



**MINUTES OF THE 20th ANNUAL GENERAL MEETING
OF THE SHAREHOLDERS OF
APNA MICROFINANCE BANK LIMITED**

Minutes of the 20th Annual General Meeting of Apna Microfinance Bank Limited (AMBL) held on Wednesday, July 5, 2023 at 12:00 noon (through ZOOM-Link) at Registered Office, K-4/3 & 4/4, Ch. Khaliq-uz-Zaman road, Gizri, Karachi to transact the following business:-

ATTENDANCE OF MEETING

The members' participation in the 20th Annual General Meeting had signed their presence in the attendance register under the supervision by the Company's Shares Registrar M/s. F.D. Registrar Services (Pvt.) Limited. The attendance of the meeting was recorded from the shares register and the quorum for the meeting completed in terms of Section 135 (a) of the Companies Act - 2017.

The total attendance of shareholders in person and by the proxies received, comprising the following number of shares:

In Person	:	97,950,416 (Shares, 70 Shareholders)
By Proxies	:	311,406,154 (Shares, 6 Shareholders)
Total voting Shares	:	409,356,570 (Shares)
Total company's Shares	:	428,984,962 (Shares)
Participation in Percentage	:	95.42%

Mr. Muhammad Akram Shahid, Chairman Board of Directors of Apna Microfinance Bank Limited presided over the meeting. Besides individual shareholders, the meeting was also attended by the representative of Statutory Auditors and Company's Shares Registrar. The following Directors and Executives of the bank were also present:

Mr. Imad Mohammad Tahir	Director
Mr. Muhammad Asghar	Director
Mr. Muhammad Saleem Shaikh	Director
Mr. Abdul Aziz Khan	Independent Director
Syed Rahat Ali Shah	Director
Mr. Shahid Hassan	Director

Mrs. Tahira Raza	Independent Director
Mr. Wajahat Malik	Director, President/ CEO
Mr. Ali Murtza	Chief Financial Officer
Mr. Rafat Abbas	Company Secretary
Inam ul Haq Representative	RSM Avais Hyder Liaquat Nauman, Chartered Accountants,
Mr. Muhammad Faisal	Manager, M/s. F.D. Registrar Services (Pvt.) Limited

The meeting started with the recitation of verses from the Holy Quran.

The meeting started with a welcome note from the Chairman. The Secretary welcome the Chairman to address the participants.

The Chairman stated that the proposed merger negotiations between FINCA Microfinance Bank Limited and Apna Microfinance Bank Ltd have been stopped. This decision comes after both parties completed the reciprocal due diligence process.

Despite the current year loss, I am confident that management has the capacity to turnaround these results. A multifaceted business plan will be 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.

The Secretary requested the President and Chief Executive to share their views.

The President & CEO stated that the Bank has incurred loss for the year amounting to Rs. 4,489 million and as at year ended, its accumulated loss was Rs. 7,379 million. This has resulted in negative net assets of Rs. 4,047 million. The Bank is facing problem recovery of unsecured non-performing advances, which includes non-performing advances of Rs. 3,477 million against which provision is being made in a phased manner. The Bank has been non-compliant with Minimum Capital Requirement (MCR) and Capital Adequacy Ratio (CAR) requirements of Prudential Regulation for Micro Finance Bank, 2014. There has been material uncertainty related to events and conditions which may cast significant doubt about the Bank 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 developed and is implementing a multi-faceted plan to overcome the financial and operational difficulties faced by the Bank. The plan is feasible and its implementation will result in addressing the adverse factors being faced by the Bank. Some salient features of the plan are discussed below:

- The Sponsors have injected capital and share deposit money of Rs. 350.39 million (2021: Rs. 350.39 million) is still available against which shares will be issued in due course. Further capital will be injected by current sponsors/potential sponsors if needed to meet the obligations of the Bank on their respective due dates, subject to approval of State Bank of Pakistan (SBP). The sponsors have under taken to continue their support to the Bank.
- The Bank is putting efforts to recover the non-performing advances and is hopeful that these advances will be recovered substantially. The delay in recovery of non-performing advances is owing to the adverse economic conditions post Covid-19 which are beyond the control of the borrowers. The

amount of non-performing advances is reduced by the amounts recovered since their classification and by the amount recovered subsequently. The Bank has made substantial provision against the non-performing loans during the year and full provision will be made by March 31, 2023, therefore, quantum of provision against advances in future periods is not expected to be significant. Further recovery of the classified portfolio will result in reversal of such provision and hence will result in the improvement of the financial position of the Bank in the ensuing years.

- The Bank is converting its advances portfolio from unsecured to secured portfolio which is reflected in Note 8.1 to the financial statements. The Bank is utilizing the proceeds of further issue of capital and recovery of non-performing advances to enhance its secured portfolio by advancing more secured advances to increase its income and profitability.
- The management of the Bank is also making efforts to limit its administrative and operating expenses without, however, affecting the operational efficiency of the Bank.

In view of the above, the management believes that the above mentioned plans/efforts will help the Bank to overcome its financial and operational problems and will result in improvement in the financial position and results of the Bank in ensuing years and is confident that the Bank will be able to continue as a going concern.

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;

- Branchless banking services such as "Merchant Portal" and "Mobile Wallet"
- 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.

1. Branch less 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 branch less banking agents.

2. Issuance of Multiple scheme & 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.

3. 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 member of POS network, but it has a cost to setup the infrastructure of POS acquiring.

4. Digitally quick Customer on boarding

We have a capacity of on boarding customer digitally. This would not only reduce the cost of customer on boarding 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.

Ordinary Business:

1. Minutes of Annual General Meeting held on September 10, 2022.

The minutes of the Annual General Meeting held on September 10, 2022 as circulated earlier to members were read, discussed and approved.

The Chairman invited comments of the members on the minutes. The members endorsed the minutes.

On the motion of Mr. Muhammad Saleem Shaikh proposed that the minutes in order and seconded by Mr. Mohammad Asghar the following resolution has been passed.

"Resolved that the Shareholders in its Annual General Meeting is hereby approved and adopted the minutes of the Annual General Meeting held on September 10, 2022."

2. Audited Annual Financial Statements for the year ended December 31, 2022

It was unanimously agreed that the Audited Financial Statements of the Apna Microfinance bank limited for the year ended December 31, 2022 and the Chairman's Message, Directors' report in English and Urdu version and Auditors' reports thereon, as circulated earlier, be taken as read.

The Chairman invited shareholders for the comments on the financial statements of the Company for the year ended December 31, 2022.

The CFO briefed the shareholders on the performance of the Company for the year 2022.

While briefing Mr. Ali Murtza, CFO stated that the Bank reported a loss after tax in the current year amounting to PKR. 4,489 million as compared to a loss of PKR. 1,930 million in the year 2021. The equity (net of losses) of the Bank stood at negative PKR. 4,046 million and the total assets shrunk to PKR. 19,587 million from PKR. 23,660 million as at December 31, 2021.

The main contributor of this loss is the provision charge amounting to PKR. 3,535 million during the year. This provision pertains to portfolio that was classified during the year 2022 owing to adverse economic conditions instigated by Covid-19 outbreak in the past periods. Consequently, the advances - net of provision stood at PKR. 8,354 million as on December 31st, 2022, compared to PKR. 11,505 million at the close of the corresponding period, registering a decrease of 27%. The management has recorded a specific provision PKR. 3,546 million as at the reporting date (2021: PKR. 324 million) in accordance with the requirements stipulated in Prudential Regulations for MFBs issued by the SBP. The Bank's gross advances to deposit ratio (ADR) at the year-end 2022 was reported at 53.38% as compared to 54.32% in 2021.

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.

The Bank's deposit base has increased to PKR.22,606 million in December, 2022 from PKR.22,083 million as at December 31st, 2021. Mark-up/return/interest expensed has increased by 10%, corresponding to the increase in policy rates by the SBP.

Since there was no comments from shareholders on financial statements of the bank for the year ended December 31, 2022.

Syed Rahat Ali Shah proposed adoption of accounts and Mr. Abdul Aziz Khan seconded the motion as such the following resolution has been adopted.

"Resolved that Shareholders of the Bank is hereby approved and adopted the Annual Audited Accounts of the Apna Microfinance Bank Limited for the year ended December 31, 2022, the Directors' and Auditors' reports thereon".

3. Appointment of External Auditors of the Bank for the year ending December 31, 2023

Mr. Wajahat Malik, President & CEO informed the members that the Company's present auditors M/s. RSM Avais Hyder Liaquat Nauman, Chartered Accountants has retired but being eligible, have offered themselves for re-appointment as statutory auditors for the year 2023 till the next AGM, under section 16(2) of Microfinance Institutions Ordinance 2001.

Syed Rahat Ali Shah briefed the members that the external auditors have been given a satisfactory rating under Quality Control Review of the Institute of Chartered Accountants of Pakistan (ICAP).

On the suggestion of the Audit Committee the board recommended re-appointment of M/s. RSM Avais Hyder Liaquat Nauman, Chartered Accountants as the statutory auditors for the year ending December 31, 2023 till next Annual General Meeting under section 16(2) of Microfinance Institutions Ordinance 2001.

On the motion of Mr. Abdul Aziz Khan proposed and Mrs. Tahira Raza seconded the re-appointment therefore following resolution was unanimously passed;

"Resolved that the Members of the Bank be and hereby re-appointed M/s. RSM Avais Hyder Liaquat Nauman, Chartered Accountants, as the external auditors of Apna Microfinance Bank Limited for the year ending December 31, 2023 till next AGM and Board of Directors of the Bank be and is hereby authorized to fix their remuneration."

The shareholders appreciated the efforts of the auditors M/s. RSM Avais Hyder Liaquat Nauman, Chartered Accountants, on timely and efficient completion of audit and thanked Syed Naveed Abbas, FCA engagement Partner.

4. OTHER BUSINESS

With all the items of the agenda deliberated and transacted, the Chairman thanked the members for their participation in the meeting.

Thereafter, The Chairman declared the meeting as concluded.

For and on behalf of
Apna Microfinance Bank Ltd.,



Rafat Abbas
Company Secretary


CHAIRMAN

CERTIFIED TRUE COPY

RAFAT ABBAS
Company Secretary
Apna Microfinance Bank Ltd.