

APNA MICROFINANCE BANK LIMITED
141 K Upper Mall Scheme Lahore

CONDENSED INTERIM FINANCIAL STATEMENTS
For The Period Ended September 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 nine months ended September 30, 2026.

Economic Overview:

During the nine months ended September 30, 2026, the global economy remained challenging due to geopolitical tensions, volatile energy and commodity prices, and uncertainties in international trade.

In Pakistan, CPI inflation moderated to 10.3% in September 2026 from 11.1% in August, but remained elevated, while economic conditions continued to be shaped by fiscal consolidation, external financing needs and progress under the IMF-supported programme.

The KSE-100 Index closed at approximately 169,969 points as at September 30, 2026, while global growth was projected at 3.1% for 2026. The outlook remained uncertain amid geopolitical tensions, commodity price volatility and trade-related risks.

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 nine months ended September 30, 2026 are as follows:

Particular's	September 30, 2026 Un-audited	December 31, 2025 Audited Restated	% Change
Advances	11,024,616,125	10,566,072,768	4%
Deposits and other accounts	30,948,540,930	30,059,813,402	3%
	September 30, 2026 Un-audited	September 30, 2025 Un-audited Restated	
Mark-up/Return/Interest Earned	2,980,607,256	2,339,997,025	27%
Mark-up/Return/Interest Expensed	2,647,767,608	2,213,150,305	20%
Operating expenses	1,596,787,954	1,520,519,454	5%
Loss for the period	1,151,564,924	1,225,134,614	-6%

The Bank recorded loss PKR 1,152 million in the current period as compared loss PKR. 1,225 million in comparative period. As a result, the loss per share was recorded at PKR 2.11 for the current reporting period (September: 2025 PKR. 2.86). The Bank's equity (net of losses) stood at negative (-) PKR. 11,662 million as against the statutory requirement prescribed by State Bank of Pakistan (SBP) while the Capital Adequacy Ratio (CAR) of the Bank also stood at negative.

The Bank total assets have grown to PKR. 20,758 million from PKR. 20,730 million as at December 31st 2025. The advances-net of provision stood at 11,025 million as at September 30, 2026 as compared to 10,566 million as at December 31st, 2025 by registering a growth of 4%. Investments were also stood at PKR. 2,771 million.

Directors' Reviews

The Bank's deferred tax assets (net) stood at PKR 1,700 million as at September 30, 2026, with no further deferred tax assets recognized during the current period.

During the period, the Bank demonstrated improvement in asset quality through enhanced recoveries from non-performing exposures. The credit loss allowance and write-offs-net stood at PKR 42 million, as against PKR 58 million during the corresponding period of the previous year. Consequently, the Bank's gross Non-Performing Loans (NPL) ratio improved to 34.20% as at September 30, 2026, compared to 34.56% reported as at December 31, 2025, reflecting a positive trend in portfolio quality.

The deposits of the Bank settled at PKR 30,949 million as at September 30, 2026, representing an increase of 3% as compared to year end December 31, 2025.

Mark-up / return / interest earned for the period ended September 30, 2026 increased significantly to PKR 333 million, compared to PKR 127 million for the corresponding period ended September 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 continued to prudently manage its operating expenses and recorded an increase of 5% and total operating expenses were reported at PKR. 1,597 million as against PKR. 1,521 million for the corresponding period.

Future Outlook

The Bank has incurred loss for the period amounting to PKR. 1,152 million (September 30, 2025: PKR. 1,225 million) and as at period end, its accumulated loss was PKR. 16,994 million (December 31, 2025: PKR. 15,843 million). This has resulted in negative net assets of PKR. 11,662 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.

In order to address the situation explained above, 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.

The management in addition to the above explained DD assignment 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:

- **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

Directors' Reviews

financial condition of the Bank. Management is proactively pursuing the recovery of such advances, and has recovered PKR. 181 million in principal from these loans (September 30, 2025: PKR 259 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, however, its impact will be reflected in future periods. The management is also proactively implementing strategies to attract a higher volume of corporate customer deposits into current accounts, offering competitive incentives and introducing innovative products. This approach is expected to yield a significant increase in current accounts in future and hence, reduction a further reduction in the cost of deposits, leading to a positive impact on the Bank's overall financial performance and profitability.

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

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

- **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 July 28, 2026 the Bank has increased its share capital from PKR. 4,290 million to PKR. 5,450 million by issuing 116 million new shares at par by utilizing the share deposit money and the remaining share deposit money stood at PKR. 1,190 million as at reporting date.

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

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

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

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

Directors' Reviews

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 September 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.

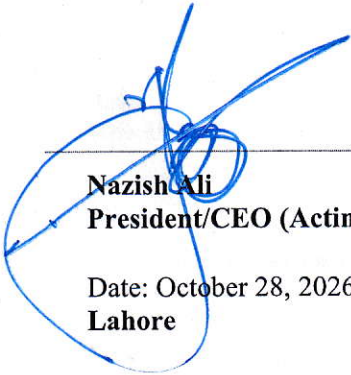
Credit Rating

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

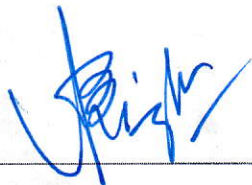
We would also like to express our gratitude to the State Bank of Pakistan (SBP), the Securities and Exchange Commission of Pakistan (SECP) and the Pakistan Stock Exchange (PSX) for their continued guidance and support. We especially offer our sincere appreciation to the management of the State Bank of 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)

Date: October 28, 2026
Lahore

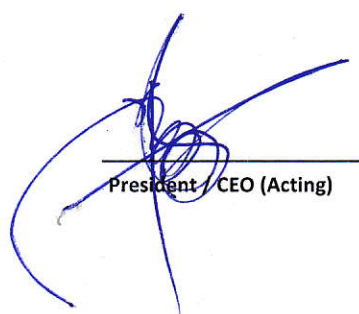


Abdul Aziz Khan Niazi
Director

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

	Note	September 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	1,222,206,779	1,292,690,277	1,645,885,474
Balances with other MFB's/ Banks/ NBFI's	8	2,040,096,007	2,728,467,930	2,067,975,843
Investments	9	2,771,201,727	2,641,814,648	1,879,138,230
Advances	10	11,024,616,125	10,566,072,768	8,195,981,631
Property and equipment	11	449,067,631	486,844,712	557,130,528
Right-of-use assets	12	626,407,201	347,604,532	421,806,211
Intangible assets	13	130,644,128	138,220,459	148,345,561
Deferred tax asset	14	1,700,000,000	1,700,000,000	1,700,000,000
Other assets	15	794,122,330	828,665,153	834,273,339
Total assets		20,758,361,928	20,730,390,479	17,450,536,817
LIABILITIES				
Bills payable - in Pakistan		85,080,202	141,939,087	69,677,100
Deposits and other accounts	16	30,948,540,930	30,059,813,402	25,674,402,711
Lease liabilities	17	770,422,145	482,616,668	582,357,105
Other liabilities	18	616,755,326	555,134,084	551,887,100
Total liabilities		32,420,798,602	31,239,503,241	26,878,324,016
NET ASSETS		(11,662,436,674)	(10,509,112,762)	(9,427,787,199)
REPRESENTED BY:				
Share capital		5,450,406,710	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		1,189,833,189	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
		(118,532,522)	1,043,783,556	547,686,627
Revenue reserve				
Accumulated loss		(16,994,310,862)	(15,842,745,938)	(14,265,323,446)
TOTAL CAPITAL		(11,662,436,674)	(10,509,112,762)	(9,427,787,199)
CONTINGENCIES AND COMMITMENTS	19	-	-	-

The annexed notes 1 to 34 form an integral part of these condensed interim financial statements.


President / CEO (Acting)


Chief Financial Officer


Chairman

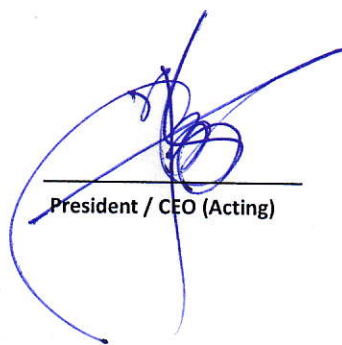

Director


Director

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

	Note	Three month period ended September 30,		Nine month period ended September 30,	
		2026	2025	2026	2025
		Rupees	Rupees	Rupees	Rupees
			Restated		Restated
Markup/ return/ interest earned	20	1,041,555,622	833,320,868	2,980,607,256	2,339,997,025
Markup/ return/ interest expensed	21	(931,970,193)	(757,101,668)	(2,647,767,608)	(2,213,150,305)
Net markup/ interest profit		109,585,429	76,219,200	332,839,648	126,846,720
NON MARKUP/ INTEREST INCOME					
Fee and commission income		44,688,839	62,513,660	163,313,210	211,338,823
Other income	22	11,949,224	11,812,139	43,947,180	46,701,253
Total non markup/ interest income		56,638,063	74,325,799	207,260,390	258,040,076
Net income		166,223,492	150,544,999	540,100,038	384,886,796
NON MARK-UP/ INTEREST EXPENSES					
Operating expenses	23	(535,674,106)	(518,795,799)	(1,596,787,954)	(1,520,519,454)
Other charges	24	(24,897)	(30,061)	(241,106)	(103,265)
Total non markup/ interest expenses		(535,699,003)	(518,825,860)	(1,597,029,060)	(1,520,622,719)
Loss before credit loss allowance		(369,475,511)	(368,280,861)	(1,056,929,022)	(1,135,735,923)
Credit loss allowance and write offs - net	26	(5,787,012)	(23,226,145)	(55,336,896)	(57,506,993)
Loss for the period before levy and taxation		(375,262,523)	(391,507,006)	(1,112,265,918)	(1,193,242,916)
Levy - Minimum tax differential	27	(13,578,056)	(11,197,931)	(39,299,006)	(31,891,698)
Loss for the period before taxation		(388,840,579)	(402,704,937)	(1,151,564,924)	(1,225,134,614)
Provision for taxation	28	-	-	-	-
Loss for the period		(388,840,579)	(402,704,937)	(1,151,564,924)	(1,225,134,614)
Loss per share - basic and diluted	29	(0.71)	(0.94)	(2.11)	(2.86)

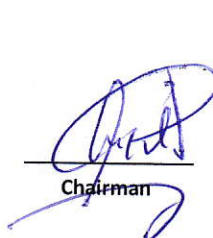
The annexed notes 1 to 34 form an integral part of these condensed interim financial statements.



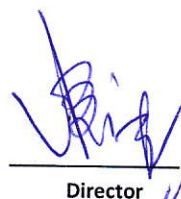
President / CEO (Acting)



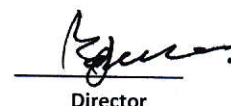
Chief Financial Officer



Chairman



Director



Director

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

	Three month period ended September 30,		Nine month period ended September 30,	
	2026	2025	2026	2025
	Rupees	Rupees	Rupees	Rupees
		Restated		Restated

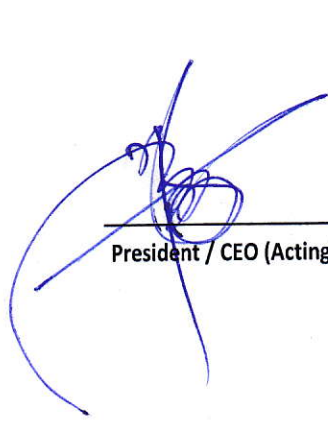
Loss for the period	(388,840,579)	(402,704,937)	(1,151,564,924)	(1,225,134,614)
---------------------	---------------	---------------	-----------------	-----------------

Other comprehensive income

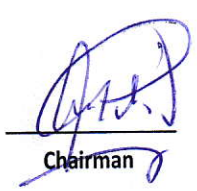
Items that may be reclassified to profit and loss account in subsequent periods:

Unrealized (loss)/ gain on revaluation of available for sale investments	-	(7,575,463)	(1,758,988)	(4,623,496)
Reclassification adjustments relating to available for sale investments disposed off during the period	-	-	-	-
	-	(7,575,463)	(1,758,988)	(4,623,496)
Total comprehensive loss for the period	<u>(388,840,579)</u>	<u>(410,280,400)</u>	<u>(1,153,323,912)</u>	<u>(1,229,758,110)</u>

The annexed notes 1 to 34 form an integral part of these condensed interim financial statements.


 President / CEO (Acting)


 Chief Financial Officer


 Chairman


 Director


 Director

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

	Share capital	Discount on issue of shares	Share deposit money	Statutory reserve	Depositors' protection fund	Fair value reserve on investments	Revenue reserve	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	-	-	-	-	-	-	(1,225,134,614)	(1,225,134,614)
Other comprehensive income	-	-	-	-	-	(4,623,496)	(4,623,496)	(4,623,496)
Fair value loss on investment	-	-	-	-	-	(4,623,496)	(1,225,134,614)	(1,229,758,110)
Transactions with owners recorded directly in equity	-	-	500,000,000	-	-	-	-	500,000,000
Share deposit money received	-	-	500,000,000	-	-	-	-	500,000,000
Balance as at September 30, 2025 - Un-audited (restated)	4,289,849,620	(1,335,963,831)	2,350,390,279	22,078,496	5,519,624	1,038,563	(15,490,458,060)	(10,157,545,309)
Total comprehensive loss for the period								
Loss for the period	-	-	-	-	-	-	(352,287,878)	(352,287,878)
Other comprehensive loss	-	-	-	-	-	720,425	-	720,425
Fair value loss on investment	-	-	-	-	-	720,425	(352,287,878)	(351,567,453)
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	-	-	-	-	-	-	(1,151,564,924)	(1,151,564,924)
Other comprehensive loss	-	-	-	-	-	(1,758,988)	-	(1,758,988)
Fair value loss on investment	-	-	-	-	-	(1,758,988)	(1,151,564,924)	(1,153,323,912)
Transactions with owners recorded directly in equity	-	-	-	-	-	-	-	-
Share deposit money received	1,160,557,090	-	(1,160,557,090)	-	-	-	-	-
Share issued against share deposit money	1,160,557,090	-	(1,160,557,090)	-	-	-	-	-
Balance as at September 30, 2026 - Un-audited	5,450,406,710	(1,335,963,831)	1,189,833,189	22,078,496	5,519,624	-	(16,994,310,862)	(11,662,436,674)

The annexed notes 1 to 34 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 SEPTEMBER 30, 2026

	Note	Nine month period ended September 30,	
		2026	2025
		Rupees	Rupees
			Restated

A) CASH FLOWS FROM OPERATING ACTIVITIES

Loss for the period before levy and taxation		(1,112,265,918)	(1,193,242,916)
Adjustments for non-cash and other items			

Markup on lease liabilities	21	65,584,575	51,949,461
Loss/(gain) on disposal of operating fixed assets	22	17,051	(5,613,221)
Depreciation of operating fixed assets	23	41,736,527	52,089,626
Depreciation on right of use assets	23	129,396,977	106,857,394
Amortization of intangible assets	23	7,586,341	7,586,313
Provision against employee's fraud	26	13,000,000	
Credit loss allowance	26	46,291,815	62,995,769
		303,613,286	275,865,342
Operating cash flows before working capital changes		(808,652,632)	(917,377,574)

Changes in working capital

(Increase)/ decrease in operating assets

Advances

Other assets

Increase/ (decrease) in operating liabilities

Bills payable - in Pakistan

Deposits

Other liabilities

Cash flows from operations

Levies paid

Net cash flows from operating activities

(504,835,172)	(1,413,391,747)
57,536,629	88,070,284
(56,858,885)	(3,025,631)
888,727,528	2,674,524,743
61,621,242	12,560,698
446,191,341	1,358,738,347
(362,461,291)	441,360,773
(75,292,532)	(46,392,475)
(437,753,823)	394,968,298

B) CASH FLOWS FROM INVESTING ACTIVITIES

Investments made

Additions to operating fixed assets

Repayment of lease liabilities

Proceeds from disposal of operating fixed assets

Net cash flows from investing activities

(131,146,067)	(522,371,514)
(3,994,587)	(10,120,560)
(185,978,744)	(178,986,491)
17,800	9,171,252
(321,101,598)	(702,307,313)

C) CASH FLOWS FROM FINANCING ACTIVITIES

Share deposit money received

Net cash flows from financing activities

(Decrease)/ increase in cash and cash equivalents (A+B+C)

Cash and cash equivalents at the beginning of the period

Cash and cash equivalents at the end of the period

25

-	500,000,000
-	500,000,000
(758,855,421)	192,660,985
4,021,158,207	3,713,861,317
3,262,302,786	3,906,522,302

The annexed notes 1 to 34 form an integral part of these condensed interim financial statements.

President / CEO (Acting)

Chief Financial Officer

Chairman

Director

Director

APNA MICROFINANCE BANK LIMITED

**SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - (UN-AUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2026**

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. 1,152 million (September 30, 2025: Rs. 1,225 million) and as at period end, its accumulated loss was Rs. 16,994 million (December 31, 2025: Rs. 15,843 million). This has resulted in negative net assets of Rs. 11,662 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.

In order to address the situation explained above, 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.

The management in addition to the above explained DD assignment 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. 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.

b. 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 has recovered Rs 181 million in principal from these loans (September 30, 2025: Rs. 259 million). These recoveries are also enabling the Bank to further expand its secured advances portfolio by utilizing these recovered funds.

c. 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.

d. 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.

e. 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 July 28, 2026 the Bank has increased its share capital from Rs. 4,290 million to Rs. 5,450 million by issuing 116 million new shares at par by utilizing the share deposit money and the remaining share deposit money stood at Rs. 1,190 million as at reporting date.

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.

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

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 followed.

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.

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

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 no. 6.1.

6.1

	As at December 31, 2025		As at December 31, 2024	
	As previously reported	As restated	As previously reported	As restated

Effect on the condensed interim statement of financial position

	As previously reported	As restated	Restatement	As previously reported	As restated	Restatement
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 September 30, 2025

As previously reported	As restated	Restatement

Effect on the condensed interim profit and loss account

Markup/ return/ interest earned

Investments

113,671,473 235,619,932 121,948,459

Levy - Minimum tax differential

30,367,342 31,891,698 1,524,356

Effect on the condensed interim statement of comprehensive income

Unrealized gain on revaluation of available for sale investments

144,408,353 (4,623,496) (149,031,849)

Reclassification adjustments relating to available for sale investments disposed off during the period

(22,459,894) - 22,459,894

121,948,459 (4,623,496) (126,571,955)

APNA MICROFINANCE BANK LIMITED
**SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - (UN-AUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2026**

7	CASH AND BALANCES WITH TREASURY BANKS	Note	Un-audited	Audited
			September 30,	December 31,
			2026	2025
			Rupees	Rupees
				Restated
	Cash in hand - local currency		420,378,362	519,822,352
	Balances with State Bank of Pakistan in:			
	Current accounts	7.1	782,826,163	756,334,816
	Balances with National Bank of Pakistan in:			
	Current accounts		18,979,686	16,509,548
	Deposit accounts	7.2	22,568	23,561
			<u>1,222,206,779</u>	<u>1,292,690,277</u>

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 7.38% per annum (December 31, 2025: 9.50% per annum).

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

In Pakistan

- Current accounts
- Deposit accounts

		16,230,130	13,803,034
	8.1	<u>2,023,865,877</u>	<u>2,714,664,896</u>
		<u>2,040,096,007</u>	<u>2,728,467,930</u>

8.1 These carry markup at the rates ranging from 4.50% to 14.50% per annum (December 31, 2025: 9.50% to 14.50% per annum).

APNA MICROFINANCE BANK LIMITED
**SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - (UN-AUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2026**
9 INVESTMENTS

Investments by type	Note	Un-audited		
		September 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	2,771,201,727	-	2,771,201,727
-----------------------	-----	---------------	---	---------------

Classified/ measured at FVOCI

Market treasury bills	9.1	-	-	-
		<u>2,771,201,727</u>	<u>-</u>	<u>2,771,201,727</u>

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
		<u>2,640,055,660</u>	<u>1,758,988</u>	<u>2,641,814,648</u>

9.1 These represent investments in market treasury bills carrying yields at the rates ranging from 10.99% to 11.90% per annum (December 31, 2025: 10.70% to 11.94% per annum) and having maturities ranging from 1 to 197 days. These securities have an aggregate face value of Rs. 2,900 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.

APNA MICROFINANCE BANK LIMITED

10 ADVANCES	Loan Type	Un-audited			Audited				
		September 30, 2026			December 31, 2025 (Restated)				
		Performing		Non-Performing	Performing		Non-Performing		
		Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3		
		Total						Total	
----- Rupees -----									
Micro credits									
	Secured	9,872,542,108	21,398,740	595,774,837	10,489,715,685	9,607,767,736	17,743,824	401,954,303	10,027,465,863
	Unsecured	955,603	921,174	4,547,884,148	4,549,760,925	5,518,479	46,295	4,684,938,401	4,690,503,175
	Markup Accrued	1,280,155,365	3,150,093	-	1,283,305,458	1,097,848,007	2,129,851	-	1,099,977,858
	Advances - gross	11,153,653,076	25,470,007	5,143,658,985	16,322,782,068	10,711,134,222	19,919,970	5,086,892,704	15,817,946,896
Credit loss allowance against advances									
	- Stage 1	(162,086,104)			(162,086,104)	(164,216,142)	-	-	(164,216,142)
	- Stage 2		(3,869,688)		(3,869,688)	-	(4,535,312)	-	(4,535,312)
	- Stage 3			(5,132,210,151)	(5,132,210,151)	-	-	(5,083,122,674)	(5,083,122,674)
	Advances - net of credit loss allowance	10,991,566,972	21,600,319	11,448,834	11,024,616,125	10,546,918,080	15,384,658	3,770,030	10,566,072,768
Particulars of advances and credit loss allowance									
10.1 Advances - Exposure									
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	7,199,135,735	2,198,707	3,407,863	7,204,742,305	9,261,262,971	6,243,719	1,587,881	9,269,094,571
	Advances derecognised or repaid	(6,744,904,334)	(3,098,858)	(319,382,070)	(7,067,385,262)	(6,331,668,880)	(7,391,061)	(586,726,545)	(6,925,786,486)
	Transfer to stage 1	5,832,235	(3,806,404)	(2,025,831)	-	7,362,042	(849,232)	(6,512,810)	-
	Transfer to stage 2	(15,375,243)	17,557,532	(2,182,289)	-	(16,595,594)	17,002,826	(407,232)	-
	Transfer to stage 3	(367,013,230)	(8,524,940)	375,538,170	-	(664,922,860)	(8,846,711)	673,769,571	-
		77,675,163	4,326,037	55,355,843	137,357,043	2,255,437,679	6,159,541	81,710,865	2,343,308,085
	Change in Exposure	364,843,691	1,224,000	1,410,438	367,478,129	108,658,530	231,325	3,108,359	111,998,214
		11,153,653,076	25,470,007	5,143,658,985	16,322,782,068	10,711,134,222	19,919,970	5,086,892,704	15,817,946,896

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

10.1.2	Advances - Credit loss allowance	Un-audited			Audited		
		September 30, 2026			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	56,339,274	257,149	3,408,983	60,005,406	68,297,617	1,516,476	1,142,481	70,956,574	
Advances derecognised or repaid	(32,765,482)	(1,198,474)	16,921,893	(17,042,063)	21,057,152	603,969	(20,223,924)	1,437,197	
Transfer to stage 1	2,683,208	(876,009)	(1,807,199)	-	6,317,300	(183,151)	(6,134,149)	-	
Transfer to stage 2	(1,623,439)	3,447,121	(1,823,682)	-	(331,652)	529,841	(198,189)	-	
Transfer to stage 3	(26,207,235)	(1,815,503)	28,022,738	-	(103,999,289)	(1,585,250)	105,584,539	-	
	(1,573,674)	(185,716)	44,722,733	42,963,343	(8,658,872)	881,885	80,170,758	72,393,771	
	(556,364)	(479,908)	4,364,744	3,328,472	2,577,856	1,263,542	8,979,993	12,821,391	
Change in Exposure	162,086,104	3,869,688	5,132,210,151	5,298,165,943	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

Outstanding gross exposure

Performing - Stage 1	11,153,653,076	-	-	11,153,653,076	10,711,134,222	-	-	10,711,134,222	
Under Performing	-	25,470,007	-	25,470,007	-	19,919,970	-	19,919,970	
Non-Performing									
Substandard	-	-	44,398,204	44,398,204	-	-	20,694,440	20,694,440	
Doubtful	-	-	21,048,346	21,048,346	-	-	7,677,557	7,677,557	
Loss	-	-	5,078,212,435	5,078,212,435	-	-	5,058,520,707	5,058,520,707	
	-	-	5,143,658,985	5,143,658,985	-	-	5,086,892,704	5,086,892,704	
Total	11,153,653,076	25,470,007	5,143,658,985	16,322,782,068	10,711,134,222	19,919,970	5,086,892,704	15,817,946,896	
Corresponding credit loss allowance									
Stage 1	162,086,104	-	-	162,086,104	164,216,142	-	-	164,216,142	
Stage 2	3,869,688	3,869,688	-	3,869,688	-	4,535,312	-	4,535,312	
Stage 3	5,132,210,151	5,132,210,151	5,132,210,151	5,132,210,151	-	-	5,083,122,674	5,083,122,674	
	162,086,104	3,869,688	5,132,210,151	5,298,165,943	164,216,142	4,535,312	5,083,122,674	5,251,874,128	

APNA MICROFINANCE BANK LIMITED
SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS* - (UN-AUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2026

11	PROPERTY AND EQUIPMENT	Un-audited	Audited
		September 30, 2026	December 31, 2025
		Rupees	Rupees
			Restated
	Property and equipment	446,494,906	484,271,987
	Non-operating land	2,572,725	2,572,725
		<u>449,067,631</u>	<u>486,844,712</u>
11.1	Additions to property and equipment	Un-audited	Un-audited
		For the nine month period ended	For the nine month period ended
		September 30, 2026	September 30, 2025
		Rupees	Rupees
			Restated
	Leasehold improvements	417,500	-
	Furniture and fixtures	1,126,782	45,200
	Electrical and office equipment	1,322,155	92,000
	Computer equipment	1,128,150	360,000
		<u>3,994,587</u>	<u>497,200</u>
11.2	Disposal of property and equipment - Net book value		
	Leasehold improvements	-	49,139
	Electrical and office equipment	28,601	1,362,426
	Computer equipment	6,250	-
	Vehicles	-	2,146,466
		<u>34,851</u>	<u>3,558,031</u>
12	RIGHT-OF-USE ASSETS	Un-audited	Audited
		September 30, 2026	December 31, 2025
		Rupees	Rupees
			Restated
	Buildings		
	Cost	993,231,203	742,301,383
	Accumulated depreciation	(366,824,002)	(394,696,851)
	As at the end of the period/ year	<u>626,407,201</u>	<u>347,604,532</u>
12.1	Reconciliation of written down value:		
	Opening balance	347,604,532	421,806,211
	Additions	417,329,825	81,645,506
	Deletions/ adjustments	(9,130,179)	(10,701,016)
	Depreciation charge	(129,396,977)	(145,146,169)
		<u>626,407,201</u>	<u>347,604,532</u>
	Lease term: 3 to 10 years		

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

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

13	INTANGIBLE ASSETS	Un-audited	Audited
		September 30, 2026	December 31, 2025
		Rupees	Rupees
			Restated
	Cost	246,551,459	246,551,459
	Accumulated amortization and impairment	(115,907,331)	(108,321,000)
	Net book value	130,644,128	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			
Nine month period ended September 30, 2026			
Opening balance	Charge for the period		Closing balance
	Profit and loss	Other comprehensive income	
.....Rupees.....			

Deductible temporary differences on:

Lease liabilities	139,958,834	83,463,588	-	223,422,422
Provision against advances	1,523,043,497	13,424,626	-	1,536,468,123
Minimum tax	157,068,311	(2,249,937)	-	154,818,374
Carry forward tax losses	3,240,495,534	302,273,023	-	3,542,768,557
	5,060,566,176	396,911,300	-	5,457,477,476

Taxable temporary differences on:

Accelerated tax depreciation	(141,564,714)	(78,465,150)	-	(220,029,864)
Intangible assets	(6,901,122)	(1,604,582)	-	(8,505,704)
Fair value reserve on investments	(510,107)	-	510,107	-
	(148,975,943)	(80,069,732)	510,107	(228,535,568)
	4,911,590,233	316,841,568	510,107	5,228,941,908

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

Audited			
As at December 31, 2025 (restated)			
Opening balance	Charged for the period		Closing balance
	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	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	Audited
			September 30, 2026	December 31, 2025
			Rupees	Rupees
				Restated
	Income/ Markup accrued		43,906,088	39,357,262
	Loans to employees	15.1	66,866,339	95,333,288
	Advances, prepayments and other receivable	15.2, 15.3, 15.4	193,791,179	188,617,498
	Advance income tax - Net of provision		471,135,201	435,141,675
	Security deposits		18,423,523	19,349,523
	Inter Banks ATM settlement account		-	50,865,907
			794,122,330	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.

APNA MICROFINANCE BANK LIMITED

**SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - (UN-AUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2026**

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.

Before the Honourable Lahore High Court, Multan Bench.

16	DEPOSITS AND OTHER ACCOUNTS	Note	Un-audited September 30, 2026 Rupees	Audited December 31, 2025 Rupees Restated
	Customers			
	Current deposits	16.1	2,273,480,392	3,391,079,672
	Saving deposits	16.2	13,557,719,272	12,298,421,937
	Fixed/ term deposits	16.3	13,617,461,242	12,886,388,900
			29,448,660,906	28,575,890,509
	Financial institutions			
	Current deposits		50,000	50,000
	Saving deposits	16.2	1,473,198,351	1,196,472,893
	Fixed/ term deposits	16.3	26,631,673	287,400,000
			1,499,880,024	1,483,922,893
			30,948,540,930	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 5.35% to 24.5% per annum (December 31, 2025: 6.3% to 24.75% per annum).			
17	LEASE LIABILITIES			
	Opening balance		482,616,668	582,357,105
	Additions		417,329,825	81,645,506
	Deletions		(5,159,881)	(17,165,369)
	Finance cost accrued		65,584,575	67,698,821
			960,371,187	714,536,063
	Payments/ adjustments made		(189,949,042)	(231,919,395)
			770,422,145	482,616,668

APNA MICROFINANCE BANK LIMITED
**SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - (UN-AUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2026**

18	OTHER LIABILITIES	Note	Un-audited	Audited
			September 30, 2026 Rupees	December 31, 2025 Rupees Restated
	Markup/ return/ interest payable		317,074,767	278,336,288
	Staff retirement benefits		64,439,106	55,670,472
	Others		235,241,453	221,127,324
			<u>616,755,326</u>	<u>555,134,084</u>

19	CONTINGENCIES AND COMMITMENTS	Note	September 30, 2026 Rupees	December 31, 2025 Rupees Restated

19.1 Contingencies:

19.1.1	Guarantees issued on behalf of customers	8,336,172	5,647,105
---------------	--	-----------	-----------

19.1.2 Proceedings for Financial Years (FY) 2016, 2017, and 2018 were initiated by Additional Commissioner (Enforcement-IV) of Punjab Revenue Authority ['PRA'] regarding alleged inadmissible input tax credit claimed without apportionment of same between taxable and non-taxable services. 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 Honourable 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).

- 19.1.2** Proceedings, as per provisions of Punjab Sales Tax on Services (Withholding) Rules, 2015 for tax period January, 2016 to December, 2016 for non-deduction of Punjab Sales Tax, were initiated by The Additional Commissioner, Enforcement-II, PRA. Recovery notice was issued from the same office indicating that order had been passed by the Commissioner HQ, PRA wherein the impugned demand of Rs. 18.4 million was raised on account of alleged default of withholding of Punjab Sales Tax on Services against which the bank filed appeal before Honorable PRA Appellate Tribunal. The honorable tribunal has passed its judgement in which the impugned order passed by Commissioner HQ PRA is set aside and the matter is referred back to the officer concerned having jurisdiction for decision afresh. Now the proceedings are in progress at commissioner PRA forum.
- 19.1.3** 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 (2024: 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.
- 19.1.4** The Assistant Commissioner (Unit-11), SRB, Karachi, passed an order under Section 23 of the Sindh Sales Tax Act, 2011, determining a short payment of Sindh Sales Tax on Services amounting to Rs. 1.26 million for the tax period from January 2018 to December 2018. The Bank has filed an appeal against the said order before the Commissioner (Appeals), SRB, and the matter is currently pending adjudication.
- 19.1.5** The DCIR raised a demand of Rs. 194.69 million against the Bank for Tax Year 2017 under Sections 161/182/205 of the Income Tax Ordinance, 2001, for alleged non-deduction of withholding taxes. The Commissioner (Appeals) remanded the case to the DCIR for fresh proceedings, vacating the demand.

In respect of above tax cases, based upon advise of its tax consultants, management expects favorable outcomes and is confident that significant outflow of economic resources will not be required, as a result of final decisions.

19.2 Commitments

There are no significant commitments as at the period end.

20	MARKUP/ RETURN/ INTEREST EARNED	For the nine month period ended	
		September 30, 2026	September 30, 2025
		Rupees	Rupees
			Restated
Markup/ return/ interest earned on:			
	Loans and advances	2,587,058,248	1,980,943,687
	Investments	220,212,468	235,619,932
	Balances with other MFB's/ Banks / NBFi's	173,336,540	123,433,406
		2,980,607,256	2,339,997,025

- 20.1** Interest income is calculated using effective interest rate method.

APNA MICROFINANCE BANK LIMITED
**SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - (UN-AUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2026**

21	MARKUP/ RETURN/ INTEREST EXPENSED	Note	For the nine month period ended	
			September 30,	September 30,
			2026	2025
			Rupees	Rupees
				Restated
	Mark up/ return/ interest expense related to:			
	Deposits		2,582,183,033	2,161,200,844
	Lease liabilities	21.1	65,584,575	51,949,461
			<u>2,647,767,608</u>	<u>2,213,150,305</u>
21.1	Breakup of the expense is as under:			
	Interest expense calculated using effective interest rate method		65,584,575	51,949,461
	Interest on other financial liabilities		2,582,183,033	2,161,200,844
			<u>2,647,767,608</u>	<u>2,213,150,305</u>
22	OTHER INCOME			
	Income of SMS services		13,540,629	19,244,298
	Cheque book charges		9,464,850	11,528,440
	Income on ATM card issuance/ services		7,150,175	8,554,494
	Clearing charges		511,678	1,043,621
	(Loss)/ gain on disposal of operating fixed assets		(17,051)	5,613,221
	Gain/ (loss) on leases termination		1,199,377	(941,654)
	Early termination charges		11,065,645	-
	Others		1,031,877	1,658,833
			<u>43,947,180</u>	<u>46,701,253</u>
23	OPERATING EXPENSES			
	Total compensation expense		984,499,053	931,676,576
	Directors' fees and allowances		812,500	1,468,750
	Rent, taxes, insurance, electricity, etc.		113,351,169	107,153,256
	Security charges		76,965,695	75,450,697
	Depreciation on operating fixed assets		41,736,527	52,089,626
	Depreciation on right-of-use assets		129,396,977	106,857,394
	Fees and subscription		86,095,831	90,160,488
	Repairs and maintenance		36,597,078	30,240,986
	Communication		23,921,620	25,990,967
	Stationery and printing		14,324,255	15,998,279
	Fuel expense		16,295,597	14,419,988
	Entertainment		16,662,717	16,446,215
	Legal and professional charges		12,577,807	10,213,869
	Traveling		8,011,666	8,378,262
	Credit verification expenses		5,546,250	5,549,734
	Amortization of intangible assets		7,586,341	7,586,313
	Advertisement and publicity		6,441,968	6,482,677
	Auditors' remuneration		2,980,900	2,816,500
	Training/ capacity building		136,490	513,214
	Others		12,847,513	11,025,663
			<u>1,596,787,954</u>	<u>1,520,519,454</u>

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

24	OTHER CHARGES	Note	For the nine month period ended	
			September 30, 2026	September 30, 2025
			Rupees	Rupees Restated
	Penalties imposed by State Bank of Pakistan		100,000	-
	Penalties imposed by SECP		50,000	-
	Bank charges		91,106	83,265
	Other			20,000
			<u>241,106</u>	<u>103,265</u>
25	CASH AND CASH EQUIVALENTS			
	Cash and Balances with treasury banks	7	1,222,206,779	1,105,372,198
	Balances with other MFB's/ Banks/ NBFI's	8	2,040,096,007	2,801,150,104
			<u>3,262,302,786</u>	<u>3,906,522,302</u>
26	CREDIT LOSS ALLOWANCE AND WRITE OFFS - NET			
	Credit loss allowance against loans and advances		46,291,815	62,995,769
	Provision against employee's fraud		13,000,000	-
	Recovery of written off bad debts		(3,954,919)	(5,488,776)
			<u>55,336,896</u>	<u>57,506,993</u>
27	LEVY - MINIMUM TAX DIFFERENTIAL			
	Levy - Minimum tax differential	27.1	<u>39,299,006</u>	<u>31,891,698</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			
	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.

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

29 LOSS PER SHARE - BASIC AND DILUTED

Loss for the period

Weighted average number of shares

Loss per share – Basic and diluted

Rupees

Number

Rupees

For the nine month period ended
September 30, September 30,
Rupees Rupees
Restated

(1,151,564,924) (1,225,134,614)

545,040,671 428,984,962

(2.11) (2.86)

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		
September 30, 2026		
Level 1	Level 2	Level 3
-----Rupees-----		

Financial assets measured at fair value

Available for sale investments - Market treasury bills

	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.

31	CAPITAL ADEQUACY, LEVERAGE RATIO AND LIQUIDITY REQUIREMENTS	Un-audited	Audited
		September 30, 2026	December 31, 2025
		Rupees	Rupees Restated

Minimum Capital Requirement (MCR):

Paid-up capital (net of accumulated losses)	(10,354,070,963)	(9,202,506,039)
---	------------------	-----------------

Capital Adequacy Ratio (CAR):

Eligible Common Equity Tier 1 (CET 1) Capital	(13,498,600,426)	(12,354,621,833)
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	(13,498,600,426)	(12,354,621,833)
Eligible Tier 2 Capital	-	-
Total Eligible Capital (Tier 1 + Tier 2)	(13,498,600,426)	(12,354,621,833)

Risk Weighted Assets (RWAs):

Credit Risk	4,577,482,933	4,745,507,334
Operational Risk	58,557,160	58,557,160
Total	4,636,040,093	4,804,064,494

Common Equity Tier 1 CAR	(291%)	(257%)
Tier 1 CAR	(291%)	(257%)
Total CAR	(291%)	(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 September 30, 2026 stood at negative balance of Rs. 10,354 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.

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 September 30, 2026			Audited December 31, 2025 (restated)		
	Directors	Key management personnel	Associated companies	Directors	Key management personnel	Associated companies
-----Rupees-----						
Other assets						
Interest / markup accrued	-	793,521	-	-	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	-	(17,388,461)	-	(171,536)	(12,763,407)	-
Transfer out- net	-	(162,315)	-	-	-	-
	-	22,063,427	-	-	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	2,983,960,307	210,547,676	6,108,064,255	2,555,164,307	211,202,365	7,908,472,963
Withdrawn during the period/ year	(3,251,071,956)	(191,000,213)	(5,991,256,912)	(2,586,416,885)	(216,921,658)	(7,912,186,388)
Transfer in- net	1,496,577	9,859,430	191,497,870	5,287,157	1,413,809	-
	405,104,977	35,269,444	586,851,989	670,720,049	5,862,551	278,546,776
Other liabilities						
Interest/ markup payable	7,671,685	214,813	21,175,759	14,829,969	5,076	2,243,992
Payable to staff retirement benefit	-	7,430,769	-	-	6,048,858	-
Others	-	2,000	-	-	-	-
Total	7,671,685	7,647,582	21,175,759	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
Share issued during the period	(49,303,809)	-	(1,111,253,281)	-	-	-
	30,000,000	-	1,159,833,189	79,303,809	-	2,271,086,470
	September 30, 2026			September 30, 2025 (restated)		
	Directors	Key management personnel	Associated companies	Directors	Key management personnel	Associated companies
-----Rupees-----						
Income						
Markup/ return/ interest earned	-	1,281,480	-	7,363	1,178,364	-
Expense						
Markup/ return/ interest expensed	70,827,601	2,914,724	65,211,186	65,235,810	132,505	26,460,356
Salaries and allowances	6,556,233	67,070,415	-	5,404,500	57,848,936	-
Staff retirement benefits	173,000	3,309,801	-	-	2,835,227	-
Directors' fee	812,500	-	-	1,468,750	-	-

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

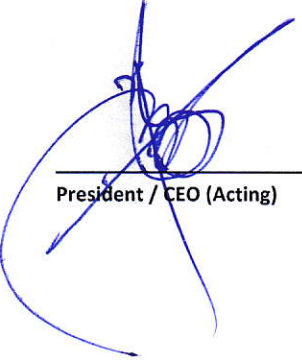
33 DATE OF AUTHORIZATION FOR ISSUE

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

34 GENERAL

34.1 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.

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



President / CEO (Acting)



Chief Financial Officer



Chairman



Director



Director