Apna Microfinance Bank Limited
Audited Annual Financial Statements
For the Year Ended December 31, 2024

The Directors of the Apna Microfinance Bank Limited (hereinafter referred to as 'the Bank') are pleased to present their report together with the Audited Financial statements and Auditors' Report thereon for the year ended December 31st, 2024.

Economic Overview:

The global economy showed signs of stabilization in both advanced and emerging markets. As a result of monetary tightening measures implemented by central banks worldwide. Consequently, the IMF, in its January 2025 WEO, has revised its global inflation forecast, projecting a decline to 5.7% in 2024 slightly lower than its earlier projection of 5.8% in the October 2024 publication.

On the domestic front, the economy demonstrated positive progress in 2024, with key macroeconomic indicators showing improvement. Inflation has slowed due to monetary policy measures. The SBP cut the policy rate to 12 percent in January 2024 from 22 percent in December 2024.

The successful completion of IMF USD 3 billion Stand-By Arrangement (SBA) and signing of a new IMF USD 7 Billion Extended Fund Facility (EFF) program for a 37-month period haled the domestic economy towards stability. The current account showed a surplus of USD 646 million in 11 months (Jan-Nov 2024) as compared to decit of USD 1.1 billion in the same period last year.

FBR tax collection increased by 30%, led by growth in direct taxes, whereas Non-Tax Revenue increased by 75%, mainly on account of higher collection of Petroleum Levy and growth in SBP Prots. The stock market continued its positive trajectory, with KSE-100 posting a phenomenal 84% YoY return in 2024, closing at 115,127 points. KSE-100 index was ranked 2nd best performing stock market in the world during CY24 in terms of USD based returns.

Principal Activity, Developments 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 year ended December 31st, 2024 is as follows;

Particular's	December 31, 2024	December 31, 2023	%
	Audited (PKR)	Audited (PKR)	Change
Advances	8,195,981,631	7,613,667,085	8%
Deposits and other accounts	25,674,402,711	22,449,764,944	14%
Mark-up/Return/Interest Earned	2,808,827,545	2,526,908,227	11%
Mark-up/Return/Interest Expensed	3,994,479,994	2,731,115,695	46%
Operating expenses	2,199,224,062	2,261,434,587	-3%
Loss after taxation	3,099,992,152	3,593,816,761	-14%

The Bank's loss before tax reduced from PKR. 3,560 million to PKR. 3,063 million reflecting an improvement in the financial performance and loss after tax was reported 3,100 million against loss of PKR. 3,594 million for the comparative year. As a result, loss per share reduced to PKR. 7.14 as opposed to PKR. 8.38 in the previous year.

Investments – net of provisions of the Bank stood at PKR. 1,873 million as compared to PKR. 1,254 million as of December 31, 2023.

Markup / Return / Interest Earned for the year ended December 31, 2024, improved to PKR. 2,808 million from PKR. 5,527 million for the comparative prior year, improving by 11% despite the decrease in the policy rate by State Bank of Pakistan (SBP). Despite of this the Bank's net markup / interest income stood at negative PKR. 1,186 million as compared to negative PKR. 204 million in the corresponding year. The main reason for this negative impact is increase in markup expense due to high cost deposit outstanding at previous year end. In current year, policy rate started declining and the maturity of said high cost deposit resulted in significant cost reduction which is evident from the post financial results. Additionally, Non-markup / interest income increased and stood at PKR. 287 million as compared to PKR. 212 million in the previous year.

As of December 31, 2024, the Bank's gross NPL ratio (Gross non-performing loans to Gross Advances) decreased to 40.50%, compared to 41.1% recorded on December 31, 2023. This improvement is primarily attributed to the recoveries from the NPL which is the strategic objective and the top priority of the Bank.

As of December 31, 2024, the Bank's deferred tax asset (net) totaled PKR. 1,700 million. In current year no additional deferred tax asset recognized by the Bank. The external auditors limit the deferred tax assets up-to PKR. 1,700 million considering the probability of availability of future taxable profits against which deductible temporary differences will be utilized.

The total asset of the Bank increased as compared to the previous year amount of PKR. 17,020 million and stood at PKR. 17,446 million as of December 31, 2024.

At the year-end, total deposits and other accounts stood at PKR. 25,674 million in comparison with PKR. 22,450 million as of December 31, 2023. As of December 31, 2024 the Bank's CASA ratio improved to 62% as compared to December 31, 2023: 58%.

The Bank continued to prudently manage its operating expenses despite soaring inflation and rupee devaluation and recorded a decrease of 3% and total non-mark up expenses were reported at PKR. 2,261 million as against PKR. 2,232 million for the prior year.

The Bank has increased its Authorized Capital from RKR 5,000,000,000/- (Rupees five billion only) to Rs.7,500,000,000 (Rupees seven billion five hundred million only).

The Shareholders approved for further issue of 135,039,028 ordinary shares at par value by way of other than right offer in the EOGM held on September 04, 2024.

Principal Risks and Uncertainties

The Directors of the Bank consider the following as key risks:

- **Interest Rate Risk:** Interest rates have risen significantly over the last year. The relationship between the prevailing policy rates and the Bank's interest spread will threaten the overall profitability of the Bank.

  Oversight on the Bank's tolerance to interest rate risk is kept through "Asset & Liability Committee – (ALCO)" which periodically monitors and determines the rates of lending and deposit products offered by the Bank.

- **Credit Risk:** The risk associated with default by customers is a significant threat to the Bank. Driven by the motivation of increasing market share, a large growth in financing is prevailing in the sector, a hefty portion of which is unsecured. The macro economic trends such as inflation, recession and currency devaluation will incapacitate the borrowers to pay back their dues leading to increased losses to the Bank.

  As part of a redefined lending strategy, the management has completely revamped its credit control procedures during the past periods. The management is fully committed to maintain a healthy credit portfolio by ensuring that all credit risks are completely covered.

- **Retention of Qualified Staff:** The importance of human capital is globally recognized. The Microfinance sector is continuously facing increasing competition owing to which the retention of qualified and skilled staff is a challenge.

  The management is committed to provide the right work environment which allows our employees to excel. The aim is to promote a culture of growth which not only rewards competence but also permits the work force to evolve.

- **Technology Risk:** The risk that the Bank may be unable to cope up with new advancements in Information Technology (IT) is quite inherent on part of better service provision to customers. The increasing competition and the dynamic needs of clients increase the importance of keeping up with technology advancements in order to provide successful solutions to the user base. Lack of innovation and progressive development in this sector may lead to loss of future business to competitors. Another aspect of this risk is the loss to the Bank from disruption to its electronic systems.

  The Bank has updated its IT system during the year to incorporate state of the art technological advancements in internet and mobile banking. Additionally, the system audit department regularly monitors, highlights and reports any unusual instances and weaknesses to the Bank's Information system.

- **Compliance and Regulation Risk:** The risk of legal or regulatory sanctions, material functional loss, a bank might suffer as a result of its failure to comply with laws, regulations and codes of conduct applicable to its banking activities.

  To mitigate the said risk the compliance division is responsible for ensuring the Bank's timely compliance with applicable guidelines and directives issued by regulatory bodies.

- **Liquidity Risk:** The risk that the Bank may be unable to meet its contractual obligations in a timely manner due to a lack of funds.

  The management performs periodic reviews of available liquidity. Funds are constantly monitored to maintain at optimal liquidity levels. The Bank also maintains a substantial portfolio of highly liquid government securities that can be realized in the event of liquidity stress.

- **Information Security Risk:** It is the risk of damage that may be caused by internal or external threats, such as un-authorized access to critical financial data, sensitive customer information, non-availability of critical services, impersonating clients and theft or alteration of information, while performing financial transactions, and loss of the Bank's sensitive electronic data and IT systems.

To mitigate the said risk IT Security Risk Management Unit caters to the regulatory requirements for IT Security Risk Management, maintains the framework that enables the Bank's Management and staff to mitigate IT security risks to acceptable levels.

- **Reputational Risk:** A loss that may arise by an activity, action, or stance taken by the Bank, any of its affiliates, or its officials that can impair its image with one or more of its stakeholders resulting in loss of business and/or decrease in the value of the Bank's shares.

  To mitigate the reputational risks various departments within the Bank, assess reputational risk associated with the Bank's activities in order to safeguard the Bank's interests at all times.

- **Environmental Risk:** Actual or potential threats of adverse effects on the environment and living organism by effluents, emissions, wastes, chemical releases, resource depletion, etc., arising out of the Bank or its clients' operational activities.

The Bank is endeavoring internally as well as externally to cater and mitigate the impact of the aforesaid risks and uncertainties.

Uncertainties That Could Affect the Bank's Resource, Revenues and Operations

Factors that may potentially affect the Bank's resource, revenues and operations are:

- Capital injection;
- Decisions on Discount Rate / Monetary policy;
- Revisions to rate of returns on deposits;
- Geo-Political risks and uncertainties across the geography that we operate in;
- Law and Order situation;
- Local Government rules and regulations;
- Inflation, fuel and general commodity prices; and
- Corporate taxation measures.

Future Outlook

The Bank has incurred loss for the year amounting to Rs. 3,100 million (2023: Rs. 3,594 million) and as at year end, its accumulated loss was Rs. 14,284 million (2023: Rs. 10,973 million). This has resulted in negative net assets of Rs. 9,433 million (2023: 6,641). 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 Rs. 500 million during the year and Rs. 500 million subsequently, in shape of share deposit money. 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 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 proactively pursuing the recovery of such advances and have recovered Rs. 330.22 million in principal from these loans in year 2024 and has also made recovery of Rs. 60.02 million subsequently. These recoveries also enable the Bank to further expand its secured advances portfolio by utilizing these recovered funds.

- **Reducing Cost of Deposits:**

  Due to the 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, 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. As a result, 34 branches have been closed during the year. 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.

Apna Paisa Mobile App

The **Apna Paisa Mobile App** has officially launched on **Google Play** and the **Apple App Store**, marking a significant milestone in the bank's digital transformation journey. Designed to enhance customer convenience, the app offers seamless account management, instant fund transfers, bill payments, and a user-friendly interface, ensuring a superior banking experience. This launch not only strengthens the bank's digital presence but also drives customer engagement, increases transaction volumes, and improves financial inclusion. By offering secure and efficient banking on the go, the Apna Paisa Mobile App enhances customer loyalty and helps the bank expand its market reach

The management 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.

The microfinance sector of Pakistan is recognized as a key player in the banking industry. The Bank is striving to provide financial services to the unbanked segment of the population while catering to high demands of customers.

By using the current technology platform, the Bank is going to create different ways of doing business to drive growth in new and existing markets. The Bank is focusing on the following major streams to generate more revenue and strengthen customer base and relationship after complying with regulatory requirements.

i. Branchless Banking Framework

By introducing the branchless banking, we can increase the reach of customer without spreading physically. This would not only increase customer base but will generate the revenue streams on all the transactions done through branchless banking agents.

ii. Issuance of Multiple schemes & Types of payment cards

Our payment switch has a capability of issuance of multiple types of cards. This can also increase the customer base. The revenue streams can also be generated through transactions as well.

iii. Point of Sale (POS)/ Acquiring Business

As per SBP and new industry dynamics, POS is one of the potential revenue streams. Our payment switch has a capability to manage the large number of POS network, but it has a cost to set up the infrastructure of acquiring business. Currently no microfinance bank is in POS acquiring business, we can have an early mover advantage with introduction of POS acquiring.

iv. Digitally quick Customer on boarding

We have a capacity of onboarding customer digitally. This would not only reduce the cost of customer onboarding but will increase the customer base resulting into more revenue generation streams.

We will continue to strive for the betterment of our revamped credit and information system in order to ensure continued transparency in the Bank's lending system. Further, the Bank shall implement a strategy of improving its profitability by greater coverage, asset performance and productivity.

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 26, 2024.

Corporate Social Responsibility

We are also committed to Corporate Social Responsibility (CSR) and integrating sound social practices in our day to day business activities. CSR is an important part of who we are and how we operate. We measure our success not only in terms of financial criteria but also in building customer satisfaction and supporting the communities we serve.

Internal Financial Controls

The Directors are aware of their responsibility with respect to internal financial controls. Through discussion with management and auditors (both internal and external), they confirm that adequate controls have been implemented by the Bank.

Corporate and Financial Reporting Framework

The Directors confirm the compliance with Corporate and Financial Reporting Framework of the Securities and Exchange Commission of Pakistan and Code of Corporate Governance for the following matters:

- The Financial Statements have been prepared by the management of the Bank and present fairly the 'state of affairs' of the Bank, the results of its operations, cash flow statement and statements of changes in equity;
- Proper books of accounts of the Bank have been maintained;
- Appropriate accounting policies as stated in the notes to the financial statements have been consistently applied for the preparation of the financial statements; accounting estimates are based on reasonable and prudent judgment;
- These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of the International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017, the requirements of the Companies Act, 2017, the Microfinance Institutions Ordinance, 2001 and the regulations / directives issued by the SECP and the SBP. Wherever the requirements of the Companies Act, 2017, the Microfinance Institutions Ordinance, 2001 or the regulations / directives issued by the SECP and the SBP differ with the requirements of IFRSs, the requirements of the Companies Act, 2017, the Microfinance Institutions Ordinance, 2001 or the requirements of the said regulations / directives shall prevail;
- The system of internal control is sound in design and has been effectively implemented and monitored. The ultimate responsibility of the effectiveness of the internal control system and its monitoring lies

with the Board. An Audit Committee has been formed for the purpose that meets periodically and independently throughout the year with the management and the internal and external auditors to discuss the effectiveness of the internal control system and other financial reporting matters. In addition, there are financial forecasts and budgetary control procedures in place, which are reviewed and monitored throughout the year to indicate and evaluate variances from the budget;

- There is no doubt about the ability of the Bank to continue as a going concern;
- Key operating and financial data of the last six years has been included in the Annual Report;
- There is no material departure from best practices of corporate governance, as detailed in listing regulations except discussed in the statement of compliance with listed companies (Code of corporate governance);
- No statutory payment has been remained outstanding on account of any taxes, duties, levies and charges.
- Details of Directors' training programs are given in the Statement of Compliance with the Code of Corporate Governance.
- The Directors, are eligible for fees and logistic expenses for attending meetings of the Board and Board Committees as approved by the Board of Directors.

Corporate Governance

The Bank is in compliance with significant requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019. The prescribed statement by the management together with the Auditors' Review Report thereon is annexed to the Annual Report.

The Directors are pleased to give the following statements required under Chapter XII - Reporting and Disclosure of the aforementioned Regulations:

1. The total number of directors are nine (08) as per the following:

Category	Number of Directors
Male Director	07
Female Director	01

2. The composition of the Board of Directors (the Board) is as follows:

Category	Names
Independent Directors	Mr. Abdul Aziz Khan Ms. Sultana Naheed
Non-Executive Directors	Mr. Muhammad Akram Shahid (Chairman) Mr. Imad Mohammad Tahir Mr. Muhammad Asghar Mr. Muhammad Saleem Shaikh Mr. Shahid Hassan Mr. Jamil Ahmed Khan
Executive Directors	The appointment of Executive Director is under process

The Board has formed committees comprising of the members given below:

AUDIT COMMITTEE

- Mr. Abdul Aziz Khan (Chairman)
- Mr. Muhammad Asghar
- Mr. Imad Mohammad Tahir
- Mr. Muhammad Saleem Shaikh
- Mr. Jamil Ahmed Khan

HUMAN RESOURCE & REMUNERATION COMMITTEE

- Mr. Imad Mohammad Tahir
- Mr. Muhammad Saleem Shaikh
- Mr. Jamil Ahmed Khan

RISK MANAGEMENT COMMITTEE OF THE BOARD

- Mr. Muhammad Asghar (Chairman)
- Mr. Muhammad Akram Shahid
- Mr. Abdul Aziz Khan
- Jamil Ahmed Khan

MONITORING COMMITTEE OF THE BOARD

- Mr. Muhammad Asghar (Chairman)
- Mr. Imad Mohammad Tahir
- Mr. Abdul Aziz Khan
- Mr. Jamil Ahmed Khan
- Mr. Muhammad Saleem Shaikh

EXECUTIVE COMMITTEE OF THE BOARD

- Mr. Muhammad Akram Shahid (Chairman)
- Mr. Shahid Hassan
- Mr. Muhammad Asghar
- Mr. Imad Mohammad Tahir

3. The Board of Directors get the remuneration in accordance with the State Bank Circular No. AC & MFD, circular no. 2 of 2019 and their Regulations. The details of which is given in Note no. 33 to the audited Financial Statements for the year ended December 31st, 2024.

Changes in the Board of Directors

During the financial year 2024, Ms. Tahira Raza resigned from her position, and Ms. Sultana Naheed was appointed as Independent Director with approval from the State Bank of Pakistan.

Additionally, Mr. Wajahat Malik resigned from his role as Executive Director, President/CEO. The process of appointing his replacement is currently underway.

The acknowledges and appreciates their valuable contributions during their tenure and welcome Ms. Sultana Naheed and looking forward to her valuable contributions.

Attendance of Directors in Board Meetings

The meetings attended by the BOD during the current year are annexed to the annual report.

Statement of Investment of Provident Fund

The Bank operates a funded provident fund scheme covering all its permanent employees. The un-audited balance of the fund as at December 31, 2024 is PKR 161 million (2023: Audited: PKR 156 million).

Related Party Disclosure

Transactions with related parties are carried at arm's length on price determined using the comparable uncontrolled price method except for those transactions which, in exceptional circumstances, are specifically approved by the Board.

Dividend and Appropriations

The Bank has neither declared a dividend nor issued bonus shares for the year due to losses

Earning/(Loss) per Share

The Basic and Diluted loss per share of the Bank after tax is PKR. 7.14 [2023: RKR. 8.31].

Audit Observations

The external auditors have drawn attention towards Note 1.2 of the financial statements for the year ended December 31, 2024 via an emphasis of matter paragraph. Attention is drawn towards the large losses for the year, hefty accumulated losses and Non-performing loan figures as a result of which the net assets are negative at the year end. These events and conditions along with other matters set forth in the above-mentioned note indicate a material uncertainty that may cast significant doubt in the Bank's ability to continue as a going concern. Further, realization of deferred tax of PKR. 1,700 million also depends on the Bank's ability to continue as a going concern.

The auditors have not modified their opinion with respect to these matters. The management has devised and is implementing a detailed plan of action to overcome the financial and operational difficulties faced by the Bank as discussed in the said note.

Auditors

The retiring auditors' **M/s RSM Avais Hyder Liaquat Nauman Chartered Accountants, Lahore**, being eligible, have offered themselves for re-appointment. The external auditors have been given a satisfactory rating under Quality Control Review of the Institute of Chartered Accountants of Pakistan (ICAP). The Audit Committee has recommended their re-appointment as auditors of the Bank for the year 2025.

Pattern of Shareholding

The pattern of shareholding as at December 31st, 2024 is annexed to the annual report.

Trading in Shares

No trading was carried out in the shares of the Bank during the year by the Directors, Chief Executive Officer, Chief Financial Officer, Company Secretary, Chief Internal Auditor or their spouses and minor children other than that has already been disclosed in the pattern of shareholding.

Events after the date of the Statement of Financial Position

There have been no material changes since December 31st, 2024. The Bank has not entered into any commitment, which would materially affect its financial position at the date.

Acknowledgement

We take this opportunity to express our gratitude to our customers and business partners for their continued support and trust and we are also thankful to our associates, staff and colleagues for their committed services provided to our valued customers.

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.

For and on behalf of Board of Directors,
The Apna Microfinance Bank Limited.

Nazish Ali
Acting President/CEO

Abdul Aziz Khan
Director

Date: March 05, 2025
Lahore

VISION

Alleviating poverty by encouraging entrepreneurship with easy access to financial services to fulfil their dreams.

MISSION

Enable people with passion and commitment to realize their dreams with easy and tailor-made financial solutions/products.

CORE VALUES

- Customers are reason for our existence.
- Treating the customer with respect and compassion
- Delivering best services through an exceptional team work
- Legal and regulatory compliance in letter and spirit helps us grow faster and makes us stronger.
- Transparency builds customer loyalty and trust.
- Merit is the sole criteria in our decision making
- Diversity ensures long term sustainability, improves decision making and is instrumental in bringing Innovative and cost-effective solutions for delivering services to the clients.

BANK'S PHILOSOPHY

"It is far better to help a poor person by teaching him how to catch a fish instead of buying him a fish."

"ALLAH HELPS THOSE WHO HELP THEMSELVES"

Micro Finance is a means to break the vicious cycle of poverty by empowering individuals to take control of their live.

Signature
(Muhammad Akram Shahid)
Chairman
Date: March 5, 2025

Micro Finance apna bank Limited

STATEMENT OF ETHICS AND BUSINESS PRACTICES, 2024
The Code of Conduct,

ETHICS AND BUSINESS PRACTICES

All employees of Apna Microfinance Bank Limited, hereafter called AMBL, are required to follow a Code of Conduct, Ethics and Business Practices in all areas of professional conduct. They must abide by the following:

Laws and Rules

- All the employees are required to comply with all the laws, rules and regulations governing AMBL, including the Bank's policies, procedures and standards, the State Bank of Pakistan and the Security and Exchange Commission of Pakistan's regulations applicable to the Bank.
- All employees must function with integrity within the scope of their authorities and follow directives given by the person(s) under whose jurisdiction they are deputed with complete honesty.
- Core value of 'Integrity' must be promoted by upholding fairness, equality and respect for all team members. Discrimination, harassment of all types, intimidation and other negative practices are strictly prohibited.
- Harassment includes any unwanted, immoral act or attitude, including abuse of authority, creating a hostile environment and retaliation to non compliance with unethical demands, which is demeaning or detrimental to work performance or the career of any employee in any capacity.
- Adherence to designated time schedules is imperative. The Bank is entitled to take disciplinary action in case of unauthorized absences.
- No employee shall indulge in any political activity, including forming or joining a political, ethnic or linguistic association; get elected to a legislative body, in Pakistan or elsewhere, or indulge in any activity detrimental to the ideology of Pakistan.
- All full-time employees must devote their entire business day to their work; avoid any outside activity that interferes with their judgment in the best interest of the Bank and its clients. The Human Resource & Recruitment Department must be informed in case an employee:
- Holds an outside directorship; carries on business activity outside; holds majority shares/interest in a public or private business; takes direct advantage of securities of a public listed company, or serves as a client's personal representative.
- No employee shall bring political or other outside pressure/ influence to bear on the authorities/superior officers or use the media with intent to induce them to act in a manner inconsistent with rules in any matter relating to the Bank.
- Employees are prohibited from any engagement outside the Bank without prior approval from the Human Resource & Recruitment Department. Employees with financial or other interest in any family business must declare in advance by writing and seek no objection.
- Employees shall not borrow from or lend personal funds or property to any Client or Vendor who has a relationship with the Bank except on market terms and conditions from financial institutions. Borrowing or lending in personal capacity within the Bank is prohibited.
- Employees shall be alert and vigilant with respect to frauds, thefts or significant illegal activity committed within the office, reporting them immediately in writing to higher authority for appropriate action to be taken. Employment or Internship Certificates can only be issued by the Human Resource & Recruitment Department. Receipts of funds can only be issued on prescribed forms.

Head Office: 23-A, Sundar Das Road, Zaman Park, Lahore - Pakistan
Tel: +92 42 36305314-15 **Fax:** +92 42 36306730
Email: info@apnabank.com.pk **Website:** www.apnabank.com.pk

Micro Finance apna bank Limited

- Disciplinary action may be taken in case of misconduct or unsatisfactory performance including breach of above mentioned rules; willful insubordination; breach of confidential material; use of drugs or alcohol; falsification of documents; violation of safety/health rules; insider trading; parallel banking; money laundering and any act detrimental to the Bank's business.

Workplace Environment

- The Bank is committed to creating and maintaining a working, learning and customer care environment, which is free from violence and has zero tolerance for violence against any employee or its property.
- Employees are not allowed to play practical jokes or pranks on each other, indulge in horseplay, or share immoral jokes with other employees or the outside world, through Apna bank email server or computer, or cell phones.
- Employees are prohibited to use, exchange, or sell intoxicants or drugs in the work place or come to work under their influence.
- Employees are required to maintain proper dress code, appear well groomed and presentable at all the time. Livery staff should be in their proper uniform. High standards of behavior and tidy work areas are to be maintained at all times.

Responsibilities towards Employer (AMBL)

- Employees must raise concerns and suspicions, in confidence, about any actual or potential illegal activity or misconduct according to the process in Whistle Blowing Policy and the Anti-Harassment Policy. Failure to do so will result in employee being deemed a party to the irregularity.
- Guidance must be sought from relevant department in case any employee receives any demand or request for information from outside party including law enforcement agencies.
- Every employee must protect the Bank's assets, physical and intellectual, and adhere to its Email and Internet Usage Policy and Acceptable Use Policy.
- Employees must maintain all records accurately and are prohibited from making any false or misleading entries, forging or tampering with signatures to compromise integrity of Bank's record.
- Employees are required to identify all conflicts of interest and declare them immediately, including all matters expected to interfere with their duty to the Bank or ability to make unbiased and objective recommendations.

Information Management

- All employees shall regard as strictly confidential any information concerning the business of the Bank which is not intended to be made public unless required to do so under the law, consulting the Human Resource & Recruitment Department in case of ambiguity about a required disclosure. Confidential information must only be shared with employees on a need to know basis consistent with their job assignments as set out in Information Security and Governance Policies.
- All customers' related information should be kept secret, used for intended purpose only and any further use should be allowed only after prior consent of the concerned customer.
- Employees should protect the privacy and confidentiality of personnel records, not sharing them inside or outside the Bank except after approval by Human Resource & Recruitment Department.

Head Office: 23-A, Sundar Das Road, Zaman Park, Lahore - Pakistan
Tel: +92 42 36305314-15 **Fax:** +92 42 36306730
Email: info@apnabank.com.pk **Website:** www.apnabank.com.pk

- Employees should not use Bank's facilities to access, download or distribute personal or social information, including any material that may pose reputational risk to the Bank. Secrecy of passwords must be maintained to prevent unauthorized access to Bank's systems. Personal use of internet and email is deemed inappropriate in the workplace. Private telephone conversations must be kept at a minimum during office hours.
- Only officially designated spokesperson, as provided under the Bank's Media Policy, may provide comments about the Bank to the media.

Relationship with and Responsibilities to Customers, Prospects and other External Constituencies

- Employees must always act fairly, equitably and objectively with all customers, prospects, suppliers and other external constituencies. Highest degree of integrity, honesty, proprietary and loyalty, towards the interest of the Bank, its customers and regulators is a must.
- Employees are not authorized to accept or agree to accept any gifts or conveyance of anything of value from any current or prospective Apna bank customers or vendors or any person who has a business relationship with the Bank with exception of the following
- Gifts that relate to commonly recognized events or occasions such as a promotion, new job, wedding, retirement etc. provided those gifts are of reasonable value.
- Gifts from a person who has a business relationship with the Bank, provided the acceptance is based on relationship existing independent of the business of the Bank and reported to the Human Resource & Recruitment Department.
- Benefits available to the general public e.g. advertising or promotional materials, and discount or rebates on merchandise or services
- Civic, charitable, educational or religious organizational awards for recognition of service or accomplishment.

Other Key Legal/Compliance Rules and Issues

- Employees are strictly prohibited to engage in insider trading, buying or selling Bank's common stocks or otherwise benefitting from sharing inside information, whether obtained through workplace or outside sources.
- AMBL fully supports the intended drive against serious crime and is committed to assisting the authorities to identify money laundering transactions and where appropriate to confiscate the proceeds of crime. Employees must follow the Anti Money Laundering Policy and Procedures.
- Violation of any of the clauses of this 'Code of Conduct and Ethics' by any employee, may lead to disciplinary proceedings culminating in punishment as per merits of the case.

Chairman
Lahore
Date: March 5, 2025

Head Office: 23-A, Sundar Das Road, Zaman Park, Lahore, Pakistan
Tel: +92 42 36305314-15 **Fax:** +92 42 36306730
Email: info@apnabank.com.pk **Website:** www.apnabank.com.pk

Micro Finance apna bank Limited

Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations)

Name of Company: Apna Microfinance Bank Limited

Year ending: December 31, 2024

The Bank has complied with the requirements of the Regulations in the following manner:

1. The total numbers of director are 8 as per the following:
a) Male: 7
b) Female: 1

2. The composition of Board is as follows:

Category	Number of Directors	Name of Directors
a) Independent Directors	2	Mr. Abdul Aziz Khan Ms. Sultana Naheed
b) Non-executive Directors	6	Mr. Muhammad Akram Shahid Mr. Imad Mohammad Tahir Mr. Jamil Ahmed Khan Mr. Muhammad Saleem Shaikh Mr. Mohammad Asghar Mr. Shahid Hassan
c) Executive Director	-	Mr. Wajahat Malik resigned during the year and appointment of executive director was in process.
d) Female Director	1	Ms. Sultana Naheed

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Bank.

4. The Bank has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the bank along with its supporting policies and procedures.

5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Bank. The Board has ensured that complete record of particulars of significant policies along with the date of approval or updating is maintained by the Bank.

Micro Finance apna bank Limited

6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by Board/ shareholders as empowered by the relevant provisions of the Companies Act, 2017 (the Act) and the Regulations.

7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of Board.

8. The Board of directors has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and the Regulations.

9. The following directors have certifications under the Directors' Training Program (DTP):

- Mr. Muhammad Akram Shahid
- Mr. Muhammad Saleem Shaikh
- Mr. Mohammad Asghar
- Mr. Jamil Ahmed Khan
- Mr. Shahid Hassan

10. The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.

11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board.

12. The Board has formed following committees comprising of the members as detailed below:

a) **Audit Committee**

Mr. Abdul Aziz Khan	Chairman
Mr. Mohammad Asghar	Member
Mr. Imad Mohammad Tahir	Member
Mr. Muhammad Saleem Shaikh	Member
Mr. Jamil Ahmed Khan	Member

b) **Executive Committee**

Mr. Muhammad Akram Shahid	Chairman
Mr. Shahid Hassan	Member
Mr. Mohammad Asghar	Member
Mr. Imad Mohammad Tahir	Member

Micro Finance apna bank Limited

c) Human Resource and Remuneration Committee

Mr. Imad Mohammad Tahir	Member
Mr. Jamil Ahmed Khan	Member
Mr. Muhammad Saleem Shaikh	Member

d) Risk Management Committee

Mr. Mohammad Asghar	Chairman
Mr. Muhammad Akram Shahid	Member
Mr. Jamil Ahmed Khan	Member
Mr. Abdul Aziz Khan	Member

e) Monitoring Committee

Mr. Mohammad Asghar	Chairman
Mr. Imad Mohammad Tahir	Member
Mr. Abdul Aziz Niazi	Member
Mr. Muhammad Saleem Sheikh	Member
Mr. Jamil Ahmed Khan	Member

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.

14. The frequency of meetings of the committee referred above was as under:

a) Audit Committee	Quarterly
b) Executive Committee	half yearly
c) HR and Remuneration Committee	half yearly
d) Risk Management Committee	half yearly
e) Monitoring Committee	half yearly

15. The Board has set up an effective internal audit function, which are considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Bank.

16. The statutory auditors of the Bank have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP) and registered with Audit Oversight Board of Pakistan, that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent,

dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or any director of the Bank.

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

18. We confirm that all requirements 3,6,7,8,27,32,33 and 36 of the regulations have been complied with except that;

- the number of independent directors of the Bank are less than one third of the total number of directors;
- Six Board and Audit Committee meetings were held in two quarters of the year;
- Chairman of the Human Resource and Remuneration Committee will be appointed in due course.

19. Explanation for non-compliance with requirements, other than regulations 3,6,7,8,27,32,33 and 36 are submitted.

- Certain remaining policies will be developed in due course;
- Formation of nomination committee is under consideration of the Board;
- Directors Training Program will be arranged in due course for remaining directors and other executives.

For, Apna Microfinance Bank Limited

Signature
(Muhammad Akram Shahid)
Chairman
Date: March 5, 2025

Apna Microfinance Bank Limited
Audited Annual Financial Statements
For the Year Ended December 31, 2024

RSM Avais Hyder Liaquat Nauman
Chartered Accountants

Avais Chambers, 1/ C- 5
Sikander Malhi Road, Canal Park
Gulberg II, Lahore, Pakistan

T: +92 (42) 3587 2731- 3
F: +92 (42) 3587 2734

lahore@rsmpakistan.pk
www.rsm.global/pakistan

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF APNA MICROFINANCE BANK LIMITED
REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the annexed financial statements of Apna Microfinance Bank Limited (the Bank), which comprise the statement of financial position as at December 31, 2024, and the statement of profit and loss account, the statement of comprehensive income, the statement of changes in equity, the cash flow statement for the year then ended, and notes comprising material accounting policy information and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit and loss account, the statement of comprehensive income, the statement of changes in equity and the cash flow statement together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), the Microfinance Institutions Ordinance, 2001 and the directives issued by the Securities and Exchange Commission of Pakistan (SECP) and the State Bank of Pakistan (SBP) in the manner so required and respectively give a true and fair view of the state of the Bank's affairs as at December 31, 2024 and of the loss, the comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty relating to Going Concern – Emphasis of matters

We draw attention towards Note 1.2 to the financial statements which states that the Bank has incurred loss amounting to Rs. 3,100 million (2023: Rs. 3,594 million) during the year and as at the year end, its accumulated loss was Rs. 14,284 million (2023: Rs. 10,973 million). This has resulted in negative net assets of Rs. 9,433 million (2023: Rs. 6,641 million).

These events and conditions, along with other matters as set forth in the said note, indicate a material uncertainty that may cast significant doubt on the Bank's ability to continue as a going concern. The Bank's ability to continue as a going concern is dependent upon successful implementation of the plan as disclosed in the said note and support from the sponsors. Realization of deferred tax asset of Rs. 1,700 million also depends on the Bank's ability to continue as a going concern. Our opinion is not modified with respect to these matters.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matters described in the Material Uncertainty Related to Going Concern - emphasis of matter Section of our report, we have determined following Key audit matters:

Sr. No.	Key Audit Matter	How our audit addressed the key audit matter
1)	**Provision against advances**	
	(Refer note 8 to the annexed financial statements). The Bank makes provision against advances on a time-based criteria and subjective assessment criteria which considers the evaluation of the credit worthiness of borrowers, history of recovery, restructuring, subsequent recovery, expected credit loss and other related factors. The determination of provision against advances involves significant judgement and estimation and provision is made on the basis of best estimate. Because of the significance of the impact of these judgements/ estimations and the materiality of advances relative to the overall financial position of the Bank, we considered the area of provision against advances and suspension of related mark up as a Key Audit Matter.	Our audit procedures, included, amongst others, the following procedures: • an understanding of the design and implementation of the accounting and internal control systems relevant to advances; • checked the governance and approval process related to provisions, including continuous reassessment by the management, recovery and restructuring process etc. • A sample of advances accounts was selected for following substantive procedures: • checked repayments of advances / mark-up installments and tested classification of nonperforming advances based on the number of days overdue; and • evaluated the management's assessment for classification of advances as performing or non-performing based on review of relevant particulars.

RSM

		• checked the specific provision and general provision made in accordance with the relevant accounting and regulatory requirements. • checked suspension of markup related to non-performing advances; • checked disclosure related to advances in the financial statements were checked.
2)	**Deposits and other accounts and related mark-up expense**	
	Refer note 14 to the financial statements. Deposits and other accounts represent major part of liabilities of the bank and related mark-up expense is also significant. Considering the materiality of this account balance and nature of activities of the Bank, these deposits and other accounts were considered as a Key Audit Matter.	Our audit procedures, included, amongst others, the following procedures: - obtained an understanding of the design and implementation of the accounting and internal control systems relevant to deposits and other accounts; - obtained party-wise detail of all these deposit accounts; - balance confirmation requests and reminders were sent to the selected parties; - the responses received were compared with the information as per financial record of the bank; - alternate audit procedures were performed to verify the balances where no reply was received in response to our balance confirmation requests; - calculation of mark-up on selected sample was re-performed; - checked disclosures related to these accounts in the financial statements;

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017(XIX of 2017), the Microfinance Institutions Ordinance, 2001 and the directives issued by the SECP and SBP and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Board of directors is responsible for overseeing the Bank's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide to the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

a) proper books of account have been kept by the Bank as required by the Companies Act, 2017 (XIX of 2017);

b) the statement of financial position, the statement of profit and loss account, the statement of comprehensive income, the statement of changes in equity and the cash flow statement together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017), the Microfinance Institutions Ordinance, 2001 and the directives issued by the SECP and the SBP. These are in agreement with the books of account and returns;

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Bank's business; and

d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980) was deducted by the Bank and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditor's report is Syed Naveed Abbas.

RSM AVAIS HYDER LIAQUAT NAUMAN
CHARTERED ACCOUNTANTS

Place: Lahore
Date:
UDIN: AR20241023950UZRvaqD

APNA MICROFINANCE BANK LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2024

	Note	2024 Rupees	2023 Rupees
ASSETS			
Cash and balances with treasury banks	5	1,645,885,474	2,003,589,450
Balances with other MFBs/Banks/NBFIs	6	2,067,975,843	2,388,034,342
Investments	7	1,873,476,171	1,253,744,740
Advances	8	8,195,981,631	7,613,667,085
Property and equipment	9	557,130,528	651,620,338
Right-of-use assets	10	421,806,211	404,201,211
Intangible assets	11	148,345,561	157,473,033
Deferred tax asset	12	1,700,000,000	1,700,000,000
Other assets	13	835,018,111	847,272,411
Total Assets		17,445,619,530	17,019,602,610
LIABILITIES			
Bills payable - in Pakistan		69,677,100	76,870,384
Deposits and other accounts	14	25,674,402,711	22,449,764,944
Lease liabilities	15	582,357,105	510,706,239
Other liabilities	16	551,887,100	623,063,098
Total liabilities		26,878,324,016	23,660,404,665
NET ASSETS		(9,432,704,486)	(6,640,802,055)
REPRESENTED BY:			
Share capital	17	4,289,849,620	4,289,849,620
Discount on issue of shares		(1,335,963,831)	(1,335,963,831)
Share deposit money	18	1,850,390,279	1,350,390,279
Statutory reserve		22,078,496	22,078,496
Depositors' protection fund		5,519,624	5,519,624
Fair value reserve on investments	7	19,027,605	-
Accumulated loss		(14,283,606,279)	(10,972,676,243)
Total Capital		(9,432,704,486)	(6,640,802,055)
CONTINGENCIES AND COMMITMENTS	19	-	-

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

Acting President / CEO	Chief Financial Officer	Chairman	Director	Director

APNA MICROFINANCE BANK LIMITED
STATEMENT OF PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED DECEMBER 31, 2024

	Note	2024 Rupees	2023 Rupees
Mark-up / Return / Interest Earned	20	2,808,827,545	2,526,908,227
Mark-up / Return / Interest Expensed	21	(3,994,479,994)	(2,731,115,695)
Net mark-up/Interest loss		(1,185,652,449)	(204,207,468)
NON MARK-UP/NON INTEREST INCOME			
Fee and commission income		223,280,094	154,042,505
Other Income	22	64,536,432	58,027,559
Total non mark-up/non interest Income		287,816,526	212,070,064
Net (Loss) / income		(897,835,923)	7,862,596
NON MARK-UP/NON INTEREST EXPENSES			
Operating expenses	23	(2,199,224,062)	(2,261,434,587)
Other charges	25	(909,617)	(1,728,946)
Total non mark-up/non interest expenses		(2,200,133,679)	(2,263,163,533)
Loss before credit loss allowance		(3,097,969,602)	(2,255,300,937)
Credit loss allowance and write offs - net	26	35,371,869	(1,305,003,940)
Loss before levy and taxation		(3,062,597,733)	(3,560,304,877)
Minimum tax differential - levy	27	(37,394,419)	(33,511,884)
Loss for the year before taxation		(3,099,992,152)	(3,593,816,761)
Provision for taxation			
- Current	28	-	-
- Deferred	28	-	-
		-	-
Loss for the year		(3,099,992,152)	(3,593,816,761)
Loss per share - basic and diluted	29	(7.14)	(8.38)

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

Acting President /CEO	Chief Financial Officer	Chairman	Director	Director

APNA MICROFINANCE BANK LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2024

	2024 Rupees	2023 Rupees
Loss for the year	(3,099,992,152)	(3,593,816,761)
Other comprehensive income		
Items that may be reclassified to profit and loss account in subsequent periods:		
Fair value gain on investments	19,027,605	-
Total comprehensive loss for the year	(3,080,964,547)	(3,593,816,761)

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

Acting President / CEO   Chief Financial Officer   Chairman   Director   Director

APNA MICROFINANCE BANK LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2024

	Capital Reserves					Revenue Reserve		
	Share capital	Discount on issue of shares	Share deposit money	Statutory reserve	Depositors' protection fund	Accumulated loss	Fair value reserve on investments	Total
	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)
Total comprehensive loss for the year								
Loss for the year	-	-	-	-	-	(3,593,816,761)	-	(3,593,816,761)
Other comprehensive income	-	-	-	-	-	-	-	-
	-	-	-	-	-	(3,593,816,761)	-	(3,593,816,761)
Transactions with owners recorded directly in equity								
Share deposit money received	-	-	1,000,000,003	-	-	-	-	1,000,000,003
Balance as at December 31, 2023 as previously reported	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)
Impact of IFRS 9 adoptation	-	-	-	-	-	(210,937,884)	-	(210,937,884)
Total comprehensive loss / income for the year								
Loss for the year	-	-	-	-	-	(3,099,992,152)	-	(3,099,992,152)
Other comprehensive income								
Fair value gain on investments	-	-	-	-	-	-	19,027,605	19,027,605
	-	-	-	-	-	(3,099,992,152)	19,027,605	(3,080,964,547)
Transactions with owners recorded directly in equity								
Share deposit money received	-	-	500,000,000	-	-	-	-	500,000,000
Balance as at December 31, 2024	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	(9,432,704,486)

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

Acting President / CEO

Chief Financial Officer

Chairman

Director

Director

APNA MICROFINANCE BANK LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2024

	Note	2024 Rupees	2023 Rupees
A) CASH FLOW FROM OPERATING ACTIVITIES			
Loss before levy and taxation		(3,062,597,733)	(3,560,304,877)
Adjustments for non-cash charges			
Depreciation of operating fixed assets	23	83,285,086	90,746,320
Depreciation on right of use assets	23	192,056,041	246,966,148
Amortization of intangible assets	23	9,127,472	9,478,133
Credit loss allowance	26	(28,997,706)	1,311,581,077
Markup on lease liabilities	21	121,922,816	53,437,238
Gain on disposal of right of use asset		-	(2,280,916)
Assets written off	23	11,975,289	-
Gain on disposal of operating fixed asset	22	(4,147,600)	(1,632,163)
		385,221,398	1,708,295,837
Operating cash flows before working capital changes		(2,677,376,335)	(1,852,009,040)
Changes in working capital			
(Increase)/decrease in operating assets			
Advances		(764,254,724)	451,829,406
Other assets		97,432,059	(68,819,127)
Increase/(decrease) in operating liabilities			
Bills payable - in Pakistan		(7,193,284)	-
Deposits		3,224,637,767	(156,579,606)
Other liabilities		(71,175,998)	214,962,006
		2,479,445,820	441,392,679
Cash flows from operations		(197,930,515)	(1,410,616,361)
Income tax paid		(122,572,178)	(109,296,991)
Net cash flows from operating activities		(320,502,693)	(1,519,913,352)
B) CASH FLOW FROM INVESTING ACTIVITIES			
Investments (made) / realized in securities		(600,703,826)	1,212,498,506
Additions in operating fixed assets		(6,773,010)	(4,814,328)
Repayment of lease liabilities		(259,932,991)	(256,249,884)
Proceeds from disposal of operating fixed assets		10,150,045	3,017,000
Net cash flows from investing activities		(857,259,782)	954,451,294
C) CASH FLOW FROM FINANCING ACTIVITIES			
Share deposit money received		500,000,000	1,000,000,003
Net cash flows from financing activities		500,000,000	1,000,000,003
(Decrease) / Increase in cash and cash equivalents (A+B+C)		(677,762,475)	434,537,945
Cash and cash equivalents at the beginning of the year		4,391,623,792	3,957,085,847
Cash and cash equivalents at the end of the year	24	3,713,861,317	4,391,623,792

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

Acting 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 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 (2023: 106 business locations comprising of 105 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. Detail of business locations of the Bank is given in Note 37.

1.2 The Bank has incurred loss for the year amounting to Rs. 3,100 million (2023: Rs. 3,594 million) and as at year end, its accumulated loss was Rs. 14,284 million (2023: Rs. 10,973 million). This has resulted in negative net assets of Rs. 9,433 million (2023: Rs. 6,641 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 year and Rs. 500 million subsequently, in shape of share depoist money. 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 proactively pursuing the recovery of such advances, and have recoevred Rs. 330.22 million in principal from these loans in year 2024 and has also made recovery of Rs. 60.02 million subsequently. 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. As a result, 34 branches have been closed during the year. 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

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.

SBP has prescribed revised format of financial statements for microfinance bank limited vide its Circular No. 03 of 2023 dated February 09, 2023 effective from the accounting period ending Decemeber 31, 2024. The preparation of these financial statements in accordance with the revised format have resulted in some additional disclosures in the financial statements in the financial statements and some significant rearrangements and nomenclature changes as disclosed in Note 42.1.

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

2.4 Critical accounting estimates and judgements

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

The estimates / judgments and associated assumptions are reviewed on an ongoing basis. Revisions to the accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of revision and in future periods if the revision affects both current and future periods. The estimates, judgments and assumptions that have significant effect on the financial statements are as follows:

- Classification and valuation of investments (Note 4.5 & 7)
- Provision against non-performing advances (Note 4.6 & 8)
- Residual values and useful lives of assets and methods of depreciation/amortization (Note 4.10 &
- Recognition of current and deferred taxation (Note 4.13, 11 & 12)

2.5 IFRS 09 – Impairment losses on financial assets

The measurement of impairment under IFRS 9 involves complex estimations and requires the application of significant judgment. Since impairment is based on future credit risk developments, the process relies on forecasting economic conditions, borrower behavior, and potential recoveries from collateral or guarantees. Changes in these underlying assumptions can materially affect the amount of impairment recognized.

These judgments and estimates include:

- Classification of financial assets for collective ECL assessment based on shared risk
- Establishment of criteria to identify significant increases in credit risk.
- Analysis of relationships between macroeconomic scenarios and economic inputs.
- Identification of forward-looking macroeconomic scenarios and assignment of probability weightings for ECL estimation.
- Design of models, selection of formulas, and determination of key input variables.
- Application of judgment-based adjustments to address emerging risks not fully captured by statistical models.

The Bank adopts a robust approach to ECL estimation, regularly updating its models and methodologies to ensure they remain aligned with evolving market conditions and regulatory requirements.

3 STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS

3.1 Standards, amendments to standards and interpretations becoming effective in current year

The following standards, amendments to standards and interpretations have been effective and are mandatory for financial statements of the Bank for the periods beginning on or after January 01, 2024 and therefore, have been applied in preparing these financial statements.

i. IAS 1 – Presentation of Financial Statements

The International Accounting Standards Board (IASB) has issued 'Classification of Liabilities as Current or Non-current (Amendments to IAS 1)' providing a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendments in Classification of Liabilities as Current or Non-current (Amendments to IAS 1) affect only the presentation of liabilities in the statement of financial position — not the amount or timing of recognition of any asset, liability income or expenses, or the information that entities disclose about those items. They:

- clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the "right" to defer settlement by at least twelve months and make explicit that only rights in place "at the end of the reporting period" should affect the classification of a liability;

- clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability; and

- make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The IASB has further modified the requirements introduced by 'Classification of Liabilities as Current or Non-current' on how an entity classifies debt and other financial liabilities as current or non-current in particular circumstances. Only covenants with which an entity is required to comply on or before the reporting date affect the classification of a liability as current or non-current. In addition, an entity has to disclose information in the notes that enables users of financial statements to understand the risk that non-current liabilities with covenants could become repayable within twelve months.

The amendments are to be applied retrospectively in accordance with IAS 8. Application of these amendments has no significant impact on the Bank's financial statements.

ii. IAS 7 – Statement of Cash Flows and IFRS 7 – Financial Instruments: Disclosures

The IASB has published 'Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)' to add disclosure requirements, and 'signposts' within existing disclosure rquirements, that ask entities to provide qulaitative and quantitative information about supplier finance arrangements. The amendments in Supplier Finance Arrangements:

- Do not define supplier finance arrangements, Instead, the amendments describe the characteristics of an arrangement for which an entity is required to provide the information. The amendments note that arrangements that are solely credit enhancements for the entity or instruments used by the entity to settle directly with a supplier the amounts owed are not supplier finance arrangements.

- Add two disclosure objectives, Entities will have to disclose in the notes information that enables users of financial statements:
  - to assess how supplier finance arrangements affect an entity's liabilities and cash flows, and;

- to understand the effect of supplier finance arrangements on an entity's exposure to liquidity risk and how the entity might be affected if the arrangements were no longer available to it.

- Complement current requirements in IFRSs by adding additional disclosure requirements about:

  - the terms and conditions of the supplier finance arrangements;

  - for the arrangements, as at the beginning and end of the reporting period:

    a) the carrying amounts of financial liabilities that are part of the arrangement and the associated line item presented;

    b) the carrying amount of financial liabilities disclosed under a) for which suppliers have already received payment from the finance providers;

    c) the range of payment due dates (for example, 30 to 40 days after the invoice date) of financial liabilities disclosed under a) and comparable trade payables that are not part of a supplier finance arrangement; and

  the type and effect of non-cash changes in the carrying amounts of the financial liabilities that are part of the arrangement. The IASB decided that, in most cases, aggregated information about an entity's supplier finance arrangements will satisfy the information needs of users of financial statements.

- Add supplier finance arrangements as an example within the liquidity risk disclosure requirements in IFRS 7.

Application of these amendments has no significant impact on the Bank's financial statements.

iii. IFRS 16 Leases

The IASB has issued amendments for 'Lease Liability in Sale and Leaseback' that clarify how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the rquirements in IFRS 15 to be accounted for sale.

As these amendments require a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss that relates to the right of use it retains. The new requirements do not prevent a seller-lessee from recognising in profit or loss any gain or loss relating to the partial or full termination of a lease. The amendments also include one amended and one new illustrative example.

Application of these amendments has no significant impact on the Bank's financial statements.

3.2 Standards, amendments to standards and interpretations becoming effective in the current year but not relevant

There are certain new standards, amendments to standards and interpretations that became effective during the year and are mandatory for accounting periods of the Bank beginning on or after January 01, 2024 but are considered not to be relevant to the Bank's operations and are, therefore, not disclosed in these financial statements.

3.3 Standards, amendments to standards and interpretations becoming effective in future periods

The following standards, amendments to standards and interpretations have been published and are mandatory for the Bank's accounting periods beginning on or after the effective dates specified therein.

i. IFRS 7 — Financial Instruments: Disclosures and IFRS 9 — Financial Instruments

A The IASB has issued 'Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)' to address matters identified during the post-implementation review of the classification and measurement requirements of IFRS 9 'Financial Instruments'. The amendments are:

- Derecognition of a financial liability settled through electronic transfer: The amendments to the application guidance of IFRS 9 permit an entity to deem a financial liability (or part of it) that will be settled in cash using an electronic payment system to be discharged before the settlement date if specified criteria are met. An entity that elects to apply the derecognition option would be required to apply it to all settlements made through the same electronic payment system.

- Classification of financial assets:

  - Contractual terms that are consistent with a basic lending arrangement. The amendments to the application guidance of IFRS 9 provide guidance on how an entity can assess whether contractual cash flows of a financial asset are consistent with a basic lending arrangement. To illustrate the changes to the application guidance, the amendments add examples of financial assets that have, or do not have, contractual cash flows that are solely payments of principal and interest on the principal amount outstanding.

  - Assets with non-recourse features. The amendments enhance the description of the term 'non-recourse'. Under the amendments, a financial asset has non-recourse features if an entity's ultimate right to receive cash flows is contractually limited to the cash flows

  - Contractually linked instruments. The amendments clarify the characteristics of contractually linked instruments that distinguish them from other transactions. The amendments also note that not all transactions with multiple debt instruments meet the criteria of transactions with multiple contractually linked instruments and provide an example. In addition, the amendments clarify that the reference to instruments in the underlying pool can include financial instruments that are not within the scope of the classification requirements.

- Disclosures:

  - Investments in equity instruments designated at fair value through other comprehensive income. The requirements in IFRS 7 are amended for disclosures that an entity provides in respect of these investments. In particular, an entity would be required to disclose the fair value gain or loss presented in other comprehensive income during the period, showing separately the fair value gain or loss that relates to investments derecognised in the period and the fair value gain or loss that relates to investments held at the end of the period.

  - Contractual terms that could change the timing or amount of contractual cash flows. The amendments require the disclosure of contractual terms that could change the timing or amount of contractual cash flows on the occurrence (or non-occurrence) of a contingent event that does not relate directly to changes in a basic lending risks and costs. The requirements apply to each class of financial asset measured at amortised cost or fair value through other comprehensive income and each class of financial liability measured at amortised cost.

B The International Accounting Standards Board (IASB) has issued 'Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7)'. The amendments are:

- the own-use requirements in IFRS 9 are amended to include the factors an entity is required to consider when applying IFRS 9:2.4 to contracts to buy and take delivery of renewable electricity for which the source of production of the electricity is nature-dependent; and
- the hedge accounting requirements in IFRS 9 are amended to permit an entity using a contract for nature-dependent renewable electricity with specified characteristics as a hedging instrument:
  - to designate a variable volume of forecast electricity transactions as the hedged item if specified criteria are met; and
  - to measure the hedged item using the same volume assumptions as those used for the hedging instrument.
- The IASB amends IFRS 7 and IFRS 19 to introduce disclosure requirements about contracts for nature-dependent electricity with specified characteristics.

The amendments are effective for reporting periods beginning on or after 1 January 2026. Application of these amendments is not expected to have any significant impact on the Bank's financial statements.

ii. IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information

The ISSB has published IFRS S1 'General Requirements for Disclosure of Sustainability-related Financial Information'. IFRS S1 sets out overall requirements with the objective to require an entity to disclose information about its sustainability-related risks and opportunities that is useful to the primary users of general purpose financial reports in making decisions relating to providing resources to the entity. The application of this stanadard is deferred by SECP and will become effective for different categories of companies in three phases starting from July 01, 2025.

The application of this standard will result in some additional disclosures in the Bank's financial statements in respect of sustainablity related infromation.

iii. IFRS S2 Climate-related Disclosures

The International Sustainability Standards Board (ISSB) has published IFRS S2 'Climate-related Disclosures'. IFRS S2 sets out the requirements for identifying, measuring and disclosing information about climate-related risks and opportunities that is useful to primary users of general purpose financial reports in making decisions relating to providing resources to the entity. The application of this stanadard is deferred by SECP and will be effective to companies in three phases starting from July 01, 2025

The application of this standard will result in some additional disclosures in the Bank's financial statements in respect of climate related information.

3.4 Standards, amendments to standards and interpretations becoming effective in future periods but not relevant

There are certain new standards, amendments to standards and interpretations that are effective from different future periods as specified therin, but are considered not to be relevant to the Bank's operations, therefore, not disclosed in these financial statements.

3.5 Standards issued by IASB but not applicable in Pakistan

Following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan:

IFRS 1 - First-time adoption of International Financial Reporting Standards
IFRS 18 - Presentation and Disclosures in Financial Statements
IFRS 19 - Subsidiaries without Public Accountability: Disclosures

4 MATERIAL ACCOUNTING POLICY INFORMATION

The principal accounting policies adopted and applied in the preparation of these financial statements are set out below:

4.1 Financial instruments

4.1.1 Recognition and Initial Measurement

Financial assets and liabilities, other than loans and advances to customers and customer deposits, are recognized on the trade date—the date on which the Bank becomes a party to the contractual provisions of the instrument. Loans and advances to customers are recognized upon disbursement of funds into customers' accounts, whereas balances due to customers are recorded when deposits or other funds are received by the Bank.

Financial assets and liabilities are initially recorded at fair value. Transaction costs directly attributable to the acquisition or issuance of financial assets and liabilities are included in their initial measurement, except for financial assets and liabilities measured at Fair Value Through Profit or Loss (FVPL), where such costs are recognized immediately in profit or loss.

4.1.2 Classification of Financial Assets and Fianancial Liabilities

Classification of Financial Assets

The Bank classifies financial assets based on the business model under which they are managed and their contractual cash flow characteristics. The classification determines subsequent measurement as follows:

- **Amortized Cost:** Financial assets held within a business model to collect contractual cash flows, where cash flows solely represent payments of principal and interest (SPPI test).
- **Fair Value Through Other Comprehensive Income (FVOCI):** Debt instruments held within a business model that aims to both collect contractual cash flows and sell financial assets, subject to passing the SPPI test.
- **Fair Value Through Profit or Loss (FVPL):** Financial assets that do not meet the criteria for amortized cost or FVOCI.

Derivative instruments and trading portfolios are measured at FVPL. The Bank may also designate certain financial instruments at FVPL to eliminate accounting mismatch.

Classification of Financial Assets

Financial liabilities, other than loan commitments and financial guarantees, are measured at amortized cost or at FVPL when they are held for trading and derivative instruments or the fair value designation is applied.

Business Model Assessment

The Bank evaluates its business model based on how it manages financial assets to achieve its objectives, considering factors such as:

The risks affecting the performance of the business model and how these risks are managed.

The compensation structure of the Bank's management (e.g., whether compensation is based on the fair value of assets managed or the cash flows collected).

Additionally, the Bank evaluates the expected frequency, value, and timing of sales. This assessment is made using reasonable expectations and does not consider extreme scenarios.

SPPI Test

The Bank assesses whether the contractual terms of each financial asset meet the SPPI criteria. If contractual cash flows expose the financial asset to equity price risk, commodity risk, or other factors, it fails the SPPI test and is measured at FVPL.

Balance with Banks, Advances to Customers, and Investments

The Bank measures Balance with banks, Advances to customers, and Investments at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model aimed at collecting contractual cash flows.
- The asset's contractual terms result in cash flows that are solely payments of principal and interest (SPPI) on the outstanding principal amount.

Debt Instruments at FVOCI

The Bank classifies debt instruments at FVOCI when:

- The asset is held within a business model that aims to collect contractual cash flows and sell financial assets.
- The asset satisfies the SPPI test.

These debt instruments are subsequently measured at fair value, with changes in fair value recognized in Other Comprehensive Income. Interest income and foreign exchange gains and losses are recognized in profit or loss. Upon derecognition, any cumulative gains or losses in OCI are reclassified to profit or loss.

Deposits and other accounts

After initial recognition, deposits are measured at amortized cost. This measurement includes any discounts or premiums and any costs that are an integral part of the effective interest rate.

4.1.3 Modification, Reclassification Derecognition of Financial Instruments

Modification of Financial Assets

A financial asset is considered modified when the contractual terms are renegotiated. If such modifications result in substantially different terms, the original asset is derecognized, and a new financial asset is recognized, with the difference between the original carrying amount and the fair value of the modified asset recognized in profit or loss.

Modification of Financial Liabilities

A financial liability is derecognized when its contractual terms are substantially modified. A modification is considered substantial if the discounted present value of the revised cash flows, using the original effective interest rate, differs by **10% or more** from the original carrying amount. In such cases, the original liability is derecognized, and a new liability is recognized, with the difference between the carrying amounts recognized in profit or loss.

If the modification does not result in a difference of **10% or more** in the discounted present value of the revised cash flows, the modification is deemed non-substantial. The liability is not derecognized, but adjusted, with any changes accounted for using the **effective interest rate method**, without recognizing a gain or loss.

Reclassification of Financial Assets and Liabilities

The Bank does not reclassify financial assets after initial recognition except in rare cases where its business model changes. In such instances, reclassification is applied prospectively from the date of the business model change.

Financial liabilities, however, cannot be reclassified after initial recognition.

Derecognition of Financial Assets and Liabilities

Financial assets are derecognized when the rights to receive cash flows from the asset have expired, or when the Bank transfers substantially all risks and rewards of ownership of the asset.

Financial liabilities are derecognized when the liability is discharged, cancelled, expires or when a financial liability is modified substantially.

4.1.4 Impairment of financial assets

Overview of the ECL principles

The Bank recognizes impairment losses on financial assets using the Expected Credit Loss (ECL) model as prescribed under IFRS 9. This model requires the Bank to account for expected credit losses at all times, rather than only recognizing losses when they are incurred. The ECL framework applies to all financial assets measured at amortized cost or fair value through other comprehensive income (FVOCI). Financial assets measured at fair value through profit or loss and equity instruments are not subject to impairment under IFRS 9.

The Bank's ECL model is forward-looking and incorporates both historical data and reasonable and supportable forecasts of future economic conditions. The Bank calculates ECLs based on the probability of default (PD), loss given default (LGD), and exposure at default (EAD), considering the time value of money.

Staging of Financial Assets

The Bank classifies its financial assets into three stages based on the increase in credit risk since initial recognition:

- **Stage 1:** Financial assets with no significant increase in credit risk since initial recognition. For these assets, the Bank recognizes a 12-month ECL, which represents the portion of lifetime ECLs that result from default events possible within the next 12 months.
- **Stage 2:** Financial assets that have experienced a significant increase in credit risk since initial recognition but are not yet credit-impaired. For these assets, the Bank recognizes a lifetime ECL, reflecting the expected credit losses over the remaining life of the asset.
- **Stage 3:** Financial assets that are credit-impaired. For these assets, the Bank recognizes a lifetime ECL with a 100% probability of default..

Staging criteria

The Bank considers a financial asset to have significantly deteriorated in credit quality based on specific risk indicators, primarily using the Days Past Due (DPD) criterion under IFRS 9. A general loan is classified as significantly deteriorated if it is 30 days or more past due, while a microenterprise or housing loan meets this criteria if it is 90 days or more past due.

Measurement of Expected Credit Losses

The Bank measures ECLs based on the following key components:

- **Probability of Default (PD):** The likelihood that a borrower will default on its obligations within a specified time horizon. The Bank uses historical default data, adjusted for forward-looking information, to estimate PDs.
- **Loss Given Default (LGD):** The expected loss in the event of default, expressed as a percentage of the exposure at default (EAD). LGD considers the recovery value of collateral and other credit enhancements.
- **Exposure at Default (EAD):** The expected exposure at the time of default, taking into account future drawdowns, repayments, and other changes in the exposure.

Expected credit loss is a product of: Probability of default x Loss given default x Exposure at default

The Bank calculates Expected Credit Losses (ECLs) using a probability-weighted approach, incorporating three economic scenarios: a base case (70% weightage), and best-case and worst-case scenarios (15% weightage each) to capture a range of possible outcomes. The ECL is then discounted to its present value using the weightage average Effective Interest Rate (EIR) for each segment/group.

Forward-Looking Information

The Bank incorporates forward-looking information into its ECL models to reflect the impact of future economic conditions on credit risk. This includes macroeconomic variables such as GDP growth and unemployment rates. The Bank regularly updates its economic forecasts from reliabile sources and adjusts its ECL estimates accordingly. A time horizon of at least five years will be considered from the assessment date.

Credit Enhancements and Collateral

The Bank considers the impact of collateral and other credit enhancements when calculating Expected Credit Losses (ECLs). However, due to the complexities associated with realizing non-liquid collateral, the Bank does not factor in recoveries from such collateral for credit exposures in Stage 1 and Stage 2, in line with SBP guidelines. Similarly, for credit exposures in Stage 3, the Bank also excludes recoveries from non-liquid collateral.

The Bank will consider only those collaterals as eligible collateral, which have following

- Legal certainty and enforceability
- History of enforceability and recovery

Write-Offs and Recoveries

The Bank writes off financial assets, either partially or fully, when it determines that there is no realistic prospect of recovering the outstanding balance or a portion of it. In cases where the write-off amount exceeds the existing loss allowance, the shortfall is first recognized as an additional provision before being applied to reduce the asset's gross carrying value. Any recoveries made afterward are recorded as a reversal of credit loss expenses.

Additionally, the Bank adheres to the Prudential Regulations issued by SBP, which require loans to be written off 30 days after being classified as a loss.

Government-Guaranteed Exposures

The credit exposure (in local currency) that have been guaranteed by the Government and government securities are exempted from the application of the ECL model and would not require provisioning due to exemption available under IFRS instructions issued by SBP through circular no. 3 of 2022 dated July 05, 2022.

Purchased or Originated Credit-Impaired (POCI) Assets

For POCI assets, the Bank recognizes only the cumulative changes in lifetime ECLs since initial recognition. Interest income on POCI assets is recognized based on the credit-adjusted effective interest rate (EIR).

Prudential regulation and IFRS 9

For Stage 1 and Stage 2 financial assets, the Bank determines provisions based on IFRS 9 modeling. However, for Stage 3 assets, the Bank recognizes the higher of the ECL calculated under IFRS 9 or the Prudential Regulations (PRs) issued by SBP.

Additionally, as per BPRD Circular Letter No. 01 of 2025, issued on January 22, 2025, financial institutions are allowed to maintain general reserves or provisions exceeding the ECL requirements for Stage 1 and Stage 2 assets, up to December 31, 2026.

Regular Monitoring and Review

The Bank regularly monitors and reviews its ECL models, assumptions, and inputs to ensure they remain appropriate and reflective of current and expected future conditions.

4.2 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are set off and the net amount is reported in the financial statements when there is a legally enforceable right to set off the recognized amount and the Bank intends either to settle the assets and liabilities on a net basis or to realize the assets and to settle the liabilities simultaneously. Income and expense items of such assets and liabilities are also off-set and the net amount is reported in the financial statements.

4.3 Derivative financial instruments

Derivative financial instruments are initially recognized at fair value on the date on which the derivative contract is entered into and are subsequently re-measured at fair value using appropriate valuation techniques. All derivative financial instruments are carried as assets when fair value is positive and liabilities when fair value is negative. Any change in the fair value of derivative financial instruments is taken to the profit and loss account.

4.4 Cash and cash equivalents

Cash and cash equivalents comprises of cash in hand, balances with the Banks / NBFIs and MFBs carried at cost.

4.5 Advances

Advances are stated net of specific and general provisions which are determined on the basis of Prudential Regulations for Microfinance Banks and management's subjective assessment as to recovery/non-recovery of old advances considering different factors which include past history, future strength of customers, recovery efforts and subsequent recovery. Advances are written off according to the Prudential Regulations or when there is no realistic prospect of recovery.

4.6 Receivables

Receivables are recognised at nominal amount which is fair value of the consideration to be received in future less an estimate made for doubtful receivables based on review of outstanding amounts at the year end.

4.7 Payables

Liabilities for payables are carried at cost which is the fair value of the consideration to be paid in future for goods and services received, whether or not billed to the Bank.

4.8 Deposits

Deposits are initially recorded at the amount of proceeds received. Mark-up accrued on deposits is recognized separately as part of other liabilities and is charged to profit and loss account over the period.

4.9 Operating fixed assets

Property and equipment

These are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is charged to the profit and loss account by applying the straight line method using the rates specified in note 9.1 to the financial statements. Depreciation on additions is charged for the full month of purchase/acquisition/availability for use of an asset while no depreciation is charged in the month of disposal. The asset's residual values, useful lives and depreciation methods are reviewed and adjusted, if appropriate, at each balance sheet date. The effect of any revision is charged to profit and loss account for the year, when the change arises, and in future periods.

Maintenance and repairs are charged against income as and when incurred. Subsequent costs, including major renewals, and improvements are capitalized when it is probable that respective future economic benefits will flow to the Bank.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use. Gains and losses on disposals, if any, of assets are determined by comparing the sale proceeds with the carrying amount of asset and are included in income currently.

Capital work-in-progress

All expenditure connected with specific assets incurred during installation and construction period are carried under this head. These are transferred to specific assets as and when these assets are available for use. These are carried at cost less impairment loss, if any.

Intangible assets

These are stated at cost less accumulated amortization and accumulated impairment losses, if any. Amortization is charged over the estimated useful life of the asset on a systematic basis to income applying the straight line method at the rate specified in note 9.2 to the financial statements. Amortization on additions is charged from the month in which the assets are available for use while no amortization is charged in the month in which the asset is disposed off or de-recognized.

Maintenance and repairs are charged against income as and when incurred. Subsequent costs including major renewals and improvements are capitalized when it is probable that respective future economic benefits will flow to the Bank.

An item of intangible assets is derecognized upon disposal or when no future economic benefits are expected from its use. Gains and losses on disposals, if any, of assets are determined by comparing the sale proceeds with the carrying amount of asset and are included in income currently.

4.10 Leases

Lease Liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the bank's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following:

- future lease payments arising from a change in an index or a rate used;
- residual guarantee;
- lease term;
- certainty of a purchase option; and
- termination penalties.

When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Right of use

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use asset is depreciated over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Bank expects to obtain ownership of the Right-of-use asset at the end of the lease term, the depreciation is charged over its estimated useful life. Right-of use asset is subject to impairment or adjusted for any remeasurement of the related lease liability.

Lease term

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the Bank's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The Bank reassesses whether it is reasonably certain to exercise an extension option, or not to exercise a termination option, if there is a significant event or significant change in circumstances.

Incremental borrowing rate

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the Bank estimates it would have to pay to a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

4.11 Impairment

Financial Assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence which indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

Significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in the profit and loss account. An impairment loss is reversed if the reversal can be related objectively to an event accruing after the impairment loss was recognised. For financial assets carried at cost, the impairment loss is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows, discounted at current market rate of return for a similar financial asset. Such impairment loss is not reversed in subsequent periods. For financial assets' carried at amortized cost, the amount of impairment loss recognised is the difference between carrying amount and present value of estimated cash flows, discounted at effective interest rate.

Non-Financial Assets

At each reporting date, non-financial assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount (selling price less costs to complete and sell), but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset (group of related assets) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

4.12 Taxation

Current

Provision for current taxation is based on the taxable income at current rates of taxation after taking into consideration available tax credits and rebates, if any, in accordance with provisions of Income Tax Ordinance, 2001. The charge for tax also includes adjustments, where considered necessary relating to prior years.

Deferred

Deferred tax is recognized using the balance sheet liability method, on all temporary differences arising at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences, carry forwarded unused tax losses and tax credits, if any, to the extent that it is probable that the future taxable profits will be available against which the asset may be utilized.

The carrying amount of deferred tax asset is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be realized. Unrecognized deferred tax asset are reassessed at each balance sheet date and are recognized to the extent that it has become probable that future taxable profits will allow deferred tax asset to be realized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the periods when the asset is expected to be utilized or the liability is expected to be settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is charged or credited to profit or loss, except in case of items credited or charged to equity in which case it is included in equity.

Change in accounting policy of taxation.

During the year the Institute of Chartered Accountants of Pakistan (ICAP) has withdrawn the Technical Release 27 regarding treatment of final taxes and issued guidance - "IAS 12 Application Guidance on Accounting for Minimum Taxes and Final Taxes". The said guidance requires certain amounts of minimum tax and final tax to be classified separately as a levy instead of current tax expense.

Accordingly, the impact has been incorporated in these financial statements retrospectively in accordance with the requirements of International Accounting Standard (IAS 8) — 'Accounting Policies, Change in Accounting Estimates and Errors'. As a result of this change, minumum taxes previously accounted for as income tax have been classified as levies and related advance taxes have been classified as advance levies wherever applicable. There has been no effect on the statement of financial position, the statement of changes in equity, the cash flows statement, earning per share and deferred taxation, as a result of this change.

4.13 Provisions

Provisions are recognized when the Bank has a legal or constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and are adjusted to reflect the current best estimate.

4.14 Employee benefits

Defined contribution plan

The Bank operates an approved funded contributory provident fund for all its permanent employees to whom equal monthly contributions are made both by the Bank and the employees at the rate of 10% per annum of basic salary. The contributions made by the Bank are recognized as employee benefit expense when they are due.

Staff retirement gratuity

The Bank operates a defined benefit plan - an unfunded gratuity scheme for all its permanent employees subject to attainment of retirement age and minimum service of prescribed period.

4.15 Revenue recognition

Revenue is recognized at an amount that reflects the consideration to which the Bank is expected to be entitled in exchange for transferring goods or services to a customer. For this purpose, the Bank:

- identifies the contract with a customer;
- identifies the performance obligations in the contract;
- determines the transaction price which takes into account estimates of variable consideration, if any, and the time value of money;
- allocates the transaction price to the separate performance obligations, if applicable, on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and
- recognizes revenue when or as each performance obligation is satisfied in a manner that depicts the transfer of control of the goods or services promised to the customer.

Determining the timing of the transfer of control – at a point in time or over time – requires judgment. Revenue is recognized by the Bank on the following basis:

- Mark-up / return / interest on regular advances is recognized on accrual / time proportion basis using effective interest rate method at the Bank's prevailing interest rates for the loan products. Profit on classified advances is recognized on receipt basis.
- Return on investment is recognized on accrual basis using effective interest rate method.
- Fee, commission and brokerage income is recognized when earned.
- Dividend income from investments is recognized when Bank's right to receive the dividend is established.
- Gain or loss on sale of securities is accounted for in the period in which the sale / settlement occurs.
- Income on balances with other banks is recognized in the profit and loss account as it is earned.

4.16 Related party transactions

Transactions with related parties are carried at arm's length on price determined using the comparable uncontrolled price method except for those transactions which, in exceptional circumstances, are specifically approved by the Board.

4.17 Foreign currency transactions

Transactions in currencies other than Pak Rupee are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date except where forward exchange contracts have been entered into for repayment of liabilities, in that case, the rates contracted for, are used. Gains and losses arising on retranslation are included in the profit and loss account for the year.

4.18 Earnings per share

The Bank presents basic and diluted earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Bank by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

4.19 Statutory Reserve

The Prudential Regulations for Microfinance Banks require the microfinance banks to create a statutory reserve which shall be credited an amount equal to at least 20% of its annual profits after taxes till such time the reserve fund equals to Paid-up Capital of Microfinance bank and thereafter, an amount not less than 5% of its annual profits after taxes.

4.20 Depositors' Protection Fund

The Microfinance Institutions Ordinance, 2001 requires Microfinance banks to maintain Depositors' Protection Fund (DPF) for the purpose of mitigating risk of its depositors to which shall be credited not less than 5% of the annual profits after taxes.

4.21 First time adoptation of IFRS 9

The Bank has adopted IFRS 9 during the year resulting in change in its accounting policy of provisioning to expected credit loss method in addition to the requirements of prudential regulations. The change in accounting policy has been applied under transitional provision by restating the opening balances for the current year. The impact of adoption of IFRS 9 on opening balances as at January 01, 2024 is as under;

	Old financial reporting framework	Expected credit loss impact	Current IFRS 9 reporting
	..................................Rupees..................................		
Advances			
Mark up on loans	1,022,811,525	(40,554,092)	982,257,433
Credit loss allowance	(5,025,272,880)	(170,383,792)	(5,195,656,672)
	(4,002,461,355)	(210,937,884)	(4,213,399,239)
Accumulated loss	(10,972,676,243)	(210,937,884)	(11,183,614,127)

5	CASH AND BALANCES WITH TREASURY BANKS	Note	2024 Rupees	2023 Rupees
	Cash in hand - local currency		590,340,829	824,441,042
	Balance with State Bank of Pakistan in:			
	Current account	5.1	1,053,754,311	1,118,619,880
	Balance with National Bank of Pakistan in:			
	Current Account		1,769,159	60,513,105
	Deposit Account	5.2	21,175	15,423
			1,645,885,474	2,003,589,450

5.1 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.

5.2 This carries mark-up at the rate of 13.50 % per annum (2023: 20.50%).

6	BALANCES WITH OTHER MFBS/BANKS/NBFIS	Note	2024 Rupees	2023 Rupees
	In Pakistan			
	- In current accounts		24,121,153	39,697,501
	- In deposit accounts	6.1	2,043,854,690	2,348,336,841
			2,067,975,843	2,388,034,342

6.1 These carry mark-up at the rates ranging from 10.75% to 14.75 % per annum (2023: 17.40% to 23.50% per annum).

7 INVESTMENTS

Investments by type	Note	2024			
		Fair value/ Amortised cost	Credit loss allowance	Gain on fair value	Carrying value
		...Rupees...			
Debt instruments					
Classified/Measued at amortised cost					
Market treasury bills	7.1	862,509,068	-	-	862,509,068
Term finance certificate - Silk Bank	7.3	99,920,000	-	-	99,920,000
		962,429,068	-	-	962,429,068
Classified/Measued at FVOCI					
Treasury bills	7.1	892,019,498	-	19,027,605	911,047,103
		1,854,448,566	-	19,027,605	1,873,476,171

		2023			
	Note	Fair value / Amortised cost	Credit loss allowance	Gain on fair value	Carrying value
		..........Rupees..........			
Debt instruments					
Classified/Measued at amortised cost					
Market Treasury Bills	7.1	1,153,824,740	-	-	1,153,824,740
Term Finance Certificate - Silk Bank	7.3	99,920,000	-	-	99,920,000
		1,253,744,740	-	-	1,253,744,740

7.1 This represents investment in market treasury bills carry yields ranging from 12.85% to 21.75% per anum (2023: 15.60% to 23.00% per anum) and having maturities ranging from 168 to 364 days. These securities have an aggregate face value of Rs. 1,900 million (2023: Rs. 1,180 million).

7.2 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.

7.3 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 (2023: 6 months KIBOR plus 1.85% per annum).

8 ADVANCES

Loan Type	Note	Performing Stage 1	Performing Stage 2	Non-Performing Stage 3	Total	Total
		2024				2023
		Rupees				
Micro credits						
Secured		6,996,289,923	7,644,123	367,504,691	7,371,438,737	6,301,502,661
Unsecured		366,984,450	3,266,009	4,634,569,524	5,004,819,983	5,314,625,779
Markup Accrued		983,762,906	2,618,971	-	986,381,877	1,022,811,525
Advances - gross		8,347,037,279	13,529,103	5,002,074,215	13,362,640,597	12,638,939,965
Credit loss allowance against advances						
- Stage 1		(170,297,158)	-	-	(170,297,158)	-
- Stage 2		-	(2,389,885)	-	(2,389,885)	-
- Stage 3		-	-	(4,993,971,923)	(4,993,971,923)	-
- Specific Provision		-	-	-	-	(4,857,714,132)
- General Provision		-	-	-	-	(167,558,748)
		(170,297,158)	(2,389,885)	(4,993,971,923)	(5,166,658,966)	(5,025,272,880)
Advances - net of credit loss allowance		8,176,740,121	11,139,218	8,102,292	8,195,981,631	7,613,667,085

8.1 Advances - Particulars of credit loss allowance

8.1.1 Advances - Exposure

	Note	Stage 1	Stage 2	Stage 3	Total 2024	Total 2023
Opening balance		6,839,473,365	11,583,946	4,765,071,861	11,616,129,172	12,067,957,845
Reclassification of Markup Receivable		977,592,527	4,664,906	-	982,257,433	1,022,811,525
Gross carrying amount		7,817,065,892	16,248,852	4,765,071,861	12,598,386,605	13,090,769,370
New Advances		6,516,962,630	1,397,313	43,302,806	6,561,662,749	4,357,591,880
Advances derecognised or repaid		(5,114,528,955)	(6,982,907)	(675,896,895)	(5,797,408,757)	(4,809,421,285)
Transfer to stage 1		4,477,434	(495,965)	(3,981,469)	-	-
Transfer to stage 2		(16,109,580)	16,528,628	(419,048)	-	-
Transfer to stage 3		(860,829,408)	(13,166,817)	873,996,225	-	-
		529,972,121	(2,719,748)	237,001,619	764,253,992	(451,829,405)
Amounts written off / charged off	8.2	-	-	-	-	-
Closing balance		8,347,038,013	13,529,104	5,002,073,480	13,362,640,597	12,638,939,965

8.1.2 Advances - Credit loss allowance

	Note	2024 Stage 1	2024 Stage 2	2024 Stage 3	2024 Total	2023 Total
		Rupees				
Credit loss allowance opening balance					5,025,272,880	3,713,691,803
Adoption of IFRS 9		313,734,307	5,641,239	4,876,281,126	5,195,656,672	-
Credit loss allowance opening balance (IFRS 09)		313,734,307	5,641,239	4,876,281,126	5,195,656,672	3,713,691,803
New Advances/ additional charge		30,906,106	1,362,168	375,504,585	407,772,859	1,311,581,077
Advances derecognised or repaid		(45,933,693)	(1,165,298)	(389,671,574)	(436,770,565)	-
Transfer to stage 1		3,833,525	(65,094)	(3,768,431)	-	-
Transfer to stage 2		(1,144,448)	1,563,496	(419,048)	-	-
Transfer to stage 3		(131,098,639)	(4,946,626)	136,045,265	-	-
		(143,437,149)	(3,251,354)	117,690,797	(28,997,706)	1,311,581,077
Amounts written off / charged off	8.2	-	-	-	-	
Credit loss allowance closing balance		170,297,158	2,389,885	4,993,971,923	5,166,658,966	5,025,272,880

8.1.3 Advances - Credit loss allowance details

Internal / extrernal rating / stage classification

	Stage 1	Stage 2	Stage 3	Total 2024	Total 2023
Outstanding gross exposure					
Performing - Stage 1	8,347,038,013	-	-	8,347,038,013	6,839,473,365
Under Performing - OAEM	-	13,529,104	-	13,529,104	11,583,946
Non - Perfroming					
Substandard	-	-	10,978,572	10,978,572	11,366,357
Doubtful	-	-	62,980,792	62,980,792	35,119,202
Loss	-	-	4,928,114,851	4,928,114,851	4,718,586,303
	-	-	5,002,074,215	5,002,074,215	4,765,071,862
Total	8,347,038,013	13,529,104	5,002,074,215	13,362,641,332	11,616,129,173
Corresponding credit loss allowance					
Stage 1	170,297,158	-	-	170,297,158	-
Stage 2	-	2,389,885	-	2,389,885	-
Stage 3	-	-	4,993,971,923	4,993,971,923	-
Specific Provision	-	-	-	-	4,857,714,132
General Provision	-	-	-	-	167,558,748
	170,297,158	2,389,885	4,993,971,923	5,166,658,966	5,025,272,880

9 PROPERTY AND EQUIPMENT

	Note	2024 Rupees	2023 Rupees
Property and equipment	9.1	554,557,803	639,645,049
Capital work in progress - Advances to contractors		-	11,975,289
Non operating land		2,572,725	-
		557,130,528	651,620,338

9.1

Particulars	Leasehold improvements	Furniture and fixtures	Electrical and office equipment	2024 Computer hardware and peripheral	Motor vehicles	Total
	....'Rupees					
At January 1, 2024						
Cost	543,407,918	174,773,169	322,631,070	168,156,379	136,340,231	1,345,308,767
Accumulated depreciation	(175,031,872)	(102,516,653)	(203,440,749)	(150,093,154)	(74,581,290)	(705,663,718)
Net book value	368,376,046	72,256,516	119,190,321	18,063,225	61,758,941	639,645,049
Year ended December 31, 2024						
Opening net book value	368,376,046	72,256,516	119,190,321	18,063,225	61,758,941	639,645,049
Additions	-	308,773	2,335,791	1,555,721	-	4,200,285
Disposals	(2,906,002)	(377,225)	(42,231)	-	(2,676,987)	(6,002,445)
Depreciation charge	(26,951,049)	(15,589,296)	(26,346,217)	(7,077,209)	(7,321,315)	(83,285,086)
Closing net book value	338,518,995	56,598,768	95,137,664	12,541,737	51,760,639	554,557,803
At December 31, 2024						
Cost	540,501,916	174,704,717	324,924,630	169,712,100	133,663,244	1,343,506,607
Accumulated depreciation	(201,982,921)	(118,105,949)	(229,786,966)	(157,170,363)	(81,902,605)	(788,948,804)
Net book value	338,518,995	56,598,768	95,137,664	12,541,737	51,760,639	554,557,803
Rate of depreciation %	5	10	10-20	20-30	15	

	2023					
Particulars	Leasehold improvements	Furniture and fixtures	Electrical and office equipment	Computer hardware and peripheral	Motor vehicles	Total
	'Rupees					
At January 1, 2023						
Cost	537,396,713	173,678,103	321,707,185	166,565,400	137,666,875	1,337,014,276
Accumulated depreciation	(147,486,440)	(86,936,603)	(176,587,559)	(136,714,847)	(67,191,949)	(614,917,398)
Net book value	389,910,273	86,741,500	145,119,626	29,850,553	70,474,926	722,096,878
Year ended December 31, 2023						
Opening net book value	389,910,273	86,741,500	145,119,626	29,850,553	70,474,926	722,096,878
Additions	6,011,205	1,095,066	982,078	1,590,979	-	9,679,328
Disposals	-	-	(58,193)	-	(1,326,644)	(1,384,837)
Depreciation charge	(27,545,432)	(15,580,050)	(26,853,190)	(13,378,307)	(7,389,341)	(90,746,320)
Closing net book value	368,376,046	72,256,516	119,190,321	18,063,225	61,758,941	639,645,049
At December 31, 2023						
Cost	543,407,918	174,773,169	322,631,070	168,156,379	136,340,231	1,345,308,767
Accumulated depreciation	(175,031,872)	(102,516,653)	(203,440,749)	(150,093,154)	(74,581,290)	(705,663,718)
Net book value	368,376,046	72,256,516	119,190,321	18,063,225	61,758,941	639,645,049
Rate of depreciation %	5	10	10-20	20-30	15	

9.1.1 Property and equipment includes assets with cost of Rs. 185.26 million (2023: Rs. 185.53 million) which are fully depreciated and still in use.

9.1.2 Detail of disposal of property and equipment having book value greater than Rs. 500,000, through negotiation :

Particulars	Cost	Accumulated Depreciation	Written down value	Sales Proceeds	Gain on disposal of fixed assets	Particular of Buyer
2024	'Rupees					
Honda Civic AAU-085	2,665,235	(404,906)	2,260,329	3,845,455	1,585,126	Mr.Zahid Mahmood
2023						
Toyota Corolla LEC 5091	1,679,850	(456,920)	1,222,930	2,435,000	1,212,070	Mr. Faisal Hussain

		Note	2024 Rupees	2023 Rupees
10	**RIGHT-OF-USE ASSETS**			
	Buildings			
	As at the beginning of the year			
	Cost		1,079,231,013	1,142,807,620
	Accumulated depreciation		(657,424,802)	(738,606,409)
	As at the end of the year		421,806,211	404,201,211
10.1	**Reconciliation of written down value:**			
	Balance at the beginning of the year		404,201,211	478,513,372
	Additions during the year		229,760,021	203,832,562
	Deletions/adjusted during the year		(20,098,980)	(31,178,575)
	Depreciation charge for the year		(192,056,041)	(246,966,148)
	Balance at the end of the year		421,806,211	404,201,211

Lease term: 3 to 10 years

10.2 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.

		Note	2024 Rupees	2023 Rupees
11	**INTANGIBLE ASSETS**			
	As at the beginning of the year			
	Cost		246,551,459	246,551,459
	Accumulated amortization and impairment		(89,078,426)	(89,078,426)
	Net book value		157,473,033	157,473,033
	Reconciliation of written down value:			
	Opening net book value		157,473,033	157,473,033
	Amortization charge		(9,127,472)	(9,478,133)
	Closing net book value		148,345,561	147,994,900
	As at the end of the year			
	Cost		246,551,459	246,551,459
	Accumulated amortization and impairment		(98,205,898)	(89,078,426)
	Net book value		148,345,561	157,473,033
	Rate of amortization %		5	5

11.1 Intangible assets include assets with cost of Rs. 35.684 million (2023: 35.684 million) which are fully amortized and still in use.

12 DEFERRED TAX ASSET	Note	2024 Rupees	2023 Rupees
Deferred tax asset		1,700,000,000	1,700,000,000

12.1 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 wil lbe utilized. Total deferred tax asset, excluding deducatible taxable differences that may be expired before utilization, comprises of the following;

	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 forward 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)
Investments	-		(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

	2023			
	At Jan 1	Profit and loss	Other comprehensive income	At Dec 31
	........Rupees........			
Deductible temporary differences on:				
- Lease liabilities	18,743,408	12,143,050	-	30,886,458
- Provision against advances	1,076,970,623	380,358,512	-	1,457,329,135
- Carry forwardable tax losses	1,464,375,162	(245,532,535)	-	1,218,842,627
- Minimum tax credits	139,356,554	(139,356,554)	-	-
	2,699,445,747	7,612,473	-	2,707,058,220
Taxable temporary differences on:				
- Accelerated tax depreciation	(64,275,078)	3,821,986	-	(60,453,092)
	2,635,170,669	11,434,459	-	2,646,605,128

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

13	OTHER ASSETS	Note	2024 Rupees	2023 Rupees
	Income / Mark-up accrued		63,235,630	62,376,455
	Loan to employees	13.1	89,738,630	137,900,309
	Advances, prepayments and other receivable	13.2 , 13.3	204,418,551	232,560,493
	Advance income tax - Net of provision		395,092,341	309,914,582
	Security deposits		27,781,760	34,878,920
	Inter Banks ATM settlement account		54,751,199	69,641,652
			835,018,111	847,272,411

13.1 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.

13.2 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.

14	DEPOSITS AND OTHER ACCOUNTS	Note	2024 Rupees	2023 Rupees
	Customer			
	Current deposits	14.1	3,315,031,255	3,785,495,517
	Saving deposits	14.2	12,578,162,924	9,318,350,814
	Fixed / term deposits	14.3	9,702,053,546	9,319,864,685
			25,595,247,725	22,423,711,016
	Financial Institutions			
	Current deposits		70,000	70,000
	Saving deposits	14.2	29,084,986	983,928
	Fixed / term deposits	14.3	50,000,000	25,000,000
			79,154,986	26,053,928
		14.4	25,674,402,711	22,449,764,944

14.1 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.

14.2 These carry interest at the rates ranging from 3% to 15.00% per annum (2023: 3% to 25.00% per annum).

14.3 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 (2023: 5.60% to 25.00% per annum).

14.4 Composition of deposits	2024 Rupees	2023 Rupees
- Individuals	20,621,566,949	18,523,752,725
- Government (Federal and Provincial)	2,594,829,614	1,903,752,539
- Public sector entities	795,739,193	331,581,644
- Banking companies	79,154,986	26,053,928
- Non-banking financial institutions	1,319,588,849	1,316,903,057
- Private sector	263,523,120	347,721,051
	25,674,402,711	22,449,764,944

14.4.1 These represents deposits with branches.

15 LEASE LIABILITIES	Note	2024 Rupees	2023 Rupees
As at the beginning of the year		510,706,239	543,145,813
Addition during the year		229,760,021	203,832,563
Deletion during the year		(20,098,980)	(33,459,491)
Finance cost accrued during the year		121,922,816	53,437,238
		842,290,096	766,956,123
Payments / adjustments made during the year		(259,932,991)	(256,249,884)
As at the end of the year		582,357,105	510,706,239

15.1 These represents liabilities related to buildings under lease contracts (Refer Note 10). These are recognized at present value of remaining lease payments, discounted using incremental borrowing rates.

15.2 The future lease payments to which the Bank is committed are as under:	2024 Rupees	2023 Rupees
Future minimum lease payments	830,388,593	601,375,883
Less: Financial charges allocated to future periods	(248,031,488)	(90,669,644)
	582,357,105	510,706,239

15.3 Reconciliation of minimum lease payments and their present values are as follows:

	2024		
	Minimum lease payments	Present value of minimum lease payments	Finance Cost
	Rupees		
Short-term lease liabilities - within one year	208,355,546	144,660,485	63,695,061
Long-term lease liabilities			
- 1 to 5 years	449,367,333	302,820,399	146,546,934
- 5 to 10 years	172,665,714	134,876,221	37,789,493
- More than 10 years	-	-	-
	830,388,593	582,357,105	248,031,488

	2023		
	Minimum lease payments	Present value of minimum lease payments	Finance Cost
	Rupees		
Short-term lease liabilities - within one year	251,107,960	212,146,996	38,960,964
Long-term lease liabilities			
- 1 to 5 years	315,646,225	266,728,421	48,917,804
- 5 to 10 years	34,621,698	31,830,822	2,790,876
- More than 10 years	-	-	-
	601,375,883	510,706,239	90,669,644

16 OTHER LIABILITIES	Note	2024 Rupees	2023 Rupees
Mark-up / Return / Interest payable		314,645,556	413,261,486
Staff retirement benefits		49,704,209	45,005,056
Others		187,537,335	164,796,556
		551,887,100	623,063,098

17 SHARE CAPITAL

17.1 Authorized Capital

No. of shares 2024	No. of shares 2023		2024 Rupees	2023 Rupees
750,000,000	500,000,000	Ordinary Shares of Rs. 10/- each	7,500,000,000	5,000,000,000

17.2 Issued, subscribed and paid-up capital

No. of shares 2024	No. of shares 2023		2024 Rupees	2023 Rupees
428,984,962	428,984,962	Ordinary Shares of Rs. 10/- each fully paid in cash	4,289,849,620	4,289,849,620

17.2.1 Reconciliation of issued, subscribed and paid-up capital

No. of shares 2024	No. of shares 2023	Ordinary Shares of Rs. 10/- each fully paid in cash	Rupees 2024	Rupees 2023
428,984,962	428,984,962	At beginning of the year	4,289,849,620	4,289,849,620
-	-	Issued during the year	-	-
428,984,962	428,984,962	At the end of year	4,289,849,620	4,289,849,620

18 SHARE DEPOSIT MONEY	Note	2024 Rupees	2023 Rupees
Share deposit money	18.1	1,850,390,279	1,350,390,279

18.1 The formalities for the issue of the shares against balance amount will be completed in due course, after obtaining necessary regulatory approvals. The shareholders have approved the proposal of the Board to increase paid up capital by issuing 135,039,028 shares against share deposit money in their meeting held on January 21, 2025.

19 CONTINGENCIES AND COMMITMENTS	Note	2024 Rupees	2023 Rupees
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 (2023: 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 (2023: 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 year end.

		2024 Rupees	2023 Rupees
20	**MARK-UP / RETURN / INTEREST EARNED**		
	Mark up/ return/ interest earned on:		
	Loans and advances	2,125,124,700	1,958,771,024
	Investments	300,305,326	346,130,574
	Balances with other MFBs/ banks / NBFIs	383,397,519	222,006,629
		2,808,827,545	2,526,908,227
21	**MARK-UP / RETURN / INTEREST EXPENSED**		
	Mark up/ return/ interest expense related to:		
	Deposits	3,872,557,178	2,677,678,457
	Lease liabilities	121,922,816	53,437,238
		3,994,479,994	2,731,115,695
21.1	**Bearkup of the expense is as under:**		
	Interest expense calculated using effective interest rate method	121,922,816	53,437,238
	Interest on other financial liabilities	3,872,557,178	2,677,678,457
		3,994,479,994	2,731,115,695

22 OTHER INCOME

	2024	2023
	Rupees	Rupees
Gain on disposal of operating fixed assets	4,147,600	1,632,163
Cheque book charges	16,127,710	11,771,850
Income on ATM card issuance	13,503,132	12,273,678
Income of SMS services	27,235,170	26,124,370
Clearing charges	1,490,100	1,940,681
Commission income	1,256,368	3,521,401
Others	776,352	763,416
	64,536,432	58,027,559

22.1 These represents income related to ECIB report charges, account activation charges, stop payment charges, pay order issuance / cancellation charges, locker charges etc.

23 OPERATING EXPENSES

	Note	2024	2023
		Rupees	Rupees
Total compensation expense	**23.1**	1,255,039,893	1,271,944,853
Directors'fees and allowances		3,525,000	1,312,500
Rent, taxes, insurance, electricity, etc.		144,219,776	142,237,208
Security charges		114,453,526	115,436,684
Depreciation on operating fixed assets		83,285,086	90,746,320
Depreciation on right of use assets		192,056,041	246,966,148
Fees and subscription		122,155,142	107,069,817
Repairs and maintenance		60,819,703	58,447,185
Communication		37,767,651	39,502,947
Stationery and printing		36,101,523	23,736,321
Fuel expense		26,360,204	28,572,023
Entertainment		26,159,211	25,971,966
Legal and professional charges		10,099,232	18,278,432
Traveling		20,014,576	12,445,312
Credit verification expenses		8,048,055	8,453,147
Amortization of intangible assets		9,127,472	9,478,133
Advertisement and publicity		2,537,084	1,918,395
Auditors' remuneration	**23.2**	8,867,844	6,681,625
Training / capacity building		274,456	543,286
Asset written off		11,975,289	-
Others		26,337,298	51,692,285
		2,199,224,062	2,261,434,587

23.1 Total compensation expense

	2024	2023
Managerial remuneration	773,015,578	793,418,672
Staff retirement benefits	47,086,288	53,258,318
Rent & house maintenance	223,548,520	218,666,652
Utilities	55,889,577	54,836,653
Medical	56,015,133	55,419,566
Petrol allowance	92,667,914	90,758,320
Special/designation allowance	4,987,932	3,546,672
Overtime	1,773,951	1,900,000
Others	55,000	140,000
	1,255,039,893	1,271,944,853

23.2 Auditors' Remuneration:

	Note	2024 Rupees	2023 Rupees
Annual audit fee and report on CCG compliance		5,197,500	4,528,125
Half yearly review		1,032,000	819,000
Other certifications fee/ External audit		1,895,844	575,500
Out of pocket expenses		742,500	759,000
		8,867,844	6,681,625

24 CASH AND CASH EQUIVALENTS

	Note	2024	2023
Cash and Balances with SBP and NBP	5	1,645,885,474	2,003,589,450
Balances with other banks / NBFIs / MFBs	6	2,067,975,843	2,388,034,342
		3,713,861,317	4,391,623,792

25 OTHER CHARGES

	Note	2024	2023
Penalties imposed by State Bank of Pakistan		534,000	1,399,500
Penalties imposed by SECP and others	25.1	250,000	140,025
Bank charges		125,617	189,421
		909,617	1,728,946

25.1 These include penalties imposed by Pakistan Stock Exchange, Labour court and Securities Exchange Commission of Pakistan against certain non-compliances.

26 CREDIT LOSS ALLOWANCE AND WRITE OFFS - NET

	Note	2024 Rupees	2023 Rupees
Credit loss allowance against loans & advances		(28,997,706)	1,311,581,077
Recovery of written off bad debts		(6,374,163)	(6,577,137)
		(35,371,869)	1,305,003,940

27 MINIMUM TAX DIFFERENTIAL - LEVY

	Note	2024	2023
Minimum tax differential - Levy	27.1	37,394,419	33,511,884

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.

29 LOSS PER SHARE - BASIC AND DILUTED

		2024 Rupees	2023 Rupees
Loss for the year	Rupees	(3,062,597,733)	(3,593,816,761)
Weighted average number of shares	Number	428,984,962	428,984,962
Loss per share – Basic & diluted	Rupees	(7.14)	(8.38)

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

30 STAFF STRENGTH

	2024 Numbers	2023 Numbers
As at year end		
Permanent	1,034	1,214
On contract	371	372
Total	1,405	1,586
Average		
Permanent	1,124	1,270
On contract	372	370
Total	1,496	1,640

31 NUMBER OF BRANCHES/SERVICE CENTRES

	2024 Number	2023 Number
Beginning of the year	106	113
Opened/(closed) during the year:		
- Branches	(34)	(6)
- Service centres	-	(1)
-Raabta center	26	
At the end of the year	98	106

32 DEFINED CONTRIBUTION PLAN - PROVIDENT FUND RELATED DISCLOSURE

The following information is based on the un-audited financial statements of the provident fund (2023: audited):

	2024 Rupees	2023 Rupees
Size of the fund - Total assets	205,601,207	191,622,097
Cost of investments	7,400,000	20,900,000
Percentage of investments made	3.6%	10.9%
Fair value of investments	7,400,000	20,900,000

32.1 Investments represent Term deposit receipts. The investment has been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

33 COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

33.1 Total compensation expense

Description	2024				
	Director				
	Chairman	Executives (other than CEO)	Non-Executives	President / CEO	Key Management Personnel
	......Rupees......				
Fees and allowances etc.	468,750	-	2,743,750	312,500	-
Managerial remuneration	-	-	-	9,675,702	46,496,555
Staff retirement benefits	-	-	-	6,342,960	7,431,305
Rent & house maintenance	-	-	-	3,870,279	18,096,422
Utilities	-	-	-	967,572	4,524,127
Medical	-	-	-	967,572	4,649,679
Petroll allowance	-	-	-	964,120	7,378,988
Special allowance	-	-	-	-	2,004,739
Total	468,750	-	2,743,750	23,100,705	90,581,815
Number of persons	1		6	1	16

Description	2023				
	Director				
	Chairman	Executives (other than CEO)	Non-Executives	President / CEO	Key Management Personnel
	......Rupees......				
Fees and allowances etc.	62,500	-	1,156,250	93,750	-
Managerial remuneration	-	-	-	12,662,030	32,969,864
Staff retirement benefits	-	-	-	1,266,203	8,126,237
Rent & house maintenance	-	-	-	5,017,029	10,240,669
Utilities	-	-	-	1,266,206	2,560,177
Medical	-	-	-	1,266,206	3,296,995
Petroll allowance	-	-	-	1,348,130	4,173,087
Special allowance	-	-	-	-	1,518,756
Total	62,500	-	1,156,250	22,919,554	62,885,785
Number of persons	1		6	1	12

33.2 The acting President / Chief Executive Officer and Executives are entitled to use Bank maintained cars and perquisites in accordance with the terms of their employment.

33.3 During the year, the Bank has paid fee to its executive and non-executive directors for attending Board of Directors and Committee meetings.

34 FAIR VALUE MEASUREMENTS

The fair value of quoted securities other than those classified as amotised 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.

34.1 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

	Level 1	Level 2	Level 3
2024			
Financial assets measured at fair value			
Available for sale investments -			
Market treasury bills	-	911,047,103	-
2023			
Available for sale investments -			
Market treasury bills	-	-	-

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.

36.1 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Bank's credit risk is primarily attributable to its advances, balances at banks, investments and certain other assets. The credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit ratings. The Bank has an effective loan disbursement and recovery monitoring system which allows it to evaluate borrowers' credit worthiness and identify potential problem loans. A provision for loan losses is maintained as required by the Prudential Regulations for Microfinance Banks. Investments are mainly in government securities or other securities having good credit rating.

36.2 Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and system or from external events. Operational risk is inherent in operational activities.

The Bank has instituted sound operational risk through policies, plans and processes for controlling and mitigating potential operational risk. The system of internal controls include financial, operational and compliance controls and is performed on continuous basis by the senior management and all levels of employees within the Bank.

The objectives of operational risk include the safeguarding of assets from inappropriate use or from loss and fraud, ensuring that liabilities are identified and managed and that the quality of internal and external reporting is maintained. The Bank regularly monitors its Key Risk Indicators (KRI) and Loss Data inventory. The Bank has also formulated a disaster recovery plan and guidelines for information security, employee conduct and for prevention of fraud and forgery to ensure smooth functioning of the Bank's operations.

Business Continuity Plan (BCP) has been rigorously tested. The Bank has enhanced remote work capabilities in order to ensure seamless operations and provision of uninterrupted services to the customers. Related risks and control measures are regularly monitored to protect Bank's information assets from emerging cyber threats.

36.3 Liquidity risk

Liquidity risk is the potential for loss to an institution arising from either its inability to meet its obligations or to fund increase in assets as they fall due without incurring unacceptable cost or losses. To manage this risk, our Board of Directors has approved a comprehensive liquidity risk policy emphasizing a conservative approach to liquidity management.

Our liquidity risk management framework is supervised by the Board of Directors, who approve the policy and, through the Risk Management Committee, ensure its prudent management. The Asset Liability Management Committee (ALCO) monitors our liquidity positions, assesses market conditions, and makes strategic decisions to manage liquidity gaps, while the Treasury Division manages daily liquidity to meet our obligations.

To mitigate liquidity risk, we:

-Regular monitoring of liquidity ratios such as core deposits to total deposits, advances to deposits, liquid assets to total deposits.

-Preparing maturity profiles of assets and liabilities to identify and manage liquidity gaps across different time horizons.

-Conducting behavioral studies to understand the characteristics of non-contractual assets and liabilities to enhance the accuracy of our liquidity assessments.

-Ensuring compliance with statutory cash and liquidity requirements at all times.

36.3.1 Assets and liabilities - based on contractual maturity

	2024							
	Total	Upto 1 Month	Over 1 to 3Months	Over 3 to 6 Months	Over 6 to 12 Months	Over 1 to 2 years	Over 2 to 5 years	Over 5 Years
	Rupees							
Assets								
Cash and balances with treasury banks	1,645,885,474	1,645,885,474	-	-	-	-	-	-
Balances with other MFBs/Banks/NBFIs	2,067,975,843	2,067,975,843	-	-	-	-	-	-
Investments	1,873,476,171	-	487,453,536	383,721,412	1,002,301,223	-	-	-
Advances	8,195,981,631	908,541,537	744,069,383	1,710,465,543	3,862,973,704	227,182,707	544,606,384	198,142,373
Property and equipment	557,130,528	-	-	-	-	-	-	557,130,528
Right-of-use assets	421,806,211	11,176,815	22,080,195	32,507,229	56,968,028	77,697,422	153,627,782	67,748,740
Intangible assets	148,345,561	-	-	-	-	-	-	148,345,561
Deferred tax asset	1,700,000,000	-	-	-	-	-	-	1,700,000,000
Other assets	835,018,111	747,739,343	1,896,455	6,101,849	3,212,152	4,117,016	11,297,678	60,653,618
	17,445,619,530	5,381,319,012	1,255,499,569	2,132,796,033	4,925,455,107	308,997,145	709,531,844	2,732,020,820
Liabilities								
Bills payable - in Pakistan	69,677,100	69,677,100	-	-	-	-	-	-
Deposits and other accounts	25,674,402,711	16,967,707,986	3,896,827,378	2,258,579,623	1,914,824,658	575,993,000	60,470,066	-
Lease liabilities	582,357,105	11,664,823	24,756,038	41,784,536	66,455,065	85,343,697	217,476,618	134,876,328
Other liabilities	551,887,100	385,412,363	92,287,765	34,843,924	26,208,252	7,398,651	5,736,145	-
	26,878,324,016	17,434,462,272	4,013,871,181	2,335,208,083	2,007,487,975	668,735,348	283,682,829	134,876,328
Net Assets	(9,432,704,486)	(12,053,143,260)	(2,758,371,612)	(202,412,050)	2,917,967,132	(359,738,203)	425,849,015	2,597,144,492

	2024							
	Total	Upto 1 Month	Over 1 to 3Months	Over 3 to 6 Months	Over 6 to 12 Months	Over 1 to 2 years	Over 2 to 5 years	Over 5 Years
	Rupees							
REPRESENTED BY:								
Share capital	4,289,849,620	-	-	-	-	-	-	-
Discount on issue of shares	(1,335,963,831)	-	-	-	-	-	-	-
Share deposit money	1,850,390,279	-	-	-	-	-	-	-
Statutory reserve	22,078,496	-	-	-	-	-	-	-
Depositors' protection fund	5,519,624	-	-	-	-	-	-	-
Fair value reserves on investments	19,027,605	-	-	-	-	-	-	-
Accumulated loss	(14,283,606,279)							
	(9,432,704,486)	-	-	-	-	-	-	-

	2023							
	Total	Upto 1 Month	Over 1 to 3Months	Over 3 to 6 Months	Over 6 to 12 Months	Over 1 to 2 years	Over 2 to 5 years	Over 5 Years
	Rupees							
Assets								
Cash and balances with treasury banks	2,003,589,450	2,003,589,450	-	-	-	-	-	-
Balances with other MFBs/Banks/NBFIs	2,388,034,342	2,388,034,342	-	-	-	-	-	-
Lending to financial Institutions	-	-	-	-	-	-	-	-
Investments	1,253,744,740	870,846,758	282,977,982	-	-	99,920,000	-	-
Advances	7,613,667,085	6,629,314,621	73,062,169	64,679,425	211,170,671	357,807,116	269,357,417	8,275,666
Property and equipment	651,620,338	-	-	-	-	-	-	651,620,338
Right-of-use assets	404,201,211	10,710,326	21,158,630	31,150,469	54,590,343	74,454,551	147,215,792	64,921,100

	2023							
	Total	Upto 1 Month	Over 1 to 3Months	Over 3 to 6 Months	Over 6 to 12 Months	Over 1 to 2 years	Over 2 to 5 years	Over 5 Years
	Rupees							
Intangible assets	157,473,033	-	-	-	-	-	-	157,473,033
Deferred tax asset	1,700,000,000	-	-	-	-	-	-	1,700,000,000
Other assets	847,272,411	758,712,784	1,924,286	6,191,397	3,259,292	4,177,435	11,463,477	61,543,740
	17,019,602,610	12,661,208,281	379,123,067	102,021,291	269,020,306	536,359,102	428,036,686	2,643,833,877
Liabilities								
Bills payable - in Pakistan	76,870,384	76,870,384	-	-	-	-	-	-
Deposits and other accounts	22,449,764,944	13,623,912,996	2,509,615,737	2,485,936,124	2,765,564,587	325,447,500	739,288,000	-
Lease liabilities	510,706,239	10,229,630	21,710,155	36,643,535	58,278,702	74,843,353	190,719,175	118,281,689
Other liabilities	623,063,098	391,612,827	110,649,892	43,135,663	57,486,095	6,249,293	13,929,328	-
	23,660,404,665	14,102,625,837	2,641,975,784	2,565,715,322	2,881,329,384	406,540,146	943,936,503	118,281,689
Net Assets	(6,640,802,055)	(1,441,417,556)	(2,262,852,717)	(2,463,694,031)	(2,612,309,078)	129,818,956	(515,899,817)	2,525,552,188
REPRESENTED BY:								
Share capital	4,289,849,620	-	-	-	-	-	-	-
Discount on issue of shares	(1,335,963,831)	-	-	-	-	-	-	-
Share deposit money	1,350,390,279	-	-	-	-	-	-	-
Statutory reserve	22,078,496	-	-	-	-	-	-	-
Depositors' protection fund	5,519,624	-	-	-	-	-	-	-
Fair value reserves on investments	-	-	-	-	-	-	-	-
Accumulated loss	(10,972,676,243)	-	-	-	-	-	-	-
	(6,640,802,055)	-	-	-	-	-	-	-

36.4 Market risk

The Bank is exposed to market risk, primarily arising from fluctuations in interest rates. To manage these risks, the Bank has implemented a comprehensive Market Risk Management Framework. This framework includes regular monitoring of market conditions, sensitivity analysis, and adherence to regulatory guidelines. The Asset and Liability Management Committee (ALCO) oversees market risk management, ensuring that risk exposures remain within acceptable limits. Regular reviews and stress testing are conducted to assess the effectiveness of these strategies and to adapt to changing market dynamics.

37 DETAILS OF BUSINESS LOCATIONS & SERVICE CENTRES

101-I.I. Chundrigar Road RY-9, Survey No. 11/9A, Railway Quarters, Opposite Schon Center, I.I. Chundrigar Road, Karachi	**109-Gizri Branch** K-4/3 & 4/4, Ch. Khaliq-uz- Zaman Road, Gizri, Karachi.	**110-Malir Branch** Shop # 106-108, 114-115, Liaquat Market, Malir Colony, Karachi.
112-Larkana City Survey # 164/1, Old Anaj Mandi, Gajnpur Chowk, Tehsil & District Larkana	**115-Khairpur** D/270, Mohallah Ali Murad, New Goth, Deh & Taluka, Khairpur, Kutchery Road, Khairpur Mirus	**116-Hyderabad** F73-74, Commercial, Risala Road, Saddar, Hyderabad
118-Tando City Survey # 831, Ward B, Court Road, Tando Muhammad Khan	**119-Ghotki Branch** S. # 10, Devri Road, Near Chandu Ram Colony, Taluka Ghotki, Deh Odharwali, District Ghotki	**120-Mirpurkhas** City Survey # 731, Tourabad, Umer Kot Road Mirpurkhas, Tehsil & District Mirpurkhas
121-Umerkot Shop No. 18-19, City Survey No. 115, Gulsha-e-Akber, Mirpurkhas Road, Umerkot	**122-Nawabshah** City Survey No. 2146/165/1, Buchery Road, Nawabshah	**123-Sukkur Branch** Shop No. 8 & 9, City Survey No. F-9, Pak Colony, Race Course Road, Sukkur.
126-Sanghar City Survey No. 752-755, Main ShoppingCentre, M.A. Jinnah Road, Sanghar	**128-Mehrabpur** Thari Road Mehrabpur Tehsil:Khandiara Dist:Nosheroferoz	**130-Sunder Das Road** Zaman Park, 23-A, Sunderdas Road, Lahore
134-Adiala Road Rawalpindi 3-Jahandad Tower, Khasara # 17, Talian Sohan Qasbati (Near 6th Road), Murree Road, Rawalpindi.	**136-G.T road, Gujranwala** Ghori Centre, Service Road, G.T. Road, Gujranwala	**137-Sheikhupura, Sharaqpur Chowk** Lahore Road Near Usman CNG Sheikhupura
139-Church Road, Okara Khewat No. 3842, Khatooni No. 388, Khasra No. 4208,Benazir Road near Kababish Hotel, Okara	**140-Vehari** Plot No. E-4, Karkhana Bazar, Vehari, Tehsil & District Vehari	**141-Stadium Road Sahiwal** Super Market, Stadium Road, Sahiwal
142-Madina Chowk, Depalpur Okara Road, Madina Chowk, Depalpur, District Okara	**143-Kasur** Property No. B-IV-7.R, Near Chowk Kot Peeran, Kasur	**146-Model Town** Shop No. 31 & 33, A Block, Store Market, Model Town, Lahore.
151-Multan Shop No. 1, Mashallah Plaza, Azam Basti Road, Sadhu Hassan, Multan	**152-Layyah** House No. 4, College Road, Jinnah Colony, Near Sugar Mill Colony, Layyah.	**153-Township** 150-13-B-1, Barkat Chowk, Township, Lahore..
155-D.H.A Lahore 51-CCA, Block DD, Phase 4, DHA, Lahore.	**156-Karim Block Lahore** 56/2, Karim Block, Allama Iqbal Town, Lahore.	**158-Mardan** College Chowk, Opposite Wali Khan University, Nowshera Road, Mardan.
159-Sabzimandi, Peshawar G-60, City Circular Road, Lahori Gate, Peshawar City.	**161-Charsadda** S.S. Plaza, Batcha Khan Chowk, Charsaddah.	**165-Gilgit** Khasra No. 4472/2403/579, Opposite Army Communicates, NHA Complex, Jutial, Gilgit.
166-Rahim Yar Khan Shop No. 941, Zone-I, Ashraf Complex, Model Town, Rahim Yar Khan.	**169-Bahawalpur** Shop No. 12,13,14 & 15, Pelicon Shopping Plaza, Yazman Road, Bahawalpur Cantt.	**171-Bahawalnagar** Grain Market Bahwalnagar.
172-Chichawatni Plot #153 Ghalla Mandi GT Road Chichawatni.	**173-Qasimabad** Phase II, Deh Jamshoro, Tappa Jamshoro, Taluka Qasimabad Dist. Hyderabad.	**174-Kahna Nou** Khana nau Main Ferozpur Road, Tehsil & Dist. Lahore.
175-Raiwind Railway Road, Station Raiwind Tehsil & Dist Lahore.	**176-D- Chowk Ground FSD** P-241, Block B, D Ground, Peooples Colony No. 1, Faisalabad..	**178-Jhang** Gull Plaza, Main Gojra Road, Chowk Burji, Jhang Saddar.
180-Dharanwala Propert Bearing Khewat No. 265/266, Khatooni No. 265, Dharanwala.	**182-Haroonabad** Main Ghalla Mandi Road, Haroonabad, District Bhawalnagar.	**184-Burewala** Plot No. 11, V Block Housing Scheme, Multan Road, Burewala.
187-Taxila Khasra no261 to 263, saray khola taxila, district rawalpindi.	**188-Kot Noor Shah** Al-Jalil Garden Lahore, Plot No 09 Kot Noor Shah, Sharaqpur Road Lahore.	**189-Bhalwal** Khata No 95,ashata no 130, Chak 8, shamali liaquat shaheed raod tehsil Bhalwal, district sargodha.
191-Pakpattan Khewat No 2194, khatoone no 1530, Near Officers Club Railway road, Pak pattan,.	**193-Gujar Khan** Haji Fazal dada Plaza no 13-A, Raiulway Road Gujar Khan.	**194-Chakwal** Property No B-II-5-S/7 Bhaun Road Chakwal.
202-Muzaffarabad Tanga Stand Bank Road Muzafaranbad Azad Kashmir.	**203-Abbotabad** Mouza Sheikh ul Bandi main Mansehra Road near Sethi Masjid Abbortabad.	**204-Chillas** Bazar Area Chillas, Near Chillas Old Terminal/Adda, Chillas.
207-HariPur Bazar 171-Tehsil and district Haripur.	**211-Farooqabad** Old Sabzi Mandi Road, Farooqabad, Sheikhupura.	**215-T.T Singh** House No-93,Allama Iqbal Road, Mohalla Gang Gher, Toba Tek Singh.
216-Ahmed Pur East Shahra 5, Mohalla Noor Shah Bokhari,Nawab Road, Ahmedpur East, Distt Bahawalpur.	**217-Dadu** Old Plot # 82, Dadu District Cooperative Housing Society, Shewan Road, New Excise Office, Dadu.	**218-Shikarpur** City Survey No. 11/3/2/2/09 & 11/3/2/2/10, Station Road, Near Aga Khan Laboratory,Shikarpur.

219-Johar

Plot # 472, Block G-3, Near Khokhar Chowk, Johar Town, Lahore.

220-Pattoki

Khewat # 375/ 346, Khatooni # 603-604, Chak # 37, Patoki.

221-Mian Channu

Amin Trade Center, G.T. Road, Near Sabzi Mandi, Mian Channu.

223-Sargodha

198, Block A, Main Road, Satellite Town, Sargodha.

225-Blue Area, Islamabad

Marina Heights, 109 East, Jinnah Avenue, Blue Area, Islamabad.

226-Khanpur

Building #18, Model Town A, Street # 01, Khanpur.

227-Rajan Pur

Gulshan Iqbal Colony, Indus Highway, Rajanpur (near FMFB).

229-D.G Khan

Sajjad Square, Block Y, Eid Gah Chowk, DG Khan.

231-Shuja bad

Jalalpur Road opposite Faisal Bank,Shuja bad.

232-Tiba Sultan pur

Duniya Pur Road, Opposite Bank Al Habib, Tiba Sultanpur.

198-Gojra

PLOT NO 1-40, Ghallah Mandi Gojra, Faisalabad

37.1 SERVICE CENTRES

1-Midh Ranjha Service Center

Midh Ranjha Tehsil Kotmomin Dist Sargodha Midh Ranjha..

37.2 RABTA CENTRES

7113- Kumb Road Sui Gas

Plot no 12,Deh Gahi Chakrani Kumb Road ,Sui Gas District Khair pur Mirs

7127 - Mehar

Near Khushhali Bank Opposite Noor Masjid Mohallah Kasai Mehar

7131 - G.T road, Kamoke

Near Khushhali Bank Opposite Noor Masjid Mohallah Kasai Mehar

7145- Lodhran

Khewat no 222/208, bahawalpur road ,Lodhran

7148 - Paris Road, Sialkot

Paris Road Nishat Park Near Chamber of Commrance Sialkot

7150 -Haweli Lakha

Khewat No: 1157/1158 Khatonee No: 1735 Situated at opposite Bank Alfalah

7163- Daska

Bank Road Ghallah Habib Bank Wala Opposite Chicken Munch Daska

7170 - Hafizabad

(Ground Floor) Situated At Grain Near Finca Microfinance Bank

7179 - Fort Abbas

(Ground Floor) Situated At Grain Near Finca Microfinance Bank

7181 -Minchinabad

National bank Road ,Near city College Minchinabad District Bahawalnagar

7183- Mandi Bahud Din

Al-Rehman Plaza Phalia Road , Punjab Center Mandi Bahudin

7186 -Kot Khadim Shah

Khewat no 331, Khatooni no 669, Tehsil and District Sahiwal

7190- Bhagtanwala

bhadru Plaza , Lahore Sargodha road, bhagtanwala

7192 - Arifwala

Ghalla mandi , Arifwala , District pak-patan

7197 - Dina

2nd Floor, Malak Plaza near Chaudhary Kitab GTRoad, Punjab Centre, Dina

7199 - Jaurharabad

Shop No 58 b Khewat No 215, Khatooni No 309 Block No 1, Janui Bazar, Jauharabad

7201- Bhakkar

Shop no 2&3, Register No 99, Railway Road, Bhakkar.

7206 - Chistian

(Ground Floor & 1st Floor) Khewat No. 152-153. Khatoni No. 152 Ghata Mandi.

7209 - Nori Plot

Plot no 10, Main road, District Okara

7210 -Khudian

Situated At Old Bus Stand Near HBL Bank Khudian Kasur

7212-Jassoki Sheller

Khewat No 99, Khatonee No 344, Qitas 09, Register Register Haqdaranzameen, Jasoke, Tehsil Depalpur.

7224 -Sadiqabad

Allama iqbal road near Jillani hospital Opposite Al Riaz Steel Workers Sadiqabad

7228 -Ali pur

(Ground Floor) Situated Near Hbl Micro Finance Bank College Chowk Multan Road Alipur

7230-Fazilpur

Kanchi Mor Near Al - Makkah pul Rajan pur Road Fazil Pur

7233 - Liaquat Pur

Building No 7, Street Mr Qazi Muhammad Shafi Liaqatpur District Rahim yar khan

7138 - Khanqa Dogran

(First Floor)upper Gourmet Bakers Khanqa Dogran Main GT Road.

38 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:

	2024			2023		
	Directors	Key management personnel	Associated Company	Directors	Key management personnel	Associated Company
Other Assets						
Interest / mark-up accrued		1,297,263	-	-	4,662,485	-
Loan to Employees	-					
Opening balance		53,653,448	-	-	67,156,757	-
Addition during the year	-	5,800,000	-	-	7,675,000	-
Repaid during the year	-	(37,267,411)	-	-	(21,178,309)	-
Credit loss allowance	-		-	-	-	-
Closing balance	-	23,483,300	-	-	58,315,933	-
Deposits and other accounts						
Opening balance	2,053,793	1,916,850	121,233,821	1,817,937	101,075	123,295,288
Received during the year	916,651,575	403,011,986	6,926,628,493	183,929,648	41,872,902	6,822,236,898
Withdrawn during the year	(420,476,433)	(397,987,435)	(6,932,296,786)	(183,693,792)	(40,057,127)	(6,824,298,365)
Transfer in / (out) - net	198,456,536	3,226,634	166,694,673	-	-	-
Closing balance	696,685,471	10,168,035	282,260,201	2,053,793	1,916,850	121,233,821
Other liabilities						
Interest/mark up payable	8,568,868	12,218	3,177,400	18,277	4,415	1,606,752
Payable to staff retirement benefit	-	8,496,785	-	-	11,657,889	-
Share deposit money						
Opening balance	49,303,809	-	1,301,086,470	-	-	350,390,276
Received during the year	30,000,000	-	470,000,000	49,303,809	-	950,696,194
Share issued during the year	-	-	-	-	-	-
Repaid during the year	-	-	-	-	-	-
Closing balance	79,303,809	-	1,771,086,470	49,303,809	-	1,301,086,470
Income						
Mark-up / Return / Interest earne	-	2,922,172	-	-	4,452,870	-
Fee and commission income	-	-	-	-	-	-
Dividend income	-	-	-	-	-	-
Expense						
Mark-up / Return / Interest expen	72,181,907	1,236,322	21,196,097	45,457	5,618	13,481,847
Salaries and allowances	-	83,150,510	-	-	54,759,548	-
Bonus	-	-	-	-	-	-
Staff retirement benefits	-	7,431,305	-	-	8,126,237	-
Directors' fee	3,525,000	-	-	1,312,500	-	-

38.1 The names of related parties with whom the Bank has entered into transactions or had agreements / arrangements in place during the year are as under.

Name of Related Party	Nature of Relationship	Aggregate Percentage of Shareholding (%)
The United Insurance Company Of Pakistan Ltd	Shareholding	46.50%
United Track System (Pvt) Limited	Common Directorship	19.34%
United Software and Technologies Intl (Pvt.) Limited	Common Directorship	2.58%
Saudi Pak Insurance Company Limited	Common Directorship	1.97%
Tawasul Healthcare Tpa (Private) Limited	Common Directorship	1.62%

Name of Related Party	Nature of Relationship	Aggregate Percentage of Shareholding (%)
UIC Employee Provident Fund	Common Control	-
Mr. Muhammad Saleem Shaikh	Director	0.00%
Mr. Muhammad Akram Shahid	Director/ Chairman	5.19%
Mr. Imad Mohammad Tahir	Director	12.86%
Tawasul Risk Management Services (Pvt.) Limited	Common Directorship	0.57%
Mr. Muhammad Asghar	Director	0.00%
Mr. Shahid Hussain	Director	4.79%
Mr. Abdul Aziz Khan	Director	0.00%

39 MATERIAL OUTSOURCING ARRANGEMENTS

In compliance to BPRD Circular No. 06 of 2017 of SBP, the material outsourcing arrangements of the Bank are listed below:

Name of Service Provider	Name of Service	Estimated Cost. Rs
M/S Track Security Systems (Pvt.) Limited	Security guards services	44,033,910
M/S Homeland Security (Pvt.) Limited	Security guards services	31,624,915

40 COMPLAINTS MANAGEMENT MECHANISM

Apna Micro Finance Bank Limited believes in fair treatment of customers and for this the Bank has an effective Consumer Grievance Handling Mechanism in place. The bank provides a secure channel through which customers of the Bank may lodge their complaints about their grievances. The Bank ensure the resolution of the customers' complaints as per the banking practices and within turnaround time (TAT) and for which proper escalation matrix is in place. Customers are fairly treated and updated throughout the process till final resolution of their complaint. During the year 523 (2023: 501) complaints were received and average time to resolve a complaint is 16.28 days (2023: 10.4 days).

41 DATE OF AUTHORIZATION FOR ISSUE

0 5 MAR 2025

These financial statements were approved and authorised for issue on .... by the Board of Directors of the Bank.

42 GENERAL

42.1 REARRANGEMENTS

Following significant rearrangements have been made under the revised formats of financial statements as prescribed by SBP;

From	To	Amount Rupees
Operating fixed assets	Property and equipment	651,620,338
	Intangible assets	157,473,033
Other Assets - markup on advances	Advances	1,022,811,525
Other liabilities	Bills payable - in Pakistan	76,870,384
Recovery against bad debts written off	Credit loss allowance and write offs - net	6,577,137

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

Acting President / CEO	Chief Financial Officer	Chairman	Director	Director