



FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2026

23.	SHARE CAPITAL						(Audited) From January 01, 2026 to June 30, 2026	(Un-audited) From January 01, 2025 to June 30, 2025
23.1	Authorized capital						Rupees	
	June 2026 (Number of shares)	December 2025	June 2026 Rupee:	December 2025 Rupee:				
	1,500,000,000	1,500,000,000	15,000,000,000	15,000,000,000			561,905	7,121,473
	Ordinary shares of Rs 10 each						561,905	7,121,473
23.2	Issued, subscribed and paid-up share capital							
	June 2026 (Number of shares)	December 2025	June 2026 Rupees	December 2025 Rupees				
	75,000,000	75,000,000	750,000,000	750,000,000			232,000	6,597,376
	759,888,711	559,888,711	7,598,887,110	5,598,887,110			329,905	524,097
	834,888,711	634,888,711	8,348,887,110	6,348,887,110			561,905	7,121,473
	Opening Balance							
	75,000,000	75,000,000	750,000,000	750,000,000			232,000	6,597,376
	759,888,711	559,888,711	7,598,887,110	5,598,887,110			329,905	524,097
	834,888,711	634,888,711	8,348,887,110	6,348,887,110			561,905	7,121,473
	Movement during the year							
	-	200,000,000	-	2,000,000,000			11,960,940	-
	834,888,711	834,888,711	8,348,887,110	8,348,887,110			-	6,678,382
	Closing Balance						253,061	2,431,302
	275,000,000	275,000,000	2,750,000,000	2,750,000,000			12,214,001	9,109,684
	559,888,711	559,888,711	5,598,887,110	5,598,887,110				
	834,888,711	834,888,711	8,348,887,110	8,348,887,110				
	-	-	(4,089,040,293)	(4,089,040,293)				
	834,888,711	834,888,711	4,259,846,817	4,259,846,817				
23.3	Pattern of Shareholding							
	June 2026 (Number of shares)	December 2025	June 2026 Rupees	December 2025 Rupees				
	591,149,827	591,149,827	5,911,498,270	5,911,498,270				
	210,619,137	210,619,137	2,106,191,370	2,106,191,370				
	33,119,747	33,119,747	331,197,470	331,197,470				
	834,888,711	834,888,711	8,348,887,110	8,348,887,110				
23.4	The Bank has one class of ordinary shares which carry no right to fixed income. The shareholders are entitled to receive dividend as declared from time to time and are entitled to one vote per share at the meeting of the Bank. All shares rank equally with regards to the Bank residual assets.							
24.	CAPITAL CONTRIBUTION RESERVE							
	On January 17, 2025, FINCA Microfinance Cooperatief U.A transferred Rs. 600 million with the Bank as part of the share purchase agreement between FINCA Microfinance Cooperatief U.A and TPL Corp Limited and Abhi (Private) Limited. This amount is non-repayable and represents no current or future obligation on the part of the Bank and / or any of its shareholders towards FINCA Microfinance Cooperatief U.A.							
25.	SURPLUS ON REVALUATION OF ASSETS - NET OF TAX							
	Fair Value Surplus on revaluation of:							
	- FVOCI - debt		9,343,075	15,229,186				
	Deferred tax on surplus on revaluation of:							
	- FVOCI - debt		(3,643,800)	(5,939,384)				
			5,699,275	9,289,802				
26.	CONTINGENCIES AND COMMITMENTS							
	Contingencies							
	(a) The Punjab Revenue Authority (PRA) issued a notice to the Bank regarding alleged short payment of sales tax on services and shortfall in sales tax withheld on taxable services for financial years 2020 and 2021. After submission of replies and hearings, PRA passed an order dated June 16, 2025 creating a demand of Rs. 196.398 million along with a penalty of Rs. 9.820 million for both years. In addition, default surcharge is chargeable under the Act, the amount of which is dependent on the date of payment and continues to accrue until settlement of the demand. The Bank based on advice from its tax consultants, has filed an appeal before the competent appellate authority. The bank has also paid under protest 10% of the disputed demand Rs. 20.62 million.							
	(b) During the financial year 2016, a demand of Rs. 9.315 million was raised by the Deputy Commissioner Inland Revenue (DCIR) through order passed under Section 3 of the Federal Excise Act, 2005. Being aggrieved, the Bank preferred an appeal before the Commissioner Inland Revenue (Appeals), which was dismissed vide order dated September 21, 2020. The subsequent appeal before the Appellate Tribunal Inland Revenue (ATIR) was also dismissed through order dated September 29, 2022. The Bank has now filed a reference before the Honorable Lahore High Court through its legal counsel, which is currently pending adjudication.							
	(c) A fraud incident was detected at the Satellite Town Branch, Rawalpindi, involving fake gold ornaments, linked to 55gold backed loan accounts with outstanding principal of Rs. 62.69 million. These gold ornaments were valued at Rs. 82.05 million. Since these gold ornaments were fully insured under the fidelity clause, the Bank had lodged a claim with the insurance company for the full gold value.							
	(d) Since the incident, management has further strengthened internal controls in order to reduce the probability of such instances. Furthermore, the management is confident that the insurance company will settle all the outstanding claims and no additional financial impact is expected. In addition, the Bank is maintaining a voluntary general provision of Rs. 350 Million, over and above the statutory requirement, in order to cater for any unforeseen event resulting into operational loss.							
	Bank's AJK Operations:							
	(d) During the previous years, the Deputy Commissioner Inland Revenue (DCI) passed orders under section 122(1) of the Ordinance for the Tax Years 2019, 2020 and 2021, thereby raising an aggregate tax demand of Rs. 32.323 million. Feeling aggrieved, the Bank preferred appeals before Commissioner Inland Revenue (Appeals) [CIR(A)], who vide orders dated December 19, 2024, partially confirmed the aggregate demand to the tune of Rs. 12.766 million while remanding back the remaining demand to DCI. The remand back proceedings are underway till this date.							
	(e) During the previous year, the DCIR passed order under section 122(1) of the Ordinance for the Tax Year 2022, thereby reducing taxable loss by Rs. 14.685 million. Feeling aggrieved, the Bank preferred appeals before CIR(A) which is pending adjudication.							
26.2	Commitments							
	There are no significant commitments as at June 30, 2026 (December 2025: Nil)							
27.	MARK-UP / RETURN / INTEREST EARNED				Note		(Audited) From January 01, 2026 to June 30, 2026	(Un-audited) From January 01, 2025 to June 30, 2025
	Loans and advances		8,122,344,739	4,292,278,893				
	Investments		268,486,430	337,760,794				
	Lending to financial institutions		464,615,542	-				
	Balances with other MFBs / banks / NBFIs		401,946,696	367,341,313				
	27.1		9,257,393,407	4,997,401,000				
27.1	Interest Income (Calculated using effective interest rate method) recognized on:							
	Financial assets measured at amortised cost		8,988,906,977	4,697,150,080				
	Financial assets measured at FVOCI		199,577,778	202,005,250				
	Financial assets measured at FVTPL		68,908,652	98,245,670				
			9,257,393,407	4,997,401,000				
28.	MARK-UP / RETURN / INTEREST EXPENSED							
	Deposits		4,464,089,595	2,866,626,632				
	Borrowings		155,762,167	167,578,666				
	Subordinated loan		47,673,555	-				
	Lease liabilities	20	110,329,277	80,342,915				
			4,778,054,594	3,114,546,213				
28.1	Interest expense calculated using effective interest rate method							
			4,778,054,594	3,114,546,213				
29.	FEE AND COMMISSION INCOME							
	Loan processing fee - net		568,281,864	456,532,037				
	Branchless banking income	29.1	143,447,380	9,872,924				
	Branch banking customer fees		18,701,741	48,074,558				
	Overdue charges		103,760,488	40,353,153				
	Early settlement charges		202,917,787	125,801,336				
	Card related fees		24,497,520	3,327,879				
			1,061,606,780	683,961,687				
29.1	Branchless banking income							
	Lending charges		127,915,991	-				
	Commission income from bill payments		236,385	277,459				
	Fees on payment and money transfer services		13,024,772	8,157,198				
	Fees on cash withdrawal		2,052,755	1,260,354				
	Others		217,477	177,913				
			143,447,380	9,872,924				
30.	GAIN ON SECURITIES							
	Realised		561,905	7,121,473				
	Unrealised		(454,000)	-				
			107,905	7,121,473				
30.1	Realised gain on:							
	Federal government securities							
			561,905	7,121,473				
30.2	Realised gain on:							
	Net gain on financial assets (debt instruments) measured at FVOCI							
	Net gain on financial assets (debt instruments) measured at FVTPL							
			232,000	6,597,376				
			329,905	524,097				
			561,905	7,121,473				
31.	OTHER INCOME							
	Gain on sale of property and equipment - net							
	Gain on derecognition on subordinated debt				21.1		11,960,940	-
	Others						-	6,678,382
							253,061	2,431,302
							12,214,001	9,109,684
32.	OPERATING EXPENSES							
	Total compensation expense	32.1	1,924,873,855	1,367,172,583				
	Directors' fees and allowances		12,148,974	3,000,000				
	Printing, stationery and periodicals		9,942,759	28,340,953				
	Advertisement		56,754,951	46,511,568				
	Rent, rates and taxes		6,140,658	28,637,223				
	Office running expenses		27,461,568	43,317,345				
	Vehicle running expenses		90,441,370	51,616,633				
	Insurance		118,328,757	59,745,961				
	Office security / personnel services		92,342,608	88,717,648				
	Janitorial services		75,522,866	24,164,075				
	Repairs and maintenance		128,805,922	56,054,987				
	Communication		44,487,858	34,311,921				
	Travel and transportation		87,913,097	90,498,532				
	Utilities		64,879,635	93,661,486				
	IT expenses		122,793,426	59,686,693				
	Legal and professional charges		45,362,992	38,089,282				
	Donation		28,000	-				
	Auditors' remuneration	32.2	3,000,000	2,500,000				
	Training and research		4,359,592	8,755,635				
	Depreciation on property and equipment	12	112,598,250	62,515,866				
	Depreciation on right of use assets	13	155,916,823	102,850,779				
	Amortization on intangible assets	14	24,889,307	19,030,895				
	Others		1,679,993	2,653,682				
			3,208,673,261	2,311,833,747				
32.1	Total compensation expense				Note		(Audited) From January 01, 2026 to June 30, 2026	(Un-audited) From January 01, 2025 to June 30, 2025
	Fees and allowances etc:		25,632,945	24,038,854				
	Managerial remuneration							
	i) Fixed		792,118,687	503,380,000				
	ii) Variable		234,897,438	262,035,568				
	Charge for defined benefit plan		74,133,263	55,342,547				
	Contribution to employees provident fund		61,214,441	33,472,497				
	Rent & house maintenance		316,738,387	201,314,988				
	Utilities		194,220	48,698,083				
	Medical		98,660,881	1,630,726				
	Conveyance		17,038,760	14,904,631				
	Staff insurance		16,574,814	7,561,435				
	Staff medical insurance		24,328,190	25,611,349				
	Employee old age benefit		20,290,688	19,145,019				
	Mobile expense		12,003,033	10,807,056				



FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2026

12.2.1 Cost of property and equipment include cost of fully depreciated assets that are still in use amounting to Rs. 839.65 million (December 2025: Rs. 843.29 million).

12.2.2 This includes disposals of computer equipment carrying cost and accumulated depreciation amounting to Rs. 36.85 million.

13. RIGHT-OF-USE ASSETS

June 30, 2026			December 31, 2025		
Buildings	Equipment	Total	Buildings	Equipment	Total
Rupees					
At opening					
Cost	2,550,519,955	36,812,247	2,589,332,202	1,950,374,659	38,812,247.00
Accumulated depreciation	(1,538,348,975)	(21,521,680)	(1,558,870,655)	(1,328,795,917)	(1,342,380,104)
Opening net book value	1,012,170,980	17,290,567	1,029,461,547	621,578,742	25,227,860
For the period / year movement					
Additions	425,720,320	295,679,347	721,399,667	600,145,296	-600,145,296
Modification of leases	13,914,223	-	13,914,223	-	-
Depreciation charge	(122,785,557)	(33,151,266)	(155,916,823)	(206,553,158)	(7,937,393)
	316,868,986	262,528,081	579,397,067	390,592,138	382,654,745
Net carrying amount at closing	1,329,039,966	279,818,648	1,608,858,614	1,012,170,980	17,290,567

14. INTANGIBLE ASSETS

	Note	June 2026	December 2025
		Rupees	Rupees
Capital work in progress	14.1	104,125,336	109,106,644
Intangible assets	14.2	142,378,291	81,608,697
		246,503,627	190,715,341

14.1 Capital work in progress

Opening	109,106,644	-
Transfers from CWIP to intangible assets	14,850,398	8,966,332
Additions during the period / year	65,827,195	100,150,312
Transfers to intangible assets	(85,658,901)	-
Closing	104,125,336	109,106,644

14.1.1 CWIP includes:

Softwares	104,125,336	109,106,644
	104,125,336	109,106,644

14.2 Intangible Assets

June 30, 2026			December 31, 2025		
Software and Licenses	Total		Software and Licenses	Total	
Rupees					
At opening	743,300,887	743,300,887	743,300,887	743,300,887	
Cost	(661,692,190)	(661,692,190)	(625,214,456)	(625,214,456)	
Accumulated amortization and impairment					
Net book value	81,608,697	81,608,697	118,086,431	118,086,431	
For the period / year movement					
Opening net book value	81,608,697	81,608,697	118,086,431	118,086,431	
Transferred from CWIP	85,658,901	85,658,901	-	-	
Amortization charge	(24,889,307)	(24,889,307)	(36,477,734)	(36,477,734)	
Closing net book value	142,378,291	142,378,291	81,608,697	81,608,697	
As at					
Cost	828,959,788	828,959,788	743,300,887	743,300,887	
Accumulated amortization and impairment	(686,581,497)	(686,581,497)	(661,692,190)	(661,692,190)	
Net book value	142,378,291	142,378,291	81,608,697	81,608,697	
Rate of amortization (percentage)					
	10-20%		10-20%		

14.3 The cost of fully amortized intangibles still in use

Softwares and Licenses	518,714,731	513,708,309
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15. DEFERRED TAX ASSET

June 30, 2026			
At January 1, 2026	Recognised in P&L A/C	Recognised in OCI	At June 30, 2026
Rupees			
Deductible temporary differences on:			
- Tax losses carried forward	2,378,468,350	89,004,202	2,467,472,552
- Minimum tax / Alternative corporate tax	389,282,510	417,906,919	807,189,129
- Post retirement employee benefits	132,526,636	(70,322,545)	76,406,964
- Accelerated tax depreciation	15,481,244	(4,114,945)	11,366,259
- Credit loss allowance against advances	1,270,282,946	(950,541,818)	319,741,128
- Lease Liabilities against ROUA	88,090,078	(20,465,434)	67,624,644
	4,274,131,764	(538,533,961)	3,748,600,696
Taxable temporary differences on:			
- Surplus on revaluation of investments classified as FVOCI	(5,939,363)	-	(3,643,799)
- Unrealized gain of revaluation of securities FVTPL	(177,060)	(92,625)	(269,685)
	(6,116,443)	(92,625)	(3,913,484)
	4,268,015,321	(538,626,586)	3,745,887,212
December 31, 2025			
At January 1, 2025	Recognised in P&L A/C	Recognised in OCI	At December 31, 2025
Rupees			
Deductible temporary differences on:			
- Tax losses carried forward	2,389,324,102	(10,855,752)	2,378,468,350
- Minimum tax	105,165,645	284,116,865	389,282,510
- Post retirement employee benefits	101,516,697	(2,050,179)	132,526,636
- Accelerated tax depreciation	32,794,660	(17,313,416)	15,481,244
- Credit loss allowance against advances	1,878,378,166	(608,005,220)	1,270,282,946
- Lease Liabilities against ROUA	88,090,701	(9,916,623)	88,090,078
	4,605,185,971	(364,114,325)	3,306,118
Taxable temporary differences on:			
- Surplus on revaluation of investments classified as FVOC	(2,515,033)	-	(3,424,351)
- Unrealized gain of revaluation of securities FVTPL	(177,060)	(177,060)	(177,060)
	(2,515,033)	(177,060)	(3,424,351)
	4,602,670,938	(364,291,385)	29,635,767
			4,268,015,321

15.1 As at the period end, the Bank has recognized a net deferred tax asset amounting to Rs. 3745.69 million (2025: Rs. 4,268.02 million) based on the business plan and financial projections duly approved by the board of directors of the Bank. The projections involve certain key assumptions underlying the estimation of future taxable profits. Any significant change in such assumptions may have an effect on the recoverability of the deferred tax asset. The management believes that it is probable that the Bank will be able to achieve the projected profits and consequently the deferred tax asset will be fully realized in the future.

16. OTHER ASSETS

	Not	June 2026	December 2025
		Rupees	Rupees
Income / mark-up accrued on advances		8,301,711,688	5,434,341,618
Income / mark-up accrued on balance with banks		167,051,418	79,693,565
Prepayments		620,314,306	227,161,870
Security deposits		38,406,212	26,319,762
Fair value adjustment staff advances		180,279,662	90,151,499
Receivable from SBP against crop insurance		53,794,639	53,794,639
Others		680,380,585	240,160,303
		10,641,861,530	6,151,533,256
Less: Credit loss allowance held against other assets	16.1	(1,907,414)	(1,899,270)
		10,640,254,116	6,149,633,986

16.1 Movement in credit loss allowance held against other assets

At opening	1,899,270	8,026,079
Charge for the period / year	318,755	-
Reversals	(810,611)	(6,126,809)
At closing	1,807,414	1,899,270

17. BILLS PAYABLE

In Pakistan	145,891,354	114,006,111
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18. BORROWINGS

Un-secured Borrowings from the State Bank of Pakistan	18.1	3,000,000,000	3,000,000,000
Repo T-Bills		3,952,148,000	-
		6,952,148,000	3,000,000,000

18.1 This represents unsecured long term borrowing obtained on June 24, 2019 from SBP under Financial Inclusion Infrastructure Program (FIIP) to provide access to long term market based funding, enhancing lending to microfinance borrowers including micro enterprises and micro housing especially women borrowers. The markup is payable at the rate of 6 months KIBOR minus 100 bps per annum (December 2025: 6 months KIBOR minus 100 bps per annum). Initially the principal amount was repayable in last four quarters of 5 years loan period or in bullet form at the end of said tenor. However, the State Bank of Pakistan has extended the principal repayment period for further 5 years from June 30, 2024, to June 30, 2029.

19. DEPOSITS AND OTHER ACCOUNTS

		June 2026 Rupees	December 2025 Rupees
DEPOSITS AND OTHER ACCOUNTS	Note		
Customers			
Current deposits		5,738,234,223	3,158,262,740
Saving deposits	19.1	27,429,320,035	15,659,158,948
Fixed deposits	19.2	43,072,345,254	32,411,123,450
		76,239,899,512	51,228,545,138
Financial institutions			
Current deposits		80,603,510	4,487,110,584
Saving deposits	19.1	9,473,183,779	10,585,628,291
Fixed deposits	19.2	400,600,000	2,807,000,000
		9,953,787,289	17,859,738,875
Total deposits		86,193,686,801	69,088,284,013

19.1 These carry interest rates ranging from 5.00% to 16.00% (December 2025: 7.25% to 14.00%) per annum.

19.2 These represent fixed deposits having tenure of 1 to 60 months carrying profit rates ranging from 9.99% to 23.00% (December 2025: 9.99% to 23.50%) per annum.

19.3 Composition of Deposits

	June 2026	December 2025
	Rupees	Rupees
Individuals	42,880,755,249	35,497,317,735
Government (Federal and Provincial)	6,956,338,828	6,835,513,751
Public sector entities	213,334,819	27,848,251
Banking companies	8,021,579,682	6,996,652,595
Non-banking financial institutions	16,532,526,489	10,863,086,280
Private sector	11,589,151,734	8,867,865,401
	86,193,686,801	69,088,284,013

19.4 Composition of Deposits

Branchless banking	961,146,738	1,432,409,086
Branches deposits	85,232,540,063	67,655,874,927
	86,193,686,801	69,088,284,013

19.5 Deposits include deposits from related parties amounting to Rs. 2.52 billion (December 2025: Rs. 4.42 billion).

20. LEASE LIABILITIES

	Note	June 2026	December 2025
		Rupees	Rupees
At opening		1,255,333,543	898,106,035
Movements during the period / year:			
Additions			
- Buildings		426,720,322	600,145,296
- Equipments		295,679,347	-
		721,399,669	600,145,296
Modification		13,914,223	-
Interest expense	28	110,329,277	168,638,771
Payments		(318,721,575)	(411,556,559)
At closing		1,782,255,137	1,255,333,543

20.1 Contractual Maturity of Lease liabilities

Short term lease liabilities - within one year	242,330,640	-
Long term lease liabilities		
- 1 to 5 years	704,065,208	403,903,701
- 5 to 10 years	835,859,289	851,429,842
- More than 10 years	-	-
	1,539,924,497	1,255,333,543
Total lease liabilities	1,782,255,137	1,255,333,543

21. SUBORDINATED DEBT

	Note	June 2026	December 2025
		Rupees	Rupees
Pakistan Microfinance Investment Company (PMIC)	21.1	720,160,167	672,286,612
		720,160,167	672,286,612

21.1 This represents an unsecured and subordinated loan facility raised by the Bank in the year 2019, amounting to Rs.800 million to contribute towards the Bank's Tier 1 capital. The instrument was initially structured to redeem in 6 semi-annual installments in arrears starting from 6th year after the end of grace period of 5 years.

The Bank and Pakistan Microfinance Investment Company Limited (PMICL) entered into an addendum to the subordinate debt agreement in November 2024 which became effective from January 21, 2025, the Amendment Effective Date. As per the revised terms, the Subordinated Term Finance Facility has been extended for a further period of seven years commencing from the Amendment Effective Date. Further mark-up accrued up to the date of amendment effective date, has been waived by the lender.

The facility carries mark-up at the rate of 6 months KIBOR plus 3% per annum, to be charged from the earlier of October 1, 2027 or when CAR and MC requirements are complied with by the Bank. The principal amount is repayable in 4 semi annual installments starting from 6th year after the end of revised grace period of 5 years starting from the amendment effective date.

The instrument is unsecured and subordinated to payment of principal and profit to all other indebtedness of the Bank, including deposits, and it is not redeemable before maturity without prior approval of SBP.

22. OTHER LIABILITIES

	Note	June 2026	December 2025
		Rupees	Rupees
Markup / return / interest payable	22.1	1,229,238,514	1,088,843,431
Accrued expenses		186,249,920	901,979,707
Payable to defined benefit plan	40	140,551,037	369,217,115
Income tax payable - net	22.2	92,290,971	22,938,546
Withholding tax payable		119,092,386	209,073,659
Sundry creditors		466,217,515	353,097,966
Workers' welfare fund		33,320,951	33,320,951
Settlement accounts		384,339,193	90,890,102
		2,651,300,487	3,069,331,477

22.1 This includes markup payable on deposits from related parties amounting to Rs. 0.120 million (December 2025: Rs. 1.88 million).

22.2 Income tax payable - net

Advance income tax	(701,869,124)	(422,619,210)
Provision for income tax	794,160,095	445,557,756
	92,290,971	22,938,546