

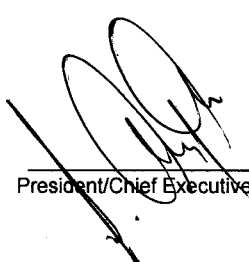

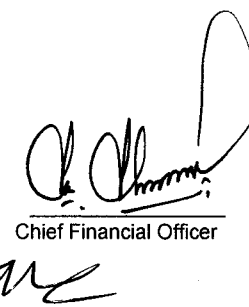
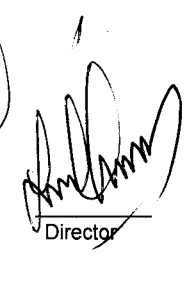
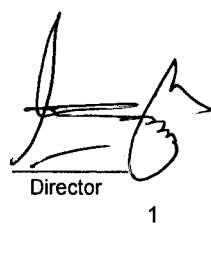
SINDH MICROFINANCE BANK LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)
AS AT MARCH 31, 2026

		(Unaudited)	(Audited)
	Note	March 2026	December 2025
		-----Rupees-----	
ASSETS			
Cash and balances with treasury banks	5	189,533,810	71,687,265
Balances with other MFBs / Banks / NBFIs	6	940,072,827	899,219,084
Lendings to financial institutions			-
Investments	7	1,115,139,230	1,070,564,204
Advances	8	2,564,521,801	2,511,286,849
Property and equipment	9	28,887,058	30,433,564
Right-of-use assets	10	67,253,089	76,773,064
Intangible assets	11	6,541,862	3,155,531
Deferred tax assets	12	83,784,488	78,717,024
Other assets	13	108,420,727	90,221,649
		5,104,154,891	4,832,058,234
Bills payable		-	-
Borrowings	14	1,342,332,223	1,265,980,200
Deposits and other accounts	15	1,671,844,521	1,553,861,283
Lease liabilities	16	110,781,864	115,479,088
Subordinated debt		-	-
Deferred grants		-	-
Deferred tax liabilities		-	-
Other liabilities	17	296,254,703	316,663,721
		3,421,213,311	3,251,984,292
NET ASSETS			
		1,682,941,580	1,580,073,942
REPRESENTED BY			
Share capital / head office capital account - net		1,000,000,000	1,000,000,000
Reserves		187,818,224	167,244,696
Depositors' protection fund		54,825,873	49,682,491
Surplus/ (Deficit) on revaluation of assets		-	-
Unappropriated / Unremitted profit		440,297,483	363,146,755
		1,682,941,580	1,580,073,942

CONTINGENCIES AND COMMITMENTS

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The annexed from note 1 to 30 form an integral part of these condensed interim financial statements.

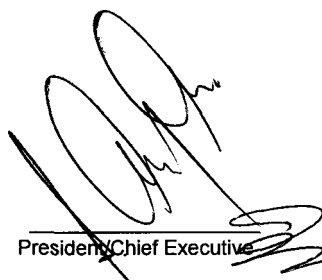
President/Chief Executive Chairman Chief Financial Officer Director Director

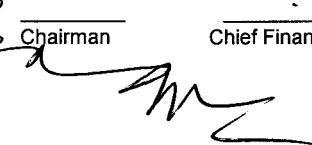
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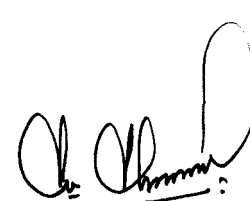
**SINDH MICROFINANCE BANK LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE THREE MONTHS ENDED 31 MARCH 2026**

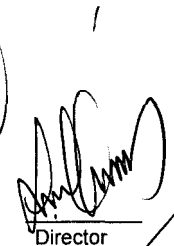
	Note	Quarter Ended	
		31 March 2026	31 March 2025
-----Rupees-----			
Mark-up / Return / Interest earned	19	463,742,300	407,861,894
Mark-up / Return / Interest expensed	20	(80,184,150)	(119,831,419)
Net mark-up / interest income		383,558,150	288,030,474
NON MARK-UP / INTEREST EXPENSES			
Operating expenses	21	(195,518,458)	(153,172,964)
Other charges	22	-	-
Total non-markup / interest expenses		(195,518,458)	(153,172,964)
Profit / (Loss) before credit loss allowance		188,039,692	134,857,510
Credit loss allowance and write offs - net	23	(31,495,048)	(42,766,045)
Other income / expense items (to be specified)		-	-
PROFIT / (LOSS) BEFORE TAXATION		156,544,643	92,091,465
Taxation	24	(53,677,005)	(29,301,357)
PROFIT / (LOSS) AFTER TAXATION		102,867,638	62,790,108
-----Rupees-----			
Basic earnings / (loss) per share	25	1.03	0.63

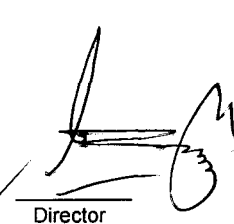
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 President/Chief Executive


 Chairman


 Chief Financial Officer

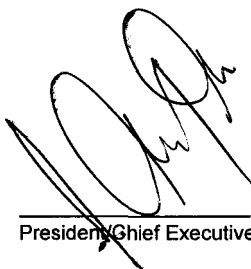

 Director

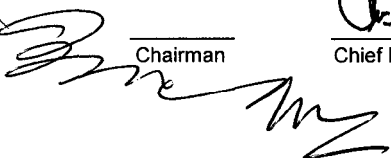

 Director

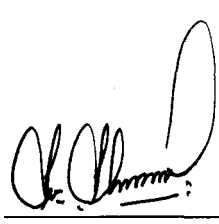
**SINDH MICROFINANCE BANK LIMITED
 CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
 FOR THE THREE MONTHS ENDED 31 MARCH 2026**

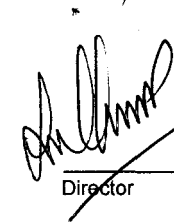
	Quarter Ended	
	31 March 2026	31 March 2025
	-----Rupees-----	
Profit / (Loss) after taxation for the period	102,867,638	62,790,108
Other comprehensive income	-	-
Total comprehensive income	102,867,638	62,790,108

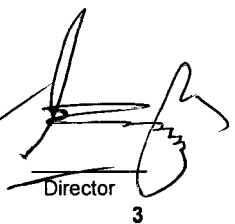
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 President/Chief Executive


 Chairman


 Chief Financial Officer


 Director

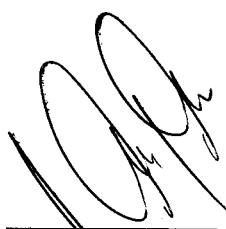

 Director

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SINDH MICROFINANCE BANK LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE THREE MONTHS ENDED 31 MARCH 2026

	Share capital	Capital reserve		Revenue reserve	Total
		Statutory reserve	Depositors' protection fund	Unappropriated/Unremitted profit	
-----Rupees-----					
Opening Balance as at January 01, 2024 (audited)	1,000,000,000	101,361,357	31,974,322	121,308,675	1,254,644,354
Changes in equity for the Period					
Profit for the period after taxation	-	-	-	62,790,108	62,790,108
Other comprehensive income - net of tax	-	-	-	-	-
	-	-	-	62,790,108	62,790,108
Transfer to statutory reserve	-	12,558,022.00	-	(12,558,022.00)	-
Transfer to depositors' protection fund	-	-	3,139,505.00	(3,139,505.00)	-
Return on investment - net of tax	-	-	-	-	-
	-	12,558,022	3,139,505	(15,697,527)	-
	1,000,000,000	113,919,379	35,113,827	168,401,256	1,317,434,462
Profit after taxation for the current year	-	-	-	266,626,586	266,626,586
Other comprehensive income - net of tax	-	-	-	(5,224,440)	(5,224,440)
	-	-	-	261,402,146	261,402,146
Transfer to statutory reserve	-	53,325,317	-	53,325,317	-
Transfer to depositors' protection fund	-	-	13,331,330	(13,331,330)	-
Return on investment	-	-	1,237,334	-	1,237,334
	-	53,325,317	14,568,664	66,656,647	1,237,334
Closing balance as at 31 December 2025	1,000,000,000	167,244,696	49,682,491	363,146,755	1,580,073,942
Profit after taxation for the current quarter March 2026	-	-	-	102,867,638	102,867,638
Other comprehensive income - net of tax	-	-	-	-	-
	-	-	-	102,867,638	102,867,638
Transfer to statutory reserve	-	20,573,528	-	(20,573,528)	-
Transfer to depositors' protection fund	-	-	5,143,382	(5,143,382)	-
Return on investment	-	-	-	-	-
Closing balance as at 31 March 2026	1,000,000,000	187,818,224	54,825,873	440,297,483	1,682,941,580

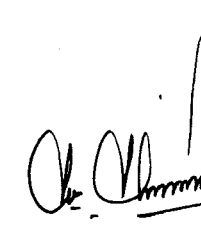
The annexed from note 1 to 30 form an integral part of these condensed interim financial statements.



 President/Chief Executive




 Chairman



 Chief Financial Officer



 Director

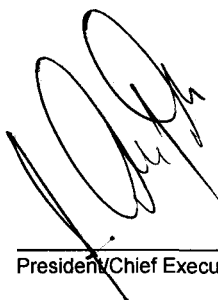
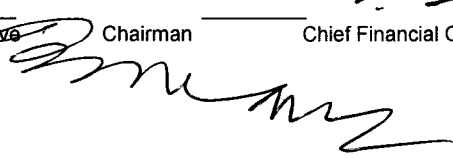
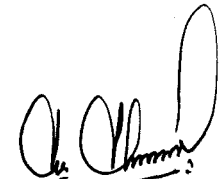
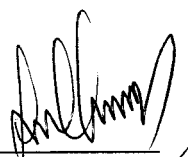



 Director

SINDH MICROFINANCE BANK LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE THREE MONTHS ENDED 31 MARCH 2026

Note	(Unaudited) March 2026	(Unaudited) March 2025
	-----Rupees-----	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit/(Loss) before taxation	156,544,643	92,091,465
Adjustments:		
Depreciation of operating fixed assets	21 3,779,526	2,427,307
Amortisation on intangible assets	21 434,087	474,374
Depreciation of right of use asset	21 9,519,975	9,376,242
Provision for defined benefit plan	5,085,689	1,200,000
Finance charges on leased assets	5,571,965	5,228,559
Provision against non performing advances	23 29,416,757	41,479,759
Credit loss allowance - markup accrued	23 (117,181)	1,286,286
	<u>53,690,818</u>	<u>61,472,527</u>
	210,235,461	153,563,992
(Increase) / Decrease in operating liabilities		
Advances	(82,651,709)	(85,999,707)
Others assets (excluding advance taxation)	(18,081,897)	(28,684,883)
	(100,733,606)	(114,684,590)
Increase / (Decrease) in operating liabilities		
Borrowings from financial institutions	76,352,023	(106,750,000)
Deposits	117,983,238	54,621,726
Other liabilities (excluding current taxation)	(13,316,360)	20,493,715
	181,018,902	(31,634,559)
Payments against off-balance sheet obligations		
Gratuity paid	(1,000,000)	-
Income tax paid	(69,922,817)	(42,486,184)
Net cash flow from / (used in) operating activities	<u>219,597,941</u>	<u>(35,241,341)</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of HTM investment	-	-
Investment in term deposits receipts	(44,575,026)	(199,305,263)
Purchase of property and equipment	(2,233,020)	(1,336,059)
Purchase of intangible assets	(3,820,418)	-
Net cash flow from / (used in) investing activities	<u>(50,628,464)</u>	<u>(200,641,322)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Payment of lease liability against right of use assets	(10,269,189)	(9,223,798)
Net cash flow from / (used in) financing activities	<u>(10,269,189)</u>	<u>(9,223,798)</u>
Impact of expected credit loss allowance on bank balances		(179,866)
Increase/(Decrease) in cash and cash equivalents	158,700,288	(245,286,327)
Cash and cash equivalents at beginning of the period	970,906,349	1,016,492,140
Cash and cash equivalents at end of the period	<u>1,129,606,637</u>	<u>771,205,813</u>

The annexed from note 1 to 30 form an integral part of these condensed interim financial statements.

				
President/Chief Executive	Chairman	Chief Financial Officer	Director	Director

SINDH MICROFINANCE BANK LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE THREE MONTHS ENDED 31 MARCH 2026

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 2025: 22) branches and 95 (31 December 2025: 91) service centers.

2. BASIS OF PRESENTATION

2.1 STATEMENT OF COMPLIANCE

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

- International Accounting Standard 34 "Interim Financial Reporting" and International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the Companies Act, 2017;
- Provisions of and directives issued under the Microfinance Ordinance, 2001 (The MFI Ordinance) and the Companies Act, 2017; and
- Directives issued by the State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan (SECP).

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 condensed interim 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, net of expected

2.1.1 The disclosures made in these condensed interim financial statements have been limited based on the format prescribed by the SBP through BPRD Circular Letter No. 03 dated 09 February 2023 and the requirements of International Accounting Standard 34, "Interim Financial Reporting". These do not include all the information and disclosures required for annual financial statements, and therefore should be read in conjunction with the annual audited financial statements of the Bank for the year ended 31 December 2024.

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

2.2 Standards, interpretations of and amendments to published 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 or after 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 condensed interim 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 market value of T-Bills classified at amortized cost as at 31 March 2026 amounted to Rupees 330.305 million (31 December 2025: 285.892)

Term Deposit Receipts (TDR's) carry interest rates ranging from 12.00% to 21.00% (31 December 2025: 12.00% to 21.00%) with a maturity period of twelve months.

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

3. BASIS OF PRESENTATION

3.1 Accounting convention

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

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

3.2 Functional and presentation currency

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

4. MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies applied in the preparation of these condensed interim financial statements are consistent with those applied in the preparation of the annual audited financial statements of the Bank for the year ended 31 December 2025.

4.1 Critical accounting estimates and judgements

The basis for accounting estimates adopted in the preparation of these condensed interim consolidated financial statements is same as that applied in the preparation of the consolidated financial statements for the year ended 31 December 2025.

NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED MARCH 2026

	(Un-audited) March 2026	(Audited) December 2025
	-----Rupees-----	
5 CASH AND BALANCES WITH TREASURY BANKS		
In hand - Local currency	1,470,935	1,323,771
With State Bank of Pakistan in SBP current account	5.1 186,810,907	60,459,029
With National Bank of Pakistan in NBP current account	5.2 1,251,968	9,904,465
Less: Credit loss allowance	-	
Total	189,533,810	71,687,265

5.1 This represents balance held with SBP to meet the requirement of maintaining a minimum balance equivalent to 3% (31 December 2025: 5%) and 12% (31 December 2025: 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 8.25% (31 December 2025: 9.50%) per annum on outstanding balances.

	(Un-audited) March 2026	(Audited) December 2025
	-----Rupees-----	
6 BALANCES WITH OTHER MFBs / BANKs / NBFIs		
- Local currency deposit account - Current	43,583,439	21,191,058
- Local currency deposit account	896,649,007	878,187,645
	940,232,446	899,378,703
Provision against expected credit loss on other banks	6.1 (159,619)	(159,619)
	940,072,827	899,219,084

6.1 This represents the balance held in savings accounts carrying interest at the rate ranging from 8.00% to 12.50% (31 December 2025: 8.50% to 12.50%) per annum on outstanding balances.

NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED MARCH 2026

7 INVESTMENTS	March 2026 (Un-audited)				December 2025 (Audited)			
	Fair Value / Amortised cost	Credit Loss Allowance	Surplus / (Deficit)	Carrying Value	Fair Value / Amortised cost	Credit Loss Allowance	Surplus / (Deficit)	Carrying Value

7.1 Investments by type:

Classified as Amortised Cost

	March 2026 (Un-audited)	December 2025 (Audited)
Federal Government securities - T Bills	330,305,257	285,730,231
Term Deposits Receipts (TDRs)	785,000,000	785,000,000
Provision against expected credit loss on investments	(166,027)	(166,027)
Total Investments	1,115,305,257	1,070,730,231

7.2 Investments given as collateral

Term Deposit Receipts (TDRs)

	(Un-audited) March 2026	(Audited) December 2025
Term Deposit Receipts (TDRs)	785,000,000	785,000,000

Investments - Particulars of credit loss allowance

7.3.1 Investments - Exposure	March 2026 (Un-audited)			December 2025 (Audited)		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3

Gross carrying amount

March 2026 (Un-audited)	1,070,730,231	-	-	December 2025 (Audited)	1,133,228,768	-	-
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New Investments derecognised or repaid

March 2026 (Un-audited)	150,000,000	-	-	December 2025 (Audited)	2,407,501,463	-	-
March 2026 (Un-audited)	(105,591,001)	-	-	December 2025 (Audited)	(2,470,000,000)	-	-
March 2026 (Un-audited)	-	-	-	December 2025 (Audited)	-	-	-
March 2026 (Un-audited)	-	-	-	December 2025 (Audited)	-	-	-
March 2026 (Un-audited)	-	-	-	December 2025 (Audited)	-	-	-
March 2026 (Un-audited)	44,408,999	-	-	December 2025 (Audited)	(62,498,537)	-	-

Closing balance

March 2026 (Un-audited)	1,115,139,230	-	-	December 2025 (Audited)	1,070,730,231	-	-
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7.3.2 Investment - Credit loss allowance	March 2026 (Un-audited)			December 2025 (Audited)		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3

New Investments derecognised or repaid

March 2026 (Un-audited)	166,027	-	-	December 2025 (Audited)	190,350	-	-
March 2026 (Un-audited)	-	-	-	December 2025 (Audited)	166,027	-	-
March 2026 (Un-audited)	(190,350)	-	-	December 2025 (Audited)	(190,350)	-	-
March 2026 (Un-audited)	-	-	-	December 2025 (Audited)	-	-	-
March 2026 (Un-audited)	-	-	-	December 2025 (Audited)	-	-	-
March 2026 (Un-audited)	-	-	-	December 2025 (Audited)	-	-	-
March 2026 (Un-audited)	-	-	-	December 2025 (Audited)	(24,323)	-	-

Amounts written off / charged off
Changes in risk parameters
Other changes (to be specific)
Credit loss allowance closing balance

March 2026 (Un-audited)	-	-	-	December 2025 (Audited)	-	-	-
March 2026 (Un-audited)	-	-	-	December 2025 (Audited)	-	-	-
March 2026 (Un-audited)	-	-	-	December 2025 (Audited)	-	-	-
March 2026 (Un-audited)	166,027	-	-	December 2025 (Audited)	166,027	-	-

7.3.3 Particulars of credit loss allowance against debt securities

Category of classification

		March 2026 (Un-audited)		December 2025 (Audited)	
		Outstanding Amount	Credit loss allowance	Outstanding Amount	Credit loss allowance
Up to 29 days	Stage 1	1,115,305,257	(166,027)	1,070,730,231	166,027
Other assets especially mentioned	Stage 2	-	-	-	-
Non-performing	Stage 3	-	-	-	-
Substandard		-	-	-	-
Doubtful		-	-	-	-
Loss		-	-	-	-
		1,115,305,257	(166,027)	1,070,730,231	166,027

7.4 This represents the market treasury bill held with SBP to meet the requirement of maintaining a minimum balance equivalent to 12% (31 December 2025: 10%) as a liquidity reserve of the Bank's time and demand deposits with a tenure of less than one year, in accordance with regulation number R-3B of the Prudential Regulations for Microfinance Banks. These T-Bills has a maturity period of six months to one year, carrying an interest rates ranging between 9.9% to 11.30% (31 December 2025: 10.23% to 11.30%)

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

7.6 The market value of T-Bills classified at amortized cost as at 31 March 2026 amounted to Rupees 330.305 million (31 December 2025: 285.892)

NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED MARCH 2026

8 ADVANCES

Loan Type

Loan Type	Performing				Non Performing		Total	
	Stage 1		Stage 2		Stage 3		March 2026	December 2025
	March 2026	December 2025	March 2026	December 2025	March 2026	December 2025		

-----Rupees-----

Micro Credits								
Secured	2,558,000	2,595,000	-	-	-	-	2,558,000	2,595,000
Unsecured	2,782,641,105	2,702,454,545	2,608,699	3,629,867	13,896,110	9,491,680	2,799,145,915	2,715,576,092
Staff Loans	3,618,760	4,499,864	-	-	-	-	3,618,760	4,499,864
Advances - gross	2,788,817,855	2,709,549,409	2,608,699	3,629,867	13,896,110	9,491,680	2,805,322,665	2,722,670,956

Credit loss allowance against advances

- Stage 1	(224,371,832)	(198,356,782)	-	-	-	-	(224,371,832)	(198,356,782)
- Stage 2	-	-	(2,596,722)	(3,603,802)	-	-	(2,596,722)	(3,603,802)
- Stage 3	-	-	-	-	(13,832,309)	(9,423,523)	(13,832,309)	(9,423,523)
	(224,371,832)	(198,356,782)	(2,596,722)	(3,603,802)	(13,832,309)	(9,423,523)	(240,800,863)	(211,384,107)
Advances - net of credit loss allowance	2,564,446,023	2,511,192,627	11,977	26,065	63,801	68,157	2,564,521,801	2,511,286,849

8.1 Advances - Particulars of credit loss allowance

8.1.1 Advances - Exposure

	March 2026 (Un-audited)			December 2025 (Audited)		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
	-----Rupees-----			-----Rupees-----		
Gross carrying amount	2,709,549,409	3,629,867	9,491,680	2,220,299,362	2,947,728	16,161,242
New advances	1,191,301,436	-	-	4,832,462,481	-	-
Advances derecognised or repaid	(1,106,328,508)	25,844	(151,591)	(4,299,522,795)	(2,516,355)	(14,007,629)
	84,972,928	25,844	(151,591)	532,939,686	(2,516,355)	(14,007,629)
Transfer to stage 1	-	-	-	-	-	-
Transfer to stage 2	(2,463,519)	2,463,519	-	(4,113,987)	4,113,987	-
Transfer to stage 3	(1,045,491)	(3,510,530)	4,556,022	(32,343,128)	(381,300)	32,724,428
	(3,509,010)	(1,047,011)	4,556,022	(36,457,115)	3,732,687	32,724,428
Amounts written off / charged off	(2,195,472)	-	-	(7,232,524)	(534,193)	(25,386,361)
Changes (to be specific)						
Closing balance	2,788,817,855	2,608,700	13,896,110	2,709,549,409	3,629,867	9,491,680

Advances - Credit loss allowance

	March 2026 (Un-audited)			December 2025 (Audited)		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
	-----Rupees-----			-----Rupees-----		
Opening balance	198,356,782	3,629,867	9,423,523	123,347,172	2,917,444	15,995,212
New advances	183,812,027	-	-	221,177,057	-	-
Advances derecognised or repaid	(155,559,585)	(4,455,884)	(126,278)	(138,521,180)	(2,487,111)	(13,311,619)
	28,252,442	(4,455,884)	(126,278)	82,655,877	(2,487,111)	(13,311,619)
Transfer to Stage 1	(29,430)	(29,430)	-	(46,689)	46,689	-
Transfer to Stage 2	(12,490)	(16,148)	28,638	(367,054)	(378,744)	745,798
Transfer to Stage 3	-	-	-	-	-	-
	(41,920)	(45,578)	28,638	(413,743)	(332,055)	745,798
Amounts written off/charged Off	(2,195,472)	-	-	-	4,039,717	31,380,493
Changes in risk parameters		3,494,382	4,506,426	(7,232,524)	(534,193)	(25,386,361)
Closing balance	224,371,832	2,622,787	13,832,309	198,356,782	3,603,802	9,423,523

8.1.3 Advances - Credit loss allowance details

	March 2026 (Un-audited)			December 2025 (Audited)		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
	-----Rupees-----			-----Rupees-----		
Internal / External rating / stage classification						
Outstanding gross exposure						
Performing - Stage 1	2,788,817,855	-	-	2,709,549,409	-	-
Performing - Stage 2	-	2,608,699	-	-	3,629,867	-
Non-Performing - Stage 2						
Substandard			8,400,429			
Doubtful			1,991,647			5,198,524
Loss			3,504,035			4,293,156
Total			13,896,110			9,491,680
Corresponding credit loss allowance	2,788,817,855	2,608,699	13,896,110	2,709,549,409	3,629,867	9,491,680
Stage 1	224,371,832	-	-	198,356,782	-	-
Stage 2	-	2,622,787	-	-	3,603,802	-
Stage 3	-	-	13,832,309	-	-	9,423,523
Particulars of write offs / charge offs:	224,371,832	2,622,787	13,832,309	198,356,782	3,603,802	9,423,523

(Un-audited) (Audited)
March 2026 December 2025
-----Rupees-----

8.2 Particulars of write offs / charge offs

Against credit loss allowance	-	(33,153,078)
Directly charged to profit & loss account	2,195,472	8,146,575
	2,195,472	(25,006,503)

NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED MARCH 2026

	(Un-audited) March 2026	(Audited) December 2025
	-----Rupees-----	
9 PROPERTY AND EQUIPMENT		
Property and equipment	<u>28,887,068</u>	<u>30,433,564</u>
	<u>28,887,068</u>	<u>30,433,564</u>
9.1 Additions to property and equipment	March 2026	December 2025
	-----Rupees-----	
The following additions have been made to property and equipment during the period:		
Property and equipment		
Office Improvements	-	-
Electrical office and computer equipment	2,233,020	5,640,707
Furniture & Fixture	-	-
Vehicles	-	10,500,000
Total	<u>2,233,020</u>	<u>16,140,707</u>
10 RIGHT-OF-USE ASSETS	March 2026	December 2025
	-----Rupees-----	
At January 1, 2026		
Cost	115,159,596	191,001,282
Accumulated Depreciation	<u>(38,386,532)</u>	<u>(78,486,376)</u>
Net Carrying amount at January 1, 2026	76,773,064	112,514,906
Additions during the year	-	2,644,690
Deletions during the year	-	-
Depreciation Charge for the year	<u>(9,519,975)</u>	<u>(38,386,532)</u>
Net Carrying amount at March 31, 2026	<u>67,253,089</u>	<u>76,773,064</u>
	(Un-audited) March 2026	(Audited) December 2025
	-----Rupees-----	
11 INTANGIBLE ASSETS		
Computer software	<u>6,541,862</u>	<u>3,155,531</u>
	<u>6,541,862</u>	<u>3,155,531</u>
11.1 Additions to intangible assets		
The following additions have been made to intangible assets during the period:		
Directly purchased	<u>3,820,418</u>	-
Total	<u>3,820,418</u>	-
12 DEFERRED TAX ASSETS	March 2026	December 2025
	-----Rupees-----	
Deductible temporary differences on		
- Right-of-use assets	(8,278,649)	11,224,747
- Post retirement employee benefits	(592,425)	2,920,699
- Accelerated depreciation	5,180,124	772,448
- Accelerated amortization	801,567	721,140
- Credit loss allowance against financial assets, off balance sheet etc.	<u>86,673,871</u>	<u>63,077,990</u>
	<u>83,784,488</u>	<u>78,717,024</u>
	(Un-audited) March 2026	(Audited) December 2025
	-----Rupees-----	
13 OTHER ASSETS		
Income / Mark-up accrued	74,251,377	69,355,802
Advances, prepayments and deposits	27,540,757	15,762,097
Advance taxation - net	-	-
Advance against salary	3,076,850	3,465,910
Deferred expense on staff loans	577,229	577,229
Profit receivable on TDR	<u>8,657,887</u>	<u>6,861,165</u>
	114,104,100	96,022,203
Credit loss allowance held against other assets	<u>(5,683,373)</u>	<u>(5,800,554)</u>
Other assets (net of credit loss allowance)	<u>108,420,727</u>	<u>90,221,649</u>

NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED MARCH 2026

	(Un-audited) March 2026	(Audited) December 2025
	-----Rupees-----	
13.1 Credit loss allowance held against other assets		
Opening balance	5,800,554	7,604,679
Impact of IFRS 09		-
Charged during the year	(117,181)	(1,804,125)
Reversal during the year		-
Closing balance	<u>5,683,373</u>	<u>5,800,554</u>

	(Un-audited) March 2026	(Audited) December 2025
	-----Rupees-----	
14 BORROWINGS		
Borrowings from State Bank of Pakistan	1,043,352,023	917,000,000
Borrowings from banks / MFBs/ financial institutions in Pakistan	298,980,200	348,980,200
Total Unsecured	<u>1,342,332,223</u>	<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 period ended 31st March 2026, the Bank obtained further borrowing of Rupees 126.352 Million from State Bank of Pakistan under its Credit Line Facility CLF-II of WIF-SDF (Women Inclusive Financing Sector Development Program). The sanctioned fund was received by the Bank in a various tranches at a markup rate of six months KIBOR + 1%.

	(Un-audited) March 2026	(Audited) December 2025
	-----Rupees-----	
14.2 Borrowings from banks / MFBs/ financial institutions in Pakistan		
Pakistan Microfinance Investment Company (PMIC)	14.2.1 150,000,000	200,000,000
Sindh Bank Limited	14.2.2 148,980,200	148,980,200
	<u>298,980,200</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 300 million was sanctioned, 200 million was received during the year ended December 31, 2025, at a markup rate of six-month KIBOR plus 2.75%. The interest on this facility is payable quarterly, with the principal repayable in four quarterly installments from January 2026.

14.2.2 The Bank obtained running finance facility from Sindh Bank Limited. Total amount of Rupees 500 million was sanctioned and total amount of Rupees 148.982 million was overdrawn against the said facility at the markup rate of six months KIBOR +0.85%. The interest on the facility is payable quarterly.

14.2.3 A lien is placed on TDRs held with U Microfinance Bank amounting to Rupees 75 million (31 December 2025: 97.5 million) as collateral against borrowing from PMIC.

14.2.4 A hypothecation charge has been created over all present and future assets of the Bank amounting to Rupees 140.625 million (31 December 2025: Rupees 140.625 million). This charge is established on a pari passu basis with other lenders, ensuring equal ranking in claims against borrowing from Pakistan Microfinance Investment Company Limited.

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

	(Un-audited) March 2026	(Audited) December 2025
	-----Rupees-----	
15 DEPOSITS AND OTHER ACCOUNTS		
Customers		
Current deposits	15.1 11,771,995	10,198,368
Savings deposits	15.2 32,475,344	8,175,042
Fixed / Term deposits	1,307,695,000	1,235,269,937
Others	-	-
	<u>1,351,942,339</u>	<u>1,253,643,347</u>
Financial Institutions		
Current deposits	-	-
Savings deposits - FI	15.2 319,902,183	300,217,938
Fixed / Term deposits	-	-
Others	-	-
	<u>319,902,183</u>	<u>300,217,938</u>
	<u>1,671,844,521</u>	<u>300,217,938</u>

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 2025: 8.50% to 12.15%) on outstanding balances.

15.2 This represents term deposits having tenure ranging from 3 months to 36 months (31 December 2025: 3 months to 36 month) carrying interest rate ranging from 10% to 22.50% (31 December 2025: 10% to 22.50%) per annum on outstanding balances.

NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED MARCH 2026

16 LEASE LIABILITIES	(Un-audited) March 2026	(Audited) December 2025
	-----Rupees-----	
Opening balance	115,479,088	133,228,774
Additions during the year	-	2,644,690
Interest expense	5,571,965	20,763,408
Payment	(10,269,189)	(41,157,784)
Closing balance	110,781,864	115,479,088
17 OTHER LIABILITIES		
Mark-up / Return / Interest payable on deposits	55,446,615	52,647,182
Mark-up / Return / Interest payable on borrowing	30,759,132	58,521,519
Accrued expenses	19,030,289	12,072,529
Withholding tax payable	12,078,686	7,921,217
EOBI payable	626,960	614,770
Payable to defined benefit plan	24,228,443	20,142,754
Payable to defined contribution plan	1,768,192	1,482,275
Provision for taxation - net	151,459,732	162,638,079
Audit fee payable	856,655	623,396
	296,254,702	316,663,721
18 CONTINGENCIES AND COMMITMENTS		

There are no contingencies and commitments as at 31 March 2026 (31 December 2025: Nil).

NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED MARCH 2026

	(Un-audited)	(Un-audited)
	31 March 2026	31 March 2025
	-----Rupees-----	
19 MARK-UP / RETURN / INTEREST EARNED		
Loans and advances	405,559,904	336,040,913
Investments	35,027,216	51,144,473
Balances with other MFBs / banks / NBFIs	23,155,179	20,676,507
	<u>463,742,300</u>	<u>407,861,894</u>
20 MARK-UP / RETURN / INTEREST EXPENSED		
Deposits	43,494,303	86,805,978
Borrowings	31,117,882	27,796,882
Lease liabilities	5,571,965	5,228,559
	<u>80,184,150</u>	<u>119,831,419</u>
21 OPERATING EXPENSES	31 March 2026	31 March 2025
	-----Rupees-----	
Total compensation expense	134,228,752	114,486,589
Directors' fees and allowances	1,825,000	350,000
Rent, taxes, insurance, electricity, etc.	1,649,021	1,844,898
Utilities	3,426,958	2,984,233
Legal and professional charges	131,000	36,000
Communication expenses	3,307,727	2,726,322
Repair and maintenance expenses	3,772,211	1,274,799
Stationery and printing	2,368,697	1,031,974
Training & development	924,889	552,063
Travelling & conveyance	6,546,728	4,236,251
Advertisement and publicity	119,535	56,700
Auditors' remuneration	233,259	212,332
Depreciation	3,779,526	2,427,307
Amortization	434,087	474,374
Contribution to defined contribution plan	2,293,253	1,792,824
Gratuity expense	5,085,689	1,200,000
Staff welfare	2,780,734	1,587,391
Branch setup cost	142,920	168,658
Depreciation on right of use assets	9,519,975	9,376,242
Bank charges	2,433,538	1,564,036
Office cleaning and maintenance	874,549	243,364
Fee and subscription	6,449,707	2,363,902
IT equipment and software maintenance	3,178,894	2,164,736
Others	11,810	17,970
	<u>195,518,458</u>	<u>153,172,964</u>
22 OTHER CHARGES	31 March 2026	31 March 2025
	-----Rupees-----	
Penalties imposed by State Bank of Pakistan	-	-
	<u>-</u>	<u>-</u>
23 CREDIT LOSS ALLOWANCE & WRITE OFFS - NET	31 March 2026	31 March 2025
	-----Rupees-----	
Credit loss allowance for diminution in value of investments	-	-
Credit loss allowance against loans & advances	29,416,757	39,784,021
Insurance claim	-	-
Credit loss allowance - markup accrued	(117,181)	1,286,286
Credit loss allowance against balances with other banks	-	-
Advances written off directly	2,195,472	1,695,738
	<u>31,495,048</u>	<u>42,766,045</u>
24 TAXATION	(Un-audited)	(Un-audited)
	31 March 2026	31 March 2025
	-----Rupees-----	
Current tax	58,744,469	41,732,242
Deferred tax	(5,067,464)	(12,430,885)
	<u>53,677,005</u>	<u>29,301,357</u>
25 BASIC EARNINGS/ (LOSS) PER SHARE		
Profit for the period	<u>102,867,638</u>	<u>62,790,108</u>
Weighted average number of ordinary shares	<u>100,000,000</u>	<u>100,000,000</u>
Basic earnings per share	<u>1.03</u>	<u>0.63</u>

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NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED MARCH 2026
26 FAIR VALUE MEASUREMENTS

The fair value of quoted securities other than those classified as amortized cost, is based on quoted market price. Quoted securities classified as amortized cost are carried at cost. The fair value of unquoted equity securities, other than investments in associates and subsidiaries, is determined on the basis of the break-up value of these investments as per their latest available audited financial statements.

The fair value of unquoted debt securities, fixed term loans, other assets, other liabilities, fixed term deposits and borrowings cannot be calculated with sufficient reliability due to the absence of a current and active market for these assets and liabilities and reliable data regarding market rates for similar instruments.

The MFB 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).

NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED MARCH 2026

27 RELATED PARTY TRANSACTIONS

The Bank 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. Contributions to and accruals in respect of staff retirement benefits and other benefit plans are made in accordance with the actuarial valuations / terms of the contribution plan. Remuneration to the executives / officers is determined in accordance with the terms of their appointment.

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

	March 2026					December 2025			
	Parent	Directors	Key management personnel	Other related parties		Parent	Directors	Key management personnel	Other related parties
	(Rupees)								
Balances with other banks / MFBs / DFIs									
In current accounts	23,544,021	-	-	-	21,191,058	-	-	-	-
In deposit accounts	241,091,559	-	-	-	313,945,520	-	-	-	-
	<u>264,635,580</u>				<u>335,136,578</u>				
Investments									
Opening balance	-	-	-	285,730,231	-	-	-	233,228,768	-
Investment made during the period	-	-	-	142,571,745	-	-	-	743,721,142	-
Investment redeemed / disposed off	-	-	-	(127,922,363)	-	-	-	(691,219,679)	-
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-
Closing balance	-	-	-	<u>300,379,613</u>	-	-	-	<u>285,730,231</u>	-
Advances									
Opening balance	-	-	13,895,990	-	-	-	23,417,401	-	-
Addition during the period / year	-	-	-	-	-	-	-	-	-
Repaid during the period / year	-	-	(10,277,240)	-	-	-	(9,521,411)	-	-
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-
Closing balance	-	-	<u>3,618,750</u>	-	-	-	<u>13,895,990</u>	-	-
other Assets	<u>4,274,420</u>				<u>4,475,000</u>				
Borrowings									
Opening balance	148,980,200	-	-	-	148,980,200	-	-	-	-
Borrowings during the period / year	-	-	-	-	-	-	-	-	-
Settled during the period / year	-	-	-	-	-	-	-	-	-
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-
	<u>148,980,200</u>				<u>148,980,200</u>				
Deposits and other accounts									
Opening balance	-	-	5,507	-	-	-	5,507	-	-
Received during the period / year	-	-	-	-	-	-	-	-	-
Withdrawn during the period / year	-	-	-	-	-	-	-	-	-
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-
Closing balance	-	-	<u>5,507</u>	-	-	-	<u>5,507</u>	-	-
Other Liabilities									
Payable to staff retirement fund	-	-	25,996,635	-	-	-	21,625,029	-	-
	-	-	<u>25,996,635</u>	-	-	-	<u>21,625,029</u>	-	-
Contingencies and commitments									
Other contingencies	-	-	-	-	-	-	-	-	-

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

	March 2026					Mar-25			
	Parent	Directors	Key management personnel	Other related parties		Parent	Directors	Key management personnel	Other related parties
	(Rupees)								
Income									
Mark-up / return / interest Earned	4,528,224	-	-	-	2,683,095	-	-	-	-
interest loan to employee	-	-	187,497	-	-	-	220,700	-	-
Expense									
Mark-up / return / interest Exp	4,166,710	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Directors meeting Fee	-	1,825,000	-	-	-	350,000	-	-	-
Gratuity expense	-	-	5,085,689	-	-	-	1,200,000	-	-
Contribution to defined contribution plan	-	-	2,293,253	-	-	-	1,792,824	-	-
Remuneration paid to executive staff	-	-	24,773,508	-	-	-	15,389,570	-	-

NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED MARCH 2026

	31 March 2026 (Un-audited)	December 2025 (Audited)
	-----Rupees-----	
28. CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS		
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	1,682,941,580	1,580,073,942
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	1,537,789,357	1,448,518,897
Eligible Additional Tier 1 (ADT 1) Capital		-
Total Eligible Tier 1 Capital	1,537,789,357	1,448,518,897
Eligible Tier 2 Capital	100,058,876	92,742,534
Total Eligible Capital (Tier 1 + Tier 2)	1,637,848,234	1,541,261,431
Risk Weighted Assets (RWAs):		
Credit Risk	3,349,450,142	2,169,488,887
Operational Risk	269,190,133	186,651,113
Total	3,618,640,275	2,356,140,000
Common Equity Tier 1 Capital Adequacy ratio	1,537,789,357	1,448,518,897
Tier 1 Capital Adequacy Ratio		
Total Capital Adequacy Ratio	45.26%	44.74%

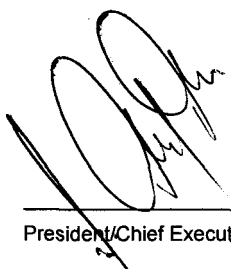
NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED MARCH 2026

29. GENERAL


29.1 Amounts in these condensed interim financial statements have been rounded off to the nearest rupee except stated otherwise.

30. DATE OF AUTHORIZATION

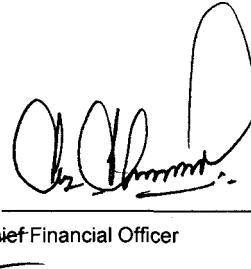
These condensed interim financial statements were authorized for issue on _____ by the Board of Directors of the Bank.



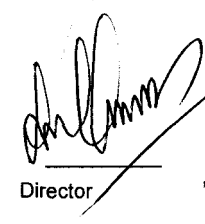
President/Chief Executive



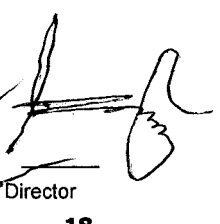
Chairman



Chief Financial Officer



Director



Director

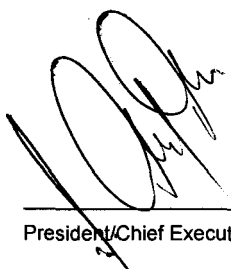
NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED MARCH 2026

29. GENERAL


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30. DATE OF AUTHORIZATION

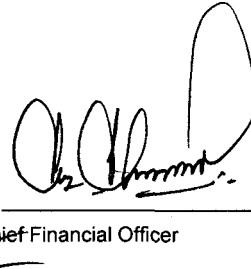
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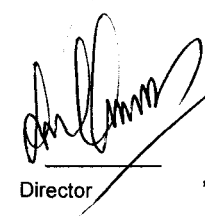
President/Chief Executive



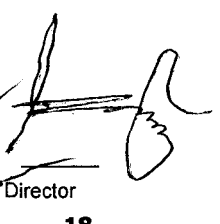
Chairman



Chief Financial Officer



Director



Director