



12.2.1 Cost of property and equipment include cost of fully depreciated assets that are still in use amounting to Rs. 839.65 million (December 2025: Rs. 843.29 million).

12.2.2 This includes disposals of computer equipment carrying cost and accumulated depreciation amounting to Rs. 36.85 million.

13. RIGHT-OF-USE ASSETS

	June 30, 2026			December 31, 2025		
	Buildings	Equipment	Total	Buildings	Equipment	Total
Rupees						
At opening						
Cost	2,550,519,955	38,812,247	2,589,332,202	1,950,374,659	38,812,247.90	1,989,186,906
Accumulated depreciation	(1,538,348,375)	(21,521,686)	(1,559,870,061)	(1,308,795,817)	(13,984,287.00)	(1,322,780,104)
Opening net book value	1,012,170,980	17,290,567	1,029,461,547	621,578,842	25,227,960	646,806,802
For the period / year movement						
Additions	425,720,320	265,679,347	721,399,667	600,145,296	-	600,145,296
Modifications of leases	13,914,223	-	13,914,223	-	-	-
Depreciation charge	(122,765,557)	(33,151,266)	(155,916,823)	(208,553,158)	(7,937,393)	(216,490,551)
	316,868,986	262,528,081	579,397,067	390,592,138	(7,937,393)	382,654,745
Net carrying amount at closing	1,329,039,966	279,818,648	1,608,858,614	1,012,170,980	17,290,567	1,029,461,547

14. INTANGIBLE ASSETS

		Note	June 2026	December 2025
			Rupees	Rupees
Capital work in progress	14.1		104,125,336	109,106,644
Intangible assets	14.2		142,378,291	81,608,697
			246,503,627	190,715,341

14.1 Capital work in progress

Opening	109,106,644	
Transfers from CWIP to intangible assets	14,856,398	8,956,332
Additions during the period / year	65,827,195	100,150,312
Transfers to intangible assets	(85,658,901)	-
Closing	104,125,336	109,106,644

14.1.1 CWIP includes:

Software	104,125,336	109,106,644
	104,125,336	109,106,644

14.2 Intangible Assets

	June 30, 2026		December 31, 2025	
	Software and Licenses	Total	Software and Licenses	Total
Rupees				
At opening				
Cost	743,300,887	743,300,887	743,300,887	743,300,887
Accumulated amortization and impairment	(661,692,190)	(661,692,190)	(625,214,456)	(625,214,456)
Net book value	81,608,697	81,608,697	118,086,431	118,086,431
For the period / year movement				
Opening net book value	81,608,697	81,608,697	118,086,431	118,086,431
Transferred from CWIP	85,658,901	85,658,901	-	-
Amortization charge	(24,889,307)	(24,889,307)	(36,477,734)	(36,477,734)
Closing net book value	142,378,291	142,378,291	81,608,697	81,608,697
As at				
Cost	828,959,788	828,959,788	743,300,887	743,300,887
Accumulated amortization and impairment	(686,581,497)	(686,581,497)	(661,692,190)	(661,692,190)
Net book value	142,378,291	142,378,291	81,608,697	81,608,697
Rate of amortization (percentage)	10-20%		10-20%	

14.3 The cost of fully amortized intangibles still in use

Software and Licenses	518,714,731	518,708,309
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15. DEFERRED TAX ASSET

	June 30, 2026			
	At January 1, 2026	Recognised in P&L A/C	Recognised in OCI	At June 30, 2026
	Rupees			
Deductible temporary differences on:				
- Tax losses carried forward	2,378,468,350	99,004,202	-	2,467,472,552
- Minimum tax / Alternative corporate tax	305,282,810	417,099,619	-	802,182,129
- Post retirement employee benefits	132,526,836	(70,322,545)	14,202,893	76,406,984
- Accelerated tax depreciation	15,481,244	(4,114,965)	-	11,366,279
- Credit loss allowance against advances	1,270,262,946	(950,541,818)	-	319,721,128
- Lease Liabilities against ROUA	88,090,078	(26,455,434)	-	61,634,644
	4,274,131,764	(538,533,961)	14,202,893	3,749,800,696
Taxable temporary differences on:				
- Surplus on revaluation of investments classified as FVOCI	(5,929,383)	-	2,295,584	(3,633,799)
- Unrealized gain of revaluation of securities FVTPL	(177,060)	(92,625)	-	(269,685)
	(6,116,443)	(92,625)	2,295,584	(3,913,484)
	4,268,015,321	(538,626,586)	16,498,477	3,745,887,212
	December 31, 2025			
	At January 1, 2025	Recognised in P&L A/C	Recognised in OCI	At December 31, 2025
	Rupees			
Deductible temporary differences on:				
- Tax losses carried forward	2,389,324,102	(10,855,752)	-	2,378,468,350
- Minimum tax	105,156,687	284,116,865	-	389,273,510
- Post retirement employee benefits	151,516,687	(2,050,179)	33,000,118	132,526,836
- Accelerated tax depreciation	32,794,660	(17,313,416)	-	15,481,244
- Credit loss allowance against advances	1,878,378,156	(608,095,220)	-	1,270,282,936
- Lease Liabilities against ROUA	98,000,701	(9,916,623)	-	88,084,078
	4,605,185,971	(364,114,325)	33,000,118	4,274,131,764
Taxable temporary differences on:				
- Surplus on revaluation of investments classified as FVOC I	(2,515,033)	-	(3,424,351)	(5,939,383)
- Unrealized gain of revaluation of securities FVTPL	(177,060)	(177,060)	-	(354,120)
	(2,692,093)	(354,120)	(3,424,351)	(6,468,564)
	4,602,670,938	(364,291,385)	29,633,767	4,268,015,321

15.1 As at the period end, the Bank has recognized a net deferred tax asset amounting to Rs. 3745.89 million (2025: Rs. 4,268.02 million) based on the business plan and financial projections duly approved by the board of directors of the Bank. The projections involve certain key assumptions underlying the estimation of future taxable profits. Any significant change in such assumptions may have an effect on the recoverability of the deferred tax asset. The management believes that it is probable that the Bank will be able to achieve the projected profits and consequently the deferred tax asset will be fully realized in the future.

	Not	June 2026	December 2025
		Rupees	Rupees
Income / mark-up accrued on advances		8,501,711,688	5,434,341,618
Income / mark-up accrued on balance with banks		167,051,418	79,603,560
Prepayments		602,314,306	227,161,870
Security deposits		38,406,212	26,319,762
Fair value adjustment staff advances		180,279,682	90,159,499
Receivable from SBP against crop insurance		33,704,639	53,704,639
Others		680,393,585	240,160,303
		10,041,861,530	6,151,033,256
Less: Credit loss allowance held against other assets	16.1	(1,607,414)	(1,899,270)
		10,040,254,116	6,149,133,986

16.1 Movement in credit loss allowance held against other assets

At opening	1,899,270	8,026,079
Change for the period / year	318,755	(610,611)
Reversals	(610,611)	(6,126,809)
At closing	1,607,414	1,899,270

17. BILLS PAYABLE

In Pakistan	145,891,354	114,006,111
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18. BORROWINGS

Un-secured		
Borrowings from the State Bank of Pakistan	18.1	3,000,000,000
Repo T-Bills		3,952,148,000
		6,952,148,000

18.1 This represents unsecured long term borrowing obtained on June 24, 2019 from SBP under Financial inclusion infrastructure Program (FIIP) to provide access to long term market based funding, enhancing lending to microfinance borrowers including micro enterprises and micro housing especially women borrowers. The markup is payable at the rate of 6 months KIBOR minus 100 bps per annum (December 2025: 6 months KIBOR minus 100 bps per annum). Initially the principal amount was repayable in last four quarters of 5 years loan period or in bullet form at the end of said tenor. However, the State Bank of Pakistan has extended the principal repayment period for further 5 years from June 30, 2024, to June 30, 2029.

19. DEPOSITS AND OTHER ACCOUNTS

	Note	June 2026	December 2025
		Rupees	Rupees
Customers			
Current deposits	19.1	5,738,234,223	3,158,262,740
Saving deposits	19.2	27,429,320,035	15,659,158,948
Fixed deposits		43,072,345,254	32,411,120,455
		76,239,899,512	51,228,542,138
Financial Institutions			
Current deposits	19.1	80,603,510	4,467,110,584
Saving deposits	19.2	9,473,183,779	10,585,628,291
Fixed deposits		480,000,000	2,897,000,000
		9,653,787,289	17,859,738,875
Total deposits		86,193,686,801	69,088,284,013

19.1 These carry interest rates ranging from 5.00% to 16.00% (December 2025: 7.25% to 14.00%) per annum.

19.2 These represent fixed deposits having tenure of 1 to 60 months carrying profit rates ranging from 9.99% to 23.00% (December 2025: 9.99% to 23.50%) per annum.

19.3 Composition of Deposits

	June 2026	December 2025
	Rupees	Rupees
Individuals	42,880,755,249	35,497,317,735
Government (Federal and Provincial)	6,956,338,828	6,835,513,751
Public sector entities	213,334,819	27,848,251
Banking companies	8,021,579,682	6,996,652,595
Non-banking financial institutions	16,532,526,489	10,863,086,280
Private sector	11,589,151,734	8,867,865,401
	86,193,686,801	69,088,284,013

19.4 Composition of Deposits

Branchless banking	961,146,738	1,432,409,086
Branches deposits	85,232,540,063	67,655,874,927
	86,193,686,801	69,088,284,013

19.5 Deposits include deposits from related parties amounting to Rs. 2.52 billion (December 2025: Rs. 4.42 billion).

20. LEASE LIABILITIES

	Note	June 2026	December 2025
		Rupees	Rupees
At opening		1,255,333,543	898,106,035
Movements during the period / year:			
Additions			
- Buildings		425,720,320	600,145,296
- Equipments		295,679,347	721,399,669
Modification		13,914,223	-
Interest expense	28	110,329,277	168,638,771
Payments		(318,721,575)	(411,556,559)
At closing		1,782,255,137	1,255,333,543

20.1 Contractual Maturity of Lease liabilities

Short term lease liabilities - within one year	242,330,640	-
Long term lease liabilities		
- 1 to 5 years	704,065,208	403,903,701
- 5 to 10 years	835,859,289	851,429,842
- More than 10 years	1,539,924,497	1,255,333,543
Total lease liabilities	1,782,255,137	1,255,333,543

21. SUBORDINATED DEBT

Pakistan Microfinance Investment Company (PMIC)	21.1	720,160,167	672,286,612
		720,160,167	672,286,612

21.1 This represents an unsecured and subordinated loan facility raised by the Bank in the year 2019, amounting to Rs. 800 million to contribute towards the Bank's Tier I capital. The instrument was initially structured to redeem in 6 semi-annual installments in arrears starting from 6th year after the end of grace period of 5 years.

The Bank and Pakistan Microfinance Investment Company Limited (PMIC) entered into an addendum to the subordinate debt agreement in November 2024 which became effective from January 21, 2025, the Amendment Effective Date. As per the revised terms, the Subordinated Term Finance Facility has been extended for a further period of seven years commencing from the Amendment Effective Date. Further mark-up accrued up to the date of amendment effective date, has been waived by the lender.

The facility carries mark-up at the rate of 6 months KIBOR plus 3% per annum, to be charged from the earlier of October 1, 2027 or when CAR and MC requirements are complied with by the Bank. The principal amount is repayable in 4 semi annual installments starting from 6th year after the end of revised grace period of 5 years starting from the amendment effective date.

The instrument is unsecured and subordinated to payment of principal and profit to all other indebtedness of the Bank, including deposits, and it is not redeemable before maturity without prior approval of SBP.

22. OTHER LIABILITIES

	Note	June 2026	December 2025
		Rupees	Rupees
Markup / return / interest payable	22.1	1,229,238,514	1,088,843,431
Accrued deposits		186,249,920	901,979,707
Payable to defined benefit plan	40	140,551,037	369,217,115
Income tax payable - net	22.2	92,290,971	22,938,546
Withholding tax payable - net		119,092,386	209,073,659
Sundry creditors		466,217,515	353,097,966
Workers' welfare fund		33,320,951	33,320,951
Settlement accounts		384,339,193	90,860,102
		2,651,300,487	3,069,331,477

22.1 This includes markup payable on deposits from related parties amounting to Rs. 0.120 million (December 2025: Rs. 1.88 million).

22.2 Income tax payable - net

	June 2026	December 2025
	Rupees	Rupees
Advance income tax	(701,869,124)	(422,619,210)
Provision for income tax	794,160,095	445,557,756
	92,290,971	22,938,546



FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2026

23. SHARE CAPITAL

23.1 Authorized capital

June 2026 (Number of shares)	December 2025		June 2026 Rupee	December 2025 Rupee
1,500,000,000	1,500,000,000	Ordinary shares of Rs 10 each	15,000,000,000	15,000,000,000

23.2 Issued, subscribed and paid-up share capital

June 2026 (Number of shares)	December 2025		June 2026 Rupees	December 2025 Rupees
75,000,000	75,000,000	Ordinary share of Rs. 10 each fully paid in cash	750,000,000	750,000,000
759,888,711	559,888,711	Ordinary share of Rs. 10 each issued at discount	7,598,887,110	5,598,887,110
834,888,711	634,888,711		8,348,887,110	6,348,887,110
Movement during the year				
-	200,000,000	Ordinary share of Rs. 10 each fully paid in cash	-	2,000,000,000
834,888,711	834,888,711		8,348,887,110	8,348,887,110
Closing Balance				
275,000,000	275,000,000	Ordinary share of Rs. 10 each fully paid in cash	2,750,000,000	2,750,000,000
559,888,711	559,888,711	Ordinary share of Rs. 10 each issued at discount	5,598,887,110	5,598,887,110
834,888,711	834,888,711		8,348,887,110	8,348,887,110
-	-	Discount on issue of share	(4,089,040,293)	(4,089,040,293)
834,888,711	834,888,711		4,259,846,817	4,259,846,817

23.3 Pattern of Shareholding

June 2026 (Number of shares)	December 2025		June 2026 Rupees	December 2025 Rupees
591,149,827	591,149,827	Abhi (Private) Limited	5,911,498,270	5,911,498,270
210,619,137	210,619,137	TPL Corp Limited	2,106,191,370	2,106,191,370
33,119,747	33,119,747	Kash Holdings (Private) Limited	331,197,470	331,197,470
834,888,711	834,888,711		8,348,887,110	8,348,887,110

23.4 The Bank has one class of ordinary shares which carry no right to fixed income. The shareholders are entitled to receive dividend as declared from time to time and are entitled to one vote per share at the meeting of the Bank. All shares rank equally with regards to the Bank residual assets.

24. CAPITAL CONTRIBUTION RESERVE

On January 17, 2025, FINCA Microfinance Cooperative U.A transferred Rs. 600 million with the Bank as part of the share purchase agreement between FINCA Microfinance Cooperative U.A and TPL Corp Limited and Abhi (Private) Limited. This amount is non-repayable and represents no current or future obligation on the part of the Bank and / or any of its shareholders towards FINCA Microfinance Cooperative U.A.

25. SURPLUS ON REVALUATION OF ASSETS - NET OF TAX

June 2026 Rupees	December 2025 Rupees
Fair Value Surplus on revaluation of: - FVOCI - debt	9,343,075 15,229,186
Deferred tax on surplus on revaluation of: - FVOCI - debt	(3,643,800) (5,939,384)
5,699,275	9,289,802

26. CONTINGENCIES AND COMMITMENTS

Contingencies

(a) The Punjab Revenue Authority (PRA) issued a notice to the Bank regarding alleged short payment of sales tax on services and shortfall in sales tax withheld on taxable services for financial years 2020 and 2021. After submission of replies and hearings, PRA passed an order dated June 18, 2025 creating a demand of Rs. 196.38 million along with a penalty of Rs. 9.82 million for both years. In addition, default surcharge is chargeable under the Act, the amount of which is dependent on the date of payment and continues to accrue until settlement of the demand. The Bank based on advice from its tax consultants, has filed an appeal before the competent appellate authority. The Bank has also paid under protest 10% of the disputed demand Rs. 20.62 million.

(b) During the financial year 2016, a demand of Rs. 9.315 million was raised by the Deputy Commissioner Inland Revenue (DCIR) through order passed under Section 3 of the Federal Excise Act, 2005. Being aggrieved, the Bank preferred an appeal before the Commissioner Inland Revenue (Appeals), which was dismissed vide order dated September 21, 2020. The subsequent appeal before the Appellate Tribunal Inland Revenue (ATIR) was also dismissed through order dated September 29, 2022. The Bank has now filed a reference before the Honorable Lahore High Court through its legal counsel, which is currently pending adjudication.

(c) A fraud incident was detected at the Satellite Town Branch, Rawalpindi, involving fake gold ornaments, linked to 55gold backed loan accounts with outstanding principal of Rs. 62.69 million. These gold ornaments were valued at Rs.82.06 million. Since these gold ornaments were fully insured under the fidelity clause, the Bank had lodged a claim with the insurance company for the full gold value.

(d) Since the incident, management has further strengthened internal controls in order to reduce the probability of such instances. Furthermore, the management is confident that the insurance company will settle all the outstanding claims and no additional financial impact is expected. In addition, the Bank is maintaining a voluntary general provision of Rs. 350 Million, over and above the statutory requirement, in order to cater for any unforeseen event resulting into operational loss.

Bank's AJK Operations:

(d) During the previous years, the Deputy Commissioner Inland Revenue (DCIR) passed orders under section 122(1) of the Ordinance for the Tax Years 2019, 2020 and 2021, thereby raising an aggregate tax demand of Rs. 32,323 million. Feeling aggrieved, the Bank preferred appeals before Commissioner Inland Revenue (Appeals) [CIR(A)], who vide orders dated December 19, 2024, partially confirmed the aggregate demand to the tune of Rs. 12.766 million while remanding back the remaining demand to DCIR. The remand back proceedings are underway till this date.

(e) During the previous year, the DCIR passed order under section 122(1) of the Ordinance for the Tax Year 2022, thereby reducing taxable loss by Rs. 14.685 million. Feeling aggrieved, the Bank preferred appeals before CIR(A) which is pending adjudication.

26.2 Commitments

There are no significant commitments as at June 30, 2026 (December 2025: Nil)

27. MARK-UP / RETURN / INTEREST EARNED

Note	(Audited) From January 01, 2026 to June 30, 2026	(Un-audited) From January 01, 2025 to June 30, 2025
Loans and advances	8,122,344,739	4,292,278,893
Investments	268,496,430	337,780,794
Lending to financial institutions	464,615,542	
Balances with other MFIs / banks / NBFI's	401,946,696	367,341,313
27.1	9,257,393,407	4,997,401,000

27.1 Interest Income

(Calculated using effective interest rate method) recognized on:

Financial assets measured at amortised cost	8,988,906,977	4,697,150,080
Financial assets measured at FVOCI	199,577,778	202,005,250
Financial assets measured at FVTPL	68,908,652	98,245,670
	9,257,393,407	4,997,401,000

28. MARK-UP / RETURN / INTEREST EXPENSED

Deposits	4,464,089,595	2,866,626,632
Borrowings	155,762,167	167,576,666
Subordinated loan	47,873,555	
Lease liabilities	110,329,277	80,342,915
	4,778,054,594	3,114,546,213
28.1	4,778,054,594	3,114,546,213

28.1 Interest expense calculated using effective interest rate method

29. FEE AND COMMISSION INCOME

Loan processing fee - net	568,291,864	456,530,037
Branchless banking income	143,447,380	9,872,924
Branch banking customer fees	18,701,741	48,074,558
Overdue charges	103,760,488	40,353,153
Early settlement charges	202,917,787	125,801,336
Card related fees	24,497,520	3,327,879
	1,061,606,786	683,961,887

29.1 Branchless banking income

Lending charges	127,915,991	-
Commission income from bill payments	236,385	277,459
Fees on payment and money transfer services	13,024,772	8,157,198
Fees on cash withdrawal	2,052,755	1,260,354
Others	217,477	177,913
	143,447,380	9,872,924

30. GAIN ON SECURITIES

Realised	561,905	7,121,473
Unrealised	(454,000)	-
	107,905	7,121,473

30.1 Realised gain on:

Note	(Audited) From January 01, 2026 to June 30, 2026	(Un-audited) From January 01, 2025 to June 30, 2025
Federal government securities	561,905	7,121,473
	561,905	7,121,473

30.2 Realised gain on:

Net gain on financial assets (debt instruments) measured at FVOCI	232,000	6,597,376
Net gain on financial assets (debt instruments) measured at FVTPL	329,905	524,097
	561,905	7,121,473

31. OTHER INCOME

Gain on sale of property and equipment - net	11,960,340	-
Gain on derecognition on subordinated debt	-	6,678,382
Others	253,061	2,431,302
	12,214,001	9,109,684

32. OPERATING EXPENSES

Total compensation expense	32.1	1,924,873,855	1,367,172,583
Directors' fees and allowances		12,148,974	3,000,000
Printing, stationery and periodicals		9,942,759	28,340,953
Advertisement		56,754,951	46,511,568
Rent, rates and taxes		6,140,658	28,837,223
Office running expenses		27,451,568	43,317,345
Vehicle running expenses		90,441,370	51,616,633
Insurance		118,328,757	59,745,901
Office security / personnel services		92,342,608	88,717,648
Janitorial services		76,522,866	24,164,075
Repairs and maintenance		126,805,922	56,054,987
Communication		44,487,858	34,311,921
Travel and transportation		87,913,097	50,498,532
Utilities		64,879,635	93,661,486
IT expenses		122,793,426	59,686,693
Legal and professional charges		45,362,952	38,069,282
Donation		28,000	-
Auditors' remuneration	32.2	3,000,000	2,500,000
Training and research		4,359,592	8,755,635
Depreciation on property and equipment	12	112,596,250	62,515,866
Depreciation on right of use assets	13	155,916,823	102,850,795
Amortization on intangible assets	14	24,889,307	19,030,879
Others		1,679,993	2,653,687
		3,208,673,261	2,311,833,747

Note	(Audited) From January 01, 2026 to June 30, 2026	(Un-audited) From January 01, 2025 to June 30, 2025
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32.1 Total compensation expense

Fees and allowances etc	25,632,945	24,038,854
Managerial remuneration		
i) Fixed	792,118,687	503,380,000
ii) Variable	234,897,438	262,035,568
Charge for defined benefit plan	74,133,383	55,949,547
Contribution to employees provident fund	61,214,441	33,472,497
Rent & house maintenance	316,738,387	201,314,988
Utilities	194,220	48,698,083
Medical	98,660,881	1,630,726
Conveyance	17,038,760	14,904,631
Staff insurance	16,574,814	7,561,435
Staff medical insurance	24,328,190	25,611,349
Employee old age benefit	20,260,688	19,145,019
Mobile expense	12,003,033	10,807,056
Staff relocation expense	5,652,871	6,748,147
Overriding	77,604	1,874,608
Fuel and maintenance	195,335,950	135,155,126
Recruitment related expenses	1,937,515	28,650
Employee engagement expense	8,297,747	2,615,138
PESSI	122,100	793,599
Driver Allowance	17,844,294	10,714,138
Others	1,782,027	1,800,424
	1,924,873,855	1,367,172,583

32.2 Auditors' remuneration

Audit fee	3,000,000	2,500,000
	3,000,000	2,500,000

33. OTHER CHARGES

Penalties imposed by SBP	33.1	-	72,000
Bank charges		11,387,485	30,694,831
		11,387,485	30,766,831

33.1 This represented penalty paid during last period against non compliance of Cash Management reporting

Note	(Audited) From January 01, 2026 to June 30, 2026	(Un-audited) From January 01, 2025 to June 30, 2025
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34. CREDIT LOSS ALLOWANCE AND WRITE OFFS - NET

Credit loss allowance against loans and advances	34.1	48,357,974	46,749,888
Bad debts written off directly	11.2	18,044,112	11,170,672
Recovery against advances previously written off		(191,469,564)	(146,119,757)
		(125,067,478)	(88,199,197)

Note	(Audited) From January 01, 2026 to June 30, 2026	(Un-audited) From January 01, 2025 to June 30, 2025
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34.1 Credit loss allowance against loans and advances

Against advances	48,649,830	46,749,888
Against other assets	(291,856)	-
	48,357,974	46,749,888

35. TAXATION

Current - for the period	35.1	(417,906,619)	(71,153,425)
Deferred - for the period	15	(538,626,586)	(52,494,409)
		(956,533,205)	(123,647,834)

35.1 There is no relationship between the current tax expense for the period and product of accounting profit multiplied by applicable tax rate as the provision for current tax expense is based on Alternative Corporate Tax under Section 113C of the Income Tax Ordinance, 2001, accordingly, no numerical tax charge reconciliation has been presented.

Note	(Audited) From January 01, 2026 to June 30, 2026	(Un-audited) From January 01, 2025 to June 30, 2025
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36. BASIC AND DILUTED EARNINGS PER SHARE

Profit for the period	1,501,741,026	200,185,226
	Number	
Weighted average number of ordinary shares	834,888,711	834,888,711
	Rupees	
Basic and diluted earnings per share	1.80	0.24

36.1 Diluted earnings per share has not been presented separately as the Bank does not have any convertible instruments in issue.

Note	(Audited) From January 01, 2026 to June 30, 2026	(Un-audited) From January 01, 2025 to June 30, 2025
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37. CASH AND CASH EQUIVALENTS

Cash and balances with SBP and NBP	7	5,270,105,115	1,879,478,802
Balances with other banks	8	11,165,353,783	7,719,351,296
Less: Instruments having maturity more than three months		(4,100,000,000)	-
		12,335,458,898	9,598,830,098



38. STAFF STRENGTH

As at June 30, 2026 (audited)

Permanent
Contractual

MFB's own staff strength at the end of the period

Average number of employees during the period

As at June 30, 2025 (un-audited)

Permanent
Contractual

MFB's own staff strength at the end of the period

Credit / Sales staff	Banking / Support staff	Total staff
Rupees		
761	678	1,439
190	19	215
957	697	1,654
971	690	1,660

39. NUMBER OF BRANCHES

Audited June 30, 2026		Un-audited June 30, 2025	
Branches	Sales service centre	Branches	Sales service centre
Numbers			
114	-	114	-
114	-	114	-
-	-	-	-
114	-	114	-

Branches at the beginning of the period

Opened during the period

Less: Closed during the period

Branches at the end of the period

40. DEFINED BENEFIT PLAN

40.1 General Description

As disclosed in note 6.9.2, the Bank operates an unfunded gratuity scheme for all its employees, who have completed minimum qualifying period of service. Gratuity is payable to the employees on the cessation of employment on death, retirement, resignation, or permanent disability. The normal retirement age is 60 years.

The gratuity is payable under the following policy rule:

- Length of service less than 3 years Nil
- Length of service greater than or equal to 3 years One month's basic salary for each year of service

40.2 Number of Employees under the Scheme

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

	June 2026 Numbers	December 2025 Numbers
Gratuity scheme	1,704	1,082

40.3 Principal actuarial assumptions

The disclosure made below are based on the information included in the actuarial valuation report of the Bank as of June 30, 2025.

	June 2026 %	December 2025 %
Discount rate used for profit and loss charge	11.00%	12.25%
Discount rate for period / year and obligation	11.75%	11.00%
Expected rate of salary increase	10.75%	10.00%

Note

June 2026
December 2025
Rupees

40.4 Present value of obligations

140,551,037 369,217,115

40.5 Movement in payable under defined benefit schemes

Opening balance	369,217,115	289,704,451
Contribution made during the period / year	(311,228,337)	-
Charge for the period / year	74,133,263	84,867,311
Re-measurement loss recognised in OCI during the period / year	36,417,674	84,769,533
Less: Benefits paid	(27,989,678)	(80,144,180)
Closing balance	140,551,037	369,217,115

40.6 Charge for defined benefit plans

40.6.1 Cost recognised in the statement of profit or loss

Current service cost	45,881,020	56,457,080
Past service cost	1,939,852	-
Interest cost	18,318,421	28,430,231
	74,133,263	84,867,311

40.6.2 Re-measurements recognised in OCI during the period / year

Loss / (gain) on obligation:		
- Demographic assumptions	-	12,694,543
- Financial assumptions	119,486	(1,836,942)
- Experience adjustment	36,298,188	73,911,932
Total re-measurements recognised in OCI	36,417,674	84,769,533

40.7 Sensitivity analysis

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate and expected rate of salary increase. The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

	June 2026 Rupees	December 2025 Rupees
100 bps increase in discount rate	35,841,835	14,720,624
100 bps decrease in discount rate	720,744	13,511,324
100 bps increase in expected rate of salary increase	720,744	16,107,359
100 bps decrease in expected rate of salary increase	36,135,168	15,056,455

40.8 Expected charge for the next financial period / year

91,008,528 109,167,063

40.9 Maturity profile

The weighted average duration of the obligation is 4 years.

40.10 Risks associated with defined benefit plan

The defined benefit obligations may expose the Bank to actuarial risks such as longevity risk, salary increase risk and withdrawal rate risk as described below

Longevity risks:

The risk arises when the actual lifetime of retirees is longer than expectation. This risk is measured at the plan level over the entire retiree population.

Salary increase risk.

The most common type of retirement benefit is one where the final benefit is linked with final salary. The risk arises when the actual increases are higher than expectations and impact the liability accordingly.

Withdrawal Rate.

The risk of actual withdrawals varying with the actuarial assumptions can impose a risk to the benefit obligation. The movement of the liability can go either way.

41. COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

June 30, 2026 (Audited)			June 30, 2025 (Un-audited)		
Non-Executive (Independent Directors)	President / CEO	Key Management Personnel	Non-Executive (Independent Directors)	President / CEO	Key Management Personnel
Rupees					
Fees and allowances	12,148,974	-	3,000,000	-	-
Managerial remuneration					
i) Fixed	-	5,063,833	54,961,002	-	8,000,000
ii) Variable	-	-	36,850,551	-	36,314,860
Cash bonus / awards	-	-	277,430	-	-
Contribution to defined contribution plan	-	-	4,578,251	-	3,025,034
Rent and house maintenance	-	2,025,533	21,984,405	-	3,200,000
Utilities	-	-	-	-	14,525,909
Medical	-	-	-	-	2,609,982
Others	-	508,283	5,496,095	-	1,021,508
	-	1,605,444	20,355,197	-	2,286,332
Total	12,148,974	9,478,623	144,025,501	3,000,000	14,286,332
					78,887,202
Number of persons	8	2	7	14	1
					12

42. FAIR VALUE MEASUREMENTS

Fair value measurement defines fair value as the price that would be received from the sale or an asset or liability to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of quoted securities other than those classified as amortized cost, is based on quoted market price.

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.

In the opinion of the management, the fair value of the remaining financial assets and liabilities are not significantly different from their carrying values since these are either short-term in nature or, in the case of customer loans and deposits, are frequent repriced.

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 liabilities.

Level 3: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Financial instruments in level 1

Currently, no financial instruments are classified in level 1.

Financial instruments in level 2

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

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 instruments measured at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorized.

Carrying amount	Fair value			
Carrying value	Level 1	Level 2	Level 3	Total
Rupees				

Note

On-Balance sheet financial instruments

Financial assets measured at fair value

As at June 30, 2026			
Investments	10	6,469,837,577	- 6,469,837,577
As at December 31, 2025			
Investments	10	6,443,102,790	- 6,443,102,790

43. RELATED PARTY TRANSACTIONS

During the year, the Bank's related parties comprise of directors, key management personnel, shareholders, associated company and employee retirement fund. Transactions with related parties during the year, other than those which have been disclosed elsewhere in these financial statements, are as follows:

June 30, 2026								December 31, 2025							
CEO	Key management personnel	Directors	Abhi (Private) Limited	Abhi Fintech Limited	TPL Corp.	TPL Insurance	Kashl Foundation Provident Fund Trust	CEO	Key management personnel	Directors	Abhi Private Limited	TPL CORP	TPL Insurance	Kashl Foundation Provident Fund Trust	
Rupees															
ADVANCES															
Opening balance	25,000,000	115,873,468	-	-	-	-	-	10,662,390	-	-	-	-	-	-	-
Adjustment - transfer in / transfer out	(7,680,011)	(7,228,287)	-	-	-	-	-	-	-	-	-	-	-	-	-
Addition during the period / year	8,324,861	18,218,042	-	-	-	-	-	40,000,000	161,172,838	-	-	-	-	-	-
Repaid during the period / year	(1,498,725)	(9,731,766)	-	-	-	-	-	(24,000,000)	(55,961,700)	-	-	-	-	-	-
Closing balance	24,146,125	117,131,477	-	-	-	-	-	25,000,000	115,873,468	-	-	-	-	-	-
OTHER ASSETS															
Interest / mark-up accrued	-	-	-	-	-	-	-	-	686	-	-	-	-	-	-
DEPOSITS AND OTHER ACCOUNTS															
Opening balance	1,983,837	43,415,297	54,921	3,472,992,441	-	10,326	895,000,000	8,038	364,634	10,260,170	98,974	-	-	-	8,364
Adjustment due to change in related parties - net	(1,983,836)	(11,920,640)	-	-	-	-	-	-	-	-	(93,713)	-	-	-	-
Received during the period / year	108,969,778	61,690,496	601,865	6,678,069,392	555,058,432	-	2,967,225,100	560	137,020,369	632,280,625	16,132,493	184,358,360,123	1,000,011,176	895,000,000	688
Withdrawn during the period / year	(108,969,775)	(76,403,059)	(656,786)	(10,026,872,434)	(404,973,345)	(610)	(1,827,101,265)	(1,160)	(135,404,166)	(599,125,498)	(15,082,833)	(180,885,367,682)	(1,000,000,850)	-	(1,014)
Closing balance	4	16,785,094	-	124,189,399	150,085,087	9,716	2,235,123,835	7,438	1,983,837	43,415,297	54,921	3,472,992,441	10,326	895,000,000	8,038
OTHER LIABILITIES															
Mark-up / return / interest payable	-	119,072	1,133	-	-	-	-	-	199,082	-	1,681,399	96	-	-	445
TRANSACTION DURING THE YEAR															
Income															
Mark-up / return / interest earned	333,641	1,969,106	-	-	-	-	-	-	1,415,803	3,138,476	-	-	-	-	-
Expense															
Mark-up / return / interest expended	-	1,142,146	605,426	-	-	-	-	-	898,665	1,936,133	4,261,513	973	-	-	904
Contribution to provident fund	277,430	4,578,251	-	-	-	-	-	-	7,679,071	-	-	-	-	-	-