

MASHREQ BANK PAKISTAN LIMITED
FINANCIAL STATEMENTS
As At March 31, 2025

Directors' Review

To the shareholders,

On behalf of the Board of Directors, we are pleased to present the Financial Statements of Mashreq Bank Pakistan Limited ("MBPL" or "the Bank") for the quarter ended March 31, 2025.

Company's Profile and Performance

MBPL is a wholly owned subsidiary of Mashreq Bank PSC (the Parent Company) incorporated in the United Arab Emirates. MBPL was incorporated in Pakistan on July 5, 2023, as an Unlisted Public Limited Company. On January 13, 2023, the State Bank of Pakistan (SBP) granted a 'No Objection Certificate' (NOC), followed by the issuance of an in-principle approval (IPA) on September 20, 2023, under the framework for Digital Banks.

The primary objective of MBPL is to engage in banking activities and focus on establishing a Digital Retail Bank in accordance with the framework issued by SBP. On December 19, 2024, the SBP formally granted the Bank a restricted banking license to operate as a Digital Retail Bank (DRB). The license permits the Bank to initiate pilot operations, subject to compliance with the terms and conditions stipulated therein. The Bank is now focused on meeting the regulatory requirements necessary for transitioning from the pilot phase to full-scale commercial operations in accordance with the SBP guidelines.

During the period, MBPL incurred a loss of Rs. 702.9 million (31 March 2024: Rs. 438.66 million), primarily attributed to the initial essential costs incurred to set up the business. However, MBPL anticipates a robust launch of its operations.

During the period, MBPL continued its journey towards full-scale commercial operations. The key developments include,

- Initiated its pilot operations as per terms and conditions laid down in restricted license granted by the SBP.
- Validating its digital banking systems, optimizing operational workflows, and strengthening its IT and cybersecurity infrastructure.

- Significant efforts were also undertaken to refine digital product offerings, streamline customer onboarding journeys, and optimize service channels.
- MBPL remains committed to ensuring a smooth transition to full commercial operations while maintaining compliance with SBP's regulatory framework and delivering a best-in-class digital banking experience.

Macroeconomic Overview and Future Outlook

In the first quarter of 2025, Pakistan's economy showed a mix of cautious optimism and persistent challenges. Inflation dropped to historic lows, with average year-on-year CPI easing to 1.5%, the lowest in nearly six decades and month-on-month inflation contained at 0.7% in March despite Ramadan-related pressures. This disinflation created relief for consumers and provided policy flexibility.

The State Bank of Pakistan (SBP), in its Monetary Policy Committee meeting during March 2025, maintained the policy rate at 12%, pausing its easing cycle after six consecutive cuts between June 2024 and January 2025. The decision reflected concerns over core inflation and emerging external vulnerabilities, prioritizing macroeconomic stability despite low headline inflation. The PSX-100 Index experienced volatility, declining early in the quarter before rebounding 4% to close at 117,807 in March, after briefly reaching an all-time high of 119,000. On the external front, Pakistan's current account recorded a surplus of USD 1.859 billion during July–March FY25, with a record monthly surplus of USD 1.195 billion in March 2025.

While disinflation and fiscal consolidation strengthened macroeconomic fundamentals, rising global trade tensions, triggered by new U.S. tariffs and corresponding actions from China and others, present additional risks to Pakistan's external sector and investor sentiment. Proactive monitoring and adaptive policies will be essential to safeguard resilience and sustain recovery prospects in the coming quarters.

Board of Directors

During the current period, the following individuals served as directors of MBPL and attended Board meetings held during the year:

Name of Director	Position
Fernando Morillo	Chairman / Non-Executive Director
Salman Hadi*	Non-Executive Director
Iqbal Hassan Khanyari	Non-Executive Director
Mohamad Salah Abdel Hamid Abdel Razek	Non-Executive Director
Muhammad Hamayun Sajjad	Chief Executive Officer
Rania Nerhal	Non-Executive Director
Shazad Dada	Independent Director
Rashid Ali Khan	Independent Director
Syed Naseer ul Hasan	Independent Director

*Salman Hadi was appointed as a Director by the Board of MBPL to fill in the casual vacancy created by the resignation of Hammad Naqvi. His appointment is subject to the approval of the State Bank of Pakistan.

Board Committee	Name of Director
Digital, IT, and Information Security Committee	Mohamed Salah Abdel Hamid Razek
	Fernando Morillo
	Muhammad Hamayun Sajjad
	Shazad Dada
	Syed Naseer ul Hasan
Risk Management & Credit Committee	Salman Hadi*
	Shazad Dada
	Rania Nerhal
	Muhammad Hamayun Sajjad
	Iqbal Hassan Kanyari
Audit Committee	Shazad Dada
	Iqbal Hassan Kanyari
	Rashid Ali Khan
	Mohamed Salah Abdel Hamid Razek
	Salman Hadi*
	Syed Naseer ul Hasan

Human Resource & Remuneration Committee	Fernando Morillo
	Shazad Dada
	Rania Nerhal
	Rashid Ali Khan

Appreciation and Acknowledgement

On behalf of the Board of Directors, we would like to place on record our appreciation to the regulators and the Government of Pakistan, particularly the State Bank of Pakistan, the Ministry of Finance and the Securities and Exchange Commission of Pakistan for their continuous support and guidance. Further, we acknowledge the efforts and commitment of our people being the greatest strength of the Bank.

On behalf of the Board of Directors

Muhammad Hamayun Sajjad
Chief Executive Officer

Fernando Morillo
Chairman

April 25, 2025

MASHREQ BANK PAKISTAN LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2025



	Note	31 March 2025 (Un-Audited) ----- (Rupees in '000) -----	31 December 2024 (Audited)
ASSETS			
Cash and balances with treasury banks	6	161,933	375,000
Balances with other banks	7	30,127	765,192
Lendings to financial institutions	8	599,999	-
Investments	9	4,268,419	3,601,245
Advances	10	11,406	11,424
Property and equipment	11	251,513	249,826
Right-of-use assets	12	418,090	-
Intangible assets	13	273,734	267,294
Deferred tax assets	14	-	-
Other assets	15	122,152	89,710
Total Assets		6,137,373	5,359,691
LIABILITIES			
Bills payable		-	-
Borrowings	16	1,961,152	1,949,850
Deposits and other accounts	17	115,593	-
Lease liabilities	18	412,011	-
Sub-ordinated debts		-	-
Deferred tax liabilities		-	-
Other liabilities	19	1,675,118	1,709,982
Total Liabilities		4,163,874	3,659,832
NET ASSETS		1,973,499	1,699,859
REPRESENTED BY			
Share capital		6,441,115	5,454,417
Reserves		-	-
Surplus / (deficit) on revaluation of assets - net of tax	20	7,881	17,975
Accumulated losses		(4,475,497)	(3,772,533)
		1,973,499	1,699,859
CONTINGENCIES AND COMMITMENTS			
	21		

The annexed notes 1 to 35 form an integral part of these condensed interim financial statements.

Atif Saeed Dar
Chief Financial Officer

Muhammad Hamayun Sajjad
Chief Executive Officer

Fernando Morillo
Chairman

Naseer ul Hasan
Director

Iqbal Khanyari
Director

MASHREQ BANK PAKISTAN LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER ENDED 31 MARCH 2025



	Note	31 March 2025 ----- (Rupees in '000) -----	31 March 2024
Mark-up / return / interest earned	22	161,030	1,618
Mark-up / return / interest expensed		(7,049)	-
Net mark-up / interest income		153,981	1,618
Non mark-up / interest income			
Fee and commission income	24	49	-
Dividend income		-	-
Foreign exchange income		(11,302)	10,412
Income / (loss) from derivatives		-	-
Gain / (loss) on securities - net		-	-
Net gains/(loss) on derecognition of financial assets measured at amortised cost		-	-
Other income		-	-
Total non mark-up / interest income		(11,253)	10,412
Total Income		142,728	12,030
Non mark-up / interest expenses			
Operating expenses	25	843,090	450,776
Workers' welfare fund		-	-
Other charges	26	-	-
Total non-mark-up / interest expenses		(843,090)	(450,776)
Loss before credit loss allowance		(700,362)	(438,746)
Credit loss allowance and write offs - net	26	99	-
Extra ordinary / unusual items		-	-
Loss before taxation		(700,263)	(438,746)
Taxation	27	(2,594)	(18)
Loss after taxation		(702,857)	(438,764)
----- (Rupees) -----			
Basic and diluted earnings per share	28	(1.12)	(4,387.64)

The annexed notes 1 to 35 form an integral part of these condensed interim financial statements.

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Chief Financial Officer

Muhammad Hamayun Sajjad
Chief Executive Officer

Fernando Morillo
Chairman

Naseer ul Hasan
Director

Iqbal Khanyari
Director

MASHREQ BANK PAKISTAN LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE QUARTER ENDED 31 MARCH 2025



31 March	31 March
2025	2024
----- (Rupees in '000) -----	

Profit after taxation for the period	(702,857)	(438,764)
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Other comprehensive income

**Items that may be reclassified to profit and loss
in subsequent periods:**

Movement in surplus / deficit on revaluation of investments - net of tax

(10,094)	-
(10,094)	-

Total comprehensive income

<u>(712,951)</u>	<u>(438,764)</u>
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The annexed notes 1 to 35 form an integral part of these condensed interim financial statements.

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Chief Executive Officer

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Director

MASHREQ BANK PAKISTAN LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE QUARTER ENDED 31 MARCH 2025



	Share capital	Statutory reserve	Surplus / (deficit) on revaluation Investments	Accumulated losses	Total
	(Rupees in '000)				
Balance as at 1 January 2024	1,000	-	-	-	1,000
Profit after taxation for the period	-	-	-	(438,764)	(438,764)
Other comprehensive income - net of tax	-	-	-	-	-
Total comprehensive income	-	-	-	(438,764)	(438,764)
Transfer to statutory reserve	-	-	-	-	-
Transactions with owners, recorded directly in equity					
Issuance of ordinary shares	-	-	-	-	-
Balance as at 31 March 2024	1,000	-	-	(438,764)	(437,764)
Profit after taxation for the period	-	-	-	(3,333,769)	(3,333,769)
Other comprehensive income - net of tax	-	-	17,975	-	17,975
Total comprehensive income	-	-	17,975	(3,333,769)	(3,315,794)
Transfer to statutory reserve	-	-	-	-	-
Transactions with owners, recorded directly in equity					
- Issuance of ordinary shares	5,453,417	-	-	-	5,453,417
Balance as at 31 December 2024	5,454,417	-	17,975	(3,772,533)	1,699,859
Impact of adoption of IFRS 9 as at 1 January 2025 - net of tax (Refer note 4.1)	-	-	-	(107)	(107)
Balance as at 1 January 2025 on adoption of IFRS 9	5,454,417	-	17,975	(3,772,640)	1,699,752
Profit after taxation for the period	-	-	-	(702,857)	(702,857)
Other comprehensive income - net of tax	-	-	(10,094)	-	(10,094)
Total comprehensive income	-	-	(10,094)	(702,857)	(712,951)
Transfer to statutory reserve	-	-	-	-	-
Transactions with owners, recorded directly in equity					
Issuance of ordinary shares	986,698	-	-	-	986,698
Balance as at 31 March 2025	6,441,115	-	7,881	(4,475,497)	1,973,499

The annexed notes 1 to 35 form an integral part of these condensed interim financial statements.

Atif Saeed Dar
Chief Financial Officer

Muhammad Hamayun Sajjad
Chief Executive Officer

Fernando Morillo
Chairman

Naseer ul Hasan
Director

Iqbal Khanyari
Director

MASHREQ BANK PAKISTAN LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE QUARTER ENDED 31 MARCH 2025



	31 March 2025	31 March 2024
(Rupees in '000).....	
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation for the period	(700,263)	(438,746)
Adjustments		
Depreciation on operating fixed assets	15,977	2,030
Depreciation on right-of-use assets	19,496	-
Amortization	5,523	-
Finance cost against right-of-use assets	7,049	-
Loss / gain on revaluation of FCY borrowings	11,302	(10,412)
Credit loss allowance and write offs	(99)	-
Provision against defined contribution plan	-	-
Provision against defined benefit plan	14,290	24,863
	73,538	16,481
	(626,725)	(422,265)
(Increase) / decrease in operating assets		
Lendings to financial institutions	(599,999)	-
Advances	14	500
Other assets (excluding taxation)	(34,185)	10,392
	(634,170)	10,892
Increase / (decrease) in operating liabilities		
Borrowings from financial institutions	-	559,001
Deposits and other accounts	115,593	-
Other liabilities	(49,154)	(7,638)
	66,439	551,363
	(1,194,456)	139,990
Income tax paid	(855)	(171)
Net cash flow generated from operating activities	(1,195,311)	139,819
CASH FLOWS FROM INVESTING ACTIVITIES		
Net investments in available-for-sale securities	(633,107)	-
Net investments in held-to-maturity securities	(44,161)	-
Investments in fixed assets	(17,664)	(21,775)
Investments in intangible assets	(11,963)	(91,678)
Net cash flow generated from investing activities	(706,895)	(113,453)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of ordinary shares	986,698	-
Payments of lease obligations against right-of-use assets	(32,624)	-
Net cash generated from in financing activities	954,074	-
(Decrease) / increase in cash and cash equivalents	(948,132)	26,366
Cash and cash equivalents at the beginning of the period	1,140,192	155,099
Cash and cash equivalents at the end of the period	192,060	181,465

The annexed notes 1 to 35 form an integral part of these condensed interim financial statements.

Atif Saeed Dar
Chief Financial Officer

Muhammad Hamayun Sajjad
Chief Executive Officer

Fernando Morillo
Chairman

Naseer ul Hasan
Director

Iqbal Khanyari
Director

1 STATUS AND NATURE OF BUSINESS

- 1.1** Mashreq Bank Pakistan Limited (the Bank) was incorporated in Pakistan on July 5, 2023 as an unlisted public limited company under the Companies Act, 2017. The principal line of business of the Bank is to operate as a Digital Bank licensed under Section 27 of the Banking Companies Ordinance, 1962 read with the Licensing and Regulatory Framework for Digital Banks issued by the State Bank of Pakistan (SBP), and to engage in and perform all such activities, matters, deeds and things as are directly or indirectly prerequisite, related or consequential and in respect thereto.

On January 13, 2023, the SBP granted the Bank a 'No Objection Certificate' (NOC), followed by the issuance of an in-principle approval (IPA) on September 20, 2023 under the Licensing and Regulatory Framework for Digital Banks. The Bank successfully met all stipulated terms and conditions outlined in the IPA, including the requisite minimum capital requirement, and submitted its application for a restricted license within the IPA's validity period.

On December 19, 2024, the State Bank of Pakistan (SBP), in exercise of its powers under Section 27 of the Banking Companies Ordinance, 1962, granted the Bank a restricted banking license to operate as a Digital Retail Bank (DRB). In accordance with the terms and conditions of the restricted license, the Bank commenced pilot operations during the period. The Bank is currently focused on fulfilling the regulatory requirements necessary to transition from the pilot phase to commercial operations, in line with SBP guidelines.

- 1.2** The registered office of the Bank is 22-C, Ittehad Lane - 8, Ittehad Commercial, Phase VI, DHA, Karachi, Pakistan.
- 1.3** The Bank is a wholly-owned subsidiary of Mashreq Bank P.S.C. (the Parent Company) incorporated in the United Arab Emirates. Its registered office is situated at P.O. Box 1250, Dubai, United Arab Emirates.

2 BASIS OF PREPARATION

2.1 Statement of compliance

Pursuant to the grant of a banking license by the SBP and commencement of Pilot operations by the Bank during the period, as disclosed in Note 1.1. The Bank has adopted the financial reporting framework applicable to Banking companies in Pakistan, replacing the previously applied IFRS for SMEs.

Accordingly, these condensed interim financial statements has been prepared in accordance with approved accounting and reporting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the provisions of and directives issued under the Banking Companies Ordinance (BCO), 1962, the Companies Act, 2017 and directives issued by the State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan (SECP). Whenever the requirements of the BCO, 1962, Companies Act, 2017 or the directives issued by the SBP and the SECP differ with the requirements of IFRS, requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 and the said directives shall prevail.

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

2.2 Standards, interpretations of and amendments to published approved accounting and reporting standards that are effective in the current period

There are certain new and amended standards, 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.

2.3 Standards, interpretations of and amendments to published approved accounting and reporting standards that are not yet effective

There are certain new and amended standards, issued by International Accounting Standards Board (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 not detailed in these condensed interim financial statements.

2.4 Critical accounting estimates and judgements

The preparation of these condensed interim financial statements in conformity with accounting and reporting standards as applicable in Pakistan requires the use of certain accounting estimates. It also requires the management to exercise judgement in the process of applying the accounting policies. Estimates and judgements are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to these condensed interim financial statements or where judgement was exercised in the application of accounting policies are as follows;

- i) Classification of investments.
- ii) Valuation of securities classified as fair value through other comprehensive income (FVOCI) and fair value through profit and loss (FVTPL).
- iii) Calculation of expected credit loss (ECL) against advances, investments and other financial assets.
- iv) Valuation and depreciation of property and equipment.
- v) Valuation and amortisation of intangible assets.
- vi) Valuation of defined benefit plans.
- vii) Taxation

3 Basis of measurement

3.1 Accounting convention

These condensed interim financial statements have been prepared under the historical cost convention except for investments classified as FVTPL and FVOCI, which are measured at fair value.

3.2 Functional and presentation currency

These condensed interim financial statements are presented in Pakistani rupees, which is the functional currency of the Bank.

4 MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies applied in preparation of these condensed interim financial statements are consistent with those as applied in the preparation of annual financial statements of the Bank for the year ended December 31, 2024, except for the following;

4.1 IFRS 9 - Financial Instruments

The standard addresses recognition, classification, measurement and derecognition of financial assets and financial liabilities. The standard has also introduced a new impairment model for financial assets which requires recognition of impairment charge based on 'expected credit losses' (ECL) approach rather than 'incurred credit losses' approach as previously followed. The ECL has impact on all the assets of the Bank which are exposed to credit risk.

The Bank classifies its financial assets into the following categories

- at Fair Value through Profit and Loss (FVTPL)
- at Fair Value through Other Comprehensive Income (FVOCI)
- at Amortised Cost

Financial Assets will be classified based on their cash flow characteristics and business model assessment.

- **Amortised Cost:** These will be classified as amortised cost if the objective is to hold the asset only for collecting contractual cash flows (principal and interest).
- **FVOCI:** These will be classified at FVOCI when the objective is to collect contractual cash flows (principal and interest) and also to potentially sell the same depending on market conditions. Any unrealized profit or loss on debt instruments classified as FVOCI is reflected in other comprehensive income and is recycled through the profit and loss account when the investment is sold.
- **FVTPL:** This includes financial assets:
 - a. which are not classified as either at amortised cost or FVOCI
 - b. which do not have a fixed maturity

In addition, on initial recognition, the Bank may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Subsequent Measurement

Debt securities classified as FVTPL

These securities are subsequently measured at fair value. Changes in the fair value of these securities are taken through the profit and loss account.

Debt securities classified as FVOCI

These securities are subsequently measured at fair value. Changes in the fair value of these securities are recorded in OCI. When a debt security is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to the profit and loss account.

Other financial assets classified at amortised cost

Other financial assets initially classified at amortised cost continue to be subsequently measured at amortised cost.

Classification of Financial Liabilities

Financial liabilities are either classified at FVTPL, when they are held for trading purposes, or at amortised cost. Financial liabilities classified as FVTPL are measured at fair value.

Financial liabilities classified at amortised cost are initially recorded at fair value and subsequently measured using the effective interest rate method.

Impairment

An ECL provision will be calculated on financial assets designated at FVOCI or at Amortised cost in accordance with the requirements of IFRS 9 and the guidelines issued by the SBP. Credit exposures (in local currency) that have been guaranteed by the Government and Government Securities are exempted from the application of ECL Framework.

Impact on the statement of financial position

The effect of this change in accounting policy is as follows:

	Previous Classification	Classification under IFRS 9	Balance as at 31 December 2024 (Audited)	Recognition of expected credit loss (ECL)	Balance as at 01 January 2025 (Un-Audited)
(Rupees in '000)					
ASSETS					
Cash and balances with treasury banks	Cost	Amortised cost	375,000	-	375,000
Balances with other banks	Cost	Amortised cost	765,192	103	765,295
Lendings to financial institutions	Cost	Amortised cost	-	-	-
Investments					
- Classified as available for sale	AFS	FVOCI	2,220,256	-	2,220,256
- Classified as Held to maturity	HTM	Amortised cost	1,380,989	-	1,380,989
Advances	Cost	Amortised cost	11,424	4	11,428
Total financial assets			4,752,861	107	4,752,968
LIABILITIES					
Borrowings	Cost	Amortised cost	1,949,850	-	1,949,850
Other liabilities					
- Financial other liabilities	Cost	Amortised cost	1,708,060	-	1,708,060
Total financial liabilities			3,657,910	-	3,657,910
Net financial assets			1,094,951	107	1,095,058
Net non-financial assets			604,908	-	604,908
			1,699,859	107	1,699,966
REPRESENTED BY					
Share capital			5,454,417	-	5,454,417
Surplus / (deficit) on revaluation of assets - net of tax			17,975	-	17,975
Accumulated losses			(3,772,533)	(107)	(3,772,640)
			1,699,859	(107)	1,699,752

4.2 IFRS 16 - Leases

IFRS 16 introduces an on-balance sheet lease accounting model for leases entered by the lessee. A lessee recognizes a right-of use asset representing its right of using the underlying asset and a corresponding lease liability representing its obligations to make lease payments. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases.

The bank has adopted IFRS 16 from January 1, 2025, and has not restated comparatives for the 2024 reporting period, as permitted under the specific transitional provisions in the standard.

The effect of this change in accounting policy is as follows:

	As of 31 March 2025 (Rupees in '000) (Un-Audited)
Impact on the statement of financial position	
Increase in right-of-use assets	418,090
Decrease in other assets	(12,038)
Increase in Lease liabilities	(412,011)
	<u><u>(5,959)</u></u>
Impact on the profit and loss account	
Increase in mark-up / return / interest expensed	(7,049)
Increase in depreciation on right-of-use assets	(19,496)
Decrease in rent & taxes	20,586
	<u><u>(5,959)</u></u>

5 Financial Risk Management

Risk management aspects are embedded in the Bank's strategy, organization structure and processes. The Bank has adopted a cohesive risk management structure for credit, market, liquidity and operational risk with an integrated approach to strengthen the process and system as controls are more effective and valuable when built into the process. Effective risk management is considered essential in the preservation of the assets and long-term profitability of the Bank.

Market Risk

Market Risk 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. Due to the external nature of the risk, and given the prevalent macro-economic environment, the likelihood of adverse price movements is currently high. However, stringent controls are in place to mitigate any material impact on profitability and capital. Mashreq Bank Pakistan Limited is currently exposed to foreign exchange risk through one USD denominated borrowing from the parent company.

As of March 2025, the market risk weighted assets are at Rs. 1,961.120 million of which pertains to foreign exchange risk.

Credit Risk

Credit Risk means the possibility of monetary loss to Bank arising due to the inability or unwillingness of a counterparty to perform a commitment as per the agreed terms and conditions, among other things, on account of lending, trading, hedging, settlement, and other financial transactions. Currently, the Bank does not hold a significant credit portfolio, and this status is expected to remain unchanged throughout 2025 and 2026. The initiation of lending is strategically planned to commence in 2026-2027, with preparations and frameworks being established in the interim to support the Bank's future lending activities.

As of March 2025, the credit risk weighted assets are at Rs. 1,066.221 million of which Rs. 910.962 million pertains to on balance sheet exposure and the remaining pertains to commitment and contingencies from committed capital expenditure. On balance sheet exposure includes placements with banks which are currently atleast AA+ rated. This exposure is currently short term in nature.

Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, systems, people, or from external events. It encompasses a broad range of potential risks that can disrupt normal operations or lead to financial loss, and it is a critical part of the Bank's overall Enterprise Risk Management Framework ("ERMF"). In line with the ERMF, the Bank has established a dedicated Operational Risk Management Department ("ORMD"), who is the primary owner of the Operational Risk Management Framework ("ORMF").

To ensure effective implementation of the ORMF, Business Unit Risk Assessors ("BURAs") and Business Unit Risk Managers ("BURMs") have been nominated across more than 15 departments. These individuals are responsible for coordinating with ORMD to embed operational risk practices within their respective functions. The ORMF addresses key components of operational risk, including Risk and Control Self-Assessment (RCSA), Key Risk Indicators (KRIs), operational loss data management, operational risk reporting, and capital calculation. As part of the risk identification, assessment, monitoring and reporting process, the Bank has initiated the development of a risk register in collaboration with various functional units.

For regulatory capital purposes, the Bank currently uses the Basic Indicator Approach ("BIA") to calculate the operational risk capital charge, which amounts to Rs 17.437 million as of March 31, 2025. During the reporting period, the Bank did not incur any material operational risk-related losses.

	Note	31 March 2025 (Un-Audited) (Rupees in '000)	31 December 2024 (Audited)
6. CASH AND BALANCES WITH TREASURY BANKS			
With State Bank of Pakistan in			
Local currency current accounts		161,933	375,000
Less: Credit loss allowance held against cash and balances with treasury bank		-	-
Cash and balances with treasury banks - net of credit loss allowance		<u>161,933</u>	<u>375,000</u>
7. BALANCES WITH OTHER BANKS			
In Pakistan			
In current accounts		2,707	3,244
In deposit accounts		<u>27,423</u>	<u>761,948</u>
		30,130	765,192
Less: Credit loss allowance held against balances with other banks		(3)	-
Balances with other banks - net of credit loss allowance		<u>30,127</u>	<u>765,192</u>
8. LENDINGS TO FINANCIAL INSTITUTIONS			
Call money lendings	8.3	600,000	-
Less: Credit loss allowance held against lending to financial institutions		(1)	-
Lendings to financial institutions - net of credit loss allowance		<u>599,999</u>	<u>-</u>
8.1 Particulars of lendings			
In local currency - unsecured		<u>600,000</u>	<u>-</u>
8.2 Category of Classification - Domestic			
Performing Stage 1		<u>600,000</u>	<u>1</u>
8.3 These local currency lendings carry mark-up rate ranging from 11.60% to 11.90% per annum and are due to mature latest by 3 April 2025.			

9. INVESTMENTS

9.1 Investments by types

	31 March 2025 (Un-Audited)				31 December 2024 (Audited)			
	Cost / amortised cost	Credit loss allowance	Surplus / (deficit)	Carrying value	Cost / amortised cost	Credit loss allowance	Surplus / (deficit)	Carrying value
	(Rupees in '000)							
FVOCI								
Federal government securities	2,835,388	-	7,881	2,843,269	-	-	-	-
Non-government debt securities	-	-	-	-	-	-	-	-
	2,835,388	-	7,881	2,843,269	-	-	-	-
Amortised Cost								
Federal government securities	1,425,150	-	-	1,425,150	-	-	-	-
Non-government debt securities	-	-	-	-	-	-	-	-
	1,425,150	-	-	1,425,150	-	-	-	-
Available-for-sale								
Federal government securities	-	-	-	-	2,202,281	-	17,975	2,220,256
Non-government debt securities	-	-	-	-	-	-	-	-
	-	-	-	-	2,202,281	-	17,975	2,220,256
Held-to-maturity								
Federal government securities	-	-	-	-	1,380,989	-	-	1,380,989
Non-government debt securities	-	-	-	-	-	-	-	-
	-	-	-	-	1,380,989	-	-	1,380,989
Total Investments	4,260,538	-	7,881	4,268,419	3,583,270	-	17,975	3,601,245

9.2 The market value of federal government securities classified as amortised cost is Rs. 1,432.647 million (31 December 2024: 1,361.422 million).

9.3 It include securities amounting to Rs. 503.219 million pledge with the SBP in accordance with the requirements of regulation 6(5) of the Regulatory Framework for Digital Banks issued under section 41 of the Banking Companies Ordinance, 1962.

10. ADVANCES

	Performing		Non-Performing		Total	
	31 March 2025 (Un-Audited)	31 December 2024 (Audited)	31 March 2025 (Un-Audited)	31 December 2024 (Audited)	31 March 2025 (Un-Audited)	31 December 2024 (Audited)
	----- (Rupees in '000) -----					
Loans, cash credits, running finances, etc.	11,410	11,424	-	-	11,410	11,424
Advances - gross	11,410	11,424	-	-	11,410	11,424
Credit loss allowance against advances Stage 1	(4)	-	-	-	(4)	-
	(4)	-	-	-	(4)	-
	11,406	11,424	-	-	11,406	11,424

10.1 Particulars of advances - gross

	31 March 2025 ----- (Rupees in '000) ----- (Un-Audited)	31 December 2024 (Audited)
In local currency	11,410	11,424
In foreign currencies	-	-
	11,410	11,424

10.2 Particulars of credit loss allowance against advances

	31 March 2025 Specific provision - Stage 1 (Rupees in '000) (Un-Audited)
Opening balance	-
Impact of adoption of IFRS 9	4
Charge for the year	-
Reversals for the year	-
Net charge for the year	-
Closing balance	4

10.3 Advances - Category of Classification - Domestic

	31 March 2025
	Outstanding amount Credit loss allowance held
	----- (Rupees in '000) -----
Performing Stage 1	11,410 4
Closing balance	11,410 4

11. Property and equipment

	31 March 2025 (Un-Audited)	31 December 2024 (Audited)
	----- (Rupees in '000) -----	
Capital work-in-progress	-	-
Property and equipment	251,513	249,826
	251,513	249,826

11.1 Additions to Property and equipment	31 March 2025	31 March 2024
The following additions have been made to fixed assets during the period:	(Un-Audited)	(Un-Audited)
	----- (Rupees in '000) -----	----- (Rupees in '000) -----
Capital work-in-progress	-	10,228
Property and equipment	-	-
Furniture and fixtures	-	-
Electrical, office and computer equipment	17,664	11,547
	<u>17,664</u>	<u>21,775</u>
12. RIGHT-OF-USE ASSETS		
At January 1		
Cost	-	-
Accumulated Depreciation	-	-
Net Carrying amount at January 1	-	-
Additions during the year	437,586	-
Deletions during the year	-	-
Depreciation Charge for the period / year	(19,496)	-
Net Carrying amount at December 31	<u>418,090</u>	-
13. INTANGIBLE ASSETS	31 March 2025	31 December 2024
	(Un-Audited)	(Audited)
	----- (Rupees in '000) -----	----- (Rupees in '000) -----
Computer Software	182,435	-
Advance to suppliers	91,299	267,294
	<u>273,734</u>	<u>267,294</u>
13.1 Additions to intangible assets	31 March 2025	31 March 2024
	(Un-Audited)	(Un-Audited)
	----- (Rupees in '000) -----	----- (Rupees in '000) -----
Directly purchased - Computer Software	11,963	-
Advance to suppliers	-	91,678
	<u>11,963</u>	<u>91,678</u>
14. DEFERRED TAX ASSETS	31 March 2025	31 December 2024
	(Un-Audited)	(Audited)
	----- (Rupees in '000) -----	----- (Rupees in '000) -----
Deductible temporary differences on		
- Accelerated tax depreciation	38,174	20,177
	<u>38,174</u>	<u>20,177</u>
Taxable temporary differences on		
Business losses	(38,174)	(20,177)
	<u>(38,174)</u>	<u>(20,177)</u>
Net deferred tax assets	-	-
As at March 31, 2025, the Bank has an aggregate deferred tax asset amounting to Rs. 1,717.068 million (2024: Rs. 1,439.131 million) in respect of unused business losses and Rs. 5.189 million (2024: Rs. 2.595 million) in respect of minimum tax credits. The Bank has opted for recognising deferred tax asset on deductible temporary differences only to the extent of taxable temporary differences.		
During the period, provision for tax is based on minimum tax under section 113 of the Income Tax Ordinance.		
15. OTHER ASSETS		
Income / mark-up / profit accrued in local currency - net of provision	769	-
Advances, deposits and other prepayments	103,397	73,630
Advance taxation (payments less provision)	14,341	16,080
Others	3,645	-
	<u>122,152</u>	<u>89,710</u>
Credit loss allowance / provision against other assets	-	-
Other assets (net of credit loss allowance)	<u>122,152</u>	<u>89,710</u>

31 March **31 December**
2025 **2024**
(Un-Audited) **(Audited)**
----- (Rupees in '000) -----

16. BORROWINGS

Unsecured

Borrowing from Mashreq Bank P.S.C

1,961,152 **1,949,850**

- 16.1** The Bank has borrowed an aggregate amount of USD 7 million (2024: USD 7 million) from the Parent Company to meet its working capital requirements. This borrowing does not carry any interest and is repayable on demand.

17. DEPOSITS AND OTHER ACCOUNTS

	31 March 2025			31 December 2024		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
	----- (Rupees in '000) -----					

Customers

Current deposits

115,593 **-** **115,593** **-** **-** **-**

Note

31 March **31 December**
2025 **2024**
(Un-Audited) **(Audited)**
----- (Rupees in '000) -----

18. LEASE LIABILITIES

Opening balance

- -

Addition during the period / year

437,586 -

Lease payments including interest

(32,624) -

Interest expense

7,049 -

Closing balance

412,011 **-**

18.1 Liabilities Outstanding

Not later than one year

55,971 -

Later than one year and upto five years

356,040 -

Over five years

- -

Total

412,011 **-**

19. OTHER LIABILITIES

Accrued expenses

1,409,897 1,532,151

Payable to defined benefit plan

74,298 60,008

Payable to defined contribution plan

122,775 95,558

Sundry creditors

24,560 20,343

Withholding tax / duties

4,169 1,922

Others

39,419 -

1,675,118 **1,709,982**

	Note	31 March 2025 (Un-Audited) ----- (Rupees in '000) -----	31 December 2024 (Audited)
20. SURPLUS / (DEFICIT) ON REVALUATION OF ASSETS - NET OF TAX			
Surplus / (deficit) on revaluation of			
- Securities measured at FVOCI-Debt	9.1	7,881	17,975
		7,881	17,975
Less: Deferred tax on surplus / (deficit) on revaluation of			
- Securities measured at FVOCI-Debt		-	-
		-	-
		<u>7,881</u>	<u>17,975</u>

21. CONTINGENCIES AND COMMITMENTS

21.1 There are no contingencies as at March 31 2025 and December 31, 2024.

21.2 Operating lease commitments - Bank as lessee

During the period, the Bank adopted IFRS 16, as detailed in Note 4.2 to the condensed interim financial statements. Accordingly, commitments relating to leased office spaces with a tenure of less than 12 months are disclosed below as at 31 March 2025. In line with the transitional provisions of IFRS 16 – Leases, the comparative information as at 31 December 2024 has not been restated.

	Note	31 March 2025 (Un-Audited) ----- (Rupees in '000) -----	31 December 2024 (Audited)
The future lease payments under operating leases are as follows:			
No later than 1 year		5,222	75,131
Later than 1 year and no later than 5 years		-	279,170
		<u>5,222</u>	<u>354,301</u>
21.3 Commitments in respect of capital expenditure amounting to:		201,790	229,035
21.3.1 This mainly includes commitments amounting to Rs. 200.844 million (2024: Rs. 222.639 million) in respect of installation, implementation and customisation of the core banking system.			
21.4 The Bank has an agreement with a commercial bank under which its employees are eligible to obtain house loans at the rate of KIBOR plus 2% per annum. As per the terms of the agreement, the markup at the rate of 4% per annum on these loans is borne by the employee while remaining portion is guaranteed and borne by the Bank.			
21.5 The Bank has an agreement with a leasing company under which its employees are eligible to obtain motor vehicle diminishing musharakah facility at the rate of KIBOR plus 4% or 5% per annum. As per the terms of the agreement, the markup at the rate of 5% per annum on these loans is borne by the employee while remaining portion is guaranteed and borne by the Bank.			

	31 March 2025	31 March 2024
	(Un-Audited)	
	----- (Rupees in '000) -----	
22. MARK-UP / RETURN / INTEREST EARNED		
Loans and advances	282	479
Investments	127,271	-
Lending with financial institutions	16,522	-
Balances with banks	16,955	1,139
	161,030	1,618
22.1 Interest income (calculated using effective interest rate method) recognised on:		
Financial assets measured at amortised cost	44,162	-
Financial assets measured at FVOCI	83,109	-
	127,271	-
23. MARK-UP / RETURN / INTEREST EXPENSED		
Finance cost against right-of-use assets	7,049	-
24. FEE & COMMISSION INCOME		
Retail banking customer fees	49	-
	49	-
25. OPERATING EXPENSES		
Total compensation expense	651,774	414,744
Property expense		
Rent & taxes	4,544	14,716
Repair & maintenance	132	-
Depreciation on right-of-use assets	19,496	-
	24,172	14,716
Information technology expenses		
Software maintenance	49,050	-
Hardware maintenance	1,047	-
Depreciation	12,326	2,030
Amortisation	5,523	-
Network charges	5,977	22
	73,923	2,052
Other operating expenses		
Directors' fees and allowances	3,000	-
Fees and allowances to Shariah Board	4,780	-
Legal & professional charges	2,878	923
Outsourced services costs	6,295	2,792
Travelling & conveyance	16,429	11,093
Depreciation	3,651	-
Training & development	1,785	-
Communication	1,763	-
Subscription	2,579	-
Stationery & printing	3,436	-
Marketing, advertisement & publicity	32,553	-
Insurance	4,107	2,043
Auditor's Remuneration	5,515	864
Others	4,450	1,549
	93,221	19,264
	843,090	450,776

	Note	31 March 2025 (Un-Audited) ----(Rupees in '000)----	31 March 2024
26. CREDIT LOSS ALLOWANCE AND WRITE OFFS - NET			
Credit loss allowance against cash and balances with banks		(100)	-
Credit loss allowance against lending to financial institutions		1	-
Credit loss allowance against diminution in value of investments		-	-
Credit loss allowance against loans & advances	10.2	-	-
		<u>(99)</u>	<u>-</u>
27. TAXATION			
Current		2,594	-
Deferred		-	-
		<u>2,594</u>	<u>-</u>
28. BASIC AND DILUTED EARNINGS PER SHARE			
Loss after taxation		<u>(702,857)</u>	<u>(438,764)</u>
		----(Number in '000)----	
Weighted average number of ordinary shares		<u>627,666</u>	<u>100</u>
		----(Rupees)----	
Basic and diluted earnings per share		<u>(1.12)</u>	<u>(4,387.64)</u>

29. FAIR VALUE MEASUREMENTS

The fair value of unquoted debt securities, borrowings, other assets and other liabilities 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.

The fair value of the remaining financial assets and liabilities are not significantly different from their carrying values since they are either short-term in nature.

Fair value of financial assets

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

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

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

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

The table below analyses financial instruments measured at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised:

On balance sheet financial instruments

	31 March 2025			
	Fair value			
	Level 1	Level 2	Level 3	Total
	(Rupees in '000)			

Financial assets measured at fair value

- FVTPL & FVOCI

Federal government securities	-	2,843,269	-	2,843,269
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Financial assets - disclosed but not measured at fair value

- Investments

- Amortised Cost

Federal government securities	-	1,432,647	-	1,432,647
	-	4,275,916	-	4,275,916

On balance sheet financial instruments

	31 December 2024			
	Fair value			
	Level 1	Level 2	Level 3	Total
	(Rupees in '000)			

Financial assets measured at fair value

- Investments

- FVTPL & FVOCI

Federal government securities	-	-	-	-
-------------------------------	---	---	---	---

Financial assets - disclosed but not measured at fair value

- Investments

- Amortised Cost

Federal government securities	-	1,361,422	-	1,361,422
	-	1,361,422	-	1,361,422

Valuation techniques used in determination of fair valuation of financial instruments within level 2.

Federal government debt securities	The fair value of government securities are valued using PKRV rates.
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30. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

	31 March 2025			
	Retail Banking	Treasury	Head Office	Total
	(Rupees in '000)			
Profit and loss account for the quarter ended 31 March 2025				
Net mark-up / return / interest /profit	-	143,792	10,189	153,981
Inter segment revenue - net	110	(136,303)	136,193	-
Non mark-up / return / interest income	49	-	(11,302)	(11,253)
Total Income	159	7,489	135,080	142,728
Segment direct expenses	(58,882)	(5,694)	(778,514)	(843,090)
Inter segment expense allocation	-	-	-	-
Total expenses	(58,882)	(5,694)	(778,514)	(843,090)
Credit loss allowance	100	(1)	-	99
Profit before tax	(58,623)	1,794	(643,434)	(700,263)
Statement of financial position				
Cash and bank balances	-	161,933	30,127	192,060
Investments - net	-	4,268,419	-	4,268,419
Net inter segment lending	96,281	-	4,933,045	5,029,326
Lendings to financial institutions	-	599,999	-	599,999
Advances - performing	-	-	11,410	11,410
Credit loss allowance against advances	-	-	(4)	(4)
Others	-	769	1,064,720	1,065,489
Total assets	96,281	5,031,120	6,039,298	11,166,699
Borrowings	-	-	1,961,152	1,961,152
Deposits and other accounts	115,593	-	-	115,593
Net inter segment borrowing	-	5,029,326	-	5,029,326
Others	39,410	-	2,047,719	2,087,129
Total liabilities	155,003	5,029,326	4,008,871	9,193,200
Equity	(58,722)	1,794	2,030,427	1,973,499
Total equity and liabilities	96,281	5,031,120	6,039,298	11,166,699
Contingencies and commitments	-	-	207,012	207,012

31 March 2024 (Un-Audited)

	Retail Banking	Treasury	Head Office	Total
	(Rupees in '000)			
Profit and loss account for the quarter ended 31 March 2024				
Net mark-up / return / interest /profit	-	-	1,618	1,618
Inter segment revenue - net	-	-	-	-
Non mark-up / return / interest income	-	-	10,412	10,412
Total Income	-	-	12,030	12,030
Segment direct expenses	-	-	(450,776)	(450,776)
Inter segment expense allocation	-	-	-	-
Total expenses	-	-	(450,776)	(450,776)
Credit loss allowance	-	-	-	-
Profit before tax	-	-	(438,746)	(438,746)

31 December 2024

Statement of financial position

Cash and bank balances	-	375,000	765,192	1,140,192
Investments - net	-	3,601,245	-	3,601,245
Net inter segment lending	-	-	3,968,249	3,968,249
Lendings to financial institutions	-	-	-	-
Advances - performing	-	-	11,424	11,424
Advances - non-performing	-	-	-	-
Credit loss allowance against advances	-	-	-	-
Others	-	-	606,830	606,830
Total assets	-	3,976,245	5,351,695	9,327,940
Borrowings	-	-	1,949,850	1,949,850
Deposits and other accounts	-	-	-	-
Net inter segment borrowing	-	3,968,249	-	3,968,249
Others	-	-	1,709,982	1,709,982
Total liabilities	-	3,968,249	3,659,832	7,628,081
Equity	-	7,996	1,691,863	1,699,859
Total equity and liabilities	-	3,976,245	5,351,695	9,327,940
Contingencies and commitments	-	-	583,336	583,336

31. TRANSACTIONS WITH RELATED PARTIES

The Bank has related party relationships with its holding company, associates, key management personnel and directors.

The Banks enters into transactions with related parties in the ordinary course of business and on substantially the same terms as for comparable transactions with person of similar standing. Salaries and allowances of the key management personnel are in accordance with the terms of their employment. Other transactions are at agreed terms.

Details of transactions with related parties during the period are as follows:

31 March 2025 (Un-Audited)				
Holding company	Associates	Key management personnel	Directors	Total
(Rupees in '000)				
Borrowings				
Opening balance	1,949,850	-	-	1,949,850
Borrowings during the period	-	-	-	-
Loss on revaluation	11,302	-	-	11,302
Repaid during the period	-	-	-	-
Closing balance	1,961,152	-	-	1,961,152
Deposits and other accounts				
Opening balance	-	-	-	-
Received during the period	-	101,680	-	101,680
Withdrawn during the period	-	(90,347)	-	(90,347)
Closing balance	-	11,333	-	11,333
Other Liabilities				
Accrued expenses and other liabilities	906,618	5,697	-	912,315

31 December 2024				
Holding company	Associates	Key management personnel	Directors	Total
(Rupees in '000)				
Borrowings				
Opening balance	563,721	-	-	563,721
Borrowings during the year	1,394,050	-	-	1,394,050
Gain on revaluation	(7,921)	-	-	-
Repaid during the period	-	-	-	-
Closing balance	1,949,850	-	-	1,957,771
Deposits and other accounts				
Opening balance	-	-	-	-
Received during the year	-	-	-	-
Withdrawn during the year	-	-	-	-
Closing balance	-	-	-	-
Other Liabilities				
Accrued expenses and other liabilities	906,618	5,257	-	911,875

For the period ended 31 March 2025 (Un-Audited)				
Holding company	Associates	Key management personnel	Directors	Total
(Rupees in '000)				
Transactions during the period				
Expense				
Salaries and allowances	-	210,825	-	210,825
Directors' fees and allowances	-	-	3,000	3,000
Operating expenses	-	19,040	-	19,040

For the period ended 31 March 2024 (Un-Audited)				
Holding Company	Associates	Key management Personnel	Directors	Total
(Rupees in '000)				
Transactions during the period				
Expenses				
Salaries and allowances	-	135,436	-	135,436
Directors' fees and allowances	-	-	-	-
Operating expenses	-	-	-	-

32. CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

31 March
2025
(Un-Audited)
(Rupees in '000)

Minimum Capital Requirement (MCR):

Paid-up capital (net of losses)

1,965,618

Capital Adequacy Ratio (CAR):

Eligible common equity tier 1 (CET 1) Capital

1,691,884

Eligible additional tier 1 (ADT 1) Capital

-

Total eligible tier 1 capital

1,691,884

Eligible tier 2 capital

7,881

Total eligible capital (tier 1 + tier 2)

1,699,765

Risk Weighted Assets (RWAs):

Credit risk

1,066,221

Market risk

1,961,120

Operational risk

217,964

Total

3,245,305

CET 1 capital adequacy ratio

52.13%

Tier 1 capital adequacy ratio

52.13%

Total capital adequacy ratio

52.38%

Minimum capital requirements prescribed by SBP

CET 1 capital adequacy ratio

9.50%

Tier 1 capital adequacy ratio

12.50%

Total capital adequacy ratio

15.00%

The Bank use simple, maturity method and basic indicator approach for credit risk, market risk and operational risk exposures respectively in the capital adequacy calculation.

Leverage Ratio (LR):

Eligible tier-1 capital

1,691,884

Total exposures

6,070,651

Leverage ratio

27.87%

Liquidity Coverage Ratio (LCR):

Total high quality liquid assets

2,501,983

Total net cash outflow

1,573,985

Liquidity coverage ratio

159%

Net Stable Funding Ratio (NSFR):

Total available stable funding

2,077,533

Total required stable funding

1,895,074

Net stable funding ratio

110%

32.1 Comparative figures have not been presented as the Bank commenced operations during the current year following the grant of a restricted banking license by the SBP.

33. NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Bank has received Rs. 992.712 million on April 15, 2025 from the parent company against right issue of shares.

34. GENERAL

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

34.2 Comparative information has been reclassified, rearranged, or incorporated where necessary in these condensed interim financial statements to facilitate comparison and to align with the format prescribed by the State Bank of Pakistan (SBP) under BPRD Circular Letter No. 2 dated February 9, 2023.

35. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on 25 April 2025 by the Board of Directors of the Bank.

Atif Saeed Dar
 Chief Financial Officer

Muhammad Hamayun Sajjad
 Chief Executive Officer

Fernando Morillo
 Chairman

Naseer ul Hasan
 Director

Iqbal Khanyari
 Director