SINDH MICROFINANCE BANK LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)
AS AT MARCH 31, 2025

	Note	31 March 2025 (Un-audited)	31 December 2024 (Audited)
		------------ Rupees -------------	
ASSETS			
Cash and balances with treasury banks	7	**116,149,357**	112,004,966
Balances with other MFBs / Banks / NBFIs	8	**655,056,455**	904,487,174
Lendings to financial institutions		**-**	-
Investments	9	**1,332,415,471**	1,133,038,418
Advances	10	**2,141,668,452**	2,097,148,504
Property and equipment	11	**23,838,421**	24,821,590
Right-of-use assets	12	**103,138,664**	112,514,906
Intangible assets	13	**4,297,188**	4,771,562
Deferred tax assets	14	**64,284,866**	51,853,983
Other assets	15	**117,710,882**	90,312,285
		4,558,559,756	4,530,953,388
LIABILITIES			
Bills payable		-	-
Borrowings	16	**767,000,000**	873,750,000
Deposits and other accounts	17	**2,045,787,118**	1,991,165,392
Lease liabilities	18	**129,233,535**	133,228,774
Subordinated debt		-	-
Deferred income		-	-
Deferred tax liabilities		-	-
Other liabilities	19	**299,104,641**	278,164,868
		3,241,125,294	3,276,309,034
NET ASSETS		**1,317,434,462**	1,254,644,354
REPRESENTED BY			
Share capital		**1,000,000,000**	1,000,000,000
Reserves		**149,033,206**	133,335,679
Unappropriated profit		**168,401,256**	121,308,675
		1,317,434,462	1,254,644,354
CONTINGENCIES AND COMMITMENTS	20		

The annexed notes 1 to 31 form an integral part of these condensed interim financial statements.

President/Chief Executive	Director	Director	Director	Chief Financial Officer

SINDH MICROFINANCE BANK LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2025

	Note	Three Months period ended	
		31 March 2025	**31 March 2024**
		------------- Rupees -------------	
Mark-up / Return / Interest earned	21	**407,861,894**	313,634,754
Mark-up / Return / Interest expensed	22	**(119,831,419)**	(123,797,774)
Net mark-up / interest income		**288,030,475**	189,836,980
NON MARK-UP / INTEREST EXPENSES			
Operating expenses	23	**(153,172,964)**	(125,021,021)
Other charges	24	**-**	(10,000)
Total non-markup / interest expenses		**(153,172,964)**	(125,031,021)
Profit before credit loss allowance		**134,857,510**	64,805,959
Credit loss allowance and write offs - net	25	**(42,766,045)**	(24,106,997)
PROFIT BEFORE TAXATION		**92,091,465**	40,698,962
Taxation	26	**(29,301,357)**	(5,313,113)
PROFIT AFTER TAXATION		**62,790,108**	35,385,849
Basic and dilute earnings per share	27	**0.63**	0.35

The annexed notes 1 to 31 form an integral part of these condensed interim financial statements.

President/Chief Executive   Director   Director   Director   Chief Financial Officer

SINDH MICROFINANCE BANK LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2025

	Three Month Period Ended	
	31 March 2025	31 March 2024
	------------- Rupees -------------	
Profit after taxation for the period	**62,790,108**	35,385,849
Other comprehensive income for the period	**-**	-
Total comprehensive income	**62,790,108**	35,385,849

The annexed notes 1 to 31 form an integral part of these condensed interim financial statements.

President/Chief Executive   Director   Director   Director   Chief Financial Officer

SINDH MICROFINANCE BANK LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2025

	Share capital	Depositors' protection fund	Statutory reserve	Unappropriated profit	Total
		------------------------ Rupees ------------------------			
Opening Balance as at January 01, 2024 (audited)	1,000,000,000	20,328,029	70,611,999	9,025,288	1,099,965,316
Changes in equity for the Period					
Profit for the period after taxation	-	-	-	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
Balance as at Decemeber 31, 2024 (Audited)	**1,000,000,000**	**31,974,322**	**101,361,357**	**121,308,675**	**1,254,644,354**
Changes in equity for the Three months ended March 31, 2025					
Profit for the period after taxation	**-**	**-**	**-**	**62,790,108**	**62,790,108**
Other comprehensive income - net of tax	**-**	**-**	**-**	**-**	**-**
	-	**-**	**-**	**62,790,108**	**62,790,108**
Transfer to statutory reserve	**-**	**-**	**12,558,022**	**(12,558,022)**	**-**
Transfer to depositors' protection fund	**-**	**3,139,505**	**-**	**(3,139,505)**	**-**
Return on investment - net of tax	**-**	**-**	**-**	**-**	**-**
	-	**3,139,505**	**12,558,022**	**(15,697,527)**	**-**
Balance as at March 31, 2025 (Un-audited)	**1,000,000,000**	**35,113,827**	**113,919,379**	**168,401,256**	**1,317,434,462**

The annexed notes 1 to 31 form an integral part of these condensed interim financial statements.

President/Chief Executive	Director	Director	Director	Chief Financial Officer

SINDH MICROFINANCE BANK LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2025

	Note	Three Months period ended	
		31 March 2025	31 March 2024
		----------- Rupees -----------	
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		**92,091,465**	40,698,962
Adjustments:			
Depreciation of operating fixed assets	23	**2,427,307**	2,287,971
Amortisation on intengible assets	23	**474,374**	465,073
Depreciation of right of use asset	12	**9,376,242**	5,969,397
Provision for defined benefit plan	12	**1,200,000**	1,200,000
Interest on lease liability	18	**5,228,559**	5,679,905
Provision against non performing advances	25	**39,784,021**	22,168,554
Bad debts written off directly	25	**1,695,738**	1,938,443
Credit loss allowance - markup accrued	25	**1,286,286**	-
		61,472,527	39,709,343
		153,563,993	80,408,305
Increase in operating assets			
Advances		**(85,999,707)**	(199,602,410)
Others assets (excluding advance taxation)		**(28,684,883)**	25,726,121
		(114,684,590)	(173,876,289)
Increase in operating liabilities			
Borrowings from financial institutions		**(106,750,000)**	(7,750,000)
Deposits		**54,621,726**	220,608,218
Other liabilities (excluding current taxation)		**20,493,715**	68,510,004
		(31,634,559)	281,368,222
Income tax paid		**(42,486,184)**	(8,301,790)
Net cash flow from / (used in) operating activities		**(35,241,341)**	179,598,448
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of HTM investment		**-**	-
Investment in term deposits receipts		**(199,305,264)**	-
Purchase of property and equipment	11.1	**(1,336,059)**	(5,916,990)
Purchase of intangible assets		**-**	-
Net cash used in investing activities		**(200,641,323)**	(5,916,990)
CASH FLOW FROM FINANCING ACTIVITIES			
Payment of lease liability against right-of-use assets		**(9,223,798)**	(9,444,000)
Net cash (used in) / flow from financing activities		**(9,223,798)**	(9,444,000)
Impact of expected credit loss allowance on bank balances	8	**(179,866)**	-
(Decrease)/ Increase in cash and cash equivalents		**(245,106,461)**	164,237,458
Cash and cash equivalents at beginning of the period		**1,016,492,140**	1,302,214,010
Cash and cash equivalents at end of the period	7 & 8	**771,205,813**	1,466,451,468

The annexed notes 1 to 31 form an integral part of these condensed interim financial statements.

President/Chief Executive   Director   Director   Director   Chief Financial Officer

1. STATUS AND NATURE OF BUSINESS

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

The Bank is the wholly owned subsidiary of Sindh Bank Limited (the 'Holding Bank'). The Bank operates through branches and service centers spread within the province of Sindh, the network of branches and service centers comprise of 22 (December 31, 2024: 22) branches and 86 (December 31, 2024: 86) service centers.

2 BASIS OF PRESENTATION

2.1 STATEMENT OF COMPLIANCE

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

- International Accounting Standard 34 "Interim Financial Reporting" and International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the 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, 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 August 26, 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 April 28, 2008.

The State Bank of Pakistan through BPRD Circular No. 04 of 2015 dated February 25, 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 June 12, 2013 for Institutions offering Islamic Financial Services (IIFS). Accordingly, the requirements of these standards have not been considered in the preparation of these condensed interim

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

2.1.1 The disclosures made in these condensed interim financial statements have been limited based on the format prescribed by the SBP through BPRD Circular Letter No. 03 dated February 09, 2023 and the requirements of International Accounting Standard 34, "Interim Financial Reporting". These do not include all the information and disclosures required for annual financial statements, and therefore should be read in conjunction with the annual audited financial statements of the Bank for the year ended December 31, 2023.

2.1.2 The Bank believes that there is no significant doubt on the ability to continue as a going concern. Therefore, the condensed interim financial statements have been prepared on a going concern basis.

2.2 Standards, interpretations of and amendments to published accounting and reporting standards that are effective in the current period:

There are certain new and amended standards, issued by International Accounting Standards Board (IASB), interpretations and amendments that have become applicable to the Bank for accounting periods beginning on or after January 01, 2024 but are considered not to be relevant or do not have any material effect on the Bank's operations and are therefore not detailed in these condensed interim financial statements except for IFRS-09 (Financial Instruments), the impact of which is disclosed under note 4.2.

2.3 Standards, interpretations of and amendments to published accounting and reporting 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 January 01, 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 January 01, 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.

3 BASIS OF PRESENTATION

3.1 Accounting convention

These condensed interim 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 condensed interim 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 condensed interim financial statements are measured using the currency of the primary economic environment in which the Bank operates. The condensed interim 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 condensed interim financial statements are consistent with those applied in the preparation of the annual audited financial statements of the Bank for the year ended December 31, 2024 except for changes mentioned in notes 4.1 and 4.2.

4.1 The SBP, vide its BPRD Circular No. 03 dated February 09, 2023, issued the revised forms for the preparation of the condensed interim quarterly / half yearly financial statements of the MFBs which are applicable for quarterly / half yearly periods beginning on or after January 1, 2024 as per BPRD Circular Letter No. 07 of 2023 dated April 13, 2023. The implementation of the revised forms has resulted in certain changes to the presentation and disclosures of various elements of the condensed interim financial statements. The significant change is relating to right of use assets, intangible assets and corresponding lease liability which 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 condensed interim 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 30.2.

4.2 Significant accounting policy

As per SBP BPRD Circular Letter No. 07 of 2023 dated April 13, 2023, IFRS-09 is applicable on banks with effect from January 01, 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.

The SBP through its BPRD Circular Letter No. 16 dated July 29, 2024 has made certain amendments and extended the timelines of SBP's IFRS-09 Application Instructions to address most of the matters raised by the banks with a direction to ensure compliance by the extended timeline.

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 condensed interim statement of profit and loss account. Interest income / profit / expense on these assets / liabilities are recognized in the condensed interim statement of profit and loss account. On derecognition of these financial assets and liabilities, capital gain / loss will be recognized in the condensed interim 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 condensed interim statement of profit and loss account. Interest / profit / dividend income on these assets are recognized in the condensed interim statement of profit and loss account. On derecognition of debt based financial assets, capital gain / loss will be recognized in the condensed interim 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 condensed interim statement of profit and loss account. These assets are subsequently measured at fair value with changes recorded in the condensed interim statement of profit and loss account. Interest / dividend income on these assets are recognized in the condensed interim statement of profit and loss account. On derecognition of these financial assets, capital gain / loss will be recognized in the condensed interim statement of profit and loss account. An expected credit loss allowance ("ECL") is not recognized for these financial assets.

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 condensed interim 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 condensed interim statement of profit and loss account.

4.2.7 Expected Credit Loss ("ECL")

IFRS 9 has fundamentally changed the loan loss impairment method by replacing incurred loss approach with forward looking ECL approach. The Bank has been recording the allowance for expected credit loss for all financial assets not held at FVTPL.

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 either an individual basis or collective basis, depending on nature of the underlying portfolio of financial instruments.

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. Other than DPDs, the management may assess certain portfolios on subjective basis as Non-performing loans (NPL).

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

Stage 1: When loans are first recognized, the Bank recognizes an allowance based on 12mECLs. Stage 1 financial Wh instruments also include facilities where the credit risk has improved and these have been reclassified from Stage 2.

Stage 2: When a loan has shown a significant increase in credit risk since origination, the Bank records an allowance for Wh the LTECLs. Stage 2 loans also includes facilities, where the credit risk has improved and the instrument has been reclassified from Stage 3.

Stage 3: For loans considered credit-impaired, the Bank recognizes the LTECLs for these loans. For

The calculation of ECLs

The Bank calculates ECLs based on a three probability-weighted scenarios to measure the expected cash flows, discounted at an approximation to the EIR. A cash shortfall is the difference between cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

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 derecognized and is still in the portfolio. The bank has computed loss rates for its advances using flow rates by observing default behavior over the period. The flow rates have been determined using month on month movement of borrowers from one bucket to another.

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.

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.

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

Forward looking information

In its ECL models, the Bank relies on range of the following forward looking information as economic inputs, such as:

- GDP growth
- Consumer price index
- Unemployment rate
- Policy rates

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

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 July 05, 2022 and BPRD Circular Letter No. 16 of 2024 dated July 29, 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.

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of condensed interim financial statements in conformity with accounting and reporting standards as applicable in Pakistan requires management to make judgments, estimates and assumptions that affect the application of policies and reported amount of assets and liabilities and 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 basis of making the judgments about carrying values of assets and liabilities which are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of its revision and future periods if the revision affects both current and future periods.

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 December 31, 2024 except for matters related to adoption of IFRS-09 which have been disclosed in note 4.2 to the condensed interim financial statements.

6. FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies are consistent with those disclosed in the annual audited financial statements of the Bank for the year ended December 31, 2024.

7	CASH AND BALANCES WITH TREASURY BANKS	Note	31 March (Un-audited)	31 December (Audited)
			----------- Rupees -----------	
	In hand - Local currency		**1,112,636**	1,642,656
	With State Bank of Pakistan in			
	- Local currency current account	7.1	**110,410,792**	108,811,954
	With National Bank of Pakistan in			
	- Local currency deposit account	7.2	**4,625,929**	1,550,356
	Less: Credit loss allowance		**-**	-
	Total		**116,149,357**	112,004,966

7.1 This represents balance held with SBP to meet the requirement of maintaining a minimum balance equivalent to 5% (December 31, 2024: 5%) and 10% (December 31, 2024: 10%) as cash & 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.

7.2 This represents the balance held in a saving account carrying interest at the rate of 11.50% (31 December 2024: 20.50%) per annum.

8 BALANCES WITH OTHER MFBs / BANKs / NBFIs

	Note	31 March	31 December
- In current account		**2,738,830**	3,492,000
- In deposit account	8.1	**652,497,491**	901,175,040
		655,236,321	904,667,040
Less: Credit loss allowance		**(179,866)**	(179,866)
Total		**655,056,455**	904,487,174

8.1 This represents the balance held in a saving accounts carrying interest at the rate ranging from 8% to 15.50% (December 31, 2024: 11% to 15.50%) per annum.

9 **INVESTMENTS**

9.1 **Investments by type:**

	Un-audited 31 March 2025 Fair Value / Amortised cost	Credit Loss Allowance	Surplus / (Deficit)	Carrying Value	Audited 31 December 2024 Fair Value / Amortised cost	Credit Loss Allowance	Surplus / (Deficit)	Carrying Value
	Rupees							
Classified as Amortised Cost								
Federal Government securities	**232,605,821**			**232,605,821**	233,228,768	-	-	233,228,768
Term Deposits Receipts (TDRs)	**1,100,000,000**	(190,350)		**1,099,809,650**	900,000,000	(190,350)	-	899,809,650
	1,332,605,821	**(190,350)**		**1,332,415,471**	1,133,228,768	(190,350)	-	1,133,038,418
Total investments	**1,332,605,821**	**(190,350)**		**1,332,415,471**	1,133,228,768	(190,350)		1,133,038,418

9.1.1 **Investments given as collateral**

	Un-audited 31 March 2025	Audited 31 December 2024
	Rupees	
Term Deposit Receipts (TDRs)	**437,500,000**	437,500,000

9.2 **Investments - Particlurs of credit loss allowance**

9.2.1 **Investments - Exposure**

	31 March 2025 Stage 1	Stage 2	Stage 3	31 Dec 2024 Stage 1	Stage 2	Stage 3
	Rupees			Rupees		
Gross carrying amount	1,133,228,768			644,408,445	-	-
New Investments	340,000,000	-	-	1,583,820,323	-	-
Investments derecognised or repaid	(140,622,947)	-	-	(1,095,000,000)	-	-
Transfer to stage 1	-	-	-	-	-	-
Transfer to stage 2	-	-	-	-	-	-
Transfer to stage 3	-	-	-	-	-	-
	199,377,053			488,820,323	-	-
Amounts written off / charged off				-		
Changes (to be specific)				-		
Closing balance	**1,332,605,821**			1,133,228,768	-	-

	31 March 2025 Stage 1	Stage 2	Stage 3	31 Dec 2024 Stage 1	Stage 2	Stage 3
	Rupees			Rupees		
9.2.2 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	-	-	190,350	-	-
Amounts written off / charged off				-	-	-
Changes in risk parameters				-	-	-
Other changes (to be specific)				-	-	-
Credit loss allowance closing balance	**190,350**	-	-	190,350	-	-

9.2.3 **Particulars of credit loss allowance against debt securities**

Category of classification		Un-audited 31 March 2025 NPI	Credit loss allowance	Audited 31 DEC 2024 NPI	Credit loss allowance
		Rupees			
Up to 29 days	Stage 1	1,332,605,821	190,350	1,133,228,768	190,350
Other assets especially mentioned	Stage 2	-	-	-	-
Non-performing	Stage 3	-	-	-	-
Substandard		-	-	-	-
Doubtful		-	-	-	-
Loss		-	-	-	-
		1,332,605,821	**190,350**	1,133,228,768	190,350

10 ADVANCES

Loan Type	Performing				Non Performing		Total	
	Stage 1		Stage 2		Stage 3			
	31-Mar-25	31-Dec-24	**31-Mar-25**	31-Dec-24	**31-Mar-25**	31-Dec-24	**31-Mar-25**	31-Dec-24
					Rupees			
Micro Credits								
Secured	**2,920,859**	3,901,122					**2,920,859**	3,901,122
Unsecured	**2,284,309,816**	2,202,370,123	**2,116,150**	2,947,728	**21,274,066**	16,161,242	**2,307,700,032**	2,221,479,093
Staff loans	**13,091,410**	14,028,117					**13,091,410**	14,028,117
Advances - gross	**2,300,322,085**	2,220,299,362	**2,116,150**	2,947,728	**21,274,066**	16,161,242	**2,323,712,301**	2,239,408,332
Credit loss allowance against advances								
- Stage 1	**(158,884,353)**	(123,347,172)		-		-	**(158,884,353)**	(123,347,172)
- Stage 2		-	**(2,095,277)**	(2,917,444)		-	**(2,095,277)**	(2,917,444)
- Stage 3		-		-	**(21,064,220)**	(15,995,212)	**(21,064,220)**	(15,995,212)
	(158,884,353)	(123,347,172)	**(2,095,277)**	(2,917,444)	**(21,064,220)**	(15,995,212)	**(182,043,849)**	(142,259,828)
Advances - net of credit loss allowance	**2,141,437,732**	2,096,952,190	**20,874**	30,284	**209,846**	166,030	**2,141,668,452**	2,097,148,504

10.1 Advances - Particlurs of credit loss allowance

10.1.1 Advances - Exposure

		31 March 2025			31 Dec 2024		
		Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
		Rupees			Rupees		
Gross carrying amount		2,220,299,362	2,947,728	16,161,242	1,919,408,303	1,277,361	4,650,481
Impact of adoption of IFRS 9					(9,977,462)	-	-
Opening balance as at January 1 after adoption of IFRS 9					1,909,430,841	1,277,361	4,650,481
New advances		1,071,545,000			3,866,426,005	-	-
Advances derecognised or repaid		(889,929,091)	(270,359)	(353,942)	(3,518,484,409)	(166,665)	(1,579,172)
Transfer to stage 1					-	-	-
Transfer to stage 2		(2,116,150)	2,116,150		(3,458,491)	3,458,491	-
Transfer to stage 3		(2,996,744)	(2,530,011)	5,526,755	(26,929,557)	(1,110,696)	28,040,253
		176,503,015	(684,220)	5,172,813	317,553,548	2,181,130	26,461,081
Amounts written off / charged off	10.2	(1,488,389)	(147,358)	(59,989)	(6,685,027)	(510,763)	(14,950,320)
Closing balance		**2,395,313,988**	**2,116,150**	**21,274,066**	2,220,299,362	2,947,728	16,161,242

Disclose the purchase originated and credit impairement assest, if any as per the disclosure requirements of IFRS-9.

10.1.2 Advances - Credit loss allowance

		31 March 2025			31 Dec 2024		
		Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
		Rupees			Rupees		
Opening balance		123,347,172	2,917,444	15,995,212	18,931,211	12,774	2,574,495
Impact of adoption of IFRS 9					4,192,040	1,259,186	2,150,363
Opening balance as at January 1 after adoption of IFRS 9					23,123,251	1,271,960	4,724,858
New advances		132,591,615			153,410,448	-	-
Advances derecognised or repaid		(95,467,761)	(265,198)	(340,991)	(45,917,626)	(167,247)	(430,152)
Transfer to Stage 1					-	-	-
Transfer to Stage 2		(40,678)	40,678		(66,451)	66,451	-
Transfer to Stage 3		(57,606)	(2,504,024)	2,561,630	(517,423)	(1,099,200)	1,616,623
		37,025,570	(2,728,544)	2,220,639	106,908,948	(1,199,996)	1,186,471
Amounts written off/charged Off	10.2	(1,488,389)	(147,358)	(59,989)	(6,685,027)	(510,763)	(14,950,320)
Changes in risk parameters		-	2,053,735	2,908,358	-	3,356,243	25,034,203
Closing balance		**158,884,353**	**2,095,277**	**21,064,220**	123,347,172	2,917,444	15,995,212

10.1.3 Advances - Credit loss allowance details

Internal / Extrernal rating / stage classification

	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
		Rupees			**Rupees**	
Outstanding gross exposure						
Performing - Stage 1						
(to be specified)	2,395,313,988	-	-	2,220,299,362	-	-
Under Performing						
Other assets especially mentioned	-	2,116,150	-	-	2,947,728	-
Non- Perfroming						
Substandard	-	-	1,900,975	-	-	3,964,700
Doubtful	-	-	7,582,624	-	-	8,879,885
Loss	-	-	11,790,467	-	-	3,316,657
			21,274,066	-	-	16,161,242
Total	**2,395,313,988**	**2,116,150**	**21,274,066**	2,220,299,362	2,947,728	16,161,242
Corresponding credit loss allowance						
Stage 1	158,884,353	-	-	123,347,172	-	-
Stage 2	-	2,095,277	-	-	2,917,444	-
Stage 3	-	-	21,064,220	-	-	15,995,212
	158,884,353	**2,095,277**	**21,064,220**	123,347,172	2,917,444	15,995,212

10.2 Particulars of write offs / charge offs:

	31-Mar-25	31-Dec-24
	Rupees	
Against credit loss allowance	**39,784,021**	22,168,554
Directly charged to profit & loss account	**1,695,738**	1,938,443
	41,479,759	24,106,997

		31 March (Un-audited)	31 December (Audited)
11	**PROPERTY AND EQUIPMENT**	---------- Rupees ----------	
	Property and equipment	**23,838,421**	24,821,590
		23,838,421	24,821,590

11.1 Additions to property and equipment

The following additions have been made to property and equipment during the period:

Property and equipment		
Office equipment	**1,336,059**	5,102,085
Office improvement	**-**	504,540
Furniture and fixture	**-**	115,000
Vehicles	**-**	5,035,485
Total	**1,336,059**	10,757,110

12 RIGHT-OF-USE ASSETS

Cost	**191,001,282**	136,491,762
Accumulated Depreciation	**(78,486,376)**	(40,981,408)
Opening net book value	**112,514,906**	95,510,354
Additions/ Remeasurements during the period / year	**-**	54,509,520
Deletions during the period / year	**-**	-
Depreciation Charge for the period / year	**(9,376,242)**	(37,504,968)
Closing net book value	**103,138,664**	112,514,906

13 INTANGIBLE ASSETS

Computer software	**4,297,188**	4,771,562
	4,297,188	4,771,562

13.1 Additions to intangible assets

The following additions have been made to intangible assets during the period:

Directly purchased	**-**	491,473
Total	**-**	491,473

14 DEFERRED TAX ASSETS

Deductible temporary differences on:		
- Right to use assets	**7,567,512**	6,007,022
- Post retirement employee benefits	**3,148,038.00**	1,400,019
- Accelerated depreciation	**2,490,721**	417,842
- Accelerated amortization	**598,599**	461,030
- Credit loss allowance against financial assets, off balance sheet etc.	**50,479,996**	43,568,070
	64,284,866	51,853,983

			31 March (Un-audited)	31 December (Audited)
15	**OTHER ASSETS**	**Note**	----------- Rupees -----------	
	Income / Mark-up accrued		**71,119,359**	56,294,040
	Advances, prepayments and deposits		**15,291,342**	17,682,482
	Advance taxation - net		**-**	-
	Advance against salary		**3,329,734**	3,930,528
	Deferred expense on staff loans		**8,331,612**	8,628,549
	Profit receivable on TDR		**28,529,800**	11,381,365
			126,601,847	97,916,964
	Less: Credit loss allowance held against other assets		**(8,890,965)**	(7,604,679)
	Other assets - Total		**117,710,882**	90,312,285

16 BORROWINGS

Secured			
Borrowing from State Bank of Pakistan - Line of credit fund	16.1	**517,000,000**	495,000,000
Borrowings from banks / MFBs/ financial institutions in Pakistan	16.2	**250,000,000**	378,750,000
		767,000,000	873,750,000

16.2	Sindh Bank Limited	**150,000,000**	360,000,000
	Borrowing from Pakistan Microfinance Investment Corporation	**100,000,000**	18,750,000
	Total unsecured	**250,000,000**	378,750,000

16.1 This represents a borrowing obtained from the State Bank of Pakistan under its Line of Credit Fund Scheme. During the period ended March 31, 2025, the Bank secured an additional borrowing of Rs. 22 million.

16.2 This represents a borrowing from the Pakistan Microfinance Investment Company (PMIC). A total of Rs. 300 million was sanctioned, Rs. 100 million was received during the period ended March 31, 2025, at a markup rate of six-month KIBOR plus 2.75%. The interest on this facility is payable quarterly, with the principal repayable in four installments from 31 December 2025.

17 DEPOSITS AND OTHER ACCOUNTS

Customers			
Current deposits		**12,697,658**	3,044,957
Savings deposits	17.1	**14,358,555**	11,529,830
Term deposits	17.2	**1,741,315,345**	1,706,583,408
		1,768,371,558	1,721,158,195
Financial Institutions			
Current deposits		-	-
Savings deposits	17.1	**277,415,560**	270,007,197
Term deposits		-	-
		277,415,560	270,007,197
		2,045,787,118	1,991,165,392

17.1 These are remunerative saving deposits of corporate and individual clients carrying interest rate ranging from 8.50% to 16% per annum (December 31, 2024: 8.50% to 16%).

17.2 This representative term deposits having tenure ranging from 3 months to 36 months (December 31, 2024: 3 to 36 month) carrying interest rate ranging from 14.15% to 22.50% (December 31, 2024: 14.15% to 22.50%) per annum.

		31 March (Un-audited)	31 December (Audited)
18	**LEASE LIABILITIES**	**----------- Rupees**	**-----------**
	At beginning of period / year	**133,228,774**	93,066,862
	Additions/ remeasurements during the period / year	**-**	54,509,520
	Interest expense	**5,228,559**	21,723,214
	Payment	**(9,223,798)**	(36,070,822)
	Closing balance	**129,233,535**	133,228,774

19	**OTHER LIABILITIES**		
	Mark-up / Return / Interest payable on deposits	**174,739,789**	136,150,031
	Mark-up / Return / Interest payable on borrowing	**27,832,308**	49,265,770
	Accrued expenses	**11,312,992**	8,761,767
	Withholding tax payable	**2,303,128**	2,004,830
	EOBI payable	**537,080**	501,990
	Payable to defined benefit plan	**10,855,305**	9,655,305
	Payable to defined contribution plan	**1,347,990**	1,107,236
	Provision for taxation - net	**69,280,649**	70,034,591
	Audit fee payable	**895,400**	683,348
		299,104,641	278,164,868

20 CONTINGENCIES AND COMMITMENTS

There are no contingencies and commitments as at March 31, 2025 (December 31, 2024: Nil).

		31 March (Un-audited)	31 March 2024 (Un-audited)
21	**MARK-UP / RETURN / INTEREST EARNED**		
	Loans and advances	**336,040,913**	239,063,595
	Investments	**51,144,473**	37,595,842
	Balances with other MFBs / banks / NBFIs	**20,676,507**	36,975,317
		407,861,894	313,634,754
22	**MARK-UP / RETURN / INTEREST EXPENSED**		
	Deposits	**86,805,978**	80,629,602
	Borrowings	**27,796,882**	37,488,267
	Lease liabilities	**5,228,559**	5,679,905
		119,831,419	123,797,774

		31 March 2025 (Un-audited)	31 March 2024 (Un-audited)
23	**OPERATING EXPENSES**	----------- Rupees	-----------
	Total compensation expense	**114,486,589**	90,226,474
	Directors' fees and allowances	**350,000**	244,682
	Rent, taxes, insurance, electricity, etc.	**1,844,898**	1,474,799
	Utilities	**2,984,233**	2,603,635
	Legal and professional charges	**36,000**	46,000
	Communication expenses	**2,726,322**	1,405,572
	Repair and maintenance expenses	**1,274,799**	1,174,860
	Stationery and printing	**1,031,974**	3,345,379
	Training & development	**552,063**	276,437
	Travelling & conveyance	**4,236,251**	4,038,929
	Advertisement and publicity	**56,700**	39,999
	Auditors' remuneration	**212,332**	192,774
	Depreciation	**2,427,307**	2,287,971
	Amortization	**474,374**	465,073
	Contribution to defined contribution plan	**1,792,824**	1,530,923
	Gratuity expense	**1,200,000**	1,200,000
	Staff welfare	**1,587,391**	1,568,522
	Branch setup cost	**168,658**	346,646
	Depreciation on right of use assets	**9,376,242**	5,969,397
	Bank charges	**1,564,036**	1,190,491
	Office cleaning and maintenance	**243,364**	190,931
	Fee and subscription	**2,363,902**	3,068,585
	IT equipment and software maintenance	**2,164,736**	2,124,806
	Others	**17,970**	8,137
		153,172,964	125,021,021
24	**OTHER CHARGES**		
	Penalties imposed by State Bank of Pakistan	**-**	10,000
		-	10,000
25	**CREDIT LOSS ALLOWANCE & WRITE OFFS - NET**		
	Credit loss allowance for diminution in value of investments		
	Credit loss allowance against loans & advances	**39,784,021**	22,168,554
	Insurance claim	**-**	-
	Credit loss allowance - markup accrued	**1,286,286**	-
	Credit loss allowance against balances with other banks	**-**	-
	Advances written off directly	**1,695,738**	1,938,443
		42,766,045	24,106,997
26	**TAXATION**		
	Current	**41,732,242**	11,867,790
	Deferred	**(12,430,885)**	(6,554,677)
		29,301,357	5,313,113

27	BASIC EARNINGS PER SHARE	31 March 2025 (Un-audited)	31 March 2024 (Un-audited)
		----------- Rupees -----------	
	Profit for the period	**62,790,108**	35,385,849
	Weighted average number of ordinary shares	**100,000,000**	100,000,000
	Basic earnings per share	**0.63**	0.35

28 FAIR VALUE MEASUREMENTS

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

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

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

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

Financial instrument in level 1
Currently, no financial instruments are classified in level 1.

Financial instrument in level 2
Currently, no financial instruments are classified in level 2.

Financial instrument in level 3
Currently, no financial instruments are classified in level 3.

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

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

29 RELATED PARTY TRANSACTIONS

The Bank has related party transactions with its parent, employee benefit plans and its directors and key management personnel.

The Bank enters into transactions with related parties in the ordinary course of business and on substantially the same terms as for comparable transactions with person of similar standing. Contributions to and accruals in respect of staff retirement benefits and other benefit plans are made in accordance with the actuarial valuations / terms of the contribution plan. Remuneration to the executives / officers is determined in accordance with the terms of their appointment.

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

	31 March (Un-audited)				31 December (Audited)			
	Parent	Directors	Key management personnel	Other related parties	Parent	Directors	Key management personnel	Other related parties
	----- Rupees -----							
Balances with other banks / MFBs / DFIs								
In current accounts	**1,319,061**	-	-	-	2,267,000	-	-	-
In deposit accounts	**76,904,784**	-	-	-	218,610,000	-	-	-
	78,223,845	**-**	**-**	**-**	220,877,000	-	-	-
Investments								
Opening balance	**-**	**-**	**-**	**233,228,768**	-	-	-	144,408,445
Investment made during the period	**-**	**-**	**-**	**140,000,000**	-	-	-	685,000,000
Investment redeemed / disposed off during the period / year	**-**	**-**	**-**	**(140,622,947)**	-	-	-	(596,179,677)
Transfer in / (out) - net	**-**	**-**	**-**	**-**	-	-	-	-
Closing balance	**-**	**-**	**-**	**232,605,821**	-	-	-	233,228,768
Advances								
Opening balance	**-**	**-**	**23,417,401**	**-**	-	-	28,324,888	-
Addition during the period / year	**-**	**-**	**-**	**-**	-	-	-	-
Repaid during the period / year	**-**	**-**	**(10,325,991)**	**-**	-	-	(4,907,487)	-
Transfer in / (out) - net	**-**	**-**	**-**	**-**			-	-
Closing balance	**-**	**-**	**13,091,410**	**-**	-	-	23,417,401	-
Credit loss allowance held against advances	**-**	**-**	**-**	**-**	-	-	-	-
Borrowings:								
Opening balance	**360,000,000**				-	-	-	-
Borrowing during the period/year	**-**				360,000,000	-	-	-
Settled during the period/year	**(210,000,000)**				-			
Transfer -in/(out) - net	**-**				-	-	-	-
Closing balance	**150,000,000**				360,000,000			
Deposits and other accounts								
Opening balance	**-**	**-**	**5,507**	**-**	-	-	5,507	-
Received during the period / year	**-**	**-**	**-**	**-**	-	-	-	-
Withdrawn during the period / year	**-**	**-**	**-**	**-**	-	-	-	-
Closing balance	**-**	**-**	**5,507**	**-**	-	-	5,507	-
Other liabilities								
Payable to staff retirement fund			**10,855,305**		-	-	4,800,000	-
	-	**-**	**10,855,305**	**-**	-	-	4,800,000	-

	31 March 2025				31 March 2024			
	Parent	Directors	Key management personnel	Other related parties	Parent	Directors	Key management personnel	Other related parties
	----- Rupees -----							
Income								
Mark-up / return / interest earned	**2,683,095**	**-**	**-**	**-**	3,084,647	-	-	-
Interest on Loan to Employess	**-**	**-**	**220,700**	**-**	-	-	254,203	-
Expense	**-**		**-**	**-**	-	-	-	-
Director's meeting fees	**-**	**350,000**	**-**	**-**	-	60,000	-	-
Insurance Premium	**-**	**-**	**-**	**1,843,498**	-	-	-	1,471,099
Bank charges								
Gratuity Exp	**-**	**-**	**1,200,000**	**-**	-	-	1,200,000	-
Contribution to Provident fund	**-**	**-**	**1,792,824**	**-**	-	-	1,530,923	-
Remuneration paid to executive staff	**-**	**-**	**15,389,570**	**-**	-	-	12,317,415	-
	2,683,095	**350,000**	**18,603,094**	**1,843,498**		60,000	15,302,541	1,471,099

31 DATE OF AUTORIZATION

These condensed interim financial statements were authorized for issue on _______________ by the Board of Directors of the Bank.

President/Chief Executive	Director	Director	Director	Chief Financial Officer