PAKISTAN STOCK EXCHANGE

NOTICE

PSX/N-967 August 03, 2026

FOR ALL CONCERNED

PLACEMENT OF DRAFT PROSPECTUS OF "ABHI MICROFINANCE BANK LIMITED" ON PSX WEBSITE FOR SEEKING PUBLIC COMMENTS

Pakistan Stock Exchange Limited ("**PSX"**) is pleased to inform all concerned that **ABHI Microfinance Bank Limited** (**"the Bank"**) has applied for listing on the Main Board of PSX.

The total issue size of the Initial Public Offering comprises of 132,000,000 Ordinary Shares having par value of PKR 10/- each using Book Building Method at a Floor Price of PKR 15/- per share. Arif Habib Limited, Topline Securities Limited and Growth Securities (Private) Limited are the Joint Lead Managers to the Issue.

Pursuant to Clause 3A.(2) of the Public Offering Regulations, 2017, the Draft Prospectus of the Bank is hereby placed on the PSX Website under the caption of "**Public Comments on Draft Prospectus of ABHI Microfinance Bank Limited**". Details about the Issue can be reviewed through the attached Draft Prospectus of the Bank.

All concerned are requested to provide their written comments on the Draft Prospectus, if any, to PSX by emailing at comments.draftprospectus@psx.com.pk latest by **COB Monday, August 10, 2026.**

Syed Ahmad Abbas
Head of Business Development & Listing

Copy to:

1. The HOD, PMADD (SMD), SECP
2. ABHI Microfinance Bank Limited
3. Arif Habib Limited
4. Topline Securities Limited
5. Growth Securities (Private) Limited
6. PSX Website

ADVICE FOR INVESTORS

INVESTORS ARE STRONGLY ADVISED IN THEIR OWN INTEREST TO CAREFULLY READ THE CONTENTS OF THIS PROSPECTUS, ESPECIALLY THE RISK FACTORS GIVEN AT SECTION 5 AND SEEK PROFESSIONAL ADVICE, BEFORE MAKING ANY INVESTMENT DECISION.

SUBMISSION OF FALSE AND FICTITIOUS APPLICATIONS IS PROHIBITED AND SUCH APPLICATIONS' MONEY MAY BE FORFEITED UNDER SECTION 87(8) OF THE SECURITIES ACT, 2015. INVESTMENT IN EQUITY SECURITIES INVOLVES A DEGREE OF RISK AND INVESTORS SHOULD NOT INVEST ANY FUNDS IN THIS OFFER UNLESS THEY CAN AFFORD TO TAKE THE RISK OF LOSING THEIR INVESTMENT. INVESTORS ARE ADVISED TO READ THE RISK FACTORS CAREFULLY BEFORE TAKING AN INVESTMENT DECISION IN THIS OFFERING. FOR TAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THE EXAMINATION OF THE ISSUER AND THE OFFER INCLUDING THE RISKS INVOLVED AS DISCLOSED AT SECTION 5 OF THE PROSPECTUS.

ADVICE FOR INSTITUTIONAL INVESTORS AND HIGH NET WORTH INDIVIDUALS

A SINGLE INVESTOR CANNOT SUBMIT MORE THAN ONE BIDDING APPLICATION EXCEPT IN THE CASE OF UPWARD REVISION OF BID. IF AN INVESTOR SUBMITS MORE THAN ONE BIDDING APPLICATION THEN ALL SUCH APPLICATIONS SHALL BE SUBJECT TO REJECTION.

SUBMISSION OF CONSOLIDATED BIDS PROHIBITED UNDER THESE REGULATIONS. A BID APPLICATION WHICH IS BENEFICIALLY OWNED (FULLY OR PARTIALLY) BY PERSONS OTHER THAN THE ONE NAMED THEREIN SHALL BE DEEMED TO BE A CONSOLIDATED BID.

PLEASE NOTE THAT A SUPPLEMENT TO THE PROSPECTUS SHALL BE PUBLISHED WITHIN ONE WORKING DAY OF THE CLOSING OF THE BIDDING PERIOD WHICH SHALL CONTAIN INFORMATION RELATING TO THE STRIKE PRICE, THE OFFER PRICE, NAMES OF THE UNDERWRITERS OF THE RETAIL PORTION OF THE ISSUE IF ANY, UNDERWRITING COMMISSION, BIFURCATING AS TAKE UP COMMISSION OR ANY OTHER, CATEGORY WISE BREAKUP OF THE SUCCESSFUL BIDDERS ALONG WITH NUMBER OF SHARES ALLOCATED TO THEM, DATES OF PUBLIC SUBSCRIPTION AND SUCH OTHER INFORMATION AS SPECIFIED BY THE COMMISSION

THIS PROSPECTUS CONTAINS FORWARD-LOOKING STATEMENTS. ALL STATEMENTS OTHER THAN STATEMENTS OF HISTORICAL FACTS CONTAINED IN THIS PROSPECTUS, INCLUDING STATEMENTS REGARDING FUTURE RESULTS OF OPERATIONS AND FINANCIAL POSITION, BUSINESS STRATEGY AND PLANS AND OBJECTIVES OF MANAGEMENT FOR FUTURE OPERATIONS, TIMELINES RELATING TO IMPLEMENTATION PLAN ARE FORWARD-LOOKING STATEMENTS. THESE STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER IMPORTANT FACTORS THAT MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY THE FORWARD-LOOKING STATEMENTS.

THE COMPANY REPORTED A LOSS IN CY24 BUT HAS RETURNED TO PROFITABILITY IN CY25. ACCORDINGLY, WHILE THE COMPANY HAS DEMONSTRATED A RECENT IMPROVEMENT IN ITS FINANCIAL PERFORMANCE, IT DOES NOT HAVE A CONSISTENT TRACK RECORD OF PROFITABILITY OVER THE PRECEDING TWO FINANCIAL YEARS. PROSPECTIVE INVESTORS SHOULD CAREFULLY CONSIDER THE RISKS ASSOCIATED WITH INVESTING IN A COMPANY WITH A LIMITED RECENT HISTORY OF PROFITABILITY AND ASSESS THE SUSTAINABILITY OF ITS EARNINGS AND FUTURE GROWTH PROSPECTS. INVESTMENT DECISIONS SHOULD BE MADE ONLY AFTER CONDUCTING INDEPENDENT DUE DILIGENCE AND, WHERE APPROPRIATE, CONSULTING A QUALIFIED INVESTMENT ADVISOR.

ABHI MICROFINANCE BANK LIMITED
PROSPECTUS FOR INITIAL PUBLIC OFFERING

Date and place of incorporation: June 26, 2008, Lahore | Incorporation Number: 0066660 | Registered Address: S. A. Khan House # 2, Plot # 12 D-12 Markaz, Islamabad, Pakistan. ABHI Microfinance Bank Limited: Mr. Farooq Kamran (Acting Chief Executive Officer & Chief Financial Officer), Phone: +92-51-2706307 EXT: 106, Email: farooq.kamran@abhibank.com I Mr. Manzoor Ahmed Janjua (Chief Legal & Business Support Officer & Company Secretary), Phone: +92-51-2706307 EXT: 108, Email: Manzoor.ahmed@abhibank.com

Issue Size: 132,000,000 Ordinary Shares equivalent to 13.65% of the total post-IPO paid up capital of ABHI Microfinance Bank Limited of face value of PKR 10/- each.

Method of Offering: 75% Book Building Method and 25% retail/general public portion

Book Building Method & Floor Price: The IPO would be conducted through 75% book building method, and the strike price would be determined based on the same. The Book Building portion of the Issue comprises of 99,000,000 ordinary shares (75% of the total issue) at a Floor Price of PKR 15.0 (including premium of PKR 5.0 per share) with a maximum price band of up to 50% (Justification of premium and price band) is given under "Valuation Section" i.e. Section 4A).

Retail/General Public Portion: General Public portion of the Issue comprises of 33,000,000 ordinary shares (25% of the total issue) at the Strike Price. The General Public portion will be fully underwritten.

Public comments: Draft Prospectus was placed on PSX's website for seeking public comments starting from ________ to _________. Public comments received were duly responded back by the Consultant to the Issue.

REGISTRATION OF ELIGIBLE INVESTORS: The registration of eligible investors will commence at **9:00 am** on ____________ and will close at **3:00 pm** on ____________________. For further details please refer to section 12.1.9.

BIDDING PERIOD DATES: From ____________ to ______________ (both days inclusive) **From: 9:00 am to 5:00 pm**

DATES OF PUBLIC SUBSCRIPTION: From _____________ to _____________ (both days inclusive)

Joint Consultant to the Issue	Eligible Participants for Book Building	General Public Portion will be Underwritten by
ARIF HABIB LIMITED; Topline Securities; Growth Securities	**Securities Brokers, Mutual Funds, Scheduled Banks and Development Finance Institutions that are clearing members of the NCCPL, and trading only brokers**	ARIF HABIB LIMITED; Topline Securities; Growth Securities; DEL

For retail portion/general public portion, investors can submit application(s) through electronic/online mode. Electronic/online applications can be submitted through PSX's e-IPO system ("**PES**") and CDC's Centralized E-IPO system ("**CES**"). PES and CES can be accessed via the web links https://eipo.psx.com.pk, and www.cdceipo.com, There is no transaction limit on making payment through e- banking channels. 1Link through Memo dated August 22, 2024, has instructed all its member banks to remove the limits on transfer of funds for transactions executed through e-IPO platforms. For details, please refer to Section 13.3 of the Prospectus.

Date of Publication of this Prospectus: __________

Prospectus, Bidding Form, and Subscription Form can be downloaded from the following websites: https://abhibank.com/, http://www.arifhabibltd.com/, http://www.topline.com.pk http://www.psx.com.pk and http://www.cdceipo.com

For further queries you may contact

ABHI Microfinance Bank Limited: Mr. Farooq Kamran (Acting Chief Executive Officer & Chief Financial Officer), Phone: +92-51-2706307 EXT: 106 Email: Farooq. Kamran @abhibank.com I Mr. Manzoor Ahmed Janjua (Chief Legal & Business Support Officer & Company Secretary), Phone: +92-51-2706307 EXT: 108, Email: Manzoor.ahmed@abhibank.com **; Arif Habib Limited:** Hamza Rehan (AVP – Investment Banking) **| Phone:** +92-21-38280227 **| Email:** hamza.rehan@arifhabibltd.com**;** Muhammad Ismail Memon (Associate – Investment Banking) **| Phone:** +92-21-38280642 **| Email:** muhammad.ismail@arifhabibltd.com**; Topline Securities Limited**: Syeda Sharmeen Ahmed (Managing Director – Corporate Finance) **|** Phone: +92-21-35303330 EXT:150 **|** E-mail: syeda.sharmeen@topline.com.pk; Saad Javed Khan (Associate - Corporate Finance) **|** Phone: +92-21-35303330 EXT: 150 **| E-mail:** saad.javed@topline.com.pk; **Growth Securities (Private) Limited:** Mr. Fahad Muhammad Ali (Equity Director) **| Phone:** +92-21-32464100 **| Email:** fahad@growthsecurities.com.pk; Mr. Zeeshan (Director) **| Phone:** +92-21-32463002 **| Email:** zeeshan@growthsecurities.com.pk

Underwriters:; Arif Habib Limited; Hamza Rehan (AVP – Investment Banking) **| Phone:** +92-21-38280227 **| Email:** hamza.rehan@arifhabibltd.com **| Topline Securities Limited**; Khalid Mehmood (Chief Financial Officer) | +92-21-35303330 | Khalid.mehmood@topline.com.pk**; Growth Securities (Private) Limited;** Fahad Muhammad Ali (Equity Director) **| Phone:** +92-21-32464100 **| Email:** fahad@growthsecurities.com.pk; **Dawood Equities Limited;** Abdul Aziz Habib (CEO) | aziz@dawoodequities.com | +922132271881-3

The Company is proposed to be listed at the Pakistan Stock Exchange Limited

UNDERTAKING BY THE CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER

E-STAMP
(Islamabad Capital Territory)

ICT-C43E7BB3535C03DD

PSID-101230003262360686 8

Rs 200/-

Two Hundred Rupees Only

Purpose	:	PARTNERSHIP - 46(a)
Applicant	:	SYED TUFAIL HUSSAIN NAQVI [61101-1940369-9]
Representative From	:	ABHI MICROFINANCE BANK LIMITED
Address	:	ISLAMABAD
Issue Date	:	04-Jun-2026, 12:21:52 PM
Delisted On/Validity	:	19-Jun-2026
Paid Through Challan	:	20265A18197D0DBA
Reason	:	For Undertaking Muhammad Farooq Kamran (42301-4259655-7) Acting CEO & CFO .

نوٹ: یہ ٹرانزیکشن جاری ہونے سے پندرہ دن تک بینک کے لیے قابل استعمال ہے۔ ای اسٹامپ کی تصدیق بذریعہ ویب سائٹ، کیو آر کوڈ سے کی جا سکتی ہے۔

Please Write Below This Line

Dated: 04-06-2026

UNDERTAKING

I, MUHAMMAD FAROOQ KAMRAN, THE CHIEF EXECUTIVE OFFICER (Acting) AND THE CHIEF FINANCIAL OFFICER OF **ABHI MICROFINANCE BANK LIMITED** CERTIFY THAT:

1. THE PROSPECTUS CONTAINS ALL INFORMATION WITH REGARD TO THE ISSUER AND THE ISSUE, WHICH IS MATERIAL IN THE CONTEXT OF THE ISSUE AND NOTHING HAS BEEN CONCEALED IN THIS RESPECT;
2. THE INFORMATION CONTAINED IN THE PROSPECTUS IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF;
3. THE OPINIONS AND INTENTIONS EXPRESSED THEREIN ARE HONESTLY HELD;
4. THERE ARE NO OTHER FACTS, THE OMISSION OF WHICH MAKES THIS PROSPECTUS AS A WHOLE OR ANY PART THEREOF MISLEADING; AND
5. ALL REQUIREMENTS OF THE SECURITIES ACT, 2015; THE DISCLOSURES IN PUBLIC OFFERING REGULATIONS, 2017 FOR PREPARATION OF PROSPECTUS, RELATING TO APPROVAL AND DISCLOSURES HAVE BEEN FULFILLED
6. NO CHARGES, FEE, EXPENSES, PAYMENTS ETC. HAVE BEEN COMMITTED TO BE PAID TO ANY PERSON IN RELATION TO THIS PUBLIC OFFERING EXCEPT FOR THOSE AS DISCLOSED IN THE PROSPECTUS.

FOR AND BEHALF OF **ABHI MICROFINANCE BANK LIMITED**

MUHAMMAD FAROOQ KAMRAN
CHIEF EXECUTIVE OFFICER (ACTING)/CFO

ATTESTED
MALIK JAVED AWAN
OATH COMMISSIONER
ISLAMABAD
ADVOCATE HIGH COURT

ATTESTED
TARIQ IQBAL ZAHEER
Notary Public
ISLAMABAD

SUPPLEMENT TO THE PROSPECTUS

Note: This Supplement shall be published within 1 working day of the close of Bidding Period in at least all those newspapers in which the Prospectus of ABHI Microfinance Bank was published.

This Supplement is being published pursuant to The Public Offering Regulations, 2017 and in continuation of the Prospectus of ABHI Microfinance Bank earlier published on [__________]

ABHI Microfinance Bank

- FLOOR PRICE: PKR 15.0/- PER SHARE
- STRIKE PRICE: PKR [.]/- PER SHARE
- ISSUE PRICE: PKR [.]/- PER SHARE
- PRICE BAND (MAXIMUM 50%): PKR 22.5/- PER SHARE

Underwriters to the retail portion of the issue

S. No	Names of underwriters	Number of shares underwritten	Amount Underwritten at floor	Amount Underwritten at cap	Underwriting Fee (%)	Take-up Commission (%)
1	Arif Habib Limited	12,000,000	180,000,000	270,000,000	1.0%	1.0%
2	Topline Securities Limited	8,250,000	123,750,000	185,625,000	1.0%	1.0%
3	Growth Securities (Private) Limited	8,250,000	123,750,000	185,625,000	1.0%	1.0%
4	Dawood Equities Limited	4,500,000	67,500,000	101,250,000	1.0%	1.0%
	Total	**33,000,000**	**495,000,000**	**742,500,000**		

Category wise Breakup of Successful Bidders

S. No	Category	No. of Bidders	No. of shares provisionally allocated
	Institutional Investors:	•	•
1	Commercial Banks	•	•
2	Development financial institutions	•	•
3	Mutual Funds	•	•
4	Insurance Companies	•	•
5	Investment Banks	•	•
6	Employees' Provident / Pension Funds	•	•
7	Leasing Companies	•	•
8	Modarabas	•	•
9	Securities Brokers	•	•
10	Foreign Institutional Investors	•	•
11	Any other Institutional Investors	•	•
	Total Institutional Investors	•	•
	Individual Investors:	•	•
12	Foreign Investors	•	•
13	Local	•	•
	Total Individual Investors	•	•
	GRAND TOTAL		

Glossary of Technical Terms

ACT	Securities Act, 2015
ABHI	ABHI Microfinance Bank Limited
AHL	Arif Habib Limited
ATL	Active Taxpayers List
Bn	Billion
BOD	Board of Directors
BVPS	Book Value Per Share
CAR	Capital Adequacy Ratio
CAGR	Compound Annualized Growth Rate
CDC / CDCPL	Central Depository Company of Pakistan Limited
CDS	Central Depository System
CEO	Chief Executive Officer
CES	Centralized e-IPO System
CFO	Chief Financial Officer
CIO	Chief Investment Officer
CMO	Chief Marketing Officer
CNIC	Computerized National Identity Card
Commission / SECP	Securities and Exchange Commission of Pakistan
Companies Act	Companies Act, 2017
COO	Chief Operating Officer
CTO	Chief Technology Officer
CY	Calendar Year
DDM	Dividend Discount Model
EPS	Earnings Per Share
FBR	Federal Board of Revenue
FY	Financial Year
GDP	Gross Domestic Product
GLP	Gross Loan Portfolio
GSL	Growth Securities (Private) Limited
IPO	Initial Public Offering
ITO	Income Tax Ordinance, 2001
Mn	Million
MOU	Memorandum of Understanding
NBFC Rules	Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003
NBFC Regulation	Non-Banking Finance Companies and Notified Entities Regulations, 2008
NICOP	National Identity Card for Overseas Pakistani
NOC	No Objection Certificate
p.a.	Per Annum
PB - ROE	Price to Book – Return on Equity
PBT	Profit Before Tax
p.q.	Per Quarter

PES	PSX's e-IPO System
PKR or Rs.	Pakistan Rupee(s)
PSX / Exchange	Pakistan Stock Exchange Limited
1HCY26	1st half (01 January to 30 June) of 2026
SBP	State Bank of Pakistan
TTM	Trailing Twelve Months
TSL	Topline Securities Limited
UIN	Unique Identification Number
WHT	Withholding Tax
YOY	Year on Year change

DEFINITIONS

Application Money	The total amount of money payable by a successful investor which is equivalent to the product of the Strike Price and the number of shares subscribed and allotted.
Bid	An indication to make an offer during the Bidding Period by a Bidder to subscribe to the Ordinary Shares of ABHI Microfinance Bank Limited at a price at or above the floor price, including upward revisions thereto. An **Eligible Investor shall not make a bid with price variation of more than 10% of the prevailing indicative strike price subject to a maximum price band of 50% of the Floor Price. Please refer to Section 12.1.2 for details**
Bid Amount	The amount equal to the product of the number of Shares Bid for and the Bid Price.
Bid Price	The price at which Bid is made for a specified number of shares.
Bid Revision	The Eligible Investors can revise their Bids upward subject to the provision of Regulation 10(2)(iii) of the PO Regulations. The Bids can be revised with a price variation of not more than 10% from the prevailing indicative Strike Price in compliance with Regulation 10(2)(iii) of the PO Regulations. **As per Regulation 10(2)(vi) of the PO Regulations, the Bidder shall not make downward revision both in terms of Bid Price and Bid Volume; Provided that in case of upward revision of the Bid Price, the number of shares Bid for i.e., Bid Volume may be adjusted ensuring that the Bid amount or Bid money remains the same.** **As per Regulation 10(2)(vii) of the PO Regulations, the Bidder shall not withdraw their Bids**.
Bidder	An Eligible Investor who makes Bids for shares in the Book Building Process
Book Building	A process undertaken to elicit demand for shares Issued through which Bids are collected from the Bidders and a book is built which depicts demand for the shares at different price levels.
Book Building Account	An account opened by the Issuer with the Bankers to the Book Building.
Book Building Portion	The part of the total Issue allocated for subscription through the Book Building.

Book Building System	An online electronic system operated by the Designated Institution for conducting Book Building.
Commission	Securities & Exchange Commission of Pakistan ("SECP").
Company's Legal Advisor	Mohsin Tayebaly & Co. First Floor, DIME Centre, BC-4, Block 9, Kehkashan Clifton, Karachi Office Phone Number +92-21-111-682-529 http://www.mtclaw.com.pk
Consolidated Bids	A Bid which is fully or partially beneficially owned by persons other than the one named therein.
Designated Institution	Pakistan Stock Exchange Limited ("PSX") is acting as the Designated Institution for this Issue and its Book Building system will be used for price discovery.
Dutch Auction Method	The method through which Strike Price is determined by arranging all theBid Prices in descending order along with the number of shares and the cumulative number of shares Bid for at each Bid Price. The Strike Price is determined by lowering the price to the extent that the total number of shares Issued under the Book Building Portion are subscribed.
e-IPO facility	e-IPO refers to electronic submission of applications for subscription of securities Issued in an IPO. The following systems are available for e-IPOs: (i) **PSX's e-IPO System (PES)**: To facilitate investors, the Pakistan Stock Exchange Limited ("PSX") has developed an e-IPO System ("PES") through which applications for subscription of securities Issued to the General Public can be made electronically. PES has been made available in this Issue and can be accessed through the web link (https://eipo.psx.com.pk). Payment of subscription money can be made through 1LINK's and NIFT's member banks available for PES. 1Link through Memo dated August 22, 2024 has instructed all its member banks to remove the limits on transfer of funds for transactions executed through eIPO platforms For making application through PES, investors must be registered with PES. The PES registration form is available 24/7, all throughout the year. Registration is free of cost and can be done by: • the investor himself, or • the TREC Holder with whom the investor has a sub-account, or • the Bank with whom the investor has a bank account.Similarly, an e-IPO application can be filed by: • the investor himself, or • the TREC Holder with whom the investor has a sub-account, or • the Bank with whom the investor has a bank account. In case of queries regarding PES, investors may contact Mr. Farrukh Shahzad at phone number: 111-001-122 or (021)-35274401-10, and email: itss@psx.com.pk. Investors who are registered with PES can submit their applications through the web link, https://eipo.psx.com.pk, 24 hours a day duringthe subscription period which will close at midnight on _______________. (ii) **Centralized e-IPO System (CES):** To facilitate investors, the Central Depository Company of Pakistan ("CDC") has developed a Centralizede-

	IPO System ("CES") through which applications for subscription of securities Issued to the General Public can be made electronically. CES can be accessed through the web link (www.cdceipo.com). Payment of subscription money can be made through 1LINK's member banks available for CES. For making application though CES, investors must be registered with CES. Registration with CES is free of cost and can be done under a self-registration process by filling the CES registration form, which is available 24/7 all throughout the year. In addition to the above, sub-account holder(s) can request their respective TREC Holders who are Participants in Central Depository System (CDS) to make electronic subscription on their behalf for subscription of securities of a specific Company by authorizing (adding the details of) their respective Participant(s) in CES. Consequently, authorized Participants can electronically subscribe on behalf of their sub-account holder(s) in securities issued through Initial Public Offerings (IPOs) and can also make payment against such electronic subscriptions through all the available channels mentioned on CES only after receiving the subscription amount from the sub-account holder(s). To enable this feature, the CDS Participant may request CDC to activate his ID on the CES portal. The securities will be credited directly in Investors' subaccount. In case the sub-account of the investor has been blocked or closed, after the subscription, then securities shall be parked into the CDC's IPO Facilitation Account and investor can contact CDC for credit of shares in its respective account. Investors who do not have CDS account may visit www.cdcpakistan.com for information and details. For further guidance and queries regarding CES and opening of CDS account, investors may contact CDC at phone number: 0800 – 23275 (CDCPL) and e-mail: info@cdcpak.com or contact Mr. Farooq Ahmed Butt, Senior Manager – Operations, at Phone 021-34326030 and email: farooq_butt@cdcpak.com. Investors who are registered with CES can submit their applications through the web link www.cdceipo.com 24 hours a day during the subscription period which will close at midnight on _____________. **IPO Facilitation Account (IFA):** Investors who do not have investor account or sub account can subscribe IPO application by opting for the IPO facilitation account. IPO Facilitation Account is an account to be maintained by CDC separately for each IPO wherein securities of such successful applicants who do not have CDS Accounts at the time of making subscription application, shall be parked for a certain period of time. Subsequent to parking, all the successful applicants shall be intimated via email to open an Investor Account with CDC or Sub-Account with any of the CDS Participants (i.e. licensed securities brokers or commercial banks). Upon opening of CDS Account, successful applicants shall approach CDC Investor Account Services and securities of such successful applicants shall be moved from the IFA to their respective CDS Accounts.
Eligible Investor	An Individual and Institutional Investor, whose Bid Amount is not less than the minimum Bid size of PKR 2,000,000/- (Two Million Rupees only).

Eligible Participant for Book Building (Eligible Participant)	Eligible Participant shall include securities brokers (Trading and Clearing, Trading and Self-Clearing, and Trading Only), mutual funds, scheduled banks, and development finance institutions (DFIs) that are clearing member of NCCPL. Provided that Trading Only Securities Broker shall also be eligible to act as Eligible Participant for Book Building. PCM shall create separate accounts for TO brokers. TO brokers shall be allowed to participate in the Book Building from proprietary account and may also on-board its clients. Provided further that in case of Trading Only Securities Broker, Professional clearing member shall collect the margin money from the bidders and deposit the same with NCCPL.
Floor Price	The minimum price per share set by the Issuer in consultation with Lead Manager. For this Issue, Floor Price is PKR 15.0/- per share.
GDP	GDP is the total monetary or market value of allthe finished goods and services produced within a country's borders in a specific time period.
General Public	All Individual and Institutional Investors including both Pakistani(residents & non-residents) and foreign investors.
Initial Public Offering (IPO)	Initial Public Offering or IPO means first time offer of securities to the General Public.
Institutional Investors	Any of the following entities: ▪ A financial institution; ▪ A Company as defined in the Companies Act, 2017; ▪ An insurance Company established under the Insurance Ordinance, 2000; ▪ A securities broker; ▪ A fund established as Collective Investment Scheme under the Non-Banking Finance Companies and Notified Entities Regulations, 2008; ▪ A fund established as Voluntary Pension Scheme under the Voluntary Pension System Rules, 2005; ▪ A private fund established under Private Fund Regulations, 2015; ▪ Any employee's fund established for the benefit of employees; ▪ Any other fund established under any special enactment; ▪ A foreign Company or any other foreign legal person; and ▪ Any other entity as specified by the Commission.
Issue	Issue of 132,000,000 Ordinary Shares representing 13.65% of total Post-IPO Paid-Up Capital having a Face Value of PKR 10.0/- each.
Issue Price	The price at which Ordinary Shares of the Company are issued to the General Public. The Issue Price will be the Strike Price.
Issuer	ABHI Microfinance Bank Limited (the "Company" or "Bank" or "ABHI").
Key Employees	Chief Executive Officer, Directors, Chief Financial Officer and Company Secretary of the Company.
Joint Lead Manager	Any person licensed by the Commission to act as a Consultant to the Issue/Lead Manager. Arif Habib Limited, Topline Securities Limited, and Growth Securities (Private) Limited have been appointed as Joint Lead Managers by the Issuer for this Issue.
Joint Procedures	Means Procedures notified by the Securities Exchange and NCCPL for Book Building

Limit Bid	The Bid at a Limit Price.
Limit Price	The maximum price prospective Bidder iswilling to pay for a share under Book Building.
Listing Regulations	Chapter 5 of the Rule Book of the Pakistan Stock Exchange Limited, titled 'Listing of Companies and Securities Regulations'. https://www.psx.com.pk/psx/themes/psx/uploads/PSX-Regulations-November-24-2025-updated.pdf
Margin Money	Securities broker will be required to participate with 100% margin money with NCCPL for proprietary and investors account based on their own risk assessment criteria.
Minimum Bid Size	The Bid amount equal to PKR 2,000,000/-. (Rupees Two Million only).
PO Regulations	The Public Offering Regulations, 2017 https://www.secp.gov.pk/document/public-offering-regulations-2017-updated-august-6-2025/?wpdmdl=61673
Price Band	Floor Price with an upper limit of 50% above the Floor Price as determined by the Joint Consultant to the Issue, allowing Bidder to make Bid at Floor Price or within the Price Band.
Prospectus	Prospectus means any document described or issued as a prospectus and includes any document, notice, circular, material, advertisement, and offer for sale document, publication or other invitation offering to the public (or any section of the public) or inviting offers from the public for the subscription or purchase of any securities of a Company or body corporate or entity.
Registration Period	The period during which registration of bidders is carried out. The registration period shall commence three days before the start of the Bidding Period and shall remain open till 3:00 pm on the last day of the Bidding Period. The bidding shall remain open for at least two working days. The bidding shall commence from 09:00 a.m. and close at 05:00 p.m. during the Bidding Period. The bidders can revise the bids till 05:00 p.m. on the last day of the Bidding Period
Related Employees	Related Employees mean such employees of the Issuer, the Lead Manager, the Underwriter, who are involved in the Issue. Please refer to Sections 3A(iv) & 3A(vii) for further details.
Sponsor	A person who has contributed initial capital in the issuing Company or has the right to appoint majority of the directors on the board of the issuing Company directly or indirectly; A person who replaces the person referred to above; and A person or group of persons who has control of the issuing Company whether directly or indirectly.
Step Bid	Step Bid means a series of Limit Bids at increasing prices. In case of a Step Bid, the amount of each step will not be less than Rupees Two million (PKR 2,000,000/-).

Strike Price	The price per Ordinary Share of the Issue determined/discovered on the basis of Book Building process in the manner provided in the PO Regulations, at which the shares are issued to the successful Bidders.
Supplement to the Prospectus	The Supplement to the Prospectus shall be published within one (1) working day of the closing of the Bidding Period at least in all those newspapers in which the Prospectus was earlier published and disseminated through the Exchange where shares are to be listed.

INTERPRETATION:

ANY CAPITALIZED TERM CONTAINED IN THIS PROSPECTUS, WHICH IS IDENTICAL TO A CAPITALIZED TERM DEFINED HEREIN, SHALL, UNLESS THE CONTEXT EXPRESSLY INDICATES OR REQUIRES OTHERWISE AND TO THE EXTENT AS MAY BE APPLICABLE GIVEN THE CONTEXT, HAVE THE SAME MEANING AS THE CAPITALIZED / DEFINED TERM PROVIDED HEREIN.

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1. APPROVALS AND LISTING ON THE SECURITIES EXCHANGE

1.1. APPROVAL OF THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

The Prospectus of the Company has been approved by PSX vide letter No. _____________ dated __________, 2026 in accordance with the requirements of the Listing of Companies and Securities Regulations.

Approval of the Securities & Exchange Commission of Pakistan (the "Commission" or the "SECP") under Section 87(2) of the Securities Act, 2015 read with Section 88(1) thereof, has been obtained by ABHI Microfinance Bank Limited ("ABHI", "Bank" or the "Company") for the issue, circulation and publication of this offering document (hereinafter referred to as the "Prospectus") vide their respective letter No. ____________________________________ dated _______, 2026.

DISCLAIMER:

(A) THE SECURITIES EXCHANGE AND COMMISSION HAS NOT EVALUATED THE QUALITY OF THE ISSUE, AND ITS APPROVAL SHOULD NOT BE CONSTRUED AS ANY COMMITMENT OF THE SAME. THE PUBLIC/INVESTORS SHOULD CONDUCT THEIR OWN INDEPENDENT INVESTIGATION AND ANALYSIS REGARDING THE QUALITY OF THE ISSUE BEFORE SUBSCRIBING.

(B) THE PUBLICATION OF THIS DOCUMENT DOES NOT REPRESENT SOLICITATION BY THE SECURITIES EXCHANGE AND COMMISSION.

(C) THE CONTENTS OF THIS DOCUMENT DO NOT CONSTITUTE AN INVITATION TO INVEST IN SHARES OR SUBSCRIBE FOR ANY SECURITIES OR OTHER FINANCIAL INSTRUMENT BY THE SECURITIES EXCHANGE AND COMMISSION, NOR SHOULD IT OR ANY PART OF IT FORM THE BASIS OF, OR BE RELIED UPON IN ANY CONNECTION WITH ANY CONTRACT OR COMMITMENT WHATSOEVER OF THE EXCHANGE AND COMMISSION.

(D) IT IS CLARIFIED THAT INFORMATION IN THIS PROSPECTUS SHOULD NOT BE CONSTRUED AS ADVICE ON ANY PARTICULAR MATTER BY THE SECURITIES EXCHANGE AND COMMISSION AND MUST NOT BE TREATED AS A SUBSTITUTE FOR SPECIFIC ADVICE.

(E) THE SECURITIES EXCHANGE AND COMMISSION DISCLAIMS ANY LIABILITY WHATSOEVER FOR ANY LOSS HOWEVER ARISING FROM OR IN RELIANCE UPON THIS DOCUMENT TO ANY ONE, ARISING FROM ANY REASON, INCLUDING, BUT NOT LIMITED TO, INACCURACIES, INCOMPLETENESS AND/OR MISTAKES, FOR DECISIONS AND/OR ACTIONS TAKEN, BASED ON THIS DOCUMENT.

(F) SECURITIES EXCHANGE AND COMMISSION DOES NOT TAKE ANY RESPONSIBILITY FOR THE FINANCIAL SOUNDNESS OF THE COMPANY AND ANY OF ITS SCHEMES STATED HEREIN OR FOR THE CORRECTNESS OF ANY OF THE STATEMENTS MADE OR OPINIONS EXPRESSED WITH REGARDS TO THEM BY THE COMPANY IN THIS PROSPECTUS.

Advice from a suitably qualified professional should always be sought by investors in relation to any particular investment

1.2. FILING OF PROSPECTUS AND OTHER DOCUMENTS WITH THE REGISTRAR OF COMPANIES

ABHI Microfinance Bank Limited (the "Company" or the "Issuer" or "ABHI") has filed with the Registrar of Companies as required under Sections 57 (1) of the Companies Act 2017, a copy of this Prospectus signed by all the Directors of the Company.

1.3. LISTING AT PSX

In accordance with Section 69 of the Companies Act, 2017, any allotment made on the basis of this Prospectus shall be void if such permission has not been applied for within seven (7) days after the first issue of this Prospectus or, having been applied for, is not granted within twenty-one (21) days from the closing of the subscription lists (or within such extended period, not exceeding forty-two (42) days, as may within the said twenty-one (21) days be notified by PSX).

If permission to deal in and quote the shares is not granted within the above period, the Company shall forthwith refund, without surcharge, all money received from applicants in pursuance of this Prospectus. If any such money is not repaid within eight (8) days after the Company becomes liable to repay it, the Directors shall be jointly and severally liable to repay that money from the expiration of the eighth day together with a surcharge at the rate of two percent (2%) per month or part thereof and shall, in addition, be liable to a penalty of Level 3 on the standard scale as prescribed under the Act.

All monies received from applicants shall be deposited and kept in a separate bank account in a scheduled bank until the Company is no longer liable to repay such amounts under sub-section (2) of Section 69. In the event of default in complying with this requirement, the Company and every officer who authorizes or permits the default shall be liable to a penalty of Level 2 on the standard scale in accordance with the provisions of the Act.

2. SUMMARY OF THE PROSPECTUS

2.1 PRIMARY BUSINESS OF ABHI

ABHI Microfinance Bank Limited is a company incorporated in Pakistan on June 26, 2008, under the under the Companies Ordinance 1984 (repealed by Companies Act, 2017). The registered office of the Bank is located at S.A. Khan House # 02, Plot # 12, D-12 Markaz, Islamabad, Pakistan. The principal activity of the Bank is to provide microfinance services in accordance with the Microfinance Institutions Ordinance, 2001. ABHI is a licensed deposit-taking microfinance bank regulated by the State Bank of Pakistan and operates under both branch and branchless banking frameworks. Through a technology-enabled digital platform and a nationwide network of more than 114 branches across over 108 cities, the Bank delivers a broad range of financial services to customers across Pakistan.

ABHI's core business comprises the provision of micro-credit, savings, deposit, and payment solutions to underserved and financially excluded segments of the population, including low-income individuals, salaried workers, micro-entrepreneurs, and small businesses. Operating within Pakistan's microfinance banking sector, which forms an important part of the country's broader financial inclusion framework, ABHI contributes to expanding access to formal financial services through a regulated, deposit-based, and technology-driven delivery model.

2.2 SPONSORS & SUBSTANTIAL SHAREHOLDERS OF ABHI

ABHI Microfinance Bank is owned by Two shareholders, with ABHI (Private) Limited serving as its sole sponsor and majority shareholder, holding 73.73% of the Bank's issued share capital.
ABHI (Private) Limited was incorporated in Pakistan in 2021 and is a Non-Banking Financial Company licensed by the Securities and Exchange Commission of Pakistan. The company provides earned wage access, payroll management, and financing solutions. It has operations in Pakistan and overseas and has relocated its global headquarters to Abu Dhabi in 2024.

The Bank's second-largest shareholder is TPL Corp Limited, which holds 26.27% of the issued share capital and is therefore classified as a substantial shareholder. TPL Corp Limited is a Pakistan-based holding company with investments across a diverse range of sectors, including insurance, real estate, technology, tracking, security, and financial services, through various listed and unlisted subsidiaries.

2.3 SALIENT FEATURES OF THE ISSUE

The Issue comprises 132,000,000 Ordinary Shares of Face Value of PKR 10.0/- each, which constitutes 13.65% of the total Post-IPO Paid Up Capital of the Company. The IPO would be conducted through 75% book building method, and the strike price would be determined based 'on the same. The Book Building portion of the Issue comprises 99,000,000 ordinary shares (75% of the total issue) at a Floor Price of PKR 15.0 with a price band of 50% above the floor price i.e. PKR 22.5/-. General Public portion of the Issue comprises 33,000,000 ordinary shares (25% of the total issue) at the Strike Price. The General Public portion will be fully underwritten with Arif Habib Limited, Topline Securities Limited, Growth Securities (Private) Limited and Dawood Equities Limited being the underwriters to the issue. Unsubscribed shares, if any, of the retail (General Subscription) portion will be taken up by the underwriter to the issue.

Particulars	Details
Total Offer Shares	132,000,000
% of Post-IPO Paid-Up Capital	13.65%
Book Building Portion (75%)	99,000,000 shares

Retail / General Public Portion (25%)	33,000,000 shares
Face Value per Share	PKR 10/-
Floor Price	PKR 15/-
Price Band (Ceiling)	50% above Floor Price i.e. PKR 22.5/-
Total Proceeds at Floor Price	PKR 1,980 million
Method of Offering	100% Book Building Process (75% Book Building + 25% Retail)
Underwriters	Arif Habib Limited Topline Securities Limited Growth Securities (Private) Limited Dawood Equities Limited

2.4 PRE AND POST ISSUE SHAREHOLDING

Given below is the Pre and Post-IPO shareholding of the Sponsors and Substantial Shareholders of the Company:

Shareholding Pattern					
Entity	**Designation**	**Pre-Issue Shareholding**	**% of Total Shareholding**	**Post-Issue Shareholding**	**% of Total Shareholding**
ABHI (Private) Limited	Sponsor	615,569,247	73.73%	615,569,247	63.66%
TPL Corp Limited	Substantial Shareholder	219,319,464	26.27%	219,319,464	22.68%
General Public	IPO Investors	-	-	132,000,000	13.65%
Total		**834,888,711**	100%	**966,888,711**	100%

Note: *It is pertinent to note that, pursuant to a Share Purchase Agreement (SPA) dated June 8, 2026, ABHI (Private) Limited and TPL Corp Limited acquired the entire 3.97% shareholding of Kashf Foundation in the Company, comprising 33,119,747 ordinary shares. Under the transaction, ABHI (Private) Limited acquired 24,419,420 shares, while TPL Corp Limited acquired 8,700,327 shares. Consequently, the shareholding of ABHI (Private) Limited increased from 70.81% to 73.73%, while the shareholding of TPL Corp Limited increased from 25.23% to 26.27%. As a result of the transaction, ABHI (Private) Limited and TPL Corp Limited collectively hold 100% of the issued share capital of the Company.*

2.5 PRINCIPAL PURPOSE OF THE ISSUE AND UTILIZATION OF THE PROCEEDS

The Bank intends to utilize the gross proceeds of **PKR 1,980 million** from the Initial Public Offering primarily to support the expansion of its loan portfolio and strengthen its capital base. The proposed equity injection is expected to enhance the Bank's CAR and provide the necessary capacity to undertake balance sheet growth in line with its strategic objectives, while maintaining compliance with the minimum regulatory capital requirements prescribed by SBP for microfinance banks.

What the extra capital gets spent on, and what it's expected to earn

Segment	Share of average GLP CY26F	Share of average GLP CY27F	Indicative Yield	Portfolio at risk CY26F
Gold-backed financing (secured)	89.1%	86.8%	38.3%	2.0%
Unsecured branch banking	7.4%	7.1%	45.0%	3.0%
EWA / payroll-linked & digital lending	3.5%	6.0%	18.0%	1.2%

This growth in lending flows straight through to the Bank's earnings:

Particular	CY23A	CY24A	CY25A	CY26F	CY27F
Total interest/markup income	7,811	9,461	14,254	23,796	32,727
Income after interest costs	3,018	3,212	7,805	14,093	19,300
Operating expenses	4,709	4,533	6,027	8,919	11,878
Net Profit After Tax	(1,730)	(1,754)	1,019	2,927	4,126
Profit After Tax Margin	(22.1%)	(18.5%)	7.1%	12.3%	12.6%

2.6 CAPITAL POSITION AND WAY FORWARD

Historically, the Bank incurred recurring losses, which adversely impacted its equity base and resulted in a Capital Adequacy Ratio ("CAR") below the minimum regulatory requirement prescribed by the State Bank of Pakistan ("SBP"). In view of its capital position, the Bank obtained regulatory relaxation from SBP with respect to compliance with the minimum CAR requirement of 15.0%, which remains valid until October 2027. These numbers are taken from the financial model.

Following the acquisition of the ABHI Microfinance Bank (formerly FINCA Microfinance Bank Limited) by ABHI Private Limited and TPL Corp Limited in January 2025, the new management implemented a turnaround strategy focused on profitability, operational efficiency, and balance sheet optimization. As a result, the Bank has demonstrated a significant improvement in financial performance over the last one and a half years, leading to a substantial strengthening of its capital position.

The Bank's equity improved from a deficit of PKR 397 million as at December 2025 to a positive equity base of PKR 3.1 billion as at June 2026, primarily driven by improved profitability and retained earnings. This improvement has also translated into a meaningful recovery in the Bank's CAR, which improved from negative 20.28% to negative 6.26% over the same period.

In addition, the sponsors successfully obtained a five-year regulatory relaxation, valid until November 2029, from the requirement that gold-backed financing should not exceed 35% of a microfinance bank's total advances portfolio. This exemption provides the Bank with greater flexibility to continue growing its flagship gold-backed lending business, which has historically demonstrated strong asset quality and low credit losses.

Collectively, these regulatory relaxations provide the Bank with a stable operating environment during its ongoing turnaround phase, allowing management to focus on strengthening profitability, rebuilding capital buffers, and executing its long-term growth strategy while remaining aligned with regulatory expectations.

PROFITABILITY & CAPITAL POSITION	CY24	CY25	1HCY26	CY26F	CY27F	CY28F
Net Profit	(1,754)	1,019	1,501	2,927	4,126	5,437
Total Equity	(4,029)	(397)	3,109	6,509	10,635	16,072
CAR (%)	(108.3%)	(20.28%)	(6.26%)	7.31%	17.82%	20.82%

2.7 JUSTIFICATION OF PREMIUM

Justification given by the Lead Manager in favor of Floor Price of PKR 15.0/- per share may be seen under Section 4A of the Prospectus titled, 'Valuation Section'.

2.8 QUALIFIED OPINION, IF ANY, GIVEN BY THE AUDITOR DURING THE LAST THREE FINANCIAL YEARS

No qualified opinion was expressed on the financial statements of ABHI Microfinance Bank Limited for the last three calendar years, i.e., CY23, CY24, and CY25, by the Company's statutory auditors, PKF F.R.A.N.T.S. Chartered Accountants. The statutory auditor of the Bank was subsequently changed, and the financial statements for the half-year ended June 30, 2026 were audited by Baker Tilly Mehmood Idrees Qamar Chartered Accountants.

2.9 FINANCIAL INFORMATION (PLEASE REFER TO SECTION 6 FOR DETAILED FINANCIALS AND COMMENTARY ON KEY RATIOS)

The key financial information of the Company is given as follows:

Key Financial Highlights PKR Mn	CY23	CY24	CY25	1HCY26
Issued share capital	6,349	6,349	8,349	8,349
Net Assets	(1,131)	(4029)	(397)	3,109
Gross Mark-up/Interest Income	6,309	7,385	11,687	9,257
Net Mark-up/Interest Income	1,415	1,003	5,069	4,479
Profit before tax	(2,744)	(1,291)	1,671	2,458
Profit before tax Margin	(43%)	(17%)	14%	27%
Profit after Tax	(1,729)	(1,753)	1,019	1,501
Profit after Tax Margin	(27%)	(24%)	8.7%	16%
EPS[1] (PKR)	(2.72)	(2.76)	1.22	1.80
Breakup value per share	(1.78)	(6.35)	(0.48)	3.72
Total borrowings	3,847	3,800	3,672	7,672
Total debt to equity	(340%)	(94%)	(128%)	247%
Cashflow from operations	(4,584)	7,802	4,578	(2,421)
Outstanding Shares (Mn)	635	635	835	835

Source: Audited Accounts

[1] EPS is calculated based on outstanding number of shares at year end whereas in audited accounts, it is calculated based on weighted average number of shares during the year

2.10 OUTSTANDING LEGAL PROCEEDINGS

The following table outlines the outstanding legal proceedings other than the normal course of business against ABHI

S. No	Year	Issuing Authority	Brief Case Description	Amount (PKR)	Current Status
1	2010	Competition Commission Pakistan	The Competition Commission of Pakistan (CCP) took Suo moto notice of the uniform PKR 15 fee charged by banks for "Off-Us" ATM cash withdrawals. After conducting an inspection of 1-Link's office and completing an inquiry, the CCP issued Show Cause Notices to 1-Link and its member banks. Following hearings, the CCP passed an order imposing penalties on 1-Link and its member banks for price-fixing under Section 4 of the Competition Act, 2010. Kashf Microfinance Bank (now Abhi Microfinance Bank), being a non-founding member, was penalized PKR 10 million. Aggrieved by this order, Kashf Microfinance Bank and other banks filed appeals before the Competition Appellate Tribunal. The Tribunal allowed the appeals and set aside the CCP's order, holding that the banks had acted in good faith under SBP's regulatory oversight and that the ATM network provided significant consumer benefits. The CCP challenged the Tribunal's decision before the Supreme Court of Pakistan, where the case remains pending to date	10,000,000	Pending before Supreme Court of Pakistan

Apart from the above case, there are no pending Legal proceedings of ABHI as well as any of its associates over which it has control of as of March 31st, 2026. For further details, please refer to section 8.

2.11 RISK FACTORS

For key risk factors that would have an impact on the Company and the Issue, please refer to Section 5.

2.12 SUMMARY OF RELATED PARTY TRANSACTIONS

All transactions with related parties are carried out at a mutually agreed price on an arm's length basis. The related parties comprise of Sponsors, Promoters, Associated Concerns, Directors and Key Management Personnel of the Company. The Company, in the normal course of business, carries out transactions with related parties, which are as follows:

2023	CEO	Key Management Personnel	Directors	FINCA Network Support B.V.	Kashf Foundation Provident Fund Trust
Advances:					
Opening balance		8,965,729			
Addition during the year		5,980,946			

Repaid during the year		(5,990,714)			
Closing Balance		**8,955,961**			
Deposits & other accounts					
Opening balance	12,479	4,719,923	100,292		155,961,347
Adjustment due to change in related parties					
Received during the year	37,889,271	167,197,736			370,119,986
Withdrawn during the year	(37,894,955)	(167,528,266)	(650)		(350,000,000)
Closing Balance	**6,795**	**4,389,393**	**99,642**		**176,081,333**

2024	CEO	Key Management Personnel	Directors	FINCA Network Support B.V.	Kashf Foundation Provident Fund Trust
Advances:					
Opening balance		8,955,961			
Addition during the year		9,105,950			
Repaid during the year		(7,399,521)			
Closing Balance		**10,662,390**			
Deposits & other accounts					
Opening balance	6,795	4,389,393	99,642		176,081,333
Adjustment due to change in related parties	99,534	(54,272)			
Received during the year	38,370,036	225,338,627			37,923,276
Withdrawn during the year	(38,111,731)	(219,413,578)	(668)		(213,996,245)
Closing Balance	**364,634**	**10,260,170**	**98,974**		**8,364**

Source: Audited Financial Statements of ABHI MICROFINANCE BANK Limited

2025	CEO	Key Management Personnel	Directors	ABHI (Private) Limited	TPL Corp	TPL Insurance	Kashf Foundation Provident Fund Trust
Advances:							
Opening balance	-	10,662,390					
Addition during the year	49,000,000	161,172,838					
Repaid during the year	(24,000,000)	(55,961,760)					
Closing Balance	**25,000,000**	**115,873,468**					

Deposits & other accounts

Opening balance	364,634	10,260,170	98,974				8,364
Adjustment due to change in related parties			(93,713)				
Received during the year	137,023,369	632,280,625	16,132,493	184,358,360,123	1,000,011,176	895,000,000	688
Withdrawn during the year	(135,404,166)	(599,125,498)	(16,082,833)	(180,885,367,682)	(1,000,000,850)		(1,014)
Closing Balance	**1,983,837**	**43,415,297**	**54,921**	**3,472,992,441**	**10,326**	**895,000,000**	**8,038**

3 OVERVIEW, HISTORY AND PROSPECTS

3.1. COMPANY'S BACKGROUND AND HISTORY

Name of Company	ABHI Microfinance Bank Limited (formerly known as FINCA Microfinance Bank Limited)
Incorporation Number	0066660
Date of Incorporation as Public Limited Company and Place	June 26, 2008, in Pakistan
Date of Obtaining Microfinance Bank License	August 12, 2008
Date of Initiation of Business	October 27, 2008
Date of SBP approval of acquisition of majority shareholding	November 11, 2024

ABHI Microfinance Bank Limited is a licensed deposit-taking microfinance bank incorporated in Pakistan on 26 June 2008 under the Companies Act, 2017. The Bank's registered office is located at S.A. Khan House # 02, Plot # 12, D-12 Markaz, Islamabad.

The Bank commenced operations to provide financial services to underserved and financially excluded segments of the population. In 2013, it was acquired by FINCA and operated as FINCA Microfinance Bank Limited, expanding its branch network and client outreach. In 2024–2025, ABHI Private Limited, in partnership with TPL Corp Limited, acquired FINCA Microfinance Bank Limited and relaunched it under the ABHI brand, following approvals from the State Bank of Pakistan (SBP) and the Competition Commission of Pakistan.

ABHI Microfinance Bank is regulated by the SBP under both branch and branchless banking frameworks. It operates through a combination of digital channels and a branch network of 114 branches across 108 cities nationwide, covering Sindh, Punjab, Khyber Pakhtunkhwa, ICT, Balochistan, Gilgit-Baltistan, and Azad Jammu & Kashmir.

The Bank's principal business includes providing micro-credit, savings, deposit, and payment solutions to low-income individuals, salaried workers, micro-entrepreneurs, and small businesses. Its operations are designed to facilitate access to formal financial services and support financial inclusion, income generation, and economic resilience in underserved communities. The Bank also leverages technology-driven platforms, including digital banking applications and data-based credit assessment tools, to enhance efficiency, expand outreach, and deliver financial services at scale.

ABHI Microfinance Bank operates within Pakistan's microfinance banking sector, which constitutes the largest segment of the microfinance industry, representing approximately 77% of the sector's Gross Loan Portfolio (GLP)[2]. Microfinance Banks are distinct in that they are primarily funded through retail customer deposits, unlike Microfinance Institutions and Rural Support Programs, which rely mainly on donor funding, wholesale borrowing, or grants. The Bank's deposit-based funding model, regulatory compliance, and technology-driven scale enable it to contribute meaningfully to the national financial inclusion agenda.

3.1.1. LOCATION OF HEAD OFFICE & BRANCHES

ABHI Microfinance Bank's Head Office is in Islamabad, Pakistan, with a nationwide footprint of over 114 branches operating across all provinces.

Head Office location:
Address: ABHI Bank Head Office, S.A. Khan House # 02, Plot # 12, D-12 Markaz, Islamabad, Pakistan

[2] https://www.pacra.com/view/storage/app/PACRA%20Research%20-%20Microfinance%20-%20Oct%2725%20%28fdraft%29%201%20%281%29_1761743036.pdf

Branch Locations:

Sr. No	Branch Name	Province
1	North Karachi – Karachi	Sindh
2	Clifton – Karachi	Sindh
3	Main Sakrand Road – Nawabshah	Sindh
4	Hyd. Road - Tando Allah Yar	Sindh
5	Minara Road - Sukkhar	Sindh
6	Guro Nagar - Hyderabad	Sindh
7	Devi Sahab Road - Ghotki	Sindh
8	Station Road - Khairpur	Sindh
9	UMER KOT	Sindh
10	MIRPUR KHAS	Sindh
11	Cantt Road - Pano Aqil	Sindh
12	LARKANA	Sindh
13	Liaquat Road - Sahiwal	Punjab
14	Main Jhang Road - Sahiwal	Punjab
15	Talkot - Shujaabad	Punjab
16	College Road Daska - Daska	Punjab
17	Yousaf Shah Road - Jhang	Punjab
18	Siddique Pura - Narowal	Punjab
19	Abdullah Pur - Faisalabad	Punjab
20	Model Town - Bahawalpur	Punjab
21	Faisal Gate - Gujrat	Punjab
22	Gujranwala III Branch	Punjab
23	Shorkot Road - Toba Tak Singh	Punjab
24	Pak Block - Allama Iqbal Town	Punjab
25	Main Club Road - Vehari	Punjab
26	Ravi Road - Okara	Punjab
27	LHR Sargodha RD - Sheikhupura	Punjab
28	Khushab Road - Mandi Quaidabad	Punjab
29	College Road - Pakpattan	Punjab
30	Class Wala Road - Pasroor	Punjab
31	Abdali Road - Multan	Punjab

32	Allama Iqbal Road - Faisalabad	Punjab
33	GT Road - Wazirabad	Punjab
34	Central Jail Morr - Multan	Punjab
35	Opposite UET - Mughalpura	Punjab
36	Shahab Pura Road - Sialkot	Punjab
37	Rawalpindi Road - Chakwal	Punjab
38	Wazirabad Road - Sambrial	Punjab
39	High School Road – Minchanabad	Punjab
40	Faisalabad Road - Chiniot	Punjab
41	DHA Lahore Cantt - Lahore	Punjab
42	Satellite Town - Rawalpindi	Punjab
43	GT Road - LalaMusa	Punjab
44	Pakpattan Road - Deepalpur	Punjab
45	Pak Pattan Road - Haveli Lakha	Punjab
46	Muhammadi Road - Arifwala	Punjab
47	KHAIRPUR TAMIWALI	Punjab
48	Water Supply Road - Sadiqabad	Punjab
49	Satelite Town - Rahim Yar Khan	Punjab
50	Jalalpur Morr - Lodhran	Punjab
51	Civil Hospital - Managa Mandi	Punjab
52	GT Road - Mian Channu	Punjab
53	Hafizabad Road - Pindi Bhatian	Punjab
54	Shah Jamal Road - Muzafargarh	Punjab
55	Mian Walli Road - Talagang	Punjab
56	Chandni Chk. - Jalalpur Jattan	Punjab
57	ByPass Road - Jahanian	Punjab
58	Shayan Plaza - Mandi Bahauddin	Punjab
59	Jaranwala Road - Sharaqpur	Punjab
60	Cir. Road - Hujra Shah Muqeem	Punjab
61	Baldia Road - Hasilpur	Punjab
62	Liaqat Shaheed Road - Bhalwal	Punjab
63	Dunyapur Road - Kehror Pacca	Punjab
64	Ferozpur Road - Mazang Chungi	Punjab

65	Old GT Road - Jehlum	Punjab
66	GT Road - Kot Addu	Punjab
67	Main Road - Ahmed Pur Sial	Punjab
68	Bahawalpur Road - Yazman	Punjab
69	GPO Road - Khanewal	Punjab
70	Circular Road - Samundari	Punjab
71	Hellan Road - Phaliya	Punjab
72	Nishtar Road-Bahawalnagar	Punjab
73	Iqbal Alam Road - Chishtian	Punjab
74	Malji Road - Nankana	Punjab
75	Main Jhang Road - Gojra	Punjab
76	Jaranwala Road - Syedwala	Punjab
77	GT Road - Kamoki	Punjab
78	Bank Road - Liaquatpur	Punjab
79	Azad Road - Sargodha	Punjab
80	New Garden Town - Lahore	Punjab
81	Jhang Road - Shorkot	Punjab
82	Civil Bazar - Attock	Punjab
83	Kasur Road - Illahabad	Punjab
84	Railway Road - DunyaPur	Punjab
85	Sjb. Road - Jalalpur Peer Wala	Punjab
86	Mohalla Mathiawalla - Kamalia	Punjab
87	Main Arif Bazar - Burewala	Punjab
88	Kameti Chowk - Jouharabad	Punjab
89	College Road Township - Lahore	Punjab
90	Badshahpur Road - Malakwal	Punjab
91	Madina Colony - Haroonabad	Punjab
92	Raja Chowk - Hafizabad	Punjab
93	Galla Mandi - Piplan	Punjab
94	Chobara Road - Layyah	Punjab
95	Ahmed Pur East	Punjab
96	Allama Iqbal Road - Fort Abbas	Punjab
97	Data Khail Road - Mianwali	Punjab

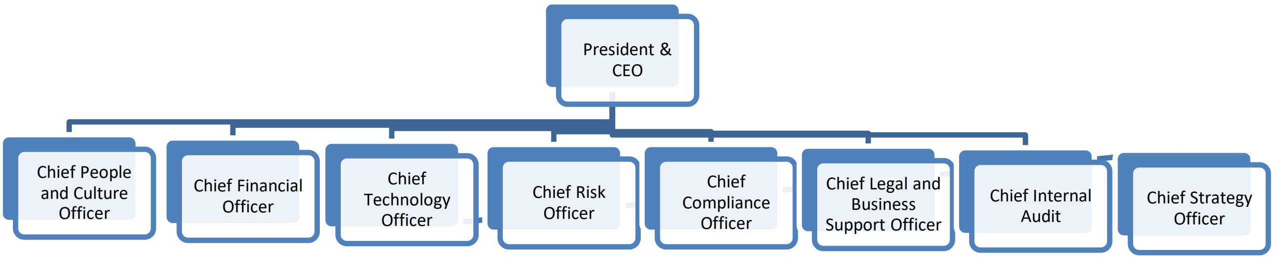
98	Chisti Chowk - Bhakkar	Punjab
99	Dera Ghazi Khan	Punjab
100	Adda Lariyan - Hassanabdal	Punjab
101	Tehsil Road - Gujar Khan	Punjab
102	RajanPur	Punjab
103	Abbottabad Road - Mansehra	KPK
104	Mandian Bazar - Abbottabad	KPK
105	Main GT Road - Haripur	KPK
106	Mardan	KPK
107	University Road - Peshawar	KPK
108	Muree Road - Barakoh	ICT
109	Blue Area - Islamabad	ICT
110	D12 Markaz Islamabad	ICT
111	Shahrah-e-Quaid-e-Azam-Gilgit	Gilgit
112	M.A. Jinnah Road - Quetta	Balochistan
113	Rawalpindi Road - Kotli	AJK
114	Secretariat Road - Muzaffarabad	AJK

3.2. PATTERN OF SHAREHOLDING OF ABHI (Pre and Post IPO position)

Shareholding Pattern					
Entity	**Designation**	**Pre-Issue Shareholding**	**% of Total Shareholding**	**Post-Issue Shareholding**	**% of Total Shareholding**
ABHI (Private) Limited	Sponsor	615,569,247	73.73%	615,569,247	63.66%
TPL Corp Limited	Substantial Shareholder	219,319,464	26.27%	219,319,464	22.68%
General Public	IPO Investors	-	-	132,000,000	13.65%
Total		**834,888,711**	100%	**966,888,711**	100%

Note: *It is pertinent to note that, pursuant to a Share Purchase Agreement (SPA) dated June 8, 2026, ABHI (Private) Limited and TPL Corp Limited acquired the entire 3.97% shareholding of Kashf Foundation in the Company, comprising 33,119,747 ordinary shares. Under the transaction, ABHI (Private) Limited acquired 24,419,420 shares, while TPL Corp Limited acquired 8,700,327 shares. Consequently, the shareholding of ABHI (Private) Limited increased from 70.81% to 73.73%, while the shareholding of TPL Corp Limited increased from 25.23% to 26.27%. As a result of the transaction, ABHI (Private) Limited and TPL Corp Limited collectively hold 100% of the issued share capital of the Company.*

3.3. COMPANY ORGANOGRAM



3.4. MAJOR EVENTS IN THE HISTORY OF THE ISSUER

As disclosed in Section 3.1, ABHI was incorporated on June 26, 2008, in Pakistan. Major milestones and key events have shaped ABHI's identity today as one of the leading Microfinance Bank in Pakistan.

Years	Key Milestones
2008	Kashf Microfinance Bank founded with a mission to alleviate poverty in Pakistan
2009	Launched deposit-taking operations across branch network
2010	ATM facility launched & installed at 7 touchpoints
	60% portfolio growth
2011	Silver Award received for social performance reporting from MIX Market
2012	Bank surpassed PKR 1 billion in outstanding Gross Loan Portfolio
2013	Kashf Microfinance Bank acquired by FINCA and rebranded as FINCA Microfinance Bank
2016	Bank's credit rating upgraded
2017	FINCA Pakistan became the 1st SMART Certified Bank in Pakistan
2018	Expanded to 135+ branches in 120 cities
2019	Implemented Core Banking System
	Launched Center of Excellence Branches
	Launched SimSim Urdu App (later renamed FINCA Pakistan App)
	Launched Micro Health Insurance
	Implemented RTGS System
2024	Turnaround through pre-acquisition restructuring, management changes, and a fundamental shift in the Bank's business model
2025	Launched New Application
	Introduction of EWA and Platform-Based Merchant lending
	FINCA Microfinance Bank acquired by ABHI Pvt LTD and rebranded as ABHI Microfinance Bank
	Recorded the highest-ever monthly profit after tax of PKR 200 million
	Expanded the balance sheet by a record PKR 70 billion footing, marking the strongest financial

	position in the Bank's history.
	Achieved the Bank's maximum annual profit after tax of PKR 1.0 billion in 2025 following the acquisition and strategic turnaround.
	Achieved the Bank's highest-ever loan disbursements of PKR 42 billion in FY 2025.
	92% loan growth recorded
2026	ABHI (Private) Limited and TPL Corp Limited acquired Kashf Foundation's remaining 3.97% stake, resulting in 100% ownership of ABHI Microfinance Bank

Source: Company Management

3.5. REVENUE DRIVERS

ABHI's revenue model is driven by its core micro-lending and innovative digital banking operations, supported by investment income, fee-based revenue streams. The Bank's ability to generate sustainable revenue is influenced by the interplay of its lending portfolio, deposit mobilization, digital adoption, regulatory policies, and macroeconomic conditions.

3.5.1. CORE LENDING REVENUE

Breakup of Advances – Amount in millions			
Product	**CY23**	**CY24**	**CY25**
Equal Monthly Installment - EMI	2,416	1,353	2,741
Bullet	2,213	462	349
Gold	14,131	17,360	34,235
Earned Wage Access (EWA)	0	0	837
Gross Loan Portfolio	**18,760**	**19,174**	**38,163**

The Company's principal revenue driver is interest-income from its lending portfolio, which constitutes most of its earning assets. ABHI operates across three primary lending segments: gold-backed loans, microenterprise loans, and agriculture and consumption loans.

Gold-backed lending is ABHI's flagship product, accounting for approximately 90% of its earning assets. The product offers a highly scalable and relatively low-risk source of recurring interest income, supported by the strength and stability of gold as collateral. Pakistani households are estimated to hold around 300–500 tons of gold[3], valued at approximately PKR 11–19 trillion, while annual gold demand is estimated at a further 60–90 tons, equivalent to roughly PKR 2.3–3.6 trillion. Despite the size of this market, only a small proportion of household gold holdings is monetized through formal financial channels[4], creating a significant opportunity for ABHI to expand its lending portfolio. The historically low default rates associated with gold-backed loans further enhance the attractiveness of the product.

To capitalize on this opportunity, ABHI is strategically transforming its gold-backed lending operations through the integration of proprietary technology aimed at automating and streamlining a process that has traditionally been labor-intensive and heavily reliant on manual origination. The Bank has already implemented end-to-end automation for loan top-ups and rollovers, allowing customers to independently extend or modify their lending facilities through its digital application without the need for in-person interaction or manual intervention. By improving accessibility, convenience, and operational efficiency, these enhancements position ABHI to capture a larger share of Pakistan's largely underserved and fragmented gold-backed lending market.

3 https://nukta.com/pakistan-gold-ownership

4 https://cc.gov.pk/assets/images/Downloads/assessment_studies/Gold%20Report.pdf

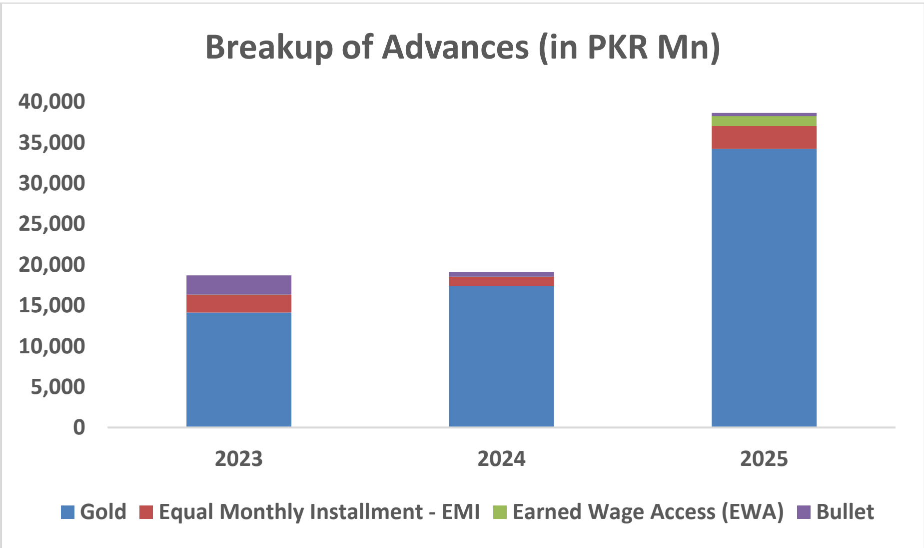
In addition, microenterprise and agriculture lending target underserved segments, promoting financial inclusion while diversifying the Bank's revenue streams. Lending rates are influenced by the State Bank of Pakistan (SBP) policy rate and KIBOR, which affect the Bank's lending spreads. Recent declines in KIBOR have reduced funding costs and increased demand for microloans and gold-backed credit, positively impacting interest income.

In addition to its core gold-backed lending business, ABHI is expanding its exposure to microenterprise and agriculture financing, enabling the Bank to serve a broader base of underserved and financially excluded customers. These products are primarily targeted at micro-entrepreneurs, small business owners, farmers, and other borrowers with limited access to conventional banking channels. By extending credit to these segments, ABHI supports income-generating activities and broader financial inclusion while also reducing its reliance on a single lending product and creating additional sources of interest income.

Microenterprise lending provides financing to individuals and small businesses for working capital, business expansion, and other productive purposes, while agriculture lending addresses the financing needs of participants across the rural and agricultural economy. Together, these segments offer ABHI an opportunity to deepen customer relationships, broaden its asset base, and progressively diversify its revenue streams as the portfolio scales.

The performance and pricing of the Bank's lending products are also influenced by prevailing monetary conditions, particularly movements in the State Bank of Pakistan's policy rate and KIBOR. These benchmarks affect both the cost of funding and the rates at which the Bank extends credit to customers, thereby influencing lending spreads and overall profitability. A declining interest rate environment can reduce funding costs and improve borrowing affordability, supporting stronger demand for microloans and gold-backed credit. As financing becomes more accessible, higher loan demand and portfolio growth can positively contribute to the Bank's interest income and overall earnings performance.

The Bank has also enhanced operational efficiency and revenue generation through digital loan origination, real-time underwriting tools, and mobile app-based disbursement. These measures reduce operational costs, accelerate processing times, and support scalable growth, further strengthening interest income as the Bank expands its lending footprint.



3.5.2. FEE AND COMMISSION REVENUE

Alongside interest income generated from lending activities, the Bank derives non-interest revenue from a diversified range of fee-based services, including operational fees, branch banking services, account maintenance charges, and Agent Digital Collection (ADC) fees. The Bank also earns transaction-based income from payments, remittances, and merchant services. As digital adoption continues to increase, higher transaction volumes are expected to support the growth of fee income, with limited incremental costs, thereby enhancing the scalability and operating leverage of the Bank's non-interest revenue streams.

3.5.3. INVESTMENT INCOME

Investment income complements lending revenue and is generated through the Bank's strategic deployment of surplus liquidity into low-risk, high-quality instruments. These investments include Pakistan Investment Bonds (PIBs), Treasury Bills, high-grade mutual funds, bank placements, and savings accounts, which provide stable yields and support earnings diversification. This income stream helps strengthen net interest margins, particularly during periods of slower loan growth, contributing to the Bank's overall revenue stability.

Breakup of Treasury/Investments – Amount in millions			
Year	**CY23**	**CY24**	**CY25**
Saving Accounts	62	1,398	3,531
Bank Placements	-	4,000	4,000
Treasury bills	3,890	4,562	5,422
PIBS	-	-	1,022
Lending to financial institutions	-	-	2,763
Total Treasury	**3,952**	**9,960**	**16,737**

3.5.4. DIGITAL STRATEGY AND EMBEDDED FINANCE

ABHI Microfinance Bank combines traditional microfinance with modern financial technology, making it a digital institution capable of delivering banking services at scale. An important strategy working as a major revenue driver is centering on a Banking-as-a-Service (BaaS) model that embeds its financial infrastructure into third-party platforms and ecosystems.

Earned Wage Access (EWA) is a unique digital product that allows salaried workers to receive a portion of their wages before the formal monthly payroll cycle by securing the advance against their upcoming salary. This addresses the liquidity gap for low-to-middle-income workers facing cash flow shortfalls mid-month. For the bank, EWA generates recurring interest and fee income on a short-duration, low-risk asset, while building a loyal customer base for cross-selling other financial products.

On the SME and merchant financing side, the bank developed a digital first lending vertical targeting micro-entrepreneurs and small merchants through strategic partnerships with marketplace platforms like DigiKhata and Run Courier. This allows the bank to create low-cost customer acquisition, provide cross-selling opportunities, and improve customer retention.

ABHI's mobile app serves as the primary delivery mechanism for these products. Its design promotes a self-serving, branch-light model. The app's core USP is its end-to-end digital onboarding, allowing customers to complete KYC, apply for credit, and receive disbursements without visiting a branch. Digitization reduces processing costs, improves turnaround times, and increases loan throughput. With Pakistan's growing digital adoption, ABHI's technology infrastructure enables it to capture a significant share of the next wave of financially included customers through branchless banking, e-wallets, and online payments, thereby strengthening revenue generation and operational efficiency.

3.5.5. DEPOSIT GROWTH AND LIQUIDITY CONTRIBUTION

ABHI operates primarily on a deposit-funded model, which enables the Company to efficiently expand its lending and investment activities. Growth in the deposit base enhances net interest income by providing a stable and relatively low-cost source of funds to support lending operations. Current and Savings Accounts represent a critical funding source due to their low cost and relatively stable nature, thereby improving the Bank's overall earning capacity. The Bank's top 100 depositors collectively maintained deposits of approximately PKR 38.46 billion as of 31st December 2025, representing around 55.67% of total deposits, which provides a significant level of liquidity to support credit growth and treasury investments.

3.5.6. MACROECONOMIC & REGULATORY IMPACT

High rates expand spreads on the lending side, while rate cuts stimulate loan demand volume. ABHI benefits from both ends of the cycle, as in a high-rate environment, lending expands which means stronger interest income and helping ABHI's NIM increase from 11.3% (CY23) to 17.4 % (1HCY26) . ABHI is also protected by its digital salary-backed product mix. Products like EWA and payroll-linked financing are mostly sub-30-day facilities priced through fixed employer agreements, making them relatively less sensitive to KIBOR movements. Thus, EWA margins are more durable through a rate cycle than gold or microenterprise lending, which is exactly why the digital product mix matters strategically.

The SBP's Digital Bank licensing framework, introduced through its Digital Banks Regulatory Framework, signals a deliberate policy shift towards institutionalizing technology-driven financial services delivery, aligning with ABHI's model. SBP initiatives also promote gold-backed lending, creating a supportive regulatory environment for microenterprise and household financing growth. The SECP's progressive stance on embedded finance, open banking, and digital lending infrastructure indicates a coordinated effort across banking and non-banking sectors to formalize and scale fintech-enabled credit, creating a policy-backed demand for ABHI's products.

ABHI Microfinance Bank's focus on gold-backed lending remains fully compliant, as the SBP has granted approval to exceed the standard 35% limit on gold-collateralized loans. This regulatory approval allows the Bank to strategically grow its flagship gold-backed portfolio while maintaining high asset quality, low default rates, and strong portfolio stability.

For ABHI, the regulatory environment benefits them by reducing customer acquisition costs, expanding market reach, and simplifying product delivery, unlike competitors relying solely on physical channels.

3.6. COST DRIVERS

Key Cost drivers – PKR Mn	CY23		CY24		CY25	
	Amount	% of total Expense	Amount	% of total Expense	Amount	% of total Expense
Finance Cost	4,894	47%	6,382	59%	6,618	53%
Human Capital	2,463	23%	2,370	22%	3,359	27%
Branch Network and Administration	1,469	14%	1,594	15%	1,913	15%
IT and Maintenance Expense	551	5%	331	3%	460	4%
Marketing & Branding	81	1%	104	1%	126	1%
Credit Risk cost	1,053	10%	-29	0%	107	1%
Total	**10,510**	**100%**	**10,753**	**100%**	**12,583**	**100%**

Source: Audited Financial Statements

3.6.1. HUMAN CAPITAL AND PERSONNEL COSTS

As a service-oriented microfinance institution, ABHI's largest operating cost relates to its human capital. These costs include employee salaries, benefits, incentives, training, and performance-linked compensation across branch staff, sales teams, credit officers, operations, technology, and management. Personnel expenses are closely linked to the size of the branch network, loan origination activity, and customer service requirements, and typically increase in line with portfolio growth and geographic expansion.

ABHI's technology transformation aims to improve operating leverage by reducing the link between loan growth and headcount growth. Digital onboarding, automated credit scoring, HRMS-based EWA and payroll-linked lending, and platform-led merchant financing via partners like DigiKhata and Run Courier enable the Bank to scale loan origination with minimal manual intervention.

The shift to a cloud-native core banking system and AI-assisted risk tools further reduces processing and compliance overheads, leading to slower growth in personnel costs compared to revenue and portfolio size. This improvement in cost-to-income ratios and a more scalable operating model distinguishes ABHI from branch-dependent competitors.

3.6.2. BRANCH NETWORK AND PHYSICAL INFRASTRUCTURE COSTS

ABHI operates a nationwide branch network that plays a central role in customer acquisition, deposit mobilization, loan origination, and service delivery. Operating and maintaining this network results in recurring costs such as branch rentals, utilities, communication expenses, repairs and maintenance, security services, depreciation, and technology infrastructure deployed at branch level. While the branch network is essential for scale and outreach, particularly in underserved regions, it represents a significant fixed cost base for the Bank.

3.6.3. INFORMATION TECHNOLOGY AND DIGITAL INFRASTRUCTURE COSTS

A substantial portion of ABHI’s operating expenses relate to information technology and digital infrastructure. These costs include core banking systems, hardware and software maintenance, network connectivity, cybersecurity, data storage, system depreciation, and third-party technology services. Ongoing investments in digital platforms, core banking upgrades, cybersecurity controls, and automation initiatives are critical to supporting scalable growth, regulatory compliance, and operational resilience, but also contribute meaningfully to ABHI’s cost structure.

3.6.4. MARKETING, BRANDING, AND CUSTOMER ACQUISITION COSTS

Marketing and brand investment represents a strategically deliberate component of the Bank's cost structure, reflecting the specific acquisition dynamics of its target market. ABHI's primary lending segment, comprising individuals seeking gold-backed microfinance from low-income and semi-formal backgrounds, faces barriers to financial inclusion rooted not in product unavailability but in limited awareness of eligibility and low institutional trust. The Bank's brand investment is accordingly directed toward vernacular, community-level engagement designed to build the awareness and trust that converts an eligible but unreached individual into an active borrower.

Central to this strategy is the Bank's brand asset, Cashy, an accessible and culturally resonant identity designed to reduce the perceived formality of institutional engagement and support financial literacy communication for a segment with limited prior exposure to formal financial services. Once a borrower relationship is established through the primary gold lending product, the Bank's embedded finance offerings including Earned Wage Access and payroll-linked financing extend that relationship into adjacent financial needs at materially lower incremental acquisition cost. Brand investment today therefore creates a customer base with multi-product potential, with cost-per-borrower expected to decline as digital channel penetration deepens.

3.6.5. CREDIT RISK COSTS, PROVISIONS, AND WRITE-OFFS

Provisions and write-offs related to non-performing loans directly affect the Bank’s profitability and cost profile. Credit risk costs are influenced by portfolio composition, underwriting standards, economic conditions, and borrower behavior. While ABHI’s focus on collateral-backed lending, particularly gold-backed loans, supports lower credit losses, provisioning remains an inherent cost of lending operations and fluctuates in line with portfolio growth and asset quality trends.

3.7. SOFTWARE AND TECHNOLOGY INFRASTRUCTURE

ABHI Microfinance Bank works on a technology platform designed to support its nationwide operations and ongoing digital transformation initiatives, transitioning from a legacy branch-centric operating model to a fully integrated, digital-first banking infrastructure.

1) Core Banking Modernization

ABHI is migrating from its AutoBanker Core Banking System (AutoSoft Dynamics) to Instafin by Oradian, a banking platform for microfinance institutions in emerging markets. This new system improves scalability, reliability, and supports analytics-driven operations. It's crucial for ABHI to launch digital products quickly, connect with fintech partners programmatically, and support the expected transaction volumes as its digital customer base grows.

2) Enterprise Financial Infrastructure

Additionally, ABHI is implementing Oracle Financials as its enterprise financial management system, replacing manual and fragmented reporting workflows with automated, real-time financial governance. This will improve financial governance, automation, and reporting accuracy

3) Fintech Integration and Digital Ecosystem

ABHI's technology strategy centers on building an ecosystem of fintech integrations on its core. Its digital lending uses alternative data-based credit scoring engines that consider payroll data, platform transaction history, and behavioral signals, enabling underwriting for customers with limited or no formal credit history.

ABHI's Banking-as-a-Service layer allows third-party platforms, marketplace operators, payroll processors, courier networks, and HR software providers to embed ABHI's financial products directly into their user interfaces via API. This positions the Bank as a financial infrastructure for Pakistan's growing digital commerce and gig economy ecosystem. Partners integrate once, and ABHI's products are distributed at scale through channels the Bank doesn't need to own or operate.

4) Information Security and Compliance Infrastructure

ABHI maintains an information security framework aligned with global standards and State Bank of Pakistan requirements. ABHI is in process of being PCI-DSS and ISO 27001 certified, it is supported by 24/7 Security Operations Center (SOC), supported by Security Information and Event Management (SIEM), Privileged Access Management (PAM), and threat-intelligence capabilities. These measures are designed to safeguard the confidentiality, integrity, and availability of the Bank’s systems and data.

3.8. PRODUCT PORTFOLIO

3.8.1. GOLD-BACKED FINANCING

Gold-backed loans, the Bank's flagship product, constitute most of its earning assets. These short-term loans provide liquidity to households, especially women and low-to-middle-income customers, against pledged gold jewelry. Characterized by collateralized risk, quick turnaround times, and high scalability, gold-backed financing is a core component of the Bank's lending strategy. ABHI is digitizing its portfolio to reduce processing times, improve valuation accuracy, and enhance customer experience. The Bank's future product strategy includes capturing a broader household segment, introducing revolving gold-backed credit lines, and leveraging its branch network for digital product cross-selling.

3.8.2. MICROENTERPRISE FINANCING

The Bank finances micro and small enterprises for working capital, expansion, and income. It has a digital-first lending vertical targeting micro-entrepreneurs and small merchants through partnerships like DigiKhata and Run Courier. This offers low-cost customer acquisition, cross-selling, and improved retention. These loans support underserved entrepreneurs in informal and semi-formal sectors, aligning with the Bank's financial inclusion goals.

3.8.3. AGRICULTURE & CONSUMPTION LOANS

ABHI Microfinance Bank offers financing solutions to peri-urban and rural customers, including agriculture-related lending and household consumption loans. These products support seasonal farming needs, livestock-related activities, and essential household expenditures.

3.8.4. EARNED WAGE ACCESS (EWA) & PAYROLL-LINKED LENDING

The Bank offers Earned Wage Access (EWA) and payroll-linked financing solutions, including Advance Salary Financing and Salary Backed Lending. These products allow salaried individuals to access unpaid wages and short-term credit through corporate partnerships and integrated payroll systems. ABHI's integration strategy with HRMS providers enables instant EWA and payroll-linked credit for every employee on a client's roster, potentially thousands of workers activated through a single technical connection.

3.8.5. MERCHANT FINANCING

ABHI MFB has successfully established digital financing partnerships with platforms including DigiKhata, Run Courier, Dastak Logistics, TruckItIn, Orio, and others.

3.8.6. DEPOSITS & SAVINGS PRODUCTS

ABHI Microfinance Bank, a licensed deposit-taking microfinance bank, mobilizes customer deposits through savings and current accounts. These deposits fund the Bank's lending and investment activities and support its balance sheet growth. ABHI Bank offers a range of deposit products, including savings accounts (Aitemad Bachat Account, Rozana Munafa, Niswan Rozana Munafa), term deposits (Tahafuz Term Deposit, Muhaffiz Term Deposit), and current accounts (Sahulat Current Account, Sahulat Plus Current Account, Asaan Account). These products provide return-bearing deposit options with transactional access through mobile apps, ATMs, cheque books, and other banking services, making them suitable for various customer segments. The diversified deposit mix strengthens ABHI's funding base, reduces withdrawal concentration risk, and supports cost stability relative to market-rate wholesale funding.

3.8.7. PAYMENTS & DIGITAL FINANCIAL SERVICES

The Bank provides payment-related services, including digital account access, remittances, merchant payments, and acquiring services. These offerings are supported through branchless banking channels, mobile applications, and in-house payment infrastructure under development.

3.9. MARKETING ACTIVITIES AND BRAND DEVELOPMENT

3.9.1. BRAND TRANSFORMATION AND UNIFIED IDENTITY

The transformation from FINCA Microfinance Bank to ABHI Microfinance Bank was a significant organizational shift that went beyond rebranding. ABHI embarked upon a transformative journey to reposition itself from a traditional branch-centric microfinance institution into a technology-led, partnership-driven, and digitally enabled financial services platform. A key milestone was the complete redesign of all 114 branches nationwide, ensuring a consistent and modern visual identity aligned with the Bank’s future ambitions.

Recognizing the rapid evolution of Pakistan's digital economy, increasing smartphone penetration, growing adoption of digital payments, and expanding fintech ecosystem, the Bank developed a comprehensive Digital Transformation Strategy approved by Management and the Board.

The objective was not merely to digitize existing banking processes, but to create a scalable digital banking ecosystem capable of delivering innovative financial solutions through multiple channels including mobile applications, USSD, embedded finance partnerships, agent networks, digital wallets, corporate integrations, and self-service banking infrastructure.

Over the last two years, ABHI MFB has successfully transformed numerous manual and paper-based processes into fully digital customer journeys, launched multiple innovative financial products, established strategic partnerships across various ecosystems, and laid the foundation for becoming one of Pakistan's leading digital-first financial institutions.

ABHI MFB's digital transformation strategy was developed around four key pillars:

Technology Intervention	**Channel Expansion**
Leveraging technology to digitize customer journeys, automate internal operations, improve service delivery, and enhance scalability.	Creating an omnichannel banking ecosystem through Mobile Banking, USSD, Agent Banking, Digital Wallets, Corporate Portals, ATMs, and Self-Service Infrastructure.
Partner Ecosystem Development	**Compliance & Risk Management**
Expanding distribution and product reach through strategic partnerships with fintechs, corporates, merchants, distributors, exchange houses, and service providers.	Strengthening governance, customer protection, operational controls, regulatory compliance, and through automation and technology to achieve ABHI's long-term vision of "All-in-One Digital Bank"

3.9.2. VISION FOR A DIGITAL-FIRST INSTITUTION

The bank's strategic focus is to evolve into a digital-first institution, enhancing customer experience and operational efficiency. Key initiatives include expanding digital product lines, designing self-service branches, building seamless end-to-end digital journeys for lending and deposits, enhancing data-driven decision-making in customer communications, and strengthening engagement with digitally aware customer segments.

3.9.3. STRATEGIC COMMUNICATION AND MARKET CONFIDENCE

Following the acquisition and rebranding, restoring confidence among customers, regulators, and partners was a key priority. The Bank implemented a strategic communication approach grounded in transparency, consistent stakeholder engagement, and factual updates. Targeted PR, stakeholder messaging, and controlled digital communications reinforced the narrative of operational improvement, strategic direction, and positive institutional trajectory.

3.9.4. CORPORATE & INSTITUTIONAL BANKING TRANSFORMATION

The Bank is developing a comprehensive Corporate Banking ecosystem through:

- Corporate Portal
- Payroll Processing Solutions
- Host-to-Host Integration
- Bulk Payments
- Beneficiary Management
- Mobile Approvals
- RTGS Integration
- MIS Reporting
- Reconciliation Services

These solutions are designed to strengthen transaction banking capabilities and corporate relationships.

3.9.5. CHANNEL EXPANSION STRATEGY

A key component of the Bank's strategy is creating an omnichannel banking ecosystem capable of serving customers across multiple touchpoints.

1) Mobile Banking

The ABHI Mobile Application is being developed into a comprehensive digital banking platform supporting:

- Account Opening
- Lending Products
- Utility Bill Payments
- E-Commerce Payments
- Fund Transfers
- RAAST Transactions
- Tax Certificates
- Rewards & Loyalty Programs
- TDR Booking
- Tap & Pay Solutions

2) USSD Banking

To support financial inclusion, ABHI MFB is introducing a dedicated USSD platform enabling customers without smartphones to access banking services.
Services will include:

- EWA
- Nano Loans
- Gold Loans
- Fund Transfers
- Utility Payments
- Cash In / Cash Out
- Account Services

3) Agent Banking & Super Agency Model

The Bank has adopted a Super Agency strategy to expand its nationwide footprint without significant branch expansion. Partnerships under evaluation and implementation include:

- Petrol Pump Networks
- Agent Banking Networks
- Interoperable Agent Platforms
- Fintech Distribution Channels

This model has the potential to provide nationwide access through tens of thousands of service points.

4) Self-Service Banking Infrastructure

ABHI MFB is investing in:

- ATM Modernization
- Biometric ATMs
- Cash Deposit Machines
- Digital Kiosks
- Instant Card Issuance Machines

These initiatives support customer convenience while optimizing operating costs.

3.9.6. DIGITAL CUSTOMER ACQUISITION & LENDING TRANSFORMATION

One of the Bank's primary priorities was digitization of customer acquisition, onboarding, lending, and servicing processes. Historically, lending relied heavily on branch visits, physical documentation, manual verification, and paper-based workflows. Through a phased digital transformation program, these processes have been significantly streamlined and digitized.

1) GOLD LOAN DIGITIZATION

ABHI MFB successfully transformed its traditional gold lending business into a digitally enabled product suite through:
- Fresh Gold Loan Requests via Mobile Application
- Digital Documentation
- Mobile-Based Customer Journey
- Digital Verification & Workflow Management

As part of the next phase, the Bank is piloting Gold Loan at Customer Doorstep through a Super-Agent arrangement with GoldFin, enabling customers to access financing services from their homes while maintaining regulatory and operational controls.

2) DIGITAL FIELD ACQUISITION

The Bank successfully migrated field acquisition processes from dedicated devices to mobile-enabled workflows. Key benefits include:
- Reduced operational costs
- Faster onboarding
- Improved customer experience
- Real-time verification
- Elimination of paper-based processes
- Enhanced productivity

3) ASAAN DIGITAL ACCOUNT OPENING

ABHI MFB has introduced digital account opening capabilities through its mobile application, enabling customers to onboard remotely and access banking services without visiting branches.

3.9.7. DIGITAL PAYMENTS & ACQUIRING INFRASTRUCTURE

To strengthen transaction banking capabilities and build a modern payment ecosystem, ABHI MFB has invested significantly in payments infrastructure.
Key initiatives include:
- Payment Gateway Development
- SoftPOS Solutions
- Digital Merchant Acquiring
- QR-Based Payments
- Card Management Systems
- Instant Card Issuance
- PayPak Integration
- Mastercard Integration
- NFC Payments
- Cardless Transactions
- RAAST Integration
- Wearable Payment Solutions

These initiatives are expected to diversify fee income and enhance customer engagement.

3.9.8. INTEGRATION OF FINTECH CAPABILITIES

ABHI Microfinance Bank integrated ABHI Fintech's digital offerings—including Earned Wage Access (EWA), merchant financing, and digital lending platforms—into the regulated banking framework. The Bank has successfully positioned itself as a Banking-as-a-Service (BaaS) provider supporting fintechs, corporates, distributors, merchants, and digital platforms. Key digital offerings include:

- Earned Wage Access (EWA)
- Advance Salary Financing
- Merchant Financing
- Salary Backed Lending
- Retailer Financing
- Nano Lending
- Buy Now Pay Later (BNPL)
- Education Financing
- Invoice Discounting
- Value Chain Financing

Under Integration, expected to launch in a few months

This integration allowed the Bank to operate as a hybrid entity, combining fintech innovation with traditional banking reliability, expanding its product scope, and positioning it for future digital growth.

3.9.9. INNOVATION, AUTOMATION & ARTIFICIAL INTELLIGENCE

Alongside customer-facing initiatives, ABHI MFB has accelerated automation across internal operations.
Key initiatives include:

- AI Chatbot
- AI Contact Center
- Automated Reconciliation Engine
- Credit Scoring Platform
- Fraud Prevention Systems
- LEA Compliance Bot
- WhatsApp Banking
- SMS Banking
- NOC Dashboard
- Centralized Ticketing System
- IT Service Management Platform

These investments are expected to improve operational efficiency, governance, compliance, customer service, and scalability.

3.9.10. HOME REMITTANCE BUSINESS

ABHI MFB successfully obtained regulatory approval to enter the Home Remittance business and has initiated partnerships with international exchange houses.
The Bank is currently progressing:

- Exchange House Integrations
- Compliance Framework
- Settlement Mechanisms
- Technology Readiness
- Operational Procedures

Home Remittance is expected to become a significant contributor toward fee income, customer acquisition, and low-cost deposit mobilization.

3.9.11. CASHY: STRATEGIC BRAND ASSET

As part of its brand strategy, ABHI introduced Cashy, a mascot designed to simplify communication and build brand affinity. Cashy humanizes digital interactions, facilitates financial literacy campaigns, supports product education, and enhances recall and engagement across digital platforms.

3.9.12. MARKETING INITIATIVES IN 2025

In 2025, ABHI Microfinance Bank executed focused marketing initiatives aimed at strengthening brand visibility, supporting customer acquisition, and promoting key financial products. These efforts included selective digital campaigns, product-focused communications, and foundational PR and content activities to build awareness across core customer segments.

3.9.13. COST EFFICIENCY AND MARKETING FUNCTION DEVELOPMENT

To support sustainable growth, the Bank reviewed legacy vendor structures and renegotiated commercial terms, redirecting resources toward digital initiatives, product development, and customer experience. A high-performance Marketing and Communications team was established to ensure strategic alignment, continuity, and excellence.

3.9.14. BUSINESS IMPACT & ACHIEVEMENTS

The successful execution of the Bank's digital strategy has resulted in measurable outcomes:

- Significant growth in digital wallets
- Expansion of salary disbursement services
- Growth in vendor payment transactions
- Development of embedded finance partnerships
- Launch of digital lending products
- Growth in digital transaction volumes
- Enhanced customer acquisition capabilities
- Improved operational efficiency
- Strengthened digital infrastructure
- Expansion of fee-based income opportunities

Digital channels are increasingly becoming a core contributor to the Bank's growth, customer acquisition, product distribution, and revenue generation.

3.9.15. STRATEGIC PARTNERSHIPS

ABHI Microfinance Bank & GoldFin Sign Super Agency Agreement
A strategic partnership aiming to advance financial inclusion and expand access to formal financial services across Pakistan. This will pave the way for digitized gold loans in the country.

ABHI Microfinance Bank & BetaCodes Pak Partner for Advance Salary Solution
This will enable employees to access their earned wages before payday through a seamless digital platform, driving financial wellness and payroll-based inclusion across Pakistan.

ABHI Microfinance Bank & CBA (EPL Pvt Ltd) Join Forces for Branchless Banking & Retailer Lending
Expanding localized banking touchpoints nationwide through a Super Agent Network while providing short-term financing solutions directly to small businesses, accelerating digital financial inclusion across Pakistan.

ABHI Microfinance Bank & Dastaq Logistics Launch Merchant Lending for SMEs
This will enable eligible merchants within the Dastaq ecosystem to access tailored financing solutions for working capital, inventory, and business expansion, empowering entrepreneurs and driving financial inclusion nationwide.

Abhi Microfinance Bank and NADRA Technologies Forge Strategic Partnership to Advance Digital Financial Services
The partnership is aimed at exploring innovative opportunities to enhance digital financial services and expand access to secure, technology-driven solutions across Pakistan.

ABHI Microfinance Bank Ltd. and 1LINK Join Hands to Launch 1GO Raast P2M Services
This will allow shopkeepers, small businesses, and service providers to accept digital payments directly into their bank accounts without the need for expensive hardware or complex setup.

3.9.16. THE ROAD AHEAD

The next phase of ABHI MFB's transformation journey will focus on:

- Scaling Embedded Finance Partnerships
- Commercial Launch of Home Remittance Services
- Expansion of Merchant & Retailer Financing
- Launch of Salary Backed Lending
- Expansion of BNPL Solutions
- Rollout of Self-Service Banking Infrastructure
- Growth of Agent Banking Network
- Marketplace Banking Ecosystem
- Fractional Gold Savings Platform
- AI-Powered Banking Services
- Advanced Digital Payments Infrastructure
- Continued Automation & Process Digitization

3.10. DEMAND FOR THE PRODUCTS AND OUTLOOK

ABHI Microfinance Bank operates in a growing microfinance and digital financial services market in Pakistan. The Bank's prospects are supported by several key demand drivers across its lending, digital, and payments businesses.

3.10.1. GOLD-BACKED LENDING OPPORTUNITY

Pakistan households hold approximately 300 – 500 tons of gold valued at around PKR 11–19 trillion, of which only an estimated 2.5% is monetized through formal lending channels, representing one of the largest pools of underleveraged collateral in the country. The Bank's gold-backed lending is expected to benefit from this untapped demand, providing secured credit to customers with limited formal credit history. Gold-backed loans offer relatively stable collateral values, which support portfolio quality and risk management. The demand for short-term liquidity is expected to remain strong amid prevailing economic conditions.

3.10.2. LOW FINANCIAL INCLUSION AND CREDIT PENETRATION

Pakistan remains one of the most underbanked and underpenetrated financial markets in the region, creating a substantial opportunity for microfinance institutions. There are over 211 million total bank accounts registered across the country, but these belong to roughly 91 million unique individual depositors[5]. Many individuals hold multiple accounts, or accounts have been opened for digital wallets (like Easypaisa or JazzCash).

This low level of financial inclusion directly supports demand for ABHI Microfinance Bank's lending products, particularly gold-backed financing, microenterprise loans, agriculture financing, and digital lending solutions. A large segment of Pakistan's population lacks access to conventional banking facilities, formal credit histories, and unsecured borrowing options. As a result, customers increasingly rely on alternative financing channels that provide quick access to liquidity with simplified underwriting requirements. ABHI's extensive branch network, combined with its digital onboarding and credit assessment capabilities, positions the Bank to capture this underserved market and convert financially excluded individuals into active borrowers and depositors.

Pakistan's credit gap stems from structural exclusion, as entities like informal workers, micro-entrepreneurs, smallholder farmers, and low-income households lack essential banking documentation. This leaves them reliant on informal lenders despite their repayment capacity. ABHI addresses this underserved market through technology-led underwriting and tailored products: gold-backed lending supports asset-based customers without credit history, payroll-linked EWA serves salaried workers excluded from consumer finance, and merchant financing uses digital platform transaction data to assess micro-entrepreneurs.

[5] https://www.sbp.org.pk/finc/AcPI.asp

3.10.3. DIGITAL INITIATIVES AND SCALE ENABLEMENT

The Bank's growth strategy for gold-backed lending involves digitizing the end-to-end origination process, which is expected to significantly increase throughput without proportional increases in operational costs. Traditional gold lending processes at the branch level include manual appraisal workflows, in-person valuation, and paper-based documentation, which create friction points that limit branch processing volume and introduce inconsistency in collateral assessment. Digital onboarding and e-documentation address these issues by reducing the time from customer walk-in to disbursement.

3.10.4. LARGE AND GROWING YOUTH POPULATION

Pakistan possesses one of the youngest populations globally, with a median age of approximately 20.8 years and a population exceeding 258 million[6]. A significant majority of the population falls within the working-age demographic, creating a large and expanding base of potential consumers of digital financial services.

Younger consumers typically demonstrate higher adoption of mobile banking, digital payments, and app-based borrowing solutions compared to traditional banking customers. This demographic trend is particularly favorable for ABHI's digital banking strategy, including Earned Wage Access ("EWA"), payroll-linked financing, mobile-based lending, and digital payment solutions.

As employment levels and workforce participation increase, the demand for short-term liquidity solutions is expected to rise. Products such as EWA and salary-linked lending are specifically designed to address the cash flow needs of salaried individuals and gig-economy workers. The Bank believes that the combination of a young workforce, increasing smartphone penetration, and growing digital literacy will continue to drive customer acquisition and transaction growth across its digital channels

3.10.5. GOVERNMENT PUSH TOWARDS DOCUMENTATION AND A CASHLESS ECONOMY

Pakistan's transition toward a documented and digital economy is expected to create meaningful opportunities for financial institutions. The State Bank of Pakistan ("SBP") has actively promoted digital financial inclusion through initiatives such as Raast, Pakistan's instant payment system, and nationwide cashless payment campaigns

Mobile and internet banking transactions in Pakistan skyrocketed in FY26, with digital channels accounting for up to 92% of all retail payments. During the second quarter alone, mobile apps recorded over 620 million transactions worth PKR 33 trillion, reflecting year-on-year value growth of 74%. Internet banking transactions grew by 22% in value[7].

This trend is particularly beneficial for ABHI Microfinance Bank given its digital-first strategy. Greater adoption of digital payments increases customer engagement, transaction frequency, deposit mobilization, and opportunities for fee-based income. It also creates valuable customer data that can be utilized for credit scoring, underwriting, and cross-selling of lending products. The Bank's digital infrastructure, payment solutions, and embedded finance ecosystem position it to benefit directly from the ongoing formalization of Pakistan's economy

3.10.6. DIGITAL-FIRST GROWTH

ABHI's growth strategy is built on a unified digital-first model that treats embedded finance, corporate partnerships, and Banking-as-a-Service not as additional initiatives but as the primary engine of customer acquisition and lending scale.

1) HRMS-LINKED EWA

ABHI's Earned Wage Access (EWA) product integrates directly with HRMS providers, embedding the Bank's credit infrastructure at the payroll layer. This integration unlocks access to thousands of verified, salaried workers across the

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[6] https://www.worldometers.info/world-population/pakistan-population/

[7] https://insights.datadarbar.io/pakistan-digital-payments-q2-fy26-update/

provider's employer client base. Once integrated, ABHI gains a continuously replenishing pipeline of pre-verified borrowers. Payroll-secured advances carry lower credit risk, generate recurring short-duration income, and create a natural cross-selling gateway into deposits, insurance, and longer-tenor credit products.

2) MERCHANT LENDING PLATFORM

The Bank's digital-first lending targets micro-entrepreneurs and small merchants through strategic partnerships like DigiKhata and Run Courier. Unlike conventional lending, it underwrites loans based on verified platform revenue, enabling merchants with limited formal financial history but demonstrable cash flows to access financing. The financing is smaller-ticket, short-duration, and secured by platform-level revenue visibility, allowing the Bank to reach a merchant segment at a scale that traditional branch networks cannot cost-effectively serve.

3) BANKING-AS-A-SERVICE

ABHI's Bank Model, a Service (BaaS), allows third-party platforms like payroll processors, marketplace operators, HR software providers, and digital commerce platforms to integrate ABHI's licensed banking products directly into their user interfaces via API integration. This strategic positioning positions the Bank as a financial infrastructure for Pakistan's digital economy, enabling the distribution of credit, deposit, and payment products through partner channels.

4) ACQUIRING ECOSYSTEM AND PAYMENT INFRASTRUCTURE

ABHI's merchant acquiring and payments infrastructure, SoftPOS solutions, and payment gateway generate fees that complement its lending business. This layer improves merchant relationships and provides ABHI with real-time transaction data to enrich its credit models.

3.11. INTELLECTUAL PROPERTY RIGHTS

The intellectual property rights for the Bank’s new name and logo are currently under registration, and the relevant details will be shared once the process is finalized.

3.12. APPROVALS & CERTIFICATIONS

License & Certification				
Particulars	**License No**	**Authority**	**Date of Registration**	**Validity**
Microfinance Banking License	MFI-027	SBP	10-Jul-25	-
Branchless Banking License	BPRD/SIADCD/11525/2017	SBP	12-May-17	-
Approval for lending against Gold Collateral exceeding 35% of the loan portfolio	BPRD/(A&BLD)FMFB/7166	SBP	11-Nov-24	11-Nov-29
Relaxation in meeting CAR requirement	BPRD/(A&BLD)FMFB/7166	SBP	11-Nov-24	11-Oct-27
Approval of International Home Remittance and holding of Foreign Currency up to 3 working days	EPD/FCA-RDA & PRD/2025/986857	SBP	23-Sep-25	-

Grant of Line of Credit (LOC) Facility from SBP	ACFID/WBD/FIIP/709049/2024	SBP	20-Jun-24	30-Jun-29
Approval of deferment of New SBP RTGS & CSD System	SBP DI&SD dept dated March 12-2025	SBP	12-Mar-25	-
Approval to launch Islamic Microfinance Operations Pilot	SBPHOK-BPRD-LID-FINCA-1117927	SBP	15-Jun-26	-

3.13. GROUP STRUCTURE OF THE ISSUER SHOWING SHAREHOLDING IN RELATIVE AND ABSOLUTE TERM.

The group structure is as follows:

Shareholding Pattern					
Entity	**Designation**	**Pre-Issue Shareholding**	**% of Total Shareholding**	**Post-Issue Shareholding**	**% of Total Shareholding**
ABHI (Private) Limited	Sponsor	615,569,247	73.73%	615,569,247	63.66%
TPL Corp Limited	Substantial Shareholder	219,319,464	26.27%	219,319,464	22.68%
General Public	IPO Investors	-	-	132,000,000	13.65%
Total		**834,888,711**	100%	**966,888,711**	100%

Note: *It is pertinent to note that, pursuant to a Share Purchase Agreement (SPA) dated June 8, 2026, ABHI (Private) Limited and TPL Corp Limited acquired the entire 3.97% shareholding of Kashf Foundation in the Company, comprising 33,119,747 ordinary shares. Under the transaction, ABHI (Private) Limited acquired 24,419,420 shares, while TPL Corp Limited acquired 8,700,327 shares. Consequently, the shareholding of ABHI (Private) Limited increased from 70.81% to 73.73%, while the shareholding of TPL Corp Limited increased from 25.23% to 26.27%. As a result of the transaction, ABHI (Private) Limited and TPL Corp Limited collectively hold 100% of the issued share capital of the Company.*

3.14. ASSOCIATED COMPANIES

Name of Company	Nature of Relation
Pak Oman Investment Company Limited	Common Directorship (Mr. Jehangir Shah)
ABHI (Private) Limited	Common Directorship (Mr. Omair Muzzaffer Ansari, and Mr. Ali Muhammad Raza)
ABHI Fintech	Common Directorship (Mr. Omair Muzzaffer Ansari)
ABHI Limited	Common Directorship (Mr. Omair Muzzaffer Ansari)

Note: *Abhi Microfinance Bank Limited and all other companies mentioned in the table above are deemed to be associated companies solely by virtue of the common directorship as per the applicable statutory criteria stipulated in the Companies Act, 2017.*

3.15. RELATED PARTY TRANSACTIONS

The related party transactions for the Company are tabulated as follows:

2023	CEO	Key Management Personnel	Directors	FINCA Network Support B.V.	Kashf Foundation Provident Fund Trust

Advances:					
Opening balance		8,965,729			
Addition during the year		5,980,946			
Repaid during the year		(5,990,714)			
Closing Balance		**8,955,961**			
Deposits & other accounts					
Opening balance	12,479	4,719,923	100,292		155,961,347
Adjustment due to change in related parties					
Received during the year	37,889,271	167,197,736			370,119,986
Withdrawn during the year	(37,894,955)	(167,528,266)	(650)		(350,000,000)
Closing Balance	**6,795**	**4,389,393**	**99,642**		**176,081,333**

2024	CEO	Key Management Personnel	Directors	FINCA Network Support B.V.	Kashf Foundation Provident Fund Trust
Advances:					
Opening balance		8,955,961			
Addition during the year		9,105,950			
Repaid during the year		(7,399,521)			
Closing Balance		**10,662,390**			
Deposits & other accounts					
Opening balance	6,795	4,389,393	99,642		176,081,333
Adjustment due to change in related parties	99,534	(54,272)			
Received during the year	38,370,036	225,338,627			37,923,276
Withdrawn during the year	(38,111,731)	(219,413,578)	(668)		(213,996,245)
Closing Balance	**364,634**	**10,260,170**	**98,974**		**8,364**

2025	CEO	Key Management Personnel	Directors	ABHI (Private) Limited	TPL Corp	TPL Insurance	Kashf Foundation Provident Fund Trust
Advances:							
Opening balance	-	10,662,390					
Addition during the year	49,000,000	161,172,838					
Repaid during the year	(24,000,000)	(55,961,760)					

Closing Balance	**25,000,000**	**115,873,468**					
Deposits & other accounts							
Opening balance	364,634	10,260,170	98,974				8,364
Adjustment due to change in related parties			(93,713)				
Received during the year	137,023,369	632,280,625	16,132,493	184,358,360,123	1,000,011,176	895,000,000	688
Withdrawn during the year	(135,404,166)	(599,125,498)	(16,082,833)	(180,885,367,682)	(1,000,000,850)		(1,014)
Closing Balance	**19,83,837**	**43,415,297**	**54,921**	**3,472,992,441**	**10,326**	**895,000,000**	

3.16. LOCAL MICROFINANCE INDUSTRY OVERVIEW AND SECTOR ANALYSIS[8]

Microfinance Banks ("MFBs") play a pivotal role in advancing financial inclusion in Pakistan by providing formal financial services to low-income households, micro-entrepreneurs, and underserved communities across the country. While the sector currently accounts for approximately 1.3% of the country's total financial sector assets, it continues to offer significant long-term growth potential given the large unbanked and underbanked population. The sector has been the primary driver of financial inclusion in Pakistan, with the number of MFB borrowers expanding at a CAGR of 20.6% between CY15 and CY24, significantly outpacing the 2.6% CAGR recorded by the broader banking sector over the same period. During CY25, the industry also underwent an important structural change as Telenor Microfinance Bank transitioned into Easypaisa Digital Bank, resulting in its exit from the microfinance banking sector. In parallel, the State Bank of Pakistan ("SBP") introduced revised Prudential Regulations aimed at strengthening governance standards, consumer protection, operational resilience, and risk management across the industry, further reinforcing the sector's long-term sustainability and resilience.

The lending portfolio remained resilient, with net advances increasing 11.2% in CY25 compared to 10.9% growth in the previous year. Growth was supported across multiple lending segments. Enterprise financing recorded the strongest expansion, increasing 35.2%, aided by government-supported initiatives such as the Prime Minister's Youth Business and Agriculture Loan Scheme and the Risk Coverage Scheme for Small Farmers. Agriculture and livestock financing also maintained steady growth, while consumer lending expanded significantly, largely driven by increased demand for gold-backed financing as higher gold prices enabled borrowers to access larger loan amounts against pledged collateral. Housing finance remained broadly unchanged during the year.

An important trend emerging within the sector is the gradual shift towards secured lending. The secured loan portfolio increased from Rs. 188 billion to Rs. 244 billion during CY25, primarily driven by continued growth in gold-backed loans. This transition is expected to strengthen portfolio quality by reducing credit losses and improving recovery prospects through the availability of collateral.

Overall, the underlying fundamentals of Pakistan's microfinance banking sector remain positive. Loan growth continues to be broad-based, supported by expanding demand across key lending segments and an increasing preference for secured financing. These trends are expected to support the sector's long-term growth prospects, although maintaining adequate capital buffers and liquidity will remain critical as institutions continue to scale their operations[9].

Microfinance ecosystem

The microfinance industry in Pakistan operates under stringent audit and oversight mechanisms, with auditors and regulatory bodies ensuring transparency and compliance. Investment interest in the sector remains strong, both from

8 https://iportal.riphah.edu.pk/newspaper/microfinance-in-pakistan/

9 https://www.sbp.org.pk/assets/document/publications/Financial-Stability-Review-2025.pdf

local entities as well international institutions as evidenced by the entry of Halan Group (Egypt) and LOLC Group (Sri Lanka) in the micro finance sector.

Currently, the sector employs approximately over 50,000 professionals. Workforce projections suggest an expansion to accommodate the growing demand. However, HR development and IT capacity enhancements are necessary to support this growth, particularly in digital finance. This is because Pakistan's microfinance sector remains largely branch-led and manual, and so there is a need for digital disruption. By combining digital onboarding, underwriting, and partner-led distribution with selective physical support, players like ABHI can capture a larger share of future microfinance growth at a lower cost than traditional peers. These two areas are considered critical for future expansion of the sector. The integration of predictive analytics and artificial intelligence in risk assessment will be crucial to improving financial sustainability.

Funding sources for microfinance institutions are diverse, with contributions from institutions such as the Asian Development Bank (ADB), the World Bank, and the Pakistan Microfinance Investment Company (PMIC). Additionally, discussions with the State Bank of Pakistan (SBP) are underway to explore mechanisms allowing MFBs to lend to MFIs, thereby enhancing sector liquidity. ABHI's progress can be seen with the increase in NIM from 11.3% (CY23) to 17.4 % (1HCY26)

Future strategy and growth

The Microfinance Banking sector has continued to demonstrate steady expansion in its core lending operations over the past two years. Based on reported sector data, the Gross Loan Portfolio ("GLP") is estimated to have increased from approximately PKR 453 billion in CY24 to around PKR 527 billion in CY25, representing growth of nearly 16%. This is broadly consistent with the reported 15.5% increase in gross advances during CY25, supported by rising demand across enterprises, agriculture, consumer, and gold-backed lending segments. Looking ahead, the sector is expected to maintain its growth trajectory, underpinned by increasing financial inclusion, supportive government initiatives, continued digital adoption, and strong demand for formal credit among Pakistan's underserved population[10].

Risk factors and sustainability

Small farmers and micro-entrepreneurs are among the most vulnerable to climate change. Events like floods, droughts, and unpredictable weather patterns can destroy crops, reduce income, and make it difficult for borrowers to repay their loans.

Many microfinance institutions (MFIs) offer crop or livestock insurance, but insurance alone may not be enough. The question is: Are there other risk mitigation tools that MFIs can offer besides insurance? Some possible solutions include:

- Flexible loan repayment plans: Borrowers affected by climate-related losses could benefit from loan restructuring or repayment moratoriums to give them time to recover.
- Weather-linked credit models: Loans that adjust based on climate patterns or harvest cycles could help reduce financial pressure on farmers.
- Disaster relief funds & emergency loans: MFIs could establish special funds to provide quick assistance to borrowers affected by natural disasters.
- Climate-smart agriculture support: Offering training and financial products for climate-resilient farming techniques (e.g., drought-resistant seeds, solar-powered irrigation) could help borrowers adapt to changing conditions.

If these alternative risk-mitigation tools are not developed, Pakistan's microfinance sector could face increasing defaults from climate-affected borrowers. This issue may become critical in the future as extreme weather events become more frequent.

[10] https://www.sbp.org.pk/assets/document/publications/Financial-Stability-Review-2025.pdf

Microfinance institutions (MFIs) operate differently from corporate banks that focus on large businesses and capital-intensive projects. MFIs primarily serve small businesses and individuals with tiny loan amounts, which makes profitability a challenge.

Most MFIs struggle due to High Operating costs at times. Processing a Rs. 20,000 microloan by an MFI may cost more than processing a Rs. 20,000,000 business loan by a corporate banker owing to stringent field visits, verification, risk assessment and monitoring needed for the smaller loan. Further, in the micro finance segment, borrowers have irregular incomes: Unlike businesses with steady revenues, micro-entrepreneurs often have fluctuating incomes, leading to delayed or missed payments.

ABHI tackles microfinance's structural cost challenges by adopting a technology-driven model. Digital KYC, mobile apps, automated credit scoring, and partnerships with platforms like DigiKhata and Run Courier reduce manual verification and field overhead for small-ticket loans. Its product mix mitigates repayment risk: gold-backed loans are collateralized, payroll-linked products like EWA are repaid through employer salary integrations, and merchant financing is based on real-time platform revenue data. These features reduce per-loan operating costs and manage credit risk more efficiently than traditional microfinance models that rely on branch networks and collections staff.

Pakistan's microfinance sector has achieved significant milestones, yet there remains a long road ahead. Addressing funding gaps, expanding digital finance, mitigating climate risks, and learning from international experiences will be crucial in shaping the future of microfinance in the country. With sustained investment, innovation, and strategic coordination, the industry can further its mission of financial inclusion and economic empowerment.

3A SHARE CAPITAL AND RELATED MATTERS

3A (i) SHARE CAPITAL

Share Capital				
Current Issued, & Paid-up-Capital	**No. Of Shares**	**Face Value per Share (PKR)**	**Premium per Share (PKR)**	**Total (PKR)**
Authorized Capital	**1,500,000,000**	**10**	**-**	**15,000,000,000**
Ordinary Shares of PKR 10/- each				
Issued, Subscribed & Paid-up Capital	**834,888,711**	**10**	**-**	**8,348,887,110**
Ordinary Shares of PKR 10/- each fully paid in cash	834,888,711	10	-	8,348,887,110
Total	**834,888,711**	**10**	**-**	**8,348,887,110**
Breakdown of Issued, Subscribed and Paid-up capital	**No. of Shares**	**Face Value (PKR)**	**Premium (PKR)**	**Total (PKR)**
ABHI (Private) Limited	615,569,247	10	-	6,155,692,470
TPL Corp Limited	219,319,464	10	-	2,193,194,640
Sub Total	**834,888,711**	**10**	**-**	**8,348,887,110**
New issue of ordinary shares	**No. of Shares**	**Face Value (PKR)**	**Premium (PKR)**	**Total (PKR)**
New shares Issuance through IPO	**132,000,000**	**10**	**5**	**1,320,000,000**
Paid Up Capital Post IPO	**966,888,711**	**10**	**5**	**9,668,887,110**

3A (ii) SHARES OF SPONSORS TO BE RETAINED & KEPT IN BLOCKED FORM AS PER REGULATION 5 OF PO REGULATIONS

Entity	Designation	Pre Issue Holding	Pre Issue Shareholding	Post Issue Holding	Post Issue Shareholding
ABHI (Private) Limited	***Sponsor***	***615,569,247***	***73.73%***	***615,569,247***	***63.66%***
TPL Corp Limited	Substantial Shareholder	219,319,464	26.27%	219,319,464	22.68%
General Public	IPO Investors	-	-	132,000,000	13.65%
Total		**834,888,711**	**100%**	**966,888,711**	**100%**

Note:

1. According to regulation 5(1) of the PO Regulations, the Sponsors of the Company shall retain their entire shareholding in the Company for a period of not less than Twelve Months from the last date for public subscription;
2. According to regulation 5(2) of the PO Regulations, the Sponsors of the Company shall retain not less than twenty-five percent of the Post Issue Paid Up Capital of the Company for not less than three years from the last date for the public subscription;
3. According to regulation 5(3) of the PO Regulations, the shares of the Sponsors mentioned at (iii) above shall be kept unencumbered in a blocked account with the CDC;

4. According regulation 5(4) of the PO Regulations, subject to compliance with sub-regulation 1 and 2 of Regulation 5, and with the prior approval of the securities exchange, the Sponsors of the Company may sell their shareholding through block-sale to any other person who shall be deemed Sponsor for the purposes of the PO Regulations. Provided that a sale of at least 5% of the post issue paid up capital or PKR. 50 million, whichever is lower, shall constitute a block sale during the lock-in period

3A (iii) PRESENT ISSUE

The Issue comprises 132,000,000 Ordinary Shares of Face Value of PKR 10.0/- each, which constitutes 13.65% of the total Post-IPO Paid Up Capital of the Company. The IPO would be conducted through 75% book building method, and the strike price would be determined based on the same. The Book Building portion of the Issue comprises 99,000,000 ordinary shares (75% of the total issue) at a Floor Price of PKR 15.0 with a price band of 50% above the floor price i.e. PKR 22.5/-. General Public portion of the Issue comprises 33,000,000 ordinary shares (25% of the total issue) at the Strike Price. The General Public portion will be fully underwritten with Arif Habib Limited, Topline Securities Limited, Growth Securities (Private) Limited and Dawood Equities Limited being the underwriters to the issue. Unsubscribed shares, if any, of the retail (General Subscription) portion will be taken up by the underwriters to the issue

Particulars	Details
Total Offer Shares	132,000,000
% of Post-IPO Paid-Up Capital	13.65%
Book Building Portion (75%)	99,000,000 shares
Retail / General Public Portion (25%)	33,000,000 shares
Face Value per Share	PKR 10/-
Floor Price	PKR 15/-
Price Band (Ceiling)	50% above Floor Price i.e. PKR 22.5/-
Total Proceeds at Floor Price	PKR 1,980 million
Method of Offering	100% Book Building Process (75% Book Building + 25% Retail)
Underwriters	Arif Habib Limited Topline Securities Limited Growth Securities (Private) Limited Dawood Equities Limited

3A (iv) SHARES ISSUED IN PRECEDING YEARS

Share Capital Historic	Share Capital (PKR Mn)	Capital contribution reserves (PKR Mn)	Premium/Discount on Issue of Shares (PKR Mn)	Net Share Capital (PKR Mn)
2009	750	-	-	**750**
2010	750	-	-	**750**
2011	750	-	-	**750**
2012	1,620	-	(670)	**950**
2013	4,732	-	(2,957)	**1,775**
2014	4,732	-	(2,957)	**1,775**
2015	6,349	-	(4,089)	**2,260**
2016	6,349	-	(4,089)	**2,260**
2017	6,349	-	(4,089)	**2,260**
2018	6,349	-	(4,089)	**2,260**
2019	6,349	-	(4,089)	**2,260**
2020	6,349	-	(4,089)	**2,260**
2021	6,349	-	(4,089)	**2,260**
2022	6,349	-	(4,089)	**2,260**
2023	6,349	-	(4,089)	**2,260**
2024	6,349	-	(4,089)	**2,260**
2025	8,349	600	(4,089)	**4,259**

3A (v) EMPLOYEE STOCK OPTION SCHEME

There is no Employee Stock Option Scheme.

3A (vi) RELATED EMPLOYEES

Related Employees of the Company (ABHI Microfinance Bank Limited) are as follows:

Sr. No.	Name	Designation
1	Mr. Muhammad Farooq Kamran	Chief Executive Officer (Acting) & Chief Financial Officer
2	Ms. Mariam Pervaiz	Chief Innovation & Financial Inclusion Officer
3	Mr. Manzoor Ahmed Janjua	Chief Legal & Business Support Officer / Company Secretary
4	Mr. Sardar Hasan Raza	Chief People and Culture Officer
5	Mr. Atif Aziz Ahmed	Chief Technology Officer
6	Mr. Mubashir Shahani	Chief Compliance Officer
7	Mr. Syed Mohammed Ali Raza	Chief Strategy Officer

8	Mr. Mohsin Raza Aslam	Head of Business Planning & Analysis

Related employees of the Joint Consultant to the Issue (Arif Habib Limited) are as follows:

Sr. No.	Name	Designation
1	Mr. Shahid Ali Habib	Chief Executive Officer
2	Mr. Farhan Rizvi	Managing Director & Head of Investment Banking
3	Mr. Hamza Rehan	Assistant Vice President, Investment Banking
4	Mr. Malik Harris Rehman	Assistant Vice President, Investment Banking
5	Mr. Raheel Ahmed	Senior Associate, Investment Banking
6	Mr. Saif Ul Haq	Associate, Investment Banking
7	Mr. Muhammad Ismail	Associate, Investment Banking
8	Mr. Ali Raza	Senior Analyst, Investment Banking
9	Mr. Muhammad Faizan Qureshi	Senior Analyst, Investment Banking
10	Mr. Naveed Said	Senior Analyst, Investment Banking
11	Mr. Muhammad Ali	Analyst, Investment Banking
12	Mr. Tasweeb Fathe Khan	Analyst, Investment Banking
13	Mr. Sufyan Khan	Analyst, Investment Banking
14	Mr. Muhammad Ali Chandio	Analyst, Investment Banking
15.	Mr. Hammad Arshad Waris	Analyst, Investment Banking
16.	Mr. Syed Muhammad Komail	Management Trainee

Related employees of the Joint Consultant to the Issue (Topline Securities Limited) are as follows:

Sr. No.	Name	Designation
1	Mr. Mohammad Sohail	Chief Executive Officer
2	Ms. Syeda Sharmeen Ahmed	Managing Director Corporate Finance & Advisory
3	Mr. Muhammad Nadeem	Head of Corporate Finance & Advisory
4	Mr. Zirar Khalid	Senior Associate Corporate Finance & Advisory
5	Mr. Abdul Hafeez	Senior Associate Corporate Finance & Advisory
6	Mr. Saad Javed Khan	Associate Corporate Finance & Advisory

Related employees of the Joint Consultant to the Issue (Growth Securities (Private) Limited) are as follows:

Sr. No.	Name	Designation
1	Mr. Fahad Muhammad Ali	Equity Director
2	Mr. Zeeshan	Director

Note:

1. As per regulation 7(9) of the PO Regulations, the associates of the Consultant to the Issue to the Issue shall not in aggregate make Bids in excess of ten (10%) percent of the shares Issued through Book Building. Provided that sub-regulation (9) shall not apply to such associates of the Consultant to the Issue that are Financial Institutions, Mutual Funds and Insurance Companies.
2. As required under regulation 20(10) of the PO Regulations, Related Employees of the Issuer and Lead Manager to the Issue shall not participate in the Bidding for shares.

UNDERTAKING OF THE SPONSORS OF THE ISSUER REGARDING IPO UTILIZATION

E-STAMP
(Islamabad Capital Territory)

ICT-D3EF4FEF87DC6828

PSID-101230003262749O707

Rs 200/-

Two Hundred Rupees Only

Purpose	: PARTNERSHIP - 46(a)
Applicant	: Arshad Mehmood [37201-3342193-3]
S/O	: Sikandar Khan
Address	: Chakora, P.O Ghaziabad, Tehsil & District Chakwal
Issue Date	: 02-Jul-2026, 03:52:21 PM
Delisted On/Validity	: 17-Jul-2026
Paid Through Challan	: 2026D5834CB48065
Reason	: Undertaking From Sponsor of Abhi Microfinance Bank LTD.

نوٹ: یہ ٹرانزیکشن تاریخ اجراء سے پندرہ دنوں تک کے لیے قابل استعمال ہے۔ ای اسٹامپ کی تصدیق بذریعہ ویب سائٹ، کیو آر کوڈ سے کی جا سکتی ہے۔

Please Write Below This Line

ATTESTED
TARIQ IQBAL MAHER
Advocate High Court
Oath Commissioner
ISLAMABAD

Pakistan Stock Exchange
Stock Exchange Building
Stock Exchange Road
Karachi – 74000, Pakistan

UNDERTAKING

1. I, Omair Muzzaffer Ansari, son of Jamal Ahmed Ansari, being Chief Executive Officer of Abhi (Private) Limited, holding Passport No. 142235846, resident of Villa x4, Jumeirah Parks District 9, Dubai, UAE, being sponsor shareholder of ABHI Microfinance Bank Limited, do hereby state on solemn affirmation as under:

(1) That we are the sponsor and majority shareholder of the shares of ABHI Microfinance Bank Limited (the "**Issuer**");

(2) That the IPO Proceeds of ABHI Microfinance Bank Limited shall be utilized as per the purpose disclosed in the Prospectus.

____
Name: Omair Muzzaffer Ansari
Chief Executive Officer & Authorized
Representative of Abhi (Private) Limited

ATTESTED
TARIQ IQBAL MAHER
Advocate High Court
ISLAMABAD

4 PRINCIPAL PURPOSE OF THE ISSUE AND FUNDING ARRANGEMENTS

4.1. PRINCIPAL PURPOSE OF THE ISSUE

The gross proceeds of up to PKR 1,980 million from the Initial Public Offering will be used in full to strengthen the Bank's regulatory capital base and continued growth in the advances portfolio. The Bank's CAR stood at -6.26% as of 30 June 2026. Based on the Bank's financial model, the capital injection, together with retained profits, is projected to lift CAR to **7.31% by the end of CY26** and **17.82% by the end of CY27**, moving the Bank above the SBP-prescribed minimum CAR of 15% for microfinance banks during CY27.

Beyond restoring compliance, the improvement in capital adequacy is also expected to create headroom for additional lending. Once the Bank's regulatory capital comfortably exceeds the 15% minimum by end-CY27, the resulting surplus is estimated to support additional gold-backed lending capacity, over and above the growth already built into the Bank's CY27 plan. This reflects the capital-efficient nature of gold-backed financing, which carries a risk weight of only 20% under the Bank's regulatory capital framework, compared to up to 100% for unsecured exposures.

4.2 SOURCE OF FUNDING

ABHI Microfinance Bank intends to raise PKR 1,980 million through an Initial Public Offering (IPO), issuing 132 million ordinary shares at a floor price of PKR 15.0/- per share.

Particulars	No of Shares	Amount Raised (PKR)
Initial Public Offering	132,000,000	1,980,000,000

4.3 TOTAL PROJECT COST

Particulars	Amount Raised (PKR Mn)
Initial Public Offering	1,980
CY26 forecasted profitability	2,927
CY27 forecasted profitability	2,800[11]
Total funds required for CAR compliance	**7,707**

4.4 UTILIZATION OF PROCEEDS – IMPACT ON CAPITAL AND CAR

Particulars	CY26F	CY27F
Opening Total Regulatory Capital	(3,458)	2,487
+ IPO proceeds *(at Floor Price)*	1,980	-
Resulting CAR (IPO impact only, using closing RWA)	(4.3%)	-
+ Net profit after tax for the year	2,927	4,126
Resulting CAR (IPO + profit)	4.3%	13.5%
Other capital movements (Tier 2 recognition, DTA/intangible adjustments)	1,039	2,105
Closing Total Regulatory Capital	2,487	8,719

[11] This is the least amount of profit required in CY27 to achieve CAR compliance. Actual forecasted profit for CY27 is PKR 4,041

Closing CAR	**7.3%**	**17.8%**

The table above shows how the CAR of the Bank is expected to move from deeply negative to fully compliant, in three distinct steps.

Step one: The IPO itself. As of 31 December 2025, the Bank's CAR stood at -20.28%, meaning the Bank did not yet have enough capital to meet the regulatory minimum, let alone support its existing loan book. The moment the IPO proceeds of PKR 1,980 million are received, and before any further profit or capital adjustment is taken into account, CAR improves sharply to approximately -4.3%. This alone shows that the capital injection does the bulk of the heavy lifting in closing the Bank's capital gap.

Step two: The Bank's own profitability. The Bank has continued to post profits through 2026: after a profitable first half, management estimates a further PKR 1,500 million of profit in the second half of CY26, taking the full year CY26 profit to PKR 3,000 Mn approximately. This justifies the forecasted full-year CY26 profit estimate of PKR 2,927 million. Once this profit is added on top of the IPO proceeds, before counting any other capital adjustments, CAR crosses into positive territory for the first time, reaching approximately 4.3% by the end of CY26.

Step three: The following year's momentum. The Bank's profitability is expected to continue growing into CY27, adding further to retained earnings. Combined with other routine regulatory capital adjustments, this takes CAR to 17.8% by the end of CY27 — comfortably above the SBP-prescribed minimum of 15% for microfinance banks.

IPO proceeds provide the initial lift that brings the Bank back from a deep capital shortfall to close to the regulatory minimum, and it is the Bank's own growing profitability over the following two years that carries CAR the rest of the way into full compliance.

4.5 CAPITAL BUILD-UP AND CAPITAL ADEQUACY RATIO (CY23–CY27)

PKR Mn	CY23A	CY24A	CY25A	CY26F	CY27F
Paid up share capital (net of discount on issuance of shares)	2,259	2,259	6,859	8,839	8,839
Reserves set aside from past profits	869	869	1,073	1,658	2,483
Accumulated profit/(loss)	(4,653)	(7,644)	(6,932)	(4,800)	(1,797)
Less: value of intangible assets and deferred tax assets	(4,427)	(4,721)	(4,459)	(3,941)	(3,081)
Core Capital	(5,951)	(9,237)	(3,458)	1,756	6,444
Add: supplementary capital	0.0	0.0	0	732	2,273
Total Regulatory Capital	(5,951)	(9,237)	(3,458)	2,487	8,719
Risk-Weighted Assets (RWA	8,945	8,531	17,055	34,013	49,929
CAR (Capital ÷ RWA)	**(66.51%)**	**(108.3%)**	**(20.3%)**	**7.3%**	**17.8%**
SBP minimum required CAR	15.0%	15.0%	15.0%	15.0%	15.0%

The Bank has been carrying deep accumulated losses since inception, which pushed capital sharply negative in CY23 and CY24. CY25 shows the losses starting to shrink. The IPO capital injection lands in CY26, turning capital positive for the first time and lifting CAR to 7.3%. By CY27, that capital combines with a full year of profits to push CAR to 17.8% above the 15% regulatory minimum.

4.6 DETAILS REGARDING DEPLOYMENT OF IPO PROCEEDS

The Bank's Capital Adequacy Ratio (CAR) has improved significantly over the past year and a half, increasing from negative 108.3% as of December 31, 2024, to negative 6.26% as of June 30, 2026. The anticipated IPO proceeds, expected to be realized during the second half of CY26, together with the Bank's continued profitability, are expected to strengthen its capital position and enable it to achieve CAR compliance by the end of CY27.

4.7 IMPLEMENTATION SCHEDULE

Sr. No	Particulars	Date	CAR
1	CAR due to IPO proceeds	3Q CY26	-4.3%
2	Profitability of PKR 2,927 Mn for CY26	4Q CY26	7.3%
3	Profitability of PKR 4,126 Mn for CY27	4Q CY27	17.8%

4.8 UTILIZATION OF EXCESS IPO FUNDS, IN CASE THE STRIKE PRICE IS DETERMINED ABOVE THE FLOOR PRICE

Any excess funds raised, in case the Strike price is determined above the Floor price, would be utilized towards balance sheet expansion and further enhancing CAR position as mentioned in Section 4.3 of this prospectus.

4.9 UNDERTAKING ON REPORTING OF UTILIZATION OF PROCEEDS

As per clause (i) and (ii) of regulation 16 of the PO Regulations, the Company shall:

1. Report detailed break-up of the utilization of the proceeds of the issue in its post issue quarterly / half-yearly and annual accounts; till the fulfillment of the commitments mentioned in the Prospectus, and;
2. Submit a half yearly progress report and annual progress report reviewed by the auditor providing the status of the commitments mentioned in the prospectus to PSX till the fulfillment of the commitments mentioned in the prospectus as per the format given in regulation 16 of the PO Regulations.
3. Submit a final report reviewed by the auditor after the fulfillment of the commitments given in the Prospectus.

4 (i) POST-ISSUE MATTERS (REPORTING AND EXIT OPPORTUNITY)

(i) Post-Issuance Reporting Requirements

Pursuant to Regulation 16 of the Public Offering Regulations, 2017, as amended from time to time, the Issuer shall, upon completion of the public offering of securities, be required to:

1. Report the detailed break-up of the utilization of proceeds of the Issue in its post-issue quarterly, half-yearly and annual accounts until the fulfilment of the commitments set out in this Prospectus;

2. Submit to the Securities Exchange:
   - A half-yearly progress report; and
   - An annual progress report reviewed by the Auditor stating the implementation status of the project/commitments disclosed in this Prospectus, reasons for any delays, and the detailed break-up of the utilization of proceeds;

3. Upon fulfilment of all commitments disclosed in this Prospectus, submit a final report reviewed by the Auditor;

(ii) Exit Opportunity Mechanism

In accordance with Regulation 16(a) of the Public Offering Regulations, 2017, the Issuer shall not, at any time, change the principal purpose of the Issue as disclosed in this Prospectus.

In exceptional circumstances, the Issuer may change the principal purpose of the Issue subject to:

1. The passing of a special resolution in terms of the Companies Act, 2017; and

2. The Sponsors of the Issuer providing an exit opportunity to dissenting shareholders who do not agree to the change in the principal purpose of the Issue.

An exit opportunity shall also be provided where the principal purpose of the Issue has been undertaken but funds have subsequently been diverted to other purposes, resulting in non-completion of the principal purpose of the Issue in a timely manner as disclosed in this Prospectus.

The exit offer mechanism shall be as follows:

- Notice of an Extraordinary General Meeting ("EOGM") together with a draft special resolution shall be circulated in accordance with the Companies Act, 2017;

- Subject to approval of the special resolution, dissenting shareholders who have notified their dissent to the Company Secretary, with intimation to the Pakistan Stock Exchange, shall be entitled to exit at a price per share Issued by the Sponsors of the Issuer, which shall be the highest of:

   i. the intrinsic value based on the latest available audited accounts;
   ii. the weighted average closing price of the shares during the preceding six (6) months; or
   iii. the IPO offer price; and

The Sponsors of the Issuer shall execute the exit offer within thirty (30) days from the date of passing of the special resolution.

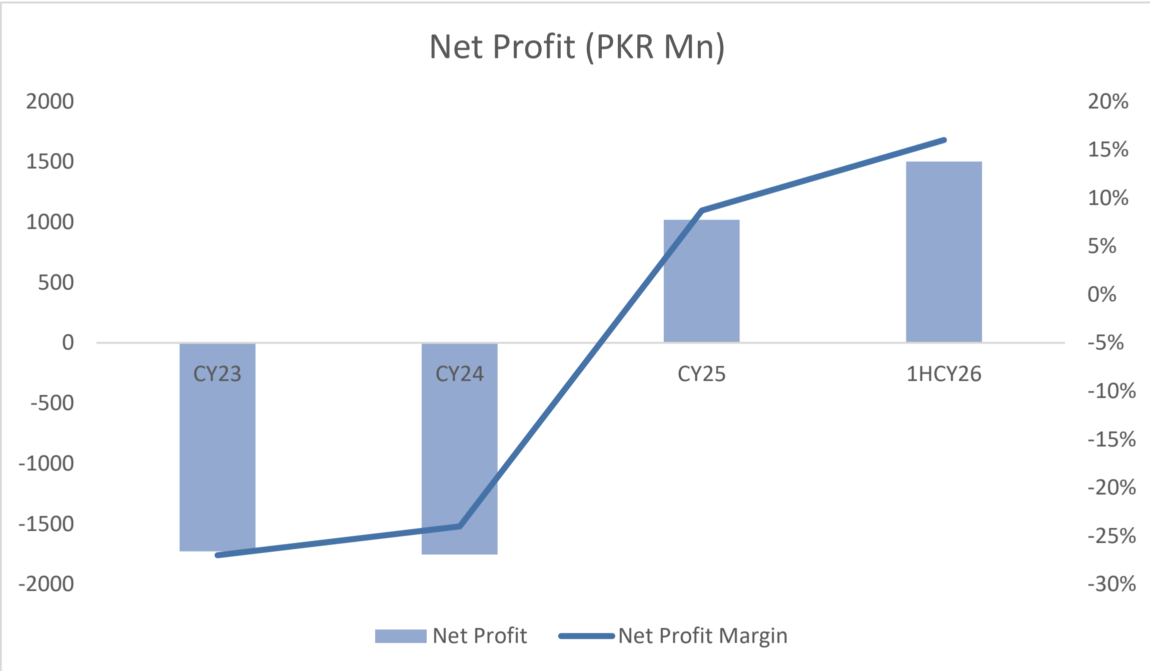
4 (A) VALUATION SECTION

The issue is being offered at a Floor Price of PKR 15.0/- per share. The Joint Lead Managers have reviewed the business performance of the Company and in their opinion, the Floor Price of PKR 15.0/- per share is justified based on:

4A (i) IMPRESSIVE FINANCIAL TURNAROUND

Particulars (PKR Mn)	CY23	CY24	CY25	1HCY26
Gross Mark-up/Interest Income	6,309	7,385	11,687	9,257
Net Mark-up Income	1,415	1,003	5,069	4,479
Net Profit	(1,729)	(1,753)	1,019	1,501
Net Profit Margin (%)	(27%)	(24%)	8.7%	16%

FY 2022 - FY 2025 Extracted from Audited financial statements of ABHI



After posting consecutive net losses of PKR 1,729 Mn and PKR 1,753 Mn in FY23 and FY24 respectively, ABHI has executed a remarkable financial turnaround. Net mark-up income surged fivefold from PKR 1,003 Mn in FY24 to PKR 5,069 Mn in FY25, propelling the company into profitability with a net profit of PKR 1,019 Mn and a positive margin of 8.7% for the first time in recent years. This momentum has carried strongly into 1HCY26, where the company recorded net mark-up of PKR 4,479 Mn and a net profit of PKR 1,501 Mn, translating to an impressive Net margin of 16% which suggests that not only has the loss-making cycle been decisively broken, but the underlying business has matured into a high-margin operation with accelerating profitability heading into the current year.

4A (ii) ESTABLISHED BRAND OF ABHI

ABHI Microfinance Bank has established a distinct institutional identity following its transformation from FINCA Microfinance Bank, reflecting a strategic repositioning of the Bank within Pakistan's microfinance and digital financial services landscape. The transition involved the development of a unified brand framework, including standardized brand guidelines, communication protocols, digital application principles, and physical branding systems. As part of this transformation, the Bank completed the redesign of all 114 branches nationwide, ensuring consistency in visual identity and customer experience across its national footprint.

During 2025, the Bank undertook focused marketing and communication initiatives aimed at strengthening brand visibility, supporting customer acquisition, and reinforcing stakeholder confidence following the acquisition and rebranding. These initiatives included selective digital campaigns, product-focused communications, and foundational public relations and content activities. As part of this broader repositioning, the Bank also expanded its product proposition through the integration of ABHI Fintech's digital offerings, including:

- Earned Wage Access
- Advance Salary Financing
- Merchant Financing
- Salary Backed Lending

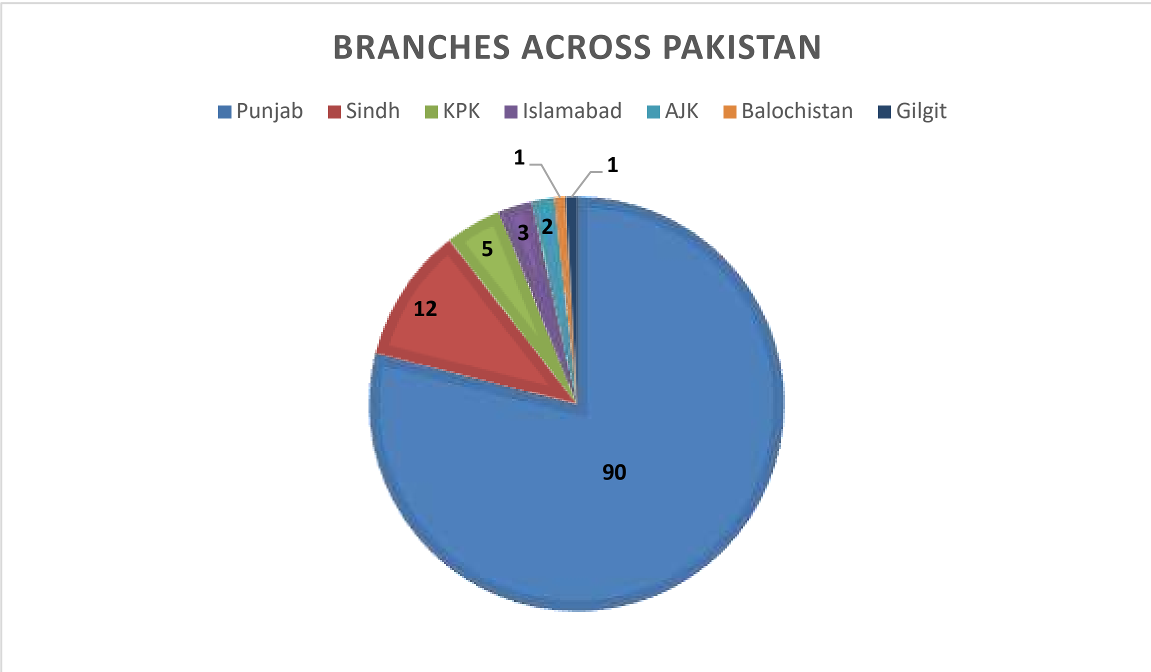
These were introduced within a regulated banking framework, positioning the institution as a hybrid entity combining fintech capabilities with traditional banking infrastructure. The introduction of "Cashy" as a brand asset further supported customer engagement, product education, and brand recall, particularly across digital platforms.

4A (iii) STRONG CUSTOMER BASE

ABHI Microfinance Bank operates a diversified and expanding customer base supported by a nationwide branch network of over 114 branches across the nation. The Bank serves a broad spectrum of customers, including:

- low-income individuals
- salaried employees
- micro-entrepreneurs
- small businesses
- peri-urban agricultural households, and
- women borrowers

Through a range of lending, deposit, savings, and payment products. The Bank's deposit base reflects customer confidence and funding stability, with deposits exceeding PKR 29 billion held by its top depositors, providing a foundation for continued balance sheet growth.



4A (iv) GROWTH POTENTIAL

The Bank's growth potential is supported by structural demand drivers within Pakistan's microfinance and digital financial services market. These include significant untapped demand for gold-backed lending, increasing adoption of digital lending and mobile-based financial services, and the expansion of embedded finance solutions through collaboration with ABHI Fintech and institutional partners. Additional growth opportunities arise from rising demand for digital payments, merchant acquiring services, and payment gateway solutions, as well as alignment with national financial inclusion objectives targeting underserved and unbanked segments. Collectively, these factors support the Bank's ability to scale its operations, deepen customer relationships, and expand product penetration over the medium to long term. Having established the key qualitative factors supporting the Bank's outlook, the following section sets out the valuation methodology used to assess the reasonableness of the proposed offer price.

4A (v). JUSTIFICATIONS GIVEN BY THE JOINT CONSULTANTS TO THE ISSUE, IF ANY OR THE ISSUER IN SUPPORT OF THE OFFER/FLOOR PRICE AND THE PRICE BAND. THE JUSTIFICATION MUST INCLUDE APPROPRIATE VALUATION MODELS, INCLUDING THE DISCOUNTED CASH FLOW (DCF) MODEL, DIVIDEND DISCOUNT MODEL (DDM), AND/OR GORDON GROWTH MODEL (GGM).

Disclaimer: *The offer price/floor price and price band are set by the Issuer and Consultant to the Issue using appropriate valuation models, and that the Commission and the Securities Exchange have neither assessed nor validated the pricing or the underlying valuation model. The Commission and the Securities Exchange do not assess, validate or endorse the price of a transaction, as pricing is purely a function of market forces; whereby minimum price is determined by the Consultant to the Issue/Issuer and final price is set by the investors.*

PB- ROE VALUATION

The Price-to-Book (P/B) – Return on Equity (ROE) approach values a company by relating its book value to its ability to generate returns on shareholders' equity. Given the balance sheet-intensive nature of the banking sector and the regulatory importance of capital adequacy, this methodology is particularly relevant for valuing ABHI Microfinance Bank Limited.

Risk Free Rate[12]	11.97%
Equity Risk Premium[13]	6.50%
Beta[14]	1.00
Cost of Equity[15]	**18.47%**
Growth Rate[16]	12.50%
Average ROE[17]	45.00%
PB ROE Multiple[18]	**5.44**

Particulars (PKR Mn)	CY26F	CY27F	CY28F	CY29F	CY30F
Equity	6,509	10,635	16,072	20,908	25,576
Net Profit	2,927	4,126	5,437	6,467	7,578
ROE[19]	66.75%	48.13%	40.72%	34.98%	32.60%

[12] *5-year PIB yield as of June 17th, 2026*
[13] *Equity Risk Premium has been derived from the implied equity return over the past 20 years, which has averaged approximately 6.50% above the average long-term Government bond yield*
[14] *A beta of 1.0 has been assumed for ABHI Microfinance Bank, compared to the banking sector weighted average beta of 0.95, to reflect the Bank's slightly higher risk profile.*
[15] *Cost of Equity = Risk Free Rate + (Equity Risk Premium *Beta)*
[16] *Long term nominal GDP growth of Pakistan*
[17] *Average long-term ROE from CY26 till CY30*
[18] *PB – ROE Multiple = (AVG $ROE - g)/(ke - g)$*
[19] *ROE = Net Profit/ Average Equity*

NP Growth	41%	32%	19%	17%
Valuation CY26[20]		32,556		
Equity Value per share		27.90		
No. of shares post IPO[21]		1,167		

The Bank is currently on a strong growth trajectory, having achieved a significant turnaround in profitability over the last year. As part of its growth strategy, the Bank does not currently distribute dividends and does not anticipate making dividend payments over the next two to three financial years until it fulfils the regulatory compliance of capital adequacy. Management intends to retain earnings to support the expansion of its lending portfolio, strengthen its capital base, and fund future growth initiatives.

Dividend Discount Model (DDM):

ABHI Microfinance Bank is currently in a growth phase, with its primary focus on strengthening its capital base and achieving full compliance with regulatory capital requirements, including the Capital Adequacy Ratio (CAR). The Bank is projected to achieve CAR compliance by the end of CY27, and accordingly, no dividend distributions are expected until then. As a result, the Dividend Discount Model (DDM) has not been considered an appropriate valuation methodology at this stage. Dividend distributions may, however, be considered in the future once the Bank attains a more mature stage of growth and has sufficient capital to support both its regulatory obligations and shareholder distributions.

FCFE Valuation

Particulars (PKR Mn)	CY26F	CY27F	CY28F	CY29F	CY30F	CY31F	CY32F	CY33F	CY34F	CY35F
Net Profit[22]	2,927	4,126	5,437	6,467	7,578	8,197	9,591	11,125	12,794	14,584
Capital Charge[23]	5,102	2,237	3,517	5,593	3,041	4,197	4,732	5,273	5,807	6,315
Net Capex[24]	1,309	133	225	276	330	351	374	399	427	457
FCFE[25]	(3,484)	1,756	1,695	599	4,206	3,649	4,485	5,453	6,561	7,812
Terminal Value[26]										147,217
Period (t)[27]	0.5	1.5	2.5	3.5	4.5	5.5	6.5	7.5	8.5	9.5
Discounted FCFE[28]	(3,201)	1,362	1,110	331	1,962	1,437	1,491	1,530	1,553	1,561
Discounted Terminal Value[29]										29,422

[20] *The valuation is based on the application of the P/B-ROE multiple to forecast CY26 equity and has been discounted by six months using the estimated cost of equity to arrive at the value as of June 2026.*

[21] *Post IPO shares = Existing shares (835 Mn) + IPO shares (132 Mn) + shares issued against PKR 2.0 bn advance received from ABHI (Private) Limited (200 Mn shares)*

[22] Profit after tax for the respective year.

[23] Additional equity capital required to maintain the prescribed Capital Adequacy Ratio (CAR) based on forecasted Risk-Weighted Assets (RWA)

[24] Net investment in property, equipment and other capital assets, calculated after considering disposals, if any.

[25] Cash flow available to ordinary shareholders after operating requirements, capital expenditures and regulatory capital requirements have been met.

[26] Estimated present value of all FCFE expected beyond the explicit forecast period, assuming perpetual growth.

[27] Time, in years, from the valuation date used for discounting future cash flows.

[28] Discounted factor calculated using the same cost of equity as used in PB-ROE Method

[29] Present value of the terminal value, discounted to the valuation date using the cost of equity.

PV of FCFE (A)[30]	38,557
Eligible regulatory capital (CY26F)[31]	2,487
Required regulatory capital for CAR Compliance (CAR* RWA CY26F)[32]	5,102
Surplus/Deficit Capital (B)	**(2,615)**
Equity Value (A+B)	35,943
Value per share	30.80

JUSTIFICATION

The proposed floor price of PKR 15.00 per share, representing a premium of PKR 5.00 per share over the face value of PKR 10.00 per share, is considered fair and reasonable in light of the Bank's strong financial turnaround, established market presence, expanding customer base, and significant growth potential. These factors collectively support the sustainability of the Bank's future earnings and underpin the proposed valuation.

At the proposed floor price, the Bank is valued at a P/E multiple of 5.40x, which represents a discount of 30.47% to the banking sector's P/E multiple of 7.76x This discount provides investors with an attractive entry point despite ABHI's superior growth outlook relative to listed sector peers, as evidenced by the substantial turnaround in CY25 and the continuation of strong profitability during 1HCY26. On a post-IPO basis, the floor price implies a P/B multiple of 2.69x, representing a premium of 22.12% to the banking sector's P/B multiple of 2.20x. The premium is supported by the Bank's strong profitability profile, with its return on assets (ROA) being approximately twice that of the banking sector average.

Further validation of the proposed pricing is provided by the P/B-ROE valuation methodology, which yields an equity value of PKR 27.90 per share. This reflects an upside of 86% over the proposed floor price of PKR 15.0 per share and 24% over the cap price of PKR 22.50 per share, which itself represents a 50% premium to the floor price. Collectively, these valuation outcomes support the reasonableness of the proposed price band and provide adequate headroom for effective price discovery during the book-building process.

The Free Cash Flow to Equity (FCFE) valuation further supports the proposed pricing. Based on the projected cash flows available to ordinary shareholders after accounting for regulatory capital requirements and capital expenditures, the FCFE methodology yields an equity value of PKR 30.80 per share. This represents an upside of approximately 105% over the proposed floor price of PKR 15.00 per share and 37% over the cap price of PKR 22.50 per share. Given that the FCFE approach explicitly incorporates the Bank's forecast profitability, capital adequacy requirements and long-term growth prospects, it is considered an appropriate valuation methodology for a regulated financial institution such as a microfinance bank and provides further support for the reasonableness of the proposed price band.

ABHI Microfinance Bank delivered a remarkable financial turnaround in CY25, reporting a profit after tax of PKR 1.0 billion compared to a loss of PKR 1.75 billion in CY24, reflecting a year-on-year improvement of approximately PKR 2.75 billion. The Bank has sustained this momentum into CY26, generating a profit after tax of PKR 1,501 million during 1HCY26. While the Bank's equity position remained constrained as of the valuation date due to accumulated losses from prior years, the return to profitability has materially strengthened its financial position. Continued earnings generation has enabled the Bank to rebuild its capital base, resulting in a positive equity position and a steadily improving capital adequacy profile. This recovery not only demonstrates the effectiveness of the new management's strategy following the acquisition but also provides a strong foundation for future growth and value creation

[30] Aggregate present value of forecast FCFE and the discounted terminal value.
[31] Forecasted regulatory capital for CY26
[32] Minimum regulatory capital required to maintain the prescribed Capital Adequacy Ratio (CAR) based on forecast Risk-Weighted Assets.

4A (vi) POST IPO FREE FLOAT DISCLOSURE

Post IPO, the share capital of the Company will increase from 834,888,711 ordinary shares to 966,888,711 ordinary shares. The free float status post IPO of the Company is presented in the table below:

Description	Number of shares	% Shareholding	Total Free Float
Shares held by Sponsors & Substantial Shareholders	834,888,711	86.35%	-
Public Offering - IPO	132,000,000	13.65%	13.65%
Total	**966,888,711**	**100.0%**	**13.65%**

4A (vii) PEER GROUP ANALYSIS OF ABHI

Peer Analysis is shown as follows:

Company	Share Price[33] (PKR)	EPS(PKR)	BVPS (PKR)	P/E	P/B	ROE (%)	ROA (%)	Free Float Shares (Mn)	Free Float (%)
Faysal Bank Limited	100.96	15.7	75.01	6.36	1.33	20.93%	1.38%	455	30.00%
Meezan Bank Limited	562.68	54.7	159.08	10.22	3.51	34.39%	2.05%	450	25.00%
Askari Bank Limited	106.9	15.6	96.85	6.61	1.06	16.11%	0.70%	435	30.00%
Bank Alfalah Limited	57.12	11.7	60.44	4.93	0.95	19.36%	1.21%	1,419	45.00%
Bank of Punjab	33.95	6.6	29.77	5.06	1.12	22.17%	0.83%	1,382	42.24%
Habib Bank Limited	306.84	50.2	310.76	6.00	0.97	16.15%	0.91%	587	40.00%
MCB Bank Limited	409.15	50.6	267.19	8.04	1.52	18.94%	1.66%	415	35.00%
National Bank of Pakistan	207.46	33.8	205.83	5.92	0.97	16.42%	1.00%	510	23.97%
United Bank Limited	473.33	60.1	168.60	7.89	2.81	35.65%	1.18%	876	35.00%
Weighted Average				7.76	2.20	27.01%	1.38%		
Banking Sector – Median				6.36	1.12	19.36%	1.18%		
KSE – 100 Multiple P/E				8.02[34]	1.52[35]				
ABHI – Pre issue	15.0	2.78[36]	3.72[37]	5.40	4.03	74.63%[38]	2.29%[39]	N/A	N/A
ABHI – Post issue	15.0	1.99[40]	5.58[41]	7.54	2.69	45.60%[42]	2.24%[43]	132	13.65%

33 As at 30thJuly 2026
34 As at 30th July 2026
35 As at 30th July 2026
36 Pre-Issue EPS calculated on TTM basis for the period June 2025 to June 2026. PAT for the same period is PKR 2,321 Mn.
37 Pre Issue BVPS calculated based on 1HCY26 Equity
38 Pre Issue ROE calculated based on 1HCY26 Equity
39 Pre Issue ROE calculated based on 1HCY26 Total Assets
40 Post-Issue EPS calculated on TTM basis for the period June 2025 to June 2026 with total number of shares used being 1,167 Mn (existing 835 + IPO 132 + 200 advance against issuance of shares)
41 Post Issue BVPS calculated based on CY26 forecasted Equity incorporating IPO size at floor.
42 Post Issue ROE calculated based on 1HCY26 Equity + IPO proceeds of PKR 1,980 Mn
43 Post Issue ROE calculated based on 1HCY26 Total Assets + IPO proceeds of PKR 1,980 Mn

5 RISK FACTORS

5.2 INTERNAL RISKS

5.2.1 Human Resource Risk

Human resources are a critical success factor in the microfinance sector. Rising competition within the industry has made it increasingly difficult to hire and retain experienced and skilled personnel. High turnover of key staff may negatively affect the operational efficiency, service quality, internal controls, and execution of the Bank’s overall business strategy.

5.2.2 Gold Price Fluctuation Risk

A significant portion of the Bank's advances portfolio comprises gold-backed financing, where loans are extended against pledged gold collateral. Although such financing benefits from collateral coverage and has historically demonstrated low credit losses, the Bank remains exposed to fluctuations in international and domestic gold prices. In the event of borrower default, the Bank may be required to liquidate the pledged gold to recover its outstanding exposure. However, if gold prices decline materially during the loan tenure or following default, the value of the underlying collateral may become insufficient to fully cover the outstanding loan amount, particularly given the relatively high loan-to-value ratios associated with the product. Furthermore, unfavorable market conditions may compel the Bank to retain repossessed gold for longer periods than anticipated in order to avoid realizing losses at depressed prices. Any prolonged decline in gold prices, or inability to dispose of collateral on commercially acceptable terms, could adversely affect the Bank's asset quality, profitability, liquidity position, and overall financial performance.

5.2.3 Technology Risk

Technology risk arises from inefficiencies, disruptions, or failures in the Bank’s information technology systems, including outages affecting mobile and online banking, failures in core banking infrastructure, and delays in upgrading IT systems. As financial services increasingly rely on digital platforms and electronic channels, such disruptions may adversely affect service delivery, operational continuity, and data integrity.

5.2.4 Profit Sustainability Risk

ABHI Microfinance Bank's current profitability and revenue generation are heavily dependent on its gold-backed financing business, which constitutes approximately 90% of its earning assets and represents the Bank's largest source of markup income. The product has historically benefited from strong customer demand, low default rates, attractive yields, and collateral-backed risk characteristics, making it a key driver of the Bank's recent financial turnaround and profitability.

Under the Prudential Regulations for Microfinance Banks, gold-backed financing is generally subject to a regulatory limit whereby such facilities should not exceed 35% of a microfinance bank's total advances portfolio. The Bank has obtained a regulatory relaxation from the State Bank of Pakistan allowing it to exceed this threshold until November 2029. Upon expiry of this relaxation, the Bank may be required to progressively align its portfolio composition with the applicable regulatory requirements unless further extensions or exemptions are granted.

As a result, the Bank's long-term growth strategy is dependent upon its ability to successfully diversify its advances portfolio and expand alternative lending products, including Earned Wage Access (EWA), payroll-linked financing, microenterprise financing, agriculture financing, SME lending, and other digital credit solutions.

Accordingly, if the growth of these alternative lending segments does not materialize as anticipated, or if the Bank is required to reduce the proportion of gold-backed loans within its portfolio without a corresponding increase in other revenue-generating assets, the Bank's overall loan growth, net markup income, profitability, and return on equity may be adversely affected.

5.2.5 Credit Risk
The Bank is exposed to credit risk arising from the possibility that borrowers may fail to meet their repayment obligations. As a microfinance institution, a substantial portion of the Bank's portfolio comprises loans extended to individuals, micro-entrepreneurs, and low-income households, which may be more vulnerable to adverse economic conditions. Any deterioration in asset quality, increase in default rates, or weaknesses in credit monitoring and recovery practices could adversely affect the Bank's profitability and capital adequacy.

Notwithstanding this exposure, the Bank's current asset quality indicators remain strong; as at the reporting date FY 2025, the Bank's non-performing loan (NPL) ratio stands at 0.68%, which is significantly lower than the industry average. This reflects the Bank's portfolio composition, which is predominantly secured by gold-backed lending, accounting for approximately 90% of the loan book. The collateralized nature of this portfolio materially mitigates credit risk exposure and enhances recoverability in the event of borrower default.

5.2.6 Portfolio Concentration risk
The Bank's loan portfolio is concentrated in specific asset classes (such as gold-backed or micro-enterprise financing) and geographic regions. Any adverse developments affecting these segments such as regulatory restrictions, commodity price volatility (e.g., gold prices), or localized economic stress may disproportionately affect the Bank's financial performance

5.2.7 Liquidity Risk
The Bank's operations are primarily funded through customer deposits and borrowings, which expose it to liquidity risk arising from potential mismatches between the maturities of its assets and liabilities, as well as from unexpected deposit withdrawals or constraints in accessing market funding. Any material disruption in the availability of funding, or significant outflows of deposits could adversely affect the Bank's liquidity position and its capacity to meet financial obligations as they fall due.

5.2.8 Information Security Risk
Information security risk refers to the risk of unauthorized access, misuse of sensitive data, security breach, and loss of data. These risks may arise due to cyber security attacks, system vulnerabilities, misuse of data internally, or security breaches. Any compromise in the security of customer information or banks internal systems may lead to financial losses, operational disruptions, penalties, regulatory scrutiny and loss of customer trust in the bank.

5.3 EXTERNAL RISKS

5.3.1 Interest Rate Risk
Interest rate risk arises from changes in market and policy interest rates that may affect the Bank's earnings, cash flows, and financial position. Variations in interest rates can influence the pricing of loans, deposits, and other financial instruments, potentially leading to mismatches in the timing and extent of repricing between assets and liabilities. Prolonged periods of high or volatile interest rates may exert pressure on the Bank's interest margins and reduce the affordability of credit for customers, which could adversely impact business volumes and profitability.

5.3.2 Compliance and Regulatory Risk
The banking and microfinance sectors are subject to extensive regulation by the SBP and other authorities. Changes in prudential regulations, capital requirements, tax laws, or lending limits (including sector-specific or collateral-based limits) may affect the Bank's business model, growth plans, and profitability

5.3.3 Competitive Risk
The Bank operates in a competitive environment comprising other microfinance banks, digital banks, non-bank microfinance institutions, fintech companies, and informal lenders. The emergence of digitally enabled competitors offering faster onboarding, alternative credit products, and lower-cost distribution channels may further intensify competition and require the Bank to increase investment in technology, product development, and customer retention.

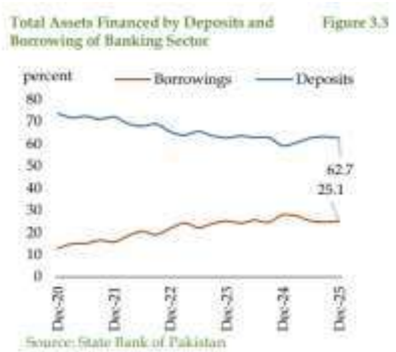
5.3.4 Commodity Price Risk
The Bank is exposed to commodity price risk through lending secured against commodities, particularly gold, as well as financing extended to borrowers whose repayment capacity is linked to agricultural income. Volatility in commodity prices and adverse weather conditions may reduce collateral values, affect borrower income, and weaken repayment

capacity, which could adversely affect the Bank's asset quality and profitability.

5.3.5 Reduced Private Sector Credit Exposure Risk

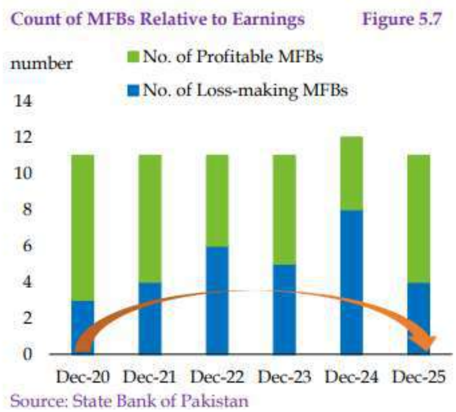
The increasing allocation of banking sector assets towards government securities may reduce the availability of credit to businesses and consumers. By June 2025, investments represented 62.9% of total banking sector assets, compared to 55.5% in December 2024, while private sector advances declined by 16.9% during the first half of CY25. Over the same period, the Advances-to-Deposits Ratio declined to 35.3%, its lowest level since June 2014, reflecting the banking sector's increasing exposure to government borrowing. This trend may limit the transmission of lower interest rates to the broader economy, as reduced private sector lending can constrain credit availability and weaken demand for financing. For the Bank, prolonged weakness in private sector credit growth may affect lending opportunities, customer demand, and the expansion of certain financing products.[44]

5.3.6 Risk of Banks facing losses



As interest rates declined, banks increased their exposure to long-term government securities. By the end of CY2025, such investments had increased to approximately PKR 9.2 trillion, representing around 95% of banks' total investment portfolios. A subsequent increase in interest rates, whether due to renewed inflationary pressures or external economic shocks, could result in a decline in the market value of these securities and expose banks to valuation losses. Such losses may weaken balance sheets and reduce the banking sector's willingness or capacity to extend credit, thereby limiting the effectiveness of monetary easing in supporting broader economic activity.[45]

5.3.7 Microfinance Sector Solvency Risk



Microfinance banks play an important role in extending credit to farmers, micro-entrepreneurs, small businesses, and low-income households, which are among the segments most sensitive to changes in borrowing costs. However, the microfinance banking sector continues to face significant financial challenges. The sector's aggregate capital position has become negative, while it has remained loss-making for several consecutive years, with nearly half of the country's microfinance banks continuing to report losses during CY2025.

Persistent financial weakness across the sector may restrict the ability of microfinance institutions to expand lending despite reductions in policy rates and borrowing costs. Continued sector-wide financial distress may also adversely affect depositor confidence, access to funding, competitive dynamics, and regulatory requirements, which could indirectly affect the Bank's operating environment and growth prospects.[46]

5.3.8 Risk of Non-Performing Loans Continuing to Rise

44 https://www.sbp.org.pk/publications/HPR/H1CY25.pdf

45 https://www.sbp.org.pk/FSR/2025/12.Ch3Banking%20sector.pdf

46 https://www.sbp.org.pk/FSR/2025/18.%20Ch5%20MFBs.pdf

The absolute value of non-performing loans within the microfinance sector increased from PKR 44 billion to PKR 48 billion during CY2025. Although the reported NPL ratio improved, this was primarily attributable to growth in the overall lending portfolio rather than a reduction in the absolute stock of impaired loans. The sector therefore continues to face underlying asset quality pressures arising from the lingering effects of the COVID-19 pandemic, the 2022 floods, and the high-inflation environment experienced during 2023 and 2024.

A continued increase in non-performing loans may weaken sector profitability, place further pressure on capital positions, and constrain the ability of microfinance banks to extend additional financing. [47]

NOTE: IT IS STATED THAT TO THE BEST OF OUR BELIEF AND KNOWLEDGE ALL MATERIAL RISK FACTORS HAVE BEEN DISCLOSED AND THAT NOTHING HAS BEEN CONCEALED IN THIS RESPECT

47 https://www.sbp.org.pk/FSR/2025/18.%20Ch5%20MFBs.pdf

CERTIFICATE BY CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER OF THE ISSUER

Dated: 04-06-2026

Subject: **Certificate by the Chief Executive Officer and Chief Financial Officer of the Issuer**

I being the Chief Executive Officer (Acting) and Chief Financial Officer of ABHI Microfinance Bank Limited (the "Issuer") accept absolute responsibility for the disclosures made in the Prospectus. I hereby certify that I have reviewed the Prospectus and that it contains all the necessary information with regard to the Issue and constitutes full, true and plain disclosures of all material facts relating to the ordinary shares being offered through this Prospectus and that nothing has been concealed.

The information contained in this Prospectus is true and correct to the best of my knowledge and the opinions and intends expressed herein are honestly held.

There are no other facts, the omission of which makes this Prospectus as a whole or any part thereof misleading.

For and on behalf of ABHI Microfinance Bank Limited

ABHI MICROFINANCE BANK LTD.

Muhammad Farooq Kamran
Chief Executive Officer (Acting)/CFO

ABHI MICROFINANCE BANK
S.A. Khan House 2, Plot No. 12, D-12 Markaz, Islamabad. Ph: 051-2708274
info@abhibank.com - www.abhibank.com

UNDERTAKING BY THE COMPANY AND ITS SPONSORS

E-STAMP
(Islamabad Capital Territory)

ICT-B5CEF3F20A55592C

PSID-10123000326279277745

Rs 200/-

Two Hundred Rupees Only

Purpose	: PARTNERSHIP - 46(a)
Applicant	: Arshad Mehmood [37201-3342193-3]
S/O	: Sikandar Khan
Address	: Chakora, P.O Ghaziabad, Tehsil & District Chakwal
Issue Date	: 02-Jul-2026, 03:59:25 PM
Delisted On/Validity	: 17-Jul-2026
Paid Through Challan	: 202665B730BBE57C
Reason	: Undertaking From Sponsor CEO All Directors.

ATTESTED
TARIQ IQBAL MAHER
Advocate High Court
Oath Commissioner
ISLAMABAD

نوٹ: یہ ٹرانزیکشن تاریخ اجراء سے پندرہ دنوں تک کے لیے قابل استعمال ہے۔ ای اسٹامپ کی تصدیق بذریعہ ویب سائٹ، کیو آر کوڈ سے کی جا سکتی ہے۔

Please Write Below This Line

Date: 02-07-2026

Pakistan Stock Exchange Limited
Stock Exchange Building
Stock Exchange Road
Karachi – 74000, Pakistan

UNDERTAKING BY THE COMPANY AND ITS SPONSORS

ABHI Microfinance Bank Limited and its Sponsors undertake that:

1) Neither the Company nor its directors, sponsors or substantial shareholders, have been holding office of the directors, or have been sponsors or substantial shareholders in any Company:
   a. Which had been declared defaulter by the securities exchange or futures exchanges; or
   b. Whose TRE certificate has been cancelled or forfeited by the Exchange, PMEX or any other registered stock exchange of Pakistan that existed prior to integration of stock exchanges pursuant to Integration Order number 01/2016 dated January 11, 2016 issued by the Commission due to non-compliance of any applicable rules, regulations, notices, procedures, guidelines etc.
   c. Which has been delisted by the Exchange due to its non-compliance of any applicable provision of PSX Regulation.
2) None of the Sponsors, Major Shareholders, Directors or Management of the Company as well as the Company itself or its Associated Company / Entity have been found guilty of being engaged in any fraudulent activity. The Company has made full disclosure regarding any / or all cases [illegible] involvement of the person named above in any alleged fraudulent activity i.e. pending b[illegible] of Law / Regulatory Body / Investigation Agency in or outside of the country.

For and on behalf of **ABHI Microfinance Bank Limited**

Muhammad Farooq Kamran
Chief Executive Officer (Acting)

ATTESTED
TARIQ IQBAL MAHER
Advocate High Court
Notary
ISLAMABAD

For and on behalf of sponsor of ABHI Microfinance Bank Limited

Name: Omair Muzzaffer Ansari
Chief Executive Officer & Authorized
Representative of Abhi (Private) Limited

For and on behalf of Directors of ABHI Microfinance Bank Limited

Name: Atif Riaz Bokhari
Chairman/Independent Director

Name: Ms. Khursheed Kotwal
Independent Director

Name: Ali Muhammad Raza
Non-Executive Director

Name: Omair Muzzaffer Ansari
Non-Executive Director

Name: Jehangir Shah
Non-Executive Director

Name: Ms. Ammara Masood
Independent Director

Name: Mr. Pavel Khristolyubov
Non-Executive Director

STATEMENT BY THE ISSUER

Dated: 04-06-2026

The Chief Executive
Pakistan Stock Exchange Limited
Stock Exchange Building
Stock Exchange Road
Karachi

On behalf of **ABHI Microfinance Bank Limited** or (the "Company"), We hereby confirm that all material information as required under the Companies Act, 2017, the Securities Act, 2015, the Public Offering Regulations, 2017 and the Listing of Companies and Securities Regulations of the Pakistan Stock Exchange Limited has been disclosed in the Prospectus and that whatever is stated in Prospectus and the supporting documents is true and correct to the best of our knowledge and belief and that nothing has been concealed.

For and behalf of **ABHI Microfinance Bank Limited**

ABHI MICROFINANCE BANK LTD.

Muhammad Farooq Kamran
Chief Executive Officer (Acting)/CFO

ABHI MICROFINANCE BANK
S.A. Khan House 2, Plot No. 12, D-12 Markaz, Islamabad, Ph: 051-2706274
info@abhibank.com - www.abhibank.com

STATEMENT BY JOINT CONSULTANT TO THE ISSUE

ARIF HABIB LIMITED

Date: June 19, 2026

The Chief Executive
Pakistan Stock Exchange Limited,
Stock Exchange Building
Stock Exchange Road
Karachi - 74000

Being mandated as the Joint Lead Consultant to the Issue to this Initial Public Offering of ABHI Microfinance Bank Limited through the Book Building Mechanism, we hereby confirm that all material information as required under the Companies Act 2017, Securities Act, 2015, the Listing of Companies and Securities Regulations of the Pakistan Stock Exchange Limited and the Public Offering Regulations, 2017 has been disclosed in the Prospectus and that whatever is stated in the Prospectus and in the supporting documents is true and correct to the best of our knowledge and belief and that nothing has been concealed.

We have examined the business model and audited financial statements of the Issuer and based on the same, material information including risks that would enable the investors to make an informed decision has been disclosed in the prospectus.

For and on behalf of **Arif Habib Limited**

ARIF HABIB LIMITED KARACHI

Farhan Rizvi
Managing Director, Investment Banking

Date: June 19, 2026

The Chief Executive
Pakistan Stock Exchange Limited,
Stock Exchange Building
Stock Exchange Road
Karachi - 74000

Being mandated as the Joint Lead Consultant to the Issue to this Initial Public Offering of ABHI Microfinance Bank Limited through the Book Building Mechanism, we hereby confirm that all material information as required under the Companies Act 2017, Securities Act, 2015, the Listing of Companies and Securities Regulations of the Pakistan Stock Exchange Limited and the Public Offering Regulations, 2017 has been disclosed in the Prospectus and that whatever is stated in the Prospectus and in the supporting documents is true and correct to the best of our knowledge and belief and that nothing has been concealed.

We have examined the business model and audited financial statements of the Issuer and based on the same, material information including risks that would enable the investors to make an informed decision has been disclosed in the prospectus.

For and on behalf of **Topline Securities Limited**

Syeda Sharmeen Ahmed
Managing Director, Corporate Finance

TOPLINE SECURITIES LIMITED

8th Floor, Horizon Tower, Plot 2/6, Block 3, Clifton, Karachi-Pakistan.
TEL: +92-21-35303330-32 | www.topline.com.pk

GROWTH SECURITIES (PVT) LTD.

Room # 81, 82, 83, & 77, Second Floor, Pakistan Stock Exchange Building, I.I. Chundrigar Road, Karachi-74000.
Ph: (+92-21) 32463001-04 http://www.growthsecurities.com.pk
E-mail: info@growthsecurities.com.pk, growthsecurities102@gmail.com
Trading Right Entitlement Certificate Holder of Pakistan Stock Exchange Limited
(Formerly: Karachi Stock Exchange Limited)

Date: June 19, 2026

The Chief Executive
Pakistan Stock Exchange Limited,
Stock Exchange Building
Stock Exchange Road
Karachi - 74000

Being mandated as the Joint Lead Consultant to the Issue to this initial Public Offering of ABHI Microfinance Bank Limited through the Book Building Mechanism, we hereby confirm that all material information as required under the Companies Act 2017, Securities Act, 2015, the Listing of Companies and Securities Regulations of the Pakistan Stock Exchange Limited and the Public Offering Regulations, 2017 has been disclosed in the Prospectus and that whatever is stated in the Prospectus and in the supporting documents is true and correct to the best of our knowledge and belief and that nothing has been concealed.

We have examined the business model and audited financial statements of the issuer and based on the same, material information including risks that would enable the investors to make an informed decision has been disclosed in the prospectus.

For and on behalf of **Growth Securities (Private) Limited**

Muhammad Shahid
Chief Executive Officer
Growth Securities (Pvt.) Limited

6 FINANCIAL INFORMATION

6.2 AUDITORS REPORT AS CERTIFICATE ON ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

PKF F.R.A.N.T.S.
Chartered Accountants
135, Ferozepur Road,
Lahore – Pakistan.

+92 42 37503381-82
lahore@pkf.com.pk
www.pkf.com.pk

PKF/ABHI-119/26
May 12, 2026

Manzoor Ahmed
Bank Secretary
ABHI Microfinance Bank Limited
Plot #12, S. A. House, D-12 Markaz,
Islamabad.

Dear Sir,

AUDITOR'S CERTIFICATE ON ISSUED, SUBSCRIBED AND PAIDUP CAPITAL UNDER CLAUSE 14 (I) OF SECTION 1 OF THE FIRST SCHEDULE OF PUBLIC OFFERING REGULATIONS, 2017

We have been requested to provide you with a certificate on issued, subscribed and paid-up capital of ABHI Microfinance Bank Limited (the Bank) based on audited financial statements of the Bank for the year ended December 31, 2025 as required under Clause 14(i) of Section 1 of the First Schedule of the Public Offering Regulations, 2017.

Scope of Certificate

Our engagement was undertaken on the request of the management of the Bank for the purpose of inclusion of information in prospectus to be issued for Initial Public Offer as required under Clause 14 (i) of section 1 of the First Schedule of the Public Offering Regulations, 2017 for onward submission to the regulatory authorities for listing purpose.

Management Responsibilities

It is the management's responsibility to ensure compliance with the Clause 14(i) of section 1 of the First Schedule of the Public Offering Regulation, 2017. Management's responsibility includes maintenance of adequate accounting records and internal controls, the selection and application of accounting policies, safeguarding of the assets of the Bank and prevention and detection of frauds and irregularity. This certificate does not relieve the management from its responsibilities. Further, the management, is also responsible for submission of this certificate to the regulatory authorities.

Auditor's Responsibilities

Our responsibility is to certify the issued, subscribed and paid-up capital of the Bank based on audited financial statements for the year ended December 31, 2025 in accordance with the 'Guidelines for Issue of Certificates for Special Purposes by Practicing Chartered Accountants Firms' issued by the Institute of Chartered Accountants of Pakistan. Our verification was limited to agreeing the issued, subscribed and paid-up capital with the audited annual financial statements for the year ended December 31, 2025.

PKF

Certificate

Based on procedures mentioned above, we certify that break-up of issued, subscribed and paid-up share capital of the Bank as at December 31, 2025, as follows:

Number of Shares	Ordinary shares of Rs. 10 each fully paid in cash	December 31, 2025 (Rupees)
275,000,000	Ordinary shares of Rs. 10 each – issued at face vale	2,750,000,000
559,888,711	Ordinary shares of Rs. 10 each – issued at discount	5,598,887,110
-	Less: Discount on issue of shares	(4,089,040,293)
559,888,711	Ordinary shares of Rs. 10 each – issued at discount	1,509,846,817
834,888,711		**4,259,846,817**

Name of Shareholders	No. of ordinary shares of Rs. 10 each	Face Value (Rupees)
ABHI (Pvt) Limited	591,149,827	5,911,498,270
TPL Corp Limited	210,619,137	2,106,191,370
Kashf Holdings (Private) Limited	33,119,747	331,197,470

Restriction on use and distribution

This certificate is being issued on the specific request of the management of the Bank for the purpose of inclusion in prospectus to be issued for Initial Public Offering and for onward submission to regulatory authorities for listing purpose only. This certificate is solely for the purpose set forth in the scope mentioned above and is not to be issued or distributed for any other purpose. This certificate is restricted to the facts stated herein.

PKF Frants

PKF F.R.A.N.T.S.
Chartered Accountants

6.3 AUDITOR CERTIFICATE ON BREAK-UP VALUE PER SHARE

PKF F.R.A.N.T.S.
Chartered Accountants
135, Ferozepur Road,
Lahore - Pakistan.

+92 42 37503381-82
lahore@pkf.com.pk
www.pkf.com.pk

PKF/ABHI-118/26
May 12, 2026

Manzoor Ahmed
Company Secretary
ABHI Microfinance Bank Limited
Plot #12, S. A. House, D-12 Markaz,
Islamabad.

Dear Sir,

AUDITOR'S CERTIFICATE ON BREAKUP VALUE OF SHARE BASED ON AUDITED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2025 UNDER CLAUSE 14 (II) OF SECTION 1 OF THE FIRST SCHEDULE OF PUBLIC OFFERING REGULATIONS, 2017

We have been requested by you to provide with a certificate on breakup value of ordinary shares of ABHI Microfinance Bank Limited ("The Bank") based on the audited financial statements of the Company as at December 31, 2025 as required under Clause 14(ii) of Section 1 of the First Schedule of the Public Offering Regulations, 2017 (the Regulation).

Scope of Certificate

Our engagement was undertaken on the request of the management of the Company for the purpose of inclusion of information in prospectus to be issued for Initial Public Offer as required under Clause 14(ii) of Section 1 of the First Schedule of the Regulations, for onward submission to the regulatory authorities.

Management Responsibilities

The responsibility for computation of breakup value of ordinary shares of the Company, based on the audited financial statements of the Company for the year ended December 31, 2025 in accordance with requirements of the Technical Release (TR)-22 of the Institute of Chartered Accountants of Pakistan (ICAP) is primarily that of the management of the Bank. Management's responsibility also includes maintenance of adequate accounting records and internal controls, the selection and application of accounting policies, safeguarding of the assets of the Company and prevention and detection of frauds and irregularities. This certificate does not relieve the management from its responsibilities. Further, the management is responsible for onwards submission of this certificate to regulatory authorities.

Auditor's Responsibilities

Our responsibility is to certify the breakup value of ordinary shares of the company based on the audited financial statements of the Company as at December 31, 2025 in accordance with the 'Guidelines for Issue of Certificates for Special Purposes by Practicing Chartered Accountants Firms' issued by the ICAP. Our verification was limited to trace the relevant financial information used for the purpose of calculating the breakup value of ordinary shares by the management of the Company from the audited financial statements of the Company as at December 31, 2025. In this regard, we have also checked compliance with the requirements of Technical Release (TR)-22 of the ICAP.

Our verification was limited to the procedures as mentioned below:

- Obtain and review the working of Break up value to ensure compliance of TR 22; and
- Traced amount used in the breakup value calculation from audited financial statements as at December 31, 2025 of the Bank.

Certificate

Based on procedures mentioned above, we certify that breakup value of ordinary shares of the Company as at December 31, 2025, based on audited financial statements of the Company as at December 31, 2025, is as follows:

		December 31, 2025 Audited Financial Statement
		Rupees
Share capital		4,259,846,817
Capital contribution reserve		600,000,000
Reserves		1,072,706,246
Depositors' protection fund		592,756,810
Surplus on revaluation of assets – net of tax		9,289,802
Accumulated losses		(6,931,947,970)
Total Shareholder equity	(A)	**(397,348,295)**
		Numbers
Number of ordinary shares	(B)	834,888,711
		Rs. / Share
Nominal Value per share	(A/B)	-(0.48)

Restriction on use and distribution

This certificate is being issued on the specific request of the management of the Bank for the purpose of inclusion in prospectus to be issued for Initial Public Offering and for onward submission to other regulatory authorities for listing purpose only. This certificate is solely for the purpose set forth in the scope mentioned above and is not to be issued or distributed for any other purpose. This certificate is restricted to the facts stated herein.

PKF F.R.A.N.T.S.
Chartered Accountants

6.4 AUDITOR REPORT UNDER CLAUSE 1 OF SECTION 2 OF FIRST SCHEDULE TO THE PUBLIC OFFERING REGULATIONS, 2017

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PKF/ABHI-117/26
May 12, 2026

Manzoor Ahmed
Company Secretary
ABHI Microfinance Bank Limited
Plot #12, S. A. House, D-12 Markaz,
Islamabad.

Dear Sir,

AUDITOR'S CERTIFICATE UNDER CLAUSE 1 OF SECTION 2 OF THE FIRST SCHEDULE OF THE PUBLIC, OFFERING REGULATIONS, 2017

We have been requested to provide you with a certificate in respect to information of ABHI Microfinance Bank Limited ("the Bank"), as required under Clause 1 of Section 2 of the First Schedule of the Public Offering Regulations, 2017.

Scope of Certificate

Our engagement was undertaken on the request of the management of the Bank for the purpose of inclusion of information in prospectus to be issued for Initial Public Offer as required under Clause 1 of Section 2 of the First Schedule of the Public Offering Regulations, 2017 for onward submission to the regulatory authorities.

Management Responsibilities

The responsibility for preparation and fair presentation of the financial information and non-financial information is primarily that of the management of the Bank. Management's responsibility also includes maintenance of adequate accounting records and internal controls, the selection and application of accounting policies, safeguarding of the assets of the Bank and prevention and detection of frauds and irregularity. This certificate does not relieve the management from its responsibilities. Further, the management is responsible for onwards submission of this certificate to regulatory authorities.

Auditor's Responsibilities

Our responsibility is to certify the information as required under Clause 1 of Section 2 of the First Schedule to the Public Offering Regulation, 2017. Our certificate is being issued in accordance with the 'Guidelines for issue of certificates for special purposes by practicing chartered accountant firms' issued by the Institute of Chartered Accountants of Pakistan (ICAP). Our verification was limited to validating the correctness of financial and non-financial information included in this certificate (including annexures). Our verification was limited to the procedures as mentioned below:

- Obtained audited financial statements for the years ended December 31, 2023, 2024 and 2025,
- Traced amounts in
    - Annexure 'A' from statement of financial position of respective audited financial statements,
    - Annexure 'B' from statement of profit and loss Account of respective audited financial statements, and
    - Annexure 'C' from statement of comprehensive income of respective audited financial statements.

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- Traced from statement of changes in equity of respective audited financial statements whether any dividend was declared during the respective period, and
- Traced from respective audited financial statements whether the Bank has any investment in subsidiary.

Certificate

Based on procedures mentioned above, we are pleased to state the following:

1. We have audited the financial statements for the years ended December 31, 2023, 2024 and 2025, as part of our responsibilities as statutory auditors in accordance with the statutory requirements for each respective year.
2. In terms of the requirement under Clause 1 of Section 2 of the First Schedule of the Public Offering Regulation, 2017 and based on the audited financial statements, we state as under:
   a) Summary of assets, liabilities and shareholder's equity of the Bank for the years ended December 31, 2023, 2024 and 2025 is included in Annexure 'A' of this certificate,
   b) The Statement of profit and loss Account of the Bank for the years ended December 31, 2023, 2024 and 2025 is included in Annexure 'B' of this certificate, and
   c) The Statement of Comprehensive Income of the Bank for the years ended December 31, 2023, 2024 and 2025 is included in Annexure 'C' of this certificate.
3. No dividend was declared by the Bank for the years ended December 31, 2023, 2024 and 2025.
4. For the year ended December 31, 2025, December 31, 2024 and December 31, 2024, the Company did not have any subsidiary.

Restriction on use and distribution

This certificate is being issued on the specific request of the management of the Bank for the purpose of inclusion in prospectus to be issued for Initial Public Offering and for onward submission to other regulatory authorities for listing purpose only. This certificate is solely for the purpose set forth in the scope mentioned above and is not to be issued or distributed for any other purpose. This certificate is restricted to the facts stated herein.

PKF F.R.A.N.T.S.
Chartered Accountants

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Annexure - A

	2025	2024	2023
		--------Rupees--------	
ASSETS			
Cash and balances with treasury banks	9,863,364,956	3,409,587,839	1,830,826,692
Balances with other MFBs / banks / NBFs	7,547,109,841	5,452,594,698	105,940,179
Lending to financial institutions	2,762,889,000	-	-
Investments	6,443,102,790	4,562,000,100	3,889,939,410
Advances	37,555,584,192	18,386,926,694	17,965,971,882
Property and equipment	992,016,487	416,654,081	514,828,983
Right-of-use assets	1,029,461,547	646,806,802	541,188,645
Intangible assets	190,715,341	118,086,431	154,778,437
Deferred tax asset	4,268,015,321	4,602,670,938	4,271,761,534
Other assets	6,413,522,434	2,757,248,926	2,595,318,825
Total assets	77,065,781,909	40,352,576,509	31,870,554,587
LIABILITIES			
Bills Payable	114,006,111	116,212,293	102,600,913
Borrowings	3,000,000,000	3,000,000,000	3,046,875,000
Deposits and other accounts	69,088,284,013	36,226,184,701	25,539,671,770
Lease liabilities	1,255,333,543	898,106,035	770,731,115
Subordinated debt	672,286,612	800,000,000	800,000,000
Deferred grant	-	-	-
Other liabilities	3,333,219,925	3,341,947,500	2,742,531,430
Total liabilities	77,463,130,204	44,382,450,529	33,002,410,228
NET ASSETS	(397,348,295)	(4,029,874,020)	(1,131,855,641)
REPRESENTED BY:			
Share capital	4,259,846,817	2,259,846,817	2,259,846,817
Capital Contribution Reserve	600,000,000	-	-
Reserves	1,072,706,246	868,881,433	868,881,433
Depositors' protection fund	592,756,810	482,045,565	390,823,377
Surplus on revaluation of assets - net of tax	9,289,802	3,933,767	2,172,667
Accumulated losses	(6,931,947,970)	(7,644,581,602)	(4,653,579,935)
	(397,348,295)	(4,029,874,020)	(1,131,855,641)
	(397,348,295)	(4,029,874,020)	(1,131,855,641)

Note:

During the year ended December 31, 2024 the Bank adopted IFRS 9 – "Financial Instruments" with effect from January 1, 2024 in accordance with the requirements of circular no. 3 of 2022 dated July 5, 2022 issued by the State Bank of Pakistan (SBP). Certain comparative information for financial year 2023 relating to financial instruments in scope of IFRS 9 were not restated, and the difference arising from adoption of IFRS 9 has been recognized directly in retained earnings as of January 1, 2024, in accordance with the guidance issued by SBP.

Further, the Banking Policy and Regulations Department of SBP, introduced a new format for preparation of financial statements for microfinance banks which was applied for the preparation of financial statements for the year ended December 31, 2024. The figures in the above table for the year ended December 31, 2023 have been reclassified as per the new format.

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Annexure - B

	2,025	2024	2023
		--------Rupees--------	
Mark-up / return / interest earned	11,687,285,546	7,385,402,542	6,309,457,793
Mark-up / return / interest expensed	(6,617,939,878)	(6,382,028,345)	(4,893,564,249)
Net mark-up / interest income	5,069,345,668	1,003,374,197	1,415,893,544
NON MARK-UP / INTEREST INCOME			
Fee and commission income	1,395,573,053	1,027,849,086	671,719,455
Gain on securities	192,564,998	129,310,801	1,904,497
Other income	629,283,563	391,612,258	54,351,477
Total non mark-up / interest income	2,217,421,614	1,548,772,145	727,975,429
Total Income	7,286,767,282	2,552,146,342	2,143,868,973
NON MARK-UP / NON INTEREST EXPENSES			
Operating expenses	(5,724,104,402)	(4,349,381,604)	(4,563,623,036)
Workers welfare fund	-	-	-
Other charges	(133,883,658)	(50,666,366)	(45,530,323)
Total non mark-up / non interest expenses	(5,857,988,060)	(4,400,047,970)	(4,609,153,359)
Profit / (loss) before credit loss allowance	1,428,779,222	(1,847,901,628)	(2,465,284,386)
Credit loss allowance and write offs - net	242,496,454	555,990,568	(278,373,818)
PROFIT / (LOSS) BEFORE TAXATION	1,671,275,676	(1,291,911,060)	(2,743,658,204)
Taxation	(652,151,613)	(461,609,744)	1,013,792,192
PROFIT / (LOSS) AFTER TAXATION	1,019,124,063	(1,753,520,804)	(1,729,866,012)

Note:

During the year ended December 31, 2024 the Bank adopted IFRS 9 – "Financial Instruments" with effect from January 1, 2024 in accordance with the requirements of circular no. 3 of 2022 dated July 5, 2022 issued by the State Bank of Pakistan (SBP). Certain comparative information for financial year 2023 relating to financial instruments in scope of IFRS 9 were not restated, and the difference arising from adoption of IFRS 9 has been recognized directly in retained earnings as of January 1, 2024, in accordance with the guidance issued by SBP.

Further, the Banking Policy and Regulations Department of SBP, introduced a new format for preparation of financial statements for microfinance banks which was applied for the preparation of financial statements for the year ended December 31, 2024. The figures in the above table for the year ended December 31, 2023 have been reclassified as per the new format.

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Annexure - C

	2025	2024	2023
		---------Rupees---------	
Profit / (loss) after taxation for the year	1,019,124,063	(1,753,520,804)	(1,729,866,012)
Other comprehensive income:			
Items that may be reclassified to profit or loss account in subsequent periods			
Movement in surplus / (deficit) on revaluation of investments in debt instruments	8,780,386	2,887,050	12,800,150
Related tax impact	(3,424,351)	(1,125,950)	(4,992,059)
	5,356,035	1,761,100	7,808,091
Items that will not be reclassified to profit and loss account in subsequent periods			
Remeasurment gain on defined benefit	(84,769,533)	29,405,221	158,130
Related tax impact	33,060,118	(11,468,036)	(55,346)
	(51,709,415)	17,937,185	102,784
Total comprehensive income / (loss)	972,770,683	(1,733,822,519)	(1,721,955,137)

Note:

During the year ended December 31, 2024 the Bank adopted IFRS 9 – "Financial Instruments" with effect from January 1, 2024 in accordance with the requirements of circular no. 3 of 2022 dated July 5, 2022 issued by the State Bank of Pakistan (SBP). Certain comparative information for financial year 2023 relating to financial instruments in scope of IFRS 9 were not restated, and the difference arising from adoption of IFRS 9 has been recognized directly in retained earnings as of January 1, 2024, in accordance with the guidance issued by SBP.

Further, the Banking Policy and Regulations Department of SBP, introduced a new format for preparation of financial statements for microfinance banks which was applied for the preparation of financial statements for the year ended December 31, 2024. The figures in the above table for the year ended December 31, 2023 have been reclassified as per the new format.

6.5 AUDITED FINANCIAL STATEMENTS CY25

ABHI MICROFINANCE BANK LIMITED

Annual Financial Statements
For the year ended 31 December 2025

Contents

Independent Auditor's Report

Annual Financial Statements

- Statement of Financial Position
- Statement of Profit and Loss Account
- Statement of Comprehensive Income
- Cash Flow Statement
- Statement of Changes in Equity
- Notes to the Financial Statement
- Annexure - I

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Independent Auditor's Report

To the members of ABHI Microfinance Bank Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **ABHI Microfinance Bank Limited** ("the Bank"), which comprise the statement of financial position as at **December 31, 2025**, and the statement of profit and loss account, the statement of comprehensive income, the statement of changes in equity, the cash flow statement for the year then ended and notes to the financial statements, including material accounting policy information and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion, and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit and loss account, the statement of comprehensive income, the statement of changes in equity and the cash flow statement together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), Microfinance Institutions Ordinance, 2001 and the directives issued by the State Bank of Pakistan in the manner so required and respectively give a true and fair view of the state of the Bank's affairs as at December 31, 2025 and of the profit and other comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty relating to Going Concern

We draw attention to Note 1.1 in the financial statements, which indicates that the Bank reported a net profit of Rs. 1,010.12 million during the year ended December 31, 2025 and, as of that date, the Bank's accumulated losses stood at Rs. 6,931.95 million resulting in negative capital of Rs. 397.35 million. Consequently, the Bank was in breach of the minimum capital requirements prescribed under the State Bank of Pakistan's Prudential Regulations for Microfinance Banks. As stated in Note 1.1, these events or conditions, along with other matters as set forth in the note, indicate that a material uncertainty exists that may cast significant doubt on the Bank's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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Independent Auditor's Report (continued)
To the members of ABHI Microfinance Bank Limited

Emphasis of Matter

We draw attention to Note 15.1 to the financial statements, which describes that the Bank has recognized a deferred tax asset of Rs. 4,268.02 million based on the business plan and financial projections approved by the Board of Directors of the Bank. The realization of this deferred tax asset is dependent on the Bank generating sufficient taxable profits in future periods. The preparation of these projections involves the use of management assumptions and judgments about future profitability. A significant change in these assumptions may affect the recoverability of the deferred tax asset. Our opinion is not modified in respect of this matter.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the directors' report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and the Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting and reporting standards as applicable in Pakistan, the requirements of the Companies Act, 2017 (XIX of 2017), Microfinance Institutions Ordinance, 2001 and the directives issued by the State Bank of Pakistan and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Bank's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Independent Auditor's Report (continued)
To the members of ABHI Microfinance Bank Limited

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

a) proper books of account have been kept by the Bank as required by the Companies Act, 2017 (XIX of 2017);

b) the statement of financial position, the statement of profit and loss account, the statement of comprehensive income, the statement of changes in equity and the cash flow statement together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017), Microfinance Institutions Ordinance, 2001 and the directives issued by the State Bank of Pakistan and are in agreement with the books of account and returns;

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Bank's business; and

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Independent Auditor's Report (continued)
To the members of ABHI Microfinance Bank Limited

d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Bank and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditor's report is **Nouman Razaq Khan**

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PKF F.R.A.N.T.S.
Chartered Accountants
Lahore

Date: April 23, 2026
UDIN: AR202510205mzSoRVGtv

ABHI MICROFINANCE BANK LIMITED
Statement of Financial Position
As at 31 December 2025

	Note	2025	2024
		--------Rupees--------	
ASSETS			
Cash and balances with treasury banks	7	9,863,364,956	3,409,587,839
Balances with other MFBs / banks / NBFs	8	7,547,109,841	5,452,594,698
Lending to financial institutions	9	2,762,889,000	-
Investments	10	6,443,102,790	4,562,000,100
Advances	11	37,555,584,192	18,386,926,694
Property and equipment	12	992,016,487	416,654,081
Right-of-use assets	13	1,029,461,547	646,806,802
Intangible assets	14	190,715,341	118,086,431
Deferred tax asset	15	4,268,015,321	4,602,670,938
Other assets	16	6,413,522,434	2,757,248,926
Total assets		77,065,781,909	40,352,576,509
LIABILITIES			
Bills Payable	17	114,006,111	116,212,293
Borrowings	18	3,000,000,000	3,000,000,000
Deposits and other accounts	19	69,088,284,013	36,226,184,701
Lease liabilities	20	1,255,333,543	898,106,035
Subordinated debt	21	672,286,612	800,000,000
Other liabilities	22	3,333,219,925	3,341,947,500
Total liabilities		77,463,130,204	44,382,450,529
NET ASSETS		(397,348,295)	(4,029,874,020)
REPRESENTED BY:			
Share capital	23	4,259,846,817	2,259,846,817
Capital Contribution Reserve	24	600,000,000	-
Reserves		1,072,706,246	868,881,433
Depositors' protection fund		592,756,810	482,045,565
Surplus on revaluation of assets - net of tax	25	9,289,802	3,933,767
Accumulated losses		(6,931,947,970)	(7,644,581,602)
		(397,348,295)	(4,029,874,020)
		(397,348,295)	(4,029,874,020)
CONTINGENCIES AND COMMITMENTS	26		

The annexed notes 1 to 51 and Annexure I form an integral part of these financial statements.

Chief Executive Officer	Chairman	Chief Financial Officer	Director	Director

ABHI MICROFINANCE BANK LIMITED

Statement Profit and Loss Account
For the year ended 31 December 2025

	Note	2025	2024
		--------Rupees--------	
Mark-up / return / interest earned	27	11,687,285,546	7,385,402,542
Mark-up / return / interest expensed	28	(6,617,939,878)	(6,382,028,345)
Net mark-up / interest income		5,069,345,668	1,003,374,197
NON MARK-UP / INTEREST INCOME			
Fee and commission income	29	1,395,573,053	1,027,849,086
Gain on securities	30	192,564,998	129,310,801
Other income	31	629,283,563	391,612,258
Total non mark-up / interest income		2,217,421,614	1,548,772,145
Total Income		7,286,767,282	2,552,146,342
NON MARK-UP / NON INTEREST EXPENSES			
Operating expenses	32	(5,724,104,402)	(4,349,381,604)
Workers welfare fund		-	-
Other charges	33	(133,883,658)	(50,666,366)
Total non mark-up / non interest expenses		(5,857,988,060)	(4,400,047,970)
Profit / (Loss) before credit loss allowance		1,428,779,222	(1,847,901,628)
Credit loss allowance and write offs - net	34	242,496,454	555,990,568
PROFIT / (LOSS) BEFORE TAXATION		1,671,275,676	(1,291,911,060)
Taxation	35	(652,151,613)	(461,609,744)
PROFIT / (LOSS) AFTER TAXATION		1,019,124,063	(1,753,520,804)
Basic and diluted earnings/(loss) per share	36	1.33	(2.76)

The annexed notes 1 to 51 and Annexure I form an integral part of these financial statements.

Chief Executive Officer	Chairman	Chief Financial Officer	Director	Director

ABHI MICROFINANCE BANK LIMITED
Statement of Comprehensive Income
For the year ended 31 December 2025

	2025	2024
	--------Rupees--------	
Profit/(Loss) after taxation for the year	**1,019,124,063**	(1,753,520,804)
Other comprehensive income/(loss):		
Items that may be reclassified to profit or loss account in subsequent periods		
Movement in surplus on revaluation of investments in debt instruments	**8,780,386**	2,887,050
Related tax impact	**(3,424,351)**	(1,125,950)
	5,356,035	1,761,100
Items that will not be reclassified to profit and loss account in subsequent periods		
Remeasurment (loss)/gain on defined benefit	**(84,769,533)**	29,405,221
Related tax impact	**33,060,118**	(11,468,036)
	(51,709,415)	17,937,185
Total comprehensive income /(loss)	**972,770,683**	(1,733,822,519)

The annexed notes 1 to 51 and Annexure I form an integral part of these financial statements.

Chief Executive Officer	Chairman	Chief Financial Officer	Director	Director

ABHI MICROFINANCE BANK LIMITED

Cash Flow Statement
For the year ended 31 December 2025

	Note	2025	2024
		------Rupees------	
CASH FLOW FROM OPERATING ACTIVITIES			
Profit / (Loss) before taxation		1,671,275,676	(1,201,911,060)
Adjustments:			
Depreciation	12	133,519,903	141,604,236
Depreciation on right-of-use assets	13	217,490,551	237,062,448
Amortization	14	36,477,734	45,337,172
Mark-up / return / interest expense on lease liability against right-of-use assets	20	168,638,771	132,759,148
Credit loss allowance and write-offs		106,996,921	(29,107,187)
Loss/ (Gain) on sale / disposal of property and equipment	33	36,607,004	(1,669,537)
Markup earned on investments in government securities	27	(471,290,821)	(942,677,221)
Markup earned on lending to financial institution	27	(71,061,295)	
Gain on revaluation of held for trading securities	30	(454,000)	-
Gain on disposal of government securities	30	(35,813,968)	(129,310,801)
Liabilities written back	31	-	(386,319,337)
Gain on termination of lease	31	-	(3,199,057)
Gain on derecongnition of subordinate debt	31	(626,769,424)	-
Provision for gratuity	40.6.1	84,887,311	102,582,918
		(420,771,313)	(832,937,218)
		1,250,504,363	(2,124,848,278)
(Increase)/ Decrease in operating assets			
Securities classified as FVTPL		(3,929,756,032)	977,582,020
Lendings to financial institutions		(2,691,797,253)	-
Advances		(19,198,255,456)	(1,898,676,695)
Others assets		(3,656,273,451)	(224,107,172)
		(29,476,082,192)	(1,145,201,847)
Increase / (Decrease) in operating liabilities			
Bills payable		(2,206,182)	13,611,380
Borrowings from financial institutions		-	(46,875,000)
Deposits		32,862,099,312	10,686,512,931
Other liabilities		355,026,335	624,134,131
		33,214,919,465	11,277,383,442
		4,989,341,636	8,007,333,317
Gratuity paid	40.5	(90,144,180)	(81,519,466)
Income tax paid		(321,305,044)	(123,343,197)
Net cash flow from operating activities		4,577,892,412	7,802,470,654
CASH FLOW FROM INVESTING ACTIVITIES			
Net investments in amortised cost securities		2,636,552,394	(481,784,350)
Investments in property and equipment		(17,825,114)	-
Addition in capital work in progress		(767,354,702)	(45,926,263)
Investments in Intangible assets - CWIP		(100,150,312)	(8,645,166)
Proceeds from sale of property and equipment		30,734,141	4,166,567
Net cash flow from / (used in) investing activities		1,781,956,407	(532,189,212)

ABHI MICROFINANCE BANK LIMITED
Cash Flow Statement
For the year ended 31 December 2025

	Note	2025	2024
		--------Rupees--------	
CASH FLOW FROM FINANCING ACTIVITIES			
Payment of lease liability against right-of-use assets		(411,556,559)	(344,865,776)
Issue of share capital		2,000,000,000	-
Capital Contribution Reserves		600,000,000	-
Net cash from / (used in) financing activities		2,188,443,441	(344,865,776)
Increase in cash and cash equivalents		8,548,292,260	6,925,415,666
Cash and cash equivalents at beginning of the year		8,862,182,537	1,936,766,871
Cash and cash equivalents at end of the year	37	17,410,474,797	8,862,182,537

The annexed notes 1 to 51 and Annexure I form an integral part of these financial statements.

Chief Executive Officer	Chairman	Chief Financial Officer	Director	Director

ABHI MICROFINANCE BANK LIMITED

Statement of Changes In Equity

For the year ended 31 December 2025

			Capital reserves			Revenue reserves		
	Share capital	Discount on issue of shares	Capital contribution reserve	Statutory reserve	Depositors' protection fund	Accumulated losses	Surplus on revaluation of assets - net of tax	Total
	----------	----------	----------	----------	Rupees	----------	----------	----------
Balance as at 01 January 2024	6,348,887,110	(4,089,040,293)	-	868,881,433	390,823,377	(5,908,997,983)	2,172,667	(2,387,273,689)
Loss for the year	-	-	-	-	-	(1,753,520,804)	-	(1,753,520,804)
Other comprehensive income-net of tax	-	-	-	-	-	17,937,185	1,761,100	19,698,285
	-	-	-	-	-	(1,735,583,619)	1,761,100	(1,733,822,519)
Transfer to statutory reserve	-	-	-	-	-	-	-	-
Return on depositors' protection fund's investments	-	-	-	-	91,222,188	-	-	91,222,188
Balance as at January 01, 2025	6,348,887,110	(4,089,040,293)	-	868,881,433	482,045,565	(7,644,581,602)	3,933,767	(4,029,874,020)
Profit for the year	-	-	-	-	-	1,019,124,063	-	1,019,124,063
Other comprehensive loss-net of tax	-	-	-	-	-	(51,709,415)	5,356,035	(46,353,380)
	-	-	-	-	-	967,414,648	5,356,035	972,770,683
Transaction with owners								
Issue of share capital	2,000,000,000	-	-	-	-	-	-	2,000,000,000
Capital Contribution Reserves	-	-	600,000,000	-	-	-	-	600,000,000
	2,000,000,000	-	600,000,000	-	-	-	-	2,600,000,000
Transfer to statutory reserve	-	-	-	203,824,813	-	(203,824,813)	-	-
Transfer to depositors' protection fund	-	-	-	-	50,956,203	(50,956,203)	-	-
Return on depositors' protection fund's investments	-	-	-	-	59,755,042	-	-	59,755,042
Balance as at 31 December 2025	8,348,887,110	(4,089,040,293)	600,000,000	1,072,706,246	592,756,810	(6,931,947,970)	9,289,802	(397,348,296)

The annexed notes 1 to 51 and Annexure I form an integral part of these financial statements.

Chief Executive Officer | Chairman | Chief Financial Officer | Director | Director

ABHI MICROFINANCE BANK LIMITED

Notes to the Financial Statements
For the year ended 31 December 2025

1 STATUS AND NATURE OF BUSINESS

ABHI Microfinance Bank Limited ("the Bank") was incorporated on 26 June 2008 as a public limited company. The Bank obtained the microfinance banking license from the State Bank of Pakistan ("SBP") on 12 August 2008 under the provisions of Microfinance Institutions Ordinance, 2001 and certificate of commencement of business on 04 September 2008 from Securities and Exchange Commission of Pakistan. The Bank received the certificate of commencement of business from SBP on 27 October 2008.

The principal business of the Bank is to provide microfinance services to the poor and under-served segments of the society as envisaged under the Microfinance Institutions Ordinance, 2001. The Bank is licensed to operate nationwide. As at 31 December 2025, the Bank has 114 branches (2024: 114 branches) operating in the provinces of Punjab, Khyber Pakhtunkhwa, Balochistan, Sindh, Gilgit Baltistan and Azad Jammu & Kashmir. Details of the Bank's branch network are presented in note 39. The credit rating company PACRA assigned the long term entity rating of the Bank at 'BBB+' and short term rating at 'A-3' on 23 February 2024.

Pursuant to Share Purchase Agreement (SPA) entered into on September 20, 2024 with FINCA Microfinance Cooperatief U.A., the then-majority shareholder of the Bank, the control and ownership of the Bank has been jointly acquired by Abhi (Private) Limited (ABHI) and TPL Corp Limited (TPL). As a result the Bank has been rebranded as Abhi Microfinance Bank Limited while the registered office of the Bank was relocated to Plot No. 12, S.A. House, D-12 Markaz, Islamabad, Pakistan.

The ultimate parent of Abhi (Private) Limited is Abhi Limited. with their registered office in 190 Elgin Avenue George Town, Grand Cayman KY1-9008, Cayman Islands.

1.1 Going concern assumption

During the year ended December 31, 2025, the Bank reported net profit of Rs. 1,019.12 million (2024: Rs. 1,753.52 million net loss), decreasing accumulated losses to Rs. 6,931.95 million (2024: Rs. 7,644.58 million). As at the reporting date, the Bank's net equity was negative Rs. 397.35 million (2024: Rs. 4,029.87 million) as against the Minimum Capital requirement of Rs. 1,000 million while the Capital Adequacy Ratio (CAR) also remained below the prescribed level of 15% as required under the State Bank of Pakistan's Prudential Regulations for Microfinance Banks.

These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Bank's ability to continue as a going concern and, accordingly, its capacity to realize assets and discharge liabilities in the normal course of business.

During the year the Bank underwent a change in ownership and control following its acquisition by Abhi (Private) Limited ("ABHI") and TPL Corp Limited ("TPL"), pursuant to a Share Purchase Agreement (SPA) with the then majority shareholder i.e. FINCA Microfinance Cooperatief U.A, accompanied by a rebranding of the Bank. The acquisition and related change of control were completed with the approval of the State Bank of Pakistan (SBP). Under the stewardship of the new management team, a comprehensive strategic turnaround plan has been initiated, aimed at restoring profitability, enhancing asset quality, improving capital base and operational efficiency. Key measures include:

- Injection of fresh equity of Rs. 2 billion through a right issue of 200 million ordinary shares of Rs. 10 each in April 2025.
- Classification of Rs. 2 billion received from Abhi (Private) Limited ("ABHI") as advance against issuance of shares in February 2026 pursuant to the approval of SBP dated February 18, 2026. The issuance of shares against this amount is subject to regulatory approval.
- Restructuring of borrowings, including the extension of repayment terms for Rs. 3,000 million from the SBP and Rs. 800 million from the Pakistan Microfinance Investment Company (PMIC), along with a waiver of accrued mark-up due to PMIC (refer to notes 18.1 and 21 for details). PwR

- Transitioning to a secured-lending model, particularly gold-backed loans and asset-secured micro-enterprise financing, minimizing credit risk and ensuring stable returns.

Subsequent to the year end, as a result of classification of Rs. 2 billion as advance against shares in February 2026, the Bank's negative equity as at December 31, 2025, has turned positive, marking a substantial improvement compared to the negative equity position of Rs. 4,029.87 million as at December 31, 2024, which was recorded at the time of the Bank's acquisition. The Management is confident that the steps taken will help the Bank regain financial stability and achieve sustainable operations. As a result, the financial statements have been prepared on a going concern basis, reflecting the expectation that the Bank will continue its operations into the foreseeable future.

2 BASIS OF PRESENTATION

These financial statements have been presented in accordance with the requirements of Banking Policy & Regulations Department (BPRD) of State Bank of Pakistan (SBP) via circular no. 3. of 2023 dated February 09, 2023.

3 STATEMENT OF COMPLIANCE

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

- IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017;
- Provisions of, directives and notifications issued under the Microfinance Institutions Ordinance, 2001, prudential regulations for the Microfinance Banks and the Companies Act, 2017; and
- Directives issued by the State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan (SECP).

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

3.2 The SBP has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement' and IAS 40, 'Investment Property' for Banking Companies in Pakistan through BSD Circular Letter 10 dated 26 August 2002 till further instructions. SECP has deferred the applicability of IFRS 7 'Financial Instruments: Disclosures' through its notification S.R.O 411 (I) / 2008 dated 28 April 2008. Accordingly, the requirements of these standards have not been considered in the preparation of these financial statements. However, investments have been classified and valued in accordance with the IFRS 9 requirements.

3.3 Standards, interpretations and amendments that are effective in the current year

There are certain new and amended standards, issued by the IASB, interpretations and amendments that are mandatory for the Bank's accounting periods beginning on or after January 1, 2025 but are considered not to be relevant or do not have any material effect on the Bank's operations and therefore are not detailed in these financial statements.

3.4 Standards, interpretations and amendments that are not yet effective

The following standards, amendments and interpretations as notified under the Companies Act, 2017 will be effective for accounting periods beginning on or after January 01, 2026:

Standard, Interpretation or Amendment	Effective date (annual reporting periods beginning on or after)
Classification and Measurement of Financial Instruments - Amendments to IFRS 9	January 01, 2026
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 financial statements for future periods.

Following standards have been issued by the International Accounting Standards Board (IASB), which are yet to be notified by the Securities and Exchange Commission of Pakistan (SECP) as at December 31, 2025 for the purpose of their applicability in Pakistan:

Standard

IFRS 1 - First time adoption of International Financial Reporting Standards

4 BASIS OF MEASUREMENT

These financial statements have been prepared under the historical cost convention except for the following which are stated at fair values / present values:

- Investments in government securities;
- Right of use assets and corresponding lease liabilities;
- Subordinate debt; and
- Payable to defined benefit plan.

These financial statements are presented in Pakistani Rupees ("Rs.") which is the Bank's functional and presentational currency. All amounts have been rounded to the nearest Pakistani Rupee, unless otherwise indicated.

5 USE OF ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of these financial statements is in conformity with the approved accounting standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions and judgements are based on historical experience and other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgements about carrying values of assets and liabilities that are readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which the estimate is revised if the revision effects only that period, or in the period of revision and future periods if revision affects both current and future periods. The areas where various assumptions and estimates are significant to Bank's financial statements are as follows:

	Note
- Impairment losses on financial assets	6.3.9
- Property and equipment	6.5.3
- Right-of-use assets	6.6.2
- Intangible assets	6.5.2
- Provision for taxation	6.8
- Recoverability of deferred tax assets	6.8
- Staff retirement benefits	6.9

6 MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies adopted in the preparation of these financial statements are consistent with those of the corresponding year.

6.1 Cash and cash equivalents

Cash and cash equivalents for the purpose of cash flow statement represent cash in hand and balances held with treasury banks and balances held with other banks in current and deposit accounts with maturities of less than three months and are carried at cost. PWF

ABHI Microfinance Bank Limited
Notes to the Financial Statements
For the year ended 31 December 2025

6.2 Lending to / Borrowing from Financial Institutions

Repurchase Transactions Agreement (Repo)

The Bank Securities sold under repurchase agreements (repo) continue to be recognized in the financial statements as investments, while the corresponding obligation to the counterparty is recorded under borrowings. The difference between the sale price and the agreed repurchase price is recognized as an expense and accrued over the term of the agreement on a time-proportion basis.

Reverse Repurchase Transactions Agreement (Reverse Repo)

The Bank Securities acquired under agreements to resell (reverse repo) are not recognized as investments in the financial statements. Instead, the amount provided to the counterparty is recorded as lending. The difference between the purchase price and the agreed resale price is recognized as income and accrued over the tenure of the agreement on a time-proportion basis.

Call Lending and Borrowing

In call lending, a bank places funds with another bank for a very short period and earns call money interest. These placements are unsecured and usually for short-term durations. In call borrowing, a bank borrows funds from other banks to manage its day-to-day liquidity needs.

6.3 Financial instruments

Financial instruments carried on the statement of financial position include Cash and balances with treasury banks, balances with other banks, Investments, Advances, certain Other assets, Bills payable, Borrowings, Deposits and certain Other liabilities.

6.3.1 Classification of financial assets

Financial assets are classified according to their contractual cash flow characteristics and the business models under which they are held. Instruments will be classified either at amortised cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL).

6.3.2 Financial assets - initial recognition

All financial assets under IFRS 9 are initially recognized at fair value plus transaction cost. However, transaction costs in relation to Financial Assets measured at Fair Value through Profit and Loss, is recognized as an expense when incurred.

6.3.3 Classification and subsequent measurement of financial assets

Financial assets are classified into following categories for measurement subsequent to initial recognition:

- Financial assets at amortized Cost
- Financial assets at 'fair value through other comprehensive income' FVOCI
- Financial assets at 'fair value through profit or loss' FVTPL

Fair Value through Profit or Loss (FVTPL) is the residual category which is used for financial assets that are held for trading or if a financial asset does not fall into one of the two business models.

6.3.4 Financial assets at amortised cost

The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.The Bank classifies its financial assets at amortized cost only if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, these financial assets are subsequently measured at amortized cost.

6.3.5 Financial assets at FVOCI

The Bank applies this category when both of the following conditions are met:

- The instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets

- The contractual terms of the financial asset meet the SPPI test

FVOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in OCI. Interest income at EIR are recognised in the profit and loss.

The ECLs for debt instruments measured at FVOCI do not reduce, the carrying amount of these financial assets in the statement of financial position, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in OCI as an accumulated impairment amount, with a corresponding charge to profit and loss account. The accumulated loss recognised in OCI is recycled to the profit and loss account upon derecognition of the assets.

On derecognition, cumulative gains or losses previously recognised in OCI are reclassified from OCI to profit and loss account.

As per "IFRS 9 Financial Instruments application instructions" issued by SBP via BPRD Circular No. 03 of 2022 Government Securities are exempt from the application of ECL Framework.

6.3.6 Financial assets and financial liabilities at FVTPL

Financial assets and financial liabilities in this category are those that are:

- held for trading, that is, they have been purchased or issued primarily for short-term profit-making through trading activities or form part of a portfolio of financial instruments that are managed together, for which there is evidence of a recent pattern of short-term profit taking, or

- not held for trading and have been either designated by management upon initial recognition, or mandatorily required to be measured at fair value under IFRS 9.

Financial assets are recorded in the statement of financial position at fair value. Changes in fair value are recorded in profit and loss account.

6.3.7 Financial liabilities at amortised cost

Financial liabilities with a fixed maturity are measured at amortised cost. These include Bills payable, Borrowings, Deposits and certain items within Other Liabilities.

6.3.8 Derecognition of financial assets

6.3.8.1 Derecognition other than due to substantial modification of terms and conditions

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the financial asset have expired. The Bank also derecognises the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.

6.3.8.2 Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired.

6.3.9 Impairment of financial assets

6.3.9.1 Overview of the ECL principles

The ECL allowance is based on the credit losses expected to arise over the life of the asset the lifetime expected credit loss or (LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL).

The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Both LTECLs and 12mECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.

The Bank has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

Based on the above process, the Bank groups its loans into Stage 1, Stage 2, Stage 3 and POCI, as described below:

- Stage 1 When loans are first recognized, the Bank recognizes an allowance based on 12mECLs. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2.
- Stage 2 When a loan has shown a significant increase in credit risk since origination, the Bank records an allowance for the LTECLs. Stage 2 loans also include facilities, where the credit risk has improved and the loan has been reclassified from Stage 3.
- Stage 3 Loans considered credit-impaired . The bank records an allowance for the LTECLs.
- POCI Purchased or originated credit impaired (POCI) assets are financial assets that are credit impaired on initial recognition. POCI assets are recorded at fair value at original recognition and interest income is subsequently recognized based on a credit-adjusted EIR. ECLs are only recognized or released to the extent that there is a subsequent change in the expected credit losses.

6.3.9.2 The calculation of ECLs

The Bank calculates ECLs based on a three probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

- PD The Probability of Default (PD) is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognized and is still in the portfolio. The concept of PDs is further explained in note 46.2.8.
- LGD The Loss Given Default (LGD) is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realization of any collateral or credit enhancements that are integral to the loan. It is usually expressed as a percentage of the EAD. The LGD is further explained in note 46.2.9.
- EAD The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.

When estimating the ECLs, the Bank considers three scenarios (a base case, an upside and a downside). The maximum period for which the credit losses are determined is the contractual life of a financial instrument unless the Bank has the legal right to call it earlier. Impairment losses and releases are accounted for and disclosed separately from modification losses or gains that are accounted for as an adjustment of the financial asset's gross carrying value.

The mechanics of the ECL method are summarized below:

- Stage 1 The 12mECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Bank calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR. This calculation is made for each of the three scenarios, as explained above.
- Stage 2 When a loan has shown a significant increase in credit risk since origination, the Bank records an allowance for the LTECLs. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.
- Stage 3 For loans considered credit-impaired , the Bank recognizes the lifetime expected credit losses for these loans. The method is similar to that for Stage 2 assets, with the PD set at 100%.
- POCI POCI assets are financial assets that are credit impaired on initial recognition. The Bank only recognizes the cumulative changes in lifetime ECLs since initial recognition, based on a probability-weighting of the three scenarios, discounted by the credit-adjusted EIR.

6.3.9.3 Purchased or originated credit impaired financial assets (POCI)

For POCI financial assets, the Bank only recognizes the cumulative changes in LTECL since initial recognition in the loss allowance.

6.3.9.4 Forward looking information

In its ECL models, the Bank relies on a broad range of forward looking information as economic inputs, such as:
- GDP growth
- Consumer price indices

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material. Detailed information about these inputs is explained in note 46.2.9.

6.3.9.5 Credit enhancements: collateral

To mitigate its credit risks on financial assets, the Bank seeks to use collateral, where possible. The collateral comes in various forms, such as gold, vehicle, house etc. Collateral, unless repossessed, is not recorded on the Bank's statement of financial position. However, the fair value of eligible collateral affects the calculation of ECLs. It is generally assessed, at a minimum, at inception and re-assessed on a requirement basis.

Eligible collateral are those which has i) legal certainty and enforceability, and ii) history of forcibility and recovery. The Bank consider cash and cash equivalents as eligible collaterals and EAD of relevant facilities are reduced by the amount of eligible collateral.

6.3.9.6 Write-offs

Financial assets are written off either partially or in their entirety only when the Bank has no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to credit loss expense. The Bank also follows Prudential regulations issued by SBP for write off of its advances.

6.3.9.7 ECL on government guaranteed credit exposure

ECL on credit exposure (in local currency) that have been guaranteed by the Government of Pakistan and Government Securities, has not been estimated due to exemption available under IFRS instructions issued by SBP through circular no. 3 of 2022 dated 05 July 2022.

6.3.9.8 Two track approach for stage 3 loans

As per instructions issued by SBP, the Bank used two track approach for ECL assessment on stage 3 loans. As per this approach the Bank calculated provision /ECL both under PRs and IFRS 9 and higher amount at segment level has been taken as final ECL.

6.4 Advances

Advances are stated net of expected credit Losses. The outstanding principal and mark-up of the loans and advances under stage 3 are classified as non-performing loans (NPLs). The unrealized interest / profit / markup / service charges on NPLs is suspended and credited to interest suspense account.

6.5 Operating fixed assets

6.5.1 Capital work-in-progress

All expenditure connected with specific assets incurred during installation and development period are carried under capital work-in-progress. These are transferred to specific assets as and when these are available for use. Capital work-in-progress is stated at cost less accumulated impairment losses, if any.

6.5.2 Intangible assets

Expenditure incurred to acquire computer software is capitalized as intangible assets and stated at cost less accumulated amortization and any identified impairment loss. These are amortized using the straight line method over their estimated useful life.

Full month's amortization is charged in the month of addition while no amortization is charged in the month of deletion.

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific assets to which it relates.

The residual value, useful life and amortization method is reviewed and adjusted, if appropriate, at each balance sheet date.

6.5.3 Property and equipment

Owned

These are stated at cost less accumulated depreciation and accumulated impairment losses, if any except land which is stated at cost. Cost comprises purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, and includes other costs directly attributable to the acquisition or construction, erection and installation.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably. Major repairs and improvements are capitalized and the carrying amount of the replaced part is derecognized. All other repair and maintenance are charged to profit and loss account as and when incurred.

Depreciation is calculated using the straight line method so as to write off the property and equipment, over their expected useful lives. Depreciation is calculated at the rates stated in note 12.2. The assets' residual values, useful lives and depreciation methods are reviewed and adjusted, if appropriate, at each balance sheet date. The effect of any revision are charged to profit and loss account for the year, when the changes arise. Depreciation on additions to property and equipment is charged from the month in which an asset is acquired or capitalized while no depreciation is charged for the month in which the asset is disposed-off.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are recognized in profit and loss account for the year.

6.5.4 Impairment

The Bank assesses at each balance sheet date whether there is any indication that assets may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying amounts exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in profit and loss account. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Where an impairment loss is recognized, the depreciation / amortization charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

Where impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised recoverable amount but limited to the extent of the amount which would have been determined had there been no impairment. Reversal of impairment loss is recognized as income.

6.6 Leases

6.6.1 Lease liabilities

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Bank's incremental borrowing rate. Generally, the Bank uses its incremental borrowing rate as the discount rate. The Bank determines its incremental borrowing rate by analyzing its borrowings from various external sources and makes certain adjustments to reflect the terms of the lease and type of asset leased.

The lease liability is subsequently measured at amortized cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Bank's estimate of the amount expected to be payable under a residual value guarantee, if the Bank changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero. The finance cost is charged to the profit and loss account as markup expense over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

6.6.2 Right of use assets

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred.

The right-of-use assets are subsequently depreciated on a straight line basis over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The right-of-use assets are reduced by impairment losses, if any, and adjusted for certain remeasurements of lease liability.

6.6.3 Short-term leases

The Bank has elected not to recognize right-of-use assets and lease liabilities for some leases having a lease term less than 12 months from the commencement date and do not contain a purchase option. The lease payments associated with these leases are recognized as an expenses on a straight-line basis over the lease term.

6.7 Grants

Grants are initially recognized at fair value in the balance sheet when there is reasonable assurance that the grants will be received and the Bank will comply with all the attached conditions. Grants that compensate the Bank for expenses incurred are recognized as other income in the profit and loss account on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Bank for the cost of an asset are recognized in the profit and loss account as other income on a systematic basis over the useful life of the asset.

6.8 Taxation

Income tax on the profit or loss for the year comprises of current and deferred tax. Income tax is recognized in the profit and loss account, except to the extent that it relates to items recognized in other comprehensive income, in which case it is recognized in other comprehensive income.

Current tax

Provision for current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year, if enacted. The charge for current tax also includes adjustments, where considered necessary, to provision for taxation made in previous years arising from assessments framed during the year for such years.

Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognize a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves.

Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

6.9 Staff retirement benefits

6.9.1 Defined contribution plan - provident fund

The Bank operates an approved defined contribution provident fund scheme for all permanent employees. Equal monthly contributions are made by the Bank and the employees to the fund at the rate of 8.33% of basic salary per month. The contribution of the Bank is charged to profit and loss account.

6.9.2 Defined benefit plan - gratuity scheme

The Bank operates an unapproved non-contributory defined benefit gratuity scheme for all permanent employees with a qualifying period of three years. Eligible employees are entitled to one month's basic salary for each completed year of service upon their departure from the Bank. The latest actuarial valuation was carried out as at 31 December 2025 using Projected Unit Credit Method. Actuarial gains and losses arising from the actuarial valuation are recognized immediately in other comprehensive income.

The Bank determines the net interest expense on the net defined liability for the year by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then - net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in profit and loss account.

6.10 Deposits

Deposits are recorded at the proceeds received. Markup accrued on these deposits, if any, is recognized separately as part of other liabilities, and is charged to profit and loss account over the period.

6.11 Borrowings

Loans and borrowing are initially recorded at proceeds received. In subsequent periods, borrowings are stated at amortized cost using the effective interest rate method.

Related finance costs are accounted for on an accrual basis and are included in other liabilities to the extent of the amount remaining unpaid.

6.12 Subordinated debt

Sub-ordinated loans are initially recorded at the amount of proceeds received and subsequently measured at amortized cost. Markup accrued on these loans is charged to profit and loss account over the period at effective interest rate.

Related finance costs are accounted for on an accrual basis and are included in other liabilities to the extent of the amount remaining unpaid. PwC

6.13 Provisions

Provisions are recognized when the Bank has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of obligation can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

6.14 Statutory reserve

The Bank is required under the requirements of the Microfinance Institution Ordinance, 2001 and Prudential Regulation, to maintain a statutory reserve to which an appropriation equal to 20% of the annual profit after tax is made until the reserve fund equals the paid up capital of the Bank. Thereafter, a sum not less than 5% of its annual profits after tax is required to be transferred to the said reserve.

6.15 Depositors' protection fund

The Bank is required under the Microfinance Institutions Ordinance, 2001 to contribute 5% of its annual after tax profit and profit earned on the investments of the Depositors' protection fund to the Depositors' protection fund for the purpose of providing security or guarantee to persons depositing money in the Bank.

6.16 Cash reserve requirement

In compliance with the requirements of the Microfinance Institution Ordinance, 2001 and Prudential Regulation, the Bank maintains a cash reserve equivalent to not less than 5% of its deposits (including demand deposits and time deposits with tenure of less than 1 year) in a current account opened with the State Bank of Pakistan (SBP) or its agent.

6.17 Statutory liquidity requirement

In compliance with the requirements of the Prudential Regulation, the Bank maintains liquidity equivalent to at least 10% of its total demand liabilities and time liabilities with tenure of less than one year in the form of liquid assets i.e. cash, gold, unencumbered treasury bills, Pakistan Investment Bonds and Government of Pakistan sukuk bonds. Treasury bills and Pakistan Investment Bonds held under depositors' protection fund are excluded for the purposes of determining liquidity.

6.18 Revenue recognition

- Mark-up/return/ interest on performing advances is recognised on an accrual basis using the effective interest method. Mark-up on advances classified under the Prudential Regulations is recognised on receipt basis.

- Mark-up/return on investment is recognised on an accrual basis using the effective interest method.

- Fee, commission and brokerage income is recognised when services are rendered.

- Gains and losses on sale of investments are included in the profit and loss account in the period in which sale / settlement occurs.

- Return on balances with other banks is recognised in the profit and loss account on an accrual basis.

- Other income is recognised on an accrual basis.

6.19 Foreign currency transactions and translation

All monetary assets and liabilities in foreign currencies are translated into rupees at exchange rates prevailing at the balance sheet date. Transactions in foreign currencies are translated into rupees at the spot rate on the date of transaction. All non-monetary items are translated into rupees at exchange rates prevailing on the date of transaction or on the date when fair values are determined (for assets carried at fair value). Foreign currency differences arising on retranslation are charged to profit and loss account in the period in which they arise.

6.20 Off setting

Financial assets and financial liabilities are set off and the net amount is reported in the financial statements when there is a legally enforceable right to set off and the Bank intends to either settle on a net basis, or to realize the assets and to settle the liabilities simultaneously.

6.21 Share capital and dividend

Ordinary shares are classified as equity and recognized at their face value. Incremental costs directly attributable to the issue of new shares or options are shown in equity as deduction, net of tax, from the proceeds. Dividend distribution to the shareholders is recognized as liability in the period in which it is declared.

6.22 Earnings per share

The Bank presents earnings per share (EPS) for its ordinary shares which is calculated by dividing the profit or loss attributable to ordinary shareholders of the Bank by weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effect of all dilutive potential ordinary shares (if any).

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ABHI Microfinance Bank Limited
Notes to the Financial Statements
For the year ended 31 December 2025

7 CASH AND BALANCES WITH TREASURY BANKS

	Note	2025 Rupees	2024 Rupees
In hand - Local currency		921,703,445	576,839,358
With State Bank of Pakistan in:			
Local currency- current account		8,896,872,971	2,827,782,793
With National Bank of Pakistan in:			
Local currency deposit account	7.2	537,975	-
Local currency current account		44,250,565	4,965,688
Less: Credit loss allowance		-	-
		9,863,364,956	3,409,587,839

7.1 These represent balances maintained with SBP and NBP to meet the minimum balance requirement equivalent to 5% (2024: 5%) as cash reserve of total of demand Liabilities" and 10% (2024: 10%) as liquidity reserve of the Bank's time and demand liabilities in accordance with the Prudential Regulations.

7.2 These accounts carry markup at 9% to 11.50% (2024: 13% to 19%) per annum.

8 BALANCES WITH OTHER MFBS / BANKS / NBFS

	Note	2025 Rupees	2024 Rupees
In Pakistan:			
-In current account		16,397,441	54,862,585
-In deposit Account	8.1	3,530,712,400	1,397,732,113
-In term deposit account	8.2	4,000,000,000	4,000,000,000
		7,547,109,841	5,452,594,698
Less: Credit loss allowance		-	-
		7,547,109,841	5,452,594,698

8.1 These accounts carry mark-up ranging from 7% to 12.55% (2024: 13% to 20.50%) per annum.

8.2 **Composition of term deposits**

	Note	2025	2024
Khushali Microfinance Bank Limited		1,000,000,000	-
Halan Microfinance Bank Limited		1,000,000,000	-
LOLC Microfinance Bank Limited		2,000,000,000	-
Pak Libiya Holding Company		-	1,000,000,000
Mobilink Microfinance Bank Limited		-	3,000,000,000
	8.2.1	4,000,000,000	4,000,000,000

8.2.1 These carry markup ranging from 7% to 17.5% (2024: 13.50% to 13.75%) and have maturity upto December 2026 (2024: March 2025).

9 LENDING TO FINANCIAL INSTITUTION

	Note	2025 Rupees	2024 Rupees
Repurchase agreement lendings(Reverse repo)		2,762,889,000	-
Less: Credit loss allowance		-	-
		2,762,889,000	-

9.1 **Lending to Financial Institution - Particulars of credit loss allowance**

	2025		2024	
	Lending	Credit loss allowance	Lending	Credit loss allowance
	Rupees		Rupees	
Stage 1	2,762,889,000	-	-	-

9.2 These are secured against market treasury bills and carry markup at the rate of 10.50% per annum maturing on January 2, 2026.

9.3 Reverse repo agreements - Collateral

	2025			2024		
	Held by bank	Further given as collateral	Total	Held by bank	Further given as collateral	Total
	---- Rupees ----			---- Rupees ----		
Market Treasury Bills (MTB)	3,000,000,000	-	3,000,000,000	-	-	-

10 INVESTMENTS

	2025				2024			
	Fair value/ Amortised cost	Credit loss allowance	Surplus/ (deficit)	Carrying Value	Fair value/ Amortised cost	Credit loss allowance	Surplus/ (deficit)	Carrying Value
	---- Rupees ----				---- Rupees ----			
Investments by type								
Debt Instruments								
Classified/ Measured as FVOCI								
Federal Government Securities								
Market Treasury Bill	1,444,978,499	-	241,500	1,445,219,999	4,555,551,300	-	6,448,800	4,562,000,100
Pakistan Investment Bonds	1,006,575,105		14,987,686	1,021,562,791	-	-	-	-
Classified/ Measured as FVTPL								
Federal Government Securities								
Market Treasury Bill	3,975,866,000	-	454,000	3,976,320,000	-	-	-	-
Total Investments	6,427,419,604	-	15,683,186	6,443,102,790	4,555,551,300	-	6,448,800	4,562,000,100

10.1 These carry yield rate ranging from 10.35% % to 11.78% (2024: 11.65% to 13.07%) per annum and have maturities upto 28 April 2028. These securities have an aggregate face value of Rs. 6,500.00 million (2024: Rs. 4,800.00 million). This includes Rs. 541.80 million (2024: Rs. 482.046 million) maintained with SBP under depositors' protection fund to comply with the statutory liquidity requirements as set under the Prudential Regulations.

10.2 Expected Credit Loss on government securities have not been estimated due to exemption available under IFRS 9 implementation instructions issued by SBP through circular no. 3 of 2022 dated July 05, 2022.

11 ADVANCES

Loan Type	Performing				Non-Performing		Total	
	2025	2024	2025	2024	2025	2024	2025	2024
	Stage 1		Stage 2		Stage 3			
	(Rupees)							
Micro credits								
Secured	33,998,420,499	17,281,751,305	231,882,375	50,147,002	68,254,993	126,574,710	34,298,557,867	17,458,473,017
Unsecured	3,162,494,115	1,263,603,957	13,523,344	9,792,421	190,137,157	353,679,246	3,366,154,617	1,627,075,624
Other advances-Staff loan	497,866,873	88,688,433	-	-	-	-	497,866,873	88,688,433
Advances - gross	37,658,781,488	18,634,043,695	245,405,719	59,939,423	258,392,150	480,253,956	38,162,579,357	19,174,237,074
Credit loss allowance against advances								
- Stage 1	428,933,534	459,980,852	-	-	-	-	428,933,534	459,980,852
- Stage 2	-	-	3,657,226	5,201,197	-	-	3,657,226	5,201,197
- Stage 3	-	-	-	-	174,404,405	322,128,331	174,404,405	322,128,331
	428,933,534	459,980,852	3,657,226	5,201,197	174,404,405	322,128,331	606,995,165	787,310,380
Advances - net of credit loss allowance	37,229,847,954	18,174,062,843	241,748,493	54,738,226	83,987,745	158,125,625	37,555,584,192	18,386,926,694

11.1 Advances - Particulars of credit loss allowance

11.1.1 Advances - Exposure

	2025				2024			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	(Rupees)				(Rupees)			
Opening balance	18,634,043,695	59,939,423	480,253,956	19,174,237,074	16,757,796,091	82,416,751	1,919,728,781	18,759,941,623
Fair value adjustment IFRS - 09	-	-	-	-	(11,924,077)	-	-	(11,924,077)
Opening balance - restated	18,634,043,695	59,939,423	480,253,956	19,174,237,074	16,745,872,014	82,416,751	1,919,728,781	18,748,017,546
New Advances	37,077,833,743	193,352,819	24,610,119	37,295,796,681	18,201,994,772	34,601,645	16,983,344	18,253,579,761
Advances derecognised or repaid	(17,873,127,280)	(50,866,020)	(90,022,153)	(18,014,015,453)	(16,093,156,812)	(68,790,574)	(189,057,681)	(16,351,005,067)
Transfer to stage 1	-	-	-	-	730,312	(730,312)	-	-
Transfer to stage 2	(52,052,899)	52,052,899	-	-	(25,102,517)	25,221,088	(118,571)	-
Transfer to stage 3	(47,702,215)	(869,407)	48,571,622	-	(124,641,180)	(3,445,145)	128,086,325	-
	19,104,951,349	193,670,291	(16,840,412)	19,281,781,228	1,959,824,575	(13,143,298)	(44,106,583)	1,902,574,694
Amounts written off / charged off	(80,213,556)	(8,203,995)	(205,021,394)	(293,438,945)	(71,652,894)	(9,334,030)	(1,395,368,242)	(1,476,355,166)
Closing balance	37,658,781,488	245,405,719	258,392,150	38,162,579,357	18,634,043,695	59,939,423	480,253,956	19,174,237,074

11.1.2 Advances - Credit loss allowance

Credit loss allowance opening balance	2025 Stage 1	2025 Stage 2	2025 Stage 3	2025 Total	2024 Stage 1	2024 Stage 2	2024 Stage 3	2024 Total
	(Rupees)				(Rupees)			
Opening balance	459,980,852	5,201,197	322,128,331	787,310,380	602,191,080	16,420,109	1,846,087,907	2,264,699,096
New Advances	79,435,437	2,302,902	9,285,841	91,024,180	230,763,697	179,998	3,427,981	234,371,676
Advances derecognised or repaid	(77,786,932)	(127,970)	(1,577,677)	(79,492,579)	(186,094,333)	(9,464,952)	(26,513,456)	(222,072,741)
Transfer to stage 1	-	-	-	-	141,955	(141,955)	-	-
Transfer to stage 2	(802,064)	802,064	-	-	(3,221,500)	3,221,500	-	-
Transfer to stage 3	(3,918,786)	(228,298)	4,147,084	-	(12,278,011)	(1,411,487)	13,689,498	-
	(3,072,345)	2,748,698	11,855,248	11,531,601	29,311,808	7,616,896	9,395,977	12,298,935
Amounts written off / charged off	(60,107,572)	(8,203,995)	(205,021,394)	(273,332,961)	(128,571,730)	(5,379,210)	(1,334,499,237)	(1,468,450,180)
Changes in risk parameters	32,132,699	3,911,326	45,442,220	81,486,145	(42,950,306)	1,777,197	19,935,638	(21,237,471)
Closing balance	428,933,534	3,657,226	174,404,405	606,995,165	459,980,852	5,201,197	322,128,331	787,310,380

11.1.3 Advances - Credit loss allowance details

	2025 Stage 1	2025 Stage 2	2025 Stage 3	2025 Total	2024 Stage 1	2024 Stage 2	2024 Stage 3	2024 Total
	(Rupees)				(Rupees)			
Internal / extrernal rating / stage classification								
Outstanding gross exposure								
Performing - Stage 1	37,658,781,488	-	-	37,658,781,488	18,634,043,695	-	-	18,634,043,695
Under Performing								
Other assets especially mentioned		245,405,719	-	245,405,719		59,939,423	-	59,939,423
Non - Performing								
Substandard	-	-	44,421,648	44,421,648	-	-	99,216,932	99,216,932
Doubtful	-	-	23,254,177	23,254,177	-	-	61,505,510	61,505,510
Loss	-	-	190,716,325	190,716,325	-	-	319,531,514	319,531,514
	-	-	258,392,150	258,392,150	-	-	480,253,956	480,253,956
Total	37,658,781,488	245,405,719	258,392,150	38,162,579,357	18,634,043,695	59,939,423	480,253,956	19,174,237,074
Corresponding credit loss allowance								
Stage 1	428,933,534	-	-	428,933,534	459,980,852	-	-	459,980,852
Stage 2	-	3,657,226	-	3,657,226	-	5,201,197	-	5,201,197
Stage 3	-	-	174,404,405	174,404,405	-	-	322,128,331	322,128,331
	428,933,534	3,657,226	174,404,405	606,995,165	459,980,852	5,201,197	322,128,331	787,310,380

11.2 Particulars of write offs / charge offs

	Note	2025 Rupees	2024 Rupees
Against credit loss allowance		273,332,961	1,468,450,180
Directly charged to profit & loss account	34	20,105,984	7,904,986
		293,438,945	1,476,355,166

	Note	2025 Rupees	2024 Rupees
12 PROPERTY AND EQUIPMENT			
Capital work in progress	12.1	231,309,860	17,624,588
Property and equipment	12.2	760,706,627	399,029,493
		992,016,487	416,654,081
12.1 Capital work in progress			
Opening		17,624,588	16,700,136
Additions during the year		767,354,702	45,926,363
Transfers to property and equipment		(544,713,098)	(45,001,911)
Transfers to CWIP-intangible assets		(8,956,332)	-
Closing	12.1.1	231,309,860	17,624,588
12.1.1 CWIP includes:			
Computer Equipment		14,905,793	595,427
Leasehold Improvements		182,180,346	7,714,329
Furniture and Fixture		12,190,475	-
Office Equipment		21,674,746	-
Intangible Assets		-	8,956,332
Advances to suppliers and contractors	12.1.1.1	358,500	358,500
		231,309,860	17,624,588

12.1.1.1 This represents advances to suppliers given against leasehold improvements.

12.2 Property and equipment

	2025					
	Leasehold Improvements	Furniture and fixture	Computer Equipment	Office Equipment	Vehicles	Total
	Rupees					
As at 01 January 2025						
Cost	633,232,517	204,172,149	664,440,383	293,649,577	20,366,100	1,815,860,726
Accumulated depreciation	(448,415,738)	(148,637,377)	(596,543,353)	(203,066,547)	(20,168,218)	(1,416,831,233)
Net book value	184,816,779	55,534,772	67,897,030	90,583,030	197,882	399,029,493
Year ended December 2025						
Opening net book value	184,816,779	55,534,772	67,897,030	90,583,030	197,882	399,029,493
Additions	179,056,804	54,268,447	63,766,755	265,446,206	-	562,538,212
Disposals (net)	(47,708,369)	(10,469,809)	(77,148)	(9,085,849)	-	(67,341,175)
Depreciation charge	(52,041,501)	(16,303,185)	(35,305,673)	(29,869,544)	-	(133,519,903)
Closing net book value	264,123,713	83,030,225	96,280,964	317,073,843	197,882	760,706,627

	2025					
	Leasehold Improvements	Furniture and fixture	Computer Equipment	Office Equipment	Vehicles	Total
	Rupees					
Cost	701,562,053	225,867,292	727,471,962	538,038,810	20,366,100	2,213,306,217
Accumulated depreciation	(437,438,340)	(142,837,067)	(631,190,998)	(220,964,967)	(20,168,218)	(1,452,599,590)
Net book value	264,123,713	83,030,225	96,280,964	317,073,843	197,882	760,706,627
Rate of depreciation (percentage)	10%	10%	20%-33%	10%	25%	

	2024					
	Leasehold Improvements	Furniture and fixture	Computer Equipment	Office Equipment	Vehicles	Total
	Rupees					
As at 01 January 2024						
Cost	631,079,503	207,156,357	668,686,045	285,805,856	22,173,100	1,814,900,861
Accumulated depreciation	(389,951,656)	(134,551,582)	(590,203,683)	(180,089,875)	(21,975,218)	(1,316,772,014)
Net book value	241,127,847	72,604,775	78,482,362	105,715,981	197,882	498,128,847
Year ended December 2024						
Opening net book value	241,127,847	72,604,775	78,482,362	105,715,981	197,882	498,128,847
Additions	2,153,014	2,016,000	28,495,694	12,337,203	-	45,001,911
Disposals (net)	-	(1,333,450)	(47,182)	(1,116,397)	-	(2,497,029)
Write Offs (net)	-	-	-	-	-	-
Depreciation charge	(58,464,082)	(17,752,553)	(39,033,844)	(26,353,757)	-	(141,604,236)
Closing net book value	184,816,779	55,534,772	67,897,030	90,583,030	197,882	399,029,493
At December 31, 2024						
Cost	633,232,517	204,172,149	664,440,383	293,649,577	20,366,100	1,815,860,726
Accumulated depreciation	(448,415,738)	(148,637,377)	(596,543,353)	(203,066,547)	(20,168,218)	(1,416,831,233)
Net book value	184,816,779	55,534,772	67,897,030	90,583,030	197,882	399,029,493
Rate of depreciation (percentage)	10%	10%	20%-33%	10%	25%	

12.2.1 Cost of property and equipment include cost of fully depreciated assets that are still in use amounting to Rs. 843.29 million (2024: Rs. 674.10 million).

12.2.2 Details of property and equipment disposed of during the year is disclosed in Annexure-I, and forms integral part of these financial statements.

13 RIGHT-OF-USE ASSETS

	2025			2024		
	Buildings	Equipment	Total	Buildings	Equipment	Total
	Rupees					
At January 1						
Cost	1,950,374,659	38,812,247	1,989,186,906	1,643,884,812	-	1,643,884,812
Accumulated Depreciation	(1,328,795,817)	(13,584,287)	(1,342,380,104)	(1,102,696,167)	-	(1,102,696,167)
Net Carrying amount at January 1, 2025	621,578,842	25,227,960	646,806,802	541,188,645	-	541,188,645
For the Year Movement						
Additions during the year	600,145,296	-	600,145,296	306,489,847	38,812,247	345,302,094
Deletions during the year	-	-	-	-	-	-
Modification of leases for the year	-	-	-	(2,621,489)	-	(2,621,489)
Depreciation Charge for the year	(209,553,158)	(7,937,393)	(217,490,551)	(223,478,161)	(13,584,287)	(237,062,448)
	390,592,138	(7,937,393)	382,654,745	80,390,197	25,227,960	105,618,157
Net Carrying amount at December 31	1,012,170,980	17,290,567	1,029,461,547	621,578,842	25,227,960	646,806,802

14 INTANGIBLE ASSETS

	Note	2025 Rupees	2024 Rupees
Capital work in progress	14.1	109,106,644	-
Intangible assets	14.2	81,608,697	118,086,431
		190,715,341	118,086,431

14.1 *Capital work in progress*

	Note	2025 Rupees	2024 Rupees
Opening		-	-
Transfers from CWIP operating fixed assets		8,956,332	-
Additions during the year		100,150,312	-
Closing	14.1.1	109,106,644	-

14.1.1 CWIP includes:

	2025	2024
Softwares	109,106,644	-
	109,106,644	-

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14.2 Intangible Assets

	2025		2024	
	Software and Licenses	Total	Software and Licenses	Total
	Rupees			
At January 1				
Cost	743,300,887	743,300,887	734,655,721	734,655,721
Accumulated amortization and impairment	(625,214,456)	(625,214,456)	(579,877,284)	(579,877,284)
Net book value	118,086,431	118,086,431	154,778,437	154,778,437
For the Year Movement				
Opening net book value	118,086,431	118,086,431	154,778,437	154,778,437
Additions:				
- Directly purchased/Transferred from CWIP	-	-	8,645,166	8,645,166
Amortization charge	(36,477,734)	(36,477,734)	(45,337,172)	(45,337,172)
Closing net book value	81,608,697	81,608,697	118,086,431	118,086,431
At December 31				
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
Rate of amortization (percentage)	10-20%		10-20%	

14.3 The cost of fully depreciated intangibles still in use

	2025	2024
Softwares and Licenses	513,708,309	486,115,248

15 DEFERRED TAX ASSET

	2025				
	At Jan 1, 2025	Impact of Adoption of IFRS 09	Recognised in P&L A/C	Recgonised in OCI	At Dec 31, 2025
Deductible temporary differences on:					
- Tax losses carried forward	2,389,324,102	-	(10,855,752)	-	2,378,468,350
- Minimum tax / Alternative corporate tax	105,165,645	-	284,116,865	-	389,282,510
- Post retirement employee benefits	101,516,697	-	(2,050,179)	33,060,118	132,526,636
- Accelerated tax depreciation	32,794,660	-	(17,313,416)	-	15,481,244
- Credit loss allowance against advances	1,878,378,166	-	(608,095,220)	-	1,270,282,946
- Lease Liabilities against ROUA	98,006,701	-	(9,916,623)	-	88,090,078
	4,605,185,971	-	(364,114,325)	33,060,118	4,274,131,764
Taxable temporary differences on:					
- Surplus on revaluation of investments classified as FVOCI	(2,515,033)	-	-	(3,424,351)	(5,939,383)
- Unrealized gain of revaluation of securities FVTPL	-	-	(177,060)	-	(177,060)
	(2,515,033)	-	(177,060)	(3,424,351)	(6,116,443)
	4,602,670,938	-	(364,291,385)	29,635,767	4,268,015,321

	2024				
	At Jan 1, 2024	Impact of Adoption of IFRS 09	Recognised in P&L A/C	Recgonised in OCI	At Dec 31, 2024
Deductible temporary differences on:					
- Tax losses carried forward	2,372,419,381	-	16,904,721	-	2,389,324,102
- Minimum tax	-	-	105,165,645	-	105,165,645
- Post retirement employee benefits	118,238,026	-	(3,253,293)	(11,468,036)	101,516,697
- Deficit on revaluation of investments		-		-	-
- Accelerated tax depreciation	15,925,104	-	16,869,556	-	32,794,660
- Credit loss allowance against advances	1,676,047,198	587,663,337	(388,332,369)	-	1,878,378,166
- Lease Liabilities against ROUA	89,521,563	-	8,485,138	-	98,006,701
	4,273,151,272	587,663,337	(244,160,602)	(11,468,036)	4,605,185,971
Taxable temporary differences on:					
- Surplus on revaluation of investments classified as FVOCI	(1,389,083)	-	-	(1,125,950)	(2,515,033)
- Unrealized gain of revaluation of securities FVTPL	(655)	-	655	-	-
	(1,389,738)	-	655	(1,125,950)	(2,515,033)
	4,271,761,534	587,663,337	(244,159,947)	(12,593,986)	4,602,670,938

15.1 As at the year end, the Bank has recognized a net deferred tax asset amounting to Rs. 4,268.02 million (2024: Rs. 4,602.67 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.

16 OTHER ASSETS

	Note	2025 Rupees	2024 Rupees
Income / mark-up accrued on advances		5,434,341,618	2,412,888,689
Income / mark-up accrued on balance with banks		79,693,565	44,234,081
Prepayments		227,161,870	44,285,614
Security deposits		26,319,762	10,431,162
Stationery and stamps on hand		-	25,495,084
Fair value adjustment staff advances		90,151,499	12,752,536
Receivable from SBP against crop insurance		53,704,639	93,069,401
Others	16.1	504,048,751	122,118,438
		6,415,421,704	2,765,275,005
Less: Credit Loss Allowance held against other assets	16.2	(1,899,270)	(8,026,079)
		6,413,522,434	2,757,248,926

16.1 This includes claim amounting to Rs. 129.96 million lodged with insurance company against robbery incident at the Bank's Hyderi branch Karachi involving gold ornaments pledged as security against various gold financing facilities. A total of 351 financing cases were affected carrying an outstanding principal of Rs. 180.28 million, with gold ornaments valued at PKR 225.35 million on the date of the incident. Since these gold ornaments were fully insured, the Bank had lodged a claim with the insurance company for the full gold value. As of December 31, 2025, 205 cases have been settled, covering gold value of Rs.129.66 million, whereas 146 cases, representing gold value of Rs. 95.69 million, are in process of being settled.

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 reserve of Rs. 350 Million, over and above the statutory requirement, in order to cater for any unforeseen event resulting into operational loss.

	Note	2025 Rupees	2024 Rupees
16.2 Movement in credit loss Allowance held against other assets			
Opening Balance		8,026,079	-
IFRS-09 adoption impact		-	36,099,716
Balance as at January 01, 2024-Restated		8,026,079	36,099,716
Charge for the year		-	4,508,037
Reversals		(6,126,809)	(32,581,674)
Closing Balance		1,899,270	8,026,079

	Note	2025 Rupees	2024 Rupees
17 BILLS PAYABLE			
In Pakistan		114,006,111	116,212,293
18 BORROWINGS			
Secured			
Borrowings from bank / financial institution in Pakistan		-	-
Unsecured			
Borrowings from the State Bank of Pakistan	18.1	3,000,000,000	3,000,000,000
		3,000,000,000	3,000,000,000

18.1 This represents unsecured long term borrowing obtained on 24 June 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 (2024: 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	2025 Rupees	2024 Rupees
Customers			
Current deposits		3,158,262,740	2,328,768,013
Saving deposits	19.1	15,659,158,948	11,443,531,646
Fixed deposits	19.2	32,411,123,450	19,439,474,180
		51,228,545,138	33,211,793,839
Financial institutions			
Current deposits		4,467,110,584	27,500,573
Saving deposits	19.1	10,585,628,291	468,990,289
Fixed deposits	19.2	2,807,000,000	2,517,900,000
		17,859,738,875	3,014,390,862
Total Deposits		69,088,284,013	36,226,184,701

19.1 These carry interest rates ranging from 7.25% to 14.00% (2024: 7.25% to 18%) per annum.

19.2 These represent fixed deposits having tenure of 1 to 60 months carrying profit rates ranging from 9.99% to 23.5% (2024: 9.50% to 24.90%) per annum.

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		2025 Rupees	2024 Rupees
19.3	**Composition of Deposits**		
	- Individuals	35,457,317,735	27,183,015,626
	- Government (Federal and Provincial)	6,835,513,751	4,150,307,550
	- Public Sector Entities	27,848,251	46,899,615
	- Banking companies	6,996,652,595	2,969,656,956
	- Non Banking Financial Institutions	10,863,086,280	44,733,906
	- Private Sector	8,867,865,401	1,831,571,048
		69,088,284,013	36,226,184,701
19.4	**Composition of Deposits**		
	- Branchless Banking	1,432,409,086	923,118,874
	- Branches Deposits	67,655,874,927	35,303,065,827
		69,088,284,013	36,226,184,701

19.5 Deposits include deposits from related parties amounting to Rs. 4.42 billion (2024: Rs. 10.73 million).

20 LEASE LIABILITIES

	Note	2025 Rupees	2024 Rupees
Balance as at January 01		898,106,035	770,731,115
Addition during the year			
- Buildings		600,145,296	306,489,847
- Equipments		-	38,812,247
		600,145,296	345,302,094
Modification during the Year		-	(5,820,546)
Interest expense during the year	28	168,638,771	132,759,148
Payment during the year		(411,556,559)	(344,865,776)
Balance as at December 31		1,255,333,543	898,106,035

20.1 Contractual Maturity of Lease liabilities

	2025	2024
Short Term Lease Liabilities - within one year	-	-
Long Term Lease Liabilities		
- 1 to 5 years	403,903,701	610,964,503
- 5 to 10 years	851,429,842	287,141,532
- More than 10 years	-	-
	1,255,333,543	898,106,035
Total Lease Liabilites	1,255,333,543	898,106,035

21 SUBORDINATED DEBT	Note	2025 Rupees	2024 Rupees
Pakistan Microfinance Investment Company (PMIC)	21.1	672,286,612	800,000,000

21.1 This represents an unsecured and subordinated loan facility raised by the Bank during the year 2019, amounting to Rs. 800 million to contribute towards the Bank's Tier II 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 (PMICL) 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 MCR 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.

The amended terms resulted in derecognition of existing liability and recording of fresh liability as per the revised terms. The derecognition resulted in gain of Rs. 626.77 million recorded as other income in Statement of Profit and Loss Account.

22 OTHER LIABILITIES	Note	2025 Rupees	2024 Rupees
Markup / return / interest payable	22.1	1,088,843,431	1,525,377,795
Accrued expenses		901,979,707	420,104,203
Payable to defined benefit plan	40	369,217,115	289,704,451
Income tax payable - net	22.2	22,938,546	74,618,590
Withholding tax payable		209,073,659	190,838,430
Sundry creditors		707,846,516	807,983,080
Workers' Welfare Fund		33,320,951	33,320,951
		3,333,219,925	3,341,947,500

22.1 This includes markup payable on deposits from related parties amounting to Rs. 1.88 million (2024: Rs. 0.19 million).

22.2 Income tax payable - net	2025	2024
Advance income tax	(422,619,210)	(162,519,679)
Provision for income tax	445,557,756	237,138,269
	22,938,546	74,618,590

23 SHARE CAPITAL

23.1 Authorized capital

2025 (Number of shares)	2024 (Number of shares)		2025 Rupees	2024 Rupees
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

2025 (Number of shares)	2024 (Number of shares)		2025 Rupees	2024 Rupees
		Opening Balance		
75,000,000	75,000,000	Ordinary share of Rs. 10 each fully paid in cash	750,000,000	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
634,888,711	634,888,711		6,348,887,110	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	634,888,711		8,348,887,110	6,348,887,110
		Closing Balance		
275,000,000	75,000,000	Ordinary share of Rs. 10 each fully paid in cash	2,750,000,000	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	634,888,711		8,348,887,110	6,348,887,110
-	-	Discount on issue of share	(4,089,040,293)	(4,089,040,293)
834,888,711	634,888,711		4,259,846,817	2,259,846,817

23.3 Pattern of Shareholding

2025 (Number of shares)	2024 (Number of shares)		2025 Rupees	2024 Rupees
591,149,827	-	ABHI (Pvt) Limited	5,911,498,270	-
210,619,137	-	TPL Corp Limited	2,106,191,370	-
33,119,747	33,119,747	Kashf Holdings (Private) Limited	331,197,470	331,197,470
-	30,771,739	International Finance Corporation	-	307,717,390
-	17,368,319	Triodos Fair Share Fund	-	173,683,190
-	5,130,253	Acumen Fund	-	51,302,530
-	548,498,653	FINCA Microfinance Cooperatief U.A	-	5,484,986,530
834,888,711	634,888,711		8,348,887,110	6,348,887,110

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

25 SURPLUS ON REVALUATION OF ASSETS - NET OF TAX	Note	2025 Rupees	2024 Rupees
Fair Value Surplus / (Deficit) on revaluation of			
- FVOCI - debt	10	**15,229,186**	6,448,800
Deferred tax on surplus / (deficit) on revaluation of:			
- FVOCI - debt		**(5,939,384)**	(2,515,033)
		9,289,802	3,933,767

26 CONTINGENCIES AND COMMITMENTS

26.1 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 16 June 2025 creating a demand of Rs. 196.398 million along with a penalty of Rs. 9.820 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 21 September 2020. The subsequent appeal before the Appellate Tribunal Inland Revenue (ATIR) was also dismissed through order dated 29 September 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 55 gold backed loan accounts with outstanding principal of Rs. 62.69 million. These gold ornaments were valued at Rs. 82.05 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.

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 reserve of PKR 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 19 December 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.

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(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 31 December 2025 (2024: Nil).

27 MARK-UP / RETURN / INTEREST EARNED	Note	2025 Rupees	2024 Rupees
Loans and advances		10,411,310,156	6,390,874,303
Investments		471,290,821	942,677,221
Lending to Financial institutions		71,061,295	-
Balances with other MFBs / banks / NBFIs		733,623,274	51,851,018
		11,687,285,546	7,385,402,542
27.1 Interest Income (calculated using effective interest rate method) recognized on:			
Financial assets measured at amortised cost		11,215,994,725	6,442,725,321
Financial assets measured at FVOCI		425,954,545	942,677,221
Financial assets measured at FVTPL		45,336,276	-
		11,687,285,546	7,385,402,542
28 MARK-UP / RETURN / INTEREST EXPENSED			
Deposits		6,037,616,830	5,513,900,286
Borrowings		322,450,000	610,588,060
Subordinated loan		89,234,277	124,780,851
Lease liabilities	20	168,638,771	132,759,148
		6,617,939,878	6,382,028,345
28.1 Interest expense calculated using effective interest rate method		6,617,939,878	6,382,028,345
29 FEE AND COMMISSION INCOME			
Loan processing fee - net		873,212,386	732,717,867
Branchless banking income	29.1	44,500,808	23,393,040
Branch banking customer fees		114,016,663	22,580,991
Overdue charges		86,326,297	142,087,613
Early settlement charges		264,057,168	97,878,443
Card related fees		13,459,731	9,191,132
		1,395,573,053	1,027,849,086
29.1 Branchless banking income			
Lending charges		22,348,837	-
Commission income from bill payments		543,125	614,348
Fees on Payment and money transfer services		18,541,221	19,155,400
Fees on cash withdrawl		2,703,202	2,862,863
Others		364,423	760,429
		44,500,808	23,393,040

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30 GAIN / (LOSS) ON SECURITIES

Realised		192,110,998	129,310,801
Unrealised		454,000	-
		192,564,998	129,310,801
30.1 Realised gain on:			
Redemption of mutual funds		156,297,030	-
Federal government securities		35,813,968	129,310,801
		192,110,998	129,310,801
30.2 Realised gain on:			
Net gain on financial assets (debt instruments) measured at FVOCI		35,040,276	129,310,801
Net gain on financial assets (debt instruments) measured at FVTPL		157,070,722	-
		192,110,998	129,310,801

31 OTHER INCOME

Gain on sale of property and equipment - net		-	1,669,537
Gain on derecognition of leases arrangements		-	3,199,057
Liabilities written back	31.1	-	386,319,337
Gain on derecognition on subordinated debt	21.1	626,769,424	-
Others		2,514,139	424,327
		629,283,563	391,612,258
31.1 Liabilities written back			
Finca Network Support B.V.		-	386,319,337

ABHI Microfinance Bank Limited
Notes to the Financial Statements
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32 OPERATING EXPENSES	Note	2025 Rupees	2024 Rupees
Total compensation expense	32.1	3,348,149,873	2,353,511,692
Directors' fees and allowances		5,500,000	6,000,000
Printing, stationery and periodicals		56,715,575	46,496,068
Advertisement		125,619,211	104,323,899
Rent, rates and taxes		71,002,943	40,790,457
Office running expenses		66,727,967	72,958,084
Vehicle running expenses		119,799,049	89,370,024
Insurance		173,697,346	135,503,550
Office security / personnel services		242,748,414	192,591,141
Janitorial Services		86,868,246	53,464,360
Repairs and maintenance		255,365,385	183,481,676
Communication		91,783,722	90,589,140
Travel and transportation		160,938,217	88,300,304
Utilities		217,736,749	229,038,441
IT expenses		204,459,466	147,972,105
Legal and professional charges		75,594,192	56,002,200
Auditors' remuneration	32.2	7,135,417	6,560,000
Training and research		11,084,274	16,778,609
Depreciation on property and equipment	12	133,519,903	141,604,236
Depreciation on right of use assets	13	217,490,551	237,062,448
Amortization on intangible assets	14	36,477,734	45,337,172
Others		15,690,168	11,645,998
		5,724,104,402	4,349,381,604

32.1 Total compensation expense	Note	2025 Rupees	2024 Rupees
Fees and allowances etc		47,442,043	74,839,397
Managerial remuneration			
i) Fixed		1,164,709,345	944,989,888
ii) Variable		827,803,427	447,540,297
Charge for defined benefit plan	40.6	84,887,311	102,582,918
Contribution to employees provident fund		80,431,234	61,810,462
Rent & house maintenance		465,761,496	376,617,692
Utilities		112,605,347	87,978,820
Medical		3,834,892	4,397,280
Conveyance		30,993,044	34,087,185
Staff insurance		29,007,846	19,054,175
Staff medical insurance		47,489,643	41,398,237
Employee old age benefit		41,472,378	36,803,431
Mobile expense		22,286,718	23,589,213
Staff relocation expense		12,896,028	16,689,020
Overtime		1,447,546	3,203,539
Fuel and maintenance		314,831,095	72,598,969
Recruitment related expenses		1,650,250	-
Employee engagement expense		31,340,599	2,594,304
PESSI		856,159	2,039,218
Driver Allowance		25,723,171	-
Others		680,301	697,647
		3,348,149,873	2,353,511,692

ABHI Microfinance Bank Limited
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	Note	2025 Rupees	2024 Rupees
32.2 Auditors' remuneration			
Annual audit		5,366,667	5,600,000
Fee for other statutory certifications		758,750	-
Out of pocket expense		1,010,000	960,000
		7,135,417	6,560,000

33 OTHER CHARGES

	Note	2025 Rupees	2024 Rupees
Penalties imposed by SBP	33.1	-	96,000
Bank charges		83,340,257	47,290,629
Loss on disposal of operating fixed assets		36,607,004	-
Others		13,936,397	3,279,737
		133,883,658	50,666,366

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

	Note	2025 Rupees	2024 Rupees
34 CREDIT LOSS ALLOWANCE AND WRITE OFFS - NET			
Credit loss allowance against loans and advances	34.1	86,890,937	(37,012,173)
Bad debts written off directly	11.2	20,105,984	7,904,986
Recovery against advances previously written off		(349,493,375)	(526,883,381)
		(242,496,454)	(555,990,568)

34.1 Credit loss allowance against loans and advances

	Note	2025 Rupees	2024 Rupees
- Against advances		93,017,746	(8,938,536)
- Against other assets		(6,126,809)	(28,073,637)
		86,890,937	(37,012,173)

35 TAXATION

	Note	2025 Rupees	2024 Rupees
Current:			
For the year	35.1	287,860,228	105,165,645
For the prior year		-	112,284,152
		287,860,228	217,449,797
Deferred:			
For the year	15	364,291,385	244,159,947
		652,151,613	461,609,744

ABHI Microfinance Bank Limited
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35.1 There is no relationship between the current tax expense for the year 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.

36 BASIC AND DILUTED EARNINGS/(LOSS) PER SHARE

			2025	2024
36.1	Profit/(Loss) for the year	*Rupees*	1,019,124,063	(1,753,520,804)
	Weighted average number of ordinary shares	*Number*	768,222,044	634,888,711
	Basic and diluted earnings/(loss) per share	*Rupees*	1.33	(2.76)

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

37 CASH AND CASH EQUIVALENTS

	Note	2025 Rupees	2024 Rupees
Cash and balances with SBP and NBP	7	9,863,364,956	3,409,587,839
Balances with other banks	8	7,547,109,841	5,452,594,698
		17,410,474,797	8,862,182,537

38 STAFF STRENGTH

	2025		
	Credit / Sales staff	Banking / Support staff	Total staff
Permanent	768	663	1,431
Contractual	216	19	235
MFB's own staff strength at the end of the year	984	682	1,666

	2024		
	Credit / Sales staff	Banking / Support staff	Total staff
Permanent	666	632	1,298
Contractual	152	296	448
MFB's own staff strength at the end of the year	818	928	1,746

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39 NUMBER OF BRANCHES

	2025		2024	
	Branches	Sales service centre	Branches	Sales service centre
	No.	No.	No.	No.
Branches at the beginning of the year	114	-	114	-
Opened during the year	-	-	-	-
	114	-	114	-
Less: closed during the year	-	-	-	-
Branches at the end of the year	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 gross 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:

	2025	2024
	Numbers	Numbers
Gratuity scheme	1,082	1,298

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 December 31, 2025.

	2025	2024
Discount rate used for profit and loss charge	12.25%	15.50%
Discount rate for year end obligation	11.00%	12.25%
Expected rate of salary increase	10.00%	11.25%

	2025	2024
40.4 Present value of obligations	369,217,115	289,704,451

40.5	Movement in payable under defined benefit schemes	Note	2025 Rupees	2024 Rupees
	Opening balance		289,704,451	298,046,220
	Charge for the year	40.6.1	84,887,311	102,582,918
	Re-measurement loss/(gain) recognised in OCI during the year	40.6.2	84,769,533	(29,405,221)
	Benefits paid		(90,144,180)	(81,519,466)
	Closing balance		369,217,115	289,704,451

40.6 Charge for defined benefit plans

40.6.1 Cost recognised in profit and loss

	2025	2024
Current service cost	56,457,080	60,368,922
Past service cost	-	4,501,296
Interest cost	28,430,231	37,712,700
	84,887,311	102,582,918

40.6.2 Re-measurements recognised in OCI during the year

	2025	2024
Loss / (gain) on obligation:		
- Demographic assumptions	12,694,543	-
- Financial assumptions	(1,836,942)	(3,061,336)
- Experience adjustment	73,911,932	(26,343,885)
Total re-measurements recognised in OCI	84,769,533	(29,405,221)

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:

	2025 Rupees	2024 Rupees
100 bps increase in discount rate	14,720,624	21,349,298
100 bps decrease in discount rate	13,511,324	18,684,048
100 bps increase in expected rate of salary increase	16,107,359	22,153,696
100 bps decrease in expected rate of salary increase	15,056,455	19,743,217

		2025	2024
40.8	**Expected charge for the next financial year**	109,167,063	87,899,959

40.9 Maturity profile

The weighted average duration of the obligation is 7 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 DEFINED CONTRIBUTION PLAN

The Bank operates an approved funded contributory provident fund for all its permanent employees to which monthly contributions are made both by the Bank and the employees at the rate of 8.33% of basic salary.

	2025 Rupees	2024 Rupees
Total Contribution	**160,862,468**	123,620,924
Number of Employees	**1,431**	1,298

The following information is based on the unaudited financial statements for the year (2024: Audited) of the provident fund:

	2025	2024
Size of the fund - Total assets	**518,843,500**	460,105,590
Cost of investments	**501,971,724**	439,058,570
Percentage of investments made	**97%**	95%
Fair value of investments	**501,971,724**	441,347,090

42 COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

	2025			2024		
Items	Non-Executives (Independent Directors)	President / CEO	Key Management Personnel	Non-Executives (Independent Directors)	President / CEO	Key Management Personnel
	Rupees					
Fees and allowances	5,500,000	-	-	6,000,000	-	-
Managerial remuneration						
i) Fixed	-	18,399,998	92,185,709	-	12,518,151	58,257,911
Charge for defined benefit plan	-	-	9,817,642	-	2,871,077	13,796,068
Contribution to defined contribution plan	-	-	7,679,071	-	967,785	4,415,429
Rent and house maintenance	-	7,359,998	36,874,278	-	5,007,259	23,303,157
Utilities	-	1,839,998	6,917,062	-	90,012	3,324,550
Medical	-	-	2,301,512	-	1,161,805	2,501,271
Others	-	5,060,104	46,539,327	-	12,280,740	28,387,927
Total	5,500,000	32,660,098	202,314,601	6,000,000	34,896,829	133,986,313
Number of persons	7	1	12	8	2	11

43 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.

The Bank measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

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

a) Financial instruments in level 1

Currently, no financial instruments are classified in level 1.

b) Financial instruments in level 2

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

c) Financial instruments in level 3

Currently, no financial instruments are classified in level 3.

The Bank's policy is to recognize transfers into and out of the different fair value hierarchy levels at the date the event or change in circumstances that caused such transfer takes place. There were no transfers between levels 1 and 2 during the year.

The table below analyses the financial 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.

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		2025				
		Carrying amount	Fair value			
	Note	Carrying Value	Level 1	Level 2	Level 3	Total
		Rupees				
On-Balance sheet financial instruments						
Financial assets measured at fair value						
Investments	10	6,443,102,790	-	6,443,102,790	-	6,443,102,790

		2024				
		Carrying amount	Fair value			
	Note	Total	Level 1	Level 2	Level 3	Total
		Rupees				
On-Balance sheet financial instruments						
Financial assets measured at fair value						
Investments	10	4,562,000,100	-	4,562,000,100	-	4,562,000,100

44 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:

	2025							2024				
	CEO	Key management personnel	Directors	ABHI Private Limited	TPL CORP	TPL Insurance	Kashf Foundation Provident Fund Trust	CEO	Key management personnel	Directors	FINCA Network Support B.V.	Kashf Foundation Provident Fund Trust
						---------- Rupees ----------						
ADVANCES												
Opening balance	-	10,662,390	-	-	-	-	-	-	8,955,961	-	-	-
Addition during the year	49,000,000	161,172,838	-	-	-	-	-	-	9,105,950	-	-	-
Repaid during the year	(24,000,000)	(55,961,760)	-	-	-	-	-	-	(7,399,521)	-	-	-
Closing balance	25,000,000	115,873,468	-	-	-	-	-	-	10,662,390	-	-	-
OTHER ASSETS												
Interest / mark-up accrued	-	686	-	-	-	-	-	-	-	-		-
DEPOSITS AND OTHER ACCOUNTS												
Opening balance	364,634	10,260,170	98,974	-		-	8,364	6,795	4,389,393	99,642	-	176,081,333
Adjustment due to change in related parties - net	-	-	(93,713)	-	-	-	-	99,534	(54,272)			
Received during the year	137,023,369	632,280,625	16,122,493	164,358,360,123	1,000,011,176	895,000,000	688	38,370,036	225,338,627	-	-	37,923,276
Withdrawn during the year	(135,404,166)	(599,125,498)	(16,082,833)	(160,885,367,682)	(1,000,000,850)	-	(1,014)	(38,111,731)	(219,413,578)	(668)	-	(213,906,245)
Closing 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
OTHER LIABILITIES												
Markup / return / interest payable	-	199,082	-	1,881,359	96	-	445	-	39,038	-	-	-
TRANSACTION DURING THE YEAR												
Income												
Mark-up/return/interest earned	1,416,803	3,138,476	-	-			-	-	1,078,861	-	-	-
Expense												
Mark-up/return/interest expensed	-	898,665	1,936,133	4,201,513	973	-	904	-	849,895	-	-	37,926,503
Contribution to provident fund	-	7,679,071	-	-	-	-	-	967,785	4,415,429	-	-	-
IT expenses	-	-	-	-	-	-	-	-	-	-	147,972,105	-
Liability written back	-	-	-	-	-	-	-	-	-	-	388,319,337	-

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45 CAPITAL ADEQUACY, LEVERAGE RATIO AND LIQUIDITY REQUIREMENTS	Note	2025 Rupees	2024 Rupees
Minimum Capital Requirement (MCR):			
Paid-up Capital (net of losses)	45.1	1,602,651,705	(4,029,874,020)
Capital Adequacy Ratio (CAR):			
Eligible Common Equity Tier - 1 (CET1) Capital	45.1	(3,458,125,569)	(9,236,610,721)
Eligible Additional Tier - 1 (ADT1)) Capital		-	-
Total Eligible Tier-1 Capital		(3,458,125,569)	(9,236,610,721)
Eligible Tier2 capital		-	-
Total Eligible Capital (Tier1+Tier2)		(3,458,125,569)	(9,236,610,721)
Risk Weighted Assets (RWAs):			
Credit Risk		16,494,820,845	7,945,859,584
Operational Risk		560,405,126	585,624,012
Total		17,055,225,971	8,531,483,596
Common Equity Tier1 Capital Adequacy Ratio		-20.28%	-108.27%
Tier1 Captial Adequacy Ratio		-20.28%	-108.27%
Total Capital Adequacy Ratio		-20.28%	-108.27%

The Bank is required to maintain minimum capital of Rs. 1,000 million and capital adequecy ratio (CAR) equivalent to at least 15% of its risk weighted assets.

45.1 For the purpose of calculation of MCR and CAR the State Bank of Pakistan vide letter No. SBPHOK-BPRD-BACPD-FINCA-1103497 dated March 11, 2026 has allowed the Bank to take into account the amount of Rs. 2 billion received from its sponsor shareholders (ABHI Private Limited) for the purpose of additional equity injection, being held in deposit account maintained with the Bank as at the reporting date. Further, the Bank was granted a specific relaxation by the State Bank of Pakistan (SBP) in respect of Capital Adequacy Ratio (CAR) vide letter No. BPRD(A&BLD)/FMFB/7166 dated November 11, 2024 (refer to Note 49).

45.2 Bank uses standardized approach for calculation of Credit risk weighted asset. Under this approach, the risk weighted amount of an on-balance sheet asset is determined by multiplying its current book value (including accrued interest or revaluations, and net of any specific provision or associated depreciation) by the relevant risk weight as provided by State Bank of Pakistan through ACFID Circular No. 01 of May 16, 2025.

For the calculation of operational risk weighted assets, average positive gross income of the bank over the past three years is used. Figures for any year in which gross income is negative or zero is excluded from both numerator and denominator when calculating average.

46 RISK MANAGEMENT

46.1 Risk Management Department

Banks maintains a structured approach to risk management. The risk management department is led by the Chief Risk Officer (CRO). The Board of Directors (BoD) has authorized the department to implement and monitor a comprehensive risk management framework across the bank. The Board, via its Board Risk and Compliance Committee conducts assessments of the bank's principal risks.

46.1.1 Key Components of Risk Management

- Active Board/Senior Management Direction: Ensures strategic alignment and oversight of risk management.
- Robust Policies and Procedures: Provides a framework for managing risks effectively.
- Adequate Risk Measurement, Monitoring, and Management Information Systems: Enables accurate assessment and tracking of risks.
- Comprehensive Internal Controls: Ensures adherence to policies and procedures.

46.1.2 Risk Management Architecture

1. Credit Risk Management Unit
- Reviews, completes, and conducts due diligence on credit proposals initiated by branches.

2. Credit Administration Department
- Manages loan collateral, documentation, and disbursement aspects of the credit portfolio.
- Ensures that all legal and procedural requirements are met during the lending process.

3. Operational Risk Management Unit
- Focuses on identifying, assessing, and mitigating operational risks (e.g., operational issues, process gaps, system failures, human error).
- Implements controls and processes to minimize operational losses and ensure smooth business operations.

4. Market and Liquidity Risk
- Monitors and controls interest rate, prices, and treasury-related risks, ensuring activities are conducted within approved limits and regulatory requirements.
- Ensures sufficient liquidity to meet obligations through effective cash flow management, funding oversight, and contingency planning.

46.2 Credit Risk

The possibility of monetary loss to financial institutions arising due to the inability or unwillingness of a counterparty to perform a commitment as per the agreed terms and conditions, inter alia, on account of lending, trading, hedging, settlement, and other financial transactions.

Credit risk is managed through the credit policies approved by the Board; a defined credit approval mechanism; use of internal risk ratings; prescribed documentation requirements; post-disbursement administration, review, and monitoring of loans; and continuous assessment of credit worthiness of counterparties. Decisions regarding the credit portfolio are taken by the **Asset and Liability Committee (ALCO)** and **Management Risk and Compliance Committee**. The Bank is committed to the appropriate level of due diligence to ensure that credit risk is identified and analyzed diligently, ensuring that credit commitments are appropriately structured, priced (in line with market practices) and documented. The Bank has a **Credit Risk Procedural Manual** and a **Credit Policy** in place to strategize and govern the Bank's overall lending strategy.

46.2.1 Exposure to credit risk

	December 31, 2025		December 31, 2024	
	Balance as per the Statement of Financial position	Maximum Exposure	Balance as per the Statement of Financial position	Maximum Exposure
	Rupees			
Cash and balances with treasury banks	9,863,364,956	-	3,409,587,839	-
Balances with other MFBs / Banks / NBFIs	7,547,109,841	7,547,109,841	5,452,594,698	5,452,594,698
Lending to financial institutions	2,762,889,000	2,762,889,000	-	-
Investments	6,443,102,790	-	4,562,000,100	-
Advances	37,555,584,192	37,555,584,192	18,386,926,694	18,386,926,694
Other assets	6,096,209,065	6,096,209,065	2,674,715,692	2,674,715,692
	70,268,259,844	53,961,792,098	34,485,825,023	26,514,237,084

46.2.2 Credit ratings

Balances with other MFBs / Banks / NBFIs have the following credit ratings:

Rating		December 31, 2025 Rupees	December 31, 2025 %	December 31, 2024 Rupees	December 31, 2024 %
A-1+	United Bank Limited	531,572,467	7.04%	51,830,565	0.95%
A-1+	MCB Bank Limited	10,172,038	0.13%	17,546,169	0.32%
A-1+	Habib Bank Limited	306,277	0.00%	82,515	0.00%
A1+	JS Bank Limited	1,071,529	0.01%	10,378	0.00%
A1	Telenor Microfinance Bank	4,692	0.00%	4,502	0.00%
A-1+	Allied Bank Limited	161,892	0.00%	136,451	0.00%
A-1 / A-1	Mobilink Microfinance Bank Limited	1,011,505	0.01%	3,001,109,561	55.04%
A-1+	Soneri Bank Limited	3,000,010,426	39.75%	1,380,091,050	25.31%
A-1+	Bank Alfalah Limited	1,697,190	0.02%	1,541,490	0.03%
A1	Samba Bank Limited	173,575	0.00%	159,075	0.00%
A-2	Khushhali Bank Limited	1,000,010,013	13.25%	10,000	0.00%
A-1+	The Bank of Punjab	83,128	0.00%	72,942	0.00%
A1+	Pak Libya Holding Company	-	0.00%	1,000,000,000	18.34%
A+/A-1	U Microfinance Bank Limited	544,287	0.01%	-	0.00%
BBB / A3	Halan Microfinance Bank Limited	1,000,006,575	13.25%	-	0.00%
A- / A2	LOLC Microfinance Bank Limited	2,000,284,247	26.50%	-	0.00%
Total balance		7,547,109,841	100%	5,452,594,698	100%

46.2.2.1 Above ratings are on the basis of available ratings assigned by PACRA and VIS.

46.2.3 ***Investments in government securities***

Credit risk by industry sector

	Gross investments		Non Performing investments		Credit Loss Allowance Booked	
	2025	2024	**2025**	2024	**2025**	2024
	----------	----------	Rupees	----------	----------	----------
Federal government securities	**6,443,102,790**	4,562,000,100	-	-	-	-

46.2.4 ***Lending to financial institutions***

Credit risk by industry sector

	Gross investments		Non Performing investments		Credit Loss Allowance Booked	
	2025	2024	**2025**	2024	**2025**	2024
	----------	----------	Rupees	----------	----------	----------
Federal government securities	**2,762,889,000**	-	-	-	-	-

As disclosed in Note 9.2, these lendings are secured by market treasury bills. The total market value of these market treasury bills is Rs. 3 billion (2024: Nil).

46.2.5 ***Advances***

Credit risk by industry sector

	Gross advances		Non Performing advances		Credit Loss Allowance Booked	
	2025	2024	**2025**	2024	**2025**	2024
	----------	----------	Rupees	----------	----------	----------
Individuals	**38,162,579,357**	19,174,237,074	**258,392,150**	480,253,956	**606,995,165**	787,310,380

46.2.6 **Concentration of credit risk:**

Credit concentration risk arises mainly due to concentration of exposures under various categories viz., industry, geography, and single / group borrower obligor. Within credit portfolio, as a prudential measure aimed at better risk management and avoidance of concentration of risks, the SBP has prescribed regulatory limits on banks' maximum exposure to single and group obligors. Within the SBP limits, the Bank has further defined limits to avoid excessive concentration of portfolio.

46.2.7 Definition of default and cure

Default

The Bank considers a financial instrument in default when:
- The instrument is considered credit-impaired(transferred to stage 3) for ECL calculations in all cases of its advances to customers, and the borrower becomes 60 days past due on its contractual payments (for general loans).

For treasury and interbank balances, default occurs when required intraday payments are not settled by the close of business, as outlined in individual agreements.

As part of the qualitative assessment, even if the 60-day threshold isn't met, the Bank considers a customer in default if any of the following events occur, indicating unlikeliness to pay:
- The borrower is deceased.
- A material decrease in the underlying collateral value where recovery is expected from the sale of the collateral.
- A covenant breach not waived by the Bank.
- Pending litigations.
- The borrower is unable to pay due to any other reason.

Cure

A financial instrument is considered "cured" when it is reclassified out of Stage 3 (default). This occurs when none of the default criteria mentioned above are present. Critically, financial assets cannot move directly from Stage 3 to Stage 1. There is a minimum 6-month probationary period for any asset moving from Stage 2 to Stage 1. After being cured (moved out of Stage 3), the asset will be classified as Stage 2. This classification depends on the updated delinquency status at the time of the cure and an assessment of whether there has been a significant decrease in credit risk.

46.2.8 PD estimation process

46.2.8.1 Advances

The banks entire loans and advances portfolio consist of Advances. Advances comprises agriculture, livestock, enterprise, gold and house loans . The Bank does not have credit score card model for consumer landings, therefore, the Bank used delinquency (day past due) based model for estimation of PDs. Average monthly transitions to default of relevant delinquency states were converted into current 12 months point in time PDs using statistical models. The lifetime PD is developed by applying a maturity profile to the current 12 months PD. Data from 1 January 2017 till date has been used for PD estimations.

46.2.8.2 Bank balances

For bank balances and terms deposits, the Bank's market risk department analyses publicly available information such as financial information and other external data, e.g., the rating of good rating agency. PDs of external ratings are sourced from studies of international credit agencies such as S&P Global and Moody's.

46.2.9 LGD estimation process

The Bank segments its consumer lending products into smaller homogeneous segments, based on key characteristics that are relevant to the estimation of future cash flows. The bank calculate LGD of each segment based historical experiences of cash recoveries from defaults (including settlements), cost and time of recoveries. Effective interest rate or approximate thereof has been used to discount recoveries to date of default. Data from 1 January 2017 till date has been PWC used for LGD estimations. For receivables from the banks, investments and nano lending, the Bank used LGD percentages prescribed under Basel Foundation – Internal Rating Based (F-IRB) approach to determine ECL under BSD Circular No. 08 dated June27, 2006 issued by SBP.

46.2.10 Forward looking information:

IFRS 9 requires incorporating future economic conditions into the measurement of ECL. Future economic conditions are incorporated by adjusting estimates of PD to reflect expectations about the stage of economic cycle expected to be prevalent in the economy as-and-when default is expected to arise in the future. The macroeconomic factors were selected based on management judgement and analysis of historical default rates. GDP growth rate and CPI were considered to be the most suitable for the Bank's customers. The GDP and CPI forecast were sourced from International Monetary Fund (IMF) which were used to determine forward looking Point in time PDs (Pit PDs).

46.3 Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and system or from external events.

Operational Risk Management is housed within Risk Management and comprehensive ORM and BCM frameworks are in place addressing key operational risk aspects related to people, processes, systems, and external events. The Management Risk and Compliance Committee oversees and monitors operational risk issues and its mitigation. The bank utilizes key ORM tools, including Risk Control Self-Assessment (RCSA), Key Risk Indicators (KRIs), Risk Appetite and operational loss data, to assess the likelihood and severity of operational risks.

46.4 Interest / mark-up rate risk

Interest rate risk is the risk that the value of the financial instrument will fluctuate due to changes in the market interest rates. The Bank's interest rate exposure is low due to the short-term nature of the majority of business transactions. Interest rate risk is also controlled through flexible credit pricing mechanism and variable deposit rates. Optimization of yield is achieved through the Bank's investment strategy which aims on attaining a balance between yield and liquidity under the strategic guidance of Assets and Liability Committee of Management (ALCO).

46.5 Market Risk

It is the risk arising from changes in the value of on and off-balance sheet positions of the Bank due to adverse movements in market rates or prices such as interest rates, foreign exchange rates, equity prices, credit spreads and commodity prices, resulting in a loss to earnings and capital.

The Market Risk Unit monitors the impact of price and rate movements on the Bank's portfolios and periodically reports to the Asset and Liability Committee (ALCO), which are primarily responsible for oversight of market risk. The risk management department has developed various tools for risk measurement and carries out stress tests, using both internally developed scenarios and scenarios prescribed by the regulator.

46.6 Foreign Exchange Risk

Foreign exchange risk arises in case of an on balance sheet / off balance sheet asset or liability position when there is adverse exchange rate movement. The Bank's exposure to this category of market risk is negligible as the Bank has no foreign currency reserves and has minimal foreign currency transaction.

46.7 Liquidity risk

Liquidity risk is the potential for loss to an institution arising from either its inability to meet its obligations or to fund increase in assets as they fall due without incurring unacceptable cost or losses.

The Bank's Asset and Liability Committee (ALCO) sets the overall strategy and oversees asset and liability management. Liquidity risk is monitored through several metrics, including the Cash Reserve Requirement, Statutory Liquidity Requirement, liquidity gaps, stress testing, and various liquidity ratios. Liquidity Risk Management regularly monitors these metrics, and the ALCO reviews liquidity risk monthly.

45.7.1 Assets & Liabilities - based on contractual maturity

	2025							
	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 to 12 months	Over 1 to 2 Years	Over 2 to 5 Years	Over 5 Years	Total
	Rupees							
Assets								
Cash and balances with SBP and NBP	9,863,364,966	-	-	-	-	-	-	9,863,364,966
Balances with other banks/NBFIs/MFBs	7,547,109,841	-	-	-	-	-	-	7,547,109,841
Lending to financial institutions	2,762,889,000	-	-	-	-	-	-	2,762,889,000
Investments - net of provisions	4,017,111,977	-	1,444,978,499	-	981,012,314	-	-	6,443,102,790
Advances - net of provisions	5,057,907,486	4,709,946,335	7,917,217,253	19,257,362,717	342,856,014	269,499,556	794,600	37,555,584,192
Property and equipment	62,669,163	64,380,361	76,578,513	112,104,816	171,065,071	245,021,606	270,397,167	992,016,487
Right-of-use Assets	624,272	2,141,835	4,976,528	15,068,623	56,125,875	196,689,443	763,935,971	1,029,461,547
Intangible assets	39,235,260	41,845,569	44,577,837	15,313,709	20,884,270	21,487,017	7,371,689	190,715,341
Deferred tax asset	-	-	-	-	-	4,268,015,321	-	4,268,015,321
Other assets	6,387,202,672	-	-	-	-	-	26,319,762	6,413,522,434
	35,727,904,617	4,818,314,101	9,488,330,660	19,399,646,665	1,571,943,544	4,970,712,943	1,068,729,379	77,065,781,909
Liabilities								
Bills Payable	114,006,111	-	-	-	-	-	-	114,006,111
Deposit and other accounts	36,131,197,509	4,057,488,218	7,492,722,078	14,573,833,521	2,953,040,314	3,880,002,373	-	69,088,284,013
Lease Liabilities	444,922	3,573,469	8,362,630	24,556,381	116,277,370	250,688,929	851,429,842	1,255,333,543
Borrowings including subordinated debt	-	-	-	-	-	672,286,612	3,000,000,000	3,672,286,612
Other liabilities	2,935,460,758	-	-	65,463,764	55,382,567	276,912,836	-	3,333,219,926
	39,181,109,300	4,061,061,687	7,501,084,708	14,663,853,666	3,124,700,251	5,079,890,750	3,851,429,842	77,463,130,204
Off balance sheet	-	-	-	-	-	-	-	-
	39,181,109,300	4,061,061,687	7,501,084,708	14,663,853,666	3,124,700,251	5,079,890,750	3,851,429,842	77,463,130,204
Net Assets	(3,453,204,683)	757,252,414	1,987,245,952	4,735,992,999	(1,552,756,707)	(109,177,807)	(2,762,700,463)	(397,348,295)

Represented By

Share capital	4,259,846,817
Capital Contribution Reserve	600,000,000
Statutory and general reserves	1,072,706,246
Depositors' protection fund	592,756,810
Surplus on revaluation of assets	9,289,802
Accumulated losses	(6,931,947,970)
	(397,348,295)

ABHI Microfinance [illegible] Limited
Notes to the Financial statements
For the year ended 31 December 2025

	2024							
	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 to 12 months	Over 1 to 2 Years	Over 2 to 5 Years	Over 5 Years	Total
	Rupees							
Assets								
Cash and balances with SBP and NBP	3,409,587,839	-	-	-	-	-	-	3,409,587,839
Balances with other banks/NBFIs/MFBs	5,452,594,698	-	-	-	-	-	-	5,452,594,698
Investments - net of provisions	-	2,405,843,648	-	2,156,156,452	-	-	-	4,562,000,100
Advances - net of provisions	1,385,491,508	2,680,180,217	3,112,422,198	10,857,849,558	286,399,373	62,274,486	2,209,354	18,386,926,994
Property and equipment	13,703,356	23,688,971	32,944,002	59,340,747	106,199,735	163,037,949	17,739,322	416,654,081
Right-of-use Assets	20,940,036	13,329,955	17,291,744	34,760,656	93,094,678	169,027,262	298,302,571	646,806,802
Intangible assets	3,248,340	6,373,806	9,220,191	17,264,094	31,439,800	39,590,608	10,943,592	118,086,431
Deferred tax asset	-	-	-	-	-	4,602,670,938	-	4,602,670,938
Other assets	2,727,896,453	12,747,545	6,373,766	-	-	-	10,431,162	2,757,248,926
Total	13,013,262,229	5,142,164,142	3,178,257,901	13,125,371,407	517,133,588	5,036,701,243	339,696,001	40,352,576,509
Liabilities								
Bills Payable	116,212,293	-	-	-	-	-	-	116,212,293
Deposit and other accounts	15,735,826,962	3,441,377,032	7,982,919,585	8,373,225,603	464,338,567	228,490,952	-	36,226,184,701
Lease Liabilities	35,065,363	23,244,480	27,725,025	60,470,790	175,660,855	259,725,094	316,214,428	898,106,035
Borrowings including subordinated debt	-	-	-	-	-	800,000,000	3,000,000,000	3,800,000,000
Other liabilities	2,972,071,552	-	-	109,141,942	43,455,668	217,278,338	-	3,341,947,500
	18,859,176,170	3,464,621,512	8,010,644,610	8,542,838,335	683,455,090	1,505,500,384	3,316,214,428	44,382,450,529
Off balance sheet	-	-	-	-	-	-	-	-
Total	18,859,176,170	3,464,621,512	8,010,644,610	8,542,838,335	683,455,090	1,505,500,384	3,316,214,428	44,382,450,529
Net Assets	(5,845,913,941)	1,677,542,630	(4,832,386,709)	4,582,533,072	(166,321,504)	3,531,200,859	(2,976,528,427)	(4,029,874,020)
Represented By								
Share capital	2,259,846,817							
Advance against issue of shares	-							
Statutory and general reserves	858,881,433							
Depositors' protection fund	482,045,565							
Surplus on revaluation of assets	3,833,767							
Accumulated losses	(7,644,581,602)							
	(4,029,874,020)							

ABHI Microfinance Bank Limited
Notes to the Financial Statements
For the year ended 31 December 2025

47 MATERIAL OUTSOURCING ARRANGEMENTS

In compliance to the BPRD circular no. 06 of 2017 of SBP, the material outsourcing arrangements of the Bank are listed below:

Sr #	Name of the service provider	Name of service	Estimated cost of outsourcing 2025 (per annum)	Estimated cost of outsourcing 2024 (per annum)
			Rupees	Rupees
1	ProConsult International	Services realted to IFRS9, IFRS16	5,142,500	-

48 COMPLAINTS MANAGEMENT MECHANISM

The Bank is a customer oriented organization and gives due consideration to the valuable feedback of its customers. Complaints are treated as opportunity to align our products/services and processes to serve the customers in a best possible way. The Bank ensures that resolution of complaints is comprehensive, appropriate and is dealt with agility; keeping customers informed of their complaint status from acknowledgement till the final resolution. An escalation matrix for complaint management has also been put into place internally for effective and efficient resolution of the customer complaints logged in. During the year 9,242 (2024: 10,611) complaints were received by the Bank and were resolved with average resolution time of 4 days (2024: 5 days).

49 RECONCILIATION OF MOVEMENT OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES

	2025			
	Share capital	Capital Contribution Reserve	Lease liability	Total
	Rupees	Rupees	Rupees	Rupees
Carrying amount as at January 1, 2025	2,259,846,817	-	898,106,035	3,157,952,852
Changes from financing cash flows:				
Payment of lease liabilities	-	-	(411,556,559)	(411,556,559)
Issue of share capital	2,000,000,000	-	-	2,000,000,000
Capital Contribution Reserves received		600,000,000	-	600,000,000
	2,000,000,000	600,000,000	(411,556,559)	2,188,443,441
Other liability changes				
Interest expense during the year	-	-	168,638,771	168,638,771
Additions	-	-	600,145,296	600,145,296
Modification during the Year	-	-	-	-
	-	-	768,784,067	768,784,067
Carrying amount as at December 31, 2025	4,259,846,817	600,000,000	1,255,333,543	6,115,180,360

ABHI Microfinance Bank Limited
Notes to the Financial Statements
For the year ended 31 December 2025

	2024			
	Share capital	Capital Contribution Reserve	Lease liability	Total
	Rupees	Rupees	Rupees	Rupees
Carrying amount as at January 1, 2024	2,259,846,817	-	770,731,115	3,030,577,932
Changes from financing cash flows:				
Payment of lease liabilities	-	-	(344,865,776)	(344,865,776)
Other liability changes				
Interest expense during the year	-	-	132,759,148	132,759,148
Additions	-	-	345,302,094	345,302,094
Modification during the Year	-	-	(5,820,546)	(5,820,546)
	-	-	472,240,696	472,240,696
Carrying amount as at December 31, 2024	2,259,846,817	-	898,106,035	3,157,952,852

50 SUBSEQUENT EVENTS

During the year, the Bank received remaining Rs. 2 billion from its sponsor shareholder Abhi Private Limited as part of its commitment of Rs. 4 billion to SBP for the acquisition of the Bank. The amount was initially received in deposit account of Abhi Private Limited being maintained with the Bank. Subsequent to year end, at the request of ABHI Microfinance Bank Limited and undertaking submitted by Abhi Private Limited to that effect, the SBP vide letter No. SBPHOK-BPRD-BACPD-FINCA-1103497 dated March 11, 2026 allowed the Bank to treat this as advance share deposit money for MCR and CAR purposes for the year ended December 31, 2025 and allowed six-month period to obtain Securities and Exchange Commission of Pakistan approval for the issuance of shares.

Pursuant to SBP's approval, subsequent to the year end, the Bank classified this amount as advance against issuance of shares, forming part of the equity position of the Bank.

51 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Bank in their meeting held on 17 APR 2026 .

Chief Executive Officer	Chairman	Chief Financial Officer	Director	Director

ABHI MICROFINANCE BANK LIMITED
Notes to the Financial Statements
For the year ended 31 December 2025

Annexure-I

As refered to the the Note 12.2.2 details of property and equipment book value greater than the Rs. 250,000/- and Cost exceeds Rs. 1,000,000 /- during the year.

Particular of assets	COST	Quantity	Total Cost	ACC. DEP	NET BOOK VALUE	SALE PROCEED	GAIN/ (LOSS)	SOLD TO PARTY	DISOSAL MODE	Relationship
Leasehold Improvements										
Renovation - FINCA HO	8,873,137	12	106,477,648	60,469,128	46,008,520	20,997,918	(25,010,602)	BOP	Tender	Third Party
Renovation - FINCA Parking Area	4,249,620	1	4,249,620	2,549,771	1,699,849	775,797	(924,052)	BOP	Tender	Third Party
Sub-total (A)	**13,122,757**		**110,727,268**	**63,018,899**	**47,708,369**	**21,773,715**	**(25,934,654)**			
Office equipments										
Air Conditioners	76,575	182	13,936,647	7,256,879	6,679,768	3,048,611	(3,631,127)	BOP	Tender	Third Party
Telephone Exchange	22,515	18	405,270	329,234	76,036	34,703	(41,333)	BOP	Tender	Third Party
LED TV	57,027	31	1,767,824	1,188,942	578,882	264,200	(314,682)	BOP	Tender	Third Party
UPS	466,682	7	3,266,773	2,322,466	944,307	430,987	(513,320)	BOP	Tender	Third Party
Other Furniture & Fixture	28,008	60	1,680,459	873,603	806,856	368,207	(438,649)	BOP	Tender	Third Party
Sub-total (B)	**650,807**		**21,056,973**	**11,971,124**	**9,085,849**	**4,146,708**	**(4,939,111)**			
Computer equipments										
Camera	6,449	114	735,177	658,029	77,148	34,909	(42,239)	BOP	Tender	Third Party
Sub-total (C)	**6,449**		**735,177**	**658,029**	**77,148**	**34,909**	**(42,239)**			
Furniture & Fixtures										
Executive Tables	40,962	198	8,110,459	5,493,994	2,616,465	1,196,291	(1,420,174)	BOP	Tender	Third Party
Chairs	10,573	793	8,384,084	5,746,014	2,638,070	1,202,233	(1,435,837)	BOP	Tender	Third Party
Other Furniture & Fixtures	29,023	554	16,078,761	10,863,487	5,215,274	2,380,285	(2,834,989)	BOP	Tender	Third Party
Sub-Total (d)	**80,558**		**32,573,304**	**22,103,495**	**10,469,809**	**4,778,809**	**(5,691,000)**			
Grand Total(A+B+C+D)	**13,860,571**		**165,092,722**	**97,751,547**	**67,341,175**	**30,734,141**	**(36,607,004)**			

6.6 LATEST UNAUDITED MANAGEMENT ACCOUNTS AS AT 30th JUNE 2026[48]

ABHI MICROFINANCE BANK LIMITED

FINANCIAL STATEMENTS

FOR THE SIX MONTHS' PERIOD ENDED JUNE 30, 2026

[48] These financial statements have been audited and initialed by the external auditors of ABHI Microfinance Bank Limited. Formal approval by the Board of Directors is expected to be obtained during the second week of August 2026.

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF ABHI MICROFINANCE BANK LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the annexed financial statements of **ABHI MICROFINANCE BANK LIMITED** (the Bank), which comprise the statement of financial position as at **June 30, 2026**, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the period then ended, and notes to the financial statements, including material accounting policy information and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion, and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), Microfinance Institutions Ordinance, 2001 and the directives issued by the State Bank of Pakistan in the manner so required and respectively give a true and fair view of the state of the Bank's affairs as at June 30, 2026 and of the profit and other comprehensive income, the changes of equity and its cash flows for the period then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF ABHI MICROFINANCE BANK LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the annexed financial statements of **ABHI MICROFINANCE BANK LIMITED** (the Bank), which comprise the statement of financial position as at **June 30, 2026**, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the period then ended, and notes to the financial statements, including material accounting policy information and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion, and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), Microfinance Institutions Ordinance, 2001 and the directives issued by the State Bank of Pakistan in the manner so required and respectively give a true and fair view of the state of the Bank's affairs as at June 30, 2026 and of the profit and other comprehensive income, the changes of equity and its cash flows for the period then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

a) We draw attention to Note 44 to the financial statements, which describes the Bank's financial and regulatory capital position. The Bank is in non-compliance with Capital Adequacy Requirement (CAR) prescribed under the Prudential Regulations for Microfinance Banks, against which a specific relaxation has been granted by the State Bank of Pakistan. Our opinion is not modified in respect of this matter.

b) We draw attention to Note 15.1 to the financial statements, which describes that the Bank has recognized a deferred tax asset of Rs. 3,745.89 million based on the business plan and financial projections approved by the Board of Directors of the Bank. The realization of this deferred tax asset is dependent on the Bank generating sufficient taxable profits in future periods. The preparation of these projections involves the use of management assumptions and judgments about future profitability. A significant change in these assumptions may affect the recoverability of the deferred tax asset. Our opinion is not modified in respect of this matter.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information obtained at the date of this auditor's report is information included in the Director's report, but does not include the financial statements of the Bank and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017), Microfinance Institutions Ordinance, 2001 and the directives issued by the State Bank of Pakistan and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

The Board of directors are responsible for overseeing the Bank's financial reporting process.

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are in adequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Based on our audit, we further report that in our opinion:

a) proper books of account have been kept by the Bank as required by the Companies Act, 2017(XIX of 2017);

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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Based on our audit, we further report that in our opinion:

a) proper books of account have been kept by the Bank as required by the Companies Act, 2017(XIX of 2017);

ABHI MICROFINANCE BANK LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2026

	Note	June 2026	December 2025
		---- Rupees ----	
ASSETS			
Cash and balances with treasury banks	7	5,270,105,115	9,863,364,956
Balances with other MFBs / banks / NBFIs	8	11,165,353,783	7,547,109,841
Lending to financial institutions	9	11,745,866,367	2,762,889,000
Investments	10	6,469,837,577	6,443,102,790
Advances	11	49,533,412,052	37,555,584,192
Property and equipment	12	1,728,779,484	992,016,487
Right-of-use assets	13	1,608,858,614	1,029,461,547
Intangible assets	14	246,503,627	190,715,341
Deferred tax asset	15	3,745,887,212	4,268,015,321
Other assets	16	10,040,254,116	6,149,633,986
Total assets		101,554,857,947	76,801,893,461
LIABILITIES			
Bills payable	17	145,891,354	114,006,111
Borrowings	18	6,952,148,000	3,000,000,000
Deposits and other accounts	19	86,193,686,801	69,088,284,013
Lease liabilities	20	1,782,255,137	1,255,333,543
Subordinated debt	21	720,160,167	672,286,612
Other liabilities	22	2,651,300,487	3,069,331,477
Total liabilities		98,445,441,946	77,199,241,756
NET ASSETS		3,109,416,001	(397,348,295)
REPRESENTED BY:			
Share capital	23	4,259,846,817	4,259,846,817
Advance against issue of shares		2,000,000,000	-
Capital contribution reserve	24	600,000,000	600,000,000
Reserves		1,072,706,246	1,072,706,246
Depositors' protection fund		623,585,387	592,756,810
Surplus on revaluation of assets - net of tax	25	5,699,276	9,289,802
Accumulated losses		(5,452,421,725)	(6,931,947,970)
		3,109,416,001	(397,348,295)
		3,109,416,001	(397,348,295)
CONTINGENCIES AND COMMITMENTS	26		

The annexed notes 1 to 50 form an integral part of these financial statements.

ABHI MICROFINANCE BANK LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE SIX MONTHS' PERIOD ENDED JUNE 30, 2026

	Note	Six Months' Period Ended (Audited) From January 01, 2026 to June 30, 2026	(Un-audited) From January 01, 2025 to June 30, 2025
		Rupees	
Mark-up / return / interest earned	27	9,257,393,407	4,997,401,000
Mark-up / return / interest expensed	28	(4,778,054,594)	(3,114,546,213)
Net mark-up / interest income		4,479,338,813	1,882,854,787
NON MARK-UP / INTEREST INCOME			
Fee and commission income	29	1,061,606,780	683,961,887
Gain on securities	30	107,905	7,121,473
Other income	31	12,214,001	9,109,684
Total non mark-up / interest income		1,073,928,686	700,193,044
Total income		5,553,267,499	2,583,047,831
NON MARK-UP / NON-INTEREST EXPENSES			
Operating expenses	32	(3,208,673,261)	(2,311,833,747)
Workers welfare fund		-	(4,813,390)
Other charges	33	(11,387,485)	(30,766,831)
Total non mark-up / non-interest expenses		(3,220,060,746)	(2,347,413,968)
Profit before credit loss allowance		2,333,206,753	235,633,863
Credit loss allowance and write offs - net	34	125,067,478	88,199,197
PROFIT BEFORE TAXATION		2,458,274,231	323,833,060
Taxation	35	(956,533,205)	(123,647,834)
PROFIT AFTER TAXATION		1,501,741,026	200,185,226
Basic and diluted earnings per share	36	1.80	0.24

The annexed notes 1 to 50 form an integral part of these financial statements.

ABHI MICROFINANCE BANK LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS' PERIOD ENDED JUNE 30, 2026

	Six Months' Period Ended	
	(Audited) From January 01, 2026 to June 30, 2026	(Un-audited) From January 01, 2025 to June 30, 2025
	---------- Rupees ----------	
Profit after taxation	**1,501,741,026**	200,185,226
Other comprehensive income / (loss):		
Items that may be reclassified to statement of profit or loss in subsequent periods		
Movement in surplus on revaluation of investments in debt instruments	**(5,886,110)**	(6,448,800)
Related tax impact	**2,295,584**	-
	(3,590,526)	(6,448,800)
Items that will not be reclassified to statement of profit or loss in subsequent periods		
Remeasurment loss on defined benefit obligations	**(36,417,674)**	-
Related tax impact	**14,202,893**	-
	(22,214,781)	-
Total comprehensive income	**1,475,935,719**	193,736,426

The annexed notes 1 to 50 form an integral part of these financial statements.

ABHI MICROFINANCE BANK LIMITED
STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS' PERIOD ENDED JUNE 30, 2026

	Note	(Audited) June 2026	(Un-audited) June 2025
		---------- Rupees ----------	
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		2,458,274,231	323,833,060
Adjustments:			
Depreciation	12	112,598,250	62,515,866
Depreciation on right-of-use assets	13	155,916,823	102,850,779
Amortization	14	24,889,307	19,030,895
Mark-up / return / interest expense on lease liability against right-of-use assets	20	110,329,277	80,342,915
Credit loss allowance and write-offs	34	66,402,086	46,749,888
Markup earned on investments in government securities		(277,829,505)	(337,780,794)
Workers' welfare fund		-	4,813,390
Markup earned on lending to financial institution	27	(464,615,542)	-
Gain on revaluation of held for trading securities	30	454,000	(7,121,473)
Gain on disposal of government securities	30	(561,905)	-
Gain on termination of lease	31	-	(6,678,382)
Provision for gratuity		74,133,263	55,342,547
		(198,283,946)	20,065,631
		2,259,990,285	343,898,691
Increase in operating assets			
Securities classified as FVTPL		(415,901,443)	(45,298,992)
Lendings to financial institutions		(8,518,361,825)	-
Advances		(12,044,229,946)	(7,300,487,446)
Others assets		(3,890,620,130)	(1,938,013,415)
		(24,869,113,344)	(9,283,799,853)
Increase / (decrease) in operating liabilities			
Bills payable		31,885,243	12,648,564
Borrowings from financial institutions		3,952,148,000	-
Deposits		17,105,402,788	7,918,353,994
Subordinated debt		47,873,555	-
Other liabilities		(168,736,064)	(153,412,290)
		20,968,573,522	7,777,590,268
		(1,640,549,537)	(1,162,310,894)
Gratuity paid		(339,217,015)	(43,753,417)
Income tax paid		(440,831,051)	(119,927,627)
Net cash flow used in operating activities		(2,420,597,603)	(1,325,991,938)
CASH FLOW FROM INVESTING ACTIVITIES			
Net investments in amortised cost securities		563,513,540	(125,403,837)
Inerest income on depositors protection fund		30,828,577	-
Investments in property and equipment		(634,939,630)	-
Addition in capital work in progress		(214,421,617)	(226,139,510)
Investments in Intangible assets - CWIP		(80,677,593)	(41,496,621)
Net cash flow used in investing activities		(335,696,723)	(393,039,968)
CASH FLOW FROM FINANCING ACTIVITIES			
Payment of lease liability against right-of-use assets		(318,721,573)	(153,340,533)
Issue of share capital		-	2,000,000,000
Capital contribution reserves		-	600,000,000
Advance against issuance of shares		2,000,000,000	-
Net cash flow generated from financing activities		1,681,278,427	2,446,659,467
(Decrease) / increase in cash and cash equivalents		(1,075,015,899)	727,627,561
Cash and cash equivalents at beginning of the period		13,410,474,797	8,862,182,537
Cash and cash equivalents at end of the period	37	12,335,458,898	9,589,810,098

The annexed notes 1 to 50 form an integral part of these financial statements.

ABHI MICROFINANCE BANK LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS' PERIOD ENDED JUNE 30, 2026

	Share capital	Discount on issue of shares	Advance against issue of shares	Capital reserves			Revenue reserves		Total
				Capital contribution reserve	Statutory reserve	Depositors' protection fund	Accumulated losses	Surplus on revaluation of assets - net of tax	
	Rupees								
Balance as at January 01, 2025 (audited)	6,348,887,110	(4,089,040,293)	-	-	868,881,433	482,045,565	(7,644,581,602)	3,933,767	(4,029,874,020)
Profit for the period ended June 30, 2025	-	-	-	-	-	-	200,185,226	-	200,185,226
Other comprehensive income-net of tax	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	200,185,226	-	200,185,226
Transaction with owners									
Issue of share capital	2,000,000,000	-	-	-	-	-	-	-	2,000,000,000
Capital contribution reserves	-	-	-	600,000,000	-	-	-	-	600,000,000
	2,000,000,000	-	-	600,000,000	-	-	-	-	2,600,000,000
Return on depositors' protection fund's investments	-	-	-	-	-	28,305,696	-	-	28,305,696
Balance as at June 30, 2025 (un-audited)	8,348,887,110	(4,089,040,293)	-	600,000,000	868,881,433	510,351,261	(7,444,396,376)	3,933,767	(1,201,383,098)
Profit for the period ended December 31, 2025	-	-	-	-	-	-	818,938,837	-	818,938,837
Other comprehensive income-net of tax	-	-	-	-	-	-	(51,709,415)	5,356,035	(46,353,380)
	-	-	-	-	-	-	767,229,422	5,356,035	772,585,457
Transfer to statutory reserve	-	-	-	-	203,824,813	-	(203,824,813)	-	-
Transfer to depositors' protection fund	-	-	-	-	-	50,956,203	(50,956,203)	-	-
Return on depositors' protection fund's investments	-	-	-	-	-	31,449,346	-	-	31,449,346
Balance as at January 01, 2026 (audited)	8,348,887,110	(4,089,040,293)	-	600,000,000	1,072,706,246	592,756,810	(6,931,947,970)	9,289,802	(397,348,295)
Profit for the period ended June 30, 2026 (audited)	-	-	-	-	-	-	1,501,741,026	-	1,501,741,026
Other comprehensive loss-net of tax	-	-	-	-	-	-	(22,214,781)	(3,590,526)	(25,805,307)
	-	-	-	-	-	-	1,479,526,245	(3,590,526)	1,475,935,719
Transaction with owners									
Advance against issue of shares	-	-	2,000,000,000	-	-	-	-	-	2,000,000,000
Return on depositors' protection fund's investments	-	-	-	-	-	30,828,577	-	-	30,828,577
Balance as at June 30, 2026 (audited)	8,348,887,110	(4,089,040,293)	2,000,000,000	600,000,000	1,072,706,246	623,585,387	(5,452,421,725)	5,699,276	3,109,416,001

The annexed notes 1 to 50 form an integral part of these financial statements.

ABHI MICROFINANCE BANK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS' PERIOD ENDED JUNE 30, 2026

1. STATUS AND NATURE OF BUSINESS

Abhi Microfinance Bank Limited ("the Bank") was incorporated on June 26, 2008 as a public limited company. The Bank obtained the microfinance banking license from the State Bank of Pakistan ("SBP") on August 12, 2008 under the provisions of Microfinance Institutions Ordinance, 2001 and certificate of commencement of business on September 04, 2008 from Securities and Exchange Commission of Pakistan. The Bank received the certificate of commencement of business from SBP on October 27, 2008.

The principal business of the Bank is to provide microfinance services to the poor and under-served segments of the society as envisaged under the Microfinance Institutions Ordinance, 2001. The Bank is licensed to operate nationwide. As at 30 June 2026, the Bank has 114 branches (31 December 2025: 114 branches) operating in the provinces of Punjab, Khyber Pakhtunkhwa, Baluchistan, Sindh, Gilgit Baltistan and Azad Jammu & Kashmir. Details of the Bank's branch network are presented in note 39. The credit rating company VIS assigned the long term entity rating of the Bank at 'A-' and short term rating at 'A2' on 03 September 2025.

Pursuant to Share Purchase Agreement (SPA) entered into on September 20, 2024 with FINCA Microfinance Cooperative U.A., the then-majority shareholder of the Bank, the control and ownership of the Bank has been jointly acquired by Abhi (Private) Limited (ABHI) and TPL Corp Limited (TPL). As a result the Bank has been rebranded as Abhi Microfinance Bank Limited while the registered office of the Bank was relocated to Plot No. 12, S.A. House, D-12 Markaz, Islamabad, Pakistan.

The ultimate parent of Abhi (Private) Limited is Abhi Limited, with their registered office in 190 Elgin Avenue George Town, Grand Cayman KY1-9008, Cayman Islands.

2. BASIS OF PRESENTATION

These financial statements have been presented in accordance with the requirements of Banking Policy & Regulations Department (BPRD) of State Bank of Pakistan (SBP) via circular no. 3. of 2023 dated February 09, 2023.

As required under IAS 1 – Presentation of Financial Statements, comparative information has been presented in the statement of profit or loss, statement of comprehensive income and the statement of cash flows. However, the comparative figures relate to the unaudited period ended June 30, 2025, and are presented solely for illustrative purposes.

3. STATEMENT OF COMPLIANCE

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

- IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017;
- Provisions of, directives and notifications issued under the Microfinance Institutions Ordinance, 2001, prudential regulations for the Microfinance Banks and the Companies Act, 2017; and
- Directives issued by the State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan (SECP).

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

3.2 The SBP has deferred the applicability of IAS 40 - 'Investment Property' for Banking Companies in Pakistan through BSD Circular Letter 10 dated August 26, 2002 till further instructions. Further, the SECP has deferred the applicability of IAS 40 - 'Investment Property' and IFRS 7 - 'Financial Instruments: Disclosures' through its notification S.R.O 633(I)/2014 dated July 10, 2014. Accordingly, the requirements of these standards have not been considered in the preparation of these financial statements. However, investments have been classified and valued in accordance with the requirements prescribed by the SBP through various circulars.

3.3 Standards, interpretations and amendments that are effective in the current year

There are certain new and amended standards, issued by the IASB, interpretations and amendments that are mandatory for the Bank's accounting periods beginning on or after January 1, 2026 but are considered not to be relevant or do not have any material effect on the Bank's operations and therefore are not detailed in these financial statements.

3.4 Standards, interpretations and amendments that are not yet effective

The following standards, amendments and interpretations as notified under the Companies Act, 2017 will be effective for accounting periods beginning on or after January 01, 2027:

Standard, Interpretation or Amendment	**Effective date (annual reporting periods beginning on or after)**
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 financial statements for future periods.

Following standards have been issued by the International Accounting Standards Board (IASB), which are yet to be notified by the Securities and Exchange Commission of Pakistan (SECP) as at June 30, 2026 for the purpose of their applicability in Pakistan:

Standard
IFRS 1 - First time adoption of International Financial Reporting Standards

4. BASIS OF MEASUREMENT

These financial statements have been prepared under the historical cost convention except for the following which are stated at fair values / present values:

- Investments in government securities;
- Right of use assets and corresponding lease liabilities;
- Subordinate debt; and
- Payable to defined benefit plan.

These financial statements are presented in Pakistani Rupees ("Rs.") which is the Bank's functional and presentational currency. All amounts have been rounded to the nearest Pakistani Rupee, unless otherwise indicated.

5. USE OF ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of these financial statements is in conformity with the approved accounting standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions and judgements are based on historical experience and other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgements about carrying values of assets and liabilities that are readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which the estimate is revised if the revision effects only that period, or in the period of revision and future periods if revision affects both current and future periods. The areas where various assumptions and estimates are significant to Bank's financial statements are as follows:

		Note
-	Impairment losses on financial assets	6.3.9
-	Property and equipment	6.5.3
-	Right-of-use assets	6.6.2
-	Intangible assets	6.5.2
-	Provision for taxation	6.8
-	Recoverability of deferred tax assets	6.8
-	Staff retirement benefits	6.9

6. MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies adopted in the preparation of these financial statements are consistent with those of the corresponding year.

6.1 Cash and cash equivalents

Cash and cash equivalents for the purpose of cash flow statement represent cash in hand and balances held with treasury banks and balances held with other banks in current and deposit accounts with maturities of less than three months and are carried at cost.

6.2 Lending to / Borrowing from Financial Institutions

Repurchase Transactions Agreement (Repo)
The Bank Securities sold under repurchase agreements (repo) continue to be recognized in the financial statements as investments, while the corresponding obligation to the counterparty is recorded under borrowings. The difference between the sale price and the agreed repurchase price is recognized as an expense and accrued over the term of the agreement on a time-proportion basis.

Reverse Repurchase Transactions Agreement (Reverse Repo)
The Bank Securities acquired under agreements to resell (reverse repo) are not recognized as investments in the financial statements. Instead, the amount provided to the counterparty is recorded as lending. The difference between the purchase price and the agreed resale price is recognized as income and accrued over the tenure of the agreement on a time-proportion basis.

Call Lending and Borrowing
In call lending, a bank places funds with another bank for a very short period and earns call money interest. These placements are unsecured and usually for short-term durations. In call borrowing, a bank borrows funds from other banks to manage its day-to-day liquidity needs.

6.3 Financial instruments

Financial instruments carried on the statement of financial position include Cash and balances with treasury banks, balances with other banks, Investments, Lending to Financial Institutions, Advances, certain Other assets, Bills payable, Borrowings, Deposits and certain Other liabilities.

6.3.1 Classification of financial assets

Financial assets are classified according to their contractual cash flow characteristics and the business models under which they are held. Instruments will be classified either at amortised cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL).

6.3.2 Financial assets - initial recognition

All financial assets under IFRS 9 are initially recognized at fair value plus transaction cost. However, transaction costs in relation to Financial Assets measured at Fair Value through Profit and Loss, is recognized as an expense when incurred.

6.3.3 Classification and subsequent measurement of financial assets

Financial assets are classified into following categories for measurement subsequent to initial recognition:

- Financial assets at amortized cost.
- Financial assets at 'fair value through other comprehensive income' FVOCI.
- Financial assets at 'fair value through profit or loss' FVTPL.

Fair Value through Profit or Loss (FVTPL) is the residual category which is used for financial assets that are held for trading or if a financial asset does not fall into one of the two business models.

6.3.4 Financial assets at amortised cost

The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding. The Bank classifies its financial assets at amortized cost only if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, these financial assets are subsequently measured at amortized cost.

6.3.5 Financial assets at FVOCI

The Bank applies this category when both of the following conditions are met:

- The instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets.
- The contractual terms of the financial asset meet the SPPI test.

FVOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in OCI. Interest income at EIR are recognised in the statement of profit or loss.

The ECLs for debt instruments measured at FVOCI do not reduce, the carrying amount of these financial assets in the statement of financial position, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in OCI as an accumulated impairment amount, with a corresponding charge to statement of profit or loss. The accumulated loss recognised in OCI is recycled to the statement of profit or loss upon derecognition of the assets.

On derecognition, cumulative gains or losses previously recognised in OCI are reclassified from OCI to statement of profit or loss.

As per "IFRS 9 Financial Instruments application instructions" issued by SBP via BPRD Circular No. 03 of 2022 Government Securities are exempt from the application of ECL Framework.

6.3.6 Financial assets and financial liabilities at FVTPL

Financial assets and financial liabilities in this category are those that are:

- held for trading, that is, they have been purchased or issued primarily for short-term profit-making through trading activities or form part of a portfolio of financial instruments that are managed together, for which there is evidence of a recent pattern of short-term profit taking, or
- not held for trading and have been either designated by management upon initial recognition, or mandatorily required to be measured at fair value under IFRS 9.

Financial assets are recorded in the statement of financial position at fair value. Changes in fair value are recorded in statement of profit or loss.

6.3.7 Financial liabilities at amortised cost

Financial liabilities with a fixed maturity are measured at amortised cost. These include bills payable, borrowings, deposits and certain items within other liabilities.

6.3.8 Derecognition of financial assets

6.3.8.1 Derecognition other than due to substantial modification of terms and conditions

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the financial asset have expired. The Bank also derecognises the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.

6.3.8.2 Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired.

6.3.9 Impairment of financial assets

6.3.9.1 Overview of the ECL principles

IFRS 9 has fundamentally changed the Bank's loan loss impairment method by replacing incurred loss approach with a forward-looking ECL approach. From 1 January 2024, the Bank has been recording the allowance for expected credit losses for all loans and other debt financial assets not held at FVPL, together with loan commitments and financial guarantee contracts. Equity instruments are not subject to impairment under IFRS 9.

The ECL allowance is based on the credit losses expected to arise over the life of the asset the lifetime expected credit loss or (LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL).

The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Both LTECLs and 12mECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.

The Bank has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. Other than the DPDs, the management may assess certain portfolios on subjective basis as Non-Performing Loans (NPL).

Based on the above process, the Bank groups its loans into Stage 1, Stage 2, Stage 3 and POCI, as described below:

Stage 1 When loans are first recognized, the Bank recognizes an allowance based on 12mECLs. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2.

Stage 2 When a loan has shown a significant increase in credit risk since origination, the Bank records an allowance for the LTECLs. Stage 2 loans also include facilities, where the credit risk has improved and the loan has been reclassified from Stage 3.

Stage 3 Loans considered credit-impaired . The bank records an allowance for the LTECLs.

POCI Purchased or originated credit impaired (POCI) assets are financial assets that are credit impaired on initial recognition. POCI assets are recorded at fair value at original recognition and interest income is subsequently recognized based on a credit-adjusted EIR. ECLs are only recognized or released to the extent that there is a subsequent change in the expected credit losses.

6.3.9.2 The calculation of ECLs

The Bank calculates ECLs based on a three probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

PD — The Probability of Default (PD) is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognized and is still in the portfolio. The concept of PDs is further explained in note 45.2.8.

LGD — The Loss Given Default (LGD) is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realization of any collateral or credit enhancements that are integral to the loan. It is usually expressed as a percentage of the EAD. The LGD is further explained in note 45.2.9.

EAD — The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.

When estimating the ECLs, the Bank considers three scenarios (a base case, an upside and a downside). The maximum period for which the credit losses are determined is the contractual life of a financial instrument unless the Bank has the legal right to call it earlier. Impairment losses and releases are accounted for and disclosed separately from modification losses or gains that are accounted for as an adjustment of the financial asset's gross carrying value.

The mechanics of the ECL method are summarized below:

Stage 1 — The 12mECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Bank calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR. This calculation is made for each of the three scenarios, as explained above.

Stage 2 — When a loan has shown a significant increase in credit risk since origination, the Bank records an allowance for the LTECLs. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.

Stage 3 — For loans considered credit-impaired , the Bank recognizes the lifetime expected credit losses for these loans. The method is similar to that for Stage 2 assets, with the PD set at 100%.

POCI — POCI assets are financial assets that are credit impaired on initial recognition. The Bank only recognizes the cumulative changes in lifetime ECLs since initial recognition, based on a probability-weighting of the three scenarios, discounted by the credit-adjusted EIR.

6.3.9.3 Purchased or originated credit impaired financial assets (POCI)

For POCI financial assets, the Bank only recognizes the cumulative changes in LTECL since initial recognition in the loss allowance.

6.3.9.4 Forward looking information

In its ECL models, the Bank relies on a broad range of forward looking information as economic inputs, such as:

- GDP growth
- Consumer price indices

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material. Detailed information about these inputs is explained in note 45.2.10.

6.3.9.5 Credit enhancements: collateral

To mitigate its credit risks on financial assets, the Bank seeks to use collateral, where possible. The collateral may comes in various forms, such as gold, vehicle, house etc. Collateral, unless repossessed, is not recorded on the Bank's statement of financial position. However, the fair value of eligible collateral affects the calculation of ECLs. It is generally assessed, at a minimum, at inception and re-assessed on a requirement basis.

6.3.9.6 Write-offs

Financial assets are written off either partially or in their entirety only when the Bank has no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to credit loss expense. The Bank also follows Prudential regulations issued by SBP for write off of its advances.

6.3.9.7 ECL on government guaranteed credit exposure

ECL on credit exposure (in local currency) that have been guaranteed by the Government of Pakistan and Government Securities, has not been estimated due to exemption available under IFRS instructions issued by SBP through circular no. 3 of 2022 dated July 05, 2022.

6.3.9.8 Two track approach for stage 3 loans

As per instructions issued by SBP, the Bank used two track approach for ECL assessment on stage 3 loans. As per this approach the Bank calculates provision / ECL both under PRs and IFRS 9 and higher amount at segment level has been taken as final ECL.

6.4 Advances

Advances are stated net of expected credit Losses. The outstanding principal and mark-up of the loans and advances under stage 3 are classified as non-performing loans (NPLs). The unrealized interest / profit / markup / service charges on NPLs is suspended and credited to interest suspense account.

6.5 Operating fixed assets

6.5.1 Capital work-in-progress

All expenditure connected with specific assets incurred during installation and development period are carried under capital work-in-progress. These are transferred to specific assets as and when these are available for use. Capital work-in-progress is stated at cost less accumulated impairment losses, if any.

6.5.2 Intangible assets

Expenditure incurred to acquire computer software is capitalized as intangible assets and stated at cost less accumulated amortization and any identified impairment loss. These are amortized using the straight line method over their estimated useful life.

Full month's amortization is charged in the month of addition while no amortization is charged in the month of deletion.

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific assets to which it relates.

The residual value, useful life and amortization method is reviewed and adjusted, if appropriate, at each reporting date.

6.5.3 Property and equipment

These are stated at cost less accumulated depreciation and accumulated impairment losses, if any except land which is stated at cost. Cost comprises purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, and includes other costs directly attributable to the acquisition or construction, erection and installation.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably. Major repairs and improvements are capitalized and the carrying amount of the replaced part is derecognized. All other repair and maintenance are charged to statement of profit and loss as and when incurred.

Depreciation is calculated using the straight line method so as to write off the property and equipment, over their expected useful lives. Depreciation is calculated at the rates stated in note 12.2. The assets' residual values, useful lives and depreciation methods are reviewed and adjusted, if appropriate, at each reporting date. The effect of any revision are charged to statement of profit or loss for the period, when the changes arise. Depreciation on additions to property and equipment is charged from the month in which an asset is acquired or capitalized while no depreciation is charged for the month in which the asset is disposed-off.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are recognized in statement of profit or loss for the period.

6.5.4 Impairment

The Bank assesses at each reporting date whether there is any indication that assets may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying amounts exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in statement of profit or loss. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Where an impairment loss is recognized, the depreciation / amortization charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

Where impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised recoverable amount but limited to the extent of the amount which would have been determined had there been no impairment. Reversal of impairment loss is recognized as income.

6.6 Leases

6.6.1 Lease liabilities

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Bank's incremental borrowing rate. Generally, the Bank uses its incremental borrowing rate as the discount rate. The Bank determines its incremental borrowing rate by analyzing its borrowings from various external sources and makes certain adjustments to reflect the terms of the lease and type of asset leased.

The lease liability is subsequently measured at amortized cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Bank's estimate of the amount expected to be payable under a residual value guarantee, if the Bank changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in statement of profit or loss if the carrying amount of the right-of-use asset has been reduced to zero. The finance cost is charged to the statement of profit or loss as markup expense over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

6.6.2 Right of use assets

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred.

The right-of-use assets are subsequently depreciated on a straight line basis over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The right-of-use assets are reduced by impairment losses, if any, and adjusted for certain remeasurements of lease liability.

6.6.3 Short-term leases

The Bank has elected not to recognize right-of-use assets and lease liabilities for some leases having a lease term less than 12 months from the commencement date and do not contain a purchase option. The lease payments associated with these leases are recognized as an expenses on a straight-line basis over the lease term.

6.7 Grants

Grants are initially recognized at fair value in the statement of financial position when there is reasonable assurance that the grants will be received and the Bank will comply with all the attached conditions. Grants that compensate the Bank for expenses incurred are recognized as other income in the statement of profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Bank for the cost of an asset are recognized in the statement of profit or loss as other income on a systematic basis over the useful life of the asset.

6.8 Taxation

Income tax on the profit or loss for the year comprises of current and deferred tax. Income tax is recognized in the statement of profit or loss, except to the extent that it relates to items recognized in the statement of other comprehensive income, in which case it is recognized in statement of other comprehensive income.

Current tax

Provision for current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year, if enacted. The charge for current tax also includes adjustments, where considered necessary, to provision for taxation made in previous years arising from assessments framed during the year for such years.

Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognize a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves.

Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

6.9 **Staff retirement benefits**

6.9.1 **Defined contribution plan - provident fund**

The Bank operates an approved defined contribution provident fund scheme for all permanent employees. Equal monthly contributions are made by the Bank and the employees to the fund at the rate of 8.33% of basic salary per month. The contribution of the Bank is charged to statement of profit or loss.

6.9.2 **Defined benefit plan - gratuity scheme**

The Bank used to operate an unapproved non-contributory defined benefit gratuity scheme for all permanent employees with a qualifying period of three years. From June 2026 the bank has recognized / registered the benefit plan. Eligible employees are entitled to one month's basic salary for each completed year of service upon their departure from the Bank. The latest actuarial valuation was carried out as at June 30, 2026 using Projected Unit Credit Method. Actuarial gains and losses arising from the actuarial valuation are recognized immediately in other comprehensive income.

The Bank determines the net interest expense on the net defined liability for the year by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then - net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in the statement of profit or loss.

6.10 **Deposits**

Deposits are recorded at the proceeds received. Markup accrued on these deposits, if any, is recognized separately as part of other liabilities, and is charged to statement of profit or loss over the period.

6.11 **Borrowings**

Loans and borrowing are initially recorded at proceeds received. In subsequent periods, borrowings are stated at amortized cost using the effective interest rate method.

Related finance costs are accounted for on an accrual basis and are included in other liabilities to the extent of the amount remaining unpaid.

6.12 **Subordinated debt**

Sub-ordinated loans are initially recorded at the amount of proceeds received and subsequently measured at amortized cost. Markup accrued on these loans is charged to statement of profit or loss over the period at effective interest rate.

Related finance costs are accounted for on an accrual basis and are included in other liabilities to the extent of the amount remaining unpaid.

6.13 **Provisions**

Provisions are recognized when the Bank has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of obligation can be made. Provisions are reviewed at each statement of financial position date and adjusted to reflect the current best estimates.

6.14 **Statutory reserve**

The Bank is required under the requirements of the Microfinance Institution Ordinance, 2001 and Prudential Regulation, to maintain a statutory reserve to which an appropriation equal to 20% of the annual profit after tax is made until the reserve fund equals the paid up capital of the Bank. Thereafter, a sum not less than 5% of its annual profits after tax is required to be transferred to the said reserve.

6.15 Depositors' protection fund

The Bank is required under the Microfinance Institutions Ordinance, 2001 to contribute 5% of its annual after tax profit and profit earned on the investments of the Depositors' protection fund to be credited to the Depositors' protection fund for the purpose of providing security or guarantee to persons depositing money in the Bank.

6.16 Cash reserve requirement

In compliance with the related regulatory requirements, the Bank is required to maintain a cash reserve equivalent to not less than 3% of its deposits (including demand deposits and time deposits with tenor of less than 1 year) in a current account opened with the State Bank or its agent, subject to a daily minimum requirement of 2%.

6.17 Statutory liquidity requirement

In compliance with the related regulatory requirements, the Bank is required to maintain liquidity equivalent to at least 12% of its total demand liabilities and time liabilities with tenor of less than one year in form of liquid assets i.e. cash, gold, unencumbered treasury bills, Pakistan Investment Bonds and Government of Pakistan Sukuk bonds. Treasury bills and Pakistan Investment Bonds held under Depositor Protection Fund are excluded for the purpose of determining liquidity.

6.18 Income recognition

- Mark-up / return / interest on performing advances is recognised on an accrual basis using the effective interest method. Mark-up on advances classified under the Prudential Regulations is recognised on receipt basis.
- Mark-up / return on investment is recognised on an accrual basis using the effective interest method.
- Fee, commission and brokerage income is recognised when services are rendered.
- Gains and losses on sale of investments are included in the statement of profit or loss in the period in which sale / settlement occurs.
- Return on balances with other banks is recognised in the statement of profit or loss on an accrual basis.
- Other income is recognised on an accrual basis.

6.19 Foreign currency transactions and translation

All monetary assets and liabilities in foreign currencies are translated into rupees at exchange rates prevailing at the reporting date. Transactions in foreign currencies are translated into rupees at the spot rate on the date of transaction. All non-monetary items are translated into rupees at exchange rates prevailing on the date of transaction or on the date when fair values are determined (for assets carried at fair value). Foreign currency differences arising on retranslation are charged to statement of profit or loss in the period in which they arise.

6.20 Off setting

Financial assets and financial liabilities are set off and the net amount is reported in the financial statements when there is a legally enforceable right to set off and the Bank intends to either settle on a net basis, or to realize the assets and to settle the liabilities simultaneously.

6.21 Share capital and dividend

Ordinary shares are classified as equity and recognized at their face value. Incremental costs directly attributable to the issue of new shares or options are shown in equity as deduction, net of tax, from the proceeds. Dividend distribution to the shareholders is recognized as liability in the period in which it is declared.

6.22 Earnings per share

The Bank presents earnings per share (EPS) for its ordinary shares which is calculated by dividing the profit or loss attributable to ordinary shareholders of the Bank by weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effect of all dilutive potential ordinary shares (if any).

7.	CASH AND BALANCES WITH TREASURY BANKS	Note	June 2026 Rupees	December 2025 Rupees
	In hand - local currency		866,190,774	921,703,445
	With State Bank of Pakistan in:			
	- Local currency - current account	7.1	4,399,775,612	8,896,872,971
	With National Bank of Pakistan in:			
	- Local currency - deposit account	7.1 & 7.2	19,214	537,975
	- Local currency - current account	7.1	4,119,515	44,250,565
			5,270,105,115	9,863,364,956

7.1 These represent balances maintained with SBP and NBP to meet the minimum balance requirement equivalent to 3% (December 2025: 5%) as cash reserve of total of demand Liabilities and 12% (December 2025: 10%) as liquidity reserve of the Bank's time and demand liabilities in accordance with the Prudential Regulations.

7.2 These accounts carry markup at Nil % (December 2025: 9% to 11.50%) per annum.

8.	BALANCES WITH OTHER MFBS / BANKS / NBFIS	Note	June 2026 Rupees	December 2025 Rupees
	In Pakistan:			
	-In current account		4,255,534	16,397,441
	-In deposit Account	8.1	6,561,098,249	3,530,712,400
	-In term deposit account	8.2	4,600,000,000	4,000,000,000
			11,165,353,783	7,547,109,841

8.1 These accounts carry mark-up ranging from 4.25% to 13.75% (December 2025: 7% to 12.55%) per annum.

8.2	Composition of term deposits	Note	June 2026 Rupees	December 2025 Rupees
	Khushali Microfinance Bank Limited		1,500,000,000	1,000,000,000
	Halan Microfinance Bank Limited		1,100,000,000	1,000,000,000
	LOLC Microfinance Bank Limited		2,000,000,000	2,000,000,000
		8.2.1	4,600,000,000	4,000,000,000

8.2.1 These carry markup ranging from 13.50% to 17.50% (December 2025: 7% to 17.50%) and have maturity upto June 2027 (December 2025: December 2026).

9.	LENDING TO FINANCIAL INSTITUTION	Note	June 2026 Rupees	December 2025 Rupees
	Repurchase agreement lendings (Reverse repo)	9.1	11,745,866,367	2,762,889,000
			11,745,866,367	2,762,889,000

9.1 **Lending to Financial Institution - Particulars of credit loss allowance**

	June 30, 2026		December 31, 2025	
	Lending	Credit loss allowance	Lending	Credit loss allowance
	---------- Rupees ----------		---------- Rupees ----------	
Stage 1	11,745,866,367	-	2,762,889,000	-

9.2 These are secured against market treasury bills and Pakistan investment bonds which carry markup ranging from 11.50% to 11.53% per annum maturing till July 3, 2026.

9.3 Reverse repo agreements - Collateral

	June 30, 2026			December 31, 2025		
	Held by bank	Further given as collateral	Total	Held by bank	Further given as collateral	Total
	Rupees					
Market Treasury Bills (MTB) - Face Value	12,100,000,000	-	12,100,000,000	3,000,000,000	-	3,000,000,000

10. INVESTMENTS

	June 30, 2026				December 31, 2025			
	Fair value / Amortised cost	Credit loss allowance	Surplus / (deficit)	Carrying Value	Fair value / Amortised cost	Credit loss allowance	Surplus / (deficit)	Carrying Value
	Rupees							
Investments by type								
Debt Instruments								
Classified / Measured as FVOCI								
Federal Government Securities								
Market treasury bill	987,982,000	-	435,000	988,417,000	1,444,978,499	-	241,500	1,445,219,999
Pakistan Investment Bonds	1,011,506,502	-	8,908,075	1,020,414,577	1,006,575,105	-	14,987,686	1,021,562,791
Classified / Measured as FVTPL								
Federal Government Securities								
Market treasury bill	4,460,314,500	-	691,500	4,461,006,000	3,975,866,000	-	454,000	3,976,320,000
Total investments	6,459,803,002	-	10,034,575	6,469,837,577	6,427,419,604	-	15,683,186	6,443,102,790

10.1 These carry yield rate ranging from 11.72% to 12.33% (December 2025: 10.55% to 11.78%) per annum and have maturities upto April 06, 2028. These securities have an aggregate face value of Rs. 6,500.00 million (December 2025: Rs. 6,500.00 million). This includes Rs. 623.59 million (December 2025: Rs. 541.80 million) maintained with SBP under depositors' protection fund to comply with the statutory liquidity requirements as set under the Prudential Regulations.

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

11. ADVANCES

Loan Type	Performing				Non-Performing		Total	
	2026	2025	2026	2025	2026	2025	2026	2025
	Stage 1		Stage 2		Stage 3			
	Rupees							
Micro credits								
Secured	43,363,851,717	33,998,420,499	931,505,820	231,882,375	194,847,541	68,254,993	44,489,705,078	36,298,557,867
Unsecured	4,872,939,041	3,162,494,116	12,214,840	13,523,344	112,934,351	190,137,157	4,998,588,232	5,366,154,617
Other advances - staff loan	585,482,631	497,866,873	-	-	-	-	585,482,631	497,866,873
Advances - gross	48,822,279,389	37,658,781,488	943,720,660	245,405,719	307,781,892	258,392,150	50,073,775,941	38,162,579,357
Credit loss allowance against advances								
- Stage 1	417,558,703	428,933,534	-	-	-	-	417,558,703	428,933,534
- Stage 2	-	-	19,506,276	3,657,226	-	-	19,506,276	3,657,226
- Stage 3	-	-	-	-	103,298,910	174,404,405	103,298,910	174,404,405
	417,558,703	428,933,534	19,506,276	3,657,226	103,298,910	174,404,405	540,363,889	606,995,165
Advances - net of credit loss allowance	48,404,714,686	37,229,847,954	924,214,384	241,748,493	204,482,982	83,987,745	49,533,412,052	37,555,584,192

11.1 Advances - Particulars of credit loss allowance

11.1.1 Advances - Exposure

	2026				2025			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	Rupees							
Opening balance	37,658,781,488	245,405,719	258,392,150	38,162,579,357	18,634,043,695	59,939,423	480,253,956	19,174,237,074
New advances	31,673,383,617	233,721,900	5,455,790	31,912,761,307	37,077,833,743	193,352,819	24,610,119	37,295,796,681
Advances derecognised or repaid	(19,659,916,554)	(173,052,475)	(93,290,477)	(19,868,259,506)	(17,873,127,280)	(50,866,020)	(90,022,153)	(18,014,015,453)
Transfer to stage 1	55,178	(55,178)	-	-	-	-	-	-
Transfer to stage 2	(707,989,682)	707,989,682	-	-	(52,052,898)	52,052,898	-	-
Transfer to stage 3	(118,341,451)	(65,942,929)	184,284,380	-	(47,702,215)	(869,407)	48,571,622	-
	11,187,991,108	702,661,000	154,449,693	12,044,921,801	19,104,951,949	193,670,291	(16,840,412)	19,281,781,228
Amounts written off / charged off	(23,899,207)	(4,366,059)	(105,059,951)	(133,325,217)	(80,213,556)	(8,203,995)	(205,021,394)	(293,438,945)
Closing balance	48,822,279,389	943,720,660	307,781,892	50,073,775,941	37,658,781,488	245,405,719	258,392,150	38,162,579,357

11.1.2 Advances - Credit loss allowance

	2026				2025			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	Rupees							
Credit loss allowance opening balance								
Opening balance	428,933,534	3,657,226	174,404,405	606,995,165	459,980,852	5,201,197	322,128,331	787,310,380
New Advances	40,621,247	4,230,939	45,143	44,897,329	79,435,437	2,302,903	9,285,841	91,024,180
Advances derecognised or repaid	(14,387,727)	(580,069)	(1,281,052)	(16,448,848)	(77,786,932)	(127,970)	(1,577,677)	(79,492,579)
Transfer to stage 2	(598,283)	598,283	-	-	(802,064)	802,064	-	-
Transfer to stage 3	(2,249,071)	(2,044,275)	4,293,346	-	(3,918,786)	(228,298)	4,147,084	-
	23,186,166	2,204,878	3,057,437	28,448,481	(3,072,345)	2,748,698	11,855,248	11,531,601
Amounts written off / charged off	(9,859,099)	(4,966,099)	(109,059,991)	(115,281,105)	(60,107,572)	(8,203,995)	(205,021,994)	(273,332,961)
Changes in risk parameters	(28,705,902)	18,010,231	30,897,019	20,201,348	32,132,599	3,911,326	45,442,220	81,486,145
Closing balance	417,558,708	19,506,276	103,298,910	540,363,889	428,933,534	3,657,226	174,404,405	606,995,165

11.1.3 Advances - Credit loss allowance details

	2026				2025			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	Rupees							
Internal / external rating / stage classification								
Outstanding gross exposure								
Performing - Stage 1	48,822,273,389	-	-	48,822,273,389	37,658,781,488	-	-	37,658,781,488
Under Performing								
Other assets especially mentioned		949,720,660	-	949,720,660		245,405,719	-	245,405,719
Non-performing								
Substandard	-	-	125,984,339	125,984,339	-	-	44,421,648	44,421,648
Doubtful	-	-	68,637,582	68,637,582	-	-	23,254,177	23,254,177
Loss	-	-	113,159,971	113,159,971	-	-	190,716,325	190,716,325
	-	-	307,781,892	307,781,892	-	-	258,392,150	258,392,150
Total	48,822,273,389	949,720,660	307,781,892	50,079,775,941	37,658,781,488	245,405,719	258,392,150	38,162,579,357
Corresponding credit loss allowance								
- Stage 1	417,558,708	-	-	417,558,708	428,933,534	-	-	428,933,534
- Stage 2	-	19,506,276	-	19,506,276	-	3,657,226	-	3,657,226
- Stage 3	-	-	103,298,910	103,298,910	-	-	174,404,405	174,404,405
	417,558,708	19,506,276	103,298,910	540,363,889	428,933,534	3,657,226	174,404,405	606,995,165

11.2 Particulars of write offs / charge offs

	Note	June 2026 Rupees	December 2025 Rupees
Against credit loss allowance		115,281,105	273,332,961
Directly charged to statement of profit or loss	##	18,044,112	20,105,984
		133,325,217	293,438,945

12.	PROPERTY AND EQUIPMENT	Note	June 2026 Rupees	December 2025 Rupees
	Capital work in progress - CWIP	12.1	445,731,477	231,309,860
	Property and equipment	12.2	1,283,048,007	760,706,627
			1,728,779,484	992,016,487
12.1	**Capital work in progress - CWIP**			
	Opening		231,309,860	17,624,588
	Additions during the year		864,211,645	767,354,702
	Transfers to property and equipment		(634,939,630)	(544,713,098)
	Transfers to CWIP-intangible assets		(14,850,398)	(8,956,332)
	Closing	12.1.1	445,731,477	231,309,860
12.1.1	**CWIP includes:**			
	Computer equipment		144,576,754	14,905,793
	Leasehold improvements		138,070,389	182,180,346
	Furniture and fixture		11,862,261	12,190,475
	Office equipment		151,222,073	21,674,746
	Advances to suppliers and contractors	12.1.1.1	-	358,500
			445,731,477	231,309,860

12.1.1.1 This represented advances to suppliers given against leasehold improvements.

12.2 Property and equipment

	Note	June 30, 2026					
		Leasehold improvements	Furniture and fixture	Computer equipment	Office equipment	Vehicles	Total
		Rupees					
As at January 01, 2026							
Cost		701,562,053	225,867,292	727,471,962	538,038,810	20,366,100	2,213,306,217
Accumulated depreciation		(437,438,340)	(142,837,067)	(631,190,998)	(220,964,967)	(20,168,218)	(1,452,599,590)
Net book value		264,123,713	83,030,225	96,280,964	317,073,843	197,882	760,706,627
Period ended June 30, 2026							
Opening net book value		264,123,713	83,030,225	96,280,964	317,073,843	197,882	760,706,627
Additions		280,770,966	15,731,636	137,232,661	200,992,467	211,900	634,939,630
Disposals (net)	12.2.2	-	-	-	-	-	-
Depreciation charge		(32,642,885)	(9,263,949)	(39,700,090)	(30,964,828)	(26,498)	(112,598,250)
Closing net book value		512,251,794	89,497,912	193,813,535	487,101,482	383,284	1,283,048,007
As at June 30, 2026							
Cost		701,562,053	225,867,292	690,626,643	538,038,810	20,366,100	2,176,460,898
Accumulated depreciation		(189,310,259)	(136,369,380)	(496,813,108)	(50,937,328)	(19,982,816)	(893,412,891)
Net book value		512,251,794	89,497,912	193,813,535	487,101,482	383,284	1,283,048,007
Rate of depreciation (percentage)		10%	10%	20%-33%	10%	25%	

	December 31, 2025					
	Leasehold improvements	Furniture and fixture	Computer equipment	Office equipment	Vehicles	Total
	Rupees					
As at January 01, 2025						
Cost	633,232,517	204,172,149	664,440,383	293,649,577	20,366,100	1,815,860,726
Accumulated depreciation	(448,415,738)	(148,637,377)	(596,543,353)	(203,066,547)	(20,168,218)	(1,416,831,233)
Net book value	184,816,779	55,534,772	67,897,030	90,583,030	197,882	399,029,493
Year ended December 31, 2025						
Opening net book value	184,816,779	55,534,772	67,897,030	90,583,030	197,882	399,029,493
Additions	179,056,804	54,268,447	63,766,755	265,446,206	-	562,538,212
Disposals (net)	(47,708,369)	(10,469,809)	(77,148)	(9,085,849)	-	(67,341,175)
Depreciation charge	(52,041,501)	(16,303,185)	(35,305,673)	(29,869,544)	-	(133,519,903)
Closing net book value	264,123,713	83,030,225	96,280,964	317,073,843	197,882	760,706,627
As at December 31, 2025						
Cost	701,562,053	225,867,292	727,471,962	538,038,810	20,366,100	2,213,306,217
Accumulated depreciation	(437,438,340)	(142,837,067)	(631,190,998)	(220,964,967)	(20,168,218)	(1,452,599,590)
Net book value	264,123,713	83,030,225	96,280,964	317,073,843	197,882	760,706,627
Rate of depreciation (percentage)	10%	10%	20%-33%	10%	25%	

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	38,812,247.00	1,989,186,906
Accumulated depreciation	(1,538,348,975)	(21,521,680)	(1,559,870,655)	(1,328,795,817)	(13,584,287.00)	(1,342,380,104)
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	295,679,347	721,399,667	600,145,296	-	600,145,296
Modification of leases	13,914,223	-	13,914,223	-	-	-
Depreciation charge	(122,765,557)	(33,151,266)	(155,916,823)	(209,553,158)	(7,937,393)	(217,490,551)
	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 Rupees	December 2025 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

	Note	June 2026 Rupees	December 2025 Rupees
Opening		109,106,644	-
Transfers from CWIP to intangible assets		14,850,398	8,956,332
Additions during the period / year		65,827,195	100,150,312
Transfers to intangible assets		(85,658,901)	-
Closing	*14.1.1*	104,125,336	109,106,644

14.1.1 CWIP includes:

	June 2026 Rupees	December 2025 Rupees
Softwares	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%	

		June 2026 Rupees	December 2025 Rupees
14.3	**The cost of fully amortized intangibles still in use**		
	Softwares and Licenses	518,714,731	513,708,309

15. DEFERRED TAX ASSET

	June 30, 2026			
	At January 1, 2026	Recognised in P&L A/C	Recgonised in OCI	At June 30, 2026
	Rupees			
Deductible temporary differences on:				
- Tax losses carried forward	2,378,468,350	89,004,202	-	2,467,472,552
- Minimum tax / Alternative corporate tax	389,282,510	417,906,619	-	807,189,129
- Post retirement employee benefits	132,526,636	(70,322,545)	14,202,893	76,406,984
- Accelerated tax depreciation	15,481,244	(4,114,985)	-	11,366,259
- Credit loss allowance against advances	1,270,282,946	(950,541,818)	-	319,741,128
- Lease Liabilities against ROUA	88,090,078	(20,465,434)	-	67,624,644
	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	(5,939,383)	-	2,295,584	(3,643,799)
- 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	Recgonised 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	105,165,645	284,116,865	-	389,282,510
- Post retirement employee benefits	101,516,697	(2,050,179)	33,060,118	132,526,636
- Accelerated tax depreciation	32,794,660	(17,313,416)	-	15,481,244
- Credit loss allowance against advances	1,878,378,166	(608,095,220)	-	1,270,282,946
- Lease Liabilities against ROUA	98,006,701	(9,916,623)	-	88,090,078
	4,605,185,971	(364,114,325)	33,060,118	4,274,131,764
Taxable temporary differences on:				
- Surplus on revaluation of investments classified as FVOCI	(2,515,033)	-	(3,424,351)	(5,939,383)
- Unrealized gain of revaluation of securities FVTPL	-	(177,060)	-	(177,060)
	(2,515,033)	(177,060)	(3,424,351)	(6,116,443)
	4,602,670,938	(364,291,385)	29,635,767	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.

		June 2026 Rupees	December 2025 Rupees
14.3	**The cost of fully amortized intangibles still in use**		
	Softwares and Licenses	518,714,731	513,708,309

15. DEFERRED TAX ASSET

	June 30, 2026			
	At January 1, 2026	Recognised in P&L A/C	Recgonised in OCI	At June 30, 2026
	Rupees			
Deductible temporary differences on:				
- Tax losses carried forward	2,378,468,350	89,004,202	-	2,467,472,552
- Minimum tax / Alternative corporate tax	389,282,510	417,906,619	-	807,189,129
- Post retirement employee benefits	132,526,636	(70,322,545)	14,202,893	76,406,984
- Accelerated tax depreciation	15,481,244	(4,114,985)	-	11,366,259
- Credit loss allowance against advances	1,270,282,946	(950,541,818)	-	319,741,128
- Lease Liabilities against ROUA	88,090,078	(20,465,434)	-	67,624,644
	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	(5,939,383)	-	2,295,584	(3,643,799)
- 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	Recgonised 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	105,165,645	284,116,865	-	389,282,510
- Post retirement employee benefits	101,516,697	(2,050,179)	33,060,118	132,526,636
- Accelerated tax depreciation	32,794,660	(17,313,416)	-	15,481,244
- Credit loss allowance against advances	1,878,378,166	(608,095,220)	-	1,270,282,946
- Lease Liabilities against ROUA	98,006,701	(9,916,623)	-	88,090,078
	4,605,185,971	(364,114,325)	33,060,118	4,274,131,764
Taxable temporary differences on:				
- Surplus on revaluation of investments classified as FVOCI	(2,515,033)	-	(3,424,351)	(5,939,383)
- Unrealized gain of revaluation of securities FVTPL	-	(177,060)	-	(177,060)
	(2,515,033)	(177,060)	(3,424,351)	(6,116,443)
	4,602,670,938	(364,291,385)	29,635,767	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.

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.

		June 2026 Rupees	December 2025 Rupees
19.3	**Composition of Deposits**		
	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 (Decemebr 2025: Rs. 4.42 billion).

		Note	June 2026 Rupees	December 2025 Rupees
20.	**LEASE LIABILITIES**			
	At opening		**1,255,333,543**	898,106,035
	Movements during the period / year:			
	Additions			
	- Buildings		**425,720,322**	600,145,296
	- Equipments		**295,679,347**	-
			721,399,669	600,145,296
	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 liabilites		**1,782,255,137**	1,255,333,543

		Note	June 2026 Rupees	December 2025 Rupees
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 II 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 (PMICL) 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 ammendment 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 MCR 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 ammendment 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.

		Note	June 2026 Rupees	December 2025 Rupees
22.	**OTHER LIABILITIES**			
	Markup / return / interest payable	*22.1*	**1,229,238,514**	1,088,843,431
	Accrued expenses		**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		**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).

		June 2026 Rupees	December 2025 Rupees
22.2	**Income tax payable - net**		
	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

23. SHARE CAPITAL

23.1 Authorized capital

June 2026	December 2025		June 2026	December 2025
(Number of shares)			Rupees	Rupees
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	December 2025		June 2026	December 2025
(Number of shares)		**Opening Balance**	Rupees	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	December 2025		June 2026	December 2025
(Number of shares)			Rupees	Rupees
591,149,827	591,149,827	Àbhi (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	Kashf 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 Cooperatief U.A transferred Rs. 600 million with the Bank as part of the share purchase agreement between FINCA Microfinance Cooperatief U.A and TPL Corp Limited and Abhi (Private) Limited. This amount is non-repatriable and represents no current or future obligation on the part of the Bank and / or any of its shareholders towards FINCA Microfinance Cooperatief U.A.

		June 2026 Rupees	December 2025 Rupees
25.	**SURPLUS ON REVALUATION OF ASSETS - NET OF TAX**		
	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

26.1 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 16, 2025 creating a demand of Rs. 196.398 million along with a penalty of Rs. 9.820 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 55 gold backed loan accounts with outstanding principal of Rs. 62.69 million. These gold ornaments were valued at Rs. 82.05 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.

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).

		Note	(Audited) From January 01, 2026 to June 30, 2026	(Un-audited) From January 01, 2025 to June 30, 2025
27.	**MARK-UP / RETURN / INTEREST EARNED**		---------- Rupees	----------
	Loans and advances		8,122,344,739	4,292,278,893
	Investments		268,486,430	337,780,794
	Lending to financial institutions		464,615,542	-
	Balances with other MFBs / banks / NBFIs		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	20	110,329,277	80,342,915
			4,778,054,594	3,114,546,213
28.1	**Interest expense calculated using effective interest rate method**		4,778,054,594	3,114,546,213
29.	**FEE AND COMMISSION INCOME**			
	Loan processing fee - net		568,281,864	456,532,037
	Branchless banking income	29.1	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
			1,061,606,780	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 withdrawl		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

		Note	(Audited) From January 01, 2026 to June 30, 2026	(Un-audited) From January 01, 2025 to June 30, 2025
			---------- Rupees ----------	
30.1	**Realised gain on:**			
	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		**11,960,940**	-
	Gain on derecognition on subordinated debt	*21.1*	**-**	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**	28,637,223
	Office running expenses		**27,461,568**	43,317,345
	Vehicle running expenses		**90,441,370**	51,616,633
	Insurance		**118,328,757**	59,745,961
	Office security / personnel services		**92,342,608**	88,717,648
	Janitorial services		**75,522,866**	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**	90,498,532
	Utilities		**64,879,635**	93,661,486
	IT expenses		**122,793,426**	59,686,693
	Legal and professional charges		**45,362,992**	38,089,282
	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*	**112,598,250**	62,515,866
	Depreciation on right of use assets	*13*	**155,916,823**	102,850,779
	Amortization on intangible assets	*14*	**24,889,307**	19,030,895
	Others		**1,679,993**	2,653,682
			3,208,673,261	2,311,833,747

			(Audited) From January 01, 2026 to June 30, 2026	(Un-audited) From January 01, 2025 to June 30, 2025
32.1	**Total compensation expense**	**Note**	------------------ Rupees	------------------
	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		**74,133,263**	55,342,547
	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		**20,290,688**	19,145,019
	Mobile expense		**12,003,033**	10,807,056
	Staff relocation expense		**5,652,871**	6,748,147
	Overtime		**77,604**	1,374,608
	Fuel and maintenance		**195,333,950**	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.

			(Audited) From January 01, 2026 to June 30, 2026	(Un-audited) From January 01, 2025 to June 30, 2025
34.	**CREDIT LOSS ALLOWANCE AND WRITE OFFS - NET**	**Note**	------------------ Rupees	------------------
	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
34.1	**Credit loss allowance against loans and advances**		---------- Rupees ----------	
	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.

		(Audited) From January 01, 2026 to June 30, 2026	(Un-audited) From January 01, 2025 to June 30, 2025
36.	**BASIC AND DILUTED EARNINGS PER SHARE**	---------- Rupees ----------	
	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
37.	**CASH AND CASH EQUIVALENTS**		---------- Rupees ----------	
	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	7,710,331,296
	Less: Instruments having maturity more than three months		(4,100,000,000)	-
			12,335,458,898	9,589,810,098

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
MFB's own staff strength at the end of the period	957	697	1,654
Average number of employees during the period	971	690	1,661
As at June 30, 2025 (un-audited)			
Permanent	768	663	1,431
Contractual	216	19	235
MFB's own staff strength at the end of the period	984	682	1,666

39. NUMBER OF BRANCHES

	Audited June 30, 2026		Un-audited 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	-	-	-	-
	114	-	114	-
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 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, 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	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	*40.6.1*	**74,133,263**	84,887,311
	Re-measurement loss recognised in OCI during the period / year	*40.6.2*	**36,417,674**	84,769,533
	Less: Benefits paid		**(27,988,678)**	(90,144,180)
	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		**9,933,822**	-
	Interest cost		**18,318,421**	28,430,231
			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 ----------------	
	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-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	36,314,860
ii) Variable	-			-		
Cash bonus / awards	-	-	36,650,551	-	-	-
Contribution to defined contribution	-	277,430	4,578,251	-	-	3,025,034
Rent and house maintenance	-	2,025,533	21,984,405	-	3,200,000	14,525,939
Utilities	-	-	-	-	800,000	2,609,982
Medical	-	506,383	5,496,095	-	-	1,021,508
Others	-	1,605,444	20,355,197	-	2,286,332	21,389,939
Total	12,148,974	9,478,623	144,025,501	3,000,000	14,286,332	78,887,262
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 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.

The Bank measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

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

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
	Note	Rupees				
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**	-	6,469,837,577
As at December 31, 2025						
Investments	*10*	6,443,102,790	-	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 --														
ADVANCES															
Opening balance	25,000,000	115,873,468	-	-	-	-	-	-	-	10,662,390	-			-	-
Adjustment - transfer in / transfer out	(7,680,011)	(7,228,267)	-	-	-	-	-	-	-	-	-	-	-	-	-
Addition during the period / year	8,324,861	18,218,042	-	-	-	-	-	-	49,000,000	161,172,838	-			-	-
Repaid during the period / year	(1,498,725)	(9,731,766)	-	-	-	-	-	-	(24,000,000)	(55,961,760)	-			-	-
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	61,693,496	601,865	6,678,069,392	555,058,432	-	2,967,225,100	560	137,023,369	632,280,625	16,132,499	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)	(1,627,101,265)	(1,160)	(135,404,166)	(599,125,498)	(16,082,833)	(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															
Markup / return / interest payable	-	119,072	1,133	-	-	-	-	-	-	109,082	-	1,681,399	96	-	445
TRANSACTION DURING THE YEAR															
__Income__															
Mark-up / return / interest earned	333,641	1,989,106	-	-	-	-	-	-	1,415,803	3,138,476	-	-	-	-	-
__Expense__															
Mark-up / return / interest expensed	-	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	-	-	-	-	-

		June 2026	December 2025
44.	**CAPITAL ADEQUACY, LEVERAGE RATIO AND LIQUIDITY REQUIREMENTS**	---------- Rupees ----------	
	Minimum Capital Requirement (MCR):		
	Paid-up Capital (net of losses)	**3,109,416,001**	1,602,651,705
	Capital Adequacy Ratio (CAR):		
	Eligible Common Equity Tier - 1 (CET1) Capital	**(1,512,259,501)**	(3,458,125,569)
	Eligible Additional Tier - 1 (ADT1) Capital	-	-
	Total Eligible Tier-1 Capital	**(1,512,259,501)**	(3,458,125,569)
	Eligible Tier 2 capital	-	-
	Total Eligible Capital (Tier1+Tier2)	**(1,512,259,501)**	(3,458,125,569)
	Risk Weighted Assets (RWAs):		
	Credit risk	**23,265,246,017**	16,494,820,845
	Operational risk	**908,904,979**	560,405,126
	Total	**24,174,150,996**	17,055,225,971
	Common Equity Tier1 Capital Adequacy Ratio	**-6.26%**	-20.28%
	Tier1 Captial Adequacy Ratio	**-6.26%**	-20.28%
	Total Capital Adequacy Ratio	**-6.26%**	-20.28%

The Bank is required to maintain minimum capital of Rs. 2,000 million and capital adequecy ratio (CAR) equivalent to at least 15% of its risk weighted assets.

44.1 For the purpose of calculation of MCR and CAR the State Bank of Pakistan vide letter No. SBPHOK-BPRD-BACPD-FINCA-1103497 dated March 11, 2026 has allowed the Bank to take into account the amount of Rs. 2 billion received from its sponsor shareholders (ABHI Private Limited) for the purpose of additional equity injection, being held in deposit account maintained with the Bank as at the reporting date. Further, the Bank was granted a specific relaxation by the State Bank of Pakistan (SBP) in respect of Capital Adequacy Ratio (CAR) vide letter No. BPRD(A&BLD)/FMFB/7166 dated November 11, 2024 (refer to Note 49).

44.2 Bank uses standardized approach for calculation of Credit risk weighted asset. Under this approach, the risk weighted amount of an on-balance sheet asset is determined by multiplying its current book value (including accrued interest or revaluations, and net of any specific provision or associated depreciation) by the relevant risk weight as provided by State Bank of Pakistan through ACFID Circular No. 01 of May 16, 2025.

For the calculation of operational risk weighted assets, average positive gross income of the bank over the past three years is used. Figures for any year in which gross income is negative or zero is excluded from both numerator and denominator when calculating average.

45. RISK MANAGEMENT

45.1 Risk Management Department

Banks maintains a structured approach to risk management. The risk management department is led by the Chief Risk Officer (CRO). The Board of Directors (BoD) has authorized the department to implement and monitor a comprehensive risk management framework across the bank. The Board, via its Board Risk and Compliance Committee conducts assessments of the bank's principal risks.

45.1.1 Key Components of Risk Management

- Active Board / Senior Management Direction: Ensures strategic alignment and oversight of risk management.
- Robust Policies and Procedures: Provides a framework for managing risks effectively.
- Adequate Risk Measurement, Monitoring, and Management Information Systems: Enables accurate assessment and tracking of risks.
- Comprehensive Internal Controls: Ensures adherence to policies and procedures.

45.1.2 Risk Management Architecture

Credit Risk Management Unit

- Reviews, completes, and conducts due diligence on credit proposals initiated by branches.

Credit Administration Department

- Manages loan collateral, documentation, and disbursement aspects of the credit portfolio.
- Ensures that all legal and procedural requirements are met during the lending process.

Operational Risk Management Unit

- Focuses on identifying, assessing, and mitigating operational risks (e.g., operational issues, process gaps, system failures, human error).
- Implements controls and processes to minimize operational losses and ensure smooth business operations.

Market and Liquidity Risk

- Monitors and controls interest rate, prices, and treasury-related risks, ensuring activities are conducted within approved limits and regulatory requirements.
- Ensures sufficient liquidity to meet obligations through effective cash flow management, funding oversight, and contingency planning.

45.2 Credit Risk

The possibility of monetary loss to financial institutions arising due to the inability or unwillingness of a counterparty to perform a commitment as per the agreed terms and conditions, inter alia, on account of lending, trading, hedging, settlement, and other financial transactions.

Credit risk is managed through the credit policies approved by the Board; a defined credit approval mechanism; use of internal risk ratings; prescribed documentation requirements; post-disbursement administration, review, and monitoring of loans; and continuous assessment of credit worthiness of counterparties. Decisions regarding the credit portfolio are taken by the Asset and Liability Committee (ALCO) and Management Risk and Compliance Committee. The Bank is committed to the appropriate level of due diligence to ensure that credit risk is identified and analyzed diligently, ensuring that credit commitments are appropriately structured, priced (in line with market practices) and documented. The Bank has a Credit Risk Procedural Manual and a Credit Policy in place to strategize and govern the Bank's overall lending strategy.

45.2.1 Exposure to credit risk

	June 30, 2026		December 31, 2025	
	Balance as per the statement of financial position	**Maximum exposure**	Balance as per the statement of financial position	Maximum exposure
	---------- **Rupees** ----------			
Cash and balances with treasury banks	**5,270,105,115**	**-**	9,863,364,956	-
Balances with other MFBs / Banks / NBFIs	**11,165,353,783**	**11,165,353,783**	7,547,109,841	7,547,109,841
Lending to financial institutions	**11,745,866,367**	**-**	2,762,889,000	2,762,889,000
Investments	**6,469,837,577**	**-**	6,443,102,790	-
Advances	**49,533,412,052**	**49,533,412,052**	37,555,584,192	37,555,584,192
Other assets	**9,239,660,128**	**9,239,660,128**	6,096,209,065	6,096,209,065
	93,424,235,022	**69,938,425,963**	70,268,259,844	53,961,792,098

45.2.2 Credit ratings

Balances with other MFBs / Banks / NBFIs have the following credit ratings:

Rating		**June 30, 2026**		December 31, 2025	
		Rupees	**%**	Rupees	%
AAA	United Bank Limited	**16,408,834**	**0.15%**	531,572,467	7.04%
AAA	MCB Bank Limited	**1,591,023**	**0.01%**	10,172,038	0.13%
AAA	Habib Bank Limited	**125,119**	**0.00%**	306,277	0.00%
AA	JS Bank Limited	**28,401**	**0.00%**	1,071,529	0.01%
AA-	Telenor Microfinance Bank	**4,866**	**0.00%**	4,692	0.00%
AAA	Allied Bank Limited	**74,223**	**0.00%**	161,892	0.00%
A+	Mobilink Microfinance Bank Limited	**1,515,567**	**0.01%**	1,011,505	0.01%
AA	Soneri Bank Limited	**4,004,042,418**	**35.86%**	3,000,010,426	39.75%
AAA	Bank Alfalah Limited	**1,767,077**	**0.02%**	1,697,190	0.02%
AA	Samba Bank Limited	**-**	**0.00%**	173,575	0.00%
A-	Khushhali Bank Limited	**1,506,751,995**	**13.49%**	1,000,010,013	13.25%
AAA	The Bank of Punjab	**-**	**0.00%**	83,128	0.00%
A+	U Microfinance Bank Limited	**1,368,812**	**0.01%**	544,287	0.01%
BBB+	Halan Microfinance Bank Limited	**1,120,296,845**	**10.03%**	1,000,006,575	13.25%
A-	LOLC Microfinance Bank Limited	**4,511,378,603**	**40.41%**	2,000,284,247	26.50%
Total		**11,165,353,783**	**100.00%**	7,547,109,841	100.00%

45.2.2.1 Above ratings are on the basis of available ratings assigned by PACRA and VIS.

45.2.3 Investments in government securities

	Gross investments		Non-performing investments		Credit loss allowance booked	
	June 2026	December 2025	**June 2026**	December 2025	**June 2026**	December 2025
	---------- Rupees ----------					
Credit risk by industry sector						
Federal government securities	**6,469,837,577**	6,443,102,790	-	-	-	-

45.2.4 Lending to financial institutions

	Gross investments		Non-performing investments		Credit loss allowance booked	
	June 2026	December 2025	**June 2026**	December 2025	**June 2026**	December 2025
	---------- Rupees ----------					
Credit risk by industry sector						
Federal government securities	**11,745,866,367**	2,762,889,000	-	-	-	-

As disclosed in Note 9.2, these lendings are secured by market treasury bills and Pakistan investment bonds. The total market value of these market treasury bills and Pakistan investment bonds are Rs. 11.7 billion (December 2025: Nil).

45.2.5 Advances

	Gross advances		Non-performing advances		Credit loss allowance booked	
	June 2026	December 2025	**June 2026**	December 2025	**June 2026**	December 2025
	---------- Rupees ----------					
Credit risk by industry sector						
Individuals	**50,073,775,941**	38,162,579,357	**307,781,892**	258,392,150	**540,363,889**	606,995,165

45.2.6 Concentration of credit

Credit concentration risk arises mainly due to concentration of exposures under various categories viz., industry, geography, and single / group borrower obligor. Within credit portfolio, as a prudential measure aimed at better risk management and avoidance of concentration of risks, the SBP has prescribed regulatory limits on banks' maximum exposure to single and group obligors. Within the SBP limits, the Bank has further defined limits to avoid excessive concentration of portfolio.

45.2.7 Definition of default and cure

Default

The Bank considers a financial instrument in default when:

- The instrument is considered credit-impaired(transferred to stage 3) for ECL calculations in all cases of its advances to customers, and the borrower becomes 90 days past due on its contractual payments (for general loans).

For treasury and interbank balances, default occurs when required intraday payments are not settled by the close of business, as outlined in individual agreements.

As part of the qualitative assessment, even if the 90-day threshold isn't met, the Bank considers a customer in default if any of the following events occur, indicating unlikeliness to pay:

- The borrower is deceased.
- A material decrease in the underlying collateral value where recovery is expected from the sale of the collateral.
- A covenant breach not waived by the Bank.
- Pending litigations.
- The borrower is unable to pay due to any other reason.

Cure

A financial instrument is considered "cured" when it is reclassified out of Stage 3 (default). This occurs when none of the default criteria mentioned above are present. Critically, financial assets cannot move directly from Stage 3 to Stage 1. There is a minimum 6-month probationary period for any asset moving from Stage 2 to Stage 1. After being cured (moved out of Stage 3), the asset will be classified as Stage 2. This classification depends on the updated delinquency status at the time of the cure and an assessment of whether there has been a significant decrease in credit risk.

45.2.8 PD estimation process

45.2.8.1 Advances

The banks entire loans and advances portfolio consist of Advances. Advances comprises agriculture, livestock, enterprise, gold and house loans. The Bank does not have credit score card model for consumer landings, therefore, the Bank used delinquency (day past due) based model for estimation of PDs. Average monthly transitions to default of relevant delinquency states were converted into current 12 months point in time PDs using statistical models. The lifetime PD is developed by applying a maturity profile to the current 12 months PD. Data from 1 January 2017 till date has been used for PD estimations.

45.2.8.2 Bank balances

For bank balances and terms deposits, the Bank's market risk department analyses publicly available information such as financial information and other external data, e.g., the rating of good rating agency. PDs of external ratings are sourced from studies of international credit agencies such as S&P Global and Moody's.

45.2.9 LGD estimation process

The Bank segments its consumer lending products into smaller homogeneous segments, based on key characteristics that are relevant to the estimation of future cash flows. The bank calculate LGD of each segment based historical experiences of cash recoveries from defaults (including settlements), cost and time of recoveries. Effective interest rate or approximate thereof has been used to discount recoveries to date of default. Data from 1 January 2017 till date has been used for LGD estimations. For receivables from the banks, investments and nano lending, the Bank used LGD percentages prescribed under Basel Foundation – Internal Rating Based (F-IRB) approach to determine ECL under BSD Circular No. 08 dated June27, 2006 issued by SBP.

45.2.10 Forward looking information:

IFRS 9 requires incorporating future economic conditions into the measurement of ECL. Future economic conditions are incorporated by adjusting estimates of PD to reflect expectations about the stage of economic cycle expected to be prevalent in the economy as-and-when default is expected to arise in the future. The macroeconomic factors were selected based on management judgement and analysis of historical default rates. GDP growth rate and CPI were considered to be the most suitable for the Bank's customers. The GDP and CPI forecast were sourced from International Monetary Fund (IMF) which were used to determine forward looking Point in time PDs (Pit PDs).

45.3 Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and system or from external events.

Operational Risk Management is housed within Risk Management and comprehensive ORM and BCM frameworks are in place addressing key operational risk aspects related to people, processes, systems, and external events. The Management Risk and Compliance Committee. oversees and monitors operational risk issues and its mitigation. The bank utilizes key ORM tools, including Risk Control Self-Assessment (RCSA), Key Risk Indicators (KRIs), Risk Appetite and operational loss data, to assess the likelihood and severity of operational risks.

45.4 Interest / mark-up rate risk

Interest rate risk is the risk that the value of the financial instrument will fluctuate due to changes in the market interest rates. The Bank's interest rate exposure is low due to the short-term nature of the majority of business transactions. Interest rate risk is also controlled through flexible credit pricing mechanism and variable deposit rates. Optimization of yield is achieved through the Bank's investment strategy which aims on attaining a balance between yield and liquidity under the strategic guidance of Assets and Liability Committee of Management (ALCO).

45.5 Market Risk

It is the risk arising from changes in the value of on and off-balance sheet positions of the Bank due to adverse movements in market rates or prices such as interest rates, foreign exchange rates, equity prices, credit spreads and commodity prices, resulting in a loss to earnings and capital.

The Market Risk Unit monitors the impact of price and rate movements on the Bank's portfolios and periodically reports to the Asset and Liability Committee (ALCO), which are primarily responsible for oversight of market risk. The risk management department has developed various tools for risk measurement and carries out stress tests, using both internally developed scenarios and scenarios prescribed by the regulator.

45.6 Foreign Exchange Risk

Foreign exchange risk arises in case of an on balance sheet / off balance sheet asset or liability position when there is adverse exchange rate movement. The Bank's exposure to this category of market risk is negligible as the Bank has no foreign currency reserves and has minimal foreign currency transaction.

45.7 Liquidity risk

Liquidity risk is the potential for loss to an institution arising from either its inability to meet its obligations or to fund increase in assets as they fall due without incurring unacceptable cost or losses.

The Bank's Asset and Liability Committee (ALCO) sets the overall strategy and oversees asset and liability management. Liquidity risk is monitored through several metrics, including the Cash Reserve Requirement, Statutory Liquidity Requirement, liquidity gaps, stress testing, and various liquidity ratios. Liquidity Risk Management regularly monitors these metrics, and the ALCO reviews liquidity risk monthly.

45.7.1 Assets & Liabilities - based on contractual maturity

	June 30, 2026							
	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 to 12 months	Over 1 to 2 Years	Over 2 to 5 Years	Over 5 Years	Total
	Rupees							
Assets								
Cash and balances with SBP and NBP	5,270,105,115	-	-	-	-	-	-	5,270,105,115
Balances with other banks / NBFIs / MFBs	11,165,353,783	-	-	-	-	-	-	11,165,353,783
Lending to financial institutions	11,745,866,367	-	-	-	-	-	-	11,745,866,367
Investments - net of provisions	4,497,115,577	987,982,000	-	-	984,740,000	-	-	6,469,837,577
Advances - net of provisions	7,802,016,390	6,134,264,650	11,650,817,474	23,036,067,692	601,497,612	308,748,234	-	49,533,412,052
Property and equipment	86,255,503	194,238,129	290,311,635	119,723,221	214,281,242	264,125,899	559,843,855	1,728,779,484
Right-of-use assets	26,928,368	52,533,891	75,330,501	142,376,343	261,826,524	580,281,619	469,581,368	1,608,858,614
Intangible assets	46,290,197	39,324,951	42,389,725	19,579,879	35,418,803	45,577,912	17,922,160	246,503,627
Deferred tax asset	-	-	-	-	-	3,745,887,212	-	3,745,887,212
Other assets	9,899,139,685	17,938,356	84,769,863	-	-	-	38,406,212	10,040,254,116
Total	50,539,070,985	7,426,281,977	12,143,619,198	23,317,747,135	2,097,764,181	4,944,620,876	1,085,753,595	101,554,857,947
Liabilities								
Bills payable	145,891,354	-	-	-	-	-	-	145,891,354
Deposit and other accounts	45,544,926,009	7,629,844,483	9,267,795,883	15,322,487,408	3,305,297,895	5,123,335,123	-	86,193,686,801
Lease Liabilities	2,530,382	28,738,679	30,759,399	180,302,181	222,204,666	481,860,542	835,859,288	1,782,255,137
Borrowings including subordinated debt	3,952,148,000	-	-	-	-	720,160,167	3,000,000,000	7,672,308,167
Other liabilities	2,418,638,540	-	-	106,166,014	21,082,656	105,413,277	-	2,651,300,487
	52,064,134,285	7,658,583,162	9,298,555,282	15,608,955,603	3,548,585,217	6,430,769,109	3,835,859,288	98,445,441,946
Off balance sheet	-	-	-	-	-	-	-	-
	52,064,134,285	7,658,583,162	9,298,555,282	15,608,955,603	3,548,585,217	6,430,769,109	3,835,859,288	98,445,441,946
Net Assets	(1,525,063,300)	(232,301,185)	2,845,063,916	7,708,791,532	(1,450,821,036)	(1,486,148,233)	(2,750,105,693)	3,109,416,001
Represented by:								
Share capital	4,259,846,817							
Advance against issue of shares	2,000,000,000							
Capital contribution reserve	600,000,000							
Statutory and general reserves	1,072,706,246							
Depositors' protection fund	623,585,387							
Surplus on revaluation of assets	5,699,276							
Accumulated losses	(5,452,421,725)							
	3,109,416,001							

	December 31, 2025							
	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 to 12 months	Over 1 to 2 Years	Over 2 to 5 Years	Over 5 Years	Total
	Rupees							
Assets								
Cash and balances with SBP and NBP	9,863,364,956	-	-	-	-	-	-	9,863,364,956
Balances with other banks / NBFIs / MFBs	7,547,109,841	-	-	-	-	-	-	7,547,109,841
Lending to financial institutions	2,762,889,000	-	-	-	-	-	-	2,762,889,000
Investments - net of provisions	4,017,111,977	-	1,444,978,499	-	981,012,314	-	-	6,443,102,790
Advances - net of provisions	5,057,907,486	4,709,946,336	7,917,217,283	19,257,362,717	342,856,014	269,499,556	794,800	37,555,584,192
Property and equipment	52,559,163	64,380,361	76,578,513	112,104,616	171,065,071	245,021,606	270,307,157	992,016,487
Right-of-use Assets	524,272	2,141,835	4,978,528	15,065,623	56,125,875	166,689,443	783,935,971	1,029,461,547
Intangible assets	39,235,250	41,845,569	44,577,837	15,313,709	20,884,270	21,487,017	7,371,689	190,715,341
Deferred tax asset	-	-	-	-	-	4,268,015,321	-	4,268,015,321
Other assets	6,387,202,672	-	-	-	-	-	26,319,762	6,413,522,434
Total	35,727,904,617	4,818,314,101	9,488,330,660	19,399,846,665	1,571,943,544	4,970,712,943	1,088,729,379	77,065,781,909
Liabilities								
Bills Payable	114,006,111	-	-	-	-	-	-	114,006,111
Deposit and other accounts	36,131,197,509	4,057,488,218	7,492,722,078	14,573,833,521	2,953,040,314	3,880,002,373	-	69,088,284,013
Lease Liabilities	444,922	3,573,469	8,362,630	24,556,381	116,277,370	250,688,929	851,429,842	1,255,333,543
Borrowings including subordinated debt	-	-	-	-	-	672,286,612	3,000,000,000	3,672,286,612
Other liabilities	2,935,460,758	-	-	65,463,764	55,382,567	276,912,836	-	3,333,219,925
	39,181,109,300	4,061,061,687	7,501,084,708	14,663,853,666	3,124,700,251	5,079,890,750	3,851,429,842	77,463,130,204
Off balance sheet	-	-	-	-	-	-	-	-
Total	39,181,109,300	4,061,061,687	7,501,084,708	14,663,853,666	3,124,700,251	5,079,890,750	3,851,429,842	77,463,130,204
Net assets	(3,453,204,683)	757,252,414	1,987,245,952	4,735,992,999	(1,552,756,707)	(109,177,807)	(2,762,700,463)	(397,348,295)
Represented by:								
Share capital	4,259,846,817							
Capital Contribution Reserve	600,000,000							
Statutory and general reserves	1,072,706,246							
Depositors' protection fund	592,756,810							
Surplus on revaluation of assets	9,289,802							
Accumulated losses	(6,931,947,970)							
	(397,348,295)							

46. **MATERIAL OUTSOURCING ARRANGEMENTS**

In compliance to the BPRD circular no. 06 of 2017 of SBP, the material outsourcing arrangements of the Bank is listed below:

S No.	Name of the service provider	Name of service	Estimated cost of outsourcing 2026 (for 6 months period)	Estimated cost of outsourcing 2025 (for 6 months period)
1	ProConsult International	Services realted to IFR59, IFRS16	1,200,000	5,142,500

47. **COMPLAINTS MANAGEMENT MECHANISM**

The Bank is a customer oriented organization and gives due consideration to the valuable feedback of its customers. Complaints are treated as opportunity to align our products / services and processes to serve the customers in a best possible way. The Bank ensures that resolution of complaints is comprehensive, appropriate and is dealt with agility; keeping customers informed of their complaint status from acknowledgement till the final resolution. An escalation matrix for complaint management has also been put into place internally for effective and efficient resolution of the customer complaints logged in. During the period ended June 30, 2026, 7,662 (December 2025: 9,242) complaints were received by the Bank and were resolved with average resolution time of 4 days (December 2025: 4 days).

48. **RECONCILIATION OF MOVEMENT OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES**

	June 30, 2026			
	Share capital	**Capital contribution reserve**	**Lease liability**	**Total**
	Rupees			
Carrying amount as at January 01, 2026	**4,259,846,817**	-	**1,255,333,543**	**5,515,180,360**
Changes from financing cash flows:				
Payment of lease liabilities	-	-	(318,721,575)	(318,721,575)
	-	-	(318,721,575)	(318,721,575)
Other liability changes				
Interest expense during the period	-	-	110,329,277	110,329,277
Additions	-	-	721,399,669	721,399,669
Modification during the period	-	-	13,914,223	13,914,223
	-	-	845,643,169	845,643,169
Carrying amount as at June 30, 2026	**4,259,846,817**	-	**1,782,255,137**	**6,042,101,954**

	December 31, 2025			
	Share capital	Capital contribution reserve	Lease liability	Total
	Rupees			
Carrying amount as at January 01, 2025	2,259,846,817	-	898,106,035	3,157,952,852
Changes from financing cash flows:				
Payment of lease liabilities	-	-	(411,556,559)	(411,556,559)
Issue of share capital	2,000,000,000	-	-	2,000,000,000
Capital contribution reserves received	-	600,000,000	-	600,000,000
	2,000,000,000	600,000,000	(411,556,559)	2,188,443,441
Other liability changes				
Interest expense during the year	-	-	168,638,771	168,638,771
Additions	-	-	600,145,296	600,145,296
	-	-	768,784,067	768,784,067
Carrying amount as at December 31, 2025	4,259,846,817	600,000,000	1,255,333,543	6,115,180,360

49. SUBSEQUENT EVENTS

Subsequent to the reporting date, the State Bank of Pakistan, through its letter No. BSD-2/MFB/ABHI/1170207/2026 dated July 03, 2026, granted approval to the parent company, Abhi (Private) Limited, to transfer its property, valued at Rs. 1,408.70 million, to the Bank as an in-kind capital contribution.

50. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Bank in their meeting held on ________________________.

6.7 SUMMARY OF FINANCIAL HIGHLIGHTS

For access to the complete audited statements of the Company, visit https://abhibank.com/financials/

Particulars	Audited CY23	Audited CY24	Audited CY25	Unaudited 1HCY26[49]
Income Statement PKR in millions				
Mark-up / return / interest earned	6,309	7,385	11,687	9,257
Mark-up / return / interest expensed	(4,894)	(6,382)	(6,618)	(4,778)
Net mark-up / interest income	**1,416**	**1,003**	**5,069**	**4,479**
Total non-mark-up / non-interest income	728	1,548	2,217	1,074
Total Income	2,144	2,552	7,287	5,553
Operating expenses	(4,564)	(4,349)	(5,724)	(3,209)
Other charges	(46)	(51)	(134)	(11)
Credit loss allowance & write offs-net	(278)	556	242	125
Profit/Loss Before Tax	**(2,744)**	**(1,291)**	**1,671**	**2,458**
Taxation	1,014	(462)	(652)	(956)
Profit/Loss After Tax	**(1,730)**	**(1,754)**	**1,019**	**1,501**
Balance Sheet PKR in millions				
Cash and balances with SBP and NBP	1,831	3,410	9,863	5,270
Balances with other banks / NBFIs / MFBs	106	5,453	7,547	11,165
Lending to financial institutions	-	-	2,763	11,746
Investments	3,890	4,562	6,443	6,469
Advances - net of provisions	17,966	18,387	37,555	49,533
Operating fixed assets	1,211	1,181	2,212	3,584
Other assets	2,595	2,757	6,413	10,040
Deferred tax assets	4,272	4,602	4,268	3,745
Total assets	**31,871**	**40,352**	**77,066**	**101,554**
Liabilities				
Deposits and other accounts	25,540	36,226	69,088	86,194
Borrowings	3,047	3,000	3,000	6,952
Subordinated debt	800	800	672	720
Other liabilities	3,616	4,356	4,703	4,579
Total liabilities	**33,002**	**44,382**	**77,463**	**98,445**

[49] These financial statements have been audited and initialed by the external auditors of ABHI Microfinance Bank Limited. Formal approval by the Board of Directors is expected to be obtained during the second week of August 2026.

Net Assets	**(1,132)**	**(4,029)**	**(397)**	**3,109**
Share capital	6,349	6,349	8,349	8,349
Discount on issue of shares	(4,089)	(4,089)	(4,089)	(4,089)
Advance against issue of shares[50]	-	-	-	2,000
Capital Contribution Reserve	-	-	600	600
Reserves	869	869	1,073	1,073
Depositors' protection fund	391	482	593	624
Surplus on revaluation of assets	2	4	9	6
Accumulated Losses	(4,654)	(7,644)	(6,932)	(5,452)
Total Capital	**(1,132)**	**(4,029)**	**(397)**	**3,109**
Cashflow PKR in millions				
Cash flow from operating activities	(4,585)	7,802	4,578	(2,421)
Cash flow from investing activities	4,778	(533)	1,782	(336)
Cash flow from financing activities	(364)	(345)	2,188	1,681
Net increase in Cash & Cash equivalents	(171)	6,925	8,548	(1,075)
Cash & Cash equivalents at period start	2,108	1,937	8,862	13,410
Net cash at Period End	1,937	8,862	17,410	12,335

50 Advance share deposit money of PKR 2 billion, received from Bank's sponsor shareholder (ABHI Private Limited). The amount will be applied towards the subscription of shares to be issued by the Bank upon receipt of the requisite approval from SECP, which is currently under process

Key Ratios	Audited CY23	Audited CY24	Audited CY25	Unaudited 1HCY26
Growth Multiples				
Mark-up / return Growth %	30.78%	17.05%	58.25%	85.24%
Profit after tax growth %	N/A	N/M	158%	650.18%
Profitability Ratios				
Net Mark-up Margin %	22.44%	13.59%	43.37%	48.39%
Net Interest Margin (NIM) %	11.3%	14.7%	18.1%	17.4 %
Cost to Income Ratio %	135.03%	120.68%	89.72%	77.31%
Profit before Tax Margin %	NM	NM	14.30%	26.55%
Profit after Tax Margin %	NM	NM	8.72%	16.22%
Return on Equity %	NM	NM	NM	111.83%
Return on Assets %	NM	NM	1.74%	3.30 %
Outstanding shares (Mn)	635	635	835	835
Earnings per share (PKR)	-2.72	-2.76	1.22	1.80
Break-up value per share (PKR)	-1.78	-6.35	-0.48	3.72
Balance Sheet / Capital Ratios				
CAR %	-66.51%	-108.27%	-20.28%	-6.26%
Asset Turnover (Times)	19.63%	20.45%	19.91%	20.33%
Equity / Total Assets %	NM	NM	NM	3.06%
Assets / Equity (Times)	NM	NM	NM	32.66
Risk Weighted Assets / Capital	1.41	1.34	2.04	2.90
Borrowings / Total Liabilities %	11.66%	8.56%	4.74%	7.79%
Debt to Equity (Times)	NM	NM	NM	2.47

6.8 COMMENTARY ON FINANCIAL POSITION AND SELECTED RATIOS

1. Growth Multiples

The Bank demonstrated strong growth in its core lending operations over the period under review, with mark-up/return income increasing by 30.8% in CY23, 17.1% in CY24, 58.3% in CY25, and a further 85.24% in 1HCY26. The strong growth recorded in the latest period reflects a significant expansion in earning assets and an improving ability to generate revenue from the Bank's financing portfolio. While profitability remained under pressure in the earlier years, as reflected by negative earnings, the Bank achieved a notable turnaround in CY25 and sustained profitability into 1HCY26. The sharp improvement in profit after tax since CY25 underscores the success of management's efforts to scale operations, improve spreads, and enhance overall earnings capacity.

2. Profitability Ratios

The Bank's profitability profile improved materially over the review period, transitioning from a loss-making position to generating meaningful returns. Net Interest Margin (NIM) increased significantly from 11.3% in CY23 to 17.4 % in 1HCY26, indicating stronger asset yields and improved management of funding costs. Concurrently, the Cost-to-Income Ratio declined from 135.03% in CY23 to 77.31% in 1HCY26, reflecting enhanced operating efficiency and improved absorption of fixed costs as revenues expanded. The Bank's return metrics also strengthened, with Return on Assets (ROA) increasing from 1.74% in CY25 to 3.30 % in 1HCY26, while Return on Equity (ROE) reached 111.83% in the latest period. Overall, the profitability ratios highlight a substantial improvement in earnings quality, operational efficiency, and shareholder returns following the Bank's return to profitability.

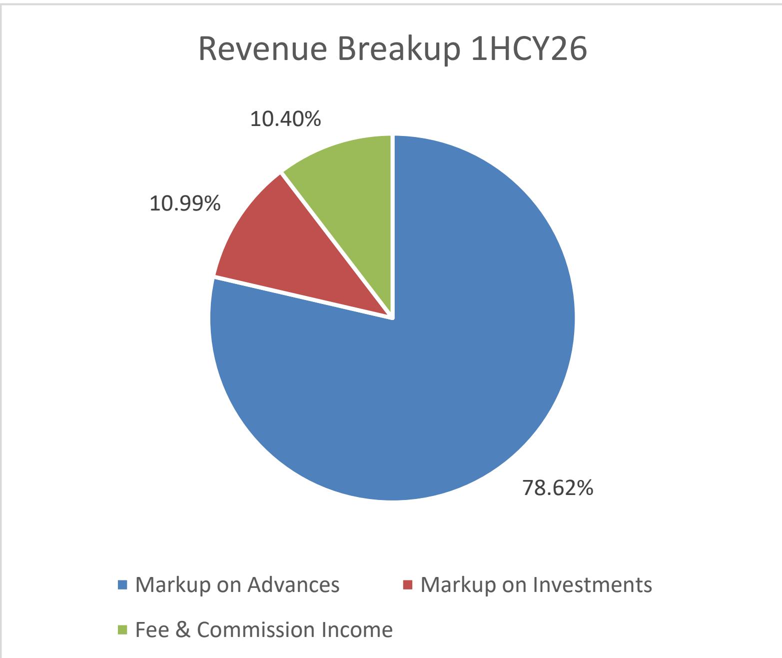
3. Balance Sheet / Capital Ratios

The Bank's balance sheet and capital indicators reflect a growing institution operating with a relatively lean equity base while maintaining regulatory capital requirements. Asset turnover remained broadly stable at approximately 20%, demonstrating consistent utilization of assets to generate income. The Risk-Weighted Assets to Capital ratio improved from 1.41x in CY23 to 2.90x in 1HCY26, suggesting a strengthening capital position relative to risk exposure. Borrowings as a proportion of total liabilities declined from 11.7% in CY23 to 7.79% in 1HCY26, indicating a reduced reliance on external borrowings and a greater contribution from other funding sources. Furthermore, the positive equity position achieved in the latest period is reflected in an Equity-to-Total Assets ratio of 3.06% and a corresponding Assets-to-Equity multiple of 32.6x. While leverage remains elevated, the overall trend points toward an improving capital structure and enhanced capacity to support future asset growth

6.9 SUMMARY OF REVENUE AND EXPENSES

6.9.1 REVENUE

Revenue Breakup	CY23	CY24	CY25	1HCY26
Particulars	PKR Mn			
Markup on Advances	5,292	6,391	10,411	8,122
Markup earned on investments	1,017	995	1,276	1,135
Fee/commission & other income	728	1,549	2,217	1074
Total Revenue	7,037	8,934	13,905	10,331



6.9.2 EXPENSE

The following table shows the expenses of the Company:

	CY23		CY24		CY25		1HCY26	
	Amount (PKR Mn)	Expense (%)	Amount (PKR Mn)	Expense (%)	Amount (PKR Mn)	Expense (%)	Amount (PKR Mn)	Expense (%)
Mark-up Expenses	4,894	51%	6,382	59%	6,618	53%	4,778	59%
Operating Expenses	4,564	48%	4,349	40%	5,724	46%	3,208	40%
Other Charges	46	0%	51	0%	134	1%	11	1%
Total	9,504	100%	10,782	100%	12,476	100%	7,997	100%

Source: Audited Financial Statements of ABHI MICROFINANCE BANK Limited

6.9.3 BREAKUP OF FEE, COMMISSION AND OTHER INCOME

The following table shows the breakup of Fee and commission income of the Company:

In PKR Mn	CY23	CY24	CY25	1HCY26
Loan processing fee	508	733	873	568
Branchless banking income	11	23	45	143
Branch banking customer fees	11	23	114	18
Overdue charges	45	142	86	103
Early settlement charges	86	98	264	203
Card related fees	11	9	13	24
Gain on Securities	2	129	193	0.11
Other Income	54	391	-	12
Gain on derecognition of subordinated debt	-	-	627	-
Total	728	**1,549**	**2,216**	**1074**

Source: Audited Financial Statements of ABHI MICROFINANCE BANK Limited

6.10 COMPARATIVE FINANCIAL ANALYSIS WITH PEER GROUP COMPANIES

Company	Share Price[51] (PKR)	EPS(PKR)	BVPS (PKR)	P/E	P/B	ROE (%)	ROA (%)	Free Float Shares (Mn)	Free Float (%)
Faysal Bank Limited	100.96	15.7	75.01	6.36	1.33	20.93%	1.38%	455	30.00%
Meezan Bank Limited	562.68	54.7	159.08	10.22	3.51	34.39%	2.05%	450	25.00%
Askari Bank Limited	106.9	15.6	96.85	6.61	1.06	16.11%	0.70%	435	30.00%
Bank Alfalah Limited	57.12	11.7	60.44	4.93	0.95	19.36%	1.21%	1,419	45.00%
Bank of Punjab	33.95	6.6	29.77	5.06	1.12	22.17%	0.83%	1,382	42.24%
Habib Bank Limited	306.84	50.2	310.76	6.00	0.97	16.15%	0.91%	587	40.00%
MCB Bank Limited	409.15	50.6	267.19	8.04	1.52	18.94%	1.66%	415	35.00%
National Bank of Pakistan	207.46	33.8	205.83	5.92	0.97	16.42%	1.00%	510	23.97%
United Bank Limited	473.33	60.1	168.60	7.89	2.81	35.65%	1.18%	876	35.00%
Weighted Average				7.76	2.20	27.01%	1.38%		
Banking Sector – Median				6.36	1.12	19.36%	1.18%		
KSE – 100 Multiple P/E				8.02[52]	1.52[53]				
ABHI – Pre issue	15.0	2.78[54]	3.72[55]	5.40	4.03	74.63%[56]	2.29%[57]	N/A	N/A
ABHI – Post issue	15.0	1.99[58]	5.58[59]	7.54	2.69	45.60%[60]	2.24%[61]	132	13.65%

[51] As at 30thJuly 2026
52 As at 30th July 2026
53 As at 30th July 2026
54 Pre-Issue EPS calculated on TTM basis for the period June 2025 to June 2026. PAT for the same period is PKR 2,321 Mn.
55 Pre Issue BVPS calculated based on 1HCY26 Equity
56 Pre Issue ROE calculated based on 1HCY26 Equity
57 Pre Issue ROE calculated based on 1HCY26 Total Assets
58 Post-Issue EPS calculated on TTM basis for the period June 2025 to June 2026 with total number of shares used being 1,167 Mn (existing 835 + IPO 132 + 200 advance against issuance of shares)
59 Post Issue BVPS calculated based on CY26 forecasted Equity incorporating IPO size at floor.
60 Post Issue ROE calculated based on 1HCY26 Equity + IPO proceeds of PKR 1,980 Mn
61 Post Issue ROE calculated based on 1HCY26 Total Assets + IPO proceeds of PKR 1,980 Mn

6.11 SUMMARY OF FINANCIAL PROJECTIONS FOR 5 YEARS

6.10.1 PROFIT AND LOSS STATEMENT

PKR Mn	CY26F	CY27F	CY28F	CY29F	CY30F
Financial Income	**23,796**	**32,727**	**41,204**	**49,797**	**57,914**
Markup Income - Advances	18,202	24,592	30,805	36,467	41,878
Markup Income - Investments & Lending to FI	2,598	4,347	5,372	6,804	7,635
Processing Fee	1,276	1,539	2,095	2,996	4,209
Other Earned Income	1,721	2,250	2,931	3,531	4,191
Financial Expense	**9,703**	**13,427**	**16,601**	**21,060**	**24,139**
Interest on Borrowing	723	1,357	1,863	2,486	2,918
Interest on Deposit	8,980	12,070	14,737	18,573	21,221
Net Financial Income	**14,093**	**19,300**	**24,603**	**28,737**	**33,775**
Provision for loan losses	377	658	992	1,259	2,157
Net Financial Margin	**13,716**	**18,642**	**23,611**	**27,479**	**31,618**
Operating Expense	8,919	11,878	14,697	16,877	19,196
Net Income before taxes	**4,797**	**6,764**	**8,913**	**10,602**	**12,422**
Taxation	1,870	2,638	3,476	4,135	4,845
Net Income after taxes	**2,927**	**4,126**	**5,437**	**6,467**	**7,578**
Net Margin	**12.3%**	**12.6%**	**13.20%**	**12.99%**	**13.08%**
EPS*	**2.51**	**3.54**	**4.66**	**5.54**	**6.49**

**EPS calculation based on 1,167 Mn shares*

6.10.2 Balance Sheet:

PKR Mn	CY26F	CY27F	CY28F	CY29F	CY30F
Branches Cash & SBP Balance	3,297	4,074	4,861	5,572	6,343
Net Loan Portfolio Outstanding	57,558	72,838	90,717	108,182	127,849
Investments and Lending to FI and MFB	28,876	39,134	45,568	54,660	58,489
Net Fixed Assets	3,521	3,654	3,879	4,154	4,485
Other Current Assets	9,751	16,386	22,886	27,022	31,470
Deferred Tax	3,674	2,707	1,678	551	852
TOTAL ASSETS	**106,678**	**138,794**	**169,589**	**200,142**	**229,489**
Deposits	86,360	107,950	129,541	148,972	171,317
Borrowings	8,000	13,000	15,500	20,500	22,000
Sub Ordinated Debt	800	800	800	800	400
Other Current Liabilities	5,008	6,408	7,676	8,962	10,196
TOTAL LIABILITIES	**100,169**	**128,158**	**153,516**	**179,233**	**203,913**
Share Capital	11,669	11,669	11,669	11,669	11,669
Discount / premium on issue of shares	(3,429)	(3,429)	(3,429)	(3,429)	(3,429)
Capital contribution reserves	600	600	600	600	600
Unappropriated profit	(4,801)	(1,797)	2,157	5,192	7,718
Statutory and general reserves	1,658	2,483	3,571	4,864	6,380
Surplus on revaluation	9	9	9	9	9
Depositors' protection fund	803	1,100	1,496	2,003	2,629
TOTAL EQUITY	**6,509**	**10,635**	**16,072**	**20,908**	**25,576**

6.11.1 CASHFLOW STATEMENT

PKR Mn	CY26F	CY27F	CY28F	CY29F	CY30F
CASHFLOW FROM OPERATING ACTIVITIES					
Profit Before Tax	4,797	6,764	8,913	10,602	12,422
Adj: Depreciation & Amortization	716	867	875	924	970
Credit Loss Provisions/Write-offs	(50)	145	376	335	771
Net Increases in Advances Portfolio	(19,953)	(15,425)	(18,256)	(17,800)	(20,439)
Net change in other assets	(2,744)	(5,669)	(5,470)	(3,009)	(4,749)
Net Cash Generated from Operations	**(17,235)**	**(13,317)**	**(13,561)**	**(8,947)**	**(11,025)**
CASHFLOW FROM INVESTING ACTIVITIES					
Capital Expenditure	(2,025)	(1,000)	(1,100)	(1,200)	(1,300)
Net Cash Used in Investing Activities	**(2,025)**	**(1,000)**	**(1,100)**	**(1,200)**	**(1,300)**
CASHFLOW FROM FINANCING ACTIVITIES					
Increase in Deposits	17,272	21,590	21,590	19,431	22,346
Increase in Borrowings	5,000	5,000	2,500	5,000	1,500
Increase in Other Liabilities	306	1,399	1,268	1,286	1,234
Equity Injection	3,980	-	-	-	-
Subordinated Debt	128	-	-	-	(400)
Dividends Paid	-	-	-	(1,631)	(2,910)
Net Cash Generated from Financing Activities	**26,686**	**27,990**	**25,358**	**24,086**	**21,770**
Tax Paid	(1,870)	(2,638)	(3,476)	(4,135)	(4,845)
Net Increase in Cash & Cash Equivalents	5,556	11,035	7,221	9,804	4,600
Cash & Cash Equivalents at Beginning of Year	26,617	32,174	43,208	50,429	60,232
Cash & Cash Equivalents at End of Year	**32,174**	**43,208**	**50,429**	**60,232**	**64,833**

6.10.4. Key Assumptions

Particulars	CY26F	CY27F	CY28F	CY29F	CY30F
Policy Rate[62]	10.5%	11.0%	11.0%	12.0%	12.0%
1 Year Kibor[63]	10.8%	11.3%	11.3%	12.3%	12.3%
Deposits Growth	25.0%	25.0%	20.0%	15.0%	15.0%
Effective Tax Rate	39.0%	39.0%	39.0%	39.0%	39.0%
OPEX growth- as % of average GLP	19%	18%	18%	17%	16%
Other Income- as % of average GLP	2.8%	2.8%	3.0%	3.0%	3.0%
Average Cost of deposits	12.48%	13.01%	13.0s0%	14.00%	14.02%

[62] *AHL Research*
[63] *AHL Research*

6.12 CERTIFICATE OF REASONABLENESS OF FINANCIAL PROJECTIONS

ARIF HABIB LIMITED

Date: June 19, 2026

The Chief Executive
Pakistan Stock Exchange Limited,
Stock Exchange Building
Stock Exchange Road
Karachi - 74000

Subject: Certification of Reasonableness of Financial Projections as per Schedule 1 14(vii):(xiii) of the Public Offering Regulations, 2017

Dear Sir(s),

We, **Arif Habib Limited**, acting as the Joint Lead Consultant to the Issue in connection with the proposed Initial Public Offering of ABHI Microfinance Bank Limited, hereby confirm that we have reviewed the financial projections for the five-year period ending FY2030 included in the draft Prospectus and submitted to the Exchange. Based on our sector's expertise, market research and discussions with the Bank's management regarding the underlying assumptions, we certify that the financial projections have been prepared on reasonable grounds and assumptions. The key assumptions cover, inter alia, deposits growth, loan book expansion, effective tax rate, and relevant macroeconomic factors, and are considered reasonable in light of the Bank's historical performance, industry outlook, and the prevailing economic environment.

This certification is being provided in accordance with the Public Offering Regulation issued by the Securities and Exchange Commission of Pakistan (SECP).

Disclaimer:
The financial projections are subject to inherent uncertainties and are based on assumptions regarding future events and circumstances which may not occur as expected. Actual results may differ from those projected. This certification should not be construed as a guarantee of the attainment of the projected results. Please read the offering document/prospectus to understand the investment policies, risks and tax implications involved.

For and on behalf of **Arif Habib Limited**

ARIF HABIB LIMITED KARACHI

Farhan Rizvi
Managing Director, Investment Banking
Arif Habib Limited

Corporate Office: Arif Habib Center, 23, M.T.Khan Road, Karachi | UAN: +92 21 111 245 111 | Fax: +92 21 3242 9653
Lahore Branch: Office Nos. G-05 & G-06, Ground Floor, LSE Plaza 19, Khayaban-e-Aiwan-e-Iqbal, Lahore | Tel: +92 42 3631 3790 - 11,3631 3741 - 44
Islamabad Branch: Office No. 506, 5th Floor, ISE Towers, Jinnah Avenue, Islamabad | Tel: +92 51 2894505 – 06
Peshawar Branch: Shops No. F13-F17, 1st Floor, The Mall Tower, Peshawar Cantt | Tel: +92 91 5253910-13
csonline@arifhabibltd.com | arifhabibltd.com | ahletrade.com
TREC Holder of the Pakistan Stock Exchange Ltd | Branch Reg No. BOA-050/01

Date: June 22, 2026

The Chief Executive
Pakistan Stock Exchange Limited,
Stock Exchange Building
Stock Exchange Road
Karachi - 74000

Subject: Certification of Reasonableness of Financial Projections as per Schedule 1 14(vii)-(xiii) of the Public Offering Regulations, 2017

Dear Sir(s),

We, **Topline Securities Limited**, acting as the Joint Lead Consultant to the Issue in connection with the proposed Initial Public Offering of ABHI Microfinance Bank Limited, hereby confirm that we have reviewed the financial projections for the five-year period ending CY2030 included in the draft Prospectus and submitted to the Exchange. Based on our sector's expertise, market research and discussions with the Bank's management regarding the underlying assumptions, we certify that the financial projections have been prepared on reasonable grounds and assumptions. The key assumptions cover, inter alia, deposits growth, loan book expansion, effective tax rate, and relevant macroeconomic factors are considered reasonable in light of the Bank's historical performance, industry outlook, and the prevailing economic environment.

This certification is being provided in accordance with the Public Offering Regulation issued by the Securities and Exchange Commission of Pakistan (SECP).

Disclaimer:
The financial projections are subject to inherent uncertainties and are based on assumptions regarding future events and circumstances which may not occur as expected. Actual results may differ from those projected. This certification should not be construed as a guarantee of the attainment of the projected results. Please read the offering document/prospectus to understand the investment policies, risks and tax implications involved.

For and on behalf of **Topline Securities Limited**

Syeda Sharmeen Ahmed
Managing Director, Corporate Finance
Topline Securities Limited

TOPLINE SECURITIES LIMITED

8th Floor, Horizon Tower, Plot 2/6, Block 3, Clifton, Karachi-Pakistan.
TEL: +92-21-35303330-32 | www.topline.com.pk

GROWTH SECURITIES (PVT) LTD.

Room # 81, 82, 83, & 77, Second Floor, Pakistan Stock Exchange Building, I.I. Chundrigar Road, Karachi-74000.
Ph: (+92-21) 32463001-04 http://www.growthsecurities.com.pk
E-mail: info@growthsecurities.com.pk, growthsecurities102@gmail.com
Trading Right Entitlement Certificate Holder of Pakistan Stock Exchange Limited
(Formerly: Karachi Stock Exchange Limited)

Date: June 19, 2026

The Chief Executive
Pakistan Stock Exchange Limited,
Stock Exchange Building,
Stock Exchange Road,
Karachi

Subject: Certification of Reasonableness of Financial Projections as per Schedule 1 14(vii):(xiii) of the Public Offering Regulations, 2017

Dear Sir(s),

We, **Growth Securities (Private) Limited**, acting as the Joint Lead Consultant to the Issue in connection with the proposed Initial Public Offering of ABHI Microfinance Bank Limited, hereby confirm that we have reviewed the financial projections for the five-year period ending FY2030 included in the draft Prospectus and submitted to the Exchange. Based on our sector's expertise, market research and discussions with the Bank's management regarding the underlying assumptions, we certify that the financial projections have been prepared on reasonable grounds and assumptions. The key assumptions cover, inter alia, deposits growth, loan book expansion, effective tax rate, and relevant macroeconomic factors, and are considered reasonable in light of the Bank's historical performance, industry outlook, and the prevailing economic environment.

This certification is being provided in accordance with the Public Offering Regulation issued by the Securities and Exchange Commission of Pakistan (SECP).

Disclaimer:
The financial projections are subject to inherent uncertainties and are based on assumptions regarding future events and circumstances which may not occur as expected. Actual results may differ from those projected. This certification should not be construed as a guarantee of the attainment of the projected results. Please read the offering document/prospectus to understand the investment policies, risks and tax implications involved.

For and on behalf of **Growth Securities (Private) Limited**

Muhammad Shahid
Chief Executive Officer
Growth Securities (Pvt.) Limited

6.13 REVALUATION OF FIXED ASSETS

There is no revaluation of Fixed Assets.

6.14 DIVIDEND POLICY

ABHI MICROFINANCE BANK does not plan to maintain a tentative, non-binding dividend payout ratio in the next two to three years as it needs to retain its earnings to meet SBPs minimum capital requirements of CAR. The Company intends to follow a consistent profit distribution policy for its members, subject to profitability, availability of adequate cash flows, the Board's recommendation and shareholders' approval, where required.

The Company in its general meeting may declare dividends but no dividend shall exceed the amount recommended by the Directors. Dividend, if declared in the general meeting, shall be paid according to the provisions of the Companies Act.

The Board of Directors may from time to time declare interim dividends as appear to be justified by the profits of the Company. No dividend shall be paid otherwise than out of the profits of the Company for the year or any other undistributed profits. No unpaid dividend shall bear interest or mark-up against the Company. The dividends shall be paid within the period laid down in the Companies Act.

Under Section 242 of the Companies Act, any dividend payable in cash by a listed Company shall only be paid through electronic mode directly into the bank account designated by the entitled shareholder. Therefore, the applicants must fill in the relevant part of the Shares Subscription Form under the heading, "Dividend Mandate".

Covenants / Restriction on Payment of Dividends:
There is no restriction on the Company by any regulatory authority, creditor, stakeholder etc. on the distribution and capitalization of its profits.

Dividend Payout of Listed Associated companies over which the Issuer has control
ABHI has no listed associated company over which it has control.

7 BOARD OF DIRECTORS AND MANAGEMENT

7.1. BOARD OF DIRECTORS OF THE COMPANY

The Directors of ABHI are as follows:

Sr.No	Name	Designation	Address	NICOP / CNIC / PASSPORT NO.	Current Directorship	Directorship in ABHI since
1	Mr. Atif Riaz Bokhari	Independent Director & Chairman	22/1, Kheyaban e-Amir Khusro, DHA Phase 6, Karachi., Saddar Town, Karachi South, Sindh,	42301-0308476-9	1. Board of Governors Kidney Centre	January 17, 2025
2	Mr. Jehangir Shah	Non - Executive Director	24-B/1, 10th Central Street, DHA Phase 2, Karachi., Saddar Town, Karachi South, Sindh, Pakistan	42301-4364209-9	1. Abhi (Private) Limited 2. Pak Oman Asset Management Company 3. Shaheen Insurance Company Limited 4. NBP Exchange Company Limited	January 17, 2025
3	Mr. Omair Muzzaffar Ansari	Non-Executive Director	Villa x4, Jumeirah Parks District 9, Dubai, UAE., Dubai, District 9, Dubai, United Arab Emirates	142235846	1. Abhi (Private) Limited 2. Abhi Fintech UAE 3. Abhi Limited Cayman	January 17, 2025
4	Mr. Ali Muhammad Raza	Non - Executive Director	38/2, 23rd Street, Kheyaban e-Mujahid, Karachi South., Saddar	42301-1693256-7	1. Abhi (Private) Limited	January 17, 2025
5	Ms. Ammara Masood	Independent Director	58, Street 7, Kheyaban e-Badban, Phase 5 DHA, Karachi., Saddar Town, Karachi South, Sindh, Pakistan	61101-4548223-0	1. Member Policy Board Securities and Exchange Commission 2. Member Board of Directors Central Depository Company of Pakistan Limited. 3. Member Board of Directors, Jubilee Life insurance 4. Member Board of Directors, 1-Link 5. Member Of the Board of Industry Advisors - Habib University.	January 17, 2025
6	Mr. Pavel Khristolyubov	Non-Executive Director	Tonishofs trasse 11, 6318 Walchwil, Switzerland	766209730	PKHR GMBH, Switzerland	April 03, 2025
7	Ms. Khursheed Kotwal	Independent Director	C-6, Avari Colony, Parsi Gate Behind Defence Phase-1, Karachi.	42301-7343590-2	1. Board member in Pakistan Microfinance Network.	December 11, 2025

Source: Company Management

7.2. PROFILE OF DIRECTORS

(1) Mr. Atif Riaz Bokhari – Chairperson & Independent Director

Mr. Atif Riaz Bokhari is a seasoned banker with 40 years of experience in domestic and international banking. He began his banking career at Bank of America and handled diverse assignments for over 15 years. Following his time at Bank of America, he joined Habib Bank Limited as Head of Corporate and Investment Banking. Mr. Bokhari took charge of UBL as President/CEO and led UBL for a decade. During these ten years, UBL ventured into new, diversified business and revenue streams, namely Consumer Financing, E-Commerce, Branchless Banking, Asset Management, and General Insurance. He also served as the Chairman of UBL Tanzania and UBL AG Zurich, and as a Director of UBL UK. Bokhari had a two-year stint ending in 2017 as the CEO/President of NIB Bank (a wholly owned subsidiary of Fullerton Financial Holdings – Temasek, Singapore), with a specific assignment to divest FFH's holding in Pakistan. Recently, Mr. Bokhari, along with two large business groups in Pakistan, has formed the first Private Sector Housing Finance Company. He is also the founding director of a private equity company that successfully acquired Linde Pakistan (a subsidiary of Linde AG).

In March 2020, Mr. Bokhari was appointed as a Minister of State & Chairman of the Board of Investment (BOI) at the Prime Minister's Office, Pakistan, and served until 2021. Thereafter, he served as the CEO/President of Askari Bank Limited until May 2024. During his tenure, major restructuring was affected, and 2X profitability was achieved within 24 months.

Mr. Bokhari has been actively involved in private-sector programs for health and education development in Pakistan. He was the founding Director of the Karachi School of Business and Leadership (KSBL). He also serves/served on the Board of Governors of Kidney Center Karachi, Patients Aid Foundation, Shaukat Khanum Memorial Hospital, and Indus Valley School of Arts and Architecture. Mr. Bokhari was also a Director of the State Bank of Pakistan Board and a Member of the Monetary Policy Committee. He has also been a Director of numerous Boards across diverse sectors, including Consumer Products, Oil Marketing, Chemicals, Banking, and Engineering.

(2) Mr. Jehangir Shah- Non-Executive Director

Mr. Jehangir Shah has over 40 years of experience in commercial banking, private & personal banking, and leasing, including overseas experience in the U.A.E., Egypt, and Brazil. Mr. Shah was last associated with Pak Oman Investment Company Limited from July 2008 up to retirement in November 2023 as Deputy Managing Director. Previously, he served as Country Manager for Pakistan at Oman International Bank SAOG (2006-2008) and as Managing Director/CEO of Capital Assets Leasing Corporation Limited. His former employers include Bank of Credit and Commerce International.

Mr. Shah was a Sponsor and founding Director of Pak Gulf Leasing Company Limited, listed on the Pakistan Stock Exchange in 1996. From 2021 to September 2024, he was an Independent Director of Fauji Fertilizer Company Limited. Mr. Shah is currently on the Board of Directors of the following Companies:

I. ABHI Microfinance Bank Limited: Nominee Director of Abhi (Private) Limited, January 2025 – to date;
II. Abhi (Private) Limited: Independent Director / Chairman of the Board April 2024 – to date;
III. International Industries Limited (IIL): Independent Director and Chairman, Board Audit Committee, 2015 – to date;
IV. Pak Oman Asset Management Company: Nominee Director of Pak Oman Investment Company Limited and Member, Board Audit and Investment Committees 2016 – to date; V. Shaheen Insurance Company Limited (a venture of Shaheen Foundation / PAF): Independent Director July 2022 – to date; and
V. NBP Exchange Company Limited (a wholly owned subsidiary of National Bank of Pakistan): Independent Director, January 2025 – to date.

(3) Mr. Ali Muhammad Raza- Non-Executive Director

Mr. Ali Muhammad Raza is a seasoned entrepreneur and fintech expert, recognized as a pioneer in Pakistan's fintech industry. Raza is a co-founder of ABHI (Private) Limited, a Pakistani fintech company that provides technical and financial solutions to companies. Before the inception of ABHI, Raza gained extensive experience in the financial and technology sectors, working with renowned organizations and startups. His expertise spans financial services, product development, and strategic planning. Under Raza's leadership, ABHI has achieved significant milestones, including successful fundraising rounds, the launch of innovative financial products, partnerships with major financial institutions, and the expansion of financial services to companies.

Raza holds a degree in Computer Science from Cardiff University, Wales, and his work has been featured in prominent publications highlighting his contributions to financial inclusion and innovation.

(4) Mr. Omair Muzzaffar Ansari – Non-Executive Director

Mr. Omair Muzzaffar Ansari stands at the forefront of the financial technology revolution as the CEO and Co-founder of ABHI (Private) Limited, an innovative embedded finance platform rapidly expanding its influence in the MENAP region. Before founding ABHI, Ansari worked in the Frontier & Emerging Equity/Derivatives market space for more than a decade. Ansari's diverse experience across Arqaam Capital, Renaissance Capital, and Religare Capital Markets, where he held consultancy, directorial, and vice-presidential roles, respectively, reflects his versatile leadership and deep understanding of financial markets.

Ansari is educationally grounded with a double major in finance and political science from McMaster University, Ontario, Canada, and his experience of living in over 9 countries has shaped his global outlook. This extensive exposure not only stoked up his passion for emerging economies but also established his stature as a visionary financial strategist.

(5) Mr. Pavel Khristolubov – Non-Executive Director

Mr. Pavel Khristolubov is an accomplished fintech executive with a proven track record in digital banking, consumer finance, and technology-driven financial services across global markets. With a strong operational and strategic leadership background, he has served in key executive roles, including Chief Operating Officer at DXC Luxoft, Tinkoff Group, and Kuda Bank, where he managed large-scale operations, P&L performance, and transformational growth initiatives.

Pavel excels in driving business expansion, optimizing operational efficiency, and spearheading innovative product development in emerging markets. His expertise spans regulatory compliance, digital transformation, and high-performance team leadership. Combined with his academic foundation in computer science, Pavel brings a unique blend of technical acumen and business strategy, positioning him as a dynamic leader in the evolving fintech landscape.

(6) Ms. Ammara Masood – Independent Director

Ms. Ammara Masood is the Global Industries GM, Banking and Financial Services at Systems Limited, and the CEO of NdcTech (a wholly owned subsidiary of Systems), one of the leading technology firms providing international solutions and services in Banking. In July 2022, her company, NdcTech, was acquired fully by Systems Limited (SYS), the largest exporter of software services. Ms. Masood has extensive experience founding and operating various IT companies in global markets, including the United States, Asia Pacific, the Middle East, and Africa. She has led some of the industry's largest transformation initiatives in Banking, Telecom, and High-Tech Sectors. While working in top leadership positions, Ms. Masood has opened new markets, implemented institutional reforms, strengthened governance, and turned around companies across all aspects.

Ms. Masood also holds positions as an Independent Director for Central Depository Company, a Member of the Policy Board of the SECP, a member of the Governing Council of the ICT, a member of the Pakistan Single Window, and on the Industry Advisory Board of Habib University. Previously, she also held positions as an elected member of the Central Executive Committee of the Software Houses Association of Pakistan and as an Independent Director at DataCheck.

Ms. Masood is the winner of a prestigious award by FinTech Futures in the leadership category at the 2021 and 2022 Global Banking Tech awards in London. Ms. Masood has pursued a versatile career path, traversing Information Technology; Consulting, and Entrepreneurship across 3 continents. She is a Senior Executive Leader with 29+ years of experience in Information Technology and Governance. Her primary expertise is in IT Strategy, Consulting, and Digital Transformation for global clients in the Banking & Finance, Telecom, and High-Tech Sectors.

Ms. Masood did bachelor's from Kinnaird College, Lahore and MBA from Quaid-e Azam University Islamabad. She also holds a Master of Business Administration (Information Sciences) from California State University, San Bernardino, and an Executive Diploma in Strategic Uses of Information Sciences from Stanford University Graduate School of Business.

(7) Ms. Khursheed Kotwal – Independent Director

Ms. Khursheed Kotwal has been appointed as an Independent Director on the Board of ABHI Microfinance Bank. A distinguished Fellow Chartered Accountant and corporate secretary with over three decades of diverse experience, she is a recognized leader in accounting, finance, business, and corporate governance. Her distinguished career began with an 18-year tenure at Unilever Pakistan, where she rose to become its first female Corporate Finance Director & Chief Auditor.

A woman of many portfolios, she is the founder of Aasman International, a management consultancy. Ms. Kotwal is a prominent figure in the professional community, currently a council member & was also the Vice President (2024-25) of the Institute of Chartered Accountants of Pakistan (ICAP). She also chairs the Digital Accounting and Assurance Board.

Her deep commitment to financial inclusivity is demonstrated through her role as an Independent Director and Chairperson of the Audit Committee at the Pakistan Microfinance Network. Her influence extends globally through her participation in international bodies like the Confederation of Asian and Pacific Accountants and Chartered Accountants Worldwide. She is also a certified director.

Beyond her professional achievements, she is a trustee dedicated to community welfare and a recipient of prestigious awards, including Accountant of the Year and The Most Influential Woman in Pakistan.

7.3. PROFILES OF KEY MANAGEMENT

ABHI has a motivated, experienced, talented and self-driven leadership team that consists of the following:

(1) Mr. Muhammad Farooq Kamran – Chief Executive Officer (Acting) & Chief Financial Officer

Mr. Muhammad Farooq Kamran is a results-driven, highly skilled finance professional with over 19 years of diverse experience spanning business development, strategy formulation, treasury optimization, asset and liability management, structured debt raising, and corporate liability management. His broad-based expertise also extends to banking governance, having served as a Company Secretary while overseeing finance functions and managing regulatory and external audit matters.

Throughout his career, Mr. Kamran has demonstrated a strong track record of optimizing business operations, driving growth, improving efficiency, and enhancing profitability. A commercially astute and adaptable leader, he is also a skilled motivator who can prioritize effectively, manage multiple responsibilities, and lead teams to successful outcomes. His strong communication skills, positive work ethic, and sustained commitment to long-term success have consistently enabled him to deliver strong results.

Mr. Kamran holds a BSc (Hons) in Applied Accounting from Oxford Brookes University and is an Associate Member of ICAEW (ACA) and Fellow Member of ACCA (FCCA).

(2) Mariam Pervaiz – Chief Innovation & Financial Inclusion Officer

Mariam Pervaiz is a distinguished banking executive with nearly 21 years of leadership and innovation in Pakistan's financial sector. She has a proven track record of driving growth and operational efficiency, making her an exceptional candidate to lead a financial institution in a complex landscape.

She played a pivotal role in spearheading TPL and Abhi's strategic acquisition of the bank, overseeing critical negotiations and aligning stakeholder interests to facilitate a smooth transition.

She navigated complex regulatory and financial landscapes, ensuring compliance while optimizing value for both acquirers and the bank. Her leadership was instrumental in structuring the deal, mitigating risks, and fostering collaboration among the parties involved, ultimately laying the foundation for a successful integration.

At U-Microfinance Bank, Mariam played a key role in establishing it as Pakistan's fastest-growing microfinance institution. As a founding team member and Chief Commercial Officer, she directed strategic initiatives and led core areas like Islamic Banking and Urban Retail. She improved the bank's commercialization and addressed liquidity by boosting urban and rural deposits and exploring borrowing options. Building on her commercial leadership, Mariam has also emerged as a strong advocate for greater inclusion and representation within Pakistan's financial sector.
Mariam's advocacy in the financial sector focuses on promoting financial and social inclusion for women. As a notable public speaker at events such as the Pakistan Microfinance Network's Annual Conference, she collaborates with industry leaders and policymakers to foster knowledge sharing. In 2022, she represented Pakistan at the World Economic Forum in Davos, highlighting the nation's investment potential.

Mariam served as Acting CFO at U Microfinance Bank, overseeing financial strategy and growth programs. Previously, she spent over a decade at MCB Bank Limited in senior roles across corporate and transactional banking, gaining a comprehensive understanding of the sector.

She is certified as a Director by Lahore University of Management Sciences (LUMS) and holds an MBA and BBA (Honors) in Finance from Bahria University, Islamabad. Her commitment to financial inclusion and sustainable growth reflects the core leadership qualities essential to Pakistan's evolving financial sector.

(3) Mr. Manzoor Ahmed Janjua – Chief Legal & Business Support Officer and Company Secretary

Mr. Manzoor Ahmed Janjua has more than 18 years of diversified experience as legal and corporate professional; managing corporate commercial, conventional/ arbitration & banking, regulatory & compliance, civil and criminal litigation at law firms, as well as serving as Chief Legal & Corporate Officer and Company Secretary handling civil and criminal litigation, mediation & microfinance banking, corporate, real estate, investments, regulatory and compliance affairs including Board Committee, Board and Shareholders meetings and related issues of the Bank. He joined the Bank in 2009 and is presently serving as Chief Legal & Business Support Officer and Company Secretary.

He is a Law Graduate and a Master's in political science from the University of the Punjab. He is also a certified director from the Institute of Chartered Accountants of Pakistan. His tenure at the Bank witnessed the successful completion of a major equity injection of the US-based Microfinance organization, ABHI Impact Finance.

(4) Mr. Sardar Hasan Raza – Chief People and Culture Officer

Mr. Sardar Hasan Raza is a seasoned human capital professional with over 18 years of experience across diverse industries, including Banking, FMCG, Telecommunications, and Aviation. He has held pivotal roles at renowned organizations such as MCB Bank, Jazz, Engro, and Gerry's dnata, serving as Head of HR, Head of Talent Acquisition & Employer Branding, and Head of Transformation and Culture. His extensive experience also includes international assignments with multinational corporations before his tenure at ABHI.

Throughout his career, Hasan has played a pivotal role in shaping the strategic direction of companies after new business acquisitions. He excels in developing efficient management structures for emerging business lines, streamlining performance management processes, implementing cutting-edge learning solutions, enhancing operational and process excellence, and fostering strong industrial relations. These accomplishments have significantly contributed to the agility and rapid growth of the organizations he has been part of.

Hasan's educational background includes a Master's degree in Human Resource Management from the University of Surrey in Guildford, UK. His academic foundation, combined with his extensive professional experience, makes him a truly exceptional human capital expert.

(5) Mr. Atif Aziz Ahmed – Chief Technology Officer

Mr. Atif Aziz Ahmed brings over 30 years of extensive experience in Information Technology, having successfully led transformation initiatives across leading financial institutions to deliver innovative solutions, improve system uptime, and achieve significant operational efficiencies. His core expertise includes IT governance, IT strategy, IT infrastructure management, business continuity & disaster recovery, and project management.

Over the course of his career, Mr. Atif Aziz Ahmed has held leadership positions including Chief Information Officer, CIO/Group Executive Director – IT, Head of Information Technology, and Project Manager at renowned organizations such as Khushhali Microfinance Bank, Telenor Microfinance Bank (formerly Tameer Microfinance Bank), KASB Securities Limited, AKD Securities Limited, Progressive Systems Private Limited, and AT&T Research Labs.

At ABHI, Mr. Atif Aziz Ahmed will lead the Information Technology Department, spearheading our digital transformation journey through the implementation of advanced technology solutions, enhancement of system reliability and security, modernization of IT operations and introduction of innovative digital platforms to improve customer experience and support bank-wide efficiency, ultimately strengthening our technology capabilities to support sustainable growth.

(6) Mr. Mubashar Shahani – Chief Compliance Officer

Mr. Mubashar Shahani is a seasoned professional with a strong track record in governance, risk management, internal audit, and regulatory compliance. Throughout his career, he has demonstrated a commitment to professional excellence, sound judgment, and effective leadership. He has successfully led internal audit functions that were independently evaluated on two occasions and awarded the highest assessment rating by an External Quality Assessor authorized by the Institute of Internal Auditors (IIA).

Mubashar possesses over 19 years of diverse experience in internal and external audit, with expertise in risk assessment, evaluation of control design and operating effectiveness, regulatory compliance reviews, and assessment of adherence to internal policies and procedures. His experience has been focused on strengthening governance frameworks, enhancing internal controls, and supporting business and process improvements. He has held senior management positions, including Chief Internal Auditor at U Microfinance Bank Limited and Director Internal Audit at Telenor Microfinance Bank, where he contributed significantly to the development of robust internal audit practices and risk-based assurance frameworks.

He currently serves as the Chief Compliance Officer of ABHI Microfinance Bank Limited, where he oversees and enhances the Bank's compliance framework to address emerging risks, digital transformation, and evolving regulatory requirements. His efforts focus on strengthening the compliance function through a proactive, technology-enabled approach, while fostering a culture of compliance that supports sustainable growth and stakeholder confidence.

Mubashar is a Chartered Accountant and a Fellow Member of the Institute of Chartered Accountants of Pakistan (ICAP).

(7) Mr. Syed Mohammed Ali Raza – Chief Strategy Officer

Mr. Syed Mohammed Ali Raza brings over 25 years of diversified experience across investment management, corporate finance, capital markets and fintech, with exposure to both local and international markets. He has a strong track record of building and scaling regulated financial institutions, structuring innovative investment and financing vehicles, and raising capital from a broad base of investors, including development finance institutions, impact investors and global institutions.

Over the course of his career, Mr. Raza has held senior leadership roles, including Director; Corporate Finance at Abhi (Private) Limited, Investment Principal at Rahmat Group & ePlanet Communications, and Chief Operating Officer at Lakson Investments. His experience also includes key positions at IGI Financial Services, BMA Asset Management, Al Meezan Investment Management and The Hartford Mutual Funds in the United States. He has led and contributed to the launch of mutual funds, offshore investment platforms, venture debt structures, private credit initiatives, and other capital market instruments, while working closely with founders, investors, regulators, and financial institutions.

At Abhi (Private) Limited, Mr. Raza played a key role in strengthening institutional governance and credibility, and successfully structured and closed landmark transactions, including a Rs. 2 billion Sukuk issuance. At ABHI Microfinance Bank, he leads the strategy function, with responsibility for supporting the Bank's long-term vision, strategic partnerships, growth agenda and technology-enabled financial inclusion initiatives.

Mr. Raza is a Certified Director from the Pakistan Institute of Corporate Governance. He remains actively engaged in governance, policy, and regulatory dialogue within Pakistan's non-bank financial sector, with a particular focus on startups, SMEs, fintech, and emerging financial institutions. He is also an elected member of the Executive Committee of the NBFI & Modaraba Association of Pakistan.

7.4. NUMBER OF DIRECTORS

Pursuant to Section 154 of the Companies Act, 2017 a listed Company shall not have less than seven (7) directors. At present, the Board consists of 7 directors including 2 female directors.

7.5. QUALIFICATION OF DIRECTORS

No person shall be appointed as a Director of the Company who is ineligible to be appointed as Director on any one or more of the grounds enumerated in Section 153 of the Companies Act or any other law for the time being in force.

7.6. REMUNERATION OF THE DIRECTORS

Pursuant to Article 67 and 68, the remuneration of a Director, including for attending meetings of the Board and its sub-committees, shall from time to time be determined by the Board. Any Director who serves on any committee or who devotes special attention to the business of the Company, or who otherwise performs services which in the opinion of the Directors are outside the scope of the ordinary duties of a director, including the holding of the office of the Chairperson, may be paid such extra remuneration as the Board may determine from time to time.

Each Director of the Company may, in addition to any remuneration receivable by him, be reimbursed his reasonable travelling and hotel expenses incurred in attending meetings of the Directors or of the Company or otherwise whilst employed on the business of the Company.

7.7. INTEREST OF DIRECTORS

The directors may deem to be interested to the extent of fees payable to them for attending the Board meetings. The Directors performing whole time services in the Company may also be deemed interested in the remuneration payable to them by the Company. The nominee directors have interest in the Company to the extent of representing the sponsors in the capital of the Company.

7.8. APPOINTMENT AND ELECTION OF DIRECTORS AND CHIEF EXECUTIVE

The Directors of the Company are elected for a term of three years in accordance with the procedure laid down in section 159 of the Companies Act and Article 99.

The Directors shall comply with the provisions of Sections 154 to 159 and Sections 161 and 167 relating to the election of Directors and matters ancillary thereto.

Subject to the provisions of the Companies Act, the Company may from time to time increase or decrease the number of Directors.

Any casual vacancy occurring on the Board of Directors may be filled up by the Directors, but the person so appointed shall be subject to retirement at the same time as if he / she had become a Director on the day on which the Director in whose place he / she is chosen was last elected as Director.

The Company may remove a director in general meeting in accordance with the provisions of the Companies Act.

7.9. VOTING RIGHTS

According to the Article 48, subject to any rights or restrictions for the time being attached to any class or classes of shares, on a show of hands every member present in person shall have 1 (one) vote except for election of directors in which case the provisions of Section 159 of the Companies Act shall apply. On a poll every member shall have voting rights as laid down in Section 134 of the Act.

Where there are joint registered holders of any share, any one of such persons may vote at any meeting either personally or by proxy or through video-link or through postal ballot or e-voting in respect of such share as if he were solely entitled thereto; and if more than one of such joint-holders be present at any meeting the vote of the senior who tenders a vote, whether in person or by proxy or through video-link or through postal ballot or e-voting shall be accepted to the exclusion of the votes of the other joint-holders; and for this purpose seniority shall be determined by the order in which the names stand in the register. Several executors or administrators of a deceased member in whose name any share stands shall for the purposes of this Article be deemed joint-holders thereof.

On a poll, votes may be given either personally or Laws, provided that no body corporate shall vote by proxy as long as a resolution of its directors in accordance with the provisions of Section 138 is in force.

7.10. AUDIT COMMITTEE

The Board of Directors has set up an effective internal audit function managed by qualified and experienced personnel who are conversant with the policies and procedures of the Company and are involved in the internal audit function on a full-time basis.

The audit committee constituted in accordance with the Listed Companies (Code of Corporate Governance) Regulations, 2019, comprises of the following members where Ms. Khursheed Kotwal is the Chairperson while the rest are members.

Sr. No	Name of the Member	Category
1	Khursheed Kotwal	Chairperson
2	Omair Muzzaffer Ansari	Non-Executive Director
3	Ali Muhammad Raza	Non-Executive Director
4	Pavel Khristolyubov	Non-Executive Director

7.11. HUMAN RESOURCE AND REMUNERATION COMMITTEE

The Board of Directors has set up an effective Human Resources function managed by qualified and experienced personnel who are conversant with the policies & procedures of the Company and are involved in Human Resources function on a full-time basis.

The human resource and remuneration committee constituted in accordance with Listed Companies (Code of Corporate Governance) Regulations, 2019, comprises of the following members where Jehangir Shah is the Chairperson and the rest are members

Sr. No	Name of the Member	Category
1	Jehangir Shah	Chairperson
2	Ammara Masood	Independent Director

7.12. BORROWING POWERS OF DIRECTORS

As per the Article 88, The Board may exercise all the powers of the Company to raise money, otherwise than by the issue of shares, and to mortgage or charge its undertaking or property or any part thereof and to issue debentures and other securities whether outright or as security for any obligation or liability or debt of the Company or of any third party.

Subject to the provisions of Section 183(2) of the Companies Act, in exercising the powers of the Company aforesaid the Board may, from time to time and on such terms and conditions as they think fit, raise money from banks, financial institutions and from other persons under any permitted system of financing, whether providing for payment of interest, mark-up, profit or some other form of return, and in particular the Board may raise money on the basis of markup on price, musharaka, modaraba or any other permitted mode of financing, and without prejudice to the generality of the foregoing the Board may exercise all or any of the powers of the Company arising under Section 30 of the Companies Act, provided however that the above power of the Board shall not entitle the Company to carry on the business of a banking/finance/investment company.

In regard to the issue of securities the Board may exercise all or any of the powers of the Company arising under Sections 30, 66, 183(2) and any other applicable provisions of the Companies Act and / or Applicable Laws, and in particular the Board may issue any security as defined in Section 2(1)(61) of the Companies Act or may issue any instrument or certificate representing redeemable capital as defined in Section 2(1)(55) of the Companies Act.

7.13. POWERS OF DIRECTORS

Pursuant to Article 86, the control of the Company shall be vested in the Board, and the business of the Company shall be managed by the Board, who may exercise all such powers of the Company as are not by the Act or any statutory modification thereof for the time being in force, or by these Articles, required to be exercised by the Company in general meeting, subject nevertheless to the provisions of the Act or to any regulations of these Articles, and such regulations being not inconsistent with the aforesaid regulations or provisions, as may be prescribed by the Company in general meeting but no regulation made by the Company in general meeting shall invalidate any prior act of the Directors which would have been valid if that regulation had not been made.

The Directors may delegate any of their powers to committees consisting of such member or members of their body as they think fit and may from time to time revoke such delegation; any committee so formed shall, in the exercise of the powers so delegated, conform to any restrictions that may be imposed on them by the Directors.

7.14. FINANCIAL PERFORMANCE OF LISTED ASSOCIATED COMPANIES

There are no listed associated companies of ABHI Microfinance bank.

7.15. INDEMNITY AVAILABLE TO THE BOARD OF DIRECTORS AND OTHER EMPLOYEES OF THE COMPANY

Every Director, Chairperson, Chief Executive, manager, agent or officer of the Company shall be indemnified out of the funds of the Company against any liability incurred by such Director, Chairperson, Chief Executive, manager, agent or officer in defending any proceedings, whether civil or criminal, arising out of his dealings in relation to the affairs of the Company, except those brought by the Company against him, in which judgment is given in his favor or in which he is acquitted, or in connection with any application under Section 492 of the Act in which relief is granted to him by the court.

No Director, Chairperson, Chief Executive, Secretary, Attorney, agent, manager or other officer of the Company will be liable for the acts, receipts, neglects or for any loss or expenses happening to the Company through the insufficiency or deficiency of title to any property acquired by order of the Board, or other officer for or on behalf of the Company, or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Company shall be invested, or for any loss or damage arising from the bankruptcy, insolvency or tortuous acts of any person with whom any money, securities or effects shall be deposited, or for any loss occasioned by any error of judgment or oversight on his part, or for any other loss, damage or misfortune whatever, which may happen in the execution of the duties of his office or in relation thereto, unless the same happens through his own neglect, default or dishonesty.

7.16. CORPORATE GOVERNANCE

The Company shall comply with all the rules and regulations applicable to the Company with regards to the Listed Companies (Code of Corporate Governance) Regulation, 2019

8. LEGAL PROCEEDINGS AND OVERDUE LOANS

8.1. LEGAL PROCEEDINGS

The following table outlines the outstanding legal proceedings other than the normal course of business against ABHI

S. No	Year	Issuing Authority	Brief Case Description	Amount (PKR)	Current Status
1	2011	Competition Commission Pakistan	The Competition Commission of Pakistan (CCP) took Suo moto notice of the uniform PKR 15 fee charged by banks for "Off-Us" ATM cash withdrawals. After conducting an inspection of 1-Link's office and completing an inquiry, the CCP issued Show Cause Notices to 1-Link and its member banks. Following hearings, the CCP passed an order imposing penalties on 1-Link and its member banks for price-fixing under Section 4 of the Competition Act, 2010. Kashf Microfinance Bank (now Abhi Microfinance Bank), being a non-founding member, was penalized PKR 10 million. Aggrieved by this order, Kashf Microfinance Bank and other banks filed appeals before the Competition Appellate Tribunal. The Tribunal allowed the appeals and set aside the CCP's order, holding that the banks had acted in good faith under SBP's regulatory oversight and that the ATM network provided significant consumer benefits. The CCP challenged the Tribunal's decision before the Supreme Court of Pakistan, where the case remains pending to date	10,000,000	Pending before Supreme Court of Pakistan

Apart from the above case, there are no pending Legal proceedings of ABHI as well as any of its associates over which it has control of as of March 31st, 2026.

8.2. ACTION TAKEN BY SECURITIES EXCHANGE

No action has been taken by the Exchange against the issuer or its associated companies over which the issuer has control during the last three years.

8.3. OVERDUE LOANS

There are no overdue loans (local or foreign currency) on the Company, its Directors, Sponsors and Promoters, Substantial Shareholders, and associated companies over which the issuer has control.

9. UNDERWRITING, ARRANGEMENT, COMMISSION, BROKERAGE AND OTHER EXPENSES

9.1. ARRANGEMENT

BOOK BUILDING PORTION

The Book Building Portion of the Offer which comprises 75% of the offer i.e. 99,000,000 shares.

The Book Building process shall be conducted through Eligible Participants, which include securities brokers, mutual funds, scheduled banks, and development finance institutions that are clearing members of NCCPL, in accordance with the PO Regulations, 2017.

Eligible Participants shall be responsible for registering bidders (where eligible), collecting margin money based on their own risk assessment criteria, and ensuring settlement of bid amounts with NCCPL in respect of accepted bids.

GENERAL PUBLIC PORTION

The General Public Portion of the Offer of 33,000,000 shares is fully underwritten as required under 7(3) of the Regulations. The underwriting & take-up commission is 1% each. The underwriters' detail is as follows:

S. No	Names of Underwriter	Number of shares underwritten	Amount	
			Floor Price at PKR 15.0 /- per share	**Ceiling Price at PKR 22.5 /- per share**
1	Arif Habib Limited	12,000,000	180,000,000	270,000,000
2	Dawood Equities Limited	4,500,000	67,500,000	101,250,000
3	Topline Securities Limited	8,250,000	123,750,000	185,625,000
4	Growth Securities (Private) Limited	8,250,000	123,750,000	185,625,000
	Total	**33,000,000**	**495,000,000**	**742,500,000**

9.2. BUY BACK / REPURCHASE AGREEMENT

The underwriters nor any of their associates have entered into any buyback or repurchase agreement with the issuers or any other person in respect of this issue.

Also, neither the Shareholders nor any of their associates have entered into any buy-back/repurchase agreement with the underwriters or their associates. The Shareholders and their associates shall not buyback/repurchase shares from the underwriters and their associates

9.3. FEES AND EXPENSES FOR E-IPO SYSTEMS

Commission on application received through the e-IPO Systems of PSX and CDC will be paid to PSX and CDC which shall not be more than 0.8% of the amount of the total applications. PSX and CDC will share the fee with other participants of the e-IPO System at a ratio agreed amongst them.

9.4. RATE OF BROKERAGE COMMISSION

The Issuer will pay brokerage to the TRE Certificate Holder of PSX at the rate of 1.00% of the value of successful applications. No brokerage shall be payable in respect of shares taken up by the underwriter by virtue of their underwriting commitment.

9.5. ESTIMATED EXPENSES OF THE ISSUE

Expenses to the Issue are estimated not to exceed PKR **109,196,976**. The break-up of these preliminary expenses is given below:

Particulars	Rate	Expense (PKR) at Floor Price
Advisory Fees	2.50%	49,500,000
TREC Holders Commission	1.00%	14,850,000
Book Building Fee	1.00%	14,850,000
Underwriting Commission	1.00% of the General Public Portion	4,950,000
Centralized E-IPO Charges	0.80% of the General Public Portion	3,960,000
Advertising, Printing and Publishing of OFSD	Fixed	4,000,000
PSX Initial Listing fee	0.1% of Post Issue Paid Up Capital	9,668,887
Share Registrar, Transfer Agent and Balloting Agent	Fixed	600,000
CDC Fresh Issue fee	0.144% of issue size	2,851,200
CDC Annual Eligibility Fee	Fixed	800,000
SECP Supervisory fee	10% of PSX Initial Listing Fee	966,889
SECP IPO Application Processing fee	Fixed	200,000
PSX Book Building Software	Fixed	1,000,000
Miscellaneous Expenses	Fixed	1,000,000
Total		**109,196,976**

10. MISCELLANEOUS INFORMATION

10.1. REGISTERED OFFICE/ CORPORATE OFFICE

ABHI Microfinance Bank Limited

Registered Address:

S.A. Khan House # 2, Plot No. 12,
D-12 Markaz,
Islamabad,
Pakistan
Phone: +92 51 2706307
Website: www.abhibank.com
Email: Info@abhibank.com

10.2. AUDITOR OF THE COMPANY

Baker Tilly Mehmood Idrees Qamar Chartered Accountants
4th Floor, Central Hotel Building Civil Lines,
Mereweather Road Karachi - Pakistan
Tel: +92 (021) 35644872-7
Email: info@bakertilly.pk
Website: www. bakertilly.pk

10.3. LEGAL ADVISOR OF THE COMPANY

Mohsin Tayebaly & Co.
1st Floor, Dime Centre, BC-4,
Block 9, Kehkashan, Clifton,
Karachi - 75600.
Tel: (92-21) 111-MTC-LAW (111-682-529)
Email: vaseeq.khalid@mtclaw.com.pk
Website: www.mtclaw.com.pk

10.4. COMPUTER BALLOTER & SHARE REGISTRAR

CDC Shares Registrar Services Limited
CDC House, 99-B, Block 'B' S.M.C.H.S
Shahra-e-Faisal, Karachi
Tel: 021-111 111 500
Email: info@cdcsrsl.com

10.5. JOINT LEAD MANAGERS

ARIF HABIB LIMITED
2/F, Arif Habib Centre
23, M.T. Khan Road,
Karachi 74000,
Pakistan
Phone: +92-21-3828 0642
Fax: 021-3243 3542
Email: Muhammad.ismail@arifhabibltd.com
Web: www.arifhabibltd.com

TOPLINE SECURITIES LIMITED
8th floor, Horizon Tower, Plot# 2/6
Block 3, Clifton,
Karachi, Pakistan
Phone: +92-21-35303330-2
Email: info@topline.com.pk
Web: https://www.topline.com.pk

GROWTH SECURITIES (PRIVATE) LIMITED
Room # 82 83, Second Floor,
Pakistan Stock Exchange Building,
Stock Exchange Road. Karachi,
Pakistan
Phone: +92-21-32463000
Email: investmentbanking@growthsecurities.com
Web: https://www.growthsecurities.com.pk/

10.6. ELIGIBLE PARTICIPANTS

All Eligible participants including securities brokers, mutual funds, scheduled banks, and development finance institutions that are clearing members of NCCPL and Trading Only brokers.

11 MATERIAL CONTRACTS

11.1. DETAILS OF LONG-TERM FINANCING FACILITY

Sr. No	Financing Facility	Issuer	Pricing	Amount	Issue Date	Maturity
1	Line of Credit - LOC	SBP	6MK - 1%	3,000,000,000	24-Jun-19	30-Jun-29
2	Subordinated Debt	PMIC	6MK + 3%	800,000,000	19-Dec-19	19-Jan-32

1. This represents unsecured long term borrowing obtained on 24 June 2019 from SBP under Financial Inclusion Infrastructure Program (FIIP) to provide access to long term market based funding to enhance 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 (2022: 6 months KIBOR minus 100 bps per annum). Principal amount was repayable in last four quarters of 5 years loan period or in bullet form at the end of said tenor. Subsequent to the year-end, in 2024, the Bank received formal communication from the State Bank of Pakistan confirming the extension of the principal repayment period of 5 years from June 30, 2024, to June 30, 2029.

2. This represents an unsecured and subordinated loan facility raised by the Bank during the year 2019, amounting to Rs. 800 million to contribute towards the Bank's Tier II capital. Mark-up is payable half yearly at the rate of 6 months KIBOR plus 300 bps per annum.

11.2. DETAILS OF SHORT-TERM FINANCING FACILITY

The bank has no short-term financing facility.

11.3. DETAILS OF OTHER COMPANY RELATED AGREEMENTS

S. No	Title of Agreement	Country of Origin	Goods/ Services	Party to the Agreement	Date of Contract	Date of Expiry	Rate	Supply/Services
1	Implementation Service Agreement	Pakistan	Services	JBS Consulting (Pvt) Ltd.	28-01-2026	12-Months from effective date	Fixed	Implementation of Oracle Fusion Cloud applications
2	Agreement for ATM as a Service on Rental Basis Diebold	Pakistan	Services	Touch Point (Pvt) Ltd	06-08-2025	5 Years from effective date	Fixed	Touch Point will provide brand new Diebold ATM machines to the Bank.
3	Service Level Agreement	Pakistan	Services	Rewterz	08-04-2025	Till 9 April, 2027	Fixed	To deliver and support Qualys cybersecurity solutions.

11.4. INSPECTION OF DOCUMENTS AND CONTRACTS

Copies of the Memorandum and Articles of Association, the Audited Financial Statements, the Auditor’s Certificates, Information Memorandum and copies of the agreements referred to in this Prospectus may be inspected during usual business hours on any working day at the registered office of the Company from the date of publication of this Prospectus until the closing of the subscription list.

11.5. MEMORANDUM OF ASSOCIATION

The Memorandum of Association, inter alia, contains the objects for which the Company was incorporated and the business which the Company is authorized to undertake. A copy of the Memorandum of Association is annexed to this Prospectus and with every issue of the Prospectus except the one that is released in newspapers as advertisement.

11.6. FINANCIAL YEAR OF THE COMPANY

The financial year of the Company commences on January 1 and ends on December 31.

12 BOOK BUILDING PROCEDURE/INSTRUCTIONS FOR REGISTRATION AND BIDDING

12.1. BOOK BUILDING PROCEDURE

12.1.1. BRIEF STRUCTUREOF THE PRESENT ISSUE

The Issue comprises 132,000,000 shares of Face Value of PKR 10.0/- each, which constitutes 13.65% of the post-IPO Paid Up Capital of the Company. The IPO would be conducted through book building method, and the strike price would be determined based on the same.

Of the entire Issue of 132,000,000 shares, seventy-five percent (75%) of the Issue i.e. 99,000,000 shares will be issued through the Book Building process at a Floor Price of PKR 15.0 per share with a maximum price band of 50.0% above the floor price i.e. PKR 22.5/-.

The bidders shall be allowed to place bids for seventy five percent (75%) of the Issue size, and the Strike Price shall be the price at which the seventy five percent (75%) of the Issue is subscribed. The remaining 25% of the issue i.e. 33,000,000 shares will be issued to retail investors. The retail portion will be fully underwritten, with Arif Habib Limited, Topline Securities Limited, Growth Securities (Private) Limited and Dawood Equities Limited acting as the underwriters to the Issue.

Unsubscribed shares, if any, of the retail (General Subscription) portion will be taken up by the underwriters to the Issue.

Within one (1) working day of the closing of the Bidding Period, a Supplement to the Prospectus will be published in at least all those newspapers in which the Prospectus is published. The Supplement will contain information related to the Strike Price, the Issue Price, names of the underwriters of the retail portion, underwriting commission bifurcating as take up commission or any other, dates of the Public Subscription, and category wise break-up of the Successful Bidders. Format of the Supplement is given on page 3 of this Prospectus.

12.1.2. Types of Bids and Procedure for making a Bid

Book Building is a process whereby investors bid for a specific number of shares at various prices. The Shareholders set a Floor Price, which is the minimum / lowest price a Bidder can bid at. An order book of bids is maintained by the Designated Institution, which is then used to determine the Strike Price through the "**Dutch Auction Method**".

Under the Dutch Auction Method, the Strike Price is determined by lowering the Bid Price to the extent that the total number of shares Issued through the Book Building process are subscribed.

A bid by a Bidder can be a "**Limit Bid**", or a "**Step Bid**", each of which are explained below:

Limit Bid: Limit bid is at the Limit Price, which is the maximum price a Bidder is willing to pay for a specified number of shares. The amount of any individual limit bid shall not be less than PKR. 2,000,000.

In such a case, a Bidder explicitly states a price at which he / she / it is willing to subscribe to a specific number of shares. For instance, a Bidder may bid for 1 Mn shares at PKR 15/- per share, based on which the total Application Money would amount to PKR 15 Mn. In this case the Bid Amount will also be PKR 15 Mn. Since the Bidder has placed a Limit Bid of PKR 15/- per share, this indicates that he / she / it is willing to subscribe to the shares at a price up to PKR 15.0/- per share.

Step Bid: A series of Limit Bids at increasing prices. The amount of any individual step shall not be less than PKR. 2,000,000.
Under this bidding strategy, Bidders place a number of Limit Bids at different increasing price levels. A Bidder may, for instance, make a bid for 1 Mn shares at PKR 15.0 per share, 3 Mn shares at PKR 16 per share and 2 Mn shares at PKR 17 per share. Therefore, in essence the Bidder has placed one Step Bid comprising of three Limit Bids at increasing prices. The Application Money would amount to PKR 97 Mn, which is the sum of the products of the number of shares Bid for and the Bid price of each Limit Bid. In such a case, Eligible Participant shall collect advance/margin money against bids based on their own risk assessment criteria and shall be responsible to NCCPL for providing payments in

lieu of accepted bids for their proprietary and investor accounts.

RESTRICTIONS:

(i) AN ELIGIBLE INVESTOR SHALL NOT:

(a) MAKE BID BELOW THE FLOOR PRICE AND ABOVE THE UPPER LIMIT OF THE PRICE BAND;

(b) MAKE BID FOR MORE THAN 10% OF THE SHARES ALLOCATED UNDER THE BOOK BUILDING PORTION

(c) MAKE A BID WITH A PRICE VARIATION OF MORE THAN 10% OF THE PREVAILING INDICATIVE STRIKE PRICE AS PER REGULATION 10(2)(iii) OF THE PO REGULATIONS

(d) PLACE CONSOLIDATED BID

(e) MAKE MORE THAN ONE BID SEVERALLY OR JOINTLY

(f) MAKE DOWNWARD REVISION BOTH IN TERMS OF BID PRICE AND BID VOLUME; PROVIDED THAT INCASE OF UPWARD REVISION OF THE BID PRICE, THE NUMBER OF SHARES BID FOR I.E. BID VOLUME MAY BE ADJUSTED ENSURING THAT THE BID AMOUNT OR BID MONEY REMAINS THE SAME; AND

(g) WITHDRAW BID

(ii) IT IS THE RESPONSIBILITY OF THE CTI TO ENSURE IMPLEMENTATION OF THE FOLLOWING RESTRICTIONS BY INCORPORATING RELEVANT UINS / CUINS IN THE PSX BOOK BUILDING SYSTEM

a. The associates of the Issuer as disclosed in the prospectus shall not in aggregate make bids in excess of ten percent of the securities issued through Book Building.

b. The associates of the Consultant to the Issue shall not in aggregate make bids in excess of ten percent of the securities Issued through Book Building.

Provided that it shall not apply to such associates of the Consultant to the Issue that are Financial Institutions, Mutual Funds and Insurance Companies.

(iii) RELATED EMPLOYEES (I.E. EMPLOYEES OF THE ISSUER, THE UNDERWRITERS, AND THE CONSULTANTS TO THE ISSUE, WHO ARE INVOLVED IN THE ISSUE OR THE ISSUE FOR SALE) ARE NOT ELIGIBLE TO PARTICIPATE IN THE BIDDING.

(iv) NO PERSON SHALL TAKE PART IN THE BOOK BUILDING PROCESS, DIRECTLY OR INDIRECTLY SEVERALLY OR JOINTLY IN ANY MANNER OR ENGAGE IN ANY ACT OR PRACTICE WHICH CREATE A FALSE AND MISLEADING APPEARANCE OF ACTIVE BIDDING FOR RAISING OR DEPRESSING STRIKE PRICE IN THE BOOK BUILDING PROCESS.

(v) AS PER REGULATION 7(8) OF THE PO REGULATION, THE ASSOCIATES OF ISSUER AS DISCLOSED IN THE PROSPECTUS SHALL NOT IN AGGREGATE MAKE BIDS IN EXCESS OF TEN (10) PER CENT OF THE SHARES ISSUED THROUGH BOOK BUILDING.

(vi) AS PER REGULATION 7(9) OF THE PO REGULATIONS, THE ASSOCIATES OF THE CONSULTANT TO THE ISSUE TO THE ISSUE SHALL NOT IN AGGREGATE MAKE BIDS IN EXCESS OF TEN (10) PERCENT OF THE SHARES ISSUED THROUGH BOOK BUILDING. PROVIDED THAT IT SHALL NOT APPLY TO SUCH ASSOCIATES OF THE CONSULTANT TO THE ISSUE THAT ARE FINANCIAL INSTITUTIONS, MUTUAL FUNDS AND INSURANCE COMPANIES.

LIST OF ASSOCIATED COMPANIES AND UNDERTAKINGS OF ABHI MICROFINANCE BANK, NAMES OF RELATED EMPLOYEES OF ABHI MICROFINANCE BANK, CONSULTANT AND UNDERWRITER(S) TO THE ISSUE ARE PROVIDED IN SECTION 3A (vi).

Once the Bidding Period has lapsed and the book has been built, the, Strike Price shall be determined on the basis of Dutch Auction Method.

Successful Bidders shall be intimated, within one (1) working day of the closing of the Bidding Period, about the Strike Price and the number of shares provisionally allotted to each of them. Upon conclusion of Book Building and determination of successful bidders, NCCPL will commence its pay and collect process one working day after the close of the bidding period, by debiting the settling bank accounts of Eligible Participants. If there is any shortfall in payments due to failure to meet commitments, NCCPL will initiate its shortfall management process as per the Joint Procedures. In the event of unsuccessful bids, NCCPL will release the advance amount/margin money of Eligible Participants one working day after the close of the bidding period within banking hours.

As per PO Regulations, the successful bidders shall be Offered shares at the time of issuance of shares to the retail investors. Shares to successful bidders shall be Offered only in the form of book-entry through credit in their respective CDS accounts (Investors Account or Sub-Account). All the bidders shall, therefore, provide number of their CDS accounts.

The Bidders must provide the bank account details in their Bidding form, so that cash dividend can be credited into their respective International Bank Account Number (IBAN).

12.1.3. TIME FRAME FOR INTIMATION TO THE SUCCESSFUL BIDDERS AND MECHANISM FOR PAYMENT OF THE BALANCE AMOUNT BY THE SUCCESSFUL BIDDERS

At the end of bidding period, successful bidders and their Eligible Participants shall be notified by the Book Building System via their registered email that their bids are accepted and such bidders are required to arrange settlement with NCCPL at B+1 (one day after the end of the bidding) within designated time specified in the Joint Procedures.

Upon conclusion of Book Building and determination of successful bidders, NCCPL will commence its pay and collect process at B+1 by debiting the settling bank accounts of Eligible Participants. If there is any shortfall in payments due to failure to meet commitments, NCCPL will initiate its shortfall management process as per the Joint Procedures

12.1.4. NCSS DESIGNATED TIME SCHEDULE FOR BOOK BUILDING

Activity[64]		Start Time	End Time
Monday to Friday	Advance/ Collection of Margin Money against bid amount from bidders one day before the start of bidding (B-1)	9:00 AM	16:30 PM
	Increase in the bidding amount during bidding period subject to deposit of additional margin money by existing bidder	9:00 AM	16:30 PM
	Margin collection during the bidding period for the registration of new bidders	9:00 AM	16:30 PM
	Final collection from bank account of successful bidders (B+1)	9:00 AM	12:00 PM
	Refund/ Release the advance amount/margin money of Eligible Participants against unsuccessful bids (B+1)	9:00 AM	12:00 PM

12.1.5. ELIGIBLE PARTICIPANT(S) FOR BOOK BUILDING:

All Eligible Participants including securities brokers, mutual funds, scheduled banks, and development finance

[64] https://www.psx.com.pk/psx/themes/psx/uploads/Notice-Joint-Proceedures-for-Book-Building.pdf

institutions that are clearing members of NCCPL.

Functions of the Eligible Participant as per PSX and NCCPL Joint Procedures for Book Building:

i. Eligible Participants shall establish bidding accounts in the PSX Book Building System for proprietary participation.

ii. Eligible participants shall register bidders and create accounts for the bidders to participate in the bidding.

iii. Eligible Participants that are Banks, Mutual Funds and DFIs can only create bidding account for proprietary participation and cannot on board/register bidders or create bidding account of the bidders for participation in the bidding. A bank and DFI may however be onboard/register bidders only in case such bank or DFI is acting as CTI in the public offering transaction. For Trading Only Broker and their clients, the user bidding account must be created through the Professional Clearing Member — PCM (EClear Services Limited).

iv. Eligible Participant shall collect advance amount/margin money against bids from the bidders.

12.1.6. Name of the Designated Institution and its Roles and Responsibilities:

NCCPL being the Designated Institution, shall ensure that Book Building System shall smoothly perform following functions:

I. record name, Unique Identification Number (UIN), National Tax Number (NTN), postal and email addresses, land line and cell numbers, bank account Number and branch address and Investor Account Number or Sub-Account Number of the bidder with participant account number;

II. provide a mechanism for registration of the bidders before commencement of the bidding period till 03:00 p.m. on the last day of the Bidding Period and require the investors to provide at least such information as mentioned in para (i) above;

III. generate bidders' Internet Protocol (IPs) address and keep record of all IP addresses from where the bids are placed;

IV. record the number of shares bid for, the Bid Price, type of the bid i.e. Limits Bid or Step Bid, date and time of the entry of the bid;

V. display the bids revised, and date and time of upward revision;

VI. neither allow withdrawal of bid, nor accept the bids placed at a Bid Price that is below the Floor Price or above the upper limit of the Price Band;

VII. display live the total number of shares offered for sale, the Floor Price, Price Band, total number of bids received, total number of shares bid for and indicative Strike Price;

VIII. build an order book showing demand for the shares at various price levels in a descending order along with the accumulated number of shares bid for and percentage of total shares offered under the Book Building Portion;

IX. discover the strike price at the close of the Bidding Period;

X. generate alerts for the Bidders via Short Message Service through cell phones and emails upon entry of the bid, at the time of upward revision of the bid, and upon discovery of the strike price; and

XI. ensure that system must provide the bidders the option to revise their bids during the period permitted under these Regulations;

The Designated Institution shall ensure that:

– identity of the bidder is not displayed; and

– no bid is entered into the System after closing of the Bidding Period.

12.1.7. Roles and Responsibilities of the Issuer:

The Issuer shall ensure that:

1. The Issuer, its Sponsors, promoters, substantial shareholders, directors and associates shall have no over dues or defaults, irrespective of the amount., appearing in the report obtained from the credit information bureau;
2. The Issuer or its directors, Sponsors or substantial shareholders should not have held the office of the directors, or have not been Sponsors or substantial shareholders in any company:
   a) which had been declared defaulter by the securities exchange or futures exchange; or
   b) whose TRE certificate has been cancelled or forfeited by the securities exchange;
   c) or which has been delisted by the securities exchange due to non-compliance of its regulations.
3. The Consultant to the Issue, Underwriter, Balloter and Share Registrar, are appointed through separate agreements in writing.
4. It has submitted, through its Consultant to the Issue, an application along with draft prospectus for listing of its securities to the PSX.
5. The shares shall be issued in book-entry form only.

12.1.8. Opening and Closing of the Registration Period

The Registration period shall be for **Five (5) working days** as under:

REGISTRATION PERIOD	
TBD	9:00am to 5:00pm
TBD	9:00am to 5:00pm
TBD	9:00am to 5:00pm
TBD	9:00am to 5:00pm
TBD	9:00am to 3:00pm

12.1.9. Opening and Closing of the Bidding Period

The Bidding Period shall be for **Two (2) working days** as under:

BIDDING PROCESS STARTS ON	TBD
BIDDING PROCESS ENDS ON	TBD

12.1.10. Eligibility to Participate in Bidding

Eligible Investors who can place their bids in the Book Building process include local and foreign Individual and Institutional Investors whose Bid Amount is not less than PKR 2,000,000/- (PKR Two Million only).

12.1.11. Information for Bidders

1. The Prospectus for Issue of Shares has been approved by PSX and SECP.
2. The Prospectus can be obtained from the Registered Office of ABHI Microfinance Bank and Topline Securities (CTI). Prospectus, Registration Forms and Bidding Forms can also be downloaded from the following websites of the Joint Consultants to the Issue, PSX and the Company i.e. http://www.arifhabibltd.com , http://www.topline.com.pk/, https://www.growthsecurities.com.pk/,

http://www.psx.com.pk and https://abhibank.com/,

3. Eligible Investors who are interested to participate in bidding for subscribing the Ordinary Shares of the Company should approach the Eligible Participants at the for registration for submitting their Bids.
4. REGISTERED INVESTORS CAN PLACE AND REVISE THEIR BIDS UPWARDS BY ACCESSING THE DESIGNATED INSTITUTIONS ONLINE PORTAL FOR BOOK BUILDING BY USING THE USER ID AND PASSWORD COMMUNICATED TO THEM VIA EMAIL BY PSX.

12.1.12. PROCEDURE FOR REGISTRATION

1. All Eligible Participants shall be required to get registered with the Designated Institution i.e. PSX.
2. For registration purposes, each Eligible Participant shall submit an Expression of Interest for participation in the Book Building.
3. In order to commence registration, PSX shall issue a public notice regarding the book building at least three (3) working days before the bidding period (B-3). The notice shall cover the Issuer Name, Issue size, Floor Price, Price Band, Registration Dates, Bidding Dates along with the salient features of the Issue.
4. Eligible Participant shall be required to register itself with the NCCPL. In order to register, Eligible Participant shall submit an interest to the NCCPL for participation in the book building being conducted by the Book Building System of PSX. Registration would be a one-time process and would not be required before each new book building transaction.
5. Upon registration, PSX will configure its Book Building System by creating Eligible Participant. Once the Eligible Participant is created, credentials such as participant ID, PIN and password will be transmitted by the Book Building System to the authorized person of Eligible Participants at their registered email addresses and designated mobile numbers.
6. The Designated Institution and NCCPL shall jointly develop and notify the detailed procedures covering the operational and procedural requirements for Book Building, after obtaining prior approval from the Commission.
7. The Issuer shall publish the Prospectus at least one (1) day prior to the commencement of bidder registration.
8. The bidding process shall be conducted electronically through the Book Building System in a fair, efficient, and transparent manner.
9. The registration of bidders by the Eligible Participants shall commence at least three (3) working days prior to the start of the bidding period and shall remain open until 3:00 p.m. on the last day of the bidding period.
10. The bidding period shall remain open for at least two (2) working days.
11. The bidding shall commence from 09:00 a.m. and close at 05:00 p.m. during the Bidding Period.
12. The bidders can revise the bids till 05:00 p.m. on the last day of the Bidding Period.
13. The Eligible Participant shall register bidders, including both individual and institutional investors, and create user bidding accounts for them. The Eligible Participant may also create bidding accounts for proprietary participation.
14. The creation of a user bidding account shall require minimum information such as the bidder's name, bid amount, UIN/CNIC, incorporation number or CUIN (where applicable), contact details, CDC sub-account or investor account number, and IBAN. An IPO Facilitation Account may be used if the bidder does not have a CDC sub-account or investor account. All such details shall be captured by the Eligible Participant at the time of registration.
15. Bidders can opt for disclosed or undisclosed bidding at the time of registration. In the case of disclosed bidding, bids shall be placed by the Eligible Participant, and in the case of undisclosed bidding, bids shall be placed directly by the bidder. Explanation: – In the case of disclosed bidding, the bidder shall convey the bid amount and bid price (profit rate/spread) to the Eligible Participant for entry into the Book Building System. – In the case of undisclosed bidding, the bidder shall enter the bid amount and bid price (profit rate/spread) directly into the Book Building System.
16. In case of disclosed bidding, the bidder at the time of registration, shall authorize the Eligible Participant for placing bid on his behalf.
17. In case of undisclosed bidding, for creating user bidding account for bidders, the Eligible Participant shall use the bidder details (email, name, phone number etc.). Book Building System will share the User ID, PIN and password directly with the bidder via registered email and mobile number.
18. Once the user is created and confirmed by the Eligible Participant, bidder shall receive system generated credentials for participation in the bidding process.
19. At the end of the bidding period, successful bidders and their Eligible Participants shall be notified by the Book Building System via registered email that their bids have been accepted. Such bidders shall arrange settlement with NCCPL at B+1 within the time specified in the Joint Procedures.

20. Upon conclusion of the Book Building process and determination of successful bidders, NCCPL shall commence its pay and collect process at B+1 by debiting the settling bank accounts of the Eligible Participants. In the event of any shortfall in payments due to failure to meet commitments, NCCPL shall initiate its shortfall management process in accordance with the Joint Procedures.
21. In the event of unsuccessful bids, NCCPL will release the advance amount/margin money of Eligible Participants at B+1 within banking hours.
22. The funds in lieu of accepted bids will be credited to the Issuer's bank account(s) by NCCPL after the end of the public subscription period, credit of securities to the successful investors, and issuance of NOC by the Securities Exchange.
23. The Book Building process shall be deemed cancelled if the Issuer fails to receive bids for the total number of shares allocated under the Book Building Portion or if the total number of bids received is less than forty (40). In such an event, the Consultant to the Issue/Issuer shall immediately notify the Commission and the Securities Exchange accordingly.

12.1.13. Procedure for Bidding

The following procedure shall be followed for bidding:

1. Bids can be placed as 'Limit Bid' or a 'Step Bid'

   Provided that the minimum size of a limit bid and that of any step, in case of a Step Bid, shall not be less than two million rupees.

2. The Issuer shall publish the PROSPECTUS at least one (1) day before the commencement of registration of bidders by the Eligible Participants and issuance of public notice by the Designated Institution relating to announcement of book building.

3. The bidding shall commence from 09:00 a.m. and close at 05:00 p.m. during the Bidding Period.

4. PSX shall display live throughout the bidding period an order book in descending order for equity securities and discounted debt securities, and in ascending order for debt instruments quoted on a yield basis showing demand for securities at various prices/yields and the accumulated number of securities bids for along with percentage of the total securities offered. The order book shall also display the revised bids, which shall be accessible only through the PSX website.

5. The Designated Institution shall issue a public notice regarding the Book Building process at least three (3) working days before the commencement of the Bidding Period (B-3). The notice shall include, among other details, the name of the Company, Issue size, floor price, bidding dates, and salient features of the Issue.

6. At the time of registration, bidders shall authorize the Eligible Participant to place the bid on their behalf in the case of disclosed bidding.

7. Eligible Participants shall collect the margin money from the bidders and deposit the same with the NCCPL.

8. Individual and institutional investors shall pay 100% of the bid amount as margin money to the Eligible Participant; provided that the Eligible Participant may accept a lower margin from bidders based on its own risk assessment.

9. In the case of undisclosed bidding, for creating user bidding accounts, the Eligible Participants shall use the bidder's details such as name, email address, and phone number. The Book Building System shall share the User ID, URL for the bid screen, PIN, and password directly with the bidder through their registered email and mobile number.

10. Once a user is created and confirmed by the Eligible Participant, the credentials for participation in the bidding process shall be forwarded by the Book Building System to the user — i.e., the investor in the case of undisclosed bidding or their Eligible Participant in the case of disclosed bidding — via their registered email and mobile number.

11. Eligible Participants may limit the amount of bidding by their bidders, depending on the margin money received and their own risk assessment criteria

12. In the event of a Trading Only Broker and their clients, the user bidding account must be created through a Professional Clearing Member (PCM).

13. Eligible Participant shall deposit the advance amount/margin money or standing instruction or irrevocable undertaking from the trustee, where applicable with the NCCPL by 5:00 p.m., one working day before the start of the bidding period. (B-1) Provided that during the bidding period, the Eligible Participants and their clients/investors/bidders can increase the bid amount subject to deposit of additional margin money, if required, with the NCCPL.

14. Based on the information shared by NCCPL, PSX will mark the Eligible Participants who have submitted advance amount/margin money for the bidding purposes.

15. NCCPL shall communicate the confirmation of advance/margin money received against the bid amount of Eligible Participants to the Designated Institution in accordance with the Joint Procedures.

16. Based on the information shared by the NCCPL, the Designated Institution (PSX) shall activate the Eligible Participants who have submitted advance/margin money for bidding purposes

17. NCCPL shall continue to share real-time information with PSX regarding margin money deposited by Eligible Participants during the bidding period, including new bidder registrations or increases in bid amounts, in line with the Joint Procedures.

18. Eligible Participants may bid on behalf of their clients in the case of disclosed bids, whereas users may bid anonymously using their provided credentials during the bidding period, within the maximum participation amount assigned.

19. The Book Building System shall ensure that all bids are submitted within the assigned limits, based on the advance/margin money confirmed by the NCCPL and the resultant maximum participation amount.

20. The eligible participants and their clients/investors/bidders can increase the bid amount subject to deposit of additional margin money, if required with the NCCPL, until 4:30 pm on the last day of the bidding period, as specified in the Designated Time Schedule (DTS) – Annexure A of the Joint Procedures.

21. Bidders may revise their bids upward until 5:00 p.m. on the last day of the bidding period

22. At the close of the bidding period, the Strike Price shall be determined by the Book Building System on the basis of the Dutch Auction Method.

23. At the end of bidding period, successful bidders and their eligible participants shall be notified by the Bidding System via their registered email that their bids have been accepted and such bidders are required to arrange settlement with NCCPL by 12:00 pm, one working day after the end of the bidding period (B+1), as specified in the Designated Time Schedule (DTS) – Annexure A of the Joint Procedures.

24. After the allocation process run by PSX, NCCPL will commence its pay and collect process at B+1 by debiting the settling bank accounts of eligible participants.

25. In the event of unsuccessful bids, NCCPL will release the advance amount/margin money of eligible participants at B+1 within banking hours. If there is any shortfall in payments due to failure to meet commitments, NCCPL will initiate its Shortfall Management Process.

26. The funds in lieu of accepted bids will be credited to the Shareholder’s bank account by NCCPL after the end of public subscription, credit of securities to the successful investors and issuance of NOC by the PSX.

27. Bidders who have submitted bids at prices above the Strike Price shall be allotted shares at the Strike Price.

28. In cases where the bids received are sufficient to cover the total number of shares offered under the Book Building Portion, the allotment shall be made based on highest bid priority — that is, bids made at the highest price shall be considered first for share allocation.

29. If all bids above the Strike Price are accommodated and shares are still available for allotment, the remaining shares shall be allotted on a proportionate basis among the bids made at the Strike Price

30. Bidders who have made bids below the Strike Price shall not qualify for allotment of shares.

31. Restrictions:

a) The bidding period shall not be extended except in extraordinary circumstances like closure of banks, failure of system, etc. In such case, the Issuer or the Consultant to the Issue shall apply to the Commission for extension in the bidding period after obtaining NOC from the Securities Exchange. In case extension is granted, the same shall be disseminated through publication in all those newspapers where the prospectus was published and on the website of the Issuer, Consultant to the Issue, the Designated Institution, and the Securities Exchange.

b) The bidder shall not:

   i. make bid below the Floor Price and above the upper limit of the Price Band;
   ii. make bid for more than 10% of the shares allocated under the Book Building Portion;
   iii. to the provision of clause (A) above, make bid with price variation of more than 10% of the prevailing indicative strike price or such other percentage as may be specified by the Commission;
   iv. make consolidated bid;
   v. make more than one bid either severally or jointly;
   vi. make downward revision both in terms of Bid Price and Bid Volume; Provided that in case of upward revision of the Bid Price, the number of shares bid for i.e. Bid Volume may be adjusted ensuring that the bid amount or bid money remains the same;
   vii. or withdraw the Bid.

c) No person shall take part in the book building process, directly or indirectly, severally or jointly in any manner, or engage in any act or practice which creates a false or misleading appearance of active bidding for raising or depressing the strike price in the book building process.

12.1.14. Margin Requirements for Eligible Participant

The margin requirements for Eligible Participants shall be as under:

i. Securities Brokers shall be allowed to participate with 100% margin money. Securities Brokers shall collect margin money against bid amount from the investors / clients / bidders based own their own risk assessment criteria.

ii. Individual investors and institutional investors shall pay 100% of bid amount as margin money to the Eligible Participant, provided that Eligible Participant may accept a lower margin from the bidders based on its own risk assessment.

iii. A bank or DFI shall be allowed to onboard/register bidders and create bidding account of the bidders for participation in the bidding, only in such case where bank or DFI is acting as Consultant to the Issue (CTI) in the public offering transaction. In such case individual investors and institutional investors shall pay 100% of bid amount as margin money to the Eligible Participant, provided that Eligible Participant may accept a lower margin from the bidders based on its own risk assessment.

iv. The Eligible Participant such as, Banks, DFIs and Mutual Funds shall be allowed to participate in the bidding process with 0% margin money for proprietary trades only.
v. For participation with 0% margin money for proprietary trades:

a) Banks and DFIs shall provide standing instruction to the NCCPL to directly debit the bank account in case of default, as per the format prescribed by the NCCPL.
b) Mutual Funds shall provide Irrevocable Undertaking from the Trustee, as per the format prescribed by the NCCPL.
c) If the Bank fails to discharge its obligation on time in accordance with the applicable laws, rules and regulations, NCCPL shall be authorized to debit the settlement account of the Bank (maintained with SBP) with the settlement amount against accepted bids of the Bank.
d) The Mutual Fund through its Trustee unconditionally and irrevocably indemnifies through Irrevocable Undertaking any failure of the Fund to settle any bids for the auction which was submitted and subsequently accepted in accordance with the applicable laws, rules and regulations.

vi. Eligible Participant shall be responsible to NCCPL for providing payments in lieu of accepted bids for their proprietary and investor accounts. NCCPL shall communicate the confirmation of advance/margin money against the bid amount of Eligible Participants to Designated Institution as per the Joint Procedures. Based on the information shared by NCCPL, Designated Institution will activate the Eligible Participants who have submitted advance/margin money for the bidding purposes.

12.1.15. Payment for Book Building Portion

PAYMENT PROCEDURE

The payment procedures for a Limit Bid or a Step Bid are explained below:

PAYMENT FOR LIMIT BID

If investors are placing their bids as a Limit Bid, then they shall deposit the Margin Money based on the number of shares they are bidding for at their stated bid price.

For instance, if an investor is applying for 1 Mn shares at a price of PKR 15.0/- per share, then the total Application Money would amount to PKR 15.0 Mn. In such a case, Eligible Participant shall collect advance/margin money against bids based on their own risk assessment criteria and shall be responsible to NCCPL for providing payments in lieu of accepted bids for their proprietary and investor accounts.

PAYMENT FOR STEP BID

If an investor is placing a Step Bid which is a series of Limit Bids at increasing prices, then he/she/it shall deposit the Margin Money / bid money based on the total number of shares he/she/it is bidding for at his/her/its stated bid prices. For instance, if the investor bids for 5 Mn shares at PKR 15.0/- per share, 3 Mn shares at PKR 14.0/- per share and 2 Mn shares at PKR 15.0/- per share, then in essence the investor has placed one Step Bid comprising three limit bids at increasing prices. The Application Money would amount to PKR 137 Mn, which is the sum of the products of the number of shares bid for and the bid price of each limit bid. In such a case, Eligible Participant shall collect advance/margin money against bids based on their own risk assessment criteria and shall be responsible to NCCPL for providing payments in lieu of accepted bids for their proprietary and investor accounts.

12.1.16. PROCEDURE FOR PAYMENT OF MARGIN MONEY BY FOREIGN INVESTOR

Companies are permitted under paragraph 6 (with specific reference to sub para (B) (I)) of Chapter 20 of the State Bank of Pakistan's ("SBP") Foreign Exchange Manual (the "Manual") to issue shares on repatriation basis to non-residents who are covered under paragraph 6 (A) of Chapter 20 of the Manual, i.e.

i. A Pakistan national resident outside Pakistan,
ii. A person who holds dual nationality including Pakistan nationality, whether living in or outside Pakistan,
iii. A foreign national, whether living in or outside Pakistan and
iv. A company or firm (including a partnership) or trust or mutual fund or private fund incorporated, registered and functioning outside Pakistan, excluding entities owned or controlled by a foreign government.

The Issue price of such shares must be paid in foreign exchange through normal banking channels, either by remittance from abroad or from a foreign currency account maintained by the subscriber or purchaser in Pakistan.

Non-resident investors who wish to participate in the book-building process for subscription of shares may do so through the Roshan Digital Account (RDA) — an initiative of the State Bank of Pakistan designed to facilitate Non-Resident Individual Pakistanis (NRIPs) in opening and operating digital bank accounts with designated SBP banks. Through the RDA, NRIPs can conduct banking transactions, make remittances, pay utility bills, and invest in various financial instruments in Pakistan, including the Pakistan Stock Market.

To invest in the Pakistan Stock Market through a Roshan Digital Account, the Non-Resident Individual Pakistani (NRIP) must authorize the respective bank to share the RDA details with the Central Depository Company of Pakistan Limited (CDC) and agree to the Terms and Conditions for Investing in Pakistan's Capital Market. Upon receipt of this information, the CDC forwards the investor's details to the National Clearing Company of Pakistan Limited (NCCPL) for the creation and registration of a Unique Identification Number (UIN). The CDC also facilitates the opening of a trading account by sharing the UIN and related information with the investor's selected broker and opens a CDC Custody Account in the investor's name. Upon completion of these formalities, the NRIP becomes eligible to invest in the Pakistan Stock Market using funds available in the Roshan Digital Account.

For participation in an Initial Public Offering (IPO) through the Roshan Digital Account, investors must ensure that their RDA is linked with an active Investor Account maintained with the CDC. The investor must subscribe through this account only and not through any other custody accounts such as Sub-Accounts, IPO Facilitation Accounts, or other Investor Accounts. The investor is required to register on the CDC e-Services Portal at https://csp.cdcaccess.com.pk and complete the e-IPO Subscription Form by entering the CDC Participant ID (03277) and the Investor Account Number to generate a Subscription ID. After filling the form, the investor should save a PDF copy of the completed form and transfer the exact IPO subscription amount from the RDA bank account to the CDC-designated bank account maintained with the same bank.

It must be ensured that the investor's account holds sufficient funds at the time of subscription; otherwise, the application will not be processed. Once the payment is made, the investor must email the PDF copy of the Subscription Form along with payment details to roshandigital@cdcpak.com. Both the payment and the eIPO Subscription Form must reach the CDC no later than 12:00 p.m. (PST) on the last day of the subscription period. Any payment or form received after the deadline will not be accepted. Investors are also advised to note that payments made through any method other than the one prescribed above may result in complications, particularly during the refund process, in cases where the application is either partially successful on a pro-rata basis or declared unsuccessful.

12.1.17. Procedure for Rejection of Bids

As per Regulation 9(37) & (38) of the PO Regulations:

1. In the event of unsuccessful bids, NCCPL will release the advance amount/margin money of Eligible Participants at B+1 within banking hours.

2. The funds in lieu of accepted bids will be credited to the Shareholder's bank account(s) by NCCPL after the end of the public subscription period, credit of securities to the successful investors, and issuance of NOC by the Securities Exchange.

12.1.18. Time Frame for Upward Revision of Bids by the Bidders

The registered investors may revise their Bids upwards any time either manually through the Bid Collection Centers or electronically through direct access to the system till 05:00 p.m. on the last day of the Bidding Period.

The Eligible Participants and their clients/investors/bidders can increase the bid amount subject to deposit of additional margin money, if required, with the NCCPL. The bidders can revise their bids upward till 05:00 p.m. on the last day of the Bidding Period.

NO DOWNWARD REVISION BOTH IN TERMS OF BID PRICE AND BID VOLUME IS ALLOWED PROVIDED THAT IN CASE

OF UPWARD REVISION OF THE BID PRICE, THE NUMBER OF SHARES BID FOR I.E. BID VOLUME MAY BE ADJUSTED ENSURING THAT THE BID AMOUNT OR BID MONEY REMAINS THE SAME. HOWEVER, NO WITHDRAWAL OF BID IS ALLOWED.

12.1.19. Ten Percent (10%) Price Variation

An investor will not be allowed to place or upward revise a bid a price variation of more than ten percent (10%) of the prevailing Indicative Strike Price subject to Floor Price and Price Band i.e. Bid Price must not be below the Floor Price and must not exceed the price band of the Floor Price which is upper limit of Floor Price. **Please note that the Indicative Strike Price may not be constant and may keep on changing during the bidding period. Therefore, the 10% range will also change with the changing Indicative Strike Price.**

For Example, if the Floor Price is PKR 15.0/- per share and Indicative Strike Price at any given point in time during the bidding period is PKR 15.0/- per share, registered bidders may place or revise their bids at/to any price between PKR 15.0/- per share to PKR 16.5/- per share. If at any given point in time during the bidding period, the Indicative Strike Price changes from PKR 15.0/- per share to PKR 16.5/- per share, the registered bidders may place or upward revise their bids at/to between PKR 16.5/- per share to PKR 18.15/- per share.

Please note that the 10% range on the lower side cannot go below the floor price and cannot exceed the upper cap of 50% the floor price i.e. PKR 22.5/- per share. The price range of 10% applicable at any given point in time during the bidding period will also be displayed on the bid screen available at the website of PSX.

12.1.20. Restriction on Downward Revision or Withdrawal of Bids by the Bidder

Under regulation (10) (2)(vi) of the PO Regulations the Bidders shall not make downward revision both in terms of Bid Price and Bid Volume provided that in case of upward revision of the Bid Price, the number of shares Bid for i.e. Bid Volume may be adjusted ensuring that the bid amount or bid money remains the same.

Under regulation (10) (2)(vii) of the PO Regulations the Bidders shall not be allowed to withdraw Bids.

12.1.21. Procedure for Withdrawal of Issue

1. In accordance with regulation 8(16) of the PO Regulations, in case the Shareholders does not receive bids for the number of shares allocated under the Book Building Portion at the Floor Price, the Issue shall be cancelled and the same shall be immediately intimated to the Commission and PSX and the Margin Money shall be refunded to the bidders immediately but not later than three (3) working days of the closing of the Bidding Period.

2. In accordance with regulation 8(17) of the PO Regulation, the Book Building process will be considered as cancelled if the total number of bids received is less than forty (40).

12.1.22. Mechanism for Determination of Strike Price

1. At the close of the bidding period, the Strike Price shall be determined on the basis of Dutch Auction Method by the Designated Institution. Under this methodology, the Strike Price is determined by lowering the price to the extent that the total shares offered under the Book Building Portion are subscribed.

2. Designated Institution shall through the Book Building System display live order book throughout the bidding period in descending order showing demand for shares at various prices and the accumulated number of shares bid for along with percentage of the total shares offered. The order book should also show the revised bids. The order book shall be accessible through websites of the Securities Exchange and Designated Institution.

3. In case the bids received are sufficient to allot the total number of shares offered for sale under the Book Building Portion, the allotment shall be made on the basis of highest bid priority that is the bid made at the highest price shall be considered first for allotment of shares.

4. As per the regulation 9(27) of the PO Regulation, in case all the bids made above the Strike Price are accommodated and shares are still available for allotment, such available shares will be allotted on proportionate basis against the bids made at the Strike Price.

The mechanism for determination of the Strike Price can be understood by the following illustration:

1. Number of shares being Issued through the Book Building: 132,000,000 shares
2. For example, Floor Price: PKR 15.0/- per share with maximum price band of 50% i.e. PKR 22.5/-per share
3. Bidding Period: (..)
4. Bidding Time: 9:00am – 5:00pm
5. Bidding Revision Time (Upward Revision only): 9:00am – 5:00pm on all days

Bidder	Price (PKR/unit)	Quantity	Cumulative Number of shares	Category of Order
Institution A	19.20	2,000,000	2,000,000	Limit Price
Institution B	19.0	4,000,000	6,000,000	Limit Price
HNWI A	18.5	3,000,000	9,000,000	Step Bid
Institution C	18.0	3,500,000	12,500,000	Limit Price
Institution D	17.5	2,500,000	15,000,000	Limit Price
Institution E	17.0	2,000,000	17,000,000	Limit Price
HNWI B	16.70	1,500,000	18,500,000	Limit Price
HNWI A	16.50	1,500,000	20,000,000	Step Bid
Institution F	16.30	10,000,000	30,000,000	Limit Price
Institution G	16.20	13,000,000	43,000,000	Limit Price
Institution H	16.10	10,000,000	53,000,000	Limit Price
HNWI C	16.00	15,000,000	68,000,000	Limit Price
Institution I	15.80	10,000,000	78,000,000	Step Bid
Institution H	15.70	15,000,000	93,000,000	~~Limit Price~~
Institution J	15.50	6,000,000	99,000,000	Step Bid
HNWI E	15.0	2,000,000	101,000,000	Limit Price

Strike Price determine through Dutch Auction Method

Bid has been revised upwards and placed at PKR 16.10

Total shares bid for at and above the Floor Price

On the basis of the figures provided in the above illustration, according to the Dutch Auction Method, the Strike Price would be set at PKR 15.50 per share to sell the required quantity of 132,000,000 shares.

At PKR 19.20 per share, investors are willing to buy 2,000,000 shares. Since 97,000,000 shares are still available, therefore the price will be set lower.

At PKR 19.0 per share, investors are willing to buy 4,000,000 shares. Since 93,000,000 shares are still available, therefore the price will be set lower.
At PKR 18.50 per share, investors are willing to buy 3,000,000 shares. Since 90,000,000 shares are still available, therefore the price will be set lower.
At PKR 18.0 per share, investors are willing to buy 3,500,000 shares. Since 86,500,000 shares are still available, therefore the price will be set lower.
At PKR 17.50 per share, investors are willing to buy 2,500,000 shares. Since 84,000,000 shares are still available, therefore the price will be set lower.
At PKR 17.0 per share, investors are willing to buy 2,000,000 shares. Since 82,000,000 shares are still available, therefore the price will be set lower.
At PKR 16.70 per share, investors are willing to buy 1,500,000 shares. Since 80,500,000 shares are still available, therefore the price will be set lower.
At PKR 16.50 per share, investors are willing to buy 1,500,000 shares. Since 79,000,000 shares are still available, therefore the price will be set lower.
At PKR 16.30 per share, investors are willing to buy 10,000,000 shares. Since 69,000,000 shares are still available, therefore the price will be set lower.
At PKR 16.20 per share, investors are willing to buy 13,00,000 shares. Since 56,000,000 shares are still available, therefore the price will be set lower.
At PKR 16.10 per share, investors are willing to buy 10,000,000 shares. Since 46,000,000 shares are still available, therefore the price will be set lower.
At PKR 16.00 per share, investors are willing to buy 15,000,000 shares. Since 31,000,000 shares are still available, therefore the price will be set lower.
At PKR 15.80 per share, investors are willing to buy 10,000,000 shares. Since 21,000,000 shares are still available, therefore the price will be set lower.
At PKR 15.70 per share, investors are willing to buy 15,000,000 shares. Since 6,000,000 shares are still available, therefore the price will be set lower.
At PKR 15.50 per share, investors are willing to buy 6,000,000 shares. **Since after bidding for 99,000,000 shares at PKR 15.5 per share, no shares will be available therefore the Strike Price will be set at PKR 15.5 per share for the entire lot of 99,000,000 shares.**

The bidders who have placed bids at prices above the Strike Price (which in this illustration is PKR 15.50 per share), will become entitled for allotment of shares at the Strike Price and the differential would be refunded.

In case all the bids made above the Strike Price are accommodated and shares are still available for allotment, such available shares shall be allotted against the bids made at the Strike Price on proportionate basis as per regulation 9(27) of the PO Regulations.

The Bidders who have made bids below the Strike Price shall not qualify for allotment of shares. In the event of unsuccessful bids, NCCPL will release the advance amount/margin money of Eligible Participants at B+1 (one day after the end of the bidding period) within banking hours

12.1.23. Basis of Allotment of Shares

(a) In case the bids received are sufficient to allot the total number of shares offered for sale under the Book Building Portion, the allotment shall be made on the basis of highest bid priority that is the bid made at the highest price shall be considered first for allotment of shares.
(b) In case all the bids made above the Strike Price are accommodated and shares are still available for allotment, such available shares shall be allotted against the bids made at the Strike Price on proportionate basis

As per regulation 7(3) of the PO Regulation, 2017, maximum of seventy-five percent (75%) of the Issue size i.e. xxx ordinary shares shall be allocated to the Book Building Portion, while the remaining minimum twenty-five percent (25%) i.e. xx ordinary shares shall be reserved for retail investors. The retail portion of the public Issue shall be fully underwritten. At the close of the bidding period, Strike Price shall be determined on the basis of Dutch Auction Method by the Book Building System.

As per regulation 11(2) of the PO Regulation, 2017, The Issuer may Issue the shares to retail investors at a certain discount to the Strike Price.

As per regulation 11(4) of the PO Regulation, 2017, within five (5) working days of the close of the public subscription period, or within such shorter period as may be specified by the Commission from time to time, the shares shall be allotted and issued against the accepted and successful applications, and the subscription money of unsuccessful applicants shall be unblocked/refunded.

As per regulation 11(5) of the PO Regulation, 2017, in case the retail portion of the issue, if any, remains unsubscribed, the unsubscribed shares shall either be taken up by the underwriters or allotted to successful bidders at the Strike Price determined through the Book Building process on a pro-rata basis

Final allotment of shares out of the Book Building portion shall be made after subscription of the retail portion and receipt of full subscription money from the successful Bidders; however, shares to such Bidders shall be issued simultaneously with issuance of shares to retail investors, in the form of book-entry to be credited in their respective CDS Accounts. All the Bidders shall, therefore, provide number of their respective CDS Accounts in the Bid application as required under regulation 9(16) of the PO Regulations.

12.1.24. MECHANISM AND MODE FOR REFUNDING / UNBLOCKING OF THE MARGIN MONEY

The Bidders who have made Bids below the Strike Price shall not qualify for allotment of securities. In the event of unsuccessful bids, NCCPL will release the advance amount/margin money of Eligible Participants within banking hours one day after the bidding period.

The bid money of bidders who have undertaken to subscribe the unsubscribed retail portion shall remain deposited or blocked till allotment of shares of unsubscribed retail portion, if any, to them on pro-rata basis.

12.1.25. PUBLICATION AND TIME FRAME FOR PUBLICATION OF SUPPLEMENT TO THE PROSPECTUSPROSPECTUS

In accordance with regulation 11(1) of the PO Regulations of the closing of the Bidding Period, Supplement to the PROSPECTUS shall be published at least in all those newspapers in which the PROSPECTUS was earlier published and also disseminated through PSX within one working day.

The Supplement will contain information related to the Strike Price, the Issue Price, dates of the Public Subscription, category wise break-up of the Successful Bidders, names of the underwriters to the retail portion, rate of underwriting and take up commission. Format of the Supplement is given on page 3 of this PROSPECTUS.

Public subscription for the shares shall be held at any date(s) within thirty days (30) of the publication of the PROSPECTUS but not earlier than seven (7) days of such publication.

13. APPLICATION AND ALLOTMENT INSTRUCTIONS FOR RETAIL PORTION

13.1. ELIGIBLE INVESTORS INSTRUCTIONS FOR SUBMITTING APPLICATIONS:

1. Pakistani citizens resident in or outside Pakistan or Persons holding dual nationalities including a Pakistani nationality;
2. Foreign Nationals whether living in or outside Pakistan
3. Companies, bodies corporate or other legal entities incorporated or established in or outside Pakistan (to the extent permitted by their constitutive documents and existing regulations, as the case may be);
4. Mutual Funds, Provident / Pension / Gratuity Funds / Trusts, (subject to the terms of the Trust Deed and existing regulations); and
5. Branches in Pakistan of companies and bodies corporate incorporated outside Pakistan.

13.2. OPENING AND CLOSING OF THE SUBSCRIPTION LIST

The subscription list will open at 9:00 a.m. on ________ and will close at 12:00 midnight on ________. During this period, online applications can be submitted 24 hours a day through the e-IPO platforms (PES and CES).

13.3. PROCEDURE FOR PUBLIC SUBSCRIPTION THROUGH PSX'S E-IPO SYSTEM AND CENTRALIZED E-IPO SYSTEM

i) PSX's e-IPO System (PES):

To facilitate investors, the Pakistan Stock Exchange Limited ("PSX") has developed an e-IPO System ("PES") through which applications for subscription of securities offered to the General Public/retail portion can be made electronically. PES has been made available in this Issue and can be accessed through the web link (https://eipo.psx.com.pk). Payment of subscription money can be made through 1LINK's and NIFT's member banks available for PES.

For making application though PES, investors must be registered with PES. The PES registration form is available 24/7, all throughout the year. Registration is free of cost and can be done by:

- the investor himself, or
- the TREC Holder with whom the investor has a sub-account, or
- the Bank with whom the investor has a bank account.

Similarly, an e-IPO application can be filed by:

- the investor himself, or
- the TREC Holder with whom the investor has a sub-account, or
- the Bank with whom the investor has a bank account.

In case of queries regarding PES, investors may contact Mr. Farrukh Shahzad, Deputy General Manager - IT Division at phone number: 111-001-122 or (021)-35274401-10, or email: itss@psx.com.pk. Investors who are registered with PES can submit their applications through the web link, https://eipo.psx.com.pk, 24 hours a day during the subscription period which will close at midnight on __________, 2026.

ii) CENTRALIZED E-IPO SYSTEM (CES):

CES can be accessed through the web link (www.cdceipo.com). Payment of subscription money can be made through 1LINK's member banks available for CES.

For making application though CES, investors must be registered with CES. Registration can be done under a self-registration process by filling the CES registration form, which is available 24/7 all throughout the year.

In addition to the above, investors/sub-account holder(s) can request their respective TREC Holders who are Participants in Central Depository System (CDS) to make electronic subscription on their behalf for subscription of securities of a specific Company by authorizing (adding the details of) their respective Participant(s) in CES. Consequently, authorized Participants will electronically subscribe on behalf of their sub-account holder(s) in securities Issued through Initial Public Offerings and will also be able to make payment against such electronic subscriptions through all the available channels mentioned on CES only after receiving the subscription amount from the sub-account holder(s). To enable this feature, the CDS Participant may request CDC to activate his ID on the CES portal. For queries regarding CES, investors may contact CDC at phone number: 0800 – 23275 (CDCPL) and e-mail: info@cdcpak.com or contact Mr. Owais Anwer at Phone 021-111-111-500 Ext 500 and email:owais_anwer@cdcpak.com.

13.4. FACILITIES AVAILABLE TO LOCAL, NON-RESIDENT PAKISTANIS AND FOREIGN INVESTORS

For each IPO, a prospectus is issued, circulated, and published in newspapers at least 7 days before the start of the public subscription. The issuer also publishes advertisements in newspapers. The prospectus is available on the websites of the Pakistan Stock Exchange (PSX), the consultant to the issue, the issuer, and the Central Depository Company of Pakistan Limited (CDC), which provides the Centralized e-IPO System (CES). A list of all upcoming IPOs is also available on the PSX website.

13.5. APPLICATIONS MADE BY INDIVIDUAL INVESTORS

1. In case of individual investors, one can submit an application for unit subscription through electronic/online mode. Electronic/online applications can be submitted through PSX's e-IPO system (PES) and CDC's Centralized e-PO system (CES). PES and CES can be accessed via the web links https://eipo.psx.com.pk, and www.cdceipo.com. Both Pakistani residents and non-residents can avail the e-IPO facility. To register for the CDC and PSX Access e-IPO Service, the applicant must possess a valid CNIC and NICOP.

2. Online applications via CDC Access can be submitted 24 hours a day during the subscription period

13.6. APPLICATIONS MADE BY INSTITUTIONAL INVESTORS

1. In case of corporate entities an application for share subscription through electronic/online mode. Electronic/online applications can be submitted through PSX's e-IPO system (PES) and CDC's Centralized e-PO system (CES). PES and CES can be accessed via the web links https://eipo.psx.com.pk, and www.cdceipo.com. The corporate entities can avail the e-IPO facility by registering, if not have already been, for the CDC and PSX Access e-IPO Service, the corporate must possess a valid Registration number and NTN.

2. Online applications via CDC Access can be submitted 24 hours a day during the subscription period

13.7. MINIMUM AMOUNT OF APPLICATION AND BASIS FOR ALLOTMENT OF SHARES OF THE ISSUE

The basis and conditions for allotment of shares out of the Issue shall be as follows:

1. Application for shares must be made for 500 shares or in multiples of 500 shares only. Applications which are neither for 500 shares nor for multiples of 500 shares shall be rejected.

2. The minimum amount of application for subscription of 500 shares is the Issue Price x 500 shares.

3. Application for shares below the minimum amount shall not be entertained.

4. SUBMISSION OF FALSE AND FICTITIOUS APPLICATIONS IS PROHIBITED AND SUCH APPLICATIONS' MONEY MAY BE FORFEITED UNDER SECTION 87(8) OF THE SECURITIES ACT, 2015.

5. If the shares Issued to the General Public are sufficient to accommodate all applications, all applications shall be accommodated.

6. If the shares applied for by the General Public are in excess of the shares allocated to them, the distribution shall

be made by computer balloting, in the presence of the representative(s) of PSX in the following manner:

- If all applications for 500 shares can be accommodated, then all such applications shall be accommodated first. If all applications for 500 shares cannot be accommodated, then balloting will be conducted among applications for 500 shares only.
- If all applications for 500 shares have been accommodated and shares are still available for allotment, then all applications for 1,000 shares shall be accommodated. If all applications for 1,000 shares cannot be accommodated, then balloting will be conducted among applications for 1,000 shares only.
- If all applications for 500 shares and 1,000 shares have been accommodated and shares are still available for allotment, then all applications for 1,500 shares shall be accommodated. If all applications for 1,500 shares cannot be accommodated, then balloting will be conducted among applications for 1,500 shares only.
- If all applications for 500 shares, 1,000 shares and 1,500 shares have been accommodated and shares are still available for allotment, then all applications for 2,000 shares shall be accommodated. If all applications for 2,000 shares cannot be accommodated, then balloting will be conducted among applications for 2,000 shares only.
- After the allotment in the above-mentioned manner, the balance shares, if any, shall be allotted in the following manner:
    - After allotment of the above, the balance shares, if any, shall be allotted on pro rata basis to the applicants who applied for more than 2,000 shares.
        - If the remaining shares are sufficient to accommodate each application for over 2,000 shares, then 2,000 shares shall be allotted to each applicant and remaining shares shallbe allotted on pro-rata basis.
    - If the remaining shares are not sufficient to accommodate all the remaining applications for over 2,000 shares, then balloting shall be conducted for allocation of 2,000 shares to each successful applicant.

7. If the Issue is over-subscribed in terms of amount only, then allotment of shares shall be made in the following manner:
    - First preference will be given to the applicants who applied for 500 shares;
    - Next preference will be given to the applicants who applied for 1,000 shares;
    - Next preference will be given to the applicants who applied for 1,500 shares;
    - Next preference will be given to the applicants who applied for 2,000 shares; and then
    - After allotment of the above, the balance shares, if any, shall be allotted on pro rata basis to the applicants who applied for more than 2,000 shares.
8. Allotment of shares will be subject to scrutiny of applications for subscription of shares.
9. Applications, which do not meet the above requirements, or application which are incomplete, will be rejected.

13.8. REFUND/UNBLOCKING OF SUBSCRIPTION MONEY TO UNSUCCESSFUL APPLICANTS

As per the regulation 11(4) of the PO Regulations, within five (5) working days of the close of public subscription period or such shorter period of time as may be specified by the Commission from time to time, the Shares shall be allotted and issued against the accepted and successful applications and the subscription money of the unsuccessful applicants shall be unblocked/ refunded.

As per sub-section (2) of Section 68 of the Companies Act, if refund as required under sub-section (1) of Section 68 of the Companies Act is not made within the time specified hereinabove, the directors of the company shall be jointly and severally liable to repay that money with surcharge at the rate of two percent (2%) for every month or part thereof from the expiration of the fifteenth day and, in addition, shall be liable to a penalty of level 3 on the standard scale as defined in Section 479 of the Companies Act. Provided that the directors of the Company shall not be liable if it proves that the default in making the refund was not on their own account and was not due to any misconduct or negligence on their part.

In case retail portion of the Issue remains unsubscribed, the unsubscribed shares shall be allotted to the successful bidders at the strike price on pro-rata basis

13.9. MINIMUM AMOUNT OF APPLICATION AND BASIS FOR ALLOTMENT

The basis and conditions of transfer of shares to the General Public shall be as follows:

1. The minimum value of application will be calculated as Issue Price x 500 shares. Application for amount below the minimum value shall not be entertained.

2. Application for shares must be made for 500 shares or in multiple of 500 shares only. Applications which are neither for 500 shares nor for multiples of 500 shares shall be rejected.

3. Allotment / Transfer of shares to successful applicants shall be made in accordance with the allotment criteria / instructions disclosed in the PROSPECTUS.

4. Allotment of shares shall be subject to scrutiny of applications in accordance with the criteria disclosed in the PROSPECTUS and / or the instructions by the Securities & Exchange Commission of Pakistan.

5. Applications, which do not meet the above requirements, or applications which are incomplete will be rejected. The applicants are, therefore, required to fill in all data fields in the Online Application Form.

6. The Company will credit shares in the CDS Accounts of the successful applicants.

13.10. ISSUE AND CREDIT OF SHARES

Within five (5) working days of the closing of public subscription period, the shares shall be allotted, Issued and credited against the accepted and successful applications and the subscription money of the unsuccessful applicants shall be unblocked/refunded, as required under regulation 11(4) of the PO Regulations. **Shares will be Issued only in the book-entry form and will be credited into the respective CDS Accounts of the successful applicants. Therefore, the applicants must provide their CDS Account Number in the Shares Subscription Applicant.**

If the Company defaults in complying with the above requirements, it shall pay PSX a penalty of PKR 5,000 per day for every day during which the default continues. PSX may also notify the fact of such default and name of the Company by notice and also by publication in its ready-board quotation of the Stock Exchange.

Name of the Company will also be notified to the TRE Certificate Holders of the PSX and placed on the web site of the PSX.

13.11. TRANSFER OF SHARES

The shares shall be transferred in accordance with the provisions of Section 74 of the Companies Act read with Section 75 thereof and the Central Depositories Act, 1997 and the CDCPL Regulations.

13.12. LIST OF E-IPO FACILITIES

S. No.	Name of Facility
01	PSX E-IPO System
02	Centralized E-PO System

13.13. INTEREST OF SHAREHOLDERS

None of the holders of the Issued shares of the Company have any special or other interest in the property or profits of the Company other than their capacity as holder of Ordinary shares except from the shareholders who are also the Director of the company. Directors of the Company have interest in receiving remuneration for their role as Directors.

13.14. ELIGIBILITY FOR DIVIDEND

The ordinary shares issued shall rank pari-passu with the existing shares in all matters of the Company, including the right to such bonus or right issues, and dividend as may be declared by the Company subsequent to the date of issue of such shares.

13.15. DEDUCTION OF ZAKAT

Income distribution will be subject to deduction of Zakat at source, pursuant to the provisions of Zakat and Ushr Ordinance, 1980 (XVIII of 1980) as may be applicable from time to time except where the Ordinance does not apply to any Shareholder or where such Shareholder is otherwise exempt or has claimed exemption from payment / deduction of Zakat in terms of and as provided in that Ordinance.

13.16. TAXATIONS, LIKE APPLICABILITY OF CAPITAL GAIN TAX, WITHHOLDING TAX ON DIVIDENDS, TAX ON BONUS SHARES, FEDERAL EXCISE DUTY AND CAPITAL VALUE TAX & WITHHOLDING TAX ON SALE/PURCHASE OF SHARES.

i. CAPITAL GAINS TAX

Capital gains derived from the sale of listed securities are taxable in the following manner under section 37A of Income Tax Ordinance, 2001 effective from July 1, 2024:

Sr#	Capital Gain Tax for FY2024	Investors Appearing in ATL	Investors Not Appearing in ATL
1	Where the securities are acquired before the first day of July 2013.	0%	0%
2	Where the securities are acquired on or after the first day of July 2013 but on or before the 30th day of June, 2022	12.5%	25%
3	**Where the securities are acquired on or after the first day of July 2022 but on or before the 30th day of June 2024, below reduced rates of tax on capital gain arising on disposal shall apply:**		
	Where holding period does not exceed one year	15.0%	30.0%
	Where holding period exceed one year but does not exceed two years	12.5%	25.0%
	Where holding period exceed two years but does not exceedthree years	10.0%	20.0%
	Where holding period exceed three years but does not exceedfour years	7.5%	15.0%
	Where holding period exceed three years but does not exceed five years	5.0%	10.0%

	Where holding period exceed three years but does not exceedsix years	2.5%	5.0%
	Where holding period exceed six years	0.0%	0.0%
4	**Where the securities are acquired between July 1, 2024 – June 30, 2025**		
	Where the securities are acquired between July 1, 2024 – June 30, 2025	15.0%	30.0%
5	**Where the securities are acquired on or after the first day of July, 2025 onwards:**		
	Where the securities are acquired on or after the first day of July, 2025 and onwards.	15.0%	As per rates specified in First Schedule, Part 1, Division 1 for individuals and association of persons and Division II for companies. Provided that the rate of tax for individuals and association of persons shall not be less than 15% in any case

ii. WITHHOLDING TAX ON DIVIDENDS

Dividend distribution to shareholders will be subject to withholding tax under section 150 of the Income Tax Ordinance, 2001 as specified in Part III Division I of the First Schedule of the said ordinance or any time-to-time amendments therein. In terms of the provision of Section 8 of the said ordinance, said deduction at source, shall be deemed to be full and final liability in respect of such profits in case of persons only. Applicable withholding tax rate on dividend is 15% for active tax payers and 30% for inactive tax payers.

iii. TAX ON BONUS SHARES

As per section 236Z of the Finance Act 2025, shall only be issued to a shareholder, if the company collects from the shareholder, tax equal to ten percent of the value of the bonus shares issued to the shareholder including bonus share withheld, determined on the basis of day-end price on the first day of closure of books in the case of listed company and the value as prescribed in case of other companies.

13.17. TAX ON INCOME OF THE ISSUER, SALES TAX

13.17.1. INCOME TAX

The income of the Company is calculated under the normal tax regime as per Income Tax Ordinance, 2001.

13.17.2. DEFERRED TAXATION

Deferred tax is provided using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts, for financial reporting purposes. Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carry forwards of unused taxcredits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that itis no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each balance sheet date and are recognized to the extent that it has become probable that future taxable profits will allow deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets and deferred tax liabilities are offset only if there is a legally enforceable right to offset current tax assets and liabilities and they relate to the income tax levied by the same tax authority.

13.17.3. SALES TAX

General Sales Tax is applicable as per Sales Tax Act, 1990 on supplies. Sales tax is applicable on services in accordance with Punjab Sales Tax on Services Act, 2012 by Punjab Revenue Authority and Sindh Sales Tax on Services Act, 2011 by Sindh Revenue Board.

13.17.4. SALES TAX ON SALE / PURCHASE OF SHARES

Under the Constitution of Pakistan and Articles 49 of the 7th NFC Award, the Government of Sindh, Government of Punjab, Government of Khyber Pakhtunkhwa and Government of Baluchistan have promulgated the Sindh Sales Tax on Services Act, 2011, Punjab Sales Tax on Services Act, 2012, Khyber Pakhtunkhwa Sales Tax on services through Khyber Pakhtunkhwa Finance Act, 2013 and the Baluchistan Sales Tax on services Act, 2015 respectively. The Sindh Revenue Board, the Punjab Revenue Authority, and the Khyber Pakhtunkhwa Revenue Authority and the Baluchistan Revenue Authority administer and regulate the levy and collection of the Sindh Sales Tax (“SST”), Punjab Sales Tax (“PST”), Khyber Pakhtunkhwa Sales Tax (“KST”) and Baluchistan Sales Tax (“BST”) respectively on the taxable services provided or rendered in Sindh, Punjab or Khyber Pakhtunkhwa provinces respectively

The value of taxable services for the purpose of levy of sales tax is the gross commission charged from clients in respect of purchase or sale of shares in a Stock Exchange. The above-mentioned Acts levy a sales tax on Brokerage at the rate of 15% in Sindh, 16% in Punjab and in Baluchistan and Khyber Pakhtunkhwa the rate is 15%. Sales tax charged under the aforementioned Acts is withheld at source under statutory requirements.

14. SIGNATORIES TO THE PROSPECTUS

SIGNATORIES TO THE PROSPECTUS

Name: Atif Riaz Bokhari
Chairman/Independent Director

Name: Muhammad Farooq Kamran
Chief Executive Officer (Acting)

Name: Ali Muhammad Raza
Non-Executive Director

Name: Omair Muzzaffer Ansari
Non-Executive Director

Name: Jehangir Shah
Non-Executive Director

Name: Muhammad Aminuddin
Non-Executive Director

Name: Ms. Ammara Masood
Independent Director

Name: Mr. Pavel Khristolyubov
Non-Executive Director

Name: Ms. Khursheed Kotwal
Independent Director

WITNESSES

Name: Tariq Mahmood
Designation: Manager Corporate Affairs

Name: Syed Adeel Ahmed
Designation: Head Corporate Affairs

CERTIFIED BY:

Manzoor Ahmed Janjua
Company Secretary
Date:

15. MEMORANDUM OF ASSOCIATION

THE COMPANIES ACT, 2017

COMPANY LIMITED BY SHARES

MEMORANDUM OF ASSOCIATION

O F

ABHI MICROFINANCE BANK LIMITED

I. NAME

The name of the Company is ABHI MICROFINANCE BANK LIMITED

II. REGISTERED OFFICE

The Registered Office of the Company will be situated in Islamabad Capital Territory.

III. OBJECTS

The objects for which the Company is established are:-

1. To carry on the functions of and services of microfinance business and to do, engage in and perform all such activities, matters, deeds and things as are directly or indirectly, pre requisite, related or consequential thereto

2. Without prejudice to the generality of the foregoing:

   a. to provide credit with or without collateral security, in cash or in kind, for such term and subject to such conditions as may be prescribed, to poor persons for all types of economic activities including housing, but excluding business in foreign exchange transactions;

   b. to accept money deposits;

   c. to accept pledge, mortgages, hypothecation or assignments to it of any kind of moveable or immoveable property for the purpose of securing finance, loan and advance made by the Company;

   d. to undertake the management, control and supervision of any organization, enterprise, scheme, trust fund or endowment fund for the benefit and advancement of poor persons;

   e. to buy, sell and supply on credit to poor persons industrial and agricultural inputs, livestock, machinery, implements, equipment and industrial raw materials, and to act as agent for any organization for the sale of such goods or livestock;

f. to invest in share of any body corporate, the objective of which is to provide micro-finance services to poor persons;

g. to provide storage and safe custody facilities;

h. to carryout survey and research, and to issue publication and maintain statistics relating to the improvement of economic condition of poor persons;

i. to provide professional advice to poor persons regarding investments in small business and such cottage industries as may be prescribed;

j. to encourage investments in such cottage industries and income-generating projects for poor persons as may be prescribed;

k. to provide services and facilities to customers to hedge various risks relating to micro-finance activities;

l. to render managerial, marketing, technical and administrative advice to customers and assisting them in obtaining services;

m. to borrow and raise money and open bank accounts;

n. to purchase, take on lease, or otherwise acquire, sell, exchange surrender, lease, mortgage, dispose of and deal in any moveable and immoveable property and rights of all kinds for and on behalf of Company's customers for the purpose of promoting development opportunities, building of assets, resource allocation, promotion of markets, and adoption of better technology for economic growth and development;

o. to establish subsidiaries, whether wholly or partly owned, and to appoint agents in various locations for various activities which it may consider necessary for the proper discharge of its functions;

p. to pay, receive, collect and remit money and securities within the country;

q. to acquire, maintain and transfer all moveable and immoveable property, including residential premises, for carrying on its business;

r. to open accounts or make any agency arrangement with, and to act as agent or correspondent of, any bank or financial institution;

s. to invest its funds in Government and market securities;

t. to impose and receive fees, charges, profits or return for its services;

u. to mobilize and provide financial and technical assistance and training to micro-financing institutions;

v. to undertake mobile banking to expedite transactions and reduce costs;

w. to establish trust and endowment funds;

x. to receive grants from the government and any other sources permitted by the State Bank;

y. to generally do and perform all such acts, deeds and things as may be necessary, incidental or conducive to the fulfillment of Company's functions and the attainment of Company's objectives.

3. Subject to the provisions of the Ordinance and the rules and regulations prescribed thereunder, to frame and enforce rules, bye laws and regulations as may be required for regulating the mode and manner and the conditions subject to which the business of the Company shall transacted.

4. To publish for sale or otherwise business reports on the general economy and various sector/industries, credit ratings for companies and individuals, stocks indices, stock market trends and other such information.

5. To form, promote, subsidize and assist companies and partnerships to promote and acquire any concern as a running business or otherwise purchase any part of the assets of any concern or any company or any interest or share thereof and to pay; for the same including its goodwill either in cash/or by issue of shares or otherwise invest the monies of the Company for the said purpose.

6. To apply for and to obtain assistance (financial, technical or of any other type) from government and other organizations, companies, firms or individuals, national or international for deve1oping all or any of the business or businesses of the Company.

7. To obtain or borrow money in local or in any foreign currency from any person or persons, corporations, companies, banks, financial and other entities for carrying on the business of the Company including leverage holding on the Company's account or on account of the other constituents.

8. To sell, turn to account, or grant licenses, easements and other rights over, and in any other manner deal with or dispose of the undertaking, property, assets, rights, privileges and effects of the Company or any part thereof for such consideration as the Board of Directors may determine.

9. To apply for, purchase or otherwise acquire and protect, prolong and renew whether in Pakistan or elsewhere, any patents, patent rights, brevet de, inventions, trademarks, copyrights, licenses, protections, concessions and the like conferring any exclusive or non-exclusive or limited right to any secret, or other information as to any invention, process or privilege which may seem capable of being used for any of the purposes of the Company or the acquisition of which may seem calculated directly or indirectly to benefit the Company and to use, exercise, develop, manufacture under or grant licenses or privileges in respect of or otherwise turn to account the property rights and information so acquired and carry on any business in any way connected therewith.

10. To pay out of the funds of the Company all expenses which the Company may lawfully pay with respect to the formation and registration of the Company or the issue of its capital or the listing of its shares on an exchange, including brokerage fees, listing fees, fees or taxes on the issue of shares and commissions.

11. To create provident funds, gratuity funds, reserve funds, depreciation funds, sinking funds, insurance funds, or any other special funds conducive to the interest of the Company and its Directors, employees or members.

12. To enter into any arrangements for sharing profit, cooperation in joint ventures collaboration with any foreigner, individually or with any foreign company or corporation interested to carry on the like business in Pakistan or abroad as contained in this Memorandum.

13. To enter into any agreement, contract or arrangement with any foreign or local party, company corporation, organization having objects similar to the Company and to give effect to the same and to do and perform all acts, deeds and things in that behalf in Pakistan or outside Pakistan.

14. To accept investments on re-patriable / non-repatriable terms from any person, institution, firm, company or corporation with the approval of competent authorities and to allot shares on such investments on the terms and conditions as may be mutually agreed upon with representations on the Board.

15. To enter into any arrangement or contract with any government, including provincial and any local or other authorities, municipal, or otherwise, statutory bodies, corporations, banking companies, or other companies, which may seem, conducive to the Company's objects or and of them and to obtain from government, authorities, corporations, statutory bodies, banking companies, or other companies licenses permits, permissions, privileges, grants, concessions and leases which the Company may think fit and desirable and to utilize and enjoy such arrangements, contracts, licenses, permits, permissions, concessions and leases etc.

16. To enter into any arrangements for sharing profits, amalgamation, union of interest, cooperation, joint ventures, reciprocal concessions or otherwise with any person, firm or company, institution, public body' or government or administration engaged in any business or transaction which the Company is authorized to carry on or engage in or any business, undertaking, transaction which may seem capable of being carried on or conducted so as to directly or indirectly\ benefit the Company, and to guarantee the contracts of or otherwise assist any such person, firm or company and to place, take or otherwise acquire and hold shares, stocks, debentures, bonds and securities of any such person, firm or Company, and otherwise deal with the same without doing any investment business.

17. To distribute any of the properties of the Company amongst the members in specie or in kind but so that no distribution amounting to a reduction of capital be made except with the sanction (if any) of the time being required by law.

18. To pay all or any cost, charges and expenses preliminary and incidental to the promotion, formation, registration, and establishment of the Company.

19. To pay commission or to otherwise remunerate any company or firm or firms, person or persons (whether an officer of the Company or not) for services rendered in placing or assisting to place any of the shares of the Company's capital or any debentures or other securities of the Company or for negotiating any of the purchases or sales by the Company of any property for the purpose of business of the Company or for rendering any services of any kind whatsoever to the Company.

20. To establish and conduct agencies, branches or liaison offices in any part of the world for the purposes of the Company.

21. For the purpose of providing microfinance services, to draw make, accept, endorse, discount, execute and issue promissory notes, hundies, bills of exchange, bills of lading warrants, debentures and any negotiable or transferable instruments concerning the Company.

22. For the purpose of microfinance services to open any current, overdraft, cash credit account or fixed or term deposit account with any banker or institution and to pay monies into and draw monies from any such accounts and to invest and deal with the monies of the Company not immediately required in any investments in such manner as may from time to time seem expedient for the purpose of operation of this Company.

23. To sell, mortgage, charge, hypothecate, pledge, give on hire, rent or license or otherwise dispose of and conversely to accept mortgage, charges, hypothecations, pledge, leases, hires and purchase of and over all kinds of immovable properties and assets, including lands, building, sheds, godowns, warehouses, offices, plants, machineries, vehicles, goods, concessions, privileges, licenses, patents and industrial properties for such consideration as may be deemed feasible for the Company and to sign, execute, register and deliver appropriate, documents, charge forms, deeds, contract.

24. To appoint any persons or companies as agents of the Company and to grant power's of attorney to any person or company with further powers to sub-delegate the authorities.

25. To compromise or compound all actions, suits and other proceedings and differences or disputes to arbitration and adjust and settle all accounts and claims relating thereto.

26. To enter into arbitration agreements and to refer all disputes arising in connection with any right, liability or property of the Company or otherwise therefrom to arbitration whether in Pakistan or abroad.

27. To carry on any operations or activities whatsoever which can in the opinion of the Company, be advantageously or conveniently carried on by the Company by way of extension of, or connection with, any such businesses as aforesaid or is calculated directly or indirectly to develop any segment of the Company's business or to increase the value of, or turn to account any of the Company's assets, properties or rights.

28. To do all such lawful things as are incidental or conducive to the attainment of the above objects or any of them.

29. To do all or any of the above things and all such other things, as are incidental or as may be thought conducive to the attainment of the above objects or any of them in Pakistan or any other part of the world either as principals, agents, trustees, contractors or otherwise and either alone or in conjunction with others and either by or though agents, contractors, trustees or otherwise and to do all such things as are incidental or conducive to the attainment of the above objects, and such of the above objects shall be construed as an independent object.

30. And generally to do all and everything which may in any way be considered incidental or conducive to carrying into effect all or any of the objects of the Company and to carry out the said objects or any of them either on account of the Company alone or in cooperation with any other company, corporation, person or persons, firm or firms.

IT IS HEREBY UNDERTAKEN that the Company shall not engage in the business of investment, advisory, business of a leasing company, insurance, managing agency or undertake business of the investment company or any unlawful business and that nothing in the objects clause shall be construed to entitle it to engage in such business.

IV. LIMITED LIABILITY

The liability of the members is limited.

V. CAPITAL

The Authorized capital of the Company is Rs. 15,000,000,000/- (PKR. Fifteen billion only) divided into 1,500,000,000/- (fifteen hundred million) shares of Rs. 10 (Rupees Ten only) each. The Company shall have powers to increase, reduce or re-organize the capital of the Company or increase or reduce the nominal value of the shares and divide shares in the capital for the time being into several classes including but not limited to preference shares to the extent permissible by law in accordance with the provisions of the Companies Ordinance, 1984, the terms and conditions as agreed to in the shareholder agreement or agreements as amended from time to time and the Company's Share Capital (Variation in Rights and Privileges)) Rules, 2000. In case of issuance of preferred shares the same shall not be issued more than 40% of the paid up capital at any time.

We the several persons, whose names and address and descriptions are subscribed below, are desirous of being formed into a Company in pursuance of the Memorandum of Association of Company and we respectively agree to take the numbers of shares in the Capital of the Company set opposite our respective names.

Name and surname	Father's/ Husbands Name in full	National Identity Card Number	Nationality	Occupation	Address in full	Number of Shares taken by each	Signatures
Kashf Holdings (Pvt.) Limited through its nominee Ms. Roshaneh Zafar	(for the nominee) S.M. Zafar	(for the nominee) 35202-2606532-0	(for the nominee) Pakistani	(for the nominee) Managing Director, Kashf Foundation	19-Aibak Block, New Garden Town, Lahore, Pakistan	**38,250,000**	
Mr. Ghazanfar Azzam	Abdul Aziz	42301-6450993-9	Pakistani	Banker	22-B, Fort Villas, Defence Main Boulevard, Lahore Cantt.	**100**	
Mr. Khalid Kabeer	Abdul Kabeer Qureshi	35202-3009717-9	Pakistani	Chartered Accountant	369-B, Faisal Town, Lahore, Pakistan	**50**	
Mr. Hammad Rabbani	Asif Rabbani	35201-1266866-5	Pakistani	Chartered Accountant	174/1-M, DHA, Lahore	**50**	
					Total Shares	**38,250,200**	

Dated the…………………….. day of……………………….., 2008

Witness to above signatures	
Signature	
Full Name (in Block Letters)	IMRAN BABAR
Father's/ Husband's name	Atta Muhammad
Nationality	Pakistani
Occupation	Private Employee
Full Address	19-Aibak Block, New Garden Town, Lahore