

**MOBILINK MICROFINANCE BANK LIMITED
CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2024**

MOBILINK MICROFINANCE BANK LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT March 31, 2024

		2024	2023
		(Un-audited)	(Audited)
		-----Rupees-----	
ASSETS	Note		
Cash and balances with SBP and NBP	7	11,361,204,719	9,667,472,988
Balances with other banks	8	13,228,694,373	11,116,415,082
Lending to financial institutions	9	12,010,074,000	7,312,769,600
Investments - net of provisions	10	39,234,989,468	33,387,640,337
Advances – net of provisions	11	72,583,691,363	70,810,046,612
Operating fixed assets	12	1,678,217,745	1,762,263,816
Right-of-use assets	13	791,717,921	839,681,034
Other assets	14	9,426,120,121	7,002,157,565
Deferred tax asset	15	2,749,112,092	2,480,685,630
Total assets		163,063,821,802	144,379,132,664
LIABILITIES			
Deposits and other accounts	16	133,256,252,621	119,286,260,328
Lease Liabilities	17	905,647,342	934,888,295
Borrowings	18	-	244,798,121
Subordinated debt	19	2,146,707,110	2,029,849,186
Other liabilities	20	19,285,876,657	14,899,925,555
Total liabilities		155,594,483,730	137,395,721,485
Net assets		7,469,338,072	6,983,411,179
REPRESENTED BY:			
Share capital	21	2,713,596,830	2,713,596,830
Statutory reserve		1,266,597,125	1,166,278,556
Depositors' protection fund		473,909,016	431,879,951
Fair value reserve of financial assets at Fair Value Other Comprehensive Income	22	(35,721,616)	(3,106,242)
Unappropriated profit		3,050,956,717	2,674,762,084
		7,469,338,072	6,983,411,179
		7,469,338,072	6,983,411,179
MEMORANDUM / OFF-BALANCE SHEET ITEMS	23		

The annexed notes from 1 to 36 form an integral part of these financial statements.

MOBILINK MICROFINANCE BANK LIMITED
CONDENSED INTERIM PROFIT & LOSS ACCOUNT (UN-AUDITED)
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2024

	Note	Period Ended March 31,	
		2024	2023
		-----Rupees-----	
Markup / return / interest earned	24	12,358,576,461	6,294,612,486
Markup / return / interest expensed	25	(3,348,510,675)	(1,127,169,017)
Net markup / interest income		9,010,065,786	5,167,443,469
NON MARK-UP/ NON INTEREST INCOME			
Fee, commission and brokerage income - net	26	3,220,957,389	1,604,778,449
Dividend income		-	-
Other income	27	164,811	1,490,392
Total non-markup / non interest income		3,221,122,200	1,606,268,841
Total income		12,231,187,986	6,773,712,310
NON MARK-UP/ NON INTEREST EXPENSES			
Administrative expenses	28	(9,469,351,994)	(5,510,246,341)
Workers Welfare Fund		(16,193,628)	(7,733,071)
Other charges	29	4,017,527	(37,108,421)
Total non-markup / non interest expenses		(9,481,528,095)	(5,555,087,833)
Profit / (Loss) before credit loss allowance		2,749,659,891	1,218,624,477
Credit loss allowance and write offs - net	30	(1,938,817,384)	(831,970,917)
PROFIT BEFORE TAXATION		810,842,507	386,653,560
TAXATION			
Current	31	(554,837,715)	(352,192,162)
Deferred		245,588,052	223,224,420
		(309,249,663)	(128,967,742)
PROFIT AFTER TAXATION		501,592,844	257,685,818
Unappropriated profit brought forward		2,674,762,084	1,899,187,081
Profit available for appropriations		3,176,354,928	2,156,872,899
APPROPRIATIONS:			
Transfer to:			
Statutory reserve		(100,318,569)	(51,537,164)
Contribution to depositors protection fund		(25,079,642)	(12,884,291)
		(125,398,211)	(64,421,455)
UNAPPROPRIATED PROFIT CARRIED FORWARD		3,050,956,717	2,092,451,444
Earnings per share	32	1.85	0.95

The annexed notes from 1 to 36 form an integral part of these financial statements.

MOBILINK MICROFINANCE BANK LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2024

	<u>Period Ended March 31,</u>	
	<u>2024</u>	<u>2023</u>
	-----Rupees-----	
Profit after taxation	501,592,844	257,685,818
Other comprehensive income		
Items to be reclassified in profit and loss account in subsequent periods		
Movement in fair value reserve on investments measured at fair value through OCI	(53,467,826)	(4,672,068)
Related tax impact	20,852,452	1,541,782
	(32,615,374)	(3,130,286)
Total comprehensive income transferred to Fair value reserve of financial assets at FVOCI	(32,615,374)	(3,130,286)
Total comprehensive income for the year transferred to equity	468,977,470	254,555,532

The annexed notes from 1 to 36 form an integral part of these financial statements.

MOBILINK MICROFINANCE BANK LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2024

	Capital reserves			Revenue reserves		Total
	Share capital	Statutory reserve	Depositors protection fund	Fair value reserve of financial assets at FVOCI	Unappropriated profit	
	----- Rupees -----					
Balance at January 01, 2023	2,713,596,830	959,599,752	317,854,657	(124,306)	1,899,187,081	5,890,114,014
Profit for the Quarter ended March 31, 2023	-	-	-	-	257,685,818	257,685,818
Other comprehensive income transferred to Fair value reserve of financial assets at FVOCI - net of tax	-	-	-	(3,130,285)	-	(3,130,285)
Total comprehensive income for the period	-	-	-	(3,130,285)	257,685,818	254,555,533
Transfers to statutory reserves	-	51,537,164	-	-	(51,537,164)	-
Transfer to Depositors protection fund						
- 5% of the profit after tax for the period	-	-	12,884,291	-	(12,884,291)	-
- return on investments	-	-	12,672,522	-	-	12,672,522
	-	-	25,556,813	-	(12,884,291)	12,672,522
Closing Balance as at March 31, 2023	2,713,596,830	1,011,136,916	343,411,470	(3,254,591)	2,092,451,444	6,157,342,069
Opening Balance as at April 01, 2023	2,713,596,830	1,011,136,916	343,411,470	(3,254,591)	2,092,451,444	6,157,342,069
Profit for the period	-	-	-	-	775,708,204	775,708,204
Other comprehensive income - net of tax	-	-	-	-	529,486	529,486
Other comprehensive income transferred to Fair value reserve of financial assets at FVOCI - net of tax	-	-	-	148,349	-	148,349
Total comprehensive income for the period	-	-	-	148,349	776,237,690	776,386,039
Transfers to statutory reserves	-	155,141,640	-	-	(155,141,640)	-
Transfer to Depositors protection fund						
- 5% of the profit after tax for the period	-	-	38,785,410	-	(38,785,410)	-
- return on investments	-	-	49,683,071	-	-	49,683,071
	-	-	88,468,481	-	(38,785,410)	49,683,071
Balance as at December 31, 2023	2,713,596,830	1,166,278,556	431,879,951	(3,106,242)	2,674,762,084	6,983,411,179
Opening Balance as at January 01, 2024	2,713,596,830	1,166,278,556	431,879,951	(3,106,242)	2,674,762,084	6,983,411,179
Profit for the Quarter ended March 31, 2024	-	-	-	-	501,592,844	501,592,844
Other comprehensive income transferred to Fair value reserve of financial assets at FVOCI - net of tax	-	-	-	(32,615,374)	-	(32,615,374)
Total comprehensive income for the period	-	-	-	(32,615,374)	501,592,844	468,977,470
Transfers to statutory reserves	-	100,318,569	-	-	(100,318,569)	-
Transfer to Depositors protection fund						
- 5% of the profit after tax for the period	-	-	25,079,642	-	(25,079,642)	-
- return on investments	-	-	16,949,423	-	-	16,949,423
	-	-	42,029,065	-	(25,079,642)	16,949,423
Balance as at March 31, 2024	2,713,596,830	1,266,597,125	473,909,016	(35,721,616)	3,050,956,717	7,469,338,072

The annexed notes from 1 to 36 form an integral part of these financial statements.

MOBILINK MICROFINANCE BANK LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2024

		Period Ended March 31,	
		2024	2023
		-----Rupees-----	
CASH FLOWS FROM OPERATING ACTIVITIES			
		810,842,507	386,653,560
	Profit before taxation		
	Less: Dividend income	-	-
		810,842,507	386,653,560
Adjustment for non cash items and other items:			
	Depreciation on property and equipment	84,046,387	72,188,283
	Depreciation on right-of-use assets	47,963,113	45,871,060
	Amortization on intangible assets	29,535,185	54,504,301
	Credit loss allowance and write offs - net	1,938,817,384	831,970,917
	Provision for gratuity	22,249,881	16,668,604
	Gain on disposal of operating fixed assets	(164,811)	(874,297)
	Finance charges on subordinated debt	116,857,925	88,619,181
	Finance charges on lease liability	32,379,692	32,494,414
		2,271,684,756	1,141,442,463
		3,082,527,263	1,528,096,023
(Increase) / decrease in operating assets:			
	Advances	(3,712,462,135)	(4,761,551,470)
	Other assets (excluding advance taxation)	(2,423,962,556)	(441,680,071)
		(6,136,424,692)	(5,203,231,541)
Increase / (decrease) in operating liabilities:			
	Bills payable	110,124,543	93,514,234
	Deposits and other accounts	13,969,992,293	1,932,919,135
	Other liabilities (excluding current taxation)	3,896,409,059	(955,609,971)
		17,976,525,895	1,070,823,398
		14,922,628,466	(2,604,312,120)
Cash inflow / (outflow) from operations			
	Finance charges on lease liability	(32,379,692)	(32,494,414)
	Income tax paid	(197,670,096)	(62,855,190)
		(230,049,788)	(95,349,604)
		14,692,578,678	(2,699,661,724)
Net cash inflow / (outflow) from operating activities			
CASH FLOWS FROM INVESTING ACTIVITIES			
	Net (investment in) / proceeds from securities	3,160,345,846	(4,480,302,428)
	Lending to Financial Institutions	(4,697,304,400)	-
	Net proceeds from term deposits	(25,000,000)	224,950,000
	Investment in operating fixed assets	(29,593,915)	(164,272,466)
	Sale proceeds of property and equipment disposed off	223,225	1,157,878
		(1,591,329,244)	(4,418,467,016)
Net cash outflow from investing activities			
CASH FLOWS FROM FINANCING ACTIVITIES			
	Payment of lease liability	(29,240,953)	(29,208,449)
	Payment against borrowings	(244,798,121)	(1,065,471,938)
		(274,039,074)	(1,094,680,387)
Net cash inflow / (outflow) from financing activities			
Net increase / (decrease) in cash and cash equivalents			
Cash and cash equivalents at beginning of the year			
Cash and cash equivalent at end of the period / year			
		12,827,210,360	(8,212,809,128)
		44,704,022,227	20,078,421,396
		57,531,232,587	11,865,612,268

The annexed notes from 1 to 36 form an integral part of these financial statements.

MOBILINK MICROFINANCE BANK LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE THREE MONTHS PERIOD ENDED MARCH 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 109 operational branches including 1 in Muzaffarabad AJK (2023: 109 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 is 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.

2 BASIS OF PRESENTATION

These financial statements have been prepared in compliance with the format as prescribed under the Banking Surveillance Department (BSD) Circular No. 11 dated December 30, 2003 issued by the State Bank of Pakistan (SBP).

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 has decided to early adopt the IFRS 9 from January 01, 2022.

3.2 The condensed interim financial statements do not include all the information and disclosures required in the audited annual financial statements, and should be read in conjunction with the audited annual financial statements for the financial year ended December 31, 2023.

4 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies and methods of computation adopted in the preparation of these condensed interim financial statements are consistent with those applied in the preparation of the audited annual financial statements for the year ended December 31, 2023.

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

There are certain amendments to existing accounting and reporting standards that have become applicable to the bank for accounting periods beginning on or after January 01, 2024. These are either considered not to be relevant or do not have any significant impact, and accordingly have not been detailed in these condensed interim financial statements.

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

There are certain new standards and interpretations of and amendments to existing accounting and reporting standards that have become applicable to the Bank for accounting periods beginning on or after January 01, 2025. These are considered either not to be relevant or not to have any significant effect on the Bank's condensed interim financial statements.

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The basis for accounting estimates adopted in the preparation of this condensed interim unconsolidated financial information is the same as that applied in the preparation of the unconsolidated financial statements for the year ended December 31, 2023.

6 FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies adopted by the Bank are consistent with those disclosed in the unconsolidated financial statements for the year ended December 31, 2023.

		March 31, 2024	December 31, 2023
7	CASH AND BALANCES WITH SBP AND NBP	Note	----- Rupees -----
	Cash in hand - Local currency	2,155,911,523	1,762,988,823
	Balance with State Bank of Pakistan (SBP)	9,205,071,175	7,903,330,676
	Balance with National Bank of Pakistan (NBP) in:		
	- Current accounts	222,021	1,153,489
		11,361,204,719	9,667,472,988

7.1 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.

		March 31, 2024	December 31, 2023
8	BALANCES WITH OTHER BANKS	Note	----- Rupees -----
	In Pakistan		
	- on current accounts - Local currency	50,732,331	150,438
	- on saving accounts - Local currency	13,136,812,042	11,075,114,644
	- on term deposits accounts - Local currency	41,150,000	41,150,000
		13,228,694,373	11,116,415,082

8.1 These carry markup ranging from 20.50% to 22.75% (December 31, 2023: 15.25% to 20.51%) per annum.

8.2 These carry markup ranging from 18.50% to 21.00% (December 31, 2023: 19.5% to 21%) per annum.

		March 31, 2024	December 31, 2023
9	LENDINGS TO FINANCIAL INSTITUTIONS		
	Repurchase agreement lending's (Reverse repo)	9.1	7,312,769,600

9.1 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:

- National Bank of Pakistan at the rate of 21.85% amounting to Rs. 2.66 billion with maturity date of April 19, 2024.
- Habib Bank Limited at the rate of 21.80% amounting to Rs. 2.00 billion with maturity date of April 19, 2024.
- MCB Limited at the rate of 21.25% amounting to Rs. 988 million with maturity date of April 05, 2024.
- Allied Bank Limited at the rate of 21.25% amounting to Rs. 1.96 billion with maturity date of April 19, 2024.
- United Bank Limited at the rate of 21.80% amounting to Rs. 2.68 billion with maturity date of April 22, 2024.
- Bank Alfalah Limited at the rate of 21.20% amounting to Rs. 1.73 billion with maturity date of April 03, 2024.

9.2 Securities held as collateral against lending to financial Institutions

	Held by Bank	Further given as collateral	Total
As at March 31, 2024			
Market Treasury Bills (MTBs)	13,000,000,000	-	13,000,000,000

		March 31, 2024	December 31, 2023
10	INVESTMENTS - NET OF PROVISIONS	Note	----- Rupees -----
	Investments by types under IFRS 9		
	Debt Instruments		
	Measured at Fair Value Through Other Comprehensive Income		
	Market Treasury Bills	38,860,549,495	31,404,497,037
	Fair value reserve on investments measured at FVOCI	(58,560,027)	(5,092,200)
		38,801,989,468	31,399,404,837
	Measured at Amortized cost		
	Market Treasury Bills	433,000,000	1,988,235,500
		39,234,989,468	33,387,640,337

10.1 These represent securities with maturity period of three to six months. Investment made during the year carry markup at the rates ranging between 20.40% to 21.80% (December 31, 2023: 21.07% to 22.15%) per annum.

10.2 These represent securities with maturity period of up to six months held for Depositor protection fund. These carry markup at the rates ranging between 20.40% to 21.40% (December 31, 2023: 21.53% to 21.80%) per annum.

11 Advances - net of provisions

	Performing				Non-Performing		Total	
	Stage 1		Stage 2		Stage 3			
	March 31, 2024	December 31, 2023	March 31, 2024	December 31, 2023	March 31, 2024	December 31, 2023	March 31, 2024	December 31, 2023
	----- Rupees -----				----- Rupees -----			
Micro credit								
-Secured against gold	27,725,362,086	29,059,586,206	199,826,906	124,373,340	255,160,479	217,682,761	28,180,349,471	29,401,642,307
-Unsecured	30,710,129,193	30,051,638,373	2,926,131,828	2,174,496,792	6,409,934,819	5,138,159,975	40,046,195,840	37,364,295,140
Income markup/ accrued	10,668,528,995	9,452,274,056	972,373,029	690,985,352	-	-	11,640,902,024	10,143,259,408
Advances - Gross	69,104,020,275	68,563,498,635	4,098,331,762	2,989,855,484	6,665,095,298	5,355,842,736	79,867,447,335	76,909,196,855
Credit loss allowance against advances								
- Stage 1	1,936,023,900	1,997,704,400	-	-	-	-	1,936,023,900	1,997,704,400
- Stage 2	-	-	899,757,587	628,482,468	-	-	899,757,587	628,482,468
- Stage 3	-	-	-	-	4,447,974,485	3,472,963,375	4,447,974,485	3,472,963,375
	1,936,023,900	1,997,704,400	899,757,587	628,482,468	4,447,974,485	3,472,963,375	7,283,755,972	6,099,150,243
Advances - net of credit loss allowance	67,167,996,375	66,565,794,235	3,198,574,175	2,361,373,016	2,217,120,813	1,882,879,361	72,583,691,363	70,810,046,612

11.1 Advances - Particulars of credit loss allowance

11.1.1 Advances - Exposure

	March 31, 2024				December 31, 2023			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	----- Rupees -----				----- Rupees -----			
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	18,519,508,393	-	-	18,519,508,393	55,565,027,573	-	-	55,565,027,573
Advances derecognized or repaid	(15,022,744,571)	(414,558,255)	(249,992,982)	(15,687,295,808)	(31,207,365,954)	(965,918,370)	(2,199,330,161)	(34,372,614,485)
Transfer to stage 1	104,854,443	(13,988,140)	(90,866,303)	-	51,138,206	(19,350,432)	(31,787,774)	-
Transfer to stage 2	(3,625,214,237)	3,658,917,523	(33,703,286)	-	(1,922,248,759)	1,922,825,195	(576,436)	-
Transfer to stage 3	(1,962,337,487)	(1,414,033,220)	3,376,370,707	-	(3,047,638,356)	(80,963,754)	3,128,602,110	-
	(1,985,933,458)	1,816,337,908	3,001,808,136	2,832,212,585	19,438,912,710	856,592,639	896,907,739	21,192,413,088
Change in exposure	2,546,021,839	(221,003,417)	(967,647,138)	1,357,371,283	(4,943,827,418)	913,329,961	4,420,347,157	389,849,700
Total movement in advances - exposure	560,088,381	1,595,334,491	2,034,160,998	4,189,583,869	14,495,085,292	1,769,922,600	5,317,254,896	21,582,262,788
Amounts written-off	(19,566,742)	(486,858,213)	(724,908,435)	(1,231,333,389)	(738,325,544)	(289,895,426)	(2,548,738,034)	(3,576,959,004)
Closing balance	69,104,020,275	4,098,331,762	6,665,095,298	79,867,447,335	68,563,498,635	2,989,855,484	5,355,842,736	76,909,196,855

11.1.2 Advances - Credit loss allowance

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	929,987,357	-	-	929,987,357	1,485,651,682	-	-	1,485,651,682
Advances derecognized or repaid	(549,181,643)	(100,336,694)	(171,347,405)	(820,865,742)	474,172,888	(36,458,639)	(1,655,929,443)	(1,218,215,194)
Transfer to stage 1	65,006,662	(6,377,713)	(58,628,948)	-	26,715,226	(7,260,048)	(19,455,178)	-
Transfer to stage 2	(424,272,631)	444,944,994	(20,672,363)	-	(25,236,087)	25,812,522	(576,436)	-
Transfer to stage 3	(288,362,422)	(330,732,613)	619,095,035	-	(58,619,484)	(19,595,744)	78,215,228	-
	(266,822,678)	7,497,973	368,446,319	109,121,615	1,902,684,225	(37,501,909)	(1,597,745,829)	267,436,488
Change in exposure	224,708,919	750,635,359	1,331,473,226	2,306,817,503	345,501,022	574,097,984	5,798,612,227	6,718,211,233
Total provision charged for the year	(42,113,759)	758,133,332	1,699,919,545	2,415,939,118	2,248,185,247	536,596,075	4,200,866,398	6,985,647,720
Amounts written off	(19,566,742)	(486,858,213)	(724,908,435)	(1,231,333,389)	(738,325,544)	(289,895,426)	(2,548,738,034)	(3,576,959,004)
Credit loss allowance closing balance	1,936,023,900	899,757,587	4,447,974,485	7,283,755,972	1,997,704,400	628,482,468	3,472,963,375	6,099,150,243

11.1.3 Advances - Credit loss allowance details Internal / external rating / stage classification	March 31, 2024				December 31, 2023			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	----- Rupees -----							
Outstanding gross exposure	69,104,020,275	4,098,331,762	6,665,095,298	79,867,447,335	68,563,498,635	2,989,855,484	5,355,842,736	76,909,196,855
Performing	69,104,020,275			69,104,020,275	68,563,498,635			68,563,498,635
Under Performing								
Other assets especially mentioned		4,098,331,762		4,098,331,762		2,989,855,484		2,973,171,710
Non - Performing								
Substandard	-	-	3,177,040,116	3,177,040,116	-	-	2,791,235,015	2,791,235,015
Doubtful	-	-	1,855,975,221	1,855,975,221	-	-	737,897,537	737,897,537
Loss	-	-	1,632,079,962	1,632,079,962	-	-	1,826,710,184	1,843,393,958
	-	-	6,665,095,299	6,665,095,299	-	-	5,355,842,736	5,372,526,510
Total	69,104,020,275	4,098,331,762	6,665,095,299	79,867,447,335	68,563,498,635	2,989,855,484	5,355,842,736	76,909,196,855
Corresponding credit loss allowance								
Stage 1	1,936,023,900	-	-	1,936,023,900	1,997,704,400	-	-	1,997,704,400
Stage 2	-	899,757,587	-	899,757,587	-	628,482,468	-	628,482,468
Stage 3	-	-	4,447,974,485	4,447,974,485	-	-	3,472,963,375	3,472,963,375
	1,936,023,900	899,757,587	4,447,974,485	7,283,755,972	1,997,704,400	628,482,468	3,472,963,375	6,099,150,243

11.2 Particulars of write offs	March 31,	December 31,
	2024	2023
	----- Rupees -----	
Written off during the period / year	1,231,333,389	4,627,152,210
Change in exposure due to estimate change	-	(1,050,193,206)
	1,231,333,389	3,576,959,004

	March 31, 2024	December 31, 2023
12 OPERATING FIXED ASSETS	----- Rupees -----	
Capital Work in progress - note 12.1	110,331,752	131,977,282
Property and equipment	1,156,683,486	1,190,675,994
Intangible assets	411,202,507	439,610,540
	<u>1,678,217,745</u>	<u>1,762,263,816</u>
12.1 Capital Work in progress		
Civil works	-	4,885,080
Equipment	110,331,752	127,092,202
	<u>110,331,752</u>	<u>131,977,282</u>
12.2 Additions to Intangibles, property and equipment		
The following additions have been made to intangibles, property and equipment during the period:		
Additions:		
Electrical, office and computer equipment	40,731,963	233,280,349
Furniture and fixture	1,359,265	45,453,262
Vehicles	687,841	112,505,103
Leasehold improvements	7,176,796	40,936,760
Intangible assets	1,161,090	231,381,724
	51,116,955	663,557,198
Net transfers - capital work-in-progress	(21,645,530)	121,066,371
	<u>29,471,425</u>	<u>784,623,569</u>
	March 31, 2024	December 31, 2023
	----- Rupees -----	
13 RIGHT-OF-USE ASSETS		
At January 1		
Cost	1,542,437,827	1,447,014,287
Accumulated Depreciation	(702,756,793)	(507,835,932)
Net Carrying amount	839,681,034	939,178,355
Movement during the period / year		
Additions during the period / year	-	95,423,540
Deletions during the period /year	-	-
Depreciation Charge for the period / year	(47,963,113)	(194,920,861)
Net Carrying amount at period / year end	<u>791,717,921</u>	<u>839,681,034</u>
	March 31, 2024	December 31, 2023
	----- Rupees -----	
14 OTHER ASSETS		
Income / markup accrued	433,496,701	57,369,313
Advances, deposits and prepayments	1,139,721,071	738,930,767
Receivable from related parties	246,985,560	1,962,572,291
ATM cards / printed stationary	78,459,347	81,021,889
Receivables from State Bank of Pakistan	587,281,008	399,919,546
Receivable from 1-Link	5,852,224,491	2,754,548,904
Others	1,087,951,943	1,007,794,855
	<u>9,426,120,121</u>	<u>7,002,157,565</u>
14.1 Receivable from related parties		
Pakistan Mobile Communications Limited (PMCL)	246,985,560	1,962,572,291
	<u>246,985,560</u>	<u>1,962,572,291</u>
	March 31, 2024	December 31, 2023
	----- Rupees -----	
15 DEFERRED TAX ASSET		
Arising in respect of following deductible temporary differences		
Provision against non-performing advances	2,586,521,424	2,378,668,595
Provision for gratuity	58,671,323	49,993,870
Lease liability net of right of use assets	53,841,768	37,130,832
Operating fixed assets	27,239,167	12,906,375
Deficit on revaluation of investments measured at fair value through OCI	22,838,410	1,985,958
	<u>2,749,112,092</u>	<u>2,480,685,630</u>

16 DEPOSITS AND OTHER ACCOUNTS

	March 31, 2024		December 31, 2023	
	Number	--- Rupees ---	Number	--- Rupees ---
Time liabilities				
Fixed deposits	2,348	32,002,291,080	2,219	33,635,038,491
Demand Liabilities				
Saving deposits	59,979	27,841,737,369	58,115	20,933,670,132
Current deposits	873,601	5,139,104,508	848,837	5,328,660,265
Branchless deposits				
Saving	190,035	5,318,360,538	183,673	5,261,050,018
Current	45,112,913	62,954,759,126	45,775,715	54,127,841,422
	46,236,528	101,253,961,541	46,866,340	58,064,524,311
	46,238,876	133,256,252,621	46,868,559	119,286,260,328

16.1 Particulars of deposits by ownership

	March 31, 2024		December 31, 2023	
	Number	--- Rupees ---	Number	--- Rupees ---
Individual depositors	46,232,594	64,765,505,204	46,862,213	71,504,511,049
Institutional depositors:				
Corporations/ firms	1,797	59,530,272,495	1,497	36,598,974,542
Banks and financial institutions	109	7,110,648,316	109	6,464,020,174
Others	4,376	1,849,826,605	4,740	4,718,754,563
	46,238,876	133,256,252,621	46,868,559	119,286,260,328

16.2 Deposits include related parties balance amounting to Rs 1,516.22 million (2023:Rs 1,015.78 million).

	March 31,	December 31,
	2024	2023
	----- Rupees -----	
17 Lease liability on right of use asset		
Lease liability on right of use assets	905,647,342	934,888,295
Movement during the period / year		
Lease liability as at January 1	934,888,295	996,618,607
Additions during the period / year	-	95,423,540
Accretion of interest	32,379,692	149,475,462
Payment of lease liability during the period / year	(61,620,645)	(306,629,314)
As at period / year end	905,647,342	934,888,295
18 BORROWINGS		
	Note	
Secured		
Borrowings from Banks / Financial Institutions		244,798,121
		244,798,121

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

- The Bank entered into running finance facility agreement amounting to Rs 500 million with Alfalah Bank to finance its operations and carries mark-up at the rate of one months KIBOR + 0.85% per annum payable on quarterly basis. The tenure of loan is 12 months. First pari passu charge over all the present and future assets of the Bank including but not limited to advances/microcredit receivables and investments bond CRR & SLR requirements of the bank with 25% margin(Excluding land and buildings). As at March 31, 2024 facility remain un-availed.
- The Bank entered into running finance facility agreement amounting to Rs 500 million with Allied bank to finance its operations and carries mark-up at the rate of three months KIBOR + 0.85% per annum payable on quarterly basis. The tenure of loan is 12 months. First pari passu charge over all the present and future assets of the Bank including but not limited to advances/microcredit receivables and investments beyond CRR & SLR requirements of the bank with 25% margin(Excluding land and buildings). As at March 31, 2024 facility remain un-availed.

	Note	March 31,	December 31,
		2024	2023
		----- Rupees -----	
19 SUBORDINATED DEBT			
Opening		2,029,849,186	2,014,636,647
Finance Cost:			
Finance cost on subordinated debt		116,857,924	437,222,952
Payment during the period / year		-	(422,010,413)
		2,146,707,110	2,029,849,186

19.1 This represents Rated, Unsecured, subordinated and privately placed Tier II Term Finance Certificates of worth Rs.2,000,000,000/- fully subscribed on November 21, 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 20, 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. As per the requirement of the agreement, the TFC was required to be listed under Privately Placed Debt Security Listing Regulation ("DSL") of Pakistan Stock Exchange Limited ("PSX") Rule Book. The company is in the process of listing.

19.2 This represents advisory and arrangement fee paid to issuing agent and other investing partners at the rate of 0.60% and 0.40% respectively of amount of investment along with fee amounting to Rs. 1 million paid on signing of the agreement documents.

		March 31, 2024	December 31, 2023
		----- Rupees -----	
20 OTHER LIABILITIES	Note		
Bills payable		385,167,391	275,042,848
Accrued expenses	20.1	2,193,900,280	1,860,366,703
Payable to related parties	20.2	2,844,846,392	2,031,455,598
Tax payable	20.3	1,396,862,355	1,039,694,736
Defined benefit obligation		150,439,290	128,189,409
Taxes and levies withheld		504,147,621	442,891,536
Payable to suppliers		1,249,860,008	1,153,386,997
Bills collected for settlement through NADRA		765,008,953	770,269,787
RAAST payable		6,333,142,770	2,784,453,341
Remittances		2,392,332,616	2,237,522,445
Payable to Merchants and others		815,669,897	933,444,650
Others		254,499,084	1,243,207,505
		<u>19,285,876,657</u>	<u>14,899,925,555</u>

20.1 This represents accruals related to utility bills, NADRA charges, Professional charges, employee bonus and incentives.

		March 31, 2024	December 31, 2023
		----- Rupees -----	
20.2 Payable to related parties	Note		
Pakistan Mobile Communication Limited (PMCL)	20.3	<u>2,844,846,392</u>	<u>2,031,455,598</u>

20.3 Maximum aggregated payable amount during the period to PMCL is Rs. 2,844 million.

		March 31, 2024	December 31, 2023
		----- Rupees -----	
20.3 Tax payable			
Opening balance		1,039,694,736	11,769,317
Tax deducted on dividend		-	-
Tax paid		(197,670,096)	(701,631,436)
Provision for taxation		554,837,715	1,729,556,855
Closing balance		<u>1,396,862,355</u>	<u>1,039,694,736</u>

21 SHARE CAPITAL

Authorized capital

	2024	2023		March 31, 2024	December 31, 2023
	Numbers	Numbers		----- Rupees -----	
<u>360,000,000</u>		360,000,000	Ordinary shares of Rs. 10 each.	<u>3,600,000,000</u>	<u>3,600,000,000</u>
Issued, subscribed and paid-up capital					
			Ordinary shares		
<u>271,359,683</u>		<u>271,359,683</u>	Fully paid in cash of Rs. 10 each.	<u>2,713,596,830</u>	<u>2,713,596,830</u>

21.1 Veon Microfinance Holdings B.V (VMH) is the holding company controlling 271,359,678 i.e. 99.99% shares (December 31, 2023: 271,359,678 i.e. 99.99%). Each share of the company has equal voting right and power.

		March 31, 2024	December 31, 2023
		----- Rupees -----	
22 FAIR VALUE RESERVE OF FINANCIAL ASSETS AT FAIR VALUE OTHER COMPREHENSIVE INCOME			
Investments At fair value through OCI			
Fair value reserve on investments measured at FVOCI		(58,560,026)	(5,092,200)
Related deferred tax		22,838,410	1,985,958
		<u>(35,721,616)</u>	<u>(3,106,242)</u>
		<u>(35,721,616)</u>	<u>(3,106,242)</u>

23 MEMORANDUM / OFF BALANCE SHEET ITEMS**23.1 Contingencies**

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.

		March 31, 2024	December 31, 2023
	Note	----- Rupees -----	
23.2 Commitments			
Operating fixed assets		2,500,000	9,852,750
Bank guarantee	23.3	495,010,197	415,009,270
Standby letter of guarantee	23.4	83,385,000	86,000,000
		<u>580,895,197</u>	<u>510,862,020</u>

23.3 This mainly includes Bank guarantees issued by the Bank to Pakistan Railway amounting to Rs.110 million against the online payment processing services, Social Protection Strategy Unit Government of Sindh amounting to Rs.200 million against disbursement of fund to CNIC under Health and Nutrition Conditional Cash Transfer (H&N CCT) program, Capital Development Authority to Rs 5 million against Provision of service of Digital online collection (Revenue) service through Jazz Cash, Reform Support Unit to Rs 80 million against Disbursement of Girls Stipend in Public Schools Across Sindh, Population Welfare Department to Rs 5.5 million against Distribution of Incentive amount through Branchless banking Under ADP Scheme Incentivization in Family Planning Services Punjab and Director General Health Services to Rs 4.5 million against reformal services Services for Disbursement of Funds through branchless banking/Online transfer mechanism for IRMNCH, Epi and Other programs.

23.4 The Standby Letter of Guarantee with VISA and Master Card expired on May 23, 2023, the renewal is in process and MMBL has parked a collateral directly with Visa/Master Card.

		March 31, 2024	March 31, 2023
	Note	----- Rupees -----	
24 MARKUP/RETURN/INTEREST EARNED			
Mark-up on advances	24.1	9,436,853,854	5,828,022,064
Income on investment in Government Securities		1,726,573,876	329,166,737
Mark-up on deposit accounts with treasury and other banks		588,562,966	137,423,685
Reverse Repo Income		606,585,765	-
		<u>12,358,576,461</u>	<u>6,294,612,486</u>

24.1 This includes markup income on Nano loans amounting to Rs. 4,825 million (2023: 2,465 million)

25 MARK-UP/RETURN/INTEREST EXPENSED

		March 31, 2024	March 31, 2023
	Note	----- Rupees -----	
Interest on deposits	25.1	3,198,651,018	1,002,228,336
Interest on sub-ordinate debt		116,857,925	88,619,181
Interest on borrowings		622,040	3,827,086
Finance cost of lease liability on right of use assets		32,379,692	32,494,414
		<u>3,348,510,675</u>	<u>1,127,169,017</u>

25.1 Mark-up expense on deposits includes amount of Rs 55.32 million (2023: Rs 3.96 million) in respect of deposit balances of a related party as disclosed in note 33.

		March 31, 2024	March 31, 2023
	Note	----- Rupees -----	
26 FEE, COMMISSION AND BROKERAGE INCOME - NET			
Income from branchless banking	26.1	2,870,699,746	1,295,439,458
Commission from insurance companies		9,314,630	1,321,223
Loan processing fee		237,539,475	284,367,045
Others		103,403,538	23,650,723
		<u>3,220,957,389</u>	<u>1,604,778,449</u>

26.1 Income from branchless banking

Branchless banking income	26.2	2,870,699,746	1,295,439,458
Interest income on Nano advances		4,825,651,522	2,465,550,713
Commission to retailer / franchisee		(1,132,025,805)	(506,617,850)
Commission to a related party - PMCL	26.3	(4,488,472,123)	(2,248,684,465)
		<u>2,075,853,340</u>	<u>1,005,687,856</u>
Amount reclassified to Markup/return interest earned	24.1	(4,825,651,522)	(2,465,550,713)
Commission to retailer / franchisee and PMCL - reclassified to Administrative expenses	28	5,620,497,928	2,755,302,315
		<u>2,870,699,746</u>	<u>1,295,439,458</u>

26.2 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.

26.3 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.

		March 31, 2024	March 31, 2023
----- Rupees -----			
27 OTHER INCOME			
Gain / (Loss) on disposal of fixed assets		164,811	874,297
Grant Income		-	616,095
		<u>164,811</u>	<u>1,490,392</u>

		March 31, 2024	March 31, 2023
----- Rupees -----			
28 ADMINISTRATIVE EXPENSES	Note		
Branchless banking commission expense			
Commission to retailer / franchisee	26.1	1,132,025,805	506,617,850
Commission to a related party - PMCL	26.1	4,488,472,123	2,248,684,465
Others			
Salaries, allowances etc.		1,195,052,402	950,255,864
Contribution to defined contribution plan		41,748,626	29,863,625
Provision for gratuity		22,249,881	16,668,604
Non-executive directors' fees, allowances and other expenses		3,000,000	3,000,000
Training / Capacity building		37,050,989	14,081,716
Rent, taxes, insurance, electricity, etc.		176,606,836	102,035,720
Legal and professional charges		19,430,802	25,437,228
Communications		13,687,789	8,906,513
Repair and maintenance - Vehicle		4,874,898	2,497,651
Stationary and printing		48,052,244	38,885,100
Advertisement and publicity		17,432,852	15,992,910
Auditors remuneration	28.1	3,047,931	872,775
Depreciation		132,009,500	118,059,343
Amortization		29,535,185	54,504,301
Travel and transportation		79,474,426	24,082,342
Repair and maintenance - General		31,612,290	10,672,499
Customer verification charges	28.2	133,908,068	124,431,195
Bank charges		399,902,509	367,963,165
IT equipment and software maintenance		270,568,312	176,038,784
Ready cash expense		1,021,989,126	546,075,156
Security		54,185,200	49,814,442
Janitorial services		45,906,791	34,945,519
Office supplies		7,890,705	6,633,774
Entertainment		45,814,706	5,221,441
Other projects expenses		3,450,086	16,012,023
Others		10,371,912	11,992,336
		<u>9,469,351,994</u>	<u>5,510,246,341</u>

28.1 This includes fee for audits of financial statements of AJK operations and for other certifications (Capital adequacy ratio, certification on livestock insurance etc.).

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

		March 31, 2024	March 31, 2023
----- Rupees -----			
29 OTHER CHARGES	Note		
Exchange (Gain) / Loss on foreign currency transactions		(4,195,165)	3,196,441
Penalties imposed by the State Bank of Pakistan	29.1	-	33,911,980
Others		177,638	
		<u>(4,017,527)</u>	<u>37,108,421</u>

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

		March 31, 2024	March 31, 2023
----- Rupees -----			
30 CREDIT LOSS ALLOWANCE & WRITE OFFS - NET	Note		
Credit loss allowance against loans & advances	11.1.2	1,938,817,384	831,970,917
		<u>1,938,817,384</u>	<u>831,970,917</u>

		March 31, 2024	March 31, 2023
31 TAXATION		----- Rupees -----	
For the year			
Current		554,837,715	352,192,162
Deferred		(245,588,052)	(223,224,420)
		<u>309,249,663</u>	<u>128,967,742</u>
		----- Rupees -----	
32 EARNING PER SHARE (RUPEE)			
Profit after taxation - Rupees	A	<u>501,592,844</u>	257,685,818
Weighted average ordinary shares - Numbers	B	<u>271,359,683</u>	271,359,683
Earning per share - Rupees	A/B	<u>1.85</u>	0.95

33 BALANCES AND TRANSACTIONS WITH RELATED PARTIES

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. During the period, no transactions were entered into with the Holding Company and VL by the Bank. Significant transactions with the related parties entered into during the year are as follows:

		March 31, 2024	March 31, 2023
		----- Rupees -----	
Transactions during the year:	Relationship with related party		
Pakistan Mobile Communications Limited (PMCL)	Wholly owned subsidiary of parent group		
Payments made for expenses incurred on behalf of PMCL by the Bank		2,049,882,097	1,525,482,529
Payments made against defined contribution plan being employee and employer contributions		83,497,252	59,727,250
Deposits made during the year		2,527,541,199	1,409,259,422
Withdrawals during the year		2,561,503,492	1,410,431,642
Mark-up/ return/ interest expensed to PMCL		1,869,112	342,973
Deposit mobilization commission paid		1,053,495,797	590,391,815
Branchless commission		3,434,976,326	1,658,292,650
Linkdotnet Pakistan (Pvt) Ltd	Wholly owned subsidiary of parent group	53,451,972	3,621,962
		<u>March 31, 2024</u>	<u>March 31, 2023</u>
		----- Rupees -----	
Employees' Provident Fund Trust			
Bank's contribution paid to the fund	Employee trust	41,748,626	29,863,625
Key Management Personnel			
Remuneration of key management personnel		127,196,338	49,501,427
Balances outstanding:	Relationship with related party		
Receivable from PMCL		246,985,560	52,517,695
Receivable from Jazz cash (Pvt) Ltd	Wholly owned subsidiaries of parent group	626	-
Payable to PMCL		2,844,846,392	1,011,964,878
Payable to Jazz cash (Pvt) Ltd		201,407	-
Deposits accounts contain amounts relating to following related parties:			
Pakistan Mobile Communications Limited	Wholly owned subsidiaries of parent group	2,740,183	1,745
Jazz cash (Pvt) Ltd		497,999,733	-
Linkdotnet Pakistan (Pvt) Ltd		1,015,478,751	1,015,779,545
Key Management Personnel	Key Management Personnel	39,799,212	22,915,121
Advances relating to following related parties:			
Key Management Personnel	Key Management Personnel	95,668,963	21,900,003

34 FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of quoted securities other than those classified as amortized cost, is based on quoted market price. Quoted securities classified as amortized cost are carried at cost. The fair value of unquoted equity securities, other than investments in associates and subsidiaries, is determined on the basis of the break-up value of these investments as per their latest available audited financial statements.

The fair value of unquoted debt securities, fixed term loans, other assets, other liabilities, fixed term deposits and borrowings cannot be calculated with sufficient reliability due to the absence of a current and active market for these assets and liabilities and reliable data regarding market rates for similar instruments.

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.

	Level 1	Level 2	Level 3
	----- Rupees -----		
March 31, 2024			
Financial assets measured at fair value			
Available for sale investments - Market treasury bills	-	38,801,989,468	-
	-	38,801,989,468	-
December 31, 2023			
Financial assets measured at fair value			
Available for sale investments - Market treasury bills		31,399,404,837	
	-	31,399,404,837	-

Valuation techniques and inputs used in determination of fair values

Item	Valuation techniques and inputs used
Market treasury bills	Fair value of investment in market treasury bills is determined based on the rates / prices sourced from Reuters.

35 CAPITAL ADEQUACY & MINIMUM CAPITAL REQUIREMENTS

	March 31, 2024	December 31, 2023
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	2,713,596,830	2,713,596,830
<p>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.</p> <p>The SBP, through BSD Circular No. 07 dated March 20, 2008, has required Microfinance Banks to maintain a minimum paid-up capital of Rs. 500 million (net of accumulated losses). The paid-up capital of the Bank as at March 31, 2024 stood at Rs. 2.714 billion (2023: Rs. 2.714 billion) and is in compliance with SBP requirements.</p>		
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	6,357,091,803	6,186,514,884
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	6,357,091,803	6,186,514,884
Eligible Tier 2 Capital	2,649,000,154	2,577,920,752
Total Eligible Capital (Tier 1 + Tier 2)	9,006,091,958	8,764,435,637
Risk Weighted Assets (RWAs):		
Credit risk	54,621,438,706	51,379,047,448
Operational risk	2,730,684,757	2,730,684,757
Total	57,352,123,463	54,109,732,205
Common Equity Tier 1 Capital Adequacy Ratio	11.08%	11.43%
Tier 1 Capital Adequacy Ratio	11.08%	11.43%
Capital Adequacy Ratio	15.70%	16.20%

36 GENERAL

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