

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, 2024.

Economic Review

The country experienced recovery in FY 2024. The economy continued to show signs of improvement, with the successful completion of the IMF's Stand-By Arrangement (SBA) program and easing inflation. Real GDP registered a growth of 2.50% in the first quarter with a projected growth rate of 2% for the fiscal year FY24, as anticipated by the IMF. Headline inflation remained on a declining trajectory. The SBP responded by reducing the policy rate by 150 bps to 20.5% percent on June 2024 and again by 100 bps to 19.50% percent in July 2024.

Investor confidence was boosted by the successful transition of power from the caretaker setup to the elected representatives. The stock market continued to perform and the rupee strengthened against the USD closing at PKR 277.95/USD as at March 31, 2024 compared to PKR 281.86/USD as on December 31, 2023.

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 the society with a view to alleviate poverty under the Microfinance Institutions Ordinance, 2001.

The financial performance of the Bank during the quarter end March 31st, 2024 is as follows;

Particular's	March 31, 2024	December 31, 2023	%
	Un-audited	Audited	Change
Advances - Net Of Provisions	6,428,443,259	6,590,855,560	-2%
Deposits and other accounts	23,394,474,158	22,449,764,944	4%
	March 31, 2024	March 31, 2023	
	Un-audited	Un-audited	
Mark-up/Return/Interest Earned	709,529,083	612,249,999	16%
Mark-up/Return/Interest Expensed	948,835,099	488,475,274	94%
Administrative expenses	544,474,089	532,995,538	2%
Loss after taxation	777,726,376	1,513,734,576	-49%

The Bank posted a loss after tax 778 million during the current period as compared to a loss of PKR 1,514 million in corresponding period. The equity (net of losses) of the Bank has stood at negative PKR 7,419 million and the total assets stood at PKR 17,051 million as at March 31st, 2024. The loss per share for the period ended March 31st, 2024 is PKR 1.813 as compared to loss per share of PKR 3.529 in the corresponding period.

The deposits of the Bank settled at PKR 23,394 million whereas advances-net of provision stood at PKR 6,428 million. Investments were at PKR 1,711 million.

The Bank recorded the additional provision expense of PKR 41 million against a gross loan portfolio of PKR 11,495 million in current quarter. Whereas, the provision expense of PKR 1,140 million was recorded against the portfolio of PKR 11,678 million in corresponding period.

Non-performing loans were PKR. 4,774 million on March 31, 2024 as against PKR. 4,776 million on December 31, 2023. The Bank's gross NPL ratio (Gross non-performing loans to Gross Advances) as of March 31, 2024 stood at 41.50% as against 41.1% on December 31, 2023.

At the quarter end, the Bank's gross advances to deposits ratio stands at 49.1% as compared to 51.7% on December 31, 2023.

The Bank's administrative expenses remained well-contained showing a 2% increase as compared to the previous period, recorded at PKR. 544 million during first quarter of 2024.

Future Outlook

The bank has incurred loss for the period amounting to Rs. 778 million (2023: Rs. 1,514 million) and as at period end, its accumulated loss was Rs. 11,750 million (2023: Rs. 10,973 million). This resulted negative net assets of Rs. 7,419 million (2023: Rs. 6,641 million). The Bank was 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 has devised and is executing a comprehensive, multi-faceted plan to tackle the financial and operational challenges facing the Bank. This plan is viable and its implementation will effectively mitigate the adverse factors impacting the Bank. Key elements of the plan include:

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

The Sponsors have demonstrated their unwavering commitment to rescuing the Bank from its current difficulties. In December 2023, they injected an additional Rs. 1 billion, building on their previous investment of Rs. 350 million in share deposit money. Furthermore, they have issued a formal letter of support to the Bank's management, pledging to provide additional funding in the coming years. This incremental funding will not only enable the Bank to meet its maturing commitments but also empower it to expand its advances portfolio, leading to increased markup income and improved financial position.

➤ **Increasing Secured Advances Portfolio:**

Following the additional equity injection by the sponsors, 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.

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

The non-performing advances were largely a consequence of the unprecedented economic downturn following the Covid-19 pandemic, which was beyond the borrowers' control. The Bank has already made substantial provisions to date, and therefore, significant additional provisions are not anticipated in future periods. Management is optimistic about the recoverability of these non-performing advances and is proactively pursuing their recovery. These recoveries will not only enhance the Bank's financial results through the reversal of related provisions but will also enable the Bank to further expand its secured advances portfolio by utilizing these recovered funds.

➤ **Reducing Cost of Deposits:**

The management is 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 with the Bank. As a result, the management anticipates a 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. As a result, the number of branches has been reduced from 105 to 91 as at March 2024, yielding significant cost savings, which will be reflected in the future periods. 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 the all-adverse elements have fully impacted the Bank resulting in negative net assets and non-compliance with Minimum Capital Requirements (MCR) and Capital Adequacy Ratio (CAR) and from now onward, the results of the measures being taken by the management will start reflecting their positive impact in the years to come. 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


Wajahat Malik
President/Chief Executive Officer

Date: August 7, 2024
Lahore


Muhammad Asghar
Director

APNA MICROFINANCE BANK LIMITED
23-A SUNDAR DASS ROAD
NEAR ZAMAN PARK LAHORE.

INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31ST MARCH 2024

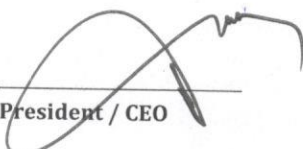
APNA MICROFINANCE BANK LIMITED
CONDENSED INTERIM BALANCE SHEET
AS AT MARCH 31, 2024

	Note	March 31, 2024	December 31, 2023
		Rupees Un-audited	Rupees Audited
ASSETS			
Cash and Balances with SBP and NBP	6	1,708,940,985	2,003,589,450
Balances With Other Banks/NBFIs/MFBs	7	2,464,932,237	2,388,034,342
Investments - Net Of Provisions	8	1,710,916,872	1,253,744,740
Advances - Net Of Provisions	9	6,428,443,259	6,590,855,560
Operating Fixed Assets		787,262,991	809,093,371
Right of use assets		337,804,729	404,201,211
Other Assets	10	1,912,356,574	1,870,083,936
Deferred Tax Asset	11	1,700,000,000	1,700,000,000
Total Assets		17,050,657,647	17,019,602,610
LIABILITIES			
Deposits and other accounts	12	23,394,474,158	22,449,764,944
Borrowings		-	-
Lease liabilities		456,510,518	510,706,239
Other Liabilities		618,201,402	699,933,482
Total Liabilities		24,469,186,078	23,660,404,665
NET ASSETS		(7,418,528,431)	(6,640,802,055)
REPRESENTED BY:			
Share capital		4,289,849,620	4,289,849,620
Capital Reserve		(1,335,963,831)	(1,335,963,831)
Discount on issue of shares		1,350,390,279	1,350,390,279
Share deposit money		22,078,496	22,078,496
Statutory reserve		5,519,624	5,519,624
Depositors' protection fund		(11,750,402,619)	(10,972,676,243)
Revenue Reserve		(7,418,528,431)	(6,640,802,055)
Un-appropriated Loss			
Total Capital		(7,418,528,431)	(6,640,802,055)

MEMORANDUM / OFF- BALANCE SHEET ITEMS

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



 President / CEO



 Chief Financial Officer



 Chairman



 Director

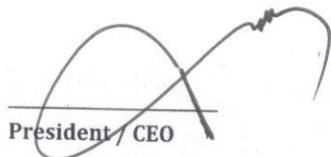


 Director

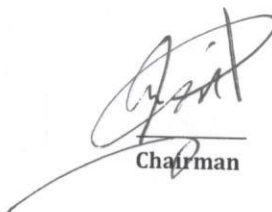
APNA MICROFINANCE BANK LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER ENDED MARCH 31, 2024

	Note	March 31, 2024	March 31, 2023
		Rupees	Rupees
Mark-up/Return/Interest Earned	14	709,529,083	612,249,999
Mark-up/Return/Interest Expensed		(948,835,099)	(488,475,274)
Net mark-up/Interest (Loss)/Income		(239,306,016)	123,774,725
Provision against non-performing loans and advances	9.2.2	(41,026,218)	(1,139,643,430)
Recovery against bad debts written off		-	-
Bad debts written off directly		-	-
Net mark-up/Interest Income / (loss) after provisions		(41,026,218)	(1,139,643,430)
		(280,332,234)	(1,015,868,705)
NON MARK-UP/NON INTEREST INCOME			
Fee, Commission and Brokerage Income		41,497,536	29,853,262
Other Income		14,970,244	13,302,696
Total non mark-up/non interest Income		56,467,780	43,155,958
		(223,864,454)	(972,712,747)
NON MARK-UP/NON INTEREST EXPENSES			
Administrative expenses		(544,474,089)	(532,995,538)
Other charges		-	-
Total non mark-up/non interest expenses		(544,474,089)	(532,995,538)
		(768,338,543)	(1,505,708,285)
Extra ordinary/unusual items		-	-
PROFIT / (LOSS) BEFORE TAXATION		(768,338,543)	(1,505,708,285)
Taxation		(9,387,833)	(8,026,291)
- Current		-	-
- Prior years		-	-
- Deferred		-	-
PROFIT/(LOSS) AFTER TAXATION		(9,387,833)	(8,026,291)
Unappropriated Profit / (Loss) brought forward		(777,726,376)	(1,513,734,576)
Profit available for appropriation / (loss)		(10,972,676,243)	(7,378,859,482)
APPROPRIATIONS:		(11,750,402,619)	(8,892,594,058)
Transfer to:			
Statutory Reserve		-	-
Capital Reserve		-	-
Contribution to MSDF/ DPF/ RMF		-	-
Revenue Reserve		-	-
Proposed Cash dividend Rs. Nil per share (2023: Rs. Nil per share)		-	-
Others		-	-
Unappropriated Profit / (Loss) carried forward		-	-
Earnings / (Loss) per share-Basic & Diluted		(11,750,402,619)	(8,892,594,058)
		(1.813)	(3.529)

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


 President / CEO


 Chief Financial Officer


 Chairman



 Director


 Director

APNA MICROFINANCE BANK LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME - (UN-AUDITED)
FOR THE QUARTER ENDED MARCH 31, 2024

	March 31, 2024	March 31, 2023
	Rupees	Rupees
PROFIT / (LOSS) AFTER TAXATION	(777,726,376)	(1,513,734,576)
Other comprehensive income / (loss):		
Items that will not be reclassified to the profit and loss account	-	-
Items that may subsequently be reclassified to the profit and loss account	-	-
Comprehensive income/(loss) transferred to equity	(777,726,376)	(1,513,734,576)
Components of comprehensive income / (loss) not reflected in equity:		
Net change in fair value of available-for-sale investments	-	-
Total comprehensive income/(loss) for the period	(777,726,376)	(1,513,734,576)


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 President / CEO



 Chief Financial Officer



 Chairman



 Director

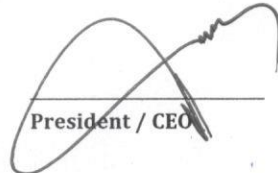


 Director

APNA MICROFINANCE BANK LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT - (UN-AUDITED)
FOR THE QUARTER ENDED MARCH 31, 2024

	Note	March 31, 2024	March 31, 2023
		Rupees	Rupees
CASH FLOW FROM OPERATING ACTIVITIES			
Profit / (loss) before taxation		(768,338,543)	(1,505,708,285)
Adjustments for non-cash charges			
Depreciation of operating fixed assets		21,625,100	25,578,629
Amortization of intangibles		2,281,870	868,419
Depreciation on right of use assets		66,396,482	43,289,534
(Gain) on disposal of operating fixed asset		-	(1,212,070)
Provision against non-performing advances		41,026,218	1,139,643,430
		<u>131,329,670</u>	<u>1,208,167,942</u>
Operating cash flow before working capital changes		(637,008,873)	(297,540,343)
Changes in working capital			
(Increase)/Decrease in operating assets			
Advances		121,386,083	389,742,222
Other assets		(51,660,471)	15,299,620
		<u>69,725,612</u>	<u>405,041,842</u>
Increase / (Decrease) in operating liabilities			
Deposits		944,709,214	(902,440,858)
Other Liabilities		(81,732,080)	33,006,658
		<u>862,977,134</u>	<u>(869,434,200)</u>
CASH GENERATED FROM OPERATIONS		295,693,873	(761,932,701)
Net cash flow from operating activities		295,693,873	(761,932,701)
CASH FLOW FROM INVESTING ACTIVITIES			
Net investments in held to maturity securities		(457,172,132)	(240,707,289)
Repayment of lease liabilities		(54,195,721)	(43,289,534)
Proceeds from disposal of operating fixed assets		-	2,435,000
Investments in operating fixed assets		(2,076,590)	(225,000)
Net cash flow from investing activities		<u>(513,444,443)</u>	<u>(281,786,823)</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Share deposit money		-	-
Borrowings-net		-	-
Net cash flow from financing activities		-	-
Increase / (Decrease) in cash and cash equivalents		<u>(217,750,570)</u>	<u>(1,043,719,524)</u>
Cash and cash equivalents at the beginning of the period		4,391,623,792	3,957,085,847
Cash and cash equivalents at the end of the period	15	4,173,873,222	2,913,366,323

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



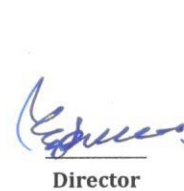
 President / CEO



 Chief Financial Officer



 Chairman



 Director



 Director

APNA MICROFINANCE BANK LIMITED
 CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
 FOR THE QUARTER ENDED MARCH 31, 2024

	Share Capital	Capital Reserves					Revenue Reserve Unappropriated Loss	Total
		Discount On Issue Of Shares	Share Deposit Money	Statutory Reserve	Depositors' Protection Fund			
Rupees								
Balance as at January 01, 2023	4,289,849,620	(1,335,963,831)	350,390,276	22,078,496	5,519,624	(7,378,859,482)	(4,046,985,297)	
Comprehensive Income / (Loss) for the period	-	-	-	-	-	(1,513,734,576)	(1,513,734,576)	
Loss after taxation	-	-	-	-	-	-	-	
Other comprehensive Income / (Loss)	-	-	-	-	-	(1,513,734,576)	(1,513,734,576)	
Total comprehensive Income / (Loss) for the period	-	-	-	-	-	(1,513,734,576)	(1,513,734,576)	
Transactions with owners directly recorded in equity								
Share deposit money received during the period	-	-	-	-	-	-	-	
Share issued against share deposit money	-	-	-	-	-	-	-	
Discount on issue of share	-	-	-	-	-	-	-	
Balance as at March 31, 2023	4,289,849,620	(1,335,963,831)	350,390,276	22,078,496	5,519,624	(8,892,594,058)	(5,560,719,873)	
Comprehensive Income / (Loss) for the period	-	-	-	-	-	(2,080,082,185)	(2,080,082,185)	
Loss after taxation	-	-	-	-	-	-	-	
Other comprehensive Income / (Loss)	-	-	-	-	-	(2,080,082,185)	(2,080,082,185)	
Total comprehensive Income / (Loss) for the period	-	-	-	-	-	(2,080,082,185)	(2,080,082,185)	
Transactions with owners directly recorded in equity								
Share deposit money received during the period	-	-	1,000,000,003	-	-	-	1,000,000,003	
Share issued against share deposit money	-	-	-	-	-	-	-	
Discount on issue of share	-	-	-	-	-	-	-	
Balance as at December 31, 2023 - Audited	4,289,849,620	(1,335,963,831)	1,350,390,279	22,078,496	5,519,624	(10,972,676,243)	(6,640,802,055)	
Comprehensive Income / (Loss) for the period	-	-	-	-	-	(777,726,376)	(777,726,376)	
Loss after taxation	-	-	-	-	-	-	-	
Other comprehensive Income / (Loss)	-	-	-	-	-	(777,726,376)	(777,726,376)	
Total comprehensive Income / (Loss) for the period	-	-	-	-	-	(777,726,376)	(777,726,376)	
Transactions with owners directly recorded in equity								
Share deposit money received during the period	-	-	-	-	-	-	-	
Share issued against share deposit money	-	-	-	-	-	-	-	
Discount on issue of share	-	-	-	-	-	-	-	
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	(11,750,402,619)	(7,418,528,431)	

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


 President / CEO


 Chief Financial Officer


 Chairman


 Director


 Director

1 STATUS AND NATURE OF BUSINESS

1.1 Apna Microfinance Bank Limited (the Bank) was incorporated on May 08, 2003 as a public limited Bank under the repealed Companies Ordinance, 1984 now 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 92 business locations comprising of 91 branches and 1 service centers (2023: 106 business locations comprising of 105 branches and 1 service centers) in operation. 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 period amounting to Rs. 778 million (2023: Rs. 1,514 million) and as at period end, its accumulated loss was Rs. 11,750 million (2023: Rs. 10,973 million). This resulted negative net assets of Rs. 7,419 million (2023: Rs. 6,641 million). The Bank was 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 has devised and is executing a comprehensive, multi-faceted plan to tackle the financial and operational challenges facing the Bank. This plan is viable and its implementation will effectively mitigate the adverse factors impacting the Bank. Key elements of the plan include:

a. **Commitment by the Sponsors and Injection of Further Equity:**

The Sponsors have demonstrated their unwavering commitment to rescuing the Bank from its current difficulties. In December 2023, they injected an additional Rs. 1 billion, building on their previous investment of Rs. 350 million in share deposit money. Furthermore, they have issued a formal letter of support to the Bank's management, pledging to provide additional funding in the coming years. This incremental funding will not only enable the Bank to meet its maturing commitments but also empower it to expand its advances portfolio, leading to increased markup income and improved financial position.

b. **Increasing Secured Advances Portfolio:**

Following the additional equity injection by the sponsors, 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, which was beyond the borrowers' control. The Bank has already made substantial provisions to date, and therefore, significant additional provisions are not anticipated in future periods. Management is optimistic about the recoverability of these non-performing advances and is proactively pursuing their recovery. These recoveries will not only enhance the Bank's financial results through the reversal of related provisions but will also enable the Bank to further expand its secured advances portfolio by utilizing these recovered funds.

d. **Reducing Cost of Deposits:**

The management is 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 with the Bank. As a result, the management anticipates a 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. As a result, the number of branches has been reduced from 105 to 91 as at March 2024, yielding significant cost savings, which will be reflected in the future periods. 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 the all-adverse elements have fully impacted the Bank resulting in negative net assets and non-compliance with Minimum Capital Requirements (MCR) and Capital Adequacy Ratio (CAR) and from now onward, the results of the measures being taken by the management will start reflecting their positive impact in the years to come. 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

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.

Accordingly, this condensed interim financial information should be read in conjunction with the annual audited published financial statements of the Bank for the year ended December 31, 2023.

2.2 Basis of measurement

These condensed interim financial Information have been prepared under the historical cost convention except for certain investments which are measured at fair value.

3 FUNCTIONAL AND PRESENTATION CURRENCY

Items included in the condensed interim financial information are measured using the currency of the primary economic environment in which the Bank operates. The condensed interim financial information are presented in Pak Rupees, which is the Bank's functional and presentation currency.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

During preparation of this condensed interim financial information, the significant judgments made by the management in applying the Bank's accounting policies and the key sources of estimation and uncertainty were the same as those that applied in the preceding audited annual published financial statements of the Bank for the year ended December 31, 2023.

5 ACCOUNTING POLICIES AND COMPUTATION METHODS

The accounting policies and the methods of computation adopted in preparation of this condensed interim financial information are the same as those applied in the preparation of the annual audited published financial statements for the year ended December 31, 2023.

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 SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
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6	CASH AND BALANCES WITH SBP AND NBP	Note	March 31, 2024	December 31, 2023
			Rupees	Rupees
	Cash in hand - local currency		Un-audited	Audited
	Balance with State Bank of Pakistan		637,556,072	824,441,042
	Balance with National Bank of Pakistan in:	6.1	1,047,030,573	1,118,619,880
	Current Account		24,353,805	60,513,105
	Deposit Account	6.2	535	15,423
			<u>1,708,940,985</u>	<u>2,003,589,450</u>

6.1 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.

6.2 This carries mark-up rate at 20.50% per annum (2023: 20.50%).

7	BALANCES WITH OTHER BANKS/NBFIs/MFBs	Note	March 31, 2024	December 31, 2023
			Rupees	Rupees
	In Pakistan		Un-audited	Audited
	- In current accounts		40,163,106	39,697,501
	- In deposit accounts	7.1	2,424,769,131	2,348,336,841
			<u>2,464,932,237</u>	<u>2,388,034,342</u>

7.1 These carry mark-up rates ranging from 20.50% to 22.75% per annum (2023: 17.50% to 23.50% per annum).

8	INVESTMENTS - NET OF PROVISIONS	Note	March 31, 2024	December 31, 2023
			Rupees	Rupees
	Federal Govt. Securities:		Un-audited	Audited
	- Market Treasury Bills - (Held to maturity)	8.1	1,610,996,872	1,153,824,740
	Silk Bank Limited - Term Finance Certificate (TFC's) - (Held to maturity)	8.2	99,920,000	99,920,000
			<u>1,710,916,872</u>	<u>1,253,744,740</u>

8.1 This represents T-Bills issued for periods of six to twelve months having maturities ranging from April 06, 2023 to June 16, 2023. These carry yields ranging from 20.3% to 21.6% per annum (2023: 15.60% to 23.00% per annum). These securities have an aggregate face value of Rs. 1,700 million. (2023: Rs. 1,180 million).

8.2 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 (2023: 6 months KIBOR plus 1.85% per annum).

9	ADVANCES - NET OF PROVISIONS	Note	March 31, 2024		December 31, 2023	
			No. of Loans Outstanding	Rupees	No. of Loans Outstanding	Rupees
			-----Un-audited-----		-----Audited-----	
	Micro credits	9.1	100,349	11,494,742,357	101,713	11,616,128,440
	Less: Provision held:					
	- Specific	9.2.1		4,898,740,350		4,857,714,132
	- General			167,558,748		167,558,748
				5,066,299,098		5,025,272,880
	Advances - Net Of Provisions			<u>6,428,443,259</u>		<u>6,590,855,560</u>

9.1 The Micro credits include secured and un-secured loans as detailed below;

	Note	March 31, 2024	December 31, 2023
		Rupees	Rupees
Secured		Un-audited	Audited
Unsecured		6,235,782,724	6,301,502,661
		5,258,959,633	5,314,625,779
	9.1.1	<u>11,494,742,357</u>	<u>11,616,128,440</u>

9.1.1 Advances are secured by personal guarantees and advances amounting to Rs. 4,331.761 million (2023: Rs. 4,329.453 million) are further secured against gold.

9.2 Particulars of non-performing advances

	Note	March 31, 2024	December 31, 2023
		Rupees	Rupees
Specific non-performing advances		Un-audited	Audited
Other non-performing advances		1,603,376,992	1,566,525,274
		3,170,985,986	3,210,130,534
	9.2.1	<u>4,774,362,978</u>	<u>4,776,655,808</u>

9.2.1 Particulars of non-performing advances

Category of Classification	March 31, 2024			December 31, 2023		
	Principal Amount Outstanding	Provision Required	Provision Held	Principal Amount Outstanding	Provision Required	Provision Held
	-----Rupees-----					
	-----Un-audited-----			-----Audited-----		
OAEM	19,435,223	-	-	11,583,946	-	-
Sub-standard	12,972,383	3,231,406	3,231,406	11,366,357	2,841,589	2,841,589
Doubtful	34,080,711	17,040,356	17,040,356	35,119,202	17,559,601	17,559,601
Loss	4,707,874,661	4,707,874,660	4,878,468,588	4,718,586,303	4,718,586,303	4,837,312,942
	<u>4,774,362,978</u>	<u>4,728,146,422</u>	<u>4,898,740,350</u>	<u>4,776,655,808</u>	<u>4,738,987,493</u>	<u>4,857,714,132</u>

9.2.2 Particulars of provision against non-performing advances

	March 31, 2024			December 31, 2023		
	Specific	General	Total	Specific	General	Total
	-----Rupees-----					
	-----Un-audited-----			-----Audited-----		
Opening balance	4,857,714,132	167,558,748	5,025,272,880	3,546,133,055	167,558,748	3,713,691,803
Charge for the period	41,026,218	-	41,026,218	1,311,581,077	-	1,311,581,077
Closing balance	<u>4,898,740,350</u>	<u>167,558,748</u>	<u>5,066,299,098</u>	<u>4,857,714,132</u>	<u>167,558,748</u>	<u>5,025,272,880</u>

10	OTHER ASSETS	Note	March 31, 2024	December 31, 2023
			Rupees	Rupees
			Un-audited	Audited
	Income / Mark-up Accrued		1,190,177,369	1,085,187,980
	Advances to Staff		137,329,069	137,900,309
	Advances and Prepayments		220,008,942	232,560,493
	Advance Income Tax - Net of Provision		329,862,274	309,914,582
	Security Deposits		34,978,920	34,878,920
	Inter Banks ATM Settlement account		-	69,641,652
			<u>1,912,356,574</u>	<u>1,870,083,936</u>

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11	DEFERRED TAX ASSET	Note	March 31, 2024	December 31, 2023
			Rupees	Rupees
	Opening balance			
	Recognized in profit and loss account		1,700,000,000	1,700,000,000
	Closing balance		1,700,000,000	1,700,000,000

11.1 As a matter of prudence, the management has recognized deferred tax assets of Rs. 1,700 million out of total deferred tax assets of Rs. 2,941 million (2023 :Rs. 2,646 Million) considering the probability of availability of future taxable profits against which deductible temporary differences will be utilized. Total deferred tax asset comprises of;

Taxable temporary differences in respect of;

Accelerated tax depreciation

(51,245,415) (60,453,092)

Deductible temporary differences in respect of;

Leases liabilities

34,424,679 30,886,458

Provision against advances

1,469,226,738 1,457,329,135

Carry forwardable tax losses

1,430,595,762 1,218,842,627

Minimum tax credits

58,963,067 -

2,941,964,831 2,646,605,128

11.1.1 Deferred tax assets and liabilities on temporary differences are measured at tax rate of 29% (2023: 29%).

12	DEPOSITS AND OTHER ACCOUNTS	Note	March 31, 2024		December 31, 2023	
			No. of accounts	Rupees	No. of accounts	Rupees
			-----Un-audited-----		-----Audited-----	
	Time liabilities					
	Fixed Deposits (Deals)	12.1	7,863	10,273,925,308	7,962	9,344,864,685
	Demand liabilities					
	Saving Deposits	12.2	33,455	9,753,277,935	32,609	9,319,334,742
	Current Deposits		380,252	3,367,270,915	377,494	3,785,565,517
			413,707	13,120,548,850	410,103	13,104,900,259
		12.3	421,570	23,394,474,158	418,065	22,449,764,944

12.1 These represent deposits received from customers ranging from 1 month to 5 years. These carry interest rates ranging from 5.60% to 25.0% per annum (2023: 5.60% to 25.0% per annum).

12.2 These carry interest rates ranging from 3% to 25% per annum (2023: 3% to 25.00% per annum).

12.3	Particulars of deposits by ownership	March 31, 2024		December 31, 2023	
		No. of accounts	Rupees	No. of accounts	Rupees
		-----Un-audited-----		-----Audited-----	
	Individual Depositors	418,588	18,920,253,858	415,170	17,717,719,407
	Institutional Depositors				
	- Corporation / Firm	2,970	4,448,188,644	2,883	4,705,991,609
	- Banks & Financial Institutions	12	26,031,656	12	26,053,928
		2,982	4,474,220,300	2,895	4,732,045,537
		421,570	23,394,474,158	418,065	22,449,764,944

13 MEMORANDUM / OFF- BALANCE SHEET ITEMS

There are no significant changes in the contingencies and commitments as reported in the published annual financial statements of the Bank for the year ended December 31, 2023.

14	MARK-UP/RETURN/INTEREST EARNED	March 31, 2024	March-31, 2023
		Rupees	Rupees
		Un-audited	Un-Audited
	Mark-Up on Loans and Advances	527,669,070	462,740,788
	Mark-Up on Deposit Accounts	100,607,781	48,707,902
	Mark-Up on Investments in Government Securities	81,252,232	100,801,309
		709,529,083	612,249,999

15	CASH AND CASH EQUIVALENTS	Note	March 31, 2024	March-31, 2023
			Rupees	Rupees
			Un-audited	Un-Audited
	Cash and Balances with SBP and NBP		1,708,940,985	1,559,653,322
	Balances With Other Banks/NBFIs/MFBs		2,464,932,237	1,353,713,001
			4,173,873,222	2,913,366,323

16 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:

Nature of Relationship	Nature of Transactions	March 31, 2024	December 31, 2023
		Rupees Un-audited	Rupees Audited
Balances at period end:			
Associated company	Deposits	148,672,861	121,233,821
	Share deposit money	1,301,086,470	1,301,086,470
Key management personnel	Deposits	6,253,900	1,916,850
Directors / sponsors / shareholders	Deposits	342,352,233	2,053,793
	Share deposit money	49,303,809	49,303,809
Transactions during the period:			
Associated company	Deposits received	1,461,042,249	1,228,695,324
	Withdrawals	1,436,510,673	1,296,405,683
	Mark-up paid on deposits	3,092,928	2,377,235
Key management personnel	Deposits received	32,987,893	12,279,306
	Withdrawals	30,358,165	9,539,511
	Mark-up paid on deposits	933	1,772
Directors / sponsors / shareholders	Deposits received	225,077,833	29,949,244
	Withdrawals	88,713,772	29,069,044
	Mark-up paid on deposits	5,477,842	12,879
Staff Provident Fund	Contribution made during the period	5,694,459	5,740,590

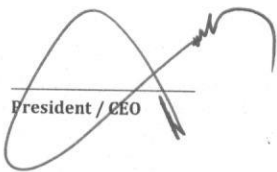
17 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were approved and authorised for issue on 07 AUG 2024 by the Board of Directors of the Bank.

18 GENERAL

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

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



 President / CEO



 Chief Financial Officer



 Chairman



 Director



 Director