

**LOLC MICROFINANCE BANK LIMITED**  
**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**  
**AS AT SEPTEMBER 30, 2025**

		(Un-Audited) Sep-30 2025	(Audited) Dec-31 2024
	Note	----- Rupees -----	
<b>ASSETS</b>			
Cash and balances with treasury banks	7	855,320,212	460,010,780
Balances with other banks	8	999,380,770	1,673,311,932
Lendings to financial institutions		-	-
Investments	9	1,562,575,642	567,398,711
Advances	8	7,347,298,290	4,138,259,964
Property and equipment	9	253,904,388	185,176,015
Right-of-use assets	10	319,790,897	212,020,792
Intangible assets	11	47,795,136	42,709,137
Other assets	12	782,678,771	268,250,668
Deferred tax assets	13	414,950,394	409,026,891
		12,583,694,500	7,956,164,890
<b>LIABILITIES</b>			
Bills payable		-	-
Borrowings	13	1,176,999,000	-
Deposits and other accounts	14	9,160,239,790	5,434,711,765
Lease liabilities	15	365,169,784	255,934,517
Subordinated debt		-	-
Deferred tax liabilities		-	-
Other liabilities	16	697,108,310	651,754,709
		11,399,516,884	6,342,400,991
<b>NET ASSETS</b>		<u>1,184,177,616</u>	<u>1,613,763,899</u>
<b>REPRESENTED BY</b>			
Share capital	17	3,220,000,000	3,220,000,000
Reserves		183,178,511	183,178,511
Surplus on revaluation of assets - net of tax	18	22,681,458	897,663
Unappropriated loss		<u>(2,241,682,353)</u>	<u>(1,790,312,275)</u>
		<u>1,184,177,616</u>	<u>1,613,763,899</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	19		

The annexed notes from 1 to 37 form an integral part of these financial statements.

\_\_\_\_\_  
President

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Director

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Director

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Director

**LOLC MICROFINANCE BANK LIMITED**  
**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT**  
**FOR THE PERIOD ENDED SEPTEMBER 30, 2025**

	Note	Quarter Ended		Period Ended	
		Sep, 30 2025	Sep, 30 2024	Sep 30, 2025	Sep 30, 2024
----- Rupees -----					
Mark-up / Return / Interest earned	20	798,542,273	515,213,061	2,088,617,954	1,506,762,955
Mark-up / Return / Interest expensed	21	(376,388,208)	(210,504,490)	(1,042,097,254)	(563,676,091)
Net mark-up / Return / Interest income		422,154,065	304,708,571	1,046,520,700	943,086,864
<b>NON MARK-UP / INTEREST INCOME</b>					
Fee and commission income	22	58,034,954	27,372,144	151,599,657	116,847,649
Dividend income		-	-	-	-
Income from derivatives		-	-	-	-
Gain on securities		-	-	-	-
Net gains on derecognition of financial assets measured at amortised cost		-	-	-	-
Other income	23	4,593,257	6,070,225	13,334,206	21,512,856
Total non-markup / interest income		65,199,570	33,442,369	164,933,863	138,360,505
Total income		487,353,635	338,150,940	1,211,454,563	1,081,447,369
<b>NON MARK-UP / INTEREST EXPENSES</b>					
Operating expenses	24	568,113,548	417,123,576	1,610,268,098	1,291,087,988
Workers welfare fund		-	-	-	-
Other charges	25	-	60,000	-	2,776,000
Total non-markup / interest expenses		568,113,548	417,183,576	1,610,268,098	1,293,863,988
<b>(Loss) / Profit before credit loss allowance</b>		(80,759,913)	(79,032,636)	(398,813,535)	(212,416,619)
Credit loss allowance and write offs - net	26	28,696,962	(101,588,499)	(49,185,237)	(532,877,771)
<b>LOSS BEFORE LEVIES AND TAXATION</b>		(52,062,951)	(180,621,135)	(447,998,772)	(745,294,390)
Levies	27	-	-	(20,105,515)	(14,597,524)
<b>LOSS BEFORE TAXATION</b>		(52,062,951)	(180,621,135)	(468,104,287)	(759,891,914)
Taxation	28	-	-	16,734,209	2,214,859
<b>LOSS AFTER TAXATION</b>		(52,062,951)	(180,621,135)	(451,370,078)	(757,677,055)
<b>Basic and diluted loss per share</b>	29	(0.23)	(0.78)	(1.96)	(3.28)

The annexed notes from 1 to 37 form an integral part of these financial statements.

\_\_\_\_\_  
**President**

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**Chief Financial Officer**

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**Director**

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**Director**

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**Director**

**LOLC MICROFINANCE BANK LIMITED**  
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE PERIOD ENDED SEPTEMBER 30, 2025**

	Quarter Ended		Period Ended	
	Sep, 30 2025	Sep, 30 2024	Sep 30, 2025	Sep 30, 2024
	----- Rupees -----			
<b>Loss after taxation for the period</b>	(52,062,951)	(180,621,135)	(451,370,078)	(757,677,055)
<b>Other comprehensive income</b>				
<b>Items that may be reclassified to profit and loss account in subsequent periods:</b>				
Movement in surplus on revaluation of investments	-	-	(4,683,795)	616,939
Related tax impact	-	-	-	(240,606)
Movement in surplus on revaluation of investments - net of tax	-	-	(4,683,795)	376,333
<b>Items that will not be reclassified to profit and loss account in subsequent periods:</b>				
Remeasurement of defined benefit obligation	-	-	-	9,175,453
Related tax impact	-	-	-	(3,676,777)
Remeasurement of defined benefit obligation - net of tax	-	-	-	5,498,676
<b>Total comprehensive loss for the period</b>	<u>(52,062,951)</u>	<u>(180,621,135)</u>	<u>(456,053,873)</u>	<u>(751,802,046)</u>

The annexed notes from 1 to 37 form an integral part of these financial statements.

President	Chief Financial Officer	Director	Director	Director
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**LOLC MICROFINANCE BANK LIMITED**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY**  
**FOR THE PERIOD ENDED SEPTEMBER 30, 2025**

	Share capital	Share premium	Statutory reserve	Depositors' Protection Fund	Accumulated losses	Revaluation Reserve PPE	Surplus on revaluation of investments	Total
	----- Rupees -----							
<b>Balance as at January 01, 2024 (Audited)</b>	3,220,000,000	52,041,600	98,175,982	32,488,002	(853,100,056)	-	201,558	2,549,807,086
Profit after taxation for the period ended September 30, 2024	-	-	-	-	(757,677,055)	-	-	(757,677,055)
Other comprehensive income for the period ended September 30, 2024	-	-	-	-	5,498,676	-	376,333	5,875,009
Total comprehensive income for the period ended September 30, 2024	-	-	-	-	(752,178,379)	-	376,333	(751,802,046)
Transfer to Depositors' Protection Fund	-	-	-	-	-	-	-	-
- 5% of the profit after tax	-	-	-	472,927	-	-	-	472,927
- return on investment - net of tax	-	-	-	472,927	-	-	-	472,927
<b>Balance as at September 30, 2024 (Un-Audited)</b>	3,220,000,000	52,041,600	98,175,982	32,960,929	(1,605,278,435)	-	577,891	1,798,477,967
Profit after taxation for the three months ended December 31, 2024	-	-	-	-	(175,854,616)	-	-	(175,854,616)
Other comprehensive income for the three months ended December 31, 2024	-	-	-	-	(9,179,224)	-	319,772	(8,859,452)
Total comprehensive income for the three months ended December 31, 2024	-	-	-	-	(185,033,840)	-	319,772	(184,714,068)
Transfer to Depositors' Protection Fund	-	-	-	-	-	-	-	-
- 5% of the profit after tax	-	-	-	-	-	-	-	-
- return on investment - net of tax	-	-	-	-	-	-	-	-
<b>Balance as at December 31, 2024 (Audited)</b>	3,220,000,000	52,041,600	98,175,982	32,960,929	(1,790,312,275)	-	897,663	1,613,763,899
Profit after taxation for the period ended September 30, 2025	-	-	-	-	(451,370,078)	-	-	(451,370,078)
Other comprehensive income for the period ended September 30, 2025	-	-	-	-	-	26,467,590	(4,683,795)	(4,683,795)
Total comprehensive income for the period ended September 30, 2025	-	-	-	-	(451,370,078)	26,467,590	(4,683,795)	(456,053,873)
Transfer to Depositors' Protection Fund	-	-	-	-	-	-	-	-
- 5% of the profit after tax	-	-	-	-	-	-	-	-
- return on investment - net of tax	-	-	-	-	-	-	-	-
<b>Balance as at September 30, 2025 (Un-Audited)</b>	<u>3,220,000,000</u>	<u>52,041,600</u>	<u>98,175,982</u>	<u>32,960,929</u>	<u>(2,241,682,353)</u>	<u>26,467,590</u>	<u>(3,786,132)</u>	<u>1,157,710,026</u>

The annexed notes from 1 to 37 form an integral part of these financial statements.

\_\_\_\_\_  
**President**

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**Chief Financial Officer**

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**Director**

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**Director**

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**Director**

**LOLC MICROFINANCE BANK LIMITED**  
**CONDENSED INTERIM STATEMENT OF CASH FLOW**  
**FOR THE PERIOD ENDED SEPTEMBER 30, 2025**

	Note	Sep 30, 2025	Sep 30, 2024
		----- Rupees -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Loss before levies and taxation		(447,998,772)	(745,294,390)
<b>Adjustments:</b>			
Depreciation on property and equipment	9	53,413,958	43,094,854
Depreciation on right-of-use assets	10	44,138,390	32,498,127
Amortization of intangible assets	11	18,462,152	8,844,066
Credit loss allowance and write-offs	26	218,342,964	422,034,775
Gain on disposal of fixed assets	23	(2,274,019)	(10,135,083)
Finance cost on lease obligations		35,103,516	32,353,189
Provision for gratuity		14,870,793	12,337,607
Contribution to defined contribution plan		22,541,172	16,300,285
Reversal of refundable tax		-	3,039,980
Provision for leave fare assistance		49,056	24,682
		404,647,982	560,392,482
Operating profit before working capital changes		(43,350,790)	(184,901,908)
<b>(Increase) / decrease in operating assets</b>			
Advances		(3,499,550,415)	(929,644,520)
Other assets		(472,830,455)	198,281,428
		(3,972,380,870)	(731,363,092)
<b>Increase / (decrease) in operating liabilities</b>			
Deposit and other accounts		3,725,528,025	2,951,981,088
Other liabilities		25,352,243	(16,900,744)
		3,750,880,268	2,935,080,344
		(264,851,392)	2,018,815,344
Levies / income tax paid		(41,597,648)	(41,303,658)
Defined benefit obligation		(16,333,439)	(18,661,397)
		(57,931,087)	(59,965,055)
Net cash generated from / (used in) operating activities		(322,782,479)	1,958,850,289
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Net investment classified as amortised cost		(1,000,628,001)	29,285,686
Net investment classified as FVOCI		(5,810,975)	5,361,113
Rent paid against lease obligation		(21,836,076)	(41,178,061)
Acquisition of operating fixed assets		(84,893,775)	(30,922,119)
Investment in intangible assets		(23,548,151)	(6,545,157)
Sales proceeds of operating fixed assets disposed off		3,878,727	19,218,933
Net cash used in investing activities		(1,132,838,251)	(24,779,605)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of Borrowing from SBP		1,176,999,000	- 1,982,284,483
Net cash (used in) / generated from financing activities		1,176,999,000	- 1,982,284,483
Increase in cash and cash equivalents during the period		(278,621,730)	(48,213,799)
Cash and cash equivalent at the beginning of the year		2,133,322,712	1,327,207,525
Cash and cash equivalent at the end of the period	30	1,854,700,982	1,278,993,726

The annexed notes from 1 to 37 form an integral part of these financial statements.

\_\_\_\_\_  
**President**

\_\_\_\_\_  
**Chief Financial Officer**

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**Director**

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**Director**

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**Director**

**LOLC MICROFINANCE BANK LIMITED**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)**  
**FOR THE PERIOD ENDED SEPTEMBER 30, 2025**

**1 STATUS AND NATURE OF BUSINESS**

LOLC Microfinance bank Limited formerly Pak Oman Microfinance bank Limited (the bank) was incorporated on 09 March 2006 as a public limited company under Companies Ordinance, 1984 (Repealed with the enactment of the Companies Act, 2017 on 30 May 2017) and was granted license by the State bank of Pakistan (SBP) on 12 April 2006. The bank received certificate of commencement of business on 06 May 2006, effective from 08 May 2006. The bank's principal business is to provide microfinance services to the poor and under served segment of the society as envisaged under the Microfinance Institutions Ordinance, 2001. The Bank is a subsidiary of LOLC Asia (Private) Limited and LOLC Holdings PLC is the ultimate parent.

The registered office of the bank is situated at Park View Plaza, Bearing No. CB-6300, near Royal Palace Hotel, Jhelum Road, Rawalpindi. As at 31 December 2024, the bank has 87 branches (2023: 86) in operation in all provinces of Pakistan, and Azad Jammu & Kashmir other than Gilgit Baltistan, including the Federal Capital Islamabad and is licensed to operate nationwide.

In the year 2016, the Board of Directors of the bank entered into an agreement with LOLC PLC, the Parent Company, who in lieu of the agreement acquired the majority of the stake (50.1%) in the bank. In the year 2021, the remaining of the stake (49.9%) of the bank was acquired.

Name of the bank was rebranded from Pak Oman Microfinance bank Limited to LOLC Microfinance bank Limited with the approvals from SECP vide their document B 048901 dated October 10, 2022 and SBP vide their letter No. BPRD (LD-01) / 2022 -12317 dated December 12, 2022. Therefore, the bank shall be known as LOLC Microfinance bank Limited effective from January 01, 2023.

JCR-VIS has determined the bank's medium to long-term rating as 'A-' and the short-term rating as 'A2'. The rating was provided to the bank on May 05, 2025.

## **2 BASIS OF PRESENTATION**

These financial statements are presented in accordance with the requirements of format as per BPRD Circular No. 03 of 2023 dated February 09, 2023. Further the financial statements are also presented in accordance with International Financial Reporting Framework (IFRS) as applicable in Pakistan.

### **2.1 STATEMENT OF COMPLIANCE**

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

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as 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

Whenever the requirements of the Microfinance Institution Ordinance, 2001, Companies Act, 2017 or the directives issued by the SBP and the SECP differ with the requirements of IFRS, the requirements of the Microfinance Institution Ordinance, 2001, the Companies Act, 2017 and the said directives shall prevail.

2.2 The condensed interim financial statements does not include all the disclosures required in the annual audited financial statements, and should be read in conjunction with the financial statements (audited) of the bank for the year ended December 31, 2024.

### **2.3 Standards, interpretations and amendments to published approved accounting standards that are effective in the current period**

Certain standards, amendments and interpretations to approved accounting standards are effective for accounting periods beginning on January 01, 2025, however, these are considered not to be relevant or to have any significant effect on the Company's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these condensed

## **2.4 Standards, interpretations of and amendments to published approved accounting standards that are not yet effective**

The following standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

Figures for tax, gratuity and IBNR are provisional and subject to adjustment at year end.

IFRS 17 – ‘Insurance contracts’ has been notified by the IASB to be effective for annual periods beginning on or after January 1, 2023. However, SECP has notified the timeframe for the adoption of IFRS 17, which will be adopted by January 01, 2027.

The provisions for taxation for the six months period ended June 30, 2025, have been made using the estimated effective tax rate applicable to expected total annual earnings. The applicable income tax rate for the Tax Year 2025 is 39%, including super tax. Income tax expense is recognized in each interim period based on the best estimate of the weighted average annual income tax rate expected for the full financial year. Amounts accrued for income tax expense in one interim period may have to be adjusted in a subsequent interim period of that financial year if the estimate of the annual income tax rate changes.

## **3 BASIS OF MEASUREMENT**

The financial statements are prepared under the historical cost convention except:

- Investments measured at fair value through profit and loss and fair value through other comprehensive income.
- Right of use asset and lease liability initially measured at their present values.
- Obligation in respect of defined benefit plan at their present values.
- Motor vehicles at revaluation model.

## **4 MATERIAL ACCOUNTING POLICY INFORMATION**

Except as disclosed in note 4.1.1, the material accounting policy information related to preparation of these condensed interim financial statements (un-audited) are consistent with those applied in preparation of annual audited financial statements (audited) of the bank for the year ended

#### **4.1 Change in accounting policy**

During the current period, the bank changed its accounting policy for the motor vehicle class of property, plant and equipment from the cost model to the revaluation model, in accordance with the options permitted under IAS 16 – Property, Plant and Equipment.

Previously, motor vehicles were measured at historical cost less accumulated depreciation and impairment losses (if any). Under the revised policy, motor vehicles are now carried at their revalued amounts, representing fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

This change has been made to enhance the relevance and reliability of information provided in the financial statements with respect to this asset class.

In line with IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors and IAS 16 , this change in accounting policy has been applied prospectively from the date of revaluation.

The revaluation resulted in an increase in the carrying amount of motor vehicles, and the resulting surplus has been recognised in other comprehensive income and presented within equity under revaluation surplus.

##### **4.1.1 Motor vehicles at revaluation model**

Any revaluation increase arising on the revaluation of motor vehicles is recognised in other comprehensive income and presented as a separate component of equity as “Revaluation surplus on property, plant and equipment”, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. Any decrease in carrying amount arising on the revaluation of motor vehicles is charged to profit or loss to the extent that it exceeds the balance, if any, held in the revaluation surplus on property, plant and equipment relating to a previous revaluation of that asset. The revaluation reserve is not available for distribution to the Bank’s shareholders. The surplus on revaluation to the extent of incremental depreciation charged (net of deferred tax) is transferred to unappropriated profit.

## **5 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS**

The basis for accounting estimates adopted in the preparation of these condensed interim financial statements are the same as that applied in the preparation of the audited annual financial statements for the year ended December 31, 2024.

## **6 FINANCIAL RISK MANAGEMENT**

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

		September 30, 2025 (Un-audited)	December 31, 2024 (Audited)
	Note	----- Rupees -----	----- Rupees -----
<b>7</b>	<b>CASH AND BALANCES WITH TREASURY BANKS</b>		
	In hand		
	- local currency	532,806,448	168,584,268
	Balance with State Bank of Pakistan (SBP)		
	- Local Currency current account	7.1 322,513,764	291,426,512
	Less: Credit loss allowance	-	-
		<u>855,320,212</u>	<u>460,010,780</u>

7.1 This represents current accounts maintained with SBP to meet the minimum balance requirement equivalent to average 3% as cash reserve of Bank's demand and time deposits with tenor of less than 1 year in accordance with the Prudential Regulations.

		2025	2024
	Note	----- Rupees -----	----- Rupees -----
<b>8</b>	<b>BALANCES WITH OTHER BANKS</b>		
	In Pakistan		
	- in current accounts	136,088,168	285,348,713
	- in deposit accounts	8.1 863,292,602	1,387,963,219
	Less: Credit loss allowance	-	-
		<u>999,380,770</u>	<u>1,673,311,932</u>

8.1 These represents deposits with commercial banks carrying mark-up at rates ranging from 9% to 13.25% per annum (2024: 17% to 24% per annum).

9 INVESTMENTS

9.1 Investment by Type:	Un-Audited				Audited			
	September 30, 2025				December 31, 2024			
	Fair Value / Amortized Cost	Credit Loss Allowance	Surplus / (Deficit)	Caring Value	Cost / Amortized Cost	Provision for diminution	Surplus / (Deficit)	Caring Value
	----- Rupees -----				----- Rupees -----			
<b>Debt Instruments</b>								
<b>Classified as Amortized Cost</b>								
- Market Treasury Bills	953,247,276	-	-	953,247,276	512,619,275	-	-	512,619,275
Term deposit receipts (TDRs)	600,000,000	-	-	600,000,000	40,000,000	-	-	40,000,000
	1,553,247,276	-	-	1,553,247,276	552,619,275	-	-	552,619,275
<b>Classified as FVOCI</b>								
Term finance certificates (TFCs)	15,882,055	(15,882,055)	-	-	5,882,055	(5,882,055)	-	-
Sukuk	14,012,161	-	4,683,795	9,328,366	24,083,241	(10,000,000)	696,195	14,779,436
	29,894,216	(15,882,055)	-	9,328,366	29,965,296	(15,882,055)	696,195	14,779,436
<b>Total Investments</b>	<b>1,583,141,492</b>	<b>(15,882,055)</b>	<b>-</b>	<b>1,562,575,642</b>	<b>582,584,571</b>	<b>(15,882,055)</b>	<b>696,195</b>	<b>567,398,711</b>

9.2 Investments by Segments:

	Un-Audited				Audited			
	September 30, 2025				December 31, 2024			
	Fair Value / Amortized Cost	Credit Loss Allowance	Surplus / (Deficit)	Caring Value	Cost / Amortized Cost	Provision for diminution	Surplus / (Deficit)	Caring Value
	----- Rupees -----				----- Rupees -----			
<b>Federal Government Securities</b>								
- Market Treasury Bills	953,247,276	-	-	953,247,276	512,619,275	-	-	512,619,275
- Pakistan Investment Bonds	-	-	-	-	-	-	-	-
- Ijarah Sukuks	-	-	-	-	-	-	-	-
- Other Investments	-	-	-	-	-	-	-	-
	953,247,276	-	-	953,247,276	512,619,275	-	-	512,619,275
<b>Provincial Government Securities</b>	-	-	-	-	-	-	-	-
<b>Shares:</b>								
- Listed	-	-	-	-	-	-	-	-
- Unlisted	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
<b>Non Government debt Securities</b>								
- Listed	629,894,216	(15,882,055)	-	609,328,366	69,965,296	(15,882,055)	696,195	54,779,436
- Unlisted	629,894,216	(15,882,055)	-	609,328,366	69,965,296	(15,882,055)	696,195	54,779,436
<b>Associates</b>	-	-	-	-	-	-	-	-
<b>Subsidiaries</b>	-	-	-	-	-	-	-	-
<b>Total Investments</b>	<b>1,583,141,492</b>	<b>(15,882,055)</b>	<b>-</b>	<b>1,562,575,642</b>	<b>582,584,571</b>	<b>(15,882,055)</b>	<b>696,195</b>	<b>567,398,711</b>

2025      2024  
----- Rupees -----

9.3 Investments given as collateral

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9.4 Investments - Particulars of credit loss allowance

	Un-Audited				Audited			
	September 30, 2025				December 31, 2024			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	----- Rupees -----				----- Rupees -----			
<b>9.5 Investments - Exposure</b>								
Gross carrying amount	566,702,516	-	15,882,055	582,584,571	412,072,444	-	15,882,055	427,954,499
New Investments	1,000,628,001	-	-	1,000,628,001	325,546,831	-	-	325,546,831
Investments derecognized or repaid	(4,754,875)	-	-	(4,754,875)	(160,000,000)	-	10,220,564	(170,220,564)
Transfer to stage 1	-	-	-	-	-	-	-	-
Transfer to stage 2	-	-	-	-	-	-	-	-
Transfer to stage 3	-	-	-	-	-	-	-	-
	995,873,126	-	-	995,873,126	165,546,831	-	10,220,564	155,326,267
Amounts written off / charged off	-	-	-	-	-	-	-	-
Closing balance	1,562,575,642	-	15,882,055	1,578,457,697	577,619,275	-	5,661,491	583,280,766
<b>9.6 Investments - Credit loss allowance</b>								
Credit loss allowance Opening balance	-	-	15,882,055	15,882,055	-	-	15,882,055	15,882,055
New Investments	-	-	-	-	-	-	-	-
Investments derecognized or repaid	-	-	-	-	-	-	-	-
Transfer to stage 1	-	-	-	-	-	-	-	-
Transfer to stage 2	-	-	-	-	-	-	-	-
Transfer to stage 3	-	-	-	-	-	-	-	-
Amounts written off / charged off	-	-	-	-	-	-	-	-
Changes in risk parameters	-	-	-	-	-	-	-	-
Credit loss allowance closing balance	-	-	15,882,055	15,882,055	-	-	15,882,055	15,882,055

9.7 Particulars of credit loss allowance against debt securities

Domestic

Stage 1  
Stage 2  
Stage 3

Un-Audited		Audited	
September 30, 2025		December 31, 2024	
NPL	Credit loss allowance	NPL	Credit loss allowance
----- Rupees -----		----- Rupees -----	
-	-	-	-
-	-	-	-
15,882,055	15,882,055	15,882,055	15,882,055
15,882,055	15,882,055	15,882,055	15,882,055

**7.8 Quality of Securities**

**September 30,      December 31,**  
**2025                      2024**  
**(Un-audited)          (Audited)**  
**----- Rupees -----**

**Federal Government Securities - Government Guaranteed**

- Market Treasury Bills	953,247,276	512,619,275
- Pakistan Investment Bonds	-	-
- Ijarah Sukuks	-	-
- Other Investments	-	-
	<b>953,247,276</b>	<b>512,619,275</b>

**Provincial Government Securities - Government Guaranteed**

-	-
---	---

**Non Government debt Securities**

**Listed**

To be categorized based on long term rating by Credit Rating Agency

- AAA	-	-
- AA+, AA, AA-	-	-
- A+, A, A-	-	-
- BBB+, BBB, BBB-	-	-
- BB+, BB, BB-	-	-
- B+, B, B-	-	-
- CCC and below	-	-
- Unrated	-	-
	-	-

To be categorized based on long term rating by Credit Rating Agency

- AAA	-	-
- AA+, AA, AA-	-	-
- A+, A, A-	609,328,366	54,779,436
- BBB+, BBB, BBB-	-	-
- BB+, BB, BB-	-	-
- B+, B, B-	-	-
- CCC and below	-	-
- Unrated	-	-
	<b>609,328,366</b>	<b>54,779,436</b>

8 ADVANCES

Loan Type

Loan Type	Performing				Non Performing		Total	
	Stage 1		Stage 2		Stage 3		(Un-audited) September 30, 2025	(Audited) December 31, 2024
	(Un-audited) September 30, 2025	(Audited) December 31, 2024	(Un-audited) September 30, 2025	(Audited) December 31, 2024	(Un-audited) September 30, 2025	(Audited) December 31, 2024		
	----- Rupees -----				----- Rupees -----		----- Rupees -----	
Microcredits								
Secured	5,092,525,757	1,694,102,577	19,843,540	16,630,650	32,139,822	21,449,678	5,144,509,119	1,732,182,905
Un-Secured	1,994,291,093	2,092,476,515	144,411,034	117,415,621	366,742,306	530,397,895	2,505,444,433	2,740,290,031
Staff Loan	46,342,253	38,652,104	-	-	-	-	46,342,253	38,652,104
Advances - gross	7,133,159,103	3,825,231,196	164,254,574	134,046,271	398,882,128	551,847,573	7,696,295,805	4,511,125,040
Credit loss allowance against advances								
Stage 1	65,186,412	99,373,639	-	-	-	-	65,186,412	99,373,639
Stage 2	-	-	24,058,819	16,442,000	259,752,284	-	283,811,103	16,442,000
Stage 3	-	-	-	-	-	257,049,437	-	257,049,437
	65,186,412	99,373,639	24,058,819	16,442,000	259,752,284	257,049,437	348,997,515	372,865,076
Advances - net of credit loss allowance	7,067,972,691	3,725,857,557	140,195,755	117,604,271	139,129,844	294,798,136	7,347,298,290	4,138,259,964

8.1 Advances - Particulars of credit loss allowance

	(Un-audited) September 30, 2025				(Audited) December 31, 2024			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	----- Rupees -----				----- Rupees -----			

8.1.1 Advances - Exposure

Gross carrying amount	3,786,579,091	134,046,271	551,847,573	4,472,472,935	3,256,191,450	179,699,248	645,942,317	4,081,833,015
New advances	6,519,132,529	57,430,445	17,487,881	6,594,050,855	4,855,565,980	141,840,525	95,162,139	5,092,568,644
Advances derecognized or repaid	(3,038,080,357)	(92,319,466)	(38,486,786)	(3,168,886,609)	(3,968,724,357)	(228,713,955)	455,661,285	(3,741,777,027)
Transfer to stage 1	7,444,844	(6,287,999)	(1,156,845)	-	1,179,760	(1,077,405)	(102,355)	-
Transfer to stage 2	(94,888,664)	97,434,225	(2,545,561)	-	(66,562,580)	66,756,957	(194,377)	-
Transfer to stage 3	(93,370,592)	(26,048,902)	119,419,494	-	(291,071,162)	(24,459,099)	315,530,261	-
	3,300,237,760	30,208,303	94,718,183	3,425,164,246	530,387,641	45,652,977	866,056,953	1,350,791,617
Amounts written off / charged off	-	-	(247,683,629)	(247,683,629)	-	-	(960,151,697)	(960,151,697)
Closing balance	7,086,816,851	164,254,574	398,882,127	7,649,953,552	3,786,579,091	134,046,271	551,847,573	4,472,472,935

(Un-audited) September 30, 2025				(Audited) December 31, 2024			
Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
----- Rupees -----				----- Rupees -----			

### 8.1.2 Advances - Credit loss allowance

Opening balance	396,657,058	16,442,000	-	40,233,982	372,865,076	200,358,424	-	323,725,344	524,083,768
New advances	38,094,161	6,168,008	5,502,125	49,764,294	79,780,736	8,871,293	50,268,417	138,920,446	
Advances derecognized or repaid	(348,292,666)	(34,474,165)	338,475,641	(44,291,190)	(249,948,352)	(4,152,439)	(198,984,894)	(453,085,685)	
Transfer to Stage 1	171,385	(112,443)	(58,942)	-	63,686	(59,517)	(4,169)	-	
Transfer to Stage 2	(11,476,360)	12,005,920	(529,560)	-	(7,373,391)	7,388,998	(15,607)	-	
Transfer to Stage 3	(58,717,219)	(10,518,838)	69,236,057	-	(121,678,284)	(10,176,149)	131,854,433	-	
	(380,220,699)	(26,931,518)	412,625,321	5,473,104	(299,155,605)	1,872,186	(16,881,820)	(314,165,239)	
Total Provision charge for the year	48,035,452	34,498,188	135,809,324	218,342,964	495,454,239	14,569,814	613,074,191	1,123,098,244	
Amounts written off/charged Off	-	-	(247,683,629)	(247,683,629)	-	-	(960,151,697)	(960,151,697)	
Changes in risk parameters	-	-	-	-	-	-	-	-	
Closing balance	64,471,811	24,008,670	260,517,034	348,997,515	396,657,058	16,442,000	(40,233,982)	372,865,076	

### 8.2 Credit loss allowance details

Outstanding gross exposure	-							
Performing - Stage 1	7,086,816,850	-	-	7,086,816,850	3,786,579,092	-	-	3,786,579,092
Under Performing - Stage 2		164,254,574				134,046,271		134,046,271
Non- Performing - Stage 3								
Substandard	-	-	108,280,678	108,280,678	-	-	195,323,060	195,323,060
Doubtful	-	-	64,644,490	64,644,490	-	-	251,954,910	251,954,910
Loss	-	-	204,007,557	204,007,557	-	-	104,569,603	104,569,603
	-	-	376,932,725	376,932,725	-	-	551,847,573	551,847,573
	7,086,816,850	164,254,574	376,932,725	7,628,004,149	3,786,579,092	134,046,271	551,847,573	4,338,426,665
Corresponding credit loss allowance								
Stage 1	65,186,412	-	-	65,186,412	396,657,058	-	-	396,657,058.0
Stage 2	-	24,058,819	-	24,058,819	-	16,442,000	-	16,442,000.0
Stage 3	-	-	259,752,284	259,752,284	-	-	(40,233,982)	(40,233,982)
	65,186,412	24,058,819	259,752,284	348,997,515	396,657,058	16,442,000	(40,233,982)	372,865,076

September 30, 2025 (Un-audited)      December 31, 2024 (Audited)  
----- Rupees -----

### 8.3 Particulars of write offs

Against provision	247,683,629	858,252,152
Directly charged to profit or loss account	-	101,899,545
	247,683,629	960,151,697

9 PROPERTY AND EQUIPMENT

Note	September 30, 2025 (Un-audited)	December 31, 2024 (Audited)
	----- Rupees -----	
	-	-
9.1	<u>253,904,388</u>	<u>185,176,015</u>

Capital work-in-progress  
Property and equipment

9.1 Property and equipment

(Un-audited) September 30, 2025									
Freehold land	Leasehold land	Building on freehold land	Building on leasehold land	Furniture and fixture	Electrical, office and computer equipment	Vehicles	Others (to be specified)	Total	
----- Rupees '000 -----									
<b>At December 31, 2024</b>									
Cost / Revalued amount	-	-	-	169,441,958	54,920,427	174,930,590	68,553,603	-	467,846,578
Accumulated depreciation	-	-	-	(88,596,154)	(34,322,390)	(120,492,437)	(39,259,582)	-	(282,670,563)
Net book value	-	-	-	80,845,804	20,598,037	54,438,153	29,294,021	-	185,176,015
<b>Period ended September 30, 2025</b>									
Opening net book value	-	-	-	80,845,804	20,598,037	54,438,153	29,294,021	-	185,176,015
Additions	-	-	-	30,800,527	7,981,926	46,111,322	-	-	84,893,775
Movement in surplus on assets revalued during the year	-	-	-	-	-	-	38,801,851	-	38,801,851
Acquisitions through business combinations	-	-	-	-	-	-	-	-	-
profit and loss account - net	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	209,034	127,879	268,541	(999,254)	-	(1,604,708)
Depreciation charge	-	-	-	(23,615,020)	(5,466,531)	(18,267,616)	(6,064,790)	-	(53,413,957)
Exchange rate adjustments	-	-	-	-	-	-	-	-	-
Other adjustments / transfers	-	-	-	-	-	51,412	-	-	51,412
Closing net book value	-	-	-	87,822,277	22,985,553	82,064,730	61,031,828	-	253,904,388
<b>At September 30, 2025</b>									
Cost / Revalued amount	-	-	-	200,242,485	62,902,353	221,041,912	107,355,454	-	591,542,204
Accumulated depreciation	-	-	-	(112,420,208)	(39,661,042)	(138,440,100)	(7,521,775)	-	(337,637,816)
Net book value	-	-	-	87,822,277	23,241,311	82,601,812	99,833,679	-	253,904,388
Rate of depreciation (percentage)	-	-	-	20%	20%	20%	33%	-	-

(Audited) December 31, 2024								
Free hold land	Lease hold land	Building on free hold land	Building on lease hold land	Furniture and fixture	Electrical, office and computer equipment	Vehicles	Others (to be specified)	Total
Rupees '000								
<b>At December 31, 2023</b>								
Cost / Revalued amount	-	-	130,204,692	45,912,953	138,855,289	58,732,984	-	373,705,918
Accumulated depreciation	-	-	(64,032,721)	(27,846,999)	(98,827,289)	(32,977,011)	-	(223,684,020)
Net book value	-	-	66,171,971	18,065,954	40,028,000	25,755,973	-	150,021,898
<b>Year ended December 2024</b>								
Opening net book value	-	-	66,171,971	18,065,954	40,028,000	25,755,973	-	150,021,898
Movement in surplus on assets revalued during the year	-	-	39,237,266	9,007,474	36,075,301	14,018,836	-	98,338,877
Acquisitions through business combinations	-	-	-	-	-	-	-	-
Impairment loss recognized in the profit and loss account - net	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	(4,198,217)	-	(4,198,217)
Depreciation charge	-	-	(24,563,433)	(6,475,391)	(21,665,148)	(6,282,571)	-	(58,986,543)
Exchange rate adjustments	-	-	-	-	-	-	-	-
Other adjustments / transfers	-	-	-	-	-	-	-	-
Closing net book value	-	-	80,845,804	20,598,037	54,438,153	29,294,021	-	185,176,015
<b>At December 31, 2024</b>								
Cost / Revalued amount	-	-	169,441,958	54,920,427	174,930,590	68,553,603	-	467,846,578
Accumulated depreciation	-	-	(88,596,154)	(34,322,390)	(120,492,437)	(39,259,582)	-	(282,670,563)
Net book value	-	-	80,845,804	20,598,037	54,438,153	29,294,021	-	185,176,015
Rate of depreciation (percentage)	-	-	20%	20%	20%	33%	-	-



## 11.2 Disposals of intangible assets

The net book value of intangible assets disposed off during the period is as follows:

Directly purchased

- -

- -

## 12 DEFERRED TAX ASSETS

**September 30,**      **December 31,**  
**2025**                      **2024**  
**(Un-audited)**              **(Audited)**  
----- **Rupees** -----

Deductible temporary differences on

- Tax losses carried forward	227,466,279	162,791,514
- Current Tax Loss	-	64,674,765
- Post retirement employee benefits	13,816,923	11,088,687
- Provision for leave fare assistance	20,456	82,190
- Provision for compensated absences	8,816,295	260,311
- Accelerated tax depreciation against operating fixed		
- Credit loss allowance against advances	11,170,788	6,354,955
- Credit loss allowance against investments	109,405,919	108,130,872
- Investments	4,605,796	13,113,964
- Minimum tax under section 113	45,586,157	28,181,391
- lease obligation	88,578,668	74,221,040
	509,467,281	468,899,689

- Surplus on revaluation of investments	30,301	-
- Surplus on revaluation of property and equipment	10,810,706	-
- Accelerated tax depreciation against right-of-use assets	83,675,880	59,872,798
	94,516,887	59,872,798

414,950,394      409,026,891

## 12 OTHER ASSETS

Income / Mark-up accrued in local currency - net of credit loss allowance	526,662,586	117,659,025
Advances, deposits, advance rent and other prepayments	103,619,415	64,692,839
Advance taxation / refundable taxes	121,628,586	80,030,938
Others	30,768,184	5,867,866
	782,678,771	268,250,668
Less: Credit loss allowance held against other	-	-
	782,678,771	268,250,668

		September 30, 2025 (Un-audited)	December 31, 2024 (Audited)
	Note	----- Rupees -----	
<b>13</b>	<b>BORROWINGS</b>		
	<b>Secured</b>		
	Borrowing from State Bank of Pakistan	1,176,999,000	-
13.1	This represents SBP Line of Credit facility carrying interest at 6 month KIBOR minus 100 bps.		

		September 30, 2025 (Un-audited)	December 31, 2024 (Audited)
	Note	----- Rupees -----	
<b>14</b>	<b>DEPOSITS AND OTHER ACCOUNTS</b>		
	<b>Customers</b>		
	Current deposits	60,875,771	27,228,695
	Savings deposits	670,840,678	66,200,445
	Term deposits	8,428,523,341	5,341,282,625
		9,160,239,790	5,434,711,765
	<b>Financial Institutions</b>	-	-
		9,160,239,790	5,434,711,765

**14.1 Composition of Term Deposits**

- Individuals	3,315,392,380	2,964,903,571
- Government (Federal and Provincial)	-	-
- Public sector entities	-	-
- Banking companies	-	-
- Non-banking financial institutions	325,000,000	390,000,000
- Private sector	3,341,024,898	1,986,379,054
	6,981,417,278	5,341,282,625

**15 LEASE LIABILITIES**

Balance as at January 1	255,934,517	251,940,707
Additions during the period	98,718,154	27,940,386
Interest expense	32,353,189	44,910,102
Payment	(21,836,076)	(68,856,678)
Balance as at	365,169,784	255,934,517

## 15.1 Contractual maturity of lease liabilities

Short-term lease liabilities - within one year	48,064,042	64,175,080
Long-term lease liabilities		
- 1 to 5 years	259,784,843	165,569,552
- 5 to 10 years	57,320,899	26,189,885
- More than 10 years	-	-
Total lease liabilities	<u>365,169,784</u>	<u>255,934,517</u>

		<b>September 30, 2025 (Un-audited)</b>	<b>December 31, 2024 (Audited)</b>
	<b>Note</b>	<b>----- Rupees -----</b>	
<b>16 OTHER LIABILITIES</b>			
Mark-up / Return / Interest payable in local currency		236,491,702	129,823,234
Accrued expenses		94,909,744	77,532,264
Payable against IT services	16.1	221,334,044	341,539,772
Payable to defined benefit plan		53,107,646	38,236,853
Advance from customer		-	-
Withholding taxes payable		44,115,013	33,266,261
Provision for compensated absences		33,496,716	27,901,016
Sales taxes		2,938,591	2,256,446
Provision for leave fare assistance	-	181,719	283,416
Zakat Payable		-	22,700
Payable to Customer		1,247,272	937,347
Security Deposit		9,649,301	800
		<u>697,108,310</u>	<u>651,754,709</u>

16.1 This represents amount payable to LOLC Technology Services Limited which is a related party.

17 SHARE CAPITAL

Authorized capital

September 30, 2025 (Un-audited)	December 31, 2024 (Audited)		September 30, 2025 (Un-audited)	December 31, 2024 (Audited)
--- Number of shares ---			----- Rupees -----	
<u>500,000,000</u>	<u>500,000,000</u>	Ordinary shares of Rs. 10 each	<u>5,000,000,000</u>	<u>5,000,000,000</u>

Issued, subscribed and paid up Capital

2025	2024		2025	2024
--- Number of shares ---			----- Rupees -----	
322,000,000	322,000,000	<u>Ordinary shares</u>		
-	-	Fully paid in cash	3,220,000,000	3,220,000,000
-	-	Issued as bonus shares	-	-
<u>322,000,000</u>	<u>322,000,000</u>	Issued for consideration other than cash	<u>3,220,000,000</u>	<u>3,220,000,000</u>
-	-		-	-
<u>322,000,000</u>	<u>322,000,000</u>	Less: Discount on issue of shares	<u>3,220,000,000</u>	<u>3,220,000,000</u>

	<b>September 30, 2025 (Un-audited)</b>	<b>December 31, 2024 (Audited)</b>
	----- Rupees -----	
<b>18 SURPLUS ON REVALUATION OF ASSETS - NET OF TAX</b>		
Surplus / (deficit) on revaluation of		
- FVOCI - debt	4,884,110	1,099,533
Deferred tax on surplus / (deficit) on revaluation of:		
- FVOCI - debt	(1,097,978)	(201,870)
	<u>3,786,132</u>	<u>897,663</u>
<b>19 CONTINGENCIES AND COMMITMENTS</b>		
<b>19.1 Contingencies</b>		
The Company has no contingencies as at September 30, 2025 (2024: nil).		
<b>19.2 Commitments</b>		
The Company has no commitments as at September 30, 2025 (2024: nil).		
	<b>September 30, 2025 (Un-audited)</b>	<b>December 31, 2024 (Audited)</b>
	----- Rupees -----	
<b>20 MARK-UP RETURN / INTEREST EARNED</b>		
Interest / mark-up on:		
Loans and advances	1,837,498,706	1,336,580,424
Investments	97,094,849	59,431,069
Balances with other banks	154,024,399	110,751,462
	<u>2,088,617,954</u>	<u>1,506,762,955</u>
20.1 Interest income (calculated using effective interest rate method) recognized on:		
Financial assets measured at amortized cost	<u>2,007,644</u>	<u>3,910,207</u>
<b>21 MARK-UP / RETURN / INTEREST EXPENSED</b>		
Deposits	959,716,142	317,613,525
Mark up on borrowing	47,277,596	213,709,377
Lease liabilities	35,103,516	32,353,189
	<u>1,042,097,254</u>	<u>563,676,091</u>
21.1 Interest expense calculated using effective interest rate method		
Finance cost on borrowings from SBP	<u>47,277,596</u>	<u>213,709,377</u>
	<b>2025 (Un-audited)</b>	<b>2024 (Audited)</b>
	----- Rupees -----	
<b>22 FEE AND COMMISSION INCOME</b>		
Fee and commission income	122,465,900	74,982,336
Overdue interest	29,133,757	41,757,176
Miscellaneous Income	-	108,137
	<u>151,599,657</u>	<u>116,847,649</u>
<b>23 OTHER INCOME</b>		
Gain on disposal of fixed assets	2,274,019	10,135,083
Moratorium income	10,736,355	11,377,773
Miscellaneous Income	323,832	-
	<u>13,334,206</u>	<u>21,512,856</u>

Note

24	OPERATING EXPENSES	Note	2025 (Un-audited)	2024 (Audited)
			----- Rupees -----	
	<b>Total compensation expense</b>	24.1	850,272,923	807,548,698
	<b>Property expense</b>			
	Rent, rates and taxes		48,184,421	40,297,832
	Repairs and maintenance		12,712,698	6,462,931
	Insurance		41,762,954	32,105,697
	Depreciation on property and equipment		53,413,958	43,094,854
	Depreciation on right-of-use assets		44,138,390	32,498,127
			200,212,421	154,459,441
	<b>Information technology expenses</b>			
	IT supplies and software		83,534,364	25,769,831
	Fusion expenses		55,425,651	56,733,223
	Amortisation of intangible assets		18,462,152	8,844,066
			157,422,167	91,347,120
	<b>Other operating expenses</b>			
	Travel and transportation		30,162,724	21,333,692
	Stationery and printing		12,306,644	11,175,019
	Training		1,181,751	5,413,429
	Legal and professional charges		10,246,801	5,608,296
	Utilities		39,997,907	25,521,162
	Communications		52,384,204	44,656,791
	Vehicle running		2,985,928	2,081,369
	Office supplies		14,178,308	7,376,158
	Fees and subscription		15,050,032	9,077,320
	Advertisement and business promotions		88,079,904	23,502,519
	Bank charges		12,304,882	3,887,029
	Security expense		80,657,427	40,787,381
	Kitchen expenses		7,957,824	7,163,308
	Entertainment expenses		7,378,570	6,709,257
	Archiving		1,719,023	3,474,849
	Fuel Expenses		9,556,810	2,974,271
	Auditors' remuneration	24.2	2,683,938	2,082,800
	Other expenses		13,527,910	14,908,079
			402,360,587	237,732,729
			1,610,268,098	1,291,087,988
<b>24.1</b>	<b>Total compensation expense</b>			
	Salaries, allowances etc.		789,959,023	748,615,133
	Bonus to employees		22,000,000	30,000,000
	Contribution to defined contribution plan		22,541,172	16,300,285
	Charge for defined benefit plan		14,870,793	12,337,607
	Charge for leave fare assistance		49,056	24,852
	Non-executive directors' allowances and other expenses		648,732	200,000
	Medical staff		204,147	70,821
			850,272,923	807,548,698

**24.2 Auditors' remuneration****Audit services**

Audit fee	1,915,500	1,546,700
Out of pocket expenses	768,438	536,100
	<u>2,683,938</u>	<u>2,082,800</u>

**25 OTHER CHARGES**

Penalties imposed by State Bank of Pakistan	-	2,776,000
	<u>2025</u>	<u>2024</u>
	<b>(Un-audited)</b>	<b>(Audited)</b>
	----- Rupees -----	

**26 CREDIT LOSS ALLOWANCE AND WRITE OFFS - NET**

Credit loss allowance against loans & advances	218,342,964	650,520,252
Bad debts written off directly	-	1,000,000
Recovery of written off / charged off bad debts	(169,157,727)	(118,642,481)
	<u>49,185,237</u>	<u>532,877,771</u>

**27 LEVIES**

Minimum tax differential	<u>20,105,515</u>	<u>14,597,524</u>
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27.1 The company has paid minimum tax under Section (113) of the Income Tax Ordinance, 2001 against which deferred tax asset has been recorded as it is expected to be realized in subsequent tax years.

<b>September 30,</b>	<b>December 31,</b>
<b>2025</b>	<b>2024</b>
<b>(Un-audited)</b>	<b>(Audited)</b>
----- Rupees -----	

**28 TAXATION**

For the year

- current
- deferred

-	-
(16,734,209)	2,214,859
(16,734,209)	2,214,859

For prior year

- current
- deferred

-	-
-	-
-	-
(16,734,209)	2,214,859

28.1 The Finance Act 2007 had introduced amendments to the Income Tax Ordinance, 2001, through which income of Microfinance Banks has been conditionally exempted from tax for five years commencing 1 January 2008 under clause 66 (viii) of Part I of the Second Schedule. However, the Finance Act 2007 had also introduced the Seventh Schedule to the Income Tax Ordinance, 2001 which is applicable to Banking Companies. Under Rule 8 of the Seventh Schedule, no exemptions of the Second Schedule are to apply to Banking Companies. The exemption of Clause 66 (viii) therefore appears to be overruled by Rule 8 of the Seventh Schedule. However, based on the opinion of the Bank's lawyer, the Bank continues to prepare and submit its tax returns as a microfinance institution and does not follow the Seventh Schedule.

	<b>September 30, 2025 (Un-audited)</b>	<b>December 31, 2024 (Audited)</b>
<b>29 LOSS PER SHARE - BASIC AND DILUTED</b>		
Loss after taxation (Rupees)	<u>(451,370,078)</u>	<u>(757,677,055)</u>
Weighted average number of ordinary shares (Numbers)	<u>230,830,000</u>	<u>230,830,000</u>
Earnings per share - basic and diluted (Rupees)	<u>(1.96)</u>	<u>(3.28)</u>
<b>30 CASH AND CASH EQUIVALENTS</b>		
Cash and balances with treasury banks	855,320,212	460,010,780
Balances with other banks	999,380,770	1,673,311,932
	<u>1,854,700,982</u>	<u>2,133,322,712</u>
	<b>September 30, 2025</b>	<b>December 31, 2024</b>
	----- Number -----	
<b>31 STAFF STRENGTH</b>		
Permanent	939	907
On bank contract	152	169
Others (please specify)		-
Bank's own staff strength at the end of the year	<u>1,091</u>	<u>1,076</u>
<b>32 DEFINED BENEFIT PLAN</b>		
<b>32.1 Staff Gratuity Scheme</b>		

As disclosed in Note 4, the Bank operates an approved funded gratuity scheme for its employees. The accounting policy for recognizing actuarial gains and losses is also disclosed in note 4 to the financial statements. The information in notes 34.1 to 34.11 relating to the 2023 and 2024 financial year has been obtained from the actuarial valuation report.

### **33 FAIR VALUE MEASUREMENT**

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

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

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

- Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Fair value measurements using input for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

33.1 The table below analyzes financial instruments measured at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised:

<b>(Un-audited) September 30, 2025</b>			
<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
----- Rupees -----			

**On balance sheet financial instruments**

**Financial assets - measured at fair value**

Investments

- Non-Government debt securities	9,328,366	-	-	9,328,366
	9,328,366	-	-	9,328,366

**Financial assets - disclosed but not measured at fair value**

Investments

- Federal Government Securities	-	953,247,276	-	953,247,276
- Non-Government debt securities	-	600,000,000	-	600,000,000
	-	1,553,247,276	-	1,553,247,276

**Off-balance sheet financial instruments - measured at fair value**

-	-	-	-
9,328,366	1,553,247,276	-	1,562,575,642

<b>(Audited) December 31, 2024</b>			
<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
----- Rupees -----			

**On balance sheet financial instruments**

**Financial assets - measured at fair value**

Investments

- Non-Government debt securities	14,779,436	-	-	14,779,436
	14,779,436	-	-	14,779,436

**Financial assets - disclosed but not measured at fair value**

Investments

- Federal Government Securities	-	512,619,275	-	512,619,275
- Non-Government debt securities	-	40,000,000	-	40,000,000
	-	552,619,275	-	552,619,275

**Off-balance sheet financial instruments - measured at fair value**

-	-	-	-
14,779,436	552,619,275	-	567,398,711

## **34 RISK MANAGEMENT**

The Bank has comprehensive risk management framework in place for managing the credit risk and operational risks which is constantly evolving as the business activities change in response to credit, market, product and other developments. The Board Risk Management Committee (BRMC), a sub-committee of the Board of Directors (BoD), oversees the entire risk management process of the Bank. The Banks' risk management is guided by number of factors and principles including the formal definition of risk management, governance, risk appetite, independent risk management and assessment and measurement by tools like Earning at Risk (EaR), Value-at-Risk (VaR) methodologies with stress testing under different economic scenarios and with diversification of risks.

### **34.1 Credit risk**

Credit risk is the risk of suffering financial loss due to any of Bank's customer or counterparty failing to fulfil their contractual obligations which arise mainly from Bank's lending activities, placement of funds in deposits / money market and taking cover through guarantees and derivatives. The Bank has a sound and effective credit risk management framework in place which is based on bank's strategy and risk appetite established by the BOD. Credit evaluation system comprises of credit appraisal and monitoring mechanism where special focus is given to asset quality management. There is also a system in place to identify and correct portfolio concentrations in terms of geographies, products, economic segments etc. The risks identified through portfolio testing are reported to the Risk Management Committees of the Bank along-with the corrective action plan. For this purpose, various tools, techniques and stress tests are used to ensure that risk-return trade-off is maintained.

Risk review function is independent of those who approve and take risk. The Risk Asset Review function is performed by Risk Management as well as internal audit departments of the Bank. The Bank has implemented IFRS - 9 under which Expected Credit Loss (ECL) is computed as per SBP Regulations / Guidelines. The Bank reviews financial performance of various counterparties on annual basis through detailed analysis using Financial Models and past business experience and limits for each counterparty in respective segments are defined accordingly.

#### **34.1.1 Definition of default and cure**

The Bank considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases of its advances to customers when the borrower becomes 60 days past due on its contractual payments. The Bank considers treasury and interbank balances defaulted and takes immediate action when the required intraday.

As a part of a qualitative assessment of whether a customer is in default, the Bank also considers a variety of instances that may indicate unlikeliness to pay. When such events occur, the Bank carefully considers whether the event should result in treating the customer as defaulted and therefore assessed as Stage 3 for ECL calculations or whether Stage 2 is appropriate. Such events include:

- the borrower is deceased.
- a material decrease in the underlying collateral value where the recovery of the loan is expected from the sale of the collateral.
- a covenant breach not waived by the Bank
- the borrower is unable to pay due to any other reason

It is the Bank's policy to consider a financial instrument as 'cured' and therefore re-classified out of Stage 3 when none of the default criteria have been present. The decision whether to classify an asset as Stage 2 or Stage 1 once cured depends on the updated delinquency, at the time of the cure, and whether this indicates there has been a significant increase in credit risk compared to initial recognition. However, no financial assets is directly classified from stage 3 to stage 1.

### **34.1.2 Probability of Default estimation process**

#### **a Microfinance Lending**

The banks entire loans and advances portfolio consist of microfinance lending. The lending portfolio comprise of agriculture, livestock, enterprise, gold, general purpose, housing and employee loans . The Bank utilising credit score card model for lending, such as area, gender, education, marital status, age etc. Therefore, the Bank used credit score card along with delinquency (day past due) for estimation of PDs. Average monthly transitions to default of relevant delinquency states were converted into current 12 months point in time PDs using statistical models. The lifetime PD is developed by applying a maturity profile to the current 12 months PD. Data from 1 January 2017 till date has been used for PD estimations.

#### **b Loss**

The Bank segments its consumer lending products into smaller homogeneous segments, based on key characteristics that are relevant to the estimation of future cash flows. The bank calculate LGD of each segment based historical experiences of cash recoveries from defaults (including settlements), cost and time of recoveries. Effective interest rate or approximate thereof has been used to discount recoveries to date of default. Data from 1 January 2017 till date has been used for LGD estimations. For receivables from the banks, lending to financial institutions and investments, the Bank used LGD percentages prescribed under Basel Foundation-Internal Rating Based (F-IRB) approach to determine ECL under BSD Circular no. 08 dated June 27, 2006 issued by SBP.

## **c Forward looking information**

IFRS 9 requires incorporating future economic conditions into the measurement of ECL. Future economic conditions are incorporated by adjusting estimates of PD to reflect expectations about the stage of economic cycle expected to be prevalent in the economy as and when default is expected to arise in the future. The macroeconomic factors were selected based on management judgement and analysis of historical default rates. GDP growth rate and CPI were considered to be the most suitable for the Bank's customers. The GDP and CPI forecast were sourced from International Monetary Fund (IMF) which were used to determine forward looking Point in time PDs (Pit PDs).

### **34.2 Operational risk**

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Operational risk governance structure of the bank is at the core of the three lines of Defense including strategic, macro and micro - integrating risk management practices into processes, procedures, product programs, systems and culture. The bank has in place board approved Risk management framework which is flexible enough to implement in stages and permits the overall approach to evolve in response to banks future requirements. The bank uses various risk mitigating tools and techniques such as Risk and Control Self-Assessment, Key Risk Indicators Analysis, and Stress testing under well-defined programs. There are dedicated units within the bank to manage operational risk, information security risk, business continuity risk and disaster recovery risk.

### **34.3 Liquidity risk**

Liquidity risk is the the potential for loss that the bank will be unable to meet its obligations in a timely manner as they fall due. The Market and Liquidity desk monitors risk appetite limits to avoid undue threats. The bank's liquidity position is monitored by ALCO on monthly basis through liquidity and capacity ratios, concentrations in terms of nature and size of funding on portfolio as well as on transaction basis, liquidity and cashflow gaps etc. The bank has a Liquidity Contingency Plan in place to manage liquidity risk and maintains sufficient counter balancing capacity at all times to meet all its obligations on timely basis. Early warning indicators have been developed and are assessed on daily basis in order to envisage any incoming risks and take appropriate actions.

35 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	September 30, 2025 (Un-audited)	December 31, 2024 (Audited)
	----- Rupees -----	
<b>Minimum Capital Requirement (MCR):</b>		
Paid-up capital (net of losses)	<u>1,030,359,247</u>	<u>1,429,687,725</u>

As per amendments on Prudential Regulations (R-1) issued vide BPRD Circular No. 10 of 2015 dated June 03, 2015, the minimum paid up capital requirement (MCR), free of losses for Microfinance Banks operating at national level is Rs. 1,000 million.

The Bank manages its capital structure and makes adjustments to it in light of changes in regulatory and economic conditions. In order to maintain or adjust the capital structure, the Bank may adjust the amount of dividend paid to shareholders, return capital to shareholders or issue new shares.

	September 30, 2025 (Un-audited)	December 31, 2024 (Audited)
	----- Rupees -----	
<b>Capital Adequacy Ratio (CAR):</b>		
Eligible Common Equity Tier 1 (CET 1) Capital	777,248,534	1,301,440,208
	-	-
Total Eligible Tier 1 Capital	777,248,534	1,301,440,208
Eligible Tier 2 Capital	59,428,519	32,960,929
Total Eligible Capital (Tier 1 + Tier 2)	<u>836,677,053</u>	<u>1,334,401,137</u>
Risk Weighted Assets (RWAs):	5,572,000,000	4,488,704,461
Common Equity Tier 1 Capital Adequacy Ratio	<u>13.95%</u>	<u>28.99%</u>
Tier 1 Capital Adequacy Ratio	<u>13.95%</u>	<u>28.99%</u>
Total Capital Adequacy Ratio	<u>15.02%</u>	<u>29.73%</u>

At present, the Bank defines capital as shareholders' equity i.e. share capital and reserves. The capital of the Bank is managed keeping in view the minimum "Capital Adequacy Ratio" (15%) required by the Prudential Regulations for Microfinance Banks / Institutions. The adequacy of the capital is tested with reference to the risk-weighted assets of the Bank. The calculation of capital adequacy enables the Bank to assess the long-term soundness. As the Bank conducts business on a wide area network basis, it is critical that it is able to continuously monitor the exposure across the entire organization.

**36. GENERAL**

Comparative information has been reclassified, rearranged or additionally incorporated in these financial statements for the purposes of better presentation.

Where there are no amounts to be disclosed in the account captions as prescribed by BSD Circular No. 3 dated February 9, 2023 issued by the State Bank of Pakistan (SBP) in respect of forms of financial statements for Microfinance Institutions / Banks, these captions have not been reproduced in these financial statements except for the statement of financial position and profit and loss account.

**37. DATE OF AUTHORISATION**

These financial statements were authorized for issue on \_\_\_\_\_ by the Board of Directors of the Bank.

\_\_\_\_\_  
President

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director