Riaz Ahmad & Company
Chartered Accountants

SINDH MICROFINANCE BANK LIMITED

FINANCIAL STATEMENTS WITH ACCOMPANYING INFORMATION

FOR THE YEAR ENDED 31 DECEMBER 2024

A member of Nexia International

SINDH MICROFINANCE BANK LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024

	Note	2024	2023
ASSETS		-------------Rupees-------------	
Cash and balances with treasury banks	5	**112,004,966**	80,434,763
Balances with other MFBs/Banks/NBFIs	6	**904,487,174**	577,370,802
Lendings to financial institutions		-	-
Investments	7	**1,133,038,418**	644,408,445
Advances	8	**2,097,148,504**	1,903,817,665
Property and equipment	9	**24,821,590**	23,521,764
Right-of-use assets	10	**112,514,906**	95,510,354
Intangible assets	11	**4,771,562**	6,206,928
Deferred tax assets	12	**51,853,983**	7,254,502
Other assets	13	**90,312,285**	76,167,380
Total assets		**4,530,953,388**	3,414,692,603
LIABILITIES			
Bills payable		-	-
Borrowings	14	**873,750,000**	721,000,000
Deposits and other accounts	15	**1,991,165,392**	1,323,284,779
Lease liabilities	16	**133,228,774**	93,066,862
Subordinated debt		-	-
Deferred grant		-	-
Deferred tax liabilities		-	-
Other liabilities	17	**278,164,868**	171,339,087
Total liabilities		**3,276,309,034**	2,308,690,728
NET ASSETS		**1,254,644,354**	1,106,001,875
REPRESENTED BY			
Share capital	18	**1,000,000,000**	1,000,000,000
Reserves		**101,361,357**	70,611,999
Depositors' protection fund		**31,974,322**	20,328,029
Surplus/ (Deficit) on revaluation of assets		-	-
Unappropriated profit		**121,308,675**	15,061,847
		1,254,644,354	1,106,001,875
CONTINGENCIES AND COMMITMENTS	19		

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

President/Chief Executive | Chairman | Chief Financial Officer | Director | Director

SINDH MICROFINANCE BANK LIMITED
STATEMENT OF PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	2024	2023
		-------------Rupees-------------	
Mark-up / Return / Interest earned	20	1,380,685,951	949,394,634
Mark-up / Return / Interest expensed	21	(492,868,858)	(329,458,833)
Net mark-up / interest income		887,817,093	619,935,801
NON MARK-UP / INTEREST INCOME			
Fee and commission income	22	-	-
Dividend income		-	-
Net gains / (losses) on derecognition of financial assets measured at amortised cost		-	-
Other income / loss		-	-
Total non-markup / interest income / (loss)		-	-
Total income		887,817,093	619,935,801
NON MARK-UP / INTEREST EXPENSES			
Operating expenses	23	(507,572,160)	(359,518,465)
Workers welfare fund			
Other charges	24	(1,201,000)	(40,000)
Total non-markup / interest expenses		(508,773,160)	(359,558,465)
Profit before credit loss allowance		379,043,933	260,377,336
Credit loss allowance and write offs - net	25	(133,560,157)	(129,573,676)
Other income / expense items (to be specified)		-	-
PROFIT BEFORE TAXATION		245,483,776	130,803,660
Taxation	26	(91,736,988)	(39,316,376)
PROFIT AFTER TAXATION		153,746,788	91,487,284
		-------------Rupees-------------	
Basic earnings per share	38	1.54	0.91
Diluted earnings per share	38	1.54	0.91

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

President/Chief Executive   Chairman   Chief Financial Office   Director   Director

SINDH MICROFINANCE BANK LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2024

	2024	2023
	----Rupees----	
Profit after taxation for the year	**153,746,788**	91,487,284
Other comprehensive income		
Items that may be reclassified to profit and loss account in subsequent periods:		
Movement in surplus / (deficit) on revaluation of investments in debt instruments - net of tax	-	-
Others	-	-
Items that will not be reclassified to profit and loss account in subsequent periods:		
Remeasurement gain / (loss) on defined benefit obligations - net of tax	**(3,026,704)**	(533,452)
Movement in surplus / (deficit) on revaluation of investments in equity investments - net of tax	-	-
Movement in surplus on revaluation of property and equipment - net of tax	-	-
Movement in surplus on revaluation of non-banking assets - net of tax	-	-
Others	-	-
	(3,026,704)	(533,452)
Total comprehensive income	**150,720,084**	90,953,832

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

President/Chief Executive   Chairman   Chief Financial Officer   Director   Director

SINDH MICROFINANCE BANK LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2024

	Share capital	Capital reserve		Revenue reserve	Total
		Statutory reserve	Depositors' protection fund	Unappropriated/ Unremitted profit	
	---------Rupees---------				
Opening balance as at 01 January 2023	750,000,000	52,314,542	13,078,636	196,979,836	1,012,373,014
Changes for the year ended 31 December 2023					
Profit after taxation for the prior year	-	-	-	91,487,284	91,487,284
Other comprehensive income - net of tax	-	-	-	(533,452)	(533,452)
	-	-	-	90,953,832	90,953,832
Transfer to statutory reserve	-	18,297,457	-	(18,297,457)	-
Transfer to depositors' protection fund	-	-	4,574,364	(4,574,364)	-
Return on investment	-	-	2,675,029	-	2,675,029
Transactions with owners, recorded directly in equity					
Issue of share capital	250,000,000	-	-	(250,000,000)	-
Balance as at 31 December 2023	**1,000,000,000**	**70,611,999**	**20,328,029**	**15,061,847**	**1,106,001,875**
Impact of initial adoption of IFRS - 9 - ECL net of tax	-	-	-	(6,036,559)	(6,036,559)
Balance as at 01 January 2024 after adoption of IFRS - 09	**1,000,000,000**	**70,611,999**	**20,328,029**	**9,025,288**	**1,099,965,316**
Profit after taxation for the current year	-	-	-	**153,746,788**	**153,746,788**
Other comprehensive income - net of tax	-	-	-	**(3,026,704)**	**(3,026,704)**
	-	-	-	**150,720,084**	**150,720,084**
Transfer to statutory reserve	-	**30,749,358**	-	**(30,749,358)**	-
Transfer to depositors' protection fund	-	-	**7,687,339**	**(7,687,339)**	-
Return on investment	-	-	**3,958,954**	-	**3,958,954**
Closing balance as at 31 December 2024	**1,000,000,000**	**101,361,357**	**31,974,322**	**121,308,675**	**1,254,644,354**

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

President/Chief Executive | Chairman | Chief Financial Officer | Director | Director

SINDH MICROFINANCE BANK LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	2024	2023
		---Rupees---	
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		**245,483,776**	130,803,660
Less: Dividend income		-	-
Adjustments:			
Credit loss allowance for diminution in value of investments	25	**80,113**	125,426,304
Credit loss allowance against loans & advances	25	**135,285,869**	-
Credit loss allowance - markup accrued	25	**6,941,619**	-
Credit loss allowance against balances with other banks	25	**52,556**	-
Bad debts written off directly		-	4,147,372
Depreciation on property and equipment	9.1	**9,457,284**	7,855,015
Depreciation on right of use assets	10	**37,504,968**	23,877,588
Provision for defined benefit plan	31.7.1	**5,392,341**	5,725,122
Finance charges on leased assets	16	**21,723,214**	24,838,502
Amortization on intangible assets	11	**1,926,839**	1,917,899
		218,364,803	193,787,802
		463,848,579	324,591,462
(Increase)/ Decrease in operating assets			
Advances		**(338,683,934)**	(732,529,865)
Others assets (excluding advance taxation)		**(44,060,848)**	30,620,334
		(382,744,782)	(701,909,531)
Increase / (Decrease) in operating liabilities			
Borrowings from financial institutions		**152,750,000**	411,000,000
Deposits		**667,880,613**	722,949,583
Other liabilities (excluding current taxation)		**31,992,963**	121,522,908
		852,623,576	1,255,472,491
Payments against off-balance sheet obligations		-	-
Income tax paid		**(37,823,079)**	(31,320,444)
Gratuity paid	31.6	**(4,857,079)**	(5,426,674)
Net cash flow from operating activities		**891,047,215**	841,407,304
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of HTM investment		**(84,861,369)**	(86,945,143)
Investment in term deposits receipts		**(400,000,000)**	(500,000,000)
Purchase of property and equipment	9.1	**(10,757,110)**	(3,309,062)
Purchase of intangible assets	11	**(491,473)**	(1,374,208)
Net cash used in investing activities		**(496,109,952)**	(591,628,413)
CASH FLOW FROM FINANCING ACTIVITIES			
Payment of lease liability against right-of-use assets		**(36,070,822)**	(33,542,198)
Net cash used in financing activities		**(36,070,822)**	(33,542,198)
Impact of expected credit loss allowance on bank balances		**(179,866)**	-
Increase in cash and cash equivalents		**358,686,575**	216,236,693
Cash and cash equivalents at beginning of the year	28	**657,805,565**	441,568,872
Cash and cash equivalents at end of the year	28	**1,016,492,140**	657,805,565

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

President/Chief Executive | Chairman | Chief Financial Officer | Director | Director

SINDH MICROFINANCE BANK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

1. STATUS AND NATURE OF BUSINESS

Sindh Microfinance Bank Limited (the 'Bank') was incorporated on 27 March 2015 as a public company limited by shares under the Companies Ordinance, 1984 (repealed by Companies Act, 2017). The Bank obtained the microfinance banking license from State Bank of Pakistan on 16 October 2015, to operate in Sindh Province. Subsequently, the Bank received the certificate of commencement of business from Securities & Exchange Commission of Pakistan (SECP) on 30 November 2015 and the certificate of commencement of Banking Business from State Bank of Pakistan on 15 April 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 22 (31 December 2023: 19) branches and 87 (31 December 2023: 72) service centers.

The credit rating companies PACRA has upgraded the long term rating of the Bank from **"A- to A"** and short term rating from **"A2 to A1"** and outlook "Stable" as 02 January 2025.

2. BASIS OF PRESENTATION

These financial statements have been presented in accordance with the requirements of Banking Policy & Regulations Department (BPRD) Circular No. 03 dated 09 February 2023 issued by the State Bank of Pakistan (SBP).

2.1 STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards as applicable in Pakistan for financial reporting comprise of:

- International Financial Reporting Standards (IFRS) issued by International Accounting Standards Board (IASB) as are notified under Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the Companies Act, 2017;
- Provisions of and directives issued under the Microfinance Ordinance, 2001 (The MFI Ordinance) and the Companies Act, 2017; and
- Directives issued by the State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan (SECP).

Wherever the provisions of and directives issued under the Microfinance Institution Ordinance, 2001, the Companies Act, 2017, the Prudential Regulations of Microfinance Banks and the directives issued by the SBP and SECP differ with the requirements of IFRS or IFAS, the provisions of and directives issued under the Microfinance Institution Ordinance, 2001, the Companies Act, 2017, the Prudential Regulations of Microfinance Banks and the directives issued by the SBP and SECP shall prevail.

The SBP has deferred the applicability of International Accounting Standard (IAS) 40, 'Investment Property' for banking companies through BSD Circular Letter No. 10 dated 26 August 2002 till further instructions. Further, the SECP has deferred the applicability of International Financial Reporting Standard (IFRS) 7, 'Financial Instruments: Disclosures' on banks through its notification S.R.O 411(I)/2008 dated 28 April 2008.

The State Bank of Pakistan through BPRD Circular No. 04 of 2015 dated 25 February 2015 has deferred the applicability of Islamic Financial Accounting Standard-3 for Profit and Loss Sharing on Deposits (IFAS-3) issued by the Institute of Chartered Accountants of Pakistan (ICAP) and notified by the SECP, vide their SRO No. 571 of 2013 dated 12 June 2013 for Institutions offering Islamic Financial Services (IIFS). Accordingly, the requirements of these standards have not been considered in the preparation of these financial statements.

The Bank has received an extension from SBP until 31 December 2025, for the application of the Effective Interest Rate (EIR) method to all financial assets and liabilities, excluding staff and subsidized loans. However, since financial assets other than advances and financial liabilities were already effectively accounted for using EIR before the implementation of IFRS 9, this extension has been applied only to advances (excluding staff loans and subsidized loans, Consequently, advances are currently carried at cost, except for staff loans which are measured at amortized cost.

In addition to the above, the SBP has recently issued BPRD Circular Letter No. 16 of 2024 dated 29 July 2024 in which certain relaxations / clarifications have been provided upon adoption of IFRS-09 which are disclosed in note 4.2 to the financial statements.

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

As directed by SBP via BPRD Circular Letter No. 7 of 2023 dated 13 April 2023, IFRS 9, (Financial Instruments) is effective in Pakistan for period beginning on or after 01 January 2024. In addition, due to the application of IFRS 9, SBP vide BPRD Circular No. 03 dated 09 February 2023, has also amended the format of the annual financial statements. Details regarding the aforementioned adoption and amendment, including the impact thereof, are discussed in more detail in note 4.2.9 to these financial statements

Except for the above, there are certain other interpretations and amendments that are mandatory for the Bank's accounting periods beginning 01 January 2024. However, these are not considered to be relevant or do not have any significant effect on the Bank's operations and therefore have not been detailed in these financial statements.

2.3 Standards, interpretations of and amendments to published approved accounting standards that are not yet effective.

There are certain new and amended standards, issued by International Accounting Standards Board (IASB), interpretations and amendments that will become applicable to the Bank for accounting periods beginning on or after 01 January 2025 but are considered not to be relevant or will not have any material effect on the Bank's financial statements except for:

- The new standard - IFRS 18 Presentation and Disclosure in Financial Statements ("IFRS 18") which has been published in April 2024 with applicability date of 01 January 2027 by IASB. IFRS 18 is yet to be adopted in Pakistan. IFRS 18 when adopted and applicable shall impact the presentation of 'Statement of Profit and Loss Account' with certain additional disclosures in the financial statements.
- Amendments to IFRS-09 Financial Instruments which clarify the date of recognition and derecognition of a financial asset or financial liability including settlement of liabilities through banking instruments and channels including electronic transfers. The amendment when applied may impact the timing of recognition and derecognition of financial liabilities.

2.4 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.

The estimates and underlying assumptions are reviewed on ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised.

The significant judgments made by the management in applying the Bank's accounting policies and the key sources of estimation were the same as those applied in the preparation of annual audited financial statements for the year ended 31 December 2024 except for matters related to adoption of IFRS-09 which have been disclosed in note 4.2.9 to the financial statements.

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

		Note
a)	Provision against non performing advances	4.2.7
b)	Useful life of depreciable assets	4.4
c)	Useful life of intangible assets	4.4
e)	Provision for taxation	4.8
f)	Provision for gratuity	4.18
g)	Lease term and effective interest rate for recognition of lease contracts	4.12

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.

3. BASIS OF MEASUREMENT

3.1 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.

3.2 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Bank operates. The financial statements are presented in Pakistani Rupees which is the Bank's functional and presentation currency.

4. MATERIAL ACCOUNTING POLICIY INFORMATION

The material accounting policies applied in the preparation of these financial statements are consistent with those applied in the preparation of the annual audited financial statements of the Bank for the year ended 31 December 2023 except for changes mentioned in notes 4.1 and 4.2

4.1 The SBP, vide its BPRD Circular No. 03 dated 09 February 2023, issued the revised forms for the preparation of the annual financial statements of the MFBs which are applicable for periods beginning on or after 01 January 2024 as per BPRD Circular Letter No. 07 of 2023 dated 13 April 2023. The implementation of the revised forms has resulted in certain changes to the presentation and disclosures of various elements of the financial statements. The significant change is relating to nomenclature of key statements from balance sheet to statement of financial position, profit and loss account to statement of profit and loss account. Further, right of use assets, intangible assets and corresponding lease liability are now presented separately on the face of the statement of financial position. Previously, these were presented under property and equipment (earlier titled as operating fixed assets) and other liabilities respectively. There is no impact of this change on the financial statements in terms of recognition and measurement of assets and liabilities.

The Bank has adopted the above changes in the presentation and made additional disclosures to the extent applicable to its operations and corresponding figures have been rearranged / reclassified to correspond to the current period presentation, as presented in note 39.

4.2 Change in accounting policy

As per SBP BPRD Circular Letter No. 07 of 2023 dated 13 April 2023, IFRS-09 is applicable on banks with effect from 01 January 2024. IFRS-09 brings fundamental changes to the accounting for financial assets and to certain aspects of accounting for financial liabilities. To determine appropriate classification and measurement category, IFRS-09 requires all financial assets, except equity instruments, to be assessed based on combination of the entity's business model for managing the assets and the instruments' contractual cash flow characteristics. The adoption of IFRS-09 has also fundamentally changed the impairment method of financial assets with a forward-looking Expected Credit Losses ("ECL") approach.

4.2.1 Classification

Financial Assets

Under IFRS-09, existing categories of financial assets: Held for trading ("HFT"), Available for sale ("AFS"), Held to maturity ("HTM") and loans and receivables have been replaced by:

- Financial assets at fair value through profit or loss account ("FVTPL")
- Financial assets at fair value through other comprehensive income ("FVOCI")
- Financial assets at Amortized cost

Financial Liabilities

Under IFRS-09, the accounting for financial liabilities remains largely the same as before adoption of IFRS-09 and thus financial liabilities are being carried at Amortized cost.

4.2.2 Business model assessment

The Bank determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective:

- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed.

- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

- The expected frequency, value and timing of sales are also important aspects of the Bank's assessment. The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'best case' scenarios into account. If cash flows after initial recognition are realized in a way that is different from the Bank's original expectations, the Bank does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

Eventually, the financial assets fall under either of the following three business models:

i) Hold to Collect ("HTC") business model: Holding assets in order to collect contractual cash flows
ii) Hold to Collect and Sell ("HTC&S") business model: Collecting contractual cash flows and selling financial assets
iii) Other business models: Resulting in classification of financial assets as FVTPL

4.2.3 Assessments whether contractual cash flows are solely payments of principal and interest / profit ("SPPI")

As a second step of its classification process, the Bank assesses the contractual terms of financial assets to identify whether they meet the SPPI test. Principal for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortization of the premium / discount). The most significant elements of interest / profit within a financing arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Bank applies judgment and considers relevant factors such as, but not limited to, the currency in which the financial asset is denominated, and the period for which the interest / profit rate is set. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with basic lending arrangement, the related financial asset is classified and measured at FVTPL.

4.2.4 Application to the Bank's financial assets

Debt based financial assets

Debt based financial assets held by the Bank include: advances, investment in federal government securities, cash and balances with treasury banks, balances with other banks, and other financial assets.

a) These are measured at Amortized cost if they meet both of the following conditions and are not designated as FVTPL.

    - the assets are held within a business model whose objective is to hold assets to collect contractual cash flows; and

    - the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest / profit on the principal amount outstanding.

The business model for these financial assets can still be HTC even when sales of these financial assets occur. However, if more than an infrequent number of sales of significant value are made, the Bank assesses whether and how the sales are consistent with the HTC objective.

b) Debt based financial assets are measured at FVOCI only if these meet both of the following conditions and are not designated as FVTPL:

- the asset are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest / profit on the principal amount outstanding.

c) Debt based financial assets if these are held for trading purposes are classified as measured at FVTPL.

In addition, on initial recognition, the Bank may irrevocably designate a financial asset that otherwise meets the requirements to be measured at Amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Equity based financial assets

The classification and measurement of these assets are determined based on the Bank's business model for managing the assets and the nature of the equity instruments.

a) Equity-based financial assets are measured at FVTPL unless they are irrevocably designated at FVOCI upon initial recognition. This includes equity instruments held for trading purposes or those that do not meet the criteria for FVOCI measurement.

b) Equity-based financial assets may be measured at FVOCI if the following criteria are met:

- The Bank has made an irrevocable election at initial recognition to present changes in fair value in other comprehensive income rather than in profit or loss. This election is made on an instrument-by-instrument basis.
- The equity instrument is not held for trading purposes.

Under this classification, dividends received from equity instruments are recognized in profit or loss, while other changes in fair value are recognized in other comprehensive income and are not reclassified to profit or loss upon derecognition.

4.2.5 Initial recognition and subsequent measurement

Financial assets and financial liabilities are recognized when the entity becomes party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognized on trade date, the date on which the Bank purchases or sells the asset. Other financial assets and liabilities like advances, lending to financial institutions, deposits etc. are recognized when funds are transferred to the account or financial institutions. However, for cases, where funds are transferred on deferred payment basis, recognition is done when underlying asset is purchased.

a) Amortized cost ("AC")

Financial assets and financial liabilities under Amortized cost category are initially recognized at fair value adjusted for directly attributable transaction cost. These are subsequently measured at Amortized cost. An expected credit loss allowance ("ECL") is recognized for financial assets in the statement of profit and loss account. Interest income / profit / expense on these assets / liabilities are recognized in the statement of profit and loss account. On derecognition of these financial assets and liabilities, capital gain / loss will be recognized in the statement of profit and loss account.

b) Fair value through other comprehensive income ("FVOCI")

Financial assets under FVOCI category are initially recognized at fair value adjusted for directly attributable transaction cost. These assets are subsequently measured at fair value with changes recorded in OCI. An expected credit loss allowance ("ECL") is recognized for debt based financial assets in the statement of profit and loss account. Interest / profit / dividend income on these assets are recognized in the statement of profit and loss account. On derecognition of debt based financial assets, capital gain / loss will be recognized in the statement of profit and loss account. For equity based financial assets classified as FVOCI, capital gain / loss is transferred from surplus / deficit to unappropriated profit / loss.

c) Fair value through profit or loss ("FVTPL")

Financial assets under FVTPL category are initially recognized at fair value. Transaction cost will be directly recorded in the statement of profit and loss account. These assets are subsequently measured at fair value with changes recorded in the statement of profit and loss account. Interest / dividend income on these assets are recognized in the statement of profit and loss account. On derecognition of these financial assets, capital gain / loss will be recognized in the statement of profit and loss account. An expected credit loss allowance ("ECL") is not recognized for these financial assets.

d) Advances are carried at cost

Advances are carried at cost net of expected credit loss allowances, excluding staff loans, which are measured at amortized cost, net of expected credit loss allowances.

4.2.6 Derecognition

Financial assets

The Bank derecognizes a financial asset when:

- the contractual rights to the cash flows from the financial asset expire;
- it transfers the rights to receive the contractual cash flows in a transaction in which either:
- substantially all of the risks and rewards of ownership of the financial asset are transferred; or
- the Bank neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Bank enters into transactions whereby it transfers assets recognized in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

Financial liabilities

The Bank derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expired. The Bank also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in the statement of profit and loss account.

4.2.7 Expected Credit Loss ("ECL")

The Bank assesses on a forward-looking basis the ECL associated with all advances and other debt financial assets not held at FVTPL, together with letter of credit, guarantees and unutilised financing commitments hereinafter referred to as "Financial Instruments". The Bank recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or "LTECL"), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss ("12mECL"). The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Both LTECLs and 12mECLs are calculated at facility level.

The Bank has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. The Bank considers an exposure to have significantly increased in credit risk when there is considerable deterioration in the internal rating grade for subject customer. The Bank also applies a secondary qualitative method for triggering a significant increase in credit risk for an asset, such as moving a customer / facility to the watch list, or the account becoming forborne. Regardless of the change in credit grades, generally, the Bank considers that there has been a significant increase in credit risk when contractual payments are more than 60 days past due. However, for certain portfolios, the Bank rebuts 60 DPD presumption based on behavioural analysis of its borrowers. When estimating ECLs on a collective basis for a group of similar assets, the Bank applies the similar principles for assessing whether there has been a significant increase in credit risk since initial recognition.

Based on the above process, the Bank groups its financial instruments into Stage 1, Stage 2 and Stage 3 as described below:

Stage 1: When financial instruments are first recognised, the Bank recognises an allowance based on 12mECLs. Stage 1 financial instruments also include facilities where the credit risk has improved and these have been reclassified from Stage 2. The 12mECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Bank calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast Exposure At Default (EAD) and multiplied by the expected LGD and discounted by an approximation to the original Effective Interest Rate (EIR). This calculation is made for all the scenarios.

Stage 2: When a financial instrument has shown a significant increase in credit risk since origination, the Bank records an allowance for the LTECLs. Stage 2 also includes facilities, where the credit risk has improved and the instrument has been reclassified from Stage 3. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs are applied over the lifetime of the instrument. The expected cash flows are discounted by an approximation to the original EIR.

Stage 3: For financial instruments considered credit-impaired, the Bank recognises the LTECLs for these instruments. The Bank uses a PD of 100% and LGD as computed for each portfolio or as prescribed by the SBP.

The calculation of ECLs

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

PD The Probability of Default (PD) is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio. PD is estimated based on statistical technique such as Transition Matrix approach. PDs for non advances portfolio is based on S&Ps global transition default matrices, PDs are then adjusted using Resgression Model to incorporate forward looking information.

EAD The Exposure at Default (EAD) is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and profit, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest / profit from missed payments. The maximum period for which the credit losses are determined is the contractual life of a financial instrument unless the Bank has a legal right to call it earlier. The product offering includes a variety of corporate and retail facilities, in which the Bank has the right to cancel and / or reduce the facilities with one day notice. However, in case of revolving facilities, the Bank does not limit its exposure to credit losses to the contractual notice period, but, instead calculates ECL over a period that reflects the expectations of the customer behaviour, its likelihood of default and the Bank's future risk mitigation procedures, which could include reducing or cancelling the facilities.

LGD The Loss Given Default (LGD) is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realization of any collateral. It is usually expressed as a percentage of the EAD.

The discount rate used to discount the ECLs is based on the effective interest rate that is expected to be charged over the expected period of exposure to the facilities. In the absence of computation of the effective interest rate (at reporting date), the Bank uses an approximation e.g. contractual rate (at reporting date).

Effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liabilities to the gross carrying amount of a financial asset or to the amortised cost of a financial liability.

To mitigate its credit risks on financial assets, the Bank seeks to use collateral, where possible. The Bank considers only those collaterals as eligible collaterals in the EAD calculation which have the following characteristics:

- History of legal certainty and enforceability
- History of enforceability and recovery

When estimating the ECLs, the Bank considers three scenarios (a base case, an upside, a downside). Each of these is associated with different PDs.

The credit exposure that have been guaranteed by the Government and Government Securities are exempted from the application of ECL calculation.

As per BPRD Circular No. 03 of 2022 dated 05 July 2022, ECL of Stage 1 and Stage 2 is calculated as per IFRS-09, while ECL of Stage 3 has been calculated based on higher of either the Prudential Regulations or IFRS-09 at segment level.

Collaterals

To mitigate its credit risks on financial assets, the Bank seeks to use collateral, where possible. The collateral comes in various forms, such as gold. The Bank considers only those collaterals as eligible collaterals in the EAD calculation which have the following characteristics:

- History of legal certainty and enforceability
- History of enforceability and recovery

4.2.8 Significant increase in credit risk (SICR)

A SICR is assessed in the context of an increase in the risk of a default occurring over the life of the financial instrument when compared to that expected at the time of initial recognition. It is not assessed in the context of an increase in the ECL. The Bank will evaluate certain indicators when assessing for SICR by considering all reasonable and supportable information available at the time of assessment. The Bank will consider qualitative criteria which are relevant to their portfolio including the factors given in IFRS-9 and the following factors for assessing changes in credit risk, where applicable:

The transfer between the stages will be based on relative movement in credit risk since origination rather than based on absolute level of risk. Rebuttable presumption is that a default does not occur later than when a credit exposure is 90 days past due and it also presumes that there is a significant increase in credit risk (SICR) since initial recognition if credit exposure is more than 30 days past due. The Bank will use the days past due criteria given under IFRS-9 as a backstop (without rebuttable presumptions) for the stage allocation purposes. The Bank will also incorporate the reasonable and supportable forward-looking information.

The Bank shall rebut the 60+ DPD presumption in the case of any technical delinquencies (i.e. accounts marked as 60+ DPD owing to administration reasons and non-credit related concerns) and cases of delinquencies where payment is linked to government payments with approved invoices which have caused such delinquency. Such instances require approval from the credit committee with recommendation from the relevant Group Head.

Default

The concept of "impairment" or "default" is critical to the implementation of IFRS-09 as it drives determination of risk parameters, i.e. PD, LGD and EAD.

As per BPRD Circular No. 03 of 2022 dated 05 July 2022 and BPRD Circular Letter No. 16 of 2024 dated 29 July 2024, ECL of Stage 1 and Stage 2 is calculated as per IFRS-09, while ECL of Stage 3 has been calculated based on higher of either the Prudential Regulations of Microfinance Banks or IFRS-09 at segment level.

This implies that if one facility of a counterparty becomes 60+ DPD in repaying its contractual dues or as defined in PRs, all other facilities would deem to be classified as stage 3.

Write-offs

Financial assets are written off either partially or in their entirety only when the Bank has no reasonable expectation of recovering a financial asset in it's entirety or a portion thereof. If the amount to be written off is greater than the accumulated loss allowance, the difference is then first treated as an addition to the allowance that is then applied to the gross carrying amount. Any subsequent recoveries are credited to credit loss expense. The Bank also follows prudential regulations of Microfinance Bank's issued by SBP for write off of it's advances. Under these PR, loans are written off after 30 days from the date of loss categorization.

4.2.9 Adoption impacts

The Bank has adopted IFRS-09 effective from 01 January 2024 with modified retrospective approach as permitted under IFRS-09. The cumulative impact of initial application of Rupees 6.04 million has been recorded as an adjustment to equity at the beginning of the current accounting period. The details of the impacts of initial application are tabulated below:

Classification under SBP regulations	Classification under IFRS 9					
	Balances as of 31 December 2023	At amortised cost	Remeasurement under IFRS 9	Recognition of ECL	Balances as of 01 January 2024	IFRS 09 Category
	--------Rupees--------					
ASSETS						
Cash and balances with treasury banks	80,434,763	80,434,763	-	-	80,434,763	Amortized cost
Balances with other MFBs / Banks / NBFIs	577,370,802	577,370,802	-	(127,310)	577,243,492	Amortized cost
Investments	-	-	-	-	-	
- Held-to-Maturity	644,408,445	644,408,445	-	(110,237)	644,298,208	Amortized cost
Advances						
-Staff loans	26,288,041	26,288,041	(9,977,462)	-	16,310,579	Amortized cost
-Advances other than staff loans	1,877,529,624	1,877,529,624	18,943,985	(26,545,574)	1,869,928,035	Cost
	1,903,817,665	1,903,817,665	8,966,523	(26,545,574)	1,886,238,614	
Property and equipment	23,521,764	-23,521,764	-	-	23,521,764	Outside the scope of IFRS 09
Right-of-use assets	95,510,354	95,510,354	-	-	95,510,354	Outside the scope of IFRS 09
Intangible assets	6,206,928	6,206,928	-	-	6,206,928	Outside the scope of IFRS 09
Deferred tax assets	7,254,502	7,254,502	-	2,465,637	9,720,139	Outside the scope of IFRS 09
Other assets						
-Deferred expense on staff loans	-	-	9,977,462	-	9,977,462	Amortized cost
-Advance against salary	2,036,847	2,036,847	-	-	2,036,847	Amortized cost
-Assets other than staff loans and advance against salary	74,130,533	74,130,533	-	(663,060)	73,467,473	Amortized cost
	76,167,380	76,167,380	9,977,462	(663,060)	85,481,782	
ASSETS	**3,414,692,603**	**3,414,692,603**	**18,943,985**	**(24,980,544)**	**3,408,656,044**	
LIABILITIES						
Bills payable	-	-	-	-	-	Amortized cost
Borrowings	721,000,000	-	-	-	721,000,000	Amortized cost
Deposits and other accounts	1,323,284,779	-	-	-	1,323,284,779	Amortized cost
Lease liabilities	93,066,862	-	-	-	93,066,862	Amortized cost
Other Liabilities	171,339,087	-	-	-	171,339,087	Amortized cost for financial liabilities
	2,308,690,728	-	-	-	2,308,690,728	
NET ASSETS	**1,106,001,875**	**3,414,692,603**	**18,943,985**	**(24,980,544)**	1,099,965,316	
REPRESENTED BY						
Share capital - net	1,000,000,000	-	-	-	1,000,000,000	Outside the scope of IFRS 09
Reserves	90,940,028	-	-	-	90,940,028	Outside the scope of IFRS 09
Accumulated loss	15,061,847	-	18,942,810	(24,979,369)	9,025,288	
	1,106,001,875	-	**18,942,810**	**(24,979,369)**	**1,099,965,316**	

4.3 Cash and cash equivalents

Cash and bank balances are stated at amortized 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.

4.4 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 statement of 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 statement of 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

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 statement of profit and loss account.

4.5 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.

4.6 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 statement of profit and loss account over the period.

4.7 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 instalments.

- 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.

4.8 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.

Prior years
This charge includes tax charge for prior years arising from assessments, changes in estimates and tax changes applied retrospectively.

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 statement of 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.

4.10 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.

4.11 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.

4.12 Lease liablities

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 expexted to be paid under residual value guarntees, 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; certanity 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 statment of profit or loss if the carrying amount of the right-of-use asset is fully written down.

4.13 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.

4.14 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.

4.15 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).

4.16 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.

4.17 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.

4.18 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 statement of 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.

4.19 Administrative expenses

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

4.20 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 recourses embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

4.21 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.

4.22 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 BPRD circular No. 03 dated 09 February 2023 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 statment of financial position and statement and profit and loss account.

5. CASH AND BALANCES WITH TREASURY BANKS

	Note	2024	2023
		--------Rupees--------	
In hand - Local currency		**1,642,656**	1,369,645
Balances with State Bank of Pakistan in			
-Local currency current account	5.1	**108,811,954**	77,354,382
Balances with National Bank of Pakistan in			
-Local currency deposit account	5.2	**1,550,356**	1,710,736
Less: Credit loss allowance		**-**	-
Total		**112,004,966**	80,434,763

5.1 This represents balance held with SBP to meet the requirement of maintaining a minimum balance equivalent to 5% (31 December 2023: 5%) and 10% (31 December 2023: 10%) as liquidity reserve of the Bank's time and demand deposits with a tenure of less than one year, in accordance with the regulations R-3A and R-3B of the Prudential Regulations for microfinance banks.

5.2 This represents the balance held in a saving account carrying interest at the rate of 11.50% (31 December 2023: 20.50%) per annum.

6. BALANCES WITH OTHER MFBs / BANKs / NBFIs

	Note	2024	2023
		--------Rupees--------	
In Pakistan			
- In current account		**3,492,000**	1,470,118
- In deposit account	6.2	**901,175,040**	575,900,684
		904,667,040	577,370,802
Less: Credit loss allowance	6.1	**(179,866)**	-
		904,487,174	577,370,802

6.1	**Credit loss allowance**	**Note**	**2024**	**2023**
			--------Rupees--------	
	Opening balance		-	-
	Impact of IFRS 09		**127,310**	-
	Charged during the year		**52,556**	-
	Reversal during the year		-	-
	Closing balance		**179,866**	-

6.2 This represents the balance held in saving accounts carrying interest at the rate ranging from 11.50% to 15.50% (31 December 2023: 20.50% to 23.90%) per annum.

7. Investment

7.1 Investments by type

	Note	2024			
		Amortised cost	Credit loss allowance	Surplus / (Deficit)	Carrying value
Debt instruments		--------Rupees--------			
Classified / Measured at amortised cost					
Federal Government securities - T Bills	7.4 & 7.6	**233,228,768**	**-**	**-**	**233,228,768**
Term Deposits Receipts (TDRs)	7.7	**900,000,000**	**(190,350)**	**-**	**899,809,650**
		1,133,228,768	**(190,350)**	**-**	**1,133,038,418**

	2023			
	Held to maturity	Provisions for diminution	Surplus / (Deficit)	Carrying value
	--------Rupees--------			
Held to maturity				
Federal Government securities - T Bills	144,408,445	-	-	144,408,445
Term deposits receipts (TDRs)	500,000,000	-	-	500,000,000
	644,408,445	-	-	644,408,445

7.2 Investments given as collateral

	2024	2023
	--------Rupees--------	
Term Deposit Receipts (TDRs)	**437,500,000**	37,500,000

7.3 Investment - Particulars of credit loss allowance

7.3.1 Investments - Exposure

	2024			
	Stage 1	Stage 2	Stage 3	Total
	--------Rupees--------			
Gross carrying amount - opening balance	**644,408,445**	**-**	**-**	**644,408,445**
New investments	**1,583,820,323**	**-**	**-**	**1,583,820,323**
Investments derecognised or repaid	**(1,095,000,000)**	**-**	**-**	**(1,095,000,000)**
Transfer to stage 1	**-**	**-**	**-**	**-**
Transfer to stage 2	**-**	**-**	**-**	**-**
Transfer to stage 3	**-**	**-**	**-**	**-**
	488,820,323	**-**	**-**	**488,820,323**
Amounts written off / charged off	**-**	**-**	**-**	**-**
Closing balance	**1,133,228,768**	**-**	**-**	**1,133,228,768**

7.3.2 Investments - Credit loss allowance	2024			
	Stage 1	Stage 2	Stage 3	Total
	--------Rupees--------			
Credit loss allowance opening balance	-	-	-	-
Impact of adoption of IFRS 9	**110,237**	-	-	**110,237**
New investments	**190,350**	-	-	**190,350**
Investments derecognised or repaid	**(110,237)**	-	-	**(110,237)**
Transfer to stage 1	-	-	-	-
Transfer to stage 2	-	-	-	-
Transfer to stage 3	-	-	-	-
	190,350			
Amounts written off / charged off	-	-	-	-
Changes in risk parameters	-	-	-	-
Credit loss allowance closing balance	**190,350**	-	-	-

7.3.3 Particulars of credit loss allowance against debt securities

		2024		2023	
		Outstanding amount	Credit loss allowance held	Outstanding amount	Credit loss allowance held
		--------Rupees--------			
Up to 29 days	Stage 1	**1,133,228,768**	**190,350**	-	-
Other Assets Especially Mentioned (OAEM)	Stage 2	-	-	-	-
Non-performing	Stage 3	-	-	-	-
Substandard		-	-	-	-
Doubtful		-	-	-	-
Loss					
		1,133,228,768	**190,350**	-	-

7.4 This represents the market treasury bill held with SBP to meet the requirement of maintaining a minimum balance equivalent to 10% (31 December 2023: 10%) as a liquidity reserve of the Bank's time and demand deposits with a tenure of less than one year, in accordance with regulation number R-3B of the Prudential Regulations for Microfinance Banks. These T-Bills has a maturity period of six months, carrying an interest rates ranging between 14.05% to 17.10% (31 December 2023: 21.25%).

7.5 Expected credit loss on Government security has not been estimated due to the exemption available under IFRS 9 instructions issued by State Bank of Pakistan through Circular No. 3 of 2022 dated 05 July 2022.

7.6 The market value of T-Bills classified at amortized cost as at 31 December 2024 amounted to Rupees 233.286 million (31 December 2023: 144.430)

7.7 Term Deposit Receipts (TDR's) carry interest rates ranging from 19.00% to 21.00% (31 December 2023: 21% to 24.25%) with a maturity period of tweleve months.

8. ADVANCES

		2024			
		Performing		Non Performing	Total
		Stage 1	Stage 2	Stage 3	
Loan type	Note	--------Rupees--------			
Micro credits					
Secured		3,901,122	-	-	3,901,122
Unsecured		2,202,370,123	2,947,728	16,161,242	2,221,479,093
Staff loans		14,028,117	-	-	14,028,117
Advances - gross		2,220,299,362	2,947,728	16,161,242	2,239,408,332
Credit loss allowance against advances					
- Stage 1		(123,347,172)	-	-	(123,347,172)
- Stage 2		-	(2,917,444)	-	(2,917,444)
- Stage 3		-	-	(15,995,212)	(15,995,212)
		(123,347,172)	(2,917,444)	(15,995,212)	(142,259,828)
Advances - net of credit loss allowance		2,096,952,190	30,284	166,030	2,097,148,504

8.1 Advances - Particulars of credit loss allowance

8.1.1 Advances - Exposure

		2024			Total
		Stage 1	Stage 2	Stage 3	
		--------Rupees--------			
Gross carrying amount - opening balance		1,919,408,303	1,277,361	4,650,481	1,925,336,145
Impact of adoption of IFRS 9		(9,977,462)	-	-	(9,977,462)
Opening balance as at January 1 after adoption of IFRS 9		1,909,430,841	1,277,361	4,650,481	1,915,358,683
New Advances		3,866,426,005	-	-	3,866,426,005
Advances derecognised or repaid		(3,518,484,409)	(166,665)	(1,579,172)	(3,520,230,246)
		347,941,596	(166,665)	(1,579,172)	346,195,759
Transfer to stage 1		-	-	-	-
Transfer to stage 2		(3,458,491)	3,458,491	-	-
Transfer to stage 3		(26,929,557)	(1,110,696)	28,040,253	-
		(30,388,048)	2,347,795	28,040,253	-
Amounts written off / charged off	8.3	(6,685,027)	(510,763)	(14,950,320)	(22,146,110)
Closing balance		2,220,299,362	2,947,728	16,161,242	2,239,408,332

8.1.2 Advances - Credit loss allowance

	Note	2024 Stage 1	2024 Stage 2	2024 Stage 3	Total
		--------Rupees--------			
Credit loss allowance opening balance		18,931,211	12,774	2,574,495	21,518,480
Impact of adoption of IFRS 9		4,192,040	1,259,186	2,150,363	7,601,589
Opening balance as at January 1 after adoption of IFRS 9		23,123,251	1,271,960	4,724,858	29,120,069
New Advances		153,410,448	-	-	153,410,448
Advances derecognised or repaid		(45,917,626)	(167,247)	(430,152)	(46,515,025)
		107,492,822	(167,247)	(430,152)	106,895,423
Transfer to stage 1		-	-	-	-
Transfer to stage 2		(66,451)	66,451	-	-
Transfer to stage 3		(517,423)	(1,099,200)	1,616,623	-
		(583,874)	(1,032,749)	1,616,623	-
Change in risk parameters		-	3,356,243	25,034,203	28,390,446
Amounts written off / charged off	8.3	(6,685,027)	(510,763)	(14,950,320)	(22,146,110)
Credit loss allowance closing balance		123,347,172	2,917,444	15,995,212	142,259,828

8.1.3 Advances - Credit loss allowance details

Internal / extrernal rating / stage classification

	Stage 1	Stage 2	Stage 3	Total
	--------Rupees--------			
Outstanding gross exposure				
Performing - Stage 1	2,220,299,362	-	-	2,220,299,362
Under Performing				
Other assets especially mentioned	-	2,947,728	-	2,947,728
Non - Perfroming				
Substandard	-	-	3,964,700	3,964,700
Doubtful	-	-	8,879,885	8,879,885
Loss	-	-	3,316,657	3,316,657
	-	-	16,161,242	16,161,242
Total	2,220,299,362	2,947,728	16,161,242	2,239,408,332
Corresponding credit loss allowance				
Stage 1	123,347,172	-	-	123,347,172
Stage 2	-	2,917,444	-	2,917,444
Stage 3	-	-	15,995,212	15,995,212
	123,347,172	2,917,444	15,995,212	142,259,828.00

8.2 Loan Type

	Note	2023 Number of loans outstanding	2023 Amount outstanding (Rupees)
Micro credit			
Unsecured		74,134	1,892,188,604
Secured		43	6,859,500
		74,177	1,899,048,104
Less: Provision held			
Specific	8.2.3	-	(2,574,495)
General	8.2.2	-	(18,943,985)
		-	(21,518,480)
Microcredit advances- net of provisions		74,177	1,877,529,624
Staff loans		3	26,288,041
Advances (net of provision)		74,180	1,903,817,665

8.2.1 Category of Classification

	2023 Amount Outstanding	2023 Provisions Required	2023 Provision Held
	--------Rupees--------		
OAEM	1,277,361	-	-
Substandard	959,646	239,911	239,911
Doubtful	2,712,501	1,356,250	1,356,250
Loss	978,334	978,334	978,334
	5,927,842	2,574,495	2,574,495

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

8.2.3 Particulars of provision against non-performing advances

	2023 Specific	2023 General	2023 Total
	--------Rupees--------		
Opening balance	5,376,550	12,784,724	18,161,274
Charge for the year	119,267,043	6,159,261	125,426,304
Charge off	(122,069,098)	-	(122,069,098)
Closing balance	2,574,495	18,943,985	21,518,480

8.3 Particulars of write offs / charge offs

	Note	2024	2023
		--------Rupees--------	
Against credit loss allowance		**22,146,110**	-
Against provisions as per prudential regulations		-	122,069,098
Directly charged to profit & loss account	8.3.1	-	4,147,372
		22,146,110	126,216,470

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

9. Property and equipment	Note	2024	2023
		--------Rupees--------	
		24,821,590	23,521,764

9.1 Property and equipment

2024	Furniture and fixture	Office Equipment	Vehicles	Office Improvement	Total
	--------Rupees--------				
At 1 January 2024					
Cost	3,123,538	36,512,397	8,662,500	3,802,425	52,100,860
Accumulated depreciation	(1,669,229)	(20,849,794)	(5,152,422)	(916,651)	(28,588,096)
Net book value	1,454,309	15,662,603	3,510,078	2,885,774	23,512,764
Year ended 31 December 2024					
Opening net book value	1,463,309	15,662,603	3,510,078	2,885,774	23,521,764
Additions	115,000	5,102,085	5,035,485	504,540	10,757,110
Movement in surplus on assets revalued during the year	-	-	-	-	-
Impairment loss recognised in the profit and loss account - net	-	-	-	-	-
Disposals	-	-	-	-	-
Depreciation charge	(322,599)	(6,197,414)	(2,734,079)	(203,192)	(9,457,284)
Other adjustments / transfers	-	-	-	-	-
Closing net book value	1,255,710	14,567,274	5,811,484	3,187,122	24,821,590
At 31 December 2024					
Cost	3,247,538	41,614,482	13,697,985	4,306,965	62,866,970
Accumulated depreciation	(1,991,828)	(27,047,208)	(7,886,501)	(1,119,843)	(38,045,380)
Net book value	1,255,710	14,567,274	5,811,484	3,187,122	24,821,590
Rate of depreciation (percentage)	10%	20%	20%	5%	

2023	Furniture and fixture	Office Equipment	Vehicles	Office Improvement	Total
	--------Rupees--------				
At 1 January 2023					
Cost	2,747,357	33,838,136	8,662,500	3,552,805	48,800,798
Accumulated depreciation	(1,356,834)	(15,239,585)	(3,424,669)	(711,994)	(20,733,082)
Net book value	1,390,523	18,598,551	5,237,831	2,840,811	28,067,716
Year ended 31 December 2023					
Opening net book value	1,390,523	18,598,551	5,237,831	2,840,811	28,067,716
Additions	385,181	2,674,261	-	249,620	3,309,062
Movement in surplus on assets revalued during the year	-	-	-	-	-
Impairment loss recognised in the profit and loss account - net	-	-	-	-	-
Disposals	-	-	-	-	-
Depreciation charge	(312,396)	(5,610,210)	(1,727,753)	(204,656)	(7,855,015)
Other adjustments / transfers	-	-	-	-	-
Closing net book value	1,463,308	15,662,602	3,510,078	2,885,775	23,521,763
At 31 December 2023					
Cost	3,132,538	36,512,397	8,662,500	3,802,425	52,109,860
Accumulated depreciation	(1,669,229)	(20,849,794)	(5,152,422)	(916,651)	(28,588,096)
Net book value	1,463,309	15,662,603	3,510,078	2,885,774	23,521,764
Rate of depreciation (percentage)	10%	20%	20%	5%	

		2024	2023
10.	**RIGHT-OF-USE ASSETS**	--------Rupees--------	
	At 01 January		
	Cost	**136,491,762**	70,209,441
	Accumulated depreciation	**(40,981,408)**	(17,103,820)
	Net carrying amount at 01 January	**95,510,354**	53,105,621
	Additions during the year	**54,509,520**	66,282,321
	Deletions during the year	**-**	-
	Depreciation charge for the year	**(37,504,968)**	(23,877,588)
	Net carrying amount at 31 December	**112,514,906**	95,510,354

		2024	2023
11.	**INTANGIBLE ASSETS**		
	At 1 January 2024		
	Cost	**13,125,952**	11,751,744
	Accumulated amortization and impairment	**(6,919,024)**	(5,001,125)
	Net book value	**6,206,928**	6,750,619
	Year ended 31 December 2024		
	Opening net book value		
	Additions:		
	- developed internally	**-**	-
	- directly purchased	**491,473**	1,374,208
		491,473	1,374,208
	Impairment loss recognised in the profit and loss account - net	**-**	-
	Disposals	**-**	-
	Amortization charge	**(1,926,839)**	(1,917,899)
	Closing net book value	**4,771,562**	6,206,928
	At 31 December 2024		
	Cost	**13,617,425**	13,125,952
	Accumulated amortization and impairment	**(8,845,863)**	(6,919,024)
	Net book value	**4,771,562**	6,206,928
	Rate of amortization (percentage)	**20%**	20%
	Useful life (years)	**5**	5
	Remaining useful life (years)	**1 - 4**	1 - 4

12. DEFERRED TAX ASSETS

	2024					
	At 31 December 2023	**Impact of adoption of IFRS 09**	**At 1 January 2024**	**Recognised in profit and loss account**	**Recgonised in other comprehensive income**	**At 31 December 2024**
	--------Rupees--------					
Deductible temporary differences on:						
- Right-of-use assets	**(708,613)**	**-**	**(708,613)**	**6,715,635**	**-**	**6,007,022**
- Post retirement employee benefits	**1,408,553**	**-**	**1,408,553**	**1,227,725**	**(1,236,259)**	**1,400,019**
- Accelerated depreciation	**399,896**	**-**	**399,896**	**17,946**	**-**	**417,842**
- Accelerated amortization	**(85,693)**	**-**	**(85,693)**	**546,723**	**-**	**461,030**
- Credit loss allowance against financial assets, off balance sheet etc.	**6,240,359**	**2,465,637**	**8,705,996**	**34,862,074**	**-**	**43,568,070**
	7,254,502	**2,465,637**	**9,720,139**	**43,370,103**	**(1,236,259)**	**51,853,983**

	2023					
	At 31 December 2022	**Impact of adoption of IFRS 09**	**At 1 January 2023**	**Recognised in Profit and Loss account**	**Recgonised in Other Comprehensive Income**	**At December 2023**
	--------Rupees--------					
Deductible temporary differences on:						
- Post retirement employee benefits	726,039	-	726,039	682,514	-	1,408,553
- Right-of-use assets	(5,109,041)	-	(5,109,041)	4,618,317	(217,889)	(708,613)
- Credit loss allowance against advances, off balance sheet etc.	5,266,770	-	5,266,770	973,589	-	6,240,359
- Others (to be specified if material)	-	-	-	-	-	-
	883,768	-	883,768	6,274,420	(217,889)	6,940,299
Taxable temporary differences on						
- Accelerated tax amortization	36,801	-	36,801	(122,494)	-	(85,693)
- Accelerated tax depreciation	(747,613)	-	(747,613)	1,147,509	-	399,896
	(710,812)	-	(710,812)	1,025,015	-	314,203
	172,956	-	172,956	7,299,435	(217,889)	7,254,502

13. OTHER ASSETS

	Note	2024	2023
		--------Rupees--------	
Income / Mark-up accrued		**56,294,040**	44,674,556
Advances, prepayments and deposits		**17,682,482**	6,384,350
Advance taxation - net		**-**	22,311,264
Advance against salary		**3,930,528**	2,036,847
Deferred expense on staff loans		**8,628,549**	-
Profit receivable on TDR		**11,381,365**	760,363
		97,916,964	76,167,380
Less: Credit loss allowance held against other assets		**(7,604,679)**	-
Other assets (net of credit loss allowance)		**90,312,285**	76,167,380

13.1 Credit loss allowance held against other assets

	2024	2023
Opening balance	**-**	-
Impact of IFRS 09	**663,060**	-
Charged during the year	**6,941,619**	-
Reversal during the year	**-**	-
Closing balance	**7,604,679**	-

BORROWINGS

14. *Secured*

	Note	2024	2023
Borrowings from State Bank of Pakistan	14.1	**495,000,000**	571,000,000
Borrowings from banks / MFBs/ financial institutions in Pakistan	14.2	**378,750,000**	150,000,000
Total secured		**873,750,000**	721,000,000

14.1 The Bank obtained borrowing from the State Bank of Pakistan under its line of Credit Fund Scheme. During the year ended 31 December 2024, the Bank obatained further borrowing from State Bank of Pakistan under its line of Credit Fund Scheme. Total Rupees 234 million was sanctioned and was received by the Bank in a various tranches at a markup rate of six months KIBOR - 1%. Repayment amount during the year was Rupees 310 million.

14.2 Borrowings from banks / MFBs/ financial institutions in Pakistan

	2024	2023
Pakistan Microfinance Investment Company (PMIC)	**18,750,000**	150,000,000
Sindh Bank Limited	**360,000,000**	-
	378,750,000	150,000,000

14.2.1 This represents a borrowing from the Pakistan Microfinance Investment Company Limited (PMIC). A total of Rupees 150 million was sanctioned, which was received during the financial year ended 31 December 2023, at a markup rate of six-month KIBOR plus 2.5%. The interest on this facility is payable quarterly, with the principal repayable in four quarterly installments by January 2025. Furthermore, the Bank repaid Rupees 131.25 million during the year.

14.2.2 The Bank obtained running finance facility from Sindh Bank Limited. Total amount of Rupees 500 million was sanctioned and total amount of Rupees 360 million was overdrawn against the said facility at the markup rate of six months KIBOR +0.85%. The interest on the facility is payable quarterly.

14.2.3 A lien is placed on TDRs held with U Microfinance Bank amounting to Rupees. 37.5 million (31 December 2023: 37.5 million) as collateral against borrowing from Pakistan Microfinance Investment Company Limited.

14.2.4 A hypothecation charge has been created over all present and future assets of the Bank amounting to Rupess 140.625 million (31 December 2023: Rupees 140.625 million). This charge is established on a pari passu basis with other lenders, ensuring equal ranking in claims against borrowing from Pakistan Microfinance Investment Company Limited.

14.2.5 TDR's have been placed with Sindh Bank Limited as collateral against running finance facility requiring 110% margin.

15. DEPOSITS AND OTHER ACCOUNTS

	Note	2024	2023
		--------Rupees--------	
Customers			
Current deposits		**3,044,957**	272,887
Savings deposits	15.1	**11,529,830**	11,385,868
Fixed / Term deposits	15.2	**1,706,583,408**	973,816,000
		1,721,158,195	985,474,755
Financial Institutions			
Current deposits		-	-
Savings deposits	15.1	**270,007,197**	337,810,024
Fixed / Term deposits		-	-
		270,007,197	337,810,024
		1,991,165,392	1,323,284,779

15.1 These are remunerative saving deposits of corporate and individual clients carrying interest rate ranging from 8.50% to 16.00% per annum (31 December 2023: 8.00% to 23.50%).

15.2 This represents term deposits having tenure ranging from 3 months to 36 months (31 December 2023: 3 months to 36 month) carrying interest rate ranging from 14.15% to 22.50% (31 December 2023: 14.50% to 24.00%) per annum.

15.3 Composition of deposits

	2024	2023
-Individuals	**279,079,693**	276,102,690
-Government (Federal and Provincial)	-	-
-Public sector entities	**1,283,814,094**	660,000,000
-Banking companies	**270,007,197**	337,182,089
-Non-banking financial institutions	-	
-Private sector	**158,264,408**	50,000,000
	1,991,165,392	1,323,284,779

15.4 Composition of deposit

	2024	2023
- Branchless Banking	-	-
- Branches	**1,991,165,392**	1,323,284,779
	1,991,165,392	1,323,284,779

16. LEASE LIABILITIES

	2024	2023
Opening balance	**93,066,862**	35,488,237
Additions during the year	**54,509,520**	66,282,321
Interest expense	**21,723,214**	24,838,502
Payment	**(36,070,822)**	(33,542,198)
Closing balance	**133,228,774**	93,066,862

16.1 Contractual maturity of lease liabilities

	2024	2023
Short-term lease liabilities - within one year	**78,653,136**	57,343,776
Long-term lease liabilities		
- 1 to 5 years	**54,575,638**	35,723,086
- 5 to 10 years	-	-
- More than 10 years	-	-
	54,575,638	35,723,086
Total lease liabilities	**133,228,774**	93,066,862

			2024	2023
17.	**OTHER LIABILITIES**	**Note**	**--------Rupees--------**	
	Mark-up / Return / Interest payable on deposits		**136,150,031**	82,453,800
	Mark-up / Return / Interest payable on borrowing		**49,265,770**	63,526,009
	Accrued expenses		**8,761,767**	18,169,402
	Withholding tax payable		**2,004,830**	965,713
	EOBI payable		**501,990**	632,222
	Payable to defined benefit plan	31.3	**9,655,305**	4,857,079
	Payable to defined contribution plan		**1,107,236**	296,924
	Provision for taxation - net		**70,034,591**	-
	Audit fee payable		**683,348**	437,938
			278,164,868	171,339,087

18. SHARE CAPITAL

18.1 Authorized capital

2024	2023		2024	2023
---Number of shares---			**--------Rupees--------**	
200,000,000	200,000,000	Ordinary shares of Rs.10 each	**2,000,000,000**	2,000,000,000

18.2 Issued, subscribed and paid up

2024	2023		2024	2023
---Number of shares---				
		Ordinary shares		
75,000,000	75,000,000	Fully paid in cash	**750,000,000**	750,000,000
25,000,000	25,000,000	Issued as bonus shares Issued for consideration other than cash	**250,000,000**	250,000,000
			1,000,000,000	1,000,000,000
-	-	Less: Discount on issue of shares	-	-
100,000,000	100,000,000		**1,000,000,000**	1,000,000,000

19. CONTINGENCIES AND COMMITMENTS

There are no contingencies and commitments as at year end (2023: Nil)

20. MARK-UP / RETURN / INTEREST EARNED

	2024	2023
Loans and advances	**1,097,715,184**	781,772,970
Investments	**155,174,466**	16,806,392
Balances with other MFBs / banks / NBFIs	**127,796,301**	150,815,272
	1,380,685,951	949,394,634

21. MARK-UP / RETURN / INTEREST EXPENSED

	2024	2023
Deposits	**347,661,453**	199,047,169
Borrowings	**123,484,191**	105,573,162
Lease liabilities	**21,723,214**	24,838,502
	492,868,858	329,458,833

			2024	2023
22.	**FEE & COMMISSION INCOME**	**Note**	**--------Rupees--------**	
	Branch banking customer fees		-	-
	Other fees		-	-
			-	-

23.	**OPERATING EXPENSES**			
	Total compensation expense	23.1	**350,390,011**	251,359,972
	Directors' fees and allowances		**360,000**	220,000
	Rent, taxes, insurance, electricity, etc.		**17,683,532**	4,472,241
	Utilities		**15,262,444**	9,824,765
	Legal and professional charges		**248,100**	144,000
	Communication expenses		**7,362,028**	5,467,597
	Repair and maintenance expenses		**6,555,398**	4,273,942
	Stationery and printing		**6,243,770**	5,218,953
	Training & development		**1,040,553**	1,125,065
	Travelling & conveyance		**15,975,540**	13,990,496
	Advertisement and publicity		**990,440**	218,367
	Auditors' remuneration	23.2	**683,348**	682,725
	Depreciation	9.1	**9,457,284**	7,855,015
	Amortization		**1,926,839**	1,917,899
	Staff welfare		**5,580,132**	4,922,766
	Branch setup cost		**1,625,009**	570,790
	Depreciation on right of use assets		**37,504,968**	23,877,588
	Bank charges		**4,972,928**	3,270,704
	Office cleaning and maintenance		**592,331**	687,415
	Client KYC and verification expenses		**9,235,854**	8,563,521
	Fee and subscription		**4,482,313**	3,421,596
	IT equipment and software maintenance		**9,239,311**	7,180,002
	Others		**160,027**	253,046
			507,572,160	359,518,465

23.1	**Total compensation expense**			
	Managerial remuneration			
	i) Fixed		**192,782,566**	111,457,608
	ii) Variable		-	-
	a) Cash bonus / awards etc.		**18,926,225**	38,480,023
	b) Bonus and awards in shares etc.		-	-
	Contribution to defined contribution plan		**6,223,922**	5,107,588
	Charge for defined benefit plan	31	**5,392,341**	4,105,738
	EOBI		**4,299,151**	3,045,536
	Rent & house maintenance		**61,735,983**	43,695,255
	Utilities		**13,718,340**	9,708,940
	Medical		**13,718,340**	9,708,940
	Conveyance		**2,168,500**	1,611,026
			318,965,369	226,920,654

Continued	Note	2024	2023
		--------Rupees--------	
Fuel reimbursement		**5,551,794**	5,707,673
Travelling and conveyance		**19,905,152**	14,283,027
LFA		**2,174,716**	1,878,340
Settelments		**673,871**	911,624
Incentive		**1,915,489**	729,108
Others		**1,203,620**	929,546
		31,424,642	24,439,318
		350,390,011	251,359,972

23.2 Auditors' remuneration

	2024	2023
Audit fee	**607,888**	552,625
Fee for other statutory certifications	**42,350**	38,500
Fee for audit of employee funds	-	-
Special certifications and sundry advisory services	-	61,500
Tax services	-	-
Advisory services	-	-
Out-of-pocket expenses	**33,110**	30,100
	683,348	682,725

24. OTHER CHARGES

	2024	2023
Penalties imposed by State Bank of Pakistan	**1,201,000**	40,000

25. CREDIT LOSS ALLOWANCE & WRITE OFFS - NET

	2024	2023
Credit loss allowance for diminution in value of investments	**80,113**	-
Credit loss allowance against loans & advances	**135,285,869**	125,426,304
Insurance claim	**(8,800,000)**	-
Credit loss allowance - markup accrued	**6,941,619**	-
Credit loss allowance against balances with other banks	**52,556**	-
Advances written off directly	-	4,147,372
	133,560,157	129,573,676

26. TAXATION

	2024	2023
Current tax	**135,107,091**	46,180,032
Deferred tax	**(43,370,103)**	(6,863,656)
	91,736,988	39,316,376

		Note	2024	2023
26.1	**Relationship between tax expense and accounting profit**		--------Rupees--------	
	Profit before tax		**245,483,776**	130,803,660
	Tax at the tax rate of 29%		**71,190,295**	37,933,061
	Effects of:		-	-
	Permanent difference		**893,650**	11,600
	Super tax		**23,309,154**	1,539,334
	prior year adjustment		-	-
	Others		**(3,656,111)**	(167,619)
	Tax expense		**91,736,988**	39,316,376

27. BASIC EARNINGS PER SHARE

	2024	2023
Profit for the year (Rupees)	**153,746,788**	91,487,284
Weighted average number of ordinary shares (Number)	**100,000,000**	100,000,000
Basic earnings per share (Rupees)	**1.54**	0.91

28. CASH AND CASH EQUIVALENTS

	2024	2023
Cash and balance with treasury banks	**112,004,966**	80,434,763
Balance with banks / NBFIs / MFBs	**904,487,174**	577,370,802
	1,016,492,140	657,805,565

29. STAFF STRENGTH

	2024	2023
	--------Number--------	
Permanent	**226**	196
On contract	**373**	230
Bank's own staff strength at the end of the year	**599**	426

30. NUMBER OF BRANCHES

	2024	2023
As at 01 January 2024	**19**	19
Opened during the year	**3**	-
Closed during the year	**-**	-
As at 31 December 2024	**22**	19

31. DEFINED BENEFIT PLAN

31.1 Number of Employees under the scheme

The number of employees covered under the following defined benefit schemes are:

	2024	2023
Gratuity fund	**222**	194

31.2 Principal actuarial assumptions

The actuarial valuations were carried out as at 31 December 2024 using the following significant assumptions

	2024	2023
	-------- Per annum --------	
Discount rate	**15.5%**	14.5%
Expected rate of return on plan assets	-	-
Expected rate of salary increase	**12.25%**	14.5%

31.3 Reconciliation of (receivable from) / payable to defined benefit plans

	2024	2023
	--------Rupees--------	
Gratuity fund		
Present value of obligations	**27,701,143**	21,332,477
Fair value of plan assets	**(20,377,653)**	(18,807,213)
Payable	**2,331,815**	2,331,815
	9,655,305	4,857,079

31.4 Movement in defined benefit obligations

Gratuity fund		
Obligations at the beginning of the year	**21,332,477**	17,625,464
Liability of third party staff at beginning	-	(868,044)
Current service cost	**5,377,348**	4,981,394
Interest cost	**3,038,466**	2,299,014
Benefits due but not paid (payable)	-	(2,055,048)
Benefits paid by the MFB	**(3,458,947)**	(1,485,334)
Re-measurement loss	**1,411,799**	835,031
Obligations at the end of the year	**27,701,143**	21,332,477

31.5 Movement in fair value of plan assets

Gratuity fund		
Fair value at the beginning of the year	**18,807,213**	15,398,648
Interest income on plan assets	**3,023,473**	2,306,627
Contributions	**4,857,079**	2,503,582
Benefits paid	**(3,458,947)**	(1,485,334)
Return on plan assets, excluding interest income	**(2,851,165)**	83,690
Fair value at the end of the year	**20,377,653**	18,807,213

31.6 Movement in payable under defined benefit schemes

Opening balance	**4,857,079**	2,503,582
Less liability of third party staff at beginning	-	(868,043)
Charge / (reversal) for the year	**5,392,341**	4,973,781
Contribution by the MFB - net	**(4,857,079)**	(2,503,582)
Re-measurement loss recognised in OCI during the year	**4,262,964**	751,341
Closing balance	**9,655,305**	4,857,079

		2024	2023
31.7	**Charge for defined benefit plans**	--------Rupees--------	
31.7.1	**Cost recognised in profit and loss**		
	Current service cost	**5,377,348**	4,981,394
	Interest income on plan assets	**(3,023,473)**	(2,306,627)
	Interest cost on defined benefit obligation	**3,038,466**	2,299,014
		5,392,341	4,973,781
31.7.2	**Re-measurements recognised in OCI during the year**		
	Loss / (gain) on obligation		
	Demographic assumptions	**-**	-
	Financial assumptions	**1,116,762**	61,290
	Experience adjustment	**295,037**	773,741
	Return on plan assets over interest income	**2,851,165**	(83,690)
	Total re-measurements recognised in OCI	**4,262,964**	751,341

		2024	2023
31.8	**Components of plan assets**	-------- Per annum --------	
	Cash and cash equivalents - net	100%	100%
	Government securities	0%	0%
	Shares	0%	0%
	Non-Government debt securities	0%	0%
	Other securities (to be specified)	0%	0%

		2024
31.10	**Sensitivity analysis**	----Rupees---
	Gratuity fund	
	1% increase in discount rate	26,420,396
	1% decrease in discount rate	29,159,614
	1 % increase in expected rate of salary increase	29,213,161
	1 % decrease in expected rate of salary increase	26,346,837

31.11	**Expected contributions to be paid to the funds in the next financial year**	
	FY 2025	4,943,454
	FY 2026	4,137,483
	FY 2027	14,916,753
	FY 2028	4,017,669
	FY 2029	4,927,791
	FY 2030	3,956,286
	FY 2031	3,340,029
	FY 2032	3,238,392
	FY 2033	3,727,745
	FY 2034	3,795,634
	FY 2035 Onwards	320,993,184
		371,994,420

32 DEFINED CONTRIBUTION PLAN

Disclosures relating to Provident fund

	2024	2023
	--------Rupees-------	
Details of investments		
Size of the fund	**67,696,599**	49,906,337
Cost of the investments made	**66,589,363**	44,927,000
Percentage of investments made	**98%**	90%
Fair value of investments	**67,696,599**	44,927,000
Break-up of investments		
TDR's	**-**	44,927,000
Receivable from Sindh Microfinance Bank Limited	**1,107,236**	296,924
Bank balances	**66,589,363**	4,682,337
	67,696,599	49,906,261

32.1 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. COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

33.1 Total Compensation Expense

Items	2024				
	Directors			President / CEO	Key Management Personnel
	Chairman	Non-Executives	Executives (other than CEO)		
	--------Rupees--------				
Managerial remuneration					
i) Fixed	-	**360,000**	-	**16,793,736**	**19,802,674**
ii) Variable	-	-	-	-	-
a) Cash bonus / awards	-	-	-	**1,696,336**	**1,568,122**
b) Bonus and awards in shares etc.	-	-	-		
Charge for defined benefit plan	-	-	-	-	-
Contribution to defined contribution plan	-	-	-	**1,017,802**	**951,355**
Rent & house maintenance	-	-	-	-	-
Utilities	-	-	-	-	-
Medical	-	-	-	-	
Conveyance	-	-	-	**2,286,800**	**5,340,600**
Others	-	-	-	-	-
Total	-	**360,000**	-	**21,794,674**	**27,662,751**
Number of persons	**0**	**3**	**0**	**1**	**8**

Items	2023				
	Directors			President / CEO	Key Management Personnel
	Chairman	Non-Executives	Executives (other than CEO)		
	--------Rupees--------				
Fees and allowances etc.					
Managerial remuneration					
i) Fixed	-	220,000	-	12,511,695	16,829,334
ii) Variable	-	-	-	-	-
a) Cash bonus / awards	-	-	-	-	-
b) Bonus	-	-	-	1,154,888	1,855,212
Charge for defined benefit plan	-	-	-	-	-
Contribution to defined contribution plan	-	-	-	758,285	1,181,781
Rent & house maintenance	-	-	-	-	-
Utilities	-	-	-	-	-
Medical	-	-	-	-	-
Conveyance	-	-	-	2,227,459	4,759,652
Others	-	-	-	-	-
Total	-	220,000	-	16,652,327	24,625,979
Number of persons		3	3	1	6

34. FAIR VALUE MEASUREMENTS

Fair value is the amount for which an asset can be exchanged, or liability settled, between knowledgable willing parties in an arm's length transaction. Consequently, differences may arise between the carrying values and fair value estimates.

34.1 Fair value of financial assets

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

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

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

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

The table below analyzes financial instruments measured at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised:

	2024			
	Level 1	Level 2	Level 3	Total
	---------Rupees--------			
On balance sheet financial instruments				
Financial assets - measured at fair value				
Investments				
Federal Government securities	-	-	-	-
Provincial Government securities	-	-	-	-
Shares	-	-	-	-
Non-Government debt securities	-	-	-	-
Others	-	-	-	-
	-	-	-	-
Financial assets - disclosed but not measured at fair value				
Investments	-	**233,228,768**	-	**233,228,768**
Off-balance sheet financial instruments - measured at fair value				
Forward agreements for lending	-	-	-	-
Forward agreements for borrowing	-	-	-	-
	-	-	-	-

	2023			
On balance sheet financial instruments				
Financial assets - measured at fair value				
Investments	-	-	-	-
Federal Government securities	-	-	-	-
Provincial Government securities	-	-	-	-
Shares	-	-	-	-
Non-Government debt securities	-	-	-	-
Others	-	-	-	-
	-	-	-	-
Financial assets - disclosed but not measured at fair value				
Investments	-	144,408,445	-	144,408,445
Off-balance sheet financial instruments - measured at fair value				
Forward agreements for lending	-	-	-	-
Forward agreements for borrowing	-	-	-	-

35. RELATED PARTY TRANSACTIONS

The MFB has related party transactions with its parent, subsidiaries, employee benefit plans and its directors and Key Management Personnel.

The MFB makes contributions to employee retirement benefit plans and accruals related to these benefits in line with the terms of the actuarial valuations or established contribution plans. Furthermore, executive and officer remuneration is determined according to the terms specified in their respective contracts and appointments.

Details of transacitons with related parties during the year, other than those which have been disclosed elsewhere in these financial statements are as follows:

	2024				2023			
	Parent	Directors	Key management personnel	Other related parties	Parent	Directors	Key management personnel	Other related parties
	--------Rupees--------							
Balances with other MFBs / banks / NBFIs								
In current accounts	**2,267,000**	-	-	-	-	-	-	-
In deposit accounts	**218,610,000**	-	-	-	50,362,645	-	-	-
	220,877,000	-	-	-	50,362,645	-	-	-
Investments								
Opening balance	-	-	-	**144,408,445**	-	-	-	54,788,274
Investment made during the year	-	-	-	**685,000,000**	-	-	-	394,152,432
Investment redeemed / disposed off during the year	-	-	-	**(596,179,677)**	-	-	-	(304,532,261)
Transfer in / (out) - net	-	-	-	-	-	-	-	-
Closing balance	-	-	-	**233,228,768**	-	-	-	144,408,445
Credit loss allowance for diminution in value of investments								
Advances								
Opening balance	-	-	**28,324,888**	-	-	-	31,524,154	-
Addition during the year	-	-	-	-	-	-	-	-
Repaid during the year	-	-	**(4,907,487)**	-	-	-	(3,199,266)	-
Transfer in / (out) - net	-	-	-	-	-	-	-	-
Closing balance	-	-	**23,417,401**	-	-	-	28,324,888	-
Credit loss allowance held against advances								

	2024				2023			
	Parent	Directors	Key management personnel	Other related parties	Parent	Directors	Key management personnel	Other related parties
	--------Rupees--------							
Borrowings								
Opening balance	-	-	-	-	-	-	-	-
Borrowings during the year	**360,000,000**	-	-	-	-	-	-	-
Settled during the year	-	-	-	-	-	-	-	-
Transfer in / (out) - net	-	-	-	-	-	-	-	-
Closing balance	**360,000,000**	-	-	-	-	-	-	-
Deposits and other accounts								
Opening balance	-	-	**5,507**	-	-	-	5,507	-
Received during the year	-	-	-	-	-	-	-	-
Withdrawn during the year	-	-	-	-	-	-	-	-
Transfer in / (out) - net	-	-	-	-	-	-	-	-
Closing balance	-	-	**5,507**	-	-	-	5,507	-
Other Liabilities								
Payable to staff retirement fund	-	-	**10,762,541**	-	-	-	5,154,003	-

	2024				2023			
	Parent	Directors	Key management personnel	Other related parties	Parent	Directors	Key management personnel	Other related parties
	--------Rupees--------							
Income								
Mark-up / return / interest earned	**14,317,498**	-	-	-	7,974,334	-	-	-
Expense								
Mark-up / return / interest Exp	**629,343**	-	-	-	-	-	-	-
Other	-	**360,000**	**11,616,263**	-	738,271	220,000	9,213,326	-

		2024	2023
36.	**CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS**	--------Rupees--------	
	Minimum Capital Requirement (MCR):		
	Paid-up capital (net of losses)	**1,254,644,354**	1,106,001,875
	Capital Adequacy Ratio (CAR):		
	Eligible Common Equity Tier 1 (CET 1) Capital	**1,166,044,487**	1,072,212,000
	Eligible Additional Tier 1 (ADT 1) Capital	**-**	-
	Total Eligible Tier 1 Capital	**1,166,044,487**	1,072,212,000
	Eligible Tier 2 Capital	**66,792,221**	39,272,000
	Total Eligible Capital (Tier 1 + Tier 2)	**1,232,836,709**	1,111,484,000
	Risk Weighted Assets (RWAs):		
	Credit Risk	**2,238,503,484**	2,277,654,000
	Operational Risk	**117,636,516**	78,486,000
	Total	**2,356,140,000**	2,356,140,000
	Common Equity Tier 1 Capital Adequacy ratio	**1,166,044,487**	1,072,212,000
	Total Capital Adequacy Ratio	**44.26%**	47.52%

36.1 The minimum Capital Adequacy Ratio (CAR) requirement for the Bank is 15% of Risk-Weighted Assets (RWA). This ratio is calculated as the ratio of the Bank's capital to its risk-weighted assets, which include credit risk, market risk, and operational risk.

36.2 The credit risk exposure of the Bank is calculated by assigning risk weights to various assets based on the creditworthiness of the counterparty. These risk weights are determined in accordance with the guidelines set forth by the State Bank of Pakistan (SBP) and are designed to reflect the inherent risks associated with different types of exposures.

36.3 Operational risk refers to the potential for loss arising from inadequate or failed internal processes, systems, people, or external events. To calculate the capital requirement for operational risk, the Bank follows the Standardized Approach (SA), as prescribed by the State Bank of Pakistan (SBP). Under this approach, a capital charge is applied based on a percentage of the Bank's gross income across various business lines.

The Bank ensures that the capital held for operational risk is adequate to cover potential losses and meets the regulatory requirements set by the SBP.

37. RISK MANAGEMENT

37.1 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 post 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 03 June 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 December 2024 the paid up share capital of the Bank stood at Rs. 1 billion (31 December 2023: Rs. 1 billion).

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 31 December 2024, the Bank's Capital adequacy ratio (CAR) is approximately 44.26% (31 December 2023: 47.52%) of its weighted exposure, as against the minimum requirement of 15% prescribed by SBP.

37.2 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	2024	2023
		--------Rupees--------	
Bank balances	5 & 6	**1,014,849,484**	656,435,920
Advances - net of provisions	8	**2,097,148,504**	1,903,817,665
Investment - net of provisions	7	**1,133,038,418**	644,408,445
Other assets	13	**76,155,852**	49,197,714
		4,321,192,258	3,253,859,744

37.3 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:

2024	Effective yield / interest rate	Upto one year	Over one year	Total
		Rupees		
Deposits and other accounts	8.5% - 22.5%	1,844,920,392	146,245,000	1,991,165,392
Borrowings	17.59% - 24.2%	378,750,000	495,000,000	873,750,000
Lease liabilities	12.49% - 20%	78,653,136	54,575,638	133,228,774
Other liabilities		194,860,916	-	194,860,916
		2,497,184,444	695,820,638	3,193,005,082

2023	Effective yield / interest rate	Upto one year	Over one year	Total
		Rupees		
Deposits and other accounts	8% - 24%	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
Lease liabilities	12.49% - 20%	57,343,776	35,723,086	93,066,862
Other liabilities		164,587,149	-	164,587,149
		1,854,970,704	446,968,086	2,301,938,790

37.4 *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:

	2024	2023
	Rupees	
Net financial assets	1,128,187,176	951,920,954
Effect on profit and loss account		
Interest rate + 100 bps	11,281,872	11,053,810
Interest rate - 100 bps	(11,281,872)	(11,053,810)

37.5 *Liquidity risk*

Liquidity risk is the risk that the Bank may not be able to meet its short-term financial obligations due to an imbalance between its liquid assets and liabilities. This can arise from mismatches in the timing of cash flows or an inability to access sufficient funding when required.

The primary objective of the Bank liquidity risk management is to ensure that the Bank can meet its obligations when they become due, without incurring unacceptable losses by ensuring an adequate cushion of highly liquid assets, such as cash and government securities, to manage unforeseen liquidity pressures. Aligning the maturity profiles of assets and liabilities to reduce liquidity gaps. Furthermore the Bank ensures that it has access to multiple funding sources, including deposits, interbank borrowing, and external funding facilities, to reduce the risk of relying on a single funding source.

37.5.1 *Assets and liabilities - based on contractual maturity*

	2024							
	Total	Upto 1 Month	Over 1 to 3Months	Over 3 to 6 Months	Over 6 to 12 Months	Over 1 to 2 years	Over 2 to 5 years	Over 5 Years
	---Rupees---							
Assets								
Cash and balances with treasury banks	112,004,966	112,004,966	-	-	-	-	-	-
Balances with other MFBs / banks / NBFIs	904,487,174	904,539,730	-	-	-	-	-	-
Lending to financial institutions	-	-	-	-	-	-	-	-
Investments	1,133,038,418	-	173,996,001	96,690,467	862,351,950	-	-	-
Advances	2,097,148,504	303,074,678	574,918,676	613,475,431	582,262,318	23,417,401	-	-
Property and Equipment	24,821,590	711,138	1,417,757	2,123,970	3,341,900	12,211,918	5,014,907	-
Right-of-use assets	112,514,906	3,125,414	6,250,828	9,376,242	18,752,484	37,504,969	37,504,969	-
Intangible assets	4,771,562	13,817	272,147	421,007	753,991	1,420,840	1,889,760	-
Deferred tax assets	51,853,983	-	-	-	-	51,853,983	-	-
Other assets	90,312,285	76,024,476	3,341,340	4,946,728	2,810,448	3,189,293	-	-
	4,530,953,388	1,399,494,219	760,196,749	727,033,845	1,470,273,091	129,598,404	44,409,636	-
Liabilities								
Bills payable	-	-	-	-	-	-	-	-
Borrowings	873,750,000	18,750,000	-	-	360,000,000	-	495,000,000	-
Deposits and other accounts	1,991,165,392	411,024,984	100,000,000	153,864,408	1,180,031,000	146,245,000	-	-
Lease Liabilities	133,228,774	5,091,643	17,959,196	15,699,288	39,903,009	50,045,245	4,530,393	-
Subordinated debt	-	-	-	-	-	-	-	-
Deferred grants	-	-	-	-	-	-	-	-
Deferred tax liabilities	-	-	-	-	-	-	-	-
Other liabilities	278,164,868	-	-	-	278,164,868	-	-	-
	3,276,309,034	434,866,627	117,959,196	169,563,696	1,858,098,877	196,290,245	499,530,393	-
Net assets	1,254,644,354	964,627,592	642,237,553	557,470,149	(387,825,786) -	66,691,841	(455,120,757)	-

Share capital / head office capital account	1,000,000,000
Reserves	101,361,357
Unappropriated/ Unremitted profit	121,308,675
Depositors Protection Fund	31,974,322
	1,254,644,354

Assets and liabilities - based on contractual maturity

	2023							
	Total	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 to 12 Months	Over 1 to 2 years	Over 2 to 5 years	Over 5 Years
	-------------Rupees-------------							
Assets								
Cash and balances with treasury banks	80,434,763	80,434,763	-	-	-	-	-	-
Balances with other MFBs / banks / NBFIs	577,370,802	577,370,802	-	-	-	-	-	-
Lending to financial institutions	-	-	-	-	-	-	-	-
Investments	644,408,445	-	-	644,408,445	-	-	-	-
Advances	1,903,817,665	210,078,329	-	1,055,449,767	609,964,681	28,324,888	-	-
Property and Equipment	23,521,764	626,545	1,241,877	1,815,957	3,445,241	6,009,257	8,703,749	1,679,138
Right-of-use assets	95,510,354	1,591,839	4,775,518	4,775,518	19,102,071	38,204,142	27,061,267	-
Intangible assets	6,206,928	159,094	526,618	344,533	689,070	1,378,132	3,109,481	-
Deferred tax assets	7,254,502	-	-	-	-	7,254,502	-	-
Other assets	76,167,380	630,892	27,273,830	46,963,858	538,437	760,363	-	-
	3,414,692,603	870,892,264	33,817,843	1,753,758,078	633,739,500	81,931,284	38,874,497	1,679,138
Liabilities								
Bills payable	-	-	-	-	-	-	-	-
Borrowings	721,000,000	-	-	385,000,000	75,000,000	261,000,000	-	-
Deposits and other accounts	1,323,284,779	352,817,779	-	118,190,000	702,032,000	150,245,000	-	-
Lease liabilities	93,066,862	6,918,731	12,602,682	22,362,412	15,459,951	32,184,182	3,538,904	-
Subordinated debt	-	-	-	-	-	-	-	-
Deferred grants	-	-	-	-	-	-	-	-
Deferred tax liabilities	-	-	-	-	-	-	-	-
Other liabilities	171,339,087	166,044,070	-	437,938	4,857,079	-	-	-
	2,308,690,728	525,780,580	12,602,682	525,990,350	797,349,030	443,429,182	3,538,904	-
Net assets	1,106,001,875	345,111,684	21,215,161	1,227,767,728	(163,609,530)	361,497,898	35,335,593	1,679,138

Share capital / head office capital account	1,000,000,000
Reserves	70,611,999
Depositors' protection fund	20,328,029
Unappropriated/ Unremitted profit	-
Surplus / (Deficit) on revaluation of assets	15,061,847
	1,106,001,875

37.6 Market risk

Market risk is the risk of potential losses arising from fluctuations in market variable such as interest rate. The risk of changes in interest rates affecting the value of assets, liabilities, or future cash flows.

The Bank's market risk management function ensures that market risks are effectively identified, measured, managed, and reported in accordance with the Bank's risk appetite. The Bank continues to improve its market risk management strategies in line with evolving market conditions and regulatory requirements.

38. CORRESPONDING FIGURES

Corresponding figures have been re-arranged and re-classified to ensure more appropriate presentation and comparison. The re-classification made in these financial statements are as follows:

From	To	Note	Amount in Rupees
Advances	Other assets	13	**2,036,847**
Property and equipment	Right-of-use Assets	10	**95,510,354**
Property and equipment	Intangible assets	11	**6,206,928**
Other liabilities	Lease liabilities	17	**93,066,862**

President/Chief Executive | Chairman | Chief Financial Officer | Director | Director