

## **INDEPENDENT AUDITOR'S REPORT**

### **To the members of Mobilink Microfinance Bank Limited Report on the Audit of the Financial Statements**

#### **Opinion**

We have audited the annexed financial statements of Mobilink Microfinance Bank Limited (the Bank), which comprise the statement of financial position as at December 31, 2025, and the statement of profit and loss account, the statement of comprehensive income, the statement of changes in equity, the cash flow statement for the year then ended, and notes to the financial statements, including material accounting policy information and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the accompanying statement of financial position as at December 31, 2025, and the statement of profit and loss account, the statement of comprehensive income, the statement of changes in equity, the cash flow statement together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan, and, give the information required by the Companies Act, 2017(XIX of 2017), provisions of and directives issued under the Microfinance Institutions Ordinance, 2001 and directives issued by the State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan (SECP) in the manner so required and respectively give a true and fair view of the state of the Bank's affairs as at December 31, 2025 and of the profit, the other comprehensive income, the changes in equity and its cash flows for the year then ended.

#### **Basis for Opinion**

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

#### **Key Audit Matter**

Key audit matter is the matter that, in our professional judgment, was of most significance in our audit of the financial statements of the current period. This matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.



Following is the key audit matter:

Key Audit Matter	How the matter was addressed in our audit
<b>Valuation of Advances:</b>	
Refer note 12 & 36 to the financial statements	
<p>As at 31 December 2025, the Bank has reported gross advances of Rs. 118.23 billion including accrued markup, with an expected credit loss (ECL) allowance of Rs. 17.17 billion. The measurement of ECL under IFRS 9 requires the use of complex models and significant judgment in determining key significant inputs and the assessment of Credit Risk.</p> <p>The estimation process also incorporates forward-looking macroeconomic information, which heightens the level of estimation uncertainty. Further the Bank is additionally to comply with provisions of rules and regulations on IFRS 9 issued by State Bank of Pakistan (SBP) which involve further judgment regarding recoverability, collateral realization, and borrower-specific factors.</p> <p>Given the significance of the advances portfolio and the level of judgment involved in estimating ECL and regulatory provisions, this area was identified as a key audit matter.</p>	<p>Our key audit procedures to assess credit loss allowance against advances included, amongst others, the following:</p> <ol style="list-style-type: none"> <li>1. We obtained and updated our understanding of management's assessment of credit loss allowance in respect of advances including the Bank's accounting policy, assessment methodology including any changes made during the year.</li> <li>2. We selected a sample of advances and performed the following procedures:               <ol style="list-style-type: none"> <li>a) assessed the reasonableness and accuracy of the data used for ECL computation by comparing it to accounting records and information system of the Bank;</li> <li>b) inspected the credit documentation of customers and checked their repayments of installments.</li> <li>c) tested classification of advances based on the number of days overdue and checked their staging as per the Prudential regulations issued by SBP.</li> </ol> </li> <li>3. We assessed the ECL assessment by management to calculate Expected Credit Loss against advances of the Bank for the appropriateness of the assumptions used by management by comparing them against relevant historical information. We also evaluated the methodology applied and tested the mathematical accuracy of the assessment.</li> </ol>



Key Audit Matter	How the matter was addressed in our audit
	4. We assessed the reasonableness of the forward-looking assumptions used by the management in calculation of ECL by comparing these to independently sourced external data.

### Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements of the Bank and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of Management and Board of Directors for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

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



### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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



We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

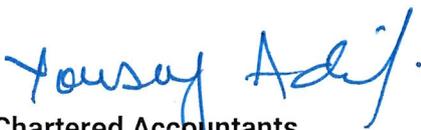
From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Report on Other Legal and Regulatory Requirements**

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

- a) proper books of account have been kept by the Bank as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position as at December 31, 2025, and the statement of profit and loss account, the statement of comprehensive income, the statement of changes in equity, the cash flow statement together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Bank's business; and
- d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Bank and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditor's report is **Syed Asmatullah**.



**Chartered Accountants**

Islamabad  
Date: March 30, 2026  
UDIN: AR202510414M3bNovx4Q

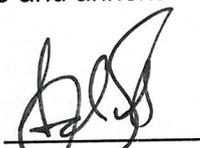
**MOBILINK MICROFINANCE BANK LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2025**

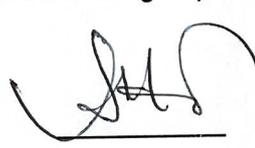
		December 31, 2025	December 31, 2024
		-----Rupees-----	
<b>ASSETS</b>			
	Note		
Cash and balances with treasury banks	8	9,769,793,011	11,533,419,056
Balances with other MFBs / Banks / NBFIs	9	7,612,121,991	11,223,432,244
Lending to financial institutions	10	26,409,646,615	11,748,833,286
Investments	11	95,281,453,678	61,349,743,593
Advances	12	101,060,415,978	74,932,160,102
Property and equipment	13	2,572,349,251	1,741,771,117
Right-of-use assets	14	2,398,823,114	2,084,596,901
Intangible assets	15	1,384,561,195	1,100,726,535
Deferred tax asset	16	6,878,114,415	4,696,079,850
Other assets	17	8,520,397,024	4,974,387,569
<b>Total assets</b>		<b>261,887,676,272</b>	<b>185,385,150,253</b>
<b>LIABILITIES</b>			
Bills Payable	18	703,185,185	618,273,788
Borrowings	19	3,518,017,954	765,929,898
Deposits and other accounts	20	213,933,455,780	154,950,569,495
Lease Liabilities	21	2,813,484,781	2,173,598,296
Subordinated debt	22	2,011,404,171	2,016,547,946
Deferred grants	23	94,467,205	63,433,566
Other liabilities	24	21,331,217,810	15,381,506,846
<b>Total liabilities</b>		<b>244,405,232,886</b>	<b>175,969,859,835</b>
<b>NET ASSETS</b>		<b>17,482,443,386</b>	<b>9,415,290,418</b>
<b>REPRESENTED BY:</b>			
Share capital	25	4,131,964,180	2,713,596,830
Share Premium		2,756,882,650	-
Advance Against Issue of Shares	26	5,611,750,000	4,175,250,000
Statutory reserve	5.13(a)	1,644,500,858	1,166,278,556
Depositors' protection fund	5.13(b)	684,083,452	506,446,596
Surplus / (Deficit) On Fair Value Of Assets	27	62,708,244	40,500,645
Unappropriated profit		2,590,554,002	813,217,791
		<b>17,482,443,386</b>	<b>9,415,290,418</b>
		<b>17,482,443,386</b>	<b>9,415,290,418</b>

**CONTINGENCIES AND COMMITMENTS** 28

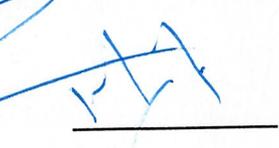
The annexed notes 1 to 53 and annexure I form an integral part of these financial statements.

  
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**PRESIDENT/ CHIEF  
 EXECUTIVE**

  
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**CHIEF  
 FINANCIAL  
 OFFICER**

  
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**CHAIRMAN**

  
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**DIRECTOR**

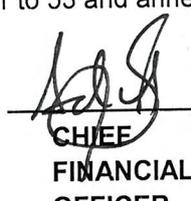
  
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**DIRECTOR**

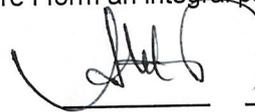
**MOBILINK MICROFINANCE BANK LIMITED**  
**STATEMENT OF PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED DECEMBER 31, 2025**

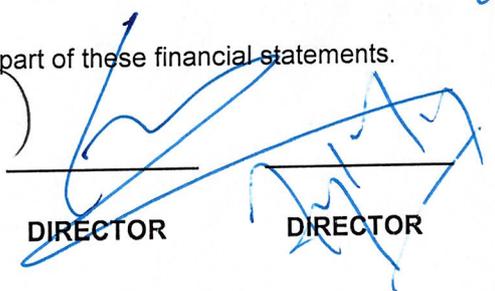
		December 31, 2025	December 31, 2024
	Note	-----Rupees-----	
Mark-up / Return / Interest earned	29	66,654,281,642	52,980,589,825
Mark-up / Return / Interest expensed	30	<u>(10,751,927,712)</u>	<u>(12,475,624,504)</u>
Net markup / interest income		55,902,353,930	40,504,965,321
<b>NON MARK-UP / INTEREST INCOME</b>			
Fee and commission income	31	<u>22,308,521,397</u>	14,401,497,973
Gain on securities	32	5,775,000	1,045,500
Foreign exchange Loss		<u>(7,433,632)</u>	2,619,163
Other income	33	<u>513,871,565</u>	3,262,322
Total non-markup / interest income		22,820,734,330	14,408,424,958
Total income		<u>78,723,088,260</u>	54,913,390,279
<b>NON MARK-UP / INTEREST EXPENSES</b>			
Operating expenses	34	<u>54,434,669,998</u>	37,741,535,428
Workers welfare fund		71,104,214	71,958,526
Other charges	35	<u>1,946,398</u>	11,776,500
Total non-markup / interest expenses		<u>(54,507,720,610)</u>	(37,825,270,454)
<b>Profit Before Credit Loss Allowance</b>		24,215,367,650	17,088,119,825
Credit loss allowance and write offs - net	36	<u>(20,592,617,111)</u>	(20,177,148,787)
<b>PROFIT / (LOSS) BEFORE TAXATION</b>		3,622,750,539	(3,089,028,962)
<b>TAXATION</b>	37	<u>(1,231,639,028)</u>	1,256,331,159
<b>PROFIT / (LOSS) AFTER TAXATION</b>		2,391,111,511	(1,832,697,803)
<b>Basic earnings / (loss) per share</b>	38	<u>5.79</u>	<u>(6.75)</u>
<b>Diluted earnings / (loss) per share</b>	39	<u>5.36</u>	<u>(4.43)</u>

The annexed notes 1 to 53 and annexure I form an integral part of these financial statements.

  
**PRESIDENT/  
 CHIEF  
 EXECUTIVE**

  
**CHIEF  
 FINANCIAL  
 OFFICER**

  
**CHAIRMAN**

  
**DIRECTOR**

  
**DIRECTOR**

**MOBILINK MICROFINANCE BANK LIMITED  
STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED DECEMBER 31, 2025**

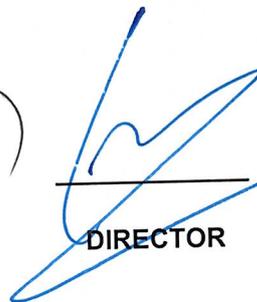
	December 31, 2025	December 31, 2024
	-----Rupees-----	
<b>Profit / (Loss) after taxation for the year</b>	2,391,111,511	(1,832,697,803)
<b>Other comprehensive income</b>		
<b>Items that may be reclassified to profit and loss account in subsequent periods:</b>		
Movement in surplus on revaluation of investments	36,405,900	71,486,700
Related tax impact	(14,198,301)	(27,879,813)
Movement in surplus on revaluation of investments - net of tax	22,207,599	43,606,887
<b>Items that will not be reclassified to profit and loss account in subsequent periods:</b>		
Remeasurement loss on defined benefit obligations	(26,225,282)	(47,289,328)
Related tax impact	10,227,860	18,442,838
Remeasurement loss on defined benefit obligations - net of tax	(15,997,422)	(28,846,490)
<b>Total comprehensive Income / (Loss)</b>	<b>2,397,321,688</b>	<b>(1,817,937,406)</b>

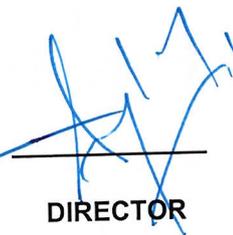
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**PRESIDENT/  
CHIEF  
EXECUTIVE**

  
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**CHIEF  
FINANCIAL  
OFFICER**

  
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**CHAIRMAN**

  
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**DIRECTOR**

  
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**DIRECTOR**

**MOBILINK MICROFINANCE BANK LIMITED**  
**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED DECEMBER 31, 2025**

	December 31, 2025	December 31, 2024
Note	-----Rupees-----	
<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Profit / (Loss) Before Taxation	3,622,750,539	(3,089,028,962)
<b>Adjustment for non cash items and other items:</b>		
Depreciation on property and equipment	13.2 487,655,622	367,894,942
Depreciation on right-of-use assets	14 425,035,345	278,870,727
Amortization on intangible assets	15.2 354,044,398	158,618,718
Credit loss allowance and write offs - net	36 20,592,617,111	20,177,148,787
Provision for gratuity	43.7.1 150,980,230	94,512,066
Loss on disposal of operating fixed assets	33 523,624	3,243,765
Gain on disposal of securities	32 (5,775,000)	(1,045,500)
Finance charges on subordinated debt	22 286,780,274	455,428,320
Grant Income	33 (27,387,273)	(6,506,087)
Finance charge on borrowings	30 228,751,835	81,965,960
Finance charges on lease liability	21 386,678,333	224,941,713
	<u>22,879,904,499</u>	<u>21,835,073,411</u>
	26,502,655,038	18,746,044,449
<b>(Increase) / Decrease in Operating Assets:</b>		
Lendings to financial institutions	(14,660,813,329)	(4,403,232,650)
Advances	(46,704,771,424)	(24,076,945,933)
Others assets (excluding advance taxation)	(4,077,727,291)	1,748,084,339
	<u>(65,443,312,044)</u>	<u>(26,732,094,244)</u>
<b>Increase / (Decrease) in Operating Liabilities:</b>		
Bills payable	84,911,397	343,230,940
Gratuity Payable	43.5 (31,856,135)	(8,658,637)
Borrowings from financial institutions	2,581,757,132	502,183,325
Deposits and other accounts	58,982,886,285	35,664,309,167
Other liabilities (excluding current taxation)	5,626,121,816	1,670,098,263
	<u>67,243,820,495</u>	<u>38,171,163,058</u>
<b>Cash generated from operations</b>	<b>28,303,163,489</b>	<b>30,185,113,263</b>
<b>Payments against off-balance sheet obligations</b>		
Finance charges on lease liability	-	(224,941,713)
Finance cost paid on subordinated debt	(291,924,049)	(468,729,560)
Income tax paid	(2,723,787,989)	(2,008,194,772)
	<u>(3,015,712,038)</u>	<u>(2,701,866,045)</u>
<b>Net cash flow from operating activities</b>	<b>25,287,451,451</b>	<b>27,483,247,218</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net Investment in amortised cost securities	(18,391,888)	(7,482,779,077)
Net Investment in FVOCI securities	(7,720,739,000)	5,332,146,141
Net Investment in TDRs	(59,627,296)	(55,000,000)
Investment in Property and equipment	(1,335,609,147)	(861,007,433)
Investment in Intangible	(637,879,058)	(751,207,279)
Proceeds from sale of Property and equipment	16,851,767	2,223,451
<b>Net cash used in investing activities</b>	<b>(9,755,394,622)</b>	<b>(3,815,624,197)</b>

**MOBILINK MICROFINANCE BANK LIMITED  
CASH FLOW STATEMENT  
FOR THE YEAR ENDED DECEMBER 31, 2025**

	December 31, 2025	December 31, 2024
Note	-----Rupees-----	
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payment of lease liability	(486,053,406)	(285,076,593)
Advance Against issue of Share Capital	5,611,750,000	4,175,250,000
	<u>5,125,696,594</u>	<u>3,890,173,407</u>
<b>Net cash flow from / (used in) financing activities</b>	<b>20,657,753,423</b>	<b>27,557,796,428</b>
<b>Net increase in cash and cash equivalents</b>		
<b>Cash and cash equivalents at beginning of the year</b>	<u>72,286,356,932</u>	<u>44,728,560,504</u>
<b>Cash and cash equivalents at end of the year</b>	<u><u>92,944,110,355</u></u>	<u><u>72,286,356,932</u></u>

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The annexed notes 1 to 53 and annexure I form an integral part of these financial statements.

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**PRESIDENT/  
CHIEF  
EXECUTIVE**

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**CHIEF FINANCIAL OFFICER**

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**CHAIRMAN**

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**DIRECTOR**

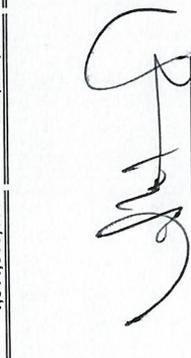
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**DIRECTOR**

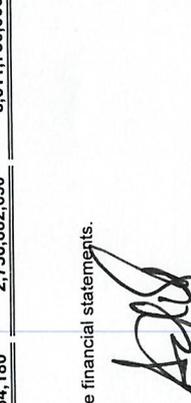
**MOBLINK MICROFINANCE BANK LIMITED  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED DECEMBER 31, 2025**

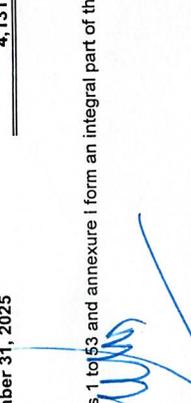
	Share capital	Share Premium	Advance Against Issue of Shares	Capital reserves			Revenue reserve		Total
				Statutory reserve	Depositors Protection Fund	Unappropriated Profit	Surplus/(Deficit) on revaluation of Investments		
<b>Balance at January 01, 2024</b>	2,713,596,830	-	-	1,166,278,556	431,879,951	2,674,762,084	(3,106,242)	6,983,411,179	
Loss for the year	-	-	-	-	-	(1,832,697,803)	-	(1,832,697,803)	
Other comprehensive income - net of tax	-	-	-	-	-	(28,846,490)	43,606,887	14,760,397	
Total comprehensive income for the year	-	-	-	-	-	1,861,544,293	43,606,887	1,817,937,406	
Transfers to statutory reserves	-	-	-	-	-	-	-	-	
<b>Transfer to Depositors protection fund</b>	-	-	-	-	74,566,645	-	-	74,566,645	
- 5% of the profit after tax for the year	-	-	-	-	74,566,645	-	-	74,566,645	
- return on investments	-	-	-	-	74,566,645	-	-	74,566,645	
<b>Transactions with owners, recorded directly in equity</b>	-	-	4,175,250,000	-	-	-	-	4,175,250,000	
Advance against issue of shares	-	-	4,175,250,000	-	-	-	-	4,175,250,000	
Balance at December 31, 2024	2,713,596,830	-	-	1,166,278,556	506,446,596	813,217,791	40,500,645	9,415,290,418	
<b>Balance at January 01, 2025</b>	2,713,596,830	-	4,175,250,000	1,166,278,556	506,446,596	813,217,791	40,500,645	9,415,290,418	
Profit after taxation	-	-	-	-	-	2,391,111,511	-	2,391,111,511	
Other comprehensive income - net of tax	-	-	-	-	-	(15,997,422)	22,207,599	6,210,177	
Total comprehensive income for the year	-	-	-	-	-	2,375,114,089	22,207,599	2,397,321,688	
Transfers to statutory reserves	-	-	-	478,222,302	-	(478,222,302)	-	-	
<b>Transfer to Depositors protection fund</b>	-	-	-	-	119,555,576	(119,555,576)	-	-	
- 5% of the profit after tax for the year	-	-	-	-	119,555,576	(119,555,576)	-	-	
- return on investments	-	-	-	-	58,081,280	(58,081,280)	-	-	
<b>Transactions with owners, recorded directly in equity</b>	-	-	-	-	177,636,856	(177,636,856)	-	58,081,280	
Advance against issue of shares converted to share capital and share premium	1,418,367,350	2,756,882,650	(4,175,250,000)	-	-	-	-	-	
Advance against issue of shares	-	-	5,611,750,000	-	-	-	-	5,611,750,000	
<b>Balance at December 31, 2025</b>	4,131,964,180	2,756,882,650	5,611,750,000	1,644,500,858	684,083,452	2,590,554,002	62,708,244	17,482,443,386	

The annexed notes 1 to 53 and annexure I form an integral part of these financial statements.

  
CHIEF FINANCIAL OFFICER

  
CHAIRMAN

  
DIRECTOR

  
DIRECTOR

  
DIRECTOR

**MOBILINK MICROFINANCE BANK LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2025**

**1 STATUS AND NATURE OF BUSINESS**

Mobilink Microfinance Bank Limited (the Bank) was incorporated in Pakistan on November 29, 2010 as a public limited company under the then applicable Companies Ordinance, 1984 (Repealed by the Companies Act, 2017). The Bank obtained license for Microfinance operations from the State Bank of Pakistan (SBP) on September 12, 2011 to operate on a nationwide basis and received the certificate of commencement of business from Securities and Exchange Commission of Pakistan (SECP) on February 13, 2012 whereas certificate of commencement of business from SBP was received on April 20, 2012. The Bank also operates in the territory of Azad Jammu Kashmir (AJK) and Gilgit Baltistan (GB) has one branch in each.

The Bank has 124 business locations / operational branches, including 2 Islamic banking branches (2024: 113 business locations / operational branches, no Islamic banking branch). The Bank also has operations in AJK with 1 branch in Muzaffarabad, (2024: 1) and GB with 1 branch in Gilgit, (2024: 0). The Bank's registered and principal office is situated at Plot No. 1-B, F-8 Markaz, Islamabad, Pakistan. The Bank is a subsidiary of Veon Microfinance Holdings B.V (VMH) (the Holding Company), with effect from March 27, 2020 upon transfer of 99.99% shareholding in the Bank, from Global Telecom Holdings (GTH), being a transfer of control between entities held under common control. The transfer has been registered with SBP whereas the registration with SECP was completed on July 3, 2020. The Ultimate Parent of the Bank is Veon Limited.

The Bank's principal business is to provide microfinance banking and related services to the poor and under served segment of the society under the Microfinance Institution Ordinance, 2001. The Bank was offering Branchless Banking Services through an agency agreement with Pakistan Mobile Communications Limited (PMCL). During the current period, the Bank modified its arrangement for Branchless Banking services, it now operates under a tripartite agreement with Pakistan Mobile Communications Limited (PMCL) and JC Fintech (Private) Limited (JCFL).

This year the Bank secured its license for Islamic banking operations. The Bank has allocated Rs. 200 million specifically for its Islamic Microfinance Division (IMD).

During the period, the Bank listed its Term Finance Certificates on the Pakistan Stock Exchange (PSX) and is now classified as a listed entity. Accordingly, the Bank is subject to the applicable requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019, the PSX Rule Book, and the SECP's regulatory framework for listed companies.

The Pakistan Credit Rating Agency Limited (PACRA) assigned the long-term rating of the Bank at "A" and short term rating at "A1" on April 30, 2025.

**2 BASIS OF PRESENTATION**

- 2.1** These financial statements have been in accordance with the SBP BPRD circular no. 3 of 2023 dated February 09, 2023 and new disclosures have been presented in the Financial Statements and comparative figures in these Financial statements have been reclassified accordingly as per new format.
- 2.2** The Islamic banking branches of the Bank have complied with the requirements as set out in the Islamic Financial Accounting Standards (IFAS), issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the provisions of Companies Act, 2017.
- 2.3** The financial results of the Islamic Banking Branches have been consolidated in these financial statements, after eliminating the effects of inter-branch transactions and balances. Key financial figures of the Islamic Banking Branches are disclosed in Annexure "II" to these financial statements.

**3 STATEMENT OF COMPLIANCE**

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

-

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

- Islamic Financial Accounting Standards (IFAS Standards) issued by the Accounting and Auditing organisation for Islamic Financial Institutions (AAOIFI) as are adopted by SBP.
- 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) (including Prudential Regulations of Microfinance Banks) and the Securities and Exchange Commission of Pakistan (SECP).

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

State Bank of Pakistan (SBP) via circular no. 3 of 2022 dated 05 July 2022, decided to extend the implementation of IFRS 9 from January 01, 2022 to January 01, 2024 for Microfinance Banks (MFBs). Nevertheless, early adoption of the Standard is permissible under the instructions issued through the same circular. The Bank decided to early adopt the IFRS 9 from January 01, 2022.

**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** In accordance with the implementation of IFRS 9 as per BPRD Circular Letter No. 16 of 2024, the Bank has adopted the Effective Interest Rate (EIR) method for recognizing interest income on financial assets starting from October 1, 2024. This method, which is in line with the requirements of IFRS 9, ensures that interest income is recognized in a manner that reflects the true economic return on financial assets over their respective terms. The Bank has updated its accounting policies and systems to align with this approach, ensuring that the recognition of interest income on financial assets is consistent with the EIR method.

**3.4** As financial institutions continue to play a pivotal role in the daily lives of customers, effectively handling complaints has become increasingly important in maintaining trust and satisfaction.

Complaint Unit aims to analyze the nature and volume of complaints lodged against our banking services, highlight prevalent issues faced by customers, and present actionable insights to enhance our service delivery. By examining the trends in complaints, we aspire to foster a culture of accountability and responsiveness, ensuring that every customer voice is heard and addressed. MMBL's Centralized Complaint Management Unit continued to play a pivotal role in handling complaints across multiple channels, including Call Centers, email, letters, in-person visits, branches, fax, website, Citizen Portal, and SBP Sunwai Portal. The Complaint System deployed for conventional and branchless banking enabled seamless complaint capture, tracking, and resolution, while ensuring timely escalations for unresolved cases. Additionally, the system generated comprehensive MIS reports to support data-driven decision-making.

In 2025, Mobilink Microfinance Bank Limited (MMBL) reinforced its commitment to customer satisfaction by further strengthening its complaint management framework. The Bank successfully managed 998,885 complaints (conventional & branchless banking), a significant increase from 395,296 complaints in 2024. Despite this surge, the Bank improved its average resolution time to three (3) working days, compared to four (4) working days in the previous year, demonstrating enhanced operational efficiency and responsiveness. The majority of complaints were related to Interbank Funds Transfer (IBFT), RAAST disputes, suspended account reactivation, fraud concerns, mis-selling, and merchant/payment gateway issues. These areas were identified as critical touchpoints, and targeted improvements were implemented to strengthen controls and customer experience.

At MMBL, we value our customers and are dedicated to providing the highest standards of service. Addressing complaints effectively not only resolves individual issues but also serves for improving our overall operations and customer experience.

We encourage our customers to share their feedback and complaints, knowing that each report serves as a building block toward a more customer-centric banking environment.

**3.5** During the period the Agriculture Credit & Financial Inclusion Department of State Bank of Pakistan (SBP) via circular no 01. Of 2025 dated May 16, 2025 issued revised prudential regulations (PRs) for microfinance banks. These revisions are made to align with the evolving business environment, the revised regulations consolidate previous circulars and set out updated minimum benchmarks in key areas including governance, operations, consumer protection, and risk management, with the aim of promoting financial stability and long-term sustainability of MFBs. The revised PRs also impose new changes in governance, operations and compliances accordingly. The Bank has updated its internal frameworks to ensure compliance with the revised regulatory requirements.

#### **4 BASIS OF MEASUREMENT**

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

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

##### **4.1 Functional and presentation currency**

These financial statements are presented in Pakistani Rupee (PKR), which is the Bank's functional currency.

##### **4.2 Significant accounting estimates and judgments**

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

###### **Estimates and assumptions**

The assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustments to the carrying amounts of assets and liabilities within the next financial year are described below:

The Bank based its assumptions and estimates on the parameters under which these financial statements were prepared.

Existing circumstances and assumptions about the future development may change due to market changes or circumstances arising that are beyond the control of the Bank. Such changes are reflected in the assumptions when they occur.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have significant effect on the amounts recognized in the financial statements relates to valuation and impairment of investments, advances, determination of useful lives of depreciable assets and intangible assets, provision for income taxes and other provisions which are discussed in following paragraphs:

###### **a) Impairment losses on financial assets**

The measurement of impairment losses under IFRS 9 across all categories of financial assets in scope requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different

levels of allowances.

The Bank's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- The segmentation of financial assets when their ECL is assessed on a collective basis.
- Development of ECL models, including the various formulas and the choice of inputs.
- The Bank's criteria for assessing if there has been a significant increase in credit risk.
- Determination of associations between macroeconomic scenarios and, economic inputs
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models.

It has been the Bank's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

**b) Taxation**

The Bank takes into account the current income tax law and decisions taken by the taxation authorities. Those amounts are shown as contingent liabilities wherein, the Bank's views differ from the views taken by the taxation authorities at the assessment stage and where the Bank considers that its view on items of material nature is in accordance with law.

**c) Operating fixed assets / intangible assets / useful life**

Estimates of residual values and useful lives of operating fixed assets and intangible assets are reassessed annually and any change in estimate is taken into account in the determination of depreciation / amortization charge and impairment loss. Changes in estimates are accounted for over the estimated remaining useful life of the assets.

**d) Lease term and effective interest rate for recognition of lease contracts**

The Bank determines the lease term as the non cancellable period of lease, together with periods covered by an option to extend and terminate the lease, if the Bank is reasonably certain to exercise that option at the time of entering the contract. Further, the Bank uses incremental borrowing rate to discount the lease payments to measure lease liability at the time of entering the contract.

**e) Defined benefit plan**

Defined benefit plan is provided for permanent employees of the Bank. Calculations in this respect require assumptions to be made of future outcomes, the principal ones being in respect of mortality rate, withdrawal rate, increase in remuneration and the discount rate used to convert future cash flows to current values. Calculations are sensitive to changes in the underlying assumptions.

**5 Material Accounting Policy Information**

**5.1 Financial instruments – initial recognition**

**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**

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 through 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**

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.
- The business model assessment is based on reasonably expected scenarios without taking worst case or 'stress 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.

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.

**5.2 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.

**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 derecognition.

**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**

When, and only when, an entity changes its business model for managing financial assets it shall reclassify all affected financial assets. However, following changes in circumstances are not reclassifications under this ambit;

- i) an item that was previously a designated and effective hedging instrument in a cash flow hedge or net investment hedge no longer qualifies as such;
- ii) an item becomes a designated and effective hedging instrument in a cash flow hedge or net investment hedge; and

iii) when an entity uses a credit derivative that is measured at fair value through profit or loss to manage the credit risk of all, or a part of, a financial instrument (credit exposure).

Financial liabilities are never reclassified.

### **5.3 Impairment of financial assets**

#### **a) Overview of the ECL principles**

The Bank records 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 12m ECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Both LTECLs and 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. Other than DPDs, the management may assess certain portfolios on subjective basis as Non-performing loans (NPL).

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 from Stage 3.
Stage 3	Loans considered credit-impaired . The bank records an allowance for the LTECLs.
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 Note 50.2.8
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 Note 50.2.9
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 Expected Credit Losses (ECL) for debt instruments measured at fair value through other comprehensive income (FVOCI) do not affect the carrying amount of the financial assets in the statement of financial position, which remains at fair value. Instead, the allowance for credit losses is recognized in Other Comprehensive Income (OCI) as an accumulated impairment amount, with a corresponding charge to profit or loss. The accumulated credit loss recognized in OCI is subsequently recycled to profit or loss upon derecognition of the financial 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 50.2.10.

**f) Credit enhancements: collateral**

To mitigate its credit risks on financial assets, the Bank seeks to use collateral. 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 certainty 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 July 05, 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 taken as final ECL.

**5.4 Cash and cash equivalents**

Cash and cash equivalents comprise cash in hand, balance with SBP/ National Bank of Pakistan (NBP) and other banks/ Non-Banking Financial Institutions (NBFIs)/ Microfinance Banks (MFBs) and highly liquid investments that are readily convertible to known amounts of cash, are subject to only an insignificant risk of changes in value and have an maturity of less than three months from the reporting date.

**5.5 Investment**

All purchases and sale of investments are recognized using settlement date accounting. Settlement date is the date on which investments are delivered to or by the Bank. All investments are derecognized when the right to receive economic benefits from the investments has expired or has been transferred or the Bank has transferred substantially all the risks and rewards of ownership.

Investments of the Bank are classified into the following categories:

**a) Fair Value Through Profit and Loss - FVPL**

These represent securities acquired with the intention to trade by taking advantage of short-term market / interest rate movements. These securities are disposed off within 90 days from the date of their acquisition. These are marked to market and fair value gain / (loss) arising on revaluation of 'FVPL' investments is taken to profit and loss account in accordance with the requirements prescribed by SBP.

**b) Amortized Cost**

Investments with fixed maturity, where management has both the intention and the ability to hold to maturity, are classified as held to maturity. Subsequent to initial recognition at cost, these investments are measured at amortized cost, less provision for impairment in value, if any. Amortized cost is calculated taking into account effective interest rate method. Profit on held to maturity investments is recognized on a time proportion basis taking into account the effective yield on the investments.

Premium and discount on the acquisition of held-to-maturity investments are reflected in the cash flows and amortized over the remaining life of the investment through the Effective Interest Rate (EIR).

**c) Fair Value Through Other Comprehensive Income- FVOCI**

Investments which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices are classified as FVOCI. FVOCI are initially recognized at cost and subsequently measured at fair value. FVOCI investments is recognized on a time proportion basis taking into account the effective yield on the investments.

The Surplus / (deficit) arising on revaluation of FVOCI investments is kept in "the Surplus / (deficit) on fair value of assets" through statement of comprehensive income. The Surplus / (deficit) arising on these investments is taken to profit and loss account, when actually realized upon disposal of the investment.

Impairment assessment of FVOCI investments is carried out as per the requirements of the Prudential Regulations and directives issued by SBP. T Bill, being a sovereign investment, are not considered for impairment under current applicable financial reporting framework.

**5.6 Lending to or borrowings from Financial Institutions**

The Bank enters into transactions of borrowing (re-purchase) from and lending (reverse re-purchase) to financial institutions, at contracted rates for a specified period of time. These are recorded as under:

**a) Sale under re-purchase agreements**

Securities sold subject to a re-purchase agreement are retained in the financial statements as investments and the counter party liability is included in the borrowings from financial institutions. The differential in sale and re-purchase value is recorded in markup expense on pro rata basis over the period of the contract.

**b) Purchase under resale agreements**

Securities purchased under agreement to resell (reverse re-purchase) are included in lendings to the financial institutions. The differential between the contracted price and resale price is accrued on pro rata basis over the period of the contract and recorded as markup income in profit and loss account.

Securities held as collateral are not recognized in the financial statements, unless these are sold to third parties, in which case the obligation to return them is recorded at fair value as a trading liability under borrowings from financial institutions.

Lendings are stated net of provision. Return on such lending is accrued to the Profit and Loss Account on a time proportion basis except mark-up on impaired or delinquent lendings, which is recognized on receipt basis.

**5.7 Advances**

Advances are stated net of expected credit Losses. The outstanding principal and mark-up of the loans and advances under stage 3 are classified as non-performing loans (NPLs). The unrealized interest / profit / markup / service charges on NPLs is suspended and credited to interest suspense account.

**5.7.1 Islamic financing and related assets**

**a) Murabaha**

Receivable under Murabaha financing represent cost price plus an agreed markup on sale arrangement. Markup income is recognized on straight line basis over the tenure of financing period.

**b) Ijarah**

Ijarah financing represent arrangements whereby the Bank (being the owner of assets) transfers its usufruct to its customers for an agreed period at an agreed consideration. Assets leased out under Ijarah are stated at cost less accumulated depreciation and accumulated impairment losses, if any. These assets are depreciated over the term of the Ijarah financing. Ijarah income is recognized on an accrual basis.

### **c) Diminishing Musharaka**

Diminishing Musharaka (DM) is a form of co-ownership in which Bank and the customer share the ownership of a tangible asset in an agreed proportion and customer undertakes to buy in periodic installments the proportionate share of the Bank until the title to such tangible asset is completely transferred to the customer.

## **5.8 Operating fixed assets**

### **a) Property and equipment**

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the asset and the costs of dismantling and removing the items and restoring on which they are located, if any.

Depreciation is charged on the straight line method at rates specified in note 13.2 to the financial statements, so as to write off the cost of assets over their estimated useful lives.

Full month's depreciation is charged in the month of addition while no depreciation is charged in the month of deletion.

Subsequent costs are included in the assets carrying amount when it is probable that future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably. Carrying amount of the replaced part is derecognized. All other repair and maintenance are charged to profit and loss during the year.

Gains or losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amounts. Gains are recognized within "other income" while losses are recognized in administrative expenses in the profit and loss account.

### **b) Capital work-in-progress**

Capital work-in-progress is stated at cost less impairment losses, if any.

## **5.9 Intangible assets**

An intangible asset is recognized if it is probable that the future economic benefits that are attributable to the asset will flow to the Bank and that the cost of such asset can also be measured reliably. These are stated at cost less accumulated amortization and impairment losses, if any.

Intangible assets comprise of computer software and related applications. Intangible assets are amortized over their estimated useful lives at rate specified in note 15 to the financial statements. Subsequent expenditure is capitalized only when it increases the future economic benefit embodied in the specific asset to which it relates. All other expenditure is recognized in profit and loss account as incurred.

## **5.10 Inventory**

Inventory consists of printed cards and other stationary. Inventory is valued at the lower of cost and net realizable value less allowance for obsolete items. Cost is determined on the weighted average basis and comprises cost of purchases and other costs incurred in bringing the inventories to their present location and condition.

## **5.11 Taxation**

Income tax expense comprises of current and deferred tax. Income tax expense is recognized in the profit and loss account except to the extent that it relates to items recognized directly in equity or below equity/ other comprehensive income in which case it is recognized in equity or below equity/ other comprehensive income.

Management periodically evaluates positions taken in tax returns, with respect to situations in which applicable tax regulation is subject to interpretation, and establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

### **a) Current**

Current tax is the tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, taking into account tax credits, rebates and tax losses, if any, and any adjustment to tax payable in respect of previous years.

### **b) Deferred**

Deferred tax is accounted for on all temporary differences between the carrying amounts of assets and

liabilities for financial reporting purposes and their tax bases. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized. At each balance sheet date, the bank reassesses the carrying amount and the unrecognized amount of deferred tax assets.

Deferred tax assets and liabilities are calculated at the rate that are expected to apply for the period when the asset is realized or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantially enacted till the balance sheet date. Deferred tax, on revaluation of investments, if any, is recognized as an adjustment to Surplus / (deficit) arising on such revaluation.

#### **5.12 Staff retirement benefits**

##### **a) Defined contribution plan**

The Bank participates in a defined contribution provident fund for its eligible employees. Monthly contributions are made by the Bank and its employees at the rate of 10% of basic salary. The Bank's obligation for contribution to the provident fund scheme is recognized in the profit and loss, as incurred.

##### **b) Defined benefit plan**

The Bank operates defined benefit plan comprising an unfunded gratuity scheme covering all eligible employees completing the minimum qualifying period of service (three years) as specified by the scheme. The Scheme commenced on July 01, 2021.

The calculation of defined benefit liability is performed annually by a qualified actuary using the projected unit credit method. Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses are recognized immediately in other comprehensive income. The Bank determines the net interest expense on the net defined benefit liability for the year by applying the discount rate used to measure the defined benefit liability at the beginning of the annual period to the then net defined benefit liability, taking into account any changes in the net defined benefit liability during the year as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plan are recognized in profit and loss account and any gain / loss on remeasurement of defined benefit liability is recognized net of tax in other comprehensive income.

#### **5.13 Reserves**

##### **a) Statutory reserve**

In compliance with the related regulatory requirements, the Bank is required to maintain statutory reserve to which an appropriation equivalent to 20% of the profit after tax is required to be made till such time the reserve fund equals the paid up capital of the Bank. However, thereafter, the contribution is to be reduced to 5% of the profit after tax.

##### **b) Depositor's protection fund**

The Bank is required under the Microfinance Institutions Ordinance, 2001, to contribute 5% of annual after tax profit and profit earned on investments of the fund to be credited to depositors protection fund for the purpose of providing security or guarantee to persons depositing money in the Bank.

#### **5.14 Cash reserve requirement**

In compliance with the related regulatory requirements, the Bank is required to maintain a cash reserve equivalent to not less than 3% of its deposits (including demand deposits and time deposits with tenor of less than 1 year) in a current account opened with the State Bank or its agent, subject to a daily minimum requirement of 2%.

#### **5.15 Statutory liquidity requirement**

In compliance with the related regulatory requirements, the Bank is required to maintain liquidity equivalent to at least 12% of its total demand liabilities and time liabilities with tenor of less than one year in form of liquid assets i.e. cash, gold, unencumbered treasury bills, Pakistan Investment Bonds and Government of Pakistan Sukuk bonds. Treasury bills and Pakistan Investment Bonds held under Depositor Protection Fund are excluded for the purpose of determining liquidity.

#### **5.16 Provisions**

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

amount of the obligation.

### 5.17 Contract liability

The contract liabilities of the Bank comprises of advance payments received from customers in respect of which services are yet to be rendered by the Bank.

### 5.18 Foreign currency transactions

The financial statements are presented in Pakistani Rupee, which is the Bank's functional currency. Transactions in foreign currencies are translated into Pak Rupee at exchange rate on the date of transaction. All monetary assets and liabilities in foreign currencies are translated into Pak Rupee at the rate of exchange approximating those ruling at the balance sheet date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit and loss account.

### 5.19 Revenue recognition

#### a) Markup / income on advances

Markup / income / return / service charges on advances is recognized on accrual / time proportion basis using effective interest rate method. Markup/ income on advances is collected with loan instalments. Due but unpaid service charges / income are accrued on outstanding advances for period up to specified days for each category as set out in below table. After these specified days, overdue advances are classified as non-performing / under- performing and recognition of unpaid service charges / income ceases. Further, accrued markup on non-performing advances are reversed and credited to suspense account. Subsequently, markup recoverable on non-performing / under-performing advances is recognized in profit and loss account on a receipt basis in accordance with the requirements of the Regulations.

Classification	DPD Criteria			
	Days passed due based classification (DPD)			
	General Loans	House Loans	Enterprise Loans	Agri & LVS (3 Years)
Substandard	90 - 179	180 - 364	180 - 364	
Doubtful		365 - 729	365 - 544	180-364
Loss	180 - 209	730-2034	545 - 1304	365-1304
Write Off	=>210	=>2035	=>1305	=>1305
<b>Suspension Percentage</b>				
Substandard	100%	100%	100%	100%
Doubtful	100%	100%	100%	100%
Loss	100%	100%	100%	100%
Write Off	100%	100%	100%	100%

#### b) Income from investments

Markup / income on investments is recognized on accrual / time proportion basis or the effective interest method where applicable. Where debt securities are purchased at premium and discount on the acquisition of amortized cost investments are reflected in the cash flows and amortized over the remaining life of the investment through the Effective Interest Rate (EIR).

#### c) Fee, commission and brokerage income

Fee, commission and brokerage income is recognized in the profit and loss account to the extent of services rendered. Any advance payments received from customers for which services are yet to be rendered by the Bank, are recognized as contract liability in the financial statements.

#### d) Income from inter bank deposits

Income from inter bank deposits in saving accounts is recognized in the profit and loss account as it accrues using the effective interest method.

**e) Dividend income**

Dividend income is recognized when the Bank's right to receive the dividend is established.

**f) Gain / loss on sale of operating fixed assets**

Gain on sale of operating fixed assets are recognized under other income in the profit and loss account.

Loss on sale of operating fixed assets are recognized under administrative expenses in the profit and loss account.

**g) Gain / loss on sale of investments**

Gains and losses on sale of investments are recognized in the profit and loss account.

**5.20 Off-setting**

Financial assets and financial liabilities and tax assets and tax liabilities are only off-set and the net amount is reported in the financial statements when there is a legally enforceable right to set off the recognized amount and the Bank intends either to settle on net basis or to realize the assets and to settle the liabilities simultaneously. Income and expense items of such assets and liabilities are also off-set and the net amount is reported in the financial statements.

**5.21 Borrowing costs**

Borrowing costs are recognized as an expense in the period in which they are incurred except where such costs relate to the acquisition, construction or production of a qualifying asset in which case such costs are capitalized as part of the cost of that asset. Borrowing cost includes exchange differences arising from foreign currency borrowings to the extent these are regarded as an adjustment to borrowing costs.

**5.22 Grants**

The grant related to an asset is recognized in the statement of financial position initially as deferred income when grant is received or there is reasonable assurance that it will be received and that the Bank will comply with the conditions attached to it. Grants that compensate the Bank for expenses incurred are recognized as revenue in the profit and loss account on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Bank for the cost of an asset are recognized in the profit and loss account as other operating income on a systematic basis over the useful life of the asset.

**5.23 Earnings per share**

The Bank presents basic and diluted earnings per share (EPS) for its shareholders. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Bank by the weighted average number of ordinary shares outstanding during the year. Diluted EPS, if any is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares. Dilutive earning per share is disclosed in note 39 to these financial statements.

**5.24 Right-of-use assets and their related lease liability**

**Right-of-use assets**

On initial recognition, right-of-use assets are measured at an amount equal to initial lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to be incurred to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located.

Right-of-use assets are subsequently stated at cost less any accumulated depreciation and accumulated impairment losses and are adjusted for any remeasurement of lease liability. The remeasurement of lease liability will occur when there is a change in scope or change in lease payments that are linked to an index.

Right-of-use assets are depreciated over their expected useful lives using the straight-line method. Depreciation on additions (new leases) is charged from the month in which the leases are entered into. No depreciation is charged in the month in which the leases are terminated.

**Lease liability against right-of-use assets**

The lease liabilities are initially measured as the present value of the remaining lease payments,

discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Bank's incremental borrowing rate.

The lease liability is subsequently measured at amortized cost using the effective interest rate method. The Lease liability is also remeasured to reflect any reassessment or change in lease terms. These remeasurements of lease liabilities are recognized as adjustments to the carrying amount of related right-of-use assets after the date of initial recognition.

Each lease payment is allocated between a reduction of the liability and a finance cost. The finance cost is charged to the profit and loss account as markup expense over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

## 5.25 Segment reporting

A segment is a distinguishable component of the Bank that is engaged in providing products and services, which is subject to risk and rewards that are different from those of other segments. The Bank's primary format of reporting is based on business segments.

**Conventional Banking:** Traditional, interest-based financial institutions that treat money as a commodity to be rented or sold for profit.

**Islamic Banking:** Banking system in consonance with the spirit, ethos, and value system of Islam and governed by the principles laid down by Islamic Shariah. It is a system that avoids interest (Riba) and is based on risk-sharing, partnership, and trade.

## 6 STANDARDS, INTERPRETATIONS OF THE AMENDMENTS TO THE PUBLISHED APPROVED ACCOUNTING STANDARDS THAT ARE EFFECTIVE IN THE CURRENT YEAR

The following amendments are effective for the year ended December 31, 2025. These amendments are either not relevant to the Company's / Bank's operations or are not expected to have significant impact on the Company's / Bank's financial statements other than certain additional disclosures.

- Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates' - Clarification on how entity accounts when there is long term lack of Exchangeability

## 7 STANDARDS, INTERPRETATIONS OF THE AMENDMENTS TO APPROVED ACCOUNTING STANDARDS THAT ARE NOT YET EFFECTIVE

The following standard and amendments are effective for accounting periods, beginning on or after the date mentioned against each of them. These amendments are either not relevant to the Bank's operations or are not expected to have significant impact on the Bank's financial statements other than certain additional disclosures.

	<b>Effective from Accounting period beginning on or after</b>
IFRS 7 - Financial Instruments: Disclosures	January 01, 2026
Amendments IFRS 9 'Financial Instruments' and IFRS 7 'Financial instruments disclosures' - Classification and measurement of financial instruments	January 01, 2026
Annual Improvements to IFRS Accounting Standards (related to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7)	January 01, 2026
Amendments IFRS 9 'Financial Instruments' and IFRS 7 'Financial instruments disclosures' - Contracts Referencing Nature-dependent Electricity	January 01, 2026
IFRS 17 – Insurance Contracts (including the June 2020 and December 2021 Amendments to IFRS 17)	January 01, 2027
IFRS 18 - Presentation and Disclosures in Financial Statements	January 01, 2027
IFRS 19 - Subsidiaries without Public Accountability: Disclosures	January 01, 2027
Other than the aforesaid amendments, IASB has also issued the following standards which have not been adopted/notified locally by the Securities and Exchange Commission of Pakistan:	
- IFRS 1 – First Time Adoption of International Financial Reporting Standards	
- IFRS 18 - Presentation and Disclosures in Financial Statements	
- IFRS 19 - Subsidiaries without Public Accountability: Disclosures	

	December 31, 2025	December 31, 2024
Note	----- Rupees -----	
<b>8 CASH AND BALANCES WITH TREASURY BANKS</b>		
Cash in hand - Local currency	2,265,051,345	2,668,178,233
<i>With State Bank of Pakistan in</i>		
- Local currency current account	8 7,457,538,978	8,849,779,859
<i>With National Bank of Pakistan in</i>		
- Local currency current account	47,202,688	15,460,964
Less: Credit loss allowance	-	-
	<u>9,769,793,011</u>	<u>11,533,419,056</u>

8.1 This includes balance held with SBP in a current account to comply with the requirement of maintaining minimum balance equivalent to 3% (December 31, 2024: 5%) of the Bank's demand deposits and time deposits with tenor of less than one year.

	December 31, 2025	December 31, 2024
Note	----- Rupees -----	
<b>9 BALANCES WITH OTHER MFBS / BANKS / NBFIS</b>		
<i>In Pakistan</i>		
- In current accounts - Local currency	27,653,029	514,425,705
- In deposit account - Local currency	9 7,232,593,806	10,284,354,184
- In Term deposit account - Local currency	9 200,396,796	173,850,000
	7,460,643,631	10,972,629,889
Accrued Markup	151,478,360	250,802,355
Less: Credit loss allowance	-	-
	<u>7,612,121,991</u>	<u>11,223,432,244</u>

9.1 These carry markup ranging from 8.00% to 12.00% ( 2024: 13.50% to 16.00%).

9.2 These carry markup ranging from 9.40% to 10.50% ( 2024: 10.00% to 17.00%) .

	December 31, 2025	December 31, 2024
Note	----- Rupees -----	
<b>10 LENDING TO FINANCIAL INSTITUTIONS</b>		
Repurchase agreement lending's (Reverse repo)	10 26,409,646,615	11,748,833,286
Less: Credit loss allowance	-	-
Lendings to Financial Institutions - net of credit loss allowance	<u>26,409,646,615</u>	<u>11,748,833,286</u>

**10.1 Lending to Financial Institutions - Particulars of credit loss allowance**

December 31, 2025		December 31, 2024	
Lending	Credit loss allowance	Lending	Credit loss allowance
----- Rupees -----		----- Rupees -----	
Stage 1	<u>26,409,646,615</u>	-	<u>11,748,833,286</u>

10.2 These are secured against underlying Market Treasury Bills. The differential between contract rate and resale price is amortized over the period of related contracts and recorded under markup/ return/ interest earned.

The reverse repo represents the following:

- Saudi Pak-Industrial & Agriculture Investment Company Limited at the rate of 10.75% amounting to Rs. 2.7 billion (face value of collateral 2.7 billion) with maturity date of Jan 02, 2026.
- HBL Microfinance Bank Limited at the rate of 10.40% amounting to Rs. 2.00 billion (face value of collateral 2.00 billion) with maturity date of Jan 16, 2026.
- Pak Oman Investment Company Limited at the rate of 10.35% amounting to Rs. 2.8 billion (face value of collateral Rs. 2.80 billion) with maturity date of Jan 16, 2026.
- United Bank Limited at the rate of 10.40% amounting to Rs. 4.8 billion (face value of collateral Rs. 5.00 billion) with maturity date of Jan 09, 2026.
- Askari Bank Limited at the rate of 10.25% amounting to Rs. 1.9 billion (face value of collateral 2.00 billion) with maturity date of Jan 19, 2026.
- ZTBL at the rate of 10.25% amounting to Rs. 2.592 billion (face value of collateral 2.8 billion) with maturity date of Jan 02, 2026.
- National Bank of Pakistan at the rate of 10.50% amounting to Rs. 3.958 billion (face value of collateral Rs.4.00 billion) with maturity date of Jan 02, 2026.
- MCB at the rate of 10.55% amounting to Rs. 2.845 billion (face value of collateral Rs.3.00 billion) with maturity date of Jan 02, 2026.
- BOP at the rate of 10.00% amounting to Rs. 2.718 billion (face value of collateral Rs.3.00 billion) with maturity date of Jan 02, 2026.

### 10.3 Reverse repo agreements

	December 31, 2025			December 31, 2024		
	Held by Bank	Further given as collateral	Total	Held by Bank	Further given as collateral	Total
	----- Rupees -----			----- Rupees -----		
Market Treasury Bills (MTB)	14,600,000,000	-	14,600,000,000	12,000,000,000	-	12,000,000,000
Pakistan Investment Bonds (PIBs)	12,500,000,000	-	12,500,000,000	-	-	-
	<u>27,100,000,000</u>	-	<u>27,100,000,000</u>	<u>12,000,000,000</u>	-	<u>12,000,000,000</u>

December 31, 2025				December 31, 2024			
Fair Value / Amortised cost	Credit Loss Allowance	Fair value Surplus/(Deficit)	Carrying Value	Fair Value / Amortised cost	Credit Loss Allowance	Fair value Surplus/(Deficit)	Carrying Value
----- Rupees -----				----- Rupees -----			

### 11 INVESTMENTS

Note

#### Investments by type:

#### Classified as Fair Value Through Other Comprehensive Income

##### Federal Government Securities

Market Treasury Bills	11.1	85,334,457,402	-	92,724,400	85,427,181,802	53,304,326,502	-	66,394,500	53,370,721,002
Pakistan Investment Bonds		1,706,314,000	-	10,076,000	1,716,390,000	-	-	-	-

##### Classified as Amortized cost

Market Treasury Bills	11.2	503,405,249	-	-	503,405,249	421,019,132	-	-	421,019,132
Pakistan Investment Bonds	11.3	7,634,476,627	-	-	7,634,476,627	7,558,003,459	-	-	7,558,003,459
<b>Total Investments</b>		<u>95,178,653,278</u>	-	<u>102,800,400</u>	<u>95,281,453,678</u>	<u>61,283,349,093</u>	-	<u>66,394,500</u>	<u>61,349,743,593</u>

- 11.1 These represent securities with maturity period of three to twelve months. Investment made during the period carry markup at the rates ranging between 10.35% to 11.34% ( 2024: 11.65% to 19.25% ) per annum.
- 11.2 These represent securities held for Depositor Protection Fund which have a maturity period of up to three months. These carry markup at the rates ranging between 10.96% to 11.00% ( 2024: 17.20% to 17.35%) per annum.
- 11.3 Securities amounting to Rs 6.06 billion and Rs 1.49 billion having maturity on 06-May-2026 and 04-July-2026 respectively. Investment made during the period carry markup at the rates ranging between 10.94% to 12.00% ( 2024: 12.00% to 13.34% ) per annum.
- 11.4 Expected credit loss on government securities have not been estimated due to exemption available under IFRS 09 implementation instructions issued by SBP through circular no. 3 of 2022 dated July 05, 2022.

12 ADVANCES

Loan Type

	Performing				Non-Performing		Total	
	Stage 1		Stage 2		Stage 3			
	December 31, 2025	December 31, 2024	December 31, 2025	December 31, 2024	December 31, 2025	December 31, 2024	December 31, 2025	December 31, 2024
	----- Rupees -----				----- Rupees -----			
Micro credit								
-Secured against gold	48,427,846,014	30,495,449,308	104,461,394	10,878,084	241,476,712	164,329,999	48,773,784,120	30,670,657,391
-Unsecured	35,453,940,224	30,075,567,302	5,896,207,291	4,225,208,260	12,801,268,972	9,501,235,805	54,151,416,487	43,802,011,367
Income markup/ accrued	11,754,761,442	11,659,983,877	3,551,718,803	708,603,083	-	-	15,306,480,245	12,368,586,960
<b>Advances - Gross</b>	<b>95,636,547,680</b>	<b>72,231,000,487</b>	<b>9,552,387,488</b>	<b>4,944,689,427</b>	<b>13,042,745,684</b>	<b>9,665,565,804</b>	<b>118,231,680,852</b>	<b>86,841,255,718</b>
Credit loss allowance against advances								
- Stage 1	3,406,037,154	3,309,408,948	-	-	-	-	3,406,037,154	3,309,408,948
- Stage 2	-	-	3,842,114,956	2,333,313,121	-	-	3,842,114,956	2,333,313,121
- Stage 3	-	-	-	-	9,923,112,764	6,266,373,547	9,923,112,764	6,266,373,547
	<b>3,406,037,154</b>	<b>3,309,408,948</b>	<b>3,842,114,956</b>	<b>2,333,313,121</b>	<b>9,923,112,764</b>	<b>6,266,373,547</b>	<b>17,171,264,874</b>	<b>11,909,095,616</b>
<b>Advances - net of credit loss allowance</b>	<b>92,230,510,526</b>	<b>68,921,591,539</b>	<b>5,710,272,532</b>	<b>2,611,376,306</b>	<b>3,119,632,920</b>	<b>3,399,192,257</b>	<b>101,060,415,978</b>	<b>74,932,160,102</b>
<b>12.1 Advances - Particlurs of credit loss allowance</b>	<b>December 31, 2025</b>				<b>December 31, 2024</b>			
	----- Rupees -----				----- Rupees -----			
<b>12.1.1 Advances - Exposure</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
Gross carrying amount	72,231,000,487	4,944,689,427	9,665,565,804	86,841,255,718	68,563,498,635	2,989,855,484	5,355,842,736	76,909,196,855
New Advances	101,231,070,823	-	-	101,231,070,823	61,184,044,048	-	-	61,184,044,048
Advances derecognized or repaid	(61,025,768,995)	-	-	(61,025,768,995)	(42,160,874,180)	(833,261,932)	(724,411,634)	(43,718,547,746)
Transfer to stage 1	34,380,429	(7,290,650)	(27,089,779)	-	129,752,865	(74,998,671)	(54,754,194)	-
Transfer to stage 2	(4,532,284,117)	4,570,569,763	(38,285,646)	-	(1,847,394,374)	1,859,946,221	(12,551,847)	-
Transfer to stage 3	(3,706,662,351)	(79,256,417)	3,785,918,768	-	(2,974,856,214)	(952,473,651)	3,927,329,865	-
	<b>32,000,735,789</b>	<b>4,484,022,696</b>	<b>3,720,543,343</b>	<b>40,205,301,827</b>	<b>14,330,672,145</b>	<b>(788,033)</b>	<b>3,135,612,190</b>	<b>17,465,496,302</b>
Change in exposure	492,088,293	2,622,488,719	3,384,892,582	6,499,469,593	(5,515,303,161)	2,750,580,696	9,376,172,097	6,611,449,632
Total movement in advances - exposure	32,492,824,082	7,106,511,415	7,105,435,925	46,704,771,420	8,815,368,984	2,749,792,663	12,511,784,287	24,076,945,934
Amounts written-off	(9,087,276,888)	(2,498,813,354)	(3,728,256,044)	(15,314,346,287)	(5,147,867,132)	(794,958,720)	(8,202,061,219)	(14,144,887,071)
Closing balance	<b>95,636,547,681</b>	<b>9,552,387,488</b>	<b>13,042,745,685</b>	<b>118,231,680,853</b>	<b>72,231,000,487</b>	<b>4,944,689,427</b>	<b>9,665,565,804</b>	<b>86,841,255,718</b>
<b>12.1.2 Advances - Credit loss allowance</b>	<b>December 31, 2025</b>				<b>December 31, 2024</b>			
	----- Rupees -----				----- Rupees -----			
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
Credit loss allowance opening balance	3,309,408,948	2,333,313,121	6,266,373,546	11,909,095,615	1,997,704,400	628,482,468	3,472,963,375	6,099,150,243
New Advances	8,609,822,941	-	-	8,609,822,941	5,174,458,630	-	-	5,174,458,630
Advances derecognized or repaid	(5,317,222,704)	-	-	(5,317,222,704)	(85,460,351)	(23,386,653)	(137,323,598)	(246,170,602)
Transfer to stage 1	15,216,887	(829,683)	(14,387,204)	-	73,891,262	(40,911,779)	(32,979,483)	-
Transfer to stage 2	(432,594,228)	454,649,148	(22,054,920)	-	(68,794,265)	76,920,053	(8,125,788)	-
Transfer to stage 3	(273,056,619)	(34,184,374)	307,240,993	-	(73,377,870)	(284,915,570)	358,293,440	-
	<b>2,602,166,277</b>	<b>419,635,091</b>	<b>270,798,869</b>	<b>3,292,600,237</b>	<b>5,020,717,406</b>	<b>(272,293,949)</b>	<b>179,864,571</b>	<b>4,928,288,028</b>
Change in exposure	6,581,738,817	3,587,980,098	7,114,196,394	17,283,915,309	1,438,854,274	2,772,083,322	10,815,606,819	15,026,544,415
Total provision charged for the year	9,183,905,094	4,007,615,189	7,384,995,263	20,576,515,546	6,459,571,680	2,499,789,373	10,995,471,390	19,954,832,443
Amounts written off	(9,087,276,888)	(2,498,813,354)	(3,728,256,045)	(15,314,346,287)	(5,147,867,132)	(794,958,720)	(8,202,061,219)	(14,144,887,071)
Credit loss allowance closing balance	<b>3,406,037,154</b>	<b>3,842,114,956</b>	<b>9,923,112,764</b>	<b>17,171,264,874</b>	<b>3,309,408,948</b>	<b>2,333,313,121</b>	<b>6,266,373,546</b>	<b>11,909,095,615</b>



12.1.3 Advances - Credit loss allowance details	December 31, 2025				December 31, 2024			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	----- Rupees -----				----- Rupees -----			
<b>Internal / external rating / stage classification</b>								
Outstanding gross exposure	<b>95,636,547,680</b>	<b>9,552,387,488</b>	<b>13,042,745,684</b>	<b>118,231,680,852</b>	72,231,000,487	4,944,689,427	9,665,565,804	86,841,255,718
<b>Performing</b>	<b>95,636,547,680</b>	-	-	<b>95,636,547,680</b>	72,231,000,487	-	-	72,231,000,487
<b>Under Performing</b>								
Other assets especially mentioned	-	<b>9,552,387,488</b>	-	<b>9,552,387,488</b>	-	4,944,689,427	-	4,944,689,427
<b>Non - Performing</b>								
Substandard	-	-	<b>3,832,310,736</b>	<b>3,832,310,736</b>	-	-	1,274,050,369	1,274,050,369
Doubtful	-	-	<b>2,920,439,963</b>	<b>2,920,439,963</b>	-	-	1,808,982,553	1,808,982,553
Loss	-	-	<b>6,289,994,985</b>	<b>6,289,994,985</b>	-	-	6,582,532,882	6,582,532,882
	-	-	<b>13,042,745,684</b>	<b>13,042,745,684</b>	-	-	9,665,565,804	9,665,565,804
<b>Total</b>	<b>95,636,547,680</b>	<b>9,552,387,488</b>	<b>13,042,745,684</b>	<b>118,231,680,852</b>	72,231,000,487	4,944,689,427	9,665,565,804	86,841,255,718
<b>Corresponding credit loss allowance</b>								
Stage 1	<b>3,406,037,154</b>	-	-	<b>3,406,037,154</b>	3,309,408,948	-	-	3,309,408,948
Stage 2	-	<b>3,842,114,956</b>	-	<b>3,842,114,956</b>	-	2,333,313,121	-	2,333,313,121
Stage 3	-	-	<b>9,923,112,764</b>	<b>9,923,112,764</b>	-	-	6,266,373,546	6,266,373,546
	<b>3,406,037,154</b>	<b>3,842,114,956</b>	<b>9,923,112,764</b>	<b>17,171,264,874</b>	3,309,408,948	2,333,313,121	6,266,373,546	11,909,095,615
							<b>December 31,</b>	December 31,
							<b>2025</b>	2024
							----- Rupees -----	

## 12.2 Particulars of write offs

Written off during the year

12.1.2	<b>(15,314,346,287)</b>	(14,144,887,071)
	<b>(15,314,346,287)</b>	(14,144,887,071)

**12.3** In accordance with the implementation of IFRS 9 as outlined in BPRD Circular Letter No. 16 of 2024, the Bank has adopted the Effective Interest Rate (EIR) method for recognizing interest income on financial assets, effective from October 1, 2024. The original EIR has been calculated by discounting cash flows at the date of disbursement, including loan processing fees and transaction costs. For subsidized staff loans, the Bank determined the interest rates based on market rates for similar products offered to external customers. The overall impact of adoption of EIR accounting on the financial statements is Rs. 1.425 billion, the impact of Rs. 722.57 million (2024: 389.76) on staff loans has been classified under other assets as per requirements of IAS 19, resulting in no impact on statement of profit or loss, whereas, the net impact (before tax) of the EIR on the statement of financial position and profit and loss account is Rs. 702.29 million. (2024: 754.96).

**12.4** During the year, the Bank reassessed its nano-loan portfolio, and management aligned the write-off criteria with the 'General Loans category' as under by the Prudential Regulations. These revisions were accounted for prospectively as a change in accounting estimate. Consequently, the credit loss allowance increased by Rs. 2.3 billion for the period, while net advances grew by Rs. 566 million.

		December 31, 2025	December 31, 2024
		----- Rupees -----	
<b>13 PROPERTY AND EQUIPMENT</b>	<b>Note</b>		
Capital Work in progress	13.1	294,425,480	152,445,569
Property and equipment	13.2	2,277,923,771	1,589,325,548
		<b>2,572,349,251</b>	<b>1,741,771,117</b>
<b>13.1 Capital Work in progress</b>			
Opening		152,445,569	63,449,847
Additions during the year		414,985,112	227,858,763
Transfers to Property and Equipment		(273,005,201)	(138,863,041)
Closing	13.1.1	<b>294,425,480</b>	<b>152,445,569</b>
<b>13.1.1 CWIP Includes:</b>			
Civil works		97,513,150	91,150,686
Advances to suppliers and contractors		196,912,329	61,294,883
		<b>294,425,480</b>	<b>152,445,569</b>
<b>13.2 Property and equipment</b>			

**At January 1, 2025**

December 31, 2025				
Furniture and fixture	Electrical, office and computer equipment	Vehicles	Leasehold improvements	Total
----- Rupees -----				
380,847,009	2,266,085,649	327,907,555	523,562,294	3,498,402,507
(220,812,891)	(1,241,291,719)	(216,862,407)	(230,109,943)	(1,909,076,960)
<b>160,034,118</b>	<b>1,024,793,930</b>	<b>111,045,148</b>	<b>293,452,351</b>	<b>1,589,325,547</b>

**For the Year Ended December 31, 2025**

Opening net book value	160,034,118	1,024,793,930	111,045,148	293,452,351	1,589,325,547
Additions/Transfers from CWIP	94,675,195	813,519,202	55,024,746	230,410,095	1,193,629,237
Disposals/ write offs (Cost)	(15,955,814)	(56,537,697)	(44,865,019)	(19,929,579)	(137,288,110)
Depreciation charge	(60,042,960)	(316,945,609)	(56,029,452)	(54,637,601)	(487,655,622)
Disposals/ write offs (Accumulated Depreciation)	13,463,778	55,307,454	44,865,019	6,276,467	119,912,718
Closing net book value	<b>192,174,317</b>	<b>1,520,137,279</b>	<b>110,040,442</b>	<b>455,571,732</b>	<b>2,277,923,771</b>

**At December 31, 2025**

Cost	459,566,389	3,023,067,153	338,067,282	734,042,810	4,554,743,635
Accumulated depreciation	(267,392,072)	(1,502,929,874)	(228,026,840)	(278,471,077)	(2,276,819,864)
Net book value	<b>192,174,317</b>	<b>1,520,137,279</b>	<b>110,040,442</b>	<b>455,571,732</b>	<b>2,277,923,771</b>
Rate of depreciation	20%	10-33%	25%	10%	

December 31, 2024				
Furniture and fixture	Electrical, office and computer equipment	Vehicles	Leasehold improvements	Total

----- Rupees -----

**At January 1, 2024**

Cost	291,458,656	1,661,268,236	309,737,084	481,565,042	2,744,029,018
Accumulated depreciation	(182,424,116)	(1,023,470,915)	(157,682,711)	(189,775,282)	(1,553,353,024)
Net book value	109,034,540	637,797,321	152,054,373	291,789,760	1,190,675,994

**For the Year Ended December 31, 2024**

Opening net book value	109,034,540	637,797,321	152,054,373	291,789,760	1,190,675,994
Additions/Transfers from CWIP	91,235,664	615,000,379	18,170,471	47,546,195	771,952,709
Disposals/ write offs (Cost)	(1,847,311)	(10,182,966)	-	(5,548,943)	(17,579,220)
Depreciation charge	(40,417,744)	(227,313,667)	(59,179,696)	(41,206,585)	(368,117,692)
Disposals/ write offs (Accumulated Depreciation)	2,028,969	9,492,863	-	871,924	12,393,756
Closing net book value	160,034,118	1,024,793,930	111,045,148	293,452,351	1,589,325,547

**At December 31, 2024**

Cost	380,847,009	2,266,085,649	327,907,555	523,562,294	3,498,402,507
Accumulated depreciation	(220,812,891)	(1,241,291,719)	(216,862,407)	(230,109,943)	(1,909,076,960)
Net book value	160,034,118	1,024,793,930	111,045,148	293,452,351	1,589,325,547
Rate of depreciation	20%	10-33%	25%	10%	

**13.2.1 The cost of fully depreciated assets still in use**

	December 31, 2025	December 31, 2024
Furniture and fixture	<b>155,483,811</b>	126,450,121
Electrical, office and computer equipment	<b>894,786,561</b>	804,003,181
Vehicles	<b>132,648,387</b>	75,451,922
Leasehold improvements	<b>99,624,029</b>	99,720,127
	<b>1,282,542,788</b>	1,105,625,351

**13.2.2** As required by BSD Circular No 11 of 2003, details of property and equipment disposed off during the year is disclosed in Annexure-I and forms integral part of these financial statements.

**14 RIGHT-OF-USE ASSETS**

	December 31, 2025			December 31, 2024		
	----- Rupees -----			----- Rupees -----		
	Buildings	Vehicles	Total	Buildings	Vehicles	Total
<b>At January 01,</b>						
Cost	2,710,819,186	155,255,830	2,866,075,016	1,542,437,827	-	1,542,437,827
Accumulated Depreciation	(772,367,475)	(9,110,640)	(781,478,115)	(702,756,793)	-	(702,756,793)
Net Carrying amount	<b>1,938,451,711</b>	<b>146,145,190</b>	<b>2,084,596,901</b>	839,681,034	-	839,681,034
<b>For the Year Movement</b>						
Additions during the year	790,361,206	15,121,397	805,482,603	1,368,530,764	155,255,830	1,523,786,594
Depreciation Charge for the year	(387,759,994)	(37,275,351)	(425,035,345)	(269,760,087)	(9,110,640)	(278,870,727)
Remeasurement/Modification	(30,817,192)	6,536,740	(24,280,452)	-	-	-
- Cost	-	(55,005,612)	(55,005,612)	(200,149,405)	-	(200,149,405)
- Accumulated Depreciation	-	13,065,019	13,065,019	200,149,405	-	200,149,405
	<b>371,784,020</b>	<b>(57,557,807)</b>	<b>314,226,213</b>	1,098,770,677	146,145,190	1,244,915,867
Net Carrying amount as at December 31,	<b>2,310,235,731</b>	<b>88,587,383</b>	<b>2,398,823,114</b>	1,938,451,711	146,145,190	2,084,596,901
Rate of depreciation			10-20%			10-20%

**15 INTANGIBLE ASSETS**

	Note	December 31,	December 31,
		2025	2024
		----- Rupees -----	
Capital Work in progress	15.1	520,785,384	615,890,424
Intangible asset	15.2	863,775,811	484,836,111
		<b>1,384,561,195</b>	<b>1,100,726,535</b>
<b>15.1 Capital Work in progress</b>			
Opening		615,890,424	68,527,434
Additions during the year		425,880,880	684,524,592
Transfers to intangible asset		(520,985,920)	(137,161,602)
Closing		<b>520,785,384</b>	615,890,424

15.1.1 CWIP Includes:

Advances to suppliers and contractors

December 31, 2025	December 31, 2024
----- Rupees -----	
<b>520,785,384</b>	615,890,424

15.2 At January 01,

Cost

Accumulated amortization and impairment

Net book value

December 31, 2025 ----- Rupees -----		December 31, 2024 ----- Rupees -----	
Software and License	Total	Software and License	Total
1,677,868,452	1,677,868,452	1,474,024,163	1,474,024,163
(1,193,032,341)	(1,193,032,341)	(1,034,413,623)	(1,034,413,623)
<b>484,836,111</b>	<b>484,836,111</b>	439,610,540	439,610,540

**For the Year Movement**

Opening net book value

Additions:

- Directly Purchased/Transfers from CWIP

Disposals (Cost)

Amortization charge

Adjustment against amortization

Disposals/Write off (Accumulated Amortization)

Closing net book value

484,836,111	484,836,111	439,610,540	439,610,540
733,040,660	733,040,660	203,844,289	203,844,289
-	-	-	-
(354,044,398)	(354,044,398)	(158,618,718)	(158,618,718)
(56,562)	(56,562)	-	-
-	-	-	-
<b>863,775,811</b>	<b>863,775,811</b>	484,836,111	484,836,111

**At December 31,**

Cost

Accumulated amortization and impairment

Net book value

Rate of amortization

Useful life

2,410,909,112	2,410,909,112	1,677,868,452	1,677,868,452
(1,547,133,301)	(1,547,133,301)	(1,193,032,341)	(1,193,032,341)
<b>863,775,811</b>	<b>863,775,811</b>	484,836,111	484,836,111
<b>10-33%</b>		10-33%	
<b>Over the Term Of Contract</b>		Over the Term Of Contract	

15.3 The cost of fully depreciated intangibles still in use

Software and License

December 31, 2025	December 31, 2024
----- Rupees -----	
<b>1,082,525,062</b>	866,104,689

**16 DEFERRED TAX ASSET**

***Deductible temporary differences on:***

Credit loss allowance against advances  
 Post retirement employee benefits  
 Lease liability net of right of use assets  
 Intangible assets

***Taxable temporary differences on:***

Accelerated tax depreciation  
 Surplus / (deficit) on revaluation of investments measured at FVOCI

December 31, 2025			
At Jan 01, 2025	Recognised in P&L	Recognised in OCI	At Dec 31, 2025
----- Rupees -----			
4,606,277,012	2,090,516,289	-	6,696,793,301
101,919,545	46,458,397	10,227,860	158,605,802
34,710,545	127,007,505	-	161,718,050
666,797	1,045,099	-	1,711,896
<b>4,743,573,899</b>	<b>2,265,027,290</b>	<b>10,227,860</b>	<b>7,018,829,049</b>
<b>(21,600,194)</b>	<b>(79,022,284)</b>	<b>-</b>	<b>(100,622,478)</b>
<b>(25,893,855)</b>	<b>-</b>	<b>(14,198,301)</b>	<b>(40,092,156)</b>
<b>(47,494,049)</b>	<b>(79,022,284)</b>	<b>(14,198,301)</b>	<b>(140,714,634)</b>
<b>4,696,079,850</b>	<b>2,186,005,006</b>	<b>(3,970,441)</b>	<b>6,878,114,415</b>

December 31, 2024			
At Jan 01, 2024	Recognised in P&L	Recognised in OCI	At Dec 31, 2024

----- Rupees -----

***Deductible temporary differences on:***

Credit loss allowance against advances  
 Post retirement employee benefits  
 Lease liability net of right of use assets  
 Intangible assets

***Taxable temporary differences on:***

Accelerated tax depreciation  
 Deficit on revaluation of investments measured at FVOCI

2,378,668,595	2,227,608,417	-	4,606,277,012
49,993,870	33,482,837	18,442,838	101,919,545
37,130,832	(2,420,287)	-	34,710,545
(4,435,141)	5,101,938	-	666,797
<b>2,461,358,156</b>	<b>2,263,772,905</b>	<b>18,442,838</b>	<b>4,743,573,899</b>
<b>17,341,516</b>	<b>(38,941,710)</b>	<b>-</b>	<b>(21,600,194)</b>
<b>1,985,958</b>	<b>-</b>	<b>(27,879,813)</b>	<b>(25,893,855)</b>
<b>19,327,474</b>	<b>(38,941,710)</b>	<b>(27,879,813)</b>	<b>(47,494,049)</b>
<b>2,480,685,630</b>	<b>2,224,831,195</b>	<b>(9,436,975)</b>	<b>4,696,079,850</b>

	December 31, 2025	December 31, 2024
Note	----- Rupees -----	
<b>17 OTHER ASSETS</b>		
Advances, deposits and prepayments	1,196,116,491	1,046,969,612
Receivable from related parties	617,270,156	640,535,805
ATM cards / printed stationary	68,210,242	134,422,204
Receivables from State Bank of Pakistan	1,352,288,682	331,337,870
Receivable from Raast	1,687,947,982	-
Receivable from 1-Link	-	1,255,171,948
Advance tax	-	515,616,273
Deferred employee benefits	722,571,013	389,763,023
Others	2,875,992,458	660,570,834
	<b>8,520,397,024</b>	4,974,387,569
Less: Credit loss allowance held against other assets	-	-
Other assets (net of credit loss allowance)	<b>8,520,397,024</b>	4,974,387,569
<b>17.1 Receivable from related parties</b>		
Pakistan Mobile Communications Limited (PMCL)	-	596,398,014
JC Fintech (Private) Limited (JCFL)	584,056,711	-
Jazz cash (Private) Limited	30,539,588	44,118,134
Veon Limited (Ultimate Parent Company)	2,673,857	19,657

**17.2** This represents claims for the amount of insurance premiums lodged / to be lodged with SBP under crop loan insurance scheme, livestock insurance scheme, Mera Ghar Mera Pakistan scheme and Interest free loan for Landless farmers of borrowers of the Bank.

	December 31, 2025	December 31, 2024
Note	----- Rupees -----	
<b>18 BILLS PAYABLE</b>		
In Pakistan	703,185,185	618,273,788
<b>19 BORROWINGS</b>		
<b>Secured</b>		
<i>Borrowings from State Bank of Pakistan</i>		
Long term facility	1,439,505,237	686,504,767
Finance cost on Long term facility	94,488,485	73,331,876
<i>Borrowings from Other Banks / Financial Institutions</i>		
Short term facility	1,981,640,000	-
Finance cost on Short term facility- Net of Payments	2,384,232	6,093,255
	<b>3,518,017,954</b>	765,929,898

**19.1** The Bank has secured Demand finance facilities during the period on following terms:

State Bank of Pakistan has provided the bank credit line facility under Women Inclusive Finance Program amounting to Rs. 750 million with State Bank of Pakistan to ease the liquidity constraints of microfinance sector and provide access to long-term market based funding as on June 28, 2024 that will enhance lending to women microfinance borrowers including microenterprises and micro housing. and carries markup at the subsidized rate of six months KIBOR - 1% per annum payable by 15th of the subsequent month of half year. The tenure of loan is 5 years. The loan is discounted using level 2 inputs other than quoted prices that are observable for the liability.

State Bank of Pakistan has provided the bank credit line facility under Line of Credit Fund Program amounting to Rs. 827 million with State Bank of Pakistan to ease the liquidity constraints of microfinance sector and provide access to long-term market based funding as on March 27, 2025 that will enhance lending to microenterprises and micro housing. and carries markup at the subsidized rate of six months KIBOR - 1% per annum payable by 15th of the subsequent month of half year. The tenure of loan is 3 years. The loan is discounted using level 2 inputs other than quoted prices that are observable for the liability.

19.2 The Bank has three secured running finance facilities during the period on following terms.

The Bank entered into running finance facility agreement amounting to Rs 1,000 million with Allied bank to finance its operations and carries mark-up at the rate of three months KIBOR + 0.85% per annum payable on quarterly basis. The tenure of loan is 12 months. First pari passu charge over all the present and future advances , loan portfolio , receivables and investments of the bank with 25% margin. As at December 31, 2025 facility availed upto PKR 979.2 Million (2024: Nil).

ii) The Company has a Running Finance Facility Agreement amounting to PKR 1,000 million with the Bank of Punjab to finance its working capital requirements. The facility carries a mark-up rate of 3 Months KIBOR + 0.80% per annum, payable quarterly in arrears. The tenure of the loan is 12 months. A First Pari Passu Charge (FPPC) has been created over all the present and future current assets of the Company with a 25% margin. The facility is secured excluding land and buildings. As at December 31, 2025, the facility remains un-availed. (2024: Nil).

iii) The Company has a Running Finance Facility Agreement amounting to PKR 1,000 million with MCB to finance its working capital requirements. The facility carries a mark-up rate of 1 Months KIBOR + 1% per annum, payable quarterly in arrears. The tenure of the loan is 12 months, with the expiry date of 30-Apr-2026. A First Pari Passu Charge (FPPC) has been created over all the present and future current assets of the Company with a 25% margin. The facility is secured excluding land and buildings. As at December 31, 2025, the facility was utilized upto PKR 1,000 Million. (2024: Nil).

Note **December 31, 2025** December 31, 2024  
----- Rupees -----

**20 DEPOSITS AND OTHER ACCOUNTS**

**Customers**

Current Deposits	<b>114,238,166,298</b>	86,135,222,010
Saving Deposits	<b>87,824,275,584</b>	48,486,849,377
Term deposits	<b>9,983,558,096</b>	14,483,927,422
	<b>212,045,999,978</b>	149,105,998,809

**Financial Institutions**

Current Deposits	<b>146,151,221</b>	414,286,108
Saving Deposits	<b>1,343,317,325</b>	1,029,036,798
Term deposits	<b>397,987,256</b>	4,401,247,780
	<b>1,887,455,802</b>	5,844,570,686
	<b>213,933,455,780</b>	154,950,569,495

20.1 Current accounts - deposits repayable on demand, non-remunerative 57,854,081 (2024: 48,921,558)

20.2 Saving accounts - deposits repayable on demand, remunerative 227,297 ((2024: 201,679)

Note **December 31, 2025** December 31, 2024  
----- Rupees -----

**20.3 Composition of deposits**

- Individuals	<b>127,125,625,905</b>	103,554,264,655
- Government (Federal and Provincial)	<b>10,329,919,420</b>	11,982,229,916
- Public sector entities	<b>78,821,952</b>	2,440,108,900
- Banking companies	<b>120,783,343</b>	4,887,815,990
- Non-banking financial institutions	<b>1,675,211,232</b>	956,754,697
- Private sector	<b>74,603,093,928</b>	31,129,395,337
	<b>213,933,455,780</b>	154,950,569,495

**20.4 Composition of deposit**

- Branchless Banking	<b>108,251,141,737</b>	84,312,320,320
- Branches	<b>105,682,314,043</b>	70,638,249,175
	<b>213,933,455,780</b>	154,950,569,495

20.5 Deposits include related parties balance amounting to Rs 2,050.73 million (2024:Rs 1,851.14

	Note	December 31, 2025	December 31, 2024
----- Rupees -----			
<b>21 LEASE LIABILITIES</b>			
At January 01,		2,173,598,296	934,888,295
<i>Additions during the year:</i>			
Buidlings		790,361,206	1,368,530,764
Vehicles	21.1	15,121,397	155,255,830
<i>Deletions during the year:</i>			
Vehicles		(45,150,228)	-
Remeasurement/Modification		(24,280,452)	-
Interest Expense		386,678,333	224,941,713
Payment		(482,843,771)	(510,018,306)
At December 31,		<u>2,813,484,781</u>	<u>2,173,598,296</u>

- 21.1** The Bank (MMBL) has entered in to Lease Finance Facility (LFF) agreement amounting to Rs 300 Million with The Bank of Punjab, for the procurement of new or used vehicles, either local or imported, to meet the operational requirements of MMBL and its staff/employees. The applicable interest rate is the 3-month Karachi Inter-Bank Offer Rate (KIBOR) plus 0.85% per annum, with the mark-up payable quarterly in arrears. The tenor for each lease facility is limited to a maximum of 4 years. No grace period is provided for this lease facility. The title of the leased vehicles will be held in the name of The Bank of Punjab (BOP) as security.

	Note	December 31, 2025	December 31, 2024
----- Rupees -----			
<b>21.2 Contractual maturity of lease liabilities</b>			
Short-term lease liabilities - within one year		-	-
<i>Long-term lease liabilities</i>			
- 1 to 5 years		1,130,779,238	1,630,637,255
- 5 to 10 years		1,682,705,543	542,961,041
- More than 10 years		-	-
		<u>2,813,484,781</u>	<u>2,173,598,296</u>
Total lease liabilities		<u>2,813,484,781</u>	<u>2,173,598,296</u>

## 22 SUBORDINATED DEBT

Opening	22.1	2,016,547,946	2,029,849,186
<b>Finance Cost:</b>			
Finance cost on subordinated debt		286,780,274	455,428,320
Payment during the period / year		(291,924,049)	(468,729,560)
		<u>2,011,404,171</u>	<u>2,016,547,946</u>

- 22.1** This represents Rated, Unsecured, Subordinated, and Privately Placed Tier II Term Finance Certificates (TFCs) of worth Rs. 2,000,000,000/-, fully subscribed on November 23, 2022, to improve the Capital Adequacy Ratio, carrying a floating coupon rate of 6-month KIBOR plus 2.10% per annum. The issue is for a period of 7 years from the date of subscription and will mature on November 23, 2029. The issuer has assigned a preliminary rating of "A-" (Single A minus). The TFCs were listed on the Pakistan Stock Exchange (PSX) on May 22, 2025, with trading commencing on May 23, 2025. Only Qualified Institutional Buyers (QIBs) are allowed to trade these TFCs. The market lot is one certificate with a face value of PKR 100,000, and settlement is carried out through the National Clearing Settlement System (NCSS) on a T+1 basis. The interest is payable on a bi-annual basis, starting from six months subsequent to the subscription of the TFCs. The principal amount shall be redeemed in four (4) equal semi-annual installments commencing from the end of the 66th month from the issue date. The Issuer (MMBL) may call the TFCs, in part or in full, after five (5) years from the issue date on the principal redemption date, subject to prior SBP approvals, by giving 45 days' prior notice to the Issue Agent and Investors. The notice, once given, shall be irrevocable, and shall specify the date fixed for the exercise of the Call Option (the "Call Option Date").

As per the lock-in clause requirement for Tier II Issues (Para 12 of Annexure 3 of BPRD Circular # 6 of 2013), neither profit nor principal will be payable (even at maturity) in respect of the TFCs if such payment will result in a shortfall in the Bank's Capital Adequacy Ratio (CAR) or an increase in any existing shortfall in CAR.

As per the Loss Absorbency Clause requirement (Para xix of Annexure 3 and Para A-53 of Annexure 5 of BPRD Circular # 6 of 2013) for Tier II capital purposes, the TFCs will be subject to loss absorbency and/or any other requirements under SBP's instructions. Upon the occurrence of a Point of Non-Viability event, SBP may, at its option, fully and permanently convert the TFCs into common shares of the Bank and/or have them immediately written off (either partially or in full). The conversion shall be based on the price as agreed with SBP.

Given the instrument's floating-rate feature (6M KIBOR + 210 bps) and lack of an active secondary market, Management considers that the carrying amount of the TFC, including accrued profit, approximates its fair value.

	Note	<u>December 31, 2025</u>	<u>December 31, 2024</u>
		----- Rupees -----	
<b>23 DEFERRED GRANTS</b>			
Opening balance		<b>63,433,566</b>	2,595,000
Grant received during the year	<b>23.1</b>	<b>58,920,913</b>	71,181,873
Grant recognised as Income during the year		<b>(27,887,274)</b>	(10,343,307)
Closing balance		<b>94,467,205</b>	63,433,566

**23.1** This represents the difference between the settlement amount and fair value of Long term facility extended during the period by State Bank of Pakistan amounting to Rs 58.92.

	Note	<u>December 31, 2025</u>	<u>December 31, 2024</u>
		----- Rupees -----	
<b>24 OTHER LIABILITIES</b>			
Accrued expenses	<b>24.1</b>	<b>3,969,664,128</b>	2,291,543,854
Payable to related parties	<b>24.2</b>	<b>5,009,705,705</b>	2,232,110,635
Tax payable	<b>24.3</b>	<b>178,239,772</b>	-
Defined benefit obligation	<b>43.4</b>	<b>406,681,543</b>	261,332,166
Taxes and levies withheld		<b>1,903,838,597</b>	1,004,803,199
Payable to suppliers	<b>24.4</b>	<b>1,997,712,282</b>	1,649,269,148
Bills collected for settlement through NADRA		<b>141,406,693</b>	87,479,372
RAAST payable		-	920,670,423
Remittances	<b>24.5</b>	<b>2,974,554,855</b>	3,051,265,046
Payable to Merchants and others		<b>3,018,672,203</b>	3,673,046,888
Payable to 1 - Link		<b>841,652,620</b>	-
Others		<b>889,089,412</b>	209,986,115
		<b>21,331,217,810</b>	15,381,506,846

**24.1** This represents accruals related to utility bills, NADRA charges, professional charges, employee bonus and incentives.

	Note	<u>December 31, 2025</u>	<u>December 31, 2024</u>
		----- Rupees -----	
<b>24.2 Payable to related parties</b>			
Payable to related parties - PMCL		<b>700,528,437</b>	1,791,682,244
Payable to related parties - JCFL		<b>3,713,722,916</b>	-
Payable to related parties - JCPL		<b>159,631,264</b>	88,402,950
Payable to related parties - VEON		<b>435,823,089</b>	352,025,441
		<b>5,009,705,706</b>	2,232,110,635

24.3 Tax payable	Note <u>December 31, 2025</u> <u>December 31, 2024</u>	
	----- Rupees -----	
Opening balance	<b>(515,616,279)</b>	1,385,775,023
Provision for taxation	<b>3,417,644,035</b>	968,500,036
Tax paid	<b>(2,723,787,984)</b>	(2,869,891,338)
Closing balance	<b>178,239,772</b>	(515,616,279)

24.4 This includes Rs 34.78 million payable to a related party PMCL. (2024: Rs 88.99 million)

24.5 It also includes Rs 1.99 billion related to uncollected remittances. (2024: Rs. 2.02 billion)

25 SHARE CAPITAL	Note <u>December 31, 2025</u> <u>December 31, 2024</u>	
	----- Rupees -----	
<b>Authorized capital</b>		
	2025	2024
	Numbers	Numbers
	<b>1,360,000,000</b>	360,000,000
	<b>13,600,000,000</b>	3,600,000,000

*Ordinary shares of Rs. 10 each.*

**Issued, subscribed and paid-up capital**

<b>413,196,418</b>	<b>271,359,683</b>	<b>4,131,964,180</b>	<b>2,713,596,830</b>
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*Fully paid in cash of Rs. 10 each.*

25.1 Veon Microfinance Holdings B.V (VMH) is the holding company controlling 413,196,418 i.e. 99.99% shares (2024: 271,359,683 i.e. 99.99%). Each share of the company has equal voting right and

During the period, the Bank converted the Advance Against Issue of Right Shares into ordinary shares. A total of 141,836,735 ordinary shares were allotted on June 26, 2025, against the said advance. These shares have been credited to the respective shareholders' CDC (Central Depository Company) accounts. Following this allotment, the total number of issued ordinary shares increased from 271,359,683 to 413,196,418. Each share was converted at par value of Rs. 10, whereas the effect of above par conversion has been taken to share premium, resulting in a balance of Rs. 2,756,882,650.

26 ADVANCE AGAINST ISSUE OF SHARES	Note <u>December 31, 2025</u> <u>December 31, 2024</u>	
	----- Rupees -----	
26.1	<b>5,611,750,000</b>	4,175,250,000

26.1 In 2024, the Bank received an advance against proposed right issue amounting to Rs. 4.18 billion, with shares to be issued at a premium of Rs. 19.40 per share, fully subscribed by the Bank's parent company, Veon Microfinance Holdings B.V. Subsequently, this advance was converted into equity through the issuance of 141,836,735 ordinary shares, which were allotted on June 26, 2025, and credited to the shareholder's CDC account. As a result, the total number of issued shares increased to 413,196,418 and the paid-up capital of the Bank increased to Rs. 4.13 billion. During the period, shares and share premium has been allotted against this amount received. Further, during this year, the Bank received advance against Right Issue amounting to Rs 1.4 Billion and Rs. 4.2 Billion for issuance of 56,490,780 and 168,441,840 shares respectively, fully subscribed by the Bank's parent company Veon Microfinance Holdings B.V.

	Note	December 31, 2025	December 31, 2024
----- Rupees -----			
<b>27 SURPLUS / (DEFICIT) ON FAIR VALUE OF ASSETS</b>			
<i>Fair Value Surplus on revaluation of</i>			
- FVOCI - debt	11.1	102,800,400	66,394,500
<i>Deferred tax on surplus on revaluation of:</i>			
- FVOCI - debt		(40,092,156)	(25,893,855)
		<b>62,708,244</b>	<b>40,500,645</b>
<b>28 CONTINGENCIES AND COMMITMENTS</b>			
Guarantees	28.1	620,629,066	443,957,947
Other contingent liabilities	28.2	-	-
		<b>620,629,066</b>	<b>443,957,947</b>
<b>28.1 Financial guarantees</b>			
Bank guarantee	28.1.1	452,642,722	339,410,197
Standby letter of guarantee	28.1.2	167,986,344	104,547,750
		<b>620,629,066</b>	<b>443,957,947</b>
<b>28.1.1</b>	This mainly includes Bank guarantees issued by the Bank to Pakistan Railway amounting to Rs.100 million against the online payment processing services, Nutrition Conditional Cash Transfer (H&N CCT) program Reform Support Unit to Rs 80 million against Disbursement of Girls Stipend in Public Schools Across Sindh, Benzair income support program amounting to Rs. 65 million and Punjab Social Protection Authority amounting to Rs. 75 million and 48.5 pertaining to Directorate Animal Husbandry Sindh.		
<b>28.1.2</b>	This represents letter of guarantee issued by the Bank to M/s Visa amounting to Rs. 14.16 million and Master Card International amounting to USD 100,000 and Rs. 125.8 million respectively for interbank settlement. The amount is translated into PKR at exchange rate prevailing on reporting		
<b>28.2 Other contingent liabilities</b>			
a)	The Taxation Officer issued the assessment order under section 122(5A) of the Income Tax Ordinance, 2001 dated January 29, 2025 by reducing refund amount by Rs. 58.31 M. The Bank has filed appeal before the ATIR on February 26, 2025 and the case is not yet fixed for hearing.		
b)	In addition to the above the bank is contesting litigations with tax authorities on different forums including litigations such as sales tax and FED. Rs.19.48 M, Rs. 41.66 M Rs. 66.32 M, Rs.280.23M and Rs.248.66 M related to Sales Tax demands for the years from 2019 to 2022 which are still under appeal before the CIR(A) and ATIR. Management consider these litigations are not material and expects a favorable decision from tax authorities.		
c)	In June 2020, the Assessing Officer imposed penalty of Rs. 6.13 million under section 182 of the Ordinance for Tax Year 2019 alleging late filing of the Income Tax return. The Bank's appeal was accepted by the CIR(A) and the demand was deleted. The Department has filed appeal before the ATIR which is pending adjudication.		
d)	For the year ended 31 December 2016 and 2017, the Taxation Officer, SRB issued an assessment order dated 27 April 2024 adjudging Sindh sales tax demand of Rs. 5.57 million (including penalty of Rs.0.27 million) and default surcharge (to be calculated at the time of payment) . On 21 May 2024, the Bank filed an appeal before the C(A), SRB, the proceedings whereof are underway. However, the likelihood of a favorable outcome is medium.		
<b>28.3</b>	The Bank has various pending litigations mainly involving its customers, and also includes claims filed by its former employees. The Bank has also filed counter claims in various cases. While these litigations remain pending at various forums. Management, based on legal advice, believes that no material liability would be incurred by / against the bank in relation to these cases.		

	Note	December 31, 2025	December 31, 2024
<b>29 MARK-UP / RETURN / INTEREST EARNED</b>		----- Rupees -----	
Loans and advances	29.2	54,453,522,456	41,664,452,353
Investments		8,826,186,189	7,193,177,982
Balances with other MFBs / banks / NBFIs		757,716,227	1,620,549,910
Lendings to financial institutions		2,616,856,770	2,502,409,580
		<b>66,654,281,642</b>	<b>52,980,589,825</b>
<b>29.1 Interest income (calculated using effective interest rate method) recognised on:</b>			
Financial assets measured at amortised cost;		58,751,951,242	46,541,908,395
Financial assets measured at FVOCI.		7,902,330,400	6,438,681,430
		<b>66,654,281,642</b>	<b>52,980,589,825</b>
<b>29.2</b>	This includes markup income on Nano loans amounting to Rs. 38,701 million (2024: 25,747 million). This Markup Income includes JCFL Share amounting to Rs. 28,572 million under Revenue Sharing arrangement with JCFL.		
	Note	December 31, 2025	December 31, 2024
<b>30 MARK-UP / RETURN / INTEREST EXPENSED</b>		----- Rupees -----	
Deposits		9,849,717,270	11,713,288,511
Subordinated debt		286,780,274	455,428,320
Borrowings		228,751,835	81,965,960
Lease liabilities		386,678,333	224,941,713
		<b>10,751,927,712</b>	<b>12,475,624,504</b>
<b>30.1</b>	Interest expense calculated using effective interest rate method		
		<b>10,751,927,712</b>	<b>12,475,624,504</b>
<b>31 FEE AND COMMISSION INCOME</b>			
Branchless banking income	31.1	19,815,913,310	12,794,108,028
Commission from insurance companies		1,329,606,120	567,854,289
Loan processing fee		514,752,603	513,238,034
Others		648,249,364	526,297,622
		<b>22,308,521,397</b>	<b>14,401,497,973</b>
<b>31.1 Branchless banking income</b>			
Branchless banking income	31.2	19,815,913,310	12,794,108,028
Interest income on Nano advances		38,701,403,403	25,747,882,743
Commission to retailer / franchisee		(3,191,021,109)	(4,559,598,911)
Commission to a related party - JCFL		(28,340,041,939)	-
Commission to a related party - PMCL	31.3	-	(18,392,266,340)
		<b>26,986,253,665</b>	<b>15,590,125,520</b>
Amount reclassified to Markup/return interest earned		<b>(38,701,403,403)</b>	<b>(25,747,882,743)</b>
Commission to retailer / franchisee and JCFL / PMCL - reclassified to Administrative expenses		<b>31,531,063,048</b>	<b>22,951,865,251</b>
		<b>19,815,913,310</b>	<b>12,794,108,028</b>
<b>31.2</b>	The total income from branchless banking comprises earnings from wallet-based transactions conducted through the JazzCash platform and interest income on nano advances extended via digital channels. Associated expenses include commissions paid to retailers and agents, as well as the share of profit attributable to JCFL under the revenue-sharing arrangement.		

	Note	December 31, 2025	December 31, 2024
		----- Rupees -----	
<b>32 GAIN ON SECURITIES</b>			
Realised	32.1	5,775,000	1,045,500
		<u>5,775,000</u>	<u>1,045,500</u>
<b>32.1 Realised gain on:</b>			
Federal Government securities		<u>5,775,000</u>	<u>1,045,500</u>
<b>32.2 Net gain/loss on financial assets/ liabilities measured at FVOCI:</b>			
Net gain on financial assets (debt instruments) measured at FVOCI		5,775,000	1,045,500
		<u>5,775,000</u>	<u>1,045,500</u>
<b>33 OTHER INCOME</b>			
Loss on disposal of fixed assets		(523,624)	(3,243,765)
Grant Income		27,387,273	6,506,087
Miscellaneous income		487,007,916	-
		<u>513,871,565</u>	<u>3,262,322</u>
<b>34 OPERATING EXPENSES</b>			
<b>Branchless banking commission expense</b>			
Commission to retailer / franchisee	31.1	3,191,021,109	4,559,598,911
Commission to a related party - JCFL		28,340,041,939	-
Commission to a related party - PMCL		-	18,392,266,340
<b>Others</b>			
Total compensation expense	34.1	5,831,170,339	4,483,767,487
Contribution to defined contribution plan		227,942,146	177,246,401
Provision for Defined benefit obligation	43.7.1	150,980,230	94,512,066
Directors' fees and allowances		5,600,000	5,400,000
Training / Capacity building		139,292,858	82,536,986
Rent, taxes, insurance, electricity, etc.		923,944,372	795,481,543
Legal and professional charges		198,716,447	209,561,260
Communications		66,509,376	47,780,050
Repair and maintenance - Vehicle		24,283,362	12,529,836
Stationary and printing		334,140,659	199,926,075
Advertisement and publicity		202,156,218	134,716,609
Auditors remuneration	34.2	167,379,957	144,911,045
Depreciation	13.2 & 14	912,690,967	646,765,669
Amortization	15	354,044,398	158,618,718
Travel and transportation		536,558,397	226,856,054
Management fee		-	160,692,484
Repair and maintenance - General		110,909,808	112,488,866
Customer verification charges	34.3	2,180,872,868	713,049,960
Bank charges		2,704,862,293	1,880,272,006
IT equipment and software maintenance		1,689,912,900	1,299,893,105
Ready cash expense		3,564,099,671	2,363,899,861
Security		286,297,240	238,528,486
Janitorial services		246,969,176	192,110,355
Office supplies		48,604,503	35,973,231
Entertainment		91,905,732	107,356,787
Other projects expenses		275,943,427	62,888,251
Technical Support Charges - JCFL		1,468,900,719	-
Corporate Social Responsibility	34.4	7,864,011	4,023,937
Others		151,054,876	197,883,049
		<u>54,434,669,998</u>	<u>37,741,535,428</u>

<b>34.1 Total compensation expense</b>	<b>Note</b>	<b>December 31, 2025</b>	<b>December 31, 2024</b>
		----- Rupees -----	
Fees and allowances			
Managerial remuneration			
i) Fixed		1,773,651,342	1,301,376,209
ii) Variable			
a) Cash bonus / awards etc.		316,319,733	304,982,099
b) Sales Staff Incentive		1,044,130,661	538,407,512
Rent & house maintenance		437,319,863	356,197,378
Utilities		286,890,425	227,946,283
Conveyance		194,540,671	173,206,355
Fuel Allowance		279,722,505	278,669,199
Petroleum, Oil and Lubricant - Staff		-	292,747,084
Employee benefit expense - against staff loans		229,211,106	40,602,904
Car Allowance		191,738,509	183,252,501
Car Maintenance Allowance		68,287,034	66,374,311
Meal Allowance		91,030,183	81,541,336
Cost of living allowance		266,367,205	208,148,192
Medical Allowance & Reimbursement		340,707,608	181,821,374
Group Medical Insurance		181,999,499	158,582,903
Group Life Insurance		9,660,586	20,113,389
Relocation Allowance		20,685,942	21,372,496
Internship Stipend		42,793,796	25,852,576
Others/Miscellaneous		56,113,671	22,573,386
		<b>5,831,170,339</b>	<b>4,483,767,487</b>

**34.2 Auditors remuneration**

Audit fee		3,054,975	2,656,500
Fee for half yearly review		1,138,500	1,138,500
Fee for special audits/certifications	34.2.1	162,075,211	139,682,958
Out of pocket expenses		419,348	540,788
Sales tax		691,923	892,299
		<b>167,379,957</b>	<b>144,911,045</b>

**34.2.1** This includes fee for audits of financial statements of AJK operations and for other certifications (Capital adequacy ratio, certification on livestock insurance etc from statutory auditors). Rs 155.87 Million pertains to the Group Auditors, other professional firm (2024: Rs 138.07 million).

**34.3** This includes verification charges of National Database Registration Authority (NADRA) for verisys, eCIB charges and other charges for customer verifications.

**34.4** This included following Social Investment Contributions under CSR activities made by Mobilink Bank:

- Rs 3,564,011 given to Zindagi Trust for solarization of digital arts lab at Khatoon-e-Pakistan Government Girls Secondary School, Karachi (2024: Nil).
- Rs 4,300,000 given to World Wide Fund (WWF) for Nature - Pakistan, for Installation of solar powered water purification system at College of Education, Girls Campus in Jutial, Gilgit (2024: Nil).

<b>35 OTHER CHARGES</b>	<b>Note</b>	<b>December 31, 2025</b>	<b>December 31, 2024</b>
		----- Rupees -----	
Penalties imposed by the State Bank of Pakistan	35.1	1,940,000	11,776,500
Gifts & Hospitality - Govt. Officials		6,398	-
		<b>1,946,398</b>	<b>11,776,500</b>

**35.1** The charge represents the penalties paid to the State Bank of Pakistan (SBP) in respect of certain instances of violations.

	Note	December 31, 2025	December 31, 2024
<b>36 CREDIT LOSS ALLOWANCE AND WRITE OFFS - NET</b>		----- Rupees -----	
Credit loss allowance against loans & advances	12.1.2	25,175,420,156	21,186,159,520
Other writeoffs	36.1	16,101,563	222,316,344
Liabilities written back		-	-
Recovery of written off / charged off bad debts		(4,598,904,608)	(1,231,327,077)
		<u>20,592,617,111</u>	<u>20,177,148,787</u>
<b>36.1</b>	This includes operational loss related to IBFTs and embezzlement of customer recoveries, and overdue Paypak fee from customers written off during the year.		
	Note	December 31, 2025	December 31, 2024
<b>37 TAXATION</b>		----- Rupees -----	
Current		3,533,931,379	1,375,127,440
Prior years		(116,287,344)	(406,627,404)
Deferred	16	(2,186,005,007)	(2,224,831,195)
		<u>1,231,639,028</u>	<u>(1,256,331,159)</u>
<b>37.1 Relationship between tax expense and accounting profit</b>			
Profit / (Loss) Before Taxation		<u>3,622,750,539</u>	<u>(3,089,028,962)</u>
Applicable tax rate		39%	39%
Tax as per accounting profit		1,412,872,710	-
Effect of:			
- Permanent differences		756,600	4,592,835
- Prior year adjustment		(116,287,344)	(406,627,404)
- Others		(65,702,938)	(854,296,590)
		<u>1,231,639,028</u>	<u>(1,256,331,159)</u>
<b>38 BASIC EARNINGS / (LOSS) PER SHARE</b>			
(Loss) / Profit for the year		<u>2,391,111,511</u>	<u>(1,832,697,803)</u>
Weighted average number of ordinary shares		<u>413,196,418</u>	<u>271,359,683</u>
Basic (loss) / earnings per share		<u>5.79</u>	<u>(6.75)</u>
<b>39 DILUTED EARNINGS / (LOSS) PER SHARE</b>			
(Loss) / Profit for the year		<u>2,391,111,511</u>	<u>(1,832,697,803)</u>
Weighted average number of ordinary shares (adjusted for the effects of all dilutive potential ordinary shares)		<u>446,063,498</u>	<u>413,374,989</u>
Diluted (loss) / earnings per share		<u>5.36</u>	<u>(4.43)</u>
<b>40 CASH AND CASH EQUIVALENTS</b>			
Cash and balances with treasury banks		9,769,793,011	11,533,419,056
Balances with other MFBs / Banks / NBFIs		7,492,544,695	11,163,482,244
Investments in government T-bills (having less than three months maturity)		75,681,772,649	49,589,455,632
		<u>92,944,110,355</u>	<u>72,286,356,932</u>
<b>40.1</b>	Cash and cash equivalents include, Cash and bank balances and investments with maturity of less than three months.		

	Note	December 31, 2025	December 31, 2024
<b>41 STAFF STRENGTH</b>		----- Number -----	
Permanent		2,417	2,040
On contract		42	244
MFB's own staff strength at the end of the year		2,459	2,284
<b>42 NUMBER OF BRANCHES</b>			
As at January 01,		113	109
Opened during the year		11	5
Closed during the year		-	(1)
At the end of the year		124	113

**43 DEFINED BENEFIT PLAN**

**43.1 General description**

As explained in note 5.12 (b) the Bank operates defined benefit plan comprising an unfunded gratuity scheme covering all eligible employees completing the minimum qualifying period of service (three years) as specified by the scheme.

**43.2 Number of Employees under the scheme**

The number of employees covered under the following defined benefit schemes are:

	December 31, 2025	December 31, 2024
	----- Number -----	
Gratuity fund	2,397	2,007

**43.3 Principal actuarial assumptions**

The latest actuarial valuation of the gratuity scheme was carried out at December 31, 2025. Following are the significant assumptions used in the valuation;

	December 31, 2025	December 31, 2024
	----- Per Annum -----	
Discount rate	11.50%	12.25%
Expected rate of salary increase	11.50%	12.25%
Mortality rates	SLIC 2001 - 2005	SLIC 2001 - 2005
Average expected remaining life of employees	10 years	10 years
Average duration of liability	10 years	10 years

**43.4 Reconciliation of (receivable from) / payable to defined benefit plans**

	Note	December 31, 2025	December 31, 2024
		----- Rupees -----	
Present value of obligations		392,262,901	261,332,166
Benefits due but not paid (Payables)		14,418,642	4,649,002
Defined benefit obligation	43.5	406,681,543	265,981,168

**43.5 Movement in defined benefit obligations**

Obligations at the beginning of the year	261,332,166	128,189,409
Current service cost	122,299,183	76,400,047
Past service cost (Credit)	-	185,520
Interest cost	28,681,047	17,926,499
Benefits due but not paid (Payables)	-	-
Benefits paid	(31,856,135)	(8,658,637)
Re-measurement loss / (gain)	26,225,282	47,289,328
Obligations at the end of the year	406,681,543	261,332,166

	Note	December 31, 2025	December 31, 2024
		----- Rupees -----	
<b>43.6 Movement in (receivable) / payable under defined benefit scheme</b>			
Opening balance		261,332,166	128,189,409
Charge / (reversal) for the year	43.7.1	150,980,230	94,512,066
Contribution by the MMBL - net		-	-
Re-measurement loss / (gain) recognised in OCI	43.7.2	26,225,282	47,289,328
Benefits due but not paid (Payables)		-	-
Benefits paid by the MFB		(31,856,135)	(8,658,637)
Closing balance		<u>406,681,543</u>	<u>261,332,166</u>
<b>43.7 Charge for defined benefit plan</b>			
<b>43.7.1 Cost recognised in profit and loss</b>			
Current service cost		122,299,183	76,400,047
Past Service Cost (Credit)		-	185,520
Net interest on defined benefit liability		28,681,047	17,926,499
		<u>150,980,230</u>	<u>94,512,066</u>
<b>43.7.2 Re-measurements recognised in OCI during the year</b>			
<i>Loss / (gain) on obligation</i>		-	-
Demographic assumptions		-	-
Financial assumptions		(683,931)	(1,523,134)
Experience adjustment		26,909,213	48,812,462
Total re-measurements recognised in OCI		<u>26,225,282</u>	<u>47,289,328</u>
<b>43.8 Sensitivity Analysis</b>			
1% increase in discount rate		<u>352,060,956</u>	<u>232,618,735</u>
1% decrease in discount rate		<u>431,825,510</u>	<u>284,918,214</u>
1 % increase in expected rate of salary increase		<u>432,376,521</u>	<u>285,295,285</u>
1 % decrease in expected rate of salary increase		<u>350,887,667</u>	<u>231,837,827</u>
<b>43.9 Expected charge / (reversal) for the next financial year</b>		<u>189,034,683</u>	<u>145,522,984</u>
<b>43.10 Significant risk associated with the staff retirement benefit schemes.</b>			
<b>43.10.1 Final Salary Risk</b>			
The risk that the final salary at the time of cessation of service is greater than what we assumed. Since the benefit is calculated on the final salary (which will closely reflect inflation and other macroeconomic factors), the benefit amount increases as salary increases.			
<b>43.10.2 Mortality Risk</b>			
The risk that the actual mortality experience is different than the assumed mortality. This effect is more pronounced in schemes where the age and service distribution is on the higher side.			
<b>43.10.3 Withdrawal Risk</b>			
The risk of actual withdrawals experience is different from assumed withdrawal probability. The significance of the withdrawal risk.			
<b>44 DEFINED CONTRIBUTION PLAN</b>			
The provident fund has been established collectively for the employees of Mobilink Microfinance Bank Limited, Pakistan Mobile Communication limited, LINKdotNET Telecom Limited, Business & Communication Systems (Private) Limited and Veon Global Services (Private) Limited.			
All the investments out of provident fund trust have been made in accordance with the provisions of Section 218 of the Companies Act, 2017 and the rules formulated for that purpose.			

#### 45 COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

Items	December 31, 2025			December 31, 2024		
	Non-Executives (Independent Directors)	President / CEO	Key Management Personnel	Non-Executives (Independent Directors)	President / CEO	Key Management Personnel
----- Rupees -----						
Fees and allowances						
Managerial remuneration						
i) Fixed	5,600,000	41,014,282	189,102,928	5,400,000	45,150,720	179,102,308
ii) Variable	-	-	-	-	-	-
a) Cash bonus / awards	-	16,657,659	25,123,564	-	17,517,941	64,208,826
Charge for defined benefit plan	-	4,073,000	23,044,879	-	3,762,560	14,925,192
Contribution to defined contribution plan	-	3,801,427	15,118,718	-	4,515,079	17,332,026
Rent & house maintenance	-	270,000	3,070,161	-	360,000	3,400,500
Utilities	-	4,101,427	18,910,287	-	4,515,080	17,910,222
Medical	-	-	-	-	-	-
Conveyance	-	125,806	6,490,323	-	3,725,000	28,951,667
Cost of Living Allowance	-	216,000	2,456,129	-	216,000	2,720,400
Relocation Allowance	-	-	1,382,000	-	-	1,342,500
<b>Total</b>	<b>5,600,000</b>	<b>70,259,601</b>	<b>284,698,989</b>	<b>5,400,000</b>	<b>79,762,380</b>	<b>329,893,641</b>
Number of persons	<b>6</b>	<b>1</b>	<b>14</b>	<b>6</b>	<b>2</b>	<b>14</b>

45.1 The President / Chief Executive Officer is provided with the Bank's owned and maintained car in accordance with their entitlement as per rules of the Bank.

45.2 President, Chief executive, key management personals and other employees are provided with annual bonus as per Bank's policy.

## 46 FAIR VALUE MEASUREMENTS

The fair value of traded investments is based on quoted market prices, except for securities classified by the Bank as 'held to maturity'. Securities classified as held to maturity are carried at amortized cost. Fair value of unquoted equity investments is determined on the basis of break up value of these investments as per the latest available audited financial statements.

Fair value of fixed term loans, other assets, other liabilities, fixed term deposits and borrowings cannot be calculated with sufficient reliability due to the absence of current and active market for such assets and liabilities and reliable data regarding market rates for similar instruments. The provision for impairment of loans and advances has been calculated in accordance with the Bank's accounting policy as stated in note 5.3 to these financial statements.

Fair value of remaining financial assets and liabilities except fixed term loans, staff loans, non-performing advances and fixed term deposits is not significantly different from the carrying amounts since assets and liabilities are either short term in nature or are frequently repriced in the case of customer loans and deposits.

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

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

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

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

### a) Financial instruments in level 1

Currently, no financial instruments are classified in level 1.

### b) Financial instruments in level 2

Financial instruments included in level 2 comprise of investment in market treasury bills.

### c) Financial instruments in level 3

Currently, no financial instruments are classified in level 3.

The Bank's policy is to recognize transfers into and out of the different fair value hierarchy levels at the date the event or change in circumstances that caused such transfer takes place. There were no transfers between levels 1 and 2 during the year.

The table below analyses the financial and non-financial assets carried at fair values, by valuation methods. Valuation of investments is carried out as per guidelines specified by the SBP.

December 31, 2025

On balance sheet financial instruments	Fair Value				
	Carrying Value	Level 1	Level 2	Level 3	Total
----- Rupees -----					
<b>Financial assets - measured at fair value</b>					
<i>Investments:</i>					
Federal Government securities	87,143,571,802	-	87,143,571,802	-	87,143,571,802
<b>Financial assets - disclosed but not measured at fair value</b>					
<i>Investments</i>					
Federal Government securities	8,137,881,876	-	-	-	-
Cash and balances with treasury banks	9,769,793,011	-	-	-	-
Balances with other MFBs / Banks / NBFIs	7,612,121,991	-	-	-	-
Lending to financial institutions	26,409,646,615	-	-	-	-
Advances	101,060,415,978	-	-	-	-
Other assets	8,520,397,024	-	-	-	-
<b>Total</b>	<b>248,653,828,297</b>	<b>-</b>	<b>87,143,571,802</b>	<b>-</b>	<b>87,143,571,802</b>

December 31, 2024

On balance sheet financial instruments	Fair Value				
	Carrying Value	Level 1	Level 2	Level 3	Total
----- Rupees -----					
<b>Financial assets - measured at fair value</b>					
<i>Investments:</i>					
Federal Government securities	53,370,721,002	-	53,370,721,002	-	53,370,721,002
<b>Financial assets - disclosed but not measured at fair value</b>					
<i>Investments:</i>					
Federal Government securities	7,979,022,591	-	-	-	-
Cash and balances with treasury banks	11,533,419,056	-	-	-	-
Balances with other MFBs / Banks / NBFIs	11,223,432,244	-	-	-	-
Lending to financial institutions	11,748,833,286	-	-	-	-
Advances	74,932,160,102	-	-	-	-
Other assets	4,458,771,296	-	-	-	-
<b>Total</b>	<b>175,246,359,577</b>	<b>-</b>	<b>53,370,721,002</b>	<b>-</b>	<b>53,370,721,002</b>

**Valuation techniques and inputs used in determination of fair valuation of financial instruments within Level 2 :**

46.1	<b>Item</b>	<b>Valuation techniques and inputs used</b>
	Federal Government Securities	Marked to Market on the basis of PKRV rates.

47 **SEGMENT INFORMATION**

47.1 **Segment details with respect to business activities**

	2025		
	Core Banking	Islamic Banking	Total
	----- Rupees-----		
<b>Profit and loss</b>			
Net mark-up / return / profit	55,910,609,276	(8,255,346)	55,902,353,930
Inter segment revenue - net	-	-	-
Non mark-up / return / interest income	22,820,733,080	1,250	22,820,734,330
<b>Total income</b>	<b>78,731,342,356</b>	<b>(8,254,096)</b>	<b>78,723,088,260</b>
Segment direct expenses	(54,488,722,259)	(18,998,351)	(54,507,720,610)
Inter segment expense allocation	-	-	-
<b>Total expenses</b>	<b>(54,488,722,259)</b>	<b>(18,998,351)</b>	<b>(54,507,720,610)</b>
Credit loss allowance and write offs - net	(20,592,617,111)	-	(20,592,617,111)
<b>Profit before tax</b>	<b>3,650,002,986</b>	<b>(27,252,447)</b>	<b>3,622,750,539</b>
<b>Balance sheet</b>			
Cash and bank balances	17,168,638,343	213,276,659	17,381,915,002
Investments	95,281,453,678	-	95,281,453,678
Net inter segment lending	26,037,816	(26,037,816)	-
Lendings to financial institutions	26,409,646,615	-	26,409,646,615
Advances - performing	97,940,783,058	-	97,940,783,058
Advances - non performing	3,119,632,920	-	3,119,632,920
Others	21,605,420,711	148,824,288	21,754,244,999
<b>Total assets</b>	<b>261,551,613,142</b>	<b>336,063,131</b>	<b>261,887,676,273</b>
Borrowings	3,518,017,954	-	3,518,017,954
Deposits and other accounts	213,928,847,517	4,608,263	213,933,455,780
Net inter segment borrowing	(26,037,816)	26,037,816	-
Others	26,769,014,020	184,745,132	26,953,759,152
<b>Total liabilities</b>	<b>244,189,841,675</b>	<b>215,391,211</b>	<b>244,405,232,886</b>
Equity	17,282,443,386	200,000,000	17,482,443,386
<b>Total equity and liabilities</b>	<b>261,472,285,061</b>	<b>415,391,211</b>	<b>261,887,676,272</b>
<b>Contingencies and commitments</b>	<b>620,629,066</b>	<b>-</b>	<b>620,629,066</b>

	2024		
	Core Banking	Islamic Banking	Total
	----- Rupees-----		
Profit and loss			
Net mark-up / return / profit	40,504,965,321	-	40,504,965,321
Inter segment revenue - net	-	-	-
Non mark-up / return / interest income	14,408,424,958	-	14,408,424,958
Total income	54,913,390,279	-	54,913,390,279
Segment direct expenses	(37,825,270,454)	-	(37,825,270,454)
Inter segment expense allocation	-	-	-
Total expenses	(37,825,270,454)	-	(37,825,270,454)
Credit loss allowance and write offs - net	(20,177,148,787)	-	(20,177,148,787)
Profit before tax	(3,089,028,962)	-	(3,089,028,962)
<b>Balance sheet</b>			
Cash and bank balances	22,756,851,300	-	22,756,851,300
Investments	61,349,743,593	-	61,349,743,593
Net inter segment lending	-	-	-
Lendings to financial institutions	11,748,833,286	-	11,748,833,286
Advances - performing	71,532,967,845	-	71,532,967,845
Advances - non performing	3,399,192,257	-	3,399,192,257
Others	14,597,561,972	-	14,597,561,972
<b>Total assets</b>	<b>185,385,150,253</b>	<b>-</b>	<b>185,385,150,253</b>

	2024		
	Core Banking	Islamic Banking	Total
	----- Rupees-----		
Borrowings	765,929,898	-	765,929,898
Deposits and other accounts	154,950,569,495	-	154,950,569,495
Net inter segment borrowing	-	-	-
Others	20,253,360,442	-	20,253,360,442
<b>Total liabilities</b>	<b>175,969,859,835</b>	<b>-</b>	<b>175,969,859,835</b>
Equity	9,415,290,418	-	9,415,290,418
<b>Total equity and liabilities</b>	<b>185,385,150,253</b>	<b>-</b>	<b>185,385,150,253</b>
<b>Contingencies and commitments</b>	<b>443,957,947</b>		<b>443,957,947</b>

#### 47.2 Segment details with respect to geographical locations

Segment details with respect to geographical locations are not presented in these financial statements as geographically the Bank is concentrated in Pakistan only.

#### 48 RELATED PARTY TRANSACTIONS

The Bank's Ultimate Parent is Veon Limited (VL). Therefore, all subsidiaries and associated undertakings of VL are related parties of the Bank. Other related parties include directors, key management personnel (KMP) 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. Significant transactions with the related parties entered into during the year are as follows:

Note	December 31, 2025				December 31, 2024			
	Parent	Key Management Personnel	Associates	Directors	Parent	Key Management Personnel	Associates	Directors
----- Rupees -----								
<b>ADVANCES</b>								
Opening balance	-	255,407,347	-	-	-	75,543,020	-	-
Addition during the period	-	179,787,313	-	-	-	198,975,889	-	-
Repaid during the period	-	(41,378,295)	-	-	-	(19,111,562)	-	-
<i>Closing balance</i>	-	393,816,364	-	-	-	255,407,347	-	-
<b>OTHER ASSETS</b>								
Interest / mark-up accrued	-	385,290	-	-	-	620,066	-	-
Other receivable :								
- <i>Pakistan Mobile Communications Limited</i>	-	-	-	-	-	-	596,398,014	-
- <i>JC Fintech (Pvt) Limited</i>	-	-	584,056,711	-	-	-	-	-
- <i>Jazzcash (Pvt) Limited</i>	-	-	30,539,588	-	-	-	44,118,134	-
- <i>Veon Limited</i>	-	-	2,673,857	-	-	-	19,657	-
Salary and other advances	-	4,000,000	-	-	-	5,077,927	-	-
<b>DEPOSITS AND OTHER ACCOUNTS</b>								
Opening balance	-	21,585,204	1,850,556,486	-	-	21,483,113	1,563,653,035	-
Received during the period / year	-	596,553,781	36,982,365,252	-	-	609,558,202	16,001,464,568	-
Withdrawn during the period / year	-	(611,100,272)	(36,782,192,389)	-	-	(609,456,111)	(15,714,561,117)	-
<i>Closing balance</i>	48.1	7,038,714	2,050,729,349	-	-	21,585,204	1,850,556,486	-
<b>OTHER LIABILITIES</b>								
Interest / mark-up payable								
- <i>Pakistan Mobile Communications Limited</i>	-	-	49,032	-	-	-	546,053	-
- <i>JC Fintech (Pvt) Limited</i>	-	-	293,585	-	-	-	-	-
- <i>Linkdotnet Pakistan (Pvt) Ltd</i>	-	-	-	-	-	-	35,247	-
Payable to related parties								
- <i>Pakistan Mobile Communications Limited</i>	-	-	700,528,437	-	-	-	1,791,682,244	-
- <i>JC Fintech (Pvt) Limited</i>	-	-	3,713,722,916	-	-	-	-	-
- <i>Jazzcash (Pvt) Limited</i>	-	-	159,631,264	-	-	-	88,402,950	-
- <i>Veon Limited</i>	-	-	435,823,089	-	-	-	352,025,441	-
<b>NET ASSETS</b>								
Advance against issue of shares								
- Veon Microfinance Holdings B.V	26	5,611,750,000	-	-	4,175,250,000	-	-	-

	December 31, 2025				December 31, 2024			
	Parent	Key Management Personnel	Associates	Directors	Parent	Key Management Personnel	Associates	Directors
<b>INCOME</b>								
Mark-up / Return / Interest earned	-	12,395,253	-	-	-	4,966,403	-	-
Fee and commission income								
- Jazzcash (Pvt) Limited	-	-	17,467,264	-	-	-	5,025,351	-
	-	12,395,253	17,467,264	-	-	4,966,403	5,025,351	-
<b>EXPENSE</b>								
Mark-up / interest paid to								
- Pakistan Mobile Communications Limited	-	-	8,241,960	-	-	-	8,129,223	-
- JC Fintech (Pvt) Limited	-	-	44,115,378	-	-	-	-	-
- Linkdot Net (Pvt) Limited	-	-	3,945,880	-	-	-	141,548,962	-
	-	-	56,303,218	-	-	-	149,678,185	-
Operating expenses :								
- Branchless commission	-	-	24,000,771,313	-	-	-	13,974,685,106	-
- JC Fintech (Pvt) Limited - Technical Charges	-	-	1,468,900,719	-	-	-	-	-
Deposit mobilization commission paid								
- Pakistan Mobile Communications Limited	-	-	-	-	-	-	4,370,448,723	-
- JC Fintech (Pvt) Limited	-	-	4,314,426,285	-	-	-	-	-
- Jazzcash (Pvt) Limited	-	-	24,844,341	-	-	-	47,132,511	-
Payments made against defined contribution plan being employee and employer contributions	-	-	325,138,132	-	-	-	247,492,802	-
- Veon Limited	318,713,517	-	-	-	376,294,830	-	-	-
Remuneration paid	-	284,698,989	-	-	-	329,893,641	-	-
	318,713,517	284,698,989	30,134,080,790	-	376,294,830	329,893,641	18,639,759,142	-

48.1 The Deposits and other accounts balance with related parties include the following namely:

	December 31, 2025	December 31, 2024
	----- Rupees -----	
Jazz Cash (Pvt) Ltd	803,470,743	358,271,534
Linkdotnet Pakistan (Pvt) Ltd	-	108,847,830
JC Fintech (Pvt) Limited	1,072,657,420	-
Pakistan Mobile Communication Limited	174,601,186	1,383,437,122
	<b>2,050,729,349</b>	<b>1,850,556,486</b>

48.2 Transactions during the year

Payments made for expenses incurred on behalf of JCFL by the Bank	5,675,567,885	-
Payments made for expenses incurred on behalf of PMCL by the Bank	-	2,198,325,857
Payments made for expenses incurred on behalf of MMBL by the Veon Limited	-	24,269,389

#### 49 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	December 31, 2025	December 31, 2024
	----- Rupees -----	
<b>Minimum Capital Requirement (MCR):</b>		
Paid-up capital (net of losses)	4,131,964,180	2,713,596,830
The Bank's policy is to maintain a strong capital base to maintain investor, depositor, creditor and market confidence and to sustain future development of the business, while providing adequate returns to shareholders.		
The SBP, through AC&MFD Circular No. 03 dated June 10, 2014, has required Microfinance Banks to maintain a minimum paid-up capital of Rs.1,000 million (net of accumulated losses). The paid-up capital of the Bank as at December 31, 2025 stood at Rs. 4,132 million (2024: Rs. 2,714 million) and is in compliance with SBP requirements.		
<b>Capital Adequacy Ratio (CAR):</b>		
Eligible Common Equity Tier 1 (CET 1) Capital	13,505,828,708	9,177,795,788
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	<u>13,505,828,708</u>	<u>9,177,795,788</u>
Eligible Tier 2 Capital	3,003,219,384	2,937,503,865
Total Eligible Capital (Tier 1 + Tier 2)	<u>16,509,048,092</u>	<u>12,115,299,653</u>
<i>Risk Weighted Assets (RWAs):</i>		
Credit risk	73,395,364,852	58,980,744,324
Operational risk	11,118,850,213	4,263,785,563
Total	<u>84,514,215,065</u>	<u>63,244,529,887</u>
Common Equity Tier 1 Capital Adequacy Ratio	15.98%	14.51%
Tier 1 Capital Adequacy Ratio	15.98%	14.51%
Capital Adequacy Ratio	19.53%	19.16%

**49.1** Bank uses standardized approach for calculation of Credit risk weighted asset. Under this approach, the risk weighted amount of an on-balance sheet asset is determined by multiplying its current book value (including accrued interest or revaluations, and net of any specific provision or associated depreciation) by the relevant risk weight as provided by State Bank of Pakistan through BPRD Circular No. 10 of June 3, 2015. The bank is using transitional provisions as provided in IFRS 9 application instructions through BPRD Circular No. 03 of 2022 dated July 05, 2022 for absorption of impact of expected credit loss allowance after implementation of IFRS 9 till June 30,

Last year, Mobilink Microfinance Bank Ltd. (MMBL) was granted a specific approval by the State Bank of Pakistan (SBP) to follow a relaxation in the calculation of its Capital Adequacy Ratio (CAR). As per the decision letter issued by SBP, with reference number [SBPHOK-BPRD-RPD-MML-815197], MMBL is allowed to adopt a following transitional arrangement to absorb the impact of Stage 1 and Stage 2 ECL provisioning on regulatory capital for the year 2024 onward:

2024 (Year-End): 70% of Stage 1 & Stage 2 provisions added back to CET1 Capital

2025 (Interims and Annual): 50%

2026 (Interims and Annual): 30%

2027 (Interims and Annual): 10%

In response to the regulatory requirements, the parent company has extended an advance of Rs 5.6 billion to the Bank against the issuance of share capital. This advance has been treated as Tier 1 capital and has provided a further boost to MMBL's CAR.

For the calculation of operational risk weighted assets, average positive Gross Income of the bank over the past three years is used. Figures for any year in which gross income is negative or zero is excluded from both numerator and denominator when calculating average.

Gross Income (GI) is defined as the sum of net interest income and net non-interest income and is arrived at before accounting for: (i) provisions (including those for credit impairment), (ii) operating expenses (netted off by agent's share against Branchless Banking income), (iii) realized profits/ losses from the sale of securities, (iv) extra ordinary items/ windfalls, and (v) income from insurance.

**49.2** Under the requirements of BPRD Circular No. 10 of June 3, 2015, the Bank is required to maintain the Capital Adequacy Ratio of at least 15% of its risk weighted assets.

## **50 FINANCIAL RISK MANAGEMENT**

### **50.1 Risk Management Department**

MMBL maintains a structured, strong, and well-governed approach to risk management. The risk management and credit department is led by the Chief Risk Officer (CRO). The Board of Directors (BoD) has authorized the department to implement and monitor a comprehensive risk management framework across the bank. The Board, via its Board Risk Management and Compliance Committee conducts robust assessments of the bank's principal risks.

#### **50.1.1 Key Components of Risk Management**

- Active Board/Senior Management Direction: Ensures strategic alignment and oversight of risk management.
- Robust Policies and Procedures: Provides a framework for managing risks effectively.
- Adequate Risk Measurement, Monitoring, and Management Information Systems: Enables accurate assessment and tracking of risks.
- Comprehensive Internal Controls: Ensures adherence to policies and procedures

#### **50.1.2 Risk Management Architecture**

##### **1. Enterprise Risk Management (ERM)**

- Manages and controls market, operational, and liquidity risks at an enterprise level.
- Monitors regulatory capital requirements to ensure compliance and financial stability.

##### **2. Credit Initiation Unit**

- Reviews, completes, and conducts due diligence on credit proposals initiated by branches.

##### **3. Credit Verification Unit**

- Assesses and verifies the creditworthiness of customers.
- Ensures that credit decisions are based on accurate and reliable information.

##### **4. Credit Administration Department**

- Manages loan collateral, documentation, and disbursement aspects of the credit portfolio.
- Ensures that all legal and procedural requirements are met during the lending process.

##### **5. Operational Risk Unit**

- Focuses on identifying, assessing, and mitigating operational risks (e.g., fraud, system failures, human error).
- Implements controls and processes to minimize operational losses and ensure smooth business operations.

## 50.2 Credit Risk

The possibility of monetary loss to financial institutions arising due to the inability or unwillingness of a counterparty to perform a commitment as per the agreed terms and conditions, inter alia, on account of lending, trading, hedging, settlement, and other financial transactions

Credit risk is managed through the credit policies approved by the Board; a well-defined credit approval mechanism; use of internal risk ratings; prescribed documentation requirements; post-disbursement administration, review, and monitoring of loans; and continuous assessment of credit worthiness of counterparties. Decisions regarding the credit portfolio are taken mainly by the Central Credit Forum. The Bank is committed to the appropriate level of due diligence to ensure that credit risk is identified and analyzed diligently, ensuring that credit commitments are appropriately structured, priced (in line with market practices) and documented. MMBL has a Credit Operational Manual and a Credit Policy in place to strategize and govern the Bank's overall lending strategy. .

### 50.2.1 Exposure to credit risk

	December 31, 2025		December 31, 2024	
	Balance as per the Statement of Financial position	Maximum Exposure	Balance as per the Statement of Financial position	Maximum Exposure
	----- Rupees -----			
Cash and balances with treasury banks	9,769,793,011	-	11,533,419,056	-
Balances with other MFBs / Banks / NBFIs	7,612,121,991	7,612,121,991	11,223,432,244	11,223,432,244
Lending to financial institutions	26,409,646,615	-	11,748,833,286	-
Investments	95,281,453,678	-	61,349,743,593	-
Advances (Gross Amount)	118,231,680,852	69,457,896,732	86,841,255,718	56,170,598,327
Other assets	8,520,397,024	7,168,108,342	4,974,387,569	4,127,433,426
	<b>265,825,093,171</b>	<b>84,238,127,065</b>	<b>187,671,071,466</b>	<b>71,521,463,997</b>

### 50.2.2 Credit ratings

*Balances with other MFBs / Banks / NBFIs have the following credit ratings:*

Rating	December 31, 2025		December 31, 2024	
	Rupees	%	Rupees	%
A-	1,519,839,473	20%		
A	45,763,506	1%	461,736,620	4%
A+	528,313,859	7%	687,579,582	6%
A1+	-	0%	471,732,956	4%
AA	200,250,438	3%	42,692,749	0%
AA-	1,078,322,575	14%	361,025,481	3%
AA+	222,017,589	3%	1,193,920,360	11%
AAA	4,017,614,550	53%	8,004,744,496	71%
Total balance including profit due	<b>7,612,121,991</b>	<b>100%</b>	<b>11,223,432,244</b>	<b>100%</b>

50.2.2.1 Above ratings are on the basis of available ratings assigned by PACRA and VIS.

### 50.2.3 Lending to financial institutions

#### Credit risk by public/private sector

	Gross Lendings to financial institutions		Non Performing Amount due from financial institutions		Credit Loss Allowance Booked	
	2025	2024	2025	2024	2025	2024
	----- Rupees -----					
Public/Government	-	-	-	-	-	-
Private	26,409,646,615	11,748,833,286	-	-	-	-

50.2.3.1 As disclosed in note 10.2, these lendings are secured by Market Treasury bills. The total face value of these Market Treasury bills is 27,100 million (2024: 12,000 million).

### 50.2.4 Investments in government securities

#### Credit risk by industry sector

	Gross investments		Non Performing investments		Credit Loss Allowance Booked	
	2025	2024	2025	2024	2025	2024
	----- Rupees -----					
Federal government securities	95,281,453,678	61,349,743,593	-	-	-	-

### 50.2.5 Advances

#### Credit risk by industry sector

	Gross advances		Non Performing advances		Credit Loss Allowance Booked	
	2025	2024	2025	2024	2025	2024
	----- Rupees -----					
Individuals	118,231,680,852	86,841,255,718	13,042,745,684	9,665,565,804	9,923,112,764	6,266,373,546

### 50.2.6 Concentration of credit risk:

Credit concentration risk arises mainly due to concentration of exposures under various categories viz., industry, geography, and single / group borrower obligor. Within credit portfolio, as a prudential measure aimed at better risk management and avoidance of concentration of risks, the SBP has prescribed regulatory limits on banks' maximum exposure to single and group obligors. Within the SBP limits, the Bank has further defined limits to avoid excessive concentration of portfolio.

## **50.2.7 Definition of default and cure**

### ***Default***

The Bank considers a financial instrument in default when:

- The instrument is considered credit-impaired (transferred to stage 3) for ECL calculations in all cases of its advances to customers, when the borrower meets the criteria specified in the Prudential Regulations for Microfinance Banks i.e. 90 days past due in case of general loans and 180 days past due in case of Enterprise, House and Agri & LVS.

For treasury and interbank balances, default occurs when required intraday payments are not settled by The close of business, as outlined in individual

As part of the qualitative assessment, even if the DPD criteria isn't met, the Bank considers a customer in default if any of the following events occur, indicating unlikelihood to pay:

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

### ***Cure***

A financial instrument is considered "cured" when it is reclassified out of Stage 3 (default). This occurs when none of the default criteria mentioned above are present. Critically, financial assets cannot move directly from Stage 3 to Stage 1. There is a minimum 2-month probationary period for any asset moving from Stage 2 to Stage 1. After being cured (moved out of Stage 3), the asset will be classified as Stage 2. This classification depends on the updated delinquency status at the time of the cure and an assessment of whether there has been a significant decrease in credit risk.

## **50.2.8 PD estimation process**

### **50.2.8.1 Advances**

The banks entire loans and advances portfolio consist of Advances. Advances comprises agriculture, livestock, enterprise, gold, house and Nano 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 1 January 2017 till date has been used for PD estimations.

### **50.2.8.2 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.

### **50.2.9 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. Effective interest rate or approximate thereof has been used to discount recoveries to date of default.

Data from 1 January 2017 till date has been used for LGD estimations. For receivables from the banks and investments, the Bank used LGD percentages prescribed under Basel Foundation – Internal Rating Based (F-IRB) approach to determine ECL under BSD Circular No. 08 dated June 27,2006 issued by SBP.

#### **50.2.10 Forward looking information:**

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

#### **50.3 Operational risk**

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and system or from external events.

Operational Risk Management is housed within Risk Management and a comprehensive ORM, BCM and Outsourcing Risk Management Framework is in place addressing key operational risk aspects related to people, processes, systems, and external events. A Steering Committee oversees and monitors operational risk issues and its mitigation. The bank utilizes key ORM tools, including Risk Control Self-Assessment (RCSA), Key Risk Indicators (KRIs), Risk Appetite and operational loss data, to assess the likelihood and severity of operational risks. Stress testing is employed to proactively evaluate potential impacts. RCSA exercises are conducted regularly across the bank, and operational risk reports are submitted to senior management.

#### **50.4 Interest / mark-up rate risk**

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

#### **50.5 Market Risk**

It is the risk arising from changes in the value of on and off-balance sheet positions of the Bank due to adverse movements in market rates or prices such as interest rates, foreign exchange rates, equity prices, credit spreads and commodity prices, resulting in a loss to earnings and capital.

The Market Risk Unit monitors the impact of price and rate movements on the Bank's portfolios and periodically reports to the Asset and Liability Committee (ALCO), which are primarily responsible for oversight of market risk. The risk management department has developed various tools for risk measurement and its mitigation thereof, including Value at Risk (VaR), Duration, Price Value of a Basis Point (PVBP) and, Re-pricing Gaps. In addition, the carries out stress tests, using both internally developed scenarios and scenarios prescribed by the regulator.

#### **50.6 Foreign Exchange Risk**

Foreign exchange risk arises in case of an on balance sheet / off balance sheet asset or liability position when there is adverse exchange rate movement. The Bank's exposure to this category of market risk is negligible as the Bank has no foreign currency reserves and has minimal foreign currency transaction.

#### **50.7 Liquidity risk**

Liquidity risk is the potential for loss to an institution arising from either its inability to meet its obligations or to fund increase in assets as they fall due without incurring unacceptable cost or losses.

The Bank's Asset and Liability Committee (ALCO) sets the overall strategy and oversees asset and liability management. Liquidity risk is monitored through several metrics, including the Cash Reserve Requirement, Statutory Liquidity Requirement, liquidity gaps, stress testing, and various liquidity ratios. Liquidity Risk Management regularly monitors these metrics, and the ALCO reviews liquidity risk monthly.

50.7.1 Assets and liabilities - based on contractual maturity

December 31, 2025

Total	Upto 1 Month	Over 1 to 3Months	Over 3 to 6 Months	Over 6 to 12 Months	Over 1 to 2 years	Over 2 to 5 years	Over 5 Years
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----- Rupees -----

**Assets**

Cash and balances with treasury banks	9,769,793,011	9,769,793,011	-	-	-	-	-	-
Balances with other MFBs / Banks / NBFIs	7,612,121,991	7,467,544,691	25,000,000	-	119,577,300	-	-	-
Lending to financial institutions	26,409,646,615	26,409,646,615	-	-	-	-	-	-
Investments	95,281,453,678	15,602,926,489	60,114,308,562	10,052,494,127	7,795,334,500	1,716,390,000	-	-
Advances	101,060,415,978	32,285,399,673	7,530,589,906	18,170,743,890	32,225,492,971	1,412,232,292	7,367,409,691	2,068,547,555
Property and equipment	2,572,349,251	-	383,368	1,249,378	42,580,968	252,009,441	875,861,861	1,400,264,235
Right-of-use assets	2,398,823,114	59,885,904	4,443,303	7,781,301	11,011,174	216,781,103	664,218,079	1,434,702,252
Intangible assets	1,384,561,195	-	16,890,515	8,006,895	81,916,531	731,149	641,702,960	635,313,145
Deferred tax asset	6,878,114,415	-	-	-	3,533,931,379	3,344,183,036	-	-
Other assets	8,520,397,024	7,153,030,043	76,033,470	571,263,213	-	-	720,070,299	-
	261,887,676,272	98,748,226,425	67,767,649,123	28,811,538,803	43,809,844,823	6,942,327,021	10,269,262,890	5,538,827,187

**Liabilities**

Bills Payable	703,185,185	703,185,185	-	-	-	-	-	-
Borrowings	3,518,017,954	2,384,232	-	94,488,485	1,981,640,000	-	1,439,505,237	-
Deposits and other accounts	213,933,455,780	203,920,690,544	6,453,744,664	2,557,540,900	820,155,313	10,067,359	171,257,000	-
Lease Liabilities	2,813,484,781	70,237,809	5,211,374	9,126,380	12,914,570	254,253,984	779,035,121	1,682,705,543
Subordinated debt	2,011,404,171	-	-	11,404,171	-	-	2,000,000,000	-
Deferred grants	94,467,205	94,467,205	-	-	-	-	-	-
Other liabilities	21,331,217,810	21,238,745,167	8,379,967	12,109,364	23,764,728	40,521,966	7,696,618	-
	244,405,232,886	226,029,710,142	6,467,336,005	2,684,669,300	2,838,474,611	304,843,309	4,397,493,976	1,682,705,543
<b>Net assets</b>	<b>17,482,443,386</b>	<b>(127,281,483,716)</b>	<b>61,300,313,118</b>	<b>26,126,869,503</b>	<b>40,971,370,211</b>	<b>6,637,483,712</b>	<b>5,871,768,914</b>	<b>3,856,121,643</b>

**Represented by :**

Share capital	4,131,964,180
Share Premium	2,756,882,650
Advance Against Issue of Shares	5,611,750,000
Statutory reserve	1,644,500,858
Depositors' protection fund	684,083,452
	62,708,244
Surplus / (Deficit) On Fair Value Of Assets	
Unappropriated profit	2,590,554,002
	<u>17,482,443,386</u>

December 31, 2024

Total	Upto 1 Month	Over 1 to 3Months	Over 3 to 6 Months	Over 6 to 12 Months	Over 1 to 2 years	Over 2 to 5 years	Over 5 Years
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----- Rupees -----

**Assets**

Cash and balances with treasury banks	11,533,419,056	11,533,419,056	-	-	-	-	-	-
Balances with other MFBs / Banks / NBFIs	11,223,432,244	11,055,082,244	108,400,000	-	59,950,000	-	-	-
Lending to financial institutions	11,748,833,286	11,748,833,286	-	-	-	-	-	-
Investments	61,349,743,593	6,072,900,361	43,606,435,735	3,237,450,460	1,785,957,748	6,646,999,289	-	-
Advances	74,932,160,102	23,394,076,828	8,257,829,332	7,607,625,426	31,343,433,707	1,265,999,900	2,068,377,452	994,817,457
Property and equipment	1,741,771,117	86,052	1,671,847	989,019	51,366,536	253,244,687	583,238,481	851,174,495
Right-of-use assets	2,084,596,901	3,330,341	662,622	338,123	10,197,583	120,395,790	409,974,731	1,539,697,711
Intangible assets	1,100,726,535	-	8,249,447	98,058	82,738,645	638,087,259	80,967,951	290,585,175
Deferred tax asset	4,696,079,850	-	-	-	-	1,566,255,891	3,129,823,959	-
Other assets	4,974,387,569	4,486,835,120	-	-	487,552,449	-	-	-
	185,385,150,253	68,294,563,288	51,983,248,983	10,846,501,086	33,821,196,668	10,490,982,816	6,272,382,574	3,676,274,838

**Liabilities**

Bills Payable	618,273,788	54,617,917	7,109,593	556,546,278	-	-	-	-
Borrowings	765,929,898	79,425,131	-	-	-	-	686,504,767	-
Deposits and other accounts	154,950,569,495	141,229,664,958	4,713,935,214	4,838,030,572	3,937,399,481	42,374,145	189,165,125	-
Lease Liabilities	2,173,598,296	33,304,297	29,471,525	90,472,196	239,951,366	215,185,095	1,022,252,776	542,961,041
Subordinated debt	2,016,547,946	-	-	-	16,547,946	-	2,000,000,000	-
Deferred grants	63,433,566	63,433,566	-	-	-	-	-	-
Other liabilities	15,381,506,846	15,258,605,711	13,337,305	17,697,327	25,199,757	55,502,944	11,163,802	-
	175,969,859,835	156,719,051,580	4,763,853,637	5,502,746,373	4,219,098,550	313,062,184	3,909,086,470	542,961,041

**Net assets**

	9,415,290,418	(88,424,488,292)	47,219,395,346	5,343,754,713	29,602,098,118	10,177,920,632	2,363,296,104	3,133,313,797
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**Represented by :**

Share capital	2,713,596,830
Advance Against Issue of Shares	4,175,250,000
Statutory reserve	1,166,278,556
Depositors' protection fund	506,446,596

Surplus / (Deficit) On Fair Value Of Assets	40,500,645
Unappropriated profit	813,217,791

9,415,290,418

**MOBILINK MICROFINANCE BANK LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2025**

**ISLAMIC BANKING BUSINESS**

The Bank is operating 2 (2024: 0) Islamic Banking Branches at the end of the year.

The Statement of Financial Position of the Bank's Islamic banking branches as at December 31, 2025 is as follows:

	December 31, 2025	December 31, 2024
Note	----- Rupees -----	
<b>ASSETS</b>		
Cash and balances with treasury banks	11,747,600	-
Balances with other banks	201,529,059	-
Due from financial institutions	1 -	-
Investments	2 -	-
Islamic financing and related assets - net	3 -	-
Property and equipment	22,443,309	-
Right-of-use assets	71,886,270	-
Intangible assets	54,494,709	-
Due from head office	-	-
Other assets	-	-
<b>Total assets</b>	<b>362,100,947</b>	<b>-</b>
<b>LIABILITIES</b>		
Bills payable	-	-
Due to financial institutions	-	-
Deposits and other accounts	4 4,608,263	-
Due to head office	-	-
Lease liabilities	78,947,441	-
Subordinated debt	-	-
Other liabilities	5 105,797,691	-
<b>Total liabilities</b>	<b>189,353,395</b>	<b>-</b>
<b>NET ASSETS</b>	<b>172,747,552</b>	<b>-</b>
<b>REPRESENTED BY</b>		
Islamic banking fund	200,000,000	-
Reserves	-	-
Surplus / (deficit) on revaluation of assets	-	-
Unappropriated profit	6 (27,252,447)	-
	<b>172,747,553</b>	<b>-</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	<b>7</b>	

**MOBILINK MICROFINANCE BANK LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2025**

**ISLAMIC BANKING BUSINESS**

The profit and loss account of the Bank's Islamic banking branches for the year ended December 31, 2025 is as follows:

	<b>December 31, 2025</b>	December 31, 2024
<b>Note</b>	<b>----- Rupees -----</b>	
Profit / return earned	<b>8</b> 2,712,621	-
Profit / return expensed	<b>9</b> 10,967,967	-
Net profit / return	<b>(8,255,346)</b>	-
<b>Other income</b>		
Fee and commission income	1,250	-
Dividend income	-	-
Foreign exchange income	-	-
Income / (loss) from derivatives	-	-
Gain on securities	-	-
Net losses on derecognition of financial assets measured at amortised cost	-	-
Other income	-	-
Total other income	<b>1,250</b>	-
	<b>(8,254,096)</b>	-
<b>Other expenses</b>		
Operating expenses	18,998,351	-
Workers welfare fund	-	-
Other charges	-	-
Total other expenses	<b>18,998,351</b>	-
Profit before credit loss allowance / provisions	<b>(27,252,447)</b>	-
Reversal of credit loss allowance / (charge) for provisions and write offs - net	-	-
Profit before taxation	<b>(27,252,447)</b>	-
Taxation	-	-
Profit after taxation	<b>(27,252,447)</b>	-



**2.1 Particulars of credit loss allowance / provision**

	2025			2024
	Stage 1	Stage 2	Stage 3	Provision
	----- Rupees -----			
Non-Government debt securities	-	-	-	-

**3 Islamic financing and related assets**

Ijarah  
Murabaha  
Diminishing Musharaka  
Running Musharka  
Qarz e Hasna  
Istisna  
Impact of fair valuation of Islamic financing and related assets

Note	2025	2024
	----- Rupees in -----	
3.1	-	-
3.2	-	-
	-	-
	-	-
3.3	-	-
	-	-
<b>Gross Islamic financing and related assets</b>	-	-

Less: Credit loss allowance / provision against Islamic financings

Stage 1  
Stage 2  
Stage 3  
Specific  
General

-	-
-	-
-	-
-	-
-	-
-	-

Islamic financing and related assets - net of credit loss allowance / provision

-	-
---	---

**3.1 Ijarah**

Under IFAS-II  
Under finance method

Assets/inventory

Note	2025	2024
	----- Rupees -----	
3.1.1	-	-
3.1.2	-	-
	-	-
	-	-
	-	-



		2025	2024
	Note	----- Rupees -----	----- Rupees -----
<b>3.2 Murabaha</b>			
Murabaha financing	<b>3.2.1</b>	-	-
Advances for Murabaha		-	-
		-----	-----
		-----	-----
<b>3.2.1 Murabaha receivable - gross</b>	<b>3.2.2</b>	-	-
Less: Deferred Murabaha income	<b>3.2.4</b>	-	-
Profit receivable shown in other assets		-	-
Murabaha financings		-	-
		-----	-----
		-----	-----
<b>3.2.2 The movement in Murabaha financing during the year is as follows:</b>			
Opening balance		-	-
Sales during the year		-	-
Adjusted during the year		-	-
Closing balance		-	-
		-----	-----
		-----	-----
		2025	2024
	Note	----- Rupees -----	----- Rupees -----
<b>3.2.3 Murabaha sale price</b>		-	-
Murabaha purchase price		-	-
		-----	-----
		-----	-----
<b>3.2.4 Deferred murabaha income</b>			
Opening balance		-	-
Arising during the year		-	-
Less: Recognized during the year		-	-
Closing balance		-	-
		-----	-----
		-----	-----
<b>3.3 Istisna</b>			
Advance against Istisna		-	-
Istisna Inventory		-	-
		-----	-----
		-----	-----

4	Deposits	2025			2024		
		In local currency	In foreign currencie	Total	In local currency	In foreign currencies	Total
							Rupees
<b>Customers</b>							
	Current deposits	4,608,263	-	4,608,263	-	-	-
	Savings deposits	-	-	-	-	-	-
	Term deposits	-	-	-	-	-	-
	Others	-	-	-	-	-	-
		4,608,263	-	4,608,263	-	-	-
<b>Financial Institutions</b>							
	Current deposits	-	-	-	-	-	-
	Savings deposits	-	-	-	-	-	-
		-	-	-	-	-	-
		4,608,263	-	4,608,263	-	-	-
4.1	<b>Composition of deposits</b>				Note	2025	2024
						Rupees	
	- Individuals					4,608,263	-
	- Government (Federal and Provincial)					-	-
	- Public sector entities					-	-
	- Banking companies					-	-
	- Non-banking financial institutions					-	-
	- Private Sector					-	-
						4,608,263	-
5	<b>Other liabilities</b>						
	Other liabilities				5.1	(105,797,691)	-
5.1	<b>Charity fund</b>						
	Opening balance					-	-
	<b>Additions during the year</b>						
	Received from customers on account of delayed payment					-	-
	Other Non-Shariah compliant income					-	-
	Others					-	-
						-	-
	<b>Payments / utilization during the year</b>				5.1.1		
	Welfare					-	-
	Education					-	-
	Health					-	-
						-	-
	Closing balance					-	-
5.1.1	<b>Details of charity payments</b>						
	No Charities have been made during the year.						
6	<b>Islamic banking business unappropriated profit</b>						
	Opening balance					-	-
	Impact of adoption of IFRS 9					-	-
	Balance as at January 1, 2024					-	-
	Add: Islamic banking profit for the year					-	-
	Less: Taxation					-	-
	Less: Transferred to head office					-	-
	Closing balance					-	-

	Note	2025 ----- Rupees-----	2024
<b>7 Contingencies and commitments</b>			
- Guarantees		-	-
- Commitments		-	-
		<u>-</u>	<u>-</u>
<b>8 Profit/return earned on financing, investments and placements</b>			
<b>Profit earned on:</b>			
Financing		-	-
Investments		-	-
Placements		<u>2,712,621</u>	-
		<u>2,712,621</u>	<u>-</u>
<b>9 Profit on deposits and other dues expensed</b>			
Deposits and other accounts		-	-
Due to Financial Institutions		-	-
Unwinding of discount- IFRS 16		<u>10,967,967</u>	-
		<u>10,967,967</u>	<u>-</u>
<b>10 Pool management</b>			

Islamic Banking Group of the Bank is operating following pools / sub-pools:

#### General pool

The Bank maintains general deposit pool operating under the Mudarabah model. In this capacity, the MMBL accepts funds from depositors (Rab-ul-Maal) in the role of a manager (Mudarib), subsequently investing these funds in Shariah-compliant financing, investments, and placements. In the deployment of these funds, it prioritizes depositor capital over its own equity, subject to meeting all applicable regulatory requirements.

#### Features of general pool

##### Parameters for the Allocation of Profit, Expenses, and Provisions:

**Income Calculation:** The profit of pool is calculated based on all remunerative assets generated by utilizing the pool's funds.

**Deductible Expenses:** The pool's profit is determined after deducting direct costs incurred in generating that income. These costs include, but are not limited to, depreciation on Ijarah assets, Takaful premiums, and the amortization of investment premiums.

**Administrative Costs:** No general or administrative expenses are charged.

**Profit Sharing:** The pool's profit is shared between the Bank's equity and the Rab-ul-Maal in accordance with the established PSR.

Due to recent commencement of Islamic banking operations, general pool consisting of MMBL's equity was placed in IBI.

	2025 ----- Rupees -----	2024
Gross profit earned	2,712,621	-
Administrative expenses	(18,998,351)	-
Distributable share	(16,285,730)	-
Profit paid to IAH/PLS depositors	<u>-</u>	<u>-</u>

## 51 MATERIAL OUTSOURCING ARRANGEMENTS

In compliance to the BPRD circular no 06 of 2017 of SBP, the material outsourcing arrangements of the bank are listed

Sr. No	Name of the service provider	Nature of service	Estimated cost of outsourcing (per annum)
			----- Rupees -----
1	Channel VAS	Credit Decisioning and Loan Management System	3,564,099,671
2	KPMG Taseer Hadi & Co.	Tax consultancy and Payroll services	22,414,624
3	JC Fintech (Pvt) Limited	Business, Technology Partner and Agent Network Manage	29,784,098,317
4	PMCL- Jazz (Mobilink)	PCA, PR and DR revamp data center and cloud service	377,685,666

## 52 GENERAL

52.1 The addresses of the branches of the Bank are as follows:

Sr. No	Branch Name	Address
1	Abbotabad	Jahanzeb & Hassan Tower, Adjacent to ZTBL Bank, Mansehra Road, Abbotabad
2	Lahore DHA	37-A, XX Khayaban-E-Iqbal, Phase 3, DHA Lahore
3	Faisalabad	P-7, Santpura Main Allama Iqbal Road Opposite GC University Faisalabad
4	Sheikhupura	Near National Floor Mill, Lahore Road, Sheikhupura
5	Muridke	Khasra # 3121, Khewat # 409, Khatooni # 1032, Near Tehsil Head Quarter, Muridke
6	Mozang Lahore	5-56 Commercial Area, Muzang Chungi, Ferozepur Road, Lahore
7	Allama Iqbal Town Lahore	503 Kareem Block, Commercial Market, Allama Iqbal Town, Lahore
8	Gojra	Opposite ZTBL, Near Rana Chowk, Pensra Road, Gojra
9	Shahkot	Main Nankana Sahib Road, Opposite Gov't Elementary School # 3, Shahkot
10	Jaranwala	Faisalabad road near Chattha Hospital Jaranwala
11	Bhakkar	Mandi Town, Near Nasir Hospital, Bhakkar
12	Layyah	Shop # 2, Karim Market, Near Geelani Manzil, Chowk Azam Road, Layyah
13	Chowk Azam	Shop # 1, 2 & 3, MM Fatehpur Road, Chowk Azam
14	Darya Khan	Shop # 3, Hashmi Chowk opposite GPO, Main GT Road, Darya Khan, District Bhakkar
15	Mankera	Yousaf Younis building, Shop No.3,4 and 5, Gohar Wala Chowk Near Highway Rest House, Thang Bhakkar Road, Mankera
16	Karor Lal Essan	Fateh Pur road opposite ZTBL Karor Lal Essan
17	Jandanwala	Al Karam Plaza, Kalma Chowk, Sargodha Road, Nawan Jandanwala, Tehsil Kalurkot District Bhakkar
18	Dera Ismail Khan	Al Hameed Mall near Beshkhi Ground Opposite Divisional Food Office D. I. Khan
19	Piplan	Near Al-karim Hospital, Mandi Town Liaqatabad, District Mianwali, Tehsil Piplan
20	Sahiwal	647/B-VII, Yadgar Chowk, Sahiwal
21	Mian Channu	Building Nazeer Complex, GT Road, Tehsil Mian Channu District Khanewal.
22	Minchinabad	Plot No. 150 Circular Road Minchanabad
23	Basirpur	Shop no. 1 and 2, Opposite Government Girls college, Haveli Road Basirpur, Tehsil
24	HAVELI LAKHA	Plot # I-P-65, Pak Pattan Road near ZTBL, Haveli lakha, Tehsil Deepalpur District Okara
25	Toba Tek Singh	P#240 & 241, Grain Market, Toba Tek Singh
26	Samundri	Al Iqbal Center, Main Faisalabad Road, Mohallah Muhammad Pura, Near GO petrol Pump, Samundri
27	Deepalpur	Mughal Arcade, Shop # 1, 2 & 3, Main Kasur Road, Near Bus Stand, Tehsil Depalpur District, Okara
28	Pir Mehal	Shah Nawaz plaza, Kamalia road bypas, Pir Mahal
29	CHUNIAN	Changa Manga Road, District Kasur, Chunian
30	Khushab	Shop No. 198, block No. 14, Main Bazar Jouharabad, District Khushab.
31	SARGODHA	Zahoor Plaza, Hussain Chowk, Noori Gate, Sargodha
32	Chota Sahiwal	Khatooni No. 1998 to 2003, Khasra No. 4958/4436-37,4439-42, Main Shahpur, Sahiwal Road, Opposite to Al-Baqa Hotel, Chota Sahiwal, Sargodha.
33	Chiniot	Shop#7&8, Main Faisalabad Road, Sagheer Town, Chiniot.
34	Shorkot	Khatta No. 13, Cant. Road, Tehsil Shorekot, District Jhang.
35	18-Hazari	Bhakkar Road Near Nadra Office, Tehsil 18 Hazari, District Jhang
36	Jhang	Building No.93, Near Girls College Chowk, Gojra Road, Jhang Saddar
37	BHALWAL	Block # 04, Post Office Road, Opposite Tehsil Court, Bhalwal District Sargodha
38	Pindi Bhattian	Ali Shopping Complex, Main Hafizabad Road, Pindi Bhattian
39	Sialkot	Opposite Bake Master, Near Qasim Hospital, Shahabpura Road, Sialkot.
40	Mandi Bahauddin	Al Kausar Plaza, Punjab Center, Near Cheema Chowk, Mandi Bahauddin
41	Pasrur	Hall # 1, Narowal By Pas Pasru Road Pasrur Near PSO Petrol Pump
42	Narowal	Circular Road, Near Civil Hospital, Jassar Bypass Opposite Old NADRA Office, Narowal
43	Gujranwala	Opposite General Bus Stand, Gujranwala G. T. Road, Tehsil & District Gujranwala

<b>Sr. No</b>	<b>Branch Name</b>	<b>Address</b>
44	Gujrat	Khewat No.310, Khatooni No.328, Kalra Khasa Gujrat.
45	WAZIRABAD	Shadman Town, Naseer Colony, G.T Road Wazirabad
46	Hafizabad	Opposite NADRA Office, Gujranwala road, Hafizabad
47	Phalia	Arfat Plaza, Opposite PTCL Exchange, Main Gujrat & Sargodha Road, Phalia District Mandi Bahauddin
48	Islamabad F-8	14-O, Atiq Plaza, Near Total Petrol Pump, F-8 Markaz, Islamabad.
49	Islamabad I-8	Plot # 1-J, Bazar # 3, Near potohar Metro Station, Mughal Market, 9th Avenue, Sector I-8/1, Islamabad.
50	Dina	Mangla Road, opposite APNA Bank, Dina
51	DHA II	Col. Ishaq Plaza # 7, DHA Phase II, Gate # 2, Near Lignum Towers, Service Road, Main G.T Road, Rawalpindi.
52	Islamabad Expressway	SHOP 5/8, COMPRISING SURVEY, 172/6, SADDAR MALL ROAD, RAWALPINDI.
53	Gujar Khan	Sheikh Abdul Hafeez Heights, Main Service Road, Near Muslim School, Mohalla
54	Chaklala Scheme III	Nazim Plaza Bostan Road Chaklala Scheme III Rawalpindi
55	Jhelum	Azan Plaza, Ground Floor, Machine Mohalla # 3, Old G. T. Road, Near Afzal Hospital Jhelum
56	Pind Dadan Khan	khewat and khatooni # 164, khasra # 1129, opposite kacheri, main jhelum road Pind
57	Talagang	Near Dara Autos, Opposite Pepsi Agency, Mian Mianwali Road, Talagang, Chakwal
58	Swabi	Shop #1, Fazal Dad Khan Market, Mardan Road, Near Meezan Bank, Swabi
59	Peshawar	GT Road, Near Bilal Town, Peshawar
60	Haripur	Shop#7-8,Naeem Khan Market,GT Road,opposite Total Pump,Haripur
61	Mardan	S&B Tower, Hall # 01, Ground Floor, Malakand road, College chowk, Mardan
62	Muzaffarabad	City View Plaza Near Kashmir Surgical Hospital Poultry Farm Road Muzaffarabad
63	Chakdara	Samad Plaza, University Road, Hajiabad, Chakdara, Distt Lower Dir
64	Nowshera	Sanam Plaza, Mardan road, Nowshera city, Nowshera
65	Timergara	Jan Trade Centre, Near Shaheed Chowk, By Pass Road Timergarah
66	Mingora	GT Road Rahimabad, Near Jalil International Hospital, Mingora, Swat
67	Mansehra	Ammar's arcade, Ghulam Ghoas Hazarwi Road, Zero point, Mansehra
68	Hassanabdal	Ali Aksar Plaza, Opposite Hassan Medical Complex Main GT Road, Near Main Bus Stand Hassanabdal
69	Pakpattan	Opposite Govt. Fazilka High School, college Road, Pakpattan
70	Fort Abbas	House No. 70, Highway Road, Opposite to Government Model High School, Fort Abbas.
71	Burewala	Al Ramay industries, Near Khushhali bank limited, Multan road Burewala
72	CHISHTIAN	Plot # 13-14, Jamia Bazar, Opposite PTCL Frenschise, Near Stylo Shoes,Chishtian
73	HASILPUR	Near Khushali Bank, opposite to Sabzi Mandi, Rasoolabad Colony, Bahawalpur road, Hasilpur
74	HAROONABAD	Plot # 738, Block C, Main Bangla Road, Haroonabad
75	Arifwala	A Block, Chak # 61/EB, Main Muzaffarabad Road, Near Muhammadi Chowk, Tehsil Arifwala, District Pakpattan
76	Bahawalnagar	Waheed Arshad Chowk, Main Road, 1-A, Jinnah Colony, Near Moon Kinder School, Bahawalnagar
77	Liaquatpur	Plot #7,Ghalla Mandi Road,Liaquatpur
78	Rahim Yar Khan	33-A, Businessman Colony, Rahimyar Khan
79	Khanpur	Shop # 1, 2 & 3, Bypass Road, Opposite Attock Petrol Pump, Khanpur, District Rahim Yar Khan
80	Shujabad	Murhaba No.64, Khasra No.20/2,20/23,20/4,20/5,21&22/2, Jalalpur Road, Shujahabad
81	Ahmedpur East	Shop # 1,2,3, Abbasia Chowk, Opposite MCB Bank, Ahmedpur East
82	JalalPur Peer Wala	Opposite Allied Bank Permat Road Jalalpur Pirwala
83	Sadiqabad	School Bazar, Near Milad Chowk, Sadiqabad
84	Alipur	Shop No. 1, 2 & 3, Rana Building, Near Rashid Minhas School, Bhalwal Cannal Bypass Road, Alipur, District Muzaffargarh
85	khairpur Tamewali	Main highway, Hasilpur Bahawalpur Road, near new general bus stand, Khairpur Tame Wali, Tehsil Khairpur Tame Wali, District Bahawalpur
86	Bahawalpur	Gulberg Road, Opposite Chase Value Center, Bahawalpur
87	Hyderabad	Survey No 41/187/1, Jamia Masjid Road, Saddar Cantonment, Hyderabad
88	Hala	Plot no 1403, Opposite Sarwari College, Dargah Road, New Hala.
89	Ranipur	Shop No. 1 & 2, Behind Al-Shifa Medical Center, Near Askari Bank, Main National Highway, Ranipur.
90	Karachi DHA	Plot # 39-C, 24th Commercial Street, Phase II Ext, DHA Karachi
91	Moro	Memom Plaza, Shop # 1-4, Near Saim Bachat Bazar, Dadu Road, Moro.

<b>Sr. No</b>	<b>Branch Name</b>	<b>Address</b>
92	Karachi - Gulistan Johar	Plot # A-1, Survey # 11/8, Rahat Arcade, Gulistan-e-Johar, Karachi
93	Tando Allah Yar	Khatooni # 54, Survey # 269/AB ,Main Mirpur khas road Tando Allah yar
94	Clifton Karachi	Plot No. BC-2, Ground Floor, Elegant Towers, Block 5, Scheme No. 5, Clifton, Karachi
95	Lodhran	Malik Arcade, Main Hall, Opposite Shell Petrol Pump, Jalalpur Morr, Multan Road, Lodhran
96	Kot Addu	Shop No. 476 Ward No.11 Main GT Road Kot Adu Distt Muzaffar Garh
97	Muzaffargarh	Khasara No.3193/1385, Khata No.569, Opposite Shell Petrol Jhang Road Muhala Khurshed Abad Tehsil And District Muzaffargarh.
98	Chowk Sarwar Shaheed	Opposit Ghala Mandi Gate No 2 Near ZTBL main Multan Road Chowk Sarwar Shaheed. District Muzafargarh
99	Multan	Plot# 406-409/A, Ward No. 8, Muslim Gujjar Khadda Road Markaz, Mouza Tarf Ismaeel opposite to Telenore Microfinance Bank Tehsil & District Multan.
100	Kehror Pecca	Khewat No.77/75, Khatooni No.146, Dunyapur Road Near Melasi Chowk, Kehror Pecca
101	Dunyapur	Main Hall, Tariq Iron Plaza, Dokota Road, Dunyapur
102	Daharki	Property No. 446, Shop # 1, Main G.T.Road , Deharki
103	Pannu Aqil	Plot No. 435, Baiji road, Pannu Akil District, Sukkur.
104	Larkana	Shaikh Muhallah, survey no. 72 old anaj Mandi, near Haji Dhani Bux oil mill, Bank Square Road Larkana
105	Qambar	Old bus Stand, Mian Mangan Main Road Qamber
106	Shahdadkot	Sheikh Mension, Near Peer Sijawal Shah, Shahdadkot
107	Naseerabad	Indus Plaza, Mian Hall Road, Naseerabad, District Shahdadkot
108	Quetta	Hall # 2, Agha Chambers, Chuharmal Road of M.A. Jinnah Road, Quetta
109	Sukkur	Shah Khalid Colony Plot No.05, Airport Road Sukkur.
110	Blue Area Islamabad	Suite 6, G7&F7, Chenab Center, Jinnah Avenue, Islamabad
111	Gilgit	Khasra No.1837, Moza/Revenue Estate Jutial, Gilgit
112	Tariq Road Karachi	Plot No.691&692-C, Block No.2, P.E.C.H.S, Tariq Road Karachi
113	College Road Lahore	Plot No.35, 2-C1, Quaid e Azam Town Scheme, College Road Lahore
114	Satellite Town Rawalpindi	B 409, B-Block Satellite Town Rawalpindi
115	Chitral	Ataliq Bazzar. Bypass Road, Tehsil Chitral, District, Chitral Lower
116	Kharian G.T Rd	Khewat No. 327, Khatooni No. 742,Khasara No. 1905, Main G.T Road Kharian
117	Lahore Shalimar	Khewat No.1154/2,1154/3, Khatooni No. 1842/2,1842/3, Khasra No. 2100/2, 2100/3 Shalimar Link Road, Mughalpura Lahore
118	Garden Town Lahore	Plot No. 28-A, Ali Block New Garden Town Scheme Lahore
119	Jinnah Colony Faisalabad	P 547 Jinnah Colony Near Chatri Wali Ground Faisalabad.
120	Korangi Karachi	Plot No. SB-11, St-22-E, Sector 35-F, Korangi No.5 Karachi.
121	Mirpur Khas	Plot No. 920, Umer Kot Road, Mirpur Khas
122	Kangniwala Gujranwala	Khasra No.2503, Khewat No.2925, Khatooni No.3341 Main GT Road, Shahpur, Kangniwala Gujranwala.
123	Karachi Saddar Islamic	Survey No.F-15,Street No.SB-5, Plot No.11, Shop No.6&7, Saddar, Karachi
124	Peshawar Saddar Islamic	Shop No.5, Cantonment Plaza, Saddar Road, Peshawar Cantt.

52.2 Figures in these financial statements have been rounded to the nearest Rupee, unless otherwise stated.

52.3 Captions as prescribed by The Banking Policy & Regulations Department of State Bank of Pakistan (SBP) via circular no. 3 of 2023 dated February 09, 2023 in respect of which there are no amounts, have not been reproduced in these financial statements.

53 **DATE FOR AUTHORIZATION OF ISSUE**

These financial statements were authorized for issue by the Board of Directors of the Bank in their meeting held on

12-FEBRUARY-2026



PRESIDENT/  
CHIEF  
EXECUTIVE



CHIEF FINANCIAL  
OFFICER



CHAIRMAN



DIRECTOR



DIRECTOR

