

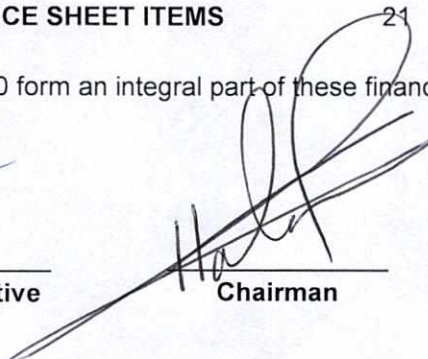
U MICROFINANCE BANK LIMITED
CONDENSED INTERIM BALANCE SHEET (UNAUDITED)
AS AT September 30, 2023

		September 30, 2023 (Unaudited)	December 31, 2022 (Audited) (Restated)
	Note	Rupees	Rupees
ASSETS			
Cash and balances with SBP and NBP	9	6,641,608,060	7,452,332,589
Balances with other Banks/ NBFIs /MFBs	10	561,702,157	1,276,155,860
Lending to financial institutions	11	765,308,002	6,581,567,250
Investments - net of provisions	12	60,649,886,982	137,330,941,404
Advances - net of provision	13	77,730,228,377	55,029,764,562
Operating fixed assets	14	6,008,264,144	4,763,987,510
Other assets	15	6,683,206,286	2,456,876,895
Deferred tax asset - net	16	4,569,074,306	3,634,192,585
Total Assets		163,609,278,314	218,525,818,655
LIABILITIES			
Deposits and other accounts	17	103,345,987,018	92,200,411,122
Borrowings	18	48,510,598,235	115,123,715,137
Subordinated debt	19	2,789,662,821	2,834,717,861
Other liabilities	20	3,164,696,551	3,972,751,661
Deferred tax liability - net	16	-	-
Total liabilities		157,810,944,625	214,131,595,781
Net assets		5,798,333,688	4,394,222,874
REPRESENTED BY			
Share capital		5,085,714,290	5,085,714,290
Discount on issue of share capital		(25,714,290)	(25,714,290)
Advance against issue of shares		-	-
Statutory and general reserve		977,883,918	633,083,649
Depositors' protection fund		283,872,505	182,619,010
Unappropriated profit		(643,423,487)	(1,492,706,755)
		5,678,332,936	4,382,995,903
Surplus/ (deficit) on revaluation of assets		31,303,310	(2,014,787)
Deferred grants		88,697,442	14,368,334
Total capital		5,798,333,688	4,395,349,450

MEMORANDUM/ OFF-BALANCE SHEET ITEMS

The annexed notes from 1 to 30 form an integral part of these financial statements.


President/ Chief Executive


Chairman


Director


Director

U MICROFINANCE BANK LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2023

		FOR THE PERIOD ENDED	
		September 30, 2023	September 30, 2022
		(Unaudited) Rupees	(Restated) Rupees
Note			
	Mark-up/ return/ interest earned	22 30,716,902,000	12,991,473,863
	Mark-up/ return/ interest expensed	23 (24,817,595,755)	(9,170,973,413)
	Net mark-up/ interest income	5,899,306,245	3,820,500,450
	Credit loss allowance and write off - net	11 (620,306,511)	(1,389,907,999)
	Provision for diminution in the value of investments	15,479,039	-
	Bad debts written off directly - net of insurance recoveries	(95,405,492)	-
		(700,232,963)	(1,389,907,999)
	Net mark-up/ interest income after provisions	5,199,073,281	2,430,592,451
	NON MARK-UP/ NON INTEREST INCOME		
	Fee, commission and brokerage income	24 1,585,129,578	945,928,045
	Dividend income	-	-
	Other income - net	1,044,770,878	276,518,286
	Total non mark-up/ non interest income	2,629,900,456	1,222,446,331
		7,828,973,738	3,653,038,782
	NON MARK-UP/ NON INTEREST EXPENSES		
	Administrative expenses	25 (7,149,784,253)	(4,774,462,306)
	Other charges	(265,000)	-
	Total non mark-up/ non interest expenses	(7,150,049,253)	(4,774,462,306)
		678,924,485	(1,121,423,524)
	Extra ordinary/ unusual items	-	-
	PROFIT/(LOSS) BEFORE TAXATION	678,924,485	(1,121,423,524)
	Workers welfare fund (WWF)	(13,578,490)	-
		665,345,995	(1,121,423,524)
	Taxation - Current	(353,975,402)	(417,672,554)
	Prior year	484,738,391	(82,357,813)
	Deferred	927,892,360	1,108,714,446
		1,058,655,349	608,684,079
	PROFIT/(LOSS) AFTER TAXATION	1,724,001,344	(512,739,445)
	Unappropriated profit/ (loss) brought forward	(1,492,706,755)	(736,123,430)
	Less: Other comprehensive income	-	3,005,270
	Profit available for appropriation	231,294,589	(1,245,857,605)
	APPROPRIATIONS		
	Transfer to:		
	Statutory reserve	(344,800,269)	-
	Depositors' protection fund	(86,200,067)	-
	Issue of dividend @ Re 0.71 per ordinary share and Rs. 1.57 per preference share	-	-
		(443,717,740)	(195,286,000)
		(874,718,076)	(195,286,000)
	Unappropriated profit carried forward	(643,423,487)	(1,441,143,605)
	Earnings per share	3.84	(1.60)

The annexed notes from 1 to 30 form an integral part of these financial statements.

President/ Chief Executive

Chairman


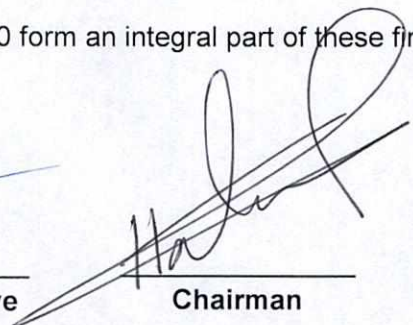
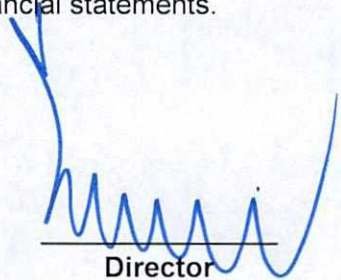
Director

Director

U MICROFINANCE BANK LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2023

	Note	FOR THE PERIOD ENDED	
		September 30, 2023 (Unaudited) Rupees	September 30, 2022 (Restated) Rupees
Profit after taxation		1,724,001,344	1,239,379,556
Other comprehensive income for the period		-	-
Comprehensive income transferred to equity		<u>1,724,001,344</u>	<u>1,239,379,556</u>
Components of comprehensive income/ (loss) not reflected in equity			
Items that will be subsequently reclassified through profit and loss account :			
Surplus on revaluation of FVOCI investments - net		-	116,656,597
(Deficit) / Surplus on revaluation of assets transferred to profit and loss		26,328,571	276,216,937
Related tax impact		6,989,526	(113,933,325)
Total comprehensive income for the period		<u>1,757,319,442</u>	<u>1,518,319,765</u>

The annexed notes from 1 to 30 form an integral part of these financial statements.

 <hr/> President/ Chief Executive	 <hr/> Chairman	 <hr/> Director	<hr/> Director
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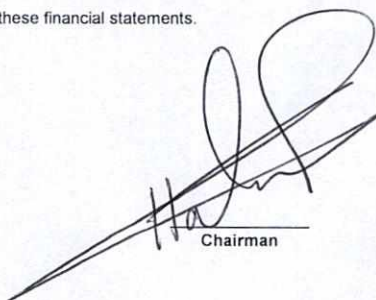
U MICROFINANCE BANK LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2023

	Share capital	Advance against issue of shares	Discount on issue of share capital	Capital reserves		Revenue reserve	Total
				Statutory reserve	Depositors' protection fund	Unappropriated profit	
				Rupees			
Balance as at December 31, 2021 - as previously reported	4,085,714,290	1,000,000,000	(25,714,290)	633,083,649	158,270,912	(816,063,377)	5,035,291,184
Effect of change due to prior year adjustments	-	-	-	-	4,178,090	79,939,946	84,118,036
Balance as at January 01, 2022 - restated	4,085,714,290	1,000,000,000	(25,714,290)	633,083,649	162,449,002	(736,123,430)	5,119,409,221
Profit for the period - restated	-	-	-	-	-	(512,739,445)	(512,739,445)
Other comprehensive income/(loss) for the period	-	-	-	-	-	3,005,270	3,005,270
Total comprehensive income for the period	-	-	-	-	-	(509,734,175)	(509,734,175)
Transfer to statutory reserve	-	-	-	-	-	-	-
Transfer to depositors' protection fund	-	-	-	-	-	-	-
- 5% of the profit after tax for the period	-	-	-	-	-	-	-
- Return on investments - net of tax	-	-	-	-	7,476,839	(7,476,839)	-
Transactions with owners, recorded directly in equity contributions and distributions							
Issue of dividend @ Re 0.32 per ordinary share and Re 0.95 per preference share	-	-	-	-	-	(195,286,000)	(195,286,000)
Balance as at September 30, 2022 - restated	4,085,714,290	1,000,000,000	(25,714,290)	633,083,649	169,925,841	(1,448,620,444)	4,414,389,046
Balance as at October 01, 2022 - restated	4,085,714,290	1,000,000,000	(25,714,290)	633,083,649	169,925,841	(1,448,620,444)	4,414,389,046
Profit for the period - restated	-	-	-	-	-	(26,225,727)	(26,225,727)
Other comprehensive income/(loss) for the period	-	-	-	-	-	(5,167,415)	(5,167,415)
Total comprehensive income for the period	-	-	-	-	-	(31,393,142)	(31,393,142)
Transfer to statutory reserve	-	-	-	-	-	-	-
Transfer to depositors' protection fund - restated	-	-	-	-	-	-	-
- 5% of the profit after tax for the period	-	-	-	-	-	-	-
- Return on investments - net of tax	-	-	-	-	12,693,169	(12,693,169)	-
Transactions with owners, recorded directly in equity contributions and distributions							
Issuance of shares	1,000,000,000	(1,000,000,000)	-	-	-	-	-
Balance as at December 31, 2022 - restated	5,085,714,290	-	(25,714,290)	633,083,649	182,619,010	(1,492,706,755)	4,382,995,903
Balance as at January 01, 2023 - restated	5,085,714,290	-	(25,714,290)	633,083,649	182,619,010	(1,492,706,755)	4,382,995,903
Profit for the period	-	-	-	-	-	1,724,001,344	1,724,001,344
Other comprehensive income/(loss) for the period	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	1,724,001,344	1,724,001,344
Transfer to statutory reserve	-	-	-	344,800,269	-	(344,800,269)	-
Transfer to depositors' protection fund	-	-	-	-	-	-	-
- 5% of the profit after tax for the period	-	-	-	-	86,200,067	(86,200,067)	-
- Return on investments - net of tax	-	-	-	-	15,053,428	-	15,053,428
Transactions with owners, recorded directly in equity contributions and distributions							
Issue of dividend @ Re 0.71 per ordinary share and Rs 1.57 per preference share	-	-	-	-	-	(443,717,740)	(443,717,740)
Balance as at September 30, 2023	5,085,714,290	-	(25,714,290)	977,883,918	283,872,505	(643,423,487)	5,678,332,936

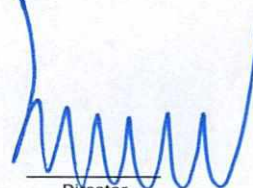
The annexed notes from 1 to 30 form an integral part of these financial statements.



President/ Chief Executive



Chairman



Director

Director

U MICROFINANCE BANK LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2023

		FOR THE PERIOD ENDED	
		September 30, 2023	September 30, 2022
		(Unaudited)	(Restated)
		Rupees	Rupees
CASH FLOW FROM OPERATING ACTIVITIES	Note		
Profit/ (Loss) before taxation		678,924,485	1,357,692,076
Less : Transfer to depositors protection fund		(101,253,496)	-
		577,670,990	1,357,692,076
Adjustments for non-cash changes			
Depreciation	25	430,185,790	343,715,146
Amortization	25	72,686,406	44,965,942
Provision against non-performing advances		620,306,511	(188,327,043)
Advances directly written-off - net of insurance recoveries		95,405,492	(172,685,105)
Advances written off against credit loss allowance		194,010,028	-
Credit loss allowance against investments		(15,479,039)	-
(Gain) / Loss on sale of fixed assets		(265,493)	(420,363)
Finance charges on leased assets		28,131,670	5,845,949
Remeasurement of Advances		(123,263,758)	-
Depreciation of ROU Asset	25	366,222,824	681,814,510
Interest expense on lease liability		178,967,667	-
Provision for Workers welfare fund		13,578,490	-
Provision for gratuity and leave encashment		68,288,149	47,815,686
		1,928,774,735	762,724,722
(Increase)/ decrease in operating assets			
Lending to financial institutions		5,816,259,248	-
Advances		(23,486,922,088)	(21,892,266,950)
Other assets (excluding advance taxation)		(3,199,748,727)	8,113,180,853
		(20,870,411,568)	(13,779,086,097)
Increase/ (decrease) in operating liabilities			
Deposits		11,145,575,896	16,900,099,303
Other liabilities (excluding current taxation, gratuity and finance lease)		(58,830,518)	(262,475,376)
		11,086,745,378	16,637,623,927
Payment against provision held against off- balance sheet obligations			
Income tax paid		(1,091,042,987)	(369,952,411)
Gratuity and leave ensachment paid (including contributions)		(48,410,642)	(48,276,288)
Net cash flow from/ (used in) operating activities		(8,416,674,093)	4,560,725,929
CASH FLOW FROM INVESTING ACTIVITIES			
Net investment in available-for-sale securities		76,665,230,151	(13,280,490,092)
Net investment in Term deposit receipts		-	7,750,000,000
Investment in operating fixed assets		(2,118,770,608)	(881,117,249)
Sale proceeds from property and equipment disposed-off		5,664,448	463,697
Net cash flow from/ (used in) investing activities		74,552,123,991	(6,411,143,644)
CASH FLOW FROM FINANCING ACTIVITIES			
Payments of subordinated loan		(45,055,040)	(360,000)
Borrowings - net		(66,613,116,902)	(1,389,871,626)
Payments of lease obligations		(647,191,944)	(27,344,580)
Issue of Additional Tier-1 Capital TFCs		-	1,000,000,000
Dividend paid		(443,717,740)	(195,286,000)
Net cash flow (used in) financing activities		(67,749,081,625)	(612,862,206)
(Decrease) in cash and cash equivalents		(1,613,631,728)	(2,463,279,921)
Cash and cash equivalents at the beginning of the year		8,533,069,439	10,023,835,262
Cash and cash equivalents at the end of the year	26	6,919,437,711	7,560,555,341

The annexed notes from 1 to 30 form an integral part of these financial statements.

President/ Chief Executive

Chairman

Director

Director

U MICROFINANCE BANK LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2023

1 STATUS AND NATURE OF BUSINESS

On August 30, 2012, Pakistan Telecommunication Company Limited (PTCL) acquired 100% shareholding of Rozgar Microfinance Bank Limited, incorporated in Karachi on October 29, 2003 under the repealed Companies Ordinance, 1984 (now Companies Act, 2017), and its name was changed to U Microfinance Bank Limited (the Bank) with effect from December 07, 2012. On February 01, 2013, the Bank was granted license by State Bank of Pakistan (SBP) for commencement of nationwide microfinance banking operations.

On July 11, 2013, approval for the nationwide commercial launch of Branchless Banking Services (BBS) was received from SBP. The Bank commenced commercial operations of BBS on July 23, 2013.

The Bank's principal business is to assist in stimulating progress, prosperity and social peace in society through creation of income generating opportunities for the small entrepreneur under the Microfinance Institutions Ordinance, 2001. The Bank also provides branchless banking services. The Bank's head office and the principal place of business is located at F-7 Markaz, Islamabad, Pakistan.

The bank is a 100% subsidiary of PTCL which holds 508,571,429 (December 31, 2022: 508,571,429) fully paid shares of Rs. 10 each.

2 BASIS OF PRESENTATION

- 2.1** These condensed interim financial statements of the Bank have been prepared, in accordance with the requirements of the International Accounting Standard 34 - 'Interim Financial Reporting', provisions of the Companies Act, 2017, the Microfinance Institution Ordinance, 2001 and directives issued by the Securities and Exchange Commission of Pakistan (SECP) and the State Bank of Pakistan (SBP). Where, the requirements of the Companies Act, 2017, the Microfinance Institutions Ordinance, 2001 or directives issued by the SECP and the SBP differ with the requirements of IFRS, the requirements of the Companies Act, 2017, the Microfinance Institutions Ordinance, 2001, or the requirements of the said directives have been followed.
- 2.2** 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, 2022, which have been presented in accordance with the requirements of Banking Supervision Department (BSD) Circular No. 11 dated December 30, 2003 issued by the State Bank of Pakistan (SBP).
- 2.3** SBP vide its letter No. BSD- 2/MFB/UMBL/572381/2023 has granted one time exemption in preparation and publication of the interim financial statements in accordance with the BPRD circular No. 03 of 2023. Therefore, these financial statements are being prepared without following this circular.

3 STATEMENT OF COMPLIANCE

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 comprise of:

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017;

- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) 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 SBP and the SECP.

Wherever the requirements of the Microfinance Institutions Ordinance, 2001, the Companies Act, 2017, or the directives issued by the SBP and the SECP differ with the requirements of the IFRSs or IFASs, the requirements of the Microfinance Institutions Ordinance, 2001, the Companies Act, 2017, and said directives shall prevail.

- 3.1 There are certain new standards and interpretations of and 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 considered either not to be relevant or not to have any significant effect on the Bank's condensed interim financial statements.

4 BASIS OF MEASUREMENT

These condensed interim 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.

5 FUNCTIONAL AND PRESENTATION CURRENCY

These financial statements are presented in Pakistan Rupee (PKR), which is the Bank's functional currency. All financial information presented in PKR has been rounded to the nearest of PKR, unless otherwise stated.

6 SIGNIFICANT 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, 2022.

7 FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies adopted by the Bank are consistent with those disclosed in the annual financial statements for the year ended December 31, 2022.

8 SIGNIFICANT 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, 2022.

		September 30, 2023 (Unaudited) Rupees	December 31, 2022 (Audited) Rupees
9 CASH AND BALANCES WITH SBP AND NBP	Note		
Cash in hand - Local currency		1,839,570,690	1,640,403,221
Local currency current accounts			
Balances with State Bank of Pakistan (SBP)	9.1	4,801,306,497	5,811,153,187
Balances with National Bank of Pakistan (NBP)		730,873	776,181
		<u>6,641,608,060</u>	<u>7,452,332,589</u>

9.1 This includes balance maintained with SBP to comply with the requirement of Prudential Regulations for Microfinance Banks to maintain minimum cash reserve not less than 5% (2022: 5%) of the Bank's time and demand deposits liabilities with tenure of less than one year.

		September 30, 2023 (Unaudited) Rupees	December 31, 2022 (Audited) Rupees
10 BALANCES WITH OTHER BANKS/ NBFIs/ MFBs			
In Pakistan - Local currency			
Current accounts		198,575,392	682,281,712
Deposit accounts		363,126,765	593,874,148
		<u>561,702,157</u>	<u>1,276,155,860</u>

10.1 This includes Rs. 18,000,000 (2022: Rs. 12,800,000) held as deposit under lien in respect of standby letter of guarantee issued to China Union Pay International.

10.2 Deposit accounts carried interest at rates ranging from 16% to 23.5% (2022: 7% to 18.25%) per annum.

		September 30, 2023 (Unaudited) Rupees	December 31, 2022 (Audited) Rupees
11 LENDING TO FINANCIAL INSTITUTIONS	Note		
Repurchase agreement lending's (Reverse repo)	11.1 & 11.2	765,308,002	6,581,567,250
		<u>765,308,002</u>	<u>6,581,567,250</u>

11.1 These are secured against underlying Market Treasury Bills. The differential between the contracted rate and resale price is amortised over the period of related contracts and recorded under mark-up / return / interest earned. These carried mark-up at the rate of 22.40% (2022: 16.10% to 16.90%) and maturity date of October 02, 2023.

11.2 Securities held as collateral against lending to financial institutions

	Held by Bank	Further given as collateral	Total
As at September 30, 2023			
Market treasury bills (MTBs)	800,000,000	-	800,000,000
As at December 31, 2022			
Market treasury bills (MTBs)	6,593,173,250	-	6,593,173,250

	Note	September 30, 2023 (Unaudited) Rupees	December 31, 2022 (Audited) Rupees
12 INVESTMENTS - NET OF PROVISIONS			
Held at amortised cost			
Pakistan Investment Bonds (PIBs)	12.1	5,677,566,737	5,690,878,066
		5,677,566,737	5,690,878,066
Fair Value Through Profit and Loss (FVTPL)			
Treasury bills (T-bills)		-	20,326,564,569
Pakistan Investment Bonds (PIBs)	12.1	-	51,120,967,624
		-	71,447,532,193
Mutual Funds	12.2	6,996,601,613	21,971,006,621
Term Finance Certificates	12.5	2,827,031,651	2,268,756,526
		9,823,633,264	24,239,763,147
		9,823,633,264	95,687,295,339
Fair Value Through Other Comprehensive Income (FVOCI)			
T-bills	12.3	-	34,467,224,935
Pakistan Investment Bonds (PIBs)	12.1	42,824,380,773	-
Ijarah Sukuks	12.4	1,064,346,874	993,894,737
Term Finance Certificates	12.5	250,516,783	-
Private sukuks	12.5	984,647,129	511,608,507
Deficit on revaluation of FVTOCI Investment	12.6	23,321,426	(3,007,145)
		45,147,212,985	35,969,721,034
Less: Credit loss allowance (Stage 1)		1,473,996	(16,953,035)
		60,649,886,982	137,330,941,404

12.1 The Pakistan Investment Bonds (PIBs) carry mark up at the rate of 9% to 23.39% (2022: 9% to 17.67%) per annum and are due to mature in December 2023 to November 2027.

- 12.2 This represents investments in open ended mutual funds and are measured at fair value through profit or loss. Fair value of these investments is determined using quoted repurchase price.
- 12.3 The T-Bills is nil. (2022: 15.55% to 16.95%) per annum and have matured during the year.
- 12.4 Ijarah Sukuk carries mark up at the rate of 21.84% (2022: 16.45% to 19.30%) per annum and is due to mature in December 09, 2025.
- 12.5 This represents investment in Term finance Certificates (TFCs) which carries mark up at the rate of 16.66% to 24.68% (2022: 22.49% to 26.12%). Included therein is an amount of Rs. 250 million representing the bank's subscription of TFCs issued by Khushali Bank limited (KBL) which carry markup at the rate of 6 months KIBOR + 4%. The board of KBL has approved to convert the aforesaid TFCs into common equity shares of KBL. The management of bank is not in agreement with the contention of KBL and is evaluating legal options to this effect.

	September 30, 2023 (Unaudited) Rupees	December 31, 2022 (Audited) Rupees
12.6 Revaluation of FVTOCI investments - net of deferred tax		
Market Treasury Bills (T-Bills)	-	(8,776,826)
Ijarah Sukuk	(7,297,574)	15,653,939
Private sukuk - TFCs	-	(9,884,258)
Pakistan Investment Bonds (PIBs)	30,619,000	-
	23,321,426	(3,007,145)
Related deferred tax effect	7,981,884	992,358
	<u>31,303,310</u>	<u>(2,014,787)</u>

13 ADVANCES - NET OF PROVISION

	Performing				Non performing		Total	
	Stage 1	Stage 2	Stage 3		Stage 1	Stage 2	Stage 3	
	September 30, 2023	December 31, 2022 (Restated)	September 30, 2023	December 31, 2022 (Restated)	September 30, 2023	December 31, 2022 (Restated)	September 30, 2023	December 31, 2022 (Restated)
	Rupees							
Loan type								
Micro credit								
Secured	43,508,298,643	32,264,501,067	58,417,256	63,717,048	159,688,017	148,046,090	43,726,403,916	32,476,264,205
Unsecured	25,817,286,521	14,130,746,035	9,981,214,968	13,364,166,192	2,993,080,362	1,034,054,336	38,791,581,851	28,528,966,563
Islamic financing	2,964,674,489	614,078,037	48,120,308	1,724,821	32,771,961	-	3,045,566,758	615,802,858
Advances - gross	72,290,259,653	47,009,325,139	10,087,752,532	13,429,608,061	3,185,540,340	1,182,100,426	85,563,552,525	61,621,033,626
Credit loss allowance against advances								
- Stage 1	(2,357,365,791)	(819,302,320)	-	-	-	-	(2,357,365,791)	(819,302,320)
- Stage 2	-	-	(3,850,038,941)	(5,260,947,426)	-	-	(3,850,038,941)	(5,260,947,426)
- Stage 3	-	-	-	-	(1,625,919,416)	(511,019,320)	(1,625,919,416)	(511,019,320)
	(2,357,365,791)	(819,302,320)	(3,850,038,941)	(5,260,947,426)	(1,625,919,416)	(511,019,320)	(7,833,324,148)	(6,591,269,065)
Advances - net of credit loss allowance	69,932,893,862	46,190,022,820	6,237,713,591	8,168,660,635	1,559,620,924	671,081,106	77,730,228,377	55,029,764,561

13.1 Advances - Credit loss allowance details

	Unaudited September 30, 2023			Audited December 31, 2022		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
	Rupees			Rupees		
Outstanding gross exposure						
Performing - note 13.1.1	72,290,259,653	9,107,407,979	807,300,564	47,009,325,139	13,004,092,895	-
Under Performing						
Other assets especially mentioned	-	980,344,553	-	-	425,515,166	-
Non - Performing						
Substandard	-	-	1,036,387,784	-	-	630,267,680
Doubtful	-	-	586,645,127	-	-	353,133,758
Loss	-	-	755,206,865	-	-	198,698,988
	-	-	2,378,239,776	-	-	1,182,100,426
Total	72,290,259,653	10,087,752,532	3,185,540,340	47,009,325,139	13,429,608,061	1,182,100,426
Corresponding credit loss allowance						
Stage 1	(2,357,365,791)	-	-	(819,302,320)	-	-
Stage 2	-	(3,850,038,941)	-	-	(5,260,947,426)	-
Stage 3	-	-	(1,625,919,416)	-	-	(511,019,320)
	(2,357,365,791)	(3,850,038,941)	(1,625,919,416)	(819,302,320)	(5,260,947,426)	(511,019,320)

13.1.1 This portfolio is classified into different stages based on SBP implementation guidance for IFRS-9 and specific communication by the bank with the SBP.

13.2 Particulars of write offs / charge offs

	Unaudited September 30, 2023 (Unaudited) Rupees	Audited December 31, 2022 (Restated) Rupees
Against credit loss allowance	(194,010,028)	(335,282,962)
Directly charged to profit & loss account	(95,405,492)	(453,495,303)
	(289,415,520)	(788,778,265)

13.3 Movement in impairment allowance for credit losses is as follows:

	Unaudited September 30, 2023 (Unaudited) Rupees	Audited December 31, 2022 (Restated) Rupees
Balance at beginning of the period/ year	6,591,269,065	2,035,615,253
Impact of Re-measurement due to adoption of IFRS - 9	-	2,329,902,420
Impairment charge for the period/ (year - restated)	620,306,511	3,916,143,135
Write off reversals	815,758,600	-
Reversals	-	(1,355,108,781)
Advances written off	(194,010,028)	(335,282,962)
Balance at end of the period/ year	7,833,324,148	6,591,269,065

		September 30, 2023 (Unaudited) Rupees	December 31, 2022 (Audited) Rupees
14 OPERATING FIXED ASSETS	Note		
Capital work-in-progress		1,524,236,521	651,796,724
Property and equipment		2,005,999,063	1,524,280,420
Right-of-use assets	14.3	2,158,769,218	2,328,563,728
Intangible assets		319,259,342	259,346,638
		<u>6,008,264,144</u>	<u>4,763,987,510</u>
14.1 Carrying value at the beginning of the period		4,763,987,510	2,886,170,228
Additions during the period	14.2	2,118,770,608	2,884,959,945
Disposals / deletion during the period at carrying value		(5,398,954)	(45,610,159)
		<u>6,877,359,164</u>	<u>5,725,520,014</u>
Depreciation and amortization for the period		(869,095,019)	(961,532,504)
Carrying value at the end of the period		<u>6,008,264,144</u>	<u>4,763,987,510</u>
14.2 Additions during the period / year			
Additions :			
Office improvement		270,402,714	183,551,933
Furniture and fixtures		110,726,250	74,769,696
Computer equipment		111,992,503	154,673,214
Electrical equipment		419,215,614	312,826,044
Intangible assets		132,599,108	53,643,210
Right-of-use assets		201,394,622	1,625,117,674
Capital work-in-progress		1,185,175,514	480,378,174
		<u>2,431,506,325</u>	<u>2,884,959,945</u>
Transfer from capital work in progress		(312,735,717)	-
		<u>2,118,770,608</u>	<u>2,884,959,945</u>
14.3 Right-of-use assets			
Opening balance		2,328,563,728	1,158,333,270
Additions during the period		201,394,622	1,623,119,353
Disposals / deletion during the period at carrying value		(4,966,308)	(23,385,178)
Modification of lease		-	1,998,321
Depreciation charged during the period		(366,222,824)	(431,502,038)
Net book value at the end		<u>2,158,769,218</u>	<u>2,328,563,728</u>

	(Un-audited) September 30, 2023 (Unaudited) Rupees	(Audited) December 31, 2022 Restated Rupees
15 OTHER ASSETS		
Advances, deposits, advance rent and other prepayments	987,138,585	411,741,156
Taxes Receivable	1,028,956,689	-
Inventory of ATM cards and stationery	105,394,211	78,608,546
Advance to employees	739,216,835	138,243,944
Receivable from SBP	2,279,663,578	1,369,199,898
Insurance claims receivable	165,411,174	138,164,141
Receivable from gratuity fund	-	2,376,025
Receivable from provident fund	-	16,733,389
Receivable from RAAST	780,750,891	155,538,890
Others	596,674,322	146,270,906
	<u>6,683,206,286</u>	<u>2,456,876,895</u>
16 DEFERRED TAX ASSET - NET		
Deferred tax asset arising on account of deductible temporary differences on:		
Provision against advances	3,054,996,418	2,175,118,791
Deficit on revaluation of available for sale securities	7,981,884	992,358
Remeasurements of employees' retirement benefits	3,984,711	3,984,711
Accelerated tax depreciation / amortization allowance	132,964,302	80,564,840
Lease finance facilities	58,555,884	76,258,506
Minimum Tax over Normal tax / Taxable losses	1,348,217,734	1,103,980,578
Impact of remeasurement of financial assets	363,850,049	507,139,130
	<u>4,970,550,982</u>	<u>3,948,038,914</u>
Deferred tax liability arising on account of taxable temporary differences on:		
Treasury bills	-	(189,338,287)
Pakistan Investment Bonds (PIBs)	-	-
Mutual funds	(401,476,676)	(124,508,042)
	<u>(401,476,676)</u>	<u>(313,846,329)</u>
	<u>4,569,074,306</u>	<u>3,634,192,585</u>

	September 30, 2023 (Unaudited)		December 31, 2022 (Audited)	
	No of accounts	Rupees	No of accounts	Rupees
17 DEPOSITS AND OTHER ACCOUNTS				
Conventional				
Fixed deposits	4,844	41,677,467,828	1,644	26,708,855,451
Saving deposits	21,612	52,334,819,994	17,476	55,999,875,503
Current deposits	4,549,732	7,050,008,942	3,639,509	5,678,273,914
	4,576,188	101,062,296,764	3,658,629	88,387,004,868
Islamic				
Fixed deposits	213	696,009,500	37	76,902,500
Saving deposits	1,141	1,214,736,148	423	3,222,331,560
Current deposits	11,338	372,944,607	3,675	514,172,194
	12,692	2,283,690,255	4,135	3,813,406,254
	4,588,880	103,345,987,018	3,662,764	92,200,411,122

17.2 Deposits include related parties balances amounting to Rs 6,702.46 million (2022: Rs 6,373 million) as disclosed in note 26.

	Note	September 30, 2023 (Unaudited) Rupees	December 31, 2022 (Audited) Rupees
18 BORROWINGS			
Borrowings from Banks / Financial Institutions			
Secured	18.1	48,510,598,235	114,123,715,137
Unsecured	18.2	-	1,000,000,000
		48,510,598,235	115,123,715,137
18.1 Secured			
Faysal Bank Limited - I - Term Finance		128,400	128,400
Faysal Bank Limited - II - Term Finance		129	133
Allied Bank Limited - II - Term Finance		-	505,947
Allied Bank Limited - III - Term Finance		2,027,747,426	2,480,884,187
Allied Bank Limited - IV (Housing)		359,558,767	432,359,183
Allied Bank Limited - Running Finance Facility		530,080,421	520,945,753
Allied Bank Limited - Running Finance - II		4,358,876	5,023,383,565
Allied Bank Limited - Running Finance		10,067,446,575	20,100,136,986
National Bank of Pakistan - Running Finance		1,060,259,452	1,041,639,451
National Bank of Pakistan - Term Finance		1,627,691,510	1,525,644,213
State Bank of Pakistan - Term Finance		1,473,021,050	1,056,302,092
State bank of Pakistan - Term Finance - II	18.3	1,034,978,098	-
Bank Al - Falah Limited - Cash Management		529,232,552	520,237,309
Bank of Punjab - Term Finance (Housing)		363,886,685	509,013,950
Pakistan Kuwait Investment Company (Private) Limited -Running Finance		201,964,057	402,842,238
Pakistan Mortgage Refinance Company - II (Housing)		394,121,405	437,515,028
United Bank Limited (Housing)		252,064,562	339,528,731
MCB Bank Limited (Housing)		375,397,949	351,356,304
MCB Bank - Short Term Finance for Working Capital		-	20,232,473,315
MCB - Short Term Finance for Working Capital		-	10,086,400,184
Askari bank Limited - Running Finance/ Money Market Facility		15,777,278,691	10,013,561,644
Meezan Bank - Bi Maujjal		-	1,080,318,360
JS Term Finance		2,039,527,123	-
Meezan Bimaujjal - 2		-	2,005,058,418
PPTFC - BANK ALFALAH		2,483,561,643	3,300,820,710
UMBL ADT-1 TFCs		-	-
Meezan Bimaujjal-3		3,396,057,452	3,002,727,063
		43,998,362,821	84,463,783,162
Repo Borrowing		4,512,235,413	29,659,931,975
		48,510,598,235	114,123,715,137
18.2 Unsecured			
Call Borrowing - ZTBL		-	1,000,000,000
		48,510,598,235	115,123,715,137

- 18.3 During the year, a new term finance facility agreement amounting to Rs 1,000 million was obtained from State Bank of Pakistan. The loan is repayable in one installment after 5 years. Markup was chargeable at the rate of 6-month KIBOR - 1% per annum payable on six monthly basis. This is secured against First pari passu hypothecation charge over all present and future assets (excluding land and building) of the company including but no limited to advances, microcredit receivables, and investments beyond CRR and SLR requirements of the company with 25% margin.

- 18.4 All the borrowings carried forward from prior year were serviced during the period as per their contracted repayment terms.

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
19 SUBORDINATED DEBT		
Term Finance Certificates	1,386,356,521	1,001,126,577
Subordinated debt from PTCL	1,403,306,300	1,833,591,284
	<u>2,789,662,821</u>	<u>2,834,717,861</u>

- 19.1 During the year, no new subordinated debt was obtained. All the debts carried forward from prior year were serviced during the period as per their contracted repayment terms.

	September 30, 2023 (Unaudited) Rupees	December 31, 2022 (Audited) Rupees
20 OTHER LIABILITIES		
Accrued expenses	93,126,759	516,764,563
Payable to utility companies for utility bills collection	111,188,888	14,397,781
Taxes payable	-	175,301,424
Payable to PTCL, the Parent Company	576,795,820	576,795,820
Payable to PTML, an associated company	49,428,704	22,224,150
Uncollected remittances	205,429,544	118,589,968
Lease liability	1,652,973,030	2,093,065,634
Payable to 1-Link	-	46,521,776
Payable to staff retirement benefit - gratuity	8,190,716	-
Payable to defined contribution plan - provident fund	7,948,249	-
Bills payable	321,100,641	188,229,422
Workers' Welfare Fund	70,984,428	57,405,938
Others	67,529,771	163,455,185
	<u>3,164,696,550</u>	<u>3,972,751,661</u>

21 MEMORANDUM / OFF BALANCE SHEET ITEMS

21.1 Contingencies

- 21.1.1 There is no significant/ material changes in the status of contingencies and commitments of the bank from the status outlined in the preceding audited annual financial statements for the year ended December 31, 2022.

	Note	September 30, 2023 (Unaudited) Rupees	December 31, 2022 (Audited) Rupees
21.2 Commitments			
Standby letter of guarantee	21.2.1	18,000,000	12,800,000
Property and equipment		14,572,160	31,007,639
		<u>32,572,160</u>	<u>43,807,639</u>

- 21.2.1 This represents letter of guarantee issued by the Bank to China Union Pay International Company Limited for interbank settlements.

		FOR THE PERIOD ENDED	
		September 30, 2023 (Unaudited) Rupees	September 30, 2022 (Restated) Rupees
22	MARK-UP / RETURN / INTEREST EARNED	Note	
	Interest / mark-up on		
	Advances	16,494,062,810	8,517,304,921
	Lending to financial institutions	242,254,692	32,673,913
	Investments in government securities	9,672,815,938	2,106,027,212
	Deposits accounts, placements with other bank / financial institutions	4,056,718,053	2,307,968,787
	Employee Loan	12,012,571	2,900,239
	Profit on Islamic financing	239,037,935	24,598,791
		<u>30,716,902,000</u>	<u>12,991,473,863</u>

23 MARK-UP / RETURN / INTEREST EXPENSED

Deposits	23.1	13,654,593,114	5,726,125,885
Profit Sharing Islamic Deposits		131,751,611	3,079,188
Borrowings	23.2	11,031,251,030	3,441,768,340
		<u>24,817,595,755</u>	<u>9,170,973,413</u>

23.1 Mark-up expense on deposits includes amount of Rs 32.11 million (2022: Rs 62.88 million) in respect of deposit account balances of related parties as disclosed in note 23.

23.2 It includes an amount of Rs 283.97 million (2022: Rs 284.77 million) in respect of markup expense on subordinated loan from Parent Company and issuance of Term Finance Certificates.

		FOR THE PERIOD ENDED	
		September 30, 2023 (Unaudited) Rupees	September 30, 2022 (Restated) Rupees
24	FEE, COMMISSION AND BROKERAGE INCOME	Note	
	Loan processing fee on advances	1,456,444,834	854,498,896
	Branchless banking fee	57,823,093	54,863,628
	Other fee income collected from customers	70,861,651	36,565,521
		<u>1,585,129,578</u>	<u>945,928,045</u>

	Note	FOR THE PERIOD ENDED	
		September 30, 2023 Rupees	September 30, 2022 Rupees
25 ADMINISTRATIVE EXPENSES			
Staff salaries and benefits		3,316,343,239	2,219,383,963
Charge for defined benefit plan - gratuity		68,288,149	47,815,686
Contribution to defined contribution plan - provident fund		59,745,337	40,999,320
Non-Executive directors' fee		2,650,000	2,400,000
Financial charges on leased assets		28,131,670	5,845,949
Insurance		283,217,775	152,044,695
Rent, rate and taxes		116,306,227	91,034,759
Marketing expenses		110,050,367	131,585,789
Travelling and conveyance		168,266,061	93,213,035
Postage and courier		23,138,204	10,230,550
Utilities		300,863,240	181,964,898
Repair and maintenance		495,777,971	239,311,382
Depreciation on property and equipment		430,185,790	361,266,390
Amortization of intangible assets		72,686,406	44,965,942
Depreciation on right of use assets		366,222,824	275,582,178
Software support and maintenance fee		309,172,095	168,089,836
Stationery and printing		145,005,234	100,247,962
Auditors' remuneration		4,154,897	5,180,734
Legal and professional fee		29,212,649	32,765,561
Security services		316,922,890	189,362,090
Interest expense on lease liability		178,967,667	151,161,698
Office supplies		67,614,602	39,243,159
Internet and connectivity charges		108,524,660	84,817,320
NADRA verification charges		79,962,004	37,626,505
Bank charges		59,893,285	58,798,447
Other		8,481,011	9,524,458
		<u>7,149,784,253</u>	<u>4,774,462,306</u>
		September 30, 2023 (Unaudited) Rupees	September 30, 2022 (Audited) Rupees
26 CASH AND CASH EQUIVALENTS			
Cash and cash equivalents included in the statement of cash flows comprise the following:			
Cash and balances with SBP and NBP		6,641,608,060	5,208,951,384
Balances with other Banks/NBFIs/MFBs		561,702,157	2,351,603,958
Deposits protection Fund		(283,872,505)	-
		<u>6,919,437,711</u>	<u>7,560,555,342</u>

27 BALANCES AND TRANSACTIONS WITH RELATED PARTIES

The Bank is a subsidiary of Pakistan Telecommunication Company limited (PTCL) which holds 100% share capital of the Bank. Therefore, all subsidiaries and associated undertakings of the Parent Company are related parties of the Bank. Other related parties include staff retirement benefits, directors, key management personnel which include CEO and Head of Departments (HOD's) and entities under common directorship. All transactions involving related parties are subject to the approval of the Board of Directors. The significant transfer and balances involving related parties are outlined below:

	(Unaudited) September 30, 2023	(Unaudited) September 30, 2022 (Restated)
Transactions	Rupees	Rupees
Parent Company - Pakistan Telecommunication Company Limited		
Utility Bill collected on behalf of the Parent Company	106,585,664	167,185,933
Payment in regards utility bills collected on behalf of the Parent Company	106,585,664	167,185,933
Utility Bill collection charges	333,000	633,686
Payment for administrative costs and fixed assets	114,926,151	98,855,106
Interest expense on TIER-II subordinated Debt	203,306,302	130,743,124
Interest expense on PTCL employee GP fund	47,131,161	5,995,698
Associated Company - Pak Telecom Mobile Limited (PTML)		
Payment for administrative costs and fixed assets	33,532,733	136,676,341
Amount received against reimbursement of agent's commission	168,888,439	140,712,251
Associated Company - Pakistan Telecommunication Employees Trust (PTET)		
Interest expense on deposits	32,112,210	68,993,117
Employees' provident fund		
Contribution to provident fund	59,745,337	40,999,320
Employees' gratuity fund		
Payment to gratuity fund	68,288,149	47,815,686
	(Unaudited) September 30, 2023	(Audited) December 31, 2022 (Restated)
Balances	Rupees	Rupees
Parent Company - Pakistan Telecommunication Company Limited		
Deposits	754,835,811	580,589,254
Payable against utility bills collected	4,923,733	3,725,882
Utility bills collection charges receivable	643,315	643,315
Sub-ordinated Debt (Tier II)	1,200,000,000	1,200,000,000
Interest Payable on TIER-II subordinated Debt	203,306,302	78,840,000
Balances		
Pakistan telecommunication Company Limited Gratuity Fund		
Deposits	2,600,000,000	1,664,946,347
Interest payable on deposits	172,349,821	6,293,340

	(Unaudited) September 30, 2023 Rupees	(Audited) December 31, 2022 Rupees
Balances		
Associated Company - Pakistan Telecommunication Employees Trust		
Deposits	2,209,467,137	2,000,000,000
Interest payable on deposits	181,501,924	8,838,064
Associated Company - Pak Telecom Mobile Limited		
Deposits	210,199,495	1,110,000
Payable against branchless banking and bills collected	658,845,488	22,224,150
Interest payable on deposits	31,962,531	557,211
Associated Company - Pak Telecom Mobile Limited Employees Gratuity fund		
Deposits	564,070,089	594,317,179
U Microfinance Bank Limited Employees' provident fund		
Deposits	188,128,620	115,774,413
Interest payable on deposits	3,633,717	1,291,903
Payable / (Receivable) to provident fund	7,948,249	(2,376,026)
U Microfinance Bank Limited Employees' gratuity fund		
Deposits	175,759,105	124,640,272
Interest payable on deposits	3,394,799	1,433,459
Payable / (Receivable) to gratuity fund	8,190,716	(16,733,389)

28 RESTATEMENTS

The bank chose to early adopt IFRS 9 "Financial Instruments" during the year 2022 and the impact thereof was disclosed and accounted for in the audited financial statements of the Bank for 2022. During the year, the State Bank of Pakistan (SBP) conducted a review of the Bank and directed the Board of the Bank to take certain corrective measures including aligning the matters relating to implementation of IFRS 9, "Financial Instruments" with the related IFRS 9 implementation instructions issued by the SBP and adjust retrospectively the financial position as at December 31, 2022 and directing further that in case of shortfall in related statutory requirements, capital to be injected by the sponsors of the Bank. Accordingly, the bank has complied with the directions of SBP, by considering the IFRS-9 implementation instructions issued by SBP and specific communication in this respect of the Bank with SBP and subsequent to the period end, has also received an amount of Rs 1.6 billion on account of advance for issuance of shares from Pakistan Telecommunication Company Limited. The significant impact of the restatement made is summarized below:

	January 01, 2022 As previously reported Rupees	Effect of Restatement Rupees	January 01, 2022 Restated Rupees
Condensed interim balance sheet			
As at January 01, 2022			
Advances	34,375,729,318	373,227,802	34,748,957,120
Deferred tax asset - net	677,447,619	(294,343,664)	383,103,955
Other Assets	10,050,583,152	5,233,898	10,055,817,050
Other Liabilities	3,407,296,747	-	3,407,296,747
Impact on net assets		84,118,036	
Depositors protection fund	158,270,912	4,178,090	162,449,002
Unappropriated profit	(816,063,377)	79,939,946	(736,123,431)
Impact on equity		84,118,036	

	December 31, 2022 As previously reported Rupees	Effect of Restatement Rupees	December 31, 2022 Restated Rupees
Condensed interim balance sheet			
As at December 31, 2022			
Advances	59,283,993,959	(4,254,229,397)	55,029,764,562
Deferred tax asset - net	2,609,783,540	1,024,409,043	3,634,192,583
Other Assets	1,997,370,695	459,506,200	2,456,876,895
Other Liabilities	(4,038,262,247)	65,510,589	(3,972,751,658)
Impact on net assets		(2,704,803,565)	
Statutory reserve	1,083,074,935	(449,991,286)	633,083,649
Depositors protection fund	270,768,733	(88,149,723)	182,619,010
Unappropriated profit	673,955,800	(2,166,662,556)	(1,492,706,756)
Impact on equity		(2,704,803,565)	
Condensed interim statement of Profit and Loss			
For the Period ended September 30, 2022			
Mark-up/ return/ interest earned	13,920,123,647	(928,649,784.0)	12,991,473,863.0
Credit loss allowance and write off - net	188,327,043	(1,578,235,042)	(1,389,907,999)
Taxation - Current	(686,980,991)	269,308,437	(417,672,554)
Taxation - Deferred	651,026,284	457,688,162	1,108,714,446
Workers welfare fund (WWF)	(27,769,226)	27,769,226	-
		(1,752,119,001)	
Profit after taxation	1,239,379,556	(1,752,119,001)	(512,739,445)
Statement of Profit and Loss			
For the Period ended December 31, 2022			
Mark-up/ return/ interest earned	20,742,343,719	(366,569,605)	20,375,774,114
Credit loss allowance and write offs - net	1,338,155,748	(3,916,143,135)	(2,577,987,387)
Fee, commission and brokerage income	1,300,633,449	60,590,659	1,361,224,108
Other income - net	566,683,284	48,937,184	615,620,468
Workers' Welfare Fund (WWF)	(49,099,395)	49,099,395	-
Taxation - Current	(881,843,867)	16,411,194	(865,432,673)
Taxation - Deferred	694,236,077	1,318,752,707	2,012,988,784
		(2,788,921,601)	
Profit after taxation	2,249,956,429	(2,788,921,601)	(538,965,172)

29 GENERAL

29.1 Reclassifications


Corresponding figures have been reclassified whereby additional tier capital classied as borrowings in prior year is reclassified to subordinated debt to reflect more appropriate presentation of events and transactions for the purpose of better presentation in accordance with the accounting and reporting standards as applicable in Pakistan.

29.2 Events after balance sheet date


Subsequent to the period end an amount of Rs 1.6 billion has been advanced by the parent company as advance against issue of share capital.

30 DATE OF APPROVAL

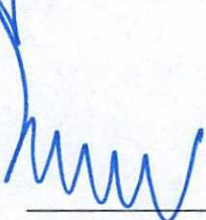
These financial statements were approved by the Board of Directors of the Bank in their meeting held on 05 DEC 2023



President/ Chief Executive



Chairman



Director

Director