



CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2026

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CORPORATE INFORMATION**As of June 30, 2026****Board of Directors**

Islam Zaib	Chairman / Non-Executive Director
Kamran Ahmed Afridi	Secretary Finance / Non-Executive Director
Syed Asad Ali Shah	Independent Director
Tahir Jawaid	Independent Director
Osman Asghar Khan	Independent Director
Muhammed Shahid Sadiq	Independent Director
Natasha Jehangir Khan	Independent Director

Managing Director / CEO

Hassan Raza

Shariah Board

Mufti Muhammad Zahid	Chairman Shariah Board
Mufti Muhammad Arif Khan	Member Shariah Board
Mufti Abdul Wahab	Member Shariah Board
Qazi Abdul Samad	Resident Shariah Board Member (RSBM)

Board Audit Committee

Syed Asad Ali Shah	Chairman
Kamran Ahmed Afridi	Member
Muhammed Shahid Sadiq	Member
Osman Asghar Khan	Member

Board Human Resource & Remuneration Committee

Islam Zaib	Chairman
Natasha Jehangir Khan	Member
Tahir Jawaid	Member
Osman Asghar Khan	Member

Board Risk Management Committee

Kamran Ahmed Afridi	Chairman
Muhammed Shahid Sadiq	Member
Hassan Raza	Member

Board Information Technology Committee

Osman Asghar Khan
Tahir Jawaid
Natasha Jehangir Khan
Syed Asad Ali Shah
Hassan Raza

Chairman
Member
Member
Member
Member

Board Compliance Committee

Natasha Jehangir Khan
Muhammed Shahid Sadiq
Hassan Raza

Chairperson
Member
Member

Chief Financial Officer

Irfan Saleem Awan

Company Secretary

Raza Mohsin Qizilbash

Registered Office / Head Office**The Bank of Khyber**

24 – The Mall, Peshawar Cantt.

UAN# 00-92-91-111 95 95 95

URL: www.bok.com.pk

Auditors

M/s Pwc A.F. Ferguson & Co.
Chartered Accountants

Legal Advisors

M/s. Mohsin Tayebaly & Co., Karachi

Registrar and Share Registration Office

THK Associates (Pvt) Ltd.
Plot # 32 – C, Jami Commercial Street 2
D.H.A, Phase – VII,
Karachi – 75500

Directors' Review

On behalf of the Board of Directors of the Bank of Khyber ("The Bank"), I am pleased to present the condensed interim financial information of the Bank for the six-month period ended June 30, 2026.

Financial Highlights

The financial results of the Bank (Standalone) for the period under review are as follows:

	(Rs. in Million)	
	As at	
	June 30 2026	December 31 2025
Total Assets	597,418	453,300
Deposits	486,658	378,123
Advances (Gross)	182,568	138,605
Investments (Net)	353,233	274,957

	(Rs. in Million)	
	For the six-month period ended	
	June 30 2026	June 30 2025
Profit Before Credit Loss Allowance	2,893	6,576
(Reversal) of Credit Loss allowance - Net	(292)	(618)
Profit before taxation	3,185	7,194
Taxation	1,719	3,829
Profit after tax	1,466	3,365

	(Rupees)	
Earnings Per Share	1.27	2.91

Economic and Performance Review

During the period under review, Pakistan's economy navigated a complex environment marked by global supply adjustments and regional geopolitical headwinds. In this scenario, the State Bank of Pakistan maintained a cautious monetary approach to balance price stability with growth incentives. The SBP raised the key benchmark rate by 100 basis points to 11.50% with effect from April 28, 2026 and the same rate is maintained to date.

In this backdrop, during the six-month period ended June 30, 2026, the Bank posted a profit before tax of Rs. 3,185 million, while profit after tax stood at Rs. 1,466 million, compared to profit before tax of Rs. 7,194 million and profit after tax of Rs. 3,365 million earned in the corresponding period last year. The market interest rate movements had negative impact on the comparative net yields of Bank's portfolio which thereby resulted in reduction in the net interest income as well as gain on securities for the half year. Moreover, Q2-2026 profitability moderated compared to Q1, driven by lower net markup income alongside higher non-markup expenses and credit loss provisions.

Non-markup expenses registered an increase of 13% during the six-month period compared to the corresponding period last year, mainly reflecting impact of increase in business activities and inflationary adjustments.

As a result of continuous recovery efforts and the prudent lending strategy pursued by management, the Bank achieved net reduction in NPLs from Rs. 12,530 million as at December 31, 2025 to Rs. 11,703 million as at June 30, 2026. Similarly, the Bank recorded a net reversal of credit loss allowance of Rs. 292 million during this half year.

Notwithstanding comparative reduction in profitability, the Bank maintained strong balance sheet growth during the period, reflecting continued business expansion and focus on strategy implementation. The Bank's total assets increased to Rs. 597,418 million as at June 30, 2026 against Rs. 453,300 million as of December 31, 2025. Net advances increased to Rs. 171,027 million as at June 30, 2026 (December 31, 2025: Rs. 126,706 million) while net investments increased to Rs. 353,233 million as compared to Rs. 274,957 million as at December 31, 2025.

The balance sheet growth during the period was funded by sizeable increase in deposits which amounted to Rs. 486,658 million as at June 30, 2026 as compared to Rs. 378,123 as of December 31, 2025. Similarly, borrowings increased to Rs. 71,720 million as against Rs. 35,698 million as at December 31, 2025. Alongside growth in balance sheet, the Bank continues to maintain strong liquidity and capital profile with LCR and CAR standing 205.10% and 15.46% respectively as at June 30, 2026 well above the regulatory requirements.

The Bank also continued to make progress towards implementation of its Islamic Banking conversion strategy. During the period under view, the Bank converted additional 11 conventional banking branches into Islamic banking Branches (IBBs). At the period end, the Bank is operating with 256 branches across the country out of which 212 are dedicated IBBs. The deposit of Islamic banking operations of the Bank as of June 30, 2026 stood at Rs. 259,275 million thereby reflecting growth of 28% since December 31, 2025.

Update on Subsidiary

On January 19, 2026, the SECP issued certificate of incorporation of the BOK Currency Exchange Company (Pvt.) Limited, a wholly owned subsidiary of the Bank. In this respect, the Bank has injected an amount of Rs. 1 billion as paid-up capital of the BOK exchange company during the six-month period under review. Accordingly, the Bank has also prepared and presented its consolidated financial statements for the six-month ended June 30, 2026. Currently, the subsidiary is in the process of completing the remaining regulatory formalities required for obtaining necessary approvals to commence foreign exchange business operations.

Ratings

In June 2026, The Pakistan Credit Rating Agency Limited (PACRA) upgraded the medium to long-term entity rating of the Bank to 'AA-' (Double A Minus), while maintaining the short-term rating at 'A1' (Single A One).

Moreover, in June 2026, VIS Credit Rating Company Limited (VIS) re-affirmed Bank's medium to long term entity rating of the Bank at 'AA-' (Double A Minus) and short-term rating at 'A1' (Single A One).

Outlook on these assigned ratings is 'Stable'. The medium to long-term rating of 'AA-' denotes high credit quality, with strong protection factors.

In April 2026, Islamic International Rating Agency ("IIRA") assigned the 'Shari'a Compliance and Fiduciary Rating' of "SCFR (pk) 1" to Islamic Banking Operations of the Bank on the national scale, which denotes "No material deviations from national regulatory framework for Shari'ah Compliant Finance" and "SCFR (Global) - High" on the global scale, which denotes, "High level of conformance to global standards in terms of fulfilling fiduciary obligations of Shari'ah compliant Finance".

Future Outlook

The Bank remains vigilant of prevailing economic conditions and will continue to focus on sustaining growth momentum while maintaining strong asset quality and capital discipline. The cornerstone of the Bank's strategy will remain the enhancement of service quality standards and the delivery of state-of-the-art banking services through effective leverage of technology and a well-trained workforce.

Furthermore, the Bank will prioritize prudent increase in advances across all economic segments and also aims to diversify its financing portfolio by targeting high-quality private sector borrowers for fresh loans, with an emphasis on opportunities in ancillary business and trade finance.

Acknowledgments

The Board would like to thank the Provincial Government, State Bank of Pakistan, Shareholders, regulatory authorities and all other stakeholders for their continued trust and support. We are also grateful to our valued customers for their patronage and continued confidence in the Bank.

For and on behalf of the Board of Directors

Peshawar: August 27, 2026


Hassan Raza
Managing Director & CEO

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of The Bank of Khyber

Report on review of Unconsolidated Condensed Interim Financial Statements

Introduction

We have reviewed the accompanying unconsolidated condensed interim statement of financial position of The Bank of Khyber (the Bank) as at June 30, 2026 and the related unconsolidated condensed interim statement of profit and loss account, unconsolidated condensed interim statement of comprehensive income, unconsolidated condensed interim statement of changes in equity, and unconsolidated condensed interim cash flow statement, and notes to the unconsolidated condensed interim financial statements for the six month period then ended (here-in-after referred to as the "unconsolidated interim financial statements"). Management is responsible for the preparation and presentation of these unconsolidated interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these unconsolidated interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of unconsolidated interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

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

Other Matter

Pursuant to the requirement of Section 237 (1) (b) of the Companies Act, 2017, only cumulative figures for the half year, presented in the second quarter accounts are subject to a limited scope review by the statutory auditors of the Bank. Accordingly, the figures of the unconsolidated condensed interim statement of profit and loss account and unconsolidated condensed interim statement of comprehensive income for the quarter ended June 30, 2026 have not been reviewed by us.

The engagement partner on the audit resulting in this independent auditor's report is M. Imtiaz Aslam.



Chartered Accountants
Islamabad
Date: August 28, 2026

UDIN: RR202610050qdsprM0m



Bank of Khyber

Unconsolidated Condensed
Interim Financial Statements

For the six month period ended June 30, 2026

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2026

		(Un-audited) June 30, 2026	(Audited) December 31, 2025
	Note	----- Rupees in '000 -----	
ASSETS			
Cash and balances with treasury banks	5	33,883,291	25,398,116
Balances with other banks	6	14,548,148	3,217,067
Lendings to financial institutions	7	1,633,632	3,438,549
Investments	8	353,233,177	274,956,627
Advances	9	171,026,970	126,705,821
Property and equipment	10	4,584,546	4,796,539
Right-of-use assets	11	1,336,666	1,626,161
Intangible assets	12	347,960	379,645
Deferred tax assets	13	2,374,766	1,032,911
Other assets	14	14,448,470	11,748,178
Total Assets		597,417,626	453,299,614
LIABILITIES			
Bills payable	15	2,812,871	3,212,340
Borrowings	16	71,720,280	35,697,978
Deposits and other accounts	17	486,658,247	378,123,220
Lease liabilities	18	1,544,988	1,757,104
Subordinated debt		-	-
Deferred tax liabilities		-	-
Other liabilities	19	12,800,867	10,832,282
Total Liabilities		575,537,253	429,622,924
NET ASSETS		21,880,373	23,676,690
REPRESENTED BY			
Share capital	20	11,579,360	11,579,360
Reserves		6,522,374	6,229,178
Surplus on revaluation of assets	21	53,389	1,358,853
Unappropriated profit		3,725,250	4,509,299
		21,880,373	23,676,690
CONTINGENCIES AND COMMITMENTS	22		

The annexed notes 1 to 41 form an integral part of these unconsolidated condensed interim financial statements.



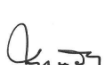
**MANAGING
DIRECTOR**



**CHIEF FINANCIAL
OFFICER**



DIRECTOR



DIRECTOR



DIRECTOR

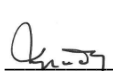
**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2026**

		Quarter ended	Period ended		
		April 1 to June 30, 2026	April 1 to June 30, 2025	January 1 to June 30, 2026	January 1 to June 30, 2025
Note		----- Rupees in '000 -----			
Mark-up / return / interest earned	23	13,160,470	14,088,548	24,534,738	27,588,830
Mark-up / return / interest expensed	24	9,027,956	9,348,813	16,185,449	17,743,484
Net mark-up / interest income		4,132,514	4,739,735	8,349,289	9,845,346
NON MARK-UP / INTEREST INCOME					
Fee and commission income	25	308,301	322,713	612,472	550,814
Dividend income		-	-	-	-
Foreign exchange income		133,728	209,795	225,559	282,162
Income / (loss) from derivatives		-	-	-	-
(Loss) / gain on securities	26	(15,780)	975,858	50,449	1,496,573
Net gain / (loss) on derecognition of financial assets measured at amortised cost	27	42,523	(41,361)	12,837	9,610
Share of profit of associate		5,719	5,498	8,504	8,466
Other income	28	30,387	47,730	62,314	72,513
Total non-mark-up / interest income		504,878	1,520,233	972,135	2,420,138
Total income		4,637,392	6,259,968	9,321,424	12,265,484
NON MARK-UP / INTEREST EXPENSES					
Operating expenses	29	3,374,544	2,968,884	6,307,106	5,689,358
Workers Welfare Fund		-	-	-	-
Other charges	30	120,823	30	120,848	160
Total non-mark-up / interest expenses		3,495,367	2,968,914	6,427,954	5,689,518
PROFIT BEFORE CREDIT LOSS ALLOWANCE		1,142,025	3,291,054	2,893,470	6,575,966
Charge / (Reversal) of credit loss allowance and write offs - net	31	65,557	(500,483)	(291,575)	(618,472)
PROFIT BEFORE TAXATION		1,076,468	3,791,537	3,185,045	7,194,438
Taxation	32	623,384	2,028,703	1,719,064	3,829,072
PROFIT AFTER TAXATION		453,084	1,762,834	1,465,981	3,365,366
-----Rupees -----					
Basic and diluted earnings per share	33	0.39	1.52	1.27	2.91

The annexed notes 1 to 41 form an integral part of these unconsolidated condensed interim financial statements.


**MANAGING
DIRECTOR**

**CHIEF FINANCIAL
OFFICER**

DIRECTOR

DIRECTOR

DIRECTOR

**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2026**

	Quarter ended		Period ended	
	April 1 to June 30, 2026	April 1 to June 30, 2025	January 1 to June 30, 2026	January 1 to June 30, 2025
	----- Rupees in '000 -----			
Profit after taxation for the period	453,084	1,762,834	1,465,981	3,365,366
Other comprehensive income / (loss)				
Items that may be reclassified to statement of profit and loss account in subsequent periods:				
Movement in surplus / (deficit) on revaluation of debt investments through FVOCI - net of tax	2,039	1,459,585	(1,289,302)	598,551
Loss / (gain) on sale of debt investments carried at FVOCI reclassified to profit and loss - net of tax	7,574	(473,624)	(24,216)	(718,355)
	9,613	985,961	(1,313,518)	(119,804)
Items that will not be reclassified to statement of profit and loss account in subsequent periods:				
Movement in (deficit) / surplus on revaluation of equity investments - net of tax	(12,065)	(58,921)	10,935	19,479
Share of (deficit) / surplus on revaluation of investment in associate - net of tax	(151)	-	-	1,339
	(12,216)	(58,921)	10,935	20,818
Total comprehensive income	450,481	2,689,874	163,398	3,266,380

The annexed notes 1 to 41 form an integral part of these unconsolidated condensed interim financial statements.



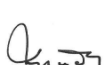
**MANAGING
DIRECTOR**



**CHIEF FINANCIAL
OFFICER**



DIRECTOR



DIRECTOR

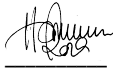


DIRECTOR

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2026

	Share capital	Statutory reserve	Surplus / (deficit) on revaluation of			Unappropriated profit	Total
			Investments	Property and equipment	Non-banking assets		
	Rupees in '000						
Balance as at December 31, 2024 (audited)	11,579,360	5,066,025	749,966	900,120	26,612	3,577,136	21,899,219
Effect of remeasurement on adoption of IFRS 9 - net of tax	-	-	90,629	-	-	-	90,629
Profit as at January 1, 2025 - restated	11,579,360	5,066,025	840,595	900,120	26,612	3,577,136	21,989,848
Profit after taxation for the six month period ended June 30, 2025	-	-	-	-	-	3,365,366	3,365,366
Other comprehensive [loss] / income - net of tax	-	-	-	-	-	-	-
Movement in surplus on revaluation of investments in debt instruments through OCI - net of tax	-	-	598,551	-	-	-	598,551
Gain on sale of debt investments carried at FVOCI reclassified to profit and loss - net of tax	-	-	(718,355)	-	-	-	(718,355)
Share of surplus on revaluation of investment of associate - net of tax	-	-	1,339	-	-	-	1,339
Movement in surplus on revaluation of equity investments - net of tax	-	-	19,479	-	-	-	19,479
Total other comprehensive loss - net of tax	-	-	(98,986)	-	-	-	(98,986)
Transfer to statutory reserve	-	673,073	-	-	-	(673,073)	-
Transfer from surplus on revaluation of non-banking asset to unappropriated profit - net of tax	-	-	-	-	(2,708)	2,708	-
Gain on disposal of equity investments at FVOCI of associate transferred to unappropriated profit-net of tax	-	-	(3,791)	-	-	3,791	-
Transactions with owners, recorded directly in equity	-	-	-	-	-	-	-
Final cash dividend for the year ended December 31, 2024 (Rs.1.70 per share)	-	-	-	-	-	(1,968,682)	(1,968,682)
Balance as at June 30, 2025 (un-audited) - restated	11,579,360	5,739,098	737,818	900,120	23,904	4,307,246	23,287,546
Profit after taxation for the six month period ended December 31, 2025	-	-	-	-	-	2,450,397	2,450,397
Other comprehensive income / (loss) - net of tax	-	-	-	-	-	-	-
Movement in surplus on revaluation of investments in debt instruments through FVOCI - net of tax	-	-	42,186	-	-	-	42,186
Gain on sale of debt investments carried at FVOCI reclassified to profit and loss - net of tax	-	-	(400,990)	-	-	-	(400,990)
Share of surplus on revaluation of investments of associate - net of tax	-	-	-	-	-	-	-
Movement in surplus on revaluation of equity investments - net of tax	-	-	26,540	-	-	-	26,540
Remeasurement (loss) on defined benefit obligations - net of tax	-	-	-	-	-	(24,064)	(24,064)
Deficit transferred to profit and loss on reclassification of debt investment - net of tax	-	-	792	-	-	-	792
Movement in surplus on revaluation of non-banking assets - net of tax	-	-	-	-	31,187	-	31,187
Total other comprehensive loss - net of tax	-	-	(331,472)	-	31,187	(24,064)	(324,349)
Transfer to statutory reserve	-	490,080	-	-	-	(490,080)	-
Transfer from surplus on revaluation of non-banking asset to unappropriated profit - net of tax	-	-	-	-	(2,704)	2,704	-
Gain on disposal of equity investments at FVOCI transferred to unappropriated profit - net of tax	-	-	-	-	-	-	-
Transactions with owners, recorded directly in equity	-	-	-	-	-	-	-
Interim cash dividend for the year ended December 31, 2025 (Rs.1.50 per share)	-	-	-	-	-	(1,736,904)	(1,736,904)
Balance as at December 31, 2025 (audited)	11,579,360	6,229,178	406,346	900,120	52,387	4,509,299	23,676,690
Impact of adoption of IFRS 9 - net of tax (note 4.12)	-	-	-	-	-	8,977	8,977
Profit as at January 1, 2026 - restated	11,579,360	6,229,178	406,346	900,120	52,387	4,518,276	23,685,667
Profit after taxation for the six month period ended June 30, 2026	-	-	-	-	-	1,465,981	1,465,981
Other comprehensive income / (loss) - net of tax	-	-	-	-	-	-	-
Movement in deficit on revaluation of investments in debt instruments through OCI - net of tax	-	-	(1,289,302)	-	-	-	(1,289,302)
Gain on sale of debt investments carried at FVOCI reclassified to profit and loss - net of tax	-	-	(24,216)	-	-	-	(24,216)
Share of surplus on revaluation of investment of associate - net of tax	-	-	-	-	-	-	-
Movement in surplus on revaluation of equity investments - net of tax	-	-	10,935	-	-	-	10,935
Total other comprehensive loss - net of tax	-	-	(1,302,583)	-	-	-	(1,302,583)
Transfer to statutory reserve	-	293,196	-	-	-	(293,196)	-
Transfer from surplus on revaluation of non-banking asset - net of tax	-	-	-	-	(2,881)	2,881	-
Transactions with owners, recorded directly in equity	-	-	-	-	-	-	-
Final cash dividend for the year ended December 31, 2025 (Rs.1.70 per share)	-	-	-	-	-	(1,968,692)	(1,968,692)
Balance as at June 30, 2026 (un-audited)	11,579,360	6,522,374	(896,237)	900,120	49,506	3,725,250	21,880,373

The annexed notes 1 to 41 form an integral part of these unconsolidated condensed interim financial statements.



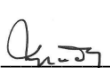
**MANAGING
DIRECTOR**



**CHIEF FINANCIAL
OFFICER**



DIRECTOR



DIRECTOR



DIRECTOR

**UNCONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2026**

	January 1 to June 30, 2026	January 1 to June 30, 2025
Note	----- Rupees in '000 -----	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	3,185,045	7,194,438
Less: Dividend income	-	-
	3,185,045	7,194,438
Adjustments:		
Net mark-up / return / interest income	(8,525,158)	(10,046,097)
Depreciation - Property and equipment	29 516,842	413,728
Depreciation - Non-banking assets acquired in satisfaction of claims	29 29,675	22,356
Depreciation - Right-of-use assets	29 377,535	377,190
Amortization	29 43,745	42,888
(Reversal) of credit loss allowance and write offs - net	31 (291,575)	(618,472)
Gain on disposal of property and equipment - net	28 (1,037)	(5,330)
Gain on early culmination of lease	28 (210)	(3,904)
Finance charges on leased assets	24 175,869	200,751
Net (gain) on derecognition of financial assets measured at amortised cost	27 (12,837)	(9,610)
Unwinding of deferred cost on staff loans	85,489	74,270
Exchange loss / (gain) on cash and cash equivalents	26,721	(100,831)
Share of profit of associate	(8,504)	(8,466)
	(7,583,445)	(9,661,527)
(Increase) / decrease in operating assets	(4,398,400)	(2,467,089)
Lendings to financial institutions	1,807,096	(3,767,461)
Securities classified as FVPL	40	5,402
Advances	(43,894,412)	31,936,269
Other assets (excluding advance taxation and mark-up receivable)	80,066	(395,895)
	(42,007,210)	27,778,315
Increase / (decrease) in operating liabilities		
Bills payable	(399,469)	(19,678,013)
Borrowings from financial institutions	36,022,302	(25,259,637)
Deposits	108,535,027	104,368,445
Other liabilities (excluding mark-up payable)	207,689	(81,018)
	144,365,549	59,349,777
Mark-up / interest received	22,916,369	26,497,613
Mark-up / interest paid	(14,280,455)	(19,641,987)
Income tax paid	(3,032,570)	(2,285,498)
Net cash flow generated from operating activities	103,563,283	89,231,131
CASH FLOW FROM INVESTING ACTIVITIES		
Net investments in amortised cost	(195,456)	(2,441,879)
Net investments in securities classified as FVOCI	(79,782,220)	(66,548,984)
Investment in BOK Currency Exchange Company (Private) Limited	(1,000,000)	-
Investments in property and equipment	(304,963)	(304,794)
Investments in intangible assets	(12,060)	(31,858)
Disposal of property and equipment	1,151	6,095
Net cash flow (used in) investing activities	(81,293,548)	(69,321,420)
CASH FLOW FROM FINANCING ACTIVITIES		
Payments of lease obligations against right-of-use assets	(475,815)	(504,176)
Dividend paid	(1,950,575)	(1,950,361)
Net cash flow (used in) financing activities	(2,426,390)	(2,454,537)
Effects of credit loss allowance changes on cash and cash equivalents	(368)	(118)
Effects of exchange rate changes on cash and cash equivalents	(26,721)	100,831
Increase in cash and cash equivalents	19,816,256	17,555,887
Cash and cash equivalents at beginning of the period	28,615,183	27,245,369
Cash and cash equivalents at end of the period	48,431,439	44,801,256

The annexed notes 1 to 41 form an integral part of these unconsolidated condensed interim financial statements.



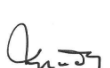
**MANAGING
DIRECTOR**



**CHIEF FINANCIAL
OFFICER**



DIRECTOR



DIRECTOR



DIRECTOR

NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2026

1 STATUS AND NATURE OF BUSINESS

The Bank of Khyber (the Bank) was established in Pakistan under The Bank of Khyber Act, 1991 and is principally engaged in the business of commercial banking and related services. The Bank acquired the status of a scheduled bank in 1994 and is listed on the Pakistan Stock Exchange Limited. The registered office of the Bank is situated at 24-The Mall, Peshawar Cantt, Peshawar. The Bank operates 256 branches including 212 Islamic banking branches (December 31, 2025: 254 branches including 199 Islamic banking branches). During the period, the Bank has converted additional 11 of its conventional banking branches into Islamic banking branches. The long term credit rating of the Bank assigned by VIS Credit Rating Company Limited and Pakistan Credit Rating Agency Limited (PACRA) are 'AA-' and 'AA-' (December 31, 2025: 'AA-' and 'A+') respectively and the short-term credit ratings assigned are 'A1' (A-One) and 'A-1' (A-One) (December 31, 2025: 'A1' (A-One) and 'A-1' (A-One)) respectively. The majority shares (i.e. 70.20%) of the Bank are held by Government of Khyber Pakhtunkhwa (GoKP).

During the period, the Securities and Exchange Commission of Pakistan (SECP) has issued certificate of incorporation of 'BOK Currency Exchange Company (Private) Limited' dated January 19, 2026 (incorporated as a wholly owned subsidiary of the Bank), and the Bank has injected an amount of Rs. 1,000 million as paid up capital in BOK Exchange Company. Currently, the BOK Exchange Company is in the process of completing the regulatory formalities and obtaining the necessary approvals to commence its operations.

The Provincial Assembly of Khyber Pakhtunkhwa has passed the Bank of Khyber (Amendment) Act, 2022. As part of the amendments, the name of Bank has been changed from "The Bank of Khyber" to "Bank of Khyber". The Bank is in the process of seeking necessary regulatory approval for the same.

2 BASIS OF PREPARATION

- 2.1 In accordance with the directives of the Federal Government regarding the shifting of the banking system to Islamic modes, the State Bank of Pakistan (SBP) has issued various circulars from time to time. Permissible forms of trade-related modes of financing include purchase of goods by the banks from their customers and immediate resale to them at appropriate profit in price on deferred payment basis. The purchases and sales arising under the respective arrangements (except for Murabaha financings accounted for under Islamic Financial Accounting Standard -1("Murabaha")) are not reflected in these unconsolidated condensed interim financial statements as such, but are restricted to the amount of facility actually utilized and the appropriate portion of profit thereon.
- 2.2 These unconsolidated condensed interim financial statements represent separate financial statements of the Bank in which investment in subsidiary is accounted for on the basis of cost less accumulated impairment losses, if any. Consolidated condensed interim financial statements are prepared separately.
- 2.3 The Islamic banking branches of the Bank have complied with the requirements as set out in the Islamic Financial Accounting Standards (IFAS), issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the provisions of Companies Act, 2017.
- 2.4 The financial results of the Islamic Banking Branches have been included in these unconsolidated condensed interim financial statements for reporting purposes, after eliminating the effects of inter-branch transactions and balances. Key financial figures of the Islamic Banking Branches are disclosed in note 38 to these unconsolidated condensed interim financial statements.

**NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2026**

- 2.5** These unconsolidated condensed interim financial statements have been prepared under the historical cost convention except that certain class of property and equipment and non-banking assets acquired in satisfaction of claims are stated at revalued amounts; certain investments classified at fair value through profit or loss and at fair value through other comprehensive income, foreign exchange contracts and derivative financial instruments, if any, are stated at fair value; staff loans are measured at fair value at initial recognition; and the recognition of certain employees benefits, lease liabilities and corresponding right of use assets at present value, as disclosed in their respective notes.
- 2.6** The Bank believes that there is no significant doubt on the Bank's ability to continue as a going concern. Therefore, these unconsolidated condensed interim financial statements have been prepared on a going concern basis.
- 2.7** These unconsolidated condensed interim financial statements have been presented in Pakistani Rupee, which is the Bank's functional and presentation currency. The figures have been rounded off to the nearest thousand rupees, unless otherwise stated.

3 STATEMENT OF COMPLIANCE

- 3.1** These unconsolidated condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, 'Interim Financial Reporting' issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the Companies Act, 2017;
- Provisions of, directives and notifications issued under the Banking Companies Ordinance, 1962 and the Companies Act, 2017; and
- Directives issued by the State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan (SECP).

Whenever the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 or the directives and notifications issued by the SBP and the SECP differ with the requirements of IAS 34 or IFAS, the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 and the said directives and notifications, shall prevail.

- 3.2** The disclosures made in these unconsolidated condensed interim financial statements have been limited based on the format prescribed by the SBP vide BPRD Circular Letter No. 2 dated February 9, 2023 and IAS 34. These unconsolidated condensed interim financial statements do not include all the information and disclosures required in the audited annual financial statements, and should be read in conjunction with the audited annual financial statements for the year ended December 31, 2025.
- 3.3** SBP vide BSD Circular Letter No. 10, dated August 26, 2002, has deferred the applicability of International Accounting Standard (IAS) 40, Investment Property for banking companies till further instructions. Moreover, SBP vide BPRD Circular No. 4, dated February 25, 2015, has deferred the applicability of Islamic Financial Accounting Standards (IFAS) 3, Profit and Loss Sharing on Deposits. Accordingly, the requirements of these standards have not been considered in the preparation of these unconsolidated condensed interim financial statements.

NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2026

3.4 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, issued by the 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 will not have any material effect on the Bank's unconsolidated condensed interim financial statements including the following:

- IFRS 7, 'Financial Instruments: Disclosures'; the SECP through S.R.O. 742(1)/2025 dated April 16, 2025 has required disclosures regarding the significance of financial instruments to the Bank's financial position and performance, as well as the nature, extent, and management of risks arising from such instruments. Accordingly, the Bank will adopt IFRS 7 in preparing its annual financial statements for the year ending December 31, 2026. However, the disclosure requirements of IFRS 7 do not apply to these unconsolidated condensed interim financial statements except for those specified in paragraph 16A(j) of IAS 34, 'Interim Financial Reporting'.

- certain amendments to IFRS 7 'Financial Instruments: Disclosures' and IFRS 9 'Financial Instruments' have become applicable on the Bank which clarify the date of recognition and derecognition of a financial asset or financial liability. These amendments do not have any material impact and therefore, have not been detailed in these unconsolidated condensed interim financial statements.

3.5 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 IASB, interpretations and amendments that are mandatory for the Bank's accounting periods beginning on or after January 1, 2027 but are considered not to be relevant or do not have any material effect on the Bank's unconsolidated condensed interim financial statements except for:

- the new standard - IFRS 18 'Presentation and Disclosure in Financial Statements' (published in April 2024) with applicability date of January 1, 2027. Application of IFRS 18 will impact the presentation of 'Statement of Profit and Loss Account' with certain additional disclosures as and when instructed by SBP.

4 MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies applied in the preparation of these unconsolidated condensed interim financial statements are consistent with those applied in the preparation of the annual audited financial statements of the Bank for the year ended December 31, 2025, except for changes mentioned in note 4.1 below.

4.1 IFRS 9 - Financial Instruments

4.1.1 The Bank adopted IFRS 9 effective from January 1, 2024, except for certain relaxations and extensions issued by the SBP from time to time. The impacts of these relaxations and extensions were incorporated in the annual audited financial statements of the Bank for the years ended December 2024 and 2025, with the modified retrospective approach as permitted under IFRS-9.

NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2026

4.1.2 In addition, SBP in a separate instruction vide letter BPRD/RPD/822456/25 dated January 22, 2025 allowed an extension for application of Effective Interest Rate (EIR) upto December 31, 2025. During the current period, in accordance with aforementioned instructions, the Bank has applied the EIR on the financial instruments as at January 1, 2026. Accordingly, cumulative impact of application of EIR amounting to Rs. 8,977 thousand, net of tax, has increased the equity at the beginning of the current period with a corresponding impact on the income / mark-up accrued and mark-up / return / interest payable.

4.2 The SBP has directed the Banks through its BPRD Circular Letter No. 1 dated January 22, 2025 to continue to apply the existing revenue recognition methodology for Islamic Operations, including the requirements of IFAS 1 and IFAS 2 until further instructions. Had the IFRS-9 been adopted in its entirety for revenue recognition from Islamic operations. The profit after tax of the bank would have been higher by Rs. 185,265 thousand.

4.3 Critical accounting estimates and judgements

The basis for accounting estimates adopted in the preparation of these unconsolidated condensed interim financial statements are the same as that applied in the preparation of the annual audited financial statements for the year ended December 31, 2025.

4.4 Financial risk management

The financial risk management objectives and policies adopted by the Bank are consistent with those disclosed in the annual audited financial statements for the year ended December 31, 2025.

5 CASH AND BALANCES WITH TREASURY BANKS

In hand

Local currency
Foreign currencies

(Un-audited) June 30, 2026	(Audited) December 31, 2025
----- Rupees in '000 -----	

8,649,359	7,042,878
224,042	142,560
8,873,401	7,185,438

With State Bank of Pakistan in

Local currency current accounts
Foreign currency current accounts
Foreign currency deposit accounts

18,794,476	14,897,044
35,444	105,018
321,033	266,202
19,150,953	15,268,264

With National Bank of Pakistan in

Local currency current accounts
Local currency deposit accounts
Foreign currency current accounts

5,837,714	2,321,247
12,202	612,385
8,683	10,442
5,858,599	2,944,074

Prize bonds

Less: Credit loss allowance held against cash and
balances with treasury banks

354	354
(16)	(14)

Cash and balances with treasury banks - net of credit loss allowance

33,883,291	25,398,116
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NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2026

	Note	(Un-audited) June 30, 2026	(Audited) December 31, 2025
		----- Rupees in '000 -----	
6 BALANCES WITH OTHER BANKS			
In Pakistan			
In current accounts		3,880,305	1,010,786
In deposit accounts		632,706	344,727
		4,513,011	1,355,513
Outside Pakistan			
In current accounts		957,650	357,530
In deposit accounts		9,087,993	1,514,164
		10,045,643	1,871,694
Less: Credit loss allowance held against balances with other banks		(10,506)	(10,140)
Balances with other banks - net of credit loss allowance		14,548,148	3,217,067
7 LENDINGS TO FINANCIAL INSTITUTIONS			
Placements with financial institutions		217,140	224,236
Call / clean money lending		1,500,000	3,300,000
		1,717,140	3,524,236
Less: Credit loss allowance held against lendings to financial institutions	7.1	(83,508)	(85,687)
Lendings to financial institutions - net of credit loss allowance		1,633,632	3,438,549
7.1 Lendings to financial institutions - particulars of credit loss allowance			
		(Un-audited) June 30, 2026	(Audited) December 31, 2025
		Lending	Credit loss allowance held
		Lending	Credit loss allowance held
		----- Rupees in '000 -----	
Domestic			
Performing	Stage 1	1,500,000	-
Under performing	Stage 2	-	-
Non-performing	Stage 3	-	-
Substandard		-	-
Doubtful		-	-
Loss		217,140	83,508
	7.2	217,140	83,508
Total		1,717,140	83,508
Overseas		-	-
Total		-	-

- 7.2** As at June 30, 2026, the Bank has availed the forced sales value benefit amounting to Rs. 133.63 million (December 31, 2025: Rs. 138.55 million), that is equivalent to the market value of the Pakistan Investment Bonds received by the Bank as part of the settlement agreement against a non performing lending of the Bank. The resulting increase in the unappropriated profit (net of tax) amounting to Rs. 64.14 million (December 31, 2025: Rs. 65.12 million) is not available for the distribution of cash or stock dividend to shareholders or bonus to employees.

NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2026

		(Un-audited) June 30, 2026			
8	INVESTMENTS	Cost / amortised cost	Credit loss allowance	Surplus / (deficit)	Carrying value
8.1	Investments by type:	-----Rupees in '000-----			
	Fair value through profit or loss (FVPL)				
	Non Government Debt Securities	1,364,640	-	(15,459)	1,349,181
	Fair value through other comprehensive income (FVOCI)				
	Federal Government Securities	340,022,536	-	(1,039,827)	338,982,709
	Shares	677,081	-	(155,675)	521,406
	Non-Government Debt Securities	2,371,795	(137,493)	(125,087)	2,109,215
		343,071,412	(137,493)	(1,320,589)	341,613,330
	Amortised cost (AC)				
	Federal Government Securities	8,636,803	-	-	8,636,803
	Non-Government Debt Securities	507,882	(13)	-	507,869
		9,144,685	(13)	-	9,144,672
	Associate	125,994	-	-	125,994
	Subsidiary	1,000,000	-	-	1,000,000
	Total investments	354,706,731	(137,506)	(1,336,048)	353,233,177
		(Audited) December 31, 2025			
		Cost / amortised cost	Credit loss allowance	Surplus / (deficit)	Carrying value
		-----Rupees in '000-----			
	Fair value through profit or loss (FVPL)				
	Non Government Debt Securities	1,364,680	-	(15,459)	1,349,221
	Fair value through other comprehensive income (FVOCI)				
	Federal Government Securities	259,127,494	-	1,661,852	260,789,346
	Shares	677,081	-	(178,456)	498,625
	Non-Government Debt Securities	2,617,666	(141,626)	(90,270)	2,385,770
		262,422,241	(141,626)	1,393,126	263,673,741
	Amortised cost (AC)				
	Federal Government Securities	9,308,916	-	-	9,308,916
	Non-Government Debt Securities	507,264	(5)	-	507,259
		9,816,180	(5)	-	9,816,175
	Associate	117,490	-	-	117,490
	Total investments	273,720,591	(141,631)	1,377,667	274,956,627
		(Un-audited) (Audited) June 30, December 31, 2026 2025			
8.2	Investments given as collateral	-----Rupees in '000-----			
	Market Treasury Bills			-	-
	Pakistan Investment Bonds	43,474,337			13,878,200
	Ijara Sukuks	19,473,726			-
8.2.1		62,948,063			13,878,200

8.2.1 The market value of securities given as collateral is Rs. 63,476.18 million (December 31, 2025: Rs. 13,871.20 million).

**NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2026**

	(Un-audited) June 30, 2026	(Audited) December 31, 2025
	----- Rupees in '000 -----	
8.3 Credit loss allowance for diminution in value of investments		
Opening balance	141,631	158,189
Charge / (reversals)		
Charge for the period / year	7	5
Reversal on disposals / repayment during the period / year	(4,132)	(16,563)
	(4,125)	(16,558)
Closing balance	137,506	141,631

8.4 Particulars of credit loss allowance against debt securities

Category of classification		(Un-audited) June 30, 2026		(Audited) December 31, 2025	
		Outstanding amount	Credit loss allowance held	Outstanding amount	Credit loss allowance held
----- Rupees in '000 -----					
Domestic					
Performing	Stage 1	2,742,184	13	2,983,304	5
Underperforming	Stage 2	-	-	-	-
Non-performing	Stage 3				
Substandard		-	-	-	-
Doubtful		-	-	-	-
Loss		137,493	137,493	141,626	141,626
		137,493	137,493	141,626	141,626
Total		2,879,677	137,506	3,124,930	141,631
Overseas		-	-	-	-
Total		-	-	-	-

NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2026

8.5 Summarised financial information of associate

8.5.1 Investment in associate - unlisted

Taurus Securities Limited
Taurus Securities Limited

Period / year ended	Number of shares	Percentage of holding	Country of incorporation	Cost Rupees in '000
June 30, 2026 (Un-audited)	4,050,374	30%	Pakistan	40,504
December 31, 2025 (Audited)	4,050,374	30%	Pakistan	40,504

8.5.2 Summary of financial information of associate

Based on financial statements:

- October 1, 2025 to June 30, 2026

- October 1, 2024 to September 30, 2025

----- Rupees in '000 -----				
Assets	Liabilities	Equity	Revenue	Profit after taxation
				Total comprehensive income

1,586,079	1,266,102	419,977	285,034	28,348
1,560,181	1,168,548	391,633	325,148	51,292
				60,588

8.5.3 Reporting date of associate (i.e. Taurus Securities Limited) is December 31. Further, results of its operations including share of profit and other comprehensive income for the three months period October 1, 2025 to December 31, 2025 has been extracted by subtracting nine months period January 1, 2025 to September 30, 2025 figures from the annual audited financial statements for the year ended December 31, 2025 and then adding that to six months period figures from January 1, 2026 to June 30, 2026 based on its un-audited interim financial statements.

8.6 Summarised financial information of subsidiary

8.6.1 Investment in subsidiary - unlisted

BoK Currency Exchange Company (Private) Limited

Period / year ended	Number of shares	Percentage of holding	Country of incorporation	Cost Rupees in '000
June 30, 2026 (Un-audited)	100,000,000	100%	Pakistan	1,000,000

8.6.2 Summary of financial information of subsidiary

Based on financial statements:

- January 19, 2026 to June 30, 2026

----- Rupees in '000 -----				
Assets	Liabilities	Equity	Revenue	Profit after taxation
				Total comprehensive income
				e

1,035,020	25,382	1,009,638	33,071	9,638

8.7 The market value of securities classified as amortised cost as at June 30, 2026 amounted to Rs. 9,164.22 million (December 31, 2025: Rs. 9,921.04 million).

**NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2026**

9 ADVANCES

Note	Performing		Non performing		Total	
	(Un-audited) June 30, 2026	(Audited) December 31, 2025	(Un-audited) June 30, 2026	(Audited) December 31, 2025	(Un-audited) June 30, 2026	(Audited) December 31, 2025
	-----Rupees in '000-----					
Loans, cash credits, running finances, etc.	49,327,485	41,044,761	9,247,116	10,367,438	58,574,601	51,412,199
Islamic financing and related assets	123,372,041	86,833,272	2,236,254	1,943,405	125,608,295	88,776,677
Bills discounted and purchased	-	99,608	219,630	219,630	219,630	319,238
	172,699,526	127,977,641	11,703,000	12,530,473	184,402,526	140,508,114
Impact of fair valuation and modification of advances	(1,834,483)	(1,903,583)	-	-	(1,834,483)	(1,903,583)
Advances - gross	170,865,043	126,074,058	11,703,000	12,530,473	182,568,043	138,604,531

9.3 Credit loss allowance against advances

- Stage 1	605,888	702,763	-	-	605,888	702,763
- Stage 2	523,401	395,797	-	-	523,401	395,797
- Stage 3	-	-	10,411,784	10,800,150	10,411,784	10,800,150
	1,129,289	1,098,560	10,411,784	10,800,150	11,541,073	11,898,710
Advances - net of credit loss allowance	169,735,754	124,975,498	1,291,216	1,730,323	171,026,970	126,705,821

(Un-audited)
June 30,
2026

(Audited)
December 31,
2025

9.1 Particulars of advances (gross)

In local currency
In foreign currencies

182,568,043

138,604,531

182,568,043

138,604,531

NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2026

9.2 Advances include Rs. 11,703 million (December 31, 2025: Rs. 12,530.47 million) which have been placed under non-performing / stage 3 status as detailed below:

Category of classification in stage 3	(Un-audited) June 30, 2026		(Audited) December 31, 2025	
	Non performing loans	Credit loss allowance	Non performing loans	Credit loss allowance
	----- Rupees in '000 -----			
Domestic				
Other assets especially mentioned (OAEM)	59,006	41,888	151,988	81,548
Substandard	511,023	333,988	774,959	530,827
Doubtful	794,166	518,057	419,689	283,341
Loss	10,338,805	9,517,851	11,183,837	9,904,434
	11,703,000	10,411,784	12,530,473	10,800,150
Overseas	-	-	-	-
Total	11,703,000	10,411,784	12,530,473	10,800,150

NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2026

9.3 Particulars of credit loss allowance against advances

	(Un-audited) June 30, 2026			(Audited) December 31, 2025		
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2
	----- Rupees in '000 -----					
Opening balance	702,763	395,797	10,800,150	11,898,710	731,140	584,619
Charge for the period / year	251,858	638,188	255,638	1,145,684	522,484	650,837
Reversals for the period / year	(348,733)	(510,584)	(644,004)	(1,503,321)	(550,861)	(839,659)
	(96,875)	127,604	(388,366)	(357,637)	(26,377)	(188,822)
Amounts written off	-	-	-	-	-	-
Closing balance	605,888	523,401	10,411,784	11,541,073	702,763	395,797

	(Un-audited) June 30, 2026			(Audited) December 31, 2025		
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2
	----- Rupees in '000 -----					
Opening balance	702,763	395,797	10,800,150	11,898,710	731,140	584,619
New advances	187,752	230,475	1,126	419,353	435,680	88,991
Advances derecognised or repaid	(104,401)	(154,552)	(261,249)	(520,202)	(170,478)	(94,545)
Transfer to stage 1	64,106	(55,645)	(8,461)	-	86,804	(82,910)
Transfer to stage 2	(33,419)	407,713	(374,294)	-	(75,325)	561,846
Transfer to stage 3	(2,563)	(11,527)	14,090	-	(8,594)	(152,486)
	111,475	416,464	(628,788)	(100,849)	268,087	340,896
Changes in risk parameters (PDs/ LGDs/ EADs)	(208,350)	(288,860)	240,422	(256,788)	(296,464)	(529,718)
Closing balance	605,888	523,401	10,411,784	11,541,073	702,763	395,797

9.4 Advances - Particulars of credit loss allowance

	(Un-audited) June 30, 2026			(Audited) December 31, 2025		
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2
	----- Rupees in '000 -----					
Opening balance	702,763	395,797	10,800,150	11,898,710	731,140	584,619
New advances	187,752	230,475	1,126	419,353	435,680	88,991
Advances derecognised or repaid	(104,401)	(154,552)	(261,249)	(520,202)	(170,478)	(94,545)
Transfer to stage 1	64,106	(55,645)	(8,461)	-	86,804	(82,910)
Transfer to stage 2	(33,419)	407,713	(374,294)	-	(75,325)	561,846
Transfer to stage 3	(2,563)	(11,527)	14,090	-	(8,594)	(152,486)
	111,475	416,464	(628,788)	(100,849)	268,087	340,896
Changes in risk parameters (PDs/ LGDs/ EADs)	(208,350)	(288,860)	240,422	(256,788)	(296,464)	(529,718)
Closing balance	605,888	523,401	10,411,784	11,541,073	702,763	395,797

NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2026

		(Un-audited) June 30, 2026		(Audited) December 31, 2025	
		Outstanding amount	Credit loss allowance held	Outstanding amount	Credit loss allowance held
----- Rupees in '000 -----					
9.4.1 Advances - Category of classification					
Domestic					
Performing	Stage 1	118,551,256	605,888	81,305,726	702,763
Underperforming	Stage 2	52,313,787	523,401	44,768,332	395,797
Non-performing	Stage 3				
Other assets especially mentioned (OAEM)		59,006	41,888	151,988	81,548
Substandard		511,023	333,988	774,959	530,827
Doubtful		794,166	518,057	419,689	283,341
Loss		10,338,805	9,517,851	11,183,837	9,904,434
		11,703,000	10,411,784	12,530,473	10,800,150
Total		182,568,043	11,541,073	138,604,531	11,898,710
Overseas		-	-	-	-
Total		-	-	-	-

- 9.4.2** State Bank of Pakistan (SBP) through BSD Circular No.1 dated October 21, 2011 has allowed benefit of the forced sales value (FSV) of plant & machinery under charge, pledged stocks & mortgaged residential, commercial and industrial properties (land and building only), held as collateral against Non-Performing Loans (NPLs) for a maximum of five years from the date of classification.

The Bank has adopted IFRS 9 with effect from January 1, 2024. In accordance with the SBP's IFRS 9 Application Instructions (together with BPRD Circular Letter No.16 of 2024 dated July 29, 2024), credit loss allowance / provision against NPLs has been taken at higher of the i) provision as required under SBP's Prudential Regulations; or ii) credit loss allowance computed in accordance with the requirements of the Application Instructions. This has effectively reduced the cumulative FSV benefit availed by the Bank as on period end. As at June 30, 2026, the Bank has availed cumulative benefit of forced sales value of Rs. 743.53 million (December 31, 2025: Rs. 936.19 million). Increase in unappropriated profit amounting to Rs. 356.90 million (December 31, 2025: Rs. 440.00 million) is not available for the distribution of cash or stock dividend to shareholders or bonus to employees.

		(Un-audited) June 30, 2026	(Audited) December 31, 2025
----- Rupees in '000 -----			
10 PROPERTY AND EQUIPMENT	Note		
Capital work-in-progress	10.1	141,570	290,463
Property and equipment		4,442,976	4,506,076
		4,584,546	4,796,539
10.1 Capital work-in-progress			
Civil works		137,333	76,921
Equipment		4,237	212,400
Furniture and fixtures		-	216
Advances to suppliers		-	926
		141,570	290,463

**NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2026**

		(Un-audited) For the six months ended	
		June 30, 2026	June 30, 2025
		----- Rupees in '000 -----	
12.1	Additions to intangible assets		
	The following additions have been made to intangible assets during the period:		
	Directly purchased - intangible assets	-	-
	Capital work in progress - net	3,174	9,922
	Total	3,174	9,922

12.2 Disposals of intangible assets

No intangible assets were disposed off during the periods ended June 30, 2026 and June 30, 2025.

		(Un-audited) June 30, 2026	(Audited) December 31, 2025
		----- Rupees in '000 -----	
13	DEFERRED TAX ASSETS		
	Deductible temporary differences on		
	Accelerated accounting depreciation	510,150	409,463
	Credit loss allowance against investments	12,862	15,007
	Unrealised loss on FVPL investments	8,039	8,039
	Credit loss allowance against advances and off balance sheet obligations	1,382,519	1,521,093
	Credit loss allowance against cash and balances with treasury banks	10	8
	Credit loss allowance against balances with other banks	5,463	5,273
	Credit loss allowance against other assets	23,479	23,812
	Islamic pool management reserves	48,314	51,067
	Deficit on revaluation of FVOCI investments - net	426,946	-
	Others	222,773	188,373
		2,640,555	2,222,135
	Taxable temporary differences on		
	Share of profit of associate	(44,455)	(40,033)
	Surplus on revaluation of FVOCI investments - net	-	(984,186)
	Surplus on revaluation of non-banking asset	(53,628)	(56,751)
	Modification of advances	(38,571)	(14,175)
	Fair valuation of staff loans	(129,135)	(94,079)
		(265,789)	(1,189,224)
	Deferred tax assets - net	2,374,766	1,032,911

**NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2026**

		(Un-audited) June 30, 2026	(Audited) December 31, 2025
	Note	----- Rupees in '000 -----	
14 OTHER ASSETS			
Income / mark-up accrued in local currency		7,913,636	6,522,531
Advances, deposits, advance rent and other prepayments		447,176	373,019
Advance taxation (payments less provisions)		1,996,706	623,647
Non-banking assets acquired in satisfaction of claims		202,787	226,459
Mark to market gain on forward foreign exchange contracts		3,215	8,926
Acceptances		2,173	2,910
Pre-IPO investment		100,000	100,000
Stationary and stamps on hand		164,664	169,411
Clearing and settlement accounts		659,307	1,019,518
Branch adjustment account		4,841	10,812
Receivable from the State Bank of Pakistan		689,626	477,287
Deferred cost on staff loans		2,156,993	2,111,764
Others		193,790	182,975
		<u>14,534,914</u>	<u>11,829,259</u>
Less: Credit loss allowance held against other assets	14.1	(189,578)	(190,219)
Other assets - net of credit loss allowance		<u>14,345,336</u>	<u>11,639,040</u>
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	21	103,134	109,138
Other assets - total		<u>14,448,470</u>	<u>11,748,178</u>
14.1 Credit loss allowance held against other assets			
Income / mark-up accrued in local currency		2,082	2,723
Advances for Pre-IPO investment		100,000	100,000
Others		87,496	87,496
		<u>189,578</u>	<u>190,219</u>
14.1.1 Movement in credit loss allowance held against other assets			
Opening balance		190,219	190,357
Charge for the period / year		591	1,250
Reversal for the period / year		(1,232)	(1,388)
		(641)	(138)
Closing balance		<u>189,578</u>	<u>190,219</u>
15 BILLS PAYABLE			
In Pakistan		2,812,871	3,212,340
Outside Pakistan		-	-
		<u>2,812,871</u>	<u>3,212,340</u>

NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2026

16 BORROWINGS

Secured

Borrowings from State Bank of Pakistan (SBP) under:

- Export refinance scheme
- Long term financing facility
- Refinance and credit guarantee scheme for women entrepreneurs
- Financing facility for renewable energy
- Refinance facility for modernization of Small and Medium Enterprises (SMEs)
- Refinance facility for combating COVID-19
- SME Asaan Scheme (SAAF)
- Financing facility for storage of agriculture produce
- Repurchase agreement borrowings
- Acceptance mudarbah

Repurchase agreement borrowings

Total secured

Unsecured

Call borrowings

Total

(Un-audited) June 30, 2026	(Audited) December 31, 2025
----------------------------------	-----------------------------------

----- Rupees in '000 -----

1,971,000	2,205,700
2,024,246	2,367,827
38,443	46,242
175,442	204,448
115,372	134,449
75,359	182,745
227,278	321,801
95,077	107,538
42,351,908	-
19,473,726	-
66,547,851	5,570,750
1,122,429	13,878,200
67,670,280	19,448,950
4,050,000	16,249,028
71,720,280	35,697,978

17 DEPOSITS AND OTHER ACCOUNTS

(Un-audited)
June 30, 2026

(Audited)
December 31, 2025

In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
----- Rupees in '000 -----					
Customers					
Current deposits	80,703,550	1,302,549	82,006,099	68,296,014	744,527
Saving deposits	207,083,653	104,145	207,187,798	176,241,734	116,671
Term deposits	173,982,634	265,589	174,248,223	107,567,941	601,574
Others	18,731,042	-	18,731,042	21,709,929	-
	480,500,879	1,672,283	482,173,162	373,815,618	1,462,772
Financial Institutions					
Current deposits	1,042,106	31,071	1,073,177	1,999,589	30,896
Saving deposits	3,207,508	-	3,207,508	814,345	-
Term deposits	204,400	-	204,400	-	-
	4,454,014	31,071	4,485,085	2,813,934	30,896
	484,954,893	1,703,354	486,658,247	376,629,552	1,493,668

(Un-audited) June 30, 2026	(Audited) December 31, 2025
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----- Rupees in '000 -----

18 LEASE LIABILITIES

Outstanding amount at the start of the period / year

Additions during the period / year

Lease payments including interest during the period / year

Interest expense

Terminations / modifications during the period / year

Outstanding amount at the end of the period / year

1,757,104	2,147,700
91,658	379,414
(475,815)	(1,097,755)
175,869	390,465
(3,828)	(62,720)
(212,116)	(390,596)
1,544,988	1,757,104

NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2026

	(Un-audited) June 30, 2026	(Audited) December 31, 2025
	----- Rupees in '000 -----	
18.1 Liabilities outstanding		
Not later than one year	664,922	585,565
Later than one year and up to five years	880,066	1,171,539
Total at the period / year end	<u>1,544,988</u>	<u>1,757,104</u>
18.2 The Bank mainly has lease contracts for real estate that are used in its operations including branches and other offices. Generally, the Bank is restricted from assigning and subleasing the lease assets. As a practical expedient, management does not separate lease and non-lease components, wherever applicable. The additions to lease obligations during the period have been discounted at rates ranging between 10.40% to 12.24% (December 31, 2025: 10.98% to 12.24%) per annum; being the relevant incremental borrowing rate of the Bank.		
	(Un-audited) June 30, 2026	(Audited) December 31, 2025
	----- Rupees in '000 -----	
19 OTHER LIABILITIES		
Mark-up / return / interest payable in local currency	9,072,518	7,389,057
Mark-up / return / interest payable in foreign currencies	3,059	16,380
Unearned commission and income on bills discounted	134,791	150,512
Accrued expenses and supplier payables	1,581,809	1,835,808
Acceptances	2,173	2,910
Unclaimed dividends	131,359	113,242
Mark to market loss on forward foreign exchange contracts	1,305	147
Deferred income on government schemes	1,275	1,275
Deferred income on Islamic financing	597,550	622,651
Islamic pool management reserves	92,911	98,206
Share subscription money refund	1,091	1,091
Retention money	32,317	39,738
Bills payment system over the counter (BPS-OTC)	-	49,502
Charity fund balance	12,483	11,648
Payable to defined benefit plan	81,053	3,499
Security deposits against ijarah	27,343	32,153
Levies and other taxes payable	64,726	38,629
Credit loss allowance against off-balance sheet obligations	115,045	42,406
Others	848,059	383,428
	<u>12,800,867</u>	<u>10,832,282</u>
19.1 Credit loss allowance against off-balance sheet obligations		
Opening balance	42,406	44,098
Charge for the period / year	105,993	19,419
Reversal for the period / year	(33,354)	(21,111)
	72,639	(1,692)
Closing balance	<u>115,045</u>	<u>42,406</u>

NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2026

20 SHARE CAPITAL

20.1 Authorized capital

(Un-audited) June 30, 2026	(Audited) December 31, 2025		(Un-audited) June 30, 2026	(Audited) December 31, 2025
Number of shares			----- Rupees in '000 -----	
1,500,000,000	1,500,000,000	Ordinary shares of Rs. 10 each	15,000,000	15,000,000

20.2 Issued, subscribed and paid up

(Un-audited) June 30, 2026	(Audited) December 31, 2025		(Un-audited) June 30, 2026	(Audited) December 31, 2025
Number of shares			----- Rupees in '000 -----	
		Ordinary shares of Rs. 10 each		
722,698,448	722,698,448	Fully paid in cash	7,226,984	7,226,984
435,237,541	435,237,541	Issued as fully paid bonus shares	4,352,376	4,352,376
<u>1,157,935,989</u>	<u>1,157,935,989</u>	Closing balance	<u>11,579,360</u>	<u>11,579,360</u>

20.3 The Bank has only one class of shares and at reporting date, the Government of Khyber Pakhtunkhwa and Ismail Industries Limited held 812,893,804 (December 31, 2025: 812,893,804) and 282,852,969 (December 31, 2025: 282,852,969) ordinary shares respectively. Moreover, the Bank has no reserved shares under options.

21 SURPLUS ON REVALUATION OF ASSETS

(Deficit) / surplus on revaluation of:

- Securities measured at FVOCI - Debt
- Securities measured at FVOCI - Equity
- Property and equipment
- Non-banking assets acquired in satisfaction of claims
- Investment of associate

(Un-audited) June 30, 2026	(Audited) December 31, 2025
----- Rupees in '000 -----	
(1,164,914)	1,571,582
(155,675)	(178,456)
900,120	900,120
103,134	109,138
(5,404)	(5,404)
(322,739)	2,396,980

Deferred tax on deficit / (surplus) on revaluation of:

- Securities measured at FVOCI - Debt
- Securities measured at FVOCI - Equity
- Non-banking assets acquired in satisfaction of claims
- Investment of associate

605,755	(817,223)
(178,809)	(166,963)
(53,628)	(56,751)
2,810	2,810
376,128	(1,038,127)
<u>53,389</u>	<u>1,358,853</u>

NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2026

		(Un-audited) June 30, 2026	(Audited) December 31, 2025
	Note	----- Rupees in '000 -----	
22 CONTINGENCIES AND COMMITMENTS			
Guarantees	22.1	31,049,486	44,153,665
Commitments	22.2	45,458,569	27,482,911
		<u>76,508,055</u>	<u>71,636,576</u>
22.1 Guarantees:			
Financial guarantees		300,000	300,000
Performance guarantees		30,743,404	43,847,583
Other guarantees		6,082	6,082
		<u>31,049,486</u>	<u>44,153,665</u>
22.2 Commitments:			
Documentary credits and short-term trade-related transactions			
- Letters of credit		17,704,998	14,495,539
Commitments in respect of:			
- Forward foreign exchange contracts	22.2.1	22,754,294	2,660,236
Commitments for acquisition of:			
- Property and equipment		116,308	396,538
- Intangible assets		89,544	69,828
Undrawn loan commitments	22.2.2	4,793,425	9,860,770
Other commitments		-	-
		<u>45,458,569</u>	<u>27,482,911</u>
22.2.1 Commitments in respect of forward foreign exchange contracts			
Purchase		6,854,373	792,236
Sale		15,899,921	1,868,000
		<u>22,754,294</u>	<u>2,660,236</u>

Commitments for outstanding forward foreign exchange contracts are disclosed in these unconsolidated condensed interim financial statements at contracted rates.

22.2.2 Undrawn loan commitments

These represent commitments that are irrevocable because they cannot be withdrawn at the discretion of the Bank without the risk of incurring significant penalty or expense. In addition, the Bank makes revocable commitments that do not attract any significant penalty or expense if the facility is unilaterally withdrawn.

22.3 Other contingent liabilities

- 22.3.1** There are certain claims which have not been acknowledged as debts. These mainly represent counter claims by the borrowers, claims filed by the former employees of the Bank and certain other claims. Based on legal advice and/or internal assessments management is optimistic that the matters will be decided in the Bank's favour and the possibility of any adverse outcome is remote. Accordingly, no provision has been made in these unconsolidated condensed interim financial statements for the same.

NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2026

22.3.2 The Bank is contesting a case filed by an employee in the Peshawar High Court regarding changes in post retirement benefit plans made by the Bank w.e.f. January 1, 2019. The management based on a legal opinion is of the view that such changes were lawfully made as per Bank's policy and is optimistic about the favourable outcome of the case. Hence, no provision in this respect is recognised in these unconsolidated condensed interim financial statements. Considering the complexity and uncertainty in nature, the financial impact cannot be reasonably ascertained.

22.3.3 The Bank is subject to periodic inspections and reviews by the State Bank of Pakistan. Such inspections may result in observations, remedial actions, administrative penalties or other regulatory measures. As of the reporting date, an inspection is underway. Management believes that the outcome of this matter cannot be presently determined with sufficient certainty and accordingly no provision has been recognised. Moreover, as per the practice, the financial effect, if any, will be recognised when it becomes probable and can be reliably estimated.

22.3.4 During the period, the Bank entered into an agreement with M/s Mastercard Middle East Africa; under which certain support payments are linked to specified performance targets. As at period end, support payments amounting to USD 647 thousand received by the Bank remain contingent upon achievement of such targets over the period of ten years of the agreement. Based on an assessment performed, management is confident of achieving the specified targets in future periods, accordingly, no provision has been recognized in these unconsolidated interim financial statements.

22.3.5 The matters arising from income tax assessments of the Bank up to Tax Year 2025 are detailed below:

- i) In respect of Tax Year 2014, the Commissioner Inland Revenue, Appeals (CIRA), issued an order dated November 24, 2021 under section 129 of the Income Tax Ordinance, 2001 in which he remanded back certain matters to Commissioner Inland Revenue (CIR) for reassessment and also upheld few matters. Being aggrieved, the Bank filed an appeal with Appellate Tribunal Inland Revenue (ATIR) on February 23, 2022, which is currently pending.

The remand back proceedings were also completed by CIR, and order was issued, creating a total demand of Rs. 231 million (December 31, 2025: Rs. 231 million) in respect of remand back proceedings and for matter upheld by CIRA and mainly included disallowances on account of provision for doubtful debt, depreciation and workers welfare fund. The Bank filed correction application with CIR as well as appeal with CIRA, on May 18, 2022 which is currently pending.

- ii) In respect of Tax Year 2015, Deputy Commissioner Inland Revenue issued an order dated February 23, 2023 creating an additional tax demand along with default surcharge of Rs. 645 million (December 31, 2025: Rs. 645 million) under section 161 of Income Tax Ordinance, 2001, mainly on account of non-deduction of withholding taxes on profit on debt, salaries and wages, advertisement and professional charges etc. Being aggrieved, the Bank filed an appeal before CIRA on March 22, 2023 which is currently pending.

Further, the Bank's assessment was amended under section 122(5A) by the Additional Commissioner Inland Revenue on December 13, 2016. The Bank filed an appeal before the CIR(A), who deleted the additions made by the ACIR. The case was subsequently selected for audit, which was concluded on September 30, 2021, resulting in a tax demand of Rs. 64.13 million. The Bank filed an appeal before the CIR(A), who, on May 24, 2023, upheld the disallowance of markup. Being aggrieved, the Bank filed an appeal before the ATIR and tax demand was reduced to Rs. 54.24 million. The matter is currently pending before Peshawar High Court.

- iii) In respect of Tax Year 2016, Additional Commissioner Inland Revenue issued an order dated June 21, 2022 creating a demand of Rs. 188 million (December 31, 2025: Rs. 188 million) on account of provision for non-performing loans and advances. Being aggrieved the Bank filed an appeal with CIRA on July 22, 2022 which is currently pending.

- iv) In respect of Tax Year 2017, Additional Commissioner Inland Revenue issued an order dated May 29, 2023 creating a demand of Rs. 130 million (December 31, 2025: Rs. 130 million) on account of provision for non-performing loans and advances. Being aggrieved the Bank filed an appeal with CIRA on July 4, 2023 which is currently pending.

**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2026**

- v) In respect of Tax Year 2019, Assistant Commissioner Inland Revenue issued an order dated November 30, 2023 creating a demand of Rs. 962 million (December 31, 2025: Rs. 962 million) along with default surcharge amounting to Rs. 567 million (December 31, 2025: Rs. 567 million) under section 161 of Income Tax Ordinance, 2001, mainly on account of non-deduction of withholding taxes. Being aggrieved, the Bank filed an appeal against the order on January 1, 2024. Appellate Tribunal Inland Revenue (ATIR) issued an order dated March 7, 2025, remanding the matter back to the assessing officer for a fresh decision after the examination of records.

During the period, the assessing officer completed the remand back proceedings and issued an order dated June 29, 2026 under section 161(1) of the Income Tax Ordinance, 2001, reducing the demand to Rs. 28 million including default surcharge of Rs. 6 million. Being aggrieved, the Bank filed an appeal before CIR(A) on July 28, 2026, which is currently pending.

- vi) In respect of Tax Year 2020, Additional Commissioner Inland Revenue issued an order dated May 25, 2026 under section 122(5A) of the Income Tax Ordinance, 2001, creating a demand of Rs. 271 million by disallowing the Bank's claim of refund adjustment. Being aggrieved, the Bank filed an appeal before CIRA on June 18, 2026 which is currently pending.

Further, Assistant Commissioner Inland Revenue issued an order dated June 30, 2026 under section 161(1) of the Income Tax Ordinance, 2001, creating a demand of Rs. 26 million including default surcharge of Rs. 3 million, mainly on account of non-deduction of withholding taxes. Being aggrieved, the Bank filed an appeal before CIRA on July 28, 2026, which is currently pending.

- vii) In respect of Tax Year 2021, Additional Commissioner Inland Revenue issued an order dated May 25, 2026 under section 122(5A) of the Income Tax Ordinance, 2001, creating a demand of Rs. 199 million by disallowing the Bank's claim of refund adjustment. Being aggrieved, the Bank filed an appeal before CIRA on June 18, 2026 which is currently pending.

- viii) In respect of Tax Year 2022, Deputy Commissioner Inland Revenue issued an order dated December 8, 2025 creating a tax demand along with default surcharge of Rs. 6.620 billion under section 161 of Income Tax Ordinance, 2001, mainly on account of non-deduction of withholding taxes on profit on debt, dividend paid, salaries and wages, advertisement, professional and other charges etc. Being aggrieved, the Bank filed an appeal before CIRA on January 9, 2026. The demand was then reduced to Rs. 25 million (including default surcharge), vide order dated April 8, 2026. The Bank filed an appeal before the ATIR, which is currently pending.

- ix) In respect of Tax Year 2023, Additional Commissioner Inland Revenue issued an order dated May 25, 2026 under section 122(5A) of the Income Tax Ordinance, 2001, creating a demand of Rs. 71 million by disallowing the Bank's claim of refund adjustment. Being aggrieved, the Bank filed an appeal before CIRA on June 18, 2026 which is currently pending.

- x) In respect of Tax Year 2024, Additional Commissioner Inland Revenue issued an order dated April 14, 2026 under section 122(5A) of the Income Tax Ordinance, 2001, creating a demand of Rs. 210 million by disallowing the Bank's claim of refund adjustment. Being aggrieved, the Bank filed an appeal before CIRA on May 14, 2026 which is currently pending.

Moreover, a recovery notice under section 138(1) was issued to the Bank, against which the Bank's stay application was rejected by CIRA on May 20, 2026. The Bank thereafter filed an interim appeal along with a stay application before ATIR on May 21, 2026. The Division Bench of the ATIR, Peshawar, vide order dated May 25, 2026 granted a stay against recovery proceedings until the disposal of the main appeal by CIRA. Subsequently, CIRA on July 10, 2026 upheld the department's decision. Being aggrieved, the Bank filed an appeal before ATIR on July 23, 2026 and ATIR granted stay on July 24, 2026.

Management is confident of a favourable outcome of the above matters. Hence, no provision has been recognised for the same in these unconsolidated condensed interim financial statements.

- 22.3.6** The Bank's share of contingencies of its associated company i.e. Taurus Securities Limited amounts to Rs. 8.61 million (December 31, 2025: Rs. 9.37 million). No provision has been recognised for the same in these unconsolidated condensed interim financial statements.

**NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2026**

		(Un-audited)	
		For the six months ended	
		June 30,	June 30,
		2026	2025
		----- Rupees in '000 -----	
23	MARK-UP / RETURN / INTEREST EARNED	Note	
	Loans and advances	7,766,463	7,089,255
	Investments	9,991,430	13,305,414
	Lendings to financial institutions	88,362	327,820
	Balances with banks	53,932	108,122
	Sukuk bonds	6,634,551	6,758,219
		<u>24,534,738</u>	<u>27,588,830</u>
23.1	Interest income included in above (calculated using effective interest rate method) recognized on:		
	Financial assets measured at amortized cost	8,407,800	
	Financial assets measured at FVOCI	16,040,409	
		<u>24.1.1</u>	<u>24,448,209</u>
24	MARK-UP / RETURN / INTEREST EXPENSED		
	Deposits	11,596,765	12,620,495
	Borrowings	4,412,815	4,922,238
	Lease liability	175,869	200,751
		<u>16,185,449</u>	<u>17,743,484</u>
24.1	Interest expense included in above calculated using effective interest rate method:		
	Financial liabilities	24.1.1	16,009,580
24.1.1	As disclosed in note 4.1.2, the Bank has applied the effective interest rate method during the current period under the modified retrospective approach. The impact has been recognised in opening equity, and accordingly, prior information has not been presented.		
		(Un-audited)	
		For the six months ended	
		June 30,	June 30,
		2026	2025
		----- Rupees in '000 -----	
25	FEE AND COMMISSION INCOME	Note	
	Branch banking customer fees	15,811	14,278
	Consumer finance related fees	-	475
	Card related fees (Debit cards)	351,413	262,654
	Commission on trade	70,541	82,573
	Commission on guarantees	119,568	118,068
	Commission on remittances including home remittances	12,581	34,683
	Rebate from financial institutions	35,427	30,644
	Others	7,131	7,439
		<u>612,472</u>	<u>550,814</u>
26	GAIN ON SECURITIES		
	Realised gain	26.1	50,449
	Unrealised gain/ (loss) - measured at FVPL	-	1,496,573
		<u>50,449</u>	<u>1,496,573</u>
26.1	Realised gain on:		
	Federal government securities	<u>50,449</u>	<u>1,496,573</u>
27	NET GAIN / (LOSS) ON DERECOGNITION OF FINANCIAL ASSETS MEASURED AT AMORTISED COST		
	Gain on derecognition of financial assets measured at amortised cost	36,370	29,736
	Loss on derecognition of financial assets measured at amortised cost	(23,533)	(20,126)
		<u>12,837</u>	<u>9,610</u>
28	OTHER INCOME		
	Rent on property	1,204	1,676
	Gain on sale of property and equipment - net	1,037	5,330
	Postal, swift and other services	59,853	61,283
	Gain on early culmination of lease	210	3,904
	Service income on Government schemes	10	320
		<u>62,314</u>	<u>72,513</u>

**NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2025**

		(Un-audited) For the six months ended	
		June 30, 2025	June 30, 2025
		----- Rupees in '000 -----	
29	OPERATING EXPENSES		
	Total compensation expense	2,922,375	2,584,182
	Property expense		
	Rent and taxes	10,777	7,340
	Utilities cost	230,922	245,277
	Security (including guards)	200,134	187,578
	Repair and maintenance (including janitorial charges)	16,506	14,034
	Depreciation - Right of use assets	377,535	377,190
	Depreciation - Non banking assets acquired in satisfaction of claims	29,675	22,356
	Depreciation - Property and equipment	209,006	198,741
		1,074,555	1,052,516
	Information technology expenses		
	Software maintenance	326,810	327,724
	Hardware maintenance	36,902	52,712
	Depreciation - Property and equipment	253,241	166,339
	Amortization	43,745	42,888
	Network charges	9,087	8,833
	Connectivity charges	138,057	158,774
	ATM charges	92,048	135,101
		899,890	892,371
	Other operating expenses		
	Directors' fees and allowances	48,003	24,602
	Fees and allowances to Shariah Board	8,433	7,652
	Legal and professional charges	21,832	27,805
	Outsourced service cost	247,705	209,264
	Travelling and conveyance	57,251	50,096
	NIFT clearing charges	21,540	16,243
	Depreciation - Property and equipment	54,595	48,648
	Training and development	2,745	8,691
	Postage and courier charges	34,556	40,681
	Communication	154,606	118,847
	Stationery and printing	72,108	73,262
	Marketing, advertisement and publicity	270,606	125,106
	Auditors' remuneration	11,574	12,300
	Entertainment	34,598	34,698
	Newspapers and periodicals	903	1,346
	Brokerage and commission	16,201	19,863
	Rent and taxes	474	1,270
	Cash carriage charges	82,931	71,700
	Repair and maintenance	27,286	68,140
	Utilities cost	5,681	5,692
	Insurance	27,295	48,039
	Fees and subscriptions	7,597	4,595
	Deposit protection premium	104,682	79,934
	Home remittance charges	54,011	31,223
	Others	43,073	30,592
		1,410,286	1,160,289
		6,307,106	5,689,358
30	OTHER CHARGES		
	Penalties imposed by State Bank of Pakistan	120,848	160

**NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2026**

		(Un-audited) For the six months ended	
		June 30, 2026	June 30, 2025
		----- Rupees in '000 -----	
31	(REVERSAL OF) / CREDIT LOSS ALLOWANCE AND WRITE OFFS - NET	Note	
	Credit loss allowance held against cash and and balances with treasury banks and balances with other banks	5 & 6	368
	(Reversal) of credit loss allowance against lendings to financial institutions	7	(2,179)
	(Reversal) of credit loss allowance for diminution in value of investments	8.3	(4,125)
	(Reversal) of credit loss allowance against advances	9.3	(357,637)
	(Reversal) of credit loss allowance against other assets	14.1.1	(641)
	Credit loss allowance against off balance sheet obligations	19.1	72,639
			(291,575)
			(618,472)
32	TAXATION		
	Current		1,659,511
	Deferred		59,553
			1,719,064
33	BASIC AND DILUTED EARNINGS PER SHARE		
	Profit for the period		1,465,981
			3,365,366
			----- (Number of shares) -----
	Weighted average number of ordinary shares		1,157,935,989
			1,157,935,989
			----- (Rupees) -----
	Basic and diluted earnings per share		1.27
			2.91

33.1 There were no dilutive potential ordinary shares outstanding as at June 30, 2026 and June 30, 2025.

34 FAIR VALUE MEASUREMENTS

The fair value of quoted securities other than those classified under amortised cost, is based on quoted market price. Quoted securities classified under amortised cost are carried at cost. The fair value of unquoted equity securities, other than investments in subsidiary and associate, is determined on the basis of valuation methodologies. 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 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 assets and liabilities are either short-term in nature or in the case of customer loans and deposits, are frequently re-priced.

34.1 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 liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurements using inputs that are not based on observable market data (i.e. unobservable inputs).

NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2026

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

		(Un-audited) June 30, 2026				
		Carrying value	Fair value			
			Level 1	Level 2	Level 3	Total
On balance sheet financial instruments			----- Rupees in '000 -----			
Financial assets - measured at fair value						
Investments						
Federal Government Securities	338,982,709	89,313,426	249,669,283	-	-	338,982,709
Shares	521,406	220,695	-	300,711	-	521,406
Non-Government Debt Securities	3,458,396	1,006,994	2,451,402	-	-	3,458,396
Financial assets - disclosed but not measured at fair value						
Investments						
Federal Government Securities	8,636,803	-	8,628,261	-	-	8,628,261
Non-Government Debt Securities	507,869	535,959	-	-	-	535,959
Off-balance sheet financial instruments - measured at fair value						
Forward exchange contracts purchase	6,854,373	-	1,305	-	-	1,305
Forward exchange contracts sale	15,899,921	-	3,215	-	-	3,215

(Audited)
December 31, 2025

		Carrying value	Fair value			
			Level 1	Level 2	Level 3	Total
On balance sheet financial instruments			----- Rupees in '000 -----			
Financial assets measured at fair value						
Investments						
Federal Government Securities	260,789,346	84,287,213	176,502,133	-	-	260,789,346
Shares	498,625	207,139	-	291,486	-	498,625
Non-Government Debt Securities	3,734,991	1,057,884	2,677,107	-	-	3,734,991
Financial assets - disclosed but not measured at fair value						
Investments						
Federal Government Securities	9,308,916	-	9,364,123	-	-	9,364,123
Non-Government Debt Securities	507,259	556,914	-	-	-	556,914
Off-balance sheet financial instruments - measured at fair value						
Forward exchange contracts purchase	792,236	-	147	-	-	147
Forward exchange contracts sale	1,868,000	-	8,926	-	-	8,926

34.2 The Bank measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements. 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 the transfer occurred. During the period the Bank has reclassified two (2) Pakistan Investment Bonds (PIBs) with a carrying amount of Rs 866,951 million from amortised cost to FVOCI following a reassessment of the business model for managing the PIB portfolio. There were no transfers between level 1 and 2 during the period.

Leasehold land is carried at revalued amount as determined by professional valuer, based on their assessment of market value and has been classified under level-3 as the effect of changes in the unobservable inputs used in the valuation cannot be determined with certainty.

34.2.1 Fair value of financial assets

(a) Financial instruments in level 1

Financial instruments included in level 1 comprise of investments in listed ordinary shares and listed Government of Pakistan (GoP) - Ijarah Sukuks, and listed non-government debt securities.

(b) Financial instruments in level 2

Financial instruments included in level 2 comprise of Sukuks Bonds, Pakistan Investment Bonds, Market Treasury Bills, Term Finance certificates, and un-listed non-government debt securities and forward exchange contracts.

(c) Financial instruments in level 3

Financial instruments included in level 3 comprise of investments in un-listed ordinary shares.

NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2026

34.2.2 Fair value of non - financial assets

Certain categories of property and equipment (leasehold land) of Rs. 1,016.28 million (December 31, 2025: Rs. 1,016.28 million) and non banking assets acquired in satisfaction of claims of Rs. 305.92 million (December 31, 2025: Rs. 335.60 million) are carried at revalued amounts (level 3 measurements) determined by professional valuers based on their assessment of the market values. The valuations are conducted by the valuation experts appointed by Bank which are also on panel of State Bank of Pakistan.

34.2.3 Valuation techniques and inputs used in determination of fair values within level 1

Fully paid-up ordinary shares, listed GOP Ijarah, Sukuks (GIS) and listed non-Government debt securities.

Fair values of investments in listed equity securities and listed GOP Ijarah Sukuks (GIS) are valued on the basis of closing quoted market prices available at the Pakistan Stock Exchange.

34.2.4 Valuation techniques and inputs used in determination of fair values within level 2

Pakistan Investment Bonds / Market Treasury Bills

Fair values of Pakistan Investment Bonds and Treasury Bills are derived using the PKRV rates for fixed rate securities and PKFRV rates for floating rate PIBs (Reuters page).

Un-listed GOP Ijarah Sukuks

Fair values of unlisted GoP Ijarah Sukuks are derived using the PKISRV rates announced by the Financial Market Association (FMA) through Reuters. These rates denote an average of quotes received from eight different pre-defined / approved dealers / brokers.

Term Finance, Bonds and Sukuk certificates

Investments in debt securities (comprising term finance certificates, bonds, Sukuk certificates and any other security issued by a company or a body corporate for the purpose of raising funds in the form of redeemable capital) are valued on the basis of the rates announced by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by the Securities and Exchange Commission of Pakistan. In the determination of the rates, the MUFAP takes into account the holding pattern of these securities and categorizes these as traded, thinly traded and non-traded securities. However, fair values of investments in unquoted debt securities are valued on the basis of present value technique based on market interest rates.

Valuation techniques and inputs used in determination of fair values within level 3

Property & equipment (Leasehold land) and non-banking assets acquired in satisfaction of claims

These assets are revalued on regular basis using professional valuers on the panel of Pakistan Banker's Association. The valuation is based on their assessment of market value of the properties. The valuation experts used a market based approach to arrive at the fair value of the Bank's properties. The market approach used prices and other relevant information generated by market transactions involving identical, comparable or similar properties. These values are adjusted to reflect the current condition of the properties. The effect of changes in the unobservable inputs used in the valuations cannot be determined with certainty accordingly a qualitative disclosure of sensitivity has not been presented in these financial statements.

Unquoted equity securities

Fair value of unquoted equity securities is determined on the basis of income approach.

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurement of investments:

Description	Fair value Rupees in '000	Unobservable input	Discount rate	Relationship of unobservable inputs to fair value
Unquoted equity securities	300,711	Discount rate	15%	Increase / (decrease) in discount rate by 1% with all other variables held constant, would (decrease) / increase the fair value by Rs. 9,021 thousand.

The following table shows reconciliation of investments measured at level 3 fair value:

Opening balance
Impact of adoption of IFRS 9
Balance as at January 1
Remeasurement recognised in OCI
Closing balance

(Un-audited) June 30, 2026	(Audited) December 31, 2025
----- Rupees in '000 -----	
291,486	89,302
-	188,810
291,486	278,112
9,225	13,374
300,711	291,486

NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2026

35 SEGMENT INFORMATION

35.1 Segment details with respect to business activities

	For the six months ended June 30, 2026 (Un-audited)				
	Corporate Finance	Trading and Sales	Retail Banking	Commercial Banking	Total
	----- Rupees in 000 -----				
Profit and loss					
Net mark-up / return / profit	(5,143,102)	13,751,809	(1,765,985)	1,506,567	8,349,289
Inter segment revenue - net	6,490,318	(8,384,183)	1,990,472	(96,607)	-
Non mark-up / return / interest income	7,267	382,667	384,232	197,969	972,135
Total income	1,354,483	5,750,293	608,719	1,607,929	9,321,424
Segment direct expenses	(3,888,388)	(99,641)	(1,240,100)	(1,199,825)	(6,427,954)
Inter segment expense allocation	2,971,912	(3,791,151)	828,226	(8,987)	-
Total expenses	(916,476)	(3,890,792)	(411,874)	(1,208,812)	(6,427,954)
Credit loss allowance	-	(21,924)	11,844	301,655	291,575
Profit before tax	438,007	1,837,577	208,689	700,772	3,185,045

As at June 30, 2026 (Un-audited)					
Corporate Finance	Trading and Sales	Retail Banking	Commercial Banking	Total	
----- Rupees in 000 -----					
Balance sheet					
Cash and bank balances	6,717,449	25,786,773	884,998	15,042,219	48,431,439
Investments	9,144,672	342,962,511	-	1,125,994	353,233,177
Net inter segment lending	241,720,366	(321,200,182)	83,143,004	(3,663,188)	-
Lendings to financial institutions	-	1,633,632	-	-	1,633,632
Advances - performing	80,622,766	-	11,507,540	77,605,448	169,735,754
Advances - non performing	-	-	314,220	976,996	1,291,216
Others	3,980,128	9,419,984	4,673,365	5,018,931	23,092,408
Total assets	342,185,381	58,602,718	100,523,127	96,106,400	597,417,626
Borrowings	24,195,943	43,474,337	-	4,050,000	71,720,280
Deposits and other accounts	304,845,215	-	97,222,422	84,590,610	486,658,247
Net inter segment borrowing	(241,720,366)	321,200,182	(83,143,004)	3,663,188	-
Others	9,464,700	1,218,129	2,664,159	3,811,738	17,158,726
Total liabilities	96,785,492	365,892,648	16,743,577	96,115,536	575,537,253
Equity	245,399,889	(307,289,930)	83,779,550	(9,136)	21,880,373
Total equity and liabilities	342,185,381	58,602,718	100,523,127	96,106,400	597,417,626
Contingencies and commitments	17,955,429	22,888,925	12,152,413	23,511,288	76,508,055

NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2025

	For the six months ended June 30, 2025 (Un-audited)				
	Corporate Finance	Trading and Sales	Retail Banking	Commercial Banking	Total
	----- Rupees in 000 -----				
Profit and loss					
Net mark-up / return / profit	(3,230,520)	15,268,962	(2,166,746)	(26,350)	9,845,346
Inter segment revenue - net	4,785,654	(8,585,557)	2,780,731	1,019,172	-
Non mark-up / return / interest income	31,380	1,933,601	291,522	163,635	2,420,138
Total Income	1,586,514	8,617,006	905,507	1,156,457	12,265,484
Segment direct expenses	(3,094,285)	(109,307)	(1,524,964)	(960,962)	(5,689,518)
Inter segment expense allocation	2,358,380	(3,887,699)	1,104,944	424,375	-
Total expenses	(735,905)	(3,997,006)	(420,020)	(536,587)	(5,689,518)
Reversal of credit loss allowance	-	17,434	76,518	524,520	618,472
Profit before tax	850,609	4,637,434	562,005	1,144,390	7,194,438
	As at December 31, 2025 (Audited)				
	Corporate Finance	Trading and Sales	Retail Banking	Commercial Banking	Total
	----- Rupees in 000 -----				
Balance sheet					
Cash and bank balances	3,908,003	17,966,414	886,196	5,854,570	28,615,183
Investments	9,816,175	265,022,962	-	117,490	274,956,627
Net inter segment lending	168,242,348	(263,810,079)	77,687,081	17,880,650	-
Lendings to financial institutions	-	3,438,549	-	-	3,438,549
Advances - performing	48,578,815	-	12,994,176	63,402,507	124,975,498
Advances - non performing	-	-	242,664	1,487,659	1,730,323
Others	3,343,288	7,236,330	3,624,791	5,379,025	19,583,434
Total assets	233,888,629	29,854,176	95,434,908	94,121,901	453,299,614
Borrowings	5,570,750	13,878,200	-	16,249,028	35,697,978
Deposits and other accounts	216,876,558	-	91,356,440	69,890,222	378,123,220
Net inter segment borrowing	(168,242,348)	263,810,079	(77,687,081)	(17,880,650)	-
Others	8,012,494	637,338	3,151,465	4,000,429	15,801,726
Total liabilities	62,217,454	278,325,617	16,820,824	72,259,029	429,622,924
Equity	171,671,175	(248,471,441)	78,614,084	21,862,872	23,676,690
Total equity and liabilities	233,888,629	29,854,176	95,434,908	94,121,901	453,299,614
Contingencies and commitments	22,590,344	2,969,298	12,163,032	33,913,902	71,636,576

35.2 Geographical segment

Segment details with respect to geographical locations are not presented in these unconsolidated condensed interim financial statements as geographically the Bank conducts all its operations in Pakistan only.

NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2026

36 RELATED PARTY TRANSACTIONS

The Bank has related party relationship with its majority shareholders (Government of Khyber Pakhtunkhwa and Ismail Industries Limited), subsidiary, associate, directors, key management personnel, staff retirement benefit plan and other related parties.

The Bank 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. Contributions to and accruals in respect of staff retirement benefits and other benefit plans are made in accordance with the actuarial valuations / terms of the contribution plan. Remuneration to the executives are determined in accordance with terms of their appointments. Further, the Bank acts as a custodian for securities held in Investor Portfolio Securities (IPS) account maintained on behalf of Government of Khyber Pakhtunkhwa having face value of Rs. 52,933.00 million (December 31, 2025: Rs. 16,688.43 million).

Details of transactions with related parties during the period, other than those which have been disclosed elsewhere in these unconsolidated condensed interim financial statements are as follows:

	(Un-audited) As at June 30, 2026					(Audited) As at December 31, 2025				
	Directors	Key management personnel	Subsidiary	Associate	Employee funds	Directors	Key management personnel	Subsidiary	Associate	Employee funds
Rupees in '000										
Investments										
Opening balance	-	-	-	117,490	-	-	-	-	102,351	-
Investment during the period / year	-	-	1,000,000	-	-	-	-	-	-	-
Movement during the period / year	-	-	-	8,504	-	-	-	-	15,139	-
Transfer (out) / in - net	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	1,000,000	125,994	-	-	-	-	117,490	-
Advances										
Opening balance	-	195,993	-	-	-	-	181,425	-	-	-
Addition during the period / year	-	47,732	-	-	-	-	62,999	-	-	-
Repaid during the period / year	-	13,936	-	-	-	-	37,180	-	-	-
Transfer (out) / in - net	-	(73,090)	-	-	-	-	(11,251)	-	-	-
Closing balance	-	156,699	-	-	-	-	195,993	-	-	-
Credit loss allowance held against advances	-	37	-	-	-	-	19	-	-	-
Other assets										
Other receivables / prepayments	-	-	8,935	-	-	-	-	-	-	-
Deposits and other accounts										
Opening balance	7,239	47,372	-	39,310	4,549,944	148	8,423	-	95,829	3,016,225
Received during the period / year	35,752	49,394	1,032,158	46,703	1,968,524	26,452	216,680	-	245,663	5,985,394
Withdrawn during the period / year	34,259	52,644	23,656	47,037	1,816,946	16,635	169,461	-	302,182	4,451,675
Transfer (out) / in - net	(755)	(3,434)	-	-	-	(2,726)	(8,270)	-	-	-
Closing balance	7,977	40,688	1,008,502	38,976	4,701,522	7,239	47,372	-	39,310	4,549,944
Other liabilities										
Interest / mark-up payable	6	1,840	5,313	753	36,463	4	1,110	-	715	23,869
(Un-audited) For the six months ended June 30, 2026										
(Un-audited) For the six months ended June 30, 2025										
Rupees in '000										
Income										
Mark-up / return / interest earned	-	2,026	-	-	-	-	2,017	-	-	-
Expense										
Mark-up / return / interest expensed	64	1,856	33,071	980	214,910	73	1,188	-	9,320	289,343
Operating expenses - Compensation	81,038	150,964	-	-	-	53,496	147,641	-	-	-

36.1 As of June 30, 2026, the Bank has an equity investment having cost of Rs. 112.50 million (December 31, 2025: Rs. 112.50 million) and carrying value of Rs. 300.71 million (December 31, 2025: Rs. 291.49 million) in Dawood Family Takaful Limited, a related party.

36.2 Government of Khyber Pakhtunkhwa (GoKP) holds 70.20% shareholding in the Bank and therefore, entities which are owned and / or controlled by the GoKP, or where the GoKP may exercise significant influence, are also related parties of the Bank. The Bank in the ordinary course of its business enters into transaction with various departments of the GoKP and its related entities. Such transactions include advances to, deposits from and provision for other banking services to Government related entities.

Transactions and balances with Government and its related entities, other than those disclosed in the respective notes to these unconsolidated condensed interim financial statements, as at period end includes loans and advances and deposits amounting to Rs. 80.623 million (December 31, 2025: Rs. 48,579 million) and Rs. 304,845 million (December 31, 2025: Rs. 216,877 million), respectively.

Detailed related party disclosure for being government entity is disclosed as required under IAS-24 "Related Party Disclosures". Relevant details are referred in the following notes:

Particulars	Note
Investments	8.1
Shareholding	20

**NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2026**

37 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	(Un-audited) June 30, 2026	(Audited) December 31, 2025
	---- Rupees in '000 ----	
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	11,579,360	11,579,360
Capital Adequacy Ratio (CAR):		
Eligible common equity tier 1 (CET 1) capital	21,252,160	21,938,809
Eligible additional tier 1 (ADT 1) capital	-	-
Total eligible tier 1 capital	21,252,160	21,938,809
Eligible tier 2 capital	1,144,155	2,207,478
Total eligible capital (Tier 1 + Tier 2)	22,396,315	24,146,287
Risk weighted assets (RWAs):		
Credit risk	92,362,032	72,981,998
Market risk	18,111,804	12,497,974
Operational risk	34,362,037	34,362,037
Total	144,835,873	119,842,009
Common equity tier 1 capital adequacy ratio	14.67%	18.31%
Tier 1 capital adequacy ratio	14.67%	18.31%
Total capital adequacy ratio	15.46%	20.15%
National minimum capital requirements prescribed by SBP		
CET1 minimum ratio	6.00%	6.00%
ADT-1 minimum ratio	1.50%	1.50%
Tier 1 minimum ratio	7.50%	7.50%
Total capital minimum ratio	10.00%	10.00%
Capital conservation buffer (CCB- consisting of CET1 only)	1.50%	1.50%
Total capital plus CCB	11.50%	11.50%
Leverage Ratio (LR):		
Eligible tier 1 capital	21,252,160	21,938,809
Total exposures	615,405,279	506,810,207
Leverage ratio	3.45%	4.33%
Liquidity Coverage Ratio (LCR):		
Total high quality liquid assets	265,837,594	257,620,116
Total net cash outflow	129,610,726	110,482,513
Liquidity coverage ratio	205.10%	233.18%
Net Stable Funding Ratio (NSFR):		
Total available stable funding	350,409,479	255,767,794
Total required stable funding	160,034,819	116,739,966
Net stable funding ratio	218.96%	219.09%

- 37.1** The SBP in its application instructions for IFRS 9 has permitted the banks to adopt a transitional approach to phase in the initial impact of ECL for stage 1 and 2 financial assets over a period of five years. However, the Bank has opted to disclose the figures of "fully loaded" CAR.

**NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2026**

ISLAMIC BANKING BUSINESS

- 38** The Bank is operating 212 (December 31, 2025: 199) Islamic banking branches and 44 (December 31, 2025 : 55) Islamic banking windows at June 30, 2026. As detailed in note 1, the Bank has converted additional 11 of its conventional banking branches into Islamic banking branches during the period.

		(Un-audited) June 30, 2026	(Audited) December 31, 2025
		---- Rupees in '000 ----	
STATEMENT OF FINANCIAL POSITION	Note		
ASSETS			
Cash and balances with treasury banks		22,090,759	15,904,625
Balances with other banks		3,060,570	590,967
Investments	38.1	127,475,858	122,278,524
Islamic financing and related assets - net	38.2	122,082,190	85,781,232
Property and equipment		1,187,065	1,163,565
Right-of-use assets		858,005	983,931
Due from head office		15,172,161	8,134,954
Other assets		6,307,716	5,084,531
Total Assets		298,234,324	239,922,329
LIABILITIES			
Bills payable		1,953,294	2,026,512
Due to financial institutions		24,099,113	16,702,858
Deposits and other accounts	38.3	259,274,902	202,619,318
Due to head office		-	-
Lease liabilities		1,138,745	1,251,641
Sub-ordinated debt		-	-
Other liabilities		6,051,037	10,341,474
Total Liabilities		292,517,091	232,941,803
NET ASSETS		5,717,233	6,980,526
REPRESENTED BY			
Islamic banking fund		1,000,000	1,000,000
Reserves		18	4,761
(Deficit) / surplus on revaluation of assets		(1,063,154)	458,810
Unappropriated profit	38.7	5,780,369	5,516,955
		5,717,233	6,980,526
CONTINGENCIES AND COMMITMENTS	38.4		

**NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2026**

The profit and loss account of the Bank's Islamic banking branches including windows for the six months ended June 30, 2026 is as follows:

		(Un-audited)	
		For the six months ended	
		June 30,	June 30,
		2026	2025
		---- Rupees in '000 ----	
PROFIT AND LOSS ACCOUNT	Note		
Profit / return earned	38.5	11,924,793	8,256,964
Profit / return expensed	38.6	5,372,916	3,298,805
Net profit / return		6,551,877	4,958,159
Other income			
Fee and commission income		391,269	216,083
Dividend income		-	-
Foreign exchange income		145,596	107,955
Gain on securities		250	75,528
Net (loss) on derecognition of financial assets measured at amortized cost		(1,853)	(5,160)
Other income		53,651	36,425
Total other income		588,913	430,831
Total income		7,140,790	5,388,990
Other expenses			
Operating expenses		3,732,569	2,807,414
Workers Welfare Fund		-	-
Other charges		50	40
Total other expenses		3,732,619	2,807,454
Profit before credit loss allowance		3,408,171	2,581,536
Credit loss allowance and write offs - net		449,787	258,583
Profit before taxation		2,958,384	2,322,953
Taxation		1,538,360	1,231,165
Profit after taxation		1,420,024	1,091,788

**NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2026**

		(Un-audited) June 30, 2026			
38.1 Investments by segments		Cost / Amortised cost	Credit loss allowance	Surplus / (Deficit)	Carrying value
----- Rupees in '000 -----					
Debt Instruments					
Classified / measured at amortised cost					
Federal Government securities					
- GoP ijarah sukuku		5,006,536	-	-	5,006,536
- Bai Muajjal		3,630,267	-	-	3,630,267
		8,636,803	-	-	8,636,803
Non-government debt securities					
		304,598	-	-	304,598
Classified / measured at fair value through other comprehensive income (FVOCI)					
Federal Government securities					
- GoP ijarah sukuku		119,472,611	-	(1,063,967)	118,408,644
Non - government debt securities		125,000	-	813	125,813
		119,597,611	-	(1,063,154)	118,534,457
Total investments					
		128,539,012	-	(1,063,154)	127,475,858
(Audited) December 31, 2025					
		Cost / Amortised cost	Credit loss allowance	Surplus / (Deficit)	Carrying value
----- Rupees in '000 -----					
Debt Instruments					
Classified / measured at amortised cost					
Federal Government securities					
- GoP ijarah sukuku		5,012,834	-	-	5,012,834
- Bai Muajjal		3,429,747	-	-	3,429,747
		8,442,581	-	-	8,442,581
Non-government debt securities					
		304,202	-	-	304,202
Classified / measured at fair value through other comprehensive income (FVOCI)					
Federal Government securities					
- GoP ijarah sukuku		112,687,931	-	444,571	113,132,502
Non - government debt securities		385,000	-	14,239	399,239
		113,072,931	-	458,810	113,531,741
Total investments					
		121,819,714	-	458,810	122,278,524

**NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2026**

	(Un-audited) June 30, 2026	(Audited) December 31, 2025
	-----Rupees in '000-----	
38.2 Islamic financing and related assets		
Ijarah	65,783	82,512
Murabaha	7,869,641	6,002,101
Diminishing musharaka	26,029,739	18,206,589
Running musharaka	58,781,453	39,715,360
Qarz e Hasna	8,952	463
Istisna	24,977,047	16,306,496
Tijarah	293,472	127,145
Wakalah	433,812	578,000
Bai Muajjal	7,148,396	7,758,011
	125,608,295	88,776,677
Impact of fair valuation of Islamic financing and related assets	(815,501)	(692,021)
Gross Islamic financing and related assets	124,792,794	88,084,656
Less: Credit loss allowance against Islamic financing		
- Stage 1	467,502	490,260
- Stage 2	324,746	144,080
- Stage 3	1,918,356	1,669,084
	2,710,604	2,303,424
Islamic financing and related assets - net of credit loss allowance	122,082,190	85,781,232
38.3 Deposits		
Customers		
Current deposits	64,260,692	53,938,227
Savings deposits	164,583,351	118,580,782
Term deposits	12,013,697	10,836,479
Others	14,228,613	16,662,005
	255,086,353	200,017,493
Financial Institutions		
Current Deposits	897,553	1,909,207
Savings deposits	3,090,996	692,618
Term deposits	200,000	-
	4,188,549	2,601,825
	259,274,902	202,619,318
38.4 Contingencies and commitments		
Guarantees	18,686,479	16,097,383
Commitments	23,784,202	22,225,306
	42,470,681	38,322,689
	(Un-audited)	
	For the six months ended	
	June 30,	June 30,
	2026	2025
	-----Rupees in '000-----	
38.5 Profit / return earned on financing, investments and placements		
Profit earned on:		
Financing	5,279,998	1,417,249
Investments	6,634,552	6,731,897
Placements	3,589	91,892
Balances with banks	6,654	15,926
	11,924,793	8,256,964

**NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2026**

38.6 Profit on deposits and other dues expensed

	(Un-audited) For the six months ended	
	June 30, 2026	June 30, 2025
	----- Rupees in '000 -----	
Deposits and other accounts	4,043,386	3,073,787
Due to financial institutions	1,211,388	142,372
Finance charge on lease liability	118,142	82,646
	5,372,916	3,298,805

38.7 Islamic banking business unappropriated profit

	(Un-audited) (Audited)	
	June 30, 2026	December 31, 2025
	-----Rupees in '000-----	
Opening balance	5,516,955	7,236,196
Impacts of EIR application	(32,104)	-
Balance after adoption of IFRS 9	5,484,851	7,236,196
Add: Islamic banking profit before taxation for the period / year	2,958,384	5,282,861
Less: Taxation	(1,538,360)	(2,799,916)
Less: Transferred to head office	(1,124,506)	(4,202,186)
Closing balance	5,780,369	5,516,955

38.8 Pool management

Islamic Banking Group of the Bank is operating following pools / sub-pools:

General Pool

- i. General pool (PKR)
- ii. General pool (FCY)

Special Pools

- i. Riba Free Special Deposit Pool - 1
- ii. Riba Free Special Deposit Pool - 2
- iii. Riba Free Special Deposit Pool - Corporate - 1
- iv. Riba Free Special Deposit Pool - Corporate - 2
- v. Riba Free Special Deposit Pool - Corporate - 3
- vi. Riba Free Special Deposit Pool - Corporate - 4
- vii. Riba Free Special Deposit Pool - Corporate - 5
- viii. Riba Free Special Deposit Pool - Corporate - 6
- ix. Riba Free Special Deposit Pool - Corporate - 7
- x. Riba Free Special Deposit Pool - Mutual fund / FI
- xi. Riba Free Special Deposit Pool 2 - Mutual fund / FI
- xii. RFSD - Daily Product - 1 Pool
- xiii. RFSD - Daily Product - 2 Pool
- xiv. RFSD - Daily Product - 3 Pool
- xv. RFSD - Daily Product - 4 Pool
- xvi. RFSD - Daily Product - 5 Pool
- xvii. RFSD - Daily Product - 6 Pool
- xviii. Khyber Islamic Investment Certificates - 1
- xix. Khyber Islamic Investment Certificates - 2
- xx. Raast Financial Institutions Pool - 1
- xxi. Raast Financial Institutions Pool - 2
- xxii. RFSD - Itminan Mahana Certificate - pool
- xxiii. Riba free special deposit pool - Islamic Export Refinance Scheme (IERS)
- xxiv. Riba free special deposit pool - Profit Equalization Reserves (PER)
- xxv. Riba free special deposit pool - Investment Risk Reserves (IRR)
- xxvi. RFSD Special Pool (USD)
- xxvii. RFSD Special Pool 2 (USD)
- xxviii. RFSD Special Pool FCY (Euro)
- xxix. RFSD Special Pool FCY (GBP)

Features of general pool

In this pool all types of deposits are accepted on Mudarabah basis. The Bank converted its pool management and profit and loss distribution mechanism from Musharakah to Mudarabah with effect from December 1, 2024 and is accepting deposits against all types of assets and income earned from these assets. Certificates can also be issued for a fixed period.

Deposits received in this Pool are invested in Islamic assets like Murabaha, Ijarah, Diminishing Musharakah, Running Musharakah, Istisna, Islamic Sukuks and any other Shariah Compliant Investment which are duly approved by the Shariah Advisor. Deposits are accepted through all Islamic branches of the Bank.

NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2026

Features of special pools

In special pools, deposits are accepted on Mudarabah basis by providing extended avenues to the depositors for placement of their funds attracting high rate of return. Certificates are issued for a fixed period against specific assets allocated to each special pool based on expected rate of return.

Deposits received in this pool are invested in Islamic assets like Ijarah, Diminishing Musharakah, Running Musharakah, Islamic Sukuks and any other Shariah Compliant investment which are duly approved by the Shariah Advisor. Deposits are accepted through all Islamic branches of the Bank.

Deposits in these special pools are accepted with prior approval from the management and are utilized for liquidity management along with some opportunity of investment.

Key features

- Minimum investment is prescribed by the Bank for each special pool.
- Profit payment on monthly basis.
- Profit calculated on daily average balance for the month.
- Investment as deposit and certificate for 1 month, 3 months and 6 months etc.
- Pre-mature termination is allowed without any adjustment for next two months, if sharing ratios and / or weightages are changed for coming months.

Risks of the special pools

All special pools are created as separate entities which have respective assets and liabilities and income and expense position. In each pool, depositors bear the risk of all direct losses and expenses of the pool. All indirect expenses of the pools are borne by the Bank as Mudarib. Same rate of return is paid to all the depositors in same category.

Profit sharing and weightages for distribution of profit

Assignment of weightage for profit distribution to different types of profit bearing sources of funds is as follows:

While considering weightages emphasis shall be given to the quantum, type and the period of risk assessed by following factors:

- Period of investment (number of months, years)
- Profit payment option (monthly, quarterly, yearly maturity)
- Purpose of deposit (Hajj, Umrah etc.)
- Type of customer (pensioners, widows, corporate, individual)

Weightages are declared at least three days before start of each month.

As per policy of the Bank, no gift (Hiba) is given in favour of any particular customer, however, as per SBP guidelines (Circular No. 9 of Nov, 2024), hiba can be given to saving account depositors or category of customers / investors. However, the Bank has reduced its own share as Mudarabah Fee. Out of distributable income, an amount of Rs. 2,779.75 million (41.82%) has been charged as Mudarabah fee. The total Hiba amount of Rs. 513.73 million (13.28%) has been distributed during the period.

Brief highlights of profit earned and distributed to depositors and retained by IBG are as under:

Charging expenses

Net income is distributed as per SBP instruction, therefore, all pools shall bear their respective identified expenses. The Bank converted its pool management and profit-and-loss distribution mechanism from Musharakah to Mudarabah effective December 1, 2024. Under the previous policy, both direct and administrative expenses were charged to the Gross Income of the Pool (GIP). Following the transition to Mudarabah, only direct expenses attributable to the pool are charged. A list of lines of direct expenses are maintained, duly vetted from Shariah Board of the Bank. Indirect expenses are borne by the Mudarib and are not part of distribution.

All credit loss allowance created against non-performing financing and diminution in the value of investment under IFRS 9, prudential regulations and other SBP directives will be borne by the Bank as Mudarib. However, write-offs of financings and loss on sale of investments shall be charged to respective pool along with other direct expenses.

**NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2026**

The profit equalization reserves amounting to Rs. 0.018 million (December 31, 2025: Rs. 4.76 million) has been presented in note 19 to these unconsolidated condensed interim financial statements.

Classification of assets, revenues, expenses, gain and loss on the basis of sources of finance

All earning assets of Islamic banking group are jointly financed by unrestricted investments/PLS deposits account holders and the Bank. Detail of jointly financed earning assets is:

	(Un-audited) June 30, 2026	(Audited) December 31, 2025
	----- Rupees in '000 -----	
Financings		
Agri business	1,923,499	2,442,413
Chemical and pharmaceuticals	3,791,958	3,320,724
Cement	1,729,280	3,850,921
Textile	16,626,204	13,479,648
Automobile and transportation equipment	6,020,312	3,620,561
Petro chemical	4,839,702	3,078,125
Housing	1,358,159	1,046,544
Manufacturing of match	140,000	140,000
Miscellaneous manufacturing	14,456,945	9,545,168
Personal	3,683,195	2,050,481
Construction	359,297	274,225
Tradings	3,335,394	3,677,316
Communication	24,500	28,000
Services	1,318,969	1,299,630
Auto loans	658,642	441,156
Metal products	1,186,678	973,688
Commodity finance	34,648,392	20,000,000
CNG station / gas	1,561,872	2,541,592
Consumer finance	476,705	640,075
Power	18,405,401	13,872,582
Sugar	8,727,337	2,169,996
Others	335,854	283,832
Impact of fair valuation of Islamic financing and related assets	(815,501)	(692,021)
	124,792,794	88,084,656
Investments		
GOP Ijarah Sukuks	123,415,180	118,145,336
Bai Muajjal	3,630,267	3,429,747
Power and electricity	125,813	399,239
Food	304,598	304,202
	127,475,858	122,278,524
	252,268,652	210,363,180

**NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2026**

Details regarding pools managed by the Bank

Remunerative depositors pools	Profit rate and announcement period	Profit rate return earned - average	Profit sharing ratios		Mudarib share	Profit rate return distributed to remunerative deposits (saving and fixed) - average	Percentage of Mudarib share transferred through Hiba	Amount of Mudarib share transferred through Hiba Rupees in '000
			Mudarib share	Rab-ul-maal share	Rupees in '000			
General Pool								
PKR Pool	Monthly	8.25%	45%	55%	2,477,816	5.69%	9.35%	255,428
USD Pool	Monthly	2.50%	77%	23%	454	0.82%	7.34%	36
Special Pools								
Saving & TDRs	Monthly	10.70%	26%	74%	301,479	7.71%	46.14%	258,262
			Bank	SBP				
IERS Pool	Monthly	9.41%	74%	26%	45,627	Nil	29.55%	8,742

39 NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors in its meeting held on August 27, 2026 has declared an interim cash dividend of Rs NIL per share for the half year ended June 30, 2026 (June 30, 2025: Rs. 1.5 per share).

40 CORRESPONDING FIGURES

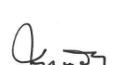
Comparative information has been restated in these unconsolidated condensed interim financial statements, wherever necessary to facilitate comparison.

41 DATE OF AUTHORIZATION FOR ISSUE

These unconsolidated condensed interim financial statements were authorized for issue in the Board of Directors meeting of the Bank held on August 27, 2026.


**MANAGING
DIRECTOR**

**CHIEF FINANCIAL
OFFICER**

DIRECTOR

DIRECTOR

DIRECTOR



Bank of Khyber

Consolidated Condensed
Interim Financial Statements
For the six month period ended June 30, 2026

CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2026

		(Un-audited) June 30, 2026	(Audited) December 31, 2025
	Note	----- Rupees in '000 -----	
ASSETS			
Cash and balances with treasury banks	5	33,883,291	25,398,116
Balances with other banks	6	14,548,148	3,217,067
Lendings to financial institutions	7	1,633,632	3,438,549
Investments	8	352,233,177	274,956,627
Advances	9	171,026,970	126,705,821
Property and equipment	10	4,584,888	4,796,539
Right-of-use assets	11	1,353,336	1,626,161
Intangible assets	12	347,960	379,645
Deferred tax assets	13	2,374,766	1,032,911
Other assets	14	14,443,729	11,748,178
Total Assets		596,429,897	453,299,614
LIABILITIES			
Bills payable	15	2,812,871	3,212,340
Borrowings	16	71,720,280	35,697,978
Deposits and other accounts	17	485,649,745	378,123,220
Lease liabilities	18	1,561,342	1,757,104
Subordinated debt		-	-
Deferred tax liabilities		-	-
Other liabilities	19	12,795,648	10,832,282
Total Liabilities		574,539,886	429,622,924
		21,890,011	23,676,690
NET ASSETS			
		21,890,011	23,676,690
REPRESENTED BY			
Share capital	20	11,579,360	11,579,360
Reserves		6,522,374	6,229,178
Surplus on revaluation of assets	21	53,389	1,358,853
Unappropriated profit		3,734,888	4,509,299
		21,890,011	23,676,690
CONTINGENCIES AND COMMITMENTS			
	22		

The annexed notes 1 to 41 form an integral part of these consolidated condensed interim financial statements.



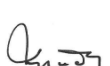
**MANAGING
DIRECTOR**



**CHIEF FINANCIAL
OFFICER**



DIRECTOR



DIRECTOR



DIRECTOR

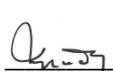
**CONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2026**

		Quarter ended		Period ended	
		April 1 to June 30, 2026	April 1 to June 30, 2025	January 1 to June 30, 2026	January 1 to June 30, 2025
Note		----- Rupees in '000 -----			
Mark-up / return / interest earned	23	13,160,470	14,088,548	24,534,738	27,588,830
Mark-up / return / interest expensed	24	9,007,055	9,348,813	16,152,685	17,743,484
Net mark-up / interest income		4,153,415	4,739,735	8,382,053	9,845,346
NON MARK-UP / INTEREST INCOME					
Fee and commission income	25	308,301	322,713	612,472	550,814
Dividend income		-	-	-	-
Foreign exchange income		133,728	209,795	225,559	282,162
Income / (loss) from derivatives		-	-	-	-
(Loss) / gain on securities	26	(15,780)	975,858	50,449	1,496,573
Net gain / (loss) on derecognition of financial assets measured at amortised cost	27	42,523	(41,361)	12,837	9,610
Share of profit of associate		5,719	5,498	8,504	8,466
Other income	28	30,387	47,730	62,314	72,513
Total non-mark-up / interest income		504,878	1,520,233	972,135	2,420,138
Total income		4,658,293	6,259,968	9,354,188	12,265,484
NON MARK-UP / INTEREST EXPENSES					
Operating expenses	29	3,385,084	2,968,884	6,326,295	5,689,358
Workers Welfare Fund		-	-	-	-
Other charges	30	120,823	30	120,848	160
Total non-mark-up / interest expenses		3,505,907	2,968,914	6,447,143	5,689,518
PROFIT BEFORE CREDIT LOSS ALLOWANCE		1,152,386	3,291,054	2,907,045	6,575,966
Charge / (reversal) of credit loss allowance and write offs - net	31	65,557	(500,483)	(291,575)	(618,472)
PROFIT BEFORE TAXATION		1,086,829	3,791,537	3,198,620	7,194,438
Taxation	32	626,388	2,028,703	1,723,001	3,829,072
PROFIT AFTER TAXATION		460,441	1,762,834	1,475,619	3,365,366
-----Rupees -----					
Basic and diluted earnings per share	33	0.40	1.52	1.27	2.91

The annexed notes 1 to 41 form an integral part of these consolidated condensed interim financial statements.


**MANAGING
DIRECTOR**

**CHIEF FINANCIAL
OFFICER**

DIRECTOR

DIRECTOR

DIRECTOR

**CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2026**

	Quarter ended		Period ended	
	April 1 to June 30, 2026	April 1 to June 30, 2025	January 1 to June 30, 2026	January 1 to June 30, 2025
	----- Rupees in '000 -----			
Profit after taxation for the period	460,441	1,762,834	1,475,619	3,365,366
Other comprehensive income / (loss)				
Items that may be reclassified to statement of profit and loss account in subsequent periods:				
Movement in surplus / (deficit) on revaluation of debt investments through FVOCI - net of tax	2,039	1,459,585	(1,289,302)	598,551
Loss / (gain) on sale of debt investments carried at FVOCI reclassified to profit and loss - net of tax	7,574	(473,624)	(24,216)	(718,355)
	9,613	985,961	(1,313,518)	(119,804)
Items that will not be reclassified to statement of profit and loss account in subsequent periods:				
Movement in (deficit) / surplus on revaluation of equity investments - net of tax	(12,065)	(58,921)	10,935	19,479
Share of (deficit) / surplus on revaluation of investment in associate - net of tax	(151)	-	-	1,339
	(12,216)	(58,921)	10,935	20,818
Total comprehensive income	457,838	2,689,874	173,036	3,266,380

The annexed notes 1 to 41 form an integral part of these consolidated condensed interim financial statements.



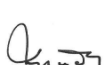
**MANAGING
DIRECTOR**



**CHIEF FINANCIAL
OFFICER**



DIRECTOR



DIRECTOR



DIRECTOR

CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2026

	Share capital	Statutory reserve	Surplus / (deficit) on revaluation of			Unappropriated profit	Total
			Investments	Property and equipment	Non-banking assets		
			Rupees in '000				
Balance as at December 31, 2024 (audited)	11,576,360	5,066,025	149,966	900,120	26,812	3,577,136	21,899,219
Effect of remeasurement on adoption of IFRS 9 - net of tax	-	-	90,629	-	-	-	90,629
Balance as at January 1, 2025 - restated	11,576,360	5,066,025	840,595	900,120	26,812	3,577,136	21,989,848
Profit after taxation for the six month period ended June 30, 2025	-	-	-	-	-	3,365,366	3,365,366
Other comprehensive income / (loss) - net of tax	-	-	598,551	-	-	-	598,551
Movement in surplus on revaluation of investments in debt instruments through FVOCI - net of tax	-	-	(718,355)	-	-	-	(718,355)
Gain on sale of debt investments carried at FVOCI reclassified to profit and loss - net of tax	-	-	1,339	-	-	-	1,339
Share of surplus on revaluation of investment of associate - net of tax	-	-	19,429	-	-	-	19,429
Movement in surplus on revaluation of equity investments - net of tax	-	-	(98,985)	-	-	-	(98,985)
Total other comprehensive loss - net of tax	-	-	-	-	-	-	-
Transfer to statutory reserve	-	673,073	-	-	-	(673,073)	-
Transfer from surplus on revaluation of non-banking asset to unappropriated profit - net of tax	-	-	-	-	(2,708)	2,708	-
Gain on disposal of equity investments at FVOCI of associate transferred to unappropriated profit - net of tax	-	-	(3,791)	-	-	3,791	-
Transactions with owners, recorded directly in equity	-	-	-	-	-	-	-
Final cash dividend for the year ended December 31, 2024 (Rs.1.70 per share)	-	-	-	-	-	(1,968,682)	(1,968,682)
Balance as at June 30, 2025 (un-audited) - restated	11,576,360	5,739,098	737,618	900,120	21,904	4,307,246	23,281,346
Profit after taxation for the six month period ended December 31, 2025	-	-	-	-	-	2,450,397	2,450,397
Other comprehensive income / (loss) - net of tax	-	-	42,186	-	-	-	42,186
Movement in surplus on revaluation of investments in debt instruments through FVOCI - net of tax	-	-	(400,990)	-	-	-	(400,990)
Gain on sale of debt investments carried at FVOCI reclassified to profit and loss - net of tax	-	-	-	-	-	-	-
Share of surplus on revaluation of investments of associate - net of tax	-	-	26,540	-	-	-	26,540
Movement in surplus on revaluation of equity investments - net of tax	-	-	-	-	-	-	-
Reversal of surplus on revaluation of equity investments - net of tax	-	-	792	-	-	(24,064)	792
Deficit transferred to profit and loss on reclassification of debt investment - net of tax	-	-	-	-	31,187	-	31,187
Movement in surplus on revaluation of non-banking assets - net of tax	-	-	(331,422)	-	-	(24,064)	(355,486)
Total other comprehensive income - net of tax	-	-	-	-	-	-	-
Transfer to statutory reserve	-	490,080	-	-	-	(490,080)	-
Transfer from surplus on revaluation of non-banking asset to unappropriated profit - net of tax	-	-	-	-	(2,704)	2,704	-
Gain on disposal of equity investments at FVOCI transferred to unappropriated profit - net of tax	-	-	-	-	-	-	-
Transactions with owners, recorded directly in equity	-	-	-	-	-	-	-
Interim cash dividend for the year ended December 31, 2025 (Rs.1.50 per share)	-	-	-	-	-	(1,736,904)	(1,736,904)
Balance as at December 31, 2025 (audited)	11,576,360	6,229,178	406,346	900,120	52,387	4,509,299	23,676,690
Impact of adoption of IFRS 9 - net of tax (Note 4.12)	-	-	-	-	-	8,917	8,917
Balance as at January 1, 2026 - restated	11,576,360	6,229,178	406,346	900,120	52,387	4,518,216	23,686,667
Profit after taxation for the six month period ended June 30, 2026	-	-	-	-	-	1,475,619	1,475,619
Other comprehensive income / (loss) - net of tax	-	-	(1,289,302)	-	-	-	(1,289,302)
Movement in deficit on revaluation of investments in debt instruments through OCI - net of tax	-	-	(24,216)	-	-	-	(24,216)
Gain on sale of debt investments carried at FVOCI reclassified to profit and loss - net of tax	-	-	-	-	-	-	-
Share of surplus on revaluation of investment of associate - net of tax	-	-	10,939	-	-	-	10,939
Movement in surplus on revaluation of equity investments - net of tax	-	-	(1,302,583)	-	-	-	(1,302,583)
Total other comprehensive loss - net of tax	-	-	-	-	-	-	-
Transfer to statutory reserve	-	293,196	-	-	-	(293,196)	-
Transfer from surplus on revaluation of non-banking asset - net of tax	-	-	-	-	(2,881)	2,881	-
Transactions with owners, recorded directly in equity	-	-	-	-	-	-	-
Final cash dividend for the year ended December 31, 2025 (Rs.1.70 per share)	-	-	-	-	-	(1,968,692)	(1,968,692)
Balance as at June 30, 2026 (un-audited)	11,576,360	6,522,374	(86,237)	900,120	49,506	3,741,888	21,990,011

The annexed notes 1 to 41 form an integral part of these consolidated condensed interim financial statements.



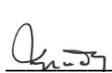
**MANAGING
DIRECTOR**



**CHIEF FINANCIAL
OFFICER**



DIRECTOR



DIRECTOR



DIRECTOR

**CONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2026**

	January 1 to June 30, 2026	January 1 to June 30, 2025
Note	----- Rupees in '000 -----	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	3,198,620	7,194,438
Less: Dividend income	-	-
	3,198,620	7,194,438
Adjustments:		
Net mark-up / return / interest income	(8,558,229)	(10,046,097)
Depreciation - Property and equipment	29 516,869	413,728
Depreciation - Non-banking assets acquired in satisfaction of claims	29 29,675	22,356
Depreciation - Right-of-use assets	29 377,962	377,190
Amortization	29 43,745	42,888
(Reversal) of credit loss allowance and write offs - net	31 (291,575)	(618,472)
Gain on disposal of property and equipment - net	28 (1,037)	(5,330)
Gain on early culmination of lease	28 (210)	(3,904)
Finance charges on leased assets	24 176,176	200,751
Net (gain) on derecognition of financial assets measured at amortised cost	27 (12,837)	(9,610)
Unwinding of deferred cost on staff loans	85,489	74,270
Exchange loss / (gain) on cash and cash equivalents	26,721	(100,831)
Share of profit of associate	(8,504)	(8,466)
	(7,615,755)	(9,661,527)
	(4,417,135)	(2,467,089)
(Increase) / decrease in operating assets		
Lendings to financial institutions	1,807,096	(3,767,461)
Securities classified as FVPL	40	5,402
Advances	(43,894,412)	31,936,269
Other assets (excluding mark-up receivable)	86,422	(395,895)
	(42,000,854)	27,778,315
Increase / (decrease) in operating liabilities		
Bills payable	(399,469)	(19,678,013)
Borrowings from financial institutions	36,022,302	(25,259,637)
Deposits	107,526,525	104,368,445
Other liabilities (excluding mark-up payable)	207,781	(81,018)
	143,357,139	59,349,777
Mark-up / interest received	22,916,369	26,497,613
Mark-up / interest paid	(14,252,696)	(19,641,987)
Income tax paid	(3,038,121)	(2,285,498)
Net cash flow generated from operating activities	102,564,702	89,231,131
CASH FLOW FROM INVESTING ACTIVITIES		
Net investments in amortised cost	(195,456)	(2,441,879)
Net investments in securities classified as FVOCI	(79,782,220)	(66,548,984)
Investments in property and equipment	(305,332)	(304,794)
Investments in intangible assets	(12,060)	(31,858)
Disposal of property and equipment	1,151	6,095
Net cash flow (used in) investing activities	(80,293,917)	(69,321,420)
CASH FLOW FROM FINANCING ACTIVITIES		
Payments of lease obligations against right-of-use assets	(476,865)	(504,176)
Dividend paid	(1,950,575)	(1,950,361)
Net cash flow (used in) financing activities	(2,427,440)	(2,454,537)
Effects of credit loss allowance changes on cash and cash equivalents	(368)	(118)
Effects of exchange rate changes on cash and cash equivalents	(26,721)	100,831
Increase in cash and cash equivalents	19,816,256	17,555,887
Cash and cash equivalents at beginning of the period	28,615,183	27,245,369
Cash and cash equivalents at end of the period	48,431,439	44,801,256

The annexed notes 1 to 41 form an integral part of these consolidated condensed interim financial statements.



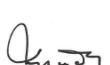
**MANAGING
DIRECTOR**



**CHIEF FINANCIAL
OFFICER**



DIRECTOR



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**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2026**

1 STATUS AND NATURE OF BUSINESS

1.1 Holding Company

Bank of Khyber

The Bank of Khyber (the Bank) was established in Pakistan under The Bank of Khyber Act, 1991 and is principally engaged in the business of commercial banking and related services. The Bank acquired the status of a scheduled bank in 1994 and is listed on the Pakistan Stock Exchange Limited. The registered office of the Bank is situated at 24-The Mall, Peshawar Cantt, Peshawar. The Bank operates 256 branches including 212 Islamic banking branches (December 31, 2025: 254 branches including 199 Islamic banking branches). During the period, the Bank has converted additional 11 of its conventional banking branches into Islamic banking branches. The long term credit rating of the Bank assigned by VIS Credit Rating Company Limited and Pakistan Credit Rating Agency Limited (PACRA) are 'AA-' and 'AA-' (December 31, 2025: 'AA-' and 'A+') respectively and the short-term credit ratings assigned are 'A1' (A-One) and 'A-1' (A-One) (December 31, 2025: 'A1' (A-One) and 'A-1' (A-One)) respectively. The majority shares (i.e. 70.20%) of the Bank are held by Government of Khyber Pakhtunkhwa (GoKP).

The Provincial Assembly of Khyber Pakhtunkhwa has passed the Bank of Khyber (Amendment) Act, 2022. As part of the amendments, the name of Bank has been changed from "The Bank of Khyber" to "Bank of Khyber". The Bank is in the process of seeking necessary regulatory approval for the same.

1.2 Subsidiary

These consolidated condensed interim financial statements consists of holding company and its subsidiary company for the six month period ended June 30, 2026. These are the first six month period condensed interim financial statements of the Group. Therefore, corresponding figures of these consolidated consolidated financial statements are the same as those presented in the condensed consolidated financial statements of the parent.

2 BASIS OF PREPARATION

2.1 These consolidated condensed interim financial statements consists of holding company and its subsidiary company for the six month period ended June 30, 2026. These are the first condensed interim consolidated financial statements of the Group. Therefore, corresponding figures of these consolidated financial statements are the same as those presented in the condensed unconsolidated financial statements of the parent.

2.2 In accordance with the directives of the Federal Government regarding the shifting of the banking system to Islamic modes, the State Bank of Pakistan (SBP) has issued various circulars from time to time. Permissible forms of trade-related modes of financing include purchase of goods by the banks from their customers and immediate resale to them at appropriate profit in price on deferred payment basis. The purchases and sales arising under the respective arrangements (except for Murabaha financings accounted for under Islamic Financial Accounting Standard -1 "Murabaha") are not reflected in these unconsolidated condensed interim financial statements as such, but are restricted to the amount of facility actually utilized and the appropriate portion of profit thereon.

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2026**

- 2.3** The Islamic banking branches of the Bank have complied with the requirements as set out in the Islamic Financial Accounting Standards (IFAS), issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the provisions of Companies Act, 2017.
- 2.4** The financial results of the Islamic Banking Branches have been included in these consolidated condensed interim financial statements for reporting purposes, after eliminating the effects of inter-branch transactions and balances. Key financial figures of the Islamic Banking Branches are disclosed in note 38 to these consolidated condensed interim financial statements.
- 2.5** These consolidated condensed interim financial statements have been prepared under the historical cost convention except that certain class of property and equipment and non-banking assets acquired in satisfaction of claims are stated at revalued amounts; certain investments classified at fair value through profit or loss and at fair value through other comprehensive income, foreign exchange contracts and derivative financial instruments, if any, are stated at fair value; staff loans are measured at fair value at initial recognition; and the recognition of certain employees benefits, lease liabilities and corresponding right of use assets at present value, as disclosed in their respective notes.
- 2.6** The Holding Company believes that there is no significant doubt on the Group's ability to continue as a going concern. Therefore, these consolidated condensed interim financial statements have been prepared on a going concern basis.
- 2.7** These consolidated condensed interim financial statements have been presented in Pakistani Rupee, which is the Bank's functional and presentation currency. The figures have been rounded off to the nearest thousand rupees, unless otherwise stated.

3 STATEMENT OF COMPLIANCE

- 3.1** These consolidated condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, 'Interim Financial Reporting' issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;

- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the Companies Act, 2017;

- Provisions of, directives and notifications issued under the Banking Companies Ordinance, 1962 and the Companies Act, 2017; and

- Directives issued by the State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan (SECP).

Whenever the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 or the directives and notifications issued by the SBP and the SECP differ with the requirements of IAS 34 or IFAS, the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 and the said directives and notifications, shall prevail.

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2026**

3.2 The disclosures made in these consolidated condensed interim financial statements have been limited based on the format prescribed by the SBP vide BPRD Circular Letter No. 2 dated February 9, 2023 and IAS 34. These consolidated condensed interim financial statements do not include all the information and disclosures required in the audited annual financial statements, and should be read in conjunction with the audited annual financial statements for the year ended December 31, 2025.

3.3 SBP vide BSD Circular Letter No. 10, dated August 26, 2002, has deferred the applicability of International Accounting Standard (IAS) 40, Investment Property for banking companies till further instructions. Moreover, SBP vide BPRD Circular No. 4, dated February 25, 2015, has deferred the applicability of Islamic Financial Accounting Standards (IFAS) 3, Profit and Loss Sharing on Deposits. Accordingly, the requirements of these standards have not been considered in the preparation of these consolidated condensed interim financial statements.

3.4 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, issued by the International Accounting Standards Board (IASB), interpretations and amendments that are mandatory for the Group's accounting periods beginning on or after January 1, 2026 but are considered not to be relevant or will not have any material effect on the Bank's unconsolidated condensed interim financial statements including the following:

- IFRS 7, 'Financial Instruments: Disclosures'; the SECP through S.R.O. 742(1)/2025 dated April 16, 2025 has required disclosures regarding the significance of financial instruments to the Group's financial position and performance, as well as the nature, extent, and management of risks arising from such instruments. Accordingly, the Group will adopt IFRS 7 in preparing its annual financial statements for the year ending December 31, 2026. However, the disclosure requirements of IFRS 7 do not apply to these consolidated condensed interim financial statements except for those specified in paragraph 16A(j) of IAS 34, 'Interim Financial Reporting'.

- certain amendments to IFRS 7 'Financial Instruments: Disclosures' and IFRS 9 'Financial Instruments' have become applicable on the Group which clarify the date of recognition and derecognition of a financial asset or financial liability. These amendments do not have any material impact and therefore, have not been detailed in these consolidated condensed interim financial statements.

3.5 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 IASB, interpretations and amendments that are mandatory for the Holding Company's accounting periods beginning on or after January 1, 2027 but are considered not to be relevant or do not have any material effect on the Group's consolidated condensed interim financial statements except for:

- the new standard - IFRS 18 'Presentation and Disclosure in Financial Statements' (published in April 2024) with applicability date of January 1, 2027. Application of IFRS 18 will impact the presentation of 'Statement of Profit and Loss Account' with certain additional disclosures as and when instructed by SBP.

4 MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies applied in the preparation of these consolidated condensed interim financial statements are consistent with those applied in the preparation of the annual audited financial statements of the Holding company for the year ended December 31, 2025, except for changes mentioned in note 4.1 below.

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2026**

4.1 IFRS 9 - Financial Instruments

4.1.1 The Holding Company adopted IFRS 9 effective from January 1, 2024, except for certain relaxations and extensions issued by the SBP from time to time. The impacts of these relaxations and extensions were incorporated in the annual audited financial statements of the Holding company for the years ended December 2024 and 2025, with the modified retrospective approach as permitted under IFRS-9.

4.1.2 In addition, SBP in a separate instruction vide letter BPRD/RPD/822456/25 dated January 22, 2025 allowed an extension for application of Effective Interest Rate (EIR) upto December 31, 2025. During the current period, in accordance with aforementioned instructions, the Holding company has applied the EIR on the financial instruments as at January 1, 2026. Accordingly, cumulative impact of application of EIR amounting to Rs. 8,977 thousand, net of tax, has increased the equity at the beginning of the current period with a corresponding impact on the income / mark-up accrued and mark-up / return / interest payable.

4.2 The SBP has directed the Banks through its BPRD Circular Letter No. 1 dated January 22, 2025 to continue to apply the existing revenue recognition methodology for Islamic Operations, including the requirements of IFAS 1 and IFAS 2 until further instructions. Had the IFRS-9 been adopted in its entirety for revenue recognition from Islamic operations. The profit after tax of the group would have been higher by Rs. 185,265 thousand.

4.3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The basis for accounting estimates adopted in the preparation of these consolidated condensed interim financial statements are the same as that applied in the preparation of the annual audited financial statements of the holding company for the year ended December 31, 2025.

4.4 FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies adopted by the Group are consistent with those disclosed in the annual audited financial statements of the holding company for the year ended December 31, 2025.

5 CASH AND BALANCES WITH TREASURY BANKS

In hand

Local currency
Foreign currencies

(Un-audited) June 30, 2026	(Audited) December 31, 2025
----- Rupees in '000 -----	
8,649,359	7,042,878
224,042	142,560
8,873,401	7,185,438

With State Bank of Pakistan in

Local currency current accounts
Foreign currency current accounts
Foreign currency deposit accounts

18,794,476	14,897,044
35,444	105,018
321,033	266,202
19,150,953	15,268,264

With National Bank of Pakistan in

Local currency current accounts
Local currency deposit accounts
Foreign currency current accounts

5,837,714	2,321,247
12,202	612,385
8,683	10,442
5,858,599	2,944,074

Prize bonds

354 354

Less: Credit loss allowance held against cash and
balances with treasury banks

(16) (14)

Cash and balances with treasury banks - net of credit loss allowance

33,883,291 25,398,116

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2026**

		(Un-audited) June 30, 2026	(Audited) December 31, 2025
		----- Rupees in '000 -----	
6	BALANCES WITH OTHER BANKS	Note	
	In Pakistan		
	In current accounts	3,880,305	1,010,786
	In deposit accounts	632,706	344,727
		4,513,011	1,355,513
	Outside Pakistan		
	In current accounts	957,650	357,530
	In deposit accounts	9,087,993	1,514,164
		10,045,643	1,871,694
	Less: Credit loss allowance held against balances with other banks	(10,506)	(10,140)
	Balances with other banks - net of credit loss allowance	14,548,148	3,217,067
7	LENDINGS TO FINANCIAL INSTITUTIONS		
	Placements with financial institutions	217,140	224,236
	Call / clean money lending	1,500,000	3,300,000
		1,717,140	3,524,236
	Less: Credit loss allowance held against lendings to financial institutions	(83,508)	(85,687)
	Lendings to financial institutions - net of credit loss allowance	1,633,632	3,438,549
7.1	Lendings to financial institutions - particulars of credit loss allowance	(Un-audited) June 30, 2026	(Audited) December 31, 2025
	Note	Lending	Credit loss allowance held
		Lending	Credit loss allowance held
		----- Rupees in '000 -----	
	Domestic		
	Performing	1,500,000	3,300,000
	Under performing	-	-
	Non-performing	-	-
	Substandard	-	-
	Doubtful	-	-
	Loss	217,140	83,508
		217,140	83,508
		1,717,140	3,524,236
	Total	1,717,140	83,508
		217,140	83,508
		1,717,140	3,524,236
	Overseas	-	-
	Total	-	-
		-	-
7.2	As at June 30, 2026, the Holding company has availed the forced sales value benefit amounting to Rs. 133.63 million (December 31, 2025: Rs. 138.55 million), that is equivalent to the market value of the Pakistan Investment Bonds received by the Holding company as part of the settlement agreement against a non performing lending of the Holding company. The resulting increase in the unappropriated profit (net of tax) amounting to Rs. 64.14 million (December 31, 2025: Rs. 65.12 million) is not available for the distribution of cash or stock dividend to shareholders or bonus to employees.		

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2026**

		(Un-audited) June 30, 2026			
		Cost / amortised cost	Credit loss allowance	Surplus / (deficit)	Carrying value
-----Rupees in '000-----					
8 INVESTMENTS					
8.1 Investments by type:					
Fair value through profit or loss (FVPL)					
Non Government Debt Securities		1,364,640	-	(15,459)	1,349,181
Fair value through other comprehensive income (FVOCI)					
Federal Government Securities		340,022,536	-	(1,039,827)	338,982,709
Shares		677,081	-	(155,675)	521,406
Non-Government Debt Securities		2,371,795	(137,493)	(125,087)	2,109,215
		343,071,412	(137,493)	(1,320,589)	341,613,330
Amortised cost (AC)					
Non-Government Debt Securities		8,636,803	-	-	8,636,803
Non-Government Debt Securities		507,882	(13)	-	507,869
		9,144,685	(13)	-	9,144,672
Associate		125,994	-	-	125,994
Total investments		353,706,731	(137,506)	(1,336,048)	352,233,177
(Audited) December 31, 2025					
		Cost / amortised cost	Credit loss allowance	Surplus / (deficit)	Carrying value
-----Rupees in '000-----					
Fair value through profit or loss (FVPL)					
Non Government Debt Securities		1,364,680	-	(15,459)	1,349,221
Fair value through other comprehensive income (FVOCI)					
Federal Government Securities		259,127,494	-	1,661,852	260,789,346
Shares		677,081	-	(178,456)	498,625
Non-Government Debt Securities		2,617,666	(141,626)	(90,270)	2,385,770
		262,422,241	(141,626)	1,393,126	263,673,741
Amortised cost (AC)					
Federal Government Securities		9,308,916	-	-	9,308,916
Non-Government Debt Securities		507,264	(5)	-	507,259
		9,816,180	(5)	-	9,816,175
Associate		117,490	-	-	117,490
Total investments		273,720,591	(141,631)	1,377,667	274,956,627
		(Un-audited) June 30, 2026			
		(Audited) December 31, 2025			
8.2 Investments given as collateral	Note	-----Rupees in '000-----			
Market Treasury Bills				-	-
Pakistan Investment Bonds	8.2.1	43,474,337			13,878,200
Ijara Sukuks		19,473,726			-
		62,948,063			13,878,200

8.2.1 The market value of securities given as collateral is Rs. 63,476.18 million (December 31, 2025: Rs. 13,871.20 million).

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2026**

	(Un-audited) June 30, 2026	(Audited) December 31, 2025
	----- Rupees in '000 -----	
8.3 Credit loss allowance for diminution in value of investments		
Opening balance	141,631	158,189
Charge / (reversals)		
Charge for the period / year	7	5
Reversal for the period / year	(4,132)	(16,563)
Reversal on disposals / repayment during the period / year	(4,125)	(16,558)
Closing balance	<u>137,506</u>	<u>141,631</u>

8.4 Particulars of credit loss allowance against debt securities

Category of classification		(Un-audited) June 30, 2026		(Audited) December 31, 2025	
		Outstanding amount	Credit loss allowance held	Outstanding amount	Credit loss allowance held
		----- Rupees in '000 -----			
Domestic					
Performing	Stage 1	2,742,184	13	2,983,304	5
Underperforming	Stage 2	-	-	-	-
Non-performing	Stage 3				
Substandard		-	-	-	-
Doubtful		-	-	-	-
Loss		137,493	137,493	141,626	141,626
		137,493	137,493	141,626	141,626
Total		2,879,677	137,506	3,124,930	141,631
Overseas		-	-	-	-
Total		-	-	-	-

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2026**

8.5 Summarised financial information of associate

8.5.1 Investment in associate - unlisted

Taurus Securities Limited
Taurus Securities Limited

Period / year ended	Number of shares	Percentage of holding	Country of incorporation	Cost Rupees in '000
June 30, 2026 (Un-audited)	4,050,374	30%	Pakistan	40,504
December 31, 2025 (Audited)	4,050,374	30%	Pakistan	40,504

8.5.2 Summary of financial information of associate

Based on financial statements:

- October 1, 2025 to June 30, 2026

- October 1, 2024 to September 30, 2025

----- Rupees in '000 -----				
Assets	Liabilities	Equity	Revenue	Profit after taxation
1,686,079	1,266,102	419,977	285,034	28,348
1,560,181	1,168,548	391,633	325,148	51,292
				60,588

8.5.3 Reporting date of associate (i.e. Taurus Securities Limited) is December 31. Further, results of its operations including share of profit and other comprehensive income for the three months period October 1, 2025 to December 31, 2025 has been extracted by subtracting nine months period January 1, 2025 to September 30, 2025 figures from the annual audited financial statements for the year ended December 31, 2025 and then adding that to six months period figures from January 1, 2026 to June 30, 2026 based on its un-audited interim financial statements.

8.6 The market value of securities classified as amortised cost as at June 30, 2026 amounted to Rs. 9,164.22 million (December 31, 2025: Rs. 9,921.04 million).

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2026**

9 ADVANCES

Note	Performing		Non performing		Total	
	(Un-audited) June 30, 2026	(Audited) December 31, 2025	(Un-audited) June 30, 2026	(Audited) December 31, 2025	(Un-audited) June 30, 2026	(Audited) December 31, 2025
	-----Rupees in '000-----					
Loans, cash credits, running finances, etc.	49,327,485	41,044,761	9,247,116	10,367,438	58,574,601	51,412,199
Islamic financing and related assets	123,372,041	86,833,272	2,236,254	1,943,405	125,608,295	88,776,677
Bills discounted and purchased	-	99,608	219,630	219,630	219,630	319,238
	172,699,526	127,977,641	11,703,000	12,530,473	184,402,526	140,508,114
Impact of fair valuation of advances	(1,834,483)	(1,903,583)	-	-	(1,834,483)	(1,903,583)
Advances - gross	170,865,043	126,074,058	11,703,000	12,530,473	182,568,043	138,604,531

9.3

Credit loss allowance against advances

- Stage 1	605,888	702,763	-	-	605,888	702,763
- Stage 2	523,401	395,797	-	-	523,401	395,797
- Stage 3	-	-	10,411,784	-	10,411,784	10,800,150
	1,129,289	1,098,560	10,411,784	10,800,150	11,541,073	11,898,710
Advances - net of credit loss allowance	169,735,754	124,975,498	1,291,216	1,730,323	171,026,970	126,705,821

9.1 Particulars of advances (gross)

In local currency	(Un-audited) June 30, 2026	(Audited) December 31, 2025
In foreign currencies	----- Rupees in '000 -----	
	182,568,043	138,604,531
	182,568,043	138,604,531

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2026**

- 9.2** Advances include Rs. 11,703.00 million (December 31, 2025: Rs. 12,530.47 million) which have been placed under non-performing / stage 3 status as detailed below:

Category of classification in stage 3	(Un-audited) June 30, 2026		(Audited) December 31, 2025	
	Non performing loans	Credit loss allowance	Non performing loans	Credit loss allowance
	----- Rupees in '000 -----			
Domestic				
Other assets especially mentioned (OAEM)	59,006	41,888	151,988	81,548
Substandard	511,023	333,988	774,959	530,827
Doubtful	794,166	518,057	419,689	283,341
Loss	10,338,805	9,517,851	11,183,837	9,904,434
	<u>11,703,000</u>	<u>10,411,784</u>	<u>12,530,473</u>	<u>10,800,150</u>
Overseas	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>11,703,000</u>	<u>10,411,784</u>	<u>12,530,473</u>	<u>10,800,150</u>

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2026**

9.3 Particulars of credit loss allowance against advances

	(Un-audited) June 30, 2026			(Audited) December 31, 2025				
	Credit loss allowance held							
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	----- Rupees in '000 -----							
Opening balance	702,763	395,797	10,800,150	11,898,710	731,140	584,619	11,425,873	12,741,632
Charge for the period / year	251,858	638,188	255,638	1,145,684	522,484	650,837	1,027,433	2,200,754
Reversals for the period / year	(348,733)	(510,584)	(644,004)	(1,503,321)	(550,861)	(839,659)	(1,653,156)	(3,043,676)
	(96,875)	127,604	(388,366)	(357,637)	(28,377)	(188,822)	(625,723)	(842,922)
Amounts written off	605,888	523,401	10,411,784	11,541,073	702,763	395,797	10,800,150	11,898,710
Closing balance								

9.4 Advances - Particulars of credit loss allowance

	Rupees in '000							
	702,763	395,797	10,800,150	11,898,710	731,140	584,619	11,425,873	12,741,632
Opening balance								
New advances	187,752	230,475	1,126	419,353	435,680	88,991	88,754	613,425
Advances derecognised or repaid	(104,401)	(154,552)	(261,249)	(520,202)	(170,478)	(94,545)	(116,274)	(1,427,764)
Transfer to stage 1	64,106	(55,645)	(8,461)	-	86,804	(82,910)	(3,894)	-
Transfer to stage 2	(33,419)	407,713	(374,294)	-	(75,325)	561,846	(486,521)	-
Transfer to stage 3	(2,563)	(11,527)	14,090	-	(8,594)	(132,486)	141,080	-
	111,475	416,464	(628,788)	(100,849)	268,087	340,896	(1,423,322)	(814,339)
Changes in risk parameters (PDs/ LGDs/ EADs)	(208,350)	(288,860)	240,422	(256,788)	(296,464)	(529,718)	797,599	(28,583)
Closing balance	605,888	523,401	10,411,784	11,541,073	702,763	395,797	10,800,150	11,998,710

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2026**

		(Un-audited)		(Audited)		
		June 30, 2026		December 31, 2025		
9.4.2	Advances - Category of classification	Outstanding amount	Credit loss allowance held	Outstanding amount	Credit loss allowance held	
-----Rupees in '000-----						
Domestic						
	Performing	Stage 1	118,551,256	605,888	81,305,726	702,763
	Underperforming	Stage 2	52,313,787	523,401	44,768,332	395,797
	Non-performing	Stage 3				
	Other assets especially mentioned (OAEM)		59,006	41,888	151,988	81,548
	Substandard		511,023	333,988	774,959	530,827
	Doubtful		794,166	518,057	419,689	283,341
	Loss		10,338,805	9,517,851	11,183,837	9,904,434
			11,703,000	10,411,784	12,530,475	10,800,150
	Total		182,568,043	11,541,073	138,604,531	11,898,710
Overseas						
			-	-	-	-
	Total		-	-	-	-

- 9.4.3** State Bank of Pakistan (SBP) through BSD Circular No.1 dated October 21, 2011 has allowed benefit of the forced sales value (FSV) of plant & machinery under charge, pledged stocks & mortgaged residential, commercial and industrial properties (land and building only), held as collateral against Non-Performing Loans (NPLs) for a maximum of five years from the date of classification.

The Holding company has adopted IFRS 9 with effect from January 1, 2024. In accordance with the SBP's IFRS 9 Application Instructions (together with BPRD Circular Letter No.16 of 2024 dated July 29, 2024), credit loss allowance / provision against NPLs has been taken at higher of the i) provision as required under SBP's Prudential Regulations; or ii) credit loss allowance computed in accordance with the requirements of the Application Instructions. This has effectively reduced the cumulative FSV benefit availed by the Holding company as on period end. As at June 30, 2026, the Holding company has availed cumulative benefit of forced sales value of Rs. 743.53 million (December 31, 2025: Rs. 936.19 million). Increase in unappropriated profit amounting to Rs. 356.90 million (December 31, 2025: Rs. 440.00 million) is not available for the distribution of cash or stock dividend to shareholders or bonus to employees.

		(Un-audited) June 30, 2026	(Audited) December 31, 2025
		----- Rupees in '000 -----	
10 PROPERTY AND EQUIPMENT	Note		
Capital work-in-progress	10.1	141,570	290,463
Property and equipment		<u>4,443,318</u>	<u>4,506,076</u>
		<u>4,584,888</u>	<u>4,796,539</u>
10.1 Capital work-in-progress			
Civil works		137,333	76,921
Equipment		4,237	212,400
Furniture and fixtures		-	216
Advances to suppliers		-	926
		<u>141,570</u>	<u>290,463</u>

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2026**

10.2 Additions to property and equipment

The following additions have been made to property and equipment during the period:

Capital work-in-progress - net (transfers) / additions

(Un-audited)
For the six months ended

June 30, 2026	June 30, 2025
----- Rupees in '000 -----	

(148,893) 44,130

Property and equipment

Furniture and fixtures
Electrical, office and computer equipment
Vehicles
Books
Leasehold improvements

26,481	31,441
334,474	118,151
-	26,701
10	-
93,260	84,371
454,225	260,664
305,332	304,794

Total

10.3 Disposal of property and equipment

The net book value of property and equipment disposed off during the period is as follows:

Furniture and fixtures
Electrical, office and computer equipment
Leasehold improvements
Total

21	2,473
93	545
-	1,063
114	4,081

(Un-audited) (Audited)
June 30, December 31,
2026 2025

----- Rupees in '000 -----

11 RIGHT-OF-USE ASSETS

Buildings

At January 1
Cost
Accumulated depreciation
Net carrying amount at January 1

5,235,628	4,965,179
(3,609,467)	(2,905,209)
1,626,161	2,059,970

Additions during the period / year

108,755 379,414

Terminations during the period / year - at cost
Accumulated depreciation on termination

(8,424)	(108,965)
4,806	63,251
(3,618)	(45,714)

Depreciation charge for the period / year
Net carrying amount at the period / year end

(377,962)	(767,509)
1,353,336	1,626,161

12 INTANGIBLE ASSETS

Capital work in progress
Licenses and computer softwares

62,765	53,879
285,195	325,766
347,960	379,645

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2026**

		(Un-audited)	
		For the six months ended	
		June 30,	June 30,
		2026	2025
		----- Rupees in '000 -----	
12.1	Additions to intangible assets		
	The following additions have been made to intangible assets during the period:		
	Directly purchased - intangible assets	-	-
	Capital work in progress - net	3,174	9,922
	Total	3,174	9,922

12.2 Disposals of intangible assets

No intangible assets were disposed off during the periods ended June 30, 2026 and June 30, 2025.

		(Un-audited)	(Audited)
		June 30,	December 31, 2025
		2026	
		----- Rupees in '000 -----	
13	DEFERRED TAX ASSETS		
	Deductible temporary differences on		
	Accelerated accounting depreciation	510,150	409,463
	Credit loss allowance against investments	12,862	15,007
	Unrealised loss on FVPL investments	8,039	8,039
	Credit loss allowance against advances and off balance sheet obligations	1,382,519	1,521,093
	Credit loss allowance against cash and balances with treasury banks	10	8
	Credit loss allowance against balances with other banks	5,463	5,273
	Credit loss allowance against other assets	23,479	23,812
	Islamic pool management reserves	48,314	51,067
	Deficit on revaluation of FVOCI investments - net	426,946	-
	Others	222,773	188,373
		2,640,555	2,222,135
	Taxable temporary differences on		
	Share of profit of associate	(44,455)	(40,033)
	Surplus on revaluation of FVOCI investments - net	-	(984,186)
	Surplus on revaluation of non-banking asset	(53,628)	(56,751)
	Modification of advances	(38,571)	(14,175)
	Fair valuation of staff loans	(129,135)	(94,079)
		(265,789)	(1,189,224)
	Deferred tax assets - net	2,374,766	1,032,911

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2026**

		(Un-audited) June 30, 2026	(Audited) December 31, 2025
	Note	----- Rupees in '000 -----	
14 OTHER ASSETS			
Income / mark-up accrued in local currency		7,913,636	6,522,531
Advances, deposits, advance rent and other prepayments		440,820	373,019
Advance taxation (payments less provisions)		1,998,321	623,647
Non-banking assets acquired in satisfaction of claims		202,787	226,459
Branch adjustment account		4,841	10,812
Mark to market gain on forward foreign exchange contracts		3,215	8,926
Acceptances		2,173	2,910
Pre-IPO investment		100,000	100,000
Stationary and stamps on hand		164,664	169,411
Clearing and settlement accounts		659,307	1,019,518
Receivable from the State Bank of Pakistan		689,626	477,287
Deferred cost on staff loans		2,156,993	2,111,764
Others		193,790	182,975
		14,530,173	11,829,259
Less: Credit loss allowance held against other assets	14.1	(189,578)	(190,219)
Other assets - net of credit loss allowance		14,340,595	11,639,040
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	21	103,134	109,138
Other assets - total		14,443,729	11,748,178
14.1 Credit loss allowance held against other assets			
Income / mark-up accrued in local currency		2,082	2,723
Advances for Pre-IPO investment		100,000	100,000
Others		87,496	87,496
		189,578	190,219
14.1.1 Movement in credit loss allowance held against other assets			
Opening balance		190,219	190,357
Charge for the period / year		591	1,250
Reversal for the period / year		(1,232)	(1,388)
		(641)	(138)
Closing balance		189,578	190,219
15 BILLS PAYABLE			
In Pakistan		2,812,871	3,212,340
Outside Pakistan		-	-
		2,812,871	3,212,340

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2026**

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BORROWINGS

	(Un-audited) June 30, 2026	(Audited) December 31, 2025
	----- Rupees in '000 -----	
Secured		
Borrowings from State Bank of Pakistan (SBP) under:		
- Export refinance scheme	1,971,000	2,205,700
- Long term financing facility	2,024,246	2,367,827
- Refinance and credit guarantee scheme for women entrepreneurs	38,443	46,242
- Financing facility for renewable energy	175,442	204,448
- Refinance facility for modernization of Small and Medium Enterprises (SMEs)	115,372	134,449
- Refinance facility for combating COVID-19	75,359	182,745
- SME Asaan Scheme (SAAF)	227,278	321,801
- Financing facility for storage of agriculture produce	95,077	107,538
- Repurchase agreement borrowings	42,351,908	-
- Acceptance mudarbah	19,473,726	-
	66,547,851	5,570,750
Repurchase agreement borrowings	1,122,429	13,878,200
Total secured	67,670,280	19,448,950
Unsecured		
Call borrowings	4,050,000	16,249,028
Total	71,720,280	35,697,978

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DEPOSITS AND OTHER ACCOUNTS

	(Un-audited) June 30, 2026			(Audited) December 31, 2025		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
	----- Rupees in '000 -----					
Customers						
Current deposits	80,703,550	1,302,549	82,006,099	68,296,014	744,527	69,040,541
Saving deposits	207,083,653	104,145	207,187,798	176,241,734	116,671	176,358,405
Term deposits	173,982,634	265,589	174,248,223	107,567,941	601,574	108,169,515
Others	18,731,042	-	18,731,042	21,709,929	-	21,709,929
	480,500,879	1,672,283	482,173,162	373,815,618	1,462,772	375,278,390
Financial Institutions						
Current deposits	1,042,106	31,071	1,073,177	1,999,589	30,896	2,030,485
Saving deposits	2,199,006	-	2,199,006	814,345	-	814,345
Term deposits	204,400	-	204,400	-	-	-
	3,445,512	31,071	3,476,583	2,813,934	30,896	2,844,830
	483,946,391	1,703,354	485,649,745	376,629,552	1,493,668	378,123,220

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LEASE LIABILITIES

	(Un-audited) June 30, 2026	(Audited) December 31, 2025
	----- Rupees in '000 -----	
Outstanding amount at the start of the period / year	1,757,104	2,147,700
Additions during the period / year	108,756	379,414
Lease payments including interest during the period / year	(476,865)	(1,097,755)
Interest expense	176,176	390,465
Terminations / modifications during the period / year	(3,828)	(62,720)
	(195,762)	(390,596)
Outstanding amount at the end of the period / year	1,561,342	1,757,104

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2026**

	(Un-audited) June 30, 2026	(Audited) December 31, 2025
	----- Rupees in '000 -----	
18.1 Liabilities outstanding		
Not later than one year	681,276	585,565
Later than one year and up to five years	880,066	1,171,539
Total at the period / year end	<u>1,561,342</u>	<u>1,757,104</u>

- 18.2** The Group mainly has lease contracts for real estate that are used in its operations including branches and other offices. Generally, the Bank is restricted from assigning and subleasing the lease assets. As a practical expedient, management does not separate lease and non-lease components, wherever applicable. The additions to lease obligations during the period have been discounted at rates ranging between 10.40% to 12.24% (December 31, 2025: 10.98% to 12.24%) per annum; being the relevant incremental borrowing rate of the Group.

	(Un-audited) June 30, 2026	(Audited) December 31, 2025
	----- Rupees in '000 -----	
19 OTHER LIABILITIES		
Mark-up / return / interest payable in local currency	9,067,205	7,389,057
Mark-up / return / interest payable in foreign currencies	3,059	16,380
Unearned commission and income on bills discounted	134,791	150,512
Accrued expenses and supplier payables	1,581,809	1,835,808
Acceptances	2,173	2,910
Unclaimed dividends	131,359	113,242
Mark to market loss on forward foreign exchange contracts	1,305	147
Deferred income on government schemes	1,275	1,275
Deferred income on Islamic financing	597,550	622,651
Islamic pool management reserves	92,911	98,206
Share subscription money refund	1,091	1,091
Retention money	32,317	39,738
Bills payment system over the counter (BPS-OTC)	-	49,502
Charity fund balance	12,483	11,648
Payable to defined benefit plan	81,053	3,499
Security deposits against ijarah	27,343	32,153
Levies and other taxes payable	64,726	38,629
Credit loss allowance against off-balance sheet obligations	115,045	42,406
Others	848,152	383,428
	<u>12,795,648</u>	<u>10,832,282</u>

Credit loss allowance against off-balance sheet obligations

19.1		
Opening balance	42,406	44,098
Charge for the period / year	105,993	19,419
Reversal for the period / year	<u>(33,354)</u>	<u>(21,111)</u>
	72,639	(1,692)
Closing balance	<u>115,045</u>	<u>42,406</u>

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2026**

20 SHARE CAPITAL

20.1 Authorized capital

(Un-audited) June 30, 2026	(Audited) December 31, 2025		(Un-audited) June 30, 2026	(Audited) December 31, 2025
Number of shares			----- Rupees in '000 -----	
1,500,000,000	1,500,000,000	Ordinary shares of Rs. 10 each	15,000,000	15,000,000

20.2 Issued, subscribed and paid up

(Un-audited) June 30, 2026	(Audited) December 31, 2025		(Un-audited) June 30, 2026	(Audited) December 31, 2025
Number of shares			----- Rupees in '000 -----	
722,698,448	722,698,448	Ordinary shares of Rs. 10 each	7,226,984	7,226,984
435,237,541	435,237,541	Fully paid in cash	4,352,376	4,352,376
1,157,935,989	1,157,935,989	Issued as fully paid bonus shares	11,579,360	11,579,360
		Closing balance		

20.3 The Holding company has only one class of shares and at reporting date, the Government of Khyber Pakhtunkhwa and Ismail Industries Limited held 812,893,804 (December 31, 2025: 812,893,804) and 282,852,969 (December 31, 2025: 282,852,969) ordinary shares respectively. Moreover, the Holding company has no reserved shares under options.

21 SURPLUS ON REVALUATION OF ASSETS

(Deficit) / surplus on revaluation of:

- Securities measured at FVOCI - Debt
- Securities measured at FVOCI - Equity
- Property and equipment
- Non-banking assets acquired in satisfaction of claims
- Investment of associate

(Un-audited) June 30, 2026	(Audited) December 31, 2025
----- Rupees in '000 -----	
(1,164,914)	1,571,582
(155,675)	(178,456)
900,120	900,120
103,134	109,138
(5,404)	(5,404)
(322,739)	2,396,980

Deferred tax on deficit / (surplus) on revaluation of:

- Securities measured at FVOCI - Debt
- Securities measured at FVOCI - Equity
- Non-banking assets acquired in satisfaction of claims
- Investment of associate

(Un-audited) June 30, 2026	(Audited) December 31, 2025
605,755	(817,223)
(178,809)	(166,963)
(53,628)	(56,751)
2,810	2,810
376,128	(1,038,127)
53,389	1,358,853

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2026**

		(Un-audited) June 30, 2026	(Audited) December 31, 2025
	Note	----- Rupees in '000 -----	
22 CONTINGENCIES AND COMMITMENTS			
Guarantees	22.1	31,049,486	44,153,665
Commitments	22.2	45,458,569	27,482,911
		<u>76,508,055</u>	<u>71,636,576</u>
22.1 Guarantees:			
Financial guarantees		300,000	300,000
Performance guarantees		30,743,404	43,847,583
Other guarantees		6,082	6,082
		<u>31,049,486</u>	<u>44,153,665</u>
22.2 Commitments:			
Documentary credits and short-term trade-related transactions			
- Letters of credit		17,704,998	14,495,539
Commitments in respect of:			
- Forward foreign exchange contracts	22.2.1	22,754,294	2,660,236
Commitments for acquisition of:			
- Property and equipment		116,308	396,538
- Intangible assets		89,544	69,828
Undrawn loan commitments	22.2.2	4,793,425	9,860,770
Other commitments		-	-
		<u>45,458,569</u>	<u>27,482,911</u>
22.2.1 Commitments in respect of forward foreign exchange contracts			
Purchase		6,854,373	792,236
Sale		15,899,921	1,868,000
		<u>22,754,294</u>	<u>2,660,236</u>

Commitments for outstanding forward foreign exchange contracts are disclosed in these consolidated condensed interim financial statements at contracted rates.

22.2.2 Undrawn loan commitments

These represent commitments that are irrevocable because they cannot be withdrawn at the discretion of the Holding company without the risk of incurring significant penalty or expense. In addition, the Holding company makes revocable commitments that do not attract any significant penalty or expense if the facility is unilaterally withdrawn.

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2026**

22.3 Other contingent liabilities

22.3.1 There are certain claims which have not been acknowledged as debts. These mainly represent counter claims by the borrowers, claims filed by the former employees of the Holding company and certain other claims. Based on legal advice and/or internal assessments management is optimistic that the matters will be decided in the Holding company's favour and the possibility of any adverse outcome is remote. Accordingly, no provision has been made in these consolidated condensed interim financial statements for the same.

22.3.2 The Holding company is contesting a case filed by an employee in the Peshawar High Court regarding changes in post retirement benefit plans made by the Holding company w.e.f. January 1, 2019. The management based on a legal opinion is of the view that such changes were lawfully made as per Holding company's policy and is optimistic about the favourable outcome of the case. Hence, no provision in this respect is recognised in these consolidated condensed interim financial statements. Considering the complexity and uncertainty in nature, the financial impact cannot be reasonably ascertained.

22.3.3 The Holding company is subject to periodic inspections and reviews by the State Bank of Pakistan. Such inspections may result in observations, remedial actions, administrative penalties or other regulatory measures. As of the reporting date, an inspection is underway. Management believes that the outcome of this matter cannot be presently determined with sufficient certainty and accordingly no provision has been recognised. Moreover, as per the practice, the financial effect, if any, will be recognised when it becomes probable and can be reliably estimated.

22.3.4 During the period, the Holding company entered into an agreement with M/s Mastercard Middle East Africa; under which certain support payments are linked to specified performance targets. As at period end, support payments amounting to USD 647 thousand received by the Bank remain contingent upon achievement of such targets over the period of ten years of the agreement. Based on an assessment performed, management is confident of achieving the specified targets in future periods, accordingly, no provision has been recognized in these consolidated interim financial statements.

22.3.5 The matters arising from income tax assessments of the Holding company up to Tax Year 2025 are detailed below:

- i) In respect of Tax Year 2014, the Commissioner Inland Revenue, Appeals (CIRA), issued an order dated November 24, 2021 under section 129 of the Income Tax Ordinance, 2001 in which he remanded back certain matters to Commissioner Inland Revenue (CIR) for reassessment and also upheld few matters. Being aggrieved, the Holding company filed an appeal with Appellate Tribunal Inland Revenue (ATIR) on February 23, 2022, which is currently pending.

The remand back proceedings were also completed by CIR, and order was issued, creating a total demand of Rs. 231 million (December 31, 2025: Rs. 231 million) in respect of remand back proceedings and for matter upheld by CIRA and mainly included disallowances on account of provision for doubtful debt, depreciation and workers welfare fund. The Holding company filed correction application with CIR as well as appeal with CIRA, on May 18, 2022 which is currently pending.

- ii) In respect of Tax Year 2015, Deputy Commissioner Inland Revenue issued an order dated February 23, 2023 creating an additional tax demand along with default surcharge of Rs. 645 million (December 31, 2025: Rs. 645 million) under section 161 of Income Tax Ordinance, 2001, mainly on account of non-deduction of withholding taxes on profit on debt, salaries and wages, advertisement and professional charges etc. Being aggrieved, the Holding company filed an appeal before CIRA on March 22, 2023 which is currently pending.

Further, the Holding company's assessment was amended under section 122(5A) by the Additional Commissioner Inland Revenue on December 13, 2016. The Bank filed an appeal before the CIR(A), who deleted the additions made by the ACIR. The case was subsequently selected for audit, which was concluded on September 30, 2021, resulting in a tax demand of Rs. 64.13 million. The Bank filed an appeal before the CIR(A), who, on May 24, 2023, upheld the disallowance of markup. Being aggrieved, the Holding company filed an appeal before the ATIR and tax demand was reduced to Rs. 54.24 million. The matter is currently pending before Peshawar High Court.

- iii) In respect of Tax Year 2016, Additional Commissioner Inland Revenue issued an order dated June 21, 2022 creating a demand of Rs. 188 million (December 31, 2025: Rs. 188 million) on account of provision for non-performing loans and advances. Being aggrieved the Bank filed an appeal with CIRA on July 22, 2022 which is currently pending.
- iv) In respect of Tax Year 2017, Additional Commissioner Inland Revenue issued an order dated May 29, 2023 creating a demand of Rs. 130 million (December 31, 2025: Rs. 130 million) on account of provision for non-performing loans and advances. Being aggrieved the Holding company filed an appeal with CIRA on July 4, 2023 which is currently pending.

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2026**

- v) In respect of Tax Year 2019, Assistant Commissioner Inland Revenue issued an order dated November 30, 2023 creating a demand of Rs. 962 million (December 31, 2025: Rs. 962 million) along with default surcharge amounting to Rs. 567 million (December 31, 2025: Rs. 567 million) under section 161 of Income Tax Ordinance, 2001, mainly on account of non-deduction of withholding taxes. Being aggrieved, the Holding company filed an appeal against the order on January 1, 2024. Appellate Tribunal Inland Revenue (ATIR) issued an order dated March 7, 2025, remanding the matter back to the assessing officer for a fresh decision after the examination of records.

During the period, the assessing officer completed the remand back proceedings and issued an order dated June 29, 2026 under section 161(1) of the Income Tax Ordinance, 2001, reducing the demand to Rs. 28 million including default surcharge of Rs. 6 million. Being aggrieved, the Holding company filed an appeal before CIR(A) on July 28, 2026, which is currently pending.

- vi) In respect of Tax Year 2020, Additional Commissioner Inland Revenue issued an order dated May 25, 2026 under section 122(5A) of the Income Tax Ordinance, 2001, creating a demand of Rs. 271 million by disallowing the Holding company's claim of refund adjustment. Being aggrieved, the Holding company filed an appeal before CIRA on June 18, 2026 which is currently pending.

Further, Assistant Commissioner Inland Revenue issued an order dated June 30, 2026 under section 161(1) of the Income Tax Ordinance, 2001, creating a demand of Rs. 26 million including default surcharge of Rs. 3 million, mainly on account of non-deduction of withholding taxes. Being aggrieved, the Holding company filed an appeal before CIRA on July 28, 2026, which is currently pending.

- vii) In respect of Tax Year 2021, Additional Commissioner Inland Revenue issued an order dated May 25, 2026 under section 122(5A) of the Income Tax Ordinance, 2001, creating a demand of Rs. 199 million by disallowing the Holding company's claim of refund adjustment. Being aggrieved, the Bank filed an appeal before CIRA on June 18, 2026 which is currently pending.

- viii) In respect of Tax Year 2022, Deputy Commissioner Inland Revenue issued an order dated December 8, 2025 creating a tax demand along with default surcharge of Rs. 6,620 billion under section 161 of Income Tax Ordinance, 2001, mainly on account of non-deduction of withholding taxes on profit on debt, dividend paid, salaries and wages, advertisement, professional and other charges etc. Being aggrieved, the Holding company filed an appeal before CIRA on January 9, 2026. The demand was then reduced to Rs. 25 million (including default surcharge), vide order dated April 8, 2026. The Bank filed an appeal before the ATIR, which is currently pending.

- ix) In respect of Tax Year 2023, Additional Commissioner Inland Revenue issued an order dated May 25, 2026 under section 122(5A) of the Income Tax Ordinance, 2001, creating a demand of Rs. 71 million by disallowing the Holding company's claim of refund adjustment. Being aggrieved, the Holding company filed an appeal before CIRA on June 18, 2026 which is currently pending.

- x) In respect of Tax Year 2024, Additional Commissioner Inland Revenue issued an order dated April 14, 2026 under section 122(5A) of the Income Tax Ordinance, 2001, creating a demand of Rs. 210 million by disallowing the Holding company's claim of refund adjustment. Being aggrieved, the Holding company filed an appeal before CIRA on May 14, 2026 which is currently pending.

Moreover, a recovery notice under section 138(1) was issued to the Holding company, against which the Holding company's stay application was rejected by CIRA on May 20, 2026. The Holding company thereafter filed an interim appeal along with a stay application before ATIR on May 21, 2026. The Division Bench of the ATIR, Peshawar, vide order dated May 25, 2026 granted a stay against recovery proceedings until the disposal of the main appeal by CIRA. Subsequently, CIRA on July 10, 2026 upheld the department's decision. Being aggrieved, the Holding company filed an appeal before ATIR on July 23, 2026 and ATIR granted stay on July 24, 2026.

Management is confident of a favourable outcome of the above matters. Hence, no provision has been recognised for the same in these consolidated condensed interim financial statements.

- 22.3.6** The Group share of contingencies of its associated company i.e. Taurus Securities Limited amounts to Rs. 8.61 million (December 31, 2025: Rs. 9.37 million). No provision has been recognised for the same in these consolidated condensed interim financial statements.

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2026**

		(Un-audited)	
		For the six months ended	
		June 30,	June 30,
		2026	2025
		----- Rupees in '000 -----	
23	MARK-UP / RETURN / INTEREST EARNED	Note	
	Loans and advances	7,766,463	7,089,255
	Investments	9,991,430	13,305,414
	Lendings to financial institutions	88,362	327,820
	Balances with banks	53,932	108,122
	Sukuk bonds	6,634,551	6,758,219
		<u>24,534,738</u>	<u>27,588,830</u>
23.1	Interest income included in above (calculated using effective interest rate method) recognized on:		
	Financial assets measured at amortized cost	8,407,800	
	Financial assets measured at FVOCI	16,040,409	
		<u>24.1.1</u>	<u>24,448,209</u>
24	MARK-UP / RETURN / INTEREST EXPENSED		
	Deposits	11,563,694	12,620,495
	Borrowings	4,412,815	4,922,238
	Lease liability	176,176	200,751
		<u>16,152,685</u>	<u>17,743,484</u>
24.1	Interest expense included in above calculated using effective interest rate method:		
	Financial liabilities	16,009,580	
		<u>24.1.1</u>	<u>16,009,580</u>
24.2	As disclosed in note 4.1.2, the Bank has applied the effective interest rate method during the current period under the modified retrospective approach. The impact has been recognised in opening equity, and accordingly, prior information has not been presented.		
25	FEE AND COMMISSION INCOME		
	Branch banking customer fees	15,811	14,278
	Consumer finance related fees	-	475
	Card related fees (Debit cards)	351,413	262,654
	Commission on trade	70,541	82,573
	Commission on guarantees	119,568	118,068
	Commission on remittances including home remittances	12,581	34,683
	Rebate from financial institutions	35,427	30,644
	Others	7,131	7,439
		<u>612,472</u>	<u>550,814</u>

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2026**

		(Un-audited)	
		For the six months ended	
		June 30,	June 30,
		2026	2025
		----- Rupees in '000 -----	
26	GAIN ON SECURITIES		
	Realised gain	26.1 50,449	1,496,573
	Unrealised gain/ (loss) - measured at FVPL	-	-
		<u>50,449</u>	<u>1,496,573</u>
26.1	Realised gain on:		
	Federal government securities	<u>50,449</u>	<u>1,496,573</u>
		<u>50,449</u>	<u>1,496,573</u>
27	NET GAIN / (LOSS) ON DERECOGNITION OF FINANCIAL ASSETS MEASURED AT AMORTISED COST		
	Gain on derecognition of financial assets measured at amortised cost	36,370	29,736
	Loss on derecognition of financial assets measured at amortised cost	<u>(23,533)</u>	<u>(20,126)</u>
		<u>12,837</u>	<u>9,610</u>
28	OTHER INCOME		
	Rent on property	1,204	1,676
	Gain on sale of property and equipment - net	1,037	5,330
	Postal, swift and other services	59,853	61,283
	Gain on early culmination of lease	210	3,904
	Service income on Government schemes	10	320
		<u>62,314</u>	<u>72,513</u>
29	OPERATING EXPENSES		
	Total compensation expense	2,932,403	2,584,182
	Property expense		
	Rent and taxes	10,796	7,340
	Utilities cost	230,922	245,277
	Security (including guards)	200,134	187,578
	Repair and maintenance (including janitorial charges)	16,506	14,034
	Depreciation - Right of use assets	377,962	377,190
	Depreciation - Non banking assets acquired in satisfaction of claims	29,675	22,356
	Depreciation - Property and equipment	209,006	198,741
		<u>1,075,001</u>	<u>1,052,516</u>

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2026**

(Un-audited)
For the six months ended

June 30, 2026	June 30, 2025
-----Rupees in '000-----	

Information technology expenses

Software maintenance	326,810	327,724
Hardware maintenance	36,902	52,712
Depreciation - Property and equipment	253,241	166,339
Amortization	43,745	42,888
Network charges	9,087	8,833
Connectivity charges	138,057	158,774
ATM charges	92,048	135,101
	899,890	892,371

Other operating expenses

Directors' fees and allowances	48,003	24,602
Fees and allowances to Shariah Board	8,433	7,652
Legal and professional charges	21,832	27,805
Outsourced service cost	247,705	209,264
Travelling and conveyance	57,251	50,096
NIFT clearing charges	21,540	16,243
Depreciation - Property and equipment	54,622	48,648
Training and development	2,745	8,691
Postage and courier charges	34,556	40,681
Communication	154,622	118,847
Stationery and printing	72,108	73,262
Marketing, advertisement and publicity	270,606	125,106
Auditors' remuneration	11,574	12,300
Entertainment	34,598	34,698
Newspapers and periodicals	903	1,346
Brokerage and commission	16,201	19,863
Rent and taxes	474	1,270
Cash carriage charges	82,931	71,700
Repair and maintenance	27,286	68,140
Utilities cost	5,681	5,692
Insurance	27,295	48,039
Fees and subscriptions	16,224	4,595
Deposit protection premium	104,682	79,934
Home remittance charges	54,011	31,223
Others	43,116	30,592
	1,419,000	1,160,289
	6,326,295	5,689,358

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OTHER CHARGES

Penalties imposed by State Bank of Pakistan	120,848	160
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**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2026**

		(Un-audited)	
		For the six months ended	
		June 30, 2026	June 30, 2025
		----- Rupees in '000 -----	
31	(REVERSAL OF) / CREDIT LOSS ALLOWANCE AND WRITE OFFS - NET	Note	
	Credit loss allowance held against cash and and balances with treasury banks and balances with other banks	5 & 6	368
	(Reversal) of credit loss allowance against lendings to financial institutions	7	(2,179)
	(Reversal) of credit loss allowance for diminution in value of investments	8.3	(4,125)
	(Reversal) of credit loss allowance against advances	9.3	(357,637)
	(Reversal) of credit loss allowance against other assets	14.1.1	(641)
	Credit loss allowance against off balance sheet obligations	19.1	72,639
			118
			(10,912)
			(8,289)
			(605,778)
			(337)
			6,726
			(291,575)
			(618,472)
32	TAXATION		
	Current	1,663,448	3,426,140
	Deferred	59,553	402,932
		1,723,001	3,829,072
33	BASIC AND DILUTED EARNINGS PER SHARE		
	Profit for the period	1,475,619	3,365,366
		----- (Number of shares) -----	
	Weighted average number of ordinary shares	1,157,935,989	1,157,935,989
		----- (Rupees) -----	
	Basic and diluted earnings per share	1.27	2.91
33.1	There were no dilutive potential ordinary shares outstanding as at June 30, 2026 and June 30, 2025.		

34 FAIR VALUE MEASUREMENTS

The fair value of quoted securities other than those classified under amortised cost, is based on quoted market price. Quoted securities classified under amortised cost are carried at cost. The fair value of unquoted equity securities, other than investments in associate, is determined on the basis of valuation methodologies. 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 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 assets and liabilities are either short-term in nature or in the case of customer loans and deposits, are frequently re-priced.

34.1 Fair value of financial assets

The Group 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 inputs that are not based on observable market data (i.e. unobservable inputs).

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2026

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

	(Un-audited) June 30, 2026				
	Carrying value	Fair value			Total
		Level 1	Level 2	Level 3	
On balance sheet financial instruments		----- Rupees in '000 -----			
Financial assets - measured at fair value					
Investments					
Federal Government Securities	338,982,709	89,313,426	249,669,283	-	338,982,709
Shares	521,406	220,695	-	300,711	521,406
Non-Government Debt Securities	3,458,396	1,006,994	2,451,402	-	3,458,396
Financial assets - disclosed but not measured at fair value					
Investments					
Federal Government Securities	8,636,803	-	8,628,261	-	8,628,261
Non-Government Debt Securities	507,869	535,959	-	-	535,959
Off-balance sheet financial instruments - measured at fair value					
Forward exchange contracts purchase	6,854,373	-	1,305	-	1,305
Forward exchange contracts sale	15,899,921	-	3,215	-	3,215
----- Rupees in '000 -----					
	(Audited) December 31, 2025				
	Carrying value	Fair value			Total
		Level 1	Level 2	Level 3	
On balance sheet financial instruments		----- Rupees in '000 -----			
Financial assets measured at fair value					
Investments					
Federal Government Securities	260,789,346	84,287,213	176,502,133	-	260,789,346
Shares	498,625	207,139	-	291,486	498,625
Non-Government Debt Securities	3,734,991	1,057,884	2,677,107	-	3,734,991
Financial assets - disclosed but not measured at fair value					
Investments					
Federal Government Securities	9,308,916	-	9,364,123	-	9,364,123
Non-Government Debt Securities	507,259	-	556,914	-	556,914
Off-balance sheet financial instruments - measured at fair value					
Forward exchange contracts purchase	792,236	-	147	-	147
Forward exchange contracts sale	1,868,000	-	8,926	-	8,926

34.2 The Holding company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements. 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 the transfer occurred. During the period, the Bank has reclassified two (2) Pakistan Investment Bonds (PIBs) with a carrying amount of Rs. 866.951 million from amortised cost to FVOCI following a reassessment of the business model for managing the PIB portfolio. There were no transfers between level 1 and 2 during the period.

Leasehold land is carried at revalued amount as determined by professional valuer, based on their assessment of market value and has been classified under level-3 as the effect of changes in the unobservable inputs used in the valuation cannot be determined with certainty.

34.2.1 Fair value of financial assets

(a) Financial instruments in level 1

Financial instruments included in level 1 comprise of investments in listed ordinary shares and listed Government of Pakistan (GoP) - Ijarah Sukuks, and listed non-government debt securities.

(b) Financial instruments in level 2

Financial instruments included in level 2 comprise of Sukuks Bonds, Pakistan Investment Bonds, Market Treasury Bills, Term Finance certificates, and un-listed non-government debt securities and forward exchange contracts.

(c) Financial instruments in level 3

Financial instruments included in level 3 comprise of investments in un-listed ordinary shares.

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2026

34.2.2 Fair value of non - financial assets

Certain categories of property and equipment (leasehold land) of Rs. 1,016.28 million (December 31, 2025: Rs. 1,016.28 million) and non banking assets acquired in satisfaction of claims of Rs. 305.92 million (December 31, 2025: Rs. 335.60 million) are carried at revalued amounts (level 3 measurements) determined by professional valuers based on their assessment of the market values. The valuations are conducted by the valuation experts appointed by Bank which are also on panel of State Bank of Pakistan.

34.2.3 Valuation techniques and inputs used in determination of fair values within level 1

Fully paid-up ordinary shares, listed GOP Ijarah, Sukuks (GIS) and listed non-government debt securities

Fair values of investments in listed equity securities, listed GOP Ijarah Sukuks (GIS) and listed non-government debt securities are valued on the basis of closing quoted market prices available at the Pakistan Stock Exchange.

34.2.4 Valuation techniques and inputs used in determination of fair values within level 2

Pakistan Investment Bonds / Market Treasury Bills

Fair values of Pakistan Investment Bonds and Treasury Bills are derived using the PKRV rates for fixed rate securities and PKFRV rates for floating rate PIB's (Reuters page).

Un-listed GOP Ijarah Sukuks

Fair values of unlisted GoP Ijarah Sukuks are derived using the PKISRV rates announced by the Financial Market Association (FMA) through Reuters. These rates denote an average of quotes received from eight different pre-defined / approved dealers / brokers.

Term Finance, Bonds and Sukuk certificates

Investments in debt securities (comprising term finance certificates, bonds, Sukuk certificates and any other security issued by a company or a body corporate for the purpose of raising funds in the form of redeemable capital) are valued on the basis of the rates announced by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by the Securities and Exchange Commission of Pakistan. In the determination of the rates, the MUFAP takes into account the holding pattern of these securities and categorizes these as traded, thinly traded and non-traded securities. However, fair values of investments in unquoted debt securities are valued on the basis of present value technique based on market interest rates.

Valuation techniques and inputs used in determination of fair values within level 3

Property & equipment (Leasehold land) and non-banking assets acquired in satisfaction of claims

These assets are revalued on regular basis using professional valuers on the panel of Pakistan Banker's Association. The valuation is based on their assessment of market value of the properties. The valuation experts used a market based approach to arrive at the fair value of the Bank's properties. The market approach used prices and other relevant information generated by market transactions involving identical, comparable or similar properties. These values are adjusted to reflect the current condition of the properties. The effect of changes in the unobservable inputs used in the valuations cannot be determined with certainty accordingly a qualitative disclosure of sensitivity has not been presented in these unconsolidated interim financial statements.

Unquoted equity securities

Fair value of unquoted equity securities is determined on the basis of income approach.

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurement of investments:

Description	Fair value Rupees in '000	Unobservable input	Discount rate	Relationship of unobservable inputs to fair value
Unquoted equity securities	300,711	Discount rate	15%	Increase / (decrease) in discount rate by 1% with all other variables held constant, would (decrease) / increase the fair value by Rs. 9,021 thousand.

The following table shows reconciliation of investments measured at level 3 fair value:

	(Un-audited) June 30, 2026	(Audited) December 31, 2025
Opening balance	291,486	89,302
Impact of adoption of IFRS 9	-	188,810
Balance as at January 1	291,486	278,112
Remeasurement recognised in OCI	9,225	13,374
Closing balance	300,711	291,486

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35 SEGMENT INFORMATION

35.1 Segment details with respect to business activities

	For the six months ended June 30, 2026 (Un-audited)				Total
	Corporate Finance	Trading and Sales	Retail Banking	Commercial Banking	
	----- Rupees in 000 -----				
Profit and loss					
Net mark-up / return / profit	(5,143,102)	13,751,809	(1,765,985)	1,539,331	8,382,053
Inter segment revenue - net	6,490,318	(8,384,183)	1,990,472	(96,607)	-
Non mark-up / return / interest income	7,267	382,667	384,232	197,969	972,135
Total income	1,354,483	5,750,293	608,719	1,640,693	9,354,188
Segment direct expenses	(3,888,388)	(99,641)	(1,240,100)	(1,219,014)	(6,447,143)
Inter segment expense allocation	2,971,912	(3,791,151)	828,226	(8,987)	-
Total expenses	(916,476)	(3,890,792)	(411,874)	(1,228,001)	(6,447,143)
Credit loss allowance	-	(21,924)	11,844	301,655	291,575
Profit before tax	438,007	1,837,577	208,689	714,347	3,198,620
	As at June 30, 2026 (Un-audited)				Total
	Corporate Finance	Trading and Sales	Retail Banking	Commercial Banking	
	----- Rupees in 000 -----				
Balance sheet					
Cash and bank balances	6,717,449	25,786,773	884,998	15,042,219	48,431,439
Investments	9,144,672	342,962,511	-	125,994	352,233,177
Net inter segment lending	241,720,366	(321,200,182)	83,143,004	(3,663,188)	-
Lendings to financial institutions	-	1,633,632	-	-	1,633,632
Advances - performing	80,622,766	-	11,507,540	77,605,448	169,735,754
Advances - non performing	-	-	314,220	976,996	1,291,216
Others	3,980,128	9,419,984	4,673,365	5,031,201	23,104,678
Total assets	342,185,381	58,602,718	100,523,127	95,118,670	596,429,897
Borrowings	24,195,943	43,474,337	-	4,050,000	71,720,280
Deposits and other accounts	304,845,215	-	97,222,422	83,582,108	485,649,745
Net inter segment borrowing	(241,720,366)	321,200,182	(83,143,004)	3,663,188	-
Others	9,464,700	1,218,129	2,664,159	3,822,873	17,169,861
Total liabilities	96,785,492	365,892,648	16,743,577	95,118,169	574,539,886
Equity	245,399,889	(307,289,930)	83,779,550	502	21,890,011
Total equity and liabilities	342,185,381	58,602,718	100,523,127	95,118,670	596,429,897
Contingencies and commitments	17,955,429	22,888,925	12,152,413	23,511,288	76,508,055

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	For the six months ended June 25 (Un-audited)				Total
	Corporate Finance	Trading and Sales	Retail Banking	Commercial Banking	
	Rupees in 000				
Profit and loss					
Net mark-up / return / profit	(3,230,520)	15,268,962	(2,166,746)	(26,350)	9,845,346
Inter segment revenue - net	4,785,654	(8,585,557)	2,780,731	1,019,172	-
Non mark-up / return / interest income	31,380	1,933,601	291,522	163,635	2,420,138
Total income	1,586,514	8,617,006	905,507	1,156,457	12,265,484
Segment direct expenses	(3,094,285)	(109,307)	(1,524,964)	(960,962)	(5,689,518)
Inter segment expense allocation	2,358,380	(3,887,699)	1,104,944	424,375	-
Total expenses	(735,905)	(3,997,006)	(420,020)	(536,587)	(5,689,518)
Reversal of credit loss allowance	-	17,434	76,518	524,520	618,472
Profit before tax	850,609	4,637,434	562,005	1,144,390	7,194,438

	As at December 31, 2025 (Audited)				Total
	Corporate Finance	Trading and Sales	Retail Banking	Commercial Banking	
	Rupees in 000				

Balance sheet

Cash and bank balances	3,908,003	17,966,414	886,196	5,854,570	28,615,183
Investments	9,816,175	265,022,962	-	117,490	274,956,627
Net inter segment lending	168,242,348	(263,810,079)	77,687,081	17,880,650	-
Lendings to financial institutions	-	3,438,549	-	-	3,438,549
Advances - performing	48,578,815	-	12,994,176	63,402,507	124,975,498
Advances - non performing	-	-	242,664	1,487,659	1,730,323
Others	3,343,288	7,236,330	3,624,791	5,379,025	19,583,434
Total assets	233,888,629	29,854,176	95,434,908	94,121,901	453,299,614
Borrowings	5,570,750	13,878,200	-	16,249,028	35,697,978
Deposits and other accounts	216,876,558	-	91,356,440	69,890,222	378,123,220
Net inter segment borrowing	(168,242,348)	263,810,079	(77,687,081)	(17,880,650)	-
Others	8,012,494	637,338	3,151,465	4,000,429	15,801,726
Total liabilities	62,217,454	278,325,617	16,820,824	72,259,029	429,622,924
Equity	171,671,175	(248,471,441)	78,614,084	21,862,872	23,676,690
Total equity and liabilities	233,888,629	29,854,176	95,434,908	94,121,901	453,299,614

Contingencies and commitments	22,590,344	2,969,298	12,163,032	33,913,902	71,636,576
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35.2 Geographical segment

Segment details with respect to geographical locations are not presented in these consolidated condensed interim financial statements as geographically the Group conducts all its operations in Pakistan only.

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2026

36 RELATED PARTY TRANSACTIONS

The Group has related party relationship with its majority shareholders (Government of Khyber Pakhtunkhwa and Ismail Industries Limited), associate, directors, key management personnel, staff retirement benefit plan and other related parties.

The Bank 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. Contributions to and accruals in respect of staff retirement benefits and other benefit plans are made in accordance with the actuarial valuations / terms of the contribution plan. Remuneration to the executives are determined in accordance with terms of their appointments. Further, the Bank acts as a custodian for securities held in Investor Portfolio Securities (IPS) account maintained on behalf of Government of Khyber Pakhtunkhwa having face value of Rs. 52.93 million (December 31, 2025: Rs. 16,688.43 million).

Details of transactions with related parties during the period, other than those which have been disclosed elsewhere in these consolidated condensed interim financial statements are as follows:

	(Un-audited) As at June 30, 2026				(Audited) As at December 31, 2025			
	Directors	Key management personnel	Associate	Employee funds	Directors	Key management personnel	Associate	Employee funds
----- Rupees in '000 -----								
Investments								
Opening balance	-	-	117,490	-	-	-	102,351	-
Investment during the period / year	-	-	-	-	-	-	-	-
Movement during the period / year	-	-	8,504	-	-	-	15,139	-
Transfer (out) / in - net	-	-	-	-	-	-	-	-
Closing balance	-	-	125,994	-	-	-	117,490	-
Advances								
Opening balance	-	195,993	-	-	-	181,425	-	-
Addition during the period / year	-	47,732	-	-	-	62,999	-	-
Repaid during the period / year	-	13,936	-	-	-	37,180	-	-
Transfer (out) / in - net	-	(73,090)	-	-	-	(11,251)	-	-
Closing balance	-	156,700	-	-	-	195,993	-	-
Credit loss allowance / provision held against advances	-	37	-	-	-	19	-	-
Deposits and other accounts								
Opening balance	7,239	47,372	39,310	4,549,944	148	8,423	95,829	3,016,225
Received during the period / year	35,752	49,394	46,703	1,968,524	26,452	216,680	245,663	5,985,394
Withdrawn during the period / year	34,259	52,644	47,037	1,816,946	16,635	169,461	302,182	4,451,675
Transfer (out) / in - net	(1755)	(3,434)	-	-	(2,726)	(8,270)	-	-
Closing balance	7,977	40,688	38,976	4,701,522	7,239	47,372	39,310	4,549,944
Other liabilities								
Interest / mark-up payable	6	1,840	753	36,463	4	1,110	715	23,869
----- Rupees in '000 -----								
Income								
Mark-up / return / interest earned	-	2,026	-	-	-	2,017	-	-
Expense								
Mark-up / return / interest expensed	64	1,856	980	214,910	73	1,188	9,320	289,343
Operating expenses - Compensation	82,988	158,459	-	-	53,496	147,641	-	-

36.1 As of June 30, 2026, the Group has an equity investment having cost of Rs. 112.50 million (December 31, 2025: Rs. 112.50 million) and carrying value of Rs. 300.71 million (December 31, 2025: Rs. 291.49 million) in Dawood Family Takaful Limited, a related party.

36.2 Government of Khyber Pakhtunkhwa (GoKP) holds 70.20% shareholding in the Bank and therefore, entities which are owned and / or controlled by the GoKP, or where the GoKP may exercise significant influence, are also related parties of the Bank. The Bank in the ordinary course of its business enters into transaction with various departments of the GoKP and its related entities. Such transactions include advances to, deposits from and provision for other banking services to Government related entities.

Transactions and balances with Government and its related entities, other than those disclosed in the respective notes to these consolidated condensed interim financial statements, as at period end includes loans and advances and deposits amounting to Rs. 80,623 million (December 31, 2025: Rs. 48,579 million) and Rs. 304,845 million (December 31, 2025: Rs. 216,877 million), respectively.

Detailed related party disclosure for being government entity is disclosed as required under IAS-24 "Related Party Disclosures". Relevant details are referred in the following notes:

Particulars	Note
Investments	8.1
Shareholding	20

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	(Un-audited) June 30, 2026	(Audited) December 31, 2025
	---- Rupees in '000 ----	
37 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS		
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	11,579,360	11,579,360
Capital Adequacy Ratio (CAR):		
Eligible common equity tier 1 (CET 1) capital	20,625,464	21,938,809
Eligible additional tier 1 (ADT 1) capital	-	-
Total eligible tier 1 capital	20,625,464	21,938,809
Eligible tier 2 capital	1,113,152	2,207,478
Total eligible capital (Tier 1 + Tier 2)	21,738,616	24,146,287
Risk weighted assets (RWAs):		
Credit risk	89,850,793	72,981,998
Market risk	18,110,542	12,497,974
Operational risk	34,362,037	34,362,037
Total	142,323,371	119,842,009
Common equity tier 1 capital adequacy ratio	14.49%	18.31%
Tier 1 capital adequacy ratio	14.49%	18.31%
Total capital adequacy ratio	15.27%	20.15%
National minimum capital requirements prescribed by SBP		
CET1 minimum ratio	6.00%	6.00%
ADT-1 minimum ratio	1.50%	1.50%
Tier 1 minimum ratio	7.50%	7.50%
Total capital minimum ratio	10.00%	10.00%
Capital conservation buffer (CCB- consisting of CET1 only)	1.50%	1.50%
Total capital plus CCB	11.50%	11.50%
Leverage Ratio (LR):		
Eligible tier 1 capital	21,285,133	21,938,809
Total exposures	615,076,036	506,810,207
Leverage ratio	3.46%	4.33%
Liquidity Coverage Ratio (LCR):		
Total high quality liquid assets	265,837,594	257,620,116
Total net cash outflow	129,610,726	110,482,513
Liquidity coverage ratio	205.10%	233.18%
Net Stable Funding Ratio (NSFR):		
Total available stable funding	350,409,479	255,767,794
Total required stable funding	160,034,819	116,739,966
Net stable funding ratio	218.96%	219.09%

- 37.1** The SBP in its application instructions for IFRS 9 has permitted the banks to adopt a transitional approach to phase in the initial impact of ECL for stage 1 and 2 financial assets over a period of five years. However, the Group has opted to disclose the figures of "fully loaded" CAR.

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ISLAMIC BANKING BUSINESS

- 38** The Bank is operating 212 (December 31, 2025: 199) Islamic banking branches and 44 (December 31, 2025 : 55) Islamic banking windows at June 30, 2026. As detailed in note 1, the Bank has converted additional 11 of its conventional banking branches into Islamic banking branches during the period.

		(Un-audited) June 30, 2026	(Audited) December 31, 2025
		---- Rupees in '000 ----	
STATEMENT OF FINANCIAL POSITION	Note		
ASSETS			
Cash and balances with treasury banks		22,090,759	15,904,625
Balances with other banks		3,060,570	590,967
Investments	38.1	127,475,858	122,278,524
Islamic financing and related assets - net	38.2	122,082,189	85,781,232
Property and equipment		1,187,065	1,163,565
Right-of-use assets		858,005	983,931
Due from head office		14,174,219	8,134,954
Other assets		6,307,716	5,084,531
Total Assets		297,236,381	239,922,329
LIABILITIES			
Bills payable		1,953,294	2,026,512
Due to financial institutions		24,099,113	16,702,858
Deposits and other accounts	38.3	258,266,400	202,619,318
Due to head office		-	-
Lease liabilities		1,138,745	1,251,641
Sub-ordinated debt		-	-
Other liabilities		6,045,722	10,341,474
Total Liabilities		291,503,274	232,941,803
NET ASSETS		5,733,107	6,980,526
REPRESENTED BY			
Islamic banking fund		1,000,000	1,000,000
Reserves		18	4,761
(Deficit) / surplus on revaluation of assets		(1,063,154)	458,810
Unappropriated profit	38.7	5,796,243	5,516,955
		5,733,107	6,980,526
CONTINGENCIES AND COMMITMENTS	38.4		

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The profit and loss account of the Group's Islamic banking branches including windows for the six months ended June 30, 2026 is as follows:

		(Un-audited)	
		For the six months ended	
		June 30,	June 30,
		2026	2025
		---- Rupees in '000 ----	
PROFIT AND LOSS ACCOUNT	Note		
Profit / return earned	38.5	11,924,793	8,256,964
Profit / return expensed	38.6	5,339,845	3,298,805
Net profit / return		6,584,948	4,958,159
Other income			
Fee and commission income		391,269	216,083
Dividend income		-	-
Foreign exchange income		145,596	107,955
Gain on securities		250	75,528
Net (loss) on derecognition of financial assets measured at amortised cost		(1,853)	(5,160)
Other income		53,651	36,425
Total other income		588,913	430,831
Total income		7,173,861	5,388,990
Other expenses			
Operating expenses		3,732,569	2,807,414
Workers Welfare Fund		-	-
Other charges		50	40
Total other expenses		3,732,619	2,807,454
Profit before credit loss allowance		3,441,242	2,581,536
Credit loss allowance and write offs - net		449,787	258,583
Profit before taxation		2,991,455	2,322,953
Taxation		1,555,557	1,231,165
Profit after taxation		1,435,898	1,091,788

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		(Un-audited) June 30, 2026			
38.1	Investments by segments	Cost / Amortised cost	Credit loss allowance	Surplus / (Deficit)	Carrying value
		----- Rupees in '000 -----			
Debt Instruments					
Classified / measured at amortised cost					
Federal Government securities					
- GoP ijarah sukuku		5,006,536	-	-	5,006,536
- Bai Muajjal		3,630,267	-	-	3,630,267
		8,636,803	-	-	8,636,803
Non-government debt securities		304,598	-	-	304,598
Classified / measured at fair value through other comprehensive income (FVOCI)					
Federal Government securities					
- GoP ijarah sukuku		119,472,611	-	(1,063,967)	118,408,644
Non - government debt securities		125,000	-	813	125,813
		119,597,611	-	(1,063,154)	118,534,457
Total investments		128,539,012	-	(1,063,154)	127,475,858
(Audited) December 31, 2025					
		Cost / Amortised cost	Credit loss allowance	Surplus / (Deficit)	Carrying value
		----- Rupees in '000 -----			
Debt Instruments					
Classified / measured at amortised cost					
Federal Government securities					
- GoP ijarah sukuku		5,012,834	-	-	5,012,834
- Bai Muajjal		3,429,747	-	-	3,429,747
		8,442,581	-	-	8,442,581
Non-government debt securities		304,202	-	-	304,202
Classified / measured at fair value through other comprehensive income (FVOCI)					
Federal Government securities					
- GoP ijarah sukuku		112,687,931	-	444,571	113,132,502
Non - government debt securities		385,000	-	14,239	399,239
		113,072,931	-	458,810	113,531,741
Classified / measured at fair value through profit or loss (FVPL)					
Non - government debt securities		-	-	-	-
Total investments		121,819,714	-	458,810	122,278,524

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FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2026**

	(Un-audited) June 30, 2026	(Audited) December 31, 2025
	-----Rupees in '000-----	
38.2 Islamic financing and related assets		
Ijarah	65,783	82,512
Murabaha	7,869,641	6,002,101
Diminishing musharaka	26,029,739	18,206,589
Running musharaka	58,781,453	39,715,360
Qarz e Hasna	8,952	463
Istisna	24,977,047	16,306,496
Tijarah	293,472	127,145
Wakalah	433,812	578,000
Bai Muajjal	7,148,396	7,758,011
	125,608,295	88,776,677
Impact of fair valuation of Islamic financing and related assets	(815,501)	(692,021)
Gross Islamic financing and related assets	124,792,794	88,084,656
Less: Credit loss allowance against Islamic financing		
- Stage 1	467,502	490,260
- Stage 2	324,746	144,080
- Stage 3	1,918,356	1,669,084
	2,710,605	2,303,424
Islamic financing and related assets - net of credit loss allowance	122,082,190	85,781,232
38.3 Deposits		
Customers		
Current deposits	64,260,692	53,938,227
Savings deposits	164,583,351	118,580,782
Term deposits	12,013,697	10,836,479
Others	14,228,613	16,662,005
	255,086,353	200,017,493
Financial Institutions		
Current Deposits	897,553	1,909,207
Savings deposits	2,082,494	692,618
Term Deposits	200,000	-
	3,180,047	2,601,825
	258,266,400	202,619,318
38.4 Contingencies and commitments		
Guarantees	18,686,479	16,097,383
Commitments	23,784,202	22,225,306
	42,470,681	38,322,689
38.5 Profit / return earned on financing, investments and placements		
	(Un-audited) For the six months ended June 30, 2026	(Audited) June 30, 2025
	----- Rupees in '000 -----	
Profit earned on:		
Financing	5,279,998	1,417,249
Investments	6,634,552	6,731,897
Placements	3,589	91,892
Balances with banks	6,654	15,926
	11,924,793	8,256,964

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		(Un-audited) For the six months ended	
		June 30, 2026	June 30, 2025
		----- Rupees in '000 -----	
38.6 Profit on deposits and other dues expensed			
Deposits and other accounts		4,013,336	3,073,787
Due to financial institutions		1,208,367	142,372
Finance charge on lease liability		118,142	82,646
		5,339,845	3,298,805
		(Un-audited) June 30, 2026	(Audited) December 31, 2025
		----- Rupees in '000 -----	
38.7 Islamic banking business unappropriated profit			
Opening balance		5,516,955	7,236,196
Impacts of EIR application		-	-
Balance after adoption of IFRS 9		5,516,955	7,236,196
Add: Islamic banking profit before taxation for the period / year		2,991,455	5,282,861
Less: Taxation		(1,555,557)	(2,799,916)
Less: Transferred to head office		(1,156,610)	(4,202,186)
Closing balance		5,796,243	5,516,955
38.8 Pool management			
Islamic Banking Group of the Bank is operating following pools / sub-pools:			
General Pool			
i. General pool (PKR)			
ii. General pool (FCY)			
Special Pools			
i. Riba Free Special Deposit Pool - 1			
ii. Riba Free Special Deposit Pool - 2			
iii. Riba Free Special Deposit Pool - Corporate - 1			
iv. Riba Free Special Deposit Pool - Corporate - 2			
v. Riba Free Special Deposit Pool - Corporate - 3			
vi. Riba Free Special Deposit Pool - Corporate - 4			
vii. Riba Free Special Deposit Pool - Corporate - 5			
viii. Riba Free Special Deposit Pool - Corporate - 6			
ix. Riba Free Special Deposit Pool - Corporate - 7			
x. Riba Free Special Deposit Pool - Mutual fund / FI			
xi. Riba Free Special Deposit Pool 2 - Mutual fund / FI			
xii. RFSD - Daily Product - 1 Pool			
xiii. RFSD - Daily Product - 2 Pool			
xiv. RFSD - Daily Product - 3 Pool			
xv. RFSD - Daily Product - 4 Pool			
xvi. RFSD - Daily Product - 5 Pool			
xvii. RFSD - Daily Product - 6 Pool			
xviii. Khyber Islamic Investment Certificates - 1			
xix. Khyber Islamic Investment Certificates - 2			
xx. Raast Financial Institutions Pool - 1			
xxi. Raast Financial Institutions Pool - 2			
xxii. RFSD - Itminan Mahana Certificate - pool			
xxiii. Riba free special deposit pool - Islamic export refinance			
xxiv. Riba free special deposit pool - Profit Equalization Reserves			
xxv. Riba free special deposit pool - Investment Risk Reserves (IRR)			
xxvi. RFSD Special Pool (USD)			
xxvii. RFSD Special Pool 2 (USD)			
xxviii. RFSD Special Pool FCY (Euro)			
xxix. RFSD Special Pool FCY (GBP)			

Features of general pool

In this pool all types of deposits are accepted on Mudarabah basis. The Holding company converted its pool management and profit and loss distribution mechanism from Musharakah to Mudarabah with effect from December 1, 2024 and is accepting deposits against all types of assets and income earned from these assets. Certificates can also be issued for a fixed period.

Deposits received in this Pool are invested in Islamic assets like Murabaha, Ijarah, Diminishing Musharakah, Running Musharakah, Istisna, Islamic Sukuks and any other Shariah Compliant Investment which are duly approved by the Shariah Advisor. Deposits are accepted through all Islamic branches of the Holding company.

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2026

Features of special pools

In special pools, deposits are accepted on Mudarabah basis by providing extended avenues to the depositors for placement of their funds attracting high rate of return. Certificates are issued for a fixed period against specific assets allocated to each special pool based on expected rate of return.

Deposits received in this pool are invested in Islamic assets like Ijarah, Diminishing Musharakah, Running Musharakah, Islamic Sukuks and any other Shariah Compliant investment which are duly approved by the Shariah Advisor. Deposits are accepted through all Islamic branches of the Bank.

Deposits in these special pools are accepted with prior approval from the management and are utilized for liquidity management along with some opportunity of investment.

Key features

- Minimum investment is prescribed by the Bank for each special pool.
- Profit payment on monthly basis.
- Profit calculated on daily average balance for the month.
- Investment as deposit and certificate for 1 month, 3 months and 6 months etc.
- Pre-mature termination is allowed without any adjustment for next two months, if sharing ratios and / or weightages are changed during disclosure.

Risks of the special pools

All special pools are created as separate entities which have respective assets and liabilities and income and expense position. In each pool, depositors bear the risk of all direct losses and expenses of the pool. All indirect expenses of the pools are borne by the Holding company as Mudarib. Same rate of return is paid to all the depositors in same category.

Profit sharing and weightages for distribution of profit

Assignment of weightage for profit distribution to different types of profit bearing sources of funds is as follows:

While considering weightages emphasis shall be given to the quantum, type and the period of risk assessed by following factors:

- i. Period of investment (number of months, years)
- ii. Profit payment option (monthly, quarterly, yearly maturity)
- iii. Purpose of deposit (Haji, Umrah etc.)
- iv. Type of customer (pensioners, widows, corporate, individual)

Weightages are declared at least three days before start of each month.

As per policy of the Bank, no gift (Hiba) is given in favour of any particular customer, however, as per SBP guidelines (Circular No. 9 of Nov, 2024), hiba can be given to saving account depositors or category of customers / investors. However, the Holding company has reduced its own share as Mudarabah Fee. Out of distributable income, an amount of Rs. 2,779.75 million (41.82%) has been charged as Mudarabah fee. The total Hiba amount of Rs. 513.73 million (13.28%) has been distributed during the period.

Brief highlights of profit earned and distributed to depositors and retained by IBG are as under:

Charging expenses

Net income is distributed as per SBP instruction, therefore, all pools shall bear their respective identified expenses. The Group converted its pool management and profit-and-loss distribution mechanism from Musharakah to Mudarabah effective December 1, 2024. Under the previous policy, both direct and administrative expenses were charged to the Gross Income of the Pool (GIP). Following the transition to Mudarabah, only direct expenses attributable to the pool are charged. A list of lines of direct expenses are maintained, duly vetted from Shariah Board of the Group. Indirect expenses are borne by the Mudarib and are not part of distribution.

All credit loss allowance created against non-performing financing and diminution in the value of investment under IFRS 9, prudential regulations and other SBP directives will be borne by the Bank as Mudarib. However, write-offs of financings and loss on sale of investments shall be charged to respective pool along with other direct expenses.

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2026**

The profit equalization reserves amounting to Rs. 0.018 million (December 31, 2025: Rs. 4.76 million) has been presented in note 19 to these consolidated condensed interim financial statements.

Classification of assets, revenues, expenses, gain and loss on the basis of sources of finance

All earning assets of Islamic banking group are jointly financed by unrestricted investments/PLS deposits account holders and the Bank. Detail of jointly financed earning assets is:

	(Un-audited) June 30, 2026	(Audited) December 31, 2025
	----- Rupees in '000 -----	
Financings		
Agri business	1,923,499	2,442,413
Chemical and pharmaceuticals	3,791,958	3,320,724
Cement	1,729,280	3,850,921
Textile	16,626,204	13,479,648
Automobile and transportation equipment	6,020,312	3,620,561
Petro chemical	4,839,702	3,078,125
Housing	1,358,159	1,046,544
Manufacturing of match	140,000	140,000
Miscellaneous manufacturing	14,456,945	9,545,168
Personal	3,683,195	2,050,481
Construction	359,297	274,225
Tradings	3,335,394	3,677,316
Communication	24,500	28,000
Services	1,318,969	1,299,630
Auto loans	658,642	441,156
Metal products	1,186,678	973,688
Commodity finance	34,648,392	20,000,000
CNG station / gas	1,561,872	2,541,592
Consumer finance	476,705	640,075
Power	18,405,401	13,872,582
Sugar	8,727,337	2,169,996
Others	335,854	283,832
Impact of fair valuation of Islamic financing and related assets	(815,501)	(692,021)
	124,792,794	88,084,656
Investments		
GOP Ijarah Sukuks	123,415,180	118,145,336
Bai Muajjal	3,630,267	3,429,747
Power and electricity	125,813	399,239
Food	304,598	304,202
	127,475,858	122,278,524
	252,268,652	210,363,180

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2026**

Details regarding pools managed by the Bank

Remunerative depositors pools	Profit rate and announcem ent period	Profit rate return earned - average	Profit sharing ratios		Mudarib share	Profit rate return distributed to remunerative deposits (saving and fixed) - average	Percentage of Mudarib share transferred through Hiba	Amount of Mudarib share transferred through Hiba Rupees in '000
			Mudarib share	Rab-ul - maal share	Rupees in '000			
General Pool								
PKR Pool	Monthly	8.25%	45%	55%	2,477,816	5.69%	9.35%	255,428
USD Pool	Monthly	2.50%	77%	23%	454	0.82%	7.34%	36
Special Pools								
Saving & TDRs	Monthly	10.70%	26%	74%	301,479	7.71%	46.14%	258,262
			Bank	SBP				
IERs Pool	Monthly	9.41%	74%	26%	45,627	Nil	29.55%	8,742

39 NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors in its meeting held on August 27, 2026 has declared an interim cash dividend of Rs NIL per share for the half year ended June 30, 2026 (June 30, 2025: Rs. 1.5 per share).

40 CORRESPONDING FIGURES

Comparative information has been restated in these consolidated condensed interim financial statements, wherever necessary to facilitate comparison.

41 DATE OF AUTHORIZATION FOR ISSUE

These consolidated condensed interim financial statements were authorized for issue in the Board of Directors meeting of the Group held on August 27, 2026.



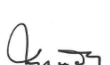
**MANAGING
DIRECTOR**



**CHIEF FINANCIAL
OFFICER**



DIRECTOR



DIRECTOR



DIRECTOR



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