SINDH MICROFINANCE BANK LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2026

	Note	30 September 2026 (Un-audited)	31 December 2025 (Audited)
ASSETS		----------Rupees----------	
Cash and balances with treasury banks	5.	**83,281,834**	71,687,265
Balances with other MFBs/Banks/NBFIs	6.	**1,030,068,124**	899,219,084
Lendings to financial institutions		**-**	
Investments	7.	**1,049,134,490**	1,070,564,204
Advances - Net	8.	**3,134,043,249**	2,511,286,849
Property and equipment	9.	**42,526,681**	30,433,564
Right-of-use Assets	10.	**47,983,165**	76,773,064
Intangible assets	11.	**9,952,463**	3,155,531
Deferred tax assets	12.	**86,946,865**	78,717,024
Deferred csel-	13.	**166,185,108**	90,221,649
Total assets		**5,650,121,979**	4,832,058,234
LIABILITIES			
Bills payable		**-**	-
Borrowings	14.	**1,524,788,310**	1,265,980,200
Deposits and other accounts	15.	**1,733,267,091**	1,553,861,283
Lease liabilities	16.	**87,908,502**	115,479,088
Subordinated debt		**-**	-
Deferred grant		**-**	-
Deferred tax liabilities		**-**	-
Other liabilities	17.	**304,402,216**	316,663,720
Total liabilities		**3,650,366,119**	3,251,984,291
NET ASSETS		**1,999,755,860**	1,580,073,943
REPRESENTED BY			
Share capital		**1,500,000,000**	1,000,000,000
Reserves		**321,977,496**	216,927,187
Surplus/(Deficit) on revaluation of assets		**-**	-
Unappropriated profit		**177,778,365**	363,146,756
		1,999,755,860	1,580,073,943
CONTINGENCIES AND COMMITMENTS	18.		

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

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

SINDH MICROFINANCE BANK LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2026

	Note	Nine Months ended		Quarter Ended	
		30 September 2026	30 September 2025	30 September 2026	30 September
		----------Rupees----------			
Mark-up / Return / Interest earned	19.	**1,531,242,871**	1,269,738,684	**580,919,768**	439,172,050
Mark-up / Return / Interest expensed	20.	**(299,455,025)**	(320,671,592)	**(128,233,874)**	(93,158,705)
Net mark-up / interest income		**1,231,787,846**	949,067,092	**452,685,893**	346,013,345
TOTAL INCOME		**1,231,787,846**	949,067,092	**452,685,893**	346,013,345
NON MARK-UP / INTEREST EXPENSES					
Operating expenses	21.	**(623,586,241)**	(457,223,647)	**(238,766,973)**	(145,868,558)
Workers welfare fund		**-**	-	**-**	-
Other charges	22.	**(17,500)**	-	**-**	-
Total non-markup / interest expenses		**(623,603,741)**	(457,223,647)	**(238,766,973)**	(145,868,558)
Profit before credit loss allowance		**608,184,105**	491,843,446	**213,918,921**	200,144,788
Credit loss allowance and write offs - net	23.	**(46,381,743)**	(149,468,517)	**(8,189,573)**	(61,714,627)
Other income / expense items (to be specified)		**-**	-	**-**	-
PROFIT BEFORE TAXATION		**561,802,362**	342,374,929	**205,729,348**	138,430,161
Taxation	24.	**(141,601,128)**	(123,818,959)	**(19,035,160)**	(48,193,022)
PROFIT AFTER TAXATION		**420,201,234**	218,555,970	**186,694,188**	90,237,139
			----------Rupees----------		
Basic and diluted earnings per share	25.	**2.80**	1.46	**1.24**	0.60

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

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

SINDH MICROFINANCE BANK LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2026

	Nine Months ended		Quarter Ended	
	30 September 2026	30 September 2025	30 September 2026	30 September 2025
	----------Rupees----------			
Profit after taxation for the period	**420,201,234**	218,555,970	**186,694,188**	90,237,139
Other comprehensive income				
Items that may be reclassified to profit and loss account in subsequent periods:				
Effect of translation of net investment in foreign branches	-	-	-	-
Movement in surplus / (deficit) on revaluation of investments - net of tax	-	-	-	-
Others (to be specified)	-	-	-	-
Items that will not be reclassified to profit and loss account in subsequent periods:				
Remeasurement gain / (loss) on defined benefit obligations - net of tax	-	-	-	-
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 (to be specified)	-	-	-	-
	-	-	-	-
Total comprehensive income	**420,201,234**	218,555,970	**186,694,188**	90,237,139

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

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

SINDH MICROFINANCE BANK LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2026

	Share capital	Capital reserve		Revenue reserve	Total
		Statutory reserve	Depositors' protection fund	Unappropriated/ Unremitted profit	
	----------Rupees----------				
Opening balance as at 01 January 2025 (audited)	1,000,000,000	101,361,357	31,974,322	121,308,675	1,254,644,354
Changes in equity for the nine months ended 30 September 2025					
Profit for the period after taxation	-	-	-	218,555,970	218,555,970
Other comprehensive income - net of tax	-	-	-	-	-
	-	-	-	218,555,970	218,555,970
Transfer to statutory reserve	-	25,663,766	-	(25,663,766)	-
Transfer to depositors' protection fund	-	-	6,415,942	(6,415,942)	-
Return on investment	-	-	2,221,418	(2,221,418)	-
Balance as at 30 September 2025 (un-audited)	**1,000,000,000**	**127,025,123**	**40,611,682**	**305,563,519**	**1,473,200,324**
Changes in equity for the three months ended 31 December 2025					
Profit for the period after taxation	-	-	-	110,860,725	110,860,725
Other comprehensive income - net of tax	-	-	-	(5,224,440)	(5,224,440)
	-	-	-	105,636,285	105,636,285
Transfer to statutory reserve	-	40,219,573	-	(40,219,573)	-
Transfer to depositors' protection fund	-	-	10,054,893	(10,054,893)	-
Return on investment	-	-	(984,084)	2,221,418	1,237,334
Balance as at 31 December 2025 (audited)	**1,000,000,000**	**167,244,696**	**49,682,491**	**363,146,756**	**1,580,073,943**
Effect of transition to EIR method - net of tax					
Advances - Amortised cost	-	-	-	(864,490)	(864,490)
Expected Credit Loss - net	-	-	-	345,173	345,173
	-	-	-	(519,317)	(519,317)
Opening balance as at 01 January 2026 - Adjusted	**1,000,000,000**	**167,244,696**	**49,682,491**	**362,627,439**	**1,579,554,626**
Changes in equity for the nine months ended 30 September 2026					
Profit for the period after taxation	-	-	-	420,201,234	420,201,234
Other comprehensive income - net of tax	-	-	-	-	-
	-	-	-	420,201,234	420,201,234
Issue of bonus shares	**500,000,000**	-	-	(500,000,000)	-
Transfer to statutory reserve	-	**84,040,247**	-	(84,040,247)	-
Transfer to depositors' protection fund	-	-	**21,010,062**	(21,010,062)	-
Balance as at 30 September 2026 (un-audited)	**1,500,000,000**	**251,284,943**	**70,692,553**	**177,778,365**	**1,999,755,860**

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

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

SINDH MICROFINANCE BANK LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2026

	Note	Nine Months ended	
		30 September 2026	30 September 2025
		----------Rupees----------	
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		**561,802,362**	342,374,929
Adjustments:			
Depreciation	21.	**10,859,107**	9,117,863
Depreciation on right of use assets	21.	**28,789,899**	30,246,623
Amortization	21.	**1,247,689**	2,044,454
Interest expense on lease liability against right of use assets	20.	**14,250,531**	15,913,036
Contribution on defined benefit plan	21.	**20,203,129**	2,400,000
Credit loss allowance and write-offs - net (excluding balances with banks)	23.	**46,241,264**	145,192,776
		121,591,620	204,914,752
		683,393,982	547,289,681
(Increase) / decrease in operating assets			
Advances		**(669,589,088)**	(342,534,474)
Others assets (excluding advance taxation)		**(75,954,559)**	61,101,138
		(745,543,647)	(281,433,336)
Increase / (decrease) in operating liabilities			
Deposits		**179,405,808**	(585,742,787)
Borrowings from financial institutions		**258,808,110**	393,250,000
Other liabilities (excluding current taxation)		**21,360,926**	(76,229,741)
		459,574,844	(268,722,528)
Income tax paid		**(175,527,297)**	(36,525,262)
Benefits paid		**(27,917,116)**	(13,255,305)
Net cash generated from operating activities		**193,980,766**	(52,646,750)
CASH FLOW FROM INVESTING ACTIVITIES			
Net investments in amortised cost securities		**21,280,805**	(288,432,145)
Investments in property and equipment	9.1	**(22,952,223)**	(2,569,404)
Investments in intangible assets		**(8,044,621)**	-
Net cash used in investing activities		**(9,716,040)**	(291,001,549)
CASH FLOW FROM FINANCING ACTIVITIES			
Payment of lease liability against right-of-use assets	16.	**(41,821,117)**	(17,046,402)
Net cash used in financing activities		**(41,821,117)**	(17,046,402)
Impact of expected credit loss allowance on adoption of IFRS-09		-	-
Reversal of expected credit loss allowance during the period	23.	-	(2,253,842)
		-	(2,253,842)
Increase in cash and cash equivalents		**142,443,609**	(362,948,543)
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		**1,113,349,958**	653,543,597

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

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

SINDH MICROFINANCE BANK LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2026

1 STATUS AND NATURE OF BUSINESS

1.1 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 the Companies Act, 2017). The Bank obtained the microfinance banking licence from the State Bank of Pakistan (SBP) on 16 October 2015 to operate in the province of Sindh. The Bank received the certificate of commencement of business from the Securities and Exchange Commission of Pakistan (SECP) on 30 November 2015 and the certificate of commencement of banking business from the SBP 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 segments of society as envisaged in the Microfinance Institutions Ordinance, 2001.

1.2 The Bank is a wholly owned subsidiary of Sindh Bank Limited (the 'Holding Bank'). The Bank operates through branches and service centres within the province of Sindh; the network comprises 25 (31 December 2025: 22) branches and 110 (31 December 2025: 91) service centres.

2 BASIS OF PRESENTATION

2.1 STATEMENT OF COMPLIANCE

2.1.1 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 Institutions Ordinance, 2001 (the MFI Ordinance) and the Companies Act, 2017; and

- Directives issued by the SBP and the SECP.

Wherever the requirements of the MFI Ordinance, the Companies Act, 2017 or the directives issued by the SBP and the SECP differ from the requirements of IFRS or IFAS, the requirements of the MFI Ordinance, the Companies Act, 2017 and the said directives prevail.

2.1.2 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 IFRS 7 'Financial Instruments: Disclosures' on banks through its notification S.R.O 411(I)/2008 dated 28 April 2008. Accordingly, the requirements of these standards have not been considered in the preparation of these condensed interim financial statements.

2.1.3 The SBP through BPRD Circular No. 04 of 2015 dated 25 February 2015 has deferred the applicability of Islamic Financial Accounting Standard-3 'Profit and Loss Sharing on Deposits' (IFAS-3) issued by ICAP and notified by the SECP vide SRO No. 571 of 2013 dated 12 June 2013 for institutions offering Islamic financial services. Accordingly, the requirements of this standard have not been considered in the preparation of these condensed interim financial statements.

2.1.4 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 IAS 34 'Interim Financial Reporting'. These do not include all the information and disclosures required for annual financial statements and should be read in conjunction with the annual audited financial statements of the Bank for the year ended 31 December 2025.

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

2.1.6 SBP Letter No. SBP-HOK-BPRD-RPD-SMFP-865802 dated 26 February 2025 granted the Bank an extension up to 31 December 2025 for the application of the Effective Interest Rate (EIR) method to advances under IFRS 9. The Bank has fully implemented the EIR method from 01 January 2026. The impact on opening equity has been recognised in the statement of changes in equity, and the comparative information as at 31 December 2025 and for the nine months ended 30 September 2025 has not been restated. The impact on opening unappropriated profit as at 01 January 2026 is as follows:

	Rupees
Advances - amortised cost using the EIR method (net of tax)	(864,490)
Expected credit loss - net (net of tax)	345,173
Total impact on opening unappropriated profit	**(519,317)**

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

There are certain new and amended standards, interpretations and amendments that have become applicable to the Bank for accounting periods beginning on or after 01 January 2026 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 approved accounting standards that are not yet effective

There are certain new and amended standards, interpretations and amendments that will become applicable to the Bank for accounting periods beginning on or after 01 January 2027 but are considered not to be relevant or will not have any material effect on the Bank's financial statements, except for:

- IFRS 18 'Presentation and Disclosure in Financial Statements', published by the IASB in April 2024 and effective for annual periods beginning on or after 01 January 2027. When adopted in Pakistan, IFRS 18 will change the presentation of the profit and loss account and require additional disclosures; the Bank is assessing its impact.

- Amendments to IFRS 9 'Financial Instruments' clarifying the date of recognition and derecognition of a financial asset or financial liability, including the settlement of liabilities through electronic payment systems. The amendments, when applied, may affect the timing of recognition and derecognition of financial liabilities.

3 BASIS OF MEASUREMENT

3.1 Accounting convention

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

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

3.2 Functional and presentation currency

Items included in these 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

4.1 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, except for the measurement of advances using the effective interest rate method from 01 January 2026 as explained in note 4.2.

4.2 Advances - effective interest rate method: advances are measured at amortised cost using the effective interest rate (EIR) method, net of expected credit loss allowances. The EIR is determined for each loan from its contractual terms as the rate that discounts the scheduled instalments to the net amount advanced (disbursement less the origination fee deducted). Loan origination fees are therefore deferred and recognised in mark-up income over the life of the advance as part of the EIR, and mark-up is accrued on actual days at the EIR. Staff loans continue to be carried at amortised cost, with the difference between the concessionary rate and the market rate recognised as deferred employee benefit.

4.3 Expected credit losses on advances: advances are allocated to stages under BPRD Circular Letter No. 20 of 2025 (Annexure C) using days past due. Sujag Aurat, Gold and Fisheries loans are treated as general microfinance loans (Stage 1: less than 60 days; Stage 2: 60 to 89 days; Stage 3: 90 days or more). Agriculture and Livestock loans follow their own track (Stage 2: 60 to 179 days; Stage 3: 180 days or more). In addition to the modelled allowance, the Bank maintains a management overlay for flood-affected districts equal to 8% of Stage 1 exposure in all districts other than Karachi and Hyderabad.

4.4 Critical accounting estimates and judgements: in preparing these condensed interim financial statements management has made judgements, estimates and assumptions that affect the application of the Bank's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis and revisions are recognised prospectively. The significant judgements and key sources of estimation uncertainty are the same as those applied in the annual financial statements for the year ended 31 December 2025, except for the determination of the effective interest rate on advances and the staging of advances for expected credit losses described in notes 4.2 and 4.3.

5. CASH AND BALANCES WITH TREASURY BANKS	Note	30 September 2026 (Un-audited) Rupees	31 December 2025 (Audited) Rupees
In hand - Local currency		**1,719,378**	1,323,771
Balances with State Bank of Pakistan in SBP current account - Local currency	5.1	**79,213,256**	60,459,029
Balances with National Bank of Pakistan in NBP current account - Local currency		**2,349,200**	9,904,465
Less: Credit loss allowance		**-**	-
Total		**83,281,834**	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: 3%) and 12% (31 December 2025: 12%) 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.

6. BALANCES WITH OTHER MFBs / BANKs / NBFIs			
In Pakistan			
- In current account		**12,986,515**	21,191,058
- Local currency deposit account	6.1	**1,017,381,707**	878,187,645
		1,030,368,222	899,378,703
Provision against expected credit loss on other banks		**(300,098)**	(159,619)
		1,030,068,124	899,219,084

6.1 This represents the balance held in savings accounts carrying interest at the rate ranging from 8.5% to 13.5% (31 December 2025: 8.50% to 12.50%%) per annum on outstanding balances.

7. INVESTMENTS

7.1 Investments by type:

	Note	30 September 2026 (Un-audited)				31 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
		------- Rupees --------							
Classified as Amortised Cost									
Federal Government securities - T Bills	7.4	**399,449,426**	**-**	**-**	**399,449,426**	285,730,231	-	-	285,730,231
Term Deposits Receipts (TDRs)	7.6	**650,000,000**	**(314,936)**	**-**	**649,685,064**	785,000,000	(166,027)	-	784,833,973
		1,049,449,426	**(314,936)**	**-**	**1,049,134,490**	1,070,730,231	(166,027)	-	1,070,564,204

7.2 Investments given as collateral

	30 September 202 (Un-audited)	31 December 2025 (Audited)
	--------Rupees--------	
Term Deposit Receipts (TDRs)	**650,000,000**	497,500,000

7.3 Investments - Particulars of credit loss allowance

7.3.1 Investments - Exposure

	30 September 2026 (Un-audited)			31 December 2025 (Audited)		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
	------- Rupees --------					
Gross carrying amount	**1,070,730,231**	**-**	**-**	1,133,228,768	-	-
New Investments	**1,793,719,195**	-	-	2,407,501,463	-	-
Investments derecognised or repaid	**(1,815,000,000)**	-	-	(2,470,000,000)	-	-
Transfer to stage 1	-	-	-	-	-	-
Transfer to stage 2	-	-	-	-	-	-
Transfer to stage 3	-	-	-	-	-	-
	(21,280,805)	-	-	(62,498,537)	-	-
Amounts written off / charged off	-	-	-	-	-	-
Closing balance	**1,049,449,426**	-	-	1,070,730,231	-	-

7.3.2 Investments - Credit loss allowance

	30 September 2026 (Un-audited)			31 December 2025 (Audited)		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
	------- Rupees --------					
Credit loss allowance Opening balance	**166,027**	**-**	**-**	190,350	-	-
New Investments	**148,909**	-	-	166,027	-	-
Investments derecognised or repaid	**-**	-	-	(190,350)	-	-
Transfer to stage 1	**-**	-	-	-	-	-
Transfer to stage 2	**-**	-	-	-	-	-
Transfer to stage 3	**-**	-	-	-	-	-
	148,909	-	-	(24,323)	-	-
Amounts written off / charged off	**-**	-	-	-	-	-
Changes in risk parameters	**-**	-	-	-	-	-
Credit loss allowance closing balance	**314,936**	-	-	166,027	-	-

7.3.3 Particulars of credit loss allowance against debt securities

Category of classification		30 September 2026 (Un-audited)		31 December 2025 (Audited)	
		Outstanding amount	Credit loss allowance	Outstanding amount	Credit loss allowance
		------Rupees------			
Up to 29 days	Stage 1	**1,049,449,426**	**314,936**	1,070,730,231	166,027
Other assets especially mentioned	Stage 2	-	-	-	-
Non-performing	Stage 3	-	-	-	-
Substandard		-	-	-	-
Doubtful		-	-	-	-
Loss		-	-	-	-
		1,049,449,426	**314,936**	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: 12%) 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 one year, carrying an interest rates ranging between 9.90% to 12.35% (31 December 2025: 11.50% to 11.99%).

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 Term Deposit Receipts (TDR's) carry interest rates ranging from 11.70% to 14.00% (31 December 2025: 12.00% to 21.00%) with a maturity period of twelve months.

8. ADVANCES

	Performing				Non Performing		Total	
	Stage 1		Stage 2		Stage 3			
	30 September 2026	31 December 2025	30 September 2026	31 December 2025	30 September 2026	31 December 2025	30 September 2026	31 December 2025
	(Un-audited)	(Audited)	(Un-audited)	(Audited)	(Un-audited)	(Audited)	(Un-audited)	(Audited)
	--------Rupees--------							
Micro credits								
Secured	**2,171,524**	2,595,000	**-**	-	**-**	-	**2,171,524**	2,595,000
Unsecured	**3,355,936,226**	2,702,454,545	**2,862,215**	3,629,867	**16,343,820**	9,491,680	**3,375,142,261**	2,715,576,092
Staff Loan	**1,935,048**	4,499,864	**-**	-	**-**	-	**1,935,048**	4,499,864
Advances - gross	**3,360,042,797**	2,709,549,409	**2,862,215**	3,629,867	**16,343,820**	9,491,680	**3,379,248,833**	2,722,670,956
Credit loss allowance against advances								
- Stage 1	**(226,067,866)**	(198,356,782)	-	-	-	-	**(226,067,866)**	(198,356,782)
- Stage 2	**-**	-	**(2,852,034)**	(3,603,802)	-	-	**(2,852,034)**	(3,603,802)
- Stage 3	**-**	-	-	-	**(16,285,683)**	(9,423,523)	**(16,285,683)**	(9,423,523)
	(226,067,866)	(198,356,782)	**(2,852,034)**	(3,603,802)	**(16,285,683)**	(9,423,523)	**(245,205,583)**	(211,384,107)
Advances - net of credit loss allowance	**3,133,974,931**	2,511,192,627	**10,181**	26,065	**58,137**	68,157	**3,134,043,249**	2,511,286,849

8.1 Advances - Particulars of credit loss allowance

8.1.1 Advances - Exposure

	30 September 2026 (Un-audited)				31 December 2025 (Audited)			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	--------Rupees--------							
Gross carrying amount	**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
Effect of transition to EIR method	**(4,633,818)**	**56,818**	**1,791,180**	**(2,785,820)**	-	-	-	-
Gross carrying amount - adjusted	**2,704,915,591**	**3,686,685**	**11,282,860**	**2,719,885,136**	2,220,299,362	2,947,728	16,161,242	2,239,408,332
New advances	**4,598,342,000**			**4,598,342,000**	4,832,462,481	-	-	4,832,462,481
Advances derecognised or repaid	**(3,900,055,001)**	**(4,364,581)**	**(21,856,097)**	**(3,926,275,679)**	(4,299,522,795)	(2,516,355)	(14,007,629)	(4,316,046,779)
	698,286,999	**(4,364,581)**	**(21,856,097)**	**672,066,321**	532,939,686	(2,516,355)	(14,007,629)	516,415,702
Transfer to stage 1					-	-	-	-
Transfer to stage 2	**(2,862,215)**	**2,862,215**			(4,113,987)	4,113,987	-	-
Transfer to stage 3	**(20,203,743)**	**(99,950)**	**20,303,693**		(32,343,128)	(381,300)	32,724,428	-
	(23,065,959)	**2,762,265**	**20,303,693**	**-**	(36,457,115)	3,732,687	32,724,428	-
Amounts written off	**(6,702,678)**	**(192,576)**	**(5,807,371)**	**(12,702,625)**	(7,232,524)	(534,193)	(25,386,361)	(33,153,078)
Closing balance	**3,373,433,953**	**1,891,794**	**3,923,085**	**3,379,248,833**	2,709,549,409	3,629,867	9,491,680	2,722,670,956

8.1.2 Advances - Credit loss allowance

		30 September 2026 (Un-audited)				31 December 2025 (Audited)			
		Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
		--------Rupees--------							
Opening 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
Effect of transition to EIR method		(2,392,719)	58,166	1,779,179	(555,374)	-	-	-	-
Opening balance - adjusted		195,964,063	3,661,968	11,202,702	210,828,733	123,347,172	2,917,444	15,995,212	142,259,828
New advances		238,437,978			238,437,978	221,177,057	-	-	221,177,057
Advances derecognised or repaid		(201,401,385)	(3,380,172)	(9,413,341)	(214,194,898)	(145,607,288)	(2,487,111)	(13,311,619)	(161,406,018)
		37,036,593	(3,380,172)	(9,413,341)	24,243,080	75,569,769	(2,487,111)	(13,311,619)	59,771,039
Transfer to Stage 1					-	-	-	-	-
Transfer to Stage 2		(28,554)	28,554		-	(46,689)	46,689	-	-
Transfer to Stage 3		(201,558)	(99,402)	300,959	-	(367,054)	(378,744)	745,798	-
		(230,112)	(70,847)	300,959	-	(413,743)	(332,055)	745,798	-
Changes in risk parameters	8.1.4		2,833,661	20,002,734	22,836,395	-	4,036,136	31,378,304	35,414,440
Amounts written off/charged Off		(6,702,678)	(192,576)	(5,807,371)	(12,702,625)	(146,416)	(530,612)	(25,384,172)	(26,061,200)
Closing balance		226,067,866	2,852,034	16,285,683	245,205,583	198,356,782	3,603,802	9,423,523	211,384,107
		226,067,866	2,852,034	16,285,683	245,205,583				

8.1.3 Advances - Credit loss allowance details

	30 September 2026 (Un-audited)				31 December 2025 (Audited)			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Internal / Extrernal rating / stage classification	--------Rupees--------							
Performing - Stage 1	3,373,433,953	-	-	3,373,433,953	2,709,549,409	-	-	2,709,549,409
Performing - Stage 2	-	1,891,794	-	1,891,794	-	3,629,867	-	3,629,867
Non- Performing - Stage 3								
Substandard	-	-	6,065,448	6,065,448	-	-	-	-
Doubtful	-	-	533,992	533,992	-	-	5,198,524	5,198,524
Loss	-	-	9,744,380	9,744,380	-	-	4,293,156	4,293,156
	-	-	16,343,820	16,343,820	-	-	9,491,680	9,491,680
Total	3,373,433,953	1,891,794	16,343,820	3,391,669,567	2,709,549,409	3,629,867	9,491,680	2,722,670,956
Corresponding credit loss allowance								
Stage 1	226,067,866	-	-	226,067,866	198,356,782	-	-	198,356,782
Stage 2	-	2,852,034	-	2,852,034	-	3,603,802	-	3,603,802
Stage 3	-	-	16,285,683	16,285,683	-	-	9,423,523	9,423,523
	226,067,866	2,852,034	16,285,683	245,205,583	198,356,782	3,603,802	9,423,523	211,384,107

8.1.4 Particulars of write offs / charge offs

	Note	30 September 2026 (Un-audited)	31 December 2025 (Audited)
		--------Rupees--------	
Against credit loss allowance		5,806,971.05	25,059,903
Directly charged to profit & loss account	8.1.4.1	6,895,654	8,093,175
		12,702,625	33,153,078

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

		Note	30 September 2026 (Un-audited)	31 December 2025 (Audited)
			---------- Rupees ----------	
9	**PROPERTY AND EQUIPMENT**			
	Property and equipment		**42,526,681**	30,433,564
9.1	**Additions to property and equipment**			
	The following additions have been made to property and equipment during the period:			
	Property and equipment			
	Office equipment		**13,382,514**	5,640,707
	Office improvement		**794,710**	-
	Furniture and fixture		**-**	-
	Vehicles		**8,775,000**	10,500,000
			22,952,224	16,140,707
10.	**RIGHT-OF-USE ASSETS**			
	At 01 January			
	Cost		**193,645,972**	191,001,282
	Accumulated depreciation		**(116,872,908)**	(78,486,376)
	Net carrying amount at 01 January		**76,773,064**	112,514,906
	Additions during the period / year		**-**	2,644,690
	Deletions during the period / year		**-**	-
	Depreciation charge for the period / year		**(28,789,899)**	(38,386,532)
	Closing net book value		**47,983,165**	76,773,064
11.	**INTANGIBLE ASSETS**			
	Computer software		**9,952,463**	3,155,531
	Additions to intangible assets			
	The following additions have been made to intangible assets during the period / year:			
	Developed internally		**-**	-
	Directly purchased		**8,044,621**	-
	Through business combinations		**-**	-
			8,044,621	-
12.	**DEFERRED TAX ASSETS**			
	Deductible temporary differences on			
	- Impact of transition to EIR method		**3,240,859**	-
	- Right-of-use assets		**11,224,747**	11,224,747
	- Post retirement employee benefits		**2,920,699**	2,920,699
	- Accelerated depreciation		**772,448**	772,448
	- Accelerated amortization		**721,140**	721,140
	- Credit loss allowance against financial assets, off balance sheet etc.		**68,066,973**	63,077,990
			86,946,865	78,717,024

		Note	30 September 2026 (Un-audited)	31 December 2025 (Audited)
			---------- Rupees ----------	
13.	**OTHER ASSETS**			
	Income / Mark-up accrued		**88,804,849**	69,355,802
	Advances, prepayments and deposits		**45,836,464**	15,762,097
	Advance against salary		**6,286,515**	3,465,910
	Deferred expense on staff loans		**577,229**	577,229
	Profit receivable on savings accounts		**26,573,551**	-
	Profit receivable on TDR		**3,898,154**	6,861,165
			171,976,762	96,022,203
	Credit loss allowance held against other assets		**(5,791,654)**	(5,800,554)
	Other assets (net of credit loss allowance)		**166,185,108**	90,221,649
13.1	**Credit loss allowance held against other assets**			
	Opening balance		**5,800,554**	7,604,679
	Effect of transition to EIR method		**69,216**	-
	Opening balance - adjusted		**5,869,770**	7,604,679
	Charged during the year		**-**	(1,804,125)
	Reversal during the year		**(78,116)**	-
	Closing balance		**5,791,654**	**5,800,554**
14.	**BORROWINGS**			
	Secured			
	Borrowings from State Bank of Pakistan	14.1	**884,788,310**	917,000,000
	Borrowings from banks / MFBs/ financial institutions in Pakistan	14.2	**640,000,000**	348,980,200
	Total secured		**1,524,788,310**	1,265,980,200

14.1 This represents borrowing from the State Bank of Pakistan under its Line of Credit Fund scheme amounting to Rupees 884.79 million (31 December 2025: Rupees 917.00 million), carrying mark-up at six-month KIBOR -1% per annum.

14.2 **Borrowings from banks / MFBs/ financial institutions in Pakistan**

Pakistan Microfinance Investment Company (PMIC)	14.2.1	**100,000,000**	200,000,000
Sindh Bank Limited	14.2.2	**540,000,000**	148,980,200
		640,000,000	348,980,200

14.2.1 This represents a borrowing from the Pakistan Microfinance Investment Company Limited (PMIC) at a mark-up rate of six-month KIBOR plus 2.5% per annum. The balance outstanding is Rupees 100.00 million (31 December 2025: Rupees 200.00 million); Rupees 100.00 million was repaid during the period.

14.2.2 Borrowings from Sindh Bank Limited (the Holding Bank) amount to Rupees 540.00 million (31 December 2025: Rupees 148.98 million), comprising running finance of Rupees 40.00 million at six-month KIBOR plus 0.5% per annum and a short-term loan of Rupees 500.00 million.

14.2.3 A lien is placed on TDRs held with HBL and Abhi Microfinance Bank amounting to Rupees 650 million as collateral against borrowing from Sindh Bank 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	30 September 2026 (Un-audited)	31 December 2025 (Audited)
			-----Rupees-----	
	Customers			
	Current deposits		**15,410,489**	10,198,367
	Savings deposits	15.1	**43,598,120**	8,175,041
	Fixed / Term deposits	15.2	**1,068,812,000**	1,235,269,937
			1,127,820,608	1,253,643,345
	Financial Institutions			
	Current deposits		**-**	-
	Savings deposits - FI	15.1	**605,446,482**	300,217,938
	Fixed / Term deposits		**-**	-
			605,446,482	300,217,938
			1,733,267,091	1,553,861,283

15.1 These are remunerative saving deposits of corporate and individual clients carrying interest rate ranging from 8.00% to 12.5% per annum (31 December 2025: 8.00% to 12.15%) on outstanding balances.

15.2 This represents term deposits having tenure ranging from 1 months to 36 months (31 December 2025: 3 months to 36 month) carrying interest rate ranging from 12.00% to 13.50% (31 December 2025: 10.00% to 22.50%) per annum on outstanding balances.

16.	LEASE LIABILITIES		
	Opening balance	**115,479,088**	133,228,774
	Additions during the period / year	**-**	2,644,690
	Interest expense	**14,250,531**	20,763,408
	Payment of lease liability during the period / year	**(41,821,117)**	(41,157,784)
	Closing balance	**87,908,502**	115,479,088

17.	OTHER LIABILITIES		
	Mark-up / Return / Interest payable on deposits	**58,839,809**	52,647,182
	Mark-up / Return / Interest payable on borrowing	**57,240,641**	58,521,519
	Accrued expenses	**12,693,132**	12,072,529
	Withholding tax payable	**30,403,993**	7,921,217
	EOBI payable	**661,275**	614,770
	Payable to defined plans	**7,467,593**	**21,625,029**
	Provision for taxation - net	**136,729,635**	162,638,078
	Audit fee payable	**366,138**	623,396
		304,402,216	316,663,720

18. CONTINGENCIES AND COMMITMENTS

There are no contingencies and commitments as at 30 September 2026 (31 December 2025: Nil).

		30 September 2026 (Un-audited)	30 September 2025 (Un-audited)
19.	**MARK-UP / RETURN / INTEREST EARNED**	--------Rupees--------	
	Loans and advances	**1,311,809,200**	1,051,577,593
	Investments	**107,651,270**	165,547,856
	Balances with other MFBs / banks / NBFIs	**111,782,400**	52,613,236
		1,531,242,871	1,269,738,684
20.	**MARK-UP / RETURN / INTEREST EXPENSED**		
	Deposits	**143,263,779**	221,607,012
	Borrowings	**141,940,715**	83,151,544
	Lease liabilities	**14,250,531**	15,913,036
		299,455,025	320,671,592
21.	**OPERATING EXPENSES**		
	Total compensation expense	**430,967,938**	334,009,456
	Contribution to defined plan	**20,203,129**	9,758,396
	Directors' fees and allowances	**6,002,000**	1,320,992
	Insurance	**4,058,790**	2,089,403
	Utilities	**14,067,765**	11,106,261
	IT equipment and software maintenance	**10,096,073**	8,118,423
	Staff welfare	**9,578,539**	6,030,680
	Fee and subscription	**17,773,574**	9,601,916
	Bank charges	**7,143,173**	4,678,247
	Legal and professional charges	**203,000**	108,000
	Communication expenses	**11,890,054**	7,334,661
	Repair and maintenance expenses	**17,584,271**	7,063,344
	Stationery and printing	**8,248,803**	5,076,216
	Training & development	**1,110,509**	849,494
	Travelling & conveyance	**22,553,376**	14,735,305
	Advertisement and publicity	**762,135**	715,115
	Auditors' remuneration	**417,685**	546,670
	Depreciation	**10,859,107**	9,117,863
	Depreciation on right of use assets	**28,790,759**	28,681,673
	Amortization	**1,247,689**	2,044,454
	Others	**27,870**	395,474
		623,586,241	463,382,043
22.	**OTHER CHARGES**		
	Penalties imposed by State Bank of Pakistan	**17,500**	-

		30 September 2026 (Un-audited)	30 September 2025 (Un-audited)
23. CREDIT LOSS ALLOWANCE & WRITE OFFS - NET		--------Rupees--------	
Credit loss allowance for diminution in value of investments		**148,909**	50,231
Credit loss allowance against loans & advances		**39,274,818**	145,192,716
Insurance claim		**-**	-
Credit loss allowance - markup accrued		**(78,116)**	2,253,842
Credit loss allowance against balances with other banks		**140,479**	53,111
Advances written off directly	8.1.4.1	**6,895,654**	1,918,617
Credit loss allowance against profit on savings accounts		**-**	-
		46,381,743	149,468,517
24. TAXATION			
Current tax		**149,618,852**	163,656,410
Deferred tax		**(8,017,724)**	(39,837,451)
		141,601,128	123,818,959
25. BASIC EARNINGS PER SHARE			
Profit for the period / year		**420,201,234**	218,555,970
Weighted average number of ordinary shares (Number)		**150,000,000**	150,000,000
Basic earnings per share (Rupees)		**2.80**	1.46

26. FAIR VALUE MEASUREMENTS

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

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

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

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

Financial instrument in level 1

Currently, no financial instruments are classified in level 1.

Financial instrument in level 2

Currently, no financial instruments are classified in level 2.

Financial instrument in level 3

Currently, no financial instruments are classified in level 3.

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

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

27. RELATED PARTY TRANSACTIONS

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

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

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

	30 September 2026 (Un-audited)				31 December 2025 (Audited)			
	Parent	Directors	Key management personnel	Other related parties	Parent	Directors	Key management personnel	Other related parties
	Rupees in "000"							
Balances with other MFBs / banks / NBFIs								
In current accounts	**11,580**	-	-	-	21,191	-	-	-
In deposit accounts	**354,532**	-	-	-	313,946	-	-	-
	366,112	-	-	-	335,137	-	-	-
Investments								
Opening balance	-	-	-	**285,730**	-	-	-	233,229
Investment made during the period / year	-	-	-	**113,719**	-	-	-	743,721
Investment redeemed / disposed off during the period / year	-	-	-	-	-	-	-	(691,220)
Transfer in / (out) - net	-	-	-	-	-	-	-	-
Closing balance	-	-	-	**399,449**	-	-	-	285,730
Credit loss allowance for diminution in value of investments	-	-	-	-	-	-	-	-
Advances								
Opening balance	-	-	**13,896**	-	-	-	23,417	-
Addition during the period / year	-	-	-	-	-	-	-	-
Repaid during the period / year	-	-	**(11,961)**	-	-	-	(9,521)	-
Transfer in / (out) - net	-	-	-	-	-	-	-	-
Closing balance	-	-	**1,935**	-	-	-	13,896	-
Credit loss allowance held against advances	-	-	-	-	-	-	-	-
Other Assets								
Markup Receivable	**7,135**	-	-	-	4,475	-	-	-

	30 September 2026 (Un-audited)				31 December 2025 (Audited)			
	Parent	Directors	Key management personnel	Other related parties	Parent	Directors	Key management personnel	Other related parties
	Rupees in "000"							
Borrowings								
Opening balance	**148,980**	**-**	**-**	**-**	360,000	-	-	-
Borrowings during the period / year	**1,830,000**	**-**	**-**	**-**	360,000	-	-	-
Settled during the period / year	**(1,438,980)**	**-**	**-**	**-**	(571,020)	-	-	-
Transfer in / (out) - net	**-**	**-**	**-**	**-**	-	-	-	-
Closing balance	**540,000**	**-**	**-**	**-**	148,980	-	-	-
Deposits and other accounts								
Opening balance	**-**	**-**	**6**	**-**	-	-	6	-
Received during the period / year	**-**	**-**	**-**	**-**	-	-	-	-
Withdrawn during the period / year	**-**	**-**	**-**	**-**	-	-	-	-
Transfer in / (out) - net	**-**	**-**	**-**	**-**	-	-	-	-
Closing balance	**-**	**-**	**6**	**-**	-	-	6	-
Other Liabilities								
Markup Payable	**29,308**	**-**	**-**	**-**	4,475	-	-	-
Payable to staff retirement fund	**-**	**-**	**7,468**	**-**	-	-	21,625	-
	29,308	**-**	**7,468**	**-**	4,475	-	21,625	-

	30 September 2026 (Un-audited)				30 September 2025 (Un-audited)			
	Parent	Directors	Key management personnel	Other related parties	Parent	Directors	Key management personnel	Other related parties
	Rupees in "000"							
Income								
Mark-up / return / interest earned	**16,536**	**-**	**-**	**-**	9,222	-	-	-
Expense								
Mark-up / return / interest Exp	**55,397**	**-**	**-**	**-**	16,172	-	-	-
Insurance premium	**-**	**-**	**-**	**-**	-	-	-	-
Insurance claims settled	**-**	**-**	**-**	**-**	-	-	-	-
Other	**-**	**6,002**	**-**	**-**	-	120	2,521	-

		30 September 2026 (Un-audited)	31 December 2025 (Audited)
		--------Rupees--------	
28.	**CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS**		
	Minimum Capital Requirement (MCR):		
	Paid-up capital (net of losses)	**1,999,755,860**	1,580,073,943
	Capital Adequacy Ratio (CAR):		
	Eligible Common Equity Tier 1 (CET 1) Capital	**1,840,784,259**	1,448,518,897
	Eligible Additional Tier 1 (ADT 1) Capital	**-**	-
	Total Eligible Tier 1 Capital	**1,840,784,259**	1,448,518,897
	Eligible Tier 2 Capital	**114,772,938**	92,742,534
	Total Eligible Capital (Tier 1 + Tier 2)	**1,955,557,196**	1,541,261,431
	Risk Weighted Assets (RWAs):		
	Credit Risk	**3,946,863,031**	2,169,488,887
	Operational Risk	**269,190,130**	186,651,113
	Total	**4,216,053,161**	3,444,803,418
	Common Equity Tier 1 Capital Adequacy ratio	**43.66%**	**42.05%**
	Tier 1 Capital Adequacy Ratio	**43.66%**	**42.05%**
	Total Capital Adequacy Ratio	**46.38%**	**44.74%**

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 AUTORIZATION

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

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