

Riaz Ahmad & Company

Chartered Accountants

SINDH MICROFINANCE BANK LIMITED

**FINANCIAL STATEMENTS WITH ACCOMPANYING
INFORMATION**

**FOR THE YEAR ENDED
31 DECEMBER 2023**

SINDH MICROFINANCE BANK LIMITED
BALANCE SHEET
AS AT DECEMBER 31, 2023

	Note	2023 -----Rupees-----	2022
ASSETS			
Cash and balances with SBP and NBP	8	80,434,763	35,344,338
Balances with other Banks/NBFIs/MFBs	9	577,370,802	406,224,534
Lending to financial institutions		-	-
Investment - net of provisions	10	644,408,445	54,788,274
Advances - net of provisions	11	1,905,854,512	1,302,898,322
Operating fixed assets	12	125,239,046	87,923,956
Other assets	13	74,130,533	120,361,797
Deferred tax assets	14	7,254,502	172,956
Total Assets		3,414,692,603	2,007,714,177
LIABILITIES			
Deposits and other accounts	15	1,323,284,779	600,335,196
Borrowings	16	721,000,000	310,000,000
Subordinated debt		-	-
Other liabilities	17	264,405,949	85,005,967
Deferred tax liabilities		-	-
Total Liabilities		2,308,690,728	995,341,163
NET ASSETS		1,106,001,875	1,012,373,014
REPRESENTED BY:			
Share capital	18	1,000,000,000	750,000,000
Statutory reserves		70,611,999	52,314,542
Depositors' protection fund		20,328,029	13,078,636
Unappropriated profit		15,061,847	196,979,836
		1,106,001,875	1,012,373,014
Surplus/(deficit) on revaluation of assets		-	-
Deferred grants		-	-
Total Capital		1,106,001,875	1,012,373,014

MEMORANDUM / OFF BALANCE SHEET ITEMS

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The annexed notes from 1 to 38 form an integral part of these financial statements.

President & Chief Executive

Chief Financial Officer

Chairman

Director

Director

SINDH MICROFINANCE BANK LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED DECEMBER 31, 2023

	Note	2023 -----Rupees-----	2022
Mark-up / return / interest earned	20	949,394,634	469,686,106
Mark-up / return / interest expensed	21	(329,458,833)	(124,525,885)
Net mark-up / interest income		619,935,801	345,160,221
Provision against non-performing loans and advances	11.3	(125,426,304)	(11,488,732)
Provision for diminution in the value of investments		-	-
Bad debts written off directly	11.4	(4,147,372)	(2,327,457)
Net mark-up / interest income after provisions		490,362,125	331,344,032
NON MARK-UP/ NON INTEREST INCOME			
Fee, commission and brokerage income		-	-
Dividend income		-	-
Other income		-	-
Total non mark-up / non interest income		-	-
		490,362,125	331,344,032
NON MARKUP/ NON INTEREST EXPENSES			
Administrative expenses	22	(359,518,465)	(274,063,415)
Other provisions/write offs		-	-
Other charges	23	(40,000)	(41,000)
Total non mark-up / non interest expenses		(359,558,465)	(274,104,415)
Extra ordinary / unusual items		-	-
Profit before taxation		130,803,660	57,239,617
Taxation			
- current	24	(46,180,032)	(15,410,853)
- prior years	24	-	-
- deferred	24	6,863,656	(419,783)
		(39,316,376)	(15,830,636)
Profit after taxation		91,487,284	41,408,981
Unappropriated Profit - brought forward		196,979,836	164,306,577
Less: Other comprehensive loss		(533,452)	1,616,523
Profit available for appropriation		287,933,668	207,332,081
APPROPRIATIONS:			
Transfer to			
- statutory reserve		(18,297,457)	(8,281,796)
- capital reserve		-	-
- contribution to depositors' protection fund		(4,574,364)	(2,070,449)
- revenue reserve		-	-
- bouns share issue		(250,000,000)	-
- proposed dividend		-	-
Unappropriated profit - carried forward		15,061,847	196,979,836
EARNINGS PER SHARE			
	25	0.91	Restated 0.41

The annexed notes from 1 to 38 form an integral part of these financial statements.

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SINDH MICROFINANCE BANK LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2023

	2023	2022
Note	-----Rupees-----	
Profit after taxation	91,487,284	41,408,981
Other comprehensive loss		
- Items that may be reclassified to profit and loss account	-	-
- Items that will not be reclassified to profit and loss account subsequently		
<i>Remeasurement loss on provision for gratuity - net of tax</i>	(533,452)	1,616,523
	(533,452)	1,616,523
Components of comprehensive income not reflected in equity:		
<i>- Surplus/(deficit) on revaluation of assets</i>	-	-
Total comprehensive income for the year	90,953,832	43,025,504

The annexed notes from 1 to 38 form an integral part of these financial statements.

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SINDH MICROFINANCE BANK LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2023

	Share capital	Statutory reserve	Depositors' protection fund	Unappropriated profit	Total Equity
	-----Rupees-----				
Balance as at January 1, 2022	750,000,000	44,032,746	11,008,187	164,306,577	969,347,510
Total comprehensive income for the year					
- Profit after taxation	-	-	-	41,408,981	41,408,981
- Other comprehensive income	-	-	-	1,616,523	1,616,523
	-	-	-	43,025,504	43,025,504
Transfer to statutory reserve					
- 20% of the profit after tax for the year	-	8,281,796	-	(8,281,796)	-
- 5% of the profit after tax for the year	-	-	2,070,449	(2,070,449)	-
- return on investments - net of tax	-	-	1,809,793	(1,809,793)	-
Balance as at December 31, 2022	750,000,000	52,314,542	13,078,636	196,979,836	1,012,373,014
Transactions with owners, recorded directly in equity					
Issuance of share capital as bonus shares	250,000,000			(250,000,000)	-
Total comprehensive income for the year					
- Profit after taxation	-	-	-	91,487,284	91,487,284
- Other comprehensive (loss) / Income	-	-	-	(533,452)	(533,452)
	-	-	-	90,953,832	90,953,832
Transfer to statutory reserve					
- 20% of the profit after tax for the year	-	18,297,457	-	(18,297,457)	-
- 5% of the profit after tax for the year	-	-	4,574,364	(4,574,364)	-
return on investment	-	-	2,675,029	-	2,675,029
Balance as at December 31, 2023	1,000,000,000	70,611,999	20,328,029	15,061,847	1,106,001,875

The annexed notes from 1 to 38 form an integral part of these financial statements.

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SINDH MICROFINANCE BANK LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2023

	Note	2023 -----Rupees-----	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		130,803,660	57,239,617
Adjustments for non cash items:			
Provision against non performing advances	11.3	125,426,304	11,488,732
Bad debts written off directly	11.4	4,147,372	2,327,457
Depreciation on property and equipment	12.1	7,855,015	7,210,117
Amortization on intangible assets	12.2	1,917,899	1,013,274
Depreciation on right of use assets	12.3	23,877,588	14,041,889
Finance charges on leased liabilities	21	24,838,502	10,892,259
Provision for defined benefit plan	22	4,105,738	5,547,576
		<u>192,168,418</u>	<u>52,521,304</u>
Operating cash flows before changes in working capital		322,972,078	109,760,921
Working capital changes			
(Increase) / decrease in operating assets			
Advances		(735,887,071)	(372,249,585)
Other assets		(30,620,334)	(7,082,119)
		<u>(766,507,405)</u>	<u>(379,331,704)</u>
Increase in operating liabilities			
Other liabilities		118,706,199	12,461,464
Deposits and other accounts		722,949,583	329,312,404
		<u>841,655,782</u>	<u>341,773,868</u>
		<u>398,120,455</u>	<u>72,203,085</u>
Income tax paid		(31,320,444)	(28,485,587)
Net cash flows from operating activities		366,800,011	43,717,498
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of HTM investment		(89,620,171)	(29,202,893)
Investment in Term deposits receipts		(500,000,000)	-
Remeasurement right of use asstes		66,282,321	-
Purchase of property and equipment	12.1	(3,309,062)	(18,020,341)
Purchase of intangible assets	12.2	(1,374,208)	(5,366,501)
Net cash used in investing activities		(528,021,120)	(52,589,735)
CASH FLOWS FROM FINANCING ACTIVITIES			
Borrowings obtained / (repaid) during the year from SBP	16.1	261,000,000	(440,000,000)
Payments of lease liability		(33,542,198)	(35,062,475)
Borrowings obtained during the year from PMIC	16.2	150,000,000	-
Net cash generated from / (used in) financing activities		377,457,802	(475,062,475)
Net increase / (decrease) in cash and cash equivalents		216,236,693	(483,934,712)
Cash and cash equivalents at beginning of the year		441,568,872	925,503,584
Cash and cash equivalents at the end of the year	26	657,805,565	441,568,872

The annexed notes from 1 to 38 form an integral part of these financial statements.

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1 STATUS AND NATURE OF BUSINESS

Sindh Microfinance Bank Limited (the Bank) was incorporated on March 27, 2015 as a public unlisted company limited by shares under the repealed Companies Ordinance, 1984 (repealed by Companies Act 2017). The Bank obtained Microfinance banking license from State Bank of Pakistan on October 16, 2015, to operate in Sindh Province. Subsequently, the Bank received the certificate of commencement of business from Securities & Exchange Commission of Pakistan (SECP) on November 30, 2015 and the certificate of commencement of Banking Business from State Bank of Pakistan on April 15, 2016. The Bank's registered office is situated at 39/F, 2nd Floor, Muhammad Ali Cooperative Housing Society, Karachi. The Bank's principal business is to provide microfinance services to the poor and underserved segment of the society as envisaged in the Microfinance Institutions Ordinance, 2001.

The Bank is the wholly owned subsidiary of Sindh Bank Limited (the Holding bank). The Bank operates through branches and service centers spread within the province of Sindh, the network of branches and service centers comprise of 19 (2022: 19) branches and 77 (2022: 71) service centers.

The credit rating companies PACRA has maintained the long term rating of the Bank at "A-" and short term rating at "A2" and outlook "Stable" as of March 29, 2023.

2 BASIS OF PRESENTATION

These financial statements have been presented in accordance with the requirements of Banking Supervision Department (BSD) Circular No. 11 dated December 30, 2003 issued by the State Bank of Pakistan (SBP).

3 STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with the directives and prudential regulations issued by SBP, the requirements of the Microfinance Institution Ordinance, 2001 (the MFI Ordinance), the Companies Act, 2017 (the Companies Act) and the International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB), and interpretations issued by the Standards Interpretation Committee of IASB as adopted in Pakistan. In case where provisions of directives issued by the SBP and SECP, the MFI Ordinance and the Companies Act differ with the requirements of these standards, such provisions of directives issued by SBP and SECP, the MFI Ordinance and the Companies Act shall prevail.

The SBP vide BSD Circular Letter No. 10, dated August 26, 2002 has deferred the applicability of International Accounting Standard 39, Financial Instruments: Recognition and Measurement (IAS 39) and International Accounting Standard 40, Investment Property (IAS 40) for Banking companies till further instructions. SBP vide its BPRD Circular No. 07 of 2023 dated 23 April 2023 directed the Banks in Pakistan to implement IFRS 9, 'Financial Instruments' with effect from 01 January 2024. Further, according to the notification of the Securities and Exchange Commission of Pakistan (SECP) dated April 28, 2008, the IFRS - 7 "Financial Instruments: Disclosures" has not been made applicable for banks. Accordingly, the requirements of these standards have not been considered in the preparation of these unconsolidated financial statements. However, investments have been classified and valued in accordance with the requirements of various circulars issued by the SBP.

Accordingly, the requirements of these standards have not been considered in the preparation of these financial statements. However, investments have been classified and valued in accordance with the requirements prescribed by SBP through various circulars / regulations.

4 BASIS OF MEASUREMENT

4.1 Accounting convention

These financial statements have been prepared under the historical cost convention except for obligations in respect of defined benefit plan and lease liabilities against right of use assets, which are carried at present value.

These financial statements have been prepared following accrual basis of accounting except for cash flow statement.

4.2 Functional and presentation currency

These financial statements are presented in Pakistani Rupees (PKR) which is the Bank's functional and presentation currency. All financial information is presented in PKR, unless otherwise stated.

4.3 Use of critical accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards as applicable in Pakistan requires management to make judgments, estimates and assumptions that may affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Significant areas requiring the use of management estimates in these financial statements relate to the:

	Note
a) Provision against non performing advances	7.2
b) Useful life of depreciable assets	7.3
c) Useful life of intangible assets	7.3
c) Impairment of non-financial assets	7.4
d) Provision for taxation	7.5
e) Provision for gratuity	7.6
f) Lease term and effective interest rate for recognition of lease	7.3

However, assumptions and significant judgments made by the management in the application of accounting policies that have significant effect on the financial statements are not expected to result in material adjustment to the carrying amounts of assets and liabilities in the next year.

5 STANDARDS, AMENDMENTS AND INTERPRETATIONS TO APPROVED ACCOUNTING STANDARDS

5.1 Standards, interpretations and amendments to published approved accounting standards that are effective in the current year.

There are certain amendments to existing accounting and reporting standards that have become applicable to the Bank for accounting periods beginning on or after January 01, 2023. These are either considered to not be relevant or do not have any significant impact and accordingly have not been detailed in these financial statements, except as disclosed below.

IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting Policies (Amendments)

The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments have had an impact on the Bank's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Bank's financial statements.

5.2 Standards, interpretations and amendments to published approved accounting standards that are relevant but not yet effective:

As per BPRD Circular Letter No. 07 of 2023 dated 23 April 2023, the effective date for the implementation of IFRS 9 Financial Instruments is accounting period beginning on or after January 1, 2024. SBP has also extended the preparation of annual / interim financial statement on the revised formats to the first quarter of 2024. SBP has issued detailed instructions on the application of the Standard, including transitional provisions, impact on the Capital Adequacy Ratio (CAR) calculation and reporting requirements.

The IFRS 9 application instructions and guidelines that have been issued as part of the circular include the following key components:

- a) Basis for classification and measurement of debt and equity securities;
- b) Framework for determination of "Expected Credit Losses (ECL)" under the requirements of IFRS 9, including required risk management policies;
- c) Credit exposures (in local currency) that have been guaranteed by the Government and Government Securities have been exempted from the application of the above ECL Framework;

- d) In respect of non-performing exposures (Stage 3 exposures) provision would be made considering higher of IFRS 9 ECL or provision computed under existing PRs' requirements;
- e) In order to mitigate the impact of ECL provisioning on capital, a transitional arrangement is allowed to the banks to absorb the impact on regulatory capital and fully described in Annexure B to the aforementioned circular.

The actual impact of adopting IFRS 9 on the Bank's financial statements in the year 2024 may not be accurately estimated because it will be dependent on the financial instruments that the Bank would hold during next year and economic conditions at that time as well as accounting elections and judgements that it will make in future.

Further, the following IFRS as notified under the Companies Act, 2017 and the amendments thereto will be effective for future periods and not early adopted:

Standards and amendments	Effective date (accounting periods beginning on or after)
- IAS 1 - Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants - (Amendments) January 01, 2024	January 01, 2024
- IAS 7 and IFRS 7 - Disclosures: Supplier Finance Arrangements - (Amendments) January 01, 2024	January 01, 2024
- IFRS 16 - Lease Liability in a Sale and Leaseback - (Amendments) January 01, 2024	January 01, 2024
- IAS 21 - Lack of exchangeability – (Amendments) January 01, 2025	January 01, 2025
- IFRS 17 - Insurance Contracts January 01, 2026	January 01, 2026
- IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments)	Note yet announced

The above standards, amendments and improvements are not expected to have any material impact on the financial statements of the Bank for the future periods.

Further, following new standard has been issued by IASB which is yet to be notified by SECP for the purpose of applicability in Pakistan.

Standard	IASB Effective date (accounting periods beginning on or after)
- IFRS 1 – First-time Adoption of International Financial Reporting Standards	January 01, 2004

6 SUMMARY OF SIGNIFICANT TRANSACTIONS AND BALANCES IN THE CURRENT REPORTING PERIOD

	Note	2023 Rupees	2022 Rupees
Advances	11	<u>1,927,372,992</u>	<u>1,321,059,597</u>
Provisions	11	<u>(21,518,480)</u>	<u>(18,161,275)</u>
Deposits	15	<u>1,323,284,779</u>	<u>600,335,196</u>
Borrowing	16	<u>721,000,000</u>	<u>310,000,000</u>

During the year the bank disbursed advances to 78,615 (2022: 56,576) parties.

The amount of provision represents general and specific provision against advances held in accordance with the requirements of prudential regulations for microfinance banks.

Borrowings from SBP represents fund obtained under LOCF scheme from State Bank of Pakistan as described in note 16.1.

The Bank obtained Borrowings from Pakistan Microfinance Investment Corporation Ltd (PMIC) as described in note 16.2

7 MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies applied and adopted in the preparation of these unconsolidated financial statements are set out below. Further accounting policies related to material class of accounts doesn't necessarily mean it is material. These policies have been consistently applied to all years presented, and to all material transactions.

7.1 Cash and cash equivalents

Cash and bank balances are stated at cost. For the purpose of cash flow statement, cash and cash equivalents comprises of cash in hand, balances with State Bank of Pakistan (SBP), National Bank of Pakistan (NBP) and balances held with other banks in current and deposit accounts with maturities of less than three months.

7.2 Advances - net of provisions

Advances are stated net of specific and general provisions which are determined on the basis of the Prudential Regulations for Microfinance Banks issued by SBP. Advances are written off according to the Prudential Regulations or when there is no realistic prospect of recovery. These regulations prescribe a time based criteria for classification of non-performing advances into the following categories:

- a) Other assets especially mentioned (OAEM): These are advances in arrears (payments / installments overdue) for 30 days or more but less than 60 days .
- b) Substandard: These are advances in arrears (payments / installments overdue) for 60 days or more but less than 90 days.
- c) Doubtful: These are advances in arrears (payments / installments overdue) for 90 days or more but less than 180 days .
- d) Loss: These are advances in arrears (payments / installments overdue) for 180 days or more.

In addition, the Bank maintains a watchlist of all accounts overdue for 5-29 days. However, such accounts are not treated as non-performing for the purpose of classification and provisioning.

In accordance with the Prudential Regulations the bank maintains specific provision for potential loan losses for all non performing loans net of cash the following rates:

OAE	NIL
Substandard	25%
Doubtful	50%
Loss	100%

7.3 Operating fixed assets

Property and equipment

These are stated at cost less accumulated depreciation and any identified impairment losses (if any). Cost of property and equipment's consists of purchase price which is equal to the fair value of consideration paid at the time of acquisition or construction of the asset plus directly attributable costs in bringing the asset to their working conditions.

Depreciation is charged on additions from the date in which asset is available for use, using the straight line method, to the date of disposal.

Gain or loss on disposal, if any, are recognized in the profit and loss account in the year in which they arise.

Subsequent costs are included in an asset's carrying amount or recognized as a separate asset as appropriate, only when it is probable that future benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably. All other repairs and maintenance expenses are charged to the profit and loss account as and when incurred.

Capital work-in-progress

Capital work in progress is stated at cost less accumulated impairment losses, if any. All expenditures connected with specific assets incurred during installation and related advances there against, if any, are carried under this head. These are transferred to specific assets as and when assets become available for use.

Intangible assets

Intangible assets are stated at cost less accumulated amortization and accumulated impairment losses, if any. Intangible assets are amortized from the date when these assets are available for use, using the straight line method, whereby the cost of the intangible assets are amortized over its estimated useful lives over which economic benefits are expected to flow to the Bank. The useful lives are reviewed and adjusted, if appropriate, at each statement of financial position date.

Right of use assets (ROUA)

The Bank recognizes 'Right of use asset' (ROUA) in respect of the leases measured as the present value of the remaining lease payments on property lease agreements and discounted using the incremental borrowing rate for the Bank. These assets are depreciated on a straight line basis over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. These assets are also reduced by impairment losses, if any, and adjusted for certain remeasurements of lease liability.

7.4 Impairment of non-financial assets

The carrying amount of assets are reviewed at each statement of financial position date for impairment whenever events or changes in circumstances indicate that the carrying amounts of the assets may not be recoverable. If such indication exists and where the carrying value exceeds the estimated recoverable amount, assets are written down to their recoverable amounts. Recoverable amount is the greater of net selling price and value in use. The resulting impairment loss is taken to the profit and loss account.

7.5 Taxation

Current

The charge of current tax is based on taxable income at the applicable rate of taxation after taking into account available tax credits and rebates. Income for the purpose of computing current taxation is determined under the provisions of tax laws.

Deferred

Deferred tax is accounted for using the balance sheet method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases. Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized. Deferred tax assets are subsequently reduced, where required, to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax is charged or credited in the profit and loss account, except in the case of items credited or charged to statement of changes in equity, in which case it is included in equity.

7.6 Staff retirement benefits

Defined contribution plan

The Bank operates a recognized provident fund for its eligible employees. Equal monthly contributions are made, both by the Bank and the employees, to the Fund at the rate of 10% of basic salary.

Defined benefit plan

The Bank operates a recognized funded gratuity scheme for its eligible permanent employees completing the minimum qualifying services period of three years. Provision is made annually on the basis of actuarial recommendations based on Projected Unit Credit (PUC) method with corresponding impact recognized in profit and loss account including past service costs. Measurement gain or loss is recognized in statement of comprehensive income in the year in which they arise.

7.7 Deposits

Deposits are recorded at the proceeds received. Mark up accrued on these deposits, if any, is recognized separately as part of other liabilities, and is charged to profit and loss account over the period.

7.8 Borrowings

Borrowings are recorded at the proceeds received.

Borrowing costs are recognised as an expense in the period in which these are incurred except where such costs are directly attributable to the acquisition, construction or production of qualifying asset in which case such costs are capitalised as part of the cost of that asset.

7.9 Investments

The investments of the Bank, upon initial recognition, are classified as held-for-trading, held-to-maturity and available-for-sale, as appropriate.

Investments (other than held-for-trading) are initially measured at fair value plus transaction costs associated with the investments. Held-for-trading investments are initially measured at fair value and transaction costs are expensed out in the profit and loss account.

All purchase and sale of investments are recognized using settlement date accounting. Settlement date is the date on which investments are delivered to or by the Bank. All investments are derecognized when the right to receive economic benefit from investment has been expired or transferred and the Bank has transferred all risk and rewards of ownership.

7.9.1 Held-for-trading

These represent securities which are either acquired for the purpose of generating profit from short term fluctuations in prices or dealer's margin or are securities included in the portfolio in which a pattern of short term profit making exists. After initial measurement, such investments are carried at fair value and the gain / (loss) arising as a result of revaluation is taken to profit and loss account.

7.9.2 Held-to-maturity

These are securities with fixed or determinable payments and fixed maturities which the Bank has the intention and ability to hold till maturity. After initial measurement, such investments are carried at amortized cost.

7.9.3 Available-for-sale

These are investments which do not fall under the held-for-trading and held-to maturity categories. After initial measurement, such investments are measured at fair value. The gain / (loss) arising on revaluation is shown in the statement of financial position below equity which is taken to the profit and loss account when actually realized upon disposal.

Premium or discount on securities classified as available-for-sale and held-to-maturity is amortized using effective interest method and taken to profit and loss account.

Provision for impairment in the value of equity securities is made after considering objective evidence of impairment. Provision for diminution in the value of debt securities is made as per the requirements of the prudential regulations and charged to profit and loss account.

7.9.4 Lease liabilities

A lease liability is recognize at the commencement date of a lease. The lease liability is initially recognized at the present value of the lease payments to be made over term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, and the Bank's incremental borrowing rate. lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are re-measured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is re-measured, an adjustment is made to the corresponding right-of-use assets or to statement of profit or loss if the carrying amount of the right-of-use asset is fully written down.

7.10 Statutory reserve

The Bank is required under Microfinance Institution Ordinance, 2001 and Prudential Regulation "R-4 - Statutory Reserve", to create a reserve fund to which shall be credited an amount equal to at least 20% of its annual profits after taxes till such time the reserve fund equals the paid-up capital of the bank and thereafter, a sum not less than 5% of its annual profit after taxes.

7.11 Depositors' protection fund

The Bank is required under section 19 of the Microfinance Institutions Ordinance, 2001 to contribute 5% of its annual after tax profit and profit earned on investments of the fund shall be credited to the Depositors' Protection Fund for the purpose of providing security or guarantee to persons depositing money in the Bank.

7.12 Revenue recognition

- Markup / income / return / service charges on advances is recognized on accrual / time proportion basis using effective interest rate method at the Bank's prevailing interest rates for the loan products. Markup/ income on advances is collected with loan

Due but unpaid service charges / income are accrued on overdue advances for period up to specified days for each category as set out in Prudential Regulations for Microfinance Bank issued by the SBP. After these specified days, overdue advances are classified as non-performing and recognition of unpaid service charges / income ceases. Further, accrued markup on non-performing advances are reversed and credited to suspense account. Subsequently, markup recoverable on non-performing advances is recognized on a receipt basis in accordance with the requirements of the Regulations.

- Mark-up / income on investments and bank balances is recognized on a time proportion basis.
- Gain or loss on sale of securities is accounted for in the period in which the sale / settlement occurs.
- Fee, commission and brokerage income is recognized as services are rendered.
- Dividend income is recognized when the Bank's right to receive dividend is established.
- Other income is recognized on accrual basis when financial services have been rendered.

7.13 Administrative expenses

Administrative expenses are charged to profit and loss account, on accrual basis of accounting in the period in which these are incurred.

7.14 Dividend distribution

Dividends and other appropriations (except appropriations which are required by law) are recognized in the period in which these are approved.

Dividend made subsequent to the date of statement of financial position are considered as non-adjusting events and are recorded in the financial statements in accordance with the requirements of International Accounting Standards (IAS) 10, 'Events after the Balance Sheet Date' in the period in which they are approved.

7.15 Financial instruments

Financial assets and liabilities are recognized at the trade date, i.e. the date at which the Bank becomes party to a contractual provision of the instrument. Financial assets and liabilities are derecognized when they are distinguished i.e. when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on derecognition of the financial assets and liabilities are taken to income directly.

7.16 Financial assets and financial liabilities

Financial instruments carried on the statement of financial position include cash and balances with treasury banks, balances with other banks, lending to financial institutions, investments, advances, other assets, borrowings, deposits and other liabilities. The particular measurement methods adopted are disclosed in the individual policy statements associated with each item.

7.17 Offsetting of financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

7.18 Provisions and contingencies

Provisions are recognized when the Bank has a present legal or constructive obligation as a result of past events and when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. However, provisions are reviewed at each statement of financial position date and adjusted to reflect current best estimate.

A contingent liability is disclosed when the Bank has a possible obligation as a result of past event, existence of which will be confirmed only by occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Bank or the Bank has a present legal or constructive obligation that arises from past events, but is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

7.19 Earnings per share

The Bank presents earnings per share (EPS) for its ordinary shares which is calculated by dividing the profits or loss attributable to ordinary shareholders of the Bank by weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effect of all diluted potential ordinary shares (if any).

7.20 General

Figures have been rounded-off to nearest rupee, unless stated otherwise.

Where there are no amounts to be disclosed in the captions as prescribed by BSD circular No.11 dated December 30, 2003 issued by the SBP in respect of form of the financial statements for microfinance banks, these captions have not been reproduced in these financial statements, except for the captions of the balance sheet and profit and loss account.

7.21 Related party transactions

Transactions involving related parties arising in the normal course of the business are conducted at arm's length at normal commercial rates on the same terms and conditions as third transactions using valuation modes as admissible, unless disclosed otherwise.

8.	CASH AND BALANCES WITH SBP AND NBP	Note	2023	2022
			-----Rupees-----	
	Cash in hand - Local currency		1,369,645	908,448
	Balances with State Bank of Pakistan in			
	- On current account - Local currency	8.1	77,354,382	26,464,325
	Balances with National Bank of Pakistan in			
	- On deposit account - Local currency	8.2	1,710,736	7,971,565
			<u>80,434,763</u>	<u>35,344,338</u>

8.1 This represents balance held with SBP to meet the requirement of maintaining a minimum balance equivalent to 5% (2022: 5%) and 10% (2022: 10%) as liquidity reserve of the Bank's time and demand deposits with a tenure of less than one year, in accordance with regulation R-3A of the prudential regulations.

8.2 This represents balance held in savings account carrying mark-up on six months average balance at an offer rate of 20.50% (2022: 12.50%).

9 BALANCES WITH OTHER BANKS/NBFIs/MFBs

In Pakistan

- On current accounts - Local currency		1,470,118	1,994,710
- On deposit accounts - Local currency	9.1	575,900,684	404,229,824
		<u>577,370,802</u>	<u>406,224,534</u>

9.1 It includes the accounts maintained with the Sindh Bank Limited (the Holding Company) in daily product saving account carrying mark-up at an annual rate of 20.50% (2022: 13.25%), balances with U-Microfinance Bank carrying mark-up at an annual rate of 23.90% (2022: 17.50%),

10	INVESTMENT - NET OF PROVISIONS	Note	2023	2022
			-----Rupees-----	
	Held to maturity (HTM)			
	Federal Government securities			
	- Market treasury bills (T-bills)	10.1	144,408,445	54,788,274
	Term deposits receipts (TDRs)	10.2	500,000,000	-
			<u>644,408,445</u>	<u>54,788,274</u>

10.1 This represents treasury bills Rs. 144 million carrying interest at the rate of 21.15% per annum with maturity on March 07, 2024 .(2022 Rs. 19.79 & 34.99 million at the rate of 15.55% & 16.85%. respectively.)

10.2	Details of term deposits receipts	Maturity		Interest rate		2023	2022
		2023	2022	2023	2022	-----Rupees-----	
	U-Microfinance Bank Limited	3 months	-	21.00%	-	37,500,000	-
	U-Microfinance Bank Limited	6 months	-	24.25%	-	462,500,000	-
						<u>500,000,000</u>	<u>-</u>

11 ADVANCES - NET OF PROVISIONS

	Note	2023		2022	
		Number of loans outstanding	Amount outstanding (Rupees)	Number of loans outstanding	Amount outstanding (Rupees)
Micro Credit					
-Unsecured		74,134	1,892,188,604	66,110	1,286,584,114
-Secured		43	6,859,500	20	2,951,329
Less: Provision held					
- Specific	11.3	-	(2,574,495)	-	(5,376,551)
- General	11.2	-	(18,943,985)	-	(12,784,724)
		-	(21,518,480)	-	(18,161,275)
Microcredit advances- net of provisions		74,177	1,877,529,624	66,130	1,271,374,168
Staff loans		3	28,324,888	3	31,524,154
Advances (net of provisions)		74,180	1,905,854,512	66,133	1,302,898,322

11.1 Category of Classification	2023			2022		
	Amount Outstanding	Provisions Required	Provisions Held	Amount Outstanding	Provisions Required	Provisions Held
	-----Rupees-----					
OAEM	1,277,361	-	-	25,390,059	-	-
Substandard	959,646	239,911	239,911	1,933,675	483,418	483,418
Doubtful	2,712,501	1,356,250	1,356,250	8,472,535	4,236,267	4,236,267
Loss	978,334	978,334	978,334	656,864	656,864	656,864
	5,927,842	2,574,495	2,574,495	36,453,133	5,376,549	5,376,549

11.2 This represents general provision equivalent to 1% of outstanding unsecured advances held in accordance with the requirements of Prudential Regulations for Microfinance Banks.

11.3 Particulars of provision against non-performing advances	2023			2022		
	Specific	General	Total	Specific	General	Total
	-----Rupees-----					
Opening balance	5,376,550	12,784,724	18,161,274	4,145,513	9,220,294	13,365,807
Charge for the year	119,267,043	6,159,261	125,426,304	7,924,302	3,564,430	11,488,732
Charge off	(122,069,098)	-	(122,069,098)	(6,693,265)	-	(6,693,265)
Closing balance	2,574,495	18,943,985	21,518,480	5,376,550	12,784,724	18,161,274

11.3.1 The Bank recognized a loss of Rs.122 million on its rescheduled loan portfolio that was affected by COVID-19 and the rain/flood of 2022 after making all possible efforts to recover the impaired portfolio.

11.4 Particulars of write offs:	Note	2023	2022
		Amount (Rupees)	Amount (Rupees)
Against provision	11.3	122,069,098	6,693,265
Directly charged to profit and loss account	11.4.1	4,147,372	2,327,457
		126,216,470	9,020,722

11.4.1 This represents write-off against unsecured micro credit advances which were not recovered due to death of loan holders.

12 OPERATING FIXED ASSETS	Note	2023	2022
		-----Rupees-----	
Property and equipment	12.1	23,521,764	28,067,716
Intangible assets	12.2	6,206,928	6,750,619
Right of use assets	12.3	95,510,354	53,105,621
		<u>125,239,046</u>	<u>87,923,956</u>

12.1 Property and equipment

	COST				ACCUMULATED DEPRECIATION				Net book value at Dec 31, 2023	Rate of Depreciation
	As at Jan 1, 2023	Additions	On Disposal / transfer	As at Dec 31, 2023	As at Jan 1, 2022	Charge for the year	On Disposals / transfers	As at Dec 31, 2023		
	-----Rupees-----									
Office equipment	33,838,136	2,674,261	-	36,512,397	15,239,585	5,610,210	-	20,849,794	15,662,603	20%
Office improvement	3,552,805	249,620	-	3,802,425	711,994	204,656	-	916,651	2,885,774	5%
Furniture and fixture	2,747,357	385,181	-	3,132,538	1,356,834	312,396	-	1,669,229	1,463,309	10%
Vehicles	8,662,500	-	-	8,662,500	3,424,669	1,727,753	-	5,152,422	3,510,078	20%
Total	48,800,798	3,309,062	-	52,109,860	20,733,082	7,855,015	-	28,588,096	23,521,764	

	COST				ACCUMULATED DEPRECIATION				Net book value at Dec 31, 2022	Rate of Depreciation
	As at Jan 1, 2022	Additions	Disposals / transfers	As at Dec 31, 2022	As at Jan 1, 2022	Charge for the year	On Disposals / transfers	As at Dec 31, 2022		
	-----Rupees-----									
Office equipment	18,350,610	15,487,526	-	33,838,136	10,207,760	5,031,825	-	15,239,585	18,598,551	20%
Office improvement	3,283,990	268,815	-	3,552,805	540,025	171,969	-	711,994	2,840,811	5%
Furniture and fixture	2,717,357	30,000	-	2,747,357	1,083,011	273,823	-	1,356,834	1,390,523	10%
Vehicles	6,428,500	2,234,000	-	8,662,500	1,692,169	1,732,500	-	3,424,669	5,237,831	20%
Total	30,780,457	18,020,341	-	48,800,798	13,522,965	7,210,117	-	20,733,082	28,067,716	

12.2 Intangible assets

	COST			ACCUMULATED AMORTIZATION			Net book value at Dec 31, 2023	Rate of amortization
	As at Jan 1, 2023	Additions	As at Dec 31, 2023	As at Jan 1, 2023	Amortization	As at Dec 31, 2023		
	-----Rupees-----							
Software	11,751,744	1,374,208	13,125,952	5,001,125	1,917,899	6,919,024	6,206,928	20%
Total	11,751,744	1,374,208	13,125,952	5,001,125	1,917,899	6,919,024	6,206,928	

	COST			ACCUMULATED AMORTIZATION			Net book value at Dec 31, 2022	Rate of amortization
	As at Jan 1, 2022	Additions	As at Dec 31, 2022	As at Jan 1, 2022	Amortization	As at Dec 31, 2022		
	-----Rupees-----							
Software	6,385,243	5,366,501	11,751,744	3,987,851	1,013,274	5,001,125	6,750,619	20%
Total	6,385,243	5,366,501	11,751,744	3,987,851	1,013,274	5,001,125	6,750,619	

12.3 Right of use assets

	Note	2023 -----Rupees-----	2022
Opening balance		53,105,621	70,209,441
Additions during the year		66,282,321	-
Depreciation expense charged for the year	22	(23,877,588)	(17,103,820)
Closing balance as of December 31		95,510,354	53,105,621

	2023	2022
	-----Rupees-----	
13 OTHER ASSETS		
Income/ mark-up accrued on advances	44,674,556	69,900,433
Profit receivable on TDR's	760,363	-
Advances, prepayments and deposits	6,384,350	12,539,170
Advance tax - net of provision	22,311,264	37,922,194
	74,130,533	120,361,797

14 DEFERRED TAX ASSETS

Deferred tax assets arising on account of temporary deductible difference in:

- Provision against advances and other assets	6,240,359	5,266,770
- Employee benefit	1,408,553	726,039
- Lease finance facility	26,989,390	10,291,589
- Operating fixed assets	399,896	-
	35,038,198	16,284,398

Deferred tax liabilities arising on account of temporary taxable difference in:

- Operating fixed assets	-	(747,613)
- Right to use assets	(27,698,003)	(15,400,630)
- Intangible assets	(85,693)	36,801
	(27,783,696)	(16,111,442)

Net deferred tax assets

	7,254,502	172,956
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15 DEPOSITS AND OTHER ACCOUNTS	Note	2023		2022	
		Number of accounts	Amount outstanding (Rupees)	Number of accounts	Amount outstanding (Rupees)
Current deposits		11	272,887	11	124,094
Fixed Deposit	15.2	-	973,816,000	-	310,592,559
Savings deposits	15.3	162,172	349,195,892	129,045	289,618,543
		162,183	1,323,284,779	129,056	600,335,196

15.1 Particulars of deposits by ownership

1) Individual depositors	162,180	274,125,039	129,054	269,159,666
2) Institutional depositors				
a) Corporation / firms	2	711,977,651	1	50,000,000
b) Banks / financial institution	1	337,182,089	1	281,175,530
	162,183	1,323,284,779	129,056	600,335,196

15.2 This represents term deposits having tenure of 03-36 months (2022: 06-36 months) carrying interest rate 14.50% - 24% (2022: 12% to 17.25%) per annum.

15.3 These are remunerative saving deposits of corporate and individual clients carrying interest rate of 8.00% to 23.50% per annum (2022: 8% to 13.25%).

16 BORROWINGS

Borrowings from State Bank of Pakistan	16.1	571,000,000	310,000,000
Borrowing From Pakistan Microfinance Investment Corporation	16.2	150,000,000	-
		721,000,000	310,000,000

		2023	2022
		-----Rupees-----	
13	OTHER ASSETS		
	Income/ mark-up accrued on advances	44,674,556	69,900,433
	Profit receivable on TDR's	760,363	-
	Advances, prepayments and deposits	6,384,350	12,539,170
	Advance tax - net of provision	22,311,264	37,922,194
		<u>74,130,533</u>	<u>120,361,797</u>

14 DEFERRED TAX ASSETS

Deferred tax assets arising on account of temporary deductible difference in:

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- Employee benefit	1,408,553	726,039
- Lease finance facility	26,989,390	10,291,589
- Operating fixed assets	399,896	-
	<u>35,038,198</u>	<u>16,284,398</u>

Deferred tax liabilities arising on account of temporary taxable difference in:

- Operating fixed assets	-	(747,613)
- Right to use assets	(27,698,003)	(15,400,630)
- Intangible assets	(85,693)	36,801
	<u>(27,783,696)</u>	<u>(16,111,442)</u>

Net deferred tax assets

<u>7,254,502</u>	<u>172,956</u>
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		2023		2022		
15	DEPOSITS AND OTHER ACCOUNTS	Note	Number of accounts	Amount outstanding (Rupees)	Number of accounts	Amount outstanding (Rupees)
			Current deposits	11	272,887	11
Fixed Deposit	15.2	-	973,816,000	-	310,592,559	
Savings deposits	15.3	162,172	349,195,892	129,045	289,618,543	
		<u>162,183</u>	<u>1,323,284,779</u>	<u>129,056</u>	<u>600,335,196</u>	

15.1 Particulars of deposits by ownership

1) Individual depositors	162,180	274,125,039	129,054	269,159,666
2) Institutional depositors				
a) Corporation / firms	2	711,977,651	1	50,000,000
b) Banks / financial institution	1	337,182,089	1	281,175,530
	<u>162,183</u>	<u>1,323,284,779</u>	<u>129,056</u>	<u>600,335,196</u>

15.2 This represents term deposits having tenure of 03-36 months (2022: 06-36 months) carrying interest rate 14.50% - 24% (2022: 12% to 17.25%) per annum.

15.3 These are remunerative saving deposits of corporate and individual clients carrying interest rate of 8.00% to 23.50% per annum (2022: 8% to 13.25%).

16 BORROWINGS

Borrowings from State Bank of Pakistan	16.1	571,000,000	310,000,000
Borrowing From Pakistan Microfinance Investment Corporation	16.2	150,000,000	-
		<u>721,000,000</u>	<u>310,000,000</u>

- 16.1** The Bank obtained borrowing from the State Bank of Pakistan under its line of credit fund scheme (LOCF scheme). The second tranche of the LOCF scheme Rs. 640.78 million was received in 2019 at a markup rate of six months KIBOR -1%. The interest on the facility is payable bi-annually and the principal is to be repaid in 2024. During the year 2022 amount of Rs. 331 million principal was repaid as principal repayment and the remaining principal balance as at December 31, 2022 was Rs. 310million.

During the current year, further amount of Rs. 261 million has been sanctioned and received by the Bank in two tranches under it. The first tranche of Rs. 250 million was received at markup rate of six months KIBOR -1% and the second tranche of Rs. 11 million v markup rate of six months KIBOR -1%. The interest on the facility is payable bi-annually and the principle is repayable within 3 years

- 16.2** The Bank obtained borrowing from Pakistan Microfinance Investment Corporation Ltd. (PMIC). A total amount of Rs. 150 million was received by the Bank in two tranches amounting to Rs. 75 million each at a markup rate of six months KIBOR +2.5%. The interest payable quarterly and the principle is repayable in 4 quarterly installments by January 2025.

17 OTHER LIABILITIES	Note	2023	2022
		-----Rupees-----	
Mark-up/return/ interest payable		162,394,562	36,483,017
Audit fee payable		437,938	542,050
EOBI payable		632,222	250,101
Withholding tax payable		965,713	2,822,872
Employees provident fund payable		296,924	783,600
Gratuity payable	17.1.1	4,857,079	2,503,582
Other payable		1,754,649	6,132,508
Lease liability against right of use assets	17.2	93,066,862	35,488,237
		<u>264,405,949</u>	<u>85,005,967</u>
17.1 Gratuity payable		166,316,957	46,472,109
17.1.1 Statement of financial position			
Present value of defined benefit obligation	17.1.4	21,332,477	17,625,463
Less: Fair value of plan assets	17.1.4	(18,807,213)	(15,398,648)
Plus: Payable		2,331,815	276,767
Balance sheet liability		<u>4,857,079</u>	<u>2,503,582</u>
17.1.2 Changes in present value of defined benefit obligations			
Present value of defined benefit obligation		17,625,464	15,972,768
Less: liability of third party staff at beginning		(868,044)	-
Current service cost	17.1.4	4,981,394	5,325,796
Past service cost (credit)		-	-
Interest cost on defined benefit obligation	17.1.4	2,299,014	1,691,082
Benefits due but not paid (payables)		(2,055,048)	-
Benefits paid		(1,485,334)	(3,161,167)
Remeasurements:			
Actuarial (gains)/losses from changes in demographic assumptions		-	(185,267)
Actuarial (gains)/losses from changes in financial assumptions		61,290	154,546
Experience adjustments		773,741	(2,172,294)
Present value of defined benefit obligation		<u>21,332,477</u>	<u>17,625,464</u>
17.1.3 Changes in fair value of plan assets			
Fair value of plan assets		15,398,648	11,153,836
Contributions		2,503,582	5,862,899
Interest income on plan assets		2,306,627	1,469,302
Benefit paid		(1,485,334)	(3,161,167)
Return on plan assets, excluding interest income		83,690	73,778
		<u>18,807,213</u>	<u>15,398,648</u>

	2023	2022
	-----Rupees-----	
17.1.4 Expenses to be charged to profit or loss		
Current service cost	4,981,394	5,325,796
Past service cost (credit)	-	-
Interest cost on defined benefit obligation	2,299,014	1,691,082
Interest income on plan assets	<u>(2,306,627)</u>	<u>(1,469,302)</u>
Expense chargeable to profit or loss	<u>4,973,781</u>	<u>5,547,576</u>
17.1.5 Total remeasurements chargeable in other comprehensive income		
Remeasurement of plan obligation:		
Actuarial gains from changes in demographic assumptions	-	(185,267)
Actuarial gains from changes in financial assumptions	61,290	154,546
Experience adjustments	<u>773,741</u>	<u>(2,172,294)</u>
	<u>835,031</u>	<u>(2,203,015)</u>
Return on the plan assets, excluding interest income	<u>(83,690)</u>	<u>(73,778)</u>
Total remeasurements chargeable in other comprehensive income	<u>751,341</u>	<u>(2,276,793)</u>
17.1.7 Significant actuarial assumptions		
Discount rate used for interest cost in profit or loss charge	14.50%	11.75%
Discount rate used for year end obligation	15.50%	14.50%
Salary increase used for year end obligation	-	-
Salary increase FY2023	N/A	13.50%
Salary increase FY2024	14.50%	13.50%
Salary increase FY2025	14.50%	13.50%
Salary increase FY2026	14.50%	13.50%
Salary increase FY2027	14.50%	13.50%
Salary increase FY2028	14.50%	13.50%
Salary increase FY2029 onward	14.50%	13.50%
Next salary is increased at	01-Jan-24	01-Jan-23
Mortality rates	SLIC	SLIC
Withdrawal rates	Setback 1 Year	Setback 1 Year
Retirement assumption	Age-based	Age-based
	Age 60	Age 60
17.1.8 Estimated expenses to be charged to profit or loss in FY 2024		
Current service cost		5,009,190
Interest cost on defined benefit obligation		3,026,364
Interest income on plan assets		<u>(2,828,976)</u>
Amount chargeable to P&L		<u>5,206,578</u>
17.1.7 Additional Disclosure item		
A) Plan assets at December 31,2023 comprise		Dec-31,2023
1 Bond		0.00%
2 Equity		0.00%
3 Cash or deposits		100.00%
4 Others		0.00%
		<u>100.00%</u>
B) Year end sensitivity analysis on defined benefit obligation Discount rate effect		
Discount rate + 100 bps	<u>20,415,565</u>	<u>16,813,437</u>
Discount rate - 100 bps	<u>22,363,139</u>	<u>18,537,958</u>
Salary increase + 100 bps	<u>22,417,488</u>	<u>18,587,716</u>
Salary increase - 100 bps	<u>20,349,265</u>	<u>16,753,080</u>

C) Expected benefit payments for the next 10 years and beyond

2 FY 2024	3,615,093
3 FY 2025	4,594,371
4 FY 2026	3,739,966
5 FY 2027	14,384,640
6 FY 2028	3,105,917
6 FY 2029	3,313,327
7 FY 2030	3,298,148
8 FY 2031	2,804,051
9 FY 2032	2,783,639
10 FY 2033	6,591,609
11 FY 2034 onward	352,856,661
12 The average duration of the defined benefit obligation is	5 Years

		2023	2022
		-----Rupees-----	
17.2 Lease liability against right of use assets	Note		
Lease liabilities included in the statement of financial position As at December 31		<u>93,066,862</u>	<u>35,488,237</u>
Of which are:			
Current lease liability		93,066,862	35,488,237
Non-current lease liability		-	-
	17.2.1	<u>93,066,862</u>	<u>35,488,237</u>

17.2.1 The Bank has leased assets which are essentially property rent contracts for its branches and service centers with lease terms of less than one year with the option to extend the lease term based on mutual consent of the landlord and the Bank. It has been the usual practice that most of these rent contracts are extended with rent incremental of 8% to 15% per annum and the intent of the Bank to continue using these lease assets has been demonstrated by renewal of these contracts in prior years. An indicative finance charge at the SBP policy rate of 22% per annum has been assumed for the purposes of discounting the future cash flows relating to rental / lease payments.

18 SHARE CAPITAL

Authorized share capital

2023	2022		2023	2022
-----No. of Shares-----			-----Rupees-----	
<u>200,000,000</u>	<u>200,000,000</u>	Ordinary shares of Rs. 10 each fully paid in cash	<u>2,000,000,000</u>	<u>2,000,000,000</u>

Issued, subscribed and paid-up share capital

2023	2022		2023	2022
-----No. of Shares-----			-----Rupees-----	
75,000,000	75,000,000	Ordinary shares of Rs. 10 each fully paid in cash	750,000,000	750,000,000
<u>25,000,000</u>	-	Issued as bonus shares	<u>250,000,000</u>	-
<u>100,000,000</u>	<u>75,000,000</u>		<u>1,000,000,000</u>	<u>750,000,000</u>

18.1 Sindh Bank Limited (the Holding Bank) is holding 99.99% shares of Sindh Microfinance Bank Limited.

19 MEMORANDUM / OFF BALANCE SHEET ITEMS

There are no contingencies and commitments as at year end (2022: Nil).

		2023	2022
		-----Rupees-----	
20	MARK-UP / RETURN / INTEREST EARNED		
	On:		
	- Advances	780,651,553	390,793,605
	- Deposits / Placements with Banks /MFBs etc.	150,815,272	73,424,692
	- Investment in Federal Government securities T-Bills	16,806,392	4,455,477
	- Staff loans	1,121,417	1,012,332
		<u>949,394,634</u>	<u>469,686,106</u>
21	MARK-UP / RETURN / INTEREST EXPENSED		
	On:		
	- Deposits	199,047,169	72,100,967
	- Lease liability	24,838,502	10,892,259
	- Borrowings	105,573,162	41,532,659
		<u>329,458,833</u>	<u>124,525,885</u>
22	ADMINISTRATIVE EXPENSES		
	Salaries, wages and other allowances etc.	244,325,635	185,915,195
	Contribution to defined contribution plan	5,107,588	5,058,594
	Gratuity expense	4,105,738	5,547,576
	Staff welfare	2,743,777	1,625,114
	Directors' fee	220,000	480,000
	Printing and stationery	5,218,953	3,151,688
	Communication	5,467,597	4,805,063
	Travelling and conveyance	13,990,496	9,058,178
	Insurance	4,472,241	3,085,498
	Training and development	1,125,065	1,147,748
	Utilities	9,824,765	7,320,922
	Branch setup cost	570,790	562,963
	Advertisement & publicity	218,367	255,096
	Depreciation	7,855,015	7,210,117
	Amortization	1,917,899	1,013,274
	Depreciation on right of use assts	23,877,588	14,041,889
	Auditor's remuneration	682,725	648,625
	Bank charges	3,270,704	2,586,406
	Repair & maintenance expenses	4,273,942	3,809,472
	Office cleaning and maintenance	687,415	634,665
	Legal and professional fee	144,000	144,000
	Client KYC and verification expenses	8,563,521	6,829,728
	Fee and subscription	3,421,596	2,901,644
	IT equipment and software maintenance	7,180,002	5,747,398
	Others	253,046	482,562
		<u>359,518,465</u>	<u>274,063,415</u>
22.1	Auditors' remuneration		
	Half yearly review fee	148,375	144,375
	Yearly audit fee	404,250	404,250
	Certification fee	61,500	61,500
	Public sector code of corporate governance - report fee	38,500	38,500
	Others fee	30,100	-
		<u>682,725</u>	<u>648,625</u>

	2023	2022
	-----Rupees-----	
23 OTHER CHARGES		
State Bank of Pakistan-Penalty	<u>40,000</u>	<u>41,000</u>
24 TAXATION		
For the year		
- current	<u>46,180,032</u>	15,410,853
- deferred	<u>(6,863,656)</u>	419,783
	<u>39,316,376</u>	15,830,636
	<u>39,316,376</u>	15,830,636

24.1 Relationship between tax expense and accounting profit

Profit before tax	<u>130,803,660</u>	<u>57,239,617</u>
Tax at the tax rate of 29%	37,933,061	16,599,489
Effects of:		
Permanent difference	11,600	-
Impact of Super tax	1,539,334	-
Others	<u>(167,619)</u>	<u>(768,853)</u>
Tax expense	<u>39,316,376</u>	<u>15,830,636</u>

25 EARNINGS PER SHARE - BASIC AND DILUTED

There is no dilutive effect on the basic earnings per share of the Company, which is based

		-----Rupees-----	
Profit after taxation attributable to ordinary shareholders	A	<u>91,487,284</u>	<u>41,408,981</u>
		(Number)	
Weighted average number of ordinary shares outstanding during the year (Numbers)	B	<u>100,000,000</u>	<u>100,000,000</u>
		-----Rupees-----	
		Restated	
Earnings per share	A/B	<u>0.91</u>	<u>0.41</u>

25.1 As disclosed in note 18 to these financial statements, the Bank has approved and issued 25 million (2022: Nil) bonus shares during the year. The effect of these has been accounted for in these financial statements and the prior year EPS has been restated as per requirements of the applicable financial reporting framework.

26 CASH AND CASH EQUIVALENTS

Cash in hand	8	1,369,645	908,448
Cash and balances with SBP and NBP	8	79,065,118	34,435,890
Balances with other banks	9	577,370,802	406,224,534
Investment - net of provisions		-	-
		<u>657,805,565</u>	<u>441,568,872</u>

27 NUMBER OF EMPLOYEES

2023	Credit /Sales Staff	Banking Staff	Total
	-----Number-----		
Permanent	150	46	196
Contractual	215	15	230
Total number of employees	<u>365</u>	<u>61</u>	<u>426</u>

NUMBER OF EMPLOYEES**2022**

	Credit /Sales Staff	Banking Staff	Total
	-----Number-----		
Permanent	131	72	203
Contractual	186	12	198
Total number of employees	<u>317</u>	<u>84</u>	<u>401</u>

Average number of employees during the year

	2023	2022
	-----Number-----	
	<u>414</u>	<u>376</u>

28 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

	2023			2022		
	Directors	Management Personnel	Other related parties	Directors	Management Personnel	Other related parties
	----- (Rupees) -----					
Income :						
Mark-up / return / interest earned	-	-	7,974,334	-	-	4,492,803
Interest on Loan to Employess	-	1,121,417	-	-	1,012,332	-
Expenses :						
Directors' meeting fee	220,000	-	-	480,000	-	-
Insurnace Premium Paid	-	-	4,051,848	-	-	2,859,429
Provision for Gratuity	-	4,105,738	-	-	5,547,576	-
Contribution to Provident fund	-	5,107,588	-	-	5,058,594	-
Bank Charges	-	-	738,271	-	-	477,971
Balances with Related Parties :						
-Sindh Bank Limited						
(Highest balance during the year)						
Deposits in daily Saving account	-	-	112,206,004	-	-	65,296,804
Balances outstanding as at December 31,						
Deposits in daily Saving account	-	-	50,362,645	-	-	11,572,742
Markup /Interest receivable on DSA	-	-	2,996,751	-	-	-
Loan to Employees	-	28,324,888	-	-	31,524,154	-
Deposit of relative of a Key management personnel	-	5,507	-	-	5,507	-
Transactions with Related Parties :						
Purchase of Government Securities	-	-	527,500,000	-	-	119,667,642
Gratuity Paid	-	2,503,582	-	-	5,862,899	-

29 NUMBER OF BRANCHESAt the beginning of the year
Opened during the year

	2023	2022
	-----Numbers-----	
At the beginning of the year	19	18
Opened during the year	-	1
	<u>19</u>	<u>19</u>

30 NUMBER OF SERVICE CENTERSAt the beginning of the year
Opened during the year

	2023	2022
At the beginning of the year	71	62
Opened during the year	6	9
	<u>77</u>	<u>71</u>

31 REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

	2023			2022		
	Rupees			Rupees		
	CEO	Director	Executives	CEO	Director	Executives
-Managerial remuneration	7,582,845	-	15,559,657	8,661,661	-	10,036,228
-House rent allowance	3,412,280	-	7,001,846	3,897,747	-	4,516,303
-Medical allowance	758,285	-	1,555,966	866,166	-	1,003,623
-Utilities allowance	758,285	-	1,555,966	866,166	-	1,003,623
-Contribution to PF	758,285	-	1,555,966	866,166	-	1,003,623
-Directors fee	-	220,000	-	-	480,000	-
-Bonus	1,154,888	-	3,616,851	1,539,851	-	1,523,331
-Others	-	-	-	-	60,000	-
	14,424,868	220,000	30,846,252	16,697,757	540,000	19,086,731
Number of persons at year end	1	3	10	1	3	6

31.1 Executive means employees, other than the chief executive officer and directors, whose basic salary exceed Rs. 1,200,000 in a financial year.

31.2 The President / Chief Executive Officer is entitled to use bank maintained car and perquisites in accordance with the terms of his appointment.

32 DEFINED CONTRIBUTION PLAN 2023
-----Rupees-----
2022

32.1 Disclosures relating to Provident fund

Size of the fund	49,906,261	41,766,909
Cost of the investments made	44,927,000	30,000,000
Percentage of investments made	90%	72%
Fair value of investments	44,927,000	30,000,000
Break-up of investments		
TDR's	44,927,000	30,000,000
Receivable from Sindh Microfinance Bank Limited	296,924	783,600
Bank balances	4,682,337	10,983,309
	49,906,261	41,766,909

Investments out of Provident Fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

33 FINANCIAL RISK MANAGEMENT

33.1 Interest / mark-up rate risk

Interest rate risk is the risk that the value of the financial instrument will fluctuate as a result of changes in market interest rates. The risk as managed by the regular review of market rates. The Bank's interest rate exposure is low due to the short-term nature of the majority of business transactions.

Note	Interest bearing / exposed to yield / interest risk						Non interest bearing / not exposed to yield / interest risk					Total	
	Effective yield / interest rate	Up to one month	Over one month up to six months	Over six months up to one year	Over one year	Sub total	Up to one month	Over one month up to six months	Over six months up to one year	Over one year	Sub total		
2023	%	Rupees											
Financial assets													
Cash and balances with SBP and NBP	8		1,710,736	-	-	-	1,710,736	78,724,027	-	-	-	78,724,027	80,434,763
Balances with other banks	9	13.25 - 23.90	575,900,684	-	-	-	575,900,684	1,470,118	-	-	-	1,470,118	577,370,802
Investment - net of provisions	10	21.25 - 24.25	-	644,408,445	-	-	644,408,445	-	-	-	-	-	644,408,445
Advances	11	25.00 - 49.00	231,596,809	1,057,486,614	609,964,681	28,324,888	1,927,372,992	(21,518,480)	-	-	-	(21,518,480)	1,905,854,512
Other assets	13		-	-	-	-	-	-	44,674,556	-	760,363	45,434,919	45,434,919
			809,208,229	1,701,895,059	609,964,681	28,324,888	3,149,392,857	58,675,665	44,674,556	-	760,363	104,110,584	3,253,503,441
Off statement of financial position													
Total			809,208,229	1,701,895,059	609,964,681	28,324,888	3,149,392,857	58,675,665	44,674,556	-	760,363	104,110,584	3,253,503,441
Financial liabilities													
Deposits and other accounts	15	8.00 - 24.00	352,544,892	118,190,000	702,032,000	150,245,000	1,323,011,892	272,887	-	-	-	272,887	1,323,284,779
Borrowings	16	14.48 - 25.47	-	385,000,000	75,000,000	261,000,000	721,000,000	-	-	-	-	-	721,000,000
Other liabilities	17		-	-	-	-	-	164,149,211	437,938	-	93,066,862	257,654,011	257,654,011
			352,544,892	503,190,000	777,032,000	411,245,000	2,044,011,892	164,422,098	437,938	-	93,066,862	257,926,898	2,301,938,790
Off statement of financial position													
Total			352,544,892	503,190,000	777,032,000	411,245,000	2,044,011,892	164,422,098	437,938	-	93,066,862	257,926,898	2,301,938,790
On statement of financial position gap			456,663,337	1,198,705,059	(167,067,319)	(382,920,112)	1,105,380,965	(105,746,433)	44,236,618	-	(92,306,499)	(153,816,314)	951,564,651
Off statement of financial position gap			-	-	-	-	-	-	-	-	-	-	-

Note	Interest bearing / exposed to yield / interest risk						Non interest bearing / not exposed to yield / interest risk					Total	
	Effective yield / interest rate	Up to one month	Over one month up to six months	Over six months up to one year	Over one year	Sub total	Up to one month	Over one month up to six months	Over six months up to one year	Over one year	Sub total		
2022	%	Rupees											
Financial assets													
Cash and balances with SBP and NBP	8		7,971,565	-	-	-	7,971,565	27,372,773	-	-	-	27,372,773	35,344,338
Balances with other banks	9	13.25 - 17.50	404,229,824	-	-	-	404,229,824	1,994,710	-	-	-	1,994,710	406,224,534
Investment - net of provisions	10	15.55 - 16.85	-	54,788,274	-	-	54,788,274	-	-	-	-	-	54,788,274
Advances	11	44	107,461,287	644,767,722	537,306,435	31,524,154	1,321,059,598	(18,161,275)	-	-	-	(18,161,275)	1,302,898,323
Other assets	13		-	-	-	-	-	-	69,900,433	-	-	69,900,433	69,900,433
			519,662,676	699,555,996	537,306,435	31,524,154	1,788,049,261	11,206,208	69,900,433	-	-	81,106,641	1,869,155,902
Off statement of financial position													
Total			519,662,676	699,555,996	537,306,435	31,524,154	1,788,049,261	11,206,208	69,900,433	-	-	81,106,641	1,869,155,902
Financial liabilities													
Deposits and other accounts	15	8.00 - 17.25	289,494,449	7,550,000	160,342,559	142,700,000	600,087,008	124,094	-	-	-	124,094	600,211,102
Borrowings	16	6.35 - 8.69	-	-	-	310,000,000	310,000,000	-	-	-	-	-	310,000,000
Other liabilities	17		-	-	-	-	-	42,615,525	542,050	-	35,488,237	78,645,812	78,645,812
			289,494,449	7,550,000	160,342,559	452,700,000	910,087,008	42,739,619	542,050	-	35,488,237	78,769,906	988,856,914
Off statement of financial position													
Total			289,494,449	7,550,000	160,342,559	452,700,000	910,087,008	42,739,619	542,050	-	35,488,237	78,769,906	988,856,914
On statement of financial position gap			230,168,227	692,005,996	376,963,876	(421,175,846)	877,962,253	(31,533,411)	69,358,383	-	(35,488,237)	2,336,735	880,298,988
Off statement of financial position gap			-	-	-	-	-	-	-	-	-	-	-

33.2 Credit risk management

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Bank's credit risk is primarily attributable to its advance. The bank has an effective loan disbursement and recovery monitoring system which allow it to evaluate borrowers' credit worthiness and identify potential problem loans. Provision for loan losses is maintained as required by the Prudential Regulation.

In summary, the maximum exposure to credit risk as at reporting date was as follows:

	Note	2023 -----Rupees-----	2022
Bank balances	8 & 9	656,435,920	440,660,424
Advances - net of provisions	11	1,905,854,512	1,302,898,322
Investment - net of provisions	10.2	644,408,445	54,788,274
Other assets	13	45,434,919	69,900,433
		<u>3,252,133,796</u>	<u>1,868,247,453</u>

33.3 Liquidity risk management

Liquidity risk is the risk of being unable to raise funds at a reasonable price to meet commitment when they fall due or take the advantage of investment opportunities when they rise. The management ensure that funds are available at all times to meet the funding requirements of the Bank.

As at the reporting date the Bank's financial liabilities have contractual maturities as summarized below:

2023	Effective yield / interest rate	Upto one year	Over one year	Total
Deposits and other accounts	8.00 - 24.00	1,173,039,779	150,245,000	1,323,284,779
Borrowings	14.48 - 25.47	460,000,000	261,000,000	721,000,000
Other liabilities		164,587,149	93,066,862	257,654,011
		<u>1,797,626,928</u>	<u>504,311,862</u>	<u>2,301,938,790</u>
2022				
Deposits and other accounts	8.00 - 17.25	457,635,196	142,700,000	600,335,196
Borrowings	6.35 - 8.69	-	310,000,000	310,000,000
Other liabilities		43,281,669	35,488,237	78,769,906
		<u>500,916,865</u>	<u>488,188,237</u>	<u>989,105,102</u>

33.4 Interest risk measurement

Interest rate risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market interest rate. The risk is managed by regular review of market rates.

Sensitivity analysis of interest rate risk on financial assets and liabilities is presented below:

Net financial assets	33.1	<u>1,105,380,965</u>	<u>877,962,253</u>
Effect on profit and loss account			
Interest rate + 100 bps		<u>11,053,810</u>	<u>8,779,623</u>
Interest rate - 100 bps		<u>(11,053,810)</u>	<u>(8,779,623)</u>

33.5 Fair value measurement

Assets and liabilities measured at fair value in the statement of financial position are grouped into three levels of fair value hierarchy. This grouping is determined based on the lowest level of significant inputs used in fair value measurement, as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial instrument in level 1

Currently, no financial instruments are classified in level 1.

Financial instrument in level 2

Currently, no financial instruments are classified in level 2.

Financial instrument in level 3

Currently, no financial instruments are classified in level 3.

The fair value of assets and liabilities except for staff loan and non-performing advances, their carrying values since these assets and liabilities are either short term in nature or frequently repriced in case of customer loan and deposits.

The fair value of staff loan cannot be calculated with sufficient reliability due to the absence of current and active market for such assets and reliable data regarding market rates for similar instruments. The provision for non-performing advances is calculated in accordance with the Bank's accounting policy as stated in policy note.

34 MATURITIES OF ASSETS AND LIABILITIES

2023	Total	Upto one month	Over one month upto six months	Over six months upto one year	Over one year
	-----Rupees-----				
Market rate assets					
Advances	1,927,372,992	231,596,809	1,057,486,614	609,964,681	28,324,888
Investments	644,408,445	-	644,408,445	-	-
Other earning assets	577,611,420	577,611,420	-	-	-
Total market rate assets	3,149,392,857	809,208,229	1,701,895,059	609,964,681	28,324,888
Other non-earning assets	265,299,746	58,675,665	44,674,556	6,384,350	155,565,175
Total assets	3,414,692,603	867,883,894	1,746,569,615	616,349,031	183,890,063
Market rate liabilities					
Deposits and other accounts	1,323,011,892	352,544,892	118,190,000	702,032,000	150,245,000
Borrowing	721,000,000	-	385,000,000	75,000,000	261,000,000
Other cost bearing liabilities	-	-	-	-	-
Total market rate liabilities	2,044,011,892	352,544,892	503,190,000	777,032,000	411,245,000
Other non- cost bearing liabilities	264,678,836	166,316,957	437,938	-	97,923,941
Total liabilities	2,308,690,728	518,861,849	503,627,938	777,032,000	509,168,941
2022	Total	Upto one month	Over one month upto six months	Over six months upto one year	Over one year
	-----Rupees-----				
Market rate assets					
Advances	1,321,059,598	107,461,287	644,767,722	537,306,435	31,524,154
Investments	54,788,274	-	54,788,274	-	-
Other earning assets	412,201,389	412,201,389	-	-	-
Total market rate assets	1,788,049,261	519,662,676	699,555,996	537,306,435	31,524,154
Other non-earning assets	219,664,916	11,206,208	69,900,433	12,539,170	126,019,105
Total assets	2,007,714,177	530,868,884	769,456,429	549,845,605	157,543,259
Market rate liabilities					
Deposits and other accounts	600,087,008	289,494,449	7,550,000	160,342,559	142,700,000
Borrowing	310,000,000	-	-	-	310,000,000
Other cost bearing liabilities	-	-	-	-	-
Total market rate liabilities	910,087,008	289,494,449	7,550,000	160,342,559	452,700,000
Other non- cost bearing liabilities	85,254,155	46,720,286	542,050	-	37,991,819
Total liabilities	995,341,163	336,214,735	8,092,050	160,342,559	490,691,819

35 CAPITAL RISK MANAGEMENT

The objective of managing capital is to safeguard the Bank's ability to continue as a going concern, so that it could continue to provide adequate returns and benefits to stakeholders by pricing products and services commensurately with the level of risk and comply with capital requirement set by SBP. It is the policy of the Bank to maintain a strong capital base at reasonable cost so as to maintain investors, creditor and market confidence, sustained future development of the business and achieve low overall cost of the capital with appropriate mix of cost of capital. The impact of the level of capital on shareholders return is also recognized and the Bank recognizes the need to maintain a balance between the higher returns that might be possible with higher gearing and the advantages and security afforded by a sound capital position.

As per amendments in Prudential Regulations (R-1) issued vide BPRD Circular No. 10 of 2015 dated June 03, 2015, the minimum paid up capital requirement (MCR), free of losses for Microfinance Banks operating at provincial level is Rs. 500 million. As at December 31, 2023, the paid up share capital of the Bank stood at Rs. 1 billion (2022: Rs. 750 million).

The capital of the Bank is managed keeping in view the minimum Capital Adequacy Ratio CAR (15%) required by the Prudential Regulations for the Microfinance Banks / Institutions. The adequacy of the capital is tested with reference to the risk-weighted assets of the Bank. The calculation of capital adequacy enables the Bank to assess the long-term soundness. As the Bank conducts business on a wide area network basis, it is critical that it is able to continuously monitor the exposure across the entire organization.

The Bank manages its capital structure and makes adjustments to it in light of changes in regulatory and economic conditions. In order to maintain or adjust the capital structure, the Bank may adjust the amount of dividend paid to shareholders, return capital to shareholders or issue new shares.

As at December 31, 2023, the Bank's Capital adequacy ratio (CAR) is approximately 47.52% (2022: 63.43%) of its weighted exposure, as against the minimum requirement of 15% prescribed by SBP.

36 CORRESPONDING FIGURES

- Corresponding figures have been re-arranged and re-classified for better presentation, wherever necessary, for the purpose of comparison. However, no significant re-arrangements have been made.

- Figures have been rounded off to the nearest Rupees.

37 SUBSEQUENT EVENTS

No adjusting or significant non-adjusting events have occurred between the reporting date and date of authorization.

38 DATE OF AUTHORIZATION

These financial statements were authorized for issue on _____ by the Board of Directors of the Bank.

President & Chief Executive

Chief Financial Officer

Chairman

Director

Director