

MOBILINK MICROFINANCE BANK LIMITED
CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2024



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INDEPENDENT AUDITORS' REVIEW REPORT

To the members of Mobilink Microfinance Bank Limited

Report on review of condensed Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Mobilink Microfinance Bank Limited (the Bank) as at June 30, 2024 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, condensed interim cash flow statement and notes to the condensed financial statements for the half year then ended (here-in-after referred to as the "condensed interim Financial Statements"). Management is responsible for the preparation and presentation of these condensed interim Financial Statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim Financial Statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim Financial Statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Other Matter

The figures of condensed interim profit and loss account and condensed interim statement of comprehensive income for the three-month period ended June 30, 2024 and June 30, 2023 have not been reviewed and we do not express a conclusion on them.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim Financial Statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

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

Chartered Accountants

Islamabad

Date: October 29, 2024

UDIN: RR202410414wS2loI3Mm

MOBILINK MICROFINANCE BANK LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2024

		2024 (Un-audited)	2023 (Audited)
	Note	-----Rupees-----	
ASSETS			
Cash and balances with treasury banks	8	15,486,539,831	9,667,472,988
Balances with other MFBs / Banks / NBFIs	9	6,595,332,706	11,140,953,359
Lending to financial institutions	10	8,684,841,072	7,345,600,636
Investments	11	36,098,383,176	33,387,640,337
Advances	12	75,153,144,775	70,810,046,612
Property and equipment	13	1,277,105,566	1,322,653,276
Right-of-use assets	14	754,821,758	839,681,034
Intangible assets	15	382,665,948	439,610,540
Deferred tax asset	16	3,264,674,683	2,480,685,630
Other assets	17	5,852,756,898	6,944,788,252
Total assets		153,550,266,413	144,379,132,664
LIABILITIES			
Bills Payable	18	503,058,967	275,042,848
Borrowings	19	688,183,456	244,798,121
Deposits and other accounts	20	124,875,636,362	119,286,260,328
Lease Liabilities	21	865,409,158	934,888,295
Subordinated debt	22	2,029,413,604	2,029,849,186
Deferred grants	23	67,060,807	2,595,000
Other liabilities	24	16,532,121,075	14,622,287,707
Total liabilities		145,560,883,429	137,395,721,485
Net assets		7,989,382,984	6,983,411,179
REPRESENTED BY:			
Share capital	25	2,713,596,830	2,713,596,830
Statutory reserve		1,355,963,196	1,166,278,556
Depositors' protection fund		517,411,519	431,879,951
Fair value reserve of financial assets at Fair Value Other Comprehensive Income	26	16,331,954	(3,106,242)
Unappropriated profit		3,386,079,485	2,674,762,084
		7,989,382,984	6,983,411,179
		7,989,382,984	6,983,411,179

CONTINGENCIES AND COMMITMENTS

27

The annexed notes from 1 to 42 form an integral part of these condensed interim financial statements.


PRESIDENT/ CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER


CHAIRMAN


DIRECTOR

DIRECTOR

MOBILINK MICROFINANCE BANK LIMITED
CONDENSED INTERIM PROFIT & LOSS ACCOUNT (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2024

	Note	Quarter Ended		Period Ended June 30,	
		June 30, 2024	June 30, 2023	Year-to-Date June-24	Prior Year Period June-23
Markup / return / interest earned	28	13,160,823,261	7,246,426,846	25,519,399,722	13,541,039,332
Markup / return / interest expensed	29	(3,176,590,052)	(1,153,876,401)	(6,525,100,727)	(2,281,045,418)
Net markup / interest income		9,984,233,209	6,092,550,445	18,994,298,995	11,259,993,914
NON MARK-UP/ NON INTEREST INCOME					
Fee, commission and brokerage income	30	3,178,454,216	2,142,330,356	6,399,411,605	3,747,108,805
Gain / (Loss) on securities	31	1,045,500	-	1,045,500	-
Foreign exchange income / (Loss)		(223,303)	(36,401,260)	3,971,862	(39,597,701)
Other income	32	450,002	813,073	614,813	2,303,465
Total non-markup / non interest income		3,179,726,415	2,106,742,169	6,405,043,780	3,709,814,569
Total income		13,163,959,624	8,199,292,614	25,399,342,775	14,969,808,483
NON MARK-UP/ NON INTEREST EXPENSES					
Operating expenses	33	(9,397,955,331)	(6,752,574,577)	(18,867,307,325)	(12,262,820,918)
Workers Welfare Fund		(6,874,019)	(10,321,948)	(23,067,647)	(18,055,019)
Other charges	34	(156,790)	(47,175,020)	(334,428)	(81,087,000)
Total non-markup / non interest expenses		(9,404,986,140)	(6,810,071,545)	(18,890,709,400)	(12,361,962,937)
Profit / (Loss) before credit loss allowance		3,758,973,484	1,389,221,069	6,508,633,375	2,607,845,546
Credit loss allowance and write offs - net	35	(3,416,180,527)	(873,123,682)	(5,354,997,911)	(1,705,094,599)
PROFIT BEFORE TAXATION		342,792,957	516,097,387	1,153,635,464	902,750,947
TAXATION	36	(142,999,836)	(64,867,109)	(205,212,263)	(193,834,851)
PROFIT AFTER TAXATION		199,793,121	451,230,278	948,423,201	708,916,096
Earnings per share	37	0.74	1.66	3.50	2.61

The annexed notes from 1 to 42 form an integral part of these condensed interim financial statements.

PRESIDENT/ CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

CHAIRMAN






DIRECTOR

DIRECTOR

MOBILINK MICROFINANCE BANK LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2024

	Quarter Ended June 30,		Period Ended June 30,	
	2024	2023	2024	2023
			-----Rupees-----	
Profit after taxation	199,793,121	451,230,278	948,423,201	708,916,096
Other comprehensive income				
Items that may be reclassified to profit and loss account in subsequent periods:				
Movement in fair value reserve on investments measured at fair value through OCI	82,078,052	2,424,853	31,865,895	(2,247,215)
Related tax impact	(32,010,440)	(654,237)	(12,427,699)	887,546
	50,067,612	1,770,616	19,438,196	(1,359,669)
Total comprehensive income for the year transferred to equity	249,860,733	453,000,894	967,861,397	707,556,427






The annexed notes from 1 to 42 form an integral part of these condensed interim financial statements.

 PRESIDENT/ CHIEF EXECUTIVE	 CHIEF FINANCIAL OFFICER	 CHAIRMAN	 DIRECTOR	 DIRECTOR
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MOBILINK MICROFINANCE BANK LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2024

	Share capital	Capital reserves			Fair value reserve of financial assets at FVOCI	Revenue reserves		Total
		Statutory reserve	Depositors protection fund	Rupees		Unappropriated profit		
Opening Balance as at January 01, 2023								
Profit for the period	2,713,596,830	959,599,752	317,854,657	(124,306)	1,899,187,081		5,890,114,014	
Other comprehensive loss transferred to Fair value reserve of financial assets at FVOCI - net of tax	-	-	-	-	708,916,096		708,916,096	
Total comprehensive income for the period	-	-	-	(1,359,669)	-		(1,359,669)	
Transfers to statutory reserves	-	141,783,219	-	(1,359,669)	708,916,096		707,556,427	
Transfer to Depositors protection fund				-	(141,783,219)		-	
- 5% of the profit after tax for the period	-	-	35,445,805	-	(35,445,805)		-	
- return on investments	-	-	29,037,756	-	-		29,037,756	
	-	-	64,483,561	-	(35,445,805)		29,037,756	
Opening Balance as at July 01, 2023								
Profit for the period	2,713,596,830	1,101,382,971	382,338,218	(1,483,975)	2,430,874,153		6,626,708,197	
Other comprehensive income - net of tax	-	-	-	-	324,477,926		324,477,926	
Other comprehensive income transferred to Fair value reserve of financial assets at FVOCI - net of tax	-	-	-	-	529,486		529,486	
Total comprehensive income for the period	-	-	-	(1,622,267)	-		(1,622,267)	
Transfers to statutory reserves	-	64,895,585	-	(1,622,267)	325,007,412		323,385,145	
Transfer to Depositors protection fund				-	(64,895,585)		-	
- 5% of the profit after tax for the period	-	-	16,223,896	-	(16,223,896)		-	
- return on investments	-	-	33,317,837	-	-		33,317,837	
	-	-	49,541,733	-	(16,223,896)		33,317,837	
Opening Balance as at January 1, 2024								
Profit for the period	2,713,596,830	1,166,278,556	431,879,951	(3,106,242)	2,674,762,084		6,983,411,179	
Other comprehensive income transferred to Fair value reserve of financial assets at FVOCI - net of tax	-	-	-	-	948,423,201		948,423,201	
Total comprehensive income for the period	-	-	-	19,438,196	-		19,438,196	
Transfers to statutory reserves	-	189,684,640	-	19,438,196	948,423,201		967,861,397	
Transfer to Depositors protection fund				-	(189,684,640)		-	
- 5% of the profit after tax for the period	-	-	47,421,160	-	(47,421,160)		-	
- return on investments	-	-	38,110,408	-	-		38,110,408	
	-	-	85,531,568	-	(47,421,160)		38,110,408	
Closing balance June 30, 2024								
	2,713,596,830	1,355,963,196	517,411,519	16,331,954	3,386,079,485		7,989,382,984	

The annexed notes from 1 to 42 form an integral part of these condensed interim financial statements.

PRESIDENT/ CHIEF EXECUTIVE CHIEF FINANCIAL OFFICER CHAIRMAN DIRECTOR DIRECTOR

MOBILINK MICROFINANCE BANK LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2024

		Period Ended June 30,	
		2024	2023
		Rupees	
Note			
	CASH FLOWS FROM OPERATING ACTIVITIES		
	Profit before taxation	1,153,635,464	902,750,947
	Adjustment for non cash items and other items:		
	Depreciation on property and equipment	173,995,201	148,280,669
	Depreciation on right-of-use assets	97,152,141	91,135,193
	Amortization on intangible assets	58,037,808	103,849,702
35	Credit loss allowance and write offs - net	5,317,452,222	1,705,094,599
	Provision for gratuity	47,027,556	33,679,237
32	Gain on disposal of operating fixed assets	(510,437)	(1,687,370)
	Gain on disposal of securities	(1,045,500)	-
29	Finance charges on subordinated debt	233,417,476	191,493,702
	Finance charge on repo transactions	-	26,495,042
29	Finance charge on borrowings	1,823,399	-
21	Finance charges on lease liability	64,322,521	64,235,980
		<u>5,991,672,387</u>	<u>2,362,576,754</u>
		7,145,307,851	3,265,327,701
	(Increase) / decrease in operating assets:		
	Lendings to financial institutions	7,345,600,636	-
	Advances	(9,660,550,385)	(10,304,828,107)
	Other assets (excluding advance taxation)	1,092,031,354	(2,988,747,897)
		<u>(1,222,918,395)</u>	<u>(13,293,576,004)</u>
	Increase / (decrease) in operating liabilities:		
	Bills payable	228,016,119	139,026,981
	Borrowings from financial institutions	508,622,743	418,411,634
	Deposits and other accounts	5,589,376,034	6,664,636,321
	Other liabilities (excluding current taxation)	1,722,426,066	7,182,944,621
		<u>8,048,440,962</u>	<u>14,405,019,557</u>
	Cash inflow / (outflow) from operations	<u>13,970,830,418</u>	<u>4,376,771,254</u>
	Payments against off-balance sheet obligations		
21	Finance charges on lease liability	(64,322,521)	(64,235,980)
	Finance cost paid on subordinated debt	(233,853,057)	(178,223,013)
	Income tax paid	(863,844,269)	(227,879,650)
		<u>(1,162,019,847)</u>	<u>(470,338,643)</u>
	Net cash inflow / (outflow) from operating activities	<u>12,808,810,571</u>	<u>3,906,432,611</u>
	CASH FLOWS FROM INVESTING ACTIVITIES		
	Net (investment in) / proceeds from amortised cost securities	(6,491,557,188)	-
	Net (investment in) / proceeds from FVOCI securities	1,719,633,665	251,740,541
	Net (investment in) / proceeds from TDRs	4,950,000	-
	Investment in Property and equipment	(128,782,830)	(193,635,473)
	Investment in Intangible	(1,161,090)	(125,946,150)
	Proceeds from sale of Property and equipment	913,649	2,469,718
	Net cash outflow from investing activities	<u>(4,896,003,794)</u>	<u>(65,371,364)</u>
	CASH FLOWS FROM FINANCING ACTIVITIES		
	Payment of lease liability	(81,772,002)	(59,684,128)
	Payment of Interest on repo transaction	-	(23,876,000)
	Net cash inflow / (outflow) from financing activities	<u>(81,772,002)</u>	<u>(83,560,128)</u>
	Net increase / (decrease) in cash and cash equivalents	<u>7,831,034,775</u>	<u>3,757,501,119</u>
	Cash and cash equivalents at beginning of the year	<u>44,728,560,504</u>	<u>20,078,421,396</u>
	Cash and cash equivalent at end of the period / year	<u>52,559,595,279</u>	<u>23,835,922,515</u>
	Cash and cash equivalents comprise of the following:		
	Cash and balances with SBP and NBP	15,486,539,831	9,953,410,609
	Balances with other banks/NBFIs/MFBs	6,595,332,706	5,816,688,737
	Investments with original maturity of less than three months	21,792,881,670	8,065,823,169
	Lending to Financial Institutions	8,684,841,072	-
		<u>52,559,595,279</u>	<u>23,835,922,515</u>

The annexed notes from 1 to 42 form an integral part of these condensed interim financial statements.

PRESIDENT/ CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

CHAIRMAN

DIRECTOR

DIRECTOR

MOBILINK MICROFINANCE BANK LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 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 business locations/ touch points comprising of 109 operational branches (including 1 in Muzaffarabad AJK) and no booth/ service center (2023: 109 business locations/ touch points comprising of 109 branches (including 1 in Muzaffarabad AJK) and no booth/ service center) in operation. 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.

2 STATEMENT OF COMPLIANCE

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

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

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

2.2 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 interim financial statements have been prepared completely 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 Interim Financial statements have been reclassified accordingly as per new format.

2.3 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.

2.4 The SBP via BPRD Circular Letter No. 16 of 2024 dated July 29, 2024, has deferred the applicability of recognition of the financial assets/liabilities at effective interest rate method (EIR) as per IFRS 9 up to September 30, 2024. Similarly the financial institutions shall measure the subsidized staff loans, extended to their employees as per Human Resource (HR) policies, at fair value as per IFRS 9 standard with effect from October 01, 2024. However these are currently valued as per HR policy.

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

3 AMENDMENTS TO THE PUBLISHED APPROVED ACCOUNTING STANDARDS

a) Standards, interpretations of and amendments to accounting and reporting standards that are effective in the current period

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

	Effective from Accounting period beginning on or after
Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of accounting estimates	June 30, 2024
Amendments to 'IAS 12 Income Taxes' - deferred tax related to assets and liabilities arising from a single transaction.	June 30, 2024
Amendments to IAS 12 'Income taxes' - International Tax Reform — Pillar Two Model Rules	June 30, 2024
Amendments to IFRS 16 'Leases' - Clarification on how seller-lessee subsequently measures sale and leaseback transactions.	January 01, 2024
Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current along with Non-current liabilities with Covenants.	January 01, 2024
Amendments to IAS 7 'Statement of Cash Flows' and 'IFRS 7 'Financial Instruments disclosures' - Supplier Finance Arrangements.	January 01, 2024

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

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

	Effective from Accounting period beginning on or after
Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates' - Clarification on how entity accounts 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

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

Standard

IFRS 1 First-time Adoption of International Financial Reporting Standards

IFRS 18 Presentation and Disclosures in Financial Statements

IFRS 19 Subsidiaries without Public Accountability: Disclosures

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

4 BASIS OF MEASUREMENT AND PRESENTATION

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

- Investments measured at fair value through other comprehensive income.
- Borrowings from State bank of Pakistan initially measured at their present values.
- Right of use asset and lease liability initially measured at their present values.

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

5 MATERIAL ACCOUNTING POLICIES

The accounting policies adopted for the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements for the year ended December 31, 2023.

6 ACCOUNTING ESTIMATES

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

7 FINANCIAL RISK MANAGEMENT

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

		June 30, 2024 (Un-audited)	December 31, 2023 (Audited)
	Note	----- Rupees -----	
8 CASH AND BALANCES WITH TREASURY BANKS			
Cash in hand - Local currency		2,304,423,644	1,762,988,823
With State Bank of Pakistan in - Local currency current account	8.1	13,181,956,189	7,903,330,676
With National Bank of Pakistan in - Local currency current account		159,998	1,153,489
Less: Credit loss allowance		-	-
		<u>15,486,539,831</u>	<u>9,667,472,988</u>

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.

		June 30, 2024 (Un-audited)	December 31, 2023 (Audited)
	Note	----- Rupees -----	
9 BALANCES WITH OTHER MFBS / BANKS / NBFIS			
In Pakistan			
- In current accounts - Local currency		401,441,871	150,438
- In deposit account - Local currency	9.1	5,864,014,218	11,116,264,644
		6,265,456,089	11,116,415,082
Accrued Markup		329,876,617	24,538,277
Less: Credit loss allowance		-	-
		<u>6,595,332,706</u>	<u>11,140,953,359</u>

9.1 These consists of saving accounts carrying markup ranging from 20.50% to 21.00% (December 31, 2023: 15.25% to 20.51%) per annum and term deposit receipt amounting to 41.15 million carrying markup ranging from 18.40% to 21.00% (December 31, 2023: 19.5% to 21%) per annum.

		June 30, 2024 (Un-audited)	December 31, 2023 (Audited)
	Note	----- Rupees -----	
10 LENDINGS TO FINANCIAL INSTITUTIONS			
Repurchase agreement lending's (Reverse repo)	10.1	8,684,841,072	7,345,600,636
Less: Credit loss allowance		-	-
Lendings to Financial Institutions - net of credit loss allowance		<u>8,684,841,072</u>	<u>7,345,600,636</u>

10.1 Lending to Financial Institutions - Particulars of credit loss allowance

	June 30, 2024		December 31, 2023	
	(Un-audited)		(Audited)	
	Lending	Credit loss allowance	Lending	Credit loss allowance
Stage 1	8,684,841,072	-	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 20.50% amounting to Rs. 2.02 billion with maturity date of Jul 12, 2024.
- Habib Bank Limited at the rate of 20.00% amounting to Rs. 1.90 billion with maturity date of Jul 02, 2024.
- United Bank Limited at the rate of 20.30% amounting to Rs. 2.80 billion with maturity date of Jul 05, 2024.
- Allied Bank Limited at the rate of 19.70% amounting to Rs. 1.98 billion with maturity date of Jul 05, 2024.

10.3 Securities held as collateral against lending to financial Institutions

	June 30, 2024 (Un-audited)			December 31, 2023 (Audited)		
	Held by Bank	Further given as collateral	Total	Held by Bank	Further given as collateral	Total
As at June 30, 2024						
Market Treasury Bills (MTB)	9,000,000,000	-	9,000,000,000	8,400,000,000	-	8,400,000,000

11 INVESTMENTS

June 30, 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

Investments by type:

Classified as Fair Value Through Other Comprehensive Income

11.1	29,541,284,148	-	26,773,695	29,568,057,843	31,404,497,037	(5,092,200)	31,399,404,837
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Classified as Amortized cost

11.2	418,841,656	-	418,841,656	-	1,988,235,500
11.3	6,111,483,577	-	6,111,483,577	-	-

Total Investments

Year	2017	2018	2019	2020	2021	2022	2023
Investment made during the period	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Carry-over from previous period	0	0	0	0	0	0	0
Total investment	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Rate of return	0%	0%	0%	0%	0%	0%	0%
Investment made during the period	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Carry-over from previous period	0	0	0	0	0	0	0
Total investment	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Rate of return	0%	0%	0%	0%	0%	0%	0%

171

These represent securities held for Depositor Protection Fund which have a maturity period of up to two months. These were previously held at Fair value through Other comprehensive income. These carry markup at the amount.

11.3 The Pakistan Investment Bonds (PIBs) carry markup at the rate of 21.35% (December 31, 2023, Nil) per annum and are due to mature in May 2026. The market value of these securities as of June 30, 2024 amounted to

Rs. 5.917 million (December 31, 2023. Nil)

Not surprisingly, however, the estimated credit loss on nonpayment securities has not been estimated due to information available under EPCAO authorization procedures used to promulgate the rule. Evicted credit loss on nonpayment securities

[illegible]

ADVANCES

	Stage 1		Stage 2		Non-Performing		Total
	June 30, 2024 (Un-audited)	December 31, 2023 (Audited)	June 30, 2024 (Un-audited)	December 31, 2023 (Audited)	June 30, 2024 (Un-audited)	December 31, 2023 (Audited)	
Rupees							

Micro-credit.

-Secured against gold

-Unsecured

Income markup/ accrued

Advances - Gross

10,072,188.810	5,395,815.659	2,989,635.484	1,752,621.549	5,356,842.736	83,821,225.818	76,909,198.855
10,072,188.810	5,395,815.659	2,989,635.484	1,752,621.549	5,356,842.736	83,821,225.818	76,909,198.855

Credit loss allowance against advances

Stage 1

- Stage 2

Stage 3

Advances - net of credit loss allowance

121 Advances: Particulars of credit loss allowance

June 30, 2024 (Un-audited)

12.1.1 Advances - Exposure

[illegible]

Gross carrying amount

Secondary title

New Advances

Advances Recognized or rewarded

Advanced derecognition
Transfer to equity

Transfer to stage 1

Transfer to stage 2
Transfer to stage 3

Transfer to stage 3:

Change in exposure

Total movement in advances - exposure

Amounts written-off

Closing balance

[illegible]

12.1.2 Advances - Credit loss allowance

	June 30, 2024 (Un-audited)			December 31, 2023 (Audited)		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Credit loss allowance opening balance	1,997,704,400	628,482,468	3,472,963,375	487,844,897	381,781,819	1,820,835,011
New Advances						
Advances derecognized or repaid	(1,812,383,084)	(1,31,896,909)	377,474,474	1,485,551,682	(36,458,639)	(1,655,929,443)
Transfer to stage 1	(1,532,868,353)	(7,479,985)	(45,265,777)	474,172,888	(7,260,048)	(19,455,178)
Transfer to stage 2	52,745,762	585,049,479	(15,284,358)	26,715,226	25,812,522	(576,436)
Transfer to stage 3	(369,765,121)	(330,924,177)	654,450,137	(25,236,087)	(19,595,744)	78,215,228
	(323,525,960)			(58,619,484)		
	(551,030,588)	114,748,408	971,374,476	1,802,684,225	(37,501,909)	(1,597,745,829)
Change in exposure	1,797,845,593	1,138,407,709	1,856,106,626	345,501,022	574,097,984	5,798,612,227
Total provision charged for the year/period	1,236,816,005	1,253,156,117	2,827,481,101	2,248,185,247	536,596,075	4,200,866,398
Amounts written off	(836,419,895)	(407,818,162)	(1,504,283,366)	(738,325,544)	(289,895,428)	(2,548,738,034)
Credit loss allowance closing balance	2,398,099,510	1,473,820,423	4,796,161,110	1,997,704,400	628,482,468	3,472,963,375

12.1.3 Advances - Credit loss allowance details

	June 30, 2024 (Un-audited)			December 31, 2023 (Audited)		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Internal / external rating / stage classification						
Outstanding gross exposure	70,072,788,610	5,995,815,659	7,752,621,549	68,593,498,635	2,989,855,484	5,355,842,736
Performing	70,072,788,610			68,563,498,635		
Under Performing						
Other assets especially mentioned		5,995,815,659			2,989,855,484	
Non - Performing						
Substandard			4,298,486,899			2,791,235,015
Doubtful			1,574,852,294			737,897,537
Loss			1,879,282,356			1,826,710,184
			7,752,621,549			5,355,842,736
Total	70,072,788,610	5,995,815,659	7,752,621,549	68,593,498,635	2,989,855,484	5,355,842,736

Corresponding credit loss allowance

	June 30, 2024 (Un-audited)	December 31, 2023 (Audited)
Stage 1	2,398,099,510	1,997,704,400
Stage 2	-	-
Stage 3	-	-
	2,398,099,510	1,997,704,400

12.2 Particulars of write offs

Written off during the period / year
Change in exposure due to estimate change

	June 30, 2024 (Un-audited)	December 31, 2023 (Audited)
	2,748,521,423	4,627,152,210
	-	(1,050,193,206)
	2,748,521,423	3,576,959,004

	June 30, 2024 (Un-audited)	December 31, 2023 (Audited)
	----- Rupees -----	
13 Property and equipment		
Capital Work in progress - note 13.1	137,905,783	131,977,282
Property and equipment	1,139,199,783	1,190,675,994
	<u>1,277,105,566</u>	<u>1,322,653,276</u>
13.1 Capital Work in progress		
Civil works	2,270,013	4,885,080
Equipment	20,000,000	-
Advances to suppliers and contractors	115,635,770	127,092,202
	<u>137,905,783</u>	<u>131,977,282</u>
13.2 Additions to property and equipment		
The following additions have been made to property and equipment during the period:		
Capital Work in progress	5,928,501	121,066,371
Property and Equipment		
Electrical, office and computer equipment	107,785,694	233,280,349
Furniture and fixture	6,669,780	45,453,262
Vehicles	782,471	112,505,103
Leasehold improvements	7,616,384	40,936,760
	<u>122,854,329</u>	<u>432,175,474</u>
Total	<u>128,782,830</u>	<u>553,241,845</u>
13.3 Disposal of property and equipment		
The net book value of property and equipment disposed off during the period is as follows:		
Disposals:		
Electrical, office and computer equipment	275,311	1,376,094
Furniture and fixture	98,033	5,074
Leasehold improvements	-	103,709
Total	<u>373,344</u>	<u>1,484,877</u>
	June 30, 2024 (Un-audited)	December 31, 2023 (Audited)
	----- Rupees -----	
14 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	<u>839,681,034</u>	<u>939,178,355</u>
Movement during the period / year		
Additions during the period / year	12,292,865	95,423,540
Depreciation Charge for the period / year	(97,152,141)	(194,920,861)
Net Carrying amount at period / year end	<u>754,821,758</u>	<u>839,681,034</u>
	June 30, 2024 (Un-audited)	December 31, 2023 (Audited)
	----- Rupees -----	
15 INTANGIBLE ASSETS		
Computer software	<u>382,665,948</u>	<u>439,610,540</u>
15.1 Additions to intangible assets		
The following additions have been made to intangible assets during the period:		
Directly purchased	<u>1,161,090</u>	<u>231,381,724</u>

		June 30, 2024 (Un-audited)	December 31, 2023 (Audited)
		Rupees	
16	DEFERRED TAX ASSET		
Arising in respect of following deductible temporary differences			
	Provision against non-performing advances	3,126,408,202	2,378,668,595
	Provision for gratuity	68,334,616	49,993,870
	Lease liability net of right of use assets	43,129,086	37,130,832
	Operating fixed assets	37,244,520	12,906,375
	Deficit on revaluation of investments measured at fair value through OCI	-	1,985,958
		3,275,116,424	2,480,685,630
Arising in respect of following taxable temporary differences			
	Surplus on revaluation of investments measured at fair value through OCI	(10,441,741)	-
		3,264,674,683	2,480,685,630
		June 30, 2024 (Un-audited)	December 31, 2023 (Audited)
		Rupees	
17	OTHER ASSETS		
	Advances, deposits and prepayments	1,394,616,697	738,930,767
	Receivable from related parties	266,076,692	1,962,572,291
	ATM cards / printed stationary	132,104,480	81,021,889
	Receivables from State Bank of Pakistan	432,526,642	399,919,546
	Receivable from 1-Link	3,217,838,258	2,754,548,904
	Others	409,594,129	1,007,794,855
		5,852,756,898	6,944,788,252
17.1	Receivable from related parties		
	Pakistan Mobile Communications Limited (PMCL)	266,076,066	1,962,572,291
	Jazz cash (Private) Limited	626	-
	Total	266,076,692	1,962,572,291
		June 30, 2024 (Un-audited)	December 31, 2023 (Audited)
		Rupees	
18	BILLS PAYABLE		
	In Pakistan	503,058,967	275,042,848
19	BORROWINGS		
		June 30, 2024 (Un-audited)	December 31, 2023 (Audited)
		Rupees	
	Secured		
	Borrowings from State Bank of Pakistan		
	Long term facility	686,504,767	-
	Finance cost on Long term facility	1,678,689	-
	Borrowings from Other Banks / Financial Institutions		
	Short term facility	-	244,798,121
		688,183,456	244,798,121
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 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 June 30, 2024 facility remain un-availed.		
	ii) 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 June 30, 2024 facility remain un-availed.		

20 DEPOSITS AND OTHER ACCOUNTS

	June 30, 2024 (Un-audited)	December 31, 2023 (Audited)
	----- Rupees -----	
Customers		
Current Deposits	68,458,840,392	59,428,600,413
Saving Deposits	20,665,391,114	17,149,077,008
Term deposits	30,383,783,730	31,989,701,025
	<u>119,508,015,236</u>	<u>108,567,378,446</u>
Financial Institutions		
Current Deposits	32,950,136	27,901,274
Saving Deposits	3,164,685,677	9,045,643,142
Term deposits	2,169,985,313	1,645,337,466
	<u>5,367,621,126</u>	<u>10,718,881,882</u>
	<u>124,875,636,362</u>	<u>119,286,260,328</u>

20.1 Deposits include related parties balance amounting to Rs 1,284.02 million (2023: Rs 1,563.65 million).

	June 30, 2024 (Un-audited)	December 31, 2023 (Audited)
	----- Rupees -----	
21 LEASE LIABILITIES		
Lease liability as at January 1	934,888,295	996,618,607
Additions during the period / year	12,292,865	95,423,540
Interest expense	64,322,521	149,475,462
Payment of lease liability during the period / year	(146,094,523)	(306,629,314)
As at period / year end	<u>865,409,158</u>	<u>934,888,295</u>

22 SUBORDINATED DEBT

	June 30, 2024 (Un-audited)	December 31, 2023 (Audited)
	----- Rupees -----	
Opening	2,029,849,186	2,014,636,647
Finance Cost:		
Finance cost on subordinated debt	233,417,475	437,222,952
Payment during the period / year	(233,853,057)	(422,010,413)
	<u>2,029,413,604</u>	<u>2,029,849,186</u>

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 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 ("DSLRL") of Pakistan Stock Exchange Limited ("PSX") Rule Book. The company is in the process of listing.

23 DEFERRED GRANT

	June 30, 2024 (Un-audited)	December 31, 2023 (Audited)
	----- Rupees -----	
Opening balance	2,595,000	192,226
Grant Received during the period	66,039,873	2,595,000
Grant recognised as income during the period	(1,574,066)	(192,226)
Closing balance	<u>67,060,807</u>	<u>2,595,000</u>

23.1 This represents the difference between the settlement amount and fair value of Long term facility extended during the period, amounting to Rs 63.50 million and Rs 2.54 million received from Unikrew under women financial inclusion program.

		June 30, 2024 (Un-audited)	December 31, 2023 (Audited)
		----- Rupees -----	
24 OTHER LIABILITIES	Note		
Accrued expenses	24.1	2,744,590,120	1,827,566,703
Payable to related parties	24.2	2,703,434,590	2,064,255,598
Tax payable	24.4	1,177,479,482	1,039,694,736
Defined benefit obligation		175,216,965	128,189,409
Taxes and levies withheld		445,564,512	442,891,536
Payable to suppliers		1,571,853,671	1,153,386,997
Bills collected for settlement through NADRA		1,699,260,605	770,269,787
RAAST payable		2,726,292,536	2,784,453,341
Remittances		2,217,311,334	2,237,522,445
Payable to Merchants and others		739,723,950	933,444,650
Others		331,393,310	1,240,612,505
		<u>16,532,121,075</u>	<u>14,622,287,707</u>

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

		June 30, 2024	December 31, 2023
		----- Rupees -----	
24.2 Payable to related parties	Note		
Pakistan Mobile Communication Limited (PMCL)	24.3	<u>2,703,434,590</u>	<u>2,064,255,598</u>

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

		June 30, 2024	December 31, 2023
		----- Rupees -----	
24.4 Tax payable			
Opening balance		1,039,694,736	11,769,317
Tax paid		(863,844,269)	(701,631,436)
Prior year / period adjustment		(498,749,986)	-
Provision for taxation		1,500,379,001	1,729,556,855
Closing balance		<u>1,177,479,482</u>	<u>1,039,694,736</u>

		June 30, 2024 (Un-audited)	December 31, 2023 (Audited)
		----- Rupees -----	
25 SHARE CAPITAL			
Authorized capital			
2024 Numbers	2023 Numbers		
<u>360,000,000</u>	<u>360,000,000</u>	Ordinary shares of Rs. 10 each.	<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>

25.1 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.

26 FAIR VALUE RESERVE OF FINANCIAL ASSETS AT FAIR VALUE OTHER COMPREHENSIVE INCOME

		June 30, 2024 (Un-audited)	December 31, 2023 (Audited)
		----- Rupees -----	
Fair Value Surplus / (deficit) on revaluation of			
- FVOCI - debt	11.1	26,773,695	(5,092,200)
Deferred tax on surplus / (deficit) on revaluation of:			
- FVOCI - debt		(10,441,741)	1,985,958
		<u>16,331,954</u>	<u>(3,106,242)</u>

27 MEMORANDUM / OFF BALANCE SHEET ITEMS

27.1 Contingencies

1) The taxation officer raised a tax demand of Rs. 1,583.69 million in tax year 2019 and 73.92 in tax year 2018. These include default surcharge of Rs. 652.11 in 2019 and 33.74 million in 2018 under sec 161/205 of the Ordinance, for alleged short deduction of tax from various expenses appearing in company's income tax return. The company has filed first appeal for both cases before ATIR.

2) Sindh Revenue Board issued an assessment order dated April 27, 2024 adjudging Sindh sales tax demand of Rs. 5.57 million (including penalty of Rs. 0.27 million) and default surcharge in the matter of alleged failure to deposit sales tax on account of services presumed to be rendered in Sindh.

There have been no material change in the contingencies as disclosed in the last audited financial statements of the bank for the year ended December 31, 2023.

		June 30, 2024 (Un-audited)	December 31, 2023 (Audited)
		Rupees	
27.2 Commitments	Note		
Operating fixed assets		-	9,852,750
Bank guarantee	27.3	498,509,270	415,009,270
Standby letter of guarantee	27.4	83,490,000	86,000,000
		<u>581,999,270</u>	<u>510,862,020</u>

27.3 This mainly includes Bank guarantees issued by the Bank to Pakistan Railway amounting to Rs. 100 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 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, 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, Benazir income support program amounting to Rs. 60 million and 48.5 million amounting to Rs. 48.5 million pertaining to Directorate Animal Husbandary Sindh.

27.4 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.

		June 30, 2024 (Un-audited)	June 30, 2023 (Un-audited)
		Rupees	
28 MARKUP/RETURN/INTEREST EARNED	Note		
Mark-up on advances	28.1	19,721,296,143	12,631,957,811
Income on investment in Government Securities	28.2	3,544,782,194	715,413,116
Mark-up on deposit accounts with other MFBs / banks / NBFIs		991,999,250	267,870,805
Lendings to financial institutions		1,261,322,135	25,797,600
		<u>25,519,399,722</u>	<u>13,541,039,332</u>

28.1 This includes markup income on Nano loans amounting to Rs. 10,775 million (2023: 5,437 million)

28.2 Interest income calculated using effective interest rate method

Financial assets measured at amortised cost

Financial assets measured at FVOCI

52,066,183	420,595,800
<u>3,492,716,011</u>	<u>294,817,316</u>

29 MARK-UP/RETURN/INTEREST EXPENSED

		June 30, 2024 (Un-audited)	June 30, 2023 (Un-audited)
		Rupees	
29.1	Note		
Interest on deposits	29.1	6,225,537,331	1,987,372,640
Interest on sub-ordinate debt		233,417,476	191,493,702
Interest on borrowings	29.2	1,823,399	37,943,096
Finance cost of lease liability on right of use assets		64,322,521	64,235,980
		<u>6,525,100,727</u>	<u>2,281,045,418</u>

29.1 Mark-up expense on deposits includes amount of Rs. 96.82 million (2023: Rs. 77.09 million) in respect of deposit balances of a related party as disclosed in note 39.

29.2 Interest expense calculated using effective interest rate method

Finance cost on loan from State bank of Pakistan

1,678,689	-
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		June 30, 2024	June 30, 2023
		(Un-audited)	(Un-audited)
		----- Rupees -----	
30 FEE, COMMISSION AND BROKERAGE INCOME - NET			
Income from branchless banking	30.1	5,761,619,264	3,016,020,260
Commission from insurance companies		58,896,461	8,034,563
Loan processing fee		322,869,369	663,377,991
Others		256,026,511	59,675,991
		<u>6,399,411,605</u>	<u>3,747,108,805</u>
30.1 Income from branchless banking			
Branchless banking income	30.2	5,819,075,714	3,021,452,897
Interest income on Nano advances		10,775,787,798	5,437,117,855
Commission to retailer / franchisee		(2,182,384,773)	(1,203,347,138)
Commission to a related party - PMCL	30.3	(9,174,076,289)	(4,866,387,682)
		<u>5,238,402,450</u>	<u>2,388,835,932</u>
Amount reclassified to Markup/return interest earned	28.1	(10,775,787,798)	(5,437,117,855)
Amount reclassified to commission from insurance companies		(57,456,450)	(5,432,637)
Commission to retailer / franchisee and PMCL - reclassified to Administrative expenses	33	11,356,461,062	6,069,734,820
		<u>5,761,619,264</u>	<u>3,016,020,260</u>
30.2	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.		
30.3	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.		

			June 30, 2024	June 30, 2023
			(Un-audited)	(Un-audited)
			Rupees	
31 GAIN / (LOSS) ON SECURITIES	Note			
Realised	31.1		1,045,500	-
31.1 Realised gain on:				
Market Treasury Bills			1,045,500	-
			June 30, 2024	June 30, 2023
			(Un-audited)	(Un-audited)
			Rupees	
32 OTHER INCOME				
Gain / (Loss) on disposal of fixed assets			510,437	1,687,370
Grant Income			104,376	616,095
			614,813	2,303,465
			June 30, 2024	June 30, 2023
			(Un-audited)	(Un-audited)
			Rupees	
33 OPERATING EXPENSES	Note			
Branchless banking commission expense				
Commission to retailer / franchisee	30.1		2,182,384,773	1,203,347,138
Commission to a related party - PMCL	30.1		9,174,076,289	4,866,387,682
Others				
Salaries, allowances etc.			2,283,234,284	1,869,913,858
Contribution to defined contribution plan			84,839,195	60,108,896
Provision for gratuity			47,027,556	33,679,237
Non-executive directors' fees, allowances and other expenses			4,600,000	5,700,000
Training / Capacity building			58,207,434	18,446,894
Rent, taxes, insurance, electricity, etc.			391,496,356	228,411,589
Legal and professional charges			50,651,883	47,103,688
Communications			23,250,050	19,971,812
Repair and maintenance - Vehicle			8,906,517	4,692,925
Stationary and printing			77,473,473	106,355,679
Advertisement and publicity			35,075,121	33,095,170
Auditors remuneration	33.1		4,125,357	2,144,500
Depreciation			271,147,342	239,415,882
Amortization			58,037,808	103,849,702
Travel and transportation			126,960,001	41,859,275
Repair and maintenance - General			63,586,009	24,813,540
Customer verification charges	33.2		276,434,658	242,944,304
Bank charges			829,569,965	893,196,863
IT equipment and software maintenance			562,882,744	471,723,728
Ready cash expense	33.3		1,921,568,309	1,470,783,492
Security			113,291,575	106,720,342
Janitorial services			94,232,445	81,287,795
Office supplies			14,887,028	11,332,564
Entertainment			60,107,649	12,014,082
Other projects expenses			22,369,617	37,403,258
Others			26,883,887	26,117,043
			18,867,307,325	12,262,820,918
33.1 This includes fee for audits of financial statements of AJK operations and for other certifications (Capital adequacy ratio, certification on livestock insurance etc.).				
33.2 This includes verification charges of National Database Registration Authority (NADRA) for verisys, eCIB charges and other charges for customer verifications.				
33.3 The amount includes expense pertaining to Channel VAS Pakistan; Channel VAS manages the nano loan portfolio of the bank.				
			June 30, 2024	June 30, 2023
			(Un-audited)	(Un-audited)
			Rupees	
34 OTHER CHARGES	Note			
Penalties imposed by the State Bank of Pakistan				81,087,000
Others			334,428	-
			334,428	81,087,000

35 CREDIT LOSS ALLOWANCE & WRITE OFFS - NET	Note	June 30, 2024	June 30, 2023
		(Un-audited)	(Un-audited)
		----- Rupees -----	
Credit loss allowance against loans & advances	12.1.2	5,317,452,222	1,705,094,599
Other writeoffs	35.1	37,545,689	-
		<u>5,354,997,911</u>	<u>1,705,094,599</u>

35.1 The amount includes long outstanding receivable amounting to 32.625 million related to M/s Comparex written off during the period.

36 TAXATION		June 30, 2024	June 30, 2023
		(Un-audited)	(Un-audited)
		----- Rupees -----	
For the year			
Current		(1,500,379,001)	(1,246,434,146)
Prior year		498,749,986	182,020,566
Deferred		796,416,752	870,578,729
		<u>(205,212,263)</u>	<u>(193,834,851)</u>
37 EARNING PER SHARE (RUPEE)		June 30, 2024	June 30, 2023
		(Un-audited)	(Un-audited)
		----- Rupees -----	
Profit after taxation - Rupees	A	948,423,201	708,916,096
Weighted average ordinary shares - Numbers	B	271,359,683	271,359,683
Earning per share - Rupees	A/B	3.50	2.61

38 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.

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.

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.

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 period.

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.

On balance sheet financial instruments	June 30, 2024			Total
	Level 1	Level 2	Level 3	
	(Un-audited)			
	----- Rupees -----			
June 30, 2024				
Financial assets - measured at fair value				
Fair value through Other comprehensive income - Market treasury bills	-	29,568,057,843	-	29,568,057,843
Financial assets - disclosed but not measured at fair value				
Investments	-	6,530,325,333	-	6,530,325,333
Off-balance sheet financial instruments				
Forward agreements for lending	-	-	-	-
Forward agreements for borrowing	-	-	-	-
	-	<u>36,098,383,176</u>	-	<u>36,098,383,176</u>

On balance sheet financial instruments

	December 31, 2023			
	Level 1	Level 2	Level 3	Total
	(Audited)			
	----- Rupees -----			
December 31, 2023:				
Financial assets - measured at fair value				
Fair value through Other comprehensive income - Market treasury	-	31,399,404,837	-	31,399,404,837
Financial assets - disclosed but not measured at fair value				
Investments	-	1,988,235,500	-	1,988,235,500
Off-balance sheet financial instruments:				
Forward agreements for lending	-	-	-	-
Forward agreements for borrowing	-	-	-	-
	-	33,387,640,337	-	33,387,640,337

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 PKRV, as per SBP Application instructions of IFRS09

39 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:

	June 30, 2024			December 31, 2023		
	Key management personnel	Associates	Directors	Key management personnel	Associates	Directors
	----- Rupees -----					
Advances						
Opening balance	75,688,225	-	-	60,242,711	-	-
Addition during the period	16,800,000	-	-	78,709,780	-	-
Repaid during the period	(8,638,381)	-	-	(63,264,266)	-	-
Closing balance	83,849,844	-	-	75,688,225	-	-
Other Assets						
Interest / mark-up accrued	137,817	-	-	175,120	-	-
Other receivable	-	266,076,692	-	-	1,962,572,291	-
Deposits and other accounts						
Opening balance	21,777,457	1,563,653,035	-	11,684,864	830,992	-
Received during the period / year	314,632,710	6,383,459,730	-	513,174,497	13,657,034,470	-
Withdrawn during the period / year	(281,627,523)	(6,745,384,089)	-	(504,748,692)	(12,255,293,579)	-
Mark-up Paid net of WHT	1,198,010	82,299,536	-	1,666,788	161,081,152	-
Closing balance 39.1	55,980,654	1,284,028,212	-	21,777,457	1,563,653,035	-
Other liabilities						
Interest / mark-up payable	-	394,009	-	-	602,134	-
Other liabilities 24.3	-	2,703,434,590	1,400,000	-	2,064,255,598	1,500,000
Income						
Mark-up/ interest earned	1,734,089	-	-	394,148	-	-
Expense						
Mark-up / interest paid to	1,198,010	-	-	1,960,927	-	-
Wholly Owned Subsidiary of Parent Group						
- Pakistan Mobile Communication Limited (PMCL)	-	4,613,992	-	-	1,799,455	-
- Linkdotnet Pakistan (Pvt) Limited	-	92,208,992	-	-	75,290,659	-
Remuneration	215,277,200	-	4,600,000	124,779,066	-	5,700,000

June 30, 2024			December 31, 2023		
Key management personnel	Associates	Directors	Key management personnel	Associates	Directors

----- Rupees -----

Wholly Owned Subsidiary of Parent Group

Pakistan Mobile Communication Limited (PMCL)

Operating Expenses

- Branchless commission	- 7,043,434,384 -	- 3,477,312,399 -
- Deposit mobilization commission paid	- 2,130,641,905 -	- 1,389,075,283 -
- Payments made against defined contribution plan being employee and employer contributions	- 169,678,390 -	- 120,217,792 -

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

Name	Closing Balance
Jazz Cash (Pvt) Ltd	496,399,734
Linkdotnet Pakistan (Pvt) Ltd	718,081,176
Pakistan Mobile Communication Limited	69,547,302
	<u>1,284,028,212</u>

40 CAPITAL ADEQUACY & MINIMUM CAPITAL REQUIREMENTS

	June 30, 2024	December 31, 2023
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 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 June 30, 2024 stood at Rs. 2.714 billion (2023: Rs. 2.714 billion) and is in compliance with SBP requirements.		
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	6,499,283,234	6,186,514,884
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	6,499,283,234	6,186,514,884
Eligible Tier 2 Capital	2,708,251,323	2,577,920,752
Total Eligible Capital (Tier 1 + Tier 2)	9,207,534,558	8,764,435,636
Risk Weighted Assets (RWAs):		
Credit risk	56,719,387,173	51,379,047,448
Operational risk	2,370,684,757	2,730,684,757
Total	59,090,071,930	54,109,732,205
Common Equity Tier 1 Capital Adequacy Ratio	11.00%	11.43%
Tier 1 Capital Adequacy Ratio	11.00%	11.43%
Capital Adequacy Ratio	15.58%	16.20%

- 40.1 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. Has the transitional provision not adopted the capital adequacy ratio will be 9.01%.

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.

- 40.2 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.

41 GENERAL

- 41.1 Figures in these financial statements have been rounded to the nearest Rupee, unless otherwise stated.
- 41.2 The following figures have been rearranged / reclassified in current period to enhance the understanding of disclosure.

From	To	Amount in Rupees
Statement of Financial Position		
ASSETS	ASSETS	
Other Assets (Accrued Markup)	Cash and cash equivalents	24,538,277
	Lending to financial institutions	32,831,036
	Balances with other MFBs / Banks / NBFIs	24,538,277

From	To	Amount in Rupees
Statement of Financial Position		
ASSETS	ASSETS	
	Property Plant and Equipment	1,322,653,276
Operating Fixed Assets	Right-of-use assets	839,681,034
	Intangible assets	439,610,540
Other Liabilities		
	Bills Payable	275,042,848
Other Liabilities	Lease liabilities	934,888,295
	Deferred Grant	2,595,000
Profit and Loss Account		
Other Charges	Foreign exchange income / (Loss)	(39,597,701)

42 Date for Authorization of Issue

These condensed interim financial statements were authorized for issue by the Board of Directors of the Bank in their meeting held on 28 AUG 2024 2024.







PRESIDENT/ CHIEF EXECUTIVE CHIEF FINANCIAL OFFICER CHAIRMAN DIRECTOR DIRECTOR