

Apna Microfinance Bank Limited
Audited Annual Financial Statements
For the year ended December 31, 2025

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Muhammad Akram Shahid
Chairman

Mr. Imad Mohammad Tahir
Director

Mr. Mohammad Asghar
Director

Mr. Muhammad Saleem
Shaikh *Director (Retired)*

Mr. Abdul Aziz Khan
Director

Mr. Shahid Hassan
Director

Mr. Jamil Ahmed Khan *Director (Retired)*

Ms. Sultana Naheed
Director

Mr. Nazish Ali Executive
Director, President/ CEO

PRESIDENT / CHIEF EXECUTIVE

Mr. Nazish Ali

COMPANY SECRETARY

Mr. Noshad Ahmed

CHIEF FINANCIAL OFFICER

Mr. Mansoor Ahmad

BOARD COMMITTEES AUDIT COMMITTEE

Mr. Abdul Aziz Khan
Chairman

Mr. Mohammad Asghar
Member

Mr. Imad Mohammad Tahir
Member

Mr. Muhammad Saleem
Shaikh *Member (Retired)*

Mr. Jamil Ahmed Khan
Member (Retired)

EXECUTIVE COMMITTEE

Mr. Muhammad Akram Shahid
Chairman

Mr. Imad Mohammad Tahir
Member

Mr. Shahid Hassan
Member

Mr. Mohammad Asghar
Member

Ms. Sultana Naheed
Member

HUMAN RESOURCE & REMUNERATION COMMITTEE

Mr. Imad Mohammad Tahir
Member

Ms. Sultana Naheed
Member

Mr. Jamil Ahmed Khan
Member (Retired)

Mr. Muhammad Saleem Shaikh
Member (Retired)

RISK MANAGEMENT & COMPLIANCE COMMITTEE

Mr. Mohammad Asghar
Chairman

Mr. Muhammad Akram Shahid
Member

Mr. Jamil Ahmed Khan
Member (Retired)

Mr. Abdul Aziz Khan
Member

MONITORING COMMITTEE

Mr. Mohammad Asghar
Chairman

Mr. Muhammad Saleem Shaikh
Member (Retired)

Mr. Abdul Aziz Khan
Member

Mr. Imad Mohammad Tahir
Member

Ms. Sultana Naheed
Member

Mr. Jamil Ahmed Khan
Member (Retired)

AUDITORS

RSM Avais Hyder Liaquat Nauman,
Chartered Accountants

TAX / LEGAL ADVISOR

Mumtaz Najam Law Chambers
Advocates & Corporate Consultants Lahore

BANKERS

State Bank of Pakistan

National Bank of Pakistan

United Bank Limited

Allied Bank Limited

Bank Al Habib Limited

Sindh Bank Limited

Telenor Microfinance Bank Limited

Abhi Microfinance Bank Limited

NRSP Microfinance Bank Limited

U Microfinance Bank Limited

Mobilink Microfinance Bank Limited

Khushhali Microfinance Bank Limited

HLB Microfinance Bank Limited

Dubai Islamic Bank Pakistan Limited

The Bank of Khyber

Soneri Bank Limited

Bank Makramah Limited

LOLC Microfinance Bank Limited

Halan Microfinance Bank Limited

JS Bank Limited

Zarai Taraqati Bank Limited

The Bank of Punjab

REGISTERED OFFICE

K-4/3&4/4Ch.Khaliq-uz-
Zaman Road, Gizri Karachi.
PABX Tel: +922135865352-55
Fax: +922135865017
Website: www.apnabank.com.pk

HEAD OFFICE

Street 141-K, Upper Mall, Lahore.
PABX Tel: +92(42) 35761288 & 89
UAN: +9242111-771-772
Website: www.apnabank.com.pk

SHARE REGISTRAR

F.D. Registrar Services (Pvt.) Ltd Office
No.1705, 17th Floor, Saima Trade
Tower- A. I.I. Chundrigar Road, Karachi.
Phone: 021-32271905 & 32271906
Fax: 021-3261233
Email: fdregistrar@yahoo.com

Directors' Report to the Members

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, 2025.

Economic Overview:

In 2025, Pakistan's economy showed further macroeconomic stability, with real GDP growth reaching around 3.1 percent, supported by prudent monetary policy, fiscal consolidation, and a stronger external position. While challenges in agriculture and export diversification persisted, the overall environment remained stable, providing a solid foundation for continued recovery into FY2026.

Inflation remained low in 2025 compared to 2024, marking one of the most significant disinflation episodes in recent years. Average CPI inflation during January to December 2025 reduced to about 3.5 percent versus 13.13 percent in 2024.

The fiscal deficit declined to 5.4 percent of GDP, a multi-year low, while the primary surplus rose to 2.4 percent of GDP, exceeding the budget target for the second consecutive year. This improvement was underpinned by revenue growth, supported by higher SBP profit transfers, tax policy measures, rationalization of exemptions, and moderation in interest payments. Development spending picked up, particularly at the provincial level, after restraint in the previous year.

Federal Board of Revenue (FBR) collections recorded a modest year-on-year growth of just over 10 percent during July–November 2025. This trajectory indicates that a substantial acceleration in revenue mobilization will be required during the remaining months of FY2026 to achieve the budgeted tax collection target.

The Pakistan Stock Exchange recorded a historic bullish trend in 2025, supported by improved macroeconomic fundamentals, declining interest rates, and strengthened investor confidence following the IMF program. The benchmark KSE-100 Index outperformed global peers, repeatedly achieving record highs and nearing the 165,000-point level by year-end.

During the year 2025, the State Bank of Pakistan pursued a gradual easing of monetary policy to support sustainable economic growth. The policy rate exhibited a consistent downward trend, reaching 10.5%.

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, 2025 is as follows;

Particular's	December 31, 2025	December 31, 2024	%
	Audited (PKR)	Audited (PKR)	Change
Advances	10,566,072,768	8,195,981,631	29%
Deposits and other accounts	30,059,813,402	25,674,402,711	17%
Mark-up/Return/Interest Earned	3,152,248,880	2,808,827,545	12%
Mark-up/Return/Interest Expensed	3,006,449,388	3,994,479,994	-25%
Operating expenses	2,019,347,366	2,199,224,062	-8%
Loss after taxation	1,648,078,423	3,099,992,152	-47%

Directors' Report to the Members

The Bank's loss before tax reduced significantly from PKR 3,062 million to PKR 1,605 million, representing a 51% reduction compared to the previous year and reflecting a substantial improvement in overall financial performance. Loss after tax was reported 1,648 million against loss of PKR. 3,100 million for the comparative year. As a result, loss per share reduced to PKR. 3.84 as opposed to PKR. 7.23 in the previous year.

Investments – net of provisions of the Bank stood at PKR. 2,640 million as compared to PKR. 1,873 million as of December 31, 2024.

Mark-up / return / interest earned for the year ended December 31, 2025 increased to PKR 3,152 million from PKR 2,808 million in the preceding year. The improved earnings reflect the Bank's successful transition from a negative Net Interest Margin (NIM) position in 2024 to a positive and strengthening margin profile in 2025, demonstrating the effectiveness of management's strategic and corrective measures. Furthermore, non-markup / non-interest income also improved to PKR 346 million from PKR 287 million last year, primarily driven by increased processing charges recovered from higher disbursement to borrowers.

Advances increased to PKR 10,566 million as at December 31, 2025, compared to PKR 8,196 million as at December 31, 2024, reflecting a strong growth of PKR. 2,370 million representing an increase of 29% during the year.

As at December 31, 2025, the Bank's gross non-performing loans (NPL) ratio improved to 34.60% from 40.50% in the preceding year, reflecting continued strengthening of the Bank's asset quality. The improvement was primarily driven by focused recovery initiatives, enhanced portfolio monitoring, and disciplined credit risk management practices.

As of December 31, 2025, 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. 17,446 million and stood at PKR. 20,730 million as of December 31, 2025.

As of year-end, total deposits and other accounts increased to PKR 30,060 million, compared to PKR 25,674 million as at December 31, 2024, reflecting a strong growth in the Bank's deposit base during the year.

The Bank successfully exhibited prudent control over its operating expenses by continuously monitoring and implementing cost control initiatives and was able to reduce its operating expenses by 8% compared to the same period last year. The Bank's total non mark-up expenses amounted to PKR. 2,019 million, compared to PKR. 2,199 million for the same period last year.

Principal Risks and Uncertainties

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

- **Interest Rate Risk:** Interest rates may rise significantly over the ensuing years. 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 is headed by President/CEO of the Bank and periodically monitors and determines the rack rates of

Directors' Report to the Members

lending and deposit products offered by the Bank. Any special rate offered to depositors is approved by the President/CEO on recommendation of Head Liability.

- **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 mainly consisting of Gold backed loans and 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

Directors' Report to the Members

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 PKR. 1,648 million (2024: PKR. 3,100 million) and as at year end, its accumulated loss was PKR. 15,932 million (2024: PKR. 14,284 million). This has resulted in negative net assets of PKR. 10,509 million (2024: PKR. 9,433 million). The Bank has been non-compliant with Minimum Capital Requirements (MCR) and Capital Adequacy Ratio (CAR) requirements of Prudential Regulations for Microfinance Banks, 2014. There has been material uncertainty related to events and conditions which may cast significant doubt about the Bank's ability to continue as a going concern and, therefore the Bank may not be able to realize its assets and discharge its liabilities in the normal course of business.

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

Directors' Report to the Members

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

The Sponsors demonstrate their unwavering commitment to support the Bank. They have also issued a formal letter of support to the Bank's management, pledging to provide the requisite funding to the Bank. They have injected funds of PKR. 500 million during the year in shape of share deposit money, bringing the total share deposit money to PKR. 2,350 million. This funding is enabling the Bank to meet its maturing commitments and to expand its advances portfolio and is 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 full provision has already been made, therefore, significant additional provisions are not expected in future years and recovery of such advances will improve the financial condition of the Bank. Management is proactively pursuing the recovery of such advances, and have recovered PKR. 347.3 million in principal from these loans in year 2025 and has also made recovery of PKR. 20.4 million subsequently till January 2026. These recoveries are also enabling 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, and its impact started reflecting from the current year. 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.

Merger Proposal:

Directors' Report to the Members

The State Bank of Pakistan (SBP) has allowed Mobilink Microfinance Bank Limited (MMBL) to conduct Due Diligence (DD) of APNA Microfinance Bank Limited (AMBL), subject to compliance with applicable laws, rules, regulations. In case of successful DD and negotiations, AMBL shall be merged with and into Mobilink Microfinance Bank Limited under section 48 of Banking Company Ordinance 1962.

Digital Banking Expansion and Innovation Strategy:

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.

Directors' Report to the Members

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 "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.

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;

Directors' Report to the Members

- 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 (07) as per the following:

Category	Number of Directors
Male Director	06
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. Shahid Hassan
Executive Directors	Mr. Nazish Ali

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

Directors' Report to the Members

AUDIT COMMITTEE

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

HUMAN RESOURCE & REMUNERATION COMMITTEE

- Mr. Muhammad Saleem Shaikh (Retired) Chairman
- Mr. Imad Mohammad Tahir Member
- Ms. Sultana Naheed Member
- Mr. Jamil Ahmed Khan (Retired) Member

RISK MANAGEMENT COMMITTEE OF THE BOARD

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

MONITORING COMMITTEE OF THE BOARD

- Mr. Muhammad Asghar Chairman
- Mr. Imad Mohammad Tahir Member
- Mr. Abdul Aziz Khan Member
- Ms. Sultana Naheed Member
- Mr. Jamil Ahmed Khan (Retired) Member
- Mr. Muhammad Saleem Shaikh (Retired) Member

EXECUTIVE COMMITTEE OF THE BOARD

- Mr. Muhammad Akram Shahid Chairman
- Mr. Shahid Hassan Member
- Mr. Muhammad Asghar Member
- Mr. Imad Mohammad Tahir Member
- Ms. Sultana Naheed Member

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, 2025.

Directors' Report to the Members

Changes in the Board of Directors

The term of office of the Board of Directors of Apna Microfinance Bank Limited has expired. Consequently, the Bank's existing Directors namely, Mr. Muhammad Akram Shahid, Mr. Imad Mohammad Tahir, Mr. Mohammad Asghar, Mr. Shahid Hassan, Mr. Abdul Aziz Khan, Ms. Sultana Naheed have been re-elected for the next term of three years commencing from June 18, 2025 and Mr. Nazish Ali (Acting President & CEO) has elected at the vacant position of Executive Director by the members in EOGM dated June 18, 2025 subject to approval of SBP.

Mr. Muhammad Saleem Shaikh and Mr. Jamil Ahmed Khan were retired as directors in the election of directors held on June 18, 2025. The Board wishes to place on record its appreciation of the services rendered by the outgoing Directors during the tenure of their directorship.

In compliance with the applicable regulatory requirements, the Fit and Proper Test (FPT) documents of all newly elected directors were duly submitted to the State Bank of Pakistan on July 15, 2025. Clearance of the same is currently under process at SBP.

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 audited balance of the fund as at December 31, 2025 is PKR 232 million (2024: PKR 206 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 and not made any appropriations for the year due to losses.

Earning/Loss) per Share

The Basic and Diluted loss per share of the Bank after tax is PKR. 3.84 [2024: RKR. 7.23].

Gender Pay Gap Statement

As required by the Security and Exchange Commission (SECP), through its circular no 10 of 2024 dated April 17, 2024, all the listed companies, to include a statement on gender pay gap as per the calculation prescribed in the circular. In line with this circular following information for 2025 has been prepared.

- (i) Mean gender pay gap : 12.77%
- (ii) Median gender pay gap : -2.78%

Directors' Report to the Members

Audit Observations

The external auditors have drawn attention towards Note 1.2 of the financial statements for the year ended December 31, 2025 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 external auditors **M/S RSM Avais Hyder Liaquat Nauman, Chartered Accountants** retired and has completed the tenure of five years. The Board wishes to place on record its appreciation of the services rendered by the outgoing auditors. In consideration of the matter the Board of Directors recommends, based on the recommendation of the Board Audit Committee, the appointment of **M/S Rahman Sarfaraz Rahim Iqbal Rafiq Chartered Accountants** as statutory auditors of the Bank for the year 2026 till the next Annual General Meeting (AGM), subject to shareholders' approval.

Pattern of Shareholding

The pattern of shareholding as at December 31st, 2025 is annexed to the annual report.

Corporate Briefing Session (CBS)

The bank corporate briefing session (CBS) for the year ended December 31, 2024 held on March 28, 2025 in compliance of PSX regulations 5.7.3.

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, 2025. The Bank has not entered into any commitment, which would materially affect its financial position as 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.

Directors' Report to the Members

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
President/CEO (Acting)

Date: March 04, 2026
Lahore



Abdul Aziz Khan
Director

CHAIRMAN'S REVIEW

On behalf of the Board of Directors, it is my privilege to present the Annual Report of Apna Micro Finance Bank Limited for the financial year ended December 31, 2025.

The Bank faced another challenging year, continuing to navigate the financial pressures of prior periods. Despite challenges, significant progress was made in strengthening its financial position. The Bank's loss for the year narrowed substantially to PKR. 1,648 million, compared to PKR. 3,099 million in 2024, reflecting the positive impact of focused recovery initiatives, disciplined cost management, and enhanced financial oversight. Notably, the Bank successfully transitioned from a negative Net Interest Margin (NIM) in 2024 to a positive and improving margin in 2025. This turnaround in core income represents a key milestone on the path to sustainable profitability.

Since the Bank continues to operate in a loss position, I am confident in management's ability to turn around results. A multifaceted business plan has been implemented to improve the financial and operational position of the Bank. Going forward our main focus will be to strengthen portfolio health with an emphasis on strong recovery and secured lending. The Bank remains steadfast to continue its mission of poverty alleviation through provision of low-cost financing services to the poor and unbanked sect of the society.

On behalf of the Board of Director's as well as the sponsors, I would like to reiterate our commitment to the Bank. We are entirely dedicated to revive the Bank's operations via continued support and guidance. The Bank's Board is composed of highly educated and experienced individuals who are effectively performing their statutory duty. All decisions made by the Board are mutual, objective and in the best interests of the organization. I believe that the strategic vision and unwavering focus of the Board will successfully lead the Bank through these challenging times.

The Board has constituted committees for oversight of all key areas of the Bank. The terms of reference of these committees have been clearly defined by the Board which include periodic review of all significant policies in order to ensure financial and operational continuity and improvement. The Board and its committees met regularly during the year for due deliberation on all important matters and provided their oversight.

Lastly, on behalf of the Board of Directors, I would like to pay my gratitude to our shareholders and customers for their continued trust in our Bank. I would also like to thank the State Bank of Pakistan, the Securities and Exchange Commission of Pakistan and other regulatory bodies for their guidance and support.

Sincerely,



Mian Muhammad Akram Shahid
Chairman of the Board
Lahore: March 04, 2026

President/CEO Message

As we charge into 2026 with unstoppable momentum and a bold, transformative vision, let's celebrate the triumphs that have propelled us forward while conquering the headwinds of economic volatility, soaring inflation, and rapidly evolving customer demands. In the dynamic world of microfinance, Apna Microfinance Bank (AMBL) stands as a beacon of empowerment, unleashing innovation, resilience, and unbreakable spirit to uplift communities and redefine possibilities!

Igniting Digital Revolution for Exponential Impact The future of finance is digital, and AMBL is at the forefront, pioneering a revolution that shatters barriers and unlocks limitless potential. We're not just adapting—we're leading the charge toward becoming a fully digital powerhouse, harnessing revolutionary technologies to supercharge customer journeys, streamline operations, and democratize financial access like never before. Building on our strategic shift from unsecured to secured lending, we're fortifying our foundation for explosive, sustainable growth. For 2026, our laser focus is on unleashing AI-powered credit revolutions, lightning-fast digital onboarding, and seamless real-time transactions. By fusing fintech's cutting-edge might with our unyielding passion, we're crafting an inclusive, intuitive, and impenetrable banking universe that empowers every customer to dream bigger and achieve more!

Fueling Human Potential, Forging Unbreakable Bonds At the heart of AMBL beats the pulse of our extraordinary team—visionaries, innovators, and trailblazers whose passion fuels our ascent. We're doubling down on their growth, igniting skills with world-class training, cultivating a culture of bold ideas, and sparking collaboration that knows no bounds. A massive shoutout to our visionary Chairman and Board of Directors, whose bold strategies and rock-solid belief propel us to new heights. We're eternally thankful to our shareholders for fueling our audacious dreams, and to the State Bank of Pakistan, the Securities & Exchange Commission of Pakistan, and our regulatory partners for their trailblazing support that amplifies our impact.

2026: A Year of Breakthroughs and Boundless Horizons Gear up for 2026—AMBL is destined to dominate as the ultimate microfinance trailblazer, revolutionizing customer experiences with digital mastery and visionary flair! Our game-changing priorities include: • Exploding our digital empire with a hyper-advanced mobile banking ecosystem that connects millions instantly. • Supercharging financial freedom for underserved heroes through intelligent, game-changing lending innovations. • Turbocharging operations with AI-fueled automation and analytics that drive unprecedented efficiency and insight. • Igniting customer obsession with hyper-personalized solutions and elite service that turns aspirations into triumphs.

With fierce resilience, electric determination, and a mindset that dares to disrupt, we're blazing the trail in microfinance evolution. United as one unstoppable force, we'll forge a world where financial empowerment isn't a distant dream—it's the electrifying reality we're building for billions!

Apna Microfinance Bank – Igniting Lives with Unstoppable Innovation!



Nazish Ali

Acting President/CEO

March 04, 2026



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 4, 2026

STATEMENT OF ETHICS AND BUSINESS PRACTICES, 2025 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.
- 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.
- 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 04, 2026



RSM Avasi Hyder Liaquat Nauman
Chartered Accountants

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

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**TO THE MEMBERS OF APNA MICROFINANCE BANK LIMITED
REVIEW REPORT ON THE STATEMENT OF COMPLIANCE
CONTAINED IN THE LISTED COMPANIES
(CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019**

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors (the Board) of Apna Microfinance Bank Limited (the Bank) for the year ended December 31, 2025 in accordance with the requirements of Regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Bank. Our responsibility is to review whether the Statement of Compliance reflects the status of the Bank's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Bank's personnel and review of various documents prepared by the Bank to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal control, the Bank's corporate governance procedures and risks.

The Regulations require the Bank to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Bank's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Bank for the year ended December 31, 2025.

THE POWER OF BEING UNDERSTOOD
ASSURANCE | TAX | CONSULTING

Further, we highlight below instances of non-compliance with certain requirements of the Regulations as reflected in the note/paragraph reference where it is stated in Statement of Compliance:

Sr. No.	Paragraph Reference	Description
1.	18	Chairman of the Human Resource and Remuneration Committee will be appointed in due course.
2.	19	The matter of formation of nomination committee is still pending.
3.	19	Directors Training Program will be arranged in due course for remaining two directors.
4.	19	The Board may consider assigning the responsibilities for governance and oversight of sustainability risks and opportunities to one of the existing committees.



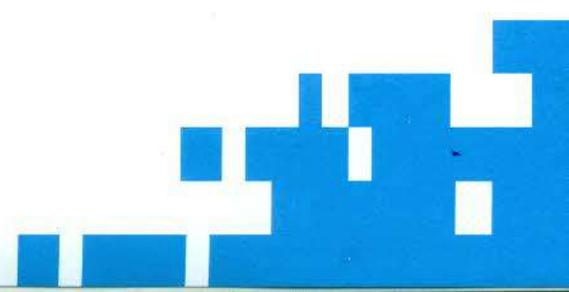
**RSM AVAIS HYDER LIAQUAT NAUMAN
CHARTERED ACCOUNTANTS**

ENGAGEMENT PARTNER: Syed Naveed Abbas

Place: Lahore

Date:

UDIN:



**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, 2025

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

1. The total numbers of director are 7 as per the following:

a) Male: 6

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	4	Mr. Muhammad Akram Shahid Mr. Imad Mohammad Tahir Mr. Mohammad Asghar Mr. Shahid Hassan
c) Executive Director	1	Mr. Nazish Ali
d) Female Director	1	Ms. Sultana Naheed

**The fraction of one third is not rounded up as the total no of directors are limited, hence two independent directors are significant and, in our view, serve the purposes of the regulation.*

*** The application for approval of elected directors on fit and proper criteria, is pending with the State Bank of Pakistan.*

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.

R. S. Malik

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.

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. Mohammad Asghar
- Mr. Shahid Hassan
- Ms. Sultana Naheed
- Mr. Nazish Ali

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

b) Executive Committee

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



Ms. Sultana Naheed

Member

c) Human Resource and Remuneration Committee

Mr. Imad Mohammad Tahir

Member

Ms. Sultana Naheed

Member

d) Risk Management Committee

Mr. Mohammad Asghar

Chairman

Mr. Muhammad Akram Shahid

Member

Mr. Abdul Aziz Khan

Member

e) Monitoring Committee

Mr. Mohammad Asghar

Chairman

Mr. Imad Mohammad Tahir

Member

Mr. Abdul Aziz Niazi

Member

Ms. Sultana Naheed

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

as when required

c) Risk Management Committee

half yearly

d) HR and Remuneration Committee

***half yearly

e) Monitoring Committee

****half yearly

***However, one meeting was held during the year due to pending approval of elected directors from SBP.

****However, no meeting was held during the year due to pending approval of elected directors from SBP.

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

Rasheed

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 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.

- The matter of formation of nomination committee is still pending;
- Directors Training Program will be arranged in due course for remaining two directors.
- The Board may consider assigning the responsibilities for governance and oversight of sustainability risks and opportunities to one of the existing committees.

For, Apna Microfinance Bank Limited



Signature
(Muhammad Akram Shahid)
Chairman
Date: 04, March 2026



APNA MICROFINANCE BANK LIMITED**Pattern of Shareholding as on December 31, 2025**

Number of Shareholders		Shareholdings			Total Shares Held
365	Shareholding From	1	To	100	3,909
99	Shareholding From	101	To	500	40,189
24	Shareholding From	501	To	1000	20,266
45	Shareholding From	1001	To	5000	121,049
6	Shareholding From	5001	To	10000	49,442
3	Shareholding From	10001	To	15000	36,577
3	Shareholding From	15001	To	20000	51,922
2	Shareholding From	20001	To	25000	47,294
1	Shareholding From	55001	To	60000	60,000
1	Shareholding From	205001	To	210000	205,693
1	Shareholding From	210001	To	215000	211,833
1	Shareholding From	320001	To	325000	324,992
1	Shareholding From	425001	To	430000	428,913
1	Shareholding From	1170001	To	1175000	1,170,587
1	Shareholding From	2465001	To	2470000	2,465,500
1	Shareholding From	2995001	To	3000000	3,000,000
1	Shareholding From	3730001	To	3735000	3,730,763
1	Shareholding From	5240001	To	5245000	5,242,088
1	Shareholding From	6965001	To	6970000	6,967,050
1	Shareholding From	7320001	To	7325000	7,323,501
1	Shareholding From	8460001	To	8465000	8,462,237
1	Shareholding From	8615001	To	8620000	8,618,522
1	Shareholding From	20530001	To	20535000	20,532,691
1	Shareholding From	22255001	To	22260000	22,259,577
1	Shareholding From	55150001	To	55155000	55,151,688
1	Shareholding From	82980001	To	82985000	82,980,672
1	Shareholding From	199475001	To	199480000	199,478,007
<hr/>					<hr/>
566					428,984,962

APNA MICROFINANCE BANK LIMITED

Categories of Shareholders as at December 31, 2025

Shareholder's Category	Name	Number of Shares	Percentage
Directors, Chief Executive Officer their Spouse(s) & Minor Children.			
	Mr. Muhammad Asghar	500	
	Mr. Abdul Aziz Khan	500	
	Mr. Shahid Hassan	20,533,191	
	Mr. Muhammad Akram Shahid	22,259,577	
	Mr. Imad Mohammad Tahir	55,151,688	
	Mr. Nasarullah Khan	5,242,588	
	Sub-Totals	103,188,044	24.05
Associated Companies, Undertakings & Related Parties.			
	The United Insurance Company Of Pakistan Ltd	199,478,007	
	United Track System (Pvt) Limited	82,980,672	
	United Software And Technologies Internation (Pvt) Limited	11,054,264	
	Mr. Anas Mohammad Tahir	8,618,522	
	Saudi Pak Insurance Company Limited	8,462,237	
	Tawasul Healthcare Tpa (Private) Limited	6,967,050	
	Tawasul Risk Management Service	2,465,500	
	Sub-Totals	320,026,252	74.60
Joint Stock Companies, insurance companies and others			
	JS GLOBAL CAPITAL LIMITED	4,000	
	NCC - PRE SETTLEMENT DELIVERY ACCOUNT	1,500	
	MRA SECURITIES LIMITED - MF	1,000	
	SARFRAZ MAHMOOD (PRIVATE) LTD	500	
	PAKISTAN STOCK EXCHANGE LIMITED	59	
	MAPLE LEAF CAPITAL LIMITED	1	
	Sub-Totals	7,060	0.00
General Public - Local		5,763,606	1.34
	G-Total	428,984,962	100.00

APNA MICROFINANCE BANK LIMITED**Categories of Shareholders as at December 31, 2025**

Shareholder's Category	Number of Shareholders	Number of Shares	Percentage
Directors, Chief Executive Officer their Spouse(s) & Minor Children.	5	103,188,044	24.05
Associated Companies, Undertakings & Related Parties.	8	320,026,252	74.60
Joint Stock Companies, insurance companies and others	6	7,060	0.00
General Public	547	5,763,606	1.34
	566	428,984,962	100.00

Shareholders holding 10% or more Voting Rights

	<u>Holding</u>	<u>%</u>
The United Insurance Company Of Pakistan Ltd	199,478,007	46.50
United Track System (Pvt) Limited	82,980,672	19.34
Imad Mohammad Tahir	55,151,688	12.86

**APNA MICROFINANCE BANK LIMITED
INDEPENDENT AUDITOR'S REPORT AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025**



RSM Avas Hyder Liaquat Nauman
Chartered Accountants

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

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**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, 2025, 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, 2025 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. 1,648 million (2024: Rs. 3,100 million) during the year and as at the year end, its accumulated loss was Rs. 15,932 million (2024: Rs. 14,284 million). This has resulted in negative net assets of Rs. 10,510 million (2024: Rs. 9,433 million).

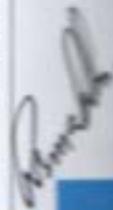
These events and conditions, along with other matters as set forth in the said note, indicate a material uncertainty that may cast significant doubt on the Bank's ability to continue as a going concern. The Bank's ability to continue as a going concern is dependent upon successful implementation of the 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	
	<p>(Refer note 8 to the annexed financial statements).</p> <p>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.</p> <p>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.</p>	<p>Our audit procedures, included, amongst others, the following procedures:</p> <ul style="list-style-type: none"> • 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 loan accounts was selected for following substantive procedures: • checked repayments of loan / 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 a borrower's loan facilities as performing or non-performing based on review of relevant particulars.



		<ul style="list-style-type: none"> • 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 disclosures related to advances in the financial statements.
2)	Deposits and other accounts and related mark-up expense	
	<p>Refer note 14 to the financial statements.</p> <p>Deposits and other accounts represent major part of liabilities of the bank and related mark-up expense is also significant.</p> <p>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.</p>	<p>Our audit procedures, included, amongst others, the following procedures:</p> <ul style="list-style-type: none"> • 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.

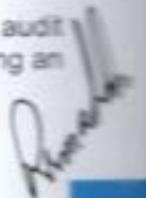
Board of directors is responsible for overseeing the Bank's financial reporting process.

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.

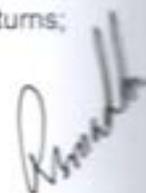
We also provide to the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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: AR202510239rqK4XSzam

APNA MICROFINANCE BANK LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2025

	Note	2025 Rupees	2024 Rupees
ASSETS			
Cash and balances with treasury banks	5	1,292,690,277	1,645,885,474
Balances with other MFBs/Banks/NBFIs	6	2,728,467,930	2,067,975,843
Investments	7	2,640,055,660	1,873,476,171
Advances	8	10,566,072,768	8,195,981,631
Property and equipment	9	486,844,712	557,130,528
Right-of-use assets	10	347,604,532	421,806,211
Intangible assets	11	138,230,459	148,345,561
Deferred tax asset	12	1,700,000,000	1,700,000,000
Other assets	13	830,304,304	835,018,111
Total Assets		20,730,270,642	17,445,619,530
LIABILITIES			
Bills payable - in Pakistan		141,939,087	69,677,100
Deposits and other accounts	14	30,059,813,402	25,674,402,711
Lease liabilities	15	482,616,668	582,357,105
Other liabilities	16	555,134,084	551,887,100
Total liabilities		31,239,503,241	26,878,324,016
NET ASSETS		(10,509,232,599)	(9,432,704,486)
REPRESENTED BY:			
Share capital	17	4,289,849,620	4,289,849,620
Capital reserves			
Discount on issue of shares		(1,335,963,831)	(1,335,963,831)
Share deposit money	18	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	7	90,577,915	19,027,605
Revenue reserve			
Accumulated loss		(15,931,684,702)	(14,283,606,279)
Total Capital		(10,509,232,599)	(9,432,704,486)
CONTINGENCIES AND COMMITMENTS	19		

The annexed notes from 1 to 43 form an integral part of these financial statements.



President / CEO (Acting)



Chief Financial Officer



Chairman



Director



Director

APNA MICROFINANCE BANK LIMITED
STATEMENT OF PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED DECEMBER 31, 2025

	Note	2025 Rupees	2024 Rupees
Mark-up / Return / Interest Earned	20	3,152,248,880	2,808,827,545
Mark-up / Return / Interest Expensed	21	(3,006,449,388)	(3,994,479,994)
Net mark-up/Interest profit/(loss)		145,799,492	(1,185,652,449)
NON MARK-UP/ INTEREST INCOME			
Fee and commission income		285,664,278	223,280,094
Other Income	22	60,661,708	64,536,432
Total non mark-up/ interest income		346,325,986	287,816,526
Net income / (loss)		492,125,478	(897,835,923)
NON MARK-UP/ INTEREST EXPENSES			
Operating expenses	23	(2,019,347,366)	(2,199,224,062)
Other charges	24	(123,536)	(909,617)
Total non mark-up/ interest expenses		(2,019,470,902)	(2,200,133,679)
Loss before credit loss allowance		(1,527,345,424)	(3,097,969,602)
Credit loss allowance and write offs - net	26	(77,759,085)	35,371,869
Loss for the year before levy and taxation		(1,605,104,509)	(3,062,597,733)
Levy - Minimum tax differential	27	(42,973,914)	(37,394,419)
Loss for the year before taxation		(1,648,078,423)	(3,099,992,152)
Provision for taxation	28	-	-
Loss for the year		(1,648,078,423)	(3,099,992,152)
Loss per share - basic and diluted	29	(3.84)	(7.23)

The annexed notes from 1 to 43 form an integral part of these financial statements.


 President /CEO (Acting)


 Chief Financial Officer


 Chairman


 Director


 Director

APNA MICROFINANCE BANK LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2025

	2025	2024
	Rupees	Rupees
Loss for the year	(1,648,078,423)	(3,099,992,152)
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	187,343,194	19,027,605
Reclassification adjustments relating to available for sale investments disposed off during the year	(115,792,884)	-
	71,550,310	19,027,605
Total comprehensive loss for the year	<u>(1,576,528,113)</u>	<u>(3,080,964,547)</u>

The annexed notes from 1 to 43 form an integral part of these financial statements.



 President /CEO (Acting)



 Chief Financial Officer



 Chairman



 Director



 Director

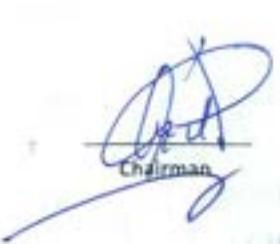
APNA MICROFINANCE BANK LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2025

	Share capital	Capital Reserves				Fair value reserve on investments	Total	Revenue Reserve	Total
		Discount on issue of shares	Share deposit money	Statutory reserve	Depositors' protection fund			Accumulated loss	
Rupees									
Balance as at January 01, 2024	4,289,849,620	(1,335,963,831)	1,350,390,279	22,078,496	5,519,624	-	4,331,874,188	(10,972,676,243)	(6,640,802,055)
Impact of IFRS 9 adoption	-	-	-	-	-	-	-	(210,937,884)	(210,937,884)
Total comprehensive loss for the year	4,289,849,620	(1,335,963,831)	1,350,390,279	22,078,496	5,519,624	-	4,331,874,188	(11,183,614,127)	(6,851,739,939)
Loss for the period	-	-	-	-	-	-	-	(3,099,992,152)	(3,099,992,152)
Other comprehensive income	-	-	-	-	-	19,027,605	19,027,605	19,027,605	19,027,605
	-	-	-	-	-	19,027,605	19,027,605	(3,099,992,152)	(3,080,964,547)
Transactions with owners recorded directly in equity	-	-	-	-	-	-	-	-	-
Share deposit money received	-	-	500,000,000	-	-	-	500,000,000	-	500,000,000
	-	-	500,000,000	-	-	-	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	19,027,605	4,850,901,793	(14,283,606,279)	(9,432,704,486)
Total comprehensive loss / income for the year									
Loss for the period	-	-	-	-	-	-	-	(1,648,078,423)	(1,648,078,423)
Other comprehensive income	-	-	-	-	-	-	-	-	-
Fair value gain on investment	-	-	-	-	-	71,550,310	71,550,310	-	71,550,310
	-	-	-	-	-	71,550,310	71,550,310	(1,648,078,423)	(1,576,528,113)
Transactions with owners recorded directly in equity	-	-	-	-	-	-	-	-	-
Share deposit money received	-	-	500,000,000	-	-	-	500,000,000	-	500,000,000
	-	-	500,000,000	-	-	-	500,000,000	-	500,000,000
Balance as at December 31, 2025	4,289,849,620	(1,335,963,831)	2,350,390,279	22,078,496	5,519,624	90,577,915	5,422,452,103	(15,931,684,702)	(10,509,232,599)

The annexed notes from 1 to 43 form an integral part of these financial statements.

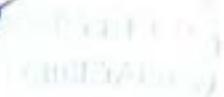

 President / CEO (Acting)


 Chief Financial Officer


 Chairman


 Director


 Director



APNA MICROFINANCE BANK LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2025

	Note	2025 Rupees	2024 Rupees
A) CASH FLOW FROM OPERATING ACTIVITIES			
Loss for the year before levy and taxation		(1,605,104,509)	(3,062,597,733)
Adjustments for non-cash charges			
Markup on lease liabilities	21	67,698,821	121,922,816
Gain on disposal of operating fixed assets	22	(5,565,476)	(4,147,600)
Assets written off	23	-	11,975,289
Depreciation of operating fixed assets	23	68,537,581	83,285,086
Depreciation on right of use assets	23	145,146,169	192,056,041
Amortization of intangible assets	23	10,115,102	9,127,472
Credit loss allowance	26	85,215,162	(28,997,706)
		371,147,359	385,221,398
Operating cash flows before working capital changes		(1,233,957,150)	(2,677,376,335)
Changes in working capital			
(Increase)/decrease in operating assets			
Advances		(2,455,306,299)	(764,254,724)
Other assets		46,402,291	97,432,059
Increase/(decrease) in operating liabilities			
Bills payable - in Pakistan		72,261,987	(7,193,284)
Deposits		4,385,410,691	3,224,637,767
Other liabilities		3,246,984	(71,175,998)
		2,052,015,654	2,479,445,820
Cash flows from operations		818,058,504	(197,930,515)
Levies paid		(84,662,399)	(122,572,178)
Net cash flows from operating activities		733,396,105	(320,502,693)
B) CASH FLOW FROM INVESTING ACTIVITIES			
Investments made		(695,029,179)	(600,703,826)
Additions in operating fixed assets		(2,034,051)	(6,773,010)
Repayment of lease liabilities		(238,383,748)	(259,932,991)
Proceeds from disposal of operating fixed assets		9,347,763	10,150,045
Net cash flows from investing activities		(926,099,215)	(857,259,782)
C) CASH FLOW FROM FINANCING ACTIVITIES			
Share deposit money received		500,000,000	500,000,000
Net cash flows from financing activities		500,000,000	500,000,000
Increase/(decrease) in cash and cash equivalents (A+B+C)		307,296,890	(677,762,475)
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	4,021,158,207	3,713,861,317

The annexed notes from 1 to 43 form an integral part of these financial statements.

				
President / CEO (Acting)	Chief Financial Officer	Chairman	Director	Director

APNA MICROFINANCE BANK LIMITED
NOTES COMPRISING MATERIAL ACCOUNTING POLICY INFORMATION
AND OTHER EXPLANATORY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2025

1 STATUS AND NATURE OF BUSINESS

1.1 Apna Microfinance Bank Limited (the Bank) was incorporated on May 08, 2003 as a public limited Company under the repealed Companies Ordinance, 1984 updated by 'the Companies Act, 2017' (the Companies Act). The Bank was granted certificate of commencement of business on December 28, 2004 and started its operations on January 01, 2005. Its shares are listed on Pakistan Stock Exchange Limited. The Bank's principal business is to provide microfinance services to the poor and underserved segment of the society as envisaged under the Microfinance Institutions Ordinance, 2001. The Bank has been operating at national level in Pakistan. The Bank has 72 business locations comprising of 71 branches and 1 service centers (2024: 72 business locations comprising of 71 branches and 1 service centers). Its registered office is situated at K-4/3 and 4/4, Ch. Khaliq-uz-Zaman Road, Gizri, Karachi in the Province of Sindh and its head office is situated at 141/K upper mall scheme Lahore, in the Province of Punjab. Detail of the business locations of the Bank is given in Note 37.

1.2 The Bank has incurred loss for the year amounting to Rs. 1,648 million (2024: Rs. 3,100 million) and as at year end, its accumulated loss was Rs. 15,932 million (2024: Rs. 14,284 million). This has resulted in negative net assets of Rs. 10,509 million (2024: Rs. 9,433 million). The Bank has been non-compliant with Minimum Capital Requirements (MCR) and Capital Adequacy Ratio (CAR) requirements of Prudential Regulations for Microfinance Banks, 2014. There has been material uncertainty related to events and conditions which may cast significant doubt about the Bank's ability to continue as a going concern and, therefore the Bank may not be able to realize its assets and discharge its liabilities in the normal course of business.

The management is executing a comprehensive, multi-faceted plan to tackle the financial and operational challenges facing the Bank. The management believes that the plan is feasible and its implementation is addressing 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 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 is 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 full provision has already been made, therefore, significant additional provisions are not expected in future years and 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 347.3 million in principal from these loans in year 2025 and has also made recovery of Rs 20.4 million subsequently till January 2026.

APNA MICROFINANCE BANK LIMITED
NOTES COMPRISING MATERIAL ACCOUNTING POLICY INFORMATION
AND OTHER EXPLANATORY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2025

These recoveries are also enabling 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, and, its impact started reflecting from the current year. 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.

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.

1.3 MERGER PROPOSAL

The State Bank of Pakistan (SBP) has allowed Mobilink Microfinance Bank Limited (MMBL) to conduct Due Diligence (DD) of APNA Microfinance Bank Limited (AMBL), subject to compliance with applicable laws, rules, regulations. In case of successful DD and negotiations, AMBL shall be merged with and into Mobilink Microfinance Bank Limited under section 48 of Banking Company Ordinance 1962.

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.

APNA MICROFINANCE BANK LIMITED
NOTES COMPRISING MATERIAL ACCOUNTING POLICY INFORMATION
AND OTHER EXPLANATORY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2025

2.2 Basis of Measurement

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

2.3 Functional and presentation currency

These 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.

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 4.1.2 & 7)
- Provision against non-performing advances (Note 4.1.4 & 8)
- Residual values and useful lives of assets and methods of depreciation/amortization (Note 4.9 & 9)
- Recognition of current and deferred taxation (Note 4.12 & 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.

APNA MICROFINANCE BANK LIMITED
NOTES COMPRISING MATERIAL ACCOUNTING POLICY INFORMATION
AND OTHER EXPLANATORY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2025

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 published and are mandatory for financial statements of the Bank for the periods beginning on or after January 01, 2025 and therefore, have been applied in preparing these financial statements.

i. IAS 21 — The Effects Of Changes In Foreign Exchange Rates

- Specify when a currency is exchangeable into another currency and when it is not — a currency is exchangeable when an entity is able to exchange that currency for the other currency through markets or exchange mechanisms that create enforceable rights and obligations without undue delay at the measurement date and for a specified purpose; a currency is not exchangeable into the other currency if an entity can only obtain an insignificant amount of the other currency;
- Specify how an entity determines the exchange rate to apply when a currency is not exchangeable — when a currency is not exchangeable at the measurement date, an entity estimates the spot exchange rate as the rate that would have applied to an orderly transaction between market participants at the measurement date and that would faithfully reflect the economic conditions prevailing;
- Require the disclosure of additional information when a currency is not exchangeable — when a currency is not exchangeable an entity discloses information that would enable users of its financial statements to evaluate how a currency's lack of exchangeability affects, or is expected to affect, its financial performance, financial position and cash flows.

The pronouncement also includes a new appendix with application guidance on exchangeability and a new illustrative example.

The amendments also extend to conforming amendments to IFRS 1 which previously referred to, but did not define, exchangeability.

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

3.2 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 as under:

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

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 generated by specified assets.

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 derecognized 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

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- the own-use requirements in IFRS 9 are amended to include the factors an entity is required to consider when applying IFRS 9 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.

Application of these amendments is not expected to have any significant impact on the Bank's financial statements.

ii. IFRS 18 - Presentation and Disclosures in Financial Statements

IFRS 18 has been notified by SECP vide S.R.O.2444(I)/2025 dated December 12, 2025 which will replace IAS 1 and will be effective for the preparation of financial statements for annual reporting periods beginning on or after January 01, 2027.

The Company is currently assessing the impact of this IFRS on the Bank's financial statements. The application of this standard is not expected to have significant impact on the Bank's financial statements.

iii. 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 standard 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 additional disclosures in the Bank's financial statements in respect of sustainability related information.

iv. 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 standard 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 additional disclosures in the Bank's financial statements in respect of climate related information.

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3.3 Standards issued by IASB but not applicable in Pakistan

IFRS 1 - First-time adoption of International Financial Reporting Standards has been issued by IASB which is not yet notified by the SECP for the purpose of applicability in Pakistan.

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 Financial 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:

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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.

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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.

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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 weighted 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 reliable 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

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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.

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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 recognized 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.

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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 recognized at the commencement date of a lease. The lease liability is initially recognized 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 year 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.

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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.

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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,

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.

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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.

Levy

Final taxes and minimum taxes in excess of the amount as normal income tax is a levy falling under the scope of IAS 37 and is accordingly accounted for.

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.

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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.

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5	CASH AND BALANCES WITH TREASURY BANKS	Note	2025	2024
			Rupees	Rupees
	Cash in hand - local currency		519,822,352	590,340,829
	Balance with State Bank of Pakistan in:			
	Current account	5.1	756,334,816	1,053,754,311
	Balance with National Bank of Pakistan in:			
	Current Account		16,509,548	1,769,159
	Deposit Account	5.2	23,561	21,175
			<u>1,292,690,277</u>	<u>1,645,885,474</u>

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 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.

5.2 This carries markup at the rate of 9.50% per annum (2024: 13.50%)

6	BALANCES WITH OTHER MFBS/BANKS/NBFIS	Note	2025	2024
			Rupees	Rupees
	In Pakistan			
	- In current accounts		13,803,034	24,121,153
	- In deposit accounts	6.1	2,714,664,896	2,043,854,690
			<u>2,728,467,930</u>	<u>2,067,975,843</u>

6.1 These carry mark-up at the rates ranging from 9.50% to 14.50% per annum (2024: 10.75% to 14.75% per annum).

7 INVESTMENTS

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

Debt instruments

Classified/Measured at amortised cost

Market treasury bills	7.1	1,384,074,884	-	1,384,074,884
-----------------------	-----	---------------	---	---------------

Classified/Measured at FVOCI

Market treasury bills	7.1	1,165,402,861	90,577,915	1,255,980,776
		<u>2,549,477,745</u>	<u>90,577,915</u>	<u>2,640,055,660</u>

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Investments by type	Note	2024		
		Fair value / Amortised cost	Gain on fair value	Carrying value

.....Rupees.....

Debt instruments

Classified/Measured 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/Measured at FVOCI

Market treasury bills	7.1	892,019,498	19,027,605	911,047,103
		1,854,448,566	19,027,605	1,873,476,171

7.1 This represents investment in market treasury bills carrying yields at the rates ranging from 10.70% to 11.94% per annum (2024: 12.85% to 21.75% per annum) and having maturities ranging from 106 to 316 days. These securities have an aggregate face value of Rs. 2,800 million (2024: Rs. 1,900 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. During the period the investment was matured on August 10, 2025. It was carried mark-up at the rate of 6 months KIBOR plus 1.85% per annum

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	2025			2024		
	Performing		Total	Performing		Total
	Stage 1	Stage 2		Stage 1	Stage 2	

-----Rupees-----

8.1.2 Advances - Credit loss allowance									
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	99,361,520	3,653,829	202,202,624	305,217,973	30,906,106	1,362,168	375,504,585	407,772,859	
Advances derecognised or repaid	(7,428,895)	(269,842)	(212,304,074)	(220,002,811)	(45,933,693)	(1,165,298)	(389,671,574)	(436,770,565)	
Transfer to stage 1	6,317,300	(183,151)	(6,134,149)	-	3,833,525	(65,094)	(3,768,431)	-	
Transfer to stage 2	(331,652)	529,841	(198,189)	-	(1,144,448)	1,563,496	(419,048)	-	
Transfer to stage 3	(103,999,289)	(1,585,250)	105,584,539	-	(131,098,639)	(4,946,626)	136,045,265	-	
	(6,081,016)	2,145,427	89,150,751	85,215,162	(143,437,149)	(3,251,354)	117,690,797	(28,997,706)	
Amounts written off / charged off	-	-	-	-	-	-	-	-	
Credit loss allowance closing balance	164,216,142	4,535,312	5,083,122,674	5,251,874,128	170,297,158	2,389,885	4,993,971,923	5,166,658,966	

8.1.3 Advances - Credit loss allowance details

Internal / external rating / stage classification

Outstanding gross exposure

Performing - Stage 1	10,711,134,222	-	-	10,711,134,222	8,347,037,279	-	-	8,347,037,279	
Under Performing	-	19,919,970	-	19,919,970	-	13,529,103	-	13,529,103	
Non - Performing	-	-	-	-	-	-	-	-	
Substandard	-	-	20,694,440	20,694,440	-	-	10,978,572	10,978,572	
Doubtful	-	-	7,677,557	7,677,557	-	-	62,980,792	62,980,792	
Loss	-	-	5,058,520,707	5,058,520,707	-	-	4,928,114,851	4,928,114,851	
	-	-	5,086,892,704	5,086,892,704	-	-	5,002,074,215	5,002,074,215	
Total	10,711,134,222	19,919,970	5,086,892,704	15,817,946,896	8,347,037,279	13,529,103	5,002,074,215	13,362,640,597	

Corresponding credit loss allowance

Stage 1	164,216,142	-	-	164,216,142	170,297,158	-	-	170,297,158	
Stage 2	-	4,535,312	-	4,535,312	-	2,389,885	-	2,389,885	
Stage 3	-	-	5,083,122,674	5,083,122,674	-	-	4,993,971,923	4,993,971,923	
	164,216,142	4,535,312	5,083,122,674	5,251,874,128	170,297,158	2,389,885	4,993,971,923	5,166,658,966	

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9	PROPERTY AND EQUIPMENT	Note	2025		2024	
			Rupees		Rupees	
	Property and equipment	9.1	484,271,987	554,557,803		
	Non operating land		2,572,725	2,572,725		
			486,844,712	557,130,528		

9.1	Particulars	2025					Total
		Leasehold improvements	Furniture and fixtures	Electrical and office equipment	Computer hardware and peripheral	Motor vehicles	

		Rupees					
At January 1, 2025							
Cost	538,316,701	173,954,892	324,821,554	169,511,574	129,579,675	1,336,184,396	
Accumulated depreciation	(199,797,706)	(117,356,124)	(229,683,890)	(156,969,837)	(77,819,036)	(781,626,593)	
Net book value	338,518,995	56,598,768	95,137,664	12,541,737	51,760,639	554,557,803	

Year ended December 31, 2025						
Opening net book value		56,598,768	95,137,664	12,541,737	51,760,639	554,557,803
Additions		160,132	771,879	1,102,040	-	2,034,051
Disposals		-	-	-	-	-
Cost	(69,650)	-	(6,848,095)	-	(5,603,200)	(12,520,945)
Accumulated depreciation	20,221	-	5,304,380	-	3,414,058	8,738,659
	(49,429)	-	(1,543,715)	-	(2,189,142)	(3,782,286)
Depreciation charge	(26,893,692)	(14,611,336)	(22,283,827)	(1,553,269)	(3,195,457)	(68,537,581)
Closing net book value	311,575,874	42,147,564	72,082,001	12,090,508	46,376,040	484,271,987

At December 31, 2025						
Cost	538,247,051	174,115,024	318,745,338	170,613,614	123,976,475	1,325,697,502
Accumulated depreciation	(226,671,177)	(131,967,460)	(246,663,337)	(158,523,106)	(77,600,435)	(841,425,515)
Net book value	311,575,874	42,147,564	72,082,001	12,090,508	46,376,040	484,271,987
Rate of depreciation %	5	10	10-20	20-30	15	

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Particulars	2024						Total
	Leasehold Improvements	Furniture and fixtures	Electrical and office equipment	Computer hardware and peripheral	Motor vehicles		

	Rupees						
At January 1, 2024							
Cost	543,407,918	174,773,169	322,559,263	168,156,179	134,638,625		1,343,535,354
Accumulated depreciation	(175,031,872)	(102,516,653)	(203,368,942)	(150,093,154)	(72,879,684)		(703,890,305)
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							
Cost	(5,091,217)	(1,127,050)	(73,500)	(200,526)	(5,058,950)		(11,551,243)
Accumulated depreciation	2,185,215	749,825	31,269	200,526	2,381,963		5,548,798
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	12,541,717	51,760,639		554,557,803

	5	10	10-20	20-30	15
At December 31, 2024					
Cost	538,316,701	173,954,892	324,821,554	169,511,574	129,579,675
Accumulated depreciation	(199,797,706)	(117,356,124)	(229,683,890)	(156,969,817)	(77,819,036)
Net book value	338,518,995	56,598,768	95,137,664	12,541,717	51,760,639
Rate of depreciation %					
	5	10	10-20	20-30	15

9.1.1 Property and equipment includes assets with cost of Rs. 280.39 million (2024: Rs. 185.26 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	Mode of disposal	Particular of Buyer
2025							
Toyota Corolla - LEF-16-8425	1,754,700	1,052,820	701,880	2,358,933	1,657,053	Insurance claim	SGL Insurance
Honda City - LEE-16-8692	1,565,000	939,000	626,000	2,410,000	1,784,000	Auction	Mr. Usama Zarur
	3,319,700	1,991,820	1,327,880	4,768,933	3,441,053		
2024							
Honda Civic AAU-085	2,665,235	(404,906)	2,260,329	3,845,455	1,585,126	Auction	Mr. Zahid Mahmood

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10	RIGHT-OF-USE ASSETS	2025	2024
		Rupees	Rupees
	Buildings		
	As at the beginning of the year		
	Cost	742,301,383	1,079,231,013
	Accumulated depreciation	(394,696,851)	(657,424,802)
	As at the end of the year	<u>347,604,532</u>	<u>421,806,211</u>

10.1 Reconciliation of written down value:

Opening balances	421,806,211	404,201,211
Additions	81,645,506	229,760,021
Deletions/adjustments	(10,701,016)	(20,098,980)
Depreciation charge	(145,146,169)	(192,056,041)
Closing balances	<u>347,604,532</u>	<u>421,806,211</u>

Lease term: 3 to 10 years

10.2 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.

11	INTANGIBLE ASSETS	2025	2024
		Rupees	Rupees
	As at the beginning of the year		
	Cost	246,551,459	246,551,459
	Accumulated amortization and impairment	(98,205,898)	(89,078,426)
	Net book value	<u>148,345,561</u>	<u>157,473,033</u>
	Reconciliation of written down value:		
	Opening net book value	148,345,561	157,473,033
	Amortization charge	(10,115,102)	(9,127,472)
	Closing net book value	<u>138,230,459</u>	<u>148,345,561</u>
	As at the end of the year		
	Cost	246,551,459	246,551,459
	Accumulated amortization and impairment	(108,321,000)	(98,205,898)
	Net book value	<u>138,230,459</u>	<u>148,345,561</u>
	Rate of amortization %	5	5

11.1 Intangible assets include assets with cost of Rs. 44.24 million (2024: 35.68 million) which are fully amortized and still in use.

12	DEFERRED TAX ASSET	2025	2024
		Rupees	Rupees
	Deferred tax asset	<u>1,700,000,000</u>	<u>1,700,000,000</u>

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12.1 Deferred tax asset of Rs. 1,700 million has been recognized considering the probability of availability of future taxable profits against which deductible temporary differences will be utilized as per management's best assessment. Total deferred tax asset, including deductible taxable differences that may be expired before utilization, comprises of the following:

2025			
Opening balances	Deferred tax for the year related to		Closing balances
	Profit and loss	Other comprehensive income	

.....Rupees.....

Deductible temporary differences on:

Lease liabilities	168,883,560	(28,924,726)	-	139,958,834
Provision against advances	1,498,331,100	24,712,397	-	1,523,043,497
Minimum tax	112,455,246	43,480,840	-	155,936,086
Carry forward tax losses	2,975,995,142	290,767,987	-	3,266,763,129
	4,755,665,048	330,036,498	-	5,085,701,546

Taxable temporary differences on:

Accelerated tax depreciation	(168,050,555)	26,485,841	-	(141,564,714)
Intangible assets	-	(6,901,122)	-	(6,901,122)
Fair value reserve on investments	(5,518,005)	-	(20,749,590)	(26,267,595)
	(173,568,560)	19,584,719	(20,749,590)	(174,733,431)
	4,582,096,488	349,621,217	(20,749,590)	4,910,968,115

2024			
Opening balances	Deferred tax for the year related to		Closing balances
	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

12.2 Deferred tax assets and liabilities in respect of temporary differences are measured at tax rate of 29% (2024: 29%)

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13	OTHER ASSETS	Note	2025	2024
			Rupees	Rupees
	Income / Mark-up accrued		39,357,262	63,235,630
	Loan to employees	13.1	95,333,288	89,738,630
	Advances, prepayments and other receivable	13.2, 13.3	188,617,498	204,418,551
	Advance income tax - Net of provision		436,780,826	395,092,341
	Security deposits		19,349,523	27,781,760
	Inter Banks ATM settlement account		50,865,907	54,751,199
			<u>830,304,304</u>	<u>835,018,111</u>

13.1 Loans 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 It includes an amount of Rs. 5.2 million (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.

13.3 It includes an amount of Rs. 10.2 million (2024 : Nil) incurred during the year in connection with the relocation of the Bank's head office to new premises. The said amount is recoverable from the sponsors.

14	DEPOSITS AND OTHER ACCOUNTS	Note	2025	2024
			Rupees	Rupees
Customer				
	Current deposits	14.1	3,391,079,672	3,315,031,255
	Saving deposits	14.2	12,298,421,937	12,578,162,924
	Fixed / term deposits	14.3	12,886,388,900	9,702,053,546
			<u>28,575,890,509</u>	<u>25,595,247,725</u>
Financial Institutions				
	Current deposits		50,000	70,000
	Saving deposits	14.2	1,196,472,893	29,084,986
	Fixed / term deposits	14.3	287,400,000	50,000,000
			<u>1,483,922,893</u>	<u>79,154,986</u>
		14.4	<u>30,059,813,402</u>	<u>25,674,402,711</u>

14.1 An amount of Rs. 58 million (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.

14.2 These carry interest at the rates ranging from 3% to 15.25% per annum (2024: 3% to 15.00% 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 6.3% to 24.75% per annum (2024: 7% to 24.75% per annum).

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14.4 Composition of deposits

Note	2025	2024
	Rupees	Rupees
- Individuals	21,017,915,229	20,621,566,949
- Government (Federal and Provincial)	4,343,879,300	2,594,829,614
- Public sector entities	1,065,964,894	795,739,193
- Banking companies	1,483,922,893	79,154,986
- Non-banking financial institutions	431,582,438	1,319,588,849
- Private sector	1,716,548,648	263,523,120
	<u>30,059,813,402</u>	<u>25,674,402,711</u>

15 LEASE LIABILITIES

Opening balances	582,357,105	510,706,239
Addition	81,645,506	229,760,021
Deletion	(17,165,369)	(20,098,980)
Finance cost accrued	67,698,821	121,922,816
	<u>714,536,063</u>	<u>842,290,096</u>
Payments / adjustments made	(231,919,395)	(259,932,991)
Closing balances	<u>482,616,668</u>	<u>582,357,105</u>

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:

	2025	2024
	Rupees	Rupees
Future minimum lease payments	684,030,170	830,388,593
Less: Financial charges allocated to future periods	(201,413,502)	(248,031,488)
	<u>482,616,668</u>	<u>582,357,105</u>

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

	2025		
	Minimum lease payments	Present value of minimum lease payments	Finance Cost
	----- Rupees -----		
Short-term lease liabilities - within one year	145,827,842	89,354,101	56,473,741
Long-term lease liabilities			
- 1 to 5 years	420,406,201	300,189,719	120,216,482
- 5 to 10 years	117,796,127	93,072,848	24,723,279
- More than 10 years	-	-	-
	<u>684,030,170</u>	<u>482,616,668</u>	<u>201,413,502</u>

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	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	-	-	-
	<u>830,388,593</u>	<u>582,357,105</u>	<u>248,031,488</u>

16 OTHER LIABILITIES	2025	2024
	Rupees	Rupees
Mark-up / Return / Interest payable	278,336,288	314,645,556
Staff retirement benefits	55,670,472	49,704,209
Others	221,127,324	187,537,335
	<u>555,134,084</u>	<u>551,887,100</u>

17 SHARE CAPITAL

17.1 Authorized Capital	No. of shares			2025	2024
	2025	2024		Rupees	Rupees
	750,000,000	750,000,000	Ordinary Shares of Rs. 10/- each	<u>7,500,000,000</u>	<u>7,500,000,000</u>

17.2 Issued, subscribed and paid-up capital	No. of shares			2025	2024
	2025	2024		Rupees	Rupees
	428,984,962	428,984,962	Ordinary Shares of Rs. 10/- each fully paid in cash	<u>4,289,849,620</u>	<u>4,289,849,620</u>

18 SHARE DEPOSIT MONEY	Note	2025	2024
		Rupees	Rupees
Share deposit money	18.1	<u>2,350,390,279</u>	<u>1,850,390,279</u>

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.

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19	CONTINGENCIES AND COMMITMENTS	Note	2025	2024
			Rupees	Rupees
	19.1	Contingencies:		
	19.1.1	Guarantees issued on behalf of customers	5,647,105	8,143,105
	19.1.2	<p>Proceedings for Financial Years (FY) 2016, 2017, and 2018 were initiated by Additional Commissioner (Enforcement-IV) of Punjab Revenue Authority ['PRA'] regarding alleged inadmissible input tax credit claimed without apportionment of same between taxable and non-taxable service. The Bank responded to the notices as per the Bank contention. The said commissioner passed impugned orders for relevant financial years by raising unjustified demand of Rs. 80.3 million (2024: Rs. 80.3 million) in respect of disallowed input tax. Being aggrieved from the said orders, the Bank filed appeal against the orders to Commissioner (Appeals) of PRA. For FY 2016 the impugned order was upheld by Commissioner (Appeal) and the Bank filed an appeal before honorable PRA Appellate Tribunal. The honorable PRA Appellate Tribunal passed the order wherein the demand along with penalty and default surcharge amounting to Rs. 13.01 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).</p>		
	19.1.3	<p>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.</p>		
	19.1.4	<p>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.</p> <p>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.</p>		
	19.2	Commitments		
		There are no significant commitments as at the year end.		

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20	MARK-UP / RETURN / INTEREST EARNED	2025	2024
		Rupees	Rupees

Mark up/ return/ interest earned on:

Loans and advances	2,735,445,563	2,125,124,700
Investments	238,526,596	300,305,326
Balances with other MFBs/ banks / NBFIs	178,276,721	383,397,519
	<u>3,152,248,880</u>	<u>2,808,827,545</u>

20.1 Interest income is calculated using effective interest rate method

21	MARK-UP / RETURN / INTEREST EXPENSED	Note	2025	2024
			Rupees	Rupees

Mark up/ return/ interest expense related to:

Deposits	2,938,750,567	3,872,557,178
Lease liabilities	67,698,821	121,922,816
	<u>3,006,449,388</u>	<u>3,994,479,994</u>

21.1 Breakup of the expense is as under:

Interest expense calculated using effective interest rate method	67,698,821	121,922,816
Interest on other financial liabilities	2,938,750,567	3,872,557,178
	<u>3,006,449,388</u>	<u>3,994,479,994</u>

22	OTHER INCOME
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Gain on disposal of operating fixed assets	5,565,476	4,147,600
Cheque book charges	15,733,730	16,127,710
Income on ATM card issuance/services	11,464,237	13,503,132
Income of SMS services	24,607,210	27,235,170
Clearing charges	1,282,993	1,490,100
Commission income	1,721,386	1,256,368
Loss on leases termination	(501,972)	-
Others	788,648	776,352
	<u>60,661,708</u>	<u>64,536,432</u>

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23	OPERATING EXPENSES	Note	2025	2024
			Rupees	Rupees
	Total compensation expense	23.1	1,247,044,127	1,255,039,893
	Directors' fees and allowances		1,750,000	3,525,000
	Rent, taxes, insurance, electricity, etc.		132,051,267	144,219,776
	Security charges		102,116,386	114,453,526
	Depreciation on operating fixed assets		68,537,581	83,285,086
	Depreciation on right of use assets		145,146,169	192,056,041
	Fees and subscription		120,238,314	122,155,142
	Repairs and maintenance		33,467,971	60,819,703
	Communication		35,033,475	37,767,651
	Stationery and printing		21,910,151	36,101,523
	Fuel expense		19,068,812	26,360,204
	Entertainment		22,492,956	26,159,211
	Legal and professional charges		15,018,233	10,099,232
	Traveling		10,660,841	20,014,576
	Credit verification expenses		7,565,397	8,048,055
	Amortization of intangible assets		10,115,102	9,127,472
	Advertisement and publicity		2,486,680	2,537,084
	Auditors' remuneration	23.2	9,656,500	8,867,844
	Training / capacity building		749,214	274,456
	Asset written off		-	11,975,289
	Others		14,238,190	26,337,298
			<u>2,019,347,366</u>	<u>2,199,224,062</u>

23.1 Total compensation expense

Managerial remuneration	785,870,683	773,015,578
Staff retirement benefits	39,130,161	47,086,288
Rent & house maintenance	218,069,209	223,548,520
Utilities	54,519,277	55,889,577
Medical	54,519,275	56,015,133
Petrol allowance	82,146,393	92,667,914
Special/designation allowance	12,124,629	4,987,932
Overtime	324,500	1,773,951
Others	340,000	55,000
	<u>1,247,044,127</u>	<u>1,255,039,893</u>

23.2 Auditors' Remuneration:

Annual audit fee and report on CCG compliance	5,985,000	5,197,500
Half yearly review	1,200,000	1,032,000
Other certifications fee	1,616,500	1,895,844
Out of pocket expenses	855,000	742,500
	<u>9,656,500</u>	<u>8,867,844</u>

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24	OTHER CHARGES	Note	2025	2024
			Rupees	Rupees
	Penalties imposed by State Bank of Pakistan		-	534,000
	Penalties imposed by SECP and Others		20,000	250,000
	Bank charges		103,536	125,617
			<u>123,536</u>	<u>909,617</u>
25	CASH AND CASH EQUIVALENTS			
	Cash and Balances with SBP and NBP	5	1,292,690,277	1,645,885,474
	Balances with other banks / NBFIs / MFBs	6	2,728,467,930	2,067,975,843
			<u>4,021,158,207</u>	<u>3,713,861,317</u>
26	CREDIT LOSS ALLOWANCE AND WRITE OFFS- NET			
	Credit loss allowance against loans & advances		85,215,162	(28,997,706)
	Recovery of written off bad debts		(7,456,077)	(6,374,163)
			<u>77,759,085</u>	<u>(35,371,869)</u>
27	LEVY - MINIMUM TAX DIFFERENTIAL			
	Levy - Minimum tax differential	27.1	<u>42,973,914</u>	<u>37,394,419</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	Note	2025	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.

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29	LOSS PER SHARE - BASIC AND DILUTED		2025	2024
	Loss for the year	Rupees	(1,648,078,423)	(3,099,992,152)
	Weighted average number of shares	Number	428,984,962	428,984,962
	Loss per share – Basic & diluted	Rupees	(3.84)	(7.23)

30	STAFF STRENGTH		2025	2024
			Numbers	Numbers
	As at year end			
	Permanent		1,021	1,034
	On contract		291	371
	Total		1,312	1,405
	Average			
	Permanent		1,028	1,124
	On contract		331	372
	Total		1,359	1,496

31	NUMBER OF BRANCHES/SERVICE CENTRES		2025	2024
			Number	Number
	Beginning of the year		98	106
	Opened/(closed) during the year:			
	- Branches		-	(34)
	- Service centres		-	-
	-Raabta center		(2)	26
	At the end of the year		96	98

32 DEFINED CONTRIBUTION PLAN - PROVIDENT FUND RELATED DISCLOSURE

The following information is based on the audited financial statements of the provident fund (2024: audited):

	2025	2024
	Number	Number
Size of the fund - Total assets	231,573,942	205,601,207
Cost of investments	187,400,000	7,400,000
Investments made (Percentage)	80.9%	3.6%
Fair value of investments	187,400,000	7,400,000

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.

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33 COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

33.1 Total compensation expense

Description	2025				
	Director			President / CEO	Key Management Personnel
	Chairman	Executives (other than CEO)	Non-Executives		
.....Rupees.....					
Fees and allowances etc.	187,500	-	1,562,500	-	-
Managerial remuneration	-	-	-	1,770,000	44,150,200
Staff retirement benefits	-	-	-	-	3,778,795
Rent & house maintenance	-	-	-	708,000	16,820,078
Utilities	-	-	-	177,000	4,205,028
Medical	-	-	-	177,000	4,205,028
Petroll allowance	-	-	-	778,480	7,689,467
Special allowance	-	-	-	3,600,000	900,000
Total	187,500	-	1,562,500	7,210,480	81,748,596
Number of persons	1	-	7	1	15

Description	2024				
	Director			President / CEO	Key Management Personnel
	Chairman	Executives (other than CEO)	Non-Executives		
.....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

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 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.

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

Financial assets measured at fair value

Available for sale investments -

Market treasury bills

2025		
Level 1	Level 2	Level 3
-----Rupees-----		

-	1,255,980,776	-
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Audited		
2024		
Level 1	Level 2	Level 3
-----Rupees-----		

-	911,047,103	-
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Available for sale investments -

Market treasury bills

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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.

35 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	2025 Rupees	2024 Rupees
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	(9,291,444,803)	(8,143,366,380)
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	(12,352,982,682)	(11,286,569,671)
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	(12,352,982,682)	(11,286,569,671)
Eligible Tier 2 Capital	-	-
Total Eligible Capital (Tier 1 + Tier 2)	(12,352,982,682)	(11,286,569,671)
Risk Weighted Assets (RWAs):		
Credit Risk	4,745,507,334	4,907,986,895
Operational Risk	51,402,129	90,775,597
Total	4,796,909,463	4,998,762,492
Common Equity Tier 1 Capital Adequacy ratio	-258%	-226%
Tier 1 Capital Adequacy Ratio	-258%	-226%
Total Capital Adequacy Ratio	-258%	-226%

The SBP, through prudential regulations for microfinance banks (MFBs) as updated on May 16, 2025, 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 December 31, 2025 stood at negative balance of Rs. 9,291 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.

36 FINANCIAL RISK MANAGEMENT

The Bank has a risk management framework aligned with its operational scale and business nature, ensuring effective risk identification, assessment, and mitigation to safeguard stability and stakeholders' interests.

The risk management policies provide clear guidance across key areas, defining roles for management, board committees, and departments. Dedicated risk committees and a robust risk unit oversee credit, operational, liquidity, and market risks. This section outlines the Bank's risk exposure and strategies for managing risks related to financial instrument.

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.

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36.3.1 Assets and liabilities - based on contractual maturity

	2025							
	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	1,292,690,277	1,292,690,277	-	-	-	-	-	-
Balances with other MFBs/Banks/NBFIs	2,728,467,930	2,728,467,930	-	-	-	-	-	-
Investments	2,640,055,660	-	-	1,255,980,778	1,384,074,882	-	-	-
Advances	10,566,072,768	859,281,576	674,887,344	1,993,444,727	6,071,829,597	160,615,873	522,050,351	283,963,300
Property and equipment	486,844,712	-	-	-	-	-	-	486,844,712
Right-of-use assets	347,604,532	11,471,929	17,189,409	22,789,686	40,589,473	71,824,660	137,820,261	45,919,114
Intangible assets	138,230,459	-	-	-	-	-	-	138,230,459
Deferred tax asset	1,700,000,000	-	-	-	-	-	-	1,700,000,000
Other assets	830,304,304	737,698,083	591,118	2,136,833	5,259,336	4,126,792	24,882,659	55,609,483
	<u>20,730,270,642</u>	<u>5,629,609,795</u>	<u>692,667,871</u>	<u>3,274,352,024</u>	<u>7,501,753,288</u>	<u>236,567,325</u>	<u>684,753,271</u>	<u>2,710,567,068</u>
Liabilities								
Bills payable - in Pakistan	141,939,087	141,939,087	-	-	-	-	-	-
Deposits and other accounts	30,059,813,402	19,443,532,578	2,943,321,617	3,253,085,393	4,250,092,940	133,720,000	36,060,874	-
Lease liabilities	482,616,668	4,125,194	27,389,910	22,551,273	39,675,127	85,194,260	210,608,054	93,072,850
Other liabilities	555,134,084	432,801,742	36,412,889	34,720,814	42,450,963	8,354,541	393,135	-
	<u>31,239,503,241</u>	<u>20,022,398,601</u>	<u>3,007,124,416</u>	<u>3,310,357,480</u>	<u>4,332,219,030</u>	<u>227,268,801</u>	<u>247,062,063</u>	<u>93,072,850</u>
Net Assets	<u>(10,509,232,599)</u>	<u>(14,392,788,806)</u>	<u>(2,314,456,545)</u>	<u>(36,005,456)</u>	<u>3,169,534,258</u>	<u>9,298,524</u>	<u>437,691,208</u>	<u>2,617,494,218</u>

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	2025							
	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	2,350,390,279	-	-	-	-	-	-	-
Statutory reserve	22,078,496	-	-	-	-	-	-	-
Depositors' protection fund	5,519,624	-	-	-	-	-	-	-
Fair value reserves on investments	90,577,915	-	-	-	-	-	-	-
Accumulated loss	(15,931,684,702)	-	-	-	-	-	-	-
	(10,509,232,599)	-	-	-	-	-	-	-

	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	-	-	-	-	-	-
Lending to financial Institutions	-	-	-	-	-	-	-	-
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

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	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-----							
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
	<u>17,445,619,530</u>	<u>5,381,319,012</u>	<u>1,255,499,569</u>	<u>2,132,796,033</u>	<u>4,925,455,107</u>	<u>308,997,145</u>	<u>709,531,844</u>	<u>2,732,020,820</u>
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	-
	<u>26,878,324,016</u>	<u>17,434,462,272</u>	<u>4,013,871,181</u>	<u>2,335,208,083</u>	<u>2,007,487,975</u>	<u>668,735,348</u>	<u>283,682,829</u>	<u>134,876,328</u>
Net Assets	<u>(9,432,704,486)</u>	<u>(12,053,143,260)</u>	<u>(2,758,371,612)</u>	<u>(202,412,050)</u>	<u>2,917,967,132</u>	<u>(359,738,203)</u>	<u>425,849,015</u>	<u>2,597,144,497</u>
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)	-	-	-	-	-	-	-
	<u>(9,432,704,486)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

37.1 BRANCHES

101-LI, Chundrigar Road RY-9, Survey No. 11/9A, Railway Quarters, Opposite	109-Gilgit Branch K-4/3 & 4/4, Ch. Khaliq-uz-Zaman Road, Gilgit, Karachi.	110-Malir Branch Block G, Malir branch, Karachi
112-Larkana City Survey # 164/1, Old Anaj Mandi, Gajpur Chowk,	115-Khairpur D/270, Mohallah Ali Mursid, New Goth, Deh & Taluka,	116-Hyderabad F73-74, Commercial, Risala Road, Saddar, Hyderabad
118-Tando City Survey # 831, Ward B, Court Road, Tando	119-Ghotki Branch S. # 10, Devri Road, Near Chandu Ram Colony, Taluka Ghotki,	120-Mirpurkhas City Survey # 731, Tourabad, Umer Kot Road
121-Umerkot Shop No. 18-19, City Survey No. 115, Gulsha-e-Akber,	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
126-Sanghar City Survey No. 752-755, Main ShoppingCentre, M.A.	128-Mehrabpur Than Road Mehrabpur Tehsil Khandiara Dist:Nosheroferce	130-Sunder Das Road Zaman Park, 35-A, Sunderdas Road, Lahore
134-Adiala Road Rawalpindi Adiala Road, Murree Road, Rawalpindi.	136-G.T road, Gujranwala Ghoti Centre, Service Road, G.T. Road, Gujranwala	137-Sheikhupura, Sharapur Chowk Lahore Road Near Usman CNG Sheikhupura
139-Church Road, Okara Khwat No. 3842, Khatooni No. 388, Khasra No.	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-W-7-R, Near Chowk Kot Peeran, Kasur	146-Model Town Shop No. 31 & 33, A Block, Store Market, Model
151-Multan Shop No. 1, Mashallah Plaza, Azam Basti Road, Sadhu	152-Layyah House No. 4, College Road, Jinnah Colony, Near Sugar Mill	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, Alama Iqbal Town, Lahore.	158-Mardan College Chowk, Opposite Wali Khan University,
159-Sabzmandi, 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
166-Rahim Yar Khan Shop No. 941, Zone-I, Ashraf Complex, Model Town,	169-Bahawalpur Shop No. 12,13,14 & 15, Pelicon Shopping Plaza, Yasman	171-Bahawalnagar Grain Market Bahawalnagar
172-Chichawatni Plot #153 Ghalla Mandi GT Road Chichawatni.	173-Qasimabad Phase II, Deh Jamshoro, Tappa Jamshoro, Taluka Qasimabad	174-Kahna Nau Khasa nau Main Ferozpur Road, Tehsil & Dist. Lahore.
175-Raiwind Railway Road, Station Raiwind Tehsil & Dist Lahore.	176-D- Chowk Ground FSO P-241, Block B, D Ground, Peoples Colony No. 1, Faisalabad.	178-Jhang Gull Plaza, Main Gojra Road, Chowk Burji, Jhang
180-Dharanwala Propert Bearing Khwat No. 265/266, Khatooni No. 265,	182-Haroonabad Main Ghalla Mandi Road, Haroonabad, District Bhawalnagar.	184-Burewala Plot No. 11, V Block Housing Scheme, Multan Road,
187-Tailla Khasra no261 to 263, saray khola tailla, district	188-Kot Noor Shah Al-jaili Garden Lahore, Plot No 09 Kot Noor Shah, Sharapur	189-Bhalwal Khasa No 95,ashata no 130, Chak B, shamali laquet
191-Pakpattan Khwat No 2194, khatoono no 1530, Near Officers Club	193-Gujar Khan Haji Fazal dada Plaza no 13-A, Railway Road Gujar Khan.	194-Chakwal Property No B-II-5-5/7 Shaun Road Chakwal.

202-Muzaffarabad Tanga Stand Bank Road, Muzaffarabad Azad Kashmir.	203-Abbottabad Mouza Sheikh ul Bandi main Mansehra Road near Sethi	204-Chillas Bazar Area Chillas, Near Chillas Old Terminal/Adda.
207-HariPur Bazar 171-Tehsil and district HariPur.	211-Farooqabad Old Sabzi Mandi Road, Farooqabad, Sheikhpura.	215-T. T Singh House No-93,Allama Iqbal Road, Mohalla Gang Gher.
216-Ahmed Pur East Shahra 5, Mohalla Noor Shah Bokhar,Nawab Road.	217-Dadu Old Plot # 82, Dadu District Cooperative Housing Society.	218-Shikarpur City Survey No. 11/3/2/09 & 11/3/2/10, Station
219-Johar Plot # 472, Block G-3, Near Khokhar Chowk, Johar Town.	220-Pattoki Khewat # 375/ 346, Khatooni # 603-604, Chak # 37, Pattoki.	221-Mian Channu Amin Trade Center, G.T. Road, Near Sabzi Mandi, Mian
223-Sargodha 198, Block A, Main Road, Satellite Town, Sargodha.	225-Blue Area, Islamabad Marina Heights, 109 East, Jinnah Avenue, Blue Area.	226-Khanpur Building #18, Model Town A, Street # 01, Khanpur.
227-Rajan Pur Gulshan Iqbal Colony, Indus Highway, Rajanpur (near	229-O.G Khan Sajad Square, Block Y, Eid Gah Chowk, OG Khan.	231-Shuja bad Jalapur Road opposite Faisal Bank,Shuja bad.
232-Tiba Sultan pur Duniya Pur Road, Opposite Bank Al Habib, Tiba	198-Gojra PLOT NO I-40, Ghallah Mandi Gojra, Faisalabad	

37.2 RABTA CENTRES

7113- Kumb Road Sul Gas Plot no 12,Deh Gahi Chakrani Kumb Road ,Sul Gas District Khar 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, behawalpur road ,Lodhran	7170 - Hafizabad (Ground Floor) Situated At Grain Near Finsa Microfinance Bank	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	7192 - Arifwala Ghalla mandi , Arifwala , District pak-patan	7179 - Fort Abbas (Ground Floor) Situated At Grain Near Finsa Microfinance Bank
7199 - Jaurharabad Shop No 58 b Khewat No 215, Khatooni No 309 Block No 1, Janai Bazar, Jaurharabad	7201- Bhakkar Shop no 283, 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 -Khudlian Situated At Old Bus Stand Near HBL Bank Khudlian Kasur	7212-Jassoki Sheller Khewat No 93, Khatonee No 344, Qitas 09, Register Register Haadaranzameen, Jassoki, Tehsil Depalpur.
7181 -Minchinabad National bank Road ,Near city College Minchinabad District Behawalnagar	7228 -All pur (Ground Floor) Situated Near Hbl Micro Finance Bank College Chowk Multan Road Allpur	7230-Faizpur Kanchi Mor Near Al - Makkah pul Rajan pur Road Faiz Pur
7233 - Liaquat Pur Building No 7, Street Mr Gazi Muhammad Shaif Liaquatpur District Rahim yar khan	7138 -Khanqa Dogran (First Floor)Gourmet Bakers Khanqa Dogran Main GT Road.	7190 -Bhagtanwala Bhadru Plaza , Lahore Sargodha road, Bhagtanwala
7183 - Mandi Bahud din Al Rehman Plaza Phalla Road, Punjab Center , MandiBahud din	7186 - Kot khadim Shah (Khewat No 331, khatooni no 669, Tehsil and dist sahiwal	7224- Sadiqabad Allama Iqbal Road, near Jilani Hospital opposite Airiaz steel workers Sadiqabad

37.3 SERVICE CENTRE

- 1- Midh Ranjha Service center
 Midh Ranjha Tehsil Kot momin Dist Sargodha Midh Ranjha

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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 directorship, staff retirement benefits fund, key management personnel 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:

	2025			2024		
	Directors	Key management personnel	Associated Companies	Directors	Key management personnel	Associated Companies
Other Assets						
Interest / mark-up accrued	-	842,070	-	-	1,297,263	-
Loan to Employees						
Opening balance	-	22,186,037	-	-	53,653,448	-
Addition during the year	171,536	28,191,573	-	-	5,800,000	-
Repaid during the year	(171,536)	(12,763,407)	-	-	(37,267,411)	-
Closing balance	-	37,614,203	-	-	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	2,555,164,307	211,202,365	7,908,472,963	916,651,575	403,011,986	6,926,628,483
Withdrawn during the year	(2,586,416,885)	(216,921,658)	(7,912,186,388)	(420,476,433)	(397,987,435)	(6,932,296,786)
Transfer in / (out) - net	5,287,157	1,413,809	-	198,456,536	3,226,634	166,694,673
Closing balance	670,720,049	5,862,551	278,546,776	696,685,471	10,168,035	282,260,201
Other liabilities						
Interest/mark up payable	14,829,969	5,076	2,243,992	8,568,868	12,218	3,177,400
Payable to staff retirement benefit	-	6,048,858	-	-	8,496,785	-
Total	14,829,969	6,053,934	2,243,992	8,568,868	8,509,003	3,177,400
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
Closing balance	79,303,809	-	2,271,086,470	79,303,809	-	1,771,086,470

	2025			2024		
	Directors	Key management personnel	Associated Companies	Directors	Key management personnel	Associated Companies
Income						
Mark-up / Return / Interest earned	7,363	2,109,764	-	-	2,922,172	-
Expense						
Mark-up / Return / Interest expensed	89,567,913	138,890	36,083,638	72,181,907	1,236,322	21,196,087
Salaries and allowances	7,210,480	77,969,800	-	-	83,150,510	-
Staff retirement benefits	-	3,778,795	-	-	7,431,305	-
Directors' fee	1,750,000	-	-	3,525,000	-	-

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%
Tawasul Risk Management Services (Pvt.) Limited	Common Directorship	0.57%

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Name of Related Party	Nature of Relationship	Aggregate Percentage of Shareholding (%)
Mr. Muhammad Akram Shahid	Director/ Chairman	5.19%
Mr. Imad Mohammad Tahir	Director	12.86%
Mr. Muhammad Asghar	Director	0.00%
Mr. Shahid Hussain	Director	4.79%
Mr. Abdul Aziz Khan	Director	0.00%
Mr. Nasar Ullah Khan	Associate	1.22%
Mr. Anas Muhammad Tahir	Associate	2.01%

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. Rupees
M/S Homeland Security (Pvt.) Limited	Security guards services	35,887,229
M/S Track Security Systems (Pvt.) Limited	Security guards services	27,566,608

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 905 (2024: 523) complaints were received and average time to resolve a complaint is 7.93 days (2024: 16.28 days).

41 EVENT AFTER THE REPORTING DATE

There were no significant events after the reporting date.

42 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were approved and authorised for issue on March 04, 2026 by the Board of Directors of the Bank.

43 GENERAL

43.1 Captions as prescribed by The Banking Policy & Regulations Department of State Bank of Pakistan (SBP) via circular no. 3 of 2023 dated February 09, 2023 in respect of which there are no amounts, have not been reproduced in these financial statements.

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



 President, CEO (Acting)



 Chief Financial Officer



 Chairman



 Director



 Director