

ADVANS PAKISTAN MICROFINANCE BANK LIMITED
CONDENSED INTERIM BALANCE SHEET
AS AT MARCH 31, 2023

		Un-audited	Audited
		March 31,	December 31,
		2023	2022
	Note	-----Rupees-----	
ASSETS			
Cash and balances with State Bank of Pakistan and National Bank of Pakistan	7	480,272,457	327,210,799
Balances with other banks and microfinance banks	8	114,947,734	22,819,934
Investments	9	58,956,775	146,494,991
Advances - net of provisions	10	3,452,017,584	3,332,993,835
Operating fixed assets	11	408,170,758	411,248,606
Other assets	12	154,712,677	156,715,596
Deferred tax asset - net	13	79,061,485	79,061,485
TOTAL ASSETS		4,748,139,470	4,476,545,246
LIABILITIES			
Deposits and other accounts	14	3,359,878,838	3,206,860,162
Borrowings	15	445,756,579	310,232,046
Subordinated debt		-	-
Other liabilities	16	318,339,746	304,997,245
Deferred tax liabilities		-	-
TOTAL LIABILITIES		4,123,975,163	3,822,089,453
NET ASSETS		624,164,307	654,455,793
REPRESENTED BY			
Share capital	17	1,725,163,100	1,725,163,100
Reserves		13,766,170	13,766,170
Depositors' protection fund		4,231,789	4,022,814
Accumulated losses		(1,119,711,421)	(1,089,210,960)
		623,449,638	653,741,124
Surplus / (deficit) on revaluation of assets		-	-
Deferred grant	18	714,669	714,669
		624,164,307	654,455,793
MEMORANDUM / OFF BALANCE SHEET ITEMS	19		

The annexed notes from 1 to 31 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

CHAIRMAN

DIRECTOR

DIRECTOR

ADVANS PAKISTAN MICROFINANCE BANK LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2023

	Note	Three Months ended March 31	
		2023	2022
		-----Rupees-----	
Mark-up / return / interest earned	20	405,629,810	294,431,551
Mark-up / return / interest expensed	21	(165,965,495)	(78,159,153)
Net mark-up / interest income		239,664,315	216,272,398
Provision against non-performing loans and advances - net	10.3	64,059,895	34,000,744
Provision for diminution in the value of investments		-	-
Bad debts written off directly		123,756	-
		64,183,651	34,000,744
Net mark-up / return / interest income after provisions		175,480,664	182,271,654
Non mark-up / non interest income			
Fee, commission and brokerage income	22	53,953,003	35,916,201
Other income	23	9,025,201	8,505,493
Total non-mark-up / non-interest income		62,978,204	44,421,694
		238,458,868	226,693,348
Non mark-up / non interest expenses			
Administrative expenses	24	262,797,954	200,163,580
Other provision / write offs		-	-
Other operating expenses / other charges	25	100,000	-
Total non mark-up / non interest expenses		262,897,954	200,163,580
Extra ordinary / unusual items		-	-
Profit / (loss) before taxation		(24,439,086)	26,529,768
Taxation - current		5,852,400	4,228,233
Taxation - prior		-	-
Taxation - deferred		-	-
		5,852,400	4,228,233
Profit / (loss) after taxation		(30,291,486)	22,301,535
Accumulated loss brought forward		(1,089,210,960)	(1,038,928,099)
		(1,119,502,446)	(1,016,626,564)
Appropriations			
Transfer to:			
Statutory reserve		-	-
Capital reserve		-	-
Depositors' protection fund		(208,975)	-
Revenue reserve		-	-
Proposed cash dividend		-	-
Accumulated loss carried forward		(1,119,711,421)	(1,016,626,564)
Earnings per share - basic and diluted (Rupee)		(0.176)	0.13

The annexed notes from 1 to 31 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

CHAIRMAN

DIRECTOR

DIRECTOR

**ADVANS PAKISTAN MICROFINANCE BANK LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2023**

	<u>Three Months ended March 31</u>	
	<u>2023</u>	<u>2022</u>
	-----Rupees-----	
Profit / (Loss) for the period after taxation	(30,291,486)	22,301,535
Other comprehensive income	-	-
Total comprehensive income for the period	<u>(30,291,486)</u>	<u>22,301,535</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 31 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

CHAIRMAN

DIRECTOR

DIRECTOR

ADVANS PAKISTAN MICROFINANCE BANK LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED MARCH 31, 2023

	Share capital	Capital reserve	Statutory reserve	Depositors' protection fund	Accumulated losses	Total
----- Rupees -----						
Balance as at December 31, 2021 - (Audited)	1,725,163,100	10,777,029	5,683,398	747,285	(1,038,928,089)	703,442,723
Issuance of share capital	-	-	-	-	-	-
Comprehensive income for the period						
Profit for the period	-	-	-	-	22,301,535	22,301,535
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	22,301,535	22,301,535
Balance as at March 31, 2022 - (un-audited)	1,725,163,100	10,777,029	5,683,398	747,285	(1,016,626,554)	725,744,258
Comprehensive income for the year						
Profit for the period	-	-	-	-	31,583,610	31,583,610
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	18,112,324	31,583,610
Balance as at December 31, 2022 - (Audited)	1,725,163,100	-	13,766,170	4,022,814	(1,089,210,960)	653,741,124
Comprehensive income for the year						
Profit / (Loss) for the year	-	-	-	-	(30,291,486)	(30,291,486)
Transferred to depositors' protection fund	-	-	-	208,975	(208,975)	-
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	208,975	(30,500,461)	(30,291,486)
Dividend	-	-	-	-	-	-
Balance as at March 31, 2023 - (Un-audited)	1,725,163,100	-	13,766,170	4,231,789	(1,119,711,421)	623,449,638

The annexed notes from 1 to 31 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

CHAIRMAN

DIRECTOR

DIRECTOR

ADVANS PAKISTAN MICROFINANCE BANK LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT - (UN-AUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2023

		Three months ended March 31	
		2023	2022
Note		-----Rupees-----	
CASH FLOWS FROM OPERATING ACTIVITIES			
	Profit / (loss) before taxation	(24,439,086)	26,529,768
	Adjustments for non-cash charges and other items		
	Depreciation	14,560,199	9,067,014
	Depreciation on right-of-use asset	13,534,950	7,069,390
	Amortisation of intangible assets	419,383	335,318
10.3	Provision against non-performing advances - net	64,059,895	34,000,744
	Loss / (Gain) on disposal of operating fixed assets	(413,000)	-
	Financial charges on lease liability against right-of-use asset	7,791,296	4,698,332
		<u>99,952,723</u>	<u>55,170,798</u>
		75,513,637	81,700,566
	(Increase) / decrease in operating assets		
	Advances	(183,083,644)	(354,384,275)
	Other assets	2,412,674	(36,700,646)
		(180,670,970)	(391,084,921)
	Increase / (decrease) in operating liabilities		
	Deposits and other accounts	153,018,676	434,576,779
	Borrowings	135,524,533	7,487,667
	Other liabilities (excluding current taxation)	12,177,946	29,805,588
		<u>300,721,155</u>	<u>471,870,034</u>
		195,563,822	162,485,679
	Payment of lease liability against right-of-use asset	(20,017,600)	(13,416,058)
	Income tax paid	(6,262,155)	(2,597,945)
	Net cash flows generated from / (used in) operating activities	<u>169,284,067</u>	<u>146,471,676</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
	Investment in operating fixed assets	(12,045,825)	(53,891,206)
	Proceeds from the disposal of operating fixed assets	413,000	-
	Net cash used in investing activities	(11,632,825)	(53,891,206)
	Net cash (used in) / generated from financing activities	-	-
	Net increase/ (decrease) in cash and cash equivalents during the period	<u>157,651,242</u>	<u>92,580,470</u>
	Cash and cash equivalents at the beginning of the period	496,525,724	527,690,933
27	Cash and cash equivalents at the end of the period	<u>654,176,966</u>	<u>620,271,403</u>

The annexed notes from 1 to 31 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

CHAIRMAN

DIRECTOR

DIRECTOR

ADVANS PAKISTAN MICROFINANCE BANK LIMITED
NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL
STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2023

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 the Companies Act, 2017) on April 17, 2012 and was granted license by the State Bank of Pakistan on June 28, 2012 to operate as a microfinance bank in the province of Sindh. The Securities and Exchange Commission of Pakistan and the State Bank of Pakistan granted permissions to the Bank for the commencement of business with effect from November 21, 2012 and January 04, 2013 respectively. The Bank's principal business is to provide microfinance banking and related services to the poor and under served segment of the society as envisaged under the Microfinance Institutions Ordinance, 2001.

The registered office of the Bank is situated at Plot No.ST 2/A 3rd Floor Building No.3, Islamic Chamber of Commerce near Ocean Mall, Block 9 KDA Scheme 5, Clifton Karachi, Pakistan. The Bank operates through branches and service centres spread within the province of Sindh as disclosed in note 30 to these financial statements.

The Bank is a subsidiary of Advans S.A. Sicar (incorporated in Luxembourg) which holds 99.99% (December 31, 2022: 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 623.450 million as at March 31, 2023 (December 31, 2022: Rs 653.741 million) which is above the minimum capital requirements as at March 31, 2023.

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,
- 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, 2022.

3.3 The SBP vide BSD Circular letter No. 10 dated August 26, 2002, has deferred the applicability of International Accounting Standard (IAS) 39 - "Financial Instruments: Recognition and Measurement" and IAS 40 - "Investment Property" for banking companies in Pakistan till further instructions. Further, according to the notification of the SECP issued vide SRO 411(I)/2008 dated April 28, 2008, International Financial Reporting Standard (IFRS) 7 - "Financial Instruments: Disclosures" has not been made applicable for banks. Accordingly, the requirements of these standards have not been considered in the preparation of these condensed interim financial statements (un-audited). However, investments and non-banking assets have been classified and valued in accordance with the requirements prescribed by the SBP through various circulars.

3.4 Standards, interpretations and amendments to accounting and reporting standards that are effective in the current period.

There are certain other new standards, amendments and interpretations that are mandatory for the Bank's accounting periods beginning on January 01, 2023 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, 2023, 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, 2022.

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, 2022.

		Un-audited March 31, 2023	Audited December 31, 2022
	Note	-----Rupees-----	
7	CASH AND BALANCES WITH STATE BANK OF PAKISTAN AND NATIONAL BANK OF PAKISTAN		
		64,978,217	63,482,350
	7.1	415,294,240	263,728,449
		-	-
		<u>480,272,457</u>	<u>327,210,799</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		5,112,416	5,683,409
PLS deposit accounts	8.1	109,835,318	17,136,525
		<u>114,947,734</u>	<u>22,819,934</u>

8.1 These include deposits with commercial banks carrying mark-up rates ranging from 14.5% to 15.5% (December 31, 2022: 8.25% to 14.5%) per annum.

9 INVESTMENTS

Held-to-maturity securities

Federal Government Securities

Market Treasury Bills

58,956,775	146,494,991
------------	-------------

10 ADVANCES - NET OF PROVISIONS

	Note	March 31, 2022 (un-audited)		December 31, 2022 (audited)	
		Number of loans outstanding	Amount outstanding	Number of loans outstanding	Amount outstanding
		Rupees		Rupees	
Micro credit	10.1	18,830	3,555,977,107	19,302	3,479,012,781
Less: Provision held					
- Specific	10.1 & 10.2	1,002	71,253,577	1,280	114,955,980
- General	10.3	-	32,705,946	-	31,062,966
			(103,959,523)		(146,018,946)
			<u>3,452,017,584</u>		<u>3,332,993,835</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.143.180 million (December 31, 2022: Rs. 187.273 million) which have been placed under non-performing status as detailed below:

Category of classification	March 31, 2023 (un-audited)			December 31, 2022 (audited)		
	Amount outstanding	Provision required	Provision held	Amount outstanding	Provision required	Provision held
	----- Rupees -----			----- Rupees -----		
Other assets especially mentioned	24,405,047	-	-	19,382,002	-	-
Substandard	29,739,629	7,340,257	7,340,257	27,978,498	6,994,623	6,994,623
Doubtful	60,420,331	30,208,691	30,208,689	101,855,540	50,927,771	50,927,771
Loss	28,615,061	28,486,261	33,704,631	38,057,523	38,057,523	57,033,586
	<u>143,180,068</u>	<u>66,035,209</u>	<u>71,253,577</u>	<u>187,273,563</u>	<u>95,979,917</u>	<u>114,955,980</u>

10.3 The State Bank of Pakistan (SBP), in exercise of its powers granted under section 21 of The Microfinance Institutions Ordinance 2001, carried out on-site inspection of the Bank for the period from January 01, 2020 to June 30, 2022. In its On-site Assessment Report dated January 10, 2023, SBP directed the Bank to provide for an additional amount of Rs. 117.245 million on advances, related to 448 clients. The bank was also directed to reverse the income recognized amounting to Rs. 2.885 million in this regard. This additional provision pertains to the loans restructured by the Bank during the Covid-19 pandemic period under the relaxation allowed by SBP. The Bank duly complied with the directions and upon modifying the classification of non-performing loans as required under Regulation R-8 of the Prudential Regulations for Microfinance Banks (the Regulations), recognized the suggested provision under the category "Loss". At the reporting date, the provision and the income reversal stands at Rs. 5.218 million and 0.244 million respectively, after taking into account the reversals allowed under Regulation R-9 of the Regulations.

10.3 Particulars of provision against non-performing advances

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

	March 31, 2023 (un-audited)			December 31, 2022 (audited)		
	Specific	General	Total	Specific	General	Total
	----- Rupees -----			----- Rupees -----		
Opening balance	114,955,980	31,062,966	146,018,946	31,273,053	32,588,134	63,861,187
Charge for the year						
- On non-performing advances	71,703,400	65,014,438	136,717,838	254,837,891	27,805,344	282,643,235
Reversals	(42,615,749)	(30,042,194)	(72,657,943)	(776,726)	(29,330,512)	(30,107,238)
	29,087,651	34,972,244	64,059,895	254,061,165	(1,525,168)	252,535,997
Amount written off	(106,119,318)	-	(106,119,318)	(170,378,238)		(170,378,238)
Closing balance	<u>37,924,313</u>	<u>66,035,210</u>	<u>103,959,523</u>	<u>114,955,980</u>	<u>31,062,966</u>	<u>146,018,946</u>

		Un-audited March 31, 2023	Audited December 31, 2022
	Note	-----Rupees-----	
10.4 Particulars of write offs:			
Against provisions		106,119,318	129,176,371
Directly charged to profit and loss account		123,756	-
		<u>106,243,074</u>	<u>129,176,371</u>
11 OPERATING FIXED ASSETS			
Capital work-in-progress	11.1	-	-
Property and equipment	11.1	404,695,041	407,353,506
Intangible assets	11.1	3,475,717	3,895,100
		<u>408,170,758</u>	<u>411,248,606</u>
11.1 Movement			
Carrying value at the beginning of the period		411,248,606	219,311,134
Add: Additions during the period		25,436,684	287,792,843
Less: Disposal of fixed assets / transfer from capital work in progress		-	(1,069,859)
Less: Depreciation / Amortization for the period		(28,514,532)	(94,785,512)
Carrying value at the end of the period		<u>408,170,758</u>	<u>411,248,606</u>
11.1.1 Additions during the period			
Furniture and fixtures		20,475	13,026,333
Computer equipment		4,407,588	29,615,094
Leasehold improvements		4,607,851	79,651,357
Office and other equipment		3,009,910	35,581,177
Vehicles		-	17,447,000
Intangibles		-	2,222,466
Right-of-use-asset		13,390,860	110,249,416
		<u>25,436,684</u>	<u>287,792,843</u>
		Un-audited March 31, 2023	Audited December 31, 2022
	Note	-----Rupees-----	
12 OTHER ASSETS			
Mark-up / return / interest accrued		108,114,775	113,683,630
Prepayments for rent		7,039,000	9,777,162

insurance		7,534,831	2,527,698
others		12,284,050	14,372,380
Advances to staff		8,616,116	6,953,685
Advance taxation (payments less provision)		409,755	118,843
Security deposits		6,929,580	6,929,580
Receivable from a related party	12.1	421,020	421,020
Accrued income on PLS savings account		1,157,486	192,100
Others		2,206,064	1,739,498
		<u>154,712,677</u>	<u>156,715,596</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	76,294,178	76,294,178
Property and equipment	3,896,886	3,896,886
	<u>80,191,064</u>	<u>80,191,064</u>

Taxable temporary differences arising due to

Intangible assets	(1,129,579)	(1,129,579)
	<u>(1,129,579)</u>	<u>(1,129,579)</u>
	<u>79,061,485</u>	<u>79,061,485</u>

14 DEPOSITS AND OTHER ACCOUNTS

	March 31, 2022 (Un-audited)		December 31, 2022 (audited)	
	Number of accounts	Rupees	Number of accounts	Rupees
Fixed deposits	614	2,318,617,500	666	2,689,157,600
Saving deposits	1,357	947,952,991	1,345	410,330,081
Current deposits	55,487	93,308,347	41,529	107,372,481
	<u>57,458</u>	<u>3,359,878,838</u>	<u>43,540</u>	<u>3,206,860,162</u>

14.1 Particulars of deposits by ownership

Individual depositors	57,262	2,565,949,642	43,399	2,426,962,485
Institutional depositors	-	-		
Corporation / firms etc.	196	793,929,196	141	779,897,677
	<u>57,458</u>	<u>3,359,878,838</u>	<u>43,540</u>	<u>3,206,860,162</u>

		Un-audited	Audited
		March 31,	December 31,
		2023	2022
		-----Rupees-----	
15 BORROWINGS			
Borrowings from Banks / Financial Institutions in Pakistan	15.1 & 15.2	<u>445,756,579</u>	<u>310,232,046</u>

15.1 Details of borrowings from financial institutions

Secured

Borrowing from Non-Banking Finance Company (NBFC)	15.2	270,000,000	300,000,000
Borrowing from United Bank Limited	15.3	9,089,913	10,232,046
Borrowing from Habib Metropolitan Bank Limited	15.4		
		<u>166,666,666</u>	<u>-</u>
		<u>445,756,579</u>	<u>310,232,046</u>

15.2 During the prior year, the Bank entered into an agreement with Pakistan Microfinance Investment Company (PMIC) for a term finance facility of upto Rs. 300 million. Bank received first tranche of Rs. 100 million during the year ended December 31, 2021. Further two tranches of Rs. 100 million each were received during the reporting period. The facility carries mark-up at the rate of average six months KIBOR plus 4 percent (to be set at the start of each quarter). The facility is secured by way of hypothecation of fixed assets of the Bank and demand promissory notes and is repayable by September 30, 2024 in 8 quarterly tranches of unequal

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.

15.4 During the current year, the Bank entered into an agreement with Habib Metropolitan Bank Limited for a term finance facility of Rs. 200 million. Bank received full tranche of Rs. 200 million on Jan 18, 2023. The facility carries mark-up at the rate of KIBOR plus 2 percent per annum. The facility is secured by way of hypothecation of current assets of the Bank is repayable by January 17, 2023 in 12 monthly tranches.

	Un-audited March 31, 2023	Audited December 31, 2022
Note	-----Rupees-----	

16 OTHER LIABILITIES

Mark-up / return / interest payable		51,372,452	45,687,752
Accrued expenses		57,971,493	55,012,036
Payable to related parties	16.1	2,796,208	2,796,208
Withholding tax payable		12,660,414	9,205,361
Provident fund payable		1,754,114	1,743,027
Payable to employee old age benefit institution		124,824	57,175
Lease liability against right-of-use assets		191,660,241	190,495,686
		<u>318,339,746</u>	<u>304,997,245</u>

16.1 This represents amounts of Rs. 2,789 million (December 31, 2021: Rs 2.789 million) and

Rs.0.632 million (December 31, 2021: Rs. 0.632 million) payable to Advans S.A. Sicar - HoldingCompany and FMO (Nederlandse Financierings-Maatchappij voor Ontwikkelingslanden N.V.)

17 SHARE CAPITAL

17.1 Authorised capital

Un-audited March 31, 2023	Audited December 31, 2022		Un-audited March 31, 2023	Audited December 31, 2022
Number of shares			-----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 March 31, 2023	Audited December 31, 2022		Un-audited March 31, 2023	Audited December 31, 2022
Number of shares			-----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
		<u>172,516,310</u>	<u>172,516,310</u>

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

	March 31, 2023 (un-audited)			December 31, 2022 (audited)			March 31, 2023 (un-audited)	December 31, 2022 (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	172,516,310	-	172,516,310	1,725,163,100	1,725,163,100
	<u>172,516,310</u>	<u>-</u>	<u>172,516,310</u>	<u>172,516,310</u>	<u>-</u>	<u>172,516,310</u>	<u>1,725,163,100</u>	<u>1,725,163,100</u>

17.3 This represent shares owned by the holding company and have been deposited in blocked account with the Central Depository Company of Pakistan Limited in terms of BPRD Circular No. 9 of 2009 and under SBP License No. MFI-012 dated June 28, 2012.

	Un-audited March 31, 2023	Audited December 31, 2022
	-----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 March 31, 2023	Un-audited March 31, 2022
	-----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 March 31, 2023 (December 31, 2022: Nil)

	Un-audited March 31, 2023	Un-audited March 31, 2022
	-----Rupees-----	
20 MARK-UP / RETURN / INTEREST EARNED		
Interest / mark-up on:		
Advances	397,337,146	283,141,051
Government Securities - Market Treasury bills	5,233,782	4,971,050
Banks and financial institutions		
- Deposit accounts	3,058,882	6,319,450
	<u>405,629,810</u>	<u>294,431,551</u>

	Un-audited March 31, 2023	Un-audited March 31, 2022
	-----Rupees-----	
21 MARK-UP / RETURN / INTEREST EXPENSED		
Interest / mark-up on deposits	145,034,681	74,344,632
Interest / mark-up on borrowing	20,930,814	3,814,521
	<u>165,965,495</u>	<u>78,159,153</u>

22 FEE, COMMISSION AND BROKERAGE INCOME

Loan processing fee	54,013,784	34,242,630
Other fee and commission	(60,781)	1,673,571
	<u>53,953,003</u>	<u>35,916,201</u>

23 OTHER INCOME

Recoveries against write-offs	8,109,199	7,011,473
Recoveries from Credit Guarantee Scheme	-	898,253
Gain on disposal of operating fixed assets	413,000	-
Others	503,002	595,767
	<u>9,025,201</u>	<u>8,505,493</u>

24 ADMINISTRATIVE EXPENSES

Salaries and other allowances	125,484,144	92,587,377
Staff welfare	2,683,846	1,534,618
Non executive directors' fees, allowances and other expenses	399,999	200,001
Training and business development	103,508	225,372
Rent, rates and taxes	5,919,690	5,862,498
Legal and professional charges	3,093,357	1,440,392
Utilities	4,200,453	3,836,822
Communications	7,377,305	8,020,992
Repairs and maintenance - others	10,278,180	5,219,111
Repairs and maintenance - Vehicles	7,222,471	5,617,460
Financial charges on lease liability against right-of-use asset	7,791,296	4,698,332
Fuel for generator	9,488,403	3,139,245
Insurance	4,892,493	3,374,370
Travelling and conveyance	10,875,180	10,508,865
Printing and stationery	3,404,580	2,085,441
Fees and subscription	5,639,876	3,467,692
Technical assistance fee	-	15,274,389
Security charges	10,019,316	5,489,212
Advertisement and publicity	4,224,785	1,780,638
Auditors' remuneration	935,352	1,003,398
Depreciation	14,560,199	9,067,014
Depreciation of Right-of-use-asset	13,534,950	7,069,390
Amortisation of intangible assets	419,383	335,318
Bank charges	5,332,853	849,136
Office supplies	98,785	33,220
Janitorial charges	3,225,803	2,373,871
Other expenses	1,591,747	5,069,406
	<u>262,797,954</u>	<u>200,163,580</u>

25 OTHER OPERATING EXPENSES / OTHER CHARGES

Penalties imposed by State Bank of Pakistan	25.1	100,000	-
		<u>100,000</u>	<u>-</u>

25.1 This represents penalty imposed by the State Bank of Pakistan on account of issuance of unauthenticated and unprocessed banknotes to Public / Bank Branches.

26 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)	72,055,332	36,905,673
Technical support services availed from Advans International	-	15,274,389

Un-audited	Audited
March 31,	December 31,
2023	2022

-----Rupees-----

27 CASH AND CASH EQUIVALENTS

Cash and balances with State Bank of Pakistan and National Bank of Pakistan	7	480,272,457	263,728,449
Balances with other banks and microfinance banks in current and deposit accounts	8	114,947,734	22,819,934
Market treasury bills	9	58,956,775	146,494,991
		<u>654,176,966</u>	<u>433,043,374</u>

28 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.

29 CORRESPONDING FIGURES

There have been no significant reclassification in these condensed interim financial statements.

30 GENERAL

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

31 DATE OF AUTHORISATION

These condensed interim financial statements were authorised for issue on **April 28, 2023** by the Board of Directors of the Bank.

CHIEF EXECUTIVE OFFICER

CHAIRMAN

DIRECTOR

DIRECTOR