ASA
MFB PAKISTAN

Directors' Report to the Shareholders

On behalf of the Board of Directors, we are pleased to present the 2nd Annual report of ASA Microfinance Bank (Pakistan) Limited (ASA MFB), which is the 17th consecutive annual report since its inception. This report includes the Audited Financial Statements for the year ended December 31, 2024 and provides an insight into the Bank's performance, strategic initiatives, and future outlook.

MACRO-ECONOMIC REVIEW:

The **global economy** is expected to **grow at 3.1%** over the **next five years**, reflecting a moderate recovery but remaining below pre-pandemic levels due to structural challenges like aging populations, declining productivity and geopolitical uncertainties. **Cyclical imbalances** have narrowed, helping reduce **global inflation from 6.7% in 2023 to a projected 4.4% in 2025**, though advanced economies are expected to stabilize inflation faster than emerging markets. While goods prices have stabilized, services inflation remains high. Strengthening multilateral cooperation, addressing geo-economic fragmentation, and advancing the green transition will be essential for sustainable and inclusive economic growth.

As of February 2025, **Pakistan's economy** continues to stabilize, supported by the effective implementation of the 2023 Stand-By Arrangement (SBA). **GDP grew by 2.4% in FY 2024, driven by a 6.25% rise in agricultural output**. Fiscal discipline led to a **primary surplus of Rs 3,124 billion (3.0% of GDP)** and a **fiscal deficit of 3.7%**. Despite challenges like high debt and rising interest payments, **revenue collection increased by 41%, remittances grew by 33.6%**, and **exports rose by 7.4%. Inflation** eased **slightly to 26% from 28.2% in the previous year. Credit rating** agencies recognized these improvements, with **Fitch** upgrading Pakistan to **'CCC+'** and **S&P** maintaining a **stable outlook**. These macroeconomic gains are expected to strengthen the financial sector and support microfinance growth.

INDUSTRY REVIEW:

The microfinance sector in Pakistan continues to face significant challenges despite signs of economic recovery. While the sector has historically demonstrated resilience, aided by technological advancements such as **M-Wallet accounts and Nano-lending services**, systemic risks remain high. The sector's outlook remains **"Negative"**, primarily due to persistent performance constraints within **Microfinance Banks (MFBs)**.

Key concerns include the rising trend in **Non-Performing Loans (NPLs)** since 2020, exacerbated by natural disasters, economic slowdowns, and the expiration of SBP's loan restructuring and deferment plan introduced during COVID-19. By April 2021, deferred and restructured loans totaled **PKR 121 billion (22% of the sector's Gross Loan Portfolio - GLP)**, significantly affecting asset quality. As of **6MCY24**, NPLs reached **PKR 43.7 billion (11% of GLP)**, with the infection ratio rising to **10.5%**, indicating worsening credit risk.

The sector's profitability and capital position have also weakened. The **Capital Adequacy Ratio (CAR)** fell to **5.7% in June 2024**, well below the **15% minimum regulatory requirement**, while total equity shrank by over **50% since CY19**. Despite these challenges, the sector's **GLP grew by 9.3% year-on-year**, reaching **PKR 557.1 billion in 3MCY24**, with **10.0 million active borrowers (7.5% growth)**. However, the average loan size declined to **PKR 55,689**, primarily due to an increase in nano-loans.

The **microfinance sector, particularly Microfinance Banks (MFBs),** is facing **significant financial and operational challenges.** Given that MFBs hold the **largest share of the lending portfolio,** their struggles have **negatively impacted the overall industry.**

Key Priorities for Stabilization and Growth:

1. **Address Rising Credit Risk** – Strengthen risk management frameworks to **mitigate loan defaults and improve asset quality.**
2. **Improve Capital Position** – Sponsors and regulators must **collaborate on capital injections, restructuring strategies, and policy reforms** to meet regulatory requirements.
3. **Enhance Financial Sustainability** – The sector needs **medium-term, sustainable business reforms** focused on **cost optimization, operational efficiency, and profitability enhancement.**
4. **Regulatory & Policy Support** – A **structured, sector-wide strategy** is required to ensure **long-term financial stability** and promote responsible growth.

A **coordinated effort** between **regulators, investors, and industry players** is essential to **revitalize the sector, restore investor confidence, and ensure financial inclusion continues to expand.**

ASA MICRO FINANCE BANK

- THE JOURNEY OF TRANSFORMATION:

As a commercial microcredit lending company operating in Pakistan since 2008, ASA MFB commenced its microfinance branch banking operations **on November 13, 2023**, after receiving approval from the State Bank of Pakistan (SBP). The bank launched its lending operations with a network of **72 branches and 273 attached service centers** and is expected to play a significant role in gender mainstreaming and female empowerment by providing small, socially responsible loans to low-income women entrepreneurs from underprivileged and unbanked segments of society. ASA MFB is anticipated to contribute to poverty alleviation and the financial inclusion mandate under the Microfinance Institution Ordinance, 2001.

- FINANCIAL PERFORMANCE REVIEW:

ASA MFB remains committed to **women's empowerment, with 98% of its loan portfolio** dedicated to female borrowers, addressing gender disparities in financial inclusion. By providing accessible financial services to underserved and low-income communities, the bank plays a pivotal role in poverty alleviation and fostering micro-entrepreneurship, ultimately driving local economic development. ASA MFB's outreach extends to rural and remote areas, ensuring access to credit for marginalized communities and enabling sustainable livelihood growth. In alignment with Pakistan's **Microfinance Ordinance**, the bank actively promotes inclusive economic growth, financial literacy, and long-term financial sustainability. Its strong social mission and dedication to women's economic independence have strengthened its reputation, attracting support from investors, development partners, and government bodies focused on financial inclusion and poverty reduction.

In 2024, ASA MFB maintained strong financial stability, with **total equity at Rs10.24 billion**, slightly down from **Rs10.30 billion in 2023** due to increased **statutory reserves of Rs0.643 billion** as per regulatory requirements. The bank continued to strengthen its financial foundation, ensuring compliance while expanding its operations. Key financial indicators showed impressive growth, including a **29% expansion in the loan portfolio** and **increased disbursements of Rs41.62 billion.**

The bank also expanded its network to **380 branches from 345**, enhancing accessibility in remote areas. **Total assets surged by 33% to Rs30.83 billion**, while **borrowings increased by 69% to Rs13.52 billion**, reflecting the bank's strategic growth initiatives.

ASA MFB operational performance improved significantly, with **gross interest income rising by 30% to Rs12.49 billion** and **net interest income increasing by 33% to Rs9.92 billion. Credit loss expenses decreased by 17%,** showcasing effective risk management and a reduction in non-performing loans. **Non-interest expenses grew by 39%** due to investments in technology, operational expansion, and loan recovery efforts. These measures reinforced the bank's commitment to efficiency and sustainable financial growth while maintaining asset quality and ensuring long-term profitability.

With a **34% increase in Profit Before Tax (PBT) to Rs5.36 billion** and a **30% rise in Profit After Tax (PAT) to Rs3.21 billion, ASA MFB achieved record profitability in 2024. Earnings per Share (EPS) also grew by 30% to Rs2,142,** enhancing shareholder value. Looking ahead, the bank remains focused on leveraging technology, optimizing operations, and expanding its customer base to sustain its growth trajectory. While regulatory and economic challenges may arise, ASA MFB strategic approach positions it well for continued success and long-term value creation.

The highlights of financial results for the year ended 31 December, 2024, as are follows:

Financial Highlights	2024	2023
	Amount in PKR'000"	
Gross Markup/Interest Income	**12,499,390**	**9,647,772**
Net Markup/Interest Income	**9,929,163**	**7,459,929**
Provision against NPLs	224,571	270,634
Net Markup/Interest Income after provisions	**9,704,592**	**7,189,295**
Non-Markup/Non-Interest Expenses	4,343,456	3,115,305
Profit Before Tax	**5,369,614**	**4,000,947**
Taxation	2,156,002	1,528,084
Profit After Tax	**3,213,612**	**2,472,862**
Earnings per share (Amount in PKR)	**2,142**	**1,649**

Indicators	2024	2023
Number of Branches	380	345
Active Borrowers	662,258	615,529
Gross Loan Portfolio (Amount in PKR'000")	25,074,619	19,472,691
Portfolio at Risk (PAR30)	0.56%	0.30%
Total Assets (Amount in PKR'000")	30,826,107	23,227,372
Total Equity (Amount in PKR'000")	10,240,945	10,296,935
Debts and Borrowrings	13,522,111	8,015,153
Total Libilities (Amount in PKR'000")	20,585,162	12,930,439

KEY FINANCIAL INDICATORS:

Growth in Revenue	Increase in PBT	Growth in Loan Portfolio	Growth in Assets
30 %	**34 %**	**29 %**	**33 %**

IMPLEMENTATION OF CORE BANKING SOFTWARE (TEMENOS T24)

ASA MFB successfully implemented the **Temenos T24 Core Banking Software (CBS)**, marking a major milestone in its digital transformation journey. **The transition, completed in February 2024**, involved extensive system assessment, customization, seamless data migration, rigorous testing, and comprehensive user training to ensure operational excellence. This implementation has streamlined banking operations, improved customer experience, enhanced regulatory compliance, and enabled real-time data processing. Future enhancements include strengthening digital banking capabilities, and continuous system performance monitoring. This transformation positions the Bank for sustained operational efficiency, improved risk management, and long-term digital growth, reinforcing its commitment to innovation and excellence in financial services.

FUTURE OUTLOOK:

As ASA MFB continues its journey toward financial inclusion and sustainable growth, our strategic focus remains on process automation, digital transformation, and the complete conversion to Islamic banking by December 2027, in line with State Bank of Pakistan (SBP) guidelines. To enhance operational efficiency and customer experience, we are investing in cutting-edge financial technology for seamless digital onboarding and automated loan processing. The digital conversion of microfinance products will ensure greater accessibility, security, and financial empowerment for underserved communities. Furthermore, our transition to 100% Shariah-compliant banking is progressing with a structured roadmap, ensuring compliance with Islamic finance principles while introducing Murabaha, Ijarah, Mudarabah and Musharakah solutions tailored to meet the needs of micro-entrepreneurs. With a robust governance framework and strategic partnerships, ASA MFB is committed to pioneering ethical and digital-first financial services, fostering economic empowerment, and driving Pakistan's financial ecosystem toward a more inclusive and Shariah-compliant future.

CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES:

In 2024, ASA MFB strengthened its commitment to societal development alongside its financial performance through impactful Corporate Social Responsibility (CSR) initiatives. The bank contributed to education, sustainability, and community welfare by sponsoring the SZABIST conference on innovation and sustainability, supporting research on socio-economic issues, and investing in environmental conservation through tree plantation and solar energy installations at Government Girls High Schools. These efforts ensured a sustainable power supply for students while promoting green energy solutions.

Additionally, the bank supported cultural and social development by collaborating with the Sindh Literary Foundation for awareness sessions on culture, education, and women's empowerment. To foster higher education, it established an endowment fund at IBA Karachi for financial assistance to deserving students. Furthermore, ASA MFB contributed to the Pakistan Hindu Council's Mass Marriages Program, easing the financial burden of wedding ceremonies for underprivileged families.

Aligning with the SBP Green Initiative, the bank installed solar panels at its branches to reduce its carbon footprint, reflecting its ongoing commitment to corporate social responsibility and sustainable growth.

PARENT COMPANY:

ASA International Holding, is the majority shareholder of **ASA MFB, holding 1,499,992 i.e. 99.99% shares (2023: 99.99%)**, with its registered offices at "Interface International Ltd, 9th Floor, Standard Chartered Tower, 19 Cybercity, Ebene, Mauritius".

PATTERN OF SHAREHOLDING:

The pattern of shareholding of the Bank as of December 31, 2024, as required under section 236 of the Companies Ordinance, 1984, is as follows:

No of Shareholders	Shareholder(s)	No of Shares	% Shareholding
1	ASA International Holding	1,499,992	99.9995%
2	CMI International Holding	4	0.0003%
3	CMI (Catalyst Microfinance Investors)	4	0.0003%
Total		**1,500,000**	**100.0000%**

CREDIT RATING:

PACRA carried out the credit rating for the first half of 2024 and raised our entity's long-term rating to "A-" from "BBB+" and short-term rating to "A2" (A-two) with a "stable" outlook. The long-term rating reflects our solid credit quality, low credit risk, and strong ability to fulfill financial obligations on time, though this capacity may be affected by changes in circumstances or economic conditions. The short-term rating reflects a satisfactory ability to make timely repayments.

MINIMUM CAPITAL REQUIREMENT (MCR) & CAPITAL ADEQUACY RATIO (CAR):

The bank remained well above the **MCR of Rs. 1 billion with a surplus of Rs. 9.24 billion** as at year end. The bank also maintained the CAR requirement throughout the year; the bank's **CAR stood at 30.20%** as at December 31, 2024.

DIVIDEND:

Interim dividend has been declared amounting to 1,500mn for the year ended 31 December 2024. Final dividend proposed for the same period is 1,500mn.

CORPORATE GOVERNANCE:

The BOD of the Bank is responsible to the shareholders for the management of the Bank. The Board acknowledges the responsibility for the system of sound internal controls and is committed to uphold the highest standards of Corporate Governance. The Directors are pleased to state that:

1. The financial statements, prepared by the management of the Bank present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
2. Proper books of accounts of the Bank have been maintained as required by the statute.

3. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
4. IFRS as applicable in Pakistan have been followed in preparation of financial statement and any departure there from has been adequately disclosed.
5. The system of internal control is sound in design and has been effectively implemented and monitored. The ultimate responsibility of the effectiveness of internal control system and its monitoring lies with the Board.
6. There are no doubts upon the Bank's ability to continue as a going concern.
7. The board has constituted the following three committees which has defined terms of reference:
    a. Board Audit Committee (BAC)
    b. Human Resource Remuneration and Nomination Committee (HRR&NC)
    c. Board Risk Management Committee (BRMC)

During the year, five Board of Directors meetings were held. The attendance of these meetings are given below:

Name of Directors	Designations	Meeting Attended
Ms. Karin Kersten	Non- Executive Director/Chairman	3
Mr. Dirk Machgielis Brouwer	Non- Executive Director	5
Ms. Johanna Maria Alberta Kemna	Non- Executive Director	4
Mr. Martijn Raphael Bollen	Non- Executive Director	5
Mr. Mischa John Assink	Non- Executive Director	5
Mr. Asif Yasin Malik	Independent Director	4
Mr. Muhammad Kamran Shehzad	Independent Director	5

CHANGE OF DIRECTORSHIP:

During the year following director vacated the office:

Name of Directors	Designations
Ms. Karin Kersten	Non- Executive Director

AUDITORS

EY Ford Rhodes, Chartered Accountants, who is the Statutory Auditor of the Bank, holds office till the conclusion of forthcoming Annual General Meeting and furnished his consent to be reappointed for the Financial Year 2025. The Board of Directors, on the recommendation of the Board Audit Committee (BAC), recommends to appoint EY Ford Rhodes, Chartered Accountants, as the auditors of the Bank for the financial year 2025.

ACKNOWLEDGEMENT

The Board sincerely appreciates our valued customers for their ongoing trust and support. We also extend our gratitude to the State Bank of Pakistan, the Securities and Exchange Commission of Pakistan, the Pakistan Microfinance Network, and the Pakistan Banks' Association for their continuous guidance and assistance. Additionally, the Board recognizes and commends the dedication and commitment of ASA MFB's staff, whose efforts positively impact communities and help our customers enhance their quality of life.

By Order of the Board

Chief Executive Officer

Chairman

Place: Karachi
Date: March 06, 2025

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INDEPENDENT AUDITOR'S REPORT

To the members of ASA Microfinance (Bank) Pakistan Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **ASA Microfinance (Bank) Pakistan Limited (the Bank),** which comprises of the statement of financial position as at **31 December 2024**, and the profit and loss account, statement of other comprehensive income, the statement of changes in equity, the cash flow statement for the year then ended, and notes to the financial statements, including a summary of material accounting policy information and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the balance sheet, the profit and loss account, the statement of comprehensive income, the cash flow statement, the statement of changes in equity together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), Microfinance Institutions Ordinance, 2001 and the directives issued by the State Bank of Pakistan in the manner so required and respectively give a true and fair view of the state of the Bank's affairs as at 31 December 2024 and of the profit and other comprehensive income, the changes in equity and its cash flows the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017), Microfinance Institutions Ordinance, 2001 and the directives issued by the State Bank of Pakistan and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends

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to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Bank's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Bank to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

a) proper books of account have been kept by the Bank as required by the Companies Act, 2017 (XIX of 2017);

b) the statement of financial position, profit and loss account, the statement of comprehensive income, the statement of changes in equity and the cash flow statement together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017), Microfinance Institutions Ordinance, 2001 and the directives issued by the State Bank of Pakistan and are in agreement with the books of account and returns;

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Bank's business; and

d) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditors' report is Omer Chughtai.

EY Ford Rhodes

Chartered Accountants

Place: Karachi

Date: 20 March 2025

UDIN Number: AR202410120Z4oAK06t2

ASA MICROFINANCE BANK (PAKISTAN) LTD
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024

	Note	2024	2023
		---------- (Rupees in '000) ----------	
ASSETS			
Cash and balances with treasury banks	4	697,327	18,837
Balances with other Banks and NBFIs	5	1,853,501	1,180,035
Lendings to financial institutions		-	-
Investments		-	-
Advances	6	24,820,480	19,246,169
Property and equipment	7	416,973	427,151
Right-of-use assets	8	353,311	225,016
Intangible assets	9	290,825	126,160
Deferred tax assets	10	1,421,633	1,231,325
Other assets	11	972,058	772,679
Total assets		30,826,108	23,227,372
LIABILITIES			
Bills payable		-	-
Borrowings	12	13,522,111	8,015,153
Deposits and other accounts		-	-
Lease liabilities	13	318,805	189,752
Subordinated debt		-	-
Deferred grant		-	-
Deferred tax liabilities		-	-
Other liabilities	14	6,744,246	4,725,533
Total liabilities		20,585,162	12,930,438
NET ASSETS		10,240,946	10,296,934
REPRESENTED BY			
Share capital	15	1,500,000	1,500,000
Reserves		954,749	417,393
Depositors' protection fund	17	-	-
Surplus/ (Deficit) on revaluation of assets		-	-
Unappropriated profit		7,786,197	8,379,541
		10,240,946	10,296,934

CONTINGENCIES AND COMMITMENTS 18

The annexed notes 1 to 41 form an integral part of these financial statements.

Saeed Uddin Khan **President and Chief Executive Officer**	**Shoaib Shamim** **Chief Financial Officer**	**Asif Yasin Malik** **Chairman**	**M Kamran Shehzad** **Director**	**Mischa John Assink** **Director**

ASA MICROFINANCE BANK (PAKISTAN) LTD
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	2024	2023
		-------(Rupees in '000)-------	
Mark-up / Return / Interest earned	19	12,499,390	9,647,772
Mark-up / Return / Interest expensed	20	(2,570,227)	(2,187,843)
Net mark-up / interest income		9,929,163	7,459,929
NON MARK-UP / INTEREST INCOME			
Fee and commission income		-	-
Dividend income		-	-
Gain / (Loss) on securities		-	-
Net gains / (losses) on derecognition of financial assets measured at amortised cost		-	-
Other income	21	8,479	(73,043)
Total non-markup / interest income		8,479	(73,043)
Total income		9,937,642	7,386,886
NON MARK-UP / INTEREST EXPENSES			
Operating expenses	22	(4,270,767)	(3,115,305)
Workers welfare fund		-	-
Other charges	23	(72,666)	-
Total non-markup / interest expenses		(4,343,433)	(3,115,305)
Profit before expected credit loss allowance		5,594,209	4,271,581
Expected credit loss allowance and write offs - net	24	(224,571)	(270,634)
PROFIT BEFORE TAXATION		5,369,638	4,000,947
Taxation	25	(2,156,002)	(1,528,084)
PROFIT AFTER TAXATION		3,213,636	2,472,863
		Rupees	
Basic and diluted earnings per share	26	2,142.42	1,648.50

The annexed notes 1 to 41 form an integral part of these financial statements.

Saeed Uddin Khan **President and Chief Executive Officer**	**Shoaib Shamim** **Chief Financial Officer**	**Atif Yasin Malik** **Chairman**	**M Kamran Shehzad** **Director**	**Mischa John Assink** **Director**

ASA MICROFINANCE BANK (PAKISTAN) LTD
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	2024	2023
		(Rupees in '000)	
Profit after taxation for the year		3,213,636	2,472,863
Other comprehensive income			
Items that may be reclassified to profit and loss account in subsequent periods:			
Movement in hedge accounting reserve - net of tax	27	(105,371)	(450,819)
Items that will not be reclassified to profit and loss account in subsequent periods:			
Remeasurement gain / (loss) on defined benefit obligations - net of tax	31.5	(161,253)	5,839
Total comprehensive income		2,947,012	2,027,883

The annexed notes 1 to 41 form an integral part of these financial statements.

Saeed Uddin Khan President and Chief Executive Officer	Shoaib Shamim Chief Financial Officer	Asif Yasin Malik Chairman	M Kamran Shehzad Director	Mischa John Assink Director

ASA MICROFINANCE BANK (PAKISTAN) LTD
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2024

	Share capital	Reserves			Depositors' protection fund	Unappropriated profit	Total
		Share premium	Statutory reserve	Hedge accounting reserve			
	------------------	------------------	(Rupees in '000)	------------------			
Opening Balance as at January 1, 2023	1,500,000	1	-	373,839	-	7,396,912	9,269,651
Profit after taxation (December 31, 2023)	-	-	-	-	-	2,472,863	2,472,863
Other comprehensive income - net of tax	-	-	-	(450,819)	-	5,839	(444,980)
Transfer to statutory reserve	-	-	494,573	-	-	(494,573)	-
Transfer to depositors' protection fund	-	-	-	-	-	-	-
Transactions with owners, recorded directly in equity							
Final dividend @ 66.7% for the year ended 31 December 2022	-	-	-	-	-	(1,000,500)	(1,000,500)
Opening Balance as at January 1, 2024	1,500,000	1	494,573	(77,180)	-	8,379,541	10,296,834
Profit after taxation (December 31, 2024)	-	-	-	-	-	3,213,636	3,213,636
Other comprehensive income - net of tax	-	-	-	(105,371)	-	(161,253)	(266,624)
Transfer to statutory reserve	-	-	642,727	-	-	(642,727)	-
Transfer to depositors' protection fund	-	-	-	-	-	-	-
Transactions with owners, recorded directly in equity							
Final dividend @ 100% for the year ended December 31, 2023	-	-	-	-	-	(1,500,000)	(1,500,000)
Interim dividend @ 33.40% for the quarter ended March 31, 2024	-	-	-	-	-	(501,000)	(501,000)
Interim dividend @ 33.40% for the quarter ended June 30, 2024	-	-	-	-	-	(501,000)	(501,000)
Interim dividend @ 33.40% for the quarter ended Sep 30, 2024	-	-	-	-	-	(501,000)	(501,000)
Closing balance as at December 31, 2024	1,500,000	1	1,137,300	(182,551)	-	7,788,197	10,240,546

The annexed notes 1 to 41 form an integral part of these financial statements.

Saeed Uddin Khan President and Chief Executive Officer	Shoaib Shamim Chief Financial Officer	Asif [illegible] Chairman	H Kamran Shehzad Director	Mischa John Assink Director

ASA MICROFINANCE BANK (PAKISTAN) LTD
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	2024	2023
		Rupees in '000	
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		5,369,638	4,000,947
Adjustments:			
Depreciation	7.1	194,067	118,636
Depreciation on right-of-use assets	8	124,070	128,565
Amortization	9	45,186	12,492
Mark-up / Return / Interest expense on lease liability against right-of-use assets	13	49,557	1,271
Amortization of hedge points	20	650,189	31,673
Loss/ (gain) on sale / disposal of property and equipment	21	(158)	590,808
Provision against non-performing loans and advances - net	6.1.1	136,082	200,167
Other provisions / write-offs	11.1	3,356	11,686
Bad debts written off directly	6.1.1	85,134	72,772
Charge for defined benefit plan	22.1	208,906	400,506
		1,496,389	1,568,576
(Increase) / Decrease in operating assets			
Advances	6	(6,234,382)	(1,638,490)
Other assets (excluding expected credit loss allowance)	11	(202,729)	1,032,275
		(6,437,111)	(606,215)
Increase / (Decrease) in operating liabilities			
Borrowings	12	4,856,787	(4,198,038)
Other liabilities (excluding dividend payable, payable to defined benefit plan, current tax provision and unrealized loss on foreign exchange forward contracts)	14	791,050	278,366
		5,647,837	(3,919,672)
Income tax paid		(2,626,313)	(1,274,567)
Benefits paid	31.3	(45,849)	(21,433)
Net cash flows generated from / (used in) operating activities		3,404,591	(252,364)
CASH FLOW FROM INVESTING ACTIVITIES			
Investments in operating fixed assets		(393,746)	(578,579)
Sale proceeds from disposal of operating fixed assets		164	431
Net cash flows used in investing activities		(393,582)	(578,148)
CASH FLOW FROM FINANCING ACTIVITIES			
Payment of lease liability against right-of-use assets	13	(172,868)	(178,603)
Dividend paid		(1,486,187)	-
Net cash flows used in financing activities		(1,659,055)	(178,603)
Net increase / (decrease) in cash and cash equivalents		1,351,954	(1,009,115)
Cash and cash equivalents at beginning of the year		1,198,872	2,207,987
Cash and cash equivalents at end of the year	28	2,550,826	1,198,872

The annexed notes 1 to 41 form an integral part of these financial statements.

Saeed Uddin Khan President and Chief Executive Officer	Shoaib Shamim Chief Financial Officer	Asif Yasin Malik Chairman	M Kamran Shehzad Director	Mischa John Assink Director

ASA MICROFINANCE BANK (PAKISTAN) LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

1. STATUS AND NATURE OF BUSINESS

1.1 ASA Microfinance Bank (Pakistan) Limited (formerly "ASA Pakistan Limited") [ASA MFB or the Bank] was incorporated in the Islamic Republic of Pakistan on 19 March 2008, as an unlisted public limited company under the Companies Ordinance, 1984 (repealed by the Companies Act 2017). The registered office of ASA MFB is situated at 7th Floor, NICL Building, Abbasi Shaheed Road, Off Shahrah-e-Faisal, Karachi, Pakistan.

1.2 On January 03, 2020, the State Bank of Pakistan (SBP) issued NOC for transformation of the company into a Microfinance Bank, and in February 2021, the Securities & Exchange Commission of Pakistan (SECP), issued a Certificate of Incorporation on change of name. Subsequently on May 24, 2022, SBP issued Microfinance banking license to ASA MFB, as stipulated in the Microfinance Institution Ordinance 2001. On November 13, 2023, SBP allowed 'Commencement of Microfinance Banking Business' to ASA MFB, initially for performing non deposit taking lending operations nationwide, after ASA MFB met all conditions and requirements related to commencement of business.

1.3 As at December 31, 2024, ASA MFB has 380 (2023: 345) business locations comprising of 82 Hub Branches and 298 Service Centers in operation in all provinces of Pakistan, including the Federal Capital Islamabad, except Azad Jammu & Kashmir and Gilgit Baltistan, serving the low income and underserved segments, particularly women, as envisaged under the MFI Ordinance 2001.

1.4 ASA International Holding situated in Mauritius, is the parent/holding company of ASA MFB which holds 99.99% (2023: 99.99%) shares of the Bank.

2. BASIS OF PRESENTATION

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

2.1 STATEMENT OF COMPLIANCE

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

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Islamic Financial Accounitng Standards (IFAS) issued by the Institiute of the Chartered Accountants of Pakistan as are notified under the Companies Act, 2017;
- Provisions of and directives issued under The Microfinance Institutions Ordinance, 2001 (the MFI Ordinance) and the Companies Act, 2017; and
- Directives issued by the SBP (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 the SECP differ with the requirements of the IFRS or IFAS, 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.

The SBP has deferred the applicability of IAS 40, 'Investment Property' for Banking Companies in Pakistan through BSD Circular Letter 10 dated 26 August 2002 till further instructions. SECP has deferred the applicability of IFRS 7 'Financial Instruments: Disclosures' through its notification S.R.O 411 (I) / 2008 dated 28 April 2008. Accordingly, the requirements of these standards have not been considered in the preparation of these financial statements.

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

There are certain amendments to existing accounting and reporting standards that have become applicable to the Bank for accounting periods beginning on or after January 1, 2024. These are either considered to not be relevant or do not have any significant impact and accordingly have not been detailed in these financial statements, except for IFRS 9 which the Bank had early adopted due to reasons mentioned in the financial statements for the year ended 31 December 2023.

2.3 Standards, interpretations of and amendments to published approved accounting standards that are not yet effective.

The following standards, amendments and interpretations as notified under the Companies Act, 2017 will be effective for accounting periods beginning on or after January 01, 2025:

Standard, Interpretation or Amendment	Effective date (annual periods beginning on or after)
Lack of exchangeability – Amendments to IAS 21	January 01, 2025
Classification and Measurement of Financial Instruments - Amendments to IFRS 9 and IFRS 7	January 01, 2026
IFRS 17 - Insurance Contracts	January 01, 2026
Annual Improvements to IFRS Accounting Standards - Volume 11	January 01, 2026
Power Purchase Agreements – Amendments to IFRS 9 and IFRS 7	January 01, 2026
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28	Not yet finalized

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standard	IASB Effective date periods beginning on or after)
IFRS 1 – First time adoption of IFRSs	January 01, 2004
IFRS 18 - Presentation and Disclosure in Financial Statements	January 01, 2027
IFRS 19 - Subsidiaries without Public Accountability: Disclosures	January 01, 2027

The above standards and amendments are not expected to have any significant impact on Bank's unconsolidated financial statements for future periods, except for IFRS 18.

IFRS 18 - Presentation and Disclosure in Financial

In April 2024, the IASB issued IFRS 18, which replaces IAS 1. IFRS 18 introduces new requirements for presentation of various items within the statement of profit or loss, including specified totals and subtotals. Narrow-scope amendments have been made to IAS 7, which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards. Earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively. The Bank is currently working to identify all impacts the amendments will have on the unconsolidated financial statements of future period and notes thereto.

2.4 Basis of measurement

2.4.1 These financial statements have been prepared under the historical cost convention except for derivative financial instruments which are measured at fair value.

2.4.2 These financial statements are presented in Pakistan Rupees which is the functional currency of the Bank. All financial information presented in Rupees has been rounded off to the nearest Thousand Rupee, unless otherwise stated.

2.4.3 Use of estimates and judgments

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities and income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on amounts recognised in these financial statements are described as follows:

2.4.4 Useful life of Operating Fixed Assets

Management determines the estimated useful lives and depreciation charge for its Operating Fixed Assets. The Bank reviews the value of assets for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of Operating Fixed Assets with a corresponding affect on the depreciation charge and impairment.

2.4.5 Provision against loans and advances

The Bank reviews its loans at each reporting date to assess the adequacy of the ECL as recorded in the financial statement. In particular, judgment is required in the estimation of the amount and timing of future cash flows when determining the level of allowance required. Such estimates are based on certain assumptions such as the financial situation of the borrowers, types of loan, maturity of the loans, ageing of the portfolio, economic factors etc.

Actual performance of loans may differ from such estimates resulting in future changes to the allowance. Due to the nature of the industry the Bank operates, i.e. micro credit to low income clients, the loan portfolio consists of a very high number of individual customers with low value exposures. These characteristics lead the Bank to use a provisioning methodology based on a collective assessment of similar loans.

2.4.6 Write-off

Advances are written off according to the Prudential Regulations or when there is no realistic prospect of recovery. Non-performing advances are written off one month after being classified as "Loss". From an operational perspective all overdue loans are monitored for recovery up to two years overdue. Advances against deceased customers are also written-off.

2.4.7 Staff retirement benefits

Certain actuarial assumptions have been adopted as disclosed in these financial statements for valuation of present value of defined benefit obligations and fair value of plan assets. Any changes in these assumptions in future years might affect unrecognised gains and losses in those years.

2.4.8 Determination of the lease term for lease contracts with renewal and termination options (Company as a lessee)

The Bank determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Bank applies judgment in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Bank reassesses the lease term if there is a significant event or change in circumstances that is within its control that affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements).

2.4.9 Incremental borrowing rate

The Bank cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ('IBR') to measure lease liabilities. The IBR is the rate of interest that the Bank would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The Bank estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific adjustments (such as credit rating, or to reflect the terms and conditions of the lease).

3. MATERIAL ACCOUNTING POLICIES

3.1 Cash and cash equivalents

Cash and cash equivalents comprise of cash and balances with treasury banks, other banks and non-banking financial institutions for the purpose of cash flow statement.

3.2 Advances

Advances are stated net of expected credit loss allowance as detailed in note 3.7.7.1.

3.3 Operating fixed assets

3.3.1 Property and equipment and depreciation

Items of property and equipment are measured at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditures that are directly attributable to the acquisition of the asset.

Depreciation is calculated on straight line basis over the estimated useful lives of the assets at the rate specified in note 7 to the financial statements. Full month depreciation is charged in the month of acquisition and no depreciation is charged in the month of disposal.

Normal repairs and maintenance are charged to profit & loss account as and when incurred. Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the item of property and equipment.

The residual values and useful lives of assets are reviewed and adjusted, if appropriate at each balance sheet date. Items of capital nature purchased are classified in capital work-in-progress till these are available for their intended use.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

Gains and losses on disposal of assets are taken to the profit and loss account.

3.3.2 Capital work-in-progress

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

3.3.3 Intangible assets and amortisation

Items of intangibles are measured at cost less accumulated amortization and impairment losses, if any. Cost includes expenditures that are directly attributable to the acquisition of the asset.

Amortization is calculated on straight line basis over the estimated useful lives of the assets at the rate specified in note 9 of the financial statements. Full month amortization is charged in the month of acquisition and no amortization is charged in the month of disposal.

The residual values and useful lives of assets are reviewed and adjusted, if appropriate at each balance sheet date. Items of capital nature purchased are classified in capital work-in-progress till these are available for their intended use.

An item of intangibles is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

3.3.4 Right-of-use assets and their related lease liability

Right of-use assets

At the commencement date of the lease, the right-of-use asset is initially measured at the present value of lease liability. Subsequently, RoU assets are measured at cost, less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. RoU assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

Lease liability against right-of-use assets

At the commencement date of the lease, the Bank recognises lease liability measured at the present value of the consideration (lease payments) to be made over the lease term and is adjusted for lease prepayments. The lease payments are discounted using the interest rate implicit in the lease, unless it is not readily determinable, in which case the lessee may use the incremental rate of borrowing. After the commencement date, the carrying amount of lease liability is increased to reflect the accretion of interest and reduced for the lease payments made.

3.4 Impairment of non-financial assets (except for deferred tax assets)

The carrying amount of the Bank's assets are reviewed at each balance sheet date to determine whether there is any objective evidence that an asset or group of assets may be impaired. If any such indication exists, assets' recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount.

A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount of an asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation) had no impairment loss been recognized for the asset in prior years.

Impairment losses and their reversals are recognized in profit and loss account.

3.5 Off setting

Monetary assets and liabilities are offset and the net amount is reported in the financial statements only when there is a legally enforceable right to set-off the recognised amounts and the Bank intends either to settle on a net basis, or to realise the assets and to settle the liabilities simultaneously.

3.6 Provisions

A provision is recognized in the balance sheet when the Bank has legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

3.7 Financial Instruments

3.7.1 Initial Recognition

Purchases or sales of financial assets that require delivery of assets within the timeframe generally established by regulation or convention in the marketplace are recognised on the trade date, i.e. the date that the Group commits to purchase or sell the asset.

The Bank recognises a financial asset and financial liability in its statement of financial position when, and only when, the entity becomes a party to the contractual provisions of the instrument. The classification of financial instruments at initial recognition depends on the purpose for which the financial instruments were acquired and their characteristics. All financial instruments are measured initially at their fair value plus, in the case of financial assets and financial liabilities not at fair value through profit or loss, any directly attributable costs of acquisition or issue.

3.7.2 Classification and subsequent measurement of financial assets and liabilities

The Bank classifies all of its financial assets based on two criteria: a) the Bank's business model for managing the assets; and b) whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding (the 'SPPI test').

a) Business model assessment

The Bank has made an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided

b) The SPPI test

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Bank has considered the contractual terms of the instrument. This included assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Company has considered:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Group's claim to cash flows from specified assets – e.g. non-recourse asset arrangements; and features that modify consideration for the time value of money – e.g. periodic reset of interest rates.

Most of the Group's microfinance loans contain prepayment features. A prepayment feature is consistent with the SPPI criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable compensation for early termination of the contract.

The Bank classifies and measures its derivative and trading portfolio at FVPL as explained in note 3.7.8. The Company may designate financial instruments at FVTPL, if so doing eliminates or significantly reduces measurement or recognition inconsistencies.

Financial liabilities are measured at amortised cost or at FVPL when they are held for trading and derivative instruments or the fair value designation is applied.

3.7.3 Financial assets at amortised costs

These include long term deposits, loans and advances, Interest accrued, loans to employees, other receivables and cash and bank balances.

The Bank classifies its financial assets at amortized cost only if both of the following conditions are met:

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.
- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows.

After initial measurement, these financial instruments are subsequently measured at amortized cost using the Effective interest Rate (EIR), less impairment (if any).

3.7.4 Financial liabilities at amortised costs

Financial liabilities include short term and long term borrowings, liabilities against forward contracts and other payables.

Financial liabilities with a fixed maturity are measured at amortised cost using the effective interest rate.

3.7.5 Reclassification of financial assets and liabilities

The Bank does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Bank acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified.

3.7.6 Derecognition of financial assets and liabilities

a) Financial Assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where:

• the right to receive cash flows from the asset has expired; or

• the Bank has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and

• either (a) the Bank has transferred substantially all the risks and rewards of the asset, or (b) the Bank has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Bank has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Bank's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Bank could be required to repay.

b) Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

3.7.7 Impairment of financial assets

The Bank recognises an allowance for expected credit losses (ECLs) on Loans and advances to customers.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the profit and loss account. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset.

If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered in future, the recovery is credited to 'Bad debts recovered'.

3.7.7.1 The calculations of ECLs

The Bank calculates the allowance for ECL in a three step process as described below:

a) Determination of Loan staging:

Stage 1 and Stage 2:

Given the nature of the Bank's loan exposures (generally short-term exposures, <12 months) no distinction has been made between stage 1 (12M ECL) and stage 2 loans (lifetime ECL) for the ECL calculation. For disclosure purposes normally stage 1 loans are defined as loans overdue between 0-29 days. Stage 2 loans are overdue loans between 30-59 days. This is consistent with SBP IFRS 9 Application Instructions.

Stage 3:

Advances are treated as credit impaired (Stage 3) when contractual payments are 60 days or more past due. This threshold has been determined based on the SBP IFRS 9 Application Instructions.

b) Calculating ECL for stage 1-2 loans:
To avoid the complexity of calculating separate probability of default and loss given default, the Bank uses a 'loss rate approach' for the measurement of ECLs. The 'loss rates' are a provision matrix that is based on historical credit loss experience, adjusted for forward–looking factors specific to economic environment. Using this approach, the Bank developed loss-rate statistics on the basis of the amounts written off over the last five years.

The forward-looking element in the ECL is built by looking at different write-off scenarios based on historical data, namely, average of 2 lowest write-off years, average of last 5 years' write-offs and average of 2 highest write-off years. Weights are assigned to these scenarios to get a weighted average forward looking element.

c) Calculating ECL for stage 3 loans:
The ECL applied to Stage 3 loans in the Bank's model is at a rate of 80% of the loan in excess of 60-179 days overdue and 100% of the loans in excess of 179 days overdue. ECL for Stage 3 loans is based on higher of ECL allowance determined above or specific provision as per Prudential Regulations for Microfinance Banks.

The following table summarizes the requirements of Prudential Regulations for Microfinance Banks:

Classification of Non-Performing Advances as per Prudential Regulations

Category	Description	Specific Provision required
a) Other Assets Especially Mentioned (OAEM)	Loan (principal / mark-up) is overdue for 30 or more but less then 60	Nil
b) Substandard	Loan (principal / mark-up) is overdue for 60 or more but less then 90	25%
c) Doubtful	Loan (principal / mark-up) is overdue for 90 or more but less then 180 da	50%
d) Loss	Loan (principal / mark-up) is overdue for 180 days or more	100%

d) Impact of macro-economic indicators
The Bank provides small loans to clients who are not employed, but operate their own small businesses in the informal sector and are less impacted by macro-economic trends than other business sectors. In addition, the Bank's loans average 6 months until maturity at the year-end and so the impact of macro-economic factors on the repayment of loans is inherently limited. Hence the management concluded that changes in macro economic indicators do not have any direct correlation with the ASA business model and therefore, no adjustment was made to consider forecasts for such macro-economic indicators in the forward-looking element of its expected credit loss provision calculation.

e) ECL on Interest receivable:
ECL for interest receivable is assessed on the same line as outstanding loan portfolio.

3.7.8 Derivatives recorded at fair value through profit or loss

A derivative is a financial instrument or other contract with all three of the following

a) Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (the 'underlying').

b) It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.

c) It is settled at a future date.

Derivative financial assets and liabilities are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently measured at their fair value using appropriate valuation techniques. Derivative financial instruments are carried as an asset when the fair value is positive and as a liability when the fair value is negative. Any change in the fair value of derivative financial instruments is taken directly to profit and

3.7.9 Forward contracts and hedge accounting

The Bank applies hedge accounting for long term loans denominated in foreign currency for which forward contracts have been agreed to mitigate the foreign currency risk exposure of its subsidiaries. The Bank documents the relationship between the hedged item and the hedging instrument, the risk management objective and the method that will be used to assess effectiveness of the hedging relationship at inception and at each reporting date. The Bank applies the qualitative approach for hedge testing effectiveness. The critical terms of the hedged items and hedging instruments are identical. The forward method is applied, whereby the forward points are amortised from Other comprehensive income (OCI) to interest expenses during the term of the contract. The fair value of the forward contract is recognised on the statement of financial position and the changes in the fair value are reported in OCI. The foreign currency exchange results on the foreign currency loans are reported as exchange rate results and the same opposite amount is recycled from OCI to the same

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognised in OCI and later reclassified to profit or loss when the hedge item affects profit or loss. The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit or loss.

The terms of the foreign currency forward contracts match the terms of the expected highly probable forecast transactions. As a result, there is no hedge ineffectiveness to be recognised in the statement of profit or loss.

3.7.10 Fair value measurement

The Bank measures financial instruments such as derivatives at fair value at each balance sheet date. Fair value related disclosures for financial instruments that are measured at fair value are summarised in note 33.1.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Bank.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Bank uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

ml

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Bank determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

3.8 Defined benefit plan

The Bank operates an unfunded gratuity scheme for all its permanent employees. The actuarial valuation is carried out using the projected unit credit method. Actuarial gains and losses for defined benefit plan are recognised in statement of comprehensive income when they occur.

3.9 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Bank and the revenue can be reliably measured.

a) Income on PLS saving deposits is recognized in profit and loss account as it accrues using the effective interest rate method.

b) Interest income on loans and advances is recognized on time proportion basis using the effective interest rate method.

3.10 Taxation

Current tax

Provision for current taxation is based on the taxable income for the year determined in accordance with the Income Tax Ordinance, 2001. The charge for current tax is calculated using tax rates enacted or substantively enacted at the balance sheet date after taking into account available tax credits and rebates, if any. The charge for current tax includes adjustments to charge for prior years, if any.

Deferred tax

Deferred tax is provided using the balance sheet liability method providing for all temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities using tax rates enacted or substantively enacted at the balance sheet date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available and the credits can be utilized. Deferred tax assets are reviewed at each balance sheet date and are reduced to the extent that it is no longer probable that the related tax benefits will be realised.

3.11 Foreign currency transactions

Transactions in foreign currencies are translated into Pak Rupees at the foreign exchange rate existing on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into Pak Rupees at the foreign exchange rate prevailing at that date. Foreign exchange rates are obtained from the website of State Bank of Pakistan. Exchange gains or losses arising on translations are taken to the profit and loss account.

3.12 Earnings per share

The Bank presents basic and diluted earnings per share (EPS). Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Bank by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS, if any, is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares. There were no dilutive potential ordinary shares in issue at the balance sheet date.

3.13 Dividend distribution

Declaration of dividend to holders of the equity instruments of the Bank is recognised as liability in the period in which it is declared.

4. CASH AND BALANCES WITH TREASURY BANKS

	Note	2024	2023
		--------(Rupees in '000)--------	
In hand - Local currency		**685**	16,657
With State Bank of Pakistan in			
Local currency current account		**690,235**	-
With National Bank of Pakistan in			
Local currency current account		**1,739**	852
Local currency deposit account	4.1	**4,666**	1,327
		6,406	2,180
Less: Expected credit loss allowance		**-**	-
Total		**697,327**	18,837

4.1 This represents deposits carrying markup of 5% per annum (2023: 4%).

5. BALANCES WITH OTHER BANKS AND NBFIS

	Note	2024	2023
- In current account		**5,781**	7,983
- In deposit account	5.1	**1,721,719**	972,052
- In term deposits	5.2	**126,000**	200,000
Less: Expected credit loss allowance		**-**	-
		1,853,501	1,180,035

5.1 This represents deposits with various financial institutions carrying markup ranging between 13.50% to 19% per annum (2023: 14.5% to 20.5%)

5.2 These carry mark-up ranging from 13.25% to 13.50% per annum (2023: 16% to 21% per annum) and are given as collateral against borrowings from Pak Oman Investment and Allied Bank Limited, and have maturities within 3 to 6 months.

6. ADVANCES

		2024			
		Performing		Non Performing	Total
		Stage 1	Stage 2	Stage 3	
Loan Type	Note	(Rupees in '000)			
Micro Credits					
Unsecured		24,945,450	25,508	103,660	25,074,618
Advances - gross		24,945,450	25,508	103,660	25,074,618
Expected Credit loss allowance against advances					
- Stage 1		167,816	-	-	167,816
- Stage 2		-	98	-	98
- Stage 3	6.1.2.1	-	-	86,224	86,224
		167,816	98	86,224	254,138
Advances - net of expected credit loss allowance		24,777,633	25,410	17,436	24,820,480

		2023	
Loan Type	Note	Number of loans	-(Rupees in '000)-
Unsecured			
Micro credit		615,536	19,472,691
Less: Provision held			
- Specific	6.1.2.1	2,252	(23,684)
- General			(202,838)
			(226,522)
Advances - net of provisions			19,246,169

6.1 Advances - Particulars of expected credit loss allowance

6.1.1 Advances - Exposure

		2024			
		Stage 1	Stage 2	Stage 3	Total
	Note	(Rupees in '000)			
Gross carrying amount		19,413,583	12,370	46,738	19,472,691
New advances		24,996,066	24,820	145,227	25,166,112
Advances repaid		(19,349,112)	(4,768)	(9,247)	(19,363,127)
Transfer to stage 1		-	-	-	-
Transfer to stage 2		(13)	13	-	-
Transfer to stage 3		(37,110)	(6,573)	43,683	-
		5,609,831	13,493	179,662	5,802,985
Amounts written off / charged off	6.1.4	(77,964)	(354)	(122,739)	(201,058)
Closing balance		24,945,450	25,509	103,660	25,074,619

	2023		
	Amount outstanding	Provision required	Provision held
	(Rupees in '000)		
Other Assets Especially Mentioned (OAEM)	12,370	-	-
Substandard	11,009	2,752	2,752
Doubtful	29,594	14,797	14,797
Loss	6,134	6,134	6,134
	59,107	23,683	23,683

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6.1.2 **Advances - Expected Credit loss allowance**

	Note	2024 Stage 1	Stage 2	Stage 3	Total
		(Rupees in '000)			
Opening balance		193,914	46	32,562	226,521
New advances		168,010	95	131,073	299,178
Advances repaid		(95,556)	(18)	1,346	(94,229)
Transfer to Stage 1		-	-	-	-
Transfer to Stage 2		-	-	-	-
Transfer to Stage 3		(142)	(25)	167	-
		72,312	52	132,586	204,949
Reversal of General Provision		(98,403)	-	-	(98,403)
Impact of transfers on ECL		-	-	43,447	43,447
		(26,091)	52	176,033	149,993
Amounts written off/charged Off	6.1.4	(6)	-	(122,371)	(122,377)
Closing balance		167,816	98	86,224	254,138

	Note	2023 Specific	General	Total
		(Rupees in '000)		
Opening balance		33,380	81,776	115,156
Charge for the year		79,106	121,062	200,168
Amount written off	6.1.4	(88,802)	-	(88,802)
Closing balance		23,684	202,838	226,522

6.1.2.1 This includes higher of expected credit loss allowance under IFRS 9 and specific provision for non-performing loans required under Prudential Regulations for Microfinance Banks.

6.1.3 **Advances - Expected credit loss allowance details**

	2024 Stage 1	Stage 2	Stage 3
Stage classification	(Rupees in '000)		
Outstanding gross exposure			
Performing - Stage 1			
<30 Days	24,945,450	-	-
Under Performing			
Other assets especially mentioned			
30-59	-	25,508	-
Non- Performing			
Substandard	-	-	20,593
Doubtful	-	-	66,589
Loss	-	-	16,478
	-	-	103,660
Total	24,945,450	25,508	103,660
Corresponding expected credit loss allowance			
Stage 1	95,459	-	-
Stage 2	-	98	-
Stage 3	-	-	86,224
	95,459	98	86,224

6.1.4 **Particulars of write offs / charge offs:**

	Note	2024	2023
		(Rupees in '000)	
Against expected credit loss allowance	6.1.2	122,377	88,802
Directly charged to profit and loss account	24	78,680	72,772
		201,058	161,574

7. **PROPERTY AND EQUIPMENT**

	Note		
Property and equipment	7.1	416,973	427,151

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7.1 **Property and equipment**

	2024					
	Leasehold Improvement	Furniture and fittings	Office equipment	Vehicles	Information technology equipment	Total
	(Rupees in '000)					
At January 1, 2024						
Cost	168,431	37,688	127,650	12,511	284,947	631,227
Accumulated depreciation	(34,807)	(16,154)	(43,310)	(4,409)	(105,396)	(204,076)
Net book value	133,624	21,534	84,340	8,102	179,551	427,151
Year ended December 2024						
Opening net book value	133,624	21,534	84,340	8,102	179,551	427,151
Additions	19,343	8,580	41,076	-	114,896	183,895
Disposals	-	(6)	-	-	-	(6)
Depreciation charge	(43,077)	(6,938)	(44,839)	(2,502)	(96,710)	(194,067)
Other adjustments / transfers	-	-	-	-	-	-
Closing net book value	109,890	23,169	80,577	5,600	197,736	416,973
At December 31, 2024						
Cost	189,670	46,611	161,411	12,511	400,217	810,420
Accumulated depreciation	(79,780)	(23,442)	(80,834)	(6,911)	(202,481)	(393,448)
Net book value	109,890	23,169	80,577	5,600	197,736	416,973
Rate of depreciation (percentage)	20% - 33.33%	20%	33%	20%	33%	

	2023					
	Leasehold Improvement	Furniture and fittings	Office equipment	Vehicles	Information technology equipment	Total
	(Rupees in '000)					
At January 1, 2023						
Cost	23,478	40,808	33,732	15,423	200,304	313,745
Accumulated depreciation	(12,891)	(24,536)	(21,668)	(4,456)	(157,897)	(221,448)
Net book value	10,587	16,272	12,064	10,967	42,407	92,297
Year ended December 2023						
Opening net book value	10,587	16,272	12,064	10,967	42,407	92,297
Additions	155,290	13,623	101,461	-	184,848	455,221
Disposals	(1,568)	(18)	(116)	-	-	(1,702)
Depreciation charge	(30,684)	(8,314)	(29,069)	(2,865)	(47,705)	(118,636)
Other adjustments / transfers		(29)				(29)
Closing net book value	133,624	21,534	84,340	8,102	179,551	427,151
At December 31, 2023						
Cost	168,431	37,688	127,650	12,511	284,947	631,227
Accumulated depreciation	(34,807)	(16,154)	(43,310)	(4,409)	(105,396)	(204,076)
Net book value	133,624	21,534	84,340	8,102	179,551	427,151
Rate of depreciation (percentage)	20% - 33.33%	20%	33%	20%	33%	

7.2 The cost of fully depreciated assets that are still in use is as follows:

	2024					
	Leasehold Improvement	Furniture and fittings	Office equipment	Vehicles	Information technology equipment	Total
	(Rupees in '000)					
Cost	3,542	6,838	19,599	-	73,660	103,639

	2023					
	Leasehold Improvement	Furniture and fittings	Office equipment	Vehicles	Information technology equipment	Total
	(Rupees in '000)					
Cost	235	2,429	9,045	-	10,075	21,784

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8. RIGHT-OF-USE ASSETS

	2024	2023
	--------(Rupees in '000)--------	
At January 1, 2024		
Cost	**225,016**	159,208
Accumulated Depreciation	-	-
Net Carrying amount at January 1, 2024	**225,016**	159,208
Additions during the year	**252,365**	194,373
Deletions during the year	-	-
Depreciation Charge for the year	**(124,070)**	(128,565)
Net Carrying amount at December 31, 2024	**353,311**	225,016

9. INTANGIBLE ASSETS

	2024		
	Computer software	CWIP	Total
	--------(Rupees in '000)--------		
At January 1, 2024			
Cost	15,803	123,387	139,189
Accumulated amortization and impairment	(13,029)	-	(13,029)
Net book value	2,773	123,387	126,160
Year ended December 31, 2024			
Opening net book value	2,773	123,387	126,160
Additions - directly purchased	196,082	13,769	209,851
Disposals	-	-	-
Amortization charge	(45,186)	-	(45,186)
Transfers	123,387	(123,387)	-
Closing net book value	277,056	13,769	290,825
At December 31, 2024			
Cost	335,223	13,769	348,992
Accumulated amortization and impairment	(58,167)	-	(58,167)
Net book value	277,056	13,769	290,825
Rate of amortization (percentage)	12.5% - 33.33%	-	33%
Useful life (in Months)	36 - 96	-	36

	2023		
	Computer software	CWIP	Total
	--------(Rupees in '000)--------		
At January 1, 2023			
Cost	28,280	-	28,280
Accumulated amortization	(13,015)	-	(13,015)
Net book value	15,265	-	15,265
Year ended December, 2023			
Opening net book value	15,265	-	15,265
Additions - directly purchased	-	123,387	123,387
Disposals	-	-	-
Amortization charge	(12,492)	-	(12,492)
Transfers	-	-	-
Closing net book value	2,773	123,387	126,160
At December 31, 2023			
Cost	15,803	123,387	139,189
Accumulated amortization	(13,029)	-	(13,029)
Net book value	2,773	123,387	126,160
Rate of amortization (percentage)	33.33%		33%
Useful life (in Months)	36		36

9.1 Intangible assets include software costing Rs 15.8 million (2023: Rs 3.213 million) which are fully amortized and still in use.

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10 DEFERRED TAX ASSETS

	2024			
	At Jan 1 2024	Recognised in P&L A/C	Recegonised in OCI	At Dec 31 2024
	(Rupees in 000)			
Deductible temporary differences on:				
- Credit loss allowances against advances	89,702	10,179	-	99,881
- Exchange difference on foreign currency borrowings	730,106	(442,544)	-	287,562
- Disallowed markup expense on foreign currency borrowings	17,902	320,968	-	338,871
- Unrealised loss on foreign exchange forward contracts	128,789	262,041	(151,212)	239,617
- Lease liability	85,627	56,209	-	141,836
- Post retirement employee benefits	248,231	63,592	103,096	414,920
	1,300,356	270,445	(48,116)	1,522,685
Taxable temporary differences on:				
- Accelerated tax depreciation	(69,031)	(32,021)	-	(101,052)
	(69,031)	(32,021)	-	(101,052)
	1,231,325	238,424	(48,116)	1,421,633

	2023			
	At Jan 1 2023	Recognised in P&L A/C	Recegonised in OCI	At Dec 31 2023
	(Rupees in 000)			
Deductible temporary differences on				
- Advances	38,437	51,265	-	89,702
- Exchange difference on foreign currency borrowings	775,186	(334,714)	289,634	730,106
- Disallowed markup expense on foreign currency borrowings	28,341	(10,439)	-	17,902
- Unrealised loss on foreign exchange forward contracts	(523,137)	135,299	516,626	128,789
- Lease liability	46,962	38,665	-	85,627
- Post retirement employee benefits	88,107	163,858	(3,733)	248,231
	453,896	43,934	802,527	1,300,356
Taxable temporary differences on				
- Accelerated tax depreciation	(39,148)	(29,883)	-	(69,031)
	(39,148)	(29,883)	-	(69,031)
	414,748	14,050	802,527	1,231,325

11 OTHER ASSETS

	Note	2024	2023
		(Rupees in '000)	
Income / Mark-up accrued		604,844	355,560
Advances, deposits, advance rent and other prepayments		245,875	304,860
Advance taxation		-	28
Loan to Employees		93,108	75,677
Security deposits		5,037	5,187
Others	26	25,161	34,852
		974,025	776,163
Less: Expected credit loss allowance held against other assets	11.1	(1,966)	(3,484)
Other assets (net of credit loss allowance)		972,058	772,679

11.1 Credit loss allowance held against other assets

	2024	2023
	(Rupees in '000)	
Opening balance	3,484	1,321
Charge for the year	3,356	11,686
Written off during the year	(4,873)	(9,524)
	1,966	3,484

11.2 Particulars of write offs / charge offs:

	Note	2024	2023
Against expected credit loss allowance		4,873	9,524
Directly charged to profit and loss account	24	6,454	13,281
		11,327	22,805

12. BORROWINGS

	Note	2024	2023
		--------(Rupees in '000)--------	
Secured			
Borrowings from State Bank of Pakistan			
- Women Inclusive Finance Program (WIFP)		2,500,000	-
- Financial Inclusion and Infrastructure Project through ACFID		104,000	-
		2,604,000	-
Borrowings from Other Banks / Financial Institutions		10,918,111	8,015,153
Total secured	12.1	13,522,111	8,015,153

12.1 Particular of borrowings with respect to domestic/foreign

	Note	2024	2023
In Pakistan	12.2	7,399,074	3,090,369
Outside Pakistan	12.3	6,123,037	4,924,784
Total		13,522,111	8,015,153

12.2 Details of Borrowings in Pakistan

	Amount (Rupees in '000)	Agreement Date	Maturity	Repayment frequency	Coupon rate
State Bank of Pakistan (WIFP)	2,500,000	25-Jun-24	30-Jun-29	Bullet	6M K - 1%
State Bank of Pakistan (FIIP)	104,000	1-Mar-24	25-Mar-27	Bullet	6M K - 1.0%
Pak Oman Investment Company Limited	30,000	21-Oct-21	27-Jan-25	Quarterly	3M K + 2%
United Bank Limited	990	23-Feb-22	18-Mar-25	Quarterly	3M K + 1.8%
United Bank Limited	33,333	2-Mar-22	18-Mar-25	Quarterly	3M K + 2%
Pakistan Microfinance Investment Company Limited	468,750	16-Mar-22	1-Oct-25	Quarterly	6M K + 3.05%
Pakistan Microfinance Investment Company Limited	3,187,000	21-Mar-23	30-Sep-28	Semi-Annual	6M K + 2.95%
Allied Bank Limited	75,000	9-May-22	18-Nov-25	Quarterly	3M K + 2.25%
Habib Metropolitan Bank Limited	1,000,000	13-Dec-24	13-Dec-26	Quarterly	3M K + 2.50%
	7,399,074				

12.3 Details of Borrowings outside Pakistan

	Amount (in FCY)	Amount (Rupees in '000)	Agreement Date	Maturity	Repayment frequency	Coupon rate
Microfinance Enhancement Facility SA	5,000,000 USD	1,392,750	1-Nov-21	26-Apr-25	Bullet	6M SOFR + 6.23%
Dual Return Fund	2,500,000 USD	695,709	1-Nov-21	26-Apr-25	Bullet	6M SOFR + 6.23%
GLS Alternative Investments	500,000 EUR	145,041	1-Mar-22	25-Mar-25	Semi-Annual	5%
Japan Asian Women Empowerment	5,000,000 USD	1,392,750	4-Mar-24	7-Jun-27	Semi-Annual	6M SOFR + 5.0%
Microfinance Initiative for Asia Debt Fund SA	5,000,000 USD	1,391,418	4-Mar-24	7-Jun-27	Semi-Annual	6M SOFR + 5.0%
EMF Microfinance Fund, AGmvK	4,000,000 USD	1,105,369	29-Nov-23	14-May-27	Semi-Annual	6M SOFR + 5.0%
		6,123,037				

13. LEASE LIABILITIES

	2024	2023
	--------(Rupees in '000)--------	
At January 1	189,752	142,309
Additions during the year	252,365	194,373
Interest expense	49,557	31,673
Payments	(172,868)	(178,603)
At December 31	318,805	189,752

13.1 Contractual maturity of lease liabilties

	2024	2023
Short-term lease liabilities - within one year	1,447	2,433
Long-term lease liabilities		
- 1 to 5 years	192,670	147,216
- 5 to 10 years	55,630	15,872
- More than 10 years	69,057	59,495
Total lease liabilities	318,805	225,016

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	2024	2023
	--------(Rupees in '000)--------	
14. OTHER LIABILITIES		
Mark-up / Return / Interest payable	**561,677**	250,150
Accrued expenses	**268,558**	330,320
Current taxation	**1,222,027**	1,674,260
Dividends payable	**3,003,000**	1,486,187
Payable to defined benefit plan	**1,063,897**	636,490
Unrealized loss on foreign exchange forward contracts	**614,399**	330,227
Management fee payable	-	17,900
Others	**10,688**	-
	6,744,246	4,725,534

15. SHARE CAPITAL

15.1 Authorized Capital

2024	2023		2024	2023
(Number of shares)			--------(Rupees in '000)--------	
1,500,000	1,500,000	**Ordinary shares of Rs.1,000 each**	**1,500,000**	1,500,000

15.2 Issued, subscribed and paid-up capital

2023	2022		2024	2023
(Number of shares)			Rupees in '000	
		Fully paid-up ordinary shares of Rs.1,000 each		
1,127,417	1,127,417	Issued for cash	**1,127,417**	1,127,417
372,583	372,583	Issued as bonus shares	**372,583**	372,583
1,500,000	1,500,000		**1,500,000**	1,500,000

15.2.1 As at 31 December 2024 and 2023, 99% Shareholding of the Bank was held by the parent company ASA International and remaining 1% is held by Catalyst Microfinance Investors and CMI International Holding.

16. STATUTORY RESERVE

In accordance with the requirements of the Microfinance Institutions Ordinance, 2001 and the Prudential Regulations issued by the SBP, the Bank is required to transfer an amount equal to 20% of its annual profits after taxes till such time the reserve fund equals the paid-up capital of the Bank. Thereafter, a sum not less than 5% of its annual profit after taxes.

17. DEPOSITORS' PROTECTION FUND

In accordance with the requirements of the Microfinance Institutions Ordinance, 2001 and the Prudential Regulations, the Bank is required to transfer an amount equivalent to 5% of profit after tax to the Depositors' Protection Fund, plus the return earned on such funds. Such fund shall be invested in government securities or deposited with State Bank in a remuneration account. However, no amount has been allocated to this reserve since the Bank does not have the license to take on deposits.

	2024	2023
18. CONTINGENCIES AND COMMITMENTS	--------(Rupees in '000)--------	
Commitments	6,827,290	5,460,854
Contingent liabilities	-	-
	6,827,290	5,460,854
18.1 Commitments in respect of:		
- Property and equipment	-	44,262
- Intangible assets	**28,156**	99,800
- Foreign exchange forward contracts - purchase	**6,827,290**	5,460,854
	6,855,446	5,604,916

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	Note	2024	2023
		--------(Rupees in '000)--------	
19. MARK-UP / RETURN / INTEREST EARNED			
Advances		**11,958,665**	9,343,774
Investments		**129,295**	-
Balances with other Banks and NBFIs		**408,247**	301,861
Loans to employees		**3,183**	2,137
		12,499,390	9,647,772
20. MARK-UP / RETURN / INTEREST EXPENSED			
Borrowings		**1,867,741**	1,561,845
Lease liabilities		**49,557**	31,673
Amortization of hedge points	27.	**650,189**	590,808
Bank charges		**2,740**	3,517
		2,570,227	2,187,843
21. OTHER INCOME			
(Loss) / gain on sale of operating fixed assets		**158**	(1,271)
Exchange gain/(loss) - net		**1,369**	(85,895)
Others		**6,952**	14,123
		8,479	(73,043)
22. OPERATING EXPENSES			
Total compensation expense	22.1	**2,903,810**	2,208,679
Directors' fees and allowances		**4,500**	2,600
Rent, taxes, insurance, electricity, etc.		**198,936**	72,153
Legal and professional charges		**3,443**	8,879
IT Professional & Consultancy Charges		**255,803**	21,180
Communications		**74,780**	72,683
Repairs and maintenance		**49,576**	22,517
Stationery and printing		**50,328**	31,130
Training & development		**18,579**	9,784
Travelling & conveyance		**60,896**	69,066
Advertisement and publicity		**5,779**	161
Donations	22.2	**4,976**	6,239
Auditors' remuneration	22.3	**17,263**	12,420
Depreciation	7.1 & 8	**318,137**	247,201
Amortization	9	**45,138**	12,492
Insurance		**48,047**	35,353
Subscription, license and renewals fees		**106,616**	25,834
Miscellaneous expenses		**104,160**	256,935
		4,270,767	3,115,305

22.1 Total compensation expense

		2024	2023
Managerial remuneration			
i) Fixed		**1,778,630**	1,141,324
ii) Variable			
a) Cash bonus / awards etc.		**177,029**	122,748
Charge for defined benefit plan		**208,906**	400,506
Contribution to EOBI		**60,757**	46,681
Rent & house maintenance		**616,912**	461,905
Medical		**20,429**	16,266
Conveyance		**41,108**	19,250
Others		**38**	-
Grand total		**2,903,810**	2,208,679

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			2024	2023
			--------(Rupees in '000)--------	
22.2	**Details of donations**			
	Donations individually exceeding Rs.0.5 million			
	Dr. Prem Kumar Sital Das Memorial Trust		1,148	-
	Govt Girls Higher Secondary School		1,140	1,452
	SZABIST University		800	-
	Sindh Literature Festival		800	800
	Layton Rahmatulla Benevolent Trust		-	2,152
	Mustafa Sanitary Store		-	1,596
	Donations individually not exceeding Rs.0.5 million		1,088	239
			4,976	6,239
22.3	**Auditors' remuneration**			
	Statutory audit and review fees		2,354	1,512
	Fee for other statutory certifications		1,728	2,160
	Group audit and review fee		12,852	7,128
	Out-of-pocket expenses		328	1,620
			17,263	12,420
23.	**OTHER CHARGES**			
	Default Surcharge on short payment of advance tax		72,666	-
			72,666	-
24.	**EXPECTED CREDIT LOSS ALLOWANCE & WRITE OFFS - NET**			
	Expected credit loss allowance against advances	6.1	149,994	200,167
	Expected credit loss allowance against other assets	11.1	3,356	11,686
	Bad debts written off directly	6.1.4 & 11.2	85,134	86,054
	Recovery of written off / charged off bad debts		(13,912)	(27,273)
			224,571	270,634
25.	**TAXATION**			
	Current		2,396,699	1,541,527
	Prior years		(2,273)	608
	Deferred		(238,424)	(14,050)
			2,156,002	1,528,084
25.1	**Relationship between tax expense and accounting profit**			
	Profit before tax		5,369,638	4,000,947
	Tax @ 29% (2023: 29%)		1,557,195	1,160,274
	Super tax charge @ 10% (2023: 10%)		536,964	400,095
	Prior year tax		(2,273)	608
	Rate change		-	(75,409)
	Default Surcharge on short payment of advance tax		28,340	
	Others		35,777	42,516
			2,156,002	1,528,084
26.	**BASIC AND DILUTED EARNINGS PER SHARE**			
	Profit after taxation		3,213,636,149	2,472,862,345
	Weighted average number of ordinary shares		1,500,000	1,500,000
	Basic and diluted earnings per share		2,142.42	1,648.57

27. MOVEMENT IN HEDGE ACCOUNTING RESERVE

Amortization of forward points of forward contracts	20.	**650,189**	590,808
Changes in fair value of forward contracts		**(844,642)**	(588,366)
Recycling of exchange (losses) / gains on foreign currency borrowings		**21,711**	(742,651)
Total amounts recognised in OCI during the period		**(172,743)**	(740,210)

28. CASH AND CASH EQUIVALENTS

Cash and balances with treasury banks	**697,327**	18,837
Balances with other Banks and NBFIs	**1,853,501**	1,180,035
	2,550,827	1,198,872

28.1 Reconciliation of movement of liabilities to cash flows arising from financing activities

	2024		2023	
	Other liabilities- Dividend payable	Lease liabilities against right-of-use assets	Other liabilities- Dividend payable	Lease liabilities against right-of-use assets
	'--------(Rupees in '000)--------			
Balance as at January 1	**1,486,187**	**189,752**	500,752	142,309
Changes from financing cash flows				
Payment of lease liability against right-of-use assets	-	**(172,868)**	-	(178,603)
Dividends paid	**(1,486,187)**	-	-	-
	(1,486,187)	**(172,868)**	-	(178,603)
Other changes - liability related				
Additions / renewals of leases	-	**252,365**	-	194,373
Markup expense	-	**49,557**		31,673
Off-setting of receivable	-	-	(15,065)	-
Interim dividends for the year	**1,503,000**	-	-	-
Final dividend for the year ended 31 December 2023	**1,500,000**	-	-	-
Final dividend for the year ended 31 December 2022	-	-	1,000,500	-
	3,003,000	**301,922**	985,435	226,046
Balance as at December 31	**3,003,000**	**318,805**	1,486,187	189,752

29. STAFF STRENGTH

	Number	
Permanent	**2,760**	2,583
On contract	**373**	335
	3,133	2,918

29.1 In addition to the above, 1 (2023: Nil) employee of an outsourcing services company was assigned to the Bank as at the end of the year to perform services other than guarding and janitorial services.

30. NUMBER OF BRANCHES

	2024	2023
	Number	
As at January 1 2024	72	-
Opened during the year	10	72
Closed during the year	-	-
As at Decemeber 31, 2024	82	72

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31. DEFINED BENEFIT PLAN

31.1 General description

The Bank operates an unfunded gratuity scheme for all its permanent employees. The actuarial valuation is carried out using the projected unit credit method. Actuarial gains and losses for defined benefit plan are recognised in statement of comprehensive income when they occur.

31.2 Principal actuarial assumptions

The actuarial valuations were carried out as at 31 December 2024 using the following significant assumptions:

	2024	2023
	---------- Per annum ----------	
Discount rate	**12.25%**	15.50%
Salary increase rate	**12.25%**	14.50%
Mortality rates assumed	**SLIC 2001-2005 Setback 1 Year**	SLIC 2001-2005 Setback 1 Year

31.3 Movement in defined benefit obligations

	2024	2023
	--------(Rupees in '000)--------	
Obligations at the beginning of the year	**636,490**	266,990
Current service cost	**115,157**	363,566
Interest cost	**93,749**	36,941
Benefits paid	**(45,849)**	(21,433)
Re-measurement gain	**264,349**	(9,573)
Obligations at the end of the year	**1,063,897**	636,490

31.4 Charge for defined benefit plans

31.4.1 Cost recognised in profit and loss

	2024	2023
Current service cost	**115,157**	363,566
Net interest on defined benefit liability	**93,749**	36,941
	208,906	400,506

31.4.2 Re-measurements recognised in OCI during the year

	2024	2023
Financial assumptions	**72,788**	2,497
Experience adjustment	**191,561**	(12,070)
Total re-measurements recognised in OCI	**264,349**	(9,573)

31.5 Sensitivity analysis

Sensitivity analysis has been performed by varying one assumption keeping all other assumptions constant and calculating the impact on the present value of the defined benefit obligations under the employee benefit scheme. The increase / (decrease) in the present value of defined benefit obligations as a result of change in each assumption is summarized below:

	2024	2023
	--------(Rupees in '000)--------	
1% increase in discount rate	**(967,925)**	(249,533)
1% decrease in discount rate	**1,145,686**	287,438
1 % increase in expected rate of salary increase	**1,148,313**	288,409
1 % decrease in expected rate of salary increase	**(964,006)**	(248,350)

31.6 Expected charge / (reversal) for the next financial year

	2024	2023
Expected charge / (reversal) for the next financial year	**280,498**	190,000

31.7 Maturity profile

	Years	
The weighted average duration of the present value of the defined benfit obligation	**8**	7

31.8 The significant risk associated with the employee benefit scheme are as follows:

Inflation risk

The risk that the final salary at the time of cessation of service is greater than what we assumed. Since the benefit is calculated on the final salary (which will closely reflect inflation and other macroeconomic factors), the benefit amount increases as salary increases.

Mortality Risk

The risk that the actual mortality experience is different than the assumed mortality. This effect is more pronounced in schemes where the age and service distribution is on the higher side.

Withdrawal Risk

The risk of actual withdrawals experience is different from assumed withdrawal probability. The significance of the withdrawal risk varies with the age, service and the entitled benefits of the beneficiary.

32. COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

32.1 Total Compensation Expense

2024

Items	Non-Executives Directors	President / CEO*	Key Management Personnel
	--------(Rupees in '000)--------		
Fees and allowances etc.	4,500	-	-
Managerial remuneration			
i) Fixed	-	34,004	73,522
ii) Variable			
a) Cash bonus / awards	-	2,310	8,457
Rent & house maintenance	-	-	24,702
Medical	-	-	136
Conveyance	-	-	178
Others	-	-	2,894
Total	4,500	36,314	109,889
Number of persons	2	1	13

2023

Items	Non-Executives Directors	President / CEO *	Key Management Personnel
	--------(Rupees in '000)--------		
Fees and allowances etc.	2,600	-	-
Managerial remuneration			
i) Fixed	-	24,695	69,225
ii) Variable			
a) Cash bonus / awards	-	1,765	6,512
Charge for defined benefit plan	-	-	-
Contribution to defined contribution plan	-	-	-
Rent & house maintenance	-	-	21,432
Medical	-	-	101
Conveyance	-	-	121
Others	-	-	490
Total	2,600	26,459	97,882
Number of persons	2	1	13

* The Chief Executive is entitled to free use of a Bank maintained car.

33. 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.

33.1 Fair value of financial assets

The Bank measures fair values using the following fair value hierarchy that reflects the significance of the inputs use 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).

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:

	2024			
	Level 1	Level 2	Level 3	Total
	--------(Rupees in '000)--------			
Off-balance sheet financial instruments - measured at fair value				
Forward exchange foreign contracts - Purchase	-	**6,827,290**	-	**6,827,290**

	2023			
	Level 1	Level 2	Level 3	Total
	--------(Rupees in '000)--------			
Off-balance sheet financial instruments - measured at fair value				
Forward exchange foreign contracts - Purchase	-	5,460,854	-	5,460,854

Valuation techniques used in determination of fair valuation of financial instruments within level 2 and level 3

Item	Valuation approach and input used
Forward foreign exchange contract	**The fair values of forward foreign exchange contracts are determined using forward pricing calculations.**

34 RELATED PARTY TRANSACTIONS

The Bank has related party relationships with its shareholders, key management personnel and directors.

Remuneration of key management personnel are in accordance with the terms of their employment. Other transactions are at agreed terms.

Balances and transactions with related parties are summarised as follows:

	2024			2023		
	Parent	Directors	Key management personnel	Parent	Directors	Key management personnel
Other Liabilities						
Management fee payable	-	-	-	17,900	-	-
Dividend payable	3,003,000	-	-	1,486,187	-	-
Expense						
Total compensation expense	-	-	146,203	-	-	124,341
Directors' fees and allowances	-	4,500	-	-	2,600	-
Management fee expense	17,068	-	-	80,912	-	-
Other information						
Dividend declared	3,003,000	-	-	1,000,500	-	-
Dividend paid	1,486,187	-	-	-	-	-

	2024	2023
	--------(Rupees in '000)--------	

35. CAPITAL ADEQUACY RATIO

	2024	2023
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	10,240,947	10,296,935
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	8,532,934	8,939,450
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	8,532,934	8,939,450
Eligible Tier 2 Capital	167,914	122,165
Total Eligible Capital (Tier 1 + Tier 2)	8,700,848	9,061,615
Risk Weighted Assets (RWAs):		
Credit Risk	28,385,897	22,136,982
Operational Risk	1,517,376	1,125,502
Total	29,903,273	23,262,484
Common Equity Tier 1 Capital Adequacy ratio	28.54%	38.95%
Tier 1 Capital Adequacy Ratio	29.10%	38.95%
Total Capital Adequacy Ratio	29.10%	38.95%

As per amendments in Prudential Regulation (R-1) issued vide BPRD Circular No. 10 of 2015 dated 03 June 2015, the minimum capital requirement (MCR) for Microfinance Banks operating at national level is Rs. 1 billion. In line with the SBP requirements, the Bank's eligible capital for MCR purposes includes paid up share capital net of losses and balance in share premium reserve.

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

For Capital adequacy calculation, the Bank has adopted Standardised Approach for credit risk related exposures and operational risk.

36. FINANCIAL RISK MANAGEMENT

36.1 Interest / mark-up rate risk

Interest rate risk is the risk that the value of the financial instrument will fluctuate due to changes in the market interest rates. The Bank's interest rate exposure is low due to the short-term nature of the majority of business transactions. Optimization of yield is achieved through the Bank's investment strategy which aims on attaining a balance between yield and liquidity under the strategic guidance of Asset and Liability Management Committee (ALCO).

	2024					
		Exposed to yield / interest risk				
	Effective yield / interest rate %	Total	Upto one month	One month to six month	Over six month to one year	Over one year to five years
		---------- (Rupees) ----------				
Assets						
Cash and balances with treasury banks	5.00%	4,666	4,666	-	-	-
Balances with other Banks and NBFIs	13.25 to 19.00%	1,847,719	1,847,719	-	-	-
Advances	43.74% to 53.67%	24,820,480	207,231	6,908,202	17,703,866	1,181
		26,672,865	2,059,616	6,908,202	17,703,866	1,181
Liabilities						
Borrowings	10.00%-20.00%	13,522,111	217,500	2,607,243	1,578,500	9,118,868
Lease liability against right-of-use assets	8.70% to 23.00%	318,805	-	-	5,303	313,502
On balance sheet gap		12,831,949	1,842,116	4,300,959	16,120,062	(9,431,188)

	2023					
		Exposed to yield / interest risk				
	Effective yield/ interest rate %	Total	Upto one month	One month to six month	Over six month to one year	Over one year to five years
		---------- (Rupees) ----------				
Assets						
Cash and balances with treasury banks	4.00%	1,327	1,327	-	-	-
Balances with other Banks and NBFIs	16.00% to 21.00%	1,172,052	1,172,052	-	-	-
Advances	46.76% to 53.67%	19,246,169	41,863	8,272,819	10,931,115	372
		20,419,549	1,215,242	8,272,819	10,931,115	372
Liabilities						
Borrowings	10.00%-20.00%	8,015,153	141,869	972,860	183,074	6,717,350
Lease liability against right-of-use assets	9.8% to 17.52%	189,752	-	-	99,932	89,820
On balance sheet gap		12,214,644	1,073,374	7,299,959	10,648,109	(6,806,798)

Above workings have been prepared on the basis of the earlier of repricing or contractual maturity of the instruments.

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36.2 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Bank's credit risk is primarily attributable to its advances, other receivable and balances at banks. The credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit ratings. The Bank has an effective loan disbursement and recovery monitoring system which allows it to evaluate borrowers' credit worthiness and identify potential problem loans. A provision for loan losses is maintained as required by IFRS 9 along with SBP application instruction. Investments, if any, are made in government securities.

36.2.1 Exposure to credit risk

Credit risk of the Bank arises principally from bank balances, advances, and other assets.

In summary, the maximum exposure to credit risk as at 31 December was as follows:

	Note	2024 Financial assets	2024 Maximum exposure	2023 Financial assets	2023 Maximum exposure
		---------- (Rupees) ----------			
Cash and balances with banks	4 & 5	**2,550,772**	**1,859,906**	1,198,872	1,182,215
Advances	6	**25,074,619**	**25,074,619**	19,472,691	19,472,691
Other assets	11	**1,039,068**	**1,039,068**	707,193	707,193
		28,664,458	**27,973,592**	21,378,757	21,362,100

36.2.2 Bank balances

The analysis below summarises the credit quality of the Bank's balances below:

Bank	2024 Long term	2024 Short term	2024 Amount (Rupees in '000)	2023 Amount (Rupees in '000)
United Bank Limited	AAA	A-1+	**1,067,759**	1,023,750
MCB Bank Limited	AAA	A-1+	**1,150**	1,548
National Bank of Pakistan	AAA	A-1+	**6,405**	1,552
Habib Bank Limited	AAA	A-1+	**1,752**	1,482
Soneri Bank Limited	AA-	A1+	**36**	33
Standard Chartered Bank (Pakistan) Limited	AAA	A-1+	**394,186**	3,193
Bank of Punjab	AA+	A1+	**84**	316
Pak Oman Investment Company Limited	AA+	A1+	**106,000**	130,000
Habib Metropolitan Bank Limited	AA+	A1+	**262,512**	-
Allied Bank Limited	AAA	A1+	**21,052**	20,341
			1,860,936	1,182,215

The above ratings are based on latest evaluations by PACRA and JCR-VIS.

36.3 Operational risk

Operational risk is recognized as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. To mitigate this risk, the Bank has established a dedicated Risk Division responsible for implementing and regularly reviewing the effectiveness of its Enterprise-wide Risk Management framework, policies, and processes. The division formulates and enforces comprehensive risk management policies for assessing, quantifying, and monitoring operational risks, ensuring that appropriate systems, plans, and procedures are in place. It also ensures that sufficient resources, both technical and human, are allocated to operational risk management, with staff possessing the necessary expertise. Additionally, the division assesses and monitors risks such as AML/CFT, legal, regulatory, and operational risks, advising the Board on risk appetite, strategy, and regulatory developments. The division actively oversees the design and implementation of a compliance risk management program and ensures the regular review and approval of risk assessment processes, timely monitoring of large exposures, and taking corrective actions in case of material breaches, thereby minimizing operational risk within the Bank. Quarterly reports are presented to the senior management.

36.4 Liquidity risk

Liquidity risk is the risk that the Bank will not be able to raise funds to meet its commitments. At present, the bank is not exposed to this risk as there is sufficient cash placed with various commercial banks at the year end.

The Assets and Liability Management Committee (ALCO) of the Bank is responsible for the oversight of liquidity management and meets on a monthly basis or more frequently, if required. The Bank's approach to liquidity management is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking sustained damage to business franchises. A centralized approach is adopted, based on an integrated framework incorporating an assessment of all material known and expected cash flows and the availability of collateral which could be used to secure additional funding if required. The framework entails careful monitoring and control of the daily liquidity position, and regular liquidity stress testing under a variety of scenarios. These encompass both normal and stressed market conditions, including general market crises and the possibility that access to markets could be impacted by a stress event affecting some part of the Bank's business.

36.5 Assets and liabilities - based on contractual maturity

	2024							
	Total	Upto 1 Month	Over 1 to 3Months	Over 3 to 6 Months	Over 6 to 12 Months	Over 1 to 2 years	Over 2 to 5 years	Over 5 Years
	(Rupees in '000)							
Assets								
Cash and balances with treasury banks	697,327	697,327	-	-	-	-	-	-
Balances with other Banks and NBFIs	1,853,501	1,853,501	-	-	-	-	-	-
Advances	24,820,480	206,650	1,455,974	5,504,334	17,652,340	1,181	-	-
Property and Equipment	416,973	1,049	1,342	354	26,156	164,010	224,062	-
Right-of-use assets	353,311	-	-	-	6,346	5,620	220,253	121,094
Intangible assets	290,825	-	-	-	-	1,246	91,988	197,591
Deferred tax assets	1,421,633	-	-	-	-	-	1,421,633	-
Other assets	972,068	972,068	-	-	-	-	-	-
	30,826,107	3,730,685	1,457,316	5,504,688	17,684,842	172,057	1,957,934	318,685
Liabilities								
Borrowings	13,522,111	217,500	352,452	2,265,620	1,578,500	3,552,287	5,555,772	-
Lease Liabilities	318,805	-	-	-	5,303	4,697	184,076	124,729
Other liabilities	6,744,246	-	-	6,744,246	-	-	-	-
	20,585,162	217,500	352,452	9,009,866	1,583,804	3,556,983	5,739,848	124,729
Net assets	10,240,945	3,513,085	1,104,864	(3,505,177)	16,101,038	(3,384,906)	(3,781,914)	193,956
Share capital	1,500,000							
Reserves	954,748							
Unappropriated profit	7,786,198							
	10,240,946							

	2023							
	Total	Upto 1 Month	Over 1 to 3Months	Over 3 to 3 Months	Over 6 to 12 Months	Over 1 to 2 years	Over 2 to 5 years	Over 5 Years
	(Rupees in '000)							
Assets								
Cash and balances with treasury banks	18,837	18,837	-	-	-	-	-	-
Balances with other MFBs / banks / NBFIs	1,180,035	1,180,035	-	-	-	-	-	-
Advances	19,246,169	149,320	5,986,376	-	13,108,545	1,928	-	-
Property and Equipment	427,151	-	-	-	-	427,151	-	-
Right-of-use assets	225,016	8,852	16,002	22,635	38,935	73,191	10,375	55,026
Intangible assets	126,160	-	-	-	-	126,160	-	-
Deferred tax assets	1,231,325	-	-	-	-	1,231,325	-	-
Other assets	772,679	352,104	76,304	-	203,171	141,100	-	-
	23,227,372	1,709,148	6,078,682	22,635	13,350,651	2,000,855	10,375	55,026
Liabilities								
Borrowings	8,015,153	141,869	-	972,860	183,074	-	6,717,350	-
Lease liabilities	189,752	5,566	12,186	18,051	30,252	58,888	55,805	9,004
Other liabilities	4,725,533	1,991,621	-	389,488	1,741,404	623,020	-	-
	12,930,439	2,139,056	12,186	1,380,399	1,954,730	681,908	6,773,155	9,004
Net assets	10,296,934	(429,908)	6,066,496	(1,337,764)	11,395,921	1,318,947	(6,762,780)	46,022
Share capital	1,500,000							
Reserves	417,392							
Unappropriated profit	8,379,542							
	10,296,934							

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38. Market risk

Market risk is the risk of changes in market conditions that may adversely impact the value of assets or liabilities, following a negative impact on earnings. Market risk mainly arises from trading activities carried out by Treasury like borrowing, investments and client facilitating activities. To effectively manage Market Risk, a comprehensive Risk Management Policy, encompassing market risk management, has been developed and approved by the Risk Management Division. This policy outlines the relevant risk metrics, control measures, and strategies used for proactive management of market risk.

39. NON - ADJUSTING EVENTS AFTER BALANCE SHEET DATE

The Board of Directors have proposed a final dividend for the year ended 31 December 2024 of Rs. 1000 (2023: Rs. 1,000) per share, amounting to Rs. 1,500,000,000 (2023: Rs. 1,500,000,000) at their meeting held on March 06,2025. This is in addition to Rs. 1,002 per share already declared during the year bringing the total dividend for the year to Rs.2002 per share (2023: Rs. 1000) per share. The final appropriation is expected to be approved by the shareholders in forthcoming Annual General Meeting. These financial statements do not include the effect of this appropriation which will be accounted for in the financial statements for the year ending 31 December 2025.

40. GENERAL

40.1 The comparative information have been re-arranged and reclassified for comparison purposes.

40.2 Captions, as per format prescribed by SBP, in respect of which there are no amounts, have not been reproduced in these financial statements, except for the captions of the statement of financial position and profit and loss

40.3 Figures have been rounded off to the nearest thousand rupees, unless otherwise specified.

41. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Bank in their meeting held on MARCH 06,2025

Saeed Uddin Khan President and Chief Executive Officer	Shoaib Shamim Chief Financial Officer	Asif Yasin Malik Chairman	M Kamran Shehzad Director	Mischa John Assink Director