



FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2026

38. STAFF STRENGTH

	Credit / Sales staff	Banking / Support staff	Total staff
Rupees			
As at June 30, 2026 (audited)			
Permanent	761	678	1,439
Contractual	196	19	215
MFBI's own staff strength at the end of the period	957	697	1,654
Average number of employees during the period	971	690	1,660
As at June 30, 2025 (un-audited)			
Permanent	768	663	1,431
Contractual	216	19	235
MFBI's own staff strength at the end of the period	984	682	1,666

39. NUMBER OF BRANCHES

Audited		Un-audited	
June 30, 2026		June 30, 2025	
Branches	Sales service centre	Branches	Sales service centre
Numbers			
Branches at the beginning of the period	114	-	114
Opened during the period	-	-	-
Less: Closed during the period	-	-	-
Branches at the end of the period	114	-	114

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	December 2025
	Numbers	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, 2026.

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

Note Rupees

40.4 Present value of obligations

	June 2026	December 2025
	140,551,037	369,217,115

40.5 Movement in payable under defined benefit schemes

Opening balance	369,217,115	269,704,451
Contribution made during the period / year	(311,228,337)	-
Charge for the period / year	74,133,263	84,887,311
Re-measurement loss recognised in OCI during the period / year	36,417,674	84,769,533
Less: Benefits paid	(27,988,678)	(50,144,160)
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	45,981,020	56,457,080
Past service cost	9,933,622	-
Interest cost	18,318,421	26,430,231
	74,133,263	84,887,311

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	December 2025
	Rupees	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

	June 2026	December 2025
	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 loss or 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-Executives (Independent Directors)	President / CEO	Key Management Personnel	Non-Executives (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	-	-	36,650,551	-	-
Cash bonus / awards	-	-	36,650,551	-	-
Contribution to defined contribution plan	-	277,430	4,578,251	-	3,025,034
Rent and house maintenance	-	2,025,533	21,984,405	-	3,200,000
Utilities	-	-	-	-	800,000
Medical	-	506,383	5,496,095	-	1,021,508
Others	-	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
Number of persons	8	2	7	14	1

42. FAIR VALUE MEASUREMENTS

Fair value measurement defines fair value as the price that would be received from the sale or an asset or paid 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 repaid.

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

Level 3: 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).

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			
	Level 1	Level 2	Level 3	Total
Carrying value				
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	Kashf Foundation Provident Fund Trust	CEO	Key management personnel	Directors	Abhi Private Limited	TPL CORP	TPL Insurance	Kashf Foundation Provident Fund Trust	
Rupees															
25,000,000	115,873,468	-	-	-	-	-	-	-	10,662,390	-	-	-	-	-	
(7,680,011)	(7,228,267)	-	-	-	-	-	-	-	(93,713)	-	-	-	-	-	
8,324,861	18,218,042	-	-	-	-	-	-	-	161,172,838	-	-	-	-	-	
(1,498,725)	(9,731,766)	-	-	-	-	-	-	-	(24,000,000)	(55,961,760)	-	-	-	-	
24,146,125	117,131,477	-	-	-	-	-	-	25,000,000	115,873,468	-	-	-	-	-	
								686							
1,983,837	43,415,297	54,921	3,472,992,441	-	10,326	895,000,000	8,038	364,634	10,260,170	96,974	-	-	-	8,364	
(1,983,836)	(11,920,640)	-	-	-	-	-	-	-	-	(93,713)	-	-	-	-	
108,969,778	61,693,496	601,865	6,678,069,392	555,058,432	-	2,967,225,100	560	137,023,369	632,280,625	16,132,493	184,358,360,123	1,000,011,176	895,000,000	688	
(108,969,775)	(76,403,059)	(656,786)	(10,026,872,434)	(404,973,345)	(610)	(1,627,101,265)	(1,160)	(135,404,166)	(599,125,498)	(16,082,833)	(180,865,367,682)	(1,000,000,850)	-	(1,014)	
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	
								199,082							
-	119,072	1,133	-	-	-	-	-	-	1,681,399	-	96	-	-	445	
333,641	1,989,106	-	-	-	-	-	-	1,415,803	3,138,476	-	-	-	-	-	
								896,665							
-	1,142,146	605,426	-	-	-	-	-	-	1,936,133	4,261,513	973	-	-	904	
277,430	4,578,251	-	-	-	-	-	-	-	7,679,071	-	-	-	-	-	

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