YOUSUF ADIL
PACE ALIGNED ...

Yousuf Adil
Chartered Accountants

18-B/1, Chohan Mansion
G-8 Markaz
Islamabad-44000
Pakistan

Tel: +92 (0) 51 8734400-3
Fax: +92 (0) 51 8350602
www.yousufadil.com

INDEPENDENT AUDITORS' 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, 2024, 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 a summary of material accounting policies 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, 2024, 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, 2024 and of the profit, the 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.

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.

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.

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, 2024, 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**.

Yousuf Adil.

Chartered Accountants
Islamabad
Date: March 25, 2025
UDIN: AR202410414PR6alswd3

MOBILINK MICROFINANCE BANK LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2024

	Note	December 31, 2024	December 31, 2023
ASSETS		-----------------Rupees-----------------	
Cash and balances with treasury banks	8	11,533,419,056	9,667,472,988
Balances with other MFBs / Banks / NBFIs	9	11,223,432,244	11,140,953,359
Lending to financial institutions	10	11,748,833,286	7,345,600,636
Investments	11	61,349,743,593	33,387,640,337
Advances	12	74,932,160,102	70,810,046,612
Property and equipment	13	1,741,771,117	1,254,125,842
Right-of-use assets	14	2,084,596,901	839,681,034
Intangible assets	15	1,100,726,535	508,137,974
Deferred tax asset	16	4,696,079,850	2,480,685,630
Other assets	17	4,974,387,569	6,944,788,252
Total assets		185,385,150,253	144,379,132,664
LIABILITIES			
Bills Payable	18	618,273,788	275,042,848
Borrowings	19	765,929,898	245,275,846
Deposits and other accounts	20	154,950,569,495	119,286,260,328
Lease Liabilities	21	2,173,598,296	934,888,295
Subordinated debt	22	2,016,547,946	2,029,849,186
Deferred grants	23	63,433,566	2,595,000
Other liabilities	24	15,381,506,846	14,621,809,982
Total liabilities		175,969,859,835	137,395,721,485
NET ASSETS		9,415,290,418	6,983,411,179
REPRESENTED BY:			
Share capital	25	2,713,596,830	2,713,596,830
Advance Against Issue of Shares	26	4,175,250,000	-
Statutory reserve	5.13(a)	1,166,278,556	1,166,278,556
Depositors' protection fund	5.13(b)	506,446,596	431,879,951
Surplus / (Deficit) On Fair Value Of Assets	27	40,500,645	(3,106,242)
Unappropriated profit		813,217,791	2,674,762,084
		9,415,290,418	6,983,411,179
		9,415,290,418	6,983,411,179
CONTINGENCIES AND COMMITMENTS	28		

The annexed notes 1 to 52 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 PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED DECEMBER 31, 2024

	Note	December 31, 2024	December 31, 2023
		-----------------Rupees-----------------	
Mark-up / Return / Interest earned	29	**52,980,589,825**	30,662,106,337
Mark-up / Return / Interest expensed	30	**(12,475,624,504)**	(5,898,497,035)
Net markup / interest income		**40,504,965,321**	24,763,609,302
NON MARK-UP / INTEREST INCOME			
Fee and commission income	31	**14,401,497,973**	10,394,934,495
Gain / (Loss) on securities	32	**1,045,500**	-
Foreign exchange income / (Loss)		**2,619,163**	(26,278,985)
Other income	33	**3,262,322**	3,725,230
Total non-markup / interest income		**14,408,424,958**	10,372,380,740
Total income		**54,913,390,279**	35,135,990,042
NON MARK-UP / INTEREST EXPENSES			
Operating expenses	34	**37,741,535,428**	25,258,192,845
Workers welfare fund		**71,958,526**	29,209,418
Other charges	35	**11,776,500**	51,197,000
Total non-markup / interest expenses		**(37,825,270,454)**	(25,338,599,263)
Profit Before Credit Loss Allowance		**17,088,119,825**	9,797,390,779
Credit loss allowance and write offs - net	36	**(20,177,148,787)**	(8,339,508,445)
(LOSS) / PROFIT BEFORE TAXATION		**(3,089,028,962)**	1,457,882,334
TAXATION	37	**1,256,331,159**	(424,488,312)
(LOSS) / PROFIT AFTER TAXATION		**(1,832,697,803)**	1,033,394,022
Basic (loss) / earnings per share	38	**(6.75)**	3.81
Diluted (loss) / earnings per share	39	**(4.43)**	3.81

The annexed notes 1 to 52 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, 2024

	Note	December 31, 2024	December 31, 2023
		----------------Rupees----------------	
(Loss) / Profit after taxation for the year		**(1,832,697,803)**	1,033,394,022
Other comprehensive income			
Items that may be reclassified to profit and loss account in subsequent periods:			
Movement in surplus / (deficit) on revaluation of investments	27	**71,486,700**	(4,906,669)
Related tax impact		**(27,879,813)**	1,924,733
Movement in surplus / (deficit) on revaluation of investments - net of tax		**43,606,887**	(2,981,936)
Items that will not be reclassified to profit and loss account in subsequent periods:			
Remeasurement (loss) / gain on defined benefit obligations	43.7.2	**(47,289,328)**	868,010
Related tax impact		**18,442,838**	(338,524)
Remeasurement (loss) / gain on defined benefit obligations - net of tax		**(28,846,490)**	529,486
Total comprehensive (Loss)/Income		**(1,817,937,406)**	1,030,941,572

The annexed notes 1 to 52 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 CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2024

	Share capital	Advance Against Issue of Shares	Capital reserves		Revenue reserve		Total
			Statutory reserve	Depositors Protection Fund	Unappropriated Profit	Surplus/(Deficit) on revaluation of Investments	
Balance at January 01, 2023	2,713,596,830	-	959,599,752	317,854,657	1,899,187,081	(124,306)	5,890,114,014
Profit after taxation	-	-	-	-	1,033,394,022	-	1,033,394,022
Other comprehensive income - net of tax	-	-	-	-	529,486	(2,981,936)	(2,452,450)
Total comprehensive income for the year	-	-	-	-	1,033,923,508	(2,981,936)	(1,030,941,572)
Transfers to statutory reserves	-	-	206,678,804	-	(206,678,804)	-	-
Transfer to Depositors protection fund							
- 5% of the profit after tax for the year	-	-	-	51,669,701	(51,669,701)	-	-
- return on investments	-	-	-	62,355,593		-	62,355,593
	-		-	114,025,294	(51,669,701)	-	62,355,593
Balance at December 31, 2023	2,713,596,830	-	1,166,278,556	431,879,951	2,674,762,084	(3,106,242)	6,983,411,179
Balance at January 01, 2024	**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	-	-	-	-	-	-	-
Transfer to Depositors protection fund							
- 5% of the profit after tax for the year	-	-	-	-	-	-	-
- return on investments	-	-	-	74,566,645	-	-	74,566,645
	-	-	-	74,566,645	-	-	74,566,645
Transactions with owners, recorded directly in equity							
Adavnce against issue of shares	-	4,175,200,000	-	-	-	-	4,175,200,000
Balance at December 31, 2024	**2,713,596,830**	**4,175,200,000**	**1,166,278,556**	**506,446,596**	**813,217,791**	**40,500,645**	**9,415,240,418**

The annexed notes 1 to 52 and annexure I form an integral part of these financial statements.

PRESIDENT/ CHIEF EXECUTIVE	CHIEF FINANCIAL OFFICER	CHAIRMAN	DIRECTOR	DIRECTOR

MOBILINK MICROFINANCE BANK LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2024

	Note	December 31, 2024	December 31, 2023
		-----------------Rupees-----------------	
CASH FLOW FROM OPERATING ACTIVITIES:			
(Loss) / Profit After Taxation		(3,089,028,962)	1,457,882,334
Adjustment for non cash items and other items:			
Depreciation on property and equipment	13.2	367,894,942	303,841,331
Depreciation on right-of-use assets	14	278,870,727	194,920,861
Amortization on intangible assets	15.2	158,618,718	214,513,330
Credit loss allowance and write offs - net	36	20,177,148,787	8,339,508,445
Provision for gratuity	43.7.1	94,512,066	65,220,491
(Gain)/Loss on disposal of operating fixed assets	33	3,243,765	(1,856,754)
(Gain)/Loss on disposal of securities	32	(1,045,500)	-
Finance charges on subordinated debt	22	455,428,320	437,222,952
Grant Income	33	(6,506,087)	(616,095)
Finance charge on borrowings	30	81,965,960	45,028,326
Finance charges on lease liability	21	224,941,713	149,475,462
		21,835,073,411	9,747,258,349
		18,746,044,449	11,205,140,683
(Increase) / Decrease in Operating Assets:			
Lendings to financial institutions		(4,403,232,650)	(7,312,769,600)
Advances		(24,076,945,933)	(21,582,262,788)
Others assets (excluding advance taxation)		1,748,084,339	(5,953,638,154)
		(26,732,094,244)	(34,848,670,542)
Increase / (Decrease) in Operating Liabilities:			
Bills payable		343,230,940	152,197,845
Gratuity Payable	43.5	(8,658,637)	-
Borrowings from financial institutions		502,183,325	(1,273,691,441)
Deposits and other accounts		35,664,309,167	54,521,460,127
Other liabilities (excluding current taxation)		1,670,098,263	6,290,362,793
		38,171,163,058	59,690,329,324
Cash generated from operations		30,185,113,263	36,046,799,465
Payments against off-balance sheet obligations		-	-
Finance charges on lease liability		(224,941,713)	(149,475,462)
Finance cost paid on subordinated debt		(468,729,560)	(422,010,413)
Income tax paid		(2,008,194,772)	(701,631,436)
		(2,701,866,045)	(1,273,117,311)
Net cash flow from operating activities		27,483,247,218	34,773,682,154
CASH FLOWS FROM INVESTING ACTIVITIES			
Net (Investment in) / Proceeds from amortised cost securities		(7,482,779,077)	61,697,856
Net Proceeds / (Investment in) from FVOCI securities		5,332,146,141	(9,466,805,112)
Net (Investment in) / Proceeds from TDRs		(55,000,000)	220,000,000
Investment in Property and equipment		(861,007,433)	(553,241,845)
Investment in Intangible		(751,207,279)	(231,381,724)
Proceeds from sale of Property and equipment		2,223,451	3,341,631
Net cash used in investing activities		(3,815,624,197)	(9,966,389,194)

MOBILINK MICROFINANCE BANK LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2024

	Note	December 31, 2024	December 31, 2023
		-----------------Rupees------------------	
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of lease liability		(285,076,593)	(157,153,852)
Advance Against issue of Share Capital	26	4,175,250,000	-
Net cash flow from / (used in) financing activities		3,890,173,407	(157,153,852)
Net increase in cash and cash equivalents		27,557,796,428	24,650,139,108
Cash and cash equivalents at beginning of the year		44,728,560,504	20,078,421,396
Cash and cash equivalents at end of the year	40	72,286,356,932	44,728,560,504

The annexed notes 1 to 52 and annexure I form an integral part of these financial statements.

PRESIDENT/ CHIEF EXECUTIVE — CHIEF FINANCIAL OFFICER — CHAIRMAN — DIRECTOR — DIRECTOR

MOBILINK MICROFINANCE BANK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

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 has one branch in Muzaffarabad AJK.

The Bank has 113 business locations/ touch points comprising of 113 operational branches (including 1 in Muzaffarabad AJK) (2023: 109 business locations/ touch points comprising of 109 branches including 1 in Muzaffarabad AJK). The Bank's registered and principal office is situated at Plot No. 3-A/2, 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 is also offering Branchless Banking Services through an agency agreement with Pakistan Mobile Communications Limited (PMCL), a related party, under the Branchless Banking license from the SBP.

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, 2024.

2 BASIS OF PRESENTATION

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

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;
- 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 has implemented a Centralized Complaint Management System (CMS) across all its operations – branch as well as branchless – that receives multi-channel complaints through Call Centers, e-mail, Letters, In-Person visits, Branches, Fax, Website, Citizen Portal and SBP Sunwai Portal. The CMS helps capture, track and manage complaints and records the actions taken by the respective teams for problem-solving, and produces/extracts relevant MIS as well. Additionally, the system also monitors the automatic escalation of unresolved complaints to address all raised issues promptly.

During 2024, the Bank received 395,296 complaints which were resolved within average time of four (4) working days. In comparison, 421,696 complaints were registered in the year 2023 with an average resolution time of four (4) working days, reflecting 6.4% decrease. The majority of complaints stemmed from IBFT, RAAST disputes, Suspended account reactivation and fraud concerns, illustrating areas where enhancement was needed.

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.

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

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

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

d) Financial assets and liabilities

Due from banks, Loans and advances to customers and investments

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 12months 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 49.2.2
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 49.2.3
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 49.1.4

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 certainly and enforceability, and ii) history of forcibility and recovery. The Bank consider cash and cash equivalents as eligible collaterals and EAD of relevant facilities are reduced by the amount of eligible collateral.

g) Write-offs

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

h) ECL on government guaranteed credit exposure

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

Lending's 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.

5.8 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 / (deficitt) 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 5% 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.

5.15 Statutory liquidity requirement

In compliance with the related regulatory requirements, the Bank is required to maintain liquidity equivalent to at least 10% 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	Housing loans	Enterprise loans	Enterprise loans (Property colletral)
OAEM	30-59	90-179	90-179	90-179
Substandard	60-89	180-364	180-364	180-364
Doubtful	90-179	365-729	365-544	365-544
Loss	180-209	730-1944	545-1214	545-1944
Write Off	=>210	=>1945	=>1215	=>1945
Suspension Percentage				
OAEM	0%	0%	100%	100%
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 (2023: nil).

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.

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, 2024. 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 IFRS 16 ' Leases' -Clarification on how seller-lessee subsequently measures sale and leaseback transactions

- Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current along with Non-current liabilities with Convenants

- Amendments to IAS 7 'Statement of Cash Flows' and 'IFRS 7 'Financial instruments disclosures' - Supplier Finance Arrangements

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.

	Effective from Accounting period beginning on or after
Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates' - Clarification on how entity accounts when there is long term lack of Exchangeability	January 01, 2025
IFRS 17 – Insurance Contracts (including the June 2020 and December 2021 Amendments to IFRS 17)	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

Other than the aforesaid amendments, IASB has also issued the following standards which have not been adopted 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

		Note	December 31, 2024	December 31, 2023
			------------- Rupees -------------	
8	**CASH AND BALANCES WITH TREASURY BANKS**			
	Cash in hand - Local currency		**2,668,178,233**	1,762,988,823
	With State Bank of Pakistan in			
	- Local currency current account	8.1	**8,849,779,859**	7,903,330,676
	With National Bank of Pakistan in			
	- Local currency current account		**15,460,964**	1,153,489
	Less: Credit loss allowance		**-**	-
			11,533,419,056	9,667,472,988

8.1 This includes balance held with SBP in a current account to comply with the requirement of maintaining minimum balance equivalent to 5% (December 31, 2023: 5%) of the Bank's demand deposits and time deposits with tenor of less than one year.

		Note	December 31, 2024	December 31, 2023
			------------- Rupees -------------	
9	**BALANCES WITH OTHER MFBS / BANKS / NBFIS**			
	In Pakistan			
	- In current accounts - Local currency		**514,425,705**	150,438
	- In deposit account - Local currency	9.1	**10,284,354,184**	11,075,114,644
	- In Term deposit account - Local currency	9.2	**173,850,000**	41,150,000
			10,972,629,889	11,116,415,082
	Accrued Markup		**250,802,355**	24,538,277
	Less: Credit loss allowance		**-**	**-**
			11,223,432,244	11,140,953,359

9.1 These carry markup ranging from **13.50% to 16.00%** (2023: 15.25% to 20.51%).

9.2 These carry markup ranging from **10.00% to 17.00%** (2023: 13.75% to 15.00%).

		Note	December 31, 2024	December 31, 2023
			------------- Rupees -------------	
10	**LENDING TO FINANCIAL INSTITUTIONS**			
	Repurchase agreement lending's (Reverse repo)	10.1	**11,748,833,286**	7,345,600,636
	Less: Credit loss allowance		**-**	**-**
	Lendings to Financial Institutions - net of credit loss allowance		**11,748,833,286**	7,345,600,636

10.1 Lending to Financial Institutions - Particulars of credit loss allowance

	December 31,2024		December 31,2023	
	Lending	**Credit loss allowance**	Lending	Credit loss allowance
	------------- Rupees -------------		------------- Rupees -------------	
Stage 1	**11,748,833,286**	-	7,345,600,636	-

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:

- Askari Bank Limited at the rate of 12.65% amounting to Rs. 1.946 billion (face value of collateral 2.00 billion) with maturity date of Jan 14, 2025.
- Habib Bank Limited at the rate of 12.90% amounting to Rs. 1.964 billion (face value of collateral Rs. 2.00 billion) with maturity date of Jan 14, 2025.
- National Bank of Pakistan at the rate of 12.15% amounting to Rs. 2.934 billion (face value of collateral Rs.3.00 billion) with maturity date of Jan 03, 2025.
- United Bank Limited at the rate of 12.60% amounting to Rs. 1.929 billion (face value of collateral Rs. 2.00 billion) with maturity date of Jan 02, 2025.
- United Bank Limited at the rate of 12.70% amounting to Rs. 0.965 billion (face value of collateral Rs. 1.00 billion) with maturity date of Jan 03, 2025.
- Allied Bank Limited at the rate of 12.10% amounting to Rs. 1.997 billion (face value of collateral Rs. 2.00 billion) with maturity date of Jan 02, 2025.

10.3 Reverse repo agreements

	December 31, 2024			December 31, 2023		
	Held by Bank	**Further given as collateral**	**Total**	Held by Bank	Further given as collateral	Total
	------------- Rupees -------------			------------- Rupees -------------		
Market Treasury Bills (MTB)	**12,000,000,000**	**-**	**12,000,000,000**	8,400,000,000	-	8,400,000,000

11 INVESTMENTS

		December 31, 2024				December 31, 2023			
		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 -------------			
Investments by type:									
Classified as Fair Value Through Other Comprehensive Income	**Note**								
Federal Government Securities									
Market Treasury Bills	**11.1**	**53,304,326,502**	**-**	**66,394,500**	**53,370,721,002**	31,404,497,037	-	(5,092,200)	31,399,404,837
Classified as Amortized cost									
Market Treasury Bills	**11.2**	**421,019,132**	**-**	**-**	**421,019,132**	1,988,235,500	-	-	1,988,235,500
Pakistan Investment Bonds	**11.3**	**7,558,003,459**	**-**	**-**	**7,558,003,459**	-	-	-	-
Total Investments		**61,283,349,093**	-	**66,394,500**	**61,349,743,593**	33,392,732,537	-	(5,092,200)	33,387,640,337

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 **11.65% to 19.25%** (2023: 21.07% to 22.15%) per annum.

11.2 These represent securities held for Depositor Protection Fund which have a maturity period of up to six months. These carry markup at the rates ranging between **17.20% to 17.35%** (2023: 21.53% to 21.80%) 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 **12.00% to 13.34%** (2023: Nill) 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, 2024	December 31, 2023	**December 31, 2024**	December 31, 2023	**December 31, 2024**	December 31, 2023	**December 31, 2024**	December 31, 2023
	---------------------- Rupees ----------------------				---------------------- Rupees ----------------------			
Micro credit								
-Secured against gold	**30,495,449,308**	29,059,586,206	**10,878,084**	124,373,340	**164,329,999**	217,682,761	**30,670,657,391**	29,401,642,307
-Unsecured	**30,075,567,302**	30,051,638,373	**4,225,208,260**	2,174,496,792	**9,501,235,805**	5,138,159,975	**43,802,011,367**	37,364,295,140
Income markup/ accrued	**11,659,983,877**	9,452,274,056	**708,603,083**	690,985,352	**-**	-	**12,368,586,960**	10,143,259,408
Advances - Gross	**72,231,000,487**	68,563,498,635	**4,944,689,427**	2,989,855,484	**9,665,565,804**	5,355,842,736	**86,841,255,718**	76,909,196,855
Credit loss allowance against advances								
- Stage 1	**3,309,408,948**	1,997,704,400	**-**	-	**-**	-	**3,309,408,948**	1,997,704,400
- Stage 2	**-**	-	**2,333,313,121**	628,482,468	**-**	-	**2,333,313,121**	628,482,468
- Stage 3	**-**	-	**-**	-	**6,266,373,547**	3,472,963,375	**6,266,373,547**	3,472,963,375
	3,309,408,948	1,997,704,400	**2,333,313,121**	628,482,468	**6,266,373,547**	3,472,963,375	**11,909,095,616**	6,099,150,243
Advances - net of credit loss allowance	**68,921,591,539**	66,565,794,235	**2,611,376,306**	2,361,373,016	**3,399,192,257**	1,882,879,361	**74,932,160,102**	70,810,046,612

12.1 Advances - Particlurs of credit loss allowance

12.1.1 Advances - Exposure

	December 31, 2024				December 31, 2023			
	---------------------- **Rupees** ----------------------				---------------------- Rupees ----------------------			
Advances - Exposure	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount	**68,563,498,635**	**2,989,855,484**	**5,355,842,736**	**76,909,196,855**	54,806,738,887	1,493,144,536	2,604,009,648	58,903,893,071
New Advances	**61,184,044,048**	**-**	**-**	**61,184,044,048**	55,565,027,573	-	-	55,565,027,573
Advances derecognized or repaid	**(42,160,874,180)**	**(833,261,932)**	**(724,411,634)**	**(43,718,547,746)**	(31,207,365,954)	(965,918,370)	(2,199,330,161)	(34,372,614,485)
Transfer to stage 1	**129,752,865**	**(74,998,671)**	**(54,754,194)**	**-**	51,138,206	(19,350,432)	(31,787,774)	-
Transfer to stage 2	**(1,847,394,374)**	**1,859,946,221**	**(12,551,847)**	**-**	(1,922,248,759)	1,922,825,195	(576,436)	-
Transfer to stage 3	**(2,974,856,214)**	**(952,473,651)**	**3,927,329,865**	**-**	(3,047,638,356)	(80,963,754)	3,128,602,110	-
	14,330,672,145	**(788,033)**	**3,135,612,190**	**17,465,496,302**	19,438,912,710	856,592,639	896,907,739	21,192,413,088
Change in exposure	**(5,515,303,161)**	**2,750,580,696**	**9,376,172,097**	**6,611,449,632**	(4,943,827,418)	930,013,735	4,403,663,383	389,849,700
Total movement in advances - exposure	**8,815,368,984**	**2,749,792,663**	**12,511,784,287**	**24,076,945,934**	14,495,085,292	1,786,606,374	5,300,571,122	21,582,262,788
Amounts written-off	**(5,147,867,132)**	**(794,958,720)**	**(8,202,061,219)**	**(14,144,887,071)**	(738,325,544)	(289,895,426)	(2,548,738,034)	(3,576,959,004)
Closing balance	**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

12.1.2 Advances - Credit loss allowance

	December 31, 2024				December 31, 2023			
	---------------------- **Rupees** ----------------------				---------------------- Rupees ----------------------			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	Stage 1	Stage 2	Stage 3	Total
Credit loss allowance opening balance	**1,997,704,400**	**628,482,468**	**3,472,963,375**	**6,099,150,243**	487,844,697	381,781,819	1,820,835,011	2,690,461,527
New Advances	**5,174,458,630**	**-**	**-**	**5,174,458,630**	1,485,651,682	-	-	1,485,651,682
Advances derecognized or repaid	**(85,460,351)**	**(23,386,653)**	**(137,323,598)**	**(246,170,602)**	474,172,888	(36,458,639)	(1,655,929,443)	(1,218,215,194)
Transfer to stage 1	**73,891,262**	**(40,911,779)**	**(32,979,483)**	-	26,715,226	(7,260,048)	(19,455,178)	-
Transfer to stage 2	**(68,794,265)**	**76,920,053**	**(8,125,787)**	-	(25,236,087)	25,812,522	(576,436)	-
Transfer to stage 3	**(73,377,870)**	**(284,915,570)**	**358,293,440**	-	(58,619,484)	(19,595,744)	78,215,228	-
	5,020,717,406	**(272,293,949)**	**179,864,572**	**4,928,288,028**	1,902,684,225	(37,501,909)	(1,597,745,829)	267,436,488
Change in exposure	**1,438,854,274**	**2,772,083,322**	**10,815,606,819**	**15,026,544,415**	345,501,022	574,097,984	5,798,612,227	6,718,211,233
Total provision charged for the year	**6,459,571,680**	**2,499,789,373**	**10,995,471,391**	**19,954,832,443**	2,248,185,247	536,596,075	4,200,866,398	6,985,647,721
Amounts written off	**(5,147,867,132)**	**(794,958,720)**	**(8,202,061,219)**	**(14,144,887,071)**	(738,325,544)	(289,895,426)	(2,548,738,034)	(3,576,959,004)
Credit loss allowance closing balance	**3,309,408,948**	**2,333,313,121**	**6,266,373,547**	**11,909,095,616**	1,997,704,400	628,482,468	3,472,963,375	6,099,150,243

12.1.3 Advances - Credit loss allowance details

	December 31, 2024				December 31, 2023			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	---------- Rupees ----------				---------- Rupees ----------			
Internal / external rating / stage classification								
Outstanding gross exposure	**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
Performing	**72,231,000,487**	**-**	**-**	**72,231,000,487**	68,563,498,635	-	-	68,563,498,635
Under Performing								
Other assets especially mentioned	**-**	**4,944,689,427**	**-**	**4,944,689,427**	-	2,989,855,484	-	2,989,855,484
Non - Performing								
Substandard	-	-	**1,274,050,369**	**1,274,050,369**	-	-	2,791,235,015	2,791,235,015
Doubtful	-	-	**1,808,982,553**	**1,808,982,553**	-	-	737,897,537	737,897,537
Loss	-	-	**6,582,532,882**	**6,582,532,882**	-	-	1,826,710,184	1,826,710,184
	-	-	**9,665,565,804**	**9,665,565,804**	-	-	5,355,842,736	5,355,842,736
Total	**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
Corresponding credit loss allowance								
Stage 1	**3,309,408,948**	**-**	**-**	**3,309,408,948**	1,997,704,400	-	-	1,997,704,400
Stage 2	**-**	**2,333,313,121**	**-**	**2,333,313,121**	-	628,482,468	-	628,482,468
Stage 3	**-**	**-**	**6,266,373,547**	**6,266,373,547**	-	-	3,472,963,375	3,472,963,375
	3,309,408,948	**2,333,313,121**	**6,266,373,547**	**11,909,095,616**	1,997,704,400	628,482,468	3,472,963,375	6,099,150,243

	Note	**December 31, 2024**	December 31, 2023
		---------- Rupees ----------	
12.2 Particulars of write offs			
Written off during the year	**12.1.2**	**(14,144,887,071)**	4,627,152,210
Change in exposure due to estimate change		-	(1,050,193,206)
		(14,144,887,071)	3,576,959,004

12.3 During the year, 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. 1.14 billion, the impact of Rs. 389.76 million 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. 754.96 million. (2023: Nil).

13 PROPERTY AND EQUIPMENT

	Note	December 31, 2024	December 31, 2023
		----------- Rupees -----------	
Capital Work in progress	13.1	**152,445,569**	63,449,848
Property and equipment	13.2	**1,589,325,548**	1,190,675,994
		1,741,771,117	1,254,125,842

13.1 *Capital Work in progress*

	Note	December 31, 2024	December 31, 2023
Opening		**63,449,847**	2,818,942
Additions during the year		**227,858,763**	78,772,787
Transfers to Property and Equipment		**(138,863,041)**	(18,141,882)
Closing	13.1.1	**152,445,569**	63,449,847

13.1.1 *CWIP Includes:*

	December 31, 2024	December 31, 2023
Civil works	**91,150,686**	4,885,080
Advances to suppliers and contractors	**61,294,883**	58,564,767
	152,445,569	63,449,847

13.2 *Property and equipment*

	December 31, 2024				
	Furniture and fixture	Electrical, office and computer equipment	Vehicles	Leasehold improvements	Total
At January 1, 2024	------------------------	------------------------	Rupees	------------------------	------------------------
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	616,754,906	18,075,841	45,945,301	772,011,712
Disposals/ write offs (Cost)	(1,847,311)	(10,182,966)	-	(5,548,943)	(17,579,220)
Depreciation charge	(40,417,744)	(227,521,687)	(59,179,696)	(40,775,815)	(367,894,942)
Disposals/ write offs (Accumulated Depreciation)	1,747,217	9,492,863	-	871,924	12,112,004
Closing net book value	159,752,366	1,026,340,437	110,950,518	292,282,227	1,589,325,548
At December 31, 2024					
Cost	380,847,009	2,267,840,176	327,812,925	521,961,400	3,498,461,510
Accumulated depreciation	(221,094,643)	(1,241,499,739)	(216,862,407)	(229,679,173)	(1,909,135,962)
Net book value	159,752,366	1,026,340,437	110,950,518	292,282,227	1,589,325,548
Rate of depreciation	20%	10-33%	25%	10%	

	December 31, 2023				
	Furniture and fixture	Electrical, office and computer equipment	Vehicles	Leasehold improvements	Total
	---------- Rupees ----------				
At January 1, 2023					
Cost	247,374,087	1,449,233,310	197,231,981	442,332,729	2,336,172,107
Accumulated depreciation	(148,582,424)	(861,283,283)	(108,316,874)	(154,162,798)	(1,272,345,379)
Net book value	98,791,663	587,950,027	88,915,107	288,169,931	1,063,826,728
For the Year Ended December 31, 2023					
Opening net book value	98,791,663	587,950,027	88,915,107	288,169,931	1,063,826,728
Additions/Transfers from CWIP	45,453,262	233,280,349	112,505,103	40,936,760	432,175,474
Disposals/ write offs (Cost)	(1,368,693)	(21,245,423)	-	(1,704,447)	(24,318,563)
Depreciation charge	(35,282,494)	(182,030,624)	(49,365,837)	(37,162,376)	(303,841,331)
Disposals/ write offs (Accumulated Depreciation)	1,440,802	19,842,992	-	1,549,892	22,833,686
Closing net book value	109,034,540	637,797,321	152,054,373	291,789,760	1,190,675,994
At December 31, 2023					
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
Rate of depreciation	20%	10-33%	25%	10%	

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

	December 31, 2024	December 31, 2023
	---------- Rupees ----------	
Furniture and fixture	**126,450,121**	105,404,031
Electrical, office and computer equipment	**804,003,181**	633,391,620
Vehicles	**75,451,922**	75,319,073
Leasehold improvements	**99,720,127**	100,416,509
	1,105,625,351	914,531,233

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, 2024			December 31, 2023		
	----------- Rupees -----------			----------- Rupees -----------		
	Buildings	**Vehicles**	**Total**	Buildings	Vehicles	Total
At January 01,						
Cost	**1,542,437,827**	**-**	**1,542,437,827**	1,447,014,287	-	1,447,014,287
Accumulated Depreciation	**(702,756,793)**	**-**	**(702,756,793)**	(507,835,932)	-	(507,835,932)
Net Carrying amount	**839,681,034**	**-**	**839,681,034**	939,178,355	-	939,178,355
For the Year Movement						
Additions during the year	**1,368,530,764**	**155,255,830**	**1,523,786,594**	95,423,540	-	95,423,540
Depreciation Charge for the year	**(269,760,087)**	**(9,110,640)**	**(278,870,727)**	(194,920,861)	-	(194,920,861)
Deletions during the year						
- Cost	**(200,149,405)**	**-**	**(200,149,405)**	-	-	-
- Accumulated Depreciation	**200,149,405**	**-**	**200,149,405**	-	-	-
	1,098,770,677	**146,145,190**	**1,244,915,867**	(99,497,321)	-	(99,497,321)
Net Carrying amount as at December 31,	**1,938,451,711**	**146,145,190**	**2,084,596,901**	839,681,034	-	839,681,034
Rate of depreciation			**10-20%**			10-20%

15 INTANGIBLE ASSETS

	Note	**December 31, 2024**	December 31, 2023
		----------- Rupees -----------	
Capital Work in progress	**15.1**	**615,890,424**	68,527,434
Intangible asset	**15.2**	**484,836,111**	439,610,540
		1,100,726,535	508,137,974

15.1 *Capital Work in progress*

Opening	**68,527,434**	8,091,969
Additions during the year	**684,524,592**	137,880,605
Transfers to intangible asset	**(137,161,602)**	(77,445,140)
Closing	**615,890,424**	68,527,434

15.1.1 *CWIP Includes:*

	December 31, 2024	December 31, 2023
	----------- Rupees -----------	
Advances to suppliers and contractors	**615,890,424**	68,527,434

15.2

	December 31, 2024		December 31, 2023	
	----------- Rupees -----------		----------- Rupees -----------	
	Software and License	**Total**	Software and License	Total
At January 01,				
Cost	**1,474,024,163**	**1,474,024,163**	1,242,642,439	1,242,642,439
Accumulated amortization and impairment	**(1,034,413,623)**	**(1,034,413,623)**	(819,900,293)	(819,900,293)
Net book value	**439,610,540**	**439,610,540**	422,742,146	422,742,146
For the Year Movement				
Opening net book value	**439,610,540**	**439,610,540**	422,742,146	422,742,146
Additions:				
- Directly Purchased/Transfers from CWIP	**203,844,289**	**203,844,289**	231,381,724	231,381,724
Disposals (Cost)	**-**	**-**	-	-
Amortization charge	**(158,618,718)**	**(158,618,718)**	(214,513,330)	(214,513,330)
Disposals/Write off (Accumulated Amortization)	**-**	**-**	-	-
Closing net book value	**484,836,111**	**484,836,111**	439,610,540	439,610,540
At December 31,				
Cost	**1,677,868,452**	**1,677,868,452**	1,474,024,163	1,474,024,163
Accumulated amortization and impairment	**(1,193,032,341)**	**(1,193,032,341)**	(1,034,413,623)	(1,034,413,623)
Net book value	**484,836,111**	**484,836,111**	439,610,540	439,610,540
Rate of amortization	**10-33%**		10-33%	
Useful life	**Over the Term Of Contract**		Over the Term Of Contract	

15.3 ***The cost of fully depreciated intangibles still in use***

	December 31, 2024	December 31, 2023
	----------- Rupees -----------	
Software and License	**866,104,689**	787,004,334

16 DEFERRED TAX ASSET

	December 31, 2024			
	At Jan 01, 2024	Recognised in P&L	Recgonised in OCI	At Dec 31, 2024
	----------- Rupees -----------			
Deductible temporary differences on:				
Credit loss allowance against advances	**2,378,668,595**	**2,227,608,417**	**-**	**4,606,277,012**
Post retirement employee benefits	**49,993,870**	**33,482,837**	**18,442,838**	**101,919,545**
Lease liability net of right of use assets	**37,130,832**	**(2,420,287)**	**-**	**34,710,545**
Intangible assets	**(4,435,141)**	**5,101,938**	**-**	**666,797**
	2,461,358,156	**2,263,772,905**	**18,442,838**	**4,743,573,899**
Taxable temporary differences on:				
Accelerated tax depreciation	**17,341,516**	**(38,941,710)**	**-**	**(21,600,194)**
Deficit on revaluation of investments measured at FVOCI	**1,985,958**	**-**	**(27,879,813)**	**(25,893,855)**
	19,327,474	**(38,941,710)**	**(27,879,813)**	**(47,494,049)**
	2,480,685,630	**2,224,831,195**	**(9,436,975)**	**4,696,079,850**

	December 31, 2023			
	At Jan 01, 2023	Recognised in P&L	Recgonised in OCI	At Dec 31, 2023
	----------- Rupees -----------			
Deductible temporary differences on:				
Credit loss allowance against advances	887,852,303	1,490,816,292	-	2,378,668,595
Post retirement employee benefits	25,723,579	24,608,815	(338,524)	49,993,870
Lease liability net of right of use assets	18,955,283	18,175,549	-	37,130,832
Accelerated tax depreciation	10,130,512	7,211,004	-	17,341,516
Deficit on revaluation of investments measured at FVOCI	61,225	-	1,924,733	1,985,958
Minimum tax	182,020,566	(182,020,566)	-	-
	1,124,743,468	1,358,791,094	1,586,209	2,485,120,771
Taxable temporary differences on:				
Intangible assets	49,287,410	(53,722,551)	-	(4,435,141)
	49,287,410	(53,722,551)	-	(4,435,141)
	1,174,030,878	1,305,068,543	1,586,209	2,480,685,630

		Note	December 31, 2024	December 31, 2023
17	**OTHER ASSETS**		------------- Rupees -------------	
	Advances, deposits and prepayments		**1,046,969,612**	738,930,767
	Receivable from related parties	**17.1**	**640,535,805**	1,962,572,291
	ATM cards / printed stationary		**134,422,204**	81,021,889
	Receivables from State Bank of Pakistan	**17.3**	**331,337,870**	399,919,546
	Receivable from 1-Link		**1,255,171,948**	2,754,548,904
	Advance tax		**515,616,273**	-
	Deferred employee benefits	**12.3**	**389,763,023**	-
	Others		**660,570,834**	1,007,794,855
			4,974,387,569	6,944,788,252
	Less: Credit loss allowance held against other assets		**-**	-
	Other assets (net of credit loss allowance)		**4,974,387,569**	6,944,788,252
17.1	**Receivable from related parties**			
	Pakistan Mobile Communications Limited (PMCL)	**17.2**	**596,398,014**	1,962,572,080
	Jazz cash (Private) Limited		**44,118,134**	211
	Veon Limited (Ultimate Parent Company)		**19,657**	-

17.2 Maximum aggregated receivable balance during the year from PMCL amounted to Rs. 1,572 million (2023: Rs. 1,962 million).

17.3 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.

17.4 This includes mainly receivable balance from offline revenue partners amounting to Rs 445.52 million. (2023: Outward clearing amounting to Rs 713 million.)

		Note	December 31, 2024	December 31, 2023
18	**BILLS PAYABLE**		------------- Rupees -------------	
	In Pakistan		**618,273,788**	275,042,848
19	**BORROWINGS**			
	Secured			
	Borrowings from State Bank of Pakistan			
	Long term facility	**19.1**	**686,504,767**	-
	Finance cost on Long term facility		**73,331,876**	-
	Borrowings from Other Banks / Financial Institutions			
	Short term facility	**19.2**	**-**	244,798,121
	Finance cost on Short term facility- Net of Payments		**6,093,255**	477,725
			765,929,898	245,275,846

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.

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

i) 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 + 1% 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, 2024 facility remain un-availed (2023: Rs 244.80 Million).

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, with the expiry date of 31-May-2025. 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, 2024, the facility remains un-availed. (2023: Nill).

		Note	December 31, 2024	December 31, 2023
20	**DEPOSITS AND OTHER ACCOUNTS**		------------- Rupees	-------------
	Customers			
	Current Deposits		**86,135,222,010**	58,926,494,443
	Saving Deposits		**48,486,849,377**	25,123,090,729
	Term deposits		**14,483,927,422**	32,590,079,107
			149,105,998,809	116,639,664,279
	Financial Institutions			
	Current Deposits		**414,286,108**	530,007,244
	Saving Deposits		**1,029,036,798**	1,071,629,421
	Term deposits		**4,401,247,780**	1,044,959,384
			5,844,570,686	2,646,596,049
			154,950,569,495	119,286,260,328

20.1 Current accounts - deposits repayable on demand, non-remunerative 48,921,558

20.2 Saving accounts - deposits repayable on demand, remunerative 201,679

20.3 Composition of deposits

- Individuals	**103,554,264,655**	72,306,354,949
- Government (Federal and Provincial)	**11,982,229,916**	4,366,807,559
- Public sector entities	**2,440,108,900**	23,141,992,337
- Banking companies	**4,887,815,990**	1,815,505,578
- Non-banking financial institutions	**956,754,697**	13,296,310,221
- Private sector	**31,129,395,337**	4,359,289,684
	154,950,569,495	119,286,260,328

20.4 Composition of deposit

- Branchless Banking	**84,312,320,320**	59,388,891,440
- Branches	**70,638,249,175**	59,897,368,888
	154,950,569,495	119,286,260,328

20.5

Deposits include related parties balance amounting to Rs 1,851.14 million (2023:Rs 1,564.26 million).

		Note	December 31, 2024	December 31, 2023
21	**LEASE LIABILITIES**		------------- Rupees -------------	
	At January 01,		**934,888,295**	996,618,607
	Additions during the year:			
	Buidlings		**1,368,530,764**	95,423,540
	Vehicles	**21.1**	**155,255,830**	-
	Interest Expense		**224,941,713**	149,475,462
	Payment		**(510,018,306)**	(306,629,314)
	At December 31,		**2,173,598,296**	934,888,295

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, 2024	December 31, 2023
21.2	**Contractual maturity of lease liabilities**		------------- Rupees -------------	
	Short-term lease liabilities - within one year		-	-
	Long-term lease liabilities			
	- 1 to 5 years		**1,630,637,255**	414,340,952
	- 5 to 10 years		**542,961,041**	520,547,343
	- More than 10 years		**-**	-
			2,173,598,296	934,888,295
	Total lease liabilities		**2,173,598,296**	934,888,295
22	**SUBORDINATED DEBT**			
	Opening	**22.1**	**2,029,849,186**	2,014,636,647
	Finance Cost:			
	Finance cost on subordinated debt		**455,428,320**	437,222,952
	Payment during the period / year		**(468,729,560)**	(422,010,413)
			2,016,547,946	2,029,849,186

22.1 This represents Rated, Unsecured, subordinated and privately placed Tier II Term Finance Certificates of worth Rs.2,000,000,000/- fully subscribed on November 23, 2022 to improve the Capital Adequacy Ratio at the 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 preliminary rating of single "A-" (Single “A minus"). The interest will be payable on Bi-annually basis starting from six months subsequent to subscription of TFCs and the principal amount of issue TFC shall be redeemed in four (4) equal semi-annual installments commencing from the end of 66th month from the Issue Date. The Issuer (MMBL) may call the TFCs, in part or full, after five (5) years from the Issue Date on the Principal Redemption Date thereafter, subject to prior SBP approvals, and after giving 45 days prior notice to the Issue Agent and the Investors. The notice once given shall be irrevocable. The notice 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 or results in an increase in any existing shortfall in CAR. As per 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 purpose, the TFCs will be subject to loss absorbency and/or any other requirements under SBP's instructions on the subject. 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.

		Note	December 31, 2024	December 31, 2023
23	**DEFERRED GRANTS**		------------- Rupees -------------	
	Opening balance		**2,595,000**	192,226
	Grant received during the year	**23.1**	**71,181,873**	2,595,000
	Grant recognised as Income during the year		**(10,343,307)**	(192,226)
	Closing balance		**63,433,566**	2,595,000

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 63.50 million and Rs 3.89 million received from Unikrew and Rs 3.79 million from Care International in Pakistan under women financial inclusion program.

		Note	December 31, 2024	December 31, 2023
24	**OTHER LIABILITIES**		------------- Rupees -------------	
	Accrued expenses	**24.1**	**2,291,543,854**	1,827,566,703
	Payable to related parties	**24.2**	**2,232,110,635**	2,064,255,598
	Tax payable	**24.3**	**-**	1,039,694,736
	Defined benefit obligation	**43.4**	**261,332,166**	128,189,409
	Taxes and levies withheld		**1,004,803,199**	442,891,536
	Payable to suppliers	**24.4**	**1,649,269,148**	1,153,386,997
	Bills collected for settlement through NADRA		**87,479,372**	781,373,105
	RAAST payable		**920,670,423**	2,784,453,341
	Remittances	**24.5**	**3,051,265,046**	2,237,522,445
	Payable to Merchants and others		**3,673,046,888**	933,444,650
	Others		**209,986,115**	1,229,031,462
			15,381,506,846	14,621,809,982

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

		Note	December 31, 2024	December 31, 2023
24.2	**Payable to related parties**		------------- Rupees -------------	
	Payable to related parties - PMCL	**24.2.1**	**1,791,682,244**	2,064,255,598
	Payable to related parties - JCPL		**88,402,950**	-
	Payable to related parties - VEON		**352,025,441**	-
			2,232,110,635	2,064,255,598

24.2.1 Maximum aggregated payable amount during the year to PMCL is Rs. 2,844 million.

		Note	December 31, 2024	December 31, 2023
24.3	**Tax payable**		------------- Rupees -------------	
	Opening balance		**1,039,694,736**	11,769,317
	Tax paid		**(1,039,694,736)**	(701,631,436)
	Provision for taxation		**-**	1,729,556,855
	Closing balance		-	1,039,694,736

24.4 This includes Rs 88.99 million paybale to a related party PMCL. (2023: Rs 22.37 million)

24.5 It also includes Rs. 2.02 billion related to uncollected remittances.

		Note	December 31, 2024	December 31, 2023
25	**SHARE CAPITAL**		------------- Rupees -------------	

Authorized capital

2024 Numbers	2023 Numbers			
360,000,000	360,000,000		**3,600,000,000**	3,600,000,000

Ordinary shares of Rs. 10 each.

Issued, subscribed and paid-up capital

271,359,683	271,359,683		**2,713,596,830**	2,713,596,830

Fully paid in cash of Rs. 10 each.

25.1 Veon Microfinance Holdings B.V (VMH) is the holding company controlling 271,359,678 i.e. 99.99% shares (2023: 271,359,678 i.e. 99.99%). Each share of the company has equal voting right and power.

		Note	December 31, 2024	December 31, 2023
			------------- Rupees -------------	
26	**ADVANCE AGAINST ISSUE OF SHARES**	**26.1**	**4,175,250,000**	-

26.1 During the Year, the Bank received advance against Right Issue amouning to Rs 4.18 Billion. The shares are to be issued at a premium of Rs 19.4 per share and would be fully subscribed by the Bank's parent company Veon B.V Microfinance Holdings. Had the share been issued as at December 31, 2024 the paid-up capital of the Bank would have been Rs 6.89 Billion and total number of paid-up shares 413.37 Million.

		Note	December 31, 2024	December 31, 2023
			------------- Rupees -------------	
27	**SURPLUS / (DEFICIT) ON FAIR VALUE OF ASSETS**			
	Fair Value Surplus / (deficit) on revaluation of			
	- FVOCI - debt	**11.1**	**66,394,500**	(5,092,200)
	Deferred tax on surplus / (deficit) on revaluation of:			
	- FVOCI - debt		**(25,893,855)**	1,985,958
			40,500,645	(3,106,242)

		Note	December 31, 2024	December 31, 2023
28	**CONTINGENCIES AND COMMITMENTS**		------------- Rupees -------------	
	Guarantees	**28.1**	**443,957,947**	501,009,270
	Commitments		**-**	9,852,750
	Other contingent liabilities	**28.2**	**-**	-
			443,957,947	510,862,020

28.1 ***Financial guarantees***

	Note	December 31, 2024	December 31, 2023
Bank guarantee	**28.1.1**	**339,410,197**	415,009,270
Standby letter of guarantee	**28.1.2**	**104,547,750**	86,000,000
		443,957,947	501,009,270

28.1.1 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 104 million against Disbursement of Girls Stipend in Public Schools Across Sindh, Benzair income support program amounting to Rs. 66 million and Rs. 53.35 million pertaining to Directorate Animal Husbandry Sindh.

28.1.2 This represents letter of guarantee issued by the Bank to M/s Visa and Master Card International amounting to USD 75,000 and USD 300,000 respectively for interbank settlement. The amounts are translated into PKR at exchange rate prevailing on reporting date.

28.2 Other contingent liabilities

Notices issued in 2023 or earlier

a) In August 2023, the Taxation Officer issued notice under section 122(9) read with section 122(5A) of the Ordinance to amend the assessment for the Tax Year 2022 on certain matters. Honourable Islamabad High Court, in response to Writ Petition No. 2627 of 2023 dated 30 August 2023 granted stay on the ongoing proceedings seeking para wise report from the Department. However, on 10 September 2024, the Taxation Officer re-issued the notice, following the disposal of the writ petition by the Honourable Islamabad High Court on 27 August 2024 directing the Taxation Officer to substantiate that the assessment is both erroneous as well as prejudicial to the revenue before advancing the proceedings. The Notice was responded to along with the supporting evidence by the Company. No further proceedings have been carried out by the department till date.

b) In November 2023, the Taxation Officer issued another notice under section 122(9) read with section 122(5A) of the Ordinance to amend the assessment for the Tax Year 2023 on certain matters. Honourable Islamabad High Court in Writ Petition No. 3993 of 2023 dated 05 December 2023 granted stay against the subject proceedings seeking para wise report from the Department. However, on 03 September 2024, the Taxation Officer re-issued the notice, following the disposal of the writ petition by the Honourable Islamabad High Court on 27 August 2024. A partial response, along with supporting evidence, was submitted on 20 January 2025 by the Company.

c) In addition to the above the bank is contesting various litigations with tax authorities on different forums including litigations such as sales tax and FED. Rs.19.48 million and Rs. 41.66 million related to Sales Tax demands for the years 2019 and 2018 which are still under appeal before the ATIR and Commissioner inland revenue. Management consider these litigations not material and expects a favorable decision from tax authorities.

d) 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 Company'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.

Notices issued in 2024

e) For the Tax Year 2018, the Taxation Officer raised a tax demand of Rs. 73.92 million including default surcharge of Rs. 33.74 million under section 161 / 205 of the Ordinance for alleged short deduction of tax from expenses appearing in Company's Income Tax Return, including Salaries, Other Indirect Expenses and Other Admissible Expenses. The Company filed appeal before the ATIR in terms of the newly introduced amendments through the Tax Laws (Amendment) Act, 2024 and Finance Act, 2024 in the Ordinance. Appeal was filed on July 24, 2024, The appeal was heard for order on 26 September 2024 and order is awaited.

f) For the Tax Year 2019, the Taxation Officer raised a tax demand of Rs. 1,583.69 million including default surcharge of Rs. 652.11 million under section 161 / 205 of the Ordinance for alleged short deduction of tax from expenses appearing in Company's Income Tax Return, including Commission to Retailers / Franchises, Commission to Related Party M/s PMCL, Nadra Charges, Rent, Travelling, Repairs / Maintenance, Communication, Stationary, Advertisement, Insurance, Professional Charges, Profit on Debt, Other Indirect Expenses, Other Admissible Expenses and Salaries.Appeal was filed on May 10, 2024, The Bank's appeal before the ATIR was heard on 01 November 2024 and order is awaited.

g) In December 2024, the Taxation Officer issued notice under section 205 of the Ordinance intending to impose default surcharge of Rs. 42.9 million for contravening the provisions of the section 147 of Ordinance read with section 205(1 B) of the Ordinance. The management is in process of finalizing a response. The compliance date for the Notice is 28 January 2025.

h) 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) in the matter of alleged failure to deposit the sales tax on account of services (i.e.,Home Remittances / money transfer and Bancassurance) presumed to have been rendered in Sindh. On 21 May 2024, the Company filed an appeal before the C(A), SRB, the proceedings whereof are underway. However, the likelihood of a favorable outcome is medium.

Notices issued susbsequent to reporting date

i) For the tax periods January 2022 to December 2022, the Taxation Officer, LTO issued show cause notice dated 06 January 2025 to the Company to justify its position on alleged inadmissibility of input tax of Rs. 301.14 million claimed in its sales tax return filed to the Federal Board of Revenue. Partial reply has been filed on 20 January 2025. The next compliance is due on 04 February 2025.

28.3 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, 2024	December 31, 2023
29	**MARK-UP / RETURN / INTEREST EARNED**		------------- Rupees -------------	
	Loans and advances	**29.2**	**41,664,452,353**	27,137,054,591
	Investments		**7,193,177,982**	2,497,675,116
	Balances with other MFBs / banks / NBFIs		**1,620,549,910**	538,220,280
	Lendings to financial institutions		**2,502,409,580**	489,156,350
			52,980,589,825	30,662,106,337
29.1	***Interest income (calculated using effective interest rate method) recognised on:***			
	Financial assets measured at amortised cost;		**46,541,908,395**	29,138,285,021
	Financial assets measured at FVOCI.		**6,438,681,430**	1,523,821,316
			52,980,589,825	30,662,106,337

29.2 This includes markup income on Nano loans amounting to Rs. 25,747 million (2023: 11,999 million)

		Note	December 31, 2024	December 31, 2023
30	**MARK-UP / RETURN / INTEREST EXPENSED**		------------- Rupees -------------	
	Deposits		**11,713,288,511**	5,266,770,295
	Subordinated debt		**455,428,320**	437,222,952
	Borrowings		**81,965,960**	45,028,326
	Lease liabilities		**224,941,713**	149,475,462
			12,475,624,504	5,898,497,035
30.1	Interest expense calculated using effective interest rate method		**12,475,624,504**	5,898,497,035
31	**FEE AND COMMISSION INCOME**			
	Branchless banking income	31.1	**12,794,108,028**	8,420,236,687
	Commission from insurance companies		**567,854,289**	85,434,470
	Loan processing fee		**513,238,034**	1,612,146,531
	Others		**526,297,622**	277,116,807
			14,401,497,973	10,394,934,495
31.1	**Branchless banking income**			
	Branchless banking income	31.2	**12,794,108,028**	8,420,236,687
	Interest income on Nano advances		**25,747,882,743**	11,999,685,840
	Commission to retailer / franchisee		**(4,559,598,911)**	(3,345,191,781)
	Commission to a related party - PMCL	31.3	**(18,392,266,340)**	(10,420,417,763)
			15,590,125,520	6,654,312,983
	Amount reclassified to Markup/return interest earned		**(25,747,882,743)**	(11,999,685,840)
	Commission to retailer / franchisee and PMCL - reclassified to Administrative expenses		**22,951,865,251**	13,765,609,544
			12,794,108,028	8,420,236,687

31.2 This represents the income from branchless banking operations (Jazz cash) carried out by the Bank together with PMCL through agency agreement under SBP Branchless Banking Regulations. As per the agreement, Income from Jazz cash (Net of Agents commission) is shared between the Bank and PMCL in the ratio of 30:70 respectively.

31.3 This represents PMCL's share in fee income and expenses at the rate of 70% and 50% share in float as per agency agreement with PMCL.

		Note	December 31, 2024	December 31, 2023
32	**GAIN / (LOSS) ON SECURITIES**		------------- Rupees -------------	
	Realised	32.1	**1,045,500**	-
			1,045,500	-
32.1	***Realised gain on:***			
	Federal Government securities		**1,045,500**	-

		Note	December 31, 2024	December 31, 2023
			------------- Rupees -------------	
32.2	***Net gain/loss on financial assets/ liabilities measured at FVOCI:***			
	Net gain/loss on financial assets (debt instruments) measured at FVOCI		**1,045,500**	-
			1,045,500	-
33	**OTHER INCOME**			
	(Loss) / Gain on disposal of fixed assets		**(3,243,765)**	1,856,754
	Grant Income		**6,506,087**	616,095
	Miscellaneous income		**-**	1,252,381
			3,262,322	3,725,230
34	**OPERATING EXPENSES**			
	Branchless banking commission expense			
	Commission to retailer / franchisee	**31.1**	**4,559,598,911**	3,345,191,781
	Commission to a related party - PMCL	**31.1**	**18,392,266,340**	10,420,417,763
	Others			
	Total compensation expense	**34.1**	**4,483,767,487**	3,639,992,377
	Contribution to defined contribution plan		**177,246,401**	127,012,532
	Provision for Defined benefit obligation	**43.7.1**	**94,512,066**	65,220,491
	Directors' fees and allowances		**5,400,000**	6,600,000
	Training / Capacity building		**82,536,986**	67,335,658
	Rent, taxes, insurance, electricity, etc.		**795,481,543**	553,650,941
	Legal and professional charges		**209,561,260**	110,776,021
	Communications		**47,780,050**	49,224,680
	Repair and maintenance - Vehicle		**12,529,836**	9,962,661
	Stationary and printing		**199,926,075**	230,132,747
	Advertisement and publicity		**134,716,609**	69,002,532
	Auditors remuneration	**34.2**	**144,911,045**	5,925,150
	Depreciation	**13.2 & 14**	**646,765,669**	498,821,922
	Amortization	**15**	**158,618,718**	214,456,770
	Travel and transportation		**226,856,054**	95,731,638
	Management fee	**34.3**	**160,692,484**	-
	Repair and maintenance - General		**112,488,866**	84,540,985
	Customer verification charges	**34.4**	**713,049,960**	580,083,291
	Bank charges		**1,880,272,006**	1,635,996,663
	IT equipment and software maintenance		**1,299,893,105**	786,029,583
	Ready cash expense		**2,363,899,861**	1,964,628,720
	Security		**238,528,486**	198,659,654
	Janitorial services		**192,110,355**	158,518,273
	Office supplies		**35,973,231**	29,893,299
	Entertainment		**107,356,787**	21,908,611
	Other projects expenses		**62,888,251**	67,994,649
	Others		**201,906,986**	220,483,453
			37,741,535,428	25,258,192,845

		Note	December 31, 2024	December 31, 2023
34.1	**Total compensation expense**		------------- Rupees -------------	
	Fees and allowances			
	Managerial remuneration			
	i) Fixed		**1,301,376,209**	918,135,140
	ii) Variable			
	a) Cash bonus / awards etc.		**304,982,099**	274,504,295
	b) Sales Staff Incentive		**538,407,512**	578,902,856
	Rent & house maintenance		**356,197,378**	301,863,712
	Utilities		**227,946,283**	193,123,129
	Conveyance		**173,206,355**	178,223,704
	Fuel Allownace		**278,669,199**	260,834,343
	Petroluem, Oil and Lubricants - Staff		**292,747,084**	242,858,097
	Employee benefit expense - against staff loans		**40,602,904**	-
	Car Allowance		**183,252,501**	76,413,196
	Car Maintenance Allowance		**66,374,311**	68,048,175
	Meal Allowance		**81,541,336**	75,323,798
	Cost of living allowance		**208,148,192**	172,883,032
	Medical Allowance & Reimbursement		**181,821,374**	161,524,412
	Group Medical Insurance		**158,582,903**	80,471,879
	Group Life Insurance		**20,113,389**	15,029,593
	Relocation Allowance		**21,372,496**	7,285,432
	Internship Stipend		**25,852,576**	23,288,446
	Others/Misscelaneous		**22,573,386**	11,279,138
			4,483,767,487	3,639,992,377
34.2	**Auditors remuneration**			
	Audit fee		**2,656,500**	2,310,000
	Fee for half yearly review		**1,138,500**	990,000
	Fee for special audits/certifications	**34.2.1**	**139,682,958**	1,402,500
	Out of pocket expenses		**540,788**	470,250
	Sales tax		**892,299**	752,400
			144,911,045	5,925,150

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 staturory auditors). Rs 138.07 Million pertains to the Group Auditors, other professional firm.

34.3 The Bank has entered into an arrangement with its parent company, Veon B.V. Microfinance Holdings, whereby certain management fees are cross-charged to Mobilink Microfinance Bank Ltd. (MMBL).These services include, but are not limited to, the coordination and participation in meetings of the Board of Directors.

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

		Note	December 31, 2024	December 31, 2023
35	**OTHER CHARGES**		------------- Rupees -------------	
	Penalties imposed by the State Bank of Pakistan	**35.1**	**11,776,500**	51,197,000
			11,776,500	51,197,000

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, 2024	December 31, 2023
36	**CREDIT LOSS ALLOWANCE AND WRITE OFFS - NET**		**------------- Rupees -------------**	
	Credit loss allowance against loans & advances	**12.1.2**	**19,954,832,443**	6,985,647,720
	Other writeoffs	**36.1**	**222,316,344**	326,345,738
	Liabilities written back		**-**	1,027,514,987
			20,177,148,787	8,339,508,445

36.1 This includes operational loss related to IBFTs and embezzlement of customer recoveries, and over-due Paypak fee from customers written off during the year.

		Note	December 31, 2024	December 31, 2023
37	**TAXATION**		**------------- Rupees -------------**	
	Current		**1,375,127,440**	1,729,556,855
	Prior years		**(406,627,404)**	-
	Deferred	**16**	**(2,224,831,195)**	(1,305,068,543)
			(1,256,331,159)	424,488,312
37.1	***Relationship between tax expense and accounting profit***			
	(Loss) / Profit Before Taxation		**(3,089,028,962)**	1,457,882,334
	Applicable tax rate		**39%**	39%
	Tax as per accounting profit		**-**	568,574,110
	Effect of:			
	- Permanent differences		**4,592,835**	19,966,830
	- Prior year adjustment		**(406,627,404)**	-
	- Others		**(854,296,590)**	(164,052,628)
			(1,256,331,159)	424,488,312

38	**BASIC (LOSS) / EARNINGS PER SHARE**		
	(Loss) / Profit for the year	**(1,832,697,803)**	1,033,394,022
	Weighted average number of ordinary shares	**271,359,683**	271,359,683
	Basic (loss) / earnings per share	**(6.75)**	3.81
39	**DILUTED (LOSS) / EARNINGS PER SHARE**		
	(Loss) / Profit for the year	**(1,832,697,803)**	1,033,394,022
	Weighted average number of ordinary shares (adjusted for the effects of all dilutive potential ordinary shares)	**413,374,989**	271,359,683
	Diluted (loss) / earnings per share	**(4.43)**	3.81

	Note	December 31, 2024	December 31, 2023
		------------- Rupees -------------	

40 CASH AND CASH EQUIVALENTS

	Note	December 31, 2024	December 31, 2023
Cash and balances with treasury banks		**11,533,419,056**	9,667,472,988
Balances with other MFBs / Banks / NBFIs		**11,163,482,244**	11,136,003,359
Investments in government T-bills (having less than three months maturity)		**49,589,455,632**	23,925,084,157
		72,286,356,932	44,728,560,504

40.1 Cash and cash equivalents include, Cash and bank balances and investments with maturity of less than three months.

41 STAFF STRENGTH

	Note	December 31, 2024	December 31, 2023
		------------- Number -------------	
Permanent		**2,040**	1,703
On contract		**244**	485
MFB's own staff strength at the end of the year		**2,284**	2,188

42 NUMBER OF BRANCHES

	December 31, 2024	December 31, 2023
As at January 01,	**109**	109
Opened during the year	**5**	-
Closed during the year	**(1)**	-
At the end of the year	**113**	109

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, 2024	December 31, 2023
	------------- Number -------------	
Gratuity fund	**2,007**	1,682

43.3 Principal actuarial assumptions

The latest actuarial valuation of the gratuity scheme was carried out at December 31, 2024. Following are the significant assumptions used in the valuation;

	December 31, 2024	December 31, 2023
	------------ Per Annum ------------	
Discount rate	**12.25%**	14.75%
Expected rate of salary increase	**12.25%**	12.00%
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, 2024	December 31, 2023
		------------ Rupees ------------	
Present value of obligations	43.5	**256,683,164**	128,189,409
Benefits due but not paid (Payables)		**4,649,002**	-
Defined benefit obligation		**261,332,166**	128,189,409

43.5 Movement in defined benefit obligations

Obligations at the beginning of the year		**128,189,409**	63,836,928
Current service cost		**76,400,047**	56,123,729
Past service cost (Credit)		**185,520**	-
Interest cost		**17,926,499**	9,096,762
Benefits due but not paid (Payables)		**(4,649,002)**	
Benefits paid		**(8,658,637)**	-
Re-measurement loss / (gain)		**47,289,328**	(868,010)
Obligations at the end of the year		**256,683,164**	128,189,409

43.6 Movement in (receivable) / payable under defined benefit scheme

Opening balance		**128,189,409**	63,836,928
Charge / (reversal) for the year	43.7.1	**94,512,066**	65,220,491
Contribution by the MMBL - net		**-**	-
Re-measurement loss / (gain) recognised in OCI	43.7.2	**47,289,328**	(868,010)
Benefits due but not paid (Payables)		**(4,649,002)**	
Benefits paid by the MFB		**(8,658,637)**	-
Closing balance		**256,683,164**	128,189,409

43.7 Charge for defined benefit plan

43.7.1 *Cost recognised in profit and loss*

Current service cost		**76,400,047**	56,123,729
Past Service Cost (Credit)		**185,520**	-
Net interest on defined benefit liability		**17,926,499**	9,096,762
		94,512,066	65,220,491

	Note	December 31, 2024	December 31, 2023
		------------- Rupees -------------	
43.7.2 Re-measurements recognised in OCI during the year			
Loss / (gain) on obligation			
Demographic assumptions		-	-
Financial assumptions		**(1,523,134)**	(2,986,276)
Experience adjustment		**48,812,462**	2,118,266
Total re-measurements recognised in OCI		**47,289,328**	(868,010)
43.8 Sensitivity Analysis			
1% increase in discount rate		**232,618,735**	116,469,052
1% decrease in discount rate		**284,918,214**	141,914,967
1 % increase in expected rate of salary increase		**285,295,285**	142,148,323
1 % decrease in expected rate of salary increase		**231,837,827**	116,050,025
43.9 Expected charge / (reversal) for the next financial year		**145,522,984**	94,349,127

43.10 *Significant risk associated with the staff retirement benefit schemes.*

43.10.1 Final Salary Risk

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

43.10.2 Mortality Risk

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

43.10.3 Withdrawal Risk

The risk of actual withdrawals experience is different from assumed withdrawal probability. The significance of the withdrawal risk.

44 DEFINED CONTRIBUTION PLAN

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, Veon Global Services (Private) Limited and Deodar (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, 2024			December 31, 2023		
	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	**5,400,000**	**45,150,720**	**179,102,308**	6,600,000	30,114,540	142,885,741
ii) Variable	**-**			-		
a) Cash bonus / awards	**-**	**17,517,941**	**64,208,826**	-	28,883,745	67,832,135
Charge for defined benefit plan	**-**	**3,762,560**	**14,925,192**	-	2,509,545	-
Contribution to defined contribution plan	**-**	**4,515,079**	**17,332,026**	-	3,011,460	12,922,222
Rent & house maintenance	**-**	**360,000**	**3,400,500**	-	270,000	3,295,161
Utilities	**-**	**4,515,080**	**17,910,222**	-	3,011,460	14,288,576
Medical	**-**	**-**	**-**	-	100,000	
Conveyance	**-**	**3,725,000**	**28,951,667**	-	-	15,011,451
Cost of Living Allowance	**-**	**216,000**	**2,720,400**	-	-	2,258,129
Relocation Allowance	**-**	**-**	**1,342,500**	-	-	-
Total	**5,400,000**	**79,762,380**	**329,893,641**	6,600,000	67,900,750	258,493,415
Number of persons	**6**	**2**	**14**	6	1	14

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, 2024			
		Fair Value			
On balance sheet financial instruments	**Carrying Value**	**Level 1**	**Level 2**	**Level 3**	**Total**
	---------- Rupees ----------				
Financial assets - measured at fair value					
Investments:					
Federal Government securities	**53,370,721,002**	**-**	**53,370,721,002**	**-**	**53,370,721,002**
Financial assets - disclosed but not measured at fair value					
Investments					
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**	**-**	**-**	**-**	**-**
Total	**175,246,359,577**	**-**	**53,370,721,002**	**-**	**53,370,721,002**

		December 31, 2023			
		Fair Value			
On balance sheet financial instruments	Carrying Value	Level 1	Level 2	Level 3	Total
	---------- Rupees ----------				
Financial assets - measured at fair value					
Investments:					
Federal Government securities	31,399,404,837	-	31,399,404,837	-	31,399,404,837
Financial assets - disclosed but not measured at fair value					
Investments:					
Federal Government securities	1,988,235,500	-	-	-	-
Cash and balances with treasury banks	9,667,472,988	-	-	-	-
Balances with other MFBs / Banks / NBFIs	11,140,953,359	-	-	-	-
Lending to financial institutions	7,345,600,636	-	-	-	-
Advances	70,810,046,612	-	-	-	-
Other assets	6,944,788,252	-	-	-	-
Total	139,296,502,184	-	31,399,404,837	-	31,399,404,837

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

46.1

Item	**Valuation techniques and inputs used**
Federal Government Securities	Marked to Market on the basis of PKRV rates.

47 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, 2024**				December 31, 2023			
		Parent	**Key Management Personnel**	**Associates**	**Directors**	Parent	Key Management Personnel	Associates	Directors
		------------- Rupees -------------							
ADVANCES									
Opening balance		-	**75,543,020**	-	-	-	15,792,268	-	-
Addition during the period		-	**198,975,889**	-	-	-	91,709,780	-	-
Repaid during the period		-	**(19,111,562)**	-	-	-	(31,959,028)	-	-
Closing balance		-	**255,407,347**	-	-	-	75,543,020	-	-
OTHER ASSETS									
Interest / mark-up accrued		-	**620,066**	-	-	-	156,781	-	-
Other receivable :									
- Pakistan Mobile Communications Limited		-	-	**596,398,014**	-		-	1,962,572,080	-
- Jazzcash (Pvt) Limited		-	-	**44,118,134**	-		-	211	-
- Veon Limited		-	-	**19,657**	-		-	-	-
Salary and other advances		-	**5,077,927**	-	-		4,302,848	-	-
DEPOSITS AND OTHER ACCOUNTS									
Opening balance		-	**21,483,113**	**1,563,653,035**	-		6,898,117	830,992	-
Received during the period / year		-	**609,558,202**	**16,001,464,568**	-		326,876,269	13,818,839,184	-
Withdrawn during the period / year		-	**(609,456,111)**	**(15,714,561,117)**	-		(312,291,273)	(12,256,017,141)	-
Closing balance	**47.1**	-	**21,585,204**	**1,850,556,486**			21,483,113	1,563,653,035	-
OTHER LIABILITIES									
Interest / mark-up payable									
- Pakistan Mobile Communications Limited		-	-	**546,053**	-	-	-	-	-
- Linkdotnet Pakistan (Pvt) Ltd		-	-	**35,247**	-	-	-	602,134	-
Payable to related parties									
- Pakistan Mobile Communications Limited		-	-	**1,791,682,244**	-	-	-	2,031,262,693	-
- Jazzcash (Pvt) Limited		-	-	**88,402,950**	-	-	-	192,905	-
- Veon Limited		-	-	**352,025,441**	-	-	-	-	-
NET ASSETS									
Advance against issue of shares									
- Veon Microfinance Holdings B.V	**26**	**4,175,250,000**	-	-	-	-	-	-	-

	December 31, 2024				December 31, 2023			
	Parent	**Key Management Personnel**	**Associates**	**Directors**	Parent	Key Management Personnel	Associates	Directors
INCOME								
Mark-up / Return / Interest earned	**-**	**4,966,403**	**-**	**-**	-	1,254,260	-	-
Fee and commission income								
- Jazzcash (Pvt) Limited	**-**	**-**	**5,025,351**	**-**	-	-	-	-
	-	**4,966,403**	**5,025,351**	**-**	-	1,254,259.66	-	-
EXPENSE								
Mark-up / interest paid to								
- Pakistan Mobile Communications Limited	**-**	**-**	**8,129,223**	**-**	-	-	4,707,456	-
- Linkdot Net (Pvt) Limited	**-**	**-**	**141,548,962**	**-**	-	-	185,651,031	-
	-	**-**	**149,678,185**	**-**	-	-	190,358,487	-
Operating expenses :								
- Branchless commission	**-**	**13,974,685,106**	**-**	**-**	-	-	7,109,341,636	-
Deposit mobilization commission paid								
- Pakistan Mobile Communications Limited	**-**	**4,370,448,723**	**-**	**-**	-	-	3,311,076,127	-
- Jazzcash (Pvt) Limited	**-**	**47,132,511**				-	-	-
Payments made against defined contribution plan being employee and employer contributions	**-**	**247,492,802**	**-**	**-**	-	-	166,437,064	-
- Veon Limited	**376,294,830**	**-**	**-**	**-**	-	-	-	-
Remuneration paid	**-**	**329,893,641**	**-**	**-**	-	258,493,415	-	-
	376,294,830	**18,969,652,783**	**-**	**-**	-	258,493,415	10,586,854,827	-

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

	December 31, 2024	December 31, 2023
	----------- Rupees	**-----------**
Jazz Cash (Pvt) Ltd	**358,271,534**	497,999,733
Linkdotnet Pakistan (Pvt) Ltd	**108,847,830**	1,030,819,937
Pakistan Mobile Communication Limited	**1,383,437,122**	34,833,365
	1,850,556,486	1,563,653,035

47.2 Transactions during the year

Payments made for expenses incurred on behalf of PMCL by the Bank	**2,198,325,857**	1,477,323,175
Payments made for expenses incurred on behalf of MMBL by the Veon Limited	**24,269,389**	-

48 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	December 31, 2024	December 31, 2023
	------------- Rupees -------------	
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	**2,713,596,830**	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, 2024 stood at Rs. 2,714 million (2023: Rs. 2,714 million) and is in compliance with SBP requirements.

	December 31, 2024	December 31, 2023
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	**9,177,795,788**	6,186,514,884
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	**9,177,795,788**	6,186,514,884
Eligible Tier 2 Capital	**2,937,503,865**	2,577,920,752
Total Eligible Capital (Tier 1 + Tier 2)	**12,115,299,653**	8,764,435,636
Risk Weighted Assets (RWAs):		
Credit risk	**58,980,744,324**	51,379,047,448
Operational risk	**4,263,785,563**	2,730,684,757
Total	**63,244,529,887**	54,109,732,205
Common Equity Tier 1 Capital Adequacy Ratio	**14.51%**	11.43%
Tier 1 Capital Adequacy Ratio	**14.51%**	11.43%
Capital Adequacy Ratio	**19.16%**	16.20%

48.1 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, 2024.

During the 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 4.18 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.

48.2 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.

49 FINANCIAL RISK MANAGEMENT

49.1 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.

49.1.1 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

49.1.2 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.

49.2 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. .

49.2.1 Exposure to credit risk

	December 31, 2024		December 31, 2023	
	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	**11,533,419,056**	**-**	9,667,472,988	-
Balances with other MFBs / Banks / NBFIs	**11,223,432,244**	**11,223,432,244**	11,140,953,359	11,140,953,359
Lending to financial institutions	**11,748,833,286**	**-**	7,345,600,636	-
Investments	**61,349,743,593**	**-**	33,387,640,337	-
Advances (Gross Amount)	**86,841,255,718**	**56,170,598,327**	76,909,196,855	47,507,554,548
Other assets	**4,974,387,569**	**4,127,433,426**	6,944,788,252	4,190,239,348
	187,671,071,466	**71,521,463,997**	145,395,652,427	62,838,747,255

49.2.2 Credit ratings

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

	December 31, 2024		December 31, 2023	
Rating	**Rupees**	**%**	Rupees	%
A	**461,736,620**	**4%**	204,685	0%
A+	**687,579,582**	**6%**	500,961,322	4%
A1+	**471,732,956**	**4%**	-	0%
AA	**42,692,749**	**0%**	-	0%
AA-	**361,025,481**	**3%**	1,805,406,231	16%
AA+	**1,193,920,360**	**11%**	1,966,137,602	18%
AAA	**8,004,744,496**	**71%**	6,868,243,519	62%
Total balance including profit due	**11,223,432,244**	**100%**	11,140,953,359	100%

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

49.2.3 ***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	
	2024	2023	**2024**	2023	**2024**	2023
	---------- Rupees ----------					
Public/Government	**-**	-	**-**	-	**-**	-
Private	**11,748,833,286**	7,345,600,636	**-**	-	**-**	-

49.2.3.1 As disclosed in note 10.2, these lendings are secured by Market Treasury bills. The total face value of these Market Treasury bills is 12,000 million (2023: 8,400 million).

49.2.4 ***Investments in government securities***

Credit risk by industory sector

	Gross investments		Non Performing investments		Credit Loss Allowance Booked	
	2024	2023	**2024**	2023	**2024**	2023
	---------- Rupees ----------					
Federal government securities	**61,349,743,593**	33,387,640,337	**-**	-	**-**	-

49.2.5 ***Advances***

Credit risk by industory sector

	Gross advances		Non Performing advances		Credit Loss Allowance Booked	
	2024	2023	**2024**	2023	**2024**	2023
	---------- Rupees ----------					
Individuals	**86,841,255,718**	76,909,196,855	**9,665,565,804**	5,355,842,736	**6,266,373,547**	**3,472,963,375**

49.2.6 **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.

49.2.7 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, and the borrower becomes 60 days past due on its contractual payments (for general loans).

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

As part of the qualitative assessment, even if the 60-day threshold isn't met, the Bank considers a customer in default if any of the following events occur, indicating unlikeliness to pay:

- The borrower is
- 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 6-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.

49.2.8 PD estimation process

49.2.8.1 *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. For nano lending, due to limitations in the availability of data, the Bank used proxy PDs of its enterprise segments which are considered to have similar credit characteristics.

49.2.8.2 *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.

49.2.9 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, investments and nano lending, the Bank used LGD percentages prescribed under Basel Foundation – Internal Rating Based (F-IRB) approach to determine ECL under BSD Circular No. 08 dated June27, 2006 issued by SBP.

49.2.10 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).

49.3 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.

49.4 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).

49.5 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.

49.6 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.

49.7 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.

49.7.1 Assets and liabilities - based on contractual maturity

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

December 31, 2023

	Total	Upto 1 Month	Over 1 to 3Months	Over 3 to 6 Months	Over 6 to 12 Months	Over 1 to 2 years	Over 2 to 5 years	Over 5 Years
	------------- Rupees -------------							
Assets								
Cash and balances with treasury banks	9,667,472,988	9,667,472,988	-	-	-	-	-	-
Balances with other MFBs / Banks / NBFIs	11,140,953,359	11,099,803,359	36,200,000	-	4,950,000	-	-	-
Lending to financial institutions	7,345,600,636	7,345,600,636	-	-	-	-	-	-
Investments	33,387,640,337	5,451,178,500	18,476,970,900	9,459,490,937	-	-	-	-
Advances	70,810,046,612	13,048,704,127	8,149,023,516	13,708,311,657	30,851,789,964	845,685,099	3,201,789,264	1,004,742,985
Property and equipment	1,322,653,276	-	176,940	925,592	44,669,139	261,966,795	337,489,299	677,425,511
Right-of-use assets	839,681,034	48,659	2,189,050	648,083	2,109,982	23,340,830	302,787,269	508,557,161
Intangible assets	439,610,540	-	820,610	915,121	35,612,241	6,129,364	73,960,343	322,172,861
Deferred tax asset	2,480,685,630	-	-	-	-	2,480,685,630	-	-
Other assets	6,944,788,252	6,944,788,252	-	-	-	-	-	-
	144,379,132,664	53,557,596,521	26,665,381,016	23,170,291,390	30,939,131,326	3,617,807,718	3,916,026,175	2,512,898,518
Liabilities								
Bills Payable	275,042,848	53,152,836	6,746,418	215,143,594	-	-	-	-
Borrowings	245,275,846	245,275,846	-	-	-	-	-	-
Deposits and other accounts	119,286,260,328	93,246,596,078	1,236,069,829	3,173,686,581	21,384,618,445	113,617,621	131,671,774	-
Lease Liabilities	934,888,295	28,911,520	7,607,246	11,295,317	30,855,515	36,148,470	299,522,884	520,547,343
Subordinated debt	2,029,849,186	-	-	29,849,186	-	-	-	2,000,000,000
Deferred grants	2,595,000	2,595,000	-	-	-	-	-	-
Other liabilities	14,621,809,982	14,407,220,573	8,100,000	8,100,000	116,256,994	40,910,936	41,221,479	-
	137,395,721,485	107,983,751,853	1,258,523,493	3,438,074,678	21,531,730,954	190,677,027	472,416,137	2,520,547,343
Net assets	6,983,411,179	(54,426,155,332)	25,406,857,523	19,732,216,712	9,407,400,372	3,427,130,691	3,443,610,038	(7,648,825)
Represented by :								
Share capital	2,713,596,830							
Statutory reserve	1,166,278,556							
Depositors' protection fund	431,879,951							
Fair value reserve of financial assets at Fair Value Other Comprehensive Income	(3,106,242)							
Unappropriated profit	2,674,762,084							
	6,983,411,179							

50 MATERIAL OUTSOURCING ARRANGEMENTS

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

Sr. No	Name of the service provider	Nature of service	Estimated cost of outsourcing (per annum)
			------------- Rupees -------------
1	Channel VAS	Loan management services	**2,363,899,861**
2	KPMG Taseer Hadi & Co.	Tax consultancy and Payroll services	**18,540,000**
3	Ernst & Young	Consultancy on IFRS 9 ECL Model and Implementation/Integration in ERP	**34,903,599**
4	PMCL- Jazz (Mobilink)	PR and DR revamp data center and cloud services	**516,663,582**

51 GENERAL

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

Sr. No	Branch Name	Address
1	Islamabad F-8	14-O, Atiq Plaza, Near Total Petrol Pump, F-8 Markaz, Islamabad
2	Abbotabad	Jahanzeb plaza, Near ZTBL and Save Mart, Opposite Shell Pump, Mansehra road, Mandian, Abbottabad
3	Swabi	Shop # 1,fazal dad khan Market, Mardan road near Meezan Bank swabi
4	Khushab	Plot No 198, Block No14, Main Bazar Jauharabad, District Khushab
5	Peshawar	Tilla Mansion, Near WAPDA labour Colony Krishan Pura Main GT Road Peshawar
6	Haripur	Shop No. 7-8, Naeem khan Market GT Road, Opposite Total Petrol Pump, Haripur
7	Mardan	S&B Tower, Hall # 01, Ground Floor, Malakand road, College chowk, Mardan
8	Lahore- DHA	Plot # 37-A, Khyban e Iqbal Block XX(Commercial), Phase 3, D.H.A Lahore.
9	Lodhran	Opposite shell Petrol Pump Near Jalalpur Mor Multan Road,Lodhran
10	Sialkot	M.A. Heights, Ground Floor, Defence Road,Near Sublime Chowk, Opposite WAPDA Office, Sialkot
11	Sahiwal	Plot No. 515-B, Office No. G-3, Ground Floor, Saeed Center Farid Road, Sahiwal
12	Sargodha	5, Zahoor Plaza, Noori Gate, Sargodha
13	Pakpattan	Opposite Govt. Fazilka High School, college Road, Pakpattan
14	Faisalabad	P-7 Santpura,Main Allama Iqbal Road Opposite GC university,Faisalabad
15	Bhakkar	Plot No. 12/13, Ward No. 12/6 Near Nasir Hospital, Mandi Town Bhakkar
16	Multan	Plot No. 3626-AB, Azmat Wasti Road, Chowk Sadu Hassam, Multan
17	Layyah	Shop No. 2, Karim Market, Near Gilani Manzil Chowk Azam Road Layyah
18	Liaquatpur	Plot No 7 Ghalla Mandi Raod,Tehsil Liaqat Pur District Rahim Yar Khan.
19	Rahim Yar khan	Bin Hakim Plaza, Shahi Road, City Pul, Behind Zam Zam Store, Rahim Yar Khan.
20	Chishtian	Plot No. 13-14, E Block, Jamia Bazar Opposite PTCL Franchise Near Stylo Shoes Chishtian District Bahawalnager.
21	Toba Tek Singh	Shop # 240 & 241, Mal Godown Road,Grain Market, Toba Tek Singh
22	Jhang	Building No.93, Near Girls College Chowk, Gojra Road, Jhang Sadar.
23	Kehror Pecca	Shop # 1 & 2, Duniapur Road, Tehsil Kehror Pecca, District Lodhran
24	Khanpur	Shop # 1, 2 & 3, Bypass Road, Opposite Attock Petrol Pump, (Daewoo Terminal) Khanpur, District Rahim Yar Khan
25	Chowk Azam	Shop # 1, 2 & 3, Opposite Bank of Punjab, MM Fatehpur Road, Chowk Azam
26	Shujabad	Shop # 1, Opposite Munawara Masjid, Jalalpur Road, Tehsil Shujabad, District Multan
27	Duniapur	Main Hall, Tariq Iron Plaza, Dokota Road, Duniyapur, District Lodhran
28	Ahmedpur East	Shop # 1,2 & 3,Dera Nawab Road,Abasian Chowk,Ahmedpur East,Tehsil Ahmedpur Dist Bahawalpur
29	Darya Khan	Shop No.3, Hashmi Chowk Oppposite GPO, Main GT Road, Tehsil Darya Khan, District Bhakkar.
30	Jalalpur Pirwala	Arain Plaza, Opposite Allied Bank, Permit Road, Tehsil Jalal Pur Pirwala, District Multan.
31	Chota Sahiwal	Vinni House, Main Jhang-Sargodha Road, Tehsil Chota Sahiwal District Sargodha
32	Hyderabad	Survey no. 41/187/1, Jamia Masjid Road, Saddar Cantoment, Hyderabad
33	Hala	Plot No. 1403, Oppsite Sarwari College, Dargah Road New Hala
34	Daherki	Plot No. 446 shop No. 02 Near EFU Office, main GT Road, Daherki
35	Pannu Aqil	Plot # 435, Baiji Road, Pannu Aqil
36	Rannipur	Shop No. 1 & 2, Behind Al.Shifa Medical Center Near Askari Bank Main National Highway, Ranipur, District Khair Pur
37	Karachi-DHA	Plot # 40D, 24th Commercial Street, Phase II Ext, DHA, Karachi
38	Burewala	Shop No. 1, Al-Ramay industries Multan Road, Tehsil Burewala, District Vehari
39	Fort Abbas	Shop No. 3 & 4, Grain Market, Zia Shaheed Road, Fort Abbas, District Bahawalnagar.
40	Kot Addu	Shop # 476, Ward # 11, Main G.T Road Kot Addu, District Muzaffargarh
41	Mian Channu	Shop No. 3 & 4 Batalvi Plaza, Near Ghallani Plaza, Shaheed Road, Tehsil Mian Channu, District Khanewal
42	Mandi Bahauddin	Main Hall, Al Kausar Plaza, Punjab Cerntre, Near Cheema chowk, Phalia Road, Mandi Bahauddin

Sr. No	Branch Name	Address
43	Sadiqabad	Near KLP Fanoos, Nishtar Chowk Cinema Road, Tehsil Sadiq Abad District Rahim Yar Khan
44	Haroonabad	Plot No 738, Block C, Main Bangla Road, Haroonabad
45	Hasilpur	Near Khushhali Bank, Rasool Abad Colony, Bahawalpur Road, Tehsil Hasilpur District Bahawalpur.
46	Gojra	Opposite Side ZTBL, Near Rana Chowk, Pensra Road, Gojra
47	Mankera	Gohar Wala Chowk, Near Highway Rest House, Jhang Bhakkar Road, Mankera
48	Kehror Lal Ehsan	Shop No. 1, Near NADRA Office, Station Chowk Fateh Pur Road, Tehsil Karoor Lal Esan
49	Arif Wala	Main Muhammadi Chowk, Opposite FINCA Microfin ance Bank, Arifwala
50	Bhalwal	Block # 04, Post Office Road, Opposite Tehsil Court, Bhalwal District Sargodha
51	Minchanabad	Plot number 150, Circular Road Minchinabad District Bahawalnagar.
52	Basirpur	Shop No 1 & 2 opposite Govt Degree college for Women, Tehsil Depalpur, Haveli Road,Basirpur, District Okara
53	Chowk Sarwar Shaheed	Bilmuqabil Ghala Mandi Gate # 2, Near ZTBL, Multan Road, Chowk Sarwar Shaheed, Tehsil Kot Addu District Muzaffargarh
54	Muzaffaragarh	Purani Chungi # 2, Jhang Road Tehsil & District Muzaffargarh
55	Pasrur	Hall No. 1, Faisal Colony, Mashriki, Near PSO Pump, Narowal Bypass, Sialkot Road Pasrur.
56	Chiniot	Shop No. 7, 8, Main Faisalabad Road, Sagheer Town Chiniot
57	Shorekot	Ghani Building, Jhang Road, Near Bus Stand, Shorkot City District Jhang
58	Larkana	Plot no. 72 Old Anaj Mandi, Shaikh Mohallah, near Haji Dhani Bux oil mill, Bank Square Road Larkana.
59	Qambar	Old bus Stand, Main Mangan Road Qamber.
60	Muzaffarabad	Ghulam Rasool Plaza, Near Combined Military Hospital Muzaffrabad AJ&K
61	Narowal	Yousaf Hall, Circular Road, Near Civil Hospital Jassar Bypass, Narowal
62	Jandanwala	Al Karam Plaza, Kalma Chowk, Sargodha road, Nawan Jandan wala Tehsil Jandanwala, Distt Bhakkar
63	Alipur	Shop No. 1.2.3 Rana Building, Near Rashid Minhas School, Bahawal Cannal by Pass Road, Ali Pur Distt. Muzaffargarh
64	Shahkot	Main Nankana Sahib Road, Opposite Government Elementary school No 3, Shahkot, Distt Nankana
65	Sammundri	Al Iqbal Center, Main Faisalabad Road, Mohallah Muhammad Pura, Near GO petrol Pump, Samundri, Distt Faisalabad
66	Pindi bhattian	Ali Shopping Complex, Main Hafiz Abad Road, Pindi Bhatian, Distt Hafizabad
67	Deepalpur	Mughal Arcade, Shop No.1, 2, 3, Main Kasur Road, Near Bus Stand, Tehsil Depalpur District, Okara
68	Phalia	Arfat Plaza,Opposite PTCL Exchange, Main Gujrat & Sargodha Road, Phalia, Distt Mandi Bahauddin
69	Shahdad Kot	Sheikh Mansion, Near Peer Sajawal Shah, Shahdad Kot
70	Talagang	Malik Bashir Market, Oppesite PEPSI Agency, Near Dra Autos, Main MainWali Road, Talagang, Distt Chakwal
71	Naseerabad	Indus Plaza,Main Hall, Main Road, Naseerabad, Distt Larkana
72	Chakdara	Samad Plaza, University Road, Hajiabad, Chakdara, Distt Lower Dir
73	Moro	Memom Plaza, Shop # 1-4, Near Saim Bachat Bazar, Dadu Road, Moro, District Nosheroferoz
74	Quetta	Hall # 2, Agha Chambers, Chuharmal Road of M.A. Jinnah Road, Quetta
75	Haveli Lakha	Plot No.I-P-65, Pak Pattan Road, Haveli Lakhha, Tehsil Depalpur, Distt Okara
76	Khairpur Tamewali	Near New General Bus stand,Khairpur Tamewali, Tehsil Khairpur Tamewali, Distt Bahawalpur
77	Gujranwala Branch	Ground Floor, Baig Tower,Mollah Badhia Nagar, Opposite General Bus Stand, GT Road Gujranwala.
78	Islamabad I-8	Plot No I-J Bazar No 3, Near potohar Metro Station, Mughal Market, 9th Avenue, sector I-8/1, Islamabad.
79	Jhelum	Azan Plaza,Ground floor, Machine Mohalla,# 3,Old GT Road Jhelum.
80	Gulistan-e- Johar Karachi	Plot # A-1, Survay no. 11/8, Rahat Arcade, Gulistan-e-Johar, Karachi
81	Rawat Islamabad	Khasra No 1543, Kulsum Plaza, Opposite Chamber More, Main G.T. Road Rawat, Islamabad.
82	Piplan	Near Alkarim Hospital, Mandi town, Liaqatabad, Piplan, Tehsil Piplan Distt Mianwali.
83	Muridke	Shop No.1 Bahauddin Arcade, Main GT Road, Muridke, Tehsil Muridke, District Lahore
84	Mingora swat	Hall # 01 Ground Floor, Opposite Jalil International Hospital , GT Road, Rahimabad, Mingora, Distt Swat.
85	D I Khan	Al Hameed Mall, Near Besakhi Ground, Opposite Divisional Food Office, South Circular Road, D.I. Khan.
86	Timergarah	Shop No. 1, Jan Plaza, By-Pass Road, Opposite Deen Petrol Pump, Timergara, District Lower Dir.

Sr. No	Branch Name	Address
87	Pir Mahal	khewat No. 3, Khatoni No. 12-13 Shahnawaz Plaza, Kamalia road, by pass, Pir Mahal, Tehsil Pir Mahal Distt Toba Tek Singh.
88	Jaranwala	Khasra # 24/18/1, Khewat # 2265, Khatooni # 3531, Square # 4, Faisalabad road, Near Chattha Hospital, Jaranwala, Tehsil Jaranwala, Distt Faisalabad
89	Gujrat	Khasra No 1098/599, 1293/1099, Khewat No 91, Khatooni No 118, Mohallah Allah Lok Colony,GT Road, Gujrat
90	Bahawalpur	Gulberg Road, Opposite Chase Value Center, Bahawalpur
91	Hafizabad	Qilat #, 27, Khewar # 504, Khatooni # 1440-1465, Khasra # 82/25461, Opposite NADRA office, Gujranwala Road, Hafizabad
92	Chunian	Khasra No. 3311/4, khewat No. 20, Khatoni No. 564,Changa Manga Raod, Chunian, Distt Kasur.
93	Bahawalnagar	Waheed Arshad Chowk, Main Raod,1-A, Jinnah Colony, Bahawalnagar.
94	Mansehra	Khewat No. 590-1167, Khatoni No. 1138-612, Ammar Arcade, Ghulam Ghous Hazarvi Road, Mansehra.
95	Sheikhupura	Lahore raod, Near National Floor Mill, Tehsil & Distt Sheikhupurwe.
96	Sukker	Khasra No. 33/5 C, Khatooni No. 33/5 C 1, Memon Plaza, work shop raod, Tehsil & Distt Sukkur
97	Wazirabad	Khewat No. 394, Khatoni No. 727, Khasra No. Shadman Town, Naseer Colony, Main GT Road, Wazirabad 4 Main GT road Wazirabad, Distt Gujranwala
98	Nowshera	Hall No. 01, Sanam Plaza Mardan/Noshera Raod Tehsil & Distt Nowshera
99	Dina	Hajra Plaza Mangla Road Dina, Tehsil Dina Distt Jhelum opposite APNA Bank, Dina
100	Mozang- lahore	5-56 Commercial Area, Mazang Chungi, Ferozepur Road, Lahore
101	Pind Dadan Khan	Opposite Katcheri, Main Jhelum Road, Pind Dadan Khan
102	Hassanabdal	Ali Aksar Plaza, Opposite Hassan Medical Complex Main GT Road, Near Main Bus Stand Hassanabdal.
103	18-Hazari	Bhakkar Road Near Nadra Office, Tehsil 18-Hazari, District Jhang.
104	Tando Allah Yar	Main Mirpur khas Road Tando Allah Yar
105	GULZAR E QUAID	Executive Arcade St# 01, New Gulzar-e-Quaid, service road west, Mangral town Koral chowk, Expressway, Rawalpindi
106	Gujar Khan	Sheikh Abdul Hafeez Heights, Main Service Road, Near Muslim School, Mohalla Hafizabad, Ward # 5, Gujar Khan
107	Allam Iqbal Town	503 Kareem Block, Commercial Market, Allama Iqbal Town, Lahore
108	Clifton Karachi	Plot No. BC-2, Ground Floor, Elegant Towers, Block 5, Scheme No. 5, Clifton, Karachi
109	Gilgit	Khasra no. 1837, Moza Revenue Estate Jutial, Gilgit
110	Quaid e Azam Town-Lahore	Plot no 35, 2-CI, Quaid-E-Azam Town Scheme, College Road, Lahore
111	Tariq Road - Karachi	Plot no 691 & 692-C, Block no 2, P.E.C.H.S, Tariq Road, Karachi
112	Blue Area- Islamabad	Suite 6, G7 & F7, Chenab Center, Jinnah Avenue, Blue Area, Islamabad
113	Chaklala Scheme- III	Office # 1, 2Nd Floor, Nazim Plaza, Bostan Khan Rd, Chaklala Scheme 3

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

51.3 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.

51.4 The following figures have been rearranged / reclassified in current period to enhance the understanding of disclosure.

STATEMENT OF FINANCIAL POSITION

From	To	Amount in Rupees
ASSETS	**ASSETS**	
Other Assets	Lending to financial institutions	**32,831,036**
(Accrued Markup)	Balances with other MFBs / Banks / NBFIs	**24,538,277**
	Property and Equipment	**1,254,125,842**
Operating Fixed	Right-of-use assets	**839,681,034**
Assets	Intangible assets	**508,137,974**
LIABILITIES	**LIABILITIES**	
	Bills Payable	**275,042,848**
Other Liabilities	Lease liabilities	**934,888,295**
	Deferred Grant	**2,595,000**

STATEMENT OF PROFIT AND LOSS ACCOUNT

From	To	
Other charges	Foreign exchange income / (Loss)	**26,278,985**

52 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

26 FEB 2025

PRESIDENT/ CHIEF EXECUTIVE	CHIEF FINANCIAL OFFICER	CHAIRMAN	DIRECTOR	DIRECTOR