

**ADVANS PAKISTAN MICROFINANCE BANK LIMITED  
CONDENSED INTERIM BALANCE SHEET  
AS AT SEPTEMBER 30, 2020**

	Un-audited September 30, 2020	Audited December 31, 2019
Note	-----Rupees-----	
<b>ASSETS</b>		
Cash and balances with State Bank of Pakistan and National Bank of Pakistan	7 74,634,998	85,774,638
Balances with other banks and microfinance banks	8 471,874,229	230,578,693
Lendings to financial institutions	-	-
Investments - net of provisions	9 274,179,930	98,482,460
Advances - net of provisions	10 1,013,180,003	1,234,713,701
Operating fixed assets	11 161,553,227	180,330,598
Other assets	12 118,547,117	67,016,896
Deferred tax asset - net	58,433,399	49,349,164
<b>Total assets</b>	<b>2,172,402,903</b>	<b>1,946,246,150</b>
<b>LIABILITIES</b>		
Deposits and other accounts	13 1,072,083,573	953,719,167
Borrowings	14 225,000,000	300,000,000
Subordinated debt	-	-
Other liabilities	15 156,757,692	166,533,177
Deferred tax liabilities	-	-
<b>Total liabilities</b>	<b>1,453,841,265</b>	<b>1,420,252,344</b>
<b>Net assets</b>	<b>718,561,638</b>	<b>525,993,806</b>
<b>REPRESENTED BY</b>		
Share capital	16 1,575,163,100	1,290,163,100
Reserves	2,989,141	2,989,141
Depositors' protection fund	747,285	747,285
Accumulated losses	(861,052,557)	(768,620,389)
	717,846,969	525,279,137
Surplus / (deficit) on revaluation of assets	-	-
Deferred grant	17 714,669	714,669
	<b>718,561,638</b>	<b>525,993,806</b>
<b>MEMORANDUM / OFF BALANCE SHEET ITEMS</b>	18	

The annexed notes from 1 to 26 form an integral part of these condensed interim financial statements.

\_\_\_\_\_  
Chief Executive Officer

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Chairman

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Director

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Director

**ADVANS PAKISTAN MICROFINANCE BANK LIMITED**  
**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020**

	Note	Nine Months ended September 30	
		2020	2019
-----Rupees-----			
Mark-up / return / interest earned	19	349,790,909	376,461,338
Mark-up / return / interest expensed		(124,715,778)	(83,596,128)
<b>Net mark-up / interest income</b>		<b>225,075,131</b>	<b>292,865,210</b>
Provision against non-performing loans and advances - net	10.3	66,502,608	46,031,883
Provision for diminution in the value of investments		-	-
Bad debts written off directly		-	-
		66,502,608	46,031,883
<b>Net mark-up / return / interest income after provisions</b>		<b>158,572,523</b>	<b>246,833,327</b>
<b>Non mark-up / non interest income</b>			
Fee, commission and brokerage income		26,583,587	50,238,921
Dividend income		-	-
Unrealised loss on revaluation of investments classified as held for trading - net		-	-
Other income	20	6,519,783	78,902,156
<b>Total non-mark-up / non-interest income</b>		<b>33,103,370</b>	<b>129,141,077</b>
		191,675,893	375,974,404
<b>Non mark-up / non interest expenses</b>			
Administrative expenses		286,032,848	367,422,396
Other provision / write offs		-	-
Other operating expenses / Other charges		1,416,109	1,544,045
<b>Total non mark-up / non interest expenses</b>		<b>287,448,957</b>	<b>368,966,441</b>
Extra ordinary / unusual items		-	-
<b>(Loss) / profit before taxation</b>		<b>(95,773,064)</b>	<b>7,007,963</b>
Taxation - current		5,743,339	6,925,223
- prior		-	-
- deferred		(9,084,235)	(6,495,016)
		(3,340,896)	430,207
<b>(Loss) / profit after taxation</b>		<b>(92,432,168)</b>	<b>6,577,756</b>
Accumulated loss brought forward		(768,620,389)	(779,829,667)
		(861,052,557)	(773,251,911)
<b>Appropriations</b>			
<b>Transfer to:</b>			
Statutory reserve		-	-
Capital reserve		-	-
Depositors' protection fund		-	-
Revenue reserve		-	-
Proposed cash dividend		-	-
<b>Accumulated loss carried forward</b>		<b>(861,052,557)</b>	<b>(773,251,911)</b>
<b>(Loss) / profit per share - basic and diluted (Rupee)</b>		<b>(0.69)</b>	<b>0.05</b>

The annexed notes from 1 to 26 form an integral part of these condensed interim financial statements.

Chief Executive Officer

Chairman

Director

Director

**ADVANS PAKISTAN MICROFINANCE BANK LIMITED**  
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020**

	<u>Nine Months ended September 30</u>	
	2020	2019
	-----Rupees-----	
(Loss) / profit for the period after taxation	(92,432,168)	6,577,756
Other comprehensive income	-	-
<b>Total comprehensive (loss) / profit for the period</b>	<b><u>(92,432,168)</u></b>	<b><u>6,577,756</u></b>

Surplus / (deficit) on revaluation of available-for-sale investments, if any, is presented under a separate account below equity in accordance with the format of financial statements as prescribed under BSD Circular No. 11 dated December 30, 2003 issued by the State Bank of Pakistan (SBP) for Microfinance institutions / banks.

The annexed notes from 1 to 26 form an integral part of these condensed interim financial statements.

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**Chief Executive Officer**

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**Chairman**

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**Director**

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**Director**

**ADVANS PAKISTAN MICROFINANCE BANK LIMITED**  
**CONDENSED INTERIM CASH FLOW STATEMENT - (UN-AUDITED)**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020**

	Note	Nine Months ended September 30	
		2020	2019
		-----Rupees-----	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
(Loss) / profit before taxation		(95,773,064)	7,007,963
<b>Adjustments for non-cash charges and other items</b>			
Depreciation	11.1	18,837,207	17,742,633
Depreciation on right-of-use asset	11.1	16,912,813	14,967,317
Amortisation of intangible assets	11.1	1,097,668	3,419,062
Provision against non performing advances - net	10.3	66,502,608	46,031,883
Loss on disposal of operating fixed assets		-	-
Gain on disposal of operating fixed assets		-	(106,077)
Financial charges on lease liability against right-of-use asset		9,836,385	10,312,122
Amortisation of Market Treasury bills		-	(2,142,105)
Grant income	17	-	(1,034,484)
		113,186,681	89,190,351
		17,413,617	96,198,314
<b>(Increase) / decrease in operating assets</b>			
Advances - net of provisions		155,031,090	(224,754,967)
Other assets (excluding advance taxation)		(50,938,708)	(17,350,731)
		104,092,382	(242,105,698)
<b>Increase / (decrease) in operating liabilities</b>			
Deposits and other accounts		118,364,406	405,258,851
Borrowings		(75,000,000)	200,000,000
Other liabilities (excluding current taxation)		(5,201,976)	(45,346,593)
		38,162,430	559,912,258
		159,668,429	414,004,874
Payment of lease liability against right-of-use asset		(22,550,532)	(12,826,148)
Income tax paid		(7,572,736)	(5,953,626)
<b>Net cash (used in) / generated from operating activities</b>		129,545,161	395,225,100
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Investment in operating fixed assets		(9,217,728)	(19,303,557)
Net investment in held-for-trading investments		-	(291,349,605)
Proceeds from disposal of operating fixed assets		150,000	106,080
<b>Net cash used in investing activities</b>		(9,067,728)	(310,547,082)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Proceeds against issue of share capital		285,000,000	-
Grant received during the period	17	-	600,000
<b>Net cash generated from financing activities</b>		285,000,000	600,000
<b>Net increase in cash and cash equivalents during the period</b>		405,477,433	85,278,018
Cash and cash equivalents at the beginning of the period		414,835,791	130,245,480
<b>Cash and cash equivalents at the end of the period</b>	22	820,313,224	215,523,498

The annexed notes from 1 to 26 form an integral part of these condensed interim financial statements.

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Chief Executive Officer

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Chairman

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Director

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Director

**ADVANS PAKISTAN MICROFINANCE BANK LIMITED**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020**

	Share capital	Statutory reserve	Capital Reserve Rupees	Accumulated losses	Total
<b>Balance as at December 31, 2018 - (audited)</b>	1,290,163,100	-	-	(779,829,667)	510,333,433
Comprehensive income for the period					
Profit for the period	-	-	-	6,577,756	6,577,756
Other comprehensive income	-	-	-	-	-
<b>Total comprehensive income for the period</b>	-	-	-	6,577,756	6,577,756
<b>Balance as at September 30, 2019 - (Un-audited)</b>	1,290,163,100	-	-	(773,251,911)	516,911,189
Comprehensive income / (loss) for the period					
Loss for the period	-	-	-	8,367,948	8,367,948
Transferred to statutory reserve	-	2,989,141	-	(2,989,141)	-
Transferred to depositors' protection fund	-	-	747,285	(747,285)	-
Other comprehensive income	-	-	-	-	-
<b>Total comprehensive loss for the period</b>	-	2,989,141	747,285	4,631,522	8,367,948
<b>Balance as at December 31, 2019 - (audited)</b>	1,290,163,100	2,989,141	747,285	(768,620,389)	525,279,137
Issuance of shares (Note 17.2.2)	285,000,000	-	-	-	285,000,000
Comprehensive loss for the period					
Loss for the period	-	-	-	(92,432,168)	(92,432,168)
Other comprehensive income	-	-	-	-	-
<b>Total comprehensive income for the period</b>	-	-	-	(92,432,168)	(92,432,168)
<b>Balance as at September 30, 2020 - (un-audited)</b>	<u>1,575,163,100</u>	<u>2,989,141</u>	<u>747,285</u>	<u>(861,052,557)</u>	<u>717,846,969</u>

The annexed notes from 1 to 26 form an integral part of these condensed interim financial statements.

Chief Executive Officer

Chairman

Director

Director

**ADVANS PAKISTAN MICROFINANCE BANK LIMITED**  
**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020**

**1 STATUS AND NATURE OF BUSINESS**

1.1 Advans Pakistan Microfinance Bank Limited (the Bank) was incorporated as a public limited company under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) on April 17, 2012 and was granted license by the State Bank of Pakistan on June 28, 2012 to operate as a microfinance bank in the province of Sindh. The Securities and Exchange Commission of Pakistan and the State Bank of Pakistan granted permissions to the Bank for the commencement of business with effect from November 21, 2012 and January 04, 2013 respectively. The Bank's principal business is to provide microfinance banking and related services to the poor and under served segment of the society as envisaged under the Microfinance Institutions Ordinance, 2001. The registered office of the Bank is situated at Ground Floor, Bahria Complex 1, Lalazar Area, Moulvi Tamizzuddin Khan Road, Karachi. The Bank operates through branches spread within the province of Sindh.

The Bank is a subsidiary of Advans S.A. Sicar (incorporated in Luxembourg) which holds 99.99% (December 31, 2019: 74.99%) share capital of the Bank. During the period, Advans S.A Sicar has further acquired 25% shares from FMO (Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V.) - Netherlands.

1.2 The Bank's capital (free of losses) amounted to Rs 717.85 million as at September 30, 2020 (December 31, 2019: Rs 525.279 million) which is above the minimum capital requirements as at September 30, 2020.

**2 STATEMENT OF COMPLIANCE**

2.1 These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Act, 2017;
- Provisions of and directives issued under the Microfinance Institutions Ordinance, 2001 and the Companies Act, 2017; and
- Directives issued by the State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan (SECP).

Whenever the requirements of the Microfinance Institutions Ordinance, 2001, the Companies Act, 2017 or the directives issued by the SBP and the SECP differ with the requirements of IAS 34 or IFAS, the requirements of the Microfinance Institutions Ordinance, 2001, the Companies Act, 2017 and the said directives, shall prevail.

2.2 These condensed interim financial statements do not include all the information and disclosures required for the annual financial statements, and should be read in conjunction with the annual financial statements of the Bank for the year ended December 31, 2019.

2.3 The SBP vide BSD Circular letter No. 10, dated August 26, 2002 has deferred the applicability of International Accounting Standard 39, Financial Instruments: Recognition and Measurement and International Accounting Standard 40, Investment Property for banking companies till further instructions. Further, according to the notification of the SECP issued vide SRO 411(I)/2008 dated April 28, 2008, International Financial Reporting Standard (IFRS) 7, Financial Instruments: Disclosures has not been made applicable for banks. Accordingly, the requirements of these standards have not been considered in the preparation of these condensed interim financial statements. However, investments have been classified and valued in accordance with the requirements of various circulars issued by the SBP.

2.4 **Standards, interpretations and amendments to accounting and reporting standards that are effective in the current period**

There are certain new and amended standards and interpretations that are mandatory for the Bank's accounting periods beginning on or after January 1, 2020 but are considered not to be relevant or will not have any significant impact on the Bank's operations and are therefore not detailed in these condensed interim financial statements.

## 2.5 Standards, interpretations of and amendments to the accounting and reporting standard that are not yet

As per the SBP's BPRD Circular Letter no. 4 dated October 23, 2019, the applicability of IFRS 9 to banks in Pakistan has been deferred to accounting periods beginning on or after January 1, 2021. The management is currently assessing the impact as a result of adoption of IFRS 9 on the Bank's financial statements.

## 3 BASIS OF MEASUREMENT

### 3.1 Accounting convention

These condensed interim financial statements have been prepared under the historical cost convention.

### 3.2 Functional and presentation currency

These condensed interim financial statements have been presented in Pakistani Rupees, which is the Bank's functional and presentation currency.

## 4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these condensed interim financial statements are same as those applied in the preparation of financial statements of the Bank for the year ended December 31, 2019.

## 5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The basis and the methods used for critical accounting estimates and judgments adopted in these condensed interim financial statements are the same as those applied in the preparation of the annual audited financial statements of the Bank for the year ended December 31, 2019.

## 6 FINANCIAL RISK MANAGEMENT

The Bank's Financial Risk Management objectives and policies are consistent with those disclosed in the annual audited financial statements for the year ended December 31, 2019.

### 6.1 Regulatory reliefs due to COVID-19

The COVID – 19 pandemic has taken a toll on all economies and emerged as a contagion risk around the globe, including Pakistan. To reduce the impact on businesses and economies in general, regulators / governments across the globe have introduced a host of measures on both the fiscal and economic fronts.

The State Bank of Pakistan (SBP) has responded to the crisis by cutting the policy rate by 625 basis points to 7 percent and by introducing regulatory measures to maintain banking system soundness and to sustain economic activity. These include (i) allowing the banks to defer obligors' payment of principal on loan obligations by one year, provided that the obligor will continue to service the mark-up amount as per agreed terms and conditions; (ii) allowing for rescheduling / restructuring of loans for borrowers who are unable to service the mark-up amount or need deferment exceeding one year; (iii) requiring not to classify the financing facilities of borrowers who have requested for deferment under (i) and (ii), unless the payment obligations are past due by 90 days; and (iv) relaxing some requirements of AML / CFT Regulations.

COVID-19 will impact banks in Pakistan on a number of fronts including increase in overall credit risk pertaining to the loans and advances portfolio, continuity of business operations and managing cybersecurity threat as a number of the Bank's staff is working from home.

### 6.2 Operational Risk Management

The Bank is closely monitoring the situation and has invoked required actions to ensure safety and security of Bank staff and an uninterrupted service to our customers. The senior management of the Bank is continuously monitoring the situation and is taking timely decisions to resolve any concerns. The Bank has significantly enhanced monitoring for all cyber security risk during these times from its information security protocols. The remote work capabilities were enabled for critical staff and related risk and control measures were assessed to make sure they are fully protected using virtual private network ("VPN") connections. Further, the Bank has also ensured that its remote access systems are sufficiently resilient to any unwanted cyber attacks.

### 6.3 Credit Risk Management

The Risk Management function of the Bank is regularly conducting assessments of the credit portfolio to identify borrowers most likely to get affected due to changes in the business and economic environment. The Bank has further strengthened its credit review procedures in the light of COVID-19. The Bank is continuously reviewing the portfolio, to identify accounts susceptible to higher risk, resulting from the COVID-19 outbreak.

### 6.4 Liquidity Risk Management

In view of the relaxation granted by SBP for deferral of principal and mark-up and rescheduling of loans there may be an impact on the maturity profile of the Bank. The Asset and Liability Committee (ALCO) of the Bank is continuously monitoring the liquidity position of the Bank. The management based on its assessment is confident that the Bank will have sufficient liquidity to cater for any adverse movement in the cash flow maturity profile.

7	CASH AND BALANCES WITH STATE BANK OF PAKISTAN AND NATIONAL BANK OF PAKISTAN	Note	Un-audited	Audited
			September 30, 2020	December 31, 2019
			-----Rupees-----	
	Cash in hand		50,721,332	56,942,308
	Balance with State Bank of Pakistan (SBP)	7.1	23,913,666	28,832,330
	Balance with National Bank of Pakistan (NBP)		-	-
			<u>74,634,998</u>	<u>85,774,638</u>

7.1 This represents current account maintained with SBP to meet the requirement of maintaining a minimum balance equivalent to 5% of the Bank's time and demand liabilities in accordance with the Prudential Regulations for Microfinance Banks.

8	BALANCES WITH OTHER BANKS AND MICROFINANCE BANKS	Note	Un-audited	Audited
			September 30, 2020	December 31, 2019
			-----Rupees-----	
	In Pakistan:			
	- Current accounts		2,625,639	473,663
	- PLS deposit accounts	8.1	<u>469,248,589</u>	<u>230,105,030</u>
			<u>471,874,229</u>	<u>230,578,693</u>

8.1 These include deposits with commercial banks carrying mark-up rates ranging from 3% to 6.5% (December 31, 2019: 5.5% to 13%) per annum.

9	INVESTMENTS - NET OF PROVISIONS		Un-audited	Audited
			September 30, 2020	December 31, 2019
			-----Rupees-----	
	Held-to-maturity securities			
	Federal Government Securities			
	Market Treasury Bills		<u>274,179,930</u>	<u>98,482,460</u>

9.1 The Market Treasury Bills carries effective yield of 6.81% (December 31, 2019: 13.9%) and has maturity date of Oct 08 & 22, 2020.

#### 10 ADVANCES - NET OF PROVISIONS

	Note	September 30, 2020 (un-audited)		December 31, 2019 (audited)	
		Number of loans outstanding	Amount outstanding	Number of loans outstanding	Amount outstanding
		Rupees		Rupees	
Micro credit	10.1	9,146	1,047,164,410	11,466	1,269,590,951
Less: Provision held					
- Specific	10.2 & 10.3	795	<u>24,545,891</u>	1,302	<u>23,342,151</u>
- General	10.3	-	<u>9,438,516</u>	-	<u>11,535,099</u>
			<u>(33,984,407)</u>		<u>(34,877,250)</u>
			<u>1,013,180,003</u>		<u>1,234,713,701</u>

10.1 All advances are secured by personal guarantees except certain advances which are secured against gold provided by the borrowers.

#### 10.2 Particulars of non-performing advances

Advances include Rs 56,441,715 (December 31, 2019: Rs 65,054,252) which have been placed under non-performing status as detailed below.

Category of classification	September 30, 2020 (un-audited)			December 31, 2019 (audited)		
	Amount outstanding	Provision required	Provision held	Amount outstanding	Provision required	Provision held
-----Rupees-----						
OAEM	11,106,150	-	-	16,351,827	-	-
Substandard	8,397,606	2,099,401	2,099,401	14,335,668	3,583,917	3,583,917
Doubtful	28,982,937	14,491,468	14,491,468	29,217,047	14,608,524	14,608,524
Loss	<u>7,955,023</u>	<u>7,955,023</u>	<u>7,955,023</u>	<u>5,149,710</u>	<u>5,149,710</u>	<u>5,149,710</u>
	<u>56,441,715</u>	<u>24,545,891</u>	<u>24,545,891</u>	<u>65,054,252</u>	<u>23,342,151</u>	<u>23,342,151</u>



### 10.3 Particulars of provision against non-performing advances

The movement of provision against non-performing advances is as follows:

	September 30, 2020 (un-audited)			December 31, 2019 (audited)		
	Specific	General (Note 10.3.1)	Total	Specific	General (Note 10.3.1)	Total
	Rupees			Rupees		
Opening balance	23,342,151	11,535,099	34,877,250	11,230,523	9,229,052	20,459,575
Charge for the period / year - On non-performing advances	74,215,167 (5,615,976)	3,367,233 (5,463,816)	77,582,400 (11,079,792)	66,648,025 (1,153)	3,494,794 (1,188,747)	70,142,819 (1,189,900)
Reversals	68,599,191	(2,096,583)	66,502,608	66,646,872	2,306,047	68,952,919
Amount written off	(67,395,451)	-	(67,395,451)	(54,535,244)	-	(54,535,244)
Closing balance	24,545,891	9,438,516	33,984,407	23,342,151	11,535,099	34,877,250

10.3.1 This represents general provision equivalent to 1% of the outstanding advances (other than gold loans) - net of specific provisions held in accordance with the requirements of the Prudential Regulations for Microfinance Banks.

	Note	Un-audited September 30, 2020	Audited December 31, 2019
		Rupees	
<b>10.4 Particulars of Write Offs:</b>			
Against Provisions		67,395,451	54,535,244
Directly charged to Profit and Loss account		-	-
		<u>67,395,451</u>	<u>54,535,244</u>
<b>11 OPERATING FIXED ASSETS</b>			
Capital work-in-progress	11.1	996,197	996,197
Property and equipment	11.1	156,997,945	176,553,427
Intangible assets	11.1	3,559,084	2,780,974
		<u>161,553,227</u>	<u>180,330,598</u>
	Note	Un-audited September 30, 2020	Audited December 31, 2019
		Rupees	
<b>11.1 Movement</b>			
Carrying value at the beginning of the period		93,336,821	97,994,443
Right-of-Use asset		86,993,777	104,871,228
Add: Additions during the period	11.1.1	18,596,250	38,481,867
Less: Disposal during the period		-	-
Less: Transfers from CWIP to tangible assets		-	11,994,251
Less: Depreciation / Amortisation for the period		36,847,688	49,022,689
Carrying value at the end of the period		<u>162,079,160</u>	<u>180,330,598</u>
		Un-audited September 30, 2020	Audited December 31, 2019
		Rupees	
<b>11.1.1 Additions during the period</b>			
Furniture and Fixtures		784,068	3,844,996
Computer Equipment		3,822,754	10,019,363
Leasehold Improvements		207,487	9,414,543
Office & Other Equipment		2,527,641	10,684,903
Vehicles		-	119,500
Intangibles		1,875,778	1,001,640
Right-of-Use asset		9,378,522	3,396,922
		<u>18,596,250</u>	<u>38,481,867</u>

	Note	Un-audited September 30, 2020	Audited December 31, 2019
-----Rupees-----			
<b>12 OTHER ASSETS</b>			
Prepayments for			
- rent		6,360,532	16,489,729
- insurance		3,345,297	3,210,844
- others		11,910,082	1,680,404
Mark-up / return / interest accrued		86,208,644	34,252,214
Receivable from a related party	12.1	-	2,298,804
Advances to staff		5,262,494	3,338,355
Security deposits		3,054,780	3,254,780
Accrued income on PLS savings account		1,164,935	1,804,934
Advance tax (payments less provision)		591,513	-
Others		648,841	686,832
		<u>118,547,117</u>	<u>67,016,896</u>

12.1 This represents amount receivable from Advans International, a related party, for reimbursement of expenses.

	September 30, 2020 (Un-audited)		December 31, 2019 (audited)	
	Number of accounts	Rupees	Number of accounts	Rupees
<b>13 DEPOSITS AND OTHER ACCOUNTS</b>				
Fixed Deposits	531	795,157,423	573	689,276,202
Saving deposits	1,179	215,726,067	1,168	185,936,939
Current deposits	31,154	61,200,083	29,739	78,506,026
	<u>32,864</u>	<u>1,072,083,573</u>	<u>31,480</u>	<u>953,719,167</u>
<b>13.1 Particulars of deposits by ownership</b>				
Individual depositors	32,661	1,038,590,719	31,286	920,570,594
Institutional depositors				
- Corporation / firms etc.	203	33,492,854	194	33,148,573
- Banks and financial institutions	-	-	-	-
	<u>32,864</u>	<u>1,072,083,573</u>	<u>31,480</u>	<u>953,719,167</u>

	Note	Un-audited September 30, 2020	Audited December 31, 2019
-----Rupees-----			
<b>14 BORROWINGS</b>			
Borrowings from Banks / Financial Institutions in Pakistan	14.1 & 14.2	<u>225,000,000</u>	<u>300,000,000</u>
<b>14.1 Details of borrowings from financial institutions</b>			
<b>Secured</b>			
Borrowing from Non-Banking Finance Company (NBFC)	14.2	<u>225,000,000</u>	<u>300,000,000</u>

14.2 During the year 2018, the Bank entered into an agreement with the Pakistan Microfinance Investment Company (PMIC) - NBFC for a term finance facility of Rs. 300 million. The Bank was entitled to obtain this facility during the period from July 1, 2018 till June 30, 2019 as per the agreement. The Bank has availed full facility in four tranches, two of Rs. 50 million each in the year 2018 and two further tranches of Rs. 100 million each in the year 2019. The facility carries mark-up at the rate of average six months KIBOR plus 4 percent (to be set at the start of each quarter). The facility is secured by way of hypothecation of fixed assets of the Bank and demand promissory notes and was initially repayable by September 2020. During the current period, an amendment agreement has been executed and now the bank is required to make payment in three instalments of Rs. 75 million each on March 31, 2021, June 30, 2021 and September 30,

15	OTHER LIABILITIES	Note	Un-audited	Audited
			September 30, 2020	December 31, 2019
-----Rupees-----				
	Mark-up / return / interest payable		23,244,886	37,292,525
	Accrued expenses		36,674,617	23,667,100
	Payable to related parties	15.1	2,796,208	2,675,353
	Withholding tax payable		10,822,005	15,063,311
	Provident fund payable		925,619	907,897
	Payable to Employee Old Age Benefit Institution (EOBI)		338,278	397,402
	Current taxation (provisions less payments)		-	1,237,884
	Lease liability against right-of-use assets		81,955,680	85,291,305
	Others		400	400
			<u>156,757,692</u>	<u>166,533,177</u>

15.1 This includes amounts of Rs 2,789,881 (December 31, 2019: Rs 2,669,026) and Rs 6,327 (December 31, 2019: Rs 6,327) payable to Advans S.A. Sicar - holding company and FMO (Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V.) - Netherlands respectively.

## 16 SHARE CAPITAL

### 16.1 Authorised capital

Un-audited September 30, 2020	Audited December 31, 2019		Un-audited	Audited
			September 30, 2020	December 31, 2019
-----Rupees-----				
200,000,000	150,000,000	Ordinary shares of Rs 10 each	2,000,000,000	1,500,000,000

### 16.2 Issued, subscribed and paid-up share capital

Un-audited September 30, 2020	Audited December 31, 2019		Un-audited	Audited
			September 30, 2020	December 31, 2019
-----Rupees-----				
157,516,310	129,016,310	Ordinary shares of Rs 10 each fully paid in cash	1,575,163,100	1,290,163,100

#### 16.2.1 Share capital has been subscribed by the following:

	Note	Un-audited	Audited
		September 30, 2020	December 31, 2019
Number of shares			
Advans S.A. Sicar - Luxembourg	16.3	157,516,308	96,751,309
FMO (Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V.) - Netherlands		-	32,265,000
Claude Falgon - Chairman Advans Pakistan Microfinance Bank Limited		1	1
Steven Duchatelle - Director Advans Pakistan Microfinance Bank Limited	16.3	1	-
		<u>157,516,310</u>	<u>129,016,310</u>

#### 16.2.2 Movement in issued, subscribed and paid-up share capital

	September 30, 2020 (un-audited)			December 31, 2019 (audited)			September 30, 2020 (un-audited)	December 31, 2019 (audited)
	Issued for cash	Issued as bonus shares	Total	Issued for cash	Issued as bonus shares	Total		
----- Rupees -----								
----- Number of shares -----								
Opening	129,016,310	-	129,016,310	129,016,310	-	129,016,310	#####	1,290,163,100
Shares issued during the period	28,500,000	-	28,500,000	-	-	-	285,000,000	-
	<u>157,516,310</u>	-	<u>157,516,310</u>	<u>129,016,310</u>	-	<u>129,016,310</u>	<u>#####</u>	<u>1,290,163,100</u>

- 16.3 This represent shares owned by the holding company and director have been deposited in blocked account with the Central Depository Company of Pakistan Limited in terms of BPRD Circular No. 9 of 2009 and under SBP License No. MFI-012 dated June 28, 2012. During the period, Advans S.A Sicar has further acquired 25% shares from FMO (Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V.) - Netherlands. Subsequent to this acquisition, 99.99% shares of the bank are held by Advans S.A Sicar.

	Un-audited September 30, 2020	Audited December 31, 2019
	-----Rupees-----	
<b>17 DEFERRED GRANT</b>		
Opening balance	714,669	1,149,153
Grant received during the period / year from: State Bank of Pakistan	-	600,000
Grant income recognised during the period / year	-	(1,034,484)
	<u>714,669</u>	<u>714,669</u>

	Un-audited September 30, 2020	Audited December 31, 2019
	-----Rupees-----	
<b>18 MEMORANDUM / OFF BALANCE SHEET ITEMS</b>		
Bills For Collection	-	-
Acceptances, Endorsements And Other Obligations Contingent Liabilities	-	-
Commitments for fixed capital expenditure	-	-
	<u>-</u>	<u>-</u>

- 18.1 There were no contingencies as at September 30, 2020 and December 31, 2019.

	Note	Un-audited Nine Months ended September 30	
		2020	2019
		-----Rupees-----	
<b>19 MARK-UP / RETURN / INTEREST EARNED</b>			
Interest / mark-up on:			
Advances		330,398,407	369,265,593
Government Securities - Market Treasury bills		7,248,895	2,142,105
Banks and financial institutions			
- Deposit accounts		12,143,608	5,053,639
		<u>349,790,909</u>	<u>376,461,338</u>

		Un-audited September 30, 2020	Audited December 31, 2019
		-----Rupees-----	
<b>20 OTHER INCOME</b>			
Grant income	17	-	1,034,484
Recoveries against write-offs		3,299,462	1,917,145
Recoveries from Credit Guarantee Scheme		2,710,317	2,064,496
Liabilities no longer required written back		508,634	73,779,953
Others		1,370	106,077
		<u>6,519,783</u>	<u>78,902,156</u>

## 21 RELATED PARTY TRANSACTIONS

Related parties of the Bank comprise of the holding company, associates, group companies, directors, key management personnel and their close family members. Transactions with related parties are carried out as per agreed terms.

Transactions with related parties which have not been disclosed elsewhere in these condensed interim financial statements are disclosed below:

	Un-audited Nine Months ended September 30	2020	2019
	-----Rupees-----		
Remuneration of key management personnel (including directors)	84,192,635	93,675,307	
Technical support services availed from Advans International	-	13,837,305	

	Note	Un-audited September 30, 2020	Audited December 31, 2019
-----Rupees-----			
<b>22 CASH AND CASH EQUIVALENTS</b>			
Cash and balances with State Bank of Pakistan and National Bank of Pakistan	7	74,634,998	85,774,638
Balances with other banks and microfinance banks in current and deposit accounts	8	471,874,229	230,578,693
Market Treasury Bills	9	274,179,930	98,482,460
		<u>820,689,157</u>	<u>414,835,791</u>

### 23 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

#### Fair value estimation:

The Bank discloses the financial instruments measured in the balance sheet at fair value in accordance with the following fair value hierarchy that reflects the significance of inputs in making the measurements. The fair value hierarchy has the following levels:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The table below analyses financial instruments measured at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised:

There were no transfers between levels 1 and 2 during the period.

As at September 30, 2020, the bank does not hold any financial instruments carried at fair value which require classification in the above mentioned levels. However, the carrying values of all financial assets and liabilities reflected in the condensed interim financial statements approximate their fair values as the items are short term in nature.

### 24 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary, for the purposes of comparison and better presentation. There have been no significant reclassification in these condensed interim financial statements except as mentioned below:

Reclassification from	Reclassification to	2019
-----Rupees-----		
Mark-up / return / interest	Administrative expenses	10,312,122

### 25 GENERAL

Figures have been rounded off to the nearest Rupee.

### 26 DATE OF AUTHORISATION

These condensed interim financial statements were authorised for issue on Oct 28, 2020 by the Board of Directors of the Bank.

\_\_\_\_\_  
Chief Executive Officer

\_\_\_\_\_  
Chairman

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director