APNA MICROFINANCE BANK LIMITED
STREET 141-K, UPPER MALL, LAHORE

CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED JUNE 30, 2026

Directors' Reviews

The Directors of the Apna Microfinance Bank Limited (hereinafter referred to as 'the Bank') are pleased to present the Un-audited Condensed Interim Financial Statements of the Bank for the half year ended June 30, 2026.

Economic Overview:

During 2026, the economic environment remained challenging amid persistent geopolitical uncertainty, volatility in global commodity and energy prices, and evolving international trade conditions.

In Pakistan, inflationary pressures intensified during the second quarter, with CPI inflation rising to 11.7% in May 2026, following 10.9% in April, primarily due to increases in transport, housing and utilities and food prices. Despite these pressures, macroeconomic conditions continued to show signs of improvement, supported by fiscal consolidation, a stronger external position, progress under the IMF-supported programme and improved investor confidence.

The Pakistan Stock Exchange remained resilient, with the KSE-100 Index reaching 180,301.70 points as at June 30, 2026. Globally, economic growth remained moderate, with the IMF projecting growth of 3.0% for 2026, while global inflation was forecast at 4.7%. The outlook nevertheless remained subject to significant downside risks, particularly from geopolitical tensions, energy-price volatility, trade disruptions and tighter global financial conditions.

Principal Activity, Developments and Financial Performance

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

The highlights of the financial results for the half year ended June 30, 2026 are as follows:

Particular's	June 30, 2026	December 31, 2025	%
	Un-audited	Audited	Change
		Restated	
Advances	11,150,487,056	10,566,072,768	6%
Deposits and other accounts	30,604,888,756	30,059,813,402	2%
	June 30, 2026	June 30, 2025	
	Un-audited	Un-audited	
		Restated	
Mark-up/Return/Interest Earned	1,939,051,634	1,506,676,157	29%
Mark-up/Return/Interest Expensed	1,715,797,415	1,456,048,637	18%
Operating expenses	1,061,113,848	1,001,723,655	6%
Loss for the period	762,724,345	822,429,677	-7%

The Bank loss reduced from PKR. 822.429 million to PKR. 762.724 million indicating an improvement in financial performance. As a result, the loss per share was recorded at PKR 1.78 for the current reporting period (June: 2025 loss per share PKR. 1.92). The Bank's equity (net of losses) stood at negative (-) PKR. 11,273.596 million as against the statutory requirement prescribed by State Bank of Pakistan (SBP) while the Minimum Capital Requirement (MCR) and Capital Adequacy Ratio (CAR) of the Bank also stood at negative.

The Bank total assets have grown to PKR. 20,748.399 million from PKR. 20,730.390 million as at December 31st, 2025.

The advances stood at PKR. 11,150.487 million as at June 30, 2026 as compared to PKR. 10,566.072 million as at December 31st, 2025 by registering a growth of 6%. Investments were also stood at PKR. 2,719.397 million.

During the period, the Bank out-performed in recoveries from non-performing assets by posting credit loss allowance and write off – net PKR. 38.775 million as compared to the comparative period PKR. 38.085 million reflecting a marginal increase of PKR 0.690 million, or 1.81%. As of June 30, 2026, the Bank's gross NPL ratio (Gross non-performing loans to Gross Advances) marginally decreased to 33.70%, compared to 34.56% recorded on December 31, 2025.

The deposits of the Bank settled at PKR 30,604.888 million as at June 30, 2026, representing an increase of 2% as compared to year end December 31, 2025.

As at June 30, 2026, the Bank has deferred tax assets (net) of PKR. 1,700 million. As at June 30, 2025, the Bank has not recognized further deferred tax assets (net).

Mark-up / return / interest earned for the period ended June 30, 2026 increased significantly to PKR 223.254 million, compared to PKR 50.627 million for the corresponding period ended June 30, 2025. This substantial improvement is also reflected in the Bank's Net Interest Margin (NIM), which showed a significant turnaround during the period. The improvement demonstrates the Bank's successful transition towards a stronger and more sustainable margin profile and reflects the effectiveness of management's strategic initiatives and corrective measures implemented to enhance financial performance.

The Bank successfully exhibited prudent control over its operating expenses by continuously monitoring and implementing cost control initiatives and is able to reduce its operating expenses as compared to the previous period, recorded PKR. 1,061.113 million during six-month end of 2026.

Subsequent Event- Enhancement of Paid-up Capital

Subsequent to the reporting date, the Paid-up Capital of the bank was enhanced on July 28, 2026 from Rs. 4,289,849,620 to Rs.5,450,406,710 through the allotment of 116,055,709 Ordinary Shares at par value of Rs.10 per share, by way of other than right issue against share deposit money received from the respective shareholder's in line with the approval of SECP.

Future Outlook

The Bank has incurred loss for the period amounting to PKR. 763 million (June 30, 2025: PKR. 822 million) and as at period end, its accumulated loss was PKR. 16,605 million (December 31, 2025: PKR. 15,843 million). This has resulted in negative net assets of PKR. 11,274 million (December 31, 2025: PKR. 10,509 million). The Bank has been non-compliant with Minimum Capital Requirements (MCR) and Capital Adequacy Ratio (CAR) requirements of Prudential Regulations for Microfinance Banks (MFB's). 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

- **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. In year 2025, they have injected funds of PKR. 500 million in shape of fresh share deposit money. The total share deposit money stood at PKR. 2,350 million as at date. 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 substantial 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. 132 million in principal from these loans (June 30, 2025: PKR. 188 million). 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 them have started reflecting their positive impact and will continue to do so going forward. The management is confident that with the implementation of its plan, it will be able to overcome all adverse financial and operational factors and the Bank will be able to continue as a going concern.

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

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

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

The Bank's Capital Adequacy Ratio (CAR), as also referred in Note no 1.2 to the condensed interim financial statements for the half year ended June 30, 2026, is not in compliance with the requirements of Prudential Regulation for MFB's. However, the sponsors are committed to filling the CAR shortage soon.

Audit Observations

The external auditors have drawn attention towards Note 1.2 of the condensed interim financial statements for the half year ended June 30, 2026 via an emphasis of matter paragraph. Attention is drawn towards the huge accumulated losses and negative net assets figure, as a result of which the Bank is MCR and CAR noncompliant. These events and conditions along with other matters set forth in the above-mentioned note indicate a material uncertainty that may cast significant doubt in the Bank's ability to continue as a going concern. Further, realization of deferred tax of 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.

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, 2026.

Acknowledgement

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

For and on behalf of Board of Directors,

Nazish Ali
President/CEO (Acting)

Abdul Aziz Khan Niazi
Director

Date: August 28, 2026
Lahore

APNA MICRO FINANCE BANK LTD

CONDENSED INTERIM

FINANCIAL STATEMENTS

FOR THE PERIOD ENDED

JUNE 30, 2026

RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
CHARTERED ACCOUNTANTS

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INDEPENDENT AUDITORS' REVIEW REPORT

TO THE MEMBERS OF APNA MICROFINANCE BANK LIMITED

REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **Apna Microfinance Bank Limited** (the Bank) as at 30 June 2026 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, the condensed interim statement of changes in equity, the condensed interim cash flow statement and the selected explanatory notes to the condensed interim accounts for the six months period then ended (here-in-after referred to as the " condensed interim financial statements"). Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

Scope of review

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

Conclusion

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

Emphasis of Matter

We draw attention to Note 1.2 to the condensed interim financial statements which states that the Bank has incurred loss for the period amounting to Rs. 763 million (June 30, 2025: Rs. 822 million) and as at the period end, its accumulated loss was Rs. 16,605 million (December 31, 2025: Rs. 15,843 million). This has resulted in negative net assets of Rs. 11,274 million (December 31, 2025: Rs. 10,509 million). The Bank has been non-compliant with Minimum Capital Requirements (MCR) and Capital Adequacy Ratio (CAR) requirements of Prudential Regulations for Microfinance Banks (MFB's). These events and conditions, along with other matters as set forth in the said note, indicate a material uncertainty that may cast significant doubt on the Bank's ability to continue as a going concern. The Bank's ability to continue as a going concern is subject to successful implementation of the plan as disclosed in the said note and support from the sponsors. Realization of deferred tax asset of Rs. 1,700 million also depends on the Bank's ability to continue as a going concern. Our opinion is not modified with respect to these matters.

Other Matters

Pursuant to the requirement of Section 237 (1) (b) of the Companies Act, 2017, only cumulative figures for the six months period, presented in these condensed interim financial statements are subject to a limited scope review by the statutory auditors of the Bank. Accordingly, the figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the three months period ended June 30, 2026 and 2025 have not been reviewed by us.

The condensed interim financial statements of the Bank for the six months period ended June 30, 2025, and annual financial statements for the year ended December 31, 2025, were reviewed and audited by another firm of the chartered accountants who had expressed an unmodified conclusion and opinion with emphasis of matter paragraph thereon vide their reports dated August 29, 2025 and March 05, 2026 respectively.

The engagement partner on the review resulting in this independent auditors' review report is Mr. Adnan Rasheed.

RAHMAN SARFARAZ RAHIM IQBAL RAFIQ,
CHARTERED ACCOUNTANTS
LAHORE
UDIN: RR202610701iXOdGfI8S

APNA MICROFINANCE BANK LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2026

	Note	June 30, 2026 Rupees Un-audited	December 31, 2025 Rupees Audited Restated	December 31, 2024 Rupees Audited Restated
ASSETS				
Cash and balances with treasury banks	7	1,219,134,568	1,292,690,277	1,645,885,474
Balances with other MFB's/ Banks/ NBFI's	8	1,956,498,031	2,728,467,930	2,067,975,843
Investments	9	2,719,397,845	2,641,814,648	1,879,138,230
Advances	10	11,150,487,056	10,566,072,768	8,195,981,631
Property and equipment	11	461,559,707	486,844,712	557,130,528
Right-of-use assets	12	579,713,181	347,604,532	421,806,211
Intangible assets	13	133,172,908	138,230,459	148,345,561
Deferred tax asset	14	1,700,000,000	1,700,000,000	1,700,000,000
Other assets	15	828,436,645	828,665,153	834,273,339
Total assets		20,748,399,941	20,730,390,479	17,450,536,817
LIABILITIES				
Bills payable - in Pakistan		100,650,394	141,939,087	69,677,100
Deposits and other accounts	16	30,604,888,756	30,059,813,402	25,674,402,711
Lease liabilities	17	710,712,051	482,616,668	582,357,105
Other liabilities	18	605,744,835	555,134,084	551,887,100
Total liabilities		32,021,996,036	31,239,503,241	26,878,324,016
NET ASSETS		(11,273,596,095)	(10,509,112,762)	(9,427,787,199)
REPRESENTED BY:				
Share capital		4,289,849,620	4,289,849,620	4,289,849,620
Capital reserves				
Discount on issue of shares		(1,335,963,831)	(1,335,963,831)	(1,335,963,831)
Share deposit money		2,350,390,279	2,350,390,279	1,850,390,279
Statutory reserve		22,078,496	22,078,496	22,078,496
Depositors' protection fund		5,519,624	5,519,624	5,519,624
Fair value reserve on investments	9	-	1,758,988	5,662,059
		1,042,024,568	1,043,783,556	547,686,627
Revenue reserve				
Accumulated loss		(16,605,470,283)	(15,842,745,938)	(14,265,323,446)
TOTAL CAPITAL		(11,273,596,095)	(10,509,112,762)	(9,427,787,199)
CONTINGENCIES AND COMMITMENTS	19	-	-	-

The annexed notes 1 to 35 form an integral part of these condensed interim financial statements.

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

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APNA MICROFINANCE BANK LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT - (UN-AUDITED)
FOR THE PERIOD ENDED JUNE 30, 2026

	Note	Three month period ended June 30,		Six month period ended June 30,	
		2026	2025	2026	2025
		Rupees	Rupees Restated	Rupees	Rupees Restated
Markup/ return/ interest earned	20	989,736,887	797,176,362	1,939,051,634	1,506,676,157
Markup/ return/ interest expensed	21	(890,801,022)	(725,945,897)	(1,715,797,415)	(1,456,048,637)
Net markup/ interest profit		98,935,865	71,230,465	223,254,219	50,627,520
NON MARKUP/ INTEREST INCOME					
Fee and commission income		55,525,037	83,522,903	118,624,371	148,825,163
Other income	22	13,343,024	18,096,114	31,997,956	34,889,114
Total non markup/ interest income		68,868,061	101,619,017	150,622,327	183,714,277
Net income		167,803,926	172,849,482	373,876,546	234,341,797
NON MARK-UP/ INTEREST EXPENSES					
Operating expenses	23	(542,254,483)	(508,198,171)	(1,061,113,848)	(1,001,723,655)
Other charges	24	(169,914)	151,239	(216,209)	(73,204)
Total non markup/ interest expenses		(542,424,397)	(508,046,932)	(1,061,330,057)	(1,001,796,859)
Loss before credit loss allowance		(374,620,471)	(335,197,450)	(687,453,511)	(767,455,062)
Credit loss allowance and write offs - net	26	(32,761,269)	(17,288,194)	(49,549,884)	(34,280,848)
Loss for the period before levy and taxation		(407,381,740)	(352,485,644)	(737,003,395)	(801,735,910)
Levy - Minimum tax differential	27	(13,065,774)	(11,008,741)	(25,720,950)	(20,693,767)
Loss for the period before taxation		(420,447,514)	(363,494,385)	(762,724,345)	(822,429,677)
Provision for taxation	28	-	-	-	-
Loss for the period		(420,447,514)	(363,494,385)	(762,724,345)	(822,429,677)
Loss per share - basic and diluted	29	(0.98)	(0.85)	(1.78)	(1.92)

The annexed notes 1 to 35 form an integral part of these condensed interim financial statements.

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

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APNA MICROFINANCE BANK LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME - (UN-AUDITED)
FOR THE PERIOD ENDED JUNE 30, 2026

	Three month period ended June 30,		Six month period ended June 30,	
	2026	2025	2026	2025
	Rupees	Rupees	Rupees	Rupees
		Restated		Restated
Loss for the period	(420,447,514)	(363,494,385)	(762,724,345)	(822,429,677)
Other comprehensive income				
Items that may be reclassified to profit and loss account in subsequent periods:				
Unrealized (loss)/ gain on revaluation of available for sale investments	(389,438)	4,318,619	(1,758,988)	2,951,967
Reclassification adjustments relating to available for sale investments disposed off during the period	-	-	-	-
	(389,438)	4,318,619	(1,758,988)	2,951,967
Total comprehensive loss for the period	(420,836,952)	(359,175,766)	(764,483,333)	(819,477,710)

The annexed notes 1 to 35 form an integral part of these condensed interim financial statements.

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

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APNA MICROFINANCE BANK LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY - (UN-AUDITED)
FOR THE PERIOD ENDED JUNE 30, 2026

		Capital reserves					Revenue reserve	
	Share capital	Discount on issue of shares	Share deposit money	Statutory reserve	Depositors' protection fund	Fair value reserve on investments	Accumulated loss	Total
	----------	----------	----------	----------	Rupees	----------	----------	----------
Balance as at January 01, 2025 - Audited (restated)	4,289,849,620	(1,335,963,831)	1,850,390,279	22,078,496	5,519,624	5,662,059	(14,265,323,446)	(9,427,787,199)
Total comprehensive loss for the period								
Loss for the period	-	-	-	-	-	-	(822,429,677)	(822,429,677)
Other comprehensive income								
Fair value loss on investment	-	-	-	-	-	2,951,967		2,951,967
	-	-	-	-	-	2,951,967	(822,429,677)	(819,477,710)
Transactions with owners recorded directly in equity								-
Share deposit money received	-	-	500,000,000	-	-	-	-	500,000,000
Balance as at June 30, 2025 - Un-audited (restated)	4,289,849,620	(1,335,963,831)	2,350,390,279	22,078,496	5,519,624	8,614,026	(15,087,753,123)	(9,747,264,909)
Total comprehensive loss for the period								
Loss for the period	-	-	-	-	-	-	(754,992,815)	(754,992,815)
Other comprehensive loss								-
Fair value loss on investment	-	-	-	-	-	(6,855,038)	-	(6,855,038)
	-	-	-	-	-	(6,855,038)	(754,992,815)	(761,847,853)
Balance as at December 31, 2025 - Audited (restated)	4,289,849,620	(1,335,963,831)	2,350,390,279	22,078,496	5,519,624	1,758,988	(15,842,745,938)	(10,509,112,762)
Total comprehensive loss for the period								
Loss for the period	-	-	-	-	-	-	(762,724,345)	(762,724,345)
Other comprehensive loss								-
Fair value loss on investment	-	-	-	-	-	(1,758,988)	-	(1,758,988)
	-	-	-	-	-	(1,758,988)	(762,724,345)	(764,483,333)
Balance as at June 30, 2026 - Un-audited	4,289,849,620	(1,335,963,831)	2,350,390,279	22,078,496	5,519,624	-	(16,605,470,283)	(11,273,596,095)

The annexed notes 1 to 35 form an integral part of these condensed interim financial statements.

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

APNA MICROFINANCE BANK LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT - (UN-AUDITED)
FOR THE PERIOD ENDED JUNE 30, 2026

	Note	Six month period ended June 30, 2026 Rupees	Six month period ended June 30, 2025 Rupees Restated
A) CASH FLOWS FROM OPERATING ACTIVITIES			
Loss for the period before levy and taxation		(737,003,395)	(801,735,910)
Adjustments for non-cash and other items			
Markup on lease liabilities	21	41,479,537	35,444,282
Loss/(gain) on disposal of operating fixed assets	22	17,051	(5,719,317)
Depreciation of operating fixed assets	23	28,815,186	35,304,724
Depreciation on right of use assets	23	85,622,954	70,704,000
Amortization of intangible assets	23	5,057,551	5,057,532
Provision against employee's fraud	26	13,000,000	-
Credit loss allowance	26	38,775,439	38,085,050
		212,767,718	178,876,271
Operating cash flows before working capital changes		(524,235,677)	(622,859,639)
Changes in working capital			
(Increase)/ decrease in operating assets			
Advances		(623,189,727)	(774,925,695)
Other assets		13,278,508	34,467,287
Increase/ (decrease) in operating liabilities			
Bills payable - in Pakistan		(41,288,693)	81,996,056
Deposits		545,075,354	1,602,413,991
Other liabilities		50,610,751	11,262,430
		(55,513,807)	955,214,069
Cash flows from operations		(579,749,484)	332,354,430
Levies paid		(51,770,950)	(31,636,549)
Net cash flows from operating activities		(631,520,434)	300,717,881
B) CASH FLOWS FROM INVESTING ACTIVITIES			
Investments made		(79,342,185)	(424,089,909)
Additions to operating fixed assets		(3,565,032)	(7,815,120)
Repayment of lease liabilities		(131,115,757)	(124,946,226)
Proceeds from disposal of operating fixed assets		17,800	8,900,949
Net cash flows from investing activities		(214,005,174)	(547,950,306)
C) CASH FLOWS FROM FINANCING ACTIVITIES			
Share deposit money received		-	500,000,000
Net cash flows from financing activities		-	500,000,000
(Decrease)/ increase in cash and cash equivalents (A+B+C)		(845,525,608)	252,767,575
Cash and cash equivalents at the beginning of the period		4,021,158,207	3,713,861,317
Cash and cash equivalents at the end of the period	25	3,175,632,599	3,966,628,892

The annexed notes 1 to 35 form an integral part of these condensed interim financial statements.

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

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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 center (2025: 72 business locations comprising of 71 branches and 1 service center). 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.

1.2 The Bank has incurred loss for the period amounting to Rs. 763 million (June 30, 2025: Rs. 822 million) and as at period end, its accumulated loss was Rs. 16,605 million (December 31, 2025: Rs. 15,843 million). This has resulted in negative net assets of Rs. 11,274 million (December 31, 2025: Rs. 10,509 million). The Bank has been non-compliant with Minimum Capital Requirements (MCR) and Capital Adequacy Ratio (CAR) requirements of Prudential Regulations for Microfinance Banks (MFB's). 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. In year 2025, they have injected funds of Rs. 500 million in shape of fresh share deposit money. The total share deposit money stood at Rs. 2,350 million as at date. 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 substantial 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 132 million in principal from these loans (June 30, 2025: Rs. 188 million). 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 them have started reflecting their positive impact and will continue to do so going forward. 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, the Bank shall be merged with and into MMBL under section 48 of the Banking Companies 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 and notifications issued under the local laws differ from the IFRS Standards, the provisions of and directives and notifications issued under the local laws have been

2.2 These condensed interim financial statements have been subjected to limited scope review by the auditors, as required under section 237 of Companies Act, 2017 and should be read in conjunction with the annual audited financial statements of the Bank for the year ended December 31, 2025.

3 FUNCTIONAL AND PRESENTATION CURRENCY

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

4 STANDARDS, INTERPRETATIONS & AMENDMENTS EFFECTIVE IN CURRENT PERIOD

4.1 There are certain amendments to standards that became effective during the period and are mandatory for accounting periods of the Bank beginning on or after January 01, 2026 but are considered not to be relevant to the Bank's operations and are, therefore, not disclosed in these condensed interim financial statements.

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

5 MATERIAL ACCOUNTING POLICY INFORMATION

The accounting policies and methods of computation adopted in the preparation of these condensed interim financial statements are consistent with those applied in the annual audited financial statements of the Bank for the year ended December 31, 2025.

6 CORRECTION OF PRIOR PERIOD ERROR RELATING TO ACCOUNTING TREATMENT OF INVESTMENT MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (FVOCI)

During the period, a prior period error relating to the accounting for debt investments measured at FVOCI was identified. In previous periods, the Bank recorded an amount described as "interest income" directly within the FVOCI reserve in other comprehensive income, without separately calculating effective interest income under the effective interest method as required by IFRS 9, and without remeasuring the investment to its actual fair value at each reporting date as required by IFRS 9 and IFRS 13. As a result, both the carrying value of the investment and the FVOCI reserve were misstated, and no effective interest income was recognised in profit and loss account.

In accordance with IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors, the Bank has corrected this error by restating the comparative information for the earliest prior period presented. The effect of the restatement is given in note 6.1.

6.1

	As at December 31, 2025			As at December 31, 2024		
	As previously reported	As restated	Restatement	As previously reported	As restated	Restatement
	------------Rs------------					
Effect on the condensed interim statement of financial position						
Investment	2,640,055,660	2,641,814,648	1,758,988	1,873,476,171	1,879,138,230	5,662,059
Other assets						
Advance income tax - Net of provision	436,780,826	435,141,675	(1,639,151)	395,092,341	394,347,569	(744,772)
Fair value reserve on investments	90,577,915	1,758,988	88,818,927	19,027,605	5,662,059	13,365,546
Accumulated loss	(15,931,684,702)	(15,842,745,938)	(88,938,764)	(14,283,606,279)	(14,265,323,446)	(18,282,833)

	For the period ended June 30, 2025		
	As previously reported	As restated	Restatement
	------------Rs------------		
Effect on the condensed interim profit and loss account			
Markup/ return/ interest earned			
Investments	102,595,187	168,542,754	65,947,567
Levy - Minimum tax differential	19,869,422	20,693,767	824,345
Effect on the condensed interim statement of comprehensive income			
Unrealized gain on revaluation of available for sale investments	86,227,517	2,951,967	(83,275,550)
Reclassification adjustments relating to available for sale investments disposed off during the period	(20,279,950)	-	20,279,950

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7	CASH AND BALANCES WITH TREASURY BANKS	Note	Un-audited June 30, 2026 Rupees	Audited December 31, 2025 Rupees Restated
	Cash in hand - local currency		460,418,579	519,822,352
	Balances with State Bank of Pakistan in:			
	Current accounts	7.1	748,068,342	756,334,816
	Balances with National Bank of Pakistan in:			
	Current accounts		10,623,388	16,509,548
	Deposit accounts	7.2	24,259	23,561
			1,219,134,568	1,292,690,277

7.1 This represents balances 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.

7.2 This carries markup at the rate of 7.50% per annum (December 31, 2025: 9.50% per annum).

8 BALANCES WITH OTHER MFB's/ BANKS/ NBFI's

	Note		
In Pakistan			
- Current accounts		21,892,650	13,803,034
- Deposit accounts	8.1	1,934,605,381	2,714,664,896
		1,956,498,031	2,728,467,930

8.1 These carry markup at the rates ranging from 4.00% to 14.50% per annum (December 31, 2025: 9.50% to 14.50% per annum).

9 INVESTMENTS

Investments by type	Note	Un-audited June 30, 2026 Fair value/ Amortised cost	Gain on fair value	Carrying value
		...Rupees...		
Debt instruments				
Classified/ measured at amortised cost				
Market treasury bills	9.1	2,719,397,845	-	2,719,397,845
Classified/ measured at FVOCI				
Market treasury bills	9.1	-	-	-
		2,719,397,845	-	2,719,397,845

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Investments by type	Note	Audited December 31, 2025 (Restated)		
		Fair value / Amortised cost	Gain on fair value	Carrying value
		..................................Rupees....................................		
Debt instruments				
Classified/ measured at amortised cost				
Market treasury bills	9.1	1,384,074,884	-	1,384,074,884
Classified/ measured at FVOCI				
Market treasury bills	9.1	1,255,980,776	1,758,988	1,257,739,764
		2,640,055,660	1,758,988	2,641,814,648

9.1 These represent investments in market treasury bills carrying yields at the rates ranging from 10.70% to 11.70% per annum (December 31, 2025: 10.70% to 11.94% per annum) and having maturities ranging from 9 to 289 days. These securities have an aggregate face value of Rs. 2,800 million (December 31, 2025: Rs. 2,800 million).

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

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10 ADVANCES

Loan Type	Un-audited June 30, 2026				Audited December 31, 2025 (restated)			
	Performing		Non-Performing	Total	Performing		Non-Performing	Total
	Stage 1	Stage 2	Stage 3		Stage 1	Stage 2	Stage 3	
	Rupees							
Micro credits								
Secured	10,063,574,862	13,544,917	537,389,514	10,614,509,293	9,607,767,736	17,743,824	401,954,303	10,027,465,863
Unsecured	2,997,316	313,917	4,587,077,090	4,590,388,323	5,518,479	46,295	4,684,938,401	4,690,503,175
Markup Accrued	1,234,413,171	1,825,836	-	1,236,239,007	1,097,848,007	2,129,851	-	1,099,977,858
Advances - gross	11,300,985,349	15,684,670	5,124,466,604	16,441,136,623	10,711,134,222	19,919,970	5,086,892,704	15,817,946,896
Credit loss allowance against advances								
- Stage 1	(166,204,350)			(166,204,350)	(164,216,142)	-	-	(164,216,142)
- Stage 2		(3,917,333)		(3,917,333)	-	(4,535,312)	-	(4,535,312)
- Stage 3			(5,120,527,884)	(5,120,527,884)	-	-	(5,083,122,674)	(5,083,122,674)
	(166,204,350)	(3,917,333)	(5,120,527,884)	(5,290,649,567)	(164,216,142)	(4,535,312)	(5,083,122,674)	(5,251,874,128)
Advances - net of credit loss allowance	11,134,780,999	11,767,337	3,938,720	11,150,487,056	10,546,918,080	15,384,658	3,770,030	10,566,072,768

10.1 Particulars of advances and credit loss allowance

10.1.1 Advances - Exposure

	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount: Opening balance (restated)	10,711,134,222	19,919,970	5,086,892,704	15,817,946,896	8,347,038,013	13,529,104	5,002,073,480	13,362,640,597
New advances	5,646,276,266	274,806	3,407,863	5,649,958,935	9,261,262,971	6,243,719	1,587,881	9,269,094,571
Advances derecognised or repaid	(4,779,382,334)	(1,888,389)	(245,498,485)	(5,026,769,208)	(6,223,010,350)	(7,159,736)	(583,618,186)	(6,813,788,272)
Transfer to stage 1	9,033,568	(5,390,304)	(3,643,264)	-	7,362,042	(849,232)	(6,512,810)	-
Transfer to stage 2	(9,839,138)	10,244,560	(405,422)	-	(16,595,594)	17,002,826	(407,232)	-
Transfer to stage 3	(276,237,235)	(7,475,973)	283,713,208	-	(664,922,860)	(8,846,711)	673,769,571	-
	589,851,127	(4,235,300)	37,573,900	623,189,727	2,364,096,209	6,390,866	84,819,224	2,455,306,299
	11,300,985,349	15,684,670	5,124,466,604	16,441,136,623	10,711,134,222	19,919,970	5,086,892,704	15,817,946,896

10.1.2 Advances - Credit loss allowance

	Un-audited June 30, 2026				Audited December 31, 2025 (restated)			
	Performing		Non-Performing	Total	Performing		Non-Performing	Total
	Stage 1	Stage 2	Stage 3		Stage 1	Stage 2	Stage 3	
	--Rupees--							
Credit loss allowance:								
Opening balance (restated)	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
New advances	32,429,288	1,105,622	100,414,799	133,949,709	99,361,520	3,653,829	202,202,624	305,217,973
Advances derecognised or repaid	(15,732,755)	(143,258)	(79,298,257)	(95,174,270)	(7,428,895)	(269,842)	(212,304,074)	(220,002,811)
Transfer to stage 1	4,564,204	(1,265,522)	(3,298,682)	-	6,317,300	(183,151)	(6,134,149)	-
Transfer to stage 2	(1,040,406)	1,333,211	(292,805)	-	(331,652)	529,841	(198,189)	-
Transfer to stage 3	(18,232,123)	(1,648,032)	19,880,155	-	(103,999,289)	(1,585,250)	105,584,539	-
	1,988,208	(617,979)	37,405,210	38,775,439	(6,081,016)	2,145,427	89,150,751	85,215,162
Amounts written off/ charged off	-	-	-	-	-	-	-	-
	166,204,350	3,917,333	5,120,527,884	5,290,649,567	164,216,142	4,535,312	5,083,122,674	5,251,874,128

10.1.3 Advances - Credit loss allowance details

Internal/ external rating/ stage classification

	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Outstanding gross exposure								
Performing - Stage 1	11,300,985,349	-	-	11,300,985,349	10,711,134,222	-	-	10,711,134,222
Under Performing	-	15,684,670	-	15,684,670	-	19,919,970	-	19,919,970
Non-Performing								
Substandard	-	-	17,282,512	17,282,512	-	-	20,694,440	20,694,440
Doubtful	-	-	19,007,316	19,007,316	-	-	7,677,557	7,677,557
Loss	-	-	5,088,176,776	5,088,176,776	-	-	5,058,520,707	5,058,520,707
	-	-	5,124,466,604	5,124,466,604	-	-	5,086,892,704	5,086,892,704
Total	11,300,985,349	15,684,670	5,124,466,604	16,441,136,623	10,711,134,222	19,919,970	5,086,892,704	15,817,946,896
Corresponding credit loss allowance								
Stage 1	166,204,350			166,204,350	164,216,142	-	-	164,216,142
Stage 2		3,917,333		3,917,333	-	4,535,312	-	4,535,312
Stage 3			5,120,527,884	5,120,527,884	-	-	5,083,122,674	5,083,122,674
	166,204,350	3,917,333	5,120,527,884	5,290,649,567	164,216,142	4,535,312	5,083,122,674	5,251,874,128

		Un-audited	Audited
11	**PROPERTY AND EQUIPMENT**	**June 30, 2026**	**December 31, 2025**
		Rupees	**Rupees Restated**
	Property and equipment	458,986,982	484,271,987
	Non-operating land	2,572,725	2,572,725
		461,559,707	486,844,712

		Un-audited	Un-audited
		For the six month period ended	
11.1	**Additions to property and equipment**	**June 30, 2026**	**June 30, 2025**
		Rupees	**Rupees Restated**
	Leasehold improvements	417,500	-
	Furniture and fixtures	1,126,782	45,200
	Electrical and office equipment	955,100	-
	Computer equipment	1,065,650	165,000
		3,565,032	210,200
11.2	**Disposal of property and equipment - Net book value**		
	Leasehold improvements	-	49,139
	Electrical and office equipment	28,601	986,029
	Computer equipment	6,250	-
	Vehicles	-	2,146,466
		34,851	3,181,634

		Un-audited	Audited
12	**RIGHT-OF-USE ASSETS**	**June 30, 2026**	**December 31, 2025**
		Rupees	**Rupees Restated**
	Buildings		
	Cost	926,512,976	742,301,383
	Accumulated depreciation	(346,799,795)	(394,696,851)
	As at the end of the period/ year	579,713,181	347,604,532
12.1	**Reconciliation of written down value:**		
	Opening balance	347,604,532	421,806,211
	Additions	326,834,704	81,645,506
	Deletions/ adjustments	(9,103,101)	(10,701,016)
	Depreciation charge	(85,622,954)	(145,146,169)
		579,713,181	347,604,532

Lease term: 3 to 10 years

12.2 These represent premises acquired for head office and branches. The right to terminate lease by serving a 1 to 12 months notice is available to the Bank, however, the Bank is reasonably certain not to exercise this right during the lease terms.

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		Un-audited	Audited
13	**INTANGIBLE ASSETS**	**June 30, 2026**	**December 31, 2025**
		Rupees	**Rupees**
			Restated
	Cost	246,551,459	246,551,459
	Accumulated amortization and impairment	(113,378,551)	(108,321,000)
	Net book value	133,172,908	138,230,459
14	**DEFERRED TAX ASSET**		
	Deferred tax asset	1,700,000,000	1,700,000,000

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

	Un-audited Six month period ended June 30, 2026			
		Charge for the period		
	Opening balance	**Profit and loss**	**Other comprehensive income**	**Closing balance**
	..........Rupees..........			
Deductible temporary differences on:				
Lease liabilities	139,958,834	66,147,661	-	206,106,495
Provision against advances	1,523,043,497	11,244,877	-	1,534,288,374
Minimum tax	157,068,311	(15,827,993)	-	141,240,318
Carry forward tax losses	3,240,495,534	199,463,624	-	3,439,959,158
	5,060,566,176	261,028,169	-	5,321,594,345
Taxable temporary differences on:				
Accelerated tax depreciation	(141,564,714)	(65,411,280)	-	(206,975,994)
Intangible assets	(6,901,122)	(1,055,786)	-	(7,956,908)
Fair value reserve on investments	(510,107)	-	510,107	-
	(148,975,943)	(66,467,066)	510,107	(214,932,902)
	4,911,590,233	194,561,103	510,107	5,106,661,443

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	Audited As at December 31, 2025 (restated)			
		Charged for the period		
	Opening balance	Profit and loss	Other comprehensive income	Closing balance
	……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	113,200,018	43,868,293	-	157,068,311
Carry forwardable tax losses	2,970,768,054	269,727,480	-	3,240,495,534
	4,751,182,732	309,383,444	-	5,060,566,176
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	(1,641,997)	-	1,131,890	(510,107)
	(169,692,552)	19,584,719	1,131,890	(148,975,943)
	4,581,490,180	328,968,163	1,131,890	4,911,590,233

14.2 Deferred tax assets and liabilities on temporary differences are measured at tax rate of 29% (December 31, 2025: 29%).

15	OTHER ASSETS	Note	Un-audited June 30, 2026 Rupees	Audited December 31, 2025 Rupees Restated
	Income/ Markup accrued		37,450,819	39,357,262
	Loans to employees	15.1	75,089,014	95,333,288
	Advances, prepayments and other receivable	15.2, 15.3, 15.4	219,611,165	188,617,498
	Advance income tax - Net of provision		461,191,675	435,141,675
	Security deposits		18,449,523	19,349,523
	Inter Banks ATM settlement account		16,644,449	50,865,907
			828,436,645	828,665,153

15.1 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.

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15.2 It includes an amount of Rs. 5.2 million (December 31, 2025: 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.

15.3 It includes an amount of Rs. 10.2 million (December 31, 2025: Rs. 10.2 million) has incurred in the year 2025 in connection with the relocation of the Bank's head office to new premises. The said amount is recoverable from the sponsors.

15.4 It includes an amount of Rs. 13 million (December 31, 2025: Rs. Nil) relating to Rajanpur Branch, which was allegedly withdrawn fraudulently from the Bank by the operations manager. A provision of Rs. 13 million has been recorded against the said amount. An FIR has also been lodged against him, and the matter is pending before the Honourable Lahore High Court, Multan Bench.

16	DEPOSITS AND OTHER ACCOUNTS	Note	Un-audited June 30, 2026 Rupees	Audited December 31, 2025 Rupees Restated
	Customers			
	Current deposits	16.1	3,760,047,206	3,391,079,672
	Saving deposits	16.2	12,722,905,910	12,298,421,937
	Fixed/ term deposits	16.3	12,378,661,520	12,886,388,900
			28,861,614,636	28,575,890,509
	Financial institutions			
	Current deposits		50,000	50,000
	Saving deposits	16.2	1,535,824,120	1,196,472,893
	Fixed/ term deposits	16.3	207,400,000	287,400,000
			1,743,274,120	1,483,922,893
			30,604,888,756	30,059,813,402

16.1 An amount of Rs. 58 million (December 31, 2025: Rs. 58 million) is net off against deposit account of a customer in respect of fake currency deposited by him. An FIR is also lodged against him and the matter is pending at Special Court Banking Crime.

16.2 These carry interest at the rates ranging from 3% to 16.00% per annum (December 31, 2025: 3% to 15.25% per annum).

16.3 These represent deposits received from customers with maturity period ranging from 1 month to 5 years. These carry interest at the rates ranging from 5.5% to 24.75% per annum (December 31, 2025: 6.3% to 24.75% per annum).

17	LEASE LIABILITIES		
	Opening balance	482,616,668	582,357,105
	Additions	326,834,704	81,645,506
	Deletions	(5,131,440)	(17,165,369)
	Finance cost accrued	41,479,537	67,698,821
		845,799,469	714,536,063
	Payments/ adjustments made	(135,087,418)	(231,919,395)
		710,712,051	482,616,668

18	OTHER LIABILITIES	Note	Un-audited June 30, 2026 Rupees	Audited December 31, 2025 Rupees Restated
	Markup/ return/ interest payable		295,095,107	278,336,288
	Staff retirement benefits		66,106,629	55,670,472
	Others		244,543,099	221,127,324
			605,744,835	555,134,084

19 CONTINGENCIES AND COMMITMENTS

There are no significant changes in the contingencies and commitments as reported in the annual audited financial statements of the Bank for the year ended December 31, 2025 except as disclosed below:

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 Additional Commissioner passed impugned orders for relevant financial years by raising unjustified demand of Rs. 80.3 million (December 31, 2025: 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. From the above amount, Rs. 3.5 million has been deposited by the Bank to the department. The Bank filed an appeal before the Honorable Lahore High Court where interim relief was granted. Now Honourable Lahore High Court has passed an order in TR (PRA) No. 58085 of 2023 against the Bank and in favour of the department. Being aggrieved from the order of Honourable Lahore High Court, the Bank has filed an appeal against the said order before Honorable Supreme Court of Pakistan through external counsel, M/s Butt & Company. The application for early hearing has also been filed in above said case. The hearings for FY 2017 and 2018 are still pending before Commissioner (Appeals).

20	MARKUP/ RETURN/ INTEREST EARNED	For the six month period ended June 30, 2026 Rupees	 June 30, 2025 Rupees Restated
	Markup/ return/ interest earned on:		
	Loans and advances	1,687,961,262	1,287,375,394
	Investments	144,341,385	168,542,754
	Balances with other MFB's/ Banks / NBFI's	106,748,987	50,758,009
		1,939,051,634	1,506,676,157

20.1 Interest income is calculated using effective interest rate method.

APNA MICROFINANCE BANK LIMITED
SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM ACCOUNTS - (UN-AUDITED)
FOR THE PERIOD ENDED JUNE 30, 2026

		Note	For the six month period ended June 30, 2026 Rupees	June 30, 2025 Rupees Restated
21	**MARKUP/ RETURN/ INTEREST EXPENSED**			
	Mark up/ return/ interest expense related to:			
	Deposits		1,674,317,878	1,420,604,355
	Lease liabilities	21.1	41,479,537	35,444,282
			1,715,797,415	1,456,048,637
21.1	**Breakup of the expense is as under:**			
	Interest expense calculated using effective interest rate method		41,479,537	35,444,282
	Interest on other financial liabilities		1,674,317,878	1,420,604,355
			1,715,797,415	1,456,048,637
22	**OTHER INCOME**			
	Income of SMS services		9,292,580	14,071,349
	Cheque book charges		6,485,310	7,603,410
	Income on ATM card issuance/ services		4,830,806	5,675,154
	Clearing charges		363,851	746,399
	(Loss)/ gain on disposal of operating fixed assets		(17,051)	5,719,317
	Gain/ (loss) on leases termination		1,626,284	(163,089)
	Early termination charges		8,633,284	-
	Others		782,892	1,236,574
			31,997,956	34,889,114
23	**OPERATING EXPENSES**			
	Total compensation expense		664,489,847	616,154,152
	Directors' fees and allowances		562,500	1,187,500
	Rent, taxes, insurance, electricity, etc.		64,570,724	65,538,002
	Security charges		50,043,075	49,198,978
	Depreciation on operating fixed assets		28,815,186	35,304,724
	Depreciation on right-of-use assets		85,622,954	70,704,000
	Fees and subscription		56,998,482	59,123,699
	Repairs and maintenance		25,488,449	20,995,595
	Communication		17,110,429	16,754,881
	Stationery and printing		9,889,420	10,898,930
	Fuel expense		9,455,998	9,136,304
	Entertainment		10,300,548	9,979,105
	Legal and professional charges		7,397,240	6,929,239
	Traveling		4,903,062	5,271,114
	Credit verification expenses		3,881,360	3,697,001
	Amortization of intangible assets		5,057,551	5,057,532
	Advertisement and publicity		4,267,510	4,913,059
	Auditors' remuneration		2,980,900	2,816,500
	Training/ capacity building		6,800	161,350
	Others		9,271,813	7,901,990
			1,061,113,848	1,001,723,655

		Note	For the six month period ended June 30, 2026 Rupees	June 30, 2025 Rupees Restated
24	**OTHER CHARGES**			
	Penalties imposed by State Bank of Pakistan		100,000	-
	Penalties imposed by SECP		50,000	-
	Bank charges		66,209	73,204
			216,209	73,204
25	**CASH AND CASH EQUIVALENTS**			
	Cash and Balances with treasury banks	7	1,219,134,568	1,260,551,082
	Balances with other MFB's/ Banks/ NBFI's	8	1,956,498,031	2,706,077,810
			3,175,632,599	3,966,628,892
26	**CREDIT LOSS ALLOWANCE AND WRITE OFFS - NET**			
	Credit loss allowance against loans and advances		38,775,439	38,085,050
	Provision against employee's fraud		13,000,000	-
	Recovery of written off bad debts		(2,225,555)	(3,804,202)
			49,549,884	34,280,848
27	**LEVY - MINIMUM TAX DIFFERENTIAL**			
	Levy - Minimum tax differential	27.1	25,720,950	20,693,767

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.

		Note	June 30, 2026	June 30, 2025
28	**PROVISION FOR TAXATION**			
	Current	28.1	-	-
	Deferred		-	-
			-	-

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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			For the six month period ended	
29	**LOSS PER SHARE - BASIC AND DILUTED**		**June 30, 2026**	**June 30, 2025**
			Rupees	**Rupees Restated**
	Loss for the period	Rupees	(762,724,345)	(822,429,677)
	Weighted average number of shares	Number	428,984,962	428,984,962
	Loss per share – Basic and diluted	Rupees	(1.78)	(1.92)

29.1 There is no effect of dilution on basic earnings per share of the Bank as the Bank has not issued any instruments carrying options which would have an impact on earnings per share when exercised.

30 FAIR VALUE MEASUREMENTS

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

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

30.1 Fair value of financial assets

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

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

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

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

a) Financial instruments in level 1

Currently, no financial instruments are classified in level 1

b) Financial instruments in level 2

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

c) Financial instruments in level 3

Currently, no financial instruments are classified in level 3

	Un-audited		
	June 30, 2026		
	Level 1	Level 2	Level 3
	---------------Rupees--------------		
Financial assets measured at fair value			
Available for sale investments - Market treasury bills	-	-	-

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	Audited December 31, 2025 (restated)		
	Level 1	Level 2	Level 3
	-----Rupees-----		
Available for sale investments - Market treasury bills	-	1,257,739,764	-

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.

	Un-audited June 30, 2026 Rupees	Audited December 31, 2025 Rupees Restated
31 CAPITAL ADEQUACY, LEVERAGE RATIO AND LIQUIDITY REQUIREMENTS		
Minimum Capital Requirement (MCR):		
Paid-up capital (net of accumulated losses)	(9,965,230,384)	(9,202,506,039)
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	(13,112,288,627)	(12,354,621,833)
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	(13,112,288,627)	(12,354,621,833)
Eligible Tier 2 Capital	-	
Total Eligible Capital (Tier 1 + Tier 2)	(13,112,288,627)	(12,354,621,833)
Risk Weighted Assets (RWAs):		
Credit Risk	4,664,113,807	4,745,507,334
Operational Risk	58,557,160	58,557,160
Total	4,722,670,967	4,804,064,494
Common Equity Tier 1 CAR	-278%	-257%
Tier 1 CAR	-278%	-257%
Total CAR	-278%	-257%

The SBP, through prudential regulations for microfinance banks (MFB's) 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 June 30, 2026 stood at negative balance of Rs. 9,965 Million (December 31, 2025: Rs. 9,203 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.

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32 TRANSACTION AND BALANCES WITH RELATED PARTIES

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

	Un-audited			Audited		
	June 30, 2026			December 31, 2025 (restated)		
	Directors	Key management personnel	Associated companies	Directors	Key management personnel	Associated companies
	----------Rupees----------					
Other assets						
Interest / markup accrued	-	957,213	-	-	842,070	-
Loan to employees						
Opening balance	-	37,614,203	-	-	22,186,037	-
Additions during the period/ year	-	2,000,000	-	171,536	28,191,573	-
Repaid during the period/ year	-	(15,248,584)	-	(171,536)	(12,763,407)	-
Transfer out- net	-	(162,315)	-	-	-	-
	-	24,203,304	-	-	37,614,203	-
Deposits and other accounts						
Opening balance	670,720,049	5,862,551	278,546,776	696,685,470	10,168,035	282,260,201
Received during the period/ year	1,468,165,252	133,535,715	4,221,080,952	2,555,164,307	211,202,365	7,908,472,963
Withdrawn during the period/ year	(1,540,988,233)	(109,633,559)	(4,112,867,587)	(2,586,416,885)	(216,921,658)	(7,912,186,388)
Transfer in- net	1,147,578	223,216	184,291,800	5,287,157	1,413,809	-
	599,044,646	29,987,923	571,051,941	670,720,049	5,862,551	278,546,776
Other liabilities						
Interest/ markup payable	293,410	133,668	13,525,012	14,829,969	5,076	2,243,992
Payable to staff retirement benefit	-	7,193,645	-	-	6,048,858	-
Others	-	2,000	-	-	-	-
Total	293,410	7,329,313	13,525,012	14,829,969	6,053,934	2,243,992
Share deposit money						
Opening balance	79,303,809	-	2,271,086,470	79,303,809	-	1,771,086,470
Received during the period/ year	-	-	-	-	-	500,000,000
	79,303,809	-	2,271,086,470	79,303,809	-	2,271,086,470

	June 30, 2026			June 30, 2025 (restated)		
	Directors	Key management personnel	Associated companies	Directors	Key management personnel	Associated companies
	----------Rupees----------					
Income						
Markup/ return/ interest earned	-	888,303	-	6,696	866,922	-
Expense						
Markup/ return/ interest expensed	46,609,724	824,635	38,030,328	42,855,504	96,888	4,608,240
Salaries and allowances	4,302,102	44,388,263	-	3,597,423	39,523,625	-
Staff retirement benefits	122,875	2,180,091	-	-	1,914,764	-
Directors' fee	562,500	-	-	1,187,500	-	-

33 NON ADJUSTING EVENT AFTER THE CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION DATE

On July 28, 2026, the Bank has increased its paid up share capital from Rs. 4,289,849,620/- to Rs. 5,450,406,710/-, by issuing 116,055,709 ordinary shares with par value of Rs. 10/- per share. There are no other events after the condensed interim statement of financial position date causing any adjustment to or disclosure in these condensed interim financial statements.

34 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were approved and authorised for issue on AUGUST 28, 2026 by the Board of Directors of the Bank.

35 GENERAL

35.1 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.

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

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

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