Advans Pakistan Microfinance Bank Limited
Statement Of Financial Position (Un-audited)
As at 31 March 2024

	Note	**31 March, 2024 (un-Audited)**	31 December, 2023 (Audited)
ASSETS			
Cash and balances with treasury banks	*6*	314,665,432	391,139,036
Balances with Banks	*7*	280,839,864	96,710,980
Investments	*8*	855,175,943	707,348,814
Advances	*9*	2,771,087,092	3,120,048,461
Property and equipment	*10*	183,605,923	196,370,727
Right-of-use assets	*11*	154,552,241	168,574,220
Intangible assets	*12*	2,079,486	2,455,917
Deferred tax assets	*13*	97,636,980	97,636,979
Other assets	*14*	152,978,540	125,436,862
		4,812,621,501	4,905,721,996
LIABILITIES			
Borrowings	*15*	124,521,382	182,330,181
Deposits and other accounts	*16*	3,995,548,894	3,776,974,691
Lease liabilities	*17*	178,856,406	188,391,507
Deferred grants	*18*	714,669	714,669
Other liabilities	*19*	125,322,217	112,939,808
		4,424,963,569	4,261,350,856
NET ASSETS		387,657,933	644,371,140
REPRESENTED BY			
Share capital / head office capital account - net		2,045,663,100	2,045,663,100
Reserves		22,970,129	21,821,212
Unappropriated / Unremitted profit		(1,680,975,296)	(1,423,113,172)
		387,657,933	644,371,140

CONTINGENCIES AND COMMITMENTS 20

The annexed notes 1 to 35 form an integral part of these condensed interim financial statements.

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

Advans Pakistan Microfinance Bank Limited
Profit and Loss Account (un-audited)
For the three months ended 31 march 2024

	Note	Quarter Ended **31 March, 2024**	Quarter Ended 31 March, 2023
Mark-up / Return / Interest earned	21	410,342,217	405,629,810
Mark-up / Return / Interest expensed	22	(248,630,089)	(173,756,791)
Net mark-up / interest income		161,712,128	231,873,019
NON MARK-UP / INTEREST INCOME			
Fee and commission income	23	40,404,749	53,953,003
Other income	24	14,052,822	9,025,201
Total non-markup / interest Income		54,457,572	62,978,204
Total income		216,169,700	294,851,223
NON MARK-UP / INTEREST EXPENSES			
Operating expenses	25	(286,643,593)	(255,006,658)
Other charges	26	-	(100,000)
Total non-markup / interest expenses		(286,643,593)	(255,106,658)
Profit / (Loss) before credit loss allowance		(70,473,893)	39,744,565
Credit loss allowance and write offs - net	27	(95,527,924)	(64,183,651)
PROFIT / (LOSS) BEFORE TAXATION		(166,001,817)	(24,439,086)
Taxation	28	(5,809,429)	(5,852,400)
PROFIT / (LOSS) AFTER TAXATION		(171,811,246)	(30,291,486)
			Rupees
Basic earnings / (loss) per share	29	(0.84)	(0.18)
Diluted earnings / (loss) per share	30	(0.84)	(0.18)

The annexed notes 1 to 35 form an integral part of these condensed interim financial statements.

President/Chief Executive   Chief Financial Officer   Director   Director   Director

Advans Pakistan Microfinance Bank Limited
Interim statement of Comprehensive Income (Un-Audited)
For the three months ended 31 march 2024

	Quaarter Ended	
	31 March, 2024	31 March, 2023
Profit / (Loss) after taxation for the period	(171,811,246)	(30,291,486)
Other comprehensive income	-	-
Total comprehensive income	(171,811,246)	(30,291,486)

The annexed notes 1 to 35 form an integral part of these condensed interim financial statements.

President/Chief Executive   Chief Financial Officer   Director   Director   Director

Advans Pakistan Microfinance Bank Limited
Cash Flow Statement (Un-audited)
For the three months ended 31 march 2024

	Note	Quaarter Ended	
		31 March, 2024	31 March, 2023
CASH FLOW FROM OPERATING ACTIVITIES			
Profit/(Loss) before taxation		(166,001,817)	(24,439,086)
Adjustments:			
Depreciation		12,955,482	14,560,199
Depreciation on right-of-use assets		14,021,979	13,534,950
Amortization		376,431	419,383
Interest expense on lease liability		7,128,916	7,791,296
Loss/ (Gain) on sale / disposal of property and equipment		66,273	(413,000)
		34,549,081	35,892,828
		(131,452,736)	11,453,742
(Increase) / Decrease in operating assets			
Advances		264,059,407	(119,023,749)
Others assets (excluding advance taxation)		(25,785,736)	2,412,674
		238,273,671	(116,611,075)
Increase / (Decrease) in operating liabilities			
Borrowings from financial institutions		(57,808,799)	153,018,676
Deposits		218,574,203	135,524,533
Other liabilities (excluding current taxation)		12,382,409	12,177,946
		173,147,814	300,721,155
Income tax paid		(7,565,371)	(6,262,155)
Net cash flow from / (used in) operating activities		272,403,378	189,301,667
CASH FLOW FROM INVESTING ACTIVITIES			
Investments in property and equipment		(277,875)	(12,045,825)
Proceeds from sale of property and equipment		20,924	413,000
		(256,951)	(11,632,825)
Net cash flow from / (used in) investing activities		(256,951)	(11,632,825)
CASH FLOW FROM FINANCING ACTIVITIES			
Payment of lease liability against right-of-use assets		(16,664,017)	(20,017,600)
Net cash flow from / (used in) financing activities		(16,664,017)	(20,017,600)
Increase/(Decrease) in cash and cash equivalents		255,482,409	157,651,242
Cash and cash equivalents at beginning of the period		1,195,198,830	496,525,724
Cash and cash equivalents at end of the period		1,450,681,239	654,176,966

The annexed notes 1 to 35 form an integral part of these condensed interim financial statements.

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

Advans Pakistan Microfinance Bank Limited
Interim Statement Of Changes In Equity
For the three months ended 31 march 2024

	Share capital / head office capital account	Statutory reserve	Depositors' protection fund	Unappropriated/ Unremitted profit/ (loss)	Total
Opening Balance as at 01 January 2023 (Audited)	1,725,163,100	13,766,170	4,022,814	(1,089,210,960)	653,741,124
Loss after taxation for the period	-	-	-	(30,291,486)	(30,291,486)
Transfer to depositors' protection fund	-	-	208,975	(208,975)	-
Balance as at 31 March 2023 (Un- Audited)	**1,725,163,100**	**13,766,170**	**4,231,789**	**(1,119,711,421)**	**623,449,638**
Loss after taxation for the period	-	-	-	(299,578,498)	**(299,578,498)**
Transfer to depositors' protection fund	-	-	3,823,253	(3,823,253)	**-**
Transactions with owners, recorded directly in equity					
Issue of share capital	320,500,000	-	-	-	320,500,000
Balance as at 31 December 2023 (Audited)	**2,045,663,100**	**13,766,170**	**8,055,042**	**(1,423,113,172)**	**644,371,140**
Impact of initial adoption of IFRS 9 (note 5.2)				**(84,901,961)**	**(84,901,961)**
	2,045,663,100	**13,766,170**	**8,055,042**	**(1,508,015,133)**	**559,469,179**
Loss after taxation for the period	-	-	-	(171,811,246)	(171,811,246)
Transfer to depositors' protection fund	-	-	1,148,917	(1,148,917)	- -
Balance as at 31 March 2024 (Un- Audited)	**2,045,663,100**	**13,766,170**	**9,203,959**	**(1,680,975,296)**	**387,657,933**

The annexed notes 1 to 35 form an integral part of these condensed interim financial statements.

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

1. STATUS AND NATURE OF BUSINESS

1.1 Advans Pakistan Microfinance Bank Limited (the Bank) was incorporated as a public limited company under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017) on April 17, 2012 and was granted license by the State Bank of Pakistan on June 28, 2012 to operate as a microfinance bank in the province of Sindh. The Securities and Exchange Commission of Pakistan and the State Bank of Pakistan granted permissions to the Bank for the commencement of business with effect from November 21, 2012 and January 04, 2013 respectively. The Bank's principal business is to provide microfinance banking and related services to the poor and under served segment of the society as envisaged under the Microfinance Institutions Ordinance, 2001.

The registered office of the Bank is situated at Plot No.ST 2/A 3rd Floor Building No.3, Islamic Chamber of Commerce near Ocean Mall, Block 9 KDA Scheme 5, Clifton Karachi, Pakistan. The Bank operates through 19 branches spread within the province of Sindh.

1.2 The bank was a subsidiary of Advans S.A. Sicar (incorporated in Luxembourg) which holded 99.99% (December 31, 2023: 99.99%) share capital of the Bank. On August 04, 2023 Advans S.A. Sicar, the parent company of Advans Pakistan signed shares sales agreement with MNT Halan Pak B.V. for the sale of 100% shares of Advans Pakistan. The SBP accorded the arrangement on October 23, 2023 resulting in change of Bank’s parent entity. On March 20,2024, MNT-Halan Pak B.V a company registered in Netherland acquired 100% shareholding of ADVANS Pakistan Microfinance Bank Limited.

Accordingly, from March 20, 2024, 100% shares of Advans Pakistan held by Advans S.A. Sicar were transferred to MNT Halan Pak B.V. as a result, Advans S.A. Sicar ceased to be the parent company of the Bank.

1.3 The credit rating company JCR-VIS assigned the long-term entity rating of the Bank at "BBB" and short term rating at "A-3" on April 30, 2024.

2 BASIS OF PRESENTATION

These condensed interim financial statements have been prepared in compliance with the format for preparation of the Interim financial statements of Microfinance Banks issued by the SBP, vide its BPRD circular No. 3 dated February 9, 2023.

3 STATEMENT OF COMPLIANCE

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

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under Microfinance Institutions Ordinance, 2001 (the MFI Ordinance) and the Companies Act, 2017; and
- Directives issued by the SBP (including Prudential Regulations for Microfinance Banks) and Securities and Exchange Commission of Pakistan (SECP).

Wherever the provisions of and directives issued under the Companies Act, 2017, Microfinance Institutions Ordinance, 2001, the Prudential Regulations for Microfinance Banks and directives issued by SBP and SECP differ with the requirements of the IFRS, the provisions of and directives issued under the Companies Act, 2017, Microfinance Institutions Ordinance, 2001, the Prudential Regulations for Microfinance Banks and directives issued by SBP and SECP shall prevail.

3.1 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 condensed interim financial statements. However, investments have been classified and valued in accordance with the requirements of Prudential Regulation for Microfinance Banks or directives issued by SBP.

3.2 The disclosures made in these condensed interim financial statements have been limited based on International Accounting Standard 34 - "Interim Financial Reporting". Accordingly, these condensed interim financial statements do not include all the information and disclosures required for annual financial statements and should be read in conjunction with the financial statements for the year ended December 31, 2023. Comparative Statement of financial position is stated from the audited annual financial statements as of 31 December 2023, whereas comparative condensed interim profit and loss account, condensed interim other comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity are stated from unaudited condensed interim financial statements for the three months period ended 31 March 2023.

4 BASIS OF MEASUREMENT

4.1 Accounting convention

These condensed interim financial statements have been prepared under the historical cost convention

4.2 Functional and presentation currency

These condensed interim financial statements have been presented in Pakistani Rupees, which is the Bank's functional and presentation currency

4.3 Standards, interpretations and amendments to accounting and reporting standards as applicable in Pakistan that are effective in the current period

The Bank has adopted the accounting standards, interpretations and amendments of IFRSs and the improvements to accounting standards which became effective for the current year, however they do not have an impact on the Bank's condensed interim financial statements except as disclosed in note 5.2 Adoption of IFRS 9 Financial Instruments

5 MATERIAL ACCOUNTING POLICIES

The material accounting policies and method of computation adopted in the preparation of these condensed interim financial statements are consistent with those applied in the preparation of the audited financial statements of the Bank for the year ended 31 December 2023, except adoption of IFRS 9 with effect from 01 January 2024 (note 5.2).

5.1 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 financial statements for the year ended 31 December 2023

The significant judgements made by management in applying its accounting policies were the same as those applied to the annual financial statements for the year ended 31 December 2023.

5.2 Adoption of IFRS 9 'Financial Instruments'

As per SBP BPRD Circular No. 03 of 2022, the effective date for the implementation of IFRS 9 Financial Instruments is accounting period beginning on or after January 1, 2024. As part of the same circular, SBP has issued detailed instructions on the application of the Standard, including transitional provisions, impact on the Capital Adequacy Ratio (CAR) calculation and reporting requirements.

Classification and measurement of financial instrument:

IFRS 9 contains three principal classification categories for financial assets:
- Amortised cost
- Fair value through other comprehensive income (FVOCI)
- Fair value through profit and loss (FVTPL)

Under IFRS 9, the classification of the financial assets is based on two criteria: the Bank's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding (the 'SPPI criterion')

Business model	Classification basis
Hold to collect	accounted at amortized cost
Hold to collect and sell	accounted at fair value through other comprehensive income
Others	accounted at fair value through other profit and loss

The accounting for financial liabilities remains largely the same as it was previously in place. Financial liabilities are measured at amortised cost. Financial liabilities can be measured at FVTPL when they meet the definition of held for trading or when they are designated as such on initial recognition using the fair value option. Currently, the Bank does not have any financial liability which is being measured at FVPL

Impairment of financial assets:

The adoption of IFRS 9 has fundamentally changed the Bank's accounting for impairment losses for financial assets by replacing SBP's incurred loss approach with a forward-looking expected credit loss (ECL) approach. IFRS 9 requires the Bank to record an allowance for ECLs for all loans and other debt financial assets not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Bank expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate

For debt financial assets, the ECL is based on the 12-month ECL. The 12-month ECL is the portion of lifetime ECLs that results from default events on financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. 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.

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 (12m ECL) as outlined below

The 12m ECL 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 12m ECLs 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. The Bank considers an exposure to have significantly increased in credit risk when there is considerable deterioration in the internal rating grade for subject borrower. The Bank also applies a secondary qualitative method for triggering a significant increase in credit risk for an asset, such as moving a customer/facility to the watch list, or the account becoming forborne. Regardless of the change in credit grades, generally, the Bank considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due. However, for certain portfolios, the Bank has rebutted 30 DPD presumption based on behavioral analysis of its borrowers

When estimating ECLs on a collective basis for a group of similar assets , the Bank applies the similar principles for assessing whether there has been a significant increase in credit risk since initial recognition

Based on the above process, the Bank groups its loans into Stage 1, Stage 2,Stage 3 and POCI, as described below:

Stage 1

When loans are first recognised, the Bank recognises an allowance based on 12m ECLs. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2. The 12m ECL is calculated as 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. The Bank calculates the 12m ECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original effective interest rate (EIR). This calculation is made for all the scenarios.

Stage 2

When a loan has shown a significant increase in credit risk since origination, the Bank records an allowance for the LTECLs. Stage 2 loans also include facilities, where the credit risk has improved and the loan has been reclassified from Stage 3. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.

Stage 3

For loans considered credit-impaired, the Bank recognises the lifetime expected credit losses for these loans. The Bank uses a PD of 100% and LGD as computed for each portfolio or as prescribed by the SBP under the prudential regulations which ever is

Calculation of ECLs

The Bank calculates ECLs based on a three probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

PD The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio. PDs for Non rated portfolios are calculated based on Days Past Due (DPD) bucket level for each segment separately. PDs are then adjusted for IFRS 9 ECL calculations to incorporate forward looking information.

LGD The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

EAD The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments. The maximum period for which the credit losses are determined is the contractual life of a financial instrument unless the Bank has the legal right to call it earlier.

The interest rate used to discount the ECLs is based on the effective interest rate that is expected to be charged over the expected period of exposure to the facilities. In the absence of computation of the effective interest rate (at reporting date), the Bank uses an approximation e.g. contractual rate (at reporting date)

When estimating the ECLs, the Bank considers three scenarios (a base case, an upside, a downside). Each of these is associated with different PDs. When relevant, the assessment of multiple scenarios also incorporates how defaulted loans are expected to be recovered, including the probability that the loans will cure and the value of collateral or the amount that might be received for selling the asset.

Transition

As permitted by the transitional provisions of IFRS 9, the Bank has opted for modified retrospective approach and has not restated comparative figures. Any adjustments to the carrying amounts of financial assets and liabilities at the date of transition were recognised in the opening retained earnings and other reserves at the beginning of the current year without restating the comparative.

Reconciliation of carrying amount before adoption of IFRS 9 to carrying amount under IFRS 9 at 1 January 2024.

	31 December, 2023	**Re-measurement / IFRS 9 adoption impact**	**01 January, 2024**
Financial Assets			
Cash and balances with treasury Banks	391,139,036	-	391,139,036
Balances with other banks	96,710,980	-	96,710,980
Investment	707,348,814	-	707,348,814
Advances	3,227,395,047	(103,268,369)	3,124,126,678
Other assets	146,427,902	18,366,408	164,794,310
Financial Liabilities			
Deposits and other accounts	3,776,974,691	-	3,776,974,691
Other liabilities	112,939,808	-	112,939,808

The following table provides classification of financial instruments of the Bank by class and their carrying amount as at 01 January 2024

	Classification as 01 January 2024			
	Amortized Cost	FVTOCI	FVTPL	Total Carrying amount
Financial Assets				
Cash and balances with treasury Banks	391,139,036	-	-	391,139,036
Balances with other banks	96,710,980	-	-	96,710,980
Investment	707,348,814	-	-	707,348,814
Advances	3,124,126,678	-	-	3,124,126,678
Other assets	164,794,310	-	-	164,794,310
Financial Liabilities	3,776,974,691	-	-	3,776,974,691
Deposits and other accounts	112,939,808	-	-	112,939,808
Other liabilities				

		31 March, 2024 Un-Audited	31 December, 2023 Audited
6 CASH AND BALANCES WITH TREASURY BANKS			
In hand - Local currency		63,441,514	69,205,961
With State Bank of Pakistan in			
Local currency current account	6.1	251,223,918	321,933,075
		251,223,918	321,933,075
Total		314,665,432	391,139,036

6.1 This includes current accounts maintained with State Bank of Pakistan (SBP) to meet the minimum balance requirement equivalent to 5% as cash reserve of the Bank's time and demand liabilities in accordance with the Prudential Regulations.

	31 March, 2024 Un-Audited	31 December, 2023 Audited
7 BALANCES WITH OTHER MFBs / BANKs / NBFIs		
In current account	45,255	1,605,682
In deposit account	280,794,609	95,105,298
	280,839,864	96,710,980

7.1 These include deposits with commercial banks carrying mark-up rates ranging from 14.5% to 20.5% (2023: 8.25% to 14.5%) per annum.

8 INVESTMENTS

Classified as Amortised Cost
Federal Government securities

Amortised cost	**855,175,943**	707,348,814
Credit Loss Allowance	**-**	-
Surplus / (Deficit)	**-**	-
Carrying Value	**855,175,943**	707,348,814

9 ADVANCES

	Performing		Non Performing	Total
	Stage 1	Stage 2	Stage 3	
Loan Type				
Secured	95,623,392	307,000	272,722	96,203,114
Unsecured	2,724,494,974	41,212,660	134,032,632	2,899,740,266
Advances - gross	2,820,118,366	41,519,660	134,305,354	2,995,943,380
Credit loss allowance against advances				
- Stage 1	(79,419,798)	-	-	(79,419,798)
- Stage 2	-	(17,925,461)	-	(17,925,461)
- Stage 3	-	-	(127,511,029)	(127,511,029)
	(79,419,798)	(17,925,461)	(127,511,029)	(224,856,288)
Advances - net of credit loss allowance	2,740,698,568	23,594,199	6,794,325	2,771,087,092

		Current Period			
9.1 Advances - Particlurs of credit loss allowance					
9.1.1 Advances - Exposure		**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Gross carrying amount		3,068,550,143	51,696,162	107,148,742	3,227,395,047
New advances		827,621,813	-	-	827,621,813
Advances derecognised or repaid		(970,466,908)	(4,408,991)	(3,037,133)	(977,913,032)
Transfer to stage 1		561,583	(471,552)	(90,031)	-
Transfer to stage 2		(41,519,660)	41,519,660	-	-
Transfer to stage 3		(62,064,765)	(46,815,619)	108,880,383	-
		(103,022,841)	(5,767,511)	108,790,352	-
					-
Amounts written off / charged off	9.2	(2,563,841)	-	(78,596,608)	(81,160,449)
Changes (to be specific)		-	-	-	-
Closing balance		2,820,118,366	41,519,660	134,305,354	2,995,943,380

Disclose the purchase originated and credit impairement assest, if any as per the disclosure requirements of IFRS.

		Current Period			
9.1.2 Advances - Credit loss allowance		**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Opening balance		84,454,784	25,217,237	100,942,934	210,614,955
New advances		23,141,327	-	-	23,141,327
Advances derecognised or repaid		(3,755,346)	(735,738)	(678,041)	(5,169,125)
Transfer to Stage 1		15,600	(13,143)	(2,457)	-
Transfer to Stage 2		(17,875,097)	17,875,097	-	-
Transfer to Stage 3		(58,516,127)	(44,502,359)	103,650,250	631,764
		(76,375,624)	(26,640,405)	103,647,793	631,764
Amounts written off/charged Off	9.2	(25,589)	-	(74,562,287)	(74,587,876)
Changes in risk parameters		51,980,246	20,084,367	(1,839,370)	70,225,243
Other changes (to be specific)		-	-	-	
Closing balance		79,419,798	17,925,461	127,511,029	224,856,288

9.1.3 Advances - Credit loss allowance details
Internal / Extrernal rating / stage classification

	Performing		Non Performing	Total
Outstanding gross exposure	**Stage 1**	**Stage 2**	**Stage 3**	
Performing - Stage	2,820,118,366	-	-	2,820,118,366
Under Performing	-	41,519,660		41,519,660
Non- Perfroming				
Substandard	-	-	35,631,333	35,631,333
Doubtful	-	-	73,753,687	73,753,687
Loss	-	-	24,920,334	24,920,334
	-	-	134,305,354	134,305,354
Total	2,820,118,366	41,519,660	134,305,354	2,995,943,380
Corresponding credit loss allowance				
Stage 1	(79,419,798)	-	-	(79,419,798)
Stage 2	-	(17,925,461)	-	(17,925,461)
Stage 3	-	-	(127,511,029)	(127,511,029)
	(79,419,798)	(17,925,461)	(127,511,029)	(224,856,288)

	31 March, 2024 Un-Audited	31 December, 2023 Audited

9.2 Particulars of write offs / charge offs:

Against credit loss allowance	81,160,449	337,715,994
Directly charged to profit & loss account	126,144	240,347
	81,286,593	337,956,341

10 PROPERTY AND EQUIPMENT

Property and equipment	183,605,923	196,370,727
	183,605,923	196,370,727

10.1 Additions to property and equipment

The following additions have been made to property and equipment during the period:

Property and equipment		
Leasehold improvements	18,500	9,461,526
Furniture and fixtures	-	88,092
Office and other equipment	162,025	10,492,482
Computer equipment	97,350	8,006,835
Total	**277,875**	**28,048,935**

10.2 Disposal of property and equipment

The net book value of property and equipment disposed off during the period is as follows:

Office and other equipment	-	611,841
Computer equipment	87,197	139,138
Total	**87,197**	**750,979**

	31 March, 2024	31 December, 2023
	Un-Audited	Audited

11 RIGHT-OF-USE ASSETS

Cost	330,135,162	291,765,364
Accumulated Depreciation	(161,560,942)	(110,316,877)
	168,574,220	181,448,487
Additions during the year	-	38,369,798
Depreciation Charge for the year	(14,021,979)	(51,244,065)
Net Carrying amount	154,552,241	168,574,220

12 INTANGIBLE ASSETS

Computer software	1,685,272	1,728,982
Core banking application and other licenses	394,214	726,935
	2,079,486	2,455,917

12.1 Additions to intangible assets

The following additions have been made to intangible assets during the period:

Directly purchased	-	197,750
Total	-	197,750

13 DEFERRED TAX ASSETS

Deductible temporary differences on		
- Accelerated tax depreciation	91,620,956	91,620,956
- Others	6,137,768	6,137,768
	97,758,724	97,758,724
Taxable temporary differences on		
- Others	(121,745)	(121,745)
	97,636,979	97,636,979

		31 March, 2024 Un-Audited	31 December, 2023 Audited
14	**OTHER ASSETS**		
	Income / Mark-up accrued in local currency - net of credit loss allowance	101,667,289	92,493,555
	Advances, deposits, advance rent and other prepayments	39,318,196	25,623,193
	Advance taxation	4,714,384	2,958,442
	Accrued income on PLS savings account	5,412,364	2,797,672
	Others	1,866,307	1,564,000
		152,978,540	125,436,862
15	**BORROWINGS**		
	Secured		
	Pakistan Microfinance Investment Company (PMIC)	120,000,000	160,000,000
	Habib Metropolitan Bank Limited	-	16,666,667
	Borrowing from United Bank Limited	4,521,382	5,663,514
		124,521,382	182,330,181
16	**DEPOSITS AND OTHER ACCOUNTS**		
	Customers		
	Current deposits	70,978,776	66,973,287
	Savings deposits	820,401,347	906,293,629
	Term deposits	3,104,168,772	2,803,707,776
		3,995,548,894	3,776,974,691
16.1	**Particulars of deposits by ownership**		
	Individual depositors	3,213,609,025	2,856,280,888
	Institutional depositors		
	- Corporations / firms etc	781,939,870	920,693,803
		3,995,548,895	3,776,974,691
17	**LEASE LIABILITIES**		
	At beginning of period / year	188,391,507	190,495,686
	Additions during the period / year	-	38,369,798
	Interest expense	7,128,916	30,493,848
	Payment	(16,664,017)	(70,967,825)
	Closing balance	178,856,406	188,391,507
18	**DEFERRED GRANT**		
	Opening balance	714,669	714,669
	Closing balance	714,669	714,669

		31 March, 2024 Un-Audited	31 December, 2023 Audited
19	**OTHER LIABILITIES**		
	Mark-up / Return / Interest payable in local currency	48,439,728	50,084,949
	Accrued expenses	57,300,210	40,151,687
	Payable to employee old age benefit institution	38,471	88,470
	Remuneration payable	800,000	400,000
	Provident fund payable	2,266,290	4,926,111
	Advance against shares	618,208	618,208
	Withholding tax payable	15,859,309	16,670,383
		125,322,217	112,939,808

20 CONTINGENCIES AND COMMITMENTS

There were no contingencies as at March 31, 2024 and (December 2023: none).

	31 March, 2024 Un-Audited	31 March, 2023 Un-Audited
21 MARK-UP / RETURN / INTEREST EARNED		
Loans and advances	358,719,382	397,337,146
Investments	37,992,206	5,233,782
Balances with other MFBs / banks / NBFIs	13,630,630	3,058,882
	410,342,217	405,629,810
22 MARK-UP / RETURN / INTEREST EXPENSED		
Deposits	233,296,849	145,034,681
Borrowings	8,204,324	20,930,814
Lease liabilities	7,128,916	7,791,296
	248,630,089	173,756,791
23 FEE & COMMISSION INCOME		
Loan processing fees	39,895,759	53,087,455
Commission income	508,991	865,548
	40,404,749	53,953,003

	31 March, 2024 Un-Audited	31 March, 2023 Un-Audited
24 OTHER INCOME		
Gain on sale of property and equipment - net	-	483,809
Other Income	46,162	8,254,064
Recoveries against write-offs	14,006,660	46,723,265
	14,052,822	55,461,138
25 OPERATING EXPENSES		
Total compensation expense	156,047,659	128,167,990
Directors' fees and allowances	400,000	400,000
Rent, taxes, insurance, electricity, etc.	20,184,180	5,919,690
Legal and professional charges	2,446,952	3,093,357
Communications	5,359,382	7,377,305
Repairs and maintenance	20,326,964	17,500,651
Stationery and printing	2,048,822	3,404,580
Training & development	56,511	103,508
Travelling & conveyance	12,121,102	10,875,180
Advertisement and publicity	1,409,225	4,224,785
Auditors' remuneration	935,352	935,352
Depreciation	26,977,461	28,095,149
Amortization	376,431	419,383
Security charges	9,481,358	10,019,316
Fees and subscription	3,453,820	5,639,876
Bank charges	920,708	5,332,853
Janitorial charges	3,717,912	3,225,803
Fuel for generator	13,044,803	9,488,403
Other	7,334,951	10,783,477
	286,643,593	255,006,658
26 OTHER CHARGES		
Penalties imposed by State Bank of Pakistan	-	100,000
	-	100,000

27 CREDIT LOSS ALLOWANCE & WRITE OFFS - NET

Credit loss allowance against loans & advances	14,241,332	(42,059,423)
Write offs	81,160,449	106,119,318
Bad debts written off directly	126,144	123,756
	95,527,924	64,183,651

28 TAXATION

Current	5,809,429	5,852,400
	5,809,429	5,852,400

	31 March, 2024 Un-Audited	31 March, 2023 Un-Audited
29 BASIC EARNINGS/ (LOSS) PER SHARE		
(Loss) for the period	(171,811,246)	(30,291,486)
Weighted average number of ordinary shares	204,566,310	204,566,310
Basic earnings per share	(0.84)	(0.15)
30 DILUTED EARNINGS/ (LOSS) PER SHARE	**Rupees**	
Profit / (Loss) for the period	(171,811,246)	(30,291,486)
Weighted average number of ordinary shares (adjusted for the effects of all dilutive potential ordinary shares)	204,566,310	172516310
Diluted earnings per share	(0.84)	(0.18)

31 FAIR VALUE MEASUREMENTS

Fair value is an amount for which an asset can be exchanged, or liability settled, between knowledgeable willing parties in arm's length transaction. Consequently, differences may arise between the carrying values and the fair values estimates. The Bank measures fair values using the following fair value hierarchy that reflects the significance of the inputs use in making the

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

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

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

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

	31 March, 2024			
On balance sheet financial instruments	**Level 1**	**Level 2**	**Level 3**	**Total**
		Rupees in '000		
Financial assets - disclosed but not measured at fair value				
-Investments	-	855,175,943	-	855,175,943

32 RELATED PARTY TRANSACTIONS

The MFB bank related party transactions with its parent, subsidiaries, associates, joint ventures, employee benefit plans and its directors and key management

Contribution to the accounts in respect of staff retirement benefits are made in accordance with terms of the contribution plan. Remuneration of key management personnel are in accordance with the terms of their employment. Other transactions are carried out as per agreed terms.

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

	31 March, 2024				31 December, 2023			
	Parent	Directors	Key manage-ment personnel	Employee Provident Fund	Parent	Directors	Key manage-ment personnel	Employee Provident Fund
Deposits and other accounts								
Opening balance	-	-	-	48,000,000	-	-	-	-
Received during the period / year	-	-	-	-	-	-	-	48,000,000
Withdrawn during the period / year	-	-	-	-	-	-	-	-
Closing balance	-	-	-	48,000,000	-	-	-	48,000,000
Other liabilities								
Remuneration Payable	-	800,000	-	-	-	400,000	-	-
Payable to staff retirement fund	-	-	-	-	-	-	-	4,926,111
Advance Against Shares	618,208	-	-	-	618,208	-	-	-
Interest Expense	-	-		2,220,000	-	-	-	7,178,000
Operating expenses								
Director`s meeting fees	-	400,000	-	-	-	400,000	-	-
Remuneration of Key Management Personne	-	-	165,784,124	-	-	-	328,120,244	-

	31 March, 2024 (Un-Audited)	31 December, 2023 (Audited)

33 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	31 March, 2024 (Un-Audited)	31 December, 2023 (Audited)
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	387,657,933	559,469,179
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	366,348,240	550,026,059
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	366,348,240	550,026,059
Eligible Tier 2 Capital	18,938,485	19,022,244
Total Eligible Capital (Tier 1 + Tier 2)	385,286,725	569,048,304
Risk Weighted Assets (RWAs):		
Credit risk	2,791,469,860	3,050,466,920
Operational risk	734,446,862	712,781,832
Total	3,525,916,722	3,763,248,752
Common Equity Tier 1 Capital Adequacy Ratio	10.39%	14.62%
Tier 1 Capital Adequacy Ratio	10.39%	14.62%
Total Capital Adequacy Ratio	10.93%	15.12%

The Bank is required to maintain Capital Adequacy Ratio (CAR) equivalent to at least 15% of its risk weighted assets.

34 GENERAL

34.1 Comparative information has been reclassified or rearranged in these condensed interim financial statements for the purpose of better presentation.

34.2 Figures have been rounded off to the nearest rupee unless otherwise specified.

35 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on May 14, 2024 by the Board of Directors of the Bank.

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