

INDEPENDENT AUDITOR'S REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS TO THE MEMBERS

Introduction

We have reviewed the accompanying condensed interim balance sheet of **ADVANS PAKISTAN MICROFINANCE BANK LIMITED** ("the Bank") as at June 30, 2022 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, condensed interim cash flow statement and notes to the condensed interim financial statements for the six-month period then ended (here-in-after referred as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with approved accounting 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 statements 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 as at and for the six months period ended June 30, 2022 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Other matters

The financial statements of the Bank for the year ended December 31, 2021 were audited and the condensed interim financial statements for the half year ended June 30, 2021 were reviewed by another firm of chartered accountants who have expressed an unmodified opinion and conclusion thereon vide their reports dated March 07, 2022 and August 30, 2021, respectively.

KARACHI

DATED: 31 AUG 2022

UDIN: RR202210067BxvqUCoRZ



BDO EBRAHIM & CO.
CHARTERED ACCOUNTANTS


BDO Ebrahim & Co. Chartered Accountants

BDO Ebrahim & Co., a Pakistan registered partnership firm, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

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

		Un-audited June 30, 2022	Audited December 31, 2021
	Note	-----Rupees-----	
ASSETS			
Cash and balances with State Bank of Pakistan and National Bank of Pakistan	7	158,681,920	259,926,324
Balances with other banks and microfinance banks	8	128,939,333	267,764,609
Investments	9	199,071,378	-
Advances - net of provisions	10	3,116,048,517	2,430,141,007
Operating fixed assets	11	357,190,296	239,372,574
Other assets	12	144,001,780	108,946,327
Deferred tax asset - net	13	70,683,424	65,086,908
TOTAL ASSETS		4,174,616,648	3,371,237,749
LIABILITIES			
Deposits and other accounts	14	2,786,367,366	2,272,272,578
Borrowings	15	312,516,312	100,000,000
Subordinated debt		-	-
Other liabilities	16	317,473,263	241,640,429
Deferred tax liabilities		-	-
TOTAL LIABILITIES		3,416,356,941	2,613,913,007
NET ASSETS		758,259,707	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		(984,825,774)	(985,760,739)
		757,545,038	756,610,073
Surplus / (deficit) on revaluation of assets		-	-
Deferred grant	18	714,669	714,669
		758,259,707	757,324,742
MEMORANDUM / OFF BALANCE SHEET ITEMS			
	19		

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


Guillaume Valence (Aug 30, 2022 13:36 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, 2022

		Half year ended June 30	
		2022	2021
		-----Rupees-----	
Note			
	Mark-up / return / interest earned	20 622,770,613	305,008,992
	Mark-up / return / interest expensed	21 (166,168,462)	(78,360,526)
	Net mark-up / interest income	456,602,151	226,648,466
	Provision against non-performing loans and advances - net	10.3 79,527,955	30,834,320
	Provision for diminution in the value of investments	-	-
	Bad debts written off directly	2,581,049	-
		82,109,004	30,834,320
	Net mark-up / return / interest income after provisions	374,493,147	195,814,146
	Non mark-up / non interest income		
	Fee, commission and brokerage income	22 73,615,092	52,211,256
	Other income	23 13,068,898	14,818,302
	Total non-mark-up / non-interest income	86,683,990	67,029,558
		461,177,137	262,843,704
	Non mark-up / non interest expenses		
	Administrative expenses	24 426,970,652	261,122,795
	Other provision / write offs	-	-
	Other operating expenses / other charges	-	-
	Total non mark-up / non interest expenses	426,970,652	261,122,795
	Extra ordinary / unusual items	-	-
	Profit / (loss) before taxation	34,206,485	1,720,909
	Taxation - current	8,868,036	5,422,274
	Taxation - prior	-	-
	Taxation - deferred	(5,596,516)	(4,211,154)
		3,271,520	1,211,120
	Profit after taxation	30,934,965	509,789
	Accumulated loss brought forward	(984,825,774)	(1,026,174,598)
		(953,890,809)	(1,025,664,809)
	Appropriations		
	Transfer to:		
	Statutory reserve	-	-
	Capital reserve	-	-
	Depositors' protection fund	-	-
	Revenue reserve	-	-
	Proposed cash dividend	-	-
	Accumulated loss carried forward	(953,890,809)	(1,025,664,809)
	Earnings per share - basic and diluted (Rupee)	0.179	0.003

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


Guillaume Valence (Aug 30, 2022 12:36 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, 2022

	Half year ended June 30	
	2022	2021
	-----Rupees-----	
Profit for the period after taxation	30,934,965	509,789
Other comprehensive income	-	-
Total comprehensive income for the period	<u>30,934,965</u>	<u>509,789</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.


Guillaume Valence (Aug 30, 2022 13:36 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, 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	-	-	-	-	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)	1,725,163,100	-	2,989,141	747,285	(1,025,664,809)	703,234,717
Comprehensive income for the year						
Profit for the period	-	-	-	-	53,375,356	53,375,356
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	39,904,070	53,375,356
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	-	-	-	-	30,934,965	30,934,965
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	30,934,965	30,934,965
Dividend	-	-	-	-	(30,000,000)	-
Balance as at June 30, 2022 - (Un-audited)	1,725,163,100	-	13,766,170	3,441,542	(984,825,774)	787,545,038

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


Guillaume Valence (Aug 30, 2022 13:36 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, 2022

		Half year ended June 30	
		2022	2021
Note		Rupees	
CASH FLOWS FROM OPERATING ACTIVITIES			
	Profit before taxation	34,206,485	1,720,909
	Adjustments for non-cash charges and other items		
	Depreciation	20,688,053	13,275,104
	Depreciation on right-of-use asset	21,341,205	11,927,411
	Amortisation of intangible assets	678,493	897,562
	Provision against non-performing advances - net	79,527,955	30,834,320
	Loss / (Gain) on disposal of operating fixed assets	594,567	(435,938)
	Financial charges on lease liability against right-of-use asset	10,509,354	5,754,526
		133,339,627	62,252,985
		167,546,112	63,973,894
	(Increase) in operating assets		
	Advances	(765,435,465)	(789,073,294)
	Other assets	(35,055,453)	(13,340,139)
		(800,490,918)	(802,413,433)
	Increase / (decrease) in operating liabilities		
	Deposits and other accounts	514,094,788	405,923,501
	Borrowings	212,516,312	(75,000,000)
	Other liabilities (excluding current taxation)	23,828,891	39,717,841
		750,439,991	370,641,342
		117,495,185	(367,798,197)
	Payment of lease liability against right-of-use asset	(35,153,755)	(8,791,050)
	Income tax paid	(8,586,278)	(5,184,154)
	Net cash flows generated from / (used in) operating activities	73,755,152	(381,773,401)
CASH FLOWS FROM INVESTING ACTIVITIES			
	Investment in operating fixed assets	(111,753,454)	(16,411,061)
	Proceeds from the disposal of operating fixed assets	-	1,150,000
	Net cash used in investing activities	(111,753,454)	(15,261,061)
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	(3,000,000)	150,000,000
	Net decrease in cash and cash equivalents during the period	(40,998,302)	(247,034,462)
	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	486,692,631	498,185,971

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

Guillaume Valence (Aug 30, 2022 13:36 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, 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 underserved 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 near Ocean Mall, Block 9 KDA Scheme 5, Clifton Karachi, Pakistan. The Bank operates 17 (December 31, 2021: 14) branches and service centre 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 757.545 million as at June 30, 2022 (December 31, 2021: Rs 756.610 million) which is above the minimum capital requirements as at June 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
- 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 June 30, 2022	Audited December 31, 2021
	Note	-----Rupees-----	
7	CASH AND BALANCES WITH STATE BANK OF PAKISTAN AND NATIONAL BANK OF PAKISTAN		
	Cash in hand	76,274,251	68,023,192
	Balances with State Bank of Pakistan (SBP) 7.1	82,407,669	191,903,132
	Balance with National Bank of Pakistan (NBP)	-	-
		<u>158,681,920</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:		
	Current accounts	10,432,784	9,239,159
	PLS deposit accounts 8.1	118,506,549	258,525,450
		<u>128,939,333</u>	<u>267,764,609</u>
8.1	These include deposits with commercial banks carrying mark-up rates ranging from 10.25% to 13.35% (December 31, 2021: 5.5% to 9.8%) per annum.		
9	INVESTMENTS		
	Held-to-maturity securities		
	Federal Government Securities		
	Market Treasury Bills 9.1	<u>199,071,378</u>	<u>-</u>
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 April 25, 2022 at a cost of Rs. 194,285,400. These are carried at amortized cost and will mature on July 14, 2022. The T-Bills are classified as Held to Maturity.		

10 ADVANCES - NET OF PROVISIONS

Note	June 30, 2022 (un-audited)		December 31, 2021 (audited)	
	Number of loans outstanding	Amount outstanding Rupees	Number of loans outstanding	Amount outstanding Rupees
Micro credit	10.1	18,054	15,163	2,494,002,194
Less: Provision held				
- Specific	10.1 & 10.2	869	592	31,273,053
- General	10.3	-	-	32,588,134
				(63,861,187)
		<u>3,116,048,517</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. 104,477,259 (December 31, 2021: Rs. 77,710,689) which have been placed under non-performing status as detailed below:

Category of classification	June 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	24,968,501	-	-	16,193,767	-	-
Substandard	19,485,707	4,871,425	4,871,425	12,356,466	3,044,913	3,044,913
Doubtful	47,225,608	23,612,806	23,612,806	39,997,366	19,941,804	19,941,804
Loss	12,797,443	12,797,441	12,797,441	9,163,090	8,286,336	8,286,336
	<u>104,477,259</u>	<u>41,281,672</u>	<u>41,281,672</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:

	June 30, 2022 (un-audited)			December 31, 2021 (audited)		
	Specific	General	Total	Specific	General	Total
	10.3.1			10.3.1		
	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	81,945,203	17,634,001	99,579,204	124,399,996	20,604,529	145,004,525
Reversals	(798,193)	(19,253,056)	(20,051,249)	(2,937,979)	(67,827,086)	(70,765,065)
	81,147,010	(1,619,055)	79,527,955	121,462,017	(47,222,557)	74,239,460
Amount written off	(71,138,391)	-	(71,138,391)	(129,176,371)	-	(129,176,371)
Closing balance	<u>41,281,672</u>	<u>30,969,079</u>	<u>72,250,751</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. 2.957 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 June 30, 2022	Audited December 31, 2021
		-----Rupees-----	
10.4 Particulars of write offs:			
Against provisions		71,138,391	129,176,371
Directly charged to profit and loss account		2,581,049	-
		<u>73,719,440</u>	<u>129,176,371</u>
11 OPERATING FIXED ASSETS			
Capital work-in-progress	11.1	19,908,192	20,061,440
Property and equipment	11.1	333,809,925	216,157,707
Intangible assets	11.1	3,472,179	3,153,427
		<u>357,190,296</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		161,273,292	121,268,968
Add: Additions to capital work-in-progress during the period		62,549,219	28,130,486
Less: Disposal of fixed assets / transfer from capital work in progress		(63,297,038)	(14,779,305)
Less: Depreciation / Amortization for the period		(42,707,751)	(54,787,186)
Carrying value at the end of the period		<u>357,190,296</u>	<u>239,372,574</u>
11.1.1 Additions during the period			
Furniture and fixtures		8,591,941	4,471,581
Computer equipment		16,866,628	20,767,535
Leasehold improvements		49,053,875	13,520,233
Office and other equipment		18,949,987	13,150,550
Vehicles		17,447,026	233,000
Intangibles		997,245	1,575,790
Right-of-use-asset		49,366,590	67,550,279
		<u>161,273,292</u>	<u>121,268,968</u>

	Note	Un-audited June 30, 2022	Audited December 31, 2021
		-----Rupees-----	
11.1.2 Additions to capital work-in-progress during the period			
Civil work		<u>62,549,223</u>	<u>28,130,486</u>
11.1.3 Disposal during the period - at cost			
Vehicle - net book value		-	714,062
Leasehold improvement - net book value		<u>1,656,532</u>	<u>-</u>
		<u>1,656,532</u>	<u>714,062</u>
12 OTHER ASSETS			
Mark-up / return / interest accrued		101,577,404	74,581,739
Prepayments for			
rent		3,575,196	8,329,066
insurance		3,208,006	3,323,056
others		20,427,034	11,016,966
Receivable from a related party	12.1	421,020	-
Advances to staff		5,312,506	3,304,179
Security deposits		7,491,180	7,262,180
Accrued income on PLS savings account		864,570	574,631
Others		<u>1,124,864</u>	<u>554,510</u>
		<u>144,001,780</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		74,856,555	65,565,778
Property and equipment		(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 June 30, 2022. The management has recognised deferred tax asset of Rs. 70,683,424 (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

	June 30, 2022 (Un-audited)		December 31, 2021 (audited)	
	Number of accounts	Rupees	Number of accounts	Rupees
Fixed deposits	567	2,318,376,111	526	1,319,281,283
Saving deposits	1,300	364,651,295	1,275	861,648,789
Current deposits	47,528	103,339,960	42,204	91,342,506
	<u>49,395</u>	<u>2,786,367,366</u>	<u>44,005</u>	<u>2,272,272,578</u>

14.1 Particulars of deposits by ownership

Individual depositors	49,200	2,114,206,611	43,816	1,628,323,075
Institutional depositors				
Corporation / firms etc.	195	672,160,755	189	643,949,503
	<u>49,395</u>	<u>2,786,367,366</u>	<u>44,005</u>	<u>2,272,272,578</u>

	Note	Un-audited June 30, 2022	Audited December 31, 2021
		-----Rupees-----	

15 BORROWINGS

Borrowings from Banks / Financial Institutions in Pakistan	15.1 & 15.2	<u>312,516,312</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>12,516,312</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 have been received during the reporting period ended 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 June 30, 2022	Audited December 31, 2021
	Note	-----Rupees-----	
16	OTHER LIABILITIES		
Mark-up / return / interest payable		20,953,872	19,311,658
Accrued expenses		58,654,717	48,905,151
Payable to related parties	16.1	49,985,515	43,638,191
Withholding tax payable		8,176,938	5,553,530
Provident fund payable		4,537,929	832,372
Payable to employee old age benefit institution		61,330	300,508
Current taxation (provisions less payments)		1,244,667	962,909
Lease liability against right-of-use assets		146,857,895	122,135,710
Dividend payable		27,000,000	-
Others		400	400
		<u>317,473,263</u>	<u>241,640,429</u>

- 16.1 This represents amounts of Rs. 47,189,307 (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 June 30, 2022 Number of shares	Audited December 31, 2021		Un-audited June 30, 2022	Audited December 31, 2021
			-----Rupees-----	
200,000,000	200,000,000	Ordinary shares of Rs 10 each	2,000,000,000	2,000,000,000

17.2 Issued, subscribed and paid-up share capital

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

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
		172,516,310	172,516,310

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

	June 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	1,290,163,100
Shares issued during the year	-	-	-	15,000,000	-	15,000,000	-	150,000,000
	172,516,310	-	172,516,310	172,516,310	-	172,516,310	1,725,163,100	1,725,163,100

- 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, 2022	Audited December 31, 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	-	-
	<u>714,669</u>	<u>714,669</u>
	Un-audited June 30, 2022	Audited December 31, 2021
	-----Rupees-----	

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, 2022 (December 31, 2021: Nil)

20 MARK-UP / RETURN / INTEREST EARNED

Interest / mark-up on:		
Advances	601,763,036	290,800,014
Government Securities - Market Treasury bills	11,031,778	7,064,243
Banks and financial institutions		
- Deposit accounts	9,975,799	7,144,735
	<u>622,770,613</u>	<u>305,008,992</u>

	Un-audited June 30, 2022	Un-audited June 30, 2021
	-----Rupees-----	
21 MARK-UP / RETURN / INTEREST EXPENSED		
Interest / mark-up on deposits	157,756,930	67,620,815
Interest / mark-up on borrowing	8,411,532	10,739,711
	<u>166,168,462</u>	<u>78,360,526</u>
22 FEE, COMMISSION AND BROKERAGE INCOME		
Loan processing fee	70,273,182	45,072,437
Other fee and commission	3,341,910	7,138,819
	<u>73,615,092</u>	<u>52,211,256</u>
23 OTHER INCOME		
Recoveries against write-offs	12,366,362	9,636,673
Recoveries from Credit Guarantee Scheme	690,369	4,687,349
Gain on disposal of operating fixed assets	-	435,938
Others	12,167	58,342
	<u>13,068,898</u>	<u>14,818,302</u>
24 ADMINISTRATIVE EXPENSES		
Salaries and other allowances	199,440,127	122,273,917
Staff welfare	3,780,498	585,193
Non executive directors' fees, allowances and other expenses	400,002	500,002
Training and business development	737,505	564,589
Rent, rates and taxes	10,338,108	10,876,622
Legal and professional charges	2,750,003	4,765,687
Utilities	6,593,542	7,328,533
Communications	8,883,602	6,071,279
Repairs and maintenance - others	12,413,871	9,105,734
Repairs and maintenance - Vehicles	9,483,201	5,827,849
Financial charges on lease liability against right-of-use asset	10,509,354	5,754,526
Fuel for generator	8,334,432	4,975,029
Insurance	8,458,214	5,381,229
Travelling and conveyance	20,134,413	1,459,325
Printing and stationery	4,747,539	3,143,037

		Un-audited June 30, 2022	Un-audited June 30, 2021
	Note	-----Rupees-----	
Fees and subscription		7,244,277	6,632,855
Technical assistance fee		34,970,495	19,251,557
Security charges		12,252,749	6,934,671
Advertisement and publicity		4,441,837	2,158,307
Auditors' remuneration		1,969,920	1,470,270
Depreciation		20,688,053	13,275,104
Depreciation of Right-of-use-asset		21,341,205	11,927,411
Amortisation of intangible assets		678,493	897,562
Bank charges		1,558,873	1,330,406
Office supplies		53,916	42,561
Janitorial charges		5,240,643	3,367,085
Other expenses		9,525,780	5,222,455
		<u>426,970,652</u>	<u>261,122,795</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>99,799,635</u>	<u>71,824,456</u>
Technical support services availed from Advans International		<u>34,970,495</u>	<u>19,251,557</u>
		<u>Un-audited June 30, 2022</u>	<u>Audited December 31, 2021</u>
	Note	-----Rupees-----	

26 CASH AND CASH EQUIVALENTS

Cash and balances with State Bank of Pakistan and National Bank of Pakistan	7	158,681,920	259,926,324
Balances with other banks and microfinance banks in current and deposit accounts	8	128,939,333	267,764,609
Market treasury bills	9	199,071,378	-
		<u>486,692,631</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 August 30, 2022 by the Board of Directors of the Bank.

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Guillaume Valence (Aug 30, 2022 13:36 GMT+5)

CHIEF EXECUTIVE OFFICER



CHAIRMAN



DIRECTOR



DIRECTOR