



INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Advans Pakistan Microfinance Bank Limited

Report on review of Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim balance sheet of **Advans Pakistan Microfinance Bank Limited** as at June 30, 2021 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim cash flow statement and notes to the condensed interim financial statements for the half year then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the review resulting in this independent auditor's review report is **Salman Hussain**.


Chartered Accountants

A.F. Ferguson & Co.

Karachi

Dated: August 30, 2021

ADVANS PAKISTAN MICROFINANCE BANK LIMITED
CONDENSED INTERIM BALANCE SHEET
AS AT JUNE 30, 2021

	Note	Un-audited June 30, 2021	Audited December 31, 2020
-----Rupees-----			
ASSETS			
Cash and balances with State Bank of Pakistan and National Bank of Pakistan	7	219,737,588	115,127,880
Balances with other banks and microfinance banks	8	179,554,983	430,728,498
Investments	9	98,893,400	199,364,055
Advances - net of provisions	10	1,713,882,343	955,643,369
Operating fixed assets	11	155,123,584	159,539,611
Other assets	12	80,965,925	67,625,786
Deferred tax asset	13	60,020,961	55,809,807
Total assets		2,508,178,784	1,983,839,006
LIABILITIES			
Deposits and other accounts	14	1,461,106,076	1,055,182,575
Borrowings	15	150,000,000	225,000,000
Subordinated debt		-	-
Other liabilities	16	193,123,322	150,216,834
Deferred tax liabilities		-	-
Total liabilities		1,804,229,398	1,430,399,409
Net assets		703,949,386	553,439,597
REPRESENTED BY			
Share capital	17	1,725,163,100	1,575,163,100
Reserves		2,989,141	2,989,141
Depositors' protection fund		747,285	747,285
Accumulated losses		(1,025,664,809)	(1,026,174,598)
		703,234,717	552,724,928
Surplus / (deficit) on revaluation of assets		-	-
Deferred grant	18	714,669	714,669
		703,949,386	553,439,597
MEMORANDUM / OFF BALANCE SHEET ITEMS	19		

The annexed notes from 1 to 27 form an integral part of these condensed interim financial statements.

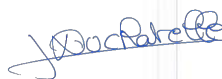
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Guillaume Valence (Aug 30, 2021 16:27 GMT+5)

Chief Executive Officer



Chairman



Director



Director

ADVANS PAKISTAN MICROFINANCE BANK LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2021

	Note	Half year ended June 30	
		2021	2020
-----Rupees-----			
Mark-up / return / interest earned	20	305,008,992	267,518,772
Mark-up / return / interest expensed		(78,360,526)	(84,285,274)
Net mark-up / interest income		226,648,466	183,233,498
Provision against non-performing loans and advances - net	10.3	30,834,320	62,948,207
Provision for diminution in the value of investments		-	-
Bad debts written off directly		-	-
		30,834,320	62,948,207
Net mark-up / return / interest income after provisions		195,814,146	120,285,291
Non mark-up / non interest income			
Fee, commission and brokerage income		52,211,256	18,167,122
Dividend income		-	-
Other income	21	14,818,302	4,252,702
Total non-mark-up / non-interest income		67,029,558	22,419,824
		262,843,704	142,705,115
Non mark-up / non interest expenses			
Administrative expenses		261,122,795	192,700,917
Other provision / write offs		-	-
Other operating expenses / other charges		-	1,439,000
Total non mark-up / non interest expenses		261,122,795	194,139,917
Extra ordinary / unusual items		-	-
Profit / loss before taxation		1,720,909	(51,434,802)
Taxation - current		5,422,274	4,349,018
- prior		-	-
- deferred		(4,211,154)	(9,084,235)
		1,211,120	(4,735,217)
Profit / (loss) after taxation		509,789	(46,699,585)
Accumulated loss brought forward		(1,026,174,598)	(768,620,389)
		(1,025,664,809)	(815,319,974)
Appropriations			
Transfer to:			
Statutory reserve		-	-
Capital reserve		-	-
Depositors' protection fund		-	-
Revenue reserve		-	-
Proposed cash dividend		-	-
Accumulated loss carried forward		(1,025,664,809)	(815,319,974)
Profit / (loss) per share - basic and diluted (Rupee)		0.003	(0.355)

The annexed notes from 1 to 27 form an integral part of these condensed interim financial statements.

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Guillaume Valence (Aug 30, 2021 16:27 GMT+5)

Chief Executive Officer



Chairman



Director



Director


ADVANS PAKISTAN MICROFINANCE BANK LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2021

	Half year ended June 30	
	2021	2020
	-----Rupees-----	
Profit / (loss) for the period after taxation	509,789	(46,699,585)
Other comprehensive income	-	-
Total comprehensive profit / (loss) for the period	509,789	(46,699,585)

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 27 form an integral part of these condensed interim financial statements.

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 Guillaume Valence (Aug 30, 2021 16:27 GMT+5)
 Chief Executive Officer


 Chairman


 Director


 Director

ADVANS PAKISTAN MICROFINANCE BANK LIMITED
 CONDENSED INTERIM CASH FLOW STATEMENT - (UN-AUDITED)
 FOR THE HALF YEAR ENDED JUNE 30, 2021

	Note	Half year ended	
		2021	2020
-----Rupees-----			
CASH FLOW FROM OPERATING ACTIVITIES			
Profit / loss before taxation		1,720,909	(51,434,802)
Adjustments for non-cash charges and other items			
Depreciation		13,275,104	12,733,865
Depreciation on right-of-use asset		11,927,411	11,162,941
Amortisation of intangible assets		897,562	705,726
Provision against non performing advances - net	10.3	30,834,320	62,948,207
Gain on disposal of operating fixed assets		(435,938)	-
Financial charges on lease liability against right-of-use asset		5,754,526	6,557,589
		62,252,985	94,108,328
		63,973,894	42,673,526
(Increase) / decrease in operating assets			
Advances - net of provisions		(789,073,294)	42,257,909
Other assets (excluding advance taxation)		(13,340,139)	(103,905,250)
		(802,413,433)	(61,647,341)
Increase / (decrease) in operating liabilities			
Deposits and other accounts		405,923,501	48,131,609
Borrowings		(75,000,000)	(75,000,000)
Other liabilities (excluding current taxation)		39,717,841	24,509,350
		370,641,342	(2,359,041)
		(367,798,197)	(21,332,856)
Payment of lease liability against right-of-use asset		(8,791,050)	(14,782,774)
Income tax paid		(5,184,154)	(3,925,089)
		(381,773,401)	(40,040,719)
Net cash used in operating activities			
CASH FLOW FROM INVESTING ACTIVITIES			
Investment in operating fixed assets		(16,411,061)	(5,838,460)
Proceeds from the disposal of operating fixed assets		1,150,000	-
Net cash used in investing activities		(15,261,061)	(5,838,460)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds against issue of share capital		150,000,000	50,000,000
Net cash generated from financing activities		150,000,000	50,000,000
Net (decrease) / increase in cash and cash equivalents during the period		(247,034,462)	4,120,821
Cash and cash equivalents at the beginning of the period		745,220,433	414,835,791
Cash and cash equivalents at the end of the period	23	498,185,971	418,956,612

The annexed notes from 1 to 27 form an integral part of these condensed interim financial statements.

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 Guillaume Valence (Aug 30, 2021 16:27 GMT+5)

Chief Executive Officer



Chairman



Director



Director

ADVANS PAKISTAN MICROFINANCE BANK LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED JUNE 30, 2021

	Share capital	Capital reserve	Statutory reserve	Capital Reserve	Accumulated losses	Total
	Rupees					
Balance as at December 31, 2019 - (audited)	1,290,163,100	-	2,989,141	747,285	(768,620,389)	525,279,137
Issuance of shares	50,000,000	-	-	-	-	50,000,000
Comprehensive loss for the period						
Loss for the period	-	-	-	-	(46,699,585)	(46,699,585)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	-	(46,699,585)	(46,699,585)
Balance as at June 30, 2020 - (un-audited)	1,340,163,100	-	2,989,141	747,285	(815,319,974)	528,579,552
Issuance of share capital	235,000,000	-	-	-	-	235,000,000
Comprehensive loss for the period						
Loss for the period	-	-	-	-	(210,854,624)	(210,854,624)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	-	(210,854,624)	(210,854,624)
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 profit for the period						
Profit for the period	-	-	-	-	509,789	509,789
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	509,789	509,789
Balance as at June 30, 2021 - (un-audited)	<u>1,725,163,100</u>	<u>-</u>	<u>2,989,141</u>	<u>747,285</u>	<u>(1,025,664,809)</u>	<u>703,234,717</u>

The annexed notes from 1 to 27 form an integral part of these condensed interim financial statements.

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Guillaume Valence (Aug 30, 2021 16:27 GMT+5)

Chief Executive Officer



Chairman



Director



Director

ADVANS PAKISTAN MICROFINANCE BANK LIMITED
NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED JUNE 30, 2021

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 (SBP) on June 28, 2012 to operate as a microfinance bank in the province of Sindh. The Securities and Exchange Commission of Pakistan (SECP) 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 13 (December 31, 2020: 13) branches within the province of Sindh.

The Bank is a subsidiary of Advans S.A. Sicar (incorporated in Luxembourg) which holds 99.99% (December 31, 2020: 99.99%) share capital of the Bank.

1.2 The Bank's capital (free of losses) amounted to Rs 703.235 million as at June 30, 2021 (December 31, 2020: Rs 552.725 million) which is above the minimum capital requirements as at June 30, 2021.

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, 2020.

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.

2.4 **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 1, 2021 but are considered not to be relevant or do 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 effective

The SBP vide BPRD Circular Letter no. 24 dated July 5, 2021 has deferred the implementation of IFRS 9 for banks to accounting periods beginning on or after January 1, 2022. Meanwhile, the banks are required to submit IFRS 9 compatible pro forma financial statements for the year ending December 31, 2021 and perform parallel run of IFRS 9 on quarterly basis. Further, the SBP will provide a timeline by December 2021 for absorption of "Expected Credit Loss" (ECL), for Capital Adequacy Ratio (CAR) purposes, after assessment / evaluation of pro-forma financial statements.

There are certain other new amendments that are mandatory for the Bank's accounting periods beginning on or after January 1, 2022, but are considered not to be relevant or will not have any significant effect on the Bank's operations and are, therefore, not detailed in these condensed interim 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, 2020.

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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, 2020.

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, 2020.

	Note	Un-audited June 30, 2021	Audited December 31, 2020
7 CASH AND BALANCES WITH STATE BANK OF PAKISTAN AND NATIONAL BANK OF PAKISTAN		-----Rupees-----	
Cash in hand		57,222,581	62,238,487
Balance with State Bank of Pakistan (SBP)	7.1	162,515,007	52,889,393
Balance with National Bank of Pakistan (NBP)		-	-
		<u>219,737,588</u>	<u>115,127,880</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		-----Rupees-----	
In Pakistan:			
- Current accounts		9,560,917	556,271
- PLS deposit accounts	8.1	169,994,066	430,172,227
		<u>179,554,983</u>	<u>430,728,498</u>

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- 8.1 These include deposits with commercial banks carrying mark-up rates ranging from 5.5% to 6.75% (December 31, 2020: 5.5% to 11.2%) per annum.

	Un-audited June 30, 2021	Audited December 31, 2020
	-----Rupees-----	
9 INVESTMENTS		
Held-to-maturity securities		
Federal Government Securities		
Market Treasury Bills	<u>98,893,400</u>	<u>199,364,055</u>

- 9.1 The Market Treasury Bills will mature latest by August 26, 2021 and carries effective yield ranging from 7.2899% to 7.3492% (December 31, 2020: 7.1595% to 7.1726%)

10 ADVANCES - NET OF PROVISIONS

	Note	June 30, 2021 (un-audited)		December 31, 2020 (audited)	
		Number of loans outstanding	Amount outstanding	Number of loans outstanding	Amount outstanding
			Rupees		Rupees
Micro credit	10.1	11,016	1,794,021,979	8,564	1,074,441,467
Less: Provision held					
- Specific	10.2 & 10.3	729	37,091,508	755	38,987,407
- General	10.3	-	43,048,128	-	79,810,691
			(80,139,636)		(118,798,098)
			<u>1,713,882,343</u>		<u>955,643,369</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 81,426,078 (December 31, 2020: Rs 89,722,530) which have been placed under non-performing status as detailed below.

Category of classification	June 30, 2021 (un-audited)			December 31, 2020 (audited)		
	Amount outstanding	Provision required	Provision held	Amount outstanding	Provision required	Provision held
	-----Rupees-----			-----Rupees-----		
Other assets especially mentioned	14,485,291	-	-	29,443,223	-	-
Substandard	15,242,713	3,810,678	3,810,678	13,317,456	3,329,364	3,329,364
Doubtful	36,834,488	18,417,244	18,417,244	22,607,616	11,303,808	11,303,808
Loss	14,863,586	14,863,586	14,863,586	24,354,235	24,354,235	24,354,235
	<u>81,426,078</u>	<u>37,091,508</u>	<u>37,091,508</u>	<u>89,722,530</u>	<u>38,987,407</u>	<u>38,987,407</u>

10.3 Particulars of provision against non-performing advances

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

	June 30, 2021 (un-audited)			December 31, 2020 (audited)		
	Specific	General (Note 10.3.1)	Total	Specific	General (Note 10.3.1)	Total
	-----Rupees-----			-----Rupees-----		
Opening balance	38,987,407	79,810,691	118,798,098	23,342,151	11,535,099	34,877,250
Charge for the period / year						
- On non-performing advances	70,420,207	11,477,168	81,897,375	137,328,585	78,870,434	216,199,019
Reversals	(2,823,324)	(48,239,731)	(51,063,055)	(804,606)	(10,594,842)	(11,399,448)
	67,596,883	(36,762,563)	30,834,320	136,523,979	68,275,592	204,799,571
Amount written off	(69,492,782)	-	(69,492,782)	(120,878,723)	-	(120,878,723)
Closing balance	<u>37,091,508</u>	<u>43,048,128</u>	<u>80,139,636</u>	<u>38,987,407</u>	<u>79,810,691</u>	<u>118,798,098</u>

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- 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 an additional provision of upto 15% on the portfolio that has applied for restructuring / rescheduling excluding gold loan amounting to Rs 27.150 million (December 31, 2020: Rs 70.49 million).

	Note	Un-audited June 30, 2021	Audited December 31, 2020
-----Rupees-----			
10.4 Particulars of Write Offs:			
Against provisions		69,492,782	120,878,723
Directly charged to profit and loss account		-	-
		<u>69,492,782</u>	<u>120,878,723</u>
11 OPERATING FIXED ASSETS			
Capital work-in-progress	11.1	7,857,709	5,996,197
Property and equipment	11.1	144,457,764	150,261,491
Intangible assets	11.1	2,808,111	3,281,923
		<u>155,123,584</u>	<u>159,539,611</u>
	Note	Un-audited June 30, 2021	Un-audited June 30, 2020
-----Rupees-----			
11.1 Movement			
Carrying value at beginning of the period		159,539,611	180,330,598
Add: Additions during the period	11.1.1	20,536,600	15,216,982
Add: Additions to capital work-in-progress during the period	11.1.2	1,861,512	-
Less: Disposal of fixed assets	11.1.3	(714,062)	-
Less: Depreciation / Amortisation for the period		(26,100,077)	(24,602,532)
Carrying value at the end of the period		<u>155,123,584</u>	<u>170,945,048</u>
11.1.1 Additions during the period			
Furniture and fixtures		634,282	567,678
Computer equipment		7,917,833	2,897,285
Leasehold improvements		3,647,332	207,487
Office and other equipment		1,926,352	2,166,010
Intangibles		423,750	-
Right-of-use asset		5,987,051	9,378,522
		<u>20,536,600</u>	<u>15,216,982</u>
11.1.2 Additions to capital work-in-progress during the period			
Civil Work		1,861,512	-
11.1.3 Disposal of Fixed Asset			
Vehicle - net book value		714,062	-
		<u>714,062</u>	<u>-</u>
	Note	Un-audited June 30, 2021	Audited December 31, 2020
-----Rupees-----			
12 OTHER ASSETS			
Prepayments for			
- rent		4,677,711	9,699,476
- insurance		3,422,010	1,287,026
- others		8,777,019	4,643,411
Mark-up / return / interest accrued		53,991,418	43,438,741
Receivable from a related party	12.1	334,920	-
Advances to staff		4,841,296	4,713,181
Security deposits		3,209,977	3,054,780
Accrued income on PLS savings account		1,226,930	270,139
Others		484,644	519,032
		<u>80,965,925</u>	<u>67,625,786</u>

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

13 DEFERRED TAX ASSET

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

	Un-audited June 30, 2021	Audited December 31, 2020
	-----Rupees-----	
Deductible temporary differences arising in respect of		
- Unabsorbed tax depreciation and amortisation	57,731,567	55,235,072
- Property and equipment	2,239,940	700,256
- Intangible assets	49,454	-
	<u>60,020,961</u>	<u>55,935,328</u>
Taxable temporary differences arising due to		
- Intangible assets	-	(125,521)
	-	(125,521)
	<u>60,020,961</u>	<u>55,809,807</u>

- 13.1 The Bank has unabsorbed tax loss of Rs 722,535,210 (December 31, 2020: Rs 767,961,125) [including unabsorbed tax depreciation and amortisation amounting to Rs 199,074,369 (December 31, 2020: Rs 190,465,767)] as at June 30, 2021. The management has recognised deferred tax asset of Rs 57,731,567 (December 31, 2020: Rs 55,235,072) on unabsorbed tax depreciation and amortisation losses. 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.

June 30, 2021 (Un-audited)		December 31, 2020 (audited)	
Number of accounts	Rupees	Number of accounts	Rupees

14 DEPOSITS AND OTHER ACCOUNTS

Fixed deposits	506	919,704,503	522	756,243,582
Saving deposits	1,216	469,326,817	1,191	250,688,005
Current deposits	36,157	72,074,756	32,105	48,250,988
	<u>37,879</u>	<u>1,461,106,076</u>	<u>33,818</u>	<u>1,055,182,575</u>

14.1 Particulars of deposits by ownership

Individual depositors	37,695	1,266,131,698	33,625	1,032,043,512
Institutional depositors				
- Corporation / firms etc.	184	194,974,378	193	23,139,063
- Banks and financial institutions	-	-	-	-
	<u>37,879</u>	<u>1,461,106,076</u>	<u>33,818</u>	<u>1,055,182,575</u>

15 BORROWINGS

	Note	Un-audited June 30, 2021	Audited December 31, 2020
		-----Rupees-----	
Borrowings from Banks / Financial Institutions in Pakistan	15.1 & 15.2	<u>150,000,000</u>	<u>225,000,000</u>

15.1 Details of borrowings from financial institutions

Secured			
Borrowing from Non-Banking Finance Company (NBFC)	15.2	<u>150,000,000</u>	<u>225,000,000</u>

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- 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 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 repayable by September 2020. First tranche of Rs 75 million was paid by the Bank on January 8, 2020. During the year ended December 31, 2020, an amendment agreement was executed and the Bank was required to make payment in three instalments of Rs 75 million each on March 31, 2021, June 30, 2021 and September 30, 2021. During the period, the Bank has made payment relating to March 31, 2021 and payment related to June 30, 2021 was made on July 5, 2021.

	Note	Un-audited June 30, 2021	Audited December 31, 2020
-----Rupees-----			
16 OTHER LIABILITIES			
Mark-up / return / interest payable		42,199,520	31,335,482
Accrued expenses		35,695,412	37,690,103
Payable to related parties	16.1	22,047,765	2,796,208
Withholding tax payable		6,843,260	1,736,208
Provident fund payable		1,103,457	-
Payable to Employee Old Age Benefit Institution (EOBI)		319,900	154,492
Current taxation (provisions less payments)		843,901	605,781
Lease liability against right-of-use assets		78,848,687	75,898,160
Insurance benefits payable to staff	16.2	5,221,020	-
Others		400	400
		<u>193,123,322</u>	<u>150,216,834</u>

- 16.1 This represents amounts of Rs. 19,251,557 (December 31, 2020: Rs. Nil), Rs 2,789,881 (December 31, 2020: Rs 2,789,881) and Rs 6,327 (December 31, 2020: 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.

- 16.2 This represents life insurance benefits received from the insurance company that are payable to the beneficiaries of the employee on receipt of a succession certificate.

17 SHARE CAPITAL

17.1 Authorised capital

Un-audited June 30, 2021	Audited December 31, 2020		Un-audited June 30, 2021	Audited December 31, 2020
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 June 30, 2021	Audited December 31, 2020		Un-audited June 30, 2021	Audited December 31, 2020
Number of shares			-----Rupees-----	
<u>172,516,310</u>	<u>157,516,310</u>	Ordinary shares of Rs 10 each fully paid in cash	<u>1,725,163,100</u>	<u>1,575,163,100</u>

ALL

	Note	Un-audited June 30, 2021	Audited December 31, 2020
17.2.1 Share capital has been subscribed by the following:			
Advans S.A. Sicar - Luxembourg	17.3	172,516,308	157,516,308
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>157,516,310</u>

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

	June 30, 2021 (un-audited)			December 31, 2020 (audited)			June 30, 2021 (un-audited)	December 31, 2020 (audited)
	Issued for cash	Issued as bonus shares	Total	Issued for cash	Issued as bonus shares	Total		
	----- Number of shares -----						----- Rupees -----	
Opening	157,516,310	-	157,516,310	129,016,310	-	129,016,310	1,575,163,100	1,290,163,100
Shares issued during the period	15,000,000	-	15,000,000	28,500,000	-	28,500,000	150,000,000	285,000,000
	<u>172,516,310</u>	<u>-</u>	<u>172,516,310</u>	<u>157,516,310</u>	<u>-</u>	<u>157,516,310</u>	<u>1,725,163,100</u>	<u>1,575,163,100</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 June 30, 2021	Audited December 31, 2020
-----Rupees-----		
18 DEFERRED GRANT		
Opening balance	714,669	714,669
Grant received during the period / year from: State Bank of Pakistan	-	-
Grant income recognised during the period / year	-	-
	<u>714,669</u>	<u>714,669</u>
19 MEMORANDUM / OFF BALANCE SHEET ITEMS		
Bills for collection	-	-
Acceptances, endorsements and other obligations contingent liabilities	-	-
Commitments for fixed capital expenditure	-	-
	<u>-</u>	<u>-</u>

19.1 There were no contingencies as at June 30, 2021 and December 31, 2020.

	Un-audited June 30, 2021	Un-audited June 30, 2020
-----Rupees-----		
20 MARK-UP / RETURN / INTEREST EARNED		
Interest / mark-up on:		
Advances	290,800,014	254,920,353
Government Securities - Market Treasury bills	7,064,243	4,283,521
Banks and financial institutions		
- Deposit accounts	7,144,735	8,314,898
	<u>305,008,992</u>	<u>267,518,772</u>

	Un-audited June 30, 2021	Un-audited June 30, 2020
	-----Rupees-----	
21 OTHER INCOME		
Recoveries against write-offs	9,636,673	2,747,447
Recoveries from Credit Guarantee Scheme	4,687,349	997,001
Liabilities no longer required written back	-	506,884
Gain on Sale of Fixed Assets	435,938	-
Others	58,342	1,370
	<u>14,818,302</u>	<u>4,252,702</u>

22 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 June 30, 2021	Un-audited June 30, 2020
	-----Rupees-----	
Remuneration of key management personnel (including directors)	71,824,456	53,907,195
Technical support services availed from Advans International	19,251,557	-

	Note	Un-audited June 30, 2021	Audited December 31, 2020
		-----Rupees-----	
23 CASH AND CASH EQUIVALENTS			
Cash and balances with State Bank of Pakistan and National Bank of Pakistan	7	219,737,588	115,127,880
Balances with other banks and microfinance banks in current and deposit accounts	8	179,554,983	430,728,498
Market Treasury Bills	9	98,893,400	199,364,055
		<u>498,185,971</u>	<u>745,220,433</u>

24 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).

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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 June 30, 2021, 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.

25 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,

26 GENERAL

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

27 DATE OF AUTHORISATION

These condensed interim financial statements were authorised for issue on 31-August-2021 by the Board of Directors of the Bank.

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Guillaume Valence (Aug 30, 2021 16:27 GMT+5)

Chief Executive Officer



Chairman



Director



Director