

SINDH MICROFINANCE BANK LIMITED

**FINANCIAL STATEMENTS WITH ACCOMPANYING
INFORMATION**

**FOR THE YEAR ENDED
31 DECEMBER 2025**

INDEPENDENT AUDITOR'S REPORT

To the members of Sindh Microfinance Bank Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of Sindh Microfinance Bank Limited ("the Bank"), which comprise the statement of financial position as at 31 December 2025, and the statement of profit and loss account, the statement of comprehensive income, the statement of changes in equity, the cash flow statement for the year then ended, and notes to the financial statements, including material accounting policy information and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit and loss account, the statement of comprehensive income, the statement of changes in equity and the cash flow statement together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), Microfinance Institutions Ordinance, 2001 and the directives issued by the State Bank of Pakistan (SBP) in the manner so required and respectively give a true and fair view of the state of the Bank's affairs as at 31 December 2025, and of the profit and other comprehensive loss, the changes in equity and its cash flow for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Bank and our auditor's report thereon.

Our opinion on the financial statements of the Bank does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Bank, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Bank for our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, on other information obtained prior to the date of this auditor's report, we conclude that there is material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and the Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017), Microfinance Institutions Ordinance, 2001 and the directives issued by the State Bank of Pakistan (SBP) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Bank's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we

Riaz Ahmad & Company

Chartered Accountants

conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

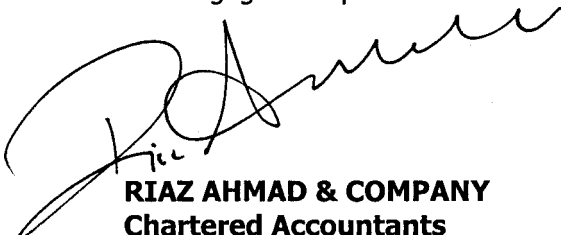
We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the Bank as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit and loss account, the statement of comprehensive income, the statement of changes in equity and the cash flow statement together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017), Microfinance Institutions Ordinance, 2001 and the directives issued by the State Bank of Pakistan (SBP) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Bank's business; and
- d) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is Mr. Junaid Ashraf.



RIAZ AHMAD & COMPANY
Chartered Accountants

KARACHI

DATE: 25 MARCH 2026

UDIN: AR202510045E7SIla2fy


SINDH MICROFINANCE BANK LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2025

ASSETS	Note	2025 -----Rupees-----	2024
Cash and balances with treasury banks	5	71,687,265	112,004,966
Balances with other MFBs/Banks/NBFIs	6	899,219,084	904,487,174
Lendings to financial institutions		-	-
Investments	7	1,070,564,204	1,133,038,418
Advances	8	2,511,286,849	2,097,148,504
Property and equipment	9	30,433,564	24,821,590
Right-of-use Assets	10	76,773,064	112,514,906
Intangible assets	11	3,155,531	4,771,562
Deferred tax assets	12	78,717,024	51,853,983
Other assets	13	90,221,649	90,312,285
Total assets		4,832,058,234	4,530,953,388
LIABILITIES			
Bills payable		-	-
Borrowings	14	1,265,980,200	873,750,000
Deposits and other accounts	15	1,553,861,283	1,991,165,392
Lease liabilities	16	115,479,088	133,228,774
Subordinated debt		-	-
Deferred grant		-	-
Deferred tax liabilities		-	-
Other liabilities	17	316,663,720	278,164,868
Total liabilities		3,251,984,291	3,276,309,034
NET ASSETS		1,580,073,943	1,254,644,354
REPRESENTED BY			
Share capital	18	1,000,000,000	1,000,000,000
Reserves		167,244,696	101,361,357
Depositors' protection fund		49,682,491	31,974,322
Surplus/ (Deficit) on revaluation of assets		-	-
Unappropriated profit		363,146,756	121,308,675
		1,580,073,943	1,254,644,354


CONTINGENCIES AND COMMITMENTS

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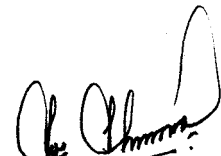
The annexed notes from 1 to 38.2 form an integral part of these financial statements.




 President/Chief Executive



 Chairman



 Chief Financial Officer



 Director

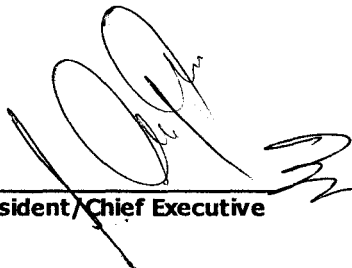

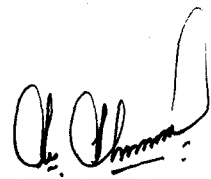
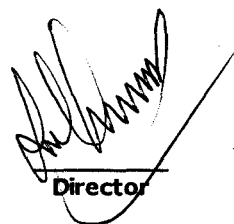
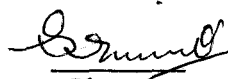


 Director

SINDH MICROFINANCE BANK LIMITED
STATEMENT OF PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2025

	2025	2024
Note	-----Rupees-----	
Mark-up / Return / Interest earned	20 1,707,771,001	1,380,685,951
Mark-up / Return / Interest expensed	21 (405,983,207)	(492,868,858)
Net mark-up / interest income	1,301,787,794	887,817,093
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	1,301,787,794	887,817,093
NON MARK-UP / INTEREST EXPENSES		
Operating expenses	23 (649,059,588)	(507,572,160)
Workers welfare fund	-	-
Other charges	24 (18,500)	(1,201,000)
Total non-markup / interest expenses	(649,078,088)	(508,773,160)
Profit before credit loss allowance	652,709,706	379,043,933
Credit loss allowance and write offs - net	25 (100,428,662)	(133,560,157)
Other income / expense items (to be specified)	-	-
PROFIT BEFORE TAXATION	552,281,044	245,483,776
Taxation	26 (222,864,349)	(91,736,988)
PROFIT AFTER TAXATION	329,416,695	153,746,788
-----Rupees-----		
Basic earnings per share	38 3.29	1.54
Diluted earnings per share	38 3.29	1.54

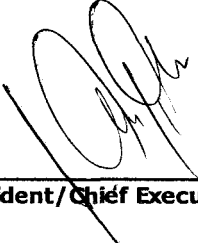

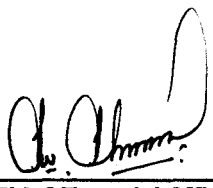
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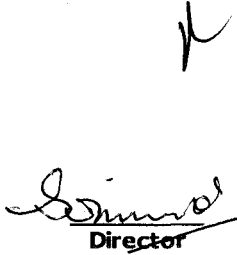
 _____ President/Chief Executive	 _____ Chairman	 _____ Chief Financial Officer	 _____ Director	 _____ Director
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**SINDH MICROFINANCE BANK LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2025**

	2025	2024
	-----Rupees-----	
Profit after taxation for the year	329,416,695	153,746,788
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	(5,224,440)	(3,026,704)
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	-	-
Total comprehensive income	324,192,255	150,720,084

The annexed notes from 1 to 38.2 form an integral part of these financial statements.

 _____ President/Chief Executive	 _____ Chairman	 _____ Chief Financial Officer
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 _____ Director	 _____ Director
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SINDH MICROFINANCE BANK LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2025

	Capital reserve		Revenue reserve	Total	
	Statutory reserve	Depositors' protection fund	Unappropriated/ Unremitted profit		
	-----Rupees-----				
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
Profit after taxation for the current year	-	-	-	329,416,695	329,416,695
Other comprehensive income - net of tax	-	-	-	(5,224,440)	(5,224,440)
	-	-	-	324,192,255	324,192,255
Transfer to statutory reserve	-	65,883,339	-	(65,883,339)	-
Transfer to depositors' protection fund	-	-	16,470,835	(16,470,835)	-
Return on investment	-	-	1,237,334	-	1,237,334
Closing balance as at 31 December 2025	1,000,000,000	167,244,696	49,682,491	363,146,756	1,580,073,943

The annexed notes from 1 to 38.2 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 2025

	2025	2024
Note	-----Rupees-----	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	552,281,044	245,483,776
Less: Dividend income	-	-
Adjustments:		
Credit loss allowance for diminution in value of investments	25 (24,323)	80,113
Credit loss allowance against loans & advances	25 102,277,357	135,285,869
Credit loss allowance - markup accrued	25 (1,804,125)	6,941,619
Credit loss allowance against balances with other banks	25 (20,247)	52,556
Bad debts written off directly	-	-
Depreciation on property and equipment	9.1 10,528,732	9,457,284
Depreciation on right of use assets	10 38,386,532	37,504,968
Provision for defined benefit plan	31.7.1 7,929,083	5,392,341
Provision for defined contribution plan	8,336,255	-
Finance charges on leased assets	16 20,763,408	21,723,214
Amortization on intangible assets	11 1,616,031	1,926,839
	<u>187,988,703</u>	<u>218,364,803</u>
	<u>740,269,747</u>	<u>463,848,579</u>
(Increase)/ Decrease in operating assets		
Advances	(516,415,702)	(338,683,934)
Others assets (excluding advance taxation)	1,894,761	(44,060,848)
	<u>(514,520,941)</u>	<u>(382,744,782)</u>
Increase / (Decrease) in operating liabilities		
Borrowings from financial institutions	392,230,200	152,750,000
Deposits	(437,304,109)	667,880,613
Other liabilities (excluding current taxation)	(64,967,123)	31,992,953
	<u>(110,041,032)</u>	<u>852,623,576</u>
Payments against off-balance sheet obligations	-	-
Income tax paid	(153,752,642)	(37,823,079)
Provident fund paid	(7,961,216)	-
Gratuity paid	31.6 (4,800,000)	(4,857,079)
Net cash flow (used in) / generated from operating activities	<u>(50,806,084)</u>	<u>891,047,215</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of HTM investment	(52,501,463)	(84,861,359)
Investment in term deposits receipts	115,000,000	(400,000,000)
Purchase of property and equipment	9.1 (16,140,707)	(10,757,110)
Purchase of intangible assets	11 -	(491,473)
Net cash generated from / (used in) investing activities	<u>46,357,830</u>	<u>(496,109,932)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Payment of lease liability against right-of-use assets	(41,157,784)	(36,070,812)
Net cash used in financing activities	<u>(41,157,784)</u>	<u>(36,070,812)</u>
Impact of expected credit loss allowance on bank balances	<u>20,247</u>	<u>(179,856)</u>
Increase in cash and cash equivalents	<u>(45,585,791)</u>	<u>358,686,575</u>
Cash and cash equivalents at beginning of the year	28 1,016,492,140	657,805,565
Cash and cash equivalents at end of the year	28 <u>970,906,349</u>	<u>1,016,492,140</u>

The annexed notes from 1 to 38.2 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 2025

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 2024: 22) branches and 91 (31 December 2024: 87) service centers.

The credit rating companies PACRA has maintained the long-term rating of the Bank at "A" and short-term rating at "A1" and outlook "Stable" as on 28 March 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:

- IFRS Accounting Standards 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 issued BPRD Circular Letter No. 01 of 2025 dated 22 January 2025 in which certain clarifications have been provided.

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

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 01 January 2025 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 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 2026 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 instruments.
- Amendment to IAS 21 'The Effects of Changes in Foreign Exchange Rates' which will require Banks to apply a consistent approach in assessing whether a currency can be exchanged into another

currency and, when it cannot, in determining the exchange rate to use and the disclosures to provide.

- IFRS S1 'General Requirements for Disclosure of Sustainability-related Financial Information'. IFRS S1 sets out overall requirements for sustainability-related financial disclosures with the objective to require an entity to disclose information about its sustainability-related risks and opportunities that is useful to primary users of general-purpose financial reports in making decisions relating to providing resources to the entity.
- IFRS S2 'Climate-related Disclosures'. IFRS S2 sets out the requirements for identifying, measuring and disclosing information about climate-related risks and opportunities that is useful to primary users of general-purpose financial reports in making decisions relating to providing resources to the entity.
- The implementation of IFRS S1 and IFRS S2 will be phased as per the SECP's order dated 31 December 2024, with different effective dates based on annual turnover, number of employees, and total assets (Criteria). Phase I will apply to listed companies having specific Criteria for annual reporting periods beginning on or after 1 July 2025. Phase II will apply to other listed companies having specific Criteria for annual reporting periods beginning on or after 1 July 2026. Phase III will cover non-listed public interest companies and remaining listed companies for annual reporting periods beginning on or after 1 July 2027.

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.

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

	<u>NOTE</u>
a) Provision against non-performing advances	4.7
b) Useful life of depreciable assets	4.9
c) Useful life of intangible assets	4.9
d) Provision for taxation	4.13
e) Lease term and effective interest rate for recognition of lease contracts	4.16
f) Provision for gratuity	4.22

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 POLICY 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 2024.

4.1 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 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:

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

4.3 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.

4.4 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.

- 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.

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- 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.

4.5 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.

4.6 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.

4.7 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").

Stage Allocation and Backstops In accordance with BPRD Circular Letter No. 20 of 2025, the Bank applies the following Days Past Due (DPD) backstops for stage allocation based on the nature of the microfinance portfolio:

- **Stage 1 (Performing):** Includes facilities with 0 to 59 days past due. The Bank recognizes an allowance based on 12mECL.
- **Stage 2 (Underperforming / SICR):** Includes facilities where there is a significant increase in credit risk. The backstop for Stage 2 is 60 to 89 days past due for General Loans (and 60 to 179 days for Housing and Microenterprise loans).
- **Stage 3 (Non-Performing / Default):** Includes facilities that are credit-impaired. The backstop is 90 days or more past due for General Loans (and 180 days or more for Housing and Microenterprise loans).

The Bank shall rebut the 60+ DPD presumption for Stage 2 in the case of technical delinquencies (e.g., administrative reasons) or where payment is linked to government payments with approved invoices. Such instances require approval from the Credit Committee.

Calculation of ECLs The mechanics of the ECL calculations involve three key elements:

- **Probability of Default (PD):** An estimate of the likelihood of default over a given time horizon. PD for the advances portfolio is estimated based on the Transition Matrix approach. PDs for non-advance portfolios are based on S&P's global transition default matrices, adjusted using Regression Models to incorporate forward-looking information.
- **Exposure at Default (EAD):** An estimate of the exposure at a future default date, taking into account expected changes after the reporting date, including repayments, drawdowns, and accrued interest.

- **Loss Given Default (LGD):** An estimate of the loss arising in the case of default. It is based on the difference between contractual cash flows and those expected to be received, including the realization of collateral (e.g., gold).

Stage 3 Provisioning ("Higher of" Rule) As per BPRD Circular Letter No. 20 of 2025 and the Revised Prudential Regulations for Microfinance Banks (May 2025), the provision for Stage 3 assets is determined as the higher of the ECL calculated under IFRS 9 or the minimum provisioning requirements prescribed by the Prudential Regulations at a segment level.

Write-offs Financial assets are written off when the Bank has no reasonable expectation of recovery. In accordance with the Revised Prudential Regulations for Microfinance Banks (2025), loans are written off 30 days from the date they are categorized as "Loss." Such write-offs do not extinguish the Bank's legal right to recovery. Subsequent recoveries are credited to credit loss expense.

4.8 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.

4.9 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 liability.

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.

4.10 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 capitalized as part of the cost of that asset.

4.11 Deposits

Deposits are recorded at the proceeds received. Markup 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.

4.12 Revenue recognition

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

4.13 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.

4.14 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.

4.15 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.

4.16 Lease liabilities

A lease liability is recognized at the commencement date of a lease. The lease liability is initially recognized at the present value of the lease payments to be made over term of the lease, discounted

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

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

4.17 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.

4.18 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.

4.19 Earnings per share

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

4.20 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.

4.21 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.

4.22 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.

4.23 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.

4.24 Provisions and contingencies

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

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

4.25 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.

4.26 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 statement of financial position and statement and profit and loss account.

5. CASH AND BALANCES WITH TREASURY BANKS	Note	2025 -----Rupees-----	2024
In hand - Local currency		1,323,771	1,642,656
Balances with State Bank of Pakistan in			
-Local currency current account	5.1	60,459,029	108,811,954
Balances with National Bank of Pakistan in			
-Local currency deposit account	5.2	9,904,465	1,550,356
Less: Credit loss allowance		-	-
Total		<u>71,687,265</u>	<u>112,004,966</u>

5.1 This represents balance held with SBP to meet the requirement of maintaining a minimum balance equivalent to 3% (31 December 2024: 5%) and 12% (31 December 2024: 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 savings account carrying interest at the rate of 9.50% (31 December 2024: 11.50%) per annum.

6. BALANCES WITH OTHER MFBs / BANKs / NBFIs

In Pakistan

- In current account		21,191,058	3,492,000
- In deposit account	6.2	878,187,645	901,175,040
		899,378,703	904,667,040
Less: Credit loss allowance	6.1	(159,619)	(179,866)
		<u>899,219,084</u>	<u>904,487,174</u>

6.1 Credit loss allowance

Opening balance	179,866	-
Impact of IFRS 09	-	127,310
Charged during the year	-	52,556
Reversal during the year	(20,247)	-
Closing balance	<u>159,619</u>	<u>179,866</u>

6.2 This represents the balance held in savings accounts carrying interest at the rate ranging from 8.50% to 12.50% (31 December 2024: 11.50% to 15.50%) per annum.

7. INVESTMENTS

7.1 Investments by type:	Note	2025				2024			
		Fair Value / Amortised cost	Credit Loss Allowance	Surplus / (Deficit)	Carrying Value	Fair Value / Amortised cost	Credit Loss Allowance	Surplus / (Deficit)	Carrying Value
----- Rupees -----									
Classified as Amortised Cost									
Federal Government securities - T Bills	7.4 & 7.6	285,730,231	-	-	285,730,231	233,228,768	-	-	233,228,768
Term Deposits Receipts (TDRs)	7.7	785,000,000	(166,027)	-	784,833,973	900,000,000	(190,350)	-	899,809,650
		1,070,730,231	(166,027)	-	1,070,564,204	1,133,228,768	(190,350)	-	1,133,038,418

7.2 Investments given as collateral	2025	2024
----- Rupees -----		
Term Deposit Receipts (TDRs)	497,500,000	437,500,000

7.3 Investments - Particulars of credit loss allowance

7.3.1 Investments - Exposure

	2025			2024		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
----- Rupees -----						
Gross carrying amount	1,133,228,768	-	-	644,408,445	-	-
New Investments	2,407,501,463	-	-	1,583,820,323	-	-
Investments derecognised or repaid	(2,470,000,000)	-	-	(1,095,000,000)	-	-
Transfer to stage 1	-	-	-	-	-	-
Transfer to stage 2	-	-	-	-	-	-
Transfer to stage 3	-	-	-	-	-	-
	(62,498,537)	-	-	488,820,323	-	-
Amounts written off / charged off	-	-	-	-	-	-
Closing balance	1,070,730,231	-	-	1,133,228,768	-	-

7.3.2 Investments - Credit loss allowance

	2025			2024		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
----- Rupees -----						
Credit loss allowance Opening balance	190,350	-	-	-	-	-
Impact of adoption of IFRS 9	-	-	-	110,237	-	-
New Investments	166,027	-	-	190,350	-	-
Investments derecognised or repaid	(190,350)	-	-	(110,237)	-	-
Transfer to stage 1	-	-	-	-	-	-
Transfer to stage 2	-	-	-	-	-	-
Transfer to stage 3	-	-	-	-	-	-
	(24,323)	-	-	80,113	-	-
Amounts written off / charged off	-	-	-	-	-	-
Changes in risk parameters	-	-	-	-	-	-
Credit loss allowance closing balance	166,027	-	-	190,350	-	-

7.3.3 Particulars of credit loss allowance against debt securities

Category of classification

Up to 29 days
Other assets especially mentioned
Non-performing
Substandard
Doubtful
Loss

Stage 1
Stage 2
Stage 3

2025		2024	
Outstanding amount	Credit loss allowance	Outstanding amount	Credit loss allowance
-----Rupees-----			
1,070,730,231	166,027	1,133,228,768	190,350
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
1,070,730,231	166,027	1,133,228,768	190,350

- 7.4** This represents the market treasury bills held with SBP to meet the requirement of maintaining a minimum balance equivalent to 12% (31 December 2024: 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 have a maturity period of three months to one year, carrying interest rates ranging between 10.23% to 11.30% (31 December 2024: 14.05% to 17.10%).
- 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 2025 amounted to Rupees 285.892 million (31 December 2024: 233.286 million).
- 7.7** Term Deposit Receipts (TDR's) carry interest rates ranging from 12.00% to 21.00% (31 December 2024: 19.00% to 21.00%) with a maturity period of twelve months.

8. ADVANCES

	Performing				Non Performing		Total	
	Stage 1		Stage 2		Stage 3			
	2025	2024	2025	2024	2025	2024	2025	2024
	-----Rupees-----							
Micro credits								
Secured	2,595,000	3,901,122	-	-	-	-	2,595,000	3,901,122
Unsecured	2,702,454,545	2,202,370,123	3,629,867	2,947,728	9,491,680	16,161,242	2,715,576,092	2,221,479,093
Staff Loans	4,499,864	14,028,117	-	-	-	-	4,499,864	14,028,117
Advances - gross	2,709,549,409	2,220,299,362	3,629,867	2,947,728	9,491,680	16,161,242	2,722,670,956	2,249,408,332
Credit loss allowance against advances								
- Stage 1	(198,356,782)	(123,347,172)	-	-	-	-	(198,356,782)	(123,347,172)
- Stage 2	-	-	(3,603,802)	(2,917,444)	-	-	(3,603,802)	(2,917,444)
- Stage 3	-	-	-	-	(9,423,523)	(15,995,212)	(9,423,523)	(15,995,212)
	(198,356,782)	(123,347,172)	(3,603,802)	(2,917,444)	(9,423,523)	(15,995,212)	(213,384,167)	(142,259,828)
Advances - net of credit loss allowance	2,511,192,627	2,096,952,190	26,065	30,284	68,157	166,030	2,511,286,149	2,097,148,504

8.1 Advances - Particulars of credit loss allowance

8.1.1 Advances - Exposure

	2025				2024			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	-----Rupees-----							
Gross carrying amount	2,220,299,362	2,947,728	16,161,242	2,239,408,332	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 01 January after adoption of IFRS 9	2,220,299,362	2,947,728	16,161,242	2,239,408,332	1,909,430,841	1,277,361	4,650,481	1,915,358,683
new advances	4,832,462,481	-	-	4,832,462,481	3,866,426,005	-	-	3,866,426,005
Advances derecognised or repaid	(4,299,522,795)	(2,516,355)	(14,007,629)	(4,316,046,779)	(3,518,484,409)	(166,665)	(1,579,172)	(3,520,230,246)
	532,939,686	(2,516,355)	(14,007,629)	516,415,702	347,941,596	(166,665)	(1,579,172)	346,195,759
Transfer to stage 1	-	-	-	-	-	-	-	-
Transfer to stage 2	(4,113,987)	4,113,987	-	-	(3,458,491)	3,458,491	-	-
Transfer to stage 3	(32,343,128)	(381,300)	32,724,428	-	(26,929,557)	(1,110,696)	28,040,253	-
	(36,457,115)	3,732,687	32,724,428	-	(30,388,048)	2,347,795	28,040,253	-
Amounts written off/ charged off	(7,232,524)	(534,193)	(25,386,361)	(33,153,078)	(6,685,027)	(510,763)	(14,950,320)	(22,146,110)
Closing balance	2,709,549,409	3,629,867	9,491,680	2,722,670,956	2,220,299,362	2,947,728	16,161,242	2,239,408,332

8.1.2 Advances - Credit loss allowance

	2025				2024			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	-----Rupees-----							
Credit loss allowance opening balance	123,347,172	2,917,444	15,995,212	142,259,828	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 01 January after adoption of IFRS 9	123,347,172	2,917,444	15,995,212	142,259,828	23,123,251	1,271,960	4,724,858	29,120,069
New advances	221,177,057	-	-	221,177,057	153,410,448	-	-	153,410,448
Advances derecognised or repaid	(138,521,180)	(2,487,111)	(13,311,619)	(154,319,910)	(45,917,626)	(167,247)	(430,152)	(46,515,025)
	82,655,877	(2,487,111)	(13,311,619)	66,857,147	107,492,822	(167,247)	(430,152)	106,895,423
Transfer to Stage 1	-	-	-	-	-	-	-	-
Transfer to Stage 2	(46,689)	46,689	-	-	(66,451)	66,451	-	-
Transfer to Stage 3	(367,054)	(378,744)	745,798	-	(517,423)	(1,099,200)	1,616,623	-
	(413,743)	(332,055)	745,798	-	(583,874)	(1,032,749)	1,616,623	-
Changes in risk parameters	-	4,039,717	31,380,493	35,420,210	-	3,356,243	25,034,203	28,390,446
Amounts written off/charged off	(7,232,524)	(534,193)	(25,386,361)	(33,153,078)	(6,685,027)	(510,763)	(14,950,320)	(22,146,110)
Credit loss allowance closing balance	198,356,782	3,603,802	9,423,523	211,384,107	123,347,172	2,917,444	15,995,212	142,259,828

8.1.3 Advances - Credit loss allowance details

	2025				2024			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	-----Rupees-----							
Internal / External rating / stage classification								
Outstanding gross exposure								
Performing - Stage 1	2,709,549,409	-	-	2,709,549,409	2,220,299,362	-	-	2,220,299,362
Under Performing	-	3,629,867	-	3,629,867	-	2,947,728	-	2,947,728
Other assets especially mentioned	-	-	-	-	-	-	-	-
Non- Performing								
Substandard	-	-	-	-	-	-	3,964,700	3,964,700
Doubtful	-	-	5,198,524	5,198,524	-	-	8,879,885	8,879,885
Loss	-	-	4,293,156	4,293,156	-	-	3,316,657	3,316,657
	-	-	9,491,680	9,491,680	-	-	16,161,242	16,161,242
Total	2,709,549,409	3,629,867	9,491,680	2,722,670,956	2,220,299,362	2,947,728	16,161,242	2,239,408,332
Corresponding credit loss allowance								
Stage 1	198,356,782	-	-	198,356,782	123,347,172	-	-	123,347,172
Stage 2	-	3,603,802	-	3,603,802	-	2,917,444	-	2,917,444
Stage 3	-	-	9,423,523	9,423,523	-	-	15,995,212	15,995,212
	198,356,782	3,603,802	9,423,523	211,384,107	123,347,172	2,917,444	15,995,212	142,259,828

8.1.4 Particulars of write offs / charge offs

	2025	2024
	-----Rupees-----	
Against credit loss allowance	33,153,078	22,146,110

9. Property and equipment	Note	2025	2024
		-----Rupees-----	
		30,433,564	24,821,590

9.1 Property and equipment

2025				
Furniture and fixture	Office Equipment	Vehicles	Office Improvement	Total
-----Rupees-----				

At 1 January 2025

Cost	3,247,538	41,614,482	13,607,984	4,306,965	62,366,969
Accumulated depreciation	(1,991,828)	(27,047,208)	(7,836,501)	(1,119,843)	(38,045,380)
Net book value	1,255,710	14,567,274	5,811,483	3,187,122	24,821,589

Year ended 31 December 2025

Opening net book value	1,255,710	14,567,274	5,811,483	3,187,122	24,821,589
Additions	-	5,640,707	10,500,000	-	16,140,707
Movement in surplus on assets revalued during the year	-	-	-	-	-
Impairment loss recognised in the profit and loss account - net	-	-	-	-	-
Disposals	-	-	-	-	-
Depreciation charge	(331,598)	(6,196,062)	(3,773,174)	(227,898)	(10,528,732)
Other adjustments / transfers	-	-	-	-	-
Closing net book value	924,112	14,011,919	12,538,309	2,959,224	30,433,564

At 31 December 2025

Cost	3,247,538	47,255,190	24,197,984	4,306,964	79,007,676
Accumulated depreciation	(2,323,426)	(33,243,270)	(11,659,675)	(1,347,741)	(48,574,112)
Net book value	924,112	14,011,920	12,538,309	2,959,223	30,433,564
Rate of depreciation (percentage)	10%	20%	20%	5%	

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)	(2,704,079)	(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	13,607,985	4,306,965	62,366,970
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%	

	2025	2024
	-----Rupees-----	
10. RIGHT-OF-USE ASSETS		
At 01 January		
Cost	191,001,282	136,491,762
Accumulated depreciation	<u>(78,486,376)</u>	<u>(40,981,408)</u>
Net carrying amount at 01 January	<u>112,514,906</u>	<u>95,510,354</u>
Additions during the year	2,644,690	54,509,520
Deletions during the year	-	-
Depreciation charge for the year	<u>(38,386,532)</u>	<u>(37,504,968)</u>
Net carrying amount at 31 December	<u><u>76,773,064</u></u>	<u><u>112,514,906</u></u>
11. INTANGIBLE ASSETS		
At 1 January		
Cost	13,617,425	13,125,952
Accumulated amortization and impairment	<u>(8,845,863)</u>	<u>(6,919,024)</u>
Net book value	<u>4,771,562</u>	<u>6,206,928</u>
Year ended 31 December		
Opening net book value		
Additions:		
- developed internally	-	-
- directly purchased	-	491,473
Impairment loss recognised in the profit and loss account - net	-	491,473
Disposals	-	-
Amortization charge	<u>(1,616,031)</u>	<u>(1,926,839)</u>
Closing net book value	<u>3,155,531</u>	<u>4,771,562</u>
At 31 December		
Cost	13,617,425	13,617,425
Accumulated amortization and impairment	<u>(10,461,894)</u>	<u>(8,845,863)</u>
Net book value	<u>3,155,531</u>	<u>4,771,562</u>
Rate of amortization (percentage)	<u>20%</u>	<u>20%</u>
Useful life (years)	<u>5</u>	<u>5</u>
Remaining useful life (years)	<u>1 - 3</u>	<u>1 - 4</u>

12. DEFERRED TAX ASSETS

2025					
At 31 December 2024	Impact of adoption of IFRS 09	At 1 January 2025	Recognised in profit and loss account	Recognised in other comprehensive income	At 31 December 2025

-----Rupees-----

Deductible temporary differences on:

- Right-of-use assets
- Post retirement employee benefits
- Accelerated depreciation
- Accelerated amortization
- Credit loss allowance against financial assets, off balance sheet etc.

6,007,022	-	6,007,022	5,217,725	-	11,224,747
1,400,019	-	1,400,019	1,520,680	(2,133,926)	2,920,699
417,842	-	417,842	354,606	-	772,448
461,030	-	461,030	260,110	-	721,140
43,568,070	-	43,568,070	19,509,920	-	63,077,990
51,853,983	-	51,853,983	26,863,041	(2,133,926)	78,717,024

2024					
At 31 December 2023	Impact of adoption of IFRS 09	At 1 January 2024	Recognised in Profit and Loss account	Recognised in Other Comprehensive Income	At December 2024

-----Rupees-----

Deductible temporary differences on:

- Right-of-use assets
- Post retirement employee benefits
- Accelerated depreciation
- Accelerated amortization
- Credit loss allowance against advances, off balance sheet etc.

(708,613)	-	(708,613)	6,715,635	-	6,007,022
1,408,553	-	1,408,553	1,227,725	(1,236,259)	1,400,019
399,896	-	399,896	17,946	-	417,842
(85,693)	-	(85,693)	546,723	-	461,030
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

13. OTHER ASSETS	2025	2024
	-----Rupees-----	
Income / Mark-up accrued	69,355,802	56,294,040
Advances, prepayments and deposits	15,762,097	17,682,482
Advance taxation - net	-	-
Advance against salary	3,465,910	3,930,528
Deferred expense on staff loans	577,229	8,628,549
Profit receivable on TDR	6,861,165	11,381,365
	<u>96,022,203</u>	<u>97,916,964</u>
Less: Credit loss allowance held against other assets	(5,800,554)	(7,604,679)
Other assets (net of credit loss allowance)	<u>90,221,649</u>	<u>90,312,285</u>
13.1 Credit loss allowance held against other assets		
Opening balance	7,604,679	-
Impact of IFRS 09	-	663,060
Charged during the year	(1,804,125)	6,241,619
Reversal during the year	-	-
Closing balance	<u>5,800,554</u>	<u>7,604,679</u>
14. BORROWINGS		
<i>Secured</i>		
Borrowings from State Bank of Pakistan	14.1	917,000,000
Borrowings from banks / MFBs/ financial institutions in Pakistan	14.2	348,980,200
Total secured		<u>1,265,980,200</u>
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 2025, the Bank obtained further borrowing from State Bank of Pakistan under its line of Credit Fund Scheme. Total Rupees 422 million was sanctioned and was received by the Bank in various tranches at a markup rate of six months KIBOR - 1%. No repayment has been made during the year.	
14.2 Borrowings from banks / MFBs/ financial institutions in Pakistan		
Pakistan Microfinance Investment Company (PMIC)		200,000,000
Sindh Bank Limited		18,750,000
		<u>148,980,200</u>
		<u>348,980,200</u>

- 14.2.1** This represents a borrowing from the Pakistan Microfinance Investment Company Limited (PMIC). A total of Rupees 200 million was sanctioned, which was received during the financial year ended 31 December 2025, 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 18.750 million during the year.
- 14.2.2** The Bank obtained a running finance facility of Rupees 500 million from Sindh Bank Limited. No amount was overdrawn against this facility during the year. Markup on the facility is payable quarterly at the rate of six-month KIBOR plus 0.85% per annum. During the year, the Bank availed further financing of Rupees 360 million and made repayments aggregating to Rupees 571.02 million.
- 14.2.3** A lien is placed on TDRs held with U Microfinance Bank amounting to Rupees. 97.5 million (31 December 2024: 37.5 million) as collateral against borrowing from Pakistan Microfinance Investment Company Limited.
- 14.2.4** TDR's have been placed with Sindh Bank Limited as collateral against running finance facility requiring 110% margin.

15. DEPOSITS AND OTHER ACCOUNTS	Note	2025 -----Rupees-----	2024
Customers			
Current deposits		10,198,367	3,044,957
Savings deposits	15.1	8,175,041	11,529,830
Fixed / Term deposits	15.2	1,235,269,937	1,706,583,408
		1,253,643,345	1,721,158,195
Financial Institutions			
Current deposits		-	-
Savings deposits	15.1	300,217,938	270,007,197
Fixed / Term deposits		-	-
		300,217,938	270,007,197
		1,553,861,283	1,991,165,392
15.1	These are remunerative saving deposits of corporate and individual clients carrying interest rate ranging from 8% to 12.15% per annum (31 December 2024: 8.50% to 16.00%).		
15.2	This represents term deposits having tenure ranging from 3 months to 36 months (31 December 2024: 3 months to 36 month) carrying interest rate ranging from 10% to 22.50% (31 December 2024: 14.15% to 22.50%) per annum.		
15.3	Composition of deposits		
-Individuals		352,171,139	279,079,693
-Government (Federal and Provincial)		-	-
-Public sector entities		740,284,572	1,283,814,094
-Banking companies		300,217,938	270,007,197
-Non-banking financial institutions		-	-
-Private sector		161,187,634	158,264,408
		1,553,861,283	1,991,165,392
15.4	Composition of deposit		
- Branchless Banking		-	-
- Branches		1,553,861,283	1,991,165,392
		1,553,861,283	1,991,165,392
16. LEASE LIABILITIES			
Opening balance		133,228,774	93,066,862
Additions during the year		2,644,690	54,509,520
Interest expense		20,763,408	21,723,214
Payment		(41,157,784)	(36,070,822)
Closing balance		115,479,088	133,228,774
16.1 Contractual maturity of lease liabilities			
Short-term lease liabilities - within one year		64,638,075	78,653,136
Long-term lease liabilities			
- 1 to 5 years		50,841,013	54,575,638
- 5 to 10 years		-	-
- More than 10 years		-	-
		50,841,013	54,575,638
Total lease liabilities		115,479,088	133,228,774

17. OTHER LIABILITIES	Note	2025	2024
		-----Rupees-----	
Mark-up / Return / Interest payable on deposits		52,647,182	136,150,031
Mark-up / Return / Interest payable on borrowing		58,521,519	49,265,770
Accrued expenses		12,072,529	8,761,767
Withholding tax payable		7,921,217	2,004,830
EOBI payable		614,770	501,990
Payable to defined benefit plan	31.3	20,142,754	9,655,305
Payable to defined contribution plan		1,482,275	1,107,236
Provision for taxation - net		162,638,078	70,034,591
Audit fee payable		623,396	683,348
		<u>316,663,720</u>	<u>278,164,868</u>

18. SHARE CAPITAL

18.1 Authorized capital

2025	2024		2025	2024
---Number of shares---			-----Rupees-----	
<u>200,000,000</u>	<u>200,000,000</u>	Ordinary shares of Rs.10 each	<u>2,000,000,000</u>	<u>2,000,000,000</u>

18.2 Issued, subscribed and paid up

2025	2024		2025	2024
---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
			<u>1,000,000,000</u>	<u>1,000,000,000</u>
-	-	Less: Discount on issue of shares	-	-
<u>100,000,000</u>	<u>100,000,000</u>		<u>1,000,000,000</u>	<u>1,000,000,000</u>

19. CONTINGENCIES AND COMMITMENTS

There are no contingencies and commitments as at year end (2024: Nil)

20. MARK-UP / RETURN / INTEREST EARNED

Loans and advances	1,431,823,818	1,097,715,184
Investments	201,142,233	155,174,466
Balances with other MFBs / banks / NBFIs	74,804,950	127,796,301
	<u>1,707,771,001</u>	<u>1,380,685,951</u>

21. MARK-UP / RETURN / INTEREST EXPENSED

Deposits	267,326,236	347,661,453
Borrowings	117,893,563	123,484,191
Lease liabilities	20,763,408	21,723,214
	<u>405,983,207</u>	<u>492,868,858</u>

22. FEE & COMMISSION INCOME	Note	2025 -----Rupees-----	2024
Branch banking customer fees		-	-
Other fees		-	-
		-	-

23. OPERATING EXPENSES

Total compensation expense	23.1	485,719,877	350,390,011
Directors' fees and allowances		1,600,000	360,000
Rent, taxes, insurance, electricity, etc.		5,301,547	17,683,532
Utilities		14,773,613	15,262,444
Legal and professional charges		144,000	248,100
Communication expenses		11,125,156	7,362,028
Repair and maintenance expenses		9,290,738	6,555,398
Stationery and printing		6,506,440	6,243,770
Training & development		1,225,320	1,040,553
Travelling & conveyance		20,781,482	15,975,540
Advertisement and publicity		840,935	990,440
Auditors' remuneration	23.2	751,683	683,348
Depreciation	9.1	10,528,732	9,457,284
Amortization		1,616,031	1,926,839
Staff welfare		8,264,616	5,580,132
Branch setup cost		366,973	1,625,009
Depreciation on right of use assets		38,386,532	37,504,968
Bank charges		6,332,112	4,972,928
Office cleaning and maintenance		740,720	592,331
Client KYC and verification expenses		7,971,727	9,235,854
Fee and subscription		5,356,345	4,482,313
IT equipment and software maintenance		11,351,843	9,239,311
Others		83,166	160,027
		649,059,588	507,572,160

23.1 Total compensation expense

Managerial remuneration

i) Fixed		314,022,071	192,782,566
ii) Variable		-	-
a) Cash bonus / awards etc.		26,379,533	18,926,225
b) Bonus and awards in shares etc.		-	-
Contribution to defined contribution plan		8,336,255	6,223,922
Charge for defined benefit plan	31	7,929,083	5,392,341
ECBI		5,359,950	4,299,151
Rent & house maintenance		77,648,157	61,735,983
Utilities		17,253,544	13,718,340
Medical		17,253,544	13,718,340
Conveyance		1,919,600	2,168,500
		476,101,737	318,965,369

Continued	Note	2025 -----Rupees-----	2024
Fuel reimbursement		5,726,243	5,551,794
Travelling and conveyance		-	19,905,152
LFA		3,214,226	2,174,716
Settlements		677,671	673,871
Incentive		-	1,915,489
Others		-	1,203,620
		<u>9,618,140</u>	<u>31,424,642</u>
		<u>485,719,877</u>	<u>350,390,011</u>
23.2 Auditors' remuneration			
Audit fee		668,677	607,888
Fee for other statutory certifications		46,585	42,350
Out-of-pocket expenses		36,421	33,110
		<u>751,683</u>	<u>683,348</u>
24. OTHER CHARGES			
Penalties imposed by State Bank of Pakistan		<u>18,500</u>	<u>1,201,000</u>
25. CREDIT LOSS ALLOWANCE & WRITE OFFS - NET			
Credit loss allowance for diminution in value of investments		(24,323)	80,113
Credit loss allowance against loans & advances		102,277,357	135,285,869
Insurance claim		-	(8,800,000)
Credit loss allowance - markup accrued		(1,804,125)	6,941,619
Credit loss allowance against balances with other banks		(20,247)	52,556
		<u>100,428,662</u>	<u>133,560,157</u>
26. TAXATION			
Current tax		249,727,390	135,107,091
Deferred tax		(26,863,041)	(43,370,103)
		<u>222,864,349</u>	<u>91,736,988</u>
26.1 Relationship between tax expense and accounting profit			
Profit before tax		<u>552,281,044</u>	<u>245,483,776</u>
Tax at the tax rate of 29%		160,161,503	71,190,295
Effects of:		-	-
Permanent difference		899,961	893,650
Super tax		64,106,373	23,309,154
Others		(2,303,488)	(3,656,111)
Tax expense		<u>222,864,349</u>	<u>91,736,988</u>

27. BASIC EARNINGS PER SHARE	Note	2025 -----Rupees-----	2024
Profit for the year (Rupees)		<u>329,129,231</u>	<u>153,746,788</u>
Weighted average number of ordinary shares (Number)		<u>100,000,000</u>	<u>100,000,000</u>
Basic earnings per share (Rupees)		<u>3.29</u>	<u>1.54</u>
28. CASH AND CASH EQUIVALENTS			
Cash and balance with treasury banks		71,687,265	112,004,966
Balance with banks / NBFIs / MFBS		899,219,084	904,487,174
		<u>970,906,349</u>	<u>1,016,492,140</u>
29. STAFF STRENGTH			
		2025	2024
		-----Number-----	
Permanent		244	226
On contract		324	373
Bank's own staff strength at the end of the year		<u>568</u>	<u>599</u>
30. NUMBER OF BRANCHES			
As at 01 January		22	19
Opened during the year		-	3
Closed during the year		-	-
As at 31 December		<u>22</u>	<u>22</u>
31. DEFINED BENEFIT PLAN			
31.1 Number of Employees under the scheme			
The number of employees covered under the following defined benefit schemes are:			
Gratuity fund		<u>241</u>	<u>222</u>
31.2 Principal actuarial assumptions			
The actuarial valuations were carried out as at 31 December 2025 using the following significant assumptions:			
		2025	2024
		----- Per annum -----	
Discount rate		11%	15.5%
Expected rate of return on plan assets		-	-
Expected rate of salary increase		18.65%	12.25%

	2025	2024
	-----Rupees-----	
31.3 Reconciliation of (receivable from) / payable to defined benefit plans		
Gratuity fund		
Present value of obligations	37,983,248	27,701,143
Fair value of plan assets	(23,768,628)	(20,377,653)
Payable	5,928,134	2,331,815
	<u>20,142,754</u>	<u>9,655,305</u>
31.4 Movement in defined benefit obligations		
Gratuity fund		
Obligations at the beginning of the year	27,701,143	21,332,477
Liability of third party staff at beginning	-	-
Current service cost	7,546,230	5,377,348
Interest cost	3,047,538	3,038,466
Benefits due but not paid (payable)	(3,596,319)	-
Benefits paid by the MFB	(2,050,248)	(3,458,947)
Re-measurement loss	5,334,904	1,411,799
Obligations at the end of the year	<u>37,983,248</u>	<u>27,701,143</u>
31.5 Movement in fair value of plan assets		
Gratuity fund		
Fair value at the beginning of the year	20,377,653	18,807,213
Interest income on plan assets	2,664,685	3,023,473
Contributions	4,800,000	4,857,079
Benefits paid	(2,050,248)	(3,458,947)
Return on plan assets, excluding interest income	(2,023,462)	(2,851,165)
Fair value at the end of the year	<u>23,768,628</u>	<u>20,377,653</u>
31.6 Movement in payable under defined benefit schemes		
Opening balance	9,655,305	4,857,079
Less liability of third party staff at beginning	-	-
Charge / (reversal) for the year	7,929,083	5,392,341
Contribution by the MFB - net	(4,800,000)	(4,857,079)
Re-measurement loss recognised in OCI during the year	7,358,366	4,262,964
Closing balance	<u>20,142,754</u>	<u>9,655,305</u>
31.7 Charge for defined benefit plans		
31.7.1 Cost recognised in profit and loss		
Current service cost	7,546,230	5,377,348
Interest income on plan assets	(2,664,685)	(3,023,473)
Interest cost on defined benefit obligation	3,047,538	3,038,466
	<u>7,929,083</u>	<u>5,392,341</u>
31.7.2 Re-measurements recognised in OCI during the year		
Loss / (gain) on obligation		
Demographic assumptions	-	-
Financial assumptions	(113,538)	1,116,762
Experience adjustment	5,448,442	295,037
Return on plan assets over interest income	2,023,462	2,851,165
Total re-measurements recognised in OCI	<u>7,358,366</u>	<u>4,262,964</u>

31.8 Components of plan assets	2025	2024
	----- 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%

31.00 Sensitivity analysis	2025
	----Rupees----
Gratuity fund	
1% increase in discount rate	36,185,870
1% decrease in discount rate	40,040,103
1 % increase in expected rate of salary increase	40,114,909
1 % decrease in expected rate of salary increase	36,082,633

31.10 Expected contributions to be paid to the funds in the next financial year

FY 2026	17,648,745
FY 2027	5,156,854
FY 2028	5,193,521
FY 2029	6,130,434
FY 2030	4,970,964
FY 2031	4,102,478
FY 2032	3,839,072
FY 2033	4,230,317
FY 2034	4,049,661
FY 2035	3,579,255
FY 2036 Onwards	<u>301,501,364</u>
	<u>360,402,665</u>

32	2025	2024
DEFINED CONTRIBUTION PLAN	-----Rupees-----	

Disclosures relating to Provident fund

Details of investments

Size of the fund	84,192,795	67,695,599
Cost of the investments made	82,710,520	66,589,363
Percentage of investments made	98%	98%
Fair value of investments	84,192,795	67,696,599

Break-up of investments

TDR's	80,000,000	-
Receivable from Sindh Microfinance Bank Limited	1,482,275	1,107,236
Bank balances	2,710,520	66,589,363
	<u>84,192,795</u>	<u>67,696,599</u>

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	2025				
	Directors			President / CEO	Key Management Personnel
	Chairman	Executives (other than CEO)	Non-Executives		
-----Rupees-----					
Fees and allowances etc.	-	-	1,600,000	-	-
Managerial remuneration					
i) Fixed	-	-	-	19,592,687	26,358,311
ii) Variable	-	-	-	-	-
a) Cash bonus / awards	-	-	-	2,035,604	2,313,985
b) Bonus and awards in shares etc.	-	-	-	-	-
Charge for defined benefit plan	-	-	-	-	-
Contribution to defined contribution pl	-	-	-	1,187,436	1,597,473
Rent & house maintenance	-	-	-	-	-
Utilities	-	-	-	-	-
Medical	-	-	-	-	-
Conveyance	-	-	-	2,260,800	6,429,443
Others	-	-	-	-	-
Total	-	-	1,600,000	25,076,527	36,699,212
Number of persons	0	0	4	1	8

Items	2024				
	Directors			President / CEO	Key Management Personnel
	Chairman	Executives (other than CEO)	Non-Executives		
-----Rupees-----					
Fees and allowances etc.	-	-	-	-	-
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 pl	-	-	-	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	0	3	1	8

34. FAIR VALUE MEASUREMENTS

Fair value is the amount for which an asset can be exchanged, or liability settled, between knowledgeable 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:

On balance sheet financial instruments

2025			
Level 1	Level 2	Level 3	Total
-----Rupees-----			

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

- 285,730,231 - 285,730,231

Off-balance sheet financial instruments - measured at fair value

- Forward agreements for lending
- Forward agreements for borrowing

-	-	-	-
-	-	-	-
-	-	-	-

On balance sheet financial instruments

2024			
Level 1	Level 2	Level 3	Total
-----Rupees-----			

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

-	-	-	-
-	-	-	-
-	-	-	-

35. RELATED PARTY TRANSACTIONS

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

The MFB 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. 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 transactions with related parties during the year, other than those which have been disclosed elsewhere in these financial statements are as follows:

	2025				2024			
	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	21,191,058	-	-	-	2,267,000	-	-	-
In deposit accounts	313,945,520	-	-	-	218,610,000	-	-	-
	335,136,578	-	-	-	220,877,000	-	-	-
Investments								
Opening balance	-	-	-	233,228,768	-	-	-	144,409,445
Investment made during the year	-	-	-	743,721,142	-	-	-	685,000,000
Investment redeemed / disposed off during the year	-	-	-	(691,219,679)	-	-	-	(596,174,677)
Transfer in / (out) - net	-	-	-	-	-	-	-	-
Closing balance	-	-	-	285,730,231	-	-	-	233,228,768
Credit loss allowance for diminution in value of investments								
Advances								
Opening balance	-	-	23,417,401	-	-	-	28,324,888	-
Addition during the year	-	-	-	-	-	-	-	-
Repaid during the year	-	-	(9,521,411)	-	-	-	(4,907,487)	-
Transfer in / (out) - net	-	-	-	-	-	-	-	-
Closing balance	-	-	13,895,990	-	-	-	23,417,401	-
Credit loss allowance held against advances								
Other Assets								
Markup Receivable	4,475,000				128,000			

2025				2024			
Parent	Directors	Key management personnel	Other related parties	Parent	Directors	Key management personnel	Other related parties

-----Rupees-----

Borrowings

Opening balance	360,000,000	-	-	-	-	-	-
Borrowings during the year	360,000,000	-	-	-	360,000,000	-	-
Settled during the year	571,019,800	-	-	-	-	-	-
Transfer in / (out) - net	-	-	-	-	-	-	-
Closing balance	148,980,200	-	-	-	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

Markup Payable	4,475,447	-	-	-	128,000	-	-
Payable to staff retirement fund	-	-	21,625,029	-	-	-	10,760,541

2025				2024			
Parent	Directors	Key management personnel	Other related parties	Parent	Directors	Key management personnel	Other related parties

-----Rupees-----

Income

Mark-up / return / interest earned	11,458,137	-	-	-	14,317,498	-	-
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Expense

Mark-up / return / interest Exp	20,648,000	-	-	-	629,343	-	-
Other	475,000	1,600,000	-	-	885,000	360,000	11,616,263

	2025	2024
	-----Rupees-----	
36. CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS		
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	1,580,073,943	1,254,644,354
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	1,448,518,897	1,166,044,487
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	1,448,518,897	1,166,044,487
Eligible Tier 2 Capital	92,742,534	66,792,221
Total Eligible Capital (Tier 1 + Tier 2)	1,541,261,431	1,232,836,709
Risk Weighted Assets (RWA):		
Credit Risk	2,169,488,887	2,238,503,484
Operational Risk	186,651,113	117,636,516
Total	2,356,140,000	2,356,140,000
Common Equity Tier 1 Capital Adequacy ratio	1,448,518,897	1,166,044,487
Total Capital Adequacy Ratio	44.74%	44.26%

- 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 cost so as to maintain investors, creditor and market confidence, sustained future development of the business and achieve low overall cost of the capital with appropriate mix of cost of capital. The impact of the level of capital on shareholders return is also recognized and the Bank recognizes the need to maintain a balance between the higher returns that might be possible with higher gearing and the advantages and security afforded by a sound capital position.

As per amendments in Prudential Regulations (R-1) issued vide SBP 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 31 December 2025, the paid up share capital of the Bank stood at Rupees 1 billion (31 December 2024: Rupees 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 2025, the Bank's Capital adequacy ratio (CAR) is approximately 44.74% (31 December 2024: 44.26%) 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	2025 -----Rupees-----	2024
Bank balances - net of provisions	5 & 6	969,582,578	1,014,849,484
Advances - net of provisions	8	2,511,286,849	2,097,148,504
Investment - net of provisions	7	1,070,564,204	1,133,038,418
Other assets	13	79,682,877	76,155,852
		<u>4,631,116,508</u>	<u>4,321,192,258</u>

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:

2025	Effective yield / interest rate	Upto one year	Over one year	Total
----- Rupees -----				
Deposits and other accounts	8.50% - 22.50%	1,553,861,283	-	1,553,861,283
Borrowings	10.09% - 14.86%	548,980,200	717,000,000	1,265,980,200
Lease liabilities	8.45% - 23.35%	63,174,405	47,304,683	115,479,088
Other liabilities		123,364,626	-	123,864,626
		<u>2,294,380,514</u>	<u>764,304,683</u>	<u>3,059,185,197</u>

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
		<u>2,497,184,444</u>	<u>695,820,638</u>	<u>3,193,005,082</u>

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:

	2025	2024
	-----Rupees-----	
Net financial assets	<u>1,571,931,311</u>	<u>1,128,187,176</u>
Effect on profit and loss account		
Interest rate + 100 bps	<u>15,719,313</u>	<u>11,053,810</u>
Interest rate - 100 bps	<u>(15,719,313)</u>	<u>(11,053,810)</u>

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

	2025							
	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	71,687,265	71,687,265	-	-	-	-	-	-
Balances with other MFBS / banks / NBFIs	899,219,084	899,219,084	-	-	-	-	-	-
Lending to financial institutions	-	-	-	-	-	-	-	-
Investments	1,070,564,204	499,388,231	75,000,000	186,342,000	309,833,973	-	-	-
Advances	2,511,286,849	22,805,493	152,952,693	539,653,650	1,794,192,788	661,878	1,020,347	-
Property and Equipment	30,433,564	1,010	253	-	177,841	4,411,760	12,582,865	12,259,835
Right-of-use assets	76,773,064	3,198,878	6,397,755	9,596,633	19,193,266	38,386,532	-	-
Intangible assets	3,155,531	603,087	-	-	-	1,312,109	1,240,345	-
Deferred tax assets	78,717,024	-	-	-	-	78,717,024	-	-
Other assets	90,221,649	75,948,179	3,337,987	4,941,764	2,807,627	3,186,052	-	-
	4,832,058,234	1,572,851,227	237,688,688	740,534,047	2,126,205,495	126,675,395	15,843,547	12,259,835
Liabilities								
Bills payable	-	-	-	-	-	-	-	-
Borrowings	1,265,980,200	873,750,000	-	-	392,230,200	-	-	-
Deposits and other accounts	1,553,861,283	320,091,346	260,174,937	418,045,000	555,550,000	-	-	-
Lease Liabilities	115,479,066	5,791,824	10,101,944	15,119,558	33,624,749	46,638,150	4,202,863	-
Subordinated debt	-	-	-	-	-	-	-	-
Deferred grants	-	-	-	-	-	-	-	-
Deferred tax liabilities	-	-	-	-	-	-	-	-
Other liabilities	316,663,720	-	-	-	316,663,720	-	-	-
	3,251,984,291	1,199,633,170	270,276,881	433,164,558	1,298,068,669	46,638,150	4,202,863	-
Net assets	1,580,073,943	373,218,057	(32,588,193)	307,369,489	828,136,826	80,037,245	11,640,684	-
Share capital / head office capital account	1,800,000,000							
Reserves	167,244,696							
Unappropriated/ Unremitted profit	363,146,756							
Depositors' Protection Fund	49,682,491							
	1,580,073,943							

Assets and liabilities - based on contractual maturity

2024							
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	112,004,966	112,004,966	-	-	-	-	-	-
Balances with other MFBs / banks / NBFIs	904,487,174	904,487,174	-	-	-	-	-	-
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	5,014,097	-
Right-of-use assets	112,514,906	3,125,414	6,250,828	9,376,242	18,752,484	37,504,969	27,504,969	-
Intangible assets	4,771,562	13,817	272,147	421,007	753,991	1,420,340	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	1,399,441,663	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	146,241,000	-	-
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	964,575,036	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
Depositors' protection fund	31,974,322
Unappropriated/ Unremitted profit	121,308,675
	<u>1,254,644,354</u>

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.

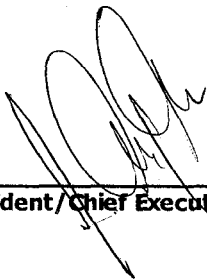
38. GENERAL

38.1 Corresponding figures

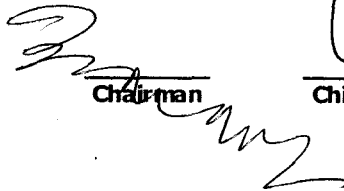
There were no significant reclassifications in these financial statements during the year.

38.2 Date of authorization

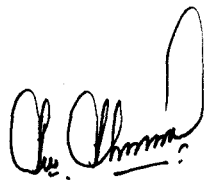
These financial statements were authorized for issue by the Board of Directors on _____.



President/Chief Executive



Chairman



Chief Financial Officer



Director



Director

✓