

Micro Finance
apna bank
Limited



Un-Audited Interim Condensed
Financial Statements
for the Quarter ended
March 31, 2014



Corporate Information

Board of Directors

Chairman
Directors

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

President / Chief Executive

Mr. Muhammad Saleem Shaikh

Company Secretary

Mr. Rafat Abbas

Chief Financial Officer

Mr. Tahir Saeed Effendi

Audit Committee of the Board

Chairman
Members

Mr. Qamar-uz-Zaman
Mr. Muhammad Azam Cheema
Ms. Shahida Bilquis
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. Mohammad 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. Muhammad Akram Shahid
Ms. Shahida Bilquis
Mr. Muhammad Azam Cheema
Mr. Qamar uz Zaman
Mr. Muhammad Saleem Shaikh
Head HR

Secretary

Auditors

Riaz Ahmed & Co.
Chartered Accountants

Tax/ Legal Advisor

Baker Tilly Mehmood Idrees Qamar
Chartered Accountants
Agha Law Associates



Bankers

KASB Bank Ltd
Bank Al-Falah Ltd
Silk Bank Ltd
Tameer Microfinance Bank Ltd
Summit Bank Ltd
Soneri 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.
Dagja House, 241-C, Block-2, P.E.C.H.S.
Off. Shahrah-e-Quaideen, Karachi.
Phone 021-34391316 - 17
Fax 021-34391318

Branches

Model Branch Gizri
Shahrah-e-Faisal, Branch
I.I Chundrigar Branch
Bhens Colony Branch
Napier Road Branch
Korangi Industrial Area Branch
Liaquat Market, Malir Branch
Mehmoodabad Branch
Shah Faisal Colony Branch
North Karachi Branch
Orangi Town Branch

Tel: 021-35865021-24
Tel: 021-34324656-59
Tel: 021-32623667-68-69-70
Tel: 021-35081281-82-85
Tel: 021-32527041-44
Tel: 021-35013400-02
Tel: 021-34113781-83
Tel: 021-35319240-41-42
Tel: 021-34601749-50
Tel: 021-36961067-68-71
Tel: 021-36652095-103



Directors' Report

On behalf of the Board of Directors, I am pleased to present the un-audited Financial Statements of the Bank for the quarter ended March 31, 2014.

Operational and Financial Review

The operating results have shown improvement as the Bank has reduced its operating loss before tax of PKR 4.74 million for the current three months of 2014 as compared to PKR 12.72 million in the corresponding period last year.

As a result of the management approach to improve its net markup income by rationalizing its returns on funds deployed, improving recovery against non performing loans and written off loans, the net interest/markup income of PKR 31 million during the current quarter shows an increase of PKR 16 million (i.e. 103%) over the corresponding quarter last year.

The Bank's advances have shown a growth of PKR 61.97 million increasing from PKR 341.83 million to PKR 403.80 million registering a rise of 16.42%. The ratio of Non-performing loans to gross loans of the Bank has also shown improvement, the quantum of classified loans as on 31st December 2013 was PKR 92 million which was 26.85% of gross loans of PKR 341.83 million, is reduced to PKR 81.25 million (i.e. 20.12%) of gross loans of PKR 403.807 million as on 31st March 2014.

The Non Markup/ Non Interest income has shown a growth of 140% in current quarter to PKR 3.20 million from PKR 1.30 million in the corresponding quarter last year.

The administrative expenses increased from PKR 27.90 million to PKR 36.40 million in current quarter showing a rise of 24% over the figures of corresponding quarter 2013. The major factor attributable to this rise is increase in manpower to 234 due to induction of 73 employees against 161 as on 31st March 2013 as a result of Branch Network expansion.

During the current quarter the Customer Deposits have registered a rise of PKR 32.22 million over the figure of PKR 762.02 million as on 31st December 2013. Similarly the Net Advances have shown growth of PKR 58.60 million which is 18.40% over the figures of December 31, 2013. The Total Assets of the Bank stood at PKR 1,341 million.

It is also pleasing to inform the shareholders that the management has focused its attention on the Audit observations mentioned by External Auditors in 2013 Financial Statements and report that;

- a) The inter-branch account is now fully reconciled and the amount of PKR 3.528 million pointed out by the Auditors has been identified and posted in respective G.L Accounts.
- b) The matter regarding 162 Rikshaw loans of the aggregate amount of PKR 18.524 million net of provisions, not registered in the name of Bank has shown improvement, now with the efforts of the recovery team 107 Rikshaws have been secured & only 55 loans aggregating PKR 6.50 million as on 15th April 2014 are yet to be regularized. The management is hopeful that all such loans will be secured by end of June 2014.
- c) The matter regarding fixed capital expenditure of PKR 16.63 million incurred in 2012 & 2013 at proposed office in Lahore, the Board is of the view that National Level license is expected to be obtained by Dec 2014, after meeting the Minimum Capital Requirement and as per timeline given by State Bank of Pakistan, the bank will utilize the proposed office premises, therefore the financial impact (if any) will be incorporated in the accounts accordingly.

Future Outlook

In order to achieve the target of seeking National level Bank license, as a first step the Board approved the issue of Right Shares of PKR 800 million at a discount of 50%, so as to raise the equity to Provincial level operations.

It is informed that the 3rd Right issue of PKR 800 million Ordinary Shares of PKR 10/- each at a discount of 50% has been duly approved by the SECP & SBP. The process in this connection has been started and expected to be completed by June 2014.

The management is hopeful that the Provincial level Bank license will be issued by SBP upon full subscription of Right issue & meeting of required MCR. The issue is fully underwritten by the Sponsors/ Directors by placing a sum of PKR 403 million in Share Deposit Money Account.



During the period under review, the Bank has also obtained permission from SBP for entering into Enterprise Loan upto PKR 0.5 million per customer. The management has issued guidelines to the Branches and hope that it will enhance the business in future.

Credit Rating

The Pakistan Credit Rating Agency (Pvt) Ltd. has maintained the long term and short term ratings for the Bank to "BBB" (Triple B) and "A3" (A Three) respectively, with, a "Positive 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.

On behalf of the Board

Muhammad Saleem Shaikh
President and CEO





Karachi: April 29, 2014



APNA MICROFINANCE BANK LIMITED
CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)
AS AT MARCH 31, 2014

	Note	Mar 31, 2014	Dec 31, 2013
		----- Rupees -----	
		(Un-audited)	(Audited)
ASSETS			
Cash and balances with SBP and NBP	5	53,026,823	62,801,414
Balances with other banks/NBFIs/MFBs	6	385,387,644	504,774,790
Lending to financial institutions		-	-
Investment	7	371,102,058	291,102,058
Advances-net of provisions	8	377,595,668	319,016,883
Operating fixed assets		79,310,784	81,355,350
Other assets		75,211,917	54,332,235
Deferred tax assets		-	-
Total assets		<u>1,341,634,894</u>	<u>1,313,382,730</u>
LIABILITIES			
Deposits and other accounts	9	794,255,015	762,025,569
Borrowings		-	-
Subordinated debt		-	-
Other liabilities		36,216,040	34,315,812
Deferred tax liabilities		-	-
Total liabilities		<u>830,471,056</u>	<u>796,341,381</u>
NET ASSETS		<u>511,163,838</u>	<u>517,041,349</u>
REPRESENTED BY:			
Share capital		300,000,000	300,000,000
Statutory reserves		50,011	50,011
Depositors' Protection Fund		-	-
Accumulated losses		(201,625,643)	(196,880,895)
		<u>98,424,368</u>	<u>103,169,116</u>
(Deficit) on revaluation of assets		(1,435,530)	(1,448,030)
Deferred grants		10,875,000	12,020,263
Share deposit money		403,300,000	403,300,000
Total capital		<u>511,163,838</u>	<u>517,041,349</u>
Book Value Per Share		3.28	3.44

The annexed notes form an integral part of these interim condensed financial statements.

 _____ President/Chief Executive	 _____ Chairman	 _____ Director	 _____ Director
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APNA MICROFINANCE BANK LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER ENDED MARCH 31, 2014

	Note	Mar 31, 2014	Mar 31, 2013
----- Rupees -----			
		(Un-audited)	(Un-audited)
Mark-up/return/interest earned	11	47,030,268	26,246,170
Mark-up/return/interest expensed		<u>(15,864,303)</u>	<u>(10,722,124)</u>
Net mark-up/interest income		31,165,965	15,524,046
Provision against non-performing loans and advances		<u>(3,390,914)</u>	<u>(1,838,806)</u>
Provision for dimutation in the value of investments		-	-
Recovery against written off advances		750,982	209,868
Bad debts written off directly		-	-
		<u>(2,639,932)</u>	<u>(1,628,938)</u>
Net mark-up/interest income after provisions		28,526,033	13,895,107
Non mark-up/non interest income			
Fee, commission and bokerage income		<u>1,831,511</u>	<u>980,204</u>
Other income		<u>1,360,651</u>	<u>363,919</u>
		<u>3,192,162</u>	<u>1,344,123</u>
		31,718,195	15,239,230
Non mark-up / non interest expenses			
Administrative expenses		<u>(36,457,770)</u>	<u>(27,964,197)</u>
Other provisions / write offs		-	-
Other Charges		-	-
		<u>(36,457,770)</u>	<u>(27,964,197)</u>
Profit /(Loss) before taxation		(4,739,575)	(12,724,967)
Taxation - current		(5,173)	(249,854)
prior		-	-
deferred		-	-
		<u>(5,173)</u>	<u>(249,854)</u>
Profit /(Loss) after taxation		(4,744,748)	(12,974,820)
Accumulated loss brought forward		(196,880,895)	(139,997,003)
Appropriations			
Transfer to			
Statutory reserve		-	-
Depositors' Protection Fund		-	-
		<u>-</u>	<u>-</u>
Accumulated loss carried forward		(201,625,643)	(152,971,823)
Profit/(Loss) per share - basic and diluted		(0.16)	(0.43)

The annexed notes form an integral part of these interim condensed financial statements.



 President/Chief Executive



 Chairman



 Director







 Director



APNA MICROFINANCE BANK LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE QUARTER ENDED MARCH 31, 2014

	Mar 31, 2014 ---- Rupees ---- (Un-audited)	Mar 31, 2013 (Un-audited)
Loss after taxation	(4,744,748)	(12,974,820)
Other comprehensive income	-	-
Total comprehensive loss for the period	(4,744,748)	(12,974,820)

The annexed notes form an integral part of these interim condensed financial statements.

			
_____ President/Chief Executive	_____ Chairman	_____ Director	_____ Director



APNA MICROFINANCE BANK LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE QUARTER ENDED MARCH 31, 2014

	Mar 31, 2014	Mar 31, 2013
	---- Rupees ----	
	(Un-audited)	(Un-audited)
CASH FLOW FROM OPERATING ACTIVITIES		
Profit/(Loss) before taxation	(4,739,575)	(12,724,967)
Adjustments		
Depreciation	2,007,491	1,967,656
Amortization	2,087,754	562,161
Gain on Sale of Fixed Assets	(10,000)	-
Amortization of deferred grants	(1,125,000)	-
Provision against non-performing advances	3,390,914	1,838,806
	<u>6,351,159</u>	<u>4,368,623</u>
	1,611,584	(8,356,344)
(Increase)/decrease in operating assets		
Advances	(61,969,700)	(56,887,443)
Other assets (excluding current taxation)	(20,884,855)	(16,457,669)
	<u>(82,854,555)</u>	<u>(73,345,112)</u>
Increase/(decrease) in operating liabilities		
Deposits	32,229,446	59,978,130
Other liabilities (excluding current taxation)	1,791,390	(7,777,014)
	<u>34,020,837</u>	<u>52,201,116</u>
	(47,222,134)	(29,500,340)
Income tax paid	(5,173)	(249,854)
Net cash used in operating activities	<u>(47,227,307)</u>	<u>(29,750,193)</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Net investments in held-to maturity securities	-	(139,500,000)
Net investments in held for trading securities	(80,000,000)	-
Investments in operating fixed assets	(1,944,430)	(9,590,887)
Sale proceeds from disposal of operating assets	10,000	1,766,450
Net cash flow from investing activities	<u>(81,934,430)</u>	<u>(147,324,437)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Net (decrease)/increase in cash and cash equivalents	<u>(129,161,737)</u>	<u>(177,074,630)</u>
Cash and cash equivalents at the beginning of the period	567,576,204	446,843,503
Cash and cash equivalents at the end of the period	<u>438,414,467</u>	<u>269,768,873</u>

The annexed notes form an integral part of these interim condensed financial statements.

_____ President/Chief Executive	_____ Chairman	_____ Director	_____ Director



APNA MICROFINANCE BANK LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE QUARTER ENDED MARCH 31, 2014

	Share Capital	Statutory Reserve	Accumulated loss	Total
	Rupees			
Balance as at January 01, 2013	300,000,000	50,011	(139,997,003)	160,053,008
Depositors' protection Fund	-	12,503	-	12,503
Loss after taxation	-	-	(12,974,820)	(12,974,820)
Other Comprehensive Income	-	-	-	-
Balance as at March 31, 2013	300,000,000	62,514	(152,971,823)	147,090,691
Balance as at January 01, 2014	300,000,000	50,011	(196,880,895)	103,169,116
Loss after taxation	-	-	(4,744,748)	(4,744,748)
Balance as at March 31, 2014	300,000,000	50,011	(201,625,643)	98,424,368

The annexed notes form an integral part of these interim condensed financial statements.

_____ President/Chief Executive	_____ Chairman	_____ Director	_____ Director



APNA MICROFINANCE BANK LIMITED
NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE QUARTER ENDED MARCH 31, 2014

1. STATUS AND NATURE OF BUSINESS

- 1.1** Apna Microfinance Bank Limited ("the Bank") was incorporated on 08 May 2003 as a public limited company under the Companies Ordinance, 1984. The Bank was granted a certificate of commencement of business on 28th December 2004 and its operations started from 1st 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. The Bank operates 11 branches as at 31 March 2014 (2013: 11 branches) & 5 service centers and its registered office is situated at K-4/3 and 4/4, Ch. Khaliq-uz-Zaman Road, Gizri, Karachi.
- 1.2** Prudential Regulations for Microfinance Banks (MFBs) prescribe the Minimum Capital Requirements. The Regulation 4 inter alia requires that all MFBs which are licensed to operate in a specified district have to maintain minimum Paid up Capital of at least Rupees 300 million free of losses. Where MFBs do not meet the aforesaid minimum paid up capital requirement, they were advised to enhance their Capital by the year ended 31 December 2013. As at 31 December 2013, minimum capital requirement for the Bank was Rupees 300 million.

In view of the plans to enhance the Paid-up Capital of the Bank and to extend its operations to National Level, the management applied to State Bank of Pakistan (SBP) for grant of approval to enhance its status as a national level microfinance bank in a phased manner. SBP granted the approval vide letter No. BPRD(R&P-01)/2013-17198 dated 21 November 2013. In first phase, the Bank was required to meet Minimum Capital requirement of Rupees 500 million (free of losses) to obtain license of provincial level operations by 31 December 2013. In second phase, the Bank has to meet Minimum Capital requirement of Rupees 1,000 million (free of losses) to obtain license for National Level operations by the end of December 2014.

In pursuit to complete the first phase for seeking Provincial Level License, sponsor directors of the Bank have deposited Share Deposit Money of Rupees 403.300 million with the Bank and the management has obtained approval from SBP vide letter No. BPRD/BA&CPD/668/102/2014 dated 02 January 2014 for issuance of 80 million ordinary shares as Right Issue at 50% discount against the par value of Rupees 10 each. The approval from Securities and Exchange Commission of Pakistan for the aforesaid right issue at 50% discount has also been obtained and the process of Right Share Subscription after completion of formalities will be finalized by June 2014. The share deposit money received from sponsor directors will be converted into paid-up share capital upon issuance of right shares, thereby meeting the prescribed minimum capital requirement. The management of the Bank believes that the amount of Rupees 403.300 million deposited by the sponsor directors in Share Deposit Account will be considered as equity of the Bank till the date of converting of right shares into paid-up capital.

The management is also proactively negotiating with certain other potential investors for further equity injection. The management, directors and sponsor shareholders of the Bank are confident that the shortfall against minimum capital requirement is temporary in view of upcoming right issue, and that, the Bank will be in compliance with the minimum capital requirement and earning profits in the foreseeable future.

2. BASIS OF PRESENTATION

These financial statements have been presented in accordance with BSD Circular No.11 dated 30 December 2003 issued by the State Bank of Pakistan (SBP).

3. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. The approved accounting standards comprise of the International Financial Reporting Standards (IFRSs) issued by the International Accounting Standard Board (IASB) as are notified under the Companies Ordinance, 1984, the requirements of the Companies Ordinance, 1984, the Microfinance Institutions 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). Wherever the requirements of the Companies Ordinance, 1984, the Microfinance Institutions Ordinance, 2001, the Prudential Regulations for Microfinance Banks / Institutions or the directives issued by the SECP and SBP differ with the requirements of the IFRSs, the requirements of the Companies Ordinance, 1984, the Microfinance Institutions Ordinance, 2001, the Prudential Regulations for Microfinance Banks / Institutions or the requirements of the said directives shall prevail.

- 3.1** 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" through its notification S.R.O 411(1) / 2008 dated 28 April 2008. Accordingly, the requirements of these standards have not been considered in the preparation of these financial statements. However, investments have been classified and valued in accordance with the requirements prescribed by SBP through various circulars.

- 3.2** Standards, amendments and interpretations to published approved accounting standards that are effective in the current year

The following standards, amendments and interpretations of approved accounting standards are effective for accounting periods beginning on or after 01 January 2014.

	Effective date (accounting periods beginning on or after)
- IAS 32 - Financial Instruments: Presentation (Amendment)	01 January 2014
- IFRS 10 ' Consolidated Financial statements	01 January 2014
- IFRS 12 'Disclosure of interest in other entities'	01 January 2014
- IFAS 3 - Profit and Loss Sharing on Deposits	01 January 2014

There are other new and amended standards and interpretations that are mandatory for the Bank's accounting periods beginning on or after 01 January 2014 but are considered not to be relevant or do not have any significant effect on the Bank's operations and are therefore not detailed in these financial statements.

4. BASIS OF MEASUREMENT

These financial statements have been prepared under the historical cost convention except for certain investments which are measured as per accounting policy disclosed in Note 6.2.

Accrual basis has been used in preparation of these financial statements except for the cash flow statement.



	Note	Mar 31, 2014	Dec 31, 2013
		----- Rupees -----	
		(Un-audited)	(Audited)
5 CASH AND BALANCE WITH SBP AND NBP			
Cash in hand – local currency		25,278,493	19,022,451
Balance with State Bank of Pakistan	5.1	27,748,330	43,778,963
		53,026,823	62,801,414

5.1 Represents balance maintained 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		4,484	4,484
- on deposit account	6.1	90,383,160	354,770,306
- on fixed deposit account	6.2	295,000,000	150,000,000
- with mutual funds		385,387,644	504,774,790

6.1 These carry mark-up rates ranging from 7.5 to 10.5 percent (2013: 7.5 to 9.5 percent) per annum.

6.2 These represents placements with Soneri Bank Limited, KASB Bank Limited, Escort Investment Bank Limited & Summit Bank Limited carrying mark-up ranging from 9.9 to 11.5 percent (2013: 9.5 to 10.5 percent). There maturity ranges from one month to six months from the date of placement.

7 INVESTMENT

Held for trading

Term Finance Certificates	7.1	60,092,064	60,092,064
NAMCO Income Fund - Mutual Fund	7.2	100,000,000	20,000,000
		160,092,064	80,092,064

Held-to-maturity

Federal Government Securities

-Pakistan Investment Bonds	7.3	211,009,994	211,009,994
		211,009,994	211,009,994

These are for a period of three months. The effective yield of these Bills is from 12.50 to 13.50 percent (2007: 8.80 to 9.15 percent per annum) per annum with maturities in February 2009.

7.1 These 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 These represent 971,367.8951 units valuing Rupees 102.888 each of NAMCO Income Fund - an open end Mutual Fund managed by National Asset Management Company Limited.

7.3 This represents PIBs issued for a period of three years having maturity on 19 July 2015 and 22 July 2015. These carry interest at the rate of 11.25% and 11.50% per annum.

8 ADVANCES - NET OFF PROVISIONS

Note	March 31, 2014		December 31, 2013	
	No. of Loans Outstanding	Rupees	No. of Loans Outstanding	Rupees
	----- (Un-audited) -----		----- (Audited) -----	
Micro credits	9,815	403,807,239	8,606	341,837,539
		403,807,239		341,837,539
Provision held:				
- Specific		22,929,722		19,768,105
- General	8.1	3,281,849		3,052,551
		26,211,571		22,820,656
Advances - net of provision	9,815	377,595,668	8,606	319,016,883

8.1 Particulars of non performing loan

Advances include Rs.75,403,018/- (December 31, 2013: Rs.91,782,594/-) which have been placed under non-performing status as detailed below:

Category of classification	March 31, 2014			December 31, 2013		
	Amount outstanding	Provision required	Provision held	Amount outstanding	Provision required	Provision held
	----- Rupees -----					
	----- (Un-audited) -----			----- (Audited) -----		
OAEM	31,429,458	-	-	45,262,426	-	-
Sub-standard	22,137,595	4,259,596	4,259,596	20,462,761	5,115,690	5,115,690
Doubtful	15,989,441	7,478,432	7,478,432	22,809,985	11,404,993	11,404,993
Loss	11,698,002	11,191,694	11,191,694	3,247,422	3,247,422	3,247,422
Write off	-	-	-	-	-	-
	81,254,496	22,929,722	22,929,722	91,782,594	19,768,105	19,768,105

8.2 Particulars of provisions against non-performing advances

	March 31, 2014			December 31, 2013		
	Specific	General	Total	Specific	General	Total
	----- Rupees -----					
	----- (Un-audited) -----			----- (Audited) -----		
Opening balance	19,768,105	3,052,551	22,820,656	2,914,337	1,156,346	4,070,683
Charge for the period	3,161,617	229,298	3,390,915	28,710,654	1,896,205	30,606,859
Amount written off	-	-	-	(11,856,886)	-	(11,856,886)
Reversals	-	-	-	-	-	-
	22,929,722	3,281,849	26,211,571	19,768,105	3,052,551	22,820,656

Particulars of write offs:	Note	Mar 31,	Dec 31,
		2014	2013
		----- Rupees -----	
		(Un-audited)	(Audited)
Against provision	8.3	-	11,856,886



8.3 Change of policy for Write offs

As per practice the Bank was writing off the non performing loans in loss category of over 210 DPD on quarterly basis, the policy has been revised to account for the write offs on half yearly basis, however full provision at 100% will continue to be maintained. As on 31st March 2014 a sum of Rs. 5,851,478/- is over 210 DPD covered by 100% provision.

9 DEPOSITS AND OTHER ACCOUNTS

	March 31, 2014		December 31, 2013	
	Number	Rupees	Number	Rupees
Fixed deposits	1,232	389,960,300	1,315	383,102,300
Saving deposits	4,238	259,872,973	3,614	201,874,993
Current deposits	29,411	144,421,743	26,883	177,048,276
	<u>34,881</u>	<u>794,255,015</u>	<u>31,812</u>	<u>762,025,569</u>

9.1 Particulars of deposits by ownership

Individual depositors	34,806	652,050,539	31,656	739,523,216
Institutional depositors				
- Corporation / firm	64	9,307,100	145	7,540,180
- Banks and financial institutions	11	132,897,376	11	14,962,173
	<u>34,881</u>	<u>794,255,015</u>	<u>31,812</u>	<u>762,025,569</u>

10 MEMORANDUM BALANCE SHEET ITEMS

There were no contingent liabilities as at 31st March, 2014

	Mar 31, 2014	Mar 31, 2013
	(Un-audited)	(Un-audited)
11 MARK-UP/ RETURN/ INTEREST EARNED		
Mark-up on loan and advances	28,866,641	13,930,653
Mark-up on investment in Government Securities	5,897,468	5,389,923
Mark-up on deposits accounts	12,266,159	6,925,594
	<u>47,030,268</u>	<u>26,246,170</u>

12 TAXATION

12.1 The Bank has incurred taxable loss during the period amounting to Rupees 66,680,384. 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 5,173 (2013: Rupees 1,439,198) has been made.

12.2 Since the income of the Bank is subject to minimum tax under section 113 to the Income Tax Ordinance, 2001, therefore, the relationship of tax expense has not been produced.



13 SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

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

	In Government Securities	Banking	Finance Banking	Total
	----- Rupees -----			
Quarter ended				
March 31, 2014 (Un-audited)				
Total income	5,897,468	12,266,159	32,809,785	50,973,411
Total expenses	-	(25,826,474)	(29,886,513)	(55,712,987)
Net income/(loss)	5,897,468	(13,560,315)	2,923,272	(4,739,575)
Segment asset(gross)	211,009,994	598,506,531	558,329,940	1,367,846,465
Segment non performing loans	-	-	81,254,496	81,254,496
Segment provision required	-	-	26,211,571	26,211,571
Segment liabilities	-	803,586,959	26,884,097	830,471,056
Quarter ended				
March 31, 2013 (Un-audited)				
Total income	5,389,923	6,925,594	15,484,644	27,800,161
Total expenses	-	17,713,173	23,061,807	40,774,981
Net income/(loss)	5,389,923	(10,787,579)	(7,577,164)	(12,974,820)
Year Ended				
December 31, 2013 (Audited)				
Segment assets(gross)	211,009,994	567,576,204	557,617,188	1,336,203,386
Segment non - performing loans	-	-	91,782,594	91,782,594
Segment provision required	-	-	22,820,656	22,820,656
Segment liabilities	-	778,033,523	18,307,858	796,341,381

14 TRANSACTION WITH RELATED PARTIES

Related parties of the Bank comprise group companies, staff retirement benefits fund, key management personnel and major shareholders of the bank. The details of transactions and balances with related parties other than those disclosed elsewhere in these financial statements are as under:

	Mar 31, 2014	December 31, 2013
	----- Rupees -----	
Balances at year end:		
Associated company:		
Deposits	6,871,527	3,944,951
Key management personnel:		
Deposits	10,147,241	447,347
From directors/ sponsors:		
Deposits	6,246,478	12,370,072
Share deposit money	403,300,000	403,300,000
Transactions during the year:		
Associated company:		
Insurance expense	362,558	311,111
Other related parties		
Contribution to Staff Provident Fund	93,272	360,275
Key management personnel:		
Deposits		
Deposits received	14,575,668	45,600,132
Withdrawals	10,453,719	53,722,738
Mark-up on deposit paid	224,170	2,652,030
From directors/ sponsors:		
Deposits received	-	55,506,028
Withdrawals	-	46,234,633





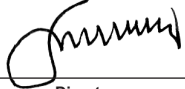

15 DATE OF AUTHORIZATION

These condensed interim financial statements were authorised for issue by the Board of Directors on April 29, 2014.

16 GENERAL

16.1 No significant reclassification / rearrangement of the corresponding figures have been made.

16.2 Figures have been rounded off to the nearest rupee.

 _____ President/Chief Executive	 _____ Chairman	 _____ Director	 _____ Director
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