617,624
Advances to Staff		137,900,309	142,242,463
Advances and Prepayments		232,560,493	238,193,147
Advance Income Tax - Net of Provision		309,914,582	234,129,475
Security Deposits		34,878,920	35,941,920
Inter Banks ATM Settlement account		69,641,652	51,473,658
Insurance Claim's Receivable		-	4,881,415
		1,870,083,936	1,725,479,702

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

	Note	2023 Rupees	2022 Rupees
12 DEFERRED TAX ASSET			
Opening balance		1,700,000,000	1,283,481,934
Recognized in profit and loss account		-	416,518,066
Closing balance		1,700,000,000	1,700,000,000

- 12.1** As a matter of prudence, the management has recognized deferred tax asset of Rs. 1,700 million considering the probability of availability of future taxable profits against which deductible temporary differences will be utilized. Total deferred tax asset, excluding deductible taxable differences that may be expired, comprises of the following;

Taxable temporary differences in respect of;			
Accelerated tax depreciation		(60,453,092)	(64,275,078)
Deductible temporary differences in respect of;			
Leases liabilities		30,886,458	18,743,408
Provision against advances		1,457,329,135	1,076,970,623
Carry forwardable tax losses		1,218,842,627	1,464,375,162
Minimum tax credits		-	139,356,554
		2,646,605,128	2,635,170,669

- 12.2** Deferred tax assets and liabilities on temporary differences are measured at tax rate of 29% (2022: 29%).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

Note	2023		2022	
	No. of accounts	Rupees	No. of accounts	Rupees
13 DEPOSITS AND OTHER ACCOUNTS				
Time liabilities				
Fixed deposits (Deals)	13.1	7,962 9,344,864,685	5,841	6,976,267,093
Demand liabilities				
Saving deposits	13.2	32,609 9,319,334,742	29,449	10,531,850,607
Current deposits		377,494 3,785,565,517	363,054	5,098,226,850
		410,103 13,104,900,259	392,503	15,630,077,457
	13.3	418,065 22,449,764,944	398,344	22,606,344,550

13.1 These represent deposits received from customers with maturity period ranging from 1 month to 5 years. These carry interest rates ranging from 5.60% to 25.00% per annum (2022: 5.60% to 18.00% per annum).

13.2 These carry interest rates ranging from 3% to 25.00% per annum (2022: 3% to 16.50% per annum).

13.3 Particulars of deposits by ownership	2023		2022	
	No. of accounts	Rupees	No. of accounts	Rupees
Individual Depositors	415,170	17,717,719,407	396,730	16,518,367,113
Institutional Depositors				
- Corporations / Firms	2,883	4,705,991,609	1,601	6,055,996,992
- Banks & Financial Institutions	12	26,053,928	13	31,980,445
	2,895	4,732,045,537	1,614	6,087,977,437
	418,065	22,449,764,944	398,344	22,606,344,550

Note	2023 Rupees	2022 Rupees
14 LEASE LIABILITIES		
Opening balance	543,145,813	649,635,526
Obtained/Adjusted during the year	203,832,563	68,608,820
Terminated during the year	(33,459,491)	-
Finance cost accrued during the year	53,437,238	58,732,988
	766,956,123	776,977,334
Rentals paid during the year	(256,249,884)	(233,831,521)
	510,706,239	543,145,813

14.1 These represents liabilities related to buildings under lease contracts (Refer Note 10). These are recognized at present value of remaining lease payments, discounted using incremental borrowing rate of 10% (2022: 10%) per annum.

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

Note	2023 Rupees	2022 Rupees
Future minimum lease payments	601,375,883	688,228,886
Less: Financial charges allocated to future periods	(90,669,644)	(145,083,073)
	510,706,239	543,145,813

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

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

	Minimum lease payments	Present value of minimum lease payments	Finance Cost
	----- Rupees -----		
2023			
Due within one year	251,107,960	212,146,996	38,960,964
Due after one year but not later than five years	315,646,225	266,728,421	48,917,804
Due after five years	34,621,698	31,830,822	2,790,876
	601,375,883	510,706,239	90,669,644
2022			
Due within one year	205,635,813	154,596,827	51,038,986
Due after one year but not later than five years	454,809,798	365,029,605	89,780,193
Due after five years	27,783,275	23,519,381	4,263,894
	688,228,886	543,145,813	145,083,073

	Note	2023 Rupees	2022 Rupees
15 OTHER LIABILITIES			
Mark-up / Return / Interest payable		413,261,486	274,667,574
Payable against pay orders		76,870,384	49,339,139
Staff retirement benefits		45,005,056	23,052,994
Others		164,796,556	137,911,769
		699,933,482	484,971,476
16 MARK-UP / RETURN / INTEREST EARNED			
Mark-Up on Loans and Advances - Net		1,958,771,024	1,745,353,141
Mark-Up on Deposit Accounts		222,006,629	324,440,482
Mark-Up on Investments in Government Securities		346,130,574	196,202,642
		2,526,908,227	2,265,996,265
17 MARK-UP / RETURN / INTEREST EXPENSED			
Related to:			
Deposits and other accounts		2,677,678,457	1,541,458,359
Lease liabilities		53,437,238	58,732,988
		2,731,115,695	1,600,191,347

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

	Note	2023 Rupees	2022 Rupees
20.1 Auditors' Remuneration			
Annual audit fee and report on CCG compliance		4,528,125	3,937,500
Half yearly review		819,000	682,500
Other certifications fee		575,500	-
Out of pocket expenses		759,000	660,000
		6,681,625	5,280,000
21 CASH AND CASH EQUIVALENTS			
Cash and Balances with SBP and NBP	5	2,003,589,450	1,720,318,818
Balances with other banks / NBFIs / MFBs	6	2,388,034,342	2,236,767,029
		4,391,623,792	3,957,085,847
22 OTHER CHARGES			
Penalties	22.1	1,539,525	370,000
Bank charges		189,421	903,059
		1,728,946	1,273,059

22.1 These include penalties imposed by State Bank of Pakistan (SBP), Pakistan Stock Exchange and Securities Exchange Commission of Pakistan against certain non-compliances.

23 PROVISION FOR TAXATION

23.1 Current Tax

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

23.1.1 Relationship between accounting loss and tax expense

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

		2023	2022
24 LOSS PER SHARE – BASIC AND DILUTED			
Loss for the year	Rupees	(3,593,816,761)	(4,489,363,903)
Weighted average number of shares	Numbers	428,984,962	428,984,962
Loss per share – Basic & diluted	Rupees	(8.38)	(10.47)

24.1 There is no dilutive effect on loss per share of the Bank.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

25 SHARE CAPITAL

25.1 Authorized Capital

2023		2022	2023		2022
No. of Shares			Rupees		Rupees
500,000,000	500,000,000	Ordinary shares of Rs. 10/- each	5,000,000,000	5,000,000,000	

25.2 Issued, subscribed and paid-up capital

2023		2022	2023		2022
No. of Shares			Rupees		Rupees
428,984,962	428,984,962	Ordinary shares of Rs. 10/- each fully paid in cash	4,289,849,620	4,289,849,620	

25.3 Reconciliation of issued, subscribed and paid-up capital

2023		2022	2023		2022
No. of Shares			Rupees		Rupees
428,984,962	428,984,962	Ordinary shares of Rs. 10/- each fully paid in cash at beginning of the year	4,289,849,620	4,289,849,620	
-	-	Issued during the year	-	-	
428,984,962	428,984,962	At end of the year	4,289,849,620	4,289,849,620	

		Note	2023	2022
			Rupees	Rupees
26	SHARE DEPOSIT MONEY			
	Share deposit money		1,350,390,279	350,390,276

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

27 MEMORANDUM / OFF- BALANCE SHEET ITEMS

27.1 Contingencies:

- a) Proceedings for Financial Years (FY) 2016, 2017, and 2018 were initiated by Additional Commissioner (Enforcement-IV) of Punjab Revenue Authority ['PRA'] regarding alleged inadmissible input tax credit claimed without apportionment of same between taxable and non-taxable service. The Bank responded to the notices as per the Bank contention. The said commissioner passed impugned orders for relevant financial years by raising unjustified demand of Rs. 80.3 million (2022: Rs. 80.3 million) in respect of disallowed input tax. Being aggrieved from the said orders, the Bank filed appeal against the orders to Commissioner (Appeals) of PRA. For FY 2016 the impugned order was upheld by Commissioner (Appeal) and the Bank filed an appeal before honorable PRA Appellate Tribunal. The honorable PRA Appellate Tribunal passed the order wherein the demand along with penalty and default surcharge amounting to Rs. 13.012 million was affirmed. The Bank filed an appeal before the Honorable High Court where interim relief is granted. The hearings for FY 2017 and 2018 are still pending before Commissioner (Appeals).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

- b) Proceedings, as per provisions of Punjab Sales Tax on Services (Withholding) Rules, 2015 for tax period January, 2016 to December, 2016 for non-deduction of Punjab Sales Tax, were initiated by The Additional Commissioner, Enforcement-II, PRA. Recovery notice was issued from the same office indicating that order had been passed by the Commissioner HQ, PRA wherein the impugned demand of Rs. 18.4 million was raised on account of alleged default of withholding of Punjab Sales Tax on Services against which the bank filed appeal before Honorable PRA Appellate Tribunal. The honorable tribunal has passed its judgement in which the impugned order passed by Commissioner HQ PRA is set aside and the matter is referred back to the officer concerned having jurisdiction for decision afresh. Now the proceedings are in progress at commissioner PRA forum.
- c) A show cause notice was issued to bank by Assistant Commissioner (Unit-09) of Sindh Revenue Board ['SRB'] in which the bank was confronted that it has claimed inadmissible input tax credit during the tax periods from January 2012 to December 2015 in terms applicable Sindh Sales Tax Act 2011. Further, it is also alleged that the Bank has short deducted / not deducted of sales tax on services. The amount demanded in the said order was Rs. 5.8 million (2022: Rs. 5.8 million). The proceedings are held from time to time during the year and impugned order is passed by the officer against which the bank has filed an appeal at SRB Commissioner (Appeals) forum.

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

	2023 Rupees	2022 Rupees
27.2 Commitments:		
Bank Guarantee issued on behalf of		
The Al Riaz International Rawalpindi		
in favour of Controller of Military Accounts.	-	460,500

28 DETAILS OF BUSINESS LOCATIONS & SERVICE CENTRES

1) I.I. Chundrigar Road (101) RY-9, Survey No. 11/9A, Railway Quarters, Opposite Schon Center, I.I. Chundrigar Road, Karachi	2) Shahrah-E- Faisal (102), Shop # 4, Plot # 22, Block A, 6-Amber Tower, Shahrah-e-Faisal, Karachi	3) Gizri (109) K-4/3 & 4/4, Ch. Khaliq-uz- Zaman Road, Gizri, Karachi.
4) Malir (110) Shop # 106-108, 114-115, Liaquat Market, Malir Colony, Karachi.	5) Mehmoodabad (111) Plot # 169, Mahmoodabad # 2, Jamshed Town, Karachi.	6) Larkana (112) City Survey # 164/1, Old Anaj Mandi, Gajnpur Chowk, Tehsil & District Larkana.
7) Kumb Road (113) Survey # 764, Plot # 12, Deh Gahi Chakrani, Union Council Moosan Shah, Kumbh Road Suigas, Tehsil Tharimirwah, District Khairpur	8) Khairpur (115) D/270, Mohallah Ali Murad, New Goth, Deh & Taluka, Khairpur, Kutchery Road, Khairpur Mirus.	9) Hyderabad (116), F73-74, Commercial, Risala Road, Saddar, Hyderabad.
10) Tando Allah Yar (117) 5/C, Main Hyderabad Road, Tando Allah Yar.	11) Tando Muhammad Khan (118), City Survey # 831, Ward B, Court Road, Tando Muhammad Khan.	12) Ghotki Branch (119) S. # 10, Devri Road, Near Chandu Ram Colony, Taluka Ghotki, Deh Odharwali, District Ghotki.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

- | | | |
|--|--|---|
| 13) Mirpurkhas (120)
City Survey # 731, Tourabad, Umer Kot Road Mirpurkhas, Tehsil & District Mirpurkhas. | 14) Umer Kot (121)
Shop No. 18-19, City Survey No. 115, Gulsha-e-Akber, Mirpurkhas Road, Umerkot. | 15) Nawabshah (122)
City Survey No. 2146/165/1, Buchery Road, Nawabshah. |
| 16) Sukkur (123)
Shop No. 8 & 9, City Survey No. F-9, Pak Colony, Race Course Road, Sukkur. | 17) Tando Adam Khan (125)
City survey No. 224/1, Muhammadi Chowk, Tando Adam, District Sanghar. | 18) Sanghar (126)
City Survey No. 752-755, Main ShoppingCentre, M.A. Jinnah Road, Sanghar. |
| 19) Mehrabpur (128)
Thari Road Mehrabpur
Tehsil:Khandiara Dist. Noshero Feroz | 20) Sunder Das Road (130),
Zaman Park, 23-A, Sunderdas Road, Lahore. | 21) Kamoki (131)
Plot No. 10A/SS, Block 1/1 CS, Main GT Road Kamoki District Gujranwala. |
| 22) Adiala Road, RWP (134)
3-Jahandad Tower, Khasara # 17, Talian Sohan Qasbati (Near 6th Road), Murree Road, Rawalpindi. | 23) G.T Road Gujrawala (136)
Ghori Centre, Service Road, G.T. Road, Gujranwala. | 24) Sharaqpur Chowk, Sheikhpura (137) Lahore Road Near Usman Cng Sheikhpura. |
| 25) Church Road, Okara (139)
Khawat No. 3842, Khatooni No. 388, Khasra No. 54514/103/4/6, Church Road, Okara. | 26) Vehari (140)
Plot No. E-4, Karkhana Bazar, Vehari, Tehsil & District Vehari. | 27) Stadium Road Sahiwal (141)
Super Market, Stadium Road, Sahiwal |
| 28) Madina Chowk Depalpur (142)
Okara Road, Madina Chowk, Depalpur, District Okara. | 29) Kasur (143)
Property No. B-IV-7.R, Near Chowk Kot Peeran, Kasur. | 30) Lodhran (145)
Plot No.4, Jinnah Colony, Near Sugar Mill Colony, Gate No. 2, Lodhran |
| 31) Model Town (146)
Shop No. 31 & 33 (A) Block, Store Market, Model Town Branch, Lahore. | 32) Paris Road Sialkot (148)
Oppsite Allama Iqbal Library, Paris Road, Sialkot. | 33) Haveli Lakhan (150)
Pakpattan Road Haveli Lakha. |
| 34) Multan (151)
Shop No. 1, Mashallah Plaza, Azam Basti Road, Sadhu Hassan, Multan. | 35) Layyah (152)
House No. 4, College Road, Jinnah Colony, Near Sugar Mill Colony, Layyah. | 36) Township (153)
150-13-B-1, Barkat Chowk, Township, Lahore. |
| 37) Ferozpur Road (154)
945 Mouza Atari Sarupa, Tehsil Cantt, Ferozpur Road, Lahore. | 38) D.H.A Lahore (155)
51-CCA, Block DD, Phase 4, DHA, Lahore. | 39) Karim Block Lahore (156)
56/2 Karim Block Allama Iqbal Town Lahore. |
| 40) Shahdara (157)
Mouza Jia Musa, Shahdara, Lahore. | 41) Mardan (158)
College Chowk, Opposite Wali Khan University, Nowshera Road, Mardan. | 42) Sabzi Mandi Peshawar (159)
G-60, City Circular Road, Lahori Gate, Peshawar City. |
| 43) Nowshera (160)
Property No. 1080/9, Shobra Hotel, G.T. Road, Nowshehra | 44) Charsaddah (161)
S.S Plaza Bacha Khan Chowk Charsadda. | 45) Daska (163)
872/3-A, Near Muslim Market, Bank Road, Daska. |

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

46) Mirpur AJK (164) 35-A, Sector B/2, Main Mian Road, Nagi Bank Square, Mirpur, Azad Kashmir.	47) Gilgit (165) Khasra No. 4472/2403/579, Opposite Army Communicates, NHA Complex, Jutial, Gilgit.	48) Rahim Yar Khan (166) Shop No. 941, Zone-I, Ashraf Complex, Model Town, Rahim Yar Khan.
49) Quetta (167) Commercial Property No. 894, 235/272, Mission Road, Near Meezan Chowk, Quetta.	50) Bahawalpur (169) Shop No. 12,13,14 & 15, Pelicon Shopping Plaza, Yazman Road, Bahawalpur Cantt.	51) Hafizabad (170) Khasra No. 2380/841, Gujranwala Road, Hafizabad.
52) Bahawalnagar (171) Grain Market Bahawalnagar.	53) Chichawatni (172) Plot #153 Ghalla Mandi GT Road Chichawatni.	54) Qasimabad (173) Phase II, Deh Jamshoro, Tappa Jamshoro, Taluka Qasimabad Dist. Hyderabad.
55) Kahna Nau (174) Khana nau Main Ferozpur Road, Tehsil & Dist. Lahore.	56) Raiwind (175) Railway Road, Station Raiwind Tehsil & Dist Lahore.	57) D-Chowk Ground (176) P-241, Block B, D Ground, Peoples Colony No. 1, Faisalabad.
58) Jhang (178) Gull Plaza, Main Gojra Road, Chowk Burji, Jhang Saddar.	59) Fort Abbas (179) School Bazar Fort Abbas, District Bahawalnagar.	60) Dharanwala (180) Propert Bearing Khewat No. 265/266, Khatooni No. 265, Dharanwala.
61) Minchinabad (181) Circular Road, Manchinabad.	62) Haroonbad (182) Main Ghalla Mandi Road, Haroonabad, District Bahawalnagar.	63) Mandi Bahauddin (183) Khatooni No. 622, Khewat No. 616, Railway Road/Bank Road, Mandi Bahauddin.
64) Burewala (184) Plot No. 11, V Block Housing Scheme, Multan, Road Burewala.	65) Taxila (187) Khasra no261 to 263, saray khola taxila, district rawalpindi.	66) Kot Noor Shah (188) Al-jalil Garden Lahore, Plot No 09 Kot Noor Shah, Sharaqpur Road Lahore.
67) Bhalwal (189) Khata No 95,ashata no 130, Chak 8, shamali liaquat shaheed raod tehsil Bhalwal, district sargodha.	68) Bhagtanwala (190) Plot No 164/147, bhagtanwala kot momin Road Sargodha.	69) Pakpattan (191) Khewat No 2194, khatoone no 1530, Near Officers Club Railway road, Pak pattan,.
70) Arifwala (192) Khewat no 1207, kahtonee no 1224, khasra no 2517/177, Tehsil Road Main market, arif wala.	71) Gujar Khan (193) Haji Fazal dada Plaza no 13-A, Railway Road Gujar Khan.	72) Chakwal (194) Property No B-II-5-S/7 Bhaun Road Chakwal.
73) Dina (197) Taj puri Hospital, mamgla road, Dina district Jehlum.	74) Gojra (198) PLOT NO 1-40, GHALLAH MANDI , GOJRA Faisalabad.	75) Jauharabad (199) Plot No 58\B And 59\B, Janubi bazar Jauharabad, district Khushab.
76) Muree (200) Mayfair estate bank road, murree shop no.1, 2, 3.	77) Bhakkar (201) PLOT NO 2/3, RAILWAY ROAD.	78) Muzaffarabad (202) Tanga Stand Bank Road Muzaffarabad Azad Kashmir.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

79) Abbotabad (203)
Mouza Sheikh ul Bandi main Mansehra
Road near Sethi Masjid Abbotabad.

82) Chishtian (206)
Challa Mandi Chistian district
Bhawalnagar.

85) Farooqabad (211)
Old Sabzi Mandi Road, Farooqabad,
Sheikhupura.

88) Dadu (217)
Old Plot # 82, Dadu District
Cooperative Housing Society, Shewan
Road, New Excise Office, Dadu.

91) Pattoki (220)
Khewat # 375/ 346, Khatooni # 603-
604, Chak # 37, Pattoki.

94) Sargodha (223)
198, Block A, Main Road, Satellite
Town, Sargodha.

97) Khanpur (226)
Building #18, Model Town A, Street #
01, Khanpur.

100) D.G.Khan (229)
Sajjad Square, Block Y, Eid Gah Chowk,
DG Khan.

103) Tiba Sultanpur (232)
Duniya Pur Road, Opposite Bank Al
Habib, Tiba Sultanpu.

80) Chillas (204)
Bazar Area Chillas, Near Chillas Old
Terminal/Adda, Chillas.

83) Haripur (207)
Bazar 171-Tehsil and district Haripur.

86) Toba Tek Singh (215)
House No-93, Allama Iqbal Road,
Mohalla Gang Gher, Toba Tek Singh.

89) Shikarpur (218)
City Survey No. 11/3/2/2/09 &
11/3/2/2/10, Station Road, Near Aga
Khan Laboratory, Shikarpur.

92) Mian Channu (221)
Amin Trade Center, G.T. Road, Near
Sabzi Mandi, Mian Channu.

95) Sadiqabad (224)
Katcha Rahim Yar Khan Road,
Sadiqabad.

98) Rajanpur (227)
Gulshan Iqbal Colony, Indus Highway,
Rajanpur (near FMFB).

101) Fazilpur (230)
Indus Highway Road
Fazilpur.

104) Liaquatpur (233)
Railway Road, Liaquatpur, District
Rahim Yar Khan.

81) Dasu (205)
Dasu, District Kohistan, KPK.

84) Khudian (210)
Building 993, Main Depalpur Road,
near ZTPL Bank Khudian.

87) Ahmedpur East (216)
Shahra 5, Mohalla Noor Shah
Bokhari, Nawab Road, Ahmedpur
East, Distt Bahawalpur.

90) Johar Town (219)
Plot #472 Block G 3 Near Khokhar
Chowk Johar Town Lahore.

93) Gujrat (222)
Saithee Enterprises, Opp.
Woodworking Center, Small
Industrial Estate-1, GT Rd., Gujrat.

96) Blue Area, Islamabad (225)
Marina Heights, 109 East, Jinnah
Avenue, Blue Area, Islamabad.

99) Alipur (228)
Multan Road, Near College Chowk,
Alipur.

102) Shujabad (231)
Jalalpur Road opposite Faisal Bank,
Shuja bad.

105) Ghalla Mandi Multan (235)
Ghallah Mandi, Vehari Road, Multan.

28.1 SERVICE CENTRES

01) Midh Ranjha Service Center (01)
Midh Ranjha Tehsil Kotmomin Dist
Sargodha Midh Ranjha.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

29 NUMBER OF EMPLOYEES

As at December 31	2023			2022		
	Credit/ Sales	Banking/ Support	Total	Credit/ Sales	Banking/ Support	Total
	----- Numbers -----			----- Numbers -----		
Permanent	449	765	1,214	612	712	1,324
Contractual	130	242	372	114	253	367
	579	1,007	1,586	726	965	1,691

Average no. of Employees	2023			2022		
	Credit/ Sales	Banking/ Support	Total	Credit/ Sales	Banking/ Support	Total
	----- Numbers -----			----- Numbers -----		
Permanent	531	739	1,270	702	757	1,459
Contractual	122	248	370	154	296	450
	653	987	1,640	856	1,053	1,909

	2023 Number	2022 Number
30 NUMBER OF BRANCHES/SERVICE CENTRES		
Beginning of the year		113
Opened/(Closed) during the year:		
-Branches	(6)	(5)
-Service centres	(1)	-
At the end of the year	106	113

31 REMUNERATION OF DIRECTORS AND EXECUTIVES

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

	President / Chief Executive Officer		Directors		Executives	
	2023 Rupees	2022 Rupees	2023 Rupees	2022 Rupees	2023 Rupees	2022 Rupees
Meeting Fee	-	-	1,312,500	3,000,000	-	-
Managerial remuneration	12,662,030	11,467,500	-	-	172,474,047	162,315,408
Rent and house maintenance	5,017,029	4,587,000	-	-	66,042,397	62,308,800
Utilities	1,266,206	1,146,756	-	-	16,510,682	15,577,308
Medical	1,266,206	1,146,756	-	-	17,247,500	16,231,656
Contribution to provident fund	1,266,206	1,146,756	-	-	12,822,888	15,005,604
Bonus and other benefits	1,424,950	1,031,040	-	-	61,601,669	-
	22,902,627	20,525,808	1,312,500	3,000,000	346,699,183	271,438,776
Number of persons	1	1	8	9	172	165

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

32 MATURITIES OF ASSETS AND LIABILITIES

	2023				
	Total	Upto one month	Over one month upto 6 months	Over 6 months upto 1 year	Over one year
-----Rupees-----					
Assets					
Market rate assets					
Investments - Net of Provisions	1,253,744,740	870,846,758	282,977,982	-	99,920,000
Advances - Net of Provisions	6,590,855,560	927,615,864	2,031,644,639	2,756,201,093	875,393,964
Other earning assets	2,486,252,573	2,350,638,642	2,960,712	5,522,097	127,131,122
Total market rate assets	10,330,852,873	4,149,101,264	2,317,583,333	2,761,723,190	1,102,445,086
Other non-earning assets	6,688,749,737	3,775,455,155	-	-	2,913,294,582
Total assets	17,019,602,610	7,924,556,419	2,317,583,333	2,761,723,190	4,015,739,668
Liabilities					
Market rate liabilities					
Time deposits of Rs. 100,000 and above	9,278,877,215	2,373,718,983	2,981,431,953	2,623,869,596	1,299,856,683
Time deposits below Rs. 100,000	65,987,470	7,368,500	58,618,970	-	-
Other cost bearing liabilities	9,830,040,981	9,319,334,742	-	-	510,706,239
Total market rate liabilities	19,174,905,666	11,700,422,225	3,040,050,923	2,623,869,596	1,810,562,922
Other non-cost bearing liabilities	4,485,498,999	4,485,498,999	-	-	-
Total liabilities	23,660,404,665	16,185,921,224	3,040,050,923	2,623,869,596	1,810,562,922

	2022				
	Total	Upto one month	Over one month upto 6 months	Over 6 months upto 1 year	Over one year
-----Rupees-----					
Assets					
Market rate assets					
Investments - Net of Provisions	2,466,243,246	743,518,068	1,622,805,178	-	99,920,000
Advances - Net of Provisions	8,354,266,042	2,260,988,653	1,797,227,816	2,742,590,686	1,553,458,887
Other earning assets	2,345,843,845	1,706,598,449	2,472,312	506,830,564	129,942,520
Total market rate assets	13,166,353,133	4,711,105,170	3,422,505,306	3,249,421,250	1,783,321,407
Other non-earning assets	6,421,123,409	3,336,721,704	-	-	3,084,401,705
Total assets	19,587,476,542	8,047,826,874	3,422,505,306	3,249,421,250	4,867,723,112
Liabilities					
Market rate liabilities					
Time deposits of Rs. 100,000 and above	6,905,599,194	742,255,358	1,880,972,737	2,159,757,398	2,122,613,701
Time deposits below Rs. 100,000	70,667,900	2,570,000	4,261,000	14,136,400	49,700,500
Other cost bearing liabilities	11,074,996,420	10,531,850,607	-	-	543,145,813
Total market rate liabilities	18,051,263,514	11,276,675,965	1,885,233,737	2,173,893,798	2,715,460,014
Other non-cost bearing liabilities	5,583,198,325	5,583,198,326	-	-	-
Total liabilities	23,634,461,839	16,859,874,291	1,885,233,737	2,173,893,798	2,715,460,014

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

33 FINANCIAL RISK MANAGEMENT

33.1 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).

2023						
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	
%	-----Rupees-----					
Assets						
Cash and balances						
with SBP and NBP	20.50%	15,423	15,423	-	-	-
with other banks/NBFIs/MFBs	17.40% - 23.50%	2,348,336,841	2,348,336,841	-	-	-
Investments	15.60% - 23.00%	1,253,744,740	870,846,758	282,977,982	-	99,920,000
Advances - Net of provisions	10.00% - 59.00%	6,590,855,560	927,615,864	2,031,644,639	2,756,201,093	875,393,964
Other Assets - Advances to Staff	7.00% - 8.00%	137,900,309	2,301,801	2,960,712	5,522,097	127,115,699
		10,330,852,873	4,149,116,687	2,317,583,333	2,761,723,190	1,102,429,663
Liabilities						
Deposits and other accounts	3.00% - 25.00%	18,664,199,427	11,700,422,225	3,040,050,923	2,623,869,596	1,299,856,683
		18,664,199,427	11,700,422,225	3,040,050,923	2,623,869,596	1,299,856,683
		(8,333,346,554)	(7,551,305,538)	(722,467,590)	137,853,594	(197,427,020)

2022						
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	
%	-----Rupees-----					
Assets						
Cash and balances						
with other banks/NBFIs/MFBs	7.25% - 11.75%	2,203,601,382	1,703,601,382	-	500,000,000	-
Investment	15.60% - 16.93%	2,466,243,246	743,518,068	1,622,805,178	-	99,920,000
Advances - Net of provisions	21% - 53.84%"	8,354,266,042	2,260,988,653	1,797,227,816	2,742,590,686	1,553,458,887
Advances to Staff	6.96% - 9.34%"	142,242,463	2,997,067	2,472,312	6,830,564	129,942,520
		13,166,353,133	4,711,105,170	3,422,505,306	3,249,421,250	1,783,321,407
Liabilities						
Deposits and other accounts	3% - 18.00%	17,508,117,700	11,276,675,965	1,885,233,737	2,173,893,797	2,172,314,201
		17,508,117,700	11,276,675,965	1,885,233,737	2,173,893,797	2,172,314,201
		(4,341,764,567)	(6,565,570,795)	1,537,271,569	1,075,527,453	(388,992,794)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

33.2 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 Microfinance Banks. Investments are mainly in government securities or other securities having good credit rating.

The maximum amount of financial assets which are subject to credit risk amounting to Rs. 10,330 million (2022: Rs. 13,166 million). However, credit risk is limited in respect of Cash and Balances with SBP and NBP, Balances with other banks / NBFIs / MFBs and Investments as the same are placed with Banks NBFIs, MFBs having good credit rating.

33.3 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 banks at the year end.

33.4 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 ordinary transaction between market participants at the measurement date.

34 TRANSACTION AND BALANCES WITH RELATED PARTIES

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

Nature of Relationship	Nature of Transactions	2023 Rupees	2022 Rupees
Balances at year end:			
Associated company	Deposits	121,233,821	123,295,288
	Share Deposit Money	1,301,086,470	350,390,276
	Insurance Claim Receivable	-	4,881,415
Key management personnel	Deposits	1,916,850	216,326
Directors / sponsors / shareholders	Deposits	2,053,793	1,817,937
	Share deposit money	49,303,809	-
Transactions during the year:			
Associated company	Deposits received	6,818,965,957	5,553,687,009
	Withdrawals	6,824,298,365	5,689,939,862
	Mark-up paid on deposits	3,270,941	5,822,311
	Share Deposit Money received	950,696,194	-
Key management personnel	Deposits received	41,868,502	70,005,061
	Withdrawals	40,057,127	71,567,981
	Mark-up on deposit paid	4,400	12,045

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

Nature of Relationship	Nature of Transactions	2023 Rupees	2022 Rupees
Transactions during the year:			
	Deposits received	183,886,773	133,021,110
Directors / sponsors / shareholders	Withdrawals	183,693,792	136,773,655
	Share deposit money received	49,303,809	-
	Mark-up paid on deposits	42,875	45,020
	Staff Provident Fund	Contribution made during the year	23,790,451

34.1 The names of related parties with whom the Bank has entered into transactions or had agreements / arrangements in place during the year are as under.

Name of Related Party	Nature of Relationship	Aggregate Percentage of Shareholding (%)
The United Insurance Company Of Pakistan Ltd	Shareholding	46.50%
United Track System (Pvt) Limited	Common Directorship	19.34%
Tawasul Healthcare Tpa (Private) Limited	Common Directorship	1.62%
United Software and Technologies International (Pvt.) Limited	Common Directorship	2.58%
Saudi Pak Insurance Company Limited	Common Directorship	1.97%
UIC Employee Provident Fund	Common Control	-
Syed Rahat Ali Shah	Director	0.00%
Mr. Muhammad Saleem Shaikh	Director	0.00%
Mr. Muhammad Akram Shahid	Director/ Chairman	5.19%
Mr. Imad Mohammad Tahir	Director	12.86%
Tawasul Risk Management Services (Pvt.) Limited	Common Directorship	0.57%

35 PROVIDENT FUND RELATED DISCLOSURE

The following information is based on the Audited financial statements of the provident fund for the year ended December 31, 2022 and Un-audited financial statements for the year ended December 31, 2023;

	2023 Rupees	2022 Rupees
Size of the fund - Total assets	191,622,103	124,050,701
Cost of investments	20,900,000	43,400,000
Percentage of investments made	10.9%	35.0%
Fair value of investments	20,900,000	43,400,000

35.1 Investments represent Term deposit receipts. The investment has been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

36 MATERIAL OUTSOURCING ARRANGEMENTS

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

Sr. No	Name of Service Provider	Name of Service	Estimated Cost
			Rupees
1	M/S Track Security Systems (Pvt.) Limited	Security guards services	56,360,042
2	M/S Homeland Security (Pvt.) Limited	Security guards services	34,129,259

37 COMPLAINTS MANAGEMENT MECHANISM

Apna Micro Finance Bank Limited believes in fair treatment of customers and for this the Bank has an effective Consumer Grievance Handling Mechanism in place. The bank provides a secure channel through which customers of the Bank may lodge their complaints about their grievances. The Bank ensure the resolution of the customers' complaints as per the banking practices and within turnaround time (TAT) and for which proper escalation matrix is in place. Customers are fairly treated and updated throughout the process till final resolution of their complaint. During the year 501 (2022: 720) complaints were received and average time to resolve a complaint is 10.4 days (2022: 11.5 days).

38 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were approved and authorised for issue on May 29, 2024 by the Board of Directors of the Bank.

39 GENERAL

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

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



President / CEO



Chief Financial Officer



Chairman



Director



Director

NOTICE FOR THE TWENTY FIRST ANNUAL GENERAL MEETING

Notice is hereby given that the 21st Annual General Meeting of Apna Microfinance Bank Limited is scheduled to be held on June 21, 2024 the Friday, at 11:30 am, at Registered Office, K-4/3 & 4/4, Ch. Khaliq-uz-Zaman road, Gizri, Karachi to transact the following business:

AGENDA

1. To read and confirm the minutes of the Annual General Meeting held on July 05, 2023.
2. To receive, consider and adopt the Annual Audited Financial Statements for the year ended December 31, 2023 together with Directors' and Auditors' Reports thereon.
3. To review, consider and appointment of RSM Avais Hyder Liaquat Nauman, Chartered Accountants as auditors of the bank for the year ending December 31, 2024 as proposed by the Board of Directors and to fix their remuneration.
4. To transact any other business with the permission of the chair.

By Order of the Board



Noshad Ahmed
Company Secretary

May 29, 2024
Karachi

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

For Attending Meeting:

Considering the safety and well-being of the Shareholders. It has been decided to hold the AGM electronically at the above given date and time. The members can send their comments/ suggestions related to the agenda items of the meeting through following means.

WhatsApp	Email
0317-8222038	agm@apnabank.com.pk

The members who are willing to attend and participate in the AGM can do so through video-link via smart phones, computers, tablets etc. To attend the AGM through video- link, members are requested to get their following particulars registered by sending an email of WhatsApp at the number/ address given above, at least 48 hours before the date/ time of the AGM i.e. latest by 19 June 2024 and download video-link from Zoom.

Name	Folio/CDC Account No.	CNIC No.	Email

Upon receipt of requests, the video-link login credentials will be shared with the interested shareholders on their email address or WhatsApp message. Feedback/queries received from shareholders would be discussed in the meeting and be made a part of minutes.

The Company will follow the best practices and comply with the instructions of the Government and SECP to ensure protective measures are in place for well-being of its members.

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 June 15, 2024 to June 21, 2024 (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 registrar office at the close of business on June 14, 2024 will be treated in time.

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 June 21, 2024 at 11:30 am at Registered Office, 4/3 & 4/4, Ch. Khaliq-uz Zaman road, Gizri, Karachi and at any adjournment thereof.

Signed this _____ day of _____ 2024.

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

Head Office:

23 - A, Sunderdas Road,
(Thandi Sarak) Zaman Park, Lahore.

Tel : +92 42-36362475-76

UAN : +92 42 111-771-772

Email : info@apnabank.com.pk

www.apnabank.com.pk



www.x.com/amfbl



[www.facebook.com/
apnamicrofinancebank](https://www.facebook.com/apnamicrofinancebank)



[www.instagram.com/
apnamicrofinance](https://www.instagram.com/apnamicrofinance)



[www.linkedin.com/
company/apna-micro-finance-bank-limited](https://www.linkedin.com/company/apna-micro-finance-bank-limited)



[www.youtube.com/
apnamicrofinancebankltd.6750](https://www.youtube.com/apnamicrofinancebankltd.6750)

