

# ANNUAL REPORT 2025





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# Vision

To become a leading Bank providing efficient and dynamic services in Islamic banking through expanded nationwide network.

# Mission

To increase shareholders' value and provide excellent service and innovative products to customers through effective corporate governance, friendly work environment and contributing towards an equitable socio-economic growth.



7.50

5.00

2.50

0.00

-2.50

200

150

100

50

25

0

# Corporate Information

## Board of Directors

Ikramullah Khan*	Chairman / Non-Executive Director
Kamran Ahmed Afridi	Non-Executive Director
Syed Asad Ali Shah	Independent Director
Tahir Jawaid	Independent Director
Abid Sattar	Independent Director
Osman Asghar Khan	Independent Director
Muhammed Shahid Sadiq	Independent Director
Natasha Jehangir Khan	Independent Director

\* On Jan 23, 2026, Mr. Islam Zaib has replaced Mr. Ikramullah Khan.

## 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
Gazi Abdul Samad	Resident Shariah Board Member (RSBM)

## Board Audit Committee

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

## Board Human Resource & Remuneration Committee

Abid Sattar	Chairman
Tahir Jawaid	Member
Natasha Jehangir Khan	Member
Osman Asghar Khan	Member

## Board Risk Management Committee

Abid Sattar	Chairman
Kamran Ahmed Afridi	Member
Muhammed Shahid Sadiq	Member
Hassan Raza	Member

## Board I.T Steering Committee

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

## Board Compliance Committee

Muhammed Shahid Sadiq	Chairman
Kamran Ahmed Afridi	Member
Natasha Jehangir Khan	Member
Hassan Raza	Member

## **Chief Financial Officer**

Irfan Saleem Awan

## **Company Secretary**

Raza Mohsin Qizilbash

## **Registered Office / Head Office**

### **Bank of Khyber**

24 – The Mall, Peshawar Cantt.

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

URL: [www.bok.com.pk](http://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

# Notice of Thirty Fifth Annual General Meeting

Notice is hereby given that Thirty Fifth Annual General Meeting of the Shareholders of the Bank of Khyber (the Bank) will be held on Monday, March 30, 2026, at 10:30 a.m. at the Bank of Khyber Head Office, BOK Tower, 24 – The Mall, Peshawar Cantt. as well as through video link to transact the following business:

## Ordinary Business

1. To confirm the minutes of Thirty Fourth Annual General Meeting held on March 28, 2025.
2. To receive, consider and adopt the Annual Audited Financial Statements of the Bank for the year ended December 31, 2025, together with the Directors' Report and Auditors' Reports thereon. Further, the shareholders will be briefed by highlighting the performance of the Bank and future endeavors.

The Annual Report 2025 which includes Audited Financial Statements of the Bank for the year ended December 31, 2025 and related reports/statements can be accessed through the Bank's website at [www.bok.com.pk](http://www.bok.com.pk) or through scanning the following QR enabled Code:



3. To appoint Auditors for the year ending December 31, 2026 and fix their remuneration. The Bank's auditors M/s. PwC A.F. Ferguson & Co., Chartered Accountants, retired and being eligible, offer themselves for re-appointment.
4. To consider, and if thought fit, approve as recommended by the Board of Directors, a Final Cash Dividend for the year ended 2025 @ Rupees 1.70 per share i.e. 17 % to the shareholders of the Bank. This is in addition to the interim cash dividend @ Rupees 1.50 per shares i.e. 15% already paid.

## Special Business

5. To ratify the increase in Paid-up Capital of the BOK Currency Exchange Company (Pvt) Limited.

Statement of Material Facts under Section 134 (3) of the Companies Act, 2017 relating to said Special Business is given hereunder.

## Other Business

6. Any other business with the permission of the Chair.

By Order of the Board

Raza Mohsin Qizilbash  
Company Secretary

Peshawar: March 09, 2026

## Notes:

- (i) Share Transfer Books of the Bank will remain closed from March 23, 2026 to March 30, 2026 (both days inclusive). Transfer received at the Share Registrar of the Bank M/s. THK Associates (Pvt) Limited, Plot No. 32 – C, Jami Commercial Street 2, Phase VII, D.H.A, Karachi, by the close of business on March 20 ,2026 will be treated in time for the purpose of above entitlement to the transferees and of attending the meeting.
- (ii) **For Appointing Proxies:**
- All members are entitled to attend and vote at the meeting.
  - A member entitled to attend and vote at the meeting, is entitled to appoint another member as a proxy to attend, speak and vote for him/her. The proxy appointed should be a member of the Bank of Khyber.
  - The instrument of proxy applicable for the meeting is being provided with the notice sent to the members. Further copies of the instrument of proxy, if required, may be obtained from the Registered Office of the Bank during normal office hours.
  - The instrument of proxy and a Power of Attorney or other authority (if any) under which it is signed, or notarized copy of such Power of Attorney must be valid and deposited at the Registered Office of the Bank not less than 48 hours before the time of the meeting.
  - Beneficial owners of the shares registered in the name of Central Depository Company of Pakistan (CDC) and/or their proxies are required to produce their original Computerized National Identity Card (CNIC) or passport for identification purpose at the time of attending the meeting. The form of the proxy must be submitted with the Bank within the stipulated time, duly witnessed by two persons whose names, addresses and CNIC numbers must be mentioned on the form, along with attested copies of the CNIC or the Passport of the beneficial owner and the proxy.
  - In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with the proxy form of the Bank.
  - The proxy shall produce his / her original CNIC or passport for identification purposes at the time of attending the meeting.
  - Members are requested to immediately communicate changes in their registered addresses, if any, to the Bank's Shares Registrar before start of the book closure period.
  - Form of Proxy, if required, should be signed on Rs.10/- Revenue Stamp.
- (iii) **Video Link Facility for Participation in Annual General Meeting**
- The Annual General Meeting is being conducted as per guidelines circulated by SECP, following arrangements have also been made by the Bank to facilitate the maximum participation of the shareholders in the Annual General Meeting through video link facility, either in-person or through appointed proxies.
  - If the Bank receives request from members residing at a geographical location, to participate in the meeting through video link, are requested to please provide below information at Email: [raza.mohsin@bok.com.pk](mailto:raza.mohsin@bok.com.pk) or [kamran.tariq@bok.com.pk](mailto:kamran.tariq@bok.com.pk) at the earliest but not later than close of business on March 25, 2026.

Full name of shareholder / proxy holder	Company	CNIC Number	Folio/CDC/ Account Number	Email ID	Mobile Number
	BOK				

- Please note that video link and login credentials will be shared with only those members / designated proxies whose e-mail and other required information are received in required time as mentioned above.
- Login facility will be opened thirty (30) minutes before the meeting time to enable the participants to join the meeting after the identification process. Shareholders will be able to login and participate in the meeting proceedings through their devices after completing all the formalities required for the identification and verification of the shareholders.

# Notice of Thirty Fifth Annual General Meeting

## FOR SHAREHOLDERS' ATTENTION

### a. Transmission of Annual Report 2025

SECP through its S.R.O. 389(I)/2023 dated 21 March 2023, has allowed companies to circulate their annual balance sheet and profit & loss account, auditor's report and Directors' report etc. ("Audited Financial Statements") along with Notice of AGM ("Notice") to their shareholders through web link and QR Enabled Code by discontinuing the past practice of transmission of Audited Financial Statements through CD / DVDs / USBs.

In accordance with the Shareholders' approval accorded in 33rd Annual General Meeting of the Bank held on March 29, 2024, annual audited financial statements have been circulated through QR enabled code and web link to its members. However, the Bank would provide hard copies of the Annual Report to the shareholders on their demand at their registered addresses, free of cost, within one week of such request.

### b. Payment of Cash Dividend Electronically (e-Dividend) / Dividend Mandate

As per Companies Act, 2017 and Companies (Distribution of Dividends) Regulation 2017, any dividend payable in cash by a listed company shall ONLY be paid through electronic mode directly into the bank account of the entitled shareholder(s) which must be in their own name. In this regard, the Bank had already sent letters & Bank Mandate Forms to the shareholders and issued various notices through publication in newspapers requesting the shareholders to comply with the requirement of providing Bank Mandate urgently.

Under the provisions of the said laws, the Bank is required to withhold cash dividend payment of those shareholders whose dividend mandate information and / or CNIC detail is not available at the time of payment of cash dividend.

All the shareholders are hereby once again requested to provide the Bank Mandate details including International Bank Account Number (IBAN) immediately along with a copy of valid CNIC, if not provided earlier to their respective Participants / Brokers (if shares are held electronically) or to the Share Registrar (if shares are held in physical form) for credit of cash dividends directly into their designated bank accounts through electronic modes.

In case of non-provision of Bank Mandate & copy of valid CNIC, cash dividend(s) will be withheld according to SECP directives. For providing the Bank Mandate details to CDC / Share Registrar, the IBAN Form may be downloaded from the Bank's website under Investor Relations.

### c. Deduction of Withholding Tax

Please note that withholding tax will be deducted on the basis of latest "Active Taxpayers List" (ATL) available at FBR website as per following rates:

1. Persons appearing in ATL: 15%
2. Persons not appearing in ATL: 30%

Further, in respect of joint shareholders, tax will be deducted as per their respective ratio / share (if any) intimated by the shareholder to the Bank's Share Registrar, otherwise their shareholding will be treated as equal.

Valid Tax Exemption Certificate is required for claim of Exemption u/s 150 of the Income Tax Ordinance, 2001.

### d. Zakat Declaration

That pursuant to the Zakat and Ushr Ordinance, 1980 read with the Zakat (Collection and Refund) Rules, 1981, The Bank is required to deduct zakat from dividend(s) and to deposit the same with the relevant Authority.

To avail an exemption from said deduction, the shareholder(s) are advised to provide a duly executed declaration form i.e. CZ-50, with respect to faith and fiqh,

The Bank of Khyber, in any case, bears no legal responsibility / obligation or any financial liability whatsoever in this regard.

### e. Postal Ballot / E-voting

In accordance with the Companies (Postal Ballot) Regulations, 2018, Section 143 and 144 of the Companies Act 2017 and under Postal Ballot Regulation, 2018 latest amendments circulated through SRO dated December 05, 2022, SECP has directed all listed companies for the purpose of Polling on Special Business, be allowed to exercise their right to vote through postal ballot i.e. by post or e-voting, in the manner and subject to the conditions contained in the aforesaid regulations. Detail will be circulated in due course.

### f. Unclaimed / Unpaid Dividends and Share Certificates

Shareholders are once again requested that who have not yet received / collected their previous dividends / physical shares to contact our Share Registrar for the needful.

### g. Deposit / Conversion of Physical Shares into Book Entry Form

In accordance with Sub Section 2 of Section 72 of the Companies Act, 2017, Companies are required "to replace its physical shares with book entry form" in the manner specified by the Commission.

To enable compliance with the requirement, we request the shareholders to kindly convert shares held in Physical Form into Book Entry Form as soon as possible. The shareholders may contact a Broker, a PSX Member, CDC Participant or CDC Investor Account Service to obtain assistance for opening a CDS Account and subsequent induction of the physical shares into Book Entry Form.

For further information or clarification, please feel free to contact THK Associates (Pvt) Limited, Plot No. 32 - C, Jami Commercial Street 2, Phase VII, D.H.A, Karachi, on Tel # 021-35310191-6 or email at sfc@thk.com.pk

# Statement of Material Facts under Section 134 (3) of the Companies Act, 2017

This statement sets out the material facts concerning the Special Business at item No.5 of the notice to be transacted at the Annual General Meeting of the Bank to be held on March 30, 2026.

## Item No. 5

### To ratify the increase in Paid-Up Capital of BOK Currency Exchange Company (Pvt) Limited

The Board of Directors in its 183rd meeting held on November 3, 2023 approved the establishment of BOK Currency Exchange (Pvt) Ltd., a wholly owned subsidiary of the Bank of Khyber.

It was decided by the Board that “Paid-up Capital of the BOK Currency Exchange (Pvt) Ltd shall be PKR 500 million and Authorized Capital shall be PKR 1 billion.

However, the State Bank of Pakistan has revised its Regulatory Framework for Exchange Companies (Chapter-3) which now requires that **“the minimum paid-up capital of the company shall be PKR one (1) Billion”**.

To comply with the requirement of the RFEC, the Board of Directors of the Bank through Resolution by Circulation dated September 23, 2025 had approved increase in Paid-up Capital of the BOK Currency Exchange Company (Pvt) Limited to PKR 1.00 Billion.

The Shareholders are requested to adopt the following resolution:

**“RESOLVED THAT the injection of capital amounting to PKR 1 Billion done by the Bank into BOK Currency Exchange Company (Pvt.) Limited, pursuant to the requirements of the Regulatory Framework for Exchange Companies (RFEC) and as approved by the Board of Directors, be and is hereby approved and ratified.”**

# Chairman's Review

On behalf of the Board of Directors, I am pleased to present the Annual Report of the Bank of Khyber for the year ended December 31, 2025.

The year 2025 marked continued macroeconomic stabilization in Pakistan. Key economic indicators reflected notable improvement, including moderated inflation, relative exchange rate stability, and a more accommodative monetary stance. Economic growth during the year demonstrated resilience, supported by improved market confidence and strengthening business activity. While challenges remain, the outlook remains cautiously optimistic, contingent upon sustained structural reforms, fiscal discipline, and external stability.

Amid this evolving economic landscape, the Bank of Khyber delivered a healthy performance, maintaining its strategic focus on sustainable growth, operational efficiency, and prudent risk management. The Bank continued to strengthen its core banking operations while enhancing its customer-centric approach through innovative and value-driven financial solutions.

Digital transformation remained a key priority during the year. The Bank further expanded its digital banking capabilities, enabling customers to seamlessly conduct transactions through secure mobile and online platforms. A notable milestone was the launch of the Bank's Digital Mastercard, broadening our product suite and enhancing convenience for our customers in an increasingly digital financial ecosystem.

The Bank also remained actively engaged in fulfilling its corporate social responsibility. Our initiatives continued to support sports, culture, arts, youth development, and community welfare, reflecting our commitment to inclusive growth and social impact.

As Directors, we recognize that strong governance practices are fundamental to sustainable success. The Board remains fully committed to upholding the highest standards of integrity, transparency, and professionalism. In compliance with applicable regulatory frameworks and best governance practices, the Board continues to provide effective oversight through its sub-committees overseeing risk management, information technology, human resources, audit, and compliance. These committees play a pivotal role in aligning strategy with operational execution while reinforcing accountability and sound internal controls.

A significant strategic development during the year has been the initiation of the process for the Bank's conversion from a conventional to a full-fledged Islamic banking institution. This transformative step aligns with the vision of the State Bank of Pakistan (SBP) for promoting a Shariah-compliant banking system in the country. The Board and management remain fully committed to ensuring a smooth, compliant, and well-structured transition in line with regulatory requirements and stakeholders' expectations.

Looking ahead into 2026, we remain focused on strengthening our market position, accelerating digital innovation, enhancing operational excellence, and delivering sustainable value to all stakeholders. We are pleased to inform that, after the year-end, SECP issued certificate of incorporation for the BOK Currency Exchange Company (Pvt.) Limited, a wholly owned exchange company of the Bank. In this respect, the Bank has also injected an amount of Rs. 1 billion as paid-up capital of the BOK exchange company.

With a clear strategic direction and a dedicated team, we are confident in our ability to achieve new milestones in the years to come and look forward to a future of continued growth, resilience, and shared prosperity.

I extend my sincere gratitude to our valued customers and shareholders for their continued trust, to the State Bank of Pakistan and other regulatory authorities for their guidance and support, and to our employees for their dedication and professionalism.

On behalf of the Board of Directors,



**Islam Zaib**  
Chairman

Peshawar: March 06, 2026

# Directors' Report

On behalf of the Board of Directors, we are pleased to present the 35th Annual Report of the Bank of Khyber for the financial year ended December 31, 2025.

## Financial Highlights

The financial highlights of the Bank are as under:

	Rs. In Million
Operating Profit	11,401
Reversal of credit loss allowance/provisions and write offs- net	(881)
Profit before taxation	12,282
Taxation	6,466
Profit after taxation	5,816
Total assets	453,300
Advances - net	126,706
Investments- net	274,957
Deposits	378,123

## Dividend Distribution

The Board considered and has recommended a final cash dividend at Rs. 1.70 per share i.e. 17% for the financial year ended December 31, 2025. This is in addition to the interim cash dividend of Rs. 1.50 per share paid for FY-2025 during the year. Accordingly, total dividend distribution for FY-2025 comes to Rs. 3.20 per share (For FY-2024: Rs. 1.7 per share).

## Economic Review

During the year, Pakistan's economy continued a path of gradual recovery. GDP growth for fiscal year 2025 (ending June 2025) is estimated at approximately 3.0-3.1%, showing improvement from the prior year's level and signaling resilience in economic activity.

Despite the damaging floods in June 2025, the economy has maintained stability and Pakistan successfully completed the second review of the 37-month Extended Fund Facility IMF program and the first review of the Resilience and Sustainability Facility in October 2025. Third quarter (Q3) 2025 reported at 3.7% year-on-year in the latest official data, highlighting widening activity across several sectors.

Inflation also remained relatively contained during FY2025 and into FY2026 following a significant moderation in the previous fiscal year. Consumer Price Index (CPI) inflation stood at about 5.6% in December 2025, compared with 4.1% in December 2024, reflecting a return to more moderate price pressures after volatility in prior years. Food and essential

goods inflation eased, contributing to the overall moderation in headline inflation.

A stable currency environment, the high base effect from earlier years, and prudent monetary and fiscal policies helped anchor prices within a manageable range, allowing the State Bank of Pakistan (SBP) to maintain an accommodative stance at the year end.

Reflecting this outlook, SBP adjusted its monetary policy during the period: after a surprise 50 basis-point cut in December 2025, the policy rate was set at 10.5% and held unchanged in early 2026, balancing support for growth with price stability.

The equity market responded favorably to improving macroeconomic conditions and supportive policy expectations. The KSE 100 Index rallied strongly during 2025 and posted a remarkable 51.2% return for the year, closing at 174,054.

External sector stability indicators showed progress but remained mixed. While worker remittances remained an important source of foreign exchange, the current account position fluctuated, reflecting ongoing trade pressures and external financing dynamics.

Overall, 2025 represented a transition from sharp stabilization toward early-stage recovery, characterized by low inflation, continued monetary easing, a manageable external position, and sustained exchange rate stability.

Looking ahead, the economic outlook for FY2026 remains cautiously optimistic. Growth forecasts for the next fiscal year

# Directors' Report

are broadly anchored in the 3.5% – 4.5% range, contingent on continued structural reforms, fiscal discipline, and strong external buffers. Continued policy coordination and investment confidence will be key to sustaining momentum.

## Performance Review

The Bank continued to advance its long-term, multi-faceted strategy in competitive market conditions, focusing on enhancing its technology-driven, innovative services for customers.

The Bank demonstrated healthy financial performance whereby the Bank's profit before tax was recorded at Rs. 12,282 million against Rs. 8,135 million in the previous year thereby registering a significant growth of 51% while due to lower effective tax charge for the year, profit after tax for the year increased by 61% and stood at Rs. 5,816 million against Rs. 3,615 million last year. This translates into earnings per share of Rs. 5.02 against Rs. 3.12 in 2024.

With a sizeable increase, the net mark-up / interest income during FY-2025 stood at Rs. 19,001 million as compared to Rs. 16,492 million in the corresponding year. This is reflective of Bank's effective portfolio management. Non-markup / interest income significantly increased to Rs. 4,125 million as compared to Rs. 1,778 million during the previous year. This includes impact of substantial gain on securities amounting to Rs. 2,330 million (2024: Rs. 177 million) earned during the year whereby Bank realized the capital gains on bond portfolio keeping in view the interest rate scenario.

Non-markup expenses increased by 11%, rising to Rs. 11,725 million in 2025 from Rs. 10,561 million in 2024. This growth reflects the expanded scale of the Bank's operations alongside necessary inflationary adjustments. These investments are specifically directed toward strengthening the Bank's operational efficiency and business capacity.

The Bank continued with its concerted recovery efforts against non-performing assets. As a result of this, there was a net reduction in the NPLs which stood at Rs. 12,530 million at the year-end as against Rs. 13,301 million as of December 31, 2024. Moreover, there was net reversal in provisions/ECL amounting to Rs. 881 million as against Rs. 426 million reversal last year. This increase in reversals in provisions/ECL further supported the profitability of the Bank for 2025.

The asset base of the Bank at year-end reduced stood at Rs. 453,300 million as against Rs. 477,564 million as of December 31, 2024, mainly as result of reduction in investment and

advances. Investments (net) stood at Rs. 274,957 million as compared to Rs. 282,767 million as of December 31, 2024, while advances (net) stood at Rs. 126,706 million as against Rs. 146,882 million last year.

On the liabilities side, at the year-end, total deposits stood at Rs. 378,123 million in comparison with Rs. 277,642 million as of December 31, 2024. Borrowings of the Bank at the year-end stood at Rs. 35,698 million as against Rs. 133,532 million last year.

The Bank is maintaining an efficient capital base that provides a foundation for future growth as well as maintaining adequate buffers over regulatory requirements. The Bank's CAR as of December 31, 2025, stood at 20.15% (2024: 17.81%) providing a comfortable buffer against minimum regulatory requirement of 11.50%. The Common Equity Tier 1 (CET-1) ratio stood at 18.31% as of December 31, 2025 (2024: 15.67%) hence reflecting a strong capital base.

During the year, the Bank focused on consolidation along with selective expansion in its network to provide efficient banking services to valued customers. To meet the diverse needs of its clientele, the Bank is continuously strengthening both digital and traditional banking services across Pakistan.

During the year, the Bank achieved a major milestone of launching the physical Mastercard debit card of the Bank. With the launch of the Mastercard Debit Card, Bank has opened new doors for its customers to enjoy convenience, security, and access to global commerce. The partnership with Mastercard demonstrates Bank's commitment to providing cutting-edge financial solutions while continuing journey of digital transformation.

Special attention is being given to the Home Remittance business through expansion of the product suite and enhanced utilization of the Bank's digital banking platform. In this regard, during 2025, the Bank launched its home remittance service brand, "BOK KorPay aimed at strengthening its presence in this growing segment.

During 2025, the Bank has also initiated the process for its conversion from conventional to Islamic banking. In this regard, the Bank is fully committed and will be taking all necessary steps to achieve this strategic objective. This transformation aligns with the vision of the State Bank of Pakistan Vision 2028, which envisages the transition of Pakistan's conventional banking system into a Shariah-compliant framework.

Moreover, the Bank continues to play an active role in all Government and SBP initiatives aimed at improving the economic activities in the country and the province.

## 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. Efforts are also underway to tap new market segments and further improve efficiency and productivity across the Bank's operations.

The Bank will focus on enhancing revenue growth and profitability through cross-selling of financial products, organizational restructuring to realize synergistic benefits, strengthening of internal controls and operational frameworks, capacity building, improved customer service delivery, and optimization of the branch banking platform. Emphasis will also be placed on identifying cost rationalization opportunities and ensuring continuous advancement in automation and product innovation.

To further strengthen its financing portfolio, the Bank intends to expand lending to high-quality private sector clients, particularly those offering potential for ancillary business and trade finance opportunities. Priority sectors will include Consumer Financing, Agriculture, and SMEs to support economic development and stimulate business activity. The Bank will also focus on increasing trade volumes and expanding its footprint in cash management services.

After the year-end, SECP issued certificate of incorporation for the BOK Currency Exchange Company (Pvt.) Limited, a wholly owned exchange company of the Bank. In this respect, the Bank has also injected an amount of Rs. 1 billion as paid-up capital of the BOK exchange company. Moreover, on February 13, 2026, SBP issued in-principal approval to the exchange company for operationalization of the Exchange Company. This approval is valid for three months from the date of issuance. In this respect, necessary work is underway by the exchange company to complete the pre-requisites within the stipulated timeframe. After completing the requirements, the Exchange company will apply to SBP to obtain authorization to carry out the exchange business. This strategic initiative of the Bank is to diversify revenue streams, create operational synergies, and expand business outreach.

The Bank remains steadfast in its strategy of sustainable growth through diversification of products, services, and outreach. Continued focus will be placed on expanding the customer base, mobilizing a cost-effective deposit mix, and ensuring prudent lending practices to maintain stable profitability.

The Bank is confident that the strategic initiatives underway will position the Bank to achieve its objectives in the ensuing year and contribute meaningfully to its long-term growth and sustainability.

## Risk Management Framework

The Bank remains committed to maintaining robust risk management standards, ensuring that all material risks are identified, measured, monitored, and controlled within the Board approved risk appetite and regulatory requirements. Risk management is embedded across all levels of the organization and supported by well defined governance structures, policies, delegated authorities, and reporting mechanisms.

## Governance and Oversight

The Board of Directors has overall responsibility for oversight of the Bank's risk profile. The Board Risk Management Committee (BRMC) assists the Board in reviewing the adequacy and effectiveness of the risk management framework and monitoring compliance with the approved risk appetite. At the management level, the Management Risk Committee (MRC) oversees implementation of risk policies, monitors exposures, and ensures adherence to approved limits. Risk management functions operate independently of business units to provide objective oversight and challenge.

Specialized committees continue to provide focused oversight:

- Head Office Credit Committees – reviewing credit proposals and risk assessment
- Management Risk Committee (MRC) – overseeing overall risk exposure and controls
- Assets and Liabilities Committee (ALCO) – monitoring balance sheet risks, market risks, and liquidity

# Directors' Report

## Risk Management Structure

The Bank's risk management structure aligns with regulatory requirements and best practices in the industry, ensuring independence between risk management and business functions. Credit Risk Management has been further strengthened through bifurcation in the following divisions:

- Corporate & Investment Risk Management Division – overseeing corporate and structured transactions.
- Commercial, SME, Agricultural & Consumer Risk Management Division – managing Commercial, SME, agriculture, and consumer portfolios.

This structure enhances specialization, portfolio monitoring, and policy implementation, ensuring exposure remains within approved limits and risk parameters.

## Enterprise Risk Management

The Enterprise Risk Management Division (ERMD) oversees market, liquidity, operational, environmental, and regulatory risks. ERMD formulates policies, monitors exposures against approved limits, and assesses risks associated with new products and initiatives. Operational risk is managed through frameworks including Risk and Control Self Assessments (RCSAs), Key Risk Indicators (KRIs), and an internal loss database. ERMD also oversees environmental and climate related risk management through a dedicated Environmental Risk Management function and Green Banking initiatives.

The Basel & Regulatory Reporting function within ERMD ensures compliance with capital and liquidity requirements, including calculation and submission of Expected Credit Loss (ECL), Capital Adequacy Ratio (CAR), Liquidity Coverage Ratio (LCR), and Net Stable Funding Ratio (NSFR).

## Credit Risk and ECL Methodology

Credit risk is managed through Board approved policies, exposure monitoring, and continual borrower assessment. The Bank employs Customer Risk Rating (CRR) and Facility Risk Rating (FRR) models, supported by procedural guidelines and minimum standards. ECL is measured in accordance with IFRS 9 and SBP Prudential Regulations, incorporating Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD). Forward looking macroeconomic indicators are integrated into ECL estimates, ensuring robust and forward looking provisioning.

During the year, the Bank achieved significant improvements in credit quality, reducing infected portfolio by the end of December 2025, with a major contribution from reduced NPLs. This resulted in a significant improvement in ECL charges, alongside policy enhancements and structural reforms.

## Market, Liquidity, and Other Risks

Market risk is overseen by BRMC, MRC, and ALCO, with exposures monitored by the Market and Liquidity Risk Department. Stress testing is performed in line with SBP guidelines, and regulatory capital charges are calculated under Basel II/III. Liquidity risk is managed through a Board approved Liquidity Risk Management Policy, early warning indicators, and a Contingency Funding Plan. Regular stress testing supports proactive management actions.

Foreign exchange, equity position, and interest rate risks are managed within approved limits, supported by hedging strategies, mark to market valuations, and sensitivity analyses. Derivative exposures are limited in scope and managed primarily to support customer and treasury requirements, with risks controlled through counterparty limits, stress testing, and capital adequacy assessments.

## Operational Risk

Operational risk is managed through a structured framework under ERMD, supported by Risk Nucleus (Governance, Risk, and Compliance) software for RCSAs, KRIs, and incident reporting. Stress testing covers scenarios including AML/CFT penalties, cybersecurity breaches, Shariah non compliance, and general operational losses. The Bank applies the Basic Indicator Approach (BIA) for regulatory capital charges under Basel II.

## Environmental and Climate Risk (Green Banking)

The Bank has embedded environmental and climate risk management within its credit approval process through an Environmental Risk Management System (ERMS), including due diligence procedures, risk rating methodologies, and covenants. Initiatives to reduce the Bank's own environmental footprint include renewable energy adoption, digital banking solutions, and paperless operations. Financing support is extended to renewable energy and sustainable projects, aligning with SBP's Green Banking & ESRM guidelines.

## Ongoing Enhancements

The Bank continues to strengthen its risk management framework through organizational refinements, diversification of functions, and investment in advanced systems. These initiatives reflect the Board's commitment to embedding automation, analytics, and sustainability into the Bank's risk practices. By aligning with evolving regulatory expectations and global best practices, the Bank ensures that its risk management capacity remains resilient, forward looking, and supportive of long term growth and stakeholder confidence.

## Internal Controls

The Board of Directors has a fiduciary responsibility to ensure the existence of an adequate and effective system of internal controls for management and mitigation of multiple risks the Bank has to encounter. A Statement on Internal Controls is separately attached as part of the Annual Report which has been endorsed by the Board of Directors.

## Board of Directors

The composition and details of the Board of Directors are disclosed in the Statement of Compliance and Corporate Information respectively. The composition of the Board Committees is also disclosed in the relevant section of the Annual Report.

The Board of Directors comprises nine (9) Directors (including MD & CEO) as per the following:

- i. Male : Eight (8)
- ii. Female : One (1)

1. The composition of the Board as of December 31, 2025 is as follows:

Category	Name
Independent Directors	Syed Asad Ali Shah
	Mr. Tahir Jawaid
	Muhammed Shahid Sadiq
	Mr. Abid Sattar
	Ms. Natasha Jehangir Khan
	Mr. Osman Asghar Khan
Non-Executive Directors	Mr. Ikramullah Khan (Government Nominee Ex-Officio)
	Mr. Kamran Ahmed Afridi (Government Nominee Ex-Officio)
Executive Director	Mr. Hassan Raza (Managing Director)

### Directors' attendance of meetings in 2025

Name of director	BOD-6	BAC-7	BHR&R-13	BIT-5	BCC-4	BRMC-5	Total
Ikramullah Khan	5	0	0	0	0	0	5
Amer Sultan Tareen	6	6	1	0	3	5	21
Kamran Ahmed Afridi	0	0	0	0	0	0	0
Abid Sattar	6	7	13	4	0	5	35
Tahir Jawaid	4	0	12	5	0	0	21
Syed Asad Ali Shah	6	7	0	5	0	0	18
Osman Asghar Khan	6	7	12	5	0	0	30
Muhammad Shahid Sadiq	6	7	1	3	4	5	26
Natasha Jehangir Khan	5	1	12	5	4	0	27
Hassan Raza	6	7	12	5	4	5	39

# Directors' Report

- Nominated by the Government of Khyber Pakhtunkhwa (GoKP) under section 11 of the Bank of Khyber (Amendment) Act, 2022, fulfilling the criteria of Independent Directors. Mr. Abid Sattar joined the Board on January 26, 2023, and Ms. Natasha Jehangir Khan joined the Board on September 05, 2024. Mr. Osman Asghar Khan joined the Board on July 3, 2023, after getting clearance from State Bank of Pakistan.
- Mr. Amer Sultan Tareen was replaced by Mr. Kamran Ahmed Afridi on December 05, 2025.
- \* Mr. Islam Zaib has taken over the charge of Additional Chief Secretary as well as Chairman Board of Directors of the Bank of Khyber from Mr. Ikramullah Khan on January 23, 2026.

## Directors' Training Program

It is to be noted that Mr. Tahir Jawaid, Mr. Abid Sattar Mr. Muhammed Shahid Sadiq, Mr. Osman Asghar Khan and Mr. Hassan Raza have already completed their Director's Training programs. Syed Asad Ali Shah meets the exemption requirement of the Director's Training program.

Further, the Bank intends to arrange Director's Training program for Mr. Kamran Ahmed Afridi, Ms. Natasha Jehangir Khan and Mr. Islam Zaib at the earliest.

## Annual Evaluation of the Board of Directors

The role, responsibilities, and functions of the Board of Directors are clearly defined under the applicable laws, rules, and regulatory framework. In line with regulatory requirements, the State Bank of Pakistan has issued comprehensive guidelines on the performance evaluation of the Board of Directors. These guidelines require that the Board undertake an annual evaluation of its overall performance, including that of its committees and individual directors. Additionally, the evaluation is required to be conducted by an external independent evaluator at least once every three years.

In compliance with these requirements, the Pakistan Institute of Corporate Governance (PICG) was engaged to conduct the external Board Evaluation for the year 2023. The annual performance evaluation for the year 2025 will be undertaken in due course in accordance with the prescribed regulatory framework.

## Directors' Remuneration

Current Directors' remuneration stands at Rs. 200,000/- with remuneration of the Chairman at Rs. 250,000/- (net of taxes) paid to non-executive and independent directors on account of attending meetings of the Board / Board Committees / Board Special Committees. The Board of Directors had recommended in its 182nd meeting a post-facto approval of the shareholders. The shareholders in its thirty third Annual General Meeting held on March 29, 2024 approved the same.

A Directors' Travel, Accommodation and Remuneration Policy duly approved by the Board of Directors outlining entitlements and remuneration of Non-Executive and Independent Directors is in place. In light of the SBP Corporate Governance Regulatory Framework, the said Policy had been approved by the shareholders in 32nd Annual General Meeting.

## Entity Rating

The Bank's profile continues to demonstrate resilience and upward momentum. We are pleased to report that in June-2025, VIS Credit Rating Company upgraded the Bank's entity rating to 'AA-' (Double A Minus) from 'A+', while reaffirming the short-term rating at 'A1' (A-One).

Furthermore, in June 2025, the Pakistan Credit Rating Agency (PACRA) has reaffirmed the Bank's long-term entity rating at 'A+' (Single A Plus) and the short-term rating at 'A1'. Both rating agencies have assigned a 'Stable' outlook to these ratings of the Bank.

## Sustainability

The Bank is fully committed to implementing and enhancing sustainability governance frameworks. The board and its subcommittees ensure that policies of the Bank promote diversity, equity and inclusion (DE&I) and always encourages gender mainstreaming, gender equality and the participation of women. The Bank has taken various measures to proactively understand and address the principle as well as emerging sustainability risks and opportunities relevant to the business. The Bank also monitors its sustainability and DE&I related strategies, priorities and targets as well as performance against these targets are periodically reviewed and monitored. The Bank being an equal opportunity employer believes in providing equitable working opportunities for its male and female employee. The following gender pay gap data as of December 31, 2025 is reflective of the same:

Mean Gender Pay Gap – Bank Wide: 7.44%

Median Gender Pay Gap – Bank Wide: 7.71%

To have effective review and monitoring at Board level, the Board has designated BRMC to oversee matters pertaining to Environmental, Social and Governance (ESG) and Sustainability Development Goals (SDGs). The Bank makes necessary disclosures to provide information about the core areas falling under sustainability.

## Corporate Social Responsibility

At the Bank of Khyber, we persistently uphold our commitment to social responsibility, exemplified by our efforts to actively contribute to the betterment of the community and broader society. Recognizing that our business activities extend beyond mere financial profit, we acknowledge our obligation to exert a positive influence on society.

Consequently, our Corporate Social Responsibility (CSR) initiatives are prioritized, reflecting our dedication to fostering a harmonious, collaborative, and equitable society.

Through these initiatives, we strive to create a positive and lasting influence, fostering an environment where collaboration and mutual respect flourish for the betterment of all. In the year 2025, the bank undertook several Corporate Social Responsibility (CSR) initiatives covering a wide range of sectors, including education, sports, culture & heritage, tourism, women's empowerment, and environmental conservation. These CSR endeavors reflect our commitment to contributing to societal progress, and we are pleased to highlight some of the noteworthy initiatives we engaged in during this time:

- Supported Akbar Kare Institute.
- Sponsored 2nd KP Golf Championship.
- Sponsored Theater on 5th February Kashmir Day.
- Sponsored Laleeb Akhunzada, International Cholistan Desert Rally.
- Sponsored Plantation & Beautification Drive at Judicial Complex Shahmansoor
- Sponsored Sponsored Plantation Drive at BISE Mardan
- Sponsored Sponsoring Peshawar Literary Festival
- Sponsored Rashan Bags for Christmas & Easter.
- Sponsored Peshawar Press Club Education Award Ceremony 2025.
- Sponsored BOK Squash Talent Hunt Season 2

- Supported International Conference on Sustainable Agriculture in Pakistan
- Supported 8th Climate Change Adaptation Awards
- Sponsored Sponsorship to International Livestock, Poultry & Fisheries Expo 2025
- Supported 1st Edition of Pakistan Business Summit at Peshawar
- Supported Sponsoring Mountain Institute for Education & Development Sciences
- Sponsored Central Water Cooling Plant at Islamia College
- Sponsored Business Fest 2025 IM Sciences
- Sponsored Islamabad Women Cricket League
- Sponsored Governor KP Kisan Awards 2025
- Sponsored 1st Aitchison Hockey Tournament

## Environmental Sustainability and Green Banking

During the year, the Bank further strengthened its commitment to sustainable and responsible banking in alignment with the State Bank of Pakistan's Green Banking Guidelines and evolving climate risk management expectations.

As part of its operational sustainability initiatives, the Bank expanded renewable energy adoption across its network. Sixteen (16) branches were fully operational on solar power as of year-end, while selected additional locations operated on hybrid energy solutions. These measures contributed to reduced reliance on grid electricity, improved energy efficiency, and enhanced operational continuity. Energy conservation protocols were reinforced across Head Office and branches through controlled lighting usage, HVAC optimization, deployment of energy-efficient equipment, and periodic monitoring of consumption patterns.

Digital banking continued to support environmental objectives. Growth in internet and mobile banking transactions during the year reduced paper-based processing and branch transactional load. Internal workflows were further digitized, leading to a measurable decline in paper consumption through e-statements, electronic approvals, and centralized digital documentation systems.

On the governance front, the Bank reviewed and strengthened its Green Banking Policy and Environmental & Social Risk Management (ESRM) Framework to enhance integration of environmental and social considerations within credit appraisal

# Directors' Report

and portfolio monitoring processes. A structured Green Banking Strategy was formalized, setting medium-term targets for sustainable finance expansion, improved climate risk identification, and enhanced reporting and oversight mechanisms.

The Bank also conducted awareness initiatives aligned with global environmental observances and implemented a "Global Warming and Green Awareness Campaign" to promote climate consciousness among employees and customers.

## Green Financing Recognition

The Bank of Khyber was honored at the 8th Climate Change Adaptation Awards 2025 for its commitment to sustainability. Recognized for innovative green financing solutions, the Bank presented key initiatives and products that align with both national priorities and global sustainability benchmarks, securing a distinguished award for its contributions to green financing.

## Green and Responsible Financing

Green and responsible financing remained a key pillar of the Bank's sustainability agenda. During 2025, BoK continued to support environmentally responsible projects across retail, SME, agriculture, and corporate segments through tailored financing solutions.

The Bank extended financing facilities for renewable energy projects, including solarization of commercial operations, SME units, agricultural infrastructure, and residential properties. Consumer financing for home solar systems gained further traction during the year, supporting transition toward clean energy adoption.

In line with its Green Banking Strategy, the Bank extended its E-Bike Murabaha Financing during 2025 to encourage environmentally friendly transportation alternatives.

The product was successfully launched and disbursed, contributing to reduced carbon-intensive commuting options.

- BoK's green financing portfolio includes structured solutions such as:
- Roshan Ghar
- Solar Tube Well Loan Scheme
- E-Bike Murabaha Financing
- Rainwater Harvesting Loan Scheme
- Irrigation Loan Scheme (Drip & Sprinkler Systems)
- Raast Roshan Ghar
- Raast Green Energy Financing
- SBP Renewable Energy Refinance Schemes

Through these initiatives, the Bank continues to facilitate the transition from conventional energy dependence toward cleaner, resource-efficient alternatives while supporting sustainable economic growth.

The Bank remains committed to progressively expanding its green asset portfolio, strengthening environmental and social risk assessment practices, and contributing to Pakistan's broader climate resilience and sustainable development objectives.

## Value of Investments in Employees Retirement Benefit Funds

Book Value of Investment of Provident Fund & Gratuity Fund as per un-audited accounts for the year ended December 31, 2025, are Rs.1,970 million and Rs.1,162 million respectively.

## Pattern of Shareholding

The pattern and category of shareholding as of December 31, 2025 is annexed with the Annual Report.

## Six Years operating and financial highlights

The six years highlights of operating and financial data is appended below

	2020	2021	2022	2023	2024	2025
Deposits	203,072	221,876	248,906	289,292	277,642	378,123
Advances (net)	129,063	124,549	127,515	101,588	146,882	126,706
Investments (net)	113,479	184,399	173,669	223,348	282,767	274,957
Total Assets	288,300	358,606	344,984	383,186	477,564	453,300
Capital & Reserves	16,605	16,219	16,657	20,177	20,223	22,318
Profit before Tax	3,806	1,680	920	6,702	8,135	12,282
Profit after Tax	2,152	1,104	455	3,481	3,615	5,816
Return on Equity	13.62%	6.72%	2.77%	18.96%	17.13%	25.52%

## Earnings Per Share

Earnings per share for the year 2025 is Rs. 5.02.

## External Auditors

The present Auditors M/s. PwC A.F. Ferguson & Co., Chartered Accountants, being eligible for reappointment offered themselves for reappointment. On recommendation of the Board Audit Committee, the Board of Directors has recommended to the shareholders the appointment of M/s. PwC A.F. Ferguson & Co., Chartered Accountants as Statutory Auditors of the Bank for the year ending December 31, 2026.

The statutory auditors of the Bank have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan. Further, that the firm and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on Code of Ethics as adopted by the Institute of Chartered Accountants of Pakistan and meet the requirements for appointment under all applicable laws.

## MRTs & MRCs and their Remuneration Structure

The list of Material Risk Takers (MRTs) Material Risk Controllers (MRCs) is periodically and regularly reviewed and decided by BHR&RC. The list includes all the positions reporting to the CEO and other positions who have been assigned a level of authority to take decisions. Each MRT & MRC has defined hierarchical structure and functional organogram. The Compensation Structure of MRTs & MRCs is periodically reviewed and recommended by BHR&RC to Board of Directors for approval. This structure aims to ensure an appropriate balance between variable and non-variable components of the remuneration, considering the positions appetite for risk taking and risk controlling nature, impact of the role on the business and level of responsibilities assigned by the Management/Board. Magnitude of the remuneration also depends on the performance of the MRTs/MRCs against financial and non-financial performance objectives and KPIs. The fixed portion of the remuneration of MRTs/MRCs is similar to the structure for other employees of the Bank having Basic salary, increment based on Performance rating and other allowances, and grade wise perks and privileges. The Structure of remuneration of MRTs/MRCs for variable pay is slightly different from other employees that it majorly depends on Bank's overall performance and achievement of assigned KPIs. Moreover, levels of MRTs & MRCs are also defined to fix the responsibilities and accountability. In addition, the structure has sufficient risk adjustment framework to safeguard the bank from taking unnecessary risk through bonus deferment and malus of provision policy. The individual reward of MRTs and MRCs can be triggered upward and downward based on its achievement level, impact of risk exposure, Customer Service delivery and level of internal and external compliances. The performance of the Tier-1 & Tier-2 MRTs/MRCs (Key positions) is assessed by BHR&RC/Board of Directors, and variable remuneration for all MRTs/MRCs is approved by the Board of Directors

# Directors' Report

on recommendation of BHR&RC. HRDG mostly uses external market data to ensure alignment of the remuneration structure with the industry to make it competitive to increase employee retention.

## Service Quality

In this year of dynamic change, our guiding principle remained constant: to be more than just a financial institution for our customers. The Bank strived to be a trusted partner in their life's journey and during the year we deepened that trust, not only by enhancing our products and channels but by fundamentally improving how we connect with and serve every individual who walks through our doors or logs into our app. Following are the key pillars of the Bank's service quality:

### Pillar 1: Designing a Seamless & Modern Customer Journey

We recognize that customer expectations are evolving, and our physical presence must evolve with them. This year, we accelerated the transformation of our branches into hubs of convenience and efficiency.

The Branch Experience: Our continued investment is redefining the in-branch experience. By standardizing layouts, optimizing traffic flows and utilizing digital onboarding for clear communication, we are creating an environment that is both calming and efficient. This modern setting, combined with our team's expertise, ensures that every visit is productive and positive. A robust pipeline for further branch upgrades is already in motion, bringing this enhanced experience to more communities nationwide.

### Pillar 2: Fostering a Truly Inclusive Financial Landscape

For us, service excellence means ensuring that everyone, regardless of physical ability, can access banking services with dignity and independence. This year, we made significant strides in our accessibility infrastructure.

Banking for All: In full alignment with the State Bank of Pakistan's directives, we have proactively equipped our branches and Head Office with specialized ramps, wheelchairs, and designated pathways. Furthermore, the introduction of Braille-enabled stationery and specialized training for our staff on interacting with persons with disabilities are key milestones. We view this not as a compliance, but as a moral imperative, and we are committed to expanding these facilities until inclusivity is the hallmark of every BOK touchpoint.

### Pillar 3: Proactive Service Management Through Insight

We believe that the best service is proactive, not reactive. In 2025, we moved beyond traditional metrics to implement a suite of initiatives designed to capture the complete customer sentiment and drive tangible improvements.

Closing the Insight-to-Action Loop:

- **Net Promoter Score (NPS) Integration:** In 2025, we introduced the Net Promoter Score (NPS) as a key strategic metric. This initiative allows us to move beyond simple satisfaction and scientifically measure customer loyalty by identifying Promoters who actively recommend BOK, allowing us to strengthen our strengths, and Detractors, whose feedback helps us address pain points systematically.
- **Oversight and Fairness:** The Fair Treatment of Consumers (FTC) continued its vital role, ensuring that customer interests are protected and that our practices are not just compliant, but fundamentally fair and transparent.
- **Demystifying Banking:** To empower informed decisions, we have made Key Fact Statements as a necessary part of the account opening process. These documents cut through complexity, giving customers a clear, straightforward understanding of product features and costs.
- **Frontline Empowerment:** We are investing heavily in our people through specialized Customer Service Excellence Trainings, focusing on empathy, effective communication, and skillful complaint resolution. Our staff are the face of our service, and their growth is our priority.

## Monitoring and Resolution

The strength of our service promise is best measured by how we handle challenges. Our Complaint Management Unit (CMU) is the nerve center of our accountability, dedicated to resolving issues with speed, transparency, and care. Every complaint is logged, tracked, and analyzed. This data is not just filed away; it is compiled into detailed reports shared with senior leadership, including the Managing Director, ensuring that customer feedback directly shapes our strategic priorities.

- Customer Resolution Metrics    2025 Performance
- Total Complaints Logged        43,035
- Average Resolution Time        07 Days

As we look to the future, our dedication to service quality is unwavering. We will continue to leverage technology not for its own sake, but as a tool to create more human, helpful, and personalized banking experiences. With the rollout of our survey and the adoption of NPS in 2025, we have established a more sophisticated and responsive feedback ecosystem. By embedding these insights into our DNA and adhering to the highest standards of fair practice, The Bank of Khyber is building a foundation of lasting trust. We are not just committed to serving our customers; we are committed to their success.

## Acknowledgement

On behalf of the Board of Directors, we take this opportunity to thank our valued customers for their patronage, to our employees for their continued commitment, our shareholders for their trust and confidence and the Provincial Government, State Bank of Pakistan and other regulatory bodies for their continued guidance and support.

### On behalf of the Board of Directors



**HASSAN RAZA**  
Managing Director

Peshawar: March 06, 2026



**ISLAM ZAIB**  
Chairman

# Statement on Internal Controls

## Framework

An internal control system at The Bank of Khyber ("the Bank") comprises an integrated framework of interrelated components: control environment, risk assessment, control activities, information & communication, and monitoring. The system is designed to support operational effectiveness and efficiency, reliability of financial reporting, safeguarding of assets, and compliance with applicable laws and regulations.

While a properly designed and implemented system provides reasonable assurance against material misstatement or loss, it cannot eliminate all risks due to inherent limitations such as human error, collusion, resource constraints, and changing external conditions. Accordingly, the Bank maintains ongoing vigilance and continuous enhancement of its control environment to address evolving risks.

## Governance and Oversight

The Bank has established a Board-approved internal control framework. Management bears primary responsibility for the design, implementation, and effective operation of the system. The Board of Directors provides oversight through its specialized committees:

- Board Risk Management Committee (BRMC)
- Board Audit Committee (BAC)
- Board Compliance Committee (BCC)

These Committees conduct periodic reviews of the effectiveness of the control framework and oversee remediation of significant observations.

## Three Lines of Defense (3LOD)

The Bank operates under the Three Lines of Defense (3LOD) model, which defines accountability across the organization:

**First Line:** Business and operational management functions responsible for identifying risks, implementing effective controls, and taking corrective actions within their respective areas.

**Second Line:** Risk Management, Compliance, and Shariah Compliance functions that provide oversight, conduct risk assessments (including RCSA and KRI monitoring), maintain regulatory compliance frameworks, and monitor remediation of identified gaps.

**Third Line:** The Internal Audit Group (IAG), operating independently in accordance with applicable professional standards, reports directly to the Board Audit Committee (BAC), which is chaired by an Independent Director and comprises a majority of Independent Directors. IAG provides objective assurance on governance, risk management, and internal controls and escalates significant findings for timely resolution. The BAC oversees the closure of significant observations in line with its Charter.



**HASSAN RAZA**

Managing Director

Peshawar: March 06, 2026

## Internal Controls over Financial Reporting (ICFR)

The internal control framework is further strengthened through compliance with the State Bank of Pakistan's (SBP) Internal Controls over Financial Reporting (ICFR) directives. The Bank has completed all required implementation phases of ICFR.

Management conducts regular testing of financial reporting controls. Internal Audit independently revalidates management's assessment. External auditors issue an independent Long Form Report (LFR) covering ICFR, which is reviewed by the BAC. Identified deficiencies, where any, are tracked and remediated on a timely basis.

The Bank also maintains a structured document lifecycle management framework to ensure policies and procedures remain aligned with regulatory requirements and evolving risk exposures.

## Management's Evaluation of Effectiveness:

Based on assessments conducted for the year ended December 31, 2025 – including ICFR testing, internal audit reviews, compliance assessments, and regulatory inspections – Management affirms that the Bank's internal control system is adequately designed, effectively implemented, and operating effectively to provide reasonable assurance regarding the achievement of its control objectives.

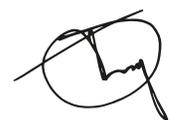
The Bank remains committed to continuous improvement of its control environment and to the timely resolution of observations raised by Internal Audit, external auditors, and the State Bank of Pakistan.

This Statement is issued in accordance with SBP Circular No. 07 of 2004 and OSED Circular No. 01 dated February 7, 2014. The Board of Directors has reviewed and endorsed Management's evaluation of internal controls, including Internal Controls over Financial Reporting (ICFR).

## Review and Evaluation by the Board Audit Committee and the Board

The Board Audit Committee reviewed Management's Statement on Internal Control and noted that certain areas require further strengthening, for which corrective actions have already been initiated. Among these matters, the following areas have been identified for improvement:

1. The Board's annual evaluation has not been conducted on a timely basis. Appropriate steps are being undertaken to ensure that such evaluations are carried out regularly and within the prescribed timelines.
2. Board Committees, other than the Board Audit Committee, have not been conducting formal self-assessments. Going forward, all Board Committees will undertake periodic self-assessments and submit their reports to the Board.



**ISLAM ZAIB**

Chairman

# Annual Report of Shariah Board

During 2025, Islamic banking consolidated its position as a key pillar of the global financial system, with Pakistan continuing to emerge as a significant driver of growth. According to the State Bank of Pakistan's (SBP) consolidated data for the quarter ended December 31, 2025, Islamic Banking Institutions achieved a historic milestone, with total assets surging past PKR 13 trillion. This momentum was underpinned by a robust year-on-year growth rate exceeding 27%, pushing the Islamic banking industry's share of the total banking system's assets to approximately 22.9%. By expanding its physical footprint to over 7,000 branches and windows nationwide, the sector has not only sustained its growth momentum but has fundamentally shifted the trajectory of financial inclusion within the national economy.

Against this backdrop of strong industry-wide growth, the Bank of Khyber (BOK), during 2025, undertook a comprehensive transformation of its conventional banking operations into a fully Shariah-compliant banking system. This strategic transformation was carried out in line with the State Bank of Pakistan's Strategic Plan (2021–2028) and the strategic direction approved by the Board of Directors.

During the year, BOK achieved significant milestones in its conversion journey by transforming 59 conventional branches into full-fledged Islamic branches and establishing 55 Islamic Banking Windows within convertible branches. This progress reflects a structured, phased, and well-governed approach toward achieving complete Shariah compliance. Throughout this transformation process, the Shariah Board (SB) has continued to play a pivotal role by providing oversight, guidance, and assurance to ensure that all products, processes, systems, and conversion initiatives remain fully compliant with Shariah principles. The SB remains committed to safeguarding the integrity of the Bank's Islamic banking operations and reinforcing stakeholder confidence in the Bank's transition.

As of year-end, the BOK – Islamic Banking operates through a dedicated nationwide network comprising 199 Islamic branches, 18 sub-Islamic branches, 11 Islamic banking booths, and 55 Islamic Banking Windows. These outlets operate independently from conventional banking operations to ensure strict adherence to Shariah principles. BOK–Islamic Banking offers a comprehensive range of Shariah-compliant products and services, including financing facilities, deposit products, and other Islamic banking solutions, designed to meet the diverse financial needs of customers in line with Islamic principles.

## Shariah Governance and Compliance Structure of BOK - Islamic Banking

Shariah compliance forms the foundation of Islamic financial institutions, ensuring that all operations, products, and transactions are conducted in strict accordance with Islamic law (Shariah). In line with this principle, the BOK's Islamic Banking operates under a robust Shariah governance framework, led by the Board of Directors and the Shariah Board, and supported by the Shariah Compliance Division (SCD) and the Internal Shariah Audit Department, all functioning under the overall supervision of the Shariah Board.

The SCD is responsible for reviewing all products, agreements, contracts, manuals, process flows, and operational procedures for Shariah compliance before SB approval. Following SB approval, the SCD ensures that all Islamic banking functions operate in accordance with the Bank's Shariah-approved policies through comprehensive pre- and post-implementation reviews under the supervision of the Resident Shariah Board Member (RSBM). The SCD also conducts regular research to provide recommendations to the SB for the enhancement and development of Islamic banking activities in line with market demand and regulatory requirements. In addition, it serves as the Secretariat to the SB, managing agendas, proposals, and records, and acting as a vital link between management and the SB to ensure the timely and effective implementation of Shariah directives.

The independent Internal Shariah Audit Department (ISAD) complements these functions by conducting periodic audits of policies, financing arrangements, operations, and investments, ensuring strict adherence to Shariah principles, SB directives, and regulatory requirements. These audits enhance governance, stakeholder confidence, and the integrity of Islamic Banking operations.

Innovation and product development are driven by the dedicated Product Development & Research Department, which designs Shariah-compliant deposit products, financing solutions, and targeted marketing strategies to expand the Bank's customer base and asset portfolio while upholding ethical and Shariah principles.

Continuous training and awareness form a key pillar of Shariah compliance. Comprehensive programs are provided to Islamic Banking staff and conventional banking teams,

# Annual Report of Shariah Board

ensuring seamless transition to Shariah-compliant operations and consistent adherence to Shariah standards.

Together, the SCD, ISAD, and Product Development & Research Department operate under the supervision of the Shariah Board, ensuring that governance, operations, product innovation, and human capital development are fully aligned with Islamic Shariah principles and regulatory requirements.

## Shariah Board Opinion on Islamic Banking Activities of the Year 2025

In accordance with the Shariah Governance Framework (SGF) issued by the SBP, the Board of Directors and Executive Management are ultimately responsible for ensuring that the operations of the BOK - Islamic Banking are conducted in conformity with Shariah principles. As part of the governance and accountability framework, the Shariah Board is required to provide its independent opinion on the overall Shariah compliance environment of BOK – Islamic banking.

In discharge of its responsibilities during the year 2025, the SB undertook the following:

1. Held four (4) meetings to deliberate and decide on Shariah-related matters pertaining to Islamic Banking operations. Additionally, two (2) joint meetings were conducted with the Board of Directors in compliance with the SGF requirements.
2. Reviewed and granted Shariah clearance to product programs and structures, procedure manuals, process flows, legal agreements, marketing materials, and other related documentation presented during the year.
3. Approved the annual plans of Shariah Compliance Review and Internal Shariah Audit to ensure adequate coverage of Islamic Banking activities.
4. Reviewed the findings of internal and external Shariah audits and compliance reviews, and advised appropriate corrective measures where required.
5. Reviewed and granted Shariah clearance for all financing cases, and issued appropriate Shariah procedures and guidance to mitigate the risk of Shariah non-compliance.
6. Reviewed periodic reports covering income and expense statements, pool management activities, and other

relevant operational matters, and provided guidance on Shariah-related issues referred by the management.

7. Participated in staff training programs organized by the Bank to enhance awareness and understanding of Shariah principles and the risks associated with Shariah non-compliance.
8. Contributed to public awareness initiatives aimed at strengthening stakeholders' confidence in the Bank's Islamic Banking operations.

## Shariah Board's Opinion

Based on the information, explanations, reports, and representations provided to us, and subject to our review processes, we are of the opinion that:

1. The Islamic Banking operations of the BOK have, during the financial year ended 31 December 2025, complied with the Shariah rules and principles, as well as the directives, regulations, and guidelines issued by the Islamic Finance Group of SBP and the SB of the Bank.
2. An appropriate and comprehensive Shariah governance framework is in place, comprising an independent SB, SCD, ISAD, Shariah Review functions, full-time RSBM, and structured training arrangements in line with the SGF.
3. The profit distribution mechanism, allocation of funds, income and expense recognition, weightages, and related matters have been managed in accordance with the guidelines approved by the SB and are consistent with Islamic principles.
4. Any income identified as non-Shariah compliant has been transferred to the Charity Account in accordance with the approved Charity Policy, and the necessary disclosures have been made in the financial statements.
5. The overall level of Shariah compliance awareness, capacity, and commitment among staff and management remained satisfactory during the year. The SB, however, recommends the development of a comprehensive annual Islamic Banking training plan to further strengthen knowledge and ensure continued compliance with regulatory expectations.
6. The SB has been provided with adequate resources and support to effectively discharge its responsibilities.

The SB further recommends that the Bank continue to expedite the conversion of its remaining conventional operations to achieve its objective of becoming a fully-fledged Islamic bank. During this transition, strict adherence to Shariah principles across products, processes, systems, and infrastructure must be maintained, while continuously strengthening governance, controls, and staff capacity.

## Conclusion

Based on the well-structured Shariah Compliance framework, ongoing monitoring, periodic audits & regular Review, and continuous improvement to adapt to changes in Shariah principles & regulatory requirements, and comprehensive policies/guidelines for Shariah compliance issued by Islamic Banking-BOK, we believe that a robust mechanism is in place to ensure Shariah compliance in the overall operations of Islamic Banking-BOK in the Bank of Khyber.

May Allah ﷻ bless us with the best Tawfeeq to accomplish His cherished tasks, make us successful in this world and in the life hereafter, and forgive our mistakes.



**Qazi Abdul Samad**  
RSBM



**Mufti Abdul Wahab**  
Member  
Shariah Board



**Mufti Muhammad Arif Khan**  
Member  
Shariah Board



**Mufti Muhammad Zahid**  
Chairman  
Shariah Board

# شریعه بورڈ کی سالانہ رپورٹ

(سال 2025 کے لیے)

گزشتہ سال 2025 میں اسلامی بینکاری نظام نے عالمی مالیاتی مارکیٹ میں اپنی پوزیشن مزید مستحکم کرنے کے ساتھ ساتھ مملکت خداداد پاکستان کی ترقی میں ایک اہم محرک کے طور پر ادا کیا۔ 31 دسمبر 2025 کو ختم ہونے والی سہ ماہی کے لیے اسٹیٹ بینک آف پاکستان (SBP) کے مربوط اعداد و شمار کے مطابق، اسلامی بینکنگ اداروں نے ایک تاریخی سنگ میل عبور کیا، اس کے کل اثاثے 13 ٹریلین روپے سے تجاوز کر چکے ہیں سلسلہ وار شرح نمو کی رفتار 27% سے تجاوز کر گئی، جس نے پوری بینکاری نظام میں اسلامی بینکاری انڈسٹری کے اثاثے جات کا حصہ تقریباً 22.9% تک پہنچایا۔ ملک بھر میں 7,000 سے زائد شاخوں اور ونڈوز کے ذریعہ نہ صرف اپنے تشخص کو پروان چڑھایا بلکہ اس سے حاصل شدہ قابل قدر نتائج کے ذریعے اپنا لوہا منوایا۔ اسی وجہ سے اس شعبے نے نہ صرف اپنی ترقی کی رفتار کو استوار رکھا ہے بلکہ قومی معیشت کے دھارے میں مالیاتی شمولیت کے راستے میں بھی انقلاب برپا کیا ہے۔

بینکنگ انڈسٹری کے اس مضبوط سفر میں، بینک آف خیبر (BOK) نے 2025 کے دوران اپنے روایتی بینکاری معاملات کو مکمل طور پر اسلامی بینکاری سے ہم آہنگ کیا۔ یہ اسٹریٹجک تبدیلی اسٹیٹ بینک آف پاکستان کے اسٹریٹجک پلان (2021-2028) اور بورڈ آف ڈائریکٹرز کی منظور شدہ اسٹریٹجک ہدایات کی تعمیل تھی۔

خیبر بینک نے تبدیلی کے اس سفر میں بہت اہم سنگ میل عبور کئے۔ چنانچہ 59 روایتی برانچز مکمل اسلامی برانچز میں تبدیل کئے اور کنورٹیبیل برانچز میں 55 اسلامی بینکنگ ونڈوز قائم کیں۔ یہ تمام تر پیش رفت شرعی اصولوں کی تعمیل کے لیے منظم منصوبہ بندی اور درجہ بہ درجہ تطبیق کی عکاسی کرتی ہے۔ تبدیلی کے اس عمل میں بینک کے شریعہ بورڈ نے کڑی نگرانی، بروقت رہنمائی، اور شرعی اصولوں کو یقینی بنانے میں اپنا اہم کردار ادا کیا ہے تاکہ بینک کے تمام پراڈکٹس، بینکاری نظام، اور تبدیلی کا ہر پہلو شریعت کے مطابق رہے کیونکہ شریعہ بورڈ، بینک کی اسلامی بینکاری معاملات کو غیر شرعی امور سے پاک کرنے اور خیبر بینک کے بطور اسلامی بینک تشخص پر اسٹیک ہولڈرز کے اعتماد کو مضبوط اور بحال کرنے کے لیے پرعزم ہے۔

سال کے اختتام تک، خیبر بینک اسلامک بینکنگ ایک منظم ملک گیر نیٹ ورک کے تحت اپنی خدمات سرانجام دے رہا ہے جس میں 199 اسلامی شاخیں، 18 ذیلی اسلامی شاخیں، 11 اسلامی بینکنگ بوتھ، اور 55 اسلامی بینکنگ ونڈوز مصروف خدمت ہیں۔ یہ تمام شعبہ جات مروجہ روایتی بینکنگ آپریشنز سے بالکل آزاد خدمات فراہم کرتی ہیں تاکہ شریعت کے اصولوں پر سختی سے عمل کو یقینی بنایا جاسکے۔ خیبر بینک اسلامک بینکنگ کے تحت اپنے ڈیپازٹرز اور سرمایہ کاروں کو شریعت کے مطابق پراڈکٹس، اور خدمات کی ایک وسیع رینج پیش کرتا ہے، جن میں مالیاتی سہولیات، ڈیپازٹ پراڈکٹس اور دیگر اسلامی بینکنگ سے مستفید ہونے والے حل شامل ہیں، جو نہ صرف اسلامی اصولوں کے مطابق ہیں بلکہ صارفین کی متنوع مالی ضروریات کو پوری کرتے ہیں۔

## خیبر بینک کی اسلامی بینکاری کا عملی نظام شریعت کے آئینے میں :

شرعی تقاضوں کی پاسداری اسلامی مالیاتی اداروں میں ریڑھ کی ہڈی کی حیثیت رکھتی ہے، جو اس بات کو یقینی بناتی ہے کہ بینک کے اندر ادا کی جانے والی تمام ذمہ داریاں، پراڈکٹس اور معاملات اسلامی قانون کے تحت انجام دیے جائیں۔ اس اصول کے تحت خیبر بینک کی اسلامی بینکاری ایک مضبوط شریعہ گورننس فریم ورک کے تحت کام کرتی ہے، جس کی قیادت بورڈ آف ڈائریکٹرز اور شریعت بورڈ کے پاس ہے، اور جسے شریعہ کمپلائنس ڈویژن اور انٹرنل شریعہ آڈٹ ڈیپارٹمنٹ کا تعاون حاصل ہے، یہ سب ڈیپارٹمنٹس شریعہ بورڈ کی مجموعی نگرانی میں اپنے اپنے افعال سرانجام دیتے ہیں۔

## شریعت کمپلائنس ڈویژن

خیبر بینک میں شریعت کمپلائنس ڈویژن شرعی عقود و معاملات سے متعلق تمام پراڈکٹس، عقود، معاہدوں، مینونلز، پروسیجرز اور عملی طریقہ کار سے متعلق تمام دستاویزات اور اس کے استعمال کے طریقہ کار کا جائزہ لینے کا ذمہ دار ہے، اس سے پہلے کہ شریعت بورڈ کسی امر کی منظوری دے یہ مذکورہ اشیاء شرعی نظر ثانی اور مشورہ کے لیے شریعت کمپلائنس ڈویژن کو بھی پیش کئے جاتے ہیں۔ شریعت بورڈ کی منظوری کے بعد، شریعت کمپلائنس ڈویژن اس بات کو یقینی بناتا ہے کہ اسلامی بینکاری سے متعلق جملہ افعال شریعت بورڈ اور کل وقتی شریعت بورڈ ممبر کے منظور کردہ اصولوں اور ہدایات کی روشنی میں سرانجام دیے جائیں۔ مزید یہ کہ شریعت کمپلائنس ڈویژن میں موجود شریعت ریسرچ ڈیپارٹمنٹ باقاعدہ شرعی اور فقہی تحقیق بھی کرتا ہے تاکہ شریعت بورڈ کو خیبر بینک کی اسلامی بینکاری سرگرمیوں کی بہتری اور ترقی کے لیے سفارشات فراہم کی جاسکیں، جو مارکیٹ کی طلب اور ریگولیٹری ضروریات کے مطابق ہوں۔ اس کے علاوہ، شریعت کمپلائنس ڈویژن، شریعت بورڈ کے لیے

# شریعی بورڈ کی سالانہ رپورٹ

سیکرٹریٹ کے طور پر خدمات فراہم کرتا ہے، مثلاً ایجنٹوں کی تیاری، سفارشات، اور اہم فیصلوں کا ریکارڈ رکھنا وغیرہ، نیز شریعی کمپلائنس ڈویژن، انتظامیہ اور شریعی بورڈ کے درمیان ایک رابطہ کار شعبہ ہے تاکہ شریعی کی ہدایات کے بروقت اور موثر نفاذ کو یقینی بنایا جا سکے۔

## انٹرنل شریعی آڈٹ ڈیپارٹمنٹ

بینک میں مستقل انٹرنل شریعی آڈٹ ڈیپارٹمنٹ بھی موجود ہے جو شریعی نگرانی میں مزید سپورٹ فراہم کرتا ہے اور جاری ہونے والے پالیسیوں، مالیاتی منصوبوں، آپریشنز، اور سرمایہ کاری شعبوں کی وقتاً فوقتاً آڈٹ کرتا ہے، تاکہ شرعی اصولوں اور شریعی بورڈ کی ہدایات اور ریگولیٹری تقاضوں کی سختی سے پابندی کو یقینی بناسکے۔ ان آڈٹس سے انتظامی امور کی کارکردگی، اسٹیک ہولڈرز کے اعتماد، اور اسلامی بینکنگ کی وقار میں اضافہ ہوتا ہے۔

## پروڈکٹ ڈیولپمنٹ اور ریسرچ ڈیپارٹمنٹ

اسلامی بینکاری میں استعمال ہونے والے پراڈکٹس کی تیاری اور اس میں مزید جدت اور کشش لانے کے لئے مخصوص پروڈکٹ ڈیولپمنٹ اور ریسرچ ڈیپارٹمنٹ موجود ہے جو شرعی ہدایات کی روشنی میں ڈیزائن، سرمایہ کاری اور ہدف شدہ مارکیٹنگ منصوبوں کو تیار کرتا ہے تاکہ بینک کے نہ صرف صارفین کی تعداد میں اضافہ ہو اور فنانسنگ سے متعلقہ عقود اور مالیاتی سہولیات کی متنوع انواع عوام کو فراہم کئے جا سکیں بلکہ اس میں اخلاقی اقدار اور شریعت کے اصولوں کی پاسداری کو برقرار رکھا جا سکے۔

عملہ کو اسلامی بینکاری اصولوں سے روشناس کرنا اور بروقت آگاہی کی ضرورت سے انکار ممکن نہیں تاکہ پورے نظام میں شرعی اصولوں سے انحراف نہ ہو اور کوئی معاملہ غیر شرعی یا حرام نہ ہو جائے۔ اس مقصد کے لئے اسلامی بینکاری اور روایتی بینکنگ کے عملے کے لئے مختلف تربیتی پروگرام اور ٹریننگز فراہم کیے جاتے ہیں، تاکہ اسلامی بینکاری کے پورے افعال اور روایتی بینکاری کو شرعی بینکاری میں منتقل کرنے میں شرعی معیارات اور اصولوں کی پاسداری یقینی بناسکیں

مذکورہ بالا تینوں شعبے، شریعی کمپلائنس ڈویژن، انٹرنل شریعی آڈٹ ڈیپارٹمنٹ، پراڈکٹ ڈیولپمنٹ ڈیپارٹمنٹ شریعی بورڈ کی نگرانی میں کام کرتے ہیں، اور اس امر کو یقینی بناتے ہیں کہ گورننس، آپریشنز، پراڈکٹس کی تیاری اور جدت اور عملے کی تربیت اور آگاہی اسلامی اصولوں اور ریگولیٹری ہدایات کے مکمل مطابق ہوں۔

## سال 2025 میں خیبر بینک کی اسلامی بینکاری کی کارکردگی کے بارے میں شریعی بورڈ کی رائے

سٹیٹ بینک آف پاکستان کی جانب سے جاری کردہ شریعی گورننس فریم ورک کے مطابق، بورڈ آف ڈائریکٹرز اور ایگزیکٹو مینجمنٹ اس بات کو یقینی بنانے کے ذمہ دار ہیں کہ خیبر بینک کے اسلامی بینکنگ کے تمام معاملات شریعت کے اصولوں کے مطابق چلیں۔ گورننس اور احتساب کے ضابطے کے تحت خیبر بینک کی اسلامی بینکنگ کے مجموعی شریعی کمپلائنس کے ماحول پر اپنی آزادانہ رائے فراہم کرنا شریعی بورڈ کی ذمہ داری ہے۔

## سال 2025 کے دوران اپنی ذمہ داریوں کی انجام دہی کے لیے، شریعی بورڈ نے درج ذیل کام انجام دیے:

1. اسلامی بینکنگ آپریشنز کے شریعی سے متعلق معاملات پر غور و فکر اور فیصلے کرنے کے لیے چار (4) اجلاس منعقد کیے۔ اس کے علاوہ، شریعی گورننس فریم ورک کے ضابطے کے تحت بورڈ آف ڈائریکٹرز کے ساتھ دو (2) مشترکہ اجلاس منعقد کیے گئے۔
2. دوران سال پیش کی گئی پروڈکٹ پروگرامز اور اسٹریٹجیز، طریقہ کار کے مینوئلز، پروسیس فلو، قانونی معاہدے، مارکیٹنگ مواد، اور دیگر متعلقہ دستاویزات کا جائزہ لیا گیا اور شرعی منظوری دی گئی۔
3. اسلامی بینکاری سرگرمیوں کی بھرپور فروغ کو یقینی بنانے کے لیے شریعی کمپلائنس معانوں اور انٹرنل شریعی آڈٹ کے سالانہ پلان کی منظوری دی گئی۔
4. انٹرنل، ایکسٹرنل شریعی آڈٹ اور کمپلائنس رپورٹس کا جائزہ لیا، اور جہاں ضرورت سمجھی ہو مناسب اصلاحی اقدامات کی تجویز دی۔
5. مختلف ڈویژن کے پیش کردہ تمام کریڈٹ کیسز کا شرعی جائزہ لیا اور منظوری دی، اور شریعی کی عدم تعمیل کے امکان کو کم کرنے کے لیے مناسب مرحلہ وار شرعی طریقہ کار دیا اور رہنمائی جاری کی۔

# شریعت بورڈ کی سالانہ رپورٹ

6. آمدنی اور اخراجات کے بیانیے، پول مینجمنٹ کی سرگرمیوں، اور دیگر متعلقہ آپریشنل امور پر مشتمل وقتاً فوقتاً پیش کردہ رپورٹس کا جائزہ لیا، اور انتظامیہ کی طرف سے پیش کردہ مسائل پر شرعی رہنمائی فراہم کی۔
7. بینک کی جانب سے منعقدہ، عملے کی تربیتی پروگرامات اور ٹریننگز میں شرکت کی تاکہ شریعت کے اصولوں اور شریعت کی عدم تعمیل سے متعلق خطرات کے بارے میں آگاہی اور سمجھ بوجھ کو بڑھایا جا سکے۔
8. خیبر بینک بالخصوص اور اسلامی بینکنگ آپریشنز کی بالعموم صورتحال کے بارے میں اسٹیک ہولڈرز کے اعتماد کو مضبوط کرنے کے لیے عوامی آگاہی سیمینارز میں حصہ لیا۔

## شریعت بورڈ کی رائے

ہمیں فراہم کی گئی معلومات، توضیحات، رپورٹس، اور تصریحات کی بنیاد پر، اور ہماری ذاتی عملی مشاہدات کی بنیاد پر، ہماری رائے ہے کہ:

1. خیبر بینک کی اسلامی بینکاری آپریشنز نے 31 دسمبر 2025 کو ختم ہونے والے مالی سال کے دوران شریعت کے قواعد و اصولوں، نیز سٹیٹ بینک آف پاکستان اور بینک کی شریعت بورڈ کی جانب سے جاری کردہ ہدایات، ضوابط اور اصولوں کی پابندی کی ہے۔
2. بینک کے پاس ایک مناسب اور جامع شریعت کے مطابق فریم ورک موجود ہے، جس میں مستقل شریعت بورڈ، شریعت کمیٹینس ڈویژن، شریعت آڈٹ، شریعت ریسرچ و ریویو ڈیپارٹمنٹ کے علاوہ کل وقتی شریعت بورڈ ممبر اور شریعت گورننس فریم ورک کے مطابق منظم تربیتی انتظامات موجود ہیں۔
3. منافع کی تقسیم کا طریقہ کار، فنڈز کی تقسیم، آمدنی و اخراجات کی شناخت، ویٹجس (Weightages) کا تعین اور متعلقہ امور، شریعت بورڈ کی منظور شدہ رہنما اصولوں کے مطابق انجام دینے گئے ہیں اور اسلامی اصولوں کے مطابق ہیں۔
4. کوئی بھی آمدنی جو غیر شریعت قرار دی گئی، منظور شدہ چیریٹی پالیسی کے مطابق چیریٹی اکاؤنٹ میں منتقل کر دی گئی ہے، اور ضروری وضاحت مالیاتی سٹیٹمنٹس میں کردی گئی ہے۔
5. سال بھر کے دوران عملے اور انتظامیہ میں شریعت کی تعمیل کے حوالے سے مجموعی شعور، صلاحیت، اور عزم تسلی بخش رہا۔ تاہم، شریعت بورڈ ایک جامع سالانہ اسلامی بینکنگ تربیتی منصوبہ تیار کرنے کی سفارش کرتا ہے تاکہ علم کو مزید مضبوط کیا جا سکے اور ریگولیٹری توقعات کی مسلسل پابندی کو یقینی بنایا جا سکے۔
6. شریعت بورڈ کو اپنی ذمہ داریوں کو مؤثر طریقے سے انجام دینے کے لیے مناسب وسائل اور معاونت فراہم کی گئی ہے۔

شریعت بورڈ مزید سفارش کرتا ہے کہ بینک اپنے باقی ماندہ روایتی بینکاری سے اسلامی بینکاری میں منتقلی کے عمل کو تیز تر کرے تاکہ خیبر بینک کی ایک مکمل اسلامی بینک بننے کا خواب کو شرمندہ تعبیر کیا جا سکے۔ تبدیلی کے اس سفر میں، پرائیکٹس، آپریشنز، نظام، اور بنیادی خدوخال میں شریعت کے اصولوں کی پاسداری برقرار رکھنی ضروری ہے، نیز گورننس، کنٹرولز، اور عملے کی صلاحیت کو مسلسل مضبوط رکھنا بھی ناگزیر ہے۔

## خلاصہ کلام:

مربوط شرعی فریم ورک، مسلسل نگرانی، وقفے وقفے سے آڈٹ اور باقاعدہ جائزوں، اور شریعت کے اصولوں اور ضابطہ جاتی تقاضوں میں تبدیلیوں کے مطابق مسلسل بہتری، اور خیبر بینک کی اسلامی بینکنگ کی جانب سے جاری کردہ جامع پالیسیوں/رہنما اصولوں کی بنیاد پر، ہمارا ماننا ہے کہ بینک آف خیبر میں اسلامی بینکنگ کی مجموعی افعال میں شریعت کی پابندی کو یقینی بنانے کے لیے ایک مضبوط نظام موجود ہے۔

اللہ تعالیٰ ہمیں دنیا میں اس کام کو احسن طریقے سے نبھانے کی بہترین توفیق عطا فرمائے اور آخرت میں ذریعہ نجات بنائے اور ہماری لغزشوں اور کوتاہیوں سے اپنے لطف و کرم سے درگزر فرمائے۔

آمین



Qazi Abdul Samad

RSBM



Mufti Abdul Wahab

Member  
Shariah Board



Mufti Muhammad Arif Khan

Member  
Shariah Board



Mufti Muhammad Zahid

Chairman  
Shariah Board

# Pattern of Shareholding

As at December 31, 2025

NO. OF SHAREHOLDERS	<--- HAVING SHARES --->		SHARES HELD	PERCENTAGE
	From	To		
1195	1	100	51053	0.0044
9844	101	500	1998316	0.1726
1318	501	1000	1067582	0.0922
14942	1001	5000	18097721	1.5628
140	5001	10000	976680	0.0843
36	10001	15000	443698	0.0383
28	15001	20000	478418	0.0413
16	20001	25000	352657	0.0305
7	25001	30000	187737	0.0162
6	30001	35000	191393	0.0165
1	35001	40000	38209	0.0033
4	40001	45000	169390	0.0146
2	45001	50000	97553	0.0084
1	50001	55000	54360	0.0047
1	55001	60000	56861	0.0049
3	60001	65000	190360	0.0164
1	70001	75000	71739	0.0062
1	75001	80000	75500	0.0065
2	90001	95000	186120	0.0161
1	95001	100000	100000	0.0086
1	140001	145000	143294	0.0124
1	280001	285000	280112	0.0242
1	295001	300000	300000	0.0259
1	305001	310000	305555	0.0264
1	320001	325000	321254	0.0277
1	1820001	1825000	1822300	0.1574
1	12070001	12075000	12072036	1.0424
1	22175001	22180000	22178000	1.9151
1	282850001	282855000	282852969	24.4248
1	812890001	812895000	812893804	70.1948
<b>27559</b>		<b>Company Total</b>	<b>1158054671</b>	<b>100.000</b>

# Category of Shareholders

As at December 31, 2025

	<b>No. of Shareholders</b>	<b>Shares Held</b>	<b>Percentage</b>
Directors, CEO & Children	3	25,810	0.00
Associated Companies	1	282,852,969	24.43
Banks, DFI & NBFI	3	40,948	0.00
Insurance Companies	2	17,711	0.00
General Public (Local)	27425	60,069,080	5.19
General Public (Foreign)	94	197,788	0.02
Others	30	1,956,561	0.17
Government of Khyber Pakhtunkhwa	1	812,893,804	70.20
<b>TOTAL</b>	<b>27,559</b>	<b>1,158,054,671</b>	<b>100.00</b>

## Shareholding of Directors, CEO & Children

Syed Asad Ali Shah	7,680
Tahir Jawaid	7,680
Muhammed Shahid Sadiq	10,450

## Shareholding of Banks, DFI & NBFI

Pakistan Industrial & Commercial Leasing Ltd.	2,799
Pakistan Industrial & Comm. Leasing Ltd.	25,208
Escorts Investment Bank Limited	12,941

## Shareholding of Insurance Companies

TPL Insurance Limited	17,504
The Pakistan General Ins. Co. Ltd.	207

## Major Shareholders

Government of Khyber Pakhtunkhwa	812,893,804
Ismail Industries Limited	282,852,969

# Statement of Compliance

with Listed Companies (Code of Corporate Governance) Regulations, 2019

**Name of Bank:** The Bank of Khyber

**Year ended:** December 31, 2025

The Bank has complied with the requirements of the Regulations in the following manner: -

1. The total number of directors as at December 31, 2025 are nine (9) as per the following:

Male: Eight (8)

Female: One (1)

2. The composition of the Board is as follows:

Category	Name
Independent Directors	Syed Asad Ali Shah Mr. Tahir Jawaid Muhammed Shahid Sadiq Mr. Abid Sattar(a) Ms. Natasha Jehangir Khan (a) Mr. Osman Asghar Khan (b)
Non-Executive Directors	Mr. Ikramullah Khan (Government Nominee Ex-Officio) (c) Mr. Kamran Ahmed Afridi (Government Nominee Ex-Officio) (d)
Executive Director	Mr. Hassan Raza (Managing Director)

(a) Nominated by GoKP under section 11 of the Bank of Khyber (Amendment) Act, 2022, having requisite background in banking and finance, and fulfilling the criteria prescribed for independent directors, nominated by the Chief Minister, for a period of three years and may be re-appointed for another three years term only, however, the Chief Minister may remove them at any time. Mr. Abid Sattar joined the Board on January 26, 2023 and Ms. Natasha Jehangir Khan joined the Board on September 5, 2024 after getting clearance from State Bank of Pakistan (SBP) as an independent director.

(b) Nominated by GoKP under section 11 of the Bank of Khyber (Amendment) Act, 2022, having requisite background in the banking and finance, as independent director, until a director is nominated by a foreign or local institution, by virtue of their shares in the Bank. Mr. Osman Asghar Khan joined the Board on July 3, 2023, after getting clearance from SBP as an independent director.

(c) Subsequent to the year end, Mr. Islam Zaib has replaced Mr. Ikramullah Khan as Chairman of the Board of Directors of the Bank on January 23, 2026.

(d) Mr. Amer Sultan Tareen was replaced by Mr. Kamran Ahmed Afridi on December 5, 2025.

(e) During the year, the Provincial Assembly of Khyber Pakhtunkhwa enacted the Bank of Khyber (Amendment) Act, 2025 (the Amendment) which resulted in changes to the composition of the Board of Directors of the Bank, under section (11) sub-section (1). As per the Amendment, i) Two (2) directors (previously three (3) directors), shall be elected by the shareholders in a general meeting of the shareholders, whose term of office shall be three years; and ii) Three (3) directors (previously two (2) directors), having requisite background in banking and finance, and fulfilling the criteria prescribed for independent director, nominated by the Chief Minister, for a period of three years and may be re-appointed for another three years term only, however the Chief Minister may remove them at any time.

Subsequent to the Amendment, Government of Khyber Pakhtunkhwa (GoKP) wrote a letter to the Bank, requesting the Bank to implement the Amendment with immediate effect and to inform GoKP in this regard. The Bank communicated the matter to Ismail Industries Limited (ILL), a majority shareholder of the Bank, for necessary action and implementation. ILL, in response to the Bank has expressed its grievances against the Amendment and also believes that the term of office of the elected directors shall be three (3) years in accordance with the requirements of the Act and given that the directors were elected in May 2024, the tenure of such elected directors cannot be curtailed.

# Statement of Compliance

## with Listed Companies (Code of Corporate Governance) Regulations, 2019

The Bank has shared the stance of ILL with GoKP, who based on a legal opinion obtained from Law, Parliamentary Affairs & Human Rights Department, GoKP, believes that the Amendment made by the Provincial Assembly of Khyber Pakhtunkhwa is in accordance with the Constitution and has directed to implement the Amendment. GoKP has also requested the Bank to intimate the implementation status of the Amendment.

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Bank;
4. The Bank has prepared a code of conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Bank along with its supporting policies and procedures;
5. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Bank. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the Bank;
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board / shareholders as empowered by the relevant provisions of the Act and these Regulations;
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;
8. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;
9. It is to be noted that Mr. Hassan Raza, Mr. Tahir Jawaid, Mr. Abid Sattar, Mr. Osman Asghar Khan and Muhammed Shahid Sadiq have already completed their Director's Training programs. Syed Asad Ali Shah meets the exemption requirement of the Director's Training program.
10. Further, the Bank intends to arrange Director's Training program for Mr. Islam Zaib (who has replaced Mr. Ikramullah Khan subsequent to the year end), Mr. Kamran Ahmed Afridi and Ms. Natasha Jehangir Khan, at the earliest.
11. The Board has approved appointment of chief financial officer, company secretary and head of internal audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;
12. Chief financial officer and chief executive officer duly endorsed the financial statements before approval of the Board;
13. The Board has formed committees comprising of members given below:

S #	Name of committee	Current membership
1	<b>Board Audit Committee</b>	1. Syed Asad Ali Shah                      Chairman 2. Mr. Kamran Ahmed Afridi              Member 3. Mr. Abid Sattar                              Member 4. Muhammed Shahid Sadiq                Member 5. Mr. Osman Asghar Khan                Member
2	<b>Human Resource &amp; Remuneration Committee</b>	1. Mr. Abid Sattar                              Chairman 2. Ms. Natasha Jehangir Khan              Member 3. Mr. Osman Asghar Khan                Member 4. Mr. Tahir Jawaid                            Member
3	<b>Risk Management Committee</b>	1. Mr. Abid Sattar                              Chairman 2. Mr. Kamran Ahmed Afridi              Member 3. Muhammed Shahid Sadiq                Member 4. Mr. Hassan Raza                             Member
4	<b>I.T. Steering Committee</b>	1. Mr. Osman Asghar Khan                Chairman 2. Mr. Tahir Jawaid                            Member 3. Ms. Natasha Jehangir Khan              Member 4. Mr. Hassan Raza                             Member 5. Syed Asad Ali Shah                        Member

S #	Name of committee	Current membership
5.	Compliance Committee	1. Muhammed Shahid Sadiq Chairman 2. Mr. Kamran Ahmed Afridi Member 3. Ms. Natasha Jehangir Khan Member 4. Mr. Hassan Raza Member

The Board committees have the required diversity, experience and skills to function effectively.

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committees for compliance.
14. The frequency of meetings (quarterly/half yearly/yearly) of the committees were as per following,-

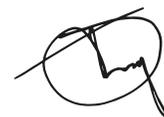
	Committee	No. of meetings held during the year
a)	Board Audit Committee	7
b)	Human Resource & Remuneration Committee	13
c)	Risk Management Committee	5
d)	I.T. Steering Committee	5
e)	Compliance Committee	4

15. The Board has set up an effective internal audit function. The concerned staff is considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Bank;
16. The statutory auditors of the Bank have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the Bank;
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard;
18. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with; and
19. Explanations for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 are below:

Sr. No.	Requirement	Explanation	Regulation No.
1	Constitution of Nomination committee	The broad functions of Nomination Committee are being performed by the Board of Directors. A separate Nomination committee is not required.	29
2	The Directors shall attend its AGM	Seven (7) directors attended the 34th Annual General Meeting (AGM) of the Bank. Remaining directors provided reasonable cause for not attending the AGM.	10(6)



**HASSAN RAZA**  
Managing Director



**ISLAM ZAIB**  
Chairman

# Independent Auditor's Review Report

To the members of The Bank of Khyber

## Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of The Bank of Khyber (the Bank) for the year ended December 31, 2025 in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Bank. Our responsibility is to review whether the Statement of Compliance reflects the status of the Bank's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Bank's personnel and review of various documents prepared by the Bank to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Bank's corporate governance procedures and risks.

The Regulations require the Bank to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Bank's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Bank for the year ended December 31, 2025.

Further, we highlight the content of para no. 2 (a) and 2 (b), in respect of directors appointed by the Government of Khyber Pakhtunkhwa.



Chartered Accountants

Islamabad

Date: March 9, 2026

UDIN: CR202510050nr1ahFPze

# Independent Auditor's Report

To the members of The Bank of Khyber

## Report on the Audit of the Financial Statements

### Opinion

We have audited the annexed financial statements of The Bank of Khyber (the Bank), which comprise the statement of financial position as at December 31, 2025, and the statement of profit and loss account, the statement of comprehensive income, the statement of changes in equity and the cash flow statement for the year then ended, along with unaudited certified returns received from the branches except for 25 branches which have been audited by us and notes to the financial statements, including material accounting policy information and other explanatory information and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit and loss account, the statement of comprehensive income, statement of changes in equity and cash flow statement together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan, and, give the information required by the Banking Companies Ordinance, 1962 and the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Bank's affairs as at December 31, 2025 and of the profit and other comprehensive loss, the changes in equity and its cash flows for the year then ended.

### Basis for Opinion

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

### Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following is the Key Audit Matter:

S. No.	Key Audit Matter	How the matter was addressed in our audit
1.	<p><b>Credit loss allowance against advances:</b></p> <p>(Refer notes 6.2.7, and 11.2.5 to the financial statements)</p> <p>The Bank records credit loss allowance against advances in accordance with the requirements of IFRS 9 as applicable in Pakistan and as per the instructions of the State Bank of Pakistan (SBP).</p> <p>The measurement of ECL involves evaluating a range of possible outcomes, considering the time value of money, and incorporating reasonable and supportable information available at the reporting date about past events, current conditions, and forecasts of future economic conditions. A lifetime ECL is recorded on advances in which there has been a Significant Increase in Credit Risk (SICR) from the date of initial recognition and which are credit impaired as at the reporting date. A 12 months ECL is recorded for advances which do not meet the criteria for SICR or credit impaired as at the reporting date. To assess whether there is a significant increase in the credit risk, the Bank compares the risk of a default occurring on the advances as at the reporting date with the risk of default as at the date of initial recognition.</p> <p>The Bank records charge for stage 3 based on the higher of provision under Prudential Regulations or ECL under IFRS 9, as per the SBP Application Instruction.</p> <p>As at December 31, 2025, the Bank holds a credit loss allowance of Rs. 11,899 million against advances. The Bank has recognised a net credit loss allowance reversal against advances amounting to Rs. 843 million in the statement of profit and loss account in the current year.</p> <p>The determination of credit loss allowance against advances based on the above criteria remains a significant area of judgment and estimation. Because of the significance of the impact of these judgments / estimations and the materiality of advances relative to the overall financial statements of the Bank, we considered this area as a key audit matter.</p>	<p>Our audit procedures to verify credit loss allowance against advances included, amongst others, the following:</p> <ul style="list-style-type: none"> <li>● Obtained understanding of management’s assessment of credit loss allowance in respect of advances including the Bank’s accounting policy and its internal rating and model methodologies;</li> <li>● Obtained an understanding of the design and tested the operating effectiveness of key controls over correct classification of advances based on loss events and monitoring of advances with higher risk of default;</li> <li>● We selected a sample of loan accounts and performed the following substantive procedures: <ul style="list-style-type: none"> <li>- assessed the reasonableness and accuracy of the data used for ECL computation based on accounting records and information system of the Bank as well as the related external sources used for this purpose;</li> <li>- checked repayments of loans / mark-up / profit installments and tested classification of advances based on the number of days overdue;</li> <li>- tested the staging of loans and advances as per the criteria of SICR and in accordance with IFRS 9;</li> <li>- evaluated the management’s assessment for classification of a borrower’s loan facilities as performing or non-performing based on review of repayment pattern, inspection of credit documentation and discussions with the management;</li> <li>- assessed the ECL model used by the management to calculate Expected Credit Loss against loans and advances balances of the Bank for appropriateness of the assumptions used and the methodology applied. We also tested the mathematical accuracy of the model;</li> </ul> </li> <li>● Assessed the reasonableness of the forward-looking assumptions used by the management in calculation of ECL; and</li> <li>● Assessed the relevant disclosures made in the financial statements to determine whether these are complied with the accounting and reporting standards as applicable in Pakistan.</li> </ul>

### Information Other than the Financial Statements and Auditor’s Report Thereon

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

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

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting and reporting standards as applicable in Pakistan, the requirements of Banking Companies Ordinance, 1962 and the Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide to the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Report on Other Legal and Regulatory Requirements**

1. Based on our audit, we further report that in our opinion:
  - a) proper books of account have been kept by the Bank as required by the Companies Act, 2017 (XIX of 2017) and the returns referred above from the branches have been found adequate for the purpose of our audit;
  - b) the statement of financial position, the statement of profit and loss account, the statement of comprehensive income, statement of changes in equity and cash flow statement together with the notes thereon have been drawn up in conformity with the Banking Companies Ordinance, 1962 and the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
  - c) investments made, expenditure incurred and guarantees extended during the year were in accordance with the objects and powers of the Bank and the transactions of the Bank which have come to our notice have been within the powers of the Bank; and
  - d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Bank and deposited in the Central Zakat Fund established under section 7 of that Ordinance.
2. We confirm that for the purpose of our audit we have covered more than sixty per cent of the total loans and advances of the Bank.

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



Chartered Accountants

Islamabad

Date: March 9, 2026

UDIN: AR202510050rv1Nqhkj9



# Financial Statements

For the year ended December 31, 2025

# Statement of Financial Position

As at December 31, 2025



	Note	2025 ----- Rupees in '000 -----	2024
<b>ASSETS</b>			
Cash and balances with treasury banks	7	25,398,116	23,993,095
Balances with other banks	8	3,217,067	3,252,274
Lendings to financial institutions	9	3,438,549	133,574
Investments	10	274,956,627	282,766,597
Advances	11	126,705,821	146,881,971
Property and equipment	12	4,796,539	4,293,173
Right-of-use assets	13	1,626,161	2,059,970
Intangible assets	14	379,645	361,363
Deferred tax assets	15	1,032,911	1,193,562
Other assets	16	11,748,178	12,628,288
<b>Total Assets</b>		<b>453,299,614</b>	<b>477,563,867</b>
<b>LIABILITIES</b>			
Bills payable	17	3,212,340	21,951,353
Borrowings	18	35,697,978	133,531,771
Deposits and other accounts	19	378,123,220	277,641,989
Lease liabilities	20	1,757,104	2,147,700
Subordinated debt		-	-
Deferred tax liabilities		-	-
Other liabilities	21	10,832,282	20,391,835
<b>Total Liabilities</b>		<b>429,622,924</b>	<b>455,664,648</b>
<b>NET ASSETS</b>		<b>23,676,690</b>	<b>21,899,219</b>
<b>REPRESENTED BY</b>			
Share capital	22	11,579,360	11,579,360
Reserves		6,229,178	5,066,025
Surplus on revaluation of assets	23	1,358,853	1,676,698
Unappropriated profit		4,509,299	3,577,136
		<b>23,676,690</b>	<b>21,899,219</b>

## CONTINGENCIES AND COMMITMENTS

24

The annexed notes 1 to 49 and annexures I to III form an integral part of these financial statements.

Managing Director

Chief Financial Officer

Director

Director

Director

# Statement of Profit and Loss Account



For the year ended December 31, 2025

	Note	2025 ----- Rupees in '000 -----	2024
Mark-up / return / interest earned	25	52,234,407	65,221,290
Mark-up / return / interest expensed	26	33,233,259	48,729,328
Net mark-up / interest income		19,001,148	16,491,962
<b>NON MARK-UP / INTEREST INCOME</b>			
Fee and commission income	27	1,065,084	941,990
Dividend income		5	2,047
Share of profit of associate		15,388	11,182
Foreign exchange income		592,553	529,442
Income / (loss) from derivatives		-	-
Gain on securities	28	2,330,319	177,001
Net losses on derecognition of financial assets measured at amortised cost	29	(44,081)	(23,802)
Other income	30	165,752	140,166
Total non-markup / interest income		4,125,020	1,778,026
Total income		23,126,168	18,269,988
<b>NON MARK-UP / INTEREST EXPENSES</b>			
Operating expenses	31	11,725,066	10,538,609
Workers welfare fund		-	-
Other charges	32	287	22,058
Total non-markup / interest expenses		11,725,353	10,560,667
<b>Profit before credit loss allowance</b>		11,400,815	7,709,321
(Reversal) of credit loss allowance and write offs - net	33	(881,192)	(425,754)
Other income / expense items		-	-
<b>PROFIT BEFORE TAXATION</b>		12,282,007	8,135,075
Taxation	34	6,466,244	4,519,954
<b>PROFIT AFTER TAXATION</b>		5,815,763	3,615,121
----- Rupees -----			
<b>Basic and diluted earnings per share</b>	35	5.02	3.12

The annexed notes 1 to 49 and annexures I to III form an integral part of these financial statements.

Managing Director

Chief Financial Officer

Director

Director

Director

# Statement of Comprehensive Income



For the year ended December 31, 2025

	2025	2024
	----- Rupees in '000 -----	
Profit after taxation for the year	5,815,763	3,615,121
<b>Other comprehensive income / (loss)</b>		
<b>Items that may be reclassified to profit and loss account in subsequent periods:</b>		
Movement in surplus on revaluation of debt investments through FVOCI - net of tax	640,737	872,762
Gain on sale of debt investments carried at FVOCI reclassified to profit and loss - net of tax	(1,119,345)	(58,742)
Deficit transferred to profit and loss upon reclassification of debt investment - net of tax	792	-
	<b>(477,816)</b>	814,020
<b>Items that will not be reclassified to profit and loss account in subsequent periods:</b>		
Remeasurement (loss) / gain on defined benefit obligation - net of tax	(24,064)	21,944
Movement in surplus on revaluation of equity investments - net of tax	46,019	33,947
Movement in surplus / (deficit) on revaluation of non-banking assets - net of tax	31,187	(13,520)
Share of remeasurement (loss) on defined benefit obligation of associate - net of tax	-	(863)
Share of surplus on revaluation of investments of associate - net of tax	1,339	1,414
	<b>54,481</b>	42,922
<b>Total comprehensive income</b>	<b>5,392,428</b>	4,472,063

The annexed notes 1 to 49 and annexures I to III form an integral part of these financial statements.

Managing Director

Chief Financial Officer

Director

Director

Director

# Statement of Changes in Equity

For the year ended December 31, 2025



	Share capital	Statutory reserve	Surplus / (deficit) on revaluation of		Non-banking assets	Unappropriated profit	Total
			Investments	Property and equipment			
Rupees in '000							
<b>Balance as at January 1, 2024</b>	11,027,905	4,343,001	(823,221)	900,120	47,723	4,805,756	20,301,284
Impact of adoption of IFRS 9 - net of tax	-	-	729,764	-	-	(1,949,528)	(1,219,764)
<b>Balance as at January 1, 2024 after adoption of IFRS 9</b>	11,027,905	4,343,001	(93,457)	900,120	47,723	2,856,228	19,081,520
Profit after taxation for the prior year	-	-	-	-	-	3,615,121	3,615,121
Other comprehensive income - net of tax	-	-	-	-	-	-	-
Movement in surplus on revaluation of investments in debt instruments through FVOCI - net of tax	-	-	872,762	-	-	-	872,762
Gain on sale of debt investments carried at FVOCI reclassified to profit and loss - net of tax	-	-	(58,742)	-	-	-	(58,742)
Remeasurement gain on defined benefit obligations - net of tax	-	-	33,947	-	-	21,944	55,891
Movement in surplus on revaluation of equity investments - net of tax	-	-	-	-	-	-	-
Movement in (deficit) on revaluation of non-banking assets - net of tax	-	-	-	(13,520)	-	-	(13,520)
Share of remeasurement (loss) on defined obligation of associate - net of tax	-	-	-	-	-	(863)	(863)
Share of surplus on revaluation of investments of associate - net of tax	-	-	1,414	-	-	-	1,414
Total other comprehensive income - net of tax	-	-	849,381	(13,520)	-	21,081	856,942
Transfer to statutory reserve	-	72,3024	-	-	-	(723,024)	-
Gain on disposal of equity investments at FVOCI transferred to unappropriated profit - net of tax	-	-	(5,958)	-	-	5,958	-
Transfer from surplus on revaluation of non-banking asset to unappropriated profit - net of tax	-	-	-	(7,591)	-	7,591	-
<b>Transactions with owners, recorded directly in equity</b>							
Final cash dividend for the year ended December 31, 2023 (Rs.1.50 per share)	-	-	-	-	-	(1,654,364)	(1,654,364)
Bonus shares issued for the year ended December 31, 2023 (Rs.0.50 per share)	551,455	-	-	-	-	(551,455)	-
<b>Balance as at December 31, 2024</b>	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 (note 6.1)	-	-	90,629	-	-	-	90,629
<b>Balance as at January 1, 2025 - restated</b>	11,579,360	5,066,025	840,595	900,120	26,612	3,577,136	21,989,848
Profit after taxation for the current year	-	-	-	-	-	5,815,763	5,815,763
Other comprehensive income - net of tax	-	-	-	-	-	-	-
Movement in surplus on revaluation of investments in debt instruments through FVOCI - net of tax	-	-	640,737	-	-	-	640,737
Gain on sale of debt investments carried at FVOCI reclassified to profit and loss - net of tax	-	-	(1,119,345)	-	-	-	(1,119,345)
Deficit transferred to profit and loss on reclassification of debt investment - net of tax	-	-	792	-	-	-	792
Remeasurement (loss) on defined benefit obligations - net of tax	-	-	-	-	-	(24,064)	(24,064)
Movement in surplus on revaluation of equity investments - net of tax	-	-	46,019	-	-	-	46,019
Movement in surplus on revaluation of non-banking assets - net of tax	-	-	-	31,187	-	-	31,187
Share of remeasurement gain / loss on defined obligation of associate - net of tax	-	-	-	-	-	-	-
Share of surplus on revaluation of investments of associate - net of tax	-	-	1,339	-	-	-	1,339
Total other comprehensive loss - net	-	-	(430,458)	31,187	-	(24,064)	(423,335)
Transfer to statutory reserve	-	1,163,153	-	-	-	(1,163,153)	-
Gain on disposal of equity investments at FVOCI transferred to unappropriated profit - net of tax	-	-	-	-	-	-	-
Gain on disposal of equity investments at FVOCI of associate transferred to unappropriated profit - net of tax	-	-	(3,791)	-	-	3,791	-
Transfer from surplus on revaluation of non-banking asset to unappropriated profit - net of tax	-	-	-	(5,412)	-	5,412	-
<b>Transactions with owners, recorded directly in equity</b>							
Final cash dividend for the year ended December 31, 2024 (Rs.1.70 per share)	-	-	-	-	-	(1,968,682)	(1,968,682)
Interim cash dividend for the year ended December 31, 2025 (Rs.1.50 per share)	-	-	-	-	-	(1,736,904)	(1,736,904)
<b>Balance as at December 31, 2025</b>	11,579,360	6,229,178	406,346	900,120	52,387	4,509,299	23,676,690

The annexed notes 1 to 49 and annexures I to III form an integral part of these financial statements.

Managing Director

Director

Chief Financial Officer

Director

Director

Director

Director

Director

# Cash Flow Statement



For the year ended December 31, 2025

	Note	2025 ----- Rupees in '000 -----	2024
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Profit before taxation		12,282,007	8,135,075
Less: Dividend income		5	2,047
		<b>12,282,002</b>	<b>8,133,028</b>
<b>Adjustments:</b>			
Net mark-up / interest income		(19,391,613)	(16,938,878)
Depreciation - Property and equipment	31	866,258	765,565
Depreciation - Non-banking assets acquired in satisfaction of claims	31	44,711	41,481
Depreciation - Right-of-use assets	31	767,509	792,106
Impairment loss - Property and equipment	31	10,936	-
Amortization	31	86,924	81,383
(Reversal) of credit loss allowance and write offs - net	33	(881,192)	(425,754)
Unrealised loss on revaluation of investments measured at FVPL	28	1,650	773
Net losses on derecognition of financial assets measured at amortised cost	29	44,081	23,802
Gain on disposal of property and equipment - net	30	(15,567)	(10,283)
(Gain) / loss on early culmination of lease	30	(17,006)	3,493
Finance charges on leased assets	26	390,465	446,916
Unwinding of deferred cost on staff loans	31.1	175,771	217,210
Exchange (gain) / loss on cash and cash equivalents		(71,481)	34,139
Share of profit of associate		(15,388)	(11,182)
		<b>(18,003,942)</b>	<b>(14,979,229)</b>
		<b>(5,721,940)</b>	<b>(6,846,201)</b>
<b>(Increase) / Decrease in operating assets</b>			
Lendings to financial institutions		(3,285,292)	2,000,000
Securities classified as FVPL		5,442	319,714
Advances		21,114,614	(51,908,174)
Others assets (excluding advance taxation and mark-up receivable)		(991,065)	4,658,429
		<b>16,843,699</b>	<b>(44,930,031)</b>
<b>(Decrease) / Increase in operating liabilities</b>			
Bills payable		(18,739,013)	18,192,275
Borrowings from financial institutions		(97,833,793)	83,071,212
Deposits		100,481,231	(11,649,572)
Other liabilities (excluding current taxation and mark-up payable)		425,091	665,495
		<b>(15,666,484)</b>	<b>90,279,410</b>
Mark-up / interest received		54,434,236	69,367,976
Mark-up / interest paid		(41,463,220)	(46,087,267)
Income tax paid		(8,018,408)	(3,676,033)
<b>Net cash flow generated from operating activities</b>		<b>407,883</b>	<b>58,107,854</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Net Investments in amortized cost		8,401,393	14,838,953
Net Investments in securities classified as FVOCI		(1,277,585)	(70,209,539)
Dividends received		3,043	2,047
Investments in property and equipment		(1,385,299)	(664,434)
Investments in intangible assets		(105,206)	(14,138)
Disposal of property and equipment		20,306	15,405
<b>Net cash flow generated from / (used in) investing activities</b>		<b>5,656,652</b>	<b>(56,031,706)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Payments of lease obligations against right-of-use assets		(1,097,755)	(1,012,610)
Dividend paid		(3,668,646)	(1,639,510)
<b>Net cash flow (used in) financing activities</b>		<b>(4,766,401)</b>	<b>(2,652,120)</b>
Effects of credit loss allowance changes on cash and cash equivalents		199	(325)
Effects of exchange rate changes on cash and cash equivalents		71,481	(34,139)
Increase / (decrease) in cash and cash equivalents		1,369,814	(610,436)
Cash and cash equivalents at beginning of the year	36	27,245,369	27,855,805
Cash and cash equivalents at end of the year	36	<b>28,615,183</b>	<b>27,245,369</b>

The annexed notes 1 to 49 and annexures I to III form an integral part of these financial statements.

  
Managing Director

  
Chief Financial Officer

  
Director

  
Director

  
Director

## 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. The Bank operates 254 branches including 199 Islamic banking branches (2024: 246 branches including 131 Islamic banking branches) and 55 Islamic banking windows (2024: Nil). During the year, the Bank has converted 59 of its conventional banking branches into Islamic banking branches. The long term credit ratings of the Bank assigned by VIS Credit Rating Company Limited and Pakistan Credit Rating Agency Limited (PACRA) are 'AA-' and 'A+' (2024: 'A+' and 'A+') respectively and the short term credit ratings assigned are 'A1' (A-One) and 'A-1' (A-One) (2024: '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).

Subsequent to the year end, 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.

The Provincial Assembly of Khyber Pakhtunkhwa has passed the Bank of Khyber (Amendment) Act, 2022. As part of the Bank of Khyber (Amendment) Act, 2022, the name of the 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 PRESENTATION

- 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 financial statements as such, but are restricted to the amount of facility actually utilized and the appropriate portion of profit thereon.
- 2.2** 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.
- 2.3** These financial statements have been prepared in conformity with the format of financial statements prescribed by the State Bank of Pakistan (SBP), vide its BPRD Circular Letter No.13 of 2024 dated July 1, 2024.
- 2.4** The financial results of the Islamic Banking Branches have been consolidated in these financial statements, after eliminating the effects of inter-branch transactions and balances. Key financial figures of the Islamic Banking Branches are disclosed in Annexure "II" to these financial statements.
- 2.5** The Bank believes that there is no significant doubt on the Bank's ability to continue as a going concern. Therefore, these financial statements have been prepared on a going concern basis.
- 2.6** These 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 financial statements have been prepared in accordance with the approved accounting and reporting standards as applicable in Pakistan. The approved accounting and reporting standards comprise of:
- IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017;

- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Act, 2017;
- Provisions of and directives issued under the Banking Companies Ordinance, 1962, and the Companies Act, 2017; and
- Directives issued by the SBP and the Securities and Exchange Commission of Pakistan (SECP).

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

**3.2** SBP has deferred the applicability of International Accounting Standard 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'. Further, according to the notification of the SECP issued vide SRO 411(I)/2008 dated April 28, 2008, International Financial Reporting Standard (IFRS) 7, 'Financial Instruments: Disclosures' has not been made applicable for banks. Accordingly, the requirements of these standards have not been considered in the preparation of these financial statements.

**3.3 Standards, interpretations of and amendments to published approved accounting standards that are effective in the current year**

There are certain new and amended standards, interpretations and amendments issued by International Accounting Standards Board (IASB) that are mandatory for the Bank's accounting periods beginning on or after January 1, 2025 but are considered not to be relevant or do not have any material effect on the Bank's operations and therefore are not detailed in these financial statements, except for certain matters pertaining to IFRS 9 'Financial Instruments' the impact of which is disclosed in note 6.1 to the financial statements.

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

There are certain new and amended standards, issued by International Accounting Standards Board (IASB), interpretations and amendments that are mandatory for the Bank's accounting periods beginning on or after January 1, 2026 but are considered not to be relevant or will not have any material effect on the Bank's financial statements except for:

- amendments to IFRS 9 'Financial Instruments' and IFRS 7 'Financial Instruments: Disclosures' (applicable from January 1, 2026) which clarify the timing of recognition and derecognition of a financial asset or financial liability including settlement of liabilities through banking instruments and channels including electronic transfers. Further, guidance on the SPPI assessment, and disclosure requirements for instruments with cashflows modifying features and equity instruments designated at FVOCI has also been amended. The amendments when applied may impact the accounting and presentation of the financial instruments.

- the new standard - IFRS 18 'Presentation and Disclosure in Financial Statements' (published in April 2024) with applicability date of January 1, 2027 by IASB. IFRS 18 when applicable shall impact the presentation of 'Statement of Profit and Loss Account' with certain additional disclosures in the financial statements.

The management is in the process of assessing the impacts of the above on the financial statements of the Bank.

**4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS**

The preparation of financial statements in conformity with the accounting and reporting standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the

circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

The areas where various assumptions and estimates are significant to the Bank's financial statements or where judgment was exercised in application of accounting policies are as follows:

- i) credit loss allowance against investments - notes 6.2.7 and 10
- ii) credit loss allowance against loans and advances - notes 6.2.7 and 11
- iii) income taxes - notes 6.12, 15 and 34
- iv) depreciation and revaluation of property and equipment - notes 6.7 and 12
- v) defined benefit plan - notes 6.15 and 38
- vi) valuation of right-of-use assets and lease liability - notes 6.9, 13 and 20
- vii) non-banking assets acquired in satisfaction of claims - notes 6.10 and 16.1.1
- viii) fair value measurement of financial instruments - notes 40

## 5 BASIS OF MEASUREMENT

These 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.

## 6 MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policy information set out below have been applied consistently in the preparation of these financial statements, except for as mentioned in note 6.1 below.

### 6.1 IFRS 9 'Financial Instruments'

During the year ended December 31, 2024, the Bank adopted IFRS 9 effective from January 1, 2024 with modified retrospective approach for restatement permitted under IFRS 9 and the relevant impacts were recorded as an adjustment to opening equity in the prior year financial statements.

During the current year, in compliance with BPRD Circular No. 03 of 2022 dated July 5, 2022, and BPRD Circular Letter No. 16 dated July 29, 2024, the Bank has applied IFRS 9 for the measurement of unquoted equity securities at fair value. The impacts, net of tax, amounting to Rs. 90,629 thousand, have been recognized as an adjustment to equity at the beginning of the current year.

The SBP in a separate instruction BPRD/RPD/822456/25 dated January 22, 2025 has allowed extension for application of Effective Interest Rate upto December 31, 2025. Currently, the work for implementation of the EIR methodology is in process and the requisite configurations / changes in the IT systems of the Bank in this regard are in the finalisation phase.

The SBP has directed the Banks through its BPRD Circular Letter No. 1 dated January 22, 2025 to continue the existing revenue recognition methodology for Islamic Operations, including the requirements of IFAS 1 and IFAS 2 until further instructions. Had 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. 98,367 thousand.

# Notes to the Financial Statements



For the year ended December 31, 2025

## 6.2 Financial Instruments

### 6.2.1 Classification

#### Financial assets

Under IFRS 9, the Bank classifies its financial assets in the following categories:

- Financial assets at fair value through profit or loss account (FVPL)
- Financial assets at fair value through other comprehensive income (FVOCI)
- Financial assets at amortised cost

#### Financial liabilities

Financial liabilities are classified and measured at amortised cost except for derivatives which are being measured at FVPL.

Financial assets and financial liabilities primarily includes following:

Financial Statements Line Items	Description
Cash and balances with treasury banks	Note 7
Balances with other banks	Note 8
Lendings to financial institutions	Note 9
Investments (except associates)	Note 10
Advances	Note 11
Other assets	Note 16
Bills payable	Note 17
Borrowings	Note 18
Deposits and other accounts	Note 19
Other liabilities	Note 21

### 6.2.2 Business model assessment

The Bank determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Bank's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- The objectives for the portfolio, in particular, whether the management's strategy focuses on earning contractual revenue, maintaining a particular yield profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the Bank's key management personnel;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed; and
- The expected frequency, value and timing of sale are also important aspects of the Bank's assessment. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Bank's stated objective for managing the financial assets is achieved and how cash flows are realised.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account.

Eventually, the financial assets fall under either of the following three business models:

- i) Hold to Collect (HTC) business model: Holding assets in order to collect contractual cash flows.
- ii) Hold to Collect and Sell (HTC&S) business model: Collecting contractual cash flows and selling financial assets.
- iii) Other business models: Resulting in classification of financial assets as FVPL.

## **6.2.3 Assessments whether contractual cash flows are solely payments of principal and interest / profit (SPPI)**

As a second step of its classification process, the Bank assesses the contractual terms of financial assets to identify whether these assets meet the SPPI test. 'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium / discount). The most significant elements of interest / profit within a financing arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Bank applies judgment and considers relevant factors such as, but not limited to, the currency in which the financial asset is denominated, and the period for which the interest / profit rate is set. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with basic lending arrangement, the related financial asset is classified and measured at FVPL.

The portfolio of debt instruments that failed to meet the 'solely payments of principal and profit' (SPPI) requirement for amortised cost and FVOCI classification under IFRS 9, contain provisions that, in certain circumstances, allow the issuer to fully / partially convert the instrument into common shares or the issuer can also exercise the call option. This clause results in failure of the criterion that profit payments should only be consideration for credit risk and the time value of money on the principal. As a result, these instruments are classified as FVPL.

## **6.2.4 Initial recognition and subsequent measurement**

Financial assets and financial liabilities are recognised when the entity becomes party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on trade date, the date on which the Bank purchases or sells the asset. Other financial assets and liabilities like advances, lendings to financial institutions, deposits etc. are recognised when funds are transferred to the customers' account or financial institutions.

### **a) Amortised cost (AC)**

Financial assets and financial liabilities under amortised cost category are initially recognised at fair value adjusted for directly attributable transaction cost. These are subsequently measured at amortised cost. An expected credit loss allowance (ECL) is recognised for financial assets in the statement of profit and loss account. Interest income / profit / expense on these assets / liabilities are recognised in the statement of profit and loss account. On derecognition of these financial assets and liabilities, capital gain / loss is recognised in the statement of profit and loss account.

### **b) Fair value through other comprehensive income (FVOCI)**

Financial assets under FVOCI category are initially recognised at fair value adjusted for directly attributable transaction cost. These assets are subsequently measured at fair value with changes recorded in OCI. An expected credit loss allowance (ECL) is recognised for debt based financial assets in the statement of profit and loss account. Interest / profit / dividend income on these assets are recognised in the statement of profit and loss account. On derecognition of debt based financial assets, capital gain / loss is recognised in the statement of profit and loss account. For equity based financial assets classified as FVOCI, capital gain / loss is transferred from surplus / deficit to unappropriated profit.

## **c) Fair value through profit and loss (FVPL)**

Financial assets under FVPL category are initially recognised at fair value. Transaction cost is directly recorded in the statement of profit and loss account. These assets are subsequently measured at fair value with changes recorded in the statement of profit and loss account. Interest / dividend income on these assets are recognised in the statement of profit and loss account. On derecognition of these financial assets, capital gain / loss is recognised in the statement of profit and loss account. An expected credit loss allowance (ECL) is not recognised for these financial assets.

### **6.2.5 Derecognition**

#### **Financial assets**

The Bank derecognises a financial asset when:

- the contractual rights to the cash flows from the financial asset expire;
- it transfers the rights to receive the contractual cash flows in a transaction in which either:
  - substantially all of the risks and rewards of ownership of the financial asset are transferred; or
  - the Bank neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Bank enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

#### **Financial liabilities**

The Bank derecognises a financial liability when its contractual obligations are discharged or cancelled, or expired. The Bank also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in the statement of profit and loss account.

### **6.2.6 Modification**

The Bank sometimes renegotiates or otherwise modifies the contractual cash flows of financing to its customers. The Bank assesses whether the modified terms result in the financial asset being significantly modified and therefore derecognised. When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset in accordance with IFRS 9, the Bank recalculates the gross carrying amount of the financial asset and shall recognise a modification gain or loss in statement of profit and loss account. The gross carrying amount of the financial asset is recalculated as the present value of the renegotiated or modified contractual cash flows that are discounted at the financial asset's original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). Any costs or fees incurred adjust the carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset.

### **6.2.7 Expected Credit Loss (ECL) allowance**

The Bank assesses on a forward-looking basis the expected credit losses ('ECL') associated with all advances and other debt financial assets not held at FVPL, together with letter of credit and financial guarantees hereinafter referred to as "Financial Instruments". The Bank recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL). The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Both LTECLs and 12mECLs are calculated at facility level.

### **Definition of default**

The concept of "impairment" or "default" is critical to the implementation of IFRS 9 as it drives determination of risk parameters, i.e. PD, LGD and EAD.

As per BPRD Circular No. 03 of 2022 dated July 5, 2022 and BPRD Circular Letter No. 16 of 2024 dated July 29, 2024, ECL of Stage 1 and Stage 2 is calculated as per IFRS 9, while ECL of Stage 3 has been calculated based on higher of Prudential Regulations or IFRS 9 at borrower / facility level for corporate / commercial / SME loan portfolios and at segment / product basis for retail portfolio.

This implies that if one facility of a counterparty becomes 90+ DPD in repaying its contractual dues or as defined in PRs; all other facilities would deem to be classified as stage 2 and stage 3.

### **Write-offs**

The Bank's accounting policy under IFRS 9 remains the same as it was under the SBP regulations / existing reporting framework.

## **6.3 Cash and cash equivalents**

Cash and cash equivalents are carried at cost. For the purpose of the cash flow statement, cash and cash equivalents comprise cash and bank balances with treasury and other banks that are highly liquid and readily convertible to known amounts of cash and subject to an insignificant risk of changes in value.

## **6.4 Lendings to / borrowings from financial institutions (reverse repo / repo)**

The Bank enters into transactions of borrowing (re-purchase) from and lending (reverse re-purchase) to financial institutions, at contracted rates for a specified period of time. These are recorded as under:

### **(a) Sale under repurchase agreements**

Securities sold with a simultaneous commitment to repurchase at a specified future date (repos) continue to be recognized in the statement of financial position and are measured in accordance with accounting policies for investment and counterparty liability is included in borrowings from financial institutions. The difference between sale and repurchase price is treated as mark-up / return / interest expense and accrued over the term of the repo agreement.

### **(b) Purchase under resale agreements**

Securities purchased with a corresponding commitment to resell at a specified future date (reverse repos) are not recognized in the statement of financial position, instead amounts paid under these agreements are included in lending's to financial institutions. The difference between purchase and resale price is treated as mark-up / return / interest income and accrued over the term of the reverse repo agreement.

**(c) Other lendings**

Other lendings include term lendings and unsecured lendings to financial institutions. These are stated net of credit loss allowance. Mark-up / interest income on such lending is recorded on time proportion basis using effective interest rate method except mark-up on impaired / delinquent lendings, which are recognized on receipt basis.

**(d) Other borrowings**

Other borrowings including borrowings from SBP are recorded at proceeds received. Mark-up expense on such borrowings is charged to the profit and loss account on time proportion basis.

**(e) Bai Muajjal**

**Bai Muajjal purchase**

Bai Muajjal transactions representing purchase of shariah compliant instruments on deferred payment basis and are shown in lendings to financial institutions except for transactions undertaken directly with the Government of Pakistan which are disclosed as investments. The credit price is agreed at the time of sale and such proceeds are received at the end of the credit period. The difference between the deferred payment amount receivable and the carrying value at the time of sale is accrued and recorded as income on a time proportion basis over the life of the transaction.

**Bai Muajjal sale**

Bai Muajjal transactions representing sale of shariah compliant instruments on deferred payment basis and are shown in borrowings. The credit price is agreed at the time of purchase and the proceeds are paid at the end of the credit period. The difference between the deferred payment amount payable and the carrying value at the time of purchase is accrued and recorded as borrowing cost on a time proportion basis over the life of the transaction.

**6.5 Investments**

Investments include Federal Government securities, shares, mutual fund units, non-Government debt securities and associates. Classification and measurement of such investments has been detailed in note 6.2 to the financial statements (except for investment in associates) detailed below.

**Associates**

An associate is an entity over which the Bank has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Bank's share of net assets of the associate since the acquisition date.

The statement of profit or loss reflects the Bank's share of the results of operations of the associate. Any change in Other Comprehensive Income (OCI) of those investees is presented as part of the Bank's OCI. In addition, when there has been a change recognised directly in the equity of the associate, the Bank recognises its share of any such changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Bank and the associate are eliminated to the extent of the interest in the associate.

After application of the equity method, the Bank determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Bank determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Bank calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss in the profit and loss account.

## 6.6 Advances

Advances (including Islamic financings) are stated net of credit loss allowance against non-performing advances. Credit loss allowance against non-performing loans and advances have been made in accordance with the requirements of the Prudential Regulations and SBP IFRS 9 Application Instructions. Advances are written-off when there are no realistic prospects of recovery. Classification and measurement of advances has been detailed in note 6.2 to the financial statements.

Subsidised staff loans and subsidised loans under 'SBP Re-finance for Combating COVID-19' (RFCC) scheme have been recorded at fair value resulting in fair value adjustment on initial recognition. Unwinding of income on fair value adjustment is recognised in the statement of profit and loss account.

### 6.6.1 Murabaha

Funds disbursed for purchase of goods are recorded as 'Advance for Murabaha'. On culmination of Murabaha, i.e. sale of goods to customers, Murabaha financings are recorded at the deferred sale price net of profit. Goods that have been purchased but remained unsold are recorded as inventories. Profit is recorded at the time of sale of goods under Murabaha as deferred income and is included in the amount of Murabaha financings. Profit is taken to the profit and loss account over the period of the Murabaha.

### 6.6.2 Ijarah financings

Under IFAS 2 method, assets underlying Ijarah financing have been carried at cost less accumulated depreciation and impairment losses, if any, and are shown under financing. Rentals accrued from Ijarah financings net of depreciation charged are taken to profit and loss account. Depreciation on Ijarah assets is charged by applying the straight line method over the Ijarah period which is from the date of delivery of respective assets to Mustajir up to the date of maturity / termination of Ijarah agreement.

### 6.6.3 Diminishing Musharakah

Diminishing Musharakah represents an asset in joint ownership, whereby a partner promises to buy the equity share of the other partner until the title to the equity is totally transferred to him. The partner using the asset pays the proportionate rental of such asset to the other partner (the Bank). The rental payment is recognised as profit while the assets transfer / sale payments are applied towards reducing the outstanding principal. Profit on Diminishing Musharakah financing is recognised on accrual basis in the profit and loss account.

### 6.6.4 Istisna

In Istisna financing, the Bank places an order to client (seller/manufacturer) to manufacture and deliver specific goods/commodities at an agreed price. The goods are then sold and the amount hence financed is received back to the Bank. The funds disbursed under Istisna are recorded as 'Advance against Istisna'. After the manufacturing of goods, the same are recorded as inventories in the statement of financial position and after the sale of goods by the customer to its ultimate buyers, Istisna financing is recognised.

### 6.6.5 Inventories

The Bank values its inventories at the lower of cost or net realizable value. Cost of inventories represents the actual purchase made by the Bank / customers as an agent on behalf of the Bank for subsequent sale. The net realizable value is the estimated selling price in the ordinary course of business less the estimated cost necessary to make the sale.

### 6.6.6 Salam

Salam is a sale transaction where the seller undertakes to supply some specific goods / commodities to the buyer at a future date against an advance price fully paid on spot. In Salam Bank financing, the Bank purchases some specific goods / commodities from its customers to be delivered within an agreed time. The goods are then sold and the amount hence financed is received back by the Bank.

## 6.6.7 Receivables against lease finance where Bank is a lessor (other than Ijarah)

Leases where the Bank transfers substantially all the risks and rewards incidental to ownership of an asset to the lessee are classified as finance leases. A receivable is recognised at an amount equal to the present value of the lease payments including any guaranteed residual value.

## 6.7 Property and equipment and depreciation

### 6.7.1 Capital-work-in progress

Capital-work-in progress is stated at cost less accumulated impairment losses, if any. These are transferred to property and equipment as and when the assets are available for use.

### 6.7.2 Property and equipment (owned and leased)

Property and equipment, except land, which is not depreciated, are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of property and equipment. Leasehold land is carried at revalued amount while freehold land carried at cost less accumulated impairment losses, if any.

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

Depreciation on property and equipment is charged to income over the useful life of the asset on a systematic basis by using the straight line method at the rates stated in note 12.2. Depreciation charge commences from the month when the asset is available for use and continues till the month the asset is discontinued either through disposal or retirement.

Revaluation of leasehold land is carried out with sufficient regularity to ensure that the carrying amount of the land does not differ materially from the fair value. Any revaluation increase in the carrying amount of land is recognized in other comprehensive income and presented as a separate component of equity as "surplus on revaluation of fixed assets", except to the extent that it reverses a revaluation decrease / deficit for the same asset previously recognized in profit and loss account, in which case the increase is first recognized in profit and loss account to the extent of the decrease previously charged. Any decreases that reverse previous increases of the same asset are first recognized in other comprehensive income to the extent of the remaining surplus attributable to the asset. All other decreases are charged to profit and loss account. The revaluation reserve is not available for distribution to the Bank's shareholders.

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date. Gains and losses on disposal of property and equipment are included in the profit and loss account, except that the related surplus on revaluation of fixed assets (net of deferred tax) is directly transferred to un-appropriated profit.

In making estimates of the depreciation, management uses method which reflects the pattern in which economic benefits are expected to be consumed by the Bank. The method applied is reviewed at each financial year end and if there is a change in the expected pattern of consumption of the future economic benefits embodied in the assets, the method is changed to reflect the change in pattern. Further, the Bank estimates the revalued amount of leasehold land on a regular basis. The estimates are based on valuations carried out by independent professional valuer under the current market conditions.

## 6.8 Intangible assets

Intangible assets having finite useful life are stated at cost less accumulated amortization and impairment losses, if any. Intangible assets are being amortized using the straight-line method over their useful lives as stated in note 14.1. Amortization is charged from the month of acquisition and up to the month of deletion. The useful lives and amortization method are reviewed and adjusted, if appropriate, at each reporting date. Costs associated with maintaining computer software are recognized as an expense when incurred.

## 6.9 Leases

The Bank assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

### Bank as a lessee

The Bank applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Bank recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

### Right-of-use assets

The Bank recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term.

The right-of-use assets are subject to impairment in line with the Bank's policy as described in note 6.11 Impairment of non-financial assets.

### Lease liabilities

At the commencement date of the lease, the Bank recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (less any lease incentives receivable), variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Bank and payments of penalties for terminating the lease, if the lease term reflects exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

The Bank cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ('IBR') to measure lease liabilities. The IBR is the rate of interest that the Bank would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

The Bank determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain that termination option will not be exercised. The Bank has several lease contracts that include extension and termination options. The Bank applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Bank reassesses the lease term if there is a significant event or change in circumstances that is within its control that affects its ability to exercise or not to exercise the option to renew or to terminate the lease.

## 6.10 Non-banking assets acquired in satisfaction of claims

Non-banking assets acquired in satisfaction of claims are initially measured at settlement amount and upon revaluation, are carried at revalued amounts less accumulated depreciation and impairment, if any. The useful lives and depreciation method are reviewed annually and adjusted, if appropriate. These assets are revalued as per SBP's requirement by independent professionally qualified valuers to ensure that their net carrying value does not differ materially from their fair value. A surplus arising on revaluation of assets is credited to the 'surplus on revaluation of Non-banking assets acquired in satisfaction of claims' in surplus / deficit on revaluation of asset account and any deficit arising on revaluation is taken to profit and loss account directly as

an impairment. A subsequent increase in the market value of an impaired asset is reversed through the profit and loss account up to the extent of impairment and thereafter credited to surplus on revaluation of that asset account. Legal fees, transfer costs and direct costs of acquiring title of assets is charged to profit and loss account and not capitalized.

Depreciation on assets acquired in satisfaction of claims is charged to the profit and loss account on the same basis as depreciation charged on the Bank's owned property and equipment.

If the recognition of such assets results in a reduction of non-performing loan, such reductions and the corresponding reductions in the provisions held against non-performing loans are disclosed separately.

These assets are generally intended for sale. Gain and loss realized on sale of such assets are disclosed separately from gains or losses realized on the sale of property and equipment. Surplus on revaluation, net of deferred tax, realized on disposal of these assets is transferred directly to the unappropriated profit. If such an asset is subsequently used by the Bank for its own operations, the asset is transferred to property and equipment.

The Bank estimates the revalued amounts of non-banking assets acquired in satisfaction of claims on a regular basis. The estimates are based on expected legal enforceability, ease of realization and valuations carried out by an independent valuation expert under the market conditions.

## **6.11 Impairment of non-financial assets**

The carrying amounts of the Bank's non-financial assets, other than deferred tax asset, are reviewed at each reporting date for impairment whenever events or changes in circumstances indicate that the carrying amounts of the assets may not be recoverable. If such indication exists, and where the carrying value exceeds the estimated recoverable amount, assets are written down to their recoverable amount. The resulting impairment loss is taken to the profit and loss account except for the impairment loss on revalued assets, which is adjusted against the related revaluation surplus to the extent that the impairment loss does not exceed the surplus on revaluation of that asset.

## **6.12 Taxation**

Income tax expense comprises of current and deferred tax. Income tax expense is recognized in the profit and loss account except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

### **6.12.1 Current**

Provision for current taxation is based on taxable income for the year determined in accordance with the prevailing laws of taxation on income earned. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profits for the year. The charge for the current year also includes adjustments, where considered necessary relating to prior years, arising from assessments finalized during the year for such years.

### **6.12.2 Prior years**

This charge includes tax charge for prior years arising from assessments, changes in estimates and change in law.

### **6.12.3 Deferred**

Deferred tax is recognized using the balance sheet liability method on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax is calculated at the tax rates that are expected to apply to the periods when the differences are expected to reverse, based on tax rates that have been enacted or substantively enacted at the reporting date.

Deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the assets can be utilized. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax, if any, on revaluation of property and equipment and investments is recognized as an adjustment to surplus / (deficit) arising on revaluation in accordance with the requirements of IAS-12 "Income Taxes".

The carrying amount of deferred income tax assets are reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit or taxable temporary differences will be available to allow all or part of the deferred income tax asset to be utilised.

In making the estimates for current and deferred taxes, the management looks at the income tax law and the decisions of appellate authorities on certain issues in the past. There are certain matters where the Bank's view differs with the view taken by the income tax department and such amounts are shown as contingent liability unless the probability of outflow is remote.

## **6.13 Credit loss allowance for claims under guarantees and other off balance sheet obligations**

Credit loss allowance for financial guarantee claims, if any, and other off balance sheet obligations is measured at higher of unearned commission income at the reporting date and the loss allowance arising on such contracts. Loss allowance is recognised in the statement of profit and loss account and the obligation is recognised in other liabilities.

## **6.14 Other credit loss allowance**

Other credit loss allowance is recognised in the statement of profit and loss account. Credit loss allowance is reviewed at each reporting date and is adjusted to reflect the current best estimate.

## **6.15 Employee benefits**

### **6.15.1 Defined benefit plan**

The Bank operates a funded gratuity scheme for all its permanent employees. Contributions are made to the fund by the Bank in accordance with the rules of the scheme. Employees are entitled to the benefits under the scheme which comprises of one last drawn basic salary for each completed year of service. Contributions to the fund are made on the basis of actuarial recommendations. Actuarial valuation was carried out on December 31, 2025 using the Projected Unit Credit Method. Actuarial gains / losses arising from experience adjustments and changes in actuarial assumptions are recognized immediately in other comprehensive income.

The actuarial valuation involves making assumptions about discount rates, expected rates of returns on assets and future salary increases, which have been disclosed in note 38. Actuarial assumptions are entity's best estimates of the variables that will determine the ultimate cost of providing post-employment benefits. Changes in these assumptions in future years may affect the liability / asset under the plan in those years.

Previously, the Bank's policy was to pay gratuity equal to two months basic pay for each completed year of service which was revised in 2019. Effective January 1, 2019, the gratuity equal to one month basic pay for each completed year shall be payable to permanent employees on retirement or discharge by the Bank or if he / she leaves the Bank's service voluntarily, other than those dismissed for misconduct. The Board of Directors of the Bank approved that gratuity at the rate of two months basic pay shall be paid up to the year ended December 31, 2018 on the basis of basic pay as of that date and the new policy was applicable from January 1, 2019 onwards.

### **6.15.2 Defined contribution plan**

The Bank operates a recognized contributory provident fund covering all its permanent employees. Equal monthly contributions are made by the Bank and the employees to the fund at a rate of 8.33% (2024: 8.33%) of basic salary.

## 6.16 Revenue recognition

- (a) Income on Murabaha is accounted for on culmination of Murabaha transaction and is recognized as revenue on a time proportionate basis. Unearned profit is accounted for by crediting deferred Murabaha income, which is recorded as a liability.
- (b) Interest / return / mark-up on regular loans / advances (other than Murabaha) and debt securities investments is recognized on time proportion basis. Refer note 6.1 to the financial statements for details regarding extension in application of effective interest rate (EIR) method for income recognition. Where debt securities are purchased at premium or discount, the same is amortized through the profit and loss account.
- (c) Interest / return / mark-up recoverable on classified loans and advances and investments is recognized on receipt basis. Interest / return / mark-up on classified rescheduled / restructured loans and advances and investments is recognized as permitted by the regulations of the SBP.
- (d) For Ijarah contracts written up to December 31, 2008, the Bank follows finance method in recognizing income. Under this method the unearned finance income i.e. the excess of aggregate Ijarah rentals over the cost of the asset and documentation charges under Ijarah facility, is deferred and then amortized over the term of the Ijarah, so as to produce a constant rate of return on net investment in the Ijarah. Gains / losses on termination of Ijarah contracts are recognized as income on receipt basis. Income on Ijarah is recognized from the date of delivery of the respective assets to the Mustajir.
- (e) Rentals on Ijarah contracts written subsequent to December 31, 2008 are recognized as income on accrual basis as and when the rentals become due. Income is recognized net of depreciation charged in the profit and loss account.
- (f) Dividend income is recognized when the Bank's right to receive the dividend is established.
- (g) Gain / loss on sale of investments is credited / charged to profit and loss account as detailed in note 6.2.4 to the financial statements.
- (h) Fee, commission, liquidated damages etc. are recorded on accrual basis when the service has been provided. Fees and commission which in substance amount to an additional interest charge, are recognized over the life of the underlying transaction on a level yield basis.

The Bank also earns fee and commission income from a diverse range of financial services it provides to its customers. Fee and commission income is recognised at an amount that reflects the consideration to which the Bank expects to be entitled in exchange for providing the services.

The Bank recognises fees earned on transaction-based arrangements at a point in time when the Bank has provided the service to the customer. Where the contract requires services to be provided over time, income is recognised on a systematic basis over the life of the agreement.

## 6.17 Borrowings / deposits and their cost

- (a) Borrowings / deposits are recorded at the proceeds received.
- (b) Borrowings / deposits cost are recognized as expense in the period in which these are incurred on time proportion basis.

## 6.18 Foreign currencies

### (a) Foreign currency transactions and balances

Transactions in foreign currencies are translated into Pakistani Rupees at the exchange rates prevailing on the transaction date. Monetary assets and liabilities in foreign currencies are expressed in Rupee terms at the rates of exchange prevailing on the reporting date. Foreign bills purchased and forward foreign exchange contracts are valued at forward rates applicable to their respective maturities.

**(b) Translation gains and losses**

Translation gains and losses are included in profit and loss account.

**(c) Commitments**

Commitments for outstanding forward foreign exchange contracts disclosed in the financial statements are translated at forward rates applicable to their respective maturities. Contingent liabilities / commitments for letters of credit and letters of guarantee denominated in foreign currencies are expressed in Rupee terms at the rates of exchange prevailing on the reporting date.

**6.19 Segment reporting**

A segment is a distinguishable component of the Bank that is engaged in providing products and services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risk and rewards that are different from those of other segments. The Bank's primary format of reporting is based on business segments.

**6.19.1 Business segments**

The Bank comprises of following main business segments:

**(a) Corporate finance**

This includes, services provided in connection with mergers and acquisition, underwriting, privatization, securitization, research, debts (Government, high yield), equity, syndication, IPO and secondary private placements.

**(b) Trading and sales**

It includes fixed income, equity, foreign exchanges, commodities, credit, funding, own position securities, lending and repos, brokerage debt and prime brokerage.

**(c) Retail banking**

It includes retail lending and deposits, banking services, trust and estates, private lending and deposits, banking services and retail offered to its retail customers.

**(d) Commercial banking**

Commercial banking includes project finance, real estate, export finance, trade finance, leasing, lending, guarantees, bills of exchange and deposits.

**6.19.2 Geographical segments**

The Bank conducts all its operations in Pakistan.

**6.20 Provisions**

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

**6.21 Contingent liabilities**

Contingent liabilities are not recognised in the statement of financial position as these are possible obligations where it has yet to be confirmed whether a liability, which will ultimately result in an outflow of economic benefits, will arise. If the probability of an outflow of economic resources under contingent liability is considered remote, it is not disclosed.

# Notes to the Financial Statements



For the year ended December 31, 2025

## 6.22 Off setting

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

## 6.23 Earnings per share

The Bank presents earnings per share (EPS) data for its ordinary shares. EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Bank by the weighted average number of ordinary shares outstanding during the year.

## 6.24 Dividends and appropriations to reserves

Dividend and appropriation to reserves, except appropriations which are required under the law, after the reporting date, are recognized in the Bank's financial statements in the year in which these are approved.

## 6.25 Fiduciary assets

Assets held in a fiduciary capacity are not treated as assets of the Bank in statement of financial position.

## 6.26 Statutory reserve

Every Bank incorporated in Pakistan is required to transfer 20% of their profit after taxation to a statutory reserve until the reserve equals share capital, thereafter 10% of the profit after taxation of the Bank is to be transferred to this reserve.

## 6.27 Acceptances

Acceptances comprise undertakings by the Bank to pay bill of exchange drawn on customers. Acceptances are recognised as financial liability in the statement of financial position with a contractual right of reimbursement from the customer as a financial asset. Therefore, commitments in respect of acceptances have been accounted for as financial assets and financial liabilities.

7	CASH AND BALANCES WITH TREASURY BANKS	Note	2025 ----- Rupees in '000 -----	2024
	<b>In hand</b>			
	Local currency		7,042,878	5,968,029
	Foreign currencies		142,560	186,814
			<b>7,185,438</b>	6,154,843
	<b>With State Bank of Pakistan in</b>			
	Local currency current accounts	7.1	14,897,044	15,258,838
	Foreign currency current accounts	7.2	105,018	25,943
	Foreign currency deposit accounts	7.3	266,202	257,275
			<b>15,268,264</b>	15,542,056
	<b>With National Bank of Pakistan in</b>			
	Local currency current accounts		2,321,247	1,294,874
	Local currency deposit accounts	7.4	612,385	995,058
	Foreign currency current accounts		10,442	4,436
			<b>2,944,074</b>	2,294,368
	Prize bonds		354	1,854
	Less: Credit loss allowance held against cash and balances with treasury banks		<b>(14)</b>	(26)
	Cash and balances with treasury banks - net of credit loss allowance		<b>25,398,116</b>	23,993,095

# Notes to the Financial Statements



For the year ended December 31, 2025

- 7.1** The current accounts are maintained to comply with the cash reserve requirement, under section 22 of the Banking Companies Ordinance, 1962 as amended from time to time.
- 7.2** This represents mandatory cash reserves maintained in respect of foreign currency deposits under FE-25 scheme, as prescribed by the SBP.
- 7.3** This represents special cash reserve maintained with the SBP. The return on this account is declared by SBP on monthly basis and carries markup at the rate ranging from 2.86% to 3.35% (2024: 3.53% to 4.35%) per annum.
- 7.4** These represent short-term deposits carrying profit rate ranging from 9.00% to 10.50% (2024: 11.50% to 20.50%) per annum.

	Note	2025 ----- Rupees in '000 -----	2024
<b>8</b>	<b>BALANCES WITH OTHER BANKS</b>		
	<b>In Pakistan:</b>		
	In current accounts	<b>1,010,786</b>	900,776
	In deposit accounts	<b>344,727</b>	551,919
		<b>1,355,513</b>	1,452,695
	<b>Outside Pakistan:</b>		
	In current accounts	<b>357,530</b>	705,614
	In deposit accounts	<b>1,514,164</b>	1,104,292
		<b>1,871,694</b>	1,809,906
	Less: Credit loss allowance held against balances with other banks	<b>(10,140)</b>	(10,327)
	Balances with other banks - net of credit loss allowance	<b>3,217,067</b>	3,252,274

- 8.1** These represent short-term deposits with other banks in Pakistan, at mark-up rate ranging from 2.00% to 2.07% (2024: 2.00% to 20.50%) per annum.
- 8.2** These represent deposits with other banks outside Pakistan, at mark-up ranging from 2.75% to 3.83% (2024: 3.00% to 4.83%) per annum.

	Note	2025 ----- Rupees in '000 -----	2024
<b>9</b>	<b>LENDINGS TO FINANCIAL INSTITUTIONS</b>		
	Call / clean money lendings	<b>3,300,000</b>	-
	Placements with financial institutions	<b>224,236</b>	238,944
		<b>3,524,236</b>	238,944
	Less: Credit loss allowance held against lendings to financial institutions	<b>(85,687)</b>	(105,370)
	Lendings to financial institutions - net of credit loss allowance	<b>3,438,549</b>	133,574

- 9.1** This represents call / clean money lendings carrying interest at rates ranging from 11.25% to 11.35%, which matured on January 2, 2026.

# Notes to the Financial Statements



For the year ended December 31, 2025

	2025	2024
	----- Rupees in '000 -----	
<b>9.2 Particulars of lendings</b>		
In local currency	3,438,549	133,574
In foreign currencies	-	-
<b>Total</b>	<b>3,438,549</b>	<b>133,574</b>

	2025		2024	
	Held by Bank	Further given as collateral	Total	Further given as collateral
	----- Rupees in '000 -----			
<b>9.3 Securities held as collateral against lendings to financial institutions</b>				
Pakistan Investment Bonds	126,700	-	126,700	-
<b>Total</b>	<b>126,700</b>	<b>-</b>	<b>126,700</b>	<b>126,700</b>

**9.3.1** Market value of securities held as collateral as at December 31, 2025 amounted to Rs. 138.55 million (2024: Rs. 133.57 million).

**9.3.2** As at December 31, 2025, the Bank has availed benefit of forced sales value of Rs. 138.55 million (2024: Rs. 133.57 million). Increase in unappropriated profit (net of tax) amounting to Rs. 65.12 million (2024: Rs. 61.44 million) is not available for the distribution of cash or stock dividend to shareholders or bonus to employees.

	2025		2024	
	Lending	Credit loss allowance held	Lending	Credit loss allowance held
	----- Rupees in '000 -----			
<b>9.4 Lendings to financial institutions - particulars of credit loss allowance</b>				
<b>Domestic</b>				
Performing	3,300,000	-	-	-
Under performing	-	-	-	-
Non-performing	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	224,236	85,687	238,944	105,370
<b>Total</b>	<b>3,524,236</b>	<b>85,687</b>	<b>238,944</b>	<b>105,370</b>
<b>Overseas</b>	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

# Notes to the Financial Statements

For the year ended December 31, 2025



	2025			
	Stage 1	Stage 2	Stage 3	Total
	----- Rupees in '000 -----			
Balance at the start of the year	-	-	105,370	105,370
Transfer to stage 1	-	-	-	-
Transfer to stage 2	-	-	-	-
Transfer to stage 3	-	-	-	-
Net remeasurement of credit loss allowance	-	-	105,370	105,370
New financial assets originated or purchased	122	-	-	122
Financial assets that have been derecognised	(122)	-	-	(122)
Write offs	-	-	-	-
Unwind of discount	-	-	-	-
Changes in risk parameters (PDs/LGDs/EADs)	-	-	(19,683)	(19,683)
Balance at the end of the year	-	-	85,687	85,687
	-----			
	2024			
	Stage 1	Stage 2	Stage 3	Total
	----- Rupees in '000 -----			
Balance at the start of the year	-	-	238,944	238,944
Impact of adoption of IFRS 9	-	-	-	-
Balance as at January 1, 2024 after adoption of IFRS 9	-	-	238,944	238,944
Transfer to stage 1	-	-	-	-
Transfer to stage 2	-	-	-	-
Transfer to stage 3	-	-	-	-
Net remeasurement of credit loss allowance	-	-	238,944	238,944
New financial assets originated or purchased	678	-	-	678
Financial assets that have been derecognised	(678)	-	-	(678)
Write offs	-	-	-	-
Unwind of discount	-	-	-	-
Changes in risk parameters (PDs / LGDs / EADs)	-	-	(133,574)	(133,574)
Balance at the end of the year	-	-	105,370	105,370

# Notes to the Financial Statements

For the year ended December 31, 2025



		2025			
		-----Rupees in '000 -----			
10 INVESTMENTS	Investments by type:	Cost / amortised cost	Credit loss allowance	Surplus / (deficit)	Carrying value
<b>Debt Instruments:</b>					
<b>Classified / measured at amortised cost</b>					
	Federal Government Securities	9,308,916	-	-	9,308,916
	Non-Government Debt Securities	507,264	(5)	-	507,259
		<b>9,816,180</b>	<b>(5)</b>	<b>-</b>	<b>9,816,175</b>
<b>Classified / measured at FVOCI</b>					
	Federal Government Securities	259,127,494	-	1,661,852	260,789,346
	Non-Government Debt Securities	2,617,666	(141,626)	(90,270)	2,385,770
		<b>261,745,160</b>	<b>(141,626)</b>	<b>1,571,582</b>	<b>263,175,116</b>
	<b>Classified / measured at FVPL</b>	-	-	-	-
	<b>Instruments mandatorily classified / measured at FVPL</b>	1,364,680	-	(15,459)	1,349,221
	Non Government Debt Securities				
<b>Equity instruments:</b>					
<b>Classified / measured at FVOCI (Non-reclassifiable)</b>					
	<b>Shares</b>				
	Listed Companies	249,562	-	(42,423)	207,139
	Unlisted Companies	427,519	-	(136,033)	291,486
		<b>677,081</b>	<b>-</b>	<b>(178,456)</b>	<b>498,625</b>
	<b>Associate (Note 10.2)</b>				
	Taurus Securities Limited	117,490	-	-	117,490
	<b>Total investments</b>	<b>273,720,591</b>	<b>(141,631)</b>	<b>1,377,667</b>	<b>274,956,627</b>

# Notes to the Financial Statements

For the year ended December 31, 2025



	2024			
	Cost / amortised cost	Credit loss allowance	Surplus / (deficit)	Carrying value
	-----Rupees in '000-----			
<b>Investments by type:</b>				
<b>Debt Instruments:</b>				
<b>Classified / measured at amortised cost</b>				
Federal Government Securities	18,217,573	-	-	18,217,573
<b>Classified / measured at FVOCI</b>				
Federal Government Securities	255,339,267	-	2,659,286	257,998,553
Non-Government Debt Securities	5,428,308	(158,189)	(92,254)	5,177,865
	260,767,575	(158,189)	2,567,032	263,176,418
<b>Classified / measured at FVPL</b>				
Federal Government Securities	5,367	-	(5)	5,362
<b>Instruments mandatorily classified / measured at FVPL</b>				
Non Government Debt Securities	1,064,760	-	(13,809)	1,050,951
<b>Equity instruments:</b>				
<b>Classified / measured at FVOCI (Non-reclassifiable)</b>				
<b>Shares</b>				
Listed Companies	249,595	-	(124,955)	124,640
Unlisted Companies	427,486	-	(338,184)	89,302
	677,081	-	(463,139)	213,942
<b>Associate (Note 10.2)</b>				
Taurus Securities Limited	102,351	-	-	102,351
<b>Total investments</b>	<b>280,834,707</b>	<b>(158,189)</b>	<b>2,090,079</b>	<b>282,766,597</b>

# Notes to the Financial Statements



For the year ended December 31, 2025

	2025	2024
	----- Rupees in '000 -----	
<b>10.2 Carrying value of associate under equity method of accounting</b>		
Carrying value of investment as at January 1	102,351	90,210
Share of profit of associate for the period (net of tax)	15,388	11,182
Share of OCI of associate's for the period (net of tax)	2,789	2,756
- Investments	-	(1,797)
- Defined benefit obligation	2,789	959
Dividend received from associate	(3,038)	-
Carrying value of investment as at December 31	117,490	102,351

	Year ended	Number of shares	Percentage of holding	Cost Rupees in '000
<b>10.2.1 Investment in associate - unlisted</b>	2025	4,050,374	30%	40,504
<b>Taurus Securities Limited - incorporated in Pakistan</b>	2024	4,050,374	30%	40,504
Taurus Securities Limited - incorporated in Pakistan				

	Equity	Revenue	Profit after taxation	Total comprehensive income
<b>10.2.2 Summary of financial information of associate</b>				
Based on financial statements:				
- October 1, 2024 to September 30, 2025	1,560,181	1,168,548	391,633	325,148
- October 1, 2023 to September 30, 2024	1,109,700	768,533	341,170	230,721
			37,273	40,470

**10.2.3** Reporting date of associate (i.e. Taurus Securities Limited) is December 31. Since the audited financial statements of associate for the year ended December 31, 2025 were not available till the date of finalisation of these financial statements, accordingly, results of its operations including share of profit and other comprehensive income for the three months period from October 1, 2024 to December 31, 2024 has been extracted by subtracting nine months period January 1, 2024 to September 30, 2024 figures from the annual audited financial statements for the year ended December 31, 2024 and un-audited financial statements for the nine months period from January 1, 2025 to September 30, 2025.



# Notes to the Financial Statements

For the year ended December 31, 2025



		2025			
10.5	Particulars of credit loss allowance	Stage 1	Stage 2	Stage 3	Total
-----Rupees in '000 -----					
<b>10.5.1</b>	<b>Investments - exposure</b>				
	Opening balance	278,826,994	-	158,154	278,985,148
	New investments	187,867,648	-	-	187,867,648
	Investments derecognised or repaid	(194,778,007)	-	(16,528)	(194,794,535)
	Transfer to stage 1	-	-	-	-
	Transfer to stage 2	-	-	-	-
	Transfer to stage 3	-	-	-	-
	Amounts written off / charged off	(6,910,359)	-	(16,528)	(6,926,887)
	Changes in risk parameters (PDs/LGDs/EADs)	(496,921)	-	-	(496,921)
	Closing balance	271,419,714	-	141,626	271,561,340
-----Rupees in '000 -----					
		2024			
10.5	Particulars of credit loss allowance	Stage 1	Stage 2	Stage 3	Total
-----Rupees in '000 -----					
<b>10.5.1</b>	<b>Investments - exposure</b>				
	Opening balance	224,763,820	-	165,042	224,928,862
	Impact of adoption of IFRS 9	(1,389,841)	-	-	(1,389,841)
	Balance as at January 1, 2024 after adoption of IFRS 9	223,373,979	-	165,042	223,539,021
	New investments	153,818,502	-	-	153,818,502
	Investments derecognised or repaid	(101,070,105)	-	(6,888)	(101,076,993)
	Transfer to stage 1	-	-	-	-
	Transfer to stage 2	-	-	-	-
	Transfer to stage 3	-	-	-	-
	Amounts written off / charged off	52,748,397	-	(6,888)	52,741,509
	Changes in risk parameters (PDs/LGDs/EADs)	2,704,618	-	-	2,704,618
	Closing balance	278,826,994	-	158,154	278,985,148

# Notes to the Financial Statements

For the year ended December 31, 2025



10.5.2 Investments - Credit loss allowance	2025			
	Stage 1	Stage 2	Stage 3	Total
	----- Rupees in '000 -----			
Gross carrying amount - current year	35	-	158,154	158,189
New investments / charge	5	-	-	5
Investments derecognised or repaid / reversal	(35)	-	(16,528)	(16,563)
Transfer to stage 1	-	-	-	-
Transfer to stage 2	-	-	-	-
Transfer to stage 3	-	-	-	-
Amounts written off / charged off	(30)	-	(16,528)	(16,558)
Changes in risk parameters (PDs/LGDs/EADs)	-	-	-	-
Closing balance - current year	5	-	141,626	141,631
	----- Rupees in '000 -----			
	2024			
	Stage 1	Stage 2	Stage 3	Total
	----- Rupees in '000 -----			
Gross carrying amount - prior year	-	-	799,132	799,132
Impact of adoption of IFRS 9	107	-	(634,090)	(633,983)
Balance as at January 1, 2024 after adoption of IFRS 9	107	-	165,042	165,149
New investments / charge	-	-	-	-
Investments derecognised or repaid / reversal	(72)	-	(6,888)	(6,960)
Transfer to stage 1	-	-	-	-
Transfer to stage 2	-	-	-	-
Transfer to stage 3	-	-	-	-
Amounts written off / charged off	(72)	-	(6,888)	(6,960)
Closing balance - Prior year	35	-	158,154	158,189

# Notes to the Financial Statements

For the year ended December 31, 2025



## 10.6 Particulars of credit loss allowance against debt securities

Category of classification	2025		2024	
	Outstanding amount	Credit loss allowance held	Outstanding amount	Credit loss allowance held
	----- Rupees in '000 -----			
<b>Domestic</b>				
Performing	2,751,408	5	5,019,711	35
Underperforming	-	-	-	-
Non-Performing	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	141,626	141,626	158,154	158,154
Total	141,626	141,626	158,154	158,154
	2,893,034	141,631	5,177,865	158,189
<b>Overseas</b>	-	-	-	-
Total	-	-	-	-

## 10.7 Details of investment in preference shares - unlisted

Name of company	Percentage of holding	No. of shares	Paid-up value per share	Total paid-up value	Total cost as on December 31, 2025
					----- Rupees in '000 -----
Saudi Pak Consultancy Company Limited (formerly: Saudi Pak Leasing Company Limited)	37%	19,500,000	10	195,000	195,000

**10.7.1** This represents 2.5% non-cumulative, non-voting and non-redeemable preference shares convertible at any time from the date of issue. The Bank has received these preference shares against the settlement of a debt.

# Notes to the Financial Statements



For the year ended December 31, 2025

10.8	Quality of securities	2025	2024
		Cost / amortised cost	
		----- Rupees in '000 -----	
Details regarding quality of securities held under "Held to Collect and Sell" model are as follows:			
<b>Federal Government securities - Government guaranteed</b>			
	Market Treasury Bills	75,613,804	26,601,183
	Pakistan Investment Bonds	70,825,759	150,838,237
	Ijarah Sukuks	112,687,931	77,899,847
		<b>259,127,494</b>	255,339,267
<b>Non Government Debt Securities</b>			
<b>Listed</b>			
Categorised based on long term rating by credit rating agency			
	- AA+, AA, AA-	175,000	575,000
	- Unrated	4,132	2,020,661
		<b>179,132</b>	2,595,661
<b>Unlisted</b>			
Categorised based on long term rating by credit rating agency			
	- AAA	2,301,040	2,695,153
	- Unrated	137,494	137,494
		<b>2,438,534</b>	2,832,647
10.8.1	Information relating to investment in ordinary shares of listed and unlisted companies is disclosed in Annexure III to these financial statements.		
10.9	<b>Particulars relating to securities classified under "held to collect" (HTC) model:</b>	2025	2024
		Cost	
		----- Rupees in '000 -----	
<b>Federal Government Securities - Government guaranteed</b>			
	Pakistan Investment Bonds	866,335	13,192,808
	Ijarah Sukuks	5,012,834	5,024,765
	Bai Muajjal	3,429,747	-
		<b>9,308,916</b>	18,217,573
<b>Non Government Debt Securities</b>			
<b>Unlisted</b>			
Categorised based on long term rating by credit rating agency			
	- AAA	304,202	-
	- AA+, AA, AA-	203,062	-
		<b>507,264</b>	-

10.9.1 The market value of securities classified under HTC model as at December 31, 2025 amounted to Rs. 9,921.04 million (2024: Rs. 18,157.60 million).

# Notes to the Financial Statements



For the year ended December 31, 2025

11 ADVANCES	Performing		Non performing		Total	
	2025	2024	2025	2024	2025	2024
	----- Rupees in '000 -----					
Loans, cash credits, running finances, etc	41,044,761	128,245,818	10,367,438	9,756,779	51,412,199	138,002,597
Islamic financing and related assets	86,833,272	19,920,768	1,943,405	2,002,824	88,776,677	21,923,592
Bills discounted and purchased	99,608	155,174	219,630	1,541,365	319,238	1,696,539
Impact of fair valuation of advances	127,977,641	148,321,760	12,530,473	13,300,968	140,508,114	161,622,728
Advances - gross	(1,903,583)	(1,999,125)	-	-	(1,903,583)	(1,999,125)
Advances - gross	126,074,058	146,322,635	12,530,473	13,300,968	138,604,531	159,623,603
Credit loss allowance						
- Stage 1	702,763	731,140	-	-	702,763	731,140
- Stage 2	395,797	584,619	-	-	395,797	584,619
- Stage 3	-	-	10,800,150	11,425,873	10,800,150	11,425,873
Advances - net of credit loss allowance	1,098,560	1,315,759	10,800,150	11,425,873	11,898,710	12,741,632
	124,975,498	145,006,876	1,730,323	1,875,095	126,705,821	146,881,971
<b>11.1 Particulars of advances (gross)</b>	<b>----- Rupees in '000 -----</b>					
In local currency			138,604,531		138,604,531	159,623,603
In foreign currencies			-		-	-
			138,604,531		138,604,531	159,623,603
<b>11.1.1 Advances to Women, Women-owned and Managed Enterprises</b>						
Women			1,231,320		1,231,320	954,507
Women Owned and Managed Enterprises			147,195		147,195	109,996
			1,378,515		1,378,515	1,064,503
<b>11.1.2</b>	<b>Gross loans disbursed to women, women-owned and managed enterprises during the current and previous financial years, amounted to Rs. 775.71 million (2024: Rs. 398.95 million).</b>					

# Notes to the Financial Statements



For the year ended December 31, 2025

11.2 Particulars of credit loss allowance	2025			2024			Total	Total
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3		
<b>11.2.1 Advances - Exposure</b>								
Gross carrying amount - prior year	117,398,894	28,923,741	13,300,968	159,623,603	84,267,104	12,323,903	13,112,056	109,703,063
Impact of adoption of IFRS 9	-	-	-	-	(1,963,832)	-	-	(1,963,832)
	<b>117,398,894</b>	<b>28,923,741</b>	<b>13,300,968</b>	<b>159,623,603</b>	<b>82,303,272</b>	<b>12,323,903</b>	<b>13,112,056</b>	<b>107,739,231</b>
New advances	56,956,952	39,044,611	91,238	96,092,801	75,331,334	22,781,598	455,749	98,568,681
Advances derecognised or repaid	(90,699,324)	(24,885,761)	(1,526,788)	(117,111,873)	(39,194,844)	(5,969,026)	(1,520,439)	(46,684,309)
Transfer to stage 1	1,939,212	(1,932,002)	(7,210)	-	2,829,372	(2,818,550)	(10,822)	-
Transfer to stage 2	(3,953,344)	4,510,449	(657,105)	-	(3,584,303)	3,695,556	(111,253)	-
Transfer to stage 3	(336,664)	(892,706)	1,229,370	-	(285,937)	(1,089,740)	1,375,677	-
	<b>(36,093,168)</b>	<b>15,844,591</b>	<b>(770,495)</b>	<b>(21,019,072)</b>	<b>35,095,622</b>	<b>16,599,838</b>	<b>188,912</b>	<b>51,884,372</b>
Amounts written off / charged off during the year	-	-	-	-	-	-	-	-
Other changes	-	-	-	-	-	-	-	-
Closing balance	<b>81,305,726</b>	<b>44,768,332</b>	<b>12,530,473</b>	<b>138,604,531</b>	<b>117,398,894</b>	<b>28,923,741</b>	<b>13,300,968</b>	<b>159,623,603</b>
<b>11.2.2 Advances - Credit loss allowance</b>								
Opening balance	731,140	584,619	11,425,873	12,741,632	-	96,130	8,019,353	8,115,483
Impact of adoption of IFRS 9	-	-	-	-	851,989	806,101	3,220,756	4,878,846
	<b>731,140</b>	<b>584,619</b>	<b>11,425,873</b>	<b>12,741,632</b>	<b>851,989</b>	<b>902,231</b>	<b>11,240,109</b>	<b>12,994,329</b>
New advances	435,680	88,991	88,754	613,425	334,097	104,833	144,547	583,477
Advances derecognised or repaid	(170,478)	(94,545)	(1,162,741)	(1,427,764)	(156,308)	(106,921)	(457,379)	(720,608)
Transfer to stage 1	86,804	(82,910)	(3,894)	-	101,680	(96,239)	(5,441)	-
Transfer to stage 2	(75,325)	561,846	(486,521)	-	(71,330)	145,504	(74,174)	-
Transfer to stage 3	(8,594)	(132,486)	141,080	-	(24,057)	(154,469)	178,526	-
	<b>268,087</b>	<b>340,896</b>	<b>(1,423,322)</b>	<b>(814,339)</b>	<b>184,082</b>	<b>(107,292)</b>	<b>(213,921)</b>	<b>(137,131)</b>
Amounts written off / charged off during the year	-	-	-	-	-	-	-	-
Changes in risk parameters (PDS / LGDs / EADs)	(296,464)	(529,718)	797,599	(28,583)	(304,931)	(210,320)	399,685	(115,566)
Other changes	-	-	-	-	-	-	-	-
Closing balance	<b>702,763</b>	<b>395,797</b>	<b>10,800,150</b>	<b>11,898,710</b>	<b>731,140</b>	<b>584,619</b>	<b>11,425,873</b>	<b>12,741,632</b>

# Notes to the Financial Statements

For the year ended December 31, 2025



	2025			2024				
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
<b>11.2.3 Advances - Credit loss allowance details</b>	Rupees in '000							
<b>Internal / External rating / stage classification</b>								
<b>Outstanding gross exposure</b>								
<b>Performing - Stage 1</b>								
Obligor risk rating	72,048,029	-	-	72,048,029	110,112,639	-	-	110,112,639
Days past due	9,257,697	-	-	9,257,697	7,286,255	-	-	7,286,255
<b>Under Performing - Stage 2</b>								
Obligor risk rating	-	44,143,452	-	44,143,452	-	27,762,061	-	27,762,061
Days past due	-	624,880	-	624,880	-	1,161,680	-	1,161,680
<b>Non-performing - Stage 3</b>								
Other Assets Especially Mentioned (OAE M)	-	-	151,988	151,988	-	-	57,738	57,738
Substandard	-	-	774,959	774,959	-	-	510,351	510,351
Doubtful	-	-	419,689	419,689	-	-	566,182	566,182
Loss	-	-	11,183,837	11,183,837	-	-	12,166,697	12,166,697
<b>Total</b>	<b>81,305,726</b>	<b>44,768,332</b>	<b>12,530,473</b>	<b>138,604,531</b>	<b>117,398,894</b>	<b>28,923,741</b>	<b>13,300,968</b>	<b>159,623,603</b>
<b>Corresponding ECL</b>								
Stage 1 & stage 2	702,763	395,797	-	1,098,560	731,140	584,619	-	1,315,759
Stage 3	-	-	10,800,150	10,800,150	-	-	11,425,873	11,425,873
<b>Total</b>	<b>80,602,963</b>	<b>44,372,535</b>	<b>1,730,323</b>	<b>126,705,821</b>	<b>116,667,754</b>	<b>28,339,122</b>	<b>1,875,095</b>	<b>146,881,971</b>
<b>11.2.4</b> Advances include Rs. 12,530.47 million (2024: Rs. 13,300.97 million) which have been placed under non-performing / stage-3 status as detailed below:								
<b>Category of classification in stage 3</b>	2025			2024				
	Non Performing Loans	Credit loss allowance	Non Performing Loans	Credit loss allowance	----- Rupees in '000 -----			
<b>Domestic</b>								
Other Assets Especially Mentioned (OAE M)	151,988	81,548	57,738	30,741				
Substandard	774,959	530,827	510,351	330,039				
Doubtful	419,689	283,341	566,182	372,070				
Loss	11,183,837	9,904,434	12,166,697	10,693,023				
<b>Total</b>	<b>12,530,473</b>	<b>10,800,150</b>	<b>13,300,968</b>	<b>11,425,873</b>				
<b>Overseas</b>								
<b>Total</b>	<b>12,530,473</b>	<b>10,800,150</b>	<b>13,300,968</b>	<b>11,425,873</b>				

# Notes to the Financial Statements



For the year ended December 31, 2025

11.2.5 Particulars of credit loss allowance against advances	2025			2024		
	Stage 1 & 2	Stage 3	Total	Stage 1 & 2	Stage 3	Total
	----- Rupees in '000 -----					
Opening balance	1,315,759	11,425,873	12,741,632	96,130	8,019,353	8,115,483
Impact of adoption of IFRS 9	-	-	-	1,658,090	3,220,756	4,878,846
Charge for the year	1,173,321	1,027,433	2,200,754	686,114	722,758	1,408,872
Reversals	(1,390,520)	(1,653,156)	(3,043,676)	(1,124,575)	(536,994)	(1,661,569)
	(217,199)	(625,723)	(842,922)	(438,461)	185,764	(252,697)
Closing balance	1,098,560	10,800,150	11,898,710	1,315,759	11,425,873	12,741,632
	-----					
11.3 Particulars of credit loss allowance against advances	2025			2024		
	Stage 1 & 2	Stage 3	Total	Specific	General	Total
	----- Rupees in '000 -----					
In local currency	1,098,560	10,800,150	11,898,710	1,315,759	11,425,873	12,741,632
In foreign currencies	-	-	-	-	-	-
	1,098,560	10,800,150	11,898,710	1,315,759	11,425,873	12,741,632

**11.4** 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 period of five years from the date of classification.

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 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 year end. As at December 31, 2025, the Bank has availed cumulative benefit of forced sales value of Rs. 936.19 million (2024: Rs. 1,235.09 million). Increase in unappropriated profit amounting to Rs. 440.00 million (2024: Rs. 586.14 million) is not available for the distribution of cash or stock dividend to shareholders or bonus to employees.

# Notes to the Financial Statements



For the year ended December 31, 2025

			2025	2024
			----- Rupees in '000 -----	
<b>11.5</b>	<b>Particulars of write offs:</b>	<b>Note</b>		
	Against credit loss allowance	11.2.5	-	-
	Directly charged to profit and loss account		-	-
			-	-
<b>11.5.1</b>	Write offs of Rs. 500,000 and above			
	- Domestic	11.6	-	-
	- Overseas		-	-
	Write offs of below Rs. 500,000		-	-
			-	-

## 11.6 Details of loan write off of Rs. 500,000/- and above

In terms of sub-section (3) of section 33A of the Banking Companies Ordinance, 1962, the Statement in respect of written off loans or any other financial relief of Rs. 500,000 or above allowed to a person(s) during the year ended December 31, 2025 is given in Annexure 'I'.

			2025	2024
			----- Rupees in '000 -----	
<b>12</b>	<b>PROPERTY AND EQUIPMENT</b>	<b>Note</b>		
	Capital work-in-progress	<b>12.1</b>	<b>290,463</b>	81,214
	Property and equipment	<b>12.2</b>	<b>4,506,076</b>	4,211,959
			<b>4,796,539</b>	4,293,173
<b>12.1</b>	<b>Capital work-in-progress</b>			
	Civil works		<b>76,921</b>	2,264
	Equipments		<b>212,400</b>	42,711
	Furniture & fixtures		<b>216</b>	10,132
	Advances to suppliers		<b>926</b>	26,107
			<b>290,463</b>	81,214

# Notes to the Financial Statements



For the year ended December 31, 2025

## 12.2 Property and equipment

	2025									
	Freehold land	Leasehold land	Building on freehold land	Building on leasehold land	Furniture and fixtures	Electrical, office and computer equipments	Vehicles	Leasehold improvements	Books	Total
	Rupees '000									
<b>At January 1, 2025</b>										
Cost / Revalued amount	58,000	1,016,280	464,031	283,333	543,475	2,866,505	59,023	2,634,605	1,065	7,926,317
Accumulated depreciation	-	-	302,233	26,444	258,457	1,733,404	40,287	1,352,587	946	3,714,358
Net book value	58,000	1,016,280	161,798	256,889	285,018	1,133,101	18,736	1,282,018	119	4,211,959
<b>Year ended December 31, 2025</b>										
Opening net book value	58,000	1,016,280	161,798	256,889	285,018	1,133,101	18,736	1,282,018	119	4,211,959
Additions	-	-	-	-	70,315	787,808	73,170	244,757	-	1,176,050
Disposals	-	-	-	-	802	1,252	483	2,202	-	4,739
Impairment loss	-	-	-	-	-	-	-	10,936	-	10,936
Depreciation charge	-	-	36,889	11,333	48,364	395,118	15,920	358,588	46	866,258
Closing net book value	58,000	1,016,280	124,909	245,556	306,167	1,524,539	75,503	1,155,049	73	4,506,076
<b>At December 31, 2025</b>										
Cost / Revalued amount	58,000	1,016,280	464,031	283,333	596,514	3,626,131	123,683	2,835,133	1,065	9,004,170
Accumulated depreciation	-	-	339,122	37,777	290,347	2,101,592	48,180	1,680,084	992	4,498,094
Net book value	58,000	1,016,280	124,909	245,556	306,167	1,524,539	75,503	1,155,049	73	4,506,076
<b>Rate of depreciation (percentage)</b>			10%	4%	10%	10% - 20%	20%	10% - 20%	10%	

# Notes to the Financial Statements

For the year ended December 31, 2025



2024

	Freehold land	Leasehold land	Building on freehold land	Building on leasehold land	Furniture and fixtures	Electrical, office and computer equipments	Vehicles	Leasehold improvements	Books	Total
----- Rupees '000 -----										
<b>At January 1, 2024</b>										
Cost / Revalued amount	58,000	1,016,280	464,031	283,333	542,694	2,546,649	59,023	2,495,806	1,065	7,466,881
Accumulated depreciation	-	-	263,820	15,111	245,707	1,420,189	31,897	1,193,919	892	3,171,535
Net book value	58,000	1,016,280	200,211	268,222	296,987	1,126,460	27,126	1,301,887	173	4,295,346
<b>Year ended December 31, 2024</b>										
Opening net book value	58,000	1,016,280	200,211	268,222	296,987	1,126,460	27,126	1,301,887	173	4,295,346
Additions	-	-	-	-	37,950	345,956	-	303,394	-	687,300
Disposals	-	-	-	-	2,772	607	-	1,743	-	5,122
Impairment loss	-	-	-	-	-	-	-	-	-	-
Depreciation charge	-	-	38,413	11,333	47,147	338,708	8,390	321,520	54	765,565
Closing net book value	58,000	1,016,280	161,798	256,889	285,018	1,133,101	18,736	1,282,018	119	4,211,959
<b>At December 31, 2024</b>										
Cost / Revalued amount	58,000	1,016,280	464,031	283,333	543,475	2,866,505	59,023	2,634,605	1,065	7,926,317
Accumulated depreciation	-	-	302,233	26,444	258,457	1,733,404	40,287	1,352,587	946	3,714,358
Net book value	58,000	1,016,280	161,798	256,889	285,018	1,133,101	18,736	1,282,018	119	4,211,959
<b>Rate of depreciation (percentage)</b>			10%	4%	10%	10% - 20%	20%	10% - 20%	10%	

**12.2.1** The leasehold land of the Bank was revalued as at December 31, 2023 by M/s Amir Evaluators and Consultants, an independent valuer. The revaluation was carried out on the basis of professional assessment of market value that resulted in surplus shown in note 23. The total revaluation surplus on land aggregating to Rs. 900.12 million is included in the carrying value of leasehold land. Had the leasehold land not been revalued, the total carrying amount of the leasehold land as at December 31, 2025 would have been Rs. 1.16.16 million. The forced sale value of leasehold land as assessed during the above valuation was Rs. 914.65 million.

**12.2.2** There are no restrictions or discrepancies on the property's title, and no mortgage is associated with it.

**12.2.3** Particulars of lands are as follow:

S. No	Location	Nature	Area (sq. feet)
1	The Mall, Peshawar Cantt. Peshawar	Leasehold land with multi story building	20,497
2	Faysal Town, Lahore	Freehold land with multi story building	20,398
3	Phase V, Hayatabad, Peshawar	Freehold land with multi story building	10,880

# Notes to the Financial Statements



For the year ended December 31, 2025

## 12.2.4 Details of disposals of property and equipment

Description	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain on disposal	Mode of disposal	Particular of purchasers
----- Rupees in '000 -----							
Furniture and fixture	17,276	16,474	802	2,850	2,048	Auction	Muhammad Ismail Scrap Dealer
Office equipment	28,182	26,930	1,252	3,685	2,433	Auction	Ali Raza & Company
Vehicles	8,510	8,027	483	10,279	9,796	Auction	Al-Fateh Contractors
Leasehold improvements	44,229	42,027	2,202	3,492	1,290	Auction	Khpal Jaidad and others
<b>2025</b>	<b>98,197</b>	<b>93,458</b>	<b>4,739</b>	<b>20,306</b>	<b>15,567</b>		
2024	227,864	222,742	5,122	15,405	10,283		

## 12.2.5 The cost of fully depreciated assets, that are still in use are as follows:

	2025	2024
----- Rupees in '000 -----		
Building on free hold land	93,964	93,964
Furniture and fixture	117,577	122,299
Office equipment	982,816	949,651
Vehicles	16,419	17,088
Books	853	822
Leasehold improvement	613,939	603,784
	<b>1,825,568</b>	<b>1,787,608</b>

## 13 RIGHT-OF-USE ASSETS

	Note	2025	2024
----- Rupees in '000 -----			
<b>Buildings</b>			
<b>At January 1</b>			
Cost		4,965,179	4,663,099
Accumulated Depreciation		(2,905,209)	(2,113,858)
Net carrying amount at January 1		2,059,970	2,549,241
Additions during the year		379,414	351,947
Terminations during the year			
Cost		(108,965)	(49,867)
Accumulated depreciation		63,251	755
		(45,714)	(49,112)
Depreciation charge for the year		(767,509)	(792,106)
<b>Net carrying amount at December 31</b>		<b>1,626,161</b>	<b>2,059,970</b>
<b>At December 31</b>			
Cost		5,235,628	4,965,179
Accumulated depreciation		(3,609,467)	(2,905,209)
<b>Net carrying amount at December 31</b>		<b>1,626,161</b>	<b>2,059,970</b>

## 14 INTANGIBLE ASSETS

Capital work in progress		53,879	36,884
Licenses and computer softwares	14.1	325,766	324,479
		<b>379,645</b>	<b>361,363</b>

# Notes to the Financial Statements



For the year ended December 31, 2025

14.1	Licenses and computer softwares	2025		
		Licenses	Computer softwares	Total
		----- Rupees in '000 -----		
	<b>At January 1, 2025</b>			
	Cost	400,262	462,762	863,024
	Accumulated amortization and impairment	205,014	333,531	538,545
	Net book value	195,248	129,231	324,479
	<b>Year ended December 31, 2025</b>			
	Opening net book value	195,248	129,231	324,479
	Additions:			
	- directly purchased	1,463	86,748	88,211
	Amortization charge	39,116	47,808	86,924
	Closing net book value	157,595	168,171	325,766
	<b>At December 31, 2025</b>			
	Cost	401,725	549,510	951,235
	Accumulated amortization and impairment	244,130	381,339	625,469
	Net book value	157,595	168,171	325,766
	Rate of amortization (percentage)	10% - 33.33%		
	Useful life - years	3 - 10		
	Remaining amortization years	0 - 5		
		2024		
		Licenses	Computer softwares	Total
		----- Rupees in '000 -----		
	<b>At January 1, 2024</b>			
	Cost	388,584	447,485	836,069
	Accumulated amortization and impairment	168,371	288,791	457,162
	Net book value	220,213	158,694	378,907
	<b>Year ended December 31, 2024</b>			
	Opening net book value	220,213	158,694	378,907
	Additions:			
	- directly purchased	11,678	15,277	26,955
	Amortization charge	36,643	44,740	81,383
	Closing net book value	195,248	129,231	324,479
	<b>At December 31, 2024</b>			
	Cost	400,262	462,762	863,024
	Accumulated amortization and impairment	205,014	333,531	538,545
	Net book value	195,248	129,231	324,479
	Rate of amortization (percentage)	10% - 33.33%		
	Useful life - years	3 - 10		
	Remaining amortization years	0 - 6		
14.2	<b>The cost of fully amortised intangible assets, that are still in use are as follows:</b>		<b>2025</b>	<b>2024</b>
			----- Rupees in '000 -----	
	Licenses		102,478	89,207
	Computer softwares		202,917	184,529
			<b>305,395</b>	<b>273,736</b>

# Notes to the Financial Statements



For the year ended December 31, 2025

15 DEFERRED TAX ASSETS	As at January 1, 2024	Recognized in Profit and Loss account	Recognized in Other Comprehensive Income	As at December 31, 2024	IFRS 9 opening adjustment	As at January 1, 2025*	Recognized in Profit and Loss account	Recognized in Other Comprehensive Income	As at December 31, 2025
	Rupees in '000								
<b>Deductible temporary differences on</b>									
Credit loss allowance against cash and balances with treasury banks	12	2	14	14	-	14	(6)	-	8
Credit loss allowance against balances with other banks	5,149	221	5,370	5,370	-	5,370	(97)	-	5,273
Credit loss allowance against investments	22,289	1,328	23,617	23,617	-	23,617	(8,610)	-	15,007
Unrealised loss on FVPL investments	6,390	793	7,183	7,183	-	7,183	856	-	8,039
Credit loss allowance against other assets	39,926	(16,042)	23,884	23,884	-	23,884	(72)	-	23,812
Islamic pool management reserves	100,402	59,263	159,665	159,665	-	159,665	(108,598)	-	51,067
Accelerated accounting depreciation	216,551	124,030	340,581	340,581	-	340,581	68,882	-	409,463
Credit loss allowance against advances and off balance sheet obligations	2,659,481	(621,418)	2,038,063	2,038,063	-	2,038,063	(516,970)	-	1,521,093
Others	(69,666)	115,287	45,621	45,621	-	45,621	142,752	-	188,373
<b>Taxable temporary differences on</b>									
Share of profit of associate	(24,356)	(7,305)	(32,160)	(32,160)	-	(32,160)	(6,422)	(1,451)	(40,033)
Surplus on revaluation of FVOCI investments - net	(391,652)	-	(1,353,785)	(98,181)	(98,181)	(1,451,966)	-	467,780	(984,186)
Surplus on revaluation of non-banking asset	(45,851)	8,224	(28,828)	(28,828)	-	(28,828)	5,863	(33,786)	(56,751)
Modification of advances	-	-	-	-	-	-	(14,175)	-	(14,175)
Deferred cost on staff loans	-	(35,663)	(35,663)	(35,663)	-	(35,663)	(58,416)	-	(94,079)
<b>Deferred tax assets - net</b>	<b>2,518,675</b>	<b>(371,280)</b>	<b>1,193,562</b>	<b>(98,181)</b>	<b>1,095,381</b>	<b>(495,013)</b>	<b>432,543</b>	<b>1,032,911</b>	

**15.1** The management of the Bank believes that it is highly probable that the Bank will be able to achieve the profits and consequently the deferred asset is fully realizable in future. The above assertion is based on financial projection for five years future taxable profits which is based on key assumptions that primarily include the growth of low cost deposits, growth in high yield customer advances, investment returns, branch expansion plans, potential credit loss allowance against advances, interest rates, cost of funds and expected recoveries of classified advances.

# Notes to the Financial Statements



For the year ended December 31, 2025

16	OTHER ASSETS	Note	2025	2024
			----- Rupees in '000 -----	
	Income/ mark-up accrued in local currency		6,522,531	9,081,809
	Advances, deposits, advance rent and other prepayments		373,019	327,764
	Advance taxation (payments less provisions)		623,647	-
	Non-banking assets acquired in satisfaction of claims	16.1	226,459	259,895
	Mark to market gain on forward foreign exchange contracts		8,926	6,771
	Acceptances		2,910	18,892
	Branch adjustment account		10,812	-
	Pre-IPO investment		100,000	100,000
	Stationary and stamps on hand		169,411	213,914
	Employees benefits	38.1.3	-	166,498
	Clearing and settlement accounts		1,019,518	-
	Receivable from the State Bank of Pakistan	16.3	477,287	343,085
	Deferred cost on staff loans	16.4	2,111,764	2,067,708
	Others		182,975	176,869
			<b>11,829,259</b>	12,763,205
	Less: Credit loss allowance held against other assets	16.2	(190,219)	(190,357)
	Other assets (net of credit loss allowance)		<b>11,639,040</b>	12,572,848
	Surplus on revaluation of non-banking asset acquired in satisfaction of claims	23	109,138	55,440
	<b>Other assets - total</b>		<b>11,748,178</b>	12,628,288
<b>16.1</b>	<b>Market value of non-banking assets acquired in satisfaction of claims</b>		<b>335,597</b>	315,335
<p>The non-banking assets acquired in satisfaction of claims have been revalued on December 31, 2025 by M/s Harvester Services (Private) Limited and Creative Consultants &amp; Construction, independent valuers. The revaluation was carried out on the basis of professional assessment of market value. The SBP's Regulations for Debt Property Swap require the Bank to carry out a full scope valuation of non-banking assets after every three years. Based on latest valuation, the Bank has recognised an impairment of Rs Nil (2024: Rs Nil) during the year.</p>				
			2025	2024
			----- Rupees in '000 -----	
<b>16.1.1</b>	<b>Non-banking assets acquired in satisfaction of claims</b>			
	Opening balance		315,335	379,135
	Revaluation surplus / (deficit)		64,973	(22,319)
	Depreciation		(44,711)	(41,481)
	Closing balance		<b>335,597</b>	315,335
<b>16.2</b>	<b>Credit loss allowance held against other assets</b>			
	Income / mark-up accrued in local currency		2,723	2,861
	Advances for Pre-IPO		100,000	100,000
	Others		87,496	87,496
			<b>190,219</b>	190,357

# Notes to the Financial Statements



For the year ended December 31, 2025

	2025	2024
	----- Rupees in '000 -----	
<b>16.2.1 Movement in credit loss allowance held against other assets</b>		
Opening balance	190,357	222,656
Impact of adoption of IFRS 9	-	3,251
	190,357	225,907
Charge for the year	1,250	-
Reversals	(1,388)	(35,550)
	(138)	(35,550)
Amount written off	-	-
Closing balance	190,219	190,357

**16.3** This includes subsidy claim receivable from SBP in respect of Mera Pakistan Mera Ghar (MPMG) Scheme, Prime Minister Kamyab Jawan Scheme (PMKJS), Prime Minister Youth Business Loan (PMYBL) and other schemes.

**16.4** This represents notional deferred cost recognised upon fair valuation of subsidised staff loans in accordance with the requirements of IFRS 9.

	2025	2024
	----- Rupees in '000 -----	
<b>17 BILLS PAYABLE</b>		
In Pakistan	3,212,340	21,951,353
Outside Pakistan	-	-
	3,212,340	21,951,353

## 18 BORROWINGS

### Secured

#### Borrowings from State Bank of Pakistan (SBP) under:

- Export refinance scheme	18.1	2,205,700	3,552,700
- Long term financing facility	18.2	2,367,827	3,038,577
- Refinance and credit guarantee scheme for women entrepreneurs	18.3	46,242	54,981
- Financing facility for renewable energy	18.4	204,448	265,478
- Refinance facility for modernization of Small and Medium Enterprises (SMEs)	18.5	134,449	53,976
- Refinance facility for combating COVID-19	18.6	182,745	428,627
- SME Asaan Scheme (SAAF)	18.7	321,801	799,615
- Financing facility for storage of agriculture produce	18.8	107,538	89,384
- Acceptance Mudarabha	18.9	-	4,057,905
- Repurchase agreement borrowings	18.10	-	91,064,600
		5,570,750	103,405,843
Repurchase agreement borrowings	18.10	13,878,200	22,125,999
<b>Total secured</b>		19,448,950	125,531,842

# Notes to the Financial Statements



For the year ended December 31, 2025

	Note	2025 ----- Rupees in '000 -----	2024
<b>Unsecured</b>			
Call borrowings	<b>18.11</b>	<b>16,249,028</b>	6,000,000
Bai Muajjal borrowings	<b>18.12</b>	-	1,999,929
		<b>16,249,028</b>	7,999,929
<b>Total</b>		<b>35,697,978</b>	133,531,771

- 18.1** The Bank has entered into agreements for financing with the State Bank of Pakistan (SBP) for extending export finance to customers. As per the agreements, the Bank has granted to SBP the right to recover the outstanding amount from the Bank at the date of maturity of finance by directly debiting the current account maintained by the Bank with the SBP. These carry mark-up at rates ranging from 6.00% to 7.00% (2024: 9.00% to 18.00%) per annum. The borrowings are repayable within 6 months from the deal date.
- 18.2** These borrowings have been obtained from SBP for providing financing facilities to exporters for imported and locally manufactured new plant and machinery to be used by the export oriented projects. These carry mark-up at rates ranging from 2.00% to 16.00% (2024: 2.00% to 16.00%) per annum. These borrowings are repayable within a period ranging from 3 years to 10 years.
- 18.3** These borrowings have been obtained from the SBP under a scheme to finance women entrepreneurs for setting up of new business enterprises or for expansion of existing ones. These carry mark-up at the rate of 0.00% (2024: 0.00%) per annum.
- 18.4** These borrowings have been obtained from the SBP under a scheme for financing renewable energy power plants to promote renewable energy projects in the country. These carry mark-up at the rate of 2.00% (2024: 2.00%) per annum.
- 18.5** These borrowings have been obtained from the SBP under a scheme to finance modernization of Small and Medium Enterprises. These carry mark-up at the rate of 2.00% (2024: 2.00%) per annum.
- 18.6** These borrowings have been obtained from the SBP to provide emergency refinance facility to hospitals & medical centres to develop capacity for the treatment of COVID-19 patients. These carry mark-up at the rate of 0.00% (2024: 0.00%) per annum. The maximum financing limit under the facility is Rs 200 million (2024: Rs. 200 million) per hospital / medical centre with a tenor of 5 years including a grace period of up to 6 months.
- 18.7** These borrowings have been obtained from the SBP under SME Asaan Scheme (SAAF). These carry mark-up at the rate of 1.00% (2024: 1.00%) per annum.
- 18.8** These borrowings have been obtained from the SBP for establishment, expansion and balancing, modernization & replacement (BMR) of steel/metal/concrete silos, warehouses & cold storage facilities for storing agricultural produce. These carry mark-up at the rate of 2.00% (2024: 2.00%) per annum.
- 18.9** For the year 2024, this represented secured borrowings under Mudarabah carrying profit at the rate of 13.10% per annum which matured on January 3, 2025.
- 18.10** Repurchase agreement with financial institution carries interest rate ranging from 11.25% to 11.40% (2024: with financial institutions and SBP carrying interest rate ranging from 12.95% to 13.90%) per annum with maturity dated January 2, 2026 and are secured by way of investments given as collateral as referred in note 10.4.
- 18.11** Unsecured call borrowings from financial institutions carries interest ranging from 10.30% to 10.50% (2024: 13.40% to 13.80%) per annum with maturities ranging from January 9, 2026 to January 23, 2026.
- 18.12** For the year 2024, this represented unsecured borrowing under Bai Muajjal carrying profit at the rate of 13.50% per annum, which matured on January 6, 2025.

# Notes to the Financial Statements



For the year ended December 31, 2025

## 18.13 Particulars of borrowings with respect to currencies

	2025	2024
	----- Rupees in '000 -----	
In local currency	35,697,978	133,531,771
In foreign currencies	-	-
	<b>35,697,978</b>	<b>133,531,771</b>

## 19 DEPOSITS AND OTHER ACCOUNTS

	2025		2024	
	In local currency	In foreign currencies	In local currency	In foreign currencies
	----- Rupees in '000 -----			
<b>Customers</b>				
Current deposits	68,296,014	744,527	53,734,250	595,131
Saving deposits	176,241,734	116,671	134,403,110	326,537
Term deposits	107,567,941	601,574	68,749,355	729,110
Others	21,709,929	-	17,183,317	-
	<b>373,815,618</b>	<b>1,462,772</b>	<b>274,070,032</b>	<b>1,650,778</b>
<b>Financial Institutions</b>				
Current deposits	1,999,589	30,896	539,360	31,230
Saving deposits	814,345	-	1,350,589	-
	<b>2,813,934</b>	<b>30,896</b>	<b>1,889,949</b>	<b>31,230</b>
	<b>376,629,552</b>	<b>1,493,668</b>	<b>275,959,981</b>	<b>1,682,008</b>
	<b>378,123,220</b>	<b>378,123,220</b>	<b>277,641,989</b>	<b>277,641,989</b>

## 19.1 Composition of deposits

	2025	2024
	----- Rupees in '000 -----	
Individuals	91,356,440	72,929,907
Government (Federal and Provincial)	216,876,558	148,960,714
Public sector entities	133,810	1,267,142
Banking companies	386,272	228,446
Non-banking financial institutions	2,458,558	1,692,733
Private sector	66,911,582	52,563,047
	<b>378,123,220</b>	<b>277,641,989</b>

19.2 This includes deposits eligible to be covered under insurance arrangements amounting to Rs. 128,811 million (2024: Rs. 99,904 million).

# Notes to the Financial Statements



For the year ended December 31, 2025

		2025	2024
		----- Rupees in '000 -----	
<b>20</b>	<b>LEASE LIABILITIES</b>		
	Outstanding amount at the start of the year	2,147,700	2,407,066
	Additions during the year	379,414	351,947
	Lease payments including interest	(1,097,755)	(1,012,610)
	Interest expense	390,465	446,916
	Terminations / modifications during the year	(62,720)	(45,619)
		(390,596)	(259,366)
	Outstanding amount at the end of the year	1,757,104	2,147,700
<b>20.1</b>	<b>Contractual maturity of lease liabilities</b>		
	Short-term lease liabilities - within one year	585,565	666,438
	Long-term lease liabilities - 1 to 5 years	1,171,539	1,481,262
	Total lease liabilities	1,757,104	2,147,700
<b>20.2</b>	<p>The Bank mainly has lease contracts for real estate that are used in its operations including Branches and other offices. Leases generally have lease terms between 1.5 years to 5 years. The Bank's obligations correspond to the lessor's title to the leased assets. 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 lease obligations during the year have been discounted at rates ranging between 10.98% to 12.24% (2024: 13.47% to 22.09%) per annum; being the relevant incremental borrowing rate of the Bank.</p>		
<b>21</b>	<b>OTHER LIABILITIES</b>	<b>Note</b>	
	Mark-up / return / interest payable in local currency		7,389,057
	Mark-up / return / interest payable in foreign currencies		16,380
	Unearned commission and income on bills discounted		150,512
	Accrued expenses and supplier payables		1,835,808
	Current taxation		-
	Acceptances		2,910
	Unclaimed dividends		113,242
	Mark to market loss on forward foreign exchange contracts		147
	Deferred income on government schemes		1,275
	Deferred income on Islamic financing		622,651
	Islamic pool management reserves	21.1	98,206
	Share subscription money refund	21.2	1,091
	Retention money		39,738
	Bills payment system over the counter (BPS-OTC)	21.3	49,502
	Charity fund balance		11,648
	Branch adjustment account		-
	Payable to defined benefit plan		3,499
	Security deposits against ljarah		32,153
	Clearing and settlement accounts		-
	Levies and other taxes payable		38,629
	Credit loss allowance against off-balance sheet obligations	21.4	42,406
	Others		383,428
			10,832,282
			20,391,835

# Notes to the Financial Statements



For the year ended December 31, 2025

- 21.1** This includes equity portion of Profit Equalization Reserve amounting to Rs. 4.76 million (2024: Rs. 113.44 million), which has been presented as reserve in Annexure-II.
- 21.2** Share subscriptions pertaining to disputed cases pending for decisions with Securities and Exchange Commission of Pakistan.
- 21.3** This represents amounts collected on behalf of government entities. Subsequent to reporting date, these amounts have been deposited into designated bank accounts of these government entities.

21.4	Credit loss allowance against off-balance sheet obligations	2025	2024
		----- Rupees in '000 -----	
	Opening balance	44,098	-
	Impact of adoption of IFRS 9	-	40,892
		44,098	40,892
	Charge for the year	19,419	20,428
	Reversal	(21,111)	(17,222)
		(1,692)	3,206
	Closing balance	42,406	44,098

## 22 SHARE CAPITAL

### 22.1 Authorized capital

	2025	2024		2025	2024
	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

### 22.2 Issued, subscribed and paid up

	2025	2024		2025	2024
	Number of shares			----- Rupees in '000 -----	
			<b>Ordinary shares of Rs. 10 each</b>		
	722,698,448	722,698,448	Fully paid in cash	7,226,984	7,226,984
			<b>Issued as fully paid bonus shares:</b>		
	435,237,541	380,092,081	Opening balance	4,352,376	3,800,921
	-	55,145,460	Issued during the year (Note 22.3)	-	551,455
	435,237,541	435,237,541	Closing balance	4,352,376	4,352,376
	1,157,935,989	1,157,935,989		11,579,360	11,579,360

**22.3** During the year 2024, 55,145,460 shares were issued as fully paid bonus shares in respect of the year ended December 31, 2023.

**22.4** The Bank has only one class of shares and at reporting date, the Government of Khyber Pakhtunkhwa and Ismail Industries Limited held 812,893,803 (2024: 812,893,803) and 282,852,969 (2024: 282,852,969) ordinary shares respectively. Moreover, the Bank has no reserved shares under options.

# Notes to the Financial Statements



For the year ended December 31, 2025

23	SURPLUS ON REVALUATION OF ASSETS	Note	2025 ----- Rupees in '000 -----	2024
	Surplus / (deficit) on revaluation of:			
	- Securities measured at FVOCI - Debt	10.1	1,571,582	2,567,032
	- Securities measured at FVOCI - Equity	10.1	(178,456)	(463,139)
	- Property and equipment	23.1	900,120	900,120
	- Non-banking assets acquired in satisfaction of claims	23.2	109,138	55,440
	- Revaluation of investment in associate		(5,404)	(295)
			<b>2,396,980</b>	3,059,158
	Deferred tax on (deficit) / surplus on revaluation of:			
	- Securities measured at FVOCI - Debt		(817,223)	(1,334,857)
	- Securities measured at FVOCI - Equity		(166,963)	(18,928)
	- Non-banking assets acquired in satisfaction of claims		(56,751)	(28,828)
	- Revaluation of investment in associate		2,810	153
			<b>(1,038,127)</b>	(1,382,460)
		<b>23.3</b>	<b>1,358,853</b>	1,676,698
<b>23.1</b>	<b>Surplus on revaluation of property and equipment</b>			
	Surplus on revaluation of property and equipment as at January 1		900,120	900,120
	Recognised during the year		-	-
	Surplus on revaluation of property and equipment as at December 31		<b>900,120</b>	900,120
<b>23.2</b>	<b>Surplus on revaluation of non-banking assets acquired in satisfaction of claims</b>			
	Surplus on revaluation as at January 1		55,440	93,574
	Recognised during the year		64,973	(22,319)
	Transferred to unappropriated profit in respect of incremental depreciation charged during the year		(5,412)	(7,591)
	Related deferred tax liability on incremental depreciation charged during the year		(5,863)	(8,224)
	Surplus on revaluation as at December 31		<b>109,138</b>	55,440
	Less: related deferred tax liability on:			
	Revaluation as at January 1		(28,828)	(45,851)
	Revaluation recognised during the year		(33,786)	11,606
	Impact of change in tax rate		-	(2,807)
	Incremental depreciation charged during the year		5,863	8,224
			<b>(56,751)</b>	(28,828)
			<b>52,387</b>	26,612

**23.3** Surplus on debt securities measured at FVOCI will be recycled to statement of profit and loss account and the deficit on equity securities measured at FVOCI will not be recycled to statement of profit and loss account.

# Notes to the Financial Statements



For the year ended December 31, 2025

			2025	2024
		Note	----- Rupees in '000 -----	
<b>24</b>	<b>CONTINGENCIES AND COMMITMENTS</b>			
	- Guarantees	<b>24.1</b>	<b>44,153,665</b>	39,768,236
	- Commitments	<b>24.2</b>	<b>27,482,911</b>	13,262,517
			<b>71,636,576</b>	53,030,753
<b>24.1</b>	<b>Guarantees:</b>			
	Financial guarantees		<b>300,000</b>	300,000
	Performance guarantees		<b>43,847,583</b>	39,462,154
	Other guarantees		<b>6,082</b>	6,082
			<b>44,153,665</b>	39,768,236
<b>24.2</b>	<b>Commitments:</b>			
	Documentary credits and short-term trade-related transactions			
	- Letters of credit		<b>14,495,539</b>	9,990,326
	Commitments in respect of:			
	- Forward foreign exchange contracts	<b>24.2.1</b>	<b>2,660,236</b>	2,869,232
	Commitments for acquisition of:			
	- Property and equipment		<b>396,538</b>	326,857
	- Intangible assets		<b>69,828</b>	76,102
	Undrawn loan commitments	<b>24.2.2</b>	<b>9,860,770</b>	-
	Other commitments		-	-
			<b>27,482,911</b>	13,262,517
<b>24.2.1</b>	<b>Commitments in respect of forward foreign exchange contracts</b>			
	Purchase		<b>792,236</b>	1,102,151
	Sale		<b>1,868,000</b>	1,767,081
			<b>2,660,236</b>	2,869,232

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

## 24.2.2 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.

## 24.3 Other contingent liabilities

**24.3.1** 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 financial statements for the same.

# Notes to the Financial Statements



For the year ended December 31, 2025

**24.3.2** 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 financial statements. Considering the complexity and uncertainty in nature, the financial impact cannot be reasonably ascertained.

**24.3.3** 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 (2024: 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 (2024: 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.
- 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 (2024: 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 (2024: 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.
- 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 (2024: Rs. 962 million) along with default surcharge amounting to Rs. 567 million (2024: 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. During the year, 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.
- vi) 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 which is currently pending.

**24.3.4** The Bank's share of contingencies of its associated company i.e. Taurus Securities Limited amounts to Rs. 9.37 million (2024: Rs. 8.62 million).

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

# Notes to the Financial Statements



For the year ended December 31, 2025

		2025	2024
		----- Rupees in '000 -----	
<b>25</b>	<b>MARK-UP / RETURN / INTEREST EARNED</b>		
	Loans and advances	<b>13,705,975</b>	17,021,260
	Investments	<b>23,747,042</b>	35,010,235
	Lendings to financial institutions	<b>772,974</b>	1,509,034
	Balances with banks	<b>192,441</b>	209,486
	Sukuk bonds	<b>13,815,975</b>	11,471,275
		<b>52,234,407</b>	65,221,290
<b>25.1</b>	<b>Interest income recognised on:</b>		
	Financial assets measured at amortised cost	<b>15,852,527</b>	21,740,817
	Financial assets measured at FVOCI	<b>36,306,832</b>	43,091,287
	Financial assets measured at FVPL	<b>75,048</b>	389,186
		<b>52,234,407</b>	65,221,290
<b>26</b>	<b>MARK-UP / RETURN / INTEREST EXPENSED</b>		
	<b>On:</b>		
	Deposits	<b>24,161,700</b>	43,498,583
	Borrowings	<b>8,681,094</b>	4,783,829
	Lease liability	<b>390,465</b>	446,916
		<b>33,233,259</b>	48,729,328
<b>27</b>	<b>FEE AND COMMISSION INCOME</b>		
	Branch banking customer fees	<b>31,622</b>	31,623
	Consumer finance related fees	<b>475</b>	320
	Card related fees (debit cards)	<b>477,032</b>	377,380
	Commission on trade	<b>168,229</b>	153,357
	Commission on guarantees	<b>255,132</b>	251,521
	Commission on remittances including home remittances	<b>47,658</b>	52,591
	Rebate from financial institutions	<b>68,907</b>	54,012
	Others	<b>16,029</b>	21,186
		<b>1,065,084</b>	941,990
<b>28</b>	<b>GAIN ON SECURITIES</b>		
	Realised gain	<b>2,331,969</b>	177,774
	Unrealised (loss) - measured at FVPL	<b>(1,650)</b>	(773)
		<b>2,330,319</b>	177,001

# Notes to the Financial Statements



For the year ended December 31, 2025

		2025	2024
		----- Rupees in '000 -----	
<b>28.1</b>	<b>Realised gain on:</b>		
	Federal Government securities	2,331,969	171,260
	Mutual fund units	-	6,514
		<b>2,331,969</b>	<b>177,774</b>
<b>28.2</b>	<b>Net gain / loss on financial assets / liabilities measured:</b>		
	<b>At FVPL :</b>		
	Designated upon initial recognition	-	50,069
	Mandatorily measured at FVPL	<b>(1,650)</b>	(768)
		<b>(1,650)</b>	49,301
	Net gain / loss on financial assets (debt instruments) measured at FVOCI	<b>2,331,969</b>	127,700
		<b>2,330,319</b>	<b>177,001</b>
<b>29</b>	<b>NET LOSSES ON DERECOGNITION OF FINANCIAL ASSETS MEASURED AT AMORTISED COST</b>		
	Gain on derecognition of financial assets measured at amortised cost	<b>39,105</b>	3,226
	(Loss) on derecognition of financial assets measured at amortised cost	<b>(83,186)</b>	(27,028)
		<b>(44,081)</b>	(23,802)
<b>30</b>	<b>OTHER INCOME</b>	<b>Note</b>	
			----- Rupees in '000 -----
	Rent on property		3,849
	Gain on sale of property and equipment - net		10,283
	Postal, swift and other services		125,202
	Service income on Government schemes		4,325
	Gain / (loss) on early culmination of lease		(3,493)
			<b>165,752</b>
<b>31</b>	<b>OPERATING EXPENSES</b>		
	<b>Total compensation expense</b>	<b>31.1</b>	4,759,564
	<b>Property expenses</b>		
	Rent & taxes		13,728
	Utilities cost		504,698
	Security (including guards)		390,557
	Repair & maintenance (including janitorial charges)		36,819
	Depreciation - Right-of-use assets	<b>13</b>	792,106
	Depreciation - Non-banking assets acquired in satisfaction of claims	<b>16.1.1</b>	41,481
	Depreciation - Property and equipment	<b>12.2</b>	371,266
	Impairment loss - Property and equipment	<b>12.2</b>	-
			<b>2,150,655</b>
			<b>2,168,410</b>

# Notes to the Financial Statements



For the year ended December 31, 2025

	Note	2025 ----- Rupees in '000 -----	2024
<b>Information technology expenses</b>			
Software maintenance		596,103	505,122
Hardware maintenance		79,588	80,594
Depreciation - Property and equipment	12.2	358,887	302,409
Amortization	14.1	86,924	81,383
Network charges		17,704	16,186
Connectivity charges		239,731	277,840
ATM charges		195,016	290,941
		<b>1,573,953</b>	1,554,475
<b>Other operating expenses</b>			
Directors' fees & allowances		46,112	60,861
Fees and allowances to Shariah Board		17,869	16,122
Legal and professional charges		54,464	63,410
Outsourced services costs (refer note 37.1)	31.2	439,264	362,581
Travelling & conveyance		120,586	106,942
NIFT clearing charges		43,071	30,778
Depreciation - Property and equipment	12.2	100,561	91,890
Training & development		11,370	17,433
Postage & courier charges		55,591	76,327
Communication		210,950	202,404
Stationery & printing		155,405	166,760
Marketing, advertisement & publicity		324,338	215,429
Donations	31.3	75,000	-
Auditors remuneration	31.4	27,392	22,663
Entertainment		78,351	68,565
Newspapers & periodicals		2,573	2,329
Brokerage & commission		45,972	34,275
Rent & taxes		1,763	1,599
Cash carriage charges		141,423	122,370
Repair & maintenance		81,584	107,402
Insurance		82,766	70,443
Fee & subscription		11,533	11,246
Deposit protection premium		159,857	129,384
Home remittance charges		178,199	-
Utilities cost		11,431	18,952
Others		62,478	73,750
		<b>2,539,903</b>	2,073,915
		<b>11,725,066</b>	10,538,609

# Notes to the Financial Statements



For the year ended December 31, 2025

	Note	2025	2024
		----- Rupees in '000 -----	
<b>31.1</b>	<b>Total compensation expense</b>		
Managerial remuneration			
Fixed		<b>1,867,325</b>	1,787,509
Variable - cash bonus / awards etc.		<b>532,052</b>	357,114
Charge for defined benefit plan	<b>38.1.7.1</b>	<b>118,796</b>	87,401
Contribution to defined contribution plan	<b>38.2</b>	<b>152,428</b>	129,423
Rent and house maintenance		<b>847,690</b>	715,184
Fuel ceiling entitlement		<b>561,316</b>	507,676
Utilities		<b>282,173</b>	239,113
Medical		<b>285,855</b>	241,348
Insurance		<b>105,047</b>	99,515
Special duty allowance		<b>27,689</b>	33,406
Conveyance		<b>345,833</b>	229,479
Stipend / honorarium		<b>15,589</b>	4,942
EOBI		<b>48,339</b>	43,345
Marriage / child education support		<b>2,586</b>	2,530
Recreation allowance		<b>72,825</b>	63,407
Others		<b>1,486</b>	962
<b>Sub-total</b>		<b>5,267,029</b>	4,542,354
Sign-on bonus		-	-
Severance allowance		-	-
Unwinding of deferred cost on staff loans		<b>175,771</b>	217,210
<b>Grand total</b>		<b>5,442,800</b>	4,759,564
<b>31.2</b>	Total cost for the year included in other operating expenses relating to outsourced activities is Rs. 439.26 million (2024: Rs. 362.58 million). This cost pertains to the payment to companies incorporated in Pakistan. Total cost of outsourced activities for the year given to related parties is Rs. Nil (2024: Rs. Nil). Outsourcing shall have the same meaning as specified in Annexure-I of BPRD Circular No. 06 of 2019.		
<b>31.3</b>	Donations represents an amount of Rs. 75 million (2024: Nil) paid to CM KPK Flood Relief Fund, which were approved by Board of Directors through circulation.		
		<b>2025</b>	<b>2024</b>
<b>31.4</b>	<b>Auditors' remuneration</b>	----- Rupees in '000 -----	
Fee for annual audit		<b>4,887</b>	4,508
Fee for half yearly review		<b>1,955</b>	1,803
Fee for shariah audit		<b>1,955</b>	1,803
Fee for internal controls over financial reporting		<b>4,469</b>	4,122
Fee for other statutory certifications and IFRS 9 review		<b>9,561</b>	6,674
Out-of-pocket expenses		<b>3,424</b>	2,712
Sales tax		<b>1,141</b>	1,041
		<b>27,392</b>	22,663

# Notes to the Financial Statements



For the year ended December 31, 2025

	Note	2025 ----- Rupees in '000 -----	2024
<b>32 OTHER CHARGES</b>			
Penalties imposed by State Bank of Pakistan		287	22,058
<b>33 (REVERSAL) OF CREDIT LOSS ALLOWANCE AND WRITE OFFS - NET</b>			
(Reversal) of credit loss allowance against cash and balances with treasury banks and balances with other banks	7 & 8	(199)	(179)
(Reversal) of credit loss allowance against lendings to financial institutions	9	(19,683)	(133,574)
(Reversal) of credit loss allowance against diminution in value of investments	10.5	(16,558)	(6,960)
(Reversal) of credit loss allowance against loans & advances	11.2.5	(842,922)	(252,697)
(Reversal) of credit loss allowance against other assets	16.2.1	(138)	(35,550)
(Reversal) / credit loss allowance against off balance sheet obligations	21.4	(1,692)	3,206
		(881,192)	(425,754)
<b>34 TAXATION</b>			
Current		5,981,759	3,891,212
Prior years		(10,528)	257,462
Deferred		495,013	371,280
	34.1	6,466,244	4,519,954
<b>34.1 Relationship between tax expense and accounting profit</b>			
Profit before tax		12,282,007	8,135,075
Profit at the applicable rate of 43% (2024: 44%)		5,281,263	3,579,433
Prior year tax		(10,528)	257,462
Super tax at rate of 10% (2024: 10%)		1,228,201	813,508
Permanent difference		152	11,911
Changes in tax rate		-	(181,083)
Others		(32,844)	38,723
		6,466,244	4,519,954

# Notes to the Financial Statements



For the year ended December 31, 2025

		2025	2024
		----- Rupees in '000 -----	
<b>35</b>	<b>BASIC AND DILUTED EARNINGS PER SHARE</b>		
	Profit for the year	<b>5,815,763</b>	3,615,121
		----- (Number of shares) -----	
	Weighted average number of ordinary shares	<b>1,157,935,989</b>	1,157,935,989
		----- (Rupees) -----	
	Basic and diluted earnings per share	<b>5.02</b>	3.12

**35.1** There were no dilutive potential ordinary shares outstanding as at December 31, 2025 and December 31, 2024.

		2025	2024
		----- Rupees in '000 -----	
<b>36</b>	<b>CASH AND CASH EQUIVALENTS</b>		
		<b>Note</b>	
	Cash and balance with treasury banks	<b>7</b>	<b>25,398,116</b>
	Balance with other banks	<b>8</b>	<b>3,217,067</b>
			<b>28,615,183</b>
			27,245,369

**36.1** This includes balances with the State Bank of Pakistan (SBP) related to statutory cash reserve held to comply with SBP requirements.

# Notes to the Financial Statements



For the year ended December 31, 2025

## 36.2 Reconciliation of movement of liabilities and equity to cash flows arising from financing activities

	2025			2024		
	Lease liability against right-of-use asset	Reserves	Unappropriated profit	Lease liability against right-of-use asset	Reserves	Unappropriated profit
<b>Balance as at January 1</b>	2,147,700	5,066,025	3,577,136	2,407,066	4,343,001	4,805,756
- Payment of lease liability against right-of-use-assets	(1,097,755)	-	-	(1,012,610)	-	-
- Dividend paid	-	-	(3,668,646)	-	-	(1,639,510)
Total changes from financing cash flows	(1,097,755)	-	(3,668,646)	(1,012,610)	-	(1,639,510)
<b>Other changes</b>						
<b>- Liability related</b>						
- Non-cash based	316,694	-	-	306,328	-	-
- Interest expense on lease liability	390,465	-	-	446,916	-	-
- Transfer to statutory reserve	-	1,163,153	(1,163,153)	-	723,024	(723,024)
Total equity related other changes	707,159	1,163,153	(1,163,153)	753,244	723,024	(723,024)
	-	-	5,763,962	-	-	1,133,914
<b>Balance as at December 31</b>	<b>1,757,104</b>	<b>6,229,178</b>	<b>4,509,299</b>	<b>2,147,700</b>	<b>5,066,025</b>	<b>3,577,136</b>

## 37 STAFF STRENGTH

	2025	2024
Permanent	2,113	2,219
On Bank contract	36	40
Bank's own staff strength at the end of the year	2,149	2,259
Bank's own average staff strength	2,204	2,187

**37.1** In addition to the above, 527 (2024: 463) employees of outsourcing services companies were assigned to the Bank as at the end of the year to perform services other than guarding and janitorial services. No staff was assigned by the Bank to perform activities outside Pakistan.

# Notes to the Financial Statements



For the year ended December 31, 2025

## 38 DEFINED BENEFIT PLAN - EMPLOYEE BENEFITS

### 38.1 General description-gratuity fund

General description of the type of defined benefit plan and the accounting policy for recognizing actuarial gains and losses is disclosed in note 6.15.1 to these financial statements.

#### 38.1.1 Number of employees under the scheme

The number of employees covered under the scheme are 2,113 (2024: 2,219).

#### 38.1.2 Principal actuarial assumptions

The actuarial valuation was carried out as at December 31, 2025 using the following significant assumptions:

	Note	2025 ----- Per annum -----	2024
Discount rate		<b>11.00%</b>	12.25%
Expected rate of return on plan assets		<b>11.00%</b>	12.25%
Expected rate of salary increase-long term		<b>10.50%</b>	10.50%
Expected rate of salary increase-short term		<b>12.00%</b>	12.00%
Average expected remaining working life (years)		<b>6.53</b>	5.76
Withdrawal rates		<b>Moderate</b>	Moderate
Mortality rates		<b>SLIC 2001-05</b>	SLIC 2001-05
<b>38.1.3 Reconciliation of (payable) / receivable under defined benefit plan</b>		<b>2025</b>	<b>2024</b>
		<b>----- Rupees in '000 -----</b>	
Present value of obligation	<b>38.1.4</b>	<b>(1,165,828)</b>	(929,080)
Fair value of plan assets	<b>38.1.5</b>	<b>1,162,329</b>	1,095,578
(Payable) / receivable		<b>(3,499)</b>	166,498
<b>38.1.4 Movement in defined benefit obligations</b>			
Obligation at the beginning of the year		<b>929,080</b>	754,214
Current service cost		<b>141,046</b>	121,638
Interest cost		<b>105,268</b>	107,799
Benefits paid by the Fund		<b>(109,225)</b>	(88,094)
Remeasurement loss	<b>38.1.7.2</b>	<b>99,659</b>	33,523
Obligation at the end of the year	<b>38.1.4.1</b>	<b>1,165,828</b>	929,080

**38.1.4.1** This includes Rs. 21.63 million (2024: Rs. 8.65 million) payable to outgoing employees.

# Notes to the Financial Statements



For the year ended December 31, 2025

		2025	2024
		----- Rupees in '000 -----	
<b>38.1.5</b>	<b>Movement in fair value of plan assets</b>		
	Fair value at the beginning of the year	<b>1,095,578</b>	960,408
	Interest income on plan assets	<b>127,518</b>	142,036
	Contribution by the Bank	-	-
	Benefits paid by the Fund	<b>(109,225)</b>	(88,094)
	Remeasurements: net return on plan assets over interest income gain	<b>48,458</b>	81,228
		<b>38.1.7.2</b>	
	Fair value at the end of the year	<b>1,162,329</b>	1,095,578
<b>38.1.6</b>	<b>Movement in (payable) / receivable under defined benefit scheme</b>		
	Opening balance	<b>166,498</b>	206,194
	Charge for the year	<b>(118,796)</b>	(87,401)
	Remeasurement (loss) / gain recognised in OCI during the year	<b>(51,201)</b>	47,705
		<b>38.1.7.1</b>	
	Closing balance	<b>(3,499)</b>	166,498
		<b>38.1.7.2</b>	
<b>38.1.7</b>	<b>Charge for defined benefit plan - employee benefit plan</b>		
		<b>2025</b>	<b>2024</b>
		----- Rupees in '000 -----	
<b>38.1.7.1</b>	<b>Cost recognised in profit and loss</b>		
	Current service cost	<b>(141,046)</b>	(121,638)
	Net interest on defined benefit asset	<b>22,250</b>	34,237
		<b>(118,796)</b>	(87,401)
<b>38.1.7.2</b>	<b>Remeasurements recognised in OCI during the year</b>		
	Loss / (gain) on obligation		
	- Financial assumptions	<b>104,258</b>	54,976
	- Demographic assumptions	<b>16,150</b>	-
	- Experience adjustment	<b>(20,749)</b>	(21,453)
		<b>99,659</b>	33,523
	Return on plan assets over interest income	<b>(48,458)</b>	(81,228)
	Total remeasurements recognised in OCI	<b>51,201</b>	(47,705)
<b>38.1.8</b>	<b>Components of plan assets</b>		
	Cash and cash equivalents	<b>7,166</b>	315,604
	Shares / mutual funds	<b>171,782</b>	114,425
	Riba free certificates / term deposit receipts	<b>983,381</b>	665,549
		<b>38.1.5</b>	
		<b>1,162,329</b>	1,095,578

**38.1.8.1** Plan assets are mostly contained in the form of cash and cash equivalents so there is no significant risk associated with it. However, investments in shares/ mutual funds may be adversely affected by movement in equity and interest rate markets.

# Notes to the Financial Statements



For the year ended December 31, 2025

## 38.1.9 Sensitivity analysis

The sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied, as applied when calculating the gratuity liability recognized within the statement of financial position. The increase / (decrease) in the present value of defined benefit obligations as a result of change in each assumption is summarised below:

	2025	2024
	<b>Gratuity fund</b>	
	----- Rupees in '000 -----	
1% increase in discount rate	<b>(70,282)</b>	(58,332)
1% decrease in discount rate	<b>79,215</b>	66,114
1% increase in expected rate of salary increase	<b>65,253</b>	52,009
1% decrease in expected rate of salary increase	<b>(58,268)</b>	(45,930)
10% increase in withdrawal rates	<b>4,531</b>	5,186
10% decrease in withdrawal rates	<b>(4,682)</b>	(5,318)
1 Year Mortality age set back	<b>(938)</b>	(1,297)
1 Year Mortality age set forward	<b>935</b>	1,290
<b>38.1.10 Expected contribution to be paid to the fund in the next financial year</b>	<b>164,136</b>	-
<b>38.1.11 Expected charge for the next financial year</b>	<b>155,108</b>	105,821
<b>38.1.12 Maturity profile - undiscounted payments</b>		
<b>Particulars</b>		
Year 1	<b>219,811</b>	150,130
Year 2	<b>117,156</b>	118,326
Year 3	<b>125,783</b>	86,869
Year 4	<b>92,793</b>	104,640
Year 5	<b>113,463</b>	74,486
Year 6 to 10	<b>572,507</b>	514,458
Year 11 and above	<b>1,851,095</b>	2,053,043

## 38.1.13 Funding policy

Contributions to the Fund are made on the basis of actuarial recommendation. The Bank expects to contribute Rs. 164.14 million in the next year.

## 38.1.14 Risks associated with Defined Benefit Plans

### Salary increase risk

The most common type of retirement benefit is one where the benefit is linked with final salary. The risk arises when the actual increases are higher than expectation and impacts the liability accordingly.

### Longevity Risk

The risk arises when the actual lifetime of retirees is longer than expectation. This risk is measured at the plan level over the entire retiree population.

## Withdrawal risk

The risk of actual withdrawals varying with the actuarial assumptions can impose a risk to the benefit obligation. The movement of the liability can go either way.

### 38.2 Defined contribution plan - employees' provident fund

General description of the Fund is disclosed in note 6.15.2 to these financial statements. The number of employees covered under the scheme are 2,113 (2024: 2,219). During the year, the Bank has contributed Rs. 152.43 million (2024: Rs. 129.42 million) to the Fund.

### 39 COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

#### 39.1 Total compensation expense

Items	2025					
	Directors		Members shariah board	Managing Director	Key management personnel	Other material risk takers / controllers
	Chairman	Executives (other than Managing Director)				
	1,563	-	41,500	-	-	-
Fees and allowances etc.	-	-	-	-	-	-
Managerial remuneration:						
- Fixed	-	-	-	33,000	116,220	61,840
- Variable - cash bonus / awards etc.	-	-	-	-	14,221	8,748
Charge for defined benefit plan	-	-	-	-	11,476	7,928
Contribution to defined contribution plan	-	-	-	2,749	7,795	5,151
Rent & house maintenance	-	-	-	14,850	52,299	27,828
Utilities	-	-	-	4,950	17,433	9,276
Medical	-	-	-	4,950	17,433	9,276
Conveyance	87	-	580	-	36,929	26,310
Additional allowances	-	-	-	-	104	119
Contractual allowances	-	-	-	-	-	-
Other allowances	-	-	-	49	-	60
Others	98	-	2,284	13	1,603	698
<b>Total</b>	<b>1,748</b>	<b>-</b>	<b>44,364</b>	<b>60,561</b>	<b>275,513</b>	<b>157,234</b>
Number of persons	1	-	8	4	17	18

Rupees in 000

# Notes to the Financial Statements

For the year ended December 31, 2025



Items	2024						
	Directors		Non-executives	Members shariah board	Managing Director**	Key management personnel	Other material risk takers / controllers
	Chairman*	Executives (other than Managing Director)					
Fees and allowances etc.	4,438	-	51,250	-	-	-	-
Managerial remuneration:							
- Fixed	-	-	-	9,941	4,583	103,644	61,583
- Variable - cash bonus / awards etc.	-	-	-	928	-	41,408	17,565
Charge for defined benefit plan	-	-	-	470	-	8,657	7,643
Contribution to defined contribution plan	-	-	-	281	-	7,266	5,130
Rent & house maintenance	-	-	-	1,651	2,062	46,640	27,712
Utilities	-	-	-	550	688	15,547	9,237
Medical	-	-	-	550	688	15,547	9,237
Conveyance	82	-	1,718	1,440	-	31,894	25,853
Additional allowances	-	-	-	-	4,081	166	1,344
Contractual allowances	-	-	-	-	-	-	-
Other allowances	-	-	-	721	5,350	-	240
Others	417	-	2,956	60	2	1,156	1,089
<b>Total</b>	<b>4,937</b>	<b>-</b>	<b>55,924</b>	<b>16,592</b>	<b>17,454</b>	<b>271,925</b>	<b>166,633</b>
Number of persons	2*	-	8	4	3**	22	20

\*This included fee paid to the outgoing Chairman of the Board.

\*\*This included compensation / allowance paid to outgoing Managing Director, Managing Director (Acting) and current Managing Director of the Bank.

# Notes to the Financial Statements



For the year ended December 31, 2025

## 39.2 Remuneration paid to Directors for participation in board and committee meetings

2025

Sr. No.	Name of director	Meeting Fees and Allowances Paid							Total amount paid
		For board meetings	For Board Committees					Risk management committee	
			Audit committee	HR&R committee	IT Steering committee	Compliance committee	Risk management committee		
----- Rupees in '000 -----									
1	Mr. Ikramullah Khan (Chairman)	1,748	-	-	-	-	-	-	1,748
2	Mr. Amer Sultan Tareen	1,500	1,500	-	-	750	-	1,250	5,000
3	Mr. Tahir Jawaid	1,000	-	3,167	1,250	-	-	-	5,417
4	Syed Asad Ali Shah	1,884	2,046	-	1,250	-	-	-	5,180
5	Mr. Abid Sattar	1,716	1,761	3,250	-	-	-	1,250	7,977
6	Mr. Osman Asghar Khan	1,875	1,942	3,000	1,277	-	-	-	8,094
7	Muhammad Shahid Sadiq	1,583	1,983	-	-	1,000	-	1,250	5,816
8	Ms. Natasha Jehangir Khan	1,295	335	3,000	1,250	1,000	-	-	6,880
9	Mr. Kamran Ahmed Afridi	-	-	-	-	-	-	-	-
	<b>Total amount paid</b>	<b>12,601</b>	<b>9,567</b>	<b>12,417</b>	<b>5,027</b>	<b>2,750</b>	<b>3,750</b>	<b>3,750</b>	<b>46,112</b>

2024

Sr. No.	Name of director	Meeting Fees and Allowances Paid							Total amount paid
		For board meetings	For Board Committees					Risk management committee	
			Audit committee	HR&R committee	IT Steering committee	Compliance committee	Risk management committee		
----- Rupees in '000 -----									
1	Mr. Ikramullah Khan (Chairman)	1,188	-	-	-	500	-	-	1,688
2	Syed Imtiaz Hussain Shah*	2,999	-	250	-	-	-	-	3,249
3	Mr. Amer Sultan Tareen	1,878	1,250	-	-	-	750	-	3,878
4	Mr. Abid Sattar	3,038	2,275	3,500	1,000	1,250	1,541	-	12,604
5	Mr. Tahir Jawaid	2,727	357	3,536	1,000	1,026	-	-	8,646
6	Dr. Aliya Hashmi Khan	1,552	1,141	1,796	-	-	822	-	5,311
7	Syed Asad Ali Shah	3,376	2,615	2,190	-	-	-	-	8,181
8	Mr. Osman Asghar Khan	3,120	2,359	2,250	1,000	-	865	-	9,594
9	Mr. Muhammad Shahid Sadiq	2,761	968	-	500	526	1,455	-	6,210
10	Ms. Natasha Jehangir Khan	750	250	250	-	250	-	-	1,500
	<b>Total amount paid</b>	<b>23,389</b>	<b>11,215</b>	<b>13,772</b>	<b>3,500</b>	<b>3,552</b>	<b>5,433</b>	<b>5,433</b>	<b>60,861</b>

\*This director was Chairman of the Board during the year ended December 31, 2024.

# Notes to the Financial Statements



For the year ended December 31, 2025

### 39.3 Remuneration paid to shariah board members

Items	2025			2024		
	Chairman	Resident member	Non-resident members	Chairman	Resident member	Non-resident member
----- Rupees in '000 -----						
a. Meeting fees and allowances	-	-	-	-	-	-
b. Monthly remuneration	3,000	9,165	4,200	2,850	8,673	3,420
c. Bonus	-	275	-	-	928	-
d. Travelling and accommodation	164	24	1,041	63	-	658
Total amount	3,164	9,464	5,241	2,913	9,601	4,078
Total number of persons	1	1	2	1	1	2

### 40 FAIR VALUE MEASUREMENTS

The fair value of quoted securities other than those classified under amortised cost is based on quoted market prices. Quoted securities classified under amortised cost are carried at cost. The fair value of unquoted equity securities, other than investments in associates, 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 absence of current and active market of these assets and liabilities and reliable data regarding market rates for similar instruments.

The maturity and re-pricing profile and effective rates are stated in notes 45.4.1 and 45.2.5 respectively.

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.

#### 40.1 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 input for the asset or liability that are not based on observable market data (i.e. unobservable inputs).



# Notes to the Financial Statements



For the year ended December 31, 2025

**40.3** 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 year, the bank has reclassified non-government debt securities amounting to Rs. 300 Million from FVOCI to FVPL. There were no transfers between level 1 and 2 during the year.

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.

## **40.3.1 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.

## **40.3.2 Fair value of non - financial assets**

Certain categories of property and equipment (leasehold land) of Rs. 1,016,280 thousand (2024: Rs. 1,016,280 thousand) and non banking assets acquired in satisfaction of claims of Rs. 335,597 thousand (2024: Rs. 315,335 thousand) 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.

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

Fully paid-up ordinary shares, listed  
GoP Ijarah Sukuks (GIS)

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

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

Pakistan Investment Bonds (PIBs) /  
Market Treasury Bills (MTBs)

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 un-listed 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.

# Notes to the Financial Statements



For the year ended December 31, 2025

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

Property and 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	291,486	Discount rate	15%	Increase / (decrease) in discount rate by 1% with all other variables held constant, would (decrease) / increase the fair value by Rs. 8,745 thousand.

2025

	Rupees in '000
Opening balance	89,302
Impact of adoption of IFRS 9	188,810
Balance as at January 1, 2025	278,112
Remeasurement recognised in OCI	13,374
Closing balance	291,486

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

# Notes to the Financial Statements



For the year ended December 31, 2025

41	SEGMENT INFORMATION	2025					Total
		Corporate Finance	Trading and Sales	Retail Banking	Commercial Banking		
41.1	Segment details with respect to business activities	Rupees in '000					
	<b>Profit and loss</b>						
	Net mark-up / return / profit	(9,701,392)	34,142,768	(4,401,232)	(1,038,996)	19,001,148	
	Inter segment revenue - net	11,622,960	(18,399,962)	4,993,965	1,783,037	-	
	Non mark-up / return / interest income	20,443	3,171,560	464,014	469,003	4,125,020	
	<b>Total income</b>	1,942,011	18,914,366	1,056,747	1,213,044	23,126,168	
	Segment direct expenses	(6,600,683)	(216,807)	(2,780,453)	(2,127,410)	(11,725,353)	
	Inter segment expense allocation	5,616,075	(9,372,859)	2,244,677	1,512,107	-	
	<b>Total expenses</b>	(984,608)	(9,589,666)	(535,776)	(615,303)	(11,725,353)	
	Reversal of credit loss allowance	-	36,473	153,790	690,929	881,192	
	<b>Profit before tax</b>	957,403	9,361,173	674,761	1,288,670	12,282,007	
	<b>Balance sheet</b>						
	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	
	<b>Total assets</b>	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	
	<b>Total liabilities</b>	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	
	<b>Total equity and liabilities</b>	233,888,629	29,854,176	95,434,908	94,121,901	453,299,614	
	<b>Contingencies and commitments</b>	22,590,344	2,969,298	12,163,032	33,913,902	71,636,576	

# Notes to the Financial Statements

For the year ended December 31, 2025



	2024				Total
	Corporate Finance	Trading and Sales	Retail Banking	Commercial Banking	
	Rupees in '000				
<b>Profit and loss</b>					
Net mark-up / return / profit	(19,703,305)	41,706,356	(11,185,178)	5,674,089	16,491,962
Inter segment revenue - net	21,146,466	(23,669,368)	12,080,363	(9,557,461)	-
Non mark-up / return / interest income	8,026	921,852	355,938	492,210	1,778,026
<b>Total income</b>	1,451,187	18,958,840	1,251,123	(3,391,162)	18,269,988
Segment direct expenses	(3,531,524)	(3,956,341)	(1,852,633)	(1,220,169)	(10,560,667)
Inter segment expense allocation	2,694,442	(6,979,615)	1,130,952	3,154,221	-
<b>Total expenses</b>	(837,082)	(10,935,956)	(721,681)	1,934,052	(10,560,667)
Reversal of credit loss allowance	-	158,197	28,809	238,748	425,754
<b>Profit before tax</b>	614,105	8,181,081	558,251	(1,218,362)	8,135,075
<b>Balance sheet</b>					
Cash and bank balances	2,200,814	16,168,609	519,373	8,356,573	27,245,369
Investments	18,217,573	264,446,673	-	102,351	282,766,597
Net inter segment lending	142,908,088	(156,635,911)	76,975,885	(63,248,062)	-
Lendings to financial institutions	-	133,574	-	-	133,574
Advances - performing	17,796,165	-	8,469,009	118,741,702	145,006,876
Advances - non performing	-	-	204,541	1,670,554	1,875,095
Others	2,180,730	7,727,299	2,672,354	7,955,973	20,536,356
<b>Total assets</b>	183,303,370	131,840,244	88,841,162	73,579,091	477,563,867
Borrowings	12,341,243	113,190,599	-	7,999,929	133,531,771
Deposits and other accounts	148,960,714	-	78,144,607	50,536,668	277,641,989
Net inter segment borrowing	(142,908,088)	156,635,911	(76,975,885)	63,248,062	-
Others	20,149,043	5,421,253	10,152,461	8,768,131	44,490,888
<b>Total liabilities</b>	38,542,912	275,247,763	11,321,183	130,552,790	455,664,648
Equity	144,760,458	(143,407,519)	77,519,979	(56,973,699)	21,899,219
<b>Total equity and liabilities</b>	183,303,370	131,840,244	88,841,162	73,579,091	477,563,867
<b>Contingencies and commitments</b>	13,565,317	3,118,387	13,703,012	22,644,037	53,030,753

## 41.2 Segment details with respect to geographical locations

Segment details with respect to geographical locations are not presented in these financial statements as geographically the Bank is concentrated in Pakistan only.

## 42 TRUST ACTIVITIES

The Bank acts as a custodian for securities held in Investor Portfolio Securities (IPS) accounts on behalf of individuals / other organisations. These securities are not assets of the Bank and, therefore, are not included as such in these financial statements. Assets held under trust are shown in the table below:

Category	2025					Total	2024			Total
	No. of IPS accounts	Market Treasury Bills	Pakistan Investment Bonds	Rupees in '000			No. of IPS accounts	Market Treasury Bills	Pakistan Investment Bonds	
Government of Khyber Pakhtunkhwa	1	16,688,430	-	16,688,430	5	108,659,200	-	108,659,200		
Company	2	147,340	126,700	274,040	7	48,148,970	30,596,700	78,745,670		
Individual	1	-	200	200	1	-	200	200		
	4	16,835,770	126,900	16,962,670	13	156,808,170	30,596,900	187,405,070		

# Notes to the Financial Statements

For the year ended December 31, 2025



## 43 RELATED PARTY TRANSACTIONS

The Bank has related party relationship with its majority shareholders (Government of Khyber Pakhtunkhwa and Ismail Industries Limited), associates, 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, disclosed in note 39 to these financial statements are determined in accordance with terms of their appointments.

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

	2025				2024			
	Directors	Key management personnel	Associate	Employee Funds	Directors	Key management personnel	Associate	Employee Funds
	----- Rupees in '000 -----							
<b>Advances</b>								
Opening balance	-	181,425	-	-	-	179,490	-	-
Addition during the year	-	62,999	-	-	-	49,690	-	-
Repaid during the year	-	37,180	-	-	-	26,209	-	-
Transfer in / (out) - net	-	(11,251)	-	-	-	(21,546)	-	-
Closing balance	-	195,993	-	-	-	181,425	-	-
Credit loss allowance held against advances	-	19	-	-	-	50	-	-
<b>Deposits and other accounts</b>								
Opening balance	148	8,423	95,829	3,016,225	13,956	6,467	44,580	3,301,627
Received during the year	26,452	216,680	245,663	5,985,394	18,408	161,951	249,512	4,830,897
Withdrawn during the year	16,635	169,461	302,182	4,451,675	16,723	159,755	198,263	5,116,299
Transfer in / (out) - net	(2,726)	(8,270)	-	-	(15,493)	(240)	-	-
Closing balance	7,239	47,372	39,310	4,549,944	148	8,423	95,829	3,016,225
<b>Other liabilities</b>								
Interest / markup payable	4	1,110	715	23,869	28	1,024	6,747	256,848

# Notes to the Financial Statements

For the year ended December 31, 2025



	2025				2024			
	Directors	Key management personnel	Associate	Employee Funds	Directors	Key management personnel	Associate	Employee Funds
----- Rupees in '000 -----								
<b>Income</b>								
Mark-up / return / interest earned	-	3,918	-	-	-	4,036	-	-
<b>Expense</b>								
Mark-up / return / interest expensed	122	2,276	10,035	365,283	162	1,769	13,982	717,206
Operating expenses - Compensation	106,673	284,977	-	-	78,315	281,526	-	-
<b>43.1</b>	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.							
	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:							
<b>Particulars</b>	<b>Note</b>							
Investments	10.1							
Shareholding	22							
Donation paid to CM KPK flood relief fund	31.3							
Compensation of directors and executives	39							
Trust activities	42							
Advances (by sector)	45.1.3							
Deposits (by sector)	19.1							
Detail of non-performing advances and other provisions (by sector)	45.1.3							
<b>43.2</b>	During the year, the Bank has paid cash dividend amounting to Rs. 2,601.32 million (2024: Rs. 1,161.36 million) to GoKP and Rs. 905.13 million (2024: Rs. 404.08 million) to Ismail Industries Limited, respectively.							

# Notes to the Financial Statements



For the year ended December 31, 2025

44 CAPITAL ADEQUACY, LEVERAGE RATIO AND LIQUIDITY REQUIREMENTS	2025	2024
	----- Rupees in '000 -----	
<b>Minimum Capital Requirement (MCR):</b>		
Paid-up capital (net of losses)	<b>11,579,360</b>	11,579,360
<b>Capital Adequacy Ratio (CAR):</b>		
Eligible common equity tier 1 (CET 1) capital	<b>21,938,809</b>	19,861,157
Eligible additional tier 1 (ADT 1) capital	-	-
Total eligible tier 1 capital	<b>21,938,809</b>	19,861,157
Eligible tier 2 capital	<b>2,207,478</b>	2,714,195
Total eligible capital (Tier 1 + Tier 2)	<b>24,146,287</b>	22,575,352
<b>Risk Weighted Assets (RWAs):</b>		
Credit risk	<b>72,981,998</b>	85,128,759
Market risk	<b>12,497,974</b>	14,947,185
Operational risk	<b>34,362,037</b>	26,704,795
<b>Total</b>	<b>119,842,009</b>	126,780,739
Common equity tier 1 capital adequacy ratio	<b>18.31%</b>	15.67%
Tier 1 capital adequacy ratio	<b>18.31%</b>	15.67%
Total capital adequacy ratio	<b>20.15%</b>	17.81%
<b>National minimum capital requirements prescribed by SBP</b>		
CET1 minimum ratio	<b>6.00%</b>	6.00%
ADT-1 minimum ratio	<b>1.50%</b>	1.50%
Tier 1 minimum ratio	<b>7.50%</b>	7.50%
Total capital minimum ratio	<b>10.00%</b>	10.00%
Capital conservation buffer (CCB- consisting of CET1 only)	<b>1.50%</b>	1.50%
Total capital plus CCB	<b>11.50%</b>	11.50%
<b>Leverage Ratio (LR):</b>		
Eligible tier-1 capital	<b>21,938,809</b>	19,861,157
Total exposures	<b>506,810,207</b>	553,214,970
Leverage ratio	<b>4.33%</b>	3.59%
<b>Liquidity Coverage Ratio (LCR):</b>		
Total high quality liquid assets	<b>257,620,116</b>	210,120,866
Total net cash outflow	<b>110,482,513</b>	100,596,138
Liquidity coverage ratio	<b>233.18%</b>	208.88%
<b>Net Stable Funding Ratio (NSFR):</b>		
Total available stable funding	<b>255,767,794</b>	204,889,233
Total required stable funding	<b>116,739,966</b>	138,223,557
Net stable funding ratio	<b>219.09%</b>	148.23%

**44.1** 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.

**44.2** The full disclosures on the Capital Adequacy, Leverage Ratio and Liquidity Requirements as per SBP instructions issued from time to time is also placed on Bank's website. Please follow the link <https://www.bok.com.pk/download/capital-adequacy-disclosure> for detailed disclosures.

## **45 RISK MANAGEMENT**

Banking activities inherently involve the assumption of risk with the objective of generating an appropriate risk-adjusted return. The Bank has established a comprehensive risk management framework to identify, measure, monitor, and control risks within the Board-approved risk appetite and applicable regulatory requirements. The Bank is primarily exposed to credit, market, liquidity, sustainability/ green finance and operational risks. Risk management is embedded across all levels of the organization and is supported by clearly defined governance structures, policies, procedures, delegated authorities, and reporting mechanisms.

### **Risk Governance Framework**

The Board of Directors has overall responsibility for oversight of the Bank's risk profile. The Board Risk Management Committee (BRMC) assists the Board in reviewing the adequacy and effectiveness of the risk management framework and monitoring compliance with the approved risk appetite. At the management level, the Management Risk Committee (MRC) oversees implementation of risk policies, monitors risk exposures, and ensures adherence to approved limits across the Bank. Risk management functions operate independently of business units to ensure objective oversight and challenge.

### **Credit Risk Management**

The Credit Risk function is responsible for independent assessment, monitoring, and control of credit risk arising from lending and investment activities. To strengthen focus and specialization, Credit Risk Management is organized into two dedicated divisions:

- Corporate & Investment Risk Management Division; overseeing credit exposures relating to corporate and structured transactions; and
- Small & Medium Enterprise, Agricultural & Consumer Risk Management Division; responsible for managing risks within retail, SME, agriculture, and consumer portfolios.

These divisions are responsible for credit risk evaluation, portfolio monitoring, policy implementation, and ensuring that credit exposures remain within approved limits and risk parameters.

### **Enterprise Risk Management Division (ERMD)**

The Enterprise Risk Management Division (ERMD) is responsible for oversight of market risk, liquidity risk, operational risk, environmental risk, and regulatory risk management functions. ERMD formulates policies and procedures for market and liquidity risk management, monitors exposures against approved internal and regulatory limits, and assesses risks associated with new products and business initiatives. The Bank's exposures in money market, foreign exchange, and capital market activities are monitored to ensure compliance with assigned limits. Operational risk is managed through structured frameworks including Risk and Control Self-Assessments (RCSAs), Key Risk Indicators (KRIs), and maintenance of an internal loss database. In alignment with evolving regulatory expectations and sustainable banking practices, ERMD also oversees environmental and climate-related risk management through a dedicated Environmental Risk Management function and Green Banking initiatives. The Basel & Regulatory Reporting function operates within ERMD and is responsible for regulatory capital and liquidity reporting, including calculation and submission of Expected Credit Loss (ECL), Capital Adequacy Ratio (CAR), Liquidity Coverage Ratio (LCR), Net Stable Funding Ratio (NSFR), and other regulatory requirements to the State Bank of Pakistan.

## Three lines of defence

The Bank applies a three lines of defence model. Business units (first line) are responsible for day-to-day risk ownership and compliance with approved policies. Independent risk management functions (second line) provide oversight, monitoring, and challenge. Internal Audit (third line) provides independent assurance over the effectiveness of the overall risk management framework.

### 45.1 Credit risk

Credit risk is the potential that a counterparty will fail to meet its contractual obligations, resulting in financial loss to the Bank. The Bank is exposed to credit risk through lending, investment activities, and contingent liabilities, including letters of credit and financial guarantees.

The Bank's objective is to identify, assess, measure, and monitor credit risk across all financial exposures, both at a relationship and portfolio level. A dedicated Credit Risk Management framework has been established to manage risk, supported by Board-approved policies, delegated authorities, and independent oversight.

Credit risk management is governed by the Board Risk Management Committee (BRMC) and guided by regulatory instructions issued by the State Bank of Pakistan (SBP). Risk is controlled through exposure monitoring, limiting concentrations to individual counterparties, groups, sectors, and industries, and by continual assessment of borrower credit worthiness.

The Bank applies the standardized approach for regulatory capital calculation under Basel II and continuously enhances its systems to align with Basel framework requirements. The approach relies upon the assessment of external credit rating agencies.

The Bank employs Customer Risk Rating (CRR) and Facility Risk Rating (FRR) models for different customer types. These models assess both qualitative and quantitative factors to evaluate the credit risk of a counterparty and the facility applied for. The Bank maintains procedural guidelines to ensure consistent application of these ratings and a risk rating policy setting minimum acceptable standards for borrowers.

The Bank measures expected credit losses (ECLs) in accordance with IFRS 9 and SBP Prudential Regulations and the management's best estimates.

#### **Methodologies and models used for the measurement of Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD):**

The Bank assesses on a forward-looking basis the expected credit losses ('ECL') associated with all advances and other debt financial assets not held at FVPL, together with letter of credit and financial guarantees. The Bank recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects: i) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes; ii) the time value of money; and iii) reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions. The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL). The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Both LTECLs and 12mECLs are calculated at facility level.

The Bank has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. The Bank considers an exposure to have significantly increased in credit risk when there is considerable deterioration in the internal/external rating grade for subject customer. The Bank also applies a secondary qualitative method for triggering a significant increase in credit risk for an asset, such as moving a customer / facility to the watch list or the account becoming forborne. Regardless of the change in credit grades, generally, the Bank considers that there has been a significant increase in credit risk when contractual payments are more than 60 days past due.

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

**Stage 1 (Performing assets):**

When financial instruments are first recognised, the Bank recognises an allowance based on 12mECLs. Stage 1 financial instruments also include facilities where the credit risk has improved and these have been reclassified from Stage 2. The 12mECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Bank calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast Exposure At Default (EAD) and multiplied by the expected Loss Given Default (LGD) and discounted by an approximation to the original Effective Interest Rate (EIR). This calculation is made for all the scenarios.

**Stage 2 (Underperforming assets):**

When a financial instrument has shown a significant increase in credit risk since origination, the Bank records an allowance for the LTECLs. Stage 2 also includes facilities, where the credit risk has improved and the instrument has been reclassified from Stage 3. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs are applied over the lifetime of the instrument. The expected cash flows are discounted by an approximation to the original EIR.

**Stage 3 (Non-performing assets):**

For financial instruments considered credit-impaired, the Bank recognises the LTECLs for these instruments. The Bank uses a PD of 100% and LGD as computed for each portfolio or as prescribed by the SBP.

**Financial guarantee and letters of credit contracts:**

The Bank estimates ECLs based on the BASEL driven credit conversion factor (CCF) for guarantee and letter of credit contracts. The calculation is made using a probability-weighting of the three scenarios. The ECLs related to guarantee and letter of credit contracts are recognised within other liabilities.

**Probability of Default**

The Probability of Default (PD) is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio. PD is estimated based on statistical technique such as Transition Matrix approach. PDs for non advances portfolio is based on S&Ps global transition default matrices, PDs are then adjusted using Vasicek Model to incorporate forward looking information.

**Exposure at Default**

The Exposure at Default (EAD) is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and profit, whether scheduled by contract or otherwise, and accrued interest / profit from missed payments. The maximum period for which the credit losses are determined is the contractual life of a financial instrument unless the Bank has a legal right to call it earlier. The Bank's product offering includes a variety of corporate and retail facilities, in which the Bank has the right to cancel and / or reduce the facilities.

**Loss Given Default**

The Loss Given Default (LGD) is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would

expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD. LGDs are adjusted to incorporate forward looking information by converting the estimates for segment / product wise historical LGDs (through the cycle LGDs) into forward looking point in time LGDs, through use of term structure of point in time PDs.

### **Forward looking information**

The Bank incorporates forward-looking information into ECL calculations to reflect expected changes in credit risk over the life of financial instruments. Macroeconomic indicators, including GDP growth and Consumer Price Index (CPI), are considered across multiple scenarios, with each scenario probability-weighted to reflect management's best estimate of future conditions. The Bank's Obligor Risk Rating (ORR) models are the primary tool for assessing credit risk at the obligor level. These models are calibrated using both internal historical performance data and external data sources, including credit performance and benchmarks compiled by the State Bank of Pakistan and other reputable market sources. This ensures that ORR assessments, and resulting ECL estimates, are grounded in both internal experience and external evidence.

### **ECL principles, grouping and calculations**

The ECL is determined by projecting the PD, LGD and EAD for each future repayment date and for each individual exposure. These three components are multiplied together, effectively calculating an ECL for each future repayment date, which is then discounted back to the reporting date and summed.

The discount rate used to discount the ECLs is based on the effective interest rate that is expected to be charged over the expected period of exposure to the facilities. In the absence of computation of the effective interest rate (at reporting date), the Bank uses an approximation e.g. contractual rate (at reporting date).

When estimating the ECLs, the Bank considers three scenarios (a base, best and a worst case). Each of these scenarios is based on different macro-economic forecasts and is associated with different set of PDs & LGD.

Furthermore, to mitigate its credit risks on financial assets, the Bank seeks to use collateral, where possible. The Bank considers only those collaterals as eligible collaterals in the EAD calculation which have the following characteristics:

- History of legal certainty & enforceability
- History of recovery

Eligible collateral includes cash, liquid securities, and Government of Pakistan guarantees. Exposures secured by Government of Pakistan guarantees or Government securities are treated in accordance with applicable regulatory guidelines for the purpose of ECL assessment.

### **Backward transition**

In line with Bank's IFRS 9 policy and regulatory guidelines, financial assets shall be reclassified out of Stage 3 if they fulfil the criteria outlined in the Prudential Regulations (PR) issued by the State Bank of Pakistan (SBP). Similarly, financial assets classified under Stage 2 shall be reclassified to Stage 1 if the conditions that led to a significant increase in credit risk (SICR) no longer exist. However, a minimum period of three months from the initial downgrade is mandatory before any facility can be moved back to Stage 1 from Stage 2. For a facility to transition from Stage 3 to Stage 2, it must meet the declassification requirements specified in the relevant Prudential Regulations. An exposure cannot be directly upgraded from Stage 3 to Stage 1; instead, it must first transition to Stage 2 and subsequently complete a cooling-off period of three months before being reclassified to Stage 1.

### **Ongoing development and methodology updates**

The Bank periodically reviews and enhances its credit risk and IFRS 9 methodologies in a controlled manner to ensure continued alignment with regulatory guidance, market developments, and internal performance data. The Bank regularly reviews and refines its models, policies, and procedures to reflect the latest regulatory guidance, market developments, and global best practices in credit risk management. This ensures that risk assessments, ECL estimates, and reporting remain robust, forward-looking, and aligned with evolving market and regulatory conditions.

# Notes to the Financial Statements

For the year ended December 31, 2025



## 45.1.1 Lendings to financial institutions

Credit risk by public / private sector	Note	Gross lendings		Non-performing lendings		Credit loss allowance						
		2025	2024	2025	2024	Rupees in '000						
						Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	
Public/ Government		-	-	-	-	-	-	-	-	-	-	-
Private		3,524,236	238,944	224,236	238,944	-	-	85,687	-	-	-	105,370
		3,524,236	238,944	224,236	238,944	-	-	85,687	-	-	-	105,370

## 45.1.2 Investment in debt securities

Credit risk by industry sector	Gross investments		Non-performing investments		Credit loss allowance						
	2025	2024	2025	2024	Rupees in '000						
					Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	
Textile	124,658	124,658	124,658	124,658	-	-	124,658	-	-	-	124,658
Power (electricity), gas, water, sanitary	385,000	2,905,000	-	-	-	-	-	-	-	-	-
Financial	272,112,160	277,025,617	16,968	33,496	5	-	16,968	35	-	-	33,496
Food	304,202	-	-	-	-	-	-	-	-	-	-
	272,926,020	280,055,275	141,626	158,154	5	-	141,626	35	-	-	158,154
<b>Credit risk by public / private sector</b>											
Public / Government	268,646,410	276,192,207	-	-	-	-	-	-	-	-	-
Private	4,279,610	3,863,068	141,626	158,154	5	-	141,626	35	-	-	158,154
<b>10</b>	<b>272,926,020</b>	<b>280,055,275</b>	<b>141,626</b>	<b>158,154</b>	<b>5</b>	<b>-</b>	<b>141,626</b>	<b>35</b>	<b>-</b>	<b>-</b>	<b>158,154</b>

# Notes to the Financial Statements

For the year ended December 31, 2025



45.1.3 Advances	Note	Gross advances		Non-performing advances		Credit loss allowance					
						Rupees in '000					
		2025	2024	2025	2024	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
<b>Credit risk by industry sector</b>											
Agriculture, forestry, hunting and fishing		2,668,120	2,070,756	280,449	415,811	1,587	977	192,390	1,657	1,976	346,688
Auto loans		480,850	377,582	9,058	13,719	60,583	4,545	9,058	40,851	6,847	11,493
Automobile and transportation equipment		4,429,988	860,325	493,479	493,527	41,079	346	414,585	2,812	37	421,913
Cement		5,006,845	4,719,660	-	-	24,188	-	-	33,974	1,046	-
Chemical and pharmaceuticals		3,336,003	2,583,417	6,305	46,303	14,085	2,977	6,305	6,680	34,803	32,396
CNG / gas stations		2,877,518	579,243	259,088	17,861	2,725	2	183,582	4,852	22,860	11,743
Commodity financing		35,000,000	-	-	-	-	-	-	-	-	-
Communication		1,944,846	1,051,286	-	-	6,876	-	-	13,125	-	-
Construction		2,818,285	3,847,360	1,224,262	1,161,189	10,831	49,900	977,594	57,525	124,173	886,482
Consumer		690,931	556,049	28,824	29,532	44,232	9,384	26,246	56,002	2,429	27,886
Engineering		612,577	129,083	929	929	252	4,861	929	-	1,722	929
Financial		3,596,893	1,981,349	179,341	179,341	15,438	-	179,341	13,537	-	179,341
Food and beverages		1,929,359	1,741,816	766,658	580,493	10,948	31,887	734,432	45,993	8,894	537,426
Footwear and leather garments		276,624	101,624	96,624	101,624	-	-	96,624	-	-	101,624
Ghee and cooking oil		910,981	622,041	69,150	69,150	2,729	4,462	61,875	4,692	-	62,202
Housing		2,160,754	2,394,249	263,265	181,748	41,873	58,199	225,165	38,421	93,648	142,633
Individuals / personal		4,774,139	3,802,922	102,121	102,622	171,606	13,797	67,745	127,239	10,543	81,805
Manufacturing of match		140,000	140,000	-	-	-	984	-	1,215	-	-
Metal products		3,752,861	3,803,262	507,609	549,733	14,459	669	494,079	22,245	4,882	495,197
Mining and quarrying		114,979	160,630	-	-	1,816	-	-	1,898	-	-
Miscellaneous manufacturing		11,654,050	6,796,227	2,559,775	3,320,505	88,715	29,719	2,360,488	15,617	57,644	2,891,131
Petro chemical		4,746,732	16,070,965	1,463,691	1,832,521	1,006	1,382	1,453,384	1,295	124	1,822,203
Power (electricity), gas, water, sanitary		3,886	17,840	3,886	17,840	-	-	3,886	-	-	17,840
Services		1,432,457	1,696,152	340,615	152,855	11,655	12,298	225,365	20,054	95,386	101,467
Sugar		2,571,672	3,890,109	648,069	810,059	4,157	81,347	648,069	18,548	-	810,059
Textile		20,390,705	76,385,160	1,652,361	1,782,962	106,427	52,125	1,245,502	111,951	63,275	1,332,367
Trade		6,332,863	5,421,010	1,574,914	1,440,644	23,887	34,315	1,193,506	90,184	54,330	1,111,048
Power		13,872,581	17,796,165	-	-	585	-	-	-	-	-
Others		77,032	27,321	-	-	1,024	1,621	-	773	-	-
		<b>138,604,531</b>	<b>159,623,603</b>	<b>12,530,473</b>	<b>13,300,968</b>	<b>702,763</b>	<b>395,797</b>	<b>10,800,150</b>	<b>731,140</b>	<b>584,619</b>	<b>11,425,873</b>
<b>Credit risk by public / private sector</b>											
Public / Government		48,578,815	17,796,165	-	-	-	-	-	-	-	-
Private		90,025,716	141,827,438	12,530,473	13,300,968	702,763	395,797	10,800,150	731,140	584,619	11,425,873
<b>11</b>		<b>138,604,531</b>	<b>159,623,603</b>	<b>12,530,473</b>	<b>13,300,968</b>	<b>702,763</b>	<b>395,797</b>	<b>10,800,150</b>	<b>731,140</b>	<b>584,619</b>	<b>11,425,873</b>

# Notes to the Financial Statements



For the year ended December 31, 2025

## 45.1.4 Contingencies and commitments

<b>Credit risk by industry sector</b>	<b>2025</b>	2024
	----- Rupees '000 -----	
Agriculture, forestry, hunting and fishing	<b>6,765</b>	92,897
Automobile and transportation equipment	<b>1,163,696</b>	141,563
Cement	<b>391,324</b>	322,861
Chemical and pharmaceuticals	<b>1,012,218</b>	328,281
CNG / gas stations	<b>1,305,750</b>	715,699
Construction & other contractors	<b>22,187,445</b>	18,681,744
Engineering	-	57,486
Financial	<b>188,000</b>	20,000
Food and beverages	<b>836</b>	254,598
Ghee and cooking oil	<b>1,922,159</b>	381,536
Manufacturing of match	-	76,985
Metal products	<b>429,372</b>	377,273
Marble and mining	-	100,120
Petro chemical	-	46,088
Power (electricity), gas, water, sanitary	<b>724,465</b>	505
Services	<b>577,792</b>	323,198
Sugar	<b>10,008</b>	1,000
Communication	<b>977,808</b>	1,065,677
Textile	<b>4,614,506</b>	2,629,765
Trade	<b>3,079,231</b>	1,385,558
Travel agencies	<b>653,656</b>	1,106,779
Miscellaneous manufacturing	<b>5,887,585</b>	5,306,391
Government	<b>22,509,702</b>	13,565,317
Others	<b>867,656</b>	2,777,241
	<b>68,509,974</b>	49,758,562
<b>Credit risk by public / private sector</b>		
Public / Government	<b>22,509,702</b>	13,565,317
Private	<b>46,000,272</b>	36,193,245
	<b>68,509,974</b>	49,758,562

# Notes to the Financial Statements



For the year ended December 31, 2025

## 45.1.5 Concentration of advances

The bank top 10 exposures on the basis of total (funded and non-funded exposures) aggregated to Rs. 82,426.66 million (2024: Rs 115,725.18 million) are as following:

	2025	2024
	----- Rupees '000 -----	
Funded	<b>62,471,014</b>	97,306,217
Non funded	<b>23,955,662</b>	18,418,963
Total exposure	<b>86,426,676</b>	115,725,180

The sanctioned limits against these top 10 exposures aggregated to Rs. 115,955.90 million (2024: Rs. 117,100.01 million).

Total funded classified therein	2025		2024	
	Amount	Credit loss allowance held	Amount	Credit loss allowance held
	----- Rupees in 000 -----			
Other assets especially mentioned	<b>151,988</b>	<b>81,548</b>	57,738	30,741
Substandard	<b>774,959</b>	<b>530,827</b>	510,351	330,039
Doubtful	<b>419,689</b>	<b>283,341</b>	566,182	372,070
Loss	<b>11,183,837</b>	<b>9,904,434</b>	12,166,697	10,693,023
Total	<b>12,530,473</b>	<b>10,800,150</b>	13,300,968	11,425,873

# Notes to the Financial Statements

For the year ended December 31, 2025



## 45.1.6 Advances - Province / Region-wise disbursement and utilization

Province / Region	2025						AJK including Gilgit-Baltistan
	Disbursements	Punjab	Sindh	KPK	Balochistan	Islamabad	
	Rupees in '000						
Punjab	84,585,042	84,585,042	-	-	-	-	-
Sindh	26,664,560	-	22,996,960	3,667,600	-	-	-
KPK including FATA	30,606,840	51,773	-	30,555,067	-	-	-
Balochistan	153	-	-	-	153	-	-
Islamabad	28,191,317	771,796	177,001	591,721	-	26,650,799	-
AJK including Gilgit-Baltistan	197,382	-	-	-	-	-	197,382
<b>Total</b>	<b>170,245,294</b>	<b>85,408,611</b>	<b>23,173,961</b>	<b>34,814,388</b>	<b>153</b>	<b>26,650,799</b>	<b>197,382</b>

Province / Region	2024						AJK including Gilgit-Baltistan
	Disbursements	Punjab	Sindh	KPK	Balochistan	Islamabad	
	Rupees in '000						
Punjab	43,768,491	43,768,491	-	-	-	-	-
Sindh	65,026,660	-	60,977,210	4,049,450	-	-	-
KPK including FATA	47,232,505	51,773	-	29,304,568	-	17,876,164	-
Balochistan	3,877	-	-	-	3,877	-	-
Islamabad	27,835,407	771,796	177,001	15,824,352	-	11,062,258	-
AJK including Gilgit-Baltistan	229,082	-	-	-	-	-	229,082
<b>Total</b>	<b>184,096,022</b>	<b>44,592,060</b>	<b>61,154,211</b>	<b>49,178,370</b>	<b>3,877</b>	<b>28,938,422</b>	<b>229,082</b>

**45.1.7** During 2025 Pakistan continued on the path of economic stabilization, easing inflationary pressures, relatively stable fuel and commodity prices, strengthening foreign exchange reserves, and improved exchange rate stability contributed to a more favorable macroeconomic environment. The calibrated reduction in interest rates helped stimulate aggregate demand, ease financing costs for businesses, and support recovery in domestic consumption. Consequently, food inflation and core inflation both showed a sustained downward trend, reinforcing broader macroeconomic stability.

## 45.2 Market risk

Market risk is the risk that the Bank's on and off-balance sheet positions will be adversely affected by movements in market rates or prices, such as interest rates, equity prices, foreign exchange rates, and commodity prices, potentially resulting in a loss of earnings and capital. Market risks primarily arise from trading activities, open foreign currency positions, holdings of equity, and other instruments, all of which are sensitive to general and specific market movements.

The Bank's market risk framework is overseen by the Board Risk Management Committee (BRMC), with management-level oversight provided by the Management Risk Committee (MRC) and the Asset and Liability Committee (ALCO). The Market and Liquidity Risk Department (MLRD), reporting to the Head of Enterprise Risk Management Division (ERMD), is responsible for policy formulation, procedure development, monitoring exposures against limits, and assessing market risk in new businesses. Market risk authority, including the approval of market risk limits and transactions, is vested in the BRMC and the ALCO.

The Bank manages market risk by employing strategies that correlate price, rate, and spread movements across its earning assets, liabilities, and trading activities. Broad limits for market exposures are recommended by the ALCO and approved by the BRMC. The ERMD has developed a dedicated Financial Institutions model to set interbank exposure limits. Intra-day positions are managed by the Treasury Division within pre-defined Management Action Trigger limits for dealers. Stress testing is performed for both the banking and trading books in accordance with State Bank of Pakistan guidelines, and the potential impact on the Capital Adequacy Ratio (CAR) is analysed. Action plans are implemented to address any deviations from regulatory limits.

The Bank applies the standardized approach for calculating regulatory market risk capital charges in line with Basel II and Basel III requirements. The ERMD prepares quarterly stress testing reports and market risk capital charge calculations to ensure compliance with regulatory standards and support management decision-making.



## 45.2.3 Equity position risk

Equity position risk is the risk of loss to earnings or capital arising from adverse movements in the prices of shares in which the Bank holds long or short positions.

Investment decisions in the capital market and the setting of exposure limits are the responsibility of the ALCO, in accordance with BRMC-approved criteria and the Bank's Board-approved Market Risk Management policy. Portfolio, sector, and scrip-wise limits are established to manage concentration risk and are reviewed periodically, taking into account the results of stress testing. The Treasury Division monitors compliance with these limits, and any breaches are promptly reported to the ALCO for ratification and to the BRMC for information.

	2025		2024	
	Banking book	Trading book	Banking book	Trading book
<b>Impact of 5% change in equity prices on:</b>	----- Rupees in '000 -----			
- Profit and loss account	-	-	-	-
- Other comprehensive income	12,946	1,841	5,351	2,082

## 45.2.4 Yield / interest rate risk in the banking book (IRRBB)-Basel II Specific

Interest rate risk in the banking book arises from the potential impact of changes in market interest rates on the Bank's earnings and economic value. This risk primarily affects non-trading positions and is measured based on the earlier of the contractual re-pricing or maturity date for on-balance sheet instruments, and on the settlement date for off-balance sheet instruments. The Bank's framework for managing interest rate risk in the banking book is in line with Basel II guidelines.

The Bank uses a simple gap analysis approach to estimate the potential impact on net interest income from an assumed change in interest rates. The Bank performs interest rate sensitivity analysis using prescribed and internally approved rate shock scenarios to estimate the potential impact on net interest income and economic value. All interest rate-sensitive assets and liabilities are considered in their respective maturity or re-pricing classifications, and changes in the yield curve are assumed to affect these instruments uniformly.

### The major sources of interest rate risk in the banking book include:

- differences between the timing of rate changes and the timing of cash flows (re-pricing risk);
- changes in rate relationships among different yield curves affecting the Bank's activities (basis risk);
- changes in rate relationships across the range of maturities (yield curve risk); and
- interest-related options embedded in bank products (options risk).

	2025		2024	
	Banking book	Trading book	Banking book	Trading book
<b>Impact of 1% change in interest rates on:</b>	----- Rupees in '000 -----			
- Profit and loss account	593,404	(561,037)	394,399	(592,032)
- Other comprehensive income	-	-	-	-

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## 4E.2.5 Mismatch of interest rate sensitive assets and liabilities

		2025										Non-interest bearing financial instruments
		Exposed to yield / interest risk										
Effective Yield / Interest rate	Total	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years		
<b>On-balance sheet financial instruments</b>												
<b>Assets</b>												
	25,398,116	878,587	-	-	-	-	-	-	-	-	-	24,519,529
Cash and balances with treasury banks	3,217,067	1,858,891	-	-	-	-	-	-	-	-	-	1,358,176
Balances with other banks	3,438,549	3,300,000	-	-	-	-	138,549	-	-	-	-	-
Lending to financial institutions	274,956,627	37,402,100	56,556,173	135,548,449	40,054,665	-	3,608,588	1,170,537	-	-	-	616,115
Investments	126,705,821	49,983,220	61,326,240	6,915,634	3,896,056	689,001	1,665,534	884,079	1,331,869	13,988	-	-
Advances	11,748,178	-	-	-	-	-	-	-	-	-	-	11,748,178
Other assets	445,464,358	93,422,798	117,882,413	142,464,283	43,950,721	689,001	5,274,122	2,193,165	1,331,869	13,988	-	38,241,998
<b>Liabilities</b>												
	3,212,340	-	-	-	-	-	-	-	-	-	-	3,212,340
Bills payable	35,697,978	31,428,523	51,706	1,278,187	127,572	164,645	233,145	2,253,804	160,396	-	-	-
Borrowings	378,123,220	30,705,374	7,897,995	180,657,955	64,389,121	782,809	858,110	901	-	50,000	-	92,780,955
Deposits and other accounts	1,757,104	53,608	143,232	154,511	234,214	707,716	300,196	163,627	-	-	-	-
Lease liabilities	10,832,282	-	-	-	-	-	-	-	-	-	-	10,832,282
Other liabilities	429,622,924	62,187,505	8,092,933	182,090,653	64,750,907	1,655,170	1,391,451	2,418,332	160,396	50,000	-	106,825,577
<b>On-balance sheet gap</b>	15,841,434	31,235,293	109,789,480	(39,626,370)	(20,800,186)	(966,169)	3,882,671	(225,167)	1,171,473	(36,012)	-	(68,583,579)
<b>Off-balance sheet financial instruments</b>												
<b>Commitments in respect of:</b>												
- forward foreign exchange contracts purchases	792,236	-	-	-	-	-	-	-	-	-	-	792,236
- forward foreign exchange contracts sales	1,868,000	-	-	-	-	-	-	-	-	-	-	1,868,000
<b>Off-balance sheet gap</b>	(1,075,764)	-	-	-	-	-	-	-	-	-	-	(1,075,764)
<b>Total yield/interest risk sensitivity gap</b>	31,235,293	109,789,480	(39,626,370)	(20,800,186)	(966,169)	3,882,671	(225,167)	1,171,473	(36,012)	(68,583,579)		
<b>Cumulative yield / interest risk sensitivity gap</b>	31,235,293	141,024,773	101,398,403	80,598,217	79,632,048	83,514,719	83,289,552	84,461,025	84,425,013	15,841,434		



# Notes to the Financial Statements

For the year ended December 31, 2025



## 45.3.1 Operational risk-disclosures Basel II specific

The Bank applies the Basic Indicator Approach (BIA) for assessing operational risk capital charges in accordance with Base II. An approved operational risk policy is in place as per State Bank of Pakistan BPRD Circular 04 of 2014.

## 45.4 Liquidity risk

Liquidity risk is the risk that the Bank is unable to meet its payment obligations associated with financial liabilities when they fall due, or to replace funds when withdrawn. Liquidity risk is governed by the Bank's Liquidity Risk Management Policy and is managed by the Market and Liquidity Risk Management Department within the Enterprise Risk Management Division under the supervision of ALCO.

The Asset and Liability Committee (ALCO) monitors the Bank's liquidity position on a regular basis and is responsible for formulating the overall strategy and oversight of the asset and liability function. ALCO ensures maintenance of liquidity ratios, both in terms of overall funding mix and avoidance of undue reliance on large individual deposits. The Board of Directors has approved a comprehensive Liquidity Risk Management Policy, which establishes early warning indicators (EWI) and sets acceptable, warning, and stress thresholds for key liquidity ratios. The Bank also maintains a Contingency Funding Plan (CFP) to address liquidity issues under stress or crisis conditions.

The Bank performs regular liquidity stress testing to evaluate the efficiency of its liquid assets and the potential impact on earnings under idiosyncratic and systemic market stress scenarios and to support timely management actions where required. The results of these tests are reviewed by ALCO to determine appropriate measures.

The Bank's liquidity risk management approach includes intraday liquidity management, monitoring of funding sources, and evaluation of structural imbalances in the balance sheet. The Bank's customer deposit base, capital position, and portfolio of marketable securities support the maintenance of liquidity within regulatory and internally approved thresholds. The Bank also maintains established borrowing relationships with local and foreign financial institutions, which provide access to diversified funding sources as and when required.

## 45.4.1 Maturities of assets and liabilities - based on contractual maturity of the assets and liabilities of the Bank

	Total	2025										
		Upto 1 Day	Over 1 to 7 days	Over 7 to 14 days to 1 Month	Over 1 to 2 Months	Over 2 to 3 Months	Over 3 to 6 Months	Over 6 to 9 Months	Over 9 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years
Rupees in 000												
<b>Assets</b>												
Cash and balances with treasury banks	25,398,116	25,398,116	-	-	-	-	-	-	-	-	-	-
Balances with other banks	3,217,067	3,217,067	-	-	-	-	-	-	-	-	-	-
Lending to financial institutions	3,438,549	-	3,300,000	-	-	-	-	-	-	-	-	-
Investments	274,956,627	-	-	11,972,628	-	-	-	-	-	-	-	-
Advances	126,705,821	507,913	2,356,784	1,242,400	38,853,556	31,574,982	5,539,260	54,129,694	9,214,268	29,574,034	77,314,423	138,549
Property and equipment	4,796,539	4,478	31,349	31,349	136,591	409,772	409,772	409,772	3,105,095	7,165,149	6,013,991	55,637,338
Right-of-use assets	1,626,161	1,844	11,062	27,010	57,153	167,771	169,614	167,771	441,740	415,932	19,131	76,430
Intangible assets	379,645	159	1,111	1,111	4,842	14,527	14,527	14,527	236,253	85,285	-	-
Deferred tax assets	1,032,911	-	-	-	-	-	-	-	1,032,911	-	-	-
Other assets	11,748,178	3,035,253	26,631	643,494	63,909	2,728,002	203,106	198,053	392,985	667,541	472,614	451,284
	453,299,614	32,164,830	5,726,937	13,917,992	2,032,447	9,497,135	40,640,944	69,381,975	15,082,680	38,277,620	84,789,990	83,062,505
<b>Liabilities</b>												
Bills payable	3,212,340	3,212,340	-	-	-	-	-	-	-	-	-	-
Borrowings	35,697,978	60,810	13,898,199	10,763,745	432	1,278,187	51,274	122,090	164,645	233,145	2,253,804	160,395
Deposits and other accounts	378,123,220	1,404,349	8,793,245	10,385,385	24,730,379	41,985,298	33,400,387	60,026,527	38,577,436	38,434,937	29,984,874	11,281,987
Lease liabilities	1,757,104	21,537	33	168	76,880	154,511	66,352	118,561	707,716	300,196	163,627	-
Other liabilities	10,832,282	2,827,855	307,733	308,502	358,557	1,319,021	288,150	689,275	6,903	2,427	45,527	101,671
	429,622,924	7,526,891	22,989,210	21,457,800	25,166,248	44,707,017	34,353,020	60,956,453	39,456,700	38,970,705	32,447,832	11,544,053
<b>Net assets</b>	23,676,690	24,637,939	(17,272,273)	(7,539,808)	(62,111,123)	(15,669,113)	14,747,519	8,425,522	(24,384,020)	(893,085)	52,342,158	71,515,452
Share capital	11,579,360											
Reserves	6,229,178											
Surplus on revaluation of assets	1,358,853											
Unappropriated profit	4,509,299											
	23,676,690											

# Notes to the Financial Statements



For the year ended December 31, 2025

2024

	Total	Upto 1 Day	Over 1 to 7 days	Over 7 to 14 days to 14 days	Over 14 days to 1 Month	Over 1 to 2 Months	Over 2 to 3 Months	Over 3 to 6 Months	Over 6 to 9 Months	Over 9 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 Years
Rupees in 000														
<b>Assets</b>														
Cash and balances with treasury banks	23,993,095	23,993,095	-	-	-	-	-	-	-	-	-	-	-	-
Balances with other banks	3,252,274	3,252,274	-	-	-	-	-	-	-	-	-	-	-	-
Lending to financial institutions	133,574	-	-	-	-	-	-	-	-	-	-	-	133,574	-
Investments	282,766,597	-	-	316,293	26,172,064	17,482,500	1,003,080	43,701,860	43,315,080	29,261,479	53,327,079	7,950,118	58,746,490	27,662,618
Advances	1,46,881,971	729,884	60,947	1,766,303	26,172,064	67,850,559	2,491,685	10,114,235	1,409,105	4,610,441	2,589,486	1,486,581	3,052,655	2,122,860
Property and equipment	4,293,173	223	1,562	3,459	6,807	6,807	20,422	20,422	20,422	20,422	1,001	47,182	1,669,641	2,483,683
Right-of-use assets	2,059,970	2,002	12,016	25,686	22,477	58,075	62,081	182,236	184,239	182,236	600,955	437,376	290,147	544
Intangible assets	361,363	136	970	970	2,147	4,225	4,225	12,674	12,674	12,674	12,149	23,981	-	274,538
Deferred tax assets	1,193,562	-	-	-	-	-	-	-	-	-	1,193,562	-	-	-
Other assets	12,628,288	2,922,108	847,505	443,601	271,151	1,248,137	711,128	2,877,896	127,414	128,219	887,049	501,283	336,599	1,326,198
	477,563,867	30,899,722	923,000	2,238,022	26,787,591	86,650,303	26,704,172	56,909,323	45,068,934	34,215,471	58,611,281	10,446,501	64,229,106	33,880,441
<b>Liabilities</b>														
Bills payable	21,951,353	21,951,353	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings	133,531,771	146,510	41,874,482	52	83,454,657	799,042	40,032	1,784,392	1,529	1,418,640	370,054	688,577	1,964,100	1,038,704
Deposits and other accounts	277,641,989	1,088,317	8,254,772	9,413,292	19,577,941	18,091,766	18,973,153	38,325,794	20,404,861	51,781,427	29,903,351	29,678,542	23,437,194	8,711,579
Lease liabilities	2,147,700	25,770	262	394	25,375	155,800	43,865	137,111	99,186	189,410	1,094,375	313,266	121,653	1,233
Other liabilities	20,391,835	7,738,364	7,256,610	739,922	669,096	270,386	385,655	2,846,662	583,657	6,047,821	17,334	4,564	54,362	307,402
	455,664,648	30,950,314	50,856,126	101,533,660	103,727,069	19,316,994	19,442,705	43,093,959	21,089,233	59,438,298	31,325,114	30,634,949	25,777,309	10,058,918
<b>Net assets</b>	21,899,219	(50,592)	(49,933,126)	(7,915,638)	(76,939,478)	67,333,309	7,261,467	13,815,364	23,979,701	(25,222,827)	27,286,167	(20,188,448)	38,651,797	23,821,523
Share capital	11,579,360													
Reserves	5,066,025													
Surplus on revaluation of assets	1,676,698													
Unappropriated profit	3,577,136													
	21,899,219													

# Notes to the Financial Statements



For the year ended December 31, 2025

## 45.4.2 Maturities of assets and liabilities - based on expected maturities of the assets and liabilities of the Bank:

		2025									
		Rupees in '000									
	Total	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years	
<b>Assets</b>											
Cash and balances with treasury banks	25,398,116	-	-	-	-	-	-	-	-	-	
Balances with other banks	3,217,067	-	-	-	-	-	-	-	-	-	
Lending to financial institutions	3,438,549	3,300,000	-	-	-	-	-	-	-	-	
Investments	274,956,627	11,972,628	-	31,574,982	59,868,954	9,214,268	29,574,034	77,314,423	53,995,900	1,641,438	
Advances	126,705,821	4,773,926	48,091,884	14,001,286	17,944,098	3,105,095	7,165,149	6,013,991	23,245,628	2,364,764	
Property and equipment	4,796,539	136,591	273,182	409,772	819,544	669,428	369,679	831,282	213,427	1,073,634	
Right-of-use assets	1,626,161	57,154	110,618	167,771	337,385	441,740	415,932	19,131	76,430	-	
Intangible assets	379,645	4,842	9,684	14,527	29,054	236,253	85,285	-	-	-	
Deferred tax assets	1,032,911	-	-	-	-	1,032,911	-	-	-	-	
Other assets	11,748,178	4,981,882	1,652,711	2,728,002	401,159	392,985	667,541	472,614	451,284	-	
	453,299,614	53,842,206	50,138,079	48,896,340	79,200,194	15,092,680	38,277,620	84,789,990	77,982,669	5,079,836	
<b>Liabilities</b>											
Bills payable	3,212,340	3,212,340	-	-	-	-	-	-	-	-	
Borrowings	35,697,978	31,428,523	51,706	1,276,187	127,573	164,645	233,145	2,253,804	160,395	-	
Deposits and other accounts	378,123,220	123,696,694	8,063,672	180,285,475	64,387,921	434,041	348,306	857,111	-	50,000	
Lease liabilities	1,757,104	53,608	143,232	154,511	234,214	707,716	300,196	163,627	-	-	
Other liabilities	10,832,282	7,189,254	646,707	1,319,021	1,520,772	6,903	2,427	45,527	67,615	34,056	
Net assets	429,622,924	165,580,419	8,905,317	183,037,194	66,270,480	1,313,305	884,074	3,320,069	228,010	84,056	
	23,676,690	(111,738,213)	41,232,762	(134,140,854)	12,929,714	13,779,375	37,393,546	81,469,921	77,754,659	4,995,780	
Share capital	11,579,360	-	-	-	-	-	-	-	-	-	
Reserves	6,229,178	-	-	-	-	-	-	-	-	-	
Unappropriated profit	4,509,299	-	-	-	-	-	-	-	-	-	
Surplus on revaluation of assets	1,358,853	-	-	-	-	-	-	-	-	-	
	23,676,690	-	-	-	-	-	-	-	-	-	

# Notes to the Financial Statements

For the year ended December 31, 2025



2024

	Total	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years	
											Rupees in '000
<b>Assets</b>											
Cash and balances with treasury banks	23,993,095	23,993,095	-	-	-	-	-	-	-	-	-
Balances with other banks	3,252,274	3,252,274	-	-	-	-	-	-	-	-	
Lending to financial institutions	133,574	-	-	-	-	-	-	133,574	-	-	
Investments	282,766,597	316,293	18,485,580	43,701,860	72,576,559	53,327,080	7,950,118	58,746,490	26,611,833	1,050,784	
Advances	146,881,971	28,729,198	92,767,410	10,114,235	6,019,546	2,589,486	1,486,581	3,052,655	2,122,860	-	
Property and equipment	4,293,173	6,806	13,614	20,422	40,844	1,001	47,162	1,669,641	1,420,049	1,073,634	
Right-of-use assets	2,059,970	62,081	120,156	182,236	366,475	600,955	437,376	290,147	544	-	
Intangible assets	361,363	4,223	8,450	12,674	25,348	12,149	23,981	-	274,538	-	
Deferred tax assets	1,193,562	-	-	-	-	1,193,562	-	-	-	-	
Other assets	12,628,288	4,484,365	1,959,265	2,877,896	255,633	887,049	501,283	336,599	801,625	524,573	
	477,563,867	60,848,335	113,354,475	56,909,323	79,284,405	58,611,282	10,446,501	64,229,106	31,231,449	2,648,991	
<b>Liabilities</b>											
Bills payable	21,951,353	21,951,353	-	-	-	-	-	-	-	-	
Borrowings	133,531,771	125,475,701	839,074	1,784,392	1,421,169	370,054	638,577	1,964,100	1,038,704	-	
Deposits and other accounts	277,641,989	77,548,215	4,783,987	144,564,604	48,917,856	490,665	309,626	976,536	500	50,000	
Lease liabilities	2,147,700	51,801	199,665	137,111	288,596	1,034,375	313,266	121,653	1,233	-	
Other liabilities	20,391,835	9,873,992	656,041	2,846,662	6,631,478	17,334	4,564	54,362	204,937	102,465	
Net assets	455,664,648	234,901,082	6,478,767	149,332,769	57,259,099	1,912,428	1,266,033	3,116,651	1,245,374	152,465	
	21,899,219	(174,052,727)	106,875,708	(92,423,446)	22,025,306	56,698,854	9,180,468	61,112,455	29,986,075	2,496,526	
Share capital	11,579,360										
Reserves	5,066,025										
Unappropriated profit	3,577,136										
Surplus on revaluation of assets	1,676,698										
	21,899,219										

## 45.5

### Derivative risk

Derivatives are financial contracts whose value is determined by underlying assets, rates, or benchmarks. Globally, derivatives are often complex instruments, but in Pakistan, banks primarily operate in forwards, futures, swaps, and options.

The Bank's derivative activities are limited in scope and primarily undertaken to support customer and treasury requirements rather than proprietary trading. These activities are managed within the Treasury Division and overseen by the Enterprise Risk Management Division (ERMD), which is responsible for monitoring and containing the associated risks. The key risks related to derivative transactions include:

#### Credit Risk:

Credit risk arises if a counterparty defaults on its obligations under a derivative contract, which could negatively affect the Bank's profitability. This risk is categorized into pre-settlement and settlement risk and is controlled through counterparty limits and monitoring of derivative exposures.

#### Market Risk:

Market risk arises from adverse movements in interest rates, exchange rates, or other benchmarks underlying derivative positions. In Pakistan, derivatives are primarily used to hedge interest rate and foreign exchange risks. Market risk is mitigated through back-to-back positions, position limits, sensitivity limits, counterparty limits, and approved investment limits.

## **Operational Risk:**

Operational risk arises from inadequate processes, human error, or system failures in the management of derivatives. The Bank ensures that personnel managing derivative activities are adequately trained, competent, and supported by appropriate systems to minimize operational losses.

The Bank marks all derivative exposures to market in accordance with approved valuation methodologies. Any breaches of approved KRIs are reported promptly to MRC and the BRMC for corrective action. The Bank continues to monitor global best practices and regulatory developments related to derivatives, updating policies and procedures to maintain effective risk management.

## **Capital and stress testing considerations:**

Derivative exposures are included in the Bank's market and credit risk assessments for regulatory capital purposes. Stress testing is performed to evaluate the potential impact of extreme but plausible movements in interest rates, foreign exchange rates, and other market variables on derivative positions. The results of these stress tests inform risk limits, risk mitigation strategies, and capital planning. Derivative exposures are also factored into the calculation of the Bank's capital adequacy ratios in line with Basel II and III guidelines, ensuring sufficient capital buffers to absorb potential losses arising from both market and counterparty risk. The Bank is maintaining an Internal Capital Adequacy Assessment Process (ICAAP), duly approved by the Board of Directors as per the regulatory standards prescribed by the State Bank of Pakistan.

## **46 ENVIRONMENTAL AND CLIMATE RISK (GREEN BANKING)**

Environmental risk refers to the actual or potential adverse impact on the environment and living organisms arising from effluents, emissions, waste, resource depletion, or other environmental effects attributable to the Bank's operations or those of its clients. Climate-related and environmental risks may also affect the Bank indirectly through deterioration in asset quality, operational disruptions, or regulatory changes.

The Bank's Green Banking objective is to reduce the vulnerability of its portfolio to risks arising from climate change and environmental degradation, while promoting resource-efficient and sustainable financing practices.

The Board of Directors has approved a Green Banking and Environmental & Social Risk Management Policy, and a dedicated Environmental Risk Management function operates under the Enterprise Risk Management Division. In compliance with the Environmental and Social Risk Management (ESRM) Implementation Manual issued by the State Bank of Pakistan (SBP), the Bank has developed an internal ESRM Procedure, which forms an integral part of the credit approval process. Training on the ESRM Procedure is provided to relevant staff. The ESRM framework includes Environmental and Social Due Diligence (ESDD) procedures and an Environmental and Social Risk Rating methodology to categorize exposures into high, medium, and low environmental and social risk segments.

All relevant credit proposals are subject to review from an environmental and social risk perspective before approval by the competent authority. Lending proposals are evaluated against the Environmental and Social Risk Exclusion List, applicable national environmental, health, safety, and social regulations, and the Bank's internal environmental and social risk policy guidelines. Where applicable, customers are required to provide undertakings incorporating environmental and social risk covenants. These covenants form part of the financing agreements and require compliance with applicable environmental laws and regulatory requirements.

In addition to managing environmental and social risks within its financing portfolio, the Bank undertakes initiatives to reduce its own environmental footprint. These initiatives include promoting energy efficiency, increasing the use of renewable energy, expanding digital banking solutions, and advancing paperless operations. The Bank has implemented renewable energy solutions at selected branches and actively supports financing for renewable energy and environmentally sustainable projects, including solar energy systems and agriculture-related efficiency technologies.

Environmental and climate risk management practices are continuously reviewed and enhanced in line with evolving regulatory requirements, market developments, and global best practices, ensuring that environmental considerations remain fully integrated into the Bank's overall risk management framework.

# Notes to the Financial Statements



For the year ended December 31, 2025

## 47 EVENTS AFTER THE REPORTING DATE

The Board of Directors of the Bank in their meeting held on March 6, 2026 have proposed a final cash dividend of Rs. 1.70 per share in respect of 2025 (2024: cash dividend of Rs. 1.70 per share). This is in addition to the interim cash dividend already paid at Rs 1.50 per share during the year.

## 48 CORRESPONDING FIGURES

Comparative information has been re-classified / re-arranged in these financial statements, wherever necessary to facilitate comparison. Further, the following reclassification has been made in this regard:

Description of item	From	To	Amount
			(Rupees in '000)
Statement of financial position			
Other liabilities	Others	Accrued expenses and supplier payables	123,506

## 49 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on March 6, 2026 by the Board of Directors of the Bank.

Managing Director

Chief Financial Officer

Director

Director

Director

**STATEMENT SHOWING WRITTEN-OFF LOANS OR ANY OTHER FINANCIAL RELIEF OF RUPEES FIVE HUNDRED THOUSAND OR ABOVE PROVIDED DURING THE YEAR ENDED DECEMBER 31, 2025**

S. No.	Name and address of the borrower	Name of individuals / partners / directors (with CNIC No.)	Father's / Husbands' Name	Outstanding liabilities at beginning of year				Interest / Mark-up waived	Other Financial Relief Provided	Total (9+10+11)	
				Principal	Interest / Mark-up	Other than Interest / Mark-up	Total (5+6+7)				
1	2	3	4	5	6	7	8	9	10	11	12
1	Badar & Brother Small Industrial Estate Kohat road Peshawar	Mr. Ishaq Hussain CNIC No.17301-1029227-7	Mr. Noor Uddin	-	4,194	-	4,194	-	1,361	-	1,361
2	Munir & Sons Shop No.63, Grain Market, Chiniot	Mr. Hasnat Munir CNIC No.33201-4317003-1	Mr. Munir ul Hassan	-	-	-	-	-	4,309	345	4,654
3	Itehad Zarai Corporation Shop No.08, Grain Market, Mian Channu	Mr. Saqib Amin CNIC No.36302-0411664-7	Muhammad Amin	2,997	1,415	-	4,413	-	683	-	683
4	Heavy Electrical Complex (Pvt) Limited, Hattar	1- Mr. Azfar Ahmad Saeed CNIC No. 61101-1939904-7 2- Mr. Faizan Ul Haq CNIC No. 42301-7035106-3 3- Mr. Shaheryar Arshad Chishti CNIC No. 42301-1471141-9 4- Mr. Muhammad Zahid Nadeem CNIC No. 35202-5739086-9	1- Mr. Saeed Ahmad 2- Mr. Mahmood Ul Haq 3- Mr. Arshad Munir Ahmad 4- Ch. Nazir Muhammad	453,586	-	-	453,586	-	-	12,275	12,275
5	Haris Rice Mills 27-KM Multan Road Sahiwal	1. Mrs. Zahida Waseem Bajwa CNIC No.36502-3097788-4 2. Mr. Daud Ahmed Chaudhary CNIC No.91509-0185161-7	1. W/o Mr. Waseem Ahmad Bajwa 2. S/o Chaudhary Zia Ullah	44,998	21,221	-	66,219	-	23,816	-	23,816
6	Karwan International 22 A, 1st floor Hussain Plaza Khyber Bazar Peshawar	1. Mr. Khushal Khan Mohmand CNIC No.17301-9596051-1 2. Mirza Gul Mohmand CNIC No.17301-5710367-3 3. Mr. Asmatullah Khan CNIC No.17301-8042731-1 4. Mir. Waiss Khan CNIC No.17301-3554038-1	1. Mr. Mirza Gul 2. Mr. Khaista Gul Mohmand 3. Mr. Mirza Gul 4. Mr. Mirza Gul	33,926	28,873	-	62,799	-	5,372	475	5,847
7	Salman Steel Furnace Crescent Star Road Near Shell Petrol Pump Lohian Wala Gujranwala	Mr. Salman Zafer CNIC No. 34101-8363427-7	Mr. Zafar Iqbal	18,696	3,091	-	21,786	-	2,104	-	2,104
8	New Shahzad Cloth House Muslim Bazaar Shop # B-XIII/2225, Tehsil & District Gujrat	Mr. Wahheed Shahzad CNIC No. 34201-3946783-5	Mr. Faiz Ul Rehman	5,890	-	-	5,890	-	1,623	-	1,623
9	Barkat Steel Mills Plot # 42 & 47, Bhani Road, Shadpura, Bund Road, Lahore	1. Chaudhary Sajjad Imran CNIC: 35201-1613553-3 2. Mrs. Sakina Khanum CNIC: 35201-1441726-8	1. S/o Mr. Barkat Ali 2. W/o Mr. Barkat Ali	16,765	5,598	-	22,363	-	29,563	-	29,563
10	Javed Iqbal Pir Gul Market, Main Bazar, District Batkhela	Mr. Javed Iqbal CNIC No. 15401-8350328-9	Muhammad Iqbal	-	-	-	-	-	991	-	991
11	Bushra Akram Mohallah Bara Dhari, Shinkaryi, Tehsil & District Mansehra	Miss Bushra Akram CNIC No. 13503-0514489-2	Muhammad Akram Khan	407	-	-	407	-	443	69	512

# Notes to the Financial Statements



For the year ended December 31, 2025

Annexure - II

## ISLAMIC BANKING BUSINESS

The Bank is operating 199 (2024: 131) Islamic banking branches and 55 (2024: Nil) Islamic banking windows at the end of the year. As detailed in note 1 to the financial statements, the Bank has converted 59 of its conventional banking branches into Islamic banking branches during the year.

	Note	2025	2024
		Rupees in '000	
<b>ASSETS</b>			
Cash and balances with treasury banks		15,904,625	9,578,634
Balances with other banks		590,967	469,552
Investments	1	122,278,524	87,035,748
Islamic financing and related assets - net	2	85,781,232	19,381,209
Property and equipment		1,163,565	729,247
Right-of-use assets		983,931	679,308
Due from head office		8,134,954	-
Other assets		5,084,531	3,458,220
<b>Total assets</b>		<b>239,922,329</b>	<b>121,331,918</b>
<b>LIABILITIES</b>			
Bills payable		2,026,512	3,493,761
Due to financial institutions		16,702,858	10,022,769
Deposits and other accounts	3	202,619,318	90,129,385
Due to head office		-	339,861
Lease liabilities		1,251,641	647,456
Subordinated debt		-	-
Other liabilities	4	10,341,474	6,578,534
<b>Total liabilities</b>		<b>232,941,803</b>	<b>111,211,766</b>
<b>NET ASSETS</b>		<b>6,980,526</b>	<b>10,120,152</b>
<b>REPRESENTED BY</b>			
Islamic banking fund		1,000,000	1,000,000
Reserves		4,761	113,438
Surplus / (deficit) on revaluation of assets		458,810	1,770,518
Unappropriated profit	5	5,516,955	7,236,196
		<b>6,980,526</b>	<b>10,120,152</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	6		

# Notes to the Financial Statements



For the year ended December 31, 2025

The profit and loss account of the Bank's Islamic banking branches and windows for the year ended December 31, 2025 is as follows:

	Note	2025 Rupees in '000	2024
Profit / return earned	7	18,311,670	17,573,122
Profit / return expensed	8	7,480,086	7,958,761
Net profit / return		10,831,584	9,614,361
<b>Other income</b>			
Fee and commission income		499,706	326,559
Dividend income		-	391
Foreign exchange income		287,594	217,225
Income / (loss) from derivatives		-	-
Gain on securities		87,540	6,514
Net losses on derecognition of financial assets measured at amortised cost		(9,271)	(11,989)
Other income		97,422	68,112
Total other income		962,991	606,812
Total income		11,794,575	10,221,173
<b>Other expenses</b>			
Operating expenses		6,249,179	4,839,274
Workers welfare fund		-	-
Other charges		117	204
Total other expenses		6,249,296	4,839,478
Profit before credit loss allowance		5,545,279	5,381,695
Charge / (reversal) of credit loss allowance and write offs - net		262,418	(90,584)
Profit before taxation		5,282,861	5,472,279
Taxation		2,799,916	2,955,032
Profit after taxation		2,482,945	2,517,247

# Notes to the Financial Statements

For the year ended December 31, 2025



	2025				Carrying value
	Cost / amortised cost	Credit loss allowance	Surplus	Rupees in '000	
<b>1. Investments by segments</b>					
<b>Debt Instruments</b>					
<b>Classified / measured at amortised cost</b>					
Federal Government Securities:					
- GoP Ijarah Sukuks	5,012,834	-	-	-	5,012,834
- Bai Muajjal	3,429,747	-	-	-	3,429,747
	<b>8,442,581</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,442,581</b>
Non-government debt securities	<b>304,202</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>304,202</b>
<b>Classified / measured at FVOCI</b>					
Federal Government Securities:					
- GoP Ijarah Sukuks	112,687,931	-	444,571	-	113,132,502
Non-Government debt securities	385,000	-	14,239	-	399,239
	<b>113,072,931</b>	<b>-</b>	<b>458,810</b>	<b>-</b>	<b>113,531,741</b>
<b>Total investments</b>	<b>121,819,714</b>	<b>-</b>	<b>458,810</b>	<b>-</b>	<b>122,278,524</b>
	2024				Carrying value
	Cost / amortised cost	Credit loss allowance	Surplus	Rupees in '000	
<b>Classified / measured at amortised cost</b>					
<b>Federal Government Securities:</b>					
- GoP Ijarah Sukuks	5,024,765	-	-	-	5,024,765
<b>Classified / measured at FVOCI</b>					
Federal Government Securities:					
- GoP Ijarah Sukuks	77,335,498	-	1,737,901	-	79,073,399
Non-Government debt securities	2,905,000	(33)	32,617	-	2,937,584
	80,240,498	(33)	1,770,518	-	82,010,983
<b>Total investment</b>	<b>85,265,263</b>	<b>(33)</b>	<b>1,770,518</b>	<b>-</b>	<b>87,035,748</b>
<b>1.1 Particulars of credit loss allowance</b>					
	2025				
	Stage 1	Stage 2	Stage 3	Rupees in '000	
Non-Government debt securities	-	-	-	33	-

# Notes to the Financial Statements



For the year ended December 31, 2025

2	Islamic financing and related assets	Note	2025	2024
			----- Rupees in '000 -----	
	Ijarah	2.1	82,512	118,959
	Murabaha	2.2	6,002,101	2,154,176
	Diminishing Musharaka		18,206,589	7,781,849
	Running Musharaka		39,715,360	6,100,000
	Qarz e Hasna		463	89
	Istisna	2.3	16,306,496	5,768,519
	Tijarah		127,145	-
	Wakalah		578,000	-
	Bai Muajjal		7,758,011	-
			<b>88,776,677</b>	21,923,592
	Impact of fair valuation of Islamic financing and related assets		<b>(692,021)</b>	(495,531)
	<b>Gross Islamic financing and related assets</b>		<b>88,084,656</b>	21,428,061
	Less: Credit loss allowance against Islamic financings			
	Stage 1		490,260	168,696
	Stage 2		144,080	184,050
	Stage 3		1,669,084	1,694,106
			<b>2,303,424</b>	2,046,852
	Islamic financing and related assets - net of credit loss allowance		<b>85,781,232</b>	19,381,209

2.1	Ijarah	Note	2025	2024
			----- Rupees in '000 -----	
	Under IFAS-II	2.1.1	82,512	116,769
	Under finance method	2.1.2	-	2,190
			<b>82,512</b>	118,959
	Assets / inventory		-	-
			<b>82,512</b>	118,959

# Notes to the Financial Statements



For the year ended December 31, 2025

## 2.1.1 Ijarah under IFAS-II

	2025			2024		
	As at January 1, 2025	As at December 31, 2025	As at January 1, 2025	Charge for the year	As at December 31, 2025	Book value as at December 31, 2025
Plant and machinery	128,352	21,110	128,352	107,242	21,110	-
Vehicles	204,781	152,020	88,012	18,504	69,508	82,512
<b>Total</b>	<b>333,133</b>	<b>173,130</b>	<b>216,364</b>	<b>125,746</b>	<b>90,618</b>	<b>82,512</b>
	----- Rupees in '000 -----					
	2025			2024		
	As at January 1, 2024	As at December 31, 2024	As at January 1, 2024	Charge for the year	As at December 31, 2024	Book value as at December 31, 2024
Plant and machinery	259,634	128,352	238,718	110,366	128,352	-
Vehicles	686,305	204,781	535,010	446,998	88,012	116,769
<b>Total</b>	<b>945,939</b>	<b>333,133</b>	<b>773,728</b>	<b>557,364</b>	<b>216,364</b>	<b>116,769</b>
	----- Rupees in '000 -----					

## Future Ijarah rental receivable

Ijarah assets under IFAS-2 are stated at cost of Rs. 173.13 million (2024: Rs. 333.13 million) less accumulated depreciation of Rs. 90.62 million (2024: Rs. 216.36 million) in accordance with the SBP letter no. BPRD/BRLD-04/2008-6268.

## 2.1.2 Net investment in Ijarah under finance method

	2025			2024		
	Not later than one year	Over five years	Total	Not later than one year	Over five years	Total
Ijarah rentals receivable	-	-	-	2,859	-	2,859
Residual value	-	-	-	43	-	43
Minimum Ijarah rentals	-	-	-	2,902	-	2,902
Profit for future periods	-	-	-	(712)	-	(712)
Ijarah under finance method	-	-	-	2,190	-	2,190
	----- Rupees in 000 -----					

# Notes to the Financial Statements



For the year ended December 31, 2025

			2025	2024
		Note	----- Rupees in '000 -----	
<b>2.2</b>	<b>Murabaha</b>			
	Murabaha financing	2.2.1	4,126,456	1,790,498
	Advances for Murabaha		1,875,645	363,678
			<b>6,002,101</b>	2,154,176
<b>2.2.1</b>	Murabaha receivable - gross	2.2.2	4,241,587	1,418,953
	Less: Deferred Murabaha income	2.2.4	622,651	171,097
	Profit receivable shown in other assets		507,520	542,642
	Murabaha financings		<b>4,126,456</b>	1,790,498
<b>2.2.2</b>	The movement in Murabaha financing during the year is as follows:			
	Opening balance		1,418,953	1,519,214
	Sales during the year		14,396,687	6,823,858
	Adjusted during the year		11,574,053	6,924,119
	Closing balance		<b>4,241,587</b>	1,418,953
<b>2.2.3</b>	Murabaha sale price		14,396,687	6,823,858
	Murabaha purchase price		13,765,133	6,605,397
			<b>631,554</b>	218,461
<b>2.2.4</b>	<b>Deferred Murabaha income</b>			
	Opening balance		171,097	116,842
	Arising during the year		631,554	218,461
	Less: Recognized during the year		180,000	164,206
	Closing balance		<b>622,651</b>	171,097
<b>2.3</b>	<b>Istisna</b>			
	Advance against Istisna		14,626,707	4,433,519
	Istisna Inventory		1,679,789	1,335,000
			<b>16,306,496</b>	5,768,519



# Notes to the Financial Statements



For the year ended December 31, 2025

4	Other liabilities	Note	2025 ----- Rupees in '000 -----	2024
	Other liabilities	4.1	10,341,474	6,578,534
<b>4.1</b>	<b>Charity fund</b>			
	Opening balance		40,298	51,459
	<b>Additions during the year</b>			
	Received from customers on account of delayed payment		10,381	3,492
	Other Non-Shariah compliant income		580	304
	Others		1,666	2,604
			12,627	6,400
	<b>Payments / utilization during the year</b>	4.1.1		
	Welfare		20,348	2,200
	Education		12,429	10,561
	Health		8,500	4,800
			41,277	17,561
	Closing balance		11,648	40,298
<b>4.1.1</b>	<b>Details of charity payments</b>			
	Details of charity payments individually exceeding Rs. 100,000 are as follows:			
	The Citizens Foundation, Karachi		2,000	2,000
	Kohatians Foundation, Kohat		500	1,075
	Mercy Pak, Peshawar		2,000	2,000
	Khpal Kor Foundation, Swat		1,000	1,000
	University of Technology, Nowshera		500	2,000
	Khyber Eye Foundation, Peshawar		1,000	-
	Akbar Kare Institute, Peshawar		1,000	-
	SOS Children Village, Peshawar		1,500	1,200
	Diabetic Association, Charsadda		2,000	1,800
	IM Sciences, Peshawar		1,429	2,286
	Comprehensive Health and Education Forum, Charsadda		1,500	1,000
	Ran'aa Child Welfare Foundation, Peshawar		1,500	1,200
	The Fatmeed Foundation, Peshawar		1,000	1,000
	Shaukat Khanum Memorial Trust, Peshawar		2,000	1,000
	KP Flood Relief & Rehabilitation Fund, Peshawar		20,348	-
	Rukhsana Mother & ChildCare Trust Hospital, Peshawar		1,000	-
	Ittefaq Kidney & General Hospital, Peshawar		500	-
	Al-Hijra Residential School & College, Ziarat		500	-
			41,277	17,561

# Notes to the Financial Statements



For the year ended December 31, 2025

	2025	2024
	----- Rupees in '000 -----	
<b>5 Islamic banking business unappropriated profit</b>		
Opening balance	7,236,196	7,457,308
Impact of adoption of IFRS 9	-	(610,932)
Balance as at January 1	7,236,196	6,846,376
Add: Islamic banking profit for the year	5,282,861	5,472,279
Less: Taxation	(2,799,916)	(2,955,032)
Less: Transferred to head office	(4,202,186)	(2,127,427)
Closing balance	5,516,955	7,236,196
<b>6 Contingencies and commitments</b>		
- Guarantees	16,097,383	9,248,623
- Commitments	22,225,306	2,669,203
	38,322,689	11,917,826
<b>7 Profit / return earned on financing, investments and placements</b>		
<b>Profit earned on:</b>		
Financing	4,133,425	5,130,107
Investments	13,789,654	11,358,434
Placements	388,591	1,084,581
	18,311,670	17,573,122
<b>8 Profit on deposits and other dues expensed</b>		
Deposits and other accounts	6,919,129	7,463,250
Due to Financial Institutions	326,758	340,839
Unwinding of discount - IFRS 16	234,199	154,672
	7,480,086	7,958,761

## 9 Pool management

Islamic Banking Group of the Bank is operating following 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 security (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.

## 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 of special pools

- 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 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 five days before start of each month.

As per the Bank's policy, Hiba (gift) is not granted to any individual customer. However, in line with SBP Circular No. 9 of November 2024, Hiba may be distributed to saving account depositors or specified categories of customers / investors. During the year, the Bank reduced its share of profit by lowering the Mudarabah fee. Out of the distributable income, Rs. 5,078.26 million (42.98% of total distributable income) was charged as Mudarabah fee, and Hiba amounting to Rs. 687.64 million (10.98% of the Mudarib share limit) was distributed during the year.

## 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.

The profit equalization reserves amounting to Rs. 4.76 million (2024: Rs. 113.44 million) has been presented in note 21 to these financial statements.

# Notes to the Financial Statements



For the year ended December 31, 2025

## 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:

Financings	2025	2024
	----- Rupees in '000 -----	
Agri business	2,442,413	570,577
Chemical and pharmaceuticals	3,320,724	2,463,762
Cement	3,850,921	3,035,956
Textile	13,479,648	7,234,957
Automobile and transportation equipment	3,620,561	9,987
Petro chemical	3,078,125	2,984
Housing	1,046,544	1,116,992
Manufacturing of match	140,000	140,000
Miscellaneous manufacturing	9,545,168	2,582,761
Personal	2,050,481	883,969
Construction	274,225	304,798
Tradings	3,677,316	1,119,694
Communication	28,000	35,000
Services	1,299,630	899,939
Auto loans	441,156	294,871
Metal products	973,688	335,840
Commodity finance	20,000,000	500,000
CNG station / gas	2,541,592	31,440
Consumer finance	640,075	351,752
Power	13,872,582	-
Sugar	2,169,996	-
Others	283,832	8,313
Impact of fair valuation of Islamic financing and related assets	(692,021)	(495,531)
	<b>88,084,656</b>	21,428,061
<b>Investments</b>		
GOP Ijarah Sukuks	118,145,336	84,098,164
Bai Muajjal	3,429,747	-
Power and electricity	399,239	2,937,584
Food	304,202	-
	<b>122,278,524</b>	87,035,748
	<b>210,363,180</b>	108,463,809

## Details regarding pools managed by the Bank

Remunerative depositors pools	Profit rate and announcement period	Profit rate return earned %	Profit sharing ratios		Mudarib share Rupees in '000	Profit rate return distributed to remunerative deposits (saving and fixed)	Percentage of Mudarib share transferred through Hiba	Amount of Mudarib share transferred through Hiba Rupees in '000
			Mudarib share	Rab-ul-maal share				
<b>General Pool</b>								
PKR Pool	Monthly	9.86%	45%	55%	4,011,924	7.26%	11.53%	522,995
USD Pool	Monthly	3.15%	51%	49%	429	0.92%	39.11%	275
<b>Special Pools</b>								
Saving & TDRs	Monthly	12.24%	29%	71%	1,065,906	7.56%	13.36%	164,366
			<b>Bank</b>	<b>SBP</b>				
IERS Pool	Monthly	10.51%	71%	29%	139,963	Nil	20.22%	21,148

# Notes to the Financial Statements



For the year ended December 31, 2025

## Annexure - III

Quality of FVOCI securities - Ordinary shares	2025		2024	
	Cost	Market value	Cost	Market value
<b>Listed companies</b>	----- Rupees in '000 -----			
Chemical	6	244	6	410
Engineering	2,398	1,319	2,398	1,242
Investment banks / investment companies	162,185	130,447	162,185	64,309
Leather and tanneries	-	-	-	80
Paper and board	-	-	-	297
Refineries	61,475	36,800	61,475	39,251
Transport	23,493	36,699	23,493	18,291
Textile composite	3	850	15	353
Textile spinning	2	780	23	376
Vanaspati and allied industries	-	-	-	31
<b>Total</b>	<b>249,562</b>	<b>207,139</b>	249,595	124,640
<b>Un-listed companies</b>	2025		2024	
	Cost	Fair value	Cost	Breakup value
	----- Rupees in '000 -----			
<b>Ordinary shares</b>				
Dawood Family Takaful	112,500	291,486	112,500	89,290
Trust Investment Bank	75,000	-	75,000	-
Mohib Textile Mills Limited	25,000	-	25,000	-
Caravan East Fabric Limited	9,487	-	9,487	-
Asian Housing Finance Limited	5,000	-	5,000	-
Business & Industrial Insurance	5,000	-	5,000	-
Mohib Exports Limited	487	-	487	-
Globe Textile Mills Limited	23	-	-	-
Taj Textile Mills Limited	12	-	-	-
Syed Match Company Limited	7	-	7	7
(Colony) Sarhad Textile Mills Limited	3	-	-	-
Hafiz Textile Mills	-	-	5	5
	<b>232,519</b>	<b>291,486</b>	232,486	89,302
<b>Preference shares</b>				
Saudi Pak Consultancy Company Limited	195,000	-	195,000	-
<b>Total</b>	<b>427,519</b>	<b>291,486</b>	427,486	89,302

The above list does not include investment in shares of un-listed companies having cost of or below Re.1.

# List of Branches



Sr.No	Branch ID	Type of office	Nature of Branch	City	Province	Address
1	0001	Branch	Conventional	Peshawar	KPK	Shop No. 1 to 6 (Ground Floor) and Office No. 1 to 3 (First Floor), Olympic Plaza, Qayyum Stadium, Bara Road, Peshawar Cantt.
2	0002	Branch	Conventional	Peshawar	KPK	Shop No.1, Ground Floor, Al Sayed Plaza, University Road, Peshawar
3	0003	Branch	Conventional	Kohat	KPK	Cantonment Plaza Bannu Road, Kohat
4	0003	Sub-Branch	Conventional	Kohat	KPK	Kohat University of Science & Technology, Bannu Road, Kohat, Tehsil & District Kohat
5	0004	Branch	Conventional	D I Khan	KPK	Circular Road, D.I.Khan
6	0004	Sub-Branch	Conventional	D I Khan	KPK	MTI, DHQ Teaching Hospital, D.I. Khan, Tehsil & District D.I. Khan
7	5007	Branch	Islamic	Mardan	KPK	Chamber House, Aiwan-e-Sanat- o- Tijarat, Collage Chowk
8	5007	Booth	Islamic	Mardan	KPK	Women University, Canal Road , Mardan
9	5010	Branch	Islamic	Peshawar	KPK	Ground Floor, Afandi Tower, Bilal Town, G.T. Road, Peshawar
10	0011	Branch	Conventional	Chitral	KPK	Bypass Road Ataliq Bazaar, Chitral.
11	0012	Branch	Conventional	Mingora	KPK	Upper Ground floor, Emerald Trade Center, Makan Bagh, Saidu Sharif Road Mingora Swat
12	0012	Sub-Branch	Conventional	Mingora	KPK	Saidu Medical College, Saidu Sharif, Swat
13	5013	Branch	Islamic	Peshawar	KPK	Shop No.9,10 & 11, at Super Market, Adjacent State Bank of Pakistan Peshawar, Saddar Road, Peshawar
14	5014	Branch	Islamic	Hattar	KPK	Industrial Estate Hattar, Haripur
15	5014	Sub-Branch	Islamic	Hattar	KPK	Pak Austria Fachhochschule Institute of Applied Sciences & Technology, Mang, Haripur
16	0015	Branch	Conventional	Peshawar	KPK	Civil Secretariat , Peshawar
17	5016	Branch	Islamic	Peshawar	KPK	Shop No, 1,2 & 3, Saadat Market, Suikarno Square, Khyber Bazar, Peshawar.
18	0019	Branch	Conventional	Haripur	KPK	Shahrah-e-Hazara, Haripur.
19	0019	Booth	Conventional	Haripur	KPK	University of Haripur, off Hattar Road, Haripur
20	0022	Branch	Conventional	Islamabad	Federal Capital	38-Zahoor Plaza, Blue Area, Islamabad.
21	0023	Branch	Conventional	Lahore	Punjab	Ali Trade Centre, Property No.99&100-A, Block B/1 M.M. Alam Road, Lahore ,Gulberg-III, Lahore.
22	0024	Branch	Conventional	Karachi	Sindh	Ebrahim Alibhai Tower, Shop No.02, Plot No.03, Block-7/8 Modern Cooperative Housing Society (MCHS), Shahrah-e-Faisal, Karachi
23	0025	Branch	Conventional	Peshawar	KPK	New Rampura Gate, Ashraf Road, Peshawar.
24	5027	Branch	Islamic	Muzaffarabad	AJK	Khasra # 214 Near Government: Girls high School, Sain Sahaili Sarkar Secretariat Road Jalalabad, Muzaffarabad AJK
25	0030	Branch	Conventional	Rawalpindi	Punjab	B-212, Satellite Town 4th Road, TMA Rawal Town Rawalpindi.
26	0031	Branch	Conventional	Lahore	Punjab	Property#891,Block -R-1, M.A. Johar Town, Lahore
27	0032	Branch	Conventional	Sialkot	Punjab	Industrial Area, Shahabpura, Ugoki Road, Near Masjid Mohajirin, Sialkot
28	0033	Branch	Conventional	Multan	Punjab	Lower Ground, Khan Centre, Main Market, Abdali Road Multan Cantt.
29	5034	Branch	Islamic	Karachi	Sindh	Block-1, Clifton, Shireen Jinnah Colony Karachi
30	0035	Branch	Conventional	Mirpur	AJK	Plot No.3, Sector B/3, Allama Iqbal Road, Mirpur, Azad Jammu Kashmir
31	0036	Branch	Conventional	Karachi	Sindh	Room No.204-205, 2nd Floor, New Pakistan Stock Exchange Building, Pakistan Stock Exchange Road, Karachi.
32	5037	Branch	Islamic	Gujrat	Punjab	Property No.1157/527,Ground Floor, Empire Centre, G.T. Road Gujrat
33	0038	Branch	Conventional	Faisalabad	Punjab	Plot No.245-C,Ground & 1st Floor, Madina Town, Sosaan Road, Faisalabad
34	5039	Branch	Islamic	Gujranwala	Punjab	Khasra No. 109,8198/10, Khewat No 24m Ghaisri Center, Bhatia Nagar, Near Govt Iqbal Hight School, GT Road Gujranwala
35	5040	Branch	Islamic	Havelian	KPK	Property # 4242, Bank Square Havelian
36	5040	Booth	Islamic	Havelian	KPK	Abbotabad University of Science & Technology, Banda Sahib Khan Road, Havelian
37	0041	Branch	Conventional	Sargodha	Punjab	63/5/2/1 VIP Complex, Niazi Square, Club Road, Sargodha
38	0043	Branch	Conventional	Abbottabad	KPK	934-A, Mansehra Road, Abbottabad
39	5044	Branch	Islamic	Chiniot	Punjab	Faisalabad Road, Near Tehsil Chowk, Chiniot
40	0045	Branch	Conventional	Sahiwal	Punjab	272/B-2 High Street, Sahiwal.
41	5046	Branch	Islamic	Karachi	Sindh	Shop No.7,8 & 9 Plot # G-10, Garnet Centre, Block-8, Main Road, KDA Scheme # 5, Clifton Cantonment, Karachi
42	5047	Branch	Islamic	Hyderabad	Sindh	Shop No. 8 & 9, Mehdi Heights, Prince Town Housing Scheme Phase II, Qasimabad, Hyderabad
43	5048	Branch	Islamic	Peshawar	KPK	Peshawar High Court Branch, Khyber Road, Peshawar
44	5048	Sub-Branch	Islamic	Peshawar	KPK	KPK Provincial Assembly Building, Khyber Road, Peshawar
45	5049	Branch	Islamic	Karak	KPK	Khasra No. 1327/1364, Mian Muqadess Gul Market, Main Bazar, Karak

# List of Branches



Sr.No	Branch ID	Type of office	Nature of Branch	City	Province	Address
46	5049	Sub-Branch	Islamic	Karak	KPK	Khushal Khan Khattak University, Opposite Tableeghi Markaz, Karak
47	5050	Branch	Islamic	Bahawalpur	Punjab	Plot No.4, Khata No. 411/411, Khatooni No. 539, Sodagar Colony Block A Model Town B Bahawalpur
48	0051	Branch	Conventional	Rahim Yar Khan	Punjab	Plot No.15, Opposite Town Hall, Model Town, Rahim Yar Khan
49	5052	Branch	Islamic	Lahore	Punjab	Plot No.178, Block-Y, DHA, Lahore Cantt.
50	0053	Branch	Conventional	Gilgit	GB	Shop No.1 to 6, ZS Plaza, Opposite Radio Pakistan, Shahrah-e-Quaid-e-Azam, Jutial Cantt. Gilgit
51	5054	Branch	Islamic	Quetta	Baluchistan	"Shahra-e-Iqbal (Khasra no.205), Gandhari Bazar, Quetta.
52	5055	Branch	Islamic	Islamabad	Federal Capital	Plot No. 6D Akbar Plaza, Block -D, Main Double Road PWD Employees Co-Operative Housing Society Islamabad
53	0056	Branch	Conventional	D. G Khan	Punjab	Plot No.5, Dawood Plaza, Railway Road, Dera Ghazi Khan
54	5057	Branch	Islamic	Lahore	Punjab	Plot No.811, Block C, Faysal Town, Lahore
55	5059	Branch	Islamic	Sadiqabad	Punjab	Shop No.10, Masood Plaza, Bank Road, Sadiqabad
56	0060	Branch	Conventional	Khanewal	Punjab	Property No.32, Paracha Hospital, Adjacent JS Bank, College Road, Khanewal
57	0061	Branch	Conventional	Mian Channu	Punjab	Property No.17/24, Shadab Market, G.T. Road, Mian Channu, District Khanewal
58	0062	Branch	Conventional	Gujar Khan	Punjab	Shop No.6-8, Ward No.5, Near Ali Hospital, Main G.T. Road, Gujar Khan
59	5063	Branch	Islamic	Karachi	Sindh	C-89-D,12th Commercial Street, Phase 2-Ext, D.H.A. (Khyaban-e-Jami), Karachi
60	0065	Branch	Conventional	Attock	Punjab	Property No.B-V-99, Committee No.E-3, Railway Park Chowk, Attock City
61	0066	Branch	Conventional	Peshawar	KPK	Khasra No.6184/2893, Shop No.1, Sabir Business Center, Warsak Road, Peshawar
62	0067	Branch	Conventional	Karachi	Sindh	Shop No.4&5, Sumya Tower Plot No 15/3, Block 3, BMCH, Main Jamal Ud Din Afghani Road (Sharfabad) Karachi.
63	5068	Branch	Islamic	Peshawar	KPK	Opposite Auqaf Plaza (E&T Office Peshawar), Shami Road Peshawar Cantt
64	0069	Branch	Conventional	Lahore	Punjab	Plot No.119, Auto Market, Badami Bagh, Lahore
65	5070	Branch	Islamic	Jhang	Punjab	Khata No. 710, Yousaf Shah Building, Ground Floor, Kachary Road , Jhang
66	5071	Branch	Islamic	Daska	Punjab	Property No.8.9.90, Ground & 1st Floor, Bank Road, Daska, Sialkot
67	5072	Branch	Islamic	Karachi	Sindh	Mandwivala Building, Shop No. 1, Survey No. 14, Sheet No. SR 6, Shahrah-e-Liaquat, Serai Quarters, Karachi
68	0073	Branch	Conventional	Peshawar	KPK	Nawaz Plaza, Taxation No. 4988 to 5008, Ground Floor, Dalazak Road, Peshawar.
69	0074	Branch	Conventional	Peshawar	KPK	Khasra No. 1615/832, Adjacent Khayali CNG Station, Shero Jhangi, Charsadda Road, Peshawar.
70	0075	Branch	Conventional	Bannu	KPK	University Plaza, D.I.Khan Road, Bannu.
71	0075	Sub-Branch	Conventional	Bannu	KPK	University of Science & Technology, Main Campus, Township Bannu, Bannu.
72	0076	Branch	Conventional	Parachinar	KPK / FATA	Shop No. 1 to 5 Ground Floor, Haji Safdar Market, School Road, Parachinar.
73	0077	Branch	Conventional	Yar Hussain	KPK	Akbar Building, intiqal No. 3422, Main Bazar, Yar Hussain, Swabi.
74	5078	Branch	Islamic	Umarzai	KPK	Khasra No. 4011/3485 & 4012/3486, Major Saeed Khan Market, Main Bazar, Umarzai.
75	0079	Branch	Conventional	Sheikh Maltoon	KPK	Shop No. 25,26,27,28,29 & 31, Commercial Plaza Sector-E, Sheikh Maltoon Town, Mardan.
76	0079	Sub-Branch	Conventional	Sheikh Maltoon	KPK	Abdul Wali Khan University, Garden Campus, Mardan
77	5080	Branch	Islamic	Shergarh	KPK	Ground floor, Asghar Khan Market, Main Bazar, Shergarh, Mardan.
78	5081	Branch	Islamic	Katlang	KPK	Inteqal No. 5038, Imam Shah Market, Main Bazar, Tehsil Katlang, District Mardan
79	5082	Branch	Islamic	Sherkot	KPK	Khasra No. 315, Mujahid & Brothers Market, Sherkot Tehsil & District Kohat
80	0083	Branch	Conventional	Peshawar	KPK	Ground Floor, Plot No. 28, Sector B-1, Phase-V, Hayatabad, Peshawar
81	5239	Branch	Islamic	Peshawar	KPK	Plot No.7-9, Sector A-3,Phase-5, North West Hospital, Hayatabad, Peshawar
82	5247	Branch	Islamic	Peshawar	KPK	Peshawar Institute of Cardiology, Phase-V, Hayatabad, Peshawar
83	0083	Sub-Branch	Conventional	Peshawar	KPK	Khyber Medical University, Phase-V, Hayatabad Peshawar
84	0083	Sub-Branch	Conventional	Peshawar	KPK	Khyber Institute of Child Health & Bashir Bilour Memorial Children Hospital Near Passport Office, Phase-V, Hayatabad, Peshawar
85	0083	Booth	Conventional	Peshawar	KPK	Khyber Girls Medical College, Phase-V, Hayatabad, Peshawar
86	0084	Branch	Conventional	Peshawar	KPK	Khasra No. 156 & 157, Honey Market, Hidayatabad Chamkani, Peshawar.
87	0085	Branch	Conventional	Tordher	KPK	Khasra No.1751, Main Swabi Jehangira Road Matani Changan Tordher, Swabi.
88	0086	Branch	Conventional	Darosh	KPK	Main Darosh Bazaar, Zero Point Chitral.
89	0087	Branch	Conventional	D I Khan	KPK	Khasra No.1007/529, Sheikh Yousaf Adda, Opposite Punjab Collage, Bannu Road, D.I.Khan.

# List of Branches



Sr.No	Branch ID	Type of office	Nature of Branch	City	Province	Address
90	5088	Branch	Islamic	Sardheri	KPK	Maroof Khel, Sardheri Bazar Tehsil & District Charsadda
91	5241	Branch	Islamic	Sardheri	KPK	Judicial Complex Sardheri, Malkan Dher Khula Dher, Charsadda
92	5088	Sub-Branch	Islamic	Sardheri	KPK	Bacha Khan University, Sardheri Charsadda
93	0089	Branch	Conventional	Lundkhwar	KPK	Ramora Lundkhwar, Tehsil Takht Bhai, District Mardan
94	5091	Branch	Islamic	Sadda	KPK / FATA	Bangash Market Main Bazar Sadda, Tehsil Lower Kurram, District Kurram Agency
95	0092	Branch	Conventional	Peshawar	KPK	Khasra no. 2387/2130, Mouza Landi yarghajo, Opposite Govt. Technical college, adjacent to Taj Automobiles total parco petrol pump Kohat road Peshawar.
96	5093	Branch	Islamic	Kuza Bandai	KPK	Shop No.1-6, Hamas Khan Market, Matta Road, Kuza Bandai, Tehsil Kabal, District Swat
97	0096	Branch	Conventional	Peshawar	KPK	Police Employees Co-Housing Society, Nasir Bagh, Peshawar
98	0096	Sub-Branch	Conventional	Peshawar	KPK	Regi Model Town, Site, Zone-IV, Peshawar
99	0097	Branch	Conventional	Haripur	KPK	Judicial Complex, District Courts, GT Road, Opposite Post Graduate College for Boys, Haripur.
100	5099	Branch	Islamic	Angoor Adda	KPK / FATA	Main Bazar Angoor Adda, Tehsil Birmil, District South Waziristan
101	5302	Branch	Islamic	D I Khan	KPK	Rehman Plaza, Hadbast No. 250, Khata No. 1137/1029/1591 to 1593, Mouza Murjali, Multan Road, Adjacent to Attock Petrol Pump, Dera Ismail Khan
102	0303	Branch	Conventional	Kohat	KPK	Khasra No. 2518, Khata No. 1153, Mutation No. 5027 at Gate No. 2, Kohat Development Authority, Peshawar Road, kohat
103	0303	Sub-Branch	Conventional	Kohat	KPK	Khyber Medical University Institute of Medical Sciences, DHQ Teaching Hospital, Kohat Development Authority, Kohat.
104	5304	Branch	Islamic	Islamabad	Federal Capital	Plot 13-A, Amir Center F-7 Markaz, Islamabad.
105	0305	Branch	Conventional	Mingora	KPK	Khasra No 549, Khata No. 60, Airport Road, Mingora Swat.
106	5306	Branch	Islamic	Nowshera	KPK	Property No. 1101/I-68 & 1126/I-26,, Taj Building, Sher Shah Road Nowshera
107	5307	Branch	Islamic	Peshawar	KPK	Amber Building, Pir Abdullah Shah Market, Gur Mandi, Dalazak Road Peshawar
108	5308	Branch	Islamic	Swabi	KPK	Khasra No 3462, Taraqae Plaza, Mouza Maneri Payan Swabi, Tehsil and District Swabi
109	5242	Branch	Islamic	Swabi	KPK	Judicial Complex Shah Mansoor, Jehangira Road, Swabi, Tehsil & District Swabi
110	5308	Sub-Branch	Islamic	Swabi	KPK	University of Swabi, Peshawar Motorway, District Swabi, KPK
111	5309	Branch	Islamic	Islamabad	Federal Capital	Property No.2-E, I/9 Markaz Islamabad
112	0310	Branch	Conventional	Peshawar	KPK	Aman Medical Center Dabgari Peshawar.
113	5311	Branch	Islamic	Karak	KPK	Khasra No.7041/789, 7047/792, 7048/792, Allahdad Khel, Hamidan Chowk, Takht-E- Nasrati Karak
114	5311	Sub-Branch	Islamic	Lakki Marwat	KPK	University of Lakki Marwat, Tehsil & District Lakki Marwat
115	5312	Branch	Islamic	Timergara	KPK	Shaheed Chowk, Bypass Road Mingora, Timergara District Lower Dir.
116	5313	Branch	Islamic	Burewala	Punjab	Plot No. 207/208/209, Property No. P-39/SH+CH & P-39/SH+CH & P-39/A/ Off A Block Vehari Bazaar Burrewala
117	5314	Branch	Islamic	Chichawatni	Punjab	Plot No 151, Khewat No 244, GT Road Chichawatni
118	5315	Branch	Islamic	Lahore	Punjab	F 1619/B, Bismillah Block, Azam Cloth Market, Lahore
119	0316	Branch	Conventional	Thana	KPK	Qitta Arazi No. 2, Near Police Post Main Bazar Thana, District Malakand
120	0317	Branch	Conventional	Peshawar	KPK	University of Peshawar, Jamrud Road, Peshawar
121	0317	Sub-Branch	Conventional	Peshawar	KPK	Islamia College University, Jamrud Road, Peshawar, Tehsil & District Peshawar.
122	5318	Branch	Islamic	Charsadda	KPK	Khasra No. 979, Khata No. 358/810, Opposite Mardan Adda, Main Bazar Charsadda, Tehsil & District Charsadda
123	0319	Branch	Conventional	Basham	KPK	Mouza Batyal, Hadbast No. 19, Main Bazaar Besham, District Shangla
124	5320	Branch	Islamic	Risalpur	KPK	Khyber Pakhtunkhwa Economic Zone Development & Management Company (KPEZDMC) Estate Office, Bara Banda, Risalpur, Tehsil & District Nowshera
125	5321	Branch	Islamic	Quetta	Baluchistan	Khasra No. 1765/529, Adjacent Suzuki Showroom, Double Road Quetta, Tehsil & District Quetta
126	0322	Branch	Conventional	Peshawar	KPK	Javed Alam Khanzada Market, Block III, Sector I-8, Phase VI Hayatabad, Tehsil & District Peshawar
127	5323	Branch	Islamic	Islamabad	Federal Capital	Fazilet Arcade, Plot No. 21, G-11 Markaz Islamabad

# List of Branches



Sr.No	Branch ID	Type of office	Nature of Branch	City	Province	Address
128	5324	Branch	Islamic	Islamabad	Federal Capital	I-8 Markaz Islamabad, Tehsil & District Islamabad
129	5327	Branch	Islamic	Lahore	Punjab	Plot#56/14, Karim Block, Allama Iqbal Town, Lahore, Tehsil & District Lahore
130	5328	Branch	Islamic	Lahore	Punjab	109 MB, DHA Phase-VI, Lahore, Tehsil & District Lahore
131	5329	Branch	Islamic	Lahore	Punjab	Showroom No. 12, C Block, Bank Square Market, Model Town, Lahore, Tehsil & District Lahore
132	5330	Branch	Islamic	Islamabad	Federal Capital	Plot No. 9, Mustafa Mansion, E-11/3 Markaz, Islamabad, Tehsil & District Islamabad
133	5331	Branch	Islamic	Islamabad	Federal Capital	B-44 M, Sector F, DHA Phase-1, Islamabad, Tehsil & District Islamabad
134	5332	Branch	Islamic	Kohat	KPK	Main Bazar, Shakardara, Tehsil & District Kohat
135	5101	Branch	Islamic	Peshawar	KPK	Plot no.134-135-136, Near Frontier CNG, Industrial Estate Hayatabad
136	5102	Branch	Islamic	Quetta	Baluchistan	Jinnah Road, Quetta
137	5103	Branch	Islamic	Bannu	KPK	Gowshala road Bannu
138	5104	Branch	Islamic	Nowshera	KPK	Saad Plaza, Saddar Bazar, Nowshera
139	5105	Branch	Islamic	Timergara	KPK	Shaheed Plaza, Ground Floor, Alamzeb Shaheed Chowk, Timergara
140	5106	Branch	Islamic	Tank	KPK	Gillani Market, Main Bazar Opposite DHQ Hospital, Tank
141	5107	Branch	Islamic	Hangu	KPK	Opposite DCO Office, Main Bazar, Kohat Road, Hangu
142	5108	Branch	Islamic	Batkheela	KPK	Main Bazar Batkheela
143	5109	Branch	Islamic	Karachi	Sindh	B-78 Allied Plaza Estate Avenue Karachi
144	5110	Branch	Islamic	Karachi	Sindh	Plot no.ST-6/4, sector 24, Korangi Industrial Area, Chamra Chowrangi, Karachi
145	5111	Branch	Islamic	Charsadda	KPK	Main Bazar, Mardan Road, Charsadda
146	5113	Branch	Islamic	Abbottabad	KPK	Jinnah Road, Abbottabad
147	5114	Branch	Islamic	Lahore	Punjab	28-A, Ali Block New Garden Town Lahore.
148	5115	Branch	Islamic	Rawalpindi	Punjab	369-18, Zaman Centre Bank Road Rawalpindi
149	5116	Branch	Islamic	Faisalabad	Punjab	Opposite M.C College Kotwali Road Faisalabad
150	5117	Branch	Islamic	Mansehra	KPK	Opposite GTS Stand, Abbottabad Road, Mansehra City, Mansehra
151	5118	Branch	Islamic	Swabi	KPK	Jamil Khan Market Mardan Road, Swabi
152	5119	Branch	Islamic	Peshawar	KPK	Tariq Sultan Building Hospital Road, Peshawar
153	5121	Branch	Islamic	Peshawar	KPK	Khyber Teaching Hospital, University Road, Peshawar
154	5122	Branch	Islamic	Mansehra	KPK	Main Shahra-e-Resham, Pakwal Chowk, Mansehra
155	5123	Branch	Islamic	Karachi	Sindh	Khyber Chowk, Metroville-1, Site, Karachi
156	5124	Branch	Islamic	Lahore	Punjab	Shop #E/36, Alamgir Market, Inside Shah Alam Gate, Lahore.
157	5125	Branch	Islamic	Jamrud	KPK / FATA	Main Bazaar, (Next to Caltex Petrol Station), Jamrud, Khyber Agency.
158	5126	Branch	Islamic	Upper Dir	KPK	Shop No. 1 to 6 Shafi Plaza, Saleem Market Main Bazar Upper Dir
159	5127	Branch	Islamic	Sarai Naurang	KPK	Khasra No. 438, (Sahibzada Kabir Plaza), G.T. Road, Sarai Naurang, Lakki Marwat
160	5128	Branch	Islamic	Peshawar	KPK	Shop No.2, Saif Shopping Mall Phase III, Hayatabad Chowk Main Jamrud Peshawar
161	5129	Branch	Islamic	DI Khan	KPK	Khasra No 7248/1410, Khatta No 1206, Hayat Arcade, Syndicate Mor DI Khan
162	5130	Branch	Islamic	Thall	KPK	Malik Abdul Gayum Plaza, Main Chowk Thall, Tehsil Thall District Hangu KPK
163	5131	Branch	Islamic	Buner	KPK	Nisar Market, Pir Baba Road, Swari Buner
164	5132	Branch	Islamic	Mingora	KPK	Shop No.1, Bank Square, Main Bazar, Mingora, Swat
165	5133	Branch	Islamic	Islamabad	Federal Capital	Ground and First Floor, Plot Number 7-O S-38, Butt Plaza F-10 Markaz Islamabad
166	5134	Branch	Islamic	Battagram	KPK	Momin Khan Plaza, Opposite Al Bukhari Institute Shahra-e-Resham, Battagram
167	5135	Branch	Islamic	Topi	KPK	Sher Khan Market, Main Bazar, Tarbela Road, Topi, Distt Swabi.
168	5136	Branch	Islamic	Dargai	KPK	Main Bazar, Dargai.
169	5137	Branch	Islamic	Chitral	KPK	Dewan Market Kruprisht Bazar, District Lower Chitral
170	5138	Branch	Islamic	Kohat	KPK	Kacheri Chowk Kohat
171	5139	Branch	Islamic	Mardan	KPK	Shop # 4 to 8 Lower Ground and Ground Floor, Mardan City Center Plaza, Qazi Bashir Road, Mardan Cantt
172	5140	Branch	Islamic	Okara	Punjab	Ist Floor, Iftikhar Children Hospital M.A. Jinnah Road Okara
173	5141	Branch	Islamic	Miran Shah	KPK / FATA	Said Muhammad Market Main Bannu Road Miran Shah, District North Waziristan

# List of Branches



Sr.No	Branch ID	Type of office	Nature of Branch	City	Province	Address
174	5142	Branch	Islamic	Multan	Punjab	Plot No. 12-B & 13-B, Haq Nawaz Plaza, Main Gate Shah Shams Colony, Vehari Road, Multan
175	5143	Branch	Islamic	Khwaza Khela	KPK	Irfan Plaza, Main Bazar, Khwaza Khela, Swat
176	5144	Branch	Islamic	Kamabar	KPK	City Market, Main Road, Kambur, Lower Dir, Kambur
177	5145	Branch	Islamic	Shabqadar	KPK	kharsa No. 4244/159-162, Opposite shabaqadar Fort Gate, Shabqadar
178	5146	Branch	Islamic	Islamabad	Federal Capital	kharsa No. 781, Geo Madina Tower, Main G.T Road , Tarnol.
179	5147	Branch	Islamic	Saleh Khana	KPK	Kharsa No. 169 & 183, Main Bazar, Moza Saleh Khana Tehsil Pubbi, Nowshera
180	5148	Branch	Islamic	Loralai	Baluchistan	Property No. 1061/A, 1061/B, 1061 & 1064 Zhob Road, Loralai Tehsil & District Loralai, Balochistan
181	5149	Branch	Islamic	Chakdara	KPK	Shop No. 1 to 10, Zaman Market, Adjacent UBL & nbp, Main Bazaar, Chakdara, Lower Dir
182	5150	Branch	Islamic	Takht Bhai	KPK	Kharsa No. 785, Shaukat Mansion, Ground & 1st floor, Opposite Takht Bhai Mega Mart, Takht Bhai, Mardan
183	5151	Branch	Islamic	Jehangira	KPK	1st floor, Behram Khan center, G.T Road, Jehangira
184	5152	Branch	Islamic	Wanna	KPK / FATA	South Waziristan Scouts Camp, Wana District South Waziristan.
185	5153	Branch	Islamic	Ghalani	KPK / FATA	Opposite Civil Colony Ghalanai , Mohmand Agency Tribal District.
186	5154	Branch	Islamic	Peshawar	KPK	Shaheen Tower City Circular Road Opposite Sarki Gate Peshawar.
187	5155	Branch	Islamic	Peshawar	KPK	Ground Floor, Arbab Market, Garhi Qamar din, near Mujaddad CNG station, North side Ring Road, Peshawar.
188	5156	Branch	Islamic	Peshawar	KPK	Plot No. 4-A & 4-B, Sameer Square, Anam Sanam Chowk, Gulbahar Road, Hussainanabad
189	5157	Branch	Islamic	Barikot	KPK	Khasra No.1333, Iqbal Khan Plaza, Pir Baba Road, Barikot Swat.
190	5158	Branch	Islamic	Tangi	KPK	Kharsa No. 1633, Malak Plaza, Shabqadar Road, Tangi Charsadda
191	5159	Branch	Islamic	Pabbi	KPK	Khasra No. 2923/1403-1404-144, Mouza Pabbi, Main GT Road, Pabbi
192	5160	Branch	Islamic	Shangla	KPK	Khasra No 1283, 84 & 86, Munir Plaza, Adjacent MCB, Basement & Ground Floor, Besham Road, Alpuri Shangla.
193	5161	Branch	Islamic	Upper Dir	KPK	Ittehad plaza, Lower basement and Ground floor, Wari Bazaar, Dir chitral road, Upper Dir
194	5162	Branch	Islamic	Nowshera	KPK	Kharsa No. 805, malak jameen market, Soorya khel, manki sharif, tehsil & Distt Nowshera
195	5163	Branch	Islamic	Khar Bajur	KPK / FATA	abid city centre, Ground floor, Lt. Sajjad Khan Shaheed Bypass Road, Khar Bazaar, Bajaur Agency.
196	5164	Branch	Islamic	Mingora	KPK	Malak Tahir Market, Mouza Main Bazar, Matta, Mingora , District Swat KP
197	5165	Branch	Islamic	Tor Ghar	KPK	District Headquarter Complex, Judba, Torghar, KPK
198	5166	Branch	Islamic	Peshawar	KPK	Muhammad Arcade, Achini Payan, Ring Road near Hayatabad, Peshawar.
199	5167	Branch	Islamic	Torkham	KPK / FATA	Ground Floor, Masoom Building, Near PTDC & Tehsildar Office, Peshawar Torkham Road, Torkham
200	5168	Branch	Islamic	Sheva Adda	KPK	Office No, 1 Ground Floor, Sardar Khan Malak Plaza, Mardan Swabi Road Sheva Adda, Swabi
201	5169	Branch	Islamic	Lower Dir	KPK	Groud Floor, Habib Jan Market, Adjacent Tehsildar Office Munda, Munda Lower Dir.
202	5170	Branch	Islamic	Kabal	KPK	Khasra No. 2271 Ground Floor, Wahab Market, Mingora Road, Swat
203	5171	Branch	Islamic	Kalaya	KPK / FATA	Head Quarter Kalay, Orakzai District
204	5172	Branch	Islamic	Peshawar	KPK	Office No.1, Ground Floor, Khanis Plaza, The Mall Road, Peshawar Cantt.
205	5173	Branch	Islamic	Lakki Marwat	KPK	Shop No.1, Haji Jan Khan Market, Lakki City, Lakki Marwat.
206	5174	Branch	Islamic	Shangla	KPK	Khasra No.227, Aluch Bazar, Tehsil Puran, Distruct Shangla.
207	5175	Branch	Islamic	Dara Adam Khel	KPK	Ground Floor, Nawab Shah Plaza Dara Bazaar Mohammad Khel Zargahar Dara Adam Khel.
208	5176	Branch	Islamic	Sakhakot	KPK	Noor Market, Main Malakand Road, Sakhakot, District, Malakand.
209	5177	Branch	Islamic	Zhob	Baluchistan	Shop No. C84-85, Main Bazar, Thana Road Quetta, Zhob.
210	5178	Branch	Islamic	Peshawar	KPK	Haji Nazar Mohammad Building, Tehkal Payan, University Road, Peshawar.
211	5179	Branch	Islamic	Mardan	KPK	Sharif Khan Plaza, New Charsadda Chowk, Railway Phatak, Sugar Mill Bypass Road, Mardan
212	5180	Branch	Islamic	Islamabad	Federal Capital	Malak Shafait Plaza, Mauza Mahal Kot, Hathial Main Murree Road, Bhara Kahu, Islamabad.
213	5181	Branch	Islamic	Charbagh	KPK	Saad Tower, Main Bazar Charbagh, Tehsil & District Swat
214	5182	Branch	Islamic	Nowshera	KPK	Deed No. 142/1, Main Bazar Rashakai, Nowshera
215	5183	Branch	Islamic	Mardan	KPK	Main Bazar Rustam, Mardan
216	5184	Branch	Islamic	Upper Dir	KPK	Al-Madina Market, Shahi Road, Main Bazar Barawal Bandi, Upper Dir

# List of Branches



Sr.No	Branch ID	Type of office	Nature of Branch	City	Province	Address
217	5185	Branch	Islamic	Peshawar	KPK	Hayatabad Medical Complex Phase 4 Hayatabad Peshawar
218	5186	Branch	Islamic	Bara	KPK / FATA	Main Bazar Adjacent to Bara Tehsil Bara
219	5187	Branch	Islamic	Buner	KPK	Khatta No.26, Khasra NO.3378, Mouza Tatalai, Tehsil Khadu Khel District Buner
220	5188	Branch	Islamic	Madyan	KPK	Khatta No. 227, Khatooni NO. 309, Khasra NO. 302, Fatehpur Hadbast NO. 48, Madayn Bazar Swat.
221	5189	Branch	Islamic	Dewana baba	KPK	Khasra NO.67, Dewana Baba Bazar, Kalyari Gagra, Dewana Baba Swari Buner.
222	5190	Branch	Islamic	Zaida	KPK	Khasra NO.2080-2084 & 2086 Khata NO.1599/2841, Salar Market Main Bazar Zaida, Swabi
223	5191	Branch	Islamic	Peshawar	KPK	Khata No. 1168/3802 to 4083 Gittat 383, Mouza Matani Hadbast No. 268, Tehsil & District Peshawar
224	5192	Branch	Islamic	Abbottabad	KPK	Aziz Ullah Plaza, Mandian Mansehra Road Abbottabad
225	5193	Branch	Islamic	DOABA	KPK	Khasra NO. 1326, Bangash Filling Station, Main Road Doaba Distt Hangu
226	5194	Branch	Islamic	Inayat Kalay	KPK / FATA	Ground Floor Ihsan Plaza, Bypass Road Inayat kalay, Khar Bajaur
227	5195	Branch	Islamic	Islamabad	Federal Capital	Plot No. 9(A), 9(B), I-10 Markaz Islamabad
228	5196	Branch	Islamic	Ghazi	KPK	Khasra No. 859/143, Khatooni 439/538, Main Bazar Ghazi, Tehsil & Distt Haripur
229	5197	Branch	Islamic	Balakot	KPK	Plot No.39-51, Liaquat Market, Adjacent to office of SDPO, Balakot
230	5198	Branch	Islamic	Haripur	KPK	Haq Nawaz Plaza, Near Sabzi Mandi Morr, Haripur Tehsil & District Haripur.
231	5199	Branch	Islamic	Bakshali	KPK	Khasra / Khatooni / Registry No. 714-715/1551-1555, Main bazar Bakshshali, Tehsil & District Mardan
232	5200	Branch	Islamic	Lachi	KPK	khata no 27,khatoni no 585,khasra no.1316,lachi payan, lachi district kohat
233	5201	Branch	Islamic	Akora Khattak	KPK	Khata No.351,Khotoni No.1181,Registry No.1778,Main GT Road Near Chungi Stop ,Akora Khattak
234	5202	Branch	Islamic	SWABI	KPK	Medical Teaching Institute (MTI) Bacha khan Medical Complex & Gajju Khan Medical College, Shah Mansoor District Swabi
235	5203	Branch	Islamic	Mingora	KPK	Swat Trade Center, Allah Chowk Saidu Sharif Road, Mingora Tehsil Babuzai, Distrcit Swat
236	5204	Branch	Islamic	PISHIN	Baluchistan	Band Road Pishin, Tehsil & District Pishin, Baluchistan
237	5205	Branch	Islamic	Bannu	KPK	Medical training Institute (MTI) Khalifa Gul Nawaz (KGN) Hospital Kohat Road Township Bannu, Tehsil & District Bannu
238	5206	Branch	Islamic	Duki	Baluchistan	Plot No. 8, Bacha Khan Chowk Duki, Tehsil & District Duki, Baluchistan
239	5207	Branch	Islamic	Pirbaba	KPK	Main Bazar Pirbaba, Tehsil Daggar District Buner
240	5208	Branch	Islamic	Torwarsak	KPK	Main GT Road, Torwarsak Bazar, Tehsil Daggar District Buner
241	5209	Branch	Islamic	Peshawar	KPK	Deans Heights Phase II, Hayatabad Peshawar, Tehsil and District Peshawar, KPK
242	5210	Branch	Islamic	Kambat bazar	KPK	Main GT Road, Kambat bazar, Tehsil Samarbagh District Dir Lower
243	5211	Branch	Islamic	Peshawar	KPK	Phandu Chowk, Phandu Road Tehsil and District Peshawar
244	5212	Branch	Islamic	Nowshera	KPK	Gazi Hussain Ahmed Hospital MTI Nowshera
245	5213	Branch	Islamic	Dagar	KPK	Main Dagar Pull, Tehsil Dagar, District Buner
246	5214	Branch	Islamic	Chitral	KPK	Booni Bazar, Tehsil Booni, District Upper Chitral
247	5215	Branch	Islamic	Nowshera	KPK	Army Services Corps Housing Society Tehsil & District Nowshera
248	5216	Branch	Islamic	Rawalpindi	Punjab	Plot No.5, Corniche Road, Marina Commercial, Bahria Town, Phase IV, Rawalpindi, Tehsil & District Rawalpindi
249	5217	Branch	Islamic	Harichand	KPK	Main Bazar Harichand Tehsil Tangi District Charsadda
250	5218	Branch	Islamic	Talash	KPK	Main Bazar Talash Adjacent to Al Bahar Hotel, Tehsil Timergara, District Lower Dir
251	5219	Branch	Islamic	Jamrud	KPK / FATA	District education Office Jamrud, Tehsil Jamrud, District Khyber
252	5220	Branch	Islamic	Oghi	KPK	Main Bazar Shergarh Road, Tehsil Oghi, District Mansehra
253	5221	Branch	Islamic	Peshawar	KPK	Al-Haram Tower, Main Charsadda Road Peshawar Tehsil & District Peshawar
254	5222	Branch	Islamic	Timergara	KPK	GT Road Timergara Bazar District Lower Dir
255	5117	Sub-Branch	Islamic	Mansehra	KPK	Hazara University, Mansehra
256	5119	Sub-Branch	Islamic	Peshawar	KPK	LRH Hospital Peshawar
257	5188	Sub-Branch	Islamic	Kalam	KPK	GT Road main Bazar kalam, Swat
258	5167	Sub-Branch	Islamic	Torkham	KPK	Khasra No.388, Landi Kotal Bazar, Tehsil Landi Kotal District Khyber
259	5128	Booth	Islamic	Peshawar	KPK	PDA Commercial Complex, Phase -V, Hayatabad Peshawar
260	5185	Booth	Islamic	Peshawar	KPK	Burn & Truma Center Near Institute of kidney Diseases Phase Iv Hayatabad Peshawar

# List of Branches



Sr.No	Branch ID	Type of office	Nature of Branch	City	Province	Address
261	5101	Sub-Branch	Islamic	Peshawar	KPK	Peshawar General Hospital ,Phase V Hayatabad, Peshawar
262	5101	Booth	Islamic	Peshawar	KPK	Peshawar Health Excellence (Pvt)Ltd ,Plot No.33,Sector A3,Phase V Hayatabad, Peshawar
263	5113	Sub-Branch	Islamic	Abbottabad	KPK	Murree Road Abbottabad
264	5159	Booth	Islamic	Nowshera	KPK	Jalozai Economic Zone, Main Cherat Road Jalozai, Pabbi
265	5104	Booth	Islamic	Nowshera	KPK	University of Technology Nowshera, Tehsil and District Nowshera
266	5223	Branch	Islamic	Islamabad	Federal Capital	Shop No. 5-8, Ground Floor, Plot No. 109-W Sardar Begum Chamber Jinnah Avenue, Blue Area Islamabad
267	5224	Branch	Islamic	Islamabad	Federal Capital	Unit No. AA-5, A J Tower, Gulberg Green Islamabad
268	0333	Branch	Conventional	Mardan	KPK	Mardan Medical Complex, Nowshera Road, Tehsil and District Mardan
269	5179	Booth	Islamic	Mardan	KPK	UET Mardan
270	5007	Booth	Islamic	Mardan	KPK	Fazlehaq College Mardan
271	0004	Booth	Conventional	D I Khan	KPK	Mufti Mehmood Memorial Hospital ,DI Khan
272	5158	Sub-Branch	Islamic	Charsadda	KPK	Khawat No. 126/209 Khatooni, Sherpao Charsadda,Tehsil Tangi, District Charsadda
273	5334	Branch	Islamic	Islamabad	Federal Capital	Shop # 2, Plot # 8, F-11 Markaz Islamabad, tehsil and District Islamabad
274	5225	Branch	Islamic	Peshawar	KPK	Sonehri Plaza, Sonehri Masjid Road, Tehsil and District Peshawar
275	5248	Branch	Islamic	Lower Dir	KPK	Post Office University of Malakand, Tehsil Adenzai, Chakdara, District Lower Dir
276	0074	Sub-Branch	Conventional	Peshawar	KPK	Shaheed Benazir Bhutto Women University, Larama, Charsadda Road, Tehsil and District Peshawar
277	5335	Branch	Islamic	Mardan	KPK	Main kaatlang Road, Shankar, Tehsil and District Mardan
278	0322	Sub-Branch	Conventional	Peshawar	KPK	FC Foundation Plaza Bara Road Shakas, Tehsil Jamrud, District Khyber.
279	5228	Branch	Islamic	Karachi	Sindh	Showroom No.1, Plot # 65, MR4 Near Acchi Gabar, Rampart Road, Jodia Bazar, Karachi, Tehsil & District Karachi
280	5229	Branch	Islamic	Karachi	Sindh	Plot # SB-12, Vital Dreams Apartments, KDA Scheme # 36, Safoora Chorangi, Gulistan-e-Jauhar, Karachi
281	5230	Branch	Islamic	Karachi	Sindh	Shop No # 1 & 2, Plot # 1704, Lane 8, Opposite Soomro Street, Old Haji Camp, Timber Market Karachi, Tehsil & District Karachi.
282	5231	Branch	Islamic	Islamabad	Federal Capital	Plaza No.62, Lane Jinnah Boulevard, Sector-E Commercial, DHA Phase-II Islamabad, Tehsil & District Islamabad.
283	5232	Branch	Islamic	Peshawar	KPK	Aman Tower Sufyan Complex, Darmangi, Warsak Road Peshawar, Tehsil & District Peshawar.
284	5234	Branch	Islamic	Bannu	KPK	Kakki Khas, Near Police Station Kakki, Tehsil Kakki and District Bannu.
285	5139	Sub-Branch	Islamic	Mardan	KPK	Malakand Chowk Mardan, Tehsil and District Mardan.
286	5203	Sub-Branch	Islamic	Mingora	KPK	Khasra No. 49, Khatooni No. 286, Moza Amankot, Rahimabad Swat, Tehsil Babuzai & District Swat.
287	5205	Sub-Branch	Islamic	D I Khan	KPK	Main D.I.Khan Road, District Headquarter Hospital Bannu, Tehsil & District Bannu.
288	5121	Sub-Branch	Islamic	Peshawar	KPK	Prime Town Apartments, Pawaka, Old Bara Road, University Town Peshawar, Tehsil & District Peshawar.
289	5129	Sub-Branch	Islamic	D I Khan	KPK	Dahoter Adda, Chashma Road, D.I.Khan, Tehsil Paharpur & District D.I.Khan
290	5209	Booth	Islamic	Peshawar	KPK	Iqra National University Phase II, Hayatabad, Peshawar
291	5149	Booth	Islamic	Chakdara	KPK	Board of Intermediate and Secondary Education malakand, Tehsil Adenzai, District Lower Dir
292	5238	Branch	Islamic	Karachi	Sindh	Plot # 419-F, Corner Shop # 3, Sana Complex, Block 7 & 8, BCHCL, Dhorajee, Karachi
293	5235	Branch	Islamic	Islamabad	Federal Capital	Plot No. 37, Block-A, B-17, Islamabad
294	5237	Branch	Islamic	Rawalpindi	Punjab	Astra Towers Plot No. 74 Sector Service Road, N-2, Central Business District North, Bahria Town Phase 8 Rawalpindi
295	5243	Branch	Islamic	Lahore	Punjab	Plot No.11-C, Block-A, Sector-C, Bahria Town Lahore
296	5244	Branch	Islamic	Lahore	Punjab	Plot No. 51, Block B-1, PIA Road, PIA Employees Cooperative Housing Society, Lahore
297	5245	Branch	Islamic	Karachi	Sindh	Plot No. 1507 & 1508, Block No. 3, Shop No. 2 & 3, Memon Colony, Federal B Area, Karachi.
298	5246	Branch	Islamic	Sialkot	Punjab	Property No. BI-16S-50+54/RB, Opposite ABL, Paris Road Sialkot

# List of Foreign Correspondent Banks



Sr.No	Country	Correspondent Name
1	Afghanistan	National Bank Of Pakistan Kabul Branch-Pakistan
2	Argentina	Banco Comafi S.A.
3	Australia	Australia And New Zealand Banking Group Limited
4	Bahrain	Al Baraka Islamic Bank B.S.C
5	Bahrain	Alubaf Arab International Bank B.S.C. (C)
6	Bahrain	Askari Bank Limited, Bahrain Branch
7	Bahrain	Bank Al Habib Limited
8	Bahrain	Habib Bank Ltd
9	Bahrain	Woori Bank, Manama
10	Bahrain	JS Bank Limited
11	Bahrain	Arab Investment Company, The
12	Bahrain	United Bank Limited, Manama
13	Bangladesh	Agrani Bank Plc
14	Bangladesh	Dhaka Bank Plc.
15	Bangladesh	Habib Bank Ltd.
16	Bangladesh	Mercantile Bank Plc.
17	Bangladesh	National Bank Of Pakistan
18	Bangladesh	Social Islami Bank Plc
19	Belgium	Habib Bank Ltd.
20	Canada	Habib Canadian Bank
21	China	The Agricultural Bank Of China
22	China	Agricultural Development Bank Of China, The
23	China	Bank Of China, Beijing (Head Office)
24	China	Bank Of Jiangsu Co., Ltd
25	China	China Citic Bank
26	China	Bank Of Communications, Co. Ltd.
27	China	Zhejiang Chouzhou Commercial Bank Co.,Ltd
28	China	The Export-Import Bank Of China
29	China	Habib Bank Limited Urumqi Branch
30	China	Woori Bank (China) Limited
31	China	Zhejiang Xiaoshan Rural Commercial Bank Company Limited
32	China	Industrial And Commercial Bank Of China Limited
33	China	Qilu Bank Co., Ltd
34	China	Nanxun Bank
35	China	Wells Fargo Bank, N.A., Shanghai Branch
36	China	Jiangsu Zhangjiagang Rural Commercial Bank Co.,Ltd .
37	China	Jiangsu Jiangnan Rural Commercial Bank Co., Ltd.
38	China	Shengjing Bank Co.,Ltd
39	China	Zhejiang Tailong Commercial Bank Co.,Ltd
40	China	Zhongshan Rural Commercial Bank Company Limited

# List of Foreign Correspondent Banks



Sr.No	Country	Correspondent Name
41	Egypt	Mashreq Bank
42	France	Credit Mutuel Arkea
43	France	Union Des Banques Arabes Et Francaises - Ubaf
44	Germany	Commerzbank AG
45	Germany	Commerzbank AG
46	Germany	Commerzbank AG
47	Germany	National Bank Of Pakistan, Frankfurt
48	Greece	Crediabank S.A. (Attica Bank SA Athens GR)
49	Hong Kong	Habib Bank Zurich (Hong Kong) Limited A Restricted Licence Bank
50	Hong Kong	National Bank Of Pakistan Hong Kong
51	Hong Kong	Wells Fargo Bank, National Association
52	India	Mashreq Bank
53	India	Shinhan Bank
54	Indonesia	Mufg Bank, Ltd. Jakarta Branch
55	Indonesia	Pt.Bank Woori Saudara Indonesia 1906 Tbk
56	Indonesia	Pt Pan Indonesia Bank Ltd
57	Italy	Bper Banca S.P.A.
58	Italy	Commerzbank Ag Zfo
59	Italy	Banca UBAE SPA
60	Japan	Mufg Bank, Ltd.
61	Japan	National Bank Of Pakistan (Tokyo Branch)
62	Japan	Wells Fargo Bank, N.A., Tokyo Branch
63	Japan	U.B.A.F. - Union De Banques Arabes Et Francaises Tokyo Branch
64	Kenya	Habib Bank AG Zurich
65	Korea, Republic Of	Kookmin Bank
66	Korea, Republic Of	Woori Bank, Seoul
67	Korea, Republic Of	Industrial Bank Of Korea
68	Korea, Republic Of	Keb Hana Bank
69	Korea, Republic Of	National Bank Of Pakistan, Seoul Branch Korea
70	Korea, Republic Of	Suhyup Bank
71	Korea, Republic Of	Wells Fargo Bank N.A.,Seoul Branch
72	Korea, Republic Of	Busan Bank
73	Korea, Republic Of	Shinhan Bank
74	Korea, Republic Of	Ubaf - Union Des Banques Arabes Et Francaises
75	Kuwait	Mashreqbank Psc.
76	Lebanon	Habib Bank Limited
77	Malaysia	Bank Al Habib Limited
78	Malaysia	Mufg Bank (Malaysia) Berhad
79	Malaysia	Citibank Berhad

# List of Foreign Correspondent Banks



Sr.No	Country	Correspondent Name
80	Mauritius	Bank Of Baroda
81	Oman	Sohar International Bank S.A.O.G
82	Pakistan	Allied Bank Limited
83	Pakistan	Albaraka Bank (Pakistan) Limited
84	Pakistan	Bank Alfalah Limited
85	Pakistan	Askari Bank Ltd.
86	Pakistan	Bank Al Habib Limited
87	Pakistan	Bank Of China Limited Karachi Branch
88	Pakistan	Bankislami Pakistan Limited
89	Pakistan	The Bank Of Punjab
90	Pakistan	Dubai Islamic Bank Pakistan Limited
91	Pakistan	Faysal Bank Limited
92	Pakistan	First Women Bank Limited
93	Pakistan	Habib Bank Limited Head Office
94	Pakistan	Industrial And Commercial Bank Of China, Karachi Branch
95	Pakistan	Js Bank Limited
96	Pakistan	Mcb Islamic Bank Limited
97	Pakistan	Meezan Bank Limited
98	Pakistan	Habib Metropolitan Bank Limited
99	Pakistan	Mcb Bank Limited
100	Pakistan	National Bank Of Pakistan
101	Pakistan	Samba Bank Limited
102	Pakistan	Silkbank Limited
103	Pakistan	Sindh Bank Limited
104	Pakistan	Soneri Bank Limited
105	Pakistan	Bank Makramah Limited
106	Pakistan	United Bank Limited
107	Philippines	Asian Development Bank
108	Poland	Bank Polska Kasa Opieki Sa
109	Qatar	United Bank Limited, Doha
110	Saudi Arabia	National Bank Of Pakistan
111	Saudi Arabia	The Saudi National Bank
112	Saudi Arabia	Riyad Bank
113	Singapore	Commerzbank Ag, Singapore Branch
114	Singapore	DBS Bank Ltd
115	Singapore	Habib Bank Limited
116	Singapore	Pt Bank Mandiri (Persero) Tbk
117	Singapore	Woori Bank, Singapore
118	Singapore	Wells Fargo Bank, Na

# List of Foreign Correspondent Banks



Sr.No	Country	Correspondent Name
119	Singapore	Union De Banques Arabes Et Francaises-Ubaf
120	South Africa	Hbz Bank Limited
121	Spain	Abanca Corporacion Bancaria, S.A.
122	Spain	Caixabank, S.A.
123	Sri Lanka	Habib Bank Ltd.
124	Sri Lanka	Hatton National Bank Plc
125	Switzerland	Habib Bank Ag Zurich
126	Taiwan	Mufg Bank, Ltd., Taipei Branch
127	Taiwan	Wells Fargo Bank,N.A, Taipei Branch
128	Thailand	Bank Of Ayudhya Public Company Limited
129	Turkey	Akbank T.A.S.
130	Turkey	Albaraka Turk Participation Bank (Albaraka Turk Katilim Bankasi)
131	Turkey	Aktif Yatirim Bankasi A.S.
132	Turkey	Habib Bank Ltd.
133	United Arab Emirates	Abu Dhabi Commercial Bank
134	United Arab Emirates	Bank Alfalah Limited (Dubai Branch)
135	United Arab Emirates	Dubai Islamic Bank (Public Joint Stock Company)
136	United Arab Emirates	Mashreqbank Psc.
137	United Arab Emirates	Habib Bank Limited
138	United Arab Emirates	Habib Bank Ag Zurich
139	United Arab Emirates	Mcb Bank Limited
140	United Arab Emirates	United Bank Ltd.
141	United Kingdom	Santander Uk Plc
142	United Kingdom	Bank Of China
143	United Kingdom	HBL Bank UK Limited
144	United Kingdom	Habib Bank Zurich Plc
145	United Kingdom	Woori Bank, London
146	United Kingdom	Mashreq Bank Psc
147	United Kingdom	Wells Fargo Bank, N.A., London Branch
148	United States	Deutsche Bank Trust Company Americas
149	United States	Habib American Bank
150	United States	Woori Bank, New York
151	United States	Woori Bank, New York
152	United States	The Bank Of New York Mellon
153	United States	Mashreq Bank Psc
154	United States	Wells Fargo Bank, N.A.
155	United States	Wells Fargo Bank, N.A.
156	United States	Wells Fargo Bank, N.A.
157	United States	Wells Fargo Clearing Services, Llc

# List of Foreign Correspondent Banks



Sr.No	Country	Correspondent Name
158	United States	Wells Fargo Bank, N.A.
159	United States	Shinhan Bank
160	United States	Shinhan Bank America
161	United States	Wells Fargo Bank, N.A.
162	Uzbekistan	Joint Stock Company Garant Bank
163	Vietnam	Woori Bank Vietnam Limited
164	Vietnam	Shinhan Bank Vietnam Limited
165	Vietnam	Vietnam Public Joint Stock Commercial Bank

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# Form of Proxy

Folio No. \_\_\_\_\_ CDC Participant Identity Card No. \_\_\_\_\_ CDC  
A/C No. \_\_\_\_\_

I/We \_\_\_\_\_ of \_\_\_\_\_  
a member/ members of The Bank of Khyber, and holder of \_\_\_\_\_ shares do  
hereby appoint- \_\_\_\_\_ of \_\_\_\_\_ or failing him  
/ her \_\_\_\_\_ of \_\_\_\_\_ who is also a  
member of the company, vide Registered Folio No. \_\_\_\_\_ as my/ our proxy to  
attend, speak and vote for me /us and on my/our behalf at the 35th Annual General Meeting of the Bank to be held on  
March 30, 2026 at 10:30 a.m. at The Bank of Khyber, Head Office, BOK Tower, 24-The Mall, Peshawar Cantt.

As witness my/our hand this \_\_\_\_\_ day of \_\_\_\_\_ 2026.

**Dated**

**Place:**

Signature  
Ten-Rupees  
Revenue Stamp

The Signature should agree with the  
Specimen registered with the Bank

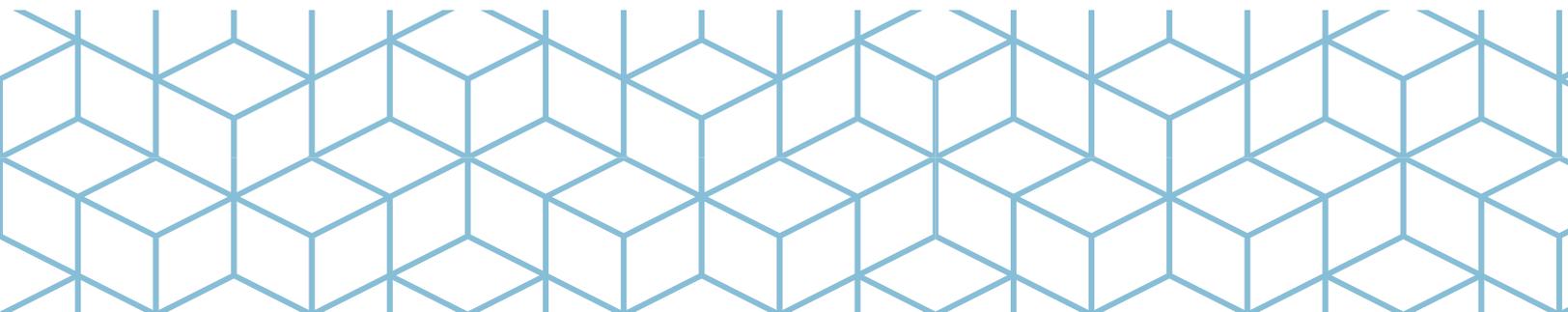
## Notes

### A. General

1. A member entitled to attend and vote at a General Meeting is entitled to appoint a proxy to attend and vote instead him/her. No person shall act as a proxy, who is not a member of the bank except that Government of Pakistan /Provincial Government/State Bank of Pakistan/ Corporation may appoint a person who is not a member.
2. The instrument appointing a proxy should be signed by the member of his/ her attorney duly authorized in writing. If the member is a corporation (other than Government of Pakistan and State Bank of Pakistan), its common seal should be affixed on the instrument.
3. The instrument appointing a proxy, together with the Power of Attorney, if any, under which it is signed or a nationally certified copy thereof, should be deposited, with our Registrar/Transfer Agents, Messrs. THK Associates (Pvt) Ltd. Plot No. 32-C, Jami Commercial Street 2, D.H.A., Phase-VII, Karachi-75500 Pakistan, not less than 48 hours before the time of holding meeting.
4. If a member appoints more than one proxy, and more than one instrument of proxy are deposited by a member with the Bank, all such instruments of proxy shall be rendered invalid.

### B. For CDC Account Holders

1. The proxy form shall be witnessed by two persons whose names, addresses and CNIC number shall be mentioned on the form.
2. Attested copies of CNIC or the passport of the beneficial owners and proxy shall be furnished with the proxy form.
3. The proxy shall produce his/her original CNIC or original passport at the time of the meeting.
4. In case of Government of Pakistan /Provincial Government / State Bank of Pakistan/Corporate entry, the Board of Director's resolution/power of attorney with specimen signature shall be submitted along with proxy to the Bank.



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**The Company Secretary**

**Bank of Khyber**

Head Office, BOK Tower,  
24, The Mall, Peshawar Cantt.

# پراکسی فارم

فولیو نمبر \_\_\_\_\_ سی ڈی سی اکاؤنٹ نمبر \_\_\_\_\_

ذیلی اکاؤنٹ نمبر \_\_\_\_\_

میں/ہم \_\_\_\_\_ ساکن \_\_\_\_\_

بحیثیت بینک آف خیبر کے ممبر \_\_\_\_\_ عدد عام حصص \_\_\_\_\_

محترم/محترم \_\_\_\_\_ ساکن \_\_\_\_\_

جو کہ بینک کا ممبر ہے فولیو نمبر \_\_\_\_\_ کو اپنی/اپنے ایما پر بطور مختار (پراکسی) مقرر کرتا/کرتی/کرتے ہیں/تا کہ میری/ہماری جگہ میری/ہماری طرف سے بینک کے 35 واں سالانہ اجلاس عام (AGM) میں جو مورخہ 30 مارچ 2026 کو دن 10:30 بجے بمقام بینک آف خیبر ہیڈ آفس، بی او کے ٹاور، 24-دی مال پشاور مختار (پراکسی) شرکت کرے، بولے اور حق رائے دہی استعمال کرے۔

آج بروز \_\_\_\_\_ بتاریخ \_\_\_\_\_ 2026 کو بطور گواہ دستخط کئے

دس روپے کاربونیوسٹیپ

تاریخ:

بمقام:

دستخط بینک میں رجسٹرڈ نمونے سے مطابقت رکھنے چاہئیں

نوٹ:

عمومی:

- 1- جنرل میٹنگ میں شرکت کرنے اور ووٹ دینے کا حقدار رکن اس کے بجائے شرکت کرنے اور ووٹ دینے کے لیے پراکسی مقرر کرنے کا حقدار ہے۔ اس کا اس کی کوئی بھی شخص پراکسی کے طور پر کام نہیں کرے گا، جو بینک کا ممبر نہ ہو سوائے اس حکومت پاکستان کے/صوبائی حکومت اسٹیٹ بینک آف پاکستان کارپوریشن ایسے شخص کو مقرر کر سکتی ہے جو ممبر نہیں ہے۔
- 2- پراکسی کا تقرر کرنے والے فارم پر اس کے وکیل کے ممبر کے دستخط ہونے چاہئیں جو کہ تحریری طور پر مجاز ہو۔ اگر ممبر ایک کارپوریشن ہے حکومت پاکستان اور اسٹیٹ بینک آف پاکستان کے علاوہ، اس کی مشترکہ ممبر پراکسی فارم پر چسپاں ہونا چاہئے۔
- 3- پراکسی کا تقرر کرنے والا فارم، پاور آف اٹارنی کے ساتھ، اگر اگر کوئی ہو، جس کے تحت اس پر دستخط کیے گئے ہیں یا قومی سطح پر اس کی تصدیق شدہ کاپی، ہمارے رجسٹرار/ٹرانسفر ایجنٹس، میسرز THK Associates (Pvt) Ltd پلاٹ نمبر 32-سی، جامی کمرشل اسٹریٹ 2، ڈی ایچ اے، فیئر VII، کراچی-75500 پاکستان، کے پاس اجلاس منعقد ہونے کے وقت سے کم از کم 48 گھنٹے پہلے تک جمع کرائی جانی چاہئے۔
- 4- اگر ایک رکن ایک سے زیادہ پراکسی کا تقرر کرتا ہے، اور پراکسی کے ایک سے زیادہ فارم ایک ممبر کے ذریعے جمع کیے جاتے ہیں بینک، پراکسی کے ایسے تمام فارمز کو غلط قرار دے دیا جائے گا۔

سی ڈی سی اکاؤنٹ ہولڈرز کے لیے:

- 1- پراکسی فارم پر دو افراد گواہی دیں گے جن کے نام، پتے اور CNIC نمبر فارم پر درج کیا جائے گا۔
- 2- پراکسی فارم کے ساتھ CNIC یا بینیفیشل ماکان اور پراکسی کے اسپورٹ کی تصدیق شدہ کاپیاں پیش کی جائیں گی۔
- 3- پراکسی میٹنگ کے وقت اپنا اصل CNIC یا اصل پاسپورٹ پیش کرے گا۔
- 4- حکومت پاکستان صوبائی حکومت اسٹیٹ بینک آف پاکستان کارپوریٹ داخلے کی صورت میں، بورڈ ڈائریکٹر کی قرارداد پاور آف اٹارنی کا نمونہ دستخط کے ساتھ پراکسی فارم کے ساتھ بینک کو جمع کرایا جائے گا۔

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**The Company Secretary**

**Bank of Khyber**

Head Office, BOK Tower,  
24, The Mall, Peshawar Cantt.





 24, The Mall, Peshawar Cantt.

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 [www.bok.com.pk](http://www.bok.com.pk)

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