



Micro Finance
apna bank
Limited



*Un-Audited Interim Condensed
Financial Statements
for the Half Year Ended June 30, 2015*

CORPORATE INFORMATION

Board of Directors

Chairman
Directors

Mr. Qamar-uz-Zaman
Mr. Mohammad Akram Shahid
Mr. Mohammad Azam Cheema
Ms. Shahida Bilquis
Mr. Muhammad Farooq Abid Tung
Mr. Muhammad Saleem Shaikh
Mr. Imad Mohammad Tahir

President / Chief Executive

Mr. Muhammad Farooq Abid Tung

Company Secretary

Mr. Rafat Abbas

Chief Financial Officer

Mr. Tahir Saeed Effendi

Audit Committee of the Board

Chairman
Members

Ms. Shahida Bilquis
Mian M. A. Shahid
Mr. Muhammad Azam Cheema
Internal Auditor

Secretary

Executive Committee of the Board

Chairman
Members

Mr. Muhammad Akram Shahid
Mr. Muhammad Azam Cheema
Mr. Qamar-uz-Zaman
Mr. Muhammad Saleem Shaikh
Mr. Muhammad Farooq Abid Tung
Company Secretary

Secretary

Risk Management Committee of the Board

Chairman
Members

Mr. Muhammad Azam Cheema
Mr. Muhammad Farooq Abid Tung
Ms. Shahida Bilquis
Mr. Muhammad Saleem Shaikh
Mr. Imad Mohammad Tahir
Head Risk Management

Secretary

Human Resource & Remuneration Committee of the Board

Chairman
Members

Mr. Muhammad Farooq Abid Tung
Mr. M. A. Shahid
Ms. Shahida Bilquis
Mr. Mohammad Azam Cheema
Mr. Qamar uz Zaman
Mr. Muhammad Saleem Shaikh
Group Head HR

Secretary

Auditors

RSM Avais Hyder Liaquat Nauman
(Chartered Accountants)

Tax/ Legal Advisor

Baker Tilly Mehmood Idrees Qamar
(Chartered Accountants)
Agha Law Associates

Bankers

Bank Islami Ltd.
Bank Al-Falah Ltd.
Tameer Microfinance Bank Ltd.
Summit Bank Ltd.
Sindh Bank Ltd.

Registered & Head Office

K-4/3 & 4/4 Ch. Khaliq-uz- Zaman Road,
Gizri, Karachi.
PABX Tel: +92 21 35865352-55
Fax: +92 21 35865017
Website: www.apnabank.com.pk

Share Registrar

Technology Trade (Pvt.) Ltd.
Dagia House,
241-C, Block-2, P.E.C.H.S.
Off. Shahrah-e-Quaideen,
Karachi.
Phone 021-34391316 - 17
Fax 021-34391318

KARACHI BRANCHES:

Model Branch Gizri
I.I. Chundrigar Road Branch
Shahrah-e-Faisal Branch
Orangi Town Branch
Shah Faisal Colony Branch
North Karachi Branch
Bhens Colony Branch
Korangi Industrial Area Branch
Napier Road Branch
Liaquat Market, Malir Branch
Mahmoodabad Branch
Gulshan-e-Hadeed Branch
New Sabzi Mandi, Karachi

Tel: 021 – 35865021 – 24
Tel: 021 – 32623667 – 70
Tel: 021 – 34325658, 57
Tel: 021 – 36652103, 36652095
Tel: 021 – 34601749
Tel: 021 – 36961068, 36961067
Tel: 021 – 35081282, 35081283
Tel: 021 – 35013401, 35013402
Tel: 021 – 32527041 – 44
Tel: 021 – 34113781 – 83
Tel: 021 – 35319240 – 41 – 42
Tel: 021 – 34717820 – 3
Tel: 0308-8886170

Interior Sindh Branches:

Larkana Branch
KUMB Road Suigas Branch
Khairpur Miras Branch
Hyderabad Branch
Tando Allah Yar Branch
Tando Muhammad Khan Branch
Ghotki Branch
Mirpurkhas Branch
Umarkot Branch
Nawabsha Branch
Sukkur Branch
Shahdadpur Branch
Tando Adam Branch
Sanghar Branch
Mahar Branch
Mahrabpur Branch

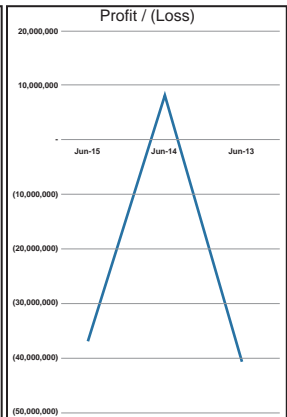
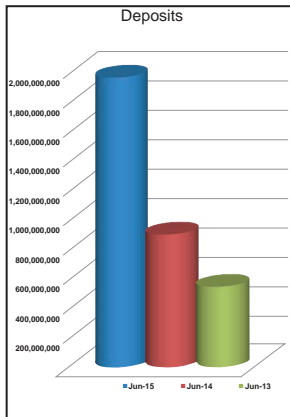
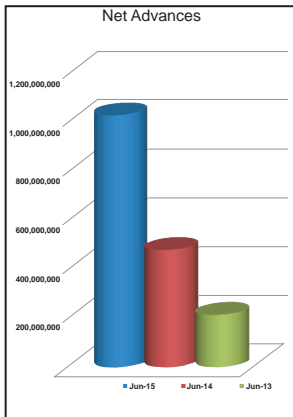
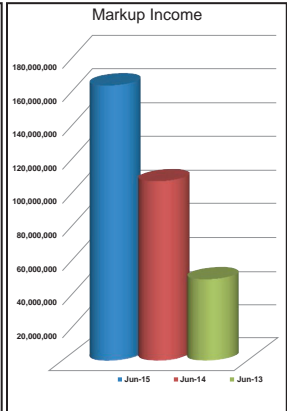
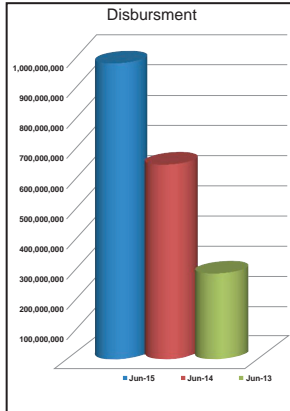
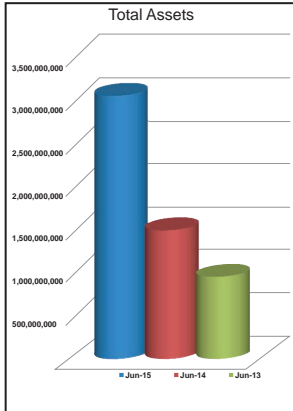
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Tel: 024-3614440 – 5
Tel: 024-371533
Tel: 022-2731282 – 6
Tel: 022-3890449, 022 3890450 – 8
Tel: 022-3341811 – 12
Tel: 072-3662461
Tel: 0233-875096 – 99
Tel: 0333-2641848
Tel: 0300-9202955
Tel: 0333 7117164
Tel: 0235-844670
Tel: 0300-9376206
Tel: 0332-2620225
Tel: 0304-3435918
Tel: 0301-8313018

APNA MICROFINANCE BANK LTD.
Key Financial and Operational Data at a Glance

Position for Half Year Ended

	% Rise 2015 Vs 2014	Jun-15 Rupees	% Rise 2014 Vs 2013	Jun-14 Rupees	Jun-13 Rupees
FINANCIAL DATA					
Total Assets	104.47%	3,053,343,705	56.45%	1,493,332,871	954,522,391
Advances-net of provisions	113.92%	1,033,381,311	121.83%	483,076,454	217,770,150
Deposits	117.79%	1,977,928,274	64.45%	908,178,602	552,248,411
Share Capital	633.33%	2,200,000,000	0.00%	300,000,000	300,000,000
Share Deposit money	-100.00%	-	58.10%	400,000,000	253,000,000
	214.29%	2,200,000,000	26.58%	700,000,000	553,000,000
Net Equity	95.29%	1,046,115,456	38.25%	535,666,115	387,475,841
Accumulated Loss	21.55%	(229,123,563)	7.51%	(188,508,119)	(175,343,095)
Disbursement	51.99%	980,134,795	126.35%	644,852,113	284,896,761
OPERATING DATA					
Mark-up / return / interest earned	53.38%	163,266,364	120.38%	106,447,557	48,302,388
Mark-up / return / interest expensed	104.44%	(66,915,186)	39.87%	(32,730,676)	(23,401,495)
Administrative expenses	57.55%	(118,867,059)	6.87%	(75,449,503)	(70,598,349)
Profit / (Loss) before taxation	-465.50%	(35,171,667)	-123.68%	9,622,776	(40,644,935)
Profit / (Loss) after taxation	-540.16%	(36,853,562)	-120.60%	8,372,776	(40,644,935)
EPS	210.71%	(0.31)	120.74%	0.28	(1.35)

APNA MICROFINANCE BANK LTD.
Key Financial and Operational Data at a Glance



Directors' Report

On behalf of the Board of Directors, I am pleased to present the reviewed condensed interim financial statements of the bank for the half year ended June 30, 2015.

Before presenting the financial and operational review, I would like to congratulate all stakeholders and inform that State Bank of Pakistan (SBP) has granted National Level License to our bank and this strategic level milestone will help the bank to touch new horizons of growth and prosperity, thereby branch network will be expanded to all provinces of Pakistan to serve unbanked individuals and entrepreneurs who have been neglected by conventional banking system. This national level license will not only serve the fulfillment of our core objective for income generating activities and poverty elevation but will also help us for the provision of quality services with modern technologies at the door steps of deserving customers.

Operational and Financial Review

The operational highlights for the period under review are;

Particulars	30 June 2015	30 June 2014	% Change
	Un-Audited	Un-Audited	
Advances-net of provisions	1,033,381,311	483,076,455	113.92%
Deposits and other accounts	1,977,928,274	908,178,602	117.79%
Mark-up/return/interest earned	163,266,364	106,447,557	53.38%
Mark-up/return/interest expensed	(66,915,186)	(32,730,676)	(104.44%)
Administrative expenses	(118,867,059)	(75,449,503)	(57.55%)
Profit / (loss) after taxation	(36,853,562)	8,372,776	(540.16%)

Since the beginning of this financial year the management is intensively working for increasing their foot prints in those areas which are still unbanked and where absorptive capacity for micro finance services is existed, in this respect 16 new branches have been opened in rural sindh and 2 in Karachi. The number of operational branches has increased from 11 in June 2014 to 29 in June 2015 with four (4) representative offices. Further feasibility for opening of 40 new branches by the year end is in process.

For the coverage of this growth strategy new staff is being hired, additional lease agreements are being executed, new branch premises are in construction/renovation process causing increase in capital & operating expense, these expenditures will be catered from increased income through fresh lending and low cost customer's deposits.

As a result of the management approach to improve its markup income by rationalizing its returns on funds deployed, improving recovery against non-performing loans and written off loans, the interest/ markup income shows an increase of 53.38% over the corresponding period last year. However mark up interest expense has increased by 104.44% over the corresponding period, this increase could be rationalized due to increase in the quantum of deposits by 117.79%. Future strategy of the management is to attract low cost deposits which will hopefully cover future/upcoming cost.

The administrative expenses have increased by 57.55% over the figures of corresponding period 2014. The major factor attributable to this rise is increase in manpower as a result of branch network expansion. The total number of employees (regular & contractual) increased to 426 in June 2015 as compared to 246 in June 2014. However we are focusing on extensive training to existing HR in order to bring efficiency and professionalism in operations.

The provision against non performing loans (NPLs) has increased to Rs. 36 (m) on reporting date as compare to 13 (m) in corresponding period 2014 registering a growth of 177%. This increase in provisions is one of the major contributors to the bottom line for the period ended on 30 June 2015. The management is making intensive efforts for the recovery of NPLs and setting a new strategy to reduce the quantum of NPLs. We are hopeful that ratio and quantum of NPL will be reduced under our new recovery campaign.

Audit Observations

The external auditors have modified their report on account of inadequate documentations for regularizing the rescheduled/restructured loans, however other audit qualifications reported on annual financial statements for the year ended December 2014 have been removed after due verification of supporting evidences by the auditors.

Future Outlook

On achieving the National Level License from SBP the management is in the process of enhancing their presence in other provinces of Pakistan. The SBP has allowed us for the opening of 77 new branches however these new openings will be made in two (2) phases, under phase one (1) 40 new branches will be opened during the year 2015 and remaining 37 will be opened in phase two (2) during the year 2016. The management is preferably considering to open new branches only in unbanked micro finance area so that the deserving/prospective customers could be served. We are confident that opportunities in Punjab and KPK will definitely support in growth of our business.

The management has entered into agreement with U-FONE for introducing Mobile Banking to its customers and this new technology based service to customers will not only enhance the goodwill of the Bank but will also rank the Bank above other peers in the industry providing these advanced level of services, this system provides wide range of services.

The management is in process for getting the membership of NIFT, in this respect standard service agreement with NIFT will be signed shortly and hope that centralized clearing will be started as soon as the SBP give approval to NIFT for allowing our bank as member of clearing house.

In view of planned expansion in Punjab, KPK and Baluchistan, the management has decided to shift their Head Office to Lahore and approval for the shifting of Head Office is pending with State Bank of Pakistan. Formalities for the shifting of the same are started, site for proposed Head Office has already been identified and renovation work is in process thereon.

Credit Rating

The Pakistan Credit Rating Agency (Pvt) Ltd. has upgraded the long term rating from “BBB” (Triple B) to “BBB+” (Triple B+) and maintained short term rating to “A3” (A Three) , with a “**Stable future Outlook**”. The ratings denote an adequate capacity for timely payment of financial commitments.

Acknowledgement

We would like to take this opportunity to thank our valued clients, shareholders and other stakeholders for their patronage and confidence and our management and employees for their dedication and hard work.

We would also like to express our gratitude to the State Bank of Pakistan, the Securities and Exchange Commission of Pakistan and the Karachi Stock Exchange for their continued guidance and support.

Karachi: August 24, 2015

On behalf of the Board

Muhammad Farooq Abid Tung
Acting President and CEO

AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION

Introduction:

We have reviewed the accompanying condensed interim balance sheet of APNA MICROFINANCE BANK LIMITED ("the Bank") as at 30 June 2015 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the accounts for the six months period ended (here-in-after referred to as the "interim financial information"). Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review. The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarters ended June 30, 2015 and June 30, 2014 have not been reviewed, as we are required to review only the cumulative figures for the half year ended June 30, 2015.

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 condensed interim financial information 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.

Basis for Qualified Conclusion:

The Bank had restructured/ rescheduled loan cases amounting to Rupees 106.358 million in the year 2014 which were not according to the requirements of Prudential Regulations for Microfinance Bank according to the audit report for the year ended December 31, 2014 issued by the previous auditor. During the period under review, we were provided with details and records pertaining to the above restructured loans according to which loans amounting to Rupees 39.12 million have been settled and out of remaining balance of Rupees 67.23 million, loans amounting to Rupees 49.76 million have been classified as non-performing loans against which provision of Rupees 22.66 million has been made. As we have been provided inadequate documentation for the above loans, we are unable to ascertain whether the above classification and provision have been made according to Prudential Regulations for Microfinance Bank.

Qualified Conclusion:

Based on our review, with the exception of the matter described in the preceding paragraph, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as of and for the six month period ended June 30, 2015 is not prepared, in all material respects, in accordance with the approved accounting records as applicable in Pakistan for interim financial reporting.

Other matters:

The financial statements of the Bank for the year ended December 31, 2014 and interim condensed financial information of the Bank for the six month period ended June 30, 2014 were audited and reviewed respectively by another firm of chartered accountants who expressed a modified opinion on the financial statements of Bank for the year ended December 31, 2014 along with emphasis of matter paragraph and qualified conclusion

with emphasis of matter paragraph on the condensed interim financial information of the Bank for the six month period ended June 30, 2014 vide their audit and review reports dated February 27, 2015 and August 22, 2014:

The audit report on financial statements of Bank for the year ended December 31, 2014 contains the following modifications:

- i) The bank had rescheduled / restructured around 2068 loan cases having outstanding principal and mark-up aggregating to Rupees 106.358 million. The Bank did not fully comply with the requirements of Prudential Regulation for Microfinance Banks. Loans were rescheduled / restructured by recovering only the markup amounts while 40 percent of the outstanding principal was not recovered before regularizing the loans. Moreover, in some cases loans have been rescheduled / restructured more than once resulting improvements in classified categories. Due to limitations of the Bank's information system, exact amount of provision required to be accounted for against such loans could not be determined.
- ii) The Bank incurred fixed capital expenditure of Rupees 14.934 million during the previous years on renovation of office at Lahore, obtained on rent in view of its planned expansion to National level operations. However, the Bank could not obtain the license of National level operations so far. Further, no rent has been accrued or paid in respect of aforesaid office since July 2013. Despite these indicators, the management has not determined and accounted for impairment loss on such fixed capital expenditure, if any. Moreover, the aforesaid capital expenditure is still kept in capital work-in-progress although no further work has been carried out which will result in understatement of depreciation expense on the assets which may be available for use.
- iii) The Bank recorded certain accounting adjustments of Rupees 10.106 million in different account heads to reconcile the automated information system with the underlying records for which no satisfactory basis have been provided to auditor.

Our conclusion is not qualified in respect of issues mentioned in ii) and iii) above as:

- The Bank has obtained the license to operate nation-wide. The management has shared with us the future management plans for operations in other provinces. Further, certified valuer's report has been provided to us based on which we have concluded that impairment in capital work-in-progress is not required.
- The Bank has provided us satisfactory evidence regarding accounting adjustments of Rupees 10.106 million made in previous years.

Chartered Accountants:

Karachi

Dated:

Engagement Partner: Adnan Zaman

**APNA MICROFINANCE BANK LIMITED
CONDENSED INTERIM BALANCE SHEET
AS AT 30 JUNE 2015**

	Note	30 June 2015	31 December 2014
		----- Rupees ----- (Un-audited)	(Audited)
ASSETS			
Cash and balances with SBP	5	126,957,381	58,432,090
Balances with other banks / NBFIs / MFBs	6	1,360,491,503	538,046,669
Lending to financial institutions		-	-
Investments	7	234,559,978	190,767,143
Advances-net of provisions	8	1,033,381,311	766,138,548
Operating fixed assets		101,356,655	93,725,598
Other assets		196,596,877	111,844,458
Deferred tax assets		-	-
Total assets		<u>3,053,343,705</u>	<u>1,758,954,506</u>
LIABILITIES			
Deposits and other accounts	9	1,977,928,274	1,193,506,624
Borrowings		-	-
Subordinated debt		-	-
Other liabilities		29,299,975	22,839,032
Deferred tax liabilities		-	-
Total liabilities		<u>2,007,228,249</u>	<u>1,216,345,656</u>
NET ASSETS		<u>1,046,115,456</u>	<u>542,608,850</u>
REPRESENTED BY:			
Share capital		2,200,000,000	1,100,000,000
Discount of issue of right shares		(950,000,000)	(400,000,000)
Statutory and general reserves		1,279,583	1,279,583
Depositors' Protection Fund		319,896	319,896
Accumulated (loss)		(229,123,563)	(192,270,001)
		1,022,475,916	509,329,478
Surplus on revaluation of assets		1,050,519	1,740,937
Deferred grants	10	22,589,021	31,538,435
Share deposit money		-	-
Total capital		<u>1,046,115,456</u>	<u>542,608,850</u>
MEMORANDUM/ OFF BALANCE SHEET ITEMS	11		

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.



President/Chief Executive Officer



Chairman



Director



Director

APNA MICROFINANCE BANK LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER AND HALF YEAR ENDED 30 JUNE 2015

Note	Half year ended 30 June 2015	2014	Quarter ended 30 June 2015	2014
	----- Rupees -----			
Mark-up/return/interest earned	12 163,266,364	106,447,557	92,909,474	59,417,289
Mark-up/return/interest expensed	<u>(66,915,186)</u>	<u>(32,730,676)</u>	<u>(37,686,908)</u>	<u>(16,866,373)</u>
Net mark-up/interest income	96,351,178	73,716,881	55,222,566	42,550,916
Provision against non-performing loans and advances	8.2 (36,063,905)	(12,820,433)	(12,998,214)	(9,429,519)
Provision for dimutiation in the value of investments	-	-	-	-
Recovery against written off advances	2,210,065	1,136,684	1,572,324	385,702
Bad debts written off directly	-	-	-	-
	<u>(33,853,840)</u>	<u>(11,683,749)</u>	<u>(11,425,890)</u>	<u>(9,043,817)</u>
Net mark-up/interest income after provisions	62,497,338	62,033,132	43,796,676	33,507,099
Non mark-up/non interest income				
Fee, commission and brokerage income	4,923,151	3,946,974	3,458,519	2,115,463
Other income	16,274,903	19,092,173	13,038,995	11,348,408
Total non mark-up/non interest income	<u>21,198,054</u>	<u>23,039,147</u>	<u>16,497,514</u>	<u>13,463,871</u>
	83,695,392	85,072,279	60,294,190	46,970,970
Non mark-up/non interest expenses				
Administrative expenses	(118,867,059)	(75,449,503)	(65,975,703)	(32,608,619)
Other provisions/write offs	-	-	-	-
Other charges	-	-	-	-
Total non mark-up/non interest expenses	<u>(118,867,059)</u>	<u>(75,449,503)</u>	<u>(65,975,703)</u>	<u>(32,608,619)</u>
	(35,171,667)	9,622,776	(5,681,513)	14,362,351
Extra ordinary/unusual items	-	-	-	-
(Loss) / Profit before taxation	<u>(35,171,667)</u>	<u>9,622,776</u>	<u>(5,681,513)</u>	<u>14,362,351</u>
Taxation - Current	13 (1,681,895)	(1,250,000)	(957,302)	(1,244,827)
Prior	-	-	-	-
Deferred	-	-	-	-
(Loss) / Profit after taxation	<u>(36,853,562)</u>	<u>8,372,776</u>	<u>(6,638,815)</u>	<u>13,117,524</u>
Accumulated loss brought forward	<u>(192,270,001)</u>	<u>(196,880,895)</u>	<u>(222,484,748)</u>	<u>(201,625,643)</u>
Accumulated loss carried forward	<u>(229,123,563)</u>	<u>(188,508,119)</u>	<u>(229,123,563)</u>	<u>(188,508,119)</u>
(Loss)/earning per share-basic and diluted 14	<u>(0.31)</u>	<u>0.28</u>	<u>(0.06)</u>	<u>0.44</u>

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.



President/Chief Executive Officer



Chairman



Director



Director

APNA MICROFINANCE BANK LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE HALF YEAR ENDED 30 JUNE 2015

Note	Half year ended 30 June 2015	30 June 2014	Quarter ended 30 June 2015	2014
	----- Rupees -----			
(Loss) / Profit after taxation	(36,853,562)	8,372,776	(6,638,815)	13,117,524
Other comprehensive income				
Items that will not be reclassified to profit or loss	-	-	-	-
Items that may be subsequently reclassified to profit or loss	-	-	-	-
Comprehensive income transfer to equity	(36,853,562)	8,372,776	(6,638,815)	13,117,524
Components of comprehensive income not reflected in equity				
Net change in fair value of available-for-sale investments	(690,418)	-	(690,418)	-
Total comprehensive income for the period	(37,543,980)	8,372,776	(7,329,233)	13,117,524

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.



President/Chief Executive Officer



Chairman



Director



Director

APNA MICROFINANCE BANK LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED 30 JUNE 2015

	30 June 2015	30 June 2014
	----- Rupees -----	
CASH FLOW FROM OPERATING ACTIVITIES		
(Loss) / Profit before taxation	(35,171,667)	9,622,776
Adjustments for non-cash items		
Depreciation	7,428,463	4,113,131
Amortization of intangibles	4,774,880	4,387,992
Provision against non-performing advances	36,063,905	12,820,433
Amortization of premium on government securities	-	907,240
Amortization of deferred grants	(2,958,561)	(6,383,114)
Fair value adjustment on held for trading investments	241,375	133,820
(Gain)/Loss on sale of fixed assets	1,068,279	(1,422,242)
	<u>46,618,341</u>	<u>14,557,260</u>
	11,446,674	24,180,036
(Increase) / decrease in operating assets		
Advances	(303,306,668)	(176,880,004)
Other assets	(82,847,192)	(25,839,239)
	<u>(386,153,860)</u>	<u>(202,719,243)</u>
(Decrease) / increase in operating liabilities		
Deposits		
Borrowing	784,421,650	146,153,033
Other liabilities	-	32,303,034
	<u>6,460,943</u>	<u>(17,151,810)</u>
	790,882,593	161,304,257
	416,175,407	(17,234,950)
	(4,105,222)	(1,768,638)
Income tax paid	412,070,185	(19,003,588)
Net cash generated / (used in) flow from operating activities	412,070,185	(19,003,588)
CASH FLOW FROM INVESTING ACTIVITIES		
Net investments in available for sale securities	(53,269,750)	-
Net investments in held for trading securities	8,545,123	(20,187,500)
Net investments in held to maturity securities	-	-
Investments in operating fixed assets	(20,233,559)	(2,676,047)
Investments in intangible assets	(669,120)	(700,000)
Sale proceeds from disposal of operating fixed assets	-	1,456,740
Net cash (used in) investing activities	<u>(65,627,306)</u>	<u>(22,106,807)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Share deposit money	-	(3,300,000)
Grant received from SBP	13,546,000	21,647,581
Utilization of grant	(19,018,754)	-
Proceeds from issue of right shares	550,000,000	-
Net cash flow from financing activities	<u>544,527,246</u>	<u>18,347,581</u>
Increase / (Decrease) in cash and cash equivalents for the period	<u>890,970,125</u>	<u>(22,762,814)</u>
Cash and cash equivalents at the beginning of the period	<u>596,478,759</u>	<u>567,576,204</u>
Cash and cash equivalents at the end of the period	<u>1,487,448,884</u>	<u>544,813,390</u>

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.

			
President/Chief Executive Officer	Chairman	Director	Director

APNA MICROFINANCE BANK LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED 30 JUNE 2015

	Share Capital	Discount on Issue of Shares	Statutory Reserve	Depositors' Protection Fund	Accumulated Profit/(Loss)	Total
	Rupees					
Balance as at 31 December 2013	300,000,000	-	50,011	12,503	(196,860,895)	103,181,619
Comprehensive income for the period						
Profit after taxation	-	-	-	-	8,372,776	8,372,776
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	8,372,776	8,372,776
Balance as at 30 June 2014	300,000,000	-	50,011	12,503	(188,508,119)	111,554,395
Balance as at 31 December 2014	1,100,000,000	(400,000,000)	1,279,583	319,896	(192,270,001)	509,329,478
Issue of right shares	1,100,000,000	(550,000,000)	-	-	-	550,000,000
Comprehensive income for the period						
(Loss) after taxation	-	-	-	-	(36,853,562)	(36,853,562)
Other Comprehensive Income	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	(36,853,562)	(36,853,562)
Balance as at 30 June 2015	2,200,000,000	(950,000,000)	1,279,583	319,896	(229,123,563)	1,022,475,916

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.



President/Chief Executive Officer



Chairman



Director



Director

**APNA MICROFINANCE BANK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED JUNE 30, 2015**

1. STATUS AND NATURE OF BUSINESS

- 1.1** Apna Microfinance Bank Limited (“the Bank”) was incorporated on 08 May 2003 as a public limited Bank under the Companies Ordinance, 1984. The Bank was granted a certificate of commencement of business on 28 December 2004 and its operations started from 01 January 2005. Its shares are listed on Karachi Stock Exchange Limited. The Bank’s principal business is to provide microfinance services to the poor and underserved segment of the society as envisaged under the Microfinance Institutions Ordinance, 2001. As at the reporting date, the Bank operates 29 branches as at June 30, 2015 (June 30, 2014: 11 branches) and its registered office is situated at K-4/3 and 4/4, Ch. Khaliq-uz-Zaman Road, Gizri, Karachi.
- 1.2** During the period, the bank has achieved the status of national level microfinance bank pursuant to license issued by State Bank of Pakistan and its equity (free of losses) as at the balance sheet date meets the minimum capital requirements (MCR) of Rupees 1,000 million as stipulated in Prudential Regulations for Microfinance Banks.

2. BASIS OF PREPARATION

2.1 Statement of compliance

This condensed interim financial report of the Bank for the half year ended 30 June 2015 has been prepared in accordance with the requirements of the International Accounting Standard 34 – ‘Interim Financial Reporting’, provisions of the Companies Ordinance, 1984, the Microfinance Institution Ordinance, 2001, the Prudential Regulations for Microfinance Banks/Institutions and the directives issued by the Securities and Exchange Commission of Pakistan (SECP) and the State Bank of Pakistan (SBP). In case where the requirements differ, the provisions of Companies Ordinance, 1984, the Microfinance Institution Ordinance 2001, the Prudential Regulations of Microfinance Banks/Institutions or the requirements of the said directives have been followed.

SBP has deferred the applicability of International Accounting Standards (IAS) 39 ‘Financial Instruments Recognition and Measurement’ and International Accounting Standards (IAS) 40 ‘Investment Property’ for Banking Companies through BSD Circular No. 10 dated 26 August 2002. Further, the Securities and Exchange Commission of Pakistan (SECP) has deferred applicability of IFRS-7 “Financial Instruments: Disclosures” for banks through its notification S.R.O 633(1) / 2014 dated 10th July 2014. Accordingly, the requirements of these standards have not been considered in the preparation of this condensed interim financial information.

2.2 Basis of Presentation

This condensed interim financial information is prepared in accordance with BSD Circular No. 11 dated 30 December 2003 issued by the State Bank of Pakistan (SBP) and IAS – 34 ‘Interim Financial Reporting’ and hence do not include all the information required in the annual financial statements. Accordingly, this condensed interim financial information should be read in conjunction with the annual financial statements of the Bank for the year ended 31 December 2014. This condensed interim financial information is un-audited but subject to limited scope review by the statutory auditors.

This condensed interim financial information is presented in Pak Rupees, which is the Company’s functional and presentation currency.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of this condensed interim financial information in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Bank's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

During preparation of this condensed interim financial information, the significant judgments made by the management in applying the Bank's accounting policies and the key sources of estimation and uncertainty were the same as those that applied in the preceding audited annual published financial statements of the Bank for the year ended 31 December 2014.

4. ACCOUNTING POLICIES AND COMPUTATION METHODS

The accounting policies and the methods of computation adopted in preparation of this condensed interim financial information are the same as those applied in the preparation of the annual financial statements for the year ended 31 December 2014.

	Note	30 June 2015 (Un-audited)	31 December 2014 (Audited)
----- Rupees -----			
5. CASH AND BALANCE WITH SBP			
Cash in hand – local currency		69,465,566	26,627,936
Balance with State Bank of Pakistan	5.1	57,491,815	31,804,154
		<u>126,957,381</u>	<u>58,432,090</u>
5.1 Represents balance maintained in current account with the State Bank of Pakistan to meet the requirements of maintaining a minimum balance equivalent to 5% of the Bank's time and demand liabilities in accordance with Regulation 6 of the Prudential Regulation.			
6. BALANCES WITH OTHER BANKS / NBFIs / MFBs			
In Pakistan			
- on current account		75,448,980	19,799,313
- on deposit account	6.1	442,042,523	236,247,356
- certificates of deposits	6.2	843,000,000	282,000,000
		<u>1,360,491,503</u>	<u>538,046,699</u>
6.1 These carry mark-up rates ranging from 5 to 8.02 percent (2014:7.5 to 9.5 percent) per annum.			
6.2 These represents placemnets with different financial institutions carrying markup ranging from 8 to 9.5 percent (June 30, 2014: KASB Bank Ltd. and Escort Investment Bank Ltd. carrying markup ranging from 10.5 to 14.5 percent) per annum. There maturity ranges from One month to Six months from the date of placements.			
7. INVESTMENTS			
Held-for-trading			
- Term Finance Certificates	7.1	29,444,017	38,993,011
Fair value adjustment		(682,871)	263,505
		<u>28,761,146</u>	<u>39,256,516</u>
National Bank of Pakistan NAFA - Mutual Fund		1,003,871	-
Held-to-maturity			
B R R Guardian Modaraba - Term Finance Certificate	7.2	9,535,848	9,535,848
Amortization of discount		1,304,894	599,892
		<u>10,840,742</u>	<u>10,135,740</u>
Available-for-sale			
Federal Government Securities			
- Pakistan Investment Bond (PIBs)	7.3	192,903,700	139,633,950
Fair value adjustment		1,050,519	1,740,937
		<u>193,954,219</u>	<u>141,374,887</u>
		<u>234,559,978</u>	<u>190,767,143</u>
7.1 This represent Term Finance Certificates of Jahangir Siddiqui Company Limited. These carry mark-up at the rate of 6 Months KIBOR + 2.4% per annum.			
7.2 This represents 4000 units of TFCs valuaing Rupees 2,894,811 each of B.R.R Guardian Modaraba. These TFCs were issued for 8.5 years having maturity on 07 December 2016 and carry markup at the rate of 1 Month KIBOR per annum.			
7.3 This represents PIBs issued for a period of five and three years having maturity on 22 July 2015 and 17 July 2015. These carries interest at the rate of 11.25% and 11.50% per annum.			

8. ADVANCES - NET OF PROVISIONS

	30 June 2015		31 December 2014	
	No. of Loans (Un-audited)	Rupees	No. of Loans (Audited)	Rupees
Micro credit	12,782	1,101,979,758	11,390	798,673,090
Provision held:				
- Specific		59,192,296		25,090,505
- General		9,406,151		7,444,037
8.2		68,598,447		32,534,542
Advances – net of provisions	12,782	1,033,381,311	11,390	766,138,548

8.1 Particulars of Non-Performing Advances

Advance include Rupees 156,091,479 (31 December 2014: Rupees 101,396,356) which have been placed under non performing status as detailed below.

Category of classification	30 June 2015			31 December 2014		
	Amount Outstanding	Provision Required	Provision Held	Amount Outstanding	Provision Required	Provision Held
	Rupees					
	(Un-audited)			(Audited)		
OAEM	25,748,629	-	-	39,915,242	-	-
Sub-standard	22,903,937	5,676,471	5,676,471	21,919,887	5,380,007	5,380,007
Doubtful	107,388,873	53,465,785	53,465,785	39,557,732	19,707,003	19,707,003
Loss	50,040	50,040	50,040	3,495	3,495	3,495
	156,091,479	59,192,296	59,192,296	101,396,356	25,090,505	25,090,505

8.2 Particulars of provisions against non-performing advances

	30 June 2015			31 December 2014		
	Specific	General	Total	Specific	General	Total
	Rupees					
	(Un-audited)			(Audited)		
Opening balance	25,090,505	7,444,037	32,534,542	19,768,105	3,052,551	22,820,656
Charge for the period	34,101,791	1,962,114	36,063,905	21,158,245	4,391,486	25,549,731
Amount written off	-	-	-	(15,835,845)	-	(15,835,845)
	59,192,296	9,406,151	68,598,447	25,090,505	7,444,037	32,534,542

Particulars of write offs:	30 June 2015	31 Dec 2014
	(Un-audited)	(Audited)
Against provision	-	15,835,845

9. DEPOSITS AND OTHER ACCOUNTS

	30 June 2015		31 December 2014	
	Number	Rupees	Number	Rupees
	(Un-audited)		(Audited)	
Fixed deposits	3,208	1,188,257,537	1,865	693,879,253
Saving deposits	5,535	426,168,021	4,378	229,586,147
Current deposits	44,204	363,502,716	37,289	270,041,224
	52,947	1,977,928,274	43,532	1,193,506,624

9.1 Particulars of deposits by ownership

	30 June 2015		31 December 2014	
	Number	Rupees	Number	Rupees
	----- (Un-audited) -----		----- (Audited) -----	
Individual depositors	52,784	1,843,946,634	43,402	1,062,916,009
Institutional depositors				
- Corporation / firm	146	45,922,507	119	53,047,099
- Banks and financial institutions	17	88,059,133	11	77,543,516
	<u>52,947</u>	<u>1,977,928,274</u>	<u>43,532</u>	<u>1,193,506,624</u>
		Note	30 June 2015	31 December 2014
			----- Rupees -----	
			(Un-audited)	(Audited)
10. DEFERRED GRANTS				
Institutional Strengthening Fund (ISF)	10.1	8,874,292	16,903,539	
Financial Innovation Challenge Fund (FICF)	10.2	13,714,729	14,634,896	
		<u>22,589,021</u>	<u>31,538,435</u>	

10.1 During the preceding year, the SBP approved a grant of Rupees 36,078,051 for meeting the project cost to be incurred by the Bank to support its institutional capacity building under the project "Strengthens the Institution via a Business Capacity Building, IT infrastructural Improvement and Human Capital Development". The Bank has recognized the grant against the asset and expenses as prescribed thereby meeting the conditions attached to the grant. Amortization of the grant is being made on a systematic basis over the remaining useful life of related asset.

10.2 During the preceding year, the SBP approved a grant of Rupees 34,000,000 under the Financial Innovation Programme (FIP). The main purpose of the FIP is the provision of improved access of financial services for poor and marginalized groups and for micro, small and medium-enterprises in Pakistan. The Bank has recognized the grant against assets and expenses as prescribed thereby meeting the conditions attached to the grant. Amortization of the grant is being made on a systematic basis over the remaining useful life of related asset.

11. MEMORANDUM/OFF BALANCE SHEET ITEMS

The Bank has provided the guarantees of Rupees 4.950 million for the customers to the Controller Department of Tourist Services. The Bank has issued letter of guarantees which are valid for a period of 1 year from the date of execution and secured against the Customers' Receivables. 10% Cash Margin and Counter Guarantee of United Insurance Company Limited.

There were no other contingencies and commitments as at 30 June 2015 (31 December 2014: Nil)

12. MARK-UP/RETURN/INTEREST EARNED

	Half year ended		Quarter ended	
	30 June 2015	30 June 2014	30 June 2015	30 June 2014
	Rupees		Rupees	
	----- (Un-audited) -----		----- (Un-audited) -----	
Mark-up on loans and advances	124,461,533	70,156,934	71,310,328	41,290,293
Mark-up on investments in government securities	9,790,832	14,298,011	5,402,036	8,400,543
Mark-up on deposit accounts	29,013,999	21,992,612	16,197,110	9,726,453
	<u>163,266,364</u>	<u>106,447,557</u>	<u>92,909,474</u>	<u>59,417,289</u>

13. TAXATION

13.1 Current

The Bank has carried forward tax losses of Rupees 99,532,872 as at reporting date due to which no taxable income arises during the period. However, under section 113 "minimum tax on income of certain persons" of the Income Tax Ordinance, 2001, the Bank is required to make a provision for minimum taxation. Therefore, provision for minimum taxation amounting to Rupees 1,681,895 (31 December 2014: Rupees 2,548,154) has been made.

		2015	2014
14. (LOSS)/EARNING PER SHARE - BASIC AND DILUTED			
Profit/(Loss) after taxation for the period	(Rupees)	<u>(36,853,562)</u>	<u>8,372,776</u>
Weighted average number of ordinary shares outstanding during the period	Numbers	<u>120,114,870</u>	<u>30,000,000</u>
Basic and diluted (loss) per share	(Rupees)	<u>(0.31)</u>	<u>0.28</u>

14.1. There was no dilutive effect on the basic loss per share.

15. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

The segment analysis with respect to business activity is as follows:

	Investment In Government Securities	Retail Banking	Micro Finance Banking	Total
	----- Rupees -----			
Half year ended 30 June 2015 (Un-audited)				
Total income	9,790,832	50,212,053	126,671,598	186,674,483
Total expenses	-	105,647,927	117,880,118	223,528,045
Net income/(loss)	<u>9,790,832</u>	<u>(55,435,874)</u>	<u>8,791,480</u>	<u>(36,853,562)</u>
Segment asset(gross)	<u>234,559,978</u>	<u>1,487,448,884</u>	<u>1,331,334,843</u>	<u>3,053,343,705</u>
Segment non performing loans	-	-	156,091,479	156,091,479
Segment provision required	-	-	68,598,447	68,598,447
Segment liabilities	-	<u>1,977,928,274</u>	<u>29,299,975</u>	<u>2,007,228,249</u>
Half year ended 30 June 2014 (Un-audited)				
Total income	14,298,011	41,084,785	75,240,592	130,623,388
Total expenses	-	51,593,052	70,657,560	122,250,612
Net income/(loss)	<u>14,298,011</u>	<u>(10,508,267)</u>	<u>4,583,032</u>	<u>8,372,776</u>
Year ended 31 December 2014 (Audited)				
Segment assets(gross)	<u>141,374,887</u>	<u>596,478,759</u>	<u>1,053,035,510</u>	<u>1,790,889,156</u>
Segment non - performing loans	-	-	101,396,356	101,396,356
Segment provision required	-	-	32,534,542	32,534,542
Segment liabilities	-	<u>1,212,599,931</u>	<u>3,745,725</u>	<u>1,216,345,656</u>

16 TRANSACTION WITH RELATED PARTIES

Related parties of the Bank comprise group companies, staff retirement benefits, key management personnel and major shareholders of the bank. The details of transactions with related parties other than those disclosed elsewhere in this condensed interim financial information is as under:

	30 June 2015	31 December 2014
	Rupees (Un-audited)	Rupees (Audited)
Balances at period end/year end:		
Associate :		
Deposits	2,436,765	1,872,288
Key management personnel:		
Deposits	4,839,789	3,368,343
From directors/ sponsors:		
Deposits	30,510,107	1,983,753
Share deposit money	-	-
Transactions during the period/year:		
Associated company:		
Deposits received	237,612,940	283,634,948
Withdrawals	237,525,478	283,538,740
Insurance expense	684,961	1,822,688
Other related parties		
Contribution to Staff Provident Fund	525,760	354,776
Key management personnel:		
Deposits		
Deposits received	28,079,854	57,218,080
Withdrawals	26,875,020	56,604,756
Mark-up on deposit paid	266,519	303,235
From directors/ sponsors:		
Deposits received	312,344,254	117,653,199
Share deposit money received	338,513,710	67,993,790
Share deposit money repaid	338,513,710	70,993,790
Withdrawals	105,347,900	129,245,096
Loan to executive director	-	8,000,000
Mark-up on deposit paid	1,555,411	-

17. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was approved and authorised for issue by the Board of Directors on August 24, 2015.

18. GENERAL

18.1 No significant reclassification / rearrangement of the corresponding figures has been made.

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



President/Chief Executive Officer



Chairman



Director



Director

اَللّٰهُمَّ قَوْمِي سَطْحِ پَر بِنَكَارِي كَا اَنَااز اِپنا مائِكرو فنانس بينك لميٹڈ

ہم اپنے معزز صارفین، کھاتہ داروں، بینک کے عملہ اور دیگر مفر ماوں کے شکر گزار ہیں جن کے بھرپور اعتماد کی وجہ سے
مختصر مدت میں **اِپنا بينك** اب قومی سطح کا بینک بن کر ابھرا ہے۔
اِپنا بينك جلد ہی پورے پاکستان میں اپنی برانچوں کا آغاز کر کے چھوٹے کھاتہ داروں، تمام قسم کے کاروبار اور زرعی
قرض خواہوں کو کم ترین شرح منافع پر بہترین سہولیات فراہم کرے گا۔
ہم اسٹیٹ بینک آف پاکستان کے شکر گزار ہیں جس نے ہماری کاوشوں کو پذیرائی بخشی



Head Office:

K-4/3 & 4/4, Ch.Khaliq-uz-Zaman Road, Gizri, Karachi, Pakistan.

Tel: +92 21 35865352-55 E-mail: info@apnabank.com.pk

Website: www.apnabank.com.pk