



ANNUAL  
REPORT  
2025



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# CORPORATE PROFILE

Askari Bank's journey began in 1992 as 'Askari Commercial Bank Limited'. Over the decades, the Bank evolved as a well-diversified financial institution committed to creating enduring value for all our stakeholders - our clients, team, partners and shareholders. Adapting to the changing banking landscape and expanding its services to cater to a broader clientele, the Bank opened a wholesale banking branch in Bahrain in 2003, obtained Islamic banking license in 2006, acquired a leasing company in 2010, opened a representative office in Beijing China in 2016, acquired controlling interest in Foundation Securities (Pvt) Limited in 2023 and launched a currency exchange company in 2024.

Today, backed by entity rating of AA+ (by PACRA) and a strong physical footprint represented by a nationwide network of 756 branches, the Bank has earned the trust of thousands across the nation to solidify its status as the bank of choice for individuals and businesses alike. Askari Bank's success comes from the 10,000+ employees who leverage their imaginations and insights to bring the Bank's vision, values and strategy to life to help its clients thrive and businesses prosper.

Askari Bank ranks at 10<sup>th</sup> position in local banking industry, based on market capitalization, has a diversified business model with a focus on innovation and digitization continually aspiring to provide exceptional experience to its more than two million customers. The Bank is guided by its purpose - to help make ambitions a reality, and is activating its resources to create positive change and contribute to a more equitable, inclusive and sustainable future.





# VISION

To be the bank of first choice.



# MISSION

To serve with excellence, integrity and care with a winning mindset and customer first approach with a view to earning enduring trust while upholding Shariah principles and creating sustainable long term value for all stakeholders.

## CORE VALUES



### Winning Mindset

We think customer-first and act to win, every interaction, every time.

A performance-driven mindset anchored in service excellence, ownership, and outcomes that build trust and loyalty.



### Excellence in Action

We raise the bar in everything we do.

A commitment to quality, precision, and superior service delivery, consistently and without compromise.



### Character & Integrity

Integrity defines who we are and how we are trusted.

We act ethically, transparently, and responsibly, earning confidence through principled decisions and conduct.



### Agility with purpose

We move fast, adapt quickly, and act decisively.

Speed, responsiveness, and accountability enable us to stay ahead in a dynamic and competitive environment.



### Nurture to Empower

Together, we enable growth, of people, relationships, and possibilities.

A culture of collaboration, inclusion, and empowerment where collective strength drives success.

# FINANCIAL HIGHLIGHTS

Rupees in million	2025	2024	Growth (%)
Total Assets	2,895,002	2,498,374	15.9
Total Deposits	1,631,332	1,363,735	19.6
Current Deposits	501,669	387,938	29.3
Advances and Investments	2,615,391	2,205,504	18.6
Shareholders' Equity	151,746	121,629	24.8
Operating profit	55,103	42,700	29.0
Profit before taxation	53,285	44,507	19.7
Profit after taxation	22,803	21,023	8.5
Earnings per share - Rs.	15.73	14.51	8.5
Net book value per share - Rs.	104.70	83.92	24.8
Market value per share - Rs.	100.56	38.27	162.8



# CORPORATE INFORMATION

## BOARD OF DIRECTORS

**Lt Gen Anwar Ali Hyder, HI (M) (Retd)**

*Chairman/ Non-Executive Director*

**Mr. Jahangir Piracha**

*Non-Executive Director*

**Maj Gen Muhammad Zafar Iqbal, HI (M) (Retd)**

*Non-Executive Director*

**Syed Bakhtiyar Kazmi**

*Non-Executive Director*

**Mr. Khurshid Zafar**

*Non-Executive Director*

**Mr. Manzoor Ahmed**

*Non-Executive Director/ NIT Nominee*

**Mr. Kamran Yousuf Mirza**

*Independent Director*

**Ms. Samina Rizwan**

*Independent Director*

**Ms. Vadiyya Khalil**

*Independent Director*

**Raja Muhammad Abbas**

*Independent Director*

**Mr. Zia Ijaz**

*President & Chief Executive Officer*

## SHARIAH BOARD

**Mufti Muhammad Zahid**

*Chairman*

**Dr. Muhammad Tahir Mansoori**

*Resident Shariah Board Member*

**Mufti Zakir Hassan Naumani**

*Member*

**Dr. Lutfullah Saqib**

*Member*

## AUDITORS

**A. F. Ferguson & Co.,**

*Chartered Accountants*

## LEGAL ADVISORS

**RIAA, Barker Gillette**

*Advocates & Corporate Counselors*

## COMPANY SECRETARY

**Syed Ali Safdar Naqvi**

## REGISTERED OFFICE

AWT Plaza, The Mall, P. O. Box No. 1084

Rawalpindi – 46000, Pakistan

Tel: (92 51) 8092631

UAN: (92 51) 111 000 787

Fax: (92 51) 2857448

Email: [ir@askaribank.com.pk](mailto:ir@askaribank.com.pk)

## BOARD COMMITTEES

### AUDIT

**Mr. Kamran Yousuf Mirza - Chairman**

**Mr. Jahangir Piracha**

**Syed Bakhtiyar Kazmi**

**Mr. Manzoor Ahmed**

### HUMAN RESOURCE & REMUNERATION

**Raja Muhammad Abbas - Chairman**

**Mr. Jahangir Piracha**

**Mr. Khurshid Zafar**

**Mr. Manzoor Ahmed**

**Ms. Samina Rizwan**

### RISK MANAGEMENT

**Mr. Manzoor Ahmed - Chairman**

**Maj Gen Muhammad Zafar Iqbal, HI (M) (Retd)**

**Syed Bakhtiyar Kazmi**

**Mr. Khurshid Zafar**

**Ms. Vadiyya Khalil**

### INFORMATION TECHNOLOGY

**Ms. Samina Rizwan - Chairperson**

**Maj Gen Muhammad Zafar Iqbal, HI (M) (Retd)**

**Syed Bakhtiyar Kazmi**

**Raja Muhammad Abbas**

**Mr. Zia Ijaz**

### REGISTRAR & SHARE TRANSFER OFFICE

**CDC Share Registrar Services Limited (CDCSRSL)**

Mezzanine Floor, South Tower, LSE Plaza

19-Khayaban-e-Aiwan-e-Iqbal, Lahore

Tel: Customer Support Services (Toll Free)

0800-CDCPL (23275)

Tel: (92 42) 36362061-66

Fax: (92 42) 36300072

Email: [info@cdcsrsl.com](mailto:info@cdcsrsl.com)

Website: [www.cdcsrsl.com](http://www.cdcsrsl.com)

### ENTITY RATINGS

Long Term: AA+

Short Term: A1+

By PACRA

### WEBSITE & SOCIAL MEDIA

[www.askaribank.com](http://www.askaribank.com)

 [askaribankpakistan](https://www.facebook.com/askaribankpakistan)

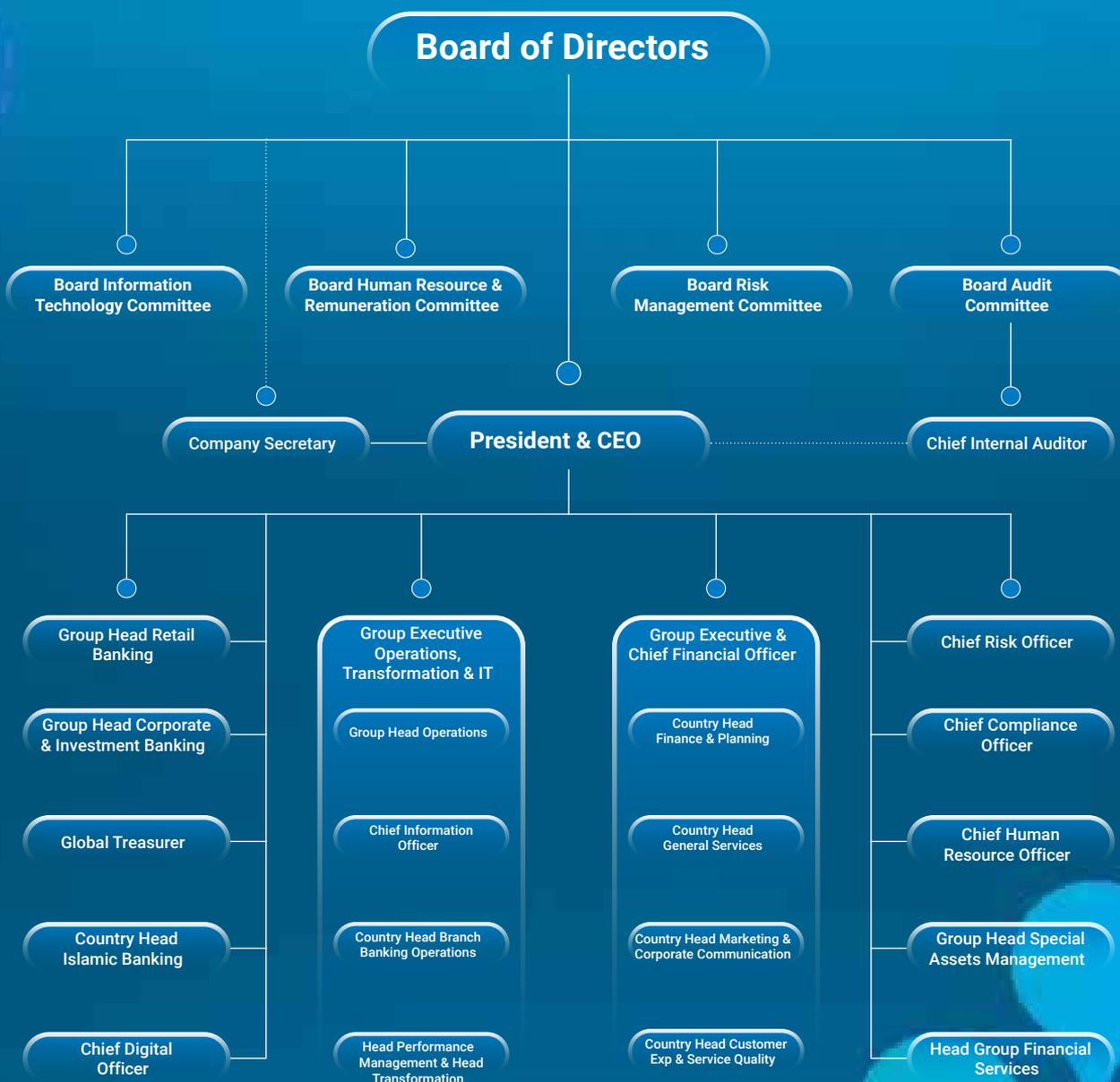
 [Askari\\_Bank](https://twitter.com/Askari_Bank)

 [askaribankpk](https://www.instagram.com/askaribankpk)

 [askaribanklimited](https://www.linkedin.com/company/askaribanklimited)

 [AskariBankOfficial](https://www.youtube.com/AskariBankOfficial)

# ORGANIZATIONAL CHART



# PRODUCTS & SERVICES

Askari Bank offers a comprehensive range of financial solutions tailored for the needs of its diverse customer segments; retail, corporate, commercial, SME, consumer and agriculture delivered through a network of 757 branches, under both conventional and Islamic banking modes as described here under:

## Corporate, Commercial & Investment Banking

The Bank understands the diverse business requirements of the Bank's corporate and institutional clients, and accordingly strives to meet their expectations by providing a customised and relationship-based banking approach.

### Corporate Banking

Corporate banking works on a long-term relationship-based business model to provide a single point within the Bank which meets all business requirements of its corporate and institutional customers, including public sector enterprises. Along with innovative products and solutions, customer service remains the Bank's top priority. The Bank's relationship-oriented outlook focuses on providing a complete array of tailored financing solutions that are practical and cost effective, some of which include:

- Working Capital Facilities
- Term Loans
- Letters of Guarantee
- Letters of Credit
- Discounting Facilities
- Export Financing
- Cash Management and Employee Banking Solutions

### Commercial Banking

Commercial Banking serves the middle tier segment by providing both general and tailored solutions encompassing all financial needs of borrowers ranging from Trade Finance to working capital requirements. Dedicated relationship managers provide customised solutions to the Bank's customers.

### Corporate Lease Unit

Leasing specialises in providing a broad range of leasing and equipment finance solutions to businesses of all sizes (Corporate / Commercial / SME). Askari Bank offers customised lease structures to match cash flows and specific financial requirements of the client. It optimises

both operational efficiency and financial performance by helping businesses to conserve capital and maintain liquidity while acquiring necessary equipment / assets. Key financing solutions offered by Corporate Leasing are:

1. Equipment Leasing: Offers leasing options for different types of equipment, industrial machinery, medical and IT equipment, etc.
2. Fleet Financing: Offers financing for (i) commercial vehicles to meet transportation / logistic requirements of the business and (ii) noncommercial vehicles for meeting organisations and institutions requirement of providing vehicles to their executives / employees.
3. Green Energy Solutions: Helps in acquiring energy-efficient and environment friendly equipment, contributing towards greener / sustainable environment goals.

### Investment Banking

Investment banking offers a range of financial advisory and capital raising services to corporate and institutional clients. It also manages the Bank's investments in local debt market. Investment banking offers various tailored financial solutions including debt syndications, project finance and advisory services, structured trade finance facilities, debt placements through capital markets including Sukuk issuances, encompassing both secured and unsecured structures, further broadening access to Shariah-compliant capital market solutions. Whether a company is seeking to access the local or cross border syndications and debt capital markets, project financing needs, advisory services related to Mergers and Acquisitions and or local equity capital markets for raising capital, the Bank's Investment Banking is well positioned to provide due assistance.

### International Banking

Having Correspondent Banking relationships with 551 banks in 80 countries around the world, Askari International Banking remains focused on tapping new markets in Europe apart from South East Asia and Middle East markets to boost international trade and remittances. Concentrated efforts are also being made to promote business from China, leveraging on positive spill-over of Chinese investment in Pakistan, especially under CPEC.

# PRODUCTS & SERVICES Contd.

## Retail Banking

Askari Bank's Retail Banking group serves individual and small business customers through a wide range of products and services, including deposit accounts, personal loans, credit cards, and mortgage solutions. The Bank leverages a growing branch network, digital banking platforms, and tailored customer service to provide accessible and convenient banking solutions. Focused on enhancing customer experience, retail banking continues to contribute significantly to the Bank's deposit base, fee-based income, and overall profitability, while supporting financial inclusion across urban and semi-urban markets.

### Askari Zabardast Current Account

The Askari Zabardast Current Account is designed as an inclusive banking solution catering to individuals, sole proprietors, and businesses. Offering a comprehensive range of exclusive free-value added benefits, this product delivers tailored solutions that enable seamless financial Management.

### Current Account

Askari Bank's Current Accounts are designed to meet a wide range of transactional requirements for individuals and businesses. These accounts offer enhanced convenience through value-added features such as cheque books, debit cards, banker's cheque, real-time transaction alerts, i-Net Banking, and much more.

### Savings Account

The Bank offers Savings Accounts to both individual and institutional customers through a diverse portfolio of specialised products, including Askari Maximiser, Askari Waqaar (for senior citizens), Askari Little Champs (for minors), and Institutional Savings Plus (for entities). These accounts combine attractive features with competitive returns, delivering secure, flexible, and rewarding savings solutions tailored to customer needs.

### Term Deposit

Askari Bank's Term Deposit products are structured to meet the investment objectives of both individual and corporate customers with medium to long term needs. These deposits offer a balance of security and flexibility, providing competitive profit options with customisable payout frequencies aligned with customer preferences.'

### Askari Click Freelancer Account

The Askari Click Freelancer Account is a specialised Current Account designed to facilitate the banking needs of freelancers and self-employed professionals engaged in the digital economy.

This account offers a range of free services and features, enabling freelancers to manage their transactions efficiently while benefiting from the Bank's digital banking platform.

### Askari Asaan Account

The Askari Asaan Account is designed to promote financial inclusion by catering to unbanked and underbanked individuals. Available in both Current and Saving variants, the account offers a simplified and hassle-free account opening and maintenance process, facilitating access to essential banking services for low-income segments.

### Askari Sahar Account

Askari Sahar Deposit Suite is specifically designed to cater to the diverse banking needs of Pakistani women, with the aim to minimise the gender gap in financial inclusion. Askari Sahar account is offered in all Current, Savings and Term Deposit as well as Foreign Currency variants with a range of free banking services and attractive returns.

### Ascend Priority Banking

Ascend Banking is Askari Bank's priority proposition tailored to offer an enhanced banking experience coupled with personalised services and exclusive privileges. Ascend is built on a relationship driven model, combining convenience, luxury and bespoke ancillary benefits. The Ascend proposition offers a highly curated banking experience offering personalised advisory, efficient service delivery and exclusive privileges creating a seamless and distinctive experience for our High Net Worth (HNW) customers.

Key privileges under Ascend Priority Banking include:

- Access to exclusive Ascend Priority Lounges.
- Dedicated Priority Relationship Managers.
- Premium turnaround times and service standards.
- Askari Visa Signature Debit Card with value enriched features and global acceptance.

askaribank  
**ASCEND**  
Priority Banking

ASCEND TO EXCELLENCE  
LUXURY MEETS  
BANKING



سب کچھ تو ہے اس میں!  
بے شمار زبردست سہولیات  
وہ بھی بالکل فری!

Askari  
**Click Account**  
CLICK KARO,  
ACCOUNT KHOLO!  
Anywhere, Anytime, Instantly.



# PRODUCTS & SERVICES Contd.

- Enhanced transaction and withdrawal limits
- Waivers in schedule of Bank charges.
- Complimentary access to domestic and international airport lounges
- 24/7 Dedicated Priority Contact Centre support
- Exclusive dining, travelling and lifestyle alliances and discounts

Ascend priority lounges come with an ambiance of richness and luxury dovetailed with digital solutions and a wide array of unique products and services.

## **Women Financial Services Department**

Women Financial Services Department (WFSD) at Askari Bank is committed to uplift the women segment by creating an inclusive ecosystem where women thrive as independent contributors to a more equitable economy. Dedicated Women Financial Services Desks, led by Women Champions have also been established for Women to ensure seamless access to banking services and empowering them to make better financial decisions.

As part of our commitment to SBP Banking on Equality Policy, Askari Bank has been Ranked the 2nd Best in mid-size Banks, reflecting our continued progress on Women Financial Inclusion. Askari Bank has also been awarded “Women in Business Champion Award” by Asian Development Bank (ADB) in Trade & Supply Chain Finance Program 2025, for recognizing the Bank’s commitment towards harnessing Women’s potential, bridging gender gap in leadership, fostering career progression for Women, and creating an inclusive institution that empowers Women to champion their financial endeavors.

## **China Desk**

Askari Bank’s China Desk remains a cornerstone of our commitment to fostering strong financial and trade relations between Pakistan and China. Askari China Desk was created with the sole intent of facilitating Chinese businesses working for various projects in Pakistan and has been immensely successful in term of fostering rich financial prospects and bringing in valuable Chinese deposits and trade. With an increasing number of Chinese investors entering Pakistan, the Bank is well-placed to cater the needs of all existing and new

customers. Our Representative Office in Beijing - China, plays an important role in facilitating these initiatives, ensuring that we remain a trusted financial partner in the Belt and Road Initiative.

## **Askari Asaan Remittances & Roshan Digital Account**

Participation in the State Bank of Pakistan’s Pakistan Remittance Initiative (PRI) remains a strategic priority for Askari Bank. Home remittance segment plays a vital role in supporting household incomes and contributing to Pakistan’s economic stability. Askari Bank facilitates secure, efficient, and compliant remittance services through its global network of remittance partners. The Bank’s web-based platform, Askari Asaan Money Transfer, enables real-time processing of remittances, including:

- Direct account credits
- Mobile wallet transfers
- Over-the-counter cash payments

These services are offered free of charge and are accessible to all citizens across Pakistan. To further strengthen remittance service delivery and support the objectives of the PRI, Askari Bank continues to invest in technology, system capacity, and human resources, reinforcing its commitment to reliable and customer-centric remittance solutions.

Roshan Digital Account (RDA) is an initiative of the State Bank of Pakistan designed to provide banking, payment, and investment solutions for Non-Resident Pakistanis (NRPs). The account enables NRPs to invest in Pakistan through a fully digital account opening process accessible from anywhere in the world. Askari Bank facilitates Roshan Digital Account opening through its Website, Mobile Application, and WhatsApp platform. Customers may open foreign currency accounts in USD, GBP, EUR, or PKR under both Conventional and Islamic banking frameworks. The RDA also offers government-issued investment options, including Conventional and Islamic Naya Pakistan certificates. Askari Bank’s Roshan Digital Account contributes to the enhancement of Pakistan’s inbound remittances. To support this initiative, the Bank has established a dedicated RDA unit to ensure efficient service delivery and timely resolution of NRPs’ queries.

## **Digital Banking - Innovation to Impact – Today & Beyond**

### **Leading the Digital Future**

Guided by its mission of “Getting Closer to the Customer”, Askari Bank continued to advance its digital banking agenda during 2025, translating innovation into tangible customer value, operational scale and sustainable growth.

In a rapidly evolving digital environment, the Bank adopted a customer-centric design philosophy, emphasising speed, simplicity and security across all digital touchpoints. This approach enabled Askari Bank to consistently meet industry benchmarks, reinforcing its position as a forward-looking bank committed to delivering meaningful, connected and trusted banking experiences.

### **Reimagining Banking Through Mobile App: The Lasting Impact**

Askari Bank’s mobile app is characterised by its simplicity, intuitiveness speed and high availability offering a mobile banking experience to 1.1 million users. Mobile App remained cornerstone of the Bank’s digital ecosystem.

To strengthen daily relevance, Bank expanded the Mobile App beyond transactional banking into a broader lifestyle platform. The launch of Askari Edge, a mini-App ecosystem, enabled seamless access to services such as ticketing, insurance, investments and digital utilities - positioning the App as a single, integrated interface for customers’ everyday financial and lifestyle needs. Additional enhancements across payments, Cardless Cash Withdrawal transactions, Ask Advance, Bill Split, Spending insights, Bilingual Interface and higher transaction limits further enriched usability and convenience.

### **In-App Calling – Trusted Digital Interaction**

Recognising the growing importance of secure customer communication, Askari Bank offers a verified in-app calling feature, enabling customers to interact directly with the Bank within a trusted digital environment. This innovation significantly reduced fraud risks associated with unknown calls, enhanced authentication and ensured real-time support.

### **Smart Communities and Ecosystem Banking**

Askari Bank launched Pakistan’s first Smart Housing Society Digitisation initiative, redefining the role of banking within community life. The initiative transforms housing societies into fully connected, cashless ecosystems by embedding payments, utilities, retail and service interactions into a unified digital framework.

Through deep hyper-localisation, the model enables residents, merchants and service providers to operate within an integrated digital value chain – shifting banking engagement from occasional transactions to seamless daily interactions.

### **Innovation at Scale: Digital Innovation Lab**

The Bank continued to strengthen its innovation capability through the evolution of Askari Digital Innovation Lab, which has matured into a Technology Development Lab equipped with advanced tools and collaborative frameworks. The Lab plays a central role in accelerating experimentation, product development and cross-functional collaboration – embedding innovation as a core institutional capability rather than a standalone function.

### **Advancing with Generative AI**

Askari Bank advanced beyond basic automation by deploying Generative AI-powered knowledge ecosystems across key functions. Intelligent chatbots supporting HR policies, information security, product knowledge and Shariah-compliant advisory significantly improved access to accurate, contextual information.

In collaboration with National Center of Artificial Intelligence (NCAI), Bank deployed a centralised product information platform, enabling consistent and timely access to banking knowledge for both internal teams and customers – enhancing governance, efficiency, and service quality.

### **Click Account – Digital Pathway to Financial Inclusion**

The launch of Click Account marked a major milestone in fully digital onboarding. With a two- minute account opening journey and bundled banking services, the product demonstrated strong market acceptance.

# PRODUCTS & SERVICES Contd.

Importantly, the initiative supported national financial inclusion objectives, with 30% female participation and strong adoption among GenZ – digitally native customers. These outcomes align with Bank's long-term strategy of expanding access to formal banking while engaging the next generation through inclusive, technology-led solutions.

## **Phygital Banking Experience and Banking-as-a-Service**

Askari Bank continued to reimagine physical banking through digitally enabled branch experiences. During the year, 11 digital lobbies became operational, complemented by digital lockers, instant cheque printing and specialised offerings such as freelancer accounts – enhancing convenience, speed and customer satisfaction.

The Bank also expanded its Banking-as-a-Service (BaaS) capabilities through a strategic partnership with Mashreq Bank, enabling seamless integration between digital banking and physical infrastructure. This collaboration enhanced customer convenience, optimised network utilisation and reinforced Askari Bank's role as a trusted financial services enabler.

## **Infrastructure Resilience and Operational Excellence**

Operational reliability remained a key focus. Bank's ATM network expanded to 888 machines, achieving 95.37% uptime, while cash availability was maintained at 99.60%. These performance levels underscore Bank's commitment to accessibility, service continuity and infrastructure resilience.

As Askari Bank reflects on the progress achieved during 2025, it acknowledges the trust and feedback of its customers, partners and stakeholders, which continue to guide its evolution. The year stands as a testament to the Bank's disciplined execution, customer-centric innovation and commitment to sustainable digital growth.

## **Agriculture Banking**

Wide range of Products and services under Production and Development agriculture finance are being offered to timely and adequately meet the credit requirements of the agriculture and rural sector.

Loans are being extended for crops, livestock, farm mechanisation, irrigation & water, tunnel farming, construction of storage facilities, floriculture, poultry, fisheries, orchards, purchase of tractors, refrigerated trucks / pickups, value chains and small farmer loan schemes. Loan facilities under Govt./ SBP Schemes are also offered on subsidised mark-up rate. To streamline and automate the loan application approval process, the Bank has implemented a Loan Origination System (LOS) tailored for its Agri segment.

Following is the list of Askari Bank's Agri products:

- Askari Kissan Ever Green Finance
- Askari Kissan Tractor Finance
- Askari Kissan Farm Mechanization Finance
- Askari Kissan Aabpashi Finance
- Askari Kissan Transport Finance
- Askari Kissan Livestock Development Finance
- Askari Kissan Green House & Tunnel Finance
- Askari Kissan Farm Storage Finance
- Askari Kissan Gold Fish Finance
- Askari Kissan Murghban Finance
- Askari Kissan White Pearl Finance
- Askari Kissan Samar Bahisht Finance
- Askari Kissan Gulban Finance
- Electronic Warehouse Receipt Financing (EWRF)
- Sahar Agriculture Finance for Female Farmers

Bank has successfully launched of digital platform for Zarkhez-e scheme and is offering discount on purchase of Agri inputs from alliances outlets, i.e. Green Agrimall & HBL Zarai Dera. Bank has also signed MOU with Green Cooperative Livestock Initiatives (GCLI) to promote Livestock in fattening/ rearing business.

## **Consumer Banking**

Consumer banking provides range of financing solutions to cater and meet the Bank's customers' personal financing needs through innovative products and offerings. The Bank keeps in mind customers' needs at every stage of life. To enrich customer experience, the Bank continuously seeks new alliances to provide rich offerings and discounts.

### **Ijarah Bis Sayyarah**

Askari Ijarah Bis Sayyarah is a Shariah-compliant car financing solution for new/used vehicles. It offers competitive floating / fixed rental, flexible repayment plan and quick processing without any hidden charges. The product is offered to the customers (including Women Centric product) for a maximum tenor of 5 years.

### **Personal Finance**

With unmatched financing features in terms of loan amount, payback period and easy monthly instalments, Askari Bank's Personal Finance makes sure that the Bank's customers get the most out of their loans. The product tenor ranges from 1 – 4 years and is designed for salaried individuals and businessmen.

### **Advance Salary**

Askari Bank also offers Advance Salary. It is an instant Personal Loan for short term period without hassle of any formal approval process and disbursement of loan within minutes. This facility is available 24/7 through Askari Internet Banking and Mobile App and can be availed by the employees of approved companies having payroll disbursement arrangement with Askari Bank.

### **Askari Home Musharakah**

Structured under Diminishing Musharakah, the facility enables customers to purchase, construct or renovate homes through a shared ownership model, where Askari Bank leases its share and the customer gradually acquires full ownership through monthly payments combining rent and equity. The premium Home Finance product is offered to customers for a period of up to 20 years. With Askari Home Musharakah, Askari Bank reaffirms its commitment to helping customers achieve their dream of owning a home – with convenience, transparency, and Shariah compliance.

### **Mastercard Credit Card**

Askari Bank offers a competitive suite of Classic, Gold, Platinum, World and Corporate Mastercard Credit Cards that provide superior services, travel privileges, lucrative discount offers, seamless online payment facilities, mobile & WhatsApp banking access along with reward points and transactional alerts through SMS as an enhanced security feature. Customers may also benefit from Flexible Credit Plans (FCP), Extended Payment Plan

(EPP) and Balance Transfer facility (BTF) with or without instalment at discounted mark-up rates.

### **World Mastercard Credit Card**

Askari Bank pioneered Pakistan's first ever "World Mastercard" in collaboration with Mastercard International. This credit card is specifically designed for customers seeking high-class service standards and travel privileges worldwide.

### **Askari VISA Debit Card**

Askari Bank has entered into a strategic alliance with Visa, a leading global payments technology company. As a financial institution, Askari Bank's collaboration with Visa provides a significant boost to its global outreach and lucrative enhancement in the Banks Debit card portfolio suite. This partnership taps into Visa's vast international network, offering Askari Bank an opportunity to expand its footprint across continents and cultures.

### **Small and Medium Enterprises (SME) Banking**

Small and Medium Enterprises are a key driver of economic activity, employment, and entrepreneurship, and supporting this segment remains essential for sustainable economic development. Askari Bank continues to place SMEs at the centre of its growth agenda by improving access to finance through solutions that are practical, flexible, and aligned with how businesses actually operate.

Our country-wide branch network, supported by dedicated credit resources and relationship management teams, allows the Bank to engage closely with SME customers at the ground level and respond to their financing needs in a timely and effective manner.

Supply Chain Finance gained further traction during the year, with the Bank building a meaningful and scalable portfolio to support working capital requirements across value chains. Alongside this, the Bank continued to promote financial inclusion through a dedicated women-focused lending program and expanded outreach under the Banking on Equality initiative, including collaboration with SMEDA to support broader SME development.

At the same time, the Bank progressed on digitisation initiatives aimed at simplifying processes, improving turnaround times, and extending outreach to underserved

# PRODUCTS & SERVICES Contd.

businesses, while continuing to provide trade-related financing and advisory support through its branch network.

In addition to regular financing lines, the Bank's SME offering includes the following Product Programs (PPMs):

- Askari Ujala Finance (Renewable Energy)
- Askari Sahar Finance (Women Entrepreneurship)
- Askari Imarat Finance (Infrastructure & Construction)
- Askari Flour Mill Finance (Seasonal Financing)
- Askari Rice Finance (Seasonal Financing)
- Supply Chain Finance (Working Capital)
- Ask Fauri Business Finance (Financing against Liquid Securities)
- Askari Nai Umang (Financing for Special Persons)
- Prime Minister's Youth Business & Agriculture Loan Scheme
- LC - Sight (Import Program) -SME
- Askari Cotton Ginning Finance
- Askari Business Solution ( ABS)
- Askari Fleet Finance

## Islamic Banking

### Islamic Deposit Products

Askari-Ikhlās Islamic Banking provides its customers with a wide range of Shariah-compliant deposit products, designed to offer flexibility, convenience, and competitive returns. These products cater to diverse financial needs, ensuring that customer can manage their finances in accordance with Islamic principles. Customers can choose from a wide range of deposit solutions, including current accounts, savings accounts, and flexible term deposit options.

### Qard based – Current Accounts

Designed to meet the dynamic needs of customers, our current accounts provide seamless banking solutions while adhering to Islamic principles. Customers can select from a variety of current account options tailored to meet individual and business requirements. Key products include:

- Askari Islamic Zabardast Current Account (LCY) – With free cheque book, ATM and other services
- Askari Halal Foreign Currency Current Account – Available in USD, GBP, AED and Euro

- Askari Islamic Asaan Current Account – To cater the need of low-income individuals
- Askari Islamic Sahar Current Account – For female customer with free and discounted services
- Askari Islamic Pak-Wattan Account – For the families of overseas Pakistanis
- Askari Islamic Current Account for Pensioners – For the convenience of pensioners
- Askari Islamic Little Champ Account – For minors with free cheque book, ATM and others
- Askari Islamic Basic Banking Account – For low income individuals
- Askari Islamic Sohni Dharti Account – For overseas Pakistanis
- Askari Islamic Pro Current Account – For Individuals, Business Enterprises, Govt. Entities.
- Askari Islamic Sahar Foreign Currency Current Account – For female customers.
- Ask Sona Islamic Current Account – For dealers of FFCL

### Mudarabah based – Saving Accounts

For customers seeking secure and predictable returns, our saving deposits offer a Shariah- compliant solution to grow their savings. With monthly returns at market-based saving profit rates and value-added features of free and discounted services. These accounts are perfect for those looking to invest with confidence and integrity.

- Askari Halal Saving Account – With free cheque book, ATM and other services
- AHSAN Account – With free cheque book and ATM Issuance
- AHSAN Pensioners - No minimum balance requirement for Pensioners
- AHSAN Munafa Account – Open for all types of customers monthly profit payments
- Askari Halal US Dollar Savings Account – Monthly profit payment
- Askari Halal Foreign Currency Saving Account (GBP, AED, Euro) - Monthly profit payment for Individuals, Business Enterprises, etc.
- Askari Islamic Asaan Saving Account – No minimum balance requirement for individuals
- Askari Islamic Sahar Saving Account - For female customers with monthly profit payments

- Ask Sona Islamic Plus Account – For dealers of FFCL
- Askari Islamic Pak Wattan Account – For families of overseas Pakistani
- Askari Islamic Little Champ Account – For minors (below the age of 18 years)

#### **Mudarabah based – High Yielding Saving Accounts**

Ideal for profit-conscious customer, these products offer unique blend of high returns and liquidity, ensuring that your savings grow in a Halal and ethical manner. Whether you are an individual or a business, these accounts provide reliable way to maximise your earnings while staying true to your values and faith.

- AHSAN Munafa Corporate – Attractive monthly profits and multiple free services
- AHSAN Masrafi – Market based profits for HNWI, FI's and others
- AHSAN Pensioners Account – Offer competitive profit rates to the pensioners
- Ask Sona Islamic Plus Account – Available for dealer of FFCL
- AHSAN Munafa Pro Account – Attractive Semi Annually profit payments
- AHSAN Munafa Plus Account – Attractive quarterly profits payments

#### **Mudarabah based – Term Deposit Accounts**

Askari-Ikhlas provide opportunity to unlock the potential of savings with the Shariah-compliant Islamic Term Deposit Accounts. The customers enjoy competitive profit rates while adhering to Islamic principles. Investments are managed in secured and ethical manner, ensuring peace of mind for our customers. The customer benefit from the flexible terms and grow their wealth the Halal way with the following term deposit product:

- Askari Islamic Investment Certificates – Flexible profit payment terms
- Askari Khas Islamic Deposit Account (LCY & FCY) – Available in local and foreign currencies
- AHSAN Masrafi Certificate of Islamic Investment – Higher return with flexible payment options
- Askari Islamic Senior Citizen Investment Certificate – With free ATM, Cheque Book and other services
- Askari Islamic Sahar Investment Certificates - Attractive monthly profit payments for women

- Askari Islamic Golden Pensioners Term Deposit – Higher return with flexible profit payment options for retired and pensioners (Armed forces/ Government/ Private)

#### **Digital Accounts**

Askari Ikhlas Islamic digital accounts offer a seamless and secure banking experience, enabling our customers to open and manage accounts anytime, anywhere. Key products include:

- Askari Islamic Asaan Digital Account.
- Askari Islamic Asaan Digital Remittance Account.
- Askari Islamic Click Current Account.
- Islamic Exporter Foreign Currency Account (Freelancers)
- Islamic Roshan Digital Accounts
- AKBL-Ikhlas Existing CASA Products

#### **Islamic Consumer Banking Products**

Askari Ikhlas Islamic Banking provides Shariah compliant solutions for home and vehicle financing, adhering to Islamic principles by avoiding interest (riba) and promoting ethical practices. Our offerings feature flexible payment plans, affordable pricing, and transparent terms, empowering consumers to make informed financial decisions while aligning with their faith. Our products include:

- Askari Ijarah Bis Sayyarah – It provides customers an Islamic leasing solution to get the car of their choice with flexible payment plans and competitive rates.
- Askari Ijarah Bis Sayyarah for women - Offers specialised car financing options designed specifically for women, ensuring equal access to vehicle ownership.
- Askari Home Musharakah - A partnership-based financing option allows customers to purchase, build or renovate a house.
- Askari Sahar Home Musharakah - A partnership-based financing option allows women to purchase, build or renovate a house.
- Askari Islamic Personal Finance (Secured) – It is offered under the Shariah principles of "Shirkat-ul-Milk cum Ijarah-Sale and Lease Back (SLB) to avail cash to fulfill their financial needs.

# PRODUCTS & SERVICES Contd.

- Askari Islamic Consumer Durables Finance – It is offered under the Shariah principles of “Musawamah to Purchase of Shariah permissible Consumer Durable Goods (for personal use).
- Askari Burq Financing (Solar Financing) – A partnership-based financing option allows customers to install solar system.

## **Islamic Corporate, Commercial & SME Financing Facilities**

Askari Ikhlas Islamic Banking offers a comprehensive Corporate, Commercial and SME banking portfolio, developed with a strong risk management strategy to meet diverse financial needs.

Our Shariah based financing products include:

- Working Capital Facilities: Running Musharakah, Bai Al Murabahah, Bai Al Musawamah and Finished Goods (Tijarah).
- Long-Term Finance Options: Diminishing Musharakah and Ijarah.
- Trade Services: Islamic Trade Financing, Letter of Credit/Guarantee.
- Other Solutions: Bai Al Salam and Istisna for other financing needs such as over-heads etc.

## **Islamic Agriculture Financing Facilities**

The Bank also plays an important role in promoting agriculture development in Pakistan by providing Shariah compliant agriculture financing facilities, contributing to food security, poverty reduction and economic growth, aligning with national development goals of Pakistan by offering;

- Askari Islamic Tractor, Transport and farm Mechanization Finance
- Diminishing Musharakah for Agriculture Financing
- Electronic Warehouse Receipt (Islamic)

## **Islamic Trade Financing Facilities**

The Bank also plays an important role in promoting trade business in Pakistan by providing financing facilities under the Shariah Principles by offering:

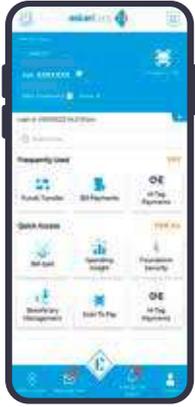
- Islamic Rupee Based Bill Discounting – Available under mode of Murabahah, Istisna, Salam & Running Musharakah.
- Import Financing - Available under Murabahah, Diminishing Musharakah and Ijarah.
- Export Financing - Available under Murabahah, Istisna, Tijarah-FG Financing, Salam, RM etc.

## **SBP Schemes**

The bank also offers Islamic Banking solutions for the SBP refinance and subsidy schemes to its customers through:

- Islamic Long-Term Financing Facility for Plant and Machinery (ILTFF)
- Prime Minister’s Youth Business and Agriculture Loan Scheme (PMYB & ALs)
- Islamic Export Refinance Facility (IERF)
- EXIM-Administrated Islamic Export Finance Scheme (E-IEFS Exim Bank) – Available under Murabahah, Istisna, Salam and Running Musharakah
- Fan Replacement Program
- Cost Sharing Scheme for Electric Bikes and Rickshaws/Loaders

# DIGITAL SNAPSHOT



**All-New Askari App**  
Revamped UI/UX for  
faster, smarter banking



**1 Million+**  
active users



**4.8**  
rating on  
Google Play



**153,000+**  
users and growing



**Click Account**  
Fully digital, paperless,  
branchless onboarding



**Industry First**  
Secure In-App Calling  
via Askari App



**Askari Edge**  
Enhanced journeys,  
smarter engagement



**Digital-First  
Products**  
Digital Lockers | Instant  
Cheque Services



**Beyond Banking**  
DHA Smart Home App

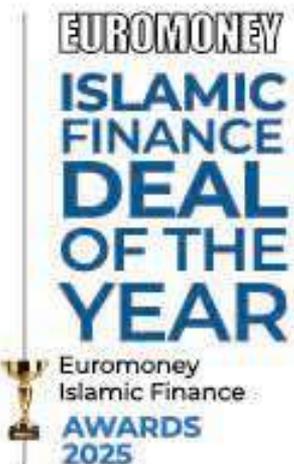


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DSS | SWIFT Certified**

**Financial  
Inclusion**  
Expanding access  
for women & Gen-Z



# AWARDS & RECOGNITION



**theAsset**  
**BEST  
 LOAN ADVISOR  
 PAKISTAN**

 The Asset Triple A,  
Sustainable Finance  
**AWARDS  
 2025**

**theAsset**  
**BEST  
 SUSTAINABILITY  
 LINKED  
 SUKUK**

Al Karam Textile  
Mills Limited

 The Asset Triple A,  
Islamic Finance  
**AWARDS  
 2025**

**theAsset**  
**BEST  
 LOAN  
 ADVISOR**

 The Asset Triple A,  
Islamic Finance  
**AWARDS  
 2025**

**theAsset**  
**BEST  
 SUSTAINABILITY  
 SUKUK**

JDW Sugar Mills  
Limited

 The Asset Triple A,  
Islamic Finance  
**AWARDS  
 2025**

**theAsset**  
**BEST  
 SYNDICATED  
 LOAN PAKISTAN**

Pakistan Mobile  
Communications Limited

 The Asset Triple A,  
Sustainable Finance  
**AWARDS  
 2025**

**theAsset**  
**BEST  
 LOAN**

Ashraf Sugar Mills

 The Asset Triple A,  
Islamic Finance  
**AWARDS  
 2025**

**FinanceAsia**  
 2025  
**BEST  
 SYNDICATED  
 LOAN  
 DEAL**

 Engro Deodar Acquisition  
PKR 133 Billion Islamic  
Long-Term Financing  
**AWARDS  
 2025**

**FinanceAsia**  
 2025  
**MOST  
 INNOVATIVE  
 DEAL**

Pakistan Mobile  
Communications Limited  
PKR 15,000 Million Rated,  
unsecured, privately placed  
short-term Sukuk  
**AWARDS  
 2025**

**FinanceAsia**  
 2025  
**BEST  
 BOND  
 DEAL  
 (HIGHLY  
 COMMENDED  
 DEAL)**

 Engro Fertilizers Limited  
PKR 20,000 Million  
Unsecured Short-term  
Sukuk  
**AWARDS  
 2025**

**FinanceAsia**  
 2025  
**BEST  
 ISLAMIC  
 FINANCE  
 HOUSE**

 Based on overall  
IB performance  
**AWARDS  
 2025**

**FinanceAsia**  
 2025  
**BEST  
 BOND  
 DEAL  
 (WINNER)**

 Pakistan Mobile  
Communications  
Limited PKR 15,000  
Million Rated, unsecured,  
privately placed  
short-term Sukuk  
**AWARDS  
 2025**

# NOTICE OF THE 34<sup>TH</sup> ANNUAL GENERAL MEETING

Notice is hereby given that the 34<sup>th</sup> Annual General Meeting (AGM) of the shareholders of Askari Bank Limited (“the Bank”) will be held on Tuesday, March 17, 2026 at 10:00 am at Shamadan Hall, Serena Hotel, Islamabad and through Zoom to transact the following business:

## Ordinary Business:

1. To confirm the minutes of the 33<sup>rd</sup> Annual General Meeting held on March 24, 2025.
2. To receive, consider and, if thought fit, adopt the Annual Audited Financial Statements (consolidated and unconsolidated), Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 of the Bank for the year ended December 31, 2025 together with Chairman’s Review Report, Directors’ Report and Auditors’ Reports thereon.

As required under Section 223(6) of the Companies Act, 2017 (the “Act”), and pursuant to SRO 389(1)/2023 dated March 21, 2023, the Annual Report of the Bank has been uploaded on the website of the Bank which can be downloaded from the following weblink or QR enabled code:

**Weblink:** <https://askaribank.com/investor-relations/financial-highlights>



3. To approve, as recommended by the Board of Directors, payment of final cash dividend at Rs. 1.75/- per share, i.e. 17.50% for the financial year ended December 31, 2025. This is in addition to the Interim Cash Dividends already paid at Rs. 3.25/- per share i.e. 32.50%.
4. To appoint statutory auditors for the year ending December 31, 2026 and to fix their remuneration.

The present auditors of the Bank, M/s A. F. Ferguson & Co., Chartered Accountants, being eligible, have offered themselves for re-appointment. The Board Audit Committee has proposed re-appointment of M/s A. F. Ferguson & Co, Chartered Accountants, as auditor of the Bank to hold office from this AGM till the conclusion of the next AGM of the Bank for the year ending December 31, 2026 which is recommended by the Board of Directors.

5. To elect 10 Directors as per the number fixed by the Board of Directors of the Bank under Section 159 (1) of the Companies Act 2017 (the Act) for a period of next three years commencing from March 17, 2026. The total strength of Board of Directors shall be 11 including President & Chief Executive Officer of the Bank, being a deemed Director under Section 188 (3) of the Act. The following are the names of the retiring Directors, who are eligible for re-election:

1. Lt Gen Anwar Ali Hyder, HI (M) (Retd) - Chairman	6. Mr. Manzoor Ahmed – NIT Nominee
2. Mr. Jahangir Piracha	7. Mr. Kamran Yousuf Mirza
3. Maj Gen Muhammad Zafar Iqbal, HI (M) (Retd)	8. Ms. Samina Rizwan
4. Syed Bakhtiyar Kazmi	9. Ms. Vadiyya Khalil
5. Mr. Khurshid Zafar	10. Raja Muhammad Abbas

## Any Other Business:

6. To consider any other business as may be placed before the meeting, with the permission of the chair.

By Order of the Board

Syed Ali Safdar Naqvi  
Company Secretary

Rawalpindi

February 24, 2026

**NOTES:**

1. Shareholders interested in attending the AGM through electronic/virtual means and whose names appeared in the Books of the Bank by the close of business on March 09, 2026 are hereby advised to get themselves registered with the Bank by providing their Name, CNIC Number, Folio/ CDS Account Number, Number of Shares held, Mobile Numbers (active) and Email address in their names with subject "Registration for 34<sup>th</sup> AGM of AKBL" at ir@askaribank.com.pk. Zoom Link to join the 34<sup>th</sup> AGM will be shared with only those shareholders from whom all required particulars, are received at the given email address at least 48 hours before the time of holding the AGM.
2. The Share Transfer books of the Bank will remain closed from March 10, 2026 to March 17, 2026 (both days inclusive). Transfers received at the Bank's Share Registrar Department, CDC Share Registrar Services Limited, Mezzanine Floor, South Tower, LSE Plaza, 19-Khayaban-e-Aiwan-e-Iqbal, Lahore and Share Transfer Office of the Bank at the close of the business hours on March 9, 2026 will be treated in time.
3. A member entitled to attend and vote at the meeting can appoint a proxy to attend and vote for him. No person shall act as a proxy, who is not a member of the Bank except that Government of Pakistan [GoP] or SBP or corporate entity may appoint a person who is not a member.
4. The instrument appointing a proxy should be signed by the member or his/her attorney duly authorized in writing. If the member is a corporate entity (other than GoP and SBP), certified true copy of the instrument authorizing the person to act as proxy shall be provided.
5. The instrument appointing a proxy, together with attested copy of Power of Attorney or Board Resolution, if any, under which it is signed or a certified copy should be deposited, with the Company Secretary, Askari Bank Limited, 4<sup>th</sup> Floor, NPT Building, F-8 Markaz, Islamabad at least 48 hours before the time of holding the meeting.
6. If a member appoints more than one proxy, and more than one instrument of proxy is deposited by a member, all such instruments shall be treated invalid. The proxy form shall be witnessed by two persons whose names, addresses and Computerized National Identity Card (CNIC) numbers shall be mentioned on the form.

7. Copy of the CNIC or passport of the beneficial owners shall be furnished with the proxy form. The proxy shall produce their original CNIC or original passport at the time of attending the meeting.
8. In case of individual member, original CNIC or original passport while for the CDC account holder or sub-account holder and for the person whose securities are in group account and their registration details are uploaded as per the regulations, his / her authentication would be made by showing his / her original CNIC or original passport along with participant(s) ID Number and their account numbers. In case of GoP/SBP/ corporate entity, the Board of Directors' resolution/ power of attorney with specimen signature shall be submitted along with proxy form to the Bank.
9. The current prescribed rates for the deduction of withholding tax under Section 150 of the Income Tax Ordinance, 2001 for the payment of dividend paid by the Bank are as under:
 

a) Persons appearing in Active Tax Payer List	15 %
b) Persons not appearing in Active Tax Payer List	30 %

The income tax is deducted from the payment of dividend according to the Active Tax-Payers List (ATL) provided on the website of FBR. All those members who are filers of income tax returns are therefore advised to ensure that their names are entered into ATL to enable the Bank to withhold income tax from payment of cash dividend @ 15% instead of 30%.

According to Federal Board of Revenue (FBR), withholding tax will be determined separately on 'Filer/Non-Filer' status of Principal Shareholder as well as Joint-Holder(s) based on their shareholding proportions in case of joint accounts held by the shareholders.

In this regard all Shareholders who hold shares jointly are requested to provide the shareholding proportions of Principal Shareholder and Joint-Holder(s) in respect of shares held by them to our Share Registrar M/s. CDC Share Registrar Services Limited in writing as follows:

Folio/ CDC Account No.	Total Shareholding	Principal Shareholder		Joint Shareholder		Signature
		Name of Shareholder & CNIC No.	Shareholding Proportion (No. of Shares)	Name of Joint Shareholder & CNIC No.	Shareholding Proportion (No. of shares)	

# NOTICE OF THE 34<sup>TH</sup> ANNUAL GENERAL MEETING Contd.

The required information must reach to Share Registrar by March 9, 2026 otherwise it will be assumed that the shares are equally held.

## Special Notes to the Shareholders

### 10. Submission of Copies of CNIC (Mandatory)

As per SECP's directives, the payment of dividend to the shareholders whose CNICs are not available with the Share Registrar are being withheld. All shareholders having physical shareholding are, therefore, advised to submit a photocopy of their valid CNICs to our Share Registrar. In case of non-receipt of information, the Bank will be constrained to withhold payment of dividend to shareholders.

A printed copy of notice in English & Urdu language for submission of photocopy of valid CNIC has been dispatched along with notice of 34<sup>th</sup> AGM to all shareholders of the Bank, whose photocopy of valid CNIC is not available with the Bank's Share Registrar.

### 11. Payment of Cash Dividend Electronically (e-Dividend)

Section 242 of Companies Act, 2017, requires that in case of a listed company, any dividend payable in cash shall only be paid through electronic mode directly into the bank account (International Bank Account Number-IBAN) designated by the entitled shareholders. Provision of IBAN for cash dividend payments is mandatory and in order to comply with this regulatory requirement of direct credit of dividend amount in shareholder's IBAN, shareholders are requested to provide relevant information to:

1. Their respective CDC Participant/CDC Investor Account Services (in case their shareholding is in Book Entry Form) OR
2. Share Registrar M/s. CDC Share Registrar Services Limited, Mezzanine Floor, South Tower, LSE Plaza, 19-Khayaban-e-Aiwan-e-Iqbal, Lahore (in case their shareholding is in Physical Form).

### 12. Unclaimed/Unpaid Dividend and Bonus Shares

Shareholders of the Bank are hereby informed that as per the record, there are many unclaimed/ uncollected / unpaid dividends and shares; details whereof are appearing on the Bank's website www.askaribank.com. As per the provisions of section 244 of the Companies Act, 2017, any

shares issued or dividend declared by the Bank which have remained unclaimed/unpaid for a period of three years from the date on which it was due and payable, are required to be deposited with SECP to the credit of Federal Government after issuance of notices to the shareholders to file their claim. Shareholders are requested to ensure that their claims for unclaimed dividend and shares are lodged promptly. In case, no claim is lodged, the Bank shall proceed to deposit the unclaimed/unpaid amount and shares with the Federal Government pursuant to the provision of Section 244(2) of Companies Act, 2017.

### 13. Transmission of Audited Financial Statements & Notices to Shareholders

Annual Audited Financial Statements of the Bank for the year ended December 31, 2025 have been placed on the Bank's website which can be accessed/downloaded from the following link and QR code:

<https://askaribank.com/investor-relations/financial-highlights>



The Annual Audited Financial Statements along with the reports and notice of 34<sup>th</sup> AGM are being sent to members who have provided their email addresses. In addition, physical copies of Annual Report 2025 have also been dispatched to Shareholders as per their demand.

### 14. Consent for Video Conference Facility

Pursuant to Section 132 (2) of the Companies Act, 2017, shareholders may avail video conference facility to attend 34<sup>th</sup> AGM provided the Bank receives consent from the shareholders holding aggregate 10% or more shareholding at least seven days prior to the date of the meeting. Please fill the following form and submit its signed copy to the Company Secretary, Askari Bank Limited, 4<sup>th</sup> Floor, NPT Building, F-8 Markaz, Islamabad or email signed form at ir@askaribank.com.pk:

I/We, \_\_\_\_\_ of \_\_\_\_\_ being a Member of Askari Bank Limited, holder of -----  
-- Ordinary Share(s) as per Registered Folio No/  
CDC Sub-Account No.----- hereby opt for video  
conference facility at -----.

\_\_\_\_\_  
Signature of member

**15. Deposit of Physical Shares into Central Depository System**

As per Section 72 of the Companies Act, 2017, all listed Companies are required to replace shares issued by them in physical form to book-entry form within four years of the promulgation of the Act.

Accordingly, all shareholders of the Bank having physical folios/share certificates are requested to convert their shares into book-entry form at the earliest. Maintaining shares in book-entry form will make the process of share handling more efficient and risk-free. Further, this will facilitate shareholders in safe custody of shares with the CDC, instant credit of entitlements (bonus shares and rights share), eliminate the risk of loss; and readily available for sale/purchase in the open market etc. The shareholders may contact the Share Registrar of the Bank at address, M/s. CDC Share Registrar Services Limited, Mezzanine Floor, South Tower, LSE Plaza, 19-Khayaban-e-Aiwan-e-Iqbal, Lahore.

**16. Change of Address / Particulars**

Shareholders having physical shares are requested to immediately notify any change in their addresses to the Bank's Shares Registrar, M/s. CDC Share Registrar Services Limited, Mezzanine Floor, South Tower, LSE Plaza, 19-Khayaban-e-Aiwan-e-Iqbal, Lahore. Whereas, CDC account holders are requested to please contact their respective CDC Participant / Broker / Investor Account Services. To facilitate the shareholders, a Form for Change of Particulars of Shareholders has been made available on the website of the Bank.

**17. Zakat Declaration (CZ-50)**

Zakat will be deducted from the dividends at source at the rate of 2.5 % of the paid-up value of the share (Rs. 10/- each) and will be deposited within the prescribed period with the relevant authority. In case of claiming exemption, please submit your Zakat Declaration to the Share Registrar mentioning Askari Bank's name and respective Folio and CDC Account Nos.

**18. Appointment of Scrutinizer**

In accordance with regulation 11 of the Companies (Postal Ballot) Regulation, 2018 (the Regulation), for the purpose of conducting and supervising the voting process as defined in regulation 11A of

the Regulation in connection with the election of Directors at the AGM, the Board of Directors has appointed M/s. A. F. Ferguson & Co., Chartered Accountants as Scrutinizer. The firm is also the statutory auditors of the Bank and is duly qualified in terms of section 247 of the Companies Act, 2017 and holds a satisfactory Quality Control Review (QCR) rating from the Institute of Chartered Accountants of Pakistan (ICAP). The Scrutinizer possesses the necessary knowledge and experience to independently scrutinize the voting process in accordance with the applicable legal requirements.

**19. Conduct of Shareholders in the meeting**

Shareholders are requested to observe the conduct referred in sub-regulation 2 of Regulation 55 of the Companies Regulations, 2024 while attending the meeting.

**20. Restriction on distribution of gifts**

In accordance with the directive issued by the SECP vide its SRO 452(I)/2025 dated March 17, 2025, the Bank would like to inform all the shareholders that no gifts will be distributed at the meeting.

**21. 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 SROs dated March 13, 2025 & April 04, 2025, SECP have directed all listed companies for the purpose of Polling on Election of Directors, if the number of persons who offer themselves to be elected is more than the number of directors fixed under sub-section (1) of Section 159 of the Act. Shareholders will 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. Details will be circulated in due course of time.

**Procedure for Election of Directors**

Any member desirous to contest the election of Directors shall file the following with Company Secretary, Askari Bank Limited, 4<sup>th</sup> Floor, NPT Building, F-8 Markaz, Islamabad, not later than 14 days before the day of the 34<sup>th</sup> AGM:

# NOTICE OF THE 34<sup>TH</sup> ANNUAL GENERAL MEETING Contd.

- a. Notice of his/her intention to offer him/herself for the election to the office of director in terms of Section 159(3) of the Companies Act, 2017 (the Act).
- b. Detail profile along with office address as required under SECP's SRO 1196 (I) 2019 dated October 3, 2019.
- c. Declaration under Regulation 3 of the Listed Companies (Code of Corporate Governance) Regulations 2019 and Section 155 of the Act.
- d. Declaration that he/she is not ineligible to become a director of the Bank in terms of Section 153 and 177 of the Act. Neither he/she nor his/her spouse is engaged in the business of brokerage or is a sponsor, director or officer of a corporate brokerage house.
- e. Fit and Proper Test Proforma, Affidavit, Declarations, and Questionnaire as provided in "Corporate Governance Regulatory Framework" issued by State Bank of Pakistan (SBP) vide BPRD Circular No. 5 dated November 22, 2021.
- f. Manner and selection of independent director shall be as per requirements of Section 166 of the Act. Furthermore, a declaration of Independence in terms of Section 166(2) of the Act will be required under clause 6(3) of Listed Companies (Code of Corporate Governance) Regulations, 2019 and SBP's Corporate Governance Regulatory Framework 2021.
- g. An independent director must be holding 500 qualification shares of the Bank at the time of filing of his/her consent to act as director.

In terms of the criteria prescribed by SBP, a person shall not be eligible to become a Director of a Bank, if the person:

- a. is disqualified/ineligible under Banking Companies Ordinance 1962, Companies Act 2017, and other applicable laws, rules and regulations.
- b. is in default of payment of dues owed to any financial institution in personal capacity.
- c. is associated as executive director/sponsor director/nominee of the sponsor and/or President & CEO of a proprietary concern, partnership

firm, or corporate body excluding public sector organization, which is in default of dues owed to any financial institution.

- d. has contravened any of the requirements and standards of SBP or equivalent standards/requirements of other local or foreign regulatory authorities, professional bodies, or government bodies/agencies of such a nature that makes such person's association with the bank / DFI undesirable.
- e. is a designated person/proscribed person or is associated directly or indirectly with any designated person/proscribed person.
- f. is convicted of or is associated directly or indirectly with any person convicted of any serious offence, including any Money Laundering/ Terrorism Financing offence or any predicate offence set out in Schedule I of the Anti-Money Laundering Act, 2010.

It should also be noted that under SBP directives, a person is not permitted to be a Director of more than one financial institution except nominee National Investment Trust, and the Directors will not assume the charge of their respective offices until their appointments are approved in writing by SBP.

## Statement Under Section 166(3) of the Companies Act, 2017

### Agenda Item No. 5

#### Election of Independent Directors

Any person who is eligible under section 153 and meets the criteria under Section 166(2) of the Companies Act, 2017 and the Companies (Manner and Selection of Independent Directors) Regulations 2018, may submit a nomination to be elected as an independent director. However, it is noteworthy to mention here that independent directors shall be elected in the same manner as other directors are elected in terms of section 159 of the Companies Act, 2017 to meet the requirements of Corporate Governance. Final list of the contesting directors will be published in Newspapers not later than seven days before the date of the said meeting in terms of section 159(4). Further, the website of the Bank will also be updated with the required information for each Director.

The present Directors are interested in the Ordinary Business to the extent that they are eligible for re-election as Directors of the Bank.

# PROFILE OF DIRECTORS



## **Lt Gen Anwar Ali Hyder, HI(M) (Retd)**

Strategic Leader | Former Federal Minister  
Defence & Development Executive | Infrastructure & Institutional Reformer

Lieutenant General Anwar Ali Hyder (Retired) is a distinguished national leader and seasoned executive with over four decades of experience across defence, public administration, corporate governance, and development sectors. He currently serves as Chairman of the Fauji Group of Companies and Managing Director/CEO of Fauji Foundation, where he leads strategic direction, institutional growth, and stakeholder engagement across one of Pakistan's largest business and welfare conglomerates.

Prior to this role, he served as Federal Minister for Defence and Defence Production in the 2023–24 interim cabinet and was a member of the Apex Committee of the Special Investment Facilitation Council (SIFC), where he played a pivotal role in advancing investment and economic reform.

He also led the Naya Pakistan Housing and Development Authority (NAPHDA) as Chairman, driving large-scale affordable housing initiatives through policy reform and public-private partnerships. His leadership has extended to academia, serving on the Boards of NUST, NUMS, and NUTECH, and as President of the National Defence University.

His military career culminated as Adjutant General and Principal Staff Officer to the Chief of Army Staff, with key responsibilities in welfare, policy, discipline and housing programs.

General Hyder holds a Master's degree in Strategic Studies from the U.S. Army War College and an MSc in War Studies from NDU, Islamabad. He has been honored with the Hilal-e-Imtiaz (Military) and the Chief of Army Staff Commendation Card for his exemplary service.

Known for his strategic foresight, institutional leadership, and commitment to national development, Lieutenant General Hyder brings unmatched cross-sectoral experience to every role he undertakes.

### **Term of Office**

Joined the Board of Directors on April 05, 2024.

### **Status**

Non-Executive Director & Chairman

### **Membership of Board Committees**

None

### **Other Directorships**

- Fauji Fertilizer Company Limited
- Fauji Cement Company Limited
- Mari Energies Limited
- Fauji Foods Limited
- Agritech Limited
- Pakistan Maroc Phosphore SA
- Daharki Power Holdings Limited
- Fauji Akbar Portia Marine Terminals Limited
- Fauji Fresh n Freeze Limited
- Fauji Kabirwala Power Company Limited
- Fauji Oil Terminal & Distribution Company Limited
- Fauji Trans Terminal Limited
- Foundation Power Company Daharki Limited
- Foundation Solar Energy Limited
- Fauji Meat Limited
- FonGrow (Private) Limited
- FFBL Power Company Limited
- Mari Mining Company (Private) Limited
- Mari Technologies Limited
- SKY47 Limited
- MedAsk (Private) Limited
- FonGreens (Private) Limited
- Fongreens Silicon Technologies Limited
- Eastridge Primecare (Private) Limited
- Foundation University Islamabad

# PROFILE OF DIRECTORS



**Mr. Jahangir Piracha**

Non-Executive Director

With over three decades of experience, Jahangir Piracha has built a career dedicated to leading and transforming some of Pakistan's most influential companies in chemicals, energy, and agri business. Currently serving as the Managing Director and CEO of FFC Ltd. Jahangir is focused on driving growth and innovation while supporting Pakistan's agricultural development and food security. Jahangir's journey includes CEO roles at Engro Polymer & Chemicals Ltd., Engro Vopak & Elengy Terminal Ltd., and Engro Powergen Qadirpur Ltd., where he gained a deep understanding of commercial, manufacturing, human resources, finance and supply chain management. These diverse roles shaped his approach to leadership, emphasizing the importance of viewing challenges from multiple perspectives and balancing immediate needs with a long-term vision.

Beyond his executive roles, Jahangir is serving on multiple boards, where he has played a key role in decisions impacting the future of energy, infrastructure, and community support across Pakistan. His commitment to sustainability, inclusion, and adaptive growth is evident in the initiatives he supports and the teams he builds.

A Chemical Engineering graduate from the University of Engineering and Technology, Lahore, Jahangir also completed the Advanced Management Program from INSEAD, Fontainebleau, France. His formal education laid a strong foundation, but his leadership style has been shaped by decades of hands-on experience and a dedication to creating positive, lasting change. Known for his commitment to diversity, equity, and inclusion, as well as his advocacy for digital transformation, Jahangir continues to lead with purpose, building organizations that are resilient, agile, and prepared for the future.

## Term of Office

Joined the Board of Directors on April 05, 2024.

## Status

Non-Executive Director

## Membership of Board Committees

Audit Committee  
Human Resource & Remuneration Committee

## Other Directorships

- Fauji Fertilizer Company Limited
- Fauji Foods Limited
- Agritech Limited
- FFBL Power Company Limited
- OLIVE Technical Services (Pvt) Ltd
- FFC Energy Limited
- Foundation Wind Energy - I Ltd
- Foundation Wind Energy - II Ltd
- Foundation University Islamabad
- Thar Energy Limited
- Fauji Meat Limited
- Pakistan Maroc Phosphore SA
- International Fertilizer Association (IFA) – Board and Executive Board
- Fauji Fresh n Freeze Limited
- Sona Welfare Foundation
- Food Security and Agriculture Center of Excellence



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**Maj Gen Muhammad Zafar Iqbal, HI (M) (Retd)**

Non-Executive Director

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Maj Gen Muhammad Zafar Iqbal is renowned for his seasoned operational and combat leadership at various pedestals and tiers in military for almost thirty-nine years. He has been appointed as Director Health in Welfare Branch of Fauji Foundation in Aug 2024. During his previous service, he has held various challenging command, staff, and instructional assignments.

He has commanded an Armoured regiment and an Armoured Brigade, Infantry Brigade in combat in South Waziristan and Khyber Agency, Armoured and Mechanized Armoured Divisions at peace locations, where his formations excelled in training, combat efficiency and operational preparedness. He has held appointments of Director General Logistics and Logistics Area Commander where he planned and executed entire military logistics of Pakistan Army. His Passion for logistics has grown ever since.

He has been on the Instructional panel of coveted Command and Staff College Quetta where he trained the senior leadership.

He has participated in an observer mission of United Nations in Western Sahara, Africa. He has also remained involved in an active military diplomacy as Defense Attaché at Embassy of Pakistan, Kiev, Ukraine. He has also remained as personal staff officer with the Chief Executive and President of Pakistan for two years.

He besides completing military education at various tiers has completed master's in International Affairs and Pakistan Studies, MPhil in Public Policy and Strategic Security Management. He is presently a PhD Scholar of Management Sciences with his thesis focusing on China Pakistan Economic Corridor and Special Economic Zones.

**Term of Office**

Joined the Board of Directors on March 21, 2025.

**Status**

Non-Executive Director

**Membership of Board Committees**

- Risk Management Committee
- Information Technology Committee

**Other Directorship**

- FFBL Power Company Limited
- FFC Energy Company Limited
- MedAsk (Pvt) Limited
- Eastridge Primecare (Pvt) Hospital
- Foundation University Islamabad

# PROFILE OF DIRECTORS



**Syed Bakhtiyar Kazmi**

Non-Executive Director

Mr. Kazmi is a fellow chartered accountant with over 35 years of experience in a diverse range of sectorial and functional strata within national and regional economies. The key areas of his specialization are greenfield and brownfield projects, strategic collaborations, mergers and acquisitions, accounting and finance, strategic level audit and assurance and tax reforms and strategic level advisory.

#### **Term of Office**

Joined the Board of Directors on March 26, 2024.

#### **Status**

Non-Executive Director

#### **Membership of Board Committees**

- Audit Committee
- Risk Management Committee
- Information Technology Committee

#### **Other Directorships**

He holds the directorships on the Boards of other companies along with AKBL; some of which are as follows:

- Fauji Fertilizer Company Limited
- Fauji Cement Company Limited
- Mari Energies Limited
- Fauji Foods Limited
- Hub Power Company Limited
- Agritech Limited
- Fauji Fresh n Freeze Limited
- Fauji Akbar Portia Marine Terminals Limited
- Fauji Oil Terminal and Distribution Company Ltd
- Foundation Power Company Daharki Limited
- FFC Energy Limited
- Mari Technologies Limited
- Sky47 Limited
- HBL Zarai Services Limited



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**Mr. Khurshid Zafar**

Non-Executive Director

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Mr. Khurshid Zafar brings over 33 years of extensive experience in the banking and financial sector, holding leadership roles in various business functions. He has developed and executed strategies that have delivered growth and success in the organizations he's led.

He holds a Master's degree in Business Administration from Quaid-e-Azam University and has participated in numerous domestic and international training programs and courses, further enhancing his professional skills and expertise.

Mr. Zafar is highly regarded within Pakistan's business community for his hands-on experience with major business ventures nationwide. His last assignment was as the Chief Operating Officer (COO) at Askari Bank Limited, where he led diverse business functions, including Corporate, Commercial, Retail and Treasury. Under his leadership, the Bank achieved several key milestones including; significant growth in deposits, an expanded network of branches, advancements in digital banking and increased advances. Additionally, he spearheaded numerous transformative projects and initiatives that have significantly enhanced the Bank's brand image and overall market position.

**Term of Office**

Joined the Board of Directors on February 17, 2025.

**Status**

Non-Executive Director

**Membership of Board Committees**

Risk Management Committee  
Human Resource & Remuneration Committee

**Other Directorships**

- Fauji Cement Company Ltd
- Fauji Kabirwala Power Company Ltd

# PROFILE OF DIRECTORS



## Mr. Manzoor Ahmed

Non-Executive Director / NIT Nominee

Mr. Manzoor Ahmed is Chief Operating Officer (COO)/Managing Director (Acting) of National Investment Trust Ltd (NIT). As COO, he has been successfully managing the operations and investment portfolio worth over Rs. 213 billion. He has experience of over 35 years of the Mutual Fund industry and has been placed at many key positions within NIT that includes capital market operations, investment management, product development, research and liaising with the regulatory authorities. He has also served NIT as its Managing Director (Acting) twice from May 2013 to May 2014 and September 2017 to February 2019. He is M.B.A. and also holds D.A.I.B.P. He has also been the Council Member of The Institute of Bankers Pakistan. Presently, he is pursuing Chartered Financial Analyst (CFA) level III. Mr. Ahmed has also attended various training courses organized by institutions of international repute like London Business School (LBS) UK, Institute of Directors, London and Financial Markets World, New York (USA).

Mr. Ahmed has vast experience of serving on the Boards of various top-ranking companies of Pakistan belonging to the diverse sectors of economy. Currently, he represents NIT as Nominee Director on the Board of Directors of many leading national and multinational companies including commercial banks of Pakistan. Mr. Ahmed is a Certified Director from Pakistan Institute of Corporate Governance.

Mr. Ahmed is member of the Defence Authority Country & Golf Club – Karachi, Rotary Club- Karachi and is also member of Executive Committee of a Hospital for welfare of underprivileged.

### Term of Office

Joined the Board of Directors on May 20, 2013.

### Status

Non-Executive Director

### Membership of Board Committees

- Risk Management Committee
- Audit Committee
- Human Resource & Remuneration Committee

### Other Directorships

- National Investment Trust Limited
- Hub Power Company Limited
- Soneri Bank Limited
- Ghandhara Tyre & Rubber Company Limited (Formerly General Tyre & Rubber Company of Pakistan Limited)
- Pioneer Cement Limited
- Millat Tractors Limited
- Ghandhara Automobiles Limited
- Pakistan Eye Bank Society (PEBS Hospital)



**Mr. Kamran Yousuf Mirza**

Independent Director

Mr. Kamran Y. Mirza is a qualified Chartered Accountant (Nov. 1968) from United Kingdom and started his career in Pakistan as an auditor with A.F. Ferguson & Co. Mr. Mirza then made a career move in December 1970 and joined Abbott Laboratories (Pakistan) Ltd, a multinational Pharmaceutical cum health care company as Chief Financial Officer. He became one of the youngest Managing Director's of his time in the year 1977 and remained in that position, i.e. Managing Director Abbott Pakistan, for 29 years.

Mr. Mirza held the position of Chairman Export Processing Zones Authority from February 2007 to March 2009 and then joined PBC (Pakistan Business Council) as its Chief Executive Officer, a position he held till December 2015. PBC is a Think Tank cum Business Policy Advocacy Forum.

He is serving as Director on the Boards of Colgate Palmolive (Pak) Ltd., Gul Ahmed Textile Mills Ltd, Askari Bank, Rafhan Maize Products Co Ltd. & Education Fund for Sindh (EFS), of which he was the Chairman from Dec. 2012 to Oct. 2016.

Previously, he served as Chairman of Pakistan Mercantile Exchange Ltd. (PMEX) – formerly National Commodity Exchange Ltd. (NCEL), Chairman of Karachi Stock Exchange (KSE), President of Overseas Chamber of Commerce & Industry (OICCI), President of American Business Council (ABC), Chairman of Pharma Bureau – (Association of Pharmaceutical Multinationals).

He was the Chairman of – Philip Morris (Pakistan) Ltd. and Unilever Pakistan Foods Ltd. (UPFL). He also served as Director on the Boards of State Bank of Pakistan (SBP), Pakistan State Oil (PSO), International Steel (ISL), Sarmaya-e-Pakistan Ltd., National Bank of Pakistan (NBP), Bank Alfalah Ltd, Abbott Laboratories (Pak) Ltd., Pakistan Textile City Ltd., Competitiveness Support Fund (CSF), Genco Holding Company, NAVTEC, Safari Club of Pakistan Ltd. and Karwan-e-Hayat of

which he was also the Chairman. Further, he represented PBC on the Board of BOI (Board of Investment) and other Government Bodies / Institutions.

Mr. Mirza has also been a past Chairman of a Task Force set up by Planning Commission on Pharmaceutical Industry, a member of the Economic Advisory Board of the Federal Government and Sindh Wild Life Board. He has served as a Member on Quality Control Board of Institute of Chartered Accountants of Pakistan. He also lectures regularly at the Pakistan Institute of Corporate Governance (PICG).

#### **Term of Office**

Joined the Board of Directors on March 29, 2023.

#### **Status**

Independent Director

#### **Membership of Board Committees**

- Audit Committee

#### **Other Directorships**

- Gul Ahmed Textile Mills Ltd
- Rafhan Maize Products Co. Ltd
- Colgate-Palmolive (Pakistan) Limited
- EFS (Education Fund for Sindh)-Registered under Section 42, Companies Ordinance 1984

# PROFILE OF DIRECTORS



**Ms. Vadiyya Khalil**  
Independent Director

Ms. Vadiyya Khalil has over 28 years of regulatory and banking experience. She is the former Chair of the Competition Commission of Pakistan. Under her tenure, the commission achieved a step change in Mergers & Acquisitions, Enforcement, Advocacy initiatives, measures and policies to enhance the effectiveness of the organization. Based on improved performance, the Commission was awarded a three-star rating by the GCR (Global Competition Review) bringing it at par with European agencies of Austria, Switzerland and Sweden as well as Singapore, Turkey, and Russia. She led the strategic planning, budgeting and revenue targets for the organization.

As Chair, she has partnered with various international organizations including United Nations Conference on Trade and Development (UNCTAD), World Bank, Organization for Economic Cooperation and Development (OECD), Federal Trade Commission USA, (FTC), Korea Fair Trade Commission (KFTC), and Japan International Cooperation Agency (JICA).

In 2018, she was elected Chair of UNCTAD's 17th Inter Governmental Group of Experts Conference (IGE) on Competition Law, by virtue of which, the seat was held by Pakistan for one year. In this role, she worked closely with the UNCTAD secretariat. She is an advocate of international cooperation and co-sponsored the tool kit on International Cooperation with Russia.

She has participated in various panels related to Regulatory enforcement, E-commerce and Big Data.

In her over 20 years of banking experience, she has led teams in various International and National Banks including Credit Agricole, ANZ Grindlays, National Bank of Pakistan, MCB Bank, and Askari Bank Limited.

In her banking career she has a track record of growing portfolios, exceeding budget targets, building client relationships, enhancing human resource capacity and team capabilities.

She earned her Master in Management Sciences from University of Kent, UK. She also has a diploma in French and in Italian Language and Literature.

#### **Term of Office**

Joined the Board of Directors on April 18, 2025.

#### **Status**

Independent Director

#### **Membership of Board Committees**

- Risk Management Committee



## Ms. Samina Rizwan

Independent Director

Samina's area of expertise is information technology. In 2001, she joined Oracle as Managing Director, South Asia Growth Economies, and established Oracle's presence in Pakistan, which led to Pakistan's leadership of other countries in the region, including Sri Lanka, Bangladesh, Nepal, and Afghanistan. Samina's last assignment with Oracle was as Vice President of Key and Lead Accounts, where she took stewardship of Oracle's most critical customer accounts in ASEAN. Prior to that, she led the ECEMEA Analytics & Big Data team, which architected data management platforms for customers. Over the past 20 years, Samina's focus has been on establishing and scaling operations in new geographies and introducing cutting-edge solutions and technologies into the regions she has been responsible for such as MEA, SAGE, and ASEAN.

Before Oracle, Samina was Director, Information Systems, at Paktel Ltd, a subsidiary of UK telecom company Cable and Wireless. She began her career 30 years ago in Washington DC as a Systems Analyst for The American Security Bank Ltd. Her industry experience mainly consists of technology solutions in banking, telecom, and the public sector.

In 2003, Samina founded Rizwan Scholars, a trust registered in Pakistan, which sponsored tertiary education scholarships for students from underserved communities in the country. Samina maintains a strong interest in Pakistan's evolving startup ecosystem, investing in early-stage startups that offer tech interventions in education, healthcare, agriculture, the inclusion of marginalized communities, and indigenous small and medium industries.

After 20 years of a global career in big tech, Samina returned to Pakistan and became associated with Code for Pakistan, a not-for-profit initiative where, as Country Director, she built support for civic tech, focusing on women's inclusion in IT ventures.

Currently, Samina Rizwan is the CEO and Founder Partner of The CalmKaaj Network (Pvt.) Ltd, a professional services provider for the community. CalmKaaj aspires to transform loosely connected groups of people into a healthy community of members, who contribute high value to their business ventures in particular, and to the community's ecosystem in general.

Samina holds an Executive MBA from the Lahore University of Management Sciences and a Bachelor of Science in Information Systems from American University in Washington DC. She is a Certified PMP from PMI and a Certified Board Member from PICG. Currently, she serves as Member of Advisory Boards of USAID IPA and the National Incubation Center Peshawar.

Samina lives in and operates from Islamabad.

### Selected Association, Certifications and Awards

- Member Advisory Board of USAID IPA, Pakistan
- Member Advisory Board of National Incubation Center, Peshawar
- Club Excellence performance winner several years from Oracle Corp
- Certified PMP of Project Management Institute (PMI) (First Pakistani woman to achieve this certification)
- Certified Director from Pakistan Institute of Corporate Governance
- Ex-Global Executive Committee Member, Oracle Women Leadership
- Ex-Member Board of Governors FMTI-PIMS
- Ex-Committee Member, ENBD, Dubai Technology Solutions Innovations

### Term of Office

Joined the Board of Directors on March 29, 2023.

### Status

Independent Director

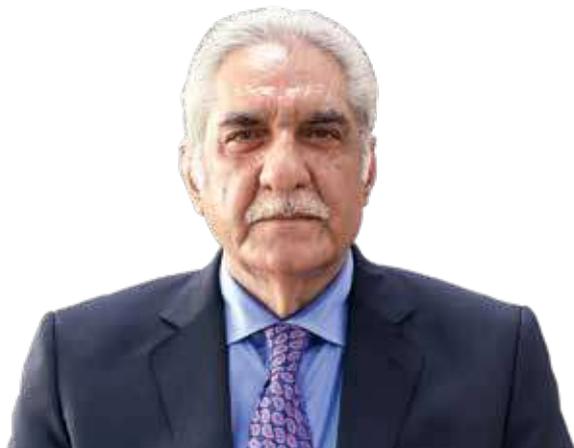
### Membership of Board Committees

- Information Technology Committee
- Human Resource & Remuneration Committee

### Other Directorships

- CalmKaaj Network (Pvt) Ltd

# PROFILE OF DIRECTORS



## Raja Muhammad Abbas

Independent Director

Mr. Abbas brings with him rich experience in Governance, Public Administration, Personnel Management and Financial Management.

He holds a Bachelor degree from the University of Karachi. He joined Pakistan Navy in June 1971 and after completion of training got commissioned in 1973. He got inducted into District Management Group in March 1980.

During his 34 years long span of illustrious public service, he has worked as Deputy Commissioner of District Jhelum, Gujranwala and Faisalabad where his role included Administration of Criminal Justice, Civil and Revenue legal matters and monitoring of development projects. He also held senior assignments at provincial level, such as Provincial Secretaries of Labour, Transport and Industries in the Government of Sindh, besides being Secretary Social Welfare, Women Development with the Government of the Punjab.

Additionally, he has worked as Director General Lahore Development Authority as well as Director General Parks and Horticulture Authority Government of the Punjab. Mr. Abbas was elevated to the highest positions as Federal Secretary Ministry of Housing and Works, Managing Director Pakistan Housing Authority, Chief Secretary Government of Sindh, Secretary Board of Investment and finally before retirement as Secretary to the Ministry of Interior, where he dealt extensively with Financial and Administrative matters. He has been Chairman of the Board of Directors of Sindh Bank.

Presently, he is chairman of Pakistan Industrial Development Corporation (Private) Limited (PIDC) besides director at Askari Bank Board of Directors. He is also a member of Cnergyico Pk Limited Board, an oil marketing company. During his Public and Private service career he has extensively dealt with Financial and Development matters.

Moreover, he had been also on the Board of Directors of Sindh Engineering, Sindh Insurance and Sindh leasing. He is also Syndicate member of Kohsar University, Rawalpindi, Women University and Pir Mehr Ali Shah, ARID Agriculture University, Rawalpindi

### Term of Office

Joined the Board of Directors on April 22, 2020.

### Status

Independent Director

### Membership of Board Committees

- Human Resource & Remuneration Committee
- Information Technology Committee

### Other Directorships

- Cnergyico Pk Limited
- M M Management Consultants (Pvt) Ltd
- Pakistan Industrial Development Corporation (Private) Limited (PIDC)
- NFC Employees Cooperative Housing Society Ltd



**Mr. Zia Ijaz**  
President & CEO

Zia brings over three decades of extensive banking experience, having held senior leadership roles across major financial institutions. Prior to joining Askari Bank, he served at United Bank Limited (UBL) for 10 years, holding key positions including Deputy CEO, SEVP/Group Executive- Branch Banking, Group Executive-International Banking, Board Member of UBL UK, and Chairman of UBL Insurers Limited.

Before UBL, Zia worked at Allied Bank Limited (ABL) for 12 Years, where he held positions such as Chief Financial Officer (CFO), Group Chief of Commercial & Retail Banking, and Group Chief of Operations. Additionally, he has served as Financial Controller at Riyadh Bank, Saudi Arabia.

Zia's career began at Askari Bank, where he was a part of the pioneering team and later served as Chief Financial Officer (CFO) until 1999.

**Term of Office**

Joined the Board of Directors on February 17, 2025.

**Status**

President & CEO

**Membership of Board Committees**

- Information Technology Committee

# BOARD COMMITTEES

## BRIEF TERMS OF REFERENCE

### **Board Audit Committee (BAC)**

BAC oversees the integrity and effectiveness of the financial reporting process as well as of the financial statements with focus on compliance of accounting and reporting standards. BAC assists the Board of Directors by providing an independent review of the effectiveness of the financial reporting process, corporate governance standards, internal control systems, transparency culture, compliance with legal and regulatory requirements, policy and procedural framework and cost efficiencies. BAC also maintains an oversight on the adherence of management and employees to Bank's control framework and code of conduct. It also reviews financial and operational performance of Overseas Operations on periodic basis.

### **Board Human Resource & Remuneration Committee (BHR&RC)**

The primary responsibility of the BHR&RC is to have an effective oversight on the Bank's human resource policies and procedures. The Committee reviews and provides recommendations on the human resource strategies, compensation and benefit schemes and related issues of strategic importance that affects the Bank's ability to attract, develop and retain talent. The Committee is also responsible to devise a mechanism for identification of employees in the categories of 'risk takers' and 'risk controllers' including development of a remuneration structure for them in line with regulatory guidance.

### **Board Risk Management Committee (BRMC)**

The purpose of the BRMC is to provide oversight of risk management and compliance risk management functions including risk management policies, procedures and practices relating to overall enterprise risk management as well as the management of credit, financial, liquidity, market, operational, compliance, sustainability and other types of risk faced by the Bank. BRMC regularly reviews risk management performance relative to risk appetite, risk rating models and other tools to assess and monitor risk exposures and management's view on the acceptable and appropriate levels for such risk exposures. The Committee also regularly reviews overall performance of Special Asset Management function managing the infected portfolio. Similarly, it also regularly reviews compliance function performance in order to assess the effectiveness of controls for combating the Money Laundering including Trade Based Money Laundering, Terrorist Financing, Proliferation Financing and Sanctions Risks. It also reviews Bank's Internal Risk Assessment Report and Entity's Trade Risk Profile along with Action Plan for mitigation of potential risks.

### **Board Information Technology Committee (BITC)**

BITC is responsible to advise and report to the Board of Directors about status of technology and digital initiatives of the Bank. BITC reviews and recommends information technology governance framework, information technology policies, information technology and digital strategy of the Bank. The Committee oversees the progress of the information technology and digital initiatives and ensures that risk management tools and strategies are designed and implemented to achieve resilience against all type of cyber threats along with assessment of Bank's ability to effectively respond to wide-scale technology related disruptions.

# CHAIRMAN'S REVIEW

## Dear Fellow Shareholders,

Askari Bank had a strong year in 2025, making progress on strategic priorities reflecting its adaptability, disciplined approach and financial strength. The resilient progress was achieved in a dynamic environment marked by improved trade relationships both at national and international levels, ongoing reforms and accelerating pace of technology adoption.

The Bank's notable financial results for the year in review were enabled by continued momentum across all businesses and execution of a client focused strategy. I am pleased to inform that based on the Bank's performance; the Board of Directors has recommended a final dividend of Rs. 1.75 marking current year's cumulative return of Rs. 5 per share as the highest for our shareholders.

The Board of Directors with its balanced representation of skills, experiences and backgrounds ensures objective decision making guided by a strong governance framework. The Board kept effective oversight on the Bank's strategies, progress and performance, which are critical to delivering enduring value to the stakeholders. During the year, the Board reviewed and realigned strategic priorities maintaining a long-term view of Askari Bank's positioning in the evolving landscape. These priorities encompassed oversight of the Bank's enterprise-wide strategy – including technology, digitization and AI, while relentlessly maintaining client focus to deepen relationships and deliver value in new ways backed by prudent approach to risk. Ongoing focus on human resource and succession planning remains pivotal, underpinned by the Board and Management's shared commitment to talent. Building bench strength is a process that never stops and embedded in our approach is a strong commitment on growing capabilities needed to stay resilient across economic cycles by identifying, developing and



advancing the next generation of leaders for sustained stewardship. The Board also stays abreast of emerging regulatory developments, particularly recent move towards Shariah compliant financial system, needed to deliver long-term shareholder value.

I have great confidence in Askari Bank's leadership that is focused on realizing the benefits of key strategic investments and delivering clear momentum across the business, including continued improvement in client experience scores. At the Board level, we will continue to champion the high-performance culture that permeates the organization and remains aligned with its purpose and long-term objectives.

Finally, I want to acknowledge the trust that you, our fellow shareholders, place in us as your representatives and, on behalf of all my Board colleagues, I thank you for giving us the privilege to

serve. I am thankful to the State Bank of Pakistan, the Securities and Exchange Commission of Pakistan and other regulatory bodies for their continued support. I also take this opportunity to record my sincere appreciation for the Members of Shariah Board for their guidance and support. Lastly, I record my appreciation for the Askari teams for their hard work and service to our Customers.

A handwritten signature in black ink, appearing to be 'A. Hyder'.

**Lt Gen Anwar Ali Hyder, HI(M) (Retd)**  
*Chairman, Board of Directors*

February 09, 2026  
Rawalpindi

# SUSTAINABILITY & CORPORATE SOCIAL RESPONSIBILITY

Askari Bank's ESG scope is defined by a commitment to responsible banking practices, regulatory compliance, and transparent disclosures. The Bank's sustainability approach is guided by applicable regulations and are aligned with the United Nations Sustainable Development Goals for Bank's long-term environmental and social priorities. In accordance with the SECP's Listed Companies Regulations, 2019 and ESG Disclosure Requirements 2024, the Bank ensures oversight and transparency across ESG-related matters along with requisite compliance.

## Governance and Strategy

A multi-tier governance framework supports the integration of ESG considerations across business and operations. Oversight of the Bank's sustainability agenda is maintained by the Board of Directors and Board committees while the progress and execution of environmental, social initiatives and management of governance risks rests with the management, along with emerging opportunities embedded within the functional decision-making. A dedicated Green Banking Office, housed within risk management function maintains alignment with ESG guidelines issued by the SECP and the State Bank of Pakistan's Green Banking framework.

During the year, the Board continued to strengthen governance diversity and independence. The Board comprised eleven members, including two female directors, with independent directors representing 36% of the Board. The Board also held a recognised ESG-related certification, reflecting its commitment to responsible banking and sound governance practices.

## Sustainability-Related Risks and Opportunities

Climate-related risks and opportunities continue to shape the Bank's sustainability outlook. Increased frequency of floods, rising temperatures, and water stress pose risks to key sectors such as agriculture, housing, and small businesses, potentially risks asset quality and repayment behaviours over short to medium term. On a longer term, regulatory developments, energy transition dynamics, and evolving customer expectations present both opportunities and challenges for portfolio resilience and responsible growth.

The Bank continually assesses climate-related risks across short, medium and long term through sectoral exposure analysis, geographical risk assessments, and enhanced environmental due diligence. These considerations support prudent credit decisions while enabling the Bank to participate in financing clean

energy, climate-resilient infrastructure, and sustainable agriculture. Through this approach, the Bank aims to safeguard stakeholder interests while contributing to country's broader sustainability transition.

## Core Pillars of Sustainability

Askari Bank's sustainability approach is structured around four core pillars: Governance, Strategy, Risk Management, and Metrics and Targets. Defined roles at the Board and management levels support oversight and execution of ESG agenda. Sustainability and climate considerations are integrated into business planning, portfolio development, and product design, aligned with evolving environmental and social expectations. Risk management processes supplement this approach by identifying and monitoring sustainability and climate-related risks that may affect financial performance over varying time horizons. Progress is supported by internal policies, controls, and reporting mechanisms, reinforcing accountability and transparency.

## Commitment to Financial Stability

In line with the State Bank of Pakistan's Regulatory Framework for the Effective Management of Climate-related Financial Risks (2025), the Bank continued to integrate climate considerations into its governance and risk management framework. These measures support financial stability while enabling the Bank to pursue long-term growth aligned with environmental responsibility and the SBP's Vision 2030.

## Management and Risk Mitigation

During 2025, Askari Bank strengthened its risk management framework to support sound governance and responsible operations. Sustainability disclosures were prepared in alignment with recognised reporting frameworks, including GRI Standards, PSX guidelines, and SECP requirements. Business continuity arrangements were tested during the year to support operational resilience.

Environmental compliance remained in place, with no environmental fines or penalties recorded. The Bank also reported no cybersecurity breaches or data privacy incidents during the year. From an environmental and social risk screening perspective, a total of 4,553 loans were reviewed in line with internal environmental risk assessment processes, supporting systematic identification and management of sustainability-related risks.

## Emissions and Operational Impact

During 2025, Askari Bank continued efforts to reduce its carbon footprint through energy efficiency and digitisation initiatives. Sixty (60) branches were converted to solar power, complemented by paperless process initiatives across operations.

During the year, the Bank reported Scope 1 greenhouse gas emissions of 4,304 tCO<sub>2</sub>e, Scope 2 emissions of 11,985 tCO<sub>2</sub>e, and Scope 3 emissions of 22 tCO<sub>2</sub>e, in line with the Bank's ESG strategy and long-term emissions reduction objectives.

## Financial Inclusion and Empowerment

Askari Bank continued to expand its inclusive and sustainable financing portfolio, with a focus on women empowerment, green mobility, renewable energy, and rural development. Women-focused financing products, including Askari Ijarah Bis Sayarah (Female Car Financing) and Askari Sahar Home Musharakah (Female House Loan), supported greater access to financial services and economic participation.

Green and development-oriented financing initiatives included electric scooter financing, rural and agricultural support through Askari Kissan Tractor Finance and Askari Kissan Aabpashi (irrigation) Finance, and financing for renewable energy projects across solar, wind, hydro, biogas, and biofuel segments. These initiatives contributed to responsible portfolio growth and long-term economic sustainability.

## Digital Transformation Journey

Askari Bank's digital transformation journey supports sustainability through enhanced financial inclusion, operational efficiency, and service excellence. A phased transformation approach has embedded technology across customer touchpoints and internal operations, supported by the Bank's digital strategy.

In 2025, digital channels served over one million active users, reflecting expanded access to banking services. Enhancements to mobile banking, WhatsApp Banking, digital onboarding, and contact centre capabilities supported broader inclusion, particularly among younger and digitally native customers. The Click Account, a fully digital account, recorded over 72,000 accounts within a period of five months since launch, with notable participation from women and younger demographics, supporting national financial inclusion objectives.

In parallel, digitally enabled branch lobbies blended self-service and human interaction, improving customer convenience while supporting efficient service delivery.

## Innovation Lab and Future Initiatives

Askari Bank's Digital Innovation Lab continues to support innovation aligned with customer preferences and efficient delivery of offerings. The Lab functions as a collaborative platform for ideation, prototyping, and deployment of technology-driven solutions.

In partnership with NUST, the Digital Innovation Lab at the National Science & Technology Park supported applied research in data science, artificial intelligence, and machine learning. These initiatives contributed to improved analytics, automation, and service delivery while supporting capability development and future talent pipelines.

## Technology and Innovation Roadmap

The Bank's technology and innovation roadmap supports a resilient, data-driven operating model aligned with regulatory requirements and customer expectations. Focus areas include advanced analytics, intelligent automation, digital channel enhancement, and ecosystem partnerships.

During the year, AI-enabled knowledge platforms, chatbots, and ecosystem-based digital initiatives enhanced service quality, governance, and efficiency, while supporting the Bank's broader sustainability and inclusion objectives.

## Alignment with Sustainability Objectives

Askari Bank's 2025 performance aligns with its ESG objectives and relevant GRI Standards and UN SDGs, including Affordable and Clean Energy, Decent Work and Economic Growth, Reduced Inequalities, Climate Action, and Strong Institutions. Progress is supported through renewable energy adoption, inclusive financing, emissions reporting, governance oversight, and data privacy controls.

# SUSTAINABILITY & CORPORATE SOCIAL RESPONSIBILITY Contd.

SDG Alignment	GRI Standard Linkage	Askari Bank's Initiatives
 <p>Affordable and Clean Energy</p>	GRI 302: Energy	60 Branches on Solar Energy ; Support for Solar, Wind, Hydro Projects
 <p>Decent Work and Economic Growth</p>	GRI 204: Procurement Practices	Supplier Code of Conduct Compliance, Support for Agriculture Financing
 <p>Reduced Inequalities</p>	GRI 406: Non-discrimination	Female-focused financing; PWD Cricket T20 Sponsorship
 <p>Climate Action</p>	GRI 305: Emissions	Scope 1, 2, 3 Emissions Reporting, Tree Plantation Initiatives
 <p>Peace, Justice and Strong Institutions</p>	GRI 205: Anti-corruption; GRI 418: Customer Privacy	Robust Governance Structure (ESG Oversight, 6 Board Meetings), Nil Cybersecurity/Data Privacy Incidents

## New Programs and Partnerships

During the year, the Bank expanded its sustainable finance and digital outreach through new products and partnerships. These included Islamic Click Freelancer Accounts, youth-focused savings products, agricultural partnerships with FFC, HBL Zarai Services, and Green Agrimall, and environmental advisory collaborations such as Weather Walay, supporting climate awareness and resilience.

## Recognitions and Awards

In 2025, Askari Bank received multiple recognitions for its governance, sustainability, and financial inclusion efforts. These included ISO/IEC 27001:2022 and PCI DSS v4.0.1 certifications, ADB recognition as a “Women in Business Champion,” ESG Excellence Awards, and international honours for sustainable and Islamic finance. These recognitions reflect the Bank’s continued commitment to responsible, inclusive, and ethical growth.

## Strengthening Diversity, Equity & Inclusion

At Askari Bank, inclusion is embedded as a strategic imperative and reflected across our employment practices, workplace policies, and customer offerings. As an equal opportunity employer, the Bank prides in fostering a diverse workforce by actively hiring women, individuals from minority groups, and persons with disabilities (PWDs), ensuring fair and equitable access to employment opportunities. Commitment to Diversity, Equity, and Inclusion (DEI) extends beyond hiring and is reinforced through supportive policies and workplace flexibility that enable every employee to perform at their best. The Bank offers inclusive maternity coverage, including medical and maternity leaves, along with childcare benefits to support women during critical life stages and promote continuity in their professional growth.

Alongside these policy commitments, the Bank remains focused on building sustainable career pathways and strengthening capability development across all levels. During the year, female representation increased to 21.4%, while representation of persons with disabilities reached 2.47%, alongside continued efforts are underway to strengthen gender representation in senior leadership roles.

In addition, Askari Bank provides assistive gadgets to employees with disabilities, enhancing accessibility and enabling a more efficient and inclusive work environment. Targeted learning and development interventions are in place to upskill employees with disabilities and support their long-term professional growth. These internal initiatives are complemented by inclusive workplace practices and a diversified product portfolio, through which Askari Bank is actively advancing financial inclusion for women and underserved communities through structured financial literacy programmes and accessible banking solutions.

Progress against these commitments is monitored through established governance mechanisms to ensure alignment with regulatory expectations, audit requirements, and the Bank’s long-term ESG objectives, reinforcing our commitment to building an inclusive organisation where diversity is valued and every individual is empowered to thrive.



### Investment in Employee Growth & Learning

Askari Bank’s employee development approach is aimed at delivering high quality learning opportunities to enable employees to sharpen their skillset in order to support the Bank’s objectives and achieve personal growth aspirations. The Bank-wide learning and training need assessment serves as the basis for developing specialized content to address targeted training needs. Further the Learning and Development center employs innovative methodologies to customize trainings aligned with recognized principles and practices. Training is delivered through a blended learning approach combining classroom and on-the-job training along with online tools and further supported by coaching and mentoring for optimal outcomes. All employees are encouraged to provide their ideas, suggestions for innovations / strategies through prescribed channels.

Learning interventions during the year were guided by the theme “Raising the Bar”, with emphasis on both upskilling and reskilling across critical business areas including Islamic Banking, Credit, Trade, Risk, Product Knowledge, and Customer Experience. Function-specific capability enhancement included Core Credit Skills, Certified Trade Professional programs, Sales and Relationship Management, and the Service Excellence initiatives.

During the year, Islamic transformation was a key priority and special emphasis was placed on capacity building across business, risk, and support functions. The Islamic Focused investments in training and awareness ensure regulatory readiness while strengthening customer confidence which is reflected through with 85% of staff trained on Islamic Banking to support conversion of 122 branches from conventional to Islamic and to prepare for dedicated Islamic windows across the network.

During the year, the Bank received recognition from the State Bank of Pakistan for its strong commitment to capability building and financial inclusion. Askari Bank was acknowledged as the Best Partner Bank for Capacity Building in Islamic Banking and also received SBP recognition for achieving the third Highest Regional Account Opening under the National Financial Literacy Program (NFLP).

The impact of the L & D efforts is reflected from the fact that a total of 654 sessions were held during the year 2025 through various mode of delivery with a coverage of 9012 unique staff during the year across all domains.



# SUSTAINABILITY & CORPORATE SOCIAL RESPONSIBILITY Contd.

## Enabling an Engaged and Motivated Workforce

During the year, the Bank organised multiple cricket events across different regions and a regional Table Tennis tournament in 2025 to foster cross-functional bonding, teamwork, and camaraderie among employees.

Several recognition events and townhalls were held to timely reward and recognize high performers. Townhall events enabled strategic alignment and cascade of necessary next steps needed to be taken towards the growth of the bank.

As part of its commitment to employee well-being and health awareness, the Bank conducted eight breast cancer awareness sessions across Lahore, Karachi, and Islamabad, complemented by a bank-wide poster competition. The initiative was designed not only to raise awareness about early detection and preventive care, but also to engage employees on a shared agenda of collective responsibility towards health, empathy, and community well-being.

By bringing colleagues together across functions and regions, the activity fostered dialogue, learning, and a culture of care, reinforcing the Bank's commitment to responsible workplace practices and holistic employee engagement.

All employees of the Bank are provided comprehensive medical insurance coverage along with a childcare allowance, reinforcing our commitment to employee well-being. We consider safeguarding the health of our people and providing supportive facilities in this regard as one of our foremost priorities, enabling a healthier, more secure, and productive workforce. In 2025 staff healthcare limits were improved up to 45% to enable easy access to quality healthcare services and facilities.



## Corporate Social Responsibility (CSR)

During 2025, Askari Bank continued to advance its commitment to responsible corporate citizenship through targeted social, environmental, and community-focused initiatives aligned with its broader ESG objectives.

Environmental stewardship was supported through tree plantation initiatives undertaken in collaboration with WWF and the Pakistan Navy Housing Project, reinforcing climate-positive action and community engagement. The Bank also supported inclusive community initiatives, including sponsorship of the PWD Cricket T20 program, promoting social participation and empowerment of persons with disabilities.

In the education and social development domain, Askari Bank participated in the Fauji Foundation's School Nutrition Program, implemented across 118 Fauji Foundation schools and benefiting over 41,000 primary-level students. The initiative aims to strengthen student health and learning outcomes through improved nutritional support, contributing to long-term human development.

The Bank also introduced a structured Scholarship Scheme for the children of army Shuhada and war-wounded personnel. The program provides 50 merit-based scholarships annually in collaboration with Pakistan's leading education institutions, recognising academic excellence and facilitating access to quality education for the less privileged.

Additional support was extended to social welfare programmes led by the Edhi Foundation and the Pakistan Hindu Council's combined marriage initiative, assisting underserved segments of society.

Collectively, these and other similar initiatives reflect Askari Bank's balanced approach to social investment, supporting education, health, inclusion, and environmental sustainability while reinforcing long-term stakeholder value and national development priorities.

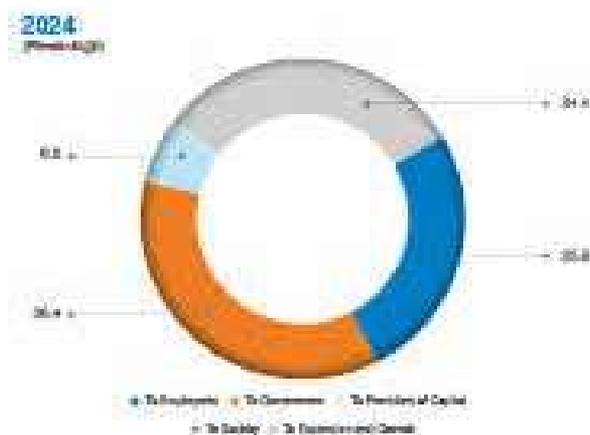
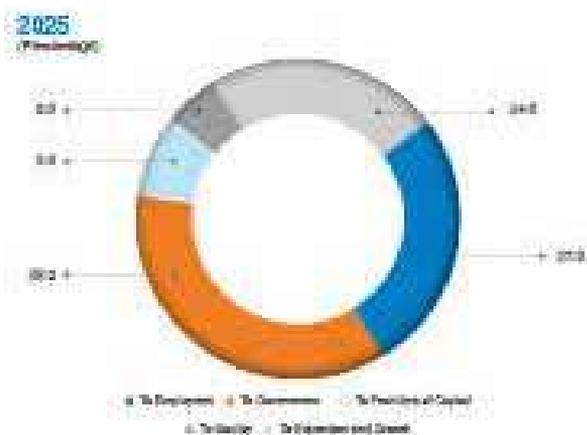


# VALUE ADDED STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2025

	2025 (Rs. in '000)	2024 (Rs. in '000)
<b>Value Added</b>		
Net Interest Income	87,374,485	63,279,731
Non-Interest Income	17,811,346	15,440,797
Operating expenses excluding staff cost, depreciation, amortization, donation and WWF	(21,622,836)	(14,510,501)
Credit Loss Allowance / Provisions & write offs	(1,817,537)	1,807,385
	81,745,458	66,017,412

	2025 (Rs. in '000)	(%)	2024 (Rs. in '000)	(%)
<b>Value Allocated</b>				
To Employee Compensation / staff costs	22,844,241	27.9	17,090,815	25.9
To Government Income Tax	30,481,814	37.3	23,484,708	35.6
Workers Welfare Fund	610,000	0.7	540,000	0.8
	31,091,814	38.0	24,024,708	36.4
To Providers of Capital Cash / Stock dividend	7,246,496	8.9	4,347,898	6.6
To Society Donations	454,000	0.6	-	-
To Expansion and Growth Depreciation	4,321,201	5.3	3,662,502	5.5
Amortization	230,883	0.3	216,716	0.3
Retained Earnings	15,556,823	19.0	16,674,773	25.3
	20,108,907	24.6	20,553,991	31.1
	81,745,458	100.0	66,017,412	100.0

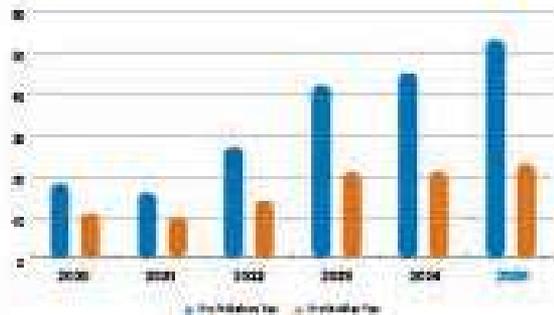


# FINANCIAL REVIEW

FOR THE YEAR ENDED DECEMBER 31, 2025

## Profit

(Rs. in billion)

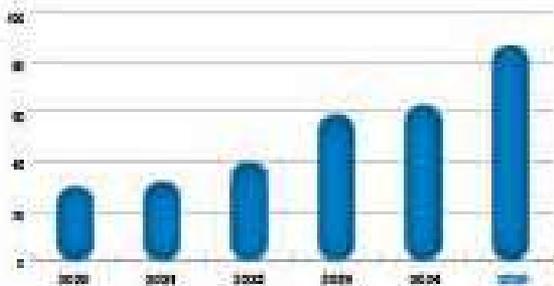


## PROFIT

Operating Profit i.e. profit before credit loss allowance and taxation increased by 29 percent to Rs. 55.1 billion contributed by 38 percent growth in Net Mark-up/Interest Income and 15 percent growth in non-mark up income. Total income for the year increased by 34 percent, to Rs. 105.2 billion. The positive trend in incomes is attributable to increased business volumes, significant increase in current accounts, improvement in overall spreads and capitalization of the available market opportunities. Profit before taxation increased by 20 percent to Rs. 53.3 billion and Profit after tax increased to Rs. 22.8 billion, a 8 percent growth depicting excessive tax burden on banks. Operating expenses increased by 39 percent to Rs. 50.1 billion.

## Net Mark-up / Interest Income

(Rs. in billion)

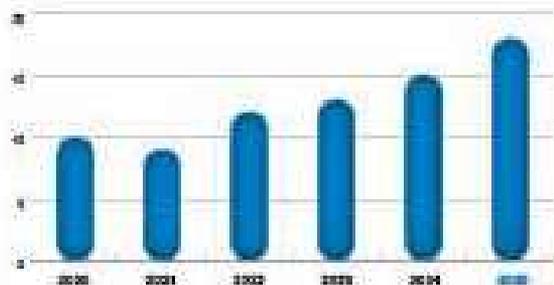


## NET MARK-UP / INTEREST INCOME

Net markup / interest income grew by 38 percent contributed mainly by volumetric increase of 16 percent in overall balance sheet and a notable 29 percent growth in current accounts. The resulting 37 percent decline in funding costs supported spread expansion as the market rates negatively impacted yields from advances and investments. Earning asset mix remained tilted in favor of investments compared to loans and advances.

## Non Mark-up / Interest Income

(Rs. in billion)

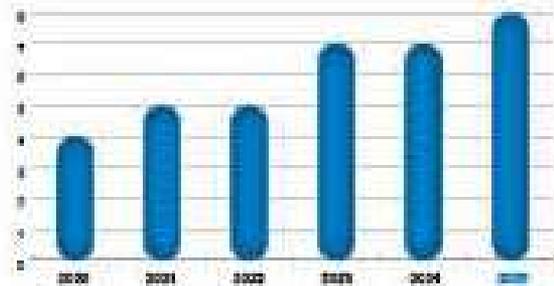


## NON MARK-UP / INTEREST INCOME

Non-markup income recorded an increase of 15 percent to Rs. 17.8 billion. Growth mainly contributed by gain on securities, fee and commission income and foreign exchange income. Gain on securities surged to Rs. 4.3 billion with 52 percent rise due to timely realization of opportunities for capital gains, Fee and commission income increased by 10 percent to Rs. 7.7 billion while foreign exchange income recorded a rise of 5 percent to Rs. 4.3 billion. Dividend income up by 13 percent to Rs. 0.96 billion.

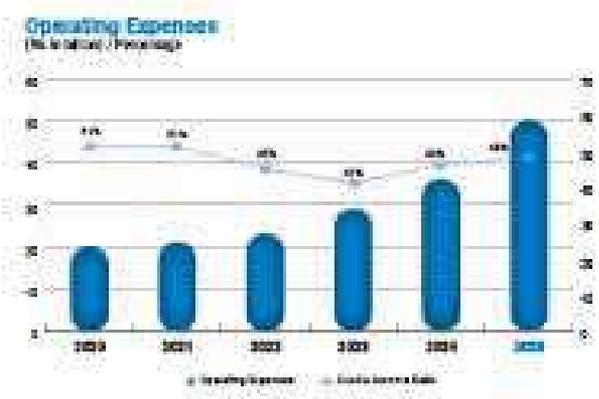
## Fee and Commission Income

(Rs. in billion)



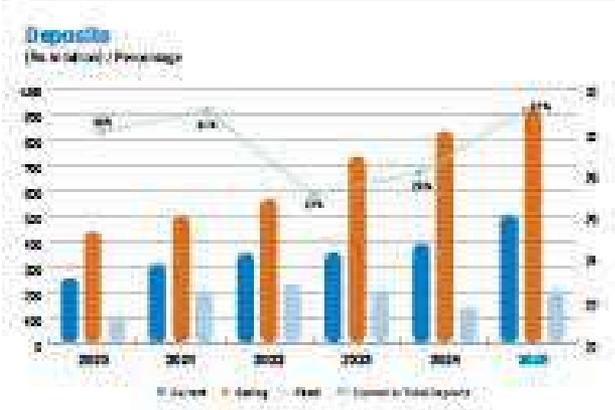
## FEE AND COMMISSION INCOME

Fee and commission income recorded an increase of 10 percent YoY mainly driven by 166 percent rise in commission on home remittances, 63 percent rise in credit related fees and 5 percent rise in card related fees. Commission on trade declined by 8 percent due to drop in trade business and commission on guarantees up by 6 percent. Other major key revenue lines; branch banking customer fees and investment banking fees declined by 2 percent and 9 percent respectively while consumer finance related fees and commission on cash management increased by 48 percent and 34 percent respectively.



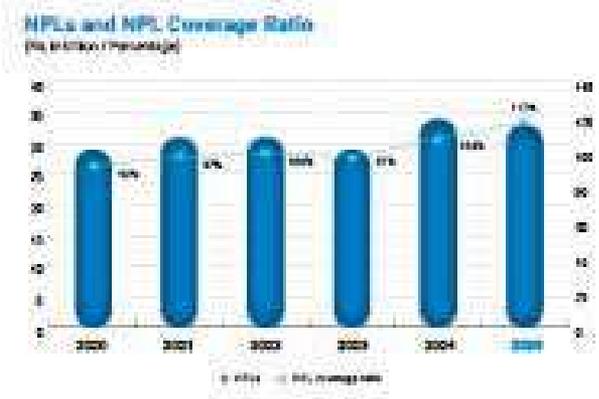
### OPERATING EXPENSES

Total Operating expenses increased by 39 percent as the Bank continued to expand its foot print; investing in technology and digital capabilities, human capital and marketing initiatives, all for pursuing business growth. 37 new branches were added to the nation-wide network. The overall cost to income ratio was 47.6 percent during the year compared to 45.8 percent last year.



### DEPOSITS

Bank's deposit base grew by Rs. 268 billion to Rs. 1.6 trillion a 20 percent growth mainly driven by 29 percent increase in current accounts. Current account ratio improved to 30.8 percent from 28.4 percent last year.

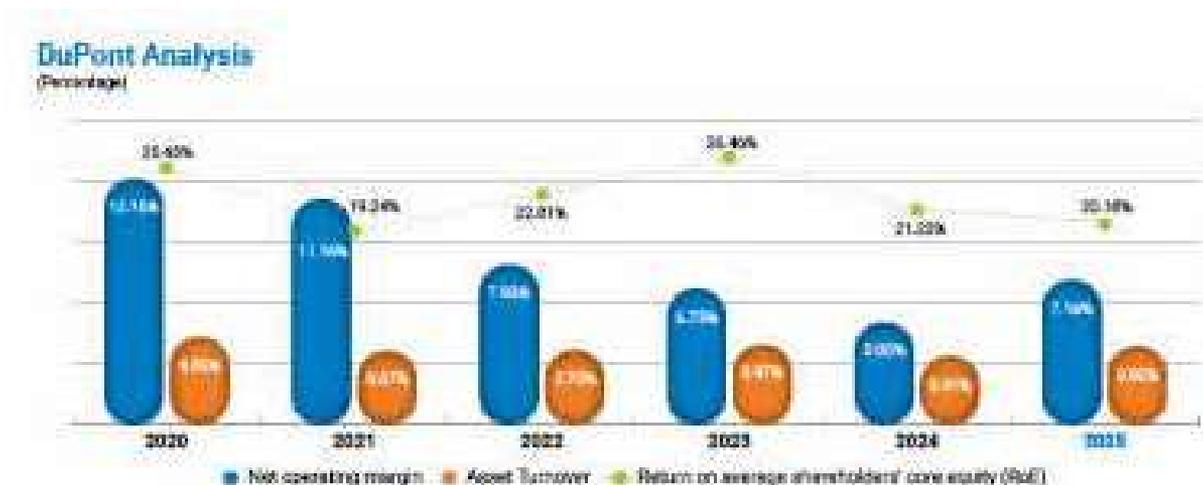


### NPLs AND NPL COVERAGE RATIO

Non-performing loans at the close of year were recorded at Rs. 33.1 billion a decline of 4 percent. Coverage ratio against non-performing loans increased to 117 percent from 108 percent last year reflecting comfortable buffer for impaired loans and providing resilience against potential credit shocks, thereby reinforcing the Bank's prudent risk management posture. Credit loss allowance of Rs. 1.8 billion was recognized against a reversal of Rs. 1.8 billion last year.

# DUPONT ANALYSIS

		2020	2021	2022	2023	2024	2025
Net operating margin	(PAT/Gross Income) - %	12.16	11.16	7.93	6.73	5.05	7.16
Asset Turnover	(Net Income/Avg Assets) - %	4.35	3.67	3.70	3.97	3.41	3.90
Return on core equity	(PAT/Avg Core Equity) - %	25.45	19.24	22.81	26.46	21.23	20.18
Equity Multiplier	(Avg Assets/Avg Core Equity) - Times	21.51	22.33	22.58	22.52	23.34	23.87



Net operating margin improved to 7.16% in 2025 from 5.05% last year despite decline in market rates mainly due to a 25% growth in average current deposits and well contained cost of funds. The historical trend of net operating margin shown above reflects the changes in market, volumetric growth, elevated taxation, inflation and cost of investment in technology, infrastructure and branch expansion.

Asset utilization efficiency strengthened over the years with asset turnover ratio improving from 3.67% in 2021 to a stable 3.90% in 2025 barring last year of exceptionally high asset yields. The moderating trend is aligned with evolving yield curve dynamics with continued focus on sustainable returns.

The equity multiplier remained elevated and broadly stable, ranging between 21.5x and 23.9x, indicating a consistent leverage profile aligned with the Bank's risk appetite and regulatory capital framework.

The Bank's Return on Average Shareholders' Core Equity (RoE) remained resilient over the review period, averaging above 20%, despite volatility across underlying DuPont components - profitability, asset efficiency, and leverage.

# FINANCIAL CALENDER

## 2025

1st Quarter Results issued on	April 29, 2025
2nd Quarter Results issued on	August 21, 2025
3rd Quarter Results issued on	October 29, 2025
34th Annual Results issued on	February 9, 2026
34th Annual General Meeting scheduled for	March 17, 2026

## 2024

1st Quarter Results issued on	April 30, 2024
2nd Quarter Results issued on	August 29, 2024
3rd Quarter Results issued on	October 29, 2024
33rd Annual Results issued on	February 24, 2025
33rd Annual General Meeting held on	March 24, 2025

### Summarized Quarterly Financial Results

(Rupees in million)	2025				2024			
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr
<b>Financial Position</b>								
<b>Assets</b>								
Cash, short term funds & statutory deposits with SBP	177,713	176,636	149,994	136,540	146,661	217,647	149,939	148,849
Investments	1,651,381	1,927,823	1,968,539	2,028,769	1,321,232	1,370,949	1,495,982	1,509,746
Advances	551,129	514,827	545,581	586,622	687,414	717,280	461,587	695,758
Operating fixed assets	36,876	37,634	38,554	43,362	30,484	31,452	32,024	35,797
Other assets	138,511	92,737	124,691	99,709	130,296	131,723	153,267	108,224
<b>Total assets</b>	<b>2,555,610</b>	<b>2,749,657</b>	<b>2,827,359</b>	<b>2,895,002</b>	<b>2,316,087</b>	<b>2,469,051</b>	<b>2,292,799</b>	<b>2,498,374</b>
<b>Liabilities</b>								
Borrowings from financial institutions	938,466	978,568	1,068,712	994,567	829,830	862,532	685,135	869,212
Customers deposits	1,387,652	1,522,297	1,515,229	1,631,332	1,301,360	1,413,603	1,406,562	1,363,735
Sub-ordinated loans	12,000	12,000	6,000	6,000	12,000	12,000	12,000	12,000
Other liabilities	94,785	100,593	96,019	111,357	80,286	80,781	73,480	131,798
<b>Total liabilities</b>	<b>2,432,903</b>	<b>2,613,458</b>	<b>2,685,960</b>	<b>2,743,256</b>	<b>2,223,476</b>	<b>2,368,916</b>	<b>2,177,177</b>	<b>2,376,745</b>
<b>Net Assets</b>	<b>122,707</b>	<b>136,199</b>	<b>141,399</b>	<b>151,746</b>	<b>92,611</b>	<b>100,135</b>	<b>115,622</b>	<b>121,629</b>
<b>Shareholders' funds</b>								
Share capital	14,493	14,493	14,493	14,493	14,493	14,493	14,493	14,493
Reserves and unappropriated profit / (loss)	93,883	96,922	102,786	106,100	73,009	77,870	83,819	90,900
Surplus on revaluation of assets	14,331	24,784	24,120	31,153	5,109	7,772	17,310	16,236
Total shareholders' funds	122,707	136,199	141,399	151,746	92,611	100,135	115,622	121,629
<b>Profit &amp; Loss</b>								
Total income	25,418	23,788	29,133	26,847	16,627	15,642	21,876	24,576
Mark-up / return / interest earned	75,848	72,712	76,529	75,663	100,441	104,900	104,477	91,210
Mark-up / return / interest expensed	54,021	52,077	53,723	53,556	87,577	93,000	86,064	71,108
Net mark-up / interest income	21,827	20,635	22,806	22,107	12,864	11,900	18,413	20,103
Non - mark-up / interest income	3,591	3,153	6,327	4,740	3,763	3,742	3,463	4,473
Fee, commission and exchange income	2,303	2,702	3,916	3,007	3,184	2,689	2,767	2,404
Other income	1,288	451	2,411	1,733	579	1,053	696	2,069
Operating expenses	9,951	10,865	13,366	15,901	8,114	8,402	8,693	10,812
Credit Loss Allowance/Provisions and write offs - net	256	380	171	1,011	1,174	(1,628)	1,686	(3,039)
Operating profit	15,467	12,923	15,767	10,946	8,513	7,240	13,183	13,764
Profit before tax	15,211	12,543	15,596	9,935	7,339	8,868	11,497	16,803
Taxation	8,088	9,040	8,157	5,197	3,624	4,512	5,546	9,803
<b>Profit after taxation</b>	<b>7,123</b>	<b>3,503</b>	<b>7,439</b>	<b>4,738</b>	<b>3,715</b>	<b>4,356</b>	<b>5,951</b>	<b>7,000</b>
<b>Ratios (percent)</b>								
Return on average shareholders' funds (RoE)	23.3%	10.8%	21.4%	12.9%	13.9%	18.1%	22.1%	23.6%
Return on average assets (RoA)	1.1%	0.5%	1.1%	0.7%	0.6%	0.7%	1.0%	1.2%

# SHARE & DEBT INFORMATION

## 1. Share Information

1.1 The ordinary shares of Askari Bank Limited ("the Bank") are listed on the Pakistan Stock Exchange. The audited financial statements have been submitted to the stock exchange within the requisite notice periods as required by the relevant Regulations. Askari Bank's Central Depository System ID is 05132.

## 1.2 Market symbols

Pakistan Stock Exchange – AKBL, Reuters – ASKB.KA, Bloomberg – AKBL: PA

## 1.3 Share price and volume - last 10 years

Year	Shares (in Numbers)	Shareholders' funds (equity) (in Billion)	Market capitalization (in Billion)	KSE's market capitalization (Percent)	share in market capitalization (Percent)	Share Price (in Rupees)			shares traded during the year (in Numbers)
						High During the year	Low During the year	Close at December 31, 2025	
2016	1,260,260,180	32.58	31.44	9,628.51	0.33%	25.61	17.50	24.95	329,016,500
2017	1,260,260,180	32.44	24.34	8,570.93	0.28%	28.03	17.75	19.31	341,523,000
2018	1,260,260,180	33.51	30.15	7,692.79	0.39%	26.49	19.20	23.92	208,231,500
2019	1,260,260,180	42.26	23.37	7,811.81	0.30%	24.46	15.53	18.54	90,865,500
2020	1,260,260,180	54.55	29.48	8,035.36	0.37%	23.59	13.00	23.39	241,054,000
2021	1,260,260,180	55.90	27.75	7,900.14	0.35%	25.70	18.77	22.02	94,935,000
2022	1,260,260,180	73.32	25.33	6,382.60	0.40%	23.85	16.40	20.10	57,147,500
2023	1,449,299,207	97.12	35.83	9,003.70	0.40%	26.38	11.99	24.72	243,027,000
2024	1,449,299,207	121.63	55.46	14,495.89	0.38%	40.99	19.50	38.27	442,449,086
2025	1,449,299,207	151.75	145.74	19,689.89	0.74%	108.51	33.30	100.56	794,755,668

## 1.4 Record of share issues

Year	Issue	Number of shares	Share capital (Rs)
	Prior to public issue	15,000,000	150,000,000
1992	Public issue	15,000,000	150,000,000
1993	50% Rights issue @ Rs. 10 per share	15,000,000	150,000,000
1995	Bonus @ 15%	6,750,000	67,500,000
1996	50% Rights issue @ Rs. 20 per share	22,500,000	225,000,000
1996	Bonus @ 10%	7,425,000	74,250,000
1997	Bonus @ 15%	12,251,250	122,512,500
1998	Bonus @ 5%	4,696,312	46,963,120
2001	Bonus @ 5%	4,931,101	49,311,010
2002	Bonus @ 5%	5,177,712	51,777,120
2003	Bonus @ 5%	5,436,568	54,365,680
2004	Bonus @ 10%	11,416,794	114,167,940
2005	Bonus @ 20%	25,116,947	251,169,474
2006	Bonus @ 33%	49,731,555	497,315,549
2007	Bonus @ 50%	100,216,620	1,002,166,196
2008	Bonus @ 35%	105,227,450	1,052,274,496
2009	Bonus @ 25%	101,469,326	1,014,693,261
2010	Share issued to shareholders of erstwhile Askari Leasing Limited	28,273,315	282,733,150
2010	Bonus @ 20%	107,123,990	1,071,239,900
2011	Bonus @ 10%	64,274,460	642,744,604
2012	Bonus @ 15%	106,052,684	1,060,526,840
2013	55% Rights issue @ Rs. 10 per share	447,189,096	4,471,890,960
2022	Bonus @ 15%	189,039,027	1,890,390,270
		1,449,299,207	14,492,992,070

## 2. Debts Information

2.1 Askari Bank has issued seven Term Finance Certificates (TFCs); unsecured subordinated debt out of which the following is outstanding:

(Rupees in million)	TFC - VI
IPO investors	6,000
Market Symbols / IDs at LSE	AKBLTFC6
Rating by PACRA	AA-
Market Price as at December 31, 2025 (based on marketable lots of Rs. 1,000,000)	6,000
Applicable interest rate (p.a.) as at December 31, 2025	12.60%

## 3 Corporate Briefing Session

During the year the Bank carried out a corporate briefing session for its shareholders, investors and market analysts and apprised them about the Bank's financial performance and future outlook. The session was arranged via Zoom Link at Askari Bank Head Office on November 4, 2025.

# HORIZONTAL AND VERTICAL ANALYSIS

## Horizontal Analysis

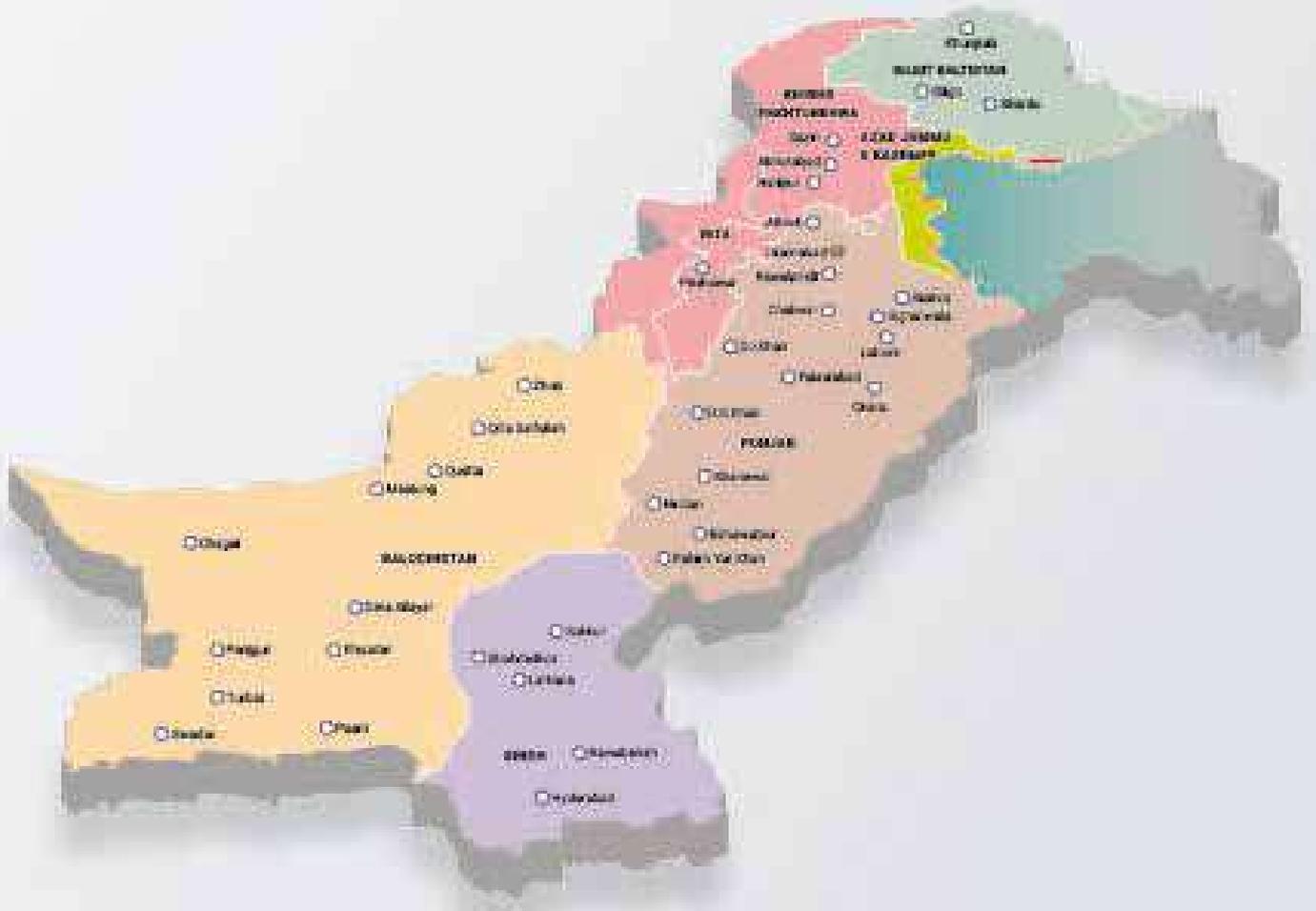
	Horizontal Analysis						Variance					
	2025	2024	2023	2022	2021	2020	2025 Vs 2024	2024 Vs 2023	2023 Vs 2022	2022 Vs 2021	2021 Vs 2020	2020 Vs 2019
Rupees in million												
<b>Balance Sheet</b>												
<b>Assets</b>												
Cash and balances with treasury banks	108,638	133,505	160,087	70,950	89,432	73,652	(19%)	(17%)	126%	(21%)	21%	17%
Balances with other banks	13,774	10,776	13,789	9,677	3,455	7,720	28%	(22%)	42%	180%	(55%)	(2%)
Lendings to financial institutions	14,128	4,568	-	407	-	-	209%	-	(100%)	100%	-	(100%)
Investments	2,028,769	1,509,746	1,182,538	762,697	616,361	449,687	34%	28%	55%	24%	37%	47%
Advances	586,622	695,758	633,133	583,811	477,588	395,374	(16%)	10%	8%	22%	21%	6%
Property and equipment	26,226	21,796	18,698	17,593	13,714	13,811	20%	17%	6%	28%	(1%)	12%
Right-of-use assets	14,931	12,161	8,313	6,891	6,454	7,402	23%	46%	21%	7%	(13%)	1%
Intangible assets	2,205	1,840	1,856	1,376	1,183	1,143	20%	(1%)	35%	16%	3%	41%
Assets held for sale	-	1,750	1,750	1,750	-	-	(100%)	-	-	100%	-	(100%)
Deferred tax Assets	-	-	8,073	7,546	5,168	1,623	-	(100%)	7%	46%	218%	(35%)
Other assets	99,709	106,474	95,769	62,973	45,789	42,105	(6%)	11%	52%	38%	9%	4%
	2,895,002	2,498,374	2,124,006	1,525,671	1,259,144	992,517	16%	18%	39%	21%	27%	19%
<b>Liabilities</b>												
Bills payable	23,259	66,704	12,394	11,879	10,235	12,630	(65%)	438%	4%	16%	(19%)	(20%)
Borrowings	994,567	869,212	643,363	233,432	123,564	84,164	14%	35%	176%	89%	47%	64%
Deposits and other accounts	1,631,332	1,363,735	1,293,146	1,142,575	1,015,430	791,187	20%	5%	13%	13%	28%	16%
Lease liabilities	17,434	14,137	9,699	8,084	7,394	8,224	23%	46%	20%	9%	(10%)	12%
Sub-ordinated loans	6,000	12,000	12,000	12,000	12,000	12,000	(50%)	-	-	-	-	20%
Deferred tax liabilities	14,303	734	-	-	-	-	1849%	100%	-	-	-	-
Other liabilities	56,361	50,223	56,281	44,379	34,619	29,766	12%	(11%)	27%	28%	16%	9%
	2,743,256	2,376,745	2,026,883	1,452,349	1,203,242	937,971	15%	17%	40%	21%	28%	19%
<b>Net Assets</b>	151,746	121,629	97,123	73,322	55,902	54,546	25%	25%	32%	31%	2%	29%
<b>Represented by</b>												
Share capital	14,493	14,493	14,493	12,603	12,603	12,603	-	-	15%	-	-	-
Reserves	88,856	74,574	57,740	43,386	32,729	25,631	19%	29%	33%	33%	28%	32%
Surplus on revaluation of assets - net of tax	31,153	16,236	4,458	3,952	1,964	7,638	92%	264%	13%	101%	(74%)	78%
Unappropriated (loss) / profit	17,244	16,326	20,432	13,381	8,606	8,674	6%	(20%)	53%	55%	(1%)	45%
	151,746	121,629	97,123	73,322	55,902	54,546	25%	25%	32%	31%	2%	29%
<b>Profit and Loss</b>												
<b>Mark-up / return / interest earned</b>	300,752	401,029	305,636	165,796	77,550	77,322	(25%)	31%	84%	114%	-	8%
<b>Mark-up / return / interest expensed</b>	213,377	337,749	246,213	125,834	45,140	47,059	(37%)	37%	96%	179%	(4%)	(5%)
Net mark-up / interest income	87,375	63,280	59,423	39,962	32,410	30,263	38%	6%	49%	23%	7%	37%
<b>Non mark-up/interest income</b>												
Fee and commission income	7,654	6,966	7,085	5,446	4,609	3,851	10%	(2%)	30%	18%	20%	6%
Dividend income	964	854	709	486	420	273	13%	20%	46%	16%	54%	-
Foreign exchange income	4,273	4,078	3,897	5,495	3,123	2,673	5%	5%	(29%)	76%	17%	7%
Gain on securities	4,321	2,852	777	(251)	815	2,556	52%	267%	410%	(131%)	(68%)	246%
Other income	599	691	468	444	402	341	(13%)	48%	5%	10%	18%	28%
Total non-markup / interest income	17,811	15,441	12,936	11,620	9,369	9,694	15%	19%	11%	24%	(3%)	31%
<b>Total income</b>	105,186	78,721	72,359	51,582	41,779	39,957	34%	9%	40%	23%	5%	35%
<b>Non mark-up/interest expenses</b>												
Operating expenses	49,450	35,409	28,569	22,572	20,891	20,124	40%	24%	27%	8%	4%	10%
Workers' welfare fund	610	540	533	340	213	43	13%	1%	57%	60%	395%	2%
Other charges	23	72	246	168	90	48	(68%)	(71%)	46%	87%	88%	(52%)
Total non-markup / interest expenses	50,083	36,021	29,348	23,080	21,194	20,215	39%	23%	27%	9%	5%	10%
Profit before Credit loss allowance/provisions	55,103	42,700	43,011	28,502	20,585	19,742	29%	(1%)	51%	38%	4%	77%
Credit loss allowance/provisions and write offs-net	1,818	(1,807)	966	1,042	4,940	1,975	201%	(287%)	(7%)	(79%)	150%	155%
<b>Profit before taxation</b>	53,285	44,507	42,045	27,460	15,645	17,767	20%	6%	53%	76%	(12%)	71%
Taxation	(30,482)	(23,485)	(20,610)	(13,398)	(5,944)	(6,967)	30%	14%	54%	125%	(15%)	107%
<b>Profit after taxation</b>	22,803	21,022	21,435	14,062	9,701	10,800	8%	(2%)	52%	45%	(10%)	54%
Basic and diluted earnings per share - Rupees	15.73	14.51	14.79	9.70	7.70	8.57						

## Vertical Analysis

	2025	2024	2023	2022	2021	2020	2025	2024	2023	2022	2021	2020
	Rupees in million						Composition					
<b>Balance Sheet</b>												
<b>Assets</b>												
Cash and balances with treasury banks	108,638	133,505	160,087	70,950	89,432	73,652	4%	5%	8%	5%	7%	7%
Balances with other banks	13,774	10,776	13,789	9,677	3,455	7,720	-	1%	1%	1%	-	1%
Lendings to financial institutions	14,128	4,568	-	407,000	-	-	-	1%	-	-	-	-
Investments	2,028,769	1,509,746	1,182,538	762,697	616,361	449,687	71%	60%	55%	51%	49%	46%
Advances	586,622	695,758	633,133	583,811	477,588	395,374	20%	28%	30%	38%	38%	40%
Property and equipment	26,226	21,796	18,698	17,593	13,714	13,811	1%	1%	1%	1%	1%	1%
Right-of-use assets	14,931	12,161	8,313	6,891	6,454	7,402	1%	-	-	-	1%	1%
Intangible assets	2,205	1,840	1,856	1,376	1,183	1,143	-	-	-	-	-	-
Assets held for sale	-	1,750	1,750	1,750	-	-	-	-	-	-	-	-
Deferred tax Assets	-	-	8,073	7,546	5,168	1,623	-	-	-	-	-	-
Other assets	99,709	106,474	95,769	62,973	45,789	42,105	3%	4%	5%	4%	4%	4%
	2,895,002	2,498,374	2,124,006	1,525,671	1,259,144	992,517	100%	100%	100%	100%	100%	100%
<b>Liabilities</b>												
Bills payable	23,259	66,704	12,394	11,879	10,235	12,630	1%	3%	1%	1%	1%	1%
Borrowings	994,567	869,212	643,363	233,432	123,564	84,164	34%	34%	30%	15%	10%	8%
Deposits and other accounts	1,631,332	1,363,735	1,293,146	1,142,575	1,015,430	791,187	56%	54%	60%	74%	79%	80%
Lease liabilities	17,434	14,137	9,699	8,084	7,394	8,224	1%	1%	-	1%	1%	1%
Sub-ordinated loans	6,000	12,000	12,000	12,000	12,000	12,000	-	-	1%	1%	1%	1%
Deferred tax liabilities	14,303	734	-	-	-	-	-	-	-	-	-	-
Other liabilities	56,361	50,223	56,281	44,379	34,619	29,766	2%	2%	3%	3%	3%	3%
	2,743,256	2,376,745	2,026,883	1,452,349	1,203,242	937,971	94%	94%	95%	95%	95%	94%
<b>Net Assets</b>												
	151,746	121,629	97,123	73,322	55,902	54,546	6%	6%	5%	5%	5%	6%
<b>Represented by</b>												
Share capital	14,493	14,493	14,493	12,603	12,603	12,603	1%	1%	1%	1%	1%	1%
Reserves	88,856	74,574	57,740	43,386	32,729	25,631	3%	3%	3%	3%	3%	3%
Surplus on revaluation of assets - net of tax	31,153	16,236	4,458	3,952	1,964	7,638	1%	1%	-	-	-	1%
Unappropriated (loss) / profit	17,244	16,326	20,432	13,381	8,606	8,674	1%	1%	1%	1%	1%	1%
	151,746	121,629	97,123	73,322	55,902	54,546	6%	6%	5%	5%	5%	6%
<b>PROFIT AND LOSS</b>												
<b>Mark-up / return / interest earned</b>	300,752	401,029	305,636	165,796	77,550	77,322	100%	100%	100%	100%	100%	100%
<b>Mark-up / return / interest expensed</b>	213,377	337,749	246,213	125,834	45,140	47,059	71%	84%	81%	76%	58%	61%
Net mark-up / interest income	87,375	63,280	59,423	39,962	32,410	30,263	29%	16%	19%	24%	42%	39%
<b>Non mark-up/interest income</b>												
Fee and commission income	7,654	6,966	7,085	5,446	4,609	3,851	2%	2%	3%	3%	6%	5%
Dividend income	964	854	709	486	420	273	1%	-	-	-	1%	1%
Foreign exchange income	4,273	4,078	3,897	5,495	3,123	2,673	1%	1%	1%	4%	4%	3%
Gain on securities	4,321	2,852	777	(251)	815	2,556	1%	1%	-	-	1%	3%
Other income	599	691	468	444	402	341	-	-	-	-	-	1%
Total non-markup / interest income	17,811	15,441	12,936	11,620	9,369	9,694	6%	4%	4%	7%	12%	13%
<b>Total income</b>	105,186	78,721	72,359	51,582	41,779	39,957	35%	20%	23%	31%	54%	52%
<b>Non mark-up/interest expenses</b>												
Operating expenses	49,450	35,409	28,569	22,572	20,891	20,124	16%	9%	9%	14%	27%	26%
Workers' welfare fund	610	540	533	340	213	43	1%	-	-	-	-	-
Other charges	23	72	246	168	90	48	-	-	-	-	-	-
Total non-markup / interest expenses	50,083	36,021	29,348	23,080	21,194	20,215	17%	9%	10%	14%	27%	26%
Profit before Credit loss allowance/provisions	55,103	42,700	43,011	28,502	20,585	19,742	18%	11%	14%	17%	27%	26%
Credit loss allowance/provisions and write offs-net	1,818	(1,807)	966	1,042	4,940	1,975	1%	-	-	1%	6%	3%
<b>Profit before taxation</b>	53,285	44,507	42,045	27,460	15,645	17,767	17%	11%	14%	16%	21%	23%
Taxation	(30,482)	(23,485)	(20,610)	(13,398)	(5,944)	(6,967)	(9%)	(6%)	(7%)	(8%)	(8%)	(9%)
<b>Profit after taxation</b>	22,803	21,022	21,435	14,062	9,701	10,800	8%	5%	7%	8%	13%	14%

# OUR PRESENCE

Location	No. of Branches	Location	No. of Branches	Location	No. of Branches
<b>Azad Jammu &amp; Kashmir</b>	<b>15</b>	<b>Khyber Pakhtunkhwa – Continued</b>		<b>Sindh</b>	<b>175</b>
Bagh	1	Mardan	4	Badin	2
Bhimbar	2	Mingora	1	Dadu	1
Kotli	2	Nowshera	4	Ghotki	3
Mirpur	6	Peshawar	17	Hyderabad	11
Muzaffarabad	2	Shangla	1	Jacobabad	1
Poonch	1	Swabi	1	Jamshoro	3
Sudhnuthi	1	Swat	3	Kambar Shahdadkot	1
<b>Balochistan</b>	<b>33</b>	Uper Dir	1	Karachi	119
Gwadar	4	<b>Punjab</b>	<b>389</b>	Kashmore	2
Jaffarabad	2	Attock	13	Khairpur	4
Kech (at Turbat)	1	Bahawalnagar	4	Larkana	4
Khuzdar	1	Bahawalpur	13	Matiali	1
Killa Abdullah	1	Bhakkar	1	Mirpur Khas	1
Lasbela (at Uthal)	1	Burewala	1	Naushahro Feroze	1
Loralai	1	Chakwal	8	Sanghar	3
Panjgur	1	Chiniot	2	Shaheed Benazirabad	3
Pishin	1	Dera Ghazi Khan	3	Shikarpur	1
Sibbi	1	Faisalabad	21	Sukkur	8
Quetta	16	Gujranwala	15	Tando Allahyar	1
Zhob	1	Gujrat	16	Tando Muhammad Khan	1
Mastung	1	Hafizabad	3	Tharparkar	1
Nasirabad	1	Jhang	2	Thatta	1
<b>Islamabad Capital Territory</b>	<b>57</b>	Jhelum	8	Umer Kot	2
<b>Gilgit Baltistan</b>	<b>11</b>	Kasur	5	<b>FATA</b>	<b>2</b>
Diamar	1	Khanewal	4	Khyber Agency	1
Astore	1	Khushab	3	Kurram Agency	1
Ghanche	1	Lahore	84		
Skardu	3	Layyah	2	<b>Bahrain</b>	<b>1</b>
Gilgit	4	Lodhran	2		
Ghizer	1	Mandi Bahauddin	7	<b>Beijing, China (Rep. office)</b>	<b>1</b>
<b>Khyber Pakhtunkhwa</b>	<b>74</b>	Mianwali	3		
Abbottabad	8	Multan	16		
Buner	1	Muzaffargarh	2		
Bannu	2	Nankana Sahib	2		
Charsadda	2	Narowal	3		
Chitral	1	Okara	7		
Dera Ismail Khan	3	Pakpattan	3		
Hangu	2	Rahim Yar Khan	7		
Haripur	6	Rawalpindi	76		
Karak	1	Sahiwal	3		
Kohat	3	Sargodha	11		
Kohistan	1	Sheikhupura	5		
Lower Dir	2	Sialkot	25		
Malakand	2	Toba Tek Singh	5		
Mansehra	8	Vehari	4		



## OUR PRESENCE

📍 Islamabad Capital Territory - 57	📍 Gilgit-Baltistan - 11
📍 Punjab - 369	📍 Azad Kashmir - 15
📍 Sindh - 175	📍 FATA - 02
📍 Khyber Pakhtunkhwa - 74	📍 Bahrain - 01
📍 Balochistan - 33	📍 China Rep. office - 01

01  
Rep. office,  
Beijing, CHINA



Conventional Branches /  
Sub Branches



Islamic Branches /  
Sub Branches

01  
Manama, BAHRAIN



# DIRECTORS' REPORT TO THE SHAREHOLDERS

The Directors present 34th Annual Report of Askari Bank Limited along with the audited unconsolidated and consolidated financial statements of the Bank and Auditors' reports thereon, for the year ended December 31, 2025.

## **Economy:**

The global economy navigated through significant headwinds in 2025; volatile trade policies, persistent geopolitical tensions, wave of new tariffs and counter measures, and demonstrated resilience supported by moderating inflation, surging technology-led investments - particularly in artificial intelligence, and supportive fiscal policies in advanced and emerging economies that helped stabilize growth and revive trade flows.

Pakistan economy expanded by 3.0 percent in fiscal year 2025, up from 2.6 percent last year, indicating a transition from stabilization to recovery-led growth. The economic activity gained traction on the back of monetary easing, disinflation, improved external buffers, contained fiscal imbalances, recovery in large-scale manufacturing and expansion in the services sector. Policy efforts under the IMF's EFF delivered significant progress in stabilizing the economy and rebuilding confidence amid a challenging global environment.

Inflation remained well contained within the desired levels throughout 2025, allowing the SBP to relax monetary policy measures culminating in further decline in interest rates. Headline inflation was recorded at 5.6 percent yoy in December 2025 after bottoming out at 0.3 percent in April, and 4.1 percent last year, reflecting cumulative impacts of reduction in subsidies, disciplined fiscal management, drop in imported inflation - as global commodity prices softened, and was also attributable to the end of favorable impacts of high base effect, surge in flood-induced food price and uptick in energy prices.

On the external front, current account recorded a surplus of US\$ 2.1 billion for fiscal year 2025 – a first in 14 years, however the trend reversed in the first half of current fiscal year with a deficit of US\$ 1.2 billion as the pickup in economic activity led to a trade gap; stronger import growth and subdued exports. Workers' remittances continued to support external account with robust inflows of US\$ 19.7 billion during first half of current fiscal year, while forex reserves strengthened to over US\$ 20 billion despite sizable outflows. Going forward, current account deficit is projected to remain contained within 0–1 percent of GDP for the current fiscal year as the lower oil prices and resilient remittance inflows are expected to help contain import pressures and support external account stability.

The banking sector maintained overall stability, delivering a steady performance supported by strong capital buffers, sustained growth in deposits and assets, and effective credit risk management amid ongoing macroeconomic adjustments marked by contained inflation and a tight monetary stance. Investments in government securities continued to be the primary driver of balance sheet expansion across the sector. Improving macroeconomic fundamentals are projected to support asset quality, liquidity, and balance sheet growth; however, prudent risk management, together with delivery of technology and AI based innovative products and services, will remain pivotal for the way forward.

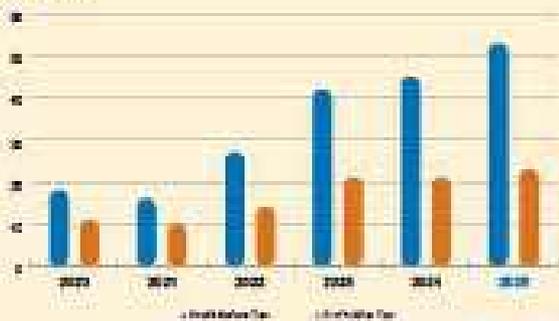
Pakistan's economy is poised for growth acceleration in the coming periods, driven by industrial growth, improved governance, digitalization, and prudent macroeconomic management. Recent estimates suggest GDP growth of around 4 percent, a substantial improvement over earlier projection of ~3 percent, depicting notable pickup in economic activity led by industrial and agriculture sectors. The encouraging prospects of agriculture will provide further impetus to commodity producing and services sector. Timely implementation of power tariff adjustments has helped reduce the stock and flow of circular debt. Efforts need to focus now on gradually reducing electricity production and distribution costs and addressing inefficiencies in the power and gas sectors. In the face of changing global environment, Pakistan needs to maintain prudent policies to further entrench macroeconomic stability, while accelerating reforms necessary to achieve stronger, private sector-led, and sustainable medium-term growth.

## **Bank's Performance:**

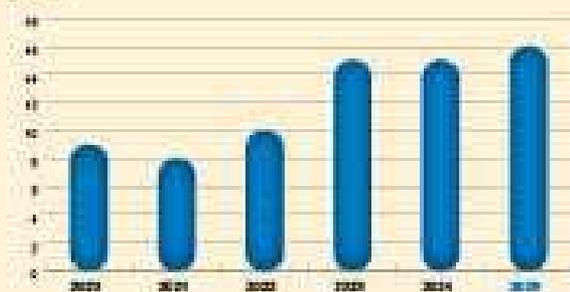
In 2025, Askari Bank delivered notable results enabled by disciplined execution of strategy focused on low-cost deposit mobilization, responsible lending, better customer experience and bespoke solutions amidst operating environment marked by compressed interest margins. During the year, the Bank has initiated a transformational journey and is leveraging investments in its teams and capabilities, tapping into the winning culture to drive growth and progress for customers and deliver long term value for the shareholders.

The Bank posted profit before tax of Rs. 53.3 billion, 20 percent higher than last year. Profit after tax increased to Rs. 22.8 billion, 8 percent growth depicting excessive tax burden on banks. Earnings per share improved to Rs.15.73 against Rs.14.51 of last year.

### Profit (Rs. in billion)

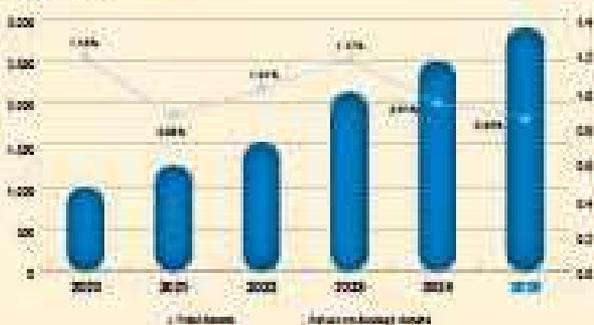


### Savings per share (PKR)



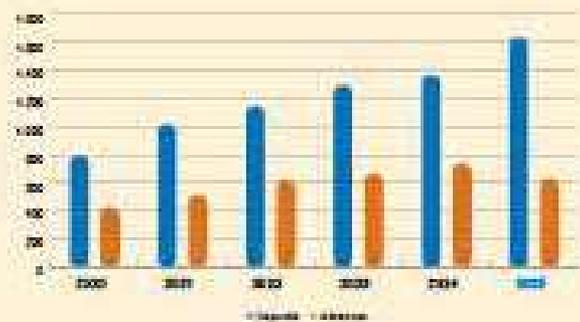
The performance during the year was driven by a 34 percent increase in aggregate revenues, to Rs. 105.2 billion from Rs. 78.7 billion last year. Net mark-up income increased by 38 percent, a growth of Rs. 24.1 billion contributed mainly by volumetric increase of 16 percent in overall balance sheet and a notable 29 percent growth in current accounts. The resulting 37 percent decline in funding costs supported spread expansion as the market rates negatively impacted yields from advances and investments; average policy rate was ~8 percent lower than last year. Non-mark-up income was recorded at Rs. 17.8 billion with yoy growth of 15 percent, mainly contributed by 10 percent increase in fee commissions income and timely realization of opportunities for capital gains. Operating expenses increased by 39 percent as the Bank continued to expand its foot print, invest in technology and digital capabilities, human capital and marketing initiatives, all for pursuing business growth.

### Return on Assets (Rs. in billion)

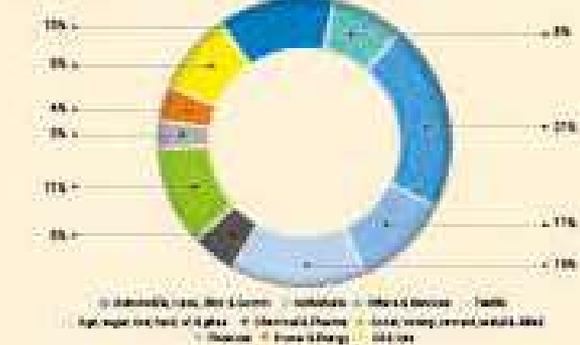


The Bank's asset base expanded to Rs 2.9 trillion as of December 31, 2025 marking a 16 percent increase from the Rs.2.5 trillion at end of last year. Despite low interest rates, the Bank's deposit base grew by Rs.268 billion, highest growth recorded in the last decade. Current accounts grew by Rs.114 billion, a 29 percent increase over last year. The Bank's deposit strategy continues to focus on growing stable, diversified and sticky deposits to maintain optimal funding profile.

### Advances and Deposits (Rs. in billion)



### Advances (Percentage)



### Deposits



Advances declined by 15 percent mainly due to maturity of certain short-term facilities during the period. The lending strategy remained focused on building of quality advances portfolio. The Bank's coverage ratio against non-performing loans increased to 117 percent, from 108 percent last year reflecting comfortable buffer for impaired loans and providing resilience against potential

# DIRECTORS' REPORT TO THE SHAREHOLDERS Contd.

credit shocks, thereby reinforcing the Bank's prudent risk management posture. During the year in review, credit loss allowance of Rs. 1.8 billion was recognized against a reversal of Rs. 1.8 billion last year.

The Bank is well capitalized with adequate buffers over regulatory requirements. At December 31, 2025, leverage ratio was recorded at 3.70 percent and capital adequacy ratio 21.59 percent. The Bank is committed to sustaining capital ratios well above the prescribed regulatory benchmarks to ensure robust risk absorption capacity.

## Appropriations:

The Board of Directors recommends the following appropriations for the year ended December 31, 2025:

Rupees in '000		
Year Ended December 31,	2025	2024
	Unconsolidated	
Profit after taxation	22,803,319	21,022,671
Effect of recognition of actuarial gains	21,868	806,337
Effect of adoption of IFRS-9 on unappropriated profit	(434,970)	(5,649,522)
Effect of adoption of IFRS-9 on General Reserve	-	2,026,274
Transfer from surplus on revaluation	1,844,627	222,307
Profit available for appropriation	24,234,844	18,428,067
Interim Cash Dividend - 32.5 percent (2024:Nil)	(4,710,222)	-
Cash dividend - 17.5 percent (2024:30 percent)	(2,536,274)	(4,347,898)
Transfer to Statutory Reserve	(2,280,332)	(2,102,267)
Transfer to General Reserve	14,708,016	11,977,902
Earnings per share - Rupees	15.73	14.51

## Rating:

The Bank's entity rating was reaffirmed at 'AA+' (Double A Plus) for the long-term by Pakistan Credit Rating Agency Limited (PACRA), with outlook assigned as 'Stable'. Short-term rating was maintained at 'A1+' (A One Plus). The Bank's strong brand and affiliation with Fauji Group, one of the country's most prominent conglomerates are recognized as the key rating drivers, supported by Bank's experienced management team, prudent risk management policies, and deep-rooted relationship with clients.

## Ikhlas Islamic Banking:

Askari Ikhlas remained steadfast in its mission to promote financial inclusion through Shariah compliant banking and innovative financial solutions. Guided by the principles of fairness, transparency, and social responsibility, Askari Ikhlas continued to deliver customer-centric products and services aligned with the teachings of Islam through its 365 dedicated Islamic banking branches (including 18 sub-branches).

Askari Bank is fully aligned with the government and regulatory focus on transition to Islamic financial system. The Bank is pursuing fast pace conversion of its conventional banking business and operations to Islamic and at year end 2025, over 50 percent of the branch network is fully Islamic, offering only Shariah compliant products and services. All remaining branches are

planned for conversion in the coming periods, however to facilitate such conversion and to provide a wider access across the entire network to Islamic customers, such branches now have Islamic Banking Windows to offer Islamic banking deposit products.

The Bank is also investing into capacity building for Islamic banking and during the year specialized and structured training programs were organized primarily in view of regulatory focus on transformation to Islamic banking. Such programs were designed after careful need assessments for staff across the network to ensure consistent delivery of Shariah compliant offerings and enhanced customer experience. The training programs were conducted by Shariah Scholars and inhouse experts on Islamic banking.

## Distribution and Digital Channels:

During the year, the Bank expanded its branch network by opening 37 new branches, bringing the total to 757 in Pakistan and Azad Jammu and Kashmir, a wholesale bank branch in Bahrain and a representative office in Beijing, China. Expanding its foot print both physically and through digital channels is a key priority to enhance customer access and convenience leveraging improved technology. During the year, the Bank rolled out priority banking service under the brand 'Ascend' offering premium customer value proposition tailored for the needs of affluent segment.

The Bank continued to advance its digital-first strategy to enhance the overall banking experience, improve customer journeys, and expand financial accessibility. By adapting to the evolving digital landscape, the Bank upgraded its Mobile App, strengthened digital customer acquisition, and successfully executed technology initiatives for sustained growth. Askari MobileApp with industry's top three rating, remained pivotal in the digital journey with enhancements in functionality, security, and user experience driving strong customer engagement and transactional activity and fast pace adoption of digital banking. The launch of 'Click', a fully digital paperless and branchless account marked a significant step in promoting financial inclusion, attracting diversified client segments, including women and younger generations, digitally native customers. During the year, the Bank introduced industry's first In-App calling feature via Askari MobileApp, a secured way of contacting customers. Continued investment in data analytics, automation, and artificial intelligence, alongside the Bank's dedicated digital innovation lab, reinforces operational efficiency, data-driven decision-making and security.

Askari Bank is maintaining sharp focus on digital adoption, safeguarding customer trust, supporting resilience and long-term value creation. By aligning innovation with evolving customer needs and national digital objectives, the Bank will continue its efforts to shape up the direction of Pakistan's cashless banking landscape.

#### **IT Governance and Information Security:**

Askari Bank views technology as a key enabler of business continuity, service excellence, and long-term sustainability. The Bank operates under a strong IT governance framework that ensures technology initiatives are aligned with strategic objectives, regulatory requirements, and risk appetite.

During 2025, the Bank further strengthened its cybersecurity and information security framework to protect customer data, digital channels, and core operational systems amid an evolving cyber threat environment. The Bank attained ISO/IEC 27001 certification and successfully completed PCI DSS and SWIFT recertifications, reaffirming its adherence to best practices. The Bank strengthened its security posture through the integration of multiple enterprise-wide applications into a unified identity and Access Management framework and the automation of Information Security Governance, Risk, and Compliance (GRC) processes, enabling real-time risk visibility and enhanced control effectiveness. Advanced, AI-enabled threat detection and response capabilities further enhanced the Bank's ability to prevent, detect, and respond to cyber threats.

In recognition of its robust security posture, Askari Bank retained its top ranking amongst local financial institutions in evaluations conducted by independent evaluators, CTM360 and RiskRecon.

Technology risk is managed through continuous monitoring, structured change management, and periodic risk assessments. Robust business continuity and disaster recovery arrangements, including immutable backup solutions and a 24/7 Security Operations Center, support operational resilience and ensure the availability of critical services during disruptions.

#### **Risk Management and Compliance:**

Effective risk management is fundamental to the Bank's operations and governance. The Bank maintains a comprehensive risk management framework, supported by well-defined processes aligned with its prudent risk appetite, to achieve an optimal balance between risk and return, ensure regulatory compliance, and foster a strong risk-aware culture. The framework enables the Bank to identify, assess, monitor, and manage risks effectively within defined tolerance levels.

Oversight of risk management policies is maintained by the Board Risk Management Committee while at management level a risk management department and risk committees with delegated authorities are responsible for practices and execution. The Bank continually refines processes, controls, and guidelines, to mitigate and manage risks proactively and efficiently while remaining compliant with directives, regulations and best practices, particularly those relating to Basel accords.

The Bank recognizes that the impact and severity of external factors can vary significantly across obligors, even within the same sector or sub-sector. To this end, the Bank has implemented an obligor-level monitoring framework to ensure regular and granular oversight of individual obligors. This approach enhances the Bank's ability to assess and respond to risks at a more precise level, considering sector-specific dynamics and individual circumstances. Additionally, the Bank has established an Enterprise Risk Management Department tasked with ensuring readiness for potential adverse events that could negatively impact earnings, capital, operations, or reputation. By applying forward-looking strategies and maintaining robust risk management practices, the Bank is well-positioned to address emerging challenges.

An independent Shariah Non-Compliance Risk (SNCR) management unit functions to strengthen the Shariah governance framework and is also playing a key role in conversion from conventional to Islamic banking.

# DIRECTORS' REPORT TO THE SHAREHOLDERS Contd.

To fortify the Bank's digital resilience, a dedicated Information Security department functions within risk management protecting the Bank's technology infrastructure and information assets through a comprehensive security framework that identifies, detects, and mitigates internal and external cybersecurity threats.

A Compliance Risk Management Framework (CRMF), comprising of plans, policies and procedures manages compliance risks while staying abreast with applicable regulatory requirements, particularly AML/CFT/CPF/TBML and fraud risk. Regular trainings, compliance advisories and awareness initiatives, strengthens compliance culture and enhances operational resilience, support business and safeguards the Bank.

## Human Resource:

As a service organization, the Bank values human capital as its core strength. With a united vision, the 10,584 dedicated individuals form the backbone of Askari Bank's success, resilience, and continued growth and are foundational to business operations. The Bank's approach to managing human resource is designed to build an empowered and agile workforce with the commitment and drive to adapt to evolving challenges and achieve organizational goals in order to ensure that the Bank remains at the forefront of innovation and service excellence within the industry. Efficiency and quality is recognized as a key imperative in building a robust talent pipeline. Recruitment is undertaken with the objective of attracting the best-fit candidates for the roles and function specific batches. These cohorts are designed to enhance skill diversity, foster niche capabilities, and address emerging needs in the financial sector. Candidates are selected via a rigorous and structured sourcing process, followed by high-impact onboarding and development programs prior to role placement. This approach strengthens our workforce, equips colleagues to thrive in a rapidly evolving financial landscape, and cultivates a culture of continuous learning, growth, and innovation. Developed for the purpose of strengthening the alignment between job roles and pay structures while fostering fairness and clarity in compensation, the Bank's HR strategy aims at reducing attrition, retaining and rewarding top talent, continuously elevating performance standards, substantial investments in training and development initiatives, and strengthening leadership capabilities across all verticals, thereby positioning Askari as an employer of choice, in an increasingly competitive environment.

During 2025, in line with the ongoing efforts to amplify organizational impact, the Bank maintained a strong emphasis on pay-for-performance principles recognizing and rewarding exceptional contributions through a differentiated compensation approach, particularly in revenue-generating functions, ensuring alignment between individual achievements and overall business success.

The Bank is deeply committed to fostering a workplace culture rooted in diversity and inclusion. As a non-discriminatory and equal opportunity employer, the Bank actively champions the values of equality and fairness, ensuring that all employees are provided with equal opportunities to grow and thrive. During the year, the Bank was awarded 'Women in Business Champion' by the Asian Development Bank. The Bank strengthened workplace inclusivity through targeted hiring of women and Persons with Disabilities (PWDs), the establishment of PWD-friendly branches, and inclusive HR policies, complemented by specialized financial products designed to promote broader economic participation. In 2025, gender diversity reached 21.4 percent (2024: 20 percent), while the PWD representation ratio improved to 2.47 percent (2024: 1.96 percent). As at December 31, 2025, the Bank's mean gender pay gap stood at 32 percent (2024: 31 percent), while the median was 16 percent (2024: 15 percent). These metrics reflect the structural composition of roles and seniority levels across the organization. The Bank remains committed to transparency in this area and continues to implement measures aimed at narrowing the gap over time through equitable talent progression, inclusive policies, and merit-based advancement.

## Customer Experience:

Customer experience has been a defining feature in Askari Bank's value proposition. During the year the Bank further improved accessibility, service delivery infrastructure leveraging technology to simplify customer interaction across all touchpoints. New and improved benchmarks were set to serve as service quality matrix for continuous tracking and refinement. Through the dedicated efforts of staff managing customer touchpoints, significant improvement was recorded in turn-around-time for key service metrics. Customer experience unit infrastructure was upgraded to facilitate connectivity with branch frontline teams for seamless tracking and resolution of customer concerns. Branch operating model was recalibrated to elevate the customer experience along with enhancements in queue management system to minimize customer wait times. A governance framework supported by structured feedback mechanisms and defined escalation protocols, enables the systematic integration of customer insights into operational processes and management decision-making. During 2025, the Bank recorded 114,905 customer complaints, which were resolved within an average turnaround time of 5.1 working days.

The Bank continued to invest in enhancing customer accessibility and convenience through improvements in mobile and internet banking platforms, WhatsApp services, branch network, and contact centers for direct access to Ascend priority banking. Key initiatives during the year included streamlined customer onboarding

processes, enhanced staff training programs, strengthened grievance redressal mechanisms, gaining an understanding of customer preferences that help develop tailored offerings, driving innovation and creating unique value propositions and improving overall customer satisfaction scores to enhance Askari's brand reputation.

### **Sustainability and Corporate Social Responsibility (CSR):**

The Bank remains firmly committed to long-term value creation through sustainable growth, financial inclusivity, and strong governance. Environmental and Social Risk Management (ESRM) procedures are fully embedded within the Bank's credit and financing processes to systematically identify, assess, and mitigate environmental and social risks. Key measures include environmental due diligence, sector-specific exposure limits, environmental and social risk ratings, and the identification of climate-vulnerable geographies, enabling informed and prudent credit decisions. Environmental Improvement Plans and Corrective Action Plans are implemented for medium and high risk obligors, while the Bank's Green Advisory Services provide ongoing guidance to Business Teams / clients on emerging environmental and social risks.

In support of its climate and environmental sustainability agenda, Askari Bank actively monitored and reduced its operational carbon footprint during 2025. The Bank expanded its renewable energy initiatives through the solarization of 60 branches and ATMs. Also, financing for renewable energy sources, coal to hydro power projects, promotion of paperless banking solutions, and participation in national clean mobility initiatives continue to serve as sustainability agenda. Under the Prime Minister's Electric Bike Scheme, the Bank provided 0 percent mark-up financing to promote affordable and sustainable transportation.

Environmental stewardship was further advanced through community-based initiatives, including Tree Plantation Drives. During the year, Askari Bank's leadership in sustainable and innovative finance was recognized through multiple awards, including the ESG Excellence Award in Sustainable Finance, and recognition in 'The Asset Triple A Awards' as the 'Best Loan Adviser' in Pakistan by Asset Publishing and Research Limited - Quarry Bay, Hong Kong.

Through continuous ESRM and ESG capacity-building initiatives, stakeholder engagement and technology-driven solutions, the Bank ensured responsible and sustainable banking operations across all business segments.

The Bank strives to create value for communities by setting the standards for responsible corporate behaviour and facilitating sustainable long-term socio-economic growth through a structured CSR program as an important and intrinsic part of the business. The Bank extends donations as detailed in Note 32.3 of the annexed financial statements. Such donations target social welfare, health and educational activities.

Contribution to the national exchequer by the Bank in way of payment of direct taxes of Rs. 34.190 billion to the Government of Pakistan during the year; furthermore, an amount of Rs. 19.631 billion was deducted / collected by the Bank on account of withholding taxes, federal excise duties and sales tax on services, and paid to the Government of Pakistan.

### **Subsidiary Companies:**

The Bank holds controlling interest of 51 percent in Foundation Securities (Private) Limited (FSL) which offers share brokerage, investment advisory and consultancy services. FSL earned profit after tax of Rs. 318 million compared to Rs. 243 million last year. EPS improved to Rs. 5.53 per share from Rs. 4.39 last year.

The Bank's wholly owned subsidiary, Askari Currency Exchange (Pvt.) Limited (ACEL) is now operating with 41 outlets across the country. ACEL commenced business operations in November 2024 and has posted loss after tax of Rs. 63 million mainly due to initial set up costs.

### **Corporate Governance:**

The Board of Directors of Askari Bank is committed to maintain high standards of corporate governance which has underpinned the Bank's long-term competitiveness, growth and sustainability. The requirements of Code of Corporate Governance as set out in The Pakistan Stock Exchange Limited Regulations, in the rule book, for the year ended December 31, 2025 have been fully adopted and duly complied with. A statement to this effect is annexed in the annual report.

### **Corporate and Financial Reporting Framework:**

- The financial statements, prepared by the management of the Bank present its state of affairs fairly, the results of its operations, cash flows and changes in equity.
- Proper books of accounts of the Bank have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of these financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting, Islamic and Shariah Standards, as applicable to banking

# DIRECTORS' REPORT TO THE SHAREHOLDERS Contd.

companies in Pakistan, have been followed in preparation of these financial statements and there is no departure from the said standards.

- The system of internal control is sound in design and has been effectively implemented and monitored. The management's Statement on Internal Controls has been endorsed by the Board of Directors and is included in the Annual Report.
- There are no significant doubts upon the Bank's ability to continue as a going concern.
- Key operating and financial data for the last six years, is included in this report.
- There are no statutory payments on account of taxes, duties, levies and charges which are outstanding as of December 31, 2025, except as disclosed in annexed financial statements.

• Following is the fair value of investments as at December 31, 2025:

- Provident Fund: Rs. 10,813 million based on un-audited financial statements (December 31, 2024: Rs. 8,895 million, based on audited financial statements)
- Gratuity Fund: Rs. 4,827 million based on un-audited financial statements (December 31, 2024: Rs. 4,399 million based on audited financial statements)

• The Board consists of eleven directors including two female directors, four independent directors and the President and CEO as deemed director. During the year, six meetings of the Board of Directors were held. The record of the meetings attended by the directors, is as follows:

	Board of Directors	Board Audit Committee	Board Human Resource & Remuneration Committee	Board Risk Management Committee	Board Information Technology Committee
<b>Total meetings held</b>	6	6	4	5	4
<b>Name of Directors</b>	<b>Attendance in each meeting</b>				
Lt Gen Anwar Ali Hyder, HI (M) (Retd) - Chairman	6	N/A	N/A	N/A	N/A
Mr. Jahangir Piracha	6	6	4	N/A	N/A
Maj. Gen Muhammad Zafar Iqbal, HI (M) (Retd)	3	N/A	N/A	3	3
Syed Bakhtiyar Kazmi	6	6	N/A	5	4
Mr. Khurshid Zafar	4	N/A	3	4	N/A
Mr. Manzoor Ahmed	6	6	4	5	N/A
Mr. Kamran Yousuf Mirza	6	6	1	N/A	N/A
Ms. Vadiyya Khalil	3	N/A	N/A	3	N/A
Ms. Samina Rizwan	6	N/A	4	N/A	4
Raja Muhammad Abbas	6	2	3	N/A	3
Mr. Zia Ijaz - President & CEO	5	N/A	N/A	N/A	4
Mr. Arif ur Rehman (ex-Director)	2	N/A	N/A	N/A	N/A
Ms. Zoya Mohsin Nathani (ex-Director)	2	N/A	1	1	N/A
Mr. Saleem Anwar (Acting President & CEO)	1	N/A	N/A	N/A	N/A

## Board Evaluation:

The Board of Directors and its sub-committee members are competent and experienced individuals, representing diverse educational and professional backgrounds and are invaluable for setting and determining the strategic direction of the Bank. The Board of Directors is keen to ensure that the effectiveness of its performance is periodically evaluated and reviewed. The regulatory guidance prescribes such evaluation on an annual basis, and by an external independent evaluator at least once every three years. During the year, the Bank engaged Pakistan Institute of Corporate Governance (PICG) for this purpose and the evaluation was completed through a comprehensive questionnaire, bifurcated into different sections and categories; board composition, strategic planning, board interactions, control environment, board and

President and CEO's effectiveness, Chairperson, President and CEO, board information, board committees, directors compensation, independent directors, sustainability oversight and board procedures, as well as the objective contributions by individual directors. Quantitative techniques were used, where a scaled questionnaire was provided for each director's feedback. Assessments were carried out for the overall Board, Chairman, President and CEO, board committees and individual directors. A Likert scale from 1 to 6 (1 being strongly disagree and 6 strongly agree) was used to quantify assessment criteria for each section and category. Feedback from each director was then collated and analyzed to denote performance in percentage terms against respective categories.

The evaluation of the board committees is primarily based on the assessment of the compliance with the terms of reference of each committee. The evaluation criteria for individual directors, is based on their participation, contribution and offering guidance to and understanding of the areas which were relevant to them in their capacity as a board member. The evaluation criteria for the Chairman of the Board in addition to the general criteria, also encompasses leadership abilities and effective management of meetings.

This exercise is a critical self-assessment that allows the Board to evaluate its performance and overall effectiveness in setting strategies, devising control processes, reading market trends by monitoring micro and macroeconomic factors and responding to adverse unforeseen situations to further the cause of a learning organization. This process also ensures that the Board is constantly growing intellectually and the responsibility of steering the Bank for greater success is discharged effectively and efficiently.

Final results of the annual evaluation of the Board's performance are then presented to the Board of Directors for review and actions. Disclosure on the mechanism of the evaluation process adopted by the Bank is published for all the stakeholders in compliance with the BPRD Circular No. 11, dated August 22, 2016. Directors' remuneration details are disclosed in financial statements. The Board's remuneration policy sets out the principles for determining remuneration for attending Board and Board Committee meetings, to value their skills and expertise, in alignment with the market and in compliance with applicable regulatory guidelines.

### **Pattern of Shareholding:**

The pattern of shareholding at the close of December 31, 2025 is included in the annual report.

### **Trading in Shares:**

No trades in the shares of the Bank were carried out by the President & CEO, CFO, Company Secretary, their spouses and minor children during the year 2025.

### **Auditors:**

The present auditors, Messrs. A. F. Ferguson & Co., Chartered Accountants retired and being eligible, offered themselves for reappointment. As required under the Listed Companies (Code of Corporate Governance) Regulations, 2019, the Board and the Audit Committee



President & Chief Executive Officer

February 09, 2026  
Rawalpindi

has recommended the appointment of Messrs. A. F. Ferguson & Co., Chartered Accountants as auditors of the Bank for the year ending December 31, 2026 on mutually agreed fee. The appointment is subject to approval in 34th Annual General Meeting.

### **Events after the Date of Statement of Financial Position:**

There have not been any material events that occurred subsequent to the date of the Statement of Financial Position that require adjustments to the attached financial statements.

### **Looking Ahead:**

Looking ahead, Pakistan economy is poised for growth acceleration in the coming years with the progress on reform agenda and sovereign upgrade boosting investor confidence and benefiting the country and banking sector. Against this backdrop, Askari Bank will remain steadfast in its pursuit of sustainable growth and in doing so strive to build on its legacy of strength, trust and stability. The Bank's priority is to leverage emerging technologies to continually reform our suite of products and services to deliver transformational change for customers, to fast-track adoption of Shariah compliant offerings and to bring a meaningful impact by expeditious lending to priority segments. The Bank continues to operate with the intention to continuously deliver differentiated experiences to strengthen customer loyalty and ensure that Askari remains the trusted banking partner for years to come.

### **Acknowledgements:**

On behalf of the Board, we express our sincere appreciation to the State Bank of Pakistan, the Securities and Exchange Commission of Pakistan and other regulatory bodies for the guidance and support extended to Askari Bank during the year. We like to place on record our appreciation for the efforts of our Shariah Board for strengthening Shariah compliance and governance framework for Askari Ikhlas Islamic banking. We extend a special word of thanks to all our customers for their trust and confidence and continued patronage of the Askari brand. We would also like to extend our gratitude to all our shareholders for their trust and confidence. We express our deepest appreciation and gratitude to our staff for their hard work and dedication which has enabled successful delivery of our promise to all our stakeholders.



Chairman, Board of Directors

# SIX YEARS' FINANCIAL SUMMARY - UNCONSOLIDATED

December 31	2020	2021	2022	2023	2024	2025
<b>Assets</b>						<b>Rupees in million</b>
Advances - net	395,374	477,588	583,811	633,133	695,758	586,622
Investments - net	449,687	616,361	762,697	1,182,538	1,509,746	2,028,769
Cash, short term funds and statutory deposits with SBP	81,606	92,887	81,034	173,876	148,849	136,540
Fixed / intangible assets	22,357	21,350	25,860	28,867	35,797	43,362
Other assets	43,493	50,958	72,269	105,592	108,224	99,709
Total assets	992,517	1,259,144	1,525,671	2,124,006	2,498,374	2,895,002
Non-performing loans	28,736	31,165	31,147	29,064	34,429	33,091
Provisions for non-performing loans	26,446	30,228	31,123	28,175	37,315	38,558
<b>Liabilities</b>						
Deposits and other accounts	791,187	1,015,430	1,142,575	1,293,146	1,363,735	1,631,332
Refinance borrowings from SBP	38,644	47,252	49,240	48,448	36,861	27,542
Sub-ordinated loans	12,000	12,000	12,000	12,000	12,000	6,000
Borrowings / other liabilities	96,140	128,560	248,534	673,289	964,149	1,078,382
Total liabilities	937,971	1,203,242	1,452,349	2,026,883	2,376,745	2,743,256
<b>Shareholders' funds</b>						
Share capital	12,603	12,603	12,603	14,493	14,493	14,493
Reserves	34,305	41,335	56,767	78,172	90,900	106,100
Surplus on revaluation of assets – net of tax	7,638	1,964	3,952	4,458	16,236	31,153
Total shareholders' funds	54,546	55,902	73,322	97,123	121,629	151,746
<b>Profitability</b>						
Interest income	77,322	77,550	165,796	305,636	401,029	300,752
Interest expenditure	47,059	45,140	125,834	246,213	337,749	213,377
Net interest income	30,263	32,410	39,962	59,423	63,280	87,375
Fee and commission income	3,851	4,609	5,446	7,085	6,966	7,654
Other income	5,843	4,760	6,174	5,851	8,475	10,157
Non mark-up expenses	20,215	21,194	23,080	29,348	36,021	50,083
Operating profit	19,742	20,585	28,502	43,011	42,700	55,103
ECL / provisions against non-performing assets	1,975	4,940	1,042	966	(1,807)	1,818
Profit before taxation	17,767	15,645	27,460	42,045	44,507	53,285
Taxation	6,967	5,944	13,398	20,610	23,485	30,482
Profit after taxation	10,800	9,701	14,062	21,435	21,023	22,803
<b>Business transacted</b>						<b>Rupees in billion</b>
Imports	371	541	574	426	643	652
Exports	206	264	279	377	377	403
Guarantees	112	142	110	86	82	98

December 31	2020	2021	2022	2023	2024	2025
<b>Profitability ratios</b>						<b>Percentage</b>
Return on average shareholders' core equity (RoE)	25.45	19.24	22.81	26.46	21.23	20.18
Return on average shareholders' total equity (RoE)	22.31	17.57	21.76	25.15	19.22	16.68
Return on average assets (RoA)	1.18	0.86	1.01	1.17	0.91	0.85
Return on average capital employed	20.21	15.54	19.09	23.04	18.93	18.69
Cost to income (CIR)	50.59	50.73	44.74	40.56	45.76	47.61
Gross yield on average earning assets	9.44	7.85	12.15	18.59	18.95	12.41
Weighted average cost of deposits	5.54	4.18	7.84	12.80	12.85	6.63
Net advances to deposits	49.97	47.03	51.10	48.96	51.02	35.96
NPLs to gross advances	6.81	6.14	5.07	4.39	4.70	5.29
NPLs coverage	92.03	96.99	99.92	96.94	108.38	116.52
Current accounts to total deposits	31.78	30.46	30.61	27.33	28.45	30.75
Earning assets to total assets - gross	86.53	87.65	89.31	86.43	88.92	91.30
Capital Adequacy Ratio (CAR)	15.48	13.38	15.95	18.35	21.40	21.59
<b>DuPont analysis</b>						
Net operating margin (PAT/Net Income)	27.21	23.45	27.24	29.62	26.70	21.68
Net operating margin (PAT/Gross Income)	12.16	11.16	7.93	6.73	5.05	7.16
Asset Turnover (Net Income/ Avg Assets)	4.35	3.67	3.70	3.97	3.41	3.90
Asset Turnover (Gross Income/ Avg Assets)	9.73	7.72	12.74	17.46	18.02	11.81
Equity Multiplier (Avg Assets/ Avg equity) - Times	21.51	22.33	22.58	22.52	23.34	23.87
Return on average shareholders' core equity (RoE)	25.45	19.24	22.81	26.46	21.23	20.18
<b>Share information</b>						
Price earning (PE) - times	2.73	2.86	2.07	1.67	2.64	6.39
Price to book - times	0.54	0.50	0.35	0.37	0.46	0.96
Dividend yield (%)	12.83	-	-	10.11	7.84	4.97
Dividend payout - times	0.35	-	-	0.17	0.21	0.32
Cash dividends - Interim (%)	-	-	-	-	-	32.50
Cash dividends - Final (%)*	30.00	-	-	25.00	30.00	17.50
Stock dividend	-	-	15.00	-	-	-
Earnings per share (EPS) - Rupees	8.57	7.70	9.70	14.79	14.51	15.73
Market value per share - year end - Rupees	23.39	22.02	20.10	24.72	38.27	100.56
Market value per share - high - Rupees	23.59	25.70	23.85	26.38	40.99	108.51
Market value per share - low - Rupees	13.00	18.77	16.40	11.99	19.50	33.30
Net asset per share - Rupees	43.28	44.36	58.18	67.01	83.92	104.70
<b>Other information</b>						<b>Number</b>
Number of employees	7,949	7,478	7,348	7,881	8,269	9,163
Female staff - (%)	14.00	13.69	14.67	17.38	18.39	19.45
Number of branches	537	560	600	660	720	757

\* post balance sheet event















# STATEMENT ON INTERNAL CONTROLS

The Management of Askari Bank Limited (the Bank) assumes full responsibility for establishing and maintaining effective system of internal controls throughout the Bank to ensure reliable, accurate and fair financial reporting, effectiveness of operations and compliance with the applicable laws and regulations. This system encompasses the policies, procedures, and practices implemented by the bank to safeguard its assets, ensure accuracy in financial records, and detect and prevent fraud or errors. It consists of comprehensive & strong processes, effective communication, and a resilient monitoring mechanism, all designed to work in tandem to ensure that the information provided in the financial statements is accurate and free from any material misstatement. The responsibility for establishing such a system lies with the bank's management, aiming to facilitate effective and efficient operations in a well-controlled environment.

The Bank's internal control structure comprises of "Three Lines of defense (TOD) model", Business/Support units, being the first line of defense, manages business risk 'inherent' in their day-to-day activities, processes and systems for which they are accountable. Compliance division serves as second line of defense and primarily responsible for assisting line managers/ departments in designing and implementing adequate controls to manage risks of non-compliance. This involves advising on and overseeing the implementation of regulatory requirements and related policies, including AML/CFT/CPF compliance management. Compliance division works in close collaboration with the business to identify, assess, monitor and report compliance risk.

The Bank's Compliance & Control Committee of Management (CCM) consisting of the CEO and Senior Executives, plays vital role in ensuring that the bank operates within a strong control environment, adheres to regulatory requirements, and continuously improves its processes to meet evolving business needs. It oversees the management of bank wide compliance risks including assistance / facilitation in implementing Compliance Risk Management Framework. The Compliance function also actively monitors implementation of the corrective / remedial measures to ensure that identified risks are mitigated to safeguard the interest of the Bank.

Internal audit Division, as the third line of defense, is responsible for providing independent assurance to Board Audit Committee (BAC) on the quality, effectiveness and adequacy of bank's governance, risk management and control environment including the working of first and second line of defense to achieve risk management and control objectives. Internal audit assesses the bank's risk management system, identifies potential risks and evaluates the effectiveness of risk mitigation strategies. They examine the adequacy and effectiveness of internal controls in financial, operational and compliance areas to ensure that they are properly designed, implemented and functioning as intended.

In compliance with the SBP's directives, the Bank had completed the implementation of road map regarding Internal Controls over Financial Reporting (ICFR). This included detailed documentation of the existing processes, comprehensive evaluation of controls both at entity as well as activity level, development of detailed remedial action plans for the gaps identified as a result of such evaluation and devising comprehensive testing plans of the controls of all processes. Consequent to grant of exemption by the State Bank of Pakistan (SBP) from the requirement of submission of Long Form Report (LFR), the documentation including the testing results have been reviewed by internal auditors of the Bank, on the basis of which Annual Assessment Report is prepared and submitted to Board Audit Committee for review.

Management understands that the effective maintenance of the internal controls system is an ongoing process. All significant and material findings pointed out by the internal, external auditors and regulators are addressed on priority basis by management. During the year under review, we have endeavored to follow the guidelines issued by SBP on internal controls for evaluation and management of significant risks and we will continue to endeavor for further improvements in the Internal Controls system.

While an internal controls system is effectively implemented and monitored; however, due to inherent limitations, internal controls system is designed to manage rather than eliminate the risk of failure to achieve the desired objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The board of directors has endorsed the management's assessment of internal controls including ICFR in the director's report.



Chief Financial Officer



Chief Compliance Officer



Chief Internal Auditor



President & CEO

February 09, 2026  
Rawalpindi

# STATEMENT OF COMPLIANCE

WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019  
FOR THE 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 is 11 as per the following detail:

- a. Male: 09
- b. Female: 02

2. The composition of Board is as follows:

Category	Names
Independent Directors	Mr. Kamran Yousuf Mirza Ms. Vadiyya Khalil Ms. Samina Rizwan Raja Muhammad Abbas
Non-Executive Directors	Lt Gen Anwar Ali Hyder, HI(M) (Retd) - Chairman Mr. Jahangir Piracha Maj Gen Muhammad Zafar Iqbal, HI (M) (Retd) Syed Bakhtiyar Kazmi Mr. Khurshid Zafar Mr. Manzoor Ahmed - Nominee NIT
Executive Director / President & CEO	Mr. Zia Ijaz
Female Director	Ms. Vadiyya Khalil Ms. Samina Rizwan

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including Askari Bank Limited.
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 has approved significant policies of the Bank. The Board has ensured that complete record of particulars of the significant policies along with the dates 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. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board.
8. The Board has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. The Bank is compliant with the requirement of director training program provided in these Regulations. The Bank has also arranged a Directors' Orientation Session during the year.
10. The Board has approved the appointments of Chief Financial Officer (CFO), Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
11. CFO and the President & CEO duly endorsed the financial statements before approval of the Board.
12. The Board has formed Committees comprising of members given below:

**a) Board Audit Committee (BAC)**

1	Mr. Kamran Yousuf Mirza	Chairman
2	Mr. Jahangir Piracha	Member
3	Syed Bakhtiyar Kazmi	Member
4	Mr. Manzoor Ahmed	Member

**b) Board Human Resource & Remuneration Committee (BHR & RC)**

1	Raja Muhammad Abbas	Chairman
2	Mr. Jahangir Piracha	Member
3	Mr. Khurshid Zafar	Member
4	Mr. Manzoor Ahmed	Member
5	Ms. Samina Rizwan	Member

**c) Board Risk Management Committee (BRMC)**

1	Mr. Manzoor Ahmed	Chairman
2	Maj Gen Muhammad Zafar Iqbal, HI (M) (Retd)	Member
3	Syed Bakhtiyar Kazmi	Member
4	Mr. Khurshid Zafar	Member
5	Ms. Vadiyya Khalil	Member

**d) Board Information Technology Committee (BITC)**

1	Ms. Samina Rizwan	Chairperson
2	Maj Gen Muhammad Zafar Iqbal, HI (M) (Retd)	Member
3	Syed Bakhtiyar Kazmi	Member
4	Raja Muhammad Abbas	Member
5	Mr. Zia Ijaz	Member

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:

<b>Board Committees</b>	<b>Frequency of Meetings</b>
Audit Committee	Quarterly
Risk Management Committee	Quarterly
HR & Remuneration Committee	Twice in a year
Information Technology Committee	Quarterly

15. The Board has set-up an effective internal audit function which is considered suitably qualified and experienced for the purpose and is 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 (ICAP) and are 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 President & CEO, Chief Financial Officer, Chief Internal Auditor, Company Secretary or any 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 requirements 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.

For and on behalf of the Board



Zia Ijaz  
President & Chief Executive Officer

February 09, 2026  
Rawalpindi



Lt Gen Anwar Ali Hyder, HI(M) (Retd)  
Chairman



# INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF ASKARI BANK LIMITED

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 Askari Bank Limited (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.

*A. F. Ferguson & Co*

A. F. Ferguson & Co.  
Chartered Accountants  
Islamabad  
Date: February 24, 2026

UDIN: CR202510979K4dYxUZMN

A. F. FERGUSON & CO., Chartered Accountants, a member firm of  
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UNCONSOLIDATED  
FINANCIAL STATEMENTS  
**ASKARI BANK LIMITED**  
FOR THE YEAR ENDED DECEMBER 31, 2025

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# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ASKARI BANK LIMITED

REPORT ON THE AUDIT OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

## Opinion

We have audited the annexed unconsolidated financial statements of Askari Bank Limited (the Bank), which comprise the unconsolidated statement of financial position as at December 31, 2025, and the unconsolidated statement of profit and loss account, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated 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 unconsolidated 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 unconsolidated statement of financial position, unconsolidated statement of profit and loss account, the unconsolidated statement of comprehensive income, unconsolidated statement of changes in equity and unconsolidated 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 income, 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 Unconsolidated 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 unconsolidated financial statements of the current period. These matters were addressed in the context of our audit of the unconsolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Tel: +92 (51) 2273457-60/2604934-37; Fax: +92 (51) 2277924

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 5.1.8, and 10.3.2 to the unconsolidated 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. If one facility of a counterparty becomes 90+ days past due (DPD) or is otherwise defined as impaired under the Prudential Regulations, all other facilities of that counterparty are classified as Stage 3.</p> <p>As at December 31, 2025, the Bank holds a credit loss allowance of Rs. 38,558 million against advances. The Bank has recognised a net credit loss allowance charge against advances amounting to Rs. 1,680 million in the unconsolidated statement of profit and loss account in the current year.</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> </ul>

S. No.	Key Audit Matter	How the matter was addressed in our audit
	<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 unconsolidated financial statements of the Bank, we considered this area as a key audit matter.</p>	<ul style="list-style-type: none"> <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 unconsolidated financial statements to determine whether these are complied with the accounting and reporting standards as applicable in Pakistan.</li> </ul>

**Information Other than the Unconsolidated and Consolidated Financial Statements and Auditor’s Reports Thereon**

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

Our opinion on the unconsolidated 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 unconsolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the unconsolidated 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 Unconsolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the unconsolidated 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 unconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the unconsolidated 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 Unconsolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the unconsolidated 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 unconsolidated 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 unconsolidated 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 unconsolidated 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 unconsolidated financial statements, including the disclosures, and whether the unconsolidated 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 unconsolidated 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 unconsolidated statement of financial position, the unconsolidated statement of profit and loss account, the unconsolidated statement of comprehensive income, unconsolidated statement of changes in equity and unconsolidated 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.

#### Other Matter

The unconsolidated financial statements of the Bank for the year ended December 31, 2024, were audited by another auditor who expressed an unmodified opinion on those statements on March 2, 2025.

The engagement partner on the audit resulting in this independent auditor's report is Tahir Shah.

*A. F. Ferguson & Co*

A. F. Ferguson & Co.  
Chartered Accountants  
Islamabad  
Date: February 24, 2026

UDIN: AR202510979VNqj2Du9g

# UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

## AS AT DECEMBER 31, 2025

Rupees in '000	Note	2025	2024
<b>Assets</b>			
Cash and balances with treasury banks	6	108,637,978	133,505,285
Balances with other banks	7	13,774,428	10,776,034
Lendings to financial institutions	8	14,128,026	4,567,619
Investments	9	2,028,768,983	1,509,745,761
Advances	10	586,621,904	695,758,143
Property and equipment	11	26,225,450	21,796,057
Right of use assets	12	14,931,093	12,161,484
Intangible assets	13	2,204,973	1,839,788
Assets held for sale	14	–	1,750,000
Deferred tax assets		–	–
Other assets	15	99,708,733	106,474,034
<b>Total Assets</b>		<b>2,895,001,568</b>	<b>2,498,374,205</b>
<b>Liabilities</b>			
Bills payable	16	23,259,370	66,704,448
Borrowings	17	994,566,586	869,212,410
Deposits and other accounts	18	1,631,331,749	1,363,735,115
Lease liabilities	19	17,433,672	14,136,598
Subordinated debts	20	6,000,000	12,000,000
Deferred tax liabilities	21	14,303,187	734,350
Other liabilities	22	56,360,895	50,222,725
<b>Total Liabilities</b>		<b>2,743,255,459</b>	<b>2,376,745,646</b>
<b>Net Assets</b>		<b>151,746,109</b>	<b>121,628,559</b>
<b>Represented By</b>			
Share capital	23	14,492,992	14,492,992
Reserves		88,855,771	74,574,030
Surplus on revaluation of assets - net of tax	24	31,153,056	16,235,737
Unappropriated profit		17,244,290	16,325,800
		<b>151,746,109</b>	<b>121,628,559</b>

### Contingencies and Commitments

25

The annexed notes 1 to 50 and Annexures I and II form an integral part of these unconsolidated financial statements.

  
Chief Financial Officer

  
President & CEO

  
Director

  
Director

  
Chairman

# UNCONSOLIDATED STATEMENT OF PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED DECEMBER 31, 2025

Rupees in '000	Note	2025	2024
Mark-up / return / interest earned	27	300,751,979	401,028,447
Mark-up / return / interest expensed	28	213,377,494	337,748,716
Net mark-up / interest income		87,374,485	63,279,731
<b>Non mark-up / interest income</b>			
Fee and commission income	29	7,654,240	6,965,656
Dividend income		964,071	853,800
Foreign exchange income		4,273,488	4,078,427
Income / (loss) from derivatives		-	-
Gain on securities	30	4,320,826	2,851,511
Net gains / (losses) on derecognition of financial assets measured at amortised cost		-	-
Other income	31	598,721	691,403
Total non-markup / interest income		17,811,346	15,440,797
Total income		105,185,831	78,720,528
<b>Non mark-up / interest expenses</b>			
Operating expenses	32	49,449,635	35,408,493
Workers' welfare fund		610,000	540,000
Other charges	33	23,526	72,041
Total non-markup / interest expenses		50,083,161	36,020,534
<b>Profit before credit loss allowance / provisions</b>		55,102,670	42,699,994
Credit loss allowance / (reversal) and write offs – net	34	1,817,537	(1,807,385)
Other income / expense		-	-
<b>Profit before taxation</b>		53,285,133	44,507,379
Taxation	35	(30,481,814)	(23,484,708)
<b>Profit after taxation</b>		22,803,319	21,022,671
Rupees			
<b>Basic and diluted earnings per share</b>	36	15.73	14.51

The annexed notes 1 to 50 and Annexures I and II form an integral part of these unconsolidated financial statements.

  
Chief Financial Officer

  
President & CEO

  
Director

  
Director

  
Chairman

# UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

## FOR THE YEAR ENDED DECEMBER 31, 2025

Rupees in '000	Note	2025	2024
Profit after taxation for the year		22,803,319	21,022,671
Other comprehensive income			
Items that may be reclassified to statement of profit and loss account in subsequent periods:			
Effect of translation of net investment in foreign branch		23,507	(50,182)
Movement in surplus on revaluation of debt investments through FVOCI – net of tax		12,399,776	9,126,360
Gain on sale of debt securities carried at FVOCI reclassified to profit and loss – net of tax		(1,548,587)	(662,460)
		10,874,696	8,413,718
Items that will not be reclassified to statement of profit and loss account in subsequent periods:			
Remeasurement gain on defined benefit plan	39.8.2	21,868	806,337
Movement in surplus on revaluation of investment in equity securities through FVOCI – net of tax		2,764,144	1,641,903
Movement in surplus on revaluation of property and equipment	24.1	1,823,229	–
Movement in surplus on revaluation of non-banking assets	15.2.1	–	142,282
		4,609,241	2,590,522
<b>Total comprehensive income</b>		<b>38,287,256</b>	<b>32,026,911</b>

The annexed notes 1 to 50 and Annexures I and II form an integral part of these unconsolidated financial statements.



Chief Financial Officer



President & CEO



Director



Director



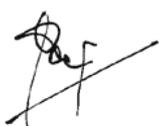
Chairman

# UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY

## FOR THE YEAR ENDED DECEMBER 31, 2025

Rupees in '000	Capital reserve		Statutory reserve	Revenue reserve		Surplus / (deficit) on revaluation of		Total
	Share capital	Exchange translation reserve		General reserve	Investments	Property and equipment / Non banking assets	Unappropriated profit	
<b>Balance as at January 1, 2024</b>	14,492,992	1,912,226	17,748,529	38,078,900	(6,367,323)	10,825,685	20,431,812	97,122,821
Effect of reclassification / remeasurement on adoption of IFRS-9 (net of tax)	-	-	-	-	1,751,597	-	223,613	1,975,210
Effect of adoption of IFRS-9 – credit loss allowance (net of tax)	-	-	-	-	-	-	(5,873,135)	(5,873,135)
<b>Balance as at January 1, 2024 – restated</b>	14,492,992	1,912,226	17,748,529	38,078,900	(4,615,726)	10,825,685	14,782,290	93,224,896
Profit after taxation	-	-	-	-	-	-	21,022,671	21,022,671
Other comprehensive income – net of tax	-	-	-	-	-	-	-	-
Effect of translation of net investment in foreign branch	-	(50,182)	-	-	-	-	-	(50,182)
Movement in surplus on revaluation of debt investments through FVOCI – net of tax	-	-	-	-	9,126,360	-	-	9,126,360
Gain on sale of debt securities carried at FVOCI reclassified to profit and loss – net of tax	-	-	-	-	(662,460)	-	-	(662,460)
Remeasurement gain on defined benefit plan	-	-	-	-	-	-	806,337	806,337
Movement in surplus on revaluation of investment in equity securities through FVOCI – net of tax	-	-	-	-	1,641,903	-	-	1,641,903
Movement in surplus on revaluation of non-banking assets	-	-	-	-	-	142,282	-	142,282
Total other comprehensive income	-	(50,182)	-	-	10,105,803	142,282	806,337	11,004,240
Transfer to:	-	-	-	-	-	-	-	-
Statutory reserve	-	-	2,102,267	-	-	-	(2,102,267)	-
General reserve	-	-	-	14,782,290	-	-	(14,782,290)	-
Gain on disposal of equity instruments measured at FVOCI – net of tax	-	-	2,102,267	14,782,290	-	-	(16,884,557)	-
Transaction with owners, recorded directly in equity	-	-	-	-	(222,307)	-	222,307	-
Final dividend 2023: Rs 2.5 per share	-	-	-	-	-	-	(3,623,248)	(3,623,248)
<b>Balance as at December 31, 2024</b>	14,492,992	1,862,044	19,850,796	52,861,190	5,267,770	10,967,967	16,325,800	121,628,559
Effect of remeasurement on adoption of IFRS-9 (net of tax)	-	-	-	-	1,323,384	-	-	1,323,384
Effect of adoption of IFRS-9 – credit loss allowance (net of tax)	-	-	-	-	-	-	(434,970)	(434,970)
<b>Balance as at January 1, 2025 – restated</b>	14,492,992	1,862,044	19,850,796	52,861,190	6,591,154	10,967,967	15,890,830	122,516,973
Profit after taxation	-	-	-	-	-	-	22,803,319	22,803,319
Other comprehensive income – net of tax	-	-	-	-	-	-	-	-
Effect of translation of net investment in foreign branch	-	23,507	-	-	-	-	-	23,507
Movement in surplus on revaluation of debt investments through FVOCI – net of tax	-	-	-	-	12,399,776	-	-	12,399,776
Gain on sale of debt securities carried at FVOCI reclassified to profit and loss – net of tax	-	-	-	-	(1,548,587)	-	-	(1,548,587)
Remeasurement gain on defined benefit plan	-	-	-	-	-	-	21,868	21,868
Movement in surplus on revaluation of investment in equity securities through FVOCI – net of tax	-	-	-	-	2,764,144	-	-	2,764,144
Movement in surplus on revaluation of property and equipment	-	-	-	-	-	1,823,229	-	1,823,229
Total other comprehensive income	-	23,507	-	-	13,615,333	1,823,229	21,868	15,483,937
Transfer to:	-	-	-	-	-	-	-	-
Statutory reserve	-	-	2,280,332	-	-	-	(2,280,332)	-
General reserve	-	-	-	11,977,902	-	-	(11,977,902)	-
Transfer from surplus on revaluation of assets to unappropriated profit on disposal	-	-	2,280,332	11,977,902	-	-	(14,258,234)	-
Gain on disposal of equity instruments measured at FVOCI – net of tax	-	-	-	-	-	(980,987)	980,987	-
Transaction with owners, recorded directly in equity	-	-	-	-	(863,640)	-	863,640	-
Final dividend 2024: Rs 3 per share	-	-	-	-	-	-	(4,347,898)	(4,347,898)
Interim Dividend 2025: Rs 2 per share	-	-	-	-	-	-	(2,898,598)	(2,898,598)
Interim Dividend 2025: Rs 1.25 per share	-	-	-	-	-	-	(1,811,624)	(1,811,624)
<b>Balance as at December 31, 2025</b>	14,492,992	1,885,551	22,131,128	64,839,092	19,342,847	11,810,209	17,244,290	151,746,109

The annexed notes 1 to 50 and Annexures I and II form an integral part of these unconsolidated financial statements.



Chief Financial Officer



President & CEO



Director



Director



Chairman

# UNCONSOLIDATED CASH FLOW STATEMENT

## FOR THE YEAR ENDED DECEMBER 31, 2025

Rupees in '000	Note	2025	2024
<b>Cash Flow From Operating Activities</b>			
Profit before taxation		53,285,133	44,507,379
Less: dividend income		(964,071)	(853,800)
		52,321,062	43,653,579
Adjustments:			
Net mark-up / interest income		(87,374,485)	(63,279,731)
Depreciation	11.2	1,910,339	1,405,401
Depreciation on right of use assets	12	2,410,862	2,257,101
Amortization	32	230,883	216,716
Interest expense on lease liability against right-of-use assets	19	1,984,326	1,544,722
Gain on termination of lease contracts under IFRS – 16	31	(59,835)	(31,978)
Charge for defined benefit plans	32.1	662,225	570,541
Credit loss allowance & write offs – net		1,938,481	(1,686,906)
Unrealized loss / (gain) on revaluation of securities – FVTPL	30	247,299	(1,051,535)
Gain on sale of property and equipment	31	(39,418)	(43,029)
		(78,089,323)	(60,098,698)
		(25,768,261)	(16,445,119)
Decrease / (increase) in operating assets			
Lendings to financial institutions		(9,530,086)	(4,538,497)
Net investment in securities classified as FVTPL		1,725,509	(653,345)
Advances		106,654,170	(72,136,166)
Other assets		1,206,219	(15,207,481)
		100,055,812	(92,535,489)
Increase / (decrease) in operating liabilities			
Bills payable		(43,445,078)	54,310,112
Borrowings from financial institutions		124,153,241	225,849,745
Deposits		267,596,634	70,589,540
Other liabilities		7,223,946	2,820,879
		355,528,743	353,570,276
		429,816,294	244,589,668
Payment made to defined benefit plan		(98,439)	(183,597)
Mark-up / interest received		307,277,839	409,978,250
Mark-up / interest paid		(215,000,337)	(347,386,449)
Income tax paid		(34,190,463)	(25,495,371)
Net cash flow generated from operating activities		487,804,894	281,502,501
<b>Cash Flow From Investing Activities</b>			
Net investment in securities classified as FVOCI		(491,856,992)	(320,939,863)
Net investment in securities measured at amortized cost		2,543,420	21,183,847
Investment in subsidiary		-	(1,000,000)
Dividend received		962,521	852,135
Investments in property and equipment		(4,560,873)	(3,998,463)
Investments in intangible assets		(596,068)	(311,410)
Proceeds from disposal of asset held for sale		1,308,750	-
Proceeds from sale of property and equipment		83,788	61,691
Effect of translation of net investment in foreign branch		23,507	(50,182)
Net cash flow used in investing activities		(492,091,947)	(304,202,245)
<b>Cash Flow From Financing Activities</b>			
Payment of subordinated debts		(6,000,000)	-
Payments against lease liabilities under IFRS-16	19	(3,807,888)	(3,309,401)
Dividends paid		(8,959,419)	(3,586,808)
Net cash flow used in financing activities		(18,767,307)	(6,896,209)
<b>Decrease in cash and cash equivalents</b>		(23,054,360)	(29,595,953)
Cash and cash equivalents at beginning of the year		144,280,472	173,876,425
Credit loss allowance on cash and cash equivalents – net		(15,488)	-
<b>Cash and cash equivalents at end of the year</b>	37	121,210,624	144,280,472

The annexed notes 1 to 50 and Annexures I and II form an integral part of these unconsolidated financial statements.

  
Chief Financial Officer

  
President & CEO

  
Director

  
Director

  
Chairman

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2025

### 1 STATUS AND NATURE OF BUSINESS

Askari Bank Limited (the Bank) was incorporated in Pakistan on October 9, 1991 as a Public Limited Company and is listed on the Pakistan Stock Exchange. The registered office of the Bank is situated at AWT Plaza, the Mall, Rawalpindi. The Bank is a scheduled commercial bank and is principally engaged in the business of banking as defined in the Banking Companies Ordinance, 1962. The Fauji Consortium: comprising of Fauji Foundation (FF) and Fauji Fertilizer Company Limited (FFCL) collectively owned 71.91 (2024: 71.91) percent shares of the Bank. The ultimate parent of the Bank is Fauji Foundation. The Bank has 757 branches (2024: 720 branches); 756 in Pakistan and Azad Jammu and Kashmir including 365 (2024: 198) Islamic Banking branches and 66 (2024: 68) sub-branches and a Wholesale Bank Branch (WBB) in the Kingdom of Bahrain. The Pakistan Credit Rating Agency (PACRA) has assigned long term rating of AA+ and short term rating of A1+ to the Bank with stable outlook.

### 2 BASIS OF PRESENTATION AND STATEMENT OF COMPLIANCE

#### 2.1 Basis of presentation

- 2.1.1** These unconsolidated financial statements have been prepared in accordance with the format for preparation of the annual financial statements issued by the State Bank of Pakistan (SBP), vide BPRD Circular Letter No. 13 of 2024, dated 01 July 2024.
- 2.1.2** These unconsolidated financial statements are separate financial statements of the Bank in which the investments in subsidiaries are accounted for at cost as stated in note 5.5. Consolidated financial statements are prepared separately.
- 2.1.3** In accordance with the directives of the Federal Government regarding the shifting of the banking system to Islamic modes, the State Bank of Pakistan (SBP) has issued various circulars from time to time. Permissible forms of trade-related modes of financing include purchase of goods by the banks from their customers and immediate resale to them at appropriate profit in price on deferred payment basis. The purchases and sales arising under the respective arrangements (except for Murabaha financings accounted for under Islamic Financial Accounting Standard – 1 “Murabaha”) are not reflected in these unconsolidated financial statements as such, but are restricted to the amount of facility actually utilized and the appropriate portion of profit thereon.
- 2.1.4** The financial results of the Islamic banking branches have been consolidated in these unconsolidated financial statements for reporting purposes, after eliminating material inter-branch transactions / balances. Key figures of the Islamic banking branches are disclosed in Annexure – II to these unconsolidated financial statements.
- 2.1.5** Items included in the unconsolidated financial statements are measured using the currency of the primary economic environment in which the Bank operates. The unconsolidated financial statements are presented in Pakistan Rupees (Rupees), which is the Bank’s functional and presentation currency. Figures have been rounded off to the nearest thousand of rupees unless otherwise stated.

#### 2.2 Statement of Compliance

- 2.2.1** These unconsolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The 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, directives, and notifications issued under the Banking Companies Ordinance (BCO), 1962 and Companies Act, 2017; and
  - Directives issued by the State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan (SECP).

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

The State Bank of Pakistan has deferred the applicability of IFAS 3 'Profit and Loss Sharing on Deposits', vide BPRD Circular No.04 dated February 25, 2015 and International Accounting Standard 40, Investment Property, vide BSD Circular Letter no. 10 dated August 26, 2002, for banking companies till further instructions. Further, the SECP, through S.R.O 411(1)/2008 dated April 28, 2008, has deferred the applicability of IFRS 7, Financial Instruments: Disclosures, to banks. Accordingly, the requirements of these standards have not been considered in the preparation of these unconsolidated financial statements.

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

There are certain amendments to the standards 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 5.1 to the unconsolidated financial statements.

### **2.4 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 01, 2026 but are considered not to be relevant or will not have any material effect on the Bank's financial statements except for:

- The new standard – IFRS 18 Presentation and Disclosure in Financial Statements (IFRS 18) (published in April 2024) with applicability date of January 01, 2027 by IASB. IFRS 18 when applicable shall impact the presentation of 'Statement of Profit and Loss Account' with certain additional disclosures in the unconsolidated financial statements.
- Amendments to IFRS 9 'Financial Instruments' and IFRS 7 'Financial Instruments: Disclosures' clarify the timing of recognition and derecognition of certain financial instruments including settlement of liabilities through banking instruments and channels including electronic transfers. Further, guidance on the SPPI assessment, and disclosure requirements for instruments with cash flow modifying features and equity instruments designated at FVOCI has also been amended. These amendments are effective from January 1, 2026. The amendment when applied may impact the accounting and presentation of the financial instruments.

## **3 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS**

The preparation of unconsolidated financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Bank's accounting policies. Estimates and judgments are continually evaluated and are based on historical experiences, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods. The areas of assumptions and estimates which are significant to the Bank's unconsolidated financial statements or where judgment was exercised in the application of accounting policies are as follows:

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2025

- i) expected credit loss against financial instruments (note 5.1.8 and 34)
- ii) staff retirement benefits (note 5.13, 39 and 41)
- iii) taxation (note 5.16 and 35)
- iv) revaluation of property and equipment (note 5.7 and 11.3)
- v) fair valuation of shares of unlisted companies (note 9.1 and 43)

#### 4 BASIS OF MEASUREMENT

These unconsolidated financial statements have been prepared under the historical cost convention except that certain property and equipment and non banking assets acquired in satisfaction of claims are stated at revalued amounts; investments classified at fair value through profit and loss and fair value through other comprehensive income; foreign exchange contracts and derivative financial instruments are measured at fair value; defined benefit obligations are carried at present value; right of use of asset and related lease liability are measured at present value on initial recognition; Temporary Economic Refinance Facility (TERF) borrowings and advances pertaining to TERF, staff and overseas operations are measured at fair value on initial recognition.

#### 5 MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies adopted in the preparation of these unconsolidated financial statements are consistent with those followed in the preparation of the unconsolidated financial statements for the year ended December 31, 2024, except as disclosed in note 5.1 below.

##### 5.1 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.

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 Bank is in process of finalising the impacts of application of effective interest rate on the unconsolidated 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 and for the calculation of Expected Credit Loss (ECL) on Exposure At Default (EAD) of revolving credit products beyond their contractual maturity dates. The respective impacts, net of tax, amounting to Rs. 1,323,384 thousand and Rs. 434,970 thousand, have been recognized as an adjustment to equity at the beginning of the current year.

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 revenue of the Bank would have been higher by Rs. 314,331 thousand (2024: Rs. 640,038 thousand).

##### 5.1.1 Classification and measurement

Under IFRS 9, classification and measurement of financial assets depends on how these are managed based on business model and their contractual cash flow characteristics. Financial assets that do not meet the Solely Payment of Principal and Interest (SPPI) criteria are required to be measured at fair value through profit or loss (FVTPL) regardless of the business model in which they are held.

## Recognition and initial measurement

Debt securities issued are initially recorded when they are originated. All other financial assets and financial liabilities are initially recognised when the Bank becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. The fair value of a financial asset on initial recognition is generally its transaction price. If the Bank determines that the fair value on initial recognition differs from the transaction price then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognized in unconsolidated statement of profit and loss account on an appropriate basis over the life of the asset but no later than when the valuation is wholly supported by observable market data, or the transaction is closed out. Advances other than staff loans, TERF and advances pertaining to overseas operations are initially measured at transaction price i.e., the amount of loan disbursed at disbursement date.

TERF borrowings and advances pertaining to TERF, staff and overseas operations are recognized at fair value at disbursement date. The fair value is determined by discounting the expected future cash flows using the prevailing market rates for instrument.

## Classification

### Financial Assets

On initial recognition, a financial asset is classified as measured at amortised cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL).

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI.

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cashflows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI.

On initial recognition of an equity investment that is not held for trading, the Bank may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis.

Advances are subsequently carried at cost, net of expected credit loss allowances, excluding staff loans, TERF and advances pertaining to overseas operations, which are measured at amortized cost.

“Financial assets are not reclassified subsequent to their initial recognition unless the Bank changes its business models for managing financial assets, in which cases all affected financial assets are reclassified on the first day of the first reporting period following changes in the business model.

IFRS 9 allows entities to irrevocably designate, at initial recognition, a financial asset as measured at FVTPL if doing so eliminates or significantly reduces any ‘accounting mismatch’ that would otherwise arise from measuring assets or liabilities or recognizing gains and losses on them on different basis. SBP instructions state that banks may apply the fair value option if, in addition to the IFRS 9 criterion, (a) it is consistent with a documented risk management strategy, and (b) fair values are reliable at inception and throughout life of the instrument.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2025

### Financial Liabilities

Financial liabilities are either classified as FVTPL, when they are held for trading purposes, or at amortised cost. Financial liabilities classified as FVTPL are measured at fair value and all the fair value changes are recognized in profit and loss account. Financial liabilities classified at amortised cost are initially recorded at their fair value and subsequently measured using the effective interest rate method. Markup expense and foreign exchange gain and losses are recognised in profit and loss. Any gain or loss on derecognition is also recognised in profit and loss.

#### 5.1.2 Business model assessment

A financial asset is classified as either Held to collect (HTC), Held to collect and Sell (HTC&S) and Held to Sell (HTS) based on Business model assessment. The Bank makes an assessment of the objective of a business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The assessment requires judgement based on facts and circumstances on the date of assessment. The assessment considers the policies and objectives for the portfolio of financial assets, risk affecting, performance evaluation, business manager's compensation and historical sales information.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

#### 5.1.3 Assessment of whether contractual cash flows are solely payments of principal and interest (SPPI)

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g., liquidity risk and administrative costs), as well as interest margin.

In assessing whether the contractual cash flows are SPPI, the Bank considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Bank considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Bank's claim to cash flows from specified assets (e.g. non-recourse loans);
- features that modify consideration of the time value of money (e.g. periodical reset of interest rates); and
- currency in which the financial asset is denominated.

A prepayment feature aligns with SPPI if it mainly represents unpaid principal and profit, including reasonable compensation for early termination.

#### 5.1.4 Subsequent measurement

The following accounting policies apply to the subsequent measurement of financial assets:

<b>Financial assets at FVTPL</b>	These assets are subsequently measured at fair value. Net gains and losses, including any markup or dividend income, are recognised in unconsolidated statement of profit and loss account.
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<b>Financial assets at amortised cost</b>	These assets are subsequently measured at amortised cost using the effective interest method in case of investments, lendings to financial institutions, cash and balances with treasury banks, balances with other banks, TERF, staff loans, and advances pertaining to overseas operations and other financial assets. The amortised cost is reduced by impairment losses. Markup, foreign exchange gains and losses and impairment are recognised in unconsolidated statement of profit and loss account.
<b>Debt investments at FVOCI</b>	These assets are subsequently measured at fair value and is assessed for impairment under the new ECL model. Markup income is calculated using the effective interest method and includes amortization of premiums and accretion of discount, foreign exchange gains and losses and impairment are recognised in unconsolidated statement of profit and loss account. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to unconsolidated statement of profit and loss account.
<b>Equity investments at FVOCI</b>	These assets are subsequently measured at fair value. Dividends are recognised as income in unconsolidated statement of profit and loss account unless the dividend clearly represents a recovery of part of the cost of the investment, in which case they are adjusted from the carrying value of investment. Other net gains and losses are recognised in OCI and are never reclassified to unconsolidated statement of profit and loss account.
<b>Advances at cost</b>	Advances are carried at cost, net of expected credit loss allowances, excluding staff loans, TERF and advances pertaining to overseas operations, which are measured at amortized cost, net of expected credit loss allowances.

### 5.1.5 Calculation of markup income and expense

Income from performing advances of the domestic operations is recognised on accrual basis as per the terms of the contract. However, where debt securities, classified as investments in the financial statements, are purchased at premium or discount, such premium / discount including the transaction cost is amortized through the unconsolidated statement of profit and loss account over the remaining maturity of the debt security using the effective interest rate method. The interest income on staff loans and TERF and advances pertaining to overseas operations is recognized in line with the EIR, while any expected credit losses are assessed and accounted for in accordance with the requirements of IFRS 9. Income from advances except for staff loans and TERF are recognized in unconsolidated statement of profit and loss account using contractual rate. Similarly, under the local regulatory requirement, income recoverable on classified domestic advances and investments (debt securities), is recognized on a receipt basis.

Income on rescheduled / restructured advances and investments is recognized as permitted by SBP regulations.

In case of overseas operations, income on the financial assets is recognised under the effective interest method or as prescribed by the regulatory authorities of the countries in which the Bank operates.

Markup expense on domestic financial liabilities (comprising deposits, subordinated debts, and borrowings) is recognized on an accrual basis in the period in which it is incurred, based on contracted rates.

### 5.1.6 Derecognition

**The Bank derecognises a financial asset when:**

- the contractual rights to the cash flows from the financial asset expire; or
- it transfers the rights to receive the contractual cash flows in a transaction in which either:
  - i) substantially all of the risks and rewards of ownership of the financial asset are transferred; or
  - ii) 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.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2025

On derecognition of a financial asset in its entirety, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognized), and the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognized in OCI is recognized in the unconsolidated statement of profit and loss account, except that in case of the derecognition of equity securities held at FVOCI, cumulative gains or losses are transferred to unappropriated profit.

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.

### 5.1.7 Modification

#### Financial assets

The Bank sometimes renegotiates or otherwise modifies the contractual cash flows to its customers. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognized and a new financial asset is recognised at fair value plus any eligible transaction costs.

If cash flows are modified when the borrower is in financial difficulties, then the objective of the modification is usually to maximise recovery of the original contractual terms rather than to originate a new asset with substantially different terms. If the bank plans to modify a financial asset in a way that would result in forgiveness of cash flows, then it first considers whether a portion of the asset should be written off before the modification takes place. This approach impacts the result of the quantitative evaluation and means that the derecognition criteria are not usually met in such cases.

Where derecognition of financial assets is appropriate, the newly recognised residual loans are assessed to determine whether the assets should be classified as purchased or originated credit-impaired assets (POCI).

If the modification of a financial asset measured at amortised cost or FVOCI does not result in derecognition of the financial asset, then the bank first recalculates the gross carrying amount of the financial asset using the original effective yield rate of the asset and recognised the resulting adjustment as a modification gain or loss in unconsolidated statement of profit and loss account.

If such a modification is carried out because of financial difficulties of the borrower then the gain or loss is presented together with impairment losses. In other cases, it is presented as profit income calculated using the effective yield rate method.

#### Financial liabilities

The Bank derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability recognised and consideration paid is recognised in unconsolidated statement of profit and loss account.

If the modification of a financial liability is not accounted for as derecognition, then the amortised cost of the liability is recalculated by discounting the modified cash flows at the original effective yield rate and the resulting gain or loss is recognised in unconsolidated statement of profit and loss account. For floating-rate financial liabilities, the original effective yield rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs and fees incurred are recognised as an adjustment to the carrying amount of the liability and amortised over the remaining term of the modified financial liability by re-computing the effective yield rate on the instrument.

### 5.1.8 Impairment

The Bank records credit loss allowance in accordance with the requirements of IFRS 9 as applicable in Pakistan and as per the instructions of the State Bank of Pakistan (SBP).

The impairment requirements apply to financial assets measured at amortised cost and FVOCI (other than equity instruments), lease receivables, and certain loan commitments and financial guarantee contracts. 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 financial assets 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 financial assets 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 financial assets as at the reporting date with the risk of default as at the date of initial recognition.

#### Measurement of ECL

ECL is a probability-weighted estimate of credit losses. It is measured as follows:

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Bank expects to receive);
- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows;
- undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Bank if the commitment is drawn down and the cash flows that the Bank expects to receive; and
- financial guarantee contracts: the expected payments to reimburse the holder less any amounts that the Bank expects to recover

A loan that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment. In addition, a retail loan that is overdue for 90 days or more is considered credit-impaired even when the regulatory definition of default is different.

Under SBP's IFRS 9 Application instructions, the Bank is not required to compute ECL on Government Securities and on Government guaranteed credit exposure in local currency. The Bank records charge for stage 3 based on the higher of provision under Prudential Regulations (PRs) or ECL under IFRS 9, as per the SBP Application Instruction. If one facility of a counterparty becomes 90+ days past due (DPD) or is otherwise defined as impaired under the Prudential Regulations, all other facilities of that counterparty are classified as Stage 3. Further, the Bank recognizes income on impaired assets (loans classified under PRs i.e., OAEM and Stage 3 loans) on a receipt basis in accordance with the requirements of PRs issued by SBP.

ECL is a probability-weighted estimate of credit losses which is determined by multiplying the probability of default with the loss given default with the expected exposure at the time of default. Based on the requirements of IFRS 9 Application Instructions, the Bank has performed an ECL assessment considering the following key elements:

- PD: The probability that a counterparty will default over the next 12 months from the reporting date (12-month ECL, Stage1) or over the lifetime of the product (lifetime ECL, Stage 2). PD is estimated using internal rating classes and are based on the Bank's internal risk rating. The Bank has used a statistical method for the estimation of Through the Cycle (TTC) PDs associated with each of its obligors risk

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2025

rating. PDs are then adjusted with forward looking information for calculation of ECL. Forward looking information is incorporated to convert TTC PD to Point in Time Probability of Default (PiT) PD. The Bank has estimated PiT PDs in its PD model. For this purpose the Bank incorporated five years forecast obtained from the Macro Economic Variable (MEV) database of the International Monetary Fund (IMF).

- EAD: The expected balance sheet exposure at the time of default, incorporating expectations on drawdowns, amortisation, pre-payments and forward-looking information where relevant. The Bank estimates EAD for financial assets carried at an amortised cost and carried at cost equal to principal plus profit. Each repayment date is assumed to be default point in the model and the ECL is calculated on EAD at each reporting date and discounted at the effective interest rate or contractual interest rate for advances other than staff loans, TERF, and advances pertaining to overseas operations for which effective interest rate is used. The unutilized exposures are multiplied with credit conversion factors (CCF) to compute the EAD of revolving facilities. Additionally liquid collateral that the Bank holds are adjusted from the EAD and the ECL is computed on the net amount.
- LGD: An estimate of the loss incurred on a facility upon default by a customer. The Bank estimates LGD based on actual recoveries from defaulted accounts over a historical period prior to the assessment date. Forward looking information is incorporated into the LGD calculation to reflect the impact of macro economic factors on the expected recoveries.

### **Non-Performing financial assets**

At each reporting date, the Bank assesses whether financial assets carried at amortised cost, at cost and debt financial assets carried at FVOCI, and finance lease receivables are credit-impaired (referred to as 'Stage 3 financial assets'). A financial asset is 'non-performing' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the restructuring of a loan by the Bank on terms that the Bank would not consider otherwise;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

### **Presentation of allowance for Expected Credit Loss in the Unconsolidated Statement of Financial Position**

Loss allowances for ECL are presented in the unconsolidated statement of financial position as follows:

- Financial assets measured at amortized cost: as a deduction from the gross carrying amount of the assets.
- For advances measured at cost: as a deduction from the gross carrying amount of the advances.
- Loan commitments and financial guarantee contracts: as a provision in other liabilities.
- where a financial instrument includes both a drawn and an undrawn component, and the Bank does not identify the ECL on the loan commitment component separately from those on the drawn component and instead presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision; and
- Debt instruments measured at FVOCI: no loss allowance is recognized in the unconsolidated statement of financial position because the carrying amount of these assets is their fair value.

### **Significant increase in credit risk (SICR)**

A SICR is assessed in the context of an increase in the risk of a default occurring over the life of the financial instrument when compared to that expected at the time of initial recognition. It is not assessed in the context of an increase in the ECL. The Bank used several qualitative and quantitative measures in assessing SICR. Quantitative measures relate to deterioration of Obligor Risk Ratings (ORR) or where principal and / or profit payments are 60 days or more past due. Qualitative factors include unavailability of financial information and pending litigations.

As required by the Application Instructions, financial assets may be reclassified out of Stage 3 if they meet the requirements of PR issued by SBP. Financial assets in Stage 2 may be reclassified to Stage 1 if the conditions that led to a SICR no longer apply. However, a minimum period of 6 months from initial downgrade is required before any facility is moved back to Stage 1 from Stage 2. For a facility to move back from Stage 3 to Stage 2, it should meet the criteria defined under the respective Prudential Regulations for de-classification of account / facility. An exposure cannot be upgraded from Stage 3 to Stage 1 directly and should be upgraded to Stage 2 initially.

IFRS 9 includes a rebuttable presumption that a default does not occur later than 90 days past due and it also presumes that there is SICR if credit exposure is more than 30 days past due. In order to bring consistency, SBP has allowed the backstop to the rebuttable presumption of days past due of credit portfolio against a specific credit facility and its stage allocation under IFRS 9 as mentioned in Annexure-C of BPRD Circular No. 3 of 2022. However, banks are free to choose more stringent days past due criteria. The Bank aligned its policy with Annexure-C of BPRD Circular No. 3 of 2022; hence, SICR is considered if credit exposure exceeds 60 days past due.

### **Undrawn loan commitments and guarantees:**

Financial guarantees are contracts that require the Bank to make specified payments to reimburse the holder for a loss that it incurs because a specified debtor fails to make payment when it is due in accordance with the terms of a debt instrument. Loan commitments are firm commitments to provide credit under pre-specified terms and conditions.

When estimating lifetime ECL for undrawn loan commitments, the Bank estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected cash flows if the loans are drawn down, based on a probability-weighting of the three scenarios.

## **5.2 Cash and cash equivalents**

Cash and cash equivalents comprise of cash in hand, balances with treasury banks, balances with other banks, prize bonds, and overdrawn nostro accounts.

## **5.3 Lending (reverse repo)**

Consideration for securities purchased under resale agreement (reverse repo) are included in lending to financial institutions. The difference between purchase and resale price is recognized as mark-up / return earned on a time proportion basis. Reverse repo balances are reflected under lending to financial institutions.

## **5.4 Bai Muajjal receivable from other financial institutions**

In Bai Muajjal, the Bank sells sukuk on deferred payment basis to other financial institutions. The deferred price is agreed at the time of sale and such proceeds are received at the end of the credit period. Bai Muajjal balances are reflected under lending to financial institutions. Bai Muajjal with the Federal Government is classified as investment.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2025

### 5.5 Investment in subsidiaries

Investments in subsidiaries are carried at cost less impairment, if any, in the unconsolidated financial statements.

### 5.6 Advances

Advances are stated at cost net of provision for expected credit losses except for staff loans, TERF and advance pertaining to overseas branch which are carried at amortized cost less credit loss allowance.

The provision for expected credit losses against advances is charged to the unconsolidated statement of profit and loss account. Advances are written off when there is no realistic prospect of recovery.

The Bank reviews its loan portfolio to assess the amount of non-performing advances and provision required thereon, on regular basis. While assessing this requirement various factors including the delinquency in the account, financial position of the borrowers and the requirements of the PR are considered.

#### 5.6.1 Finance lease receivables

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 recognized at an amount equal to the present value of the lease payments including any guaranteed residual value. Finance lease receivables are included in advances to the customers.

#### 5.6.2 Islamic financing and related assets

Ijarahs booked under Islamic Financial Accounting Standard 2 – Ijarah (IFAS – 2) are stated at cost less accumulated depreciation and impairment if any, and are shown under advances.

Depreciation on Ijarah assets is charged to unconsolidated statement of profit and loss account by applying the straight line method whereby the depreciable value of Ijarah assets is written off over the Ijarah period. The Bank charges depreciation from the date of delivery of respective assets to Mustajir upto the date of maturity / termination of Ijarah agreement.

In Murabaha transactions, the Bank purchases the goods through its agent or client and after taking the possession, sells them to the customer on cost plus profit basis either in a spot or credit transaction. Under Murabaha financing, funds disbursed for purchase of goods are recorded as 'Advance against Murabaha finance'. On culmination of Murabaha i.e. sale of goods to customers, Murabaha financing are recorded at the deferred sale price. Goods purchased but remaining unsold at the statement of financial position date are recorded as inventories.

In Salam financing, the Bank pays full in advance to its customer for buying specified goods / commodities to be delivered to the Bank within an agreed time. The goods are then sold and the amount financed is received back by the Bank along with profit.

In Musharakah a relationship is established under a contract by the mutual consent of the Bank and the customer for sharing of profits and losses arising from a joint enterprise or venture.

Diminishing Musharaka (DM) is a form of co-ownership in which Bank and the customer share the ownership of a tangible asset in an agreed proportion and customer undertakes to buy in periodic installments the proportionate share of the Bank until the title to such tangible asset is completely transferred to the customer. The rental payment is recognized as profit while the assets transfer / sale payments are applied towards reducing the outstanding principal.

In Istisna financing, the Bank acquires the described goods to be manufactured by the customer from raw material of its own and deliver to the Bank within an agreed time. The goods are then sold and the amount financed is received back by the Bank along with profit.

In Running Musharaka based financing, the Bank enters into financing with the customer based on Shirkat-ul-Aqd or Business Partnership in the customer's operating business where the funds can be withdrawn or refunded during the Musharakah period.

The Bank values its inventories at the lower of cost and net realisable value. The net realisable value is the estimated selling price in the ordinary course of business less the estimated cost necessary to make the sale. Cost of inventories represents actual purchases made by the Bank / customers as an agent of the Bank for subsequent sale. Inventory against each contract is maintained on specific identification method.

## **5.7 Property & equipment**

### **Capital work-in-progress**

Capital work-in-progress is stated at cost less impairment losses, if any.

### **Property and equipment**

Property and equipment are stated at cost less impairment losses and accumulated depreciation except for freehold / leasehold land. Land is carried at revalued amounts which is not depreciated. Land is revalued by professionally qualified valuers with sufficient regularity to ensure that the carrying amount does not differ materially from their fair value. Major renewals and improvements are capitalized. Gains and losses on disposal of property and equipment are taken to the unconsolidated statement of profit and loss account.

Surplus arising on revaluation of land is credited to the surplus on revaluation of assets account and is shown under the shareholders' equity in the unconsolidated statement of financial position. Except to the extent actually realized on disposal of land which are revalued, the surplus on revaluation of land shall not be applied to set-off or reduce any deficit or loss, whether past, current or future, or in any manner applied, adjusted or treated so as to add to the income, profit or surplus of the Bank or utilized directly or indirectly by way of dividend or bonus.

### **Intangible assets**

Intangible assets are stated at cost less accumulated amortization and accumulated impairment losses, if any. Intangible assets are amortized from the month when these assets are available for use, using the straight line method, whereby the cost of the intangible assets are amortized over its estimated useful lives over which economic benefits are expected to flow to the Bank. The useful lives are reviewed and adjusted, if appropriate, at each balance sheet date.

### **Depreciation / amortization**

Depreciation / amortization is computed on monthly basis over the estimated useful lives of the related assets at the rates set out in note 11.2 and 13.1 respectively on monthly basis. The cost of assets is depreciated / amortized on straight line basis, except for buildings which are depreciated on reducing balance method. Depreciation / amortization commences when the related asset is available for use and discontinues when the asset is disposed off or retired from the active use. Maintenance and normal repairs are charged to unconsolidated statement of profit and loss account as and when incurred.

In making estimates of the depreciation / amortization, the management uses useful life and residual value which reflects the pattern in which economic benefits are expected to be consumed by the Bank. The useful life and the residual value are reviewed at each financial year end and any change in these estimates in future years might effect the carrying amounts of the respective item of property and equipment with the corresponding effect on depreciation / amortization charge.

## **5.8 Assets held for sale**

Non-current assets and associated liabilities are classified as held for sale when their carrying amount will be recovered principally through a sale transaction rather than continuing use and a sale is highly probable. Assets designated as held for sale are carried at the lower of carrying amount at designation and fair value less costs to sell, if fair value can reasonably be determined.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2025

### 5.9 Leases (IFRS 16)

A lessee recognizes a right-of-use asset representing its right of using the underlying asset and a corresponding lease liability representing its obligations to make lease payments.

Lease liabilities are initially measured at the present value of lease payment, discounted using the Bank's contract wise incremental borrowing rate. The lease liabilities are subsequently measured at amortized cost using the effective interest rate method. The lease liability is also remeasured to reflect any reassessment or change in lease terms. These remeasurements of lease liabilities are recognised as adjustments to the carrying amount of related right-of-use assets after the date of initial recognition.

Each lease payment is allocated between a reduction of the liability and a finance cost. The finance cost is charged to the unconsolidated statement of profit and loss account as markup expense over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

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 not to be exercised.

The Bank has several lease contracts that include extension and termination options. The Bank applies judgment 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 right-of-use assets are initially measured based on the initial amount of the lease liability plus any initial direct costs incurred. Right-of-use assets are subsequently stated at cost less any accumulated depreciation. The right-of-use assets are depreciated on a straight line basis over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The estimated useful lives of right-of-use assets are determined on the same basis as that used for owned assets. The right-of-use assets are reduced by impairment losses, if any, and adjusted for certain remeasurements of lease liability.

### 5.10 Borrowings (Repo)

Consideration received against securities sold under repurchase agreement (repo) are included in borrowings from financial institutions. The difference between sale and repurchase price is recognized as mark-up / return expensed on a time proportion basis.

### 5.11 Deposits

Deposits are recorded at the proceeds received. Markup accrued on deposits is recognized separately as part of other liabilities and is charged to unconsolidated statement of profit and loss account on a time proportion basis.

The Bank generates deposits in two modes i.e. "Qard" and "Modaraba" under Islamic Banking Operations. Deposits taken on Qard basis are classified as 'Current Accounts' and deposits generated on Modaraba basis are classified as 'Saving Accounts' and 'Fixed Deposit Accounts'.

### 5.12 Subordinated debts

Subordinated debts are initially recorded at the amount of proceeds received. Mark-up on subordinated debts is charged to the unconsolidated statement of profit and loss account over the period on accrual basis.

### **5.13 Staff retirement benefits**

#### **Defined benefit plan**

The Bank operates an approved funded gratuity scheme for all its regular employees. Contributions are made in accordance with the actuarial recommendation. The actuarial valuation is carried out periodically using "Projected Unit Credit Method".

Actuarial gain / losses arising from experience adjustment and changes in actuarial assumptions are recognized in other comprehensive income in the period of occurrence. Past service cost is recognized as expense when the plan is amended.

Certain actuarial assumptions have been adopted as disclosed in note 39 of these unconsolidated financial statements for the actuarial valuation of staff retirement benefit plans. 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 these plans in those years.

#### **Defined contribution plan**

The Bank operates a recognized provident fund scheme for all its regular employees for which equal monthly contributions are made both by the Bank and by the employees at the rate of 8.33% of the basic salary of the employee.

#### **Compensated absences**

The Bank provides compensated absences to all its regular employees. Liability for unfunded scheme is recognized on the basis of actuarial valuation using the "Projected Unit Credit Method" and the assumptions as disclosed in note 41.2 of these unconsolidated financial statements. Provision for the year is charged to unconsolidated statement of profit and loss account. The amount recognized in the unconsolidated statement of financial position represents the present value of defined benefit obligations. Actuarial gain / losses arising from experience adjustment and changes in actuarial assumptions are recognized in the unconsolidated statement of profit and loss account in the period of occurrence.

### **5.14 Foreign currencies**

#### **Foreign currency transactions**

Foreign currency transactions other than results of foreign operations are translated into Rupees at the exchange rates prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are translated to Rupees at the exchange rates prevailing at the reporting date. Forward transactions in foreign currencies and are valued at the rates applicable to the remaining maturities. Exchange gains and losses are included in unconsolidated statement of profit and loss account currently.

#### **Foreign operation**

The assets and liabilities of Wholesale Bank Branch Bahrain are translated to Rupees at exchange rates prevailing at the date of unconsolidated statement of financial position. The income and expenses of foreign operations are translated at the average rate of exchange for the year.

#### **Translation gains and losses (foreign operations)**

Translation gains and losses arising on revaluations of net investment in foreign operations are taken to exchange translation reserve in the unconsolidated statement of comprehensive income. These are recognised in the unconsolidated statement of profit and loss account on disposal.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2025

### Commitments

Commitments for outstanding forward foreign exchange contracts are disclosed in these unconsolidated financial statements at committed amounts. 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 at the unconsolidated statement of financial position date.

### 5.15 Revenue recognition

- 5.15.1 (a)** Mark-up / interest on advances and return on investments is recognized on time proportionate basis except on classified advances and investments which is recognized on receipt basis. Mark-up / interest on rescheduled / restructured advances and investments is recognized as permitted by the regulations of the SBP.
- (b)** The interest income on staff loans and TERF and advances pertaining to overseas operations is recognized in line with the EIR.
- (c)** Where debt securities are purchased at a premium or discount, such premium / discount is amortised through the unconsolidated statement of profit and loss account over the remaining period of maturity using effective yield method.
- (d)** Fees and commission income is recognized at the time of performance of service.
- (e)** Dividend income is recognized when Bank's right to receive the income is established.
- (f)** Gains or losses on sale of investments classified as FVTPL and investments in debt securities classified as FVOCI are recognized in unconsolidated statement of profit and loss account.
- (g)** Financing method is used in accounting for income from lease financing. Under this method, the unearned lease income (excess of the sum of the total lease rentals and estimated residual value over the cost of leased assets) is deferred and taken to income over the term of the lease period so as to produce a constant periodic rate of return on the outstanding net investment in lease. Repossessed vehicles on account of loan default are recorded in memorandum account.

Unrealized lease income is suspended on classified leases, in accordance with the requirements of the PRs issued by the SBP. Gains / losses on termination of lease contracts, documentation charges, front-end fees and other lease income are recognized as income on receipt basis.

### 5.15.2 Revenue recognition under IFAS 2

- (a)** The rentals from ijarah are recognised as income over the term of the contract net of depreciation expense relating to the ijarah assets.

### 5.15.3 Revenue recognition under product manual as approved by Shariah Board of the Bank

- (a)** Profits on Musharaka and Diminishing Musharaka financings are recognized on accrual basis. Profit required to be suspended in compliance with the Prudential Regulations issued by SBP is recorded on receipt basis.
- (b)** Profit on Salam finance is recognized on time proportionate basis.
- (c)** Profit on Istisna and murabaha financing is recognised on a time proportionate basis over the period of transaction.

## **5.16 Taxation**

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognized in the unconsolidated statement of profit and loss account, except to the extent that it relates to items recognized directly in other comprehensive income, in which case it is recognized in other comprehensive income. In making the estimates for income taxes currently payable by the Bank, the management considers the current income tax laws and the decisions of appellate authorities on certain issues in the past.

### **Current**

Provision for current taxation is based on taxable income at the current rates of taxation after taking into consideration available tax credits and rebates at a tax rate enacted or substantively enacted at the reporting date. The charge for current tax also includes adjustments where considered necessary, relating to prior years which arise from assessments framed / finalized during the year.

### **Prior years**

The tax charge for prior years represents adjustments to the tax charge for prior years, arising from assessments, change in estimates and retrospectively applied changes to law, made during the year.

### **Deferred**

Deferred tax is recognised by using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amount used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities using tax rates enacted or substantively enacted at the date of unconsolidated statement of financial position. A deferred tax asset is recognized only to the extent that it is probable that the future taxable profit will be available and credits can be utilized. Deferred tax assets are reduced to the extent it is no longer probable that the related tax benefit will be realized.

Deferred tax, on revaluation of investments, if any, is recognized as an adjustment to surplus / (deficit) arising on such revaluation.

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

The carrying amount of the Bank's non-financial assets are reviewed at the reporting date to determine whether there is any indication of impairment. If such indication exists, the asset's recoverable amount is estimated in order to determine the extent of the impairment loss, if any. Impairment loss is recognized as expense in the unconsolidated statement of profit and loss account. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

## **5.18 Non-banking assets acquired in satisfaction of claims**

Non-banking assets acquired in satisfaction of claims are carried at revalued amounts less accumulated depreciation. These assets are revalued by professionally qualified valuers with sufficient regularity to ensure that their net carrying value does not differ materially from their fair value. Surplus arising on revaluation of such properties is credited to the 'surplus on revaluation of non banking assets' account and any deficit arising on revaluation is taken to unconsolidated statement of profit and loss account directly. Legal fees, transfer costs and direct costs of acquiring title to property are charged to unconsolidated statement of profit and loss account and are not capitalized.

## **5.19 Other provisions**

Provisions are recognized when there are present, legal or constructive obligations 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 amounts can be made. Provision for guarantee claims and other off balance sheet obligations is recognized when intimated and reasonable certainty exists to settle the obligations. Expected recoveries are recognized by debiting customer accounts. Charge to unconsolidated statement of profit and loss account is stated net off expected recoveries.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2025

### 5.20 Off-setting

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

### 5.21 Financial assets and liabilities

Financial assets and financial liabilities are recognized at the time when the Bank becomes a party to the contractual provision of the instrument. Financial assets are de-recognized when the contractual right to future cash flows from the asset expires or is transferred along with the risk and reward of the asset. Financial liabilities are de-recognized when obligation specific in the contract is discharged, cancelled or expired. Any gain or loss on de-recognition of the financial asset and liability is recognized in the unconsolidated statement of profit and loss account of the current period. The particular recognition and subsequent measurement methods adopted for significant financial assets and financial liabilities are disclosed in the individual policy statements associated with them.

### 5.22 Derivative financial instruments

Derivative financial instruments are initially recognized at fair value on the date on which the derivative contract is entered into and are subsequently remeasured at fair value using appropriate valuation techniques. All derivative financial instruments are carried as assets when fair value is positive and liabilities when fair value is negative. Any change in the fair value of derivative financial instruments is taken to the unconsolidated statement of profit and loss account.

The fair values of derivatives which are not quoted in active markets are determined by using valuation techniques. The valuation techniques take into account the relevant interest rates in effect at the reporting date and the rates contracted.

### 5.23 Appropriations subsequent to date of unconsolidated statement of financial position

Appropriations subsequent to year end are recognized during the year in which those appropriations are made.

### 5.24 Dividend distribution and appropriation

Dividends and appropriations (except for the appropriations required by law), made subsequent to the date of unconsolidated statement of financial position are considered as non-adjusting events and are recorded in the year in which these are approved / transfers are made.

### 5.25 Earnings per share

The Bank presents basic and diluted Earnings Per Share (EPS). Basic 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. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, if any.

### 5.26 Segment reporting

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

## **5.27 Business segment**

### **Branch banking**

This segment consists of loans, deposits and other banking services including branchless banking services to small enterprises, medium enterprises, agriculture and individual customers.

### **Corporate banking**

Corporate banking includes deposits, project financing, trade financing and working capital to corporate and commercial customers of the Bank. This segment is also involved in investment banking activities such as mergers and acquisition, underwriting, privatization, securitization, IPO's related activities and secondary private placements.

### **Treasury**

Treasury function is mainly engaged in money market activities, foreign exchange business and short term lending and borrowings from counterparties.

### **Consumer banking**

Consumer banking segment provides both secured and unsecured loans to retail customers.

### **Islamic banking**

This segment provides banking services to its customers in compliance with Shariah rules and directives, instructions and guidelines issued by SBP.

### **Foreign operations**

Foreign operations consists of the banking activities performed through its Wholesale Bank Branch in the Kingdom of Bahrain.

### **Head office / others**

This consists of banking operations not performed by any of above segments.

## **5.27.1 Geographical segments**

The Bank operates in two geographic regions; Pakistan including its allied territories and the Middle East.

## **5.28 Acceptances**

Acceptances comprise undertakings by the Bank to pay bills of exchange drawn on customers. The Bank expects most acceptances to be simultaneously settled with the reimbursement from the customers. Acceptances are accounted for in unconsolidated statement of financial position both as assets and liabilities.

## **5.29 Contingent Liabilities**

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

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2025

Rupees in '000	Note	2025	2024
<b>6 CASH AND BALANCES WITH TREASURY BANKS</b>			
<b>In hand:</b>			
Local currency		28,388,776	35,295,829
Foreign currencies		6,277,042	3,718,788
		34,665,818	39,014,617
<b>With the State Bank of Pakistan in:</b>			
Local currency current accounts	6.1	49,154,044	72,316,040
Foreign currency current account	6.1	6,935,682	7,421,460
Foreign currency deposit account	6.2	12,842,042	13,685,296
		68,931,768	93,422,796
<b>With National Bank of Pakistan in:</b>			
Local currency current accounts		5,038,319	1,028,257
<b>Prize Bonds</b>		18,615	39,615
		108,654,520	133,505,285
Credit loss allowance held against cash and balances with treasury banks		(16,542)	–
Cash and balances with treasury banks – net of credit loss allowance		108,637,978	133,505,285

**6.1** These represent current accounts maintained with the SBP to comply with the statutory cash reserve requirements.

**6.2** This represents special cash reserve maintained with the SBP.

Rupees in '000	Note	2025	2024
<b>7 BALANCES WITH OTHER BANKS</b>			
<b>In Pakistan</b>			
In current accounts		1,543,213	112,378
<b>Outside Pakistan</b>			
In current accounts		7,071,368	1,908,941
In deposit accounts	7.1	5,160,183	8,756,105
		12,231,551	10,665,046
		13,774,764	10,777,424
Less: Credit loss allowance held against balances with other banks		(336)	(1,390)
Balances with other banks – net of credit loss allowance		13,774,428	10,776,034

**7.1** These carry interest rates up to 3.80% (2024: up to 3.50%) per annum.

Rupees in '000	Note	2025	2024
<b>8</b>	<b>LENDINGS TO FINANCIAL INSTITUTIONS</b>		
Call / clean money lendings	8.1	6,600,000	1,500,000
Bai Muajjal receivable			
– with other financial institutions	8.2	–	3,068,218
Placement with financial institutions	8.3	7,528,026	–
Purchase under resale arrangement of equity securities		29,721	59,443
		14,157,747	4,627,661
Less: Credit loss allowance / provision held against lendings to financial institutions	8.5	(29,721)	(60,042)
Lending to financial institutions – net of credit loss allowance / provision		14,128,026	4,567,619

**8.1** Call / clean money lendings carry markup rates at 10% to 10.5% (2024: 13.90% to 22.90%) per annum.

**8.2** Bai Muajjal receivable with other financial institutions as at December 31, 2024 carried markup rates at 13.00% to 16.50% per annum.

**8.3** Placement with financial institution carries markup rate at 3.75% per annum.

Rupees in '000	2025	2024
<b>8.4 Particulars of lending</b>		
In local currency	6,629,721	4,627,661
In foreign currencies	7,528,026	–
	14,157,747	4,627,661

#### 8.5 Lending to FIs – Particulars of credit loss allowance / provision

Rupees in '000	2025		2024		
	Lending	Credit loss allowance / provision held	Lending	Credit loss allowance / provision held	
<b>Domestic</b>					
Performing	Stage 1	6,600,000	–	4,568,218	599
Non-performing	Stage 3	29,721	29,721	59,443	59,443
Total		6,629,721	29,721	4,627,661	60,042
<b>Overseas</b>					
Performing	Stage 1	7,528,026	–	–	–
		14,157,747	29,721	4,627,661	60,042

Rupees in '000	2025		
	Stage 1	Stage 3	Total
Opening balance	599	59,443	60,042
New financial assets originated or purchased	–	–	–
Financial assets that have been derecognised	(599)	(29,722)	(30,321)
Closing balance	–	29,721	29,721

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2025

Rupees in '000	2024		
	Stage 1	Stage 3	Total
Opening balance	–	89,164	89,164
New financial assets originated or purchased	599	–	599
Financial assets that have been derecognised	–	(29,721)	(29,721)
Closing balance	599	59,443	60,042

### 9 INVESTMENTS

Rupees in '000	2025				2024			
	Cost / amortized cost	Credit loss allowance	Surplus / (deficit)	Carrying value	Cost / amortized cost	Credit loss allowance	Surplus / (deficit)	Carrying value
<b>9.1 Investments by type</b>								
<b>Debt instruments</b>								
<b>Classified / measured at amortised cost</b>								
Federal Government Securities	47,475,078	(11,647)	–	47,463,431	49,999,401	(189,788)	–	49,809,613
Non Government Debt Securities	90,903	(90,903)	–	–	110,000	(110,000)	–	–
	47,565,981	(102,550)	–	47,463,431	50,109,401	(299,788)	–	49,809,613
<b>Classified / measured at FVOCI</b>								
Federal Government Securities	1,916,513,443	(32,419)	29,278,307	1,945,759,331	1,422,059,838	(406,352)	6,686,981	1,428,340,467
Non Government Debt Securities	8,573,569	(391,163)	(10,925)	8,171,481	10,920,088	(380,124)	(26,243)	10,513,721
	1,925,087,012	(423,582)	29,267,382	1,953,930,812	1,432,979,926	(786,476)	6,660,738	1,438,854,188
<b>Classified / measured at FVTPL</b>								
Federal Government Securities	593,439	–	–	593,439	3,668,096	–	–	3,668,096
Units of open end mutual funds	2,742,718	–	(197,948)	2,544,770	1,781,063	–	1,158,946	2,940,009
Non Government Debt Securities	3,517,573	–	(52,082)	3,465,491	4,603,807	–	(1,086,134)	3,517,673
	6,853,730	–	(250,030)	6,603,700	10,052,966	–	72,812	10,125,778
<b>Equity instruments</b>								
<b>Classified / measured at FVTPL</b>								
Shares								
Listed companies	2,012,345	–	2,730	2,015,075	447,406	–	18,400	465,806
<b>Classified / measured at FVOCI (Non-Reclassifiable)</b>								
Shares								
Listed companies	6,146,054	–	7,522,353	13,668,407	4,596,898	–	4,323,289	8,920,187
Unlisted companies	355,680	–	3,508,964	3,864,644	355,680	–	(5,680)	350,000
Preference shares	27,314	–	(1,100)	26,214	27,314	–	(3,825)	23,489
	6,529,048	–	11,030,217	17,559,265	4,979,892	–	4,313,784	9,293,676
<b>Subsidiaries</b>								
Foundation Securities (Private) Limited	196,700	–	–	196,700	196,700	–	–	196,700
Askari Currency Exchange (Private) Limited	1,000,000	–	–	1,000,000	1,000,000	–	–	1,000,000
<b>Total investments</b>	<b>1,989,244,816</b>	<b>(526,132)</b>	<b>40,050,299</b>	<b>2,028,768,983</b>	<b>1,499,766,291</b>	<b>(1,086,264)</b>	<b>11,065,734</b>	<b>1,509,745,761</b>

Rupees in '000	2025				2024			
	Cost / amortized cost	Credit loss allowance	Surplus / (deficit)	Carrying value	Cost / amortized cost	Credit loss allowance	Surplus / (deficit)	Carrying value
<b>9.2 Investments by segments:</b>								
<b>Federal Government Securities</b>								
Market Treasury Bills	105,007,525	-	243,399	105,250,924	33,171,528	-	922,351	34,093,879
Pakistan Investment Bonds	1,682,696,276	-	28,130,325	1,710,826,601	1,350,037,445	-	4,330,140	1,354,367,585
Ijarah Sukuks	163,056,008	-	860,761	163,916,769	79,008,343	-	1,089,419	80,097,762
Euro Bonds	13,228,712	(44,066)	43,822	13,228,468	9,841,923	(596,140)	345,071	9,590,854
Naya Pakistan Certificates	593,439	-	-	593,439	3,668,096	-	-	3,668,096
	1,964,581,960	(44,066)	29,278,307	1,993,816,201	1,475,727,335	(596,140)	6,686,981	1,481,818,176
<b>Provincial Government Securities</b>	-	-	-	-	-	-	-	-
<b>Shares</b>								
Listed companies	8,158,399	-	7,525,083	15,683,482	5,044,304	-	4,341,689	9,385,993
Unlisted companies	355,680	-	3,508,964	3,864,644	355,680	-	(5,680)	350,000
	8,514,079	-	11,034,047	19,548,126	5,399,984	-	4,336,009	9,735,993
<b>Units of open end mutual funds</b>	2,742,718	-	(197,948)	2,544,770	1,781,063	-	1,158,946	2,940,009
<b>Fully paid preference shares</b>	27,314	-	(1,100)	26,214	27,314	-	(3,825)	23,489
<b>Non Government Debt Securities</b>								
Listed	1,450,088	(260,404)	(63,007)	1,126,677	1,821,100	(206,453)	(41,793)	1,572,854
Unlisted	10,731,957	(221,662)	-	10,510,295	13,812,795	(283,671)	(1,070,584)	12,458,540
	12,182,045	(482,066)	(63,007)	11,636,972	15,633,895	(490,124)	(1,112,377)	14,031,394
<b>Subsidiaries</b>								
Foundation Securities (Private) Limited	196,700	-	-	196,700	196,700	-	-	196,700
Askari Currency Exchange (Private) Limited	1,000,000	-	-	1,000,000	1,000,000	-	-	1,000,000
<b>Total investments</b>	1,989,244,816	(526,132)	40,050,299	2,028,768,983	1,499,766,291	(1,086,264)	11,065,734	1,509,745,761

Rupees in '000	2025	2024
<b>9.2.1 Investments given as collateral</b>		
The market value of investments given as collateral:		
Market Treasury Bills	22,068,937	2,353,915
Pakistan Investment Bonds	780,800,697	701,101,750
Shares	379,380	247,544
	803,249,014	703,703,209

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2025

### 9.3 Particulars of credit loss allowance / provision against diminution in value of investments

#### 9.3.1 Investments – exposure

Rupees in '000	2025			
	Stage 1	Stage 2	Stage 3	Total
Opening balance	12,260,430	–	482,190	12,742,620
New investments	7,523,768	–	–	7,523,768
Investments derecognised or repaid	(5,027,995)	–	(19,100)	(5,047,095)
Transfer to stage 1	–	–	–	–
Transfer to stage 2	–	–	–	–
Transfer to stage 3	–	–	–	–
	2,495,773	–	(19,100)	2,476,673
Closing balance	14,756,203	–	463,090	15,219,293

Rupees in '000	2024			
	Stage 1	Stage 2	Stage 3	Total
Opening balance	21,058,165	–	–	21,058,165
Impact of adoption of IFRS-9	2,817,500	–	1,382,568	4,200,068
Balance as of January 1	23,875,665	–	1,382,568	25,258,233
New investments	1,000,000	–	–	1,000,000
Investments derecognised or repaid	(12,615,235)	–	(900,378)	(13,515,613)
Transfer to stage 1	–	–	–	–
Transfer to stage 2	–	–	–	–
Transfer to stage 3	–	–	–	–
	(11,615,235)	–	(900,378)	(12,515,613)
Closing balance	12,260,430	–	482,190	12,742,620

#### 9.3.2 Investments – Particulars of credit loss allowance / provision against diminution in value of investments

Rupees in '000	2025			Total
	Stage 1	Stage 3	Provision for diminution other than stage 1	
Opening balance	604,074	482,190	–	1,086,264
Reversal of credit loss allowance / provision against diminution in value of investments	(541,032)	(19,100)	–	(560,132)
Closing balance	63,042	463,090	–	526,132

Rupees in '000	2024			Total
	Stage 1	Stage 3	Provision for diminution other than stage 1	
Opening balance	1,110,438	–	2,242,249	3,352,687
Impact of adoption of IFRS-9	26,215	1,382,568	(2,242,249)	(833,466)
Balance as of January 1	1,136,653	1,382,568	–	2,519,221
Exchange adjustments	(1,372)	–	–	(1,372)
Reversal of credit loss allowance / provision against diminution in value of investments	(531,207)	(1,921)	–	(533,128)
Transfer of provision to revaluation deficit	–	(898,457)	–	(898,457)
	(531,207)	(900,378)	–	(1,431,585)
Closing balance	604,074	482,190	–	1,086,264

### 9.3.3 Investments – Credit loss allowance / provision against diminution in value of investments

Rupees in '000	2025			Total
	Stage 1	Stage 2	Stage 3	
Opening balance	604,074	–	482,190	1,086,264
New investments	26,557	–	–	26,557
Investments derecognised or repaid	(258,343)	–	(19,100)	(277,443)
Transfer to stage 1	–	–	–	–
Transfer to stage 2	–	–	–	–
Transfer to stage 3	–	–	–	–
	(231,786)	–	(19,100)	(250,886)
Amounts written off / charged off				
Changes in risk parameters (PDs/LGDs)	(309,246)	–	–	(309,246)
Exchange adjustment	–	–	–	–
Closing balance	63,042	–	463,090	526,132

Rupees in '000	2024			Total
	Stage 1	Stage 2	Stage 3	
Opening balance	1,110,438	–	–	1,110,438
Impact of adoption of IFRS-9	26,215	–	1,382,568	1,408,783
Balance as of January 1	1,136,653	–	1,382,568	2,519,221
New investments	4,840	–	–	4,840
Investments derecognised or repaid	(536,047)	–	(1,921)	(537,968)
Transfer of expected credit loss to revaluation deficit	–	–	(898,457)	(898,457)
Transfer to stage 1	–	–	–	–
Transfer to stage 2	–	–	–	–
Transfer to stage 3	–	–	–	–
	(531,207)	–	(900,378)	(1,431,585)
Exchange adjustment	(1,372)	–	–	(1,372)
Closing balance	604,074	–	482,190	1,086,264

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2025

### 9.3.4 Particulars of credit loss allowance / provision against debt securities

		2025		2024	
		Outstanding amount	Credit loss allowance held / Provision held	Outstanding amount	Credit loss allowance held / Provision held
Rupees in '000					
<b>Domestic</b>					
Performing	Stage 1	1,527,491	18,976	2,418,507	7,934
Non-Performing	Stage 3	463,090	463,090	482,190	482,190
		1,990,581	482,066	2,900,697	490,124
<b>Overseas</b>					
Performing	Stage 1	13,228,712	44,066	9,481,923	596,140

### 9.4 Investment in subsidiaries

		As at December 31, 2025				For the year ended December 31, 2025		
		Country of incorporation	% Holding	Assets	Liabilities	Revenue	Profit / (loss)	Total comprehensive income
Rupees in '000								
Foundation Securities (Private) Limited	9.4.1	Pakistan	51	4,454,841	3,150,497	827,521	318,248	321,303
Askari Currency Exchange (Private) Limited	9.4.2	Pakistan	100	1,354,427	402,593	26,212	(62,766)	(62,766)

		As at December 31, 2024				For the year ended December 31, 2024		
		Country of incorporation	% Holding	Assets	Liabilities	Revenue	Profit	Total comprehensive income
Rupees in '000								
Foundation Securities (Private) Limited	9.4.1	Pakistan	51	4,202,065	3,143,058	587,590	242,572	246,664
Askari Currency Exchange (Private) Limited	9.4.2	Pakistan	100	1,154,057	134,082	712	20,687	20,687

**9.4.1** Foundation Securities (Private) Limited (FSL), was incorporated in Pakistan as a private limited company on January 18, 2005, under the Companies Ordinance, 1984 (repealed with the enactment of the Companies Act, 2017) and its registered office is situated at Ground Floor, Bahria Complex II, M.T. Khan Road, Karachi – 74000. FSL is a Trading Right Entitlement Certificate (TREC) holder of the Pakistan Stock Exchange Limited (PSX) and a corporate member of Pakistan Mercantile Exchange Limited. FSL is principally engaged in the business of equity and commodities brokerage, equity research and corporate financial advisory services.

**9.4.2** Askari Currency Exchange (Private) Limited (ACEL) was incorporated in Pakistan on April 19, 2024, under the Companies Act 2017 (XIX of 2017) as a private limited company. The company is principally engaged in currency exchange services. The registered address of ACEL is situated at Ground Floor, Old Building, Marine Trade Centre, Kehkashan Block 9, Clifton, Karachi 75600.

## 9.5 Quality of securities

Details regarding quality of securities held under “Held to Collect and Sell” model

### Domestic securities

Rupees in '000	2025		2024	
	Cost	Fair value	Cost	Breakup value
<b>Federal Government Securities – Government guaranteed</b>				
Market Treasury Bills	105,007,525		33,171,528	
Pakistan Investment Bonds	1,638,717,793		1,302,839,115	
Government of Pakistan Euro Bonds	9,732,117		7,040,852	
Ijarah Sukuks	163,056,008		79,008,343	
	1,916,513,443		1,422,059,838	
<b>Shares</b>				
<b>Listed</b>				
Commercial banks	1,446,319		1,009,192	
Chemicals	1,470,530		513,054	
Cement	312,301		701,824	
Engineering	–		70,018	
Investment banks and companies	168,581		–	
Oil and gas marketing companies	831,338		539,930	
Oil and gas exploration	461,608		392,543	
Power generation and distribution	550,109		632,516	
Paper and board	–		96,764	
Pharmaceuticals	182,418		178,158	
Refinery	192,033		–	
Textile composite	197,861		232,777	
Technology and communication	209,370		230,122	
Tobacco	123,586		–	
	6,146,054		4,596,898	
<b>Unlisted</b>				
Pakistan Export Finance Guarantee Agency Limited	5,680	–	5,680	–
1Link (Pvt) Limited	50,000	3,217,000	50,000	1,414,650
Pakistan Mortgage Refinance Company Limited	300,000	647,644	300,000	906,196
	355,680	3,864,644	355,680	2,320,846

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2025

Rupees in '000	2025	2024
	Cost	
<b>Fully Paid Preference Shares</b>		
Listed		
Textile	25,100	25,100
Unlisted		
Financial institutions	2,214	2,214
	27,314	27,314
<b>Non Government Debt Securities</b>		
Listed		
AA+, AA, AA-	175,000	691,668
A+, A, A-	333,333	-
Unrated	204,432	204,432
	712,765	896,100
Unlisted		
AAA	6,673,890	8,233,729
AA+, AA, AA-	-	500,000
A+, A, A-	1,027,500	1,122,500
Unrated	159,414	167,759
	7,860,804	10,023,988

### 9.6 Particulars relating to securities classified Under "Held to Collect" model

Rupees in '000	2025	2024
	Cost	
<b>Federal Government Securities – Government guaranteed</b>		
Pakistan Investment Bonds	43,978,483	47,198,330
Government of Pakistan Euro Bonds	3,496,595	2,801,071
	47,475,078	49,999,401
<b>Non Government Debt Securities</b>		
Unlisted		
Unrated	90,903	110,000

**9.6.1** Market value of held to collect securities other than investments classified as stage 3 is Rs. 47,107,927 thousand (December 31, 2024: Rs. 47,100,000 thousand).

## 10 ADVANCES

Rupees in '000	Performing		Non performing		Total	
	2025	2024	2025	2024	2025	2024
Loans, cash credits, running finances, etc. – note 10.1	406,859,651	614,976,447	26,441,769	27,639,228	433,301,420	642,615,675
Islamic financing and related assets – note 3 of Annexure II	167,292,060	67,351,156	4,535,752	4,455,351	171,827,812	71,806,507
Bills discounted and purchased	17,937,163	16,316,956	2,113,323	2,334,069	20,050,486	18,651,025
Advances – gross	592,088,874	698,644,559	33,090,844	34,428,648	625,179,718	733,073,207
Credit loss allowance against advances / provision against advances						
– Stage 1	(1,548,519)	(1,140,828)	–	–	(1,548,519)	(1,140,828)
– Stage 2	(4,708,881)	(3,893,372)	–	–	(4,708,881)	(3,893,372)
– Stage 3	–	–	(32,300,414)	(32,280,864)	(32,300,414)	(32,280,864)
	(6,257,400)	(5,034,200)	(32,300,414)	(32,280,864)	(38,557,814)	(37,315,064)
Advances – net of credit loss allowance	585,831,474	693,610,359	790,430	2,147,784	586,621,904	695,758,143

### 10.1 Includes net investment in finance lease as disclosed below:

Rupees in '000	2025				2024			
	Not later than one year	Later than one and less than five years	Over five years	Total	Not later than one year	Later than one and less than five years	Over five years	Total
Lease rentals receivable	3,061,377	4,067,842	–	7,129,219	2,766,961	3,084,001	–	5,850,962
Residual value	458,279	2,243,780	–	2,702,059	594,501	1,535,245	–	2,129,746
Minimum lease payments	3,519,656	6,311,622	–	9,831,278	3,361,462	4,619,246	–	7,980,708
Financial charges for future periods	(614,255)	(547,750)	–	(1,162,005)	(678,712)	(556,299)	–	(1,235,011)
Present value of minimum lease payments	2,905,401	5,763,872	–	8,669,273	2,682,750	4,062,947	–	6,745,697

Rupees in '000	2025	2024
<b>10.2 Particulars of advances (Gross)</b>		
In local currency	583,564,620	676,990,695
In foreign currencies	41,615,098	56,082,512
	625,179,718	733,073,207
<b>10.2.1 Advances to Women, Women-owned and Managed Enterprises</b>		
Women	2,477,706	2,173,311
Women Owned and Managed Enterprises	1,565,786	1,725,240
	4,043,492	3,898,551

**10.2.2** Gross loans disbursed to women, women-owned and managed enterprises during the year is Rs. 4,250,067 thousand (2024: Rs. 2,356,331 thousand).

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2025

### 10.3 Particulars of credit loss allowance / provision against advances

#### 10.3.1 Advances – Exposure

Rupees in '000	Note	2025			
		Stage 1	Stage 2	Stage 3	Total
Opening balance		638,486,393	60,158,166	34,428,648	733,073,207
New advances		294,811,043	84,004,166	–	378,815,209
Advances derecognised or repaid		(444,629,837)	(39,264,938)	(1,574,604)	(485,469,379)
Transfer to stage 1		7,001,313	(6,972,877)	(28,436)	–
Transfer to stage 2		(10,640,167)	10,642,611	(2,444)	–
Transfer to stage 3		(1,409,747)	(97,252)	1,506,999	–
		(154,867,395)	48,311,710	(98,485)	(106,654,170)
Amounts written off / charged off	10.7	–	–	(1,239,319)	(1,239,319)
Closing balance		483,618,998	108,469,876	33,090,844	625,179,718

Rupees in '000	2024			
	Stage 1	Stage 2	Stage 3	Total
Opening balance	–	–	–	–
Impact of ECL recognised on adoption of IFRS-9	498,424,361	133,294,322	29,589,366	661,308,049
Balance as at January 1	498,424,361	133,294,322	29,589,366	661,308,049
New advances	313,980,465	11,208,753	7,114	325,196,332
Advances derecognised or repaid	(203,171,945)	(39,314,503)	(3,161,411)	(245,647,859)
Transfer to stage 1	54,767,590	(54,767,590)	–	–
Transfer to stage 2	(18,331,898)	18,410,402	(78,504)	–
Transfer to stage 3	(519,804)	(7,923,287)	8,443,091	–
	146,724,408	(72,386,225)	5,210,290	79,548,473
Amounts written off / charged Off	–	–	(371,008)	(371,008)
Fair value adjustments	(6,662,376)	(749,931)	–	(7,412,307)
Closing balance	638,486,393	60,158,166	34,428,648	733,073,207

#### 10.3.2 Advances – Particulars of credit loss allowance / provision against advances

Rupees in '000	2025			
	Stage 1	Stage 2	Stage 3	Total
Opening balance	1,140,828	3,893,372	32,280,864	37,315,064
Impact of ECL recognised on adoption of IFRS-9	213,087	589,201	–	802,288
Balance as at January 1	1,353,915	4,482,573	32,280,864	38,117,352
Charge for the year	1,001,577	2,402,543	2,591,860	5,995,980
Reversal for the year	(806,973)	(2,176,235)	(1,332,991)	(4,316,199)
	194,604	226,308	1,258,869	1,679,781
Amounts written off / charged off	–	–	(1,239,319)	(1,239,319)
Closing balance	1,548,519	4,708,881	32,300,414	38,557,814

Rupees in '000	2024					
	Stage 1	Stage 2	Stage 3	Specific Provision	General Provision	Total
Opening balance	-	-	-	25,636,695	2,538,527	28,175,222
Impact of ECL recognised on adoption of IFRS 9	3,533,735	6,801,929	27,783,828	(25,636,695)	(2,538,527)	9,944,270
Balance as at January 1	3,533,735	6,801,929	27,783,828	-	-	38,119,492
Exchange adjustment	-	-	-	-	-	-
Charge for the year	2,168,486	7,121,410	7,338,185	-	-	16,628,081
Reversal under IFRS 9 related to WBB	-	(21,539)	-	-	-	(21,539)
Reversal for the year	(4,561,393)	(10,008,428)	(2,470,141)	-	-	(17,039,962)
	(2,392,907)	(2,908,557)	4,868,044	-	-	(433,420)
Amounts written off / charged off	-	-	(371,008)	-	-	(371,008)
Closing balance	1,140,828	3,893,372	32,280,864	-	-	37,315,064

### 10.3.3 Advances – Credit loss allowance / provision against advances

Rupees in '000	Note	2025				Total
		Stage 1	Stage 2	Stage 3		
Opening balance		1,140,828	3,893,372	32,280,864	37,315,064	
Impact of ECL recognised on adoption of IFRS-9		213,087	589,201	-	802,288	
Balance as at January 1		1,353,915	4,482,573	32,280,864	38,117,352	
New advances		868,618	1,703,946	-	2,572,564	
Advances derecognised or repaid		(435,042)	(2,038,873)	(1,308,304)	(3,782,219)	
Transfer to stage 1		132,959	(109,320)	(23,639)	-	
Transfer to stage 2		(79,383)	80,431	(1,048)	-	
Transfer to stage 3		(30,560)	(28,042)	58,602	-	
		456,592	(391,858)	(1,274,389)	(1,209,655)	
Changes in risk parameters		(261,988)	618,166	2,533,258	2,889,436	
Amounts written off / charged off	10.7	-	-	(1,239,319)	(1,239,319)	
Closing balance		1,548,519	4,708,881	32,300,414	38,557,814	

Rupees in '000	2024			
	Stage 1	Stage 2	Stage 3	Total
Opening balance	-	-	-	-
Impact of ECL recognised on adoption of IFRS-9	3,533,735	6,801,929	27,783,828	38,119,492
Balance as at January 1	3,533,735	6,801,929	27,783,828	38,119,492
New advances	2,105,443	6,904,728	336,939	9,347,110
Advances derecognised or repaid	(1,307,334)	(2,406,833)	(2,339,326)	(6,053,493)
Transfer to stage 1	63,043	(63,043)	-	-
Transfer to stage 2	(213,952)	216,681	(2,729)	-
Transfer to stage 3	(304,459)	(6,696,787)	7,001,246	-
	342,741	(2,045,254)	4,996,130	3,293,617
Changes in risk parameters	(2,735,648)	(863,303)	(128,086)	(3,727,037)
Amounts written off / charged off	-	-	(371,008)	(371,008)
Closing balance	1,140,828	3,893,372	32,280,864	37,315,064

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2025

### 10.3.4 Advances – Credit loss allowance details Internal / External rating / stage classification

		2025			
Rupees in '000		Stage 1	Stage 2	Stage 3	Total
<b>Outstanding gross exposure</b>					
Performing	Stage 1	483,618,998	–	–	483,618,998
Under Performing	Stage 2	–	108,469,876	–	108,469,876
Non-performing	Stage 3				
Other Assets Especially Mentioned		–	–	422,081	422,081
Substandard		–	–	747,157	747,157
Doubtful		–	–	296,534	296,534
Loss		–	–	31,625,072	31,625,072
		–	–	33,090,844	33,090,844
<b>Total</b>		<b>483,618,998</b>	<b>108,469,876</b>	<b>33,090,844</b>	<b>625,179,718</b>
<b>Corresponding ECL / provision</b>					
Stage 1 and stage 2		(1,548,519)	(4,708,881)	–	(6,257,400)
Stage 3		–	–	(32,300,414)	(32,300,414)
		<b>482,070,479</b>	<b>103,760,995</b>	<b>790,430</b>	<b>586,621,904</b>

		2024			
Rupees in '000		Stage 1	Stage 2	Stage 3	Total
<b>Outstanding gross exposure</b>					
Performing	Stage 1	638,486,393	–	–	638,486,393
Under Performing	Stage 2	–	60,158,166	–	60,158,166
Non-performing	Stage 3				
Other Assets Especially Mentioned		–	–	141,213	141,213
Substandard		–	–	3,149,887	3,149,887
Doubtful		–	–	2,217,365	2,217,365
Loss		–	–	28,920,183	28,920,183
		–	–	34,428,648	34,428,648
<b>Total</b>		<b>638,486,393</b>	<b>60,158,166</b>	<b>34,428,648</b>	<b>733,073,207</b>
<b>Corresponding ECL / provision</b>					
Stage 1 and stage 2		(1,140,828)	(3,893,372)	–	(5,034,200)
Stage 3		–	–	(32,280,864)	(32,280,864)
		<b>637,345,565</b>	<b>56,264,794</b>	<b>2,147,784</b>	<b>695,758,143</b>

**10.4** Advances include Rs. 33,090,844 thousand (2024: Rs. 34,428,648 thousand) which have been placed under non-performing status as detailed below:

#### Category of classification in stage 3

		2025		2024	
Rupees in '000		Non Performing Loans	Credit loss allowance /provision	Non Performing Loans	Credit loss allowance /provision
<b>Domestic</b>					
Other Assets Especially Mentioned (OAEM)		422,081	209,943	141,213	85,324
Substandard		747,157	540,675	3,149,887	2,060,417
Doubtful		296,534	131,046	2,217,365	1,564,045
Loss		31,625,072	31,418,750	28,920,183	28,571,078
<b>Total</b>		<b>33,090,844</b>	<b>32,300,414</b>	<b>34,428,648</b>	<b>32,280,864</b>

## 10.5 Particulars of credit loss allowance / provision against advances

Rupees in '000	2025			
	Stage 1	Stage 2	Stage 3	Total
In local currency	1,524,410	4,624,988	31,866,102	38,015,500
In foreign currencies	24,109	83,893	434,312	542,314
	1,548,519	4,708,881	32,300,414	38,557,814

Rupees in '000	2024			
	Stage 1	Stage 2	Stage 3	Total
In local currency	1,140,828	3,889,224	32,280,864	37,310,916
In foreign currencies	–	4,148	–	4,148
	1,140,828	3,893,372	32,280,864	37,315,064

Rupees in '000	2025	2024
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### 10.6 Particulars of write offs

<b>10.6.1</b> Against credit loss allowance / provision		–	40,448
<b>10.6.2</b> Write offs of Rs. 500,000 and above			
– Domestic		–	40,448
Write offs of below Rs. 500,000		–	–
		–	40,448

### 10.6.3 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 rupees five hundred thousand or above allowed to a person(s) during the year ended December 31, 2025 is given in Annexure – I.

### 10.7 Amounts charged off

**10.7.1** Agriculture loans amounting to Rs. 51,953 thousand (2024: Rs. 77,186 thousand) have been charged off as per time based criteria prescribed by the State Bank of Pakistan in Annexure II of Regulation R – 11 of PRs for Agriculture Financing. Further, Consumer loans amounting to Rs. 189,572 thousand (2024: Rs. 253,374 thousand) have been charged off as per the Bank's write off, restructuring / rescheduling and settlement policy approved by the Board of Directors.

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## FOR THE YEAR ENDED DECEMBER 31, 2025

**10.7.2** In terms of BPRD Circular No. 02 of 2024 dated July 22, 2024, Bank has also charged off its Corporate, Commercial & SME Non Performing Loans (including Corporate Lease) amounting to Rs.997,794 thousand (2024: Rs. nil).

Rupees in '000	2025		2024	
	Number of borrowers	Amount	Number of borrowers	Amount
Opening balance	-	-	-	-
Charge-off during the year	290	997,794	-	-
	290	997,794	-	-
Recoveries made during the year	-	-	-	-
Written off during the year	-	-	-	-
Closing Balance	290	997,794	-	-

Loans charged off do not in any way prejudice the Bank's right of recovery from the Customer.

Rupees in '000	Note	2025	2024
<b>11 PROPERTY AND EQUIPMENT</b>			
Capital work-in-progress	11.1	1,541,438	822,004
Property and equipment	11.2	24,684,012	20,974,053
		26,225,450	21,796,057

**11.1** This represents civil works in progress.

### 11.2 Property and equipment

Rupees in '000	2025									
	Land - freehold	Land - leasehold	Buildings on freehold land	Buildings on leasehold land	Renovation of premises	Furniture, fixtures and office equipment	Machine and equipment	Computer equipment	Vehicles	Total
<b>As at January 1, 2025</b>										
Cost / Revalued amount	7,118,892	6,119,500	1,230,272	984,192	3,715,875	2,547,018	5,641,757	4,584,428	264,408	32,206,342
Accumulated Depreciation	-	-	617,602	568,055	2,615,492	1,280,749	3,260,477	2,743,608	146,306	11,232,289
Net book value	7,118,892	6,119,500	612,670	416,137	1,100,383	1,266,269	2,381,280	1,840,820	118,102	20,974,053
<b>Year ended December 31, 2025</b>										
Opening net book value	7,118,892	6,119,500	612,670	416,137	1,100,383	1,266,269	2,381,280	1,840,820	118,102	20,974,053
Additions	103,375	-	-	-	836,417	740,040	1,272,369	642,484	232,541	3,827,226
Movement in surplus on assets revalued during the year	981,797	841,432	-	-	-	-	-	-	-	1,823,229
Disposals	-	-	-	-	(3,402)	(7,935)	(5,734)	(12,781)	(14,518)	(44,370)
Depreciation charge	-	-	(29,941)	(20,337)	(386,422)	(248,475)	(578,913)	(595,057)	(51,194)	(1,910,339)
Other adjustments / transfers	-	-	-	-	-	-	-	14,213	-	14,213
Closing net book value	8,204,064	6,960,932	582,729	395,800	1,546,976	1,749,899	3,069,002	1,889,679	284,931	24,684,012
Cost / Revalued amount	8,204,064	6,960,932	1,230,272	984,192	4,527,435	3,236,973	6,788,721	5,172,516	466,789	37,571,894
Accumulated Depreciation	-	-	647,543	588,392	2,980,459	1,487,074	3,719,719	3,282,837	181,858	12,887,882
Net book value	8,204,064	6,960,932	582,729	395,800	1,546,976	1,749,899	3,069,002	1,889,679	284,931	24,684,012
<b>Rate of depreciation (percentage)</b>	-	-	5	5	20	10-20	10-20	20	20	

Rupees in '000	2024									
	Land - freehold	Land - leasehold	Buildings on freehold land	Buildings on leasehold land	Renovation of premises	Furniture, fixtures and office equipment	Machine and equipment	Computer equipment	Vehicles	Total
<b>As at January 1, 2024</b>										
Cost / Revalued amount	7,118,892	6,119,500	1,230,272	984,192	2,966,308	2,161,853	4,621,878	3,489,915	235,107	28,927,917
Accumulated Depreciation	-	-	586,122	546,673	2,368,778	1,220,498	3,329,798	2,534,912	134,114	10,720,895
Net book value	7,118,892	6,119,500	644,150	437,519	597,530	941,355	1,292,080	955,003	100,993	18,207,022
<b>Year ended December 31, 2024</b>										
Opening net book value	7,118,892	6,119,500	644,150	437,519	597,530	941,355	1,292,080	955,003	100,993	18,207,022
Additions	-	-	-	-	775,242	541,601	1,508,534	1,114,316	58,770	3,998,463
Disposals	-	-	-	-	(1,491)	(8,802)	(3,501)	(63)	(4,805)	(18,662)
Depreciation charge	-	-	(31,480)	(21,382)	(270,898)	(207,885)	(415,833)	(421,067)	(36,856)	(1,405,401)
Other adjustments / transfers	-	-	-	-	-	-	-	192,631	-	192,631
Closing net book value	7,118,892	6,119,500	612,670	416,137	1,100,383	1,266,269	2,381,280	1,840,820	118,102	20,974,053
Cost / Revalued Amount	7,118,892	6,119,500	1,230,272	984,192	3,715,875	2,547,018	5,641,757	4,584,428	264,408	32,206,342
Accumulated Depreciation	-	-	617,602	568,055	2,615,492	1,280,749	3,260,477	2,743,608	146,306	11,232,289
Net book value	7,118,892	6,119,500	612,670	416,137	1,100,383	1,266,269	2,381,280	1,840,820	118,102	20,974,053
<b>Rate of depreciation (percentage)</b>	-	-	5	5	20	10-20	10-20	20	20	

### 11.2.1 Cost of fully depreciated property and equipment still in use of the Bank

Rupees in '000	Land - freehold	Land - leasehold	Buildings on freehold land	Buildings on leasehold land	Renovation of premises	Furniture, fixtures and office equipment	Machine and equipment	Computer equipment	Vehicles	Total
<b>2025</b>	-	-	-	-	2,252,347	628,465	2,283,818	2,067,662	88,541	7,320,833
2024	-	-	-	-	2,066,316	380,827	2,026,834	1,941,163	80,806	6,495,946

**11.3** Freehold and leasehold land were revalued by the valuers approved by the Pakistan Banks' Association on December 31, 2025. The valuation was carried out by M/s Unicorn International Surveyors Limited on the basis of their professional assessment of the present market value. The total surplus against revaluation of freehold and leasehold land included in property and equipment as at December 31, 2025 amounts to Rs. 11,207,979 thousand (2024: Rs. 9,384,750 thousand).

Had the freehold and leasehold land included in property and equipment not been revalued, the total carrying amounts of revalued properties as at December 31, 2025 would have been Rs. 3,957,017 thousand (2024: Rs. 3,853,642 thousand).

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2025

Rupees in '000	2025	2024
	Buildings	
<b>12 RIGHT-OF-USE ASSETS</b>		
Net carrying amount at January 1,	12,161,484	8,312,812
Additions during the year	5,509,766	6,226,708
Terminations / adjustments	(329,295)	(120,935)
Depreciation charge for the year	(2,410,862)	(2,257,101)
Net carrying amount at December 31,	14,931,093	12,161,484

Rupees in '000	Note	2025	2024
<b>13 INTANGIBLE ASSETS</b>			
Computer software	13.1	1,721,103	1,412,153
Capital work-in-progress		483,870	427,635
		2,204,973	1,839,788
<b>13.1 Software</b>			
<b>As at January 1,</b>			
Cost		3,428,144	3,295,407
Accumulated amortization		(2,015,991)	(1,799,275)
Net book value		1,412,153	1,496,132
<b>Year ended December 31,</b>			
Opening net book value		1,412,153	1,496,132
Additions			
– directly purchased		442,954	311,410
Amortization charge		(230,883)	(216,716)
Other adjustments / transfers		96,879	(178,673)
Closing net book value		1,721,103	1,412,153
<b>As at December 31,</b>			
Cost		3,967,977	3,428,144
Accumulated amortization		(2,246,874)	(2,015,991)
Net book value		1,721,103	1,412,153
<b>Rate of amortization (percentage)</b>		10	10
<b>Useful life (in years)</b>		10	10

**13.1.1** Cost of fully amortized intangible assets still in use amounts to Rs. 1,256,364 thousand (2024: Rs. 1,234,865 thousand).

Rupees in '000	2025	2024
<b>14 ASSETS HELD FOR SALE</b>		
Land - leasehold	–	1,750,000

**14.1** The Bank had entered into a sale agreement to sell its land located at Haider Road, Rawalpindi. Accordingly, the land was classified to non-current asset held for sale. The carrying amount included revaluation surplus of Rs. 980,987 thousand at which amount the asset was transferred from property and equipment. During the year, the remaining sale consideration has been received and the physical possession of the land has been handed over by the Bank, accordingly, the land is derecognised in the unconsolidated financial statements.

Rupees in '000	Note	2025	2024
<b>15 OTHER ASSETS</b>			
Income / mark-up accrued in local currency		59,291,206	65,672,589
Income / mark-up accrued in foreign currencies		955,802	1,100,279
Dividend receivable		4,338	2,788
Advances, deposits, advance rent and other prepayments	15.1	8,523,435	6,945,338
Advance taxation		9,563,691	7,998,597
Non-banking assets acquired in satisfaction of claims	15.2	366,160	388,891
Deferred cost on recognition of loan at fair value	15.3	4,412,757	4,931,905
Receivable from defined benefit plan	39.4	75,070	424,395
Receivable against trading of securities		147,388	5,161
Rebate receivable against home remittances		2,857,255	115,510
Stationary and stamps in hand		413,469	162,096
Margin against stand by letter of credit (SBLC)		158,828	1,056,666
Acceptances		12,242,718	16,916,015
Others		787,674	594,321
		99,799,791	106,314,551
Less: Credit loss allowance / provision held against other assets	15.4	(693,288)	(442,747)
Other assets (Net of credit loss allowance / provision)		99,106,503	105,871,804
Surplus on revaluation of non-banking assets acquired in satisfaction of claims		602,230	602,230
		99,708,733	106,474,034

**15.1** This includes the prepaid employment benefit amounting to Rs. 7,299,665 thousand (2024: 6,473,085 thousand) recognized in connection with concessional staff facilities provided to employees. These facilities have been recognized at fair value on the date of disbursement. The resultant benefit arising from these concessional facilities is subsequently accounted for under IAS 19 Employee Benefits. The current year amortization of prepaid employee benefit asset amounts to Rs. 1,780,271 thousand (2024: Rs. 1,278,397 thousand).

Rupees in '000	2025	2024
<b>15.2</b> Market value of Non-banking assets acquired in satisfaction of claims	968,390	991,121

The Bank's non-banking assets were revalued by the valuers approved by the Pakistan Banks' Association on December 31, 2025. The latest valuation was carried out by M/s Unicorn International Surveyors on the basis of their professional assessment of the present market value. The total surplus against revaluation of non-banking asset acquired in satisfaction of claims as at December 31, 2025 amounts to Rs. 602,230 thousand (2024 : Rs. 602,230 thousand).

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2025

Rupees in '000	2025	2024
<b>15.2.1 Non-banking assets acquired in satisfaction of claims</b>		
Opening balance	991,121	866,810
Revaluation	–	142,282
Depreciation	(22,731)	(17,971)
Closing balance	968,390	991,121

**15.3** This represents deferred portion of fair value loss arisen on initial recognition of loan to PIA Holding Company Limited (PIAHCL). SBP through its circular BPRD/BRD/PIAHCL/733688–2024 dated August 01, 2024 has allowed staggering of such fair value impact over a period of 6 years at rates of 5%, 10%, 15%, 20%, 25%, and 25% from year 1 to year 6. Accordingly, the Bank has amortized 10% in the current year.

Rupees in '000	2025	2024
<b>15.4 Credit loss allowance / provision held against other assets</b>		
Advances, deposits, advance rent and other prepayments	4,838	4,838
Acceptances	538,317	285,238
Others	150,133	152,671
	693,288	442,747
<b>15.4.1 Movement in credit loss allowance / provision held against other assets</b>		
Opening balance	442,747	185,104
Impact of ECL recognised on adoption of IFRS–9	–	431,571
	442,747	616,675
Charge / (reversal) for the year	250,541	(173,928)
Closing balance	693,288	442,747
<b>16 BILLS PAYABLE</b>		
In Pakistan	23,259,370	66,704,448

Rupees in '000	Note	2025	2024
<b>17 BORROWINGS</b>			
<b>Secured</b>			
Borrowings from the State Bank of Pakistan under:			
– Export refinance scheme	17.1.1	9,456,104	15,106,530
– Long term financing facility	17.1.2	4,525,856	6,714,408
– Financing facility for storage of agricultural produce	17.1.3	56,200	72,000
– Renewable energy financing facility	17.1.4	3,382,492	3,663,688
– Refinance from SBP			
– Credit guarantee scheme for women entrepreneurs		54,573	44,384
– Temporary economic refinance facility	17.1.5	5,944,439	7,029,796
– Modernisation of SME		302,878	275,855
– Combating COVID–19	17.1.6	73,958	237,209
– Working Capital Financing	17.1.7	40,000	27,000
– Special Persons		360	–
– Rupee based discounting of bills / receivable		3,705,624	3,689,838
		27,542,484	36,860,708
Repurchase agreement borrowings			
– State Bank of Pakistan	17.1.8	704,004,760	639,094,000
– Financial institutions	17.1.9	92,479,644	64,095,350
		796,484,404	703,189,350
Refinance from Pakistan Mortgage Refinance Company	17.1.10	2,761,911	4,252,855
<b>Total secured</b>		826,788,799	744,302,913
<b>Unsecured</b>			
Call borrowings		165,175,390	124,908,650
Financial institutions		1,400,615	–
Overdrawn nostro accounts		1,201,782	847
<b>Total unsecured</b>		167,777,787	124,909,497
		994,566,586	869,212,410

**17.1.1** Export refinance is secured against demand promissory note executed in favor of the SBP. The effective mark-up rate is 5.5% to 6.5% (2024: 12% to 18%) per annum payable on a quarterly basis.

**17.1.2** This facility is secured against demand promissory note executed in favour of the SBP. The effective mark-up rate is 2% to 8.5% (2024: 2% to 8.5%) per annum payable on a quarterly basis and have maturities upto March 2034.

**17.1.3** These are secured against demand promissory note and carry mark-up of up to 2% (2024: 2%) per annum and have maturities upto December 2029.

**17.1.4** These are secured against demand promissory note and carry mark-up of 2% to 3% (2024: 2% to 3%) per annum and have maturities upto January 2036.

**17.1.5** These are secured against demand promissory note and carry mark-up of 1% (2024: 1%) per annum payable on quarterly basis and have maturities up to August 2032.

**17.1.6** These are secured against demand promissory note and carry mark-up of Nil (2024: Nil) and have maturities up to March 2026.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2025

**17.1.7** These are secured against demand promissory note and carry markup of upto 2% (2024: 2%) per annum and have maturities upto January 2026.

**17.1.8** These are secured against collateral of Government Securities and carry markup of 10.53% (2024: 13.08%) per annum and have maturities up to 2 days (2024: 1 month). The market value of securities given as collateral is given in note 9.2.1.

**17.1.9** These are secured against collateral of Government Securities and carry markup of 10.25% to 11.04% (2024: 12.65% to 13.9%) per annum and have maturities up to 19 days (2024: 1 month). The market value of securities given as collateral is given in note 9.2.1.

**17.1.10** This is secured against mortgage finance portfolio of the Bank and carry markup of 6.5% to 16.94% (2024: 6.00% to 16.94%) per annum and has maturity up to 2031.

Rupees in '000	2025	2024
<b>17.2 Particulars of borrowings with respect to currencies</b>		
In local currency	991,964,189	869,211,563
In foreign currencies	2,602,397	847
	994,566,586	869,212,410

## 18 DEPOSITS AND OTHER ACCOUNTS

Rupees in '000	2025			2024		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
<b>Customers</b>						
Current accounts	465,138,119	34,773,304	499,911,423	357,659,654	28,984,351	386,644,005
Savings deposits	842,360,003	69,651,930	912,011,933	753,078,502	72,565,181	825,643,683
Fixed deposits	155,541,683	32,219,310	187,760,993	101,964,430	29,497,256	131,461,686
	1,463,039,805	136,644,544	1,599,684,349	1,212,702,586	131,046,788	1,343,749,374
<b>Financial institutions</b>						
Current accounts	1,558,139	199,083	1,757,222	1,057,931	236,526	1,294,457
Savings deposits	6,892,451	53,727	6,946,178	10,272,784	-	10,272,784
Fixed deposits	22,944,000	-	22,944,000	8,418,500	-	8,418,500
	31,394,590	252,810	31,647,400	19,749,215	236,526	19,985,741
	1,494,434,395	136,897,354	1,631,331,749	1,232,451,801	131,283,314	1,363,735,115

Rupees in '000	2025	2024
<b>18.1 Composition of deposits</b>		
– Individuals	605,498,081	528,581,290
– Government (Federal and Provincial)	570,424,112	443,752,760
– Public Sector Entities	74,096,886	97,785,246
– Banking Companies	456	456
– Non-Banking Financial Institutions	31,646,944	19,985,286
– Private Sector	349,665,270	273,630,077
	<b>1,631,331,749</b>	<b>1,363,735,115</b>

**18.2** Total deposits include eligible deposits of Rs. 720,678,415 thousand (2024: Rs. 616,201,532 thousand) as required by the Deposit Protection Corporation (a subsidiary of SBP) vide circular no. 04 of 2018 dated June 22, 2018.

Rupees in '000	Note	2025	2024
<b>19 LEASE LIABILITIES</b>			
Opening balance		14,136,598	9,699,474
Additions during the year		5,509,766	6,226,708
Lease payments including interest		(3,807,888)	(3,309,401)
Interest expense		1,984,326	1,544,722
Termination and other adjustments		(389,130)	(24,905)
Closing balance		<b>17,433,672</b>	<b>14,136,598</b>
<b>19.1 Contractual maturity of lease liabilities</b>			
Short-term lease liabilities – within one year		1,225,932	1,090,562
Long-term lease liabilities			
– 1 to 5 years		6,813,647	5,124,890
– More than 5 years		9,394,093	7,921,146
		<b>16,207,740</b>	<b>13,046,036</b>
		<b>17,433,672</b>	<b>14,136,598</b>
<b>20 SUBORDINATED DEBTS</b>			
Term Finance Certificates – VI (ADT-1)	20.1	6,000,000	6,000,000
Term Finance Certificates – VII	20.2	–	6,000,000
		<b>6,000,000</b>	<b>12,000,000</b>

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2025

**20.1** The Bank has raised unsecured sub-ordinated loan through issuance of Term Finance Certificates (TFC) to improve the Bank's capital adequacy. Liability to the TFC holders is subordinated to and rank inferior to all other indebtedness of the Bank including deposits and is not redeemable before maturity without prior approval of the SBP. The salient features of outstanding issue are as follows:

	Term Finance Certificates - VI (ADT-1)
Outstanding amount - Rupees in '000	6,000,000
Issue amount	Rupees 6,000 million
Issue date	July 03, 2018
Maturity date	Perpetual
Rating	AA-
Security	Unsecured
Listing	Listed
Profit payment frequency	Payable six monthly
Redemption	Perpetual
Mark-up	Base Rate plus 1.50%
	Base Rate is the simple average of the ask rate of six month KIBOR prevailing on the base rate setting date.
Call option	Exercisable after 60 months from the date of issue subject to approval by the SBP.
Lock-in-clause	Payment of profit will be subject to the condition that such payment will not result in breach of the Bank's regulatory Minimum Capital Requirement or Capital Adequacy Ratio set by SBP from time to time. Any inability to exercise lock-in clause or the non-cumulative features will subject these TFCs to mandatory conversion into common shares / write off at the discretion of SBP.
Loss absorption clause	The Instrument will be subject to loss absorption and / or any other requirements of SBP upon the occurrence of a Point of Non-Viability event as per Section A-5-3 of Annexure 5 of the Circular, which stipulates that SBP may, at its option, fully and permanently convert the TFCs into common shares of the issuer and / or have them immediately written off (either partially or in full). Number of shares to be issued to TFC holders at the time of conversion will be equal to the 'Outstanding Value of the TFCs' divided by market value per share of the Bank's common share on the date of trigger event as declared by SBP, subject to a specified cap.

**20.2** During the year, the Board of Directors approved to exercise call option in respect of TFC-VII. Accordingly, the Bank obtained the approval from SBP and TFC-VII was redeemed on September 17, 2025.

## 21 DEFERRED TAX LIABILITIES

Rupees in '000	2025				
	At January 1, 2025	IFRS-9 Opening Adjustments	Recognized in P&L	Recognized in OCI	At December 31, 2025
Taxable / (Deductible) Temporary Differences on					
- Accelerated tax depreciation	624,405	-	(102,731)	-	521,674
- Surplus on revaluation of investments	5,706,752	1,433,666	-	13,814,334	20,954,752
- Lease liabilities net of right-of-use assets	-	-	(1,810,790)	-	(1,810,790)
- ECL against financial instruments	(5,596,807)	(471,218)	705,576	-	(5,362,449)
	734,350	962,448	(1,207,945)	13,814,334	14,303,187

Rupees in '000	2024				
	At January 1, 2024	IFRS-9 Opening Adjustments	Recognized in P&L	Recognized in OCI	At December 31, 2024
Taxable / (Deductible) Temporary Differences on					
- Accelerated tax depreciation	205,456	-	418,949	-	624,405
- (Deficit) / surplus on revaluation of investments	(6,117,625)	1,682,907	-	10,141,470	5,706,752
- ECL against financial instruments	(2,160,533)	(5,763,980)	2,327,706	-	(5,596,807)
	(8,072,702)	(4,081,073)	2,746,655	10,141,470	734,350

Rupees in '000	Note	2025	2024
<b>22 OTHER LIABILITIES</b>			
Mark-up / return / interest payable in local currency		10,723,369	12,250,985
Mark-up / return / interest payable in foreign currencies		1,403,007	1,498,234
Unearned commission and income on bills discounted		1,443,072	1,586,242
Accrued expenses		6,854,278	3,727,781
Advance payments		338,529	364,016
Acceptances		12,242,718	16,916,015
Dividend payable		328,634	229,933
Advance against sale of properties		142,290	513,955
Mark to market loss on forward foreign exchange contracts		9,100	664,470
Branch adjustment account		1,424,599	647,590
Provision for employees' compensated absences	41.2	988,210	797,348
Security deposit against lease / Ijarah financing		6,360,164	3,625,392
Levies and taxes payable		1,620,392	1,913,344
Workers' Welfare Fund		2,451,596	1,841,596
Switch settlement accounts		5,480,541	1,168,145
Deferred grant on subsidised refinance loans		78,610	45,345
Credit loss allowance / provision against off-balance sheet obligations	22.1	1,442,783	755,760
Others		3,029,003	1,676,574
		56,360,895	50,222,725



Rupees in '000	Note	2025	2024
<b>24 SURPLUS ON REVALUATION OF ASSETS – NET OF TAX</b>			
<b>Surplus on revaluation of:</b>			
– Securities measured at FVOCI – Debt		29,267,382	6,660,738
– Securities measured at FVOCI – Equity		11,030,217	4,313,784
– Property and equipment	24.1	11,207,979	10,365,737
– Non-banking assets acquired in satisfaction of claims	24.2	602,230	602,230
		52,107,808	21,942,489
<b>Deferred tax on surplus on revaluation of:</b>			
– Securities measured at FVOCI – Debt		(15,219,039)	(3,463,584)
– Securities measured at FVOCI – Equity		(5,735,713)	(2,243,168)
		(20,954,752)	(5,706,752)
		31,153,056	16,235,737
<b>24.1 Surplus on revaluation of property and equipment</b>			
Surplus on revaluation as at January 1		10,365,737	10,365,737
Recognised during the year		1,823,229	–
Realised on disposal during the year		(980,987)	–
Surplus on revaluation as at December 31		11,207,979	10,365,737
<b>24.2 Surplus on revaluation of non-banking assets acquired in satisfaction of claims</b>			
Surplus on revaluation as at January 1		602,230	459,948
Recognised during the year		–	142,282
Surplus on revaluation as at December 31		602,230	602,230
<b>25 CONTINGENCIES AND COMMITMENTS</b>			
– Guarantees	25.1	293,435,427	308,928,884
– Commitments	25.2	447,746,557	639,295,945
– Other contingent liabilities	25.3	1,109,184	1,530,994
		742,291,168	949,755,823
<b>25.1 Guarantees</b>			
Financial guarantees		16,865,466	12,443,697
Performance guarantees		173,693,662	169,536,398
Other guarantees		102,876,299	126,948,789
		293,435,427	308,928,884

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2025

Rupees in '000	Note	2025	2024
<b>25.2 Commitments</b>			
Documentary credits and short term trade related transactions			
– letters of credit		149,611,561	206,461,012
Commitments in respect of:			
– forward foreign exchange contracts	25.2.1	249,321,861	200,561,147
– forward government securities transactions	25.2.2	23,000,000	204,610,000
– forward non government securities transactions	25.2.3	1,715,934	530,538
Commitments for acquisition of:			
– property and equipment		849,893	325,308
– intangible assets		253,849	229,312
– undrawn loan commitments	25.2.4	22,993,459	26,578,628
		447,746,557	639,295,945
<b>25.2.1 Commitments in respect of forward foreign exchange contracts</b>			
Purchase		144,329,274	118,183,587
Sale		104,992,587	82,377,560
		249,321,861	200,561,147

The above commitments have maturities falling within one year.

Rupees in '000		2025	2024
<b>25.2.2 Commitments in respect of forward government securities transactions</b>			
Purchase		11,000,000	–
Sale		12,000,000	204,610,000
		23,000,000	204,610,000
<b>25.2.3 Commitments in respect of forward non government securities transactions</b>			
Purchase		–	36,455
Sale		1,715,934	494,083
		1,715,934	530,538

### 25.2.4 Undrawn loan commitments

The Bank makes commitments to extend credit in the normal course of business but these being revocable commitments do not attract any significant penalty or the expense if the facility is unilaterally withdrawn, other than commitments in respect of syndicated long term financings amounting to Rs 22,993,459 thousand (2024: Rs 26,578,628 thousand).

Rupees in '000	2025	2024
<b>25.3 Other contingent liabilities</b>		
These represent certain claims by third parties against the Bank, which are being contested in the Courts of law. Based on legal advice and / or internal assessment, management is confident that the matters will be decided in Bank's favour and the possibility of any outcome against the Bank is not probable and accordingly no provision has been made in these unconsolidated financial statements.	574,236	474,328
This represents stand by letters of credit issued by a correspondent bank on behalf of the Bank.	534,948	1,056,666
	<b>1,109,184</b>	<b>1,530,994</b>

**25.4** Tax related contingencies are disclosed in note 35.2 to these unconsolidated financial statements.

## 26 DERIVATIVE INSTRUMENTS

The Bank at present does not offer derivative products such as Interest Rate Swaps, Cross Currency Swaps, Forward Rate Agreements or Foreign Exchange Options. The Bank's Treasury and Investment Banking Groups buy and sell derivative instruments such as Forward Exchange Contracts (FECs) and Equity Futures (EFs).

### 26.1 Forward exchange contracts (FECs)

FECs is a product offered to clients to hedge FX risk. The traders use this product to hedge themselves from unfavourable movements in a foreign currency, however, by agreeing to fix the exchange rate, they do not benefit from favourable movements in that currency.

FECs is a contract between the obligor and the Bank in which both agree to exchange an amount of one currency for another currency at an agreed forward exchange rate for settlement over more than two business days after the FECs is entered into (the day on which settlement occurs is called the value date). FECs is entered with those obligors whose credit worthiness has already been assessed, and they have underlined trade transactions.

If the relevant exchange rate moves un-favourably, the Bank will lose money, and obligor will benefit from that movement because the Bank must exchange currencies at the FEC rate. In order to mitigate this risk of adverse exchange rate movement, the Bank manages its exposure by hedging forward position in inter-bank foreign exchange.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2025

### 26.2 Equity futures

An equity futures contract is a standardized contract, traded on a futures counter of the stock exchange, to buy or sell a certain underlying scrip at a certain date in the future, at a specified price.

The Bank uses equity futures as a hedging instrument to hedge its equity portfolio against equity price risk. Only selected shares are allowed to be traded on futures exchange as determined by the Exchange.

Equity futures give flexibility to the Bank either to take delivery on the future settlement date or to settle it by adjusting the notional value of the contract based on the current market rates.

Maximum exposure limit to the equity futures is 10% of Tier I Capital of the Bank, based on prevailing SBP Regulations.

The Risk Management Division monitors the Bank's exposure in equity futures and forward exchange contracts. Positions in equity futures and forward exchange contracts are marked-to-market. Forward contracts are included in measures of portfolio volatility including Value at Risk (VaR). Forward exchange contracts and equity futures are also included in capital charge and Risk Weighted Asset calculation in accordance with SBP Regulations.

The accounting policies used to recognize and disclose derivatives are given in note 5.22.

Rupees in '000	Note	2025	2024
<b>27</b>	<b>MARK-UP / RETURN / INTEREST EARNED</b>		
Loans and advances	27.1	68,460,246	118,518,543
Investments		227,929,273	274,610,005
Lendings to financial institutions		774,931	1,834,258
Balances with banks		861,403	1,013,003
Securities purchased under resale agreements (reverse repo)		945,855	3,774,241
Amortization under IFRS-9	15.1	1,780,271	1,278,397
		300,751,979	401,028,447

**27.1** This includes Rs. 1,042,456 thousand (2024: Rs. 772,706 thousand) related to unwinding of Temporary Economic Refinance Facility.

Rupees in '000	Note	2025	2024
<b>28</b>	<b>MARK-UP / RETURN / INTEREST EXPENSED</b>		
Deposits		96,718,088	173,440,528
Borrowings	28.1	111,858,183	155,520,859
Subordinated debts		1,338,896	2,597,765
Cost of foreign currency swaps against foreign currency deposits / borrowings		958,853	4,385,268
Interest expense on lease liability against right-of-use assets	19	1,984,326	1,544,722
Fair value loss under IFRS-9		519,148	259,574
		213,377,494	337,748,716

**28.1** This includes Rs. 1,009,191 thousand (2024: Rs. 840,087 thousand) related to unwinding of Temporary Economic Refinance Facility.

Rupees in '000	Note	2025	2024
<b>29 FEE AND COMMISSION INCOME</b>			
Branch banking customer fees		934,958	951,755
Consumer finance related fees		131,321	89,019
Card related fees (debit and credit cards)		2,340,513	2,219,942
Credit related fees		704,229	430,973
Investment banking fees		326,274	356,973
Commission on trade		1,160,049	1,262,285
Commission on guarantees		1,371,003	1,299,035
Commission on cash management		114,055	84,817
Commission on remittances including home remittances		510,155	192,145
Commission on bancassurance		34,060	29,721
Others		27,623	48,991
		7,654,240	6,965,656
<b>30 GAIN ON SECURITIES</b>			
Realised	30.1	4,568,125	1,799,976
Unrealised		(247,299)	1,051,535
		4,320,826	2,851,511
<b>30.1 Realised gain on:</b>			
Measured at FVTPL			
Shares		210,046	330,759
Non Government Debt Securities		1,031,000	–
Mutual Funds		32,213	29,086
Measured at FVOCI			
Federal Government Securities		3,294,866	1,440,131
		4,568,125	1,799,976
<b>31 OTHER INCOME</b>			
Gain on sale of property and equipment		39,418	43,029
Rent of lockers		58,103	53,768
Recovery of expenses from customers		441,365	495,247
Gain on termination of lease contracts under IFRS – 16		59,835	31,978
Amortization of deferred liability under IFRS–9		–	67,381
		598,721	691,403

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2025

Rupees in '000	Note	2025	2024
<b>32 OPERATING EXPENSES</b>			
<b>Total compensation expenses</b>	32.1	22,844,241	17,090,815
<b>Property expense</b>			
Rent and taxes		288,489	147,988
Insurance		120,619	115,743
Utilities cost		1,836,117	1,957,871
Security (including guards)		1,364,553	1,010,020
Repair & maintenance (including janitorial charges)		850,188	566,989
Depreciation on right-of-use assets	12	2,410,862	2,257,101
Depreciation		436,700	323,678
		7,307,528	6,379,390
<b>Information technology expense</b>			
Software maintenance		1,480,874	1,114,682
Hardware maintenance		242,401	192,638
Depreciation		593,769	409,324
Amortisation		230,883	216,716
Network charges		462,397	319,435
		3,010,324	2,252,795
<b>Other operating expenses</b>			
Directors' fees, allowances		56,800	52,800
Fees and allowances to shariah board		11,893	10,756
Rates, taxes, insurance etc.		169,874	154,841
Legal and professional charges		213,651	205,009
Brokerage and commission		2,310,370	186,308
NIFT clearing charges		139,853	134,251
Repair and maintenance		1,004,132	970,385
Communication		1,059,088	1,122,556
Postage & Courier		283,780	169,434
Stationery and printing		1,450,065	826,517
Marketing, advertisement and publicity		1,220,762	261,245
Auditors' remuneration	32.2	54,397	57,128
Donations	32.3	454,000	–
Travelling, conveyance and entertainment		694,787	548,113
Depreciation		879,870	672,399
Security service charges		714,561	733,725
Training and development		133,346	56,396
Deposit premium expense		985,922	857,605
Outsourced service cost (In Pakistan)		1,117,404	725,376
Card related expenses		1,669,741	1,121,414
CNIC verification		317,914	250,736
Other expenditure		1,345,332	568,499
		16,287,542	9,685,493
		49,449,635	35,408,493

Rupees in '000	Note	2025	2024
<b>32.1 Total compensation expenses</b>			
Managerial remuneration			
i) Fixed		7,051,673	5,808,801
ii) Variable			
– Cash bonus / awards etc.		3,804,481	1,789,294
Charge for defined benefit plans	32.1.1	662,225	572,653
Contribution to defined contribution plan	40	483,771	390,445
Rent and house maintenance		3,065,788	2,441,142
Utilities		667,712	532,076
Medical		950,567	807,950
Conveyance		3,068,964	2,300,497
Amortization under IFRS-9	15.1	1,780,271	1,278,397
Other staff cost	32.1.2	1,308,789	1,169,560
		<b>22,844,241</b>	<b>17,090,815</b>

**32.1.1** This includes charge for defined benefit plan and compensated absences.

**32.1.2** This includes staff incentives, other allowances and health coverage etc.

Rupees in '000	2025	2024
<b>32.2 Auditors' remuneration</b>		
Audit fee	10,000	7,800
Fee for special audit, certifications, half year review and audit of consolidated financial statements	22,950	18,903
Fee for audit of Wholesale Bank Branch, Bahrain	6,563	6,519
Tax services	–	17,120
Fee for non-assurance services	4,200	–
Sales tax on auditor remuneration	5,573	4,005
Out of pocket expenses	5,111	2,780
	<b>54,397</b>	<b>57,128</b>

**32.3** This represents Bank's contribution amounting to Rs. 350,000 thousand to Fauji Foods Limited – (a related party where common directors' interest is limited to the extent of their employment with Fauji Foundation) for a school nutrition programme benefitting 41,000 students across 118 Schools in 102 towns and Rs. 104,000 thousand for merit based educational scholarship scheme for children of shuhadas and personnels of Pakistan Army.

**33** This represents penalties imposed by the State Bank of Pakistan.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2025

Rupees in '000	Note	2025	2024
<b>34 CREDIT LOSS ALLOWANCE / (REVERSAL) &amp; WRITE OFFS – NET</b>			
Reversal of credit loss allowance against lending to financial institutions		(30,321)	(29,121)
Reversal of credit loss allowance / provision against diminution in value of investments	9.3.2	(560,132)	(533,128)
Charge / (reversal) of credit loss allowance / provision against loans and advances	10.3.2	1,679,781	(433,420)
Charge / (reversal) of credit loss allowance / provision against other assets	15.4.1	250,541	(173,928)
Credit loss allowance against balance with treasury banks		16,542	–
Charge / (reversal) of credit loss allowance / provision against off-balance sheet obligations	22.1	583,124	(517,606)
(Reversal) / charge of credit loss allowance against balances with other banks		(1,054)	297
Recovery of written off / charged off bad debts		(120,944)	(120,479)
		1,817,537	(1,807,385)
<b>35 TAXATION</b>			
Current		27,836,383	20,738,053
Prior year		3,853,376	–
Deferred		(1,207,945)	2,746,655
		30,481,814	23,484,708
<b>35.1 Relationship between tax expense and accounting profit</b>			
Profit before taxation		53,285,133	44,507,379
Tax at applicable tax rate of 43 percent (2024: 44 percent)		22,912,607	19,583,247
Effect of:			
– Super tax – current year		5,328,513	4,450,738
– Permanent difference		209,201	142,026
– Change in tax rate		–	(567,824)
– Prior year (net of related deferred tax)		2,305,490	–
– Others		(273,997)	(123,479)
		30,481,814	23,484,708

### 35.2 Tax status and contingencies

- i) The Bank has filed tax returns for and up to tax year 2025. The assessments for and up to tax year 2024 were amended by the tax authorities creating accumulated additional tax demand, mainly in the matters of admissibility of recoveries against doubtful debts for Rs 1,539 million (2024: Rs 1,119 million), provision for diminution in the value of investments for Rs 3,144 million (2024: Rs 3,144 million), bad debts written off for Rs 244 million (2024: Rs 243 million), provision for substandard advances for Rs 75 million (2024: Rs 75 million), Provision against other assets/ fixed assets for Rs 165 million (2024: Rs 146 million), disallowance of employee benefit expenses Rs 625 million (2024: Rs 229 million) and other disallowances of expenses/credits for Rs 1,453 million (2024: Rs 552 million). Bank's appeals against these orders are currently pending before Commissioner Appeals, Appellate Tribunal and Islamabad High Court. The management and tax advisor of the Bank are confident that these matters will be decided in favor of the Bank and consequently no provision has been made thereon. Tax payments by the Bank against certain matters are being carried forward as receivable, as management and tax advisor of the Bank are confident of their realization.

- ii) Consequent upon the amalgamation with and into the Bank, the outstanding tax issues relating to Askari Leasing Limited (ALL) are as follows:

Tax returns of ALL have been filed for and up to tax year 2010. The returns for the tax years 2003 to 2010 were amended by the tax authorities mainly in the matter of admissibility of initial allowance claimed on leased vehicles. On appeals filed by ALL, partial relief was provided by the CIR(A) by allowing initial allowance on commercial vehicles. Re-assessment has not yet been carried out by the tax department. A tax demand is however not likely to arise after re-assessment.

For and up to the assessment years 2002–2003, reference applications filed by the tax authorities in the matter of computation of lease income are pending decisions by the High Court. However, the likelihood of an adverse decision is considered low due to a favorable decision of the High Court in a parallel case.

Rupees in '000	2025	2024
<b>36 BASIC AND DILUTED EARNINGS PER SHARE</b>		
Profit for the year – Rupees in '000	22,803,319	21,022,671
Weighted average number of Ordinary Shares – numbers	1,449,299,207	1,449,299,207
Basic and diluted earnings per share – Rupees	15.73	14.51

There is no dilutive effect on the basic earnings per share of the Bank, therefore dilutive earnings per share have not been presented separately.

Rupees in '000	Note	2025	2024
<b>37 CASH AND CASH EQUIVALENTS</b>			
Cash and balances with treasury banks		108,637,978	133,505,285
Balances with other banks		13,774,428	10,776,034
Overdrawn nostro balance	17	(1,201,782)	(847)
		121,210,624	144,280,472

	2025	2024
	Number of employees	
<b>38 STAFF STRENGTH</b>		
Permanent	8,863	7,933
On Bank's contract	300	336
Bank's own staff strength at the end of the year	9,163	8,269

Out of total employees, 6 (2024: 6) employees are working abroad.

In addition to the above, 1,421 (2024: 1,174) domestic 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.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2025

### 39 DEFINED BENEFIT PLAN

#### 39.1 General description

The Bank operates an approved funded gratuity scheme for all its regular employees. Contributions are made in accordance with the actuarial recommendation.

The benefits under the gratuity scheme are payable on retirement at the age of 60 years or earlier cessation of service in lump sum. The benefit is equal to one month's last drawn basic salary for each year of eligible service or part thereof.

**39.2** The number of employees covered under the defined benefit scheme are 8,722 employees (2024: 7,950 employees).

#### 39.3 Principal actuarial assumptions

The actuarial valuation was carried out for the year ended December 31, 2025 using "Projected Unit Credit Method". The main assumptions used for actuarial valuation are as follows:

	2025	2024
Discount rate – per annum	11.25%	12.00%
Expected rate of increase in salaries – per annum	10.75%	11.50%
Expected rate of return on plan assets – per annum	12.00%	16.00%
Duration	8 years	8 years
Mortality rate	SLIC 2001 – 2005 mortality table	SLIC 2001 – 2005 mortality table

Rupees in '000

#### 39.4 Reconciliation of receivable from defined benefit plan:

	2025	2024
Present value of defined benefit obligation	4,751,574	3,974,213
Fair value of plan assets	(4,826,644)	(4,398,608)
Receivable	(75,070)	(424,395)

#### 39.5 Movement in defined benefit obligations

	2025	2024
Obligation at beginning of the year	3,974,213	3,671,301
Current service cost	422,120	376,544
Interest cost	461,910	547,946
Re-measurement loss / (gain)	164,555	(118,724)
Benefits paid by the Bank	(249,927)	(493,281)
Benefits due but not paid	(21,297)	(9,573)
Obligation at end of the year	4,751,574	3,974,213

Rupees in '000	Note	2025	2024
<b>39.6 Movement in fair value of plan assets</b>			
Fair value at beginning of the year		4,398,608	3,603,833
Interest income on plan assets		512,837	542,548
Net return on plan assets over interest income		186,423	687,613
Contributions by Bank – net		–	67,468
Benefits paid		(249,927)	(493,281)
Benefits due but not paid		(21,297)	(9,573)
Fair value at end of the year		4,826,644	4,398,608
<b>39.7 Movement in payable under defined benefit schemes</b>			
Opening balance		(424,395)	67,469
Charge for the year		371,193	381,941
Contribution by the Bank – net		–	(67,468)
Re-measurement gain recognised in OCI during the year	39.8.2	(21,868)	(806,337)
Closing balance		(75,070)	(424,395)
<b>39.8 Charge for defined benefit plan</b>			
<b>39.8.1 Cost recognised in profit and loss</b>			
Current service cost		422,120	376,544
Net interest on defined benefit asset		(50,927)	5,397
		371,193	381,941
<b>39.8.2 Re-measurements recognised in OCI during the year</b>			
Loss / (gain) on obligation			
– Experience adjustment		170,053	(93,731)
– Financial assumptions		(5,498)	(24,993)
		164,555	(118,724)
Return on plan assets over interest income		(186,423)	(687,613)
Total re-measurements recognised in OCI		(21,868)	(806,337)
<b>39.9 Components of plan assets</b>			
Cash and cash equivalents – net		98,790	122,669
Government securities		3,591,803	3,273,057
Term Finance Certificates		159,433	160,599
Shares		329,452	245,403
Mutual funds		668,463	641,726
Payables		(21,297)	(44,846)
		4,826,644	4,398,608

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2025

The fund primarily invests in Government securities which do not carry any credit risk. These are subject to interest rate risk based on market movements. Equity securities are subject to price risk whereas non-Government debt securities are subject to both credit risk and interest rate risk. These risks are regularly monitored by the Trustees of the employee funds.

### 39.10 Sensitivity analysis

Sensitivity analysis is performed by changing only one assumption at a time while keeping the other assumptions constant. Sensitivity analysis of key assumptions is given below:

Assumptions	Change in assumption	Increase / (decrease) in defined benefit obligations	
		Increase in assumption	Decrease in assumption
Rupees in '000			
Discount rate	1.00%	(359,311)	407,465
Salary increase	1.00%	411,452	(369,268)

**39.11** Expected contributions to be paid to the funds in the next financial year is Rs. 439,893 thousand.

**39.12** Expected charge for the next financial year is Rs. 514,963 thousand.

### 39.13 Maturity profile

The average duration of defined benefit obligation is 8 years (2024: 8 years).

### 39.14 Funding Policy

The Bank carries out the actuarial valuation of its defined benefit plan on periodic basis using "Projected Unit Credit Method". Contributions are made annually in accordance with the actuarial recommendation.

### 39.15 Significant risk associated with the staff retirement benefit scheme:

Salary Increase Risk	The risk arises when the actual increases are higher than expectation and impacts the liability accordingly.
Mortality Risk	The risk that the actual mortality experience is different than the assumed mortality. This effect is more pronounced where the age and service distribution is on the higher side.
Withdrawal Risk	The risk that the actual withdrawal experience is different from assumed withdrawal probability. The significance of withdrawal risk varies with the age, service and the entitled benefits of the beneficiary.
Investment Risk	The risk that the investment is underperforming and is not sufficient to meet the liabilities.

#### 40 DEFINED CONTRIBUTION PLAN

The Bank operates a recognized provident fund scheme for all its regular employees for which equal monthly contributions are made both by the Bank and by the employees to the fund at the rate of 8.33% of basic salary of the employee. Payments are made to the employees as specified in the rules of the fund. Contribution to the fund made by the Bank and the employees during the year amounts to Rs. 973,147 thousand (2024: Rs. 786,431 thousand). The fund covers 7,527 employees (2024: 6,825 employees).

#### 41 COMPENSATED ABSENCES

##### 41.1 General description

The Bank grants compensated absences to all its regular employees as per effective Service Rules. Provisions are recorded in accordance with the actuarial recommendation.

Under this unfunded scheme, all employees of Askari Bank Limited are entitled to take 24 days of earned leaves every year which can be accumulated up to a maximum of 45 days. Leave encashment is made on the basis of gross salaries and paid to members on separation from service.

##### 41.2 Principal actuarial assumptions

The actuarial valuation was carried out for the year ended December 31, 2025 using "Projected Unit Credit Method". Present value of obligation as at December 31, 2025 was Rs. 988,210 thousand (2024: Rs. 797,348 thousand). Expense for the year of Rs. 289,301 thousand (2024: Rs. 188,600 thousand) has been included in operating expenses. The main assumptions used for actuarial valuation are as follows:

Rupees in '000	2025	2024
Discount rate – per annum	11.25%	12.00%
Expected rate of increase in salaries – per annum	10.75%	11.50%
Leave accumulation factor – days	11	11

#### 42 COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

##### 42.1 Total Compensation Expense

Items	For the year ended December 31, 2025							Total
	Chairman	Directors Executives (other than CEO)	Non- executives	Members Shariah Board	President & CEO	Key Management Personnel	Other Material Risk Takers / Controllers	
	Rupees in '000							
<b>Fees and Allowances etc.</b>								
Managerial Remuneration								
i) Fixed	2,880	-	53,920	10,800	56,031	180,913	383,473	688,017
ii) Variable								
a) Cash bonus / awards	-	-	-	-	-	109,034	177,054	286,088
b) Bonus & awards in shares	-	-	-	-	-	-	-	-
Charge for defined benefit plan	-	-	-	-	4,322	13,775	29,104	47,201
Contribution to defined contribution plan	-	-	-	-	4,596	16,357	30,551	51,504
Rent & house maintenance	-	-	-	-	24,830	74,287	156,627	255,744
Utilities	-	-	-	-	10,378	17,346	37,009	64,733
Medical	-	-	-	-	667	16,508	34,806	51,981
Conveyance	-	-	-	1,093	812	74,341	227,797	304,043
Others	-	-	-	-	135	20,286	48,978	69,399
<b>Total</b>	<b>2,880</b>	<b>-</b>	<b>53,920</b>	<b>11,893</b>	<b>101,771</b>	<b>522,847</b>	<b>1,125,399</b>	<b>1,818,710</b>
Number of Persons	1	-	11	4	1	16	106	139

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2025

Items	For the year ended December 31, 2024							Total
	Directors		Members Shariah Board	President & CEO	Key Management Personnel	Other Material Risk Takers / Risk Controllers		
	Chairman	Executives (other than CEO)						
Rupees in '000								
<b>Fees and Allowances etc.</b>								
Managerial Remuneration								
i) Fixed	2,400	-	50,400	9,640	64,991	160,785	251,882	540,098
ii) Variable								
a) Cash bonus / awards	-	-	-	-	61,746	82,466	104,123	248,335
b) Bonus & awards in shares	-	-	-	-	-	-	-	-
Charge for defined benefit plan	-	-	-	-	12,036	13,491	21,439	46,966
Contribution to defined contribution plan	-	-	-	-	3,488	11,030	18,574	33,092
Rent & house maintenance	-	-	-	-	11,101	66,942	101,536	179,579
Utilities	-	-	-	-	5,918	15,984	24,751	46,653
Medical	-	-	-	-	938	14,695	22,563	38,196
Conveyance	-	-	-	1,116	6,879	76,104	146,707	230,806
Others	-	-	-	-	1,975	44,741	46,609	93,325
<b>Total</b>	<b>2,400</b>	<b>-</b>	<b>50,400</b>	<b>10,756</b>	<b>169,072</b>	<b>486,238</b>	<b>738,184</b>	<b>1,457,050</b>
Number of Persons	2	-	9	4	1	18	77	111

Total amount of deferred bonus outstanding as at December 31, 2025 for the President & CE, Key Management Personnel and other Material Risk Takers / Material Risk Controllers is Rs. 123,260 thousand (2024: Rs. 95,531 thousand).

The President & CE and certain executives are provided with the Bank maintained cars in accordance with their respective entitlements.

### 42.2 Remuneration paid to Directors for participation in Board and Committee Meetings

S.No.	Name of Director	For the year ended December 31, 2025					Total amount paid
		Meeting fees and allowances paid					
		For Board Committees					
		Board meetings	Human resource and remuneration committee	Risk management committee	Audit committee	Information technology committee	
Rupees in '000							
1	Lt. Gen Anwar Ali Hyder (Retd.)	2,880	-	-	-	-	2,880
2	Mr. Jahangir Piracha	2,400	1,600	-	2,400	-	6,400
3	Maj. Gen Muhammad Zafar Iqbal (Retd.)	1,200	-	1,200	-	1,200	3,600
4	Syed Bakhtiar Kazmi	2,400	-	2,000	2,400	1,600	8,400
5	Mr. Khurshid Zafar	1,600	1,200	1,600	-	-	4,400
6	Mr. Manzoor Ahmed	2,400	1,680	2,320	2,400	-	8,800
7	Mr. Raja Muhammad Abbas	2,400	1,440	-	800	1,200	5,840
8	Mrs. Zoya Mohsin Nathani	800	400	480	-	-	1,680
9	Mr. Kamran Yousuf Mirza	2,400	400	-	2,880	-	5,680
10	Ms. Samina Rizwan	2,400	1,600	-	-	1,920	5,920
11	Ms. Vadiyya Khalil	1,200	-	1,200	-	-	2,400
12	Mr. Arif Ur Rehman	800	-	-	-	-	800
	<b>Total amount paid</b>	<b>22,880</b>	<b>8,320</b>	<b>8,800</b>	<b>10,880</b>	<b>5,920</b>	<b>56,800</b>

		For the year ended December 31, 2024					
		Meeting fees and allowances paid					
		For Board Committees					
S.No.	Name of Director	Board meetings	Human resource and remuneration committee	Risk management committee	Audit committee	Information technology committee	Total amount paid
Rupees in '000							
1	Lt. Gen Anwar Ali Hyder (Retd.)	1,920	-	-	-	-	1,920
2	Mr. Jahangir Piracha	2,000	1,200	-	400	-	3,600
3	Mr. Arif Ur Rehman	2,000	-	-	-	-	2,000
4	Syed Bakhtiar Kazmi	2,000	400	1,600	800	1,200	6,000
5	Mr. Manzoor Ahmed	2,400	2,880	2,400	1,600	-	9,280
6	Mr. Raja Muhammad Abbas	2,000	-	-	1,600	1,200	4,800
7	Mrs. Zoya Mohsin Nathani	2,400	2,400	2,880	-	-	7,680
8	Mr. Kamran Yousuf Mirza	2,400	2,400	-	1,920	-	6,720
9	Ms. Samina Rizwan	2,400	2,400	-	-	1,920	6,720
10	Lt. Gen Ghayur Mahmood Awan (Retd.)	1,200	-	-	800	400	2,400
11	Mr. Waqar Ahmed Malik	480	-	-	-	-	480
12	Dr. Nadeem Inayat	400	400	400	-	-	1,200
Total amount paid		21,600	12,080	7,280	7,120	4,720	52,800

### 42.3 Remuneration paid to Shariah Board Members

		For the year ended December 31,					
		2025			2024		
Items		Chairman	Resident member	Non-resident member	Chairman	Resident member	Non-resident member
Rupees in '000							
Managerial Remuneration Fixed		3,000	3,000	4,800	2,710	2,710	4,220
Fuel		-	1,093	-	-	1,116	-
Total Amount		3,000	4,093	4,800	2,710	3,826	4,220
Total Number of Persons		1	1	2	1	1	2

### 43 FAIR VALUE MEASUREMENTS

Fair value measurement defines fair value as the price that would be received from the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of quoted securities other than those classified as amortised cost, is based on quoted market price. Quoted debt securities classified as amortised cost are carried at cost. The fair value of unquoted equity securities, other than investments in associates and subsidiaries, is determined on the basis of valuation methodologies. The fair value of unquoted debt securities, fixed term loans, other assets, other liabilities, fixed term deposits and borrowings cannot be calculated with sufficient reliability due to the absence of a current and active market for these assets and liabilities and reliable data regarding market rates for similar instruments.

In the opinion of the management, the fair value of the remaining financial assets and liabilities are not significantly different from their carrying values since these are either short-term in nature or, in the case of customer loans and deposits, are frequently repriced.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2025

### 43.1 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).

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

Rupees in '000	2025			
	Level 1	Level 2	Level 3	Total
<b>On balance sheet financial instruments</b>				
<b>Financial assets – measured at fair value</b>				
Investments				
Federal Government Securities	97,331,600	1,849,021,170	–	1,946,352,770
Listed shares	15,683,482	–	–	15,683,482
Unlisted shares	–	–	3,864,644	3,864,644
Units of open end mutual funds	1,186,616	1,358,154	–	2,544,770
Fully paid preference shares	26,214	–	–	26,214
Non Government Debt Securities	1,126,677	10,510,295	–	11,636,972
	115,354,589	1,860,889,619	3,864,644	1,980,108,852
<b>Financial assets – disclosed but not measured at fair value</b>				
Investments				
Federal Government Securities	–	47,463,431	–	47,463,431
	115,354,589	1,908,353,050	3,864,644	2,027,572,283
<b>Off-balance sheet financial instruments – measured at fair value</b>				
Forward purchase of foreign exchange	–	(1,194,100)	–	(1,194,100)
Forward sale of foreign exchange	–	1,185,000	–	1,185,000

Rupees in '000	2024			
	Level 1	Level 2	Level 3	Total
<b>On balance sheet financial instruments</b>				
<b>Financial assets – measured at fair value</b>				
Investments				
Federal Government Securities	6,979,571	1,425,028,992	–	1,432,008,563
Shares	9,385,993	–	–	9,385,993
Units of open end mutual funds	1,590,038	1,349,971	–	2,940,009
Fully paid preference shares	23,489	–	–	23,489
Non Government Debt Securities	–	14,031,394	–	14,031,394
	17,979,091	1,440,410,357	–	1,458,389,448
<b>Financial assets – disclosed but not measured at fair value</b>				
Investments				
Federal Government Securities	2,611,283	47,198,330	–	49,809,613
	20,590,374	1,487,608,687	–	1,508,199,061
<b>Off–balance sheet financial instruments – measured at fair value</b>				
Forward purchase of foreign exchange	–	(1,602,237)	–	(1,602,237)
Forward sale of foreign exchange	–	937,767	–	937,767

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

#### 43.2 Valuation techniques used in determination of fair values:

##### (a) Financial instruments in level 1

Financial instruments included in level 1 comprise of investments in listed GoP Sukuks, ordinary shares of listed companies, units of open end listed mutual funds, listed fully paid preference shares, and listed non government debt securities.

##### (b) Financial instruments in level 2

Financial instruments included in level 2 comprise of Market Treasury Bills, Pakistan Investment Bonds, GoP Sukuks, GoP Euro Bonds, units of open end mutual funds, unlisted non government debt securities, and forward foreign exchange contracts.

##### (c) Financial instruments in level 3

Financial instruments included in level 3 comprise of unlisted ordinary shares. Valuation techniques are mentioned in the table below.

The fair value of fixed term loans, other assets, other liabilities, fixed term deposits and borrowings cannot be calculated with sufficient reliability due to the absence of a current and active market for these assets and liabilities and reliable data regarding market rates for similar instruments.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2025

Rupees in '000	2025	2024
	Level 2	Level 2
<b>43.3 Fair value of non-financial assets</b>		
<b>Fixed assets</b>		
Property and equipment (freehold and leasehold land)	15,164,996	13,238,392
Assets held for sale	–	1,750,000
<b>Other assets</b>		
Non-banking assets acquired in satisfaction of claims	968,390	991,121

### 43.4 Valuation techniques used in determination of fair values within level 2 and level 3

Item	Valuation approach and input used
Market Treasury Bills (MTB) / Pakistan Investment Bonds (PIB), and GoP Sukuks (GIS) including their forward contracts	The fair value of MTBs and PIBs are derived using PKRV rates. Floating rate PIBs are revalued using PKFRV rates. Unlisted GIS are revalued using PKISRV rates.
GoP Euro Bonds	The fair value of overseas government sukuku, and overseas bonds are determined on the basis of price available on Reuters.
Debt Securities (TFCs and Sukuk other than Government)	Investment in sukuku, debt securities (comprising term finance certificates, bonds 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 in accordance with the methodology prescribed by the Securities and Exchange Commission of Pakistan.
Units of open end mutual funds	The fair value of units of unlisted open end mutual funds is determined on the basis of price available on MUFAP.
Shares – unlisted	The fair value of investments in unlisted equity securities are valued on the basis of income approach.
Forward foreign exchange contracts	The valuation has been determined by interpolating the FX revaluation rates announced by the SBP.
Property and equipment, asset held for sale and non banking assets acquired in satisfaction of claims	Land and non banking assets acquired in satisfaction of claims are valued on a periodic basis using professional valuers. The valuation is based on their assessments of the market value of the assets. Asset held for sale is carried at sale price that is reasonable in relation to its fair value.

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurement of investments and advances, (The valuation techniques are stated above):

Description	Fair value as at December 31, 2025	Unobservable inputs	Discount rate	Relationship of unobservable inputs to fair value
Rupees in '000				
Shares – unlisted (income approach)	3,217,000	Discount rate	20%	Increase / (decrease) in discount rate by 1% with all other variables held constant, would (decrease) / increase the fair value by Rs. 111 million and Rs. 127 million respectively.
	647,644		18%	Increase / (decrease) in discount rate by 1% with all other variables held constant, would (decrease) / increase the fair value by Rs. 13 million and Rs. 15 million respectively.

The following table shows reconciliation of investments' Level 3 fair value movement:

Rupees in '000	2025
Opening balance	350,000
Impact of adoption of IFRS 9	2,757,050
Balance as at January 1,	3,107,050
Remeasurement recognised in OCI	757,594
Closing balance	3,864,644

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2025

### 44 SEGMENT INFORMATION

#### 44.1 Segment details with respect to Business Activities

The segment analysis with respect to business activities is as follows:

Rupees in '000	2025							Total
	Branch banking	Corporate banking	Treasury	Consumer banking	Islamic banking	Foreign operations	Head office / others	
<b>Statement of Profit and Loss account</b>								
Net mark-up / return / profit	(69,497,272)	27,972,495	106,284,738	4,048,822	14,999,756	2,057,079	1,508,867	87,374,485
Inter segment revenue – net	111,095,607	(15,441,845)	(89,557,348)	(2,293,195)	(1,543,148)	(1,034,735)	(1,225,336)	–
Non mark-up / return / interest income	2,764,770	5,164,738	7,961,168	652,893	808,054	37,357	422,366	17,811,346
<b>Total income</b>	<b>44,363,105</b>	<b>17,695,388</b>	<b>24,688,558</b>	<b>2,408,520</b>	<b>14,264,662</b>	<b>1,059,701</b>	<b>705,897</b>	<b>105,185,831</b>
Segment direct expenses	23,407,160	1,267,814	592,561	2,055,495	7,179,281	237,925	15,342,925	50,083,161
Inter segment expense allocation	508,642	2,045,671	13,554	207,673	–	–	(2,775,540)	–
<b>Total expenses</b>	<b>23,915,802</b>	<b>3,313,485</b>	<b>606,115</b>	<b>2,263,168</b>	<b>7,179,281</b>	<b>237,925</b>	<b>12,567,385</b>	<b>50,083,161</b>
Credit loss allowance	(510,537)	2,075,672	(8,058)	(315,334)	1,022,923	(505,198)	58,069	1,817,537
<b>Profit before tax</b>	<b>20,957,840</b>	<b>12,306,231</b>	<b>24,090,501</b>	<b>460,686</b>	<b>6,062,458</b>	<b>1,326,974</b>	<b>(11,919,557)</b>	<b>53,285,133</b>
<b>Statement of Financial Position</b>								
Cash and bank balances	39,713,267	–	52,665,636	102,803	29,816,282	114,418	–	122,412,406
Investments	–	10,120,611	1,840,134,305	–	163,750,022	13,228,464	1,535,581	2,028,768,983
Lendings to financial institutions	–	–	–	–	6,600,000	7,528,026	–	14,128,026
Advances – performing (net of ECL)	26,502,676	353,989,560	–	21,945,763	166,356,832	2,185,007	14,851,636	585,831,474
Advances – non-performing (net of ECL)	315,112	293,975	–	108,383	72,960	–	–	790,430
Others	3,935,204	22,944,180	38,335,112	680,778	21,079,591	278,113	55,817,271	143,070,249
<b>Total assets</b>	<b>70,466,259</b>	<b>387,348,326</b>	<b>1,931,135,053</b>	<b>22,837,727</b>	<b>387,675,687</b>	<b>23,334,028</b>	<b>72,204,488</b>	<b>2,895,001,568</b>
Borrowings	1,060,876	23,136,571	942,714,152	2,761,911	23,492,461	1,400,615	–	994,566,586
Subordinated debt	–	–	–	–	–	–	6,000,000	6,000,000
Deposits and other accounts	1,029,651,457	284,823,966	–	3,200	312,152,823	4,634,386	65,917	1,631,331,749
Net inter segment balances – net	(990,090,551)	62,214,574	972,209,047	12,452,605	–	17,129,897	(73,915,572)	–
Others	29,844,477	17,173,215	16,211,854	7,620,011	21,205,973	169,130	19,132,464	111,357,124
<b>Total liabilities</b>	<b>70,466,259</b>	<b>387,348,326</b>	<b>1,931,135,053</b>	<b>22,837,727</b>	<b>356,851,257</b>	<b>23,334,028</b>	<b>(48,717,191)</b>	<b>2,743,255,459</b>
Equity	–	–	–	–	30,824,430	–	120,921,679	151,746,109
<b>Total equity and liabilities</b>	<b>70,466,259</b>	<b>387,348,326</b>	<b>1,931,135,053</b>	<b>22,837,727</b>	<b>387,675,687</b>	<b>23,334,028</b>	<b>72,204,488</b>	<b>2,895,001,568</b>
<b>Contingencies and commitments</b>	<b>12,285,507</b>	<b>433,612,602</b>	<b>273,353,287</b>	<b>541,416</b>	<b>21,023,984</b>	<b>1,995</b>	<b>1,472,377</b>	<b>742,291,168</b>

Rupees in '000	2024							
	Branch banking	Corporate banking	Treasury	Consumer banking	Islamic banking	Foreign operations	Head office / others	Total
<b>Statement of Profit and Loss account</b>								
Net mark-up / return / profit	(114,340,397)	44,334,275	112,547,702	5,065,085	16,627,674	1,293,265	(2,247,873)	63,279,731
Inter segment revenue – net	142,112,955	(38,739,641)	(107,732,473)	(3,670,508)	(5,583,147)	(520,046)	14,132,860	–
Non mark-up / return / interest income	2,843,478	3,968,422	6,854,930	628,182	977,142	2,460	166,183	15,440,797
<b>Total income</b>	30,616,036	9,563,056	11,670,159	2,022,759	12,021,669	775,679	12,051,170	78,720,528
Segment direct expenses	18,280,323	1,249,632	474,890	1,786,585	4,274,399	239,451	9,715,254	36,020,534
Inter segment expense allocation	384,911	1,429,037	3,677	28,423	–	–	(1,846,048)	–
<b>Total expenses</b>	18,665,234	2,678,669	478,567	1,815,008	4,274,399	239,451	7,869,206	36,020,534
Credit loss allowance	(218,036)	(692,844)	(533,128)	(250,808)	759,813	(522,239)	(350,143)	(1,807,385)
<b>Profit before tax</b>	12,168,838	7,577,231	11,724,720	458,559	6,987,457	1,058,467	4,532,107	44,507,379
<b>Statement of Financial Position</b>								
Cash and bank balances	36,921,143	–	95,246,945	–	12,029,791	83,440	–	144,281,319
Investments	–	8,134,146	1,408,084,327	–	82,416,700	9,590,854	1,519,734	1,509,745,761
Lendings to financial institutions	–	–	–	–	4,567,619	–	–	4,567,619
Advances – performing (net of ECL)	17,604,851	580,085,557	–	23,598,799	67,119,142	552,952	4,649,058	693,610,359
Advances – non-performing (net of ECL)	333,254	1,370,013	–	32,399	412,118	–	–	2,147,784
Others	1,464,361	38,653,942	46,866,118	1,764,432	10,232,932	216,903	44,822,675	144,021,363
<b>Total assets</b>	56,323,609	628,243,658	1,550,197,390	25,395,630	176,778,302	10,444,149	50,991,467	2,498,374,205
Borrowings	1,518,088	31,799,065	826,098,845	4,252,855	5,543,557	–	–	869,212,410
Subordinated debts	–	–	–	–	–	–	12,000,000	12,000,000
Deposits and other accounts	988,117,223	239,485,532	–	3,200	135,125,206	1,003,954	–	1,363,735,115
Net inter segment balances – net	(980,501,293)	328,179,440	708,893,021	20,469,236	(5,153,532)	9,347,574	(81,234,446)	–
Others	47,189,591	28,779,621	15,205,524	670,339	16,292,345	92,621	23,568,080	131,798,121
<b>Total liabilities</b>	56,323,609	628,243,658	1,550,197,390	25,395,630	151,807,576	10,444,149	(45,666,366)	2,376,745,646
Equity	–	–	–	–	24,970,726	–	96,657,833	121,628,559
<b>Total equity and liabilities</b>	56,323,609	628,243,658	1,550,197,390	25,395,630	176,778,302	10,444,149	50,991,467	2,498,374,205
<b>Contingencies and commitments</b>	6,946,750	508,539,842	405,171,147	1,056,666	27,012,469	–	1,028,949	949,755,823

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2025

### 44.2 Segment details with respect to geographical locations

Geographical segment analysis

Rupees in '000	2025		
	Pakistan	Bahrain	Total
<b>Statement of Profit and Loss account</b>			
Net mark-up / return / profit	85,317,406	2,057,079	87,374,485
Inter segment revenue – net	1,034,735	(1,034,735)	–
Non mark-up / return / interest income	17,773,989	37,357	17,811,346
<b>Total income</b>	<b>104,126,130</b>	<b>1,059,701</b>	<b>105,185,831</b>
Segment direct expenses	49,845,236	237,925	50,083,161
<b>Total expenses</b>	<b>49,845,236</b>	<b>237,925</b>	<b>50,083,161</b>
Credit loss allowance	2,322,735	(505,198)	1,817,537
<b>Profit before tax</b>	<b>51,958,159</b>	<b>1,326,974</b>	<b>53,285,133</b>
<b>Statement of Financial Position</b>			
Cash and bank balances	122,297,988	114,418	122,412,406
Investments	2,015,540,519	13,228,464	2,028,768,983
Lendings to financial institutions	6,600,000	7,528,026	14,128,026
Advances – performing	583,646,467	2,185,007	585,831,474
Advances – non-performing	790,430	–	790,430
Others	142,792,136	278,113	143,070,249
<b>Total Assets</b>	<b>2,871,667,540</b>	<b>23,334,028</b>	<b>2,895,001,568</b>
Borrowings	993,165,971	1,400,615	994,566,586
Subordinated debt	6,000,000	–	6,000,000
Deposits and other accounts	1,626,697,363	4,634,386	1,631,331,749
Net inter segment balances – net	(17,129,897)	17,129,897	–
Others	111,187,994	169,130	111,357,124
<b>Total liabilities</b>	<b>2,719,921,431</b>	<b>23,334,028</b>	<b>2,743,255,459</b>
Equity	151,746,109	–	151,746,109
<b>Total Equity and liabilities</b>	<b>2,871,667,540</b>	<b>23,334,028</b>	<b>2,895,001,568</b>
<b>Contingencies and commitments</b>	<b>742,289,173</b>	<b>1,995</b>	<b>742,291,168</b>

Rupees in '000	2024		
	Pakistan	Bahrain	Total
<b>Statement of Profit and Loss account</b>			
Net mark-up / return / profit	61,986,466	1,293,265	63,279,731
Inter segment revenue – net	520,046	(520,046)	–
Non mark-up / return / interest income	15,438,337	2,460	15,440,797
<b>Total income</b>	77,944,849	775,679	78,720,528
Segment direct expenses	35,781,083	239,451	36,020,534
<b>Total expenses</b>	35,781,083	239,451	36,020,534
Credit loss allowance	(1,285,146)	(522,239)	(1,807,385)
<b>Profit before tax</b>	43,448,912	1,058,467	44,507,379
<b>Statement of Financial Position</b>			
Cash and bank balances	144,197,879	83,440	144,281,319
Investments	1,500,154,907	9,590,854	1,509,745,761
Lendings to financial institutions	4,567,619	–	4,567,619
Advances – performing	693,057,407	552,952	693,610,359
Advances – non-performing	2,147,784	–	2,147,784
Others	143,804,460	216,903	144,021,363
<b>Total Assets</b>	2,487,930,056	10,444,149	2,498,374,205
Borrowings	869,212,410	–	869,212,410
Subordinated debts	12,000,000	–	12,000,000
Deposits and other accounts	1,362,731,161	1,003,954	1,363,735,115
Net inter segment balances – net	(9,347,574)	9,347,574	–
Others	131,705,500	92,621	131,798,121
<b>Total liabilities</b>	2,366,301,497	10,444,149	2,376,745,646
Equity	121,628,559	–	121,628,559
<b>Total Equity and liabilities</b>	2,487,930,056	10,444,149	2,498,374,205
<b>Contingencies and commitments</b>	949,755,823	–	949,755,823

#### 45 TRUST ACTIVITIES

The Bank acts as custodian and holds the securities on behalf of individuals, trusts, retirement benefit plans and other institutions. These are not assets of the Bank and, therefore, are not included in the unconsolidated statement of financial position. Assets held in the Bank's Investor Portfolio Securities accounts amount to Rs. 69,174,500 thousand as at December 31, 2025 (2024: Rs. 267,541,019 thousand).

#### 46 RELATED PARTY TRANSACTIONS

Fauji Consortium comprising of Fauji Foundation and Fauji Fertilizer Company Limited (the Parent) holds 71.91% of the Bank's share capital at the year end. Accordingly all the subsidiaries and associates of Fauji consortium are the related parties of the Bank. The Bank also has related party relationships with its directors, key management personnel and employees' funds.

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 valuation / terms of the contribution plan. Remuneration to the executives/ officers is determined in accordance with the terms of their appointment.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2025

Details of transactions and balances with related parties are as follows:

Rupees in '000	As at December 31, 2025					As at December 31, 2024				
	Parent	Directors	Key management personnel & their relatives	Subsidiaries	Other related parties	Parent	Directors	Key management personnel & their relatives	Subsidiaries	Other related parties
<b>Investments</b>										
Opening balance	-	-	-	1,196,700	4,283,287	-	-	-	196,700	1,420,050
Investment made during the year	-	-	-	-	20,614	-	-	-	1,000,000	-
Revaluation adjustment	-	-	-	-	5,405,563	-	-	-	-	1,346,252
Investment redeemed / disposed off during the year	-	-	-	-	(119,316)	-	-	-	-	(500,000)
Transfer in / (out) - net	-	-	-	-	531,635	-	-	-	-	2,016,985
Closing balance	-	-	-	1,196,700	10,121,783	-	-	-	1,196,700	4,283,287
Deficit on revaluation of investments	-	-	-	-	898,458	-	-	-	-	898,458
<b>Advances</b>										
Opening balance	17,970,281	1,292	266,833	71,926	13,638,055	8,108,881	-	496,686	86,678	25,003,594
Addition during the year	635,348,507	33,444	136,891	3,438,531	55,316,196	1,196,156,040	25,076	169,998	837,248	258,248,620
Repaid during the year	(645,346,886)	(31,083)	(91,762)	(3,011,000)	(56,144,334)	(1,186,294,640)	(23,784)	(112,135)	(852,000)	(257,568,925)
Transfer in / (out) - net	-	(83)	(109,880)	-	-	-	-	(287,715)	-	(12,045,234)
Closing balance	7,971,902	3,570	202,082	499,457	12,809,917	17,970,281	1,292	266,833	71,926	13,638,055
<b>Credit loss allowance held against advances</b>	1,091	6	85	1,190	1,984,522	2,191	-	1,452	141	3,150,241
<b>Other Assets</b>										
Interest / mark-up receivable	187,427	55	28,581	-	233,036	66,417	-	49,135	-	151,802
Advance rent	2,000	-	-	-	1,670	999	-	-	-	-
Receivable from staff retirement fund	-	-	-	-	75,070	-	-	-	-	424,395
Acceptances	860,234	-	-	-	227,238	3,837	-	-	-	424,116
Others	-	-	-	181,371	-	-	-	-	92,412	-
<b>Borrowings</b>										
Opening balance	-	-	-	-	4,252,855	-	-	-	-	2,992,873
Borrowings during the year	-	-	-	-	-	-	-	-	-	2,000,000
Settled during the year	-	-	-	-	(1,490,944)	-	-	-	-	(740,018)
Closing balance	-	-	-	-	2,761,911	-	-	-	-	4,252,855
<b>Deposits and other accounts</b>										
Opening balance	18,698,701	43,251	234,398	884,611	25,168,932	39,101,224	63,502	299,420	350,869	49,059,956
Received during the year	716,688,077	757,192	837,811	48,152,755	1,010,264,386	1,251,319,810	545,392	1,008,533	23,085,691	1,375,477,576
Withdrawn during the year	(691,209,733)	(713,783)	(790,873)	(47,745,602)	(985,995,795)	(1,271,722,333)	(523,615)	(973,309)	(22,551,949)	(1,404,518,301)
Transfer in / (out) - net	-	86,458	(152,185)	-	423,018	-	(42,028)	(100,246)	-	5,149,701
Closing balance	44,177,045	173,118	129,151	1,291,764	49,860,541	18,698,701	43,251	234,398	884,611	25,168,932
<b>Other Liabilities</b>										
Interest / mark-up payable	345,982	3,634	837	6	849,976	821,174	-	4	-	802,755
Acceptances	860,234	-	-	-	227,238	3,837	-	-	-	424,116
Security deposits payable	-	-	-	-	831,716	-	-	-	-	597,202
Others	-	-	60,244	-	25,426	-	-	57,965	1,740	12,035
<b>Contingencies and Commitments</b>	6,468,035	-	-	-	7,425,207	3,983,736	-	-	-	6,182,135
<b>Others</b>										
Dividend paid	6,513,901	-	-	-	63,689	2,605,561	-	-	-	-
Commitment in respect of Government securities transactions	-	-	-	-	-	17,560,000	-	-	-	6,500,000
Securities held as custodian	32,840,000	9,400	76,000	300,500	15,408,455	27,810,000	-	9,600	500,000	17,905,460

Rupees in '000	For the year ended December 31, 2025					For the year ended December 31, 2024				
	Parent	Directors	Key management personnel & their relatives	Subsidiaries	Other related parties	Parent	Directors	Key management personnel & their relatives	Subsidiaries	Other related parties
<b>Income</b>										
Mark-up / return / interest earned	871,201	544	5,669	1,527	814,415	236,118	13	11,589	2,436	1,604,400
Fee and commission income	2,838	-	-	-	54,154	12,454	-	-	-	92,784
Dividend income	-	-	-	44,064	375,381	-	-	-	29,376	313,747
Gain on securities	-	-	-	-	1,031,000	-	-	-	-	-
Others	4,650	-	-	-	10,883	1,645	-	-	-	14,170
<b>Expense</b>										
Mark-up / return / interest expensed	2,665,895	13,852	10,108	83,729	3,747,422	8,394,578	5,229	36,383	145,501	8,548,433
Charge to defined benefit plan	-	-	-	-	662,225	-	-	-	-	572,653
Contribution to defined contribution plan	-	-	-	-	483,771	-	-	-	-	390,445
Remuneration and allowances	-	-	624,618	-	11,893	-	-	655,310	-	10,756
Rent & taxes	4,027	-	-	-	-	3,021	-	-	-	-
Communications	-	-	-	-	306,022	-	-	-	-	200,526
Brokerage and Commission	-	-	-	-	147,448	-	-	-	-	100,407
Directors' Fee, Allowances	-	56,800	-	-	-	-	52,800	-	-	-
Marketing, advertisement and publicity	-	-	-	-	-	100	-	-	-	-
Donations	-	-	-	-	350,000	-	-	-	-	-
Training and development	5,181	-	-	-	-	1,075	-	-	-	-

In addition to above, rent free sub-branches are operating at FFC Sona Tower, FFBL Tower and Foundation University (along with booth and ATM).

The term 'key management personnel' has the same meaning as defined in IAS 24 – Related party disclosures.

#### 47 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

The objective of managing capital is to safeguard the Bank's ability to continue as a going concern, so that it could continue to provide adequate returns to shareholders by pricing products and services commensurately with the level of risk. It is the policy of the Bank to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Bank recognises the need to maintain a balance between the higher returns that might be possible with greater exposure and the advantages and security afforded by a sound capital position.

Under the current scenario, the banks are under pressure to extend further credit to its borrowers, while overall deteriorating credit risk and increased NPL may also put additional pressure on the Bank from Capital Adequacy Ratio perspective. The SBP has relaxed the Capital Conversion Buffer (CCB) requirements for the banks to 1.5%, resulting in an overall CAR requirement of 11.5%. In addition to the measures by SBP, the Bank is continuously monitoring the impacts of various decisions of its CAR and taking further lending decisions based on the overall impacts on RWA. The Bank also believes that it has sufficient buffer in its CAR requirement to meet any adverse movements in credit, market or operational risks.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2025

Rupees in '000	2025	2024
<b>Minimum Capital Requirement (MCR):</b>		
Paid-up capital (net of losses)	14,492,992	14,492,992
<b>Capital Adequacy Ratio (CAR):</b>		
Eligible Common Equity Tier 1 (CET 1) Capital	119,371,547	105,772,562
Eligible Additional Tier 1 (ADT 1) Capital	5,425,000	6,000,000
Total Eligible Tier 1 Capital	124,796,547	111,772,562
Eligible Tier 2 Capital	31,153,056	21,952,000
Total Eligible Capital (Tier 1 + Tier 2)	155,949,603	133,724,562
Risk Weighted Assets (RWAs):		
Credit Risk	445,113,700	419,874,894
Market Risk	120,268,765	79,618,578
Operational Risk	156,830,777	125,480,495
Total	722,213,242	624,973,967
Common Equity Tier 1 Capital Adequacy ratio	16.53%	16.92%
Tier 1 Capital Adequacy Ratio	17.28%	17.88%
Total Capital Adequacy Ratio	21.59%	21.40%

As of December 2025, the Bank must meet a Tier 1 to RWA ratio and CAR, including CCB, of 9% and 11.50% respectively.

Standardized Approach is used for calculating the Capital Adequacy for Market and Credit Risk while Basic Indicator Approach (BIA) is used for Operational Risk.

Rupees in '000	2025	2024
<b>Leverage Ratio (LR):</b>		
Eligible Tier-1 Capital	124,796,547	111,772,562
Total Exposures	3,370,148,603	3,118,234,947
Leverage Ratio	3.70%	3.58%
<b>Liquidity Coverage Ratio (LCR):</b>		
Total High Quality Liquid Assets	1,099,326,272	758,341,064
Total Net Cash Outflow	536,214,959	348,499,703
Liquidity Coverage Ratio	205.02%	217.60%
<b>Net Stable Funding Ratio (NSFR):</b>		
Total Available Stable Funding	1,597,593,843	1,412,569,464
Total Required Stable Funding	637,667,792	665,336,800
Net Stable Funding Ratio	250.54%	212.31%

**47.1** The full disclosure on the Capital Adequacy, Leverage Ratio & Liquidity Requirements as per SBP instructions issued from time to time have been placed on the website. The link to the full disclosure can be accessed through the Bank's website at <https://akbl.com>.

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. Had this relaxation not been availed, the CAR and LR would have been lower by 0.29% and 0.06% respectively.

## **48 RISK MANAGEMENT**

The Bank believes that effective risk management is key to achieving desired level of return while maintaining acceptable level of risk exposure. Robust risk management processes and framework are in place to achieve the Bank's overall objectives through a well thought out strategy, which enables the Bank to effectively manage Credit, Market, Operational and Liquidity risk in a proactive manner.

The Bank's approach is to ensure that risk management is deeply and firmly embedded in the culture of the Bank. All employees are therefore considered responsible for identification, measurement, monitoring and controlling risks within the scope of their assigned responsibilities. As a result of changing risk environment, the Bank continuously monitors and conducts holistic assessment of complex transactions on an integrated basis.

The Bank has a Board Risk Management Committee (BRMC) in place and is updated regularly by the Bank's Risk Management Group. BRMC is responsible for reviewing the extent of design and adequacy of the risk management framework. BRMC oversight ensures that risks are managed within the level of tolerance and risk appetite of the Bank.

### **48.1 Credit Risk**

Credit risk is the potential that the counterparty will cause a financial loss to the Bank due to its inability or unwillingness to meet its contractual obligations. The Bank is exposed to credit risk through its lending and investment activities as well as from contingent liabilities.

The main objective of the credit risk management process is to identify, assess, measure and monitor credit risk in all the financial exposures of the Bank. The Bank has established a credit risk management framework to manage credit risk on relationship as well as at portfolio level.

Credit risk management is governed by the Board Risk Management Committee and other instructions and guidelines outlined by SBP. The Bank attempts to control risk by monitoring credit exposures, limiting non performing counter parties and continually assessing the credit worthiness of the borrowers. The Bank manages limits and controls concentrations of credit risk to individual counterparties, groups, sector and to industries, where applicable.

Stress testing for credit risk is carried out regularly to estimate the impact of increase in non - performing loans and to ensure that CAR is maintained at sufficient level to meet regulatory requirement and business needs.

The Bank has dedicated Obligor Risk Rating (ORR) and Facility Risk Rating (FRR) models for various customer types. The models aim to measure credit risk posed by a counterparty as well facility it has applied for by assessing various qualitative and quantitative attributes keeping in view best industry practices in the field of credit risk management. Each risk rating model covers a dedicated procedural guidelines for its consistent implementation within the Bank.

The Bank manages its portfolio of loan assets with a view to limit concentrations in terms of risk quality, industry, maturity and large exposure. Portfolio analysis is also conducted on regular basis. This portfolio level oversight is maintained by the Risk Management Group.

Risk Asset Review (RAR) performs an independent review of the credit portfolio. It provides an independent assessment of portfolio quality, efficacy of processes for acquisition of risk assets, regulatory / policy compliance, and appropriateness of classification and risk rating.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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A centralised Credit Administration Division (CAD) under Operations Group is working towards ensuring that terms of approval of credit sanctions and regulatory stipulations are complied with, all documentation including security documentation is regular and fully enforceable and all disbursements of approved facilities are made only after necessary authorisation by CAD.

The Bank's collateral management mechanism in place ensures that effective credit risk mitigation techniques are deployed to keep the credit risk of the Bank within Board's approved Credit Risk Appetite. The Bank accepts a variety of valid and legally enforceable collaterals including but not limited to real estate, fixed assets, securities, receivables, and cash deposits, to secure its credit exposures while ensuring the Bank's right of recourse against the collateral held as security. The Bank maintains appropriate margins to account for potential fluctuations in the value of collateral and applies prudent valuation practices in accordance with regulatory requirements.

To handle the specialised requirements of managing delinquent and problem accounts the Bank has a separate client facing unit to negotiate repayment / settlement of the non-performing exposure and protect the interests of the depositors and stakeholders. The priority of the Special Asset Management Group (SAMG) is recovery of amounts and / or to structure an arrangement (such as rescheduling, restructuring, settlement or a combination of these) by which the interests of the Bank are protected. Where no other recourse is possible, SAMG may proceed with legal recourse so as to maximise the recovery of the assets. The Risk Management Group also monitors the NPL portfolio of the Bank and reports the same to BRMC.

The Bank determines the amount for provisions / expected credit loss as per the IFRS 9 guidelines / Prudential Regulations issued by the SBP and the management's best estimates.

### 48.1.1 Credit risk – General disclosures

The Bank follows the Standardized Approach for its credit risk exposures, which sets out fixed risk weights corresponding to external credit ratings or type of exposure, whichever is applicable.

Under the Standardized Approach, the capital requirement is based on the credit rating assigned to counterparties by External Credit Assessment Institutions (ECAIs) duly recognized by the SBP. The Bank selects particular ECAIs for each type of exposure. The Bank utilizes the credit ratings assigned by Pakistan Credit Rating Agency (PACRA), Japan Credit Rating Company Limited – Vital Information Systems (JCR-VIS), Fitch, Moody's and Standard & Poors (S&P).

### 48.1.2 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 FVTPL, 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:

<p>Stage 1 (Performing assets):</p>	<p>When financial instruments are first recognised, the Bank recognises an allowance based on 12m ECLs. Stage 1 financial instruments also include facilities where the credit risk has improved and these have been reclassified from Stage 2. The 12m ECL 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 12m ECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-months default probabilities are applied to a forecasted Exposure At Default (EAD) and multiplied by the forward looking LGD and discounted by an approximation to the original Effective Interest Rate (EIR). This calculation is made for all the scenarios.</p>
<p>Stage 2 (Underperforming assets):</p>	<p>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.</p>
<p>Stage 3 (Non performing assets):</p>	<p>For financial instruments considered credit-impaired, the Bank recognises LTECLs for these instruments. A description of how the Bank defines credit - impaired and default is given in relevant section. The Bank uses a PD of 100% and LGD as computed for each portfolio or as prescribed by the SBP.</p>
<p>Undrawn financing commitments</p>	<p>When estimating LTECLs for undrawn financing commitments, the Bank estimates the expected portion of the financing commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected cash flows if the financing is drawn down, based on a probability - weighting of the three scenarios. For revolving facilities that include both financing and an undrawn commitment, ECLs is calculated on undrawn portion (after application of credit conversion factor (CCF) of the facility and presented within other liabilities.</p>
<p>Guarantee and letter of credit contracts</p>	<p>The Bank estimates ECLs based on internally developed CCF for guarantee and letter of credit contracts respectively. 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.</p>

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## FOR THE YEAR ENDED DECEMBER 31, 2025

Expected credit losses are the discounted product of the Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD), discounted at an approximation to the EIR, defined as follows:

### **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 are then adjusted using Vasicek Model to incorporate forward looking information.

### **Loss given default**

LGD represents an estimate of the loss incurred on a facility in the event of default by a customer. LGD is calculated as the difference between contractual cash flows due and those that the Bank expects to receive. It is expressed as a percentage of the EAD. The LGDs are determined using workout approach, based on vintage recovery data for the defaulted portfolio; these recoveries are then discounted back to date of default, to factor in time value of money.

The Bank has converted 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.

### **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, expected drawdowns on committed facilities. 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. In case of revolving facilities, the Bank does not limit its exposure to credit losses to the contractual notice period, instead calculates ECL over a period that reflects the expectations of the customer behaviour, its likelihood of default and the future risk mitigation procedures, which could include reducing or cancelling the facilities.

### **48.1.3 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.

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

The Bank has only considered cash, liquid securities, and Government of Pakistan guarantees as eligible collaterals, while calculating EADs. Furthermore, the credit exposure (in local currency) that have been guaranteed by the Government and Government Securities are exempted from the application of ECL calculation.

#### 48.1.4 ECL Modelling and Staging Criteria

A Significant change in Credit Risk (SICR) is assessed in the context of an increase in the risk of a default occurring over the life of the financial instrument compared to the risk of default expected at the time of initial recognition. The Bank uses a number of qualitative and quantitative measures in assessing SICR including, inter alia, the deterioration of Obligor Risk Ratings (ORR), in line with the Bank's internally approved grid outlining specific notches downgrade for each ORR / external rating, payments being past due by 60 days, and other qualitative factors (such as watchlisting or restructuring of account).

In line with the Bank's IFRS 9 Policy and Regulatory guidelines, financial assets shall be reclassified out of Stage 3 if they fulfill 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 SICR no longer exist. However, a minimum period of six 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 six months before being reclassified to Stage 1.

		2025	2024	2025	2024	2025			2024		
		Gross lendings		Non-performing lendings		Credit loss allowance			Credit loss allowance		
Rupees in '000						Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
<b>48.1.5</b>	<b>Lendings to financial institutions</b>										
	<b>Credit risk by public / private sector</b>										
	<b>Private</b>	14,157,747	4,627,661	29,721	59,443	-	-	29,721	599	-	59,443
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		2025	2024	2025	2024	2025			2024		
		Gross investments		Non-performing investments		Credit loss allowance			Credit loss allowance		
Rupees in '000						Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
<b>48.1.6</b>	<b>Investment in debt securities</b>										
	<b>Credit risk by industry sector</b>										
	Textile	1,225,316	1,277,758	258,658	277,758	18,041	-	258,658	4,840	-	277,758
	Chemical and Pharmaceuticals	52,500	122,500	-	-	124	-	-	506	-	-
	Power and energy	6,848,891	8,508,732	-	-	318	-	-	709	-	-
	Telecommunication	204,432	204,432	204,432	204,432	-	-	204,432	-	-	204,432
	Metal and allied	-	500,000	-	-	-	-	-	568	-	-
	Financial	1,964,321,854	1,472,475,905	-	-	44,559	-	-	597,451	-	-
		1,972,652,993	1,483,089,327	463,090	482,190	63,042	-	463,090	604,074	-	482,190
<hr/>											
	<b>Credit risk by public / private sector</b>										
	Public / Government	1,970,753,314	1,479,426,722	-	-	-	-	-	596,140	-	-
	Private	1,899,679	3,662,605	463,090	482,190	63,042	-	463,090	7,934	-	482,190
		1,972,652,993	1,483,089,327	463,090	482,190	63,042	-	463,090	604,074	-	482,190

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Rupees in '000	2025		2024		2025			2024		
	Gross advances		Non-performing advances		Credit loss allowance					
					Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
<b>48.1.7 Advances</b>										
<b>Credit risk by industry sector</b>										
Agriculture, Forestry, Hunting and Fishing	9,746,230	8,250,916	2,195,968	1,934,693	172,194	86,152	1,928,016	173,089	39,313	1,740,710
Mining and Quarrying	9,129,459	10,697,011	-	-	7,141	55,977	-	4,392	-	-
Textile	70,845,433	71,721,567	9,283,027	8,911,224	187,540	622,308	9,089,089	125,599	143,049	8,743,691
Chemical and Pharmaceuticals	32,774,194	33,526,664	375,700	403,167	71,757	107,383	375,322	20,819	49,273	400,313
Cement	7,382,266	10,220,393	-	25,458	6,916	42,005	-	31,066	22,273	25,379
Sugar	17,736,266	20,135,002	-	1,053	111,951	101,359	-	60,557	42,604	1,053
Footwear and Leather garments	2,024,265	1,465,774	191,633	231,911	2,949	-	191,633	1,727	20	231,911
Automobile and transportation equipment	7,611,323	2,500,146	695,905	727,441	22,221	4,447	695,905	968	7,130	619,475
Electronics and electrical appliances	4,895,604	5,430,095	677,239	1,008,332	6,706	4,068	677,239	5,594	498	1,033,900
Food and allied	37,607,983	18,612,355	1,758,243	1,314,459	78,517	56,931	1,758,243	26,056	23,203	1,305,213
Construction	24,406,760	23,530,560	405,948	370,339	125,230	325,859	369,981	69,704	111,309	303,725
Power and energy	48,140,651	41,715,749	1,326,106	1,750,631	64,579	213,475	1,326,106	169,573	68,939	1,502,816
Oil and gas	56,732,698	45,876,637	-	92,106	22,860	1,833,294	-	55,587	2,945,614	61,411
Wholesale and Retail Trade	42,695,957	16,950,991	3,507,004	3,949,604	36,252	84,800	3,465,517	6,977	41,614	3,770,457
Transport, Storage and Communication	76,125,516	71,951,933	644,590	944,898	296,039	323,185	625,202	169,919	161,992	867,899
Financial	15,852,842	214,428,188	-	-	21,207	138,075	-	22,582	2,065	-
Insurance	179,987	220,514	-	-	346	-	-	263	-	-
Services	22,347,748	20,717,709	557,338	734,320	74,557	86,437	531,662	52,690	32,999	610,278
Individuals	48,410,360	34,310,438	420,453	513,215	105,313	13,574	273,621	66,770	14,942	384,152
Edible oil and ghee	7,519,582	5,991,678	1,965,233	2,095,995	7,606	197	1,965,233	2,768	28	2,021,795
Rice Processing (husking, semi - wholly milled etc.)	18,279,326	15,661,066	2,107,569	2,456,301	43,364	208,530	2,107,049	9,407	10,174	2,455,781
Metal and allied	25,692,811	20,096,133	5,199,782	5,076,410	52,582	137,418	5,199,782	26,850	39,255	4,491,243
Others	39,042,457	39,061,688	1,779,106	1,887,091	30,692	263,407	1,720,814	37,871	137,078	1,709,662
	625,179,718	733,073,207	33,090,844	34,428,648	1,548,519	4,708,881	32,300,414	1,140,828	3,893,372	32,280,864
<b>Credit risk by public / private sector</b>										
Public / Government	179,856,612	128,518,384	-	-	78,243	264,290	-	166,300	108,029	-
Private	445,323,106	604,554,823	33,090,844	34,428,648	1,470,276	4,444,591	32,300,414	974,528	3,785,343	32,280,864
	625,179,718	733,073,207	33,090,844	34,428,648	1,548,519	4,708,881	32,300,414	1,140,828	3,893,372	32,280,864

Rupees in '000	2025	2024
<b>48.1.8 Contingencies and Commitments</b>		
<b>Credit risk by industry sector</b>		
Agriculture, Forestry, Hunting and Fishing	2,230,792	735,367
Mining and Quarrying	3,434,924	5,129,672
Textile	19,633,911	16,977,566
Chemical and Pharmaceuticals	17,682,571	14,707,235
Cement	5,313,579	3,172,146
Sugar	3,331,741	3,624,801
Footwear and Leather garments	740,746	598,238
Automobile and transportation equipment	10,913,470	819,714
Electronics and electrical appliances	2,746,152	2,937,525
Real Estate & Construction	52,350,519	41,065,201
Power and energy	11,862,312	17,132,869
Wholesale and Retail Trade	14,481,237	10,998,327
Oil and gas	7,272,188	18,690,799
Transport, Storage and Communication	17,204,079	19,509,896
Financial	430,913,526	555,154,330
Insurance	289,548	353,603
Food and allied	12,903,741	10,160,964
Services	31,184,731	32,305,406
Individuals	14,347	308,632
Telecommunication	8,153,143	3,133,588
Metal and allied	15,846,065	23,313,566
Others	73,787,846	168,926,378
	742,291,168	949,755,823
<b>Credit risk by public / private sector</b>		
Public / Government	147,257,739	185,019,104
Private	595,033,429	764,736,719
	742,291,168	949,755,823

#### 48.1.9 Concentration of Advances

The Bank's top 10 exposures on the basis of total (funded and non-funded) exposures aggregated to Rs. 280,615,227 thousand (2024: Rs. 504,003,209 thousand) are as following:

Rupees in '000	2025	2024
Funded	184,646,325	274,742,792
Non Funded	95,968,902	229,260,417
Total Exposure	280,615,227	504,003,209

The sanctioned limits against these top 10 exposures aggregated to Rs. 439,525,040 thousand (2024: Rs. 652,224,299 thousand).

The above does not include any classified exposure.

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### 48.1.10 Advances – Province / Region-wise disbursement and utilization

Province / Region	2025						
	Disbursements		Utilization				
	Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit Baltistan	
Punjab	1,574,397,123	1,550,255,995	9,235,677	727,463	660	14,159,190	18,138
Sindh	959,602,365	4,070,683	955,120,859	3,850	11,103	242,067	153,803
KPK including FATA	37,887,198	303,424	7,983	36,949,668	–	588,386	37,737
Balochistan	1,885,396	10,460	6,352	1,500	1,866,384	–	700
Islamabad	167,171,438	32,410,501	8,035,272	7,780,468	190,456	118,499,577	255,164
AJK including Gilgit Baltistan	844,756	5,600	1,150	1,000	–	28,958	808,048
<b>Total</b>	<b>2,741,788,276</b>	<b>1,587,056,663</b>	<b>972,407,293</b>	<b>45,463,949</b>	<b>2,068,603</b>	<b>133,518,178</b>	<b>1,273,590</b>

Province / Region	2024						
	Disbursements		Utilization				
	Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit Baltistan	
Punjab	1,641,024,443	1,621,840,398	4,499,425	530,517	37,851	14,099,472	16,780
Sindh	1,297,609,796	1,869,085	1,294,566,599	27,896	12,886	1,132,580	750
KPK including FATA	17,653,615	397,905	95,100	16,059,031	12,800	1,045,241	43,538
Balochistan	493,117	3,451	900	–	487,616	–	1,150
Islamabad	170,527,637	11,187,523	4,343,007	3,586,747	68,753	151,280,762	60,845
AJK including Gilgit Baltistan	490,293	99,511	67,740	500	–	44,258	278,284
<b>Total</b>	<b>3,127,798,901</b>	<b>1,635,397,873</b>	<b>1,303,572,771</b>	<b>20,204,691</b>	<b>619,906</b>	<b>167,602,313</b>	<b>401,347</b>

### 48.2 Market Risk:

Market risk is the risk that the value of on and off-balance sheet positions of a financial institution will be adversely affected by movements in market rates or prices such as interest rates, foreign exchange rates, equity prices and credit spreads, resulting in a loss to earnings and capital.

The Bank is exposed to market risk from both its banking and trading books. Trading book for the Bank includes all Fair Value through Profit and Loss (FVTPL) securities along with Fair Value through Other Comprehensive Income (FVOCI) securities. All assets not included in trading book are included in the Banking book.

The Bank's Risk Management Process seeks to identify, measure, monitor, and control market risks in order to shield against adverse movements in market factors and to attain an efficient risk / return profile of its open positions. Risk Management Group has developed and implemented market risk policy and risk measurement / monitoring methodology for review and reporting of market risk.

The Bank makes use of the globally established Value-at-Risk (VaR) methodology to measure traded market risk. Additionally, sensitivity analysis is carried out to gauge the impact of extreme market movements on traded exposures, such as fixed income securities and equity capital market instruments.

Further, stress testing is used to analyze the impact of abnormal market movements across different portfolios to assess non-traded market risk, in particular interest rate risk in the banking book. The performance of the Bank's traded portfolios is evaluated through the use of risk / return analysis. Risk is assessed through the revaluation of all traded market risk exposed positions on a daily basis, and monitored by ensuring that these positions do not breach any regulatory limits as well as any internally established risk tolerance limits.

Basel III Standardized Approach is used for calculating the Capital Adequacy for Market Risk.

Total capital charge for market risk is Rs. 120,268,765 thousand (2024: Rs. 79,618,578 thousand).

#### 48.2.1 Balance sheet split by trading and banking books

Rupees in '000	2025			2024		
	Banking book	Trading book	Total	Banking book	Trading book	Total
Cash and balances with treasury banks	108,637,978	-	108,637,978	133,505,285	-	133,505,285
Balances with other banks	13,774,428	-	13,774,428	10,776,034	-	10,776,034
Lendings to financial institutions	14,128,026	-	14,128,026	4,567,619	-	4,567,619
Investments	1,028,367,828	1,000,401,155	2,028,768,983	157,349,250	1,352,396,511	1,509,745,761
Advances	586,621,904	-	586,621,904	695,758,143	-	695,758,143
Property and equipment	26,225,450	-	26,225,450	21,796,057	-	21,796,057
Right-of-use assets	14,931,093	-	14,931,093	12,161,484	-	12,161,484
Intangible assets	2,204,973	-	2,204,973	1,839,788	-	1,839,788
Assets held for sale	-	-	-	1,750,000	-	1,750,000
Other assets	99,708,733	-	99,708,733	106,474,034	-	106,474,034
	1,894,600,413	1,000,401,155	2,895,001,568	1,145,977,694	1,352,396,511	2,498,374,205

#### 48.2.2 Foreign Exchange Risk

Foreign exchange risk, or the risk that the Bank's earnings and / or capital can fluctuate due to changes in foreign exchange rates, arises out of the Bank's foreign exchange exposure which consists of foreign currency cash in hand, nostro / vostro accounts, forward contracts, forward bookings with exporters, foreign bills purchased, foreign currency placements with SBP and the Bank's Wholesale Bank Branch, foreign currency lendings / deposits and capital investments in offshore operations.

The Bank's treasury manages consolidated foreign exchange exposure by matching foreign currency assets and liabilities in spot and forward. The foreign exchange exposure and nostro balances are maintained within regulatory limits and VaR is calculated for consolidated foreign exchange exposure on a daily basis. The impact of a change in USD / PKR parity on the net open position is also determined through daily sensitivity analysis.

Rupees in '000	2025			
	Foreign currency assets	Foreign currency liabilities	Off-balance sheet items	Net foreign currency exposure
United States Dollar	107,182,859	130,090,170	34,184,371	11,277,060
Pound Sterling	9,052,916	10,818,152	921,681	(843,555)
Euro	1,450,313	6,093,357	4,230,635	(412,409)
Other European currencies	55,941	-	-	55,941
Other currencies	3,158,989	2,780,711	-	378,278
	120,901,018	149,782,390	39,336,687	10,455,315

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Rupees in '000	2024			
	Foreign currency assets	Foreign currency liabilities	Off-balance sheet items	Net foreign currency exposure
United States Dollar	104,112,879	124,672,071	27,232,949	6,673,757
Pound Sterling	1,225,697	9,186,082	7,570,955	(389,430)
Euro	3,134,552	4,293,508	1,051,714	(107,242)
Other European currencies	11,632	–	–	11,632
Other currencies	6,496,660	6,246,239	(15,432)	234,989
	114,981,420	144,397,900	35,840,186	6,423,706

Rupees in '000	2025		2024	
	Banking book	Trading book	Banking book	Trading book
Impact of 1% decrease in foreign exchange				
– Profit and loss account	288,814	(393,367)	294,165	(358,402)

### 48.2.3 Equity position risk

Equity position risk is the risk that the value of equity positions inside the trading book and banking book will change as a result of general and specific equity market movements. Equity positions are monitored on daily basis through management action triggers.

The Bank classifies its direct equity investments into Fair Value Through Profit and Loss (FVTPL) and Fair Value Through Other Comprehensive Income (FVOCI). FVTPL exposures are of a short-term nature and are undertaken to earn profit by exploiting market conditions and short-term price fluctuations. For strategic investments, the Bank has made an irrevocable election to present subsequent changes in fair value in Other Comprehensive Income (FVOCI). These investments are held for long-term strategic purposes rather than for trading, reflecting the Bank's intent to build strategic interest in other concerns. The Bank may also carry indirect equity exposure through financing against shares and reverse repos against shares.

At the end of FY 2025 Bank's investment in mutual funds and equity investment portfolio was classified as FVTPL and FVOCI. Pretax impact of 5% decrease in the prices are provided below;

Rupees in '000	2025		2024	
	Banking book	Trading book	Banking book	Trading book
Impact of 5% change in equity prices on				
– Profit and loss account	–	(81,656)	–	(23,290)
– Other comprehensive income	–	(743,951)	(59,662)	(387,411)

#### 48.2.4 Yield / Interest Rate Risk in the Banking Book (IRRBB)–Basel III Specific

The Bank's interest rate exposure arises out of its investment, lending and borrowing activities. Interest Rate Risk in the Banking Book (IRRBB) in its various forms is the risk of adverse changes in earnings and/or capital due to (i) timing differences or mismatches in the maturity/repricing period of financial assets and liabilities (repricing risk), (ii) differences in the basis used for calculating interest rates received and paid (basis risk), (iii) and options implicit or explicit in the Bank's financial assets and liabilities (options risk). The Asset and Liability Management Committee of the Bank monitors and controls mismatch of interest rate sensitive assets and liabilities on an ongoing basis through its regular meetings. The Market Risk Management Department monitors interest rate in the banking book from an earnings and economic value perspective.

Key IRRBB measures include:

1. Interest Earnings at Risk (IAR): the rolling 12-month impact of a parallel shift in interest rates on Net Interest Margin.
2. Change in Economic Value of Equity (EVE): the impact of a parallel shift in interest rates on the present value of the Bank's cash flows.
3. Repricing Gaps: mismatch between the Bank's assets and liabilities in terms of repricing time bands based on residual maturity for repricing or actual maturity which ever is earlier. Repricing assumptions for non-contractual assets and liabilities have been set based on a behavioral study.

Rupees in '000	2025		2024	
	Banking book	Trading book	Banking book	Trading book
Impact of 1% change in interest rates on				
– Profit and loss account	(4,735,658)	(4,819,499)	(759,782)	(4,761,335)
– Other comprehensive income	1,440,172	–	2,814,052	–

#### 48.2.5 Mismatch of interest rate sensitive assets and liabilities

Yield / interest rate sensitivity position for on-balance sheet instruments is based on the earlier of contractual re-pricing or maturity date and for off-balance sheet instruments is based on settlement date.

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		2025											
		Exposed to yield / interest risk											
Rupees in '000	Effective Yield / Interest rate	Total	Exposed to yield / interest risk							Non-interest bearing financial instruments			
			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>													
Cash and balances with treasury banks		108,637,978	12,842,042	-	-	-	-	-	-	-	-	-	95,795,936
Balances with other banks	5.36%	13,774,428	5,160,183	-	-	-	-	-	-	-	-	-	8,614,245
Lendings to financial institutions	9.31%	14,128,026	14,128,026	-	-	-	-	-	-	-	-	-	-
Investments	12.63%	2,028,768,983	204,835,720	195,298,957	1,340,346,965	81,650,041	31,084,998	71,934,149	77,351,081	2,031,578	945,898	-	23,289,596
Advances	12.03%	586,621,904	213,007,382	191,030,345	62,461,025	39,281,059	4,347,420	6,495,343	5,244,532	55,363,882	9,390,916	-	-
Other assets		75,566,477	-	-	-	-	-	-	-	-	-	-	75,566,477
		2,827,497,796	449,973,353	386,329,302	1,402,807,990	120,931,100	35,432,418	78,429,492	82,595,613	57,395,460	10,336,814	-	203,266,254
<b>Liabilities</b>													
Bills payable		23,259,370	-	-	-	-	-	-	-	-	-	-	23,259,370
Borrowings	11.25%	994,566,586	868,210,968	89,253,902	19,960,568	646,257	3,941,003	3,549,434	3,505,674	3,799,738	497,260	-	1,201,782
Deposits and other accounts	6.63%	1,631,331,749	117,250,590	63,552,141	25,950,897	135,584,542	132,816,786	132,362,233	132,370,733	260,512,582	129,262,600	-	501,668,645
Sub-ordinated loans	13.05%	6,000,000	-	-	6,000,000	-	-	-	-	-	-	-	-
Other liabilities		43,401,811	-	-	-	-	-	-	-	-	-	-	43,401,811
		2,698,559,516	985,461,558	152,806,043	51,911,465	136,230,799	136,757,789	135,911,667	135,876,407	264,312,320	129,759,860	-	569,531,608
<b>On-balance sheet gap</b>		128,938,280	(535,488,205)	233,523,259	1,350,896,525	(15,299,699)	(101,325,371)	(57,482,175)	(53,280,794)	(206,916,860)	(119,423,046)	-	(366,265,354)
<b>Off-balance sheet financial instruments</b>													
Commitments in respect of:													
Forward foreign exchange contracts purchase		144,329,274	-	-	-	-	-	-	-	-	-	-	144,329,274
Forward foreign exchange contracts sale		104,992,587	-	-	-	-	-	-	-	-	-	-	104,992,587
<b>Off-balance sheet gap</b>		39,336,687	-	-	-	-	-	-	-	-	-	-	39,336,687
<b>Total yield / interest risk sensitivity gap</b>			(535,488,205)	233,523,259	1,350,896,525	(15,299,699)	(101,325,371)	(57,482,175)	(53,280,794)	(206,916,860)	(119,423,046)	-	(326,928,667)
<b>Cumulative yield / interest risk sensitivity gap</b>			(535,488,205)	(301,964,946)	1,048,931,579	1,033,631,880	932,306,509	874,824,334	821,543,540	614,626,680	495,203,634	-	168,274,967

2024													
Rupees in '000	Effective Yield / Interest rate	Exposed to yield / interest risk										Non-interest bearing financial instruments	
		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>													
Cash and balances with treasury banks		133,505,285	13,685,296	-	-	-	-	-	-	-	-	-	119,819,989
Balances with other banks	9.08%	10,776,034	8,756,105	-	-	-	-	-	-	-	-	-	2,019,929
Lendings to financial institutions	18.95%	4,567,619	3,499,901	1,067,718	-	-	-	-	-	-	-	-	-
Investments	19.31%	1,509,745,761	17,614	186,388	132,440,174	106,629,790	201,345,810	45,660,944	737,753,054	263,693,711	8,122,084	13,896,192	
Advances	18.32%	695,758,141	293,635,338	193,590,158	100,318,461	19,704,296	25,232,871	10,896,074	10,148,031	40,721,111	1,511,801	-	
Other assets		84,310,753	-	-	-	-	-	-	-	-	-	-	84,310,753
		2,438,663,593	319,594,254	194,844,264	232,758,635	126,334,086	226,578,681	56,557,018	747,901,085	304,414,822	9,633,885	220,046,863	
<b>Liabilities</b>													
Bills payable		66,704,448	-	-	-	-	-	-	-	-	-	-	66,704,448
Borrowings	19.26%	869,212,410	786,491,060	43,582,081	18,230,233	745,647	5,742,238	4,810,342	4,429,744	4,558,769	621,451	847	
Deposits and other accounts	12.85%	1,363,735,115	82,260,809	38,394,033	16,748,923	59,537,685	195,142,993	194,776,184	194,533,883	166,637,775	27,764,368	387,938,462	
Sub-ordinated loans	21.65%	12,000,000	-	6,000,000	6,000,000	-	-	-	-	-	-	-	
Other liabilities		39,416,484	-	-	-	-	-	-	-	-	-	-	39,416,484
		2,351,068,458	868,751,869	87,976,114	40,979,156	60,283,332	200,885,231	199,586,526	198,963,627	171,196,544	28,385,819	494,060,241	
<b>On-balance sheet gap</b>		87,595,135	(549,157,615)	106,868,150	191,779,479	66,050,754	25,693,450	(143,029,508)	548,937,458	133,218,278	(18,751,934)	(274,013,378)	
<b>Off-balance sheet financial instruments</b>													
Commitments in respect of:													
Forward foreign exchange contracts purchase		118,183,587	-	-	-	-	-	-	-	-	-	-	118,183,587
Forward foreign exchange contracts sale		82,377,560	-	-	-	-	-	-	-	-	-	-	82,377,560
<b>Off-balance sheet gap</b>		35,806,027	-	-	-	-	-	-	-	-	-	-	35,806,027
<b>Total yield / interest risk sensitivity gap</b>			(549,157,615)	106,868,150	191,779,479	66,050,754	25,693,450	(143,029,508)	548,937,458	133,218,278	(18,751,934)	(238,207,351)	
<b>Cumulative yield / interest risk sensitivity gap</b>			(549,157,615)	(442,289,465)	(250,509,986)	(184,459,232)	(158,765,781)	(301,795,289)	247,142,169	380,360,448	361,608,513		

**48.2.5.1** Yield risk is the risk of decline in earnings due to adverse movement of the yield curve.

**48.2.5.2** Interest rate risk is the risk that the value of the financial instrument will fluctuate due to changes in the market interest rates.

**48.2.5.3** Assets do not include property and equipment including right of use asset of Rs. 41,156,543 thousand (2024: Rs. 33,957,541 thousand), Intangible assets of Rs. 2,204,973 thousand (2024: Rs. 1,839,788 thousand), deferred tax asset of Rs. nil (2024: Rs. nil), assets held for sale of Rs. nil (2024: 1,750,000 thousand) and other assets consisting of advances, deposits, advance rent and other prepayments, advance taxation, non-banking assets acquired in satisfaction of claims, deferred cost on recognition of loan at fair value, receivable from defined benefit plan, stationary & stamps in hand and Others of Rs. 24,142,256 thousand (2024: Rs. 22,163,282 thousand).

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**48.2.5.4** Liabilities do not include deferred tax liabilities of Rs. 14,303,187 thousand (2024: Rs. 734,350 thousand) lease liabilities of Rs. 17,433,672 thousand (2024: Rs. 14,136,598 thousand) and other liabilities consisting of unearned commission and income on bills discounted, advance payments, advance against sale of properties, branch adjustment account, provision for employees compensated absences, levies and taxes payable, workers welfare fund, deferred grant on subsidized refinance loans, credit loss allowance against off-balance sheet obligations and others of Rs. 12,959,084 thousand (2024: Rs. 10,806,241 thousand).

### **48.3 OPERATIONAL RISK**

Operational risk refers to the risk of loss arising from inadequate or failed internal processes, people, systems, or from external events. The Bank remains committed to managing operational risk prudently and within clearly defined and acceptable parameters, recognising its responsibility to safeguard the interests of shareholders, customers and other stakeholders.

The Board Risk Management Committee (BRMC) provides strategic oversight by approving the Bank's operational risk appetite and tolerance limits. The operational risk governance framework is structured in accordance with the internationally recognised three lines of defence model, ensuring clear accountability, effective oversight and robust risk management practices across the organisation.

The Bank maintains dedicated and specialised functions for the management of Operational Risk, Business Continuity Risk, Information Security and Outsourcing Risk, all of which are governed by comprehensive frameworks aligned with international best practices. These functions collectively support the Bank's objective of maintaining operational resilience and continuity of services for the benefit of customers and stakeholders. Operational risk is assessed and monitored through established tools, including Loss Data Management, Risk and Control Self-Assessments (RCSAs), and the monitoring of Key Risk Indicators (KRIs), which enable the Bank to evaluate both the likelihood and potential financial impacts of operational risk events. Designated Operational Risk Coordinators are deployed across all Business and Support functions for consistent implementation of the operational risk management framework. The Bank has completed the implementation of all prescribed requirements under the State Bank of Pakistan's Outsourcing Risk Management guidelines and has established a comprehensive governance and control framework to manage outsourcing arrangements in line with regulatory expectations and international best practices. A specialised SAS-GRC automated system is utilised to record, track and monitor overall operational risk activities. The Operational Risk Management Committee (ORMC) provides ongoing oversight and reviews material operational risk matters, while stress testing exercises are conducted to proactively assess potential impacts under adverse scenarios. Regular operational risk reports are duly submitted to the Board Risk Management Committee (BRMC) ensuring timely escalation and informed decision-making.

#### **48.3.1 Operational Risk-Disclosures Basel II specific**

For the purpose of calculating the Capital Adequacy Ratio (CAR) in respect of operational risk capital charge, the Bank applies the Basel II 'Basic Indicator Approach' in accordance with applicable regulatory requirements, thereby strengthening capital resilience and stakeholder confidence.

### **48.4 Liquidity Risk**

Liquidity risk reflects an enterprises inability in raising funds to meet commitments. The Bank's liquidity position is managed by the Asset and Liability Management Committee (ALCO). ALCO monitors the maintenance of financial position, liquidity ratios, depositors concentration both in terms of the overall funding mix and to avoid undue reliance on large individual deposits. Moreover, core retail deposits (current accounts and saving accounts) form a considerable part of the Bank's overall funding and significant importance is attached to the stability and growth of these deposits.

The Bank is confident that the liquidity buffer currently maintained is sufficient to cater to any adverse movement in the cash flow maturity profile.

#### 48.4.1 Assets and liabilities – based on contractual maturity

		2025													
Rupees in '000		Total	Upto 1 day	Over 1 to 7 days	Over 7 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
<b>Assets</b>															
Cash and balances with treasury banks	108,637,978	32,591,394	1,086,380	-	-	-	-	-	-	-	-	18,740,051	18,740,051	18,740,051	18,740,051
Balances with other banks	13,774,428	2,479,397	1,257,605	9,642	898,093	451,801	4,628,208	2,314,104	1,157,052	578,526	-	-	-	-	-
Lendings to financial institutions	14,128,026	-	6,600,000	7,528,026	-	-	-	-	-	-	-	-	-	-	-
Investments	2,028,768,983	631,951	1,762,167	1,570,970	2,453,612	1,208,226	270,675	107,210,350	44,972,321	156,838,689	63,547,655	491,112,963	520,770,155	636,419,249	
Advances	586,621,904	4,750,124	9,183,718	14,725,213	165,980,520	45,214,589	42,740,259	54,530,342	25,066,522	13,549,627	30,673,843	26,927,085	54,891,097	98,388,965	
Property and equipment	26,225,450	-	-	209,326	209,326	182,708	182,708	536,663	522,640	522,640	1,801,036	1,327,433	1,454,468	19,276,502	
Intangible assets	2,204,973	-	-	17,600	17,600	15,362	15,362	45,121	43,942	43,942	151,427	111,607	122,288	1,620,722	
Right-of-use assets	14,931,093	-	-	119,176	119,177	104,022	104,022	305,542	297,558	297,558	1,025,395	755,755	828,081	10,974,807	
Assets held for sale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other assets	99,708,733	14,057,128	1,954,010	2,632,296	9,027,026	1,509,073	41,924	1,165,473	223,651	-	17,274,538	17,274,538	17,274,538	17,274,538	
	2,895,001,568	54,509,994	21,843,880	26,812,249	178,705,354	48,685,781	47,983,158	166,107,595	72,283,686	171,830,982	133,213,945	556,249,432	614,080,678	802,694,834	
<b>Liabilities</b>															
Bills payable	23,259,370	7,442,999	2,123,580	-	1,765,386	6,156,080	3,078,040	1,539,020	769,510	384,755	-	-	-	-	
Borrowings	994,566,586	1,308,161	816,934,956	4,655,153	46,033,768	53,002,948	36,662,993	20,029,241	125,000	521,257	3,941,003	3,549,434	3,505,674	4,296,998	
Deposits and other accounts	1,631,331,749	55,077,459	55,344,203	55,268,682	64,613,420	72,075,451	46,813,258	52,981,636	82,596,684	107,049,336	176,669,704	176,215,151	176,223,652	510,403,113	
Lease liabilities	17,433,672	4,034,152	4,857,021	697,347	-	-	-	-	-	-	1,961,288	1,961,288	1,961,288	1,961,288	
Sub-ordinated loans	6,000,000	-	-	-	-	-	-	-	-	-	-	-	-	6,000,000	
Deferred tax liabilities	14,303,187	290,831	1,744,989	2,326,652	4,362,472	-	-	-	285,119	285,119	571,539	1,635,935	2,800,531	-	
Other liabilities	56,360,895	10,210,285	12,329,829	2,000,454	9,027,026	1,509,073	41,924	1,165,473	223,651	-	4,963,295	4,963,295	4,963,295	4,963,295	
	2,743,255,459	78,363,887	893,334,578	64,948,288	125,802,072	132,743,552	86,596,215	75,715,370	83,999,964	108,240,467	188,106,829	188,325,103	189,454,440	527,624,694	
<b>Net assets</b>	151,746,109	(23,853,893)	(871,490,698)	(38,136,039)	52,903,282	(84,057,771)	(38,613,057)	90,392,225	(11,716,278)	63,590,515	(54,892,884)	367,924,329	424,626,238	275,070,140	
Share Capital	14,492,992														
Reserves	88,855,771														
Unappropriated profit	17,244,290														
Surplus on revaluation of assets	31,153,056														
	151,746,109														

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2025

2024

Rupees in '000	Total	2024												
		Upto 1 day	Over 1 to 7 days	Over 7 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
<b>Assets</b>														
Cash and balances with treasury banks	133,505,285	40,051,585	1,335,053	-	-	-	-	-	-	-	23,029,662	23,029,662	23,029,662	23,029,662
Balances with other banks	10,776,034	1,939,686	983,852	7,543	702,597	353,453	3,620,748	1,810,374	905,187	452,593	-	-	-	-
Lendings to financial institutions	4,567,619	-	3,499,901	-	-	1,067,718	-	-	-	-	-	-	-	-
Investments	1,509,745,761	380,495	1,336,644	958,562	564,569	684,226	278,425	132,792,975	78,038,241	28,767,949	203,301,153	47,616,286	740,533,298	274,492,938
Advances	695,758,143	11,024,367	13,361,776	4,001,199	220,071,293	89,456,951	50,516,100	79,564,459	16,687,942	35,499,735	20,849,935	14,845,267	36,956,363	102,922,757
Property and equipment	21,796,057	-	-	173,972	173,972	151,849	151,849	446,023	434,368	434,368	1,496,847	1,103,234	1,208,813	16,020,764
Right-of-use assets	12,161,484	-	-	97,070	97,070	84,727	84,727	248,866	242,363	242,363	835,191	615,568	674,478	8,939,060
Intangible assets	1,839,788	-	-	14,685	14,685	12,808	12,818	37,649	36,665	36,665	126,348	93,124	102,036	1,352,307
Assets held for sale	1,750,000	-	-	-	-	-	-	-	1,750,000	-	-	-	-	-
Other assets	106,474,034	14,439,478	2,817,306	2,922,386	1,289,021	1,781,812	896,000	5,094,059	2,050,131	1,069,725	17,687,709	21,050,989	17,687,709	17,687,709
	2,498,374,205	67,835,612	23,334,532	8,175,417	222,913,208	93,593,543	55,560,666	219,994,404	100,144,897	66,503,398	267,326,845	108,354,129	820,192,358	444,445,197
<b>Liabilities</b>														
Bills payable	66,704,448	21,345,423	6,090,116	-	5,062,868	17,654,731	8,827,365	4,413,683	2,206,841	1,103,421	-	-	-	-
Borrowings	869,212,410	1,719,522	82,926,518	16,092,759	685,752,768	27,156,552	16,425,819	18,230,281	125,000	620,647	5,742,238	4,810,342	4,429,744	5,180,220
Deposits and other accounts	1,363,735,115	71,966,341	130,917,812	5,451,344	14,359,034	47,501,855	5,633,839	16,748,923	40,139,521	19,398,164	253,333,762	252,966,954	252,724,653	252,592,913
Liabilities against Right-of-use assets	14,136,598	3,271,210	3,938,456	565,464	-	-	-	-	-	-	1,590,367	1,590,367	1,590,367	1,590,367
Sub-ordinated loans	12,000,000	-	-	-	-	-	-	-	-	-	-	-	4,500,000	7,500,000
Deferred tax liabilities	734,350	14,932	89,591	119,454	223,977	-	-	-	14,638	14,638	29,344	83,991	143,785	-
Other liabilities	50,222,725	7,754,681	10,135,238	1,800,765	1,289,021	1,781,801	896,000	5,094,059	2,050,131	1,069,725	3,747,006	7,110,286	3,747,006	3,747,006
	2,376,745,646	106,072,109	234,097,731	24,029,786	706,687,668	94,094,939	31,783,023	44,486,946	44,536,131	22,206,595	264,442,717	266,561,940	267,135,555	270,610,506
<b>Net assets</b>	121,628,559	(38,236,497)	(210,763,199)	(15,854,369)	(483,774,460)	(501,396)	23,777,643	175,507,458	55,608,766	44,296,803	2,894,128	(158,207,811)	553,056,803	173,834,691
Share Capital	14,492,992													
Reserves	74,574,030													
Unappropriated profit	16,235,737													
Surplus on revaluation of assets	16,325,800													
	121,628,559													

## 48.4.2 Assets and Liabilities – based on expected maturities

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	108,637,978	33,677,774	-	-	-	18,740,051	18,740,051	18,740,051	16,062,901	2,677,150
Balances with other banks	13,774,428	4,644,737	5,080,009	2,314,104	1,735,578	-	-	-	-	-
Lendings to financial institutions	14,128,026	14,128,026	-	-	-	-	-	-	-	-
Investments	2,028,768,983	6,418,700	1,478,901	107,210,350	201,811,010	63,547,655	491,112,963	520,770,155	634,718,526	1,700,723
Advances	586,621,904	194,639,575	87,954,848	54,530,342	38,616,149	30,673,843	26,927,085	54,891,097	89,278,383	9,110,582
Property and equipment	26,225,450	418,652	365,416	536,663	1,045,280	1,801,036	1,327,433	1,454,468	1,404,088	17,872,414
Intangible assets	2,204,973	35,200	30,724	45,121	87,884	151,427	111,607	122,288	118,052	1,502,670
Right-of-use assets	14,931,093	238,353	208,044	305,542	595,116	1,025,395	755,755	828,081	799,398	10,175,409
Assets held for sale	-	-	-	-	-	-	-	-	-	-
Deferred tax assets	-	-	-	-	-	-	-	-	-	-
Other assets	99,708,733	27,670,460	1,550,997	1,165,473	223,651	17,274,538	17,274,538	17,274,538	14,806,746	2,467,792
	2,895,001,568	281,871,477	96,668,939	166,107,595	244,114,668	133,213,945	556,249,432	614,080,678	757,188,094	45,506,740
<b>Liabilities</b>										
Bills payable	23,259,370	11,331,965	9,234,120	1,539,020	1,154,265	-	-	-	-	-
Borrowings	994,566,586	868,932,038	89,665,941	20,029,241	646,257	3,941,003	3,549,434	3,505,674	3,799,738	497,260
Deposits and other accounts	1,631,331,749	230,303,764	118,888,709	52,981,636	189,646,020	176,669,704	176,215,151	176,223,652	341,972,233	168,430,880
Lease liabilities	17,433,672	9,588,520	-	-	-	1,961,288	1,961,288	1,961,288	1,734,093	227,195
Sub-ordinated loans	6,000,000	-	-	-	-	-	-	-	-	6,000,000
Deferred tax liabilities	14,303,187	8,724,944	-	-	570,238	571,539	1,635,935	2,800,531	-	-
Other liabilities	56,360,895	33,567,594	1,550,997	1,165,473	223,651	4,963,295	4,963,295	4,963,295	4,428,008	535,287
	2,743,255,459	1,162,448,825	219,339,767	75,715,370	192,240,431	188,106,829	188,325,103	189,454,440	351,934,072	175,690,622
<b>Net assets</b>	151,746,109	(880,577,348)	(122,670,828)	90,392,225	51,874,237	(54,892,884)	367,924,329	424,626,238	405,254,022	(130,183,882)
Share Capital	14,492,992									
Reserves	88,855,771									
Surplus on revaluation of assets	31,153,056									
Unappropriated profit	17,244,290									
	151,746,109									

2024										
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	133,505,285	41,386,637	-	-	-	23,029,662	23,029,662	23,029,662	23,029,662	-
Balances with other banks	10,776,034	3,633,679	3,974,201	1,810,374	1,357,780	-	-	-	-	-
Lendings to financial institutions	4,567,619	3,499,901	1,067,718	-	-	-	-	-	-	-
Investments	1,509,745,761	3,240,270	962,651	132,792,975	106,806,190	203,301,153	47,616,286	740,533,298	274,492,938	-
Advances	695,758,143	248,458,635	139,973,051	79,564,459	52,187,676	20,849,935	14,845,267	36,956,363	94,370,267	8,552,490
Property and equipment	21,796,057	347,942	303,698	446,023	868,736	1,496,847	1,103,234	1,208,813	16,020,764	-
Right-of-use assets	12,161,484	194,142	169,453	248,866	484,726	835,191	615,568	674,478	8,939,060	-
Intangible assets	1,839,788	29,369	25,625	37,649	73,330	126,348	93,124	102,036	1,352,307	-
Assets held for sale	1,750,000	-	-	-	1,750,000	-	-	-	-	-
Deferred tax assets	-	-	-	-	-	-	-	-	-	-
Other assets	106,474,034	21,468,191	2,677,812	5,094,059	3,119,856	17,687,709	21,050,989	17,687,709	17,687,709	-
	2,498,374,205	322,258,766	149,154,209	219,994,405	166,648,294	267,326,845	108,354,130	820,192,359	435,892,707	8,552,490
<b>Liabilities</b>										
Bills payable	66,704,448	32,498,407	26,482,096	4,413,683	3,310,262	-	-	-	-	-
Borrowings	869,212,410	786,491,567	43,582,371	18,230,281	745,647	5,742,238	4,810,342	4,429,744	4,558,769	621,451
Deposits and other accounts	1,363,735,115	222,694,531	53,135,694	16,748,923	59,537,685	253,333,762	252,966,954	252,724,653	216,515,578	36,077,335
Liabilities against Right-of-use assets	14,136,598	7,775,130	-	-	-	1,590,367	1,590,367	1,590,367	1,363,172	227,195
Sub-ordinated loans	12,000,000	-	-	-	-	-	-	-	4,500,000	6,000,000
Deferred tax liabilities	734,350	447,954	-	-	29,276	29,344	83,991	143,785	-	-
Other liabilities	50,222,725	20,979,704	2,677,801	5,094,059	3,119,856	3,747,006	7,110,286	3,747,006	3,211,720	535,287
	2,376,745,646	1,070,887,293	125,877,962	44,486,946	66,742,726	264,442,717	266,561,940	267,135,555	227,149,239	43,461,268
<b>Net assets</b>	121,628,559	(748,628,527)	23,276,247	175,507,459	99,905,568	2,884,128	(158,207,810)	553,056,804	208,743,468	(34,908,778)
Share Capital	14,492,992									
Reserves	74,574,030									
Surplus on revaluation of assets	16,235,737									
Unappropriated profit	16,325,800									
	121,628,559									

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2025

### 48.5 Derivative Risk

The Bank at present does not offer structured derivative products such as interest rate swaps, forward rate swap, forward rate agreements or foreign exchange options nor does it deal in market making and foreign exchange hedging.

Bank's derivative exposure is limited to hedging transactions undertaken by Treasury in instruments such as forward exchange contracts.

The Risk Management Group monitors Bank's overall derivative exposure in forward exchange contracts, which are marked to market and are included in Banks overall portfolio measures of volatility including value at risk (VaR). Further, value at risk (VaR) is separately monitored for forward exchange contracts. Derivative exposures are also included in Bank's capital charge and risk weighted asset calculation in accordance with SBP regulations.

### 49 GENERAL

#### 49.1 Non-adjusting events after the balance sheet date

The Board of Directors in its meeting held on February 9, 2026 has proposed a final cash dividend of Rs. 1.75 per share (2024: Rs. 3 per share) which will be approved in the forthcoming Annual General Meeting. This is in addition to the interim cash dividends already paid at Rs. 3.25 per share during the year. Further, transfer of Rs. 14,708,016 thousand (2024: Rs. 11,977,902 thousand) to the general reserve has also been approved by the Board of Directors. The unconsolidated financial statements for the year ended December 31, 2025 do not include the effect of these appropriations which will be accounted for in the unconsolidated financial statements for the year ending December 31, 2026.

#### 49.2 Corresponding figures

In order to align unconsolidated cash flow statement with the SBP format, the comparative amounts with in cash flow from operating activities relating to net mark up / interest income, other assets, other liabilities, interest received and interest paid have been changed having no impact on the 'net cash flow generated from operating activities'.

### 50 DATE OF AUTHORIZATION

These unconsolidated financial statements were authorized for issue on February 9, 2026 by the Board of Directors of the Bank.



Chief Financial Officer



President & CEO



Director



Director



Chairman

# ANNEXURE-1

Statement Showing Written-off Loans or any other Financial Reliefs of Rupees Five Hundred Thousand or Above Provided During the Year Ended December 31, 2025

Rupees in million											
S. No.	Name & address of the borrower	Name of individuals / partners / directors (with NIC / CNIC No.)	Father's / husband name	Outstanding liabilities at beginning of the year							
				Principal	Interest / mark-up	Other than interest / mark-up	Total	Principal written-off	Interest / mark-up waived-off /written off	Other financial relief provided	Total
1	S.M.Nisar & Co. 99/9L Tehsil & District Sahiwal.	Sheikh Javed Nisar 36502-1359884-1 Shahbana Javed 36502-1291686-6 Muhammad Shafique (Deceased) 35302-1054575-1 Muhammad Shafiqat (Deceased) 35302-2314886-1	Sheikh Nisar Ahmad  Sheikh Javed Nisar  Sheikh Muhammad Ashraf  Sheikh Muhammad Ashraf	-	0.869	4.865	5.734	-	-	2.826	2.826
2	Punjab Electronics 187 Badar Block Allama Iqbal Town Lahore.	Naseer Abbass 35202-2762945-3 Muhammad Nawaz 35202-8126096-5	Muhammad Nawaz  Muhammad Bashir	1.378	1.621	4.032	7.031	-	1.499	4.032	5.531
3	Azam Building Material 59-A, Iron Market, Vehari.	Arshad Naveed Babar 36603-0535201-9	Muhammad Hussain	-	0.722	1.456	2.178	-	0.722	2.966	3.688
4	Sheikh Cotton Factory 32-G, Grain Market, Burewala.	Sheikh Mushtaq Ahmad 36601-5305143-5	Sheikh Muhammad Yousaf	-	4.556	8.293	12.849	-	-	8.911	8.911
5	Atzal Rice Industries Kamand Road, Burewala.	Muhammad Afzal 36601-8772252-9	Muhammad Ramzan	7.955	0.388	4.650	12.993	-	0.207	3.287	3.494
6	Qadri Industries Chak#314 Kamand Road Burewala.	Wajid Ali 36601-3039262-3	Muhammad Yaqoob	-	1.103	3.569	4.672	-	-	2.153	2.153
7	Qadri Commission Shop 44-G Grain Market, Burewala.	Asghar Ali 36601-1558052-7 M. Yaqoob Sabir 36601-1475599-9	Sher Muhammad  Moula Bux	-	0.940	3.142	4.082	-	-	1.876	1.876
8	Olympia Spinning & Weaving Mills E-3 Farzana Building, 1st Floor, Block KCHS Union Ltd. Shaheed-e-Millat Road, Karachi.	Mohammad Waqar Monnoo 42201-0645541-7 Siraj Sadiq Monnoo 42201-3201218-9	Muhammad Sadiq Monnoo  Mohammad Waqar Monnoo	-	168.076	-	168.076	-	168.076	-	168.076
9	Farooq Oil Industries (Pvt) Ltd Plot No. 178-180, Sector 27, Korangi, Industrial Area, Karachi.	Shaikh Ali Rauf 42301-4750325-9 Rukhsana Farooq 42301-3677076-8 Naila Farooq 42000-3284739-2 Nida Farooq 42301-2936099-0 Omer Farooq 42301-0158904-1	Shaikh Abdul Rauf  Shaikh Abdul Rauf  Shaikh Farooq Aslam  Sheikh Ali Rauf  Shaikh Farooq Aslam	-	7.559	-	7.559	-	7.559	-	7.559
10	Regal Travels & Tours Pvt.Ltd. Shop No.50, Quaid-e-Azam Stadium, Mirpur, A.J.K.	Ch Azhar Mahmood 81302-3984205-9 Saima Azhar 81302-5756541-4 Rashid Saleem 81302-6652071-1 Shahzad Nasir Mahmood 81302-5661940-3	Haji Muhammad Latif  Azhar Mehmood  Muhammad Saleem  Nasir Mahmood	2.400	0.029	-	2.429	-	-	1.004	1.004
11	Sheikh Cotton Factory Multan Road Burewala	Mushtaq Ahmad 36601-5305143-5	Sh. Muhammad Yousaf	-	4.556	8.911	13.467	-	-	8.911	8.911
12	Indus Jute Mills Ltd 59/5, Sarfaraz Rafique Road, Lahore Cantt	Muhammad Asif Khan 34302-1256758-3 Asadullah Asif 35200-4355537-5	Malik Muhammad Wazir  Muhammad Asif Khan	58.516	20.939	2.505	81.960	-	19.456	2.505	21.961

# ANNEXURE-1

Statement Showing Written-off Loans or any other Financial Reliefs of Rupees Five Hundred Thousand or Above Provided During the Year Ended December 31, 2025

Rupees in million											
S. No.	Name & address of the borrower	Name of individuals / partners / directors (with NIC / CNIC No.)	Father's / husband name	Outstanding liabilities at beginning of the year							
				Principal	Interest / mark-up	Other than interest / mark-up	Total	Principal written-off	Interest / mark-up waived-off / written off	Other financial relief provided	Total
13	Dilber Mumtaz & Co New Bus Stand, Sargodha.	Mumtaz Hussain 38403-2110413-3	Munawar Hussain	0.560	0.630	0.603	1.793	-	0.360	0.603	0.963
14	Muhammad Nawaz Dera Gujran P.O Begowala Kishan Garh, Tehsil Sambrial, District Sialkot.	Muhammad Nawaz 34601-1679094-9*	Noor Alam	0.795	0.843	-	1.638	-	0.632	-	0.632
15	Fida Hassan / Omair Hassan Chak 88/P, Tehsil & District Rahim Yar Khan.	Fida Hassan 31303-3955728-5 Omair Hassan 31303-0519687-7	Hassan Dad Gujjar  Hassan Dad Gujjar	1.998	1.997	-	3.995	-	1.298	-	1.298
16	Waqar Ahmad Khan H.# 171, Block 14-B, Township Lahore.	Waqar Ahmad Khan 35102-0712686-5	Khushi Muhammad	1.741	-	1.686	3.427	-	-	1.180	1.180
17	Ibrar Hussain Chak 44 JB, Pakadal Dakhkhana CH-132 RB,Chak Jhumra, Faisalabad.	Ibrar Hussain 33101-2953395-3	Sakhawat Ali	0.640	1.624	-	2.264	-	1.218	-	1.218
18	Sikandar Hayat Ganeshpur, P.O Khas Tehsil & District Nankana Sahib.	Sikandar Hayat 35501-0177966-3	Ibrahim	0.683	1.677	-	2.360	-	1.174	-	1.174
19	Kamran Khan Mohal Kabi Khel, Pai Khel, Mianwali.	Kamran Khan 38302-7985469-1	Khan Dil Khan	1.218	2.350	-	3.568	-	1.644	-	1.644
20	Khawaja Muhammad Kaleem 7/1 E-3, Main Boulevard Gulberg-III, Lahore.	Khawaja Muhammad Kaleem 37201-1566290-3	Khawaja Muhammad Yousaf	3.000	-	1.795	4.795	-	-	1.345	1.345
21	Muhammad Ashraf Chak # 470, TDA P.O Chak # 471 TDA, Tehsil Layyah.	Muhammad Ashraf 32203-2056574-7	Fazal Ahmed	-	1.086	-	1.086	-	0.543	-	0.543
22	Muhammad Arshad Jora Dakhana Ali Pur District Gujranwala Tehsil Wazirabad.	Muhammad Arshad 34104-2344146-5	Sardar Khan	2.000	3.625	-	5.625	-	2.356	-	2.356
23	Naveed Hussain Sahang P/O Sahang Nikka Mirpur.	Naveed Hussain 81302-1650121-3*	Muhammad Azam	1.108	0.730	1.080	2.918	-	-	0.810	0.810
24	Liaqat Ali Mouza Rasheeda, P.O Chiniot, Tehsil District Chiniot.	Liaqat Ali 33201-1591936-9	Ghulam Muhammad	2.000	0.496	1.328	3.824	-	-	0.664	0.664
25	Mukhtar Poultry Breeders PO Khas Khanna DaK, Tehsil & District Islamabad.	Mukhtar Poultry Breeders 61101-1973383-5	Ghulam Rasool	28.997	-	12.667	41.664	-	-	8.864	8.864
26	Muhammad Zaigham Abbas P.O District,Chiniot.	Muhammad Zaigham Abbas 33401-0421839-9	Zafar Abbas	1.490	2.970	-	4.460	-	2.227	-	2.227
27	Iftikhar Ali Satoki Post Office Khas, Kasur.	Iftikhar Ali 35102-6202968-3	Muhammad Hassan	2.999	1.100	-	4.099	-	0.803	-	0.803
28	Syed Ali Naqi Bukhari P O Khas Midh Rahjha Syed Noh Tehsil Kot Momin Sargodha.	Syed Ali Naqi Bukhari 38401-8208321-1	Ahmed Ali Shah	1.900	1.296	-	3.196	-	0.933	-	0.933

Rupees in million

S. No.	Name & address of the borrower	Name of individuals / partners / directors (with NIC / CNIC No.)	Father's / husband name	Outstanding liabilities at beginning of the year							
				Principal	Interest / mark-up	Other than interest / mark-up	Total	Principal written-off	Interest / mark-up waived-off / written off	Other financial relief provided	Total
29	Zahid Ahmad House No 27/11, Street Katalan, Mohallah Garah, Chiniot.	Zahid Ahmad 33201-4404995-3	Rasheed Ahmed	0.995	1.289	-	2.284	-	0.822	-	0.822
30	Amir Hayat Jabouana P.O Khas, Tehsil 18 Hazari, Jhang.	Amir Hayat 33202-9070641-3	Ghazanfar Ali Khan	2.304	-	2.275	4.579	-	-	1.479	1.479
31	Asif Javed Chanyal Kalan, P.O. Khas Tehsil Mureedkey.	Asif Javed 35405-0343371-3	Ch Muhammad Afzal	1.199	-	1.007	2.206	-	-	0.734	0.734
32	M.Ramzan Urf Chuhar / M. Israil Chak 229 J.B., PO Same, Tehsil Bhowana, District Chiniot.	M.Ramzan Urf Chuhar 33201-1607583-1 M. Israil 33201-1607584-5	Hashim Khan  Muhamamd Ramzan	0.999	2.275	-	3.274	-	1.707	-	1.707
33	Muhammad Nawaz Chak 83 G.B., Dakhana Chak 78 GB, Tehsil Faisalabad.	Muhammad Nawaz 14202-5050018-8	Sardar Muhammad	0.800	2.163	-	2.963	-	1.622	-	1.622
34	Zaib un Nisa / Zahid Ashraf Moza Mabbokay, P/O Sehja, Tehsil & Distt Kasur.	Zaib un Nisa 35102-3510138-2 Zahid Ashraf 35102-5282574-5	Muhammad Ashraf	1.500	1.000	-	2.500	-	0.750	-	0.750
35	Ameer Ali Chak 102-RB, Tehsil Jaranwala District Faisalabad.	Ameer Ali 33104-0735241-7	Jan Muhammad	0.450	0.739	-	1.189	-	0.514	-	0.514
36	Muhammad Younis Khan Mouza Chulaman Hassan Khan Wala, Tehsil Klor Kot District. Bhakkar.	Muhammad Younis Khan 38103-8987912-1	Abdul Qayyum Khan	-	1.266	-	1.266	-	0.760	-	0.760
37	Khawaja Muhammad Tanveer 7/1 E-3, Main Boulevard Gulberg-III, Lahore.	Khawaja Muhammad Tanveer 37201-1576044-5	Khawaja Mohammad Yousaf	3.000	1.835	-	4.835	-	1.376	-	1.376
38	Noreen Ayesha Moza Kolkey Bahawal, P/O Khas, Tehsil Depalpur, District Okara.	Noreen Ayesha 35301-0692062-2	Faisal Amin	2.000	5.049	-	7.049	-	3.784	-	3.784
39	Noor Muhammad Khan P/O Khas Mehray Wala, Tehsil & District Rajapur.	Noor Muhammad Khan 32102-2106247-7	Yar Muhammad Khan Buzdar	2.000	1.900	-	3.900	-	0.950	-	0.950
40	Nasir Ali Dinga, P.O Khas Kandiowal Tehsil Lalian, District Chiniot.	Nasir Ali 33201-8363867-7	Muhammad Nawaz	0.699	0.926	-	1.625	-	0.694	-	0.694
41	Ghulam Abbas Mouza Vighlana Tehsil & District Jhang.	Ghulam Abbas 33202-6109769-1	Allah Bakhsh	0.400	1.060	-	1.460	-	0.530	-	0.530
42	Abdul Rasheed Dholan, Hitthar, P.O KHAS, Kasur.	Abdul Rasheed 35102-6814543-9	Chiragh Din	1.070	1.200	-	2.270	-	0.828	-	0.828
43	Mian Waqas Maalik Wattoo Chak Ganda Singh, Tehsil Depalpur, District Okara.	Mian Waqas Maalik Wattoo 35301-7617079-1	Mian Naeem Malik Wattoo	1.000	1.086	-	2.086	-	0.543	-	0.543

# ANNEXURE-1

Statement Showing Written-off Loans or any other Financial Reliefs of Rupees Five Hundred Thousand or Above Provided During the Year Ended December 31, 2025

Rupees in million											
S. No.	Name & address of the borrower	Name of individuals / partners / directors (with NIC / CNIC No.)	Father's / husband name	Outstanding liabilities at beginning of the year							
				Principal	Interest / mark-up	Other than interest / mark-up	Total	Principal written-off	Interest / mark-up waived-off / written off	Other financial relief provided	Total
44	Zafar Iqbal Chak 240, RB Tehsil & District Faisalabad.	Zafar Iqbal 33103-2940690-3	Allah Bakhsh	0.999	1.052	-	2.051	-	0.501	-	0.501
45	Abid Hussain Bhaal P.O KHAS, Tehsil & District Rawalpindi.	Abid Hussain 37405-7631570-3	Sayed Muhammed	1.000	3.124	-	4.124	-	2.154	-	2.154
46	Muhammad Umair Asgher Mouza Gunnaur, P.O Khas Tehsil Kamoke District Gujranwala.	Muhammad Umair Asgher 34102-8297739-1	Muhammad Asgher Ali	0.800	1.484	-	2.284	-	0.964	-	0.964
47	Muhammad Adil Boonga Salih, Tehsil Depalpur District Okara.	Muhammad Adil 35202-7307517-7	Ghulam Shabbir Khan	1.000	2.005	-	3.005	-	1.383	-	1.383
48	Sholl International (Pvt) Ltd. H# A-536, Block-C, North Nazimabad, KDA Scheme No. 2 Karachi.	Nizar Ali Fazwani 42101-1833403-7	Muhammad Ali Fazwani	27.179	7.005	4.560	38.744	-	7.005	4.021	11.026
49	Marvi Pharmaceutical (Pvt) Ltd. H# A-536, Block-C, North Nazimabad, KDA Scheme No. 2 Karachi.	Nizar Ali Fazwani 42101-1833403-7	Muhammad Ali Fazwani	8.164	0.626	1.350	10.140	-	0.626	1.189	1.815
50	Naeem Hussain Mughal Noor Pur Shahan Mohallah, Upura Shehr Bari Imam, Islamabad.	Naeem Hussain Mughal 61101-1769379-5	Nazeer Hussain Mughal	1.296	1.801	0.075	3.172	-	0.721	0.065	0.786
51	Zeeshan Rana House # 06, Street # 1-B, Chori Town Phase 1, Khanna Dak Islamabad.	Zeeshan Rana 54400-6707097-5	Abdul Sattar Saqib	4.199	2.725	0.473	7.397	-	0.994	0.370	1.364
52	Niaz Ali Tunio F.#. 2, Near Venus Cinema, Hyderabad.	Niaz Ali Tunio 41303-9545754-1	Ghulam Asghar Tunio	1.635	0.865	0.246	2.746	-	0.575	0.071	0.646
53	Gull Rehman H # 32, St # 19, Sector C, DHA Phase-1 Islamabad.	Gull Rehman 61101-5793025-3	Malik Gul Behram Khan	0.594	1.567	0.004	2.165	-	0.783	0.004	0.787
54	Nasir Jamal Khan H. # MC 12 Area Green Rafe-e-Aam Town, Karachi.	Nasir Jamal Khan 33104-6332514-1	Muhammad Sarwar Khan	0.200	0.770	0.128	1.098	-	0.620	0.128	0.748
55	Raheel Yaqub H# 1092, Street # 37 Block Y, DHA Phase-VIII, Lahore.	Raheel Yaqub 35202-2975657-5	Muhammad Yaqub Chughtai	5.269	2.620	0.592	8.481	-	0.670	0.550	1.220
56	Muhammad Imran P.O Chak# 119 J.B Rasool pur Faisalabad.	Muhammad Imran 33100-2804134-3	Muhammad Sarwar	-	-	1.282	1.282	-	-	1.282	1.282
Total				192.129	279.214	72.574	543.917	-	242.583	61.830	304.413

# PROFILE OF SHARIAH BOARD MEMBERS

<b>Mufti Muhammad Zahid</b> (Chairman)	<b>Dr. Muhammad Tahir Mansoori</b> (Resident Member)	<b>Mufti Zakir Hassan Naumani</b> (Member)	<b>Mufti Dr. Lutfullah Saqib</b> (Member)
<p>Mufti Muhammad Zahid is a notable figure in the field of Shariah and has been teaching Quran, Hadith, Fiqh and Arabic language for over 31 years, besides being the Vice President of Jamia Imdadia, Faisalabad and a member of its Dar-ul-Ifta since 1989. Mufti Muhammad Zahid has also authored various publications. He holds Shahadh Al-Alamiyyah from Wifaq-ul-Madaris, Al-Arabiyyah Pakistan and Master's Degree in Arabic from International Islamic University, Islamabad.</p> <p><b>Term of Office</b> Joined the Shariah Board on June 1, 2015</p> <p><b>Other Membership (s)</b></p> <ul style="list-style-type: none"> <li>Chairperson-Shariah Supervisory Committee, Bank of Khyber</li> <li>Chairperson-Shariah Board, Bank of Punjab</li> </ul>	<p>Dr. Muhammad Tahir Mansoori is an eminent scholar and recipient of the President of Pakistan's Medal for Pride of Performance. Dr. Mansoori holds Moulvi Alim and Moulvi Fazil degrees from 'Dar ul uloom' Mansoorah, LLM Shariah from International Islamic University, Islamabad and PhD in Islamic Studies from Punjab University, Lahore. Dr. Mansoori has taught and written on Fiqh and Usool-e-Fiqh matters for over three decades. He is the author of numerous publications including, Al-Madkhal-Al-Masrafi (Introduction to Islamic Banking) in Arabic, Islamic Law of Contracts and Business Transactions, and Shariah Maxims on Financial Matters.</p> <p><b>Term of Office</b> Joined the Shariah Board on June 1, 2015</p>	<p>Mufti Zakir Hassan Naumani holds Master Degrees in Islamiyat and Arabic from University of Peshawar and Shahadh Al-Alamiyyah from Wifaqul Madaris Al-Arabiyyah, Multan. Mufti Zakir possesses over 36 years of research experience and has authored 25 books in the field of Islamic economics, Tafseer, Fiqhi Masayel, Travelogue etc. Mufti Zakir is currently teaching Islamic Jurisprudence (Fiqh), at Jamia Dar al-Ulum Haqqania Akora Khattak, Khyber Pakhtunkhwa. He has taught Quran, Hadith and Fiqh for over 31 years and has issued over 3,800 fatawa for various issues pertaining to the field of Islamic Jurisprudence, Islamic economics, Islamic law of contract, Social issues, Muslim Family law Islamic Finance and Islamic business &amp; trade.</p> <p><b>Term of Office</b> Joined the Shariah Board on June 25, 2021</p>	<p>Mufti Dr. Lutfullah Saqib is an expert in the domain of "Islamic Law and Jurisprudence". He holds Takhasus fil Fiqh wal Ifta from Wifaqul Madaris Al-Arabiyyah, Mardan. He has also done his LLB (Hons), LLM (Islamic commercial law), PhD (Shariah) and post doctorate in Islamic law from International Islamic University, Islamabad. Mufti Dr. Lutfullah Saqib has authored several books and research articles in the areas of Islamic commercial law/ Islamic law. As an academician and trainer, he has delivered numerous lectures, talks and training in Pakistan and abroad. Mufti Dr. Lutfullah is also serving as Chairman of Department of Law and Shariah, University of Swat.</p> <p><b>Term of Office</b> Joined the Shariah Board on June 25, 2021</p>

## Shariah Board (SB) - Brief Terms of Reference and Attendance

The SB is empowered to consider, decide and supervise all Shariah related matters of Askari Ikhlas Islamic banking and advises and assists the Board of Directors in introducing and implementing an effective Shariah compliance framework. All SB's decisions / rulings / fatawa are binding on the Ikhlas Islamic banking business of the Bank, whereas, the Shariah Board is responsible and accountable for all its Shariah decisions. The Resident Shariah Board Member (RSBM) oversees the procedures to be adopted for implementation of the resolutions, pronouncements and fatawa of the SB and provide guidance thereon. The SB ensures that all the procedure manuals, product programs / structures, process flows, related agreements, marketing advertisements, sales illustrations and brochures are in conformity with the rules and Principles of Shariah.

Shariah Board Members	Date of Meeting				
	Attendance / Total Meetings	March 28, 2025	June 27, 2025	September 29, 2025	December 22, 2025
<b>Name of Members and their attendance in each meeting</b>					
Mufti Muhammad Zahid (Chairperson)	4/4	1	1	1	1
Dr. Muhammad Tahir Mansoori (RSBM)	4/4	1	1	1	1
Mufti Zakir Hassan Naumani (Member)	4/3	-	1	1	1
Mufti Dr. Lutfullah (Member)	4/4	1	1	1	1

# REPORT OF SHARIAH BOARD

FOR THE YEAR ENDED DECEMBER 31, 2025

In the name of Allah, the Beneficent, the Merciful

Shariah Governance Framework of State Bank of Pakistan (SBP) requires the BoD to meet Shariah Board, at least on a half yearly basis to; (a) have a briefing on the Shariah compliance environment, the issues/weaknesses and recommendations to improve Shariah compliance environment; and (b) ensure timely and effective enforcement of the Shariah Board decisions and recommendations.

During the year, four meetings of Shariah Board were held to deliberate on various Shariah issues, new products, modification to existing products, manuals and policies, Shariah reports etc. Apart from the quarterly meetings, the Shariah Board constantly remained involved with all the Shariah affairs of the Bank, by reviewing different proposals / matters, by way of circulation as well.

During the period under review, Shariah compliance review and Internal Shariah audit of Islamic banking branches / offices was conducted, on test check basis, to ensure that all the products and services being offered by the bank, conform to the injunctions of Shariah. Furthermore, Shariah Compliance Department (SCD), under guidance of Resident Shariah Board Member (RSBM), verified distribution of profit and loss to the depositors, prior to disbursement, on a monthly basis, and ensured that the distribution is in line with instructions of Shariah Board / SBP.

Based on above, we are of the view that Askari Ikhlas Islamic Banking:

- i. has complied with the Shariah rules and principles in the light of fatawa, rulings and guidelines issued by its Shariah Board.
- ii. has complied with directives, regulations, instructions and guidelines related to Shariah compliance issued by SBP in accordance with the rulings of SBP's Shariah Board.
- iii. has a comprehensive mechanism in place to ensure Shariah compliance in its overall operations.
- iv. has a well-defined system in place which is sound enough to ensure that any earnings realized from sources or by means prohibited by Shariah have been credited to charity account and are being properly utilized.
- v. has complied with the SBP instructions on profit & loss distribution and pool management.
- vi. staff, management and the BoD possesses adequate level of Islamic banking knowledge to appreciate the importance of Shariah compliance in the products and processes.
- vii. has provided adequate resources to Shariah Board, enabling it to discharge its duties, effectively.

Shariah Board appreciates the commitment and efforts of the management to transform the Bank's operations into Islamic Banking. In this regard, our recommendation is as under:

- While hiring new staff members, experienced Islamic banking professionals should be preferred and Islamic teams performance appraisals should assign due weightage to further strengthen Shariah compliance.



Dr. Muhammad Tahir Mansoori  
Resident Shariah Board Member



Mufti Dr. Lutfullah Saqib  
Member Shariah Board



Mufti Zakir Hassan Naumani  
Member Shariah Board



Mufti Muhammad Zahid  
Chairman Shariah Board

Date: January 27, 2026

# شریعت بورڈ کی رپورٹ

برائے سال 2025ء

بسم اللہ الرحمن الرحیم

اسٹیٹ بینک آف پاکستان کی جاری کردہ ہدایات کی روشنی میں یہ ضروری ہے کہ بورڈ آف ڈائریکٹرز شریعت بورڈ کے ساتھ سال میں دو دفعہ اجلاس منعقد کرے۔ ان اجلاسوں میں شریعت بورڈ، بورڈ آف ڈائریکٹرز کو بینک کی مجموعی شریعتی کمپلائنس کی صورت حال کے متعلق آگاہی فراہم کرتا ہے اور اسے مزید بہتر بنانے کے لیے اپنی سفارشات پیش کرتا ہے۔

اسٹیٹ بینک آف پاکستان کی جاری کردہ ہدایات کی رو سے یہ بورڈ آف ڈائریکٹرز اور انتظامیہ کی ذمہ داری ہے کہ وہ اس بات کو یقینی بنائے کہ عسکری بینک لمیٹڈ اسلامی بینکاری سروسز کی تمام سرگرمیاں شریعت کے اصولوں کے مطابق ہیں۔ اسی طرح شریعت بورڈ کی ذمہ داری ہے کہ وہ بورڈ آف ڈائریکٹرز کو اسلامی بینکاری سروسز کی شرعی اصولوں کی مطابقت کے حوالے سے آگاہی فراہم کرے۔

سال 2025ء کے دوران شریعت بورڈ کے چار اجلاس منعقد ہوئے جن میں شریعت سے متعلق مختلف اہم امور زیر بحث آئے۔ ان امور میں نئی پراڈکٹس کا اجراء موجودہ پراڈکٹس میں تبدیلیاں، میٹروں، پالیسیوں کو دوبارہ مرتب کرنا اور پورش وغیرہ شامل ہیں۔ سرمایہ بیٹنگ کے علاوہ شریعت بورڈ اس عرصہ میں اسلامی بینکاری کے معاملات کی نگرانی کے عمل میں بھی مسلسل شامل رہا ہے۔

شریعت بورڈ نے اپنی رپورٹ مرتب کرنے کے لیے شریعتی ڈیپارٹمنٹ اور آڈٹ ڈیپارٹمنٹ کی رپورٹس کا بغور جائزہ لیا ہے۔ ان حقائق و معلومات سے ہم نے درج ذیل نتائج اخذ کیے ہیں۔

- ۱۔ اسلامی بینکاری کی خدمات فراہم کرتے ہوئے عسکری بینک لمیٹڈ شریعت بورڈ کے قانونی اور ہدایات کو ٹھیک رکھا ہے۔
- ۲۔ اسلامی بینکاری کی خدمات فراہم کرتے ہوئے عسکری بینک لمیٹڈ نے اسٹیٹ بینک آف پاکستان اور اس کے شریعت بورڈ کی جاری کردہ ہدایات اور احکامات کی پاسداری کی ہے۔
- ۳۔ شرعی اصولوں کی پاسداری کے حوالے سے عسکری بینک لمیٹڈ میں اسلامی بینکاری سروسز کا ایک جامع اور مربوط نظام رائج ہے۔
- ۴۔ عسکری بینک لمیٹڈ اسلامی بینکاری سروسز کے پاس ایک ایسا واضح اور جامع نظام موجود ہے جس کے تحت غیر شرعی ذرائع سے حاصل شدہ آمدن صرف خیراتی مقاصد میں استعمال ہوتی ہے اور وہ بینک کی آمدن کا حصہ نہیں بنتی۔

۵۔ اس سارے عرصے میں رب المال (کھاتہ داران) کو مطلع کی تقسیم اسٹیٹ بینک آف پاکستان کی جاری کردہ ہدایات اور احکامات کے مطابق ہوئی۔

۶۔ اسٹاف ممبران، انتظامیہ اور بورڈ آف ڈائریکٹرز اسلامی بینکاری کے متعلق مناسب اور معتدل آگاہی رکھتے ہیں۔

۷۔ بینک انتظامیہ نے شریعت بورڈ کو اسکے فرائض کی انجام دہی کے لیے مطلوبہ وسائل مہیا کر رکھے ہیں۔

شریعت بورڈ، عسکری بینک کو اسلامی بینکاری میں تبدیلی کرنے کے حوالے سے انتظامیہ کے حزم اور کوششوں کو سراہتا ہے۔ اس سلسلے میں ہماری سفارشات درج ذیل ہے:-

- نئے مصلحتی بھرتی کے دوران، اسلامی بینکاری کے تجربکار و پیشہ ور افراد کو ترجیح دی جانی چاہئے اور اسلاک بینکنگ سٹاف کی کارکردگی میں شریعتی اصولوں کی پاسداری کی نمایاں ترجیح ہونی چاہئے۔



ڈاکٹر محمد طاہر منصور  
ریجنل ہیڈ شریعت بورڈ



مفتی ڈاکٹر لطف اللہ صاحب  
ممبر شریعت بورڈ



مفتی ڈاکٹر حسن نعمانی  
ممبر شریعت بورڈ



مفتی محمد زاہد  
مختار ممبر شریعت بورڈ

مورخہ: 27 جنوری 2026

# ANNEXURE-2

## ISLAMIC BANKING BUSINESS

AS AT DECEMBER 31, 2025

The Bank is operating 365 (2024: 198) Islamic banking branches, including 18 sub-branches (2024: 4) and 1 Islamic banking window (2024: nil) as at December 31, 2025.

Rupees in '000	Note	2025	2024
<b>Assets</b>			
Cash and balances with treasury banks		27,337,908	11,820,698
Balances with other banks		2,478,374	209,093
Due from financial Institutions	1	6,600,000	4,567,619
Investments	2	163,750,022	82,416,700
Islamic financing and related assets – net	3	166,429,792	67,531,260
Property and equipment		2,968,954	1,217,567
Right-of-use assets		6,013,607	2,894,186
Other assets		12,097,030	11,271,226
Total assets		387,675,687	181,928,349
<b>Liabilities</b>			
Bills payable		6,517,679	8,005,916
Due to financial institutions	4	23,492,461	5,543,557
Deposits and other accounts	5	312,152,823	135,125,206
Lease liabilities		7,056,495	3,316,267
Other liabilities		7,631,799	4,966,677
		356,851,257	156,957,623
<b>Net Assets</b>		<b>30,824,430</b>	<b>24,970,726</b>
<b>Represented By</b>			
Islamic Banking Fund		4,600,000	4,600,000
Surplus on revaluation of assets		954,680	1,100,268
Unappropriated profit	6	25,269,750	19,270,458
		30,824,430	24,970,726
<b>Contingencies and Commitments</b>			
	7		

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

Rupees in '000	Note	2025	2024
Profit / return earned	8	28,485,955	30,903,448
Profit / return expensed	9	15,029,347	19,858,921
Net Profit / return		13,456,608	11,044,527
Other income			
Fee and commission income		596,931	433,036
Dividend income		13,813	9,559
Foreign exchange income		78,815	317,674
Gain on securities		639	6,598
Other income		117,856	210,275
Total other income		808,054	977,142
Total income		14,264,662	12,021,669
Other expenses			
Operating expenses		7,177,157	4,273,137
Other charges		2,124	1,262
Total other expenses		7,179,281	4,274,399
Profit before credit loss allowance		7,085,381	7,747,270
Credit loss allowance and write offs – net		1,022,923	759,813
Profit before taxation		6,062,458	6,987,457

Rupees in '000	2025			2024		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
<b>1 DUE FROM FINANCIAL INSTITUTIONS</b>						
Unsecured Bai Muajjal receivable from other financial institutions	6,600,000	-	6,600,000	1,500,000	-	1,500,000
	-	-	-	3,068,218	-	3,068,218
	6,600,000	-	6,600,000	4,568,218	-	4,568,218
Less: Credit loss allowance Stage 1	-	-	-	599	-	599
<b>Due from financial institutions – net of credit loss allowance</b>	<b>6,600,000</b>	<b>-</b>	<b>6,600,000</b>	<b>4,567,619</b>	<b>-</b>	<b>4,567,619</b>

Rupees in '000	2025				2024			
	Cost / amortized cost	Credit loss allowance / provision	Surplus / (deficit)	Carrying value	Cost / amortized cost	Credit loss allowance / provision	Surplus / (deficit)	Carrying value
<b>2 INVESTMENTS</b>								
<b>Debt instruments</b>								
<b>Classified / measured at amortised cost</b>								
Non Government Debt Securities	90,903	(90,903)	-	-	110,000	(110,000)	-	-
<b>Classified / measured at FVOCI</b>								
Federal Government Securities:								
– Ijarah Sukuks	156,948,891	-	954,680	157,903,571	71,548,522	-	1,100,268	72,648,790
Non Government Debt Securities	3,253,377	(154,099)	-	3,099,278	4,105,826	(155,408)	-	3,950,418
	160,202,268	(154,099)	954,680	161,002,849	75,654,348	(155,408)	1,100,268	76,599,208
<b>Classified / measured at FVTPL</b>								
Non Government Debt Securities	2,040,185	-	7,126	2,047,311	2,066,000	-	(25,815)	2,040,185
Islamic Naya Pakistan Certificates	593,439	-	-	593,439	3,668,096	-	-	3,668,096
Units of open end mutual funds	109,212	-	(2,789)	106,423	100,000	-	9,211	109,211
<b>Total investments</b>	<b>163,036,007</b>	<b>(245,002)</b>	<b>959,017</b>	<b>163,750,022</b>	<b>81,598,444</b>	<b>(265,408)</b>	<b>1,083,664</b>	<b>82,416,700</b>

Rupees in '000	2025				2024			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
<b>2.1 Particulars of credit loss allowance</b>								
Non Government Debt Securities	4,099	-	240,903	245,002	5,408	-	260,000	265,408

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## ISLAMIC BANKING BUSINESS

### AS AT DECEMBER 31, 2025

Rupees in '000		2025	2024
<b>3. ISLAMIC FINANCING AND RELATED ASSETS</b>			
Ijarah	3.1	16,035,057	4,086,226
Murabaha	3.2	5,911,855	6,412,849
Musharaka		52,322,201	11,380,383
Diminishing Musharaka		46,970,551	22,577,271
Salam		9,928,931	7,746,593
Istisna		10,805,153	5,985,000
Receivable against sale of Istisna / Salam inventory		1,535,148	1,802,497
Service Ijarah		5,167,210	2,076,088
Wakalah		1,734,163	1,427,744
Bai Muajjal		11,574,719	-
Qard		1,420,349	1,497,385
Advances against Islamic assets	3.3	3,293,309	4,107,973
Inventory related to Islamic financing	3.4	5,129,166	2,706,498
Gross Islamic financing and related assets		171,827,812	71,806,507
Less: Credit loss allowance against Islamic financings			
- Stage 1		478,842	152,428
- Stage 2		456,386	79,586
- Stage 3		4,462,792	4,043,233
		5,398,020	4,275,247
Islamic financing and related assets – net of Credit loss allowance		166,429,792	67,531,260

		2025								
		Cost			Depreciation			Book value		
Rupees in '000		As at January 1, 2025	Additions	(Deletions)	As at December 31, 2025	As at January 1, 2025	Charge for the year	Adjustments / (deletions)	As at December 31, 2025	As at December 31, 2025
<b>3.1</b>	<b>Ijarah</b>									
	Plant and machinery	1,992,726	-	(507,850)	1,484,876	579,038	84,330	(150,644)	512,724	972,152
	Vehicles	4,424,222	5,157,649	(1,519,392)	8,062,479	1,829,867	826,009	(917,405)	1,738,471	6,324,008
	Land	-	8,684,464	-	8,684,464	-	-	-	-	8,684,464
	<b>Total</b>	<b>6,416,948</b>	<b>13,842,113</b>	<b>(2,027,242)</b>	<b>18,231,819</b>	<b>2,408,905</b>	<b>910,339</b>	<b>(1,068,049)</b>	<b>2,251,195</b>	<b>15,980,624</b>

		2024								
		Cost			Depreciation			Book value		
Rupees in '000		As at January 1, 2024	Additions	(Deletions)	As at December 31, 2024	As at January 1, 2024	Charge for the year	Adjustments / (deletions)	As at December 31, 2024	As at December 31, 2024
	Plant and machinery	1,692,726	300,000	-	1,992,726	293,691	285,347	-	579,038	1,413,688
	Vehicles	5,240,633	947,355	(1,763,766)	4,424,222	2,040,658	589,186	(799,977)	1,829,867	2,594,355
	Equipment	33,885	-	(33,885)	-	29,649	847	(30,496)	-	-
	<b>Total</b>	<b>6,967,244</b>	<b>1,247,355</b>	<b>(1,797,651)</b>	<b>6,416,948</b>	<b>2,363,998</b>	<b>875,380</b>	<b>(830,473)</b>	<b>2,408,905</b>	<b>4,008,043</b>

#### Net Investment Under Ijarah

		2025				2024			
Rupees in '000		Not later than 1 year	Later than 1 year and less than 5 years	Over 5 years	Total	Not later than 1 year	Later than 1 year and less than 5 years	Over 5 years	Total
	Ijarah rentals receivable	58,074	-	-	58,074	81,824	-	-	81,824
	Residual value	-	-	-	-	-	-	-	-
	Minimum Ijarah payments	58,074	-	-	58,074	81,824	-	-	81,824
	Profit for future periods	(3,641)	-	-	(3,641)	(3,641)	-	-	(3,641)
	<b>Net Assets / Investments in Ijarah</b>	<b>54,433</b>	<b>-</b>	<b>-</b>	<b>54,433</b>	<b>78,183</b>	<b>-</b>	<b>-</b>	<b>78,183</b>

### Future Ijarah rental receivable

Rupees in '000	2025				2024			
	Not later than 1 year	Later than 1 year and less than 5 years	Over 5 years	Total	Not later than 1 year	Later than 1 year and less than 5 years	Over 5 years	Total
Ijarah rental receivable	934,985	7,908,474	2,539,931	11,383,390	164,582	2,947,273	572,228	3,684,083

Rupees in '000	Note	2025	2024
<b>3.2 Murabaha</b>			
Murabaha financing	3.2.1	5,749,508	6,028,831
Advances for Murabaha		162,347	384,018
		5,911,855	6,412,849
<b>3.2.1</b> Murabaha receivable – gross	3.2.3	6,057,188	6,399,936
Less: Deferred murabaha income	3.2.4	148,856	129,627
Profit receivable shown in other assets		158,824	241,478
Murabaha financing		5,749,508	6,028,831
<b>3.2.2</b> The movement in Murabaha financing during the year is as follows:			
Opening balance		6,028,831	5,688,574
Sales during the year		13,936,135	14,751,909
Adjusted during the year		(14,215,458)	(14,411,652)
Closing balance		5,749,508	6,028,831
<b>3.2.3</b> Murabaha sale price		6,057,188	6,399,936
Murabaha purchase price		(5,749,508)	(6,028,831)
		307,680	371,105
<b>3.2.4</b> Deferred murabaha income			
Opening balance		129,627	207,365
Arising during the year		593,276	984,978
Less: Recognised during the year		574,047	1,062,716
Closing balance		148,856	129,627

### 3.3 Advance against islamic assets

Rupees in '000	Ijarah	Musawamah	Diminishing Musharaka	Salam	Istisna	Total
<b>2025</b>	1,542,635	–	1,750,674	–	–	3,293,309
2024	208,120	–	3,899,853	–	–	4,107,973

### 3.4 Inventory related to islamic financing

Rupees in '000	Ijarah	Musawamah	Diminishing Musharaka	Salam	Istisna	Total
<b>2025</b>	–	1,019,055	–	1,770,180	2,339,931	5,129,166
2024	–	135,000	–	826,014	1,745,484	2,706,498

# ANNEXURE-2

## ISLAMIC BANKING BUSINESS

### AS AT DECEMBER 31, 2025

Rupees in '000	Note	2025	2024
<b>4. DUE TO FINANCIAL INSTITUTIONS</b>			
<b>Secured</b>			
Musharaka from the State Bank of Pakistan under Islamic Export Refinance Facility	4.1	2,162,000	1,793,699
Investment from the State Bank of Pakistan under:			
Islamic Refinance Scheme for Payment of Wages & Salaries	4.2	1,725	1,715
Islamic Temporary Economic Refinance Facility	4.2	816,929	1,198,821
Islamic Financing Facility for Renewable Energy	4.2	3,072	3,438
Islamic Long Term Financing Facility	4.2	8,735	545,884
		2,992,461	3,543,557
<b>Unsecured</b>			
Other Musharaka	4.3	20,500,000	2,000,000
		23,492,461	5,543,557

- 4.1** These Musharaka are on a profit and loss sharing basis maturing between January 2026 to June 2026 and are secured against demand promisory notes executed in favour of SBP.
- 4.2** These Investment are on profit and loss sharing basis which has been invested in general pool of the Bank and are secured against demand promissory notes executed in favor of SBP.
- 4.3** This Musharakah is on profit and loss sharing basis with banks. The expected average return on this Musharakah is 10.53% (2024: 11.50%) per annum. This balance is maturing in January 2026 (2024: January 2025).

Rupees in '000	2025			2024		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
<b>5. DEPOSITS</b>						
<b>Customers</b>						
Current deposits – non remunerative	142,920,059	2,216,403	145,136,462	47,501,574	1,309,161	48,810,735
Current deposits – remunerative	2,372,671	–	2,372,671	1,775,224	–	1,775,224
Savings deposits	109,124,127	2,366,429	111,490,556	44,623,173	1,050,412	45,673,585
Term deposits	19,204,779	658,721	19,863,500	20,851,351	550,136	21,401,487
Others	5,082,117	296,725	5,378,842	36,844	225,654	262,498
	278,703,753	5,538,278	284,242,031	114,788,166	3,135,363	117,923,529
<b>Financial Institutions</b>						
Current deposits – non remunerative	515,425	123,621	639,046	416,917	–	416,917
Current deposits – remunerative	9,147	–	9,147	504,369	–	504,369
Savings deposits	4,328,599	–	4,328,599	7,924,891	–	7,924,891
Term deposits	22,934,000	–	22,934,000	8,355,500	–	8,355,500
	27,787,171	123,621	27,910,792	17,201,677	–	17,201,677
	306,490,924	5,661,899	312,152,823	131,989,843	3,135,363	135,125,206

Rupees in '000	2025	2024
<b>5.1 Composition of deposits</b>		
Individuals	157,981,803	57,233,823
Government / Public sector entities	47,736,043	23,040,169
Banking companies	28	28
Non-Banking financial institutions	27,910,764	17,201,649
Private sector	78,524,185	37,649,537
	312,152,823	135,125,206

- 5.2** This includes deposits eligible to be covered under insurance arrangements amounting to Rs.197,584,127 thousand (2024: Rs. 75,784,482 thousand).

Rupees in '000	2025	2024
<b>6 ISLAMIC BANKING BUSINESS UNAPPROPRIATED PROFIT</b>		
Opening balance	19,270,458	13,878,806
Impact of adoption of IFRS – 9	(63,166)	(1,595,805)
Balance as at January 1,	19,207,292	12,283,001
Add; Islamic banking profit for the period	6,062,458	6,987,457
Closing balance	25,269,750	19,270,458
<b>7 CONTINGENCIES AND COMMITMENTS</b>		
Guarantees	8,800,810	11,583,306
Commitments	12,223,174	15,429,163
	21,023,984	27,012,469
<b>8 PROFIT / RETURN EARNED OF FINANCING, INVESTMENTS AND PLACEMENTS</b>		
Profit earned on:		
Financing	12,638,981	20,238,202
Investments	15,522,155	9,578,771
Placements	324,819	1,086,475
	28,485,955	30,903,448
<b>9 PROFIT ON DEPOSITS AND OTHER DUES EXPENSED</b>		
Deposits and other accounts	8,953,667	12,955,595
Due to Financial Institutions	3,922,687	997,536
Due to head office	1,543,148	5,583,147
Lease liability against right-of-use assets	609,845	322,643
	15,029,347	19,858,921
<b>10 CHARITY FUND</b>		
Opening Balance	29,496	46,063
Additions during the period		
Received from customers on account of delayed payment	21,819	40,848
Profit on charity saving account	25	48
Others	731	1,026
	22,575	41,922
Payments / utilization during the period		
– Relief related activities	–	(30,000)
– Health	(33,964)	(28,489)
	(33,964)	(58,489)
Closing Balance	18,107	29,496
<b>10.1 Charity in excess of Rs. 100,000 was paid to following institutions:</b>		
Prime Minister's Relief Fund for Gaza and Lebanon	–	30,000
Chal Foundation, Islamabad	3,000	–
Dar-us-Shifa Foundation, Karachi	4,950	3,520
Hamza Foundation Welfare Hospital, Peshawar	4,316	7,764
Pakistan Children's Heart Foundation, Lahore	9,000	10,000
Pakistan Thalassemia Welfare Society, Rawalpindi	7,898	4,205
Sundus Foundation, Islamabad	4,800	3,000
	33,964	58,489

# ANNEXURE-2

## ISLAMIC BANKING BUSINESS

AS AT DECEMBER 31, 2025

### 11 POOL MANAGEMENT

11.1 Bank generates deposit on the basis of the following two modes:

1. Qard
2. Mudaraba

Deposits taken on Qard Basis are classified as 'Current Account' and deposits generated on Mudaraba basis are classified as 'Savings Account' and 'Fixed Deposit Accounts'.

The Bank also accepted / acquired customer and inter-bank funds, for short term liquidity requirement under Musharaka mode. Profits realized in Musharaka pools are distributed in pre agreed profit sharing ratio. Besides above, the Bank also accept funds from State Bank of Pakistan in Islamic Export Refinance pool under Musharaka mode. The features, risk and reward of this Musharaka pool are in accordance with the SBP IERS scheme and circulars issued from time to time.

Asset pools are created at the Bank's discretion and the Bank can add, amend, and transfer an asset to any other pool in the interest of deposit holders. During the year, in addition to SBP pool for Shariah Compliant Standing Ceiling Facility – Mudarabah based Financing Facility (MFF), Bank also maintained following three Mudaraba based customer pools having below mentioned key features. Risks and rewards of above mentioned SBP pool were in accordance with the circular issued for this facility.

#### a. General Pool

The objective of the pool is to invest funds on a Shariah Compliant basis and maximize profits for the Rabb-ul-Mal on a Gross Mudarabah Basis. As required under regulatory instructions, SBP funds obtained under it's various schemes are also made part of General pool. In this pool, portfolio diversification strategy has been used to mitigate the risk of loss. Diversification may marginally reduce returns but it also spreads risk by reducing chances of loss.

#### b. Foreign Currency Pool

The objective of the pool is to invest funds on a Shariah Compliant basis and maximize profits for the Rabb-ul-Mal i.e. depositors in foreign currency: US dollars on a Gross Mudaraba Basis. Due to dearth and limitations of foreign denominated investment opportunities available to Islamic Banks operating in Pakistan, the returns would be linked with an earning assets pool comprising of Shariah compliant assets, with reliance mainly on placement(s) with other known Islamic Financial Institutions, Islamic modes of financing, products / avenues approved by the shariah board.

#### c. Ministry of Religious Affairs and Interfaith Harmony (MORA) Hajj Deposits Pool

The objective of the pool is to obtain and invest funds primarily from MORA, on a Shariah Compliant Gross Mudaraba basis. The MORA pool is linked with an earning asset(s) pool comprising of Islamic modes of financing, investment in public / private Sukuk or investment in sovereign risk, i.e., GOP guaranteed SLR eligible Sukuk.

Under the above Mudaraba based pools, the Bank accepted funds on Mudaraba basis from depositors (Rabb-ul-Mal) where the Bank acted as Manager (Mudarib) and invested the funds in Shariah Compliant modes of financings, investments and placements. Also, as allowed, the Bank at its discretion comingled its own funds including current accounts as equity with the depositor's funds in all the pools. However, for investment purposes, Rabb-ul-Mal's funds were given priority over own funds (equity).

The net profit of each deposit pool is calculated on all the remunerative assets booked by utilizing the funds from the pool after deduction of direct expenses as approved by Shariah Board, if any. The directly related costs comprise of depreciation on Ijarah assets, Wakalah tul Istismar fee, Brokerage fee paid for placement of funds under Islamic modes, Takaful / Insurance expense, Registration expense and Commission to car ijarah dealers, staff & others. The provisions / credit loss allowance created against non-performing assets as per relevant SBP regulations, write-offs and loss on sale of investments shall be charged to respective pool. Incase of any reversal of the provision expense / value in investment, the benefit shall be allocated to the same pool. From the net return, profit is paid to the Mudarib in the ratio of Mudarib's equity in the pool to the total pool. The Mudarib's share is deducted from this profit to calculate distributable profit. Rabb-ul-Mal's share is distributed among depositors according to weightages assigned at the inception of profit calculation period.

In order to remain competitive in the industry and to retain existing customer / mobilize deposits from new customers, the Bank as a Mudarib distributed part of its share of profit to Rabb-ul-Mal as HIBA.

As required by SBP, the Bank is also paying profit to eligible PKR saving deposits, equivalent to at least 75 percent of the weighted average gross yield of all pools (excluding SBP-MFF and SBP-OMO pools) maintained by the Bank.

Income generated from banking operations (e.g. fee and commission income etc.) is not shared with depositors.

In case of loss in a pool during the profit calculation period, the loss is distributed among the depositors (remunerative) according to their ratio of Investments.

Notional Impact of IFRS-9 is not included in pool management.

## 11.2 The Bank managed following General and Specific Pools :

2025										
Mudaraba pool	Pool currency	Profit rate and weightage announcement period	Profit sharing ratio (Rabb-ul-Mal)	Profit rate / return earned	Profit rate / return distributed	Minimum weightage during the year	Maximum weightage during the year	Mudarib share	Percentage of Mudarib share transferred through Hiba	Amount of Mudarib share transferred through Hiba
									Rupees	Rupees
General Pool	PKR	Monthly	50%	11.10%	7.96%	0.56	1.69	4,424,880,965	43.95%	1,944,564,805
MORA Hajj Deposits Pool	PKR	Monthly	25%	3.94%	1.00%	1.00	1.00	14,118,902	1.01%	142,405
SBP – MFF Pool	PKR	Monthly	97%	12.38%	12.00%	1.00	1.00	83,205	0.00%	-
Foreign Currency Pool	USD	Monthly	50%	3.32%	2.22%	0.42	1.95	29,749,397	31.01%	9,226,512

2024										
Mudaraba pool	Pool currency	Profit rate and weightage announcement period	Profit sharing ratio (Rabb-ul-Mal)	Profit rate / return earned	Profit rate / return distributed	Minimum weightage during the year	Maximum weightage during the year	Mudarib share	Percentage of Mudarib share transferred through Hiba	Amount of Mudarib share transferred through Hiba
									Rupees	Rupees
General Pool	PKR	Monthly	50%	17.16%	10.84%	0.57	1.95	4,067,550,845	26.34%	1,071,485,064
Foreign Currency Pool	USD	Monthly	50%	5.91%	3.54%	0.52	2.55	36,962,644	22.14%	8,182,680

2025										
Musharaka pool	Pool currency	Profit rate and weightage announcement period	Profit sharing ratio	Profit rate / return earned	Profit rate / return distributed	Minimum weightage during the year	Maximum weightage during the year	Mudarib share	Percentage of Mudarib share transferred through Hiba	Amount of Mudarib share transferred through Hiba
Interbank borrowing pool	PKR	As required	*	8.37% – 15.75%	9.00% – 13.90%	-	-	-	N/A	N/A
IERS pool	PKR	Monthly	*	10.79%	7.88%	-	-	-	N/A	N/A
Special Musharaka Certificate	PKR	As required	*	8.37% – 18.49%	1.25% – 11.50%	-	-	-	N/A	N/A

2024										
Musharaka pool	Pool currency	Profit rate and weightage announcement period	Profit sharing ratio	Profit rate / return earned	Profit rate / return distributed	Minimum weightage during the year	Maximum weightage during the year	Mudarib share	Percentage of Mudarib share transferred through Hiba	Amount of Mudarib share transferred through Hiba
Interbank borrowing pool	PKR	As required	*	8.37% – 23.80%	11.50% – 21.75%	-	-	-	N/A	N/A
IERS pool	PKR	Monthly	*	19.84%	16.48%	-	-	-	N/A	N/A
Special Musharaka Certificate	PKR	As required	*	8.37% – 24.20%	3.30% – 21.70%	-	-	-	N/A	N/A

\* The investment ratio and profit sharing ratio varies on case to case / monthly basis

# ANNEXURE-2

## ISLAMIC BANKING BUSINESS

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### 11.3 Maturity profile of funds mobilised under various modes:

			2025									
Rupees in '000												
Type	Currency	Mode	Upto 1 month	Over 1 month upto 3 months	Over 3 months upto 6 months	Over 6 months upto 1 year	Over 1 year upto 2 years	Over 2 years upto 3 years	Over 3 years upto 5 years	Over 5 years upto 10 years	Over 10 years	Total
Fixed deposit account	PKR	Mudaraba	1,114,528	318,804	515,828	1,109,803	36,729	46,795	21,639	-	-	3,164,126
Fixed deposit account	USD	Mudaraba	56,025	137,692	465,004	-	-	-	-	-	-	658,721
Savings account	PKR	Mudaraba	8,108,418	-	-	-	26,931,531	26,931,531	26,931,531	23,084,170	3,847,363	115,834,544
Savings account	USD	Mudaraba	165,648	-	-	-	550,195	550,195	550,195	471,595	78,601	2,366,429
SBP Funds against Various Schemes	PKR	Mudaraba	12,848	12,403	99	-	289,421	289,421	289,421	248,076	41,348	1,183,037
Interbank borrowing	PKR	Musharaka	20,500,000	-	-	-	-	-	-	-	-	20,500,000
Special Musharaka Certificate	PKR	Musharaka	33,565,627	5,163,056	107,500	138,470	-	-	-	-	-	38,974,653
IERS borrowing from SBP	PKR	Musharaka	1,297,200	741,257	123,543	-	-	-	-	-	-	2,162,000
			64,820,294	6,373,212	1,211,974	1,248,273	27,807,876	27,817,942	27,792,786	23,803,841	3,967,312	184,843,510

			2024									
Rupees in '000												
Type	Currency	Mode	Upto 1 month	Over 1 month upto 3 months	Over 3 months upto 6 months	Over 6 months upto 1 year	Over 1 year upto 2 years	Over 2 years upto 3 years	Over 3 years upto 5 years	Over 5 years upto 10 years	Over 10 years	Total
Fixed deposit account	PKR	Mudaraba	1,395,034	865,181	570,142	4,060,756	16,511	38,729	47,998	-	-	6,994,351
Fixed deposit account	USD	Mudaraba	-	550,136	-	-	-	-	-	-	-	550,136
Savings account	PKR	Mudaraba	3,837,937	-	-	-	12,747,430	12,747,430	12,747,430	10,926,369	1,821,061	54,827,657
Savings account	USD	Mudaraba	73,527	-	-	-	244,221	244,221	244,221	209,333	34,889	1,050,412
SBP Funds against Various Schemes	PKR	Mudaraba	24,754	23,440	367	-	573,826	573,826	573,826	491,851	81,973	2,343,863
Interbank borrowing	PKR	Musharaka	2,000,000	-	-	-	-	-	-	-	-	2,000,000
Special Musharaka Certificate	PKR	Musharaka	17,298,235	3,994,808	387,500	531,957	-	-	-	-	-	22,212,500
IERS borrowing from SBP	PKR	Musharaka	1,076,220	614,982	102,496	-	-	-	-	-	-	1,793,698
			25,705,707	6,048,547	1,060,505	4,592,713	13,581,988	13,604,206	13,613,475	11,627,553	1,937,923	91,772,617

Rupees in '000 2025 2024

### 11.4 Class of assets by sources of financing:

Jointly financed by the Bank and PLS deposit account holders.

Murabaha	5,749,508	6,028,831
Musawamah	500,000	135,000
Ijarah	21,200,096	6,156,324
Diminishing Musharaka	46,575,120	22,865,990
Salam	9,592,828	3,527,674
Musharaka	52,322,201	11,380,383
Istisna	10,823,376	4,000,051
Wakalah	1,734,163	1,427,744
Bai Muajjal Financing	11,574,719	-
Receivables against Sale of Salam/Istisna Inventory	1,535,148	1,802,497
Qard	936,379	1,157,780
Balances with other & treasury Banks	19,602,200	9,061,217
Sukuk	162,118,268	77,570,348
Open end Mutual Fund (NIT-IMMF)	100,000	100,000
Due from Financial Institutions	6,600,000	4,568,218
Islamic Naya Pakistan Certificates	593,439	3,668,096
	351,557,445	153,450,153

### 11.5 Sectors of economy used for deployment of Mudarba based PKR deposits alongwith equity

	2025		2024	
	Rupees in '000	Percent	Rupees in '000	Percent
Agriculture / Agribusiness	1,766,776	0.63	1,463,196	1.20
Automobiles & Allied	2,641,423	0.94	1,914,910	1.57
Cables / Electronics	823,356	0.29	525,752	0.43
Cements	416,811	0.15	320,831	0.26
Chemicals / Pharmaceuticals	6,919,505	2.46	5,517,833	4.52
Education	1,050,000	0.37	177,175	0.15
Fertilizers	557,707	0.20	2,090	0.00
Financial	11,135,500	3.95	7,193,035	5.89
Food and Allied	3,231,696	1.15	1,863,959	1.53
Fuel / Energy	–	–	1,400,000	1.15
Ghee and Edible Oil	3,765,275	1.34	2,289,522	1.88
Glass and Ceramics	20,719	0.01	174,216	0.14
GOP Ijarah Sukuk	97,786,491	34.72	48,320,767	39.59
GOP Islamic Naya Pakistan Certificates	309,125	0.11	2,606,524	2.14
Individuals	15,029,113	5.34	2,724,298	2.23
Investment Banks / Scheduled Banks	2,066,000	0.73	1,925,610	1.58
Open end Mutual Funds	100,000	0.04	100,000	0.08
Iron / Steel	6,749,223	2.40	3,441,873	2.82
Leather Products and Shoes	–	–	326,076	0.27
Mudarabas	11,429	0.00	39,292	0.03
Paper and Board	115,728	0.04	503,307	0.41
Plastic products	152,455	0.05	–	–
Production and transmission of energy	4,651,262	1.65	1,238,023	1.01
Real Estate / construction	11,425,198	4.06	7,730,104	6.33
Rice processing and trading	1,577,549	0.56	99,400	0.08
Services (Other than Financial, Hotelling & Traveling)	9,369,328	3.33	400,318	0.33
Sugar	7,794,084	2.77	3,445,205	2.82
Textile	13,774,988	4.89	8,596,843	7.04
Transport and Communication	795,974	0.28	395,409	0.32
Public Sector / Government	74,950,863	26.61	11,339,439	9.29
Others	2,653,253	0.94	5,976,790	4.90
	281,640,831	100.00	122,051,797	100.00

### 11.6 Sectors of economy used for deployment of Mudarba based USD deposits alongwith equity

	2025		2024	
	Rupees in '000	Percent	Rupees in '000	Percent
Investment Banks / Scheduled Banks	2,811,810	68.02	604,063	32.39
Textile	296,350	7.17	23,342	1.25
Iron / Steel	408,496	9.88	–	–
GOP Islamic Naya Pakistan Certificates	284,314	6.88	1,061,572	56.92
Public Sector / Government	332,766	8.05	176,060	9.44
	4,133,736	100.00	1,865,037	100.00



CONSOLIDATED  
FINANCIAL STATEMENTS  
**ASKARI BANK LIMITED**  
FOR THE YEAR ENDED DECEMBER 31, 2025

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# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ASKARI BANK LIMITED

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

## Opinion

We have audited the annexed consolidated financial statements of Askari Bank Limited (the Bank), and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2025, and the consolidated statement of profit and loss account, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2025 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

## 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 Consolidated Financial Statements section of our report. We are independent of the Group 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 consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network, 74-East, 2nd Floor, Blue Area, Jinnah Avenue, P.O. Box 3021, Islamabad-44000, Pakistan  
Tel: +92 (51) 2273457-60/2604934-37; Fax: +92 (51) 2277924

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 5.1.8, and 10.3.2 to the consolidated financial statements)</p> <p>The Group 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 Group 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 Group 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. If one facility of a counterparty becomes 90+ days past due (DPD) or is otherwise defined as impaired under the Prudential Regulations, all other facilities of that counterparty are classified as Stage 3.</p> <p>As at December 31, 2025, the Group holds a credit loss allowance of Rs. 38,558 million against advances. The Group has recognised a net credit loss allowance charge against advances amounting to Rs. 1,680 million in the consolidated statement of profit and loss account in the current year.</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 Group’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 Group 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 Group for appropriateness of the assumptions used and the methodology applied. We also tested the mathematical accuracy of the model;</li> </ul> </li> </ul>

S. No.	Key Audit Matter	How the matter was addressed in our audit
	<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 consolidated financial statements of the Group, we considered this area as a key audit matter.</p>	<ul style="list-style-type: none"> <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 consolidated financial statements to determine whether these are complied with the accounting and reporting standards as applicable in Pakistan.</li> </ul>

**Information Other than the Consolidated and Unconsolidated Financial Statements and Auditor’s Reports Thereon**

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

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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 Consolidated Financial Statements**

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

In preparing the consolidated financial statements, management is responsible for assessing the Group’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 Group or to cease operations, or has no realistic alternative but to do so.

The Board of directors is responsible for overseeing the Group’s financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 Group'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 Group'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 consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.



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 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 consolidated 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.

#### Other Matter

The consolidated financial statements of the Group for the year ended December 31, 2024, were audited by another auditor who expressed an unmodified opinion on those statements on March 2, 2025.

The engagement partner on the audit resulting in this independent auditor's report is Tahir Shah.

*A. F. Ferguson & Co*

A. F. Ferguson & Co.  
Chartered Accountants  
Islamabad  
Date: February 24, 2026

UDIN: AR202510979irhoNnJsx

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

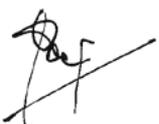
AS AT DECEMBER 31, 2025

Rupees in '000	Note	2025	2024
<b>Assets</b>			
Cash and balances with treasury banks	6	108,988,768	133,535,448
Balances with other banks	7	14,988,447	12,958,886
Lendings to financial institutions	8	14,128,026	4,567,619
Investments	9	2,028,240,826	1,509,368,801
Advances	10	586,121,904	695,692,118
Property and equipment	11	26,397,266	21,834,904
Right of use assets	12	15,128,302	12,196,186
Intangible assets	13	2,215,160	1,849,778
Assets held for sale	14	–	1,750,000
Deferred tax assets		–	–
Other assets	15	101,281,135	107,627,956
<b>Total Assets</b>		<b>2,897,489,834</b>	<b>2,501,381,696</b>
<b>Liabilities</b>			
Bills payable	16	23,259,370	66,704,448
Borrowings	17	994,566,586	869,212,410
Deposits and other accounts	18	1,630,039,984	1,362,850,503
Lease liabilities	19	17,642,967	14,174,653
Subordinated debts	20	6,000,000	12,000,000
Deferred tax liabilities	21	14,280,694	737,821
Other liabilities	22	58,992,466	53,291,573
<b>Total Liabilities</b>		<b>2,744,782,067</b>	<b>2,378,971,408</b>
<b>Net assets</b>		<b>152,707,767</b>	<b>122,410,288</b>
<b>Represented By</b>			
Share capital	23	14,492,992	14,492,992
Reserves		88,971,868	74,690,127
Surplus on revaluation of assets – net of tax	24	31,153,056	16,235,737
Unappropriated profit		17,498,418	16,522,092
Non–controlling interest		591,433	469,340
		<b>152,707,767</b>	<b>122,410,288</b>

## Contingencies and Commitments

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The annexed notes 1 to 50 and Annexures I and II form an integral part of these consolidated financial statements.

  
Chief Financial Officer

  
President & CEO

  
Director

  
Director

  
Chairman

# CONSOLIDATED STATEMENT OF PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED DECEMBER 31, 2025

Rupees in '000	Note	2025	2024
Mark-up / return / interest earned	27	301,016,908	401,257,754
Mark-up / return / interest expensed	28	213,312,584	337,603,215
Net mark-up / interest income		87,704,324	63,654,539
<b>Non mark-up / interest income</b>			
Fee and commission income	29	8,481,761	7,553,247
Dividend income		926,523	828,952
Foreign exchange income		4,299,632	4,079,139
Income / (loss) from derivatives		-	-
Gain on securities	30	4,351,691	2,875,039
Net gains / (losses) on derecognition of financial assets measured at amortised cost		-	-
Other income	31	598,721	692,012
Total non-markup / interest income		18,658,328	16,028,389
Total income		106,362,652	79,682,928
<b>Non mark-up / interest expenses</b>			
Operating expenses	32	50,248,087	35,990,556
Workers' welfare fund		619,794	550,236
Other charges	33	23,526	72,041
Total non-markup / interest expenses		50,891,407	36,612,833
<b>Profit before credit loss allowance / provisions</b>		55,471,245	43,070,095
Credit loss allowance / (reversal) and write offs – net	34	1,818,787	(1,799,385)
Other income / expense		-	-
<b>Profit before taxation</b>		53,652,458	44,869,480
Taxation	35	(30,627,546)	(23,612,925)
<b>Profit after taxation</b>		23,024,912	21,256,555
Profit attributable to			
Non-controlling interest		164,100	118,861
Equity holders of the Bank		22,860,812	21,137,694
		23,024,912	21,256,555
Rupees			
<b>Basic and diluted earnings per share</b>	36	15.77	14.58

The annexed notes 1 to 50 and Annexures I and II form an integral part of these consolidated financial statements.

  
Chief Financial Officer

  
President & CEO

  
Director

  
Director

  
Chairman

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

## FOR THE YEAR ENDED DECEMBER 31, 2025

Rupees in '000	Note	2025	2024
Profit after taxation for the year		23,024,912	21,256,555
Other comprehensive income			
Items that may be reclassified to statement of profit and loss account in subsequent periods:			
Effect of translation of net investment in foreign branch		23,507	(50,182)
Movement in surplus on revaluation of debt investments through FVOCI – net of tax		12,399,776	9,126,267
Gain on sale of debt securities carried at FVOCI reclassified to profit and loss – net of tax		(1,548,587)	(662,460)
		10,874,696	8,413,625
Items that will not be reclassified to statement of profit and loss account in subsequent periods:			
Remeasurement gain on defined benefit plan	39.8.2	22,540	809,660
Movement in surplus on revaluation of investment in equity securities through FVOCI – net of tax		2,764,144	1,641,903
Movement in surplus on revaluation of property and equipment	24.1	1,823,229	–
Movement in surplus on revaluation of non-banking assets	15.2.1	–	142,282
		4,609,913	2,593,845
<b>Total comprehensive income</b>		<b>38,509,521</b>	<b>32,264,025</b>
Total comprehensive income attributable to			
Non-controlling interest		164,429	120,865
Equity holders of the Bank		38,345,092	32,143,160
		38,509,521	32,264,025

The annexed notes 1 to 50 and Annexures I and II form an integral part of these consolidated financial statements.

  
Chief Financial Officer

  
President & CEO

  
Director

  
Director

  
Chairman

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

## FOR THE YEAR ENDED DECEMBER 31, 2025

Rupees in '000	Capital reserves			Revenue reserve	Surplus / (deficit) on revaluation of			Non-Controlling interest	Total	
	Share capital	Exchange translation reserve	Merger reserve	Statutory reserve	General reserve	Investments	Property and equipment / Non banking assets			Un-appropriated profit
Balance as at January 1, 2024	14,492,992	1,912,226	128,355	17,748,529	38,066,642	(6,367,230)	10,825,685	20,511,764	376,698	97,695,661
Effect of reclassification / remeasurement on adoption of IFRS-9 (net of tax)	-	-	-	-	-	1,751,597	-	223,613	-	1,975,210
Effect of adoption of IFRS-9 – credit loss allowance (net of tax)	-	-	-	-	-	-	-	(5,873,135)	-	(5,873,135)
Balance as at January 1, 2024 – restated	14,492,992	1,912,226	128,355	17,748,529	38,066,642	(4,615,633)	10,825,685	14,862,242	376,698	93,797,736
Profit after taxation	-	-	-	-	-	-	-	21,137,694	118,861	21,256,555
Other comprehensive income – net of tax	-	-	-	-	-	-	-	-	-	-
Effect of translation of net investment in foreign branch	-	(50,182)	-	-	-	-	-	-	-	(50,182)
Movement in surplus on revaluation of debt investments through FVOCI – net of tax	-	-	-	-	-	9,126,267	-	-	-	9,126,267
Gain on sale of debt securities carried at FVOCI reclassified to profit and loss – net of tax	-	-	-	-	-	(662,460)	-	-	-	(662,460)
Remeasurement gain on defined benefit plan	-	-	-	-	-	-	-	807,654	2,005	809,659
Movement in surplus on revaluation of investment in equity securities through FVOCI – net of tax	-	-	-	-	-	1,641,903	-	-	-	1,641,903
Movement in surplus on revaluation of non-banking assets	-	-	-	-	-	-	142,282	-	-	142,282
Total other comprehensive income	-	(50,182)	-	-	-	10,105,710	142,282	807,654	2,005	11,007,469
Transfer to:	-	-	-	-	-	-	-	-	-	-
Statutory reserve	-	-	-	2,102,267	-	-	-	(2,102,267)	-	-
General reserve	-	-	-	-	14,782,290	-	-	(14,782,290)	-	-
	-	-	-	2,102,267	14,782,290	-	-	(16,884,557)	-	-
Gain on disposal of equity instruments measured at FVOCI – net of tax	-	-	-	-	-	(222,307)	-	222,307	-	-
Transaction with owners, recorded directly in equity	-	-	-	-	-	-	-	-	-	-
Final dividend 2023: Rs 2.5 per share	-	-	-	-	-	-	-	(3,623,248)	(28,224)	(3,651,472)
Balance as at December 31, 2024	14,492,992	1,862,044	128,355	19,850,796	52,848,932	5,267,770	10,967,967	16,522,092	469,340	122,410,288
Effect of remeasurement on adoption of IFRS-9 (net of tax)	-	-	-	-	-	1,323,384	-	-	-	1,323,384
Effect of adoption of IFRS-9 – credit loss allowance (net of tax)	-	-	-	-	-	-	-	(434,970)	-	(434,970)
Balance as at January 1, 2025 – restated	14,492,992	1,862,044	128,355	19,850,796	52,848,932	6,591,154	10,967,967	16,087,122	469,340	123,298,702
Profit after taxation	-	-	-	-	-	-	-	22,860,812	164,100	23,024,912
Other comprehensive income – net of tax	-	-	-	-	-	-	-	-	-	-
Effect of translation of net investment in foreign branch	-	23,507	-	-	-	-	-	-	-	23,507
Movement in surplus on revaluation of debt investments through FVOCI – net of tax	-	-	-	-	-	12,399,776	-	-	-	12,399,776
Gain on sale of debt securities carried at FVOCI reclassified to profit and loss – net of tax	-	-	-	-	-	(1,548,587)	-	-	-	(1,548,587)
Remeasurement gain on defined benefit plan	-	-	-	-	-	-	-	22,211	329	22,540
Movement in surplus on revaluation of investment in equity securities through FVOCI – net of tax	-	-	-	-	-	2,764,144	-	-	-	2,764,144
Movement in surplus on revaluation of property and equipment	-	-	-	-	-	-	1,823,229	-	-	1,823,229
Total other comprehensive income	-	23,507	-	-	-	13,615,333	1,823,229	22,211	329	15,484,609
Transfer to:	-	-	-	-	-	-	-	-	-	-
Statutory reserve	-	-	-	2,280,332	-	-	-	(2,280,332)	-	-
General reserve	-	-	-	-	11,977,902	-	-	(11,977,902)	-	-
	-	-	-	2,280,332	11,977,902	-	-	(14,258,234)	-	-
Transfer from surplus on revaluation of assets to unappropriated profit on disposal	-	-	-	-	-	-	(980,987)	980,987	-	-
Gain on disposal of equity instruments measured at FVOCI – net of tax	-	-	-	-	-	(863,640)	-	863,640	-	-
Transaction with owners, recorded directly in equity	-	-	-	-	-	-	-	-	-	-
Final dividend 2024: Rs 3 per share	-	-	-	-	-	-	-	(4,347,898)	-	(4,347,898)
Interim Dividend 2025: Rs 2 per share	-	-	-	-	-	-	-	(2,898,598)	-	(2,898,598)
Interim Dividend 2025: Rs 1.25 per share	-	-	-	-	-	-	-	(1,811,624)	-	(1,811,624)
Final dividend of subsidiary 2024: Rs 1.5 per share	-	-	-	-	-	-	-	-	(42,336)	(42,336)
Balance as at December 31, 2025	14,492,992	1,885,551	128,355	22,131,128	64,826,834	19,342,847	11,810,209	17,498,418	591,433	152,707,767

The annexed notes 1 to 50 and Annexures I and II form an integral part of these consolidated financial statements.



Chief Financial Officer



President & CEO



Director



Director



Chairman

# CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2025

Rupees in '000	Note	2025	2024
<b>Cash Flow From Operating Activities</b>			
Profit before taxation		53,652,458	44,869,480
Less: dividend income		(926,523)	(828,952)
		52,725,935	44,040,528
Adjustments:			
Net mark-up / interest income		(87,704,324)	(63,654,539)
Depreciation	11.2	1,929,602	1,413,340
Depreciation on right of use assets	12	2,428,263	2,258,248
Amortization	32	232,290	216,856
Interest expense on lease liability against right-of-use assets	19	2,004,672	1,544,722
Gain on termination of lease contracts under IFRS - 16	31	(59,835)	(31,978)
Charge for defined benefit plans	32.1	672,888	573,453
Credit loss allowance & write offs - net		1,939,731	(1,678,906)
Unrealized (loss) / gain on revaluation of securities - FVTPL	30	216,434	(1,075,063)
Gain on sale of property and equipment	31	(39,418)	(43,029)
		(78,379,697)	(60,476,896)
		(25,653,762)	(16,436,368)
Decrease / (increase) in operating assets			
Lendings to financial institutions		(9,530,086)	(4,538,497)
Net investment in securities classified as FVTPL		1,422,806	(702,378)
Advances		107,088,145	(72,156,819)
Other assets		771,401	(15,537,355)
		99,752,266	(92,935,049)
Increase / (decrease) in operating liabilities			
Bills payable		(43,445,078)	54,310,112
Borrowings from financial institutions		124,153,241	225,849,745
Deposits		267,189,481	70,055,797
Other liabilities		6,788,399	4,345,707
		354,686,043	354,561,361
		428,784,547	245,189,944
Payment made to defined benefit plan		(103,793)	(167,320)
Mark-up / interest received		307,541,465	410,186,778
Mark-up / interest paid		(214,935,427)	(347,240,948)
Income tax paid		(34,352,136)	(25,569,990)
Net cash flow generated from operating activities		486,934,656	282,398,464
<b>Cash Flow From Investing Activities</b>			
Net investment in securities classified as FVOCI		(491,856,992)	(320,900,197)
Net investment in securities measured at amortised cost		3,028,186	20,545,362
Dividend received		924,973	827,287
Investments in property and equipment		(4,713,105)	(4,024,711)
Investments in intangible assets		(597,672)	(316,662)
Proceeds from disposal of asset held for sale		1,308,750	-
Proceeds from sale of property and equipment		83,788	61,691
Effect of translation of net investment in foreign branch		23,507	(50,182)
Net cash flow used in investing activities		(491,798,565)	(303,857,412)
<b>Cash Flow From Financing Activities</b>			
Payment of subordinated debts		(6,000,000)	-
Payments against lease liabilities under IFRS-16	19	(3,836,902)	(3,309,401)
Dividends paid		(9,001,755)	(3,586,808)
Net cash flow used in financing activities		(18,838,657)	(6,896,209)
<b>Decrease in cash and cash equivalents</b>		(23,702,566)	(28,355,157)
Cash and cash equivalents at beginning of the year		146,493,487	174,848,644
Credit loss allowance on cash and cash equivalents - net		(15,488)	-
<b>Cash and cash equivalents at end of the year</b>	37	122,775,433	146,493,487

The annexed notes 1 to 50 and Annexures I and II form an integral part of these consolidated financial statements.

  
Chief Financial Officer

  
President & CEO

  
Director

  
Director

  
Chairman

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2025

### 1 STATUS AND NATURE OF BUSINESS

The Group consists of Askari Bank Limited, the holding company, Foundation Securities (Private) Limited, a 51% owned subsidiary and Askari Currency Exchange (Private) Limited, a 100% owned subsidiary.

Askari Bank Limited (the holding company or the Bank) was incorporated in Pakistan on October 9, 1991 as a public limited company and is listed on the Pakistan Stock Exchange (PSX). The registered office of the Bank is situated at AWT Plaza, the Mall, Rawalpindi. The Bank is a scheduled commercial bank and is principally engaged in the business of banking as defined in the Banking Companies Ordinance, 1962. The Fauji Consortium: comprising of Fauji Foundation (FF) and Fauji Fertilizer Company Limited (FFCL) collectively owned 71.91 (2024: 71.91) percent shares of the Bank. The ultimate parent of the Bank is Fauji Foundation. The Bank has 757 branches (2024: 720 branches); 756 in Pakistan and Azad Jammu and Kashmir including 365 (2024: 198) Islamic Banking branches and 66 (2024: 68) sub-branches and a Wholesale Bank Branch (WBB) in the Kingdom of Bahrain. The Pakistan Credit Rating Agency (PACRA) has assigned long term rating of AA+ and short term rating of A1+ to the Bank with stable outlook.

Foundation Securities (Private) Limited (FSL) was incorporated in Pakistan on January 18, 2005 under the repealed Companies Ordinance, 1984 as a private limited company. FSL is a Trading Right Entitlement Certificate (TREC) holder of the PSX and a coporate member of Pakistan Mercantile Exchange Limited. FSL is principally engaged in the business of equity and commodities brokerage, equity research and corporate financial advisory services. The registered office of FSL is situated at Ground Floor, Bahria Complex II, M.T. Khan Road, Karachi.

Askari Currency Exchange (Private) Limited (ACEL) was incorporated in Pakistan on April 18, 2024 under the Companies Act 2017 (XIX of 2017) as a private limited company. ACEL is principally engaged in business of dealing in currency exchange. The registered office of ACEL is situated at Ground Floor, Old Building, Marine Trade Centre, Kehkashan Block 9, Clifton, Karachi.

### 2 BASIS OF PRESENTATION AND STATEMENT OF COMPLIANCE

#### 2.1 Basis of Presentation and Consolidation

- 2.1.1** These consolidated financial statements represent financial statements of the Holding Company – Askari Bank Limited and its subsidiaries. The assets and liabilities of the subsidiaries have been consolidated on a line-by-line basis and the investments held by the Holding Company is eliminated against the corresponding share capital of the subsidiaries in these consolidated financial statements.
- 2.1.2** These consolidated financial statements have been prepared in accordance with the format for preparation of the annual financial statements of the banks issued by the State Bank of Pakistan (SBP), vide its BPRD Circular No. 13 dated July 01, 2024.
- 2.1.3** 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 consolidated financial statements as such, but are restricted to the amount of facility actually utilized and the appropriate portion of profit thereon.
- 2.1.4** The financial results of the Islamic banking branches have been consolidated in these consolidated financial statements for reporting purposes, after eliminating material inter-branch transactions / balances. Key figures of the Islamic banking branches are disclosed in Annexure – II to these consolidated financial statements.

**2.1.5** Items included in the consolidated financial statements are measured using the currency of the primary economic environment in which the Group operates. The consolidated financial statements are presented in Pakistan Rupee (Rupees), which is the Group's functional and presentation currency. Figures have been rounded off to the nearest thousand of rupees unless otherwise stated.

**2.1.6** Subsidiary is that enterprise in which the holding company directly or indirectly controls, beneficially owns or holds more than 50% of the voting securities or otherwise has the power to elect and appoint more than 50% of its directors. The financial statements of the subsidiary are included in the consolidated financial statements from the date control commences until the date that control ceases.

**2.1.7** Material intra-group balances and transactions have been eliminated.

**2.1.8** Non-controlling interests are part of net results of the operations and of net assets of the subsidiaries attributable to interests which are not owned by the Group. Non-controlling interests are presented as separate item in the consolidated financial statements.

## **2.2 Statement of Compliance**

**2.2.1** These consolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The 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, directives, and notifications issued under the Banking Companies Ordinance (BCO), 1962 and Companies Act, 2017; and
- Directives issued by the State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan (SECP).

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

The State Bank of Pakistan has deferred the applicability of IFAS 3 'Profit and Loss Sharing on Deposits', vide BPRD Circular No.04 dated February 25, 2015 and International Accounting Standard 40, Investment Property, vide BSD Circular Letter no. 10 dated August 26, 2002, for banking companies till further instructions. Further, the SECP, through S.R.O 411(1)/2008 dated April 28, 2008, has deferred the applicability of IFRS 7, Financial Instruments: Disclosures, to banks. Accordingly, the requirements of these standards have not been considered in the preparation of these consolidated financial statements.

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

There are certain amendments to the standards issued by International Accounting Standards Board (IASB) that are mandatory for the Group'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 Group'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 5.1 to the consolidated financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2025

### 2.4 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 Group's accounting periods beginning on or after January 01, 2026 but are considered not to be relevant or will not have any material effect on the Group's financial statements except for:

- The new standard – IFRS 18 Presentation and Disclosure in Financial Statements (IFRS 18) (published in April 2024) with applicability date of January 01, 2027 by IASB. IFRS 18 when applicable shall impact the presentation of 'Statement of Profit and Loss Account' with certain additional disclosures in the consolidated financial statements.
- Amendments to IFRS 9 'Financial Instruments' and IFRS 7 'Financial Instruments: Disclosures' clarify the timing of recognition and derecognition of certain financial instruments including settlement of liabilities through banking instruments and channels including electronic transfers. Further, guidance on the SPPI assessment, and disclosure requirements for instruments with cash flow modifying features and equity instruments designated at FVOCI has also been amended. These amendments are effective from January 1, 2026. The amendment when applied may impact the accounting and presentation of the financial instruments.

### 3 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of consolidated financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Group's accounting policies. Estimates and judgments are continually evaluated and are based on historical experiences, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods. The areas of assumptions and estimates which are significant to the Group's consolidated financial statements or where judgment was exercised in the application of accounting policies are as follows:

- expected credit loss against financial instruments (note 5.1.8 and 34)
- staff retirement benefits (note 5.12, 39 and 41)
- taxation (note 5.15 and 35)
- revaluation of property and equipment (note 5.6 and 11.3)
- fair valuation of shares of unlisted companies (note 9.1 and 43)

### 4 BASIS OF MEASUREMENT

These consolidated financial statements have been prepared under the historical cost convention except that certain property and equipment and non banking assets acquired in satisfaction of claims are stated at revalued amounts; investments classified at fair value through profit and loss and fair value through other comprehensive income; foreign exchange contracts and derivative financial instruments are measured at fair value; defined benefit obligations are carried at present value; right of use of asset and related lease liability are measured at present value on initial recognition; Temporary Economic Refinance Facility (TERF) borrowings and advances pertaining to TERF, staff and overseas operations are measured at fair value on initial recognition.

### 5 MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies adopted in the preparation of these consolidated financial statements are consistent with those followed in the preparation of the consolidated financial statements for the year ended December 31, 2024, except as disclosed in note 5.1 below.

## 5.1 IFRS 9 – ‘Financial Instruments’

During the year ended December 31, 2024, the Group 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.

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 Group is in process of finalising the impacts of application of effective interest rate on the consolidated 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 Group has applied IFRS 9 for the measurement of unquoted equity securities at fair value and for the calculation of Expected Credit Loss (ECL) on Exposure At Default (EAD) of revolving credit products beyond their contractual maturity dates. The respective impacts, net of tax, amounting to Rs. 1,323,384 thousand and Rs. 434,970 thousand, have been recognized as an adjustment to equity at the beginning of the current year.

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 revenue of the Group would have been higher by Rs. 314,331 thousand (2024: Rs. 640,038 thousand).

### 5.1.1 Classification and measurement

Under IFRS 9, classification and measurement of financial assets depends on how these are managed based on business model and their contractual cash flow characteristics. Financial assets that do not meet the Solely Payment of Principal and Interest (SPPI) criteria are required to be measured at fair value through profit or loss (FVTPL) regardless of the business model in which they are held.

#### Recognition and initial measurement

Debt securities issued are initially recorded when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. The fair value of a financial asset on initial recognition is generally its transaction price. If the Group determines that the fair value on initial recognition differs from the transaction price then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognized in consolidated statement of profit and loss account on an appropriate basis over the life of the asset but no later than when the valuation is wholly supported by observable market data, or the transaction is closed out. Advances other than staff loans, TERF and advances pertaining to overseas operations are initially measured at transaction price i.e., the amount of loan disbursed at disbursement date.

TERF borrowings and advances pertaining to TERF, staff and overseas operations are recognized at fair value at disbursement date. The fair value is determined by discounting the expected future cash flows using the prevailing market rates for instrument.

#### Classification

##### Financial Assets

On initial recognition, a financial asset is classified as measured at amortised cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2025

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI.

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cashflows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis.

Advances are subsequently carried at cost, net of expected credit loss allowances, excluding staff loans, TERF and advances pertaining to overseas operations, which are measured at amortized cost.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business models for managing financial assets, in which cases all affected financial assets are reclassified on the first day of the first reporting period following changes in the business model.

IFRS 9 allows entities to irrevocably designate, at initial recognition, a financial asset as measured at FVTPL if doing so eliminates or significantly reduces any 'accounting mismatch' that would otherwise arise from measuring assets or liabilities or recognizing gains and losses on them on different basis. SBP instructions state that banks may apply the fair value option if, in addition to the IFRS 9 criterion, (a) it is consistent with a documented risk management strategy, and (b) fair values are reliable at inception and throughout life of the instrument.

### **Financial Liabilities**

Financial liabilities are either classified as FVTPL, when they are held for trading purposes, or at amortised cost. Financial liabilities classified as FVTPL are measured at fair value and all the fair value changes are recognized in profit and loss. Financial liabilities classified at amortised cost are initially recorded at their fair value and subsequently measured using the effective interest rate method. Markup expense and foreign exchange gain and losses are recognised in profit and loss. Any gain or loss on derecognition is also recognised in profit and loss.

#### **5.1.2 Business model assessment**

A financial asset is classified as either Held to collect (HTC), Held to collect and Sell (HTC&S) and Held to Sell (HTS) based on Business model assessment. the Group makes an assessment of the objective of a business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The assessment requires judgement based on facts and circumstances on the date of assessment. The assessment considers the policies and objectives for the portfolio of financial assets, risk affecting, performance evaluation, business manager's compensation and historical sales information.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

### 5.1.3 Assessment of whether contractual cash flows are solely payments of principal and interest (SPPI)

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g., liquidity risk and administrative costs), as well as interest margin.

In assessing whether the contractual cash flows are SPPI, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Group considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse loans);
- features that modify consideration of the time value of money (e.g. periodical reset of interest rates); and
- currency in which the financial asset is denominated.

A prepayment feature aligns with SPPI if it mainly represents unpaid principal and profit, including reasonable compensation for early termination.

### 5.1.4 Subsequent measurement

The following accounting policies apply to the subsequent measurement of financial assets:

<b>Financial assets at FVTPL</b>	These assets are subsequently measured at fair value. Net gains and losses, including any markup or dividend income, are recognised in consolidated statement of profit and loss account.
<b>Financial assets at amortised cost</b>	These assets are subsequently measured at amortised cost using the effective interest method in case of investments, lendings to financial institutions, cash and balances with treasury banks, balances with other banks, TERF, staff loans, and advances pertaining to overseas operations and other financial assets. The amortised cost is reduced by impairment losses. Markup, foreign exchange gains and losses and impairment are recognised in consolidated statement of profit and loss account.
<b>Debt investments at FVOCI</b>	These assets are subsequently measured at fair value and is assessed for impairment under the ECL model. Markup income is calculated using the effective interest method and includes amortization of premiums and accretion of discount, foreign exchange gains and losses and impairment are recognised in consolidated statement of profit and loss account. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to consolidated statement of profit and loss account.
<b>Equity investments at FVOCI</b>	These assets are subsequently measured at fair value. Dividends are recognised as income in consolidated statement of profit and loss account unless the dividend clearly represents a recovery of part of the cost of the investment, in which case they are adjusted from the carrying value of investment. Other net gains and losses are recognised in OCI and are never reclassified to consolidated statement of profit and loss account.
<b>Advances at cost</b>	Advances are carried at cost, net of expected credit loss allowances, excluding staff loans, TERF and advances pertaining to overseas operations, which are measured at amortized cost, net of expected credit loss allowances.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2025

### 5.1.5 Calculation of markup income and expense

Income from performing advances of the domestic operations is recognised on accrual basis as per the terms of the contract. However, where debt securities, classified as investments in the financial statements, are purchased at premium or discount, such premium / discount including the transaction cost is amortized through the consolidated statement of profit and loss account over the remaining maturity of the debt security using the effective interest rate method. The interest income on staff loans and TERF and advances pertaining to overseas operations is recognized in line with the EIR, while any expected credit losses are assessed and accounted for in accordance with the requirements of IFRS 9. Income from advances except for staff loans and TERF are recognized in consolidated statement of profit and loss account using contractual rate. Similarly, under the local regulatory requirement, income recoverable on classified domestic advances and investments (debt securities), is recognized on a receipt basis.

Income on rescheduled / restructured advances and investments is recognized as permitted by SBP regulations.

In case of overseas operations, income on the financial assets is recognised under the effective interest method or as prescribed by the regulatory authorities of the countries in which the Group operates.

Markup expense on domestic financial liabilities (comprising deposits, subordinated debts, and borrowings) is recognized on an accrual basis in the period in which it is incurred, based on contracted rates.

### 5.1.6 Derecognition

the Group derecognises a financial asset when:

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

On derecognition of a financial asset in its entirety, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognized), and the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognized in OCI is recognized in the consolidated statement of profit and loss account, except that in case of the derecognition of equity securities held at FVOCI, cumulative gains or losses are transferred to unappropriated profit.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expired. the Group 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.

### 5.1.7 Modification

#### Financial assets

The Group sometimes renegotiates or otherwise modifies the contractual cash flows to its customers. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognized and a new financial asset is recognised at fair value plus any eligible transaction costs.

If cash flows are modified when the borrower is in financial difficulties, then the objective of the modification is usually to maximise recovery of the original contractual terms rather than to originate a new asset with substantially different terms. If the Group plans to modify a financial asset in a way that would result in forgiveness of cash flows, then it first considers whether a portion of the asset should be written off before the modification takes place. This approach impacts the result of the quantitative evaluation and means that the derecognition criteria are not usually met in such cases.

Where derecognition of financial assets is appropriate, the newly recognised residual loans are assessed to determine whether the assets should be classified as purchased or originated credit-impaired assets (POCI).

If the modification of a financial asset measured at amortised cost or FVOCI does not result in derecognition of the financial asset, then the Group first recalculates the gross carrying amount of the financial asset using the original effective yield rate of the asset and recognised the resulting adjustment as a modification gain or loss in consolidated statement of profit and loss account.

If such a modification is carried out because of financial difficulties of the borrower then the gain or loss is presented together with impairment losses. In other cases, it is presented as profit income calculated using the effective yield rate method.

### **Financial liabilities**

The Group derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability recognised and consideration paid is recognised in consolidated statement of profit and loss account.

If the modification of a financial liability is not accounted for as derecognition, then the amortised cost of the liability is recalculated by discounting the modified cash flows at the original effective yield rate and the resulting gain or loss is recognised in consolidated statement of profit and loss account. For floating-rate financial liabilities, the original effective yield rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs and fees incurred are recognised as an adjustment to the carrying amount of the liability and amortised over the remaining term of the modified financial liability by re-computing the effective yield rate on the instrument.

### **5.1.8 Impairment**

The Group records credit loss allowance in accordance with the requirements of IFRS 9 as applicable in Pakistan and as per the instructions of the State Bank of Pakistan (SBP).

The impairment requirements apply to financial assets measured at amortised cost and FVOCI (other than equity instruments), lease receivables, and certain loan commitments and financial guarantee contracts. 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 financial assets 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 financial assets 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 Group compares the risk of a default occurring on the financial assets as at the reporting date with the risk of default as at the date of initial recognition.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2025

### Measurement of ECL

ECL is a probability-weighted estimate of credit losses. It is measured as follows:

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive);
- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows;
- undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Group if the commitment is drawn down and the cash flows that the Group expects to receive; and
- financial guarantee contracts: the expected payments to reimburse the holder less any amounts that the Group expects to recover

A loan that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment. In addition, a retail loan that is overdue for 90 days or more is considered credit-impaired even when the regulatory definition of default is different.

Under SBP's IFRS 9 Application instructions, the Group is not required to compute ECL on Government Securities and on Government guaranteed credit exposure in local currency. The Group records charge for stage 3 based on the higher of provision under Prudential Regulations (PRs) or ECL under IFRS 9, as per the SBP Application Instruction. If one facility of a counterparty becomes 90+ days past due (DPD) or is otherwise defined as impaired under the Prudential Regulations, all other facilities of that counterparty are classified as Stage 3. Further, the Group recognizes income on impaired assets (loans classified under PRs i.e., OAEM and Stage 3 loans) on a receipt basis in accordance with the requirements of PRs issued by SBP.

ECL is a probability-weighted estimate of credit losses which is determined by multiplying the probability of default with the loss given default with the expected exposure at the time of default. Based on the requirements of IFRS 9 Application Instructions, the Group has performed an ECL assessment considering the following key elements:

- PD: The probability that a counterparty will default over the next 12 months from the reporting date (12-month ECL, Stage1) or over the lifetime of the product (lifetime ECL, Stage 2). PD is estimated using internal rating classes and are based on the Bank's internal risk rating. The Group has used a statistical method for the estimation of Through the Cycle (TTC) PDs associated with each of its obligors risk rating. PDs are then adjusted with forward looking information for calculation of ECL. Forward looking information is incorporated to convert TTC PD to Point in Time Probability of Default (PiT) PD. The Group has estimated PiT PDs in its PD model. For this purpose the Group incorporated five years forecast obtained from the Macro Economic Variable (MEV) database of the International Monetary Fund (IMF).
- EAD: The expected balance sheet exposure at the time of default, incorporating expectations on drawdowns, amortisation, pre-payments and forward-looking information where relevant. The Group estimates EAD for financial assets carried at an amortised cost and carried at cost equal to principal plus profit. Each repayment date is assumed to be default point in the model and the ECL is calculated on EAD at each reporting date and discounted at the effective interest rate or contractual interest rate for advances other than staff loans, TERF, and advances pertaining to overseas operations for which effective interest rate is used. The unutilized exposures are multiplied with credit conversion factors (CCF) to compute the EAD of revolving facilities. Additionally liquid collateral that the Group holds are adjusted from the EAD and the ECL is computed on the net amount.
- LGD: An estimate of the loss incurred on a facility upon default by a customer. The Group estimates LGD based on actual recoveries from defaulted accounts over a historical period prior to the assessment date. Forward looking information is incorporated into the LGD calculation to reflect the impact of macro economic factors on the expected recoveries.

### **Non-Performing financial assets**

At each reporting date, the Group assesses whether financial assets carried at amortised cost, at cost and debt financial assets carried at FVOCI, and finance lease receivables are credit-impaired (referred to as 'Stage 3 financial assets'). A financial asset is 'non-performing' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the restructuring of a loan by the Group on terms that the Group would not consider otherwise;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

### **Presentation of allowance for Expected Credit Loss in the consolidated Statement of Financial Position**

Loss allowances for ECL are presented in the consolidated statement of financial position as follows:

- Financial assets measured at amortized cost: as a deduction from the gross carrying amount of the assets.
- For advances measured at cost: as a deduction from the gross carrying amount of the advances.
- Loan commitments and financial guarantee contracts: as a provision in other liabilities.
- where a financial instrument includes both a drawn and an undrawn component, and the Group does not identify the ECL on the loan commitment component separately from those on the drawn component and instead presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision; and
- Debt instruments measured at FVOCI: no loss allowance is recognized in the consolidated statement of financial position because the carrying amount of these assets is their fair value.

### **Significant increase in credit risk (SICR)**

A SICR is assessed in the context of an increase in the risk of a default occurring over the life of the financial instrument when compared to that expected at the time of initial recognition. It is not assessed in the context of an increase in the ECL. The Group used several qualitative and quantitative measures in assessing SICR. Quantitative measures relate to deterioration of Obligor Risk Ratings (ORR) or where principal and / or profit payments are 60 days or more past due. Qualitative factors include unavailability of financial information and pending litigations.

As required by the Application Instructions, financial assets may be reclassified out of Stage 3 if they meet the requirements of PR issued by SBP. Financial assets in Stage 2 may be reclassified to Stage 1 if the conditions that led to a SICR no longer apply. However, a minimum period of 6 months from initial downgrade is required before any facility is moved back to Stage 1 from Stage 2. For a facility to move back from Stage 3 to Stage 2, it should meet the criteria defined under the respective Prudential Regulations for de-classification of account / facility. An exposure cannot be upgraded from Stage 3 to Stage 1 directly and should be upgraded to Stage 2 initially.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2025

IFRS 9 includes a rebuttable presumption that a default does not occur later than 90 days past due and it also presumes that there is SICR if credit exposure is more than 30 days past due. In order to bring consistency, SBP has allowed the backstop to the rebuttable presumption of days past due of credit portfolio against a specific credit facility and its stage allocation under IFRS 9 as mentioned in Annexure–C of BPRD Circular No. 3 of 2022. However, banks are free to choose more stringent days past due criteria. The Group aligned its policy with Annexure–C of BPRD Circular No. 3 of 2022; hence, SICR is considered if credit exposure exceeds 60 days past due.

### **Undrawn loan commitments and guarantees:**

Financial guarantees are contracts that require the Group to make specified payments to reimburse the holder for a loss that it incurs because a specified debtor fails to make payment when it is due in accordance with the terms of a debt instrument. Loan commitments are firm commitments to provide credit under pre-specified terms and conditions.

When estimating lifetime ECL for undrawn loan commitments, the Group estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected cash flows if the loans are drawn down, based on a probability-weighting of the three scenarios.

### **5.2 Cash and cash equivalents**

Cash and cash equivalents comprise of cash in hand, balances with treasury banks, balances with other banks, prize bonds, and overdrawn nostro accounts.

### **5.3 Lending (reverse repo)**

Consideration for securities purchased under resale agreement (reverse repo) are included in lending to financial institutions. The difference between purchase and resale price is recognized as mark-up / return earned on a time proportion basis. Reverse repo balances are reflected under lending to financial institutions.

### **5.4 Bai Muajjal receivable from other financial institutions**

In Bai Muajjal, the Group sells sukuk on deferred payment basis to other financial institutions. The deferred price is agreed at the time of sale and such proceeds are received at the end of the credit period. Bai Muajjal balances are reflected under lending to financial institutions. Bai Muajjal with the Federal Government is classified as investment.

### **5.5 Advances**

Advances are stated at cost net of provision for expected credit losses except for staff loans, TERF and advance pertaining to overseas branch which are carried at amortized cost less credit loss allowance.

The provision for expected credit losses against advances is charged to the profit and loss account. Advances are written off when there is no realistic prospect of recovery.

The Group reviews its loan portfolio to assess the amount of non-performing advances and provision required thereon, on regular basis. While assessing this requirement various factors including the delinquency in the account, financial position of the borrowers and the requirements of the PR are considered.

#### **5.5.1 Finance lease receivables**

Leases where the Group transfers substantially all the risks and rewards incidental to ownership of an asset to the lessee are classified as finance leases. A receivable is recognized at an amount equal to the present value of the lease payments including any guaranteed residual value. Finance lease receivables are included in advances to the customers.

### 5.5.2 Islamic financing and related assets

Ijarahs booked under Islamic Financial Accounting Standard 2 – Ijarah (IFAS – 2) are stated at cost less accumulated depreciation and impairment if any, and are shown under advances.

Depreciation on Ijarah assets is charged to consolidated statement of profit and loss account by applying the straight line method whereby the depreciable value of Ijarah assets is written off over the Ijarah period. The Group charges depreciation from the date of delivery of respective assets to Mustajir upto the date of maturity / termination of Ijarah agreement.

In Murabaha transactions, the Group purchases the goods through its agent or client and after taking the possession, sells them to the customer on cost plus profit basis either in a spot or credit transaction. Under Murabaha financing, funds disbursed for purchase of goods are recorded as 'Advance against Murabaha finance'. On culmination of Murabaha i.e. sale of goods to customers, Murabaha financing are recorded at the deferred sale price. Goods purchased but remaining unsold at the statement of financial position date are recorded as inventories.

In Salam financing, the Group pays full in advance to its customer for buying specified goods / commodities to be delivered to the Group within an agreed time. The goods are then sold and the amount financed is received back by the Group along with profit.

In Musharakah a relationship is established under a contract by the mutual consent of the Group and the customer for sharing of profits and losses arising from a joint enterprise or venture.

Diminishing Musharaka (DM) is a form of co-ownership in which Bank and the customer share the ownership of a tangible asset in an agreed proportion and customer undertakes to buy in periodic installments the proportionate share of the Group until the title to such tangible asset is completely transferred to the customer. The rental payment is recognized as profit while the assets transfer / sale payments are applied towards reducing the outstanding principal.

In Istisna financing, the Group acquires the described goods to be manufactured by the customer from raw material of its own and deliver to the Group within an agreed time. The goods are then sold and the amount financed is received back by the Group along with profit.

In Running Musharaka based financing, the Group enters into financing with the customer based on Shirkat-ul-Aqd or Business Partnership in the customer's operating business where the funds can be withdrawn or refunded during the Musharakah period.

The Group values its inventories at the lower of cost and net realisable value. The net realisable value is the estimated selling price in the ordinary course of business less the estimated cost necessary to make the sale. Cost of inventories represents actual purchases made by the Group / customers as an agent of the Group for subsequent sale. Inventory against each contract is maintained on specific identification method.

## 5.6 Property & equipment

### Capital work-in-progress

Capital work-in-progress is stated at cost less impairment losses, if any.

### Property and equipment

Property and equipment are stated at cost less impairment losses and accumulated depreciation except for freehold / leasehold land. Land is carried at revalued amounts which is not depreciated. Land is revalued by professionally qualified valuers with sufficient regularity to ensure that the carrying amount does not differ materially from their fair value. Major renewals and improvements are capitalized. Gains and losses on disposal of property and equipment are taken to the consolidated statement of profit and loss account.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2025

Surplus arising on revaluation of land is credited to the surplus on revaluation of assets account and is shown under the shareholders' equity in the consolidated statement of financial position. Except to the extent actually realized on disposal of land which are revalued, the surplus on revaluation of land shall not be applied to set-off or reduce any deficit or loss, whether past, current or future, or in any manner applied, adjusted or treated so as to add to the income, profit or surplus of the Group or utilized directly or indirectly by way of dividend or bonus.

### **Intangible assets**

Intangible assets are stated at cost less accumulated amortization and accumulated impairment losses, if any. Intangible assets are amortized from the month when these assets are available for use, using the straight line method, whereby the cost of the intangible assets are amortized over its estimated useful lives over which economic benefits are expected to flow to the Bank. The useful lives are reviewed and adjusted, if appropriate, at each balance sheet date.

### **Depreciation / amortization**

Depreciation / amortization is computed on monthly basis over the estimated useful lives of the related assets at the rates set out in note 11.2 and 13.1 respectively on monthly basis. The cost of assets is depreciated / amortized on straight line basis, except for buildings which are depreciated on reducing balance method. Depreciation / amortization commences when the related asset is available for use and discontinues when the asset is disposed off or retired from the active use. Maintenance and normal repairs are charged to consolidated statement of profit and loss account as and when incurred.

In making estimates of the depreciation / amortization, the management uses useful life and residual value which reflects the pattern in which economic benefits are expected to be consumed by the Bank. The useful life and the residual value are reviewed at each financial year end and any change in these estimates in future years might effect the carrying amounts of the respective item of property and equipment with the corresponding effect on depreciation / amortization charge.

### **5.7 Assets held for sale**

Non-current assets and associated liabilities are classified as held for sale when their carrying amount will be recovered principally through a sale transaction rather than continuing use and a sale is highly probable. Assets designated as held for sale are carried at the lower of carrying amount at designation and fair value less costs to sell, if fair value can reasonably be determined.

### **5.8 Leases (IFRS 16)**

A lessee recognizes a right-of-use asset representing its right of using the underlying asset and a corresponding lease liability representing its obligations to make lease payments.

Lease liabilities are initially measured at the present value of lease payment, discounted using the Bank's contract wise incremental borrowing rate. The lease liabilities are subsequently measured at amortized cost using the effective interest rate method. The lease liability is also remeasured to reflect any reassessment or change in lease terms. These remeasurements of lease liabilities are recognised as adjustments to the carrying amount of related right-of-use assets after the date of initial recognition.

Each lease payment is allocated between a reduction of the liability and a finance cost. The finance cost is charged to the consolidated statement of profit and loss account as markup expense over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The Group 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 not to be exercised.

The Group has several lease contracts that include extension and termination options. The Group applies judgment 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 Group 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 right-of-use assets are initially measured based on the initial amount of the lease liability plus any initial direct costs incurred. Right-of-use assets are subsequently stated at cost less any accumulated depreciation. The right-of-use assets are depreciated on a straight line basis over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The estimated useful lives of right-of-use assets are determined on the same basis as that used for owned assets. The right-of-use assets are reduced by impairment losses, if any, and adjusted for certain remeasurements of lease liability.

### **5.9 Borrowings (Repo)**

Consideration received against securities sold under repurchase agreement (repo) are included in borrowings from financial institutions. The difference between sale and repurchase price is recognized as mark-up / return expensed on a time proportion basis.

### **5.10 Deposits**

Deposits are recorded at the proceeds received. Markup accrued on deposits is recognized separately as part of other liabilities and is charged to consolidated statement of profit and loss account on a time proportion basis.

The Group generates deposits in two modes i.e. "Qard" and "Modaraba" under Islamic Banking Operations. Deposits taken on Qard basis are classified as 'Current Accounts' and deposits generated on Modaraba basis are classified as 'Saving Accounts' and 'Fixed Deposit Accounts'.

### **5.11 Subordinated debts**

Subordinated debts are initially recorded at the amount of proceeds received. Mark-up on subordinated debts is charged to the consolidated statement of profit and loss account over the period on accrual basis.

### **5.12 Staff retirement benefits**

#### **Defined benefit plan**

The Bank and its subsidiary, FSL, operate an approved funded gratuity scheme for all their eligible employees. Contributions are made in accordance with the actuarial recommendation. The actuarial valuation is carried out periodically using "Projected Unit Credit Method".

Actuarial gain / losses arising from experience adjustment and changes in actuarial assumptions are recognized in other comprehensive income in the period of occurrence. Past service cost is recognized as expense when the plan is amended.

Certain actuarial assumptions have been adopted as disclosed in note 39 of these consolidated financial statements for the actuarial valuation of staff retirement benefit plans. 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 these plans in those years.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2025

### **Defined contribution plan**

The Group operates a recognized provident fund scheme for all its regular employees for which equal monthly contributions are made both by the Group and by the employees at the rate ranging from 8.33% to 10% of the basic salary of the employee.

### **Compensated absences**

The Group provides compensated absences to all its regular employees. Liability for unfunded scheme is recognized on the basis of actuarial valuation using the "Projected Unit Credit Method" and the assumptions as disclosed in note 41.2 of these consolidated financial statements. Provision for the year is charged to consolidated statement of profit and loss account. The amount recognized in the consolidated statement of financial position represents the present value of defined benefit obligations. Actuarial gain / losses arising from experience adjustment and changes in actuarial assumptions are recognized in the consolidated statement of profit and loss account in the period of occurrence.

## **5.13 Foreign currencies**

### **Foreign currency transactions**

Foreign currency transactions other than results of foreign operations are translated into Rupees at the exchange rates prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are translated to Rupees at the exchange rates prevailing at the reporting date. Forward transactions in foreign currencies are valued at the rates applicable to the remaining maturities. Exchange gains and losses are included in consolidated statement of profit and loss account currently.

### **Foreign operation**

The assets and liabilities of Wholesale Bank Branch Bahrain are translated to Rupees at exchange rates prevailing at the date of consolidated statement of financial position. The income and expenses of foreign operations are translated at the average rate of exchange for the year.

### **Translation gains and losses (foreign operations)**

Translation gains and losses arising on revaluations of net investment in foreign operations are taken to exchange translation reserve in the consolidated statement of comprehensive income. These are recognised in the consolidated statement of profit and loss account on disposal.

### **Commitments**

Commitments for outstanding forward foreign exchange contracts are disclosed in these consolidated financial statements at committed amounts. 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 at the consolidated statement of financial position date.

## **5.14 Revenue recognition**

- 5.14.1 (a)** Mark-up / interest on advances and return on investments is recognized on time proportionate basis except on classified advances and investments which is recognized on receipt basis. Mark-up / interest on rescheduled / restructured advances and investments is recognized as permitted by the regulations of the SBP.
- (b)** The interest income on staff loans and TERF and advances pertaining to overseas operations is recognized in line with the EIR.
- (c)** Where debt securities are purchased at a premium or discount, such premium / discount is amortised through the consolidated statement of profit and loss account over the remaining period of maturity using effective yield method.

- (d) Fees and commission income is recognized at the time of performance of service.
- (e) Dividend income is recognized when Bank's right to receive the income is established.
- (f) Gains or losses on sale of investments classified as FVTPL and investments in debt securities classified as FVOCI are recognized in consolidated statement of profit and loss account.
- (g) Financing method is used in accounting for income from lease financing. Under this method, the unearned lease income (excess of the sum of the total lease rentals and estimated residual value over the cost of leased assets) is deferred and taken to income over the term of the lease period so as to produce a constant periodic rate of return on the outstanding net investment in lease. Repossessed vehicles on account of loan default are recorded in memorandum account.

Unrealized lease income is suspended on classified leases, in accordance with the requirements of the PRs issued by the SBP. Gains / losses on termination of lease contracts, documentation charges, front-end fees and other lease income are recognized as income on receipt basis.

#### **5.14.2 Revenue recognition under IFAS 2**

- (a) The rentals from ijarah are recognised as income over the term of the contract net of depreciation expense relating to the ijarah assets.

#### **5.14.3 Revenue recognition under product manual as approved by Shariah Board of the Bank**

- (a) Profits on Musharaka and Diminishing Musharaka financings are recognized on accrual basis. Profit required to be suspended in compliance with the Prudential Regulations issued by SBP is recorded on receipt basis.
- (b) Profit on Salam finance is recognized on time proportionate basis.
- (c) Profit on Istisna and murabaha financing is recognised on a time proportionate basis over the period of transaction.

#### **5.15 Taxation**

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognized in the consolidated statement of profit and loss account, except to the extent that it relates to items recognized directly in other comprehensive income, in which case it is recognized in other comprehensive income. In making the estimates for income taxes currently payable by the Group, the management considers the current income tax laws and the decisions of appellate authorities on certain issues in the past.

##### **Current**

Provision for current taxation is based on taxable income at the current rates of taxation after taking into consideration available tax credits and rebates at a tax rate enacted or substantively enacted at the reporting date. The charge for current tax also includes adjustments where considered necessary, relating to prior years which arise from assessments framed / finalized during the year.

##### **Prior years**

The tax charge for prior years represents adjustments to the tax charge for prior years, arising from assessments, change in estimates and retrospectively applied changes to law, made during the year.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2025

### **Deferred**

Deferred tax is recognised by using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amount used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities using tax rates enacted or substantively enacted at the date of consolidated statement of financial position. A deferred tax asset is recognized only to the extent that it is probable that the future taxable profit will be available and credits can be utilized. Deferred tax assets are reduced to the extent it is no longer probable that the related tax benefit will be realized.

Deferred tax, on revaluation of investments, if any, is recognized as an adjustment to surplus / (deficit) arising on such revaluation.

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

The carrying amount of the Group's non-financial assets are reviewed at the reporting date to determine whether there is any indication of impairment. If such indication exists, the asset's recoverable amount is estimated in order to determine the extent of the impairment loss, if any. Impairment loss is recognized as expense in the consolidated statement of profit and loss account. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

### **5.17 Non-banking assets acquired in satisfaction of claims**

Non-banking assets acquired in satisfaction of claims are carried at revalued amounts less accumulated depreciation. These assets are revalued by professionally qualified valuers with sufficient regularity to ensure that their net carrying value does not differ materially from their fair value. Surplus arising on revaluation of such properties is credited to the 'surplus on revaluation of non banking assets' account and any deficit arising on revaluation is taken to consolidated statement of profit and loss account directly. Legal fees, transfer costs and direct costs of acquiring title to property are charged to consolidated statement of profit and loss account and are not capitalized.

### **5.18 Other provisions**

Provisions are recognized when there are present, legal or constructive obligations 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 amounts can be made. Provision for guarantee claims and other off balance sheet obligations is recognized when intimated and reasonable certainty exists to settle the obligations. Expected recoveries are recognized by debiting customer accounts. Charge to consolidated statement of profit and loss account is stated net off expected recoveries.

### **5.19 Off-setting**

Financial assets and financial liabilities are only set-off and the net amount is reported in the consolidated financial statements when there is a legally enforceable right to set-off the recognized amount and the Group expects either to settle on a net basis, or to realize the assets and to settle the liabilities simultaneously.

### **5.20 Financial assets and liabilities**

Financial assets and financial liabilities are recognized at the time when the Group becomes a party to the contractual provision of the instrument. Financial assets are de-recognized when the contractual right to future cash flows from the asset expires or is transferred along with the risk and reward of the asset. Financial liabilities are de-recognized when obligation specific in the contract is discharged, cancelled or expired. Any gain or loss on de-recognition of the financial asset and liability is recognized in the consolidated statement of profit and loss account of the current period. The particular recognition and subsequent measurement methods adopted for significant financial assets and financial liabilities are disclosed in the individual policy statements associated with them.

### **5.21 Derivative financial instruments**

Derivative financial instruments are initially recognized at fair value on the date on which the derivative contract is entered into and are subsequently remeasured at fair value using appropriate valuation techniques. All derivative financial instruments are carried as assets when fair value is positive and liabilities when fair value is negative. Any change in the fair value of derivative financial instruments is taken to the consolidated statement of profit and loss account.

The fair values of derivatives which are not quoted in active markets are determined by using valuation techniques. The valuation techniques take into account the relevant interest rates in effect at the reporting date and the rates contracted.

### **5.22 Appropriations subsequent to date of consolidated statement of financial position**

Appropriations subsequent to year end are recognized during the year in which those appropriations are made.

### **5.23 Dividend distribution and appropriation**

Dividends and appropriations (except for the appropriations required by law), made subsequent to the date of consolidated statement of financial position are considered as non-adjusting events and are recorded in the year in which these are approved / transfers are made.

### **5.24 Earnings per share**

The Group presents basic and diluted Earnings Per Share (EPS). Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, if any.

### **5.25 Segment reporting**

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

### **5.26 Business segment**

#### **Branch banking**

This segment consists of loans, deposits and other banking services including branchless banking services to small enterprises, medium enterprises, agriculture and individual customers.

#### **Corporate banking**

Corporate banking includes deposits, project financing, trade financing and working capital to corporate and commercial customers of the Bank. This segment is also involved in investment banking activities such as mergers and acquisition, underwriting, privatization, securitization, IPO's related activities and secondary private placements.

#### **Treasury**

Treasury function is mainly engaged in money market activities, foreign exchange business and short term lending and borrowings from counterparties.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2025

### Consumer banking

Consumer banking segment provides both secured and unsecured loans to retail customers.

### Islamic banking

This segment provides banking services to its customers in compliance with Shariah rules and directives, instructions and guidelines issued by SBP.

### Foreign operations

Foreign operations consists of the banking activities performed through its Wholesale Bank Branch in the Kingdom of Bahrain.

### Head office / others

This consists of banking operations not performed by any of above segments.

### 5.26.1 Geographical segments

The Group operates in two geographic regions; Pakistan including its allied territories and the Middle East.

### 5.27 Acceptances

Acceptances comprise undertakings by the Group to pay bills of exchange drawn on customers. The Group expects most acceptances to be simultaneously settled with the reimbursement from the customers. Acceptances are accounted for in consolidated statement of financial position both as assets and liabilities.

### 5.28 Contingent Liabilities

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

Rupees in '000	Note	2025	2024
<b>6 CASH AND BALANCES WITH TREASURY BANKS</b>			
<b>In hand:</b>			
Local currency		28,559,141	35,304,422
Foreign currencies		6,457,427	3,740,358
		35,016,568	39,044,780
<b>With the State Bank of Pakistan in:</b>			
Local currency current accounts	6.1	49,154,084	72,316,040
Foreign currency current account	6.1	6,935,682	7,421,460
Foreign currency deposit account	6.2	12,842,042	13,685,296
		68,931,808	93,422,796
<b>With National Bank of Pakistan in:</b>			
Local currency current accounts		5,038,319	1,028,257
<b>Prize Bonds</b>		18,615	39,615
		109,005,310	133,535,448
Credit loss allowance held against cash and balances with treasury banks		(16,542)	–
Cash and balances with treasury banks – net of credit loss allowance		108,988,768	133,535,448

**6.1** These represent current accounts maintained with the SBP to comply with the statutory cash reserve requirements.

**6.2** This represents special cash reserve maintained with the SBP.

Rupees in '000	Note	2025	2024
<b>7 BALANCES WITH OTHER BANKS</b>			
<b>In Pakistan</b>			
In current accounts		1,708,710	318,151
In deposit accounts		1,048,522	1,977,079
		2,757,232	2,295,230
<b>Outside Pakistan</b>			
In current accounts		7,071,368	1,908,941
In deposit accounts	7.1	5,160,183	8,756,105
		12,231,551	10,665,046
		14,988,783	12,960,276
Less: Credit loss allowance held against balances with other banks		(336)	(1,390)
Balances with other banks – net of credit loss allowance		14,988,447	12,958,886

**7.1** These carry interest rates up to 3.80% (2024: up to 3.50%) per annum.

Rupees in '000	Note	2025	2024
<b>8 LENDINGS TO FINANCIAL INSTITUTIONS</b>			
Call / clean money lendings	8.1	6,600,000	1,500,000
Bai Muajjal receivable			
– with other financial institutions	8.2	–	3,068,218
Placement with financial institution	8.3	7,528,026	–
Purchase under resale arrangement of equity securities		29,721	59,443
		14,157,747	4,627,661
Less: Credit loss allowance / provision held against lending to financial institutions	8.5	(29,721)	(60,042)
Lending to financial institutions – net of credit loss allowance / provision		14,128,026	4,567,619

**8.1** Call / clean money lendings carry markup rates at 10% to 10.5% (2024: 13.90% to 22.90%) per annum.

**8.2** Bai Muajjal receivable with other financial institutions as at December 31, 2024 carried markup rates at 13.00% to 16.50% per annum.

**8.3** Placement with financial institution carries markup rate at 3.75% per annum.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2025

Rupees in '000	2025	2024
<b>8.4 Particulars of lending</b>		
In local currency	6,629,721	4,627,661
In foreign currency	7,528,026	–
	14,157,747	4,627,661

### 8.5 Lending to FIs – Particulars of credit loss allowance / provision

Rupees in '000	2025		2024	
	Lending	Credit loss allowance / provision held	Lending	Credit loss allowance / provision held
<b>Domestic</b>				
Performing Stage 1	6,600,000	–	4,568,218	599
Non-performing Stage 3	29,721	29,721	59,443	59,443
Total	6,629,721	29,721	4,627,661	60,042
<b>Overseas</b>				
Performing Stage 1	7,528,026	–	–	–
	14,157,747	29,721	4,627,661	60,042

Rupees in '000	2025		
	Stage 1	Stage 3	Total
Opening balance	599	59,443	60,042
New financial assets originated or purchased	–	–	–
Financial assets that have been derecognised	(599)	(29,722)	(30,321)
Closing balance	–	29,721	29,721

Rupees in '000	2024		
	Stage 1	Stage 3	Total
Opening balance	–	89,164	89,164
New financial assets originated or purchased	599	–	599
Financial assets that have been derecognised	–	(29,721)	(29,721)
Closing balance	599	59,443	60,042

## 9 INVESTMENTS

Rupees in '000	2025				2024			
	Cost / amortized cost	Credit loss allowance	Surplus / (deficit)	Carrying value	Cost / amortized cost	Credit loss allowance	Surplus / (deficit)	Carrying value
<b>9.1 Investments by type</b>								
<b>Debt instruments</b>								
<b>Classified / measured at amortised cost</b>								
Federal Government Securities	47,727,423	(11,647)	-	47,715,776	50,736,512	(189,788)	-	50,546,724
Non Government Debt Securities	90,903	(90,903)	-	-	110,000	(110,000)	-	-
	47,818,326	(102,550)	-	47,715,776	50,846,512	(299,788)	-	50,546,724
<b>Classified / measured at FVOCI</b>								
Federal Government Securities	1,916,513,443	(32,419)	29,278,307	1,945,759,331	1,422,059,838	(406,352)	6,686,981	1,428,340,467
Non Government Debt Securities	8,573,569	(391,163)	(10,925)	8,171,481	10,920,088	(380,124)	(26,243)	10,513,721
	1,925,087,012	(423,582)	29,267,382	1,953,930,812	1,432,979,926	(786,476)	6,660,738	1,438,854,188
<b>Classified / measured at FVTPL</b>								
Federal Government Securities	867,160	-	30,866	898,026	3,668,096	-	-	3,668,096
Units of open end mutual funds	2,791,490	-	(197,948)	2,593,542	1,826,479	-	1,158,946	2,985,425
Non Government Debt Securities	3,517,573	-	(52,082)	3,465,491	4,603,807	-	(1,086,134)	3,517,673
	7,176,223	-	(219,164)	6,957,059	10,098,382	-	72,812	10,171,194
<b>Equity instruments</b>								
<b>Classified / measured at FVTPL</b>								
Shares								
Listed companies	2,075,184	-	2,730	2,077,914	461,078	-	41,941	503,019
<b>Classified / measured at FVOCI (Non-Reclassifiable)</b>								
Shares								
Listed companies	6,146,054	-	7,522,353	13,668,407	4,596,898	-	4,323,289	8,920,187
Unlisted companies	355,680	-	3,508,964	3,864,644	355,680	-	(5,680)	350,000
Preference shares	27,314	-	(1,100)	26,214	27,314	-	(3,825)	23,489
	6,529,048	-	11,030,217	17,559,265	4,979,892	-	4,313,784	9,293,676
<b>Total investments</b>	<b>1,988,685,793</b>	<b>(526,132)</b>	<b>40,081,165</b>	<b>2,028,240,826</b>	<b>1,499,365,790</b>	<b>(1,086,264)</b>	<b>11,089,275</b>	<b>1,509,368,801</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2025

Rupees in '000	2025				2024			
	Cost / amortized cost	Credit loss allowance	Surplus / (deficit)	Carrying value	Cost / amortized cost	Credit loss allowance	Surplus / (deficit)	Carrying value
<b>9.2 Investments by segments:</b>								
<b>Federal Government Securities</b>								
Market Treasury Bills	105,007,525	-	243,399	105,250,924	33,171,528	-	922,351	34,093,879
Pakistan Investment Bonds	1,683,222,342	-	28,161,191	1,711,383,533	1,350,774,556	-	4,330,140	1,355,104,696
Ijarah Sukuks	163,056,008	-	860,761	163,916,769	79,008,343	-	1,089,419	80,097,762
Euro Bonds	13,228,712	(44,066)	43,822	13,228,468	9,841,923	(596,140)	345,071	9,590,854
Naya Pakistan Certificates	593,439	-	-	593,439	3,668,096	-	-	3,668,096
	1,965,108,026	(44,066)	29,309,173	1,994,373,133	1,476,464,446	(596,140)	6,686,981	1,482,555,287
<b>Provincial government securities</b>	-	-	-	-	-	-	-	-
<b>Shares</b>								
Listed companies	8,221,238	-	7,525,083	15,746,321	5,057,976	-	4,365,230	9,423,206
Unlisted companies	355,680	-	3,508,964	3,864,644	355,680	-	(5,680)	350,000
	8,576,918	-	11,034,047	19,610,965	5,413,656	-	4,359,550	9,773,206
<b>Units of open end mutual funds</b>	2,791,490	-	(197,948)	2,593,542	1,826,479	-	1,158,946	2,985,425
<b>Fully paid preference shares</b>	27,314	-	(1,100)	26,214	27,314	-	(3,825)	23,489
<b>Non Government Debt Securities</b>								
Listed	1,450,088	(260,404)	(63,007)	1,126,677	1,821,100	(206,453)	(41,793)	1,572,854
Unlisted	10,731,957	(221,662)	-	10,510,295	13,812,795	(283,671)	(1,070,584)	12,458,540
	12,182,045	(482,066)	(63,007)	11,636,972	15,633,895	(490,124)	(1,112,377)	14,031,394
<b>Total investments</b>	1,988,685,793	(526,132)	40,081,165	2,028,240,826	1,499,365,790	(1,086,264)	11,089,275	1,509,368,801

Rupees in '000	2025	2024
<b>9.2.1 Investments given as collateral</b>		
The market value of investments given as collateral:		
Market Treasury Bills	22,068,937	2,353,915
Pakistan Investment Bonds	780,800,697	701,101,750
Shares	379,380	247,544
	803,249,014	703,703,209

### 9.3 Particulars of credit loss allowance / provision against diminution in value of investments

#### 9.3.1 Investments – exposure

Rupees in '000	2025			
	Stage 1	Stage 2	Stage 3	Total
Opening balance	12,260,430	–	482,190	12,742,620
New investments	7,523,768	–	–	7,523,768
Investments derecognised or repaid	(5,027,995)	–	(19,100)	(5,047,095)
Transfer to stage 1	–	–	–	–
Transfer to stage 2	–	–	–	–
Transfer to stage 3	–	–	–	–
	2,495,773	–	(19,100)	2,476,673
Closing balance	14,756,203	–	463,090	15,219,293

Rupees in '000	2024			
	Stage 1	Stage 2	Stage 3	Total
Opening balance	21,058,165	–	–	21,058,165
Impact of adoption of IFRS-9	2,817,500	–	1,382,568	4,200,068
Balance as of January 1	23,875,665	–	1,382,568	25,258,233
New investments	1,000,000	–	–	1,000,000
Investments derecognised or repaid	(12,615,235)	–	(900,378)	(13,515,613)
Transfer to stage 1	–	–	–	–
Transfer to stage 2	–	–	–	–
Transfer to stage 3	–	–	–	–
	(11,615,235)	–	(900,378)	(12,515,613)
Closing balance	12,260,430	–	482,190	12,742,620

#### 9.3.2 Investments – Particulars of credit loss allowance / provision against diminution in value of investments

Rupees in '000	2025			Total
	Stage 1	Stage 3	Provision for diminution other than stage 1	
Opening balance	604,074	482,190	–	1,086,264
Reversal of credit loss allowance / provision against diminution in value of investments	(541,032)	(19,100)	–	(560,132)
Closing balance	63,042	463,090	–	526,132

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2025

Rupees in '000	2024			Total
	Stage 1	Stage 3	Provision for diminution other than stage 1	
Opening balance	1,110,438	–	2,242,249	3,352,687
Impact of adoption of IFRS-9	26,215	1,382,568	(2,242,249)	(833,466)
Balance as of January 1	1,136,653	1,382,568	–	2,519,221
Exchange adjustments	(1,372)	–	–	(1,372)
Reversal of credit loss allowance / provision against diminution in value of investments	(531,207)	(1,921)	–	(533,128)
Transfer of provision to revaluation deficit	–	(898,457)	–	(898,457)
	(531,207)	(900,378)	–	(1,431,585)
Closing balance	604,074	482,190	–	1,086,264

### 9.3.3 Investments – Credit loss allowance / provision against diminution in value of investments

Rupees in '000	2025			Total
	Stage 1	Stage 2	Stage 3	
Opening balance	604,074	–	482,190	1,086,264
New investments	26,557	–	–	26,557
Investments derecognised or repaid	(258,343)	–	(19,100)	(277,443)
Transfer to stage 1	–	–	–	–
Transfer to stage 2	–	–	–	–
Transfer to stage 3	–	–	–	–
	(231,786)	–	(19,100)	(250,886)
Amounts written off / charged off				
Changes in risk parameters (PDs/LGDs)	(309,246)	–	–	(309,246)
Exchange adjustment	–	–	–	–
Closing balance	63,042	–	463,090	526,132

Rupees in '000	2024			Total
	Stage 1	Stage 2	Stage 3	
Opening balance	1,110,438	–	–	1,110,438
Impact of adoption of IFRS-9	26,215	–	1,382,568	1,408,783
Balance as of January 1	1,136,653	–	1,382,568	2,519,221
New investments	4,840	–	–	4,840
Investments derecognised or repaid	(536,047)	–	(1,921)	(537,968)
Transfer of expected credit loss to revaluation deficit	–	–	(898,457)	(898,457)
Transfer to stage 1	–	–	–	–
Transfer to stage 2	–	–	–	–
Transfer to stage 3	–	–	–	–
	(531,207)	–	(900,378)	(1,431,585)
Exchange adjustment	(1,372)	–	–	(1,372)
Closing balance	604,074	–	482,190	1,086,264

### 9.3.4 Particulars of credit loss allowance / provision against debt securities

		2025		2024	
		Outstanding amount	Credit loss allowance held / Provision held	Outstanding amount	Credit loss allowance held / Provision held
Rupees in '000					
<b>Domestic</b>					
Performing	Stage 1	1,527,491	18,976	2,418,507	7,934
Non-Performing	Stage 3	463,090	463,090	482,190	482,190
		1,990,581	482,066	2,900,697	490,124
<b>Overseas</b>					
Performing	Stage 1	13,228,712	44,066	9,841,923	596,140

### 9.4 Quality of securities

Details regarding quality of securities held under "Held to Collect and Sell" model

#### Domestic securities

		2025	2024
		Cost	Cost
Rupees in '000			
<b>Federal Government Securities – Government guaranteed</b>			
Market Treasury Bills		105,007,525	33,171,528
Pakistan Investment Bonds		1,638,717,793	1,302,839,115
Government of Pakistan Euro Bonds		9,732,117	7,040,852
Ijarah Sukuks		163,056,008	79,008,343
		1,916,513,443	1,422,059,838
<b>Shares</b>			
<b>Listed</b>			
Commercial banks		1,446,319	1,009,192
Chemicals		1,470,530	513,054
Cement		312,301	701,824
Engineering		–	70,018
Investment banks and companies		168,581	–
Oil and gas marketing companies		831,338	539,930
Oil and gas exploration		461,608	392,543
Power generation and distribution		550,109	632,516
Paper and board		–	96,764
Pharmaceuticals		182,418	178,158
Refinery		192,033	–
Textile composite		197,861	232,777
Technology and communication		209,370	230,122
Tobacco		123,586	–
		6,146,054	4,596,898

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2025

Rupees in '000	2025		2024	
	Cost	Fair value	Cost	Breakup value
<b>Unlisted</b>				
Pakistan Export Finance Guarantee Agency Limited	5,680	–	5,680	–
1Link (Pvt) Limited	50,000	3,217,000	50,000	1,414,650
Pakistan Mortgage Refinance Company Limited	300,000	647,644	300,000	906,196
	355,680	3,864,644	355,680	2,320,846

Rupees in '000	2025	2024
	Cost	Cost
<b>Fully Paid Preference Shares</b>		
Listed		
Textile		25,100
Unlisted		
Financial institutions	2,214	2,214
	27,314	27,314
<b>Non Government Debt Securities</b>		
Listed		
AA+, AA, AA–	175,000	691,668
A+, A, A–	333,333	–
Unrated	204,432	204,432
	712,765	896,100
Unlisted		
AAA	6,673,890	8,233,729
AA+, AA, AA–	–	500,000
A+, A, A–	1,027,500	1,122,500
Unrated	159,414	167,759
	7,860,804	10,023,988

### 9.5 Particulars relating to securities classified Under “Held to Collect” model

Rupees in '000	2025	2024
	Cost	Cost
<b>Federal Government Securities – Government guaranteed</b>		
Pakistan Investment Bonds	44,230,828	47,935,441
Government of Pakistan Euro Bonds	3,496,595	2,801,071
	47,727,423	50,736,512
<b>Non Government Debt Securities</b>		
Unlisted		
Unrated	90,903	110,000

**9.5.1** Market value of held to collect securities other than investments classified as stage 3 is Rs. 47,360,272 thousand (December 31, 2024: Rs. 47,837,111 thousand).

## 10 ADVANCES

Rupees in '000		Performing		Non performing		Total	
		2025	2024	2025	2024	2025	2024
	Loans, cash credits, running finances, etc.	406,359,651	614,910,422	26,441,769	24,681,629	432,801,420	639,592,051
	Islamic financing and related assets – note 3 of annexure II	167,292,060	67,351,156	4,535,752	4,455,351	171,827,812	71,806,507
	Bills discounted and purchased	17,937,163	16,316,956	2,113,323	5,291,668	20,050,486	21,608,624
	Advances – gross	591,588,874	698,578,534	33,090,844	34,428,648	624,679,718	733,007,182
	Credit loss allowance against advances / provision against advances						
	– Stage 1	(1,548,519)	(1,140,828)	–	–	(1,548,519)	(1,140,828)
	– Stage 2	(4,708,881)	(3,893,372)	–	–	(4,708,881)	(3,893,372)
	– Stage 3	–	–	(32,300,414)	(32,280,864)	(32,300,414)	(32,280,864)
		(6,257,400)	(5,034,200)	(32,300,414)	(32,280,864)	(38,557,814)	(37,315,064)
	Advances – net of credit loss allowance	585,331,474	693,544,334	790,430	2,147,784	586,121,904	695,692,118

### 10.1 Includes net investment in finance lease as disclosed below:

Rupees in '000	2025				2024			
	Not later than one year	Later than one and less than five years	Over five years	Total	Not later than one year	Later than one and less than five years	Over five years	Total
Lease rentals receivable	3,061,377	4,067,842	–	7,129,219	2,766,961	3,084,001	–	5,850,962
Residual value	458,279	2,243,780	–	2,702,059	594,501	1,535,245	–	2,129,746
Minimum lease payments	3,519,656	6,311,622	–	9,831,278	3,361,462	4,619,246	–	7,980,708
Financial charges for future periods	(614,255)	(547,750)	–	(1,162,005)	(678,712)	(556,299)	–	(1,235,011)
Present value of minimum lease payments	2,905,401	5,763,872	–	8,669,273	2,682,750	4,062,947	–	6,745,697

Rupees in '000	2025	2024
<b>10.2 Particulars of advances (Gross)</b>		
In local currency	583,064,620	676,924,670
In foreign currencies	41,615,098	56,082,512
	624,679,718	733,007,182
<b>10.2.1 Advances to Women, Women-owned and Managed Enterprises</b>		
Women	2,477,706	2,173,311
Women Owned and Managed Enterprises	1,565,786	1,725,240
	4,043,492	3,898,551

**10.2.2** Gross loans disbursed to women, women-owned and managed enterprises during the year is Rs. 4,250,067 thousand (2024: Rs. 2,356,331 thousand).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2025

### 10.3 Particulars of credit loss allowance / provision against advances

#### 10.3.1 Advances – Exposure

Rupees in '000	Note	2025			
		Stage 1	Stage 2	Stage 3	Total
Opening balance		638,420,368	60,158,166	34,428,648	733,007,182
New advances		294,377,068	84,004,166	–	378,381,234
Advances derecognised or repaid		(444,629,837)	(39,264,938)	(1,574,604)	(485,469,379)
Transfer to stage 1		7,001,313	(6,972,877)	(28,436)	–
Transfer to stage 2		(10,640,167)	10,642,611	(2,444)	–
Transfer to stage 3		(1,409,747)	(97,252)	1,506,999	–
		(155,301,370)	48,311,710	(98,485)	(107,088,145)
Amounts written off / charged off	10.7	–	–	(1,239,319)	(1,239,319)
Closing balance		483,118,998	108,469,876	33,090,844	624,679,718

Rupees in '000	2024			
	Stage 1	Stage 2	Stage 3	Total
Opening balance	–	–	–	–
Impact of ECL recognised on adoption of IFRS-9	498,337,683	133,294,322	29,589,366	661,221,371
Balance as at January 1	498,337,683	133,294,322	29,589,366	661,221,371
New advances	313,980,464	11,208,753	7,114	325,196,331
Advances derecognised or repaid	(203,151,293)	(39,314,503)	(3,161,411)	(245,627,207)
Transfer to stage 1	54,767,590	(54,767,590)	–	–
Transfer to stage 2	(18,331,898)	18,410,402	(78,504)	–
Transfer to stage 3	(519,804)	(7,923,287)	8,443,091	–
	146,745,059	(72,386,225)	5,210,290	79,569,124
Amounts written off / charged Off	–	–	(371,008)	(371,008)
Fair value adjustments	(6,662,374)	(749,931)	–	(7,412,305)
Closing balance	638,420,368	60,158,166	34,428,648	733,007,182

#### 10.3.2 Advances – Particulars of credit loss allowance / provision against advances

Rupees in '000	2025			
	Stage 1	Stage 2	Stage 3	Total
Opening balance	1,140,828	3,893,372	32,280,864	37,315,064
Impact of ECL recognised on adoption of IFRS-9	213,087	589,201	–	802,288
Balance as at January 1	1,353,915	4,482,573	32,280,864	38,117,352
Charge for the year	1,001,577	2,402,543	2,591,860	5,995,980
Reversal for the year	(806,973)	(2,176,235)	(1,332,991)	(4,316,199)
	194,604	226,308	1,258,869	1,679,781
Amounts written off / charged off	–	–	(1,239,319)	(1,239,319)
Closing balance	1,548,519	4,708,881	32,300,414	38,557,814

Rupees in '000	2024					
	Stage 1	Stage 2	Stage 3	Specific Provision	General Provision	Total
Opening balance	-	-	-	25,636,695	2,538,527	28,175,222
Impact of ECL recognised on adoption of IFRS 9	3,533,735	6,801,929	27,783,828	(25,636,695)	(2,538,527)	9,944,270
Balance as at January 1	3,533,735	6,801,929	27,783,828	-	-	38,119,492
Exchange adjustment	-	-	-	-	-	-
Charge for the year	2,168,486	7,121,410	7,338,185	-	-	16,628,081
Reversal under IFRS 9 related to WBB	-	(21,539)	-	-	-	(21,539)
Reversal for the year	(4,561,393)	(10,008,428)	(2,470,141)	-	-	(17,039,962)
	(2,392,907)	(2,908,557)	4,868,044	-	-	(433,420)
Amounts written off / charged off	-	-	(371,008)	-	-	(371,008)
Closing balance	1,140,828	3,893,372	32,280,864	-	-	37,315,064

### 10.3.3 Advances – Credit loss allowance / provision against advances

Rupees in '000	Note	2025				Total
		Stage 1	Stage 2	Stage 3		
Opening balance		1,140,828	3,893,372	32,280,864		37,315,064
Impact of ECL recognised on adoption of IFRS-9		213,087	589,201	-		802,288
Balance as at January 1		1,353,915	4,482,573	32,280,864		38,117,352
New advances		868,618	1,703,946	-		2,572,564
Advances derecognised or repaid		(435,042)	(2,038,873)	(1,308,304)		(3,782,219)
Transfer to stage 1		132,959	(109,320)	(23,639)		-
Transfer to stage 2		(79,383)	80,431	(1,048)		-
Transfer to stage 3		(30,560)	(28,042)	58,602		-
		456,592	(391,858)	(1,274,389)		(1,209,655)
Changes in risk parameters		(261,988)	618,166	2,533,258		2,889,436
Amounts written off / charged off	10.7	-	-	(1,239,319)		(1,239,319)
Closing balance		1,548,519	4,708,881	32,300,414		38,557,814

Rupees in '000	2024			
	Stage 1	Stage 2	Stage 3	Total
Opening balance	-	-	-	-
Impact of ECL recognised on adoption of IFRS-9	3,533,735	6,801,929	27,783,828	38,119,492
Balance as at January 1	3,533,735	6,801,929	27,783,828	38,119,492
New advances	2,105,443	6,904,728	336,939	9,347,110
Advances derecognised or repaid	(1,307,334)	(2,406,833)	(2,339,326)	(6,053,493)
Transfer to stage 1	63,043	(63,043)	-	-
Transfer to stage 2	(213,952)	216,681	(2,729)	-
Transfer to stage 3	(304,459)	(6,696,787)	7,001,246	-
	342,741	(2,045,254)	4,996,130	3,293,617
Changes in risk parameters	(2,735,648)	(863,303)	(128,086)	(3,727,037)
Amounts written off / charged off	-	-	(371,008)	(371,008)
Closing balance	1,140,828	3,893,372	32,280,864	37,315,064

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2025

### 10.3.4 Advances – Credit loss allowance details Internal / External rating / stage classification

		2025			
Rupees in '000		Stage 1	Stage 2	Stage 3	Total
<b>Outstanding gross exposure</b>					
Performing	Stage 1	483,118,998	–	–	483,118,998
Under Performing	Stage 2	–	108,469,876	–	108,469,876
Non-performing	Stage 3				
Other Assets Especially Mentioned		–	–	422,081	422,081
Substandard		–	–	747,157	747,157
Doubtful		–	–	296,534	296,534
Loss		–	–	31,625,072	31,625,072
		–	–	33,090,844	33,090,844
<b>Total</b>		<b>483,118,998</b>	<b>108,469,876</b>	<b>33,090,844</b>	<b>624,679,718</b>
<b>Corresponding ECL / provision</b>					
Stage 1 and stage 2		(1,548,519)	(4,708,881)	–	(6,257,400)
Stage 3		–	–	(32,300,414)	(32,300,414)
		<b>481,570,479</b>	<b>103,760,995</b>	<b>790,430</b>	<b>586,121,904</b>

		2024			
Rupees in '000		Stage 1	Stage 2	Stage 3	Total
<b>Outstanding gross exposure</b>					
Performing	Stage 1	638,420,368	–	–	638,420,368
Under Performing	Stage 2	–	60,158,166	–	60,158,166
Non-performing	Stage 3				
Other Assets Especially Mentioned		–	–	141,213	141,213
Substandard		–	–	3,149,887	3,149,887
Doubtful		–	–	2,217,365	2,217,365
Loss		–	–	28,920,183	28,920,183
		–	–	34,428,648	34,428,648
<b>Total</b>		<b>638,420,368</b>	<b>60,158,166</b>	<b>34,428,648</b>	<b>733,007,182</b>
<b>Corresponding ECL / provision</b>					
Stage 1 and stage 2		(1,140,828)	(3,893,372)	–	(5,034,200)
Stage 3		–	–	(32,280,864)	(32,280,864)
		<b>637,279,540</b>	<b>56,264,794</b>	<b>2,147,784</b>	<b>695,692,118</b>

**10.4** Advances include Rs. 33,090,844 thousand (2024: Rs. 34,428,648 thousand) which have been placed under non-performing status as detailed below:

#### Category of classification in stage 3

		2025		2024	
Rupees in '000		Non Performing Loans	Credit loss allowance /provision	Non Performing Loans	Credit loss allowance /provision
<b>Domestic</b>					
Other Assets Especially Mentioned (OAEM)		422,081	209,943	141,213	85,324
Substandard		747,157	540,675	3,149,887	2,060,417
Doubtful		296,534	131,046	2,217,365	1,564,045
Loss		31,625,072	31,418,750	28,920,183	28,571,078
<b>Total</b>		<b>33,090,844</b>	<b>32,300,414</b>	<b>34,428,648</b>	<b>32,280,864</b>

## 10.5 Particulars of credit loss allowance / provision against advances

Rupees in '000	2025			
	Stage 1	Stage 2	Stage 3	Total
In local currency	1,524,410	4,624,988	31,866,102	38,015,500
In foreign currencies	24,109	83,893	434,312	542,314
	1,548,519	4,708,881	32,300,414	38,557,814

Rupees in '000	2024			
	Stage 1	Stage 2	Stage 3	Total
In local currency	1,140,828	3,889,224	32,280,864	37,310,916
In foreign currencies	–	4,148	–	4,148
	1,140,828	3,893,372	32,280,864	37,315,064

Rupees in '000	2025	2024
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### 10.6 Particulars of write offs

<b>10.6.1</b> Against credit loss allowance / provision	–	40,448
<b>10.6.2</b> Write offs of Rs. 500,000 and above		
– Domestic	–	40,448
Write offs of below Rs. 500,000	–	–
	–	40,448

### 10.6.3 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 rupees five hundred thousand or above allowed to a person(s) during the year ended December 31, 2025 is given in Annexure – I.

### 10.7 Amounts charged off

**10.7.1** Agriculture loans amounting to Rs. 51,953 thousand (2024: Rs. 77,186 thousand) have been charged off as per time based criteria prescribed by the State Bank of Pakistan in Annexure II of Regulation R – 11 of PRs for Agriculture Financing. Further, Consumer loans amounting to Rs. 189,572 thousand (2024: Rs. 253,374 thousand) have been charged off as per the Group's write off, restructuring / rescheduling and settlement policy approved by the Board of Directors.

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**10.7.2** In terms of BPRD Circular No. 02 of 2024 dated July 22, 2024, Group has also charged off its Corporate, Commercial & SME Non Performing Loans (including Corporate Lease) amounting to Rs. 997,794 thousand (2024: Rs. nil).

Rupees in '000	2025		2024	
	Number of borrowers	Amount	Number of borrowers	Amount
Opening balance	-	-	-	-
Charge-off during the year	290	997,794	-	-
	290	997,794	-	-
Recoveries made during the year	-	-	-	-
Written off during the year	-	-	-	-
Closing Balance	290	997,794	-	-

Loans charged off do not in any way prejudice the Bank's right of recovery from the Customer.

Rupees in '000	Note	2025	2024
<b>11 PROPERTY AND EQUIPMENT</b>			
Capital work-in-progress	11.1	1,551,028	822,004
Property and equipment	11.2	24,846,238	21,012,900
		26,397,266	21,834,904

**11.1** This represents civil works in progress.

### 11.2 Property and equipment

Rupees in '000	2025									
	Land - freehold	Land - leasehold	Buildings on freehold land	Buildings on leasehold land	Renovation of premises	Furniture, fixtures and office equipment	Machine and equipment	Computer equipment	Vehicles	Total
<b>As at January 1, 2025</b>										
Cost / Revalued amount	7,118,892	6,119,500	1,229,926	984,192	3,720,980	2,570,443	5,643,048	4,654,372	269,280	32,310,633
Accumulated Depreciation	-	-	617,256	568,055	2,617,121	1,292,248	3,260,498	2,796,099	146,456	11,297,733
Net book value	7,118,892	6,119,500	612,670	416,137	1,103,859	1,278,195	2,382,550	1,858,273	122,824	21,012,900
<b>Year ended December 31, 2025</b>										
Opening net book value	7,118,892	6,119,500	612,670	416,137	1,103,859	1,278,195	2,382,550	1,858,273	122,824	21,012,900
Additions	103,375	-	-	-	875,716	756,199	1,292,599	709,262	232,718	3,969,869
Movement in surplus on assets revalued during the year	981,797	841,432	-	-	-	-	-	-	-	1,823,229
Disposals	-	-	-	-	(3,402)	(7,935)	(5,734)	(12,781)	(14,518)	(44,370)
Depreciation charge	-	-	(29,941)	(20,337)	(389,576)	(251,762)	(581,345)	(604,334)	(52,307)	(1,929,602)
Other adjustments / transfers	-	-	-	-	-	-	-	14,212	-	14,212
Closing net book value	8,204,064	6,960,932	582,729	395,800	1,586,597	1,774,697	3,088,070	1,964,632	288,717	24,846,238
Cost / Revalued amount	8,204,064	6,960,932	1,229,926	984,192	4,570,210	3,265,057	6,810,221	5,256,747	471,688	37,753,037
Accumulated Depreciation	-	-	647,197	588,392	2,983,613	1,490,360	3,722,151	3,292,115	182,971	12,906,799
Net book value	8,204,064	6,960,932	582,729	395,800	1,586,597	1,774,697	3,088,070	1,964,632	288,717	24,846,238
<b>Rate of depreciation (percentage)</b>	-	-	5	5	20	10-20	10-20	20	20	

Rupees in '000	2024									
	Land – freehold	Land – leasehold	Buildings on freehold land	Buildings on leasehold land	Renovation of premises	Furniture, fixtures and office equipment	Machine and equipment	Computer equipment	Vehicles	Total
<b>As at January 1, 2024</b>										
Cost / Revalued amount	7,118,892	6,119,500	1,229,926	984,192	2,966,308	2,198,379	4,621,878	3,532,425	237,167	29,008,667
Accumulated Depreciation	-	-	585,776	546,673	2,368,778	1,251,398	3,329,798	2,573,698	136,153	10,792,274
Net book value	7,118,892	6,119,500	644,150	437,519	597,530	946,981	1,292,080	958,727	101,014	18,216,393
<b>Year ended December 31, 2024</b>										
Opening net book value	7,118,892	6,119,500	644,150	437,519	597,530	946,981	1,292,080	958,727	101,014	18,216,393
Additions	-	-	-	-	779,230	550,653	1,509,825	1,121,360	63,643	4,024,711
Disposals	-	-	-	-	(1,491)	(8,802)	(3,501)	(63)	(4,805)	(18,662)
Depreciation charge	-	-	(31,480)	(21,382)	(271,410)	(210,637)	(415,854)	(425,549)	(37,028)	(1,413,340)
Other adjustments / transfers	-	-	-	-	-	-	-	203,798	-	203,798
Closing net book value	7,118,892	6,119,500	612,670	416,137	1,103,859	1,278,195	2,382,550	1,858,273	122,824	21,012,900
Cost / Revalued Amount	7,118,892	6,119,500	1,229,926	984,192	3,720,980	2,570,443	5,643,048	4,654,372	269,280	32,310,633
Accumulated Depreciation	-	-	617,256	568,055	2,617,121	1,292,248	3,260,498	2,796,099	146,456	11,297,733
Net book value	7,118,892	6,119,500	612,670	416,137	1,103,859	1,278,195	2,382,550	1,858,273	122,824	21,012,900
<b>Rate of depreciation (percentage)</b>	-	-	5	5	20	10–20	10–20	20	20	

### 11.2.1 Cost of fully depreciated property and equipment still in use of the Bank

Rupees in '000	Land – freehold	Land – leasehold	Buildings on freehold land	Buildings on leasehold land	Renovation of premises	Furniture, fixtures and office equipment	Machine and equipment	Computer equipment	Vehicles	Total
<b>2025</b>	-	-	-	-	2,252,347	628,465	2,283,818	2,067,662	88,541	7,320,833
2024	-	-	-	-	2,066,316	380,827	2,026,834	1,941,163	80,806	6,495,946

**11.3** Freehold and leasehold land were revalued by the valuers approved by the Pakistan Banks' Association on December 31, 2025. The valuation was carried out by M/s Unicorn International Surveyors Limited on the basis of their professional assessment of the present market value. The total surplus against revaluation of freehold and leasehold land included in property and equipment as at December 31, 2025 amounts to Rs. 11,207,979 thousand (2024: Rs. 9,384,750 thousand).

Had the freehold and leasehold land included in property and equipment not been revalued, the total carrying amounts of revalued properties as at December 31, 2025 would have been Rs. 3,957,017 thousand (2024: Rs. 3,853,642 thousand).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2025

Rupees in '000	2025	2024
	Buildings	
<b>12 RIGHT-OF-USE ASSETS</b>		
Net carrying amount at January 1,	12,196,186	8,312,812
Additions during the year	5,689,674	6,262,557
Terminations / adjustments	(329,295)	(120,935)
Depreciation charge for the year	(2,428,263)	(2,258,248)
Net carrying amount at December 31,	15,128,302	12,196,186

Rupees in '000	Note	2025	2024
<b>13 INTANGIBLE ASSETS</b>			
Computer software	13.1	1,731,290	1,422,143
Capital work-in-progress		483,870	427,635
		2,215,160	1,849,778
<b>13.1 Software</b>			
<b>As at January 1,</b>			
Cost		3,438,536	3,300,547
Accumulated amortization		(2,016,393)	(1,799,275)
Net book value		1,422,143	1,501,272
<b>Year ended December 31,</b>			
Opening net book value		1,422,143	1,501,272
Additions			
– directly purchased		444,582	316,662
Amortization charge		(232,290)	(217,118)
Other adjustments / transfers		96,855	(178,673)
Closing net book value		1,731,290	1,422,143
<b>As at December 31,</b>			
Cost		3,979,973	3,438,536
Accumulated amortization		(2,248,683)	(2,016,393)
Net book value		1,731,290	1,422,143
<b>Rate of amortization (percentage)</b>		10	10
<b>Useful life (in years)</b>		10	10

**13.1.1** Cost of fully amortized intangible assets still in use amounts to Rs. 1,272,502 thousand (2024: Rs. 1,234,865 thousand).

Rupees in '000	2025	2024
<b>14 ASSETS HELD FOR SALE</b>		
Land - leasehold	–	1,750,000

**14.1** The Group had entered into a sale agreement to sell its land located at Haider Road, Rawalpindi. Accordingly, the land was classified to non-current asset held for sale. The carrying amount included revaluation surplus of Rs. 980,987 thousand at which amount the asset was transferred from property and equipment. During the year, the remaining sale consideration has been received and the physical possession of the land has been handed over by the Group, accordingly, the land is derecognised in the consolidated financial statements.

Rupees in '000	Note	2025	2024
<b>15 OTHER ASSETS</b>			
Income / mark-up accrued in local currency		59,313,288	65,693,368
Income / mark-up accrued in foreign currencies		955,802	1,100,279
Dividend receivable		4,338	2,788
Advances, deposits, advance rent and other prepayments	15.1	9,776,434	7,699,158
Advance taxation		9,566,189	8,011,118
Trade debts - unsecured - considered good		347,052	411,513
Non-banking assets acquired in satisfaction of claims	15.2	366,160	388,891
Deferred cost on recognition of loan at fair value	15.3	4,412,757	4,931,905
Receivable from defined benefit plan	39.4	59,876	415,569
Receivable against trading of securities		147,388	5,161
Rebate receivable against home remittances		2,857,255	–
Stationary and stamps in hand		413,469	162,096
Margin against stand by letter of credit (SBLC)		158,828	1,056,666
Acceptances		12,242,718	16,916,015
Others		787,774	709,831
		101,409,328	107,504,358
Less: Credit loss allowance / provision held against other assets	15.4	(730,423)	(478,632)
Other assets (Net of credit loss allowance / provision)		100,678,905	107,025,726
Surplus on revaluation of non-banking assets acquired in satisfaction of claims		602,230	602,230
		101,281,135	107,627,956

**15.1** This includes the prepaid employment benefit amounting to Rs. 7,299,665 thousand (2024: 6,473,085 thousand) recognized in connection with concessional staff facilities provided to employees. These facilities have been recognized at fair value on the date of disbursement. The resultant benefit arising from these concessional facilities is subsequently accounted for under IAS 19 Employee Benefits. The current year amortization of prepaid employee benefit asset amounts to Rs. 1,780,271 thousand (2024: Rs. 1,278,397 thousand).

Rupees in '000	2025	2024
<b>15.2</b> Market value of Non-banking assets acquired in satisfaction of claims	968,390	991,121

The Group's non-banking assets were revalued by the valuers approved by the Pakistan Banks' Association on December 31, 2025. The latest valuation was carried out by M/s Unicorn International Surveyors on the basis of their professional assessment of the present market value. The total surplus against revaluation of non-banking asset acquired in satisfaction of claims as at December 31, 2025 amounts to Rs. 602,230 thousand (2024 : Rs. 602,230 thousand).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2025

Rupees in '000	2025	2024
<b>15.2.1 Non-banking assets acquired in satisfaction of claims</b>		
Opening balance	991,121	866,810
Revaluation	–	142,282
Depreciation	(22,731)	(17,971)
Closing balance	968,390	991,121

**15.3** This represents deferred portion of fair value loss arisen on initial recognition of loan to PIA Holding Company Limited (PIAHCL). SBP through its circular BPRD/BRD/PIAHCL/733688–2024 dated August 01, 2024 has allowed staggering of such fair value impact over a period of 6 years at rates of 5%, 10%, 15%, 20%, 25%, and 25% from year 1 to year 6. Accordingly, the Group has amortized 10% in the current year.

Rupees in '000	2025	2024
<b>15.4 Credit loss allowance / provision held against other assets</b>		
Advances, deposits, advance rent and other prepayments	4,838	4,838
Acceptances	538,317	285,239
Others	187,268	188,555
	730,423	478,632
<b>15.4.1 Movement in credit loss allowance / provision held against other assets</b>		
Opening balance	478,632	212,988
Impact of ECL recognised on adoption of IFRS–9	–	431,571
	478,632	644,559
Charge / (reversal) for the year	251,791	(165,927)
Closing balance	730,423	478,632
<b>16 BILLS PAYABLE</b>		
In Pakistan	23,259,370	66,704,448

Rupees in '000	Note	2025	2024
<b>17 BORROWINGS</b>			
<b>Secured</b>			
Borrowings from the State Bank of Pakistan under:			
– Export refinance scheme	17.1.1	9,456,104	15,106,530
– Long term financing facility	17.1.2	4,525,856	6,714,408
– Financing facility for storage of agricultural produce	17.1.3	56,200	72,000
– Renewable energy financing facility	17.1.4	3,382,492	3,663,688
– Refinance from SBP			
– Credit guarantee scheme for women entrepreneurs		54,573	44,384
– Temporary economic refinance facility	17.1.5	5,944,439	7,029,796
– Modernisation of SME		302,878	275,855
– Combating COVID-19	17.1.6	73,958	237,209
– Working Capital Financing	17.1.7	40,000	27,000
– Special Persons		360	–
– Rupee based discounting of bills / receivable		3,705,624	3,689,838
		27,542,484	36,860,708
Repurchase agreement borrowings			
– State Bank of Pakistan	17.1.8	704,004,760	639,094,000
– Financial institutions	17.1.9	92,479,644	64,095,350
		796,484,404	703,189,350
Refinance from Pakistan Mortgage Refinance Company	17.1.10	2,761,911	4,252,855
<b>Total secured</b>		826,788,799	744,302,913
<b>Unsecured</b>			
Call borrowings		165,175,390	124,908,650
Financial institutions		1,400,615	–
Overdrawn nostro accounts		1,201,782	847
<b>Total unsecured</b>		167,777,787	124,909,497
		994,566,586	869,212,410

**17.1.1** Export refinance is secured against demand promissory note executed in favor of the SBP. The effective mark-up rate is 5.5% to 6.5% (2024: 12% to 18%) per annum payable on a quarterly basis.

**17.1.2** This facility is secured against demand promissory note executed in favour of the SBP. The effective mark-up rate is 2% to 8.5% (2024: 2% to 8.5%) per annum payable on a quarterly basis and have maturities upto March 2034.

**17.1.3** These are secured against demand promissory note and carry mark-up of up to 2% (2024: 2%) per annum and have maturities upto December 2029.

**17.1.4** These are secured against demand promissory note and carry mark-up of 2% to 3% (2024: 2% to 3%) per annum and have maturities upto January 2036.

**17.1.5** These are secured against demand promissory note and carry mark-up of 1% (2024: 1%) per annum payable on quarterly basis and have maturities up to August 2032.

**17.1.6** These are secured against demand promissory note and carry mark-up of Nil (2024: Nil) and have maturities up to March 2026.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2025

**17.1.7** These are secured against demand promissory note and carry markup of upto 2% (2024: 2%) per annum and have maturities upto January 2026.

**17.1.8** These are secured against collateral of Government Securities and carry markup of 10.53% (2024: 13.08%) per annum and have maturities up to 2 days (2024: 1 month). The market value of securities given as collateral is given in note 9.2.1.

**17.1.9** These are secured against collateral of Government Securities and carry markup of 10.25% to 11.04% (2024: 12.65% to 13.9%) per annum and have maturities up to 19 days (2024: 1 month). The market value of securities given as collateral is given in note 9.2.1.

**17.1.10** This is secured against mortgage finance portfolio of the Group and carry markup of 6.5% to 16.94% (2024: 6.00% to 16.94%) per annum and has maturity up to 2031.

Rupees in '000	2025	2024
<b>17.2 Particulars of borrowings with respect to currencies</b>		
In foreign currencies	2,602,397	847
In local currency	991,964,189	869,211,563
	994,566,586	869,212,410

## 18 DEPOSITS AND OTHER ACCOUNTS

Rupees in '000	2025			2024		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
<b>Customers</b>						
Current accounts	464,930,070	34,773,304	499,703,374	357,652,273	28,984,351	386,636,624
Savings deposits	841,460,015	69,598,202	911,058,217	752,321,272	72,565,181	824,886,453
Fixed deposits	155,411,683	32,219,310	187,630,993	101,844,430	29,497,256	131,341,686
	1,461,801,768	136,590,816	1,598,392,584	1,211,817,975	131,046,788	1,342,864,763
<b>Financial institutions</b>						
Current accounts	1,558,139	199,083	1,757,222	1,057,931	236,526	1,294,457
Savings deposits	6,892,451	53,727	6,946,178	10,272,783	-	10,272,783
Fixed deposits	22,944,000	-	22,944,000	8,418,500	-	8,418,500
	31,394,590	252,810	31,647,400	19,749,214	236,526	19,985,740
	1,493,196,358	136,843,626	1,630,039,984	1,231,567,189	131,283,314	1,362,850,503

Rupees in '000	2025	2024
<b>18.1 Composition of deposits</b>		
– Individuals	605,498,081	528,581,290
– Government (Federal and Provincial)	570,424,112	443,752,760
– Public Sector Entities	74,096,886	97,785,246
– Banking Companies	456	456
– Non-Banking Financial Institutions	31,646,944	19,985,286
– Private Sector	348,373,505	272,745,465
	<b>1,630,039,984</b>	<b>1,362,850,503</b>

**18.2** Total deposits include eligible deposits of Rs. 720,678,415 thousand (2024: Rs. 616,201,532 thousand) as required by the Deposit Protection Corporation (a subsidiary of SBP) vide circular no. 04 of 2018 dated June 22, 2018.

Rupees in '000	Note	2025	2024
<b>19 LEASE LIABILITIES</b>			
Opening balance		14,174,653	9,699,474
Additions during the year		5,689,674	6,262,557
Lease payments including interest		(3,836,902)	(3,309,401)
Interest expense		2,004,672	1,544,722
Termination and other adjustments		(389,130)	(22,699)
Closing balance		<b>17,642,967</b>	<b>14,174,653</b>
<b>19.1 Contractual maturity of lease liabilities</b>			
Short-term lease liabilities – within one year		1,285,724	1,090,562
Long-term lease liabilities			
– 1 to 5 years		6,963,150	5,124,890
– More than 5 years		9,394,093	7,959,201
		<b>16,357,243</b>	<b>13,084,091</b>
		<b>17,642,967</b>	<b>14,174,653</b>
<b>20 SUBORDINATED DEBTS</b>			
Term Finance Certificates – VI (ADT-1)	20.1	6,000,000	6,000,000
Term Finance Certificates – VII	20.2	–	6,000,000
		<b>6,000,000</b>	<b>12,000,000</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2025

**20.1** The Group has raised unsecured sub-ordinated loan through issuance of Term Finance Certificates (TFC) to improve the Group's capital adequacy. Liability to the TFC holders is subordinated to and rank inferior to all other indebtedness of the Group including deposits and is not redeemable before maturity without prior approval of the SBP. The salient features of outstanding issue are as follows:

	Term Finance Certificates - VI (ADT-1)
Outstanding amount - Rupees in '000	6,000,000
Issue amount	Rupees 6,000 million
Issue date	July 03, 2018
Maturity date	Perpetual
Rating	AA-
Security	Unsecured
Listing	Listed
Profit payment frequency	Payable six monthly
Redemption	Perpetual
Mark-up	Base Rate plus 1.50%
	Base Rate is the simple average of the ask rate of six month KIBOR prevailing on the base rate setting date.
Call option	Exercisable after 60 months from the date of issue subject to approval by the SBP.
Lock-in-clause	Payment of profit will be subject to the condition that such payment will not result in breach of the Bank's regulatory Minimum Capital Requirement or Capital Adequacy Ratio set by SBP from time to time. Any inability to exercise lock-in clause or the non-cumulative features will subject these TFCs to mandatory conversion into common shares / write off at the discretion of SBP.
Loss absorption clause	The Instrument will be subject to loss absorption and / or any other requirements of SBP upon the occurrence of a Point of Non-Viability event as per Section A-5-3 of Annexure 5 of the Circular, which stipulates that SBP may, at its option, fully and permanently convert the TFCs into common shares of the issuer and / or have them immediately written off (either partially or in full). Number of shares to be issued to TFC holders at the time of conversion will be equal to the 'Outstanding Value of the TFCs' divided by market value per share of the Bank's common share on the date of trigger event as declared by SBP, subject to a specified cap.

**20.2** During the year, the Board of Directors approved to exercise call option in respect of TFC-VII. Accordingly, the Group obtained the approval from SBP and TFC-VII was redeemed on September 17, 2025.

## 21 DEFERRED TAX LIABILITIES

<b>2025</b>					
Rupees in '000	At January 1, 2025	IFRS-9 Opening Adjustments	Recognized in P&L	Recognized in OCI	At December 31, 2025
Taxable / (Deductible) Temporary Differences on					
- Accelerated tax depreciation	624,405	-	(102,731)	-	521,674
- Surplus on revaluation of investments	5,706,752	1,433,666	-	13,814,334	20,954,752
- Lease liabilities net of right-of-use assets	-	-	(1,810,790)	-	(1,810,790)
- ECL against financial instruments	(5,596,807)	(471,218)	705,576	-	(5,362,449)
- Others	3,471	-	(25,964)	-	(22,493)
	737,821	962,448	(1,233,909)	13,814,334	14,280,694
<b>2024</b>					
Rupees in '000	At January 1, 2024	IFRS-9 Opening Adjustments	Recognized in P&L	Recognized in OCI	At December 31, 2024
Taxable / (Deductible) Temporary Differences on					
- Accelerated tax depreciation	205,456	-	418,949	-	624,405
- (Deficit) / surplus on revaluation of investments	(6,115,338)	1,682,907	-	10,139,183	5,706,752
- ECL against financial instruments	(2,160,533)	(5,763,980)	2,327,706	-	(5,596,807)
- Others	5,003	-	(2,525)	993	3,471
	(8,065,412)	(4,081,073)	2,744,130	10,140,176	737,821
Rupees in '000		Note	<b>2025</b>	<b>2024</b>	

## 22 OTHER LIABILITIES

Mark-up / return / interest payable in local currency		10,723,369	12,250,985
Mark-up / return / interest payable in foreign currencies		1,403,007	1,498,234
Unearned commission and income on bills discounted		1,443,072	1,586,242
Accrued expenses		6,941,446	3,774,114
Trade and other payables		2,544,403	2,867,062
Advance payments		338,529	364,016
Acceptances		12,242,718	16,916,015
Dividend payable		328,634	229,933
Advance against sale of properties		142,290	513,955
Mark to market loss on forward foreign exchange contracts		9,100	664,470
Branch adjustment account		1,424,599	647,591
Provision for employees' compensated absences	41.2	988,210	797,348
Security deposit against lease / Ijarah financing		6,360,164	3,625,392
Levies and taxes payable		1,620,392	1,919,670
Workers' Welfare Fund		2,451,596	1,852,335
Switch settlement accounts		5,480,541	1,168,145
Deferred grant on subsidised refinance loans		78,610	45,345
Credit loss allowance / provision against off-balance sheet obligations	22.1	1,442,783	755,760
Others		3,029,003	1,814,961
		58,992,466	53,291,573



Rupees in '000	Note	2025	2024
<b>24 SURPLUS ON REVALUATION OF ASSETS – NET OF TAX</b>			
<b>Surplus on revaluation of:</b>			
– Securities measured at FVOCI – Debt		29,267,382	6,660,738
– Securities measured at FVOCI – Equity		11,030,217	4,313,784
– Property and equipment	24.1	11,207,979	10,365,737
– Non-banking assets acquired in satisfaction of claims	24.2	602,230	602,230
		52,107,808	21,942,489
<b>Deferred tax on surplus on revaluation of:</b>			
– Securities measured at FVOCI – Debt		(15,219,039)	(3,463,584)
– Securities measured at FVOCI – Equity		(5,735,713)	(2,243,168)
		(20,954,752)	(5,706,752)
		31,153,056	16,235,737
<b>24.1 Surplus on revaluation of property and equipment</b>			
Surplus on revaluation as at January 1		10,365,737	10,365,737
Recognised during the year		1,823,229	–
Realised on disposal during the year		(980,987)	–
Surplus on revaluation as at December 31		11,207,979	10,365,737
<b>24.2 Surplus on revaluation of non-banking assets acquired in satisfaction of claims</b>			
Surplus on revaluation as at January 1		602,230	459,948
Recognised during the year		–	142,282
Surplus on revaluation as at December 31		602,230	602,230
<b>25 CONTINGENCIES AND COMMITMENTS</b>			
– Guarantees	25.1	293,435,427	308,928,884
– Commitments	25.2	447,746,557	639,295,945
– Other contingent liabilities	25.3	1,118,584	1,530,994
		742,300,568	949,755,823
<b>25.1 Guarantees</b>			
Financial guarantees		16,865,466	12,443,697
Performance guarantees		173,693,662	169,536,398
Other guarantees		102,876,299	126,948,789
		293,435,427	308,928,884

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2025

Rupees in '000	Note	2025	2024
<b>25.2 Commitments</b>			
Documentary credits and short term trade related transactions			
– letters of credit		149,611,561	206,461,012
Commitments in respect of:			
– forward foreign exchange contracts	25.2.1	249,321,861	200,561,147
– forward government securities transactions	25.2.2	23,000,000	204,610,000
– forward non government securities transactions	25.2.3	1,715,934	530,538
Commitments for acquisition of:			
– property and equipment		849,893	325,308
– intangible assets		253,849	229,312
– undrawn loan commitments	25.2.4	22,993,459	26,578,628
		447,746,557	639,295,945
<b>25.2.1 Commitments in respect of forward foreign exchange contracts</b>			
Purchase		144,329,274	118,183,587
Sale		104,992,587	82,377,560
		249,321,861	200,561,147

The above commitments have maturities falling within one year.

Rupees in '000		2025	2024
<b>25.2.2 Commitments in respect of forward government securities transactions</b>			
Purchase		11,000,000	–
Sale		12,000,000	204,610,000
		23,000,000	204,610,000
<b>25.2.3 Commitments in respect of forward non government securities transactions</b>			
Purchase		–	36,455
Sale		1,715,934	494,083
		1,715,934	530,538

### 25.2.4 Undrawn loan commitments

The Group makes commitments to extend credit in the normal course of business but these being revocable commitments do not attract any significant penalty or the expense if the facility is unilaterally withdrawn, other than commitments in respect of syndicated long term financings amounting to Rs. 22,993,459 thousand (2024: Rs. 26,578,628 thousand).

Rupees in '000	2025	2024
<b>25.3 Other contingent liabilities</b>		
These represent certain claims by third parties against the Group, which are being contested in the Courts of law. Based on legal advice and / or internal assessment, management is confident that the matters will be decided in Group's favour and the possibility of any outcome against the Group is not probable and accordingly no provision has been made in these consolidated financial statements.	583,636	474,328
This represents stand by letters of credit issued by a correspondent bank on behalf of the Group.	534,948	1,056,666
	<b>1,118,584</b>	<b>1,530,994</b>

**25.4** Tax related contingencies are disclosed in note 35.2 to these consolidated financial statements.

## 26 DERIVATIVE INSTRUMENTS

The Group at present does not offer derivative products such as Interest Rate Swaps, Cross Currency Swaps, Forward Rate Agreements or Foreign Exchange Options. The Group's Treasury and Investment Banking Groups buy and sell derivative instruments such as Forward Exchange Contracts (FECs) and Equity Futures (EFs).

### 26.1 Forward exchange contracts (FECs)

FECs is a product offered to clients to hedge FX risk. The traders use this product to hedge themselves from unfavourable movements in a foreign currency, however, by agreeing to fix the exchange rate, they do not benefit from favourable movements in that currency.

FECs is a contract between the obligor and the Group in which both agree to exchange an amount of one currency for another currency at an agreed forward exchange rate for settlement over more than two business days after the FECs is entered into (the day on which settlement occurs is called the value date). FECs is entered with those obligors whose credit worthiness has already been assessed, and they have underlined trade transactions.

If the relevant exchange rate moves un-favourably, the Group will lose money, and obligor will benefit from that movement because the Group must exchange currencies at the FEC rate. In order to mitigate this risk of adverse exchange rate movement, the Group manages its exposure by hedging forward position in inter-bank foreign exchange.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2025

### 26.2 Equity futures

An equity futures contract is a standardized contract, traded on a futures counter of the stock exchange, to buy or sell a certain underlying scrip at a certain date in the future, at a specified price.

The Group uses equity futures as a hedging instrument to hedge its equity portfolio against equity price risk. Only selected shares are allowed to be traded on futures exchange as determined by the Exchange.

Equity futures give flexibility to the Group either to take delivery on the future settlement date or to settle it by adjusting the notional value of the contract based on the current market rates.

Maximum exposure limit to the equity futures is 10% of Tier I Capital of the Group, based on prevailing SBP Regulations.

The Risk Management Division monitors the Group's exposure in equity futures and forward exchange contracts. Positions in equity futures and forward exchange contracts are marked-to-market. Forward contracts are included in measures of portfolio volatility including Value at Risk (VaR). Forward exchange contracts and equity futures are also included in capital charge and Risk Weighted Asset calculation in accordance with SBP Regulations.

The accounting policies used to recognize and disclose derivatives are given in note 5.21.

Rupees in '000	Note	2025	2024
<b>27</b>	<b>MARK-UP / RETURN / INTEREST EARNED</b>		
Loans and advances	27.1	68,460,246	118,518,543
Investments		228,029,231	274,633,349
Lendings to financial institutions		774,931	1,834,258
Balances with banks		1,026,374	1,218,966
Securities purchased under resale agreements (reverse repo)		945,855	3,774,241
Amortization under IFRS-9	15.1	1,780,271	1,278,397
		301,016,908	401,257,754

**27.1** This includes Rs. 1,042,456 thousand (2024: Rs. 772,706 thousand) related to unwinding of Temporary Economic Refinance Facility.

Rupees in '000	Note	2025	2024
<b>28</b>	<b>MARK-UP / RETURN / INTEREST EXPENSED</b>		
Deposits		96,632,832	173,295,027
Borrowings	28.1	111,858,183	155,520,859
Subordinated debts		1,338,896	2,597,765
Cost of foreign currency swaps against foreign currency deposits / borrowings		958,853	4,385,268
Interest expense on lease liability against right-of-use assets	19	2,004,672	1,544,722
Fair value loss under IFRS-9		519,148	259,574
		213,312,584	337,603,215

**28.1** This includes Rs. 1,009,191 thousand (2024: Rs. 840,087 thousand) related to unwinding of Temporary Economic Refinance Facility.

Rupees in '000	Note	2025	2024
<b>29 FEE AND COMMISSION INCOME</b>			
Branch banking customer fees		934,958	951,755
Consumer finance related fees		131,321	89,019
Card related fees (debit and credit cards)		2,340,513	2,219,942
Credit related fees		704,229	430,973
Investment banking fees		326,274	356,973
Commission on trade		1,160,049	1,262,285
Commission on guarantees		1,371,003	1,299,035
Commission on cash management		114,055	84,817
Commission on remittances including home remittances		510,155	192,145
Commission on bancassurance		34,060	29,721
Others		855,144	636,582
		8,481,761	7,553,247
<b>30 GAIN ON SECURITIES</b>			
Realised	30.1	4,568,125	1,799,976
Unrealised		(216,434)	1,075,063
		4,351,691	2,875,039
<b>30.1 Realised gain on:</b>			
Measured at FVTPL			
Shares		210,046	330,759
Non Government Debt Securities		1,031,000	–
Mutual Funds		32,213	29,086
Measured at FVOCI			
Federal Government Securities		3,294,866	1,440,131
		4,568,125	1,799,976
<b>31 OTHER INCOME</b>			
Gain on sale of property and equipment		39,418	43,029
Rent of lockers		58,103	53,768
Recovery of expenses from customers		441,365	495,246
Gain on termination of lease contracts under IFRS – 16		59,835	31,978
Amortization of deferred liability under IFRS-9		–	67,381
Others		–	610
		598,721	692,012

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2025

Rupees in '000	Note	2025	2024
<b>32 OPERATING EXPENSES</b>			
<b>Total compensation expenses</b>	32.1	23,286,470	17,408,841
<b>Property expense</b>			
Rent and taxes		300,368	169,384
Insurance		131,199	122,255
Utilities cost		1,851,467	1,971,557
Security (including guards)		1,364,553	1,010,020
Repair & maintenance (including janitorial charges)		859,464	566,989
Depreciation on right-of-use assets	12	2,428,263	2,258,248
Depreciation		455,963	323,678
		7,391,277	6,422,131
<b>Information technology expense</b>			
Software maintenance		1,480,874	1,114,682
Hardware maintenance		242,401	192,638
Depreciation		593,769	417,263
Amortisation		232,290	216,856
Network charges		556,740	336,925
		3,106,074	2,278,364
<b>Other operating expenses</b>			
Directors' fees, allowances		56,800	52,800
Fees and allowances to shariah board		11,893	10,756
Rates, taxes, insurance etc.		169,874	154,841
Legal and professional charges		224,722	222,449
Brokerage and commission		2,386,878	254,758
NIFT clearing charges		139,853	134,251
Repair and maintenance		1,004,132	972,851
Communication		1,075,829	1,139,925
Postage & Courier		284,646	169,434
Stationery and printing		1,455,068	828,857
Marketing, advertisement and publicity		1,220,762	261,244
Auditors' remuneration	32.2	59,730	58,406
Donations	32.3	454,000	–
Travelling, conveyance and entertainment		702,933	553,459
Depreciation		879,870	672,399
Security service charges		720,163	733,725
Training and development		133,346	56,396
Deposit premium expense		985,922	857,605
Outsourced service cost (In Pakistan)		1,122,025	725,376
Card related expenses		1,669,741	1,121,414
CNIC verification		317,914	250,736
Other expenditure		1,388,165	649,538
		16,464,266	9,881,220
		50,248,087	35,990,556

Rupees in '000	Note	2025	2024
<b>32.1 Total compensation expenses</b>			
Managerial remuneration			
i) Fixed		7,450,504	5,808,801
ii) Variable			
– Cash bonus / awards etc.		3,821,952	1,789,294
Charge for defined benefit plans	32.1.1	672,888	572,653
Contribution to defined contribution plan	40	493,557	390,445
Rent and house maintenance		3,065,788	2,441,142
Utilities		667,712	532,076
Medical		950,567	807,950
Conveyance		3,068,964	2,300,497
Amortization under IFRS-9	15.1	1,780,271	1,278,397
Other staff cost	32.1.2	1,314,267	1,487,586
		23,286,470	17,408,841

**32.1.1** This includes charge for defined benefit plan and compensated absences.

**32.1.2** This includes staff incentives, other allowances and health coverage etc.

Rupees in '000	2025	2024
<b>32.2 Auditors' remuneration</b>		
Audit fee	10,000	7,800
Fee for special audit, certifications, half year review and audit of consolidated financial statements	22,950	22,239
Fee for non-assurance services	4,200	–
Sales tax on auditor remuneration	5,573	17,120
Out of pocket expenses	5,111	2,780
	47,834	49,939
Audit fee of Wholesale Bank Branch, Bahrain	6,563	6,519
Audit fee of Subsidiaries	5,333	1,948
	59,730	58,406

**32.3** This represents Group's contribution amounting to Rs. 350,000 thousand to Fauji Foods Limited – (a related party where common directors' interest is limited to the extent of their employment with Fauji Foundation) for a school nutrition programme benefitting 41,000 students across 118 Schools in 102 towns and Rs. 104,000 thousand for merit based educational scholarship scheme for children of shuhadas and personnels of Pakistan Army.

**33** This represents penalties imposed by the State Bank of Pakistan.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2025

Rupees in '000	Note	2025	2024
<b>34 CREDIT LOSS ALLOWANCE / (REVERSAL) &amp; WRITE OFFS – NET</b>			
Reversal of credit loss allowance against lending to financial institutions		(30,321)	(29,122)
Reversal of credit loss allowance / provision against diminution in value of investments	9.3.2	(560,132)	(533,128)
Charge / (reversal) of credit loss allowance / provision against loans and advances	10.3.2	1,679,781	(433,420)
Charge / (reversal) of credit loss allowance / provision against other assets	15.4.1	251,791	(165,927)
Credit loss allowance against balance with treasury banks		16,542	–
Charge / (reversal) of credit loss allowance / provision against off-balance sheet obligations	22.1	583,124	(517,606)
(Reversal) / charge of credit loss allowance against balances with other banks		(1,054)	297
Recovery of written off / charged off bad debts		(120,944)	(120,479)
		1,818,787	(1,799,385)
<b>35 TAXATION</b>			
Current		28,008,079	20,868,795
Prior year		3,853,376	–
Deferred		(1,233,909)	2,744,130
		30,627,546	23,612,925
<b>35.1 Relationship between tax expense and accounting profit</b>			
Profit before taxation		53,652,458	44,869,480
Tax at applicable tax rate of 43 percent (2024: 44 percent)		23,070,557	19,742,571
Effect of:			
– Super tax – current year		5,365,246	4,486,948
– Permanent difference		209,437	142,026
– Change in tax rate		–	(567,824)
– Prior year (net of related deferred tax)		2,305,490	–
– Others		(323,184)	(190,796)
		30,627,546	23,612,925

### 35.2 Tax status and contingencies

- i) The Group has filed tax returns for and up to tax year 2025. The assessments for and up to tax year 2024 were amended by the tax authorities creating accumulated additional tax demand, mainly in the matters of admissibility of recoveries against doubtful debts for Rs. 1,539 million (2024: Rs. 1,119 million), provision for diminution in the value of investments for Rs. 3,144 million (2024: Rs. 3,144 million), bad debts written off for Rs. 244 million (2024: Rs. 243 million), provision for substandard advances for Rs. 75 million (2024: Rs. 75 million), Provision against other assets/ fixed assets for Rs. 165 million (2024: Rs. 146 million), disallowance of employee benefit expenses Rs. 625 million (2024: Rs. 229 million) and other disallowances of expenses/credits for Rs. 1,453 million (2024: Rs. 552 million). Group's appeals against these orders are currently pending before Commissioner Appeals, Appellate Tribunal and Islamabad High Court. The management and tax advisor of the Group are confident that these matters will be decided in favor of the Group and consequently no provision has been made thereon. Tax payments by the Group against certain matters are being carried forward as receivable, as management and tax advisor of the Group are confident of their realization.

- ii) Consequent upon the amalgamation with and into the Group, the outstanding tax issues relating to Askari Leasing Limited (ALL) are as follows:

Tax returns of ALL have been filed for and up to tax year 2010. The returns for the tax years 2003 to 2010 were amended by the tax authorities mainly in the matter of admissibility of initial allowance claimed on leased vehicles. On appeals filed by ALL, partial relief was provided by the CIR(A) by allowing initial allowance on commercial vehicles. Re-assessment has not yet been carried out by the tax department. A tax demand is however not likely to arise after re-assessment.

For and up to the assessment years 2002–2003, reference applications filed by the tax authorities in the matter of computation of lease income are pending decisions by the High Court. However, the likelihood of an adverse decision is considered low due to a favorable decision of the High Court in a parallel case.

Rupees in '000		2025	2024
<b>36</b>	<b>BASIC AND DILUTED EARNINGS PER SHARE</b>		
	Profit attributable to equity holders of the Holding Company – Rupees in '000	22,860,812	21,137,694
	Weighted average number of Ordinary Shares – numbers	1,449,299,207	1,449,299,207
	Basic and diluted earnings per share – Rupees	15.77	14.58

There is no dilutive effect on the basic earnings per share of the Holding Company, therefore dilutive earnings per share have not been presented separately.

Rupees in '000	Note	2025	2024
<b>37</b>	<b>CASH AND CASH EQUIVALENTS</b>		
	Cash and balances with treasury banks	108,988,768	133,535,448
	Balances with other banks	14,988,447	12,958,886
	Overdrawn nostro balance	(1,201,782)	(847)
		122,775,433	146,493,487

		2025	2024
		Number of employees	
<b>38</b>	<b>STAFF STRENGTH</b>		
	Permanent	9,119	8,048
	On Group's contract	300	336
	Bank's own staff strength at the end of the year	9,419	8,384

Out of total employees, 6 (2024: 6) employees are working abroad.

In addition to the above, 1,421 (2024: 1,174) domestic employees of outsourcing services companies were assigned to the Group as at the end of the year to perform services other than guarding and janitorial services.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2025

### 39 DEFINED BENEFIT PLAN

#### 39.1 General description

The Bank and its subsidiary, FSL, operate an approved funded gratuity scheme for all its eligible employees. Contributions are made in accordance with the actuarial recommendation.

The benefits under the gratuity scheme are payable on retirement at the age of 60 years or earlier cessation of service in lump sum. The benefit is equal to one month's last drawn basic salary for each year of eligible service or part thereof.

**39.2** The number of employees covered under the defined benefit scheme are 8,978 employees (2024: 8,042 employees).

#### 39.3 Principal actuarial assumptions

The actuarial valuation was carried out for the year ended December 31, 2025 using "Projected Unit Credit Method". The main assumptions used for actuarial valuation are as follows:

	2025	2024
Discount rate – per annum	11.25%	12.00%
Expected rate of increase in salaries – per annum	10.75%	11.50%
Expected rate of return on plan assets – per annum	12.00%	16.00%
Duration	8 years	8 years
Mortality rate	SLIC 2001 – 2005 mortality table	SLIC 2001 – 2005 mortality table
	2025	2024
<b>39.4 Reconciliation of receivable from defined benefit plan:</b>		
Present value of defined benefit obligation	4,791,272	3,996,518
Fair value of plan assets	(4,851,148)	(4,412,086)
Receivable	(59,876)	(415,569)
<b>39.5 Movement in defined benefit obligations</b>		
Obligation at beginning of the year	3,996,518	3,666,458
Current service cost	437,586	383,696
Interest cost	469,800	554,299
Re-measurement loss / (gain)	164,555	(100,157)
Benefits paid by the Group	(255,890)	(494,067)
Benefits due but not paid	(21,297)	(13,712)
Obligation at end of the year	4,791,272	3,996,518

Rupees in '000	Note	2025	2024
<b>39.6 Movement in fair value of plan assets</b>			
Fair value at beginning of the year		4,412,086	3,598,990
Interest income on plan assets		523,799	560,183
Net return on plan assets over interest income		187,095	693,225
Contributions by Group – net		5,355	67,468
Benefits paid		(255,890)	(494,067)
Benefits due but not paid		(21,297)	(13,712)
Fair value at end of the year		4,851,148	4,412,086
<b>39.7 Movement in payable under defined benefit schemes</b>			
Opening balance		(415,569)	67,468
Charge for the year		383,587	377,813
Contribution by the Group – net		(5,355)	(67,468)
Re-measurement gain recognised in OCI during the year	39.8.2	(22,540)	(793,382)
Closing balance		(59,876)	(415,569)
<b>39.8 Charge for defined benefit plan</b>			
<b>39.8.1 Cost recognised in profit and loss</b>			
Current service cost		437,586	383,696
Net interest on defined benefit asset		(53,999)	(5,883)
		383,587	377,813
<b>39.8.2 Re-measurements recognised in OCI during the year</b>			
Loss / (gain) on obligation			
– Experience adjustment		170,053	(93,731)
– Financial assumptions		(5,498)	(24,993)
		164,555	(118,724)
Return on plan assets over interest income		(187,095)	(690,936)
Total re-measurements recognised in OCI		(22,540)	(809,660)
<b>39.9 Components of plan assets</b>			
Cash and cash equivalents – net		107,792	122,669
Government securities		3,591,803	3,273,057
Term Finance Certificates		159,433	160,599
Shares		331,476	245,403
Mutual funds		668,464	641,727
Payables		(7,820)	(44,846)
		4,851,148	4,398,609

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## FOR THE YEAR ENDED DECEMBER 31, 2025

The fund primarily invests in Government securities which do not carry any credit risk. These are subject to interest rate risk based on market movements. Equity securities are subject to price risk whereas non-Government debt securities are subject to both credit risk and interest rate risk. These risks are regularly monitored by the Trustees of the employee funds.

### 39.10 Sensitivity analysis

Sensitivity analysis is performed by changing only one assumption at a time while keeping the other assumptions constant. Sensitivity analysis of key assumptions is given below:

Assumptions	Change in assumption	Impact on Defined Benefit Obligations	
		Increase in assumption	Decrease in assumption
Rupees in '000			
Discount rate	1.00%	(359,311)	407,465
Salary increase	1.00%	411,452	(369,268)

**39.11** Expected contributions to be paid to the funds in the next financial year is Rs. 439,893 thousand.

**39.12** Expected charge for the next financial year is Rs. 531,713 thousand.

### 39.13 Maturity profile

The average duration of defined benefit obligation is 8 years (2024: 8 years).

### 39.14 Funding Policy

The Group carries out the actuarial valuation of its defined benefit plan on periodic basis using "Projected Unit Credit Method". Contributions are made annually in accordance with the actuarial recommendation.

### 39.15 Significant risk associated with the staff retirement benefit scheme:

Salary Increase Risk	The risk arises when the actual increases are higher than expectation and impacts the liability accordingly.
Mortality Risk	The risk that the actual mortality experience is different than the assumed mortality. This effect is more pronounced where the age and service distribution is on the higher side.
Withdrawal Risk	The risk that the actual withdrawal experience is different from assumed withdrawal probability. The significance of withdrawal risk varies with the age, service and the entitled benefits of the beneficiary.
Investment Risk	The risk that the investment is underperforming and is not sufficient to meet the liabilities.

#### 40 DEFINED CONTRIBUTION PLAN

The Group operates a recognized provident fund scheme for all its regular employees for which equal monthly contributions are made both by the Group and by the employees to the fund at the rate ranging from 8.33% to 10% of basic salary of the employee. Payments are made to the employees as specified in the rules of the fund. Contribution to the fund made by the Group and the employees during the year amounts to Rs. 973,147 thousand (2024: Rs. 786,431 thousand). The fund covers 7,783 employees (2024: 6,825 employees).

#### 41 COMPENSATED ABSENCES

##### 41.1 General description

The Group grants compensated absences to all its regular employees as per effective Service Rules. Provisions are recorded in accordance with the actuarial recommendation.

Under this unfunded scheme, all employees of Group are entitled to take 24 days of earned leaves every year which can be accumulated up to a maximum of 45 days. Leave encashment is made on the basis of gross salaries and paid to members on separation from service.

##### 41.2 Principal actuarial assumptions

The actuarial valuation was carried out for the year ended December 31, 2025 using "Projected Unit Credit Method". Present value of obligation as at December 31, 2025 was Rs. 988,210 thousand (2024: Rs. 797,348 thousand). Expense for the year of Rs. 289,301 thousand (2024: Rs. 188,600 thousand) has been included in operating expenses. The main assumptions used for actuarial valuation are as follows:

Rupees in '000	2025	2024
Discount rate – per annum	11.25%	12.00%
Expected rate of increase in salaries – per annum	10.75%	11.50%
Leave accumulation factor – days	11	11

#### 42 COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

##### 42.1 Total Compensation Expense

Items	For the year ended December 31, 2025							Total
	Directors			Members Shariah Board	President & CEO	Key Management Personnel	Other Material Risk Takers / Controllers	
	Chairman	Executives (other than CEO)	Non- executives					
Rupees in '000								
<b>Fees and Allowances etc.</b>								
Managerial Remuneration								
i) Fixed	2,880	-	53,920	10,800	56,031	253,038	383,473	760,142
ii) Variable								
a) Cash bonus / awards	-	-	-	-	-	143,576	177,054	320,630
b) Bonus & awards in shares	-	-	-	-	-	-	-	-
Charge for defined benefit plan	-	-	-	-	4,322	13,775	29,104	47,201
Contribution to defined contribution plan	-	-	-	-	4,596	19,924	30,551	55,071
Rent & house maintenance	-	-	-	-	24,830	74,287	156,627	255,744
Utilities	-	-	-	-	10,378	17,346	37,009	64,733
Medical	-	-	-	-	667	16,508	34,806	51,981
Conveyance	-	-	-	1,093	812	74,341	227,797	304,043
Others	-	-	-	-	135	63,505	48,978	112,618
<b>Total</b>	<b>2,880</b>	<b>-</b>	<b>53,920</b>	<b>11,893</b>	<b>101,771</b>	<b>676,300</b>	<b>1,125,399</b>	<b>1,972,163</b>
Number of Persons	1	-	11	4	1	28	106	151

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2025

Items	For the year ended December 31, 2024							Total
	Directors		Members Shariah Board	President & CEO	Key Management Personnel	Other Material Risk Takers / Risk Controllers		
	Chairman	Executives (other than CEO)						
Rupees in '000								
<b>Fees and Allowances etc.</b>								
Managerial Remuneration								
i) Fixed	2,400	-	50,400	9,640	64,991	200,999	251,882	580,312
ii) Variable								
a) Cash bonus / awards	-	-	-	-	61,746	82,466	104,123	248,335
b) Bonus & awards in shares	-	-	-	-	-	-	-	-
Charge for defined benefit plan	-	-	-	-	12,036	13,491	21,439	46,966
Contribution to defined contribution plan	-	-	-	-	3,488	11,030	18,574	33,092
Rent & house maintenance	-	-	-	-	11,101	66,942	101,536	179,579
Utilities	-	-	-	-	5,918	15,984	24,751	46,653
Medical	-	-	-	-	938	14,695	22,563	38,196
Conveyance	-	-	-	1,116	6,879	76,104	146,707	230,806
Others	-	-	-	-	1,975	76,110	46,609	124,694
<b>Total</b>	<b>2,400</b>	<b>-</b>	<b>50,400</b>	<b>10,756</b>	<b>169,072</b>	<b>557,821</b>	<b>738,184</b>	<b>1,528,633</b>
Number of Persons	2	-	9	4	1	21	77	114

Total amount of deferred bonus outstanding as at December 31, 2025 for the President & CE, Key Management Personnel and other Material Risk Takers / Material Risk Controllers is Rs. 123,260 thousand (2024: Rs. 95,531 thousand).

The President & CE and certain executives are provided with the Bank maintained cars in accordance with their respective entitlements.

### 42.2 Remuneration paid to Directors for participation in Board and Committee Meetings

		For the year ended December 31, 2025					Total amount paid
		Meeting fees and allowances paid					
		For Board Committees					
S.No.	Name of Director	Board meetings	Human resource and remuneration committee	Risk management committee	Audit committee	Information technology committee	
Rupees in '000							
1	Lt. Gen Anwar Ali Hyder (Retd.)	2,880	-	-	-	-	2,880
2	Mr. Jahangir Piracha	2,400	1,600	-	2,400	-	6,400
3	Maj. Gen Muhammad Zafar Iqbal (Retd.)	1,200	-	1,200	-	1,200	3,600
4	Syed Bakhtiar Kazmi	2,400	-	2,000	2,400	1,600	8,400
5	Mr. Khurshid Zafar	1,600	1,200	1,600	-	-	4,400
6	Mr. Manzoor Ahmed	2,400	1,680	2,320	2,400	-	8,800
7	Mr. Raja Muhammad Abbas	2,400	1,440	-	800	1,200	5,840
8	Mrs. Zoya Mohsin Nathani	800	400	480	-	-	1,680
9	Mr. Kamran Yousuf Mirza	2,400	400	-	2,880	-	5,680
10	Ms. Samina Rizwan	2,400	1,600	-	-	1,920	5,920
11	Ms. Vadiyya Khalil	1,200	-	1,200	-	-	2,400
12	Mr. Arif Ur Rehman	800	-	-	-	-	800
<b>Total amount paid</b>		<b>22,880</b>	<b>8,320</b>	<b>8,800</b>	<b>10,880</b>	<b>5,920</b>	<b>56,800</b>

		For the year ended December 31, 2024					
		Meeting fees and allowances paid					
		For Board Committees					
S.No.	Name of Director	Board meetings	Human resource and remuneration committee	Risk management committee	Audit committee	Information technology committee	Total amount paid
Rupees in '000							
1	Lt. Gen Anwar Ali Hyder (Retd.)	1,920	-	-	-	-	1,920
2	Mr. Jahangir Piracha	2,000	1,200	-	400	-	3,600
3	Mr. Arif Ur Rehman	2,000	-	-	-	-	2,000
4	Syed Bakhtiar Kazmi	2,000	400	1,600	800	1,200	6,000
5	Mr. Manzoor Ahmed	2,400	2,880	2,400	1,600	-	9,280
6	Mr. Raja Muhammad Abbas	2,000	-	-	1,600	1,200	4,800
7	Mrs. Zoya Mohsin Nathani	2,400	2,400	2,880	-	-	7,680
8	Mr. Kamran Yousuf Mirza	2,400	2,400	-	1,920	-	6,720
9	Ms. Samina Rizwan	2,400	2,400	-	-	1,920	6,720
10	Lt. Gen Ghayur Mahmood Awan (Retd.)	1,200	-	-	800	400	2,400
11	Mr. Waqar Ahmed Malik	480	-	-	-	-	480
12	Dr. Nadeem Inayat	400	400	400	-	-	1,200
Total amount paid		21,600	12,080	7,280	7,120	4,720	52,800

### 42.3 Remuneration paid to Shariah Board Members

Items	For the year ended December 31,					
	2025			2024		
	Chairman	Resident member	Non-resident member	Chairman	Resident member	Non-resident member
Rupees in '000						
Managerial Remuneration Fixed	3,000	3,000	4,800	2,710	2,710	4,220
Fuel	-	1,093	-	-	1,116	-
Total Amount	3,000	4,093	4,800	2,710	3,826	4,220
Total Number of Persons	1	1	2	1	1	2

### 43 FAIR VALUE MEASUREMENTS

Fair value measurement defines fair value as the price that would be received from the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of quoted securities other than those classified as amortised cost, is based on quoted market price. Quoted debt securities classified as amortised cost are carried at cost. The fair value of unquoted equity securities, other than investments in associates and subsidiaries, is determined on the basis of valuation methodologies. The fair value of unquoted debt securities, fixed term loans, other assets, other liabilities, fixed term deposits and borrowings cannot be calculated with sufficient reliability due to the absence of a current and active market for these assets and liabilities and reliable data regarding market rates for similar instruments.

In the opinion of the management, the fair value of the remaining financial assets and liabilities are not significantly different from their carrying values since these are either short-term in nature or, in the case of customer loans and deposits, are frequently repriced.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2025

### 43.1 Fair value of financial assets

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

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

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

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

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

Rupees in '000	2025			
	Level 1	Level 2	Level 3	Total
<b>On balance sheet financial instruments</b>				
<b>Financial assets – measured at fair value</b>				
Investments				
Federal Government Securities	97,331,600	1,849,325,757	–	1,946,657,357
Listed shares	15,746,321	–	–	15,746,321
Unlisted shares	–	–	3,864,644	3,864,644
Units of open end mutual funds	1,186,616	1,406,926	–	2,593,542
Fully paid preference shares	26,214	–	–	26,214
Non Government Debt Securities	1,126,677	10,510,295	–	11,636,972
	115,417,428	1,861,242,978	3,864,644	1,980,525,050
<b>Financial assets – disclosed but not measured at fair value</b>				
Investments				
Federal Government Securities	–	47,715,776	–	47,715,776
	115,417,428	1,908,958,754	3,864,644	2,028,240,826
<b>Off-balance sheet financial instruments – measured at fair value</b>				
Forward purchase of foreign exchange	–	(1,194,100)	–	(1,194,100)
Forward Sale of foreign exchange	–	1,185,000	–	1,185,000

Rupees in '000	2024			
	Level 1	Level 2	Level 3	Total
<b>On balance sheet financial instruments</b>				
<b>Financial assets – measured at fair value</b>				
Investments				
Federal Government Securities	6,979,571	1,425,028,992	–	1,432,008,563
Shares	9,423,206	–	–	9,423,206
Units of open end mutual funds	1,590,038	1,395,387	–	2,985,425
Fully paid preference shares	23,489	–	–	23,489
Non Government Debt Securities	–	14,031,394	–	14,031,394
	18,016,304	1,440,455,773	–	1,458,472,077
<b>Financial assets – disclosed but not measured at fair value</b>				
Investments				
Federal Government Securities	2,611,283	47,935,441	–	50,546,724
	20,627,587	1,488,391,214	–	1,509,018,801
<b>Off-balance sheet financial instruments – measured at fair value</b>				
Forward purchase of foreign exchange	–	(1,602,237)	–	(1,602,237)
Forward Sale of foreign exchange	–	937,767	–	937,767

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

#### 43.2 Valuation techniques used in determination of fair values:

##### (a) Financial instruments in level 1

Financial instruments included in level 1 comprise of investments in listed GoP Sukuks, ordinary shares of listed companies, units of open end listed mutual funds, listed fully paid preference shares, and listed non government debt securities.

##### (b) Financial instruments in level 2

Financial instruments included in level 2 comprise of Market Treasury Bills, Pakistan Investment Bonds, GoP Sukuks, GoP Euro Bonds, units of open end mutual funds, unlisted non government debt securities, and forward foreign exchange contracts.

##### (c) Financial instruments in level 3

Financial instruments included in level 3 comprise of unlisted ordinary shares. Valuation techniques are mentioned in the table below.

The fair value of fixed term loans, other assets, other liabilities, fixed term deposits and borrowings cannot be calculated with sufficient reliability due to the absence of a current and active market for these assets and liabilities and reliable data regarding market rates for similar instruments.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2025

Rupees in '000	2025	2024
	Level 2	Level 2
<b>43.3 Fair value of non-financial assets</b>		
<b>Fixed assets</b>		
Property and equipment (freehold and leasehold land)	15,164,996	13,238,392
Assets held for sale	–	1,750,000
<b>Other assets</b>		
Non-banking assets acquired in satisfaction of claims	968,390	991,121

### 43.4 Valuation techniques used in determination of fair values within level 2 and level 3

Item	Valuation approach and input used
Market Treasury Bills (MTB) / Pakistan Investment Bonds (PIB), and GoP Sukuks (GIS) including their forward contracts	The fair value of MTBs and PIBs are derived using PKRV rates. Floating rate PIBs are revalued using PKFRV rates. Unlisted GIS are revalued using PKISRV rates.
GoP Euro Bonds	The fair value of overseas government sukuku, and overseas bonds are determined on the basis of price available on Reuters.
Debt Securities (TFCs and Sukuk other than Government)	Investment in sukuku, debt securities (comprising term finance certificates, bonds 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.
Units of open end mutual funds	The fair value of units of unlisted open end mutual funds is determined on the basis of price available on MUFAP.
Shares – unlisted	The fair value of investments in unlisted equity securities are valued on the basis of income approach.
Forward foreign exchange contracts	The valuation has been determined by interpolating the FX revaluation rates announced by the SBP.
Property and equipment, asset held for sale and non banking assets acquired in satisfaction of claims	Land and non banking assets acquired in satisfaction of claims are valued on a periodic basis using professional valuers. The valuation is based on their assessments of the market value of the assets. Asset held for sale is carried at sale price that is reasonable in relation to its fair value.

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements of investment and advances, (The valuation techniques are stated above):

Description	Fair value as at December 31, 2025	Unobservable inputs	Discount rate	Relationship of unobservable inputs to fair value
Rupees in '000				
Shares – unlisted (income approach)	3,217,000	Discount rate	20%	Increase / (decrease) in discount rate by 1% with all other variables held constant, would (decrease) / increase the fair value by Rs. 111 million and Rs. 127 million respectively.
	647,644		18%	Increase / (decrease) in discount rate by 1% with all other variables held constant, would (decrease) / increase the fair value by Rs. 13 million and Rs. 15 million respectively.

The following table shows reconciliation of investments' Level 3 fair value movement:

Rupees in '000	2025
Opening balance	350,000
Impact of adoption of IFRS 9	2,757,050
Balance as at January 1,	3,107,050
Remeasurement recognised in OCI	757,594
Closing balance	3,864,644

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2025

### 44 SEGMENT INFORMATION

#### 44.1 Segment details with respect to Business Activities

The segment analysis with respect to business activities is as follows:

Rupees in '000	2025							Total
	Branch banking	Corporate banking	Treasury	Consumer banking	Islamic banking	Foreign operations	Head office / others	
<b>Statement of Profit and Loss account</b>								
Net mark-up / return / profit	(69,497,272)	27,972,495	106,284,738	4,048,822	14,999,756	2,057,079	1,838,706	87,704,324
Inter segment revenue – net	111,095,607	(15,441,845)	(89,557,348)	(2,293,195)	(1,543,148)	(1,034,735)	(1,225,336)	–
Non mark-up / return / interest income	2,764,770	5,164,738	7,961,168	652,893	808,054	37,357	1,269,348	18,658,328
<b>Total income</b>	<b>44,363,105</b>	<b>17,695,388</b>	<b>24,688,558</b>	<b>2,408,520</b>	<b>14,264,662</b>	<b>1,059,701</b>	<b>1,882,718</b>	<b>106,362,652</b>
Segment direct expenses	23,407,160	1,267,814	592,561	2,055,495	7,179,281	237,925	16,151,171	50,891,407
Inter segment expense allocation	508,642	2,045,671	13,554	207,673	–	–	(2,775,540)	–
Total expenses	23,915,802	3,313,485	606,115	2,263,168	7,179,281	237,925	13,375,631	50,891,407
Credit loss allowance	(510,537)	2,075,672	(8,058)	(315,334)	1,022,923	(505,198)	59,319	1,818,787
<b>Profit before tax</b>	<b>20,957,840</b>	<b>12,306,231</b>	<b>24,090,501</b>	<b>460,686</b>	<b>6,062,458</b>	<b>1,326,974</b>	<b>(11,552,232)</b>	<b>53,652,458</b>
<b>Statement of Financial Position</b>								
Cash and bank balances	39,713,267	–	52,665,636	102,803	29,816,282	114,418	1,564,809	123,977,215
Investments	–	10,120,611	1,840,134,305	–	163,750,022	13,228,464	1,007,424	2,028,240,826
Lendings to financial institutions	–	–	–	–	6,600,000	7,528,026	–	14,128,026
Advances – performing (net of ECL)	26,502,676	353,989,560	–	21,945,763	166,356,832	2,185,007	14,351,636	585,331,474
Advances – non-performing (net of ECL)	315,112	293,975	–	108,383	72,960	–	–	790,430
Others	3,935,204	22,944,180	38,335,112	680,778	21,079,591	278,113	57,768,885	145,021,863
<b>Total assets</b>	<b>70,466,259</b>	<b>387,348,326</b>	<b>1,931,135,053</b>	<b>22,837,727</b>	<b>387,675,687</b>	<b>23,334,028</b>	<b>74,692,754</b>	<b>2,897,489,834</b>
Borrowings	1,060,876	23,136,571	942,714,152	2,761,911	23,492,461	1,400,615	–	994,566,586
Subordinated debt	–	–	–	–	–	–	6,000,000	6,000,000
Deposits and other accounts	1,029,651,457	284,823,966	–	3,200	312,152,823	4,634,386	(1,225,848)	1,630,039,984
Net inter segment balances – net	(990,090,551)	62,214,574	972,209,047	12,452,605	–	17,129,897	(73,915,572)	–
Others	29,844,477	17,173,215	16,211,854	7,620,011	21,205,973	169,130	21,950,837	114,175,497
<b>Total liabilities</b>	<b>70,466,259</b>	<b>387,348,326</b>	<b>1,931,135,053</b>	<b>22,837,727</b>	<b>356,851,257</b>	<b>23,334,028</b>	<b>(47,190,583)</b>	<b>2,744,782,067</b>
Equity	–	–	–	–	30,824,430	–	121,883,337	152,707,767
<b>Total equity and liabilities</b>	<b>70,466,259</b>	<b>387,348,326</b>	<b>1,931,135,053</b>	<b>22,837,727</b>	<b>387,675,687</b>	<b>23,334,028</b>	<b>74,692,754</b>	<b>2,897,489,834</b>
<b>Contingencies and commitments</b>	<b>12,285,507</b>	<b>433,612,602</b>	<b>273,353,287</b>	<b>541,416</b>	<b>21,023,984</b>	<b>1,995</b>	<b>1,481,777</b>	<b>742,300,568</b>

Rupees in '000	2024							
	Branch banking	Corporate banking	Treasury	Consumer banking	Islamic banking	Foreign operations	Head office / others	Total
<b>Statement of Profit and Loss account</b>								
Net mark-up / return / profit	(114,340,397)	44,334,275	112,547,702	5,065,085	16,627,674	1,293,265	(1,873,065)	63,654,539
Inter segment revenue – net	142,112,955	(38,739,641)	(107,732,473)	(3,670,508)	(5,583,147)	(520,046)	14,132,860	–
Non mark-up / return / interest income	2,843,478	3,968,422	6,854,930	628,182	977,142	2,460	753,775	16,028,389
<b>Total income</b>	30,616,036	9,563,056	11,670,159	2,022,759	12,021,669	775,679	13,013,570	79,682,928
Segment direct expenses	18,280,323	1,249,632	474,890	1,786,585	4,274,399	239,451	10,307,553	36,612,833
Inter segment expense allocation	384,911	1,429,037	3,677	28,423	–	–	(1,846,048)	–
Total expenses	18,665,234	2,678,669	478,567	1,815,008	4,274,399	239,451	8,461,505	36,612,833
Credit loss allowance	(218,036)	(692,844)	(533,128)	(250,808)	759,813	(522,239)	(342,143)	(1,799,385)
<b>Profit before tax</b>	12,168,838	7,577,231	11,724,720	458,559	6,987,457	1,058,467	4,894,208	44,869,480
<b>Statement of Financial Position</b>								
Cash and bank balances	36,921,143	–	95,246,945	–	12,029,791	83,440	2,213,015	146,494,334
Investments	–	8,134,146	1,408,084,327	–	82,416,700	9,590,854	1,142,774	1,509,368,801
Lendings to financial institutions	–	–	–	–	4,567,619	–	–	4,567,619
Advances – performing (net of ECL)	17,604,851	580,085,557	–	23,598,799	67,119,142	552,952	4,583,033	693,544,334
Advances – non-performing (net of ECL)	333,254	1,370,013	–	32,399	412,118	–	–	2,147,784
Others	1,464,361	38,653,942	46,866,118	1,764,432	10,232,932	216,903	46,060,136	145,258,824
<b>Total assets</b>	56,323,609	628,243,658	1,550,197,390	25,395,630	176,778,302	10,444,149	53,998,958	2,501,381,696
Borrowings	1,518,088	31,799,065	826,098,845	4,252,855	5,543,557	–	–	869,212,410
Subordinated debts	–	–	–	–	–	–	12,000,000	12,000,000
Deposits and other accounts	988,117,223	239,485,532	–	3,200	135,125,206	1,003,954	(884,612)	1,362,850,503
Net inter segment borrowing	(980,501,293)	328,179,440	708,893,021	20,469,236	(5,153,532)	9,347,574	(81,234,446)	–
Others	47,189,591	28,779,621	15,205,524	670,339	16,292,345	92,621	26,678,454	134,908,495
<b>Total liabilities</b>	56,323,609	628,243,658	1,550,197,390	25,395,630	151,807,576	10,444,149	(43,440,604)	2,378,971,408
Equity	–	–	–	–	24,970,726	–	97,439,562	122,410,288
<b>Total equity and liabilities</b>	56,323,609	628,243,658	1,550,197,390	25,395,630	176,778,302	10,444,149	53,998,958	2,501,381,696
<b>Contingencies and commitments</b>	6,946,750	508,539,842	405,171,147	1,056,666	27,012,469	–	1,028,949	949,755,823

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2025

### 44.2 Segment details with respect to geographical locations

Geographical segment analysis

Rupees in '000	2025		
	Pakistan	Bahrain	Total
<b>Statement of Profit and Loss account</b>			
Net mark-up / return / profit	85,647,245	2,057,079	87,704,324
Inter segment revenue – net	1,034,735	(1,034,735)	–
Non mark-up / return / interest income	18,620,971	37,357	18,658,328
<b>Total income</b>	<b>105,302,951</b>	<b>1,059,701</b>	<b>106,362,652</b>
Segment direct expenses	50,653,482	237,925	50,891,407
Total expenses	50,653,482	237,925	50,891,407
Credit loss allowance	2,323,985	(505,198)	1,818,787
<b>Profit before tax</b>	<b>52,325,484</b>	<b>1,326,974</b>	<b>53,652,458</b>
<b>Statement of financial position</b>			
Cash and bank balances	123,862,797	114,418	123,977,215
Investments	2,015,012,362	13,228,464	2,028,240,826
Lendings to financial institutions	6,600,000	7,528,026	14,128,026
Advances – performing	583,146,467	2,185,007	585,331,474
Advances – non-performing	790,430	–	790,430
Others	144,743,750	278,113	145,021,863
<b>Total Assets</b>	<b>2,874,155,806</b>	<b>23,334,028</b>	<b>2,897,489,834</b>
Borrowings	993,165,971	1,400,615	994,566,586
Subordinated debts	6,000,000	–	6,000,000
Deposits and other accounts	1,625,405,598	4,634,386	1,630,039,984
Net inter segment balances – net	(17,129,897)	17,129,897	–
Others	114,006,367	169,130	114,175,497
<b>Total liabilities</b>	<b>2,721,448,039</b>	<b>23,334,028</b>	<b>2,744,782,067</b>
Equity	152,707,767	–	152,707,767
<b>Total Equity and liabilities</b>	<b>2,874,155,806</b>	<b>23,334,028</b>	<b>2,897,489,834</b>
<b>Contingencies and commitments</b>	<b>742,298,573</b>	<b>1,995</b>	<b>742,300,568</b>

Rupees in '000	2024		
	Pakistan	Bahrain	Total
<b>Statement of Profit and Loss account</b>			
Net mark-up / return / profit	62,361,274	1,293,265	63,654,539
Inter segment revenue – net	520,046	(520,046)	–
Non mark-up / return / interest income	16,025,929	2,460	16,028,389
<b>Total income</b>	<b>78,907,249</b>	<b>775,679</b>	<b>79,682,928</b>
Segment direct expenses	36,373,382	239,451	36,612,833
Total expenses	36,373,382	239,451	36,612,833
Credit loss allowance	(1,277,146)	(522,239)	(1,799,385)
<b>Profit before tax</b>	<b>43,811,013</b>	<b>1,058,467</b>	<b>44,869,480</b>
<b>Statement of financial position</b>			
Cash and bank balances	146,410,894	83,440	146,494,334
Investments	1,499,777,947	9,590,854	1,509,368,801
Net inter segment lending	–	–	–
Lendings to financial institutions	4,567,619	–	4,567,619
Advances – performing	692,991,382	552,952	693,544,334
Advances – non-performing	2,147,784	–	2,147,784
Others	145,041,921	216,903	145,258,824
<b>Total Assets</b>	<b>2,490,937,547</b>	<b>10,444,149</b>	<b>2,501,381,696</b>
Borrowings	869,212,410	–	869,212,410
Subordinated debts	12,000,000	–	12,000,000
Deposits and other accounts	1,361,846,549	1,003,954	1,362,850,503
Net inter segment balances – net	(9,347,574)	9,347,574	–
Others	134,815,874	92,621	134,908,495
<b>Total liabilities</b>	<b>2,368,527,259</b>	<b>10,444,149</b>	<b>2,378,971,408</b>
Equity	122,410,288	–	122,410,288
<b>Total Equity and liabilities</b>	<b>2,490,937,547</b>	<b>10,444,149</b>	<b>2,501,381,696</b>
<b>Contingencies and commitments</b>	<b>949,755,823</b>	<b>–</b>	<b>949,755,823</b>

#### 45 TRUST ACTIVITIES

The Group acts as custodian and holds the securities on behalf of individuals, trusts, retirement benefit plans and other institutions. These are not assets of the Group and, therefore, are not included in the consolidated statement of financial position. Assets held in the Group's Investor Portfolio Securities accounts amount to Rs 68,874,000 thousand as at December 31, 2025 (2024: 267,041,019 thousand).

#### 46 RELATED PARTY TRANSACTIONS

Fauji Consortium comprising of Fauji Foundation and Fauji Fertilizer Company Limited (the Parent) holds 71.91% of the Bank's share capital at the year end. Accordingly all the subsidiaries and associates of Fauji consortium are the related parties of the Bank. The Group also has related party relationships with its directors, key management personnel and employees' funds.

The Group 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 valuation / terms of the contribution plan. Remuneration to the executives/ officers is determined in accordance with the terms of their appointment.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2025

Details of transactions and balances with related parties are as follows:

Rupees in '000	As at December 31, 2025				As at December 31, 2024			
	Parent	Directors	Key management personnel & their relatives	Other related parties	Parent	Directors	Key management personnel & their relatives	Other related parties
<b>Investments</b>								
Opening balance	-	-	-	4,283,287	-	-	-	1,420,050
Investment made during the year	-	-	-	20,614	-	-	-	-
Revaluation adjustment	-	-	-	5,405,563	-	-	-	1,346,252
Investment redeemed / disposed off during the year	-	-	-	(119,316)	-	-	-	(500,000)
Transfer in / (out) – net	-	-	-	531,635	-	-	-	2,016,985
Closing balance	-	-	-	10,121,783	-	-	-	4,283,287
Deficit on revaluation of investments	-	-	-	898,458	-	-	-	898,458
<b>Advances</b>								
Opening balance	17,970,281	1,292	266,833	13,638,055	8,108,881	-	496,686	25,003,594
Addition during the year	635,348,507	33,444	136,891	55,316,196	1,196,156,040	25,076	169,998	258,248,620
Repaid during the year	(645,346,886)	(31,083)	(91,762)	(56,144,334)	(1,186,294,640)	(23,784)	(112,135)	(257,568,925)
Transfer in / (out) – net	-	(83)	(109,880)	-	-	-	(287,715)	(12,045,234)
Closing balance	7,971,902	3,570	202,082	12,809,917	17,970,281	1,292	266,833	13,638,055
<b>Credit loss allowance held against advances</b>	1,091	6	85	1,984,522	2,191	-	1,452	3,150,241
<b>Other Assets</b>								
Interest / mark-up receivable	187,427	55	28,581	233,036	66,417	-	49,135	151,802
Advance rent	2,000	-	-	1,670	999	-	-	-
Receivable from staff retirement fund	-	-	-	59,876	-	-	-	415,569
Acceptances	860,234	-	-	227,238	3,837	-	-	424,116
Others	-	-	-	-	-	-	-	-
<b>Borrowings</b>								
Opening balance	-	-	-	4,252,855	-	-	-	2,992,873
Borrowings during the year	-	-	-	-	-	-	-	2,000,000
Settled during the year	-	-	-	(1,490,944)	-	-	-	(740,018)
Closing balance	-	-	-	2,761,911	-	-	-	4,252,855
<b>Deposits and other accounts</b>								
Opening balance	18,698,701	43,251	234,398	25,168,932	39,101,224	63,502	299,420	49,059,956
Received during the year	716,688,077	757,192	837,811	1,010,264,386	1,251,319,810	545,392	1,008,533	1,375,477,576
Withdrawn during the year	(691,209,733)	(713,783)	(790,873)	(985,995,795)	(1,271,722,333)	(523,615)	(973,309)	(1,404,518,301)
Transfer in / (out) – net	-	86,458	(152,185)	423,018	-	(42,028)	(100,246)	5,149,701
Closing balance	44,177,045	173,118	129,151	49,860,541	18,698,701	43,251	234,398	25,168,932
<b>Other Liabilities</b>								
Interest / mark-up payable	345,982	3,634	837	849,976	821,174	-	4	802,755
Acceptances	860,234	-	-	227,238	3,837	-	-	424,116
Security deposits payable	-	-	-	831,716	-	-	-	597,202
Others	-	-	60,244	25,426	-	-	57,965	12,035
<b>Contingencies and Commitments</b>	6,468,035	-	-	7,425,207	3,983,736	-	-	6,182,135
<b>Others</b>								
Dividend paid	6,513,901	-	-	63,689	2,605,561	-	-	-
Commitment in respect of Government securities transactions	-	-	-	-	17,560,000	-	-	6,500,000
Securities held as custodian	32,840,000	9,400	76,000	15,408,455	27,810,000	-	9,600	17,905,460

Rupees in '000	For the year ended December 31, 2025				For the year ended December 31, 2024			
	Parent	Directors	Key management personnel & their relatives	Other related parties	Parent	Directors	Key management personnel & their relatives	Other related parties
<b>Income</b>								
Mark-up / return / interest earned	871,201	544	5,669	814,415	236,118	13	11,589	1,604,400
Fee and commission income	2,838	-	-	54,154	12,454	-	-	92,784
Dividend income	-	-	-	375,381	-	-	-	313,747
Gain on securities	-	-	-	1,031,000	-	-	-	-
Others	4,650	-	-	10,883	1,645	-	-	14,170
<b>Expense</b>								
Mark-up / return / interest expensed	2,665,895	13,852	10,108	3,747,422	8,394,578	5,229	36,383	8,548,433
Charge to defined benefit plan	-	-	-	672,888	-	-	-	572,653
Contribution to defined contribution plan	-	-	-	493,557	-	-	-	390,445
Remuneration and allowances	-	-	778,071	11,893	-	-	726,893	10,756
Rent & taxes	4,027	-	-	-	3,021	-	-	-
Communications	-	-	-	306,022	-	-	-	200,526
Brokerage and Commission	-	-	-	147,448	-	-	-	100,407
Directors' Fee, Allowances	-	56,800	-	-	-	52,800	-	-
Marketing, advertisement and publicity	-	-	-	-	100	-	-	-
Donations	-	-	-	350,000	-	-	-	-
Training and development	5,181	-	-	-	1,075	-	-	-

In addition to above, rent free sub-branches are operating at FFC Sona Tower, FFBL Tower and Foundation University (along with booth and Atm).

The term 'key management personnel' has the same meaning as defined in IAS 24 – Related party disclosures.

#### 47 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

The objective of managing capital is to safeguard the Group's ability to continue as a going concern, so that it could continue to provide adequate returns to shareholders by pricing products and services commensurately with the level of risk. It is the policy of the Group to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Group recognises the need to maintain a balance between the higher returns that might be possible with greater exposure and the advantages and security afforded by a sound capital position.

Under the current scenario, the banks are under pressure to extend further credit to its borrowers, while overall deteriorating credit risk and increased NPL may also put additional pressures on the Group from Capital Adequacy Ratio perspective. The SBP has relaxed the Capital Conversion Buffer (CCB) requirements for the banks to 1.5%, resulting in an overall CAR requirement of 11.5%. In addition to the measures by SBP, the Group is continuously monitoring the impacts of various decisions of its CAR and taking further lending decisions based on the overall impacts on RWA. The Group also believes that it has sufficient buffer in its CAR requirement to meet any adverse movements in credit, market or operational risks.

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Rupees in '000	2025	2024
<b>Minimum Capital Requirement (MCR):</b>		
Paid-up capital (net of losses)	14,492,992	14,492,992
<b>Capital Adequacy Ratio (CAR):</b>		
Eligible Common Equity Tier 1 (CET 1) Capital	119,608,528	106,074,962
Eligible Additional Tier 1 (ADT 1) Capital	5,425,000	6,000,000
Total Eligible Tier 1 Capital	125,033,528	112,074,962
Eligible Tier 2 Capital	31,153,056	22,028,156
Total Eligible Capital (Tier 1 + Tier 2)	156,186,584	134,103,118
Risk Weighted Assets (RWAs):		
Credit Risk	435,314,278	418,533,799
Market Risk	120,409,673	79,795,184
Operational Risk	158,647,574	125,480,495
Total	714,371,525	623,809,478
Common Equity Tier 1 Capital Adequacy ratio	16.74%	17.00%
Tier 1 Capital Adequacy Ratio	17.50%	17.97%
Total Capital Adequacy Ratio	21.86%	21.50%

As of December 2025, the Group must meet a Tier 1 to RWA ratio and CAR, including CCB, of 9% and 11.50% respectively.

Standardized Approach is used for calculating the Capital Adequacy for Market and Credit Risk while Basic Indicator Approach (BIA) is used for Operational Risk.

Rupees in '000	2025	2024
<b>Leverage Ratio (LR):</b>		
Eligible Tier-1 Capital	125,033,528	112,074,962
Total Exposures	3,372,505,442	3,119,410,960
Leverage Ratio	3.71%	3.59%
<b>Liquidity Coverage Ratio (LCR):</b>		
Total High Quality Liquid Assets	1,099,921,936	758,343,578
Total Net Cash Outflow	536,822,653	348,473,882
Liquidity Coverage Ratio	204.89%	217.62%
<b>Net Stable Funding Ratio (NSFR):</b>		
Total Available Stable Funding	1,598,153,177	1,413,383,785
Total Required Stable Funding	686,998,141	668,217,716
Net Stable Funding Ratio	232.63%	211.52%

**47.1** The full disclosure on the Capital Adequacy, Leverage Ratio & Liquidity Requirements as per SBP instructions issued from time to time have been placed on the website. The link to the full disclosure can be accessed through the Bank's website at <http://akbl.com>.

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. Had this relaxation not been availed, the CAR and LR would have been lower by 0.29% and 0.06% respectively.

## **48 RISK MANAGEMENT**

The Group believes that effective risk management is key to achieving desired level of return while maintaining acceptable level of risk exposure. Robust risk management processes and framework are in place to achieve the Group's overall objectives through a well thought out strategy, which enables the Group to effectively manage Credit, Market, Operational and Liquidity risk in a proactive manner.

The Group's approach is to ensure that risk management is deeply and firmly embedded in the culture of the Group. All employees are therefore considered responsible for identification, measurement, monitoring and controlling risks within the scope of their assigned responsibilities. As a result of changing risk environment, the Group continuously monitors and conducts holistic assessment of complex transactions on an integrated basis.

The Group has a Board Risk Management Committee (BRMC) in place and is updated regularly by the Group's Risk Management Group. BRMC is responsible for reviewing the extent of design and adequacy of the risk management framework. BRMC oversight ensures that risks are managed within the level of tolerance and risk appetite of the Group.

### **48.1 Credit Risk:**

Credit risk is the potential that the counterparty will cause a financial loss to the Group due to its inability or unwillingness to meet its contractual obligations. The Group is exposed to credit risk through its lending and investment activities as well as from contingent liabilities.

The main objective of the credit risk management process is to identify, assess, measure and monitor credit risk in all the financial exposures of the Group. The Group has established a credit risk management framework to manage credit risk on relationship as well as at portfolio level.

Credit risk management is governed by the Board Risk Management Committee and other instructions and guidelines outlined by SBP. The Group attempts to control risk by monitoring credit exposures, limiting non performing counter parties and continually assessing the credit worthiness of the borrowers. The Group manages limits and controls concentrations of credit risk to individual counterparties, groups, sector and to industries, where applicable.

Stress testing for credit risk is carried out regularly to estimate the impact of increase in non – performing loans and to ensure that CAR is maintained at sufficient level to meet regulatory requirement and business needs.

The Group has dedicated Obligor Risk Rating (ORR) and Facility Risk Rating (FRR) models for various customer types. The models aim to measure credit risk posed by a counterparty as well facility it has applied for by assessing various qualitative and quantitative attributes keeping in view best industry practices in the field of credit risk management. Each risk rating model covers a dedicated procedural guidelines for its consistent implementation within the Group.

The Group manages its portfolio of loan assets with a view to limit concentrations in terms of risk quality, industry, maturity and large exposure. Portfolio analysis is also conducted on regular basis. This portfolio level oversight is maintained by the Risk Management Group.

Risk Asset Review (RAR) performs an independent review of the credit portfolio. It provides an independent assessment of portfolio quality, efficacy of processes for acquisition of risk assets, regulatory / policy compliance, and appropriateness of classification and risk rating.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2025

A centralised Credit Administration Division (CAD) under Operations Group is working towards ensuring that terms of approval of credit sanctions and regulatory stipulations are complied with, all documentation including security documentation is regular and fully enforceable and all disbursements of approved facilities are made only after necessary authorisation by CAD.

The Group's collateral management mechanism in place ensures that effective credit risk mitigation techniques are deployed to keep the credit risk of Group within Board's approved Credit Risk Appetite. The Group accepts a variety of valid and legally enforceable collaterals including but not limited to real estate, fixed assets, securities, receivables, and cash deposits, to secure its credit exposures while ensuring Group's right of recourse against the collateral held as security. The Group maintains appropriate margins to account for potential fluctuations in the value of collateral and applies prudent valuation practices in accordance with regulatory requirements.

To handle the specialised requirements of managing delinquent and problem accounts, the Group has a separate client facing unit to negotiate repayment / settlement of the non-performing exposure and protect the interests of the depositors and stakeholders. The priority of the Special Asset Management Group (SAMG) is recovery of amounts and / or to structure an arrangement (such as rescheduling, restructuring, settlement or a combination of these) by which the interests of the Group are protected. Where no other recourse is possible, SAMG may proceed with legal recourse so as to maximise the recovery of the assets. The Risk Management Group also monitors the NPL portfolio of the Group and reports the same to BRMC.

The Group determines the amount for provisions / expected credit loss as per the IFRS 9 guidelines / Prudential Regulations issued by the SBP and the management best estimates.

### 48.1.1 Credit risk – General disclosures

The Group follows the Standardized Approach for its credit risk exposures, which sets out fixed risk weights corresponding to external credit ratings or type of exposure, whichever is applicable.

Under the Standardized Approach, the capital requirement is based on the credit rating assigned to counterparties by External Credit Assessment Institutions (ECAIs) duly recognized by the SBP. The Group selects particular ECAIs for each type of exposure. The Group utilizes the credit ratings assigned by Pakistan Credit Rating Agency (PACRA), Japan Credit Rating Company Limited – Vital Information Systems (JCR-VIS), Fitch, Moody's and Standard & Poors (S&P).

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

The Group assesses on a forward-looking basis the expected credit losses ('ECL') associated with all advances and other debt financial assets not held at FVTPL, together with letter of credit and financial guarantees. The Group 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 Group 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 Group 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 Group 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 Group 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 Group groups its financial instruments into Stage 1, Stage 2 and Stage 3 as described below:

<p>Stage 1 (Performing assets):</p>	<p>When financial instruments are first recognised, the Bank recognises an allowance based on 12m ECLs. Stage 1 financial instruments also include facilities where the credit risk has improved and these have been reclassified from Stage 2. The 12m ECL 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 12m ECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-months default probabilities are applied to a forecasted Exposure At Default (EAD) and multiplied by the forward looking LGD and discounted by an approximation to the original Effective Interest Rate (EIR). This calculation is made for all the scenarios.</p>
<p>Stage 2 (Underperforming assets):</p>	<p>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.</p>
<p>Stage 3 (Non performing assets):</p>	<p>For financial instruments considered credit-impaired, the Bank recognises LTECLs for these instruments. A description of how the Bank defines credit - impaired and default is given in relevant section. The Bank uses a PD of 100% and LGD as computed for each portfolio or as prescribed by the SBP.</p>
<p>Undrawn financing commitments</p>	<p>When estimating LTECLs for undrawn financing commitments, the Bank estimates the expected portion of the financing commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected cash flows if the financing is drawn down, based on a probability - weighting of the three scenarios. For revolving facilities that include both financing and an undrawn commitment, ECLs is calculated on undrawn portion (after application of credit conversion factor (CCF) of the facility and presented within other liabilities.</p>
<p>Guarantee and letter of credit contracts</p>	<p>The Bank estimates ECLs based on internally developed CCF for guarantee and letter of credit contracts respectively. 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.</p>

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Expected credit losses are the discounted product of the Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD), discounted at an approximation to the EIR, defined as follows:

### **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 are then adjusted using Vasicek Model to incorporate forward looking information.

### **Loss given default**

LGD represents an estimate of the loss incurred on a facility in the event of default by a customer. LGD is calculated as the difference between contractual cash flows due and those that the Group expects to receive. It is expressed as a percentage of the EAD. The LGDs are determined using workout approach, based on vintage recovery data for the defaulted portfolio; these recoveries are then discounted back to date of default, to factor in time value of money.

The Group has converted 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.

### **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, expected drawdowns on committed facilities. The maximum period for which the credit losses are determined is the contractual life of a financial instrument unless the Group has a legal right to call it earlier. In case of revolving facilities, the Group does not limit its exposure to credit losses to the contractual notice period, but, instead calculates ECL over a period that reflects the expectations of the customer behaviour, its likelihood of default and the future risk mitigation procedures, which could include reducing or cancelling the facilities.

### **48.1.3 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 Group uses an approximation e.g. contractual rate (at reporting date).

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

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

- History of legal certainty & enforceability
- History of recovery

The Group's has only considered cash, liquid securities, and Government of Pakistan guarantees as eligible collaterals, while calculating EADs. Furthermore, the credit exposure (in local currency) that have been guaranteed by the Government and Government Securities are exempted from the application of ECL calculation.

#### 48.1.4 ECL Modelling and Staging Criteria

A SICR is assessed in the context of an increase in the risk of a default occurring over the life of the financial instrument compared to the risk of default expected at the time of initial recognition. The Group uses a number of qualitative and quantitative measures in assessing SICR including, inter alia, the deterioration of Obligor Risk Ratings (ORR), in line with Group's internally approved grid outlining specific notches downgrade for each ORR / external rating, payments being past due by 60 days, and other qualitative factors (such as watchlisting or restructuring of account).

In line with Group's IFRS 9 Policy and Regulatory guidelines, financial assets shall be reclassified out of Stage 3 if they fulfill the criteria outlined in the Prudential Regulations (PR) issued by the State Group 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 six 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 six months before being reclassified to Stage 1

		2025	2024	2025	2024	2025			2024		
		Gross lendings		Non-performing lendings		Credit loss allowance			Credit loss allowance		
Rupees in '000						Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
<b>48.1.5</b>	<b>Lendings to financial institutions</b>										
	<b>Credit risk by public / private sector</b>										
	<b>Private</b>	14,157,747	4,627,661	29,721	59,443	-	-	29,721	599	-	59,443

		2025	2024	2025	2024	2025			2024		
		Gross investments		Non-performing investments		Credit loss allowance			Credit loss allowance		
Rupees in '000						Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
<b>48.1.6</b>	<b>Investment in debt securities</b>										
	<b>Credit risk by industry sector</b>										
	Textile	1,225,316	1,277,758	258,658	277,758	18,041	-	258,658	4,840	-	277,758
	Chemical and Pharmaceuticals	52,500	122,500	-	-	124	-	-	506	-	-
	Power and energy	6,848,891	8,508,732	-	-	318	-	-	709	-	-
	Telecommunication	204,432	204,432	204,432	204,432	-	-	204,432	-	-	204,432
	Metal and allied	-	500,000	-	-	-	-	-	568	-	-
	Financial	1,964,574,199	1,473,213,015	-	-	44,559	-	-	597,451	-	-
		1,972,905,338	1,483,826,437	463,090	482,190	63,042	-	463,090	604,074	-	482,190
	<b>Credit risk by public / private sector</b>										
	Public / Government	1,971,005,659	1,480,163,833	-	-	-	-	-	596,140	-	-
	Private	1,899,679	3,662,604	463,090	482,190	63,042	-	463,090	7,934	-	482,190
		1,972,905,338	1,483,826,437	463,090	482,190	63,042	-	463,090	604,074	-	482,190

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Rupees in '000	2025		2024		2025			2024		
	Gross advances		Non-performing advances		Credit loss allowance					
					Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
<b>48.1.7 Advances</b>										
<b>Credit risk by industry sector</b>										
Agriculture, Forestry, Hunting and Fishing	9,746,230	8,250,916	2,195,968	1,934,693	172,194	86,152	1,928,016	173,089	39,313	1,740,710
Mining and Quarrying	9,129,459	10,697,011	-	-	7,141	55,977	-	4,392	-	-
Textile	70,845,433	71,721,567	9,283,027	8,911,224	187,540	622,308	9,089,089	125,599	143,049	8,743,691
Chemical and Pharmaceuticals	32,774,194	33,526,664	375,700	403,167	71,757	107,383	375,322	20,819	49,273	400,313
Cement	7,382,266	10,220,393	-	25,458	6,916	42,005	-	31,066	22,273	25,379
Sugar	17,736,266	20,135,002	-	1,053	111,951	101,359	-	60,557	42,604	1,053
Footwear and Leather garments	2,024,265	1,465,774	191,633	231,911	2,949	-	191,633	1,727	20	231,911
Automobile and transportation equipment	7,611,323	2,500,146	695,905	727,441	22,221	4,447	695,905	968	7,130	619,475
Electronics and electrical appliances	4,895,604	5,430,095	677,239	1,008,332	6,706	4,068	677,239	5,594	498	1,033,900
Food and allied	37,607,983	18,612,355	1,758,243	1,314,459	78,517	56,931	1,758,243	26,056	23,203	1,305,213
Construction	24,406,760	23,530,560	405,948	370,339	125,230	325,859	369,981	69,704	111,309	303,725
Power and energy	48,140,651	41,715,749	1,326,106	1,750,631	64,579	213,475	1,326,106	169,573	68,939	1,502,816
Oil and gas	56,732,698	45,876,637	-	92,106	22,860	1,833,294	-	55,587	2,945,614	61,411
Wholesale and Retail Trade	42,695,957	16,950,991	3,507,004	3,949,604	36,252	84,800	3,465,517	6,977	41,614	3,770,457
Transport, Storage and Communication	76,125,516	71,951,933	644,590	944,898	296,039	323,185	625,202	169,919	161,992	867,899
Financial	15,852,842	214,428,188	-	-	21,207	138,075	-	22,582	2,065	-
Insurance	179,987	220,514	-	-	346	-	-	263	-	-
Services	21,847,748	20,651,684	557,338	734,320	74,557	86,437	531,662	52,690	32,999	610,278
Individuals	48,410,360	34,310,438	420,453	513,215	105,313	13,574	273,621	66,770	14,942	384,152
Edible oil and ghee	7,519,582	5,991,678	1,965,233	2,095,995	7,606	197	1,965,233	2,768	28	2,021,795
Rice Processing (husking, semi - wholly milled etc.)	18,279,326	15,661,066	2,107,569	2,456,301	43,364	208,530	2,107,049	9,407	10,174	2,455,781
Metal and allied	25,692,811	20,096,133	5,199,782	5,076,410	52,582	137,418	5,199,782	26,850	39,255	4,491,243
Others	39,042,457	39,061,688	1,779,106	1,887,091	30,692	263,407	1,720,814	37,871	137,078	1,709,662
	624,679,718	733,007,182	33,090,844	34,428,648	1,548,519	4,708,881	32,300,414	1,140,828	3,893,372	32,280,864
<b>Credit risk by public / private sector</b>										
Public / Government	179,856,612	128,452,359	-	-	78,243	264,290	-	166,300	108,029	-
Private	444,823,106	604,554,823	33,090,844	34,428,648	1,470,276	4,444,591	32,300,414	974,528	3,785,343	32,280,864
	624,679,718	733,007,182	33,090,844	34,428,648	1,548,519	4,708,881	32,300,414	1,140,828	3,893,372	32,280,864

Rupees in '000	2025	2024
<b>48.1.8 Contingencies and Commitments</b>		
<b>Credit risk by industry sector</b>		
Agriculture, Forestry, Hunting and Fishing	2,230,792	735,367
Mining and Quarrying	3,434,924	5,129,672
Textile	19,633,911	16,977,566
Chemical and Pharmaceuticals	17,682,571	14,707,235
Cement	5,313,579	3,172,146
Sugar	3,331,741	3,624,801
Footwear and Leather garments	740,746	598,238
Automobile and transportation equipment	10,913,470	819,714
Electronics and electrical appliances	2,746,152	2,937,525
Real Estate & Construction	52,350,519	41,065,201
Power and energy	11,862,312	17,132,869
Wholesale and Retail Trade	14,481,237	10,998,327
Oil and gas	7,272,188	18,690,799
Transport, Storage and Communication	17,204,079	19,509,896
Financial	430,913,526	555,154,330
Insurance	289,548	353,603
Food and allied	12,903,741	10,160,964
Services	31,184,731	32,305,406
Individuals	14,347	308,632
Telecommunication	8,153,143	3,133,588
Metal and allied	15,846,065	23,313,566
Others	73,797,246	168,926,378
	742,300,568	949,755,823
<b>Credit risk by public / private sector</b>		
Public / Government	147,257,739	185,019,104
Private	595,042,829	764,736,719
	742,300,568	949,755,823

#### 48.1.9 Concentration of Advances

The Group's top 10 exposures on the basis of total (funded and non-funded) exposures aggregated to Rs. 280,615,227 thousand (2024: Rs. 504,003,209 thousand) are as following:

Rupees in '000	2025	2024
Funded	184,646,325	274,742,792
Non Funded	95,968,902	229,260,417
Total Exposure	280,615,227	504,003,209

The sanctioned limits against these top 10 exposures aggregated to Rs.439,525,040 thousand (2024: Rs. 652,224,299 thousand).

The above does not include any classified exposure.

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### 48.1.10 Advances – Province / Region–wise disbursement and utilization

Rupees in '000	2025						
	Disbursements		Utilization				
		Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit Baltistan
<b>Province/Region</b>							
Punjab	1,570,958,592	1,550,255,995	5,797,146	727,463	660	14,159,190	18,138
Sindh	959,602,365	4,070,683	955,120,859	3,850	11,103	242,067	153,803
KPK including FATA	37,887,198	303,424	7,983	36,949,668	–	588,386	37,737
Balochistan	1,885,396	10,460	6,352	1,500	1,866,384	–	700
Islamabad	167,171,438	32,410,501	8,035,272	7,780,468	190,456	118,499,577	255,164
AJK including Gilgit Baltistan	844,756	5,600	1,150	1,000	–	28,958	808,048
<b>Total</b>	<b>2,738,349,745</b>	<b>1,587,056,663</b>	<b>968,968,762</b>	<b>45,463,949</b>	<b>2,068,603</b>	<b>133,518,178</b>	<b>1,273,590</b>

Rupees in '000	2024						
	Disbursements		Utilization				
		Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit Baltistan
<b>Province/Region</b>							
Punjab	1,640,387,311	1,621,840,398	3,862,293	530,517	37,851	14,099,472	16,780
Sindh	1,297,609,796	1,869,085	1,294,566,599	27,896	12,886	1,132,580	750
KPK including FATA	17,653,615	397,905	95,100	16,059,031	12,800	1,045,241	43,538
Balochistan	493,117	3,451	900	–	487,616	–	1,150
Islamabad	170,527,637	11,187,523	4,343,007	3,586,747	68,753	151,280,762	60,845
AJK including Gilgit Baltistan	490,293	99,511	67,740	500	–	44,258	278,284
<b>Total</b>	<b>3,127,161,769</b>	<b>1,635,397,873</b>	<b>1,302,935,639</b>	<b>20,204,691</b>	<b>619,906</b>	<b>167,602,313</b>	<b>401,347</b>

### 48.2 Market Risk:

Market risk is the risk that the value of on and off–balance sheet positions of a financial institution will be adversely affected by movements in market rates or prices such as interest rates, foreign exchange rates, equity prices and credit spreads, resulting in a loss to earnings and capital.

The Group is exposed to market risk from both its banking and trading books. Trading book for the Group includes all Fair Value through Profit and Loss (FVTPL) securities along with Fair Value through Other Comprehensive Income (FVTOCI) securities. All assets not included in trading book are included in the banking book.

The Group's Risk Management Process seeks to identify, measure, monitor, and control market risks in order to shield against adverse movements in market factors and to attain an efficient risk / return profile of its open positions. Risk Management Group has developed and implemented market risk policy and risk measurement / monitoring methodology for review and reporting of market risk.

The Group makes use of the globally established Value–at–Risk (VaR) methodology to measure traded market risk. Additionally, sensitivity analysis is carried out to gauge the impact of extreme market movements on traded exposures, such as fixed income securities and equity capital market instruments.

Further, stress testing is used to analyze the impact of abnormal market movements across different portfolios to assess non-traded market risk, in particular interest rate risk in the banking book. The performance of the Group's traded portfolios is evaluated through the use of risk / return analysis. Risk is assessed through the revaluation of all traded market risk exposed positions on a daily basis, and monitored by ensuring that these positions do not breach any regulatory limits as well as any internally established risk tolerance limits.

Basel III Standardized Approach is used for calculating the Capital Adequacy for Market Risk.

Total capital charge for market risk is Rs. 120,409,673 thousand (2024: Rs. 79,295,220 thousand).

#### 48.2.1 Balance sheet split by trading and banking books

Rupees in '000	2025			2024		
	Banking book	Trading book	Total	Banking book	Trading book	Total
Cash and balances with treasury banks	108,988,768	-	108,988,768	133,535,448	-	133,535,448
Balances with other banks	14,988,447	-	14,988,447	12,958,886	-	12,958,886
Lendings to financial institutions	14,128,026	-	14,128,026	4,567,619	-	4,567,619
Investments	1,028,620,173	999,620,653	2,028,240,826	156,146,868	1,353,221,933	1,509,368,801
Advances	586,121,904	-	586,121,904	695,692,118	-	695,692,118
Property and equipment	26,397,266	-	26,397,266	21,834,904	-	21,834,904
Right-of-use assets	15,128,302	-	15,128,302	12,196,186	-	12,196,186
Intangible assets	2,215,160	-	2,215,160	1,849,778	-	1,849,778
Assets held for sale	-	-	-	1,750,000	-	1,750,000
Other assets	101,281,135	-	101,281,135	107,627,956	-	107,627,956
	1,897,869,181	999,620,653	2,897,489,834	1,148,159,763	1,353,221,933	2,501,381,696

#### 48.2.2 Foreign Exchange Risk

Foreign exchange risk, or the risk that the Group's earnings and / or capital can fluctuate due to changes in foreign exchange rates, arises out of the Group's foreign exchange exposure which consists of foreign currency cash in hand, nostro / vostro accounts, forward contracts, forward bookings with exporters, foreign bills purchased, foreign currency placements with SBP and the Wholesale Bank Branch, foreign currency lendings / deposits and capital investments in offshore operations.

The Group's treasury manages consolidated foreign exchange exposure by matching foreign currency assets and liabilities in spot and forward. The foreign exchange exposure and nostro balances are maintained within regulatory limits and VaR is calculated for consolidated foreign exchange exposure on a daily basis. The impact of a change in USD / PKR parity on the net open position is also determined through daily sensitivity analysis.

Rupees in '000	2025			
	Foreign currency assets	Foreign currency liabilities	Off-balance sheet items	Net foreign currency exposure
United States Dollar	107,363,312	130,027,928	34,184,371	11,519,755
Pound Sterling	9,052,916	10,818,152	921,681	(843,555)
Euro	1,450,313	6,093,357	4,230,635	(412,409)
Other European currencies	55,941	-	-	55,941
Other currencies	3,158,989	2,780,711	-	378,278
	121,081,471	149,720,148	39,336,687	10,698,010

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Rupees in '000	2024			
	Foreign currency assets	Foreign currency liabilities	Off-balance sheet items	Net foreign currency exposure
United States Dollar	113,011,123	124,672,071	27,232,949	15,572,001
Pound Sterling	3,126,581	9,186,082	7,570,955	1,511,454
Euro	5,665,518	4,293,508	1,051,714	2,423,724
Other European currencies	11,632	–	–	11,632
Other currencies	20,480,764	6,246,239	(15,432)	14,219,093
	142,295,618	144,397,900	35,840,186	33,737,904

Rupees in '000	2025		2024	
	Banking book	Trading book	Banking book	Trading book
Impact of 1% decrease in foreign exchange				
– Profit and loss account	286,387	(393,367)	21,023	(358,402)

### 48.2.3 Equity position risk

Equity position risk is the risk that the value of equity positions inside the trading book and banking book will change as a result of general and specific equity market movements. Equity positions are monitored on daily basis through management action triggers.

The Group classifies its direct equity investments into Fair Value Through Profit and Loss (FVTPL) and Fair Value Through Other Comprehensive Income (FVOCI). FVTPL exposures are of a short-term nature and are undertaken to earn profit by exploiting market conditions and short-term price fluctuations. For strategic investments, the Group has made an irrevocable election to present subsequent changes in fair value in Other Comprehensive Income (FVOCI). These investments are held for long-term strategic purposes rather than for trading, reflecting the Group's intent to build strategic interest in other concerns. The Group may also carry indirect equity exposure through financing against shares and reverse repos against shares.

At the end of FY 2025 Group's investment in mutual funds and equity investment portfolio was classified as FVTPL and FVOCI. Pretax impact of 5% decrease in the prices are provided below;

Rupees in '000	2025		2024	
	Banking book	Trading book	Banking book	Trading book
Impact of 5% change in equity prices on				
– Profit and loss account	–	(84,798)	–	(25,150)
– Other comprehensive income	–	(743,951)	(59,662)	(387,411)

#### 48.2.4 Yield / Interest Rate Risk in the Banking Book (IRRBB)–Basel III Specific

The Group's interest rate exposure arises out of its investment, lending and borrowing activities. Interest Rate Risk in the Banking Book (IRRBB) in its various forms is the risk of adverse changes in earnings and/or capital due to (i) timing differences or mismatches in the maturity/repricing period of financial assets and liabilities (repricing risk), (ii) differences in the basis used for calculating interest rates received and paid (basis risk), (iii) and options implicit or explicit in the Group's financial assets and liabilities (options risk). The Asset and Liability Management Committee of the Group monitors and controls mismatch of interest rate sensitive assets and liabilities on an ongoing basis through its regular meetings. The Market Risk Management Department monitors interest rate in the banking book from an earnings and economic value perspective.

Key IRRBB measures include:

1. Interest Earnings at Risk (IAR): the rolling 12-month impact of a parallel shift in interest rates on Net Interest Margin.
2. Change in Economic Value of Equity (EVE): the impact of a parallel shift in interest rates on the present value of the Group's cash flows.
3. Repricing Gaps: mismatch between the Group's assets and liabilities in terms of repricing time bands based on residual maturity for repricing or actual maturity which ever is earlier. Repricing assumptions for non-contractual assets and liabilities have been set based on a behavioral study.

Rupees in '000	2025		2024	
	Banking book	Trading book	Banking book	Trading book
Impact of 1% change in interest rates on				
– Profit and loss account	(4,736,820)	(4,815,739)	(759,782)	(4,761,335)
– Other comprehensive income	1,967,447	–	2,814,052	–

#### 48.2.5 Mismatch of interest rate sensitive assets and liabilities

Yield / interest rate sensitivity position for on-balance sheet instruments is based on the earlier of contractual re-pricing or maturity date and for off-balance sheet instruments is based on settlement date.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2025

		2025											
		Exposed to yield / interest risk											
Rupees in '000	Effective Yield / Interest rate	Total	Exposed to yield / interest risk							Non-interest bearing financial instruments			
			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>													
Cash and balances with treasury banks		108,988,768	12,842,042	-	-	-	-	-	-	-	-	-	96,146,726
Balances with other banks	5.36%	14,988,447	6,208,705	-	-	-	-	-	-	-	-	-	8,779,742
Lendings to financial institutions	9.31%	14,128,026	14,128,026	-	-	-	-	-	-	-	-	-	-
Investments	12.63%	2,028,240,826	204,835,720	195,298,957	1,340,903,897	81,650,041	31,084,998	71,934,149	77,351,081	2,031,578	945,898	-	22,204,507
Advances	12.03%	586,121,904	212,507,382	191,030,345	62,461,025	39,281,059	4,347,420	6,495,343	5,244,532	55,363,882	9,390,916	-	-
Other assets		75,898,476	-	-	-	-	-	-	-	-	-	-	75,898,476
		2,828,366,447	450,521,875	386,329,302	1,403,364,922	120,931,100	35,432,418	78,429,492	82,595,613	57,395,460	10,336,814	-	203,029,451
<b>Liabilities</b>													
Bills payable		23,259,370	-	-	-	-	-	-	-	-	-	-	23,259,370
Borrowings	11.25%	994,566,586	868,210,968	89,253,902	19,960,568	646,257	3,941,003	3,549,434	3,505,674	3,799,738	497,260	-	1,201,782
Deposits and other accounts	6.63%	1,630,039,984	117,038,079	63,405,730	25,901,109	135,433,500	132,689,299	132,234,767	132,243,262	260,276,406	129,357,236	-	501,460,596
Sub-ordinated loans	13.05%	6,000,000	-	-	6,000,000	-	-	-	-	-	-	-	-
Other liabilities		46,033,382	-	-	-	-	-	-	-	-	-	-	46,033,382
		2,699,899,322	985,249,047	152,659,632	51,861,677	136,079,757	136,630,302	135,784,201	135,748,936	264,076,144	129,854,496	-	571,955,130
<b>On-balance sheet gap</b>		128,467,125	(534,727,172)	233,669,670	1,351,503,245	(15,148,657)	(101,197,884)	(57,354,709)	(53,153,323)	(206,680,684)	(119,517,682)	-	(368,925,679)
<b>Off-balance sheet financial instruments</b>													
Commitments in respect of:													
Forward foreign exchange contracts purchase		144,329,274	-	-	-	-	-	-	-	-	-	-	144,329,274
Forward foreign exchange contracts sale		104,992,587	-	-	-	-	-	-	-	-	-	-	104,992,587
<b>Off-balance sheet gap</b>		39,336,687	-	-	-	-	-	-	-	-	-	-	39,336,687
<b>Total yield / interest risk sensitivity gap</b>			(534,727,172)	233,669,670	1,351,503,245	(15,148,657)	(101,197,884)	(57,354,709)	(53,153,323)	(206,680,684)	(119,517,682)	-	(329,588,992)
<b>Cumulative yield / interest risk sensitivity gap</b>			(534,727,172)	(301,057,502)	1,050,445,743	1,035,297,086	934,099,202	876,744,493	823,591,170	616,910,486	497,392,804	-	167,803,812

2024												
Rupees in '000	Effective Yield / Interest rate	Exposed to yield / interest risk									Non-interest bearing financial instruments	
		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>												
Cash and balances with treasury banks		133,535,448	13,685,296	-	-	-	-	-	-	-	-	119,850,152
Balances with other banks	10.93%	12,958,886	8,756,104	-	-	-	-	-	-	-	-	4,202,782
Lendings to financial institutions	18.95%	4,567,619	3,499,901	1,067,718	-	-	-	-	-	-	-	-
Investments	19.32%	1,509,368,801	17,614	186,388	133,177,287	106,629,798	201,345,809	45,660,944	737,753,046	263,693,711	8,122,084	12,782,120
Advances	18.32%	695,692,118	293,569,314	193,590,158	100,318,462	19,704,296	25,232,871	10,896,074	10,148,031	40,721,111	1,511,801	-
Other assets		84,707,159	-	-	-	-	-	-	-	-	-	84,707,159
		2,440,830,031	319,528,229	194,844,264	233,495,749	126,334,094	226,578,680	56,557,018	747,901,077	304,414,822	9,633,885	221,542,213
<b>Liabilities</b>												
Bills payable		66,704,448	-	-	-	-	-	-	-	-	-	66,704,448
Borrowings	19.26%	869,212,410	786,491,060	43,582,081	18,230,233	745,647	5,742,237	4,810,342	4,429,743	4,558,769	621,451	847
Deposits and other accounts	12.84%	1,362,850,503	82,207,802	38,277,120	16,748,923	59,534,597	194,966,937	194,600,128	194,357,827	166,486,870	27,739,218	387,931,081
Sub-ordinated loans	21.65%	12,000,000	-	6,000,000	6,000,000	-	-	-	-	-	-	-
Other liabilities		42,329,880	-	-	-	-	-	-	-	-	-	42,329,880
		2,353,097,241	868,698,862	87,859,201	40,979,156	60,280,244	200,709,174	199,410,470	198,787,570	171,045,639	28,360,669	496,966,256
<b>On-balance sheet gap</b>		87,732,790	(549,170,633)	106,985,063	192,516,593	66,053,850	25,869,506	(142,853,452)	549,113,507	133,369,183	(18,726,784)	(275,424,043)
<b>Off-balance sheet financial instruments</b>												
Commitments in respect of:												
Forward foreign exchange contracts purchase		118,183,587	-	-	-	-	-	-	-	-	-	118,183,587
Forward foreign exchange contracts sale		82,377,560	-	-	-	-	-	-	-	-	-	82,377,560
<b>Off-balance sheet gap</b>		35,806,027	-	-	-	-	-	-	-	-	-	35,806,027
<b>Total yield / interest risk sensitivity gap</b>			(549,170,633)	106,985,063	192,516,593	66,053,850	25,869,506	(142,853,452)	549,113,507	133,369,183	(18,726,784)	(239,618,016)
<b>Cumulative yield / interest risk sensitivity gap</b>			(549,170,633)	(442,185,570)	(249,668,977)	(183,615,127)	(157,745,621)	(300,599,073)	248,514,434	381,883,617	363,156,833	123,538,817

**48.2.5.1** Yield risk is the risk of decline in earnings due to adverse movement of the yield curve.

**48.2.5.2** Interest rate risk is the risk that the value of the financial instrument will fluctuate due to changes in the market interest rates.

**48.2.5.3** Assets do not include fixed assets including right of use asset of Rs. 41,525,568 thousand (2024: Rs. 34,031,090 thousand), Intangible assets of Rs. 2,215,160 thousand (2024: Rs. 1,849,778 thousand), deferred tax asset of Rs. nil (2024: Rs. nil), assets held for sale of Rs. nil (2024: 1,750,000 thousand) and other assets consisting of advances, deposits, advance rent and other prepayments, advance taxation, non-banking assets acquired in satisfaction of claims, deferred cost on recognition of loan at fair value, receivable from defined benefit plan, stationary & stamps in hand and Others of Rs. 25,382,659 thousand (2024: Rs. 22,920,798 thousand).

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**48.2.5.4** Liabilities do not include deferred tax liabilities of Rs. 14,280,694 thousand (2024: Rs. 737,821 thousand) lease liabilities of Rs. 17,642,967 thousand (2024: Rs. 14,174,653 thousand) and other liabilities consisting of unearned commission and income on bills discounted, advance payments, advance against sale of properties, branch adjustment account, provision for employees compensated absences, levies and taxes payable, workers welfare fund, deferred grant on subsidized refinance loans, credit loss allowance against off-balance sheet obligations and others of Rs. 12,959,084 thousand (2024: Rs. 10,961,694 thousand).

### **48.3 Operational Risk**

Operational risk refers to the risk of loss arising from inadequate or failed internal processes, people, systems, or from external events. The Group remains committed to managing operational risk prudently and within clearly defined and acceptable parameters, recognising its responsibility to safeguard the interests of shareholders, customers and other stakeholders.

The Board Risk Management Committee (BRMC) provides strategic oversight by approving the Group's operational risk appetite and tolerance limits. The operational risk governance framework is structured in accordance with the internationally recognised three lines of defence model, ensuring clear accountability, effective oversight and robust risk management practices across the organisation.

The Group maintains dedicated and specialised functions for the management of Operational Risk, Business Continuity Risk, Information Security and Outsourcing Risk, all of which are governed by comprehensive frameworks aligned with international best practices. These functions collectively support the Group's objective of maintaining operational resilience and continuity of services for the benefit of customers and stakeholders. Operational risk is assessed and monitored through established tools, including Loss Data Management, Risk and Control Self-Assessments (RCSAs), and the monitoring of Key Risk Indicators (KRIs), which enable the Group to evaluate both the likelihood and potential financial impacts of operational risk events. Designated Operational Risk Coordinators are deployed across all Business and Support functions for consistent implementation of the operational risk management framework. The Group has completed the implementation of all prescribed requirements under the State Bank of Pakistan's Outsourcing Risk Management guidelines and has established a comprehensive governance and control framework to manage outsourcing arrangements in line with regulatory expectations and international best practices. A specialised SAS-GRC automated system is utilised to record, track and monitor overall operational risk activities. The Operational Risk Management Committee (ORMC) provides ongoing oversight and reviews material operational risk matters, while stress testing exercises are conducted to proactively assess potential impacts under adverse scenarios. Regular operational risk reports are duly submitted to the Board Risk Management Committee (BRMC) ensuring timely escalation and informed decision-making.

#### **48.3.1 Operational Risk-Disclosures Basel II specific**

For the purpose of calculating the Capital Adequacy Ratio (CAR) in respect of operational risk capital charge, the Group applies the Basel II 'Basic Indicator Approach' in accordance with applicable regulatory requirements, thereby strengthening capital resilience and stakeholder confidence.

### **48.4 Liquidity Risk**

Liquidity risk reflects an enterprise's inability in raising funds to meet commitments. The Group's liquidity position is managed by the Asset and Liability Management Committee (ALCO). ALCO monitors the maintenance of financial position, liquidity ratios, depositors concentration both in terms of the overall funding mix and to avoid undue reliance on large individual deposits. Moreover, core retail deposits (current accounts and saving accounts) form a considerable part of the Group's overall funding and significant importance is attached to the stability and growth of these deposits.

The Group is confident that the liquidity buffer currently maintained is sufficient to cater to any adverse movement in the cash flow maturity profile.

#### 48.4.1 Assets and liabilities – based on contractual maturity

		2025													
Rupees in '000		Total	Upto 1 day	Over 1 to 7 days	Over 7 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
<b>Assets</b>															
Cash and balances with treasury banks	108,988,768	32,696,630	1,089,888	-	-	-	-	-	-	-	-	18,800,562	18,800,562	18,800,562	18,800,564
Balances with other banks	14,988,447	2,697,920	1,368,445	10,492	977,247	491,621	5,036,118	2,518,059	1,259,030	629,515	-	-	-	-	-
Lendings to financial institutions	14,128,026	-	6,600,000	7,528,026	-	-	-	-	-	-	-	-	-	-	-
Investments	2,028,240,826	631,951	1,762,167	1,570,970	2,453,612	1,208,226	270,675	107,210,350	44,972,321	156,838,689	63,547,655	491,112,963	521,231,333	635,429,914	
Advances	586,121,904	4,750,124	9,183,718	14,725,213	165,980,520	45,214,589	42,740,259	54,530,342	25,066,522	13,049,627	30,673,843	26,927,085	54,891,097	98,388,965	
Property and equipment	26,397,266	-	-	210,698	210,698	183,905	183,905	540,179	526,064	526,064	1,812,836	1,336,129	1,463,997	19,402,791	
Right-of-use assets	15,128,302	-	-	120,751	120,751	105,396	105,396	309,577	301,488	301,488	1,038,938	765,737	839,018	11,119,762	
Intangible assets	2,215,160	-	-	17,681	17,681	15,433	15,433	45,330	44,145	44,145	152,126	112,123	122,853	1,628,210	
Assets held for sale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other assets	101,281,135	14,309,814	1,988,446	2,675,379	9,027,026	1,509,073	41,924	1,165,472	223,651	-	17,585,088	17,585,088	17,585,088	17,585,086	
	2,897,489,834	55,086,439	21,992,664	26,859,210	178,787,535	48,728,243	48,393,710	166,319,309	72,393,221	171,389,528	133,611,048	556,639,687	614,933,948	802,355,292	
<b>Liabilities</b>															
Bills payable	23,259,370	7,442,998	2,123,580	-	1,765,386	6,156,080	3,078,040	1,539,020	769,510	384,756	-	-	-	-	
Borrowings	994,566,586	1,308,160	816,934,956	4,655,153	46,033,768	53,002,948	36,662,993	20,029,241	125,000	521,257	3,941,003	3,549,434	3,505,674	4,296,999	
Deposits and other accounts	1,630,039,984	55,028,590	55,287,164	55,222,799	64,552,701	71,975,251	46,767,047	52,931,848	82,549,848	106,945,129	176,542,217	176,087,685	176,096,181	510,053,524	
Lease liabilities	17,642,967	4,082,582	4,915,331	705,719	-	-	-	-	-	-	1,984,834	1,984,834	1,984,834	1,984,833	
Sub-ordinated loans	6,000,000	-	-	-	-	-	-	-	-	-	-	-	-	6,000,000	
Deferred tax liabilities	14,280,694	290,374	1,742,245	2,322,993	4,355,612	-	-	-	284,671	284,671	570,640	1,633,362	2,796,126	-	
Other liabilities	58,992,466	10,819,232	13,062,984	2,105,717	9,027,026	1,509,073	41,924	1,165,473	223,651	-	5,259,347	5,259,347	5,259,347	5,259,345	
	2,744,782,067	78,971,936	894,066,260	65,012,381	125,734,493	132,643,352	86,550,004	75,665,582	83,952,680	108,135,813	188,298,041	188,514,662	189,642,162	527,594,701	
Net assets	152,707,767	(23,885,497)	(872,073,596)	(38,153,171)	53,053,042	(83,915,109)	(38,156,294)	90,653,727	(11,559,459)	63,253,715	(54,686,993)	368,125,025	425,291,786	274,760,591	
Share capital	14,492,992														
Reserves	88,971,868														
Surplus on revaluation of assets - net of tax	31,153,056														
Unappropriated profit	17,498,418														
Non controlling interest	591,433														
	152,707,767														

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2024

Rupees in '000	Total	2024												
		Upto 1 day	Over 1 to 7 days	Over 7 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
<b>Assets</b>														
Cash and balances with treasury banks	133,535,448	40,060,634	1,335,354	-	-	-	-	-	-	-	23,034,865	23,034,865	23,034,865	23,034,865
Balances with other banks	12,958,886	2,332,600	1,183,146	9,071	844,919	425,050	4,354,187	2,177,093	1,088,546	544,273	-	-	-	-
Lendings to financial institutions	4,567,619	-	3,499,900	-	-	1,067,719	-	-	-	-	-	-	-	-
Investments	1,509,368,801	381,108	1,346,762	959,934	565,392	685,187	280,242	132,798,425	78,776,716	28,769,312	203,309,967	47,625,101	739,916,399	273,954,255
Advances	695,692,118	11,024,367	13,361,776	4,001,199	220,071,293	89,456,952	50,516,100	79,564,459	16,687,942	35,499,735	20,849,935	14,845,267	36,956,363	102,856,731
Property and equipment	21,834,904	-	-	174,282	174,282	152,120	152,120	446,817	435,142	435,142	1,499,515	1,105,200	1,210,968	16,049,317
Right-of-use assets	12,196,186	-	-	97,347	97,347	84,968	84,968	249,576	243,055	243,055	837,575	617,325	676,403	8,964,567
Intangible assets	1,849,778	-	-	14,765	14,765	12,887	12,887	37,853	36,864	36,864	127,034	93,629	102,589	1,359,643
Assets held for sale	1,750,000	-	-	-	-	-	-	-	1,750,000	-	-	-	-	-
Other assets	107,627,957	14,624,913	2,842,576	2,954,004	1,289,021	1,781,812	896,000	5,094,059	2,050,131	1,069,725	17,915,608	21,278,889	17,915,608	17,915,608
	2,501,381,696	68,423,622	23,569,515	8,210,602	223,057,020	93,666,695	56,296,504	220,368,283	101,068,396	66,598,105	267,574,498	108,600,275	819,813,195	444,134,986
<b>Liabilities</b>														
Bills payable	66,704,448	21,345,423	6,090,116	-	5,062,868	17,654,731	8,827,365	4,413,683	2,206,841	1,103,421	-	-	-	-
Borrowings	869,212,411	1,719,523	82,926,518	16,092,759	685,752,768	27,156,552	16,425,819	18,230,281	125,000	620,647	5,742,238	4,810,342	4,429,744	5,180,220
Deposits and other accounts	1,362,850,503	71,942,734	130,886,757	5,451,329	14,359,034	47,384,662	5,633,839	16,748,923	40,136,433	19,398,164	253,156,599	252,789,790	252,547,490	252,415,750
Liabilities against Right-of-use assets	14,174,653	3,280,015	3,949,058	566,986	-	-	-	-	-	-	1,594,648	1,594,648	1,594,648	1,594,648
Sub-ordinated loans	12,000,000	-	-	-	-	-	-	-	-	-	-	-	4,500,000	7,500,000
Deferred tax liabilities	737,821	15,002	90,014	120,019	225,035	-	-	-	14,708	14,708	29,482	84,389	144,464	-
Other liabilities	53,291,572	8,464,808	10,990,215	1,923,519	1,289,021	1,781,812	896,000	5,094,059	2,050,131	1,069,725	4,092,250	7,455,530	4,092,250	4,092,250
	2,378,971,408	106,767,505	234,931,678	24,154,612	706,688,726	93,977,756	31,783,024	44,486,946	44,533,113	22,206,665	264,615,218	266,734,699	267,308,596	270,782,868
Net assets	122,410,288	(38,343,883)	(211,362,163)	(15,944,011)	(483,631,706)	(311,061)	24,513,480	175,881,337	56,535,283	44,391,440	2,959,280	(158,134,425)	552,504,599	173,352,117
Share Capital	14,492,992													
Reserves	74,690,127													
Unappropriated profit	16,235,737													
Surplus on revaluation of assets	16,522,092													
Non-Controlling interest	469,340													
	122,410,288													

## 48.4.2 Assets and Liabilities – based on expected maturities

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	108,988,768	33,786,518	-	-	-	18,800,562	18,800,562	18,800,562	16,114,768	2,685,796
Balances with other banks	14,988,447	5,054,104	5,527,739	2,518,059	1,888,545	-	-	-	-	-
Lendings to financial institutions	14,128,026	14,128,026	-	-	-	-	-	-	-	-
Investments	2,028,240,826	6,418,700	1,478,901	107,210,350	201,811,010	63,547,655	491,112,963	521,231,333	634,814,280	615,634
Advances	586,121,904	194,639,575	87,954,848	54,530,342	38,116,149	30,673,843	26,927,085	54,891,097	89,286,148	9,102,817
Property and equipment	26,397,266	421,396	367,810	540,179	1,052,128	1,812,836	1,336,129	1,463,997	1,413,286	17,989,505
Right-of-use assets	15,128,302	241,502	210,792	309,577	602,976	1,038,938	765,737	839,018	809,957	10,309,805
Intangible assets	2,215,160	35,362	30,866	45,330	88,290	152,126	112,123	122,853	118,598	1,509,612
Assets held for sale	-	-	-	-	-	-	-	-	-	-
Deferred tax assets	-	-	-	-	-	-	-	-	-	-
Other assets	101,281,135	28,000,665	1,550,997	1,165,472	223,651	17,585,088	17,585,088	17,585,088	15,072,931	2,512,155
	2,897,489,834	282,725,848	97,121,953	166,319,309	243,782,749	133,611,048	556,639,687	614,933,948	757,629,968	44,725,324
<b>Liabilities</b>										
Bills payable	23,259,370	11,331,964	9,234,120	1,539,020	1,154,266	-	-	-	-	-
Borrowings	994,566,586	868,932,037	89,665,941	20,029,241	646,257	3,941,003	3,549,434	3,505,674	3,799,739	497,260
Deposits and other accounts	1,630,039,984	230,091,254	118,742,298	52,931,848	189,494,977	176,542,217	176,087,685	176,096,181	341,736,058	168,317,466
Lease liabilities	17,642,967	9,703,632	-	-	-	1,984,834	1,984,834	1,984,834	1,701,285	283,548
Sub-ordinated loans	6,000,000	-	-	-	-	-	-	-	-	6,000,000
Deferred tax liabilities	14,280,694	8,711,224	-	-	569,342	570,640	1,633,362	2,796,126	-	-
Other liabilities	58,992,466	35,014,959	1,550,997	1,165,473	223,651	5,259,347	5,259,347	5,259,347	4,508,010	751,335
	2,744,782,067	1,163,785,070	219,193,356	75,665,582	192,088,493	188,298,041	188,514,662	189,642,162	351,745,092	175,849,609
<b>Net assets</b>	152,707,767	(881,059,222)	(122,071,403)	90,653,727	51,694,256	(54,686,993)	368,125,025	425,291,786	405,884,876	(131,124,285)
Share capital	14,492,992	-	-	-	-	-	-	-	-	-
Reserves	88,971,868	-	-	-	-	-	-	-	-	-
Surplus on revaluation of assets – net of tax	31,153,056	-	-	-	-	-	-	-	-	-
Unappropriated profit	17,498,418	-	-	-	-	-	-	-	-	-
Non controlling interest	591,433	-	-	-	-	-	-	-	-	-
	152,707,767	-	-	-	-	-	-	-	-	-

2024										
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	133,535,448	41,395,988	-	-	-	23,034,865	23,034,865	23,034,865	19,744,170	3,290,695
Balances with other banks	12,958,886	4,369,736	4,779,237	2,177,093	1,632,820	-	-	-	-	-
Lendings to financial institutions	4,567,619	3,499,900	1,067,719	-	-	-	-	-	-	-
Investments	1,509,368,801	3,253,198	965,429	132,798,425	107,546,028	203,309,967	47,625,101	739,916,399	265,526,677	8,427,577
Advances	695,692,118	248,458,636	139,973,052	79,564,459	52,187,676	20,849,935	14,845,267	36,956,363	94,304,240	8,552,490
Property and equipment	21,834,904	348,563	304,239	446,817	870,284	1,499,515	1,105,200	1,210,968	1,169,022	14,880,296
Right-of-use assets	12,196,186	194,694	169,937	249,576	486,109	837,575	617,325	676,403	652,973	8,311,594
Intangible assets	1,849,778	29,529	25,774	37,853	73,727	127,034	93,629	102,589	99,036	1,260,607
Assets held for sale	1,750,000	-	-	-	1,750,000	-	-	-	-	-
Deferred tax assets	-	-	-	-	-	-	-	-	-	-
Other assets	107,627,956	21,710,515	2,677,812	5,094,059	3,119,856	17,915,608	21,278,889	17,915,608	15,357,532	2,558,077
	2,501,381,696	323,260,759	149,963,199	220,368,282	167,666,500	267,574,499	108,600,276	819,813,195	396,853,650	47,281,336
<b>Liabilities</b>										
Bills payable	66,704,448	32,498,407	26,482,096	4,413,683	3,310,262	-	-	-	-	-
Borrowings	869,212,410	786,491,567	43,582,371	18,230,281	745,647	5,742,238	4,810,342	4,429,744	4,558,769	621,451
Deposits and other accounts	1,362,850,503	222,638,854	53,018,501	16,748,923	59,534,597	253,156,599	252,789,790	252,547,490	216,363,723	36,052,026
Liabilities against Right-of-use assets	14,174,653	7,796,061	-	-	-	1,594,648	1,594,648	1,594,648	1,363,172	231,476
Sub-ordinated loans	12,000,000	-	-	-	-	-	-	4,500,000	1,500,000	6,000,000
Deferred tax liabilities	737,821	450,071	-	-	29,415	29,482	84,389	144,464	-	-
Other liabilities	53,291,573	22,667,566	2,677,812	5,094,059	3,119,856	4,092,250	7,455,530	4,092,250	3,507,643	584,607
	2,378,971,408	1,072,542,526	125,760,780	44,486,946	66,739,777	264,615,217	266,734,699	267,308,596	227,293,307	43,489,500
<b>Net assets</b>	122,410,288	(749,281,767)	24,202,419	175,881,336	100,926,723	2,959,282	(158,134,423)	552,504,599	169,560,343	3,791,776
Share Capital	14,492,992	-	-	-	-	-	-	-	-	-
Reserves	74,690,127	-	-	-	-	-	-	-	-	-
Surplus on revaluation of assets	16,235,737	-	-	-	-	-	-	-	-	-
Unappropriated profit	16,522,092	-	-	-	-	-	-	-	-	-
Non-Controlling interest	469,340	-	-	-	-	-	-	-	-	-
	122,410,288	-	-	-	-	-	-	-	-	-

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2025

### 48.5 Derivative Risk

The Group at present does not offer structured derivative products such as interest rate swaps, forward rate swap, forward rate agreements or foreign exchange options nor does it deal in market making and foreign exchange hedging.

Group's derivative exposure is limited to hedging transactions undertaken by Treasury in instruments such as forward exchange contracts.

The Risk Management Group monitors Group's overall derivative exposure in forward exchange contracts, which are marked to market and are included in Group overall portfolio measures of volatility including value at risk (VaR). Further, value at risk (VaR) is separately monitored for forward exchange contracts. Derivative exposures are also included in Group's capital charge and risk weighted asset calculation in accordance with SBP regulations.

### 49 GENERAL

#### 49.1 Non-adjusting events after the balance sheet date

The Board of Directors in its meeting held on February 9, 2026 has proposed a final cash dividend of Rs. 1.75 per share (2024: Rs. 3 per share) which will be approved in the forthcoming Annual General Meeting. This is in addition to the interim cash dividends already paid at Rs. 3.25 per share during the year. Further, transfer of Rs. 14,708,016 thousand (2024: Rs. 11,977,902 thousand) to the general reserve has also been approved by the Board of Directors. The consolidated financial statements for the year ended December 31, 2025 do not include the effect of these appropriations which will be accounted for in the consolidated financial statements for the year ending December 31, 2026.

#### 49.2 Corresponding figures

In order to align consolidated cash flow statement with the SBP format, the comparative amounts with in cash flow from operating activities relating to net mark up / interest income, other assets, other liabilities, interest received and interest paid has been changed having no impact on the 'net cashflow generated from operating activities'.

### 50 DATE OF AUTHORIZATION

These consolidated financial statements were authorized for issue on February 9, 2026 by the Board of Directors of the Group.



Chief Financial Officer



President & CEO



Director



Director



Chairman



# PATTERN OF SHAREHOLDING

AS AT DECEMBER 31, 2025

Number of shareholders	Shareholding		Total shares held
	From	To	
3106	1	100	108,273
3068	101	500	843,586
1939	501	1,000	1,448,411
3905	1,001	5,000	9,636,980
1442	5,001	10,000	10,625,447
935	10,001	15,000	12,164,313
693	15,001	50,000	17,628,992
315	50,001	500,000	45,349,383
44	500,001	1,000,000	31,074,819
21	1,000,001	2,000,000	29,203,265
24	2,000,001	5,000,000	75,646,569
15	5,000,001	50,000,000	173,344,966
1	50,000,001	110,000,000	104,224,366
1	110,000,001	937,999,837	937,999,837
<b>15509</b>			<b>1,449,299,207</b>

Categories of Shareholders	Numbers of shareholders	Shares held	Percentage
Directors, CEO, Children	4	82,150	0.0057
Associated Companies & Related Parties	5	1,052,702,428	72.6353
Executives/Employees of the Bank	5	46,691	0.0032
Banks, DFI & NBFIs, Insurance Companies, Takaful, modarabas, Pension Funds	31	40,016,026	2.7611
ICP	1	4,297	0.0003
Insurance Companies	9	7,327,940	0.5056
Mutual Funds & Mudarabas	42	83,917,662	5.7902
General Public (Local)	15,154	182,871,602	12.6179
General Public (Foreign)	67	91,165	0.0063
Others	186	68,071,443	4.6969
Foreign investors (Foreign Companies)	5	14,167,803	0.9776
<b>Total</b>	<b>15,509</b>	<b>1,449,299,207</b>	<b>100.0000</b>

Particulars	Numbers of shareholders	Shares held	Percentage
<b>Associated Companies &amp; Related Parties:</b>	<b>5</b>	<b>1,052,702,428</b>	<b>72.6353</b>
<b>Fauji Foundation Group</b>			
Fauji Foundation	1	104,224,366	7.1914
Fauji Fertilizer Company Limited	1	937,999,837	64.7209
<b>Related Parties</b>			
Trustees of FFC Employees Gratuity Fund	1	5,044,175	0.3480
Trustees Of FFC Mgnt Staff Pension Fund	1	881,800	0.0608
Trustees of Askari Bank Limited Employees Provident Fund	1	4,552,250	0.3141
<b>Modarabas &amp; Mutual Funds</b>	<b>42</b>	<b>83,917,662</b>	<b>5.7902</b>
SAFEWAY FUND (PVT) LIMITED	1	570	0.0000
FIRST TRI-STAR MODARABA MANAGEMENT	1	102	0.0000
INVESTEC MUTUAL FUND LIMITED	1	70	0.0000
ASIAN STOCKS FUND LIMITED	1	3,326	0.0002
INVESTEC MUTUAL FUND LIMITED	1	1	0.0000
FIRST U.D.L. MODARABA	1	359	0.0000
FIRST FIDELITY LEASING MODARABA	1	148	0.0000
CDC - TRUSTEE HBL INVESTMENT FUND	1	229,000	0.0158
CDC - TRUSTEE JS LARGE CAP. FUND	1	1,083,200	0.0747

Particulars	Numbers of shareholders	Shares held	Percentage
CDC - TRUSTEE HBL GROWTH FUND	1	384,000	0.0265
CDC - TRUSTEE ATLAS STOCK MARKET FUND	1	3,432,399	0.2368
CDC - TRUSTEE UNIT TRUST OF PAKISTAN	1	647,750	0.0447
CDC - TRUSTEE AKD INDEX TRACKER FUND	1	159,434	0.0110
TRI-STAR MUTUAL FUND LIMITED	1	190	0.0000
CDC - TRUSTEE UBL STOCK ADVANTAGE FUND	1	2,821,702	0.1947
CDC - TRUSTEE NBP STOCK FUND	1	32,562,726	2.2468
CDC - TRUSTEE NBP BALANCED FUND	1	698,275	0.0482
CDC - TRUSTEE ALFALAH GHP INCOME FUND	1	1,646,000	0.1136
CDC - TRUSTEE ALFALAH GHP INCOME MULTIPLIER FUND	1	85,000	0.0059
CDC - TRUSTEE APF-EQUITY SUB FUND	1	198,000	0.0137
CDC - TRUSTEE JS PENSION SAVINGS FUND - EQUITY ACCOUNT	1	65,400	0.0045
CDC - TRUSTEE HBL - STOCK FUND	1	74,573	0.0051
MC FSL - TRUSTEE JS GROWTH FUND	1	1,313,800	0.0907
CDC - TRUSTEE ALFALAH GHP STOCK FUND	1	378	0.0000
CDC - TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND	1	7,240,558	0.4996
CDC - TRUSTEE ABL STOCK FUND	1	750,000	0.0517
CDC - TRUSTEE AL HABIB STOCK FUND	1	5,896,376	0.4068
CDC - TRUSTEE LAKSON EQUITY FUND	1	800,255	0.0552
CDC - TRUSTEE NBP SARMAYA IZAFI FUND	1	509,000	0.0351
CDC - TRUSTEE UBL ASSET ALLOCATION FUND	1	71,000	0.0049
CDC - TRUSTEE FIRST CAPITAL MUTUAL FUND	1	25,000	0.0017
CDC - TRUSTEE UBL RETIREMENT SAVINGS FUND - EQUITY SUB FUND	1	516,822	0.0357
CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	1	15,012,920	1.0359
ABA ALI HABIB SECURITIES (PVT) LIMITED - MF	1	200	0.0000
CDC - TRUSTEE ALFALAH MTS FUND - MT	1	1,245,705	0.0860
CDC - TRUSTEE AL HABIB ASSET ALLOCATION FUND	1	625,000	0.0431
CDC - TRUSTEE NBP FINANCIAL SECTOR FUND	1	1,969,528	0.1359
CDC - TRUSTEE UBL FINANCIAL SECTOR FUND	1	2,832,410	0.1954
CDC - TRUSTEE NIT ASSET ALLOCATION FUND	1	45,500	0.0031
CDC - TRUSTEE ALFALAH FINANCIAL VALUE FUND-II	1	45,000	0.0031
CDC - TRUSTEE NBP FINANCIAL SECTOR INCOME FUND - MT	1	915,985	0.0632
CDC - TRUSTEE ABL OPTIMAL ASSET ALLOCATION FUND	1	10,000	0.0007
<b>Board of Directors Shareholding</b>			
Raja Muhammad Abbas	1	575	0.0000
Ms. Vadiyya Shahnazgul Khalil	1	500	0.0000
Mr. Kamran Yousuf Mirza	1	80,500	0.0056
Ms. Samina Rizwan	1	575	0.0000
Shareholding Board of Directors	<b>4</b>	<b>82,150</b>	<b>0.0057</b>
<b>Executives/Employees of the Bank</b>	<b>5</b>	<b>46,691</b>	<b>0.0032</b>
<b>ICP</b>	<b>1</b>	<b>4,297</b>	<b>0.0003</b>
<b>Banks, Development Financial Institutions, Non- Banking Financial Institutions, Insurance Companies,</b>	<b>40</b>	<b>47,343,966</b>	<b>3.2667</b>
<b>General Public (Local) - Individuals</b>	<b>15,154</b>	<b>182,871,602</b>	<b>12.6179</b>
<b>General Public (Foreign) - Individuals</b>	<b>67</b>	<b>91,165</b>	<b>0.0063</b>
<b>Foreign Companies</b>	<b>5</b>	<b>14,167,803</b>	<b>0.9776</b>
<b>Others</b>	<b>186</b>	<b>68,071,443</b>	<b>4.6969</b>
<b>Total</b>	<b>15,412</b>	<b>265,202,013</b>	<b>18.2986</b>
<b>G. Total</b>	<b>15,509</b>	<b>1,449,299,207</b>	<b>100.0000</b>

**Note 1:** For the purpose of reporting trades in the shares of the Bank, as per requirement of 5.6.4 of Rule Book of Pakistan Stock Exchange Limited, Executive(s) mean person(s), who have access to price sensitive information.

**Note 2:** During the year, Mr. Aslam Sadruddin, Bank's Executive purchased 4,500 shares of the Bank. Except this, there have been no trades in the shares of the Bank by its Directors, Chief Executive Officer, Chief Financial Officer, Company Secretary, Executives and their spouses and minor children.



# FORM OF PROXY

## ASKARI BANK LIMITED

### 34<sup>TH</sup> ANNUAL GENERAL MEETING

I/We \_\_\_\_\_ S/o/ D/o/ W/o \_\_\_\_\_ of \_\_\_\_\_ being member(s) of Askari Bank Limited (the Bank), hold \_\_\_\_\_ ordinary shares vide Folio/CDC Account No. \_\_\_\_\_, do hereby appoint Mr./Mrs./Ms. \_\_\_\_\_ Folio/CDC Account No. \_\_\_\_\_ of \_\_\_\_\_ failing him/ her, Mr./Mrs./Ms. \_\_\_\_\_ Folio/CDC Account No. \_\_\_\_\_ of \_\_\_\_\_, as my/our proxy in my/our absence to attend and vote on my/our behalf at the 34<sup>th</sup> Annual General Meeting of the Bank to be held on Tuesday, March 17, 2026 at 10:00 am at Shamadan Hall, Serena Hotel, Islamabad and through Zoom and at any adjournment thereof.

Signed this \_\_\_\_\_ day of March 2026.

(Please affix revenue stamp of Rs. 50)

\_\_\_\_\_  
Signature of Member  
(The signature should agree with the specimen registered with the Bank)

Witnesses No. 1: \_\_\_\_\_  
Name: \_\_\_\_\_  
C.N.I.C. No.: \_\_\_\_\_  
Address: \_\_\_\_\_

Witnesses No. 2: \_\_\_\_\_  
Name: \_\_\_\_\_  
C.N.I.C. No.: \_\_\_\_\_  
Address: \_\_\_\_\_

#### IMPORTANT NOTES:

##### A. General:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote for him/her. No person shall act as a proxy, who is not a member of the Bank. Corporate entity may appoint a person who is not a member.
2. The instrument appointing a proxy should be signed by the member or his/her attorney duly authorized in writing. If the member is a corporate entity, certified true copy of the instrument authorizing the person to act as proxy shall be provided.
3. The Proxy Form, duly completed and signed, must be received at the Company Secretary Office, Askari Bank Limited, 4<sup>th</sup> Floor, NPT Building, F-8 Markaz, Islamabad at least 48 hours before the time of holding the meeting.

4. The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
5. If a member appoints more than one proxy, and more than one instrument of proxy is deposited by a member, all such instruments of proxy shall be rendered invalid.

##### B. For CDC Account Holders

1. Copies of the CNIC or passport of the beneficial owners shall be furnished with the proxy form.
2. The proxy shall produce his / her original CNIC or original passport at the time of the meeting.
3. In case of Corporate entity, certified true copy of the instrument authorizing the person to act as proxy shall be provided/ submitted along with proxy form to the Bank.

The Company Secretary  
**ASKARI BANK LIMITED**  
4<sup>th</sup> Floor, NPT Building  
F-8 Markaz  
Islamabad – Pakistan

میں اہم \_\_\_\_\_ ولدیت اہستہ ازبہ \_\_\_\_\_ شہر \_\_\_\_\_ بحیثیت ممبر عسکری بینک لمیٹڈ، حال مام حیر زیر مطابق فولیو ای ڈی ای اکاؤنٹ نمبر \_\_\_\_\_  
 مسز اسز اسس \_\_\_\_\_ فولیو ای ڈی ای اکاؤنٹ نمبر \_\_\_\_\_ شہر \_\_\_\_\_ اگلی ذمہ داری کی صورت میں مسز اسز اسس \_\_\_\_\_ فولیو ای ڈی ای اکاؤنٹ  
 نمبر \_\_\_\_\_ شہر \_\_\_\_\_ کو اپنے اہل سہ ماہیہ پر بطور پراکسی مقرر کرنا ہوں ا کرتے ہیں تاکہ وہ میری اجمالی طرف سے بینک کے 34 ویں سالانہ اجلاس عام جو تاریخ 17 مارچ 2028ء بروز  
 منگل صبح ہفت 10:00 بجے بمقام شیخ دان حال سرینہ ہٹل، اسلام آباد میں اور دم کے ذریعے منعقد ہونے والے پاس کے کسی بلٹی شدہ اجلاس میں شرکت کرنے، ہاتھ کرے اور حق رائے وی استعمال کرے۔  
 آج بروز \_\_\_\_\_ تاریخ \_\_\_\_\_ مارچ 2028ء کو بطور گواہ دستخط کیے

دستخط ممبر  
(پچاس روپے کاربیہ کی نکت)

_____ گواہ نمبر 1	_____ گواہ نمبر 2
_____ نام	_____ نام
_____ شناختی کارڈ نمبر	_____ شناختی کارڈ نمبر
_____ پتہ	_____ پتہ

نوٹس:-

الف- عام

- 1- جو ممبر اجلاس میں شرکت اور ووٹ ڈالنے کا اہل ہے وہ اپنی جگہ اجلاس میں شرکت اور ووٹ ڈالنے کے لئے پراکسی مقرر کر سکتا ہے۔ کاروباری ادارے کے علاوہ کوئی ایسا شخص پراکسی کے طور پر کام نہیں کر سکتا، اگر وہ بینک کا ممبر نہیں ہے۔
- 2- پراکسی مقرر کرنے کی دستاویز ممبر یا اس کے تحریری طور پر یا اختیار اہلانی سے دستخط شدہ ہونی چاہیے۔ اگر ممبر ایک کاروباری ادارہ ہے تو تصدیق شدہ دستاویز کی کاپی جس کے تحت تصدیق شخص کو پراکسی مقرر کیا گیا ہے جمع کروانی ہوگی۔
- 3- پراکسی مقرر کیے جانے سے حلقہ دستاویزات کھلی بکریٹری عسکری بینک لمیٹڈ، فورٹ گلور، این بی بی بلڈنگ، ایف-8 مرکز، اسلام آباد کو اجلاس سے کم از کم 48 گھنٹے قبل لازماً وصول ہونا چاہئے۔
- 4- پراکسی فارم دو گواہان سے تصدیق شدہ ہونا چاہیے۔ جن کے نام پچہ اور سی این بی نمبر فارم کے اوپر درج ہوں۔
- 5- اگر کوئی ممبر ایک سے زیادہ پراکسی مقرر کرے گا اور ایک سے زیادہ پراکسی کے دستاویز جمع کروانے کا تو پراکسی کی تمام دستاویزات کا اہم قرار دی جائیں گی۔

ب- سی ڈی ای اکاؤنٹ رکھنے والوں کے لئے

- 1- مستفیدان لگان کے سی این بی یا پاسپورٹ کی نقول پراکسی فارم کے ساتھ فراہم کی جانی چاہئیں۔
- 2- پراکسی کو اجلاس کے وقت اپنا اصل سی این بی یا اصل پاسپورٹ فراہم کرنا ہوگا۔
- 3- کارپوریٹ ادارے کی صورت میں تصدیق شدہ دستاویزات کی کاپی جس کے تحت تصدیق شخص کو مقرر کیا گیا ہے پراکسی فارم کے ساتھ جمع کروانی ہوگی۔

The Company Secretary  
**ASKARI BANK LIMITED**  
4<sup>th</sup> Floor, NPT Building  
F-8 Markaz  
Islamabad – Pakistan





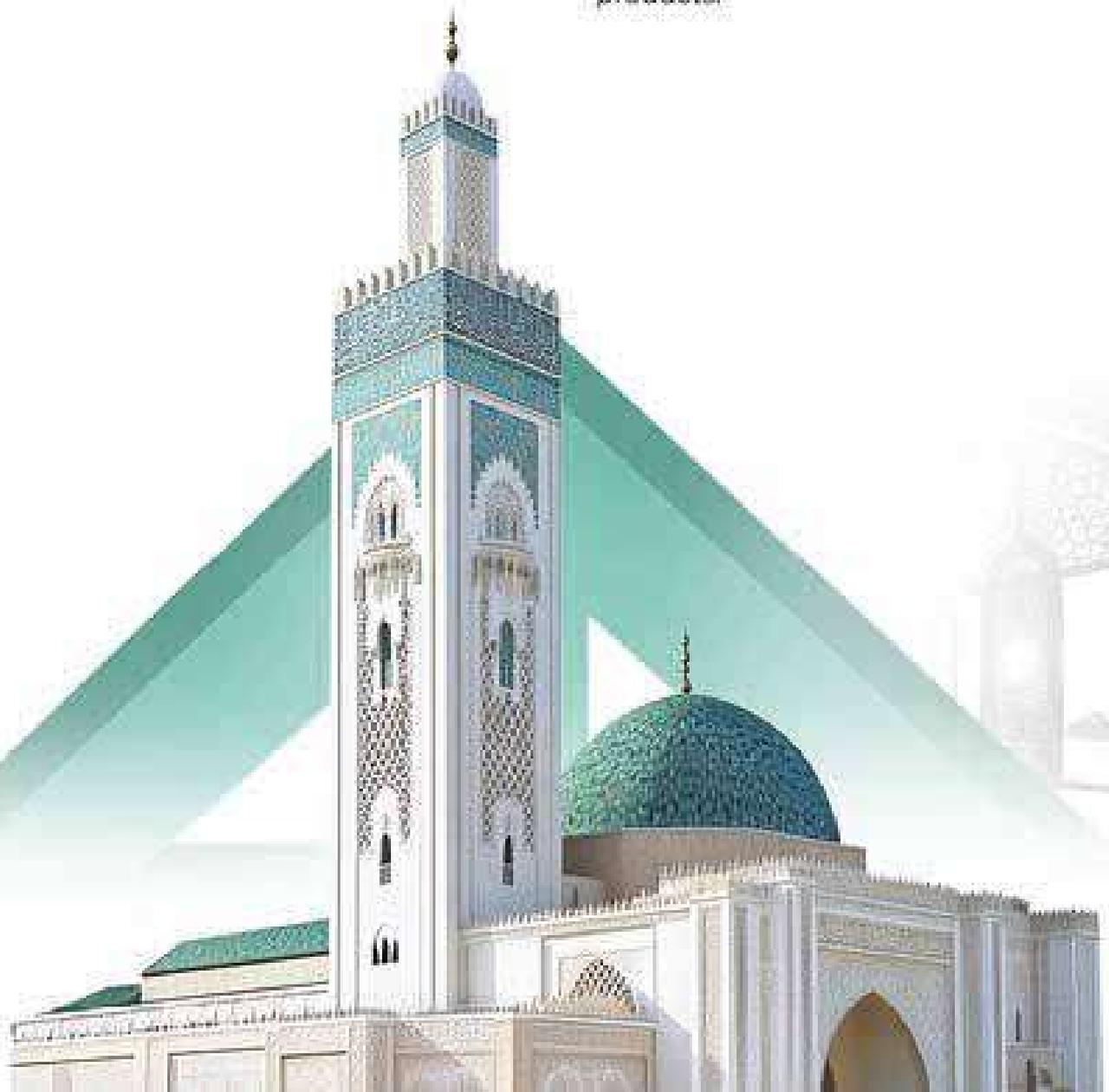
الحمد لله

# ISLAMIC BANKING

IS AVAILABLE AT  
**ALL BRANCHES**  
OF ASKARI BANK

Askari Bank is committed to Islamic Banking, making it convenient and accessible for all customers.

Half of our nationwide branch network is fully Islamic; while the remaining branches have dedicated Islamic Banking Windows offering Shariah-based deposit products.





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