



EASYPAISA BANK LIMITED

(formerly Telenor Microfinance Bank Limited)

CONDENSED INTERIM FINANCIAL STATEMENTS HALF YEAR ENDED JUNE 30, 2025

INDEPENDENT AUDITORS' REVIEW REPORT

To the members of Easypaisa Bank Limited

Report on Review of Condensed Interim Financial Information

Introduction

We have reviewed the accompanying condensed interim balance sheet of **Easypaisa Bank Limited** (the Bank) as at **30 June 2025**, the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity, and notes to the financial statements for the six months period then ended (here-in-after referred to as the "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on the financial information 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 information 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.

Conclusion

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

Other Matter

Pursuant to the requirement of Section 237 (1) (b) of the Companies Act, 2017, only cumulative figures for the half year, presented in the second quarter accounts are subject to a limited scope review by the statutory auditors of the bank. Accordingly, the figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the three months period ended 30 June 2025 and 30 June 2024 have not been reviewed by us.

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



Chartered Accountants

Date: 29-08-2025

UDIN: RR202510120Rgf2mjhWu

Karachi

Easypaisa Bank Limited
Condensed Interim Statement of Financial Position
As at June 30, 2025

June 30, 2025 (Un-audited) ---- (USD in '000) ----	December 31, 2024 (Audited)		Note	June 30, 2025 (Un-audited) ---- (Rupees in '000) ----	December 31, 2024 (Audited)
ASSETS					
26,061	16,655	Cash and balances with treasury banks	7	7,395,182	4,725,957
10,245	5,639	Balances with other banks	8	2,907,191	1,600,132
52,069	7,741	Lendings to financial institutions	9	14,775,216	2,196,494
274,596	214,550	Investments	10	77,920,706	60,881,622
83,332	89,866	Advances	11	23,646,788	25,500,848
15,079	13,522	Property and equipment	12	4,278,968	3,836,977
3,543	3,053	Right-of-use assets	13	1,005,297	866,297
10,941	10,965	Intangible assets	14	3,104,716	3,111,578
-	-	Deferred tax asset - net	15	-	-
21,018	20,121	Other assets	16	5,964,111	5,709,757
496,884	382,112	Total assets		140,998,175	108,429,662
LIABILITIES					
1,092	1,145	Bills payable	17	309,756	324,880
3,524	-	Borrowings	18	1,000,000	-
333,890	268,421	Deposits and other accounts	19	94,746,111	76,168,441
4,293	3,800	Lease liabilities	20	1,218,158	1,078,397
-	-	Subordinated debt		-	-
3	5	Deferred grants	21	804	1,538
-	-	Deferred tax liabilities	15	-	-
94,850	59,114	Other liabilities	22	26,915,271	16,774,012
437,652	332,485	Total liabilities		124,190,100	94,347,268
59,232	49,627	NET ASSETS		16,808,075	14,082,394
REPRESENTED BY:					
21,222	20,854	Share capital		6,022,011	5,917,680
-	9,785	Advance against Future issue of right shares		-	2,776,500
177,517	168,965	Reserves		50,373,089	47,946,395
560	846	Surplus / (Deficit) on revaluation of assets - net of deferred tax		158,961	240,081
(140,067)	(150,823)	Accumulated losses		(39,745,986)	(42,798,262)
59,232	49,627			16,808,075	14,082,394

CONTINGENCIES AND COMMITMENTS

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The annexed notes 1 to 40 form an integral part of these condensed interim financial statements.

President /
Chief Executive Officer

Chief Financial Officer

Director

Director

Director

Easypaisa Bank Limited
Condensed Interim Profit and Loss Account (Un-audited)
For the quarter and half year ended June 30, 2025

Quarter Ended		Half Year Ended			Note	Quarter Ended		Half Year Ended	
June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024			June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024
---- (USD in '000) ----		---- (USD in '000) ----				---- (Rupees in '000) ----		---- (Rupees in '000) ----	
23,914	19,007	47,346	41,005	Mark-up / return / interest earned	25	6,785,961	5,393,394	13,435,094	11,635,785
(1,620)	(1,147)	(2,866)	(2,542)	Mark-up / return / interest expensed	26	(459,827)	(325,498)	(813,407)	(721,442)
22,294	17,860	44,480	38,463	Net mark-up / return / interest income		6,326,134	5,067,896	12,621,687	10,914,343
NON MARK-UP / NON INTEREST INCOME									
18,938	11,028	36,051	22,563	Fee, commission and brokerage income	27	5,373,852	3,129,429	10,230,038	6,402,630
(112)	(165)	6	(56)	Foreign exchange income / (loss)		(31,806)	(46,691)	1,607	(15,888)
14	-	36	-	Gain on securities	28	3,916	-	10,253	-
-	14	43	15	Other income	29	(103)	4,044	12,249	4,321
18,840	10,877	36,136	22,522	Total non-mark-up / non-interest income		5,345,859	3,086,782	10,254,147	6,391,063
41,134	28,737	80,616	60,985			11,671,993	8,154,678	22,875,834	17,305,406
NON MARK-UP / NON INTEREST EXPENSES									
(24,767)	(23,472)	(53,605)	(48,908)	Operating Expenses	30	(7,027,873)	(6,660,594)	(15,211,168)	(13,878,292)
(209)	(72)	(337)	(184)	Workers welfare fund		(59,187)	(20,543)	(95,694)	(52,234)
-	(2)	(2)	(2)	Other charges	31	(5)	(600)	(502)	(600)
(24,976)	(23,546)	(53,944)	(49,094)	Total non-mark-up / non-interest expenses		(7,087,065)	(6,681,737)	(15,307,364)	(13,931,126)
16,158	5,191	26,672	11,891	Profit before credit loss allowance		4,584,928	1,472,940	7,568,470	3,374,280
(6,407)	(1,678)	(13,844)	(2,687)	Credit loss allowance and write offs - net	32	(1,818,066)	(476,158)	(3,928,496)	(762,556)
9,751	3,513	12,828	9,204	PROFIT BEFORE TAXATION AND MINIMUM TAX		2,766,862	996,782	3,639,974	2,611,724
(554)	(1,096)	(1,043)	(1,328)	Minimum Tax Differential	33	(157,212)	(310,913)	(295,962)	(376,759)
9,197	2,417	11,785	7,876	PROFIT BEFORE TAXATION		2,609,650	685,869	3,344,012	2,234,965
(1,626)	69	(1,893)	(903)	Taxation	33	(461,403)	19,452	(537,212)	(256,154)
7,571	2,486	9,892	6,973	PROFIT AFTER TAXATION		2,148,247	705,321	2,806,800	1,978,811
(USD)		(USD)				----- (Rupees) -----		----- (Rupees) -----	
0.013	0.008	0.017	0.012	Basic and diluted earnings per share	34	3.66	2.21	4.72	3.34

The annexed notes 1 to 40 form an integral part of these condensed interim financial statements.

President /
Chief Executive Officer

Chief Financial Officer

Director

Director

Director

Easypaisa Bank Limited
Condensed Interim Statement of Comprehensive Income (Un-audited)
For the quarter and half year ended June 30, 2025

Quarter Ended		Half Year Ended			Quarter Ended		Half Year Ended	
June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024		June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024
---- (USD in '000) ----		---- (USD in '000) ----			---- (Rupees in '000) ----		---- (Rupees in '000) ----	
7,571	2,486	9,891	6,973	Profit after taxation for the period	2,148,247	705,321	2,806,800	1,978,811
				Other comprehensive income				
				Item may be reclassified to profit or loss in subsequent periods				
(1,388)	559	(493)	140	Surplus on revaluation of 'available for sale' investments	(393,967)	158,621	(139,863)	39,660
583	(218)	207	(55)	Related tax impact	165,466	(61,862)	58,742	(15,468)
(805)	341	(286)	85		(228,501)	96,759	(81,121)	24,192
				Items that are not to be reclassified to profit and loss in subsequent periods				
-	-	-	-	Remeasurement gain on defined benefit obligations	-	-	-	-
-	-	-	-	Related tax impact	-	-	-	-
-	-	-	-		-	-	-	-
6,766	2,827	9,605	7,058	Total comprehensive income	1,919,745	802,080	2,725,679	2,003,003

The annexed notes 1 to 40 form an integral part of these condensed interim financial statements.

President /
Chief Executive Officer

Chief Financial Officer

Director

Director

Director

Easypaisa Bank Limited
Condensed Interim Statement of Changes in Equity (Un-audited)
For the quarter and half year ended June 30, 2025

	Share capital		Capital reserves			Surplus/(deficit) on revaluation	Accumulated losses	Total
	Share capital	Advance against future issue of right shares	Share premium	Statutory reserve	Depositors' protection fund	Investments		
	(Rupees in '000)							
Balance as at 01 January 2024 (Audited)	5,917,680	-	45,554,177	902,937	532,717	(29,518)	(44,881,970)	7,996,023
Impact of initial adoption of IFRS 9	-	-	-	-	-	-	(371,958)	(371,958)
Balance as at January 01, 2024 - as restated	5,917,680	-	45,554,177	902,937	532,717	(29,518)	(45,253,928)	7,624,065
Profit / (loss) after taxation	-	-	-	-	-	-	1,978,811	1,978,811
Other comprehensive income - net of tax	-	-	-	-	-	-	-	-
Movement in surplus / (deficit) on revaluation of investments - net of tax	-	-	-	-	-	24,192	-	24,192
Total other comprehensive income - net of tax	-	-	-	-	-	24,192	1,978,811	2,003,003
Transfer to statutory reserve	-	-	-	134,056	-	-	(134,056)	-
Transfer to Depositors' Protection Fund	-	-	-	-	-	-	-	-
- 5% of the Profit After Tax	-	-	-	-	33,514	-	(33,514)	-
- return on investments	-	-	-	-	29,607	-	(29,607)	-
	-	-	-	-	63,121	-	(63,121)	-
Balance as at 30 June 2024 (Un-audited)	5,917,680	-	45,554,177	1,036,993	595,838	(5,326)	(43,472,294)	9,627,068
Profit after taxation (June 30 2024)	-	-	-	-	-	-	1,433,420	1,433,420
Other comprehensive income - net of tax	-	-	-	-	-	-	-	-
Movement in surplus / (deficit) on revaluation of investments in debt instruments - net of tax	-	-	-	-	-	245,407	-	245,407
Total other comprehensive income - net of tax	-	-	-	-	-	245,407	1,433,420	1,678,827
Transfer to statutory reserve	-	-	-	548,390	-	-	(548,390)	-
Transfer to Depositors' Protection Fund	-	-	-	-	-	-	-	-
- 5% of the Profit After Tax	-	-	-	-	137,098	-	(137,098)	-
- return on investments	-	-	-	-	73,900	-	(73,900)	-
	-	-	-	-	210,998	-	(210,998)	-
Transactions with owners, recorded directly in equity	-	-	-	-	-	-	-	-
Advance against future issue of right shares	-	2,776,500	-	-	-	-	-	2,776,500
Balance as at 31 December 2024 (Audited)	5,917,680	2,776,500	45,554,177	1,585,383	806,836	240,081	(42,798,262)	14,082,395
Changes in equity for the half year ended June 30, 2025	-	-	-	-	-	-	-	-
Profit after taxation	-	-	-	-	-	-	2,806,800	2,806,800
Other comprehensive income - net of tax	-	-	-	-	-	-	-	-
Debt instrument at FVOCI - reclassified to profit and loss (net of tax)	-	-	-	-	-	(65,927)	-	(65,927)
Movement in surplus / (deficit) on revaluation of investments in debt instruments - net of tax	-	-	-	-	-	(15,193)	-	(15,193)
Total other comprehensive income - net of tax	-	-	-	-	-	(81,120)	2,806,800	2,725,680
Transfer to statutory reserve	-	-	-	561,360	-	-	(561,360)	-
Issuance of Share Capital	104,331	(2,776,500)	2,672,169	-	-	-	-	-
Transfer to retained earnings	-	-	-	-	(806,836)	-	806,836	-
Balance as at 30 June 2025 (Un-audited)	6,022,011	-	48,226,346	2,146,743	-	158,961	(39,745,986)	16,808,075

The annexed notes 1 to 40 form an integral part of these condensed interim financial statements.

President /
Chief Executive Officer

Chief Financial Officer

Director

Director

Director

Easypaisa Bank Limited
Condensed Interim Cash Flow Statement (Un-audited)
For the quarter and half year ended June 30, 2025

Half year ended			Half year ended		
June 30, 2025	June 30, 2024		June 30, 2025	June 30, 2024	
---- (USD in '000) ----			---- (Rupees in '000) ----		
		CASH FLOW FROM OPERATING ACTIVITIES			
12,828	9,204	Profit before taxation	3,344,012	2,234,965	
		Adjustments:			
2,252	2,251	Depreciation on property and equipment	639,018	638,646	
487	400	Depreciation on right-of-use assets	138,297	113,518	
826	804	Amortisation	234,311	228,235	
342	324	Finance charge against Lease liability	96,951	91,971	
15,963	1,771	Expected credit loss allowance advances	4,529,829	502,481	
651	422	Expected credit loss allowance other assets	184,790	119,793	
410	310	Provision for gratuity	116,270	88,075	
337	184	Workers' welfare fund	95,694	52,234	
5	28	Impairment against fixed assets	1,532	7,878	
(1)	(25)	Credit loss allowance against balances with other banks	(188)	(7,110)	
-	12	Write off against Other Assets	-	3,432	
(3)	(3)	Grant income	(734)	(734)	
(1)	(12)	Gain on termination of lease contracts	(215)	(3,423)	
1,043	1,328	Minimum Tax Differential	295,962	376,759	
(40)	(1)	Gain on sale of operating fixed assets	(11,300)	(164)	
22,271	7,793		6,320,217	2,211,591	
		Increase in operating assets			
(44,328)	-8105	Lendings to financial institutions	(12,578,722)	(2,300,000)	
(9,430)	(15,370)	Advances	(2,675,769)	(4,361,332)	
(34,330)	(30,986)	Other assets (excluding advance taxation and receivable from defined benefit plan)	(9,741,650)	(8,792,587)	
(88,088)	(54,461)		(24,996,141)	(15,453,919)	
		Increase in operating liabilities			
(53)	312	Bills payable	(15,124)	88,545	
65,469	56,748	Deposits and other accounts	18,577,670	16,103,103	
3,524	-	Borrowings	1,000,000	-	
37,049	(3,897)	Other liabilities	10,513,226	(1,105,817)	
105,989	53,163		30,075,772	15,085,831	
32,782	27,000	Mark-up / Interest received	9,302,506	7,661,678	
(2,548)	(2,205)	Mark-up / Interest paid	(723,071)	(625,822)	
(2,039)	(1,950)	Income tax paid	(578,591)	(553,232)	
81,195	13,749	Net cash generated from operating activities	22,744,705	10,561,092	
		CASH FLOW FROM INVESTING ACTIVITIES			
(60,539)	(29,347)	Net Investment in securities	(17,178,947)	(8,327,673)	
(4,831)	(3,120)	Investments in operating fixed assets	(1,370,804)	(885,379)	
54	1	Proceeds from disposal of operating fixed assets	15,420	164	
(65,316)	(32,466)	Net cash used in investing activities	(18,534,331)	(9,212,888)	
		CASH FLOW FROM FINANCING ACTIVITIES			
(826)	(657)	Payment of lease liability against right-of-use assets	(234,278)	(186,373)	
(826)	(657)	Net cash used in financing activities	(234,278)	(186,373)	
15,053	(19,374)	Net increase in cash and cash equivalents	3,976,096	1,161,831	
22,297	47,223	Cash and cash equivalents at beginning of the period	6,327,029	13,400,277	
37,350	27,849	Cash and cash equivalents at end of the period	10,303,125	14,562,108	

The annexed notes 1 to 40 form an integral part of these condensed interim financial statements.

President and
Chief Executive Officer

Chief Financial Officer

Director

Director

Director

1. STATUS AND NATURE OF BUSINESS

- 1.1** Easypaisa Bank Limited (formerly Telenor Microfinance Bank Limited) (the Bank) is incorporated in Pakistan as a public limited company and is engaged in digital banking, microfinance business and related services. The Bank's registered office is situated at 19-C, 9th Commercial Lane Main Zamama Boulevard, Phase V, DHA, Karachi. The Bank is engaged in banking services as described in the Banking Companies Ordinance, 1962. The Bank is operating through 129 locations (December 31, 2024: 131 locations). Out of the 129 locations, 25 (December 31, 2024: 46) are branches, 97 (December 31, 2024: 74) are sales and services centers and 7 (December 31, 2024: 11) are recovery centers.

In January 2025, the Bank has been granted commercial license for Digital Retail Bank from the State Bank of Pakistan and declared as scheduled bank under the State Bank of Pakistan Act, 1956.

- 1.2** The Bank is jointly controlled by Telenor Pakistan B.V, a joint stock company based in Amsterdam with 55% shareholding (31 December 2024: 55%) and Alipay (Hong Kong) Holding Limited with 45% (31 December 2024: 45%) shareholding. The holding company of Telenor Pakistan B.V. is Telenor ASA, Norway, while the holding company of Alipay (Hong Kong) Holding Limited is Ant Group Co. Ltd. China.
- 1.3** The Pakistan Credit Rating Agency Limited (PACRA) has upgraded the long-term rating of the Bank at "A+" and maintained short term rating at "A1" on April 30, 2025.

2. BASIS OF PRESENTATION

2.1. Statement of Compliance

- 2.1.1** These condensed interim financial statements of the Bank 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 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 Banking Companies Ordinance, 1962 and the Companies Act, 2017; and
- Directives issued by the State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan (SECP).

Whenever the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 or the directives issued by the SBP and the SECP differ with the requirements of IFRS, the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 and the said directives shall prevail.

The SBP vide BSD Circular Letter No. 10, dated August 26, 2002 has deferred the applicability of International Accounting Standard 40, Investment Property for banking companies till further instructions. Further, according to the notification of the SECP issued vide SRO 411(I)/2008 dated April 28, 2008, International Financial Reporting Standard (IFRS) 7, Financial Instruments: Disclosures has not been made applicable for banks. Accordingly, the requirements of these standards have not been considered in the preparation of these condensed interim financial statements.

The Bank, in the course of extending microfinance loans, adheres to the Prudential Regulations (PRs) for Microfinance Banks, as stipulated in the license cover letter No. BPRD/B&DBD/000374/25 dated January 23, 2025.

During the period, the State Bank of Pakistan (SBP) vide its letter ACFID Circular No. 01 of 2025 dated May 16, 2025, issued new prudential regulations for microfinance banks which revised the basis of classification of microfinance loans and criteria for suspension of income.

- 2.1.2** The disclosures made in these condensed interim financial statements have been limited based on a format prescribed by the SBP vide BPRD Circular Letter No. 2 dated February 09, 2023 and IAS 34, Interim Financial Reporting. They do not include all the information and disclosures required in preparation of audited annual financial statements, and should be read in conjunction with the annual audited financial statements of the Bank for the year ended December 31, 2024.

The bank has adopted the format of financial statements applicable to the scheduled banks due to change of status from the microfinance banking to the digital retail bank. There are no material reclassification as a result of this change.

2.2. Standards, interpretations and amendments to accounting standards that are not yet effective

There are various amendments to accounting and reporting standards as applicable in Pakistan that are not yet effective.

Standard, Interpretation or Amendment	Effective date (annual periods beginning on or after)
Classification and Measurement of Financial Instruments - Amendments to Annual Improvements to IFRS Accounting Standards - Volume 11	January 01, 2026
Contracts Referencing Nature-dependent Electricity - Amendments to IFRS 9	January 01, 2026
IFRS 18 – Presentation and Disclosure in Financial Statements	January 01, 2026
IFRS S1 - General requirements for disclosures of sustainability related financial information	January 01, 2026
IFRS S2 – Climate related disclosures	January 01, 2026
IFRS 19 - Subsidiaries without Public Accountability: Disclosures	January 01, 2027
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28	Not yet finalized.

The above mentioned standards are not likely to have a material effect on the Bank's financial statements. However the following relaxation earlier provided by the State Bank of Pakistan (SBP) vide its letter BPRD/RPD/ 856406/25 in respect of implementation of IFRS 9 may have a material impact on the financial statements of the Bank.

- General provision, over and above the ECL Stage 1 and Stage 2 exposures may be maintained up to December 31, 2026.
- The effective interest Rate (EIR) requirements of IFRS 9 will be applicable for accounting periods beginning January 01, 2026.

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

Standard	IASB Effective date (annual periods beginning on or after)
IFRS 1 - First time adoption of International Financial Reporting Standards	January 01, 2004
IFRS 18 - Presentation and Disclosure in Financial Statements	January 01, 2027
IFRS 19 - Subsidiaries without Public Accountability: Disclosures	January 01, 2027

The above standards and amendments are not expected to have any significant impact on Bank's condensed interim financial statements for future periods.

3. BASIS OF MEASUREMENT

3.1 Accounting convention

These condensed interim financial statements have been prepared under the historical cost convention except for investment at fair value through other comprehensive income (FVOCI) which are measured at fair value.

3.2 Functional and presentation currency

These condensed interim financial statements have been presented in Pakistani Rupees, which is the Bank's functional and presentation currency.

As an additional information, the US Dollar amounts reported in the condensed interim financial position, condensed interim profit and loss account, condensed interim statement of comprehensive income and condensed interim cash flow statement are stated solely for the convenience of the users of financial statements. For the purpose of translation to US Dollar, spot rate of Rs. 283.76 per US Dollar has been used for 2025 and 2024 as it was the prevalent rate on the reporting date.

4. MATERIAL ACCOUNTING POLICIES

The material accounting policies and method of computation adopted in the preparation of these condensed interim financial statements are consistent with those applied in the preparation of the audited financial statements of the Bank for the year ended 31 December 2024.

5. CRITICAL ACCOUNTING JUDGEMENT AND ESTIMATES

The basis for accounting estimates and judgements adopted in the preparation of these condensed interim financial statements is the same as that applied in the preparation of the financial statements for the year ended December 31, 2024, except for changes as discussed in note 5.1.

5.1. Change in Accounting Estimate – Employee Share Appreciation Rights (ESAR)

The Bank operates an Employee Share Appreciation Rights (ESAR) Plan ("the Plan") to attract and retain key executives and employees, and to align their interests with those of the Bank. As of 30 June 2025, the ESAR provision amounted to Rs. 848 million (31 December 2024: Rs. 1,849 million), as disclosed in Note 22 to the financial statements.

During the current period, in line with the terms of the Plan, the Bank engaged an external firm to reassess the fair market value of its shares, as the existing methodology was considered not to reflect the true market value. The external firm applied a Dividend Discount Model (DDM) and Market Multiple approach, which resulted in a valuation lower than the base price. Consequently, no appreciation amount became payable.

In recognition of employees' valuable contributions, the Bank has provided for an ex gratia payment in lieu of their contributions.

This revision constitutes a change in accounting estimate under IAS - 8 "Accounting Policies, Changes in Accounting Estimates and Errors" and has been applied prospectively.

Impact of change in estimate

(Un-audited)
June 30, 2025
(Rupees in '000)

Decrease in employee share appreciation right liability	(1,000,404)
Decrease in total compensation expense	1,000,404

The effect of the change in estimate in future periods is not disclosed because there are numerous variables involved such as employee exercise behavior and fulfillment of non-market conditions which can not be assessed with reasonable accuracy at this point of time.

The significant judgements used to determine the fair value estimate are as follows:

Valuation Date	As of 31 December 2024
Beta	0.62
Risk free rate	12.18%
Risk premium	7.00%
Discount Rate	16.52%
Terminal Growth	8.00%

6. FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies adopted by the Bank are consistent with those disclosed in the financial statements for the year ended December 31, 2024.

7. CASH AND BALANCES WITH TREASURY BANKS

(Un-audited) (Audited)
June 30, December 31,
2025 2024
(Rupees in '000)

Cash in hand - local currency	256,170	206,501
With State Bank of Pakistan - Local currency current account	7,134,066	4,515,549
With National Bank of Pakistan - Local currency current account	4,946	3,907
	7,139,012	4,519,456
	<u>7,395,182</u>	<u>4,725,957</u>

8. BALANCES WITH OTHER BANKS

In Pakistan		
- Current accounts	217,839	290,438
- Deposit accounts	2,690,104	1,310,634
	2,907,943	1,601,072
Less: Expected credit loss allowance	(752)	(940)
Balances with other banks - net of credit loss allowance	<u>2,907,191</u>	<u>1,600,132</u>

9. LENDINGS TO FINANCIAL INSTITUTIONS

Call money lendings - unsecured	14,800,000	2,200,000
Less: Expected credit loss allowance	(24,784)	(3,506)
Lendings to Financial Institutions - net of credit loss allowance	<u>14,775,216</u>	<u>2,196,494</u>

9.1 Lending to FIs - Particulars of credit loss allowance

	(Un-audited) June 30, 2025		(Audited) December 31, 2024	
	Lending	Credit Loss Allowance	Lending	Credit Loss Allowance
	----- (Rupees in '000) -----			
Domestic				
Performing – Stage 1	14,800,000	(24,784)	2,200,000	(3,506)
	14,800,000	(24,784)	2,200,000	(3,506)

10 INVESTMENTS

	(Un-audited) June 30, 2025				(Audited) December 31, 2024			
	Cost / Amortised cost	Credit Loss Allowance	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Credit Loss Allowance	Surplus / (Deficit)	Carrying Value
	-----Rupees in '000-----				-----Rupees in '000-----			
Fair value through other comprehensive income								
Federal Government securities								
Market Treasury Bill	70,573,770	-	226,075	70,799,845	57,006,307	-	418,365	57,424,672
Pakistan Investment Bond	7,070,363	-	50,498	7,120,861	3,458,879	-	(1,929)	3,456,950
Total investments	77,644,133	-	276,573	77,920,706	60,465,186	-	416,436	60,881,622

10.1 Expected credit loss on Government securities have not been recognised due to exemption available under IFRS 9 instructions issued by SBP through circular no. 3 of 2022 dated July 05, 2022.

11. ADVANCES

	Performing		Non Performing		Total	
	June 30, 2025 (Un-audited)	December 31, 2024 (audited)	June 30, 2025 (Un-audited)	December 31, 2024 (audited)	June 30, 2025 (Un-audited)	December 31, 2024 (audited)
	-----Rs'000-----					
11.1 Classified at amortised cost						
Loans and Advances	23,262,518	24,533,632	4,452,353	3,982,361	27,714,871	28,515,993
Credit loss allowance against advance						
-Stage 1	508,191	661,197	-	-	508,191	661,197
-Stage 2	154,280	289,382	-	-	154,280	289,382
-Stage 3	-	-	3,405,612	2,064,566	3,405,612	2,064,566
	662,471	950,579	3,405,612	2,064,566	4,068,083	3,015,145
Advances - net of credit loss allowance	22,600,047	23,583,053	1,046,741	1,917,795	23,646,788	25,500,848

The Bank, in the course of extending microfinance loans, adheres to the Prudential Regulations (PRs) for Microfinance Banks, as stipulated in the license cover letter No. BPRD/B&DBD/000374/25 dated January 23, 2025.

11.2 Particulars of advances (Gross)	(Un-audited) June 30, 2025	(Audited) December 31, 2024
	----- (Rupees in '000) -----	
In local currency	23,646,788	25,500,848
In foreign currency	-	-
	23,646,788	25,500,848

11.3 Advances include Rs. 4,452 Million (December 2024: Rs. 2,979 Million) which have been placed under non-performing / Stage 3 status as detailed below:

Category of Classification		(Un-audited) June 30, 2025		(audited) December 31, 2024	
		Non performing loans	Credit loss allowance	Non performing loans	Credit loss allowance
Domestic					
Other Assets Especially Mentioned (OAEM)		-	-	1,003,839	289,382
Substandard	Stage 3	3,247,821	2,485,524	785,434	535,566
Doubtful	Stage 3	-	-	1,652,428	794,000
Loss	Stage 3	1,204,532	920,088	540,660	735,000
Total		4,452,353	3,405,612	3,982,361	2,353,948

11.4 Particulars of credit loss allowance against advances

	(Un-audited) June 30, 2025				(Audited) December 31, 2024			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	-----Rs'000-----				-----Rs'000-----			
Opening balance	661,197	289,382	2,064,566	3,015,145	-	-	-	998,043
General and Specific provisions	-	-	-	-	-	-	-	(998,043)
Impact of adoption of IFRS 9	-	-	-	-	577,513	129,969	634,468	1,341,950
	661,197	289,382	2,064,566	3,015,145	577,513	129,969	634,468	1,341,950
Charge during the period / year	2,632,573	417,032	4,080,178	7,129,783	1,838,014	353,952	2,113,154	4,305,120
Reversal during the period / year	(2,342,180)	(187,410)	(70,364)	(2,599,954)	(431,297)	(51,473)	(154,547)	(637,317)
	290,393	229,622	4,009,814	4,529,829	1,406,717	302,479	1,958,607	3,667,803
Amounts written off	(443,399)	(364,724)	(2,668,768)	(3,476,891)	(1,323,033)	(143,066)	(528,509)	(1,994,608)
Closing balance	508,191	154,280	3,405,612	4,068,083	661,197	289,382	2,064,566	3,015,145

11.5 Advances - Particulars of credit loss allowance

	(Un-audited) June 30, 2025				(Audited) December 31, 2024			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	-----Rs'000-----				-----Rs'000-----			
Opening balance	661,197	289,382	2,064,566	3,015,145	-	-	-	998,043
General and Specific provisions	-	-	-	-	-	-	-	(998,043)
Impact of adoption of IFRS 9	-	-	-	-	577,513	129,969	634,468	1,341,950
	661,197	289,382	2,064,566	3,015,145	577,513	129,969	634,468	1,341,950
New advances	2,246,475	-	-	2,246,475	2,518,269	-	-	2,518,269
Advances derecognised or repaid	(270,513)	(183,132)	(70,364)	(524,009)	(431,297)	(51,313)	(154,222)	(636,832)
Transfer to stage 1	94	(94)	-	-	485	(160)	(325)	-
Transfer to stage 2	(190,338)	190,338	-	-	(320,958)	344,591	-	23,633
Transfer to stage 3	(1,881,329)	(4,184)	1,885,513	-	(1,514,788)	(4,235)	1,624,864	105,841
	(95,611)	2,928	1,815,149	1,722,466	251,711	288,883	1,470,317	2,010,911
Amounts written off / charged off	(443,399)	(364,724)	(2,668,768)	(3,476,891)	(1,323,033)	(143,066)	(528,509)	(1,994,608)
Change in risk parameters	69,045	458	393,854	463,357	(129,500)	(431)	208,463	78,532
Other changes	316,959	226,236	1,800,811	2,344,006	1,284,506	14,027	279,827	1,578,360
Closing balance	508,191	154,280	3,405,612	4,068,083	661,197	289,382	2,064,566	3,015,145

11.6 Advances - Category of classification

		(Un-audited) June 30, 2025		(Audited) December 31, 2024	
		Outstanding	Credit loss allowance	Outstanding	Credit loss allowance
		-----Rs'000-----		-----Rs'000-----	
Domestic					
Performing	Stage 1	22,799,047	508,191	24,533,633	661,197
Under Performing	Stage 2	463,471	154,280	1,003,839	289,382
Non- Performing	Stage 3				
Substandard		3,247,821	2,485,524	785,434	535,566
Doubtful		-	-	1,652,428	794,000
Loss		1,204,532	920,088	540,660	735,000
		4,452,353	3,405,612	2,978,522	2,064,566
Total		27,714,871	4,068,083	28,515,993	3,015,145

		(Un-audited) June 30, 2025	(Audited) December 31, 2024
		(Rupees in '000)	
12. PROPERTY AND EQUIPMENT	<i>Note</i>		
Capital work-in-progress	12.1	482,764	559,251
Property and equipment		3,796,204	3,277,726
		<u>4,278,968</u>	<u>3,836,977</u>

12.1 CAPITAL WORK-IN-PROGRESS

Improvements to leasehold buildings	29,498	5,286
Office equipments	25,857	16,676
Computer equipments	427,410	537,289
	<u>482,765</u>	<u>559,251</u>

		(Un-audited) Half year ended	
		June 30, 2025	June 30, 2024
		(Rupees in '000)	
12.2 Additions to property and equipment			

The following additions have been made to Property and Equipment during the period:

Capital Work in progress	442,983	602,519
---------------------------------	---------	---------

Property and equipment

Improvements to leasehold buildings	17,163	68,043
Furniture and Fixture	-	1,973
Office equipments	4,150	15,103
Computer equipments	714,096	126,294
	<u>735,409</u>	<u>211,412</u>
Total additions to property and equipment	<u>1,178,392</u>	<u>813,930</u>

12.3 Disposal of property and equipment

The net book value of Property and Equipment disposed off during the period is as follows:

Property and equipment

Furniture and fixtures	1,925	-
Computers	1,771	628
Office equipments	425	-
Total disposal of property and equipment	<u>4,120</u>	<u>628</u>

	(Un-audited) 30 June 2025			(Audited) 31 December 2024		
	Buildings	Vehicles	Total	Buildings	Vehicles	Total
	-----Rupees in '000-----					
As at 01 January						
Cost	1,969,403	-	1,969,403	1,863,597	-	1,863,597
Accumulated Depreciation	(1,103,107)	-	(1,103,107)	(868,392)	-	(868,392)
Net Carrying amount at 01 January	866,297	-	866,297	995,205	-	995,205
Additions during the period / year	36,942	251,158	288,100	121,939	-	121,939
Deletions during the period / year	(7,218)	(3,584)	(10,802)	(16,132)	-	(16,132)
Depreciation charge	(118,648)	(19,649)	(138,297)	(234,715)	-	(234,715)
Net Carrying amount	<u>777,373</u>	<u>227,925</u>	<u>1,005,297</u>	<u>866,297</u>	<u>-</u>	<u>866,297</u>

		(Un-audited) June 30, 2025	(Audited) December 31, 2024
		(Rupees in '000)	
14. INTANGIBLE ASSETS	<i>Note</i>		
Capital work-in-progress - computer software	14.1	140,506	247,018
Computer software		2,964,210	2,864,560
		<u>3,104,716</u>	<u>3,111,578</u>

		(Unaudited) Half year ended	
		June 30, 2025	June 30, 2024
		(Rupees in '000)	
14.1	Additions to intangible assets		
The following additions have been made to intangible assets during the period:			
Capital work-in-progress - net		252,946	130,917
Computer software		80,718	189,811
		<u>333,664</u>	<u>320,728</u>
		(Un-audited) June 30, 2025	(Audited) December 31, 2024
		(Rupees in '000)	
15.	DEFERRED TAX - NET		
Deductible temporary differences			
- Un-absorbed tax depreciation		659,713	676,732
		<u>659,713</u>	<u>676,732</u>
Taxable temporary differences			
- Remeasurement gain/(loss) on defined benefit obligation		(109,316)	(109,316)
- Surplus on revaluation of investments		(116,161)	(174,903)
- Accelerated tax depreciation		(434,236)	(392,513)
		<u>(659,713)</u>	<u>(676,732)</u>
		-	-
15.1	As of 30 June 2025, the carry forward tax loss and other deductible temporary difference amount to Rs. 30,393 million (2024: Rs. 35,178 million) and Rs. 4,974 million (2024: Rs. 3,737 million) respectively. Unrecognized deferred tax asset due to carry forward tax losses and other deductible timing differences calculated at the current rate of taxation amounts to Rs. 14,854 million (2024: Rs. 16,344 million).		
As a matter of prudence, the deferred tax asset on unused tax losses has been recognised only to the extent upto which it offsets the impact of deferred tax liability.			
		(Un-audited) June 30, 2025	(Audited) December 31, 2024
		(Rupees in '000)	
16.	OTHER ASSETS		
Income / Mark-up accrued		3,421,242	3,611,333
Advances, deposits, advance rent and other prepayments		1,566,424	1,098,699
Branchless banking transaction fee receivable		1,151,935	1,024,325
Receivable from branchless banking agents		236,200	224,239
Advance to employees		271,205	269,993
Others		223,511	202,784
		<u>6,870,517</u>	<u>6,431,373</u>
Less: Credit loss allowance held against other assets		(906,406)	(721,616)
		<u>5,964,111</u>	<u>5,709,757</u>
16.1	Credit loss allowance held against other assets		
Expected credit loss on accrued mark up		299,541	203,137
Expected credit loss on commission receivables		51,825	43,192
Commission receivable - specific provision		391,276	362,462
Security deposit - specific provision		13,646	33,646
Others		150,118	79,178
		<u>906,406</u>	<u>721,616</u>
16.2	Movement in credit loss allowance held against other assets		
Opening balance		721,616	574,332
IFRS 9 Adoption Impact		-	111,038
Balance as at January 01		721,616	685,370
Charge for the period / year		204,790	143,579
Reversals		(20,000)	(8,170)
Amount written off against provision		-	(99,163)
Closing balance		<u>906,406</u>	<u>721,616</u>
17.	BILLS PAYABLE		
In Pakistan		309,756	324,880
		<u>309,756</u>	<u>324,880</u>

		(Un-audited) June 30, 2025	(Audited) December 31, 2024
		(Rupees in '000)	
18. BORROWINGS			
Unsecured			
Call borrowings		1,000,000	-
		<u>1,000,000</u>	<u>-</u>
19. DEPOSITS AND OTHER ACCOUNTS			
In Local Currency			
Customers			
Current deposits		76,843,993	63,133,243
Savings deposits		15,206,294	12,928,686
Term deposits		1,799,555	31,731
		<u>93,849,842</u>	<u>76,093,659</u>
Financial Institutions			
Current deposits		854,358	69,853
Savings deposits		41,911	4,928
		<u>896,269</u>	<u>74,782</u>
		<u>94,746,111</u>	<u>76,168,441</u>
20. LEASE LIABILITIES			
Opening at January 01		1,078,397	1,160,830
Additions during the period / year		288,100	121,939
Deletions during the period / year		(11,012)	(21,511)
Interest expense		96,951	182,717
Lease payments including interest		(234,278)	(365,578)
Closing		<u>1,218,158</u>	<u>1,078,397</u>
The Bank has used 6M KIBOR plus 3% risk premium as its discount factor at the time of lease recognition.			
20.1 Liabilities Outstanding			
Not later than one year		277,783	-
Later than one year and upto five years		743,425	835,872
Over five years		196,951	242,525
Total at the year end		<u>1,218,159</u>	<u>1,078,397</u>
21. DEFERRED GRANT	Note		
Karandaaz Pakistan	21.1	804	1,538
		<u>804</u>	<u>1,538</u>
21.1. Details of the income recognized during the period is as follows:			
Balance as at 01 January		1,538	3,004
Amount recognized as income during the period / year		(734)	(1,466)
Balance as at 30 June		<u>804</u>	<u>1,538</u>
22. OTHER LIABILITIES			
Mark-up / return / interest payable		9,885	6,351
Unearned loan processing fee		238,861	164,447
Accrued expenses		9,058,283	8,123,596
Indirect taxes payable		289,965	313,138
Tax payable - net		423,710	227,869
Commission payable - branchless banking		1,165,073	895,014
Provision for staff bonus		375,000	501,501
Withholding tax payable		58,973	121,406
Payable to defined contribution plan		40,191	-
Payable to defined benefit plan		41,832	22,454
Payable to Worker's Welfare Fund		362,263	266,569
Switch settlement liability - net		1,217,765	589,222
Payable against branchless banking transactions		4,223,209	2,847,482
Employee share appreciation right liability		848,114	1,848,518
Funds for disbursement	22.1.	7,525,652	24,774
Provisions against contingencies		230,910	230,910
Others		805,585	590,761
		<u>26,915,271</u>	<u>16,774,012</u>

		(Un-audited) June 30, 2025 (Rupees in '000)	(Audited) December 31, 2024 (Rupees in '000)
	Note		
22.1.	These funds represent the amount received for onward disbursement to their respective beneficiaries.		
	Benazir Income Support Programme (BISP)	7,427,000	-
	Establishment and Administration Department (KPK) - NBP	98,652	24,774
		<u>7,525,652</u>	<u>24,774</u>
23.	SURPLUS / (DEFICIT) ON REVALUATION OF ASSETS - net of deferred tax		
	Surplus / (deficit) on revaluation of		
	- FVOCI - debt	276,573	416,436
	Deferred tax on surplus / (deficit) on revaluation of		
	- FVOCI - debt	(116,161)	(162,410)
		<u>160,412</u>	<u>254,026</u>
24.	CONTINGENCIES AND COMMITMENTS		
	Commitments	24.1 1,475,783	1,429,278
	Contingencies - tax	24.2 883,120	883,120
		<u>2,358,903</u>	<u>2,312,398</u>
24.1	Commitments		
	Commitments for acquisition of:		
	- Property and equipment	1,149,203	955,353
	- Intangible assets	326,580	473,925
		<u>1,475,783</u>	<u>1,429,278</u>
24.2	The Bank was served with an order from Sindh Revenue Board (SRB) creating demand on account of alleged non/short payment of output sales tax and alleged inadmissible input tax adjustment amounting to Rs. 73.03 million (including penalty) for the tax periods from July 2011 to June 2016. The Bank had filed an appeal with Commissioner (Appeals) after paying 25% of the tax demand and the proceedings are still in process.		
	Further, SRB also served the Bank with an order disallowing input tax aggregating to Rs. 758.29 million alleged to be claimed unlawfully during the tax periods from July 2016 till June 2020. The Bank, based on advice from its tax advisor, is confident of a favorable outcome in appeal. The Bank has acquired a stay order from Sindh High Court against recovery during pendency of appeal proceedings.		
24.3	The Bank was served with an order from Khyber Pakhtunkhwa Revenue Authority (KPRA) creating a demand aggregating to Rs. 13.59 million against input tax disallowances and sales tax withholding in relation to certain tax periods from September 2016 to January 2018. The Bank filed an appeal with Collector (Appeals) which was disposed against the Bank on September 25, 2019. During Feb 2021, Appellate Tribunal, KPK remanded the case back to KPRA for fresh adjudication. The afore-said decision of KPRA-Tribunal was challenged by the Bank before Peshawar High Court and on May 24, 2022, the Peshawar Higher Court has set aside the order of Tribunal with direction to Tribunal to address the legal issue of time limitation of show cause notice that became basis of the whole proceeding, until then the appeal shall be deemed to be pending with Tribunal. Tax advisors of the Bank are of the view, that these matters will eventually be settled in favor of the Bank. Amount of Rs. 2.8 million has been made against this demand.		
24.4	During 2019, a recovery notice of Rs. 17.95 million (including penalty and surcharge) was received by the Bank from Punjab Revenue Authority (PRA). The Order against the said notice was passed by the Authority during February 2018 in relation to withholding sales tax for the period January 2016 to December 2016, however, it was not received by the Bank till May 23, 2019. As the underlying Order was devoid of merit, the Bank is pursuing available legal remedies and the matter is currently pending before the Lahore High Court. Tax advisors of the Bank are of the view, that these matters will eventually be settled in favor of the Bank.		
24.5	During the years 2020 and 2021, the Bank received amended assessment orders with respect to Tax Years 2015 to 2018 raising a demands of Rs. 74.51 million, Rs. 51.73 million, Rs. 88.0 million, and Rs. 92.74 million respectively. The Bank has filed appeals with Tribunal in respect of the remaining issues. Tax advisors of the Bank are of the view, that these matters will eventually be settled in favor of the Bank.		
		(Un-audited) Half year ended	
		June 30, 2025	June 30, 2024
		(Rupees in '000)	
25.	MARK-UP / RETURN / INTEREST EARNED		
	On:		
	Loan and advances	8,286,190	6,418,330
	Investments	4,322,679	3,203,594
	Balances with banks	119,071	493,639
	Lendings to Financial Institutions	707,154	1,520,222
		<u>13,435,094</u>	<u>11,635,785</u>

		(Un-audited)	
		Half year ended	
		June 30, 2025	June 30, 2024
		(Rupees in '000)	
25.1. Interest income recognised on:			
Financial assets measured at amortised cost		9,112,415	8,432,191
Financial assets measured at fair value through OCI		4,322,679	3,203,594
		<u>13,435,094</u>	<u>11,635,785</u>
26. MARK-UP / RETURN / INTEREST EXPENSED			
On:			
Deposits		726,293	629,039
Borrowings		312	432
Lease liabilities against right-of-use assets		86,802	91,971
		<u>813,407</u>	<u>721,442</u>
26.1. Interest expense calculated on:			
Financial liabilities		<u>813,407</u>	<u>721,442</u>
27. FEE, COMMISSION AND BROKERAGE INCOME			
Consumer finance related fees		459,789	23,241
Branchless banking income		9,266,431	5,993,827
Branch banking customer fees		412,542	328,758
Card related fees		91,276	56,804
		<u>10,230,038</u>	<u>6,402,630</u>
28. GAIN ON SECURITIES			
Realised		10,253	-
		<u>10,253</u>	<u>-</u>
Realised gain on:			
Federal Government securities		10,253	-
		<u>10,253</u>	<u>-</u>
29. OTHER INCOME			
Grant income		734	734
Gain on sale of property and equipment - net		11,300	164
Gain on termination of lease contracts		215	3,423
		<u>12,249</u>	<u>4,321</u>
30. OPERATING EXPENSES			
Total compensation expense		2,762,127	3,348,063
Property expense			
Security (including guards)		242,962	165,026
Utilities cost		111,538	127,443
Repair & maintenance (including janitorial charges)		237,010	238,821
Depreciation		155,568	149,664
Insurance		8,464	6,720
		<u>755,542</u>	<u>687,674</u>
Information technology expenses			
Software maintenance		1,547,050	1,543,885
Hardware maintenance		132,097	42,019
Amortisation		234,311	228,235
Cloud Services		437,824	316,907
Depreciation		586,676	547,063
Consultancy and support services		406,996	648,937
		<u>3,344,954</u>	<u>3,327,046</u>

		(Un-audited) Half year ended	
		June 30, 2025	June 30, 2024
		(Rupees in '000)	
Other operating expenses			
Directors' fees and allowances		6,000	4,400
Legal and professional charges		289,975	331,063
Brokerage and commission		2,592,890	2,139,617
Marketing, advertisement & publicity		1,374,180	1,009,619
Acquisition commission		394,928	178,524
Communication		1,298,709	975,606
Customer Incentives		284,568	364,550
CNIC verification		661,609	369,662
Entertainment Expense		38,471	20,218
Training & development		69,815	68,047
NIFT clearing charges		3,000	2,000
Travelling & conveyance		151,110	130,695
Insurance		144,262	104,441
Depreciation		35,071	55,437
Postage & courier charges		23,164	24,595
Business support cost		128,173	126,182
Stationery & printing		105,130	79,821
Bank Charges		608,726	478,319
Auditors remuneration		8,000	3,665
Other expenses		130,764	49,048
		8,348,545	6,515,509
		15,211,168	13,878,292
31. OTHER CHARGES			
Penalties imposed by State Bank of Pakistan		502	600
		502	600
32. CREDIT LOSS ALLOWANCE AND WRITE OFFS - NET			
Credit loss allowance against balances with other banks		(188)	(7,110)
Credit loss allowance against lending to financial institutions		21,278	4,807
Credit loss allowance against loans & advances	11.4	4,529,829	1,149,923
Credit loss allowance against other assets	16.2	184,790	119,793
Provision for impairment against operating fixed assets		1,532	7,878
Writeoff against other assets		-	3,432
Bad debts written off directly		23,518	22,036
Recovery against write off		(832,263)	(538,203)
		3,928,496	762,556
33. MINIMUM TAX DIFFERENTIAL AND TAXATION			
Minimum tax differential	33.1	295,962	376,759
Taxation			
Current period			
Current tax		478,470	271,621
Deferred tax		58,742	(15,467)
		537,212	256,154
		833,174	632,913
33.1	This represents minimum tax under section 113 of Income Tax Ordinance, 2001, representing levy under the requirements of IFRIC 21/IAS 37.		
33.2	The Bank has adopted the seventh schedule of the Income Tax Ordinance, 2001, due to change of status to the banking company.		
34. BASIC EARNINGS PER SHARE			
Profit after taxation for the period		2,806,800	1,978,811
Weighted average ordinary shares		(Number in '000) 594,608	591,768
Earning per share - Basic and diluted		(Rupees) 4.72	3.34
34.1.	Diluted earnings per share has not been presented separately as the Bank does not have any convertible instruments in issue.		

35. FAIR VALUE MEASUREMENTS

Fair value measurement defines fair value as the price that would be received from the sale of 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 frequently repriced.

Fair value of financial assets

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 input other than quoted prices included within level 1 that are observable for the asset or liability, either

Level 3: Fair value measurements using input for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

The table below analyses 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 categorised:

		(Un-audited) June 30, 2025			
		Fair value			
		Level 1	Level 2	Level 3	Total
		-----Rs'000-----			
On balance sheet financial instruments					
Financial assets measured at fair value					
- Investments - market treasury bills		-	70,799,845	-	70,799,845
- Pakistan Investment Bond		-	7,120,861	-	7,120,861
		-	77,920,706	-	77,920,706
		(Audited) December 31, 2024			
		Fair value			
		Level 1	Level 2	Level 3	Total
		-----Rs'000-----			
Financial assets measured at fair value					
- Investments - market treasury bills		-	57,424,672	-	57,424,672
- Pakistan Investment Bond		-	3,456,950	-	3,456,950
		-	60,881,622	-	60,881,622

Valuation techniques and inputs used in determination of fair values

Item	Valuation techniques and inputs used
Market treasury bills (MTB) / Pakistan Investment Bond (PIB)	The fair value of MTBs and PIBs are derived using PKRV rates. Floating rate PIBs are revalued using PKFRV rates.

36. SEGMENT INFORMATION

	(Un-Audited) June 30, 2025				(Un-Audited) June 30, 2024			
	Digital	Microfinance	Head office/ Treasury	Total	Digital	Microfinance	Head office/ Treasury	Total
	-----Rs'000-----				-----Rs'000-----			
36.1. Profit & Loss								
Net mark-up / return / profit	3,790,294	3,682,800	5,148,593	12,621,687	2,583,361	3,113,527	5,217,455	10,914,343
Non mark-up / return / interest income	9,819,837	424,057	10,253	10,254,147	6,066,039	333,033	-	6,399,073
Inter segment revenue - net	5,179,051	(20,204)	(5,158,846)	-	5,815,598	(598,143)	(5,217,455)	-
Total Income	18,789,182	4,086,653	-	22,875,834	14,464,998	2,848,417	-	17,313,415
Segment direct expenses	(11,838,722)	(2,402,680)	(1,065,962)	(15,307,364)	(10,504,196)	(2,425,852)	(1,105,866)	(14,035,914)
Inter segment expense allocation	(586,279)	(479,683)	1,065,962	-	(608,226)	(497,640)	1,105,866	-
Total expenses	(12,425,001)	(2,882,363)	(0)	(15,307,364)	(11,112,422)	(2,923,492)	-	(14,035,914)
Profit before credit loss allowance	6,364,181	1,204,290	(0)	7,568,470	3,352,576	(75,075)	-	3,277,501
Credit loss allowance and write offs - net	(4,159,141)	230,645	-	(3,928,496)	(833,664)	167,886	-	(665,778)
PROFIT BEFORE TAXATION AND MINIMUM TAX	2,205,040	1,434,935	(0)	3,639,974	2,518,912	92,811	-	2,611,723

(Un-Audited)
June 30, 2025

(Audited)
December 31, 2024

36.2. Balance Sheet

	Digital	Microfinance	Head office/ Treasury	Elimination	Total	Digital	Microfinance	Head office/ Treasury	Elimination	Total
	-----Rs'000-----					-----Rs'000-----				
Cash & bank balances	-	256,168	10,046,205	-	10,302,373	-	122,360	6,203,729	-	6,326,089
Investments	-	-	77,920,706	-	77,920,706	-	-	60,881,622	-	60,881,622
Net inter segment lending	99,389,394	-	-	(99,389,394)	-	69,936,392	-	-	(69,936,392)	-
Lendings to financial institutions	-	-	14,775,216	-	14,775,216	-	-	2,196,494	-	2,196,494
Operating Assets	5,976,684	1,376,907	1,035,391	-	8,388,982	5,517,716	1,518,758	778,378	-	7,814,852
Intangibles	2,635,684	428,000	41,032	-	3,104,716	2,618,980	460,402	32,195	-	3,111,578
Tangibles	3,341,000	630,000	307,968	-	4,278,968	2,898,736	561,309	376,933	-	3,836,977
Right of use Assets	-	318,907	686,391	-	1,005,297	-	497,047	369,250	-	866,297
Advances	5,444,424	18,202,364	-	-	23,646,788	7,335,282	18,165,565	-	-	25,500,848
Advances- performing	4,469,497	18,124,264	-	-	22,593,761	6,449,745	18,065,008	-	-	24,514,753
Advances - non-performing	974,927	78,100	-	-	1,053,027	885,537	100,557	-	-	986,094
Others	3,100,214	2,254,839	609,058	-	5,964,111	3,201,581	1,857,915	650,261	-	5,709,757
Total Assets	113,910,715	22,090,278	104,386,576	(99,389,394)	140,998,175	85,990,971	21,664,599	70,710,484	(69,936,392)	108,429,662
Bills payable	-	309,756	-	-	309,756	-	324,880	-	-	324,880
Borrowings	-	-	1,000,000	-	1,000,000	-	-	-	-	-
Deposits & other accounts	90,516,500	4,229,611	-	-	94,746,111	72,360,900	3,807,541	-	-	76,168,441
Deferred grants	-	-	804	-	804	-	-	-	-	-
Lease Liabilities	-	380,846	837,312	-	1,218,158	-	599,375	479,022	-	1,078,397
Net inter segment borrowing	-	16,479,729	82,909,665	(99,389,394)	-	-	16,158,661	53,777,732	(69,936,392)	0
Others	23,394,215	690,335	2,830,721	-	26,915,271	13,630,071	774,143	2,371,336	-	16,775,550
Total liabilities	113,910,715	22,090,277	87,578,502	(99,389,394)	124,190,100	85,990,971	21,664,599	56,628,090	(69,936,392)	94,347,268
Equity	-	-	16,808,075	-	16,808,075	-	-	14,082,394	-	14,082,394
Total equity & liabilities	113,910,715	22,090,277	104,386,577	(99,389,394)	140,998,175	85,990,971	21,664,599	70,710,484	(69,936,392)	108,429,662
Contingencies & commitments	1,189,506	29,393	1,140,004	-	2,358,903	2,358,903	46,327	1,009,339	-	3,414,569

37.2 Key management personnel represents the senior management of the Bank other than the Chief Executive Officer (included in the 'Directors' column).

		30 June 2025 (Un-audited) (Rupees in '000)	31 December 2024 (Audited)
	Note		
38. CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS			
Minimum Capital Requirement (MCR):			
Paid-up capital (net of losses)		14,502,371	11,450,095
Capital Adequacy Ratio (CAR):			
Eligible Common Equity Tier 1 (CET 1) Capital		16,357,265	10,293,204
Eligible Additional Tier 1 (ADT 1) Capital		-	-
Total Eligible Tier 1 Capital		16,357,265	10,293,204
Eligible Tier 2 Capital		535,048	1,360,762
Total Eligible Capital (Tier 1 + Tier 2)		16,892,313	11,653,966
Risk Weighted Assets (RWAs):			
Credit risk		30,086,847	26,162,187
Market Risk		1,337,263	-
Operational risk		50,877,536	5,426,937
Total		82,301,646	31,589,124
As per Microfinance regulations:	35.1		
Common Equity Tier 1 Capital Adequacy Ratio			32.58%
Tier 1 Capital Adequacy Ratio			32.58%
Total Capital Adequacy Ratio			36.89%
As per Banking Companies Ordinance:	38.1		
Common Equity Tier 1 Capital Adequacy Ratio		19.87%	
Tier 1 Capital Adequacy Ratio		19.87%	
Total Capital Adequacy Ratio		20.52%	
In line with Basel III capital adequacy guidelines and Licensing and Regulatory Framework for Digital Banks issued by SBP, the following capital requirements are applicable to the Bank:			
Common Equity Tier 1 Capital Adequacy Ratio		9.50%	
Tier 1 Capital Adequacy Ratio		9.50%	
Total Capital Adequacy Ratio		15.00%	15.00%
38.1.	The Bank has computed capital adequacy ratio for the period ended 30 June 2025, in accordance with guidelines on Basel III, requirements applicable to schedule banks under Banking Companies Ordinance, 1992 and Licensing and Regulatory Framework for Digital Banks issued by SBP. However, capital adequacy ratio for the year ended 31 December 2024 has been computed in accordance with requirements of SBP for Microfinance Banks.		
38.2.	The SBP has permitted banks to adopt a transitional approach to phase in the initial impact of the ECL for stage 1 and 2 financial assets over a period of five years. Had there been no such relaxation the Bank's CAR would have been lower by 0.35% (2024: 1.23%).		
38.3.	The Bank has adopted transitional approach for Market risk on investments classified as FVOCI in accordance with SBP circular no. BPRD/BA&CP/881411/2025 dated May 16, 2025.		
38.4.	The Bank has adopted transitional approach for intangible assets that may be phased over a period of five years in accordance with the Licensing and Regulatory Framework for digital banks issued by the SBP.		

	30 June 2025 (Un-audited) (Rupees in '000)	31 December 2024 (Un-audited)
Leverage Ratio (LR):		
Eligible Tier-1 Capital	16,357,265	10,293,204
Total Exposure	143,357,078	110,742,060
	<u>11.41%</u>	<u>9.29%</u>
Minimum requirement (%)	<u>3.00%</u>	<u>3.00%</u>
Liquidity Coverage Ratio (LCR):		
Average High Quality Liquid Assets	99,141,500	67,804,000
Average Net Cash Outflow	5,273,500	2,338,000
Liquidity Coverage Ratio (%)	<u>1880.0%</u>	<u>2900.1%</u>
Minimum requirement (%)	<u>100.00%</u>	<u>100.00%</u>
Net Stable Funding Ratio (NSFR):		
Total available stable funding	106,051,000	81,966,000
Total required stable funding	40,730,000	40,333,000
Net Stable Funding Ratio (%)	<u>260.4%</u>	<u>203.2%</u>
Minimum requirement (%)	<u>100.00%</u>	<u>100.00%</u>

39. GENERAL

39.1 Comparative information has been reclassified or rearranged in these condensed interim financial statements for the purpose of better presentation.

39.2 The figures have been rounded off to the nearest thousand rupees, unless otherwise stated.

40. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue by the Board of Directors in their meeting held on 20th August 2025.

President /
Chief Executive Officer

Chief Financial Officer

Director

Director

Director