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

	Note	(Unaudited) 30-Sep-25	(Audited) 31-Dec-24
		-----Rupees in '000 -----	
ASSETS			
Cash and balances with treasury banks	9	**2,522,200**	5,892,288
Balances with other MFBs / Banks / NBFIs	10	**4,709,428**	3,938,347
Lendings to financial institutions	11	**(0)**	3,101,072
Investments	12	**11,172,107**	120,110,978
Advances	13	**39,892,068**	37,170,324
Property and equipment	14	**568,609**	568,665
Right-of-use assets	15	**635,385**	622,772
Intangible assets	16	**24,880**	28,203
Deferred tax assets	17	**3,065,835**	3,211,739
Other assets	18	**2,091,983**	2,596,909
		64,682,496	**177,241,297**
LIABILITIES			
Bills payable	19	**53,827**	53,036
Deposits and other accounts	21	**44,915,549**	55,000,504
Borrowings	20	**7,413,012**	112,182,676
Subordinated debt	23	**2,462,317**	2,391,879
Lease liabilities	22	**931,079**	894,018
Deferred grants	24	**11,825**	85
Deferred tax liabilities		**-**	-
Other liabilities	25	**3,148,509**	3,161,860
		58,936,119	**173,684,058**
NET ASSETS		**5,746,376**	**3,557,239**
REPRESENTED BY			
Share capital / head office capital account - net	27	**3,498,383**	1,498,372
Advance against future issue of right shares		**-**	1,304,296
Statutory and general reserves		**1,542,786**	1,242,974
Depositors' protection fund		**648,738**	533,543
Surplus/ (Deficit) on revaluation of assets	26	**(5,750)**	28,558
Unappropriated / Unremitted profit		**62,220**	(1,050,504)
		5,746,376	**3,557,239**

CONTINGENCIES AND COMMITMENTS 28

The annexed notes 1 to 50 and annexure I form an integral part of these financial statements.

President/Chief Executive   Chief Financial Officer   Director   Director

NRSP MICROFINANCE BANK LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)
FOR THE PERIOD ENDED ON SEPTEMBER 30,2025

		Quarter Ended		Period Ended	
	Note	30-Sep-25	30-Sep-24	30-Sep-25	30-Sep-24
		Rupees in '000			
Mark-up / Return / Interest earned	29	**3,233,719**	2,787,396	**12,476,831**	8,623,927
Mark-up / Return / Interest expensed	30	**(1,645,911)**	(2,036,810)	**(7,830,444)**	(5,652,206)
Net mark-up / interest income		**1,587,808**	750,586	**4,646,387**	2,971,722
NON MARK-UP / INTEREST INCOME					
Fee and commission income	31	**62,195**	88,411	**197,642**	242,920
Net gains/(loss) on derecognition of financial assets measured at amortised cost	32	**(94)**	-	**407**	12,489
Other income	33	**18,631**	(11,299)	**35,419**	10,129
Total non-markup / interest Income		**80,732**	77,112	**233,469**	265,538
Total income		**1,668,540**	827,699	**4,879,856**	3,237,259
NON MARK-UP / INTEREST EXPENSES					
Operating expenses	34	**(977,468)**	(884,962)	**(2,756,421)**	(2,426,213)
Workers welfare fund		**-**	-	**-**	(8,982)
Other charges	35	**(10)**	(509)	**(10)**	(923)
Total non-markup / interest expenses		**(977,478)**	(885,471)	**(2,756,431)**	(2,436,119)
Profit / (Loss) before credit loss allowance		**691,062**	(57,773)	**2,123,425**	801,140
Credit loss allowance and write offs - net	36	**(182,673)**	546,518	**(102,316)**	415,797
Other income / expense items (to be specified)		**-**	-	**-**	-
PROFIT / (LOSS) BEFORE MINIMUM AND REVENUE TAX		**508,389**	488,746	**2,021,109**	1,216,937
Minimum tax differential		**(74,237)**	(75,675)	**(364,311)**	(203,188)
PROFIT / (LOSS) BEFORE TAXATION		**434,152**	413,071	**1,656,798**	1,013,749
Taxation	37	**86,688**	(198,097)	**(157,735)**	(233,236)
PROFIT / (LOSS) AFTER TAXATION		**520,840**	214,973	**1,499,063**	780,513
Basic Earnings / (Loss) Per Share	39	**2.40**	1.43	**6.90**	5.21
Diluted Earnings / (Loss) Per Share		**2.40**	1.43	**6.90**	5.21

The annexed notes 1 to 50 and annexure I form an integral part of these financial statements.

President/Chief Executive	Chief Financial Officer	Director	Director	Director

NRSP MICROFINANCE BANK LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE PERIOD ENDED ON SEPTEMBER 30,2025

	Quaarter Ended		Period Ended	
	30-Sep-25	30-Sep-24	30-Sep-25	30-Sep-24
	-------------(Rupees in '000)-------------			
Profit / (Loss) after taxation for the period	**520,840**	214,973	**1,499,063**	780,513
Other comprehensive income				
Items that may be reclassified to profit and loss account in subsequent periods:				
Movement in surplus / (deficit) on revaluation of	**(93,831)**	(12,287)	**(51,207)**	(12,668)
Related Tax	**30,964**	4,055	16,898	4,180
	(62,867)	(8,232)	**(34,309)**	(8,487)
Items that will not be reclassified to profit and loss account in subsequent periods:				
Remeasurement gain / (loss) on defined benefit oblig	(79,723)	(10,515)	(17,274)	(13,066)
Related tax impact	26,309	3,470	5,701	4,312
	(53,414)	(7,045)	(11,574)	(8,754)
Total comprehensive income	**574,254**	222,018	**1,453,180**	797,754

The annexed notes 1 to 50 and annexure I form an integral part of these financial statements.

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

NRSP MICROFINANCE BANK LIMITED
CONDENSED INTERIM STATEMENT OF CHANGE IN EQUITY (UNAUDITED)
FOR THE PERIOD ENDED ON SEPTEMBER 30,2025

	Capital Reserve					Revenue reserve	
	Share capital / head office capital account	Advance against issue of shares	Statutory reserve	Depositors' protection fund	Surplus/ (Deficit) on revaluation of financial assets at FVOCI	Unappropriated profit	Total
	-------------------------Rupees in '000------------------------------						
Balance as at December 31,2023	1,498,372	1,000,000	997,922	393,207	(255)	(1,845,765)	2,043,481
Net Impact of Adopting IFRS 9 as on 01-Jan-2024	-	-	-	-	-	(81,840)	(81,840)
Related Balance as at January 01,2024	**1,498,372**	**1,000,000**	**997,922**	**393,207**	**(255)**	**(1,927,606)**	**1,961,641**
Profit/(Loss) after Taxation September 30,2024	-	-	-	-	-	780,513	780,513
Other comprehensive income - net of tax	-	-	-	-	-	8,754	8,754
Transfer to statutory reserve	-	-	156,103	-	-	(156,103)	-
Transfer to depositors' protection fund	-	-	-	39,026	-	(39,026)	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	(8,232)	-	(8,232)
Other appropriations (to be specified)	-	-	-	55,165		-	55,165
Advance against issue of right shares		304,296	-	-	-	-	304,296
Balance as at September 30,2024	**1,498,372**	**1,304,296**	**1,154,025**	**487,398**	**(8,487)**	**(1,333,467)**	**3,102,136**
Profit/(Loss) after Taxation December 31,2024	-		-	-	-	444,744	444,744
Other comprehensive income - net of tax	-		-	-	-	(50,595)	(50,595)
Transfer to statutory reserve	-		88,949	-	-	(88,949)	-
Transfer to depositors' protection fund	-		-	22,237	-	(22,237)	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax					37,045	-	37,045
Other appropriations (to be specified)	-		-	23,908		-	23,908
Balance as at December 31,2024	1,498,372	1,304,296	1,242,974	533,543	28,558	(1,050,504)	3,557,239
Profit/(Loss) after Taxation September 30,2025	-	-	-	-	-	**1,499,063**	**1,499,063**
Other comprehensive income - net of tax	-	-	-	-	-	**(11,574)**	**(11,574)**
Transfer to statutory reserve	-	-	**299,813**	-	-	**(299,813)**	-
Transfer to depositors' protection fund	-	-	-	**74,953**	-	**(74,953)**	-
Other appropriations (to be specified)	-	-	-	**40,243**	**(34,309)**	-	**5,934**
Advance against issue of right shares		**695,715**					**695,715**
Issued of Right Shares	**2,000,011**	**(2,000,011)**					-
Closing Balance as at September 30,2025	**3,498,383**	**-**	**1,542,786**	**648,738**	**(5,750)**	**62,220**	**5,746,376**

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

NRSP MICROFINANCE BANK LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR 9 MONTHS PERIOD ENDED ON SEPTEMBER 30,2025

1 STATUS AND NATURE OF BUSINESS

NRSP Microfinance Bank Limited (the Bank) was incorporated in Pakistan on October 22, 2008 as a Public limited Company under the Companies Ordinance, 1984. The Bank obtained license from the State Bank of Pakistan (SBP) on February 18, 2009 to operate, on nationwide basis, as a microfinance bank under Microfinance Institutions Ordinance, 2001. Certificate of commencement of business was issued by the Securities and Exchange Commission of Pakistan (SECP) on February 8, 2011 and certificate of commencement of business from SBP was received on February 28, 2011.

The Bank was established to mobilize funds for providing microfinance banking and related services to low income and underserved segment of society for mitigating poverty through providing access to financial markets at micro level.

The Bank's registered office is situated at 7th Floor, UBL Tower, Jinnah Avenue, Blue Area, Islamabad and principal place of business is situated at Shalimar Avenue, Shalimar Town, Rawalpindi. The Bank is operating 133 branches (2024: 133) as at the year end including 37 (2024: 37) Islamic branches.

National Rural Support Programme (NRSP) is holding company of the Bank which holds 81.75% (2024: 57.40%) shares of the Bank.

2 BASIS OF PRESENTATION

2.1 These financial statements have been presented in accordance with the requirements of Banking Policy & Regulations Department (BPRD) Circular No. 03 of 2023 dated February 09, 2023 issued by the State Bank of Pakistan (SBP).

The financial results of the Islamic Microfinance Division (IMD) of the Bank have been consolidated in these financial statements for reporting purpose, after eliminating inter-branch transactions/balances. Key figures of the IMD, derived from the related accounting records of the Bank, are disclosed as Annexure-II to these financial statements for disclosure purpose only to comply with the requirements of the license issued by the SBP to the Bank to commence Islamic microfinance operations. Further, the IMD results are to be separately reported upon for Shariah Compliance by the Shariah Advisor of the Bank as required by the SBP in conditions prescribed

2.2 Basis of measurement

a) These financial statements have been prepared under the historical cost convention except for certain investments carried at fair value and recognition of certain staff retirement benefits, liabilities against assets subject to finance lease which are stated at present value.

b) These condensed interim financial statements have been prepared in compliance with the format as prescribed under the Banking Policy & Regulations Department Circular No. 3 dated February 09, 2023 issued by the SBP. These condensed interim financial statements have been presented in Pakistani Rupees, which is the functional and presentation currency of the Bank.

3 STATEMENT OF COMPLIANCE

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

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified
- Islamic Financial Accounting Standards (IFAS Standards) issued by the Accounting and Auditing Organisation for Islamic Financial Institutions
- Provisions of and directives issued under the Companies Act, 2017 and the Microfinance Institutions Ordinance, 2001; and
- Directives issued by the State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan (SECP).

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

3.2 Banking Policy & Regulations Department of State Bank of Pakistan (SBP) via circular no. 3 of 2023 dated 09 February 2023, introduced the new format for preparation of annual and interim financial statements for microfinance banks due to significant regulatory developments including implementation of IFRS 9 as well as many other additions / amendments in the International Financial Reporting Standards. The revised format for preparation of annual financial statements are applicable effective from the accounting year ending 31st December, 2024 and revised format for preparation of interim financial statements are applicable effective from the first quarter of year

3.2 The SBP has deferred the applicability of International Accounting Standard (IAS) 39 - 'Financial Instruments: Recognition and Measurement' and IAS 40 - 'Investment Property' for Banking Companies in Pakistan through BSD Circular Letter 10 dated August 26, 2002 till further instructions. Further, the SECP has deferred the applicability of IAS 40 - 'Investment Property' and IFRS 7 - 'Financial Instruments: Disclosures' through its notification S.R.O 633(I)/2014 dated July 10, 2014. Accordingly, the requirements of these standards have not been considered in the preparation of these financial statements. However, investments have been classified and valued in accordance with the requirements prescribed by the SBP through various circulars.

3.3 These condensed interim financial statements do not include all the information and disclosures required for the annual financial statements, and should be read in conjunction with the annual financial statements of the Bank as at December 31, 2023, which have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for financial reporting. The accounting and reporting standards as applicable in Pakistan for financial reporting comprise of: 'International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017; Provisions of and directives issued under the Microfinance Institutions Ordinance, 2001 and the Companies Act, 2017; and Directives issued by the State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the Microfinance Institution Ordinance, 2001, the Companies Act, 2017, or the directives issued by the SBP and SECP differ with the requirements of IFRS, the requirements of the Microfinance Institution Ordinance, 2001, the Companies Act, 2017 and the said directives shall prevail.

4 AMENDMENTS TO THE PUBLISHED APPROVED ACCOUNTING STANDARDS THAT ARE EFFECTIVE IN THE CURRENT PERIOD

a) Standards, interpretations of and amendments to accounting and reporting standards that

There are certain amendments to existing accounting and reporting standards that have become applicable to the Bank for accounting periods beginning on or after June 30, 2024. These are either considered to be not relevant or do not have any significant impact on these condensed interim financial statements.

	Effective from Accounting period beginning on or after
Amendments to IAS 8 'Accounting Policies, Changes in Accounting	June 30, 2024
Amendments to 'IAS 12 Income Taxes' - deferred tax related to assets	June 30, 2024
Amendments to IAS 12 ' Income taxes' - International Tax Reform — Pillar	June 30, 2024
Amendments to IFRS 16 ' Leases' - Clarification on how seller-lessee	January 01, 2024
Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2024
Amendments to IAS 7 'Statement of Cash Flows' and 'IFRS 7 'Financial	January 01, 2024

b) Standards, interpretations of and amendments to accounting and reporting standards that are not yet effective

There are certain other new amendments that are mandatory for the Bank's accounting periods beginning on or after January 01, 2024, but are considered not to be relevant or will not have significant effect on the Bank's operations and are, therefore, not detailed in these condensed interim financial statements.

	Effective from Accounting period beginning on or after
Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates' - Clarification on how entity accounts	January 01, 2025
IFRS 17 – Insurance Contracts (including the June 2020 and	January 01, 2026
Amendments IFRS 9 'Financial Instruments' and IFRS 7 'Financial instruments disclosures' -	January 01, 2026

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

Standard	
IFRS 1	First-time Adoption
IFRS 18	Presentation and
IFRS 19	Subsidiaries

The Bank expects that the adoption of the above standards will have no material effect on the Bank's financial statements, in the period of initial application.

5 MATERIAL ACCOUNTING POLICIES

The accounting policies adopted for the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements for the year ended December 31, 2023 except for accounting for minimum and final taxes and initial recogition of financial assets and financial liabilities as per IFRS 9.

5.1 Financial instruments – initial recognition (accounting policy applicable from 1 January 2024

a) Date of recognition

Financial assets and liabilities, with the exception of loans and advances to customers and balances due to customers, are initially recognized on the trade date, i.e., the date on which the Bank becomes a party to the contractual provisions of the instrument. This includes regular way trades, i.e., purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place. Loans and advances to customers are recognized when funds are transferred to the customers' accounts. The Bank recognizes balances due to customers when funds are transferred to the Bank.

b) Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. Financial instruments are initially measured at their fair value , except in the case of financial assets and financial liabilities recorded at FVPL, transaction costs are added to, or subtracted from, this amount.

c) Measurement categories of financial assets and liabilities

From 1 January 2024, the Bank classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either:

• Amortized cost
• Fair value though Other comprehensive income (FVOCI), and
• Fair value through profit and loss (FVTPL)

The Bank classifies and measures its derivative and trading portfolio at FVPL. The Bank may designate financial instruments at FVPL, if so doing eliminates or significantly reduces measurement or recognition inconsistencies.

Financial liabilities, other than loan commitments and financial guarantees, are measured at amortized cost or at FVPL when they are held for trading and derivative instruments or the fair value designation is applied.

d) Financial assets and liabilities

Due from banks, Loans and advances to customers and investments

From 1 January 2024, the Bank measures Due from banks, Loans and advances to customers and Investments at amortized cost if both of the following conditions are met:

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

Business model assessment

The Bank determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective:

- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

The expected frequency, value and timing of sales are also important aspects of the Bank's assessment. The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'best case' scenarios into account. If cash flows after initial recognition are realized in a way that is different from the Bank's original expectations, the Bank does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

The SPPI test

As a second step of its classification process the Bank assesses the contractual terms of the financial asset to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortization of the premium/discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Bank applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

In contrast, contractual terms that introduce a more than de Minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVPL.

e) Debt instruments at FVOCI

The Bank applies the new category under IFRS 9 of debt instruments measured at FVOCI when both of the following conditions are met:

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

These instruments largely comprise assets that had previously been classified as financial investments available-for-sale. FVOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognized in OCI. Interest income and foreign exchange gains and losses are recognized in profit or loss in the same manner as for financial assets measured at amortized cost. Where the Bank holds more than one investment in the same security, they are deemed to be disposed of on a first–in first–out basis. On derecognition, cumulative gains or losses previously recognized in OCI are reclassified from OCI to profit or loss

f) Equity instruments at FVOCI

Upon initial recognition, the Bank occasionally elects to classify irrevocably some of its equity investments as equity instruments at FVOCI when they meet the definition of Equity under IAS 32 Financial Instruments: Presentation and are not held for trading. Such classification is determined on an instrument-by-instrument basis.

Gains and losses on these equity instruments are never recycled to profit. Dividends are recognized in profit or loss as other operating income when the right of the payment has been established, except when the Bank benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI. Equity instruments at FVOCI are not subject to an impairment assessment.

g) Debt issued and other borrowed funds

After initial measurement, debt issued and other borrowed funds are subsequently measured at amortized cost. Amortized cost is calculated by taking into account any discount or premium on issued funds, and costs that are an integral part of the EIR.

5.1.1 Derecognition of financial assets and liabilities

a) Derecognition for substantial modification of Financial assets

The Bank derecognizes a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognized as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognized loans are classified as Stage 1 for ECL measurement purposes, unless the new loan is deemed to be POCI.

For financial liabilities, the Bank considers a modification substantial based on qualitative factors and if it results in a difference between the adjusted discounted present value and the original carrying amount of the financial liability of, or greater than, ten percent. For financial assets, this assessment is based on qualitative factors.

b) Derecognition other than for substantial modification Financial assets

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

c) Financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged, 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. The difference between the carrying value of the original financial liability and the consideration paid is recognized in profit or loss.

d) Reclassification of financial assets and liabilities

From 1 January 2024, 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. The Bank did not reclassify any of its financial assets or liabilities in 2024.

5.1.2 Impairment of financial assets (Policy applicable from 1 January 2024)

a) Overview of the ECL principles

IFRS 9 has fundamentally changed the Bank's loan loss impairment method by replacing incurred loss approach with a forward-looking ECL approach. From January 01, 2024, the Bank has been recording the allowance for expected credit losses for all loans and other debt financial assets not held at FVPL, together with loan commitments and financial guarantee contracts. Equity instruments are not subject to impairment under IFRS 9.

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

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

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

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

Stage 1	When loans are first recognized, the Bank recognizes an allowance based on 12mECLs. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2.
Stage 2	When a loan has shown a significant increase in credit risk since origination, the Bank records an allowance for the LTECLs. Stage 2 loans also include facilities, where the credit risk has improved and the loan has been reclassified
Stage 3	Loans considered credit-impaired . The bank records an allowance for the
POCI	Purchased or originated credit impaired (POCI) assets are financial assets that are credit impaired on initial recognition. POCI assets are recorded at fair value at original recognition and interest income is subsequently recognized based on a credit-adjusted EIR. ECLs are only recognized or released to the extent that there is a subsequent change in the expected credit losses.

b) The calculation of ECLs

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

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

PD	PD The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognized and is still in the portfolio. The concept of PDs is further explained in credit risk management.

LGD	The Loss Given Default (LGD) is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realization of any collateral or credit enhancements that are integral to the loan. It is usually expressed as a percentage of the EAD. The LGD is further explained in credit risk management.
EAD	The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.

When estimating the ECLs, the Bank considers three scenarios (a base case, an upside and a downside). The maximum period for which the credit losses are determined is the contractual life of a financial instrument unless the Bank has the legal right to call it earlier. Impairment losses and releases are accounted for and disclosed separately from modification losses or gains that are accounted for as an adjustment of the financial asset's gross carrying value.

The mechanics of the ECL method are summarized below:

Stage 1	The 12mECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Bank calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR. This calculation is made for each of the three scenarios, as explained above.
Stage 2	When a loan has shown a significant increase in credit risk since origination, the Bank records an allowance for the LTECLs. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.
Stage 3	For loans considered credit-impaired , the Bank recognizes the lifetime expected credit losses for these loans. The method is similar to that for Stage 2 assets, with the PD set at 100%.
POCI	POCI assets are financial assets that are credit impaired on initial recognition. The Bank only recognizes the cumulative changes in lifetime ECLs since initial recognition, based on a probability-weighting of the three scenarios, discounted by the credit-adjusted EIR.

c) Debt instruments measured at fair value through OCI

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

d) Purchased or originated credit impaired financial assets (POCI)

For POCI financial assets, the Bank only recognizes the cumulative changes in LTECL since initial recognition in the loss allowance.

e) Forward looking information

In its ECL models, the Bank relies on a broad range of forward looking information as economic inputs, such as:

• GDP growth

• Consumer price indices

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material. Detailed information about these inputs is explained in note 41.4.

f) Credit enhancements: collateral

To mitigate its credit risks on financial assets, the Bank seeks to use collateral, where possible. The collateral comes in various forms, such as gold, vehicle, house etc. Collateral, unless repossessed, is not recorded on the Bank's statement of financial position. However, the fair value of eligible collateral affects the calculation of ECLs. It is generally assessed, at a minimum, at inception and re-assessed on a requirement basis.

Eligible collateral are those which has i) legal certainly and enforceability, and ii) history of forcibility and recovery. The bank consider cash and cash equivalents as eligible collaterals and EAD of relevant facilities are reduced by the amount of eligible collateral.

g) Write-offs

Financial assets are written off either partially or in their entirety only when the Bank has no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to credit loss expense. the Bank also follows Prudential regulations issued by SBP for write off of its advances. Under these PR loans are written off after 30 days from the date of loss categorization.

h) ECL on government guaranteed credit exposure

ECL on credit exposure (in local currency) that have been guaranteed by the Government of Pakistan and Government Securities, has not been estimated due to exemption available under IFRS instructions issued by SBP through circular no. 3 of 2022 dated 05 July 2022.

i) Two track approach for stage 3 loans

As per instructions issued by SBP, the bank used two track approach for ECL assessment on stage 3 loans. As per this approach the bank calculated provision /ECL both under Prudential Regulations (PRs) issued by SBP for microfinance banks and IFRS 9 and higher amount has been

5.1.3 Credit risk management

Credit risk arises from the potential that an obligor is either unwilling to perform on an obligation or its ability is impaired resulting in economic loss to the Bank. The Bank takes necessary measures to control such risk by monitoring credit exposures, limiting transactions with specific counter parties with increased likelihood of default and continually assessing the creditworthiness of

a) Definition of Default and Cure

The Bank considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for ECL calculations, advances to customers when the borrower becomes 60 days past due for General Loans, 90 days past due for Micro Enterprise loans and 180 days past dues for Housing Loans on its contractual payments. The Bank considers treasury and interbank balances defaulted and takes immediate action when the required intraday payments are not settled by the close of business as outlined in the individual agreements.

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

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

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

b) PD Estimation Process

Consumer lending

The banks entire loans and advances portfolio consist of consumer lending. Consumer lending comprises agriculture, livestock, enterprise, general, gold, house and Islamic loans . The Bank does not have credit score card model for consumer landings, therefore, the Bank used delinquency (day past due) based model for estimation of PDs. Average monthly transitions to default of relevant delinquency states were converted into current 12 months point in time PDs using statistical models. The lifetime PD is developed by applying a maturity profile to the current 12 months PD. Data from December 31, 2018 till March 31, 2024 has been used for PD

Bank balances

For bank balances and terms deposits, the Bank's credit risk department analyses publicly available information such as financial information and other external data, e.g., the rating of good rating agency. PDs of external ratings are sourced from studies of international credit agencies such as S&P Global and Moody's.

c) LGD Estimation Process

The Bank segments its consumer lending products into smaller homogeneous segments, based on key characteristics that are relevant to the estimation of future cash flows. The bank calculate LGD of each segment based historical experiences of cash recoveries from defaults (including settlements), cost and time of recoveries. one year set back is maintained for calculation of LGD for defaults, which means parties which are classified as default till end of last year are taken in to the calculation of LGD. Effective interest rate or approximate there of has been used to discount recoveries to date of default. Data from December 31, 2018 till date has been used for LGD estimations for the parties classified as default till June 30, 2023. For receivables from the banks and investments, the Bank used LGD percentages prescribed under Basel Foundation – Internal Rating Based (F-IRB) approach to determine ECL under BSD Circular No. 08 dated June 27, 2006

d) Forward looking Information:

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

5.2 Accounting for minimum taxes and final taxes

The guide was issued by Institute of Chartered Accountants of Pakistan (ICAP) in May 2024 '*IAS 12 Application Guidance on Accounting for Minimum taxes and Final taxes' (the guide).*

In view of the clarifications from ICAP, it has been established that minimum tax and final taxes do not meet the criteria of income tax expense as per IAS 12 hence it should be accounted for under IFRIC 21 'Levies' and IAS 37 *'Provisions, Contingent Liabilities and Contingent Assets'.*

The guide issued by ICAP provides approaches to account for minimum and final regime taxes according to the facts and circumstances as applicabl to the Company. Accordingly, the Company has adopted the following approach:

The Compnay designate the amount calculated on taxable income using the notified tax rate as an income tax within the scope of IAS 12 ‘Income Taxes’ and recognise it as current income tax expense. Any excess over the amount designated as income tax, is then recognised as a levy falling under the scope of IFRIC 21 "Levies"/IAS 37" Provisions, Contingent Liabilities and Contingent Assets".

Therefore, the effective rate of income tax is equal to the enacted rate of income tax.

Similarly, any amount deducted as final taxes will be classified as a levy in the statement of profit or loss and there would be no deferred tax liability / (asset) recognised in case of final taxes.

Super tax charged to entities as per provisions of Income Tax Ordinance, 2001, will be classified as either ‘Income Tax’ or ‘levy’ in accordance with guide stated in preceding paragraphs of this guide [i.e. if super tax calculation is based on taxable profits as defined in IAS 12, then, such super tax shall be recognised as ‘income tax’ otherwise such super tax shall qualify for recognition as

Advance taxes paid under any section of the Income Tax Ordinance, 2001, except minimum taxes paid under section 113, which are termed as levy as per the above guide will be classified as

The above changes have been accounted for in these financial statements as per the requirements of IAS 8 ‘Accounting Policies, Changes in Accounting Estimates and Errors’. The adoption of this policy did not result in re-statement of financial statements since deferred tax liability recognised in the year ended June 30, 2023 was already at average rate and the application of this guide did not result any material differences except for reclassifications which

5.2.1 Levy

A levy is an outflow of resources embodying economic benefits that is imposed by governments on entities in accordance with legislation (i.e. laws and/or regulations), other than:

- Those outflows of resources that are within the scope of other standards.
- Fines or other penalties that are imposed for breaches of the legislation.

In these financial statements, levy includes minimum taxes differential, if any, final taxes and super taxes which are based on other than taxable profits. The corresponding advance tax paid, except for minimum taxes under section 113, which are treated as levy are recognised in prepaid

a) Revenue taxes

Revenue taxes includes amount representing excess of :

a)minimum tax paid under section 113 over income tax determined on income streams taxable at general rate of taxation and;

b)minimum tax withheld / collected / paid or computed over tax liability computed on (related income tax streams
taxable at general rate of tax), is not adjustable against tax liability of subsequent tax years.

Amount over income tax determined on income streams taxable at general rate of taxation shall be treated as revenue taxes.

The company determines, based on expected future taxable profits, that excess paid under section 113 by the entity over and above its tax liability (on income stream(s) taxable at general rate of taxation) is expected to be realized in subsequent tax years, then, such excess shall be recorded as deferred tax asset adjustable against tax liability for subsequent tax years. This shall be recognized as ‘deferred tax asset’ for the reason that it represents unused tax credit as it can be adjusted only against tax liability (of subsequent tax years) arising on taxable income subject to general rate of taxation. Such an asset shall be subject to requirements contained in IAS 12

b) Final Taxes

Final taxes includes tax charged / withheld / paid on certain income streams under various provisions of Income Tax Ordinance, 2001 (Ordinance). Final tax is charged / computed under the Ordinance, without reference to income chargeable to tax at the general rate of tax and final tax computed / withheld or paid for a tax year is construed as final tax liability for the related stream of

Final tax paid is considered to be full and final discharge of the tax liability for the Company for a tax year related to that income stream.

5.2.2 Taxation / Revenue Taxes / Final Taxes

a) Current

Provision for current taxation is based on taxable income at the enacted / corporate tax rate after taking into account tax credits and rebates available, if any, as per the Income Tax Ordinance,

b) Deferred

Deferred tax is provided using the liability method for all temporary differences at the reporting date between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes after considering, the average effective rate of tax / enacted tax rate.

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax asset is recognised for all deductible temporary differences and carried forward unused tax losses, if any, to the extent that it is probable that taxable profit will be available against which such temporary differences and tax losses can be utilised.

Deferred tax assets and liabilities are measured at enacted tax rate that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting date.

6 ACCOUNTING ESTIMATES

The basis for accounting estimates adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the financial statements of the Bank for the year ended December 31, 2023 unless otherwise specified in abovementioned adoption of new accounting policies.

7 FINANCIAL RISK MANAGEMENT

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

			30-Sep-25	Audited 31-Dec-24
			Rupees in '000	
9	**CASH AND BALANCES WITH TREASURY BANKS**			
	In hand - Local currency		**746,141**	**898,615**
	Balance With State Bank of Pakistan in			
	Local currency current account	9.1	955,521	3,558,410
	Local currency deposit account		-	-
			955,521	**3,558,410**
	Balance With National Bank of Pakistan in			
	Local currency current account		15,779	15,611
	Local currency deposit account (to be specified)	9.2	801,651	1,397,363
			817,430	**1,412,974**
	Accrued Markup on Balances With NBP		3,108	22,289
	Less: Credit loss allowance		-	-
	Total		**2,522,200**	**5,892,288**

9.1 This represents balance maintained with SBP to comply with requirements of Prudential Regulations for Microfinance Banks to maintain minimum cash reserve equivalent to not less than 3% (2024: 5%) of the Bank's demand deposits and time deposits with tenor of less than one year.

9.2 These represent deposits with National Bank of Pakistan payable on demand carrying mark-up/profit ranging from 5% to 11.5% (2024: 5% to 18.75%) per annum.

			30-Sep-25	Audited 31-Dec-24
10	**BALANCES WITH OTHER MFBs/BANKs/NBFIs**		**Rupees in '000**	
	- In current account	10.1	52,329	40,987
	- In deposit account	10.2	4,608,849	3,592,124
	- In Fixed accounts	10.3	-	200,000
			4,661,179	3,833,111
	Accrued Markup		48,307	105,293
	Less: Credit Loss Allowance		(57)	(57)
			4,709,428	**3,938,347**

10.1 These represent deposits with commercial banks and Islamic banks payable on demand maintained in current a

10.2 These represent deposits with commercial banks and Islamic banks payable on demand carrying mark-up/profit ranging from 5% to 13.5% (2024: 5% to 22%) per annum.

10.3 Fixed deposits represent an amount of Rs 500 Million (2024: Rs 200 million) that carries mark-up/profit at the rate of 11.20% (2024: 24%).

11 LENDINGS TO FINANCIAL INSTITUTIONS

		30-Sep-25	Audited 31-Dec-24
11.1	Call / clean money lendings	(0)	3,100,000
	Reverse repo agreements	-	-
	Income / mark-up accrued on Lending to FIs	-	1,072
		(0)	3,101,072
	Less: Credit loss allowance	-	-
		(0)	**3,101,072**

11.1 These represents call money lending 3,400 Million (2024: 3,100 Million) with markup/profit rate rangin from 10.6% to 11.5% (2024: 12% to 13.4%)

12 INVESTMENTS

	30-Sep-25				Audited 31-Dec-24			
	Fair Value / Amortised cost	Credit Loss Allowance	Surplus / (Deficit)	Carrying Value	Fair Value / Amortised cost	Credit Loss Allowance	Surplus / (Deficit)	Carrying Value
12.1 Debt instruments								
Classified as Amortised Cost								
Pakistan Investment Bonds (PIBs	(0)		-	(0)	1,034,162	-	-	1,034,162
Market Treasury Bills (MTBs)	2,167,655		-	2,167,655	3,378,163	-	-	3,378,163
Ijarah Sukuks	51,936		-	51,936	1,856,237	-	-	1,856,237
	2,219,592	**-**	**-**	**2,219,592**	**6,268,562**	**-**	**-**	**6,268,562**
Classified as FVOCI								
Pakistan Investment Bonds (PIBs	0		-	0	104,284,518	-	-	104,284,518
Market Treasury Bills (MTBs)	6,677,192		(6,973)	6,670,219	7,816,583	-	5,265	7,821,848
Ijarah Sukuks	2,282,297		-	2,282,297	1,736,050	-	-	1,736,050
	8,959,489	**-**	**(6,973)**	**8,952,516**	**113,837,151**	**-**	**5,265**	**113,842,416**
Total Investments	**11,179,080**	**-**	**(6,973)**	**11,172,107**	**120,105,713**	**-**	**5,265**	**120,110,978**

13 Loans and Advances

	Performing				Non-Performing		Total	Total
	Stage 1		Stage 2		Stage 3			
	30-Sep-25	31-Dec-24	30-Sep-25	31-Dec-24	30-Sep-25	31-Dec-24	30-Sep-25	31-Dec-24
Micro Credits-CMD								
Secured*	**19,375,334**	15,138,994	**69,808**	95,484	**40,624**	52,693	**19,485,765**	15,287,171
Unsecured	**7,545,059**	8,607,977	**27,266**	400,259	**667,289**	503,858	**8,239,614**	9,512,094
Income/Markup Accrued	**2,085,031**	1,777,901	**21,730**	2,213	**-**	-	**2,106,778**	1,780,114
Islamic financing								
Secured*	**6,453,744**	5,311,507	**326,056**	87,738	**362,411**	162,849	**7,142,210**	5,562,094
Unsecured	**1,355,065**	3,741,046	**90,157**	41,923	**258,437**	300,999	**1,703,660**	4,083,968
Income/Markup Accrued	**2,592,899**	2,462,678	**86,610**	50,239	**-**	-	**2,679,492**	2,512,917
Fair value / EIR impact (note 13.4)	**(150,751)**	(625,475)	**(106,555)**	(1,086)	**(201,299)**	(1,876)	**(458,605)**	(628,437)
Advances - Gross	**39,256,380**	36,414,628	**515,072**	676,770	**1,127,461**	1,018,523	**40,898,914**	38,109,921
Less: Credit Loss Allowance against Advances								
- Stage 1	**(175,214)**	(180,876)	**-**	-	**-**	-	**(175,214)**	(180,876)
- Stage 2	**-**	-	**(125,937)**	(139,669)	**-**	-	**(125,937)**	(139,669)
- Stage 3	**-**	-	**-**	-	**(705,695)**	(619,052)	**(705,695)**	(619,052)
	(175,214)	(180,876)	**(125,937)**	(139,669)	**(705,695)**	(619,052)	**(1,006,846)**	(939,597)
Advances - Net of Credit Loss Allowance	**39,081,166**	36,233,752	**389,135**	537,101	**421,766**	399,471	**39,892,068**	37,170,324

13.1 Advances - Particlurs of Credit Loss Allowance

13.1.1 Advances - Exposure

	30-Sep-25				31-Dec-24			
	IFRS-9 Classification				IFRS-9 Classification			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	Rupees in '000				Rupees in '000			
Gross Carrying Amount-Opening	**36,414,628**	**676,770**	**1,018,523**	**38,109,921**	34,863,960	416,466	845,582	36,126,008
New advances at Stage:-	**28,490,946**	**-**	**-**	**28,490,946**	29,611,304	-	-	29,611,304
Advances derecognised or repaid from Stage:-	**(22,659,786)**	**(263,969)**	**(188,853)**	**(23,112,608)**	(22,936,901)	(357,754)	(608,891)	(23,903,546)
Transfer to stage 1	**90,221**	**(63,179)**	**(27,042)**	**-**	34,343	(22,073)	(12,270)	-
Transfer to stage 2	**(527,788)**	**536,973**	**(9,185)**	**-**	(469,203)	471,853	(2,650)	-
Transfer to stage 3	**(755,436)**	**(69,822)**	**825,258**	**-**	(897,126)	(19,208)	916,334	-
	4,638,157	**140,003**	**600,178**	**5,378,338**	5,342,417	72,818	292,523	5,707,758
Amounts Written off / Charged off	**(185,014)**	**(64,986)**	**(289,444)**	**(539,445)**	(232,177)	(35,066)	(1,080,046)	(1,347,289)
Changes [increase/(decrease)] in exposure	**(1,611,391)**	**(236,715)**	**(201,795)**	**(2,049,901)**	(3,559,572)	222,552	960,464	(2,376,556)
Closing balance	**39,256,380**	**515,072**	**1,127,461**	**40,898,914**	36,414,628	676,770	1,018,523	38,109,921

13.1.2 Credit Loss Allowance of Advances

	30-Sep-25				31-Dec-24			
	IFRS-9 Classification				IFRS-9 Classification			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	Rupees in '000				Rupees in '000			
Gross Carrying Amount-Opening	**180,876**	**139,669**	**619,052**	**939,597**	222,765	821,389	671,614	1,715,768
New advances	**99,028**	**-**	**-**	**99,028**	105,244	-	-	105,244
Advances derecognised or repaid	**(76,555)**	**(111,861)**	**(342,642)**	**(531,058)**	(112,972)	(32,862)	(522,619)	(668,453)
Transfer to Stage 1	**10,112**	**(4,854)**	**(5,258)**	**-**	5,445	(1,069)	(4,376)	-
Transfer to Stage 2	**(36,872)**	**37,554**	**(682)**	**-**	(2,733)	6,280	(3,547)	-
Transfer to Stage 3	**(191,100)**	**(26,829)**	**217,929**	**-**	(12,649)	(1,501)	14,150	-
	(195,387)	**(105,990)**	**(130,653)**	**(432,030)**	(17,665)	(29,152)	(516,392)	(563,209)
Changes [increase/(decrease)] in exposure	**374,739**	**157,244**	**506,741**	**1,038,723**	207,953	(617,502)	1,543,876	1,134,327
Amounts written off/charged Off	**(185,014)**	**(64,986)**	**(289,444)**	**(539,445)**	(232,177)	(35,066)	(1,080,046)	(1,347,289)
Closing balance	**175,214**	**125,937**	**705,695**	**1,006,846**	180,876	139,669	619,052	939,597

13.1.3 Credit Loss Allowance Breakup

Credit Loss Related to Stages	**(195,387)**	**(105,990)**	**(130,653)**	**(432,030)**	(17,665)	(29,152)	(516,392)	(563,209)
Credit Loss Related to Changes in Exposure	**(185,014)**	**(64,986)**	**(289,444)**	**(539,445)**	207,953	(617,502)	1,543,876	1,134,327
Total Allowance	**(380,401)**	**(170,976)**	**(420,098)**	**(971,474)**	190,288	(646,654)	1,027,484	571,118

13.2 Advances and Related Credit Loss Allowance Details

Outstanding Gross Exposure	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
	30-Sep-25				**31-Dec-24**			
Performing - Stage 1								
NORM	**38,450,832**	**-**	**-**	**38,450,832**	37,040,103			37,040,103
WTCH	**956,299**	**-**	**-**	**956,299**				-
Under Performing-Stage 2	**-**	**-**	**-**	**-**				-
WTCH		**621,627**		**621,627**				
OAEM	**-**	**-**	**-**	**-**		503,644		503,644
SUBS	**-**	**-**	**-**	**-**		174,212		174,212
Non- Perfroming-Stage-3	**-**	**-**	**-**	**-**				-
OAEM	**-**	**-**	**-**	**-**			116,416	116,416
SUBS	**-**	**-**	**837,211**	**837,211**			441,773	441,773
DBFL	**-**	**-**	**277,035**	**277,035**			147,032	147,032
LOSS	**-**	**-**	**214,515**	**214,515**			315,178	315,178
EIR Impact	**(150,751)**	**(106,555)**	**(201,299)**	**(458,605)**	(625,475)	(1,086)	(1,876)	(628,437)
Total	**39,256,380**	**515,072**	**1,127,461**	**40,898,914**	36,414,628	676,770	1,018,523	38,109,921
Corresponding Credit Loss Allowance/Provisions								
Stage 1	**(175,214)**			**(175,214)**	180,876		-	180,876
Stage 2	**-**	**(125,937)**		**(125,937)**	-	139,669		139,669
Stage 3	**-**	**-**	**(705,695)**	**(705,695)**	-	-	619,052	619,052
	(175,214)	**(125,937)**	**(705,695)**	**(1,006,846)**	180,876	139,669	619,052	(939,597)

			30-Sep-25 Un-audited	31-Dec-24 Audited
14	**PROPERTY AND EQUIPMENT**		**Rupees in '000**	
	Capital work-in-progress	*14.1*	**18,167**	3,714
	Property and equipment		**550,442**	564,951
			568,609	568,665
	Freehold land		253,420	253,420
	Leasehold land		-	-
	Buidling on freehold land		-	-
	Buidling on leasehold land		-	-
	Computer equipment		114,002	114,250
	Furniture and fixture		150,869	178,427
	Office equipment		24,666	9,145
	Vehicles-Owned		7,485	9,709
	Vehicles-Leased		-	-

14.1 Capital work-in-progress

	30-Sep-25	31-Dec-24
Civil Works	**18,167**	3,714
Civil Works	18,167	3,714
Equipment	-	-
Advances to suppliers	-	-

11.1.1 The Note 11.2 and 11.3 would be disclosed only, if there is / are significant addition(s) and disposal(s) of property and equipment during the quarter

	Note	30-Sep-25	31-Dec-24
14.2 Additions to property and equipment			
The following additions have been made to property and equipment during the period:			
Capital work-in-progress			
Furniture and fixture		10,608	41,943
Office equipment		19,436	7,172
Computer equipment		31,927	52,250
Vehicles-Owned		572	1,182
		62,543	**102,547**
Total		**62,543**	**102,547**

	30-Sep-25	31-Dec-24
14.3 Disposal of Property and Equipment	**Rupees in '000**	
The net book value of property and equipment disposed off during the period is as follows:		
Furniture and fixture	4,770	5,166
Office equipment	3	8
Computer equipment	260	895
Vehicles-Owned	65	45
Total	**5,098**	**6,114**

15 RIGHT-OF-USE ASSETS

	Buidlings	Equipments	Vehicles	Total
Current period	**-------------------- Rupees '000 --------------------**			
At January 1,2025				
Cost	**1,063,407**	**42,942**	**-**	**1,106,349**
Accumulated Depreciation	**(478,880)**	**(4,697)**	**-**	**(483,577)**
Net Carrying amount at January 1,2025	**584,527**	**38,245**	**-**	**622,772**
Additions during the period	**119,409**	**0**	**-**	**119,409**
Deletions during the period	**(3,052)**	**-**	**-**	**(3,052)**
Depreciation Charge for the period	**(97,706)**	**(6,038)**	**-**	**(103,744)**
Net Carrying amount at June 30, 2025	**603,178**	**32,207**	**-**	**635,385**
Prior period				
At January 1,2024				
Cost	1,375,148	-	97,497	1,472,645
Accumulated Depreciation	(681,345)	-	(96,506)	(777,851)
Net Carrying amount at January 1,2024	693,803	-	991	694,794
Additions during the period	127,557	42,942	-	170,499
Deletions during the period	(110,745)	-	(991)	(111,736)
Depreciation Charge for the period	(126,088)	(4,697)	-	(130,785)
Net Carrying amount at December 31, 2024	584,527	38,245	-	622,772

		30-Sep-25	31-Dec-24
		(Un-audited)	(Audited)
16	**INTANGIBLE ASSETS**	Rupees in '000	
	Software under development	**6,330**	-
	Computer software	**18,549**	28,203
	Total	**24,880**	28,203

16.1 Additions to Intangible Assets

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

	30-Sep-25	31-Dec-24
Directly purchased	**537**	25,487
	537	25,487

17 DEFERRED TAX ASSETS

Bank recognise deferred tax asset only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Based on financial projections for future years, approved by the Board, the management believes that, the Bank will be able to realize the deferred tax asset. The preparation of projections involves management's assumptions regarding future business and economic conditions and therefore any significant change in such assumptions or actual outcome that is different from assumptions may have an effect on the recoverability of the deferred tax asset in future.

	30-Sep-25	31-Dec-24
Deferred tax asset arising on account of	**(Un-audited)**	(Audited)
Deductible temporary differences on	Rupees in '000	
Tax losses carried forward	**1,647,492**	2,246,864
Post retirement employee benefits	**-**	64,266
Fair value adjustment	**45,886**	55,006
Accelerated tax depreciation	**16,900**	18,948
Amortization on intangible assets	**-**	1,216
Credit loss allowance against advances, off balance sheet etc.	**376,759**	330,622
Lease liability	**97,579**	295,026
Minimum Tax under section 113 C	**898,363**	594,220
Grants	**3,902**	28
Others (to be specified if material)	**-**	-
	3,086,881	3,606,196
Deferred tax liability arising on account of		
taxable temporary differences on:		
Deficit on revaluation of investments	**2,301**	(14,066)
Amortization on intangible assets	**(1,766)**	-
Accelerated tax depreciation	**-**	(205,515)
Un-realised mark-up on Government Securities	**(177,522)**	(142,244)
Receivable from Employees' gratuity fund	**-**	(32,632)
	3,065,835	3,211,739

		30-Sep-25	31-Dec-24
18	**OTHER ASSETS**		
	Advances, deposits, advance rent and other prepayments	**160,630**	97,732
	Advance Income Tax	**149,869**	97,286
	Advance Sales Tax/FED	**149,433**	110,928
	Branch Adjustment Account-Net	**-**	695,000
	Insurance claims receivables	**244,614**	247,169
	Insurance Premium Subsidy Receiveable from SBP	**184,150**	186,502
	Markup Subsidy Receivable from SBP	**984,513**	607,346
	Bills for Collection	**-**	296,461
	Receivable from Employees' Gratuity Fund	**153,769**	98,886
	Stock-in Hand	**30,988**	37,750
	Staff Loans	**68,152**	74,874
	Staff Personal advances	**60**	10,997
	Staff Operational advances	**5,869**	9,974
	Others (to be specified, if material)	**107,764**	101,272
		2,239,810	2,672,176
	Less: Credit loss allowance held against Advance Sales Taxes/FED	**(12,979)**	(12,979)
	Less: Credit loss allowance held against Other Assets	**(134,847)**	(62,288)
	Total Other Assets - Net of Credit Loss Allowance	**2,091,983**	2,596,909

		Un-Audited 30-Sep-25	Audited 31-Dec-24
		Rupees in '000	
19	**BILLS PAYABLE**		
	In Pakistan	53,827	53,036
		53,827	53,036
20	**BORROWINGS**		
	Secured		
	Borrowings from Banks / Financial Institutions in Pakistan		
	Borrowings from National Bank of Pakistan - Term Finance	-	100,000,000
	Borrowings from National Bank of Pakistan-Running Finance	6,824,999	11,424,996
	Borrowings from BOP-Term Finance	40,310	500,000
	Borrowings from Pakistan Mortgage Refinance Company Ltd.	122,301	124,143
	Total-secured Borrowing	**6,987,611**	112,049,139
	Mark-up Payable on above Borrowings		
	Mark-Up Payable on Borrowings from NBP - Term finance	0	72,927
	Mark-Up Payable on Borrowings from NBP - Running finance	744,808	522,190
	Mark-Up Payable on Borrowings from BOP	129	129
	Mark-Up Payable on Borrowings from PMRC Ltd.	22	44
		744,959	595,290
	EIR Impact		
	Opening		-
	Recognized during the Year	(1,690,451)	(1,345,772)
	Unwinded during the Year	1,370,893	884,019
		(319,558)	(461,753)
	Total Borrowings	**7,413,012**	112,182,676

20.1 The Bank entered into running finance facility agreement amounting to Rs 2,000 million with National Bank of Pakistan to participate in Government's scheme of PMYB&ALS. The principal amount is repayable at the end of the term and carries mark-up at the rate of Three month KIBOR + 0.5% per annum on un-utilized amount of financing. The term of the loan is 1 year commencing from December 18, 2023. As at the period end, the facility has been availed upto Rs 1,599 million (2023: 2,000 million).

20.2 The Bank entered into a loan agreement amounting to Rs 500 million with The Bank of Punjab to finance its operations. The principal amount is repayable in five equal semi-annual installments of Rs 100 million each commencing from June 15, 2022 and culminated June 2024. Markup is chargeable at the rate of six months KIBOR+1.5% per annum payable on semi-annual basis.

This loan is secured against a demand promissory note and a first pari passu charge on the present and future current assets of the Bank with 25% margin.

20.3 The Bank entered into a loan agreement amounting to Rs 500 million with Pakistan Mortgage Refinance Company Limited to participate into Government Mark-up Subsidy Scheme and Credit Guarantee Scheme. The principal amount is repayable in 32 quarterly installments commencing from September 30, 2023 and culminating in June 30, 2031. Markup rate is fixed for first five years at 6.50% and for next five years at

This loan is secured through a first pari passu charge on the present and future current assets of the Bank with 25% margin.

20.4 The Bank entered into running finance facility agreement amounting to Rs 2,424 million with National Bank of Pakistan to participate in Government's scheme of Prime Minister Youth Programme for financing under Youth Programme. The principal amount is repayable at the end of the term and carries mark-up at the rate of Three month KIBOR + 0.5% per annum payable on quarterly basis. The term of the loan is from March 29, 2023 to December 31, 2023. As at the period end, the facility has been fully availed (2023: 2,424 million).

This loan is secured against a demand promissory note and a first pari passu charge on the present and future current assets of the Bank with 25% margin. The charge is on 50% facility amount and 50% is secured through Government of Pakistan.

20.5 The Bank entered into running finance facility agreement amounting to Rs 500 million with The Bank of Punjab to finance its operations. The principal amount is repayable at the end of the term and carries mark-up at the rate of Three month KIBOR + 1.25% per annum payable on quarterly basis. The term of the loan is 1 year commencing from January 22, 2020 and is renewed every year. As at the year end, the facility has been

This loan is secured against a demand promissory note and a hypothecated First pari passu charge on the present and future current assets of the Bank with 25% margin.

		Un-Audited 30-Sep-25	Audited 31-Dec-24
21 DEPOSITS AND OTHER ACCOUNTS		Rupees in '000	
Individual Customers			
Current deposits		7,746,836	8,693,876
Savings deposits		7,938,806	6,929,778
Term deposits		9,072,622	8,893,736
Others		155,207	171,570
		24,913,470	**24,688,960**
Financial Institutions			
Current deposits		9,384	4,382
Savings deposits		503,134	1,478,324
Term deposits		2,364,500	3,222,175
Others		-	-
		2,877,017	**4,704,881**
Corporation/ Firms etc.			
Current deposits		922,991	2,353,654
Savings deposits		3,116,017	7,376,584
Term deposits		12,299,681	14,139,020
Others		-	-
		16,338,689	**23,869,258**
Mark-up/Return /Interest Payable on Deposits		**786,372**	**1,737,405**
		44,915,549	**55,000,504**
22 LEASE LIABILITIES			
At beginning of period / year		**894,018**	**946,075**
Additions during the period / year		119,430	47,460
Interest expense		96,284	127,181
Deletion due to termination of agreement		(3,479)	
Payment		(175,173)	(226,697)
Closing balance		**931,079**	**894,018**
23 SUBORDINATED DEBT			
KfW - Germany	23.1	672,360	672,360
TFCs Subordinated Debt	23.2	770,000	770,000
Mark-Up Payable on Subordinated Debt-KfW		994,531	916,136
Mark-Up Payable on Subordinated Debt-TFCs		25,426	33,383
		2,462,317	**2,391,879**

23 The Bank entered into a loan agreement with KfW - Germany, on December 29, 2014 for an amount of EURO 6 million. The loan is intended to be availed as TIER-II subordinated debt for inclusion in the Bank’s Supplementary Capital. The amount was translated into local currency at the exchange rate of Rs.112.06 and sub-ordinated debt of Rs 672,360,000 was recorded in the financial statements. Loan carries interest at rate of KIBOR + 3.5% per annum. Principal amount and interest is repayable in a bullet payment at the end of loan term by converting the principal and accrued markup into EUROs at the exchange rate prevalent as at June 30, 2023 which is now extended till June 30, 2025. All foreign currency risks in connection with the transaction rest with the KfW.

23 This represents Rated, Unsecured, subordinated and privately placed Tier II Term Finance Certificates of worth Rs.100,000/- each fully subscribed on July 09, 2021 to improve the Capital Adequacy Ratio at the rate of 3 Month KIBOR plus 3% per annum. The issue is for a period of 7 years from the date of subscription and will mature on July 09, 2028. The issue has assigned preliminary rating of single “A-” (Single “A minus”). The principal amount of issue TFC will be redeemed in four (4) equal quarterly installments during the last year of the issue. The Subordinated Debt agreement has a call option exercisable after obtaining written approval of SBP at any point on or after a period of 5 years from the issue date. The issue has Lock in and Lock absorbency clause.

		Note	Un-Audited 30-Sep-25	Audited 31-Dec-24
24	**DEFERRED GRANT**		**Rupees in '000**	
	Opening balance		**85**	3,634
	Grant Received from:			
	SBP		**-**	-
	KfW	24.1	**26,328**	80,133
			26,328	80,133
	Interest income		**(0)**	-
	Grant Recognised as Income During the Year		**(14,588)**	(83,682)
	Closing balance		**11,825**	85

24.1 This represents grant received under an agreement with KfW-Germany through Economic Affairs Division of Government of Pakistan for the purpose of institutional strengthening, to develop and strengthen its overall strategy and planning process, internal procedures, banking functions, product offerings and staff capacities of the Bank.

		Un-Audited 30-Sep-25	Audited 31-Dec-24
25	**OTHER LIABILITIES**	**Rupees in '000**	
	Accrued expenses	**120,695**	116,710
	Income Tax Payable	**-**	-
	Sales Tax/FED Payable	**-**	-
	Payable to defined benefit plan	**216,486**	194,744
	Payable to defined contribution plan	**8,309**	6,900
	Payable to employees' - final settlement	**700**	70,685
	Branch adjustment account	**106,002**	300,919
	Charity fund balance	**187**	23
	Security deposits against lease	**112,233**	216,581
	Unearned / deferred income on Islamic financing	**2,092,435**	1,850,888
	Unearned / Deferred income on LPF ATM and SMS services	**30,086**	34,202
	Payable to the parent company	**172,679**	105,916
	Withholding tax payable	**167,942**	141,239
	Workers' Welfare Fund	**51,713**	51,713
	Insurance payable	**20,644**	19,607
	Payable to suppliers	**17,295**	28,325
	Payable to Banks/Fis/DFIs/NGOs	**8,084**	289
	Bills for Collection	**10,636**	-
	Others	**12,381**	23,119
		3,148,509	3,161,860

		Note		
26	**SURPLUS / (DEFICIT) ON REVALUATION OF ASSETS**			
	Surplus / (deficit) on revaluation of			
	- FVOCI - debt	12.1	**(8,583)**	42,624
	- Property and equipment		**-**	-
			(8,583)	42,624
	Deferred tax on surplus / (deficit) on revaluation of:			
	- FVOCI - debt		**2,832**	(14,066)
	- Property and equipment		**-**	-
			2,832	(14,066)
			(5,750)	28,558

27 SHARE CAPITAL

27.1 Authorized capital

30-Sep-25 Numbers	31-Dec-24 Numbers		Un-Audited 30-Sep-25 Rupees in '000	Audited 31-Dec-24 Rupees in '000
		Ordinary shares of Rs. 10 each		
1,000,000,000	300,000,000		**10,000,000**	3,000,000

27.2 Issued, subscribed and paid-up capital

		Ordinary shares of Rs 10 each fully paid in cash		
349,838,251	149,837,200		**3,498,383**	1,498,372

27.3 The shareholders of the Bank are as follows:

285,999,550	85,999,550	NRSP	**2,859,996**	859,996
24,000,000	24,000,000	International Finance C	**240,000**	240,000
16,000,000	16,000,000	Acumen Fund USA	**160,000**	160,000
23,837,201	23,837,201	PROPARCO France	**238,372**	238,372
500	150	Mr. Shoaib Sultan	**5.0**	1.5
500	150	Mr. Fazalulllah Qureshi	**5.0**	1.5
500	150	Dr. Rashid Bajwa	**5.0**	1.5
349,838,251	149,837,201		**3,498,383**	1,498,372

			30-Sep-25	Audited 31-Dec-24
			Rupees in '000	
28	**CONTINGENCIES AND COMMITMENTS**			
	Other contingent liabilities	28.1	-	-
			-	-

28 Other contingent liabilities

i) The income tax assessment for the tax year 2016 was amended by the ADCIR whereby net tax demand of Rs 103.86 million was raised. while deciding the appeal filed by NRSP Bank the CIR (A) decided certain issues in favour of NRSP Bank whereas certain issues were remanded back with directions to officer. The ADCIR while finalizing the remand back proceedings disallowed provision against non- performing loans and advances of Rs. 19.42 million being the difference of the charge for the year towards provision against non- performing loans and actual write off against the aforesaid provision. Further, he also disallowed the refund adjustment claim of 34.30 million from previous years against demand of TY 2016 without assigning any reason thereof, resultantly aggregate tax demand of Rs. 41.10 million was raised.
The hearing of appeal have been concluded and the CIR(A) has upheld the disallowance of the provision against non-performing loans advances of Rs. 19.42 million and with respect to refund adjustment aggregating Rs. 34.30 million the CIR(A) has directed the assessing officer to ascertain the amount of refundable after making proper verifications and adjusting the same. Later on, the ADCIR issued notice for further amendment of assessment for the TY2016 on account of adjustment of tax refunds by NRSP Bank against tax demand and charged default surcharge of Rs. 22.39 million. As a result of final amendment, the aggregate tax demand of Rs. 63.49 million was raised. The NRSP Bank filed appeal before CIR(A) against the order of the ADCIR. The CIR(A) has upheld the decision of CIR regarding to the Provision and referred back the refund for verification to CIR. Being aggrieved the Bank has filed an appeal before ATIR against the order of CIR(A) which is pending for adjudication.

ii) The income tax assessment for the tax year 2018 was amended by the Assessing Officer Inland Revenue, whereby tax demand of Rs 52.30 million was raised. Major issues on which assessment was amended include disallowing the difference between provision against non-performing loans and actual write-offs against the aforesaid provision, partial disallowance of accounting gain on sale of assets, disallowance of charge for employees' leave encashment scheme and disallowance for foreign tax credit. Being aggrieved with the decision of the ADCIR, the Bank has filed appeal with the Commissioner Inland Revenue (Appeals) [CIR(A)] which has been decided against order of the Bank. The Bank has filed appeal before the ATIR against order of CIR(A) which is pending adjudication till date. Further, the contingent liability involved is only Rs. 27m as the remaining liability pertains to the provision against non performing loans the effect of which is already taken while recording the tax liability in accounts.

iii) Tax authorities of the Punjab Revenue Authority (PRA) have passed the Order in Original NO NRSP/2020 dated February 03, 2020 whereby demand for Punjab Sales Tax amounting to Rs 86.40 million and penalty of Rs 86.40 million have been raised for alleged inadmissible claim of input tax credit without apportionment between taxable services i.e. fee, commission and brokerage income and non-taxable services i.e. mark-up receipts during the financial years 2012, 2013, 2014, 2015 and 2018. The Bank has preferred appeal against the order along with stay application before the Commissioner (Appeals) PRA which has deleted the penalty of 86.4 and raised demand of Rs. 86.4million. The Bank has filed an appeal before ATIR against the order of Commissioner Appeal. ***The Appellate Tribunal has upheld the decision of the Commissioner (Appeals). Being aggrieved by the decision, the Bank has filed a reference before the Honorable High Court along with a stay application.***

iv) The Inland Revenue authorities have concluded the tax audit proceedings initiated under section 177 o the Ordinance for the Tax Year 2015. The Inland Revenue authorities accepted the stance of NRSP Bank on most of the issues; however, expenses on account of training, meeting & conferences, markup, provision against non-performing loans and actuarial loss on employee's retirement benefit were partially disallowed thereby raising tax demand of Rs. 8.55million. The NRSP Bank being aggrieved with the decision filed appeal before CIR(A). The CIR(A) has decided the case against the Bank and passed the order dated Jan 17, 2022. The Bank has filed an appeal before ATIR which is decided that the demand on account of markup expense and actuarial expense is deleted and expense on account of training, meeting & Conference and Non Performing Loan remanded back to CIR.Being aggrieved the Bank has filed a reference before High Court which in pending adjudication.
The Commissioner Inland Revenue (CIR) has issued an order under section 124/132 of the Income Tax Ordinance, wherein all previously raised points were deleted. However, the CIR did not allow the deduction of provision net of write-off expense. The Bank has decided to file an appeal before the Commissioner (Appeals) [CIR(A)] against the disallowance.

v) i. Assessments of NRSP Bank for the Tax Year 2013 & TY-2014 was amended by the Additional Commissioner Inland Revenue [the 'ADCIR'] thereby raising aggregate tax demand of Rs. 362.34 million. The Commissioner Inland Revenue (Appeal) ["CIR(A)"] decided the appeals in favor of NRSP Bank, annulled the assessment orders and remanded back the cases to the ADCIR for re-assessment. The decision of the CIR(A) was unclear on the interpretation of the word annullment vis-à-vis remand back of the assessment, hence NRSP Bank filed appeals with the Appellate Tribunal Inland Revenue ["ATIR"]. The ATIR has directed the CIR(A) to reconsider the matter after providing proper opportunity to the NRSP Bank. The appeal was transferred to ATIR after the promulgation of the Tax Laws Amended Act, 2024. The ATIR after hearing of the appeal remanded the case to the taxation officer for denovo proceedings after fulfilling all the legal requirements of the law for the year under appeal. Remand back proceedings have not been initiated yet.

vi) Sindh Sales Tax Authorities issued show- cause Notice whereby it was observed that NRSP Bank had not discharge its due sales tax liability of Rs. 17.67 million in the province of Sindh during the tax period January 2015 to December 2015. Against the Notice comprehensive response was filed. The Notice culminated into passing the OIO dated 04 August 2023 through which Sindh sales tax demand of Rs 0.47 million along with penalty of Rs 0.02 million was raised. NRSP Bank has challenged the OIO before the Commissioner Appeal Sind Revenue Board ["CA(SRB)"], hearing of the appeal has been concluded however the appellate order is awaited.

vii) Bank has unadjusted balance of input tax of approximately Rs.25.958 million pertaining to the tax periods March 2017 to December 2019 which the bank has not been able to claim after implementation of STRIVE software on the web portal of PRA. The Bank has taken up the matter with the PRA Tax Authorities seeking their approval for adjustment/ refund of the said amount however the matter is pending approval.

viii) The Inland Revenue authorities issued show cause notice under section 161/205 of the Ordinance for the Tax Year 2017 in order to verify the withholding compliance. Requisite information was provided. The ACIR has raised demand of Rs. 4.96 million on account of short deduction of tax along with the surcharge of Rs. 3.6million. Major heads on which short deduction of tax was detected are rent charges; salary & wages; printing & stationary; fixed assets; and mark-up on deposit; communication; meeting & conference etc. The NRSP Bank has filed appeal against the decision of CIR. The CIR(A) has remanded back the case to CIR with direction to issue fresh order after affording proper opportunity of being heard to the NRSP Bank. ***The CIR has also issued an order under section 124/129, creating a demand of Rs. 2.75 million under various heads. Being aggrieved by the said order, the Bank has decided to file an appeal before CIR(A) against the decision.***

ix) Assessment of NRSP Bank for TY-2022 was amended by the ADCIR whereby net demand of Rs. 362.7 million was raised. Major issues under amendment proceeding is disallowance of provision for non-performing loan/advances. Being aggrieved with the order of ADCIR, NRSP Bank has filed an appeal with CIR(A) which is pending adjudication to date.

x) The Inland Revenue authorities issued show cause notice under section 161/205 of the Ordinance for the Tax Year 2016 in order to verify the withholding compliance. Requisite information was provided. The ACIR has raised demand of Rs. 45.62 million on account of short deduction of tax. Major heads on which short deduction of tax was detected are vehicle running and maintenance; rent charges; fixed assets; and mark-up on deposit. The NRSP Bank filed rectification application to allow tax credit on mark up on deposit and rent which was earlier not considered by the ACIR while computing the tax demand, the rectification application of the NRSP Bank is partially accepted and total demand under this order was rectified to Rs. 14.09 million. NRSP Bank filed appeal before CIR (A) which has been decided against NRSP Bank. NRSP Bank has filed appeal before the ATIR against order of the CIR(A). The ATIR after hearing of the appeal has vacated the order of ACIR and CIR(A) and remanded the case to the taxation officer for denovo proceedings after fulfilling all the legal requirements of the law for the year under appeal. Remand back proceedings has been finalized and order o Rs. 9.0m along with the surcharge of 7 million has been ordered by CIR. Being aggrieved, the Bank has filed appeal to CIR (A) against the decision of CIR which is pending adjudication till date.

xi) Tax authorities of the Punjab Revenue Authority (PRA) have passed the Order in Original No. ENF-IV, UNIT13/22/2023 dated Nov 13, 2023 whereby demand for Punjab Sales Tax amounting to Rs 697.5 million and penalty of Rs 34.87 million have been raised for alleged short payment of Sales tax and Sales tax withholding for the year 2019, 2020, 2021 and 2022. The Bank has preferred appeal against the order along with stay application before the Commissioner (Appeals) PRA which has annulled the order the remanded back the case to Commissioner. The Bank has also got the stay from Honorable Lahore High Court. The Bank has also paid Rs. 30million against order in order to avoid recovery from authority. ***In connection with remanded back proceedings under the Punjab Sales Tax regime, the Commissioner has issued an order bearing reference ENF-IV, UNIT-13/56 dated May 16, 2025, which was received on July 4, 2025. Through this order, a demand of Rs. 553,107,207 has been raised on account of alleged short payment of Punjab Sales Tax and Sales Tax Withholding for the years 2019, 2020, 2021, and 2022 along with the 100% of penalty. The Bank has decided to file an appeal before the Commissioner (Appeals) against the said order.***

xii) For Tax Year 2021, the Inland Revenue Officer issued an order under section 122(9) read with section 122(5A), wherein various points were raised and converted into a demand of Rs. 409.99 million. Key disallowances include provisions and excess depreciation. Being aggrieved, the Bank has preferred an appeal before CIR(A), which is currently pending adjudication.

xiii) for Tax Year 2019, the Inland Revenue Officer passed an order under section 122(9) read with section 122(5A), disallowing the provision net of write-off while accepting all remaining points. A demand of Rs. 69.056 million has been raised, against which the Bank has decided to file an appeal before CIR(A).

xiv) In respect of withholding tax compliance for Tax Year 2019, the Inland Revenue authorities issued a show-cause notice under section 161/205 of the Income Tax Ordinance. Despite submission of the requisite information, the Additional Commissioner Inland Revenue (ACIR) raised a demand of Rs. 3.56 million on account of short deduction of tax, along with a surcharge of Rs. 0.90 million. The short deduction primarily relates to rent charges, salary and wages, printing and stationery, markup on deposits, and communication expenses. The Bank has decided to file an appeal before CIR(A) against the said order.

The management of the Bank is of the view that ultimate outcome of the proceedings in respect of cases referred to in (i) to (xiv) above are expected to be favorable to the Bank. The management further believes that liability, if any, arising on the settlement of the aforementioned cases is not likely to be material.

	Note	Un-Audited 30-Sep-25	Audited 30-Sep-24
29 MARK-UP / RETURN / INTEREST EARNED		-------Rupees in '000--------	
Loans and advances	29.2	**4,493,059**	4,424,366
Investments		**4,707,702**	1,219,176
Lendings to financial institutions		**108,073**	101,072
Balances with other MFBs / banks / NBFIs		**397,598**	584,798
Employees' Loans		**9,575**	9,470
Markup / Return on Islamic Financing		**1,902,170**	2,100,061
Income From Government Subsidy Scheme	29.3	**858,654**	184,983
Others (to be specified)		**-**	-
		12,476,831	**8,623,926**
29.1 Interest income (calculated using effective interest rate method) recognised on:			
Financial assets measured at amortised cost;		**12,476,831**	8,288,909
Financial assets measured at FVOCI.		**-**	335,017
		12,476,831	8,623,926

29.2 The Bank, during the previous years, adopted a policy to waive off the markup for overdue period to improve recovery from its customers and to reduce the potential loss in the future. This amount relates to the waiver provided to customers in this regard.

29.3 This income relates to the subsidy received from the government regarding the Government's Markup Subsidy Scheme on Housing Finance and the Kamyab Pakistan Program and Prime Minister Program of the Federal Government of Pakistan.

	Un-Audited 30-Sep-25	Audited 30-Sep-24
30 MARK-UP / RETURN / INTEREST EXPENSED	-------Rupees in '000--------	
Deposits	**2,923,732**	4,008,104
Islamic deposits	**889,708**	933,760
Borrowings	**3,751,913**	338,769
Subordinated debt	**164,544**	264,914
Lease liabilities	**96,284**	101,188
Others	**4,263**	5,470
	7,830,444	5,652,206
30.1 Interest expense calculated using effective inter		
Other financial liabilities	**7,830,444**	**5,652,206**
	-	**-**
	7,830,444	**5,652,206**

30.2 Mark-up expense on deposits includes amount of Rs 152.06 Million (2024: 152.06 million) in respect of deposit account balances of related parties as disclosed in note 35.

30.3 It includes an amount of Rs 111.4 Million (2024: Rs 179.2 Million) in respect of markup expense on subordinated loans.

	Un-Audited 30-Sep-25	Audited 30-Sep-24
31 FEE & COMMISSION INCOME	-------Rupees in '000--------	
Loan processing fees	**106,761**	157,529
Branch banking customer fees	**78,833**	67,785
Card related fees	**11,615**	15,739
Commission income	**433**	1,867
Others (to be specified, if material)	**-**	-
	197,642	242,920
32 NET GAINS/(LOSS) ON DERECOGNITION OF FINANCIAL ASSETS MEASURED AT AMORTISED COST		
Gain on derecognition of financial assets measured at amortised cost	**407**	**12,489**
Loss on derecognition of financial assets measured at amortised cost	**-**	-
	407	**12,489**
33 OTHER INCOME		
Gain on sale of property and equipment - net	**10,380**	(2,035)
Grant income	**14,588**	1,801
Others* (to be specified)	**10,452**	10,363
	35,419	10,129

* Total amount in others should not exceed 5% of total other Income. If it exceeds 5%, major heads will be specified.

			Un-Audited 30-Sep-25	Audited 30-Sep-24
34	**OPERATING EXPENSES**		-------Rupees in '000--------	
	Total Compensation to Employees		**1,751,786**	1,500,259
	Directors' fees and allowances		**3,213**	5,105
	Rent, taxes, insurance, electricity, etc.		**206,268**	133,794
	Legal and professional charges		**26,138**	30,178
	Communications	**33.1**	**119,830**	101,851
	Repairs and maintenance		**33,721**	27,095
	Stationery and printing		**38,650**	34,289
	Training & development		**3,159**	3,256
	Travelling & conveyance		**18,356**	18,069
	Fuel and power		**90,700**	109,376
	Vehicle running and maintenance		**16,888**	16,311
	Office supplies		**5,138**	4,857
	Security and Administration		**129,301**	101,561
	Advertisement and publicity		**3,214**	2,763
	Auditors' remuneration		**1,353**	1,565
	Depreciation		**71,473**	68,081
	Amortization		**10,190**	9,752
	Amortization (IFRS-16)		**103,744**	104,664
	IT Related Expense		**51,224**	100,953
	Meetings and conferences		**28,339**	22,015
	Credit Guarentee Expense		**197**	199
	Others		**43,539**	30,220
			2,756,421	2,426,213

34.1 This includes verification charges of National Database and Registration Authority (NADRA) for verisys and eCIB charges of SBP.

35	**OTHER CHARGES**			
	Penalties imposed by State Bank of Pakistan		**10**	923
			10	923
36	**CREDIT LOSS ALLOWANCE & WRITE OFFS - NET**			
	Credit Loss Allowance Against Loans & Advances	**13.1**	**606,694**	515,513
	Credit Loss Allowance Against Other Assets		**72,569**	-
	Bad Debts Written Off Directly		**-**	-
	Credit Loss Allowance Against Bank Balances		**-**	-
	Principal Recovery Of Written Off/ Charged Off Bad Debts		**(457,533)**	**(903,430)**
	Markup Recovery Of Written Off/ Charged Off Bad Debts		**(119,414)**	**(27,880)**
			102,316	(415,797)
37	**MINIMUM TAX DIFFRENTIAL**			
	Levy	**37.1**	**364,311**	**203,188**

37.1 This represents portion of minimum tax paid under section 113 C and 5AA of Income Tax Ordinance (ITO, 2001), representing levy in terms of requirements of IFRIC 21/IAS 37. The aggregate of minimum / final tax and income tax, amounting to Rs. 127.51 million (2023: Rs. 119.81 million) represents tax liability of the Company calculated under the relevant provisions of the Income Tax Ordinance, 2001.

			Un-Audited 30-Sep-25	Audited 30-Sep-24
38	**TAXATION**		-------Rupees in '000--------	
	Current		**-**	-
	Deferred		**157,735**	233,236
			157,735	233,236
39	**BASIC EARNINGS/ (LOSS) PER SHARE**			
	Profit for the period (Rupees in thousands)	A	**1,499,063**	780,513
	Weighted average number of ordinary shares	B	**217,236,822**	149,837,201
	Basic earnings per share (Rupees)	**A/B**	**6.90**	5.21
40	**DILUTED EARNINGS/ (LOSS) PER SHARE**			
	Profit for the period (Rupees in thousands)	A	**1,499,063**	780,513
	Weighted average number of ordinary shares	B	**217,236,822**	149,837,201
	Diluted earnings per share (Rupees)	**A/B**	**6.90**	5.21