



BML

بنك مكرمه
Bank Makramah Ltd.

Ref: BML/CSD/2026/03-05

FORM-8

Date: 05.03.2026

The General Manager,
Pakistan Stock Exchange Limited,
Stock Exchange Building,
Stock Exchange Road,
Karachi.

**Subject: TRANSMISSION OF ANNUAL REPORT FOR THE PERIOD ENDED
DECEMBER 31, 2025**

Dear Sir,

We have to inform you that the Annual Report of Bank Makramah Limited for the period ended December 31, 2025 have been transmitted through PUCARS and is also available on Bank's website.

You may please inform the TREC Holders of the Exchange accordingly.

Thanking you,

Yours truly,

For and on behalf of
Bank Makramah Limited



Assad Rabbani
Company Secretary

Head Office:

Plot # G-2, Block # 2, Scheme # 5, Clifton, Karachi - Pakistan.

PABX: (021) 32402924 Email: info@bankmakramah.com, Website: www.bankmakramah.com

The Complete **Ring** of
Financial Possibilities



BML بنک مکرمہ
Bank Makramah Ltd.

ANNUAL REPORT 2025



BML

بنك مكرمه

Bank Makramah Ltd.

Table of *Contents*

Introduction	04
Corporate Information	06
Brand Ethos	08
Corporate Governance	14
Key Operating and Financial Data	25
Six years Vertical Analysis	29
Six years Horizontal Analysis	30
Chairman's Review	31
Directors' Report to the Shareholders	34
Report of the Shari'ah Board	62
Statement of Compliance with The Listed Companies (The Code of Corporate Governance) Regulations, 2019	68
Review Report on Statement of Compliance contained in the Listed Companies (Code of Corporate Governance) Regulations, 2019	72

Customer Complaints Resolution	73
Independent Auditors' Report to the Members of Bank Makramah Limited on Unconsolidated Financial Statement	78
Unconsolidated Financial Statements	84
Independent Auditors' Report to the Members of Bank Makramah Limited on Consolidated Financial Statement	198
Consolidated Financial Statements	203
Categories of Shareholders	318
Pattern of Shareholding	319
Notice of Annual General Meeting	321
Branch Network	329
Form of Proxy	339



The Complete Ring serves as a profound reflection of Bank Makramah Limited's core values and strategic vision, encompassing transparency, results-driven practices, societal upliftment, sincerity to customers, and teamwork. Just as a ring symbolizes unity and wholeness, our operations are guided by a holistic approach, wherein each aspect intertwines seamlessly to form a complete circle of excellence.

In the **Ring of Growth**, transparency and a results-driven mindset propel our expansion efforts, fostering clear communication and accountability, while maximizing value for stakeholders.

Within the **Ring of Opportunities**, each customer interaction is viewed as a chance to uplift communities, driven by sincerity and a commitment to excellence, thereby setting industry benchmarks in professionalism and integrity.

At the heart of our operations lies the **Ring of Values**, where teamwork serves as our core strength, fostering collaboration and unity among diverse perspectives, reinforcing a culture of trust and collective success.

Meanwhile, the **Ring of Innovation** drives continuous improvement through forward-thinking initiatives, pioneering solutions to meet evolving needs, ensuring agility and responsiveness in our operations.

Ultimately, the **Ring of Excellence** reflects our dedication to societal upliftment and customer sincerity, permeating every facet of our operations, and delivering superior service and impactful outcomes.

In essence, the theme signifies our holistic commitment to being a partner guiding stakeholders towards our collective success.



Corporate *Information*

Board of Directors:

Mr. Abdulla Nasser Abdulla Hussain Lootah
Chairman / Non-Executive Director

Mr. Waseem Mehdi Syed
Independent Director

Mr. Wajahat Ahmed Baqai
Non-Executive Director

Mr. Zafar Iqbal Siddiqi
Non-Executive Director

***Mr. Salaal Hasan**
Independent Director

***Ms. Shabnam Faqir Mohammad**
Independent Director

Mr. Jawad Majid Khan
President & CEO / Executive Director

Board Audit Committee

Mr. Waseem Mehdi Syed
Chairman

Mr. Wajahat Ahmed Baqai
Member

Mr. Zafar Iqbal Siddiqi
Member

Board Risk Management Committee

Mr. Wajahat Ahmed Baqai
Chairman

Mr. Waseem Mehdi Syed
Member

Mr. Zafar Iqbal Siddiqi
Member

Mr. Jawad Majid Khan
Member

Board Human Resource & Remuneration Committee

Mr. Waseem Mehdi Syed
Chairman

Mr. Wajahat Ahmed Baqai
Member

Mr. Zafar Iqbal Siddiqi
Member

Mr. Jawad Majid Khan
Member

Board Information Technology Committee

Mr. Zafar Iqbal Siddiqi
Chairman

Mr. Waseem Mehdi Syed
Member

Mr. Wajahat Ahmed Baqai
Member

Mr. Jawad Majid Khan
Member

Board Compliance Committee

Mr. Waseem Mehdi Syed
Chairman

Mr. Wajahat Ahmed Baqai
Member

Mr. Zafar Iqbal Siddiqi
Member

* Subject to FPT Clearance from SBP

** All the Committees shall be reconstituted upon FPT Clearance from SBP

Shariah Board

Mufti Muhammad Najeeb Khan
Chairman

Mufti Irshad Ahmed Aijaz
Member

Dr. Noor Ahmed Shahtaz
Member

Mufti Bilal Ahmed Qazi
Member

Mufti Syed Zubair Hussain
Resident Shariah Board Member

Chief Financial Officer

Mr. Salman Zafar Siddiqi

Company Secretary

Mr. Assad Rabbani

Auditors

M/s. Yousuf Adil Chartered Accountants

Legal Advisors

Haidermota & Co.

Share Registrar

THK Associates (Private) Limited
Plot No. 32-C, Jami Commercial Street-2,
D.H.A, Phase-VII, Karachi.

Tel: 021-111-000-322

Ext: 107-111-115

Fax: 021-35310190

Email: secretariat@thk.com.pk

Website: www.thk.com.pk

Head Office

Head Office Building
Plot No. G-2, Block-2, Clifton, Karachi.
UAN: 021-111-124-365
Fax: 021-32463553

Registered Office

Plot No. 9-C, F-6 Markaz, Supermarket,
Islamabad, Pakistan

Email: info@bankmakramah.com

companysecretary@bankmakramah.com

Website: www.bankmakramah.com

Purpose

BML aims for progressive and advanced banking in Pakistan, driven by values and innovation.



Vision

Our vision is to become the leading service provider in Pakistan, offering innovative and Shariah-compliant solutions.

Mission

Our mission is to synergise Islamic values with advanced banking solutions to provide customised services while nurturing the economic growth of Pakistan.





Results Driven

We create value and build relationships with our customers by making things happen for them.



Transparency

Our commitment to transparency ensures that you have full visibility into our services, so you can trust us with confidence.



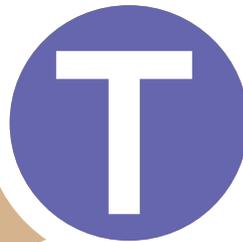
Upliftment of the Society

We are committed to making a positive impact on communities through meaningful actions.



Sincerity to Customers

Building a trustworthy relationship with our customers is our topmost priority, achieved through ethical procedures and transparency.



Teamwork

We promote and support a diverse, yet unified team. We work as a team to meet our common goals.



Corporate Governance

The Bank is in compliance with the significant requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019. A prescribed statement by the management together with the Auditors' Review Report thereon is annexed as part of the annual report.

The Directors are pleased to give the following statements required under Chapter XII - Reporting and Disclosure of the Listed Companies (Code of Corporate Governance) Regulations, 2019:

1. The total number of Directors are seven (07) as per the following:

- Male 06
- Female 01

2. The composition of Board is as follows:

Category	Name
Independent Directors (including Female Director)	Mr. Waseem Mehdi Syed Ms. Shabnam Faqir Mohammad Mr. Salaal Hasan
Non-Executive Directors	Mr. Abdulla Nasser Abdulla Hussain Lootah Mr. Zafar Iqbal Siddiqi Mr. Wajahat Ahmed Baqai
Executive Director	Mr. Jawad Majid Khan, President & CEO

3. The Board has formed committees comprising of members given below:

S. No.	Board Audit Committee	Position
1	Ms. Waseem Mehdi Syed	Chairman
2	Mr. Wajahat Ahmed Baqai	Member
3	Mr. Zafar Iqbal Siddiqi	Member

S. No.	Board Human Resource & Remuneration Committee	Position
1	Mr. Waseem Mehdi Syed	Chairman
2	Mr. Wajahat Ahmed Baqai	Member
3	Mr. Zafar Iqbal Siddiqi	Member
4	Mr. Jawad Majid Khan	Member

S. No.	Board Risk Management Committee	Position
1	Mr. Wajahat Ahmed Baqai	Chairman
2	Mr. Waseem Mehdi Syed	Member
3	Mr. Zafar Iqbal Siddiqi	Member

S. No.	Board Information Technology Committee	Position
1	Mr. Zafar Iqbal Siddiqi	Chairman
2	Mr. Waseem Mehdi Syed	Member
3	Mr. Wajahat Ahmed Baqai	Member
4	Mr. Jawad Majid Khan	Member

S. No.	Board Compliance Committee	Position
1	Mr. Waseem Mehdi Syed	Chairman
2	Mr. Wajahat Ahmed Baqai	Member
3	Mr. Zafar Iqbal Siddiqi	Member

S. No.	Board Special Assets Management Committee	Position
1	Mr. Wajahat Ahmed Baqai	Chairman
2	Mr. Abdulla Nasser Abdulla Hussain Lootah	Member
3	Mr. Waseem Mehdi Syed	Member
4	Mr. Jawad Majid Khan	Member

* Note: Board Special Assets Management Committee was dissolved and its mandate merged into Board Risk Management Committee approved through resolution by circulation on June 12, 2025.

The number of Board and Board Committee meetings held during the year 2025 and the attendance by each director was as follows:

S. No.	Name of Directors	Numbers of Board Meeting attended	Number of Board Committees Attended					Board Special Assets Management Committee
			Board Audit Committee	Board Human Resources & Remuneration Committee	Board Risk Management Committee	Board Information Technology Committee	Board Compliance Committee	
1	Mr. Abdulla Nasser Abdulla Hussain Lootah	8	N/A	N/A	N/A	N/A	N/A	N/A
2	Mr. Waseem Mehdi Syed	8	6	4	4	6	4	1***
3	Mr. Wajahat Ahmed Baqai	8	6	3	5	4	4	1***
4	Mr. Zafar Iqbal Siddiqi	8	6	3	5	6	4	-
5	*Ms. Fauzia Hasnain	3*	1*	1*	1*	N/A	N/A	1***
6	**Ms. Shabnam Faqir Mohammad	-	-	-	-	-	-	-
7	**Mr. Salaal Hasan	-	-	-	-	-	-	-
8	Mr. Jawad Majid Khan	8	4	4	1	6	N/A	1***
Total meetings held during the year		8	6	4	5	6	4	1***

* Ms. Fauzia Hasnain didn't continue as Director after March 27, 2025.

** Following the election held on March 27, 2025, seven directors were elected. FPT documents of all directors were submitted to SBP for their clearance, which is awaited. Till final FPT clearance from SBP, the 2 newly elected directors, i.e., Ms. Shabnam Faqir Mohammad and Mr. Salaal Hasan, are not participating in the Board and Committee Meetings.

*** Board Special Assets Management Committee was dissolved and its mandate merged into Board Risk Management Committee approved through resolution by circulation on June 12, 2025.

DIRECTORS' PROFILE

Mr. Abdulla Nasser Abdulla Hussain Lootah

Chairman of the Board of Directors

Mr. Abdulla Nasser Abdulla Hussain Lootah, a highly accomplished professional in the global business arena, has been appointed as the Chairman of the Board of Bank Makramah Limited.

He has also been serving as the Vice Chairman and Director of Nasser Abdulla Lootah Group of Companies (a premier group based out of the United Arab Emirates, with business interests in many countries) since 2009 where he has played a vital role in driving the Group's success through his active involvement in business planning, development, and implementation of effective strategies.

In addition to his contributions to the Group, Mr. Lootah has also co-founded another successful textile enterprise namely NAAR Enterprises LLC which has greatly benefited from his entrepreneurial spirit and strategic direction, leading to its rapid growth.

Mr. Lootah's strong track record and commitment to excellence have earned him significant respect in the global business world.

Mr. Jawad Majid Khan

President & CEO/ Executive Director

Jawad Majid Khan, a seasoned financial sector professional joined Bank Makramah Limited (BML), formerly known as SMBL, as the President & Chief Executive Officer on March 26, 2021.

Prior to joining BML, he served as Director – Emaan Islamic Banking, Silk Bank Limited after moving from Dubai Islamic Bank Pakistan Limited as Group Head Distribution, Middle Markets & SME. A Graduate in Economics with Specialization in Development Economics and International Monetary Policy, from Quaid-e-Azam University, Islamabad; an alumnus of the Harvard Business School (HBS), Boston USA and National Defence University (NDU), Islamabad (National Security). He has also completed Director's Certification from Lahore University of Management Sciences (LUMS). He holds the distinction of being the youngest Country/Group Head of a Commercial Bank in Pakistan with many milestones to his name in the banking industry in a span of about 23 years.

A pioneer in Islamic Banking in Pakistan his role was pivotal in establishing, conversion & successfully running three Islamic Banks in Pakistan – Alfalah Islamic Banking, Dubai Islamic Bank and Emaan Islamic Banking (Silkbank). The various initiatives have earned him and these organizations International/Regional recognition for products diversity and land mark transactions both on the Corporate & Consumer/Retail Banking under the ambit of Islamic Banking Industry.

He is also on the Board of Advisors for various think tanks and youth forums. He has been delivering lectures at National and International forums on Islamic Finance, Banking and SME/Retail Banking covering Pakistan & Regional Markets and has regular appearance on both National & International media. On a philanthropic side, he is serving as Chairman, "AL-NASR" Trust, registered with the Government of Pakistan dealing with social development programs of Health, Education, Agriculture and Environmental Development in the Northern Areas of Pakistan.

Mr. Waseem Mehdi Syed

Non-Executive Director

Mr. Mehdi has over 40 years of experience and expertise in Financial Sector Corporate Sector, Investment & Development Banking, Branch Banking, and Capital Market as well as he has a vast experience in corporate governance, policy formulation and development, project appraisal implementation, monitoring & evaluation, restructuring and collaboration with international agencies.

He has a first class record in academic qualifications holds Master's degree from Karachi University, Diploma in Banking (DAIBP) Institute of Banking in Pakistan, Obtained Second Position in order of merit, Bookkeeping & Accountancy Intermediate, London Chamber of Commerce.

He had worked with NDFC (financial Institution) as Chairman and in Senior positions, was looking after the entire Operational and Managerial activities of NDFC including Treasury, Banking, Branch Operation, Capital Market, IT, Loaning functions including appraisal implementation and recovery, Projects Finance, Admin & Human Recourses Divisions, was actively involved in computerization of NDFC working and operations, remained involved in process of Amalgamation / Merger of NDFC with NBP under section 47(B) of Banking Companies Ordinance 1962, Developed and implemented Severance Package for NDFC employees along with SBP, Finance Department GOP and World Bank.

Has also worked as Financial Advisor and Consultant for and on behalf of many groups, Mr. Mehdi has worked with the Honorable High Court of Sindh – Karachi for many years as “Member Finance” reporting directly to Honorable Chief Justice of Sindh.

Mr. Zafar Iqbal Siddiqi

Non-Executive Director

Mr. Zafar Iqbal Siddiqi, a highly admired business professional possessing core expertise in Information Technology (IT) and Finance and had worked in various government authorities to name a few included the State Bank of Pakistan, the Federal Board of Revenue, the Pakistan Ordinance Factories where he was indigenously responsible to implement the automation and IT enabled processes within these government institutions. Based on his commendable performance, the Government of Pakistan was pleased to lend his services to International Monetary Fund (IMF) / World Bank (WB) for his off-shore deputations as Project Incharge / ICT Consultant / Project Manager for IT related banking reforms / business reforms, modernization and automation projects in Tanzania, Kenya, Zanzibar, South Africa, Ghana, Swaziland, Nepal and Bangladesh as WB/IMF funded projects.

Mr. Wajahat Ahmed Baqai

Non-Executive Director

Mr. Wajahat Ahmed Baqai, who served as a SEVP/Group Chief, Credit Management Group in National Bank of Pakistan (NBP), is a seasoned and top-performing banking professional accredited with managing various credit portfolios over the last 35 years possessing a diverse set of experience enriched with managerial, administrative and functional expertise where he held several leadership and strategy positions during his tenure at NBP.

Ms. Shabnam Faqir Mohammad

Independent Director

Shabnam Mohammad is a seasoned finance executive and Certified Board Director with over 27 years of global experience across investment banking, Islamic finance, and private equity. Currently CEO of Black Mountain Consulting she also serves as Nominee Director for IFC (World Bank Group) and was previously the first female board member of Dubai Islamic Bank, where she chaired the HR and Audit Committees.

Her career spans four continents with senior leadership roles including CEO at Tell Group, Director of Emerging Markets Structuring at Deutsche Bank, and Managing Director at Khalij Islamic. As Founder & CEO of Black Mountain Consulting, she delivers structured finance advisory across diverse sectors, strategic governance and investment counsel to high-profile family offices, alongside practitioner-led training and executive coaching for senior financial and business leaders.

Shabnam holds a BSc in Mathematics & Physics from University College London, an Executive MBA in Business Strategy & Transformation from Henley Business School, and is a CIMA qualified Chartered Management Accountant. She has advised institutions such as MSCI, Goldman Sachs, Credit Suisse, and EFG Hermes, and is a Founding Member of Playbook, the leading women's leadership and investment platform. She is widely recognized for her contributions to ethical finance, inclusive leadership, and capacity building in the financial sector, and is a recipient of the Asian Women's Leadership Award.

Mr. Salaal Hasan

Independent Director

Salaal Hasan is an accomplished entrepreneur, venture capitalist, and served on various boards with extensive expertise in technology investments and climate-focused AI solutions. He is the Founder & CEO of Ahya Technologies, a pioneering AI-powered climate software Venture with operations across the Middle East. He also served as an independent Director and Chair of the Audit Committee at IGNITE, Pakistan's National Technology Fund, and a Member of the Prime Minister of Pakistan's Taskforce on FDI and Advisory Council on Digital & IT. Previously, he was the Director for Venture Capital at JS Group, Board Member and Chair, Digital Committee at JS Global Capital Limited, and an Investment Principal at Dubai International Capital. With a background in chemical engineering and business from the United Kingdom and executive education in Private Equity & Venture Capital from Stanford University, Salaal specializes in climate-tech, venture capital, and digital banking. His contributions to investment strategies, digital transformation, and economic policy make him a key player in Pakistan's technology and finance sectors.

NOMINATION AND APPOINTMENT OF DIRECTORS

As per the provisions of the Companies Act, 2017 and the related Corporate Governance Regulatory Framework (CGRF) 2021 issued by the State Bank of Pakistan, the Directors of the Board are to be elected by the shareholders in their general meeting.

Every Director (including non-executive director, executive director, sponsor director, independent director, and nominee director) has to pass the assessment criteria of Fit and Proper Test (FPT) of State Bank of Pakistan prior to appointment on the Board of Directors of the Bank. Further, in compliance of the applicable requirements of CGRF 2021, the self-assessment of the proposed director is to be followed by the Bank prior to processing the formal FPT document and the relevant documents for the proposed director in SBP.

While appointing a Director, the Bank ensured that the Board should be comprised of Directors who have relevant experience, suitable knowledge, and appropriate skill set/expertise in the field of the Bank's Credit, Commercial Banking, Finance, Internal Audit, Operations, Risk and Information Technology.

Further, the Bank believes in gender equality and therefore a female director has already been appointed on the Board of Directors of the Bank, which further complies with the applicable regulatory requirement.

As far as the appointment of Independent Directors is concerned, the Bank may opt for the candidate from the Data Bank maintained with the Pakistan Institute of Corporate Governance (PICG) keeping in view the criteria defined by the State Bank of Pakistan. Further, after becoming the part of the board, an annual undertaking is also taken from the independent directors.

DIRECTOR TRAINING PROGRAM

The current Board of Directors of the Bank except for one (01) directors stands compliant with the applicable requirement of the Directors' Training Program (DTP) as prescribed under the Listed Companies (Code of Corporate Governance) Regulations, 2019 as of December 31, 2025.

Following directors have successfully completed their requisite DTP.

Serial No.	Name of the Director	Name of DTP Course	Passing Year
1	Mr. Waseem Mehdi Syed	Corporate Governance Leadership Skills (CGLS) - Director Education Program - PICG	December, 2021
2	Mr. Wajahat Ahmed Baqai		December, 2021
3	Ms. Shabnam Faqir Mohammad		June, 2023
4	Mr. Zafar Iqbal Siddiqi	Enhancing Board Effectiveness - DTP- LUMS	December 2020
5	Mr. Jawad Majid Khan	Enhancing Board Effectiveness - DTP- LUMS	October 2016

DIRECTORS' REMUNERATION

The Bank during a calendar year pays an appropriate remuneration for attending the Board or its Committee(s) Meeting(s) to its Non-Executive Director(s) and the Chairman. The scale of remuneration to be paid to the Non-Executive Director(s) and the Chairman for attending the Board and/or its Committee Meetings is approved by the shareholders on a pre or post facto basis in the Annual General Meeting (AGM).

In the case of Non-Executive Directors, their level of remuneration reflects the experience and level of responsibilities undertaken by these Directors in the Bank. The remuneration of Non-Executive Directors does not include performance-related elements such as grants of shares, share options or other deferred stock-related incentive schemes, bonuses or pension benefits. The Non-Executive Directors do not draw any remuneration from the company except the meeting fee.

At the 19th Annual General Meeting held on March 27, 2025, the shareholders of the Bank had approved an increase in the remuneration of fee payable to Non-Executive / Independent Directors for attending the Board Meetings from Rs. 300,000 to Rs. 500,000 and for attending Board Committee Meetings from Rs. 300,000 to Rs. 400,000 upon recommendation of the Board of Directors. In addition, the Non-Executive / Independent Directors are entitled for boarding, lodging and airfare for attending Board Meetings, Board Sub-Committee Meetings and Shareholder Meetings of the Bank on an actual basis.

The details of fees paid to Directors in 2025 are disclosed in Note 41.2 of the unconsolidated financial statements for the financial year ended December 31, 2025.

TERM OF REFERENCES OF THE BOARD SUB-COMMITTEES

BOARD AUDIT COMMITTEE

The Board of Directors (BOD) of the Bank have constituted "Board Audit Committee (BAC)" to comply with SBP and SECP instructions. The BOD has established the BAC to share the load of its activities and to have an effective oversight of the Internal Audit Function (IAF). The BAC primarily oversees all matters pertaining to audit - the Bank's internal audit function and performance, the integrity of the Bank's financial statements, and the Bank's accounting processes in general, amongst other things.

The BAC likewise provides oversight on the senior management's activities, as well the Bank's internal and external auditors and monitors and evaluates the adequacy and effectiveness of the Bank's internal control system. The BAC further plays an important role in empowering and elevating the status of the internal audit activity throughout the organization as provider of quality and significant assurance and consulting services that add value to the Bank's governance, risk management and internal control processes.

BOARD HUMAN RESOURCE & REMUNERATION COMMITTEE

The Board of Directors (BOD) of the Bank have constituted “Board Human Resource & Remuneration Committee (BHR&RC)” to comply with the applicable regulatory requirements. The objective of the BHR&RC is to assist the BOD in fulfilling its obligations, to oversee the establishment of appropriate Human Resource (HR) function, HR policies and strategies including employee compensation that provide the Bank with the capability to achieve its short and long-term objectives. Further, the BHR&RC has to ensure a fair and transparent remuneration to BOD, executive management, senior management and staff in consideration of their services and contribution towards the Bank. Further the BHR&RC has to ensure that the HR policies are implemented as per the regulatory requirements.

BOARD RISK MANAGEMENT COMMITTEE

The Board of Directors (BOD) of the Bank have also constituted “Board Risk Management Committee (BRMC)” to comply with the applicable regulatory requirements. The main objective of BRMC is to ensure that adequate Risk Management infrastructure is instituted within the Bank for identification, measurement, monitoring and controlling risks that the Bank is generally exposed to. Further, other function of the BRMC is to oversee implementation of Risk Management Framework within the Bank, suitable risk management policies are formulated and implemented covering the various types of risks inherent in the Bank’s activities, Bank’s capital adequacy and liquidity.

BOARD INFORMATION TECHNOLOGY COMMITTEE

The Board Information Technology Committee (BITC) has been constituted in compliance of the BPRD Circular No. 05 of 2017 issued by the State Bank of Pakistan. Under the issued ‘Enterprise Technology Governance & Risk Management Framework for Financial Institutions’, the technology governance is an integral part of Bank’s corporate governance that will enable the Bank to keep itself abreast with the aggressive and widespread adoption of technology as well as understand and effectively manage technology related risks. It also ensures and helps to align IT strategy and digital strategy with business strategy, optimization of resources, value delivery and performance measurement to achieve business objectives and effective technology risk management.

The BITC shall be mainly responsible for advising and reporting to the Board on the status of technology related activities, major IT projects and digital initiatives within Bank. The Committee shall review IT and digital strategies and get update on the implementation of IT strategies plan and IT risk management framework in the Bank.

BOARD COMPLIANCE COMMITTEE

The Board Compliance Committee (BCC) is constituted in compliance with the requirements of the Compliance Risk Management Guidelines issued by the State Bank of Pakistan. The objective of the BCC is to oversee the management of the overall compliance risk of the Bank. In addition to this, the committee shall ensure that the management is maintaining and promoting a high compliance culture and values of honesty and integrity in the Bank.

BOARD SPECIAL ASSETS MANAGEMENT COMMITTEE

The purpose of forming of Board Special Assets Management Committee (BSAMC) is to ensure that adequate SAM infrastructure is instituted within the Bank for identification, measurement, monitoring, and controlling risks to which the Bank is generally exposed, and take appropriate measures to reduce the infected Non-Performing Loans (NPLs) of the Bank.

* Note: Board Special Assets Management Committee was dissolved and its mandate merged into Board Risk Management Committee approved through resolution by circulation on June 12, 2025.

MECHANISM OF BOARD PERFORMANCE EVALUATION

In compliance with G-13 of Corporate Governance Regulatory Framework, 2021 and BPRD Circular No. 11 of 2016 dated August 22, 2016, and precedent adopted by Bank Makramah Limited, the Board has opted for the external assessment rather than conducting the in-house assessment process with an aim to maintain the transparency and integrity of the Board of Directors. The Board Members have approved the Pakistan Institute for Corporate Governance (“PICG”) as an external evaluator for conducting the annual evaluation of board performance as a whole, its committee(s) and individual assessment of each of the Board Members enabling the Bank to get a transparent, fair and un-biased report about the Board composition, integrity, function and its commitment towards maintaining high standards of corporate governance in the Bank.

CHANGE IN DIRECTORS

Following the elections held on March 27, 2025, seven directors were elected, 5 members from the previous Board and two directors namely Ms. Shabnam Faqir Mohammad and Mr. Salaal Hasan, are newly elected on the Board.

SHARIAH BOARD

In compliance with Fit and Proper Criteria (FAPC) issued by the State Bank of Pakistan, the Shariah Board members including Resident Shariah Board Member (RSBM) are appointed after receiving regulatory clearance. The Shariah Board is comprised of five (5) members including a Chairman and RSBM.

The Shariah Board of the Bank consists of the following eminent Shariah scholars:

Mufti Muhammad Najeeb Khan – Chairman Shariah Board

Mufti Muhammad Najeeb Khan is esteemed as a prominent Shariah scholar, boasting a distinguished educational background with specialized degrees in Shahadat-ul-Aalamia and Al-Takhassus fial-Iftaa’ from the esteemed Jamia Darul Uloom, Karachi, under the mentorship of Justice Retd. Mufti Taqi Usmani.

His extensive experience in the Islamic Finance Industry last twenty-five years is evident through his multifaceted roles. Currently, he is serving as Chairman Shariah Board Bank Makramah Limited, Shariah Board Member of Faysal Bank Limited and Shariah Advisory Board member for UBL’s United Composite Islamic Fund.

Additionally, he was holding the esteemed position of Chairman Shariah Board at Sind Bank Limited and served as advisor and member to various financial institutions including Habib Bank AG Zinurich, Habib Metropolitan Bank and Securities and Exchange Commission of Pakistan.

He has also served at various educational institutions including Hira Foundation School, Hira Institute of Emerging Sciences, Centre for Islamic Economics, University of Karachi and Syndicate member of NED University of Engineering and Technology.

Mufti Najeeb actively contributes to the development and standardization of Islamic finance practices, serving on several committees including the Shariah Committee for Shariah Standard Pakistan Chapter AAOIFI and Committee of Islamic Accounting Standards.

He has been an integral part of the Committee on Accounting and Auditing Standards for Interest-Free Modes of Financing and Investments in ICAP since 2003. Additionally, he plays a significant role in halal standards, serving as Vice Chairman of the Technical Committee on Halal Pharma Standards, Senior Member National Halal Standards Committee, Member Technical Committee on Halal Conformity Assessment Standard and Chairman of the Shariah Board for the Halal Awareness and Research Council.

His commitment to education and training is evident through his involvement as a trainer with prestigious institutions such as NIBAF (SBP), IDB, IBA, LUMS, University of Karachi and the Halal Committee of OIC.

Internationally, Mufti Muhammad Najeeb contributes to the development of Islamic education curriculums in Darul Uloom College of Victoria and lectures at institutions such as U.M.M.A Centre and Islamic Centre in Victoria, Australia. He also serves as an advisor in Islamic finance to various financial institutions in Australia and is a Senior Member of Majlis Ulama in Australia. Mufti Muhammad Najeeb Khan's diverse portfolio of engagements underscores his dedication to advancing Islamic finance principles globally and promoting education in the field.

Dr. Noor Ahmed Shahtaz - Shariah Board Member

Dr. Noor Ahmed Shahtaz holds a Shahadah Al- Alamia from Tanzem ul Madaris Lahore. M.A (Islamic Studies), M.A (Arabic), LL.B from University of Karachi. He has done Ph.D. in Islamic Studies from Karachi University on the topic of Hudood System of Punishment.

He is member of Shariah Advisory Board at State Bank of Pakistan, Sharia Advisor at UBL for 6 years, an advisor at Federal Shariat Court Islamabad for last 15 years, a member of the Council of Islamic Ideology Govt. of Pakistan for three years and a member of the Pakistan Halal Authority Govt. of Pakistan. He is a Registered Sharia Advisor with the SECP.

Dr. Shahtaaz has 20 years of experience in Darul Ifta and 27 years of teaching experience in the University of Karachi, Sheikh Zayed Islamic Research Centre, and 5 years in different universities, madaras, institutions, etc.

He is Sheikh ul Hdith (teaching Hadith Sharif) for last 7 years in Darul Uloom Hanfia Tariq Road, Karachi.

Dr. Mufti Irshad Ahmad Aijaz - Shariah Board Member

Dr Mufti Irshad Ahmad Aijaz graduated from Jamiat-ul-Uloom Islamiyyah, Binnori Town, Karachi, and then he completed his Takhassus fil-Iftaa (Specialization in Islamic Jurisprudence and Fatwa) from Jamia Dar-ul-Uloom, Karachi.

He has also obtained MBA (Masters in Business Administration) and Ph.D (Islamic Studies with relevance in Islamic Finance).

He currently holds certain advisory positions at a number of institutions, including:

- Chairman Shariah Board of State Bank of Pakistan (SBP)
- Chairman Shariah Board of Securities & Exchange Commission of Pakistan (SECP)
- Chairman Shariah Board, Bank Islami Pakistan Limited
- Member, Shariah Committee, Al Hilal Shariah Advisors, Karachi, Pakistan
- Member, Shariah Board, Standard Chartered Bank (Pakistan) Limited
- Consultant, Shariah Review Bureau – Bahrain
- Member "Steering Committee for providing strategic guidance regarding implementation of Federal Shariat Court decision."

Mufti Bilal Ahmed Qazi - Shariah Board Member

Mufti Bilal Ahmed Qazi has done his Al-Aalamiyyah (a degree recognized by the Higher Education Commission Pakistan as a Masters in Arabic and Islamic Studies) in 2003 from Jamiatul Uloom Ul-Islamiyah, Binori Town. Then, he completed his specialization in Islamic Jurisprudence (Takhassus Fil Iftaa) from Jamia Darululoom Karachi.

He has completed his MBA from IBA (Institute of Business Administration), Karachi, Pakistan.

He has been working as a member of the Darul Ifta Jamia Darululoom Karachi. He also holds advisory positions as Member Shariah Board at Soneri Bank Limited.

Syed Zubair Hussain - Resident Shariah Board Member

He has done his Al-Aalamiyyah (a degree recognized by the Higher Education Commission Pakistan as a Masters in Arabic and Islamic Studies) in 2006 from Jamiah Dar ulUloom Karachi. He has completed his MBA in Finance from University of Karachi in 2009.

He also holds degree of specialization in Islamic Jurisprudence/Islamic Finance "Takhassus Fil Iftaa". Syed Zubair Hussain has been working in the field of Islamic Banking and Finance since 2010 in various capacities.

He has been associated with Bank Makramah Ltd. (previously Summit Bank Ltd) since 2015 overseeing the Shariah Compliance function of the bank. He is actively involved in all Shariah Compliance matters and critically supervises and guides for all Shariah compliance queries to branches & departments.

He is also a CSAA (Certified Shariah Advisor & Auditor) from AAOIFI (Accounting & Auditing Organization for Islamic Financial Institutions), an international certification.

SHARIAH BOARD TERM OF REFERENCE

The Board of Directors approved the Terms of Reference of Shariah Board after ensuring that it is in accordance with the Shariah Governance Framework issued by the State Bank of Pakistan.

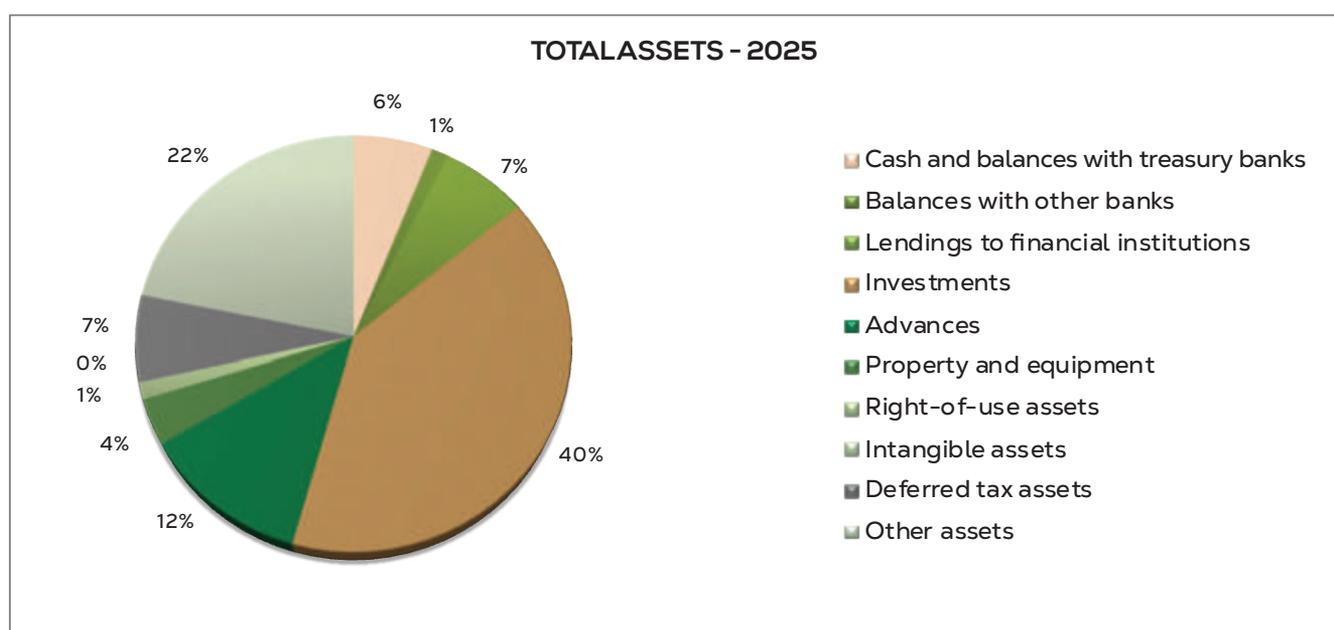
The principal responsibility of Shariah Board is to provide guidance and supervise in all Bank's Shariah related matters. The Shariah Board rulings and fatwah(s) shall be binding on the Bank. The Shariah Board is further responsible for developing the comprehensive Shariah Compliance framework for all areas of the Islamic Bank. Further, the Shariah Board shall review and approve all the procedure manuals, product programs/structures, process flows, related agreements, marketing advertisements, sales illustrations and brochures. All decisions and rulings of the Shariah Board of the Bank shall be in conformity with the directives, regulations, instructions and guidelines issued by the State Bank of Pakistan in accordance with the rulings of Shariah Advisory Committee of the State Bank of Pakistan.

ATTENDANCE OF SHARIAH BOARD MEETING

S. No.	Name of Shariah Board Members	Meeting Held	Attendance
1	Mufti Muhammad Najeeb Khan - Chairman	04	04
2	Dr. Noor Ahmed Shahtaz - Member	04	04
3	Mufti Irshad Ahmed Aijaz - Member	04	04
4	Mufti Bilal Ahmed Qazi - Member	04	04
5	Mufti Syed Zubair Hussain - RSBM	04	04

Key Operating and Financial Data

	2025	2024	2023	2022	2021	2020
----- (Rupees in Million) -----						
ASSETS						
Cash and balances with treasury banks	12,916	18,352	14,463	13,372	14,415	11,571
Balances with other banks	2,761	1,473	602	1,363	1,092	1,359
Lendings to financial institutions	14,200	9,697	-	10,142	299	-
Investments	86,282	175,012	179,900	51,447	31,133	27,903
Advances	26,127	15,619	18,735	21,592	27,044	31,783
Property and equipment	7,717	7,026	7,210	7,698	8,074	8,259
Right-of-use assets	2,539	2,601	2,721	2,953	2,843	1,929
Intangible assets	323	331	262	144	138	91
Deferred tax assets	14,252	25,669	23,255	20,782	16,677	14,279
Other assets	46,531	42,443	41,475	11,224	10,301	10,483
Total assets	213,646	298,223	288,623	140,717	112,016	107,657

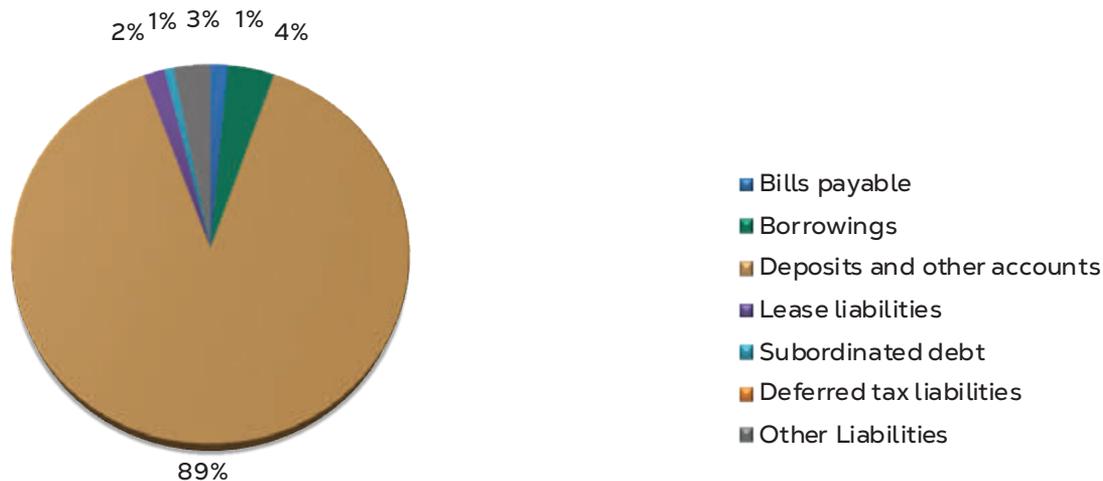


	2025	2024	2023	2022	2021	2020
----- (Rupees in Million) -----						
LIABILITIES						
Bills payable	2,750	1,900	2,163	1,994	2,071	2,403
Borrowings	7,405	89,893	130,369	25,388	6,922	7,669
Deposits and other accounts	169,172	186,015	156,960	121,919	109,483	101,887
Lease liabilities	3,313	3,284	3,349	3,495	3,216	2,092
Subordinated debt	1,496	1,496	1,496	1,496	1,496	1,496
Deferred tax liabilities	-	-	-	-	-	-
Other Liabilities	5,804	7,322	7,100	4,074	3,231	3,298
Total liabilities	189,939	289,910	301,437	158,366	126,419	118,845
NET ASSETS	23,707	8,313	(12,814)	(17,649)	(14,403)	(11,188)

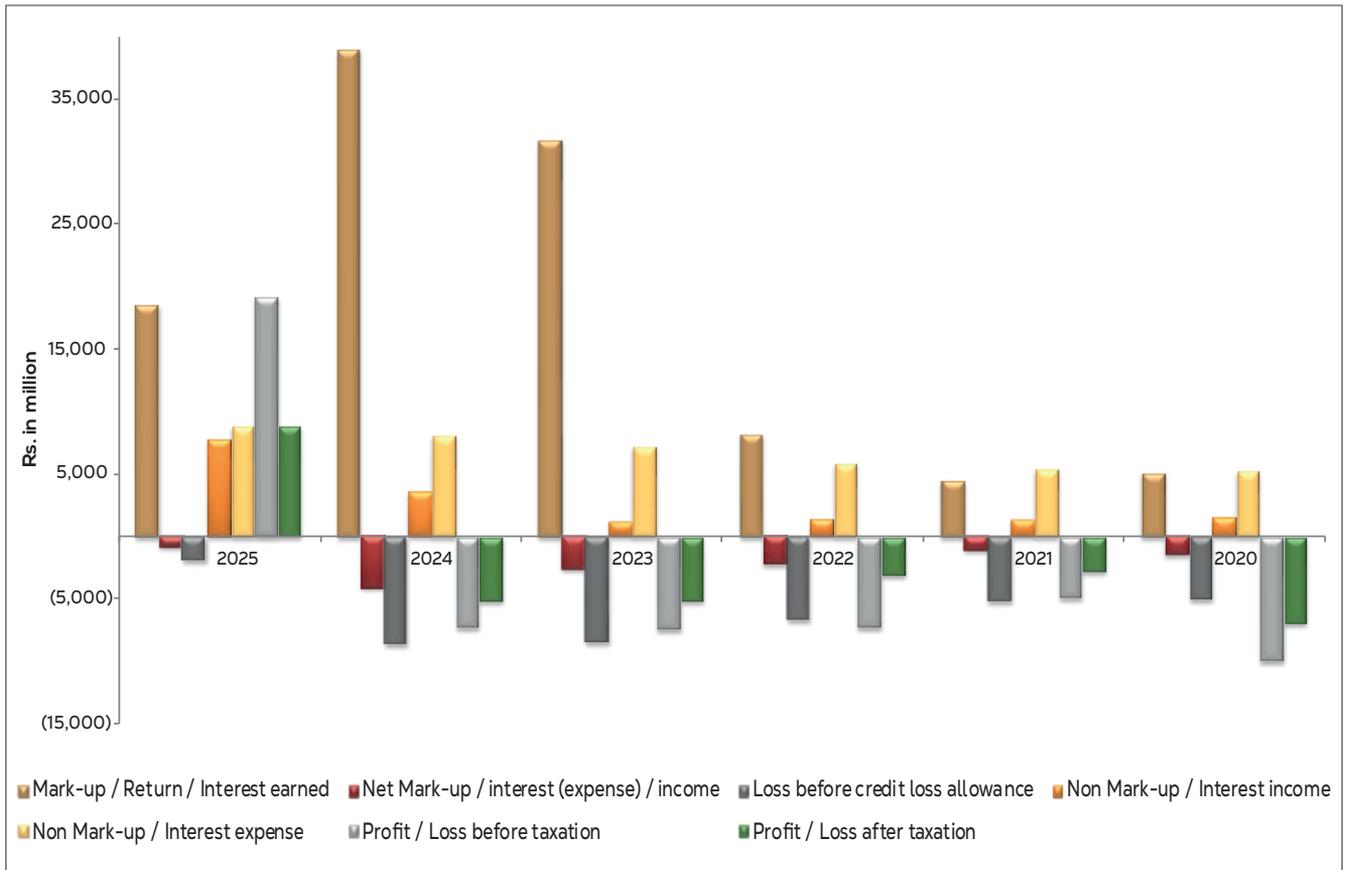
REPRESENTED BY

Share capital - net	10,000	10,000	30,500	20,500	20,500	20,500
Advance against subscription of shares	5,000	-	-	-	-	-
Reserves	1,913	154	(425)	(425)	(425)	(425)
Surplus / (deficit) on revaluation of assets	4,083	4,291	3,971	3,998	4,298	4,812
Unappropriated profit / accumulated (losses)	2,710	(6,132)	(46,860)	(41,722)	(38,776)	(36,075)
Total equity	23,707	8,313	(12,814)	(17,649)	(14,403)	(11,188)

TOTAL LIABILITIES - 2025



	2025	2024	2023	2022	2021	2020
----- (Rupees in Million) -----						
RESULTS OF OPERATIONS						
Mark-up / Return / Interest earned	18,613	38,923	31,700	8,141	4,565	5,114
Mark-up / Return / Interest expensed	19,468	43,009	34,287	10,404	5,677	6,595
Net Mark-up / interest (expense) / income	(856)	(4,086)	(2,587)	(2,263)	(1,112)	(1,481)
Non Mark-up / Interest income	7,754	3,488	1,197	1,396	1,310	1,496
Total Income	6,899	(598)	(1,390)	(867)	198	15
Non Mark-up / Interest expense	8,848	8,086	7,147	5,845	5,440	5,183
Loss before credit loss allowance	(1,949)	(8,685)	(8,537)	(6,712)	(5,242)	(5,168)
Credit loss allowance and write offs - net	(21,029)	(1,416)	(1,145)	584	(308)	4,875
Profit / Loss before taxation	19,080	(7,269)	(7,392)	(7,296)	(4,934)	(10,043)
Taxation	10,285	(2,048)	(2,072)	(4,129)	(2,047)	(3,095)
Profit / Loss after taxation	8,795	(5,221)	(5,320)	(3,167)	(2,887)	(6,948)



	2025	2024	2023	2022	2021	2020
FINANCIAL RATIOS						
Return on equity (ROE)	37.10%	N/A	N/A	N/A	N/A	N/A
Return on assets (ROA)	4.12%	-1.75%	-1.84%	-2.25%	-2.58%	-6.45%
Profit / Loss before tax to Interest earned	102.51%	-18.68%	-23.32%	-89.62%	-108.08%	-196.38%
Gross spread ratio	-4.60%	-10.50%	-8.16%	-27.80%	-24.36%	-28.96%
Advances to deposits - Gross	23.68%	26.27%	33.74%	44.98%	54.63%	63.04%
Advances to deposits - Net	15.44%	8.40%	11.94%	17.71%	24.70%	31.19%
Cost to revenue	107.39%	120.48%	125.95%	170.38%	189.23%	178.18%
Total assets to Total equity (times)	9.01	N/A	N/A	N/A	N/A	N/A
NPL to Gross Advances	41.49%	69.95%	68.51%	65.78%	61.88%	60.29%
Capital adequacy ratio (CAR)	11.65%	-27.50%	-90.27%	-80.04%	-61.45%	-45.16%
SHARE INFORMATION						
Profit / Loss per share - Basic (Rs.)	8.79	(1.00)	(1.00)	(1.20)	(1.09)	(2.63)
Market capitalization (Rs. in mln)	38,541	13,804	12,162	4,485	6,516	4,933
OTHER INFORMATION						
Non performing loans (NPL) (Rs. in mln)	16,623	34,188	36,274	36,068	37,012	38,724
Staff Strength	1,673	1,603	1,766	1,645	1,684	1,738
Number of branches (including Islamic)	161	162	177	193	193	193

Six Years Vertical Analysis

	2025		2024		2023		2022		2021		2020	
	Rs in 'millions	%	Rs in 'millions	%	Rs in 'millions	%						
STATEMENT OF FINANCIAL POSITION												
ASSETS												
Cash and balances with treasury banks	12,916	6%	18,352	6%	14,463	5%	13,372	10%	14,415	13%	11,571	11%
Balances with other banks	2,761	1%	1,473	0%	602	0%	1,363	1%	1,092	1%	1,359	1%
Lendings to financial institutions	14,200	7%	9,697	3%	-	0%	10,142	7%	299	0%	-	0%
Investments	86,282	40%	175,012	59%	179,900	62%	51,447	37%	31,133	28%	27,903	26%
Advances	26,127	12%	15,619	5%	18,735	6%	21,592	15%	27,044	24%	31,783	30%
Property and equipment	7,717	4%	7,026	2%	7,210	2%	7,698	5%	8,074	7%	8,259	8%
Right-of-use assets	2,539	1%	2,601	1%	2,721	1%	2,953	2%	2,843	3%	1,929	2%
Intangible assets	323	0%	331	0%	262	0%	144	0%	138	0%	91	0%
Deferred tax assets	14,252	7%	25,669	9%	23,255	8%	20,782	15%	16,677	15%	14,279	13%
Other assets	46,531	22%	42,443	14%	41,475	14%	11,224	8%	10,301	9%	10,483	10%
	213,646	100%	298,223	100%	288,623	100%	140,717	100%	112,016	100%	107,657	100%
LIABILITIES												
Bills payable	2,750	1%	1,900	1%	2,163	1%	1,994	1%	2,071	2%	2,403	2%
Borrowings	7,405	3%	89,893	30%	130,369	45%	25,388	18%	6,922	6%	7,669	7%
Deposits and other accounts	169,172	79%	186,015	62%	156,960	54%	121,919	87%	109,483	98%	101,887	95%
Lease liabilities	3,313	2%	3,284	1%	3,349	1%	3,495	2%	3,216	3%	2,092	2%
Subordinated debt	1,496	1%	1,496	1%	1,496	1%	1,496	1%	1,496	1%	1,496	1%
Deferred tax liabilities	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%
Other liabilities	5,804	3%	7,322	2%	7,100	2%	4,074	3%	3,231	3%	3,298	3%
	189,939	89%	289,910	97%	301,437	104%	158,366	113%	126,419	113%	118,845	110%
NET ASSETS	23,707	11%	8,313	3%	(12,814)	-4%	(17,649)	-13%	(14,403)	-13%	(11,188)	-10%
REPRESENTED BY												
Share capital - net	10,000	5%	10,000	3%	30,500	11%	20,500	15%	20,500	18%	20,500	19%
Advance against subscription of shares	5,000	2%	-	0%	-	0%	-	0%	-	0%	-	0%
Reserves	1,913	1%	154	0%	(425)	0%	(425)	0%	(425)	0%	(425)	0%
Surplus / (deficit) on revaluation of assets	4,083	2%	4,291	1%	3,971	1%	3,998	3%	4,298	4%	4,812	4%
Unappropriated profit / accumulated (losses)	2,710	1%	(6,132)	-2%	(46,860)	-16%	(41,722)	-30%	(38,776)	-35%	(36,075)	-34%
	23,707	11%	8,313	3%	(12,814)	-4%	(17,649)	-13%	(14,403)	-13%	(11,188)	-10%
PROFIT & LOSS ACCOUNT												
	2025		2024		2023		2022		2021		2020	
	Rs in 'millions	%	Rs in 'millions	%	Rs in 'millions	%						
Mark-up / return / interest earned	18,613	73%	38,923	102%	31,700	105%	8,141	112%	4,565	96%	5,114	100%
Mark-up / return / interest expensed	19,468	76%	43,009	112%	34,287	113%	10,404	143%	5,677	119%	6,595	129%
Net Mark-up / interest (expense) / income	(856)	-3%	(4,086)	-11%	(2,587)	-9%	(2,263)	-31%	(1,112)	-23%	(1,481)	-29%
Non Mark-Up/Interest Income	7,754	30%	3,488	9%	1,197	4%	1,396	19%	1,310	28%	1,496	29%
Total Income	6,899	27%	(598)	-2%	(1,390)	-5%	(867)	-12%	198	4%	15	0%
Non-markup/interest expenses	8,848	35%	8,086	21%	7,147	24%	5,845	80%	5,440	114%	5,183	101%
Loss before credit loss allowance	(1,949)	-8%	(8,685)	-23%	(8,537)	-28%	(6,712)	-92%	(5,242)	-110%	(5,168)	-101%
Credit loss allowance and write offs - net	(21,029)	-82%	(1,416)	-4%	(1,145)	-4%	584	8%	(308)	-6%	4,875	95%
PROFIT / LOSS BEFORE TAXATION	19,080	75%	(7,269)	-19%	(7,392)	-24%	(7,296)	-100%	(4,934)	-104%	(10,043)	-196%
Taxation	10,285	40%	(2,048)	-5%	(2,072)	-7%	(4,129)	-57%	(2,047)	-43%	(3,095)	-60%
PROFIT / LOSS AFTER TAXATION	8,795	34%	(5,221)	-14%	(5,320)	-18%	(3,167)	-44%	(2,887)	-61%	(6,948)	-135%

Six Years Horizontal Analysis

	2025		2024		2023		2022		2021		2020	
	Rs in 'millions	%	Rs in 'millions	%	Rs in 'millions	%	Rs in 'millions	%	Rs in 'millions	%	Rs in 'millions	%
STATEMENT OF FINANCIAL POSITION												
ASSETS												
Cash and balances with treasury banks	12,916	-30%	18,352	27%	14,463	8%	13,372	-7%	14,415	25%	11,571	106%
Balances with other banks	2,761	87%	1,473	145%	602	-56%	1,363	25%	1,092	-20%	1,359	46%
Lendings to financial institutions	14,200	46%	9,697	0%	-	-100%	10,142	3292%	299	0%	-	-100%
Investments	86,282	-51%	175,012	-3%	179,900	250%	51,447	65%	31,133	12%	27,903	27%
Advances	26,127	67%	15,619	-17%	18,735	-13%	21,592	-20%	27,044	-15%	31,783	-26%
Property and equipment	7,717	10%	7,026	-3%	7,210	-6%	7,698	-5%	8,074	-2%	8,259	2%
Right-of-use assets	2,539	-2%	2,601	-4%	2,721	-8%	2,953	4%	2,843	47%	1,929	-8%
Intangible assets	323	-3%	331	26%	262	82%	144	4%	138	52%	91	-39%
Deferred tax assets	14,252	-44%	25,669	10%	23,255	12%	20,782	25%	16,677	17%	14,279	23%
Other assets	46,531	10%	42,443	2%	41,475	270%	11,224	9%	10,301	-2%	10,483	-6%
	213,646	-28%	298,223	3%	288,623	105%	140,717	26%	112,016	4%	107,657	2%
LIABILITIES												
Bills payable	2,750	45%	1,900	-12%	2,163	8%	1,994	-4%	2,071	-14%	2,403	32%
Borrowings	7,405	-92%	89,893	-31%	130,369	414%	25,388	267%	6,922	-10%	7,669	-43%
Deposits and other accounts	169,172	-9%	186,015	19%	156,960	29%	121,919	11%	109,483	7%	101,887	15%
Lease liabilities	3,313	1%	3,284	-2%	3,349	-4%	3,495	9%	3,216	54%	2,092	-1%
Subordinated debt	1,496	0%	1,496	0%	1,496	0%	1,496	0%	1,496	0%	1,496	0%
Deferred tax liabilities	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%
Other liabilities	5,804	-21%	7,322	3%	7,100	74%	4,074	26%	3,231	-2%	3,298	-17%
	189,939	-34%	289,910	-4%	301,437	90%	158,366	25%	126,419	6%	118,845	7%
NET ASSETS	23,707	185%	8,313	-165%	(12,814)	-27%	(17,649)	23%	(14,403)	29%	(11,188)	100%
REPRESENTED BY												
Share capital - net	10,000	0%	10,000	-67%	30,500	49%	20,500	0%	20,500	0%	20,500	0%
Advance against subscription of shares	5,000	100%	-	0%	-	0%	-	0%	-	0%	-	0%
Reserves	1,913	1141%	154	-136%	(425)	0%	(425)	0%	(425)	0%	(425)	0%
Surplus / (deficit) on revaluation of assets	4,083	-5%	4,291	8%	3,971	-1%	3,998	-7%	4,298	-11%	4,812	36%
Unappropriated profit / accumulated (losses)	2,710	-144%	(6,132)	-87%	(46,860)	12%	(41,722)	8%	(38,776)	7%	(36,075)	24%
	23,707	185%	8,313	-165%	(12,814)	-27%	(17,649)	23%	(14,403)	29%	(11,188)	100%
PROFIT & LOSS ACCOUNT												
	2025		2024		2023		2022		2021		2020	
	Rs in 'millions	%	Rs in 'millions	%	Rs in 'millions	%	Rs in 'millions	%	Rs in 'millions	%	Rs in 'millions	%
Mark-up / return / interest earned	18,613	-52%	38,923	23%	31,700	289%	8,141	78%	4,565	-11%	5,114	-13%
Mark-up / return / interest expensed	19,468	-55%	43,009	25%	34,287	230%	10,404	83%	5,677	-14%	6,595	-9%
Net Mark-up / interest (expense) / income	(856)	-79%	(4,086)	58%	(2,587)	14%	(2,263)	104%	(1,112)	-25%	(1,481)	13%
Non Mark-Up/Interest Income	7,754	122%	3,488	191%	1,197	-14%	1,396	7%	1,310	-12%	1,496	21%
Total Income	6,899	-1253%	(598)	-57%	(1,390)	60%	(867)	-538%	198	1220%	15	-120%
Non-markup/interest expenses	8,848	9%	8,086	13%	7,147	22%	5,845	7%	5,440	5%	5,183	-6%
Loss before credit loss allowance	(1,949)	-78%	(8,685)	2%	(8,537)	27%	(6,712)	28%	(5,242)	1%	(5,168)	-8%
Credit loss allowance and write offs - net	(21,029)	1386%	(1,416)	24%	(1,145)	-296%	584	-290%	(308)	-106%	4,875	-44%
PROFIT / LOSS BEFORE TAXATION	19,080	-362%	(7,269)	-2%	(7,392)	1%	(7,296)	48%	(4,934)	-51%	(10,043)	-30%
Taxation	10,285	-602%	(2,048)	-1%	(2,072)	-50%	(4,129)	102%	(2,047)	-34%	(3,095)	-36%
PROFIT / LOSS AFTER TAXATION	8,795	-268%	(5,221)	-2%	(5,320)	68%	(3,167)	10%	(2,887)	-58%	(6,948)	-26%

Chairman's Review

On behalf of the Board of Directors, it is my privilege to present the Annual Report of Bank Makramah Limited (BML) for the financial year ended December 31, 2025, **The Year of Transformation**.

It is with immense pride and pleasure that I reflect on the remarkable journey of our Bank, as we celebrate multiple milestone achievements that have eluded us for far too long. The year 2025 will be etched in our history as the year of remarkable turnaround, unwavering commitment and of unrelenting pursuit of excellence. The fulfilment of our promises, the realization of our vision, and the culmination of our tireless efforts have converged to create a truly unforgettable year. The Bank has not only complied with the capital requirement but has also delivered an exceptional profit, a testament to the unwavering effort, dedication and vision.

The successful implementation of the restructuring scheme has been the cornerstone of this success, involving aggressive recoveries from the non performing loans and optimization of our capital structure. These initiatives have strengthened our balance sheet, enhanced operational efficiency, and positioned us for sustainable growth.

Having successfully achieved our objective in terms of turning around the Bank, we are now fully prepared to be a premier Islamic Bank which will be renowned for its exceptional services and commitment to our valued customers which will be achieved by empowering people and providing innovative financial solutions. We continue to offer seamless banking experiences to our customers, prioritizing the needs and expectations of our clients, and providing tailored solutions that foster long-term relationships. We remain committed to environmentally and socially responsible banking practices, with a vision to contribute to the broader economic development of Pakistan.

The Board is committed to maintain and strengthen the high level of corporate governance, improve corporate transparency, ensure growth of the Bank and enhance its values. The Board Sub-committees oversee crucial areas such as business development, risk management, human resources, compliance, special assets management with information technology playing a pivotal role in this crucial time to achieve the Bank's strategic objectives.

As Chairman of the Board of Directors, I would like to extend my heartfelt and sincere appreciation to the management team for their tireless efforts in steering the Bank through this challenging period and ensuring compliance with capital requirements. Their expertise, perseverance and passion have been the driving force behind the Banks transformation and I'm proud to say that their hard work has paid off in spades. Our customers' trust and loyalty have been instrumental in this success and most importantly the shareholders for their patience and trust in the Board. We are committed to sustaining this momentum, driving growth, and creating future value for stakeholders.

Abdulla Nasser Abdulla Hussain Lootah
Chairman of the Board of Directors



The ring of **growth**

In the **Ring of Growth**, transparency and a results-driven mindset propel our expansion efforts, fostering clear communication and accountability, while maximizing value for stakeholders.





Directors' Report to the Shareholders

Dear shareholders,

On behalf of the Board of Directors, we are pleased to present the Directors' Report of the Bank along with the audited financial statements and Auditors' Report for the year ended December 31, 2025.

The Bank has triumphantly turned the corner, overcoming a decade of daunting challenges, including crippling negative equity and persistent losses. The unwavering commitment and perseverance of our Sponsor, coupled with the relentless efforts of management team has made this remarkable turnaround possible. The Bank has not only complied with the Capital requirement but has also delivered exceptional profit, now charting a new course for success. The Bank is rising and its ready to stand on its own Inshallah.

THE BANK'S PERFORMANCE

The highlights of the financial results for 2025 are as follows:

Financial Position	Rupees in Millions
Shareholders' Equity	23,707
Deposits	169,172
Total Assets	213,646
Advances – net	26,127
Investments – net	86,282
Financial Performance	
Net Interest Income and Non Mark-up Income (Total Income)	6,899
Non Mark-up Expenses	8,848
(Reversals) / provisions and write offs - net	(21,029)
Profit before tax	19,080
Profit after tax	8,795
Basic and diluted earning per share - Rupees	8.79

The Bank which had negative CAR of 27.50% and non compliant MCR of Rs 3.87 billion has now achieved CAR at 11.65% and MCR of Rs 15 billion.

The Bank has demonstrated a remarkable turnaround in delivering outstanding results by converting its bottom line from negative to positive after almost a decade. The Bank posted Profit before tax of Rs. 19.080 billion against the loss of Rs. 7.27 billion for the last year reflecting an improvement of Rs. 26.35 billion. Loss after tax of Rs. 5.22 billion of last year is converted into Profit of Rs. 8.79 billion indicating an improvement in the financial performance. Unprecedented recovery efforts has played a significant role in achieving this profitability. Loss per share in 2024 of Rupee 1.00 is converted into earning per share of Rs. 8.79.

In line with the gradual decrease in the policy rate by the SBP, the average policy rate of 19.38% in 2024 reduced to an average of 11.38% for the current year. To manage the rate risk of a decreasing yield curve, the arbitrage book was reduced and as a result, the average net investments decreased in line with the reduction in average borrowings. Consequently, the average net investments decreased from Rs 175.50 billion in the prior year to Rs 132.475 billion in the current year and the average net investment yields also declined accordingly as a result the Bank's income from investments decreased to Rs. 15.76 billion for the current year.

The average net advances were reduced to a total of Rs. 14.46 in 2025 as compared to Rs. 16.29 billion for the last year. Net yields on advances also reduced to 11.67% for the current year, compared to 15.61% last year in line with the decrease in the policy rate. As a result, Income from advances ended lower at Rs. 1.69 billion for the current year, compared to Rs. 2.54 billion in last year.

Average deposits closed at Rs. 166.55 billion as at December 31, 2025, representing an increase of Rs. 5.98 billion or 3.72% compared to last year. Amidst stiff competition for rates, the Bank's focus remained on CASA mix and retaining non-remunerative accounts. As of December 31, 2025, the Bank's CASA ratio improved to 91.74% (December 2024: 90.06%) resulting in the average cost of deposits of 7.13% for the current year.

In line with the reduction in the arbitrage book, the average borrowings for the current period was reported lower than the comparative period year by Rs. 50.05 billion. Meanwhile, the overall average cost of borrowing also declined to 11.49% from 19.79% in the comparative prior year.

While capitalising on the declining interest rates, the bank recorded an exceptional capital gain of Rs 2.25 billion on sale of government securities, in addition to this, the Bank recorded gain on sale of properties amounting to Rs 4.23 billion in the current year. This contributed in increasing the overall non-funded income of the Bank to a total of Rs 7.75 billion representing an increase of 122.34% as compared to last year.

The Bank successfully exhibited prudent control over its operating expenses by continuously monitoring and implementing cost control initiatives and was able to restrict the increase in its operating expenses to 4.69% compared to last year. The Bank's total non mark-up expenses amounted to Rs. 8.85 billion, compared to Rs. 8.09 billion for the last year.

The Bank made historical highest ever recoveries from non-performing loans by posting net provision reversal of Rs 21.03 billion as against 1.42 billion in the comparative prior year. As a result of these recovery efforts, the NPL position has been reduced from Rs. 34.19 billion in December 2024 to Rs.16.62 billion in December 2025.

As of December 31, 2025, the Bank's gross NPL ratio (Gross non-performing loans to Gross Advances) decreased to 41.49%, compared to 69.95% recorded on December 31, 2024. This decrease is mainly attributed to a reduction in non-performing loans by Rs. 17.57 billion. Additionally, the coverage ratio as of December 2025 stood at 82.26%.

CONSOLIDATED RESULTS

The Bank posted consolidated profit after tax of Rs. 8.83 billion for the current year as against loss of Rs. 5.21 billion for the prior year. Earning per share was measured at Rs. 8.83 in comparison to loss per share of Rs. 1.00 for the prior year.

The Bank has 100% shareholding in Summit Capital (Private) Limited, which is engaged in the business of equity brokerage, money market brokerage, interbank foreign exchange brokerage, commodity brokerage and research.

The Consolidated Financial Statements of the Bank and its subsidiary along with the Auditors' report on these consolidated financial statements make part of the annual report.

Performance of Subsidiary:

Summit Capital (Private) Limited also reflects a turnaround by posting a profit of Rs. 35.29 million in 2025. The exceptional performance of PSX in 2025 resulted in a significant increase in trading activity, positively impacting the company's revenue and pro-fitability. The Profit per share for the year was recorded at Rs. 1.18 as against a Re. 0.65 in the prior year.

CREDIT RATING

In 2019, VIS Credit Rating Company Limited suspended the Bank's medium to long-term rating of 'BBB -' (Triple B Minus) and its short-term rating of 'A-3' (A-Three). The Bank has initiated the rating process with VIS Credit Rating Company Limited and we are hopeful to receive a rating for which we have requested an extension to the State Bank of Pakistan to complete the credit rating exercise by March 31, 2026.

VIS Credit Rating Company Limited has issued a new rating scale for Tier-2 capital instruments. As a result, the Bank's TFC rating has been adjusted to 'B' (Single B) with a 'Rating Watch-Negative' outlook, as stated in their press release dated June 27, 2023. Previously, the Bank's TFC rating was assigned 'D' (Default) due to non-payment of its latest mark-up payment on account of lock-in-clause invoked by the Bank under the applicable Regulations of the State Bank of Pakistan (SBP). The TFC Holders have approved the resolution by the requisite majority and the Bank has obtained the Board approval for seeking the required shareholders and regulatory approvals, for issuance of fully paid up ordinary shares of the Bank to the TFC Holders, on a without rights basis.

ECONOMIC REVIEW

Pakistan's economy has maintained its trajectory of stabilization and growth with moderate inflation and contained fiscal imbalance. Strengthened macroeconomic fundamentals have supported fiscal consolidation and are yielding tangible results supported by strong revenue mobilization; leading to a primary surplus and an accommodating monetary policy stance. Moreover, on the back of successful IMF review, the government has received USD 1.2 billion under IMF extended program. These developments have bolstered the business and consumer confidence. Prudent fiscal management and strategic reforms are paving the way for sustainable economic growth.

The external account position continued to strengthen notably during Jul-Dec FY2026, on account of exports and remittances, despite a rise in imports. The current account posted a deficit of USD 1,174 million during Jul-Dec FY2026. Exports slightly decreased by 5%, while imports rose by 12.3% to USD 31.3 billion. As a result, the trade deficit widened to USD 17.6 billion from USD 13.1 billion during same period last year.

During Jul-Dec FY2026, Foreign Direct Investment (FDI) stood at USD 207 million as against USD 1,343 million recorded in the same period last year. In contrast, workers' remittances surged by 10.6% to USD 19.73 billion.

During Jul-Dec FY2026, the fiscal performance remained encouraging. FBR tax collection grew by 9.5% to PKR 6,161 billion, compared to PKR 5,625 billion in same period last year, with broad-based growth across both direct and indirect taxes. Non-tax revenues surged by 4.8%. The government has achieved a consolidated fiscal surplus of 0.8% of GDP during the period under review as compared a deficit of 0.04% during same period of last year, while the primary surplus of 2.8% of GDP has been recorded during this period, the same as of last year.

Consumer Price Index (CPI) inflation, recorded at 5.6% on a YoY basis in December 2025, compared to 4.1% last year. Meanwhile, gold prices tested record highs, crossing USD 4,350 per ounce, reflecting global market trends.

The Monetary Policy Committee (MPC) decreased the policy rate by 0.5% reaching to 10.5% in its meeting held on December 15, 2025.

As of December 19, 2025, Pakistan's Foreign Exchange (FX) reserves stood at USD 21.0 billion, of which USD 15.9 billion were held by the State Bank of Pakistan.

The performance of the Pakistan Stock Exchange (PSX) remained remarkable, with the KSE-100 Index closing at 174,054 points as of December 31, 2025 as compared to 115,126 points on December 31, 2024.

With stronger macroeconomic fundamentals, robust remittances and growing investors' confidence, Pakistan's economic outlook continues to improve, giving an optimistic outlook. Fiscal consolidation and monetary easing are fostering a supportive environment for private sector-led growth, while investors' confidence continue to rise. If current trends persist, the economy is well-positioned to achieve more inclusive and consistent growth in the months ahead.

MODIFICATIONS IN THE AUDITORS REPORT

As disclosed in note 1.3 and note 1.4 to the unconsolidated financial statements, the Bank was able to achieve success on several planned measures required to meet the capital compliance requirements which, included sanctioning of Scheme of Arrangement, substantial recoveries against non-performing loans, sale of self-constructed property and injection of Rs. 5 billion by the sponsor shareholder due to which the Bank has achieved compliance of Minimum Capital Requirement (MCR) and Capital Adequacy Ratio (CAR), as prescribed by the State Bank of Pakistan.

The Bank has recognized deferred tax asset of Rs. 14.25 billion, which is considered realisable based on financial projections of taxable profits for next four years approved by the Board of Directors.

As disclosed in notes 14.1 and 14.3 to the unconsolidated financial statements, these properties include undeveloped / underdeveloped land and, accordingly, their valuation involves subjectivities.

The Auditors opinion is not modified in respect of the matters stated above.

CORPORATE GOVERNANCE

The Bank is in compliance with the significant requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019. A prescribed statement by the management together with the Auditors' Review Report thereon is annexed as part of the annual report.

The Directors are pleased to give the following statements required under Chapter XII - Reporting and Disclosure of the Listed Companies (Code of Corporate Governance) Regulations, 2019:

1. The total number of Directors are seven (07) as per the following:

- Male 06
- Female 01

2. The composition of Board is as follows:

Category	Names
Independent Directors (including Female Director)	Mr. Waseem Mehdi Syed Ms. Shabnam Faqir Mohammad Mr. Salaal Hasan
Non-Executive Directors	Mr. Abdulla Nasser Abdulla Hussain Lootah Mr. Zafar Iqbal Siddiqi Mr. Wajahat Ahmed Baqai
Executive Directors	Mr. Jawad Majid Khan, President & CEO

3. The board has formed committees comprising of members given below:

S. No	Board Audit Committee	Position
1	Mr. Waseem Mehdi Syed	Chairman
2	Mr. Wajahat Ahmed Baqai	Member
3	Mr. Zafar Iqbal Siddiqi	Member

S. No	Board Human Resource and Remuneration Committee	Position
1	Mr. Waseem Mehdi Syed	Chairman
2	Mr. Wajahat Ahmed Baqai	Member
3	Mr. Zafar Iqbal Siddiqi	Member
4	Mr. Jawad Majid Khan	Member

S. No	Board Risk Management Committee	Position
1	Mr. Wajahat Ahmed Baqai	Chairman
2	Mr. Waseem Mehdi Syed	Member
3	Mr. Zafar Iqbal Siddiqi	Member

S. No	Board Information Technology Committee	Position
1	Mr. Zafar Iqbal Siddiqi	Chairman
2	Mr. Waseem Mehdi Syed	Member
3	Mr. Wajahat Ahmed Baqai	Member
4	Mr. Jawad Majid Khan	Member

S. No	Board Compliance Committee	Position
1	Mr. Waseem Mehdi Syed	Chairman
2	Mr. Wajahat Ahmed Baqai	Member
3	Mr. Zafar Iqbal Siddiqi	Member

S. No	Board Special Assets Management Committee*	Position
1	Mr. Wajahat Ahmed Baqai	Chairman
2	Mr. Abdulla Nasser Abdulla Hussain Lootah	Member
3	Mr. Waseem Mehdi Syed	Member
4	Mr. Jawad Majid Khan	Member

* Note: Board Special Assets Management Committee was dissolved and its mandate merged into Board Risk Management Committee approved through resolution by circulation on June 12, 2025.

The number of Board and Board Committee meetings held during the year 2025 and the attendance by each director is as follows:

S. No.	Name of Directors	Board Meetings	Board Audit Committee	Board Human Resources & Remuneration Committee	Board Risk Management Committee	Board Information Technology Committee	Board Compliance Committee	Board Special Asset Management Committee
1	Mr. Abdulla Nasser Abdulla Hussain Lootah	8	N/A	N/A	N/A	N/A	N/A	N/A
2	Mr. Waseem Mehdi Syed	8	6	4	4	6	4	1***
3	Mr. Wajahat Ahmed Baqai	8	6	3	5	4	4	1***
4	Mr. Zafar Iqbal Siddiqi	8	6	3	5	6	4	-
5	*Ms. Fauzia Hasnain	3*	1*	1*	1*	N/A	N/A	1***
6	**Ms. Shabnam Faqir Mohammad	-	-	-	-	-	-	-
7	**Mr. Salaal Hasan	-	-	-	-	-	-	-
8	Mr. Jawad Majid Khan	8	4	4	1	6	N/A	1***
	Total meetings held during the year	8	6	4	5	6	4	1

* Ms. Fauzia Hasnain didn't continue as director after March 27, 2025.

** Following the election held on March 27, 2025, seven directors were elected. FPT documents of all directors were submitted to SBP for their clearance, which is awaited. Till final FPT clearance from SBP, the 2 newly elected directors, i.e., Ms. Shabnam Faqir Mohammad and Mr. Salaal Hasan, are not participating in the Board and Committee Meetings.

*** Board Special Assets Management Committee was dissolved and its mandate merged into Board Risk Management Committee approved through resolution by circulation on June 12, 2025

The number of Shariah Board meetings held during the year 2025 and the attendance by each member is as follows:

Name of Shariah Board Members *	Position	Meetings held	Attendance
Mufti Muhammad Najeeb Khan	Chairman	4	4
Dr. Noor Ahmad Shahtaz	Member	4	4
Mufti Irshad Ahmad Aijaz	Member	4	4
Mufti Bilal Ahmad Qazi	Member	4	4
Mufti Syed Zubair Hussain	Resident Shariah Board Member	4	4

Nomination and Appointment of Directors

As per the provisions of the Companies Act, 2017 and the related Corporate Governance Regulatory Framework (CGRF) 2021 issued by the State Bank of Pakistan, the Directors of the Board are to be elected by the shareholders in their general meeting.

Every Director (including non-executive director, executive director, sponsor director, independent director, and nominee director) has to pass the assessment criteria of Fit and Proper Test (FPT) of State Bank of Pakistan prior to appointment on the Board of Directors of the Bank. Further, in compliance of the applicable requirements of CGRF 2021, the self-assessment of the proposed director is to be followed by the Bank prior to processing the formal FPT document and the relevant documents for the proposed director in SBP.

While appointing a Director, the Bank ensured that the Board should be comprised of Directors who have relevant experience, suitable knowledge, and appropriate skill set/expertise in the field of the Bank's Credit, Commercial Banking, Finance, Internal Audit, Operations, Risk and Information Technology.

Further, the Bank believes in gender equality and therefore a female director has already been appointed on the Board of Directors of the Bank, which further complies with the applicable regulatory requirement.

As far as the appointment of Independent Directors is concerned, the Bank may opt for the candidate from the Data Bank maintained with the Pakistan Institute of Corporate Governance (PICG) keeping in view the criteria defined by the State Bank of Pakistan. Further, after becoming the part of the board, an annual undertaking is also taken from the independent directors.

Director Training Program

The current Board of Directors of the Bank except for one (01) directors stands compliant with the applicable requirement of the Directors' Training Program (DTP) as prescribed under the Listed Companies (Code of Corporate Governance) Regulations, 2019 as of December 31, 2025.

Following directors have successfully completed their requisite DTP.

Name of Directors	Course	Passing Year
Mr. Waseem Mehdi Syed	Corporate Governance Leadership Skills (CGLS) - Director Education Program - PICG	December 2021
Ms. Shabnam Faqir Mohammad		June 2023
Mr. Wajahat Ahmed Baqai		December 2021
Mr. Zafar Iqbal Siddiqi	Enhancing Board Effectiveness - DTP - LUMS	December 2020
Mr. Jawad Majid Khan		October 2016

Mechanism of Board Performance Evaluation

In compliance with G-13 of Corporate Governance Regulatory Framework, 2021 and BPRD Circular No. 11 of 2016 dated August 22, 2016, and precedent adopted by Bank Makramah Limited, the Board has opted for the external assessment rather than conducting the in-house assessment process with an aim to maintain the transparency and integrity of the Board of Directors. The Board Members have approved the Pakistan Institute for Corporate Governance ("PICG") as an external evaluator for conducting the annual evaluation of board performance as a whole, its committee(s) and individual assessment of each of the Board Members enabling the Bank to get a transparent, fair and un-biased report about the Board composition, integrity, function and its commitment towards maintaining high standards of corporate governance in the Bank.

Change in Directors

Following the elections held on March 27, 2025, seven directors were elected, 5 members from the previous Board and two directors namely Ms. Shabnam Faqir Mohammad and Mr. Salaal Hasan, are newly elected on the Board.

REMUNERATION PRACTICES OF THE BANK

Bank's remuneration framework is designed to ensure transparency, consistency, meritocracy and fairness in the selection and recruitment process across BML to attract and retain the best talent for the Bank. The policy ensures adherence to SBP guidelines on Remuneration Practices and is aligned with risks and responsibilities of Financial Intermediation.

BML's Board of Directors has the overall responsibility for reviewing, approving and monitoring the implementation of the remuneration framework, based on the recommendations of the Board Human Resource Committee (BHR&RC).

Compensation Structure

The compensation package offered at BML constitutes fixed and variable components.

Fixed remuneration: is the base salary and allowances which is paid to compensate employees for their skills, experience, and competencies, commensurate with the requirements, size, and scope of their role.

Variable remuneration: Variable remuneration is performance-related and consists primarily of the annual performance bonus award. As a part of employee's variable remuneration, the annual bonus rewards the achievement of operational and financial targets set each year, individual performance by the employees in achieving those targets, and their contribution to delivering the Bank's strategic objectives.

Material Risk Takers (MRTs) and Material Risk Controllers (MRCs)

Material Personnel (MRT & MRC)

An employee is considered a Material Person for the Bank if his/her professional activities are deemed to have a material impact on the overall risk profile of the Bank. The criteria that are used to assess the materiality of the influence of the professional activities of the employee on the risk profile shall take into account the potential impact of the employee on the Bank's risk profile based on their authority and responsibilities, and the Bank's risk and performance indicators. The Bank's internal organization and the nature, scope, and complexity of its activities shall also be taken into account in the assessment. The criteria shall fully reflect all risks to which the institution or group is or may be exposed. Material Personnel can further be classified into Material Risk Takers and Material Risk Controllers depending upon the nature of their job function and responsibilities.

The inclusion criteria for MRT and MRC is developed in accordance with the Guidelines and applicable best practices and include; President & CEO and Deputy CEO, Members of the Senior Management, Members of critical management committee including Management Committee (MANCOM), Country Credit Committee, Investment Committee, Asset Liability Committee (ALCO), Compliance Committee, IT Steering Committee, Enterprise Risk Management Committee, Procurement Committee etc. and Heads of critical functions responsible for managing business, risks and controls, that may subject the Bank to significant risks.

Remuneration of MRT & MRC

The compensation structure for MRTs and MRCs is determined and proposed by Human Resources department and is appropriately balanced between the fixed and variable remuneration.

Further, the variable remuneration of MRTs will be compensated on achieving pre-determined qualitative and quantitative objectives, considering the risk-adjusted performance and long-term health of the Bank. The qualitative factors may override the achievements of quantitative factors, in order to discourage undue/ excessive risk-taking.

The variable remuneration of control functions is to be based on function-specific objectives and is not determined by the financial performance of the business areas they monitor. This compensation structure is designed to ensure that the objectivity and independence of these functions are not compromised.

The Bank at present does not have any Employee Stock Option (ESOS) for its employees.

The balance scorecards for the MRTs and MRTs were developed, and the same are in the process of revision in the HR Policy manual.

The Key Performance Indicators (KPI) of individual positions have been developed and will assist the business to reach the annual objectives for the positions and will be evaluated at year end.

Directors' Remuneration

The Bank during a calendar year pays an appropriate remuneration for attending the Board or its Committee(s) Meeting(s) to its Non-Executive Director(s) and the Chairman. The scale of remuneration to be paid to the Non-Executive Director(s) and the Chairman for attending the Board and / or its Committee Meetings is approved by the shareholders on a pre or post facto basis in the Annual General Meeting (AGM).

The details of compensation of directors in 2025 are disclosed in Note 41 to the unconsolidated financial statements.

Remuneration of the Shariah Board

The Bank provides fixed fee to non-resident Shariah Board members and does not provide any performance linked incentives.

The details of remuneration of Shariah Board Members in 2025 are disclosed in Note 41.3 to the unconsolidated financial statements.

Gender Pay Gap Statement

As required by the Security and Exchange Commission (SECP), through its circular no 10 of 2024 dated April 17, 2024, all the listed companies, to include a statement on gender pay gap as per the calculation prescribed in the circular. In line with this circular following information for 2024 has been prepared.

- (i) Mean gender pay gap : 39%
- (ii) Median gender pay gap : 28%

RISK MANAGEMENT

Risk management is an integral part of the Bank's strategic decision-making process, which ensures that the Bank's corporate objectives are consistent with the appropriate risk-return trade-off. The Bank's risk management philosophy is that all risks taken must be identified, measured, monitored and managed within a robust risk management framework.

The Board of Directors (BoD) has oversight on all the risks undertaken by the Bank. It approves the risk management strategy, policies and determines the type and level of business risks that the Bank undertakes in achieving its corporate objectives. The Board has delegated the authority to various Sub-Committees to facilitate focused oversight of various risks, formulate and review policies on monitoring and managing risk exposures. The major policy decisions and proposals on risk exposures are recommended by these Sub-Committees and are subject to approval by the BoD. The Board Risk Management Committee (BRMC) oversees senior management's activities in managing credit, market, liquidity, operational, IT, legal, fraud & forgery, and other risks to ensure existence of a strong risk management framework in the Bank. The Board Compliance Committee (BCC) is responsible for overseeing of compliance risks of the Bank. In order to strengthen the risk management process, the Bank regularly updates its risk management policies and risk tolerance levels.

Various functions like Compliance, Legal, Credit, Risk Management, Internal Audit, Treasury Middle Office, IT Security, and Centralized Operations Units have been functioning independent of the business units to ensure proper management of risks relating to these areas. The Bank has also constituted various Management Committees comprising of senior staff having relevant experience who meet regularly to deliberate on matters relating to risk exposures in the areas under their respective supervision. Shari'ah Compliance Department is operating independently under the Shari'ah Board.

Segregation of duties and various controls have been instituted by the Bank to mitigate the operational risk. Moreover, the Bank has further strengthened its Credit, Operational, Fraud and Information Security Risk Management functions by employing various risk management tools, techniques and staff resources. Regular Business Continuity and Disaster Recovery tests are conducted to ensure business as usual in contingency situations.

CAPITAL STRUCTURE OF THE BANK AND FORWARD LOOKING STATEMENT

The Bank on January 28, 2026 moved a Resolution of TFC Holders by way of Circulation for conversion of their principal of Rs. 1.495 billion and profit thereon of Rs. 1.854 billion accrued till December 31, 2025, to be adjusted for tax, into fully paid ordinary shares of the Bank. Accordingly, against the total outstanding amount of Rs. 3.350 billion (to be adjusted for tax), the number of shares to be issued to the TFC holders shall be 27,888,469 shares, which will form part of the Bank's Tier 1 Capital.

The TFC Holders have approved the resolution by the requisite majority and the Bank has obtained the Board approval for seeking the required shareholders and regulatory approvals, for issuance of fully paid up ordinary shares of the Bank to the TFC Holders, on a without rights basis.

UNCERTAINTIES THAT COULD AFFECT THE BANK'S RESOURCE, REVENUES AND OPERATIONS

All projections are, by nature, subject to risks and uncertainties, some beyond the Bank's control. Factors that may potentially affect the Bank's resources, revenues and operations are:

- Global macroeconomic conditions impacting overall economic activity;
- Economic Decisions on Discount Rate / Monetary Policy;
- Revisions to rate of returns on deposits and Repricing on loans and advances;
- Investment Strategy and time horizon;
- Geo-Political risks and uncertainties, including law and order situation;
- Impacts of natural calamities on businesses and overall economy and businesses in general, and regulatory relief measures (if any);
- Government rules and regulations;
- Inflation, fuel and commodity prices;
- Corporate taxation measures;
- Emergence of disruptive technologies;
- Local Government rules and regulations;
- Trade policies of trade partner countries; and
- Risk of cyberattacks; and

STATEMENT ON INTERNAL CONTROLS

This statement is presented to comply with the requirements of State Bank of Pakistan (SBP)'s BSD Circular No. 7 of 2004 dated May 27, 2004 "Guidelines on Internal Controls", SBP's OSED Circular No.01 dated February 07, 2014 and SBP BSD-1 Circular Letter No. 1 of 2021 dated July 06, 2021 on "Instructions on Internal Controls over Financial Reporting (ICFR)".

The management of the Bank is responsible for establishing and maintaining an adequate and effective system of internal controls which has the main objective of ensuring effectiveness and efficiency of operations, reliability of financial reporting, safeguarding of assets and compliance with applicable laws and regulations.

The control activities are being closely monitored across the Bank through Compliance, Risk Management, Shariah and Internal Audit departments, which covers all banking activities in general and key risk areas in particular.

The Board of Directors has established an Audit Committee responsible for overseeing the independence, effectiveness, and alignment of both internal and external audit functions. The Committee meets at least quarterly to assess the scope, execution, and outcomes of audits performed by the Internal Audit departments (Both, Conventional as well as Shariah Audits). Furthermore, the Committee meets with external auditors prior to the approval of the Bank's half-yearly and annual financial statements, ensuring a comprehensive review and transparency throughout the audit process.

Internal controls at Bank Makramah Ltd are intended to provide a reasonable measure of assurance regarding the effectiveness and efficiency of the Bank's operations, reliability of financial information and compliance with applicable laws and regulations. However, it is acknowledged that the systems put in place can only provide reasonable but not absolute assurance against material misstatement or loss since they are designed to manage, rather than eliminate, the risk of unforeseen situation. In addition, the Compliance Function is performing its due role to ensure regulatory compliance across the Bank.

The Bank had successfully completed all stages of its ICFR program and on that basis, State Bank of Pakistan vide BSD-1 Circular Letter No. 01 of 2021 dated July 6, 2021 has allowed the Banks to discontinue annual submission of Long Form Report (LFR) or Annual Assessment Report (AAR) on efficacy of ICFR to State Bank of Pakistan (SBP). However, the banks shall continue to prepare LFR or AAR on annual basis under ICFR instructions/ framework. The Bank submit annual report on ICFR to the Board Audit Committee.

Based on the above, the Board of Directors endorses the management's assurance on Internal Controls.

EXTERNAL AUDIT

The current auditors, Messrs. Yousuf Adil, Chartered Accountants, being retired offered themselves for reappointment.

On the recommendation of the Board Audit Committee, the Board of Directors recommends the appointment of Messrs. Yousuf Adil, Chartered Accountants for the year ending December 31, 2026, at the upcoming Annual General Meeting of the Bank.

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

PATTERN OF SHAREHOLDING

The ownership structure along with the pattern of shareholding and categories of shareholders as at December 31, 2025 has been made part of the Annual Report.

EVENTS AFTER THE DATE OF THE STATEMENT OF FINANCIAL POSITION

There have not been any material events that occurred after the date of the Statement of Financial Position that require adjustments to the enclosed financial statement.

ACKNOWLEDGEMENT

On behalf of the Board, we would once again like to thank the State Bank of Pakistan, the Securities and Exchange Commission of Pakistan, and other regulatory authorities for their continuous guidance and support. At the same time, we would like to express our gratitude to our shareholders, our customers and the Bank's staff for their continued support.

On behalf of the Board.

Jawad Majid Khan
President and Chief Executive Officer

Bank Makramah Limited
February 26, 2026
Karachi

Wajahat Ahmed Baqai
Director

بیرونی آڈٹ

موجودہ آڈیٹرز، میسرز یوسف عادل، چارٹرڈ اکاؤنٹنٹس، ریٹائر ہو رہے ہیں اور اپنی دوبارہ تقرری کی پیش کش کر چکے ہیں۔

بورڈ آف ڈائریکٹرز، بورڈ آڈٹ کمیٹی کی سفارش پر، بینک کی اگلی سالانہ جنرل میٹنگ میں میسرز یوسف عادل، چارٹرڈ اکاؤنٹنٹس کو 31 دسمبر 2026ء کو ختم ہونے والے سال کے لیے بینک کے آڈیٹرز کے طور پر تقرری کی سفارش کرتا ہے۔

آڈیٹرز کی فرم نے تصدیق کی ہے کہ انسٹی ٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان کے کوالٹی کنٹرول ریویو پروگرام کے تحت انہیں تسلی بخش درجہ بندی دی گئی ہے، اور یہ کہ فرم اور ان کے تمام شرکاء و انٹرمیڈیٹ فیڈریشن آف اکاؤنٹنٹس (IFAC) کی رہنماد ایات، نیز ضابطہ اخلاق، جیسا کہ انسٹی ٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان نے اپنایا ہے، سے ہم آہنگ ہیں۔ اور تمام قابل اطلاق قوانین کے تحت تقرری کے تقاضے پورے کرتے ہیں۔

شیر ہولڈنگ کا بیٹرن

31 دسمبر 2025ء تک شیر ہولڈنگ کے نمونوں اور شیر ہولڈرز کے زمروں کے ساتھ ملکیت کا ڈھانچا سالانہ رپورٹ کا حصہ بنایا گیا ہے۔

مالی صورت حال کے بیان کی تاریخ کے بعد اہم واقعات

مالی صورت حال کے بیان (Statement of Financial Position) کی تاریخ کے بعد کوئی ایسے اہم واقعات رونما نہیں ہوئے جو منسلک مالی بیانات میں ترامیم یا رد و بدل کا تقاضا کرتے ہوں۔

تعریف و توثیق

ہم، بورڈ کی جانب سے، ایک بار پھر اسٹیٹ بینک آف پاکستان، سیکورٹیز اینڈ ایکسچینج کمیشن پاکستان، دیگر ضابطہ کاروں کی مسلسل رہنمائی اور معاونت پر شکر گزار ہیں۔ نیز ہم مسلسل معاونت پر ہمارے اسٹیک ہولڈرز، ہمارے صارفین اور بینک کے عملے کا شکر یہ ادا کرنا چاہیں گے۔

بورڈ آف ڈائریکٹرز کی جانب سے

وجاہت احمد بٹانی
ڈائریکٹر

جواد ماجد خان
صدر اور چیف ایگزیکٹو آفیسر

بینک مکرمہ لمیٹڈ

26 فروری 2026ء

کراچی

- خلل ڈالنے والی (Disruptive) ٹیکنالوجی کا ابھرنا؛
- مقامی حکومت کے قواعد و ضوابط؛ اور
- تجارتی شرکت دار ممالک کی تجارتی پالیسیز؛
- سائبر حملوں کا خطرہ؛

داخلی کنزولز پر بیان

اسٹیٹ بینک کے بی ایس ڈی سرکلر نمبر 7 بتاریخ 27 مئی 2004ء "داخلی کنزولز سے متعلق رہنما خطوط"، اسٹیٹ بینک کے او ایس ای ڈی سرکلر نمبر 01 بتاریخ 07 فروری 2014ء اور اسٹیٹ بینک کے بی ایس ڈی-1 سرکلر لیٹر نمبر 01 بتاریخ 06 جولائی 2021ء "مالی رپورٹنگ پر داخلی کنزولز (ICFR) سے متعلق ہدایات" کہ مطابق یہ بیان تشکیل دیا گیا ہے۔

بینک کی انتظامیہ داخلی کنزولز کا ایک مناسب اور مؤثر نظام قائم کرنے اور اسے برقرار رکھنے کے لیے ذمہ دار ہے جس کا بنیادی مقصد آپریشنز کی اثر انگیزی اور کارکردگی، مالیاتی رپورٹنگ کی اعتباریت، اثاثوں کی حفاظت اور قابل اطلاق قوانین اور ضوابط کی تعمیل کو یقینی بنانا ہے۔

کمپلائنس، انتظام خطرہ، شریعہ اور داخلی آڈٹ کے شعبوں کے ذریعے پورے بینک میں کنزول کی سرگرمیوں کی کڑی نگرانی کی جا رہی ہے، جو عمومی طور پر تمام بینکاری سرگرمیوں کا احاطہ کرتی ہے اور بالخصوص خطرے کے حامل کلیدی شعبوں کا احاطہ کرتی ہے۔

بورڈ آف ڈائریکٹرز نے ایک آڈٹ کمیٹی تشکیل دی ہے جس کی ذمہ داری براہ راست نگرانی ہے تاکہ داخلی اور بیرونی آڈٹ فنکشن کے استقلال، مؤثریت اور غیر جانب داری کو یقینی بنایا جاسکے۔ کمیٹی ہر سہ ماہی میں کم از کم ایک بار اجلاس منعقد کرتی ہے تاکہ داخلی آڈٹ کے شعبے (شریعت اور روایتی دونوں آڈٹ) کے انجام دیے گئے کام کے دائرہ کار، عملدرآمد اور نتائج پر تبادلہ خیال کیا جاسکے۔ مزید برآں، کمیٹی بینک کے ششماہی اور سالانہ مالی نتائج کی منظوری سے قبل بیرونی آڈیٹرز سے بھی ملاقات کرتی ہے تاکہ آڈٹ کے عمل میں مکمل شفافیت اور جامع جانچ کو یقینی بنایا جاسکے۔

بینک مکرمہ لمیٹڈ میں داخلی کنزولز کا مقصد بینک کے آپریشنز کی اثر انگیزی اور کارکردگی، مالی معلومات کی درستگی، اور متعلقہ قوانین و ضوابط کی تعمیل کے حوالے سے معقول یقین دہانی فراہم کرنا ہے۔ تاہم، یہ تسلیم کیا جاتا ہے کہ یہ نظام مکمل یقین دہانی نہیں تاہم معقول تحفظ فراہم کر سکتے ہیں، کیونکہ یہ غیر متوقع حالات کے خطرے کو ختم کرنے کے بجائے، اس کے نظم و نسق کے لیے تیار کیے گئے ہیں۔ اس کے علاوہ، تعمیلی فنکشن بینک میں ضوابطی تقاضوں پر عمل درآمد کو یقینی بنانے میں اپنا مؤثر کردار ادا کر رہا ہے۔

بینک نے اپنے ICFR پروگرام کے تمام مراحل کا میابانی کے ساتھ مکمل کر لیے تھے اور اسی بنیاد پر، اسٹیٹ بینک آف پاکستان نے بی ایس ڈی 1 سرکلر لیٹر نمبر 01 برائے 2021ء بتاریخ 6 جولائی 2021ء کے ذریعے بینکوں کو لاگت فارم رپورٹ (LFR) کو سالانہ بنیاد پر جمع کرانے یا اسٹیٹ بینک آف پاکستان کو ICFR کی افادیت پر سالانہ تشخیصی رپورٹ (AAR) جمع نہ کروانے کی اجازت دی ہے۔ تاہم، بینک ICFR ہدایات / فریم ورک کے تحت سالانہ بنیادوں پر LFR یا AAR تیار کرنا جاری رکھیں گے۔ بینک ICFR پر سالانہ رپورٹ بورڈ کی آڈٹ کمیٹی کو پیش کرتا ہے۔

مندرجہ بالا کی بنیاد پر، بورڈ آف ڈائریکٹرز داخلی کنزولز پر انتظامیہ کی یقین دہانی کی توثیق کرتا ہے۔

تعمیل، قانونی، کریڈٹ، انتظام خطر، انٹرنل آڈٹ، ٹریڈری ڈیل آفس، آئی ٹی سکیورٹی، اور سنٹرلائزڈ آپریشن یونٹس جیسے مختلف فنکشنز کا روہاری یونٹوں سے آزاد کام کر رہے ہیں تاکہ ان شعبوں سے متعلقہ خطرات کے مناسب انتظام کو یقینی بنایا جاسکے۔ بینک نے بینک کے سینئر ایگزیکٹوز پر مشتمل مختلف کمیٹیاں بھی تشکیل دی ہیں جو اپنی نگرانی میں خطرے کے اکتشاف سے متعلق معاملات پر غور کرنے کے لیے باقاعدگی سے میٹنگز کرتی ہیں۔ شریعت سے ہم آہنگی پیدا کرنے پر مامور شعبہ شریعت بورڈ کے ماتحت پوری آزادی سے کام کر رہا ہے۔

آپریٹنگ خطرے کو کم کرنے کے لیے بینک کی جانب سے فراہم کی درجہ بندی اور مختلف دیگر کنٹرول قائم کیے گئے ہیں۔ مزید یہ کہ، بینک نے اپنے کریڈٹ، آپریٹنگ اور انفارمیشن سکیورٹی انتظام خطرے کے افعال کو انتظام خطرے کے مزید ٹولز اور تکنیکوں کے ذریعے مزید مضبوط بنایا گیا ہے۔ ہنگامی حالات میں کاروباری تسلسل کو یقینی بنانے کے لیے باقاعدہ کاروباری تسلسل اور حادثات سے بحالی کے ٹیسٹ کیے جاتے ہیں۔

بینک کی سرمایہ جاتی ساخت اور پیش بینی بیان

بینک نے 28 جنوری 2026ء کو سرکولیشن کے ذریعے ٹی ایف سی ہولڈرز کی ایک قرارداد پیش کی، جس کے تحت ان کے 1.495 ارب روپے کے اصل قرض اور 31 دسمبر 2025ء تک جمع شدہ 1.854 ارب روپے کے منافع (ٹیکس ردوبدل کے بعد) کو بینک کے مکمل ادا شدہ عام شیئرز میں تبدیل کرنے کی منظوری دی گئی۔ اس کے نتیجے میں، کل بقایا رقم 3.350 ارب روپے (ٹیکس ردوبدل کے بعد) کے عوض، ٹی ایف سی ہولڈرز کو جاری کیے جانے والے حصص کی تعداد 27,888,469 ہوگی، جو بینک کے درجہ-1 سرمایے کا حصہ بنیں گے۔

ٹی ایف سی ہولڈرز نے مطلوبہ اکثریت سے قرارداد کی منظوری دے دی ہے، اور بینک نے بورڈ کی منظوری حاصل کر لی ہے تاکہ ٹی ایف سی ہولڈرز کو بینک کے مکمل ادا شدہ عام شیئرز بغیر حقوق کی بنیاد پر جاری کرنے کے لیے درکار شیئرز ہولڈرز کی اور ریگولیٹری منظوریوں کا حصول ممکن بنایا جاسکے۔

غیر یقینی حالات جو بینک کے وسائل، محاصل اور آپریٹنگ کو متاثر کرتے ہیں

تمام تخمینے اپنی نوعیت کے لحاظ سے خطرات اور غیر یقینی حالات کے تابع ہیں، جن میں بعض عوامل بینک کے کنٹرول سے باہر ہو سکتے ہیں۔ وہ عوامل جو ممکنہ طور پر بینک کے وسائل، محاصل اور آپریٹنگ کو متاثر کر سکتے ہیں، وہ درج ذیل ہیں:

- ڈسکاؤنٹ کی شرح/زری پالیسی پر اقتصادی فیصلے
- ڈپازٹس پر شرح منافع میں ردوبدل اور قرضوں اور ایڈوانسز کی قیمت بندی؛
- سرمایہ کاری کی حکمت عملی اور وقت کی مدت؛
- زمینی و سیاسی خطرات اور غیر یقینی حالات، بشمول قانون و انتظامیہ کی صورت حال؛
- قدرتی آفات کے کاروبار اور مجموعی معیشت پر اثرات، اور بالعموم کاروبار پر اثرات، اور ریگولیٹری ریلیف اقدامات (اگر کوئی ہوں)؛
- حکومتی قوانین اور ضوابط؛
- مہنگائی، فیول اور عام اجناس کی قیمتیں؛
- کارپوریٹ ٹیکس کے اقدامات؛

بینک بھر میں انفرادی عہدوں کے کلیدی کارکردگی کے اشارے (کے پی آیز) تیار کیے چاہئے ہیں اور یہ کاروباری ادارے کے عہدوں کے سالانہ مقاصد کو پورا کرنے میں مدد کریں گے اور سال کے اختتام پر ان کا جائزہ لیا جائے گا۔

ڈائریکٹروں کا اعزاز یہ

بینک، دوران سال نان ایگزیکٹو ڈائریکٹرز اور چیئرمین کو بورڈ یا اس کی کمیٹی کے اجلاسوں میں شرکت کے لیے معقول اور مناسب اعزاز یہ ادا کرتا ہے۔ بورڈ اور/یا کمیٹی کے اجلاسوں میں شرکت کے لیے نان ایگزیکٹو ڈائریکٹرز/چیئرمین کو ادا کیے جانے والے اعزازیے کے پیمانے کی شیئر ہولڈرز کی سالانہ جنرل میٹنگ (اے جی ایم) میں پہلے یا بعد کی بنیاد پر منظوری دی جاتی ہے۔

2025ء میں ڈائریکٹرز کو ادا کیے گئے اعزازیے کی تفصیلات نوٹ 41 میں غیر جامع مالیاتی بیانات میں ظاہر کی گئی ہیں۔

شریعت بورڈ کا اعزاز یہ

بینک شریعت بورڈ کے ارکان کو معین سالانہ فیس کی ادائیگی کے علاوہ کارکردگی سے منسلک کوئی مراعات فراہم نہیں کرتا۔

2025ء میں شریعت بورڈ کے ارکان کو ادا کیے گئے اعزازیے کی تفصیلات نوٹ 41.3 میں غیر جامع مالیاتی بیانات میں ظاہر کی گئی ہیں۔

جیسا کہ سیکیورٹی اینڈ ایکسچینج کمیشن آف پاکستان (SECP) کے سرکلر نمبر 10 برائے 2024ء بتاریخ 17 اپریل 2024ء کے تحت درکار ہے، تمام فہرستی کمپنیوں کو سرکلر میں بیان کردہ طریقہ کار کے مطابق صنفی بنیاد پر تنخواہ میں فرق پر ایک بیان شامل کرنا لازمی ہے۔ اس سرکلر کے مطابق، سال 2024ء کے لیے درج ذیل معلومات تیار کی گئی ہیں:

- (i) صنفی بنیاد پر تنخواہ میں اوسط فرق: 39 فیصد
- (ii) صنفی بنیاد پر تنخواہ میں وسطانیہ فرق: 28 فیصد

انتظام خطر

انتظام خطر بینک کے اسٹریٹجک فیصلہ سازی کے عمل کا ایک لازمی حصہ ہے، جو اس بات کو یقینی بناتا ہے کہ بینک کے کارپوریٹ مقاصد خطرے کے مناسب انتظام سے ہم آہنگ ہیں۔ بینک کا انتظام خطر کا فلسفہ یہ ہے کہ تمام خطرات کی نشاندہی، پیمائش، نگرانی اور انتظام کیا جانا چاہیے۔

بورڈ آف ڈائریکٹرز تمام خطرات کی نگرانی کرتا ہے۔ یہ انتظام خطر کی حکمت عملی اور پالیسیوں کی منظوری دیتا ہے اور کاروباری خطرات کی قسم اور سطح کا تعین کرتا ہے جو بینک اپنے کارپوریٹ مقاصد کے حصول میں استعمال کرتا ہے۔ بورڈ نے مختلف ذیلی کمیٹیوں کو اختیار تفویض کیا ہے کہ وہ خطرات کی نگرانی اور انتظام کے حوالے سے پالیسیاں مرتب کریں، مختلف خطرات پر توجہ مرکوز کریں۔ ان ذیلی کمیٹیوں کی جانب سے خطرے کے منظور شدہ آکشاف کے بارے میں اہم پالیسی فیصلے اور تجاویز کی سفارش کی جاتی ہے جو بورڈ آف ڈائریکٹرز (بی او ڈی) کی منظوری سے مشروط ہیں۔ بورڈ کی انتظام خطر کی کمیٹی (بی آرایم سی) بینک میں مضبوط انتظام خطر فریم ورک کے وجود کو یقینی بنانے کے لیے کریڈٹ، مارکیٹ، سیالیت، آپریشنل، آئی ٹی، قانونی، دھوکہ دہی اور جعل سازی، تعمیل اور دیگر خطرات کے انتظام میں سینئر مینجمنٹ کی سرگرمیوں کی نگرانی کرتی ہے۔ انتظام خطر کے عمل کو مزید مضبوط بنانے کے لیے، بینک اپنی انتظام خطر کی پالیسیوں اور خطرے کی حدود کو مسلسل اپ ڈیٹ کرتا رہتا ہے۔

مادی خطرہ لینے والے (ایم آر ٹی) اور مادی خطرے کے کنٹرولرز (ایم آر سی) مفید ملازم (ایم آر ٹی اور ایم آر سی)

کوئی ملازم اس وقت بینک کے لیے "مفید ملازم" سمجھا جاتا ہے جب اس کی پیشہ ورانہ سرگرمیاں بینک کے مجموعی خاکہ خطر (رہسک پر وفا عمل) پر نمایاں اثر ڈالنے کی صلاحیت رکھتی ہوں۔ ملازم کی پیشہ ورانہ سرگرمیوں کے خاکہ خطر پر اثر کی اہمیت کا جائزہ لینے کے لیے جو معیارات استعمال کیے جاتے ہیں، وہ ملازم کے اختیارات اور ذمہ داریوں، بینک کے خطرے اور کارکردگی کے اشاریوں کی بنیاد پر بینک کے خاکہ خطر پر ممکنہ اثر کو مد نظر رکھتے ہیں۔ اس جائزے میں بینک کی داخلی تنظیم، سرگرمیوں کی نوعیت، دائرہ کار اور پیچیدگی کو بھی شامل کیا جاتا ہے۔ یہ معیارات ان تمام خطرات کو مکمل طور پر ظاہر کریں گے جن کا ادارہ یا گروپ سامنا کر رہا ہے یا کر سکتا ہے۔ "مفید ملازم" کو ان کے کام اور ذمہ داریوں کی نوعیت کے مطابق مزید دوزمرروں میں تقسیم کیا جاسکتا ہے: مادی خطرہ لینے والے (ایم آر ٹی) اور مادی خطرے کے کنٹرولرز (ایم آر سی)

ایم آر ٹی اور ایم آر سی کے شمولیت کے معیارات متعلقہ ہدایات اور بہترین عالمی طریقوں کے مطابق تیار کیے گئے ہیں، جن میں یہ افراد شامل ہیں: صدر، سی ای او/ اور ڈپٹی سی ای او، سینئر مینجمنٹ کے ارکان، مینجمنٹ کمیٹی (MANCOM)، کنزی کریڈٹ کمیٹی، انویسٹمنٹ کمیٹی، ایسیٹ لائبلٹی کمیٹی (ALCO)، کپلائنس کمیٹی، آئی ٹی اسٹینڈنگ کمیٹی، انٹرپرائزرہسک مینجمنٹ کمیٹی، پروکیورمنٹ کمیٹی وغیرہ سمیت اہم مینجمنٹ کمیٹیوں کے ارکان، مزید برآں، ان تمام اہم شعبوں کے سربراہان جو کاروبار، خطرات اور کنٹرولز کے انتظام کے ذمہ دار ہیں اور جو بینک کو نمایاں خطرات سے دوچار کر سکتے ہیں، انہیں بھی اس زمرے میں شامل کیا جاتا ہے۔

ایم آر ٹیز اور ایم آر سیز کے لیے معاوضے

ایم آر ٹیز اور ایم آر سیز کے لیے معاوضے کا ڈھانچہ انسانی وسائل (ایچ آر) کے شعبے کی جانب سے مرتب اور تجویز کیا جاتا ہے اور یہ معین (Fixed) اور متغیر (Variable) معاوضے کے درمیان مناسب توازن برقرار رکھتا ہے۔

مزید برآں، ایم آر ٹیز کے متغیر معاوضے (Variable Remuneration) کا تعین پہلے سے طے شدہ معیاری (Qualitative) اور مقداری (Quantitative) اہداف کے حصول پر کیا جائے گا، جس میں خطرے سے ہم آہنگ کارکردگی اور بینک کے طویل مدتی مالی استحکام کو مد نظر رکھا جائے گا۔ معیاری عوامل کو مقداری عوامل پر فوقیت دی جاسکتی ہے تاکہ غیر ضروری یا حد سے زیادہ خطرہ مول لینے کی حوصلہ کھنی کی جاسکے۔

کنٹرول فنکشنز (Control Functions) کے متغیر معاوضے کا تعین ان کے فنکشن کے مخصوص اہداف پر مبنی ہوگا اور یہ ان کاروباری شعبوں کی مالی کارکردگی سے منسلک نہیں ہوگا جن کی وہ نگرانی کرتے ہیں۔ اس معاوضے کے ڈھانچے کو اس طرح وضع کیا گیا ہے کہ ان کے معروضیت (Objectivity) اور غیر جانب داری (Independence) پر کوئی سمجھوتہ نہ کیا جائے۔

فی الحال ملازمین کے لیے کوئی ایسپلائی اسٹاک آپشن (ای ایس او ایس) نہیں ہے۔

ایم آر سیز اور ایم آر ٹیز کے عہدوں کے لیے متوازن اسکور کارڈ تیار کیے گئے تھے اور ایچ آر پالیسی کے مینوئل میں ان پر نظر ثانی کی جارہی ہے۔

بورڈ کے جائزے کا طریقہ کار

کارپوریٹ نظم و نسق کے ضوابطی فریم ورک، 2021ء کے جی۔ 13 اور بی پی آر ڈی سرکلر نمبر 11 برائے 2016ء بتاریخ 22 اگست 2016ء، اور بینک کمرہ لمیٹڈ کی طرف سے اپنائے گئے طریقہ کار کے مطابق، بورڈ نے جائزے کے داخلی عمل کے بجائے بیرونی جائزے کا انتخاب کیا ہے جس کا مقصد بورڈ آف ڈائریکٹرز کی شفافیت اور سالمیت کو برقرار رکھنا ہے۔ بورڈ کے ارکان نے پاکستان انسٹی ٹیوٹ فار کارپوریٹ گورننس ("PICG") کو بورڈ کی مجموعی کارکردگی، اس کی کمیٹیوں اور بورڈ اراکین میں سے ہر ایک کا انفرادی جائزہ لینے کے لیے ایک بیرونی جائزہ کار کے طور پر منظور کیا ہے تاکہ بینک کو اس کے بورڈ کی تشکیل، دیانتداری، امور اور بینک میں کارپوریٹ گورننس کے اعلیٰ معیار کو برقرار رکھنے کے لیے اس کے عزم کے بارے میں شفاف، منصفانہ اور غیر جانبدارانہ رپورٹ حاصل ہو سکے۔

ڈائریکٹرز میں تبدیلیاں

27 مارچ 2025ء کو ہونے والے انتخابات کے بعد سات ڈائریکٹرز منتخب کیے گئے، جن میں سے پانچ موجودہ بورڈ کے سابقہ اراکین ہیں جبکہ دو نئے ڈائریکٹرز، یعنی محترمہ شبنم فقیر محمد اور جناب سلال حسن، بورڈ میں شامل ہوئے ہیں۔

بینک کی جانب سے معاوضے کے تعین کا طریقہ کار

بینک کا معاوضے کا فریم ورک شفافیت، مستقل مزاجی، میرٹ اور منصفانہ طریقہ کار کو یقینی بنانے کے لیے وضع کیا گیا ہے، تاکہ بی ایم ایل میں انتخاب اور بھرتی کے عمل میں بہترین صلاحیتوں کے حامل افراد کو متوجہ کیا جاسکے اور انھیں ملازمت پر برقرار رکھا جاسکے۔ یہ پالیسی معاوضے کے طریقوں سے متعلق اسٹیٹ بینک کے رہنما اصولوں کی تعمیل کو یقینی بناتی ہے اور مالی ثالثی کے خطرات اور ذمہ داریوں سے ہم آہنگ ہے۔

بی ایم ایل کے بورڈ آف ڈائریکٹرز کی ذمہ داری ہے کہ وہ بورڈ کی کمیٹی برائے انفرادی وسائل و معاوضے (BHR&RC) کی سفارشات کی بنیاد پر معاوضے کے فریم ورک کا جائزہ، اس کی منظوری اور اس پر عمل درآمد کی نگرانی کریں۔

معاوضے کی ساخت

بی ایم ایل میں معاوضے کی ترکیب معین اور متغیر معاوضے پر مشتمل ہے۔

معین معاوضہ: وہ بنیادی تنخواہ اور الاؤنسز ہیں جو کسی ملازم کی مہارت، تجربے، اور اہلیتوں نیز ان کی ذمہ داریوں کے تقاضوں، مقدار اور دائرہ کار کے مطابق ادا کیے جاتے ہیں۔
متغیر معاوضہ: متغیر معاوضہ کارکردگی سے منسلک ہوتا ہے اور بنیادی طور پر سالانہ کارکردگی بونس پر مشتمل ہوتا ہے۔ ملازمین کے متغیر معاوضے کے ایک حصے کے طور پر، سالانہ بونس ہر سال کے لیے طے کردہ آپریشنل اور مالی اہداف کے حصول، ان اہداف کے حصول میں ملازمین کی انفرادی کارکردگی، اور بینک کے اسٹریٹجک مقاصد کی تکمیل میں ان کے کردار کو مد نظر رکھتے ہوئے دیا جاتا ہے۔

ڈائریکٹرز کی نامزدگی اور تقرر

کمپنیز ایکٹ 2017ء کی دفعات نیز اسٹیٹ بینک آف پاکستان کی جانب سے 2021ء میں جاری کردہ محتاطیہ ضوابط برائے کارپوریٹ نظم و نسق کے مطابق، بورڈ کے ڈائریکٹرز کا انتخاب شیئر ہولڈرز کی جانب سے ان کی جنرل میٹنگ میں کیا جاتا ہے۔

ہر ڈائریکٹر (بشمول نان ایگزیکٹو ڈائریکٹر، ایگزیکٹو ڈائریکٹر، اسپانسر ڈائریکٹر، خود مختار ڈائریکٹر اور نامزد ڈائریکٹر) کو بینک کے بورڈ آف ڈائریکٹرز میں تقرری سے قبل اسٹیٹ بینک آف پاکستان کے فٹ اینڈ پراپرٹیز ٹیسٹ (FPT) کے جائزے کے معیار پر پورا اترنا ہوگا۔ مزید برآں، سی جی آر ایف 2021ء کے قابل اطلاق تقاضوں کی تعمیل میں، بینک مجوزہ ڈائریکٹرز کے لیے رسمی ایف پی ٹی دستاویز اور متعلقہ دستاویزات پر اسٹیٹ بینک میں کارروائی کرنے سے پہلے خود مجوزہ ڈائریکٹرز کی خود تفتیش (self-assessment) کرے گا۔

کسی ڈائریکٹر کا تقرر کرتے وقت، بینک نے اس بات کو یقینی بنایا کہ بورڈ ایسے ڈائریکٹرز پر مشتمل ہونا چاہیے جن کے پاس بینک کے کریڈٹ، کمرشل بینکنگ، فنانس، اندرونی آڈٹ، آپریشنز، رسک اور انفارمیشن ٹیکنالوجی کے شعبے میں متعلقہ تجربہ، موزوں علم، اور مناسب مہارتیں ہوں۔

مزید برآں، بینک صفحی مساوات پر یقین رکھتا ہے اور اس لیے بینک کے بورڈ آف ڈائریکٹرز میں پہلے ہی ایک خاتون ڈائریکٹر کا تقرر کیا گیا ہے، جو قابل اطلاق ضوابطی تقاضوں سے ہم آہنگ ہیں۔

جہاں تک خود مختار ڈائریکٹرز کی تقرری کا تعلق ہے، بینک اسٹیٹ بینک آف پاکستان کے بیان کردہ معیار کو مد نظر رکھتے ہوئے پاکستان انسٹی ٹیوٹ آف کارپوریٹ گورننس (PICG) کے پاس موجود ڈیٹا بینک سے امیدواروں کا انتخاب کر سکتا ہے۔ مزید برآں، بورڈ کا حصہ بننے کے بعد، خود مختار ڈائریکٹرز سے سالانہ حلف نامہ بھی لیا گیا ہے۔

ڈائریکٹرز کا تربیتی پروگرام

بینک کا موجودہ بورڈ آف ڈائریکٹرز (ماسوا ایک (1) ڈائریکٹر کے جو اسپانسرز کی نمائندگی کرتے ہیں) ، فہرستی کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019ء کے مطابق 31 دسمبر 2025ء تک ڈائریکٹرز کے تربیتی پروگرام ("DTP") کے قابل اطلاق تقاضوں سے پوری طرح ہم آہنگ ہے۔

درج ذیل ڈائریکٹرز نے اپنے مطلوبہ ڈائریکٹرز کے تربیتی پروگرام کو کامیابی کے ساتھ مکمل کیا ہے:

ڈائریکٹرز کے نام	کورس	کامیابی کا سال
جناب وسیم مہدی سید	کارپوریٹ گورننس لیڈر شپ اسکولز (سی جی ایل ایس)۔ ڈائریکٹرز ایجوکیشن پروگرام۔ پی آئی سی جی	دسمبر 2021ء
محترمہ شبنم فقیر محمد		جون 2023ء
جناب وجاہت احمد بٹائی		دسمبر 2021ء
جناب ظفر اقبال صدیقی	بورڈ کی اثر انگیزی کو بڑھانا۔ ڈی ٹی پی۔ لمز	دسمبر 2020ء
جناب جواد ماجد خان		اکتوبر 2016ء

2025ء کے دوران بورڈ اور کمیٹی کے اجلاسوں کی تعداد اور ہر ڈائریکٹر کی حاضری مندرجہ ذیل تھی:

بورڈ کی خصوصی انتظامیہ اجلاس کی کمیٹی	بورڈ کی تعمیلی کمیٹی	بورڈ کی انفارمیشن ٹیکنالوجی کی کمیٹی	بورڈ کی انتظامیہ خطر کی کمیٹی	بورڈ کی کمیٹی برائے افراد و وسائل و معاوضے	بورڈ کی آڈٹ کمیٹی	بورڈ کے اجلاس	ڈائریکٹر کا نام
قابل اطلاق نہیں	قابل اطلاق نہیں	قابل اطلاق نہیں	قابل اطلاق نہیں	قابل اطلاق نہیں	قابل اطلاق نہیں	8	جناب عبداللہ نصر عبداللہ حسین لوتہ**
***1	4	6	4	4	6	8	جناب وسیم مہدی سید
***1	4	4	5	3	6	8	جناب وجاہت احمد بٹائی
-	4	6	5	3	6	8	جناب ظفر اقبال صدیقی
***1	قابل اطلاق نہیں	قابل اطلاق نہیں	*1	*1	*1	*3	محترمہ فوزیہ حسین*
-	-	-	-	-	-	-	محترمہ شبنم فقیر محمد**
-	-	-	-	-	-	-	جناب سلال حسن**
***1	قابل اطلاق نہیں	6	1	4	4	8	جناب جواد ماجد خان
1	4	6	5	4	6	8	دوران سال ہونے والے اجلاس

* محترمہ فوزیہ حسین 27 مارچ 2025ء کے بعد سے بطور ڈائریکٹر اپنی خدمات سے سبکدوش ہو گئیں۔

** 27 مارچ 2025ء کو ہونے والے الیکشنز کے بعد سات ڈائریکٹرز منتخب کیے گئے۔ تمام ڈائریکٹرز کی ایف پی ٹی دستاویزات اسٹیٹ بینک آف پاکستان کو کلیئرنس کے لیے جمع کرائی گئیں تھیں جن کی منظوری کا انتظار ہے۔ اسٹیٹ بینک کی حتمی ایف پی ٹی کلیئرنس تک، دو نئے منتخب ڈائریکٹرز یعنی محترمہ شبنم فقیر محمد اور جناب سلال حسن، بورڈ اور کمیٹی میٹنگز میں شرکت نہیں کر رہے ہیں۔

*** بورڈ کی انتظامیہ کی خصوصی کمیٹی کو تحلیل کر دیا گیا اور اس ذمہ داری کو بورڈ کی انتظامیہ خطر کی کمیٹی میں ضم کر دیا گیا، جو 12 جون 2025ء کو سرکولیشن کے ذریعے منظور شدہ قرارداد کے تحت عمل میں آئی تھی۔

2025ء کے دوران شریعت بورڈ کے اجلاسوں کی تعداد اور ہر ایک شرکاء کی حاضری مندرجہ ذیل تھی:

شریعت بورڈ کے ارکان کے نام*	عہدہ	اجلاسوں کی تعداد	حاضری
مفتی محمد نجیب خان	(چیرمین)	4	4
ڈاکٹر نور احمد شاہناز	(رکن)	4	4
مفتی ارشد احمد اعجاز	(رکن)	4	4
مفتی بلال احمد قاضی	(رکن)	4	4
مفتی سید زبیر حسین	(مقیم شریعت بورڈ رکن)	4	4

سلسلہ نمبر	کمیٹی برائے افرادی وسائل و معاوضے	عہدہ
1	جناب وسیم مہدی سید	چیئر پرسن
2	جناب وجاہت احمد بٹائی	رکن
3	جناب ظفر اقبال صدیقی	رکن
4	جناب جواد ماجد خان	رکن

سلسلہ نمبر	بورڈ کی انتظامیہ خطر کی کمیٹی	عہدہ
1	جناب وجاہت احمد بٹائی	چیئر پرسن
2	جناب وسیم مہدی سید	رکن
3	جناب ظفر اقبال صدیقی	رکن

سلسلہ نمبر	بورڈ کی انفارمیشن ٹیکنالوجی کی کمیٹی	عہدہ
1	جناب ظفر اقبال صدیقی	چیئر پرسن
2	جناب وسیم مہدی سید	رکن
3	جناب وجاہت احمد بٹائی	رکن
4	جناب جواد ماجد خان	رکن

سلسلہ نمبر	بورڈ کی قبیلی کمیٹی	عہدہ
1	جناب وسیم مہدی سید	چیئر مین
2	جناب وجاہت احمد بٹائی	رکن
3	جناب ظفر اقبال صدیقی	رکن

سلسلہ نمبر	بورڈ کی خصوصی انتظامیہ جات کی کمیٹی *	عہدہ
1	جناب وجاہت احمد بٹائی	چیئر مین
2	جناب عبداللہ نصر عبداللہ حسین لوتاہ	رکن
3	جناب وسیم مہدی سید	رکن
4	جناب جواد ماجد خان	رکن

*نوٹ: بورڈ کی خصوصی انتظامیہ جات کی کمیٹی کو تحلیل کر دیا گیا اور اس کی ذمہ داری بورڈ کی انتظامیہ خطر کی کمیٹی میں ضم کر دی گئی، جو 12 جون 2025ء کو سرکولیشن کے ذریعے منظور شدہ قرارداد کے تحت عمل میں آئی۔

کارپوریٹ نظم و نسق

بینک فہرستی کمپنیوں (کوڈ آف کارپوریٹ گورننس) کے ضوابط، 2019ء کے اہم تقاضوں کی تعمیل کر رہا ہے۔ انتظامیہ کی جانب سے آڈیٹرز کی جائزہ رپورٹ کے ساتھ ایک مجوزہ بیانیہ اس سالانہ رپورٹ کے ایک حصے کے طور پر منسلک ہے۔

ڈائریکٹرز، فہرستی کمپنیوں کی رپورٹنگ اور انکشاف (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019ء کے باب 12 کے تحت درکار مندرجہ ذیل بیانات پیش کرتے ہوئے مسرور ہیں:

1. ڈائریکٹرز کی مجموعی تعداد سات (07) ہے جو حسب ذیل ہے:

- مرد: 06
- خواتین: 01

2. بورڈ کی بیسٹ ترکیبی درج ذیل ہے:

نام	زمرہ
جناب وسیم مہدی سید محترمہ شبنم فقیر محمد جناب سلال حسن	خود مختار ڈائریکٹر (بشمول خاتون ڈائریکٹر)
جناب عبداللہ نصر عبداللہ حسین لوتاہ جناب ظفر اقبال صدیقی جناب وجاہت احمد بھٹائی	نان ایگزیکٹو ڈائریکٹر
جناب جواد ماجد خان، صدر اور سی ای او	ایگزیکٹو ڈائریکٹر

3. بورڈ نے ذیل میں دیے گئے ارکان پر مشتمل کمیٹیاں تشکیل دی ہیں:

سلسلہ نمبر	بورڈ آڈٹ کمیٹی	عہدہ
1	جناب وسیم مہدی سید	چیئر پرسن
2	جناب وجاہت احمد بھٹائی	رکن
3	جناب ظفر اقبال صدیقی	رکن

زری پالیسی کمیٹی (ایم پی سی) نے 15 دسمبر 2025ء کو منعقدہ اجلاس میں پالیسی ریٹ کو 0.5 فیصد کمی کے ساتھ 10.5 فیصد کر دیا۔

19 دسمبر 2025ء کو پاکستان کے زرمبادلہ کے ذخائر 21.0 ارب ڈالر تھے جن میں سے 15.9 ارب ڈالر اسٹیٹ بینک کی تحویل میں تھے۔

پاکستان اسٹاک ایکسچینج کی کارکردگی نمایاں طور پر بہتر رہی اور 31 دسمبر 2025ء کو کے ایس ای 100 انڈیکس 174,054 پوائنٹس پر بند ہو گیا جبکہ 31 دسمبر 2024ء کو یہ 115,126 پوائنٹس تھا۔

مضبوط کئی معاشی مبادیات، مستحکم ترسیلات زر اور سرمایہ کاروں کے بڑھتے ہوئے اعتماد کے باعث پاکستان کی معاشی صورت حال میں مسلسل بہتری آرہی ہے اور آئندہ کے لیے امید افزا منظر نامہ سامنے آرہا ہے۔ مالیاتی استحکام اور زری نرمی فحی شعبے کی قیادت میں نمو کے لیے سازگار ماحول فراہم کر رہے ہیں، جبکہ سرمایہ کاروں کا اعتماد بھی مسلسل بڑھ رہا ہے۔ اگر موجودہ رجحانات برقرار رہے تو معیشت آنے والے مہینوں میں مزید جامع اور مستحکم ترقی حاصل کرنے کے لیے بہتر پوزیشن میں ہوگی۔

آڈیٹرز کی رپورٹ میں تبدیلیاں

جیسا کہ غیر جامع (Unconsolidated) مالی بیانات کے نوٹ 1.3 اور نوٹ 1.4 میں ظاہر کیا گیا ہے، بینک نے سرمایہ جاتی تقاضوں کی تعمیل کے لیے طے شدہ متعدد اقدامات میں کامیابی حاصل کی۔ ان اقدامات میں اسکیم آف ایجنمنٹ کی منظوری، غیر فعال قرضوں پر نمایاں وصولیاں، خود تعمیر کردہ جائیداد کی فروخت، اور اسپانسر شیئر ہولڈر کی جانب سے 5 ارب روپے کی سرمایہ کاری شامل ہیں۔ ان اقدامات کے نتیجے میں بینک اسٹیٹ بینک آف پاکستان کی جانب سے مقرر کردہ کم از کم سرمائے کے تقاضے (ایم سی آر) اور شرح کفایت سرمایہ (سی اے آر) کی تعمیل کے حصول میں کامیاب ہو گیا ہے۔

بینک نے 14.25 ارب روپے کے موخر ٹیکس اثاثوں کو تسلیم کیا ہے، جنہیں آئندہ چار برسوں کے قابل ٹیکس منافع کی مالی پیش گوئیوں کی بنیاد پر قابل وصول سمجھا گیا ہے۔ ان مالی پیش گوئیوں کی منظوری بورڈ آف ڈائریکٹرز کی جانب سے دی جا چکی ہے۔

جیسا کہ غیر جامع (Unconsolidated) مالی بیانات کے نوٹ 14.1 اور 14.3 میں ظاہر کیا گیا ہے، ان املاک میں غیر ترقیاتی یا کم ترقی یافتہ اراضی شامل ہے، اور اس کے مطابق ان کی قیمت کا تعین کچھ حد تک ذاتی تشخیص (Subjectivity) پر مبنی ہے۔

ان معاملات کے حوالے سے آڈٹ رپورٹ میں ترمیم نہیں کی گئی ہے۔

وی آئی ایس کریڈٹ ریٹنگ کمپنی لمیٹڈ نے درجہ-2 سرمائے کے آلات کے لیے ایک نیاریننگ اسکیل جاری کیا ہے۔ نتیجتاً، بینک کی ٹی ایف سی ریٹنگ کو ریٹنگ واچ نیگیٹو منظر نامے کے ساتھ 'بی' (سنگل بی) میں ایڈجسٹ کیا گیا ہے، جس کا آؤٹ لک ریٹنگ واچ- نیگیٹو رکھا گیا ہے، جیسا کہ 27 جون، 2023ء کی پریس ریلیز میں بیان کیا گیا۔ قبل ازیں، بینک کی ٹی ایف سی ریٹنگ 'ڈی' (ڈیفیٹ) مقرر کی گئی تھی کیونکہ اسٹیٹ بینک آف پاکستان (ایس بی پی) کے قابل اطلاق ضوابط کے تحت بینک کی جانب سے لاک ان کلاز کی حوالے سے تازہ ترین مارک اپ پیمینٹ کی ادائیگی نہیں کی گئی تھی۔ ٹی ایف سی ہولڈرز نے مطلوبہ اکثریت سے قرارداد کی منظوری دے دی ہے، اور بینک نے بورڈ آف ڈائریکٹرز سے اس امر کی منظوری بھی حاصل کر لی ہے کہ ٹی ایف سی ہولڈرز کو بغیر حقوق (وڈ آؤٹ رائٹس میس) کی بنیاد پر بینک کے مکمل ادا شدہ عام شیئرز جاری کرنے کے لیے درکار شیئرز ہولڈرز اور ریگولیٹری منظور یوں کے حصول کی کارروائی شروع کی جائے۔

اقتصادی جائزہ

پاکستان کی معیشت نے معتدل مہنگائی اور محدود مالیاتی عدم توازن کے ساتھ استحکام اور ترقی کے اپنے سفر کو برقرار رکھا ہے۔ مضبوط کھلی معاشی بنیادوں نے مالی استحکام کو سہارا دیا ہے اور محاصل کی مؤثر وصولیوں کے باعث نمایاں نتائج سامنے آ رہے ہیں، جس کے نتیجے میں ابتدائی سرپلس حاصل ہوا ہے اور زرعی پالیسی کا مؤقف بھی معاون اور سازگار رہا ہے۔ مزید برآں، آئی ایم ایف کے کامیاب جائزے کے بعد حکومت کو آئی ایم ایف کے توسیعی پروگرام کے تحت 1.2 ارب ڈالر موصول ہوئے ہیں۔ ان پیش رفتوں نے کاروباری اداروں اور صارفین کے اعتماد کو تقویت دی ہے۔ محتاط مالیاتی نظم و نسق اور اسٹریٹجک اصلاحات پائیدار معاشی ترقی کی راہ ہموار کر رہی ہیں۔

جولائی تا دسمبر مالی سال 2026ء کے دوران درآمدات میں اضافے کے باوجود برآمدات اور ترسیلات زر کی بدولت بیرونی کھاتوں کی صورت حال میں نمایاں بہتری کا سلسلہ جاری رہا۔ اس مدت میں کرنٹ اکاؤنٹ کا خسارہ 1,174 ملین ڈالر ریکارڈ کیا گیا۔ برآمدات میں 5 فیصد کی معمولی کمی واقع ہوئی، جبکہ درآمدات 12.3 فیصد اضافے کے ساتھ 31.3 ارب ڈالر تک پہنچ گئیں۔ نتیجتاً تجارتی خسارہ بڑھ کر 17.6 ارب ڈالر ہو گیا جبکہ گذشتہ برس کی اسی مدت میں 13.1 ارب ڈالر تھا۔

جولائی تا دسمبر مالی سال 2026ء کے دوران بیرونی براہ راست سرمایہ کاری (ایف ڈی آئی) 207 ملین ڈالر تھی جبکہ گذشتہ برس کی اسی مدت میں 1,343 ملین ڈالر ریکارڈ کی گئی تھی۔ اس کے برعکس، کلارکوں کی ترسیلات زر 10.6 فیصد اضافے سے 19.73 ارب ڈالر ہو گئیں۔

جولائی تا دسمبر مالی سال 2026ء کے دوران مالیاتی کارکردگی حوصلہ افزا رہی۔ ایف بی آر کی ٹیکس وصولیاں 9.5 فیصد نمو کے ساتھ 6,161 ارب روپے تک پہنچ گئیں، جبکہ گذشتہ برس کی اسی مدت میں یہ 5,625 ارب روپے تھیں۔ یہ اضافہ براہ راست اور بالواسطہ دونوں اقسام کے ٹیکسوں میں وسیع الہینڈ نمو کی بدولت ممکن ہوا۔ نان ٹیکس محاصل میں 4.8 فیصد اضافہ ہوا۔ زیر جائزہ مدت کے دوران حکومت نے جی ڈی پی کے 0.8 فیصد کا مجموعی مالیاتی سرپلس حاصل کیا، جبکہ گذشتہ برس کی اسی مدت میں 0.04 فیصد خسارہ ہوا تھا۔ جبکہ دوران مدت جی ڈی پی کے 2.8 فیصد کا ابتدائی سرپلس ریکارڈ کیا گیا، جو گذشتہ برس کے مساوی تھا۔

صارف اشاریہ قیمت (سی پی آئی) مہنگائی کی شرح دسمبر 2025ء میں سال بہ سال بنیاد پر 5.6 فیصد ریکارڈ کی گئی جبکہ گذشتہ برس کی اسی مدت میں یہ شرح 4.1 فیصد تھی۔ اسی دوران سونے کی قیمتیں عالمی منڈی کے رجحانات کے زیر اثر ریکارڈ بلند ترین سطح پر پہنچ گئیں اور 4,350 ڈالر فی اونس کی حد عبور کر گئیں۔

بینک نے اپنے آپریٹنگ اخراجات کو محتاط انداز میں کنٹرول کیا، اور مسلسل نگرانی اور لاگت میں کمی کے اقدامات کا نفاذ کرتے ہوئے اخراجات میں اضافے کو محدود رکھا، جو گذشتہ برس کی اسی مدت کے مقابلے میں صرف 4.69 فیصد رہے۔ بینک کے کل نان مارک اپ اخراجات 8.85 ارب روپے رہے، جبکہ گذشتہ برس کی اسی مدت میں یہ 8.09 ارب روپے تھے۔

بینک نے غیر فعال قرضوں کی بازیابی میں تاریخی طور پر شاندار کارکردگی کا مظاہرہ کیا، اور 21.03 ارب روپے کی خالص تموینی استرداد (provision reversal) درج کیا، جو گذشتہ برس کی تقابلی مدت میں 1.42 ارب روپے تھا۔ وصولیوں کی ان کوششوں کے نتیجے میں غیر فعال قرضوں کی مجموعی صورت حال دسمبر 2024ء کے 34.19 ارب روپے سے کم ہو کر دسمبر 2025ء میں 16.62 ارب روپے رہ گئی۔

31 دسمبر 2025ء تک بینک کا مجموعی غیر فعال قرضوں کا تناسب (مجموعی غیر فعال قرضے اور مجموعی ایڈوانسز) کم ہو کر 41.49 فیصد ہو گیا جبکہ گذشتہ برس یہ 69.95 فیصد تھا، اس کمی کی بنیادی وجہ غیر فعال قرضوں میں 17.57 ارب روپے کی کمی تھی۔ مزید برآں، دسمبر 2025ء کے اختتام پر کوریج کا تناسب 82.26 فیصد تھا۔

نیکھنا نتاج

بینک نے رواں سال کے لیے 8.83 ارب روپے کا مجموعی بعد از ٹیکس نفع درج کیا جبکہ گذشتہ برس یہ 5.21 ارب روپے کا خسارہ ہوا تھا۔ فی شیئر آمدنی کا تخمینہ 8.83 روپے لگایا گیا جبکہ گذشتہ برس کی اسی مدت کے دوران یہ 1.00 روپے خسارہ فی شیئر تھا۔

بینک سٹ کیپٹل (پرائیویٹ) لمیٹڈ میں 100 فیصد شیئر ہولڈنگ کا حامل ہے، جو ایکویٹی بروکر تاج، منی مارکیٹ بروکر تاج، انٹرنیشنل فارن ایکسچینج بروکر تاج، کموڈٹی بروکر تاج اور ریسرچ کے کاروبار میں مصروف ہے۔ بینک اور اس کے ماتحت اداروں کے جامع مالی بیانات کے ساتھ ساتھ آڈیٹرز کی رپورٹ بھی سالانہ رپورٹ کا حصہ ہے۔

ذیلی ادارے کی کارکردگی

سٹ کیپٹل (پرائیویٹ) لمیٹڈ نے 2025ء کے دوران 35.29 ملین روپے کا بعد از ٹیکس نفع حاصل کیا۔ 2025ء کے دوران اسٹاک مارکیٹ کی زبردست کارکردگی کے نتیجے میں تجارتی سرگرمی نمایاں طور پر بڑھ گئی جس سے کمپنی کے محاصل اور نفع آوری پر مثبت اثر پڑا۔ سال کے لیے فی شیئر 1.18 روپے کا نفع درج کیا گیا جبکہ گذشتہ برس یہ 0.65 روپے فی شیئر تھا۔

کریڈٹ ریٹنگ

2019ء کے دوران، وی آئی ایس کریڈٹ ریٹنگ کمپنی لمیٹڈ نے بینک کی درمیانی تا طویل مدتی ریٹنگ 'بی بی بی' (ٹریپل بی مائنس) اور قلیل مدتی ریٹنگ 'اے-3' (اے-تھری) معطل کر دی۔ بینک وی آئی ایس کریڈٹ ریٹنگ کمپنی لمیٹڈ کے ساتھ ریٹنگ کے عمل کا آغاز کر چکا ہے اور اسٹیٹ بینک سے درخواست کی گئی ہے کہ وہ کریڈٹ ریٹنگ کے پراسس کی تکمیل کے لیے 31 مارچ 2026ء تک توسیع فراہم کر دے۔

بینک نے تقریباً ایک دہائی کے بعد اپنی مالی کارکردگی میں شاندار بہتری کا مظاہرہ کرتے ہوئے منفی سے مثبت نتائج کی جانب غیر معمولی پیش رفت کی ہے۔ بینک نے رواں سال 19.080 ارب روپے کا قبل از ٹیکس نفع حاصل کیا، جبکہ گذشتہ برس کی اسی مدت میں 7.27 ارب روپے کا خسارہ ہوا تھا، جو 26.35 ارب روپے کی بہتری کو ظاہر کرتا ہے۔ اسی طرح، گذشتہ برس کی اسی مدت میں 5.22 ارب روپے کے بعد از ٹیکس خسارے کی جگہ اس سال 8.79 ارب روپے کا بعد از ٹیکس منافع حاصل کیا، جو مالی کارکردگی میں واضح بہتری کی عکاسی کرتا ہے۔ واجبات کی بازیابی کی غیر معمولی کوششوں نے اس نفع آوری کے حصول میں کلیدی کردار ادا کیا ہے۔ 2024ء میں 1.00 روپے کا خسارہ فی شیئر رواں سال 8.79 روپے فی شیئر کی آمدن میں تبدیل ہو گیا ہے۔

اسٹیٹ بینک آف پاکستان کی جانب سے پالیسی ریٹ میں بتدریج کمی کے مطابق رواں سال پالیسی ریٹ کم ہو کر اوسطاً 11.38 فیصد ہو گیا جبکہ 2024ء میں یہ 19.38 فیصد تھا۔ زوال پذیر منحنی یافتہ (yield curve) کے باعث پیدا ہونے والے شرح سود کے خطرے کے مؤثر انتظام کے لیے، بینک نے اپنی مبادلہ (arbitrage) سرمایہ کاری کو کم کر دیا، جس کے نتیجے میں اوسط خالص سرمایہ کاری میں کمی آئی، جو اوسط قرض گیری میں کمی سے ہم آہنگ تھی۔ نتیجتاً، اوسط خالص سرمایہ کاری گذشتہ برس کے 175.50 ارب روپے سے کم ہو کر رواں سال 132.475 ارب روپے رہ گئی، جبکہ اوسط خالص سرمایہ کاری پر حاصل ہونے والی یافتوں میں بھی اسی تناسب سے کمی واقع ہوئی، جس کے نتیجے میں رواں سال سرمایہ کاریوں سے حاصل ہونے والی بینک کی آمدنی کم ہو کر 15.76 ارب روپے رہ گئی۔

بینک کے اوسط خالص ایڈوانسز کم ہو کر 2025ء کے دوران کل 14.46 ارب روپے رہ گئے، جبکہ گذشتہ برس کی اسی مدت میں یہ 16.29 ارب روپے تھے۔ پالیسی ریٹ میں کمی کی طرح، ایڈوانسز پر خالص یافتیں بھی کم ہو کر رواں سال 11.67 فیصد رہ گئیں، جبکہ گذشتہ برس کی تقابلی مدت میں یہ شرح 15.61 فیصد تھی۔ نتیجتاً، ایڈوانسز سے حاصل ہونے والی آمدن بھی کم ہو کر رواں سال میں 1.69 ارب روپے رہ گئی، جو گذشتہ سال 2.54 ارب روپے تھی۔

31 دسمبر 2025ء تک بینک کے اوسط ڈپازٹس 166.55 ارب روپے تھے، جو گذشتہ برس کے مقابلے میں 5.98 ارب روپے یا 3.72 فیصد اضافے کو ظاہر کرتا ہے۔ شرح ہائے سود کی سخت مسابقت کے سبب، بینک کی توجہ سی اے ایس اے کے آئیزے اور جاری کھاتوں کو برقرار رکھنے پر مرکوز رہی۔ 31 دسمبر، 2025ء تک بینک کا سی اے ایس اے کا تناسب بڑھ کر 91.74 فیصد ہو گیا (دسمبر 2024ء: 90.06 فیصد) جس کے نتیجے میں رواں سال ڈپازٹس کی اوسط لاگت 7.13 فیصد رہی۔

مبادلہ سرمایہ کاری (arbitrage book) میں کمی کے مطابق، موجودہ مدت میں بینک کی اوسط قرض گیری گذشتہ سال کی اسی مدت کے مقابلے میں 50.05 ارب روپے کم رہی۔ اسی دوران، قرض گیری کی اوسط لاگت بھی کم ہو کر 11.49 فیصد رہ گئی، جو گذشتہ برس 19.79 فیصد تھی۔

شرح سود میں کمی سے فائدہ اٹھاتے ہوئے، بینک نے سرکاری تمسکات کی فروخت پر 2.25 ارب روپے کا غیر معمولی سرمایہ کاری فائدہ حاصل کیا، اس کے علاوہ، رواں سال کے دوران بینک نے املاک کی فروخت سے 4.23 ارب روپے کا نفع حاصل کیا۔ جس سے بینک کی مجموعی نان فنڈڈ آمدنی بڑھ کر 7.75 ارب روپے تک پہنچ گئی، جو گذشتہ برس کے مقابلے میں 122.34 فیصد کا نمایاں اضافہ ظاہر کرتی ہے۔

شیر ہولڈرز کے لیے ڈائریکٹروں کی رپورٹ

عزیز شیر ہولڈرز،

بورڈ آف ڈائریکٹرز کی جانب سے، ہم 31 دسمبر 2025ء کو اختتام پذیر ہونے والے سال کے لیے بینک کے ڈائریکٹرز کی رپورٹ مع آڈٹ شدہ مالی گوشوارے اور آڈیٹرز کی رپورٹ پیش کرتے ہوئے سرور ہیں۔

بینک نے ایک مشکل اور طویل دور کو کامیابی کے ساتھ پیچھے چھوڑ دیا ہے اور گذشتہ ایک دہائی کے دوران شدید منفی ایکویٹی اور مسلسل مالی نقصانات جیسے درپیش سخت چیلنجز پر قابو پا لیا ہے۔ ہمارے اسپانسر کی غیر متزلزل وابستگی اور ثابت قدمی، اور منجمنٹ ٹیم کی انتھک اور مخلصانہ کاوشوں نے اس شاندار بحالی کو ممکن بنایا۔ بینک نے نہ صرف سرمائے کی ضروریات کی تکمیل کی ہے بلکہ زبردست منافع بھی حاصل کیا ہے، اور اب کامیابی کے ایک نئے سفر کا آغاز کر رہا ہے۔ بینک ترقی کی راہ پر گامزن ہے اور اب، ان شاء اللہ، اپنے پاؤں پر خود کھڑا ہونے کے لیے تیار ہے۔

بینک کی کارکردگی

2025ء کے مالی نتائج کی جھلکیاں حسب ذیل ہیں:

ملین روپے	مالی صورت حال
23,707	شیر ہولڈرز کی ایکویٹی
169,172	امانتیں
213,646	مجموعی اثاثے
26,127	ایڈوانس۔ خالص
86,282	سرمایہ کاریاں۔ خالص
	مالی کارکردگی
6,899	خالص سودی آمدنی اور غیر سودی آمدنی (مجموعی آمدنی)
8,848	غیر سودی اخراجات
(21,029)	(استرداد) / تموین اور متروکات - خالص
19,080	خسارہ قبل از ٹیکس
8,795	خسارہ بعد از ٹیکس
8.79	آمدنی فی شیر بنیادی اور سیال (diluted)۔ روپے

بینک، جس کی شرح کفایت سرمایہ (سی اے آر) منفی 27.50 فیصد تھی اور کم از کم سرمائے کے تقاضے (ایم سی آر) کے تحت 3.87 ارب روپے کی کمی کا سامنا تھا، اب 11.65 فیصد تک شرح کفایت سرمایہ حاصل کر چکا ہے اور کم از کم سرمائے کے تقاضے کے تحت اس کا سرمایہ 15 ارب روپے تک پہنچ گیا ہے۔

Report of the Shari'ah Board

For the year ended December 31, 2025

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ
الحمد لله رب العالمين، والصلاة والسلام على رسوله الكريم، وعلى آله وصحبه أجمعين، وبعد

To monitor overall Shari'ah Compliance environment of the Bank Makramah Limited (formerly known as Summit Bank Limited) - Islamic Banking Division (BML IBD), there are various controls enforced by the bank as per SBP and Shari'ah Board directives. Besides the Shari'ah Compliance Department which monitors bank's operations as per Shari'ah, Internal Shari'ah Audit, External Shari'ah Audit and SBP Audit are also carried out for the functions and departments working in different areas within the bank which ultimately provide the Shari'ah Board a comfort regarding conformity of Bank's operations with Shari'ah rules and overall environment therein as desired.

The scope of this report is to cover the affairs of the bank from Shari'ah perspective, as described under Shari'ah Governance Framework of SBP.

Shari'ah Board's Opinion:

1. While BoD and Executive Management are solely responsible to ensure that the operations of Bank Makramah Limited (formerly known as Summit Bank Limited) - Islamic Banking Division are carried out in a manner that complies with Shari'ah principles at all times, it is required to submit a report on the overall Shari'ah compliance environment of Bank Makramah Limited (formerly known as Summit Bank Limited) - Islamic Banking Division.
2. To form Shari'ah opinion as expressed in this report, the reports of Shari'ah Compliance Department; regarding different transactions, relevant documentation and their applications, have also been reviewed. Further, the internal and external audit reports, conducted during the period, have also been reviewed.
3. Based on the above, the view is that:
 - I. The Bank has a mechanism in place to ensure Shari'ah compliance in its overall operations and the Bank has satisfactorily complied with Shari'ah rules, principles, relevant guidelines, fatawa and rulings, as issued by SB and SBP from time to time.
 - II. The Bank took necessary actions on instructions/guidelines given by Shari'ah Board to ensure smooth running of the Bank's operations in Shari'ah compliant manner.
 - III. The Bank has a system in place which is sound enough to ensure that any earnings, if realized from sources or by means prohibited in Shari'ah, would be credited to charity account and properly utilized in charitable purposes. During the year under review, no such transaction was found which may attract any charity due to Shari'ah non compliance. During the year, PKR 350,104 were collected on account of late payments and deposited in the charity account.
 - IV. It is important to notice that there is no such Shari'ah related pending issue in the Bank.
 - V. Bank has Pool management system in place which further needs automation for the transparency and efficiency of Islamic banking profit distribution. SCD reviews monthly profit distribution working and Shari'ah Audit performs quarterly review of pool management. All these checks and controls ultimately improves the profit distribution process between the Arbab ul Amwaal (depositors) and the Mudarib (Bank) in smooth manner and minimize the chance of error.

- VI. Regarding the core banking automation system, the management is advised to bridge the gaps found in the existing system for the smooth functioning of all products and services.
- VII. The level of awareness, capacity and sensitization of the staff including executive management and BOD for Shari'ah compliance aspects remained satisfactory.
- VIII. Learning & Development (L&D) Unit, in coordination with SCD & IBD, arranged training sessions on Islamic Banking for bank's staff in pursuance of the bank's goal towards becoming a full-fledged Islamic Bank. Despite efforts made by the bank, staff at all levels from top to bottom still needs Islamic banking training to better understand and implement the Shari'ah guidelines issued by SB & SBP regarding Islamic Banking. There is also need to work on the overall environment of the Bank to promote Islamic Banking. The reputational risk of the Bank would be high if mindset of the staff is not inclined towards Islamic Banking. Further, it is recommended that all staff including Executive Management should be well trained in Islamic Banking according to SBP's Broad Parameters regarding Islamic Banking Conversion so that the Bank's objective of complete conversion may be achieved smoothly.
- IX. To ensure Shari'ah Compliance at all levels in the bank as per instructions & guidelines of SB, SBP & BOD, it is recommended to the management that adequate personnel to Product Development & Pool Management should be provided to cater duty of Shariah Compliance in an effective manner.
- X. In line with Federal Shariat Court's ruling and SBP initiatives for Islamic conversion of economy, the bank has embarked on transformation journey according to its comprehensive Conversion Plan Towards Islamic Conversion, the bank has successfully achieved the target of opening of 51 Islamic Banking Windows (IBWs) in 51 conventional branches and almost completed the task of Islamic Banking Training to staff of these branches. We wish and pray that the bank shall continue to take initiatives for successful achievement of complete transformation.

May Allah bless us *Taufeeq* to accomplish His cherished tasks, make us successful in this world and in the Hereafter, and forgive our mistakes, Aameen.

Mufti Syed Zubair Hussain
Resident Shari'ah Board Member

Mufti Bilal Ahmed Qazi
Shari'ah Board Member

Mufti Irshad Ahmed Aijaz
Shari'ah Board Member

Dr. Noor Ahmed Shahtaz
Shari'ah Board Member

Mufti Muhammad Najeeb Khan
Chairman Shari'ah Board

ح: اسلامی بینکاری کے تمام پہلوؤں میں شرعی تعمیل کے لیے عملے، اعلیٰ انتظامیہ اور بورڈ آف ڈائریکٹرز کی آگاہی، صلاحیت اور موضوع سے واقفیت کی سطح تسلی بخش رہی۔

خ: لرننگ اینڈ ڈویلپمنٹ (L&D) یونٹ نے ایک مکمل اسلامی بینک بننے کے مقصد کے حصول کے لیے شریعہ کسپلائنس ڈیپارٹمنٹ (SCD) اور اسلامی بینکاری ڈیپارٹمنٹ (IBD) کے ساتھ مل کر بینک کے عملے کے لیے اسلامی بینکاری کی تربیتی نشستوں کا اہتمام کیا۔ ان تمام تراجمی کاوشوں کے باوجود تمام عملے کی تربیتی نشستوں کی مزید ضرورت ہے تاکہ شریعہ بورڈ اور مرکزی بینک کی ہدایات کی تفہیم و تعمیل بہتر طور پر ہو سکے۔ اس کے ساتھ ساتھ بینک کے عمومی ماحول کو بہتر بنانے کے لیے اسلامی بینکاری کی ترویج کی مزید ضرورت ہے کیونکہ اگر عملے کا رجحان اسلامی بینکاری کی طرف نہیں ہوگا تو یہ بینک کی (اسلامی) سہا کے لیے نامناسب بات ہوگی۔ مزید یہ تجویز پیش کی جاتی ہے کہ حال ہی میں بینک دولت پاکستان کی طرف سے جاری کردہ اسلامی بینکاری تبدیلی کے عمل کے لیے وسیع ڈھانچہ کے مطابق بینک کے پورے عملے بشمول اعلیٰ انتظامیہ کی اسلامی بینکاری کی تربیت ہونی چاہیے تاکہ بینک مکمل تبدیلی کے ہدف کی جانب بخوبی گامزن رہ سکے۔

و: شریعہ بورڈ بینک دولت پاکستان اور بورڈ آف ڈائریکٹرز کی ہدایات اور رہنما خطوط کے مطابق بینک میں تمام سطحوں پر شرعی تعمیل کو یقینی بنانے کے لیے یہ سفارش کی جاتی ہے کہ پروڈکٹ ڈویلپمنٹ اور پول مینجمنٹ کو مناسب عملہ فراہم کیا جائے تاکہ امور شریعہ کے فرض کو مؤثر انداز میں پورا کیا جائے۔

ذ: وفاقی شرعی عدالت کے فیصلے اور اسٹیٹ بینک کے معاشی نظام کی اسلامی نظام میں منتقلی / تبدیلی کے اقدامات کو مد نظر رکھتے ہوئے بینک اسلامی نظام میں تبدیلی کے سفر کا آغاز جامع حکمت عملی کے تحت کر چکا ہے۔ اسلامی تبدیلی کے ضمن میں بینک نے ۵۱ روایتی شاخوں میں اسلامک بینکنگ و نڈوز کھولنے کا ہدف کامیابی سے مکمل کر لیا ہے اور اس سلسلے میں اسلامی بینکاری کی تربیت بھی تقریباً مکمل کر لی ہیں۔

ہم امید کرتے ہیں اور دعا گو ہیں کہ بینک نے اسلامی نظام میں تبدیلی / منتقلی کے جس سفر کا آغاز کیا ہے اس کے حصول کے لیے مزید اقدامات کرتا رہے۔
اللہ تعالیٰ ہمیں اپنے پسندیدہ اعمال کی توفیق عطا فرمائے، ہماری خطاؤں سے درگزر فرمائے اور دنیا اور آخرت میں کامیاب فرمائے۔ آمین!

مفتی بلال احمد قاضی
شریعی بورڈ ممبر

مفتی سید زبیر حسین
ریزیڈنٹ شریعی بورڈ ممبر

ڈاکٹر نور احمد شاہتاز
شریعی بورڈ ممبر

مفتی ارشاد احمد اعجاز
شریعی بورڈ ممبر

مفتی محمد نجیب خان
چیئرمین شریعی بورڈ

بسم الله الرحمن الرحيم الحمد لله رب العالمين، والصلاة والسلام على رسوله الكريم، و على آله وصحبه أجمعين، وبعد

بینک کے مکمل شریعت کمپلائنس ماحول کی نگرانی کے لیے اسٹیٹ بینک آف پاکستان اور بینک کے شریعت بورڈ کے احکامات کے مطابق مختلف نگرانی کے نظام بنائے گئے ہیں اور اس اہم مقصد کو حاصل کرنے کے لیے شریعت کمپلائنس ڈیپارٹمنٹ کے علاوہ بینک میں انجام دی جانے والی مختلف سرگرمیوں کے لئے اندرونی، بیرونی اور اسٹیٹ بینک کے شریعت آؤٹس بروئے کار لائے جاتے ہیں جس سے شریعت بورڈ کو بینک میں انجام دیے جانے والے معاملات کے شریعت کے مطابق ہونے کے بارے میں اطمینان حاصل ہوتا ہے۔ اس رپورٹ کا مقصد بینک دولت پاکستان کے شریعت گورننس فریم ورک کے تقاضوں کے تحت شرعی نقطہ نظر سے بینک کے امور کا جائزہ پیش کرنا ہے۔

شریعت بورڈ کی رائے:

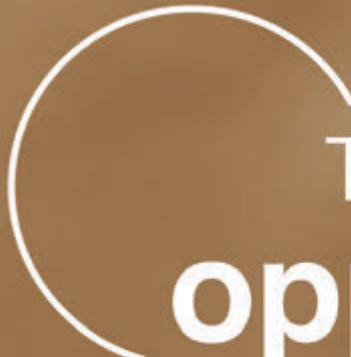
1. بورڈ آف ڈائریکٹرز اور اعلیٰ انتظامیہ مکمل طور پر اس بات کو یقینی بنانے کی ذمہ دار ہے کہ بینک کمرہ (سابقہ سٹ بینک لمیٹڈ) کی اسلامی بینکاری سرگرمیوں کو اس طرح انجام دیا جائے کہ سارے معاملات ہمہ وقت شریعت کے اصولوں کے مطابق رہیں۔ اس حوالے سے بینک کمرہ (سابقہ سٹ بینک لمیٹڈ) کی اسلامی بینکاری کے حوالے سے مجموعی کارکردگی پر ایک شریعت رپورٹ پیش کرنا ہوتی ہے۔
 2. اس رپورٹ میں بیان کی گئی رائے کے اظہار کے لیے بینک کے شریعت کمپلائنس ڈیپارٹمنٹ (SCD) کی طرف سے جاری شدہ مختلف قسم کے معاملات، متعلقہ دستاویزات اور ان کے عملی اجراء کے بارے میں رپورٹوں کا جائزہ لیا گیا، مزید یہ کہ اس دورانیے میں انجام پانے والے داخلی اور خارجی آؤٹ کی انسپیکشن رپورٹوں کا بھی جائزہ لیا گیا ہے۔
 3. مذکورہ بالا امور کی بنیاد پر شریعت بورڈ کی رائے یہ ہے کہ:
- الف: بینک اپنے مجموعی کاموں میں شریعت کی تعمیل کو یقینی بنانے کے لیے ایک جامع نظام رکھتا ہے اور بینک نے اطمینان بخش طور پر شرعی قوانین، اصولوں، متعلقہ ہدایات، قوائد اور احکامات، جو شریعت بورڈ اور اسٹیٹ بینک آف پاکستان کی طرف سے وقتاً فوقتاً جاری کیے جاتے ہیں، کی تعمیل کی ہے۔

ب: بینک نے شریعت بورڈ کی طرف سے دی گئی ہدایات / احکامات پر ضروری اقدامات کئے تاکہ بینک کے تمام معاملات کو شریعت کے مطابق چلایا جاسکے۔

ت: بینک کے پاس ایسا فعال نظام موجود ہے جو اس بات کو یقینی بنانے کے لیے کافی ہے کہ اگر شریعت کے منع کردہ ذرائع سے کوئی آمدنی حاصل ہو تو اس آمدنی کو خیراتی اکاؤنٹ میں جمع کر دیا جائے اور خیراتی مقاصد میں مناسب طریقے سے استعمال ہو۔ زیر نظر سال کے دوران ایسا کوئی معاملہ نہیں ملا جس کی آمدنی شریعت کی عدم تعمیل کی وجہ سے خیراتی اکاؤنٹ میں جمع کی جائے۔ سال کے دوران، تین لاکھ پچاس ہزار ایک سو چار روپے (= 350,104) تاخیر سے ادائیگی کی مد میں صارفین سے وصول کر کے خیراتی اکاؤنٹ میں جمع کیے گئے۔

ث: یہ بات خوش آئند ہے کہ بینک میں کوئی ایسا مسئلہ ہمارے سامنے نہیں آیا ہے جس کا تعلق شریعت سے ہو اور وہ اب تک حل نہ ہو ہو۔

ج: اگرچہ بینک میں پول مینجمنٹ کا خود کار نظام موجود ہے تاہم اس کو مزید خود کار بنانے کی ضرورت ہے تاکہ نفع و نقصان کی تقسیم کی کارکردگی بہتر ہو اور اس میں مزید شفافیت آئے۔ شریعت کمپلائنس ماہانہ بنیاد پر جبکہ شریعت آؤٹ سہ ماہی بنیاد پر نفع نقصان کی تقسیم کا جائزہ لیتا ہے۔ یہ تمام جانچ پڑتال رب المال اور مضارب کے درمیان نفع نقصان کی تقسیم کے عمل کو بہتر اور متوازن بناتے ہیں اور غلطی کے امکان کو کم کرتے ہیں۔ جہاں تک بینک کے کور بینکنگ خود کار نظام کا تعلق ہے تو اس پر شریعت بورڈ کی رائے یہ ہے کہ جملہ مصنوعات اور خدمات کے مؤثر عمل کے لیے موجودہ نظام میں پائی جانے والی کمزوریوں کو ختم کیا جائے۔



The ring of **opportunities**

Within the **Ring of Opportunities**, each customer interaction is viewed as a chance to uplift communities, driven by sincerity and a commitment to excellence, thereby setting industry benchmarks in professionalism and integrity.





STATEMENT OF COMPLIANCE WITH THE LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

Name of company: Bank Makramah Limited ('the Bank')

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 are seven (07) as per the following:

Male 06

Female 01

2. The composition of Board is as follows:

Category	Name
Independent Directors (including Female Director)	Mr. Waseem Mehdi Syed Ms. Shabnam Faqir Mohammad Mr. Salaal Hasan
Non-Executive Directors	Mr. Abdulla Nasser Abdulla Hussain Lootah Mr. Zafar Iqbal Siddiqi Mr. Wajahat Ahmed Baqai
Executive Director	Mr. Jawad Majid Khan, President & CEO

Note: Following the election held on March 27, 2025, seven directors were elected. FPT documents of all directors were submitted to SBP for their clearance, which is awaited. Till final FPT clearance from SBP, the 2 newly elected directors, i.e., Ms. Shabnam Faqir Mohammad and Mr. Salaal Hasan, are not participating in the Board and Committee Meetings.

- The directors, have confirmed that none of them is serving as a director on more than seven (07) listed companies, including the Bank.
- 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.
- The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Bank. The Board has ensured that complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
- All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by Board as empowered by the relevant provisions of the Act and these Regulations.
- 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.
- The Board of directors have transparent procedures for remuneration of directors in accordance with SBP BPRD Circular No. 03 date d August 17, 2019, further amended vide Circular No. 24 of 2025 dated December 12, 2025, Companies Act, 2017 and these Regulations.

9. The current Board of Directors of the Bank except for one (01) director stands compliant with the applicable requirement of the Directors' Training Program (DTP) as prescribed under the Listed Companies (Code of Corporate Governance) Regulations.
10. The two newly elected directors, namely, Ms. Shabnam Faqir Mohammad and Mr. Salaal Hasan, have yet to undergo the Director's Orientation Program due to the fact that their Fit and Proper Test (FPT) Clearance from the State Bank of Pakistan (SBP) is still awaited. They are also not participating in Board and Board Committee meeting for this reason.
11. During the year the positions of Company Secretary, Head of Internal Audit, and the Chief Financial Officer remained the same.
12. The Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board.
13. The Board has formed sub-committees comprising of members detailed below:

S. No.	Board Audit Committee	Position
1	Ms. Waseem Mehdi Syed	Chairman
2	Mr. Wajahat Ahmed Baqai	Member
3	Mr. Zafar Iqbal Siddiqi	Member

S. No.	Board Human Resource & Remuneration Committee	Position
1	Mr. Waseem Mehdi Syed	Chairman
2	Mr. Wajahat Ahmed Baqai	Member
3	Mr. Zafar Iqbal Siddiqi	Member
4	Mr. Jawad Majid Khan	Member

S. No.	Board Risk Management Committee	Position
1	Mr. Wajahat Ahmed Baqai	Chairman
2	Mr. Waseem Mehdi Syed	Member
3	Mr. Zafar Iqbal Siddiqi	Member

S. No.	Board Information Technology Committee	Position
1	Mr. Zafar Iqbal Siddiqi	Chairman
2	Mr. Waseem Mehdi Syed	Member
3	Mr. Wajahat Ahmed Baqai	Member
4	Mr. Jawad Majid Khan	Member

S. No.	Board Compliance Committee	Position
1	Mr. Waseem Mehdi Syed	Chairman
2	Mr. Wajahat Ahmed Baqai	Member
3	Mr. Zafar Iqbal Siddiqi	Member

19. Explanations for non-compliance with requirements, other than regulations 3,6,7,8,27,32,33 and 36 are below:

S. No.	Non-Mandatory Requirement	Reg. No.	Explanation
1	<p>Directors Training Program for Female Executive And Head of Departments</p> <p>It is encouraged to obtain DTP certification for female executive and one head of department every year starting from July 2020 and July 2022 respectively.</p>	19 (3)	The Bank conducts internal and external training for executives and senior management, regularly reviews training needs, and plans to nominate eligible female executives and departmental heads for DTP certification in line with operational priorities and program availability.
2	<p>Sustainability Risks and Opportunities</p> <p>The Board has been made responsible to consider Sustainability Risks and Opportunities and make policies to promote diversity, equity and inclusion (DE&I) and make strategies, priorities and targets. Also board is required to periodically review and monitor and disclose the assessment of risks and disclose measures taken.</p>	10A (1)	The Board has approved the “Banking on Equality Policy” covering DEI and responsible banking principles and has designated the Board Risk Management Committee (BRMC) to oversee ESG matters. The Committee’s Terms of Reference will be revised to formally incorporate this responsibility and ensure full alignment with regulatory expectations.

ABDULLA NASSER ABDULLA HUSSAIN LOOTAH
Chairman
Bank Makramah Limited

JAWAD MAJID KHAN
President & CEO
Bank Makramah Limited

Place: Karachi
Date: February 26, 2026

REVIEW REPORT ON STATEMENT OF COMPLIANCE CONTAINED IN THE LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

To The Members of Bank Makramah Limited

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 Bank Makramah 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.

Chartered Accountants

Place: Karachi

Date: February 26, 2026

UDIN: CR202510091pzqiORSA4

Customer Complaints Resolution

Complaint Management Unit (CMU):

The Complaint Management Unit (CMU) operating under Service Quality Division plays a pivotal role in addressing and resolving customer grievances/ complaints in adherence to the guidelines of the State Bank of Pakistan(SBP) defined under Consumer Grievance Handling Mechanism. CMU is a centralized unit that serves as a dedicated hub, ensuring the implementation of robust procedures to handle customer grievances effectively. Furthermore, this unit helps in fostering a culture of transparency and maintain the standards set by the regulator for the benefit of our customers.

Periodic customer satisfaction surveys/feedback are also performed by an independent unit and results are shared with the Bank Management. These results enable CMU to identify areas for improvement and address them in a more effective way.

For the ease of our customers' multiple channels are available to lodge their complaints/grievances:

- 24x7 Contact Center
- Emails
- Letters
- Website
- Internet Banking
- Branches
- Social media
- Sunwai Portal by State Bank of Pakistan
- Banking Mohtasib Pakistan

CMU ensures that customer complaints are effectively recorded, analyzed and resolved within the specified TAT in order to improve customer experience and build long-term customer loyalty.

Complaint / Grievance Handling Process

All the complaints received from the above channels are lodged in BML Complaint Management System and unique complaint number is generated/communicated to the complainant for reference. Complaints are routed to the relevant department/branch for their feedback.

Meanwhile an acknowledgment SMS/Call/Letter/Email is sent on the customer's registered number/address within 48 hours.

Complaint Management Unit reviews and investigates the complaint with the concerned unit and address the matter within the assigned turn-around time.

If any complaint exceeds 10 working days, an interim Call/Letter/SMS/Email is sent to customers to update them on the status of complaint and expected time of resolution.

Complaints are escalated to different levels if not resolved with the specified turnaround time according to the escalation matrix.

After resolving the complaint, CMU communicates the resolution details via SMS/Call/Letter/Email to the customer and close his/her complaint on the system.

If customer is not satisfied with the resolution, he/she is given an option to contact Banking Mohtasib Pakistan for the redressal of his/her complaint on the given contact details.

For Banking Mohtasib Pakistan:

Email: info@bankingmohtasib.gov.pk

Fax: 021-99217375, 99213904

Tel: 021-99217334-38

Address: 5th Floor, Shaheen Complex, M.R. Kiyani Road, Karachi.

Now, customers can also register their grievances through SBP Sunwai portal.

It is worth mentioning that there is a significant decrease (36%) in complaints volume compared to the last year. This remarkable achievement is a direct result of the BML Management's Customer Centric approach and unwavering focus on Customer Experience and Process Improvements.

The proactive measures and strategic initiatives implemented by BML Management team have played a crucial role in addressing customer grievances more efficiently. Their commitment to excellence has not only enhanced our BML's Service Quality but also strengthened our relationship with our valued customers.

Summary of complaints statistics for the year 2025:

Total Complaints Received in the year 2025 = **12,439**

Total Complaints Resolved in 2025 = **12,113**

In Process by 31st December 2025 = **326**

Within TAT resolution timeliness = **Above 99%**

Average Complaint Resolution TAT for 2025 = **Within 8 days**



UNCONSOLIDATED FINANCIAL STATEMENTS



The ring of
values

At the heart of our operations lies the **Ring of Values**, where teamwork serves as our core strength, fostering collaboration and unity among diverse perspectives, reinforcing a culture of trust and collective success.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BANK MAKRAMAH LIMITED

REPORT ON THE AUDIT OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the annexed unconsolidated financial statements of Bank Makramah 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 28 branches which have been audited by us and notes to the unconsolidated financial statements, including a 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 profit and loss account, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the 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.

Emphasis of Matter

- As disclosed in note 1.3 and note 1.4 to the unconsolidated financial statements, the Bank was able to achieve success on several planned measures required to meet the capital compliance requirements which, included sanctioning of Scheme of Arrangement, substantial recoveries against non-performing loans, sale of self-constructed property and injection of Rs. 5,000 million by the sponsor shareholder due to which the Bank has achieved compliance of Minimum Capital Requirement (MCR) and Capital Adequacy Ratio (CAR), as prescribed by the State Bank of Pakistan.
- As disclosed in note 13 to the unconsolidated financial statements, the Bank has recognized deferred tax asset of Rs. 14,251.598 million, which is considered realisable based on financial projections of taxable profits for next four years approved by the Board of Directors. The preparation of financial projections involves management assumptions regarding future business and economic conditions and therefore any significant change in assumptions or actual outcome that is different from assumptions, may have effect on the realisability of deferred tax asset in future.

- As disclosed in notes 14.1 and 14.3 to the unconsolidated financial statements, these properties include undeveloped / underdeveloped land and, accordingly, their valuation involves subjectivities. The properties have been valued by professional firms of valuers included on the list maintained by the Pakistan Banks Association (PBA). We are highlighting this matter owing to the challenges with regards to the disposal and recovery of such assets in near future.

Our opinion is not modified in respect of the matters stated above.

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.

Following is the Key Audit Matter:

S. No.	Key Audit Matter	How the matter was addressed in our audit
1	Expected credit loss allowance against loans and advances	
	<p>As at December 31, 2025, the gross loans and advances of the Bank were Rs. 40,064.066 million against which a credit loss allowance of Rs. 13,937.130 million was maintained.</p> <p>We consider this a key audit matter, as the determination of credit loss allowance based on Expected Credit Loss (ECL) model involves significant estimation and management judgement and this has a material impact on the unconsolidated financial statements of the Bank. The key areas of judgement include:</p> <ol style="list-style-type: none"> 1. Categorisation of loans and advances into Stage 1, 2 and 3 based on the identification of: <ol style="list-style-type: none"> a. Exposures with a significant increase in credit risk ("SICR") since their origination; and b. Individually impaired / defaulted exposures. 	<p>We obtained understanding of management's assessment of ECL allowance against loans and advances including the Bank's internal rating model, accounting policy and model methodology.</p> <p>We compared the Bank's accounting policy for ECL allowance and the ECL methodology with the requirements of IFRS 9 and application guidance issued by the State Bank of Pakistan (SBP).</p> <p>We reviewed minutes of the meeting of credit, risk and compliance and audit committees to identify risky exposures and consequently their SICR assessment of the loan account.</p> <p>We assessed the design and implementation of the key controls over;</p> <ul style="list-style-type: none"> • the classification of loans and advances into stages 1, 2 and 3 and timely identification of SICR and the determination of default / individually impaired exposures; and • the integrity of current data inputs into the ECL model.

S. No.	Key Audit Matter	How the matter was addressed in our audit
	<p>2. Assumptions used in the ECL model determining the probability of default ("PD"), loss given default ("LGD") and exposure at default ("EAD") for each segment, i.e., (Consumer, Corporate, SME etc.), including but not limited to assessment of financial condition of counterparties, expected future cash flows for stage 3 loans and advances, developing and incorporating forward looking assumptions, macroeconomic factors and the associated scenarios and expected probabilities weightages.</p> <p>Application of these judgements, assumptions and estimates, continue to result in greater estimation uncertainty and the associated audit risk around ECL calculations as at December 31, 2025.</p> <p><i>Refer to material accounting policy note 4.5 which contains the disclosure of advances policy, Note 9 which contains the disclosure of advances: Note 34 which contains the disclosure of credit loss allowance / reversals and write offs - net; and note 47.1 for details of credit quality analysis and key assumptions and factors considered in determination of ECL.</i></p>	<p>For a sample of loan accounts, we assessed:</p> <ul style="list-style-type: none"> • the internal ratings determined by management based on the Bank's internal rating model and considered these assigned ratings in light of external market conditions, financial indicators, Credit Information Bureau reports and available industry information; • management's computations for ECL; and • we assessed management's assessment of recoverable cash flows, including the impact of eligible collateral, and other sources of repayment. <p>We assessed the appropriateness of the Bank's criteria for the determination of SICR and identification of "default" or "individually impaired" exposures. Further, for a sample of exposures, we assessed the appropriateness of the staging classification of the Bank's loan portfolio.</p> <p>We assessed the reasonableness of the underlying assumptions used by the Bank in the ECL model including forward looking assumptions.</p> <p>We tested the completeness and accuracy of data supporting the ECL calculations as at December 31, 2025.</p> <p>On selected sample of regular loan accounts, we performed the following substantive procedures to evaluate the appropriateness of classification and provision (if any):</p> <ul style="list-style-type: none"> (i) Checked credit documentation, repayments of loan / mark-up instalments, tested stage classification of performing and underperforming advances based on the number of days overdue; (ii) Recomputed ECL provision based on determined PDs and LGDs; and

S. No.	Key Audit Matter	How the matter was addressed in our audit
		<p>(iii) Evaluated the management's assessment for categorisation of a loan account into stages 1 or 2 based on review of repayment pattern, inspection of credit documentation and thorough discussions with the management.</p> <p>For loans and advances classified as Stage 3, we evaluated the adequacy of provisioning in accordance with the IFRS 9 application guidance issued by SBP.</p> <p>We assessed the adequacy of disclosures in the unconsolidated financial statements.</p>

Information Other than the Unconsolidated and Consolidated Financial Statements and Auditors' 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 auditors' 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, the unconsolidated statement of changes in equity and the 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.

The engagement partner on the audit resulting in this independent auditor's report is **Nadeem Yousuf Adil**.

Chartered Accountants

Place: Karachi

Date: February 26, 2026

UDIN: AR202510091KXxAb6BMj

UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2025

		2025	Restated 2024
	Note	----- (Rupees in '000) -----	
ASSETS			
Cash and balances with treasury banks	5	12,915,786	18,352,205
Balances with other banks	6	2,760,766	1,472,869
Lendings to financial institutions	7	14,199,796	9,697,187
Investments	8	86,281,902	175,012,164
Advances	9	26,126,936	15,618,918
Property and equipment	10	7,717,465	7,026,158
Right-of-use assets	11	2,538,778	2,601,271
Intangible assets	12	322,592	331,085
Deferred tax assets	13	14,251,598	25,668,564
Other assets	14	46,530,665	42,442,890
Total Assets		213,646,284	298,223,311
LIABILITIES			
Bills payable	16	2,749,628	1,900,496
Borrowings	17	7,404,522	89,892,925
Deposits and other accounts	18	169,172,356	186,014,625
Lease liabilities	19	3,313,315	3,284,402
Subordinated debt	20	1,495,515	1,495,515
Deferred tax liabilities		-	-
Other liabilities	21	5,804,157	7,322,490
Total Liabilities		189,939,493	289,910,453
NET ASSETS		23,706,791	8,312,858
REPRESENTED BY			
Share capital - net	22	10,000,000	10,000,000
Advance against subscription of shares	23	5,000,000	-
Reserves		1,913,138	154,162
Surplus / (deficit) on revaluation of assets	24	4,083,222	4,290,745
Unappropriated profit / accumulated (losses)		2,710,431	(6,132,049)
		23,706,791	8,312,858
CONTINGENCIES AND COMMITMENTS	25		

The annexed notes 1 to 48 and annexure I and II form an integral part of these unconsolidated financial statements.

President / Chief Executive

Chief Financial Officer

Director

Director

Director

UNCONSOLIDATED STATEMENT OF PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED DECEMBER 31, 2025

		2025	Restated 2024
	Note	----- (Rupees in '000) -----	
Mark-up / return / interest earned	26	18,612,699	38,923,020
Mark-up / return / interest expensed	27	19,468,349	43,009,125
Net Mark-up / interest expense		(855,650)	(4,086,105)
NON MARK-UP / INTEREST INCOME			
Fee and commission income	28	1,019,887	999,731
Dividend income		412	412
Foreign exchange income		183,708	494,232
Income / (loss) from derivatives		-	-
Gain on securities	29	2,252,434	1,201,521
Net gains / (losses) on derecognition of financial assets measured at amortised cost		-	-
Other income	30	4,297,978	791,757
Total non-markup / interest income		7,754,419	3,487,653
Total income		6,898,769	(598,452)
NON MARK-UP / INTEREST EXPENSES			
Operating expenses	31	8,465,102	8,085,622
Workers' welfare fund	32	381,603	-
Other charges	33	869	772
Total non-markup / interest expenses		8,847,574	8,086,394
Loss before credit loss allowance		(1,948,805)	(8,684,846)
Credit loss allowance and write offs - net	34	(21,028,978)	(1,415,507)
PROFIT / LOSS BEFORE TAXATION		19,080,173	(7,269,339)
Taxation	35	10,285,293	(2,048,491)
PROFIT / LOSS AFTER TAXATION		8,794,880	(5,220,848)
----- (Rupees) -----			
Basic earning / (loss) per share	36	8.79	(1.00)
Diluted earning / (loss) per share	36	8.79	(1.00)

The annexed notes 1 to 48 and annexure I and II form an integral part of these unconsolidated financial statements.

President / Chief Executive

Chief Financial Officer

Director

Director

Director

UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2025

	2025	Restated 2024
	----- (Rupees in '000) -----	
Profit / (loss) after taxation for the year	8,794,880	(5,220,848)
Other comprehensive income		
Items that may be reclassified to profit and loss account in subsequent periods:		
Movement in (deficit) / surplus on revaluation of debt investments through FVOCI - net of tax	(808,140)	654,084
Items that will not be reclassified to profit and loss account in subsequent periods:		
Remeasurement gain on defined benefit obligations	(51,912)	8,240
Movement in surplus on revaluation of equity investments - net of tax	19	3,011
Movement in surplus / (deficit) on revaluation of property and equipment - net of tax	2,032,067	(82,669)
Movement in surplus / (deficit) on revaluation of non-banking assets - net of tax	427,019	(23,883)
Movement in surplus / (deficit) on revaluation of held for sale property - net of tax	-	(33,622)
	2,407,193	(128,923)
Total comprehensive income / (loss)	<u>10,393,933</u>	<u>(4,695,687)</u>

The annexed notes 1 to 48 and annexure I and II form an integral part of these unconsolidated financial statements.

President / Chief Executive

Chief Financial Officer

Director

Director

Director

UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2025

	Share capital		Capital reserves		Statutory reserve	Surplus / (deficit) on revaluation of		Unappropriated profit / accumulated (losses)	Total	
	Issued, subscribed and paid up	Discount on issue of shares	Advance against subscription of shares	Share premium		Reserve arising on amalgamation	Investments			Property & equipment / Non banking assets
Balance as at January 01, 2024	66,222,205	(35,721,997)	-	1,000,000	(1,579,205)	154,162	3,105,178	683,657	(46,858,568)	(12,812,566)
Effect of adoption of IFRS 9 - ECL (net of tax)	-	-	-	-	-	-	(60,943)	-	(585,069)	(646,012)
Transactions pursuant to merger with GHDL – refer note 1.4										
Issuance of shares against amalgamation with Global Haly Development limited under court sanctioned scheme of arrangement (refer note 1.4)	123,678,146	(97,211,023)	-	-	-	-	-	-	-	26,467,123
Reduction of shares under court sanctioned scheme of arrangement (refer note 1.4)	(179,900,351)	132,933,020	-	(1,000,000)	1,579,205	-	-	-	46,388,126	-
Loss after taxation for year ended December 31, 2024 (Restated (Refer note 1.4))	-	-	-	-	-	-	-	-	-	-
Other comprehensive income - net of tax	-	-	-	-	-	-	657,095	(106,552)	(33,622)	(5,220,848)
Transfer to statutory reserve	-	-	-	-	-	-	-	-	8,240	525,161
Transfer in respect of incremental depreciation from surplus on revaluation of property and equipment to accumulated losses	-	-	-	-	-	-	(55,590)	-	55,590	-
Transfer in respect of incremental depreciation from surplus on revaluation of non-banking assets to accumulated losses	-	-	-	-	-	-	(13,784)	-	13,784	-
Transfer from surplus on revaluation of property and equipment on disposal to accumulated losses	-	-	-	-	-	-	(13,418)	-	13,418	-
Transfer from surplus on revaluation of non-banking assets on disposal to accumulated losses	-	-	-	-	-	-	(53,278)	-	53,278	-
Balance as at January 01, 2025 (Restated)	10,000,000	-	-	-	154,162	778,154	2,862,556	650,035	(6,132,049)	8,312,858
Profit after taxation for year ended December 31, 2025	-	-	-	-	-	-	-	-	8,794,880	8,794,880
Effect of reclassification from listed to unlisted due to delisting of securities	-	-	-	-	-	-	57,945	-	(57,945)	-
Other comprehensive income - net of tax	-	-	-	-	-	-	(808,121)	2,459,086	(51,912)	1,599,053
Transfer to statutory reserve	-	-	-	-	1,758,976	-	-	-	(1,758,976)	-
Transfer in respect of incremental depreciation from surplus on revaluation of property and equipment to accumulated losses	-	-	-	-	-	-	(49,377)	-	49,377	-
Transfer in respect of incremental depreciation from surplus on revaluation of non-banking assets to accumulated losses	-	-	-	-	-	-	(13,536)	-	13,536	-
Transfer from surplus on revaluation of property and equipment on disposal to accumulated losses	-	-	-	-	-	-	(1,203,485)	-	1,203,485	-
Transfer from surplus on revaluation of non-banking assets on disposal to accumulated losses	-	-	-	-	-	-	-	-	-	-
Transfer from surplus on revaluation of property held for sale on disposal to accumulated losses	-	-	-	-	-	-	-	(650,035)	650,035	-
Transactions with owners, recorded directly in equity										
Advance received against subscription of shares	-	-	5,000,000	-	-	-	-	-	-	5,000,000
Balance as at December 31, 2025	10,000,000	-	5,000,000	-	1,913,138	27,978	4,055,244	-	2,710,431	23,706,791

The annexed notes 1 to 48 and annexure I and II form an integral part of these unconsolidated financial statements.

President / Chief Executive

Chief Financial Officer

Director

Director

Director

UNCONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2025

	Note	2025 ----- (Rupees in '000) -----	Restated 2024
CASH FLOW FROM OPERATING ACTIVITIES			
Profit / (loss) before taxation		19,080,173	(7,269,339)
Less: Dividend income		(412)	(412)
		<u>19,079,761</u>	<u>(7,269,751)</u>
Adjustments:			
Depreciation on property and equipment	10.2	408,904	423,412
Depreciation on right-of-use assets	11	539,592	541,593
Depreciation on non-banking assets	14.1.1	60,654	63,091
Finance cost of lease liability	19 & 27	521,111	473,834
Amortization	12.2	79,715	39,876
Credit loss allowance / reversals and write offs - net		(21,027,099)	(1,414,940)
Loss / (gain) on forward exchange contracts		2,522	(20,941)
Charge for defined benefit plan	31.1	91,997	87,781
Charge for employees compensated absences	31.1	70,524	46,042
Gain on termination of lease contracts under IFRS 16	30	(64,354)	(113,049)
Gain on sale of property and equipment	30	(1,592,584)	(65,412)
Gain on sale of non banking assets	30	-	(606,688)
Gain on sale of HFS property	30	(2,636,607)	-
		<u>(23,545,625)</u>	<u>(545,401)</u>
		<u>(4,465,864)</u>	<u>(7,815,152)</u>
Decrease in operating assets			
Lendings to financial institutions		(4,501,942)	(9,697,854)
Advances		8,652,185	3,581,762
Others assets (excluding advance taxation)		2,487,586	26,081,236
		<u>6,637,829</u>	<u>19,965,144</u>
Decrease in operating liabilities			
Bills payable		849,132	(262,041)
Borrowings from financial institutions		(82,488,573)	(40,474,953)
Deposits		(16,842,269)	29,054,345
Other liabilities (excluding current taxation)		(1,520,480)	(1,198,613)
		<u>(100,002,190)</u>	<u>(12,881,262)</u>
Payment on account of staff retirement benefits		(107,226)	(45,530)
Income tax paid		(421,720)	(575,819)
Net cash used in from operating activities		<u>(98,359,171)</u>	<u>(1,352,619)</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Net Investments in securities classified as FVOCI		89,008,910	6,030,665
Dividends received		412	412
Investment in GHDL		-	162
Investments in property and equipment		(146,166)	(274,832)
Investments in intangible assets		(71,222)	(108,758)
Proceeds from sale of property and equipment		1,324,605	100,555
Proceeds from sale of non-banking assets		-	1,213,512
Net cash generated from investing activities		<u>90,116,539</u>	<u>6,961,716</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Advance received against subscription of shares		5,000,000	-
Payments of lease obligations against right-of-use assets		(904,942)	(846,779)
Net cash generated from / (used in) financing activities		<u>4,095,058</u>	<u>(846,779)</u>
(Decrease) / increase in cash and cash equivalents		<u>(4,147,574)</u>	<u>4,762,318</u>
Cash and cash equivalents at the beginning of the year		19,821,217	15,058,899
Cash and cash equivalents at the end of the year	37	<u>15,673,643</u>	<u>19,821,217</u>

The annexed notes 1 to 48 and annexure I and II form an integral part of these unconsolidated financial statements.

President / Chief Executive

Chief Financial Officer

Director

Director

Director

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

1. STATUS AND NATURE OF BUSINESS

1.1 Bank Makramah Limited (the Bank), is a banking company incorporated in Pakistan on December 09, 2005 as a public company limited by shares under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). The Bank's registered office is situated at Plot No. 9-C, F-6 Markaz, Supermarket, Islamabad, Pakistan and its principal office is situated at Summit Tower, Plot No. G-2, Block 2, Scheme 5, Clifton, Karachi, Pakistan.

The Bank is engaged in banking services as described in the Banking Companies Ordinance, 1962 and is operating through its 149 Conventional Banking Branches and 12 Islamic Banking Branches (2024: 150 Conventional Banking Branches and 12 Islamic Banking Branches) in Pakistan.

1.2 In 2019, VIS Credit Rating Company Limited suspended the Bank's medium to long-term rating of 'BBB -' (Triple B Minus) and its short-term rating of 'A-3' (A-Three). The Bank has initiated the rating process with VIS Credit Rating Company Limited and requested the State Bank of Pakistan (SBP) to allow the completion of the credit rating exercise by March 31, 2026.

VIS Credit Rating Company Limited has issued a new rating scale for Tier-2 capital instruments. Consequently, the Bank's TFC rating has been adjusted to 'B' (Single B) with a 'Rating Watch-Negative' outlook, as stated in their press release dated June 27, 2023. Previously, the Bank's TFC rating was assigned 'D' (Default) due to non-payment of its latest mark-up payment on account of lock-in clause invoked by the Bank under the applicable Regulations of SBP.

1.3 During the year, as part of the capital restoration plan to meet the capital compliance requirement set by the State Bank of Pakistan (SBP), the Bank was able to achieve success on several planned measures planned to meet the capital compliance requirements. The key milestones (amongst others) achieved during the year are as follows:

- Sanctioning of the Scheme of Arrangement (with the effective date of September 30, 2024) resulting in increase in net assets of the Bank by Rs. 26,467.123 million (refer note 1.4, 14.3 and 21.8 for details);
- Substantial recoveries against non-performing loans including recovery from Omni Group (refer notes 9.7 and 9.7.2 for details);
- Sale of self-constructed property on the plot of land bearing No. G-2, Block2, Scheme No. 5 (refer note 14.2 for details); and
- Injection of Rs. 5,000 million by the sponsor shareholder reported as advance against issue of shares (refer note 23 for details).

Consequent to the completion of above measures, the Bank has achieved compliance of Minimum Capital Requirement (MCR) and Capital Adequacy Ratio (CAR) (refer note 46 for details) requirements, as prescribed by the SBP.

Further, management is in the process of:

- Having the Term Finance Certificates (TFCs) and accrued markup thereon aggregating to Rs. 3,350.027 million (adjusted for tax) converted to equity through issue of 27,888,469 shares to the TFC holders and in this respect the Bank has received consent from requisite threshold of the TFC holders;

- Getting the entity / credit rating of the Bank revived through a credit rating agency.
- Discussions with SBP to remove certain restrictions placed on the Bank, as a result of non-compliance of capital requirements and believes that the SBP will soon remove most of the restrictions, which will allow the Bank to efficiently deploy the cash generated from some of the aforementioned steps.

1.4 As disclosed in note 1.3, one of the steps of capital restoration plan, included the proposed amalgamation of Global Haly Development Limited (“GHDL”) (an entity controlled by majority shareholder of the Bank), into the Bank together with the reduction in share capital of the Bank. The Board of Directors (the Board) of the Bank, in its meeting held on November 28, 2024, approved the Scheme of Arrangement for the restructuring of the Bank (hereinafter referred to as the “Scheme of Arrangement” or the “Scheme”) subject to (i) Procurement of all applicable regulatory, corporate and shareholders' approvals; and (ii) Sanction of the Scheme of Arrangement by the Honorable High Court of Islamabad (IHC) under Sections 279 to 283 and 285(8) of the Companies Act, 2017. The Scheme of Arrangement, after the sanction by IHC, had given the following effect:

- Issue and allotment of 44,589,405 fully paid ordinary shares (face value of Rs. 100 per share) of GHDL to His Excellency Nasser Abdulla Hussain Lootah (a majority shareholder of the Bank and GHDL) in settlement of the Advance Against Share Capital, as reported in the financial statements of GHDL for the three-month period ended September 30, 2024;
- Amalgamation of GHDL into the Bank (and GHDL stands dissolved);
- Issue and allotment of 12,367,814,589 fully paid ordinary shares (face value of Rs. 10 per share) of the Bank to the shareholders of GHDL (including majority shareholder, NAHL) against the net assets of GDHL transferred as of September 30, 2024;
- Settlement of the TFC Redemption Amount, through issuance and allotment of 1,370,190,386 fully paid ordinary shares (face value of Rs. 10 per share) of the Bank to TFC Holders;
- Reduction in Authorized share capital of the Bank to Rs. 20,000.000 million divided into 2,000,000,000 ordinary shares of Rs 10/- each;
- Reduction in share capital of the Bank through cancellation of the Share Capital Unrepresented by Available Assets (i.e., 19,360,225,551 ordinary shares of the Bank, being equivalent to the Net Accumulated Loss as of 30 September 2024).

On December 2, 2024, the Bank filed a petition in the IHC for sanctioning of, and for other orders facilitating implementing of the Scheme of Arrangement. On November 17, 2025, the IHC sanctioned the Scheme of Arrangement by granting the petition as prayed, except for the issuance of shares to the TFC Holders due to non-approval of Scheme by the TFC Holders through Extra Ordinary General Meeting (EOGM) held on January 21, 2025 and the related effect on the Scheme thereto. Due to the refusal of the TFC holders to participate in the court-sanctioned Scheme of Arrangement, the following adjustments had occurred:

- The issuance of original shares decreased from 13,738,004,975 shares (comprising 12,367,814,589 shares to the shareholders of GHDL and 1,370,190,386 shares to the TFC holders of the Bank) to 12,367,814,589 shares, as no shares were issued to the TFC holders.

- The originally planned reduction of the Bank's share capital, amounting to 19,360,225,551 shares (reduction by 95.09%), decreased to 17,990,035,165 shares (reduction by 94.73%), reflecting the structure of the Scheme without TFC holders participation.

The Scheme of Arrangement was effective from September 30, 2024. A certified copy of the court order was filed with the Registrar of Companies on November 21, 2025 (Completion Date), through which the Scheme of Arrangement came into effect from September 30, 2024 (the effective date). As of such date, (1) all assets and liabilities of GHDL are vested with the Bank and GHDL stands dissolved without winding up against issue of 12,367,814,589 fully paid ordinary shares to shareholders of GHDL, and (2) issued, subscribed and paid up capital reduced by 17,990,035,165 shares leaving 1,000,000,000 shares outstanding as of September 30, 2024.

The consideration transferred was 12,367,814,589 fully paid ordinary shares of Rs. 10 each (less discount of Rs. 7.86 per share) issued to the shareholders of GHDL in accordance with the approved swap ratio (i.e., approx. 232.3522 shares of the Bank to be issued for 1 share of GHDL). The swap ratio was determined based on values and calculations set forth in the Swap Computation Letter dated November 28, 2024, issued by M/s Baker Tilly Mehmood Idrees Qamar, Chartered Accountants, and was approved by the Board of Directors of both companies.

The aforementioned merger / amalgamation of GHDL with and into the Bank had been accounted for using predecessor method of accounting in accordance with the requirements of accounting standard issued by the Institute of Chartered Accountants of Pakistan on "Accounting for Common Control Transactions" as notified by the Securities and Exchange Commission (SECP) under SRO 53 (I)/2022 dated January 12, 2022.

GHDL's assets and liabilities as of September 30, 2024, i.e., the effective date of merger / amalgamation have been amalgamated on a line-by-line basis in the Bank's financial statements at their respective carrying amounts and there is no difference in the value of net assets acquired and consideration transferred to the shareholders of GHDL. Consequently, corresponding figures in unconsolidated statement of financial position and related notes are clubbed together to include assets and liabilities acquired / assumed under the Scheme and corresponding figures of unconsolidated statement of profit and loss account, unconsolidated statement of comprehensive income, unconsolidated statement of changes in equity, unconsolidated cash flow statement and related notes are adjusted to include the effect of results of GHDL for the three-month period from October 1, 2024 to December 31, 2024. Consequently, the corresponding figures in these unconsolidated financial statements do not reflect the results of GHDL for the period before the effective date of merger.

In practice, it meant that the reports of all merging companies were aggregated, intercompany transactions, settlements and equity relations were eliminated, and valuation of assets and liabilities were unified. The whole business combination transaction was settled within equity with no influence on goodwill.

The details of the assets acquired and liabilities assumed of GHDL and the consideration transferred by the Bank to the shareholders of GHDL (as per the management accounts of GHDL submitted with the Scheme) and are as follows:

	----Rs. in '000----
ASSET	
Cash and bank balances	162
Property and equipment	41
Advance and deposits	4,009
Investment property (Refer note 14.3)	27,620,338
Total Assets	<u>27,624,550</u>
LIABILITIES	
Liability against purchase of land (Refer note 21.8)	1,142,001
Other liabilities	15,426
Total Liabilities	<u>1,157,427</u>
Carrying amount of GHDL's net assets as on merger date	<u><u>26,467,123</u></u>
Consideration transferred	
12,367,814,589 fully paid ordinary shares of the Bank having par value of Rs. 10 per share	123,678,146
Less: Discount of Rs. 7.86 per share	<u>(97,211,023)</u>
Total value of 12,367,814,589 issued shares	26,467,123

As part of the court proceedings, the regulators, such as SBP, SECP and the creditor (i.e., Pakistan Defence Housing Authority – DHA) of GHDL were called by the IHC. The SBP and SECP did not raise any objections on the financial statements (which includes investment property of Rs. 27,620.338 million) submitted to the IHC, while DHA did not attend the court proceedings.

2. BASIS OF PRESENTATION

2.1 STATEMENT OF COMPLIANCE

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:

- International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Act, 2017;
- Provisions of and directives issued under the Banking Companies Ordinance, 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 issued by SBP and the SECP differ with the requirements of IFRS or IFAS, the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 and the said directives shall prevail.

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

Key financial figures of the Islamic banking branches are disclosed in Annexure - II to these unconsolidated financial statements.

2.1.2 These unconsolidated financial statements have been prepared in accordance with SBP format as issued vide its BPRD Circular no. 02 dated February 09, 2023.

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

There are certain new and amended standards and interpretations to existing accounting and reporting standards that are mandatory for the Bank's accounting periods beginning on or after January 01, 2025 but are considered not to be relevant or do not have any material effect on the Bank's operations and are therefore not detailed in these unconsolidated financial statements.

Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates' - Clarification on how entity accounts when there is long term lack of Exchangeability.

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

The following 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 other than certain additional disclosures:

<u>Standards, Interpretations or Amendments</u>	<u>Effective date (annual periods beginning on or after)</u>
IFRS 7 - Financial Instruments: Disclosures	January 01, 2026
Amendments IFRS 9 'Financial Instruments' and IFRS 7 'Financial instruments disclosures' - Classification and measurement of financial instruments	January 01, 2026
Annual Improvements to IFRS Accounting Standards (related to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7)	January 01, 2026
Amendments IFRS 9 'Financial Instruments' and IFRS 7 'Financial instruments disclosures' - Contracts Referencing Nature-dependent Electricity	January 01, 2026
IFRS 17 - Insurance Contracts (including the June 2020 and December 2021 Amendments to IFRS 17)	January 01, 2026
IFRS 18 - Presentation and Disclosures in Financial Statements	January 01, 2027
IFRS 19 - Subsidiaries without Public Accountability: Disclosures	January 01, 2027

Other than the aforesaid amendments, IASB has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 – First Time Adoption of International Financial Reporting Standards

2.4 Critical accounting estimates and judgments

The preparation of these unconsolidated financial statements in conformity with approved accounting standards as applicable in Pakistan requires the management to make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses as well as in the disclosure of contingent liabilities. It also requires the management to exercise judgements in application of its accounting policies. The estimates and associated assumptions are based on historical experiences and various other factors that are believed to be reasonable under the circumstances. These estimates and assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of revision and in future periods if the revision affects both current and future periods.

Significant accounting estimates and areas where judgements were made by the management in the application of accounting policies are as follows:

	<u>Note</u>
- Expected credit losses	4.5
- Classification and ECL against investments	4.3, 4.5, 8 and 34
- Classification and ECL against non-performing loans and advances	4.4, 4.5, 9 and 34
- Revaluation and useful lives of property and equipment and intangible assets	4.7.1, 4.9.1, 10 and 12
- Impairment of non-financial assets	4.20
- Valuation and depreciation of right-of-use assets and related lease liabilities	4.8
- Accounting for staff retirement and other benefits	4.16, 39 and 40
- Taxation	4.19 and 35
- Other provisions	4.22
- Fair value of financial instruments	42
- Valuation of non-banking assets acquired in satisfaction of claims	4.1 and 14.1
- Remuneration framework and related disclosures	4.15 and 41

3. BASIS OF MEASUREMENT

3.1 Accounting convention

These unconsolidated financial statements have been prepared under the historical cost convention, except that:

- Certain item of property and equipment and non-banking assets acquired in satisfaction of claims are stated at revalued amounts less accumulated depreciation / impairment.
- Investments classified as FVTPL and FVOCI are measured at fair value.
- Commitments in respect of forward exchange contracts are measured at fair value.
- Right-of-use assets and their related lease liabilities are measured at their present value adjusted for depreciation, interest cost and lease repayments.
- Net obligation in respect of defined benefit scheme is measured at their present value.

3.2 Functional and Presentation Currency

These unconsolidated financial statements are presented in Pakistani Rupees, which is the Bank's functional and presentation currency.

The amounts are rounded off to the nearest thousand rupees except as stated otherwise.

4. MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policy information related to preparation of these unconsolidated financial statements are consistent with those of the previous financial year.

4.1 Cash and cash equivalents

For the purpose of cash flow statements, cash and cash equivalents include cash in hand, national prize bonds, balances with treasury banks and balances with other banks (net of overdrawn nostro balances) in current and deposit accounts.

4.2 Lendings to / borrowings from financial institutions

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

a) Sale of securities under repurchase agreements (Repo)

Securities sold subject to an agreement to repurchase at a specified future date (repos) continue to be recognized in the unconsolidated statement of financial position as investments and are measured in accordance with accounting policies for investment securities. The counterparty liability for amounts received under these agreements is included in borrowings. The difference between sale and repurchase price is treated as mark up expense and is accrued over the period of the repo agreement.

b) Other borrowings

Other borrowings include borrowings from the SBP and unsecured call borrowings which are recorded at the proceeds received. Mark-up paid on such borrowings is charged to the unconsolidated profit and loss account over the period of borrowings on time proportionate basis.

c) Purchase of securities under resale agreements (Reverse Repo)

Securities purchased under agreement to resell at a specified future date (reverse repos) are not recognized in the unconsolidated statement of financial position. Amounts paid under these agreements are included in lendings to financial institutions. The difference between purchase and resale price is treated as mark-up earned and is accrued over the period of the reverse repo agreement. Securities purchased are not recognized in the unconsolidated financial statements, unless these are sold to third parties, in which case the obligation to return them is recorded at fair value as a trading liability under borrowings from financial institutions.

d) Other lendings

Other lendings include term lendings and unsecured lendings to financial institutions. These are stated net of ECL. Return on such lendings is accrued to unconsolidated profit and loss account on a time proportionate basis using effective interest rate method except mark-up on impaired / delinquent lendings, which are recognized on receipt basis in accordance with the requirements of the Prudential Regulations of the SBP.

e) Musharakah

Musharakah is a profit and loss sharing transaction in which the Bank and counterparty place their funds in a pool of specific asset (managed with us in case of acceptance transaction and managed by the counter party in case of placement transaction) yielding a specified return on a predetermined profit sharing ratio. The profit of the pool is shared according to this pre-agreed ratio.

f) Bai Muajjal

Bai Muajjal is a transaction in which a party in need of funds purchases an easily saleable Shariah compliant security (such as Sukuk) from a counter party (the party with excess funds) on deferred payment basis and sells it on spot payment basis to a third party thereby raises liquidity. Receivable against such sale is recognized at the agreed sale price. The difference between the sale price and the carrying value on the date of disposal is accrued and recorded as income in the unconsolidated profit and loss account over the period of credit sale.

4.3 Investments

4.3.1 Classification

Classification of Investments

The Bank classifies its financial assets, other than its investments in subsidiary, into the following categories:

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

Classification of Equity Instruments

Equity securities that are traded in an active market and are held for trading purposes will be classified as FVTPL. Equity securities that are not held for trading purposes will be classified as FVOCI; however, gains and losses on disposal of securities classified as FVOCI will not be recycled through the profit and loss account. The classification decision is made on a case by case basis at the time of purchase, is documented, and is irrevocable. Unlisted equity securities (if any) are carried at fair value.

Classification of Debt Instruments

Financial assets other than equity instruments will be classified based on their cash flow characteristics and business model assessment:

Amortised Cost: These will be classified as amortised cost if the objective is to hold the asset only for collecting contractual cash flows (principal and interest).

FVOCI: These will be classified at FVOCI when the objective is to collect contractual cash flows (principal and interest) and also to potentially sell the same depending on market conditions. Any unrealized profit or loss on debt instruments classified as FVOCI is reflected in other comprehensive income and is recycled through the profit and loss account when the investment is sold.

FVTPL: This includes financial assets:

- which are not classified as either at amortised cost or FVOCI;
- which do not have fixed maturity

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

Subsidiary

Subsidiary is an entity over which Bank has control. Investment in subsidiary is carried at cost less accumulated impairment losses, if any.

Subsequent Measurement

Equity and debt securities classified as FVOCI

These securities are subsequently measured at fair value. Changes in the fair value of these securities are recorded in OCI. When a debt security is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to the profit and loss account. When an equity security is derecognised, gains and losses previously recognised in OCI are not recycled through the profit and loss account but are transferred directly to retained earnings.

Other financial assets classified at amortised cost

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

Investment in subsidiary

Investment in subsidiary is valued at cost less accumulated impairment, if any. A reversal of an impairment loss on subsidiary is recognized as it arises provided the increased carrying value does not exceed cost.

4.3.2 Regular way contracts

All purchases and sales of investments that require delivery within time frame established by regulations or market conventions are recognized at the trade date. Trade date is the date on which the Bank commits to purchase or sell the investment.

4.4 Advances

Advances are stated net of ECL. The ECL against advances are made in accordance with the requirements of IFRS 9 and other directives issued by the State Bank of Pakistan and are charged to the unconsolidated profit and loss account. Non-performing loans and advances in respect of which the Bank does not expect any recoveries in future years are written off.

Lease, where the Bank transfers substantially all the risks and rewards incidental to the ownership of an asset are classified as finance leases. A receivable is recognized at an amount equal to the present value of the minimum lease payments, including guaranteed residual value, if any. Unearned finance income is recognized over the term of the lease, so as to produce a constant periodic return on the outstanding net investment in lease. Finance lease receivables are included in advances to the customers.

The Bank provides Islamic financing and related assets mainly through Ijarah, Murabaha, Diminishing Musharakah, Salam, Tijarah, Istisna, Musharakah and Export Refinance under SBP Islamic Export Refinance Scheme. The purchases and sales arising under these arrangements 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. The income on such financing is recognized in accordance with the principles of Islamic Shariah. The Bank determines ECL against Islamic financing and related assets in accordance with the requirements of IFRS-9. The net ECL charged / reversed during the year is charged to the unconsolidated profit and loss account and accumulated ECL is netted off against Islamic financing and related assets. Islamic financing and related assets are written off when there are no realistic prospects of recovery.

4.5 Expected Credit Losses

The Bank has been recording the allowance for expected credit losses for all loans and other debt financial assets held at amortised cost or FVOCI, together with loan commitments, letters of credit and financial guarantee contracts. Equity instruments are not subject to impairment under IFRS 9. Under the SBP's instructions, local currency credit exposures guaranteed by the Government and Government Securities are exempted from the application of ECL.

The calculation of ECLs

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss (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.

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

- Stage 1: When loans are first recognised, the Bank recognises an allowance based on 12mECLs. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2.

- Stage 2: When a loan has shown a significant increase in credit risk since origination (SICR), the Bank records an allowance for the LTECLs. Stage 2 loans also include facilities, where the credit risk has improved and the loan has been reclassified from Stage 3.
- Stage 3: Loans considered credit-impaired. The Bank records an allowance for the LTECLs with PD set at 100%. Under SBP's instructions, until implementation of IFRS 9 has stabilized, Stage 3 allowance would be taken as higher of IFRS 9 ECL or provision computed under Prudential Regulations.

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 rating grade for subject borrower. 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 30 days past due. However, for certain portfolios, the Bank has rebutted 30 PD presumption based on behavioral analysis of its borrowers.

The key elements of ECL calculations are as follows:

- 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 transitioning among credit states. Credit states are defined by rating classes and are based on the Bank's internal risk ratings (i.e. from 1 to 12). Through the yearly review of the non-consumer portfolio, the Bank has drawn a yearly transition matrix of ratings to compute a count based PD over the one year horizon for the last 7 years. PDs for Non rated portfolios are calculated based on Days Past Due (DPD) bucket level for each segment separately. Where practical, they also build on information from External Rating Agencies. PDs are then adjusted for IFRS 9 ECL calculations to incorporate forward looking information.
- 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 interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.
- The Loss Given Default (LGD) is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. To mitigate its credit risks on financial assets, the Bank seeks to use collateral, where possible. The collateral comes in various forms, such as cash, securities, letters of credit / guarantees, real estate, receivables, inventories and other non-financial assets. For IFRS 9, the Bank only considers the liquid collaterals.

The interest rate used to discount the ECLs would be based on the effective interest rate that is expected to be charged over the expected period of exposure to the facilities.

When estimating the ECLs, the Bank considers three probability-weighted scenarios (a base case, a best case, and a worse case). Each of these is associated with different PDs, EADs and LGDs. These expected probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR. This calculation is made for each of the three scenarios. When relevant, the assessment of multiple scenarios also incorporates how defaulted loans are expected to be recovered, including the probability that the loans will cure and the value of collateral or the amount that might be received for selling the asset.

The maximum period for which the credit losses are determined is the contractual life of a financial instrument unless the Bank has the legal right to call it earlier.

Impairment losses and reversals are accounted for and disclosed separately from modification losses or gains that are accounted for as an adjustment of the financial asset's gross carrying value.

Forward looking information: The Bank formulates a base case view of the future direction of relevant economic variables and a representative range of other possible forecast scenarios and consideration of a variety of external actual and forecast information. This process involves developing three different economic scenarios, which represent macro economic inputs.

4.6 Derecognition of financial assets

Derecognition due to substantial modification of terms and conditions

The Bank derecognises a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognised loan is classified as Stage 1 for ECL measurement purposes, unless it is deemed to be purchased originated credit impaired. When assessing whether or not to derecognise a loan to a customer, amongst others, the Bank considers qualitative factors such as change in currency of the loan, introduction of an equity feature, change in counterparty, or if the modification is such that the instrument would no longer meet the SPPI criterion.

If the modification does not result in cash flows that are substantially different, the modification does not result in derecognition. Based on the change in cash flows discounted at the original EIR, the Bank records a modification gain or loss, to the extent that an impairment loss has not already been recorded.

The gain / (loss) on derecognition of financial asset has been calculated as the difference between the book value (including impairment) and the proceeds received.

Derecognition other than due to substantial modification of terms and conditions

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

4.7 Property and equipment

4.7.1 Owned

Property and equipment, other than leasehold land (which is not depreciated) and capital work-in-progress, are stated at cost or revalued amount less accumulated depreciation and accumulated impairment losses, if any. Land is carried at revalued amount less impairment losses while capital work-in-progress is stated at cost less impairment losses, if any.

Depreciation is calculated by the Bank using the straight line method which writes down the cost of assets to residual values over the estimated useful lives. The rates at which the assets are depreciated are disclosed in note 10.2 to these unconsolidated financial statements. The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at each statement of financial position date.

Depreciation on additions is charged from the month the assets are available for use while no depreciation is charged in the month in which the assets are disposed of.

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

Land and buildings are revalued by professionally qualified valuers with sufficient regularity to ensure that their net carrying value does not differ materially from their fair value. A surplus arising on revaluation is credited to the surplus on revaluation of property and equipment account. Any deficit arising on subsequent revaluation of property and equipment is adjusted against the surplus of that asset or, if no surplus exists, is charged to unconsolidated profit and loss account as an impairment of the asset. The surplus on revaluation of property and equipment, to the extent of incremental depreciation, is transferred to retained earnings.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the assets is recognized in the unconsolidated profit and loss account in the year when asset is derecognized. Surplus on revaluation realised on disposal of property and equipment is transferred directly to retained earnings.

4.7.2 Capital work-in-progress

Capital work-in-progress are stated at cost less accumulated impairment losses, if any. All expenditures connected with specific assets incurred during installation and construction period are carried under this head. These are transferred to specific assets as and when assets become available for use.

4.8 Right-of-use assets and their related lease liability

4.8.1 Right-of-use assets

On initial recognition, right-of-use assets are measured at an amount equal to initial lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to be incurred to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located. The Bank does not apply the recognition and measurement approach of IFRS 16 for short-term leases.

Right-of-use assets are subsequently stated at cost less any accumulated depreciation / accumulated impairment losses and are adjusted for any remeasurement of lease liability. The remeasurement of lease liability will only occur in cases where the terms of the lease are changed during the lease tenure.

Right-of-use assets are depreciated on straight-line basis over shorter of expected useful life or the lease term. Depreciation on additions (new leases) is charged from the month in which the leases are entered into. No depreciation is charged in the month in which the leases mature or are terminated.

4.8.2 Lease liability against right-of-use assets

The lease liabilities are initially measured as the present value of the remaining lease payments, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Bank's incremental borrowing rate.

The lease liability is subsequently measured at amortised 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 profit and loss account as mark-up 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.

4.9 Intangible assets

4.9.1 Intangible assets in use

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. Intangible assets with finite lives are amortized using the straight line method at rates specified in the relevant note. Intangible assets' residual values, if significant and their useful lives are reviewed at each balance sheet date and adjusted prospectively, if appropriate, at each balance sheet date.

Amortization on additions to intangible assets is charged from the month in which an asset is acquired or capitalized while no amortization is charged for the month in which that asset is disposed of.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supported. If not, the change in useful life from indefinite to finite is made on a prospective basis.

4.9.2 Capital work-in-progress

Capital work-in-progress are stated at cost less accumulated impairment losses, if any. All expenditures connected with specific assets incurred during implementation period are carried under this head. These are transferred to specific assets as and when assets become available for use.

4.10 Non-banking assets acquired in satisfaction of claim

Non-banking assets are initially recorded at cost. Non-banking assets acquired in satisfaction of claims are subsequently carried at revalued amounts less accumulated depreciation and impairment loss, if any. 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. A surplus arising on revaluation of property is credited to the 'surplus on revaluation of non-banking assets' account and any deficit arising on revaluation is adjusted against the surplus of that asset or, if no surplus exists, is charged to the unconsolidated profit and loss account as an impairment. Legal fees, transfer costs and direct cost of acquiring title to property are charged to the unconsolidated profit and loss account.

Depreciation on non-banking assets acquired in satisfaction of claims is charged to the unconsolidated profit and loss account.

These assets are generally intended for disposal. Gains and losses realised on the disposal of such assets are disclosed separately from gains and losses realised on the disposal of property and equipment. Surplus on revaluation realised on disposal of these assets is transferred directly to retained earnings (accumulated losses) . If such an asset is subsequently used by the Bank for its own use, the asset, along with any related surplus, are transferred to property and equipment.

4.11 Classification of Financial Liabilities

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

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

4.12 Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. The Bank also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in the unconsolidated profit and loss account.

4.13 Deposits

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

Deposits under Islamic Banking operations are accepted on the basis of two modes i.e. Qard and Mudaraba.

Deposits taken on Qard basis are classified as 'Current accounts' and deposits generated on Mudaraba basis are classified as 'Savings deposits' and 'Fixed deposits'. No profit or loss is passed on to current account depositors, however the funds of current accounts are treated as equity for the purpose of profit calculation and any profit earned / loss incurred on those funds are allocated to the equity of the Bank. While the product features of each product differ, there is usually no restriction on withdrawals or number of transactions in current and saving accounts. In case of fixed deposits, pre-mature withdrawals can be made as per approved terms only.

While the product features of each product differ, there is usually no restriction on withdrawals or number of transactions in current and saving accounts. In case of Islamic Savings Certificates, pre-mature withdrawals can be made as per approved terms only.

Profits realized in investment pools are distributed in pre-agreed profit sharing ratio. Rab-ul-Maal share is distributed among depositors according to weightages assigned at the inception of profit calculation period. Mudarib can distribute its share of profit to Rab-ul-Maal up to a maximum of 60% of its profit as incentive profits (Hiba).

Profits are distributed from the pool such that the depositors (remunerative) bear the risk of assets in the pool during the profit calculation period. 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.

Asset pools are created at the Bank's discretion and the Bank can add, amend and transfer an asset to any other pool.

4.14 Subordinated debt

Subordinated loans are initially recorded at the amount of proceeds received. Mark-up accrued on subordinated loans is recognized separately as part of other liabilities and is charged to the unconsolidated profit and loss account over the period on an accrual basis.

4.15 Remuneration framework

In accordance with Guidelines on Remuneration Practices, the Bank has developed a comprehensive remuneration framework. The aim of this framework is to promote an effective risk management culture, and to ensure that the remuneration practice at the Bank is in line with the Bank's objectives taking into consideration all risks that the Bank may face. As a result, a fair, objective, transparent and sound remuneration policy, aligned with risks and responsibilities of Financial Intermediation has been put in place.

4.16 Staff retirement benefits

4.16.1 Defined contribution plan

The Bank operates defined contribution provident fund for all its permanent employees. Equal monthly contributions are made both by the Bank and the employees to the fund at the rate of 10% of basic salary.

4.16.2 Defined benefit plan

The Bank operates a funded gratuity plan for all its permanent employees who have completed the minimum qualifying period of five years. Provision is made to meet the cost of such gratuity benefits on the basis of actuarial recommendations. The actuarial valuations are periodically carried out using the 'Projected Unit Credit Method'.

Annual contributions towards the defined benefit schemes are made on the basis of actuarial valuation carried out using the Projected Unit Credit Method.

The Bank follows International Accounting Standard (IAS) 19, 'Employee Benefits'. Actuarial gains and losses are recognized in unconsolidated other comprehensive income (OCI) in the periods in which they occur. Amounts recorded in the unconsolidated profit and loss account are limited to current and past service costs, gains or losses on settlements, and net interest income / expense. All other changes in the net defined benefit obligation are recognized directly in other comprehensive income with no subsequent recycling through the unconsolidated profit and loss account.

4.16.3 Employees' compensated absences

The Bank provides its liability towards compensated absences accumulated by its employees on the basis of actuarial valuation carried out using the Projected Unit Credit Method as per the requirements given in International Accounting Standard (IAS) 19, 'Employee Benefits'. Actuarial gains and losses are credited or charged to the unconsolidated profit and loss account in the year in which they occur.

4.17 Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated into rupees at the exchange rates prevailing on the transaction date. Monetary assets and liabilities in foreign currencies are expressed in rupee terms at the rates of exchange ruling on the unconsolidated statement of financial position date. Forward foreign exchange contracts are valued at forward rates determined with reference to their respective maturities.

Translation gains and losses

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

4.18 Revenue recognition

- Mark-up income / interest on advances and return on investments are recognized on a time proportion basis using the effective yield on the arrangement / instrument except that mark-up / return on non-performing advances and investments are recognized on receipt basis. Interest / return / mark-up on rescheduled / restructured advances and investments is recognized as permitted by the SBP except where in the opinion of the management it would not be prudent to do so.
- Income from lease financing is accounted for using the financing method. Under this method, the unearned lease income (excess of the sum of 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. Gains/losses on termination of lease contracts are recognized as income when these are realized.
- Fee, commission and brokerage income is recognized upon performance of obligations. Fees for ongoing account management are charged to the customer's account on monthly basis. Transaction based fees are charged to the customer's account when transaction takes place.
- Dividend income from investments is recognized when the Bank's right to receive the dividend is established.
- Premium or discount on acquisition of investments is amortized using the effective yield method and taken to unconsolidated profit and loss account over the remaining maturity of the security.
- Gains and losses on disposal of investments and certain operating property and equipment are taken to the unconsolidated profit and loss account in the year in which they arise.
- Ijarah income is recognized on an accrual basis as and when the rentals become due.
- Profits on Bai Muajjal lendings are recognized on a straight-line basis.
- Murabaha income is recognized on deferred income basis.

4.19 Taxation

Current

The charge for current taxation is based on taxable income at the current rate of taxation after taking into account applicable tax credit, rebates and exemptions available, if any, or minimum tax on turnover, whichever is higher.

Prior years

The taxation charge for prior years represents adjustments to the tax charge relating to prior years, arising from assessments / changes in laws and changes in estimates made during the current year.

Deferred

Deferred tax is recognized on all major temporary differences, tax credits and unused tax losses at the unconsolidated statement of financial position date between the amounts attributed to assets and liabilities for financial reporting purposes and amounts used for taxation purposes. Deferred tax is calculated at the rates that are expected to apply to the periods when the differences will reverse, based on tax rates that have been enacted or substantially enacted at the unconsolidated statement of financial position date.

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

The Bank also recognizes deferred tax asset / liability on deficit / surplus on revaluation of assets which is adjusted against related deficit / surplus in accordance with the requirements of the International Accounting Standard (IAS) 12 'Income Taxes'.

4.20 Impairment of non-financial assets

The carrying amounts of non-financial assets are reviewed at each statement of financial position date for impairment whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable. If such indication exists, and where the carrying value exceeds the estimated recoverable amount, assets are written down to their recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. The resulting impairment loss is taken to the unconsolidated profit and loss account.

A subsequent increase in the recoverable value of the asset results in a reversal of the impairment loss through the profit and loss account, up to the original carrying value of the asset, if the reversal can be objectively related to an event occurring after the impairment loss was recognised.

A provision is also recognised on other assets where the chances of recovery of those balances are very low.

4.21 Contingent liabilities

Contingent liabilities are not recognised in the 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, based on legal / professional opinions or other relevant assessments, it is not disclosed as a contingent liability.

4.22 Other provisions

Provisions are recognized when the Bank has a present obligation (legal or constructive) as a result of past events and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. A provision for off balance sheet obligations is recognised when the Bank becomes aware of the obligation and reasonable certainty exists that the Bank will settle the obligation. The charge to the profit and loss account is stated net of expected recoveries and the obligation is recognised in other liabilities.

Provisions are reviewed at each unconsolidated statement of financial position date and are adjusted to reflect the current best estimate.

4.23 Off setting

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

4.24 Acceptances

Acceptances comprise undertaking by the Bank to pay bill of exchange drawn on customers. The Bank expects most acceptances to be simultaneously settled with the reimbursement from the customers. Acceptances are accounted for as the on balance sheet transactions.

4.25 Financial instruments

Financial Assets and Liabilities

Financial instruments carried on the unconsolidated statement of financial position include cash and bank balances, lendings to financial institutions, investments, advances, certain other receivables, borrowings from financial institutions, deposits and certain other payables. The particular recognition methods adopted for significant financial assets and financial liabilities are disclosed in the individual policy statements associated with them. Financial assets are de-recognized when the contractual right to future cash flows from the asset expire or is transferred along with the risk and reward of the asset. Financial liabilities are de-recognized when obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on de-recognition of the financial asset and liabilities is recognized in the unconsolidated profit and loss account of the current period.

Derivative financial instruments

Derivative financial instruments are initially recognized at their fair value on the date on which a 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 profit and loss account.

4.26 Earnings per share

The Bank presents basic and diluted earnings per share (EPS) for its shareholders. 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.

4.27 Segment reporting

A segment is a distinguishable component of the Bank that is subject to risks and rewards that are different from those of other segment. A business segment is one that is engaged either in providing certain products or services, whereas a geographical segment is one engaged in providing certain products or services within a particular economic environment. Segment information is presented as per the Bank's functional structure. The Bank comprises of the following main business segments:

4.27.1 Business segments

Corporate, SME and Commercial

This segment provides a wide variety of financial products and services to large and medium-sized clients, along with loan products offered to the Consumer, SME and agriculture segments.

Treasury

This segment is responsible for asset / liability management and includes all treasury related products.

Retail banking

This segment relates to the branch distribution network, its related deposit and other products, and general banking services.

Others

This includes the head office related activities, and all other activities not tagged to the segments above.

4.27.2 Geographical segments

The Bank conducts all its operations in Pakistan.

5. CASH AND BALANCES WITH TREASURY BANKS

		2025	Restated 2024
	Note	(Rupees in '000)	
In hand			
Local currency		2,993,562	5,013,494
Foreign currency		315,610	312,345
		3,309,172	5,325,839
With State Bank of Pakistan in			
Local currency current account	5.1	8,273,572	11,895,205
Foreign currency current account	5.2	428,588	417,268
Foreign currency deposit account	5.3	607,487	628,589
		9,309,647	12,941,062
With National Bank of Pakistan in Local currency current account		286,667	75,693
Prize bonds		10,300	9,611
Less: Credit loss allowance held against cash and balances with treasury banks		-	-
Cash and balances with treasury banks - net of credit loss allowance		12,915,786	18,352,205

5.1 These represent current accounts maintained under the Cash Reserve Requirement of the SBP.

5.2 These represent foreign currency current accounts maintained under the Cash Reserve Requirement and Special Cash Reserve Requirement of the SBP.

5.3 These represent deposit accounts maintained under Special Cash Reserve requirement of the SBP and a US Dollar Settlement account maintained with SBP. These carry mark up rate of 2.86% to 3.35% (2024: 3.53% to 4.35%) per annum.

6. BALANCES WITH OTHER BANKS

		2025	Restated 2024
	Note	(Rupees in '000)	
In Pakistan			
In current account		26,727	7,422
In deposit account		-	-
		26,727	7,422
Outside Pakistan			
In current account		2,674,471	1,387,894
In deposit account	6.1	61,772	78,639
		2,736,243	1,466,533
Less: Credit loss allowance held against balances with other banks		(2,204)	(1,086)
Balances with other banks - net of credit loss allowance		2,760,766	1,472,869

6.1 These represent placements with correspondent banks, carrying interest rate determined with respect to underlying currency benchmark rates ranging from 0.00% to 4.50% per annum (2024: 0.00% to 5.50% per annum).

7. LENDINGS TO FINANCIAL INSTITUTIONS

		2025	2024
	Note	(Rupees in '000)	
Reverse repo agreements	7.3	8,600,300	2,936,730
Bai Muajjal receivable			
- with State Bank of Pakistan	7.4	5,599,496	4,761,124
Musharakah	7.5	-	2,000,000
		<u>14,199,796</u>	<u>9,697,854</u>
Less: Credit loss allowance held against lending to financial institutions	34	-	(667)
Lendings to financial institutions - net of credit loss allowance		<u>14,199,796</u>	<u>9,697,187</u>

7.1 Particulars of lending - Gross

In local currency	14,199,796	9,697,854
In foreign currencies	-	-
	<u>14,199,796</u>	<u>9,697,854</u>

7.2 Securities held as collateral against Lendings to Financial Institutions

	2025			2024		
	Held by Bank	Further given as collateral	Total	Held by Bank	Further given as collateral	Total
	(Rupees in '000)					
Pakistan Investment Bonds	8,600,300	-	8,600,300	2,936,730	-	2,936,730
	<u>8,600,300</u>	<u>-</u>	<u>8,600,300</u>	<u>2,936,730</u>	<u>-</u>	<u>2,936,730</u>

7.2.1 The market value of securities held as collateral against repurchase agreement lendings amounted to Rs. 8,585.850 million (2024: Rs. 2,938.812 million).

7.3 This represents lending against securities to a financial institutions that carries mark-up rate of 9.50% per annum (2024: 13.50% per annum) which will mature by January 02, 2026 (2024: January 02, 2025).

7.4 This represents Bai Muajjal agreements with the State Bank of Pakistan and carries profit rate of 16.21% per annum (2024: 16.21% per annum) and are due to mature latest by August 05, 2027 (2024: August 05, 2027).

7.5 This represented Musharakah agreement with other financial institution and carried profit rate of 12.50% per annum on December 31, 2024 and has matured on January 03, 2025.

7.6 Lending to FIs - Particulars of credit loss allowance

		2025		2024	
		Lending	Credit loss allowance held	Lending	Credit loss allowance held
----- (Rupees in '000) -----					
Domestic					
Performing	Stage 1	14,199,796	-	9,697,854	667
Under performing	Stage 2	-	-	-	-
Non-performing	Stage 3				
Substandard		-	-	-	-
Doubtful		-	-	-	-
Loss		-	-	-	-
Total		14,199,796	-	9,697,854	667
Overseas					
Performing	Stage 1	-	-	-	-
Under performing	Stage 2	-	-	-	-
Non-performing	Stage 3				
Substandard		-	-	-	-
Doubtful		-	-	-	-
Loss		-	-	-	-
Total		-	-	-	-
----- (Rupees in '000) -----					
2025					
		Stage 1	Stage 2	Stage 3	Total
----- (Rupees in '000) -----					
Opening balance		667	-	-	667
Transfer to stage 1		-	-	-	-
Transfer to stage 2		-	-	-	-
Transfer to stage 3		-	-	-	-
Net remeasurement of credit loss allowance		667	-	-	667
New financial assets originated or purchased		-	-	-	-
Financial assets that have been derecognised		(667)	-	-	(667)
Write offs		-	-	-	-
Unwind of discount		-	-	-	-
Changes in risk parameters (PDs/LGDs/EADs)		-	-	-	-
Balance at the end of the year		-	-	-	-
----- (Rupees in '000) -----					
2024					
		Stage 1	Stage 2	Stage 3	Total
----- (Rupees in '000) -----					
Opening balance		-	-	-	-
Transfer to stage 1		667	-	-	667
Transfer to stage 2		-	-	-	-
Transfer to stage 3		-	-	-	-
Net remeasurement of credit loss allowance		667	-	-	667
New financial assets originated or purchased		-	-	-	-
Financial assets that have been derecognised		-	-	-	-
Write offs		-	-	-	-
Unwind of discount		-	-	-	-
Changes in risk parameters (PDs/LGDs/EADs)		-	-	-	-
Balance at the end of the year		667	-	-	667

8. INVESTMENTS

8.1 Investments by type:

Debt Instruments

Classified / Measured at FVOCI

Federal Government Securities

- Market Treasury Bills
- Pakistan Investment Bonds
- GoP Ijarah Sukuks

Non Government Debt Securities

- Term Finance Certificates
- Sukuk Bonds

	2025				2024			
	Cost / amortised cost	Credit loss allowance for diminution	Surplus / (Deficit)	Carrying value	Cost / amortised cost	Credit loss allowance for diminution	Surplus / (Deficit)	Carrying value
	(Rupees in '000)							
8,523,342	-	16,380	8,539,722	31,480,645	-	(1,868)	31,478,777	
35,708,939	-	64,812	35,773,751	96,791,543	-	530,014	97,321,557	
38,815,592	-	(33,008)	38,782,584	42,768,327	-	913,383	43,681,710	
742,104	(8,807)	-	733,297	1,094,014	(1,094,014)	-	-	
2,384,477	(165,578)	-	2,218,899	2,496,811	(200,310)	-	2,296,501	
86,174,454	(174,385)	48,184	86,048,253	174,631,340	(1,294,324)	1,441,529	174,778,545	

Equity instruments

Classified / Measured at FVOCI (Non-Reclassifiable)

Shares

- Fully paid up ordinary shares - Listed
- Fully paid up ordinary shares - Unlisted
- Preference shares - Unlisted

15	-	53	68	99,922	-	(99,884)	38
102,736	(100,906)	-	1,830	2,830	(1,000)	-	1,830
46,035	(46,035)	-	-	598,058	(598,058)	-	-
148,786	(146,941)	53	1,898	700,810	(599,058)	(99,884)	1,868

Subsidiary

- Summit Capital (Private) Limited

396,942	(165,191)	-	231,751	396,942	(165,191)	-	231,751
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Total Investments

86,720,182	(486,517)	48,237	86,281,902	175,729,092	(2,058,573)	1,341,645	175,012,164
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8.2 Investments by segments:

Federal Government Securities

- Market Treasury Bills
- Pakistan Investment Bonds
- GoP Ijarah Sukuks

	2025				2024			
	Cost / amortised cost	Credit loss allowance for diminution	Surplus / (Deficit)	Carrying value	Cost / amortised cost	Credit loss allowance for diminution	Surplus / (Deficit)	Carrying value
	(Rupees in '000)							
8,523,342	-	16,380	8,539,722	31,480,645	-	(1,868)	31,478,777	
35,708,939	-	64,812	35,773,751	96,791,543	-	530,014	97,321,557	
38,815,592	-	(33,008)	38,782,584	42,768,327	-	913,383	43,681,710	
83,047,873	-	48,184	83,096,057	171,040,515	-	1,441,529	172,482,044	

Shares

- Listed Companies
- Unlisted Companies

15	-	53	68	99,922	-	(99,884)	38
148,771	(146,941)	-	1,830	600,888	(599,058)	-	1,830
148,786	(146,941)	53	1,898	700,810	(599,058)	(99,884)	1,868

Non Government Debt Securities

- Listed
- Unlisted

2,226,465	(7,568)	-	2,218,897	2,304,077	(7,576)	-	2,296,501
900,116	(166,817)	-	733,299	1,286,748	(1,286,748)	-	-
3,126,581	(174,385)	-	2,952,196	3,590,825	(1,294,324)	-	2,296,501

Subsidiary

- Summit Capital (Private) Limited

396,942	(165,191)	-	231,751	396,942	(165,191)	-	231,751
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Total Investments

86,720,182	(486,517)	48,237	86,281,902	175,729,092	(2,058,573)	1,341,645	175,012,164
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	2025	2024
	----- (Rupees in '000) -----	
8.2.1 Investments given as collateral - Market Value		
Market Treasury Bills	-	26,932,590
Pakistan Investment Bonds	9,307,490	60,179,940
	<u>9,307,490</u>	<u>87,112,530</u>

8.3 Particulars of credit loss allowance

8.3.1 Investments - exposure	2025				2024			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	----- (Rupees in '000) -----							
Opening balance	171,142,267	2,296,811	1,893,072	175,332,150	176,996,133	2,369,790	1,893,072	181,258,995
New investments	80,291,373	-	-	80,291,373	852,627,719	-	-	852,627,719
Investments derecognised or repaid	(168,383,922)	(77,612)	(838,749)	(169,300,283)	(858,481,585)	(72,979)	-	(858,554,564)
Transfer to stage 1	-	-	-	-	-	-	-	-
Transfer to stage 2	-	733,297	(733,297)	-	-	-	-	-
Transfer to stage 3	-	-	-	-	-	-	-	-
	(88,092,549)	655,685	(1,572,046)	(89,008,910)	(5,853,866)	(72,979)	-	(5,926,845)
Amounts written off / charged off	-	-	-	-	-	-	-	-
Closing balance	<u>83,049,718</u>	<u>2,952,496</u>	<u>321,026</u>	<u>86,323,240</u>	<u>171,142,267</u>	<u>2,296,811</u>	<u>1,893,072</u>	<u>175,332,150</u>

8.3.2 Investments - credit loss allowance	2025				2024			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	----- (Rupees in '000) -----							
Opening balance	-	310	1,893,072	1,893,382	-	-	1,992,978	1,992,978
Other adjustment / impact of	-	-	-	-	-	-	(99,906)	(99,906)
New investments	-	-	-	-	-	-	-	-
Investments derecognised or repaid	-	-	(938,655)	(938,655)	-	-	-	-
Transfer to stage 1	-	-	-	-	-	-	-	-
Transfer to stage 2	-	-	-	-	-	-	-	-
Transfer to stage 3	-	-	-	-	-	-	-	-
	-	-	(938,655)	(938,655.00)	-	-	-	-
Amounts written off / charged off	-	-	-	-	-	-	-	-
Changes in risk parameters (PDs/LGDs/EADs)	-	(10)	(633,391)	(633,401)	-	310	-	310
Closing balance	<u>-</u>	<u>300</u>	<u>321,026</u>	<u>321,326</u>	<u>-</u>	<u>310</u>	<u>1,893,072</u>	<u>1,893,382</u>

8.4 Credit loss allowance for diminution in value of investments	Note	2025	2024
		----- (Rupees in '000) -----	
8.4.1 Opening balance		2,058,573	2,054,349
Impact of reclassification on adoption of IFRS 9		-	(99,906)
Other adjustments		99,906	103,820
Charge / reversals			
Charge for the year		-	310
Reversals for the year		(733,307)	-
Reversal on disposals		(938,655)	-
	9.7.2 & 34	(1,671,962)	310
Closing balance		<u>486,517</u>	<u>2,058,573</u>

8.4.2 Particulars of credit loss allowance against debt securities

		2025		2024	
		Outstanding amount	Credit loss allowance held	Outstanding amount	Credit loss allowance held
Category of classification		----- (Rupees in '000) -----			
Domestic					
Performing	Stage 1	83,047,873	-	171,040,515	-
Underperforming	Stage 2	2,952,496	300	2,296,811	310
Non-performing	Stage 3	-	-	-	-
Loss		174,085	174,085	1,294,014	1,294,014
		<u>86,174,454</u>	<u>174,385</u>	<u>174,631,340</u>	<u>1,294,324</u>

8.5 Quality of securities

Details regarding quality of securities held under 'Held to Collect and Sell' model are as follows:

	Cost	
	2025	2024
	----- (Rupees in '000) -----	
8.5.1 Federal Government Securities - Government guaranteed		
Market Treasury Bills	8,523,342	31,480,645
Pakistan Investment Bonds	35,708,939	96,791,543
GoP Ijarah Sukuks	38,815,592	42,768,327
	<u>83,047,873</u>	<u>171,040,515</u>

8.5.2 Shares

Listed Companies

- Chemical	15	15
- Power generation and distribution	-	99,906
	<u>15</u>	<u>99,921</u>

Preference Shares

- Chemical	-	552,023
- Sugar and allied industries	46,035	46,035
	<u>46,035</u>	<u>598,058</u>

Unlisted Companies	Breakup Value as at	2025		2024	
		Cost	Breakup value	Cost	Breakup value
		----- (Rupees in '000) -----			
Arabian Sea Country Club Ltd.	June 30, 2020	1,000	(1,255)	1,000	(1,255)
Pakistan Mortgage Refinance Company Ltd.	December 31, 2024	1,830	5,902	1,830	4,810
Japan Power Generation Limited		99,906	-	-	-
		<u>102,736</u>	<u>4,647</u>	<u>2,830</u>	<u>3,555</u>

8.5.3 Non Government Debt Securities

Listed

- Unrated	<u>2,226,465</u>	<u>2,304,077</u>
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Unlisted

- Unrated	<u>900,116</u>	<u>1,286,748</u>
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9. ADVANCES

	Note	Performing		Non Performing		Total	
		2025	2024	2025	2024	2025	2024
(Rupees in '000)							
Loans, cash credits, running finances, etc.	9.1	20,786,237	11,717,199	16,369,109	33,873,690	37,155,346	45,590,889
Islamic financing and related assets	9.2	2,273,022	2,346,432	215,159	275,641	2,488,181	2,622,073
Bills discounted and purchased		382,186	620,726	38,353	38,353	420,539	659,079
Advances - gross		23,441,445	14,684,357	16,622,621	34,187,684	40,064,066	48,872,041
Credit loss allowance against advances							
-Stage 1		(18,895)	(25,012)	-	-	(18,895)	(25,012)
-Stage 2		(243,851)	(206,817)	-	-	(243,851)	(206,817)
-Stage 3		-	-	(13,674,384)	(33,021,294)	(13,674,384)	(33,021,294)
		(262,746)	(231,829)	(13,674,384)	(33,021,294)	(13,937,130)	(33,253,123)
Advances - net of credit loss allowance		23,178,699	14,452,528	2,948,237	1,166,390	26,126,936	15,618,918

9.1 Includes Net Investment in Finance Lease as disclosed below:

	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
(Rupees in '000)								
Lease rentals receivable	47,856	16,762	-	64,618	60,786	24,002	-	84,788
Residual value	24,966	4,099	-	29,065	44,784	5,434	-	50,218
Minimum lease payments	72,822	20,861	-	93,683	105,570	29,436	-	135,006
Financial charges for future periods	(8,357)	(1,898)	-	(10,255)	(9,580)	(2,024)	-	(11,604)
Present value of minimum lease payments	64,465	18,963	-	83,428	95,990	27,412	-	123,402

9.2 This represents Islamic financing and related assets placed under Shariah permissible modes and are presented in Annexure - II to these unconsolidated financial statements.

9.3 Particulars of advances (Gross)	2025	2024
	(Rupees in '000)	
In local currency	39,972,376	48,423,023
In foreign currencies	91,690	449,018
	<u>40,064,066</u>	<u>48,872,041</u>

9.3.1 Advances to Women, Women-owned and Managed Enterprises

Women	226,833	450,457
Women Owned and Managed Enterprises	1,127,254	726,251
	<u>1,354,087</u>	<u>1,176,708</u>

9.3.2 Gross loans disbursed to women, women-owned and managed enterprises amounting Rs. 225.876 million (2024: Rs. 223.417 million)

Women	74,612	179,018
Women Owned and Managed Enterprises	151,264	44,399
	<u>225,876</u>	<u>223,417</u>

9.4 Advances - Particulars of credit loss allowance

9.4.1 Advances - Exposure

	2025				2024			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
----- Rupees in '000 -----								
Opening balance	12,598,577	2,004,647	34,268,817	48,872,041	13,028,192	2,944,316	36,979,136	52,951,644
New Advances	2,059,710	34,508	-	2,094,218	5,392,278	233,109	324,004	5,949,391
Advances derecognised or repaid	(5,479,823)	(658,160)	(4,608,420)	(10,746,403)	(6,912,109)	(500,540)	(1,078,638)	(8,491,287)
Transfer to stage 1	10,232,925	(658,045)	(9,574,880)	-	1,381,873	(1,581,803)	(1,190)	(201,120)
Transfer to stage 2	(15,042)	3,333,591	(3,318,549)	-	(257,855)	935,719	(998,592)	(320,728)
Transfer to stage 3	(14,630)	(37,361)	51,991	-	(33,802)	(26,154)	(788,380)	(848,336)
	6,783,140	2,014,533	(17,449,858)	(8,652,185)	(429,615)	(939,669)	(2,542,796)	(3,912,080)
Amounts written off / charged off	-	-	(155,790)	(155,790)	-	-	(167,523)	(167,523)
Closing balance	19,381,717	4,019,180	16,663,169	40,064,066	12,598,577	2,004,647	34,268,817	48,872,041

9.4.2 Advances - Credit loss allowance

	2025				2024			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
----- Rupees in '000 -----								
Opening balance	25,012	206,817	33,021,294	33,253,123	52,789	91,038	34,746,650	34,890,477
New Advances	1,734	2,530	-	4,264	15,517	15,662	324,399	355,578
Advances derecognised or repaid	(2,527)	(27,811)	(4,276,437)	(4,306,775)	(42,176)	(32,800)	(687,063)	(762,039)
Transfer to stage 1	9,162,303	(83,698)	(9,078,605)	-	847	(37,780)	(536)	(37,469)
Transfer to stage 2	(78)	3,303,760	(3,303,682)	-	(1,959)	171,791	(814,227)	(644,395)
Transfer to stage 3	(30)	(7,589)	7,619	-	(6)	(1,094)	(380,406)	(381,506)
	9,161,402	3,187,192	(16,651,105)	(4,302,511)	(27,777)	115,779	(1,557,833)	(1,469,831)
Changes in risk parameters (PDs/LGDs/EADs)	(9,167,519)	(3,150,158)	(2,540,947)	(14,858,624)	-	-	-	-
Amounts written off / charged off	-	-	(154,858)	(154,858)	-	-	(167,523)	(167,523)
Closing balance	18,895	243,851	13,674,384	13,937,130	25,012	206,817	33,021,294	33,253,123

9.5 Advances - Category of classification

		2025		2024	
		Outstanding amount	Credit loss allowance held	Outstanding amount	Credit loss allowance held
----- (Rupees in '000) -----					
Performing	Stage 1	19,381,717	18,895	12,598,577	25,012
Underperforming	Stage 2	4,019,180	243,851	2,004,647	201,676
Non-Performing	Stage 3	-	-	13,227	5,141
Other Assets		640,159	497,536	2,445	1,834
Substandard		26,778	14,016	57,747	16,977
Doubtful		15,996,232	13,162,832	34,195,398	33,002,483
Loss		40,064,066	13,937,130	48,872,041	33,253,123
Corresponding ECL					
Stage 1		19,381,717	18,895	12,598,577	25,012
Stage 2		4,019,180	243,851	2,017,874	206,817
Stage 3		16,663,169	13,674,384	34,255,590	33,021,294
		40,064,066	13,937,130	48,872,041	33,253,123

9.6 Advances include Rs. 16,622.621 million (2024: Rs. 34,187.684 million) which have been placed under non-performing / Stage 3 status as detailed below:

Category of Classification	2025		2024	
	Non Performing Loans	Credit loss allowance	Non Performing Loans	Credit loss allowance
----- (Rupees in '000) -----				
Domestic	-	-	13,227	5,141
Other Assets Especially Mentioned	640,159	497,536	2,445	1,834
Substandard	26,778	14,016	57,747	16,977
Doubtful	15,955,684	13,162,832	34,114,265	33,002,483
Loss				
	16,622,621	13,674,384	34,187,684	33,026,435

9.7 Particulars of credit loss allowance against advances

Note	2025				2024			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
----- Rupees in '000 -----								
Opening balance	25,012	206,817	33,021,294	33,253,123	3,939	1,390	34,211,166	34,216,495
Impact of adoption of IFRS 9	-	-	-	-	48,850	89,648	535,484	673,982
Charge for the year	11,648	225,024	139,576	376,248	8,349	178,502	436,781	623,632
Reversals	(17,765)	(187,990)	(19,331,628)	(19,537,383)	(36,126)	(62,723)	(1,994,614)	(2,093,463)
	(6,117)	37,034	(19,192,052)	(19,161,135)	(27,777)	115,779	(1,557,833)	(1,469,831)
Amounts written off	-	-	(154,858)	(154,858)	-	-	(167,523)	(167,523)
Closing balance	18,895	243,851	13,674,384	13,937,130	25,012	206,817	33,021,294	33,253,123

9.7.1 Particulars of credit loss allowance against advances

	2025				2024			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
----- Rupees in '000 -----								
In local currency	18,863	243,451	13,659,085	13,921,399	24,973	204,628	33,006,031	33,235,632
In foreign currencies	32	400	15,299	15,731	39	2,189	15,263	17,491
	18,895	243,851	13,674,384	13,937,130	25,012	206,817	33,021,294	33,253,123

9.7.2 This includes Rs. 9,779.399 million reversal on the exposure of Omni Group, included in advances (Rs. 8,844.298 million) and investments (Rs. 803.601 million). On January 25, 2025, the Civil Court, Islamabad, issued a decree in favor of the Bank for the recovery of Rs. 10,170 million in respect of the non-performing loans of the Omni Group, through the sale of 1,635,766,406 shares of the Bank (via an Auctioneer appointed by the Court on July 18, 2025) held in the name of M/s Suroor Investment Limited. As of December 31, 2025, the Auctioneer has disposed of 664,473,583 shares, realizing an aggregate consideration of Rs. 4,018.225 million. Given that almost 41.09% of the exposure has already been recovered through sale of Bank's shares, and considering the secured, liquid nature of the settlement method and the credibility of the appointed Auctioneer who is also bound under court order to transfer the proceeds of disposal to the Bank, management determined that the recovery from the sale of the remaining shares is highly probable, thereby justifying the full reversal of the provision to date in accordance with the Bank's accounting policy and prudential regulations.

		2025	2024
	Note	----- (Rupees in '000) -----	
9.8 PARTICULARS OF WRITE OFFS:			
9.8.1 Against credit loss allowance	9.7	154,858	167,523
Directly charged to profit and loss account	34	932	-
		<u>155,790</u>	<u>167,523</u>
9.8.2 Write Offs of Rs. 500,000 and above			
- Domestic		148,951	166,710
Write Offs of below Rs. 500,000		6,839	813
		<u>155,790</u>	<u>167,523</u>

		2025	Restated 2024
	Note	----- (Rupees in '000) -----	

10. PROPERTY AND EQUIPMENT

Capital work-in-progress	10.1	43,012	45,717
Property and equipment	10.2	7,674,453	6,980,441
		<u>7,717,465</u>	<u>7,026,158</u>
10.1 Capital work-in-progress			
Civil works and related payments / progress billings		-	12,366
Advances and other payments to suppliers and contractors		43,012	33,351
Advances and other payments against capital work in progress considered doubtful		-	1,155,814
Less: Provision held there against		-	(1,155,814)
		-	-
		<u>43,012</u>	<u>45,717</u>

10.2 Property and Equipment

	2025						
	Leasehold land	Building on leasehold land	Building improvements	Furniture and fixture	Electrical, office and computer equipment	Vehicles	Total
	(Rupees in '000)						
At January 01, 2025							
Cost / Revalued amount	1,736,445	5,027,593	1,897,264	577,895	2,470,870	184,575	11,894,642
Accumulated depreciation / impairment	(5,670)	(622,331)	(1,525,963)	(492,849)	(2,126,460)	(140,928)	(4,914,201)
Net book value	<u>1,730,775</u>	<u>4,405,262</u>	<u>371,301</u>	<u>85,046</u>	<u>344,410</u>	<u>43,647</u>	<u>6,980,441</u>
Year ended December 31, 2025							
Opening net book value	1,730,775	4,405,262	371,301	85,046	344,410	43,647	6,980,441
Additions	-	-	46,994	9,785	55,850	36,242	148,871
Movement in surplus on assets revalued during the year (refer note 10.2.3)	511,039	3,343,827	-	-	-	-	3,854,866
Reversal of revaluation decrease recognized in profit and loss account	15,245	-	-	-	-	-	15,245
Disposals							
Cost	(724,775)	(2,333,240)	(372,292)	(17,962)	(252,897)	(32,663)	(3,733,829)
Accumulated depreciation	-	314,880	233,747	14,631	225,728	28,785	817,771
	<u>(724,775)</u>	<u>(2,018,360)</u>	<u>(138,545)</u>	<u>(3,331)</u>	<u>(27,169)</u>	<u>(3,878)</u>	<u>(2,916,058)</u>
Write off							
Cost	-	-	(25,136)	(1,167)	(336)	-	(26,639)
Accumulated depreciation	-	-	25,128	1,167	336	-	26,631
	<u>-</u>	<u>-</u>	<u>(8)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(8)</u>
Depreciation charge	-	(142,046)	(94,138)	(21,526)	(134,144)	(17,050)	(408,904)
Closing net book value	<u>1,532,284</u>	<u>5,588,683</u>	<u>185,604</u>	<u>69,974</u>	<u>238,947</u>	<u>58,961</u>	<u>7,674,453</u>
At December 31, 2025							
Cost / Revalued amount	1,537,954	5,588,683	1,546,830	568,551	2,273,487	188,154	11,703,659
Accumulated depreciation / impairment	(5,670)	-	(1,361,226)	(498,577)	(2,034,540)	(129,193)	(4,029,206)
Net book value	<u>1,532,284</u>	<u>5,588,683</u>	<u>185,604</u>	<u>69,974</u>	<u>238,947</u>	<u>58,961</u>	<u>7,674,453</u>
Rate of depreciation (percentage)	-	2.5 - 5	10 - 25	10	20 - 25	20	

2024 - Restated

	Leasehold land	Building on leasehold land	Building improvements	Furniture and fixture	Electrical, office and computer equipment	Vehicles	Total
(Rupees in '000)							
At January 01, 2024							
Cost / Revalued amount	1,736,445	5,062,093	1,905,068	596,496	2,408,872	199,818	11,908,792
Accumulated depreciation / impairment	(5,670)	(465,971)	(1,491,278)	(496,472)	(2,162,085)	(148,586)	(4,770,062)
Net book value	1,730,775	4,596,122	413,790	100,024	246,787	51,232	7,138,730
Year ended December 31, 2024							
Opening net book value	1,730,775	4,596,122	413,790	100,024	246,787	51,232	7,138,730
Additions	-	-	54,631	7,512	229,533	8,725	300,401
Impact of Amalgamation (refer note 1.4)							
Cost	-	-	-	255	3,172	125	3,552
Accumulated depreciation	-	-	-	(255)	(3,167)	(89)	(3,511)
	-	-	-	-	5	36	41
Movement in surplus on assets revalued during the year	-	-	-	-	-	-	-
Reversal of revaluation decrease recognized in profit and loss account	-	-	-	-	-	-	-
Disposals							
Cost	-	(34,500)	(38,199)	(25,666)	(169,894)	(24,093)	(292,352)
Accumulated depreciation	-	2,892	37,141	25,410	167,673	24,093	257,209
	-	(31,608)	(1,058)	(256)	(2,221)	-	(35,143)
Write off							
Cost	-	-	(24,236)	(702)	(813)	-	(25,751)
Accumulated depreciation	-	-	24,125	637	813	-	25,575
	-	-	(111)	(65)	-	-	(176)
Depreciation charge	-	(159,252)	(95,951)	(22,169)	(129,694)	(16,346)	(423,412)
Closing net book value	1,730,775	4,405,262	371,301	85,046	344,410	43,647	6,980,441
At December 31, 2024							
Cost / Revalued amount	1,736,445	5,027,593	1,897,264	577,895	2,470,870	184,575	11,894,642
Accumulated depreciation / impairment	(5,670)	(622,331)	(1,525,963)	(492,849)	(2,126,460)	(140,928)	(4,914,201)
Net book value	1,730,775	4,405,262	371,301	85,046	344,410	43,647	6,980,441
Rate of depreciation (percentage)	-	2.5 - 5	10 - 25	10	10 - 30	20	

	2025	Restated 2024
	----- (Rupees in '000) -----	
10.2.1 The cost of fully depreciated property and equipments that are still in the Bank's use is as follows:		
Building improvements	1,057,666	953,597
Furniture and fixture	373,847	361,213
Electrical, office and computer equipment	1,756,781	1,835,106
Vehicles	97,807	97,694

10.2.2 The carrying amount of property and equipments held for disposal amounts to Rs. 413.070 million (2024: Rs. 409.526 million).

10.2.3 The properties of the Bank were revalued by M/s. Sadruddin Associates (Pvt.) Ltd., M/s. Pakistan Inspection Company (Pvt.) Ltd. and M/s. Sipra & Company (Pvt.) Ltd as at December 31, 2025 based on their professional assessment of the present market value. The revaluation resulted in increase of Rs. 3,854 million in the surplus. The total surplus arising from the revaluation of fixed assets as at December 31, 2025 amounts to Rs. 5,589.410 million. No additional surplus was booked on building improvements during the current revaluation exercise. While accounting for revaluation, in accordance with the allowed treatment in IAS 16, the Bank eliminated the accumulated depreciation against the gross carrying amount of the asset.

Had there been no revaluation, the carrying value of revalued assets would have been as follows:

	2025		2024	
	Original Cost	Book Value	Original Cost	Book Value
	----- Rupees in '000 -----			
Leasehold land	526,539	520,869	803,044	797,374
Buildings on leasehold land	2,609,753	1,010,688	3,575,573	1,810,628
Buildings improvements	1,454,358	185,604	1,801,040	371,412

10.2.4 Sale of property and equipment to related parties are disclosed below:

Particulars of assets	Cost	Net book value	Sale price	Mode of disposal	Particulars of purchaser
Vehicles					
BMW	32,500	3,792	32,500	As per employment contract	Jawad Majid Khan (President / CEO)

11. RIGHT-OF-USE ASSETS

	2025	2024
	----- (Rupees in '000) -----	
	Branch Premises	
Cost	4,316,299	4,397,989
Accumulated depreciation	(1,715,028)	(1,676,784)
Opening net book value	2,601,271	2,721,205
Additions during the year	577,255	611,610
Modifications during the year	(6,411)	(14,051)
Deletions during the year		
Cost	(426,841)	(679,249)
Accumulated depreciation	333,096	503,349
Depreciation charge for the year	(93,745)	(175,900)
	(539,592)	(541,593)
Closing net book value	2,538,778	2,601,271

12. INTANGIBLE ASSETS

	Note	2025 ----- (Rupees in '000) -----	2024 ----- (Rupees in '000) -----
Branch Premises			
Capital work-in-progress	12.1	45,874	69,334
Intangible assets in use	12.2	276,718	261,751
		322,592	331,085
12.1 Capital work-in-progress			
Advances to suppliers and contractors		45,874	69,334
Advances against capital work-in-progress considered doubtful		142,522	142,522
Less: Provision held there against		(142,522)	(142,522)
		-	-
		45,874	69,334

12.2 Intangible assets in use

	2025			
	Computer softwares	Core deposits	Brand name	Total
----- (Rupees in '000) -----				
At January 01, 2025				
Cost	828,439	209,874	143,838	1,182,151
Accumulated amortisation and impairment	(566,688)	(209,874)	(143,838)	(920,400)
Net book value	261,751	-	-	261,751
Year ended December 31, 2025				
Opening net book value	261,751	-	-	261,751
Additions:				
- directly purchased	94,682	-	-	94,682
Write off:				
Cost	-	-	-	-
Accumulated depreciation	-	-	-	-
Amortisation charge	(79,715)	-	-	(79,715)
Closing net book value	276,718	-	-	276,718
At December 31, 2025				
Cost	923,121	209,874	143,838	1,276,833
Accumulated amortisation and impairment	(646,403)	(209,874)	(143,838)	(1,000,115)
Net book value	276,718	-	-	276,718
Rate of amortisation (percentage)	20	10	10	
Useful life (years)	5	10	10	

	2024			
	Computer softwares	Core deposits	Brand name	Total
	----- (Rupees in '000) -----			
At January 01, 2024				
Cost	596,076	209,874	143,838	949,788
Accumulated amortisation and impairment	(528,871)	(209,874)	(143,838)	(882,583)
Net book value	<u>67,205</u>	-	-	<u>67,205</u>
Year ended December 31, 2024				
Opening net book value	67,205	-	-	67,205
Additions:				
- directly purchased	234,422	-	-	234,422
Write off:				
Cost	(2,059)	-	-	(2,059)
Accumulated depreciation	2,059	-	-	2,059
	-	-	-	-
Amortisation charge	(39,876)	-	-	(39,876)
Closing net book value	<u>261,751</u>	-	-	<u>261,751</u>
At December 31, 2024				
Cost	828,439	209,874	143,838	1,182,151
Accumulated amortisation and impairment	(566,688)	(209,874)	(143,838)	(920,400)
Net book value	<u>261,751</u>	-	-	<u>261,751</u>
Rate of amortisation (percentage)	<u>20</u>	<u>10</u>	<u>10</u>	
Useful life (years)	<u>5</u>	<u>10</u>	<u>10</u>	

	2025	2024
	----- (Rupees in '000) -----	
12.2.1		
The cost of fully amortised intangible assets that are still in the Bank's use is as follows:		
Computer softwares	488,338	488,209
Core deposits	209,874	209,874
Brand name	143,838	143,838

13. DEFERRED TAX ASSETS

2025				
At January 01, 2025	IFRS -9 transition / reclass impacts	Recognised in profit and loss account	Recognised in other comprehensive income	At December 31, 2025
(Rupees in '000)				
Deductible Temporary Differences on				
- Tax losses carried forward	16,960,119	(463,961)	(5,799,188)	10,696,970
- Credit loss allowance against advances	10,190,747	-	(4,599,520)	5,591,227
- Remeasurement of advances	161,420	-	948	162,368
- Remeasurement of investments	-	-	63,249	63,249
- Credit loss allowance against Investment	864,601	41,961	(702,225)	204,337
- Provision against intangible assets	51,729	-	-	51,729
- Staff compensated absences	65,924	-	17,992	83,916
- Depreciation on ROUA, related finance cost less actual rent expense - IFRS 16	-	463,961	7,822	535,783
- Workers' welfare fund	-	-	160,273	160,273
- Credit loss allowance against other assets	225,583	-	21,019	246,602
	28,520,123	41,961	(10,765,630)	17,796,454
Taxable Temporary Differences on				
- Surplus on revaluation of property and equipments	(1,107,389)	-	582,635	(2,347,553)
- Surplus on revaluation of investments	(563,491)	(41,961)	-	(20,259)
- Unrealized gain on forward exchange contracts	(8,795)	-	9,854	1,059
- Surplus on revaluation of property - held for sale	(470,714)	-	470,714	-
- Surplus on revaluation of non-banking assets	(289,585)	-	9,802	(589,004)
- Accelerated tax depreciation	(411,585)	-	(177,514)	(589,099)
	(2,851,559)	(41,961)	895,491	(3,544,856)
	25,668,564	-	(9,870,139)	14,251,598
2024				
At January 01, 2024	IFRS -9 transition / reclass impacts	Recognised in profit and loss account	Recognised in other comprehensive income	At December 31, 2024
(Rupees in '000)				
Deductible Temporary Differences on				
- Tax losses carried forward	15,511,202	-	1,448,917	16,960,119
- Credit loss allowance against advances	9,002,927	283,072	904,748	10,190,747
- Remeasurement of advances	-	138,734	22,686	161,420
- Credit loss allowance against Investment	801,196	(38,963)	102,368	864,601
- Provision against intangible assets	48,034	-	3,695	51,729
- Staff compensated absences	53,678	-	12,246	65,924
- Credit loss allowance against other assets	166,759	45,995	12,829	225,583
	25,583,796	428,838	2,507,489	28,520,123
Taxable Temporary Differences on				
- Surplus on revaluation of property and equipments	(1,074,691)	-	49,971	(1,107,389)
- Surplus on revaluation of investments	(116,362)	38,963	-	(563,491)
- Unrealized gain on forward exchange contracts	(10,047)	-	1,252	(8,795)
- Surplus on revaluation of property - held for sale	(437,092)	-	-	(470,714)
- Surplus on revaluation of non-banking assets	(313,821)	-	48,563	(289,585)
- Accelerated tax depreciation	(376,547)	-	(35,038)	(411,585)
	(2,328,560)	38,963	64,748	(2,851,559)
	23,255,236	467,801	2,572,237	25,668,564

13.1 The net deferred tax asset has been recognized in accordance with the Bank's accounting policy. The management, based on financial projections, estimates that sufficient taxable profits would be available in future against which the deferred tax asset could be realized. The projections includes certain key assumptions underlying management's estimation of profits. These assumptions includes revival of credit rating of the Bank which will boost the trust and confidence of the public in attracting the deposits which would be invested in Government securities consequently increasing the earning assets of the Bank.

14. OTHER ASSETS

		2025	Restated 2024
	Note	----- (Rupees in '000) -----	
Income / mark-up accrued in local currency		2,310,709	5,103,892
Income / mark-up accrued in foreign currency		1,827	2,195
Advances, deposits, advance rent and other prepayments		396,304	428,566
Advance taxation (payments less provisions)		564,792	558,226
Non-banking assets acquired in satisfaction of claims	14.1	1,834,776	1,798,949
Branch adjustment account		1,280	62,317
Receivable from other banks against clearing and settlement		1,827,421	928,275
Mark to market gain on forward foreign exchange contracts		3,277	43,225
Acceptances		123,555	665,551
Stationery and stamps on hand		6,078	6,161
Property - Held for Sale (HFS)	14.2	-	3,692,787
Leasehold land - Held for Sale (HFS) acquired through amalgamation with Global haly development limited under scheme of arrangement	14.3	27,620,338	27,620,338
Receivable against sale of G2 building	14.2	10,634,180	-
Others		638,223	556,417
		45,962,760	41,466,899
Less: Credit loss allowance held against other assets	14.4	(834,486)	(834,247)
		45,128,274	40,632,652
Other Assets (Net of credit loss allowance)			
Surplus on revaluation of non-banking assets acquired in satisfaction of claims		1,402,391	689,489
Surplus on revaluation of property - held for sale		-	1,120,749
		46,530,665	42,442,890

14.1 Market value of non-banking assets acquired in satisfaction of claims

3,043,378 **2,129,150**

Non-banking assets acquired in satisfaction of claims have been revalued by independent professional valuer as at December 31, 2025. The revaluation was conducted by M/s. Sadruddin Associates (Pvt.) Ltd., M/s. Pakistan Inspection Company (Pvt.) Ltd., M/s. Sipra & Company (Pvt.) Ltd and KGT (Pvt.) Limited based on their professional assessment of present market values. This resulted in an increase in surplus by Rs. 736.240 million. The total surplus arising against revaluation of non-banking assets acquired in satisfaction of claims as at December 31, 2025 amounts to Rs 1,402 million (2024: Rs. 689.489 million).

14.1.1 Non-banking assets acquired in satisfaction of claims

		2025	2024
	Note	----- (Rupees in '000) -----	
Opening balance		2,128,331	2,797,473
Revaluation	24.2	736,240	443
Reversal of revaluation decrease recognized in profit and loss account	34	73,143	330
Disposals	14.1.2	-	(606,824)
Depreciation	31	(60,654)	(63,091)
		2,877,060	2,128,331

14.1.2 Gain on Disposal of non-banking assets acquired in satisfaction of claims

Disposal Proceeds		-	1,213,512
less			
- Cost / Revalued amount	14.1.1	-	642,180
- Impairment / Depreciation		-	(35,356)
		-	606,824
Gain	30	-	606,688

14.2 This represented a portion of the Bank's self-constructed property which has been sold during the current year. During the year, the Bank initially entered into an Agreement to Sell on August 01, 2025, followed by an executed sale deed (dated November 24, 2025) with a buyer to sell the self-constructed property (G2). The sale deed has effectuated the conveyance of all rights, title, and interest in the Saleable Building Area, as defined in the Agreement to Sell, to the buyer. The total consideration for sale is Rs. 11,634 million out of which Rs. 1,000 million has been received as non-refundable advance and as per the Agreement, the Bank will receive Rs. 6,200 million on February 1, 2026 and the balance Rs. 4,434 million is expected to be received by August 1, 2026. The sale transaction has resulted in overall gain of Rs. 5,897.198 million, out of which Rs. 2,636.607 million and 1,480.393 million has been recorded as gain on disposal of HFS property in other assets and property in fixed assets respectively and (refer note 30) and balance of Rs. 1,780.198 million (net of tax) has been transferred from surplus on revaluation of assets to unappropriated profit (i.e., equity) as per the Bank's accounting policy.

14.3 Pursuant to a court-sanctioned Scheme of Arrangement (refer note 1.4), the Bank obtained control over 5.3 acres of land belonging to Global Haly Development Limited (GHDL), located at Plot No. SM-212, Faisal Street No. 2, Phase VIII, DHA, Karachi. GHDL had entered into an agreement with Pakistan Defence Officers Housing Authority, Karachi, Pakistan (DHA) on October 10, 2005 (amended on April 26, 2006) to undertake the construction, marketing and development of a shopping mall complex against consideration of Rs. 5,117.980 million to be paid as per payment schedule included in the agreement. Subsequently, on certain payment as per the agreement, a sublease was executed between GHDL and DHA on April 28, 2006, for a period of 30 years to be extended for another period of 30 years until April 27, 2066.

Due to non-compliances of the agreement and legal suits filed by both parties, a settlement agreement was entered into between the parties on January 31, 2018 whereby revised payment terms were agreed and the original agreement and sublease were amended. Out of the total consideration of Rs. 5,117.980 million, Rs. 4,092.756 million was to be paid in cash and the remaining balance is to be settled against 154,225 square feet on 4th and 5th floor of the saleable area out of the total saleable area of the project (Refer Note 21.8). No development activity has commenced as of the date of authorization of issue of these unconsolidated financial statements.

The original plan of GHDL was to sell the shopping complex, however, in financial year 2018, the GHDL management decided to construct the shopping complex and generate rental income, therefore, the property was re-classified to investment property in the financial statements of GHDL and subsequently, has been revalued until financial year 2024. After the amalgamation, the property is being carried at lower of carrying amount and realizable value. Management is currently in negotiations with the management of DHA to agree on revised terms. Furthermore, management is exploring multiple options regarding the potential use of the plot of land.

This property and certain other properties included in Non-banking assets acquired in satisfaction of claims are currently un-developed and their value has been assessed based on the valuation reports from the valuers on the Pakistan Banks Association (PBA) list of approved valuers, hence these valuation involves subjectivities.

	2025	2024
	----- (Rupees in '000) -----	
14.4 Credit loss allowance held against other assets		
Income / mark-up accrued in local currency	1,389	1,389
Advances, deposits, advance rent and other prepayments	98,008	98,008
Non-banking assets acquired in satisfaction of claims	360,107	360,107
Commission receivable on guarantees	9,880	9,880
Receivable from Dewan Group	45,310	45,310
Account receivable - sundry claims	156,303	156,064
Receivable from Speedway Fondmetal (Pakistan) Limited	25,694	25,694
Others	137,795	137,795
	<u>834,486</u>	<u>834,247</u>
14.4.1 Movement in credit loss allowance held against other assets		
Opening balance	834,247	834,729
Charge for the year	239	-
Reversals	-	(482)
Amount written off	-	-
Closing balance	<u>834,486</u>	<u>834,247</u>

15. CONTINGENT ASSETS

There were no contingent assets at the balance sheet date.

16. BILLS PAYABLE

	Note	2025 ----- (Rupees in '000) -----	2024 ----- (Rupees in '000) -----
In Pakistan		2,749,628	1,900,496
Outside Pakistan		-	-
		<u>2,749,628</u>	<u>1,900,496</u>

17. BORROWINGS

Secured

Borrowings from State Bank of Pakistan			
- Under export refinance scheme	17.1	2,521,050	3,500,350
- Under long-term financing facility	17.2	83,119	111,169
- Refinance facility for modernization of SMEs	17.3	-	203
- Repurchase agreement borrowings	17.4	4,795,240	86,276,260
Total secured		7,399,409	89,887,982

Unsecured

Overdrawn nostro accounts		5,113	4,943
Total unsecured		5,113	4,943
		<u>7,404,522</u>	<u>89,892,925</u>

17.1 The Bank has entered into an agreement with SBP for extending export finance to its customers. Borrowing under the export refinance scheme of SBP carry interest at rates ranging from 6.00% to 7.00% per annum (2024: 9.00% to 16.50% per annum). These are secured against demand promissory notes and are due to mature latest by June 22, 2026 (2024: latest by June 23, 2025).

17.2 These represent borrowings from SBP under scheme for long term financing facility at interest rate of 2.00% per annum (2024: 2.00% per annum) and have varying long term maturities latest due by December 31, 2028 (2024: latest due by December 31, 2028). Under the agreement, SBP has a right to recover the outstanding amount from the Bank at the respective maturity dates of each finance by directly debiting current account of the Bank maintained by the SBP.

17.3 These borrowings were obtained from the SBP under a scheme to finance modernization of Small and Medium Enterprises by providing financing facilities for setting up of new units, purchase of new plant and machinery for Balancing, Modernization and Replacement (BMR) of existing units at mark up rate of 2.00% per annum in 2024 and have matured on February 11, 2025.

17.4 These represent borrowings from a SBP at mark-up rate of 10.52% per annum (2024: 13.07% to 13.08%) which will mature latest by January 02, 2026 (2024: January 17, 2025).

		2025 ----- (Rupees in '000) -----	2024 ----- (Rupees in '000) -----
17.5 Particulars of borrowings with respect to currencies			
In local currency		7,399,409	89,887,982
In foreign currencies		5,113	4,943
		<u>7,404,522</u>	<u>89,892,925</u>

18. DEPOSITS AND OTHER ACCOUNTS

	2025			2024		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
----- (Rupees in '000) -----						
Customers						
Current deposits	36,931,967	1,945,668	38,877,635	39,633,691	1,736,724	41,370,415
Savings deposits	107,465,264	1,391,404	108,856,668	118,080,187	1,483,589	119,563,776
Term deposits	10,422,513	2,553,470	12,975,983	14,407,887	3,184,109	17,591,996
Others	2,431,513	44,053	2,475,566	2,413,801	43,805	2,457,606
	157,251,257	5,934,595	163,185,852	174,535,566	6,448,227	180,983,793
Financial institutions						
Current deposits	348,899	32,956	381,855	236,435	18,133	254,568
Savings deposits	4,420,364	186,135	4,606,499	3,877,043	1,878	3,878,921
Term deposits	946,887	51,263	998,150	699,322	198,021	897,343
Others	-	-	-	-	-	-
	5,716,150	270,354	5,986,504	4,812,800	218,032	5,030,832
	162,967,407	6,204,949	169,172,356	179,348,366	6,666,259	186,014,625

18.1 Composition of deposits	2025	2024
	----- (Rupees in '000) -----	
- Individuals	92,366,453	100,377,851
- Government (Federal and Provincial)	2,214,953	4,019,448
- Public Sector Entities	7,451,469	10,848,548
- Banking Companies	1,681	1,520
- Non-Banking Financial Institutions	5,984,823	5,029,312
- Private Sector	61,152,977	65,737,946
	169,172,356	186,014,625

18.2 Deposits include Eligible Deposits of Rs. 117,092.788 million (2024: Rs. 128,151.846 million) protected under Depositors Protection Mechanism introduced by the State Bank of Pakistan.

19. LEASE LIABILITIES	Note	2025	2024
		----- (Rupees in '000) -----	
Opening		3,284,402	3,348,737
Additions during the year		520,245	526,673
Deletion during the year		(158,100)	(288,948)
Lease payments including interest		(847,932)	(761,843)
Finance cost	27	521,111	473,834
Modifications	11	(6,411)	(14,051)
Closing		3,313,315	3,284,402
19.1 Liabilities Outstanding			
Not later than one year		807,144	792,141
Later than one year and upto five years		2,025,200	1,879,417
Over five years		480,971	612,844
Total at the year end		3,313,315	3,284,402

20. SUBORDINATED DEBT

Issue amount	Rs. 1,500,000,000
Issue date	October 27, 2011
Maturity date	October 27, 2022

These TFCs were issued by the Bank on October 27, 2011 for an initial tenure of seven years and maturity date of October 27, 2018. In order to protect the interest of the TFC Holders, the tenure of the TFC together with the payment of applicable redemption amounts were extended for fourth time by the Bank to October 27, 2019, October 27, 2020, October 27, 2021 and October 27, 2022 through the extraordinary resolutions passed by the TFC holders on November 19, 2018, April 10, 2019, November 20, 2019, October 22, 2020 and October 26, 2021. The Bank completed necessary regulatory formalities for these extensions and executed the amended Declaration of Trusts on July 23, 2019, September 23, 2020, July 09, 2021 and August 01, 2022. The final approval of these extensions were approved by the SBP vide its letters dated October 21, 2019, October 21, 2020, October 22, 2021 and October 24, 2022.

Subsequently, approval was granted by the TFC Holders (in their meeting held on October 27, 2022) for extension in the maturity date and associated rescheduling of the coupon payments of the Term Finance Certificate upto October 27, 2023.

In November, 2024 the Board of Directors of Bank Makramah Limited (BML) has initiated the implementation of the BML Restructuring Scheme to ensure the bank's financial viability. The scheme aims to restructure BML's shareholding structure by increasing its equity and reducing overall debt, thereby strengthening its financial health and positioning the bank for sustained growth. Under the proposed scheme, subject to court sanction, the outstanding redemption amount owed to Term Finance Certificate (TFC) holders was to be settled through the issuance and allotment of fully paid ordinary shares of BML.

Following the filing of the scheme, three meetings with TFC holders were held on December 27, 2024, January 13, 2025, and January 21, 2025. In the final meeting, the TFC Holders decided to continue as TFC Holders of Bank Makramah Limited and unanimously resolved to extend the maturity period of the TFCs to 27th October 2025, subject to State Bank of Pakistan (SBP) approval, and resolved that the next meeting would be held on 14th October 2025, two weeks before the revised maturity date.

The Bank has taken up the matter to seek the approval of the State Bank of Pakistan for the extension in the maturity date of the TFCs.

The Bank on January 28, 2026 moved a Resolution of TFC Holders by way of Circulation for conversion of their principal PKR 1,495,515,000/- (Pakistan Rupees One Billion Four Hundred Ninety-five Million Five Hundred Fifteen Thousand only) and profit thereon PKR 1,854,511,777.28/- (Pakistan Rupees One Billion Eight Hundred Fifty-four Million Five Hundred Eleven Thousand Seven Hundred Seventy-seven Rupees and Twenty-eight paisa only), accrued till December 31, 2025, to be adjusted for tax, into fully paid ordinary shares of the Bank. Accordingly, against the total outstanding amount of PKR 3,350,026,777.28 (to be adjusted for tax), the number of shares to be issued to the TFC holders shall be 27,888,469 shares, which will form part of the Bank's Tier 1 Capital.

The TFC Holders have approved the resolution by the requisite majority and the Bank has obtained the Board approval for seeking the required shareholders and regulatory approvals, for issuance of fully paid up ordinary shares of the Bank to the TFC Holders, on a without rights basis.

Rating	'B' (Single B).
Security	Unsecured.
Redemption / profit payment frequency	The redemption / profit payment details are mentioned in the above maturity date clause.
Mark-up	Base rate (6 months KIBOR - ask side) plus 325 bps.
Call option	The Bank had an option to call the TFC's subject to SBP's prior written approval, on any profit payment date after the 60th month from the last day of public subscription, with not less than 30 days prior notice to be given to the Trustee. The Call option once announced will not be revocable. Further, no premium will be paid to the TFC Holders in case the call option is exercised by the Bank.
Lock-in-clause	Neither interest nor principal can be paid (even at maturity) if such payments will result in a shortfall in the Bank's Minimum Capital Requirements (MCR) or Capital Adequacy Ratio (CAR) or increase in the existing shortfall in MCR and CAR.

21. OTHER LIABILITIES	Note	2025	Restated 2024
		(Rupees in '000)	
Mark-up / return / interest payable in local currency	21.1	1,954,321	2,811,708
Mark-up / return / interest payable in foreign currencies		20,532	26,304
Unearned income		84,169	89,152
Accrued expenses		213,428	170,399
Advance against sale of property	21.2	84,737	211,103
Acceptances		123,555	665,551
Unclaimed dividends		2,213	2,213
Mark to market loss on forward foreign exchange contracts		5,799	22,284
Payable to defined benefit plan	40	143,909	79,541
Charity fund balance		350	2,156
Security deposits against lease		120,211	135,288
Payable to Bangladesh Bank	21.3	41,389	41,389
Payable to Rupali Bank - Bangladesh	21.4	16,283	16,293
Payable to vendors / creditors		419,706	440,312
Provision for compensated absences	40	199,801	156,962
Payable to Bank of Ceylon, Colombo		20,163	20,163
Retention money		81,034	432,621
Workers' welfare fund	21.5	394,963	13,360
Withholding taxes and government levies payable		240,014	236,461
Federal excise duty and sales tax payable		12,355	12,988
Commission payable on home remittances	21.6	72	72
Credit loss allowance against off-balance sheet obligations	21.7	50,046	160,905
Payable to DHA against purchase of land	21.8	1,142,001	1,142,001
Payable to sponsor	21.9	59,583	14,937
Others		373,523	418,327
		5,804,157	7,322,490

21.1 This includes markup payable on subordinated debt amounting to Rs. 1,854.513 million (2024: 1,617.913 million).

21.2 This includes advance received amounting to Rs. 9.318 million (2024: Rs. 101.675 million) against sale of property included in other assets as property - held for sale.

21.3 This represents mark up payable to Bangladesh Bank up to June 2006 on Fixed Deposit Receipts (FDR) maintained with the Bank.

21.4 This represents amount payable in respect of share of head office expenses of Ex-Rupali Bank Limited - Karachi Branch.

21.5 This represents provision made for Workers' Welfare Fund (WWF) @ 2% of accounting profit before tax.

21.6 This represents commission payable to the foreign currency dealers in respect of home remittances channelized through the Bank as per agreement entered into by the Bank with them.

		2025	2024
	Note	(Rupees in '000)	
21.7	Credit loss allowance against off-balance sheet obligations		
		160,905	-
	Opening balance		
	Impact of adoption of IFRS 9	-	109,012
	Charge for the year	7,888	82,629
	Reversals	(118,747)	(30,736)
	34	(110,859)	51,893
	Closing balance	<u>50,046</u>	<u>160,905</u>

21.8 As disclosed in note 14.3, the amount represents balance consideration out of the total consideration of land acquired from DHA. This amount will be settled against 154,225 square feet of saleable area out of the total saleable area when the project is completed.

21.9 This amount is payable to His Excellency Nasser Abdullah Lootah paid out on behalf of the GHDL to fulfill the working capital requirement.

22. SHARE CAPITAL - NET

22.1 Authorized capital

2025	Restated 2024		2025	Restated 2024
(Number of shares)			(Rupees in '000)	
<u>2,000,000,000</u>	<u>2,000,000,000</u>	Ordinary shares of Rs. 10 each	<u>20,000,000</u>	<u>20,000,000</u>

22.2 Issued, subscribed and paid-up capital

2025	Restated 2024		2025	Restated 2024
(Number of shares)			(Rupees in '000)	
		<u>Ordinary shares</u>		
5,443,756,473	5,443,756,473	Fully paid in cash	54,437,564	54,437,564
673,997,721	673,997,721	Issue of shares upon conversion of preference shares	6,739,977	6,739,977
50,000,000	50,000,000	Issued as bonus shares	500,000	500,000
454,466,382	454,466,382	Issued for consideration other than cash	4,544,664	4,544,664
12,367,814,589	12,367,814,589	Issued to Shareholders of Global Haly Development - Scheme of Arrangement (Refer note 1.4)	123,678,146	123,678,146
(17,990,035,165)	(17,990,035,165)	Reduction of Capital Pursuant to Scheme of Arrangement (Refer note 1.4)	(179,900,351)	(179,900,351)
<u>1,000,000,000</u>	<u>1,000,000,000</u>		<u>10,000,000</u>	<u>10,000,000</u>
		Less: Discount on issue of shares	(35,721,997)	(35,721,997)
		Less: Discount on Issuance of New Shares pursuant to Scheme of Arrangement (Refer note 1.4)	(97,211,023)	(97,211,023)
		Reduction of Capital Pursuant to Scheme of Arrangement (Refer note 1.4)	132,933,020	132,933,020
<u>1,000,000,000</u>	<u>1,000,000,000</u>		<u>10,000,000</u>	<u>10,000,000</u>

23. The Board of Directors in their meeting held on July 3, 2025, authorized the President & CEO to execute the agreement between the Bank and His Excellency Nasser Abdullah Hussain Lootah ("the Sponsor"). Thereafter, an agreement was signed with the Sponsor on August 01, 2025, which sets out the terms under which the Sponsor has deposited an amount equivalent to Rs 5 billion in the Bank. In this respect, SBP vide its letter no. SBPHOK-BPRD-BACPD-STB-996916 dated October 17, 2025 has allowed the Bank to consider the "Advance against Share Subscription" for MCR and CAR calculation till March 31, 2026, subject to several conditions including the condition that the advance cannot be returned to the Sponsor without the prior approval of the SBP.

24. SURPLUS / (DEFICIT) ON REVALUATION OF ASSETS

	2025	2024
Note	(Rupees in '000)	
Surplus / (deficit) on revaluation of		
- Securities measured at FVOCI-Debt	8.1 48,184	1,441,529
- Securities measured at FVOCI-Equity	8.1 53	(99,884)
- Property and equipment	24.1 5,589,410	3,570,041
- Non-banking assets acquired in satisfaction of claims	24.2 1,402,391	689,489
- Property - held for sale	24.3 -	1,120,749
	7,040,038	6,721,924
Deferred tax on surplus / (deficit) on revaluation of:		
- Securities measured at FVOCI-Debt	(20,237)	(605,442)
- Securities measured at FVOCI-Equity	(22)	41,951
- Property and equipment	24.1 (2,347,553)	(1,107,389)
- Non-banking assets acquired in satisfaction of claims	24.2 (589,004)	(289,585)
- Property - held for sale	24.3 -	(470,714)
	(2,956,816)	(2,431,179)
	4,083,222	4,290,745
24.1 Surplus on revaluation of property and equipment		
Surplus on revaluation as at January 01,	10.2 3,570,041	3,689,020
Recognised during the year	3,854,866	-
Realised on disposal during the year - net of deferred tax	(1,203,485)	(13,418)
Transferred to accumulated losses in respect of incremental depreciation charged during the year - net of deferred tax	(49,377)	(55,590)
Related deferred tax liability on surplus realised on disposal	(546,879)	(9,716)
Related deferred tax liability on incremental depreciation charged during the year	(35,756)	(40,255)
Surplus on revaluation as at December 31,	5,589,410	3,570,041
Less: related deferred tax liability on:		
- revaluation as at January 01,	(1,107,389)	(1,074,691)
- effect of rate change	-	(82,669)
- revaluation recognised during the year	(1,822,799)	-
- surplus realised on disposal during the year	546,879	9,716
- incremental depreciation charged during the year	35,756	40,255
	(2,347,553)	(1,107,389)
	3,241,857	2,462,652
24.2 Surplus on revaluation of non-banking assets acquired in satisfaction of claims		
Surplus on revaluation as at January 01,	14.1.1 689,489	804,670
Recognised during the year	736,240	443
Realised on disposal during the year - net of deferred tax	-	(53,278)
Transferred to accumulated losses in respect of incremental depreciation charged during the year - net of deferred tax	(13,536)	(13,784)
Related deferred tax liability on incremental depreciation charged during the year	(9,802)	(9,982)
Related deferred tax liability on surplus realised on disposal	-	(38,580)
Surplus on revaluation as at December 31,	1,402,391	689,489
Less: related deferred tax liability on:		
- revaluation as at January 01,	(289,585)	(313,821)
- effect of rate change	-	(24,140)
- revaluation recognised during the year	(309,221)	(186)
- incremental depreciation charged during the year	9,802	9,982
- surplus realised on disposal during the year	-	38,580
	(589,004)	(289,585)
	813,387	399,904

24.3 Surplus on revaluation of Property - Held for sale

	2025	2024
Note	----- (Rupees in '000) -----	
Surplus on revaluation as at January 01,	1,120,749	1,120,749
Recognised during the year	-	-
Realised on disposal during the year - net of deferred tax	(650,035)	-
Related deferred tax liability on surplus realised on disposal	(470,714)	-
Surplus on revaluation as at December 31,	-	1,120,749
Less: related deferred tax liability on:		
- revaluation as at January 01,	(470,714)	(437,092)
- effect of rate change	-	(33,622)
- revaluation recognised during the year	-	-
- surplus realised on disposal during the year	470,714	-
	-	(470,714)
	-	650,035

25. CONTINGENCIES AND COMMITMENTS

	2025	Restated 2024
Note	----- (Rupees in '000) -----	
-Guarantees	25.1 15,727,469	16,239,036
-Commitments	25.2 10,939,638	29,354,132
-Other contingent liabilities	25.3 17,811,218	21,437,137
	<u>44,478,325</u>	<u>67,030,305</u>

25.1 Guarantees:

Financial guarantees	320,470	20,470
Performance guarantees	10,328,552	9,857,474
Other guarantees	5,078,447	6,361,092
	<u>15,727,469</u>	<u>16,239,036</u>

25.2 Commitments:

Documentary credits and short-term trade-related transactions		
- letters of credit	2,846,873	8,381,574
Commitments in respect of:		
- forward foreign exchange contracts	25.2.1 2,303,977	14,791,974
- forward lending	25.2.2 5,531,853	5,273,768
Commitments for acquisition of:		
- operating property and equipment	19,006	816,027
- intangible assets	237,929	90,789
	<u>10,939,638</u>	<u>29,354,132</u>

	2025	2024
	----- (Rupees in '000) -----	
25.2.1 Commitments in respect of forward foreign exchange contracts		
Purchase	2,303,977	9,476,934
Sale	-	5,315,040
	<u>2,303,977</u>	<u>14,791,974</u>
25.2.2 Commitments in respect of forward lending		
Forward documentary bills	<u>5,531,853</u>	<u>5,273,768</u>
25.3 Other contingent liabilities - claims against the Bank not acknowledged as debts	<u>17,811,218</u>	<u>21,437,137</u>
25.4 Contingency for tax payable		
Contingency related to tax payable is disclosed in note 35.2.		
26. MARK-UP / RETURN / INTEREST EARNED	Note	----- (Rupees in '000) -----
On:		
Loans and advances	1,687,169	2,542,144
Investments	15,760,511	35,619,374
Lendings to financial institutions	1,093,770	697,027
Balances with banks	71,249	64,475
	<u>18,612,699</u>	<u>38,923,020</u>
27. MARK-UP / RETURN / INTEREST EXPENSED		
Deposits	11,870,284	20,511,178
Borrowings	6,538,396	21,165,443
Subordinated debt	236,599	352,104
Cost of foreign currency swaps against foreign currency deposits / borrowings	301,959	506,566
Finance cost of lease liability	521,111	473,834
	<u>19,468,349</u>	<u>43,009,125</u>

28. FEE AND COMMISSION INCOME

	Note	2025 ----- (Rupees in '000) -----	2024 -----
Branch banking customer fees		230,224	191,122
Consumer finance related fees		1,267	3,503
Card related fees (debit cards)		296,579	217,211
Credit related fees		1,152	1,646
Investment banking fees		-	1,368
Commission on trade		340,505	426,492
Commission on guarantees		118,842	128,724
Commission on cash management		6	417
Commission on remittances including home remittances		4,298	5,914
Commission on bancassurance		644	1,388
Alternate delivery channels		26,361	21,905
Others		9	41
		1,019,887	999,731

29. GAIN ON SECURITIES

Realised	29.1	2,252,434	1,201,521
----------	------	------------------	------------------

29.1 Realised gain on:

Federal Government Securities		2,252,434	1,201,521
Shares		-	-
		2,252,434	1,201,521

Net gain on financial assets (debt instruments) measured at FVOCI		2,252,434	1,201,521
Net gain / loss on investments in equity instruments designated at FVOCI		-	-
		2,252,434	1,201,521

30. OTHER INCOME

Rent on property	30.1	4,433	5,873
Gain on sale of property and equipment - net		1,592,584	65,412
Gain on sale of non banking assets	14.1.2	-	606,688
Gain on sale of HFS property		2,636,607	-
Gain on sale of ijarah assets		-	725
Gain on termination of lease contracts under IFRS 16		64,354	113,049
Others		-	10
		4,297,978	791,757

30.1 This includes income from Summit Capital Private Limited (subsidiary) amounting to nil (2024: Rs. 1.843 million).

31. OPERATING EXPENSES

	Note	2025 (Rupees in '000)	Restated 2024
Total compensation expense	31.1	3,050,551	2,658,485
Property expense			
Rent and taxes		66,213	109,387
Insurance - property		10,639	7,237
Insurance - non banking assets		1,130	689
Utilities cost		513,606	553,220
Security (including guards)		274,842	260,429
Repair and maintenance (including janitorial charges)		224,678	235,419
Depreciation on owned property and equipments	10.2	236,185	255,203
Depreciation on right-of-use assets	11	539,592	541,593
Depreciation on non banking assets	14.1.1	60,654	63,091
		1,927,539	2,026,268
Information technology expenses			
Software maintenance		182,673	222,895
Hardware maintenance		134,178	137,722
Depreciation on computer equipments	10.2	92,685	85,861
Amortisation of computer softwares	12.2	79,715	39,876
Network charges		90,968	90,334
Insurance		2,711	2,927
		582,930	579,615
Other operating expenses			
Directors' fees and allowances		47,900	40,800
Fees and allowances to Shariah Board		23,700	23,700
Legal and professional charges		483,606	268,107
Outsourced services costs		303,142	321,383
Travelling and conveyance		409,285	458,772
NIFT clearing charges		43,006	36,968
Depreciation	10.2	80,034	82,348
Training and development		7,602	7,127
Postage and courier charges		29,548	43,317
Communication		155,941	153,155
Stationery and printing		127,474	194,049
Marketing, advertisement and publicity		52,109	46,667
Brokerage and commission		35,462	47,927
Fee and subscription		264,553	258,209
Cash transportation and sorting charges		143,638	154,586
Entertainment		66,075	78,960
Insurance		204,073	192,786
Deposit insurance premium expense		205,043	182,244
Repair and maintenance		177,307	174,152
Auditors' remuneration	31.2	23,617	22,374
Others		20,967	33,623
		2,904,082	2,821,254
		8,465,102	8,085,622

The total cost for the year included in other operating expenses relating to outsourced activities is Rs. 307.427 million (2024: Rs. 346.194 million). This cost pertains to companies incorporated in Pakistan. This includes payments other than outsourced services cost, which are disclosed above.

31.1 Total compensation expense	Note	2025 ----- (Rupees in '000) -----	Restated 2024
Fees and allowances etc.		13,710	24,881
Managerial remuneration			
i) Fixed		1,858,910	1,638,372
ii) Variable			
of which;			
a) Cash bonus / awards etc.		-	-
b) Incentives and commission		132	2,257
Charge / (reversal) for defined benefit plan	39.8.1	91,997	87,781
Contribution to defined contribution plan	40	102,547	84,508
Charge for employees compensated absences	39.8.1	70,524	46,042
Rent and house maintenance		629,546	535,358
Utilities		141,038	119,475
Medical		142,147	119,811
Total		3,050,551	2,658,485

31.2 Auditors' remuneration

Audit fee		5,450	4,586
Fee for other statutory certifications		6,536	5,446
Special certifications and sundry advisory services		10,238	10,371
Out-of-pocket expenses		1,393	1,971
		23,617	22,374

32 WORKERS' WELFARE FUND

The Bank has made provision for Workers' Welfare Fund (WWF) based on profit for the current year.

33. OTHER CHARGES

33. OTHER CHARGES	Note	2025 ----- (Rupees in '000) -----	2024
Penalties imposed by State Bank of Pakistan		869	772
		869	772

34. CREDIT LOSS ALLOWANCE AND WRITE OFFS - NET

Credit loss allowance on investments for diminution in value of investments	8.4.1	(1,671,962)	310
Credit loss allowance against loans and advances	9.7	(19,161,135)	(1,469,831)
Credit loss allowance against other assets	14.4.1	239	(482)
Reversal of revaluation decrease on property and equipment recognized in profit and loss account	10.2	(15,245)	-
Reversal of revaluation decrease on non-banking assets recognized in profit and loss account	14.1.1	(73,143)	(330)
Property and equipments written off	10.2	8	176
Operational loss		3,615	2,072
Recoveries against written off / charged off bad debts		(1,879)	(567)
Bad debts written off directly	9.8.1	932	-
Credit loss allowance against off-balance sheet obligations	21.7	(110,859)	51,893
Credit loss allowance on balance with other banks	6.2	1,118	585
Credit loss allowance on lending to FI	7	(667)	667
		(21,028,978)	(1,415,507)

35. TAXATION	Note	2025	2024
		----- (Rupees in '000) -----	
Current	35.1 & 35.2	291,224	523,746
Prior years	35.2 & 35.3	123,930	-
Deferred	13	9,870,139	(2,572,237)
		<u>10,285,293</u>	<u>(2,048,491)</u>

35.1 This represents the provision for minimum taxation made in accordance with the requirements of section 113 of the Income Tax Ordinance, 2001. Therefore, reconciliation of tax expense and accounting profit / loss has not been disclosed.

35.2 The Income Tax Returns of the Bank have been submitted up to and including the Bank's financial year ended December 31, 2024 i.e. tax year 2025.

In respect of assessments of Bank Makramah Limited from tax years 2009 to tax year 2019 and from tax year 2022 to tax year 2023, the tax authorities disputed the Bank's treatment on certain issues and created an additional tax demand (net of rectification) of Rs. 418.48 million through amended assessment orders and the same have been paid / stayed / adjusted against available refunds.

In respect of assessments of Bank Makramah Limited AJK Region from tax year 2013 to tax year 2017, the tax authorities disputed the Bank's treatment on certain issues and created an additional tax demand of Rs. 57.96 million through amended assessment orders and the same have been paid / stayed / adjusted against advance tax paid. The Bank has recorded a prior year charge of minimum tax amounting to Rs. 0.960 million for Tax Year 2020.

In respect of assessments of ex-My Bank Limited (now Bank Makramah Limited) from tax year 2003 to tax year 2011, the tax authorities disputed the Bank's treatment on certain issues and created additional tax demand of Rs. 456.62 million through amended assessment orders and the same have been paid / adjusted against available refunds.

In respect of assessments of ex-Atlas Bank Limited (now Bank Makramah Limited) from tax year 2003 to tax year 2010, the tax authorities disputed the Bank's treatment on certain issues and created additional tax demand of Rs. 89.74 million through amended assessment orders and the same have been paid / adjusted against available refunds.

Such issues mainly include disallowances of mark up payable, taxation of mutual fund distribution at corporate tax rate, disallowance of provision against non-performing loans, disallowance of reversal of provisions, allocation of expenses against dividend income and capital gain, disallowances against non-banking assets, disallowances of certain HO expenses, addition to mark-up/interest earned in AJK region etc. The Bank has filed appeals before the various appellate forums against these amended assessment orders which are either pending for hearing or order.

The management of the Bank is confident about the favourable outcome of the appeals hence, no provision / adjustment with respect to the above matters has been made in these unconsolidated financial statements.

35.3 In pursuance of SRO 1588(I)/2023 dated 21 November 2023, banking companies have been designated to be the 'sector' for the purpose of section 99D of the Income Tax Ordinance 2001, for the tax years 2022 and 2023. The Bank through its legal counsel has challenged the above levy, and the High Court of Sindh, initially suspended the operation of the aforementioned SRO and granted stay to the Bank. Subsequently, the High Court of Sindh respectfully denied the oral motion for suspension with the considered view that grant of the oral motion would militate against the edicts of the Supreme Court. However, the Bank has recorded a prior year charge of Rs 122.970 million in these unconsolidated financial statements.

		2025	Restated 2024
	Note	----- (Rupees in '000) -----	
36. BASIC AND DILUTED EARNING / (LOSS) PER SHARE			
Profit / (loss) for the year		<u>8,794,880</u>	<u>(5,220,848)</u>
		----- (Number of shares) -----	
Weighted average number of ordinary shares - Basic		<u>1,000,000,000</u>	<u>5,208,984,803</u>
		----- (Rupees) -----	
Basic earning / (loss) per share		<u>8.79</u>	<u>(1.00)</u>
		----- (Number of shares) -----	
Weighted average number of ordinary shares - Diluted	36.1 & 36.2	<u>1,000,000,000</u>	<u>5,208,984,803</u>
		----- (Rupees) -----	
Diluted earning / (loss) per share		<u>8.79</u>	<u>(1.00)</u>

36.1 The Earnings Per Share has been restated in 2024 due to weighted average effect of reduction of share capital and restatement of statement of profit and loss statement due to amalgamation as of September 30, 2024 (refer note 1.4).

36.2 There are no potential ordinary shares outstanding as of December 31, 2025.

		2025	Restated 2024
	Note	----- (Rupees in '000) -----	
37. CASH AND CASH EQUIVALENTS			
Cash and balances with treasury banks	5	12,915,786	18,352,205
Balances with other banks excluding credit loss allowance	6	2,762,970	1,473,955
Overdrawn nostro accounts	17	(5,113)	(4,943)
		<u>15,673,643</u>	<u>19,821,217</u>

37.1 Reconciliation of movement of liabilities to cash flows arising from financing activities

	2025					Total
	Liabilities			Equity		
	Sub-ordinated debt	Lease liabilities	Other liabilities	Advance against issue of shares	Share Capital	
	----- (Rupees in '000) -----					
Balance as at January 01, 2025	1,495,515	3,284,402	7,322,490	-	10,000,000	22,102,407
Changes from financing cash flows						
Payment of lease liability against right-of-use-assets	-	(904,942)	-	-	-	(904,942)
	-	(904,942)	-	-	-	(904,942)
Liability related other changes						
Changes in other liabilities						
- Cash based	-	-	(1,520,480)	-	-	(1,520,480)
- Non cash based	-	933,855	2,147	-	-	936,002
Total liability related other changes	-	933,855	(1,518,333)	-	-	(584,478)
Equity related other changes	-	-	-	5,000,000	-	5,000,000
Balance as at December 31, 2025	1,495,515	3,313,315	5,804,157	5,000,000	10,000,000	25,612,987

	2024 - Restated					Total
	Liabilities			Equity		
	Sub-ordinated debt	Lease liabilities	Other liabilities	Advance against issue of shares	Share Capital	
	----- (Rupees in '000) -----					
Balance as at January 01, 2024	1,495,515	3,348,737	7,100,434	-	30,500,208	42,444,894
Changes from financing cash flows						
Payment of lease liability against right-of-use-assets	-	(846,779)	-	-	-	(846,779)
	-	(846,779)	-	-	-	(846,779)
Liability related other changes						
Changes in other liabilities						
- Cash based	-	-	(1,198,613)	-	-	(1,198,613)
- Non cash based	-	782,444	1,420,669	-	-	2,203,113
Total liability related other changes	-	782,444	222,056	-	-	1,004,500
Equity related other changes	-	-	-	-	(20,500,208)	(20,500,208)
Balance as at December 31, 2024 - Restated	1,495,515	3,284,402	7,322,490	-	10,000,000	22,102,407

38. STAFF STRENGTH	2025	2024
	----- (Number of employees) -----	
Permanent	1,592	1,546
On Bank contract	81	57
Bank's own staff strength at the end of the year	<u>1,673</u>	<u>1,603</u>

38.1 In addition to the above, 388 (2024: 472) 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.

39. DEFINED BENEFIT PLAN

39.1 General description

The Bank maintains two schemes under defined benefit plan:

- A funded gratuity plan - under which benefits are payable to eligible employees on retirement or on cessation of services in lump sum. The benefit is equal to one month's last drawn basic salary for each year of confirmed service, subject to a minimum of five years of service.
- An unfunded employee compensated absences scheme - under which benefits are payable to permanent and contractual employees on retirement or at the time of their final settlement. The benefit is equal to a maximum of 45 days gross salary subject to availability of privilege leaves balance.

The actuarial valuation of the funded and unfunded scheme carried out periodically. Latest actuarial valuation was carried out as at December 31, 2025 using 'Projected Unit Credit Method'.

39.2 Number of Employees under the scheme

The number of employees covered under the following defined benefit schemes are:

	2025	2024
	----- (Number) -----	
- Gratuity fund	<u>1,592</u>	<u>1,546</u>
- Employees Compensated Absences	<u>1,673</u>	<u>1,603</u>

39.3 Principal actuarial assumptions

Latest actuarial valuation was carried out as at December 31, 2025 using 'Projected Unit Credit Method'.

	2025	2024	2025	2024
	Employees compensated absences (Unfunded)		Gratuity fund (Funded)	
Note	(Per annum)			
Discount rate	11.00%	12.25%	11.00%	12.25%
Discount rate for profit and loss	12.25%	15.50%	12.25%	15.50%
Expected rate of salary increase	11.25%	12.25%	11.25%	12.25%
Expected rate of return on plan assets	-	-	11.25%	12.25%
Leave accumulation factor - per annum	22 days	22 days	-	-
Withdrawal rates	High	Moderate	High	Moderate
Mortality rates	SLIC 2001-05	SLIC 2001-05	Adjusted SLIC 2001-05	Adjusted SLIC 2001-05

39.4 Reconciliation of payable to defined benefit plans

Present value of obligations	199,801	156,962	705,534	608,530
Fair value of plan assets	-	-	(561,625)	(528,989)
Payable	199,801	156,962	143,909	79,541

39.5 Movement in defined benefit obligations

Obligations at the beginning of the year	156,962	137,637	608,530	515,836
Current service cost	19,047	15,615	88,251	87,169
Past service cost	-	-	-	-
Interest cost	17,655	19,487	67,091	71,939
Benefits paid	(27,685)	(26,717)	(103,320)	(92,514)
Re-measurement loss	33,822	10,940	44,982	26,100
Obligations at the end of the year	199,801	156,962	705,534	608,530

39.6 Movement in fair value of plan assets

Fair value at the beginning of the year	-	-	528,989	497,023
Interest income on plan assets	-	-	63,345	71,327
Contribution by the Bank - net	-	-	(23,779)	(73,701)
Re-measurements: Net return on plan assets over interest income (loss) / gain	39.8.2	-	(6,930)	34,340
Fair value at the end of the year	-	-	561,625	528,989

39.7 Movement in payable under defined benefit schemes

Opening balance	156,962	137,637	79,541	18,813
Charge for the year	70,524	46,042	91,997	87,781
Contribution by the Bank - net	-	-	(79,541)	(18,813)
Re-measurement gain recognised in OCI during the year	39.8.2	-	51,912	(8,240)
Benefits paid by the Bank	(27,685)	(26,717)	-	-
Closing balance	199,801	156,962	143,909	79,541

	2025	2024	2025	2024
	Employees compensated absences (Unfunded)		Gratuity fund (Funded)	
39.8 Charge for defined benefit plans	----- (Per annum) -----			
39.8.1 Cost recognised in profit and loss				
Current service cost	19,047	15,615	88,251	87,169
Past service cost	-	-	-	-
Net interest on defined benefit liability / (asset)	17,655	19,487	3,746	612
Actuarial losses / (gains) recognised	33,822	10,940	-	-
	70,524	46,042	91,997	87,781

39.8.2 Re-measurements recognised in OCI during the year

Loss / (gain) on obligation				
- Demographic assumptions	-	-	(1,921)	(14,624)
- Financial assumptions	-	-	18,969	25,804
- Experience adjustment	-	-	27,934	14,920
Return on plan assets over interest income	-	-	6,930	(34,340)
Total re-measurements recognised in OCI	-	-	51,912	(8,240)

39.9 Components of plan assets

Cash and cash equivalents - net	-	-	561,625	528,989
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39.10 Sensitivity analysis

Sensitivity analysis has been performed by varying one assumption keeping all other assumptions constant and calculating the impact on the present value of the defined benefit obligations under the various employee benefit schemes. The increase / (decrease) in the present value of defined benefit obligations as a result of change in each assumption is summarized below:

	Change in assumption	Employees compensated absences (Unfunded)		Gratuity fund (Funded)	
		Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption
----- (Rupees in '000) -----					
Discount rate	+/- 1%	(6,319)	7,041	(24,151)	25,965
Salary increase rate	+/- 1%	7,888	(7,233)	28,906	(27,340)
Withdrawal rate	+/- 10%	-	-	(49)	48
Mortality rate	+/-1 Year	-	-	(3,101)	3,263

39.11 Expected contributions to be paid to the funds in the next financial year

The Bank contributes to the employee compensated absences and gratuity fund according to the actuary's advice.

Employees compensated absences	Gratuity fund
----- (Rupees in '000) -----	
24,423	109,358

Expected charge for the next financial year

	2025	2024	2025	2024
39.12 Maturity profile	Employees compensated absences (Unfunded)		Gratuity fund (Funded)	
The weighted average duration of the obligation (in years)	4.40	7.33	3.59	5.18

39.13 Funding Policy

The Bank endeavors to ensure that liabilities under the various employee benefit schemes are covered by the Fund on any valuation date having regards to the various actuarial assumptions such as projected future salary increase, expected future contributions to the fund, projected increase in liability associated with future service and the projected investment income of the Fund.

39.14 The significant risks associated with Defined Benefits Plans are as under:

Investment Risks:

The risk arises when the actual performance of the investment is lower than expectation and thus creating a shortfall in the funding objectives.

Longevity Risks:

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

Salary Increase Risk:

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

Withdrawal Risk:

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

Asset Volatility:

The risk arises due to inclusion of the risky assets in the pension / gratuity fund portfolio, inflation and relevant rate volatility.

Changes in bond yields:

The risk arises when bond yield is lower than the expected return on the plan assets (duration based PIB discount rate).

Inflation risk:

The risk arises if pension / gratuity benefits are linked to inflation and inflation rate is higher or higher than expected , which results in higher liabilities.

40. DEFINED CONTRIBUTION PLAN

An amount of Rs. 102.547 million (2024: Rs. 84.508 million) has been charged during the year in respect of contributory provident fund maintained by the Bank.

41. COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

41.1 Total Compensation Expense

Items	2025						
	Directors			Members Shariah Board	President / CEO	Key Management Personnel	Other Material Risk Takers / Controllers
	Chairman	Executive (other than CEO)	Non-Executive				
	(Rupees in '000)						
Fees and Allowances etc.	4,000	-	43,900	23,700	-	-	1,452
Managerial Remuneration							
i) Fixed	-	-	-	3,229	62,037	247,661	67,893
ii) Total variable							
of which							
a) Cash bonus / awards etc.	-	-	-	-	-	-	-
b) Incentives and commission	-	-	-	-	-	-	-
Charge for defined benefit plan	-	-	-	179	4,558	16,372	5,631
Contribution to defined contribution plan	-	-	-	210	5,317	15,257	3,983
Charge for employees compensated absences	-	-	-	-	3,036	7,556	2,606
Rent and house maintenance	-	-	-	947	23,928	84,379	20,163
Utilities	-	-	-	210	6,457	18,751	4,481
Medical	-	-	-	210	5,317	18,751	4,481
Total	4,000	-	43,900	28,685	110,650	408,727	110,690
Number of persons	1	-	4*	5	1	21	26

Items	Directors			Members Shariah Board	President / CEO	Key Management Personnel	Other Material Risk Takers / Controllers
	Chairman	Executive (other than CEO)	Non-Executive				
	(Rupees in '000)						
Fees and Allowances etc.	2,400	-	38,400	17,775	-	-	2,254
Managerial Remuneration							
i) Fixed	-	-	-	2,823	72,511	175,284	68,656
ii) Total variable							
of which							
a) Cash bonus / awards etc.	-	-	-	-	-	-	-
b) Incentives and commission	-	-	-	-	-	-	-
Charge for defined benefit plan	-	-	-	156	3,798	15,328	5,357
Contribution to defined contribution plan	-	-	-	179	4,431	10,760	4,179
Charge for employees compensated absences	-	-	-	38	3,680	7,615	2,657
Rent and house maintenance	-	-	-	807	19,940	58,606	19,662
Utilities	-	-	-	179	4,431	13,024	4,369
Medical	-	-	-	179	4,943	13,024	4,369
Total	2,400	-	38,400	22,136	113,734	293,641	111,503
Number of Persons	1	-	5*	5	1	26	30

*Number of persons include outgoing Non-Executive Director

Ms. Fauzia Hasnain didn't continue as the Independent / Female Director of the Bank after March 27, 2025.

On October 30, 2024 Mr. Muhammad Salman Alam Fazli resigned as the Non - Executive Director of the Bank.

The Bank's President and Chief Executive Officer is entitled to use of Bank's maintained car and club membership fee in accordance with entitlement. While certain Key executives of the Bank are entitled to club membership fee in accordance with their entitlements.

Key Management personnel include all staff having a direct reporting line to the President and Chief Executive Officer.

The MRT / MRC inclusion criteria has been developed in accordance with the Bank's Remuneration Guidelines.

The aggregate remuneration paid during the year to executives as defined under the Companies Act, 2017 amounted to Rs. 1,473.941 million (2024: Rs. 1,047.927 million).

41.2 Remuneration paid to Directors for participation in Board and Committee Meetings

Name of Director	2025							
	Meeting Fees and Allowances Paid							
	Board Meetings	For Board Committees						Total amount paid
Board Audit Committee (BAC)		Board Human Resource and Remuneration Committee (BHR & RC)	Board Information Technology Committee (BITC)	Board Risk Management Committee (BRMC)*	Board Compliance Committee (BCC)	Board Special Assets Management Committee (BSAMC)*		
	----- (Rupees in '000) -----							
Mr. Waseem Mehdi Syed	4,000	2,400	1,600	2,400	1,600	1,600	400	14,000
Ms. Fauzia Hasnain	1,500	400	400	-	400	-	400	3,100
Mr. Wajahat Ahmed Baqai	4,000	2,400	1,200	1,600	2,000	1,600	400	13,200
Mr. Zafar Iqbal Siddiqui	4,000	2,400	1,200	2,400	2,000	1,600	-	13,600
Mr. Abdulla Nasser Abdulla Hussain Lootah	4,000	-	-	-	-	-	-	4,000
Total amount paid	17,500	7,600	4,400	6,400	6,000	4,800	1,200	47,900

*Board Special Assets Management Committee (BSAMC) was dissolved and its mandate merged into Board Risk Management Committee (BRMC) approved through resolution by circulation on June 12, 2025

Name of Director	2024							
	Meeting Fees and Allowances Paid							
	Board Meetings	For Board Committees						Total amount paid
Board Audit Committee (BAC)		Board Human Resource and Remuneration Committee (BHR & RC)	Board Information Technology Committee (BITC)	Board Risk Management Committee (BRMC)	Board Compliance Committee (BCC)	Board Special Assets Management Committee (BSAMC)		
	----- (Rupees in '000) -----							
Mr. Waseem Mehdi Syed	1,800	1,200	2,400	2,100	300	1,200	1,200	10,200
Ms. Fauzia Hasnain	1,800	1,500	2,400	300	1,200	900	1,200	9,300
Mr. Wajahat Ahmed Baqai	1,800	1,500	900	300	1,200	1,200	1,200	8,100
Mr. Zafar Iqbal Siddiqui	1,800	1,200	300	2,100	1,200	1,200	300	8,100
Mr. Muhammad Salman Alam Fazli	900	300	300	300	300	300	300	2,700
Mr. Abdulla Nasser Abdulla Hussain Lootah	1,800	300	300	-	-	-	-	2,400
Total amount paid	9,900	6,000	6,600	5,100	4,200	4,800	4,200	40,800

41.3 Remuneration paid to Shariah Board Members

Items	2025			2024		
	Chairman	Resident Member	Non-Resident Member(s)	Chairman	Resident Members	Non-Resident Member(s)
----- (Rupees in '000) -----						
Meeting Fees and Allowances	15,600	-	8,100	11,700	-	6,075
Managerial Remuneration						
i) Fixed	-	3,229	-	-	2,823	-
ii) Total variable						
of which						
a) Cash bonus / awards etc.	-	-	-	-	-	-
b) Incentives and commission	-	-	-	-	-	-
Charge for defined benefit plan	-	179	-	-	156	-
Contribution to defined contribution plan	-	210	-	-	179	-
Charge for employees compensated absences	-	-	-	-	38	-
Rent and house maintenance	-	947	-	-	807	-
Utilities	-	210	-	-	179	-
Medical	-	210	-	-	179	-
Total amount	15,600	4,985	8,100	11,700	4,361	6,075
Total number of persons	1	1	3	1	1	3

42. FAIR VALUE MEASUREMENTS

The fair value of quoted securities other than those classified at 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 the break-up value of these investments as per their latest available audited financial statements.

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.

42.1 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).

42.2 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 categorized:

	2025			
	Level 1	Level 2	Level 3	Total
On balance sheet financial instruments	(Rupees in '000)			
Financial assets - measured at fair value				
Investments				
- Federal Government Securities	-	83,096,057	-	83,096,057
- Shares - Listed	68	-	-	68
- Non Government Debt Securities	-	2,952,196	-	2,952,196
Financial assets - disclosed but not measured at fair value				
Investments				
- Shares - Unlisted	-	-	5,902	5,902
Non-Financial assets - measured at fair value				
Property and equipment (Land and Building)	-	-	7,120,967	7,120,967
Non banking assets acquired in satisfaction of claims	-	-	3,043,378	3,043,378
Off-balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange	-	2,301,455	-	2,301,455
Forward sale of foreign exchange	-	-	-	-
	2024			
	Level 1	Level 2	Level 3	Total
On balance sheet financial instruments	(Rupees in '000)			
Financial assets - measured at fair value				
Investments				
- Federal Government Securities	-	172,482,044	-	172,482,044
- Shares - Listed	38	-	-	38
- Non Government Debt Securities	-	2,296,501	-	2,296,501
Financial assets - disclosed but not measured at fair value				
Investments				
- Shares - Unlisted	-	-	4,810	4,810
Non-Financial assets - measured at fair value				
Property and equipment (Land and Building)	-	-	6,136,037	6,136,037
Non banking assets acquired in satisfaction of claims	-	-	2,129,150	2,129,150
Off-balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange	-	9,495,023	-	9,495,023
Forward sale of foreign exchange	-	5,312,188	-	5,312,188

Valuation techniques used in determination of fair value

Item	Valuation approach and input used
Federal Government Securities - Unlisted	The fair values of Market Treasury Bills (MTB) and Pakistan Investment Bonds (PIB) are determined using the PKRV rates. Floating rate PIBs are revalued using PKFRV rates.
Federal Government Securities - Listed	The fair value of investment in listed GOP Ijarah Sukuk are valued on the basis of closing quoted market price available at the Pakistan Stock Exchange.
Ordinary shares - Listed	The fair value of investment in listed equity securities are valued on the basis of closing quoted market price available at the Pakistan Stock Exchange.
Ordinary shares - Unlisted	This represents market value / fair value of investments.
Non-Government Debt Securities	Investments in 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.
Forward foreign exchange contracts	The valuation has been incorporated by interpolating the foreign exchange revaluation rates announced by the SBP.
Property and equipment (land and building) and non-banking assets acquired in satisfaction of claims	<p>The valuation experts used a market based approach to arrive at the fair value of the Bank's properties. The market approach used prices and other relevant information generated by market transactions involving identical or comparable or similar properties.</p> <p>The effect of changes in the unobservable input used in the valuation can not be determined with certainty. Accordingly a qualitative disclosure of sensitivity has not been presented in these unconsolidated financial statements.</p>

43. SEGMENT INFORMATION

43.1 Segment details with respect to business activities

	2025				
	Corporate, SME & Commercial	Treasury	Retail Banking	Others	Total
	(Rupees in '000)				
Profit and Loss					
Net mark-up / return / profit	993,315	10,323,275	(11,512,186)	(660,054)	(855,650)
Inter segment revenue - net	(825,322)	(9,507,119)	16,494,228	(6,161,787)	-
Non mark-up / return / interest income	319,565	2,534,874	660,122	4,239,858	7,754,419
Total income	487,558	3,351,030	5,642,164	(2,581,983)	6,898,769
Segment direct expenses	268,015	123,643	5,243,079	3,212,837	8,847,574
Inter segment expense allocation	722,729	280,210	1,422,570	(2,425,509)	-
Total expenses	990,744	403,853	6,665,649	787,328	8,847,574
Credit loss allowance	(19,255,883)	(1,671,513)	(341)	(101,241)	(21,028,978)
Profit / (loss) before tax	18,752,697	4,618,690	(1,023,144)	(3,268,070)	19,080,173

	2025				
	Corporate, SME & Commercial	Treasury	Retail Banking	Others	Total
	(Rupees in '000)				
Balance Sheet					
Cash and bank balances	76,291	12,357,081	3,243,180	-	15,676,552
Investments	-	86,050,151	-	231,751	86,281,902
Net inter segment lending	-	-	158,972,960	-	158,972,960
Lendings to financial institutions	-	14,199,796	-	-	14,199,796
Advances - performing	20,564,228	-	245,648	2,368,823	23,178,699
Advances - non-performing	2,912,762	-	31,319	4,156	2,948,237
Others	426,832	1,834,475	5,231,687	63,868,104	71,361,098
Total assets	23,980,113	114,441,503	167,724,794	66,472,834	372,619,244
Borrowings	2,604,169	4,800,353	-	-	7,404,522
Subordinated debt	-	-	-	1,495,515	1,495,515
Deposits and other accounts	4,666,949	-	164,505,407	-	169,172,356
Net inter segment borrowing	16,647,057	109,617,385	-	32,708,518	158,972,960
Others	61,938	23,765	3,219,387	8,562,010	11,867,100
Total liabilities	23,980,113	114,441,503	167,724,794	42,766,043	348,912,453
Equity	-	-	-	23,706,791	23,706,791
Total equity and liabilities	23,980,113	114,441,503	167,724,794	66,472,834	372,619,244
Contingencies and Commitments	40,991,131	2,303,977	-	1,183,217	44,478,325

2024 - Restated					
	Corporate, SME & Commercial	Treasury	Retail Banking	Others	Total
----- (Rupees in '000) -----					
Profit and Loss					
Net mark-up / return / profit	963,190	15,443,805	(19,723,249)	(769,851)	(4,086,105)
Inter segment revenue - net	(1,072,378)	(15,031,455)	25,693,903	(9,590,070)	-
Non mark-up / return / interest income	313,044	1,807,504	594,569	772,536	3,487,653
Total income	203,856	2,219,854	6,565,223	(9,587,385)	(598,452)
Segment direct expenses	291,431	119,154	5,119,802	2,556,007	8,086,394
Inter segment expense allocation	678,964	247,620	1,411,144	(2,337,728)	-
Total expenses	970,395	366,774	6,530,946	218,279	8,086,394
Provisions	(1,506,985)	(589)	(1,559)	93,626	(1,415,507)
Profit / (loss) before tax	740,446	1,853,669	35,836	(9,899,290)	(7,269,339)

2024 - Restated					
	Corporate, SME & Commercial	Treasury	Retail Banking	Others	Total
----- (Rupees in '000) -----					
Balance Sheet					
Cash and Bank balances	97,878	14,489,702	5,237,494	-	19,825,074
Investments	-	174,780,413	-	231,751	175,012,164
Net inter segment lending	-	-	175,156,126	-	175,156,126
Lendings to financial institutions	-	9,697,187	-	-	9,697,187
Advances - performing	12,473,966	-	244,359	1,734,203	14,452,528
Advances - non-performing	751,450	-	398,884	16,056	1,166,390
Others	418,523	4,670,153	3,871,089	69,110,203	78,069,968
Total assets	13,741,817	203,637,455	184,907,952	71,092,213	473,379,437
Borrowings	3,611,722	86,281,203	-	-	89,892,925
Subordinated debt	-	-	-	1,495,515	1,495,515
Deposits and other accounts	4,663,766	-	181,350,859	-	186,014,625
Net inter segment borrowing	5,235,128	117,054,799	-	52,866,199	175,156,126
Others	231,201	301,453	3,557,093	8,417,641	12,507,388
Total liabilities	13,741,817	203,637,455	184,907,952	62,779,355	465,066,579
Equity	-	-	-	8,312,858	8,312,858
Total equity and liabilities	13,741,817	203,637,455	184,907,952	71,092,213	473,379,437
Contingencies and Commitments	50,598,134	14,791,974	-	1,640,197	67,030,305

43.11 The Bank does not have any operations outside Pakistan.

44. TRUST ACTIVITIES

The Bank undertakes Trustee and other fiduciary activities that result in the holding or placing of assets on behalf of individuals and other organisations. These are not assets of the Bank and, therefore, are not included as such in these unconsolidated financial statements. Assets held under trust are shown in the table below:

2025					
Category	No. of IPS accounts	Securities Held (Face Value)			Total
		GoP Ijarah Sukuks	Market Treasury Bills	Pakistan Investment Bonds	
----- (Rupees in '000) -----					
Employee Funds	3	1,750,000	-	58,000	1,808,000
Individuals	4	5,800	-	29,300	35,100
Companies	2	-	-	575,500	575,500
Total	9	1,755,800	-	662,800	2,418,600

2024					
Category	No. of IPS accounts	Securities Held (Face Value)			Total
		GoP Ijarah Sukuks	Market Treasury Bills	Pakistan Investment Bonds	
----- (Rupees in '000) -----					
Employee Funds	3	1,771,000	235,700	58,000	2,064,700
Individuals	9	65,800	37,000	29,400	132,200
Insurance company	1	-	-	16,000	16,000
Total	13	1,836,800	272,700	103,400	2,212,900

45. RELATED PARTY TRANSACTIONS

The Bank has related party transactions with its subsidiary, employee benefit plans and its directors and Key Management Personnel.

The Bank enters into transactions with related parties in the ordinary course of business and on substantially the same terms as for comparable transactions with person of similar standing. Contributions to and accruals in respect of staff retirement benefits and other benefit plans are made in accordance with the actuarial valuations / terms of the contribution plan. Remuneration to the executives / officers is determined in accordance with the terms of their appointment.

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

	2025				2024			
	Directors	Key management personnel	Subsidiary	Other related parties	Directors	Key management personnel	Subsidiary	Other related parties
	----- (Rupees in '000) -----							
Investments								
Opening balance	-	-	396,942	552,038	-	-	396,942	448,218
Investment made during the year	-	-	-	-	-	-	-	-
Investment redeemed / disposed off during the year	-	-	-	-	-	-	-	-
Transfer in / (out) - net	-	-	-	(552,038)	-	-	-	-
Other adjustment	-	-	-	-	-	-	-	103,820
Closing balance	-	-	396,942	-	-	-	396,942	552,038
Credit loss allowance held against investments	-	-	165,191	-	-	-	165,191	552,023
Advances								
Opening balance	-	421,468	44,902	517,251	-	-	82,400	671,901
Addition during the year	-	115,022	4,899,239	2,700	-	-	2,499,976	284
Repaid during the year	-	(111,691)	(4,849,700)	(399)	-	-	(2,537,474)	(154,934)
Transfer in / (out) - net	-	5,430	-	(517,060)	-	-	-	-
Closing balance	-	430,229	94,441	2,492	-	-	44,902	517,251
Credit loss allowance held against advances	-	58	417	0	-	-	84	517,060

	2025					2024 - Restated						
	Directors	Key management personnel	Subsidiary	Other related parties	Directors	Key management personnel	Subsidiary	Other related parties	Directors	Key management personnel	Subsidiary	Other related parties
Other Assets	(Rupees in '000)											
Interest / mark-up accrued	-	1,791	6,727	21	-	253	1,431	-	-	-	-	-
Advances, deposits, advance rent and other prepayments	-	4,012	-	-	-	6,105	-	-	-	-	-	-
Other receivable	4,195	-	-	2,250	-	-	-	-	-	-	-	2,250
Credit loss allowance held against other assets	-	-	-	-	-	-	-	-	-	-	-	-
Deposits and other accounts												
Opening balance	1,495	17,811	154,871	652,361	109,345	15,625	84,129	779,900				
Received during the year	17,100	584,100	7,356,493	5,857,289	164,481	551,638	6,286,124	976,468				
Withdrawn during the year	(15,136)	(564,502)	(7,194,873)	(5,715,315)	(163,230)	(548,647)	(6,215,382)	(1,103,999)				
Transfer (out) / in - net	-	149	-	(23,879)	(109,101)	(805)	-	(8)				
Closing balance	3,459	37,558	316,491	770,456	1,495	17,811	154,871	652,361				
Other Liabilities												
Interest / mark-up payable	-	-	-	-	10	16	2,165	7,367				
Payable to defined benefit plan	-	-	-	143,909	-	-	-	79,541				
Brokerage payable	-	-	465	-	-	-	1,201	-				
Payable to sponsor	-	-	-	59,583	-	-	-	14,937				
Advance against subscription of shares	-	-	-	5,000,000	-	-	-	-				
Contingencies and Commitments												
Guarantees, letters of credit and acceptances - net of ECL	-	-	-	-	-	-	-	-	-	-	-	77,613
Commitments to extend credit	-	-	205,559*	-	-	-	-	234,972	-	-	-	-

*This represents commitment that is revocable at the discretion of the Bank.

2025 2024

	2025				2024			
	Directors	Key management personnel	Subsidiary	Other related parties	Directors	Key management personnel	Subsidiary	Other related parties
(Rupees in '000)								
Income								
Mark-up / return / interest earned	-	18,815	20,258	102	-	26,905	13,113	9
Fee and commission income	-	-	94	692	2	-	66	692
Other income	-	-	-	-	-	24	1,843	-
Expense								
Mark-up / return / interest expensed	260	1,273	12,799	60,420	16,827	1,937	20,424	137,385
Operating expenses:								
- Directors' fees and allowances	47,900	-	-	-	40,800	-	-	-
- Brokerage and commission	-	-	2,889	-	-	-	7,575	-
- Fee and subscription	-	3,289	-	-	-	1,787	-	-
- Managerial Remuneration	-	521,912	-	2,202	-	405,750	-	1,767
- Contribution to defined contribution plan	-	-	-	102,547	-	-	-	84,508
- Charge for defined benefit plan	-	-	-	91,997	-	-	-	87,781
Reversal of provision for diminution in value of investment	-	-	-	(552,023)	-	-	-	-
Credit loss allowance against loans and advances	-	(26)	355	(369,065)	-	38	(282)	(154,842)
Credit loss allowance against off-balance sheet obligations	-	-	-	(8,888)	-	-	-	(9,924)

Directors include Non-Executive Directors only. Executive Directors including the President / CEO are part of key management personnel.

46. CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	2025	Restated 2024
	----- (Rupees in '000) -----	
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	<u>15,000,000</u>	<u>3,867,951</u>
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier-1 (CET-1) Capital	<u>5,860,530</u>	<u>(22,500,740)</u>
Eligible Additional Tier-1 (ADT-1) Capital	-	-
Total Eligible Tier-1 Capital	<u>5,860,530</u>	<u>(22,500,740)</u>
Eligible Tier-2 Capital	<u>2,019,056</u>	-
Total Eligible Capital (Tier-1 + Tier-2)	<u><u>7,879,586</u></u>	<u><u>(22,500,740)</u></u>
Risk Weighted Assets (RWAs):		
Credit Risk	64,867,666	66,428,634
Market Risk	2,217,783	7,935,551
Operational Risk	567,628	7,447,378
Total	<u><u>67,653,077</u></u>	<u><u>81,811,563</u></u>
Common Equity Tier-1 Capital Adequacy Ratio	<u>8.66%</u>	<u>-27.50%</u>
Tier-1 Capital Adequacy Ratio	<u>8.66%</u>	<u>-27.50%</u>
Total Capital Adequacy Ratio	<u><u>11.65%</u></u>	<u><u>-27.50%</u></u>

Under the applicable Laws and Regulations, the Bank is required to maintain a minimum paid-up capital (free of losses) of Rs. 10 billion. Moreover, the Bank is subject to the Basel II capital adequacy guideline stipulated by the State Bank of Pakistan under BSD Circular No. 8 of 2006 and Basel III guideline vide its BPRD Circular No. 6 of 2013. As of December 31, 2025, the Bank is required to maintain minimum CET-1 ratio of 6%, minimum Tier-I capital ratio of 7.5% and minimum total capital adequacy ratio of 11.50% (inclusive of Capital Conservation Buffer of 1.50%).

The Bank follows Standardized Approach for calculating Credit Risk Weighted Assets, Maturity Method for calculating Market Risk and Basic Indicator Approach for calculating Operational Risk or as specifically advised by the regulator.

Under Basel III framework, the Bank's regulatory capital has been analyzed into two tiers as follows:

- a) Tier-1 capital (going concern capital), which comprises Common Equity Tier-1 (CET-1) and Additional Tier-1 (AT-1 capital), which includes fully paid up capital, balance in share premium account net of discount on issue of shares, reserves arising on amalgamation and un-appropriated / accumulated losses. Moreover, regulatory deductions pertaining to book value of intangibles, deferred tax assets, reciprocal crossholdings and investment in subsidiary are made from Tier-1 capital as per the applicable Basel III guidelines.

- b) Tier-2 Capital (gone concern capital), which includes general provisions for loan losses (up to a maximum of 1.25% of credit risk weighted assets), reserves on revaluation of property and equipment and FVOCI investments after deduction of deficit on FVOCI investments (as per Basel III requirement). The outstanding sub-ordinated debt / TFC of the Bank has not been included in Tier-2 capital as of December 31, 2025 because the said TFC has already matured (revised maturity date was October 27, 2023 and the Bank has taken up the matter to seek the approval of the State Bank of Pakistan for the extension in the maturity date of the TFCs) and therefore not eligible as Tier-2 capital as per the applicable Basel III guidelines.

Capital Management

The Bank manages its capital to meet the regulatory requirements and current and future business needs considering the risks associated with its businesses, expectation of shareholders and investors, and the available options for raising capital. The Bank is committed to comply with the capital requirements as per the SBP's Basel III guidelines.

The capital management framework of the Bank is administered by the Finance Division and Risk Management Group under the supervision of the Board of Directors and Board Risk Management Committee.

As per the guidelines issued by the SBP, the Bank is applying standardized approach for the measurement of credit risk, standardized approach for market risk and Basic Indicator Approach for the operational risk.

	2025	Restated 2024
	----- (Rupees in '000) -----	
Leverage Ratio (LR):		
Eligible Tier-1 Capital	5,860,530	(22,500,740)
Total Exposures	218,250,116	347,026,708
Leverage Ratio	<u>2.69%</u>	<u>-6.48%</u>
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	93,212,792	106,854,490
Total Net Cash Outflow	35,685,184	40,275,474
Liquidity Coverage Ratio	<u>261.21%</u>	<u>265.31%</u>
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	123,575,527	146,353,366
Total Required Stable Funding	80,807,406	101,665,631
Net Stable Funding Ratio	<u>152.93%</u>	<u>143.96%</u>

Under the applicable Laws and Regulations, the Bank is required to maintain the Leverage Ratio (LR) at 3%, Liquidity Coverage Ratio (LCR) at 100% and Net Stable Funding Ratio (NSFR) at 100%.

- 46.1 The full disclosure on the Capital Adequacy, Leverage Ratio and Liquidity requirements as per SBP instructions has been placed on the website. The link to the full disclosure is <https://www.bankmakramah.com/financial-statement/>

47. RISK MANAGEMENT FRAMEWORK

The acceptance and management of financial risk is inherent to banking business activities. The Bank is exposed to numerous risks in pursuit of its business objectives. The core risks are Credit, Market and Liquidity risks. These risks arise directly through the Bank's commercial activities whilst Operational and Compliance / Legal / Regulatory risks are normal consequences of any business undertaking. A sound Risk Management Framework provides principles for identifying, assessing and monitoring risk. The Framework specifies the key elements of the risk management process in order to maximise opportunities, to minimize adversity and to achieve improved outcomes and outputs based on informed decision making.

Clearly defined risk management policies and procedures covering all activities of the Bank including general banking, trade finance, credit evaluation, credit management, treasury operations, administration and human resources management, compliance functions, risk management, central finance, audit and control are in place. The basic principles employed in formulation of the above policies and procedures involves identification, measurement, monitoring and controlling risks to ensure that:

- The Bank's risk exposure is within the limits and risk appetite established by Board of Directors.
- Risk taking decisions are in line with the business strategy and objectives of the Bank.
- The expected payoffs compensate the risks taken by the Bank.
- The decisions are explicit and clear.
- Sufficient capital and liquidity as buffer are available to mitigate risk.

Risk Management Function

The Board of Directors is responsible for overall supervision of the risk management process. The Board is also responsible for approval of all risk policies and ensuring that these are properly implemented. The Board Risk Management Committee (BRMC) has been mandated by the Board of Directors (BoD) to assist in the design, regular evaluation and timely update of the risk management framework of the Bank. The BRMC aims to ensure that the Bank maintains a complete and prudent integrated risk management framework at all times and exposures are maintained within acceptable levels. The Board approved risk management framework has been developed strictly in line with regulatory requirements and covers all major types of risks that the Bank may be exposed to.

The authority to monitor and manage different risks has been further delegated to the specialized management committees comprising of senior members of management with relevant experience and expertise. The committees include:

- Asset and Liability Committee (ALCO)
- Central Credit Committee (CCC)
- Compliance Committee on Management (CCM)

ALCO has the responsibility for the formulation of overall strategy and oversight of the assets and liability management function.

The primary objective of this architecture is to inculcate risk management culture into the organization to ensure that risks are appropriately identified and assessed, properly documented, approved and adequately monitored; and managed in order to enhance long term earnings and to protect the interests of the Bank's depositors and shareholders.

The Bank has setup functions of asset booking and credit approval in which financing exposures and their related risks are analyzed in the light of credit limits, applicable controls and segment exposures.

Credit decision-making is a collective and consultative process in the Bank. All credit exposures approval authority rests with Central Credit Committee / Sub-Committees. The Central Credit Committee (CCC) / Sub-Committees comprising of staff having relevant experience and knowledge of credit operation and associated risks.

47.1 Credit Risk

It is the risk of potential financial loss resulting from the failure of customers to honour the terms of a financing or contract. This risk arises from the potential that a customer or counterparty is either unwilling to perform an obligation or its ability to perform such obligation is impaired resulting in economic loss to the Bank. Alternatively, economic loss may occur due to actual or perceived losses which may result from reduction in value due to deterioration in credit quality. While the facilities are the largest and most obvious source of credit risk; it also stems from activities both on and off balance sheet.

Credit risk also encompasses opportunity costs, transaction costs and expenses associated with a non-performing asset over and above the accounting loss.

The following objectives govern the credit policy of the Bank:

- The Bank complies with the requirements of Prudential Regulations prescribed and other regulatory guidelines by SBP.
- Facilities provided by the Bank are well diversified into different sectors and products to achieve a strong market position and adequate return on capital.
- Return commensurate with the risk.
- Lending decision is based on a full appreciation for the risks inherent in the transaction and within the approved limits by the Board of Directors.
- Risk changes are identified promptly and remedial actions are taken in a timely manner.

The Bank creates Expected Credit Loss charge against performing and non-performing advances in accordance with the Prudential Regulations and guidelines issued by SBP from time to time. Please refer to note 9.5 for reconciliation in loan loss provision.

Concentrations of credit risk (including funded and non-funded portfolio) arises when the counterparties have similar economic characteristics that would cause their ability to meet contractual obligations to be affected in a similar way by changes in economic or other conditions. As part of managing concentration risk, sector risk is managed on a portfolio basis. Please refer to note 45.1.4, 45.1.5, 45.1.6 and 45.1.7.

Credit approval authorities are based on the nature and size of exposure. Disbursement authorization, collateral and security management, documentation and monitoring are managed by the Credit Administration Department (CAD). Proactive monitoring is ensured for assets under stress. This enable the Bank to put in place viable solutions to prevent further deterioration in credit quality.

As a matter of paramount importance the affairs of the customers enjoying credit facilities are carefully reviewed and reconsidered periodically. The facility review provides a timely signal of unfavourable developments in clients' affairs and identifies the risk before the Bank is faced with undesirable positions. For this reason, facilities of a continuing character are periodically reviewed and approved.

It is the Bank's policy to reduce or mitigate credit risk on credit facilities or exposure, as much as possible, in a given commercial environment by securing credit facilities or exposure with collateral. To correctly assess the extent to which the collateral mitigates the credit risk, the collateral must be valued according to a specified valuation method and documented and monitored. The legal mechanism by which collateral is secured and the Bank's procedures ensure that the Bank has clear rights over the collateral and may liquidate, retain or take legal possession of it in a timely manner in the event of the default, insolvency or bankruptcy or otherwise defined credit event set out in the transaction documentation, of the counterparty and, where applicable, of the custodian holding the collateral.

For effective implementation, the Risk Management function operates independently within the Bank. The function is also responsible for development and oversight of risk policies and plays a pivotal role in monitoring the risks associated with various activities of the Bank. Risk Management function is headed by the Chief Risk Officer (CRO), who reports to the President / Chief Executive.

To ensure the independence of this position, following areas are critical to the Bank's sustainability & profitability placed under the umbrella of RMG :

- Credit Risk
- Enterprise Risk Management
- IT Security
- Fraud Risk Management
- Credit Administration
- Legal

Credit Risk under Risk Management Group (RMG) is playing its due role in conducting due diligence and review of Corporate/Commercial, SME, Agri, FI and Consumer as well as Infrastructure Project Financing related credit applications and presents its observations to CCC/respective approving authorities of the Bank. Credit Risk function adds value to the approval process by validation and assurance to the affect that the financing / investment proposals are in compliance with different policy parameters, regulatory instructions and adherence to the risk appetite of the Bank. Besides, it also conducts assessment of credit proposals on concentration levels of the Bank in terms of large exposures, industry limits, and impact on Capital Adequacy Ratio (CAR) and also identify / record if there are exceptions. Independent validation is helpful for the Central Credit Committee / approving authorities in decision making process. The structure of the Credit Risk function is designed in view of the nature, complexity of business activities of the Bank.

Special Asset Management (SAM) function handles stressed assets to ensure a focused remedial strategy in compliance with the regulatory requirements. The SAM Committee oversees the functions and activities of SAM Division, which is an independent function to the businesses. The SAM head reports directly to the Deputy CEO.

Enterprise Risk Management function is responsible for ensuring authenticity, accuracy and timely identification of risks in credit portfolio & market, liquidity and operational risks inherent in the Bank's activities and develop policies and procedures to control these risks. Main functions of Enterprise Risk are Credit Portfolio Risk Management, Basel & IFRS 9 implementation, Market & Liquidity Risk Management, Operational Risk Management, Risk Policies & Governance and Environmental Risk Management.

In line with the requirements of IFRS 9, the Bank shall divide its portfolio into different segments based on shared credit risk characteristics. Resultantly, financial assets that typically respond in a similar way to the current environment and macroeconomic factors shall be clubbed into a single segment to estimate PD, LGD, and EAD.

The Bank uses statistical methods to calculate PD for each segment depending upon the default rate of each segment. The statistical approach adopted to compute PD for each segment is based on the historical default percentages rate in each segment and availability of default data. The Bank converts TTC PDs into 'point-in-time' (PiT PDs) reflecting the current forecasts of future economic conditions.

The Bank estimates LGD for each segment using "Workout LGD approach". This method takes into account historical recovery data of classified obligors to estimate LGD, where LGD is total exposure less present value of recoveries of classified advances expressed as a percentage of exposure on the date of classification. The Bank has a right to use LGD percentage as prescribed in Basel guidelines.

EAD input are forward-looking as well as based on the time-period when the default is likely to occur. It includes all outstanding exposure and off-balance sheet exposures after adjustment with contractual cash flows to reflect the exposure expected when default occurs.

The Bank has adopted general approach for calculating ECL. Under this approach the Bank classifies its financial assets in Performing (Stage 1), Underperforming (Stage 2) and Non-Performing Assets (Stage 3).

Market & Liquidity Risk Unit (MLRU) manages risks relating to treasury operations and reports its findings to ALCO for prompt remedial actions. The Bank's ALCO is responsible for the formulation of overall strategy and oversight of asset and liability management. Liquidity Risk measures are chosen using a range of metrics, including Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR), liquidity gaps and various liquidity ratios regularly monitored by MLRU. Liquidity Risk is reviewed by ALCO on a monthly basis and an update is provided to the BRMC on a quarterly basis.

For effective management of Operational Risk, the Bank has established an exhaustive operational risk management framework and covers business lines and support units / departments.

Risk Control and Self-Assessment (RCSAs) exercises for each business line and key control functions periodically performed. Through the RCSA exercise, the Bank has been able to develop inventory of risks, controls and Key Risk Indicators (KRI) and mitigation plans are devised for effective control over operational risk.

The Bank has acquired Operational Risk Management (ORM) suite i.e. ORM System "Guardian" for operational loss data collection, RCSAs and KRIs. The system keeps a detailed track of all operational loss events with complete audit trail. The Bank has a Board approved BCP Policy and plans for all functional areas.

It is the policy of the Bank to maintain a well-defined business continuity program which comprises of policy and procedures with clearly defined roles, responsibilities and ownership for Crisis Management, Emergency Response, Business Recovery and IT Disaster Recovery Planning under IT department.

The Bank has adopted Basel III guidelines issued by SBP and relevant disclosures are made in the financial statements.

Information Security plays a pivotal role in protecting the Bank's Information assets from both internal and external threats through security risk assessments. These are supported by preventive and detective controls capable of responding to emerging and ever changing threat landscape.

The Bank being cognizant of the importance of risks associated with Money Laundering, Terror financing and Proliferation financing, is continuously aligning its operational strategies, policies & procedures with FATF recommendations and related regulatory requirements. The Bank in this respect has taken number of initiatives including but not limited to acquiring robust Regulatory technology solutions for transaction monitoring, screening against Targeted Financial Sanctions, eKYC, etc. BML also closely monitoring risks associated with all above risks associated with Trade business. All the above risks are duly covered in respective Compliance and Trade Based Money Laundering (TBML) policies under Compliance function.

In addition to above, Compliance Division ensures compliance of all internal and external policies, laws and regulations. The management has established various committees for periodic risk review.

All the above measures have collectively led to the evolution of a compliance-sensitive culture at BML. The tone at the top is clear, as evidenced by the support from the Board, the BRMC and the President / Chief Executive.

The Bank has implemented iMal™, a next-generation core banking software designed to support comprehensive Enterprise Islamic Banking and Investment operations. iMal™ integrates front, middle, and back-office functionalities, leveraging advanced technology to ensure seamless Straight Through Processing (STP) and enhanced business efficiency.

By implementing this system, the Bank expects to enhance its risk assessment capabilities by providing management with advanced analytical review reports. These reports will offer in-depth insights, enabling more informed and data-driven decision-making to improve overall risk management and strategic planning.

Credit administration tasks include the following:

- Maintain credit, custody and security documentation files;
- Register security and collateral documents;
- Tracking of covenants;
- Administer facility fees / receipts / payments;

- Load limits into credit system; and
- Satisfy internal and external risk reporting requirements.

47.1.1 Credit Risk Approach for Capital Adequacy Ratio: Standardised Approach

The Bank has adopted the standardized approach of Basel II for risk weighing its credit risk exposures.

Under standardized approach, the capital requirement is based on the credit rating assigned to the counterparties by the External Credit Assessment Institutions (ECAIs) duly recognised by SBP for capital adequacy purposes.

The Standardized Approach to credit risk sets out fixed risk weights corresponding, where appropriate, to external credit assessment levels or for unrated claims.

Types of exposures and ECAI's used

The following table illustrates the approved External Credit Assessment Institution (ECAI) whose rating are being utilized by the Bank with respect to material categories of exposure :

Exposures	2025				
	Fitch	Moody's	S&P	PACRA	VIS
Corporate	-	-	-	Yes	Yes
Banks	Yes	Yes	Yes	Yes	Yes
Sovereigns	-	-	-	-	-
SME's	-	-	-	-	-
Securitisations	-	-	-	-	-
PSE's	-	-	-	Yes	Yes
Others	-	-	-	Yes	Yes

Sovereign Exposures: For foreign currency claims on sovereigns, the Bank uses country risk scores of Export Credit Agencies (ECA) participating in the 'Arrangement on Officially Supported Export Credits' available on Organization for Economic Co-operation and Development (OECD) website.

Exposures to Multilateral Development Banks (MDBs): For exposures on MDBs not eligible for a 0% risk weight, ratings of Moody's, S&P and Fitch are being used to calculate risk-weighted assets.

Bank Exposures: For foreign banks (i.e., incorporated outside Pakistan), ratings of Moody's, S&P and Fitch are being used to arrive at risk weights. However, for local banks (i.e. incorporated in Pakistan) ratings of PACRA and VIS are used.

The Bank prefers solicited ratings over unsolicited ratings at all times, owing to the greater degree of accuracy (in general) associated with solicited ratings as compared to unsolicited ratings. Unsolicited ratings may only be used in cases where a solicited rating is not available.

Mapping to SBP rating grades

The selected final ratings (after application of the principles stated above) for all exposures need to be translated to the standard rating grades given by the SBP. In this regard, the mapping tables to be used for converting ECAI ratings to SBP rating grades are given below:

Long-Term Rating Grades Mapping

SBP rating grade	Fitch	Moody's	S&P	PACRA	VIS	ECA scores
1	AAA	Aaa	AAA	AAA	AAA	0
	AA+	Aa1	AA+	AA+	AA+	1
	AA	Aa2	AA	AA	AA	
	AA-	Aa3	AA-	AA-	AA-	
2	A+	A1	A+	A+	A+	2
	A	A2	A	A	A	
	A-	A3	A-	A-	A-	
3	BBB+	Baa1	BBB+	BBB+	BBB+	3
	BBB	Baa2	BBB	BBB	BBB	
	BBB-	Baa3	BBB-	BBB-	BBB-	
4	BB+	Ba1	BB+	BB+	BB+	4
	BB	Ba2	BB	BB	BB	
	BB-	Ba3	BB-	BB-	BB-	
5	B+	B1	B+	B+	B+	5
	B	B2	B	B	B	6
	B-	B3	B-	B-	B-	
6	CCC+ and below	Caa1 and below	CCC+ and below	CCC	CCC	7
		CC		CC		
		C		C		
		D		D		

Short-Term Rating Grades Mapping

SBP Rating grade	Fitch	Moody's	S&P	PACRA	VIS
S1	F1	P-1	A-1+	A-1+	A-1+
			A-1	A-1	A-1
S2	F2	P-2	A-2	A-2	A-2
S3	F3	P-3	A-3	A-3	A-3
S4	Others	Others	Others	Others	Others

The Bank has used specific rating for risk weighing specific exposures and entity rating for risk weighing claims against the counter parties. Both short and long term ratings have been used for corresponding short and long term exposures.

47.1.2 Credit Risk Mitigation Approach for Capital Adequacy Ratio: Comprehensive Approach

The Bank has adopted the comprehensive approach of Credit Risk Mitigation for the Banking Book. Since the trading book of the Bank does not contain instrument for which benefit is available; therefore no Credit Risk Mitigation benefit is taken in the trading book. In instances where the Bank's exposure on an obligor is secured by collateral that conforms with the eligibility criteria under the comprehensive Approach of CRM, then the Bank reduces its exposure under that particular transaction by taking into account the risk mitigating effect of the collateral for the calculation of capital requirement.

The Bank accepts cash, lien on deposits, government securities and eligible financial instruments etc. under the comprehensive approach of Credit Risk Mitigation. The Bank has in place detailed guidelines with respect to valuation and management of various collateral types. In order to obtain the credit risk mitigation benefit, the Bank uses realizable value of eligible collaterals to the extent of outstanding exposure.

47.1.4 Lendings to financial institutions

	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
	Gross lendings		Non-performing lendings		Credit loss allowance held					
					Stage 1	Stage 1	Stage 2	Stage 2	Stage 3	Stage 3
Credit risk by public / private sector	(Rupees in '000)									
Public / Government	14,199,796	4,761,124	-	-	-	-	-	-	-	-
Private	-	4,936,730	-	-	-	667	-	-	-	-
	14,199,796	9,697,854	-	-	-	667	-	-	-	-

47.1.5 Investment in debt securities

	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
	Gross investments		Non-performing investments		Credit loss allowance held					
					Stage 1	Stage 1	Stage 2	Stage 2	Stage 3	Stage 3
Credit risk by industry sector	(Rupees in '000)									
Textile	165,278	200,000	165,278	200,000	-	-	-	-	165,278	200,000
Sugar	210,930	281,567	-	281,567	-	-	-	-	-	281,567
Financial	83,056,680	171,049,322	8,807	8,807	-	-	-	-	8,807	8,807
Transport	2,219,199	2,296,811	-	-	-	-	300	310	-	-
Services	522,367	803,640	-	803,640	-	-	-	-	-	803,640
	86,174,454	174,631,340	174,085	1,294,014	-	-	300	310	174,085	1,294,014
Credit risk by public / private sector										
Public / Government	85,267,072	173,337,326	-	-	-	-	300	310	-	-
Private	907,382	1,294,014	174,085	1,294,014	-	-	-	-	174,085	1,294,014
	86,174,454	174,631,340	174,085	1,294,014	-	-	300	310	174,085	1,294,014

47.16 Advances

Credit risk by industry sector	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
	Gross advances		Non-performing advances		Credit loss allowance held					
					Stage 1	Stage 1	Stage 2	Stage 2	Stage 3	Stage 3
	(Rupees in '000)									
Agriculture, forestry, hunting and fishing	857,268	1,907,498	502,828	1,189,333	151	213	513	717	431,607	1,093,424
Automobile and transportation equipment	992,740	1,146,312	123,212	1,125,675	195	123	70,828	780	122,838	1,123,573
Banaspati and allied industries	82,663	82,663	82,663	82,663	-	-	-	-	82,663	82,663
Carpet	1,041	1,041	1,041	1,041	-	-	-	-	1,041	1,041
Cement	380,777	380,140	329,169	329,169	7	196	-	-	-	329,169
Chemical and pharmaceuticals	1,025,170	1,876,476	402,748	1,789,190	378	211	-	2,044	302,268	1,684,590
Construction	1,490,302	1,803,903	892,536	1,212,090	789	499	1,326	43,239	793,281	1,065,866
Education	8,028	12,884	741	741	-	-	-	-	741	741
Electronics and electrical appliances	433,577	518,181	204,693	340,510	854	97	-	7,459	204,684	341,836
Exports / imports	2,029,640	2,427,081	891,764	2,143,406	35	6	778	12,331	891,764	2,121,139
Financial	2,802,601	3,209,749	1,499,229	2,766,753	1,257	857	47,240	1,488	663,695	2,570,622
Food, tobacco and beverages	584,995	728,088	442,990	583,533	1,383	164	-	10,780	442,990	582,039
Footwear and leather garments	37,802	39,559	35,302	35,302	22	12	-	-	35,302	35,302
Furniture and allied products	17,317	23,755	6,102	6,573	501	105	-	1,753	5,980	6,573
Glass and ceramics	101,206	82,423	76,595	76,595	10	4	-	-	76,595	75,596
Health care	40,712	43,651	18,112	18,212	84	58	-	3,485	18,112	18,102
Hotels	109,843	108,201	105,809	105,809	10	4	-	-	33,624	33,514
Individuals	2,626,920	2,273,606	1,511,118	2,355,529	521	578	2,527	1,388	115,483	186,136
Mining and quarrying	598,175	863,230	-	806,605	1,950	-	-	-	-	863,230
Miscellaneous manufacturing	57,435	82,056	52,854	56,972	201	13	-	2,854	52,854	56,972
Paper and allied products	21,826	21,844	20,588	20,599	51	35	-	-	20,588	20,589
Power (electricity), gas, water, sanitary	1,938,770	1,886,305	1,449,954	1,886,305	5	-	8,810	-	793,954	1,795,564
Printing, publishing and allied industries	204,601	265,091	62,052	112,445	1,506	28	7,552	18,584	62,191	112,445
Services	1,071,549	1,459,540	415,244	443,193	975	1,075	506	14,229	363,854	399,412
Steel and engineering	2,536,687	2,721,138	2,460,957	2,686,824	95	16	1,525	1,600	2,460,957	2,686,824
Sugar	5,562,843	8,256,218	652,496	7,735,032	1,824	66	81,220	42,894	652,496	7,698,023
Textile	8,398,636	8,733,731	2,715,491	3,207,540	3,113	16,815	19,465	28,369	2,579,480	3,187,889
Transport, storage and communication	754,175	768,096	487,319	487,319	1,649	1,159	-	922	438,701	414,392
Wholesale and retail trade	1,947,087	2,525,080	646,613	749,624	583	2,285	-	9,736	639,685	740,547
Others	3,349,680	4,624,501	1,892,401	3,953,102	746	393	1,561	2,165	1,386,956	3,693,481
	40,064,066	48,872,041	16,622,621	34,187,684	18,895	25,012	243,851	206,817	13,674,384	33,021,294
Credit risk by public / private sector										
Public / Government	-	-	-	-	-	-	-	-	-	-
Private	40,064,066	48,872,041	16,622,621	34,187,684	18,895	25,012	243,851	206,817	13,674,384	33,021,294
	40,064,066	48,872,041	16,622,621	34,187,684	18,895	25,012	243,851	206,817	13,674,384	33,021,294

47.17 Contingencies and Commitments

	2025	Restated 2024
Credit risk by industry sector	----- (Rupees in '000) -----	
Agriculture, forestry, hunting and fishing	769,926	2,462,470
Automobile and transportation equipment	245,412	2,458,863
Banaspati and allied industries	120,300	120,925
Carpet	61,700	308,907
Cement	346,501	245,500
Chemical and pharmaceuticals	404,949	63,049
Construction	7,419,899	8,616,594
Consumer	-	59,545
Electronics and electrical appliances	1,430,877	737,764
Exports / imports	587,425	527,123
Financial	444,325	10,625,934
Food, tobacco and beverages	714,656	1,132,170
Footwear and leather garments	17,264	6,431
Furniture and allied products	39,184	-
Glass and ceramics	17,271	750
Health care	67,504	130,526
Hotels	-	1,040
Individuals	5,822,906	5,640,432
Mining and quarrying	15,881	2,000
Miscellaneous manufacturing	459,319	1,080,123
Others	1,262,459	986,783
Paper and allied products	12,426	28,331
Power (electricity), gas, water, sanitary	153,047	1,205,097
Printing, publishing and allied industries	8,160	6,671
Services	2,275,921	7,225,600
Steel and engineering	1,087,155	929,860
Sugar	4,785,840	4,785,840
Textile	13,273,297	12,712,245
Transport, Storage and Communication	467,972	400,900
Wholesale and retail trade	2,166,749	4,528,832
	<u>44,478,325</u>	<u>67,030,305</u>
Credit risk by public / private sector		
Public / Government	-	2,786,547
Private	44,478,325	64,243,758
	<u>44,478,325</u>	<u>67,030,305</u>

47.1.8 Concentration of Advances

The Bank top 10 exposures on the basis of total (funded and non-funded exposures) aggregated to Rs. 13,924.158 million (2024: Rs. 18,926.913 million) are as follows:

	2025	2024
	----- (Rupees in '000) -----	
Funded	8,841,666	8,481,083
Non Funded	5,082,492	10,445,830
Total Exposure	13,924,158	18,926,913

The sanctioned limits against these top 10 exposures aggregated to Rs. 14,991.255 million (2024: Rs. 18,955.026 million).

	2025		2024	
	Amount	Credit loss allowance held	Amount	Credit loss allowance held
	----- (Rupees in '000) -----			
Total funded classified therein				
OAEM	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	3,342,297	2,869,294	4,791,349	4,751,481
Total	3,342,297	2,869,294	4,791,349	4,751,481

47.1.9 Advances - Province / Region-wise Disbursement & Utilization

Province / Region	2025						
	Disbursements	Utilization					
		Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
	----- (Rupees in '000) -----						
Punjab	14,922,858	14,922,169	341	225	-	123	-
Sindh	17,580,478	-	17,580,478	-	-	-	-
KPK including FATA	100,000	-	-	100,000	-	-	-
Balochistan	13,837	-	-	13,837	-	-	-
Islamabad	988	-	-	-	988	-	-
AJK including Gilgit-Baltistan	987	-	-	-	-	-	987
Total	32,619,148	14,922,169	17,580,819	100,225	13,837	1,111	987

Province / Region	2024						
	Disbursements	Utilization					
		Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
	----- (Rupees in '000) -----						
Punjab	13,586,110	13,582,672	221	30	-	3,187	-
Sindh	16,243,710	255,090	15,980,305	680	3,747	1,078	2,810
KPK including FATA	-	-	-	-	-	-	-
Balochistan	24,950	-	-	24,950	-	-	-
Islamabad	2,056	-	-	-	2,056	-	-
AJK including Gilgit-Baltistan	171	-	-	-	-	-	171
Total	29,856,997	13,837,762	15,980,526	710	28,697	6,321	2,981

47.2 Market Risk

Market risk is the risk that the value of on-balance sheet and off-balance sheet exposures of the Bank will be adversely affected by movements in market rates or prices such as interest rates, foreign exchange rates, equity prices and / or commodity prices resulting in a loss to earnings and capital. Market risks arise generally from trading activities, open foreign currency positions, holding common equity and other products. All such instruments and transactions are exposed to general and specific market movements.

The Bank seeks to mitigate market risk by employing strategies that correlate price, rate and spread movements of its earning assets, liabilities and trading activities. Treasury front office and market and liquidity risk unit / treasury middle office perform market risk management activities within the Bank.

47.2.1 Balance sheet split by trading and banking books

	2025			2024		
	Banking book	Trading book	Total	Banking book	Trading book	Total
----- (Rupees in '000) -----						
Cash and balances with treasury banks	12,915,786	-	12,915,786	18,352,205	-	18,352,205
Balances with other banks	2,760,766	-	2,760,766	1,472,869	-	1,472,869
Lendings to financial institutions	14,199,796	-	14,199,796	9,697,187	-	9,697,187
Investments	86,155,590	126,312	86,281,902	115,066,824	59,945,340	175,012,164
Advances	26,126,936	-	26,126,936	15,618,918	-	15,618,918
Property and equipment	7,717,465	-	7,717,465	7,026,158	-	7,026,158
Right-of-use assets	2,538,778	-	2,538,778	2,601,271	-	2,601,271
Intangible assets	322,592	-	322,592	331,085	-	331,085
Deferred tax assets	14,251,598	-	14,251,598	25,668,564	-	25,668,564
Other assets	46,530,665	-	46,530,665	42,442,890	-	42,442,890
	213,519,972	126,312	213,646,284	238,277,971	59,945,340	298,223,311

47.2.2 Foreign Exchange Risk

The Bank has set the following objectives for managing the inherent risk on foreign currency exposures:

- Maximize profitability with minimum risk by keeping the exposure at desirable levels in view of strict compliance of regulatory / international standards and the Bank's internal guidelines.
- Manage appropriate maturity mismatch gaps.
- Identify warning and stress zones for mismatch gaps.
- Usage of different tools to manage the inherent risk of product and market, such as compliance of credit limit, monitoring of foreign exchange exposure limit, review of mark to market portfolio and safe settlement, etc.
- Foreign exchange risk represents exposures to changes in the values of current holdings and future cash flows denominated in foreign currencies. The potential for loss arises from the process of revaluing foreign currency positions in rupee terms. The Bank's foreign exchange risk is presently limited to future cash flows in foreign currencies arising from foreign exchange transactions and translation of net open position in foreign currencies. The Bank is carefully monitoring the net foreign currency exposure as well as utilizing the forward contract to hedge the related exposure.

	2025				2024			
	Foreign Currency Assets	Foreign Currency Liabilities	Off-balance sheet items	Net foreign currency exposure	Foreign Currency Assets	Foreign Currency Liabilities	Off-balance sheet items	Net foreign currency exposure
	(Rupees in '000)							
United States Dollar	5,314,666	5,576,119	2,299,894	2,038,441	9,092,547	9,424,497	4,455,727	4,123,777
Great Britain Pound Sterling	460,273	464,191	-	(3,918)	486,188	493,012	-	(6,824)
Euro	423,861	426,313	-	(2,452)	460,685	463,347	-	(2,662)
Other currencies	309	309	-	-	36,785	36,785	-	-
	6,199,109	6,466,932	2,299,894	2,032,071	10,076,205	10,417,641	4,455,727	4,114,291

	2025		2024	
	Banking book	Trading book	Banking book	Trading book
	(Rupees in '000)			
Impact of 1% change in foreign exchange rates on				
- Profit and loss account	2,678	6,442,535	3,414	12,411,428
- Other comprehensive income	-	-	-	-

47.2.3 Equity position Risk

Equity position risk is the risk that the fair value of financial instruments will fluctuate due to changes in the prices of individual stocks or the level of equity indices. The Bank's equity book comprises of FVTOCI portfolio. The objective of the FVTPL portfolio is to make short-term capital gains, whilst the FVTOCI portfolio is maintained with a medium term view of earning both capital gains and dividend income. Policies and procedures have been developed to provide guidelines on the risk and their mitigants, limits and related controls for the equity portfolio of the Bank.

	2025		2024	
	Banking book	Trading book	Banking book	Trading book
	(Rupees in '000)			
Impact of 5% change in equity prices on				
- Profit and loss account	3	-	-	2
- Other comprehensive income	-	-	-	-

47.2.4 Interest Rate Risk

Interest rate risk is the risk that fair value of a financial instrument will fluctuate as a result of changes in interest rates, including changes in the shape of yield curves. Interest rate risk is inherent in many of the Bank's businesses and arises from mismatches between the contractual maturities or the re-pricing of on and off-balance sheet assets and liabilities. The interest rate sensitivity profile is prepared on a quarterly basis based on the re-pricing or contractual maturities of assets and liabilities.

Interest rate risk is monitored and managed by performing periodic gap analysis, sensitivity analysis and stress testing and taking appropriate actions where required.

	2025		2024	
	Banking book	Trading book	Banking book	Trading book
	(Rupees in '000)			
Impact of 1% change in interest rates on				
- Profit and loss account	408,577	-	247,866	-
- Other comprehensive income	-	287	-	479,304

2025

Effective Yield / Interest Rate	Total	Exposed to Yield/Interest risk										Non-interest bearing financial instruments	
		Up to 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			
On-balance sheet financial instruments													
Assets													
Cash and balances with treasury banks	12,915,786	607,487	-	-	-	-	-	-	-	-	-	-	12,308,299
Balances with other banks	2,760,766	61,772	-	-	-	-	-	-	-	-	-	-	2,698,994
Lendings to financial institutions	14,199,796	8,600,300	-	-	-	-	-	-	-	-	-	-	-
Investments	86,281,902	-	21,136,058	53,623,176	8,539,722	2,016,000	5,599,496	-	-	-	733,297	-	233,649
Advances	26,126,936	33,442	23,019,150	15,925	24,298	36,012	16,624	-	-	-	2,948,237	-	-
Other assets	15,164,101	-	-	-	-	-	-	-	-	-	-	-	15,164,101
	157,449,287	9,303,001	44,155,208	53,639,101	8,564,020	7,651,508	16,624	-	-	-	3,681,534	-	30,405,043
Liabilities													
Bills payable	2,749,628	-	-	-	-	-	-	-	-	-	-	-	2,749,628
Borrowings	7,404,522	4,795,240	167,300	2,353,750	-	-	83,119	-	-	-	-	-	5,113
Deposits and other accounts	169,172,356	120,857,265	2,944,201	618,944	2,912,217	20,004	83,444	400	825	-	-	-	41,735,056
Lease liabilities	3,313,315	807,144	-	-	-	2,025,200	-	-	480,971	-	-	-	-
Subordinated debt	1,495,515	1,495,515	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	3,252,895	-	-	-	-	-	-	-	-	-	-	-	3,252,895
	187,388,231	127,955,164	3,111,501	2,972,694	2,912,217	2,045,204	166,563	400	481,796	-	3,681,534	-	47,742,692
	(29,938,944)	(118,652,163)	41,043,707	50,666,407	5,651,803	5,606,304	(149,939)	32,848	(481,796)	-	3,681,534	-	(17,337,649)
On-balance sheet gap													
Off-balance sheet financial instruments													
Commitments in respect of:													
- forward foreign exchange contracts	2,303,977	2,303,977	-	-	-	-	-	-	-	-	-	-	-
Off-balance sheet gap	2,303,977	2,303,977	-	-	-	-	-	-	-	-	-	-	-
Total Yield / Interest Risk Sensitivity Gap		(116,348,186)	41,043,707	50,666,407	5,651,803	5,606,304	(149,939)	32,848	(481,796)	-	3,681,534	-	(17,337,649)
Cumulative Yield / Interest Risk Sensitivity Gap		(116,348,186)	(75,304,479)	(24,638,072)	(18,986,269)	(13,379,965)	(13,529,904)	(13,497,056)	(13,978,852)	(10,297,318)	(10,297,318)	(27,634,967)	
Reconciliation of assets and liabilities exposed to yield / interest rate risk with total assets and liabilities													
2025													
-- (Rupees in '000) --													
Total financial assets	157,449,287												
Add: Non financial assets	7,717,465												
Property and equipment	2,538,778												
Right-of-use assets	322,592												
Intangible assets	14,251,598												
Deferred tax assets	31,366,584												
Other assets	213,646,284												
Total assets as per statement of financial position	187,388,231												
Add: Non financial liabilities	2,551,262												
Other liabilities	189,939,493												
Total liabilities as per statement of financial position	189,939,493												

2024 - Restated

Effective Yield / Interest Rate	Total	Exposed to Yield/Interest risk										Non-interest bearing financial instruments	
		Up to 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			
On-balance sheet financial instruments													
Assets													
Cash and balances with treasury banks	18,352,205	628,589	-	-	-	-	-	-	-	-	-	-	17,723,616
Balances with other banks	1,472,869	78,639	-	-	-	-	-	-	-	-	-	-	1,394,230
Lendings to financial institutions	9,697,187	4,936,063	-	-	-	-	-	-	-	-	-	-	-
Investments	175,012,164	-	127,776,903	-	-	-	-	-	-	-	-	-	233,619
Advances	15,618,918	1,072,986	1,098,063	27,795	47,413	22,234	44,468	1,166,390	-	-	-	-	-
Other assets	6,985,739	-	-	-	-	-	-	-	-	-	-	-	6,985,739
	227,139,082	6,716,277	128,874,966	27,795	31,468,767	4,783,358	44,468	1,166,390	-	-	-	-	26,337,204
Liabilities													
Bills payable	1,900,496	-	-	-	-	-	-	-	-	-	-	-	1,900,496
Borrowings	89,892,925	86,306,460	2,640,750	-	-	-	111,169	-	-	-	-	-	4,943
Deposits and other accounts	186,014,625	133,896,118	1,309,620	1,035,039	197,038	20,639	77,791	-	-	-	825	-	44,082,588
Lease liabilities	3,284,402	792,141	-	-	-	-	-	-	-	-	612,844	-	-
Subordinated debt	1,495,515	1,495,515	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	5,139,839	-	-	-	-	-	-	-	-	-	-	-	5,139,839
	287,727,802	222,490,234	6,224,570	1,035,039	2,076,455	20,639	188,960	613,669	-	-	51,127,866	-	-
	(60,588,720)	(215,773,957)	21,495,287	(1,007,244)	(1,007,244)	4,762,719	(144,492)	(613,669)	1,166,390	-	(24,790,662)	-	-
Off-balance sheet financial instruments													
Commitments in respect of:													
- forward foreign exchange contracts	14,791,974	14,791,974	-	-	-	-	-	-	-	-	-	-	-
	14,791,974	14,791,974	-	-	-	-	-	-	-	-	-	-	-
Total Yield / Interest Risk Sensitivity Gap		(200,981,983)	21,495,287	124,924,596	(1,007,244)	29,392,312	(144,492)	(613,669)	1,166,390	-	(24,790,662)	-	-
Cumulative Yield / Interest Risk Sensitivity Gap		(200,981,983)	(179,486,696)	(54,562,100)	(55,569,344)	(26,177,032)	(21,414,313)	(21,558,805)	(22,172,474)	(21,006,084)	(45,796,746)	-	-
Reconciliation of assets and liabilities exposed to yield / interest rate risk with total assets and liabilities													
2024 - Restated													
-- (Rupees in '000) --													
Total financial assets	227,139,082												
Add: Non financial assets													
Property and equipment	7,026,158												
Right-of-use assets	2,601,271												
Intangible assets	331,085												
Deferred tax assets	25,668,564												
Other assets	35,457,151												
Total assets as per statement of financial position	<u>298,223,311</u>												
Total financial liabilities	287,727,802												
Add: Non financial liabilities													
Other liabilities	2,182,651												
Total liabilities as per statement of financial position	<u>289,910,453</u>												

47.3 Operational Risk

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

Board Risk Management Committee oversees the implementation of operational risk management which is governed by the Operational Risk Management Policy and Procedures of the Bank. In compliance with the regulatory guidelines, a separate unit is established within the Risk Management Group which is responsible for the implementation of the Operational risk management framework across the Bank.

In accordance with the Operational Risk policy and framework, various tools and techniques are being implemented to identify, assess, measure and control operational risk embedded in the exposures, products, systems and processes. These tools include collection of operational loss data, development and monitoring of Key Risk Indicators and Risk Control Self Assessment exercise.

The Bank seeks to manage the operational risk from two perspectives, firstly by way of ensuring compliance of standard operating procedures including defined processes for prevention and detection of any fraud and forgery, and work place safety and security, secondly through contingency planning to ensure continuity of business. Policies and procedures covering all activities in Bank are in place. Besides these, to ensure business continuity, the Bank has implemented Business Continuity Plan (BCP) across the Bank for which BCP are performed on a regular basis. A dedicated Business Continuity Plan has been developed and implemented at head office and branches to ensure business continuity. The Disaster Recovery test drills are being performed as per the DRP under the ownership of Information Technology function.

The Bank maintains a system of internal controls designed to keep operational risk at appropriate levels, in view of the Bank's financial strength and the characteristics of the activities and market in which it operates. These internal controls are periodically updated to conform to the industry best practices.

The Bank implemented the Internal Control Guidelines issued by the State Bank of Pakistan and had successfully completed the road map issued with respect to internal controls over financial reporting (ICFR). Moreover, a separate Internal Control Unit has been setup to continuously monitor the implementation of sound internal controls within the Bank.

The Bank has set up IT Security Division to manage IT security and cyber risks faced by the Bank. The Bank will continue to strengthen its cyber defense mechanism by utilizing effective preventive and detective information security measure to counter evolving cyber challenges.

47.4 Liquidity Risk

Liquidity Risk is the risk that the Bank may be unable to meet its payment obligations as they become due, or to fund assets, at a reasonable cost, because of an inability to liquidate assets, or to obtain adequate funding.

The liquidity risk policy of the Bank is formulated keeping in view State Bank guidelines on risk management and best market practice. The Bank's Asset and Liability Committee (ALCO) reviews the liquidity position on a periodic basis. The Liquidity Risk Management policy of the Bank aims to maintain adequate liquidity at all times and in all currencies under both normal and stress conditions, to meet the Bank's contractual and potential payment obligations without incurring additional and unacceptable cost to the business. Treasury is responsible for managing liquidity under the guidance of Asset and Liability Committee of the Bank.

The Bank maintains a portfolio of highly marketable assets i.e. Market Treasury Bills, Pakistan Investment Bonds and GoP Ijarah Sukuk, that can either be sold in the open market or funds can be arranged there against under repo arrangements. This is further supported by investments in short term securities. In line with its liquidity risk management policy, the Bank aims to maintain a cushion over and above the minimum statutory liquidity requirement prescribed by SBP for maintaining liquidity reserves to ensure continuity of cash flows.

The Bank uses liquidity gap ladder to assess the liquidity gaps and liquidity needs in different time buckets, under normal and stressed scenarios. Sources of liquidity are regularly reviewed / monitored by the Asset and Liability Committee (ALCO). The ALCO reviews the current economic situation, projected cash flows and asset / liability mix and approves strategy for managing appropriate liquidity. The liquidity risk management policy of the Bank encompasses liquidity contingency plan for actions to be taken in case of liquidity crises.

47.4.1 Maturities of Assets and Liabilities - based on contractual maturity of the assets and liabilities of the Bank

2025													
(Rupees in '000)													
Total	Up to 1Day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1Month	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
Assets													
Cash and balances with treasury banks	12,915,786	-	-	-	-	-	-	-	-	-	-	-	-
Balances with other banks	2,760,766	-	-	-	-	-	-	-	-	-	-	-	-
Lendings to financial institutions	14,199,796	8,600,300	-	-	-	-	-	-	-	5,598,496	-	-	-
Investments	86,281,902	-	-	-	-	-	6,823,589	12,223,019	11,706,331	5,520,150	6,048,790	29,772,443	14,187,560
Advances	26,126,936	-	3,110	2,139,570	1,197,846	769,896	2,198,358	10,174,294	1,728,496	3,279,759	3,210,703	647,229	774,250
Property and equipments	7,717,465	856	5,115	5,988	13,641	25,577	76,732	124,007	124,007	311,192	311,192	463,086	6,277,790
Right-of-use assets	2,538,778	229	1,381	1,623	3,710	6,956	20,867	20,867	22,026	84,626	84,626	169,252	2,115,649
Intangible assets	322,592	203	1,213	1,415	3,235	6,065	18,195	18,195	65,080	73,791	73,791	55,344	-
Deferred tax assets	14,251,598	308	15,871	18,306	36,445	73,057	(2,249,230)	73,632	2,075	804,683	3,581,251	7,651,461	4,170,672
Other assets	46,530,665	86,727	593,954	(6,438,156)	20,754,697	1,845,667	2,898,819	2,898,819	2,898,819	14,611,063	14,611,063	800,894	-
	213,646,284	15,764,875	9,220,954	(6,407,419)	22,951,298	3,155,168	9,787,330	25,485,558	16,546,834	30,284,770	27,921,416	39,559,709	27,525,941
Liabilities													
Bills payable	2,749,628	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings	7,404,522	5,113	4,795,240	-	125,000	42,300	2,353,750	-	-	-	83,119	-	-
Deposits and other accounts	169,172,336	155,378,432	725,290	1,824,692	4,663,907	1,366,343	618,944	898,243	2,073,974	20,004	83,444	400	825
Liabilities against Right-of-use assets	3,313,315	-	-	-	-	-	-	-	807,144	2,025,200	-	-	480,971
Subordinated debt	1,495,515	-	-	-	-	-	-	-	-	-	-	-	-
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	5,804,157	74,469	374,803	547,692	1,165,848	333,350	300,761	115,061	265,981	814,230	353,819	107,770	164
	189,939,493	159,703,157	5,895,333	2,372,394	6,014,116	2,868,706	3,273,455	953,304	3,147,099	2,859,434	520,382	108,170	481,960
Net assets	23,706,791	(43,938,282)	3,325,621	(18,779,803)	16,937,182	286,462	6,513,875	24,532,254	13,399,735	27,425,336	27,401,034	39,451,539	27,043,981
Share capital - net	10,000,000	-	-	-	-	-	-	-	-	-	-	-	-
Advance against subscription of shares	5,000,000	-	-	-	-	-	-	-	-	-	-	-	-
Reserves	1,913,138	-	-	-	-	-	-	-	-	-	-	-	-
Accumulated losses	2,710,431	-	-	-	-	-	-	-	-	-	-	-	-
Surplus on revaluation of assets	4,083,222	-	-	-	-	-	-	-	-	-	-	-	-
	<u>23,706,791</u>												

2024- Restated

	Up to 1Day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1Month	Over 1 to 2 Months	Over 2 to 3 Months	Over 3 to 6 Months	Over 6 to 9 Months	Over 9 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 Years	Over 5 Years
(Rupees in '000)													
Assets													
Cash and balances with treasury banks	18,352,205	16,532,739	142,335	305,731	578,576	183,260	349,001	129,207	69,613	32,511	19,440	2,036	81
Balances with other banks	1,472,869	-	-	-	-	-	-	-	-	-	-	-	-
Lendings to financial Institutions	9,697,187	2,936,730	-	-	-	-	-	-	-	-	-	4,761,124	-
Investments	175,012,164	-	-	-	-	-	-	2,074,810	3,123,810	11,544,576	115,440,576	5,570,000	2,530,082
Advances	15,618,918	19,927	106,110	52,045	1,856,923	1,599,448	1,352,812	2,655,121	1,546,511	766,871	697,086	421,476	902,461
Property and equipments	7,026,158	908	5,455	6,365	14,548	27,277	27,277	81,832	132,095	331,874	331,874	434,141	5,550,680
Right-of-use assets	2,601,271	238	1,425	1,663	3,801	7,127	7,127	21,380	22,568	86,709	86,709	173,418	2,167,726
Intangible assets	331,085	192	1,147	1,339	3,060	5,737	5,737	17,211	87,501	69,800	69,800	52,350	-
Deferred tax assets	25,668,564	1,740	14,950	17,241	34,245	68,727	68,727	(627,487)	(31,612)	1,401,014	5,756,704	12,169,739	6,826,904
Other assets	42,442,890	27,271	296,940	4,486,584	553,324	178,040	399,581	385,802	531,082	16,768,334	16,768,334	551,397	-
	298,223,311	20,055,217	3,505,092	1,880,585	6,977,737	2,444,900	1,988,721	4,751,655	36,772,011	30,988,618	34,043,667	129,527,727	179,771,934
Liabilities													
Bills payable	1,900,496	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings	89,892,925	23,160,855	-	49,713,750	513,503	-	316,100	2,640,750	-	-	-	-	111,169
Deposits and other accounts	186,014,625	1,442,683	3,098,832	5,864,341	1,857,487	1,857,487	3,537,408	1,309,620	329,526	197,038	20,639	20,639	825
Liabilities against Right-of-use assets	3,284,402	-	-	792,141	-	-	-	-	-	1,879,417	-	-	-
Subordinated debt	1,495,515	-	-	-	-	-	-	-	-	-	-	-	-
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	7,322,490	211,323	1,446,133	868,193	1,357,032	709,726	542,350	483,986	415,503	554,099	420,437	137,898	-
	289,910,453	184,616,983	26,049,671	32,74,642	57,238,425	3,728,022	4,563,234	4,492,720	745,029	2,630,554	441,076	326,858	613,669
Net assets	8,312,858	(164,561,766)	(22,544,579)	(1,394,057)	(50,260,688)	(1,283,122)	(2,574,513)	258,935	6,119,877	28,358,064	33,602,591	129,200,869	17,364,265
Share capital - net	10,000,000												
Reserves	154,162												
Accumulated losses	(6,132,049)												
Surplus on revaluation of assets	4,290,745												
	8,312,858												

47.4.2 Maturities of assets and liabilities - based on expected maturities of the assets and liabilities of the Bank

Maturity gaps of all assets and liabilities are based on contractual maturities. The maturity profile of certain non-contractual assets and liabilities is based on the behavioural study. The Bank has used VAR methodology which excludes 5% extreme volatilities thus leaving 95% confidence results.

		2025									
		Up to 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years	
		(Rupees in '000)									
Assets											
Cash and balances with treasury banks	12,915,786	12,413,420	224,781	47,254	222,339	1,527	6,371	31	63	-	-
Balances with other banks	2,760,766	-	-	-	-	-	-	-	-	-	-
Lendings to financial institutions	14,199,796	8,600,300	-	-	-	5,599,496	-	-	-	-	-
Investments	86,281,902	-	-	6,823,589	23,929,350	5,520,150	6,048,790	29,772,443	13,955,829	231,751	-
Advances	26,126,936	2,146,105	1,967,742	2,198,358	11,902,790	3,279,759	3,210,703	647,229	549,859	224,391	-
Property and equipment	7,717,465	25,577	51,155	76,732	200,740	311,192	311,192	463,086	1,019,718	5,258,073	-
Right-of-use assets	2,538,778	6,956	13,911	20,867	42,893	84,626	84,626	169,252	423,130	1,692,517	-
Intangible assets	322,592	6,066	12,130	18,195	83,275	73,791	73,791	55,344	-	-	-
Deferred tax assets	14,251,598	70,929	146,115	(2,249,230)	75,707	804,693	3,581,251	7,651,461	4,169,977	695	-
Other assets	46,530,665	4,997,222	2,813,966	2,898,819	5,797,638	14,611,063	14,611,063	800,894	-	-	-
	213,646,284	31,027,341	5,229,800	9,834,584	42,254,732	30,286,297	27,927,787	39,559,740	20,118,576	7,407,427	-
Liabilities											
Bills payable	2,749,628	2,749,628	-	-	-	-	-	-	-	-	-
Borrowings	7,404,522	4,800,353	167,300	2,353,750	-	-	83,119	-	-	-	-
Deposits and other accounts	169,172,356	162,592,321	2,944,201	618,944	2,912,217	20,004	83,444	400	825	-	-
Liabilities against right-of-use assets	3,313,315	807,144	-	-	-	2,025,200	-	-	480,971	-	-
Subordinated debt	1,495,515	1,495,515	-	-	-	-	-	-	-	-	-
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	5,804,157	2,347,174	1,499,197	300,761	381,042	814,230	353,819	107,770	164	-	-
	189,939,493	174,792,135	4,610,698	3,273,455	3,293,259	2,859,434	520,382	108,170	481,960	-	-
Net assets	23,706,791	(43,764,794)	619,102	6,561,129	38,961,473	27,426,863	27,407,405	39,451,570	19,636,616	7,407,427	
Share capital - net	10,000,000										
Advance against subscription of shares	5,000,000										
Reserves	1,913,138										
Accumulated losses	2,710,431										
Surplus on revaluation of assets	4,083,222										
	<u>23,706,791</u>										

2024 - Restated

Total	Up to 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
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(Rupees in '000)

	18,352,205	17,559,381	532,268	129,200	102,124	19,440	2,036	7,675	81	-
Assets										
Cash and balances with treasury banks	1,472,869	1,472,869	-	-	-	-	-	-	-	-
Balances with other banks	9,697,187	9,697,187	-	-	-	-	-	-	-	-
Lendings to financial institutions	175,012,164	-	-	2,074,810	37,575,165	11,544,576	5,570,000	115,717,531	2,298,331	231,751
Investments	15,618,918	2,035,004	2,952,261	2,655,121	5,188,638	766,871	697,086	421,476	561,153	341,308
Advances	7,026,158	27,276	54,555	81,832	213,927	331,874	331,874	434,141	883,063	4,667,616
Property and equipment	2,601,271	7,127	14,254	21,380	43,948	86,709	86,709	173,418	433,545	1,734,181
Right-of-use assets	331,085	5,738	11,474	17,211	104,712	69,800	69,800	52,350	-	-
Intangible assets	25,668,564	68,176	137,453	(627,487)	(63,940)	1,401,014	5,756,704	12,169,739	7,460,793	(633,888)
Deferred tax assets	42,442,890	6,306,995	731,364	399,581	916,885	16,768,334	16,768,334	551,397	-	-
Other assets	298,223,311	37,179,753	4,433,629	4,751,648	44,081,459	30,988,618	29,282,543	129,527,727	11,636,966	6,340,968

	1,900,496	1,900,496	-	2,640,750	-	-	-	-	-	-
Liabilities										
Bills payable	89,892,925	86,311,403	829,603	2,640,750	-	-	-	111,169	-	-
Borrowings	186,014,625	177,978,707	5,394,967	1,309,547	1,035,111	197,038	20,639	77,791	825	-
Deposits and other accounts	3,284,402	792,141	-	-	-	1,879,417	-	-	612,844	-
Liabilities against right-of-use assets	1,495,515	1,495,515	-	-	-	-	-	-	-	-
Subordinated debt	-	-	-	-	-	-	-	-	-	-
Deferred tax liabilities	7,322,490	2,701,459	2,066,758	542,350	899,489	554,099	420,437	137,898	-	-
Other liabilities	289,910,453	271,179,721	8,291,328	4,492,647	1,934,600	2,630,554	441,076	326,858	613,669	-

Net assets	8,312,858	(233,999,966)	(3,857,699)	259,001	42,146,859	28,358,064	28,841,467	129,200,869	11,023,297	6,340,968
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Share capital - net	10,000,000
Reserves	154,162
Accumulated losses	(6,132,049)
Surplus on revaluation of assets	4,290,745
	<u>8,312,858</u>

47.5 Derivative Risk

The policy guidelines for taking derivative exposures are approved by the Board of Directors (BoD). The Bank's Asset and Liability Committee (ALCO) is responsible for reviewing and managing associated risks of the transactions.

The overall responsibility for managing derivatives and sustaining profitability lies with the treasury front office/ Head of Treasury. Market and Liquidity Risk Management Unit (MLRU) of the Bank is responsible for monitoring the risk exposure and for analysis of present and potential risk factors arising from the same. The MLRU also monitors associated risks in line with the Board of Directors' approved limits / policies and coordinates with the business for necessary approvals of the derivatives risk limits and also produces necessary reports / analysis as may be required.

48. DATE OF AUTHORISATION FOR ISSUE

These unconsolidated financial statements were authorised for issue on February 26, 2026 by the Board of Directors of the Bank.

President / Chief Executive

Chief Financial Officer

Director

Director

Director

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

S.No.	Name and address of the Borrower	Name of individuals/partners/directors with CNIC No.)	Father's / Husband's Name	Outstanding Liabilities as at January 01, 2025				Interest / Mark-up written-off / waived	Other financial relief provided	Total (9+10+11)	
				Principal	Interest / Mark-up	Other than Interest / Mark-up	Total				
1	2	3	4	5	6	7	8	9	10	11	12
----- (Rupees in '000) -----											
1	Agritech Limited - Formerly Pak American Fertilizer 2nd Floor Asia Centre 8- Babar Block New Garden Town Lahore Pakistan	Asim Murtaza Khan 42201-0482620-9 Syed Taneem Haider 35201-1613184-5 M Faisal Muzammil 37405-5098349-9 Tanveer Raza 35201-1514368-7 Rehan Munir 55302-0636064-7 Aziz Ullah Saeed 38302-1119806-9	N/A	517,060	308,892	-	825,952	147,994	308,892	-	456,886
2	Muhammad Hamid Mahmood/Ms Sumaira Batool House # 142 Blk-9 New Supper Town Lahore	Muhammad Hamid Mahmood/Ms Sumaira Batool 36103-1669004-9	Muhammad Yasin Chaudhary	586	107	-	693	586	96	-	682
3	Muhammad Shahzad Siddique P-74 Street No. 2 New Haseeb Shaheed Colony Near Mian Chowk, Faisalabad	Muhammad Farooq Siddique 33100-1027739-1	Muhammad Farooq Siddique	499	163	-	662	149	163	-	312
4	Muhammad Razzaq P- 543 B Millat Town Faisalabad	Muhammad Ishaq 33100-5765695-7	Muhammad Ishaq	459	150	-	609	134	150	-	284
5	Abdullah Munawar H No 46 Nar Rd Block A Purani Mandi Morr Gm Abad Faisalabad	Abdullah Munawar 33100-8533458-3	Muhawar Hussain	298	223	-	521	88	223	-	311
TOTAL				518,902	309,535	-	828,437	148,951	309,524	-	458,475

ISLAMIC BANKING BUSINESS

The Bank commenced its Islamic Banking Operations in Pakistan on March 07, 2014 and is operating with 12 (2024: 12) Islamic banking branches and 82 (2024: 31) Islamic banking windows at the end of the period.

**STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2025**

	Note	2025 ----- (Rupees in '000) -----	2024 -----
ASSETS			
Cash and balances with treasury banks		4,589,844	3,437,009
Balances with other banks		-	96,128
Due from financial institutions	1	8,659,637	26,135,485
Investments	2	36,222,721	41,317,673
Islamic financing and related assets - net	3	2,380,078	2,423,890
Property and equipment		209,295	169,024
Right-of-use assets		213,097	148,382
Intangible assets		-	-
Due from Head Office		-	-
Deferred tax assets		-	-
Other assets		864,616	1,688,565
Total Assets		53,139,288	75,416,156
LIABILITIES			
Bills payable		248,357	280,974
Due to financial institutions	4	-	3,135,154
Deposits and other accounts	5	42,086,905	47,062,215
Due to Head Office		-	-
Lease liabilities		240,234	158,396
Subordinated debt		-	-
Deferred tax liabilities		19,852	402,987
Other liabilities		1,207,751	16,900,389
		43,803,099	67,940,115
NET ASSETS		9,336,189	7,476,041
REPRESENTED BY			
Islamic Banking Fund		1,000,000	1,000,000
Reserves		-	-
Surplus on revaluation of assets		27,415	556,506
Unappropriated profit	7	8,308,774	5,919,535
		9,336,189	7,476,041
CONTINGENCIES AND COMMITMENTS	8		

**ISLAMIC BANKING BUSINESS
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED DECEMBER 31, 2025**

	2025	2024
Note	----- (Rupees in '000) -----	
Profit / return earned	9 6,009,336	8,731,752
Profit / return expensed	10 3,056,527	5,200,934
Net Profit / return	2,952,809	3,530,818
Other income		
Fee and commission income	139,358	172,336
Dividend income	-	-
Foreign exchange loss	(185,081)	(42,867)
Income / (loss) from derivatives	-	-
Gain on sale of securities	518,592	371,093
Other income	209	13,998
Total other income	473,078	514,560
Total income	3,425,887	4,045,378
Other expenses		
Operating expenses	1,130,925	1,117,231
Workers' welfare fund	-	-
Other charges	-	-
Total other expenses	1,130,925	1,117,231
Profit before credit loss allowance	2,294,962	2,928,147
Credit loss allowance and write offs - net	(91,064)	33,737
Profit before taxation	2,386,026	2,894,410
Taxation	-	-
Profit after taxation	2,386,026	2,894,410

ISLAMIC BANKING BUSINESS
NOTES TO THE ANNEXURE - II
FOR THE YEAR ENDED DECEMBER 31, 2025

	Note	2025			2024		
		In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
----- (Rupees in '000) -----							
1. Due from Financial Institutions							
Unsecured							
Bai Muajjal Receivable from State Bank of Pakistan	1.1	5,599,496	-	5,599,496	4,761,124	-	4,761,124
Bai Muajjal Receivable from other Financial Institutions	1.2	3,060,554	-	3,060,554	19,374,631	-	19,374,631
Musharakah	1.3	-	-	-	2,000,000	-	2,000,000
		8,660,050	-	8,660,050	26,135,755	-	26,135,755
Less: Credit loss allowance							
Stage 1		(413)	-	(413)	(270)	-	(270)
Stage 2		-	-	-	-	-	-
Stage 3		-	-	-	-	-	-
		(413)	-	(413)	(270)	-	(270)
Due from financial institutions - net of credit loss allowance		8,659,637	-	8,659,637	26,135,485	-	26,135,485

1.1 This represents Bai Muajjal agreement with State Bank of Pakistan and carries profit rate of 16.21% per annum (2024: 16.21% per annum) and are due to mature latest by August 05, 2027 (2024: August 05, 2027).

1.2 This represents Bai Muajjal agreements with conventional operations of Bank Makramah Limited and carries profit rate from 10.50% per annum (2024: 10.75% to 14.00% per annum) and are due to mature latest by January 27, 2026 (2024: March 25, 2025).

1.3 This representd Musharakah agreements with other Financial Institutions and carried profit rate at 12.50% per annum in 2024 and has matured on January 03, 2025.

2. Investments

	2025				2024			
	Cost / amortised cost	Credit loss allowance for diminution	Surplus / (Deficit)	Carrying value	Cost / amortised cost	Credit loss allowance for diminution	Surplus / (Deficit)	Carrying value
----- (Rupees in '000) -----								
Investments by segments:								
Debt Instruments								
Federal Government Securities								
- GOP Ijarah Sukuks	34,041,160	-	(37,338)	34,003,822	38,149,499	-	871,673	39,021,172
Non Government Debt Securities								
- Listed	2,219,199	(300)	-	2,218,899	2,296,811	(310)	-	2,296,501
Total Investments	36,260,359	(300)	(37,338)	36,222,721	40,446,310	(310)	871,673	41,317,673

3. Islamic financing and related assets	Note	2025	2024
		(Rupees in '000)	
Ijarah	3.1	681,034	595,944
Running Musharakah		620	311,863
Diminishing Musharakah		1,529,328	1,112,722
Diminishing Musharakah-IERF		-	300,000
Tijarah		272,699	284,517
Advance against Ijarah		4,500	17,027
Gross Islamic financing and related assets		2,488,181	2,622,073
Less: Credit loss allowance against Islamic financings			
-Stage 1		(2,346)	(718)
-Stage 2		(357)	(34,420)
-Stage 3		(105,400)	(163,045)
		(108,103)	(198,183)
Islamic financing and related assets - net of credit loss allowance		2,380,078	2,423,890

3.1 Ijarah

	2025						
	Cost			Accumulated Depreciation			Book Value as at December 31, 2025
	As at January 01, 2025	Additions / (deletions)	As at December 31, 2025	As at January 01, 2025	Charge for the year	As at December 31, 2025	
	(Rupees in '000)						
Vehicles consumer	830,407	149,676	980,083	234,463	64,586	299,049	681,034
Total	830,407	149,676	980,083	234,463	64,586	299,049	681,034

	2024						
	Cost			Accumulated Depreciation			Book Value as at December 31, 2024
	As at January 01, 2024	Additions / (deletions)	As at December 31, 2024	As at January 01, 2024	Charge for the year	As at December 31, 2024	
	(Rupees in '000)						
Vehicles consumer	680,656	149,751	830,407	201,484	32,979	234,463	595,944
Total	680,656	149,751	830,407	201,484	32,979	234,463	595,944

Future Ijarah payments receivable

	2025				2024			
	Not later than 1 year	Later than 1 year & less than 5 years	Over Five years	Total	Not later than 1 year	Later than 1 year & less than 5 years	Over Five years	Total
	(Rupees in '000)							
Ijarah rental receivables	94,537	885,546	-	980,083	69,363	761,044	-	830,407

4. Due to financial institutions	2025	2024
	----- (Rupees in '000) -----	
Unsecured		
Overdrawn nostro accounts	-	3,135,154
Total unsecured	-	3,135,154

5. Deposits	2025			2024		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
	----- (Rupees in '000) -----					
Customers						
Current deposits	6,554,244	710,157	7,264,401	6,337,338	627,640	6,964,978
Savings deposits	29,256,517	186,454	29,442,971	34,497,595	145,788	34,643,383
Term deposits	4,361,280	86,549	4,447,829	4,247,560	158,840	4,406,400
Others	427,926	-	427,926	461,193	-	461,193
	40,599,967	983,160	41,583,127	45,543,686	932,268	46,475,954
Financial Institutions						
Current deposits	5,366	8	5,374	4,733	-	4,733
Savings deposits	343,926	-	343,926	431,528	-	431,528
Term deposits	154,478	-	154,478	150,000	-	150,000
	503,770	8	503,778	586,261	-	586,261
	41,103,737	983,168	42,086,905	46,129,947	932,268	47,062,215

5.1 Composition of deposits	2025	2024
	----- (Rupees in '000) -----	
- Individuals	16,546,031	16,998,372
- Government (Federal and Provincial)	906,841	856,900
- Public Sector Entities	6,968,668	10,366,177
- Banking Companies	7	6
- Non-Banking Financial Institutions	503,771	586,255
- Private Sector	17,161,587	18,254,505
	42,086,905	47,062,215

5.2 Deposits include Eligible Deposits of Rs. 21,338.165 million (2024: Rs. 24,634.261 million) protected under Depositors Protection Mechanism introduced by the State Bank of Pakistan.

	2025	2024
	----- (Rupees in '000) -----	
6. Charity Fund		
Opening balance	2,156	4,317
Additions during the year		
- Received from customers on account of delayed payment	246	1,839
- Dividend purification amount	-	-
- Other Non-Shariah compliant income	-	-
- Profit on charity saving account	48	-
	294	1,839
Payments / utilization during the year		
- Education	(500)	-
- Health	(700)	(1,000)
- Community development	(900)	(3,000)
	(2,100)	(4,000)
Closing balance	350	2,156
7. Unappropriated profit		
Opening balance	5,919,535	3,435,447
Effect of adoption of IFRS 9	-	(413,535)
Add : Islamic Banking profit for the year	2,386,026	2,894,410
Transfer in respect of incremental depreciation from surplus on revaluation of property and equipments to accumulated profit	3,213	3,213
Closing balance	8,308,774	5,919,535
8. CONTINGENCIES AND COMMITMENTS		
-Guarantees	3,709,728	4,129,456
-Commitments	743,340	9,145,926
-Other contingent liabilities	-	-
	4,453,068	13,275,382
9. Profit / Return Earned of Financing, Investments and Placement		
Profit earned on:		
Financing	195,654	180,483
Investments	4,320,489	7,540,572
Placements	1,493,193	1,010,697
Balances with banks	-	-
	6,009,336	8,731,752
10. Profit on Deposits and other Dues Expensed		
Deposits and other accounts	2,913,230	5,013,168
Due to Financial Institutions	102,408	164,590
Finance cost of lease liability	40,889	23,176
	3,056,527	5,200,934

11. Deposits

Deposits are generated on the basis of two modes i.e. Qard and Mudaraba.

Deposits taken on Qard basis are classified as 'Current accounts' and deposits generated on Mudaraba basis are classified as 'Savings deposits' and 'Fixed deposits'. No profit or loss is passed on to current account depositors, however the funds of current accounts are treated as equity for the purpose of profit calculation and any profit earned / loss incurred on those funds are allocated to the equity of the Bank. While the product features of each product differ, there is usually no restriction on withdrawals or number of transactions in current and saving accounts. In case of fixed deposits, pre-mature withdrawals can be made as per approved terms only.

Profits realized in investment pools are distributed in pre-agreed profit sharing ratio. Rab-ul-Maal share is distributed among depositors according to weightages assigned at the inception of profit calculation period. Mudarib can distribute its share of profit to Rab-ul-Maal upto a maximum of 60% of its profit as Incentive profits (Hiba).

Profits are distributed from the pool such that the depositors (remunerative) bear the risk of assets in the pool during the profit calculation period. 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.

Asset pools are created at the Bank's discretion and the Bank can add, amend, and transfer an asset to any other pool.

12. Pool Management

Bank Makramah Limited - Islamic Banking Division (BML-IBD) operates General and Specific Pools for deposits and interbank funds accepted under Mudaraba and Musharkah modes.

Features, risks and rewards of the pools are given below:

(i) Specific pool

Specific pools are operated for funds acquired / accepted from customers in foreign currencies (FCY) in addition to Pakistani Rupees (PKR) for customers willing to invest in specific sectors / industry / exposures for want of higher returns. These pools operate in accordance with the rules as specified under general pool disclosure, however, varies in degree of risks associated with the investments / assets. Similarly, for interbank acceptances specific pool(s) based on Musharkah are also maintained by the Bank to meet liquidity requirement of the Bank. BML-IBD maintains 10 (Ten) Local Currency (LCY) and 01 (one) Foreign Currency (FCY) specific pools.

(ii) General pool

General pool is the basket in which all the deposits from depositors are placed along with the Bank's own equity as well as funds from other financial institutions. The general pool is based on the principle of unrestricted Mudaraba. An unrestricted Mudaraba contract is a contract in which the depositor permits the Bank to administer the funds without any restrictions. In this case, the Bank has a wide range of trade or business freedom on the basis of trust and the business expertise the Bank has acquired.

However, such unrestricted business freedom in an unrestricted Modaraba must be exercised only in accordance with the interests of the parties and the objectives of the Modaraba contract, which is making profit. Therefore, the actions of the Bank must be in accordance with the business customs relating to the Banking operations. BML-IBD maintains 01 LCY and 01 FCY General pool.

(iii) Treasury pool(s)

Treasury pool(s) may be created from time to time by obtaining funds from financial institutions. Treasury pool will be created on the basis of Mudaraba, Musharakah or Wakalah, as per agreement between Bank Makramah Limited and counter party.

Treasury pool may be created for one or more of the following reasons:

- a) Foreseeable major withdrawals by existing depositors;
- b) Expected new disbursement / financing requirement; and
- c) Meeting general liquidity requirement.

In case a major withdrawal has been requested from any depositor in an existing pool, the Bank may arrange funds from financial institution by creating a separate pool. The Bank will transfer matching asset(s) from the pool in which the withdrawal request has been made, to the treasury pool. These pools need to be maintained separately due to its peculiar nature (i.e. liquidity management).

(a) Priority of utilization of funds in the general pool shall be :

- Depositor Funds.
- Equity Funds.
- Placement / Investments of Other IBI.
- Modaraba Placement of Bank Makramah Limited (Counterparty).

(b) Weightages for distribution of profit in general pool

The weightages are calculated and declared monthly as the pool is constructively liquidated at end of each month and created simultaneously. The Bank declares such weightages at least 3 days before the beginning of the month, after the approval of the Shariah Advisor / RSBM of the Bank.

The weightages assigned to all categories of pool deposits are assigned uniformly on a consistent basis, based on the following parameters / criteria (but not limited to):

- contracted period of deposits;
- frequency of profit distribution, monthly, quarterly or on maturity;
- volume of the deposit;
- product structure; and
- management discretion.

(c) Identification and allocation of pool related income and expenditure

The allocation of income and expenses to different pools is based on pre-defined basis and accounting principles / standards. According to Shariah rules and principles, all direct expenses are expensed out of the total profit i.e. always charged to the pool.

The direct expenses to be charged to the pool shall include all the direct cost of transaction including the following:

- depreciation of Ijarah assets;
- cost of sales of inventories;
- Takaful expenses of pool assets;
- taxes (sales tax and service tax levied by the provincial government);
- stamp fee or documentation charges;
- other costs / foreign exchange losses (if ascertainable);
- brokerage fee for purchase of securities / commodities etc.; and
- impairment / losses due to physical damages to specific assets in pools etc.

Indirect expenses can be categorized as those which are agreed with the saving and deposit account holders to be borne by the Mudarib.

All income pertaining to specific assets for specific periods should be allocated to the pool to which the assets are tagged during the period. Due care should be taken while recognizing revenue from assets. Revenue recognition for each type / class of assets should be in-line with the respective Shariah principles. Further, the financing will be diversified across different sectors and in compliance with the prudential regulation for exposure of individual and corporate clients. Income generated from non-financing activities (fee / commission / service charges) that were not relevant to the general pool were not credited to the pool and relevant expenses were also not charged to the pool.

(d) Parameters associated with risk and rewards

(i) The risks related to any pool depend upon the nature of the pool and the purpose for which the pool has been created. Considering the low risk tolerance of the investors of the profit and loss distribution pool, the key objective remained to earn competitive returns while containing the risk (volatility) of the returns to a minimum.

(ii) **Risks to which the financing assets of the Bank may be exposed to are:**

Credit risk which is generally defined as the potential that a counter party fails to meet its obligations in accordance with agreed terms. Therefore, the Bank has sound credit risk management policies to protect the depositors' / Investment Account Holders (IAH) from loss due to credit risk;

Market risk is generally defined as the risk of losses in on and off-balance sheet positions arising from movements in market prices i.e. fluctuations in values in tradable or marketable assets (including Sukuks) and in off-balance sheet individual portfolios (for example restricted investment accounts). The risks relate to the current and future volatility of market values of specific assets and of foreign exchange rates; and

Equity Investment Risk is generally defined as risk associated with holding equity investments during unfavourable situations, where decline in investment caused by market conditions in turn gives volatility of earnings of Musharakah and Modaraba investments.

(iii) Risks to which the profit and loss distribution pool may be exposed to are:

Liquidity risk which is the potential loss to the Bank arising from their inability either to meet their obligations or to fund increases in assets as they fall due without incurring unacceptable costs or losses. In order to mitigate the liquidity risk the Bank should invest in a combination of liquid and illiquid assets to be able to meet their obligations towards the depositors' / investment account holder; and

Rate of return risk to which the Bank may be exposed to in the context of its overall balance sheet exposures. An increase in benchmark rates may result in savings account holders having expectations of a higher rate of return. A consequence of rate of return risk may be displaced commercial risk. Therefore, the Bank employ a gapping method for allocating positions into time bands with remaining maturities or re-pricing dates, whichever is earlier.

Avenues / sectors of economy / business where deposits have been deployed*	2025	2024
	----- (Rupees in '000) -----	
Agriculture, forestry, hunting and fishing	122,277	445,366
Cement	931	965
Chemical and pharmaceuticals	177,545	177,545
Construction	27,326	27,326
GOP Ijarah Sukuks	36,260,359	40,446,310
Individuals	90,460	89,354
Services	121	310,754
Sugar	485,998	557,998
Transport, storage and communication	1,700	1,700
Wholesale and retail trade	499	1,099
Total gross Islamic financing and related assets and investments	<u>37,167,216</u>	<u>42,058,417</u>
Due from financial institutions	<u>8,660,050</u>	<u>26,135,755</u>
Total deployed funds	<u><u>45,827,266</u></u>	<u><u>68,194,172</u></u>

* Staff financing amounting to Rs. 1,794.623 million (2024: Rs. 1,283.447 million) is not included as it is financed through Islamic Banking Fund.

Basis of profit allocation

Profit of the general pool has been distributed between Mudarib and Rab-ul-Maal by using pre-agreed profit sharing ratio. The profit was distributed between Mudarib and Rab-ul-Maal on the under mentioned profit sharing ratios based upon gross income level less direct expenses.

	Profit sharing ratio	
	LCY Deposits	FCY Deposits
	2025	
	-----%-----	
Rab-ul-Maal	60	2
Mudarib	40	98

Mudarib share (in amount and percentage of distributable income)

	2025	2024	2025	2024
	----- (Rupees in '000) -----		-----%-----	
Rab-ul-Maal	2,521,311	4,653,439	65	74
Mudarib	1,358,190	1,632,140	35	26
	<u>3,879,501</u>	<u>6,285,579</u>		

Amount and percentage of Mudarib share transferred to depositors through Hiba

	2025	2024
	----- (Rupees in '000) -----	
Mudarib share	937,807	1,328,284
Hiba	420,383	303,856
	-----%-----	
Hiba percentage of Mudarib share	30.95	18.62

Profit rate earned vs profit rate distributed to the depositors during the year ended

	2025	2024
	-----%-----	
Profit rate earned	11.39	19.07
Profit rate distributed to depositors	8.77	15.30



CONSOLIDATED FINANCIAL STATEMENTS



The ring of **innovation**

The **Ring of Innovation** drives continuous improvement through forward-thinking initiatives, pioneering solutions to meet evolving needs, ensuring agility and responsiveness in our operations.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BANK MAKRAMAH LIMITED

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the annexed consolidated financial statements of Bank Makramah Limited (the Bank) and its subsidiary (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.

Emphasis of Matter

- As disclosed in note 1.2 and note 1.3 to the consolidated financial statements, the Group was able to achieve success on several planned measures required to meet the capital compliance requirements which, included sanctioning of Scheme of Arrangement, substantial recoveries against non-performing loans, sale of self-constructed property and injection of Rs. 5,000 million by the sponsor shareholder due to which the Group has achieved compliance of Minimum Capital Requirement (MCR) and Capital Adequacy Ratio (CAR), as prescribed by the State Bank of Pakistan.
- As disclosed in note 13 to the consolidated financial statements, the Group has recognized deferred tax asset of Rs. 14,183.802 million, which is considered realisable based on financial projections of taxable profits for next four years, approved by the Board of Directors. The preparation of financial projections involves management assumptions regarding future business and economic conditions and therefore any significant change in assumptions or actual outcome that is different from assumptions, may have effect on the realisability of deferred tax asset in future.
- As disclosed in notes 14.1 and 14.3 to the consolidated financial statements, these properties include undeveloped / underdeveloped land and, accordingly, their valuation involves subjectivities. The properties have been valued by professional firms of valuers included on the list maintained by the Pakistan Banks Association (PBA). We are highlighting this matter owing to the challenges with regards to the disposal and recovery of such assets in near future.

Our opinion is not modified in respect of the matters stated above.

Key Audit Matters

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.

Following is the Key Audit Matter:

S. No.	Key Audit Matter	How the matter was addressed in our audit
1	<p>Expected credit loss allowance against loans and advances</p>	
	<p>As at December 31, 2025, the gross loans and advances of the Group were Rs. 39,969.625 million against which a credit loss allowance of Rs. 13,936.904 million was maintained.</p> <p>We consider this a key audit matter, as the determination of credit loss allowance based on Expected Credit Loss (ECL) model involves significant estimation and management judgement and this has a material impact on the consolidated financial statements of the Group. The key areas of judgement include:</p> <ol style="list-style-type: none"> 1. Categorisation of loans and advances into Stage 1, 2 and 3 based on the identification of: <ol style="list-style-type: none"> a. Exposures with a significant increase in credit risk ("SICR") since their origination; and b. Individually impaired / defaulted exposures. 2. Assumptions used in the ECL model determining the probability of default ("PD"), loss given default ("LGD") and exposure at default ("EAD") for each segment, i.e., (Consumer, Corporate, SME etc.), including but not limited to assessment of financial condition of counterparties, expected future cash flows for stage 3 loans and advances, developing and incorporating forward looking assumptions, macroeconomic factors and the associated scenarios and expected probabilities weightages. 	<p>We obtained understanding of management's assessment of ECL allowance against loans and advances including the Bank's internal rating model, accounting policy and model methodology.</p> <p>We compared the Bank's accounting policy for ECL allowance and the ECL methodology with the requirements of IFRS 9 and application guidance issued by the State Bank of Pakistan (SBP).</p> <p>We reviewed minutes of the meeting of credit, risk and compliance and audit committees to identify risky exposures and consequently their SICR assessment of the loan account.</p> <p>We assessed the design and implementation of the key controls over;</p> <ul style="list-style-type: none"> • the classification of loans and advances into stages 1, 2 and 3 and timely identification of SICR and the determination of default / individually impaired exposures; and • the integrity of current data inputs into the ECL model. <p>For a sample of loan accounts, we assessed:</p> <ul style="list-style-type: none"> • the internal ratings determined by management based on the Bank's internal rating model and considered these assigned ratings in light of external market conditions, financial indicators, Credit Information Bureau reports and available industry information;

S. No.	Key Audit Matter	How the matter was addressed in our audit
	<p>Application of these judgements, assumptions and estimates, continue to result in greater estimation uncertainty and the associated audit risk around ECL calculations as at December 31, 2025.</p> <p><i>Refer to material accounting policy note 4.5 which contains the disclosure of advances policy, Note 9 which contains the disclosure of advances: Note 34 which contains the disclosure of credit loss allowance / reversals and write offs - net; and note 47.1 for details of credit quality analysis and key assumptions and factors considered in determination of ECL.</i></p>	<ul style="list-style-type: none"> • management's computations for ECL; and • we assessed management's assessment of recoverable cash flows, including the impact of eligible collateral, and other sources of repayment. <p>We assessed the appropriateness of the Bank's criteria for the determination of SICR and identification of "default" or "individually impaired" exposures. Further, for a sample of exposures, we assessed the appropriateness of the staging classification of the Bank's loan portfolio.</p> <p>We assessed the reasonableness of the underlying assumptions used by the Bank in the ECL model including forward looking assumptions.</p> <p>We tested the completeness and accuracy of data supporting the ECL calculations as at December 31, 2025.</p> <p>On selected sample of regular loan accounts, we performed the following substantive procedures to evaluate the appropriateness of classification and provision (if any):</p> <ul style="list-style-type: none"> (i) Checked credit documentation, repayments of loan / mark-up instalments, tested stage classification of performing and underperforming advances based on the number of days overdue; (ii) Recomputed ECL provision based on determined PDs and LGDs; and (iii) Evaluated the management's assessment for categorisation of a loan account into stages 1 or 2 based on review of repayment pattern, inspection of credit documentation and thorough discussions with the management. <p>For loans and advances classified as Stage 3, we evaluated the adequacy of provisioning in accordance with the IFRS 9 application guidance issued by SBP.</p> <p>We assessed the adequacy of disclosures in the consolidated financial statements.</p>

Information Other than the Consolidated and Unconsolidated Financial Statements and Auditors' 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 auditors' 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 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 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 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 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.

The engagement partner on the audit resulting in this independent auditor's report is **Nadeem Yousuf Adil**.

Chartered Accountants

Place: Karachi

Date: February 26, 2026

UDIN: AR2025100910XQaTbMSj

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2025

		2025	Restated 2024
	Note	----- (Rupees in '000) -----	
ASSETS			
Cash and balances with treasury banks	5	12,915,786	18,352,208
Balances with other banks	6	2,764,197	1,475,120
Lendings to financial institutions	7	14,199,796	9,697,187
Investments	8	86,308,962	174,858,629
Advances	9	26,032,721	15,574,078
Property and equipment	10	7,770,752	7,072,284
Right-of-use assets	11	2,538,778	2,601,271
Intangible assets	12	325,102	333,599
Deferred tax assets	13	14,183,802	25,600,837
Other assets	14	46,642,630	42,655,900
Total Assets		213,682,526	298,221,113
LIABILITIES			
Bills payable	16	2,749,628	1,900,496
Borrowings	17	7,404,522	89,892,925
Deposits and other accounts	18	168,855,864	185,859,754
Lease Liabilities	19	3,313,315	3,284,402
Subordinated debt	20	1,495,515	1,495,515
Deferred tax liabilities		-	-
Other liabilities	21	6,146,542	7,536,410
Total Liabilities		189,965,386	289,969,502
NET ASSETS		23,717,140	8,251,611
REPRESENTED BY			
Share capital - net	22	10,000,000	10,000,000
Advance against subscription of shares	23	5,000,000	-
Reserves		1,913,138	154,162
Surplus / (deficit) on revaluation of assets	24	4,161,127	4,334,869
Unappropriated profit / accumulated (losses)		2,642,875	(6,237,420)
		23,717,140	8,251,611
CONTINGENCIES AND COMMITMENTS			
	25		

The annexed notes 1 to 48 and annexures I and II form an integral part of these consolidated financial statements.

President / Chief Executive

Chief Financial Officer

Director

Director

Director

CONSOLIDATED STATEMENT OF PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED DECEMBER 31, 2025

	Note	2025 ----- (Rupees in '000) -----	Restated 2024
Mark-up / return / interest earned	26	18,595,844	38,915,403
Mark-up / return / interest expensed	27	19,453,385	42,988,609
Net mark-up / interest expense		(857,541)	(4,073,206)
NON MARK-UP / INTEREST INCOME			
Fee and commission income	28	1,178,388	1,117,445
Dividend income		14,989	8,136
Foreign exchange income		183,708	494,232
Income / (loss) from derivatives		-	-
Gain on securities	29	2,279,536	1,214,358
Net gains / (losses) on derecognition of financial assets measured at amortised cost		-	-
Other income	30	4,301,009	792,329
Total non-markup / interest income		7,957,630	3,626,500
Total income		7,100,089	(446,706)
NON MARK-UP / INTEREST EXPENSES			
Operating expenses	31	8,614,518	8,197,268
Workers' welfare fund	32	381,603	-
Other charges	33	869	772
Total non-markup / interest expenses		8,996,990	8,198,040
Loss before credit loss allowance		(1,896,901)	(8,644,746)
Credit loss allowance and write offs - net	34	(21,029,270)	(1,414,642)
PROFIT / (LOSS) BEFORE TAXATION		19,132,369	(7,230,104)
Taxation	35	10,302,106	(2,023,729)
PROFIT / (LOSS) AFTER TAXATION		8,830,263	(5,206,375)
----- (Rupees) -----			
Basic earning / (loss) per share	36	8.83	(1.00)
Diluted earning / (loss) per share	36	8.83	(1.00)

The annexed notes 1 to 48 and annexures I and II form an integral part of these consolidated financial statements.

President / Chief Executive

Chief Financial Officer

Director

Director

Director

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2025

	2025	Restated 2024
	----- (Rupees in '000) -----	
Profit / (loss) after taxation for the year	8,830,263	(5,206,375)
Other comprehensive income		
Items that may be reclassified to profit and loss account in subsequent periods:		
Movement in (deficit) / surplus on revaluation of debt investments through FVOCI - net of tax	(808,140)	654,084
Items that will not be reclassified to profit and loss account in subsequent periods:		
Remeasurement (loss) / gain on defined benefit obligations	(54,373)	8,817
Movement in surplus on revaluation of equity investments - net of tax	38,693	40,497
Movement in surplus / (deficit) on revaluation of property and equipment - net of tax	2,032,067	(82,669)
Movement in surplus / (deficit) on revaluation of non-banking assets - net of tax	427,019	(23,883)
Movement in surplus / (deficit) on revaluation of held for sale property - net of tax	-	(33,622)
	2,443,406	(90,860)
Total comprehensive income / (loss)	10,465,529	(4,643,151)

The annexed notes 1 to 48 and annexures I and II form an integral part of these consolidated financial statements.

President / Chief Executive

Chief Financial Officer

Director

Director

Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2025

	Share capital			Capital reserves		Statutory reserve	Surplus / (deficit) on revaluation of			Unappropriated profit / accumulated (losses)	Total
	Issued, subscribed and paid up	Discount on issue of shares	Advance against subscription of shares	Share premium	Reserve arising on amalgamation		Investments	Property & equipment / Non banking assets	Property held for sale		
	(Rupees in '000)										
Balance as at January 01, 2024	66,222,205	(35,721,997)	-	1,000,000	(1,579,205)	154,162	189,012	3,105,178	683,657	(46,979,561)	(12,926,549)
Effect of adoption of IFRS 9 - ECL (net of tax)	-	-	-	-	-	-	(60,943)	-	-	(584,869)	(645,812)
Transactions pursuant to merger with GHDL – refer note 1.4											
Issuance of shares against amalgamation with Global Haly Development Limited under court sanctioned scheme of arrangement (refer note 1.4)	123,678,146	(97,211,023)	-	-	-	-	-	-	-	-	26,467,123
Reduction of shares under court sanctioned scheme of arrangement (refer note 1.4)	(179,900,351)	132,933,020	-	(1,000,000)	1,579,205	-	694,581	(106,552)	(33,622)	46,388,126	(5,206,375)
Loss after taxation for year ended December 31, 2024 (Restated (Refer note 1.4))	-	-	-	-	-	-	(372)	-	-	(5,206,375)	8,817
Other comprehensive income - net of tax	-	-	-	-	-	-	-	-	-	-	-
Transfer to statutory reserve	-	-	-	-	-	-	-	-	-	-	-
Transfer from surplus on revaluation of investment at FVOCI on sale to accumulated losses	-	-	-	-	-	-	-	-	-	-	-
Transfer in respect of incremental depreciation from surplus on revaluation of property and equipment	-	-	-	-	-	-	-	(55,590)	-	55,590	-
Transfer in respect of incremental depreciation from surplus on revaluation of non-banking assets to accumulated losses	-	-	-	-	-	-	-	(13,784)	-	13,784	-
Transfer from surplus on revaluation of property and equipment on disposal to accumulated losses	-	-	-	-	-	-	-	(13,418)	-	13,418	-
Transfer from surplus on revaluation of non-banking assets on disposal to accumulated losses	-	-	-	-	-	-	-	(53,278)	-	53,278	-
Balance as at January 01, 2025 - Restated	10,000,000	-	-	-	-	154,162	822,278	2,862,556	650,035	(6,237,420)	8,251,611
Profit after taxation for the year ended December 31, 2025	-	-	-	-	-	-	-	-	-	8,830,263	8,830,263
Effect of reclassification from listed to unlisted due to delisting of securities	-	-	-	-	-	-	57,945	-	-	(57,945)	-
Other comprehensive income - net of tax	-	-	-	-	-	-	(769,447)	2,459,086	-	(54,373)	1,635,266
Transfer to statutory reserve	-	-	-	-	-	1,758,976	-	-	-	(1,758,976)	-
Transfer from surplus on revaluation of investment at FVOCI on sale to accumulated losses	-	-	-	-	-	-	(4,893)	-	-	4,893	-
Transfer in respect of incremental depreciation from surplus on revaluation of property and equipment to accumulated losses	-	-	-	-	-	-	-	(49,377)	-	49,377	-
Transfer in respect of incremental depreciation from surplus on revaluation of non-banking assets to accumulated losses	-	-	-	-	-	-	-	(13,536)	-	13,536	-
Transfer from surplus on revaluation of property and equipment on disposal to accumulated losses	-	-	-	-	-	-	-	(1,203,485)	-	1,203,485	-
Transfer from surplus on revaluation of non-banking assets on disposal to accumulated losses	-	-	-	-	-	-	-	-	-	-	-
Transfer from surplus on revaluation of property held for sale on disposal to accumulated losses	-	-	-	-	-	-	-	-	(650,035)	650,035	-
Transactions with owners, recorded directly in equity											
Advance received against subscription of shares	-	-	5,000,000	-	-	-	-	-	-	-	5,000,000
Balance as at December 31, 2025	10,000,000	-	5,000,000	-	-	1,913,138	105,883	4,055,244	-	2,642,875	23,717,140

The annexed notes 1 to 48 and annexures I and II form an integral part of these consolidated financial statements.

President / Chief Executive

Chief Financial Officer

Director

Director

Director

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2025

	Note	2025 ----- (Rupees in '000) -----	Restated 2024
CASH FLOW FROM OPERATING ACTIVITIES			
Profit / (loss) before taxation		19,132,369	(7,230,104)
Less: Dividend income		(14,989)	(8,136)
		<u>19,117,380</u>	<u>(7,238,240)</u>
Adjustments:			
Depreciation on property and equipment	10.2	412,107	424,453
Depreciation on right-of-use assets	31	539,592	541,593
Depreciation on non-banking assets	14.1.1	60,995	63,439
Finance cost of lease liability	27	521,111	473,834
Amortization	12.2	79,719	39,882
Reversals and write-offs excluding recoveries		(21,027,391)	(1,414,075)
(Loss) / gain on forward exchange contracts		2,522	(20,941)
Charge for defined benefit plan	31.1	92,721	88,803
Charge for employees compensated absences	31.1	71,920	46,789
Gain on termination of lease contracts under IFRS 16	30	(64,354)	(113,049)
Gain on sale of property and equipment	30	(1,592,591)	(65,163)
Gain on sale of non banking assets		-	(606,688)
Gain on sale of HFS	30	(2,636,607)	-
Unrealised gain - FVTPL	29	(1,508)	-
		<u>(23,541,764)</u>	<u>(541,123)</u>
		<u>(4,424,384)</u>	<u>(7,779,363)</u>
Decrease in operating assets			
Lendings to financial institutions		(4,501,942)	(9,697,854)
Held-for-trading securities		(163,087)	38,369
Advances		8,701,724	3,544,339
Others assets (excluding advance taxation)		2,592,989	26,045,000
		<u>6,629,684</u>	<u>19,929,854</u>
Decrease in operating liabilities			
Bills Payable		849,132	(262,041)
Borrowings from financial institutions		(82,488,573)	(40,474,953)
Deposits		(17,003,890)	28,983,603
Other liabilities (excluding current taxation)		(1,393,283)	(1,096,627)
		<u>(100,036,614)</u>	<u>(12,850,018)</u>
Payments on account of staff retirement benefits		(110,539)	(46,635)
Income tax paid		(443,035)	(596,902)
		<u>(98,384,888)</u>	<u>(1,343,064)</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Net Investments in securities classified as FVOCI		89,031,584	6,031,278
Dividends received		14,989	8,136
Investment in GHDL		-	162
Investments in property and equipment		(156,663)	(292,860)
Investments in intangible assets		(71,222)	(108,758)
Proceeds from sale of property and equipment		1,324,745	100,876
Proceeds from sale of non-banking assets		-	1,213,512
		<u>90,143,433</u>	<u>6,952,346</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Advance received against subscription of shares		5,000,000	-
Payment of lease liability against right-of-use assets		(904,942)	(846,779)
		<u>4,095,058</u>	<u>(846,779)</u>
Net cash generated from / (used in) financing activities			
		<u>(4,146,397)</u>	<u>4,762,503</u>
Increase in cash and cash equivalents			
Cash and cash equivalents at beginning of the year		19,823,471	15,060,968
Cash and cash equivalents at end of the year	37	<u>15,677,074</u>	<u>19,823,471</u>

The annexed notes 1 to 48 and annexures I and II form an integral part of these consolidated financial statements.

President / Chief Executive

Chief Financial Officer

Director

Director

Director

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

1. STATUS AND NATURE OF BUSINESS

1.1 The Group comprises of:

1.1.1 Holding Company: Bank Makramah Limited

Bank Makramah Limited (the Bank), is a banking company incorporated in Pakistan on December 09, 2005 as a public company limited by shares under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). The Bank's registered office is situated at Plot No. 9-C, F-6 Markaz, Supermarket, Islamabad, Pakistan and its principal office is situated at Summit Tower, Plot No. G-2, Block 2, Scheme 5, Clifton, Karachi, Pakistan.

The Bank is engaged in banking services as described in the Banking Companies Ordinance, 1962 and is operating through its 149 Conventional Banking Branches and 12 Islamic Banking Branches (December 31, 2024: 150 Conventional Banking Branches and 12 Islamic Banking Branches) in Pakistan.

In 2019, VIS Credit Rating Company Limited suspended the Bank's medium to long-term rating of 'BBB -' (Triple B Minus) and its short-term rating of 'A-3' (A-Three). The Bank has initiated the rating process with VIS Credit Rating Company Limited and requested the State Bank of Pakistan (SBP) to allow the completion of the credit rating exercise by March 31, 2026.

VIS Credit Rating Company Limited has issued a new rating scale for Tier-2 capital instruments. Consequently, the Bank's TFC rating has been adjusted to 'B' (Single B) with a 'Rating Watch-Negative' outlook, as stated in their press release dated June 27, 2023. Previously, the Bank's TFC rating was assigned 'D' (Default) due to non-payment of its latest mark-up payment on account of lock-in clause invoked by the Bank under the applicable Regulations of SBP.

1.1.2 Subsidiary

Summit Capital Private Limited - 100 % Shareholding

SCPL, the subsidiary company was incorporated in Pakistan on March 08, 2006 under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). The subsidiary company is a corporate member / TREC holder of Pakistan Stock Exchange Limited and Pakistan Mercantile Exchange Limited. The principal activities of the subsidiary company are equity brokerage, money market brokerage, interbank foreign exchange brokerage, commodity brokerage, securities advisor and consultant to the issue. The registered office of the Subsidiary is situated at 504-506, 5th Floor, Balad Trade Centre III, Plot # D-75, Block 7, Clifton, Karachi. The Group acquired interest in SCPL by virtue of amalgamation of Atlas Bank Limited.

1.2 During the year, as part of the capital restoration plan to meet the capital compliance requirement set by the State Bank of Pakistan (SBP), the Group was able to achieve success on several planned measures planned to meet the capital compliance requirements. The key milestones (amongst others) achieved during the year are as follows:

- Sanctioning of the Scheme of Arrangement (with the effective date of September 30, 2024) resulting in increase in net assets of the Group by Rs. 26,467.123 million (refer note 1.3, 14.3 and 21.8 for details);

- Substantial recoveries against non-performing loans including recovery from Omni Group (refer notes 9.7 and 9.7.2 for details);
- Sale of self-constructed property on the plot of land bearing No. G-2, Block2, Scheme No. 5 (refer note 14.2 for details); and
- Injection of Rs. 5,000 million by the sponsor shareholder reported as advance against issue of shares (refer note 23 for details).

Consequent to the completion of above measures, the Group has achieved compliance of Minimum Capital Requirement (MCR) and Capital Adequacy Ratio (CAR) (refer note 46 for details) requirements, as prescribed by the SBP.

Further, management is in the process of:

- Having the Term Finance Certificates (TFCs) and accrued markup thereon aggregating to Rs. 3,350.027 million (adjusted for tax) converted to equity through issue of 27,888,469 shares to the TFC holders and in this respect the Group has received consent from requisite threshold of the TFC holders;
- Getting the entity / credit rating of the Group revived through a credit rating agency
- Discussions with SBP to remove certain restrictions placed on the Group, as a result of non-compliance of capital requirements and believes that the SBP will soon remove most of the restrictions, which will allow the Group to efficiently deploy the cash generated from some of the aforementioned steps.

1.3 As disclosed in note 1.2, one of the steps of capital restoration plan, included the proposed amalgamation of Global Haly Development Limited (“GHDL”) (an entity controlled by majority shareholder of the Group), into the Group together with the reduction in share capital of the Group. The Board of Directors (the Board) of the Group, in its meeting held on November 28, 2024, approved the Scheme of Arrangement for the restructuring of the Group (hereinafter referred to as the “Scheme of Arrangement” or the “Scheme”) subject to (i) Procurement of all applicable regulatory, corporate and shareholders' approvals; and (ii) Sanction of the Scheme of Arrangement by the Honorable High Court of Islamabad (IHC) under Sections 279 to 283 and 285(8) of the Companies Act, 2017. The Scheme of Arrangement, after the sanction by IHC, had given the following effect:

- Issue and allotment of 44,589,405 fully paid ordinary shares (face value of Rs. 100 per share) of GHDL to His Excellency Nasser Abdulla Hussain Lootah (a majority shareholder of the Group and GHDL) in settlement of the Advance Against Share Capital, as reported in the financial statements of GHDL for the three-month period ended September 30, 2024;
- Amalgamation of GHDL into the Group (and GHDL stands dissolved);
- Issue and allotment of 12,367,814,589 fully paid ordinary shares (face value of Rs. 10 per share) of the Group to the shareholders of GHDL (including majority shareholder, NAHL) against the net assets of GDHL transferred as of September 30, 2024;

- Settlement of the TFC Redemption Amount, through issuance and allotment of 1,370,190,386 fully paid ordinary shares (face value of Rs. 10 per share) of the Group to TFC Holders;
- Reduction in Authorized share capital of the Group to Rs. 20,000.000 million divided into 2,000,000,000 ordinary shares of Rs 10/- each;
- Reduction in share capital of the Group through cancellation of the Share Capital Unrepresented by Available Assets (i.e., 19,360,225,551 ordinary shares of the Group, being equivalent to the Net Accumulated Loss as of 30 September 2024).

On December 02, 2024, the Group filed a petition in the IHC for sanctioning of, and for other orders facilitating implementing of the Scheme of Arrangement. On November 17, 2025, the IHC sanctioned the Scheme of Arrangement by granting the petition as prayed, **except for the issuance of shares to the TFC Holders due to non-approval of Scheme by the TFC Holders through Extra Ordinary General Meeting (EOGM) held on January 21, 2025 and the related effect on the Scheme thereto.** Due to the refusal of the TFC holders to participate in the court-sanctioned Scheme of Arrangement, the following adjustments had occurred:

- The issuance of original shares decreased from 13,738,004,975 shares (comprising 12,367,814,589 shares to the shareholders of GHDL and 1,370,190,386 shares to the TFC holders of the Group) to 12,367,814,589 shares, as no shares were issued to the TFC holders.
- The originally planned reduction of the Group's share capital, amounting to 19,360,225,551 shares (reduction by 95.09%), decreased to 17,990,035,165 shares (reduction by 94.73%), reflecting the structure of the Scheme without TFC holders participation.

The Scheme of Arrangement was effective from September 30, 2024. A certified copy of the court order was filed with the Registrar of Companies on November 21, 2025 (Completion Date), through which the Scheme of Arrangement came into effect from September 30, 2024 (the effective date). As of such date, (1) all assets and liabilities of GHDL are vested with the Group and GHDL stands dissolved without winding up against issue of 12,367,814,589 fully paid ordinary shares to shareholders of GHDL, and (2) issued, subscribed and paid up capital reduced by 17,990,035,165 shares leaving 1,000,000,000 shares outstanding as of September 30, 2024.

The consideration transferred was 12,367,814,589 fully paid ordinary shares of Rs. 10 each (less discount of Rs. 7.86 per share) issued to the shareholders of GHDL in accordance with the approved swap ratio (i.e., approx. 232.3522 shares of the Group to be issued for 1 share of GHDL). The swap ratio was determined based on values and calculations set forth in the Swap Computation Letter dated November 28, 2024, issued by M/s Baker Tilly Mehmood Idrees Qamar, Chartered Accountants, and was approved by the Board of Directors of both companies.

The aforementioned merger / amalgamation of GHDL with and into the Group had been accounted for using predecessor method of accounting in accordance with the requirements of accounting standard issued by the Institute of Chartered Accountants of Pakistan on "Accounting for Common Control Transactions" as notified by the Securities and Exchange Commission (SECP) under SRO 53 (I)/2022 dated January 12, 2022.

GHDL's assets and liabilities as of September 30, 2024, i.e., the effective date of merger / amalgamation have been amalgamated on a line-by-line basis in the Group's financial statements at their respective carrying amounts and there is no difference in the value of net assets acquired and consideration transferred to the shareholders of GHDL. Consequently, corresponding figures in consolidated statement of financial position and related notes are clubbed together to include assets and liabilities acquired / assumed under the Scheme and corresponding figures of consolidated statement of profit and loss account, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated cash flow statement and related notes are adjusted to include the effect of results of GHDL for the three-month period from October 01, 2024 to December 31, 2024. Consequently, the corresponding figures in these consolidated financial statements do not reflect the results of GHDL for the period before the effective date of merger.

In practice, it meant that the reports of all merging companies were aggregated, intercompany transactions, settlements and equity relations were eliminated, and valuation of assets and liabilities were unified. The whole business combination transaction was settled within equity with no influence on goodwill.

The details of the assets acquired and liabilities assumed of GHDL and the consideration transferred by the Group to the shareholders of GHDL (as per the management accounts of GHDL submitted with the Scheme) and are as follows:

	----Rs. in '000----
ASSET	
Cash and bank balances	162
Property and equipment	41
Advance and deposits	4,009
Investment property (Refer note 14.3)	<u>27,620,338</u>
Total Assets	<u>27,624,550</u>
LIABILITIES	
Liability against purchase of land (Refer note 21.8)	1,142,001
Other liabilities	<u>15,426</u>
Total Liabilities	<u>1,157,427</u>
Carrying amount of GHDL's net assets as on merger date	<u><u>26,467,123</u></u>
Consideration transferred	
12,367,814,589 fully paid ordinary shares of the Bank having par value of Rs. 10 per share	123,678,146
Less: Discount of Rs. 7.86 per share	<u>(97,211,023)</u>
Total value of 12,367,814,589 issued shares	<u>26,467,123</u>

As part of the court proceedings, the regulators, such as SBP, SECP and the creditor (i.e., Pakistan Defence Housing Authority – DHA) of GHDL were called by the IHC. The SBP and SECP did not raise any objections on the financial statements (which includes investment property of Rs. 27,620.338 million) submitted to the IHC, while DHA did not attend the court proceedings.

2. BASIS OF PRESENTATION

2.1 STATEMENT OF COMPLIANCE

These consolidated financial statements represent financial statements of the Holding Company - Bank Makramah Limited and its subsidiary. The assets and liabilities of subsidiary have been consolidated on a line-by-line basis and the investment held by the holding company is eliminated against the corresponding share capital of the subsidiary in these consolidated financial statements.

2.2 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:

- International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Act, 2017;
- Provisions of and directives issued under the Banking Companies Ordinance, 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 issued by SBP and the SECP differ with the requirements of IFRS or IFAS, the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 and the said directives, shall prevail.

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

Key financial figures of the Islamic banking branches are disclosed in Annexure - II to these consolidated financial statements.

2.2.2 These consolidated financial statements have been prepared in accordance with SBP format as issued vide its BPRD Circular no. 02 dated February 09, 2023.

2.3 Basis of consolidation

Subsidiaries are entities controlled by the Group. Control exists when the Group is exposed, or has rights, to variable returns from its investment with investee and has the ability to effect these return through its power over the investee.

These consolidated financial statements incorporate the financial statements of subsidiary from the date that control commences until the date that control ceases.

Non-controlling interests are that part of the net results of operations and of net assets of subsidiary attributable to the interest which are not owned by the Group. Material intra-group balances and transactions are eliminated.

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

There are certain new and amended standards and interpretations to existing accounting and reporting standards that are mandatory for the Group's accounting periods beginning on or after January 01, 2025 but are considered not to be relevant or do not have any material effect on the Group's operations and are therefore not detailed in these consolidated financial statements.

Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates' - Clarification on how entity accounts when there is long term lack of Exchangeability.

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

The following 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 other than certain additional disclosures:

<u>Standards, Interpretations or Amendments</u>	<u>Effective date (annual periods beginning on or after)</u>
IFRS 7 - Financial Instruments: Disclosures	January 01, 2026
Amendments IFRS 9 'Financial Instruments' and IFRS 7 'Financial instruments disclosures' - Classification and measurement of financial instruments	January 01, 2026
Annual Improvements to IFRS Accounting Standards (related to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7)	January 01, 2026
Amendments IFRS 9 'Financial Instruments' and IFRS 7 'Financial instruments disclosures' - Contracts Referencing Nature-dependent Electricity	January 01, 2026
IFRS 17 - Insurance Contracts (including the June 2020 and December 2021 Amendments to IFRS 17)	January 01, 2026
IFRS 18 - Presentation and Disclosures in Financial Statements	January 01, 2027
IFRS 19 - Subsidiaries without Public Accountability: Disclosures	January 01, 2027

Other than the aforesaid amendments, IASB has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 – First Time Adoption of International Financial Reporting Standards

2.6 Critical accounting estimates and judgments

The preparation of these consolidated financial statements in conformity with approved accounting standards as applicable in Pakistan requires the management to make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses as well as in the disclosure of contingent liabilities. It also requires the management to exercise judgements in application of its accounting policies. The estimates and associated assumptions are based on historical experiences and various other factors that are believed to be reasonable under the circumstances. These estimates and assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of revision and in future periods if the revision affects both current and future periods.

Significant accounting estimates and areas where judgements were made by the management in the application of accounting policies are as follows:

	<u>Note</u>
- Expected credit losses	4.5
- Classification and ECL against investments	4.3, 4.5, 8 and 34
- Classification and ECL against non-performing loans and advances	4.4, 4.5, 9 and 34
- Revaluation and useful lives of property and equipment and intangible assets	4.7.1, 4.9.1, 10 and 12
- Impairment of non-financial assets	4.20
- Valuation and depreciation of right-of-use assets and related lease liabilities	4.8
- Accounting for staff retirement and other benefits	4.16, 39 and 40
- Taxation	4.19 and 35
- Other provisions	4.22
- Fair value of financial instruments	42
- Valuation of non-banking assets acquired in satisfaction of claims	4.10 and 14.1
- Remuneration framework and related disclosures	4.15 and 41

3. BASIS OF MEASUREMENT

3.1 Accounting convention

These consolidated financial statements have been prepared under the historical cost convention, except for:

- Certain item of property and equipment and non-banking assets acquired in satisfaction of claims are stated at revalued amounts less accumulated depreciation / impairment.
- Investments classified as FVTPL and FVOCI are measured at fair value.
- Commitments in respect of forward exchange contracts, which are measured at fair value.
- Right-of-use assets and their related lease liabilities, which are measured at their present value adjusted for depreciation, interest cost and lease repayments.
- Net obligation in respect of defined benefit scheme, which is measured at their present value.

3.2 Functional and Presentation Currency

These consolidated financial statements are presented in Pakistani Rupees, which is the Group's functional and presentation currency.

The amounts are rounded off to the nearest thousand rupees except as stated otherwise.

4. MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policy information related to preparation of these consolidated financial statements are consistent with those of the previous financial year.

4.1 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents include cash in hand, national prize bond, balances with treasury banks and balances with other banks (net of overdrawn nostro balances) in current and deposit accounts.

4.2 Lendings to / borrowings from financial institutions

The Group enters into transactions of borrowings (repo) from and lending (reverse repo) to financial and other institutions, at contracted rates for a specified period of time. These are recorded as under:

a) Sale of securities under repurchase agreements (Repo)

Securities sold subject to an agreement to repurchase at a specified future date (repos) continue to be recognized in the consolidated statement of financial position and are measured in accordance with accounting policies for investment securities. The counterparty liability for amounts received under these agreements is included in borrowings. The difference between sale and repurchase price is treated as mark up expense and is accrued over the period of the repo agreement.

b) Other borrowings

Other borrowings include borrowings from the SBP and unsecured call borrowings which are recorded at the proceeds received. Mark up paid on such borrowings is charged to the consolidated profit and loss account over the period of borrowings on time proportionate basis.

c) Purchase of securities under resale agreements (Reverse Repo)

Securities purchased under agreement to resell at a specified future date (reverse repos) are not recognized in the consolidated statement of financial position. Amounts paid under these agreements are included in lendings to financial institutions. The difference between purchase and resale price is treated as mark-up earned and is accrued over the period of the reverse repo agreement. Securities purchased are not recognized in the consolidated financial statements, unless these are sold to third parties, in which case the obligation to return them is recorded at fair value as a trading liability under borrowings from financial institutions.

d) Other lendings

Other lendings include term lendings and unsecured lendings to financial institutions. These are stated net of ECL. Return on such lendings is accrued to consolidated profit and loss account on a time proportionate basis using effective interest rate method except mark-up on impaired / delinquent lendings, which are recognized on receipt basis in accordance with the requirements of the Prudential Regulations of the SBP.

e) **Musharakah**

Musharakah is a profit and loss sharing transaction in which the Group and counterparty place their funds in a pool of specific asset (managed with us in case of acceptance transaction and managed by the counter party in case of placement transaction) yielding a specified return on a predetermined profit sharing ratio. The profit of the pool is shared according to this pre-agreed ratio.

f) **Bai Muajjal**

Bai Muajjal is a transaction in which a party in need of funds purchases an easily saleable Shariah compliant security (such as Sukuk) from a counter party (the party with excess funds) on deferred payment basis and sells it on spot payment basis to a third party thereby raises liquidity. Receivable against such sale is recognized at the agreed sale price. The difference between the sale price and the carrying value on the date of disposal is accrued and recorded as income in the consolidated profit and loss account over the period of credit sale.

4.3 Investments

4.3.1 Classification

Classification of Investments

The Group classifies its financial assets into the following categories:

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

Classification of Equity Instruments

Equity securities that are traded in an active market and are held for trading purposes will be classified as FVTPL. Equity securities that are not held for trading purposes will be classified as FVOCI; however, gains and losses on disposal of securities classified as FVOCI will not be recycled through the profit and loss account. The classification decision is made on a case by case basis at the time of purchase, is documented, and is irrevocable. Unlisted equity securities (if any) will be carried at lower of cost or breakup value till December 31, 2024. Thereafter these will be carried at fair value.

Classification of Debt Instruments

Financial assets other than equity instruments will be classified based on their cash flow characteristics and business model assessment:

Amortised Cost: These will be classified as amortised cost if the objective is to hold the asset only for collecting contractual cash flows (principal and interest).

FVOCI: These will be classified at FVOCI when the objective is to collect contractual cash flows (principal and interest) and also to potentially sell the same depending on market conditions. Any unrealized profit or loss on debt instruments classified as FVOCI is reflected in other comprehensive income and is recycled through the profit and loss account when the investment is sold.

FVTPL: This includes financial assets:

- which are not classified as either at amortised cost or FVOCI;
- which do not have fixed maturity

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

Subsequent Measurement

Equity and debt securities classified as FVOCI

These securities are subsequently measured at fair value. Changes in the fair value of these securities are recorded in OCI. When a debt security is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to the profit and loss account. When an equity security is derecognised, gains and losses previously recognised in OCI are not recycled through the profit and loss account but are transferred directly to retained earnings.

Other financial assets classified at amortised cost

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

4.3.2 Regular way contracts

All purchases and sales of investments that require delivery within time frame established by regulations or market conventions are recognized at the trade date. Trade date is the date on which the Group commits to purchase or sell the investment.

4.4 Advances

Advances are stated net of ECL. The ECL against advances are made in accordance with the requirements of IFRS 9 and other directives issued by the State Bank of Pakistan and are charged to the consolidated profit and loss account. Non-performing loans and advances in respect of which the Group does not expect any recoveries in future years are written off.

Lease, where the Group transfers substantially all the risks and rewards incidental to the ownership of an asset are classified as finance leases. A receivable is recognized at an amount equal to the present value of the minimum lease payments, including guaranteed residual value, if any. Unearned finance income is recognized over the term of the lease, so as to produce a constant periodic return on the outstanding net investment in lease. Finance lease receivables are included in advances to the customers.

The Group provides Islamic financing and related assets mainly through Ijarah, Murabaha, Diminishing Musharakah, Salam, Tijarah, Istisna, Musharakah and Export Refinance under SBP Islamic Export Refinance Scheme. The purchases and sales arising under these arrangements 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. The income on such financing is recognized in accordance with the principles of Islamic Shariah. The Group determines ECL against Islamic financing and related assets in accordance with the requirements of IFRS 9. The net ECL charged / reversed during the year is charged to the consolidated profit and loss account and accumulated ECL is netted off against Islamic financing and related assets. Islamic financing and related assets are written off when there are no realistic prospects of recovery.

4.5 Expected Credit Losses

The Group has been recording the allowance for expected credit losses for all loans and other debt financial assets held at amortised cost or FVOCI, together with loan commitments, letters of credit and financial guarantee contracts. Equity instruments are not subject to impairment under IFRS 9. Under the SBP's instructions, local currency credit exposures guaranteed by the Government and Government Securities are exempted from the application of ECL.

The calculation of ECLs

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss (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.

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

- Stage 1: When loans are first recognised, the Group recognises an allowance based on 12mECLs. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2.
- Stage 2: When a loan has shown a significant increase in credit risk since origination (SICR), the Group records an allowance for the LTECLs. Stage 2 loans also include facilities, where the credit risk has improved and the loan has been reclassified from Stage 3.
- Stage 3: Loans considered credit-impaired. The Group records an allowance for the LTECLs with PD set at 100%. Under SBP's instructions, until implementation of IFRS 9 has stabilized, Stage 3 allowance would be taken as higher of IFRS 9 ECL or provision computed under Prudential Regulations.

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 rating grade for subject borrower. 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 30 days past due. However, for certain portfolios, the Group has rebutted 30 DPD presumption based on behavioral analysis of its borrowers.

The key elements of ECL calculations are as follows:

- 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 transitioning among credit states. Credit states are defined by rating classes and are based on the Group's internal risk ratings (i.e. from 1 to 12). Through the yearly review of the non-consumer portfolio, the Group has drawn a yearly transition matrix of ratings to compute a count based PD over the one year horizon for the last 7 years. PDs for non-rated portfolios are calculated based on Days Past Due (DPD) bucket level for each segment separately. Where practical, they also build on information from External Rating Agencies. PDs are then adjusted for IFRS 9 ECL calculations to incorporate forward looking information.
- 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 interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.
- The Loss Given Default (LGD) is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. To mitigate its credit risks on financial assets, the Group seeks to use collateral, where possible. The collateral comes in various forms, such as cash, securities, letters of credit / guarantees, real estate, receivables, inventories and other non-financial assets. For IFRS 9, the Group only considers the liquid collaterals.

The interest rate used to discount the ECLs would be based on the effective interest rate that is expected to be charged over the expected period of exposure to the facilities.

When estimating the ECLs, the Group considers three probability-weighted scenarios (a base case, a best case, and a worse case). Each of these is associated with different PDs, EADs and LGDs. These expected probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR. This calculation is made for each of the three scenarios. When relevant, the assessment of multiple scenarios also incorporates how defaulted loans are expected to be recovered, including the probability that the loans will cure and the value of collateral or the amount that might be received for selling the asset.

The maximum period for which the credit losses are determined is the contractual life of a financial instrument unless the Group has the legal right to call it earlier.

Impairment losses and reversals are accounted for and disclosed separately from modification losses or gains that are accounted for as an adjustment of the financial asset's gross carrying value.

Forward looking information: The Group formulates a base case view of the future direction of relevant economic variables and a representative range of other possible forecast scenarios and consideration of a variety of external actual and forecast information. This process involves developing three different economic scenarios, which represent macro economic inputs.

4.6 Derecognition of financial assets

Derecognition due to substantial modification of terms and conditions

The Group derecognises a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognised loan is classified as Stage 1 for ECL measurement purposes, unless it is deemed to be purchased originated credit impaired. When assessing whether or not to derecognise a loan to a customer, amongst others, the Group considers qualitative factors such as change in currency of the loan, introduction of an equity feature, change in counterparty, or if the modification is such that the instrument would no longer meet the SPPI criterion.

If the modification does not result in cash flows that are substantially different, the modification does not result in derecognition. Based on the change in cash flows discounted at the original EIR, the Group records a modification gain or loss, to the extent that an impairment loss has not already been recorded.

The gain / (loss) on derecognition of financial asset has been calculated as the difference between the book value (including impairment) and the proceeds received.

Derecognition other than due to substantial modification of terms and conditions

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

4.7 Property and equipment

4.7.1 Owned

Property and equipment, other than leasehold land (which is not depreciated) and capital work-in-progress, are stated at cost or revalued amount less accumulated depreciation and accumulated impairment losses, if any. Land is carried at revalued amount less impairment losses while capital work-in-progress is stated at cost less impairment losses, if any.

Depreciation is calculated by the Group using the straight line method which writes down the cost of assets to their residual values over the estimated useful lives. The rates at which the assets are depreciated are disclosed in note 10.2 to these consolidated financial statements. The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at each statement of financial position date.

Depreciation on additions is charged from the month the assets are available for use while no depreciation is charged in the month in which the assets are disposed of.

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

Land and buildings are revalued by professionally qualified valuers with sufficient regularity to ensure that their net carrying value does not differ materially from their fair value. A surplus arising on revaluation is credited to the surplus on revaluation of property and equipment account. Any deficit arising on subsequent revaluation of property and equipment is adjusted against the surplus of that asset or, if no surplus exists, is charged to consolidated profit and loss account as an impairment of the asset. The surplus on revaluation of property and equipment, to the extent of incremental depreciation, is transferred to retained earnings.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the assets is recognized in the consolidated profit and loss account in the year when asset is derecognized. Surplus on revaluation realised on disposal of property and equipment is transferred directly to retained earnings.

4.7.2 Capital work-in-progress

Capital work-in-progress are stated at cost less accumulated impairment losses, if any. All expenditures connected with specific assets incurred during installation and construction period are carried under this head. These are transferred to specific assets as and when assets become available for use.

4.8 Right-of-use assets and their related lease liability

4.8.1 Right-of-use assets

On initial recognition, right-of-use assets are measured at an amount equal to initial lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to be incurred to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located. The Group does not apply the recognition and measurement approach of IFRS 16 for short-term leases.

Right-of-use assets are subsequently stated at cost less any accumulated depreciation / accumulated impairment losses and are adjusted for any remeasurement of lease liability. The remeasurement of lease liability will only occur in cases where the terms of the lease are changed during the lease tenure.

Right-of-use assets are depreciated on straight line basis over shorter of expected useful life or the lease term. Depreciation on additions (new leases) is charged from the month in which the leases are entered into. No depreciation is charged in the month in which the leases mature or are terminated.

4.8.2 Lease liability against right-of-use assets

The lease liabilities are initially measured as the present value of the remaining lease payments, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Group's incremental borrowing rate.

The lease liability is subsequently measured at amortised 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 profit and loss account as mark-up 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.

4.9 Intangible assets

4.9.1 Intangible assets in use

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. Intangible assets with finite lives are amortized using the straight line method at rates specified in the relevant note. Intangible assets' residual values, if significant and their useful lives are reviewed at each balance sheet date and adjusted prospectively, if appropriate, at each balance sheet date.

Amortization on additions to intangible assets is charged from the month in which an asset is acquired or capitalized while no amortization is charged for the month in which that asset is disposed of.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supported. If not, the change in useful life from indefinite to finite is made on a prospective basis.

4.9.2 Capital work-in-progress

Capital work-in-progress are stated at cost less accumulated impairment losses, if any. All expenditures connected with specific assets incurred during implementation period are carried under this head. These are transferred to specific assets as and when assets become available for use.

4.9.3 Goodwill

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred over the net identifiable assets acquired and liabilities assumed as an intangible asset.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is tested for impairment annually or whenever there is an indication of impairment as per the requirement of International Accounting Standard (IAS) 36, 'Impairment of Assets'. Impairment charge in respect of goodwill is recognized in the consolidated profit and loss account.

4.10 Non-banking assets acquired in satisfaction of claim

Non-banking assets are initially recorded at cost. Non-banking assets acquired in satisfaction of claims are subsequently carried at revalued amounts less accumulated depreciation and impairment loss, if any. 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. A surplus arising on revaluation of property is credited to the 'surplus on revaluation of non-banking assets' account and any deficit arising on revaluation is adjusted against the surplus of that asset or, if no surplus exists, is charged to the consolidated profit and loss account as an impairment. Legal fees, transfer costs and direct cost of acquiring title to property are charged to the consolidated profit and loss account.

Depreciation on non-banking assets acquired in satisfaction of claims is charged to the consolidated profit and loss account.

These assets are generally intended for disposal. Gains and losses realised on the disposal of such assets are disclosed separately from gains and losses realised on the disposal of property and equipment. Surplus on revaluation realized on disposal of these assets is transferred directly to retained earnings (accumulated losses). If such an asset is subsequently used by the Group for its own use, the asset, along with any related surplus, are transferred to property and equipment.

4.11 Classification of Financial Liabilities

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

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

4.12 Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. 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. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in the consolidated profit and loss account.

4.13 Deposits

Deposits are initially recorded at the amount of proceeds received. Mark-up accrued on deposits is recognized separately as part of other liabilities and is charged to the consolidated profit and loss account on a time proportion basis.

Deposits under Islamic Banking operations are accepted on the basis of two modes i.e. Qard and Mudaraba.

Deposits taken on Qard basis are classified as 'Current accounts' and deposits generated on Mudaraba basis are classified as 'Savings deposits' and 'Fixed deposits'. No profit or loss is passed on to current account depositors, however the funds of current accounts are treated as equity for the purpose of profit calculation and any profit earned / loss incurred on those funds are allocated to the equity of the Group. While the product features of each product differ, there is usually no restriction on withdrawals or number of transactions in current and saving accounts. In case of fixed deposits, pre-mature withdrawals can be made as per approved terms only.

While the product features of each product differ, there is usually no restriction on withdrawals or number of transactions in current and saving accounts. In case of Islamic Savings Certificates, pre-mature withdrawals can be made as per approved terms only.

Profits realized in investment pools are distributed in pre-agreed profit sharing ratio. Rab-ul-Maal share is distributed among depositors according to weightages assigned at the inception of profit calculation period. Mudarib can distribute its share of profit to Rab-ul-Maal up to a maximum of 60% of its profit as incentive profits (Hiba).

Profits are distributed from the pool such that the depositors (remunerative) bear the risk of assets in the pool during the profit calculation period. 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.

Asset pools are created at the Group's discretion and the Group can add, amend and transfer an asset to any other pool.

4.14 Subordinated debt

Subordinated loans are initially recorded at the amount of proceeds received. Mark-up accrued on subordinated loans is recognized separately as part of other liabilities and is charged to the consolidated profit and loss account over the period on an accrual basis.

4.15 Remuneration framework

In accordance with Guidelines on Remuneration Practices, the Group has developed a comprehensive remuneration framework. The aim of this framework is to promote an effective risk management culture, and to ensure that the remuneration practice at the Group is in line with the Group's objectives taking into consideration all risks that the Group may face. As a result, a fair, objective, transparent and sound remuneration policy, aligned with risks and responsibilities of Financial Intermediation has been put in place.

4.16 Staff retirement benefits

4.16.1 Defined contribution plan

The Bank and Summit Capital (Private) Limited (SCPL) operate their separate defined contribution provident funds for all their permanent employees. Equal monthly contributions are made both by the Group and its employees to the respective funds at the rate of 10% of basic salary respectively.

4.16.2 Defined benefit plan

The Bank and Summit Capital (Private) Limited (SCPL) operate their separate funded gratuity plans for all their permanent employees who have completed the minimum qualifying period as per their respective fund rules. Provision is made by respective funds to meet the cost of such gratuity benefits on the basis of actuarial recommendations. The actuarial valuations are periodically carried out using the 'Projected Unit Credit Method'.

Annual contributions towards the defined benefit schemes are made on the basis of actuarial valuation carried out using the Projected Unit Credit Method.

The Group follows International Accounting Standard (IAS) 19, 'Employee Benefits'. Actuarial gains and losses are recognized in consolidated other comprehensive income (OCI) in the periods in which they occur. Amounts recorded in the consolidated profit and loss account are limited to current and past service costs, gains or losses on settlements, and net interest income / expense. All other changes in the net defined benefit obligation are recognized directly in other comprehensive income with no subsequent recycling through the consolidated profit and loss account.

4.16.3 Employees' compensated absences

The Group provides its liability towards compensated absences accumulated by its employees on the basis of actuarial valuation carried out using the Projected Unit Credit Method as per the requirements given in International Accounting Standard (IAS) 19, 'Employee Benefits'. Actuarial gains and losses are credited or charged to the consolidated profit and loss account in the year in which they occur.

4.17 Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated into rupee at the exchange rates prevailing on the transaction date. Monetary assets and liabilities in foreign currencies are expressed in rupees terms at the rates of exchange ruling on the consolidated statement of financial position date. Forward foreign exchange contracts are valued at forward rates determined with reference to their respective maturities.

Translation gains and losses

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

4.18 Revenue recognition

- Mark-up income / interest on advances and return on investments are recognized on a time proportion basis using the effective yield on the arrangement / instrument except that mark-up / return on non-performing advances and investments are recognized on receipt basis. Interest / return / mark-up on rescheduled / restructured advances and investments is recognized as permitted by the SBP except where in the opinion of the management it would not be prudent to do so.
- Income from lease financing is accounted for using the financing method. Under this method, the unearned lease income (excess of the sum of 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. Gains / losses on termination of lease contracts are recognized as income when these are realized.
- Fee, commission and brokerage income is recognized upon performance of obligations. Fees for ongoing account management are charged to the customer's account on monthly basis. Transaction based fees are charged to the customer's account when transaction takes place.
- Dividend income from investments is recognized when the Group's right to receive the dividend is established.
- Premium or discount on acquisition of investments is amortized using the effective yield method and taken to consolidated profit and loss account over the remaining maturity of the security.
- Gains and losses on disposal of investments and certain operating property and equipments are taken to the consolidated profit and loss account in the year in which they arise.
- Ijarah income is recognized on an accrual basis as and when the rentals become due.
- Profits on Bai Muajjal lendings are recognized on a straight-line basis.
- Murabaha income is recognized on deferred income basis.

4.19 Taxation

Current

The charge for current taxation is based on taxable income at the current rate of taxation after taking into account applicable tax credit, rebates and exemptions available, if any, or minimum tax on turnover, whichever is higher.

Prior years

The taxation charge for prior years represents adjustments to the tax charge relating to prior years, arising from assessments / changes in laws and changes in estimates made during the current year.

Deferred

Deferred tax is recognized on all major temporary differences, tax credits and unused tax losses at the consolidated statement of financial position date between the amounts attributed to assets and liabilities for financial reporting purposes and amounts used for taxation purposes. Deferred tax is calculated at the rates that are expected to apply to the periods when the differences will reverse, based on tax rates that have been enacted or substantially enacted at the consolidated statement of financial position date.

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

The Group also recognizes deferred tax asset / liability on deficit / surplus on revaluation of assets which is adjusted against related deficit / surplus in accordance with the requirements of the International Accounting Standard (IAS) 12 'Income Taxes'.

4.20 Impairment of non-financial assets

The carrying amounts of non-financial assets are reviewed at each statement of financial position date for impairment whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable. If such indication exists, and where the carrying value exceeds the estimated recoverable amount, assets are written down to their recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. The resulting impairment loss is taken to the consolidated profit and loss account.

A subsequent increase in the recoverable value of the asset results in a reversal of the impairment loss through the profit and loss account, up to the original carrying value of the asset, if the reversal can be objectively related to an event occurring after the impairment loss was recognised.

A provision is also recognised on other assets where the chances of recovery of those balances are very low.

4.21 Contingent liabilities

Contingent liabilities are not recognised in the 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, based on legal / professional opinions or other relevant assessments, it is not disclosed as a contingent liability.

4.22 Other provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of past events and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. A provision for off balance sheet obligations is recognised when the Group becomes aware of the obligation and reasonable certainty exists that the Group will settle the obligation. The charge to the profit and loss account is stated net of expected recoveries and the obligation is recognised in other liabilities.

Provisions are reviewed at each consolidated statement of financial position date and are adjusted to reflect the current best estimate.

4.23 Off setting

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

4.24 Acceptances

Acceptances comprise undertaking by the Group to pay bill of exchange drawn on customers. The Group expects most acceptances to be simultaneously settled with the reimbursement from the customers. Acceptances are accounted for as on the balance sheet transactions.

4.25 Financial instruments

Financial Assets and Liabilities

Financial instruments carried on the consolidated statement of financial position include cash and bank balances, lendings to financial institutions, investments, advances, certain other receivables, borrowings from financial institutions, deposits and certain other payables. The particular recognition methods adopted for significant financial assets and financial liabilities are disclosed in the individual policy statements associated with them. Financial assets are de-recognized when the contractual right to future cash flows from the asset expire or is transferred along with the risk and reward of the asset. Financial liabilities are de-recognized when obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on de-recognition of the financial asset and liabilities is recognized in the consolidated profit and loss account of the current period.

Derivative financial instruments

Derivative financial instruments are initially recognized at their fair value on the date on which a 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 profit and loss account.

4.26 Earnings per share

The Group presents basic and diluted earnings per share (EPS) for its shareholders. 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.

4.27 Segment reporting

A segment is a distinguishable component of the Group that is subject to risks and rewards that are different from those of other segment. A business segment is one that is engaged either in providing certain products or services, whereas a geographical segment is one engaged in providing certain products or services within a particular economic environment. Segment information is presented as per the Group's functional structure. The Group comprises of the following main business segments:

4.27.1 Business segments

Corporate, SME and Commercial

This segment provides a wide variety of financial products and services to large and medium-sized clients, along with loan products offered to the Consumer, SME and agriculture segments.

Treasury

This segment is responsible for asset / liability management and includes all treasury related products.

Retail banking

This segment relates to the branch distribution network, its related deposit and other products, and general banking services.

Brokerage business

It includes brokerage activities handled through the Subsidiary - Summit Capital (Private) Limited.

Others

This segment includes the head office related activities and all other activities not tagged to the segments above.

4.27.2 Geographical segments

The Group conducts all its operations in Pakistan.

5. CASH AND BALANCES WITH TREASURY BANKS

In hand

	2025	Restated 2024
Local currency	2,993,562	5,013,497
Foreign currency	315,610	312,345
	3,309,172	5,325,842

With State Bank of Pakistan in

	2025	Restated 2024
Local currency current account	8,273,572	11,895,205
Foreign currency current account	428,588	417,268
Foreign currency deposit account	607,487	628,589
	9,309,647	12,941,062

With National Bank of Pakistan in Local currency current account 286,667 75,693

Prize bonds 10,300 9,611

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

Cash and balances with treasury banks - net of credit loss allowance **12,915,786** **18,352,208**

- 5.1** These represent current accounts maintained under the Cash Reserve Requirement of the SBP.
- 5.2** These represent foreign currency current accounts maintained under the Cash Reserve Requirement and Special Cash Reserve Requirement of the SBP.
- 5.3** These represent deposit accounts maintained under Special Cash Reserve requirement of the SBP and a US Dollar Settlement account maintained with SBP. These carry mark up rate of 2.86% to 3.35% (2024: 3.53% to 4.35%) per annum.

6. BALANCES WITH OTHER BANKS

In Pakistan

	2025	Restated 2024
In current account	27,866	9,355
In deposit account	2,292	318
	30,158	9,673

Outside Pakistan

	2025	Restated 2024
In current account	2,674,471	1,387,894
In deposit account	61,772	78,639
	2,736,243	1,466,533

Less: Credit loss allowance held against balances with other banks (2,204) (1,086)

- 6.1** These represent placements with correspondent banks, carrying interest rate determined with respect to underlying currency benchmark rates ranging from 6.63% to 11.50% per annum (2024: 13.50% to 20.50% per annum).
- 6.2** These represent placements with correspondent banks, carrying interest rate determined with respect to underlying currency benchmark rates ranging from 0.00% to 4.50% per annum (2024: 0.00% to 5.50% per annum).

Note ----- (Rupees in '000) -----

Note ----- (Rupees in '000) -----

7. LENDINGS TO FINANCIAL INSTITUTIONS

Note ----- (Rupees in '000) -----

		2025	2024
Reverse repo agreements	7.3	8,600,300	2,936,730
Bai Muajjal receivable			
- with State Bank of Pakistan	7.4	5,599,496	4,761,124
Musharakah	7.5	-	2,000,000
		<u>14,199,796</u>	<u>9,697,854</u>
Less: Credit loss allowance held against lending to financial institutions	34	-	(667)
Lendings to financial institutions - net of credit loss allowance		<u><u>14,199,796</u></u>	<u><u>9,697,187</u></u>

7.1 Particulars of lending - Gross

In local currency		14,199,796	9,697,854
In foreign currencies		-	-
		<u><u>14,199,796</u></u>	<u><u>9,697,854</u></u>

7.2 Securities held as collateral against Lendings to Financial Institutions

	2025			2024		
	Held by Group	Further given as collateral	Total	Held by Group	Further given as collateral	Total
	----- (Rupees in '000) -----					
Pakistan Investment Bonds	8,600,300	-	8,600,300	2,936,730	-	2,936,730
	<u><u>8,600,300</u></u>	<u><u>-</u></u>	<u><u>8,600,300</u></u>	<u><u>2,936,730</u></u>	<u><u>-</u></u>	<u><u>2,936,730</u></u>

7.2.1 The market value of securities held as collateral against repurchase agreement lendings amounted to Rs. 8,585.850 million (2024: Rs. 2,938.812 million).

7.3 This represents lending against securities to a financial institutions that carries mark-up rate of 9.50% per annum (2024: 13.50% per annum) which will mature by January 02, 2026 (2024: January 02, 2025).

7.4 This represents Bai Muajjal agreement with State Bank of Pakistan and carries profit rate of 16.21% per annum (2024: 16.21% per annum) and are due to mature latest by August 05, 2027 (2024: August 05, 2027).

7.5 This represented Musharakah agreement with other financial institution and carried profit rate of 12.50% per annum on December 31, 2024 and has matured on January 03, 2025.

7.6 Lending to FIs - Particulars of credit loss allowance

		2025		2024	
		Lending	Credit loss allowance held	Lending	Credit loss allowance held
----- (Rupees in '000) -----					
Domestic					
Performing	Stage 1	14,199,796	-	9,697,854	667
Under performing	Stage 2	-	-	-	-
Non-performing	Stage 3				
Substandard		-	-	-	-
Doubtful		-	-	-	-
Loss		-	-	-	-
Total		14,199,796	-	9,697,854	667
Overseas					
Performing	Stage 1	-	-	-	-
Under performing	Stage 2	-	-	-	-
Non-performing	Stage 3				
Substandard		-	-	-	-
Doubtful		-	-	-	-
Loss		-	-	-	-
Total		-	-	-	-

2025				
	Stage 1	Stage 2	Stage 3	Total
Opening balance	667	-	-	667
Transfer to stage 1	-	-	-	-
Transfer to stage 2	-	-	-	-
Transfer to stage 3	-	-	-	-
Net remeasurement of credit loss allowance	667	-	-	667
New financial assets originated or purchased	-	-	-	-
Financial assets that have been derecognised	(667)	-	-	(667)
Write offs	-	-	-	-
Unwind of discount	-	-	-	-
Changes in risk parameters (PDs/LGDs/EADs)	-	-	-	-
Balance at the end of the year	-	-	-	-

2024				
	Stage 1	Stage 2	Stage 3	Total
Opening balance	-	-	-	-
Transfer to stage 1	667	-	-	667
Transfer to stage 2	-	-	-	-
Transfer to stage 3	-	-	-	-
Net remeasurement of credit loss allowance	667	-	-	667
New financial assets originated or purchased	-	-	-	-
Financial assets that have been derecognised	-	-	-	-
Write offs	-	-	-	-
Unwind of discount	-	-	-	-
Changes in risk parameters (PDs/LGDs/EADs)	-	-	-	-
Balance at the end of the year	667	-	-	667

8. INVESTMENTS

8.1 Investments by type:	2025				2024			
	Cost / Amortised cost	Credit loss allowance for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Credit loss allowance for diminution	Surplus / (Deficit)	Carrying Value
	(Rupees in '000)							
Classified / Measured at FVTPL								
Shares								
- Fully paid up ordinary shares - Listed	163,087	-	1,508	164,595	-	-	-	-
Debt Instruments								
Classified / Measured at FVOCI								
Federal Government Securities								
- Market Treasury Bills	8,523,342	-	16,380	8,539,722	31,480,645	-	(1,868)	31,478,777
- Pakistan Investment Bonds	35,708,939	-	64,812	35,773,751	96,791,543	-	530,014	97,321,557
- GoP Ijarah Sukuks	38,815,592	-	(33,008)	38,782,584	42,768,327	-	913,383	43,681,710
Non Government Debt Securities								
- Term Finance Certificates	742,104	(8,807)	-	733,297	1,094,014	(1,094,014)	-	-
- Sukuk Bonds	2,384,477	(165,578)	-	2,218,899	2,496,811	(200,310)	-	2,296,501
	86,174,454	(174,385)	48,184	86,048,253	174,631,340	(1,294,324)	1,441,529	174,778,545
Equity Instruments								
Classified / Measured at FVOCI (Non-Reclassifiable)								
Shares								
- Fully paid up ordinary shares - Listed	11,025	-	77,958	88,983	128,713	-	(55,760)	72,953
- Fully paid up ordinary shares - Unlisted	108,037	(100,906)	-	7,131	8,131	(1,000)	-	7,131
- Preference shares - Unlisted	46,035	(46,035)	-	-	598,058	(598,058)	-	-
	165,097	(146,941)	77,958	96,114	734,902	(599,058)	(55,760)	80,084
Total Investments	86,502,638	(321,326)	127,650	86,308,962	175,366,242	(1,893,382)	1,385,769	174,858,629

8.2 Investments by segments:	2025				2024			
	Cost / Amortised cost	Credit loss allowance for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Credit loss allowance for diminution	Surplus / (Deficit)	Carrying Value
	(Rupees in '000)							
Federal Government Securities								
Market Treasury Bills	8,523,342	-	16,380	8,539,722	31,480,645	-	(1,868)	31,478,777
Pakistan Investment Bonds	35,708,939	-	64,812	35,773,751	96,791,543	-	530,014	97,321,557
GoP Ijarah Sukuks	38,815,592	-	(33,008)	38,782,584	42,768,327	-	913,383	43,681,710
	83,047,873	-	48,184	83,096,057	171,040,515	-	1,441,529	172,482,044
Shares								
Listed Companies	174,112	-	79,466	253,578	128,713	-	(55,760)	72,953
Unlisted Companies	154,072	(146,941)	-	7,131	606,189	(599,058)	-	7,131
	328,184	(146,941)	79,466	260,709	734,902	(599,058)	(55,760)	80,084
Non Government Debt Securities								
Listed	2,226,465	(7,568)	-	2,218,897	2,304,077	(7,576)	-	2,296,501
Unlisted	900,116	(166,817)	-	733,299	1,286,748	(1,286,748)	-	-
	3,126,581	(174,385)	-	2,952,196	3,590,825	(1,294,324)	-	2,296,501
Total Investments	86,502,638	(321,326)	127,650	86,308,962	175,366,242	(1,893,382)	1,385,769	174,858,629

8.2.2 Investments given as collateral - Market Value

	2025	2024
	----- (Rupees in '000) -----	
Market Treasury Bills	-	26,932,590
Pakistan Investment Bonds	9,307,490	60,179,940
	<u>9,307,490</u>	<u>87,112,530</u>

8.3 Particulars of credit loss allowance

8.3.1 Investments - exposure	2025				2024			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	----- (Rupees in '000) -----							
Opening balance	171,176,359	2,296,811	1,893,072	175,366,242	177,075,061	2,369,790	1,893,072	181,337,923
New investments	80,454,460	-	-	80,454,460	852,627,719	-	-	852,627,719
Investments derecognised or repaid	(168,401,703)	(77,612)	(838,749)	(169,318,064)	(858,526,421)	(72,979)	-	(858,599,400)
Transfer to stage 1	-	-	-	-	-	-	-	-
Transfer to stage 2	-	733,297	(733,297)	-	-	-	-	-
Transfer to stage 3	-	-	-	-	-	-	-	-
	<u>(87,947,243)</u>	<u>655,685</u>	<u>(1,572,046)</u>	<u>(88,863,604)</u>	<u>(5,898,702)</u>	<u>(72,979)</u>	<u>-</u>	<u>(5,971,681)</u>
Amounts written off / charged off	-	-	-	-	-	-	-	-
Closing balance	<u>83,229,116</u>	<u>2,952,496</u>	<u>321,026</u>	<u>86,502,638</u>	<u>171,176,359</u>	<u>2,296,811</u>	<u>1,893,072</u>	<u>175,366,242</u>

8.3.2 Investments - credit loss allowance	2025				2024			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	----- (Rupees in '000) -----							
Opening balance	-	310	1,893,072	1,893,382	-	-	1,992,978	1,992,978
Impact of adoption of IFRS 9	-	-	-	-	-	-	(99,906)	(99,906)
New investments	-	-	-	-	-	-	-	-
Investments derecognised or repaid	-	-	(938,655)	(938,655)	-	-	-	-
Transfer to stage 1	-	-	-	-	-	-	-	-
Transfer to stage 2	-	-	-	-	-	-	-	-
Transfer to stage 3	-	-	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>(938,655)</u>	<u>(938,655)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Amounts written off / charged off	-	-	-	-	-	-	-	-
Changes in risk parameters (PDs/LGDs/EADs)	-	(10)	(633,391)	(633,401)	-	310	-	310
Closing balance	<u>-</u>	<u>300</u>	<u>321,026</u>	<u>321,326</u>	<u>-</u>	<u>310</u>	<u>1,893,072</u>	<u>1,893,382</u>

8.4 Credit loss allowance for diminution in value of investments	Note	2025 ----- (Rupees in '000) -----	2024
8.4.1 Opening balance		1,893,382	1,889,158
Impact of reclassification on adoption of IFRS 9		-	(99,906)
Other adjustments		99,906	103,820
Charge / reversals			
Charge for the year		-	310
Reversals for the year		(733,307)	-
Reversal on disposals		(938,655)	-
	9.7.2 & 34	(1,671,962)	310
Closing Balance		<u>321,326</u>	<u>1,893,382</u>

8.4.2 Particulars of credit loss allowance against debt securities

Category of classification	2025		2024	
	Outstanding amount	Credit loss allowance held	Outstanding amount	Credit loss allowance held
	----- (Rupees in '000) -----			
Domestic				
Performing	83,047,873	-	171,040,515	-
Underperforming	2,952,496	300	2,296,811	310
Non-performing				
Loss	174,085	174,085	1,294,014	1,294,014
	<u>86,174,454</u>	<u>174,385</u>	<u>174,631,340</u>	<u>1,294,324</u>

8.5 Quality of securities

Details regarding quality of securities held under "Held to Collect and Sell" model are as follows:

	Cost	
	2025	2024
	----- (Rupees in '000) -----	
8.5.1 Federal Government Securities - Government guaranteed		
Market Treasury Bills	8,523,342	31,480,645
Pakistan Investment Bonds	35,708,939	96,791,543
GoP Ijarah Sukuks	38,815,592	42,768,327
	<u>83,047,873</u>	<u>171,040,515</u>

8.5.2 Shares

Listed Companies

- Commercial banks	-	17,781
- Chemical	15	15
- Investment banks / investment companies / securities companies	11,010	11,010
- Power generation and distribution	-	99,907
	<u>11,025</u>	<u>128,713</u>

Preference Shares

- Chemical	-	552,023
- Sugar and allied industries	46,035	46,035
	<u>46,035</u>	<u>598,058</u>

Unlisted Companies	Breakup Value as at	2025		2024	
		Cost	Breakup value	Cost	Breakup value
		----- (Rupees in '000) -----			
Arabian Sea Country Club Ltd	June 30, 2020	1,000	(1,255)	1,000	(1,255)
Pakistan Mortgage Refinance Company Limited	December 31, 2023	1,830	4,810	1,830	4,810
Japan Power Generation Limited	-	99,906	-	-	-
ISE Towers REIT Management Company Limited	June 30, 2025	5,301	68,485	5,301	63,968
		<u>108,037</u>	<u>72,040</u>	<u>8,131</u>	<u>67,523</u>

8.5.3 Non Government Debt Securities

	Cost	
	2025	2024
	----- (Rupees in '000) -----	
Listed		
- Unrated	2,226,465	2,304,077
Unlisted		
- Unrated	900,116	1,286,748

9. ADVANCES

Note	Performing		Non-Performing		Total	
	2025	2024	2025	2024	2025	2024
	(Rupees in '000)					
Loans, cash credits, running finances, etc.	20,691,796	11,672,297	16,369,109	33,873,690	37,060,905	45,545,987
Islamic financing and related assets	2,273,022	2,346,432	215,159	275,641	2,488,181	2,622,073
Bills discounted and purchased	382,186	620,726	38,353	38,353	420,539	659,079
Advances - gross	23,347,004	14,639,455	16,622,621	34,187,684	39,969,625	48,827,139
Credit loss allowance against advances						
- Stage 1	(18,669)	(24,950)	-	-	(18,669)	(24,950)
- Stage 2	(243,851)	(206,817)	-	-	(243,851)	(206,817)
- Stage 3	-	-	(13,674,384)	(33,021,294)	(13,674,384)	(33,021,294)
	(262,520)	(231,767)	(13,674,384)	(33,021,294)	(13,936,904)	(33,253,061)
Advances - net of credit loss allowance	23,084,484	14,407,688	2,948,237	1,166,390	26,032,721	15,574,078

9.1 Includes Net Investment in Finance Lease as disclosed below:

	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
	(Rupees in '000)							
Lease rentals receivable	47,856	16,762	-	64,618	60,786	24,002	-	84,788
Residual value	24,966	4,099	-	29,065	44,784	5,434	-	50,218
Minimum lease payments	72,822	20,861	-	93,683	105,570	29,436	-	135,006
Financial charges for future periods	(8,357)	(1,898)	-	(10,255)	(9,580)	(2,024)	-	(11,604)
Present value of minimum lease payments	64,465	18,963	-	83,428	95,990	27,412	-	123,402

9.2 This represents Islamic financing and related assets placed under Shariah permissible modes and are presented in Annexure - II to these consolidated financial statements.

9.3 Particulars of advances (Gross)	2025	2024
	(Rupees in '000)	
In local currency	39,877,935	48,378,121
In foreign currencies	91,690	449,018
	39,969,625	48,827,139

9.3.1 Advances to Women, Women-owned and Managed Enterprises

Women	226,833	450,457
Women Owned and Managed Enterprises	1,127,254	726,251
	1,354,087	1,176,708

9.3.2 Gross loans disbursed to women, women-owned and managed enterprises amounting Rs. 225.876 million (2024: Rs. 223.417 million)

	2025	2024
	(Rupees in '000)	
Women	74,612	179,018
Women Owned and Managed Enterprises	151,264	44,399
	225,876	223,417

9.4 Particulars of credit loss allowance

9.4.1 Advances - Exposure

	2025				2024			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	(Rupees in '000)							
Opening balance	12,553,675	2,004,647	34,268,817	48,827,139	12,945,867	2,944,316	36,979,136	52,869,319
New advances	2,010,171	34,508	-	2,044,679	5,392,278	233,109	324,004	5,949,391
Advances derecognised or repaid	(5,479,823)	(658,160)	(4,608,420)	(10,746,403)	(6,874,686)	(500,540)	(1,078,638)	(8,453,864)
Transfer to stage 1	10,232,925	(658,045)	(9,574,880)	-	1,381,873	(1,581,803)	(1,190)	(201,120)
Transfer to stage 2	(15,042)	3,333,591	(3,318,549)	-	(257,855)	935,719	(998,592)	(320,728)
Transfer to stage 3	(14,630)	(37,361)	51,991	-	(33,802)	(26,154)	(788,380)	(848,336)
	6,733,601	2,014,533	(17,449,858)	(8,701,724)	(392,192)	(939,669)	(2,542,796)	(3,874,657)
Amounts written off / charged off	-	-	(155,790)	(155,790)	-	-	(167,523)	(167,523)
Closing balance	19,287,276	4,019,180	16,663,169	39,969,625	12,553,675	2,004,647	34,268,817	48,827,139

9.4.2 Advances - Particulars of credit loss allowance

	2025				2024			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	(Rupees in '000)							
Opening balance	24,950	206,817	33,021,294	33,253,061	52,445	91,038	34,746,650	34,890,133
New Advances	1,570	2,530	-	4,100	15,517	15,662	324,399	355,578
Advances derecognised or repaid	(2,527)	(27,811)	(4,276,437)	(4,306,775)	(41,894)	(32,800)	(687,063)	(761,757)
Transfer to stage 1	9,162,303	(83,698)	(9,078,605)	-	847	(37,780)	(536)	(37,469)
Transfer to stage 2	(78)	3,303,760	(3,303,682)	-	(1,959)	171,791	(814,227)	(644,395)
Transfer to stage 3	(30)	(7,589)	7,619	-	(6)	(1,094)	(380,406)	(381,506)
	9,161,238	3,187,192	(16,651,105)	(4,302,675)	(27,495)	115,779	(1,557,833)	(1,469,549)
Changes in risk parameters (PDs/LGDs/EADs)	(9,167,519)	(3,150,158)	(2,540,947)	(14,858,624)	-	-	-	-
Amounts written off / charged off	-	-	(154,858)	(154,858)	-	-	(167,523)	(167,523)
Closing balance	18,669	243,851	13,674,384	13,936,904	24,950	206,817	33,021,294	33,253,061

9.5 Advances - Category of classification

		2025		2024	
		Outstanding amount	Credit loss allowance held	Outstanding amount	Credit loss allowance held
		(Rupees in '000)			
Performing	Stage 1	19,287,276	18,669	12,553,675	24,950
Under Performing	Stage 2	4,019,180	243,851	2,004,647	201,676
Non-performing	Stage 3	-	-	13,227	5,141
Other Assets Especially Mentioned		640,159	497,536	2,445	1,834
Substandard		26,778	14,016	57,747	16,977
Doubtful		15,996,232	13,162,832	34,114,265	33,002,483
Loss		39,969,625	13,936,904	48,746,006	33,253,061
Total		39,969,625	13,936,904	48,746,006	33,253,061
Corresponding ECL					
Stage 1		19,287,276	18,669	12,553,675	24,950
Stage 2		4,019,180	243,851	2,017,874	206,817
Stage 3		16,663,169	13,674,384	34,174,457	33,021,294
		39,969,625	13,936,904	48,746,006	33,253,061

9.6 Advances include Rs. 16,622.621 million (2024: Rs. 34,187.684 million) which have been placed under non-performing / Stage 3 status as detailed below:

Category of Classification	2025		2024	
	Non Performing Loans	Credit loss allowance	Non Performing Loans	Credit loss allowance
	(Rupees in '000)			
Domestic				
Other Assets Especially Mentioned	-	-	13,227	5,141
Substandard	640,159	497,536	2,445	1,834
Doubtful	26,778	14,016	57,747	16,977
Loss	15,955,684	13,162,832	34,114,265	33,002,483
	16,622,621	13,674,384	34,187,684	33,026,435

9.7 Particulars of credit loss allowance against advances

Note	2025				2024			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	(Rupees in '000)							
Opening balance	24,950	206,817	33,021,294	33,253,061	3,939	1,390	34,211,166	34,216,495
Impact of adoption of IFRS 9	-	-	-	-	48,506	89,648	535,484	673,638
Charge for the year	11,484	225,024	139,576	376,084	8,349	178,502	436,781	623,632
Reversals	(17,765)	(187,990)	(19,331,628)	(19,537,383)	(35,844)	(62,723)	(1,994,614)	(2,093,181)
	(6,281)	37,034	(19,192,052)	(19,161,299)	(27,495)	115,779	(1,557,833)	(1,469,549)
Amounts written off	-	-	(154,858)	(154,858)	-	-	(167,523)	(167,523)
Closing balance	18,669	243,851	13,674,384	13,936,904	24,950	206,817	33,021,294	33,253,061

9.7.1 Particulars of credit loss allowance against advances

	2025				2024			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	(Rupees in '000)							
In local currency	18,637	243,451	13,659,085	13,921,173	24,911	204,628	33,006,031	33,235,570
In foreign currencies	32	400	15,299	15,731	39	2,189	15,263	17,491
	18,669	243,851	13,674,384	13,936,904	24,950	206,817	33,021,294	33,253,061

9.7.2 This includes Rs. 9,779.399 million reversal on the exposure of Omni Group, included in advances (Rs. 8,844.298 million) and investments (Rs. 803.601 million). On January 25, 2025, the Civil Court, Islamabad, issued a decree in favor of the Group for the recovery of Rs. 10,170 million in respect of the non-performing loans of the Omni Group, through the sale of 1,635,766,406 shares of the Group (via an Auctioneer appointed by the Court on July 18, 2025) held in the name of M/s Suroor Investment Limited. As of December 31, 2025, the Auctioneer has disposed of 664,473,583 shares, realizing an aggregate consideration of Rs. 4,018.225 million. Given that almost 41.09% of the exposure has already been recovered through sale of Group's shares, and considering the secured, liquid nature of the settlement method and the credibility of the appointed Auctioneer who is also bound under court order to transfer the proceeds of disposal to the Group, management determined that the recovery from the sale of the remaining shares is highly probable, thereby justifying the full reversal of the provision to date in accordance with the Group's accounting policy and prudential regulations.

		2025	2024
	Note	----- (Rupees in '000) -----	
9.8 PARTICULARS OF WRITE OFFS:			
9.8.1 Against credit loss allowance	9.7	154,858	167,523
Directly charged to profit and loss account	34	932	-
		<u>155,790</u>	<u>167,523</u>
9.8.2 Write Offs of Rs. 500,000 and above			
- Domestic		148,951	166,710
Write Offs of Below Rs. 500,000		6,839	813
		<u>155,790</u>	<u>167,523</u>

9.9 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 to these consolidated financial statements.

		2025	Restated 2024
	Note	----- (Rupees in '000) -----	
10. PROPERTY AND EQUIPMENT			
Capital work-in-progress	10.1	45,512	48,217
Property and equipment	10.2	7,725,240	7,024,067
		<u>7,770,752</u>	<u>7,072,284</u>
10.1 Capital work-in-progress			
Civil works and related payments / progress billings		2,500	14,866
Advances and other payments to suppliers and contractors		43,012	33,351
Advances and other payments against capital work in progress considered doubtful		-	1,155,814
Less: Provision held there against		-	(1,155,814)
		<u>45,512</u>	<u>48,217</u>

10.2 Property and Equipment

	2025						
	Leasehold land	Building on leasehold land	Building improvements	Furniture and fixture	Electrical, office and computer equipment	Vehicles	Total
	(Rupees in '000)						
At January 01, 2025							
Cost / Revalued amount	1,736,445	5,051,793	1,898,663	583,162	2,484,070	193,824	11,947,957
Accumulated depreciation / impairment	(5,670)	(622,331)	(1,526,899)	(493,956)	(2,133,952)	(141,082)	(4,923,890)
Net book value	<u>1,730,775</u>	<u>4,429,462</u>	<u>371,764</u>	<u>89,206</u>	<u>350,118</u>	<u>52,742</u>	<u>7,024,067</u>
Year ended December 31, 2025							
Opening net book value	1,730,775	4,429,462	371,764	89,206	350,118	52,742	7,024,067
Additions	-	-	46,994	9,785	56,577	46,012	159,368
Movement in surplus on assets during the year (refer note 10.2.3)	511,039	3,343,827	-	-	-	-	3,854,866
Reversal of revaluation decrease recognized in profit and loss account	15,245	-	-	-	-	-	15,245
Disposals							
Cost	(724,775)	(2,333,240)	(372,292)	(17,962)	(253,814)	(32,663)	(3,734,746)
Accumulated depreciation	-	314,880	233,747	14,631	226,512	28,785	818,555
	(724,775)	(2,018,360)	(138,545)	(3,331)	(27,302)	(3,878)	(2,916,191)
Write off							
Cost	-	-	(25,136)	(1,167)	(336)	-	(26,639)
Accumulated depreciation	-	-	25,128	1,167	336	-	26,631
	-	-	(8)	-	-	-	(8)
Depreciation charge	-	(142,046)	(94,184)	(21,943)	(134,871)	(19,063)	(412,107)
Closing net book value	<u>1,532,284</u>	<u>5,612,883</u>	<u>186,021</u>	<u>73,717</u>	<u>244,522</u>	<u>75,813</u>	<u>7,725,240</u>
At December 31, 2025							
Cost / Revalued amount	1,537,954	5,612,883	1,548,229	573,818	2,286,497	207,173	11,766,554
Accumulated depreciation / impairment	(5,670)	-	(1,362,208)	(500,101)	(2,041,975)	(131,360)	(4,041,314)
Net book value	<u>1,532,284</u>	<u>5,612,883</u>	<u>186,021</u>	<u>73,717</u>	<u>244,522</u>	<u>75,813</u>	<u>7,725,240</u>
Rate of depreciation (percentage)	-	2.5 - 5	10 - 25	10	10 - 30	20	

2024 - Restated

	Leasehold land	Building on leasehold land	Building improvements	Furniture and fixture	Electrical, office and computer equipment	Vehicles	Total
(Rupees in '000)							
At January 01, 2024							
Cost / Revalued amount	1,736,445	5,086,293	1,906,211	597,861	2,421,724	199,820	11,948,354
Accumulated depreciation / impairment	(5,670)	(465,971)	(1,492,216)	(497,560)	(2,172,410)	(148,588)	(4,782,415)
Net book value	1,730,775	4,620,322	413,995	100,301	249,314	51,232	7,165,939
Year ended December 31, 2024							
Opening net book value	1,730,775	4,620,322	413,995	100,301	249,314	51,232	7,165,939
Additions	-	-	54,935	11,712	233,808	17,974	318,429
Impacts of Amalgamation (refer note 1.4)							
Cost	-	-	-	255	3,172	125	3,552
Accumulated depreciation	-	-	-	(255)	(3,167)	(89)	(3,511)
	-	-	-	-	5	36	41
Movement in surplus on assets during the year	-	-	-	-	-	-	-
Reversal of revaluation decrease recognized in profit and loss account	-	-	-	-	-	-	-
Disposals							
Cost	-	(34,500)	(38,247)	(25,964)	(173,821)	(24,095)	(296,627)
Accumulated depreciation	-	2,892	37,181	25,661	171,085	24,095	260,914
	-	(31,608)	(1,066)	(303)	(2,736)	-	(35,713)
Write off							
Cost	-	-	(24,236)	(702)	(813)	-	(25,751)
Accumulated depreciation	-	-	24,125	637	813	-	25,575
	-	-	(111)	(65)	-	-	(176)
Depreciation charge	-	(159,252)	(95,989)	(22,439)	(130,273)	(16,500)	(424,453)
Closing net book value	1,730,775	4,429,462	371,764	89,206	350,118	52,742	7,024,067
At December 31, 2024							
Cost / Revalued amount	1,736,445	5,051,793	1,898,663	583,162	2,484,070	193,824	11,947,957
Accumulated depreciation / impairment	(5,670)	(622,331)	(1,526,899)	(493,956)	(2,133,952)	(141,082)	(4,923,890)
Net book value	1,730,775	4,429,462	371,764	89,206	350,118	52,742	7,024,067
Rate of depreciation (percentage)	-	2.5 - 5	10 - 25	10	10 - 30	20	

	2025	Restated 2024
	----- (Rupees in '000) -----	
10.2.1 The cost of fully depreciated property and equipment that are still in the Group's use is as follows:		
Building improvements	1,057,666	953,597
Furniture and fixture	373,847	361,213
Electrical, office and computer equipment	1,756,781	1,835,106
Vehicles	97,807	97,694

10.2.2 The carrying amount of property and equipments held for disposal amounts to Rs. 413.070 million (2024: Rs. 409.526 million).

10.2.3 The properties of the Group were revalued by M/s. Sadruddin Associates (Pvt.) Ltd., M/s. Pakistan Inspection Company (Pvt.) Ltd. and M/s. Sipra & Company (Pvt.) Ltd as at December 31, 2025 based on their professional assessment of the present market value. The revaluation resulted in increase of Rs. 3,854 million in the surplus. The total surplus arising from the revaluation of properties as at December 31, 2025 amounts to Rs. 5,589.410 million. No additional surplus was booked on building improvements during the current revaluation exercise. While accounting for revaluation, in accordance with the allowed treatment in IAS 16, the Group eliminated the accumulated depreciation against the gross carrying amount of the asset.

Had there been no revaluation, the carrying value of revalued assets would have been as follows:

	2025		2024	
	Original Cost	Book Value	Original Cost	Book Value
	----- Rupees in '000 -----			
Leasehold land	526,539	520,869	803,044	797,374
Buildings on leasehold land	2,633,953	1,034,888	3,599,773	1,834,828
Buildings improvements	1,455,757	186,021	1,802,439	371,875

10.2.4 Sale of property and equipment to related parties are disclosed below:

Particulars of assets	Cost	Net book value	Sale price	Mode of disposal	Particulars of purchaser
	----- (Rupees in '000) -----				
Electrical, office and computer equipment					Jawad Majid Khan (President / CEO)
BMW	32,500	3,792	3,792	As per employment contract	

11. RIGHT-OF-USE ASSETS

	Note	Branch Premises	
		2025	2024
		----- Rupees in '000 -----	
Cost		4,316,299	4,397,989
Accumulated depreciation		(1,715,028)	(1,676,784)
Opening net book value		2,601,271	2,721,205
Additions during the year		577,255	611,610
Modifications during the year	19	(6,411)	(14,051)
Deletions during the year			
Cost		333,096	(679,249)
Accumulated depreciation		(426,841)	503,349
Depreciation charge for the year	31	(93,745)	(175,900)
		(539,592)	(541,593)
Closing net book value		2,538,778	2,601,271

12. INTANGIBLE ASSETS

	Note	2025	2024
		Rupees in '000	
Branch Premises			
Capital work-in-progress	12.1	45,874	69,334
Intangible assets in use	12.2	279,228	264,265
		<u>325,102</u>	<u>333,599</u>

12.1 Capital work-in-progress

Advances to suppliers and contractors	45,874	69,334
Advances against capital work in progress considered doubtful	142,522	142,522
Less: Provision held there against	(142,522)	(142,522)
	-	-
	<u>45,874</u>	<u>69,334</u>

12.2 Intangible assets in use

	2025				
	Computer softwares	Core deposits	Brand name	Trading Rights Entitlement Certificate	Total
(Rupees in '000)					
At January 01, 2025					
Cost	833,797	209,874	143,838	2,500	1,190,009
Accumulated amortisation and impairment	(572,032)	(209,874)	(143,838)	-	(925,744)
Net book value	<u>261,765</u>	-	-	2,500	<u>264,265</u>
Year ended December 31, 2025					
Opening net book value	261,765	-	-	2,500	264,265
Additions:					
- directly purchased	94,682	-	-	-	94,682
Write off:					
Cost	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-
Amortisation charge	(79,719)	-	-	-	(79,719)
Closing net book value	<u>276,728</u>	-	-	2,500	<u>279,228</u>
At December 31, 2025					
Cost	928,479	209,874	143,838	2,500	1,284,691
Accumulated amortisation and impairment	(651,751)	(209,874)	(143,838)	-	(1,005,463)
Net book value	<u>276,728</u>	-	-	2,500	<u>279,228</u>
Rate of amortization (percentage)	<u>20 - 30</u>	<u>10</u>	<u>10</u>		
Useful life (years)	<u>3.33 - 5</u>	<u>10</u>	<u>10</u>		

	2024				
	Computer softwares	Core deposits	Brand name	Trading Rights Entitlement Certificate	Total
	----- (Rupees in '000) -----				
At January 01, 2024					
Cost	601,434	209,874	143,838	2,500	957,646
Accumulated amortisation and impairment	(534,209)	(209,874)	(143,838)	-	(887,921)
Net book value	<u>67,225</u>	<u>-</u>	<u>-</u>	<u>2,500</u>	<u>69,725</u>
Year ended December 31, 2024					
Opening net book value	67,225	-	-	2,500	69,725
Additions:					
- directly purchased	234,422	-	-	-	234,422
Write off:					
Cost	(2,059)	-	-	-	(2,059)
Accumulated depreciation	2,059	-	-	-	2,059
	-	-	-	-	-
Amortisation charge	(39,882)	-	-	-	(39,882)
Closing net book value	<u>261,765</u>	<u>-</u>	<u>-</u>	<u>2,500</u>	<u>264,265</u>
At December 31, 2024					
Cost	833,797	209,874	143,838	2,500	1,190,009
Accumulated amortisation and impairment	(572,032)	(209,874)	(143,838)	-	(925,744)
Net book value	<u>261,765</u>	<u>-</u>	<u>-</u>	<u>2,500</u>	<u>264,265</u>
Rate of amortisation (percentage)	<u>20 - 30</u>	<u>10</u>	<u>10</u>		
Useful life (years)	<u>3.33 - 5</u>	<u>10</u>	<u>10</u>		

12.2.1 The cost of fully amortised intangible assets that are still in the Group's use is as follows:

	2025	2024
	----- Rupees in '000 -----	
Computer softwares	488,209	488,209
Core deposits	209,874	209,874
Brand name	143,838	143,838

13. DEFERRED TAX ASSETS

2025				
At January 01, 2025	IFRS - 9 transition / reclass impacts	Recognised in profit and loss account	Recognised in other comprehensive income	At December 31, 2025
----- (Rupees in '000) -----				
Deductible Temporary Differences on				
- Tax losses carried forward	16,960,119	(463,961)	(5,799,188)	10,696,970
- Credit loss allowance against advances	10,190,603	-	(4,599,471)	5,591,132
- Remeasurement of advances	161,420	-	948	162,368
- Remeasurement of investments	-	-	63,249	63,249
- Credit loss allowance against Investment	795,338	41,961	(702,343)	134,956
- Provision against intangible assets	51,729	-	-	51,729
- Staff compensated absences	66,982	-	17,992	84,974
- Depreciation on ROUA, related finance cost less actual rent expense - IFRS 16	-	463,961	71,822	535,783
- Workers welfare fund	-	-	160,273	160,273
- Credit loss allowance against other assets	225,583	-	21,019	246,602
- Minimum tax	1,137	-	-	1,137
- Alternative Corporate tax	325	-	-	325
	28,453,236	41,961	(10,765,699)	17,729,498
Taxable Temporary Differences on				
- Surplus on revaluation of property and equipments	(1,107,389)	-	582,635	(2,347,553)
- Surplus on revaluation of investments	(563,491)	(41,961)	-	(20,259)
- Unrealized gain on forward exchange contracts	(8,795)	-	9,854	1,059
- Surplus on revaluation of property - held for sale	(470,714)	-	470,714	-
- Surplus on revaluation of non-banking assets	(289,585)	-	9,802	(589,004)
- Accelerated tax depreciation	(412,425)	-	(177,514)	(589,939)
	(2,852,399)	(41,961)	895,491	(3,545,696)
	25,600,837	-	(9,870,208)	14,183,802
2024				
At January 01, 2024	IFRS - 9 transition / reclass impacts	Recognised in profit and loss account	Recognised in other comprehensive income	At December 31, 2024
----- (Rupees in '000) -----				
Deductible Temporary Differences on				
- Tax losses carried forward	15,515,748	-	1,444,371	16,960,119
- Credit loss allowance against advances	9,002,927	282,928	904,748	10,190,603
- Remeasurement of advances	-	138,734	22,686	161,420
- Credit loss allowance against Investment	736,771	(38,963)	97,530	795,338
- Provision against intangible assets	48,034	-	3,695	51,729
- Staff compensated absences	54,578	-	12,404	66,982
- Credit loss allowance against other assets	166,759	45,995	12,829	225,583
- Minimum tax	833	-	304	1,137
- Alternative Corporate tax	3,048	-	(2,723)	325
	25,528,698	428,694	2,495,844	28,453,236
Taxable Temporary Differences on				
- Surplus on revaluation of property and equipments	(1,074,691)	-	49,971	(1,107,389)
- Surplus on revaluation of investments	(116,362)	38,963	-	(563,491)
- Unrealized gain on forward exchange contracts	(10,047)	-	1,252	(8,795)
- Surplus on revaluation of property - held for sale	(437,092)	-	-	(470,714)
- Surplus on revaluation of non-banking assets	(313,821)	-	48,563	(289,585)
- Accelerated tax depreciation	(376,876)	-	(35,549)	(412,425)
	(2,328,889)	38,963	64,237	(2,852,399)
	23,199,809	467,657	2,560,081	25,600,837

13.1 The net deferred tax asset has been recognized in accordance with the Group's accounting policy. The management based on financial projections, estimates that sufficient taxable profits would be available in future against which the deferred tax asset could be realized. The projections includes certain key assumptions underlying management's estimation of profits. These assumptions includes revival of credit rating of the Bank which will boost the trust and confidence of the public in attracting the deposits which would be invested in Government securities consequently increasing the earning assets of the Group.

14. OTHER ASSETS

	Note	2025 (Rupees in '000)	Restated 2024
Income / mark-up accrued in local currency		2,303,982	5,100,143
Income / mark-up accrued in foreign currency		1,827	2,195
Advances, deposits, advance rent and other prepayments		421,128	517,530
Advance taxation (payments less provisions)		611,549	600,412
Non-banking assets acquired in satisfaction of claims	14.1	1,851,503	1,816,017
Branch adjustment account		1,280	62,317
Receivable from other banks against clearing and settlement		1,827,421	928,275
Mark to market gain on forward foreign exchange contracts		3,277	43,225
Acceptances		123,555	665,551
Stationery and stamps on hand		6,078	6,161
Commission receivable on brokerage		9,135	12,935
Property - held for sale	14.2	-	3,692,787
Leasehold land - Held for Sale (HFS) acquired through amalgamation with Global haly development limited under scheme of arrangement	14.3	27,620,338	27,620,338
Account receivable		77,587	112,072
Receivable against sale of G2 building	14.2	10,634,180	-
Others		638,227	556,421
		<u>46,131,067</u>	<u>41,736,379</u>
Less: Credit loss allowance held against other assets	14.4	(890,828)	(890,717)
Other assets (net of credit loss allowance)		<u>45,240,239</u>	<u>40,845,662</u>
Surplus on revaluation of non-banking assets acquired in satisfaction of claims		1,402,391	689,489
Surplus on revaluation of Property - held for sale		-	1,120,749
Other assets - total		<u>46,642,630</u>	<u>42,655,900</u>
14.1 Market value of non-banking assets acquired in satisfaction of claims		<u>3,067,081</u>	<u>2,156,761</u>

Non-banking assets acquired in satisfaction of claims have been revalued by independent professional valuer as at December 31, 2025. The revaluation was conducted by M/s. Sadruddin Associates (Pvt.) Ltd., M/s. Pakistan Inspection Company (Pvt.) Ltd., M/s. Sipra & Company (Pvt.) Ltd. and M/s. KGT (Pvt.) Ltd. based on their professional assessment of present market values. This has resulted in an increase in surplus by Rs. 736.240 million. The total surplus arising against revaluation of non-banking assets acquired in satisfaction of claims as at December 31, 2025 amounts to Rs 1,402 million (2024: Rs. 689.489 million).

	Note	2025 (Rupees in '000)	2024
14.1.1 Non-banking assets acquired in satisfaction of claims			
Opening balance		2,145,399	2,814,889
Revaluation	24.2	736,240	443
Reversal of revaluation decrease recognized in profit and loss account	34	73,143	330
Disposals	14.1.2	-	(606,824)
Depreciation	31	(60,995)	(63,439)
Closing balance		<u>2,893,787</u>	<u>2,145,399</u>
14.1.2 Gain on disposal of non-banking assets acquired in satisfaction of claims			
Disposal proceeds		-	1,213,512
less			
- Cost	14.1.1	-	642,180
- Impairment / Depreciation		-	(35,356)
		-	606,824
Gain	30	-	<u>606,688</u>

14.2 This represented a portion of the Group's self-constructed property which has been sold during the current year. During the year, the Group initially entered into an Agreement to Sell on August 01, 2025, followed by an executed sale deed (dated November 24, 2025) with a buyer to sell the self-constructed property (G2). The sale deed has effectuated the conveyance of all rights, title, and interest in the Saleable Building Area, as defined in the Agreement to Sell, to the buyer. The total consideration for sale is Rs. 11,634 million out of which Rs. 1,000 million has been received as non-refundable advance and as per the Agreement, the Group will receive Rs. 6,200 million on February 01, 2026 and the balance Rs. 4,434 million is expected to be received by August 01, 2026. The sale transaction has resulted in overall gain of Rs. 5,897.198 million, out of which Rs. 2,636.607 million and 1,480.393 million has been recorded as gain on disposal of HFS property in other assets and property in fixed assets respectively and (refer note 30) and balance of Rs. 1,780.198 million (net of tax) has been transferred from surplus on revaluation of assets to unappropriated profit (i.e., equity) as per the Group's accounting policy.

14.3 Pursuant to a court-sanctioned Scheme of Arrangement (refer note 1.3), the Group obtained control over 5.3 acres of land belonging to Global Haly Development Limited (GHDL) and located at Plot No. SM-212, Faisal Street No. 2, Phase VIII, DHA, Karachi. GHDL had entered into an agreement with Pakistan Defence Officers Housing Authority, Karachi, Pakistan (DHA) on October 10, 2005 (amended on April 26, 2006) to undertake the construction, marketing and development of a shopping mall complex against consideration of Rs. 5,117.980 million to be paid as per payment schedule included in the agreement. Subsequently, on certain payment as per the agreement, a sublease was executed between GHDL and DHA on April 28, 2006, for a period of 30 years to be extended for another period of 30 years until April 27, 2066.

Due to non-compliances of the agreement and legal suits filed by both parties, a settlement agreement was entered into between the parties on January 31, 2018 whereby revised payment terms were agreed and the original agreement and sublease were amended. Out of the total consideration of Rs. 5,117.980 million, Rs. 4,092.756 million was to be paid in cash and the remaining balance is to be settled against 154,225 square feet on 4th and 5th floor of the saleable area out of the total saleable area of the project (refer Note 21.8). No development activity has commenced as of the date of authorization of issue of these financial statements.

The original plan of GHDL was to sell the shopping complex, however, in financial year 2018, the GHDL management decided to construct the shopping complex and generate rental income, therefore, the property was re-classified to investment property in the financial statements of GHDL and subsequently, has been revalued until financial year 2024. After the amalgamation, the property is being carried at lower of carrying amount and realizable value. Management is currently in negotiations with the management of DHA to agree on revised terms. Furthermore, they are exploring multiple options regarding the potential use of the plot of land.

This property and certain other properties included in Non-banking assets acquired in satisfaction of claims are currently un-developed and their value has been assessed based on the valuation reports from the valuers on the Pakistan Banks Association (PBA) list of approved valuers, hence these valuation involves subjectivities.

14.4 Credit loss allowance held against other assets	2025	2024
	----- (Rupees in '000) -----	
Income / mark-up accrued in local currency	1,389	1,389
Advances, deposits, advance rent and other prepayments	98,008	98,008
Non banking assets acquired in satisfaction of claims	360,107	360,107
Commission receivable on guarantees	9,880	9,880
Receivable from Dewan Group	45,310	45,310
Account Receivable - sundry claims	212,645	212,534
Receivable from Speedway Fondmetal (Pakistan) Limited	25,694	25,694
Others	137,795	137,795
	890,828	890,717

14.4.1 Movement in credit loss allowance held against other assets

Opening balance	890,717	890,616
Charge for the year	239	583
Reversals	(128)	(482)
Amount written off	-	-
Closing balance	890,828	890,717

15. CONTINGENT ASSETS

There were no contingent assets at the balance sheet date.

16. BILLS PAYABLE

	Note	2025 ----- (Rupees in '000) -----	2024
In Pakistan		2,749,628	1,900,496
Outside Pakistan		-	-
		<u>2,749,628</u>	<u>1,900,496</u>

17. BORROWINGS

Secured

Borrowings from State Bank of Pakistan			
- Under export refinance scheme	17.1	2,521,050	3,500,350
- Under long-term financing facility	17.2	83,119	111,169
- Refinance facility for modernization of SMEs	17.3	-	203
- Repurchase agreement borrowings	17.4	4,795,240	86,276,260
Total secured		7,399,409	89,887,982

Unsecured

Overdrawn nostro accounts		5,113	4,943
Total unsecured		5,113	4,943
		<u>7,404,522</u>	<u>89,892,925</u>

17.1 The Group has entered into an agreement with SBP for extending export finance to its customers. Borrowing under the export refinance scheme of SBP carry interest at rates ranging from 6.00% to 7.00% per annum (2024: 9.00% to 16.50% per annum). These are secured against demand promissory notes and are due to mature latest by June 22, 2026 (2024: latest by June 23, 2025).

17.2 These represent borrowings from SBP under scheme for long term financing facility at interest rate of 2.00% per annum (2024: 2.00% per annum) and have varying long term maturities latest due by December 31, 2028 (2024: latest due by December 31, 2028). Under the agreement, SBP has a right to recover the outstanding amount from the Group at the respective maturity dates of each finance by directly debiting current account of the Group maintained by the SBP.

17.3 These borrowings were obtained from the SBP under a scheme to finance modernization of Small and Medium Enterprises by providing financing facilities for setting up of new units, purchase of new plant and machinery for Balancing, Modernization and Replacement (BMR) of existing units at mark up rate of 2.00% per annum in 2024 and have matured on February 11, 2025.

17.4 These represent borrowings from a SBP at mark-up rate of 10.52% per annum (2024: 13.07% to 13.08% per annum), which will mature latest by January 02, 2026 (2024: January 17, 2025).

		2025 ----- (Rupees in '000) -----	2024
17.5 Particulars of borrowings with respect to currencies			
In local currency		7,399,409	89,887,982
In foreign currencies		5,113	4,943
		<u>7,404,522</u>	<u>89,892,925</u>

18. DEPOSITS AND OTHER ACCOUNTS

	2025			2024		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
----- (Rupees in '000) -----						
Customers						
Current deposits	36,931,967	1,945,668	38,877,635	39,633,691	1,736,724	41,370,415
Savings deposits	107,465,264	1,391,404	108,856,668	118,080,187	1,483,589	119,563,776
Term deposits	10,422,513	2,553,470	12,975,983	14,407,887	3,184,109	17,591,996
Others	2,431,513	44,053	2,475,566	2,413,801	43,805	2,457,606
	157,251,257	5,934,595	163,185,852	174,535,566	6,448,227	180,983,793
Financial institutions						
Current deposits	348,799	32,956	381,755	236,335	18,133	254,468
Savings deposits	4,103,972	186,135	4,290,107	3,722,272	1,878	3,724,150
Term deposits	946,887	51,263	998,150	699,322	198,021	897,343
Others	-	-	-	-	-	-
	5,399,658	270,354	5,670,012	4,657,929	218,032	4,875,961
	162,650,915	6,204,949	168,855,864	179,193,495	6,666,259	185,859,754

18.1 Composition of deposits	2025	2024
	----- (Rupees in '000) -----	
- Individuals	92,366,453	100,377,851
- Government (Federal and Provincial)	2,214,953	4,019,448
- Public Sector Entities	7,451,469	10,848,548
- Banking Companies	1,681	1,520
- Non-Banking Financial Institutions	5,668,331	5,029,312
- Private Sector	61,152,977	65,583,075
	168,855,864	185,859,754

18.2 Deposits include Eligible Deposits of Rs. 117,092.788 million (2024: Rs. 128,151.846 million) protected under Depositors Protection Mechanism introduced by the State Bank of Pakistan.

19. LEASE LIABILITIES	Note	2025	2024
		----- (Rupees in '000) -----	
Opening		3,284,402	3,348,737
Additions during the year		520,245	526,673
Deletion during the year		(158,100)	(288,948)
Lease payments including interest		(847,932)	(761,843)
Finance cost	27	521,111	473,834
Modifications	11	(6,411)	(14,051)
Closing		3,313,315	3,284,402
19.1 Liabilities Outstanding			
Not later than one year		807,144	792,141
Later than one year and upto five years		2,025,200	1,879,417
Over five years		480,971	612,844
Total at the year end		3,313,315	3,284,402

20. SUBORDINATED DEBT

Issue amount	Rs.1,500,000,000
Issue date	October 27, 2011
Maturity date	October 27, 2022

These TFCs were issued by the Bank on October 27, 2011 for an initial tenure of seven years and maturity date of October 27, 2018. In order to protect the interest of the TFC Holders, the tenure of the TFC together with the payment of applicable redemption amounts were extended for fourth time by the Bank to October 27, 2019, October 27, 2020, October 27, 2021 and October 27, 2022 through the extraordinary resolutions passed by the TFC holders on November 19, 2018, April 10, 2019, November 20, 2019, October 22, 2020 and October 26, 2021. The Bank completed necessary regulatory formalities for these extensions and executed the amended Declaration of Trusts on July 23, 2019, September 23, 2020, July 09, 2021 and August 01, 2022. The final approval of these extensions were approved by the SBP vide its letters dated October 21, 2019, October 21, 2020, October 22, 2021 and October 24, 2022.

Subsequently, approval was granted by the TFC Holders (in their meeting held on October 27, 2022) for extension in the maturity date and associated rescheduling of the coupon payments of the Term Finance Certificate upto October 27, 2023.

In November, 2024 the Board of Directors of Bank Makramah Limited (BML) has initiated the implementation of the BML Restructuring Scheme to ensure the Bank's financial viability. The scheme aims to restructure BML's shareholding structure by increasing its equity and reducing overall debt, thereby strengthening its financial health and positioning the Bank for sustained growth. Under the proposed scheme, subject to court sanction, the outstanding redemption amount owed to Term Finance Certificate (TFC) holders was to be settled through the issuance and allotment of fully paid ordinary shares of BML.

Following the filing of the scheme, three meetings with TFC holders were held on December 27, 2024, January 13, 2025, and January 21, 2025. In the final meeting, the TFC Holders decided to continue as TFC Holders of Bank Makramah Limited and unanimously resolved to extend the maturity period of the TFCs to 27th October 2025, subject to State Bank of Pakistan (SBP) approval, and resolved that the next meeting would be held on 14th October 2025, two weeks before the revised maturity date.

The Bank has taken up the matter to seek the approval of the State Bank of Pakistan for the extension in the maturity date of the TFCs.

The Bank on January 28, 2026 moved a Resolution of TFC Holders by way of Circulation for conversion of their principal (PKR 1,495,515,000/- (Pakistan Rupees One Billion Four Hundred Ninety-five Million Five Hundred Fifteen Thousand only)) and profit thereon (PKR 1,854,511,777.28/- (Pakistan Rupees One Billion Eight Hundred Fifty-four Million Five Hundred Eleven Thousand Seven Hundred Seventy-seven Rupees and Twenty-eight paisa only)), accrued till December 31, 2025, to be adjusted for tax, into fully paid ordinary shares of the Bank. Accordingly, against the total outstanding amount of PKR 3,350,026,777.28 (to be adjusted for tax), the number of shares to be issued to the TFC holders shall be 27,888,469 shares, which will form part of the Bank's Tier 1 Capital.

The TFC Holders have approved the resolution by the requisite majority and the Bank has obtained the Board approval for seeking the required shareholders and regulatory approvals, for issuance of fully paid up ordinary shares of the Bank to the TFC Holders, on a without rights basis.

Rating	'B' (Single B).
Security	Unsecured.
Redemption / profit payment frequency	The redemption / profit payment details are mentioned in the above maturity date clause.
Mark-up	Base rate (6 months KIBOR - ask side) plus 325 bps.
Call option	The Bank had an option to call the TFC's subject to SBP's prior written approval, on any profit payment date after the 60th month from the last day of public subscription, with not less than 30 days prior notice to be given to the Trustee. The Call option once announced will not be revocable. Further, no premium will be paid to the TFC Holders in case the call option is exercised by the Bank.
Lock-in-clause	Neither interest nor principal can be paid (even at maturity) if such payments will result in a shortfall in the Bank's Minimum Capital Requirements (MCR) or Capital Adequacy Ratio (CAR) or increase in the existing shortfall in MCR and CAR.

21. OTHER LIABILITIES	Note	Restated	
		2025	2024
		----- (Rupees in '000) -----	
Mark-up / return / interest payable in local currency		1,954,321	2,811,708
Mark-up / return / interest payable in foreign currencies		20,532	26,304
Unearned income		84,169	89,152
Accrued expenses		222,250	177,995
Advance against sale of property	21.2	84,737	211,103
Acceptances		123,555	665,551
Unclaimed dividends		2,213	2,213
Mark to market loss on forward foreign exchange contracts		5,799	22,284
Payable to defined benefit plan	39.1.7	143,909	79,541
Charity fund balance		350	2,156
Security deposits against lease		120,341	135,418
Payable to Bangladesh Bank	21.3	41,389	41,389
Payable to Rupali Bank - Bangladesh	21.4	16,283	16,293
Payable to vendors / creditors		419,706	440,312
Provision for compensated absences	39.1.7 & 39.2.7	205,057	160,950
Payable to Bank of Ceylon, Colombo		20,163	20,163
Retention money		81,034	432,621
Workers' welfare fund	21.5	396,825	13,360
Withholding taxes and government levies payable		244,753	240,010
Federal excise duty and sales tax payable		12,355	12,988
Commission payable on home remittances	21.6	72	72
Account payable		320,826	197,921
Credit loss allowance against off-balance sheet obligations	21.7	50,046	160,905
Payable against purchase of land	21.8	1,142,001	1,142,001
Payable to sponsor	21.9	59,583	14,937
Others		374,273	419,063
		<u>6,146,542</u>	<u>7,536,410</u>

21.1 This includes markup payable on subordinated debt amounting to Rs. 1,854.513 million (2024: 1,617.913 million).

21.2 This includes advance received amounting to Rs. 9.318 million (2024: Rs. 101.675 million) against sale of property included in other assets as property - held for sale.

21.3 This represents mark up payable to Bangladesh Bank up to June 2006 on Fixed Deposit Receipts (FDR) maintained with the Group.

21.4 This represents amount payable in respect of share of Head office expenses of Ex-Rupali Bank Limited - Karachi Branch.

21.5 This represents provision made for Workers' Welfare Fund (WWF) @ 2% of accounting profit before tax.

21.6 This represents commission payable to the foreign currency dealers in respect of home remittances channelized through the Group as per agreement entered into by the Group with them.

21.7 Credit loss allowance against off-balance sheet obligations	Note	2025	2024
		(Rupees in '000)	
Opening balance		160,905	-
Impact of adoption of IFRS 9		-	109,012
Charge for the period / year	34	7,888	82,629
Reversals		(118,747)	(30,736)
		(110,859)	51,893
Closing balance		50,046	160,905

21.8 As disclosed in note 14.3, the amount represents balance consideration out of the total consideration of land acquired from DHA. This amount will be settled against 154,225 square feet of saleable area out of the total saleable area when the project is completed.

21.9 This amount is payable to His Excellency Nasser Abdullah Lootah paid out on behalf of the GHDL to fulfill the working capital requirement.

22. SHARE CAPITAL - NET

22.1 Authorized Capital

2025	2024		2025	2024
(Number of shares)			(Rupees in '000)	
2,000,000,000	2,000,000,000	Ordinary shares of Rs. 10 each	20,000,000	20,000,000

22.2 Issued, subscribed and paid-up capital

2025	2024		2025	2024
(Number of shares)			(Rupees in '000)	
		Ordinary shares		
5,443,756,473	5,443,756,473	Fully paid in cash	54,437,564	54,437,564
673,997,721	673,997,721	Issue of shares upon conversion of preference shares	6,739,977	6,739,977
50,000,000	50,000,000	Issued as bonus shares	500,000	500,000
454,466,382	454,466,382	Issued for consideration other than cash	4,544,664	4,544,664
12,367,814,589	12,367,814,589	Issued to Shareholders of Global Haly Development - Scheme of Arrangement (Refer note 1.4)	123,678,146	123,678,146
(17,990,035,165)	(17,990,035,165)	Reduction of Capital Pursuant to Scheme of Arrangement (Refer note 1.4)	(179,900,351)	(179,900,351)
1,000,000,000	1,000,000,000		10,000,000	10,000,000
		Less: Discount on issue of shares	(35,721,997)	(35,721,997)
		Less: Discount on Issuance of New Shares pursuant to Scheme of Arrangement (Refer note 1.4)	(97,211,023)	(97,211,023)
		Reduction of Capital Pursuant to Scheme of Arrangement (Refer note 1.4)	132,933,020	132,933,020
1,000,000,000	1,000,000,000		10,000,000	10,000,000

23. The Board of Directors in their meeting held on July 03, 2025, authorized the President & CEO to execute the agreement between the Group and His Excellency Nasser Abdullah Hussain Lootah ("the Sponsor"). Thereafter, an agreement was signed with the Sponsor on August 01 2025, which sets out the terms under which the Sponsor has deposited an amount equivalent to Rs 5 billion in the Group. In this respect, SBP vide its letter no. SBPHOK-BPRD-BACPD-STB-996916 dated October 17, 2025 has allowed the Group to consider the "Advance against Share Subscription" for MCR and CAR calculation till March 31, 2026, subject to several conditions including the condition that the advance cannot be returned to the Sponsor without the prior approval of the SBP.

24. SURPLUS / (DEFICIT) ON REVALUATION OF ASSETS

Note ----- 2025 ----- 2024 -----
 ----- (Rupees in '000) -----

Surplus / (deficit) on revaluation of

- Securities measured at FVOCI-Debt
- Securities measured at FVOCI-Equity
- Property and equipment
- Non-banking assets acquired in satisfaction of claims
- Property - held for sale

8.1	48,184	1,441,529
8.1	77,958	(55,760)
24.1	5,589,410	3,570,041
24.2	1,402,391	689,489
24.3	-	1,120,749
	7,117,943	6,766,048

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

- Securities measured at FVOCI-Debt
- Securities measured at FVOCI-Equity
- Property and equipment
- Non-banking assets acquired in satisfaction of claims
- Property - held for sale

	(20,237)	(605,442)
	(22)	41,951
24.1	(2,347,553)	(1,107,389)
24.2	(589,004)	(289,585)
24.3	-	(470,714)
	(2,956,816)	(2,431,179)
	4,161,127	4,334,869

24.1 Surplus on revaluation of property and equipment

Surplus on revaluation as at January 01,

Recognised during the year

Realised on disposal during the year - net of deferred tax

Transferred to accumulated losses in respect of incremental depreciation charged during the year - net of deferred tax

Related deferred tax liability on surplus realised on disposal

Related deferred tax liability on incremental depreciation charged during the year

Surplus on revaluation as at December 31,

	3,570,041	3,689,020
10.2	3,854,866	-
	(1,203,485)	(13,418)
	(49,377)	(55,590)
	(546,879)	(9,716)
	(35,756)	(40,255)
	5,589,410	3,570,041

Less: related deferred tax liability on:

- revaluation as at January 01,
- effect of change in tax rate
- revaluation recognised during the year
- surplus realised on disposal during the year
- incremental depreciation charged during the year

	(1,107,389)	(1,074,691)
	-	(82,669)
	(1,822,799)	-
	546,879	9,716
	35,756	40,255
	(2,347,553)	(1,107,389)
	3,241,857	2,462,652

24.2 Surplus on revaluation of non-banking assets acquired in satisfaction of claims

Surplus on revaluation as at January 01

Recognised during the year

Realised on disposal during the year - net of deferred tax

Transferred to accumulated losses in respect of incremental depreciation charged during the year - net of deferred tax

Related deferred tax liability on incremental depreciation charged during the year

Related deferred tax liability on surplus realised on disposal

Surplus on revaluation as at December 31

	689,489	804,670
	736,240	443
	-	(53,278)
	(13,536)	(13,784)
	(9,802)	(9,982)
	-	(38,580)
	1,402,391	689,489

Less: related deferred tax liability on:

- revaluation as at January 01
- effect of change in tax rate
- revaluation recognised during the year
- incremental depreciation charged during the year
- surplus realised on disposal during the year

	(289,585)	(313,821)
	-	(24,140)
	(309,221)	(186)
	9,802	38,580
	-	9,982
	(589,004)	(289,585)
	813,387	399,904

	2025	2024
Note	(Rupees in '000)	
24.3 Surplus on revaluation of Property - Held for sale		
Surplus on revaluation as at January 01	1,120,749	1,120,749
Recognised during the year	-	-
Realised on disposal during the year - net of deferred tax	(650,035)	-
Related deferred tax liability on surplus realised on disposal	(470,714)	-
Surplus on revaluation as at December 31	-	1,120,749
Less: related deferred tax liability on:		
- revaluation as at January 01	(470,714)	(437,092)
- effect of change in tax rate	-	(33,622)
- revaluation recognized during the year	-	-
- surplus realised on disposal during the year	470,714	-
	-	(470,714)
	-	650,035

25. CONTINGENCIES AND COMMITMENTS

Guarantees	25.1	15,727,469	16,239,036
Commitments	25.2	10,939,638	29,354,132
Other contingent liabilities	25.3	17,811,218	21,437,137
		<u>44,478,325</u>	<u>67,030,305</u>
25.1 Guarantees:			
Financial guarantees		320,470	20,470
Performance guarantees		10,328,552	9,857,474
Other guarantees		5,078,447	6,361,092
		<u>15,727,469</u>	<u>16,239,036</u>
25.2 Commitments:			
Documentary credits and short-term trade-related transactions			
- letters of credit		2,846,873	8,381,574
Commitments in respect of:			
- forward foreign exchange contracts	25.2.1	2,303,977	14,791,974
- forward lending	25.2.2	5,531,853	5,273,768
Commitments for acquisition of:			
- operating property and equipments		19,006	816,027
- intangible assets		237,929	90,789
		<u>10,939,638</u>	<u>29,354,132</u>

	2025	2024
	----- (Rupees in '000) -----	
25.2.1	Commitments in respect of forward foreign exchange contracts	
Purchase	2,303,977	9,476,934
Sale	-	5,315,040
	<u>2,303,977</u>	<u>14,791,974</u>
25.2.2	Commitments in respect of forward lending	
Forward documentary bills	<u>5,531,853</u>	<u>5,273,768</u>
25.3	Other contingent liabilities - claims against the Group not acknowledged as debts	
	<u>17,811,218</u>	<u>21,437,137</u>
25.4	Contingency for tax payable	
Contingency related to tax payable is disclosed in note 35.2.		
26.	MARK-UP / RETURN / INTEREST EARNED	
	Note	----- (Rupees in '000) -----
On:		
Loans and advances		2,529,046
Investments		35,619,374
Lending to financial institutions		697,027
Balances with banks		69,956
		<u>18,595,844</u>
		<u>38,915,403</u>
27.	MARK-UP / RETURN / INTEREST EXPENSED	
Deposits		20,490,662
Borrowings		21,165,443
Subordinated debt		352,104
Cost of foreign currency swaps against foreign currency deposits / borrowings		506,566
Finance cost of lease liability	19	473,834
		<u>19,453,385</u>
		<u>42,988,609</u>

	Note	2025	2024
		----- (Rupees in '000) -----	
28. FEE AND COMMISSION INCOME			
Branch banking customer fees		230,130	191,056
Consumer finance related fees		1,267	3,503
Card related fees (debit cards)		296,579	217,211
Credit related fees		1,152	1,646
Investment banking fees		-	1,368
Commission on trade		340,505	426,492
Commission on guarantees		118,842	128,724
Commission on cash management		6	417
Commission on remittances including home remittances		4,298	5,914
Commission on bancassurance		644	1,388
Commission on brokerage		158,595	117,780
Alternate delivery channels (ADC)		26,361	21,905
Others		9	41
		<u>1,178,388</u>	<u>1,117,445</u>
29. GAIN ON SECURITIES			
Unrealized gain on HFT investments		1,508	-
Realised	29.1	<u>2,278,028</u>	<u>1,214,358</u>
		<u>2,279,536</u>	<u>1,214,358</u>
29.1 Realised gain on:			
Federal Government Securities		2,252,434	1,201,521
Shares		25,594	12,837
		<u>2,278,028</u>	<u>1,214,358</u>
Net gain / (loss) on financial assets (debt instruments) measured at FVOCI		2,252,434	1,201,521
Net gain / (loss) on investments in equity instruments designated at FVOCI		4,893	372
		<u>2,257,327</u>	<u>1,201,893</u>
30. OTHER INCOME			
Rent on property		7,457	6,694
Gain on sale of property and equipment - net		1,592,591	65,163
Gain on sale of non banking assets		-	606,688
Gain on sale of HFS property		2,636,607	-
Gain on sale of ijarah assets		-	725
Recoveries against previously expensed items		-	-
Gain on termination of lease contracts under IFRS 16		64,354	113,049
Sale of scrap		-	-
Others		-	10
		<u>4,301,009</u>	<u>792,329</u>

31. OPERATING EXPENSES

	Note	2025	Restated 2024
----- (Rupees in '000) -----			
Total compensation expense	31.1	3,151,265	2,737,081
Property expense			
Rent and taxes		74,599	113,743
Insurance - Property		10,639	7,237
Insurance - Non Banking Assets		1,153	713
Utilities cost		517,174	557,709
Security (including guards)		274,842	260,429
Repair and maintenance (including janitorial charges)		227,905	238,780
Depreciation on owned property and equipments	10.2	236,231	255,241
Depreciation on right-of-use assets	11	539,592	541,593
Depreciation on non banking assets	14.1.1	60,995	63,439
		1,943,130	2,038,884
Information technology expenses			
Software maintenance		183,912	223,787
Hardware maintenance		135,244	138,523
Depreciation on computer equipments	10.2	92,875	86,038
Amortisation of computer softwares	12.2	79,719	39,882
Network charges		98,236	95,590
Insurance		2,711	2,927
		592,697	586,747
Other operating expenses			
Directors' fees and allowances		47,900	40,800
Fees and allowances to Shariah Board		23,700	23,700
Legal and professional charges		485,340	270,061
Outsourced services costs		303,466	321,707
Travelling and conveyance		412,770	461,922
NIFT clearing charges		43,006	36,968
Depreciation	10.2	83,001	83,174
Training and development		7,602	7,127
Postage and courier charges		29,747	43,506
Communication		158,366	155,689
Stationery and printing		128,101	195,053
Marketing, advertisement and publicity		52,109	46,667
Brokerage and commission		32,578	40,355
Fee and subscription		265,336	258,857
Cash transportation and sorting charges		143,638	154,586
Entertainment		69,662	81,618
Insurance		207,621	195,303
Deposit insurance premium expense		205,043	182,244
Repair and maintenance		177,307	174,152
Auditors' remuneration	31.2	25,059	23,685
Others		26,074	37,382
		2,927,426	2,834,556
		8,614,518	8,197,268

The total cost for the year included in other operating expenses relating to outsourced activities is Rs. 307.427 million (2024: Rs. 346.194 million). This cost pertains to companies incorporated in Pakistan. This includes payments other than outsourced services cost, which are disclosed above.

		2025	Restated 2024
	Note	(Rupees in '000)	
31.1	Total compensation expense		
	Fees and allowances etc.	13,710	24,881
	Managerial remuneration		
	i) Fixed	1,950,357	1,709,437
	ii) Variable		
	of which;		
	a) Cash bonus / awards etc.	-	-
	b) Incentives and commission	369	2,621
	Charge for defined benefit plan	92,721	88,803
	Contribution to defined contribution plan	106,002	87,172
	Charge for employees compensated absences	71,920	46,789
	Rent and house maintenance	629,546	535,358
	Utilities	141,038	119,475
	Medical	144,625	121,749
	Employee old age benefit institution	977	796
	Total	3,151,265	2,737,081
31.2	Auditors' remuneration		
	Audit fee	6,034	5,159
	Fee for other statutory certifications	6,536	5,446
	Fee for audit of employee funds	-	-
	Special certifications and sundry advisory services	10,975	10,990
	Out-of-pocket expenses	1,514	2,090
		25,059	23,685
32.	WORKERS' WELFARE FUND		
	The Bank has made provision for Workers' Welfare Fund (WWF) based on profit for the current year.		
33.	OTHER CHARGES		
	Penalties imposed by State Bank of Pakistan	869	772
		869	772
34.	CREDIT LOSS ALLOWANCE AND WRITE OFFS - NET		
	Credit loss allowance on investments for		
	diminution in value of investments	(1,671,962)	310
	Credit loss allowance against loans and advances	(19,161,299)	(1,469,549)
	Credit loss allowance against other assets	111	101
	Reversal of revaluation decrease on property and equipment		
	recognized in profit and loss account	(15,245)	-
	Reversal of revaluation decrease on non-banking assets		
	recognized in profit and loss account	(73,143)	(330)
	Property and equipments written off	8	176
	Operational loss	3,615	2,072
	Recoveries against written off / charged off bad debts	(1,879)	(567)
	Bad debts written off directly	932	-
	Credit loss allowance against off-balance sheet obligations	(110,859)	51,893
	Credit loss allowance on balance with other banks	1,118	585
	Credit loss allowance on lending to FI	(667)	667
		(21,029,270)	(1,414,642)

35. TAXATION	Note	2025	2024
		----- (Rupees in '000) -----	
Current	35.1 & 35.2	307,968	536,352
Prior years	35.2 & 35.3	123,930	-
Deferred	13	9,870,208	(2,560,081)
		<u>10,302,106</u>	<u>(2,023,729)</u>

35.1 This represents the provision for minimum taxation made in accordance with the requirements of section 113 of the Income Tax Ordinance, 2001. Therefore, reconciliation of tax expense and accounting profit / loss has not been disclosed.

35.2 The Income Tax Returns of the Bank and its subsidiary have been submitted up to and including financial year ended December 31, 2024 i.e. tax year 2025.

In respect of assessments of Bank Makramah Limited from tax years 2009 to tax year 2019 and from tax year 2022 to tax year 2023, the tax authorities disputed the Bank's treatment on certain issues and created an additional tax demand (net of rectification) of Rs. 418.48 million through amended assessment orders and the same have been paid / stayed / adjusted against available refunds.

In respect of assessments of Bank Makramah Limited AJK Region from tax year 2013 to tax year 2017, the tax authorities disputed the Bank's treatment on certain issues and created an additional tax demand of Rs. 57.96 million through amended assessment orders and the same have been paid / stayed / adjusted against advance tax paid. The Bank has recorded a prior year charge of minimum tax amounting to Rs. 0.960 million for Tax Year 2020.

In respect of assessments of ex-My Bank Limited (now Bank Makramah Limited) from tax year 2003 to tax year 2011, the tax authorities disputed the Bank's treatment on certain issues and created additional tax demand of Rs. 456.62 million through amended assessment orders and the same have been paid / adjusted against available refunds.

In respect of assessments of ex-Atlas Bank Limited (now Bank Makramah Limited) from tax year 2003 to tax year 2010, the tax authorities disputed the Bank's treatment on certain issues and created additional tax demand of Rs. 89.74 million through amended assessment orders and the same have been paid / adjusted against available refunds.

Such issues mainly include disallowances of mark up payable, taxation of mutual fund distribution at corporate tax rate, disallowance of provision against non-performing loans, disallowance of reversal of provisions, allocation of expenses against dividend income and capital gain, disallowances against non-banking assets, disallowances of certain HO expenses, addition to mark-up/interest earned in AJK region etc. The Bank has filed appeals before the various appellate forums against these amended assessment orders which are either pending for hearing or order.

The management of the Bank is confident about the favourable outcome of the appeals hence, no provision / adjustment with respect to the above matters has been made in these unconsolidated financial statements.

35.3 In pursuance of SRO 1588(I)/2023 dated 21 November 2023, banking companies have been designated to be the 'sector' for the purpose of section 99D of the Income Tax Ordinance 2001, for the tax years 2022 and 2023. The Bank through its legal counsel has challenged the above levy, and the High Court of Sindh, initially suspended the operation of the aforementioned SRO and granted stay to the Bank. Subsequently, the High Court of Sindh respectfully denied the oral motion for suspension with the considered view that grant of the oral motion would militate against the edicts of the Supreme Court. However, the Bank has recorded a prior year charge of Rs 122.970 million in these consolidated financial statements.

	Note	2025 ----- (Rupees in '000) -----	Restated 2024
36. BASIC AND DILUTED EARNING / (LOSS) PER SHARE			
Profit / (loss) for the year		<u>8,830,263</u>	<u>(5,206,375)</u>
		----- (Number of shares) -----	
Weighted average number of ordinary shares - Basic		<u>1,000,000,000</u>	<u>5,208,984,803</u>
		----- (Rupees) -----	
Basic earning / (loss) per share		<u>8.83</u>	<u>(1.00)</u>
		----- (Number of shares) -----	
Weighted average number of ordinary shares - Diluted	36.1 & 36.2	<u>1,000,000,000</u>	<u>5,208,984,803</u>
		----- (Rupees) -----	
Diluted earning / (loss) per share		<u>8.83</u>	<u>(1.00)</u>

36.1 The Earnings Per Share has been restated in 2024 due to weighted average effect of reduction of share capital and restatement of statement of profit and loss statement due to amalgamation as of September 30, 2024 (refer note 1.4).

36.2 There are no potential ordinary shares outstanding as of December 31, 2025.

	Note	2025 ----- (Rupees in '000) -----	Restated 2024
37. CASH AND CASH EQUIVALENTS			
Cash and balances with treasury banks	5	<u>12,915,786</u>	18,352,208
Balances with other banks excluding credit loss allowance	6	<u>2,766,401</u>	1,476,206
Overdrawn nostro accounts	17	<u>(5,113)</u>	(4,943)
		<u>15,677,074</u>	<u>19,823,471</u>

371 Reconciliation of movement of liabilities to cash flows arising from financing activities

	2025					Total
	Liabilities			Equity		
	Subordinated debt	Lease Liabilities	Other liabilities	Advance against issue of shares	Share Capital	
	----- (Rupees in '000) -----					
Balance as at January 01, 2025 - Restated	1,495,515	3,284,402	7,536,410	-	10,000,000	22,316,327
Changes from financing cash flows						
Issue of share capital	-	-	-	-	-	-
Share issuance cost	-	-	-	-	-	-
Payment of lease liability against right-of-use-assets	-	(904,942)	-	-	-	(904,942)
	-	(904,942)	-	-	-	(904,942)
Liability related other changes						
- Cash based	-	-	(1,393,283)	-	-	(1,393,283)
- Non cash based	-	933,855	3,415	-	-	937,270
Total liability related other changes	-	933,855	(1,389,868)	-	-	(456,013)
Equity related other changes	-	-	-	5,000,000	-	5,000,000
Balance as at December 31, 2025	1,495,515	3,313,315	6,146,542	5,000,000	10,000,000	25,955,372

	2024 - Restated					Total
	Liabilities			Equity		
	Subordinated debt	Lease Liabilities	Other liabilities	Advance against issue of shares	Share Capital	
	----- (Rupees in '000) -----					
Balance as at January 01, 2024	1,495,515	3,348,737	7,100,434	-	30,500,208	42,444,894
Changes from financing cash flows						
Issue of share capital	-	-	-	-	-	-
Share issuance cost	-	-	-	-	-	-
Payment of lease liability against right-of-use-assets	-	(846,779)	-	-	-	(846,779)
	-	(846,779)	-	-	-	(846,779)
Liability related other changes						
- Cash based	-	-	(1,393,283)	-	-	(1,393,283)
- Non cash based	-	782,444	1,829,259	-	-	2,611,703
Total liability related other changes	-	782,444	435,976	-	-	1,218,420
Equity related other changes	-	-	-	-	(20,500,208)	(20,500,208)
Balance as at December 31, 2024 - Restated	1,495,515	3,284,402	7,536,410	-	10,000,000	22,316,327

38. STAFF STRENGTH

	2025	2024
	----- (Number of employees) -----	
Permanent	1,633	1,585
On Group contract	83	61
Group's own staff strength at the end of the year	<u>1,716</u>	<u>1,646</u>

38.1 In addition to the above, 388 (2024: 472) 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.

39. DEFINED BENEFIT PLAN

39.1 Holding Company - Bank Makramah Limited

39.1.1 General description

The Holding Company maintains two schemes under defined benefit plan:

- A funded gratuity plan - under which benefits are payable to eligible employees on retirement or on cessation of services in lump sum. The benefit is equal to one month's last drawn basic salary for each year of confirmed service, subject to a minimum of five years of service.
- An unfunded employee compensated absences scheme - under which benefits are payable to permanent and contractual employees on retirement or at the time of their final settlement. The benefit is equal to a maximum of 45 days gross salary subject to availability of privilege leaves balance.

The actuarial valuation of the funded and unfunded scheme is carried out periodically. Latest actuarial valuation was carried out as at December 31, 2025 using 'Projected Unit Credit Method'.

39.1.2 Number of Employees under the scheme

The number of employees covered under the following defined benefit schemes are:

	2025	2024
	----- (Number) -----	
- Gratuity fund	<u>1,592</u>	<u>1,546</u>
- Employees Compensated Absences	<u>1,673</u>	<u>1,603</u>

39.1.3 Principal actuarial assumptions

Latest actuarial valuation was carried out as at December 31, 2025 using 'Projected Unit Credit Method'.

	2025	2024	2025	2024
	Employees compensated absences (Unfunded)		Gratuity fund (Funded)	
	(Per annum)			
Discount rate	11.00%	12.25%	11.00%	12.25%
Discount rate for profit and loss	12.25%	15.50%	12.25%	15.50%
Expected rate of salary increase	11.25%	12.25%	11.25%	12.25%
Expected rate of return on plan assets	-	-	11.25%	12.25%
Leave accumulation factor - per annum	22 days	22 days	-	-
Withdrawal rates	High	Moderate	High	Moderate
Mortality rates	SLIC 2001-05	SLIC 2001-05	Adjusted SLIC 2001-05	Adjusted SLIC 2001-05

39.1.4 Reconciliation of payable to defined benefit plans

	2025	2024	2025	2024
	Employees compensated absences (Unfunded)		Gratuity fund (Funded)	
	(Rupees in '000)			
Present value of obligations	199,801	156,962	705,534	608,530
Fair value of plan assets	-	-	(561,625)	(528,989)
Payable	199,801	156,962	143,909	79,541

39.1.5 Movement in defined benefit obligations

Obligations at the beginning of the year	156,962	137,637	608,530	515,836
Current service cost	19,047	15,615	88,251	87,169
Past service cost	-	-	-	-
Interest cost	17,655	19,487	67,091	71,939
Benefits paid by the holding company	(27,685)	(26,717)	(103,320)	(92,514)
Re-measurement loss	33,822	10,940	44,982	26,100
Obligations at the end of the year	199,801	156,962	705,534	608,530

39.1.6 Movement in fair value of plan assets

Fair value at the beginning of the year	-	-	528,989	497,023
Interest income on plan assets	-	-	63,345	71,327
Contribution by the holding company - net	-	-	(23,779)	(73,701)
Re-measurements: Net return on plan assets over interest income (loss) / gain	39.1.8.2	-	(6,930)	34,340
Fair value at the end of the year	-	-	561,625	528,989

39.1.7 Movement in payable under defined benefit schemes

Opening balance	156,962	137,637	79,541	18,813
Charge for the year	70,524	46,042	91,997	87,781
Contribution by the holding company - net	-	-	23,779	73,701
Re-measurement gain recognised in OCI during the year	39.1.8.2	-	51,912	(8,240)
Benefits paid by the holding company	(27,685)	(26,717)	(103,320)	(92,514)
Closing balance	199,801	156,962	143,909	79,541

	2025	2024	2025	2024
	Employees compensated absences (Unfunded)		Gratuity fund (Funded)	
	----- (Rupees in '000) -----			
39.1.8 Charge for defined benefit plans				
39.1.8.1 Cost recognised in profit and loss				
Current service cost	19,047	15,615	88,251	87,169
Past service cost	-	-	-	-
Net interest on defined benefit liability	17,655	19,487	3,746	612
Actuarial losses / (gains) recognised	33,822	10,940	-	-
	70,524	46,042	91,997	87,781
39.1.8.2 Re-measurements recognised in OCI during the year				
Loss / (gain) on obligation				
- Demographic assumptions	-	-	(1,921)	(14,624)
- Financial assumptions	-	-	18,969	25,804
- Experience adjustment	-	-	27,934	14,920
Return on plan assets over interest income	-	-	6,930	(34,340)
Total re-measurements recognised in OCI	-	-	51,912	(8,240)
39.1.9 Components of plan assets				
Cash and cash equivalents - net	-	-	561,625	528,989

39.1.10 Sensitivity analysis

Sensitivity analysis has been performed by varying one assumption keeping all other assumptions constant and calculating the impact on the present value of the defined benefit obligations under the various employee benefit schemes. The increase / (decrease) in the present value of defined benefit obligations as a result of change in each assumption is summarized below:

Change in assumption	Employees Compensated Absences (Unfunded)		Gratuity fund (Funded)	
	Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption
	----- (Rupees in '000) -----			
Discount rate ± 1%	(6,434)	6,916	(24,151)	25,965
Salary increase rate ± 1%	7,763	(7,347)	28,906	(27,340)
Withdrawal rate ± 10%	-	-	(49)	48
Mortality ± 1 Year	-	-	(3,101)	3,263

39.1.11 Expected contributions to be paid to the funds in the next financial year

The Holding Company contributes to the employee compensated absences and gratuity funds according to the actuary's advice.

Employees compensated absences	Gratuity fund
----- (Rupees in '000) -----	
24,423	109,358

Expected charge for the next financial year

39.1.12 Maturity profile

The weighted average duration of the obligation (in years)

	2025	2024	2025	2024
Employees compensated absences (Unfunded)	4.40	7.33	3.59	5.18
Gratuity fund (Funded)				

39.1.13 Funding Policy

The Holding Company endeavors to ensure that liabilities under the various employee benefit schemes are covered by the Fund on any valuation date having regards to the various actuarial assumptions such as projected future salary increase, expected future contributions to the fund, projected increase in liability associated with future service and the projected investment income of the Fund.

39.1.14 The significant risks associated with Defined Benefits Plans are as under:

Investment Risks:

The risk arises when the actual performance of the investment is lower than expectation and thus creating a shortfall in the funding objectives.

Longevity Risks:

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

Salary Increase Risk:

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

Withdrawal Risk:

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

Asset Volatility:

The risk arises due to inclusion of the risky assets in the pension / gratuity fund portfolio, inflation and relevant rate volatility.

Changes in bond yields:

The risk arises when bond yield is lower than the expected return on the plan assets (duration based PIB discount rate).

Inflation risk:

The risk arises if pension/gratuity benefits are linked to inflation and inflation rate is higher or higher than expected, which results in higher liabilities.

39.2 Subsidiary - Summit Capital (Private) Limited

39.2.1 General description

The Company has a gratuity fund that has been recognized by the Income Tax Authorities under Part III of Sixth Schedule to the Income Tax Ordinance, 2001 on November 03, 2007. The trust deed for the fund has been duly executed on July 12, 2007.

The cost of providing benefits under gratuity fund is determined using the Projected Unit Credit method, with actuarial valuation being carried out as at balance sheet date. The latest valuation was carried out as on December 31, 2025.

39.2.2 Principal actuarial assumptions	2025	2024
	----- % per annum -----	
The following principal assumptions were used for the valuation:		
Estimated rate of increase in salary of the employees	12.75	12.32
Expected rate of return on plan assets	11.75	12.00
Discount rate	11.75	12.00

39.2.3 Reconciliation of payable to / (receivable from) defined benefit plan	2025	2024
	----- (Rupees in '000) -----	
Present value of defined benefit obligation	20,322	15,634
Fair value of plan assets	(20,322)	(15,634)
Asset / liability recognized in balance sheet	<u>-</u>	<u>-</u>

39.2.4 Movement in net liability recognized		
Opening net (asset) / liability	-	-
(Reversal) / charge for the year	724	1,022
Negative contribution	-	655
Other comprehensive (loss) / income - OCI	2,461	(577)
Contributions paid to the fund during the year	(3,185)	(1,100)
Closing net (asset) / liability	<u>-</u>	<u>-</u>

39.2.5 (Income) / expense charged in profit and loss account		
Current service cost	915	1,110
Net interest	(191)	(88)
Curtailement / Settlement Gain / Loss	-	-
	<u>724</u>	<u>1,022</u>

39.2.6 Sensitivity analysis on significant actuarial assumptions		Impact on present value of DBO	
	Change in assumption	Increase in assumption	Decrease in assumption
		----- (Rupees in '000) -----	
Discount Rate	± 1 %	19,446	21,281
Salary Increase Rate	± 1 %	21,354	19,362
Withdrawal Rate	± 1 %	20,231	20,425
1 year mortality age set	Back / Forward	20,324	20,319

	2025	2024
	----- (Rupees in '000) -----	
39.2.7 Provision for staff compensated absences		
Opening balance	3,988	3,902
Charge / (reversal) for the year	1,396	747
Encashment during the year	(128)	(661)
Closing balance	<u>5,256</u>	<u>3,988</u>

40. DEFINED CONTRIBUTION PLAN

40.1 Holding Company - Bank Makramah Limited

An amount of Rs. 102.547 million (2024: Rs. 84.508 million) has been charged during the year in respect of contributory provident fund maintained by the Holding Company.

40.2 Subsidiary Company - Summit Capital (Private) Limited

An amount of Rs. 3.455 million (2024: Rs. 2.664 million) has been charged during the year in respect of contributory provident fund maintained by the Subsidiary Company.

41. COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

41.1 Total Compensation Expense

Items	2025						
	Directors			Members Shariah Board	President/ CEO	Key Management Personnel	Other Material Risk Takers/ Controllers
Chairman	Executive (other than CEO)	Non-Executive					
	----- (Rupees in '000) -----						
Fees and allowances etc.	4,000	-	43,900	23,700	-	-	1,452
Managerial remuneration							
i) Fixed	-	-	-	3,229	62,037	266,905	67,893
ii) Total variable							
of which							
a) Cash bonus / awards	-	-	-	-	-	-	-
b) Incentives and commission	-	-	-	-	-	8,405	-
Charge for defined benefit plan	-	-	-	179	4,558	16,372	5,631
Contribution to defined contribution plan	-	-	-	210	5,317	17,140	3,983
Charge for employees compensated absences	-	-	-	-	3,036	7,556	2,606
Rent and house maintenance	-	-	-	947	23,928	93,039	20,163
Utilities	-	-	-	210	6,457	20,675	4,481
Medical	-	-	-	210	5,317	19,301	4,481
Total	<u>4,000</u>	<u>-</u>	<u>43,900</u>	<u>28,685</u>	<u>110,650</u>	<u>449,393</u>	<u>110,690</u>
Number of persons	<u>1</u>	<u>-</u>	<u>4*</u>	<u>5</u>	<u>1</u>	<u>26</u>	<u>26</u>

Items	Directors			Members Shariah Board	President / CEO	Key Management Personnel	Other Material Risk Takers / Controllers
	Chairman	Executive (other than CEO)	Non-Executive				
	(Rupees in '000)						
Fees and allowances etc.	2,400	-	38,400	17,775	-	-	2,254
Managerial remuneration							
i) Fixed	-	-	-	2,823	72,511	186,755	68,656
ii) Total variable							
of which							
a) Cash bonus / awards	-	-	-	-	-	-	-
b) Incentives and commission	-	-	-	-	-	2,035	-
Charge for defined benefit plan	-	-	-	156	3,798	15,328	5,357
Contribution to defined contribution plan	-	-	-	179	4,431	11,907	4,179
Charge for employees compensated absences	-	-	-	38	3,680	7,615	2,657
Rent and house maintenance	-	-	-	807	19,940	63,768	19,662
Utilities	-	-	-	179	4,431	14,171	4,369
Medical	-	-	-	179	4,943	13,124	4,369
Total	2,400	-	38,400	22,136	113,734	314,702	111,503
Number of persons	1	-	5*	5	1	31	30

* Number of persons include outgoing Chairman

Ms. Fauzia Hasnain didn't continue as the Independent / Female Director of the Bank after March 27, 2025.

On October 30, 2024 Mr. Muhammad Salman Alam Fazli resigned as the Non - Executive Director of the Bank.

Key Management personnel include all staff having a direct reporting line to the President and Chief Executive Officer.

The Bank's President and Chief Executive Officer is entitled to use of Bank's maintained car and club membership fee in accordance with entitlement. While certain Key executives of the Bank are entitled to club membership fee in accordance with their entitlements.

The MRT / MRC inclusion criteria has been developed in accordance with the Bank's Remuneration Guidelines.

The aggregate remuneration paid during the year to executives as defined under the Companies Act, 2017 amounted to Rs. 1,509.342 million (2024: Rs. 1,064.807 million).

41.2 Remuneration paid to Directors for participation in Board and Committee Meetings

2025								
Name of Director	Meeting Fees and Allowances Paid							
	Board Meetings	For Board Committees						Total Amount Paid
		Board Audit Committee (BAC)	Board Human Resource and Remuneration Committee (BHR&RC)	Board Information Technology Committee (BITC)	Board Risk Management Committee (BRMC)*	Board Compliance Committee (BCC)	Board Special Assets Management Committee (BSAMC)*	
(Rupees in '000)								
Mr. Waseem Mehdi Syed	4,000	2,400	1,600	2,400	1,600	1,600	400	14,000
Ms. Fauzia Hasnain	1,500	400	400	-	400	-	400	3,100
Mr. Wajahat Ahmed Baqai	4,000	2,400	1,200	1,600	2,000	1,600	400	13,200
Mr. Zafar Iqbal Siddiqui	4,000	2,400	1,200	2,400	2,000	1,600	-	13,600
Mr. Abdulla Nasser Abdulla Hussain Lootah	4,000	-	-	-	-	-	-	4,000
Total amount paid	17,500	7,600	4,400	6,400	6,000	4,800	1,200	47,900

*Board Special Assets Management Committee (BSAMC) was dissolved and its mandate merged into Board Risk Management Committee (BRMC) approved through resolution by circulation on June 12, 2025.

2024								
Name of Director	Meeting Fees and Allowances Paid							
	Board Meetings	For Board Committees						Total Amount Paid
		Board Audit Committee (BAC)	Board Human Resource and Remuneration Committee (BHR&RC)	Board Information Technology Committee (BITC)	Board Risk Management Committee (BRMC)*	Board Compliance Committee (BCC)	Board Special Assets Management Committee (BSAMC)	
(Rupees in '000)								
Mr. Waseem Mehdi Syed	1,800	1,200	2,400	2,100	300	1,200	1,200	10,200
Ms. Fauzia Hasnain	1,800	1,500	2,400	300	1,200	900	1,200	9,300
Mr. Wajahat Ahmed Baqai	1,800	1,500	900	300	1,200	1,200	1,200	8,100
Mr. Zafar Iqbal Siddiqui	1,800	1,200	300	2,100	1,200	1,200	300	8,100
Mr. Muhammad Salman Alam Fazli	900	300	300	300	300	300	300	2,700
Mr. Abdulla Nasser Abdulla Hussain Lootah	1,800	300	300	-	-	-	-	2,400
Total amount paid	9,900	6,000	6,600	5,100	4,200	4,800	4,200	40,800

41.3 Remuneration paid to Shariah Board Members

Items	2025			2024		
	Chairman	Resident Member	Non-Resident Member(s)	Chairman	Resident Member	Non-Resident Member(s)
	------(Rupees in '000)-----					
Meeting fees and allowances	15,600	-	8,100	11,700	-	6,075
Managerial Remuneration						
i) Fixed	-	3,229	-	-	2,823	-
ii) Total variable						
of which						
a) Cash bonus / awards etc.	-	-	-	-	-	-
b) Incentives and commission	-	-	-	-	-	-
Charge for defined benefit plan	-	179	-	-	156	-
Contribution to defined contribution plan	-	210	-	-	179	-
Charge for employees compensated absences	-	-	-	-	38	-
Rent and house maintenance	-	947	-	-	807	-
Utilities	-	210	-	-	179	-
Medical	-	210	-	-	179	-
Total amount	15,600	4,985	8,100	11,700	4,361	6,075
Total number of persons	1	1	3	1	1	3

42. FAIR VALUE MEASUREMENTS

The fair value of quoted securities other than those classified as held to maturity, is based on quoted market price. Quoted securities classified as held to maturity are carried at cost. The fair value of unquoted equity securities is determined on the basis of the break-up value of these investments as per their latest available audited financial statements.

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.

42.1 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).

42.2 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 categorized:

2025			
Level1	Level 2	Level 3	Total
----- (Rupees in '000) -----			
On balance sheet financial instruments			
Financial assets - measured at fair value			
Investments			
- Federal Government Securities	83,096,057	-	83,096,057
- Shares - Listed	253,578	-	253,578
- Non Government Debt Securities	2,218,899	-	2,218,899
Financial assets - disclosed but not measured at fair value			
Investments			
- Shares - Unlisted	-	73,295	73,295
Non-Financial assets - measured at fair value			
Operating property and equipments (Land and Building)	-	7,145,167	7,145,167
Non banking assets acquired in satisfaction of claims	-	3,067,081	3,067,081
Off-balance sheet financial instruments - measured at fair value			
Forward purchase of foreign exchange	2,301,455	-	2,301,455
Forward sale of foreign exchange	-	-	-

2024			
Level1	Level 2	Level 3	Total
----- (Rupees in '000) -----			
On balance sheet financial instruments			
Financial assets - measured at fair value			
Investments			
- Federal Government Securities	172,482,044	-	172,482,044
- Shares - Listed	72,953	-	72,953
- Non Government Debt Securities	2,296,501	-	2,296,501
Financial assets - disclosed but not measured at fair value			
Investments			
- Shares - Unlisted	-	68,778	68,778
Non-Financial assets - measured at fair value			
Operating property and equipments (Land and Building)	-	6,160,237	6,160,237
Non banking assets acquired in satisfaction of claims	-	2,156,761	2,156,761
Off-balance sheet financial instruments - measured at fair value			
Forward purchase of foreign exchange	9,495,023	-	9,495,023
Forward sale of foreign exchange	5,312,188	-	5,312,188

Valuation techniques used in determination of fair value

Item	Valuation approach and input used
Federal Government Securities-Unlisted	The fair values of Market Treasury Bills (MTB) and Pakistan Investment Bonds (PIB) are determined using the PKRV rates. Floating rate PIBs are revalued using PKFRV rates. The fair values of GOP Ijarah Sukuks are derived using the PKISRV rates.
Federal Government Securities-Listed	The fair value of investment in listed GOP Ijarah Sukuk are valued on the basis of closing quoted market price available at the Pakistan Stock Exchange.
Ordinary shares - Listed	The fair value of investment in listed equity securities are valued on the basis of closing quoted market price available at the Pakistan Stock Exchange.
Ordinary shares - Unlisted	This represents breakup value of investments.
Non-Government Debt Securities	Investments in 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.
Forward foreign exchange contracts	The valuation has been incorporated by interpolating the foreign exchange revaluation rates announced by the SBP.
Property and equipment (land and building) and non-banking assets acquired in satisfaction of claims	<p>The valuation experts used a market based approach to arrive at the fair value of the Group's properties. The market approach used prices and other relevant information generated by market transactions involving identical or comparable or similar properties.</p> <p>The effect of changes in the unobservable input used in the valuation can not be determined with certainty. Accordingly a qualitative disclosure of sensitivity has not been presented in these consolidated financial statements.</p>

43. SEGMENT INFORMATION

43.1 Segment details with respect to business activities

	2025					
	Corporate, SME & Commercial	Treasury	Retail Banking	Brokerage Business	Others	Total
	(Rupees in '000)					
Profit and loss						
Net mark-up / return / profit	993,315	10,323,275	(1,512,186)	(1,891)	(660,054)	(857,541)
Inter segment revenue - net	(825,322)	(9,507,119)	16,494,228	-	(6,161,787)	-
Non mark-up / return / interest income	319,565	2,531,985	660,028	206,194	4,239,858	7,957,630
Total income	487,558	3,348,141	5,642,070	204,303	(2,581,983)	7,100,089
Segment direct expenses	268,015	120,754	5,242,985	152,399	3,212,837	8,996,990
Inter segment expense allocation	722,729	280,210	1,422,570	-	(2,425,509)	-
Total expenses	990,744	400,964	6,665,555	152,399	787,328	8,996,990
Credit loss allowance	(19,256,047)	(1,671,513)	(341)	(128)	(101,241)	(21,029,270)
Profit / (loss) before tax	18,752,861	4,618,690	(1,023,144)	52,032	(3,268,070)	19,132,369

	2025					
	Corporate, SME & Commercial	Treasury	Retail Banking	Brokerage Business	Others	Total
	(Rupees in '000)					
Balance Sheet						
Cash and bank balances	76,291	12,357,081	2,927,354	319,257	-	15,679,983
Investments	-	86,050,151	-	258,811	-	86,308,962
Net inter segment lending	-	-	158,972,294	-	-	158,972,294
Lendings to financial institutions	-	14,199,796	-	-	-	14,199,796
Advances - performing	20,470,013	-	245,648	-	2,368,823	23,084,484
Advances - non-performing	2,912,762	-	31,319	-	4,156	2,948,237
Others	426,832	1,834,475	5,231,687	177,296	63,790,774	71,461,064
Total assets	23,885,898	114,441,503	167,408,302	755,364	66,163,753	372,654,820
Borrowings	2,509,728	4,800,353	-	94,441	-	7,404,522
Subordinated debt	-	-	-	-	1,495,515	1,495,515
Deposits and other accounts	4,666,949	-	164,188,915	-	-	168,855,864
Net inter segment borrowing	16,647,283	109,617,385	-	-	32,707,626	158,972,294
Others	61,938	23,765	3,219,387	349,577	8,554,818	12,209,485
Total liabilities	23,885,898	114,441,503	167,408,302	444,018	42,757,959	348,937,680
Equity	-	-	-	311,346	23,405,794	23,717,140
Total equity and liabilities	23,885,898	114,441,503	167,408,302	755,364	66,163,753	372,654,820
Contingencies and Commitments	40,991,131	2,303,977	-	-	1,183,217	44,478,325

2024 - Restated						
Corporate, SME & Commercial	Treasury	Retail Banking	Brokerage Business	Others	Total	
----- (Rupees in '000) -----						
Profit and loss						
Net mark-up / return / profit	963,190	15,443,805	(19,723,249)	12,899	(769,851)	(4,073,206)
Inter segment revenue - net	(1,072,378)	(15,031,455)	25,693,903	-	(9,590,070)	-
Non mark-up / return / interest income	311,201	1,799,929	594,503	148,331	772,536	3,626,500
Total income	202,013	2,212,279	6,565,157	161,230	(9,587,385)	(446,706)
Segment direct expenses	289,588	111,579	5,119,736	121,130	2,556,007	8,198,040
Inter segment expense allocation	678,964	247,620	1,411,144	-	(2,337,728)	-
Total expenses	968,552	359,199	6,530,880	121,130	213,351	8,198,040
Credit loss allowance	(1,506,703)	(589)	(1,559)	583	93,626	(1,414,642)
Profit / (loss) before tax	740,164	1,853,669	35,836	39,517	(9,894,362)	(7,230,104)

2024 - Restated						
Corporate, SME & Commercial	Treasury	Retail Banking	Brokerage Business	Others	Total	
----- (Rupees in '000) -----						
Balance Sheet						
Cash and bank balances	97,877	14,489,632	5,080,174	159,645	-	19,827,328
Investments	-	174,780,413	-	78,216	-	174,858,629
Net inter segment lending	-	-	175,156,126	-	-	175,156,126
Lendings to financial institutions	-	9,697,187	-	-	-	9,697,187
Advances - performing	12,429,126	-	244,359	-	1,734,203	14,407,688
Advances - non-performing	751,450	-	398,884	-	16,056	1,166,390
Others	418,523	4,670,152	3,871,092	269,756	69,034,368	78,263,891
Total assets	13,696,976	203,637,384	184,753,081	507,617	43,159,860	473,377,239
Borrowings	3,562,820	86,281,203	-	48,902	-	89,892,925
Subordinated debt	-	-	-	-	1,495,515	1,495,515
Deposits and other accounts	4,663,766	-	181,195,988	-	-	185,859,754
Net inter segment borrowing	5,235,128	117,054,799	-	-	52,866,199	175,156,126
Others	231,200	301,453	3,557,093	218,870	8,412,692	12,721,308
Total liabilities	13,696,976	203,637,384	184,753,081	267,772	61,610,289	465,125,628
Equity	-	-	-	239,845	8,011,766	8,251,611
Total equity and liabilities	13,696,976	203,637,384	184,753,081	507,617	43,159,860	473,377,239
Contingencies and Commitments	50,598,134	14,791,974	-	-	1,640,197	67,030,305

43.1.1 The Group does not have any operations outside Pakistan.

44. TRUST ACTIVITIES

The Group undertakes Trustee and other fiduciary activities that result in the holding or placing of assets on behalf of individuals and other organisations. These are not assets of the Group and, therefore, are not included as such in these consolidated financial statements. Assets held under trust are shown in the table below:

2025					
Category	No. of IPS accounts	Securities Held (Face Value)			Total
		GoP Ijarah Sukuks	Market Treasury Bills	Pakistan Investment Bonds	
----- (Rupees in '000) -----					
Employee Funds	3	1,750,000	-	58,000	1,808,000
Individual	4	5,800	-	29,300	35,100
Insurance company	2	-	-	575,500	575,500
Total	9	1,755,800	-	662,800	2,418,600

2024					
Category	No. of IPS accounts	Securities Held (Face Value)			Total
		GoP Ijarah Sukuks	Market Treasury Bills	Pakistan Investment Bonds	
----- (Rupees in '000) -----					
Employee Funds	3	1,771,000	235,700	58,000	2,064,700
Individual	9	65,800	37,000	29,400	132,200
Insurance company	1	-	-	16,000	16,000
Total	13	1,836,800	272,700	103,400	2,212,900

45. RELATED PARTY TRANSACTIONS

The Group has related party transactions with its employee benefit plans, its directors and Key Management Personnel.

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 valuations / terms of the contribution plan. Remuneration to the executives / officers is determined in accordance with the terms of their appointment.

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

	2025			2024		
	Directors	Key management personnel	Other related parties	Directors	Key management personnel	Other related parties
	----- (Rupees in '000) -----					
Investments						
Opening balance	-	-	552,038	-	-	448,218
Investment made during the year	-	-	-	-	-	-
Investment redeemed / disposed of during the year	-	-	-	-	-	-
Transfer in / (out) - net	-	-	(552,038)	-	-	-
Other adjustment	-	-	-	-	-	103,820
Closing balance	-	-	-	-	-	552,038
Credit loss allowance for diminution in value of investments						
	-	-	-	-	-	552,023
Advances						
Opening balance	-	421,468	517,251	-	303,505	671,901
Addition during the year	-	115,022	2,700	-	52,070	284
Repaid during the year	-	(111,691)	(399)	-	(30,556)	(154,934)
Transfer in / (out) - net	-	5,430	(517,060)	-	96,449	-
Closing balance	-	430,229	2,492	-	421,468	517,251
Credit loss allowance held against advances	-	58	0	-	84	517,060

	2025			2024		
	Directors	Key management personnel	Other related parties	Directors	Key management personnel	Other related parties
	----- (Rupees in '000) -----					
Other Assets						
Interest / mark-up accrued	-	1,791	21	-	253	-
Advances, deposits, advance rent and other prepayments	-	4,012	-	-	6,105	-
Other receivable	4,195	-	2,250	-	-	2,949
Credit loss allowance held against other assets	-	-	-	-	-	-
Deposits and other accounts						
Opening balance	1,495	17,811	652,361	109,345	15,625	779,900
Received during the year	17,100	584,100	5,857,289	164,481	551,638	976,468
Withdrawn during the year	(15,136)	(564,502)	(5,715,315)	(163,230)	(548,647)	(1,103,999)
Transfer in / (out) - net	-	149	(23,879)	(109,101)	(805)	(8)
Closing balance	3,459	37,558	770,456	1,495	17,811	652,361
Other Liabilities						
Interest / mark-up payable	-	-	-	10	16	7,367
Payable to defined benefit plan	-	-	143,909	-	-	79,541
Other payable	-	-	59,583	-	-	-
Advance against subscription of shares	-	-	5,000,000	-	-	-
Contingencies and Commitments						
Guarantees, letters of credit and acceptances - net of ECL	-	-	-	-	-	77,613

	2025			2024 - Restated		
	Directors	Key management personnel	Other related parties	Directors	Key management personnel	Other related parties
	----- (Rupees in '000) -----					
Income						
Mark-up / return / interest earned	-	18,815	102	-	26,905	9
Fee and commission income	-	-	692	2	-	692
Other income	-	-	-	-	24	-
Expense						
Mark-up / return / interest paid	260	1,273	60,420	16,827	1,937	137,385
Operating expenses:						
- Directors' fees and allowances	47,900	-	-	40,800	-	-
- Fee and subscription	-	3,289	-	-	1,787	-
- Managerial remuneration	-	521,912	2,202	-	405,750	1,767
- Contribution to defined contribution plan	-	-	106,002	-	-	84,508
- Charge for defined benefit plan	-	-	92,721	-	-	87,781
Credit loss allowance against investments	-	-	(552,023)	-	-	-
Credit loss allowance against loans and advances	-	(26)	(369,065)	-	38	(154,842)
Credit loss allowance against off-balance sheet obligations	-	-	(8,888)	-	-	(9,924)

Directors include Non-Executive Directors only. Executive Directors including the President / CEO are part of key management personnel.

46. CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	2025	Restated 2024
	----- (Rupees in '000) -----	
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	<u>15,000,000</u>	<u>3,762,581</u>
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier-1 (CET-1) Capital	<u>5,900,503</u>	<u>(22,309,146)</u>
Eligible Additional Tier-1 (ADT-1) Capital	<u>-</u>	<u>-</u>
Total Eligible Tier-1 Capital	<u>5,900,503</u>	<u>(22,309,146)</u>
Eligible Tier-2 Capital	<u>2,030,241</u>	<u>-</u>
Total Eligible Capital (Tier-1 + Tier-2)	<u>7,930,744</u>	<u>(22,309,146)</u>
Risk Weighted Assets (RWAs):		
Credit Risk	<u>64,662,741</u>	<u>67,956,193</u>
Market Risk	<u>2,546,973</u>	<u>7,968,524</u>
Operational Risk	<u>1,318,527</u>	<u>3,800,036</u>
Total	<u>68,528,241</u>	<u>79,724,753</u>
Common Equity Tier 1 Capital Adequacy ratio	<u>8.61%</u>	<u>-27.98%</u>
Tier 1 Capital Adequacy Ratio	<u>8.61%</u>	<u>-27.98%</u>
Total Capital Adequacy Ratio	<u>11.57%</u>	<u>-27.98%</u>

Under the applicable Laws and Regulations, the Group is required to maintain a minimum paid-up capital (free of losses) of Rs. 10 billion. Moreover, the Group is subject to the Basel II capital adequacy guidelines stipulated by the State Bank of Pakistan under BSD Circular No. 8 of 2006 and Basel III guidelines vide its BPRD Circular No. 6 of 2013. As of December 31, 2025, the Group is required to maintain minimum CET-1 ratio of 6%, minimum Tier-I capital ratio of 7.5% and minimum total capital adequacy ratio of 11.50% (inclusive of Capital Conservation Buffer of 1.50%).

The Group follows Standardized Approach for calculating Credit Risk Weighted Assets, Maturity Method for calculating Market Risk and Basic Indicator Approach for calculating Operational Risk or as specifically advised by the regulator.

Under Basel III framework, the Group's regulatory capital has been analyzed into two tiers as follows:

- a) Tier-1 capital (going concern capital), which comprises Common Equity Tier-1 (CET-1) and Additional Tier-1 (AT-1 capital), which includes fully paid up capital, balance in share premium account net of discount on issue of shares, reserves arising on amalgamation and un-appropriated / accumulated losses. Moreover, regulatory deductions pertaining to book value of intangibles, deferred tax assets, reciprocal crossholdings and investment in subsidiary are made from Tier-1 capital as per the applicable Basel III guidelines.

- b) Tier-2 Capital (gone concern capital), which includes general provisions for loan losses (up to a maximum of 1.25% of credit risk weighted assets), reserves on revaluation of property and equipment and FVOCI investments after deduction of deficit on FVOCI investments (as per Basel III requirement). The outstanding sub-ordinated debt / TFC of the Group has not been included in Tier-2 capital as of December 31, 2025 because the said TFC has already matured (revised maturity date was October 27, 2023 and the Bank has taken up the matter to seek the approval of the State Bank of Pakistan for the extension in the maturity date of the TFCs) and therefore not eligible as Tier-2 capital as per the applicable Basel III guidelines.

Capital Management

The Group manages its capital to meet the regulatory requirements and current and future business needs considering the risks associated with its businesses, expectation of shareholders and investors, and the available options for raising capital. The Group is committed to comply with the capital requirements as per the SBP's Basel III guidelines.

The capital management framework of the Group is administered by the Finance Division and Risk Management Group under the supervision of the Board of Directors and Board Risk Management Committee.

As per the guidelines issued by the SBP, the Group is applying standardized approach for the measurement of credit risk, standardized approach for market risk and Basic Indicator Approach for the operational risk.

	2025	Restated 2024
	----- (Rupees in '000) -----	
Leverage Ratio (LR):		
Eligible Tier-1 Capital	5,900,503	(22,309,146)
Total Exposures	218,176,428	347,279,464
Leverage Ratio	<u>2.70%</u>	<u>-6.42%</u>
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	93,212,792	106,854,490
Total Net Cash Outflow	35,685,184	40,275,474
Liquidity Coverage Ratio	<u>261.21%</u>	<u>265.31%</u>
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	123,575,527	146,353,366
Total Required Stable Funding	80,807,406	101,665,631
Net Stable Funding Ratio	<u>152.93%</u>	<u>143.96%</u>

Under the applicable Laws and Regulations, the Group is required to maintain the Leverage Ratio (LR) at 3%, Liquidity Coverage Ratio (LCR) at 100% and Net Stable Funding Ratio (NSFR) at 100%.

- 46.1 The full disclosure on the Capital Adequacy, Leverage Ratio and Liquidity requirements as per SBP instructions has been placed on the website. The link to the full disclosure is <https://www.bankmakramah.com/financial-statement/>

47. RISK MANAGEMENT FRAMEWORK

The acceptance and management of financial risk is inherent to banking business activities. The Group is exposed to numerous risks in pursuit of its business objectives. The core risks are Credit, Market and Liquidity risks. These risks arise directly through the Group's commercial activities whilst Operational and Compliance / Legal / Regulatory risks are normal consequences of any business undertaking. A sound Risk Management Framework provides principles for identifying, assessing and monitoring risk. The Framework specifies the key elements of the risk management process in order to maximize opportunities, to minimize adversity and to achieve improved outcomes and outputs based on informed decision making.

Clearly defined risk management policies and procedures covering all activities of the Group including general banking, trade finance, credit evaluation, credit management, treasury operations, administration and human resources management, compliance functions, risk management, central finance, audit and control are in place. The basic principles employed in formulation of the above policies and procedures involve identification, measurement, monitoring and controlling risks to ensure that:

- The Group's risk exposure is within the limits and risk appetite established by Board of Directors.
- Risk taking decisions are in line with the business strategy and objectives of the Group.
- The expected payoffs compensate the risks taken by the Group.
- The decisions are explicit and clear.
- Sufficient capital and liquidity as buffer are available to mitigate risk.

Risk Management Function

The Board of Directors is responsible for overall supervision of the risk management process. The Board is also responsible for approval of all risk policies and ensuring that these are properly implemented. The Board Risk Management Committee (BRMC) has been mandated by the Board of Directors (BoD) to assist in the design, regular evaluation and timely update of the risk management framework of the Group. The BRMC aims to ensure that the Group maintains a complete and prudent integrated risk management framework at all times and exposures are maintained within acceptable levels. The Board approved risk management framework has been developed strictly in line with regulatory requirements and covers all major types of risks that the Group may be exposed to.

The authority to monitor and manage different risks has been further delegated to the specialized management committees comprising of senior members of management with relevant experience and expertise. The committees include:

- Asset and Liability Management Committee (ALCO)
- Central Credit Committee (CCC)
- Compliance Committee on Management (CCM)

ALCO has the responsibility for the formulation of overall strategy and oversight of the assets and liability management function.

The primary objective of this architecture is to inculcate risk management culture into the organization to ensure that risks are appropriately identified and assessed, properly documented, approved and adequately monitored; and managed in order to enhance long term earnings and to protect the interests of the Group's depositors and shareholders.

The Group has setup functions of asset booking and credit approval in which financing exposures and their related risks are analyzed in the light of credit limits, applicable controls and segment exposures.

Credit decision-making is a collective and consultative process in the Group. All credit exposures approval authority rests with Central Credit Committee / Sub-Committees. The Central Credit Committee (CCC) / Sub-Committees comprising of staff having relevant experience and knowledge of credit operation and associated risks

47.1 Credit Risk

It is the risk of potential financial loss resulting from the failure of customers to honor the terms of a financing or contract. This risk arises from the potential that a customer or counterparty is either unwilling to perform an obligation or its ability to perform such obligation is impaired resulting in economic loss to the Group. Alternatively, economic loss may occur due to actual or perceived losses which may result from reduction in value due to deterioration in credit quality. While the facilities are the largest and most obvious source of credit risk; it also stems from activities both on and off balance sheet.

Credit risk also encompasses opportunity costs, transaction costs and expenses associated with a non-performing asset over and above the accounting loss.

The following objectives govern the credit policy of the Group:

- The Group complies with the requirements of Prudential Regulations and other regulatory guidelines prescribed by SBP.
- Facilities provided by the Group are well diversified into different sectors and products to achieve a strong market position and adequate return on capital.
- Return commensurate with the risk.
- Lending decision is based on a full appreciation for the risks inherent in the transaction and within the approved limits by the Board of Directors.
- Risk changes are identified promptly and remedial actions are taken in a timely manner.

The Group creates Expected Credit Loss charge against performing and non-performing advances in accordance with the Prudential Regulations and guidelines issued by SBP from time to time. Please refer to note 9.5 for reconciliation in loan loss provision.

Concentrations of credit risk (including funded and non-funded portfolio) arises when the counterparties have similar economic characteristics that would cause their ability to meet contractual obligations to be affected in a similar way by changes in economic or other conditions. As part of managing concentration risk, sector risk is managed on a portfolio basis. Please refer to note 43.1.4, 43.1.5, 43.1.6 and 43.1.7

Credit approval authorities are based on the nature and size of exposure. Disbursement authorization, collateral and security management, documentation and monitoring are managed by the Credit Administration Department (CAD). Proactive monitoring is ensured for assets under stress. This enables the Group to put in place viable solutions to prevent further deterioration in credit quality.

As a matter of paramount importance the affairs of the customers enjoying credit facilities are carefully reviewed and reconsidered periodically. The facility review provides a timely signal of unfavorable developments in clients' affairs and identifies the risk before the Group is faced with undesirable positions. For this reason, facilities of a continuing character are periodically reviewed and approved.

It is the Group's policy to reduce or mitigate credit risk on credit facilities or exposure, as much as possible, in a given commercial environment by securing credit facilities or exposure with collateral. To correctly assess the extent to which the collateral mitigates the credit risk, the collateral must be valued according to a specified valuation method and documented and monitored. The legal mechanism by which collateral is secured and the Group's procedures ensure that the Group has clear rights over the collateral and may liquidate, retain or take legal possession of it in a timely manner in the event of the default, insolvency or bankruptcy or otherwise defined credit event set out in the transaction documentation, of the counterparty and, where applicable, of the custodian holding the collateral.

For effective implementation, the Risk Management function operates independently within the Group. The function is also responsible for development and oversight of risk policies and plays a pivotal role in monitoring the risks associated with various activities of the Group. Risk Management function is headed by the Chief Risk Officer (CRO), who reports to the President / Chief Executive.

To ensure the independence of this position, following areas are critical to the Group's sustainability & profitability placed under the umbrella of RMG:

- Credit Risk
- Enterprise Risk Management
- IT Security
- Fraud Risk Management
- Credit Administration
- Legal

Credit Risk under Risk Management Group (RMG) is playing its due role in conducting due diligence and review of Corporate/Commercial, SME, Agri, FI and Consumer as well as Infrastructure Project Financing related credit applications and presents its observations to CCC/respective approving authorities of the Group. Credit Risk function adds value to the approval process by validation and assurance to the effect that the financing / investment proposals are in compliance with different policy parameters, regulatory instructions and adherence to the risk appetite of the Group. Besides, it also conducts assessment of credit proposals on concentration levels of the Group in terms of large exposures, industry limits, and impact on Capital Adequacy Ratio (CAR) and also identify/record if there are exceptions. Independent validation is helpful for the Central Credit Committee/approving authorities in decision making process. The structure of the Credit Risk function is designed in view of the nature, complexity of business activities of the Group.

Special Asset Management (SAM) function handles stressed assets to ensure a focused remedial strategy in compliance with the regulatory requirements. The SAM Committee oversees the functions and activities of SAM Division, which is an independent function to the businesses.

Enterprise Risk Management function is responsible for ensuring authenticity, accuracy and timely identification of risks in credit portfolio & market, liquidity and operational risks inherent in the Group's activities and develop policies and procedures to control these risks. Main functions of Enterprise Risk Management are Credit Portfolio Risk Management, Basel & IFRS 9 implementation, Market & Liquidity Risk Management, Operational Risk Management, Risk Policies & Governance and Environmental Risk Management.

In line with the requirements of IFRS 9, the Group shall divide its portfolio into different segments based on shared credit risk characteristics. Resultantly, financial assets that typically respond in a similar way to the current environment and macroeconomic factors shall be clubbed into a single segment to estimate PD, LGD, and EAD.

The Group uses statistical methods to calculate PD for each segment depending upon the default rate of each segment. The statistical approach adopted to compute PD for each segment is based on the historical default percentages rate in each segment and availability of default data. The Group converts TTC PDs into 'point-in-time' (PiT PDs) reflecting the current forecasts of future economic conditions.

The Group estimates LGD for each segment using "Workout LGD approach". This method takes into account historical recovery data of classified obligors to estimate LGD, where LGD is total exposure less present value of recoveries of classified advances expressed as a percentage of exposure on the date of classification. The Group has a right to use LGD percentage as prescribed in Basel guidelines.

EAD input are forward-looking as well as based on the time-period when the default is likely to occur. It includes all outstanding exposure and off-balance sheet exposures after adjustment with contractual cash flows to reflect the exposure expected when default occurs.

The Group has adopted general approach for calculating ECL. Under this approach the Group classifies its financial assets in Performing (Stage 1), Underperforming (Stage 2) and Non-Performing Assets (Stage 3).

Market & Liquidity Risk Unit (MLRU) manages risks relating to treasury operations and reports its findings to ALCO for prompt remedial actions. The Group's ALCO is responsible for the formulation of overall strategy and oversight of asset and liability management. Liquidity Risk measures are chosen using a range of metrics, including Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR), liquidity gaps and various liquidity ratios regularly monitored by MLRU. Liquidity Risk is reviewed by ALCO on a monthly basis and an update is provided to the BRMC on a quarterly basis.

For effective management of Operational Risk, the Group has established an exhaustive operational risk management framework and covers business lines and support units / departments.

Risk Control and Self-Assessment (RCSAs) exercises for each business line and key control functions periodically performed. Through the RCSA exercise, the Group has been able to develop inventory of risks, controls and Key Risk Indicators (KRI) and mitigation plans are devised for effective control over operational risk.

The Group has acquired Operational Risk Management (ORM) suite i.e. ORM System "Guardian" for operational loss data collection, RCSAs and KRIs. The system keeps a detailed track of all operational loss events with complete audit trail. The Group has a Board approved BCP Policy and plans for all functional areas.

It is the policy of the Group to maintain a well-defined business continuity program which comprises of policy and procedures with clearly defined roles, responsibilities and ownership for Crisis Management, Emergency Response, Business Recovery and IT Disaster Recovery Planning under IT department.

The Group has adopted Basel III guidelines issued by SBP and relevant disclosures are made in the financial statements.

Information Security plays a pivotal role in protecting the Group's Information assets from both internal and external threats through security risk assessments. These are supported by preventive and detective controls capable of responding to emerging and ever changing threat landscape.

The Group, being cognizant of the importance of risks associated with Money Laundering, Terror financing and Proliferation financing, is continuously aligning its operational strategies, policies & procedures with FATF recommendations and related regulatory requirements. The Group, in this respect, has taken number of initiatives including but not limited to acquiring robust Regulatory technology solutions for transaction monitoring, screening against Targeted Financial Sanctions, e-KYC, etc. BML also closely monitoring risks associated with all above risks associated with Trade business. All the above risks are duly covered in respective Compliance and Trade Based Money Laundering (TBML) policies under Compliance function.

In addition to above, Compliance Division ensures compliance of all internal and external policies, laws and regulations. The management has established various committees for periodic risk review.

All the above measures have collectively led to the evolution of a compliance-sensitive culture at BML. The tone at the top is clear, as evidenced by the support from the Board, the BRMC and the President / Chief Executive.

The Group has implemented iMal™, a next-generation core banking software designed to support comprehensive Enterprise Islamic Banking and Investment operations. iMal™ integrates front, middle, and back-office functionalities, leveraging advanced technology to ensure seamless Straight Through Processing (STP) and enhanced business efficiency.

By implementing this system, the Group expects to enhance its risk assessment capabilities by providing management with advanced analytical review reports. These reports will offer in-depth insights, enabling more informed and data-driven decision-making to improve overall risk management and strategic planning.

Credit administration tasks include the following:

- Maintain credit, custody and security documentation files;
- Register security and collateral documents;
- Tracking of covenants;
- Administer facility fees / receipts / payments;

- Load limits into credit system; and
- Satisfy internal and external risk reporting requirements.

47.1.1 Credit Risk Approach for Capital Adequacy Ratio: Standardized Approach

The Group has adopted the standardized approach of Basel II for risk weighing its credit risk exposures.

Under standardized approach, the capital requirement is based on the credit rating assigned to the counterparties by the External Credit Assessment Institutions (ECAIs) duly recognized by SBP for capital adequacy purposes.

The Standardized Approach to credit risk sets out fixed risk weights corresponding, where appropriate, to external credit assessment levels or for unrated claims.

Types of exposures and ECAI's used

The following table illustrates the approved External Credit Assessment Institution (ECAI) whose rating are being utilized by the Group with respect to material categories of exposure:

Exposures	2025				
	Fitch	Moody's	S&P	PACRA	VIS
Corporate	-	-	-	Yes	Yes
Banks	Yes	Yes	Yes	Yes	Yes
Sovereigns	-	-	-	-	-
SME's	-	-	-	-	-
Securitisations	-	-	-	-	-
PSE's	-	-	-	Yes	Yes
Others	-	-	-	Yes	Yes

Sovereign Exposures: For foreign currency claims on sovereigns, the Group uses country risk scores of Export Credit Agencies (ECA) participating in the 'Arrangement on Officially Supported Export Credits' available on Organization for Economic Co-operation and Development (OECD) website.

Exposures to Multilateral Development Banks (MDBs): For exposures on MDBs not eligible for a 0% risk weight, ratings of Moody's, S&P and Fitch are being used to calculate risk-weighted assets.

Bank Exposures: For foreign banks (i.e., incorporated outside Pakistan), ratings of Moody's, S&P and Fitch are being used to arrive at risk weights. However, for local banks (i.e. incorporated in Pakistan) ratings of PACRA and VIS are used.

The Group prefers solicited ratings over unsolicited ratings at all times, owing to the greater degree of accuracy (in general) associated with solicited ratings as compared to unsolicited ratings. Unsolicited ratings may only be used in cases where a solicited rating is not available.

Mapping to SBP rating grades

The selected final ratings (after application of the principles stated above) for all exposures need to be translated to the standard rating grades given by the SBP. In this regard, the mapping tables to be used for converting ECAI ratings to SBP rating grades are given below:

Long-Term Rating Grades Mapping

SBP rating grade	Fitch	Moody's	S&P	PACRA	VIS	ECA scores
1	AAA	Aaa	AAA	AAA	AAA	0
	AA+	Aa1	AA+	AA+	AA+	1
	AA	Aa2	AA	AA	AA	
	AA-	Aa3	AA-	AA-	AA-	
2	A+	A1	A+	A+	A+	2
	A	A2	A	A	A	
	A-	A3	A-	A-	A-	
3	BBB+	Baa1	BBB+	BBB+	BBB+	3
	BBB	Baa2	BBB	BBB	BBB	
	BBB-	Baa3	BBB-	BBB-	BBB-	
4	BB+	Ba1	BB+	BB+	BB+	4
	BB	Ba2	BB	BB	BB	
	BB-	Ba3	BB-	BB-	BB-	
5	B+	B1	B+	B+	B+	5
	B	B2	B	B	B	
	B-	B3	B-	B-	B-	
6	CCC+ and below	Caa1 and below	CCC+ and below	CCC	CCC	7
		CC		CC	CC	
		C		C	C	
		D		D	D	

Short-Term Rating Grades Mapping

SBP Rating grade	Fitch	Moody's	S&P	PACRA	VIS
S1	F1	P-1	A-1+	A-1+	A-1+
			A-1	A-1	A-1
S2	F2	P-2	A-2	A-2	A-2
S3	F3	P-3	A-3	A-3	A-3
S4	Others	Others	Others	Others	Others

The Group has used specific rating for risk weighing specific exposures and entity rating for risk weighing claims against the counter parties. Both short and long term ratings have been used for corresponding short and long term exposures.

47.1.2 Credit Risk Mitigation Approach for Capital Adequacy Ratio: Comprehensive Approach

The Group has adopted the comprehensive approach of Credit Risk Mitigation for the Banking Book. Since the trading book of the Group does not contain instrument for which benefit is available; therefore, no Credit Risk Mitigation benefit is taken in the trading book. In instances where the Group's exposure on an obligor is secured by collateral that conforms with the eligibility criteria under the comprehensive Approach of CRM, then the Group reduces its exposure under that particular transaction by taking into account the risk mitigating effect of the collateral for the calculation of capital requirement.

The Group accepts cash, lien on deposits, government securities and eligible financial instruments etc. under the comprehensive approach of Credit Risk Mitigation. The Group has in place detailed guidelines with respect to valuation and management of various collateral types. In order to obtain the credit risk mitigation benefit, the Group uses realizable value of eligible collaterals to the extent of outstanding exposure.

47.1.3 Lendings to financial institutions

	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
	Gross lendings	Non-performing lendings	Credit loss allowance held							
			Stage 1	Stage 1	Stage 2	Stage 2	Stage 3	Stage 3		
(Rupees in '000)										
Credit risk by public / private sector										
Public / Government	14,199,796	4,761,124	-	-	-	-	-	-	-	-
Private	-	4,936,730	-	-	-	667	-	-	-	-
	14,199,796	9,697,854	-	-	-	667	-	-	-	-

47.1.4 Investment in debt securities

	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
	Gross lendings	Non-performing lendings	Credit loss allowance held							
			Stage 1	Stage 1	Stage 2	Stage 2	Stage 3	Stage 3		
(Rupees in '000)										
Credit risk by industry sector										
Textile	165,278	200,000	165,278	200,000	-	-	-	-	165,278	200,000
Chemical and pharmaceuticals	-	-	-	-	-	-	-	-	-	-
Sugar	210,931	281,567	-	281,567	-	-	-	-	-	281,567
Financial	83,056,680	171,049,322	8,807	8,807	-	-	-	-	8,807	8,807
Transport	2,219,199	2,296,811	-	-	-	-	300	310	-	-
Services	522,366	803,640	-	803,640	-	-	-	-	-	803,640
	86,174,454	174,631,340	174,085	1,294,014	-	-	300	310	174,085	1,294,014
Credit risk by public / private sector										
Public / Government	85,267,072	173,337,326	-	-	-	-	300	310	-	-
Private	907,382	1,294,014	174,085	1,294,014	-	-	-	-	174,085	1,294,014
	86,174,454	174,631,340	174,085	1,294,014	-	-	300	310	174,085	1,294,014

47.15 Advances

	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
Gross lendings	Non-performing lendings		Credit loss allowance held							
			Stage 1	Stage 1	Stage 2	Stage 2	Stage 3	Stage 3		
(Rupees in '000)										
Credit risk by industry sector										
Agriculture, forestry, hunting and fishing	857,268	1,907,498	502,828	1,189,333	151	213	513	717	431,607	1,093,424
Automobile and transportation equipment	992,740	1,146,312	123,212	1,125,675	195	123	70,828	780	122,838	1,123,573
Banaspati and allied industries	82,663	82,663	82,663	82,663	-	-	-	-	82,663	82,663
Carpet	1,041	1,041	1,041	1,041	-	-	-	-	1,041	1,041
Cement	380,777	380,140	329,169	329,169	7	196	-	-	-	329,169
Chemical and pharmaceuticals	1,025,170	1,876,476	402,748	1,789,190	378	211	-	2,044	302,268	1,684,590
Construction	1,490,302	1,803,903	892,536	1,212,090	789	499	1,326	43,239	793,281	1,065,866
Education	8,028	12,884	741	741	-	-	-	-	741	741
Electronics and electrical appliances	433,577	518,181	204,693	340,510	854	97	-	7,459	204,684	341,836
Exports / imports	2,029,640	2,427,081	891,764	2,143,406	35	6	778	12,331	891,764	2,121,139
Financial	2,708,160	3,164,847	1,499,229	2,766,753	1,031	795	47,240	1,488	663,695	2,570,622
Food, tobacco and beverages	584,995	728,088	442,990	583,533	1,383	164	-	10,780	442,990	582,039
Footwear and leather garments	37,802	39,559	35,302	35,302	22	12	-	-	35,302	35,302
Furniture and allied products	17,317	23,755	6,102	6,573	501	105	-	1,753	5,980	6,573
Glass and ceramics	101,206	82,423	76,595	76,595	10	4	-	-	76,595	75,596
Health care	40,712	43,651	18,112	18,212	84	58	-	3,485	18,112	18,102
Hotels	109,843	108,201	105,809	105,809	10	4	-	-	33,624	33,514
Individuals	2,626,920	2,273,606	151,118	235,529	521	578	2,527	1,388	115,483	186,136
Mining and quarrying	598,175	863,230	-	806,605	1,950	-	-	-	-	863,230
Miscellaneous manufacturing	57,435	82,056	52,854	56,972	201	13	-	2,854	52,854	56,972
Paper and allied products	21,826	21,844	20,588	20,599	51	35	-	-	20,588	20,589
Power (electricity), gas, water, sanitary	1,938,770	1,886,305	1,449,954	1,886,305	5	-	8,810	-	793,954	1,795,564
Printing, publishing and allied industries	204,601	265,091	62,052	112,445	1,506	28	7,552	18,584	62,191	112,445
Services	1,071,549	1,459,540	415,244	443,193	975	1,075	506	14,229	363,854	399,412
Steel and engineering	2,536,687	2,721,138	2,460,957	2,686,824	95	16	1,525	1,600	2,460,957	2,686,824
Sugar	5,562,843	8,256,218	652,496	7,735,032	1,824	66	81,220	42,894	652,496	7,698,023
Textile	8,398,636	8,733,731	2,715,491	3,207,540	3,113	16,815	19,465	28,369	2,579,480	3,187,889
Transport, storage and communication	754,175	768,096	487,319	487,319	1,649	1,159	-	922	438,701	414,392
Wholesale and retail trade	1,947,087	2,525,080	646,613	749,624	583	2,285	-	9,736	639,685	740,547
Others	3,349,680	4,624,501	1,892,401	3,953,102	746	393	1,561	2,165	1,386,956	3,693,481
	39,969,625	48,827,139	16,622,621	34,187,684	18,669	24,950	243,851	206,817	13,674,384	33,021,294
Credit risk by public / private sector										
Public / Government	-	-	-	-	-	-	-	-	-	-
Private	39,969,625	48,827,139	16,622,621	34,187,684	18,669	24,950	243,851	206,817	13,674,384	33,021,294
	39,969,625	48,827,139	16,622,621	34,187,684	18,669	24,950	243,851	206,817	13,674,384	33,021,294

47.1.6 Contingencies and Commitments

Credit risk by industry sector	2025	2024
	----- (Rupees in '000) -----	
Agriculture, forestry, hunting and fishing	769,926	2,462,470
Automobile and transportation equipment	245,412	2,458,863
Banaspati and allied industries	120,300	120,925
Carpet	61,700	308,907
Cement	346,501	245,500
Chemical and pharmaceuticals	404,949	63,049
Construction	7,419,899	8,616,594
Consumer	-	59,545
Electronics and electrical appliances	1,430,877	737,764
Exports / imports	587,425	527,123
Financial	444,325	10,625,934
Food, tobacco and beverages	714,656	1,132,170
Footwear and Leather garments	17,264	6,431
Furniture and allied products	39,184	-
Glass and ceramics	17,271	750
Health care	67,504	130,526
Hotels	-	1,040
Individuals	5,822,906	5,640,432
Mining and quarrying	15,881	2,000
Miscellaneous manufacturing	459,319	1,080,123
Others	1,262,460	986,783
Paper and allied products	12,426	28,331
Power (electricity), gas, water, sanitary	153,047	1,205,097
Printing, publishing and allied industries	8,160	6,671
Services	2,275,921	7,225,600
Steel and engineering	1,087,155	929,860
Sugar	4,785,840	4,785,840
Textile	13,273,297	12,712,245
Transport, Storage and Communication	467,972	400,900
Wholesale and retail trade	2,166,748	4,528,832
	44,478,325	67,030,305
Credit risk by public / private sector		
Public / Government	-	2,786,547
Private	44,478,325	64,243,758
	44,478,325	67,030,305

47.1.7 Concentration of Advances

The Group top 10 exposures on the basis of total (funded and non-funded exposures) aggregated to Rs. 13,924.158 million (2024: Rs. 18,926.913 million) are as follows:

	2025	2024
	(Rupees in '000)	
Funded	8,841,666	8,481,083
Non Funded	5,082,492	10,445,830
Total Exposure	13,924,158	18,926,913

The sanctioned limits against these top 10 exposures aggregated to Rs. 14,991.25 million (2024: Rs. 18,955.026 million).

	2025		2024	
	Amount	Credit loss allowance	Amount	Credit loss allowance
	(Rupees in '000)			
Total funded classified therein				
OAEM	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	3,342,297	2,869,294	4,791,349	4,751,481
Total	3,342,297	2,869,294	4,791,349	4,751,481

47.1.8 Advances - Province / Region-wise Disbursement & Utilization

Province / Region	2025						
	Disbursements	Utilization					
		Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
	(Rupees in '000)						
Punjab	14,922,858	14,922,169	341	225	-	123	-
Sindh	17,580,478	-	17,580,478	-	-	-	-
KPK including FATA	100,000	-	100,000	-	-	-	-
Balochistan	13,837	-	-	13,837	-	-	-
Islamabad	988	-	-	-	988	-	-
AJK including Gilgit-Baltistan	987	-	-	-	-	-	987
Total	32,619,148	14,922,169	17,580,819	100,225	13,837	1,111	987

Province / Region	2024						
	Disbursements	Utilization					
		Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
	(Rupees in '000)						
Punjab	13,586,110	13,582,672	221	30	-	3,187	-
Sindh	16,243,710	255,090	15,980,305	680	3,747	1,078	2,810
KPK including FATA	-	-	-	-	-	-	-
Balochistan	24,950	-	-	24,950	-	-	-
Islamabad	2,056	-	-	-	2,056	-	-
AJK including Gilgit-Baltistan	171	-	-	-	-	-	171
Total	29,856,997	13,837,762	15,980,526	710	28,697	6,321	2,981

47.2 Market Risk

Market risk is the risk that the value of on-balance sheet and off-balance sheet exposures of the Group will be adversely affected by movements in market rates or prices such as interest rates, foreign exchange rates, equity prices and/ or commodity prices resulting in a loss to earnings and capital. Market risks arise generally from trading activities, open foreign currency positions, holding common equity and other products. All such instruments and transactions are exposed to general and specific market movements.

The Group seeks to mitigate market risk by employing strategies that correlate price, rate and spread movements of its earning assets, liabilities and trading activities. Treasury front office and market & liquidity risk unit / treasury middle office perform market risk management activities within the Group.

47.2.1 Balance sheet split by trading and banking books

	2025			2024		
	Banking book	Trading book	Total	Banking book	Trading book	Total
----- (Rupees in '000) -----						
Cash and balances with treasury banks	12,915,786	-	12,915,786	18,352,208	-	18,352,208
Balances with other banks	2,764,197	-	2,764,197	1,475,120	-	1,475,120
Lendings to financial institutions	14,199,796	-	14,199,796	9,697,187	-	9,697,187
Investments	86,018,055	290,907	86,308,962	114,913,289	59,945,340	174,858,629
Advances	26,032,721	-	26,032,721	15,574,078	-	15,574,078
Property and equipment	7,770,752	-	7,770,752	7,072,285	-	7,072,285
Right-of-use assets	2,538,778	-	2,538,778	2,601,271	-	2,601,271
Intangible assets	325,102	-	325,102	333,599	-	333,599
Deferred tax assets	14,183,802	-	14,183,802	25,600,837	-	25,600,837
Other assets	46,642,630	-	46,642,630	42,655,899	-	42,655,899
	213,391,619	290,907	213,682,526	238,275,773	59,945,340	298,221,113

47.2.2 Foreign Exchange Risk

The Group has set the following objectives for managing the inherent risk on foreign currency exposures:

- Maximize profitability with minimum risk by keeping the exposure at desirable levels in view of strict compliance of regulatory / international standards and the Group's internal guidelines.
- Manage appropriate maturity mismatch gaps.
- Identify warning and stress zones for mismatch gaps.
- Usage of different tools to manage the inherent risk of product and market, such as compliance of credit limit, monitoring of foreign exchange exposure limit, review of mark to market portfolio and safe settlement, etc.
- Foreign exchange risk represents exposures to changes in the values of current holdings and future cash flows denominated in foreign currencies. The potential for loss arises from the process of revaluing foreign currency positions in rupee terms. The Group's foreign exchange risk is presently limited to future cash flows in foreign currencies arising from foreign exchange transactions and translation of net open position in foreign currencies. The Group is carefully monitoring the net foreign currency exposure as well as utilizing the forward contract to hedge the related exposure.

	2025				2024			
	Foreign Currency Assets	Foreign Currency Liabilities	Off-balance sheet items	Net foreign currency exposure	Foreign Currency Assets	Foreign Currency Liabilities	Off-balance sheet items	Net foreign currency exposure
	----- Rupees in '000) -----							
United States Dollar	5,314,666	5,576,119	2,299,894	2,038,441	9,092,547	9,424,497	4,455,727	4,123,777
Great Britain Pound Sterling	460,273	464,191	-	(3,918)	486,188	493,012	-	(6,824)
Euro	423,861	426,313	-	(2,452)	460,685	463,347	-	(2,662)
Other currencies	309	309	-	-	36,785	36,785	-	-
	6,199,109	6,466,932	2,299,894	2,032,071	10,076,205	10,417,641	4,455,727	4,114,291

	2025		2024	
	Banking book	Trading book	Banking book	Trading book
	----- (Rupees in '000) -----			
Impact of 1% change in foreign exchange rates on				
- Profit and loss account	2,678	6,442,535	3,414	12,411,428
- Other comprehensive income	-	-	-	-

47.2.3 Equity position Risk

Equity position risk is the risk that the fair value of financial instruments will fluctuate due to changes in the prices of individual stocks or the level of equity indices. The Group's equity book comprises of FVTOCI portfolio. The objective of the FVTPL portfolio is to make short-term capital gains, whilst the FVTOCI portfolio is maintained with a medium term view of earning both capital gains and dividend income. Policies and procedures have been developed to provide guidelines on the risk and their mitigants, limits and related controls for the equity portfolio of the Group.

	2025		2024	
	Banking book	Trading book	Banking book	Trading book
	----- (Rupees in '000) -----			
Impact of 5% change in equity prices on				
- Profit and loss account	4	8	-	2
- Other comprehensive income	-	-	-	-

47.2.4 Interest Rate Risk

Interest rate risk is the risk that fair value of a financial instrument will fluctuate as a result of changes in interest rates, including changes in the shape of yield curves. Interest rate risk is inherent in many of the Group's businesses and arises from mismatches between the contractual maturities or the re-pricing of on and off-balance sheet assets and liabilities. The interest rate sensitivity profile is prepared on a quarterly basis based on the re-pricing or contractual maturities of assets and liabilities.

Interest rate risk is monitored and managed by performing periodic gap analysis, sensitivity analysis and stress testing and taking appropriate actions where required.

	2025		2024	
	Banking book	Trading book	Banking book	Trading book
	----- (Rupees in '000) -----			
Impact of 1% change in interest rates on				
- Profit and loss account	382,006	-	241,314	-
- Other comprehensive income	-	287	-	479,304

47.2.5 Mismatch of Interest Rate Sensitive Assets and Liabilities

		2025										Non-interest bearing financial instruments
		Exposed to Yield / Interest risk										
Effective Yield / Interest Rate	Total	Up to 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		
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks	0.43%	607,487	-	-	-	-	-	-	-	-	-	12,308,299
Balances with other banks	4.65%	64,064	-	-	-	-	-	-	-	-	-	2,700,133
Lendings to financial institutions	14.74%	8,600,300	-	-	-	5,599,496	-	-	-	-	-	-
Investments	11.76%	-	21,136,058	53,623,176	8,539,722	2,016,000	-	-	-	733,297	-	260,709
Advances	3.65%	33,442	22,924,935	15,925	24,298	36,012	16,624	33,248	-	2,948,237	-	-
Other assets	0.00%	15,187,758	-	-	-	-	-	-	-	-	-	15,187,758
		157,409,220	9,305,293	53,639,101	8,564,020	7,651,508	16,624	33,248	-	3,681,534	-	30,456,899
Liabilities												
Bills payable	0.00%	2,749,628	-	-	-	-	-	-	-	-	-	2,749,628
Borrowings	11.49%	7,404,522	167,300	2,353,750	-	-	83,119	-	-	-	-	5,113
Deposits and other accounts	7.13%	168,855,864	2,944,201	618,944	2,912,217	20,004	83,444	400	825	-	-	41,734,956
Lease liabilities	15.87%	3,313,315	-	-	-	2,025,200	-	-	480,971	-	-	-
Subordinated debt	15.82%	1,495,515	-	-	-	-	-	-	-	-	-	-
Other liabilities	0.00%	3,023,052	-	-	-	-	-	-	-	-	-	3,023,052
		186,841,896	127,638,772	3,111,501	2,972,694	2,045,204	166,563	400	481,796	-	47,512,749	(17,055,850)
		(29,432,676)	(118,333,479)	40,949,492	50,666,407	5,651,803	(149,939)	32,848	(481,796)	3,681,534	-	(17,055,850)
On-balance sheet gap												
Off-balance sheet financial instruments												
Commitments in respect of:												
- forward foreign exchange contracts		2,303,977	-	-	-	-	-	-	-	-	-	-
Off-balance sheet gap		2,303,977	-	-	-	-	-	-	-	-	-	-
Total Yield / Interest Risk Sensitivity Gap		(16,029,502)	40,949,492	50,666,407	5,651,803	5,606,304	(149,939)	32,848	(481,796)	3,681,534	-	(17,055,850)
Cumulative Yield / Interest Risk Sensitivity Gap		(116,029,502)	(75,080,010)	(24,413,603)	(18,761,800)	(13,155,496)	(13,305,435)	(13,272,587)	(13,754,383)	(10,072,849)	-	(27,128,699)
Reconciliation of assets and liabilities exposed to yield / interest rate risk with total assets and liabilities												
2025												
--- (Rupees in '000) ---												
Total financial assets		157,409,220										
Add: Non financial assets		7,770,752										
Property and equipment		2,538,778										
Right-of-use assets		325,102										
Intangible assets		14,183,802										
Deferred tax assets		31,454,872										
Other assets		213,682,526										
Total assets as per statement of financial position		166,841,896										
Total financial liabilities		186,841,896										
Add: Non financial liabilities		3,123,490										
Other liabilities		189,965,386										
Total liabilities as per statement of financial position		189,965,386										

2024 - Restated											
Effective Yield / Interest Rate	Total	Exposed to Yield / Interest risk								Non-interest bearing financial instruments	
		Up to 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
On-balance sheet financial instruments											
Assets											
0.24%	18,352,208	417,268	-	-	-	-	-	-	-	-	17,934,940
1.91%	1,475,120	78,957	-	-	-	-	-	-	-	-	1,396,163
18.31%	9,697,187	4,936,063	-	-	-	-	-	4,761,124	-	-	-
20.06%	174,858,629	-	15,580,288	127,776,903	-	-	-	-	-	-	80,084
5.08%	15,574,078	1,072,986	12,139,569	1,098,063	27,795	47,413	22,234	44,468	-	1,121,550	-
-	7,050,531	-	-	-	-	-	-	-	-	-	7,050,531
	227,007,753	6,505,274	21,719,857	128,874,966	27,795	31,468,767	4,783,358	44,468	-	1,121,550	26,461,718
Liabilities											
-	19,00,496	-	-	-	-	-	-	-	-	-	1,900,496
19.79%	89,892,925	86,306,460	829,603	2,640,750	-	-	-	-	-	-	4,943
12.77%	185,859,754	133,741,175	5,394,967	1,309,620	1,035,111	197,038	20,639	77,791	825	-	44,082,588
14.11%	3,284,402	792,141	-	-	-	1,879,417	-	-	612,844	-	-
23.54%	1,495,515	1,495,515	-	-	-	-	-	-	-	-	-
-	5,915,466	-	-	-	-	-	-	-	-	-	5,915,466
	288,348,558	222,335,291	6,224,570	3,950,370	1,035,111	2,076,455	20,639	188,960	613,669	-	51,903,493
	(61,340,805)	(215,830,017)	21,495,287	124,924,596	(1,007,316)	29,392,312	4,762,719	(144,492)	(613,669)	1,121,550	(25,441,775)
On-balance sheet gap											
Off-balance sheet financial instruments											
Commitments in respect of:											
	14,791,974	14,791,974	-	-	-	-	-	-	-	-	-
	14,791,974	14,791,974	-	-	-	-	-	-	-	-	-
			(201,038,043)	21,495,287	124,924,596	(1,007,316)	29,392,312	4,762,719	(613,669)	1,121,550	(25,441,775)
Total Yield / Interest Risk Sensitivity Gap			(201,038,043)	(179,542,756)	(54,618,160)	(55,625,476)	(26,233,164)	(21,614,937)	(22,228,606)	(21,107,056)	(46,548,831)
Reconciliation of assets and liabilities exposed to yield / interest rate risk with total assets and liabilities											
2024 - Restated											
--(Rupees in '000) --											
Total financial assets	227,007,753										
Add: Non financial assets											
Property and equipment	7,072,285										
Right-of-use assets	2,601,271										
Intangible assets	333,599										
Deferred tax assets	25,600,837										
Other assets	35,605,368										
Total assets as per statement of financial position	<u>298,221,113</u>										
Total financial liabilities	288,348,558										
Add: Non financial liabilities											
Other liabilities	1,620,944										
Total liabilities as per statement of financial position	<u>289,969,502</u>										

47.3 Operational Risk

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

Board Risk Management Committee oversees the implementation of operational risk management which is governed by the Operational Risk Management Policy and Procedures of the Group. In compliance with the regulatory guidelines, a separate unit is established within the Risk Management Group which is responsible for the implementation of the Operational risk management framework across the Group.

In accordance with the Operational Risk policy and framework, various tools and techniques are being implemented to identify, assess, measure and control operational risk embedded in the exposures, products, systems and processes. These tools include collection of operational loss data, development and monitoring of Key Risk Indicators and Risk & Control Self-Assessment exercise.

The Group seeks to manage the operational risk from two perspectives, firstly by way of ensuring compliance of standard operating procedures including defined processes for prevention and detection of any fraud and forgery, and work place safety and security, secondly through contingency planning to ensure continuity of business. Policies and procedures covering all activities in Group are in place. Besides these, to ensure business continuity, the Group has implemented Business Continuity Plan (BCP) across the Group for which BCP are performed on a regular basis. A dedicated Business Continuity Plan has been developed and implemented at head office and branches to ensure business continuity.

The Group maintains a system of internal controls designed to keep operational risk at appropriate levels, in view of the Group's financial strength and the characteristics of the activities and market in which it operates. These internal controls are periodically updated to conform to the industry best practices.

The Group implemented the Internal Control Guidelines issued by the State Bank of Pakistan and had successfully completed the road map issued with respect to internal controls over financial reporting (ICFR). Moreover, a separate Internal Control Unit has been setup to continuously monitor the implementation of sound internal controls within the Group.

The Group has set up IT Security Division to manage IT security and cyber risks faced by the Group. The Group will continue to strengthen its cyber defense mechanism by utilizing effective preventive and detective information security measure to counter evolving cyber challenges.

47.4 Liquidity Risk

Liquidity Risk is the risk that the Group may be unable to meet its payment obligations as they become due, or to fund assets, at a reasonable cost, because of an inability to liquidate assets, or to obtain adequate funding.

The liquidity risk policy of the Group is formulated keeping in view State Bank guidelines on risk management and best market practice. The Group's Asset and Liability Committee (ALCO) reviews the liquidity position on a periodic basis. The Liquidity Risk Management policy of the Group aims to maintain adequate liquidity at all times and in all currencies under both normal and stress conditions, to meet the Group's contractual and potential payment obligations without incurring additional and unacceptable cost to the business. Treasury is responsible for managing liquidity under the guidance of Asset and Liability Committee of the Group.

The Group maintains a portfolio of highly marketable assets i.e. Market Treasury Bills, Pakistan Investment Bonds and GoP Ijarah Sukuk, that can either be sold in the open market or funds can be arranged there against under repo arrangements. This is further supported by investments in short term securities. In line with its liquidity risk management policy, the Group aims to maintain a cushion over and above the minimum statutory liquidity requirement prescribed by SBP for maintaining liquidity reserves to ensure continuity of cash flows.

The Group uses liquidity gap ladder to assess the liquidity gaps and liquidity needs in different time buckets, under normal and stressed scenarios. Sources of liquidity are regularly reviewed / monitored by the Asset and Liability Committee (ALCO). The ALCO reviews the current economic situation, projected cash flows and asset/ liability mix and approves strategy for managing appropriate liquidity. The liquidity risk management policy of the Group encompasses liquidity contingency plan for actions to be taken in case of liquidity crises.

47.41 Maturities of Assets and Liabilities - based on contractual maturity of the assets and liabilities of the Group

2025

Total	Up to 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
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(Rupees in '000)

Assets	12,915,786	2,764,197	14,199,796	86,308,962	26,032,721	7,770,752	2,538,778	325,102	14,183,802	46,642,630	213,682,526	15,772,567	9,312,448	213,682,526
Cash and balances with treasury banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances with other banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Lending to financial institutions	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investments	1,829	11,887	13,716	27,433	54,865	6,912,504	12,223,019	11,706,331	11,706,331	5,599,496	6,048,790	29,772,443	-	13,961,130
Advances	-	3,110	3,425	2,139,570	1,197,846	2,198,358	10,080,079	1,728,496	3,279,759	3,279,759	3,210,703	647,229	774,250	774,250
Property and equipments	869	5,212	6,081	13,899	26,060	79,180	78,180	128,036	317,064	317,064	317,064	471,114	6,302,933	6,302,933
Right-of-use assets	229	1,391	1,623	3,710	6,956	20,867	20,867	22,026	84,626	84,626	84,626	169,252	2,115,649	2,115,649
Intangible assets	204	1,224	1,428	3,264	6,120	18,360	18,360	65,254	74,461	74,461	74,461	55,846	-	-
Deferred tax assets	2,427	15,828	18,255	36,342	72,852	(2,248,790)	73,544	1,982	804,628	804,628	3,546,496	7,616,268	4,171,118	4,171,118
Other assets	87,026	673,496	(16,435,003)	20,752,476	1,854,678	2,916,714	2,916,714	2,916,714	14,597,858	14,597,858	27,879,998	39,519,841	27,325,080	27,325,080

Liabilities	2,749,628	7,404,522	189,855,864	3,313,315	1,495,515	61,465,542	189,965,386	2,749,628	7,404,522	189,855,864	3,313,315	1,495,515	61,465,542	189,965,386
Bills payable	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings	4,795,240	725,290	1,824,692	4,663,907	1,577,858	1,366,343	42,300	2,353,750	88,119	20,004	83,444	400	825	825
Deposits and other accounts	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Liabilities against right-of-use assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subordinated debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	81,649	421,463	6,01,530	1,462,625	1,274,260	334,820	305,172	115,061	265,981	818,262	355,990	109,565	164	164
Net assets	159,393,845	5,941,993	2,426,222	6,126,532	2,977,118	1,743,463	3,277,866	963,304	3,147,099	2,863,466	522,553	109,965	481,960	481,960
Share capital - net	10,000,000	5,000,000	1,913,138	2,642,875	4,161,127	23,717,140	10,000,000	5,000,000	1,913,138	2,642,875	4,161,127	23,717,140	10,000,000	5,000,000
Advance against subscription of shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Accumulated losses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus on revaluation of assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net assets	23,717,140	(143,621,278)	3,370,455	(16,817,597)	16,850,162	242,259	170,596	6,618,327	24,457,459	13,421,740	27,357,445	39,409,876	26,843,120	26,843,120

2024 - Restated

Total	Up to 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
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(Rupees in '000)

Assets

Cash and balances with treasury banks	18,352,208	16,531,219	142,454	305,986	579,058	183,412	349,239	129,315	69,671	32,538	19,456	2,038	7,681	81
Balances with other banks	1,475,120	1,475,120	-	-	-	-	-	-	-	-	-	-	-	-
Lending to financial institutions	9,697,187	1,999,333	2,936,730	-	-	-	-	-	-	-	-	4,761,124	-	-
Investments	174,858,629	-	-	-	-	-	-	-	-	-	-	-	-	-
Advances	15,574,078	19,927	106,110	52,045	1,856,923	1,599,448	1,352,812	2,147,725	3,123,810	34,451,355	11,544,576	5,570,000	115,717,531	2,303,632
Property and equipments	7,072,284	922	5,538	6,461	14,767	27,688	27,688	88,065	3,642,127	1,501,671	766,871	697,086	421,476	902,461
Right-of-use assets	2,601,271	238	1,425	1,663	3,801	7,127	7,127	21,380	135,897	336,875	86,709	336,875	439,711	5,573,732
Intangible assets	333,599	194	1,158	1,351	3,089	5,792	5,792	17,376	87,676	70,471	70,471	70,471	52,853	2,167,726
Deferred tax assets	25,600,837	2,364	15,377	17,739	35,386	70,864	70,864	(621,074)	(24,943)	1,426,574	5,782,630	122,044,428	6,646,443	-
Other assets	42,655,900	30,262	316,436	1,518,690	4,527,813	605,923	193,281	432,370	563,871	16,755,200	16,755,200	538,263	-	-
	298,221,113	20,059,579	3,525,228	1,903,935	7,020,837	2,500,254	2,006,863	4,865,278	36,770,733	31,006,732	34,062,133	129,555,361	17,594,075	-

Liabilities

Bills payable	1,900,496	1,900,496	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings	89,892,925	13,436,798	23,160,855	-	49,713,750	513,503	316,100	2,640,750	-	-	-	-	111,169	-
Deposits and other accounts	185,859,754	167,417,907	1,442,683	3,098,832	5,864,341	1,857,487	3,537,481	1,309,620	329,526	197,038	20,639	20,639	77,791	825
Liabilities against right-of-use assets	3,284,402	-	-	-	792,141	-	-	-	-	1,879,417	-	-	-	612,844
Subordinated debt	1,495,515	1,495,515	-	-	-	-	-	-	-	-	-	-	-	-
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	7,536,410	241,142	497,951	399,447	1,319,015	1,804,939	710,992	546,148	415,503	555,839	422,178	139,270	-	-
	289,969,502	184,491,858	25,101,489	3,498,279	57,689,247	4,175,929	4,564,573	4,496,518	745,029	2,632,294	442,817	328,230	613,669	-

Net assets

	8,251,611	(164,432,279)	(21,576,261)	(1,594,344)	(50,668,410)	(1,675,675)	(2,557,710)	368,760	36,025,704	28,374,438	33,619,316	129,227,131	16,980,406	-
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Share capital - net

Reserves

Accumulated losses

Surplus on revaluation of assets

8,251,611

47.4.2 Maturities of assets and liabilities – based on expected maturities of the assets and liabilities of the Group

Maturity gaps of all assets and liabilities are based on contractual maturities. The maturity profile of certain non-contractual assets and liabilities is based on the behavioral study. The Group has used VAR methodology which excludes 5% extreme volatilities thus leaving 95% confidence results.

2025									
(Rupees in '000)									
Total	Up to 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
Assets									
Cash and balances with treasury banks	12,412,479	225,202	47,343	222,755	1,530	6,383	31	63	-
Balances with other banks	2,764,197	-	-	-	-	-	-	-	-
Lending to financial institutions	8,600,300	-	-	-	5,599,496	-	-	-	-
Investments	86,308,962	109,730	6,912,504	23,929,350	5,520,150	6,048,790	29,772,443	13,961,130	-
Advances	26,032,721	1,967,742	2,198,358	11,808,575	3,279,759	3,210,703	647,229	549,859	224,391
Property and equipments	7,770,752	52,120	78,180	206,216	317,064	317,064	471,114	1,028,727	5,274,206
Right-of-use assets	2,538,778	13,911	20,867	42,893	84,626	84,626	169,252	423,130	1,692,517
Intangible assets	325,102	12,240	18,360	83,614	74,461	74,461	55,846	-	-
Deferred tax assets	14,183,802	72,852	(2,248,790)	75,526	804,628	3,546,496	7,616,268	4,170,819	299
Other assets	46,642,630	5,077,094	2,916,714	5,833,429	14,597,858	14,597,858	787,689	-	-
	213,682,526	31,167,029	9,943,536	42,202,358	30,279,572	27,886,381	39,519,872	20,133,728	7,191,413
Liabilities									
Bills payable	2,749,628	-	-	-	-	-	-	-	-
Borrowings	7,404,522	167,300	2,353,750	-	-	83,119	-	-	-
Deposits and other accounts	168,855,864	162,275,829	618,944	2,912,217	20,004	83,444	400	825	-
Liabilities against right-of-use assets	3,313,315	-	-	-	2,025,200	-	-	480,971	-
Subordinated debt	1,495,515	-	-	-	-	-	-	-	-
Deferred tax liabilities	-	-	-	-	-	-	-	-	-
Other liabilities	6,146,542	1,609,080	305,172	381,042	818,262	355,990	109,565	164	-
	189,965,386	174,695,736	3,277,866	3,293,259	2,863,466	522,553	109,965	481,960	-
Net assets	23,717,140	(43,528,707)	6,665,670	38,909,099	27,416,106	27,363,828	39,409,907	19,651,768	7,191,413
Share capital - net									
Advance against subscription of shares	10,000,000	-	-	-	-	-	-	-	-
Reserves	5,000,000	-	-	-	-	-	-	-	-
Accumulated losses	1,913,138	-	-	-	-	-	-	-	-
Surplus on revaluation of assets	2,642,875	-	-	-	-	-	-	-	-
	4,161,127	-	-	-	-	-	-	-	-
	23,717,140	-	-	-	-	-	-	-	-

2024 - Restated

Total	Up to 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
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(Rupees in '000)

Assets									
Cash and balances with treasury banks	18,352,208	17,558,717	129,315	102,209	19,456	2,038	7,681	81	-
Balances with other banks	1,475,120	1,475,120	-	-	-	-	-	-	-
Lending to financial institutions	9,697,187	9,697,187	-	-	-	-	-	-	-
Investments	174,858,629	-	2,147,725	37,575,165	11,544,576	5,570,000	115,717,531	2,303,632	-
Advances	15,574,078	2,035,004	2,655,121	5,188,638	722,031	697,086	421,476	561,153	341,308
Property and equipments	7,072,284	27,687	83,065	218,962	336,875	336,875	439,711	889,983	4,683,749
Right-of-use assets	2,601,271	7,127	21,380	43,948	86,709	86,709	173,418	433,545	1,734,181
Intangible assets	333,599	5,792	17,376	105,052	70,471	70,471	52,853	-	-
Deferred tax assets	25,600,837	70,864	(621,074)	(50,758)	1,426,574	5,782,630	12,204,428	7,050,493	(404,049)
Other assets	42,655,900	6,393,202	432,370	982,461	16,755,200	16,755,200	538,263	-	-
	298,221,113	37,270,700	4,865,278	44,165,677	30,961,892	29,301,009	129,555,361	11,238,887	6,355,189

Liabilities									
Bills payable	1,900,496	1,900,496	-	-	-	-	-	-	-
Borrowings	89,892,925	86,311,403	2,640,750	-	-	-	111,169	-	-
Deposits and other accounts	185,859,754	177,823,763	1,309,620	1,035,111	197,038	20,639	77,791	825	-
Liabilities against right-of-use assets	3,284,402	792,141	-	-	1,879,417	-	-	612,844	-
Subordinated debt	1,495,515	1,495,515	-	-	-	-	-	-	-
Deferred tax liabilities	-	-	-	-	-	-	-	-	-
Other liabilities	7,536,410	2,457,555	546,148	899,489	555,839	422,178	139,270	-	-
	289,969,502	270,780,873	4,496,518	1,934,600	2,632,294	442,817	328,230	613,669	-
Net assets	8,251,611	(233,510,173)	368,760	42,231,077	28,329,598	28,858,192	129,227,131	10,625,218	6,355,189

Share capital - net	10,000,000
Reserves	154,162
Accumulated losses	(6,237,420)
Surplus on revaluation of assets	4,334,869
	<u>8,251,611</u>

47.5 Derivative Risk

The policy guidelines for taking derivative exposures are approved by the Board of Directors (BoD). The Group's Asset and Liability Committee (ALCO) is responsible for reviewing and managing associated risks of the transactions.

The overall responsibility for managing derivatives and sustaining profitability lies with the treasury front office/ Head of Treasury. Market & Liquidity Risk Management Unit (MLRU) of the Group is responsible for monitoring the risk exposure and for analysis of present and potential risk factors arising from the same. The MLRU also monitors associated risks in line with the Board of Directors' approved limits/ policies and coordinates with the business for necessary approvals of the derivatives risk limits and also produces necessary reports / analysis as may be required.

48. DATE OF AUTHORISATION FOR ISSUE

These consolidated financial statements were authorised for issue on February 26, 2026 by the Board of Directors of the Group.

President / Chief Executive

Chief Financial Officer

Director

Director

Director

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

S.No.	Name and address of the Borrower	Name of individuals/partners/directors with CNIC No.)	Father's / Husband's Name	Outstanding Liabilities as at January 01, 2025				Interest / Mark-up written-off / waived	Other financial relief provided	Total (9+10+11)	
				Principal	Interest / Mark-up	Other than Interest / Mark-up	Total				
1	2	3	4	5	6	7	8	9	10	11	12
----- (Rupees in '000) -----											
1	Agritech Limited - Formerly Pak American Fertilizer 2nd Floor Asia Centre 8 Babar Block New Garden Town Lahore Pakistan	Asim Murtaza Khan 42201-0482620-9 Syed Taneem Haider 35201-1613184-5 M Faisal Muzammil 37405-5098349-9 Tanveer Raza 35201-1514368-7 Rehan Munir 55302-0636064-7 Aziz Ullah Saeed 38302-1119806-9	N/A	517,060	308,892	-	825,952	147,994	308,892	-	456,886
2	Muhammad Hamid Mahmood/Ms Sumaira Batool House # 142 Blk-9 New Supper Town Lahore	Muhammad Hamid Mahmood/Ms Sumaira Batool 36103-1669004-9	Muhammad Yasin Chaudhary	586	107	-	693	586	96	-	682
3	Muhammad Shahzad Siddique P-74 Street No. 2 New Haseeb Shaheed Colony Near Mian Chowk, Faisalabad	Muhammad Farooq Siddique 33100-1027739-1	Muhammad Farooq Siddique	499	163	-	662	149	163	-	312
4	Muhammad Razzaq P-543 B Millat Town Faisalabad	Muhammad Ishaq 33100-5765695-7	Muhammad Ishaq	459	150	-	609	134	150	-	284
5	Abdullah Munawar H No 46 Nar Rd Block A Purani Mandi Morr Gm Abad Faisalabad	Abdullah Munawar 33100-8533458-3	Muhawar Hussain	298	223	-	521	88	223	-	311
TOTAL				518,902	309,535	-	828,437	148,951	309,524	-	458,475

ISLAMIC BANKING BUSINESS

The Bank commenced its Islamic Banking Operations in Pakistan on March 07, 2014 and is operating with 12 (2024: 12) Islamic banking branches and 82 (2024: 31) Islamic banking windows at the end of the period.

**STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2025**

	2025	2024
Note	----- (Rupees in '000) -----	
ASSETS		
Cash and balances with treasury banks	4,589,844	3,437,009
Balances with other banks	-	96,128
Due from financial institutions	1 8,659,637	26,135,485
Investments	2 36,222,721	41,317,673
Islamic financing and related assets - net	3 2,380,078	2,423,890
Property and equipment	209,295	169,024
Right-of-use assets	213,097	148,382
Intangible assets	-	-
Due from Head Office	-	-
Deferred tax assets	-	-
Other assets	864,616	1,688,565
Total Assets	53,139,288	75,416,156
LIABILITIES		
Bills payable	248,357	280,974
Due to financial institutions	4 -	3,135,154
Deposits and other accounts	5 42,086,905	47,062,215
Due to Head Office	-	-
Lease liabilities	240,234	158,396
Subordinated debt	-	-
Deferred tax liabilities	19,852	402,987
Other liabilities	1,207,751	16,900,389
	43,803,099	67,940,115
NET ASSETS	9,336,189	7,476,041
REPRESENTED BY		
Islamic Banking Fund	1,000,000	1,000,000
Reserves	-	-
Surplus on revaluation of assets	27,415	556,506
Unappropriated profit	7 8,308,774	5,919,535
	9,336,189	7,476,041
CONTINGENCIES AND COMMITMENTS	8	

Annexure - II

**ISLAMIC BANKING BUSINESS
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED DECEMBER 31, 2025**

	2025	2024
Note	----- (Rupees in '000) -----	
Profit / return earned	9 6,009,336	8,731,752
Profit / return expensed	10 3,056,527	5,200,934
Net Profit / return	2,952,809	3,530,818
Other income		
Fee and commission income	139,358	172,336
Dividend income	-	-
Foreign exchange loss	(185,081)	(42,867)
Income / (loss) from derivatives	-	-
Gain on sale of securities	518,592	371,093
Other income	209	13,998
Total other income	473,078	514,560
Total income	3,425,887	4,045,378
Other expenses		
Operating expenses	1,130,925	1,117,231
Workers' welfare fund	-	-
Other charges	-	-
Total other expenses	1,130,925	1,117,231
Profit before credit loss allowance	2,294,962	2,928,147
Credit loss allowance and write offs - net	(91,064)	33,737
Profit before taxation	2,386,026	2,894,410
Taxation	-	-
Profit after taxation	2,386,026	2,894,410

ISLAMIC BANKING BUSINESS
NOTES TO THE ANNEXURE - II
FOR THE YEAR ENDED DECEMBER 31, 2025

	Note	2025			2024		
		In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
----- (Rupees in '000) -----							
1. Due from Financial Institutions							
Unsecured							
Bai Muajjal Receivable from State Bank of Pakistan	1.1	5,599,496	-	5,599,496	4,761,124	-	4,761,124
Bai Muajjal Receivable from other Financial Institutions	1.2	3,060,554	-	3,060,554	19,374,631	-	19,374,631
Musharakah	1.3	-	-	-	2,000,000	-	2,000,000
		8,660,050	-	8,660,050	26,135,755	-	26,135,755
Less: Credit loss allowance							
Stage 1		(413)	-	(413)	(270)	-	(270)
Stage 2		-	-	-	-	-	-
Stage 3		-	-	-	-	-	-
		(413)	-	(413)	(270)	-	(270)
Due from financial institutions - net of credit loss allowance		8,659,637	-	8,659,637	26,135,485	-	26,135,485

1.1 This represents Bai Muajjal agreement with State Bank of Pakistan and carries profit rate of 16.21% per annum (2024: 16.21% per annum) and are due to mature latest by August 05, 2027 (2024: August 05, 2027).

1.2 This represents Bai Muajjal agreements with conventional operations of Bank Makramah Limited and carries profit rate from 10.50% per annum (2024: 10.75% to 14.00% per annum) and are due to mature latest by January 27, 2026 (2024: March 25, 2025).

1.3 This representd Musharakah agreements with other Financial Institutions and carried profit rate at 12.50% per annum in 2024 and has matured on January 03, 2025.

2. Investments

	2025				2024			
	Cost / amortised cost	Credit loss allowance for diminution	Surplus / (Deficit)	Carrying value	Cost / amortised cost	Credit loss allowance for diminution	Surplus / (Deficit)	Carrying value
----- (Rupees in '000) -----								
Investments by segments:								
Debt Instruments								
Federal Government Securities								
- GOP Ijarah Sukuks	34,041,160	-	(37,338)	34,003,822	38,149,499	-	871,673	39,021,172
Non Government Debt Securities								
- Listed	2,219,199	(300)	-	2,218,899	2,296,811	(310)	-	2,296,501
Total Investments	36,260,359	(300)	(37,338)	36,222,721	40,446,310	(310)	871,673	41,317,673

3. Islamic financing and related assets	Note	2025	2024
		----- (Rupees in '000) -----	
Ijarah	3.1	681,034	595,944
Running Musharakah		620	311,863
Diminishing Musharakah		1,529,328	1,112,722
Diminishing Musharakah-IERF		-	300,000
Tijarah		272,699	284,517
Advance against Ijarah		4,500	17,027
Gross Islamic financing and related assets		2,488,181	2,622,073
Less: Credit loss allowance against Islamic financings			
-Stage 1		(2,346)	(718)
-Stage 2		(357)	(34,420)
-Stage 3		(105,400)	(163,045)
		(108,103)	(198,183)
Islamic financing and related assets - net of credit loss allowance		<u>2,380,078</u>	<u>2,423,890</u>

3.1 Ijarah

	2025						
	Cost			Accumulated Depreciation			Book Value as at December 31, 2025
	As at January 01, 2025	Additions / (deletions)	As at December 31, 2025	As at January 01, 2025	Charge for the year	As at December 31, 2025	
	----- (Rupees in '000) -----						
Vehicles consumer	830,407	149,676	980,083	234,463	64,586	299,049	681,034
Total	830,407	149,676	980,083	234,463	64,586	299,049	681,034

	2024						
	Cost			Accumulated Depreciation			Book Value as at December 31, 2024
	As at January 01, 2024	Additions / (deletions)	As at December 31, 2024	As at January 01, 2024	Charge for the year	As at December 31, 2024	
	----- (Rupees in '000) -----						
Vehicles consumer	680,656	149,751	830,407	201,484	32,979	234,463	595,944
Total	680,656	149,751	830,407	201,484	32,979	234,463	595,944

Future Ijarah payments receivable

	2025				2024			
	Not later than 1 year	Later than 1 year & less than 5 years	Over Five years	Total	Not later than 1 year	Later than 1 year & less than 5 years	Over Five years	Total
	----- (Rupees in '000) -----							
Ijarah rental receivables	94,537	885,546	-	980,083	69,363	761,044	-	830,407

4. Due to financial institutions	2025	2024
	----- (Rupees in '000) -----	
Unsecured		
Overdrawn nostro accounts	-	3,135,154
Total unsecured	-	3,135,154

5. Deposits	2025			2024		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
	----- (Rupees in '000) -----					
Customers						
Current deposits	6,554,244	710,157	7,264,401	6,337,338	627,640	6,964,978
Savings deposits	29,256,517	186,454	29,442,971	34,497,595	145,788	34,643,383
Term deposits	4,361,280	86,549	4,447,829	4,247,560	158,840	4,406,400
Others	427,926	-	427,926	461,193	-	461,193
	40,599,967	983,160	41,583,127	45,543,686	932,268	46,475,954
Financial Institutions						
Current deposits	5,366	8	5,374	4,733	-	4,733
Savings deposits	343,926	-	343,926	431,528	-	431,528
Term deposits	154,478	-	154,478	150,000	-	150,000
	503,770	8	503,778	586,261	-	586,261
	41,103,737	983,168	42,086,905	46,129,947	932,268	47,062,215

5.1 Composition of deposits	2025	2024
	----- (Rupees in '000) -----	
- Individuals	16,546,031	16,998,372
- Government (Federal and Provincial)	906,841	856,900
- Public Sector Entities	6,968,668	10,366,177
- Banking Companies	7	6
- Non-Banking Financial Institutions	503,771	586,255
- Private Sector	17,161,587	18,254,505
	42,086,905	47,062,215

5.2 Deposits include Eligible Deposits of Rs. 21,338.165 million (2024: Rs. 24,634.261 million) protected under Depositors Protection Mechanism introduced by the State Bank of Pakistan.

	2025	2024
	----- (Rupees in '000) -----	
6. Charity Fund		
Opening balance	2,156	4,317
Additions during the year		
- Received from customers on account of delayed payment	246	1,839
- Dividend purification amount	-	-
- Other Non-Shariah compliant income	-	-
- Profit on charity saving account	48	-
	294	1,839
Payments / utilization during the year		
- Education	(500)	-
- Health	(700)	(1,000)
- Community development	(900)	(3,000)
	(2,100)	(4,000)
Closing balance	350	2,156
7. Unappropriated profit		
Opening balance	5,919,535	3,435,447
Effect of adoption of IFRS 9	-	(413,535)
Add : Islamic Banking profit for the year	2,386,026	2,894,410
Transfer in respect of incremental depreciation from surplus on revaluation of property and equipments to accumulated profit	3,213	3,213
Closing balance	8,308,774	5,919,535
8. CONTINGENCIES AND COMMITMENTS		
-Guarantees	3,709,728	4,129,456
-Commitments	743,340	9,145,926
-Other contingent liabilities	-	-
	4,453,068	13,275,382
9. Profit / Return Earned of Financing, Investments and Placement		
Profit earned on:		
Financing	195,654	180,483
Investments	4,320,489	7,540,572
Placements	1,493,193	1,010,697
Balances with banks	-	-
	6,009,336	8,731,752
10. Profit on Deposits and other Dues Expensed		
Deposits and other accounts	2,913,230	5,013,168
Due to Financial Institutions	102,408	164,590
Finance cost of lease liability	40,889	23,176
	3,056,527	5,200,934

11. Deposits

Deposits are generated on the basis of two modes i.e. Qard and Mudaraba.

Deposits taken on Qard basis are classified as 'Current accounts' and deposits generated on Mudaraba basis are classified as 'Savings deposits' and 'Fixed deposits'. No profit or loss is passed on to current account depositors, however the funds of current accounts are treated as equity for the purpose of profit calculation and any profit earned / loss incurred on those funds are allocated to the equity of the Bank. While the product features of each product differ, there is usually no restriction on withdrawals or number of transactions in current and saving accounts. In case of fixed deposits, pre-mature withdrawals can be made as per approved terms only.

Profits realized in investment pools are distributed in pre-agreed profit sharing ratio. Rab-ul-Maal share is distributed among depositors according to weightages assigned at the inception of profit calculation period. Mudarib can distribute its share of profit to Rab-ul-Maal upto a maximum of 60% of its profit as Incentive profits (Hiba).

Profits are distributed from the pool such that the depositors (remunerative) bear the risk of assets in the pool during the profit calculation period. 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.

Asset pools are created at the Bank's discretion and the Bank can add, amend, and transfer an asset to any other pool.

12. Pool Management

Bank Makramah Limited - Islamic Banking Division (BML-IBD) operates General and Specific Pools for deposits and interbank funds accepted under Mudaraba and Musharkah modes.

Features, risks and rewards of the pools are given below:

(i) Specific pool

Specific pools are operated for funds acquired / accepted from customers in foreign currencies (FCY) in addition to Pakistani Rupees (PKR) for customers willing to invest in specific sectors / industry / exposures for want of higher returns. These pools operate in accordance with the rules as specified under general pool disclosure, however, varies in degree of risks associated with the investments / assets. Similarly, for interbank acceptances specific pool(s) based on Musharkah are also maintained by the Bank to meet liquidity requirement of the Bank. BML-IBD maintains 10 (Ten) Local Currency (LCY) and 01 (one) Foreign Currency (FCY) specific pools.

(ii) General pool

General pool is the basket in which all the deposits from depositors are placed along with the Bank's own equity as well as funds from other financial institutions. The general pool is based on the principle of unrestricted Mudaraba. An unrestricted Mudaraba contract is a contract in which the depositor permits the Bank to administer the funds without any restrictions. In this case, the Bank has a wide range of trade or business freedom on the basis of trust and the business expertise the Bank has acquired.

However, such unrestricted business freedom in an unrestricted Modaraba must be exercised only in accordance with the interests of the parties and the objectives of the Modaraba contract, which is making profit. Therefore, the actions of the Bank must be in accordance with the business customs relating to the Banking operations. BML-IBD maintains 01 LCY and 01 FCY General pool.

(iii) Treasury pool(s)

Treasury pool(s) may be created from time to time by obtaining funds from financial institutions. Treasury pool will be created on the basis of Mudaraba, Musharakah or Wakalah, as per agreement between Bank Makramah Limited and counter party.

Treasury pool may be created for one or more of the following reasons:

- a) Foreseeable major withdrawals by existing depositors;
- b) Expected new disbursement / financing requirement; and
- c) Meeting general liquidity requirement.

In case a major withdrawal has been requested from any depositor in an existing pool, the Bank may arrange funds from financial institution by creating a separate pool. The Bank will transfer matching asset(s) from the pool in which the withdrawal request has been made, to the treasury pool. These pools need to be maintained separately due to its peculiar nature (i.e. liquidity management).

(a) Priority of utilization of funds in the general pool shall be :

- Depositor Funds.
- Equity Funds.
- Placement / Investments of Other IBI.
- Modaraba Placement of Bank Makramah Limited (Counterparty).

(b) Weightages for distribution of profit in general pool

The weightages are calculated and declared monthly as the pool is constructively liquidated at end of each month and created simultaneously. The Bank declares such weightages at least 3 days before the beginning of the month, after the approval of the Shariah Advisor / RSBM of the Bank.

The weightages assigned to all categories of pool deposits are assigned uniformly on a consistent basis, based on the following parameters / criteria (but not limited to):

- contracted period of deposits;
- frequency of profit distribution, monthly, quarterly or on maturity;
- volume of the deposit;
- product structure; and
- management discretion.

(c) Identification and allocation of pool related income and expenditure

The allocation of income and expenses to different pools is based on pre-defined basis and accounting principles / standards. According to Shariah rules and principles, all direct expenses are expensed out of the total profit i.e. always charged to the pool.

The direct expenses to be charged to the pool shall include all the direct cost of transaction including the following:

- depreciation of Ijarah assets;
- cost of sales of inventories;
- Takaful expenses of pool assets;
- taxes (sales tax and service tax levied by the provincial government);
- stamp fee or documentation charges;
- other costs / foreign exchange losses (if ascertainable);
- brokerage fee for purchase of securities / commodities etc.; and
- impairment / losses due to physical damages to specific assets in pools etc.

Indirect expenses can be categorized as those which are agreed with the saving and deposit account holders to be borne by the Mudarib.

All income pertaining to specific assets for specific periods should be allocated to the pool to which the assets are tagged during the period. Due care should be taken while recognizing revenue from assets. Revenue recognition for each type / class of assets should be in-line with the respective Shariah principles. Further, the financing will be diversified across different sectors and in compliance with the prudential regulation for exposure of individual and corporate clients. Income generated from non-financing activities (fee / commission / service charges) that were not relevant to the general pool were not credited to the pool and relevant expenses were also not charged to the pool.

(d) Parameters associated with risk and rewards

(i) The risks related to any pool depend upon the nature of the pool and the purpose for which the pool has been created. Considering the low risk tolerance of the investors of the profit and loss distribution pool, the key objective remained to earn competitive returns while containing the risk (volatility) of the returns to a minimum.

(ii) **Risks to which the financing assets of the Bank may be exposed to are:**

Credit risk which is generally defined as the potential that a counter party fails to meet its obligations in accordance with agreed terms. Therefore, the Bank has sound credit risk management policies to protect the depositors' / Investment Account Holders (IAH) from loss due to credit risk;

Market risk is generally defined as the risk of losses in on and off-balance sheet positions arising from movements in market prices i.e. fluctuations in values in tradable or marketable assets (including Sukuks) and in off-balance sheet individual portfolios (for example restricted investment accounts). The risks relate to the current and future volatility of market values of specific assets and of foreign exchange rates; and

Equity Investment Risk is generally defined as risk associated with holding equity investments during unfavourable situations, where decline in investment caused by market conditions in turn gives volatility of earnings of Musharakah and Modaraba investments.

(iii) Risks to which the profit and loss distribution pool may be exposed to are:

Liquidity risk which is the potential loss to the Bank arising from their inability either to meet their obligations or to fund increases in assets as they fall due without incurring unacceptable costs or losses. In order to mitigate the liquidity risk the Bank should invest in a combination of liquid and illiquid assets to be able to meet their obligations towards the depositors' / investment account holder; and

Rate of return risk to which the Bank may be exposed to in the context of its overall balance sheet exposures. An increase in benchmark rates may result in savings account holders having expectations of a higher rate of return. A consequence of rate of return risk may be displaced commercial risk. Therefore, the Bank employ a gapping method for allocating positions into time bands with remaining maturities or re-pricing dates, whichever is earlier.

Avenues / sectors of economy / business where deposits have been deployed*	2025	2024
	----- (Rupees in '000) -----	
Agriculture, forestry, hunting and fishing	122,277	445,366
Cement	931	965
Chemical and pharmaceuticals	177,545	177,545
Construction	27,326	27,326
GOP Ijarah Sukuks	36,260,359	40,446,310
Individuals	90,460	89,354
Services	121	310,754
Sugar	485,998	557,998
Transport, storage and communication	1,700	1,700
Wholesale and retail trade	499	1,099
Total gross Islamic financing and related assets and investments	37,167,216	42,058,417
Due from financial institutions	8,660,050	26,135,755
Total deployed funds	45,827,266	68,194,172

* Staff financing amounting to Rs. 1,794.623 million (2024: Rs. 1,283.447 million) is not included as it is financed through Islamic Banking Fund.

Basis of profit allocation

Profit of the general pool has been distributed between Mudarib and Rab-ul-Maal by using pre-agreed profit sharing ratio. The profit was distributed between Mudarib and Rab-ul-Maal on the under mentioned profit sharing ratios based upon gross income level less direct expenses.

	Profit sharing ratio	
	LCY Deposits	FCY Deposits
	2025	
	-----%-----	
Rab-ul-Maal	60	2
Mudarib	40	98

Mudarib share (in amount and percentage of distributable income)

	2025	2024	2025	2024
	----- (Rupees in '000) -----		-----%-----	
Rab-ul-Maal	2,521,311	4,653,439	65	74
Mudarib	1,358,190	1,632,140	35	26
	<u>3,879,501</u>	<u>6,285,579</u>		

Amount and percentage of Mudarib share transferred to depositors through Hiba

	2025	2024
	----- (Rupees in '000) -----	
Mudarib share	937,807	1,328,284
Hiba	420,383	303,856
	-----%-----	
Hiba percentage of Mudarib share	30.95	18.62

Profit rate earned vs profit rate distributed to the depositors during the year ended

	2025	2024
	-----%-----	
Profit rate earned	11.39	19.07
Profit rate distributed to depositors	8.77	15.30



The ring of
excellence

The Ring of Excellence reflects our dedication to societal upliftment and customer sincerity, permeating every facet of our operations, and delivering superior service and impactful outcomes.



Categories of Shareholders

As on December 31, 2025

	NUMBER OF SHAREHOLDERS	SHARE HELD	PERCENTAGE %
SPONSOR			
HIS EXCELLENCY NASSER ABDULLA HUSSAIN LOOTAH	3	861,163,882	86.12%
DIRECTORS			
MR. ABDULLA NASSER ABDULLA HUSSAIN LOOTAH		-	0.00%
MR. JAWAD MAJID KHAN		-	0.00%
MR. WASEEM MEHDI SYED		-	0.00%
MR. ZAFAR IQBAL SIDDIQI		-	0.00%
MR. WAJAHAT AHMED BAQAI		-	0.00%
BANKS, DEVELOPMENT FINANCIAL INSTITUTIONS, NON-BANKING FINANCIAL INSTITUTIONS, INSURANCE COMPANIES, MODARABAS AND MUTUAL FUNDS	22	9,148,139	0.91%
NATIONAL INVESTMENT TRUST & INVESTMENT CORPORATION OF PAKISTAN	-	-	0.00%
FOREIGN SHAREHOLDERS	944	11,561,921	1.16%
INDIVIDUAL	52,337	50,868,890	5.09%
OTHERS	139	67,257,168	6.73%
TOTAL	53,445	1,000,000,000	100.00%
SHAREHOLDERS HOLDING FIVE PERCENT OR MORE			
HIS EXCELLENCY NASSER ABDULLA HUSSAIN LOOTAH	3	861,163,882	86.12%

Note:

As previously reported, the President & CEO held five (5) qualification shares while the remaining Directors held two (2) qualification shares, each. Pursuant to the Islamabad High Court's sanction of the Scheme of Arrangement for the Restructuring of Bank Makramah Limited, the share reduction has resulted in the Directors' qualification shares being reduced to fractions less than one (1), resulting in their being reported here as zero (0). The new qualification shares are being acquired, accordingly, and shall be disclosed in the next reporting period.

Pattern of Shareholding

As on December 31, 2025

No. of Shareholders	Having Shares		Total Shares Held
	From	To	
38,011	1	100	1,013,422
6,080	101	500	1,347,627
2,253	501	1,000	1,503,876
3,132	1,001	5,000	6,652,403
883	5,001	10,000	5,691,585
312	10,001	15,000	3,641,440
142	15,001	20,000	2,387,330
91	20,001	25,000	1,997,765
84	25,001	30,000	2,253,388
36	30,001	35,000	1,145,541
35	35,001	40,000	1,295,366
22	40,001	45,000	938,055
9	45,001	50,000	431,121
44	50,001	55,000	2,303,609
12	55,001	60,000	692,175
7	60,001	65,000	438,491
12	65,001	70,000	813,878
8	70,001	75,000	576,770
10	75,001	80,000	780,850
8	80,001	85,000	659,692
3	85,001	90,000	261,871
4	90,001	95,000	371,053
2	95,001	100,000	198,766
4	100,001	105,000	400,708
11	105,001	110,000	1,162,453
2	110,001	115,000	225,487
1	115,001	120,000	119,273
2	125,001	130,000	252,822
4	130,001	135,000	529,221
2	135,001	140,000	276,328
3	140,001	145,000	429,850
2	150,001	155,000	302,789
2	155,001	160,000	315,954
2	160,001	165,000	326,486
2	165,001	170,000	335,296
2	170,001	175,000	347,551
1	175,001	180,000	176,437
1	180,001	185,000	184,307
3	185,001	190,000	562,583

No. of Shareholders	Having Shares		Total Shares Held
	From	To	
2	210,001	215,000	422,115
2	245,001	250,000	495,854
1	260,001	265,000	264,612
1	275,001	280,000	275,512
1	305,001	310,000	307,602
2	340,001	345,000	686,664
1	345,001	350,000	347,550
1	390,001	395,000	394,943
1	400,001	405,000	400,209
1	430,001	435,000	433,824
2	525,001	530,000	1,053,182
1	630,001	635,000	631,910
1	710,001	715,000	713,749
1	730,001	735,000	732,199
1	745,001	750,000	745,148
1	840,001	845,000	842,547
1	910,001	915,000	913,232
1	965,001	970,000	965,723
1	970,001	975,000	974,195
1	1,725,001	1,730,000	1,726,034
1	2,065,001	2,070,000	2,066,445
1	2,515,001	2,520,000	2,518,536
1	2,695,001	2,700,000	2,696,150
1	2,850,001	2,855,000	2,854,997
1	3,515,001	3,520,000	3,518,842
1	3,670,001	3,675,000	3,670,346
1	6,615,001	6,620,000	6,616,402
1	7,765,001	7,770,000	7,767,833
1	51,145,001	51,150,000	51,147,499
1	210,080,001	210,085,000	210,084,206
1	650,365,001	650,370,000	650,365,927
51,279			999,977,606
2,166	Shareholding reduced to 0 Fractional Shares		22,394
53,445	Company Total		1,000,000,000

Notice of the TWENTIETH (20th) Annual General Meeting of the Members of Bank Makramah Limited

NOTICE is hereby given that the Twentieth (20th) Annual General Meeting of the Members of Bank Makramah Limited (the “Bank”) will be held on Wednesday, March 25, 2026 at 11:00 A.M. at Serena Hotel, Islamabad to transact the following business.

AGENDA

Ordinary Business:

1. 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 31st December, 2025 together with the Directors’ Report and Auditors’ Report thereon and Chairman’s Review Report.
2. To consider and, if thought fit, appoint External Auditors to hold office till the conclusion of the next AGM of the Bank and to fix their remuneration. It is notified that Board’s Audit Committee and the Board of Directors have recommended the name of retiring auditors M/s. Yousof Adil, Chartered Accountants, who being eligible, have offered themselves for reappointment.

Special Business:

3. To consider and if thought fit, approve the proposal for settlement of the outstanding principal amount and accrued profit aggregating to PKR 3,350,026,777.28/- (adjusted for tax) in relation to the rated, unsecured and subordinated term finance certificates of the Bank against issuance of 27,888,469 fully paid up ordinary shares of the Bank having par value of PKR 10/- each, which ordinary shares shall be issued other than by way of rights under Section 83(1)(b) of the Companies Act, 2017 (and form part of the Bank’s Tier I capital).

The resolutions to be passed by the Members as Special Resolutions are as under:

RESOLVED THAT, for the purposes of settling the outstanding liability of Bank Makramah Limited (the “Bank”) in respect of the rated, unsecured and subordinated term finance certificates (“TFCs”) issued by the Bank to such persons (“TFC Holders”) and as per the details specified in Annexure A, subject to receipt of all regulatory approvals (including approvals of the State Bank of Pakistan (“SBP”), Securities & Exchange Commission of Pakistan (“SECP”) and Competition Commission of Pakistan (“CCP”)) required under applicable laws, approval be and is hereby given for the settlement of the outstanding principal amount of PKR 1,495,515,000/- (Pakistan Rupees One Billion Four Hundred Ninety-five Million Five Hundred Fifteen Thousand only) together with accrued profit up to December 31, 2025 amounting to PKR 1,854,511,777.28/- (Pakistan Rupees One Billion Eight Hundred Fifty-four Million Five Hundred Eleven Thousand Seven Hundred Seventy-seven Rupees and Twenty-eight paise only) in respect of the TFCs (collectively, the “Redemption Amount”) against issuance by way of otherwise than rights of 27,888,469 fully paid-up ordinary shares of the Bank, having par value of PKR 10/- each, to the TFC Holders (which ordinary shares shall form part of the Bank’s Tier I Capital) at the issue price of PKR 118.69 per share (“Proposed Settlement”).

***FURTHER RESOLVED THAT,** the Chief Executive Officer and the Company Secretary be and are hereby singly or jointly, as the case may be, authorized on behalf of the Bank to take all steps necessary, ancillary and incidental to the Proposed Settlement, including but not limited to, obtaining all requisite regulatory approvals, including approval of the SBP, SECP and CCP, intimating the Pakistan Stock Exchange and SECP as and when required under the applicable laws, filing and registration of the requisite statutory forms and all other documents as may be required to be filed with the regulatory authorities, preparing, submitting all such documents as may be required by the regulators, executing all such certificates, applications, notices, reports, letters and any other document or instrument including any amendments or substitutions to any of the foregoing as may be required in respect of the above resolutions, prepare, finalize, execute and deliver all agreements as may be required in respect of the above resolutions, and all other matters incidental or ancillary thereto, including the payment of any fees, costs, charges and expenses in respect of the aforesaid matters, and to do all such acts, deeds and things as may be required, necessary and/or expedient for the purpose of giving effect to the spirit and intent of the above resolutions.*

4. To transact any other business with the permission of the Chairman.

By order of the Board

Assad Rabbani
Company Secretary

Place: Karachi
Date: March 4, 2026

NOTES:

1. The Share Transfer Books of the Bank shall remain closed from 20 March 2026 to 25 March 2026 (both days inclusive). Transfers received at M/s. THK Associates (Pvt.) Limited, Plot No. 32-C, Jami Commercial Street 2, D.H.A., Phase VII, Karachi-75500. Pakistan, the Registrar and Share Transfer Agent of the Bank, by the close of the business on 18 March 2026 will be treated in time for the purpose of the above entitlement.
2. A member entitled to attend and vote at this AGM is entitled to appoint a person as a proxy to attend and vote for and on his/her behalf. A proxy need not be a member. The instrument appointing a proxy and the power of attorney/Board Resolution or other authority (if any) under which it is signed or a notarized certified copy of the power or authority shall be deposited at the office of M/s. THK Associates (Pvt.) Limited, Plot No. 32-C, Jami Commercial Street 2, D.H.A., Phase VII, Karachi-75500, the Registrar and Share Transfer Agent of the Bank, not later than forty-eight (48) hours before the time of holding the AGM, and must be duly stamped, signed and witnessed.

Procedure for E-Voting

- In accordance with the Companies (Postal Ballot) Regulations 2018, for the purpose of approval of any special agenda item at the AGM, members will be allowed to exercise their vote through postal ballot i.e., by post or e-voting, in the manner and subject to conditions contained in the Companies (Postal Ballot) Regulations, 2018.
- Details of the e-voting facility will be shared through an e-mail with those members of the Bank who have their valid CNIC numbers, cell numbers, and e-mail addresses available in the register of members of the Bank by the close of business on March 19, 2026.

- The web address, login details, and password, will be communicated to members via email. The security codes will be communicated to members through SMS from the web portal of M/s. THK Associates (Pvt.) Limited, Share Registrar (being the e-voting service provider).
- Identity of the Members intending to cast vote through e-voting shall be authenticated through electronic signature or authentication for login.
- Members shall cast vote online at any time from March 22, 2026, 9:00 am to March 24, 2026. Voting shall close on March 24, 2026, at 5:00 pm. Once the vote on the resolution is cast by a Member, he/she shall not be allowed to change it subsequently.

Procedure for Voting Through Postal Ballot

- Pursuant to Companies (Postal Ballot) Regulations 2018, for the purpose of election of directors and for any other agenda item subject to the requirements of Section 143 and 144 of the Companies Act, 2017, members will be allowed to exercise their right of vote through postal ballot, that is voting by post, in accordance with the requirements and procedure contained in the aforesaid Regulations.
 - The members shall ensure that the duly filled and signed ballot paper, along with a copy of the Computerized National Identity Card (CNIC) should reach the Chairman of the meeting through the post at the Bank's Head Office address: 11th Floor, G-2, Block-2, Scheme-5, Clifton, Karachi, or email at company.secretary@bankmakramah.com one day before the AGM on March 24, 2026, during working hours. The signature on the Ballot Paper shall match with signature on the CNIC.
 - The Ballot Paper has been placed on the website of BML at <https://www.bankmakramah.com/notices-other-downloads/>
3. The CDC Account Holders and Sub-Account Holders, whose registration details are available in the Share Book Details Report, shall be required to produce their respective original Computerized National Identity Card (CNIC) or original Passport at the time of attending the Annual General Meeting to facilitate identification. Such Account Holders and Sub-Account Holders should also bring/know their respective participation I.D. No. and the CDC Account No. and in case of proxy, he/she must enclose an attested copy of his/her CNIC or Passport. Representative(s) of corporate member(s) should bring attested copy of Board Resolution / Power of Attorney and/ or all such documents that are required for such purpose under Circular No.1 dated 26 January 2000 issued by the Securities and Exchange Commission of Pakistan ("SECP").
 4. Members are requested to timely notify any change in their addresses and provide copies of their CNIC /NTN (if not provided earlier) to Bank's Registrar / Share Transfer Agent, M/s. THK Associates (Pvt.) Limited, Plot No. 32-C, Jami Commercial Street 2, D.H.A., Phase VII, Karachi-75500.

Participation of Members through Online Facility:

5. To facilitate and ensure the safety and health of the members, the Bank will also be providing the online platform/facility to participate in the AGM through Zoom.
6. The members will be able to login and participate in the AGM proceedings through their smartphones or computer devices after completing all the formalities required for the verification and identification of the members.

7. The login facility will be opened at 10:30 a.m. on 25 March, 2026 enabling the participants to join the proceedings which will start at 11:00 a.m. sharp.
8. The members interested in attending the AGM of BML through online facility are requested to get themselves registered with the Company Secretary at least 24 hours before the time of AGM at the e-mail address: company.secretary@bankmakramah.com with the following details:

S. No.	Name of the Member	CNIC No.	Folio No./CDC Account No.	Cell No.	Email address

9. The members are also encouraged to send their comments and suggestions, if any, related to the agenda items of the AGM, to the Company Secretary at the above mentioned email address.

Consent for Video Link Facility:

10. Members can attend and participate in the AGM through video-link. The Bank will provide the facility of video-link on demand of members residing in a city, collectively holding 10% or more shareholding in the Bank. Members who wish to avail this facility are requested to fill the below Video Link Form and submit it to the Company at its Regional Office of BML located at 20-Al Asghar Plaza, Blue Area, Islamabad at least seven (7) days prior to date of the AGM.
11. The Bank will intimate members regarding venue of video-link facility at least five (5) days before the date of the AGM along with complete information necessary to enable them to access such facility.

Urgent Provision of Valid CNIC Copy (Mandatory):

12. In pursuance with the SECP's Notification No. SRO.831 (I)/2012 of July 05, 2012, SECP has directed all listed companies to mention CNIC numbers of the registered members. Corporate entities are requested to provide NTN. Please note that in case of non-availability of valid copy of CNIC in respect of members having physical shareholding, their dividends could be withheld.
13. Members are requested to submit a copy of their valid CNIC/NTN/Passport Number within ten (10) days from the date of this Notice to the Bank's Registrar and Share Transfer Agent. In case you have already provided copy of your valid CNIC, please ignore this instruction.
14. Members are also requested to timely notify any change in their addresses and provide copies of their CNIC /NTN (if not provided earlier) to Bank's Registrar / Share Transfer Agent, M/s. THK Associates (Pvt.) Limited, Plot No. 32-C, Jami Commercial Street 2, D.H.A., Phase VII, Karachi-75500.

Conversion of Physical Shares into Book Entry Form:

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

16. To enable compliance with the aforementioned requirement, members are requested to kindly convert shares held in Physical Form into Book Entry Form as soon as possible. The members may contact, a PSX Member, CDC Participant or CDC Investor Account Service to obtain assistance for opening a CDS Account and subsequent induction of the physical shares into Book Entry Form.
17. For further information or clarification, please feel free to contact THK Associates (PVT) Ltd. on Tel # 021-35310191-93 or email at sfc@thk.com.pk

Placement of Financial Statements on Website:

18. As required under Section 223(7) of the Companies Act 2017 and SECP SRO 634(I)/2014, Financial Statement of the Bank for the year ended December 31, 2025 and Reports of the Bank have been uploaded on the website of the Bank which can be downloaded using the following link:

<https://www.bankmakramah.com/financial-statements/>

Prohibition on gifts

19. In compliance with section 185 of the Companies Act, 2017 and SRO 452(I)/2025 dated March 17, 2025 issued by SECP, it is hereby notified that no gifts in any form or manner, shall be distributed to shareholders at the meeting.

STATEMENT OF MATERIAL FACTS UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017, RELATING TO THE SPECIAL BUSINESS:

- a) This statement sets out the Material Facts pertaining to the special business to be transacted at the Annual General Meeting of Bank Makramah Limited ("the **Bank**") to be held on 25th March, 2026.
- b) The Board of Directors of the Bank, during their meeting held on February 26, 2026, have proposed and subject to receipt of approval of shareholders of the Bank and all regulatory approvals (including approvals of the State Bank of Pakistan ("**SBP**"), Securities & Exchange Commission of Pakistan ("**SECP**") and Competition Commission of Pakistan ("**CCP**") required under applicable laws, for the purposes of settling the outstanding liability of the Bank in respect of the rated, unsecured and subordinated term finance certificates ("**TFCs**") issued by the Bank to the holders of the TFCs ("**TFC Holders**"), approved the settlement of the outstanding principal amount of PKR 1,495,515,000/- (Pakistan Rupees One Billion Four Hundred Ninety-five Million Five Hundred Fifteen Thousand only) together with accrued profit up to December 31, 2025 amounting to PKR 1,854,511,777.28/- (Pakistan Rupees One Billion Eight Hundred Fifty-four Million Five Hundred Eleven Thousand Seven Hundred Seventy-seven Rupees and Twenty-eight paise only) in respect of the TFCs (collectively, the "**Redemption Amount**") against issuance by way of otherwise than rights of 27,888,469 fully paid-up ordinary shares of the Bank, having par value of PKR 10/- each, to the TFC Holders (which ordinary shares shall form part of the Bank's Tier I Capital) ("**Proposed Settlement**").

c) The Proposed Settlement is approved on the following terms and conditions:

S. No.	Subject	Description
1	Quantum of the issue both in terms of the number of shares and percentage of paid up capital before and after the issue	Quantum of the Issue: 27,888,469 shares Percentage of the paid-up share capital before further issue of shares: 2.79% Percentage of the paid-up share capital after further issue of shares: 2.71%
2	Issue price per share and justification for the same	PKR 118.69/- per share. In this regard, a circular resolution dated 27 January 2026 was duly passed by TFC Holders representing, in aggregate, 69.68% of the total voting rights ("Circular Resolution"), approving the settlement of the Redemption Amount through the issuance of fully paid-up ordinary shares of the Bank at a price of PKR 6.25/- per share adjusted for share reduction of 94.734080314649%. After such adjustment, the effective price per share amounts to PKR 118.69/-.
3	Consideration against which shares are proposed to be issued i.e. cash or other than cash	The shares are to be issued in settlement of the Redemption Amount.
4	Name of person(s), their brief profile, existing shareholding, if any, in the company, to whom the shares are proposed to be issued.	Please see Annexure A for the details of TFC Holders to whom the shares are proposed to be issued, and in such proportions as specified in Annexure A available at: https://www.bankmakramah.com/notices-other-downloads/ .
5	Purpose of the issue	To settle the outstanding liability of the Bank towards the TFC Holders (i.e., the Redemption Amount) by issuing fully paid-up ordinary shares instead of paying cash.
6	Justification for issuing different kind and class of shares	Not applicable.
7	Justification for issue of the shares by way of other than right	Due to various financial, regulatory, and macroeconomic considerations, the TFCs have to date not been redeemed, and the Bank is unable to discharge the Redemption Amount in cash, necessitating settlement through issuance of shares.

S. No.	Subject	Description
8	Benefits of the issue to the company, its members and capital markets	The issuance of shares in settlement of the Redemption Amount will benefit the Bank by extinguishing outstanding liabilities without depleting cash, and strengthening its Tier I capital and balance sheet. It will benefit the members by preserving the Bank's resources and protecting shareholder value.
9	Breakup value per share as per the latest available audited and reviewed accounts	Rs 23.71 per share
10	Consent of the person(s) to whom the shares are to be issued is(are) obtained	<p>In terms of Paragraph 3.5 of read with Paragraph 9.1 of Schedule 1 of the Declaration of Trust dated May 5, 2011 executed by the Bank in favour of IGI Investment Bank Limited (subsequently replaced by Pak Brunei Investment Company Limited) in respect of issuance of the TFCs, an extraordinary resolution passed by the requisite thresholds of the TFC Holders shall be binding on all the TFC Holders and each of the TFC Holders shall be bound to give effect to its accordingly.</p> <p>In light of the foregoing, the Circular Resolution was duly passed by TFC Holders representing in aggregate 69.68% of the total voting rights, approving the settlement of the Redemption Amount against issuance of shares.</p> <p>Accordingly, such approval shall constitute valid and binding approval of all TFC Holders and shall be deemed to constitute consent of all TFC Holders to the issuance of shares in settlement of the Redemption Amount.</p>
11	The proposed new shares shall rank pari passu in all respects with the respective kind and class of existing shares of the company. In case the proposed new shares are different from the issued ordinary shares in any respect, then the board's decision must state the differences in detail	The proposed new shares shall rank pari passu in all respects with the existing ordinary shares of the Bank.
12	Average market price of the share during the last three months preceding the board's decision as well as the latest available market price	<p>PKR 72.09 per share</p> <p>This is the average price during the month of February 2026. The three month average price is not applicable as the share capital of the Bank has been reduced on January 31, 2026, pursuant to the Islamabad High Court's sanction of the Scheme of Arrangement.</p>

S. No.	Subject	Description
13	Where shares are proposed to be issued for consideration other than in cash, the value of non-cash assets or services or intangible assets shall be determined by a valuer.	Not applicable.

The shares issued will rank pari passu in all respects with the existing ordinary shares of the Bank. The issue of shares other than by way of rights is subject to approval from the SECP.

The above proposed matter seeking the approval of the members as a Special Resolution entails the recommendation/approval of the Board of Directors.

Interest of Directors

The Directors of the Bank have no personal interest, directly or indirectly, in the above mentioned special business that would require further disclosure except to the extent of their remuneration.

Branch Network

CONVENTIONAL BANKING BRANCHES

KARACHI

Abdullah Haroon Road Branch

282/3, Abdullah Haroon Road Area,
Saddar, Karachi
Tel: 021-35685269, 35685393, 35685940
Fax: 021-35683991

Adamjee Nagar Branch

115-A/Z, Block 7/8, Tipu Sultan Road, Karachi
Tel: 021- 34312984-9
Fax: 021-34312980

Atrium Mall Branch

Shop No. 6 and 21 Ground floor, Plot No. 249,
Atrium Mall, Staff Lines, Zaibunnisa Street,
Saddar, Karachi
Tel: 021-35641001-7
Fax: 021-35641008

Badar Commercial Branch

Plot No. 41-C, Badar Commercial, Street
No. 10, Phase-V Extension, DHA Karachi
Tel: 021-35348501-3
Fax: 021-35348504

Bahadur Shah Center Branch

Bahadur Shah Center, Urdu Bazar,
Off: M.A. Jinnah Road, Karachi
Tel: 021-32768547, 32768559
Fax: 021-32765083

Barkat-e- Hyderi Branch

Almas Square, Block-G, North Nazimabad,
Karachi
Tel: 021-36628931, 36706896-7
Fax: 021-36723165

Burns Road Branch

Plot No. 55-A, Survey Sheet A.M., Artillery
Maidan Quarters (Burns Road), Karachi
Tel: 021-32215174, 75 & 76
Fax: 021-32215289

Clifton Branch

Pearl Heaven Apartments, Khayaban-e-Roomi,
Block No-5, Clifton, Karachi
Tel: 021-35823469, 35824171, 35823619
Fax: 021-35821463

Cloth Market Branch

41, Saleh Muhammad Street, Cloth Market,
Karachi
Tel: 021-32461601-03 & 32461605
Fax: 021-32461608

Com-3, Clifton Branch

Show Room No. 12, "Com-3", (Opp: Bar B. Q.
Tonight), Block 6, Clifton, Karachi
Tel: 021 - 35148311 - 13
Fax: 021 - 35148314

Defence Branch

55-C, Phase-II, D.H.A, Opp Toyota Motors,
Main Korangi Road, Karachi
Tel: 021-35387809-35396263 - 35312592
Fax: 021-35387810

DHA Phase I Branch

101-C, Commercial Area 'B', Phase-1 DHA,
Karachi
Tel: 021- 35314061, 35314063-67, 35314105
Fax: 021-35314070

DHA Phase IV Branch

Plot # 129, 9th Commercial Street,
Phase IV, DHA, Karachi
Tel: 021-35313068-70
Fax: 021-35313071

Dhoraji Colony Branch

Shop # 1 & 2, Commercial Plot # C-122,
Block-IV, Dhoraji Cooperative Housing
Society, Scheme # 7, Karachi
Tel: 021-34860774

Fish Harbour Branch

K - 3, Export Zone, Adjacent Main Auction
Hall, Fish Harbour, Karachi
PABX: 021-32315383 - 85
Fax: 021-32315386

Garden East Branch

Shop No. 1,2,3,4, 5 & 6, Jumani Centre,
Plot No. 177-B, Garden East, Karachi
Tel: 021-32243311-13
Fax: 021-32243314

Gulistan-e-Jauhar - Branch I

Plot # 118/A-B, Shop # 02, 03, 04,
Ground Floor Ruffi Paradise, Block-18,
Gulistan-e-Jauhar, Karachi
Tel: 021-34621281-4
Fax: 021-34621285

Gulshan-e-Iqbal - Branch II

B-44, Block 13/A, Main University Road,
Gulshan-e-Iqbal, Karachi
Tel: 021-34987688, 34987739-40
Fax: 021-34987689

I. I. Chundrigar Road Branch I - Unitower

Uni Towers, I.I. Chundrigar Road,
Karachi
Tel: 021-32466410-13
Fax: 021-32466500

Jami Commercial, DHA Branch

64 C, Jami Commercial Phase VII,
7th Street, DHA, Karachi
Tel: 021-35316200-07
Fax: 021-35316199

Jamshed Quarters Branch

Showroom no. 3 & 4, AB Arcade,
Plot # 714-6-1, Block A,
New M.A. Jinnah Road,
Karachi
Tel: 021-34860422-23, 34860425
Fax: 021-34860424

Jodia Bazar - Branch I

A/25/28, Daryalal Street,
Jodia Bazar,
Karachi
Tel: 021-32500121-5
Fax: 021-32500128

Khayaban-e-Shahbaz Branch

Plot No. 21-C Khayaban-e-Shahbaz,
Phase VI, DHA, Karachi
Tel: 021-35344952, 353444957 & 35344963
Fax: 021-35344942

Khayaban-e-Tanzeem Branch

C 4-C, Tauheed Commercial,
Khayaban-e-Tanzeem, Phase-5, DHA,
Karachi
Tel: 021-35869147-35810977 & 35871640
Fax: 021-35869342

Korangi Industrial Area Branch

33/1, Sector-15, Korangi Industrial Area,
Karachi
Tel: 021-35114290, 35121294,
35122231-32
Fax: 021-35114282

Khayaban-e-Ittehad Branch

Plot No. 22-C, Khayaban-e-Ittehad,
Phase-VI, DHA, Karachi
Tel: 021-35176607-09

Malir Cantt Branch

Commercial Hall No. 06,
Situated at X - 20, Malir Cantt
(Near AL- Madina Hotel), Karachi
Tel: 021-34196142-44
Fax: 021-34196145

M. A. Jinnah Road Branch

Mezzanine & Ground Floor,
Plot Survey # 19, Street # R.B.6.,
Shop # 3, 4, Ram Bagh Quarters 166,
M.A. Jinnah Road, Karachi
Tel: 021- 32218395, 32218409,32218428
Fax: 021-32218376

Muhammad Ali Society Branch

Plot # 4-C Commercial Area, Muhammad Ali
Co-Operative Housing Society, Karachi
Tel: 021-34168036-37
Fax: 021-34186045

Nagan Chowrangi Branch

Shop/ Showroom #. 1, Plot #. SC-28,
Sector No. 11-H, Situated at North, Karachi
Tel: 021-36991103, 36991104

New Challi Branch

Plot No. 27, Survey No. 27, (New Challi),
Altaf Hussain Road, Karachi
Tel: 021 - 32423999 - 32423737
Fax: 021 - 32422051

North Karachi Industrial Area Branch

Plot No. R-14, Gabol Town, North Karachi
Industrial Area, Karachi
Tel: 021-32015919, 36995925 & 36963445
Fax: 021-36975919

North Nazimabad Branch

Shop / Showroom # 04, Commercial
Plot # B-64, Block-L, North Nazimabad
K.D.A Scheme # - 2, Karachi
PABX # 021-36724992-94
FAX # 021-36724972

Plaza Quarters Branch

Al-Shafi Building Noman Street,
Off: M.A. Jinnah Road, Karachi
Tel: 021-32771515-16-18
Fax: 021-32771517

Rizvia Society Branch

B-12, Rizvia Cooperative Society,
Nazimabad, Karachi
Tel: 021-36600956-57
Fax: 021-36600958

S.I.T.E. Branch

B/9-B/3, Near Metro Chowrangi,
S.I.T.E. Area, Karachi
Tel: 021-32586801-4, 32587166-8
Fax: 021-32586806

Saeedabad Branch

Plot # 1004/1 & 1004-A/1 (5G/102-A &
5G/012-A/2), Saeedabad, Baldia,
Mahajir Camp, Karachi
Tel: 021-32815092-94
Fax: 021-32815095

Safoora Goth Branch

Shop # 01 & 02, Vital Dreams Apartment,
Block-7, Gulistan-e-Jouhar,
Main University Road, Karachi
PABX # 021-34618691-93

Sea View, Clifton Branch

Plot No. G - 2, Block 2, (Ground Floor),
Clifton, Karachi
Tel: 021 - 3572020 -22
Fax: 021 - 3572023

Shahrah-e-Faisal - Branch II

Business Avenue Block-6, P.E.C.H.S.,
Karachi
Tel: 021-34386417-18 & 34374476
Fax: 021-34531819

Tariq Road Branch

C-51, Central Commercial Area,
Near Pizza Max Tariq Road,
P.E.C.H.S., Karachi
Tel: 021-34556486, 34556682
Fax: 021-34555478

Water Pump Branch

Lateef Square, Block-16, Federal 'B' Area,
Main Water Pump Market, Karachi
Tel: 021-36321387, 36314817
Fax: 021-36314848

LAHORE**Allama Iqbal Town Branch**

56/12, Karim Block, Allama Iqbal Town,
Lahore
Tel: 042-35434160-61, 35434163
Fax: 042-35434164

Badami Bagh Branch

25 - Peco Road Badami Bagh Lahore
Tel: 042-37724583, 37720382, 37705036
Fax: 042-37730867

Bahria Town Branch

Plot No. 31 - B, Sector 'C', Bahria Town,
Lahore
Tel: 042 - 37862380 - 82
Fax: 042-37862379

Bedian Road Branch

Plot No. 3025/20925, Opposite Askari 11
Main Gate, Main Bedian Road, Lahore Cantt
Tel: 042-37165300-03
Fax: 042-37165304

Cantt Branch

Day building 1482/A, Abdul Rehman Road,
Lahore Cantt
Tel: 042- 36603061-63
Fax: 042-36603065

Circular Road Branch

Babar Centre, 51, Circular Road, Lahore
Tel: 042-37379371 - 75
Fax: 042-37379370

Darogawala Branch

Near Shalimar garden G. T. Road,
Darogawala, Lahore
Tel: 042-36520681-83
Fax: 042-36520684

DHA Phase- VI Branch

Plot No. 53, MB Shabir Sharif Boulevard,
DHA Phase-6, Lahore
Tel: 042-37189650 - 52
Fax: 042-37189653

DHA Phase-VIII Branch

Plaza No. 223, Broadway Commercial,
B-Block, Phase-VIII, DHA, Lahore
Tel: 042-37199915

DHA G Block Branch

Plot # 13 G, Commercial Zone DHA,
Phase-I, Lahore Cantt.
Tel: 042-35691173-78
Fax: 042-35691171

DHA Y Block Branch

163, Block Y, Phase III, DHA, Lahore Cantt
Tel: 042-35692531-36
Fax: 042-35692690

Egerton Road Branch

27-Ajmal House, Egerton Road, Lahore
Tel: 042-36364522, 36364532
Fax: 042-36364542

Empress Road Branch

Plot #. 29, Empress Road, Lahore
Tel: 042-36300670-3
Fax: 042-36310362

Faisal Town Branch

853/D, Akbar Chowk, Faisal Town, Lahore
Tel: 042-35204101-3
Fax: 042-35204104

Ferozpur Road Branch

Siza Farmer Factory, Sufiabad, Lahore
Tel: 042- 35401751-3, 35401754
Fax: 042-35800094

Gulberg Branch

Plot 61, Main Gulberg, Lahore
Tel: 042-35870832-3, 35870975-6
Fax: 042-35870834

Ichra More Branch

House # 146, Muhallah Ferozpur Road,
Ichra More, Lahore
Tel: 042-37572090-93 - 042-37426301
Fax: 042-37572089

Johar Town Branch

Plot 435 G -1 Block, Johar Town Road, Lahore
Tel: 042-35291172-74

Kashmir Block, Allama Iqbal Town Branch

Plot # 1, Kashmir Block,
Allama Iqbal Town Scheme, Lahore
Tel: 042-37809021-24
Fax: 042-37809026

Liberty Market Branch

Shop No.02 & 03, Ground Floor,
Diamond Tower, 28 Commercial Zone,
Liberty Market, Gulberg III, Lahore
Tel: 042- 35717273, 35763308
Fax: 042-35763310

Mall Road Branch

56, Ground Floor,
Shahrah-e-Quaid-e-Azam (The Mall), Lahore
Tel: 042-36284801-3
Fax: 042-36284805

Model Town Branch

14-15, Central Commercial Market,
Model Town, Lahore
Tel: 042-35915540-42 & 35915548
Fax: 042-35915549

New Garden Town Branch

19-A, Ali Block, New Garden Town, Lahore
Tel: 042-35911361-4
Fax: 042-35911365

Wahdat Road Branch

Mauza Ichra, Wahdat Road, Lahore
Tel: 042-37503001-3
Fax: 042-37503004

ISLAMABAD**Bahria Town Branch**

Plot # 3-4, Express Way, Sufiyan Plaza,
Phase VII, Bahria Town, Islamabad
Tel: 051- 5707360 - 63-65
Fax: 051-5707358

Barah Koh Branch

Murree Road, Tehsil / District, Islamabad
Tel: 051- 2321712- 13
Fax: 051-2321714

Blue Area Branch

20 - AI- Asghar Plaza, Blue Area, Islamabad
Tel: 051-2823204, 2872913
Fax: 051-2274276

F-10 Markaz Branch

Plot No. 08, Maroof Hospital, F-10 Markaz,
Islamabad
Tel: 051-2222860-62
Fax: 051-2222863

F-11 Markaz Branch

Plot # 29, Select Center, F-11 Markaz, Islamabad
Tel: 051-2228027-28
Fax: 051-2228365

G-11 Markaz Branch

Shop #. 25-34, Plot # 23,
Sajid Sharif Plaza, G-11 Markaz, Islamabad
Tel: 051-2220973-6
Fax: 051-2220977

I-9 Markaz Branch

Plot # 3/L, Shops Nos. 6, 7, 13, & 14,
I-9 Markaz, Islamabad
Tel: 051-4449832-35
Fax: 051-4449836

Stock Exchange Branch

Plot # 109, East F-7/G-7, Jinnah Avenue,
Blue Area, Islamabad
Tel: 051-2806281-83
Fax: 051-2806284

Super Market Branch

Shop No. 9, Block - C, F-6 Markaz, Islamabad
Tel: 051-2279168-170 & 051-2824533-34
Fax: 051-2279166

RAWALPINDI**Raja Bazar Branch**

Raja Bazar, Rawalpindi
Tel: 051-5553504, 5557244
& 5777707 - 5534173-5557244
Fax: 051-5559544

Shamsabad Muree Road Branch

DD/29, Shamsabad Murree Road,
Ojri Kalan, Rawalpindi
Tel: 051-4854400, 4854401-03
Fax: 051-4854404

The Mall Road Branch

Shop No. 31-A/4, The Mall Road, Opp: State
Life Bldg., Saddar, Rawalpindi Cantt
Tel: 051-5564123, 051-5120777-80
Fax: 051-5528148

FAISALABAD**Jail Road Branch**

House No. P-62, opposite Punjab Medical
College, Jail Road, Faisalabad
Tel: 041-8813541-43
Fax: 041-8813544

Kotwali Road Branch

P-12, Kotwali Road, Faisalabad
Tel: 041-2412151-53
Fax: 041-2412154

Liaquat Road Branch

Liaquat Road, Chak # 212, Faisalabad
Tel: 041-2541257-59
Fax: 041-2541255

Satiana Road Branch

679-DGM, Batala Colony, Satiana Road,
Faisalabad
Tel: 041 - 8500569 - 71
Fax: 041 - 8500568

Susan Road Branch

Chak No. 213/RB Susan Road, Faisalabad
Tel: 041-8502367-69
Fax: 041-8502371

MULTAN**Abdali Road Branch**

Plot No. 66-A & 66-B/9, Abdali Road, Multan
Tel: 061-4588171, 4588172 & 4588175-78
Fax: 061-4516762

Hussain Agahi Road Branch

2576, Hussain Agahi Road, Multan
Tel: 061-4548083, 4583268, 4583168
& 4584815
Fax: 061-4543794

Qadafi Chowk Branch

Plot # 43, Block T, New Multan Road,
Qadafi Chowk-Multan
Tel: 061-6770882-84
Fax: 061-6770889

SUKKUR**Marich Bazar Branch**

B - 885, Marich Bazar, Sukkur
Tel: 071-5627781-2
Fax: 071-5627755

Workshop Road Branch

City Survey # 3403/2/1
and C.S # 3403/2M/6,
Ward-B Tooba Tower,
Workshop Road, Sukkur
Tel: 071-5616663, 5616664, 5616582
Fax: 071-5616584

GUJRANWALA

GT Road Branch

B/11-57/103, G. T. Road, Gujranwala
Tel: 055-3842751-3842729
Fax: 055-3842890

Gujranwala Branch

G.T. Rd., Opp. General Bus Stand, Gujranwala
Tel: 055-3820401-3
Fax: 055-3820404

Wapda Town Branch

Plot # B - III, MM - 53, Hamza Centre,
Wapda Town, Gujranwala
Tel: 055-4800204-06
Fax: 055-4800203

GUJRAT

GT Road Branch

Small Estate, G. T. Road, Gujrat
Tel: 053-3534208, 3533949
& 3534208
Fax: 053-3533934

Gujrat Branch

Main GT Road Tehsil & Distt., Gujrat
Tel: 053-3517051-54
Fax: 053-3516756

Katchery Chowk Branch

Shop #. 1263 & 1270 B-II,
Katchery Chowk, Opp. Zahoor Elahi Stadium,
Near New Narala Bakers, Gujrat
Tel: 053-3601021-24
Fax: 053-3601025

PESHAWAR

Dargai Branch

Taj Mall, Near Govt Girls Degree College
Daragi, Distt. Malakand
Tel: 0932-332291, 0932-332292,
0932-332294 & 0932-332295

Deans Trade Center Branch

Deans Trade Centre, Islamia Road,
Peshawar
Tel: 091-5253081 -3 & 5
Fax: 091-5253080

Hayatabad Branch

Sector B-3, Block- A, Commercial Complex
(office Enclave), Phase-V, Hayatabad,
Peshawar
Tel: 091-5822923-25
Fax: 091-5822926

Main University Road Branch

32-A/2, Old Jamrud Road,
University Town, Peshawar
Tel: 091-5850540-41 & 5850548-9
Fax: 091-5850546

Milad Chowk Branch

Milad Chowk, New Gate, Peshawar City
Tel: 091-2550477, 2550466, 2217131
Fax: 091-2550488

QUETTA

Fatima Jinnah Road Branch

Plot No. Khasra No.134 & 138, Ward No. 19,
Urban # 1, Fatima Jinnah Road, Quetta
Tel: 081-2301094-95
Fax: 081-2301096

Liaquat Bazar Branch

Ainuddin Street, Quetta
Tel: 081-2837300-1
Fax: 081-2837302

M. A. Jinnah Road Branch

2-13/6 Ground Floor,
M.A. Jinnah Road, Quetta
Tel: 081-2865590-95
Fax: 081-2865587

Regal Chowk Branch

Regal Chowk, Jinnah Road, Quetta
Tel: 081-2837028-29
Fax: 081-2825065

ABBOTTABAD

Abbottabad Branch

Ground Floor Shalimar Motors, Ali Plaza,
Near Sethi Masjid, Mansehra Road,
Abbottabad
Tel: 0992-863158, 863148
Fax: 0992-385935

ATTOCK

Hassan Abdal Branch

Survey No. 1269/1624, Khasra No. 1935,
G. T. Road, Hassan Abdal, District Attock
Tel: 057-2520328-331 & 2520320-321

Fateh Jang Branch

Main Rawalpindi Road, Fateh Jang Distt.,
Attock
Tel: 057-2210321-23
Fax: 057-2210324

AZAD KASHMIR

Mirpur Azad Kashmir - Branch I

NS Tower 119 F/1, Kotli Road,
Mirpur, Azad Kashmir
Tel: 05827- 437193-97
Fax: 05827-437192

Mirpur Azad Kashmir Branch II

Ghazi Archade, 6-B/3, Part II,
Allama Iqbal Road, Mirpur, Azad Kashmir
Tel: 05827-446405, 446407-9
Fax: 05827-446406

Muzaffarabad Branch

49 Garipan Chowk, Domail,
Azad Jammu Kashmir (AJK)
Tel: 05822-924203-5
Fax: 05822-924206

Shaheed Chowk Branch

Deen Plaza, Shaheed Chowk,
Kotli, Azad Kashmir
Tel: 05826-448453-54
Fax: 05826-448455

CHAKWAL

Chakwal Branch

Al- Noor Plaza Sabzi Mandi,
Talagang Road, Chakwal
Tel: 0543-554796, 540650-51
Fax: 0543-554797

Dalwal Branch

Village & Post Office Dalwal, Tehsil
Choha, Saidan Shah, Distt Chakwal
Tel: 0543-582834
Fax: 0543-582842

DINA

Dina Branch

Mian G.T. Road Dina
Tel: 0544-634471 -3
Fax: 0544-636675

GAWADAR

Gawadar Branch

Plot Askani Hotel, Mullah Faazul Chowk,
Gawadar
Tel: 0864-212144- 212146
Fax: 0864-212147

GILGIT

Gilgit Branch

Khasra # 1103, 1112, 1113, Haji Ghulam
Hussain Building, Raja Bazar Gilgit
Tel: 05811-457366-68
Fax: 05811-457369

HARIPUR

Haripur Branch

Ground Floor, Akbar Arcade,
Main G.T. Road, Haripur
Tel: 0995-610832-34
Fax: 0995-610829

HAZRO

Hazro Branch

Plot # B -386, 386-A, Dawood Centre,
Bank Square, Ziaul Haq Road, Hazro
Tel: 057-2313283 - 85
Fax: 057-2313286

HYDERABAD

Bohri Bazar Hyderabad Branch

Commercial Property #. 108,
Survey No. 41 Saddar Cantonment, Hyderabad
Tel: 022-2730911-14
Fax: 022-2730910

Latifabad No. 7 Branch

Property #. A/232, Block-C, Unit #. 2,
Latifabad, Hyderabad (Commercial)
Tel: 022-3810524 & 3810525
Fax: 022-3810515

Market Chowk Branch

City Survey# A/852/3 & A/852/4 Ward-A,
Anaaj Market Road, Market Area,
Hyderabad City, Sindh
Tel: 022-2638451-54
Fax: 022-2638450

Qasimabad Branch

Shop No. 23, 24 & 25, Rani Arcade,
Qasimabad, Hyderabad
Tel: 022-2650742-43 & 2652204-5
Fax: 022-2650745

JEHLUM

Jhelum Branch

Property # 1 Survey # 222 (Part) Dada Bhai
Building, Kazim Kamal Road, Jhelum Cantt
Tel: 0544-720216 - 18
Fax: 0544-720219

KAMOKE

Kamoke - GT Road Branch

Madni Trade Centre, G.T Road, Kamoke
Tel: 055- 6815175-76
Fax: 055-6815184

KASUR

Kasur Branch

Near Pul Qatal Gahri, Kutchery Road, Kasur
Tel: 049-2721993
Fax: 049-2721994

KOT ADDU

Kot Addu Branch

Property # 43, RH, 48/A-49-50, Ward B-III,
Kot Addu District, Muzaffar Garh
Tel: 066-2240206-07
Fax: 066-2240208

LALAMUSA

Lalamusa Branch

G. T. Road, Lalamusa
Tel: 0537 -515694,515699, 515697,519977
Fax: 0537-515685

LARKANA

Larkana Branch

C.S. No. 1808, Pakistan Chowk, Larkana
Tel: 074-4053608-10
Fax: 074-4053611

MANDI BHAUDDIN

Mandi Bahauddin Branch

Khasra # 143/112, Chak #51, Bank Road,
Off Railway Road, Ghalla Mandi,
Mandi Bahauddin
Tel: 0546-600901, 600903-4-5
Fax: 0546-600902

MANSEHRA

Mansehra Branch

Main Dhangri Chowk, Opposite Garden
Public School, Mansehra
PABX: 0977-391606, 303180
Fax: 0997-303135

MARDAN

The Mall Branch

Plot No. 337, 337-A, The Mall, Mardan
Tel: 0937-865344-45
Fax: 0937-865342

MIRPURKHAS

Umer Kot Road Branch

Plot No : 988 to 991 Umerkot,
Gharibabad, Mirpur Khas
Tel: 0233- 875113-7
Fax: 0233-875118

MURIDKE - Shekhupra

Muridke Branch

774, G.T. Road Muridke
Tel: 042-37950456,37994711-12
Fax: 042-37994713

NAROWAL

Katchery Road Branch

Katchery Road, Narowal
Tel: 0542-414105-7
Fax: 0542-414089

NAWABSHAH

Nawabshah Branch

Survey No. 77, Masjid Road, Nawabshah
Tel: 0244 - 372042 - 44
Fax: 0244-372045

OKARA

M. A. Jinnah Road Branch

Ghulam Mustafa Centre, M. A. Jinnah Road,
Okara
Tel: 044-2528755, 2525355 & 2551956

RABWAH

Rabwah Branch

Plot No-9-10, Block-14, Darul Sadar,
Gol Bazar, (Chenab Nagar) Rabwah
Tel: 047-6213795-97 & 6213792
Fax: 047-621 3797

RAHIM YAR KHAN

Rahim Yar Khan Branch

31/34 Shahi Road, Rahimyar Khan
Tel: 068-5877821-5883876
Fax: 068-5876776

SADIQABAD

Sadiqabad Branch

Mozzah Khuda Bux Dehar, Macchi Goth,
KLP Road, Sadiqabad
Tel: 068- 5951303 & 5951301-2
Fax: 068-5951300

SAHIWAL

High Street Branch

558/8-1, Navid Plaza, High Street Sahiwal
Tel: 040-4229247, 4221615,4229247
Fax: 040-4460960

SARGODHA

Sargodha Branch

Queens Road Branch, Sargodha Khawat &
Khatoni #. 112, 114, Khasra No. 108, 108/1,
Soni Pora, Chak No. 47 NB Queens Road,
Sargodha Cantt
Tel: 048-3768113-5

Satellite Town Branch

Satellite Town, Ground Floor, Afzal Towers,
Plot # 302-A, Main Satellite Town, Sargodha
Tel: 048-3221025-28
Fax: 048-3221029

SHIKARPUR

Shikarpur Branch

C.S. No.22/123/1, Near Hira School, Opposite
GPO Office, Lakhi Gate, Shikarpur, Sindh
Tel: 0726-522057-59
Fax: 0726-522060

SIALKOT

Kashmir Road Branch

Block 'A', ZHC, Kashmir Road,
Sialkot
Tel: 052-3573304-7
Fax: 052-3573310

Paris Road Branch

B1, 16S, 98B, AL Amin Center,
Paris Road, Sialkot
Tel: 052-4602712-17
Fax: 052-4598849

Small Industrial Area Branch

Plot No. 32 / A, S.I.E -1,
Small Industrial Estate,
UGOKE Road, Sialkot
Tel: 052-3242690 - 92
Fax: 052-3242695

SWABI

Swabi Branch

Property Bearing No. 3361,
Main Mardan Road, Swabi
Tel: 0938-222968 - 69
Fax: 0938-221572

TANDO ALLAH YAR

Tando Allah Yar Branch

C-1, Survey # 274, Main Road,
Tando Allah Yar
Tel: 022-2763181-83
Fax: 022-2763184

TURBAT

Main Bazar Branch

Main Bazar, Turbat
Tel: 0852-413874 & 411606
Fax: 0852-414048

WAH CANTT

Wah Cantt Branch

Plot No. 17/37, Civic Center,
Aslam Market, Wah Cantt
Tel: 051- 4902238-39 & 4902241
Fax: 051-4902240

ISLAMIC BANKING BRANCHES

KARACHI

Fish Harbour Branch

Plot No. L - 2, Block "L" Fish Harbour,
Dockyard Road, West Wharf, Karachi
PABX: 021-32312166-68
Fax: 021-32312165

Fortune Tower Branch

Showroom # 9, Ground Floor Plot # 43/1-A,
Fortune Towers, P.E.C.H.S, Block-6
Shahrah-e-Faisal, Karachi
PABX: 021-32368002-4
Fax: 021-32368008

I. I. Chundrigar Road Branch II

5-Business & Finance Centre, Opposite
State Bank of Pakistan, Karachi
Tel: 021-32438212, 32472176, 32471796
Fax: 021-32438218

Zamzama Branch

Shop No. 3, 4, 5, 6 & 7, Plot No. 16-C, 2nd
Zamzama Commercial Lane DHA, Karachi
Tel: 021-35373135-7
Fax: 021-35373138

LAHORE

PIA Society Islamic Banking Branch

Plot # 40, Block-D, Main Boulevard PIA
Society, Opp Wapda Town Roundabout,
Lahore
Tel: 042-35189957 - 59
Fax: 042-35210895

CHILAS

Chilas Branch

Khasra No. 02, Bazar Area, Chillas,
District Baltistan
Tel: 05812-450702-3
Fax: 05812-450704

SKARDU

Skardu Branch

Khasra No. 1265/39, Yadgar Chowk,
Tehsil Skardu, District Baltistan
Tel: 05815 - 456693-94
Fax: 05815-456696

ISLAMABAD

DHA Phase-II Branch

Plot No. 23, Iqbal Boulevard, Sector A,
DHA Phase-II, Islamabad
Tel: 051-4918314 -16
Fax: 051-4918317

Naval Anchorage Branch

Plot # 19, Commercial No. 2, Naval Officers
Housing Scheme Anchorage, Islamabad
Tel: 051 - 5159126 - 28
Fax: 051 - 5159129

CHITRAL

Chitral Branch

Attalique Bazar, Bank Square,
Opp: NBP Building, Chitral
Tel: 0943-412536-37
Fax: 0943-414352"

HYDERBAD

DHA Plaza Branch

Shop No. 1 & 2, Block "C", Defence Plaza,
Thandi Sarak, Hyderabad
Tel: 022- 2108474, 2108478
Fax: 022-210847

RAWALPINDI

Bahria Town Branch Phase-IV

Plot # 44-C, STS Mall, Civic Center,
Phase IV, Bahria Town, Rawalpindi
Tel: 051-5733945-46

Form of Proxy

20th Annual General Meeting

The Company Secretary
Bank Makramah Limited
Head Office
Level-11, Plot No. G-2, Block-2, Clifton, Karachi.

I / We _____ s/o, d/o, w/o _____

being a / the member(s) of Bank Makramah Limited holding _____

ordinary shares as per Register Folio No./ CDC A/c No. _____ hereby appoint

Mr./ Ms. _____ of _____ (full address) or failing

him/her to _____ of (full address) _____

as my / our Proxy to attend, act and vote for me/us and on my/our behalf at the Annual General Meeting of the Bank to be held on March 25, 2026 and /or any adjournment thereof.

Signed this _____ day of _____ 2026.

Witnesses:

1. Name : _____

Address : _____

CNIC No. : _____

Signature : _____

2. Name : _____

Address : _____

CNIC No. : _____

Signature : _____

Signature on
Rs. 5/- Revenue
Stamp

NOTES:

- (i) A member entitled to attend and vote at the meeting may appoint another person as his / her proxy who shall have such rights as respect to attending, speaking and voting at the meeting as are available to a member.
- (ii) The account holders, sub-account holders, proxy or nominee shall authenticate his/her identity by showing his/her original national identity card (CNIC) or original passport and bring his/her folio number at the time of attending the meeting.
- (iii) In the case of corporate entity Board of Directors' resolution/power of attorney with specimen signature of the nominee shall also be produced (unless provided earlier) at the time of meeting.
- (iv) In order to be effective, the proxy forms must be received at the office of our registrar M/s THK Associates (Private) Limited, Plot No. 32-C, Jami Commercial Street No. 2, D.H.A., Phase VII, Karachi not later than 48 hours before the meeting duly signed and stamped and witnessed by two persons with their names, addresses and CNIC numbers mentioned on the form.
- (v) In the case of individuals attested copies of CNIC or passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- (vi) In the case of proxy by a corporate entity, Board of Directors resolution/power of attorney with specimen signature and attested copies of the CNIC or passport of the proxy shall be submitted along with proxy form.

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BML

بنك مكرمه
Bank Makramah Ltd.

Please affix
correct
postage

REGISTRAR

M/s. THK Associates (Private) Limited

Plot No. 32-C, Jami Commercial
Street No. 2, D.H.A., Phase - VII,
Karachi.

Tel : 021-111-000-322 Ext: 107-111-115

Fax : 021-35310190

Email : secretariat@thk.com.pk

Website : www.thk.com.pk

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نمائندے کا فارم

بیسواں سالانہ اجلاس عام

کمپنی سیکریٹری

بینک مکرمہ لمیٹڈ

مرکزی دفتر

لیول-11، پلاٹ نمبر-2-G، بلاک-2،

کلغٹن، کراچی

میں/ہم..... ولد/زوجہ..... بینک مکرمہ لمیٹڈ کا ممبر (ز) ہونے کے ناتے
اعزازی شیئرز کا/کی حامل بمطابق رجسٹرڈ فولیو نمبر/سی ڈی سی اکاؤنٹ نمبر..... بذریعہ
بذمہ/محترم/محترمہ..... کا تقرر کرتا/کرتی ہوں جن کا مکمل پتہ.....
ہے یا محترم/محترمہ..... جن کا مکمل پتہ.....
ہے کا تقرر کرتا/کرتی ہوں۔ میرے/ہمارے پر کسی کو 25 مارچ 2026ء کو
منعقد ہونے والے بیسواں سالانہ اجلاس عام یا کسی التوا کی صورت میں میری/ہماری جانب سے شرکت کرنے، عمل کرنے اور مجھے/ہمیں ووٹ ڈالنے کی اجازت دی جائے۔

دستخط از..... مورخہ..... 2026ء

گواہان:

5/- روپے کے
ریونیو اسٹیپ پر
دستخط

1. نام:.....
2. نام:.....
پتہ:.....
پتہ:.....
CNIC نمبر:.....
CNIC نمبر:.....
دستخط:.....
دستخط:.....

نوٹس:

- (i) ایک ممبر جو اجلاس میں شرکت اور ووٹ دینے کا اہل ہو وہ کسی اور ممبر کو اپنا/اپنی پر کسی مقرر کر سکتا/سکتی ہے جسے اجلاس میں شرکت، بولنے اور ووٹ ڈالنے کے اُتے ہی اختیار حاصل ہوں گے جتنے ایک ممبر کو حاصل ہوتے ہیں۔
- (ii) اکاؤنٹ ہولڈرز، سب اکاؤنٹ ہولڈرز، پر کسی یا نامزد کو اپنا اصل قومی شناختی کارڈ (CNIC) یا اصل پاسپورٹ دکھا کر اپنے/اپنی شناخت کی تصدیق کروانی ہوگی اور اجلاس میں شرکت کے وقت اپنا فولیو نمبر ہمراہ لانا ہوگا۔
- (iii) پر کسی فارم کے موثر ہونے کیلئے ضروری ہے کہ وہ ہمارے رجسٹرڈ میسرز ٹی ایچ کے ایسوسی ایٹس (پرائیویٹ) لمیٹڈ، پلاٹ نمبر C-32، جامی کمرشل اسٹریٹ 2، ڈی ایچ اے، فیڑا، کراچی کو مناسب طور پر مہر لگی ہوئی، دستخط شدہ اور وافرادی گواہی کے ساتھ جن کے نام، پتے اور CNIC نمبر فارم پر درج ہوں اجلاس سے زیادہ سے زیادہ 48 گھنٹے قبل وصول ہو جائیں۔
- (iv) انفرادی صورت میں بینیفیشل آئرز اور پر کسی کے قومی شناختی کارڈ یا پاسپورٹ کی مصدقہ نقول بھی پر کسی فارم کے ساتھ فراہم کرنا ہوں گی۔
- (v) کاروباری ادارے کی صورت میں پر کسی فارم کے ساتھ بورڈ آف ڈائریکٹرز کی قرارداد/مختار نامہ، نامزد شخص کے دستخط کے نمونے کے ساتھ اور پر کسی کے قومی شناختی کارڈ یا پاسپورٹ کی مصدقہ نقول بھی جمع کروانی ہوگی۔

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