

APNA MICROFINANCE BANK LIMITED

23-A SUNDAR DASS ROAD
NEAR ZAMAN PARK LAHORE.

INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31ST MARCH 2025

Directors' Reviews

The Directors of the Apna Microfinance Bank Limited (hereinafter referred to as 'the Bank') are pleased to present the Un-audited Condensed Interim Financial Information of the Bank for the quarter end March 31st, 2025.

Principal Activity and Financial Performance

The Bank was incorporated as a public limited bank and its shares are listed on Pakistan Stock Exchange Limited. The Bank's principal business is to provide microfinance banking and related services to the poor and underserved segment of society with a view to alleviate poverty under the Microfinance Institutions Ordinance, 2001.

The financial performance of the Bank during the quarter ended March 31st, 2025, is as follows.

| Particular's | March 31, 2025 | December 31, 2024 | % |
|----------------------------------|----------------|-------------------|--------|
| | Un-audited | Audited | Change |
| Advances | 8,488,202,134 | 8,195,981,631 | 4% |
| Deposits and other accounts | 24,397,971,570 | 25,674,402,711 | -5% |
| | March 31, 2025 | March 31, 2024 | |
| | Un-audited | Un-audited | |
| Mark-up/Return/Interest Earned | 676,407,747 | 709,529,083 | -5% |
| Mark-up/Return/Interest Expensed | 730,102,740 | 948,835,099 | -23% |
| Operating expenses | 493,525,484 | 544,331,877 | -9% |
| Loss for the period | 491,793,574 | 777,726,376 | -37% |

The Bank posted a loss PKR 492 million during the current period as compared to a loss of PKR 778 million in corresponding period. The equity (net of losses) of the Bank has stood at negative PKR 9,391 million and the total assets stood at PKR 16,140 million as at March 31st, 2025. The loss per share for the period ended March 31st, 2025 is PKR 1.12 as compared to loss per share of PKR 1.81 in the corresponding period.

The deposits of the Bank settled at PKR 24,398 million whereas advances stood at PKR 8,488 million. Investments were at PKR 1,923 million.

As of March 31, 2025, the Bank's deferred tax asset (net) totaled PKR. 1,700 million. In current period no additional deferred tax asset recognized by the Bank.

The Bank continued to prudently manage its operating expenses and recorded a decrease of 9% and total non-markup expenses were reported at PKR 494 million as against 544 million for the corresponding period.

The Bank's non-funded income totaled PKR 82 million, compared to PKR 56 million in the corresponding period. The main contributors to this income were loan processing fee income.

As of March 31, 2025, the Bank's gross NPL ratio (Gross non-performing loans to Gross Advances) decreased to 39.98%, compared to 40.50% recorded on December 31, 2024. This improvement is primarily attributed to the recoveries from the NPL which is the strategic objective and the top priority of the Bank.

Future Outlook

The bank has incurred loss for the period amounting to PKR. 492 million (2024: PKR 778 million) and as at period end, its accumulated losses was PKR. 14,775 million (2024: PKR. 14,284 million). This has resulted negative net assets of PKR. 9,391 million (2024: PKR. 9,433 million). The Bank has been non-compliant with Minimum Capital Requirements (MCR) and Capital Adequacy Ratio (CAR) requirements of Prudential Regulations for Microfinance

Banks, 2014. There has been material uncertainty related to events and conditions which may cast significant doubt about the Bank's ability to continue as a going concern and, therefore the Bank may not be able to realize its assets and discharge its liabilities in the normal course of business.

The management is executing a comprehensive, multi-faceted plan to tackle the financial and operational challenges facing the Bank. The management believes that the plan is feasible, and its implementation will address the adverse factors impacting the Bank. Key elements of the plan include:

➤ **Commitment by the Sponsors and Injection of Further Equity:**

The Sponsors demonstrate their unwavering commitment to support the Bank. They have also issued a formal letter of support to the Bank's management, pledging to provide the requisite funding to the Bank. They have injected funds of PKR. 500 million during the period in shape of share deposit money, bringing the total share deposit to PKR. 2,350 million. This funding is enabling the Bank to meet its maturing commitments and to expand its advances portfolio, leading to increased markup income and improved financial position.

➤ **Increasing Secured Advances Portfolio:**

The Bank is prioritizing the expansion of its secured advances portfolio. Significant growth in our advance's portfolio will enable the Bank to significantly increase its markup income, covering markup costs and other expenses, and ultimately improving the financial position of the Bank.

➤ **Recovery of Non-Performing Advances:**

The non-performing advances were largely a consequence of the unprecedented economic downturn following the Covid-19 pandemic. As substantial provisions has already been made, therefore, significant additional provisions are not expected in future periods and the recovery of such advances will improve the financial condition of the Bank. Management is optimistic about the recoverability of these non-performing advances and is proactively pursuing their recovery. These recoveries also enable the Bank to further expand its secured advances portfolio by utilizing these recovered funds.

➤ **Reducing Cost of Deposits:**

Due to reduction in policy rate by the Government, the cost of deposit (COD) of the Bank has been reduced, however, its impact will be reflected in future periods. The management is also proactively implementing strategies to attract a higher volume of corporate customer deposits into current accounts, offering competitive incentives and introducing innovative products. This approach is expected to yield a significant increase in current accounts in future and hence, reduction a further reduction in the cost of deposits, leading to a positive impact on the Bank's overall financial performance and profitability.

➤ **Optimization of Operations and Reduction of Costs:**

The Bank is implementing strategic measures to optimize its branch operations, including the closure of non-productive and non-strategic branches, to effectively control costs. Additionally, the management is focused on streamlining administrative expenses without compromising the Bank's operational efficiency. These initiatives are expected to have a positive impact on the Bank's financial performance, enhancing its overall profitability.

The management believes that the results of the measures being taken by the management will start reflecting their positive impact from next year onwards. The management is confident that with the implementation of its plan, it will be able to overcome all adverse financial and operational factors and the Bank will be able to continue as a going concern.

The management also realizes the importance of digital banking services in today's banking environment. Over the past years the Bank had established internet banking and mobile banking to increase its outreach and cater for the unbanked population. The first phase of this digitization process has already been completed. The next phase of our digital transformation will include the following after complying with regulatory requirements;

- Branchless banking services such as "Merchant Portal" and "Mobile Wallets"
- Issuance of Multiple schemes & Types of payments cards
- Point of Sale (POS)/ Acquiring Business

- Digitally quick Customer on boarding

This digitization initiative will not only promote a culture of social distancing but also expand the Bank's outreach while bringing down operational and branch level costs. Our vision is to build a technology powerhouse which caters to the needs of the payments industry and enhances the businesses of the Bank.

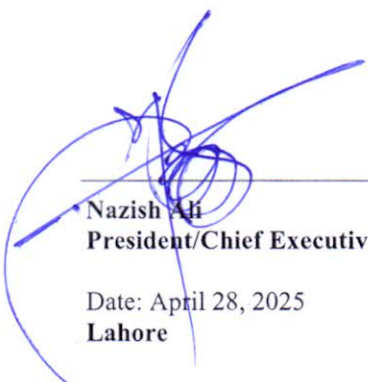
Credit Rating

The long-term rating of the Bank is "BBB-" (Triple B negative) and the short-term rating is "A4" (A Four) with a "Negative" future outlook as determined by The Pakistan Credit Rating Agency Ltd. (PACRA) in their statement issued on July 26th, 2024.

Acknowledgement


We would also like to express our gratitude to the State Bank of Pakistan (SBP), the Securities and Exchange Commission of Pakistan (SECP) and the Pakistan Stock Exchange (PSX) for their continued guidance and support. We especially offer our sincere appreciation to the management of the State Bank of Pakistan for the co-operation extended to the Bank during this demanding phase. We duly acknowledge that SBP's constant support and enlightened guidelines that provided us with a reason to rethink about the future of this potential organization.

On behalf of the Board of Directors



Nazish Ali
President/Chief Executive Officer (Acting)

Date: April 28, 2025
Lahore

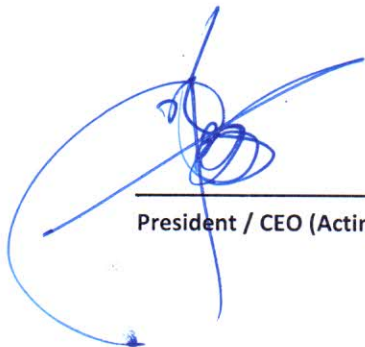


Abdul Aziz Khan Niazi
Director

APNA MICROFINANCE BANK LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2025

| | Note | March 2025 | December 2024 |
|---------------------------------------|------|------------------------|------------------------|
| | | Rupees | Rupees |
| | | Un-audited | Audited |
| ASSETS | | | |
| Cash and balances with treasury banks | 7 | 1,526,236,928 | 1,645,885,474 |
| Balances with other MFBs/Banks/NBFIs | 8 | 566,722,139 | 2,067,975,843 |
| Investments | 9 | 1,922,782,636 | 1,873,476,171 |
| Advances | 10 | 8,488,202,134 | 8,195,981,631 |
| Property and equipment | 11 | 538,747,307 | 557,130,528 |
| Right-of-use assets | 12 | 407,370,278 | 421,806,211 |
| Intangible assets | 13 | 146,063,710 | 148,345,561 |
| Deferred tax asset | 14 | 1,700,000,000 | 1,700,000,000 |
| Other assets | 15 | 844,249,433 | 835,018,111 |
| Total Assets | | 16,140,374,565 | 17,445,619,530 |
| LIABILITIES | | | |
| Bills payable - in Pakistan | | 77,586,508 | 69,677,100 |
| Deposits and other accounts | 16 | 24,397,971,570 | 25,674,402,711 |
| Lease liabilities | 17 | 565,263,334 | 582,357,105 |
| Other liabilities | 18 | 490,959,165 | 551,887,100 |
| Total liabilities | | 25,531,780,577 | 26,878,324,016 |
| NET ASSETS | | (9,391,406,012) | (9,432,704,486) |
| REPRESENTED BY: | | | |
| Share capital | | 4,289,849,620 | 4,289,849,620 |
| Discount on issue of shares | | (1,335,963,831) | (1,335,963,831) |
| Share deposit money | | 2,350,390,279 | 1,850,390,279 |
| Statutory reserve | | 22,078,496 | 22,078,496 |
| Depositors' protection fund | | 5,519,624 | 5,519,624 |
| Fair value reserve on investments | 9 | 52,119,653 | 19,027,605 |
| Accumulated loss | | (14,775,399,853) | (14,283,606,279) |
| Total Capital | | (9,391,406,012) | (9,432,704,486) |
| CONTINGENCIES AND COMMITMENTS | 19 | - | - |

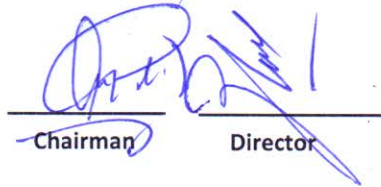
The annexed notes form an integral part of these condensed interim financial statements.



President / CEO (Acting)



Chief Financial Officer



Chairman

Director



Director

APNA MICROFINANCE BANK LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT AND LOSS ACCOUNT - (UN-AUDITED)
FOR THE PERIOD ENDED MARCH 31, 2025

| | Note | March 2025 Rupees | March 2024 Rupees |
|--|------|----------------------|----------------------|
| Mark-up / Return / Interest Earned | 20 | 676,407,747 | 709,529,083 |
| Mark-up / Return / Interest Expensed | 21 | (730,102,740) | (948,835,099) |
| Net mark-up/Interest loss | | (53,694,993) | (239,306,016) |
| NON MARK-UP/NON INTEREST INCOME | | | |
| Fee and commission income | | 65,302,260 | 41,497,536 |
| Other Income | 22 | 16,793,000 | 14,970,244 |
| Total non mark-up/non interest Income | | 82,095,260 | 56,467,780 |
| Net (Loss) / income | | 28,400,267 | (182,838,236) |
| NON MARK-UP/NON INTEREST EXPENSES | | | |
| Operating expenses | 23 | (493,525,484) | (544,331,877) |
| Other charges | 24 | (224,443) | (142,212) |
| Total non mark-up/non interest expenses | | (493,749,927) | (544,474,089) |
| Loss before credit loss allowance | | (465,349,660) | (727,312,325) |
| Credit loss allowance and write offs - net | 26 | (16,992,654) | (41,026,218) |
| Loss before levy and taxation | | (482,342,314) | (768,338,543) |
| Minimum tax differential - levy | 27 | (9,451,260) | (9,387,833) |
| Loss for the period before taxation | | (491,793,574) | (777,726,376) |
| Provision for taxation | | | |
| - Current | 28 | - | - |
| - Deferred | 28 | - | - |
| | | - | - |
| Loss for the period | | (491,793,574) | (777,726,376) |
| Loss per share - basic and diluted | 29 | (1.12) | (1.81) |

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


 President /CEO (Acting)


 Chief Financial Officer


 Chairman

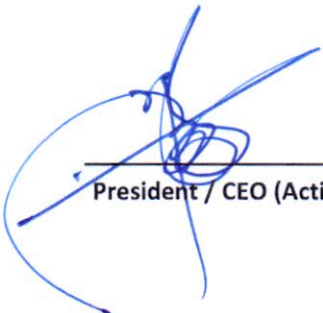

 Director


 Director

APNA MICROFINANCE BANK LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME - (UN-AUDITED)
FOR THE PERIOD ENDED MARCH 31, 2025

| | March 2025 | March 2024 |
|--|----------------------|----------------------|
| | Rupees | Rupees |
| Loss for the period | (491,793,574) | (777,726,376) |
| Other comprehensive income | | |
| Items that may be reclassified to profit and loss account in subsequent periods: | | |
| Fair value gain on investments | 33,092,048 | - |
| Total comprehensive loss for the period | <u>(458,701,526)</u> | <u>(777,726,376)</u> |

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



President / CEO (Acting)



Chief Financial Officer



Chairman



Director

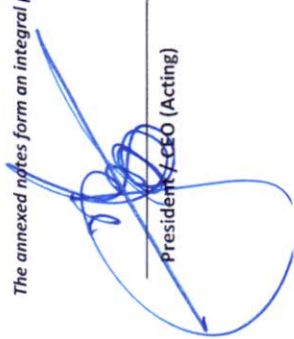


Director

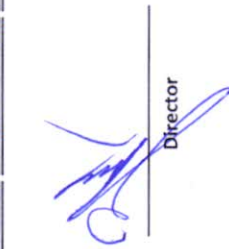
APNA MICROFINANCE BANK LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED MARCH 31, 2025

| | Capital Reserves | | | | Revenue Reserve | | Total |
|--|------------------|-----------------------------|---------------------|-------------------|-----------------------------|------------------|-----------------------------------|
| | Share capital | Discount on issue of shares | Share deposit money | Statutory reserve | Depositors' protection fund | Accumulated loss | Fair value reserve on investments |
| | | | | | | | |
| Balance as at January 01, 2024 - Audited | 4,289,849,620 | (1,335,963,831) | 1,350,390,279 | 22,078,496 | 5,519,624 | (10,972,676,243) | - |
| Impact of IFRS 9 adoption | 4,289,849,620 | (1,335,963,831) | 1,350,390,279 | 22,078,496 | 5,519,624 | (210,937,884) | (210,937,884) |
| Total comprehensive loss for the year | - | - | - | - | - | (11,183,614,127) | - |
| Loss for the period | - | - | - | - | - | (777,726,376) | - |
| Other comprehensive income | - | - | - | - | - | (777,726,376) | - |
| Transactions with owners recorded directly in equity | - | - | - | - | - | - | - |
| Share deposit money received | - | - | - | - | - | - | - |
| Balance as at March 31, 2024 - Un-audited | 4,289,849,620 | (1,335,963,831) | 1,350,390,279 | 22,078,496 | 5,519,624 | (11,961,340,503) | - |
| Total comprehensive loss for the year | - | - | - | - | - | (2,322,265,776) | - |
| Loss for the period | - | - | - | - | - | (2,322,265,776) | - |
| Other comprehensive income | - | - | - | - | - | - | 19,027,605 |
| Fair value gain on investments | - | - | - | - | - | (2,322,265,776) | 19,027,605 |
| Transactions with owners recorded directly in equity | - | - | - | - | - | - | - |
| Share deposit money received | - | - | 500,000,000 | - | - | - | - |
| Balance as at December 31, 2024 - Audited | 4,289,849,620 | (1,335,963,831) | 1,850,390,279 | 22,078,496 | 5,519,624 | (14,283,606,279) | 19,027,605 |
| Total comprehensive loss / income for the year | - | - | - | - | - | (491,793,574) | - |
| Loss for the period | - | - | - | - | - | (491,793,574) | - |
| Other comprehensive income | - | - | - | - | - | - | 33,092,048 |
| Fair value gain on investments | - | - | - | - | - | (491,793,574) | 33,092,048 |
| Transactions with owners recorded directly in equity | - | - | - | - | - | - | - |
| Share deposit money received | - | - | 500,000,000 | - | - | - | - |
| Balance as at March 31, 2025 - Un-audited | 4,289,849,620 | (1,335,963,831) | 2,350,390,279 | 22,078,496 | 5,519,624 | (14,775,399,853) | 52,119,653 |

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


President/CEO (Acting)


Chairman

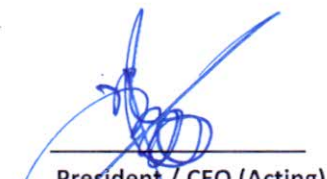

Director


Director

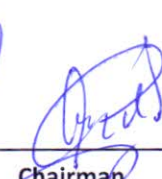
APNA MICROFINANCE BANK LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT - (UN-AUDITED)
FOR THE PERIOD ENDED MARCH 31, 2025

| | Note | March 2025 Rupees | March 2024 Rupees |
|--|------|----------------------|----------------------|
| A) CASH FLOW FROM OPERATING ACTIVITIES | | | |
| Loss before levy and taxation | | (482,342,314) | (768,338,543) |
| Adjustments for non-cash charges | | | |
| Depreciation of operating fixed assets | 23 | 19,865,712 | 21,625,100 |
| Depreciation on right of use assets | 23 | 34,687,977 | 66,396,482 |
| Amortization of intangible assets | 23 | 2,281,863 | 2,281,870 |
| Credit loss allowance | 26 | 19,233,699 | 41,026,218 |
| Markup on lease liabilities | 21 | 18,009,064 | 11,744,442 |
| Gain on disposal of operating fixed asset | 22 | (4,651,690) | - |
| | | 89,426,625 | 143,074,112 |
| Operating cash flows before working capital changes | | (392,915,689) | (625,264,431) |
| Changes in working capital | | | |
| (Increase)/decrease in operating assets | | | |
| Advances | | (311,454,202) | 121,386,083 |
| Other assets | | (4,700,156) | (22,324,946) |
| Increase/(decrease) in operating liabilities | | | |
| Bills payable - in Pakistan | | 7,909,408 | |
| Deposits | | (1,276,431,141) | 944,709,214 |
| Other liabilities | | (60,927,935) | (81,732,080) |
| | | (1,645,604,026) | 962,038,271 |
| Cash flows from operations | | (2,038,519,715) | 336,773,840 |
| Income tax paid | | (13,982,426) | (29,335,525) |
| Net cash flows from operating activities | | (2,052,502,141) | 307,438,315 |
| B) CASH FLOW FROM INVESTING ACTIVITIES | | | |
| Investments (made) / realized in securities | | (16,214,417) | (457,172,132) |
| Additions in operating fixed assets | | (3,799,745) | (2,076,590) |
| Repayment of lease liabilities | | (55,354,879) | (65,940,163) |
| Proceeds from disposal of operating fixed assets | | 6,968,932 | - |
| Net cash flows from investing activities | | (68,400,109) | (525,188,885) |
| C) CASH FLOW FROM FINANCING ACTIVITIES | | | |
| Share deposit money received | | 500,000,000 | - |
| Net cash flows from financing activities | | 500,000,000 | - |
| (Decrease) / Increase in cash and cash equivalents (A+B+C) | | (1,620,902,250) | (217,750,570) |
| Cash and cash equivalents at the beginning of the year | | 3,713,861,317 | 4,391,623,792 |
| Cash and cash equivalents at the end of the year | 25 | 2,092,959,067 | 4,173,873,222 |

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


President / CEO (Acting)


Chief Financial Officer


Chairman


Director


Director

APNA MICROFINANCE BANK LIMITED
SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2025

1 STATUS AND NATURE OF BUSINESS

1.1 Apna Microfinance Bank Limited (the Bank) was incorporated on May 08, 2003 as a public limited Company under the repealed Companies Ordinance, 1984 updated by 'the Companies Act, 2017' (the Companies Act). The Bank was granted certificate of commencement of business on December 28, 2004 and started its operations on January 01, 2005. Its shares are listed on Pakistan 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 has been operating at national level in Pakistan. The Bank has 72 business locations comprising of 71 branches and 1 service centers (2024: 72 business locations comprising of 71 branches and 1 service centers). Its registered office is situated at K-4/3 and 4/4, Ch. Khaliq-uz-Zaman Road, Gizri, Karachi in the Province of Sindh and its head office is situated at 23 - A, Sundar Das Road, Zaman Park, Lahore, in the Province of Punjab.

1.2 The Bank has incurred loss for the year amounting to Rs. 492 million (2024: Rs. 778 million) and as at year end, its accumulated loss was Rs. 14,775 million (2024: Rs. 14,284 million). This has resulted in negative net assets of Rs. 9,391 million (2024: Rs. 9,433 million). The Bank has been non-compliant with Minimum Capital Requirements (MCR) and Capital Adequacy Ratio (CAR) requirements of Prudential Regulations for Microfinance Banks, 2014. There has been material uncertainty related to events and conditions which may cast significant doubt about the Bank's ability to continue as a going concern and, therefore the Bank may not be able to realize its assets and discharge its liabilities in the normal course of business.

The management is executing a comprehensive, multi-faceted plan to tackle the financial and operational challenges facing the Bank. The management believes that the plan is feasible and its implementation will address the adverse factors impacting the Bank. Key elements of the plan include:

a. Commitment by the Sponsors and Injection of Further Equity

The Sponsors demonstrate their unwavering commitment to support the Bank. They have also issued a formal letter of support to the Bank's management, pledging to provide the requisite funding to the Bank. They have injected funds of Rs. 500 million during the period in shape of share deposit money, bringing the total share deposit to Rs. 2,350 million. This funding is enabling the Bank to meet its maturing commitments and to expand its advances portfolio, leading to increased markup income and improved financial position.

b. Increasing Secured Advances Portfolio

The Bank is prioritizing the expansion of its secured advances portfolio. Significant growth in our advance's portfolio will enable the Bank to significantly increase its markup income, covering markup costs and other expenses, and ultimately improving financial position of the Bank.

c. Recovery of Non-Performing Advances

The non-performing advances were largely a consequence of the unprecedented economic downturn following the Covid-19 pandemic. As substantial provisions has already been made, therefore, significant additional provisions are not expected in future periods and recovery of such advances will improve the financial condition of the Bank. Management is optimistic about the recoverability of these non-performing advances and is proactively pursuing their recovery. These recoveries also enable the Bank to further expand its secured advances portfolio by utilizing these recovered funds.

d. Reducing Cost of Deposits

Due to reduction in policy rate by Government, the cost of deposit (COD) of the Bank has been reduced, however, its impact will be reflected in future periods. The management is also proactively implementing strategies to attract a higher volume of corporate customer deposits into current accounts, offering competitive incentives and introducing innovative products. This approach is expected to yield a significant increase in current accounts in future and hence, reduction a furtehr reduction in the cost of deposits, leading to a positive impact on the Bank's overall financial performance and profitability.

e. Optimization of Operations and Reduction of Costs

The Bank is implementing strategic measures to optimize its branch operations, including the closure of non-productive and non-strategic branches, to effectively control costs. Additionally, the management is focused on streamlining administrative expenses without compromising the Bank's operational efficiency. These initiatives are expected to have a positive impact on the Bank's financial performance, enhancing its overall profitability.

The management believes that the results of the measures being taken by the management will start reflecting their positive impact from next year onwards. The management is confident that with the implementation of its plan, it will be able to overcome all adverse financial and operational factors and the Bank will be able to continue as a going concern.

2 BASIS OF PRESENTATION

These financial statements have been presented in accordance with the requirements of Banking Policy & Regulations Department (BPRD) of State Bank of Pakistan (SBP) via circular no. 3 of 2023 dated February 09, 2023.

2.1 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:

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- the local laws which comprise of the Companies Act, 2017, the Microfinance Institutions Ordinance, 2001, the Prudential Regulations for Microfinance Banks / Institutions and the directives issued under these local laws by the Securities and Exchange Commission of Pakistan (SECP) and the State Bank of Pakistan (SBP).

Where provisions of and directives issued under the local laws differ from the IFRS Standards, the provisions of and directives issued under the local laws have been followed.

The condensed interim financial statements do not include all the information and disclosures required in the audited annual financial statements, and should be read in conjunction with the audited annual financial statements for the financial year ended December 31, 2024.

3 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies and methods of computation adopted in the preparation of these condensed interim financial statements are consistent with those applied in the preparation of the audited annual financial statements for the year ended December 31, 2024.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The basis for accounting estimates adopted in the preparation of this condensed interim financial information is the same as that applied in the preparation of the annual audited financial statements for the year ended December 31, 2024.

5 FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies adopted by the Bank are consistent with those disclosed in the annual audited financial statements for the year ended December 31, 2024.

6 FUNCTIONAL AND PRESENTATION CURRENCY

These financial statements are presented in Pakistan rupees (PKR), which is the Bank's functional and presentation currency.

APNA MICROFINANCE BANK LIMITED
SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2025

| 7 | CASH AND BALANCES WITH TREASURY BANKS | Note | March 2025 | December 2024 |
|---|--|------|----------------------|----------------------|
| | | | Rupees | Rupees |
| | | | Un-audited | Audited |
| | Cash in hand - local currency | | 544,337,250 | 590,340,829 |
| | Balance with State Bank of Pakistan in: | | | |
| | Current account | 7.1 | 965,489,930 | 1,053,754,311 |
| | Balance with National Bank of Pakistan in: | | | |
| | Current Account | | 16,386,923 | 1,769,159 |
| | Deposit Account | 7.2 | 22,825 | 21,175 |
| | | | <u>1,526,236,928</u> | <u>1,645,885,474</u> |

7.1 This represents balance maintained in current accounts with the State Bank of Pakistan (SBP) to meet the requirements of maintaining a minimum balance equivalent to not less than 5% of the Bank's time and demand liabilities in accordance with Regulation R-3 of the Prudential Regulations for Microfinance Banks issued by the SBP.

7.2 This carries mark-up at the rate of 10.50 % per annum (2024: 13.50%).

| 8 | BALANCES WITH OTHER MFBS/BANKS/NBFIS | Note | March 2025 | December 2024 |
|---|--------------------------------------|------|--------------------|----------------------|
| | | | Rupees | Rupees |
| | | | Un-audited | Audited |
| | In Pakistan | | | |
| | - In current accounts | | 15,004,328 | 24,121,153 |
| | - In deposit accounts | 8.1 | 551,717,811 | 2,043,854,690 |
| | | | <u>566,722,139</u> | <u>2,067,975,843</u> |

8.1 These carry mark-up at the rates ranging from 10.50% to 12.25% per annum (2024: 10.75% to 14.75% per annum).

| 9 INVESTMENTS | | | | | |
|---------------------|------|-------------------------------|--------------------------|-----------------------|----------------|
| Investments by type | Note | Un-audited | | | |
| | | March 2025 | | | |
| | | Fair value/ Amortised cost | Credit loss allowance | Gain on fair value | Carrying value |
| | |Rupees..... | | | |

Debt instruments

Classified/Measured at amortised cost

| | | | | | |
|--------------------------------------|-----|-------------|---|---|-------------|
| Market treasury bills | 9.1 | 387,582,232 | - | - | 387,582,232 |
| Term finance certificate - Silk Bank | 9.3 | 99,920,000 | - | - | 99,920,000 |
| | | 487,502,232 | - | - | 487,502,232 |

Classified/Measured at FVOCI

| | | | | | |
|----------------|-----|----------------------|----------|-------------------|----------------------|
| Treasury bills | 9.1 | 1,383,160,751 | - | 52,119,653 | 1,435,280,404 |
| | | <u>1,870,662,983</u> | <u>-</u> | <u>52,119,653</u> | <u>1,922,782,636</u> |

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| Note | Audited | | | |
|------|--------------------------------|--------------------------|-----------------------|----------------|
| | December 2024 | | | |
| | Fair value / Amortised cost | Credit loss allowance | Gain on fair value | Carrying value |

.....Rupees.....

Debt instruments

**Classified/Measured
at amortised cost**

| | | | | | |
|---|-----|-------------|---|---|-------------|
| Market Treasury Bills | 9.1 | 862,509,068 | - | - | 862,509,068 |
| Term Finance Certificate - Silk Bank | 9.3 | 99,920,000 | - | - | 99,920,000 |
| | | 962,429,068 | - | - | 962,429,068 |

Classified/Measured at FVOCI

| | | | | | |
|----------------|-----|---------------|---|------------|---------------|
| Treasury bills | 9.1 | 892,019,498 | | 19,027,605 | 911,047,103 |
| | | 1,854,448,566 | - | 19,027,605 | 1,873,476,171 |

9.1 This represents investment in market treasury bills carry yields ranging from 11.80% to 13.60% per annum (2024: 12.85% to 21.75% per annum) and having maturities ranging from 32 to 227 days. These securities have an aggregate face value of Rs. 1,900 million (2024: Rs. 1,900 million).

9.2 Expected credit loss on Government security have not been estimated due to exemption granted by State Bank of Pakistan (SBP) through Circular No. 3 of 2022 dated July 05, 2022.

9.3 This represents investment in 20,000 units in TFC's issued by Silk Bank Limited. The investment will mature on August 10, 2025. It carries mark-up at the rate of 6 months KIBOR plus 1.85% per annum (2024: 6 months KIBOR plus 1.85% per annum).

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| 10 | ADVANCES | Un-audited | | | | Audited | | | |
|---|---|-----------------|-------------|-----------------|-----------------|-----------------|--------------|-----------------|-----------------|
| Loan Type | Note | Performing | | Non-Performing | Total | Performing | | Non-Performing | Total |
| | | Stage 1 | Stage 2 | Stage 3 | | Stage 1 | Stage 2 | Stage 3 | |
| | March 2025 | | | | | December 2024 | | | |
| Micro credits | | | | | | | | | |
| Secured | | 7,307,892,408 | 11,903,819 | 352,399,043 | 7,672,195,270 | 6,996,289,923 | 7,644,123 | 367,504,691 | 7,371,438,737 |
| Unsecured | | 251,091,182 | 1,899,470 | 4,669,956,947 | 4,922,947,599 | 366,984,450 | 3,266,009 | 4,634,569,524 | 5,004,819,983 |
| Markup Accrued | | 1,076,703,382 | 2,259,605 | - | 1,078,962,987 | 983,762,906 | 2,618,971 | - | 986,381,877 |
| Advances - gross | | 8,635,686,972 | 16,062,894 | 5,022,355,990 | 13,674,105,856 | 8,347,037,279 | 13,529,103 | 5,002,074,215 | 13,362,640,597 |
| Credit loss allowance against advances | | | | | | | | | |
| - Stage 1 | | (166,416,693) | - | - | (166,416,693) | (170,297,158) | - | - | (170,297,158) |
| - Stage 2 | | - | (3,633,071) | - | (3,633,071) | - | (2,389,885) | - | (2,389,885) |
| - Stage 3 | | - | - | (5,015,853,958) | (5,015,853,958) | - | - | (4,993,971,923) | (4,993,971,923) |
| | | (166,416,693) | (3,633,071) | (5,015,853,958) | (5,185,903,722) | (170,297,158) | (2,389,885) | (4,993,971,923) | (5,166,658,966) |
| Advances - net of credit loss allowance | | 8,469,270,279 | 12,429,823 | 6,502,032 | 8,488,202,134 | 8,176,740,121 | 11,139,218 | 8,102,292 | 8,195,981,631 |
| 10.1 | Advances - Particulars of credit loss allowance | | | | | | | | |
| 10.1.1 | Advances - Exposure | | | | | | | | |
| Gross carrying amount | | 8,347,038,013 | 13,529,104 | 5,002,073,480 | 13,362,640,597 | 7,817,065,892 | 16,248,852 | 4,765,071,861 | 12,598,386,605 |
| New Advances | | 2,135,622,640 | 76,367 | 10,107 | 2,135,709,114 | 6,516,962,630 | 1,397,313 | 43,302,806 | 6,561,662,749 |
| Advances derecognised or repaid | | (1,690,252,066) | (1,850,570) | (132,141,219) | (1,824,243,855) | (5,114,528,955) | (6,982,907) | (675,896,895) | (5,797,408,757) |
| Transfer to stage 1 | | 4,715,089 | (945,085) | (3,770,004) | - | 4,477,434 | (495,965) | (3,981,469) | - |
| Transfer to stage 2 | | (14,480,865) | 14,650,745 | (169,880) | - | (16,109,580) | 16,528,628 | (419,048) | - |
| Transfer to stage 3 | | (146,955,839) | (9,397,667) | 156,353,506 | - | (860,829,408) | (13,166,817) | 873,996,225 | - |
| | | 288,648,959 | 2,533,790 | 20,282,510 | 311,465,259 | 529,972,121 | (2,719,748) | 237,001,619 | 764,253,992 |
| Amounts written off / charged off | | - | - | - | - | - | - | - | - |
| Closing balance | | 8,635,686,972 | 16,062,894 | 5,022,355,990 | 13,674,105,856 | 8,347,038,013 | 13,529,104 | 5,002,073,480 | 13,362,640,597 |

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10.1.2 Advances - Credit loss allowance

| Note | Un-audited | | | | Audited | | | |
|---------------------------------------|-------------|--------------|---------------|---------------|---------------|-------------|---------------|---------------|
| | March 2025 | | | | December 2024 | | | |
| | Stage 1 | Stage 2 | Stage 3 | Total | Stage 1 | Stage 2 | Stage 3 | Total |
| | Rupees..... | | | | | | | |
| Credit loss allowance opening balance | 170,297,158 | 2,389,885 | 4,993,971,923 | 5,166,658,966 | 313,734,307 | 5,641,239 | 4,876,281,126 | 5,195,656,672 |
| New Advances/ additional charge | (3,643,248) | 28,347,598 | 63,733,861 | 88,438,211 | 30,906,106 | 1,362,168 | 375,504,585 | 407,772,859 |
| Advances derecognised or repaid | (3,884,563) | (141,965) | (65,166,927) | (69,193,455) | (45,933,693) | (1,165,298) | (389,671,574) | (436,770,565) |
| Transfer to stage 1 | 3,647,346 | (111,905) | (3,535,441) | - | 3,833,525 | (65,094) | (3,768,431) | - |
| Transfer to stage 2 | - | 429,014 | (429,014) | - | (1,144,448) | 1,563,496 | (419,048) | - |
| Transfer to stage 3 | - | (27,279,556) | 27,279,556 | - | (131,098,639) | (4,946,626) | 136,045,265 | - |
| | (3,880,465) | 1,243,186 | 21,882,035 | 19,244,756 | (143,437,149) | (3,251,354) | 117,690,797 | (28,997,706) |
| Amounts written off / charged off | - | - | - | - | - | - | - | - |
| Credit loss allowance closing balance | 166,416,693 | 3,633,071 | 5,015,853,958 | 5,185,903,722 | 170,297,158 | 2,389,885 | 4,993,971,923 | 5,166,658,966 |

10.1.3 Advances - Credit loss allowance details
Internal / external rating / stage classification

Outstanding gross exposure

| | | | | | | | | |
|--|---------------|------------|---------------|----------------|---------------|------------|---------------|----------------|
| Performing - Stage 1 | 8,635,686,972 | - | - | 8,635,686,972 | 8,347,038,013 | - | - | 8,347,038,013 |
| Under Performing - OAEM | - | 16,062,894 | - | 16,062,894 | - | 13,529,104 | - | 13,529,104 |
| Non - Performing | | | | | | | | |
| Substandard | - | - | 9,038,666 | 9,038,666 | - | - | 10,978,572 | 10,978,572 |
| Doubtful | - | - | 55,694,071 | 55,694,071 | - | - | 62,980,792 | 62,980,792 |
| Loss | - | - | 4,957,623,253 | 4,957,623,253 | - | - | 4,928,114,851 | 4,928,114,851 |
| | - | - | 5,022,355,990 | 5,022,355,990 | - | - | 5,002,074,215 | 5,002,074,215 |
| Total | 8,635,686,972 | 16,062,894 | 5,022,355,990 | 13,674,105,856 | 8,347,038,013 | 13,529,104 | 5,002,074,215 | 13,362,641,332 |
| Corresponding credit loss allowance | | | | | | | | |
| Stage 1 | 166,416,693 | - | - | 166,416,693 | 170,297,158 | - | - | 170,297,158 |
| Stage 2 | - | 3,633,071 | - | 3,633,071 | - | 2,389,885 | - | 2,389,885 |
| Stage 3 | - | - | 5,015,853,958 | 5,015,853,958 | - | - | 4,993,971,923 | 4,993,971,923 |
| | 166,416,693 | 3,633,071 | 5,015,853,958 | 5,185,903,722 | 170,297,158 | 2,389,885 | 4,993,971,923 | 5,166,658,966 |

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| 11 | PROPERTY AND EQUIPMENT | Note | March 2025 | December 2024 |
|------|--|------|----------------------|--------------------|
| | | | Rupees | Rupees |
| | | | Un-audited | Audited |
| | Property and equipment | | 532,374,582 | 554,557,803 |
| | Capital work in progress - Advances to contractors | | 3,800,000 | - |
| | Non operating land | | 2,572,725 | 2,572,725 |
| | | | <u>538,747,307</u> | <u>557,130,528</u> |
| 11.1 | Additions to property and equipment | | March 2025 | March 2024 |
| | | | Rupees | Rupees |
| | | | -----Un-audited----- | |
| | Furniture and fixtures | | - | 115,061 |
| | Electrical and office equipment | | - | 1,405,646 |
| | Computer hardware and peripheral | | - | 555,900 |
| | | | <u>-</u> | <u>2,076,607</u> |
| 11.2 | Disposal of property and equipment | | March 2025 | March 2024 |
| | | | Rupees | Rupees |
| | | | -----Un-audited----- | |
| | Vehicles | | 5,603,200 | - |
| 12 | RIGHT-OF-USE ASSETS | Note | March 2025 | December 2024 |
| | | | Rupees | Rupees |
| | | | Un-audited | Audited |
| | Buildings | | | |
| | As at the beginning of the year | | | |
| | Cost | | 1,099,483,047 | 1,079,231,013 |
| | Accumulated depreciation | | (692,112,769) | (657,424,802) |
| | As at the end of the year | | <u>407,370,278</u> | <u>421,806,211</u> |
| 12.1 | Reconciliation of written down value: | | March 2025 | December 2024 |
| | | | Rupees | Rupees |
| | Balance at the beginning of the year | | 421,806,211 | 404,201,211 |
| | Additions during the period | | 20,252,034 | 229,760,021 |
| | Deletions/adjusted during the period | | - | (20,098,980) |
| | Depreciation charge for the period | | (34,687,967) | (192,056,041) |
| | Balance at the end of the period | | <u>407,370,278</u> | <u>421,806,211</u> |
| | Lease term: 3 to 10 years | | | |
| 12.2 | These represent premises acquired for operating activities. The right to terminate lease by serving a 1 to 12 months notice is available to the Bank, however, the Bank is reasonably certain not to exercise this right during the lease terms. | | March 2025 | December 2024 |
| | | | Rupees | Rupees |
| 13 | INTANGIBLE ASSETS | Note | March 2025 | December 2024 |
| | | | Rupees | Rupees |
| | | | Un-audited | Audited |
| | As at the beginning of the year | | | |
| | Cost | | 246,551,459 | 246,551,459 |
| | Accumulated amortization and impairment | | (100,487,749) | (98,205,898) |
| | Net book value | | <u>146,063,710</u> | <u>148,345,561</u> |

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| 14 | DEFERRED TAX ASSET | Note | March 2025 | December 2024 |
|----|--------------------|------|---------------|---------------|
| | | | Rupees | Rupees |
| | | | Un-audited | Audited |
| | Deferred tax asset | | 1,700,000,000 | 1,700,000,000 |

- 14.1** As a matter of prudence, the management has recognized deferred tax asset of Rs. 1,700 million considering the probability of availability of future taxable profits against which deductible temporary differences will be utilized. Total deferred tax asset, excluding deductible taxable differences that may be expired before utilization, comprises of the following;

| Un-audited | | | |
|------------------|-----------------|----------------------------|-------------|
| March 2025 | | | |
| At Jan 1 | Profit and loss | Other comprehensive income | At March 31 |
|Rupees..... | | | |

Deductible temporary differences on:

| | | | | |
|----------------------------|---------------|-------------|---|---------------|
| Lease liabilities | 168,883,560 | (4,957,193) | - | 163,926,367 |
| Provision against advances | 1,498,331,100 | 5,580,979 | - | 1,503,912,079 |
| Carry forward tax losses | 1,126,055,812 | 133,609,506 | - | 1,259,665,318 |
| | 2,793,270,472 | 134,233,292 | - | 2,927,503,764 |

Taxable temporary differences on:

| | | | | |
|------------------------------|---------------|-------------|-------------|---------------|
| Accelerated tax depreciation | (168,050,555) | 5,383,559 | - | (162,666,996) |
| Investments | (5,518,005) | | (4,078,689) | (9,596,694) |
| | (173,568,560) | 5,383,559 | (4,078,689) | (172,263,690) |
| | 2,619,701,912 | 139,616,851 | (4,078,689) | 2,755,240,074 |

| Audited | | | |
|------------------|-----------------|----------------------------|-----------|
| December 2024 | | | |
| At Jan 1 | Profit and loss | Other comprehensive income | At Dec 31 |
|Rupees..... | | | |

Deductible temporary differences on:

| | | | | |
|--------------------------------|---------------|--------------|---|---------------|
| - Lease liabilities | 30,886,458 | 137,997,102 | - | 168,883,560 |
| - Provision against advances | 1,457,329,135 | 41,001,965 | - | 1,498,331,100 |
| - Carry forwardable tax losses | 1,218,842,627 | (92,786,815) | - | 1,126,055,812 |
| | 2,707,058,220 | 86,212,252 | - | 2,793,270,472 |

Taxable temporary differences on:

| | | | | |
|--------------------------------|---------------|---------------|-------------|---------------|
| - Accelerated tax depreciation | (60,453,092) | (107,597,463) | - | (168,050,555) |
| - Investment | | | (5,518,005) | (5,518,005) |
| | (60,453,092) | (107,597,463) | (5,518,005) | (173,568,560) |
| | 2,646,605,128 | (21,385,211) | (5,518,005) | 2,619,701,912 |

- 14.2** Deferred tax assets and liabilities on temporary differences are measured at tax rate of 29% (2024: 29%).

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| 15 | OTHER ASSETS | Note | March 2025 | December 2024 |
|----|--|------|--------------------|--------------------|
| | | | Rupees | Rupees |
| | | | Un-audited | Audited |
| | Income / Mark-up accrued | | 44,322,997 | 63,235,630 |
| | Loan to employees | 15.1 | 76,703,611 | 89,738,630 |
| | Advances, prepayments and other receivable | 15.2 | 228,843,161 | 204,418,551 |
| | Advance income tax - Net of provision | | 399,623,507 | 395,092,341 |
| | Security deposits | | 22,830,105 | 27,781,760 |
| | Inter Banks ATM settlement account | | 71,926,052 | 54,751,199 |
| | | | <u>844,249,433</u> | <u>835,018,111</u> |

15.1 Advances to staff are granted to the eligible employees of the Bank as per markup rates and the ceiling limits as prescribed under the HR policy of the Bank.

15.2 The Bank has recorded an amount of Rs. 5.2 million as an other receivable, which was recovered by the Sindh Revenue Board (SRB) on account of the Sindh Workers Welfare Fund, including penalties. The Bank has filed a suit before Commissioner Appeals IV, Sindh Board of Revenue, Karachi, asserting that the recovery was unjustified. Based on legal advice, management is confident that the amount will be recovered.

| 16 | DEPOSITS AND OTHER ACCOUNTS | Note | March 2025 | December 2024 |
|----|-------------------------------|------|-----------------------|-----------------------|
| | | | Rupees | Rupees |
| | | | Un-audited | Audited |
| | Customer | | | |
| | Current deposits | 16.1 | 2,919,237,371 | 3,315,031,255 |
| | Saving deposits | 16.2 | 11,464,641,047 | 12,578,162,924 |
| | Fixed / term deposits | 16.3 | 9,763,205,261 | 9,702,053,546 |
| | | | <u>24,147,083,679</u> | <u>25,595,247,725</u> |
| | Financial Institutions | | | |
| | Current deposits | | 50,000 | 70,000 |
| | Saving deposits | 16.2 | 837,891 | 29,084,986 |
| | Fixed / term deposits | 16.3 | 250,000,000 | 50,000,000 |
| | | | <u>250,887,891</u> | <u>79,154,986</u> |
| | | 16.4 | <u>24,397,971,570</u> | <u>25,674,402,711</u> |

16.1 An amount of Rs. 58 million is net off against deposit account of a customer in respect of fake currency deposited by him. An FIR is also lodged against him and the matter is pending at Special Court Banking Crime.

16.2 These carry interest at the rates ranging from 3% to 14.50% per annum (2024: 3% to 15.00% per annum).

16.3 These represent deposits received from customers with maturity period ranging from 1 month to 5 years. These carry interest at the rates ranging from 7% to 24.75% per annum (2024: 7% to 24.75% per annum).

16.4.1 These represents deposits with branches.

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| 17 | LEASE LIABILITIES | Note | March 2025 | December 2024 |
|--------|---|------|--------------|---------------|
| | | | Rupees | Rupees |
| | | | Un-audited | Audited |
| | As at the beginning of the year | | 582,357,105 | 510,706,239 |
| | Addition during the year | | 20,252,034 | 229,760,021 |
| | Deletion during the year | | - | (20,098,980) |
| | Finance cost accrued during the year | | 18,009,064 | 121,922,816 |
| | | | 620,618,203 | 842,290,096 |
| | Payments / adjustments made during the year | | (55,354,869) | (259,932,991) |
| | As at the end of the year | | 565,263,334 | 582,357,105 |
| 18 | OTHER LIABILITIES | Note | March 2025 | December 2024 |
| | | | Rupees | Rupees |
| | | | Un-audited | Audited |
| | Mark-up / Return / Interest payable | | 269,821,286 | 314,645,556 |
| | Staff retirement benefits | | 53,665,584 | 49,704,209 |
| | Others | | 167,472,295 | 187,537,335 |
| | | | 490,959,165 | 551,887,100 |
| 19 | CONTINGENCIES AND COMMITMENTS | Note | March 2025 | December 2024 |
| | | | Rupees | Rupees |
| | | | Un-audited | Audited |
| 19.1 | Contingencies: | | | |
| 19.1.1 | Guarantees issued on behalf of customers | 21.1 | 8,143,105 | - |
| 19.1.2 | Proceedings for Financial Years (FY) 2016, 2017, and 2018 were initiated by Additional Commissioner (Enforcement-IV) of Punjab Revenue Authority [‘PRA’] regarding alleged inadmissible input tax credit claimed without apportionment of same between taxable and non-taxable service. The Bank responded to the notices as per the Bank contention. The said commissioner passed impugned orders for relevant financial years by raising unjustified demand of Rs. 80.3 million (2024: Rs. 80.3 million) in respect of disallowed input tax. Being aggrieved from the said orders, the Bank filed appeal against the orders to Commissioner (Appeals) of PRA. For FY 2016 the impugned order was upheld by Commissioner (Appeal) and the Bank filed an appeal before honorable PRA Appellate Tribunal. The honorable PRA Appellate Tribunal passed the order wherein the demand along with penalty and default surcharge amounting to Rs. 13.012 million was affirmed. The Bank filed an appeal before the Honorable High Court where interim relief is granted. From the above amount, Rs. 3.5 million has been deposited by the Bank to the department The hearings for FY 2017 and 2018 are still pending before Commissioner (Appeals). | | | |

19.1.3 Proceedings, as per provisions of Punjab Sales Tax on Services (Withholding) Rules, 2015 for tax period January, 2016 to December, 2016 for non-deduction of Punjab Sales Tax, were initiated by The Additional Commissioner, Enforcement-II, PRA. Recovery notice was issued from the same office indicating that order had been passed by the Commissioner HQ, PRA wherein the impugned demand of Rs. 18.4 million was raised on account of alleged default of withholding of Punjab Sales Tax on Services against which the bank filed appeal before Honorable PRA Appellate Tribunal. The honorable tribunal has passed its judgement in which the impugned order passed by Commissioner HQ PRA is set aside and the matter is referred back to the officer concerned having jurisdiction for decision afresh. Now the proceedings are in progress at commissioner PRA forum.

19.1.4 A show cause notice was issued to bank by Assistant Commissioner (Unit-09) of Sindh Revenue Board ['SRB'] in which the bank was confronted that it has claimed inadmissible input tax credit during the tax periods from January 2012 to December 2015 under the Sindh Sales Tax Act 2011. Further, it is also alleged that the Bank has short deducted / not deducted of sales tax on services. The amount demanded in the said order was Rs. 5.8 million (2024: Rs. 5.8 million). The proceedings are held from time to time during the year and impugned order is passed by the officer against which the bank has filed an appeal at SRB Commissioner (Appeals) forum.

In respect of above tax cases, based upon advise of its tax consultants, management expects favorable outcomes and is confident that significant outflow of economic resources will not be required, as a result of final decisions.

19.2 Commitments

There are no significant commitments as at the period end.

| 20 | MARK-UP / RETURN / INTEREST EARNED | March 2025 | March 2024 |
|----|---|----------------------|--------------------|
| | | Rupees | Rupees |
| | | -----Un-audited----- | |
| | Mark up/ return/ interest earned on: | | |
| | Loans and advances | 632,113,544 | 527,669,070 |
| | Investments | 25,261,416 | 81,252,232 |
| | Balances with other MFBs/ banks / NBFIs | 19,032,787 | 100,607,781 |
| | | <u>676,407,747</u> | <u>709,529,083</u> |
| | Interest income (calculated using effective-interest rate method) recognised on: | | |
| | Financial assets measured at amortised cost | <u>676,407,747</u> | <u>709,529,083</u> |
| 21 | MARK-UP / RETURN / INTEREST EXPENSED | March 2025 | March 2024 |
| | | Rupees | Rupees |
| | | -----Un-audited----- | |
| | Mark up/ return/ interest expense related to: | | |
| | Deposits | 712,093,676 | 937,090,657 |
| | Lease liabilities | 18,009,064 | 11,744,442 |
| | | <u>730,102,740</u> | <u>948,835,099</u> |

APNA MICROFINANCE BANK LIMITED
SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
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21.1 Bearkup of the expense is as under:

| | | |
|--|--------------------|--------------------|
| Interest expense calculated using effective interest rate method | 18,009,064 | 11,744,442 |
| Interest on other financial liabilities | 712,093,676 | 937,090,657 |
| | <u>730,102,740</u> | <u>948,835,099</u> |

| 22 | OTHER INCOME | March 2025 | March 2024 |
|----|--|----------------------|-------------------|
| | | Rupees | Rupees |
| | | -----Un-audited----- | |
| | Gain on disposal of operating fixed assets | 4,651,690 | - |
| | Others | 12,141,310 | 14,970,244 |
| | | <u>16,793,000</u> | <u>14,970,244</u> |

| 23 | OPERATING EXPENSES | Note | March 2025 | March 2024 |
|----|---|------|----------------------|--------------------|
| | | | Rupees | Rupees |
| | | | -----Un-audited----- | |
| | Total compensation expense | | 311,466,763 | 306,742,002 |
| | Directors' fees and allowances | | 531,250 | - |
| | Rent, taxes, insurance, electricity, etc. | | 28,122,361 | 27,966,365 |
| | Security charges | | 24,594,761 | 30,283,473 |
| | Depreciation on operating fixed assets | | 19,865,712 | 21,625,100 |
| | Depreciation on right of use assets | | 34,687,977 | 66,396,482 |
| | Fees and subscription | | 29,765,231 | 31,322,490 |
| | Repairs and maintenance | | 7,291,990 | 11,176,641 |
| | Communication | | 7,941,334 | 8,070,430 |
| | Stationery and printing | | 5,209,734 | 8,601,487 |
| | Fuel expense | | 4,738,541 | 6,439,423 |
| | Entertainment | | 4,733,752 | 6,435,624 |
| | Legal and professional charges | | 3,752,853 | 1,971,251 |
| | Traveling | | 2,716,634 | 3,604,706 |
| | Credit verification expenses | | 1,880,545 | 1,367,174 |
| | Amortization of intangible assets | | 2,281,863 | 2,281,870 |
| | Advertisement and publicity | | 871,119 | 711,885 |
| | Auditors' remuneration | | 345,000 | 661,250 |
| | Training / capacity building | | 59,000 | 49,575 |
| | Others | | 2,669,064 | 8,624,649 |
| | | | <u>493,525,484</u> | <u>544,331,877</u> |

| 24 | OTHER CHARGES | Note | March 2025 | March 2024 |
|----|---|------|----------------------|----------------|
| | | | Rupees | Rupees |
| | | | -----Un-audited----- | |
| | Penalties imposed by State Bank of Pakistan | | - | 110,500 |
| | Penalties imposed by SECP and others | | 180,070 | - |
| | Bank charges | | 44,373 | 21,712 |
| | Other | 24.1 | - | 10,000 |
| | | | <u>224,443</u> | <u>142,212</u> |

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24.1 These include penalties imposed by Labour court against certain non-compliances.

| 25 | CASH AND CASH EQUIVALENTS | Note | March 2025 | March 2024 |
|----------------------|--|------|---------------|---------------|
| | | | Rupees | Rupees |
| -----Un-audited----- | | | | |
| | Cash and Balances with SBP and NBP | 7 | 1,526,236,928 | 1,708,940,985 |
| | Balances with other banks / NBFIs / MFBs | 8 | 566,722,139 | 2,464,932,237 |
| | | | 2,092,959,067 | 4,173,873,222 |

| 26 | CREDIT LOSS ALLOWANCE AND WRITE OFFS - NET | Note | March 2025 | March 2024 |
|----|--|------|----------------------|-------------------|
| | | | Rupees | Rupees |
| | | | -----Un-audited----- | |
| | Credit loss allowance against loans & advances | | 19,233,699 | 41,026,218 |
| | Recovery of written off bad debts | | (2,241,045) | - |
| | | | <u>16,992,654</u> | <u>41,026,218</u> |

| 27 | MINIMUM TAX DIFFERENTIAL - LEVY | March 2025 | March 2024 | |
|----|---------------------------------|----------------------|------------|-----------|
| | | Rupees | Rupees | |
| | | -----Un-audited----- | | |
| | Minimum tax differential - Levy | 27.1 | 9,451,260 | 9,387,833 |

27.1 This represents portion of minimum tax paid under section 113 of the Income Tax Ordinance (ITO, 2001), representing levy in terms of requirements of IFRIC 21/IAS 37. The comparative has been rearranged accordingly.

28 PROVISION FOR TAXATION

28.1 Current tax

The income of the Bank is not subject to normal tax owing to losses, hence no provision is made .

28.2 Relationship between accounting loss and tax expense

The relationship between accounting loss and tax expense has not been presented in these financial statements as the income of the Bank is subject to levy under section 113 of the Income Tax Ordinance, 2001, as disclosed in note 27.

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| 29 | LOSS PER SHARE - BASIC AND DILUTED | March 2025 | March 2024 | |
|----|------------------------------------|----------------------|---------------|---------------|
| | | Rupees | Rupees | |
| | | -----Un-audited----- | | |
| | Loss for the year | Rupees | (482,342,314) | (777,726,376) |
| | Weighted average number of shares | Number | 428,984,962 | 428,984,962 |
| | Loss per share – Basic & diluted | Rupees | (1.12) | (1.81) |

29.1 There is no effect of dilution on basic earnings per share of the Bank.

30 FAIR VALUE MEASUREMENTS

The fair value of quoted securities other than those classified as amortised cost, is based on quoted market price. Quoted securities classified as amortised cost are carried at cost. The fair value of unquoted equity securities, other than investments in associates and subsidiaries, is determined on the basis of the break-up value of these investments as per their latest available audited financial statements.

The fair value of unquoted debt securities, fixed term loans, other assets, other liabilities, fixed term deposits and borrowings cannot be calculated with sufficient reliability due to the absence of a current and active market for these assets and liabilities and reliable data regarding market rates for similar instruments.

30.1 Fair value of financial assets

The Bank measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurements using input for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

a) Financial instruments in level 1

Currently, no financial instruments are classified in level 1

b) Financial instruments in level 2

Financial instruments included in level 2 comprise of investment in market treasury bills

c) Financial instruments in level 3

Currently, no financial instruments are classified in level 3

| Un-audited | | |
|------------------|---------|---------|
| March 2025 | | |
| Level 1 | Level 2 | Level 3 |
| -----Rupees----- | | |

Financial assets measured at fair value

Available for sale investments -

Market treasury bills

| | | |
|---|---------------|---|
| - | 1,435,280,404 | - |
|---|---------------|---|

APNA MICROFINANCE BANK LIMITED
SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2025

| Audited | | |
|------------------|---------|---------|
| December 2024 | | |
| Level 1 | Level 2 | Level 3 |
| -----Rupees----- | | |

Available for sale investments -

| | | | |
|-----------------------|---|-------------|---|
| Market treasury bills | - | 911,047,103 | - |
|-----------------------|---|-------------|---|

Valuation techniques and inputs used in determination of fair value

| Financial instruments | Valuation techniques and inputs |
|---------------------------------|---|
| Market treasury bills (T.Bills) | Fair value of treasury bills are derived using PKRV rates. The PKRV rates published by the MUFAP. |

31 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

| | March 2025 Rupees Un-audited | December 2024 Rupees Audited |
|---|------------------------------------|------------------------------------|
| Minimum Capital Requirement (MCR): | | |
| Paid-up capital (net of losses) | (8,135,159,954) | (8,143,366,380) |
| Capital Adequacy Ratio (CAR): | | |
| Eligible Common Equity Tier 1 (CET 1) Capital | (11,240,707,483) | (11,286,569,671) |
| Eligible Additional Tier 1 (ADT 1) Capital | - | - |
| Total Eligible Tier 1 Capital | (11,240,707,483) | (11,286,569,671) |
| Eligible Tier 2 Capital | - | - |
| Total Eligible Capital (Tier 1 + Tier 2) | (11,240,707,483) | (11,286,569,671) |
| Risk Weighted Assets (RWAs): | | |
| Credit Risk | 4,374,951,707 | 4,907,986,895 |
| Operational Risk | 90,775,597 | 90,775,597 |
| Total | 4,465,727,304 | 4,998,762,492 |
| Common Equity Tier 1 Capital Adequacy ratio | -252% | -226% |
| Tier 1 Capital Adequacy Ratio | -252% | -226% |
| Total Capital Adequacy Ratio | -252% | -226% |

The SBP, through BPRD Circular No. 10 dated June 3, 2015, has required Microfinance Banks to maintain a minimum paid-up capital of Rs. 1,000 million (net of accumulated losses). The paid-up capital (net of accumulated losses) of the Bank as at March 31, 2025 stood at negative balance of Rs. 8,135 Million (2024: Rs. 8,143 million).

Bank uses standardized approach for calculation of credit risk weighted asset. Under this approach, the risk weighted amount of an on-balance sheet is determined by multiplying its current book value (including accrued interest or revaluations, and net of any specific provision or associated depreciation) by the relevant risk weight as provided by State Bank of Pakistan through BPRD Circular No. 10 dated June 3, 2015. The bank is using transitional provisions as provided in IFRS 9 application instructions through BPRD Circular No. 03 of 2022 dated July 05, 2022 for absorption of impact of expected credit loss allowance after implementation of IFRS 9.

For the calculation of operational risk weighted assets, average positive Gross Income of the bank over the past three years is used. Figures for any year in which gross income is negative or zero is excluded from both numerator and denominator when calculating average.

32 TRANSACTION AND BALANCES WITH RELATED PARTIES

Related parties of the Bank comprise of Chief Executive Officer, Directors and their close family members, entities under common control, staff retirement benefits fund, key management personnel, entities with common directors, 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:

| | Un-audited | | | Audited | | |
|--------------------------------------|---------------|--------------------------|--------------------|-----------------|--------------------------|--------------------|
| | March - 2025 | | | December - 2024 | | |
| | Directors | Key management personnel | Associated Company | Directors | Key management personnel | Associated Company |
| Other Assets | | | | | | |
| Interest / mark-up accrued | | 1,394,597 | - | - | 1,297,263 | - |
| Loan to Employees | | | | | | |
| Opening balance | - | 22,186,037 | - | - | 53,653,448 | - |
| Addition during the year | - | 1,000,000 | - | - | 5,800,000 | - |
| Repaid during the year | - | (1,068,722) | - | - | (37,267,411) | - |
| Credit loss allowance | - | - | - | - | - | - |
| Closing balance | - | 22,117,315 | - | - | 22,186,037 | - |
| Deposits and other accounts | | | | | | |
| Opening balance | 696,685,471 | 10,168,035 | 282,260,201 | 2,053,793 | 1,916,850 | 121,233,821 |
| Received during the year | 281,776,356 | 81,091,377 | 2,886,947,223 | 916,651,575 | 403,011,986 | 6,926,628,493 |
| Withdrawn during the year | (336,456,831) | (81,536,264) | (2,962,840,953) | (420,476,433) | (397,987,435) | (6,932,296,786) |
| Transfer in / (out) - net | (1,168) | (3,848,796) | - | 198,456,536 | 3,226,634 | 166,694,673 |
| Closing balance | 642,003,828 | 5,874,352 | 206,366,471 | 696,685,471 | 10,168,035 | 282,260,201 |
| Other liabilities | | | | | | |
| Interest/mark up payable | 472,827 | 19 | 61,420 | 8,568,868 | 12,218 | 3,177,400 |
| Payable to staff retirement benefit | - | 7,214,847 | - | - | 8,496,785 | - |
| Share deposit money | | | | | | |
| Opening balance | 79,303,809 | - | 1,771,086,470 | 49,303,809 | - | 1,301,086,470 |
| Received during the year | - | - | 500,000,000 | 30,000,000 | - | 470,000,000 |
| Share issued during the year | - | - | - | - | - | - |
| Repaid during the year | - | - | - | - | - | - |
| Closing balance | 79,303,809 | - | 2,271,086,470 | 79,303,809 | - | 1,771,086,470 |
| | Un-audited | | | Un-audited | | |
| | March - 2025 | | | March - 2024 | | |
| | Directors | Key management personnel | Associated Company | Directors | Key management personnel | Associated Company |
| Income | | | | | | |
| Mark-up / Return / Interest earned | - | 387,885 | - | - | 913,851 | - |
| Fee and commission income | - | - | - | - | - | - |
| Dividend income | - | - | - | - | - | - |
| Expense | | | | | | |
| Mark-up / Return / Interest expensed | 21,544,258 | 57,225 | 2,334,156 | 10,010,274 | 3,656 | 3,117,428 |
| Salaries and allowances | - | 35,502,291 | - | - | 16,877,575 | - |
| Bonus | - | - | - | - | - | - |
| Staff retirement benefits | - | 1,115,376 | - | - | 678,811 | - |
| Directors' fee | 531,250 | - | - | - | - | - |

33 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were approved and authorised for issue on 28 APR 2025 by the Board of Directors of the Bank.

34 GENERAL

34.1 The corresponding figures have been rearranged / reclassified, wherever necessary, for better presentation. However, no material reclassifications have been made.

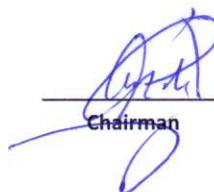
34.2 Figures have been rounded off to the nearest rupee unless otherwise stated.



President / CEO (Acting)



Chief Financial Officer



Chairman



Director



Director