ABHI MICROFINANCE BANK LIMITED

Condensed Interim Financial Statements
For the period ended 31 March 2026

ABHI MICROFINANCE BANK LIMITED

Condensed Interim Statement of Financial Position (Unaudited)
As at 31 March 2026

	Note	Un-audited 31 March 2026	Audited 31 December 2025
		--------Rupees--------	
ASSETS			
Cash and balances with treasury banks	6	2,778,347,471	9,863,364,956
Balances with other MFBs / banks / NBFs	7	7,143,593,234	7,547,109,841
Lending to financial institutions	8	5,922,858,779	2,762,889,000
Investments	9	6,559,951,674	6,443,102,790
Advances	10	43,959,263,597	37,555,584,192
Property and equipment	11	1,490,512,960	992,016,487
Right-of-use assets	12	1,140,920,142	1,029,461,547
Intangible assets	13	209,925,368	190,715,341
Deferred tax asset	14	4,045,709,904	4,268,015,321
Other assets	15	7,303,043,378	6,413,522,434
Total assets		80,554,126,507	77,065,781,909
LIABILITIES			
Bills Payable	16	186,155,481	114,006,111
Borrowings	17	3,000,000,000	3,000,000,000
Deposits and other accounts	18	69,216,032,117	69,088,284,013
Lease liabilities	19	1,381,048,222	1,255,333,543
Subordinated debt	20	695,679,575	672,286,612
Other liabilities	21	3,813,206,704	3,333,219,925
Total liabilities		78,292,122,099	77,463,130,204
NET ASSETS		2,262,004,408	(397,348,295)
REPRESENTED BY:			
Share capital		8,348,887,110	8,348,887,110
Discount on issue of shares		(4,089,040,293)	(4,089,040,293)
Advance against issue of shares		2,000,000,000	-
Capital Contribution Reserve		600,000,000	600,000,000
Reserves		1,072,706,246	1,072,706,246
Depositors' protection fund		606,839,674	592,756,810
Surplus on revaluation of assets - net of tax	22	3,172,914	9,289,802
Accumulated losses		(6,280,561,243)	(6,931,947,970)
		2,262,004,408	(397,348,295)
		2,262,004,408	(397,348,295)

CONTINGENCIES AND COMMITMENTS

The annexed notes 1 to 34 form an integral part of these financial statements.

Chief Executive Officer (Acting)

Chief Financial Officer

ABHI MICROFINANCE BANK LIMITED

Condensed Interim Statement Profit and Loss Account (Unaudited)
For the period ended 31 March 2026

	Note	**Unaudited** **31 March 2026**	Unaudited 31 March 2025
		--------Rupees--------	
Mark-up / return / interest earned	23	**4,390,550,993**	2,259,364,308
Mark-up / return / interest expensed	24	**(2,244,417,053)**	(1,534,954,913)
Net mark-up / interest income		**2,146,133,940**	724,409,395
NON MARK-UP / INTEREST INCOME			
Fee and commission income	25	**475,018,441**	330,559,205
Gain on securities	26	**8,164,610**	8,746,591
Other income	27	**44,533**	1,082,971
Total non mark-up / interest income		**483,227,584**	340,388,767
Total Income		**2,629,361,524**	1,064,798,162
NON MARK-UP / NON INTEREST EXPENSES			
Operating expenses	28	**(1,613,322,389)**	(1,049,433,772)
Workers welfare fund		**-**	-
Other charges	29	**(21,258,410)**	(7,433,199)
Total non mark-up / non interest expenses		**(1,634,580,799)**	(1,056,866,971)
Profit / (Loss) before credit loss allowance		**994,780,725**	7,931,191
Credit loss allowance and write offs - net	30	**69,512,075**	46,210,182
PROFIT / (LOSS) BEFORE TAXATION		**1,064,292,800**	54,141,373
Taxation	31	**(412,906,073)**	(21,143,216)
PROFIT / (LOSS) AFTER TAXATION		**651,386,727**	32,998,157
Basic and diluted earnings/(loss) per share	32	**0.78**	0.05

The annexed notes 1 to 34 form an integral part of these financial statements.

Chief Executive Officer (Acting)	**Chief Financial Officer**

ABHI MICROFINANCE BANK LIMITED

Condensed Interim Statement of Comprehensive Income (Unaudited)
For the period ended 31 March 2026

	31 March 2026	31 March 2025
	--------Rupees--------	
Profit/(Loss) after taxation for the year	**651,386,727**	32,998,157
Other comprehensive income/(loss):		
Items that may be reclassified to profit or loss account in subsequent periods		
Movement in surplus on revaluation of investments in debt instruments	**(10,027,686)**	-
Related tax impact	**3,910,798**	-
	(6,116,888)	-
Items that will not be reclassified to profit and loss account in subsequent periods		
Remeasurment (loss)/gain on defined benefit	-	(9,128,150)
Related tax impact	-	-
	-	(9,128,150)
Total comprehensive income /(loss)	**645,269,839**	23,870,007

The annexed notes 1 to 34 form an integral part of these financial statements.

Chief Executive Officer (Acting)

Chief Financial Officer

ABHI MICROFINANCE BANK LIMITED

Condensed Interim Statement of Changes In Equity (Unaudited)
For the period ended 31 March 2026

	Note	31 March 2026	31 March 2025
		--------Rupees--------	
CASH FLOW FROM OPERATING ACTIVITIES			
Profit / (Loss) before taxation		1,064,292,800	54,141,373
Adjustments:			
Depreciation	11	46,364,922	31,345,257
Depreciation on right-of-use assets	12	61,158,260	41,448,817
Amortization	13	8,282,723	9,713,338
Mark-up / return / interest expense on lease liability against right-of-use assets	19	50,120,625	33,002,274
			-
Credit loss allowance and write-offs		20,700,154	16,881,980
Markup earned on investments in government securities	23	(151,349,502)	(168,402,087)
Markup earned on lending to financial institution	23	(252,202,118)	-
Gain on revaluation of held for trading securities	26	454,000	-
Gain on disposal of government securities		(439,612)	(8,746,591)
Provision for gratuity		30,000,000	27,671,276
		(186,910,548)	(17,085,736)
		877,382,252	37,055,637
(Increase)/ Decrease in operating assets			
Securities classified as FVTPL		4,021,837,513	(3,085,739,009)
Lendings to financial institutions		(2,907,767,661)	-
Advances		(6,424,379,559)	(3,103,139,375)
Others assets		(889,520,944)	(754,467,057)
		(6,199,830,651)	(6,943,345,441)
Increase / (Decrease) in operating liabilities			
Bills payable		72,149,370	6,153,929
Deposits		127,748,104	3,997,458,631
Other liabilities		309,889,420	213,074,181
		509,786,894	4,216,686,741
		(4,812,661,505)	(2,689,603,063)
Gratuity paid	32.5	(19,054,769)	(28,347,603)
Income tax paid		(13,257,063)	(34,755,095)
Net cash flow from operating activities		(4,844,973,337)	(2,752,705,761)
CASH FLOW FROM INVESTING ACTIVITIES			
Net Investments in amortised cost securities		(3,974,183,807)	1,445,548,240
Investments in property and equipment		(17,315,836)	-
Addition in capital work in progress		(527,545,561)	-
Investments in Intangible assets - CWIP		(27,492,750)	-
Proceeds from sale of property and equipment		-	(11,838,705)
Net cash flow from / (used in) investing activities		(4,546,537,954)	1,433,709,535
CASH FLOW FROM FINANCING ACTIVITIES			
Payment of lease liability against right-of-use assets		(97,022,801)	(92,678,009)
Issue of share capital		-	2,000,000,000
Capital Contribution Reserves		-	600,000,000
Advance against issuance of shares		2,000,000,000	-
		1,902,977,199	2,507,321,991
Net cash from / (used in) financing activities		1,902,977,199	2,507,321,991
Increase in cash and cash equivalents		(7,488,534,092)	1,188,325,765
Cash and cash equivalents at beginning of the year		17,410,474,797	8,862,182,537
Cash and cash equivalents at end of the year	32	9,921,940,705	10,050,508,302

The annexed notes 1 to 34 form an integral part of these financial statements.

Chief Executive Officer (Acting)

Chief Financial Officer

ABHI MICROFINANCE BANK LIMITED

Condensed Interm Cash Flow Statement (Unaudited)
For the period ended 31 March 2026

	Share capital	Discount on issue of shares	Capital reserves				Revenue reserves		Total
			Capital contribution reserve	Advance against issuance of shares	Statutory reserve	Depositors' protection fund	Accumulated losses	Surplus on revaluation of assets - net of tax	
	----------	----------	----------	----------	Rupees	----------	----------	----------	
Balance as at January 01, 2025	6,348,887,110	(4,089,040,293)	-	-	868,881,433	482,045,565	(7,644,581,602)	3,933,767	(4,029,874,020)
Profit for the year	-	-	-	-	-	-	1,019,124,063	-	1,019,124,063
Other comprehensive income-net of tax	-	-	-	-	-	-	(51,709,415)	5,356,035	(46,353,380)
	-	-	-	-	-	-	967,414,648	5,356,035	972,770,683
Transaction with owners									
Issue of share capital	2,000,000,000	-	-	-	-	-	-	-	2,000,000,000
Advance against issue of shares				-					-
Capital Contribution Reserves	-	-	600,000,000	-	-	-	-	-	600,000,000
	2,000,000,000	-	600,000,000	-	-	-	-	-	2,600,000,000
Transfer to statutory reserve	-	-	-	-	203,824,813	-	(203,824,813)	-	-
Return on depositors' protection fund's	-	-	-		-	50,956,203	(50,956,203)	-	-
Return on depositors' protection fund's investments	-	-	-		-	59,755,042	-	-	59,755,042
Balance as at January 01, 2026	8,348,887,110	(4,089,040,293)	600,000,000	-	1,072,706,246	592,756,810	(6,931,947,970)	9,289,802	(397,348,295)
Profit for the year	-	-	-	-	-	-	651,386,727	-	651,386,727
Other comprehensive loss-net of tax	-	-	-	-	-	-	-	(6,116,888)	(6,116,888)
	-	-	-	-	-	-	651,386,727	(6,116,888)	645,269,839
Transaction with owners									
Advance against issue of shares				2,000,000,000					2,000,000,000
Capital Contribution Reserves	-	-	-	-	-	-	-	-	-
	-	-	-	2,000,000,000	-	-	-	-	2,000,000,000
Transfer to statutory reserve	-	-	-	-	-	-	-	-	-
Transfer to depositors' protection fund	-	-	-		-	-	-	-	-
Return on depositors' protection fund's investments	-	-	-		-	14,082,864	-	-	14,082,864
Balance as at 31 March 2026	8,348,887,110	(4,089,040,293)	600,000,000	2,000,000,000	1,072,706,246	606,839,674	(6,280,561,243)	3,172,914	2,262,004,408

The annexed notes 1 to 34 form an integral part of these financial statements.

Chief Executive Officer (Acting)

Chief Financial Officer

ABHI MICROFINANCE BANK LIMITED

Notes to the Financial Statements (Unaudited)
For the period ended 31 March 2026

1 STATUS AND NATURE OF BUSINESS

ABHI Microfinance Bank Limited ("the Bank") was incorporated on 26 June 2008 as a public limited company. The Bank obtained the microfinance banking license from the State Bank of Pakistan ("SBP") on 12 August 2008 under the provisions of Microfinance Institutions Ordinance, 2001 and certificate of commencement of business on 04 September 2008 from Securities and Exchange Commission of Pakistan. The Bank received the certificate of commencement of business from SBP on 27 October 2008.

The principal business of the Bank is to provide microfinance services to the poor and under-served segments of the society as envisaged under the Microfinance Institutions Ordinance, 2001. The Bank is licensed to operate nationwide. As at 31 March 2026, the Bank has 114 branches (December 2025: 114 branches) operating in the provinces of Punjab, Khyber Pakhtunkhwa, Balochistan, Sindh, Gilgit Baltistan and Azad Jammu & Kashmir.

The registered office of the Bank is Plot No. 12, S.A. House, D-12 Markaz, Islamabad, Pakistan.The ultimate parent of Abhi (Private) Limited is Abhi Limited. with their registered office in 190 Elgin Avenue George Town, Grand Cayman KY1-9008, Cayman Islands.

1.1 Going concern assumption

During the year ended March 31, 2026, the Bank reported net profit of Rs. 651.39 million (December 2025: Rs. 1,019.12 million), decreasing accumulated losses to Rs. 6,280.49 million (December 2025: Rs. 6,931.95 million). As at the reporting date, the Bank's net equity was positive Rs. 2,262.08 million (December 2025: Rs. 397.35 million - negative), which includes classification of Rs. 2 billion as advance against shares in February 2026. The Bank's negative equity has turned positive, marking a substantial improvement compared to the negative equity position of Rs. 397.35 million as at December 31, 2025. The Capital Adequacy Ratio (CAR) remained below the prescribed level of 15% as required under the State Bank of Pakistan's Prudential Regulations for Microfinance Banks.

The Management is confident that the steps taken will help the Bank regain financial stability and achieve sustainable operations. As a result, the financial statements have been prepared on a going concern basis, reflecting the expectation that the Bank will continue its operations into the foreseeable future.

2 BASIS OF PRESENTATION

These financial statements have been presented in accordance with the requirements of Banking Policy & Regulations Department (BPRD) of State Bank of Pakistan (SBP) via circular no. 3. of 2023 dated February 09, 2023.

3 STATEMENT OF COMPLIANCE

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

- IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017;
- Provisions of, directives and notifications issued under the Microfinance Institutions Ordinance, 2001, prudential regulations for the Microfinance Banks and the Companies Act, 2017; and
- Directives issued by the State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan (SECP).

Wherever the requirements of the Microfinance Institution Ordinance, 2001, the Companies Act, 2017 or the directives and notifications issued by the SBP and SECP differ with the requirements of IFRS Accounting Standards, the requirements of the Microfinance Ordinance, 2001, the Companies Act, 2017 and the related directives shall prevail.

3.2 The SBP has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement' and IAS 40, 'Investment Property' for Banking Companies in Pakistan through BSD Circular Letter 10 dated 26 August 2002 till further instructions. SECP has deferred the applicability of IFRS 7 'Financial Instruments: Disclosures' 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 financial statements. However, investments have been classified and valued in accordance with the IFRS 9 requirements.

3.3 Standards, interpretations and amendments that are effective in the current year

There are certain new and amended standards, issued by the IASB, interpretations and amendments that are mandatory for the Bank's accounting periods beginning on or after January 1, 2025 but are considered not to be relevant or do not have any material effect on the Bank's operations and therefore are not detailed in these financial statements

3.4 Standards, interpretations and amendments that are not yet effective

The following standards, amendments and interpretations as notified under the Companies Act, 2017 will be effective for accounting periods beginning on or after January 01, 2026:

Standard, Interpretation or Amendment	Effective date (annual reporting periods beginning on or after)
Classification and Measurement of Financial Instruments - Amendments to IFRS 9	January 01, 2026
IFRS 18 - Presentation and Disclosure in Financial Statements	January 01, 2027
IFRS 19 - Subsidiaries without Public Accountability: Disclosures	January 01, 2027

The above standards and amendments are not expected to have any significant impact on Bank's financial statements for future periods.

Following standards have been issued by the International Accounting Standards Board (IASB), which are yet to be notified by the Securities and Exchange Commission of Pakistan (SECP) as at December 31, 2025 for the purpose of their applicability in Pakistan:

Standard

IFRS 1 - First time adoption of International Financial Reporting Standards

4 BASIS OF MEASUREMENT

These financial statements have been prepared under the historical cost convention except for the following which are stated at fair values / present values:

- Investments in government securities;
- Right of use assets and corresponding lease liabilities;
- Subordinate debt; and
- Payable to defined benefit plan.

These financial statements are presented in Pakistani Rupees ("Rs.") which is the Bank's functional and presentational currency. All amounts have been rounded to the nearest Pakistani Rupee, unless otherwise indicated.

5 MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies adopted in the preparation of these financial statements are consistent with those of the corresponding year.

5.1 Cash and cash equivalents

Cash and cash equivalents for the purpose of cash flow statement represent cash in hand and balances held with treasury banks and balances held with other banks in current and deposit accounts with maturities of less than three months and are carried at cost.

5.2 Lending to / Borrowing from Financial Institutions

Repurchase Transactions Agreement (Repo)

The Bank Securities sold under repurchase agreements (repo) continue to be recognized in the financial statements as investments, while the corresponding obligation to the counterparty is recorded under borrowings. The difference between the sale price and the agreed repurchase price is recognized as an expense and accrued over the term of the agreement on a time-proportion basis.

Reverse Repurchase Transactions Agreement (Reverse Repo)

The Bank Securities acquired under agreements to resell (reverse repo) are not recognized as investments in the financial statements. Instead, the amount provided to the counterparty is recorded as lending. The difference between the purchase price and the agreed resale price is recognized as income and accrued over the tenure of the agreement on a time-proportion basis.

Call Lending and Borrowing

In call lending, a bank places funds with another bank for a very short period and earns call money interest. These placements are unsecured and usually for short-term durations. In call borrowing, a bank borrows funds from other banks to manage its day-to-day liquidity needs.

5.3 Financial instruments

Financial instruments carried on the statement of financial position include Cash and balances with treasury banks, balances with other banks, Investments, Advances, certain Other assets, Bills payable, Borrowings, Deposits and certain Other liabilities.

5.3.1 Classification of financial assets

Financial assets are classified according to their contractual cash flow characteristics and the business models under which they are held. Instruments will be classified either at amortised cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL).

5.3.2 Financial assets - initial recognition

All financial assets under IFRS 9 are initially recognized at fair value plus transaction cost. However, transaction costs in relation to Financial Assets measured at Fair Value through Profit and Loss, is recognized as an expense when incurred.

5.3.3 Classification and subsequent measurement of financial assets

Financial assets are classified into following categories for measurement subsequent to initial recognition:

- Financial assets at amortized Cost
- Financial assets at 'fair value through other comprehensive income' FVOCI
- Financial assets at 'fair value through profit or loss' FVTPL

Fair Value through Profit or Loss (FVTPL) is the residual category which is used for financial assets that are held for trading or if a financial asset does not fall into one of the two business models.

5.3.4 Financial assets at amortised cost

The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.The Bank classifies its financial assets at amortized cost only if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows

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

After initial measurement, these financial assets are subsequently measured at amortized cost.

5.3.5 Financial assets at FVOCI

The Bank applies this category when both of the following conditions are met:

- The instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets

- The contractual terms of the financial asset meet the SPPI test

FVOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in OCI. Interest income at EIR are recognised in the profit and loss.

The ECLs for debt instruments measured at FVOCI do not reduce, the carrying amount of these financial assets in the statement of financial position, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in OCI as an accumulated impairment amount, with a corresponding charge to profit and loss account. The accumulated loss recognised in OCI is recycled to the profit and loss account upon derecognition of the assets.

On derecognition, cumulative gains or losses previously recognised in OCI are reclassified from OCI to profit and loss account.

As per "IFRS 9 Financial Instruments application instructions" issued by SBP via BPRD Circular No. 03 of 2022 Government Securities are exempt from the application of ECL Framework.

5.3.6 Financial assets and financial liabilities at FVTPL

Financial assets and financial liabilities in this category are those that are:

- held for trading, that is, they have been purchased or issued primarily for short-term profit-making through trading activities or form part of a portfolio of financial instruments that are managed together, for which there is evidence of a recent pattern of short-term profit taking, or

- not held for trading and have been either designated by management upon initial recognition, or mandatorily required to be measured at fair value under IFRS 9.

Financial assets are recorded in the statement of financial position at fair value. Changes in fair value are recorded in profit and loss account.

5.3.7 Financial liabilities at amortised cost

Financial liabilities with a fixed maturity are measured at amortised cost. These include Bills payable, Borrowings, Deposits and certain items within Other Liabilities.

5.3.8 Derecognition of financial assets

5.3.8.1 Derecognition other than due to substantial modification of terms and conditions

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the financial asset have expired. The Bank also derecognises the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.

5.3.8.2 Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired.

5.3.9 Impairment of financial assets

5.3.9.1 Overview of the ECL principles

The ECL allowance is based on the credit losses expected to arise over the life of the asset the lifetime expected credit loss or (LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL).

The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Both LTECLs and 12mECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.

The Bank has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

5.4 Advances

Advances are stated net of expected credit Losses. The outstanding principal and mark-up of the loans and advances under stage 3 are classified as non-performing loans (NPLs). The unrealized interest / profit / markup / service charges on NPLs is suspended and credited to interest suspense account.

5.5 Operating fixed assets

5.5.1 Capital work-in-progress

All expenditure connected with specific assets incurred during installation and development period are carried under capital work-in-progress. These are transferred to specific assets as and when these are available for use. Capital work-in-progress is stated at cost less accumulated impairment losses, if any.

5.5.2 Intangible assets

Expenditure incurred to acquire computer software is capitalized as intangible assets and stated at cost less accumulated amortization and any identified impairment loss. These are amortized using the straight line method over their estimated useful life.

Full month's amortization is charged in the month of addition while no amortization is charged in the month of deletion.

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific assets to which it relates.

The residual value, useful life and amortization method is reviewed and adjusted, if appropriate, at each balance sheet date.

5.5.3 Property and equipment

Owned

These are stated at cost less accumulated depreciation and accumulated impairment losses, if any except land which is stated at cost. Cost comprises purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, and includes other costs directly attributable to the acquisition or construction, erection and installation.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably. Major repairs and improvements are capitalized and the carrying amount of the replaced part is derecognized. All other repair and maintenance are charged to profit and loss account as and when incurred.

Depreciation is calculated using the straight line method so as to write off the property and equipment, over their expected useful lives. Depreciation is calculated at the rates stated in note 12.2. The assets' residual values, useful lives and depreciation methods are reviewed and adjusted, if appropriate, at each balance sheet date. The effect of any revision are charged to profit and loss account for the year, when the changes arise. Depreciation on additions to property and equipment is charged from the month in which an asset is acquired or capitalized while no depreciation is charged for the month in which the asset is disposed-off.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are recognized in profit and loss account for the year.

5.5.4 Impairment

The Bank assesses at each balance sheet date whether there is any indication that assets may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying amounts exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in profit and loss account. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Where an impairment loss is recognized, the depreciation / amortization charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

Where impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised recoverable amount but limited to the extent of the amount which would have been determined had there been no impairment. Reversal of impairment loss is recognized as income.

5.6 Leases

5.6.1 Lease liabilities

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Bank's incremental borrowing rate. Generally, the Bank uses its incremental borrowing rate as the discount rate. The Bank determines its incremental borrowing rate by analyzing its borrowings from various external sources and makes certain adjustments to reflect the terms of the lease and type of asset leased.

The lease liability is subsequently measured at amortized cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Bank's estimate of the amount expected to be payable under a residual value guarantee, if the Bank changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero. The finance cost is charged to the profit and loss account as markup expense over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

5.6.2 Right of use assets

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred.

The right-of-use assets are subsequently depreciated on a straight line basis over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The right-of-use assets are reduced by impairment losses, if any, and adjusted for certain remeasurements of lease liability.

5.6.3 Short-term leases

The Bank has elected not to recognize right-of-use assets and lease liabilities for some leases having a lease term less than 12 months from the commencement date and do not contain a purchase option. The lease payments associated with these leases are recognized as an expenses on a straight-line basis over the lease term.

5.7 Grants

Grants are initially recognized at fair value in the balance sheet when there is reasonable assurance that the grants will be received and the Bank will comply with all the attached conditions. Grants that compensate the Bank for expenses incurred are recognized as other income in the profit and loss account on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Bank for the cost of an asset are recognized in the profit and loss account as other income on a systematic basis over the useful life of the asset.

5.8 Taxation

Income tax on the profit or loss for the year comprises of current and deferred tax. Income tax is recognized in the profit and loss account, except to the extent that it relates to items recognized in other comprehensive income, in which case it is recognized in other comprehensive income.

Current tax

Provision for current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year, if enacted. The charge for current tax also includes adjustments, where considered necessary, to provision for taxation made in previous years arising from assessments framed during the year for such years.

Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognize a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves.

Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

5.9 Staff retirement benefits

5.9.1 Defined contribution plan - provident fund

The Bank operates an approved defined contribution provident fund scheme for all permanent employees. Equal monthly contributions are made by the Bank and the employees to the fund at the rate of 8.33% of basic salary per month. The contribution of the Bank is charged to profit and loss account.

5.9.2 Defined benefit plan - gratuity scheme

The Bank operates an unapproved non-contributory defined benefit gratuity scheme for all permanent employees with a qualifying period of three years. Eligible employees are entitled to one month's basic salary for each completed year of service upon their departure from the Bank. The latest actuarial valuation was carried out as at 31 December 2025 using Projected Unit Credit Method. Actuarial gains and losses arising from the actuarial valuation are recognized immediately in other comprehensive income.

The Bank determines the net interest expense on the net defined liability for the year by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then - net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in profit and loss account.

5.10 Deposits

Deposits are recorded at the proceeds received. Markup accrued on these deposits, if any, is recognized separately as part of other liabilities, and is charged to profit and loss account over the period.

5.11 Borrowings

Loans and borrowing are initially recorded at proceeds received. In subsequent periods, borrowings are stated at amortized cost using the effective interest rate method.

Related finance costs are accounted for on an accrual basis and are included in other liabilities to the extent of the amount remaining unpaid.

5.12 Subordinated debt

Sub-ordinated loans are initially recorded at the amount of proceeds received and subsequently measured at amortized cost. Markup accrued on these loans is charged to profit and loss account over the period at effective interest rate.

Related finance costs are accounted for on an accrual basis and are included in other liabilities to the extent of the amount remaining unpaid.

5.13 Provisions

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

5.14 Statutory reserve

The Bank is required under the requirements of the Microfinance Institution Ordinance, 2001 and Prudential Regulation, to maintain a statutory reserve to which an appropriation equal to 20% of the annual profit after tax is made until the reserve fund equals the paid up capital of the Bank. Thereafter, a sum not less than 5% of its annual profits after tax is required to be transferred to the said reserve.

5.15 Depositors' protection fund

The Bank is required under the Microfinance Institutions Ordinance, 2001 to contribute 5% of its annual after tax profit and profit earned on the investments of the Depositors' protection fund to the Depositors' protection fund for the purpose of providing security or guarantee to persons depositing money in the Bank.

5.16 Cash reserve requirement

In compliance with the requirements of the Microfinance Institution Ordinance, 2001 and Prudential Regulation, the Bank maintains a cash reserve equivalent to not less than 5% of its deposits (including demand deposits and time deposits with tenure of less than 1 year) in a current account opened with the State Bank of Pakistan (SBP) or its agent.

5.17 Statutory liquidity requirement

In compliance with the requirements of the Prudential Regulation, the Bank maintains liquidity equivalent to at least 10% of its total demand liabilities and time liabilities with tenure of less than one year in the form of liquid assets i.e. cash, gold, unencumbered treasury bills, Pakistan Investment Bonds and Government of Pakistan sukuk bonds. Treasury bills and Pakistan Investment Bonds held under depositors' protection fund are excluded for the purposes of determining liquidity.

5.18 Revenue recognition

- Mark-up/return/ interest on performing advances is recognised on an accrual basis using the effective interest method. Mark-up on advances classified under the Prudential Regulations is recognised on receipt basis.

- Mark-up/return on investment is recognised on an accrual basis using the effective interest method.

- Fee, commission and brokerage income is recognised when services are rendered.

- Gains and losses on sale of investments are included in the profit and loss account in the period in which sale / settlement occurs.

- Return on balances with other banks is recognised in the profit and loss account on an accrual basis.

- Other income is recognised on an accrual basis.

5.19 Foreign currency transactions and translation

All monetary assets and liabilities in foreign currencies are translated into rupees at exchange rates prevailing at the balance sheet date. Transactions in foreign currencies are translated into rupees at the spot rate on the date of transaction. All non-monetary items are translated into rupees at exchange rates prevailing on the date of transaction or on the date when fair values are determined (for assets carried at fair value). Foreign currency differences arising on retranslation are charged to profit and loss account in the period in which they arise.

5.20 Off setting

Financial assets and financial liabilities are set off and the net amount is reported in the financial statements when there is a legally enforceable right to set off and the Bank intends to either settle on a net basis, or to realize the assets and to settle the liabilities simultaneously.

5.21 Share capital and dividend

Ordinary shares are classified as equity and recognized at their face value. Incremental costs directly attributable to the issue of new shares or options are shown in equity as deduction, net of tax, from the proceeds. Dividend distribution to the shareholders is recognized as liability in the period in which it is declared.

5.22 Earnings per share

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

6 CASH AND BALANCES WITH TREASURY BANKS

	Un-audited 31 March 2026 Rupees	Audited 31 December 2025 Rupees
In hand - Local currency	**912,326,245**	921,703,445
With State Bank of Pakistan in:		
Local currency- current account	**1,864,804,581**	8,896,872,971
With National Bank of Pakistan in:		
Local currency deposit account	**19,214**	537,975
Local currency current account	**1,197,431**	44,250,565
Less: Credit loss allowance	-	-
	2,778,347,471	**9,863,364,956**

6.1 These represent balances maintained with SBP and NBP to meet the minimum balance requirement equivalent to 3% (December 2025: 3%) as cash reserve of total demand and time Liabilities subject to daily minimum requirement of 2% and 12% (December 2025: 12%) as liquidity reserve of the Bank's time and demand liabilities in accordance with the Prudential Regulations.

7 BALANCES WITH OTHER MFBS / BANKS / NBFS

	Un-audited 31 March 2026 Rupees	Audited 31 December 2025 Rupees
In Pakistan:		
-In current account	**5,942,014**	16,397,441
-In deposit Account	**3,137,651,220**	3,530,712,400
-In term deposit account	**4,000,000,000**	4,000,000,000
	7,143,593,234	7,547,109,841
Less: Credit loss allowance	-	-
	7,143,593,234	7,547,109,841

7.1 These accounts carry mark-up ranging from 7% to 17.5% (2025: 7% to 12.55%) per annum.

8 LENDING TO FINANCIAL INSTITUTION

Repurchase agreement lendings(Reverse repo)	**5,922,858,779**	2,762,889,000
Less: Credit loss allowance	-	-
	5,922,858,779	**2,762,889,000**

9 INVESTMENTS

	31 March 2026				31 December 2025			
	Fair value/ Amortised cost	Credit loss allowance	Surplus/ (deficit)	Carrying Value	Fair value/ Amortised cost	Credit loss allowance	Surplus/ (deficit)	Carrying Value
		---- Rupees ----				---- Rupees ----		
Investments by type								
Debt Instruments								
Classified/ Measured as FVOCI								
Federal Government Securities								
Market Treasury Bill	4,465,626,549	-	(1,357,500)	4,464,269,049	1,444,978,499	-	241,500	1,445,219,999
Pakistan Investment Bonds	2,089,123,625		6,559,000	2,095,682,625	1,006,575,105		14,987,686	1,021,562,791
Classified/ Measured as FVTPL								
Federal Government Securities								
Pakistan Investment Bonds	-	-		-				
Market Treasury Bill	-	-	-	-	3,975,866,000	-	454,000	3,976,320,000
Total Investments	6,554,750,174	-	5,201,500	6,559,951,674	6,427,419,604	-	15,683,186	6,443,102,790

10 ADVANCES

Loan Type	Performing				Non-Performing		Total	
	Unaudited 31 March 2026	Audited 31 December 2025	Unaudited 31 March 2026	Audited 31 December 2025	Unaudited 31 March 2026	Audited 31 December 2025	Unaudited 31 March 2026	Audited 31 December 2025
	Stage 1		Stage 2		Stage 3			
	(Rupees)							
Micro credits								
Secured	39,762,569,564	33,998,420,499	290,144,937	231,882,375	100,845,563	68,254,993	40,153,560,064	34,298,557,867
Unsecured	3,654,584,847	3,162,494,116	14,719,840	13,523,344	141,935,941	190,137,157	3,811,240,628	3,366,154,617
Other advances-Staff loan	550,324,977	497,866,873	-	-	-	-	550,324,977	497,866,873
Advances - gross	43,967,479,388	37,658,781,488	304,864,777	245,405,719	242,781,504	258,392,150	44,515,125,669	38,162,579,357
Credit loss allowance against advances								
- Stage 1	420,001,178	428,933,534	-	-	-	-	420,001,178	428,933,534
- Stage 2	-	-	5,742,125	3,657,226	-	-	5,742,125	3,657,226
- Stage 3	-	-	-	-	130,118,768	174,404,405	130,118,768	174,404,405
	420,001,178	428,933,534	5,742,125	3,657,226	130,118,768	174,404,405	555,862,071	606,995,165
Advances - net of credit loss allowance	43,547,478,210	37,229,847,954	299,122,652	241,748,493	112,662,736	83,987,745	43,959,263,598	37,555,584,192

10.1 Advances - Particulars of credit loss allowance

10.1.1 Advances - Exposure

	Unaudited 31 March 2026				Audited 31 December 2025			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	(Rupees)				(Rupees)			
Opening balance	37,658,781,488	245,405,719	258,392,150	38,162,579,357	18,634,043,695	59,939,423	480,253,956	19,174,237,074
Fair value adjustment IFRS - 09	-	-	-	-	-	-	-	-
Opening balance - restated	37,658,781,488	245,405,719	258,392,150	38,162,579,357	18,634,043,695	59,939,423	480,253,956	19,174,237,074
New Advances	20,056,889,210	-	-	20,056,889,210	37,077,833,743	193,352,819	24,610,119	37,295,796,681
Advances derecognised or repaid	(13,453,391,289)	(150,953,981)	(23,829,937)	(13,628,175,207)	(17,873,127,280)	(50,866,020)	(90,022,153)	(18,014,015,453)
Transfer to stage 1	500,214	(500,214)	-	-	-	-	-	-
Transfer to stage 2	(270,378,125)	271,636,582	(1,258,457)	-	(52,052,899)	52,052,899	-	-
Transfer to stage 3	(15,255,932)	(60,414,242)	75,670,174	-	(47,702,215)	(869,407)	48,571,622	-
	6,318,364,078	59,768,145	50,581,780	6,428,714,003	19,104,951,349	193,670,291	(16,840,412)	19,281,781,228
Amounts written off / charged off	(9,666,177)	(309,088)	(66,192,425)	(76,167,690)	(80,213,556)	(8,203,995)	(205,021,394)	(293,438,945)
Closing balance	43,967,479,389	304,864,776	242,781,505	44,515,125,670	37,658,781,488	245,405,719	258,392,150	38,162,579,357

10.1.2 Advances - Credit loss allowance

Credit loss allowance opening balance	Unaudited 31 March 2026				Audited 31 December 2025			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	(Rupees)				(Rupees)			
Opening balance	433,250,899	3,657,226	174,404,405	611,312,530	459,980,852	5,201,197	322,128,331	787,310,380
New Advances	18,913,313	-	-	18,913,313	79,435,437	2,302,902	9,285,841	91,024,180
Advances derecognised or repaid	(3,710,251)	(572,572)	(902,767)	(5,185,590)	(77,786,932)	(127,970)	(1,577,677)	(79,492,579)
Transfer to stage 1	21,480	(21,480)	-	-	-	-	-	-
	(1,007,051)	1,956,410	(949,359)					
Transfer to stage 2	(2,248,690)	(1,897,409)	4,146,099	-	(802,064)	802,064	-	-
Transfer to stage 3	(3,918,786)	(228,298)	4,147,084	-	(3,918,786)	(228,298)	4,147,084	-
	8,050,015	(763,349)	6,441,057	13,727,723	3,072,345	2,748,698	11,855,248	11,531,601
Amounts written off / charged off	-	(309,088)	(66,192,425)	(66,501,513)	(60,107,572)	(8,203,995)	(205,021,394)	(273,332,961)
Changes in risk parameters	(25,218,521)	2,929,037	19,612,816	(2,676,668)	32,132,599	3,911,326	45,442,220	81,486,145
Closing balance	416,082,393	5,513,826	134,265,853	555,862,072	428,933,534	3,657,226	174,404,405	606,995,165

10.1.3 Advances - Credit loss allowance details

	Unaudited 31 March 2026				Audited 31 December 2025			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	(Rupees)				(Rupees)			
Internal / extrernal rating / stage classification								
Outstanding gross exposure								
Performing - Stage 1	43,811,069,255			43,811,069,255	37,658,781,488	-	-	37,658,781,488
Under Performing								
Other assets especially mentioned		304,864,777	-	304,864,777		245,405,719	-	245,405,719
Non - Perfroming								
Substandard	-	-	63,976,493	63,976,493	-	-	44,421,648	44,421,648
Doubtful	-	-	31,414,691	31,414,691	-	-	23,254,177	23,254,177
Loss	-	-	147,390,321	147,390,321	-	-	190,716,325	190,716,325
	-	-	242,781,505	242,781,505	-	-	258,392,150	258,392,150
Total	43,811,069,255	304,864,777	242,781,505	44,358,715,537	37,658,781,488	245,405,719	258,392,150	38,162,579,357
Corresponding credit loss allowance								
Stage 1	420,001,179	-	-	420,001,179	428,933,534	-	-	428,933,534
Stage 2	-	5,742,125	-	5,742,125	-	3,657,226	-	3,657,226
Stage 3	-	-	130,118,768	130,118,768	-	-	174,404,405	174,404,405
	420,001,179	5,742,125	130,118,768	555,862,072	428,933,534	3,657,226	174,404,405	606,995,165

10.2 Particulars of write offs / charge offs

	Note	Un-audited 31 March 2026 Rupees	Audited 31 December 2025 Rupees
Against credit loss allowance		66,501,513	273,332,961
Directly charged to profit & loss account	30	9,666,177	20,105,984
		76,167,690	293,438,945

	Note	Un-audited 31 March 2026 Rupees	Audited 31 December 2025 Rupees
11 PROPERTY AND EQUIPMENT			
Capital work in progress	11.1	581,518,144	231,309,860
Property and equipment	11.2	908,994,816	760,706,627
		1,490,512,960	992,016,487
11.1 Capital work in progress			
Opening		231,309,860	17,624,588
Additions during the year		527,545,561	767,354,702
Transfers to property and equipment		(177,337,277)	(544,713,098)
Transfers to CWIP-intangible assets		-	(8,956,332)
Closing		581,518,144	231,309,860

11.2 Property and equipment

	Unaudited 31 March 2026					
	Leasehold Improvements	Furniture and fixture	Computer Equipment	Office Equipment	Vehicles	Total
	.... Rupees					
As at 01 January 2026						
Cost	701,562,053	225,867,292	727,471,962	538,038,810	20,366,100	2,213,306,217
Accumulated depreciation	(437,438,340)	(142,837,067)	(631,190,998)	(220,964,967)	(20,168,218)	(1,452,599,590)
Net book value	264,123,713	83,030,225	96,280,964	317,073,843	197,882	760,706,627
Period ended March 2026						
Opening net book value	264,123,713	83,030,225	96,280,964	317,073,843	197,882	760,706,627
Additions	-	3,748,392	62,906,111	127,998,612	-	194,653,115
Disposals (net)	-	-	-	-	-	-
Depreciation charge	(13,509,714)	(4,469,081)	(13,985,000)	(14,401,129)	-	(46,364,924)
Closing net book value	250,613,999	82,309,536	145,202,075	430,671,326	197,882	908,994,818

	Unaudited 31 March 2026					
	Leasehold Improvements	Furniture and fixture	Computer Equipment	Office Equipment	Vehicles	Total
	.... Rupees					
Cost	701,562,053	225,867,292	727,471,962	538,038,810	20,366,100	2,213,306,217
Accumulated depreciation	(450,948,054)	(143,557,756)	(582,269,887)	(107,367,484)	(20,168,218)	(1,304,311,399)
Net book value	250,613,999	82,309,536	145,202,075	430,671,326	197,882	908,994,818
Rate of depreciation (percentage)	10%	10%	20%-33%	10%	25%	

	Audited 31 December 2025					
	Leasehold Improvements	Furniture and fixture	Computer Equipment	Office Equipment	Vehicles	Total
	.... Rupees					
As at 01 January 2025						
Cost	633,232,517	204,172,149	664,440,383	293,649,577	20,366,100	1,815,860,726
Accumulated depreciation	(448,415,738)	(148,637,377)	(596,543,353)	(203,066,547)	(20,168,218)	(1,416,831,233)
Net book value	184,816,779	55,534,772	67,897,030	90,583,030	197,882	399,029,493
Year ended December 2025						
Opening net book value	184,816,779	55,534,772	67,897,030	90,583,030	197,882	399,029,493
Additions	179,056,804	54,268,447	63,766,755	265,446,206	-	562,538,212
Disposals (net)	(47,708,369)	(10,469,809)	(77,148)	(9,085,849)	-	(67,341,175)
Write Offs (net)	-	-	-	-	-	-
Depreciation charge	(52,041,501)	(16,303,185)	(35,305,673)	(29,869,544)	-	(133,519,903)
Closing net book value	264,123,713	83,030,225	96,280,964	317,073,843	197,882	760,706,627
At December 31, 2025						
Cost	701,562,053	225,867,292	727,471,962	538,038,810	20,366,100	2,213,306,217
Accumulated depreciation	(437,438,340)	(142,837,067)	(631,190,998)	(220,964,967)	(20,168,218)	(1,452,599,590)
Net book value	264,123,713	83,030,225	96,280,964	317,073,843	197,882	760,706,627
Rate of depreciation (percentage)	10%	10%	20%-33%	10%	25%	

12 RIGHT-OF-USE ASSETS

	Unaudited 31 March 2026			Audited 31 December 2025		
	Buildings	**Equipment**	**Total**	Buildings	Equipment	Total
	.... Rupees					
At January 1						
Cost	**2,550,519,955**	**38,812,247**	**2,589,332,202**	1,950,374,659	38,812,247	1,989,186,906
Accumulated Depreciation	**(1,538,348,975)**	**(21,521,680)**	**(1,559,870,655)**	(1,328,795,817)	(13,584,287)	(1,342,380,104)
Net Carrying amount at January 1, 2026	**1,012,170,980**	**17,290,567**	**1,029,461,547**	621,578,842	25,227,960	646,806,802
For the Year Movement						
Additions during the year	**172,616,855**	-	**172,616,855**	600,145,296	-	600,145,296
Deletions during the year	-	-	-	-	-	-
Modification of leases for the year	-	-	-	-	-	-
Depreciation Charge for the year	**(49,693,953)**	**(11,464,307)**	**(61,158,260)**	(209,553,158)	(7,937,393)	(217,490,551)
	122,922,902	**(11,464,307)**	**111,458,595**	390,592,138	(7,937,393)	382,654,745
Net Carrying amount at December 31	1,135,093,882	5,826,260	**1,140,920,142**	1,012,170,980	17,290,567	1,029,461,547

13 INTANGIBLE ASSETS

	Note	Un-audited 31 March 2026 Rupees	Audited 31 December 2025 Rupees
Capital work in progress	13.1	**136,599,394**	109,106,644
Intangible assets	13.2	**73,325,974**	81,608,697
		209,925,368	190,715,341

13.1 *Capital work in progress*

	Un-audited 31 March 2026	Audited 31 December 2025
Opening	**109,106,644**	-
Transfers from CWIP operating fixed assets	**-**	8,956,332
Additions during the year	**27,492,750**	100,150,312
Closing	**136,599,394**	109,106,644

13.2 Intangible Assets

	Unaudited 31 March 2026		Audited 31 December 2025	
	Software and Licenses	Total	Software and Licenses	Total
	................Rupees			
At January 1				
Cost	743,300,887	743,300,887	743,300,887	743,300,887
Accumulated amortization and impairment	(661,692,190)	(661,692,190)	(625,214,456)	(625,214,456)
Net book value	81,608,697	81,608,697	118,086,431	118,086,431
For the Year Movement				
Opening net book value	81,608,697	81,608,697	118,086,431	118,086,431
Additions:				
- Directly purchased/Transferred from CWIP	-	-	-	-
Amortization charge	(8,282,723)	(8,282,723)	(36,477,734)	(36,477,734)
Closing net book value	73,325,974	73,325,974	81,608,697	81,608,697
At December 31				
Cost	743,300,887	743,300,887	743,300,887	743,300,887
Accumulated amortization and impairment	(669,974,913)	(669,974,913)	(661,692,190)	(661,692,190)
Net book value	73,325,974	73,325,974	81,608,697	81,608,697
Rate of amortization (percentage)	10-20%		10-20%	

14 DEFERRED TAX ASSET

	Unaudited 31 March 2026				
	At Jan 1, 2026	Impact of Adoption of IFRS 09	Recognised in P&L A/C	Recgonised in OCI	At Mar 31, 2026
Deductible temporary differences on:					
- Tax losses carried forward	2,378,468,350	-	-	-	2,378,468,350
- Minimum tax / Alternative corporate tax	389,282,510	-	180,929,776	-	570,212,286
- Post retirement employee benefits	132,526,636	-	4,268,640	-	136,795,276
- Accelerated tax depreciation	15,481,244	-	1,615,765	-	17,097,009
- Credit loss allowance against advances	1,270,282,946	-	(423,663,779)	-	846,619,167
- Lease Liabilities against ROUA	88,090,078	-	5,559,873	-	93,649,951
	4,274,131,764	-	(231,289,725)	-	4,042,842,039
Taxable temporary differences on:					
- Surplus on revaluation of investments classified as FVOCI	(5,939,383)	-	-	3,910,798	2,690,805
- Unrealized gain of revaluation of securities FVTPL	(177,060)	-	-	-	177,060
	(6,116,443)	-	-	3,910,798	2,867,865
	4,268,015,321	-	(231,289,725)	3,910,798	4,045,709,904

	Audited 31 December 2025				
	At Jan 1, 2025	Impact of Adoption of IFRS 09	Recognised in P&L A/C	Recgonised in OCI	At Dec 31, 2025
Deductible temporary differences on:					
- Tax losses carried forward	2,389,324,102	-	(10,855,752)	-	2,378,468,350
- Minimum tax	105,165,645	-	284,116,865	-	389,282,510
- Post retirement employee benefits	101,516,697	-	(2,050,179)	33,060,118	132,526,636
- Deficit on revaluation of investments		-		-	-
- Accelerated tax depreciation	32,794,660	-	(17,313,416)	-	15,481,244
- Credit loss allowance against advances	1,878,378,166	-	(608,095,220)	-	1,270,282,946
- Lease Liabilities against ROUA	98,006,701	-	(9,916,623)	-	88,090,078
	4,605,185,971	-	(364,114,325)	33,060,118	4,274,131,764
Taxable temporary differences on:					
- Surplus on revaluation of investments classified as FVOCI	(2,515,033)	-	-	(3,424,351)	(5,939,383)
- Unrealized gain of revaluation of securities FVTPL	-	-	(177,060)	-	(177,060)
	(2,515,033)	-	(177,060)	(3,424,351)	(6,116,443)
	4,602,670,938	-	(364,291,385)	29,635,767	4,268,015,321

15 OTHER ASSETS

	Note	Un-audited 31 March 2026 Rupees	Audited 31 December 2025 Rupees
Income / mark-up accrued on advances		6,549,701,813	5,434,341,618
Income / mark-up accrued on balance with banks		159,959,066	79,693,565
Prepayments		359,095,426	227,161,870
Security deposits		32,228,612	26,319,762
Fair value adjustment staff advances		95,879,735	90,151,499
Receivable from SBP against crop insurance		53,704,639	53,704,639
Others		54,356,280	504,048,751
		7,304,925,571	6,415,421,704
Less: Credit Loss Allowance held against other assets	15.1	(1,882,193)	(1,899,270)
		7,303,043,378	6,413,522,434

	Note	Un-audited 31 March 2026 Rupees	Audited 31 December 2025 Rupees
15.1 Movement in credit loss Allowance held against other assets			
Opening Balance		1,899,270	8,026,079
IFRS-09 adoption impact		-	-
Balance as at January 01, 2024-Restated		1,899,270	8,026,079
Charge for the year		(251,252)	-
Reversals		234,175	(6,126,809)
Closing Balance		1,882,193	1,899,270

16 BILLS PAYABLE

	Un-audited 31 March 2026 Rupees	Audited 31 December 2025 Rupees
In Pakistan	186,155,481	116,212,293

17 BORROWINGS

	Un-audited 31 March 2026 Rupees	Audited 31 December 2025 Rupees
Secured		
Borrowings from bank / financial institution in Pakistan	-	-
Unsecured		
Borrowings from the State Bank of Pakistan	3,000,000,000	3,000,000,000
	3,000,000,000	3,000,000,000

17.1 This represents unsecured long term borrowing obtained on 24 June 2019 from SBP under Financial Inclusion Infrastructure Program (FIIP) to provide access to long term market based funding, enhancing lending to microfinance borrowers including micro enterprises and micro housing especially women borrowers. The markup is payable at the rate of 6 months KIBOR minus 100 bps per annum (December 2025: 6 months KIBOR minus 100 bps per annum). Initially the principal amount was repayable in last four quarters of 5 years loan period or in bullet form at the end of said tenor. However, the State Bank of Pakistan has extended the principal repayment period for further 5 years from June 30, 2024, to June 30, 2029.

18 DEPOSITS AND OTHER ACCOUNTS

	Un-audited 31 March 2026 Rupees	Audited 31 December 2025 Rupees
Customers		
Current deposits	2,725,223,097	3,158,262,740
Saving deposits	14,361,357,886	15,659,158,948
Fixed deposits	34,967,908,434	32,411,123,450
	52,054,489,417	51,228,545,138
Financial Institutions		
Current deposits	135,456,748	4,467,110,584
Saving deposits	14,025,085,952	10,585,628,291
Fixed deposits	3,001,000,000	2,807,000,000
	17,161,542,700	17,859,738,875
Total Deposits	69,216,032,117	69,088,284,013

	Un-audited	Audited
	31 March 2026	31 December 2025
	Rupees	Rupees
18.1 Composition of Deposits		
- Individuals	37,720,293,880	35,497,317,735
- Government (Federal and Provincial)	5,616,048,991	6,835,513,751
- Public Sector Entities	14,025,729	27,848,251
- Banking companies	9,589,645,735	6,996,652,595
- Non Banking Financial Institutions	7,571,896,965	10,863,086,280
- Private Sector	8,704,121,372	8,867,865,401
	69,216,032,672	69,088,284,013
18.2 Composition of Deposits		
- Branchless Banking	1,183,059,198	1,432,409,086
- Branches Deposits	68,032,972,918	67,655,874,927
	69,216,032,116	69,088,284,013

19 LEASE LIABILITIES

	Note	31 March 2026	31 December 2025
		Rupees	Rupees
Balance as at January 01		1,255,333,543	898,106,035
Addition during the year			
- Buildings		172,616,855	600,145,296
- Equipments		-	-
		172,616,855	600,145,296
Modification during the Year		-	-
Interest expense during the year	24	50,120,625*	168,638,771
Payment during the year		(97,022,801)	(411,556,559)
Balance as at December 31		1,381,048,222	1,255,333,543

19.1 Contractual Maturity of Lease liabilities

Short Term Lease Liabilities - within one year	-	-
Long Term Lease Liabilities		
- 1 to 5 years	352,262,865	403,903,701
- 5 to 10 years	1,028,785,357	851,429,842
- More than 10 years	-	-
	1,381,048,222	1,255,333,543
Total Lease Liabilites	1,381,048,222	1,255,333,543

20 SUBORDINATED DEBT

	Note	Un-audited 31 March 2026 Rupees	Audited 31 December 2025 Rupees
Pakistan Microfinance Investment Company (PMIC)	20.1	**695,679,575**	672,286,612

20.1 This represents an unsecured and subordinated loan facility raised by the Bank during the year 2019, amounting to Rs. 800 million to contribute towards the Bank's Tier II capital. The instrument was initially structured to redeem in 6 semi-annual installments in arrears starting from 6th year after the end of grace period of 5 years.

The Bank and Pakistan Microfinance Investment Company Limited (PMICL) entered into an addendum to the subordinate debt agreement in November 2024 which became effective from January 21, 2025, the Amendment Effective Date. As per the revised terms, the Subordinated Term Finance Facility has been extended for a further period of seven years commencing from the Amendment Effective Date. Further mark-up accrued up to the date of Amendment Effective Date has been waived by the lender.

The facility carries mark-up at the rate of 6 months KIBOR plus 3% per annum, to be charged from the earlier of October 1, 2027 or when CAR and MCR requirements are complied with by the Bank. The principal amount is repayable in 4 semi annual installments starting from 6th year after the end of revised grace period of 5 years starting from the Amendment Effective Date.

The instrument is unsecured and subordinated to payment of principal and profit to all other indebtedness of the Bank, including deposits, and it is not redeemable before maturity without prior approval of SBP.

21 OTHER LIABILITIES

	Un-audited 31 March 2026 Rupees	Audited 31 December 2025 Rupees
Markup / return / interest payable	**1,302,048,299**	1,088,843,431
Accrued expenses	**750,268,242**	901,979,707
Payable to defined benefit plan	**380,162,346**	369,217,115
Income tax payable - net	**41,289,198**	22,938,546
Withholding tax payable	**364,155,802**	209,073,659
Sundry creditors	**941,961,866**	707,846,516
Workers' Welfare Fund	**33,320,951**	33,320,951
	3,813,206,704	3,333,219,925

	Note	Un-audited 31 March 2026 Rupees	Audited 31 December 2025 Rupees
22 SURPLUS ON REVALUATION OF ASSETS - NET OF TAX			
Fair Value Surplus / (Deficit) on revaluation of			
- FVOCI - debt	9	5,201,500	15,229,186
Deferred tax on surplus / (deficit) on revaluation of:			
- FVOCI - debt		(2,028,586)	(5,939,384)
		3,172,914	9,289,802
23 MARK-UP / RETURN / INTEREST EARNED			
Loans and advances		3,826,893,509	1,937,505,223
Investments		151,349,502	168,402,087
Lending to Financial institutions		252,202,118	-
Balances with other MFBs / banks / NBFIs		168,284,862	153,456,998
		4,398,729,991	2,259,364,308
24 MARK-UP / RETURN / INTEREST EXPENSED			
Deposits		2,099,047,632	1,418,626,806
Borrowings		71,855,833	83,325,833
Subordinated loan		23,392,963	-
Lease liabilities	19	50,120,625	33,002,274
		2,244,417,053	1,534,954,913
25 FEE AND COMMISSION INCOME			
Loan processing fee - net		270,373,239	190,558,366
Branchless banking income		68,154,568	-
Branch banking customer fees		10,371,289	648,144
Overdue charges		10,822,166	19,630,204
Early settlement charges		111,711,504	56,326,921
Card related fees		3,585,675	63,395,570
		475,018,441	330,559,205
26 GAIN / (LOSS) ON SECURITIES			
Realised		8,618,610	8,746,591
Unrealised		(454,000)	-
		8,164,610	8,746,591
27 OTHER INCOME			
Others		44,533	1,082,971
		44,533	1,082,971

28 OPERATING EXPENSES

	Note	Unaudited 31 March 2026 Rupees	Unaudited 31 March 2025 Rupees
Total compensation expense	28.1	**947,206,701**	612,787,783
Directors' fees and allowances		**5,800,000**	840,000
Printing, stationery and periodicals		**9,658,422**	11,497,435
Advertisement		**36,950,668**	20,673,770
Rent, rates and taxes		**5,181,705**	11,885,729
Office running expenses		**24,414,065**	15,998,416
Vehicle running expenses		**35,493,499**	24,721,165
Insurance		**35,838,001**	28,344,382
Office security / personnel services		**45,784,169**	39,978,705
Janitorial Services		**46,291,653**	13,544,398
Repairs and maintenance		**73,698,153**	25,448,520
Communication		**20,096,782**	13,315,812
Travel and transportation		**49,430,514**	38,160,987
Utilities		**39,011,759**	39,183,944
IT expenses		**79,884,595**	-
Legal and professional charges		**31,583,538**	19,521,779
Auditors' remuneration		**2,508,749**	500,000
Training and research		**3,565,335**	7,831,163
Depreciation on property and equipment		**46,364,922**	31,345,257
Depreciation on right of use assets		**61,158,260**	41,448,817
Amortization on intangible assets		**8,282,723**	9,713,338
Others		**5,118,176**	42,692,372
		1,613,322,389	1,049,433,772

29 OTHER CHARGES

Penalties imposed by SBP		**-**	72,000
Bank charges		**1,156,709**	7,361,199
Loss on disposal of operating fixed assets		**-**	-
Others		**20,101,701**	-
		21,258,410	7,433,199

30 CREDIT LOSS ALLOWANCE AND WRITE OFFS - NET

Credit loss allowance against loans and advances	30.1	**11,033,978**	16,881,980
Bad debts written off directly	10.2	**9,666,176**	1,954,791
Recovery against advances previously written off		**(90,212,229)**	(65,046,953)
		(69,512,075)	(46,210,182)

30.1 Credit loss allowance against loans and advances

- Against advances	**11,051,055**	(8,938,536)
- Against other assets	**(17,077)**	(28,073,637)
	11,033,978	(37,012,173)

31 TAXATION

	Note	Unaudited 31 March 2026 Rupees	Unaudited 31 March 2025 Rupees
Current:			
For the year		181,616,348	105,165,645
For the prior year		-	112,284,152
		181,616,348	217,449,797
Deferred:			
For the year	14	231,289,725	244,159,947
		412,906,073	461,609,744

32 BASIC AND DILUTED EARNINGS/(LOSS) PER SHARE

		Unaudited 31 March 2026	Unaudited 31 March 2025
32.1 Profit/(Loss) for the year	*Rupees*	651,386,727	32,998,157
Weighted average number of ordinary shares	*Number*	834,888,711	634,888,711
Basic and diluted earnings/(loss) per share	*Rupees*	0.78	0.05

33 FAIR VALUE MEASUREMENTS

Fair value measurement defines fair value as the price that would be received from the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of quoted securities other than those classified as amortized cost, is based on quoted market price.

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.

In the opinion of the management, the fair value of the remaining financial assets and liabilities are not significantly different from their carrying values since these are either short-term in nature or, in the case of customer loans and deposits, are frequently repriced.

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

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

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

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

a) Financial instruments in level 1

Currently, no financial instruments are classified in level 1.

b) Financial instruments in level 2

Financial instruments included in level 2 comprise of investment in market treasury bills.

c) Financial instruments in level 3

Currently, no financial instruments are classified in level 3.

The Bank's policy is to recognize transfers into and out of the different fair value hierarchy levels at the date the event or change in circumstances that caused such transfer takes place. There were no transfers between levels 1 and 2 during the year.

The table below analyses the financial instruments measured at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorized.

		Unaudited 31 March 2026				
		Carrying amount	Fair value			
	Note	Carrying Value	Level 1	Level 2	Level 3	Total
		---------- Rupees ----------				
On-Balance sheet financial instruments						
Financial assets measured at fair value						
Investments	9	6,559,951,674	-	6,559,951,674	-	6,559,951,674

		Audited 31 December 2025				
		Carrying amount	Fair value			
	Note	Total	Level 1	Level 2	Level 3	Total
		---------- Rupees ----------				
On-Balance sheet financial instruments						
Financial assets measured at fair value						
Investments	9	6,443,102,790	-	6,443,102,790	-	6,443,102,790

34 CAPITAL ADEQUACY, LEVERAGE RATIO AND LIQUIDITY REQUIREMENTS

	31 March 2026 Rupees	31 December 2025 Rupees
Minimum Capital Requirement (MCR):		
Paid-up Capital (net of losses)	2,262,004,408	(397,348,295)
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier - 1 (CET1) Capital	(2,603,643,452)	(3,458,125,569)
Eligible Additional Tier - 1 (ADT1)) Capital	-	-
Total Eligible Tier-1 Capital	(2,603,643,452)	(3,458,125,569)
Eligible Tier2 capital	-	-
Total Eligible Capital (Tier1+Tier2)	(2,603,643,452)	(3,458,125,569)
Risk Weighted Assets (RWAs):		
Credit Risk	16,630,945,898	16,494,928,439
Operational Risk	908,904,979	560,405,126
Total	17,539,850,877	17,055,333,565
Common Equity Tier1 Capital Adequacy Ratio	-14.84%	-20.28%
Tier1 Captial Adequacy Ratio	-14.84%	-20.28%
Total Capital Adequacy Ratio	-14.84%	-20.28%

The Bank is required to maintain minimum capital of Rs. 1,000 million and capital adequecy ratio (CAR) equivalent to at least 15% of its risk weighted assets.

34.1 For the purpose of calculation of MCR and CAR the State Bank of Pakistan vide letter No. SBPHOK-BPRD-BACPD-FINCA-1103497 dated March 11, 2026 has allowed the Bank to take into account the amount of Rs. 2 billion received from its sponsor shareholders (ABHI Private Limited) for the purpose of additional equity injection, being held in deposit account maintained with the Bank as at the reporting date. Further, the Bank was granted a specific relaxation by the State Bank of Pakistan (SBP) in respect of Capital Adequacy Ratio (CAR) vide letter No. BPRD(A&BLD)/FMFB/7166 dated November 11, 2024 (refer to Note 49).

34.2 Bank uses standardized approach for calculation of Credit risk weighted asset. Under this approach, the risk weighted amount of an on-balance sheet asset is determined by multiplying its current book value (including accrued interest or revaluations, and net of any specific provision or associated depreciation) by the relevant risk weight as provided by State Bank of Pakistan through ACFID Circular No. 01 of May 16, 2025.

For the calculation of operational risk weighted assets, average positive gross income of the bank over the past three years is used. Figures for any year in which gross income is negative or zero is excluded from both numerator and denominator when calculating average.

Chief Executive Officer (Acting)

Chief Financial Officer