

APNA MICROFINANCE BANK LIMITED
Financial Statements for the half year ended June 30, 2025

Directors' Reviews

The Directors of the Apna Microfinance Bank Limited (hereinafter referred to as 'the Bank') are pleased to present the Un-audited Condensed Interim Financial Statements of the Bank for the half year ended June 30, 2025.

Economic Overview:

The global economy in 2025 has been marked by heightened uncertainty, primarily driven by volatile trade policies and geopolitical tensions. The second quarter of 2025 exemplified this volatility, beginning with a sharp decline in equity markets followed by a strong recovery after a temporary pause in tariff measures.

Contrary to the global volatility, Pakistan's economy has maintained its growth momentum and shown resilience across fiscal and external fronts, reinforcing a positive outlook for FY2025. The current account posted a surplus of \$ 2.1 billion in FY'25, the first in 14 years, compared to a deficit of \$ 2.1 billion in FY'24. Similarly, SBP's foreign exchange reserves boosted to \$14.5 billion by end-Jun'25.

Inflationary pressures continued to ease with Consumer Price Index (CPI) inflation recorded at 3.5% on a YoY basis in May 2025, compared to 11.8% in May 2024. SBP reduced the policy rate by 9.5% bringing it down to 11% in June 2025 from 20.5% in the same period last year.

In consideration of the above factors Pakistan's economic outlook continues to improve, giving an optimistic outlook

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 highlights of the financial results for the half year ended June 30, 2025 are as follows:

Particular's	June 30, 2025	December 31, 2024	%
	Un-audited	Audited	Change
Advances	8,932,822,276	8,195,981,631	9%
Deposits and other accounts	27,276,816,702	25,674,402,711	6%
	June 30, 2025	June 30, 2024	
	Un-audited	Un-audited	
Mark-up/Return/Interest Earned	1,440,728,590	1,488,009,764	-3%
Mark-up/Return/Interest Expensed	1,456,048,637	1,974,794,836	-26%
Operating expenses	1,001,723,655	1,090,698,617	-8%
Loss for the period	887,552,899	1,540,534,549	-42%

The Bank loss reduced from PKR. 1,540.535 million to PKR. 887.553 million indicating an improvement in financial performance. As a result, the loss per share was recorded at PKR 2.07 for the current reporting period (June: 2024 loss per share PKR. 3.59). The Bank's equity (net of losses) stood at negative (-) PKR. 9,754.310 million as against the statutory requirement prescribed by State Bank of Pakistan (SBP) while the Minimum Capital Requirement (MCR) and Capital Adequacy Ratio (CAR) of the Bank also stood at negative.

The Bank total assets have grown to PKR. 18,774.528 million from PKR. 17,445.620 million as at December 31st, 2024

The advances-net of provision stood at 8,932.822 million as at June 30, 2025 as compared to 8,195.982 million as at December 31st, 2024 by registering a growth of 9%. Investments were also stood at PKR. 2,297.566 million.

During the period, the Bank out-performed in recoveries from non-performing assets by posting credit loss allowance and write off – net PKR. 34.281 million as compared to the comparative period PKR. 80.072 million. As of June 30, 2025, the Bank's gross NPL ratio (Gross non-performing loans to Gross Advances) marginally decreased to 38.46%, compared to 40.50% recorded on December 31, 2024.

The deposits of the Bank settled at PKR 27,276.817 million as at June 30, 2025, representing an increase of 6% as compared to year end December 31, 2024. Amidst stiff competition for rates, the Bank's focus remained on CASA mix and retaining non-remunerative accounts. As of June 30, 2025, the Bank's CASA ratio improved to 61.9% (June 2024: 58.3%)

As at June 30, 2025, the Bank has deferred tax assets (net) of PKR. 1,700 million. As at June 30, 2025, the Bank has not recognized further deferred tax assets (net).

Net Markup/ Interest loss of the Bank's reduced from PKR. 486.785 million to PKR. 15.320 million. Further, the Bank's non-funded income totalled PKR. 183.714 million, compared to PKR. 137.007 million in the prior period. The main contributors to this income were loan processing fee income.

The Bank successfully exhibited prudent control over its operating expenses by continuously monitoring and implementing cost control initiatives and is able to reduce its operating expenses as compared to the previous period, recorded PKR. 1,001.724 million during six-month end of 2025.

Election of Directors:

An election of the Directors of the Bank was conducted at the Extraordinary General Meeting (EOGM) held on June 18, 2025. The following individuals have been elected to serve on the Board for a term of three years:

- **Mr. Muhammad Akram Shahid** – Non-Executive Director
- **Mr. Imad Mohammad Tahir** – Non-Executive Director
- **Mr. Mohammad Asghar** – Non-Executive Director
- **Mr. Shahid Hassan** – Non-Executive Director
- **Mr. Abdul Aziz Khan** – Independent Director
- **Ms. Sultana Naheed** – Female Independent Director
- **Mr. Nazish Ali** – Executive Director

Future Outlook

The Bank has incurred loss for the period amounting to Rs. 888 million (June 30, 2024: Rs. 1,541 million) and as at period end, its accumulated loss was Rs. 15,171 million (December 31, 2024: Rs. 14,284 million). This has resulted in negative net assets of Rs. 9,754 million (December 31, 2024: Rs. 9,433 million). The Bank has been non-compliant with Minimum Capital Requirements (MCR) and Capital Adequacy Ratio (CAR) requirements of Prudential Regulations for Microfinance Banks, 2014. There has been material uncertainty related to events and conditions which may cast significant doubt about the Bank's ability to continue as a going concern and, therefore the Bank may not be able to realize its assets and discharge its liabilities in the normal course of business.

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

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

The Sponsors demonstrate their unwavering commitment to support the Bank. They have also issued a formal letter of support to the Bank's management, pledging to provide the requisite funding to the Bank. They have injected funds of Rs. 500 million during the period in shape of share deposit money, bringing the total share deposit money to Rs. 2,350 million. This funding is enabling the Bank to meet its maturing commitments and to expand its advances portfolio and will lead 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 recovery of such advances will improve the financial condition of the Bank. Management is optimistic about the recoverability of these non-performing advances and is proactively pursuing their recovery. These recoveries also enable the Bank to further expand its secured advances portfolio by utilizing these recovered funds.

- **Reducing Cost of Deposits:**

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

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

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

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

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

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

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

The Bank's Capital Adequacy Ratio (CAR), as also referred in Note no 1.2 to the condensed interim financial statements for the half year ended June 30, 2025, is not in compliance with the requirements of Prudential Regulation for MFB's. However, the sponsors are committed to filling the CAR shortage soon.

Audit Observations

The external auditors have drawn attention towards Note 1.2 of the condensed interim financial statements for the half year ended June 30, 2025 via an emphasis of matter paragraph. Attention is drawn towards the huge accumulated losses and negative net assets figure, as a result of which the Bank is MCR and CAR noncompliant. 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 Rs. 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.

Credit Rating

The long-term rating of the Bank is "BB" (double B) 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 May 15th, 2025.

Acknowledgement

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

For and on behalf of Board of Directors,



Nazish Ali
President/CEO (Acting)

Date: August 29, 2025
Lahore



Abdul Aziz Khan Niazi
Director

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF APNA MICROFINANCE BANK LIMITED
REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS**

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Apna Microfinance Bank Limited (the Bank) as at June 30, 2025 and the related condensed interim profit and loss account, the condensed interim statement of comprehensive income, the condensed interim statement of changes in equity, the condensed interim cash flow statement, and selected explanatory notes to the condensed interim financial statements for the six months period then ended (here-in-after referred to as the "condensed interim financial statements"). Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

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Emphasis of Matters

We draw attention to Note 1.2 to the condensed interim financial statements which states that the Bank has incurred loss for the period amounting to Rs. 888 million (For the period ended June 30, 2024: Rs. 1,541 million) and as at the period end, its accumulated loss was Rs. 15,171 million (December 31, 2024: Rs. 14,284 million). This has resulted in negative net assets of Rs. 9,754 million (December 31, 2024: Rs. 9,433 million). The Bank is facing problems in recovery of unsecured non-performing advances. 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 subject to 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.

Other Matter

Pursuant to the requirement of Section 237 (1) (b) of the Companies Act, 2017, only cumulative figures for the six months period, presented in these condensed interim financial statements are subject to a limited scope review by the statutory auditors of the Company. Accordingly, the figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the three-months period ended June 30, 2025 and 2024 have not been reviewed by us.

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



RSM AVAIS HYDER LIAQUAT NAUMAN
CHARTERED ACCOUNTANTS

Place: Lahore

Date:

UDIN: RR202510239Y3nuzQE4q



APNA MICROFINANCE BANK LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION - (UN-AUDITED)
AS AT JUNE 30, 2025

	Note	June 30, 2025 Rupees	Audited December 31, 2024 Rupees
ASSETS			
Cash and balances with treasury banks	7	1,260,551,082	1,645,885,474
Balances with other MFBs/Banks/NBFIs	8	2,706,077,810	2,067,975,843
Investments	9	2,297,566,080	1,873,476,171
Advances	10	8,932,822,276	8,195,981,631
Property and equipment	11	526,459,293	557,130,528
Right-of-use assets	12	395,445,505	421,806,211
Intangible assets	13	143,288,028	148,345,561
Deferred tax asset	14	1,700,000,000	1,700,000,000
Other assets	15	812,317,951	835,018,111
Total Assets		18,774,528,025	17,445,619,530
LIABILITIES			
Bills payable - in Pakistan		151,673,156	69,677,100
Deposits and other accounts	16	27,276,816,702	25,674,402,711
Lease liabilities	17	537,198,455	582,357,105
Other liabilities	18	563,149,530	551,887,100
Total liabilities		28,528,837,843	26,878,324,016
NET ASSETS		(9,754,309,818)	(9,432,704,486)
REPRESENTED BY:			
Share capital		4,289,849,620	4,289,849,620
Discount on issue of shares		(1,335,963,831)	(1,335,963,831)
Share deposit money		2,350,390,279	1,850,390,279
Statutory reserve		22,078,496	22,078,496
Depositors' protection fund		5,519,624	5,519,624
Fair value reserve on investments	9	84,975,172	19,027,605
Accumulated loss		(15,171,159,178)	(14,283,606,279)
Total Capital		(9,754,309,818)	(9,432,704,486)

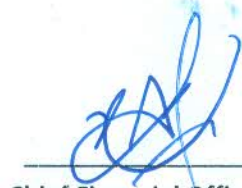
CONTINGENCIES AND COMMITMENTS

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



President / CEO (Acting)



Chief Financial Officer



Chairman



Director



Director

APNA MICROFINANCE BANK LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT AND LOSS ACCOUNT - (UN-AUDITED)
FOR THE PERIOD ENDED JUNE 30, 2025

	Note	Six month period ended June 30,		Three month period ended June 30,	
		2025	2024	2025	2024
		Rupees	Rupees	Rupees	Rupees
Mark-up / Return / Interest Earned	20	1,440,728,590	1,488,009,764	764,320,843	778,480,681
Mark-up / Return / Interest Expensed	21	(1,456,048,637)	(1,974,794,836)	(725,945,897)	(1,025,959,737)
Net mark-up/Interest (loss)/profit		(15,320,047)	(486,785,072)	38,374,946	(247,479,056)
NON MARK-UP/ INTEREST INCOME					
Fee and commission income		148,825,163	96,474,705	83,522,903	54,977,169
Other Income	22	34,889,114	40,532,685	18,096,114	25,562,441
Total non mark-up/ interest Income		183,714,277	137,007,390	101,619,017	80,539,610
Net income / (loss)		168,394,230	(349,777,682)	139,993,963	(166,939,446)
NON MARK-UP/ INTEREST EXPENSES					
Operating expenses	23	(1,001,723,655)	(1,090,698,617)	(508,198,171)	(546,404,609)
Other charges	24	(73,204)	(180,081)	151,239	-
Total non mark-up/ interest expenses		(1,001,796,859)	(1,090,878,698)	(508,046,932)	(546,404,609)
Loss before credit loss allowance		(833,402,629)	(1,440,656,380)	(368,052,969)	(713,344,055)
Credit loss allowance and write offs - net	26	(34,280,848)	(80,072,113)	(17,288,194)	(39,045,895)
Loss before levy and taxation		(867,683,477)	(1,520,728,493)	(385,341,163)	(752,389,950)
Minimum tax differential - levy	27	(19,869,422)	(19,806,056)	(10,418,162)	(10,418,223)
Loss for the period before taxation		(887,552,899)	(1,540,534,549)	(395,759,325)	(762,808,173)
Provision for taxation	28	-	-	-	-
Loss for the period		(887,552,899)	(1,540,534,549)	(395,759,325)	(762,808,173)
Loss per share - basic and diluted	29	(2.07)	(3.59)	(0.92)	(1.78)


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


 President /CEO (Acting)


 Chief Financial Officer


 Chairman


 Director


 Director

APNA MICROFINANCE BANK LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME - (UN-AUDITED)
FOR THE PERIOD ENDED JUNE 30, 2025

	Six month period ended June 30,		Three month period ended June 30,	
	2025	2024	2025	2024
	Rupees	Rupees	Rupees	Rupees
Loss for the period	(887,552,899)	(1,540,534,549)	(395,759,325)	(762,808,173)
Other comprehensive income				
Items that may be reclassified to profit and loss account in subsequent periods:				
Unrealized gain on revaluation of available for sale investments	86,227,517	-	53,135,469	-
Reclassification adjustments relating to available for sale investments disposed off during the period	(20,279,950)	-	(20,279,950)	-
	65,947,567		32,855,519	-
Total comprehensive loss for the period	<u>(821,605,332)</u>	<u>(1,540,534,549)</u>	<u>(362,903,806)</u>	<u>(762,808,173)</u>

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


 President/CEO (Acting)


 Chief Financial Officer


 Chairman


 Director


 Director

APNA MICROFINANCE BANK LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY - (UN-AUDITED)
FOR THE PERIOD ENDED JUNE 30, 2025

	Share capital	Discount on issue of shares	Share deposit money	Capital Reserves		Fair value reserve on investments	Revenue Reserve	Total
				Statutory reserve	Depositors' protection fund		Accumulated loss	
				Rupees				
Balance as at January 01, 2024 - Audited	4,289,849,620	(1,335,963,831)	1,350,390,279	22,078,496	5,519,624	-	(10,972,676,243)	(6,640,802,055)
Impact of IFRS 9 adoption	-	-	-	-	-	-	(210,937,884)	(210,937,884)
	4,289,849,620	(1,335,963,831)	1,350,390,279	22,078,496	5,519,624	-	(11,183,614,127)	(6,851,739,939)
Total comprehensive loss for the year								
Loss for the period	-	-	-	-	-	-	(1,540,534,549)	(1,540,534,549)
Other comprehensive income	-	-	-	-	-	-	(1,540,534,549)	(1,540,534,549)
	-	-	-	-	-	-	(1,540,534,549)	(1,540,534,549)
Balance as at June 30, 2024 - Un-audited	4,289,849,620	(1,335,963,831)	1,350,390,279	22,078,496	5,519,624	-	(12,724,148,676)	(8,392,274,488)
Total comprehensive loss for the year								
Loss for the period	-	-	-	-	-	-	(1,559,457,603)	(1,559,457,603)
Other comprehensive income	-	-	-	-	-	19,027,605	19,027,605	19,027,605
	-	-	-	-	-	19,027,605	(1,559,457,603)	(1,540,429,998)
Transactions with owners recorded directly in equity								
Share deposit money received	-	-	500,000,000	-	-	-	-	500,000,000
	-	-	500,000,000	-	-	-	-	500,000,000
Balance as at December 31, 2024 - Audited	4,289,849,620	(1,335,963,831)	1,850,390,279	22,078,496	5,519,624	19,027,605	(14,283,606,279)	(9,432,704,486)
Total comprehensive loss / income for the year								
Loss for the period	-	-	-	-	-	-	(887,552,899)	(887,552,899)
Other comprehensive income	-	-	-	-	-	-	-	-
Fair value gain on investment	-	-	-	-	-	65,947,567	-	65,947,567
	-	-	-	-	-	65,947,567	(887,552,899)	(821,605,332)
Transactions with owners recorded directly in equity								
Share deposit money received	-	-	500,000,000	-	-	-	-	500,000,000
	-	-	500,000,000	-	-	-	-	500,000,000
Balance as at June 30, 2025 - Un-audited	4,289,849,620	(1,335,963,831)	2,350,390,279	22,078,496	5,519,624	84,975,172	(15,171,159,178)	(9,754,309,818)

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

President / CEO (Acting)

Chief Financial Officer

Chairman

Director

Director

APNA MICROFINANCE BANK LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT - (UN-AUDITED)
FOR THE PERIOD ENDED JUNE 30, 2025

	Note	Six month period ended June 30,	
		2025	2024
		Rupees	Rupees

A) CASH FLOW FROM OPERATING ACTIVITIES

Loss before levy and taxation		(867,683,477)	(1,520,728,493)
Adjustments for non-cash charges			
Depreciation of operating fixed assets	23	35,304,724	42,681,746
Depreciation on right of use assets	23	70,704,000	129,875,516
Amortization of intangible assets	23	5,057,532	4,563,739
Credit loss allowance	26	38,085,050	82,727,695
Markup on lease liabilities	21	35,444,282	22,402,047
Gain on disposal of operating fixed assets	22	(5,719,317)	(198,446)
		178,876,271	282,052,297
Operating cash flows before working capital changes		(688,807,206)	(1,238,676,196)
Changes in working capital			
(Increase)/decrease in operating assets			
Advances		(774,925,695)	(130,654,666)
Other assets		34,467,287	(138,750,435)
Increase/(decrease) in operating liabilities			
Bills payable - in Pakistan		81,996,056	(10,045,404)
Deposits		1,602,413,991	2,325,070,153
Other liabilities		11,262,430	(90,783,769)
		955,214,069	1,954,835,879
Cash flows from operations		266,406,863	716,159,683
Levies paid		(31,636,549)	(67,437,141)
Net cash flows from operating activities		234,770,314	648,722,542

B) CASH FLOW FROM INVESTING ACTIVITIES

Investments made		(358,142,342)	(473,332,215)
Additions in operating fixed assets		(7,815,120)	(6,135,202)
Repayment of lease liabilities		(124,946,226)	(130,514,435)
Proceeds from disposal of operating fixed assets		8,900,949	675,392
Net cash flows from investing activities		(482,002,739)	(609,306,460)

C) CASH FLOW FROM FINANCING ACTIVITIES

Share deposit money received		500,000,000	-
Net cash flows from financing activities		500,000,000	-
Increase in cash and cash equivalents (A+B+C)		252,767,575	39,416,082
Cash and cash equivalents at the beginning of the year		3,713,861,317	4,391,623,792
Cash and cash equivalents at the end of the year	25	3,966,628,892	4,431,039,874

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


President / CEO (Acting)


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 (2024: 72 business locations comprising of 71 branches and 1 service centers). Its registered office is situated at K-4/3 and 4/4, Ch. Khaliq-uz-Zaman Road, Gizri, Karachi in the Province of Sindh and its head office is situated at 141/K upper mall scheme Lahore.

1.2 The Bank has incurred loss for the period amounting to Rs. 888 million (June 30, 2024: Rs. 1,541 million) and as at period end, its accumulated loss was Rs. 15,171 million (December 31, 2024: Rs. 14,284 million). This has resulted in negative net assets of Rs. 9,754 million (December 31, 2024: Rs. 9,433 million). The Bank has been non-compliant with Minimum Capital Requirements (MCR) and Capital Adequacy Ratio (CAR) requirements of Prudential Regulations for Microfinance Banks, 2014. There has been material uncertainty related to events and conditions which may cast significant doubt about the Bank's ability to continue as a going concern and, therefore the Bank may not be able to realize its assets and discharge its liabilities in the normal course of business.

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

a. Commitment by the Sponsors and Injection of Further Equity

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

b. Increasing Secured Advances Portfolio

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

c. Recovery of Non-Performing Advances

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

d. Reducing Cost of Deposits

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

e. Optimization of Operations and Reduction of Costs

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

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

2 BASIS OF PRESENTATION

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

2.1 STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. The approved accounting standards comprise of:

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

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

- 2.2** These condensed interim financial statements have been subjected to limited scope review by the auditors, as required under section 237 of Companies Act, 2017 and should be read in conjunction with the annual audited financial statements of the Bank for the year ended December 31, 2024.

3 Functional and presentation currency

These condensed interim financial statements are presented in Pakistani Rupees which is the Bank's functional and presentation currency. All figures have been rounded to the nearest Rupee, unless otherwise stated.

4 STANDARDS, INTERPRETATIONS & AMENDMENTS EFFECTIVE IN CURRENT PERIOD

- 4.1** There are certain amendments to standards that became effective during the period and are mandatory for accounting periods of the Bank beginning on or after January 01, 2025 but are considered not to be relevant to the Bank's operations and are, therefore, not disclosed in these condensed interim financial statements.
- 4.2** There are certain new standards, amendments to standards and interpretations that are effective from different future periods but are considered not to be relevant to the Bank's operations, therefore, not disclosed in these condensed interim financial statements.

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of these condensed interim financial statements in conformity with the 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. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including the expectation of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

In the preparation of these condensed interim financial statements, the significant judgments made by management in applying the Bank's accounting policies and the key sources of estimation uncertainty were the same as those that were applied in the preparation of annual audited financial statements of the Bank for the year ended December 31, 2024.

6 FINANCIAL RISK MANAGEMENT

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

APNA MICROFINANCE BANK LIMITED
**SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - (UN-AUDITED)
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7	CASH AND BALANCES WITH TREASURY BANKS	Note	June 30, 2025	Audited December 31, 2024
			Rupees	Rupees
	Cash in hand - local currency		613,466,915	590,340,829
	Balance with State Bank of Pakistan in:			
	Current account	7.1	616,178,303	1,053,754,311
	Balance with National Bank of Pakistan in:			
	Current Account		30,883,039	1,769,159
	Deposit Account		22,825	21,175
			<u>1,260,551,082</u>	<u>1,645,885,474</u>

- 7.1** This represents balance maintained in current accounts with the State Bank of Pakistan (SBP) to meet the requirements of maintaining a minimum balance equivalent to not less than 3% 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.

8	BALANCES WITH OTHER MFBS/BANKS/NBFIS	Note	June 30, 2025	Audited December 31, 2024
			Rupees	Rupees
	In Pakistan			
	- In current accounts		18,316,946	24,121,153
	- In deposit accounts	8.1	2,687,760,864	2,043,854,690
			<u>2,706,077,810</u>	<u>2,067,975,843</u>

- 8.1** These carry mark-up at the rates ranging from 9.50% to 11.75% per annum (December 31, 2024: 10.75% to 14.75% per annum).

9 INVESTMENTS

Investments by type	Note	June 30, 2025		
		Fair value/ Amortised cost	Gain on fair value	Carrying value
.....Rupees.....				

Debt instruments
Classified/Measured at amortised cost

Market treasury bills	9.1	192,867,146	-	192,867,146
Term finance certificate - Silk Bank	9.2	49,930,000	-	49,930,000
		<u>242,797,146</u>	<u>-</u>	<u>242,797,146</u>

Investments by type	Note	Rupees		
		Fair value/ Amortised cost	Gain on fair value	Carrying value
.....Rupees.....				

Classified/Measured at FVOCI

Treasury bills	9.1	1,969,793,762	84,975,172	2,054,768,934
		2,212,590,908	84,975,172	2,297,566,080

Investments by type	Note	Audited		
		December 31, 2024		
		Fair value / Amortised cost	Gain on fair value	Carrying value
.....Rupees.....				

Debt instruments**Classified/Measured
at amortised cost**

Market Treasury Bills	9.1	862,509,068	-	862,509,068
Term Finance Certificate - Silk Bank	9.2	99,920,000	-	99,920,000
		962,429,068	-	962,429,068

Classified/Measured at FVOCI

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

9.1 This represents investment in market treasury bills carrying yields at the rates ranging from 11.10% to 13.70% per annum (December 31, 2024: 12.85% to 21.75% per annum) and having maturities ranging from 72 to 364 days. These securities have an aggregate face value of Rs. 2,400 million (December 31, 2024: Rs. 1,900 million).

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

APNA MICROFINANCE BANK LIMITED
SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - (UN-AUDITED)
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2025

10	ADVANCES					Audited			
Loan Type	June 30, 2025				December 31, 2024				
	Performing		Non-Performing	Total	Performing		Non-Performing	Total	
	Stage 1	Stage 2	Stage 3		Stage 1	Stage 2	Stage 3		
	-----Rupees-----								
Micro credits									
Secured	7,928,145,924	8,326,709	332,051,116	8,268,523,749	6,996,289,923	7,644,123	367,504,691	7,371,438,737	
Unsecured	125,845,160	2,387,316	4,707,863,647	4,836,096,123	366,984,450	3,266,009	4,634,569,524	5,004,819,983	
Markup Accrued	1,030,754,021	2,179,092	-	1,032,933,113	983,762,906	2,618,971	-	986,381,877	
Advances - gross	9,084,745,105	12,893,117	5,039,914,763	14,137,552,985	8,347,037,279	13,529,103	5,002,074,215	13,362,640,597	
Credit loss allowance against advances									
- Stage 1	(166,380,572)	-	-	(166,380,572)	(170,297,158)	-	-	(170,297,158)	
- Stage 2	-	(2,760,444)	-	(2,760,444)	-	(2,389,885)	-	(2,389,885)	
- Stage 3	-	-	(5,035,589,693)	(5,035,589,693)	-	-	(4,993,971,923)	(4,993,971,923)	
	(166,380,572)	(2,760,444)	(5,035,589,693)	(5,204,730,709)	(170,297,158)	(2,389,885)	(4,993,971,923)	(5,166,658,966)	
Advances - net of credit loss allowance	8,918,364,533	10,132,673	4,325,070	8,932,822,276	8,176,740,121	11,139,218	8,102,292	8,195,981,631	
10.1	Advances - Particulars of credit loss allowance								
10.1.1	Advances - Exposure								
Gross carrying amount	8,347,038,013	13,529,104	5,002,073,480	13,362,640,597	7,817,065,892	16,248,852	4,765,071,861	12,598,386,605	
New advances	4,841,781,567	538,091	380,969	4,842,700,627	6,516,962,630	1,397,313	43,302,806	6,561,662,749	
Advances derecognised or repaid	(3,776,011,639)	(3,221,903)	(288,554,697)	(4,067,788,239)	(5,114,528,955)	(6,982,907)	(675,896,895)	(5,797,408,757)	
Transfer to stage 1	5,939,501	(610,967)	(5,328,534)	-	4,477,434	(495,965)	(3,981,469)	-	
Transfer to stage 2	(11,744,042)	12,113,768	(369,726)	-	(16,109,580)	16,528,628	(419,048)	-	
Transfer to stage 3	(322,258,295)	(9,454,976)	331,713,271	-	(860,829,408)	(13,166,817)	873,996,225	-	
	737,707,092	(635,987)	37,841,283	744,812,388	529,972,121	(2,719,748)	237,001,619	764,253,992	
Closing balance	9,084,745,105	12,893,117	5,039,914,763	14,137,552,985	8,347,038,013	13,529,104	5,002,073,480	13,362,640,597	

APNA MICROFINANCE BANK LIMITED
SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - (UN-AUDITED)
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2025

10.1.2 Advances - Credit loss allowance

2 Advances - Credit loss allowance					Audited			
	June 30, 2025				December 31, 2024			
	Performing		Non-Performing	Total	Performing		Non-Performing	Total
	Stage 1	Stage 2	Stage 3		Stage 1	Stage 2	Stage 3	
	-----Rupees-----							
Credit loss allowance opening balance	170,297,158	2,389,885	4,993,971,923	5,166,658,966	313,734,307	5,641,239	4,876,281,126	5,195,656,672
New Advances/ additional charge	58,517,801	1,337,639	116,249,417	176,104,857	30,906,106	1,362,168	375,504,585	407,772,859
Advances derecognised or repaid	(6,708,902)	(158,031)	(131,166,181)	(138,033,114)	(45,933,693)	(1,165,298)	(389,671,574)	(436,770,565)
Transfer to stage 1	5,162,399	(108,211)	(5,054,188)	-	3,833,525	(65,094)	(3,768,431)	-
Transfer to stage 2	(848,645)	1,119,560	(270,915)	-	(1,144,448)	1,563,496	(419,048)	-
Transfer to stage 3	(60,039,239)	(1,820,398)	61,859,637	-	(131,098,639)	(4,946,626)	136,045,265	-
	(3,916,586)	370,559	41,617,770	38,071,743	(143,437,149)	(3,251,354)	117,690,797	(28,997,706)
Amounts written off / charged off	-	-	-	-	-	-	-	-
Credit loss allowance closing balance	166,380,572	2,760,444	5,035,589,693	5,204,730,709	170,297,158	2,389,885	4,993,971,923	5,166,658,966

10.1.3 Advances - Credit loss allowance details

Internal / external rating / stage classification

Outstanding gross exposure

Performing - Stage 1	9,084,745,105	-	-	9,084,745,105	8,347,038,013	-	-	8,347,038,013
Under Performing	-	12,893,117	-	12,893,117	-	13,529,104	-	13,529,104
Non - Performing								
Substandard	-	-	12,369,891	12,369,891	-	-	10,978,572	10,978,572
Doubtful	-	-	6,294,026	6,294,026	-	-	62,980,792	62,980,792
Loss	-	-	5,021,250,846	5,021,250,846	-	-	4,928,114,851	4,928,114,851
	-	-	5,039,914,763	5,039,914,763	-	-	5,002,074,215	5,002,074,215
Total	9,084,745,105	12,893,117	5,039,914,763	14,137,552,985	8,347,038,013	13,529,104	5,002,074,215	13,362,641,332

Corresponding credit loss allowance

Stage 1	166,380,572	-	-	166,380,572	170,297,158	-	-	170,297,158
Stage 2	-	2,760,444	-	2,760,444	-	2,389,885	-	2,389,885
Stage 3	-	-	5,035,589,693	5,035,589,693	-	-	4,993,971,923	4,993,971,923
	166,380,572	2,760,444	5,035,589,693	5,204,730,709	170,297,158	2,389,885	4,993,971,923	5,166,658,966

APNA MICROFINANCE BANK LIMITED
SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - (UN-AUDITED)
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2025

11	PROPERTY AND EQUIPMENT	June 30, 2025	Audited December 31, 2024
		Rupees	Rupees
	Property and equipment	516,281,368	554,557,803
	Capital work in progress - Advances against civil work	7,605,200	-
	Non operating land	2,572,725	2,572,725
		<u>526,459,293</u>	<u>557,130,528</u>
	Additions to property and equipment	For the six month period ended June 30, 2025	June 30, 2024
		Rupees	Rupees
	Furniture and fixtures	45,200	252,141
	Electrical and office equipment	-	2,138,481
	Computer equipment	165,000	1,230,450
		<u>210,200</u>	<u>3,621,072</u>
11.2	Disposal of property and equipment - Net book value		
	Leasehold Improvements	49,139	-
	Electrical and office equipment	986,029	-
	Vehicles	2,146,466	-
		<u>3,181,634</u>	<u>-</u>
12	RIGHT-OF-USE ASSETS	June 30, 2025	Audited December 31, 2024
		Rupees	Rupees
	Buildings		
	As at the beginning of the year		
	Cost	972,638,146	1,079,231,013
	Accumulated depreciation	(577,192,641)	(657,424,802)
	As at the end of the period/year	<u>395,445,505</u>	<u>421,806,211</u>
12.1	Reconciliation of written down value:		
	Opening balances	421,806,211	404,201,211
	Additions	53,623,056	229,760,021
	Deletions/adjustments	(9,279,762)	(20,098,980)
	Depreciation charge	(70,704,000)	(192,056,041)
	Closing balances	<u>395,445,505</u>	<u>421,806,211</u>
	Lease term: 3 to 10 years		
12.2	These represent premises acquired for head office and branches. 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.		
13	INTANGIBLE ASSETS	June 30, 2025	Audited December 31, 2024
		Rupees	Rupees
	As at the beginning of the year		
	Cost	246,551,459	246,551,459
	Accumulated amortization and impairment	(103,263,431)	(98,205,898)
	Net book value	<u>143,288,028</u>	<u>148,345,561</u>

APNA MICROFINANCE BANK LIMITED
SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - (UN-AUDITED)
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2025

14	DEFERRED TAX ASSET	June 30, 2025	Audited December 31, 2024
		Rupees	Rupees
	Deferred tax asset	1,700,000,000	1,700,000,000

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

Six month period ended June 30,2025			
Opening balances	Charged for the period		Closing balance
	Profit and loss	Other comprehensive income	
.....Rupees.....			

Deductible temporary differences on:

Lease liabilities	168,883,560	(13,096,008)	-	155,787,552
Provision against advances	1,498,331,100	11,040,806	-	1,509,371,906
Minimum tax	112,455,246	(21,679,521)	-	90,775,725
Carry forward tax losses	2,975,995,142	234,064,314	-	3,210,059,456
	4,755,665,048	210,329,591	-	4,965,994,639

Taxable temporary differences on:

Accelerated tax depreciation	(168,050,555)	10,576,585	-	(157,473,970)
Intangible assets	-	(5,789,606)	-	(5,789,606)
Fair value reserve on investments	(5,518,005)	-	(19,124,795)	(24,642,800)
	(173,568,560)	4,786,979	(19,124,795)	(187,906,376)
	4,582,096,488	215,116,570	(19,124,795)	4,778,088,263

For the year ended December 31, 2024

Audited			
Opening balances	Charged for the period		Closing balance
	Profit and loss	Other comprehensive income	
	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
Minimum Tax	127,571,624	(15,116,378)	-	112,455,246
Carry forwardable tax losses	2,100,027,648	875,967,494	-	2,975,995,142
	3,715,814,865	1,039,850,183	-	4,755,665,048

Taxable temporary differences on:

Accelerated tax depreciation	(60,453,092)	(107,597,463)	-	(168,050,555)
Fair value reserve on investments	-	-	(5,518,005)	(5,518,005)
	(60,453,092)	(107,597,463)	(5,518,005)	(173,568,560)
	3,655,361,773	932,252,720	(5,518,005)	4,582,096,488

- 14.2** Deferred tax assets and liabilities on temporary differences are measured at tax rate of 29% (December 31, 2024: 29%).

APNA MICROFINANCE BANK LIMITED
**SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - (UN-AUDITED)
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2025**

15	OTHER ASSETS	Note	June 30, 2025	Audited December 31, 2024
			Rupees	Rupees
	Income / Mark-up accrued		37,793,076	63,235,630
	Loan to employees	15.1	89,748,197	89,738,630
	Advances, prepayments and other receivable	15.2	218,970,740	204,418,551
	Advance income tax - Net of provision		406,859,468	395,092,341
	Security deposits		19,349,523	27,781,760
	Inter Banks ATM settlement account		39,596,947	54,751,199
			<u>812,317,951</u>	<u>835,018,111</u>

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

15.2 It includes an amount of Rs. 5.2 million (December 31, 2024: 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 refunded.

16	DEPOSITS AND OTHER ACCOUNTS	Note	Audited	
			June 30, 2025	December 31, 2024
			Rupees	Rupees
Customer				
	Current deposits	16.1	3,688,447,735	3,315,031,255
	Saving deposits	16.2	12,684,915,483	12,578,162,924
	Fixed / term deposits	16.3	10,148,770,282	9,702,053,546
			26,522,133,500	25,595,247,725
Financial Institutions				
	Current deposits		50,000	70,000
	Saving deposits	16.2	504,633,202	29,084,986
	Fixed / term deposits	16.3	250,000,000	50,000,000
			754,683,202	79,154,986
			27,276,816,702	25,674,402,711

16.1 An amount of Rs. 58 million (December 31, 2024: Rs. 58 million) is net off against deposit account of a customer in respect of fake currency deposited by him. An FIR is also lodged against him and the matter is pending at Special Court Banking Crime.

16.2 These carry interest at the rates ranging from 3% to 15% per annum (December 31, 2024: 3% to 15.00% per annum).

16.3 These represent deposits received from customers with maturity period ranging from 1 month to 5 years. These carry interest at the rates ranging from 7% to 24.75% per annum (December 31, 2024: 7% to 24.75% per annum).

APNA MICROFINANCE BANK LIMITED
SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - (UN-AUDITED)
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2025

17	LEASE LIABILITIES	Note	Audited	
			June 30, 2025	December 31, 2024
			Rupees	Rupees
	Opening balances		582,357,105	510,706,239
	Addition		49,442,861	229,760,021
	Deletion		(14,803,608)	(20,098,980)
	Finance cost accrued		35,444,282	121,922,816
			652,440,640	842,290,096
	Payments / adjustments made		(115,242,185)	(259,932,991)
	Closing balances		537,198,455	582,357,105

18	OTHER LIABILITIES			
	Mark-up / Return / Interest payable		253,818,776	314,645,556
	Staff retirement benefits		55,420,751	49,704,209
	Others		253,910,003	187,537,335
			563,149,530	551,887,100

19 CONTINGENCIES AND COMMITMENTS

There is no significant changes in the contingencies and commitments as reported in the annual audited financial statements of the Bank for the year ended December 31, 2024.

20	MARK-UP / RETURN / INTEREST EARNED	For the six month period ended	
		June 30, 2025	June 30, 2024
		Rupees	Rupees
	Mark up/ return/ interest earned on:		
	Loahs and advances	1,287,375,394	1,100,767,213
	Investments	102,595,187	164,336,815
	Balances with other MFBs/ banks / NBFIs	50,758,009	222,905,736
		1,440,728,590	1,488,009,764

20.1 Interest income is calculated using effective interest rate method

21	MARK-UP / RETURN / INTEREST EXPENSED	For the six month period ended	
		June 30, 2025	June 30, 2024
		Rupees	Rupees
	Mark up/ return/ interest expense related to:		
	Deposits	1,420,604,355	1,952,392,789
	Lease liabilities	35,444,282	22,402,047
		1,456,048,637	1,974,794,836

Note	For the six month period ended		
	June 30, 2025	June 30, 2024	
	Rupees	Rupees	
21.1	Bearkup of the expense is as under:		
	Interest expense is calculated using effective interest rate method		
	35,444,282	22,402,047	
	1,420,604,355	1,952,392,789	
	1,456,048,637	1,974,794,836	
22	OTHER INCOME		
	Income of SMS services	14,071,349	14,051,270
	Cheque book charges	7,603,410	7,935,080
	Gain on disposal of operating fixed assets	5,719,317	198,446
	Income on ATM card issuance/services	5,675,154	6,751,121
	Clearing charges	746,399	691,172
	Gain / (loss) on deletion of lease	(163,089)	9,919,817
	Others	1,236,574	985,779
	34,889,114	40,532,685	
23	OPERATING EXPENSES		
	Total compensation expense	616,154,152	618,164,485
	Directors'fees and allowances	1,187,500	1,468,750
	Rent, taxes, insurance, electricity, etc.	65,538,002	61,493,979
	Security charges	49,198,978	57,869,980
	Depreciation on operating fixed assets	35,304,724	42,681,746
	Depreciation on right of use assets	70,704,000	129,875,516
	Fees and subscription	59,123,699	58,319,831
	Repairs and maintenance	20,995,595	24,122,533
	Communication	16,754,881	19,789,208
	Stationery and printing	10,898,930	13,352,153
	Fuel expense	9,136,304	13,465,088
	Entertainment	9,979,105	12,337,065
	Legal and professional charges	6,929,239	4,705,788
	Traveling	5,271,114	8,976,505
	Credit verification expenses	3,697,001	4,080,960
	Amortization of intangible assets	5,057,532	4,563,739
	Advertisement and publicity	4,913,059	2,025,315
	Auditors' remuneration	2,816,500	2,009,500
	Training / capacity building	161,350	89,575
	Others	7,901,990	11,306,901
	1,001,723,655	1,090,698,617	

APNA MICROFINANCE BANK LIMITED
**SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - (UN-AUDITED)
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2025**

24	OTHER CHARGES	Note	For the six month period ended	
			June 30, 2025	June 30, 2024
			Rupees	Rupees
	Penalties imposed by State Bank of Pakistan		-	110,500
	Bank charges		73,204	49,581
	Other		-	20,000
			<u>73,204</u>	<u>180,081</u>

25	CASH AND CASH EQUIVALENTS			
	Cash and Balances with SBP and NBP	7	1,260,551,082	1,645,149,439
	Balances with other banks / NBFIs / MFBs	8	2,706,077,810	2,785,890,435
			<u>3,966,628,892</u>	<u>4,431,039,874</u>

26	CREDIT LOSS ALLOWANCE AND WRITE OFFS- NET			
	Credit loss allowance against loans & advances		38,085,050	82,727,695
	Recovery of written off bad debts		(3,804,202)	(2,655,582)
			<u>34,280,848</u>	<u>80,072,113</u>

27	MINIMUM TAX DIFFERENTIAL - LEVY			
	Minimum tax differential - Levy	27.1	<u>19,869,422</u>	<u>19,806,056</u>

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.

28	PROVISION FOR TAXATION		For the six month period ended	
			June 30, 2025	June 30, 2024
			Rupees	Rupees
	Current	28.1	-	-
	Deferred		-	-
			<u>-</u>	<u>-</u>

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 not subject to normal income tax.

29	LOSS PER SHARE - BASIC AND DILUTED	For the six month period ended	
		June 30, 2025	June 30, 2024
		Rupees	Rupees
	Loss for the year	Rupees (887,552,899)	(1,540,534,549)
	Weighted average number of shares	Number 428,984,962	428,984,962
	Loss per share – Basic & diluted	Rupees (2.07)	(3.59)

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

30 FAIR VALUE MEASUREMENTS

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

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

30.1 Fair value of financial assets

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

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

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

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

a) Financial instruments in level 1

Currently, no financial instruments are classified in level 1

b) Financial instruments in level 2

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

c) Financial instruments in level 3

Currently, no financial instruments are classified in level 3

Financial assets measured at fair value

Available for sale investments -

Market treasury bills

June 30, 2025		
Level 1	Level 2	Level 3
-----Rupees-----		
-	2,054,768,934	-

Audited		
December 31, 2024		
Level 1	Level 2	Level 3
-----Rupees-----		

Available for sale investments -

Market treasury bills

-	911,047,103	-
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Valuation techniques and inputs used in determination of fair value

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

31 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	Audited June 30, 2025 Rupees	Audited December 31, 2024 Rupees
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	(8,530,919,279)	(8,143,366,380)
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	(11,603,117,470)	(11,286,569,671)
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	(11,603,117,470)	(11,286,569,671)
Eligible Tier 2 Capital	-	-
Total Eligible Capital (Tier 1 + Tier 2)	(11,603,117,470)	(11,286,569,671)
Risk Weighted Assets (RWAs):		
Credit Risk	4,792,154,950	4,907,986,895
Operational Risk	90,775,597	90,775,597
Total	4,882,930,547	4,998,762,492
Common Equity Tier 1 Capital Adequacy ratio	-238%	-226%
Tier 1 Capital Adequacy Ratio	-238%	-226%
Total Capital Adequacy Ratio	-238%	-226%

The SBP, through BPRD Circular No. 10 dated June 3, 2015, has required Microfinance Banks to maintain a minimum paid-up capital of Rs. 2,000 million (net of accumulated losses). The paid-up capital (net of accumulated losses) of the Bank as at June 30, 2025 stood at negative balance of Rs.8,531 Million (December 31, 2024: Rs.8,143 million).

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

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

32 TRANSACTION AND BALANCES WITH RELATED PARTIES

Related parties of the Bank comprise of Chief Executive Officer, Directors and their close family members, entities under common control, staff retirement benefits fund, key management personnel, entities with common directors, and major shareholders of the Bank. The details of transactions and balances with related parties other than those disclosed elsewhere in these financial statements are as under:

	June 30, 2025			Audited December 31, 2024		
	Directors	Key management personnel	Associated Company	Directors	Key management personnel	Associated Company
Other Assets						
Interest / mark-up accrued	2,337	1,631,181	-	-	1,297,263	-
Loan to Employees						
Opening balance	-	22,186,037	-	-	53,653,448	-
Addition during the year	171,536	15,300,000	-	-	5,800,000	-
Repaid during the year	-	(2,407,256)	-	-	(37,267,411)	-
Credit loss allowance	-	-	-	-	-	-
Closing balance	171,536	35,078,781	-	-	22,186,037	-
Deposits and other accounts						
Opening balance	696,685,470	10,168,035	282,260,201	2,053,793	1,916,850	121,233,821
Received during the year	480,537,940	98,280,528	4,767,039,721	916,651,575	403,011,986	6,926,628,493
Withdrawn during the year	(475,145,898)	(100,135,567)	(4,948,126,071)	(420,476,433)	(397,987,435)	(6,932,296,786)
Transfer in / (out) - net	477,132	(4,327,653)	-	198,456,536	3,226,634	166,694,673
Closing balance	702,554,644	3,985,343	101,173,851	696,685,471	10,168,035	282,260,201
Other liabilities						
Interest/mark up payable	7,048,802	33,743	1,065,953	8,568,868	12,218	3,177,400
Payable to staff retirement benefit	-	7,214,847	-	-	8,496,785	-
Share deposit money						
Opening balance	79,303,809	-	1,771,086,470	49,303,809	-	1,301,086,470
Received during the year	-	-	500,000,000	30,000,000	-	470,000,000
Share issued during the year	-	-	-	-	-	-
Repaid during the year	-	-	-	-	-	-
Closing balance	79,303,809	-	2,271,086,470	79,303,809	-	1,771,086,470
	June 30, 2025			June 30, 2024		
	Directors	Key management personnel	Associated Company	Directors	Key management personnel	Associated Company
Income						
Mark-up / Return / Interest	6,696	866,922	-	-	1,806,821	-
Fee and commission income	-	-	-	-	-	-
Dividend income	-	-	-	-	-	-
Expense						
Mark-up / Return / Interest	42,855,504	96,888	4,608,240	28,469,458	58,708	8,855,554
Salaries and allowances	3,597,423	39,523,625	-	10,980,755	35,144,300	-
Bonus	-	-	-	-	-	-
Staff retirement benefits	-	1,914,764	-	645,047	1,384,833	-
Directors' fee	1,187,500	-	-	1,468,750	-	-

33 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were approved and authorised for issue on 29-08-2025 by the Board of Directors of the Bank.

34 GENERAL

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



President / CEO (Acting)



Chief Financial Officer



Chairman



Director



Director