

ADVANS PAKISTAN MICROFINANCE BANK LIMITED
CONDENSED INTERIM BALANCE SHEET
AS AT SEPTEMBER 30, 2022

		Un-audited	Audited
		September 30,	December 31,
		2022	2021
	Note	-----Rupees-----	
ASSETS			
Cash and balances with State Bank of Pakistan and National Bank of Pakistan	7	247,743,972	259,926,324
Balances with other banks and microfinance banks	8	173,698,643	267,764,609
Investments	9	198,437,013	-
Advances - net of provisions	10	3,018,472,594	2,430,141,007
Operating fixed assets	11	417,757,608	239,372,574
Other assets	12	158,434,747	108,946,327
Deferred tax asset - net	13	70,683,424	65,086,908
TOTAL ASSETS		4,285,228,001	3,371,237,749
LIABILITIES			
Deposits and other accounts	14	2,908,629,031	2,272,272,578
Borrowings	15	311,374,179	100,000,000
Subordinated debt		-	-
Other liabilities	16	386,717,793	241,640,429
Deferred tax liabilities		-	-
TOTAL LIABILITIES		3,606,721,003	2,613,913,007
NET ASSETS		678,506,998	757,324,742
REPRESENTED BY			
Share capital	17	1,725,163,100	1,725,163,100
Reserves		13,766,170	13,766,170
Depositors' protection fund		3,441,542	3,441,542
Accumulated losses		(1,064,578,483)	(985,760,739)
		677,792,329	756,610,073
Surplus / (deficit) on revaluation of assets		-	-
Deferred grant	18	714,669	714,669
		678,506,998	757,324,742
MEMORANDUM / OFF BALANCE SHEET ITEMS	19		

The annexed notes from 1 to 30 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

CHAIRMAN

DIRECTOR

DIRECTOR

ADVANS PAKISTAN MICROFINANCE BANK LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022

	Note	Nine Months ended September 30	
		2022	2021
-----Rupees-----			
Mark-up / return / interest earned	20	960,355,303	517,775,406
Mark-up / return / interest expensed	21	(290,122,794)	(124,895,528)
Net mark-up / interest income		670,232,509	392,879,878
Provision against non-performing loans and advances - net	10.3	145,598,090	53,493,178
Provision for diminution in the value of investments		-	-
Bad debts written off directly		3,854,317	-
		149,452,407	53,493,178
Net mark-up / return / interest income after provisions		520,780,102	339,386,700
Non mark-up / non interest income			
Fee, commission and brokerage income	22	102,815,766	78,788,952
Other income	23	17,911,686	20,471,843
Total non-mark-up / non-interest income		120,727,452	99,260,795
		641,507,554	438,647,495
Non mark-up / non interest expenses			
Administrative expenses	24	682,408,426	413,824,986
Other provision / write offs		-	-
Other operating expenses / other charges		-	-
Total non mark-up / non interest expenses		682,408,426	413,824,986
Extra ordinary / unusual items		-	-
Profit / (loss) before taxation		(40,900,872)	24,822,509
Taxation - current		13,513,388	7,710,543
Taxation - prior		-	-
Taxation - deferred		(5,596,516)	(4,211,154)
		7,916,872	3,499,389
Profit after taxation		(48,817,744)	21,323,120
Accumulated loss brought forward		(1,015,760,739)	(1,026,174,598)
		(1,064,578,483)	(1,004,851,478)
Appropriations			
Transfer to:			
Statutory reserve		-	-
Capital reserve		-	-
Depositors' protection fund		-	-
Revenue reserve		-	-
Proposed cash dividend		-	-
Accumulated loss carried forward		(1,064,578,483)	(1,004,851,478)
Earnings per share - basic and diluted (Rupee)		(0.283)	0.127

The annexed notes from 1 to 30 form an integral part of these 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, 2022**

	<u>Nine Months ended September 30</u>	
	<u>2022</u>	<u>2021</u>
	-----Rupees-----	
Profit for the period after taxation	(48,817,744)	21,323,120
Other comprehensive income	-	-
Total comprehensive income for the period	<u>(48,817,744)</u>	<u>21,323,120</u>

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 30 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

CHAIRMAN

DIRECTOR

DIRECTOR

ADVANS PAKISTAN MICROFINANCE BANK LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022

	Share capital	Capital reserve	Statutory reserve	Depositors' protection fund	Accumulated losses	Total
----- Rupees -----						
Balance as at December 31, 2020 - (Audited)	1,575,163,100	-	2,989,141	747,285	(1,026,174,598)	552,724,928
Issuance of share capital	150,000,000	-	-	-	-	150,000,000
Comprehensive income for the period						
Profit for the period	-	-	-	-	21,323,120	21,323,120
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	21,323,120	21,323,120
Balance as at September 30, 2021 - (un-audited)	1,725,163,100	-	2,989,141	747,285	(1,004,851,478)	724,048,048
Comprehensive income for the year						
Profit for the period	-	-	-	-	32,562,025	32,562,025
Transferred to statutory reserves	-	-	10,777,029	-	(10,777,029)	-
Transferred to depositors' protection fund	-	-	-	2,694,257	(2,694,257)	-
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	-	-	10,777,029	2,694,257	19,090,739	32,562,025
Balance as at December 31, 2021 - (Audited)	1,725,163,100	-	13,766,170	3,441,542	(985,760,739)	756,610,073
Comprehensive income for the year						
Profit for the year	-	-	-	-	(48,817,744)	(48,817,744)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	(48,817,744)	(48,817,744)
Dividend					(30,000,000)	(30,000,000)
Balance as at September 30, 2022 - (Un-audited)	1,725,163,100	-	13,766,170	3,441,542	(1,064,578,483)	677,792,329

The annexed notes from 1 to 30 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

CHAIRMAN

DIRECTOR

DIRECTOR

ADVANS PAKISTAN MICROFINANCE BANK LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT - (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022

		Nine months ended September 30	
		2022	2021
Note		-----Rupees-----	
CASH FLOWS FROM OPERATING ACTIVITIES			
	Profit before taxation	(40,900,872)	24,822,509
	Adjustments for non-cash charges and other items		
	Depreciation	33,452,103	20,527,241
	Depreciation on right-of-use asset	32,123,710	18,477,805
	Amortisation of intangible assets	1,054,118	1,304,706
10.3	Provision against non-performing advances - net	145,598,090	53,493,178
	Loss / (Gain) on disposal of operating fixed assets	594,567	(568,938)
	Financial charges on lease liability against right-of-use asset	16,793,248	9,282,588
		<u>229,615,836</u>	<u>102,516,580</u>
		188,714,964	127,339,089
	(Increase) in operating assets		
	Advances	(733,929,677)	(1,141,667,188)
	Other assets	(49,488,420)	(22,068,680)
		(783,418,097)	(1,163,735,868)
	Increase / (decrease) in operating liabilities		
	Deposits and other accounts	636,356,453	973,693,250
	Borrowings	211,374,179	(150,000,000)
	Other liabilities (excluding current taxation)	42,221,581	36,665,286
		<u>889,952,213</u>	<u>860,358,536</u>
		295,249,080	(176,038,243)
	Payment of lease liability against right-of-use asset	(50,669,489)	(16,751,403)
	Income tax paid	(14,151,627)	(8,218,542)
	Net cash flows generated from / (used in) operating activities	<u>230,427,964</u>	<u>(201,008,188)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
	Investment in operating fixed assets	(135,239,269)	(34,331,090)
	Proceeds from the disposal of operating fixed assets	-	1,283,000
	Net cash used in investing activities	(135,239,269)	(33,048,090)
CASH FLOWS FROM FINANCING ACTIVITIES			
	Proceeds against issuance of share capital	-	150,000,000
	Dividend paid	(3,000,000)	-
	Net cash (used in) / generated from financing activities	<u>(3,000,000)</u>	<u>150,000,000</u>
	Net increase/ (decrease) in cash and cash equivalents during the period	92,188,695	(84,056,278)
	Cash and cash equivalents at the beginning of the period	527,690,933	745,220,433
	Cash and cash equivalents at the end of the period	<u>619,879,628</u>	<u>661,164,155</u>

The annexed notes from 1 to 30 form an integral part of these 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, 2022

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 Plot No.ST 2/A 3rd Floor Building No.3, Islamic Chamber of Commerce, Block 9 KDA Scheme 5, Clifton Karachi, Pakistan. The Bank operates 19 (December 31, 2021: 14) 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, 2021: 99.99%) share capital of the Bank.

- 1.2 JCR-VIS has determined the Bank's medium to long-term rating as BBB+ and the short-term rating as A-3 with stable outlook as at April 29, 2022.
- 1.3 The Bank's capital (free of losses) amounted to Rs 677.792 million as at September 30, 2022 (December 31, 2021: Rs 756.610 million) which is above the minimum capital requirements as at September 30, 2022.

2 BASIS OF PRESENTATION

These financial statements have been prepared in compliance with the format as prescribed under the Banking Surveillance Department (BSD) Circular No.11 dated December 30, 2003 issued by the State Bank of Pakistan.

3 STATEMENT OF COMPLIANCE

- 3.1 These condensed interim financial information have been prepared in accordance with 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.

- 3.2 These condensed interim financial information 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, 2021.
- 3.3 The SBP vide BSD Circular letter No. 10 dated August 26, 2002, has deferred the applicability of International Accounting Standard (IAS) 39 - "Financial Instruments: Recognition and Measurement" and IAS 40 - "Investment Property" for banking companies in Pakistan 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 (un-audited). However, investments and non-banking assets have been classified and valued in accordance with the requirements prescribed by the SBP through various circulars.
- 3.4 Standards, interpretations and amendments to accounting and reporting standards that are effective in the current period.**

There are certain other new standards, amendments and interpretations that are mandatory for the Bank's accounting periods beginning on January 01, 2022 but are considered not to be relevant or do not have any material impact on the Bank's operations and are therefore not detailed in these condensed interim financial statements.

3.5 Standards, interpretations of and amendments to the accounting and reporting standards that are not yet effective

The SBP vide BPRD Circular letter No. 03 of 2022, dated July 05, 2022, extended the date of implementation of IFRS 9 - "Financial Instruments" till January 01, 2024. Accordingly, the requirements of this standard have not been considered in the preparation of these condensed interim financial statements. However, during the transition period, the Company is required to carry out the parallel run reporting for submission of IFRS 9 pro-forma on quarterly and half yearly financial statements for the current period.

There are certain other new amendments that are mandatory for the Bank's accounting periods beginning on or after January 01, 2022, but are considered not to be relevant or will not have any material effect on the Bank's operations and are, therefore, not detailed in these condensed interim financial statements.

4 BASIS OF MEASUREMENT

4.1 Accounting convention

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

4.2 Functional and presentation currency

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

5 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, 2021.

6 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The basis and methods used for critical accounting estimates and judgements 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, 2021.

		Un-audited September 30, 2022	Audited December 31, 2021
	Note	-----Rupees-----	
7	CASH AND BALANCES WITH STATE BANK OF PAKISTAN AND NATIONAL BANK OF PAKISTAN		
		84,481,132	68,023,192
	7.1	163,262,840	191,903,132
		-	-
		<u>247,743,972</u>	<u>259,926,324</u>
7.1	This represents current accounts 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		
	In Pakistan:		
		8,118,804	9,239,159
	8.1	165,579,839	258,525,450
		<u>173,698,643</u>	<u>267,764,609</u>
8.1	These include deposits with commercial banks carrying mark-up rates ranging from 10.25% to 14.25.% (December 31, 2021: 5.5% to 9.8%) per annum.		
9	INVESTMENTS		
	Held-to-maturity securities		
	Federal Government Securities		
	9.1	198,437,013	-
9.1	The Market Treasury Bills (T-Bills) having a face value Rs. 200 million were purchased through T-Bills auction from primary dealer Pak Oman Investment Company Limited (POICL), on July 28, 2022 at a cost of Rs. 193,089,950. These are carried at amortized cost and will mature on October 20, 2022. The T-Bills are classified as Held to Maturity.		

10 ADVANCES - NET OF PROVISIONS

Note	September 30, 2022 (un-audited)		December 31, 2021 (audited)		
	Number of loans outstanding	Amount outstanding	Number of loans outstanding	Amount outstanding	
	Rupees		Rupees		
Micro credit	10.1	18,313	3,112,081,380	15,163	2,494,002,194
Less: Provision held					
- Specific	10.1 & 10.2	1,091	65,512,875	592	31,273,053
- General	10.3	-	28,095,911	-	32,588,134
			(93,608,786)		(63,861,187)
			<u>3,018,472,594</u>		<u>2,430,141,007</u>

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

10.2 Particulars of non-performing advances

Advances include Rs.186,932,627 (December 31, 2021: Rs. 77,710,689) which have been placed under non-performing status as detailed below:

Category of classification	September 30, 2022 (un-audited)			December 31, 2021 (audited)		
	Amount outstanding	Provision required	Provision held	Amount outstanding	Provision required	Provision held
	----- Rupees -----			----- Rupees -----		
Other assets especially mentioned	50,084,855	-	-	16,193,767	-	-
Substandard	39,632,738	9,908,180	9,908,180	12,356,466	3,044,913	3,044,913
Doubtful	83,220,678	41,610,339	41,610,339	39,997,366	19,941,804	19,941,804
Loss	13,994,356	13,994,356	13,994,356	9,163,090	8,286,336	8,286,336
	<u>186,932,627</u>	<u>65,512,875</u>	<u>65,512,875</u>	<u>77,710,689</u>	<u>31,273,053</u>	<u>31,273,053</u>

10.3 Particulars of provision against non-performing advances

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

	September 30, 2022 (un-audited)			December 31, 2021 (audited)		
	Specific	General	Total	Specific	General	Total
	----- Rupees -----			----- Rupees -----		
Opening balance	31,273,053	32,588,134	63,861,187	38,987,407	79,810,691	118,798,098
Charge for the year						
- On non-performing advances	150,932,248	20,796,091	171,728,339	124,399,996	20,604,529	145,004,525
Reversals	(841,935)	(25,288,314)	(26,130,249)	(2,937,979)	(67,827,086)	(70,765,065)
	150,090,313	(4,492,223)	145,598,090	121,462,017	(47,222,557)	74,239,460
Amount written off	(115,850,491)	-	(115,850,491)	(129,176,371)	-	(129,176,371)
Closing balance	<u>65,512,875</u>	<u>28,095,911</u>	<u>93,608,786</u>	<u>31,273,053</u>	<u>32,588,134</u>	<u>63,861,187</u>

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. General provision also includes Rs. 1.279 million (December 31, 2021: Rs. 10.47 million) as discussed in note 5.3 to the financial statements for the year ended December 31, 2021.

	Note	Un-audited September 30, 2022	Audited December 31, 2021
-----Rupees-----			
10.4 Particulars of write offs:			
Against provisions		115,850,491	129,176,371
Directly charged to profit and loss account		3,854,317	-
		<u>119,704,808</u>	<u>129,176,371</u>
11 OPERATING FIXED ASSETS			
Capital work-in-progress	11.1	4,083,840	20,061,440
Property and equipment	11.1	409,351,993	216,157,707
Intangible assets	11.1	4,321,775	3,153,427
		<u>417,757,608</u>	<u>239,372,574</u>
11.1 Movement			
Carrying value at the beginning of the period		239,372,574	159,539,611
Add: Additions during the period		253,012,258	121,268,968
Add: Additions to capital work-in-progress during the period		7,980,307	28,130,486
Less: Disposal of fixed assets / transfer from capital work in progress		(15,977,600)	(14,779,305)
Less: Depreciation / Amortization for the period		(66,629,931)	(54,787,186)
Carrying value at the end of the period		<u>417,757,608</u>	<u>239,372,574</u>
11.1.1 Additions during the period			
Furniture and fixtures		11,841,038	4,471,581
Computer equipment		26,938,891	20,767,535
Leasehold improvements		58,976,575	13,520,233
Office and other equipment		32,134,341	13,150,550
Vehicles		17,447,026	233,000
Intangibles		2,222,473	1,575,790
Right-of-use-asset		103,451,914	67,550,279
		<u>253,012,258</u>	<u>121,268,968</u>

		Un-audited September 30, 2022	Audited December 31, 2021
	Note	-----Rupees-----	
11.1.2 Additions to capital work-in-progress during the period			
Civil work		7,980,307	28,130,486
11.1.3 Disposal during the period - at cost			
Vehicle - net book value		-	714,062
Leasehold improvement - net book value		1,656,532	-
		<u>1,656,532</u>	<u>714,062</u>
12 OTHER ASSETS			
Mark-up / return / interest accrued		108,398,319	74,581,739
Prepayments for			
rent		1,498,540	8,329,066
insurance		2,576,845	3,323,056
others		22,477,466	11,016,966
Receivable from a related party	12.1	421,020	-
Advances to staff		5,250,685	3,304,179
Security deposits		7,289,580	7,262,180
Accrued income on PLS savings account		1,897,528	574,631
Others		8,624,764	554,510
		<u>158,434,747</u>	<u>108,946,327</u>

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

13 DEFERRED TAX ASSET - NET

Deferred tax comprises of deductible and taxable timing differences in respect of the following:

Deductible temporary differences arising in respect of

Unabsorbed tax depreciation and amortisation
Property and equipment

74,856,555	65,565,778
(3,453,853)	106,876
<u>71,402,702</u>	<u>65,672,654</u>

Taxable temporary differences arising due to

Intangible assets

(719,278)	(585,746)
<u>(719,278)</u>	<u>(585,746)</u>
<u>70,683,424</u>	<u>65,086,908</u>

- 13.1 The Bank has unabsorbed tax loss of Rs. 772,776,367 (including unabsorbed tax depreciation and amortisation amounting to Rs. 258,126,052) as at September 30, 2022. The management has recognised deferred tax asset of Rs. 74,384,999 (December 31, 2021: Rs 65,086,908) on unabsorbed tax depreciation and amortisation. The deferred tax asset has been recorded based on the financial projections of the Bank which have been prepared by the management. The financial projections prepared by the management are based on assumptions which are linked to various variable factors such as growth in enterprise loans, expansion in gold-backed loans, microloans, productivity, growth in loan size, effective interest rate etc. expected to be achieved during the next three years.

14 DEPOSITS AND OTHER ACCOUNTS

	September 30, 2022 (Un-		December 31, 2021 (audited)	
	Number of accounts	Rupees	Number of accounts	Rupees
Fixed deposits	479	1,738,914,583	526	1,319,281,283
Saving deposits	1,306	1,073,798,533	1,275	861,648,789
Current deposits	49,255	95,915,915	42,204	91,342,506
	<u>51,040</u>	<u>2,908,629,031</u>	<u>44,005</u>	<u>2,272,272,578</u>

14.1 Particulars of deposits by ownership

Individual depositors	50,853	2,114,206,611	43,816	1,628,323,075
Institutional depositors Corporation / firms etc.	187	672,160,755	189	643,949,503
	<u>51,040</u>	<u>2,786,367,366</u>	<u>44,005</u>	<u>2,272,272,578</u>

	Note	Un-audited September 30, 2022	Audited December 31, 2021
15 BORROWINGS		-----Rupees-----	

Borrowings from Banks / Financial Institutions in Pakistan	15.1 & 15.2	<u>311,374,179</u>	<u>100,000,000</u>
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15.1 Details of borrowings from financial institutions

Secured

Borrowing from Non-Banking Finance Company (NBFC)	15.2	300,000,000	100,000,000
Borrowing from United Bank Limited	15.3	<u>11,374,179</u>	<u>-</u>

- 15.2 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 had availed full facility in four tranches, two of Rs. 50 million each in 2019 and two further tranches of Rs. 100 million each in the prior year. 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 was secured by way of hypothecation of fixed assets of the Bank and demand promissory notes and was repayable by September 2020. During the year 2020, an amendment agreement had been executed and the Bank was required to make payments in three installments of Rs. 75 million each on March 31, 2021, June 30, 2021 and September 30, 2021. During the previous year, the Bank entered into another similar agreement with PMIC for a term finance facility of upto Rs. 300 million. Bank received first tranche of Rs. 100,000,000 as at December 31, 2021. Further two tranches of Rs. 200,000,000 were received as at June 30, 2022.
- 15.3 The Bank has obtained financing facility of Rs. 16 million from United Bank Limited for purchase of new locally manufactured / assembled vehicles to be used by management at a rate of 1 Month KIBOR + 2.00% per annum. The tenor of the facility is 3 years from the date of each drawdown and repayment of principal in 36 equal monthly installments. This loan has been secured against custody of original excise file along with copy of registered book / card and spare key with United Bank Limited along with 1st exclusive charge against the vehicles to be registered with SECP in favor of United Bank Limited.

		Un-audited September 30, 2022	Audited December 31, 2021
	Note	-----Rupees-----	
16 OTHER LIABILITIES			
Mark-up / return / interest payable		34,905,539	19,311,658
Accrued expenses		51,927,029	48,905,151
Payable to related parties	16.1	64,825,722	43,638,191
Withholding tax payable		7,359,219	5,553,530
Provident fund payable		1,597,230	832,372
Payable to employee old age benefit institution		86,028	300,508
Current taxation (provisions less payments)		324,670	962,909
Lease liability against right-of-use assets		198,629,732	122,135,710
Dividend payable		27,000,000	-
Others		62,624	400
		<u>386,717,793</u>	<u>241,640,429</u>

- 16.1 This represents amounts of Rs. 62,029,514 (December 31, 2021: Rs. 40,841,983), Rs. 2,789,881 (December 31, 2021: Rs 2,789,881) and Rs. 6,327 (December 31, 2021: Rs 6,327) payable to Advans International - related party, Advans S.A. Sicar - Holding Company and FMO (Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V.) - Netherlands respectively.

17 SHARE CAPITAL

17.1 Authorised capital

Un-audited September 30, 2022	Audited December 31, 2021		Un-audited September 30, 2022	Audited December 31, 2021
Number of shares			-----Rupees-----	
<u>200,000,000</u>	<u>200,000,000</u>	Ordinary shares of Rs 10 each	<u>2,000,000,000</u>	<u>2,000,000,000</u>

17.2 Issued, subscribed and paid-up share capital

Un-audited September 30, 2022	Audited December 31, 2021		Un-audited September 30, 2022	Audited December 31, 2021
Number of shares			-----Rupees-----	
<u>172,516,310</u>	<u>172,516,310</u>	Ordinary shares of Rs 10 each fully paid in cash	<u>1,725,163,100</u>	<u>1,725,163,100</u>

17.2.1 Share capital has been subscribed by the following:

Advans S.A. Sicar - Luxembourg	17.3	172,516,308	172,516,308
Steven Duchatelle - Director Advans Pakistan Microfinance Bank Limited		1	1
Claude Falgon - Chairman Advans Pakistan Microfinance Bank Limited		1	1
		<u>172,516,310</u>	<u>172,516,310</u>

17.2.2 Movement in issued, subscribed and paid-up share capital

	September 30, 2022 (un-audited)			December 31, 2021 (audited)			June 30, 2022 (un-audited)	December 31, 2021 (audited)
	Issued for cash	Issued as bonus shares	Total	Issued for cash	Issued as bonus shares	Total		
	-----Number of shares-----						----- Rupees -----	

Opening	172,516,310	-	172,516,310	157,516,310	-	157,516,310	1,725,163,100	157,516,310
Shares issued during the year	-	-	-	15,000,000	-	15,000,000	-	15,000,000
	<u>172,516,310</u>	<u>-</u>	<u>172,516,310</u>	<u>172,516,310</u>	<u>-</u>	<u>172,516,310</u>	<u>1,725,163,100</u>	<u>1,725,163,100</u>

- 17.3 This represent shares owned by the holding company and 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.

Un-audited **Audited**
September 30, **December 31,**
2022 **2021**
-----Rupees-----

18 DEFERRED GRANT

Opening balance	714,669	714,669
Grant received during the year from:		
State Bank of Pakistan	-	-
Grant income recognised during the year	-	-
	714,669	714,669

- 19 There were no contingencies as at September 30, 2022 (December 31, 2021: Nil)

Un-audited **Un-audited**
September 30, **September 30,**
2022 **2021**
-----Rupees-----

20 MARK-UP / RETURN / INTEREST EARNED

Interest / mark-up on:		
Advances	925,355,265	498,830,978
Government Securities - Market Treasury bills	17,307,463	8,793,472
Banks and financial institutions		
- Deposit accounts	17,692,575	10,150,956
	960,355,303	517,775,406

	Un-audited September 30, 2022	Un-audited September 30, 2021
	-----Rupees-----	
21 MARK-UP / RETURN / INTEREST EXPENSED		
Interest / mark-up on deposits	266,306,440	111,949,706
Interest / mark-up on borrowing	23,816,354	12,945,822
	<u>290,122,794</u>	<u>124,895,528</u>
22 FEE, COMMISSION AND BROKERAGE INCOME		
Loan processing fee	96,493,775	70,076,288
Other fee and commission	6,321,991	8,712,664
	<u>102,815,766</u>	<u>78,788,952</u>
23 OTHER INCOME		
Recoveries against write-offs	17,494,820	15,136,212
Recoveries from Credit Guarantee Scheme	404,703	4,687,349
Gain on disposal of operating fixed assets	-	568,938
Others	12,163	79,344
	<u>17,911,686</u>	<u>20,471,843</u>
24 ADMINISTRATIVE EXPENSES		
Salaries and other allowances	317,577,499	193,398,993
Staff welfare	5,461,948	1,668,821
Non executive directors' fees, allowances and other expenses	800,000	700,003
Training and business development	1,770,367	2,866,293
Rent, rates and taxes	15,066,544	16,834,760
Legal and professional charges	5,329,600	6,725,500
Utilities	16,107,764	12,273,846
Communications	14,559,731	9,205,371
Repairs and maintenance - others	20,143,724	13,638,859
Repairs and maintenance - Vehicles	16,949,748	9,713,079
Financial charges on lease liability against right-of-use asset	16,793,248	9,282,588
Fuel for generator	16,785,152	7,826,391
Insurance	14,086,556	9,010,285
Travelling and conveyance	30,095,568	5,729,430
Printing and stationery	7,274,131	4,647,225

		Un-audited September 30, 2022	Un-audited September 30, 2021
	Note	-----Rupees-----	
Fees and subscription		11,734,798	9,071,747
Technical assistance fee		53,407,062	29,017,544
Security charges		18,552,660	10,755,683
Advertisement and publicity		8,454,552	3,370,088
Auditors' remuneration		2,883,318	2,205,405
Depreciation		33,452,103	20,527,241
Depreciation of Right-of-use-asset		32,123,710	18,477,805
Amortisation of intangible assets		1,054,118	1,304,706
Bank charges		2,461,706	2,543,853
Office supplies		109,455	53,274
Janitorial charges		8,022,035	5,191,469
Other expenses		11,351,329	7,784,727
		<u>682,408,426</u>	<u>413,824,986</u>

25 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:

Remuneration of key management personnel (including directors)		<u>177,193,498</u>	<u>120,480,684</u>
Technical support services availed from Advans International		<u>55,672,360</u>	<u>29,017,544</u>

		Un-audited September 30, 2022	Audited September 30, 2021
	Note	-----Rupees-----	
26 CASH AND CASH EQUIVALENTS			
Cash and balances with State Bank of Pakistan and National Bank of Pakistan	7	247,743,972	259,926,324
Balances with other banks and microfinance banks in current and deposit accounts	8	173,698,643	267,764,609
Market treasury bills	9	198,437,013	-
		<u>619,879,628</u>	<u>527,690,933</u>

27 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).

As at period end, there are no 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.

28 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever considered necessary, for the purposes of comparison and to reflect the substance of the transactions. There have been no significant reclassification in these condensed interim financial statements.

29 GENERAL

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

30 DATE OF AUTHORISATION

These condensed interim financial statements were authorised for issue on Oct 31, 2022 by the Board of Directors of the Bank.

CHIEF EXECUTIVE OFFICER

CHAIRMAN

DIRECTOR

DIRECTOR