
هَذَا مِنْ فَضْلِ رَبِّي



VISION STATEMENT

TO BE OUR CUSTOMERS' MOST CONVENIENT
AND TRUSTED BANK

MISSION STATEMENT

TO MAKE BANKING SAFE, SIMPLE, AND PLEASANT



CORPORATE INFORMATION

Board of Directors	Abbas D. Habib	<i>Chairman</i>
	Aamir Amin*	
	Anwar Haji Karim	
	Farhana Mowjee Khan	
	Humayun Bashir	
	Mohammad Rafiquddin Mehkari	
	Qasim Habib	
	Qumail R. Habib	<i>Executive Director</i>
Shoaib Javed Hussain		
Syed Mohammed Hussain		
Audit Committee	Mansoor Ali Khan	<i>Chief Executive</i>
	Mohammad Rafiquddin Mehkari	<i>Chairman</i>
	Anwar Haji Karim	Member
	Farhana Mowjee Khan	Member
	Syed Mohammed Hussain	Member
Human Resource & Remuneration Committee	Humayun Bashir	<i>Chairman</i>
	Abbas D. Habib	Member
	Farhana Mowjee Khan	Member
	Shoaib Javed Hussain	Member
	Syed Mohammed Hussain	Member
Credit Risk Management Committee	Farhana Mowjee Khan	<i>Chairman</i>
	Mohammad Rafiquddin Mehkari	Member
	Qasim Habib	Member
	Qumail R. Habib	Member
Risk Management Committee	Mohammad Rafiquddin Mehkari	<i>Chairman</i>
	Anwar Haji Karim	Member
	Qasim Habib	Member
	Qumail R. Habib	Member
	Shoaib Javed Hussain	Member
IT Committee	Abbas D. Habib	<i>Chairman</i>
	Humayun Bashir	Member
	Qasim Habib	Member
	Qumail R. Habib	Member
	Syed Mohammed Hussain	Member
	Mansoor Ali Khan	Member
Islamic Banking Conversion Committee	Mohammad Rafiquddin Mehkari	<i>Chairman</i>
	Farhana Mowjee Khan	Member
	Humayun Bashir	Member
	Shoaib Javed Hussain	Member
Company Secretary	Mohammad Taqi Lakhani	

* Subject to fit and proper test clearance, which is awaited from the State Bank of Pakistan.



Chief Financial Officer	Ashar Husain
Statutory Auditors	KPMG Taseer Hadi & Co. Chartered Accountants
Legal Advisor	Liaquat Merchant Associates Barristers, Advocates & Corporate Legal Consultants
Registered Office	126-C, Old Bahawalpur Road, Multan
Principal Office	2nd Floor, Mackinnons Building, I.I. Chundrigar Road, Karachi
Share Registrar	CDC Share Registrar Services Limited CDC House 99-B, Block-B, S.M.C.H.S. Main Shahrah-e-Faisal, Karachi-74400.
Website	www.bankalhabib.com

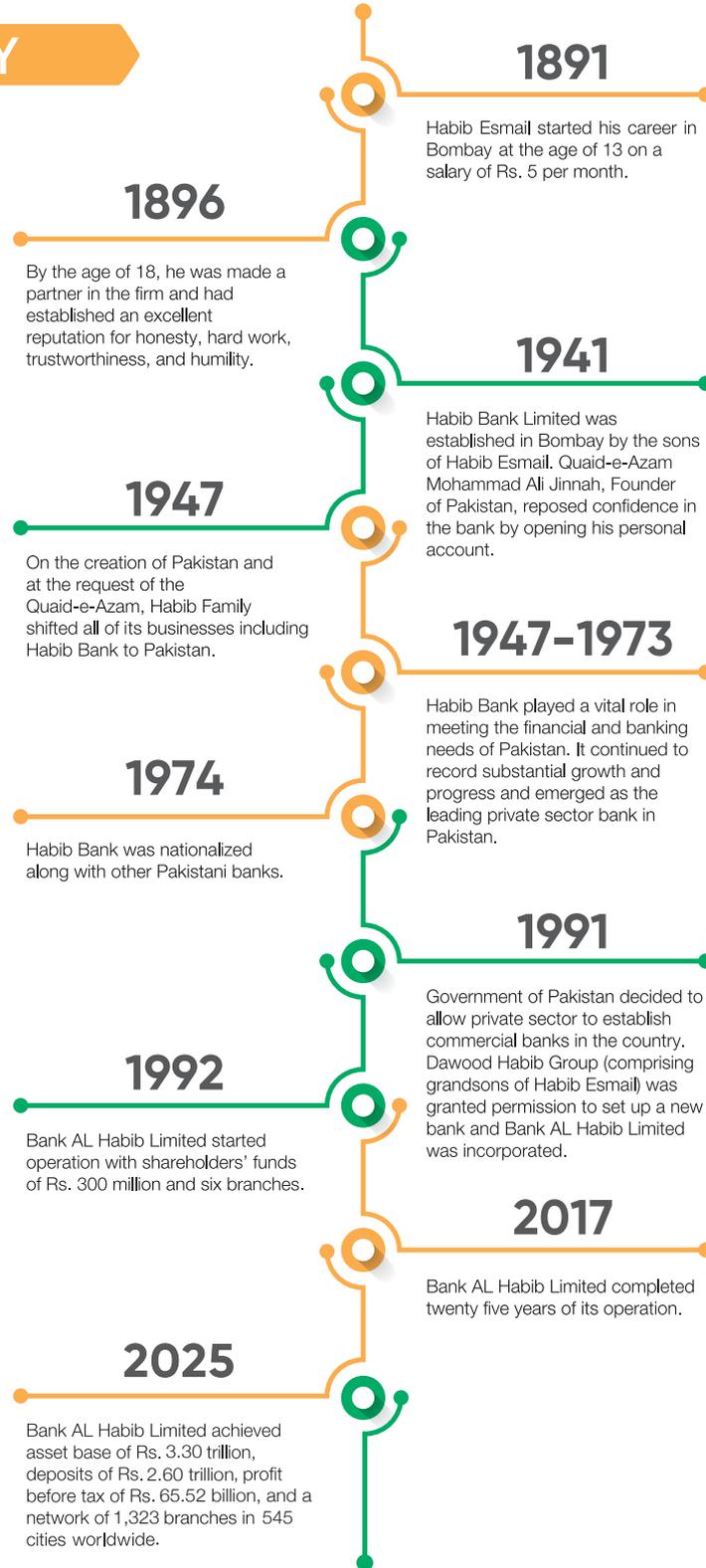


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HISTORY





HIGHLIGHTS YEAR 2025



Awards and Recognitions



"4th Largest Bank in Pakistan Remittance Market" award from the State Bank of Pakistan under the Pakistan Remittance Initiative (PRI) at the Pakistan Remittance Summit – 2025.

"2025 Elite Quality Recognition Award" from J.P. Morgan Bank in recognition for outstanding achievement of Best-in-Class MT202 USD Clearing STP (Straight Through Processing) Rate.

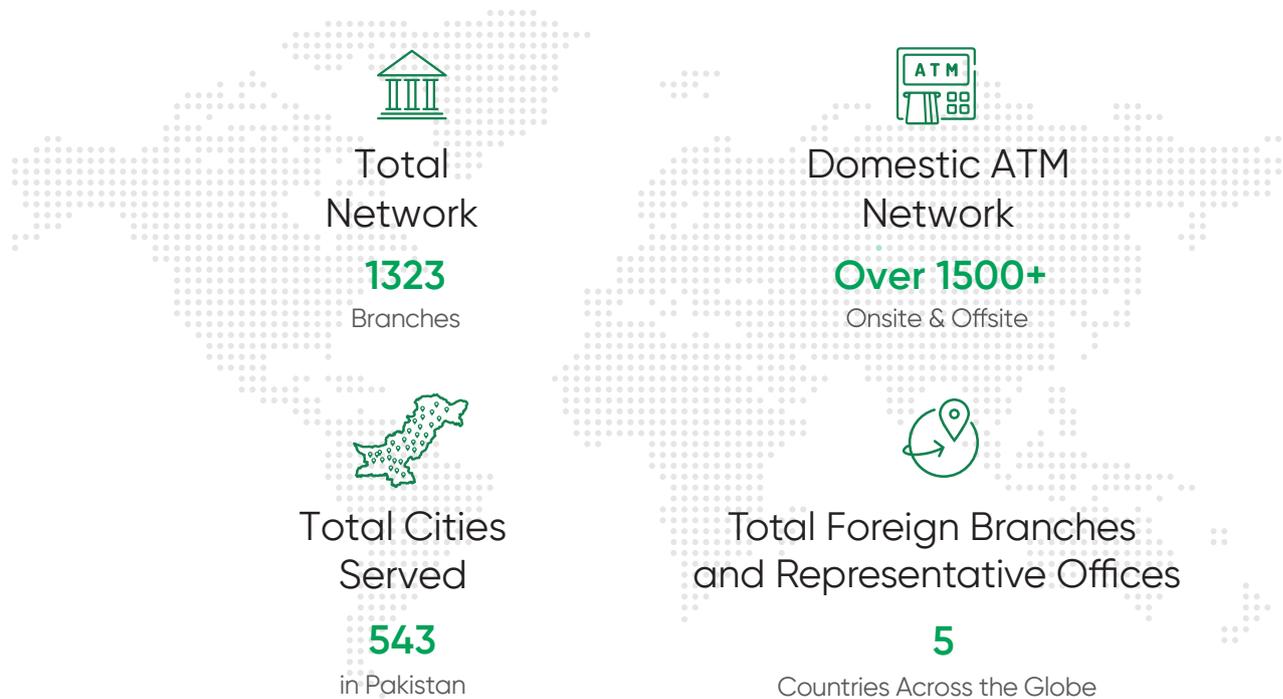
"Financial Literacy Champion Bank Award" in Large Bank Category for Financial Year 2023 & 2024 from State Bank of Pakistan at Pakistan Financial Literacy Week 2025 for continued focus on spreading financial awareness and building stronger, more informed communities.

"National Financial Literacy Program-II" award by State Bank of Pakistan for achieving 2nd highest number of female participations under National Financial Literacy Program for the financial year 2024 – 2025.

"ESG Excellence Award" in Green Banking Category for the Outstanding Commitment to ESG Principles at the ESG Summit 2025.

"Environmental Excellence Award 2025" in recognition of our continued commitment to sustainability and responsible banking by the National Forum for Environment & Health.

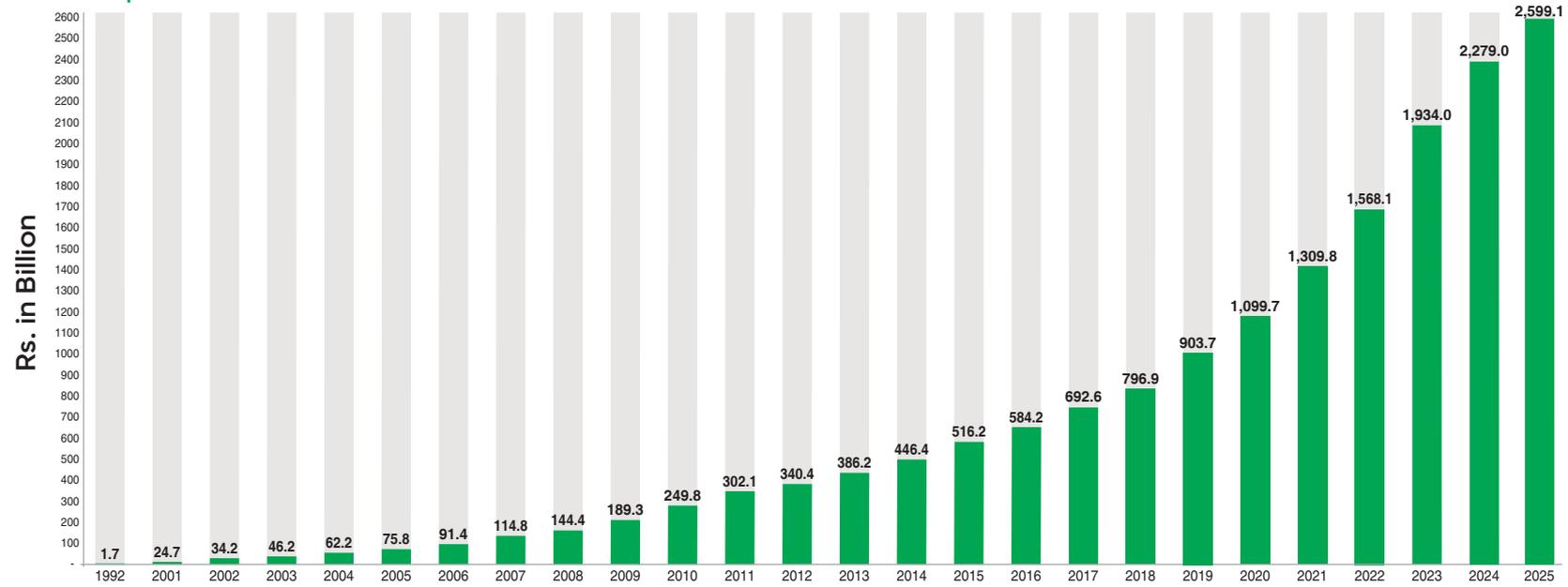
"2nd Highest Export Bank Award" in recognition for the Bank's contribution in supporting Pakistan's export sector and facilitating trade-led growth by the Ministry of Commerce, Government of Pakistan and Trade Development Authority of Pakistan.



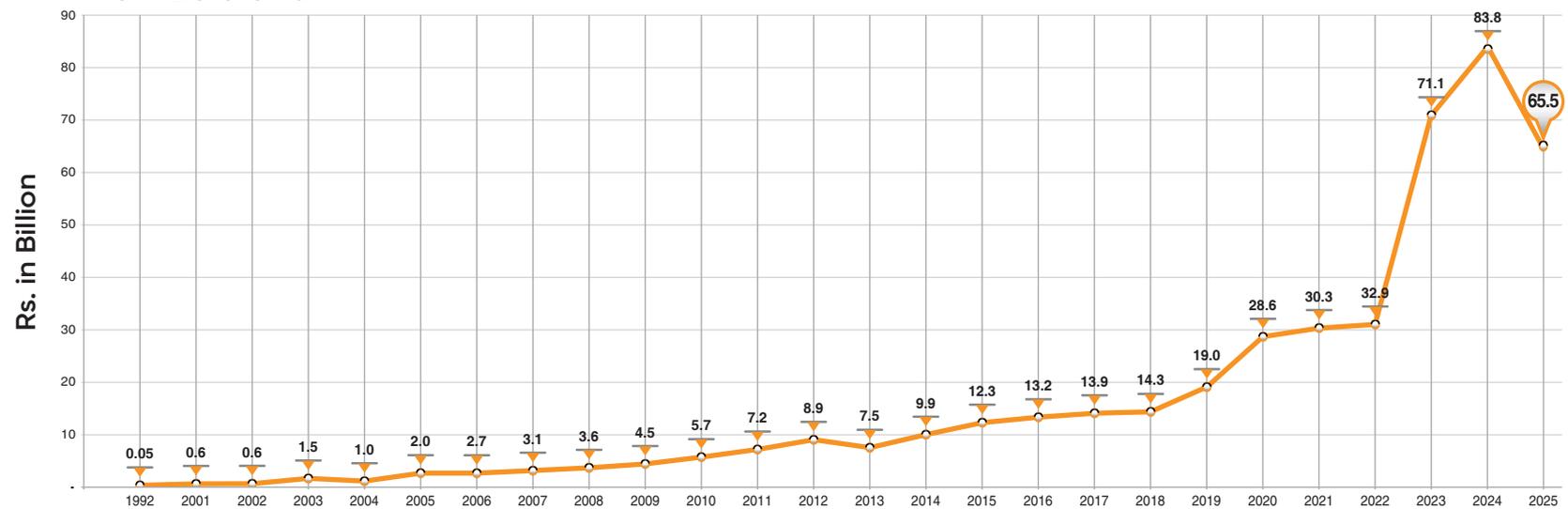


PERFORMANCE 1992-2025

Deposits



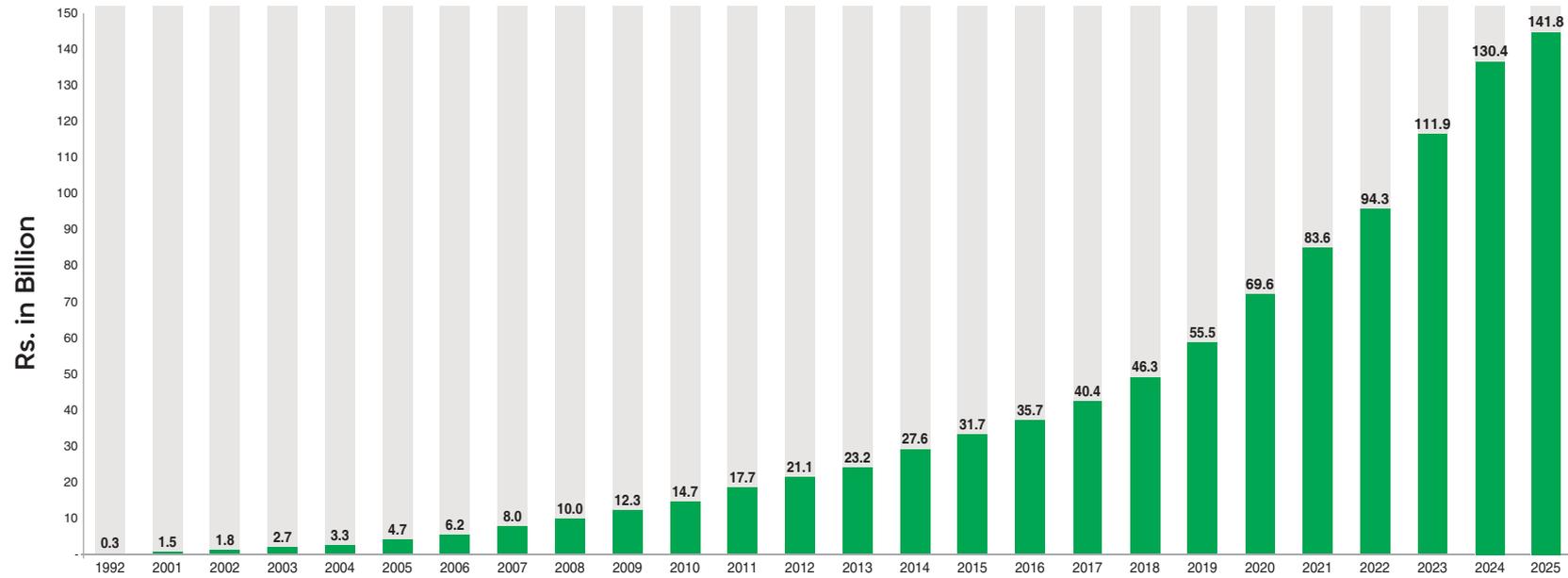
Profit Before Tax



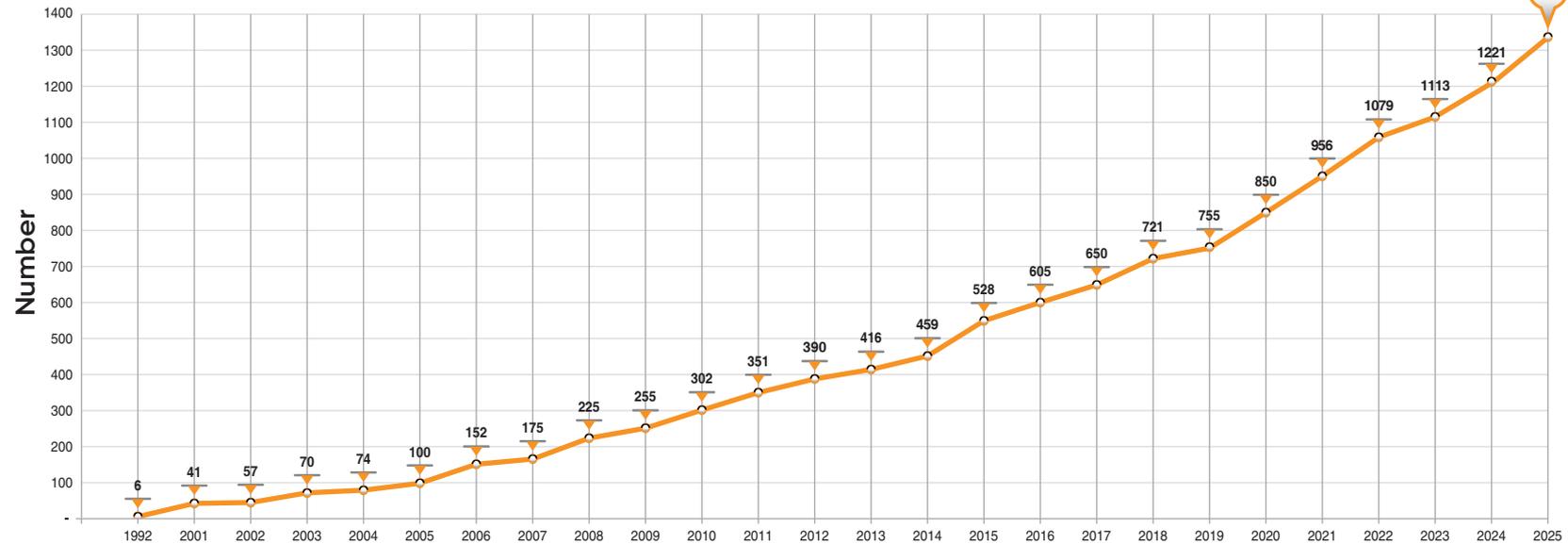


PERFORMANCE 1992-2025

Shareholders' Equity excluding surplus on revaluation of assets



Branches





Performance 1992-2025

(Rupees in Million)

Years	Assets	Deposits	Advances	Investments	Shareholders' Equity excluding surplus on revaluation of assets	Profit Before Tax	Profit After Tax	Cash Dividend	Stock Dividend
1992	2,727	1,679	607	1,060	325	51	25	–	–
1993	5,590	3,372	1,647	1,907	421	151	96	–	–
1994	8,346	5,200	3,067	1,932	528	224	107	–	–
1995	11,395	6,353	4,254	2,055	611	255	127	15.0%	–
1996	11,248	8,573	5,664	2,489	718	341	153	15.0%	10.0%
1997	16,515	13,445	7,372	7,440	851	442	199	20.0%	15.0%
1998	16,897	13,226	7,564	6,999	1,016	445	203	10.0%	32.0%
1999	19,870	14,113	10,925	4,601	1,169	373	153	–	20.0%
2000	24,226	17,823	14,722	1,289	1,322	403	153	–	20.0%
2001	29,025	24,697	15,902	5,664	1,532	551	246	5.0%	20.0%
2002	49,437	34,240	23,775	18,831	1,822	620	290	–	25.0%
2003	58,066	46,178	35,232	14,109	2,726	1,513	1,012	10.0%	25.0%
2004	77,436	62,171	47,367	14,414	3,274	1,039	541	–	35.0%
2005	91,502	75,796	55,304	19,758	4,746	2,022	1,464	15.0%	40.0%
2006	114,998	91,420	70,796	21,023	6,186	2,689	1,761	15.0%	40.0%
2007	141,234	114,819	79,224	35,287	8,014	3,052	2,211	15.0%	30.0%
2008	177,324	144,390	100,197	48,234	9,967	3,579	2,425	12.5%	27.5%
2009	249,807	189,280	105,985	111,018	12,287	4,512	2,856	20.0%	20.0%
2010	301,552	249,774	125,773	137,168	14,706	5,656	3,602	20.0%	20.0%
2011	384,282	302,099	114,872	222,959	17,723	7,155	4,533	25.0%	15.0%
2012	453,106	340,393	147,869	249,754	21,058	8,878	5,455	30.0%	–
2013	460,727	386,161	167,579	239,753	23,227	7,513	5,155	20.0%	10.0%
2014	579,394	446,409	181,737	331,423	27,555	9,917	6,349	30.0%	–
2015	639,973	516,213	207,289	356,649	31,698	12,332	7,405	35.0%	–
2016	768,018	584,172	261,440	405,028	35,673	13,164	8,119	35.0%	–
2017	944,134	692,576	339,833	476,125	40,409	13,890	8,501	30.0%	–
2018	1,048,239	796,901	478,215	414,605	46,283	14,264	8,418	25.0%	–
2019	1,298,682	903,703	488,669	586,141	55,489	19,011	11,169	35.0%	–
2020	1,522,091	1,099,686	510,252	764,944	69,570	28,581	17,812	45.0%	–
2021	1,849,652	1,309,823	733,799	826,600	83,569	30,273	18,702	70.0%	–
2022	2,272,068	1,568,138	813,535	1,158,521	94,344	32,884	16,570	70.0%	–
2023	2,744,072	1,934,037	869,459	1,503,895	111,895	71,128	35,319	140.0%	–
2024	3,320,035	2,278,957	910,850	1,924,733	130,384	83,841	39,862	170.0%	–
2025	3,303,764	2,599,087	792,050	2,028,480	141,754	65,520	30,637	150.0%	–



REVIEW REPORT BY THE CHAIRMAN ON THE OVERALL PERFORMANCE OF THE BOARD

Alhamdulillah, I am pleased to present a report on the overall performance of the Board and effectiveness of the role played by the Board in achieving the Bank's objectives.

The Board has approved a formal performance evaluation process of the Board & its Committees, Individual Directors, Chairman & Chief Executive. The Bank has adopted In-House Approach and Quantitative Technique with scored questionnaires for Board evaluation. Additionally, as per regulatory requirement, performance evaluation of the Board has also been conducted by an external independent evaluator at least every three years.

Accordingly, performance evaluation of the Board was conducted for the year 2025 as per mechanism approved by the Board. The Board has discussed the performance of its each member, and thereafter it was concluded that the overall performance, including effectiveness of the role played by the Board & its Committees in achieving the Bank's objective, was found to be generally satisfactory.

Overall objective of performance evaluation of the Board is to ensure sustainable growth and development of the Bank, with focus on the following areas:

- (a) Board Composition and Functioning
- (b) Corporate Strategy and Business plan
- (c) Monitoring of Bank Performance
- (d) Internal Audit and Internal Control
- (e) Risk Management and Compliance
- (f) Disclosure of Material Information
- (g) Ideas for Improvement

Abbas D. Habib
Chairman
Board of Directors

Karachi: February 11, 2026



DIRECTORS' REPORT

Alhamdulillah, the Directors of Bank AL Habib Limited are pleased to present the Thirty Fifth Annual Report together with the audited financial statements of the Bank for the year ended December 31, 2025.

The operating results and appropriations, as recommended by the Board, are given below:

	(Rupees in '000)
Profit for the year before tax	65,519,785
Taxation	(34,882,377)
Profit for the year after tax	30,637,408
Un-appropriated profit brought forward	87,219,787
Impact of fair valuation of unquoted equity securities	26,333
Loss on sale of equity investments - FVOCI	(11,390)
Transfer from surplus on revaluation of assets to unappropriated profit– net of tax	211,078
Other comprehensive income – net of tax	(705,627)
	<u>86,740,181</u>
Profit available for appropriations	117,377,589
Appropriations:	
Transfer to Statutory Reserve	(3,063,741)
Cash dividend – 2024	(7,224,265)
Cash dividend – 2025	(11,669,967)
	<u>(21,957,973)</u>
Unappropriated profit carried forward	95,419,616
Basic / Diluted earnings per share – after tax	<u>Rs. 27.57</u>

The Board of Directors propose a final cash dividend of 45%, i.e., Rs. 4.50 per share, in addition to Rs. 10.50 per share i.e., 105% Interim Cash Dividends already paid to the shareholders of the Bank, thus, total 150% i.e. Rs. 15.00 per share for the year ended December 31, 2025.

Performance Review

Alhamdulillah, deposits rose to Rs. 2.60 trillion against Rs. 2.28 trillion a year earlier, while advances decreased to Rs. 792.1 billion from Rs. 910.9 billion. Foreign Trade Business handled by the Bank during the year was Rs. 3.5 trillion. Profit before tax for the year was Rs. 65.5 billion as compared to Rs. 83.8 billion last year, while profit after tax was Rs. 30.6 billion against Rs. 39.9 billion last year.

Profit of the Bank was declined mainly due to significant decrease in the interest rate during the last two years and slow growth in the current deposits of the Bank.

During the year, the Bank opened 102 new branches, bringing our network to 1,326, which comprises 1,323 branches (including 392 Islamic Banking Branches and 2 Overseas Branches, one each in Bahrain and Malaysia), and 3 Representative Offices, one each in Dubai, Istanbul, and Beijing. The Bank will Insha'Allah continue to expand its network.

AWARDS AND RECOGNITIONS

By the Grace of Allah, the Bank received the following awards during the year:

1. **“4th Largest Bank in Pakistan Remittance Market”** award from the State Bank of Pakistan under the Pakistan Remittance Initiative (PRI) at the Pakistan Remittance Summit – 2025. By the Grace of Allah, this is the second time that the Bank had received this award.
2. **“2025 Elite Quality Recognition Award”** from J.P. Morgan Bank in recognition for outstanding achievement of Best-in-Class MT202 USD Clearing STP (Straight Through Processing) Rate.



3. **“Financial Literacy Champion Bank Award”** in Large Bank Category for Financial Year 2023 & 2024 from State Bank of Pakistan at Pakistan Financial Literacy Week 2025 for continued focus on spreading financial awareness and building stronger, more informed communities.
4. **“National Financial Literacy Program-II”** award by State Bank of Pakistan for achieving 2nd highest number of female participations under National Financial Literacy Program for the financial year 2024 - 2025.
5. **“ESG Excellence Award”** in Green Banking Category for the Outstanding Commitment to ESG Principles at the ESG Summit 2025.
6. **“Environmental Excellence Award 2025”** in recognition of our continued commitment to sustainability and responsible banking by the National Forum for Environment & Health.
7. **“2nd Highest Export Bank Award”** in recognition for the Bank’s contribution in supporting Pakistan’s export sector and facilitating trade-led growth by the Ministry of Commerce, Government of Pakistan and Trade Development Authority of Pakistan.

CHANGES IN THE BOARD OF DIRECTORS

- In the last Annual General Meeting held on February 27, 2025, Mr. Murtaza H. Habib, Syed Mazhar Abbas and Mr. Arshad Nasar retired from the Board and did not offer themselves for election as Directors.
- In the last Annual General Meeting held on February 27, 2025, Mr. Qasim Habib, Mr. Tariq Iqbal Khan and Mr. Shahid Iqbal Baloch were elected as the new members on our Board.
- In September 2025, Mr. Tariq Iqbal Khan resigned from the Board, due to his health condition.
- In December 2025, Mr. Shahid Iqbal Baloch, Nominee Director, State Life Insurance Corporation of Pakistan (SLIC) and Mr. Adnan Afridi, Nominee Director, National Investment Trust Limited (NITL) resigned from the Board.
- In January 2026, Syed Mohammed Hussain – Independent Director, and Mr. Shoaib Javed Hussain, Nominee Director, State Life Insurance Corporation of Pakistan (SLIC) were co-opted as the new members on our Board.
- Additionally, Mr. Aamir Amin, Nominee Director, National Investment Trust Limited (NITL) has also been appointed on our Board whose SBP clearance is awaited.

The Board members placed their highest appreciation and gratitude for the invaluable services rendered by Mr. Murtaza H. Habib, Syed Mazhar Abbas, Mr. Arshad Nasar, Mr. Tariq Iqbal Khan, Mr. Shahid Iqbal Baloch, and Mr. Adnan Afridi as their participation played an important role in the development and success of the Bank.

COMPOSITION OF BOARD OF DIRECTORS

Total number of Directors are as follows:

- Male 09
- Female 01
- 10

The composition of the Board is as follows:

Independent Directors	Mr. Humayun Bashir Mr. Mohammad Rafiquddin Mehkari Syed Mohammed Hussain
Non-Executive Directors	Mr. Abbas D. Habib Mr. Aamir Amin* Mr. Anwar Haji Karim Mr. Shoaib Javed Hussain Mr. Qasim Habib
Executive Director	Mr. Qumail R. Habib
Female Director-Non Executive	Ms. Farhana Mowjee Khan

* Subject to Fit & Proper Test clearance which is awaited from the State Bank of Pakistan.

Mr. Mansoor Ali Khan is the Chief Executive of the Bank. Being CEO of the Bank, he is deemed to be a Director.



Board Meetings

During the year, five meetings of the Board were held and the attendance of each Director was as follows:

Name of Director	Meetings Held	Meetings Attended
Mr. Abbas D. Habib	5	5
Mr. Anwar Haji Karim	5	4
Ms. Farhana Mowjee Khan	5	5
Mr. Humayun Bashir	5	5
Mr. Mohammad Rafiquddin Mehkari	5	5
Mr. Qasim Habib*	5	4
Mr. Qumail R. Habib	5	5
Mr. Mansoor Ali Khan, Chief Executive	5	5
Mr. Arshad Nasar**	5	1
Mr. Murtaza H. Habib**	5	1
Syed Mazhar Abbas**	5	1
Mr. Adnan Afridi***	5	5
Mr. Shahid Iqbal Baloch***	5	4
Mr. Tariq Iqbal Khan***	5	2
* Mr. Qasim Habib attended all the meetings after his appointment as Director of the Bank in the last Annual General Meeting held on February 27, 2025.		
** Mr. Arshad Nasar, Mr. Murtaza H. Habib, and Syed Mazhar Abbas retired from the Board in the last Annual General Meeting held on February 27, 2025.		
*** Mr. Adnan Afridi, Mr. Shahid Iqbal Baloch and Mr. Tariq Iqbal Khan have resigned and ceased to be the member of the Board.		

Committees Meetings

The Listed Companies (Code of Corporate Governance) Regulations, 2019, and State Bank of Pakistan (SBP) Regulations, require the Bank to disclose the composition of all Committees of the Board, viz. Audit Committee, Human Resource & Remuneration Committee, Credit Risk Management Committee, Risk Management Committee, IT Committee, and Islamic Banking Conversion Committee.



During the year, eight meetings of the Audit Committee, five meetings of Human Resource & Remuneration Committee, four meetings of Credit Risk Management Committee, Risk Management Committee, IT Committee, Islamic Banking Conversion Committee and one meeting of IFRS 9 Committee were held, and the attendance of members were as follows:

	Audit Committee	Human Resource & Remuneration Committee	Credi Risk Management Committee	Risk Management Committee	IT Committee	Islamic Banking Conversion Committee	IFRS 9 Committee*
Number of meetings held	8	5	4	4	4	4	1
Name of Director	Number of Meetings Attended						
Mr. Abbas D. Habib	-	5	-	-	4	-	-
Mr. Anwar Haji Karim	6	-	-	3	-	-	-
Ms. Farhana Mowjee Khan**	8	5	3	1	-	4	1
Mr. Humayun Bashir***	-	4	-	-	4	4	-
Mr. Mohammad Rafiquddin Mehkari	8	-	4	4	-	4	-
Mr. Qasim Habib****	-	-	3	3	3	-	-
Mr. Qumail R. Habib	-	-	4	4	4	-	1
Mr. Mansoor Ali Khan, Chief Executive	-	-	-	-	4	-	-
Mr. Arshad Nasar*****	2	1	1	-	1	-	1
Mr. Murtaza H. Habib*****	-	1	1	-	-	-	-
Syed Mazhar Abbas*****	2	1	1	-	-	-	-
Mr. Tariq Iqbal Khan*****	2	2	-	-	-	-	-
Mr. Adnan Afridi*****	6	-	3	4	1	-	-
Mr. Shahid Iqbal Baloch*****	-	4	-	3	-	3	-
*	The IFRS 9 Committee constituted by the Board was discontinued on January 30, 2025, due to its intended objective, i.e., implementation of IFRS 9 was achieved.						
**	Ms. Farhana Mowjee Khan attended all Credit Risk Management Committee meetings after her nomination on April 14, 2025. She ceased to be the member of Risk Management Committee after the aforesaid date.						
***	Mr. Humayun Bashir attended all Human Resource & Remuneration Committee meetings after his nomination on April 14, 2025.						
****	Mr. Qasim Habib attended all of his Board Committees' meetings after his nomination on April 14, 2025.						
*****	Mr. Arshad Nasar, Mr. Murtaza H. Habib and Syed Mazhar Abbas retired in the last Annual General Meeting held on February 27, 2025. They attended all their Committees' meetings while they were its members.						
*****	Mr. Tariq Iqbal Khan resigned in September 2025. Mr. Adnan Afridi and Mr. Shahid Iqbal Baloch resigned in December 2025.						



Directors Training Programme

All the Directors have either attended the required training or have been exempted, except for one Director who has already been registered for the aforesaid training.

Directors' Remuneration Policy

The shareholders of the Bank have approved a 'Policy & Procedure for Fixing Remuneration of Directors', which states that:

- The remuneration of Non-Executive Directors for attending Board and Committee meetings shall be decided by the Board within the maximum limit as specified by the State Bank of Pakistan from time to time.
- The Chairman of the Board is also entitled to have 20% additional remuneration fee of the remuneration set for him for attending Board and its Committee meeting considering the Chairman's vast knowledge, experience, insight, sense of judgement and market contacts. The Chairman of the Board shall also monitor the performance of the Bank's management and implementation of the Business Plan of the Bank on behalf of the Board.
- A full time Director shall receive such remuneration as the members (shareholders) may fix.
- The Chairman of the Board (in case of individual Directors) and Independent Directors with the help of other Directors (in case of Chairman of the Board) shall decide regarding reconsideration in remuneration of underperforming Director/Chairman if the overall performance of the Director/Chairman consistently remains in "Needs Improvement" category for the two consecutive years as per Annual Performance Evaluation of the Board members.

The details of the Directors' and CEO's remuneration are disclosed in Notes 40.1 and 40.2 to the audited financial statements.

Credit Rating

Alhamdolillah, Pakistan Credit Rating Agency Limited (PACRA) has maintained the Bank's long term entity and short term entity ratings at **AAA** (Triple A) and **A1+** (A One plus), respectively. This long term credit rating **AAA** (Triple A) denotes the highest credit quality with the lowest expectation of credit risk and indicates exceptionally strong capacity for timely payment of financial commitments.

The ratings of our unsecured, subordinated Term Finance Certificates (TFCs) are **AAA** (Triple A) for TFC 2021 and TFC-2022, and **AA+** (Double A plus) for TFC-2017 (perpetual) and TFC-2022 (perpetual). These ratings denote a very low expectation of credit risk emanating from a very strong capacity for timely payment of financial commitments. Further, the TFC-2022 & the TFC-2022 (perpetual) issued in 2022, were listed on Pakistan Stock Exchange (PSX) pursuant to Chapter 5C of PSX Rule Book.

Future Outlook

In FY 2025, Pakistan's macroeconomic stability continued to improve with GDP growth of 3.1%, compared with 2.6% in FY2024. The growth was led by the industrial sector which recorded a growth of 5.3%, compared with a contraction of (0.9%) in the previous year. The services sector posted growth of 3.1%, compared with 2.3% in the year before. However, growth in the agricultural sector was low at 1.5%, compared with 6.4% earlier; the decline was primarily due to slow-down in production of major crops. Fiscal position improved significantly with decline in fiscal deficit from 6.9% of GDP to a nine-year low of 5.4%. During the fiscal year, current account balance posted the first surplus in fourteen years at USD 1.9 billion, mainly due to rise in workers' remittances and ICT exports, which helped offset the rise in trade deficit; foreign exchange reserves of SBP rose over 50% to reach USD 14.5 billion; and the Rupee remained largely stable against USD. Inflation came down from 12.6% in June 2024 to 3.2% in June 2025. SBP reduced its Policy Rate from 20.50% in June 2024 to 11.00% by June 2025. KSE-100 Index continued its upward movement and rose about 50% during CY 2025, and PSX continued to be one of the high-performing stock markets of the world.



Recent data on quarterly GDP indicate that the economy has continued its growth momentum with an overall growth of 3.7% in the first quarter of FY 2026, compared with 1.6% in the same period last year. Accordingly, SBP has revised its GDP growth projection for the fiscal year to 3.75-4.75% from the earlier estimate of 3.25-4.25%. Reduction of the Policy Rate to 10.50% in December 2025, lowering of Cash Reserve Requirement for banks from 6.0% to 5.0% in January 2026, and continued stability of the Rupee are expected to provide further support to economic and business activities. Nevertheless, challenges remain, as indicated by deficit in current account and rise in inflation in the first half of FY 2026, and the prevailing geopolitical environment and global trade uncertainties. At the same time, net interest margins and profits of banks may continue to be under pressure because of significant reduction in the Policy Rate during the last 18 months.

On overall basis, however, we view the future with optimism and look forward to sustainable growth and progress for the Bank in the year ahead, Insha'Allah, while continuing to be guided by our time-tested principles of prudence and vigilance.

Auditors

The present auditors KPMG Taseer Hadi & Co., Chartered Accountants, retire and offer themselves for reappointment. As suggested by the Audit Committee, the Board of Directors has recommended their reappointment as auditors of the Bank for the year ending December 31, 2026, at a fee to be mutually agreed.

Risk Management Framework

The Bank's Risk Management Framework is commensurate with the size of the Bank and the nature of its business. This framework has developed over the years and continues to be refined and improved. A key guiding principle of the Bank is to treat the depositors' money as a trust which must be protected. Therefore, the Bank aims to take business risks in a prudent manner, guided by a conservative outlook. Salient features of the Bank's risk management framework are summarized below:

- Credit risk is managed through the credit policies approved by the Board, a well-defined credit approval mechanism; use of internal risk ratings; prescribed documentation requirements; post-disbursement credit administration processes; review, and monitoring of credit facilities; and continuous assessment of credit worthiness of counterparties. The Bank has also established a mechanism for independent, post-disbursement review of large credit risk exposures. As part of the credit appraisal process, environmental and social risks are also assessed to mitigate potential impacts. Decisions regarding the credit portfolio are taken mainly by the Central Credit Committee. The Credit Risk Management Committee of the Board provides overall guidance in managing the Bank's credit risk.
- Market risk is managed through the Market Risk Policy and Treasury & Investment Policy approved by the Board; approval of counterparty limits and dealer limits; and regular review and monitoring of the investment portfolio by the Bank's Asset Liability Management Committee (ALCO). In addition, the Liquidity Risk Policy provides guidance in managing the liquidity position of the Bank, which is monitored on daily basis by the Treasury and the Middle Office. Decisions regarding the investment portfolio are taken mainly by ALCO. Risk Management Committee of the Board provides overall guidance in managing the Bank's market and liquidity risks, capital adequacy, and integrated risk management (also known as Enterprise Risk Management). Assessment of enterprise-wide integrated risk profile of the Bank is carried out, using the Basel Framework, Key Risk Indicators, Internal Capital Adequacy Assessment Process, Stress Testing, and Recovery Plan which are reviewed on an annual basis. The Bank continued to be selected as "Sample D-SIB" - (Domestic Systemically Important Bank) by SBP in year 2025, as in the previous years.
- Operational risk is managed through the Audit Policy, the Operational Risk Policy, the Compliance Policy & Programme, IT and IT Security policies, Human Resource Policy, Consumer Protection Framework, and Outsourcing Policy approved by the Board, along with the Fraud Prevention Policy; Consumer Grievance Handling Policy; operational manuals and procedures issued from time to time; a system of internal controls and dual authorization for important transactions and safe-keeping; a Business Continuity Plan, including a Disaster Recovery Plan for I.T.; and regular audit of the branches and divisions. Key tools such as Key Risk Indicators, risk evaluation of products and processes and operational loss data management are used to monitor and manage operational risk. Audit Committee of the Board provides overall guidance in managing the Bank's operational risk.



- The Bank has taken various steps in adopting green banking measures for improving environmental impact, social risk management, and optimizing resource utilization.

In addition, Risk Management Policy, Risk Tolerance Statement, and Country Risk Management Policy provide further guidance on managing the potential risk exposures of the Bank.

Environment, Social and Governance

During the year, Bank AL Habib Limited continued to strengthen compliance with regulatory expectations on sustainable and responsible banking by systematically embedding environmental, social and governance (ESG) considerations across its operations, risk management and credit processes. In line with the State Bank of Pakistan's Green Banking and Environmental and Social Risk Management requirements, the Bank has incorporated environmental and social risk screening within its credit evaluation framework. The Bank further enhanced governance, disclosures and implementation effectiveness through structured capacity building, digitized resource monitoring, expanded renewable energy adoption and independent sustainability advisory support. Active engagement in national ESG forums and recognition through industry awards reflect progress in implementation maturity and regulatory alignment. Collectively, these initiatives reinforce the Bank's compliance requirements, risk resilience and contribution to national sustainability objectives, while supporting prudent growth and long-term financial stability.

Diversity, Equity and Inclusion (DE&I)

Diversity, Equity, and Inclusion (DEI) are anchored in the belief that our staff are members of one family, connected through respect, trust, and shared values. The Bank fosters an inclusive and caring workplace where fairness, dignity, and equal opportunity are upheld, and individual differences are recognized as a source of strength. This people-centric culture, supported by transparent and merit-based Human Resource practices and inclusive leadership, has translated into strong employee engagement and a consistently low attrition rate. The Bank's commitment to nurturing belonging and long-term relationships with its people reinforces organizational stability, sustainable growth, and our identity as a values-driven Bank.

Corporate Social Responsibility (CSR)

Your Bank is fully committed to the concept of Corporate Social Responsibility and fulfills this responsibility by engaging in a wide range of activities which include:

- corporate philanthropy amounting to Rs. 756.16 million by way of donations & charities during the year for social and educational development and welfare of people;
- energy conservation, environmental protection, and occupational safety and health by restricting unnecessary lighting, implementing tobacco control law and "No Smoking Zone", and providing a safe and healthy work environment;
- business ethics and anti-corruption measures, requiring all staff members to comply with the Bank's "Code of Conduct" and "Anti-Bribery and Corruption Policy".
- consumer protection measures, requiring disclosure of the schedule of charges and terms and conditions that apply to the Bank's products and services;
- amicable staff relations, recognition of merit and performance, and on-going opportunities for learning and growth of staff, both on-the-job and through formal training programmes;
- equal opportunity employment through a transparent procedure, without discrimination on the basis of religion, caste, language, etc., including employment of special persons;
- expansion of the Bank's branch network to rural areas, which helps in rural development;
- contribution to the national exchequer by the Bank by way of direct taxes of about Rs. 54.44 billion paid to the Government of Pakistan during the year; furthermore, an additional amount of over Rs. 72.15 billion was deducted/collected by the Bank on account of withholding taxes, federal excise duties and sales tax on services, and paid to the Government of Pakistan/Provincial Governments.



Statement on Corporate and Financial Reporting

1. The financial statements, prepared by the Bank, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
2. Proper books of account have been maintained by the Bank.
3. Appropriate accounting policies have been consistently applied in preparation of the financial statements; changes, if any, have been adequately disclosed and accounting estimates are based on reasonable and prudent judgment.
4. International Financial Reporting Standards and Islamic Financial Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and departure therefrom, if any, has been adequately disclosed.
5. The system of internal controls is sound in design and has been effectively implemented and monitored. The Board's endorsement of the management's evaluation related to Internal Control over Financial Reporting, along with endorsement of overall Internal Controls is given on page 35.
6. Going concern assumption is appropriate. There is no identifiable material uncertainty that raises doubt about the ability of the Bank to continue as a going concern.
7. Key operating and financial data for last six years are summarized below:

(Rupees in million)

	2025	2024	2023	2022	2021	2020
Total customer deposits	2,599,087	2,278,957	1,934,037	1,568,138	1,309,823	1,099,686
Total advances	792,050	910,850	869,459	813,535	733,799	510,252
Profit before tax	65,520	83,841	71,128	32,884	30,273	28,581
Profit after tax	30,637	39,862	35,319	16,570	18,702	17,812
Shareholders' Equity (Excluding revaluation)	141,754	130,384	111,895	94,344	83,569	69,570
Earnings per share (Rs.)	27.57	35.87	31.78	14.91	16.83	16.03
Cash Dividend (%)	150	170	140	70	70	45

8. Value of investments of Provident Fund and Gratuity Fund Schemes based on latest audited financial statements as at December 31, 2024, was as follows:

(Rupees in '000)

Provident Fund	18,347,665
Gratuity Fund	7,896,494

9. The pattern of shareholding and additional information regarding pattern of shareholding is given on pages 162, 163 & 164.
10. The Board has approved a formal process for its performance evaluation. The Bank has adopted In-House Approach and Quantitative Technique with scored questionnaires for Board evaluation. Scope of Board evaluation covers evaluation of the full Board, Individual Directors, Board Committees, the Chairman, and the Chief Executive. Consolidated results/findings will be discussed with the relevant parties. Any areas of improvement identified during the evaluation will be noted for appropriate action. Evaluation process for each calendar year will be completed latest by March 31 of the next year. Additionally, performance evaluation of the Board will be conducted by an external independent evaluator at least every three years. We have appointed Pakistan Institute of Corporate Governance (PICG) for external independent evaluation of the Board.

There is no conflict of interest between the experts hired by the Bank and any Board member or Key Executive.



11. No trade in the shares of the Bank was carried out by the Directors, CEO, CFO, Head of Internal Audit, Company Secretary, and Executives and their spouses and minor children, during the year, except the following:

- 9,500 shares purchased by a Director.
- 6,985 shares purchased by three Executives.
- 32,744 shares sold by four Executive.

For the purpose of this disclosure, the definition of “Executive” includes Assistant General Managers and above, in addition to officials already mentioned in the Rule Book of the Pakistan Stock Exchange regulations.

General

We wish to thank our customers, for their continued trust and support, local and foreign correspondents for their confidence and cooperation, and the State Bank of Pakistan for their guidance. We also thank all our staff members for their sincerity, dedication and hard work.

MANSOOR ALI KHAN
Chief Executive

ABBAS D. HABIB
Chairman
Board of Directors

Karachi: February 11, 2026



CORPORATE GOVERNANCE

Corporate Governance Culture

Habib Family has been engaged in the business of banking for over 80 years and is well known for commitment to its traditional values of integrity, prudence, and trust. We are committed to continue all our business activities as per highest ethical and professional standards and practices. We ensure good corporate governance culture by remaining true to our values and by following the Corporate Governance Regulatory Framework (CGRF) issued by the State Bank of Pakistan and the Code of Corporate Governance Regulations issued by the Securities & Exchange Commission of Pakistan. Board of Directors of the Bank comprises reputable businessmen, bankers, professional managers, and chartered accountants, representing a range of industries. They carry out their fiduciary duties to protect the interests of shareholders, depositors, and creditors, and exercise their independent judgement in the best interests of the Bank. We have clearly defined the responsibilities of the Board, Chief Executive, and Senior Management.

Nomination and Selection of Board Members

There is a defined procedure for election of Directors in Companies Act, 2017 and the Bank's Articles of Association which has been strictly followed by the Bank. Accordingly, the Bank announces the schedule of election of Directors in the year when the election is due. Any person desirous to become a Director can submit his/her nomination papers as per the requirements of the Companies Act, 2017 and regulations of the State Bank of Pakistan (SBP). The person elected by the shareholders shall hold the office of Director, subject to Fit and Proper Criteria and approval of the State Bank of Pakistan. Any casual vacancy on the Board is filled up by the Directors, subject to applicable regulations.

Profile of Board Members

1. Mr. Abbas D. Habib – Chairman

Mr. Abbas D. Habib, Founder Member & Chairman of the Board, has over 50 years' commercial, industrial and banking experience in the domestic and international markets. He is a Fellow Member of the Institute of Bankers, Pakistan. He has held senior management positions with various organizations of the Habib Group and gained international banking experience. He has also served on the Board of Habib Insurance Company Limited. Upon the inception of Bank AL Habib Limited in 1991, he became its Director and Joint Managing Director. He assumed responsibilities as Managing Director and Chief Executive of the Bank on May 8, 1994, and served in that position till October 31, 2016. He became Chairman of Bank AL Habib Limited on November 1, 2016. He is also the Chairman of the Board of AL Habib Asset Management Limited, a wholly owned subsidiary of the Bank since August 11, 2020.

2. Mr. Anwar Haji Karim

Mr. Anwar Haji Karim holds a Bachelor's degree in commerce and has over 40 years' experience in business and industry. He belongs to the AL Karam Group, a reputable business group of Pakistan, with interests in textiles and synthetics. He is the Chairman of AL Karam Textile Mills (Private) Limited and Iqbal Textile Mills (Private) Limited. He is a Founder Member of the Board of Directors of the Bank since its inception in 1991.

3. Ms. Farhana Mowjee Khan

Ms. Farhana Mowjee Khan, Director of Razaque Steels (Private) Limited, has over 35 years' experience in the local and international environment. She has also served as Managing Director of Razaque Steels (Private) Limited from 1994 to 2006. She graduated from University College London, UK and is a qualified Chartered Accountant from Institute of Chartered Accountants in England and Wales, UK. Ms. Farhana Mowjee Khan is also a director of Shabbir Tiles and Ceramics Limited. She joined the Board of Bank AL Habib Limited in April 2019.



4. Mr. Humayun Bashir

Mr. Humayun Bashir holds an Electronics Engineering degree from University of Karachi (Dawood College of Engineering & Technology), along with finance and management courses from IBM centers in La Hulpe, Belgium, and Armonk, USA, and training in leadership and innovation from Boston University and INSEAD, France. Mr. Bashir has served 40 years at IBM, in Pakistan and the Middle East headquarters in Dubai, and was CEO of IBM Pakistan twice for 16 years till June 2016, which included Afghanistan and Iran as his operational territory for 2-3 years. He is currently serving as Chairman & advisor of Eocean, Country Advisor of Dun & Bradstreet, and Independent Director on the Board of Rafhan Maize Products Co. Limited, Nominee Director on Khushali Microfinance Bank Limited and Director of Blockverse. In the recent years, he also served as an Independent Director on the Boards of State Life Insurance Corporation of Pakistan, independent director & chairman of NCCPL, and also on the Boards of NBP mutual funds, SILKBANK, Linde/POL, Karachi Port-KPT, Export Processing Zone Authority, Foree Fintech, MIT-EP, and ICCBS Incubator, Chairman PSX IT Steering Committee; and advisor to NBP boards IT digital committee. He was elected president of the American Business Council (ABC) in 2011, president of the Overseas Investors Chamber of Commerce & Industry (OICCI) in 2012, and a member of the executive committee of the Management Association of Pakistan. He joined the Board of Bank AL Habib Limited in June 2024.

5. Mr. Mohammad Rafiquddin Mehkari

Mr. Mohammad Rafiquddin Mehkari holds a Bachelor degree and has over 43 years' experience in international and domestic banking. Mr. Mehkari has served as President & Chief Executive of Askari Bank Limited from June 2008 to May 2013. He also served as Director, Exchange Policy Department, State Bank of Pakistan. He carries a varied and versatile banking experience in all banking dimensions including operations, credit, treasury, foreign exchange, fund management and investment banking. He also served as Director on the board of: Askari Investment Management Limited, Khushhali Microfinance Bank Limited, 1- Link Limited, and Export Processing Zone. Mr. Mehkari is currently serving as member of governing board of Imdad foundation, Infaq Foundation and Centre for Development of Social Services. He joined the Board of Bank AL Habib Limited in June 2022.

6. Mr. Qasim Habib

Mr. Qasim Habib is a banking professional with a Bachelor's (Honours) degree in Global Finance Management from England. With over six years of experience in the banking sector, he has demonstrated exceptional leadership in Marketing, Digital Banking, and Contactless Payments segment.

Mr. Qasim Habib has served as the General Manager and Head of Marketing, Digital Innovation and Cards & Payments at Bank AL Habib Limited, where he was essential in driving strategic growth and enhancing the Bank's digital offerings, ultimately shaping the Bank's digital banking strategy.

His expertise extends beyond day-to-day operations, having also served on the Board of AL Habib Capital Markets (Pvt) Limited from February 12, 2019, to February 12, 2025. In April 2025, Mr. Qasim Habib joined the Board of Directors for Bank AL Habib Limited.

7. Mr. Qumail R. Habib – Executive Director

Mr. Qumail R. Habib is a graduate of the University of California in Business Economics and has over 35 years' commercial, industrial, and banking experience. He is a Founder Member of the Board and Executive Director of the Bank since its inception in 1991. Prior to that, he was Resident Director of AL Ghazi Tractors Limited. He has been actively involved with the operations of the Bank since its inception. He is responsible for enhanced oversight on Enterprise Risk and Corporate Strategy, and for monitoring Fraud Investigation Unit. He has been on the Board of Habib Insurance Company Limited since October 03, 2017. Mr. Qumail also serves as a member of the Board of Directors of Habib University Foundation and as a trustee to various charitable trusts of Habib Family.



8. Mr. Shoaib Javed Hussain

Mr. Shoaib Javed Hussain, CEO, State Life Insurance Corporation is also the Chairman of the Insurance Association of Pakistan. He has over 25 years of management experience at leading Global Insurance Groups & Consultancies in the United Kingdom and Asia. Through his global engagements across Europe, North America and Asia, Mr. Hussain brings on board his deep understanding and knowledge of finance, audit, risk and strategy matters with a proven track record of:

- Proactive, dynamic, driven leadership with effective delivery from the conceptual stage through to successful implementation.
- Expert analysis and decision-making skills; utilizing technical acumen and strategic depth.
- Leading and delivering strategic projects including M&A, due diligence and capital and liquidity management.
- In-depth experience of leading financial audits and risk management programs.
- Initiating policy and control improvements and driving programs that enhance transparency, governance and control.
- Strong experience of industry and regulatory engagement on global supervisory developments and lobbying with international regulators and supervisory authorities.

Before joining State Life, Mr. Hussain has held senior leadership and management positions with AIA Group Ltd, Milliman, Prudential plc, EY and HSBC. He began his career at an Actuarial consultancy in Pakistan, holds an MSc in Actuarial Management from Cass Business School, City University, London and is a Fellow of the Institute of Actuaries (UK). He joined the Board of Bank AL Habib Limited in January 2026.

Besides Bank AL Habib Limited, he holds the Directorship on the Boards of the following companies:

- 1) Fauji Fertilizer Company Ltd.
- 2) Pakistan Cables Ltd.

9. Syed Mohammed Hussain

Syed Mohammed Hussain holds Bachelor's and Master's degrees in Philosophy, Politics and Economics from University of Oxford and is a qualified Barrister (called from Lincoln's Inn), a solicitor, and an Advocate of the Punjab High Court. He was a partner at Richards Butler (now Reed Smith) and practiced before the High Court of England & Wales.

Mr. Hussain spent 24 years at Shell plc in senior management, including serving as Senior Advisor to the Executive Committee and Board and representing Shell at international organizations like Chatham House and The International Institute of Strategic Studies and The Royal Society of Asian Affairs.

He has served on the boards of commercial and trade bodies such as the Netherlands Japan Society, Malaysia Business Council, Pakistan Britain Trade and Investment Forum, and Singapore British Business Council. Currently, he is a Director at IGI General Insurance Limited and joined Bank AL Habib Limited's Board in January 2026.



Details of Membership on the Bank's & other Boards

Sr. No.	Name of Director	Date of Joining / Leaving the Board (dd/mm/yyyy)	Status of Director (Independent, Non-Executive, Executive)	Member of Board Committees	Number of other Board Memberships along with name of Company(ies)
1	Mr. Abbas D. Habib	15/10/1991	Non-Executive	<ul style="list-style-type: none"> Human Resource & Remuneration Committee IT Committee 	<ol style="list-style-type: none"> Habib & Sons (Private) Limited AL Habib Asset Management Limited
2	Mr. Anwar Haji Karim	15/10/1991	Non-Executive	<ul style="list-style-type: none"> Audit Committee Risk Management Committee 	<ol style="list-style-type: none"> AL - Karam Textile Mills (Private) Limited Iqbal Textile Mills (Private) Limited
3	Ms. Farhana Mowjee Khan	17/04/2019	Non-Executive	<ul style="list-style-type: none"> Audit Committee Human Resource & Remuneration Committee Credit Risk Management Committee Islamic Banking Conversion Committee IFRS 9 Committee* 	<ol style="list-style-type: none"> Razaque Steels (Private) Limited Shabbir Tiles and Ceramics Limited
4	Mr. Humayun Bashir	21/06/2024	Independent	<ul style="list-style-type: none"> Human Resource & Remuneration Committee IT Committee Islamic Banking Conversion Committee 	<ol style="list-style-type: none"> Rafhan Maize Products Company Limited Khushhali Microfinance Bank Limited
5	Mr. Mohammad Rafiquddin Mehkari	01/06/2022	Independent	<ul style="list-style-type: none"> Audit Committee Credit Risk Management Committee Risk Management Committee Islamic Banking Conversion Committee 	-
6	Mr. Qasim Habib	09/04/2025	Non-Executive	<ul style="list-style-type: none"> Credit Risk Management Committee Risk Management Committee IT Committee 	-
7	Mr. Qumail R. Habib	15/10/1991	Executive	<ul style="list-style-type: none"> Credit Risk Management Committee Risk Management Committee IT Committee IFRS 9 Committee* 	Habib Insurance Company Limited
8	Mr. Shoab Javed Hussain	20/01/2026	Non-Executive	<ul style="list-style-type: none"> Human Resource & Remuneration Committee Risk Management Committee Islamic Banking Conversion Committee 	<ol style="list-style-type: none"> State Life Insurance Corporation of Pakistan Fauji Fertilizer Company Pakistan Cables Ltd.
9	Syed Mohammed Hussain	06/01/2026	Independent	<ul style="list-style-type: none"> Audit Committee Human Resource & Remuneration Committee IT Committee 	IGI (General) Insurance Limited

* Board discontinued "IFRS 9 Committee" on January 30, 2025

Appointment of the Shariah Board (SB) Members

Shariah scholars who meet the Fit and Proper Criteria as laid down by State Bank of Pakistan are appointed as SB members for a term of three years by the Board of Directors and are eligible for re-appointment. Their appointment and re-appointment is subject to prior written clearance of SBP. The three years' term of SB commenced from the date of SBP's clearance for appointment / re-appointment. Any SB member (including Chairperson) may be re-appointed as a member of SB for another term by the Board of Directors, at least two months prior to expiry of the term, subject to a fresh prior written clearance of SBP and pursuant to Fit and Proper Criteria of SBP.



Casual vacancy

Board of Directors of the Bank fills the casual vacancy on the SB that may occur as a result of resignation, removal, termination, or death of a member, within three months from the date on which such vacancy arises. However, the SB member appointed on casual vacancy shall hold the office till the expiry of the existing term of the SB.

Profile of each of the Shariah Board member

Mufti Ismatullah Hamdullah

Mufti Ismatullah holds the degrees of “Shahadat-ul-Aalamiyah” and “Takhassus Fil Fiqh” from Jamia Dar-ul-Uloom, Karachi. He is a PhD in Islamic Economics from University of Karachi. He has been associated with Islamic Banking Division of Bank AL Habib Limited since 2006 as Shariah Advisor prior to his appointment as the Chairman of Shariah Board.

He has been teaching Quran, Hadith, Fiqh, Philosophy and Arabic Grammar in Dar-ul-Uloom since 1993. He has a vast experience in issuing Shariah rulings (Fatwa) and is currently serving Dar-ul-Ifta’ of Dar-ul-Uloom. So far, he has issued about 28,000 Fatwas regarding various topics and Shariah issues.

His thesis – Zar (Money) in light of Shariah – is considered as one of the most useful research on Islamic Economics and has already been published. He is a renowned research scholar; his research papers have been published in Monthly “Al Balaagh”. He wrote a book “Guide to Takaful or Islamic Insurance” that has also been published.

Mufti Sahab is Shariah Advisor of AL Habib Asset Management, IGI window Takaful and Pak Qatar Family Takaful Ltd, he is also a Shariah Board member of Pak Qatar Takaful Group.

Mufti Mohib ul Haq

Mufti Mohib ul Haq is a prominent and a well-recognized Shariah scholar of international repute. His credentials include a specialized degree in Shahadat-ul-Aalamiyah (Masters in Arabic and Islamic Studies) and Al-Takhassus fial-Iftaa’ (Specialization in Islamic Jurisprudence and Fatwa) from the esteemed Jamia Darul Uloom, Karachi.

Mufti Mohib ul Haq has a diversified experience of more than 20 years in Islamic Finance Industry. He has been associated with Faysal Islamic Banking since 2011, as the Shariah Advisor, prior to his appointment as the Chairman Shariah Board. He is also a Shariah Board Member of Bank Alfalah Limited and Bank AL Habib Limited.

Previously, he has served as the Shariah Advisor / Shariah Board Member at various Financial Institutions which include:

- Takaful Pakistan Limited
- Royal Bank of Scotland Berhad, Malaysia
- JS Islamic Mutual Fund

Mufti Mohib ul Haq has significant research experience related to Islamic Finance and other Shariah related subjects. Further, he is also a member of the State Bank of Pakistan’s Committee for Shariah review, standardization of Islamic products and processes, and formalization of Accounting & Auditing Organization for Islamic Financial Institutions (“AAOIFI”) Shariah standards for the Pakistan banking industry. He is also an experienced lecturer and trainer in the field of Islamic Finance, Fiqh and Islamic Financial Laws at various institutions which include:

- Jamia Darul Uloom, Karachi
- Centre for Islamic Economics (“CIE”)
- National Institute of Banking and Finance (“NIBAF”) – SBP
- Institute of Cost and Management Accountants of Pakistan (“ICMA”)
- Institution of Business Administration - Centre for Excellence in Islamic Finance (“CEIF”)



Mufti Sher Ali

Mufti Sher Ali is a qualified Shariah Scholar Specialized in financial Fiqh and Halal economics, with nearly 7 years of experience in Shariah compliance, advisory and Fatwa issuance as a member of Darul Ifta, Jamiah Tur Rasheed. He holds Ifta (Mufti) and Dars-e-Nizami credentials. He is a Certified Shariah Advisor and Auditor (CSAA – AAOIFI, Bahrain) and is currently pursuing Ph.D. in Islamic studies and Finance, following his M.Phil. thesis on Shariah-compliant framework for Charitable Organizations.

He has served as Resident Shariah Board Member at Bank AL Habib Limited, member of the Shariah Advisory forum at the State Bank of Pakistan. In addition to advisory work, he has contributed as a lecturer at the University of Karachi (SZIC), curriculum committee head at AL- Burhan International, teacher at Al-Ihsan and trainer in Islamic Finance programs, combining Scholarly depth with practical expertise in Islamic finance and Shariah matters.

Mufti Muhammad Hamza

Mufti Muhammad Hamza is serving Bank AL Habib Limited – Islamic Banking as Shariah Board Member since October 2021. He has a diverse professional experience in IBIs and Audit Firms. Prior to his joining, he has served as Shariah Scholar (Assistant Manager Shariah Support) in Product Management and Development Department at Faysal Bank Limited-Islamic. He also served as Shariah Consultant in EY Ford Rhodes.

Mufti Muhammad Hamza possesses both contemporary as well as religious academic qualifications. He holds Shahadat-ul-Aalamiyah (Masters in Islamic and Arabic Studies) along with Takhassus Fiqh-ul-Muamlaat (Islamic Commercial Law and Management Science) from Jamia tur Rasheed, Karachi.

He is also an MBA (Finance) from University of Karachi. Furthermore, he holds “Post Graduate Diploma in Islamic Banking and Takaful” from Centre for Islamic Economics Jamia Darul Uloom Karachi.

He is presently associated with Jamia-tur-Rasheed, Karachi as a Member of Darul Iftaa and he has issued numerous verdicts (Fatawas) on various issues. He is a lecturer in department of Dars-e-Nizami also. Mufti Muhammad Hamza has significant experience of teaching Quran, Hadith, Philosophy, Arabic Grammar, Islamic Jurisprudence (Fiqh) and other related subjects in renowned institutions as Permanent and Visiting Faculty Member such as Jamia tur Rasheed and Al-Burhan international Karachi.

Details of Membership on the Bank’s and other Shariah Boards

Sr. No.	Name of Shariah Board Member	Date of Joining / Leaving the Shariah Board (dd/mm/yyyy)	Status of Shariah Board Member	Number of other Shariah Board Memberships along with name of Company(ies)
1	Mufti Ismatullah Hamdullah	08/10/2015	Chairman (Unique)	• Member, Shariah Board - Pak Qatar Takaful Group
2	Mufti Mohib ul Haq	08/10/2015	Member	• Chairman, Shariah Board - Faysal Bank Limited • Member, Shariah Board - Bank Alfalah Limited
3	Mufti Sher Ali	01/07/2021	Resident Member (Unique)	–
4	Mufti Muhammad Hamza	09/09/2021	Member (Unique)	–



Composition of Board Committees and their Terms of References (TORs)

The Listed Companies (Code of Corporate Governance) Regulations, 2019 requires the Bank to disclose the composition of all Committees of the Board, viz. Audit Committee, Human Resource & Remuneration Committee, Credit Risk Management Committee, Risk Management Committee, IT Committee, and Islamic Banking Conversion Committee.

Composition of Board's Committees					
Audit Committee	Human Resource & Remuneration Committee	Credit Risk Management Committee	Risk Management Committee	IT Committee	Islamic Banking Conversion Committee
Mr. Mohammad Rafiquddin Mehkari, Chairman	Mr. Humayun Bashir, Chairman	Ms. Farhana Mowjee Khan, Chairperson	Mr. Mohammad Rafiquddin Mehkari, Chairman	Mr. Abbas D. Habib, Chairman	Mr. Mohammad Rafiquddin Mehkari, Chairman
Mr. Anwar Haji Karim	Mr. Abbas D. Habib	Mr. Mohammad Rafiquddin Mehkari	Mr. Anwar Haji Karim	Mr. Humayun Bashir	Ms. Farhana Mowjee Khan
Ms. Farhana Mowjee Khan	Ms. Farhana Mowjee Khan	Mr. Qasim Habib	Mr. Qasim Habib	Mr. Qasim Habib	Mr. Humayun Bashir
Syed Mohammed Hussain	Mr. Shoaib Javed Hussain	Mr. Qumail R. Habib	Mr. Qumail R. Habib	Mr. Qumail R. Habib	Mr. Shoaib Javed Hussain
	Syed Mohammed Hussain		Mr. Shoaib Javed Hussain	Syed Mohammed Hussain	
				Mr. Mansoor Ali Khan	

During the year, eight meetings of the Audit Committee, five meetings of Human Resource & Remuneration Committee, four meetings of Credit Risk Management Committee, Risk Management Committee, IT Committee, Islamic Banking Conversion Committee and one meeting of IFRS 9 Committee were held, and the attendance of members were as follows:

Sr. No.	Name of Director	No. of Board Meetings Attended	Number of Board Committees Meetings Attended						
			Audit Committee	Human Resource & Remuneration Committee	Credit Risk Management Committee	Risk Management Committee	IT Committee	Islamic Banking Conversion Committee	IFRS 9 Committee*
1.	Mr. Abbas D. Habib	5	-	5	-	-	4	-	-
2.	Mr. Anwar Haji Karim	4	6	-	-	3	-	-	-
3.	Ms. Farhana Mowjee Khan**	5	8	5	3	1	-	4	1
4.	Mr. Humayun Bashir***	5	-	4	-	-	4	4	-
5.	Mr. Mohammad Rafiquddin Mehkari	5	8	-	4	4	-	4	-
6.	Mr. Qasim Habib****	4	-	-	3	3	3	-	-
7.	Mr. Qumail R. Habib	5	-	-	4	4	4	-	1
8.	Mr. Mansoor Ali Khan	5	-	-	-	-	4	-	-
9.	Mr. Arshad Nasar*****	1	2	1	1	-	1	-	1
10.	Mr. Murtaza H. Habib*****	1	-	1	1	-	-	-	-
11.	Syed Mazhar Abbas*****	1	2	1	1	-	-	-	-
12.	Mr. Tariq Iqbal Khan*****	2	2	2	-	-	-	-	-
13.	Mr. Adnan Afridi*****	5	6	-	3	4	1	-	-
14.	Mr. Shahid Iqbal Baloch*****	4	-	4	-	3	-	3	-
Total Meetings Held		5	8	5	4	4	4	4	1



*	The IFRS 9 Committee constituted by the Board was discontinued on January 30, 2025, due to its intended objective, i.e., implementation of IFRS 9 was achieved.
**	Ms. Farhana Mowjee Khan attended all Credit Risk Management Committee meetings after her nomination on April 14, 2025. She ceased to be the member of Risk Management Committee after the aforesaid date.
***	Mr. Humayun Bashir attended all Human Resource & Remuneration Committee meetings after his nomination on April 14, 2025.
****	Mr. Qasim Habib attended all the meetings of the Board after his appointment as Director of the Bank in the last Annual General Meeting held on February 27, 2025. He attended all of his Board Committees' meetings after his nomination on April 14, 2025.
*****	Mr. Arshad Nasar, Mr. Murtaza H. Habib and Syed Mazhar Abbas retired in the last Annual General Meeting held on February 27, 2025. They attended all their Board and Committees' meetings while they were its members.
*****	Mr. Tariq Iqbal Khan resigned in September 2025. Mr. Shahid Iqbal Baloch and Mr. Adnan Afridi resigned in December 2025.

TORs of Audit Committee of the Board

The key functions in the TORs include the following:

- Recommend to the Board the appointment / re-appointment of external auditors, their removal, audit fees and provision by external auditors of any services to the Bank in addition to audit of its financial statements for Pakistan Operations and Overseas jurisdictions.
- Discuss with external auditors the major observations arising from interim and final audits and review management letter issued by them and management's response thereto;
- Review quarterly, half-yearly and annual financial statements of the Bank with recommendation (s), if any, and present to the Board for their approval before their publication.
- Review of quarterly, half-yearly and annual financial statements of the Bank, focusing on:
 - Major judgmental areas;
 - Significant adjustments resulting from the audit;
 - the going-concern assumption;
 - any changes in accounting policies and practices;
 - compliance with applicable accounting standards;
 - compliance with listing regulations and other statutory and regulatory requirements.
 - review of preliminary announcement of results prior to publication.
 - review of significant related party transactions.
- Appropriate measures to safeguard the Bank's assets.
- Review of implementation of Customer Risk Profile (CRP), Know Your Customers (eKYC), Anti Money Laundering (AML)/Combating Financing Terrorism (CFT), Terrorist Financing (TF), Proliferation Financing (PF), Trade Based Money Laundering (TBML), and sanctioned screening related measures.
- Approve yearly audit planning schedule and the estimated timeframe for completion of various audits. Review of implementation status of Audit Plan on quarterly basis.
- Ensure that policies and procedures of the Bank are in accordance with prevailing banking laws and regulations of the State Bank of Pakistan and other relevant statutory requirement;
- Institute special projects, value for money studies or other investigations on any matter specified by the Board, in consultation with the CEO and to consider remittance of any matter to the external auditors or to any other external body.
- Recommend the development/ amendments in the Bank's Internal Control Systems and Internal Audit Policy, Audit Manual, and Internal Audit Strategy to the Board of Directors for approval.
- Review and approve Internal Audit Charter, Internal Audit Risk Assessment Policy, Risk Based Audit Methodology/Risk Based Audit Plan and Annual Risk Assessment of Audit Division.



- Approval of Testing Plan for Internal Control over Financial Reporting (ICFR). Review of progress on Internal Control over Financial Reporting (ICFR) project and periodical reporting made by the Audit Division on significant findings pointed out during the testing of existing key controls relating to Internal Control over Financial Reporting (ICFR).
- Review the significant audit findings presented by Audit Division in Internal Audit Reports of domestic & overseas operations (Branch/ Islamic Banking Branches Audits, Centralized Credit Audits, Centralized Trade Audits, Management Audits, Information System Audits and Shariah Audits).
- Review of findings/deviations noted by internal audit during assessment of implementation of the bank's NPLs strategy and form an independent view of the efficacy of the NPLs Strategy.
- Review the significant findings of Inspection Reports of State Bank of Pakistan, regulators of overseas branches and the status of compliance submitted by the Bank's Management.
- Ensure compliance of the corrective actions as required by Shariah Board on the reports of 'Internal Shariah Audit' and 'External Shariah Audit' and review of status of unresolved issues of Internal Shariah Audit reports as per Shariah Governance Framework for Islamic Banking Institutions.
- Review of quarterly Report of all Shariah Non-Compliance events/transactions.
- Review the reports on internal control system presented by Audit Division on quarterly basis as required under internal control guidelines issued by the State Bank of Pakistan.
- Review of six monthly compliance report on Bank's compliance status, in each jurisdiction, to host country's regulatory requirements and inspection reports etc.
- Review of Pending audit findings of Audit Report of Bahrain Branch.
- Review and approve the increments of internal auditors and recommend the performance appraisal and increment / promotion of Head of Internal Audit.
- Approve annual budget of Audit Division for expenditures and staff requirements. Periodical review of utilization of assigned expenditure budget.
- Review of trainings imparted to staff of Audit Division.
- Evaluation of performance of CIA against set KPIs on annual basis by BAC.
- Review of control breaches of critical nature occurring in at least last two audit periods.
- Coordination between the internal and external auditors of the Bank and review their findings to ensure that necessary steps for implementing their recommendations have been taken.
- Adequacy and effectiveness of internal control systems including financial and operational controls, accounting systems and reporting structure;
- Compliance with the best practices of Corporate Governance;
- Consideration of major findings of internal investigation of activities characterized by fraud, forgeries and misuse of powers and management responses.
- Review of matters relating to operational risk and operational loss event reports including implementation of Operational Risk Framework.
- Review of observations pointed out by the Audit Division during the review of BASEL design and implementation.
- Annual review of internal complaint Handling mechanism.
- Review of Zero Tolerance cases decided by the Disciplinary Action Committee.
- Review of summary of cases investigated by Fraud Risk Management Division under Bank's Policy on Employees' Duty to Report.
- Review of summary of cases received and investigated by Fraud Risk Management Division under Bank's Anti-Bribery & Corruption Policy.
- Review of the significant audit findings on the Bank's outsourced/insourced arrangements.
- Review of annual report of containing incidents of robbery and dacoity.
- Review of summary of outstanding issues / exceptions and the suggested future course of action.
- Review of major control gaps relating to parallel banking identified by Audit Division.
- Consider any other issue or matter as may be assigned by the Board of Directors or required by regulatory authorities.



TORs of Human Resource & Remuneration Committee of the Board

The key functions in the TORs include the following:

- Review and recommend to the Board for approval of Human Resource Policy & Service Rules of the Bank.
- Recommend to the Board the selection, evaluation, compensation (including retirement benefits), and succession planning of the CEO.
- Recommend to the Board the selection, evaluation, compensation (including retirement benefits) of COO (if any), CFO, Company Secretary, and Head of Internal Audit.
- Consider and approve recommendations of CEO on above matters for key management positions who report directly to CEO or COO (if any).
- Review the manpower budget of the Bank, taking into consideration the expansion programme proposed by the Management.
- Review training activities and management development programmes for employees of the Bank.
- Review total staff strength with cadre and location-wise break up of employees.
- Review on quarterly basis name-wise details of employees of Senior Chief Manager level and above who have joined on left service of the Bank during the period, along with reasons for their separation.
- Recommend the Remuneration Policy to the Board for approval, ensuring that the Remuneration Policy is fair and competitive, and encourages performance and motivation.
- Recommend to the Board the “structure” of compensation package of Executive Directors, Chief Executive, Key Executives, and other employees, as may be required by the Board.

TORs of Credit Risk Management Committee of the Board

The key functions in the TORs include the following:

- Review from time to time that the Management has put in place effective policies and information systems to identify and mitigate credit risk.
- Review that the Management follows appropriate procedures to recognize adverse trends in the credit portfolio of the Bank, identifies weaknesses in the loan portfolio, takes corrective/remedial actions, and maintains an adequate level of provisions for potential loan losses in the light of the requirements of the Prudential Regulations.
- Review and recommend to the Board any changes in the Bank's policies related to credit.
- Review the quality of the Bank's credit portfolio on a quarterly basis through various comparisons / benchmarking, including but not limited to:
 - Industry Benchmarks / Positioning.
 - Diversification of advances by industry, business segment, etc.
 - Concentration of advances in private and public sectors.
 - Movement / changes in advances by region / industry / business segments.
 - Details of large limits approved / enhanced during the quarter, as per the threshold prescribed by the Committee.
 - Maturity profile of the loan portfolio.
 - Review of Non-Performing Loans (NPLs).
 - Review of Watch-List & NPL accounts, as per the threshold prescribed by the Committee.
 - Review / approval of any policy exceptions.
 - Review restructured / rescheduled accounts and written-off advances, as per the threshold prescribed by the Committee.
 - Review any adverse findings of Credit Risk Review Department (CRRD).
- Consider Write Off/Waiver of NPLs up to Rs. 50 million.
- Recommend cases for Write Off/Waiver, exceeding Rs. 50 million, to the Board of Directors for consideration and approval.

TORs of Risk Management Committee of the Board

The key functions in the TORs include the following:

- Review from time to time that the management has put in place effective policies and information systems to identify and mitigate the following risks:



- Market Risk, which includes Interest Rate Risk, Foreign Exchange Risk, and Equity Price Risk;
- Liquidity Risk.
- Review summary of risk reports relating to the following risks:
 - Credit Risk,
 - Operational Risk,Which are reviewed in detail by the Credit Risk Management Committee and the Audit Committee of the Board, respectively.
- Review and provide guidance regarding integrated risk management (also known as enterprise risk management), covering various significant risk exposures of the Bank.
- Review the Bank's capital adequacy ratio and establish a process for internal capital adequacy assessment process (ICAAP) using integrated risk management.
- Review and recommend to the Board any changes in the Bank's Treasury and Investment Policy, Market Risk Policy, Liquidity Risk Policy, Risk Management Policy, and ICAAP.
- Review the credit rating report of the Bank, issued by the credit rating agency.
- Review any changes in laws and regulations relating to Market Risk, Liquidity Risk and Capital Adequacy.
- Review changes in prevailing economic and market conditions.
- Review the financial data of other comparable banks.
- Review and provide guidance on sustainability-related initiatives which cover environmental, social, and governance risks.

TORs of IT Committee of the Board

The key functions in the TORs include the following:

- Review and recommend the Bank's IT and Digital strategies, relevant policies, frameworks, and changes thereof, for the Board's approval.
- Provide strategic direction for digital banking by adopting emerging technologies, offering new products and services with enhanced customer experience.
- Review the role of IT as an enabler to provide competitive advantage and efficient services to customers.
- Review the level of expertise of IT personnel and assess their adequacy in number and skillset as well as continuous professional development.
- Review major IT related risks and ensure that IT Risk Management strategies are designed and implemented to address IT related risks including cyber-attacks and attacks on multiple critical infrastructure sectors in order to achieve resilience.
- Receive periodic updates from IT Steering Committee to monitor all IT related projects, particularly those which are approved by the Board.
- Ensure that IT related procurements are in line with the strategic directions provided by the Board.
- Review and recommend any IT related material outsourcing arrangement including obtaining IT experts' opinion.
- Constitute/reconstitute IT Steering Committee and approve its TORs and any revisions thereof.
- Review the MIS on incidents, logs, breaches, and significant incidents on a regular basis.

TORs of Islamic Banking Conversion Committee of the Board

The key functions in the TORs include the following:

- Constitution and provide guidance to the Management Committee to administer the project.
- Review and recommend Bank AL Habib's conversion plan to the board for approval.
- Review of the progress made against implementation of conversion plan.
- Ensure compliance of regulatory and Shariah guidelines for conversion of conventional Banking into Islamic.
- Ensure smooth transformation of conventional banking into Islamic.

Board's Oversight over Shariah Compliance Functions and Shariah Board (SB)

The Shariah Board members meet the Board of Directors on half yearly basis and give detailed briefings on the Shariah compliance environment, the issues/weaknesses (if any), and recommendations to improve Shariah compliance environment and to ensure timely and effective enforcement of the SB's decisions, Fatwas, observations and recommendations.

Further, every year, Shariah Board Report is also presented by the Shariah Board in the meeting of the Board of Directors of the Bank.



TORs of Shariah Board (SB) of the Bank

The key functions in the TORs include the following:

- The SB shall be empowered to consider, decide, and supervise all Shariah related matters of Islamic Banking Division. All decisions, rulings, Fatwas of the SB shall be binding on Islamic Banking Division whereas SB shall be responsible and accountable for all its Shariah related decisions.
- The SB shall cause to develop a comprehensive Shariah compliance framework for all areas of operations of the Islamic Banking Division and shall approve all products/services to be offered and/or launched by the Islamic Banking Division.
- The SB shall review and approve all the Islamic Banking Division's procedure manuals, product programs/structures, process flows, related agreements, marketing advertisements, sales illustrations, and brochures so that they are in conformity with the rules and principles of Shariah.
- The SB shall have at all reasonable times unhindered access to all books of accounts, records, documents, and information from all sources including professional advisors and Bank's employees in the due discharge of its duties.
- Considering the importance of the SB decisions, rulings and Fatwas given by SB, it shall rigorously deliberate on the issue placed before it for consideration before giving any decision/ Fatwa. All such deliberations and rationale for allowing or disallowing a particular product or service shall be duly recorded and documented.
- All reports of internal Shariah audit, external Shariah audit, Shariah compliance reviews and SBP Shariah compliance inspection shall be submitted to the SB for consideration and prescribing appropriate enforcement action. The report of Internal Shariah shall be finalized by the Internal Shariah Audit Unit (ISAU), and the final report shall be submitted to SB for prescribing appropriate enforcement/corrective actions. The SB shall take up the unresolved issues with Management and shall include all significant outstanding issues in its annual report on the Shariah compliance environment of Islamic Banking Division.
- Moreover, the Head-Shariah Compliance Department and RSBM shall discuss both the significant and unresolved issues with SBP inspection team during their onsite inspection.
- The SB shall also specify the process/procedures for changing, modifying, or revisiting Fatwas/ rulings/guidelines etc. already issued by SB.
- The SB shall not delegate any of its roles and responsibilities prescribed in Shariah Governance Framework (updated time to time) to any other person or any of its members.
- All the decisions and rulings of the SB of the Bank shall be in conformity with the directives, regulations, instructions, and guidelines issued by SBP in accordance with the rulings of Shariah Advisory Committee of SBP.
- The SB shall, in addition to its meetings with the BOD, meet at least on quarterly basis and each member of SB shall attend at least two-thirds of the meetings during a calendar year. Further, in addition to the mandatory quarterly meeting, the Chairperson of SB may convene SB meetings as and when he deems it necessary.
- The quorum of the SB meetings, including that with BOD of the Bank, shall be at least two thirds of Shariah Board members.
- The SB decisions should preferably be made through consensus of the Shariah Board members; however, in case of difference of opinion, the decisions may be made by a majority vote of the Shariah Board members. In the event of equality of votes, the Chairman shall have a second or casting vote.
- All meetings shall be chaired by the Chairman of SB and in his absence one of the Shariah Board members, other than the RSBM, shall be elected as the acting Chairperson to preside over the meeting.
- The agenda of the SB meeting along with sufficient details and documents shall be sent to SB members well in advance enabling them to come prepared to the meeting; the specific timelines for submission of the agenda shall be set by the SB itself.
- The meetings of the SB shall be held by physical presence of the members. However, in appropriate circumstances to be determined by the Chairman of the SB, meetings(s) may be held through video conferencing subject to recording of proper minutes of the meeting.
- The SB shall ensure to cause that minutes of its meetings are properly recorded incorporating necessary details of all deliberations, decisions, rulings, and Fatwas issued along with the rationale and difference of opinion or dissenting note, if any. Further, the minutes shall be signed by all the SB members who attended the meeting and a copy thereof be provided to each member of the SB.



- All SB approvals taken through circulation shall be placed for ratification of the SB at its next meeting. A resolution in writing signed by all SB members for the time being and shall be as valid and effective as if it had been ratified at a SB meeting.
- For implementation of the decisions of SB meeting prior to the confirmation of the minutes of the meeting, the approval/ confirmation of the relevant resolution / decision for the specific agenda must be obtained from SB through written consent duly signed by the SB members or through email by the SB members. However, the same shall be ratified in the subsequent meeting of SB.
- The approved / confirmed minutes of meetings of the SB shall be submitted to IBD-SBP within 15 days of its approval/confirmation for information and record. Further, the minutes shall be made available to the BOD, SBP inspection teams, internal auditors, and external auditors on request, enabling them to appreciate and understand the rationale and background of the SB rulings, decisions, and Fatawas.
- The SB shall, based on the findings and reports of internal Shariah audit and external Shariah audit and Shariah compliance review, prepare a report on Islamic Banking Division's Shariah compliance environment and conditions. The minimum requirements for the report shall be as per prescribed Annexure – B of Shariah Governance Framework. The report shall be signed by all the members of the SB. Further, the report shall also be placed before the BOD meeting for discussion and shall be published in English and Urdu translation in the Bank's annual report.
- The SB members shall maintain secrecy and confidentiality of IBI's non-public information and matters.

Shariah Board Meetings

During the year, four meetings of the Shariah Board were held, and the attendance of each member was as follows:

Name of Member	Meetings Held	Meetings Attended
Mufti Ismatullah Hamdullah, Chairman	4	4
Mufti Mohib ul Haq, Member	4	4
Mufti Sher Ali, Resident Member	4	4
Mufti Muhammad Hamza, Member	4	4

The Bank had engaged KPMG Taseer Hadi & Co. to assist in developing the draft of remuneration policy, keeping in view the culture and values of the Bank, and other related matters.

Additionally, performance evaluation of the Board is to be conducted by an external independent evaluator at least every three years. The Bank has appointed Pakistan Institute of Corporate Governance (PICG) for external independent evaluation of the full Board, Individual Directors, Board Committees, the Chairman, and the Chief Executive.

There is no conflict of interest between the experts hired by the Bank and any Board member or Key Executive.

Disclosure relating to the Remuneration Policy:

Key objectives of Remuneration Policy are to:

- Attract, retain, and develop competent employees.
- Identify senior Risk Takers and Controllers.
- Offer remuneration that is fair and competitive.
- Encourage behaviour and practices, consistent with the Bank's Strategy, Vision, Mission, Values, and Guiding Principles.
- Discourage material risk taking.
- Avoid any conflict of interest between the employee and the Bank.
- Establish a management structure to administer and oversee implementation of this Policy.



Bank AL Habib has low tolerance for risk and is averse to taking material risks, i.e., risks that can have a material adverse impact on its business and financial position. Therefore, the Bank does not have any defined Bonus Policy (in any form like cash, stocks, stock options, or other types of incentive pay) to incentivise achievement of performance targets, which may prompt material risk taking. Accordingly, a fundamental principle of the Bank is that employee remuneration is paid in the form of Fixed Remuneration. This has enabled the Bank to maintain sustainable growth and profitability over the years, with a low risk profile and low staff turnover.

There are management committees/senior employees who are authorized to approve risk exposures involving large amounts and deal with other institutionally important matters. They are designated as Senior Risk Takers, who are responsible not only for taking risks, but also for mitigating, monitoring, and controlling the risks taken by the Bank. The Bank encourages and emphasizes risk control, rather than risk taking, which means that control responsibilities take precedence for employees at all levels. Therefore, in case of Senior Risk Takers also, their control responsibilities are paramount and take precedence over their other responsibilities.

Risk Controllers are employees whose professional activities include review, identification, mitigation, and control of risks to which the Bank may be exposed, or providing assistance or assurance related to such activities. Risk control is the responsibility of all functional units of the Bank, including various functions at Principal Office who provide input to line functions on risk management and control, assist them in designing and implementing adequate controls, and independently monitor that the prescribed controls and limits are being complied with.

It is a key principle of employee appraisal that employees must not get penalized or suffer as a consequence of carrying out control activities for which they are institutionally responsible and duly authorized. Any deviation from this principle will be taken very seriously.

Key criteria for evaluation of performance are as follows:

- Compliance with applicable laws and regulations.
- Commitment to the Bank's Vision, Mission, and Values.
- Compliance with the Bank's risk and control policies, procedures, and limits.
- Behaviour with customers and colleagues.
- Knowledge and quality of work.
- New ideas and suggestions.
- Growth of business and profitability vs. business objectives (as applicable).
- Persistence and productivity.
- Job performance.
- Teamwork and People Development.

Fixed Remuneration is determined on the basis of role and responsibility of the individual, professional expertise and experience, job performance, and potential for growth. In addition, all employees of the Bank are required to carry out their duties with due care and in an ethical manner. They must act in accordance with the Bank's Strategy, Vision, Mission, Values, Guiding Principles, Code of Conduct, Policies and Procedures, within the authorities and limits delegated to them. This means that protection of the Bank's reputation, trustworthiness, and safety is of paramount importance and takes precedence over profit maximization.

Risk management policies, together with the Risk Tolerance Statement, authorities, and limits approved by the Board, provide the necessary guidance on risk taking activities of the Bank. Actions taken and decisions made by the employees are institutionally owned and protected by the Bank, as long as these are within the ambit of the prescribed policies and procedures and there is no evidence of self-dealing.

Governance of remuneration is accomplished through a formal structure which includes: Board of Directors; Human Resource & Remuneration Committee; Chief Executive; Human Resource Division; and Finance, Audit, Compliance, and Risk Management Divisions.



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

FOR THE YEAR ENDED DECEMBER 31, 2025

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

1. The total number of Directors are ten as per the following:
 - Male 09
 - Female 01

2. The composition of the Board is as follows:

Independent Directors	Mr. Humayun Bashir Mr. Mohammad Rafiquddin Mehkari Syed Mohammed Hussain
Non - Executive Directors	Mr. Abbas D. Habib Mr. Aamir Amin* Mr. Anwar Haji Karim Mr. Qasim Habib Mr. Shoaib Javed Hussain
Executive Director	Mr. Qumail R. Habib
Female Director - Non - Executive	Ms. Farhana Mowjee Khan

* Subject to Fit & Proper Test clearance, which is awaited from the State Bank of Pakistan.

The Bank has Ten (10) elected Directors. The Independent Directors' fraction of 0.33 is below half (0.50) and accordingly, the same has not been rounded up as one.

Mr. Mansoor Ali Khan is the Chief Executive of the Bank. Being the CEO of the Bank, he is deemed to be a Director.

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including the Bank.
4. The Bank has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Bank along with its supporting policies and procedures.
5. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Bank. The Board has ensured that complete record of particulars of significant policies along with their date of approval or updating is maintained by the Bank.
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by Board / Shareholders as empowered by the relevant provisions of the Act and these regulations.
7. The meetings of the Board were presided over by the Chairman. The Board has complied with the requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of Board.
8. The Board have a formal policy and transparent procedures for remuneration of Directors in accordance with the Act and these Regulations.
9. All the Directors have either attended the required training or have been exempted, except for one Director who has already been registered for the aforesaid training.
10. The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board.



12. The Board has formed seven (7) committees comprising of following members:

A.	Audit Committee*	Position
1	Mr. Mohammad Rafiquddin Mehkari	Chairman
2	Mr. Anwar Haji Karim	Member
3	Ms. Farhana Mowjee Khan	Member
4	Syed Mohammed Hussain	Member

B.	Human Resource & Remuneration Committee*	Position
1	Mr. Humayun Bashir	Chairman
2	Mr. Abbas D. Habib	Member
3	Ms. Farhana Mowjee Khan	Member
4	Mr. Shoaib Javed Hussain	Member
5	Syed Mohammed Hussain	Member

C.	Credit Risk Management Committee	Position
1	Ms. Farhana Mowjee Khan	Chairperson
2	Mr. Mohammad Rafiquddin Mehkari	Member
3	Mr. Qasim Habib	Member
4	Mr. Qumail R. Habib	Member

D.	Risk Management Committee*	Position
1	Mr. Mohammad Rafiquddin Mehkari	Chairman
2	Mr. Anwar Haji Karim	Member
3	Mr. Qasim Habib	Member
4	Mr. Qumail R. Habib	Member
5	Mr. Shoaib Javed Hussain	Member

E.	IT Committee*	Position
1	Mr. Abbas D. Habib	Chairman
2	Mr. Humayun Bashir	Member
3	Mr. Qasim Habib	Member
4	Mr. Qumail R. Habib	Member
5	Syed Mohammed Hussain	Member
6	Mr. Mansoor Ali Khan	Member



F.	Islamic Banking Conversion Committee*	Position
1	Mr. Mohammad Rafiquddin Mehkari	Chairman
2	Ms. Farhana Mowjee Khan	Member
3	Mr. Humayun Bashir	Member
4	Mr. Shoaib Javed Hussain	Member

G.	IFRS 9 Committee**	Position
1	Mr. Arshad Nasar	Chairman
2	Ms. Farhana Mowjee Khan	Member
3	Mr. Qumail R. Habib	Member

* Board Committees reconstituted on February 11, 2026.

** The IFRS 9 Committee constituted by the Board was discontinued on January 30, 2025.

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committees for compliance.

14. The frequency of meetings of Board's Committees were as per following:

Board's Committees	Frequency
Audit Committee	Eight meetings held in the year
Human Resource & Remuneration Committee	Five meetings held in the year
Credit Risk Management Committee	Four meetings held in the year
Risk Management Committee	Four meetings held in the year
IT Committee	Four meetings held in the year
Islamic Banking Conversion Committee	Four meetings held in the year
IFRS 9 Committee	One meeting held in the year

15. The Bank has an effective internal audit division that is manned by suitably qualified and experienced personnel. The audit team is conversant with the policies and procedures of the Bank.

16. The statutory auditors of the Bank have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary or Director of the Bank.



17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.

MANSOOR ALI KHAN
Chief Executive

ABBAS D. HABIB
Chairman
Board of Directors

Karachi: February 11, 2026



INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Bank AL Habib Limited

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

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of **Bank AL Habib Limited** ("the Bank") for the year ended 31 December 2025 in accordance with the requirements of Regulation No. 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 about 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, of 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 31 December 2025.

KPMG Taseer Hadi & Co.
Chartered Accountants

Date: 28 February 2026

Karachi

UDIN: CR202510106JKD59b3Zt



STATEMENT ON INTERNAL CONTROLS

The Management of the Bank is responsible for establishing the Internal Control System with the main objectives of ensuring effectiveness and efficiency of operations; reliability of financial reporting; safeguarding of assets; and compliance with applicable laws and regulations. The Internal Control System has evolved over the years, as it is an ongoing process and is included in the Bank's policies, procedures, financial limits, etc., as detailed in various manuals, circulars and instructions issued by the Bank. This system continues to be reviewed, refined and improved from time to time and immediate corrective action is taken to minimize risks which are inherent in banking business and operations.

The Internal Control System is reviewed by the Internal Auditors as well as External Auditors and their findings and recommendations are reported to the management and to the Audit Committee of the Board, and corrective action is taken to address control deficiencies and for improving procedures and systems as they are identified. The Board, acting through the Audit Committee, provides supervision and overall guidance in improving the effectiveness of the Internal Control System.

While the Internal Control System is effectively implemented and monitored, there are inherent limitations in the effectiveness of any system, including the possibility of human error or system failure and circumvention or overriding of controls. Accordingly, even an effective Internal Control System can only provide reasonable but not absolute assurance that the system's objectives will be achieved.

Internal Control over Financial Reporting (ICFR) aims to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the applicable financial reporting standards. During the year, Internal Auditors tested the Bank's ICFR and reported their findings to the management and the Audit Committee of the Board. While no material deficiencies were detected, indicating that ICFR is effectively implemented in the Bank, it may be reiterated that any control system can provide reasonable but not absolute assurance that its objectives will be achieved.

In accordance with the State Bank of Pakistan (SBP) directives, the Bank has completed all the stages of ICFR. Upon satisfactory completion of ICFR roadmap, the Bank has been granted exemption by SBP from the requirement of submission of Long Form Report by the External Auditors.

The Bank has endeavored to follow the guidelines issued by SBP on internal controls. Updation and review of ICFR exercise for the year 2025 as per SBP Guidelines on Internal Controls has been successfully completed. In accordance with SBP directives, the annual assessment report for the year 2025 has been approved by the Board Audit Committee. Evaluation and management of significant risks is an on-going process and we will make further efforts to improve our Internal Control System during 2026.

ASHAR HUSAIN
Chief Financial Officer

ARIF SAEED KHAN
Head of Internal Audit

Karachi: February 11, 2026

BOARD OF DIRECTORS' REMARKS ON THE MANAGEMENT'S EVALUATION OF INTERNAL CONTROLS

Keeping in view the feedback received by the Board of Directors from the Audit Committee and the management, the Board of Directors endorse management's evaluation of Internal Controls, including Internal Control over Financial Reporting.

On behalf of the Board of Directors

ABBAS D. HABIB
Chairman
Board of Directors

Karachi: February 11, 2026



INDEPENDENT AUDITOR'S REPORT

To the members of Bank AL Habib Limited

Report on the Audit of the Unconsolidated Financial Statements

Opinion

We have audited the annexed unconsolidated financial statements of **Bank AL Habib Limited** (the Bank), which comprise the unconsolidated statement of financial position as at 31 December 2025, and the unconsolidated statement of profit and loss account, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and unconsolidated cash flow statement for the year then ended, along with unaudited certified returns received from the branches except for 68 branches which have been audited by us and notes to the financial statements, including a summary of material accounting policies 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, the unconsolidated statement of profit and loss account, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and unconsolidated cash flow statement together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan, and, give the information required by the Banking Companies Ordinance, 1962 and the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Bank's affairs as at 31 December 2025 and of the profit and other comprehensive income, the changes in equity and its cash flow for the year then ended.

Basis for Opinion

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

Key Audit Matter

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



Following is the Key Audit Matter:

S.No.	Key Audit Matter	How the matter was addressed in our audit
1	<p>Valuation of Advances: (Refer note 9 & 21 to the unconsolidated financial statements)</p>	
	<p>As at 31 December 2025 the Bank's Credit loss allowance against advances and against off-balance sheet items are amounting to Rs. 47.409 billion and Rs. 4.757 billion respectively.</p> <p>The Bank recognizes estimation of expected credit losses ("ECL") in accordance with the application instruction issued by SBP on advances and off balance sheet exposure. The estimation of ECL on advances including off balance sheet exposure, involves judgement and complexity.</p> <p>The key areas which are subject to management judgement in the estimation of ECL are:</p> <ul style="list-style-type: none"> • Model estimations – judgmental modelling and assumption are used to estimate ECL which involves determining Probability of Default ("PD"), Loss Given Default ("LGD"), and Exposure at Default ("EAD"). Respective model assumption is a key driver of complexity and uncertainty and are required in the application of these model for calculation of the ECL estimate. • Economic scenarios – IFRS 9 requires the Bank to measure ECL on an unbiased forward-looking basis reflecting a range of future economic conditions. Management's judgement is applied in determining the forward-looking economic scenarios used as an input to calculate ECL, the associated scenario probability weightings, and the key economic variables that drive the scenarios. • Qualitative criteria – the criteria selected to identify SICR involves judgment and can lead to unreliable ECL recognized for certain portfolios. <p>In line with the applications instructions on IFRS 9, the Bank must compare the ECL for Stage 3 advances with the provision determined under the Prudential Regulations "PR" issued by the SBP. The PR requires specific provisioning against the advances on the basis of time-based criteria which should be supplemented by a subjective evaluation of the Bank's credit portfolio. The determination of provision against advances, therefore, involves use of management's judgement, on a case-to-case basis, taking into account factors such as the economic and business conditions, borrowers' repayment behaviors and realizability of collateral held by the Bank.</p>	<p>Our audit procedures, amongst others, included the following:</p> <ul style="list-style-type: none"> • Performing risk assessment procedures over the credit loss allowance against advances and off-balance sheet exposure within the Bank's unconsolidated financial statement. As part of these risk assessment procedures, identifying the portfolios associated with a risk of material misstatement including those arising from judgements over the estimation of ECL either due to inputs, methods or assumptions. • Assessing the design, implementation and operating effectiveness of key controls established by the Bank over measurement of ECL and provision calculated as per PR; • We involved in-house specialist who assisted in the following: <ul style="list-style-type: none"> - Evaluating the Bank's impairment methodologies for compliance with application instructions issued by SBP for IFRS 9; - Assessing the reasonableness of the Bank's methodology and models for determining the economic scenarios used and the probability weightings applied to them by independently validating and challenging the assumptions, methodologies, and outputs of the models; - Assessing the reasonableness of macro-economic variable and economic forecasts by comparing these to external sourced data extracted; and - Performing independent testing of the Expected Credit Loss (ECL) allowance on a sample basis. • Performing testing on sample basis over key inputs into the ECL calculations with their respective source documents; • Performing sensitivity analysis on the key assumption, that is probability weighted economic scenarios, to assess reasonableness and the risk of biasness by changing weights assigned to each economic scenario;



S.No.	Key Audit Matter	How the matter was addressed in our audit
	<p>Because of the high degree of estimation uncertainty and judgement involved in the calculation of ECL, we considered valuation of advances as a key audit matter.</p>	<ul style="list-style-type: none"> • In accordance with the PR, we sampled at least sixty percent of the total advances portfolio and performed credit review through the following substantive procedures: <ul style="list-style-type: none"> - verifying repayments of advances/ mark-up installments and checked that non-performing advances have been correctly classified and categorized based on the number of days overdue; - examining watch list accounts and, based on review of the individual facts and circumstances, discussions with management and our assessment of financial conditions of the borrowers, formed a judgement as to whether classification of these accounts as performing was appropriate; - Assessing the accuracy of specific provision made against non-performing advances in accordance with the criteria prescribed under the PR by performing recalculation; • Assessing the appropriateness of SICR criteria applied by the Bank by ensuring that the SICR criteria and staging methodology are consistent with the application instructions; • Assessing the higher of Expected Credit Loss (ECL) and provision as per Prudential Regulations (PR) to ensure appropriate recognition for stage 3 loans; and • Evaluating the adequacy of the disclosures, including disclosures of key assumptions, judgements and sensitivities in the unconsolidated financial statements.

Information other than the Unconsolidated Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The Other Information comprises the Review Report by the Chairman and Directors' Report but does not include the unconsolidated financial statements, consolidated financial statements and our auditor's reports thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the 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/branches 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, unconsolidated statement of comprehensive income, unconsolidated statement of changes in equity and unconsolidated statement of cash flows 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 / branches and the transactions of the Bank / branches which have come to our notice have been within the powers of the Bank / branches; 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 Muhammad Taufiq.

KPMG Taseer Hadi & Co.
Chartered Accountants

Date: 28 February 2026

Karachi

UDIN: AR202510106mr2k68pig



**UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2025**

	Note	2025 (Rupees in '000)	2024
ASSETS			
Cash and balances with treasury banks	5	189,466,913	201,532,248
Balances with other banks	6	7,196,550	5,836,908
Lendings to financial institutions	7	24,453,908	38,941,542
Investments	8	2,028,480,131	1,924,732,913
Advances	9	792,050,395	910,850,199
Property and equipment	10	82,542,745	75,939,019
Right-of-use assets	11	16,828,865	13,679,198
Intangible assets	12	63,301	129,154
Deferred tax assets		—	4,535,942
Other assets	13	162,681,089	143,858,082
Total Assets		3,303,763,897	3,320,035,205
LIABILITIES			
Bills payable	15	59,749,478	52,263,043
Borrowings	16	290,260,824	667,043,213
Deposits and other accounts	17	2,599,087,013	2,278,956,911
Lease liabilities	18	20,845,724	16,848,698
Subordinated debt	19	25,983,600	25,988,400
Deferred tax liabilities	20	1,479,140	—
Other liabilities	21	135,089,767	126,946,320
Total Liabilities		3,132,495,546	3,168,046,585
NET ASSETS		171,268,351	151,988,620
REPRESENTED BY			
Share capital	22	11,114,254	11,114,254
Reserves		35,220,243	32,050,356
Surplus on revaluation of assets	23	29,514,238	21,604,223
Unappropriated profit		95,419,616	87,219,787
		171,268,351	151,988,620
CONTINGENCIES AND COMMITMENTS	24		

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

MANSOOR ALI KHAN
Chief Executive

ASHAR HUSAIN
Chief Financial Officer

MOHAMMAD RAFIQUDDIN MEHKARI
Director

SYED MOHAMMED HUSSAIN
Director

ABBAS D. HABIB
Chairman



**UNCONSOLIDATED STATEMENT OF PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2025**

	Note	2025 (Rupees in '000)	2024
Mark-up / return / interest earned	26	337,140,672	478,031,023
Mark-up / return / interest expensed	27	(206,518,684)	(321,783,242)
Net mark-up / interest income		130,621,988	156,247,781
NON MARK - UP / INTEREST INCOME			
Fee and commission income	28	19,142,568	19,439,797
Dividend income		996,166	867,949
Foreign exchange income		7,433,178	3,911,135
Income / (loss) from derivatives		—	—
(Loss) / gain on securities - net	29	(87,530)	142,005
Net gain / (loss) on derecognition of financial assets measured at amortised cost		—	—
Other income	30	959,958	1,123,347
Total non mark-up / interest income		28,444,340	25,484,233
Total income		159,066,328	181,732,014
NON MARK-UP / INTEREST EXPENSES			
Operating expenses	31	(94,499,338)	(80,978,771)
Workers' welfare fund		(1,337,139)	(1,711,046)
Other charges	32	(99,546)	(310,073)
Total non mark-up / interest expenses		(95,936,023)	(82,999,890)
Profit before credit loss allowance		63,130,305	98,732,124
Credit loss allowance and write-offs - net	33	2,389,480	(14,890,895)
Other income / expenses items		—	—
PROFIT BEFORE TAXATION		65,519,785	83,841,229
Taxation	34	(34,882,377)	(43,979,042)
PROFIT AFTER TAXATION		30,637,408	39,862,187
		(Rupees)	
Basic and diluted earnings per share	35	27.57	35.87

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

MANSOOR ALI KHAN
Chief Executive

ASHAR HUSAIN
Chief Financial Officer

MOHAMMAD RAFIQUDDIN MEHKARI
Director

SYED MOHAMMED HUSSAIN
Director

ABBAS D. HABIB
Chairman



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

	2025	2024
	(Rupees in '000)	
Profit after taxation for the year	30,637,408	39,862,187
Other comprehensive income		
<i>Items that may be reclassified to the statement of profit and loss account in subsequent periods:</i>		
Effect of translation of net investment in foreign branches	106,146	(120,735)
Movement in surplus on revaluation of investment in debt instruments classified as FVOCI - net of tax	5,909,869	6,112,532
	6,016,015	5,991,797
<i>Items that will not be reclassified to the statement of profit and loss account in subsequent periods:</i>		
Remeasurement (loss) / gain on defined benefit obligations - net of tax	(705,627)	61,809
Movement in surplus / (deficit) on revaluation of investment in equity instruments classified as FVOCI - net of tax	318,720	(426,546)
Movement in surplus on revaluation of property and equipment - net of tax	124,012	(614,568)
Movement in surplus on revaluation of non-banking assets - net of tax	56,085	(34,294)
	(206,810)	(1,013,599)
Total comprehensive income	36,446,613	44,840,385

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

MANSOOR ALI KHAN
Chief Executive

ASHAR HUSAIN
Chief Financial Officer

MOHAMMAD RAFIQUDDIN MEHKARI
Director

SYED MOHAMMED HUSSAIN
Director

ABBAS D. HABIB
Chairman



UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2025

	Share Capital	Statutory Reserve	Foreign Currency Translation Reserve	Revenue Reserves		Surplus / (deficit) on revaluation of			Unappropriated Profit	Total
				Special Reserve	General Reserve	Investments	Property and Equipment	Non Banking Assets		
	(Rupees in '000)									
Balance as at 01 January 2024	11,114,254	22,700,012	4,818,360	126,500	540,000	(643,380)	16,433,449	200,858	69,085,276	124,375,329
Profit after taxation	-	-	-	-	-	-	-	-	39,862,187	39,862,187
Other comprehensive income - net of tax										
Effect of translation of net investment in foreign branches	-	-	(120,735)	-	-	-	-	-	-	(120,735)
Movement in surplus on revaluation of investment in debt instruments - net of tax	-	-	-	-	-	6,112,532	-	-	-	6,112,532
Remeasurement gain on defined benefit obligations - net of tax	-	-	-	-	-	-	-	-	61,809	61,809
Movement in surplus on revaluation of investment in equity instruments - net of tax	-	-	-	-	-	(426,546)	-	-	-	(426,546)
Movement in surplus on revaluation of property and equipment - net of tax	-	-	-	-	-	-	(614,568)	-	-	(614,568)
Movement in surplus on revaluation of non-banking assets - net of tax	-	-	-	-	-	-	-	(34,294)	-	(34,294)
Total other comprehensive income - net of tax	-	-	(120,735)	-	-	5,685,986	(614,568)	(34,294)	61,809	4,978,198
Transfer to statutory reserve	-	3,986,219	-	-	-	-	-	-	(3,986,219)	-
Loss on sale of equity instruments - FVOCI	-	-	-	-	-	826,620	-	-	(826,620)	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-	(249,947)	(501)	250,448	-
Transactions with owners, recorded directly in equity										
Final cash dividend (Rs. 5.0 per share) - December 2023	-	-	-	-	-	-	-	-	(5,557,127)	(5,557,127)
Interim cash dividend (Rs. 3.5 per share) - March 2024	-	-	-	-	-	-	-	-	(3,889,989)	(3,889,989)
Interim cash dividend (Rs. 3.5 per share) - June 2024	-	-	-	-	-	-	-	-	(3,889,989)	(3,889,989)
Interim cash dividend (Rs. 3.5 per share) - September 2024	-	-	-	-	-	-	-	-	(3,889,989)	(3,889,989)
	-	-	-	-	-	-	-	-	(17,227,094)	(17,227,094)
Balance as at 31 December 2024	11,114,254	26,686,231	4,697,625	126,500	540,000	5,869,226	15,568,934	166,063	87,219,787	151,988,620



**UNCONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2025**

CASH FLOW FROM OPERATING ACTIVITIES

Profit before taxation
Less: dividend income

Adjustments:

Net mark-up / interest income
Depreciation
Depreciation on non-banking assets acquired in satisfaction of claims
Depreciation on right-of-use assets
Amortisation
Workers' welfare fund
Credit loss allowance and write-offs - net
Gain on sale of property and equipment - net
Gain on termination of leases - net
Unrealised loss / (gain) on revaluation of securities classified as FVPL
Charge for compensated absences

Decrease / (increase) in operating assets

Lendings to financial institutions
Securities classified as FVPL
Advances
Other assets (excluding advance taxation and mark-up receivable)

(Decrease) / increase in operating liabilities

Bills payable
Borrowings
Deposits and other accounts
Other liabilities (excluding mark-up payable)

Interest received
Interest paid
Income tax paid

Net cash flow generated from operating activities

CASH FLOW FROM INVESTING ACTIVITIES

Net investments in amortised cost securities
Net investments in securities classified as FVOCI
Net investments in associates
Investments in subsidiaries
Dividends received
Investments in property and equipment
Investments in intangible assets
Proceeds from sale of property and equipment
Effect of translation of net investment in foreign branches
Net cash flow used in investing activities

CASH FLOW FROM FINANCING ACTIVITIES

Payments of subordinated debt
Dividend paid
Payments of lease obligations against right-of-use assets
Net cash flow used in financing activities

(Decrease) / increase in cash and cash equivalents

Cash and cash equivalents at beginning of the year
Cash and cash equivalents at end of the year

Note	2025	2024
	(Rupees in '000)	
	65,519,785	83,841,229
	(996,166)	(867,949)
	64,523,619	82,973,280
	(130,621,988)	(156,247,781)
	7,656,413	5,614,433
	608	1,747
	2,912,165	2,468,564
	166,179	163,532
	1,337,139	1,711,046
	(2,389,480)	14,890,895
	(807,945)	(1,015,110)
	(117,904)	(91,282)
	283,430	(461,853)
	677,439	243,693
	(120,903,944)	(132,722,116)
	(56,380,325)	(49,748,836)
	14,489,590	(37,297,084)
	(2,454,524)	3,152,554
	117,711,968	(65,570,080)
	(12,294,301)	(17,914,135)
	117,452,733	(117,628,745)
	7,486,435	4,179,940
	(376,446,728)	188,617,113
	320,130,102	344,920,401
	5,753,750	18,892,963
	(43,076,441)	556,610,417
	17,995,967	389,232,836
	349,047,861	492,194,218
	(205,247,654)	(320,046,663)
	(54,441,000)	(56,679,638)
	107,355,174	504,700,753
	(50,578,025)	(25,197,373)
	(25,423,135)	(381,441,126)
	(5,886,998)	-
	-	(3,000,000)
	996,166	867,949
	(14,311,434)	(13,919,220)
	(100,326)	(168,224)
	859,240	1,050,205
	106,146	(120,735)
	(94,338,366)	(421,928,524)
	(4,800)	(3,996,800)
	(18,662,664)	(17,009,566)
	(4,588,344)	(3,780,564)
	(23,255,808)	(24,786,930)
	(10,239,000)	57,985,299
36	205,187,585	147,202,286
36	194,948,585	205,187,585

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

MANSOOR ALI KHAN
Chief Executive

ASHAR HUSAIN
Chief Financial Officer

MOHAMMAD RAFIQUDDIN MEHKARI
Director

SYED MOHAMMED HUSSAIN
Director

ABBAS D. HABIB
Chairman



NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

1. STATUS AND NATURE OF BUSINESS

Bank AL Habib Limited (the Bank) is a banking company incorporated in Pakistan on 15 October 1991 as a public limited company under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017) having its registered office at 126-C, Old Bahawalpur Road, Multan with principal place of business at 2nd Floor, Mackinnons Building, I.I. Chundrigar Road, Karachi. Its shares are listed on Pakistan Stock Exchange Limited. It is a scheduled bank principally engaged in the business of commercial banking with a network of 1,323 branches (2024: 1,207 branches), Nil sub-branches (2024: 14 sub-branches), 03 representative offices (2024: 04 representative offices) and 12 booths (2024: 12 booths). The branch network of the Bank includes 02 overseas branches (2024: 02 overseas branches) and 392 Islamic Banking branches (2024: 276 Islamic Banking branches).

2. BASIS OF PRESENTATION

- 2.1** In accordance with the directives of the Federal Government regarding the shifting of the banking system to Islamic modes, the State Bank of Pakistan (SBP) has issued various circulars from time to time. Permissible forms of trade-related modes of financing include purchase of goods by banks from customers and immediate resale to them at an appropriate mark-up in price on deferred payment basis. The purchases and resales arising under these arrangements are not reflected in these unconsolidated financial statements as such, but are restricted to the amount of facility actually utilised and the appropriate portion of mark-up thereon. However, the Islamic Banking branches of the Bank have complied with the requirements set out under the Islamic Financial Accounting Standards (IFAS), issued by the Institute of Chartered Accountants of Pakistan (ICAP), as are notified under the provisions of the Companies Act, 2017.
- 2.2** Key financial information of the Islamic Banking branches is disclosed in Annexure II to these unconsolidated financial statements.
- 2.3** These unconsolidated financial statements are presented in Pak Rupees, which is the Bank's functional and presentation currency, and represent separate financial statements of the Bank in which investments in subsidiaries and associates are stated at cost less provision for impairment, if any, and are not consolidated or accounted for by using the equity method of accounting.
- 2.4** The Bank believes that there is no significant doubt on the Bank's ability to continue as a going concern. Therefore, these unconsolidated financial statements continue to be prepared on the going concern basis.
- 2.5 Statement of compliance**
- 2.5.1** These unconsolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards comprise of:
- IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017;
 - Islamic Financial Accounting Standards (IFAS) issued by Institute of Chartered Accountants of Pakistan, as are notified under the Companies Act, 2017;
 - Provisions of, directives and notifications issued under the Banking Companies Ordinance, 1962 and the Companies Act, 2017; and
 - Directives issued by the State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan (SECP).

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



- 2.5.2** The disclosures made in these unconsolidated financial statements have been based on a format prescribed by SBP vide BPRD Circular No. 02 dated 09 February 2023 with further addition made vide BPRD Circular Letter No. 13 of 2024, dated 01 July 2024 and IFRS accounting standards as applicable in Pakistan.
- 2.5.3** SBP has deferred the applicability of International Accounting Standard (IAS) 40, 'Investment Property' for Banking Companies in Pakistan through BSD Circular Letter No. 10 dated 26 August 2002 till further instructions. Also, SECP has deferred the applicability of IFRS 7, 'Financial Instruments: Disclosures' through its notification S.R.O 411 (I) / 2008 dated 28 April 2008. Accordingly, the requirements of these standards have not been considered in the preparation of these unconsolidated financial statements.
- 2.5.4** SBP has deferred the applicability of IFAS 3 'Profit and Loss Sharing on Deposits' for Islamic Banking Institutions (IBIs) through BPRD Circular No. 4 of 2015 dated 25 February 2015 till further instructions. The disclosures requirements relating to annual and quarterly financial statements have been based on a format prescribed by SBP vide BPRD Circular No. 02 dated 09 February 2023.
- 2.5.5** IFRS 10, 'Consolidated Financial Statements' was made applicable from period beginning on or after 01 January 2015 vide S.R.O 633 (I) / 2014 dated 10 July 2014 by SECP. However, SECP has directed through S.R.O 56 (I) / 2016 dated 28 January 2016 that the requirement of consolidation under section 228 of the Companies Act, 2017 and IFRS 10, 'Consolidated Financial Statements' is not applicable in case of investment by companies in mutual funds established under trust structure.
- 2.5.6** All Islamic products are governed by the product manual approved by the Shariah Board of the Bank. The related accounting and revenue recognition policies are outlined in notes 4.5.3, 4.16.2 and 4.16.3 of these unconsolidated financial statements, respectively. However, in case of Ijarah and Murabaha, the Bank has also complied with the requirements of IFAS 1 and IFAS 2. Other than the products disclosed in the aforementioned notes, all remaining Islamic products are accounted for under IFRS 9.
- 2.5.7 Standards, interpretations of and amendments to published approved accounting standards that are effective in the current year**
- There are certain new standards, interpretations and amendments that are mandatory for the Bank's accounting periods beginning 01 January 2025. However, these are not considered to be relevant or do not have any significant effect on the Bank's operations and therefore have not been detailed in these unconsolidated financial statements except for requirements of IFRS 9 - 'Financial instruments' as explained in note 4.1.
- 2.5.8 Standards, interpretations of and amendments to published approved accounting standards that are not yet effective**
- Further, the following IFRS as notified under the Companies Act, 2017 and the amendments thereto will be effective for future periods and not early adopted:

Standards and amendments	Effective date (accounting periods beginning on or after)
- Amendments to Classifications and Measurement of Financial Instruments - Amendments to IFRS 9 and IFRS 7	01 January 2026
- Annual improvement to IFRS Accounting Standards - Volume 11	01 January 2026
- IFRS S1 - General Requirements for Disclosure of Sustainability - related Financial Information	01 January 2026
- IFRS S2 - Climate - related disclosure	01 January 2026
- IFRS 18 Presentation and Disclosure in Financial Statements	01 January 2027
 Standard	 IASB effective date (accounting periods beginning on or after)
- IFRS 1 – First-time Adoption of International Financial Reporting Standards	01 January 2004



The above standards are either not applicable to the Bank or are not expected to have any material impact on the Bank's financial statements. However, SECP vide S.R.O 742 (I) / 2025 (dated 16 April 2025) notified that International Financial Reporting Standard IFRS 7 - 'Financial Instruments: Disclosures' shall be followed by Banks, for the purpose of financial statements, from the annual reporting periods beginning on or after 01 January 2026 (earlier application is permitted).

2.5.9 Critical accounting estimates, judgements and assumptions

The preparation of unconsolidated financial statements in conformity with accounting and reporting standards as applicable in Pakistan requires the use of certain accounting estimates. It also requires the management to exercise judgement in the process of applying the Bank's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. These estimates affect the reported amounts of assets, liabilities, income, and expenses. The areas where various assumptions and estimates are significant to the Bank's unconsolidated financial statements or where judgement was exercised in the application of accounting policies are as follows:

	Note
- Classification, valuation and provision of investments	4.4, 4.22 & 8
- Valuation and depreciation of property and equipment	4.6 & 10
- Determination of lease term and the discount rate for recognition of lease liabilities and depreciation on related right-of-use assets	4.7, 11 & 18
- Valuation of non-banking assets acquired in satisfaction of claims	4.8 & 13
- Valuation of employees' benefit	4.11, 21, & 38
- Valuation of derivatives financial instruments	4.13 & 25
- Taxation	4.17, 13, 20 & 34
- Valuation of expected credit loss	4.22 & 33

Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

3. BASIS OF MEASUREMENT

These unconsolidated financial statements have been prepared under the historical cost convention except for certain investments and derivatives which are carried at fair value. Lands and buildings classified under property and equipment and non-banking assets acquired in satisfaction of claims are carried at revalued amount less accumulated depreciation. Net obligation in respect of defined benefit plan, right-of-use assets and their related lease liabilities are measured at present value.

4. MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies adopted in the preparation of these unconsolidated financial statements are consistent with those followed in the preparation of the unconsolidated financial statements for the year ended 31 December 2024, except as disclosed in note 4.1 below.

4.1 Changes in accounting policies

4.1.1 IFRS 9 - 'Financial Instruments' - Unlisted equity securities

In accordance with BPRD Circular Letter No. 16 dated 29 July 2024, SBP instructed the Banks to measure unlisted equity securities at fair value, as required under IFRS 9 application instructions effective from 01 January 2025. The Bank measures the fair value of unlisted equity securities using appropriate valuation techniques and fair valuation models in accordance with IFRS 13 - Fair Value Measurement. The Bank has taken the impact of fair value adjustment to equity at the beginning of the current accounting period as allowed under modified retrospective approach for restatement permitted under IFRS 9. The impact of application as at 01 January 2025 is shown below:

	(Rupees in '000)
Increase in investments - unlisted equity securities	3,598,960
Increase in deferred tax liabilities	1,871,610
Increase in revaluation of assets	1,701,017
Increase in unappropriated profit	26,333



4.1.2 IFRS 9 - 'Financial Instruments' - Effective Interest Rate (EIR)

The Bank has received deferment of recording income and expense at EIR via letter from SBP till 31 December 2025. Consequently, these deferred requirements of IFRS 9 have not been considered in the preparation of these annual unconsolidated financial statements. Nevertheless, the Bank has performed a preliminary assessment of the potential impact of adoption of these deferred requirement based on its unconsolidated statement of financial position as at 31 December 2025. The impact of changes in accounting policy on adoption of EIR will be as follows:

Profit / return earned and profit / return expensed

Profit / return earned and profit / return expensed are recognised in unconsolidated statement of profit and loss account under the EIR. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

When calculating the EIR for financial instruments other than purchased or originated credit-impaired assets, the Bank estimates future cash flows considering all contractual terms of the financial instrument, but not ECL. For purchased or originated credit impaired financial assets, a credit-adjusted EIR is calculated using estimated future cash flows including ECL.

The calculation of the EIR includes transaction costs and fees and points paid or received that are an integral part of the EIR. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

The cumulative estimated adjustment, net of tax, arising from the adoption of the EIR method as at 01 January 2026 is not material and, accordingly, has not been disclosed in these unconsolidated financial statements.

4.2 Cash and cash equivalents

Cash and cash equivalents as referred to in the unconsolidated cash flow statement comprise cash and non restricted balances with treasury and other banks less overdrawn nostro accounts. Restricted balances not available for use, if any, are excluded from cash and cash equivalents.

4.3 Lendings to / borrowings from financial institutions

The Bank enters into transactions of lendings and borrowings at contracted rates for a specified period of time. These are recorded as under:

Sale under repurchase obligation

Securities sold with a simultaneous commitment to repurchase at a specified future date (repos) continue to be recognised in the unconsolidated statement of financial position and are measured in accordance with accounting policies for investments. Amounts received under these agreements are recorded as repurchase agreement borrowings. The difference between sale and repurchase price is amortised as an expense over the term of the repo agreement. These are initially recognised at amount of funds received and subsequently reported as payable under the contractual terms.

Purchase under resale obligation

Securities purchased with a corresponding commitment to resale at a specified future date (reverse repos) are not recognised as investments in the unconsolidated statement of financial position. Amounts paid under these arrangements are included in repurchase agreement lendings. The difference between purchase and resale price is accrued as income over the term of the reverse repo agreement. These are initially recognised at amount of funds disbursed and subsequently reported as receivable under the contractual terms.



Musharaka placements

In Musharaka, the Bank invests / accepts in the Shariah compliant business pools of / from the financial institutions as per the Shariah principles of profit and loss sharing.

Other borrowings

Other borrowings include borrowings from SBP and unsecured call borrowings which are recorded at the amount equivalent to proceeds received. Mark-up is charged on such borrowings to the unconsolidated statement of profit and loss account over the period of borrowing using effective interest rate method.

Bai Muajjal

Bai Muajjal transactions involve the sale of sukuks on a deferred payment basis. These are recorded under lendings to financial institutions, except for transactions conducted directly with the Government of Pakistan (GoP), which are classified as investments. The difference between the deferred payment amount receivable and the carrying value at the time of sale is accrued and recorded as income over the life of the transaction.

4.4 Investments

On initial recognition, investments, except for subsidiaries and associates, are classified as; amortised cost, FVOCI or FVPL.

An investment is measured at amortised cost if it meets both of the following conditions and is not designated as at FVPL:

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

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

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

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

4.4.1 Business model assessment

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

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

4.4.2 Assessment of Solely Payments of Principal and Interest (SPPI)

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



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

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

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

The Bank holds a portfolio of long-term fixed-rate loans for which the Bank has the option to propose to revise the interest rate at periodic reset dates. These reset rights are limited to the market rate at the time of revision. The borrowers have an option to either accept the revised rate or redeem the loan at par without penalty. The Bank has determined that the contractual cash flows of these loan are SPPI because the option varies the interest rate in a way that is consideration for the time value of money, credit risk, other basic lending risks and costs associated with the principal amount outstanding.

4.4.3 Subsequent measurement

The following accounting policies apply to the subsequent measurement of investments:

Investments classified as FVPL are subsequently measured at fair value. Net gains and losses, including any markup or dividend income, are recognised in unconsolidated statement of profit and loss account.

Investments classified as amortised cost are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Markup, foreign exchange gains and losses and impairment are recognised in unconsolidated statement of profit and loss account.

Debt Investments classified as FVOCI are subsequently measured at fair value and is assessed for impairment under the ECL model. Markup income is calculated using the effective interest method and includes amortisation of premiums and accretion of discount, foreign exchange gains and losses and impairment are recognised in profit and loss account. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to unconsolidated statement of profit and loss account.

Equity investments classified as FVOCI are subsequently measured at fair value. Dividends are recognised as income in unconsolidated statement of profit and loss account unless the dividend clearly represents a recovery of part of the cost of the investment, in which case they are adjusted from the carrying value of investment. Other net gains and losses are recognised in OCI and are never reclassified to profit and loss account.

4.4.4 Derecognition

The Bank derecognises an investment when:

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

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



4.4.5 Subsidiaries

Subsidiary is an entity over which the Bank has control. Investment in subsidiaries is carried at cost less accumulated impairment losses, if any. The carrying amount of investments in subsidiaries is reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists the investment's recoverable amount is estimated at higher of its value in use and its fair value less cost to sell. An impairment loss is recognised if the carrying amount exceeds its recoverable amount. Impairment losses are recognised in unconsolidated statement of profit and loss account.

4.4.6 Associates

Certain mutual funds are managed by AL Habib Asset Management Limited (AHAML), the subsidiary company of the Bank. As stipulated under Regulation 38 of Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Asset Management Company (AMC) is entrusted with fiduciary duties towards the unit holders of the funds. This fiduciary obligation requires AMC to act in the best interests of its unit holders, refraining from exploiting opportunities for its own benefit or that of its related parties, group companies, or employees, to the detriment of the unit holders. Therefore, the Bank has significant influence over such mutual funds due to participation in the investee's policy-making processes via the AHAML and investment in such mutual funds is considered as investment in associates.

These are not considered subsidiary due to the legal trust structure of the entity, the Bank does not have the ability to affect returns through its power over the investee. Further, under this trust structure, the trusteeship is separate from the management, and the independent trustees play a key role in overseeing the activities of the AMC. The Bank has significant influence over mutual funds where it has holding percentage of less than 20% due to power to participate in the investee's policy-making processes via the AHAML and investment in such mutual funds is considered as investment in associates.

4.5 Advances

4.5.1 Loans and advances

Advances other than staff loans and Temporary Economic Refinance Facility (TERF) loans and advances pertaining to overseas operations are initially measured at transaction price i.e., the amount of loan disbursed at disbursement date.

Staff loans and TERF loans and advances pertaining to overseas operations are recognised at fair value at the time of disbursement. The fair value is determined by discounting the expected future cash flows using the prevailing market rates for instruments. The difference between the disbursed amount and the fair value at initial recognition is recorded as a prepayment.

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

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

4.5.3 Islamic financing and related assets

Ijarah finance

Ijarah assets are stated at cost less depreciation and impairment, if any, and are disclosed as part of 'Islamic financing and related assets'. Ijarah assets are depreciated over the period of Ijarah using the straight line method.

Murabaha

Funds disbursed under murabaha arrangements for purchase of goods are recorded as advance for murabaha. On culmination of murabaha i.e. sale of goods to customers, murabaha receivables are recorded at the sale price net of deferred income. Goods purchased but remaining unsold at the reporting date are recorded as inventories.



Inventory

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

Istisna

In Istisna financing, the Bank places an order to purchase the goods which need to be manufactured against a fixed price (istisna price). Istisna price may be paid in advance, in installment or at the time of delivery of goods. Once the goods are delivered within the agreed time, the goods are sold by the customer on behalf of the Bank and the amount hence financed along with profit amount realised net of agency fee and incentives is paid to the Bank.

Diminishing Musharaka

In Diminishing Musharaka financing, the Bank enters into Musharaka based on Shirkat-ul-milk for financing an agreed share of fixed asset (e.g. house, land, plant or machinery) with its customers and enters into periodic rental payment agreement for the utilisation of the Bank's Musharaka share by the customer. The customer purchases the Bank's share gradually as per his undertaking.

Running Musharaka

In Running Musharaka financing, the Bank enters into financing with the customer based on Shirkat-ul-Aqd or Business Partnership in customers operating business. Under this mechanism, the customer can withdraw and return funds to the Bank subject to his Running Musharakah Financing limit during the Musharakah period. At the end of each quarter / half year, the customer pays the provisional profit as per the desired profit rate which is subject to final settlement based on the relevant quarterly / half-yearly / annual accounts of the customer.

Musawama

Under this product, the Bank purchases identified goods from client at an agreed purchase price. Once the goods are delivered, the goods are sold by the customer on behalf of the Bank and the amount hence financed along with profit amount realised net of agency fee and incentives is paid to the Bank.

4.6 Property, equipment and depreciation

Capital work in progress

Capital work in progress is stated at cost less impairment loss, if any and consists of expenditures incurred and advances made in the course of their construction and installation. Transfers are made to relevant asset category as and when assets are available for intended use.

Property and equipment - owned

Property and equipment other than land and buildings are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Buildings are carried at revalued amount less any accumulated depreciation and subsequent impairment losses, if any. Land is carried at revalued amount less any subsequent impairment losses, if any.

Depreciation on property and equipment (excluding land which is not depreciated) is charged using the straight line method in accordance with the rates specified in note 10.2 to these unconsolidated financial statements after taking into account residual value. The assets' residual values and useful lives are reviewed and adjusted, if required, at each reporting date.

Land and buildings are revalued by professionally qualified valuers with sufficient regularity to ensure that the net carrying amount does not differ materially from their fair value. In case of buildings, relevant portion of the revaluation reserve is transferred to retained earnings as the asset is depreciated or on its disposal. Valuation techniques and inputs used are disclosed in note 41 of these unconsolidated financial statements.



An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains / losses on disposal of property and equipment, if any, are taken to the unconsolidated statement of profit and loss account in the period in which these arise except that the related surplus on revaluation of property and equipment (net of deferred taxation).

4.7 Leases

Bank as a lessee

The Bank enters into lease arrangements principally in respect of office space for its operations. The Bank assesses at contract inception whether a contract is, or contains, a lease.

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

Right-of-use assets

Right-of-use assets are initially measured at cost being the present value of lease payments, initial direct costs, any lease payments made at or before the commencement of the lease as reduced by any incentives received. These are subsequently measured at cost less accumulated depreciation and accumulated impairment losses, if any and adjusted for certain remeasurements of the lease liability. Right-of-use assets are depreciated on a straight-line basis over the lease term. The right-of-use assets are presented within note 11 of these unconsolidated financial statements.

Lease liabilities

At the commencement date of the lease, the Bank recognises lease liabilities measured at the present value of lease payments not paid at the time of commencement of lease. The Bank determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. After the commencement date, the Bank reassesses the lease term if there is a significant event or change in circumstances that is within its control that affects its ability to exercise or not to exercise the option to renew or to terminate. The Bank cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate to measure lease liabilities. 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 lease modification. The interest expense is recorded in unconsolidated statement of profit and loss account using effective interest rate method. Gains and losses on termination of lease contracts are recognised through the profit and loss account when these are realised.

4.8 Non-banking assets acquired in satisfaction of claims

Non-banking assets acquired in satisfaction of claims are initially measured at settlement amount and upon revaluation, are carried at revalued amounts less accumulated depreciation and impairment losses, if any. The useful lives and depreciation method are reviewed annually and adjusted, if appropriate. As per SBP's requirement, desktop valuation is carried out on annual basis and full-scope valuation after every three years by independent professionally qualified valuers to ensure that their net carrying value does not differ materially from their fair value. A surplus arising on revaluation of assets is credited to the 'surplus on revaluation of Non-banking assets acquired in satisfaction of claims' account and any deficit arising on revaluation is taken to unconsolidated statement of profit and loss account directly. Legal fees, transfer costs and direct costs of acquiring title of assets is charged to unconsolidated statement of profit and loss account and not capitalised. The policy for depreciation is stated in note 4.6 of these unconsolidated financial statements.



4.9 Borrowings / deposits

Borrowings / deposits are recorded at the amount of proceeds received. The cost of borrowings / deposits is recognised on an accrual basis as an expense in the period in which it is incurred.

Deposits mobilised under Islamic Banking operations are generated under two modes i.e. "Qard" and "Modaraba". Deposits taken on Qard basis are classified as 'Current accounts' and deposits generated on Modaraba basis are classified as 'Savings deposits' and 'Term deposits'.

4.10 Subordinated debt

Subordinated debt is initially recorded at the amount of proceeds received and subsequently reported at outstanding amounts as a financial liability. Mark-up accrued on subordinated debt is recognised separately as part of other liabilities and is charged to the unconsolidated statement of profit and loss account over the period on an accrual basis.

4.11 Employees' benefits

Defined benefit plan

The Bank operates an approved gratuity fund for all its confirmed employees, which is administered by the Trustees. The Bank's costs and contributions are determined based on actuarial valuation carried out at each year end using Projected Unit Credit Actuarial Method. All actuarial gains and losses are recognised in 'other comprehensive income' as they occur and are not reclassified to unconsolidated statement of profit and loss in subsequent periods. The actuarial valuations involve assumptions about discount rates, expected rates of return on assets and future salary increases as disclosed in note 38 to these unconsolidated financial statements. Due to the long term nature of these plans, such estimates are subject to significant uncertainty.

Defined contribution plan

The Bank operates an approved provident fund scheme for all its regular permanent employees, administered by the Trustees. Equal monthly contributions are made both by the Bank and its employees to the fund at the rate of 10% of the basic salary in accordance with the terms of the scheme.

Compensated absences

The Bank accounts for all accumulating compensated absences when employees render services that increases their entitlement to future compensated absences. The liability is determined based on actuarial valuation carried out using the Projected Unit Credit Method.

4.12 Financial assets and liabilities

Financial assets and financial liabilities are recognised at the time when the Bank becomes a party to the contractual provision of the instrument. Financial assets are derecognised when the contractual right to future cash flows from the asset expires or is transferred along with the risk and reward of ownership of the asset. Financial liabilities are derecognised when obligation is discharged, cancelled or expired. Any gain or loss on derecognition of the financial asset and liability is recognised in the unconsolidated statement of profit and loss account of the current period.

Income / mark-up / profit accrued on financial assets are classified under 'Other Assets' and mark-up / return / interest payable on financial liabilities are classified under 'Other Liabilities', wherever applicable, in accordance with the format prescribed by SBP.

4.13 Derivative financial instruments

Derivative instruments comprise of forward foreign exchange contracts and currency swaps, hereinafter referred as "contracts". These contracts are initially recognised at their fair value on the date on which the contract is entered into and are subsequently remeasured at fair value. All contracts are carried as asset when fair value is positive and liabilities when fair value is negative. Any change in the value of contract is taken to the unconsolidated profit and loss account. The input and the valuation techniques used for valuation of contracts is stated in note 41 of these unconsolidated financial statements.



4.14 Off - balance sheet obligations

The Bank in the ordinary course of business, issues letters of credit, guarantees, bid bonds, performance bonds etc. The commission against such contracts is recognised in the unconsolidated statement of profit and loss account under "fee and commission income" over the period of contracts. The Bank's liability under such contracts is measured at the higher of the amount representing unearned commission income at the reporting date and the best estimate of the amount expected to settle any financial obligation arising under such contracts.

4.15 Foreign currency transactions and translation

Transactions in foreign currencies are translated into the respective functional currency of the Bank at the exchange rates at the dates of transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of transaction. Foreign currency differences are recognised in unconsolidated statement of profit and loss account.

Foreign operations

Assets and liabilities of foreign operations are translated into rupees at the exchange rate prevailing at the reporting date. The results of foreign operations are translated at the average rates of exchange for the year.

Translation gains and losses arising on revaluations of net investment in foreign operations are taken to Foreign Currency Translation Reserve in the unconsolidated statement of comprehensive income until the disposal of the net investment, at which time these are recognised in the profit and loss account.

4.16 Revenue recognition

4.16.1 (a) Mark-up / return / interest on advances - other than Islamic financing which is disclosed in Note 4.16.2 and 4.16.3 and investments is recognised on accrual basis, except in case of advances classified under the Prudential Regulations on which mark-up is recognised on receipt basis. Mark-up / return / interest on rescheduled / restructured loans and advances and investments is recognised as permitted by the regulations of SBP. Income from advances except for staff loans and TERF loans is recognized in unconsolidated statement of profit and loss account using contractual rate. The interest income on staff loans and TERF loans and advances pertaining to overseas operations is recognized in line with the EIR.

(b) Dividend income is recognised when the right to receive is established.

(c) The Bank earns fee and commission income from a banking service to retail and corporate customer. Fee and commission income is recognised at an amount that reflects the consideration to which the Bank expects to be entitled in exchange for providing the services.

The Bank recognises fees earned on transaction-based arrangements at a point in time when the Bank has provided the service to the customer which includes, card-related fees (e.g., debit and credit card transaction fees), trade commission (e.g., fees on letters of credit, guarantees, and trade finance transactions), cash management commission (e.g., transaction processing fees for cash handling and payments), investment banking fees (e.g., advisory fees for mergers, acquisitions, and underwriting), consumer finance-related fees (e.g., loan processing and disbursement fees), commission on home remittances (e.g., fees on inward or outward remittances), other transaction-based banking service fees (e.g., ATM withdrawal fees, funds transfer charges).

Revenue from account service and servicing fees is recognised over time as the services are provided. Unearned fee and commission are included under other liabilities, this includes, account maintenance fees, annual credit/debit card service fees, loan servicing fees, other recurring banking service charges.

The fees pertaining to banking service to retail and corporate customer are based on schedule of charges reviewed semi-annually by the Bank.



4.16.2 Revenue recognition under IFAS 2

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

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

- (a) Income from murabaha is accounted for on a time proportionate basis over the period of murabaha transaction.
- (b) Income from istisna and musawama is recognised on time proportionate basis commencing from the time of sale of goods till the realisation of sale proceeds.
- (c) Income from diminishing musharaka is recognised on time proportionate basis over the term of contract.
- (d) Income from running musharaka financing is recognised on time proportionate basis and is subject to adjustment upon declaration of profit by musharaka partners.

4.16.4 Revenue from Islamic products would have increased by Rs. 627.013 million, if IFRS 9 had been adopted in its entirety.

4.17 Taxation

Income tax expense comprises current and deferred tax. The Bank recognises income and deferred tax in accordance with the requirements of IAS 12 "Income Taxes".

Provision for current tax is based on the taxable income for the year computed in accordance with tax laws in Pakistan, using tax rates enacted or substantively enacted at the statement of financial position date and any adjustments to the tax payable in respect of previous years. Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to taxation authorities. Deferred tax assets and liabilities are recognised on all taxable / deductible temporary differences as of the statement of financial position date.

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

4.18 Dividend and reserves

Dividends on ordinary shares are recognised as a liability and deducted from equity when they are approved by the Bank's shareholders. Interim dividends are deducted from equity when they are declared by the Board of Directors.

4.19 Statutory / special reserve

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

Special reserve was created to meet regulatory requirements.

4.20 Clients' assets

The Bank provides services that result in the holding of assets on behalf of its clients. Such assets are not reported in the unconsolidated financial statements, as they are not the assets of the Bank.

4.21 Acceptances

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



4.22 Expected credit loss (ECL)

4.22.1 The impairment requirements apply to financial assets measured at amortised cost, and FVOCI (other than equity instruments), advances at cost and certain loan commitments and financial guarantee contracts. At initial recognition, an impairment allowance (or provision in the case of commitments and guarantees) is required for expected credit losses ('ECL') resulting from default events that are possible within the next 12 months ('12-month ECL'). In the event of a significant increase in credit risk, a provision is required for ECL resulting from all possible default events over the expected life of the financial instrument ('lifetime ECL').

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

Under SBP's IFRS 9 Application Instructions, the Bank is not required to compute ECL on Government Securities and on Government guaranteed credit exposures in local currency. The Bank is required to calculate ECL on its non-performing financial assets as higher of provision under Prudential Regulations (PR) and ECL under IFRS 9. Further, the Banks are advised to recognise income on impaired assets (loans classified under PRs i.e., OAEM and Stage 3 loans) on a receipt basis in accordance with the requirements of Prudential Regulations issued by SBP.

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

Based on the requirements of IFRS 9 Application Instructions, the Bank has performed an ECL assessment considering the following key elements:

- PD: The probability that a counterparty will default over the next 12 months from the reporting date (12- month ECL, Stage1) or over the lifetime of the product (lifetime ECL, Stage 2). PD is estimated using internal rating classes and are based on the Bank's internal risk rating.
- EAD: The expected balance sheet exposure at the time of default, and this includes the potential risk of losing the undrawn amount in the case of overdraft facilities, off-balance sheet exposures etc. The Bank estimates EAD for financial assets carried at an amortised cost and carried at cost equal to principal plus profit. Further, cash and cash equivalent collaterals that the Bank holds against the facilities are adjusted from the EAD.
- LGD: An estimate of the loss incurred on a facility upon default by a customer. LGD is calculated as the difference between contractual cash flows due and those that the Bank expects to receive, including from the liquidation of any form of collateral. It is expressed as a percentage of the exposure outstanding on the date of classification of an obligor.

4.22.2 Significant increase in credit risk (SICR)

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

As required by the Application Instructions, financial assets may be reclassified out of Stage 3 if they meet the requirements of the Prudential Regulations (PR) issued by SBP. Financial assets in Stage 2 may be reclassified to Stage 1 if the conditions that led to a SICR no longer apply. However, a minimum period of 3 months from the downgrade is required before any facility can be moved back to Stage 1 from Stage 2. Facility moves back from Stage 3 to Stage 2, a probation period of 6 months should be observed. Furthermore, an exposure cannot be upgraded directly from Stage 3 to Stage 1 it should be upgraded to Stage 2 initially.



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

4.23 Segment reporting

The Bank's primary format of reporting is based on business segments.

4.24 Business segments

Retail banking

It consists of retail lending, deposits and banking services to private individuals and small businesses. The retail banking activities include provision of banking and other financial services, such as current and savings accounts, credit cards, consumer banking products etc., to individual customers, small merchants and small and medium enterprises.

Commercial banking

Commercial banking represents provision of banking services including treasury and international trade related activities to large corporate customers, multinational companies, government and semi government departments and institutions and small and medium enterprises treated as corporate under the Prudential Regulations.

Islamic banking

Islamic banking represents Islamic banking operations of the Bank.

4.25 Geographical segments

The Bank operates in three geographic regions, being:

- Pakistan
- Middle East
- Asia Pacific



	Note	2025 (Rupees in '000)	2024
5. CASH AND BALANCES WITH TREASURY BANKS			
In hand:			
Local currency		46,877,386	45,854,281
Foreign currencies		3,569,481	2,704,346
		50,446,867	48,558,627
With State Bank of Pakistan in:			
Local currency current accounts	5.1	95,535,579	117,236,148
Local currency current accounts - Islamic Banking	5.1	16,529,627	16,299,959
Foreign currency deposit accounts			
Cash reserve account	5.1	5,854,573	5,501,362
Cash reserve / special cash reserve account - Islamic Banking	5.1 & 5.2	1,303,412	1,035,649
Special cash reserve account	5.1 & 5.2	11,709,146	11,002,725
Local collection account	5.3	430,332	407,387
		131,362,669	151,483,230
With National Bank of Pakistan in:			
Local currency current accounts		7,567,621	1,332,163
Prize bonds		89,756	158,228
Cash and balances with treasury banks		189,466,913	201,532,248

- 5.1** These deposits and reserves are maintained by the Bank to comply with the statutory requirements.
- 5.2** The special cash reserve carries interest rates ranging from 2.86% to 3.35% (2024: 3.53% to 4.35%) per annum.
- 5.3** This represents foreign currencies collection account maintained with SBP.

	Note	2025 (Rupees in '000)	2024
6. BALANCES WITH OTHER BANKS			
In Pakistan:			
In current accounts		71,897	211,927
In deposit accounts	6.1	9,481	8,642
		81,378	220,569
Outside Pakistan:			
In current accounts	6.2	7,171,133	5,129,043
In deposit accounts	6.3	76,018	488,243
		7,247,151	5,617,286
		7,328,529	5,837,855
Less: credit loss allowance against balances with other banks	6.4	(131,979)	(947)
Balances with other banks - net of credit loss allowance		7,196,550	5,836,908

- 6.1** These carry expected profit rates ranging from 3.52% to 11.44% (2024: 5.00% to 11.96%) per annum.
- 6.2** These carry interest rates ranging from 1.13% to 3.14% (2024: 1.55% to 3.83%) per annum.
- 6.3** These carry interest rates ranging from 0.05% to 3.14% (2024: 3.58% to 4.33%) per annum.



	Note	2025 (Rupees in '000)	2024
6.4 Credit Loss Allowance - Stage 1			
Opening balance		947	3,612
Charge / (reversal):			
Charge for the year		155,993	75
Reversal for the year		(24,963)	(2,738)
		131,030	(2,663)
Foreign exchange adjustments		2	(2)
Closing balance		131,979	947
7. LENDINGS TO FINANCIAL INSTITUTIONS			
In local currency:			
Musharaka placements	7.1	18,000,000	26,000,000
Repurchase agreement lendings (reverse repo)	7.2	6,457,210	12,946,800
		24,457,210	38,946,800
Less: credit loss allowance against lendings to financial institutions	7.4	(3,302)	(5,258)
Lendings to financial institutions - net of credit loss allowance		24,453,908	38,941,542

7.1 Musharaka placements carry mark-up rates ranging from 10.40% to 10.50% (2024: 11.50% to 12.75%) per annum.

7.2 Repurchase agreement lendings carry mark-up rate at 11.40% (2024: 13.00% to 13.95%) per annum.

7.2.1 Securities held as collateral against repurchase agreement lendings

	2025			2024		
	Held by Bank	Further given as collateral	Total	Held by Bank	Further given as collateral	Total
	(Rupees in '000)					
Pakistan Investment Bonds	6,457,210	-	6,457,210	12,946,800	-	12,946,800



7.3 Lendings to Financial Institutions - Category of classification

	2025	
	Outstanding amount (Rupees in '000)	Credit loss allowance
Domestic		
Performing - Stage 1	<u>24,457,210</u>	<u>3,302</u>
	2024	
	Outstanding amount (Rupees in '000)	Credit loss allowance
Domestic		
Performing - Stage 1	<u>38,946,800</u>	<u>5,258</u>

7.4 Lendings to Financial Institutions - Particulars of credit loss allowance

	2025 (Rupees in '000)	2024
Credit loss allowance - Stage 1		
Opening balance	5,258	223
New financial assets originated or purchased	872	5,258
Financial assets that have been derecognised	(2,963)	(223)
	(2,091)	5,035
Changes in risk parameters	135	-
Closing balance	<u>3,302</u>	<u>5,258</u>



8. INVESTMENTS

	Note	2025				2024			
		Cost / amortised cost	Credit loss allowance	Surplus / (deficit)	Carrying value	Cost / amortised cost	Credit loss allowance	Surplus / (deficit)	Carrying value
(Rupees in '000)									
8.1 Investments by type:									
<i>Debt instruments</i>									
<i>Amortised cost</i>									
	8.5								
Federal Government Securities		444,132,281	(14,547)	-	444,117,734	393,561,165	(851,234)	-	392,709,931
Others		-	-	-	-	4,481	(4,481)	-	-
		444,132,281	(14,547)	-	444,117,734	393,565,646	(855,715)	-	392,709,931
<i>FVOCI</i>									
	8.4								
Federal Government Securities		1,520,897,635	(1,380,069)	22,682,991	1,542,200,557	1,492,622,676	(3,312,910)	10,919,609	1,500,229,375
Non Government Debt Securities		7,456,941	(783,075)	(33,959)	6,639,907	8,703,026	(881,964)	(138,403)	7,682,659
Foreign Securities		7,165,210	(2,000,953)	1,323,895	6,488,152	8,682,791	(2,442,827)	1,127,593	7,367,557
		1,535,519,786	(4,164,097)	23,972,927	1,555,328,616	1,510,008,493	(6,637,701)	11,908,799	1,515,279,591
<i>FVPL</i>									
Federal Government Securities		886,072	-	-	886,072	2,642,542	-	-	2,642,542
<i>Equity instruments</i>									
<i>FVOCI - Non-reclassifiable</i>									
	8.4								
Shares									
- Listed Company		182,690	-	664,594	847,284	182,690	-	578,915	761,605
- Unlisted Companies		154,236	-	4,133,774	4,288,010	192,202	(50,811)	-	141,391
		336,926	-	4,798,368	5,135,294	374,892	(50,811)	578,915	902,996
<i>Investments mandatorily classified / measured at FVPL</i>									
Units of Mutual Funds		8,910,944	-	(283,430)	8,627,514	4,238,097	-	461,853	4,699,950
<i>Associates</i>									
	8.6								
AL Habib Money Market Fund		526,998	-	-	526,998	600,000	-	-	600,000
AL Habib Islamic Cash Fund		100,000	-	-	100,000	100,000	-	-	100,000
AL Habib Islamic Savings Fund		100,000	-	-	100,000	100,000	-	-	100,000
AL Habib Income Fund		400,000	-	-	400,000	400,000	-	-	400,000
AL Habib Stock Fund		4,000,000	-	-	4,000,000	10,000	-	-	10,000
AL Habib Cash Fund		3,349,997	-	-	3,349,997	3,349,997	-	-	3,349,997
AL Habib Islamic Stock Fund		2,000,000	-	-	2,000,000	10,000	-	-	10,000
AL Habib Islamic Income Fund		24,656	-	-	24,656	24,656	-	-	24,656
AL Habib Asset Allocation Fund		-	-	-	-	20,000	-	-	20,000
		10,501,651	-	-	10,501,651	4,614,653	-	-	4,614,653
<i>Subsidiaries</i>									
	8.7								
AL Habib Capital Markets (Private) Limited		200,000	-	-	200,000	200,000	-	-	200,000
AL Habib Asset Management Limited		683,250	-	-	683,250	683,250	-	-	683,250
AL Habib Exchange Company (Private) Limited		3,000,000	-	-	3,000,000	3,000,000	-	-	3,000,000
		3,883,250	-	-	3,883,250	3,883,250	-	-	3,883,250
Total Investments		2,004,170,910	(4,178,644)	28,487,865	2,028,480,131	1,919,327,573	(7,544,227)	12,949,567	1,924,732,913



	2025				2024			
	Cost / amortised cost	Credit loss allowance	Surplus / (deficit)	Carrying value	Cost / amortised cost	Credit loss allowance	Surplus / (deficit)	Carrying value
	(Rupees in '000)							
8.2 Investments by segments:								
Federal Government Securities								
Market Treasury Bills	71,756,225	-	202,075	71,958,300	-	-	-	-
Pakistan Investment Bonds	1,553,821,136	-	18,199,374	1,572,020,510	1,619,347,269	-	3,362,558	1,622,709,827
Foreign Currency Bonds	13,653,576	(808,608)	578,080	13,423,048	19,400,479	(3,438,538)	1,183,423	17,145,364
Ijarah Sukuks	297,726,212	-	3,037,050	300,763,262	243,092,289	-	5,873,411	248,965,700
Sukuks	288,750	-	17,292	306,042	866,250	-	8,840	875,090
Foreign Currency Sukuks	2,804,691	(586,008)	635,209	2,853,892	2,789,926	(725,606)	491,377	2,555,697
Bai Muajjal	24,383,389	-	-	24,383,389	-	-	-	-
Naya Pakistan Certificates	886,072	-	-	886,072	2,642,542	-	-	2,642,542
Term Finance Certificates - Unlisted	595,937	-	13,911	609,848	687,628	-	-	687,628
	1,965,915,988	(1,394,616)	22,682,991	1,987,204,363	1,888,826,383	(4,164,144)	10,919,609	1,895,581,848
Shares								
Listed Company	182,690	-	664,594	847,284	182,690	-	578,915	761,605
Unlisted Companies	154,236	-	4,133,774	4,288,010	192,202	(50,811)	-	141,391
	336,926	-	4,798,368	5,135,294	374,892	(50,811)	578,915	902,996
Non Government Debt Securities								
Listed	4,746,441	(682,354)	(11,191)	4,052,896	5,030,106	(681,455)	(108,200)	4,240,451
Unlisted	2,710,500	(100,721)	(22,768)	2,587,011	3,672,920	(200,509)	(30,203)	3,442,208
	7,456,941	(783,075)	(33,959)	6,639,907	8,703,026	(881,964)	(138,403)	7,682,659
Units of Mutual Funds	8,910,944	-	(283,430)	8,627,514	4,238,097	-	461,853	4,699,950
Others								
Unlisted Company	-	-	-	-	4,481	(4,481)	-	-
Foreign Securities								
Government Securities	7,165,210	(2,000,953)	1,323,895	6,488,152	8,682,791	(2,442,827)	1,127,593	7,367,557
Associates								
AL Habib Money Market Fund	526,998	-	-	526,998	600,000	-	-	600,000
AL Habib Islamic Cash Fund	100,000	-	-	100,000	100,000	-	-	100,000
AL Habib Islamic Savings Fund	100,000	-	-	100,000	100,000	-	-	100,000
AL Habib Income Fund	400,000	-	-	400,000	400,000	-	-	400,000
AL Habib Stock Fund	4,000,000	-	-	4,000,000	10,000	-	-	10,000
AL Habib Cash Fund	3,349,997	-	-	3,349,997	3,349,997	-	-	3,349,997
AL Habib Islamic Stock Fund	2,000,000	-	-	2,000,000	10,000	-	-	10,000
AL Habib Islamic Income Fund	24,656	-	-	24,656	24,656	-	-	24,656
AL Habib Asset Allocation Fund	-	-	-	-	20,000	-	-	20,000
	10,501,651	-	-	10,501,651	4,614,653	-	-	4,614,653
Subsidiaries								
AL Habib Capital Markets (Private) Limited	200,000	-	-	200,000	200,000	-	-	200,000
AL Habib Asset Management Limited	683,250	-	-	683,250	683,250	-	-	683,250
AL Habib Exchange Company (Private) Limited	3,000,000	-	-	3,000,000	3,000,000	-	-	3,000,000
	3,883,250	-	-	3,883,250	3,883,250	-	-	3,883,250
Total Investments	2,004,170,910	(4,178,644)	28,487,865	2,028,480,131	1,919,327,573	(7,544,227)	12,949,567	1,924,732,913



	2025	2024
	(Rupees in '000)	
8.2.1 Investments given as collateral		
Pakistan Investment Bonds	163,763,100	518,019,000

8.3 Particulars of credit loss allowance

8.3.1 Investments - exposure

	2025			2024		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
	(Rupees in '000)					
Opening balance	7,483,929	25,301,107	6,845,445	6,851,543	37,172,403	7,216,548
New Investments	-	-	-	-	-	835,790
Investments derecognised or repaid	(2,471,505)	(6,148,084)	(148,067)	(1,096,094)	(8,937,338)	-
Transfer to Stage 1	4,840,872	(4,840,872)	-	2,830,252	(2,830,252)	-
Transfer to Stage 2	-	5,917,378	(5,917,378)	(1,079,470)	1,079,470	-
Transfer to Stage 3	-	-	-	-	(780,000)	780,000
	2,369,367	(5,071,578)	(6,065,445)	654,688	(11,468,120)	1,615,790
Amounts written off / charged off	-	-	-	-	-	(1,882,162)
Foreign exchange adjustments	57,602	159,991	-	(22,302)	(403,176)	(104,731)
Closing balance	9,910,898	20,389,520	780,000	7,483,929	25,301,107	6,845,445

8.3.2 Investments - credit loss allowance

	2025			2024		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
	(Rupees in '000)					
Opening balance	12,358	4,165,422	3,366,447	36,687	5,977,647	3,644,152
Impact of fair valuation of unquoted securities	-	-	(50,811)	-	-	-
Opening balance - restated	12,358	4,165,422	3,315,636	36,687	5,977,647	3,644,152
New Investments or charge	-	296,816	-	2,405	-	30,000
Investments derecognised or repaid or reversal	(1,282,840)	(2,275,640)	(104,401)	(24,799)	(1,756,793)	-
Transfer to Stage 1	1,289,845	(1,289,845)	-	130	(130)	-
Transfer to Stage 2	-	2,431,235	(2,431,235)	(33)	33	-
Transfer to Stage 3	-	-	-	-	(60)	60
	7,005	(837,434)	(2,535,636)	(22,297)	(1,756,950)	30,060
Amounts written off / charged off / reclassified	-	-	-	-	-	(1,046,371)
Changes in risk parameters	338	763	-	(137)	1,095	779,940
Foreign exchange adjustments	11,731	38,461	-	(1,895)	(56,370)	(41,334)
Closing balance	31,432	3,367,212	780,000	12,358	4,165,422	3,366,447



8.3.3 Particulars of credit loss allowance against debt securities

		2025		2024	
		Outstanding amount	Credit loss allowance	Outstanding amount	Credit loss allowance
		(Rupees in '000)			
Domestic					
Performing	Stage 1	4,280,895	1,127	4,718,515	767
Under-performing	Stage 2	2,396,046	1,948	3,104,591	1,277
Non-performing - loss	Stage 3	780,000	780,000	884,401	884,401
Overseas					
Performing	Stage 1	5,630,003	30,305	2,765,411	11,591
Under-performing	Stage 2	17,993,474	3,365,264	22,190,407	4,164,145
Non-performing - loss	Stage 3	–	–	5,917,378	2,431,235
Total		31,080,418	4,178,644	39,580,703	7,493,416

8.3.4 Under the IFRS 9 Application instructions, the Bank is not required to compute ECL on Government Securities and on Government guaranteed credit exposures in local currency.

8.4 Quality of FVOCI Securities

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

8.4.1 Federal Government Securities - Government guaranteed

	Cost	
	2025	2024
	(Rupees in '000)	
Market Treasury Bills	71,756,225	–
Pakistan Investment Bonds	1,136,191,113	1,230,164,218
Foreign Currency Bonds	11,534,707	15,022,365
Ijarah Sukuks	297,726,212	243,092,289
Sukuks	288,750	866,250
Foreign Currency Sukuks	2,804,691	2,789,926
Term Finance Certificates - Unlisted	595,937	687,628
	1,520,897,635	1,492,622,676

8.4.2 Shares

8.4.2.1 Listed company

Sugar and Allied Industries	182,690	182,690
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8.4.2.2 Unlisted companies

	Cost	
	2025	2024
	(Rupees in '000)	
Khushhali Microfinance Bank Limited	30,000	30,000
Pakistan Export Finance Guarantee Agency Limited	5,700	5,700
Society for Worldwide Interbank Financial Telecommunication (SWIFT)	18,536	18,536
Pakistan Mortgage Refinance Company Limited	50,000	50,000
1LINK (Private) Limited	50,000	50,000
Pakistan Corporate Restructuring Company Limited	–	37,966
	154,236	192,202

As required under IFRS 9 application instructions, with effective from 01 January 2025, the Bank has measured unlisted equity securities at fair value. The Bank measures the fair valuation of unlisted equity securities using appropriate valuation techniques and fair valuation models in accordance with IFRS 13 - Fair Value Measurement. The Bank has taken the impact of fair value adjustment to equity at the beginning of the current accounting period as allowed under modified retrospective approach for restatement permitted under IFRS 9.

8.4.3 Non Government Debt Securities

8.4.3.1 Listed

	Cost	
	2025	2024
	(Rupees in '000)	
AA+	1,470,695	1,470,695
AA	299,700	499,820
AA-	1,696,046	1,904,591
A+	200,000	75,000
A	400,000	400,000
Unrated	680,000	680,000
	4,746,441	5,030,106

8.4.3.2 Unlisted

AAA	1,498,000	1,798,000
AA+	1,012,500	950,000
AA-	–	625,000
A+	100,000	–
A	–	100,000
B	100,000	199,920
	2,710,500	3,672,920



8.4.4 Foreign Securities	2025		2024	
	Cost (Rupees in in '000)	Rating	Cost (Rupees in '000)	Rating
Government Securities				
Egypt	–	–	1,395,453	B
Sri Lanka	5,770,041	CCC+	5,917,378	CCC
Turkiye	1,395,169	BB-	1,369,960	BB-
	<u>7,165,210</u>		<u>8,682,791</u>	

8.5 Particulars relating to securities classified under “Held to Collect” are as follows:

	Cost	
	2025 (Rupees in '000)	2024
Federal Government Securities - Government guaranteed		
Pakistan Investment Bonds	417,630,023	389,183,051
Foreign Currency Bonds	2,118,869	4,378,114
Bai Muajjal	24,383,389	–
	<u>444,132,281</u>	<u>393,561,165</u>
Others		
Pakistan Corporate Restructuring Company Limited (PCRCL)	–	4,481

8.5.1 The market value of securities classified as amortised cost at 31 December 2025 amounted to Rs. 454,685 million (2024: Rs. 395,391 million).

8.6 Associates

2025	2024	Name of funds	2025	2024
Number of units			(Rupees in '000)	
6,000,000	6,000,000	AL Habib Money Market Fund	526,998	600,000
1,000,000	1,000,000	AL Habib Islamic Cash Fund	100,000	100,000
1,000,000	1,000,000	AL Habib Islamic Savings Fund	100,000	100,000
3,845,202	3,845,202	AL Habib Income Fund	400,000	400,000
23,499,584	100,000	AL Habib Stock Fund	4,000,000	10,000
33,307,275	33,307,275	AL Habib Cash Fund	3,349,997	3,349,997
11,151,719	100,929	AL Habib Islamic Stock Fund	2,000,000	10,000
250,421	250,421	AL Habib Islamic Income Fund	24,656	24,656
–	200,149	AL Habib Asset Allocation Fund	–	20,000
			<u>10,501,651</u>	<u>4,614,653</u>

8.7 Subsidiaries

2025	2024	Name of companies	2025	2024
Number of ordinary shares			(Rupees in '000)	
20,000,000	20,000,000	AL Habib Capital Markets (Private) Limited	200,000	200,000
75,000,000	75,000,000	AL Habib Asset Management Limited	683,250	683,250
300,000,000	300,000,000	AL Habib Exchange Company (Private) Limited	3,000,000	3,000,000
			<u>3,883,250</u>	<u>3,883,250</u>



8.8 Summary of financial information of subsidiaries and associates

	2025						
	Percentage of holding	Breakup value / Net asset value (Rupees)	Assets	Liabilities	Revenue	Profit after taxation	Total comprehensive income
					(Rupees in '000)		
Subsidiaries							
AL Habib Capital Markets (Private) Limited	66.67%	19.31	2,630,169	2,050,745	374,171	74,526	113,380
AL Habib Asset Management Limited	100%	60.05	4,898,935	393,500	2,387,189	1,462,294	1,462,294
AL Habib Exchange Company (Private) Limited	100%	10.65	3,253,208	57,725	520,165	129,292	129,292
Associates							
AL Habib Money Market Fund	0.82%	105.64	77,896,328	183,985	7,008,679	6,356,411	6,356,411
AL Habib Islamic Cash Fund	0.40%	105.27	26,594,283	67,068	2,583,803	2,393,670	2,393,670
AL Habib Islamic Savings Fund	0.47%	105.41	22,457,519	59,762	2,379,723	2,205,847	2,205,847
AL Habib Income Fund	1.64%	107.58	25,301,145	64,141	2,158,511	1,955,423	1,955,423
AL Habib Stock Fund	20.76%	179.32	20,636,313	334,052	4,262,722	3,913,162	3,913,162
AL Habib Cash Fund	4.62%	106.86	77,264,555	203,539	9,266,941	8,334,371	8,334,371
AL Habib Islamic Stock Fund	18.51%	184.50	11,380,272	263,069	2,583,873	2,286,267	2,286,267
AL Habib Islamic Income Fund	0.18%	106.88	15,072,920	37,336	1,911,489	1,759,628	1,759,628

8.8.1 Subsidiaries and associate funds are incorporated in Pakistan. All associate funds are managed by AL Habib Asset Management Limited (the subsidiary company).

8.8.2 The above information is based on financial statements as on 31 December 2025.



9. ADVANCES

	Note	Performing		Non-Performing		Total	
		2025	2024	2025	2024	2025	2024
(Rupees in '000)							
Loans, cash credits, running finances, etc.	9.1	591,104,648	756,764,309	34,009,817	34,261,459	625,114,465	791,025,768
Islamic financing and related assets		153,585,947	105,734,671	1,385,692	860,780	154,971,639	106,595,451
Bills discounted and purchased		58,984,097	61,304,281	389,355	387,168	59,373,452	61,691,449
Advances - gross		803,674,692	923,803,261	35,784,864	35,509,407	839,459,556	959,312,668
Less: credit loss allowance							
- Stage 1		7,415,134	7,170,325	-	-	7,415,134	7,170,325
- Stage 2		6,947,822	8,468,402	-	-	6,947,822	8,468,402
- Stage 3		-	-	33,046,205	32,823,742	33,046,205	32,823,742
		14,362,956	15,638,727	33,046,205	32,823,742	47,409,161	48,462,469
Advances - net of credit loss allowance		789,311,736	908,164,534	2,738,659	2,685,665	792,050,395	910,850,199

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	Total	Not later than one year	Later than one and less than five years	Total
(Rupees in '000)						
Lease rentals receivable	14,459,029	21,936,016	36,395,045	11,069,444	13,834,065	24,903,509
Residual value	4,173,528	13,552,233	17,725,761	3,144,448	7,972,018	11,116,466
Minimum lease payments	18,632,557	35,488,249	54,120,806	14,213,892	21,806,083	36,019,975
Financial charges for future periods	(3,208,277)	(2,909,333)	(6,117,610)	(2,654,004)	(2,230,885)	(4,884,889)
Present value of minimum lease payments	15,424,280	32,578,916	48,003,196	11,559,888	19,575,198	31,135,086

9.2 Particulars of advances (Gross)

	2025	2024
(Rupees in '000)		
In local currency	719,742,681	829,484,523
In foreign currencies	119,716,875	129,828,145
	839,459,556	959,312,668

9.2.1 Advances to women, women - owned and managed enterprises

Women	2,111,481	1,502,878
Women - owned and managed enterprises	4,937,627	2,613,943
	7,049,108	4,116,821

9.2.2 Gross loans disbursed to women, women-owned and managed enterprises during the year amount to Rs. 22,316.928 million (2024: Rs. 10,633.940 million).



9.3 Particulars of credit loss allowance

9.3.1 Advances - Exposure

	2025				2024			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	(Rupees in '000)							
Opening balance	771,611,629	152,191,632	35,509,407	959,312,668	651,574,008	219,273,175	25,188,162	896,035,345
New advances	501,773,612	74,261,149	2,721,303	578,756,064	559,310,991	102,304,140	5,142,342	666,757,473
Advances derecognised / repaid	(583,254,278)	(109,121,790)	(4,206,315)	(696,582,383)	(468,905,998)	(129,784,054)	(4,421,042)	(603,111,094)
Transfer to Stage 1	23,184,491	(23,175,106)	(9,385)	-	52,301,290	(52,131,638)	(169,652)	-
Transfer to Stage 2	(13,192,350)	13,336,825	(144,475)	-	(21,806,485)	21,835,315	(28,830)	-
Transfer to Stage 3	(2,029,592)	(2,044,459)	4,074,051	-	(574,563)	(9,305,137)	9,879,700	-
	(73,518,117)	(46,743,381)	2,435,179	(117,826,319)	120,325,235	(67,081,374)	10,402,518	63,646,379
Amounts written off	-	-	(64,492)	(64,492)	-	-	(3,537)	(3,537)
Amounts charged off	-	-	(2,136,310)	(2,136,310)	-	-	-	-
Foreign exchange adjustments	93,839	39,090	41,080	174,009	(287,614)	(169)	(77,736)	(365,519)
Closing balance	698,187,351	105,487,341	35,784,864	839,459,556	771,611,629	152,191,632	35,509,407	959,312,668

9.3.2 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	7,170,325	8,468,402	32,823,742	48,462,469	4,410,985	8,663,207	21,355,055	34,429,247
New advances / additional charge	4,530,994	3,896,177	2,004,692	10,431,863	3,950,335	4,441,716	3,665,689	12,057,740
Advances derecognised / repaid / reversal	(3,545,305)	(4,231,967)	(2,148,965)	(9,926,237)	(2,278,017)	(3,088,928)	(2,432,807)	(7,799,752)
Transfer to Stage 1	1,275,754	(1,246,047)	(29,707)	-	2,288,707	(2,202,515)	(86,192)	-
Transfer to Stage 2	(266,995)	388,062	(121,067)	-	(349,804)	365,366	(15,562)	-
Transfer to Stage 3	(40,387)	(378,872)	419,259	-	(5,687)	(1,069,687)	1,075,374	-
	1,954,061	(1,572,647)	124,212	505,626	3,605,534	(1,554,048)	2,206,502	4,257,988
Amounts written off	-	-	(64,492)	(64,492)	-	-	(3,537)	(3,537)
Amounts charged off	-	-	(2,136,310)	(2,136,310)	-	-	-	-
Changes in risk parameters	(1,716,957)	48,264	2,250,903	582,210	(844,773)	1,359,243	9,364,860	9,879,330
Foreign exchange adjustments	7,705	3,803	48,150	59,658	(1,421)	-	(99,138)	(100,559)
Closing balance	7,415,134	6,947,822	33,046,205	47,409,161	7,170,325	8,468,402	32,823,742	48,462,469



9.4 Advances - category of classification

		2025		2024	
		Outstanding amount	Credit loss allowance	Outstanding amount	Credit loss allowance
(Rupees in '000)					
Domestic					
Performing	Stage 1	667,330,924	7,298,564	752,504,546	7,092,623
Under-performing	Stage 2	104,829,666	6,937,251	144,794,684	8,051,593
Non-performing					
Other assets especially mentioned (OAEM)	Stage 3	259,898	177,151	280,847	280,847
Substandard	Stage 3	2,932,248	2,204,657	2,295,656	1,161,603
Doubtful	Stage 3	3,361,018	2,488,492	2,823,252	2,216,478
Loss	Stage 3	23,866,013	22,810,218	23,572,777	23,331,415
		802,579,767	41,916,333	926,271,762	42,134,559
Overseas					
Performing	Stage 1	30,856,427	116,570	19,107,083	77,702
Under-performing	Stage 2	657,675	10,571	7,396,948	416,809
Non-performing - loss	Stage 3	5,365,687	5,365,687	6,536,875	5,833,399
		36,879,789	5,492,828	33,040,906	6,327,910
Total		839,459,556	47,409,161	959,312,668	48,462,469
Corresponding ECL					
Stage 1		698,187,351	7,415,134	771,611,629	7,170,325
Stage 2		105,487,341	6,947,822	152,191,632	8,468,402
Stage 3		35,784,864	33,046,205	35,509,407	32,823,742
		839,459,556	47,409,161	959,312,668	48,462,469

9.5 Advances include Rs. 35,784.864 million (2024: Rs. 35,509.407 million) which have been placed under non-performing status as detailed below:

Category of classification - Stage 3

		2025		2024	
		Non performing loans	Credit loss allowance	Non performing loans	Credit loss allowance
(Rupees in '000)					
Domestic					
Other assets especially mentioned (OAEM)		259,898	177,151	280,847	280,847
Substandard		2,932,248	2,204,657	2,295,656	1,161,603
Doubtful		3,361,018	2,488,492	2,823,252	2,216,478
Loss		23,866,013	22,810,218	23,572,777	23,331,415
		30,419,177	27,680,518	28,972,532	26,990,343
Overseas					
Loss		5,365,687	5,365,687	6,536,875	5,833,399
Total		35,784,864	33,046,205	35,509,407	32,823,742



9.6 Particulars of credit loss allowance against advances

	Note	2025			2024		
		Stage 1 & 2	Stage 3	Total	Stage 1 & 2	Stage 3	Total
(Rupees in '000)							
Opening balance		15,638,727	32,823,742	48,462,469	13,074,192	21,355,055	34,429,247
Charge / (reversals) for the year							
Charge for the year		11,945,258	5,653,822	17,599,080	14,148,553	14,523,355	28,671,908
Reversals for the year		(13,232,537)	(3,278,707)	(16,511,244)	(11,582,597)	(2,951,993)	(14,534,590)
		(1,287,279)	2,375,115	1,087,836	2,565,956	11,571,362	14,137,318
Amounts written off	9.7	-	(64,492)	(64,492)	-	(3,537)	(3,537)
Amounts charged off	9.9	-	(2,136,310)	(2,136,310)	-	-	-
Foreign exchange adjustments		11,508	48,150	59,658	(1,421)	(99,138)	(100,559)
Closing balance		14,362,956	33,046,205	47,409,161	15,638,727	32,823,742	48,462,469

9.6.1 Particulars of credit loss allowance against advances

	2025			2024		
	Stage 1 & 2	Stage 3	Total	Stage 1 & 2	Stage 3	Total
(Rupees in '000)						
In local currency	14,152,754	27,271,735	41,424,489	14,272,367	25,042,892	39,315,259
In foreign currencies	210,202	5,774,470	5,984,672	1,366,360	7,780,850	9,147,210
	14,362,956	33,046,205	47,409,161	15,638,727	32,823,742	48,462,469

9.7 Particulars of write offs

	Note	2025	2024
		(Rupees in '000)	
9.7.1 Against credit loss allowance		64,492	3,537
Directly charged to Profit and Loss account		-	-
		64,492	3,537
9.7.2 Against credit loss allowance - Domestic			
Write Offs of below Rs. 500,000		284	-
Write Offs of Rs. 500,000 and above	9.8	64,208	3,537
		64,492	3,537



9.8 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 is given in Annexure I.

9.9 Charged-off non performing loans

In compliance with SBP's BPRD Circular No. 02 of 2024 dated 22 July 2024, the Bank has charged-off certain fully provisioned non-performing loans. Such charged-off do not constitute any financial relief to the borrowers, and the Bank's rights to recover the outstanding amounts remain fully intact. The details of these charged-off loans are presented below:

	2025 (Rupees in '000)
Charged-off during the year	2,153,321
Recoveries made during the year	(20,162)
Foreign exchange adjustments	3,151
Closing balance of charged-off	2,136,310
Number of borrowers	3

Note	2025	2024
	(Rupees in '000)	

10. PROPERTY AND EQUIPMENT

Capital work-in-progress	10.1	5,750,298	4,644,267
Property and equipment	10.2	76,792,447	71,294,752
		82,542,745	75,939,019

	2025	2024
	(Rupees in '000)	

10.1 Capital work-in-progress

Civil works	2,817,161	1,946,354
Advance payment for purchase of equipments	406,091	494,841
Advance payment towards suppliers, contractors and property	2,471,547	2,159,615
Consultants' fee and other charges	55,499	43,457
	5,750,298	4,644,267



10.2 Property and Equipment

	2025						
	Leasehold land	Buildings on leasehold land	Furniture and fixture	Electrical, office and computer equipment	Vehicles	Improvements to leasehold buildings	Total
	(Rupees in '000)						
At 01 January 2025							
Cost / revalued amount	24,348,442	28,369,478	3,683,116	21,642,549	9,663,329	7,152,997	94,859,911
Accumulated depreciation	-	(1,333,280)	(1,462,122)	(12,376,438)	(4,179,551)	(4,213,768)	(23,565,159)
Net book value	<u>24,348,442</u>	<u>27,036,198</u>	<u>2,220,994</u>	<u>9,266,111</u>	<u>5,483,778</u>	<u>2,939,229</u>	<u>71,294,752</u>
Year ended 31 December 2025							
Opening net book value	24,348,442	27,036,198	2,220,994	9,266,111	5,483,778	2,939,229	71,294,752
Additions	663,945	967,458	618,289	6,879,259	2,898,817	1,177,635	13,205,403
Disposals	-	-	(4,121)	(13,815)	(23,149)	(10,210)	(51,295)
Depreciation charge	-	(891,646)	(335,654)	(3,492,334)	(1,922,627)	(1,014,152)	(7,656,413)
Other adjustments / transfers	-	-	-	-	-	-	-
Closing net book value	<u>25,012,387</u>	<u>27,112,010</u>	<u>2,499,508</u>	<u>12,639,221</u>	<u>6,436,819</u>	<u>3,092,502</u>	<u>76,792,447</u>
At 31 December 2025							
Cost / revalued amount	25,012,387	29,336,936	4,247,356	28,021,028	11,941,937	8,255,126	106,814,770
Accumulated depreciation	-	(2,224,926)	(1,747,848)	(15,381,807)	(5,505,118)	(5,162,624)	(30,022,323)
Net book value	<u>25,012,387</u>	<u>27,112,010</u>	<u>2,499,508</u>	<u>12,639,221</u>	<u>6,436,819</u>	<u>3,092,502</u>	<u>76,792,447</u>
Rate of depreciation (percentage)	-	2% - 25%	10%	20%	20%	20%	
	2024						
	Leasehold land	Buildings on leasehold land	Furniture and fixture	Electrical, office and computer equipment	Vehicles	Improvements to leasehold buildings	Total
	(Rupees in '000)						
At 01 January 2024							
Cost / revalued amount	23,978,190	25,725,104	2,815,331	17,455,107	7,018,906	5,494,658	82,487,296
Accumulated depreciation	-	(481,956)	(1,214,836)	(10,624,877)	(3,316,194)	(3,540,152)	(19,178,015)
Net book value	<u>23,978,190</u>	<u>25,243,148</u>	<u>1,600,495</u>	<u>6,830,230</u>	<u>3,702,712</u>	<u>1,954,506</u>	<u>63,309,281</u>
Year ended 31 December 2024							
Opening net book value	23,978,190	25,243,148	1,600,495	6,830,230	3,702,712	1,954,506	63,309,281
Additions	370,252	2,577,876	891,481	4,689,174	3,317,669	1,722,050	13,568,502
Disposals	-	-	(4,191)	(18,574)	(3,768)	(8,562)	(35,095)
Depreciation charge	-	(851,323)	(266,791)	(2,234,719)	(1,532,835)	(728,765)	(5,614,433)
Other adjustments / transfers	-	66,497	-	-	-	-	66,497
Closing net book value	<u>24,348,442</u>	<u>27,036,198</u>	<u>2,220,994</u>	<u>9,266,111</u>	<u>5,483,778</u>	<u>2,939,229</u>	<u>71,294,752</u>
At 31 December 2024							
Cost / revalued amount	24,348,442	28,369,478	3,683,116	21,642,549	9,663,329	7,152,997	94,859,911
Accumulated depreciation	-	(1,333,280)	(1,462,122)	(12,376,438)	(4,179,551)	(4,213,768)	(23,565,159)
Net book value	<u>24,348,442</u>	<u>27,036,198</u>	<u>2,220,994</u>	<u>9,266,111</u>	<u>5,483,778</u>	<u>2,939,229</u>	<u>71,294,752</u>
Rate of depreciation (percentage)	-	2% - 25%	10%	20%	20%	20%	



10.3 In accordance with the Bank's accounting policy, the Bank's leasehold land and buildings on leasehold land were revalued at 01 June 2023. The revaluation was carried out by an independent valuer, M/s. Harvester Services (Private) Limited on the basis of prices and other relevant information generated by market transactions involving identical, comparable or similar properties. The revaluation resulted in surplus of Rs. 21,709.624 million over the book value of the respective properties. Had the leasehold land and buildings on leasehold land not been revalued, the total carrying amounts of revalued properties as at 31 December 2025 would have been as follows:

	2025	2024
	(Rupees in '000)	
Leasehold land	<u>13,066,480</u>	<u>13,066,480</u>
Buildings on leasehold land	<u>12,178,512</u>	<u>12,660,168</u>

10.4 The cost of fully depreciated property and equipment that are still in use is as follows:

Furniture and fixture	436,746	365,190
Electrical, office and computer equipment	8,206,211	7,274,215
Vehicles	1,456,538	1,089,359
Improvements to leasehold buildings	2,839,954	2,495,679
	<u>12,939,449</u>	<u>11,224,443</u>

10.5 Details of disposal of property and equipment to related party:

Particulars	2025		
	Cost	Book value	Insurance claim
	(Rupees in '000)		
Habib Insurance Company Limited			
Furniture and fixture	<u>1,679</u>	<u>679</u>	<u>1,103</u>
Electrical, office and computer equipment	<u>9,620</u>	<u>2,867</u>	<u>8,795</u>
Vehicles	<u>29,740</u>	<u>9,139</u>	<u>36,206</u>

11. RIGHT-OF-USE ASSETS

	2025	2024
	(Rupees in '000)	
Buildings		
At 01 January,		
Cost	21,501,002	18,288,334
Accumulated depreciation	(7,821,804)	(6,318,610)
Net carrying amount	<u>13,679,198</u>	<u>11,969,724</u>
Additions during the year	6,309,716	4,388,725
Deletions during the year	(277,059)	(230,800)
Depreciation charge for the year	(2,912,165)	(2,468,564)
Foreign exchange adjustments	167	(757)
Other adjustments / transfers	29,008	20,870
Net carrying amount at 31 December	<u>16,828,865</u>	<u>13,679,198</u>



		2025	2024
		(Rupees in '000)	
12. INTANGIBLE ASSETS			
Computer software			
At 01 January,			
Cost		2,369,847	2,201,623
Accumulated amortisation		(2,240,693)	(2,077,161)
Net book value		<u>129,154</u>	<u>124,462</u>
Year ended 31 December,			
Opening net book value		129,154	124,462
Additions - directly purchased		100,326	168,224
Amortisation charge		(166,179)	(163,532)
Closing net book value		<u>63,301</u>	<u>129,154</u>
At 31 December,			
Cost		2,470,173	2,369,847
Accumulated amortisation		(2,406,872)	(2,240,693)
Net book value		<u>63,301</u>	<u>129,154</u>
Rate of amortisation (percentage)		<u>50%</u>	<u>50%</u>
Useful life		<u>2 Years</u>	<u>2 Years</u>
12.1	As at 31 December 2025, the cost of fully amortised intangible assets still in use amounted to Rs. 2,207.129 million (2024: Rs. 2,181.373 million).		
13. OTHER ASSETS			
	Note	2025	2024
		(Rupees in '000)	
Income / mark-up accrued in local currency - net		57,169,039	68,943,770
Income / mark-up accrued in foreign currencies - net		895,470	1,027,928
Advances, deposits, advance rent and other prepayments		15,915,979	13,351,070
Advance taxation		22,683,333	4,616,189
Non-banking assets acquired in satisfaction of claims	13.1	3,847,614	3,841,737
Mark to market gain on forward foreign exchange contracts		902,892	751,223
Acceptances		41,733,362	35,827,371
Stationery and stamps on hand		1,647,545	2,161,940
Receivable against home remittance		10,701,413	10,757,793
Branch adjustment account		6,221,325	2,038,881
Others		962,683	915,228
		<u>162,680,655</u>	<u>144,233,130</u>
Less: credit loss allowance / provision against other assets	13.2	<u>(319,919)</u>	<u>(580,371)</u>
Other Assets (net of credit loss allowance / provision)		<u>162,360,736</u>	<u>143,652,759</u>
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	13.1	<u>320,353</u>	<u>205,323</u>
Other Assets-total		<u>162,681,089</u>	<u>143,858,082</u>



	2025 (Rupees in '000)	2024
13.1 Market value of non-banking assets acquired in satisfaction of claims	4,213,818	4,033,449

Market value of the non-banking assets acquired in satisfaction of claims has been carried out by independent valuers, M/s. K.G.Traders (Private) Limited, M/s. BFA (Private) Limited, M/s MYK Associates (Private) Limited and M/s Oceanic Surveyors (Private) Limited. Fair value calculation was based on present physical condition and location of non-banking assets. Fair values were ascertained by the independent valuers under market approach through various enquiries conducted by them at site from real estate agents and brokers.

	Note	2025 (Rupees in '000)	2024
13.1.1 Non-banking assets acquired in satisfaction of claims			
Opening balance		4,047,060	4,115,304
Revaluations		115,300	-
Additions / transfers		6,215	(66,497)
Depreciation		(608)	(1,747)
Closing balance		<u>4,167,967</u>	<u>4,047,060</u>
13.2 Credit loss allowance / provision against other assets			
Mark-up accrued		296,098	566,002
Modification		14,431	6,444
Others - receivable against consumer loans		9,390	7,925
	13.2.1	<u>319,919</u>	<u>580,371</u>

13.2.1 Movement in credit loss allowance / provision against other assets			
Opening balance		580,371	472,179
Foreign exchange adjustments		37	1,552
ECL charge for the year		35,893	102,380
ECL reversal for the year		(305,834)	(1,663)
Modification charge		14,431	6,444
Charge for the year		3,468	2,480
Reversals for the year		(2,003)	(2,795)
		(254,045)	106,846
Modification reversal		(6,444)	-
Amount written off		-	(206)
Closing balance		<u>319,919</u>	<u>580,371</u>

	2025		2024	
	Outstanding amount	Credit loss allowance	Outstanding amount	Credit loss allowance
	(Rupees in '000)			
Stage 1	13,003,680	128,451	20,904,866	294,209
Stage 2	2,814,397	167,647	4,673,421	271,793
Stage 3 / others	23,821	23,821	14,369	14,369
	<u>15,841,898</u>	<u>319,919</u>	<u>25,592,656</u>	<u>580,371</u>

14. CONTINGENT ASSETS

There were no contingent assets of the Bank as at 31 December 2025 (2024: Nil).



15. BILLS PAYABLE

Note **2025** **2024**
(Rupees in '000)

In Pakistan **59,749,478** 52,263,043

16. BORROWINGS

Secured

Borrowings from the State Bank of Pakistan under:

Export refinance scheme	16.1	52,594,474	72,607,266
Renewable energy	16.2	15,086,050	17,895,611
Long term financing for imported and locally manufactured plant and machinery	16.3	19,931,484	25,306,703
Modernisation of small and medium enterprises	16.4	1,143,308	1,259,381
Women entrepreneurship	16.5	127,457	86,827
Financing facility for storage of agricultural produce	16.6	578,558	795,240
Temporary economic refinance facility	16.7	21,779,323	26,107,166
Refinance facility for combating COVID-19	16.8	55,558	100,001
Repurchase agreement borrowings	16.9	120,111,600	462,964,000
		231,407,812	607,122,195

Repurchase agreement borrowings 16.9 **43,000,000** 54,953,000
Borrowings from financial institutions 16.10 **14,006,155** 2,785,500

Total secured

288,413,967 664,860,695

Unsecured

Overdrawn nostro accounts **1,846,857** 2,182,518

290,260,824 667,043,213

16.1 These carry mark-up rates ranging from 1.0% to 7.0% (2024: 1.0% to 14.5%) per annum, payable quarterly at the time of partial payment or upon maturity of loan, whichever is earlier.

16.2 These carry mark-up rates ranging from 2.0% to 3.0% (2024: 2.0% to 3.0%) per annum having maturity periods over ten years.

16.3 These carry mark-up rates ranging from 2.0% to 7.5% (2024: 2.0% to 8.0%) per annum having maturity periods upto seven years.

16.4 These carry mark-up rate of 2.0% (2024: 2.0%) per annum having maturity periods upto seven years.

16.5 These carry mark-up rate of Nil (2024: Nil) per annum having maturity periods upto five years.

16.6 These carry mark-up rates ranging from 2.00% to 3.50% (2024: 2.00% to 3.25%) per annum having maturity periods upto five years.

16.7 These carry mark-up rate of 1.0% (2024: 1.0%) per annum having maturity periods upto ten years.

16.8 These carry mark-up rate of Nil (2024: Nil) per annum having maturity periods upto two years.

16.9 These repurchase agreement borrowings are secured against Pakistan Investment Bonds. These carry effective mark-up rates ranging from 10.53% to 11.40% (2024: 13.04% to 13.20%) per annum, having maturity periods upto one month.

16.10 These carry mark-up rates ranging from 5.14% to 5.22% (2024: 6.92%) per annum having maturity periods upto one month.



16.11 Particulars of borrowings with respect to currencies

	2025	2024
	(Rupees in '000)	
In local currency	274,407,812	662,075,195
In foreign currencies	15,853,012	4,968,018
	<u>290,260,824</u>	<u>667,043,213</u>

17. 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	826,582,359	58,898,969	885,481,328	705,137,306	57,423,924	762,561,230
Savings deposits	963,196,380	51,000,729	1,014,197,109	876,689,075	45,898,830	922,587,905
Term deposits	192,437,159	69,023,162	261,460,321	200,255,916	61,604,086	261,860,002
Current deposits - remunerative	301,441,838	6,035,937	307,477,775	204,592,225	4,207,345	208,799,570
Others	20,448,737	14,894,784	35,343,521	21,169,067	20,343,029	41,512,096
	<u>2,304,106,473</u>	<u>199,853,581</u>	<u>2,503,960,054</u>	<u>2,007,843,589</u>	<u>189,477,214</u>	<u>2,197,320,803</u>
Financial institutions						
Current deposits	12,977,278	974,028	13,951,306	16,114,493	2,175,247	18,289,740
Savings deposits	11,477,009	-	11,477,009	22,803,962	-	22,803,962
Term deposits	1,340,000	540,638	1,880,638	793,000	526,460	1,319,460
Current deposits - remunerative	66,547,783	1,221,903	67,769,686	37,231,817	1,953,119	39,184,936
Others	48,320	-	48,320	38,010	-	38,010
	<u>92,390,390</u>	<u>2,736,569</u>	<u>95,126,959</u>	<u>76,981,282</u>	<u>4,654,826</u>	<u>81,636,108</u>
	<u>2,396,496,863</u>	<u>202,590,150</u>	<u>2,599,087,013</u>	<u>2,084,824,871</u>	<u>194,132,040</u>	<u>2,278,956,911</u>

	2025	2024
	(Rupees in '000)	
17.1 Composition of deposits		
- Individuals	1,674,768,445	1,529,418,514
- Government (Federal and Provincial)	150,501,229	85,554,239
- Public Sector Entities	20,629,454	10,245,354
- Banking Companies	194,683	1,825,031
- Non-Banking Financial Institutions	94,932,276	79,811,077
- Private Sector	658,060,926	572,102,696
	<u>2,599,087,013</u>	<u>2,278,956,911</u>

17.2 Deposits include eligible deposits covered under deposit protection mechanism as required by the Deposit Protection Act, 2016 amounting to Rs. 1,939,835.056 million (2024: Rs. 1,739,128.493 million).



	2025	2024
	(Rupees in '000)	
18. LEASE LIABILITIES		
Opening balance	16,848,698	14,441,482
Additions during the year	6,309,716	4,388,725
Lease payments including interest	(4,588,344)	(3,780,564)
Finance charges on lease liabilities	2,641,430	2,101,060
Deletions during the year	(394,963)	(322,083)
Foreign exchange adjustments	179	(792)
Other adjustment	29,008	20,870
Closing balance	<u>20,845,724</u>	<u>16,848,698</u>

18.1 Contractual maturity of lease liabilities

Short-term lease liabilities - within one year	1,534,555	1,264,331
Long-term lease liabilities		
- 1 to 5 years	7,867,564	6,852,173
- 5 to 10 years	8,781,919	6,753,025
- More than 10 years	2,661,686	1,979,169
	<u>19,311,169</u>	<u>15,584,367</u>
Total	<u>20,845,724</u>	<u>16,848,698</u>

18.2 This carries average effective rate of 13.70% (2024: 14.61%) per annum.

	Note	2025	2024
		(Rupees in '000)	
19. SUBORDINATED DEBT - Unsecured			
Term Finance Certificates (TFCs) - VI	19.1	7,000,000	7,000,000
Term Finance Certificates (TFCs) - VIII	19.2	4,992,000	4,994,000
Term Finance Certificates (TFCs) - IX	19.3	7,000,000	7,000,000
Term Finance Certificates (TFCs) - X	19.4	6,991,600	6,994,400
		<u>25,983,600</u>	<u>25,988,400</u>



19.1 Term Finance Certificates - VI

Issue amount	Rupees 7,000 million
Issue date	December 2017
Maturity date	Perpetual
Rating	AA+
Profit payment frequency	semi-annually
Redemption	No fixed or final redemption date.
Mark-up	Payable six monthly at six months KIBOR (ask side) plus 1.50% without any floor or cap. The issuer will have full discretion over the amount and timing of profit distribution and waiver of any profit distribution or other payment will not constitute an event of default.
Call option	On or after five years with prior SBP approval. As per SBP's requirement, the Bank shall not exercise call option unless the called instrument is replaced with capital of same or better quality.
Lock-in-clause	No profit may be paid if such payment will result in shortfall (or increase the shortfall) in the Bank's Minimum Capital Requirement ("MCR"), Leverage Ratio ("LR") or Capital Adequacy Ratio ("CAR").
Loss absorbency clause	The instrument will be subject to loss absorption and / or any other requirements under SBP's Basel III Capital Rules. Upon the occurrence of a point of non-viability event as defined by SBP's Basel III Capital Rules, SBP may at its option, fully and permanently convert the TFCs into common shares of the Bank (subject to a cap) at a price equivalent to the market value of shares of the Bank on the date of trigger, and / or have them immediately written off (either partially or in full).

19.2 Term Finance Certificates - VIII

Issue amount	Rupees 5,000 million
Issue date	September 2021
Maturity date	September 2031
Rating	AAA
Profit payment frequency	semi-annually
Redemption	6th - 108th month: 0.02% per each semi-annual period; 114th and 120th month: 49.82% each.
Mark-up	6 - Months KIBOR (ask side) + 0.75% per annum.
Call option	On or after five years with prior SBP approval.
Lock-in-clause	Neither profit nor principal may be paid if such payments will result in shortfall (or increase the shortfall) in the Bank's Minimum Capital Requirement ("MCR"), Leverage Ratio ("LR") or Capital Adequacy Ratio ("CAR").
Loss absorbency clause	The instrument will be subject to loss absorption and / or any other requirements under SBP's Basel III Capital Rules. Upon the occurrence of a point of non-viability event as defined by SBP's Basel III Capital Rules, SBP may at its option, fully and permanently convert the TFCs into common shares of the Bank (subject to a cap) at a price equivalent to the market value of shares of the Bank on the date of trigger, and / or have them immediately written off (either partially or in full).



19.3 Term Finance Certificates - IX

Issue amount	Rupees 7,000 million
Issue date	April 2022
Maturity date	Perpetual
Rating	AA+
Profit payment frequency	semi-annually
Redemption	No fixed or final redemption date.
Mark-up	Payable six monthly at six months KIBOR (ask side) plus 1.65% without any floor or cap. The issuer will have full discretion over the amount and timing of profit distribution and waiver of any profit distribution or other payment will not constitute an event of default.
Call option	On or after five years with prior SBP approval. As per SBP's requirement, the Bank shall not exercise call option unless the called instrument is replaced with capital of same or better quality.
Lock-in-clause	No profit may be paid if such payment will result in shortfall (or increase the shortfall) in the Bank's Minimum Capital Requirement ("MCR"), Leverage Ratio ("LR") or Capital Adequacy Ratio ("CAR").
Loss absorbency clause	The instrument will be subject to loss absorption and / or any other requirements under SBP's Basel III Capital Rules. Upon the occurrence of a point of non-viability event as defined by SBP's Basel III Capital Rules, SBP may at its option, fully and permanently convert the TFCs into common shares of the Bank (subject to a cap) at a price equivalent to the market value of shares of the Bank on the date of trigger, and / or have them immediately written off (either partially or in full).

19.4 Term Finance Certificates - X

Issue amount	Rupees 7,000 million
Issue date	December 2022
Maturity date	December 2032
Rating	AAA
Profit payment frequency	semi-annually
Redemption	6th - 108th month: 0.02% per each semi-annual period; 114th and 120th month: 49.82% each.
Mark-up	6 - Months KIBOR (ask side) + 1.35% per annum.
Call option	On or after five years with prior SBP approval.
Lock-in-clause	Neither profit nor principal may be paid if such payments will result in shortfall (or increase the shortfall) in the Bank's Minimum Capital Requirement ("MCR"), Leverage Ratio ("LR") or Capital Adequacy Ratio ("CAR").
Loss absorbency clause	The instrument will be subject to loss absorption and / or any other requirements under SBP's Basel III Capital Rules. Upon the occurrence of a point of non-viability event as defined by SBP's Basel III Capital Rules, SBP may at its option, fully and permanently convert the TFCs into common shares of the Bank (subject to a cap) at a price equivalent to the market value of shares of the Bank on the date of trigger, and / or have them immediately written off (either partially or in full).



20. DEFERRED TAX LIABILITIES / (ASSETS)

		2025					
		As at 01 January	Impact on adoption of IFRS 9	As at 01 January (Revised)	Recognised in profit and loss account	Recognised in other comprehensive income	As at 31 December
		(Rupees in '000)					
Taxable temporary differences on							
Accelerated tax depreciation		2,875,674	–	2,875,674	415,668	–	3,291,342
Surplus on revaluation of FVOCI investments		6,618,488	1,847,131	8,465,619	–	6,495,454	14,961,073
Surplus on revaluation of property and equipment		6,509,788	–	6,509,788	(228,527)	(124,012)	6,157,249
Lease liabilities		–	–	–	4,679,563	–	4,679,563
Surplus on revaluation of non-banking assets		39,260	–	39,260	(140)	59,215	98,335
		16,043,210	1,847,131	17,890,341	4,866,564	6,430,657	29,187,562
Deductible temporary differences on							
Credit loss allowance against diminution in the value of investments		(3,995,990)	24,479	(3,971,511)	1,798,616	–	(2,172,895)
Credit loss allowance against loans and advances, off-balance sheet, etc.		(13,056,485)	–	(13,056,485)	283,629	–	(12,772,856)
Unrealised net loss on fair value of refinancing		–	–	–	(559,790)	–	(559,790)
Deficit on revaluation of securities classified as FVPL		244,782	–	244,782	(392,166)	–	(147,384)
Right-of-use assets		–	–	–	(7,659,886)	–	(7,659,886)
Workers' welfare fund		(3,771,459)	–	(3,771,459)	(624,152)	–	(4,395,611)
		(20,579,152)	24,479	(20,554,673)	(7,153,749)	–	(27,708,422)
		(4,535,942)	1,871,610	(2,664,332)	(2,287,185)	6,430,657	1,479,140
		2024					
		As at 01 January	Impact on adoption of IFRS 9	As at 01 January (Revised)	Recognised in profit and loss account	Recognised in other comprehensive income	As at 31 December
		(Rupees in '000)					
Taxable temporary differences on							
Accelerated tax depreciation		2,130,580	–	2,130,580	745,094	–	2,875,674
Surplus on revaluation of FVOCI investments		1,085,712	(1,703,861)	(618,149)	–	7,236,637	6,618,488
Surplus on revaluation of securities classified as FVPL		–	582,145	582,145	(337,363)	–	244,782
Surplus on revaluation of property and equipment		6,130,312	–	6,130,312	(281,853)	661,329	6,509,788
Surplus on revaluation of non-banking assets		52,325	–	52,325	(567)	(12,498)	39,260
		9,398,929	(1,121,716)	8,277,213	125,311	7,885,468	16,287,992
Deductible temporary differences on							
Credit loss allowance against diminution in the value of investments		(5,851,622)	1,121,172	(4,730,450)	734,460	–	(3,995,990)
Credit loss allowance against loans and advances, off-balance sheet, etc.		(5,743,307)	(8,130,346)	(13,873,653)	817,168	–	(13,056,485)
Workers' welfare fund		(2,648,408)	–	(2,648,408)	(1,123,051)	–	(3,771,459)
		(14,243,337)	(7,009,174)	(21,252,511)	428,577	–	(20,823,934)
		(4,844,408)	(8,130,890)	(12,975,298)	553,888	7,885,468	(4,535,942)



	Note	2025 (Rupees in '000)	2024
21. OTHER LIABILITIES			
Mark-up / return / interest payable in local currency		5,563,150	6,938,590
Mark-up / return / interest payable in foreign currencies		939,066	934,027
Unearned commission income		3,801,833	3,030,064
Accrued expenses		4,560,875	5,296,438
Acceptances		41,733,362	35,827,371
Unclaimed / dividend payable		1,371,065	1,139,497
Mark to market loss on forward foreign exchange contracts		1,294,874	2,069,960
Payable to defined benefit plan	38.4	3,567,048	2,065,715
Charity payable		112,228	83,726
Credit loss allowance against off-balance sheet obligations	21.1	4,756,981	4,742,981
Security deposits against leases / ijarah		18,543,826	11,733,771
Provision for compensated absences	21.2	2,638,376	1,960,780
Other security deposits		1,062,926	976,441
Workers' welfare fund		8,453,099	7,115,960
Payable to SBP / NBP		3,396,051	12,326,744
Insurance payable		651,987	480,521
ATM switch, clearing and settlement account	21.3	28,831,290	26,422,784
Others		3,811,730	3,800,950
		135,089,767	126,946,320
21.1 Credit loss allowance against off-balance sheet obligations			
Opening balance		4,742,981	3,130,550
Charge for the year		1,358,339	1,644,514
Reversal for the year		(1,345,720)	(31,866)
		12,619	1,612,648
Foreign exchange adjustments		1,381	(217)
Closing balance		4,756,981	4,742,981
21.1.1 Particulars of credit loss allowance against off-balance sheet obligations			
		(Rupees in '000)	
		2025	
		2024	
		Outstanding amount	Credit loss allowance
		Outstanding amount	Credit loss allowance
Stage 1		569,577,400	3,206,558
Stage 2		85,300,221	970,818
Stage 3		876,905	579,605
		655,754,526	4,756,981
		454,102,733	2,773,580
		94,730,836	1,249,156
		1,100,847	720,245
		549,934,416	4,742,981
21.1.2 Credit loss allowance against off-balance sheet obligations include ECL in respect of letter of credit, letter of guarantees, shipping guarantees, acceptances and commitments against forward lendings etc.			



21.2 Provision for compensated absences has been determined on the basis of independent actuarial valuation. The significant assumptions used for actuarial valuation were as follows:

	2025 (% per annum)	2024
Discount rate	<u>11.50%</u>	<u>12.25%</u>
Expected rate of increase in salary in future years	<u>14.00%</u>	<u>15.00%</u>

21.3 The ATM switch, clearing and settlement account serves as a clearing account for processing ATM and other transactions.

22. SHARE CAPITAL

22.1 Authorised capital

2025	2024		2025	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	2024		2025	2024
Number of shares				
30,000,000	30,000,000	Fully paid in cash	300,000	300,000
1,081,425,416	1,081,425,416	Issued as bonus shares	10,814,254	10,814,254
<u>1,111,425,416</u>	<u>1,111,425,416</u>		<u>11,114,254</u>	<u>11,114,254</u>

22.3 As of statement of financial position date, 121,715,407 (2024: 241,346,935) ordinary shares of Rs.10/- each were held by the related parties.

Note	2025	2024
	(Rupees in '000)	

23. SURPLUS ON REVALUATION OF ASSETS

Surplus on revaluation of:

- Securities measured at FVOCI - debt	8.1	23,972,927	11,908,799
- Securities measured at FVOCI - equity	8.1	4,798,368	578,915
- Property and equipment	23.1	21,709,624	22,149,099
- Non-banking assets acquired in satisfaction of claims	23.2	320,353	205,323
		50,801,272	34,842,136

Deferred tax on surplus on revaluation of:

- Securities measured at FVOCI - debt		12,465,922	6,311,663
- Securities measured at FVOCI - equity		2,495,151	306,825
- Property and equipment	23.1	6,227,626	6,580,165
- Non-banking assets acquired in satisfaction of claims	23.2	98,335	39,260
		21,287,034	13,237,913
		<u>29,514,238</u>	<u>21,604,223</u>



		2025	2024
		(Rupees in '000)	
23.1	Surplus on revaluation of property and equipment		
	Surplus on revaluation of property and equipment as at 01 January	22,149,099	22,634,109
	Transfer from non-banking assets	-	46,793
	Transferred to unappropriated profit in respect of incremental depreciation charged during the year	(439,475)	(531,803)
	Surplus on revaluation of property and equipment as at 31 December	21,709,624	22,149,099
	Less: related deferred tax liability on:		
	- Revaluation as at 01 January	6,580,165	6,200,660
	- Adjustment / revaluation recognised during the year	(124,012)	638,432
	- Transfer from non-banking assets	-	22,929
	- Incremental depreciation charged during the year	(228,527)	(281,856)
		6,227,626	6,580,165
		<u>15,481,998</u>	<u>15,568,934</u>
23.2	Surplus on revaluation of non-banking assets acquired in satisfaction of claims		
	Surplus on revaluation of non-banking assets as at 01 January	205,323	253,183
	Surplus on revaluation of non-banking assets during the year	115,300	-
	Transfer to property and equipment	-	(46,793)
	Transferred to unappropriated profit in respect of incremental depreciation charged during the year	(270)	(1,067)
	Surplus on revaluation of non-banking assets as at 31 December	320,353	205,323
	Less: related deferred tax liability on:		
	- Revaluation as at 01 January	39,260	52,325
	- Adjustment / revaluation recognised during the year	59,215	10,430
	- Transfer to property and equipment	-	(22,929)
	- Incremental depreciation charged during the year	(140)	(566)
		98,335	39,260
		<u>222,018</u>	<u>166,063</u>
23.3	This includes investments securities which will not be recycled to unconsolidated statement of profit and loss account and are disclosed in note 8.		
	Note	2025	2024
		(Rupees in '000)	
24.	CONTINGENCIES AND COMMITMENTS		
	- Guarantees	276,837,359	217,554,372
	- Commitments	568,315,824	542,967,594
	- Other contingent liabilities	4,396,720	3,504,960
		<u>849,549,903</u>	<u>764,026,926</u>
24.1	Guarantees:		
	Financial guarantees	38,127,822	32,113,828
	Performance guarantees	238,709,537	185,440,544
		<u>276,837,359</u>	<u>217,554,372</u>



	Note	2025	2024
		(Rupees in '000)	
24.2 Commitments:			
Documentary credits and short-term trade-related transactions:			
- letters of credit		320,900,787	291,149,845
Commitments in respect of:			
- forward foreign exchange contracts	24.2.1	217,916,938	245,803,016
- forward lending	24.2.2	26,364,468	3,217,813
Commitments for acquisition of:			
- operating property and equipment		3,133,631	2,796,920
		568,315,824	542,967,594
24.2.1 Commitments in respect of forward foreign exchange contracts			
Purchase		147,981,083	145,237,825
Sale		69,935,855	100,565,191
		217,916,938	245,803,016

The maturities of above contracts are spread over the periods upto one year.

24.2.2 Commitments in respect of forward lending		26,364,468	3,217,813
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These represent commitments that are irrevocable because they cannot be withdrawn at the discretion of the Bank without the risk of incurring significant penalty or expense.

24.3 Other contingent liabilities

	2025	2024
	(Rupees in '000)	
24.3.1 Claims against the Bank not acknowledged as debts	4,396,720	3,504,960

24.3.2 Tax related contingent liabilities

Income tax returns of the Bank have been submitted upto and including the Bank's financial year 2024 (Tax Year 2025) including Azad Kashmir and Gilgit Baltistan operations. The income tax assessments of the Bank (excluding Azad Kashmir operations) have been finalised up to and including Tax Year 2024. The Income tax assessments of Azad Kashmir operations have been finalised upto and including Tax Year 2023.

Matters of disagreement exist between the Bank and tax authorities for various Tax Years and are pending with the Commissioner Inland Revenue (Appeals) and Income Tax Appellate Tribunal (ITAT). These issues mainly relate to addition of general provision (specific), reversal of provision for non-performing loans, charge for defined benefit plan and provision for compensated absences.

Income Tax Appellate Tribunal (ITAT) has passed orders for Tax Year 2011 confirming disallowance of amortisation of intangible assets and deleted the other provisions. This resulting in an aggregate net tax impact of Rs. 2.131 million.

Appellate Tribunal Inland Revenue (ATIR) has passed orders for Tax Year 2012 and 2013 (Accounting Year 2011 and 2012) confirming disallowance of general provision and reversal of substandard category. This resulting in an aggregate net impact of Rs. 341.945 million.

Commissioner Inland Revenue (Appeals) passed an appellate order against Deputy Commissioner Inland Revenue (DCIR) order for Tax Year 2014 (Accounting Year 2013) by allowing certain expenses resulting in an impact of Rs. 25.300 million and remanded certain expenses to DCIR. The resulted aggregate net tax impact stands at Rs. 125.469 million. The Bank has filed an appeal before Income Tax Appellate Tribunal (ITAT) against the above mentioned order.



Commissioner Inland Revenue (Appeals) passed an appellate order against Additional Commissioner Inland Revenue (ACIR) order for Tax Year 2015 (Accounting Year 2014) by allowing certain expenses and remanded back to ACIR for other matters. During the year, certain expenses were allowed by ACIR. This resulted in an allowable amount of Rs. 154.201 million. The resulted aggregate net tax impact stands at Rs. 147.655 million. The Bank has filed an appeal before Income Tax Appellate Tribunal (ITAT) against the above mentioned order.

Commissioner Inland Revenue (Appeals) passed an appellate order against Additional Commissioner Inland Revenue (ACIR) order for Tax Year 2016 (Accounting Year 2015) by allowing certain expenses and remanded back to ACIR for other matters. During the year, certain expenses were allowed by ACIR. This resulted in an allowable amount of Rs. 224.622 million. The resulted aggregate net tax impact stands at Rs. 80.557 million. The Bank has filed an appeal before Income Tax Appellate Tribunal (ITAT) against the above mentioned order.

Commissioner Inland Revenue (Appeals) passed an appellate order against Additional Commissioner Inland Revenue (ACIR) order for Tax Year 2018 (Accounting Year 2017) by allowing certain expenses resulting in an impact of Rs. 65.722 million. The resulted aggregate net tax impact stands at Rs. 194.376 million. The Bank has filed an appeal before Income Tax Appellate Tribunal (ITAT) against the above mentioned order.

Additional Commissioner Inland Revenue (ACIR) has finalised order for Tax Year 2020 (Accounting Year 2019) by disallowing certain expenses resulting in an impact of Rs. 873.437 million. The Bank has filed an appeal before Commissioner Inland Revenue (Appeals) against the above mentioned order. After promulgation of Tax Law (Amendment) Act 2024, this appeal has been transferred to Income Tax Appellate Tribunal (ITAT).

Appellate Tribunal Inland Revenue (ATIR) has passed order for Tax Year 2021 (Accounting year 2020) confirming disallowance of general provision. This resulting in an aggregate net impact of Rs. 848.953 million.

Additional Commissioner Inland Revenue (ACIR) has finalised order for Tax Year 2023 (Accounting Year 2022) by disallowing certain expenses resulting in an impact of Rs. 734.799 million. The Bank has filed an appeal before Commissioner Inland Revenue (Appeals) against the above mentioned order.

Additional Commissioner Inland Revenue (ACIR) has finalised order for Tax Year 2024 (Accounting Year 2023) by disallowing certain expenses resulting in an impact of Rs. 1,738.875 million. The Bank has filed an appeal before Appellate Tribunal Inland Revenue against the above mentioned order.

Commissioner Inland Revenue (Appeals), Mirpur AJ&K has annulled the amendments made by Assistant Commissioner Inland Revenue, Mirpur AJ&K for Tax Year 2014 to 2018. Appellate Tribunal Inland Revenue, AJ&K has also dismissed departmental appeal against annulled order resulting a favorable aggregate net tax impact of Rs. 93.443 million. The tax department has filed an appeal in High Court of Azad Kashmir.

Commissioner Inland Revenue (Appeal), Mirpur AJ&K has passed an appellate order against Assistant Commissioner Inland Revenue, Mirpur AJ&K for Tax Year 2019, 2020, 2021 & 2022 by allowing certain expenses. This resulted an allowable amount of Rs. 60.396 million. The resulted aggregate net tax impact stands at Rs. 58.358 million. The Bank has filed an appeal before Income Tax Appellate Tribunal (ITAT), Mirpur AJ&K against the above mentioned orders.

Assistant Commissioner Inland Revenue, Mirpur AJ&K has finalised audit of the Bank's Azad Kashmir operations for Tax Year 2023 by disallowing certain expenses resulting in an impact of Rs. 17.294 million. The Bank has filed an appeal before Commissioner Inland Revenue (Appeals), Mirpur AJ&K

Commissioner Inland Revenue (Appeals) has remanded back the order of Deputy Commissioner Inland Revenue (DCIR) against Federal Excise Duty levy on certain items for the period January 2013 to December 2015. The resulted aggregate net tax impact stands at Rs. 80.766 million.



25.2 Maturity analysis

	Number of contracts	Notional principal	2025		
			Mark to market		
			Negative	Positive	Net
			(Rupees in '000)		
Upto 1 month	395	66,673,893	(324,252)	221,183	(103,069)
1 to 3 months	766	77,853,398	(660,555)	434,490	(226,065)
3 to 6 months	829	58,737,510	(296,826)	142,319	(154,507)
6 months to 1 year	104	14,652,137	(13,241)	104,900	91,659
	2,094	217,916,938	(1,294,874)	902,892	(391,982)
			2024		
Upto 1 month	488	92,288,053	(633,480)	264,498	(368,982)
1 to 3 months	681	84,488,275	(1,031,294)	220,396	(810,898)
3 to 6 months	690	59,912,062	(386,925)	178,113	(208,812)
6 months to 1 year	54	9,114,626	(18,261)	88,216	69,955
	1,913	245,803,016	(2,069,960)	751,223	(1,318,737)

26. MARK-UP / RETURN / INTEREST EARNED

	2025	2024
	(Rupees in '000)	
Loans and advances	95,421,699	127,546,848
Investments	239,414,902	349,100,948
Lendings to financial institutions	1,304,084	240,431
Deposits with financial institutions	653,832	756,957
Securities purchased under resale agreements	346,155	385,839
	337,140,672	478,031,023

26.1 Interest income recognised on:

Financial assets measured at:		
- Amortised cost	57,895,853	77,127,911
- FVOCI	188,876,928	279,726,733
- FVPL	109,351	232,258
- Cost	90,258,540	120,944,121
	337,140,672	478,031,023

27. MARK-UP / RETURN / INTEREST EXPENSED

Deposits	148,615,295	237,469,622
Borrowings	6,032,633	12,304,916
Subordinated debt	3,501,633	6,078,012
Cost of foreign currency swaps against deposits / borrowings	4,912,630	5,661,096
Repurchase agreement borrowings	40,815,063	58,168,536
Finance charges on lease liabilities	2,641,430	2,101,060
	206,518,684	321,783,242



	Note	2025	2024
		(Rupees in '000)	
28. FEE AND COMMISSION INCOME			
Branch banking customer fees		2,937,299	2,602,691
Investment banking fees		77,879	82,444
Consumer finance related fees		72,123	49,991
Card related fees (debit and credit cards)		6,842,506	5,099,455
Credit related fees		316,006	401,729
Commission on trade		7,064,414	7,641,416
Commission on guarantees		1,206,693	1,075,340
Commission on cash management		247,753	268,623
Commission on home remittances		323,022	2,165,464
Others		54,873	52,644
		<u>19,142,568</u>	<u>19,439,797</u>
29. (LOSS) / GAIN ON SECURITIES - NET			
Realised	29.1	195,900	(319,848)
Unrealised - measured at FVPL	8.1	(283,430)	461,853
	29.2	<u>(87,530)</u>	<u>142,005</u>
29.1 Realised gain / (loss) on:			
Federal Government Securities		(118,591)	(338,463)
Units of Mutual Funds		148,771	18,615
Associates - Mutual Funds		165,720	–
		<u>195,900</u>	<u>(319,848)</u>
29.2 Net (loss) / gain on financial assets measured			
Net gain on investments in securities mandatorily measured at FVPL		(134,659)	480,468
Net loss on financial assets measured at FVOCI		(118,591)	(338,463)
Gain on investments in associates		165,720	–
		<u>(87,530)</u>	<u>142,005</u>
30. OTHER INCOME			
Rent on property		34,109	16,955
Gain on sale of property and equipment - net		807,945	1,015,110
Gain on termination of leases - net		117,904	91,282
		<u>959,958</u>	<u>1,123,347</u>



	Note	2025 (Rupees in '000)	2024
31. OPERATING EXPENSES			
Total compensation expenses	31.1	41,729,577	38,877,842
Property expenses			
Rent and taxes		267,132	272,338
Insurance		27,829	30,437
Utilities cost		3,568,193	3,907,628
Security (including guards)		2,896,800	2,412,237
Repair and maintenance (including janitorial charges)		989,002	798,398
Depreciation		1,905,798	1,580,088
Depreciation on non-banking assets acquired in satisfaction of claims		608	1,747
Depreciation on right-of-use assets		2,912,165	2,468,564
		12,567,527	11,471,437
Information technology expenses			
Software maintenance		4,848,278	3,560,789
Hardware maintenance		1,614,698	1,285,472
Depreciation		1,826,361	1,178,918
Amortisation		166,179	163,532
Network charges		823,316	963,400
		9,278,832	7,152,111
Other operating expenses			
Directors' fees and allowances		87,390	43,520
Fees and allowances to Shariah board		43,036	32,986
Insurance		1,265,903	959,430
Legal and professional charges		553,693	480,914
Outsourced services costs	31.2	4,540,682	3,476,758
Travelling and conveyance		941,193	672,594
NIFT and other clearing charges		331,321	278,235
Depreciation		3,924,254	2,855,427
Repair and maintenance		2,849,642	2,520,836
Training and development		208,974	133,708
Postage and courier charges		404,820	437,695
Communication		2,955,174	2,902,827
Stationery and printing		1,921,616	1,792,131
Marketing, advertisement and publicity		4,770,690	1,207,630
Donations	31.3	538,200	424,425
Auditors' remuneration	31.4	29,974	26,068
Commission and brokerage		1,927,444	1,581,025
Entertainment and staff refreshment		898,587	783,420
Vehicle running expenses		227,526	216,215
Subscriptions and publications		335,879	338,564
CNIC verification charges		381,980	338,147
Security charges		1,054,605	964,656
Others		730,819	1,010,170
		30,923,402	23,477,381
		94,499,338	80,978,771



2025 2024
(Rupees in '000)

31.1 Total compensation expenses

Fees and allowances etc.	4,609,573	3,429,721
Managerial remuneration	25,380,245	25,545,770
Charge for defined benefit plan	1,258,156	1,205,128
Contribution to defined contribution plan	1,423,524	1,228,620
Rent and house maintenance	6,144,535	5,258,866
Utilities	652,186	1,028,640
Medical	1,537,359	909,833
Charge for employees compensated absences	677,439	243,693
Social security	5,640	5,759
Staff indemnity	40,920	21,812
	41,729,577	38,877,842

The compensation provided by the Bank to employees is composed of fixed pay structures and do not include any variable element that varies based on performance benchmarks or targets.

31.2 Total cost for the year included in other operating expenses relating to material outsourced activities is Rs. 78.223 million (2024: Rs. 74.948 million) paid to a company incorporated outside Pakistan. Material outsourcing arrangements are as follows:

S.No.	Name of material outsourced activity	Name of service provider	Nature of service
1.	Point of Sale (POS) Acquiring	M/s. Wemsol (Private) Limited	Terminal Management & Merchant on-boarding
2.	Vision Plus - Credit Card System	M/s. Arab Financial Services	Credit Card
3.	Integrated Credit Card System	M/s. Euronet Pakistan (Private) Limited	Credit Card

2025 2024
(Rupees in '000)

31.3 The detail of donations is given below:

Al-Sayyeda Benevolent Trust	6,000	6,000
Childlife Foundation	50,000	20,000
Family Education Service Foundation	16,200	16,200
Ghulaman-e-Abbas Educational & Medical Trust	6,000	6,000
Habib Education Trust*	18,000	6,000
Habib Medical Trust*	42,000	6,000
Masoomeen Hospital Trust**	54,000	18,000
Patients' Aid Foundation	133,000	75,000
The Citizens Foundation	13,000	10,400
The Indus Hospital	200,000	260,825
	538,200	424,425

* Mr. Qumail R. Habib, Executive Director, is Managing Trustee of Habib Education Trust and Trustee of Habib Medical Trust.

** Mr. Abbas D. Habib, Chairman, is Trustee of Masoomeen Hospital Trust.



	Note	2025 (Rupees in '000)	2024
31.4 Auditors' remuneration			
Audit fee		10,278	8,938
Half yearly review		3,270	2,844
Other certifications		11,356	9,876
Gratuity fund		327	284
Out of pocket expenses / sales tax		4,743	4,126
		<u>29,974</u>	<u>26,068</u>
32. OTHER CHARGES			
Penalties imposed by the State Bank of Pakistan		99,546	310,073
33. CREDIT LOSS ALLOWANCE AND WRITE-OFFS - NET			
Charge / (reversal) against balance with other banks	6.4	131,030	(2,663)
(Reversal) / charge against lendings to financial institutions	7.4	(1,956)	5,035
Reversal against investments	8.3.2	(3,364,964)	(968,289)
Charge against loans and advances - net	9.6	1,087,836	14,137,318
(Reversal) / charge against other assets - net	13.2.1	(254,045)	106,846
Charge against off-balance sheet items - net	21.1	12,619	1,612,648
		<u>(2,389,480)</u>	<u>14,890,895</u>
34. TAXATION			
Current		34,814,894	43,425,154
Prior years		2,354,668	–
Deferred		(2,287,185)	553,888
		<u>34,882,377</u>	<u>43,979,042</u>
34.1 Relationship between tax expense and accounting profit			
Profit before taxation		65,519,785	83,841,229
Tax at the applicable rate of 43% (2024: 44%)		28,173,508	36,890,141
Tax effects of:			
Items that are not deductible in determining taxable income		(1,553,908)	36,003
Effect of change in tax rates		(660,739)	(988,797)
Tax effect of super tax		6,568,848	8,041,695
Prior years		2,354,668	–
		<u>34,882,377</u>	<u>43,979,042</u>
34.1.1	The effective tax rate for the year is 53.24% (2024: 52.45%).		
34.1.2	By virtue of the Income Tax Ordinance, 2021, the Federal Government has reduced the corporate tax rate for banking companies to 43%. The current year overall tax rate is 53% which includes 10% super tax.		



		2025 (Rupees in '000)	2024
35. BASIC AND DILUTED EARNINGS PER SHARE			
Profit for the year		<u>30,637,408</u>	<u>39,862,187</u>
		(Number)	
Weighted average number of ordinary shares		<u>1,111,425,416</u>	<u>1,111,425,416</u>
		(Rupees)	
Basic and diluted earnings per share		<u>27.57</u>	<u>35.87</u>
	Note	2025	2024
		(Rupees in '000)	
36. CASH AND CASH EQUIVALENTS			
Cash and balances with treasury banks	5	189,466,913	201,532,248
Balances with other banks	6	7,328,529	5,837,855
Overdrawn nostro accounts	16	(1,846,857)	(2,182,518)
		<u>194,948,585</u>	<u>205,187,585</u>
36.1 Reconciliation of movement of liabilities to cash flows arising from financing activities			
		2025	
		Subordinated debt	Lease liabilities Dividend payable (Rupees in '000)
Balance as at 01 January 2025		25,988,400	16,848,698 1,139,497
Changes from financing cash flows			
Payment against subordinated debt		(4,800)	-
Payment against lease liabilities - net		-	(4,588,344)
Dividend paid		-	(18,662,664)
Total changes from financing cash flows		(4,800)	(4,588,344) (18,662,664)
Other changes			
Addition to lease liabilities - net		-	5,943,940
Finance charges on lease liabilities		-	2,641,430
Final cash dividend (Rs. 6.5 per share) - December 2024		-	7,224,265
Interim cash dividend (Rs. 3.5 per share) - March 2025		-	3,889,989
Interim cash dividend (Rs. 3.5 per share) - June 2025		-	3,889,989
Interim cash dividend (Rs. 3.5 per share) - September 2025		-	3,889,989
		-	8,585,370
Balance as at 31 December 2025		<u>25,983,600</u>	<u>20,845,724</u> <u>1,371,065</u>

	2024		
	Subordinated debt	Lease liabilities (Rupees in '000)	Dividend payable
Balance as at 01 January 2024	29,985,200	14,441,482	921,969
Changes from financing cash flows			
Payment against subordinated debt	(3,996,800)	–	–
Payment against lease liabilities - net	–	(3,780,564)	–
Dividend paid	–	–	(17,009,566)
Total changes from financing cash flows	(3,996,800)	(3,780,564)	(17,009,566)
Other changes			
Addition to lease liabilities - net	–	4,086,720	–
Finance charges on lease liabilities	–	2,101,060	–
Final cash dividend (Rs. 5.0 per share) - December 2023	–	–	5,557,127
Interim cash dividend (Rs. 3.5 per share) - March 2024	–	–	3,889,989
Interim cash dividend (Rs. 3.5 per share) - June 2024	–	–	3,889,989
Interim cash dividend (Rs. 3.5 per share) - September 2024	–	–	3,889,989
	–	6,187,780	17,227,094
Balance as at 31 December 2024	<u>25,988,400</u>	<u>16,848,698</u>	<u>1,139,497</u>

	2025	2024
	(Number)	
37. STAFF STRENGTH		
Permanent	18,393	17,393
Temporary / on contractual basis	247	234
Bank's own staff at end of the year	18,640	17,627
Outsourced	3,853	3,742
Total staff strength	22,493	21,369
37.1		
Domestic	22,447	21,322
Abroad	46	47
	22,493	21,369

38. DEFINED BENEFIT PLAN

38.1 General description

The Bank operates an approved gratuity fund for all its confirmed employees, which is administered by the Trustees. The benefits under the gratuity scheme are payable on retirement at the age of 60 years or on earlier cessation of service as under:

Number of years of eligible service completed:

Less than 5 years
5 years or more but less than 10 years
10 years or more but less than 15 years
15 years or more

Amount of gratuity payable:

Nil
1/3rd of basic salary for each year served
2/3rd of basic salary for each year served
Full basic salary for each year served

The Bank's costs and contributions are determined based on actuarial valuation carried out at each year end using Projected Unit Credit Actuarial Method. All actuarial gains / losses are recognised in 'other comprehensive income' as they occur and are not reclassified to unconsolidated statement of profit and loss account in subsequent periods.



38.2 Number of employees under the scheme

The number of employees covered under the defined benefit scheme are 18,363 (2024: 17,377).

38.3 Principal actuarial assumptions

The latest actuarial valuation of the scheme was carried out on 31 December 2025 and the significant assumptions used for actuarial valuation were as follows:

	2025	2024
Discount rate	11.50%	12.25%
Expected rate of return on plan assets	11.50%	12.25%
Expected rate of salary increase : Year 1	14.00%	15.00%
Year 2	12.50%	12.25%
Mortality rates (for death in service)	SLIC(2001-05)-1	SLIC(2001-05)-1
Rates of employee turnover	Moderate	Moderate
	2025	2024
	(Rupees in '000)	
38.4 Reconciliation of payable to defined benefit plan		
Present value of obligations	14,092,408	10,708,177
Fair value of plan assets	(10,525,360)	(8,642,462)
Payable	3,567,048	2,065,715
38.5 Movement in defined benefit obligations		
Obligation at the beginning of the year	10,708,177	8,964,117
Current service cost	1,013,810	874,213
Interest cost	1,337,950	1,399,628
Benefits paid during the year	(499,584)	(620,075)
Remeasurement loss	1,532,055	90,294
38.8.2		
Obligation at the end of the year	14,092,408	10,708,177
38.6 Movement in fair value of plan assets		
Fair value at the beginning of the year	8,642,462	6,764,034
Interest income on plan assets	1,093,604	1,068,713
Contribution by the Bank - net	1,258,156	1,205,128
Actual benefits paid during the year	(499,584)	(620,075)
Remeasurement gain on plan assets	30,722	224,662
38.8.2		
Fair value at the end of the year	10,525,360	8,642,462
38.7 Movement in payable under defined benefit scheme		
Opening balance	2,065,715	2,200,083
Charge for the year	1,258,156	1,205,128
Contribution by the Bank	(1,258,156)	(1,205,128)
Remeasurement loss / (gain) recognised in		
Other Comprehensive Income (OCI) during the year	1,501,333	(134,368)
38.8.2		
Closing balance	3,567,048	2,065,715



	2025	2024
	(Rupees in '000)	
38.8 Charge for defined benefit plan		
38.8.1 Cost recognised in profit and loss		
Current service cost	1,013,810	874,213
Net interest on defined benefit liability	244,346	330,915
	<u>1,258,156</u>	<u>1,205,128</u>
38.8.2 Re-measurements loss / (gain) recognised in OCI during the year		
Loss on obligation		
- Financial assumptions	1,524,367	105,833
- Experience assumptions	7,688	(15,539)
	<u>1,532,055</u>	90,294
Actuarial gain on plan assets	(30,722)	(224,662)
Total remeasurement loss / (gain) recognised in OCI	<u>1,501,333</u>	<u>(134,368)</u>
38.9 Components of plan assets		
Cash and cash equivalents - net	88,053	585,861
Government securities	10,437,307	8,056,601
Total fair value of plan assets	<u>10,525,360</u>	<u>8,642,462</u>
38.10 Sensitivity analysis		2025
		(Rupees in '000)
1% increase in discount rate		<u>12,749,785</u>
1% decrease in discount rate		<u>15,663,659</u>
1% increase in expected rate of salary increase		<u>15,564,702</u>
1% decrease in expected rate of salary increase		<u>12,806,832</u>
		2026
		(Rupees in '000)
38.11 Expected contributions to be paid to the fund in the next financial year		<u>1,746,050</u>
38.12 Expected charge for the next financial year		<u>1,746,050</u>
38.13 Maturity profile		2025
		(Rupees in '000)
The weighted average duration of the obligation is 10.28 years.		
Distribution of timing of benefit payments		
Within the next 12 months (next annual reporting period)		643,423
Between 1 and 5 years		4,839,565
Between 6 and 10 years		12,047,791
		<u>17,530,779</u>



38.14 Funding policy

The Bank will fund the yearly contribution to the defined benefit plan each year, as per the amount calculated by the valuer.

38.15 Significant risk

Asset volatility

The Defined Benefit Gratuity Fund is almost entirely invested in Government Bonds with mostly floating income bonds. Almost 99.16% of the total investments (Rs. 10.437 billion) is invested in PIBs. This gives rise to significant reinvestment risk.

The asset class is volatile with reference to the yield on PIBs. This risk should be viewed together with change in the bond yield risk.

Changes in bond yields

There are two dimensions to the changes in bond yields: first, as described above; second, the valuation of the gratuity liability is discounted with reference to these bond yields. So any increase in bond yields will lower the gratuity liability and vice versa, but, it will also lower the asset values.

Inflation risk

The salary inflation is the major risk that the gratuity fund liability carries. In a general economic sense and in a longer view, there is a case that if bond yields increase, the change in salary inflation generally offsets the gains from the decrease in discounted gratuity liability. But viewed with the fact that asset values will also decrease, the salary inflation does, as an overall affect, increases the net liability of the Bank.

Life expectancy / withdrawal rate

The gratuity is paid off at the maximum of age 60. The life expectancy is in almost minimal range and is quite predictable in the ages when the employee is in the accredited employment of the Bank for the purpose of the gratuity. Thus, the risk of life expectancy is almost negligible. However, had a post retirement benefit been given by the Bank like monthly pension, post retirement medical etc., this would have been a significant risk which would have been quite difficult to value even by using advance mortality improvement models.

The withdrawal risk is dependent upon the benefit structure, age and retention profile of the staff, the valuation methodology, and long-term valuation assumptions.

Other risks

Though, not imminent and observable, over long term there are some risks that may crystallise. This includes:

Model risk

The defined benefit gratuity liability is usually actuarially valued each year. Further, the assets in the gratuity fund are also marked to market. This two-tier valuation gives rise to the model risk.



Retention risk

The risk that employee will not be motivated to continue the service or start working with the Bank if no market comparable retirement benefit is provided.

Final salary risk

The risk, for defined benefit gratuity, that any disproportionate salary merit increases in later service years will give rise to multiplicative increase in the gratuity liability as such increase is applicable to all the past years of service.

Operational risk related to a separate entity

Retirement benefits are funded through a separate trust fund which is a different legal entity than the Bank.

Generally, the protocols, processes and conventions used throughout the Bank are not applicable or are not actively applied to the retirement benefit funds. This gives rise to some specific operational risks.

Compliance risk

The risk that retirement benefits offered by the Bank does not comply with minimum statutory requirements.

Legal / political risk

The risk that the legal / political environment changes and the Bank is required to offer additional or different retirement benefits than what the Bank projected.

39. DEFINED CONTRIBUTION PLAN

The general description of the plan is included in note 4.11.

	2025 (Rupees in '000)
Contributions made during the year:	
Employer's contribution	1,423,904
Employees' contribution	1,423,904

The number of employees covered under the defined contribution plan are 16,605 (2024: 15,928).



40. COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

40.1 Total Compensation Expense

Items	2025						
	Chairman	Directors Executives (other than CE)	Non- Executives	Members Shariah Board	Chief Executive	Key Management Personnel	Other Risk Takers / Controllers
	(Rupees in '000)						
Fees and allowances etc.	13,440	–	73,950	–	–	–	–
Managerial remuneration	–	53,667	–	40,456	143,333	956,351	2,550,442
Charge for defined benefit plan	–	–	–	–	–	175,517	286,139
Contribution to defined contribution plan	–	–	–	380	–	58,440	200,102
Rent and house maintenance	–	17,200	–	1,520	46,133	314,949	836,716
Utilities	–	–	–	36	–	1,618	51,003
Medical	–	4,300	–	380	11,533	78,737	209,115
Others	–	–	–	264	–	7,288	549,251
Total	13,440	75,167	73,950	43,036	200,999	1,592,900	4,682,768
Number of persons	1	1	11	4	1	46	1,493
	2024						
Fees and allowances etc.	11,520	–	32,000	–	–	–	–
Managerial remuneration	–	54,375	–	24,487	138,133	803,900	2,495,905
Charge for defined benefit plan	–	–	–	–	52,134	153,229	265,205
Contribution to defined contribution plan	–	–	–	280	2,157	48,308	174,290
Rent and house maintenance	–	15,450	–	6,335	38,933	232,263	720,903
Utilities	–	2,196	–	1,482	5,507	34,302	124,848
Medical	–	1,667	–	138	4,227	25,038	101,966
Others	–	–	–	264	–	6,070	475,814
Total	11,520	73,688	32,000	32,986	241,091	1,303,110	4,358,931
Number of persons	1	1	9	4	1	36	1,352



Chief Executive, Executive Director, Members Shariah Board, Key Management Personnel and Other Risk Takers / Controllers are entitled to Bank's maintained cars with fuel in accordance with the terms of their employment and are entitled to medical and life insurance benefits in accordance with the policy of the Bank. In addition, the Chief Executive and Executive Director are also provided with drivers, security arrangements and payment of travel bills in accordance with their terms of employment.

Chairman of the Board is also entitled to Bank's maintained cars with fuel, security guard services, payment of utility bills, club and entertainment bills, travelling bills, appropriate office, staff, and administrative support.

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

		2025								
		Meeting Fees								
		For Board Committees								
S.No.	Name of Director	For Board Meetings	Audit Committee	Human	Risk	Credit Risk	IFRS 9 Committee	IT	Islamic	Total Amount Paid
				Resource & Remuneration Committee	Management Committee	Management Committee		Conversion Committee		
(Rupees in '000)										
1.	Mr. Abbas D. Habib	4,800	-	4,800	-	-	-	3,840	-	13,440
2.	Mr. Anwar Haji Karim	2,650	2,500	-	1,250	-	-	-	-	6,400
3.	Ms. Farhana Mowjee Khan	3,450	3,500	2,250	250	1,500	250	-	1,750	12,950
4.	Syed Mazhar Abbas	250	500	250	-	250	-	-	-	1,250
5.	Mr. Murtaza H. Habib	250	-	250	-	250	-	-	-	750
6.	Mr. Arshad Nasar	250	500	250	-	250	250	250	-	1,750
7.	Mr. Adnan Afridi	3,450	3,000	-	1,750	1,500	-	500	-	10,200
8.	Mr. Mohammad Rafiquddin Mehkari	3,450	3,500	-	1,750	1,750	-	-	1,750	12,200
9.	Mr. Humayun Bashir	3,450	-	2,000	-	-	-	1,750	1,750	8,950
10.	Mr. Qasim Habib	3,200	-	-	1,500	1,500	-	1,500	-	7,700
11.	Mr. Shahid Iqbal	3,200	-	2,000	1,500	-	-	-	1,500	8,200
12.	Mr. Tariq Iqbal Khan	1,600	1,000	1,000	-	-	-	-	-	3,600
		30,000	14,500	12,800	8,000	7,000	500	7,840	6,750	87,390



2024
Meeting Fees

For Board Committees

S.No.	Name of Director	For Board Meetings	Audit Committee	Human Resource & Remuneration Committee	Risk Management Committee	Credit Risk Management Committee	IFRS 9 Committee	IT Committee	Islamic Banking Conversion Committee	Total Amount Paid
(Rupees in '000)										
1.	Mr. Abbas D. Habib	3,840	-	3,840	-	-	-	3,840	-	11,520
2.	Mr. Anwar Haji Karim	1,000	1,750	-	1,000	-	-	-	-	3,750
3.	Ms. Farhana Mowjee Khan	1,000	2,000	1,000	1,000	-	1,000	-	-	6,000
4.	Syed Mazhar Abbas	750	1,500	750	-	750	-	-	-	3,750
5.	Mr. Murtaza H. Habib	1,000	-	1,000	-	1,000	-	-	-	3,000
6.	Mr. Arshad Nasar	1,000	2,000	1,000	-	1,000	1,000	1,000	-	7,000
7.	Mr. Adnan Afridi	1,000	-	1,000	-	-	-	-	-	2,000
8.	Mr. Mohammad Rafiquddin Mehkari	1,000	2,000	1,000	1,000	-	-	-	-	5,000
9.	Mr. Javed Iqbal	250	-	-	-	-	-	250	-	500
10.	Mr. Humayun Bashir	500	-	-	-	-	-	500	-	1,000
		11,340	9,250	9,590	3,000	2,750	2,000	5,590	-	43,520

40.3 Remuneration paid to Shariah Board Members

Items	2025			2024		
	Chairman	Resident Member	Non-Resident Member	Chairman	Resident Member	Non-Resident Member
(Rupees in '000)						
Managerial remuneration	19,840	5,063	15,553	12,116	4,287	8,084
Contribution to defined contribution plan	-	380	-	-	280	-
Rent and house maintenance	-	1,520	-	3,075	1,120	2,140
Utilities	-	36	-	769	178	535
Medical	-	380	-	-	138	-
Others	-	264	-	-	264	-
Total	19,840	7,643	15,553	15,960	6,267	10,759
Number of persons	1	1	2	1	1	2



41. FAIR VALUE MEASUREMENTS

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

41.1 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 liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

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

There were no transfers between levels 1 and 2 during the year.

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

	2025			
	Level 1	Level 2 (Rupees in '000)	Level 3	Total
On balance sheet financial instruments				
Financial assets - measured at fair value				
Investments				
Federal Government Securities	-	1,542,200,557	-	1,542,200,557
Shares	847,284	160,110	4,127,900	5,135,294
Non-Government Debt Securities	-	6,639,907	-	6,639,907
Foreign Securities	-	6,488,152	-	6,488,152
Units of Mutual Funds	-	8,627,514	-	8,627,514
Financial assets - disclosed but not measured at fair value				
Investments				
Federal Government Securities	-	454,684,915	-	454,684,915
Off-balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange contracts	-	147,047,803	-	147,047,803
Forward sale of foreign exchange contracts	-	70,477,153	-	70,477,153
	2024			
	Level 1	Level 2 (Rupees in '000)	Level 3	Total
On balance sheet financial instruments				
Financial assets - measured at fair value				
Investments				
Federal Government Securities	-	1,500,229,375	-	1,500,229,375
Shares	761,605	-	-	761,605
Non-Government Debt Securities	-	7,682,659	-	7,682,659
Foreign Securities	-	7,367,557	-	7,367,557
Units of Mutual Funds	-	4,699,950	-	4,699,950
Financial assets - disclosed but not measured at fair value				
Investments				
Federal Government Securities	-	395,391,462	-	395,391,462
Off-balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange contracts	-	143,574,254	-	143,574,254
Forward sale of foreign exchange contracts	-	100,910,025	-	100,910,025



41.2 Valuation techniques used in determination of fair values

Item	Valuation Approach	Input Used
Federal Government Securities	Federal Government Securities includes Pakistan Investments Bonds (PIBs), Market Treasury Bills (MTBs) and Government Ijarah Sukuks (GISs) at fixed rate and floating rate. The fair value of fixed rates PIBs and MTBs are derived from PKRV and PKFRV rates. The fair value of GISs are revalued using PKISRV rates. Where PKISRV rates are not available for specific sukuks GISs, the average of available PKISRV rates for similar GISs are applied.	<ul style="list-style-type: none"> - PKRV rates - PKFRV rates - PKISRV rates
Term Finance Certificates (TFCs)	These are valued using the Mutual Funds Association of Pakistan (MUFAP) rate, if available, or the income approach. Future cash flows are estimated based on prevailing KIBOR rates as of the valuation date. These cash flows are then discounted using PKRV rate, adjusted for an instrument-specific credit spread to reflect the individual credit risk associated with each TFC.	<ul style="list-style-type: none"> - KIBOR - PKRV rates - Term sheets - MUFAP rates
Sukuks	Corporate Sukuks are valued using MUFAP rate, if available, or the income approach. Expected cash flows are projected based on the current KIBOR rate. These cash flows are then discounted using the PKISRV rate, adjusted for credit spreads to reflect the risk profile of each instrument.	<ul style="list-style-type: none"> - KIBOR - PKISRV rates - Term sheets - MUFAP rates
Foreign Securities	Fair values of investments in foreign securities are valued on the basis of closing quoted market prices available at the Mashreq Bank PSC and Reuters.	<ul style="list-style-type: none"> - Market price as per Mashreq Bank PSC - Reuters
Ordinary shares - listed	The fair value of investments in listed equity securities are valued on the basis of closing quoted market price available at the Pakistan Stock Exchange (PSX).	<ul style="list-style-type: none"> - Fair value as per PSX
Units of Mutual Funds	Fair values of investments in units of mutual funds are determined based on redemption prices disclosed at MUFAP as at the close of the business days.	<ul style="list-style-type: none"> - Net Assets Value as per MUFAP



Item	Valuation Approach	Input Used
Ordinary shares - unlisted	<p>The valuation of unlisted companies varies for each company, as explained below;</p> <ul style="list-style-type: none"> - SWIFT is valued using the market approach. Valuation is based on its latest published share price in euros, converted to PKR using the exchange rate prevailing on the valuation date. - Pakistan Mortgage Refinance Company Limited (PMRC) has been valued based on price-to-book ratio of comparable market data. - 1LINK (Private) Limited have been valued based on discounted cash flows. Future cash flows were projected based on reasonable assumptions aligned with the company's historical performance. The discount rate was derived using the Capital Asset Pricing Model (CAPM), given that the company is currently unlevered. The CAPM inputs included the equity risk premium (ERP), PKRV rates, and the ungeared beta of comparable companies, adjusted for Pakistan's country risk premium (CRP). 	<ul style="list-style-type: none"> - Euro / Pak exchange rate - PKRV rates - Comparable company information - Historical PSX returns - Financials of the investee company
Forward Foreign Exchange Contracts	The valuation has been determined by interpolating the foreign exchange revaluation rates announced by SBP.	- Foreign exchange revaluation rates announced by SBP.
Property and Equipment - Land and Building	The valuation experts used a market based approach to arrive at the fair value of the Bank's properties. The market approach used prices and other relevant information generated by market transactions involving identical, comparable or similar properties.	- Prices and other relevant information generated by market transactions involving identical, comparable or similar properties.
Non - Banking Assets acquired in Satisfaction of Claims		

41.3 The following table shows reconciliation of investments held at Level 3 fair value movement:

	2025 (Rupees in '000)
Opening balance	100,000
Impact of adoption of IFRS 9	3,496,078
Balance as at 01 January after adopting IFRS 9	<u>3,596,078</u>
Remeasurement recognised in OCI	531,822
Closing balance	<u><u>4,127,900</u></u>



41.4

Ordinary shares in unlisted companies	Unobservable Input	Fair Value (Rupees in '000)	Input	Relationship of unobservable inputs to fair value
Pakistan Mortgage Refinance Company Limited	Discounts for lack of marketability (DLOM)	80,186	20%	Increase / (decrease) in DLOM by 1% by all other variables held constant would (decrease) / increase the fair value by Rs. 1.0 million.
1LINK (Private) Limited	Discounts for lack of marketability (DLOM)	4,047,714	28%	Increase / (decrease) in DLOM by 1% by all other variables held constant would (decrease) / increase the fair value by Rs. 56.2 million.

42. 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 the unconsolidated financial statements. Assets held under trust are shown in the table below:

Category	2025						Total
	Securities Held (Face Value)						
	IPS Accounts	Market Treasury Bills	Pakistan Investment Bonds	Sukuks	Naya Pakistan Certificates	Bonds	
	(Number)						(Rupees in '000)
Asset Management Companies	1	15,631,295	-	-	-	-	15,631,295
Employee Funds	27	1,291,900	30,275,200	825,000	-	-	32,392,100
Insurance Companies	3	-	1,354,200	-	-	-	1,354,200
Companies	24	6,333,890	3,676,200	48,000	-	-	10,058,090
Individuals	791	958,450	274,100	-	18,920,236	1,049,061	21,201,847
NGO's / Charitable Institutions / Trust	27	3,989,700	4,595,000	120,000	-	-	8,704,700
Others	5	1,681,000	-	-	-	-	1,681,000
Total	878	29,886,235	40,174,700	993,000	18,920,236	1,049,061	91,023,232

Category	2024						Total
	Securities Held (Face Value)						
	IPS Accounts	Market Treasury Bills	Pakistan Investment Bonds	Sukuks	Naya Pakistan Certificates	Bonds	
	(Number)						(Rupees in '000)
Asset Management Companies	6	54,745,150	1,000,000	267,000	-	-	56,012,150
Employee Funds	27	1,948,475	23,186,700	715,000	-	-	25,850,175
Insurance Companies	3	-	1,204,200	-	-	-	1,204,200
Companies	26	4,346,350	258,459,700	48,000	-	69,638	262,923,688
Individuals	618	1,011,250	657,100	-	14,783,214	3,454,020	19,905,584
NGO's / Charitable Institutions / Trust	21	3,361,370	985,200	120,000	-	-	4,466,570
Others	4	1,529,710	-	-	-	-	1,529,710
Total	705	66,942,305	285,492,900	1,150,000	14,783,214	3,523,658	371,892,077



43. SEGMENT INFORMATION

43.1 Segment details with respect to business activities

The segment analysis with respect to business activity is as follows:

	2025			
	Commercial banking	Retail banking	Islamic banking	Total
	(Rupees in '000)			
Statement of profit and loss account				
Mark-up / return / profit	262,489,104	25,533,985	49,117,583	337,140,672
Inter segment revenue - net	-	92,364,249	-	92,364,249
Non mark-up / return / interest income	5,440,303	20,442,552	2,561,485	28,444,340
Total income	267,929,407	138,340,786	51,679,068	457,949,261
Segment direct expenses	(149,541,529)	(118,873,069)	(34,040,109)	(302,454,707)
Inter segment expense allocation	(92,364,249)	-	-	(92,364,249)
Total expenses	(241,905,778)	(118,873,069)	(34,040,109)	(394,818,956)
Credit loss allowance and write-offs - net	2,616,693	1,465	(228,678)	2,389,480
Profit before tax	28,640,322	19,469,182	17,410,281	65,519,785
Statement of financial position				
Cash and bank balances	153,140,604	16,112,946	27,409,913	196,663,463
Investments	1,698,894,741	-	329,585,390	2,028,480,131
Net inter segment lending	-	1,416,629,585	-	1,416,629,585
Lendings to financial institutions	6,456,338	-	17,997,570	24,453,908
Advances - performing	576,728,078	60,926,055	151,657,603	789,311,736
- non-performing net of credit loss allowance	2,683,652	37,725	17,282	2,738,659
Others	210,898,575	22,190,049	29,027,376	262,116,000
Total assets	2,648,801,988	1,515,896,360	555,695,134	4,720,393,482
Borrowings	266,100,672	-	24,160,152	290,260,824
Subordinated debt	25,983,600	-	-	25,983,600
Deposits and other accounts	780,856,561	1,404,805,036	413,425,416	2,599,087,013
Net inter segment borrowing	1,416,629,585	-	-	1,416,629,585
Others	73,832,112	107,332,234	35,999,763	217,164,109
Total liabilities	2,563,402,530	1,512,137,270	473,585,331	4,549,125,131
Equity	85,399,458	3,759,090	82,109,803	171,268,351
Total equity and liabilities	2,648,801,988	1,515,896,360	555,695,134	4,720,393,482
Contingencies and commitments	529,219,540	403,670	68,114,936	597,738,146



2024

	Commercial banking	Retail banking	Islamic banking	Total
	(Rupees in '000)			
Statement of profit and loss account				
Mark-up / return / profit	400,816,366	15,672,611	61,542,046	478,031,023
Inter segment revenue - net	–	130,592,116	–	130,592,116
Non mark-up / return / interest income	6,360,210	17,043,952	2,080,071	25,484,233
Total income	407,176,576	163,308,679	63,622,117	634,107,372
Segment direct expenses	(229,926,454)	(136,480,583)	(38,376,095)	(404,783,132)
Inter segment expense allocation	(130,592,116)	–	–	(130,592,116)
Total expenses	(360,518,570)	(136,480,583)	(38,376,095)	(535,375,248)
Credit loss allowance and write-offs - net	(13,168,016)	(315)	(1,722,564)	(14,890,895)
Profit before tax	33,489,990	26,827,781	23,523,458	83,841,229
Statement of financial position				
Cash and bank balances	173,567,233	9,695,495	24,106,428	207,369,156
Investments	1,668,391,709	–	256,341,204	1,924,732,913
Net inter segment lending	–	1,355,459,875	–	1,355,459,875
Lendings to financial institutions	12,945,052	–	25,996,490	38,941,542
Advances - performing	761,877,058	42,705,903	103,581,573	908,164,534
- non-performing net of credit loss allowance	2,641,855	38,287	5,523	2,685,665
Others	194,393,122	11,031,008	32,717,265	238,141,395
Total assets	2,813,816,029	1,418,930,568	442,748,483	4,675,495,080
Borrowings	636,481,967	–	30,561,246	667,043,213
Subordinated debt	25,988,400	–	–	25,988,400
Deposits and other accounts	649,870,383	1,311,490,784	317,595,744	2,278,956,911
Net inter segment borrowing	1,355,459,875	–	–	1,355,459,875
Others	63,894,713	105,090,753	27,072,595	196,058,061
Total liabilities	2,731,695,338	1,416,581,537	375,229,585	4,523,506,460
Equity	82,120,691	2,349,031	67,518,898	151,988,620
Total equity and liabilities	2,813,816,029	1,418,930,568	442,748,483	4,675,495,080
Contingencies and commitments	455,344,714	144,204	53,215,299	508,704,217



43.2 Segment details with respect to geographical locations

The segment analysis with respect to geographical segment activity is as following:

	2025			
	Pakistan	Middle East	Asia Pacific	Total
	(Rupees in '000)			
Statement of profit and loss account				
Mark-up / return / profit	331,971,271	3,568,136	1,601,265	337,140,672
Non mark-up / return / interest income	28,010,375	285,198	148,767	28,444,340
Total income	359,981,646	3,853,334	1,750,032	365,585,012
Segment direct expenses	(298,418,942)	(2,720,593)	(1,315,172)	(302,454,707)
Credit loss allowance and write-offs - net	(1,649,486)	2,234,665	1,804,301	2,389,480
Profit before tax	59,913,218	3,367,406	2,239,161	65,519,785
Statement of financial position				
Cash and bank balances	196,443,217	130,824	89,422	196,663,463
Investments	2,005,715,036	11,440,239	11,324,856	2,028,480,131
Net inter segment lending	12,605,540	24,888,937	588,259	38,082,736
Lendings to financial institutions	24,453,908	-	-	24,453,908
Advances - performing	757,924,774	21,069,535	10,317,427	789,311,736
- non-performing net of credit loss allowance	2,738,659	-	-	2,738,659
Others	254,556,790	2,264,126	5,295,084	262,116,000
Total assets	3,254,437,924	59,793,661	27,615,048	3,341,846,633
Borrowings	290,260,824	-	-	290,260,824
Subordinated debt	25,983,600	-	-	25,983,600
Deposits and other accounts	2,552,006,594	34,225,294	12,855,125	2,599,087,013
Net inter segment borrowing	19,314,488	13,193,798	5,574,450	38,082,736
Others	209,859,925	1,987,403	5,316,781	217,164,109
Total liabilities	3,097,425,431	49,406,495	23,746,356	3,170,578,282
Equity	157,012,493	10,387,166	3,868,692	171,268,351
Total equity and liabilities	3,254,437,924	59,793,661	27,615,048	3,341,846,633
Contingencies and commitments	585,674,012	10,746,808	1,317,326	597,738,146



	2024			
	Pakistan	Middle East	Asia Pacific	Total
	(Rupees in '000)			
Statement of profit and loss account				
Mark-up / return / profit	473,916,589	1,843,096	2,271,338	478,031,023
Non mark-up / return / interest income	24,650,147	525,233	308,853	25,484,233
Total income	498,566,736	2,368,329	2,580,191	503,515,256
Segment direct expenses	(401,320,412)	(2,154,908)	(1,307,812)	(404,783,132)
Credit loss allowance and write-offs - net	(16,174,135)	611,744	671,496	(14,890,895)
Profit before tax	81,072,189	825,165	1,943,875	83,841,229
Statement of financial position				
Cash and bank balances	206,643,781	667,407	57,968	207,369,156
Investments	1,897,658,433	14,783,025	12,291,455	1,924,732,913
Net inter segment lending	10,027,800	21,350,858	1,392,750	32,771,408
Lendings to financial institutions	38,941,542	–	–	38,941,542
Advances - performing	882,155,014	15,817,117	10,192,403	908,164,534
- non-performing net of credit loss allowance	1,982,189	–	703,476	2,685,665
Others	236,809,459	996,756	335,180	238,141,395
Total assets	3,274,218,218	53,615,163	24,973,232	3,352,806,613
Borrowings	667,043,213	–	–	667,043,213
Subordinated debt	25,988,400	–	–	25,988,400
Deposits and other accounts	2,229,894,340	33,024,109	16,038,462	2,278,956,911
Net inter segment borrowing	15,334,178	11,420,550	6,016,680	32,771,408
Others	194,890,855	967,811	199,395	196,058,061
Total liabilities	3,133,150,986	45,412,470	22,254,537	3,200,817,993
Equity	141,067,232	8,202,693	2,718,695	151,988,620
Total equity and liabilities	3,274,218,218	53,615,163	24,973,232	3,352,806,613
Contingencies and commitments	505,004,246	2,992,733	707,238	508,704,217

44. RELATED PARTY TRANSACTIONS

Related parties of the Bank comprise subsidiaries, associates, directors, key management personnel and other related parties.

Transactions with related parties of the Bank are carried out on substantially the same terms as for comparable transactions with others. The transactions with employees of the Bank are carried out in accordance with the terms of their employment.



Transactions with related parties, other than those disclosed in note 10.5, 22.3 and 40 are summarised as follows:

	2025					2024				
	Directors	Key management personnel	Subsidiaries	Associates	Other related parties	Directors	Key management personnel	Subsidiaries	Associates	Other related parties
	(Rupees in '000)									
Investments										
Opening balance	-	-	3,883,250	4,614,653	811,604	-	-	883,250	4,614,653	654,086
Investment made during the year	-	-	-	7,500,000	-	-	-	3,000,000	-	130,000
Investment adjusted / redeemed / disposed off during the year	-	-	-	(1,613,002)	(182,690)	-	-	-	-	-
Surplus on revaluation	-	-	-	-	3,438,799	-	-	-	-	157,518
Credit loss allowance	-	-	-	-	30,000	-	-	-	-	(130,000)
Closing balance	-	-	3,883,250	10,501,651	4,097,713	-	-	3,883,250	4,614,653	811,604
Advances										
Opening balance	1,674	391,567	550,336	-	1,109,581	4,048	345,035	588,969	-	1,680,782
Addition during the year	130,940	605,791	67,548,169	-	42,247,630	16,933	440,830	45,578,331	-	32,611,576
Repaid during the year	(125,348)	(544,278)	(67,561,040)	-	(42,330,680)	(19,277)	(394,084)	(45,596,934)	-	(33,100,534)
Credit loss allowance	(43)	22	6,777	-	50,420	(30)	(214)	(20,030)	-	(82,243)
Closing balance	7,223	453,102	544,242	-	1,076,951	1,674	391,567	550,336	-	1,109,581
Right-of-use assets	-	-	-	-	11,959	-	-	-	-	1,022
Other assets										
Interest / mark-up accrued	-	517	22,012	-	46,017	-	454	17,301	-	14,716
Credit loss allowance on accrued markup	-	1	143	-	721	-	2	314	-	521
Other receivable	-	-	-	-	-	-	-	447	-	-
Subordinated debt										
Opening balance	-	-	-	-	244,000	-	-	-	-	194,000
Issued / purchased during the year	-	-	-	-	-	-	-	-	-	50,000
Closing balance	-	-	-	-	244,000	-	-	-	-	244,000
Deposits and other accounts										
Opening balance	1,106,745	854,460	1,020,652	11,795,080	15,445,734	771,493	794,349	1,316,547	19,349,124	9,409,202
Received during the year	10,183,847	6,909,437	514,833,412	1,208,186,155	398,533,940	8,344,579	6,474,665	74,687,462	582,838,891	405,964,086
Withdrawn during the year	(10,817,343)	(6,929,728)	(514,643,343)	(1,181,217,638)	(411,000,031)	(8,009,327)	(6,414,554)	(74,983,357)	(590,392,935)	(399,927,554)
Closing balance	473,249	834,169	1,210,721	38,763,597	2,979,643	1,106,745	854,460	1,020,652	11,795,080	15,445,734
Other liabilities										
Interest / mark-up payable	10	2,361	27	71,146	6,377	156	669	-	-	13,995
Credit loss allowance on off-balance sheet	-	-	-	-	16,910	-	-	-	-	33,009
Payable to staff gratuity fund	-	-	-	-	3,567,048	-	-	-	-	2,065,715
Other liabilities	-	33	1,782	-	-	-	75	2,570	-	-
Contingencies and commitments										
	-	-	-	-	1,195,406	-	-	-	-	1,617,658
Other transactions - Investor Portfolio Securities										
Opening balance	-	-	45,000	-	24,182,000	-	-	45,000	-	18,863,500
Increased during the year	-	80,000	-	-	12,475,800	-	-	-	-	7,398,000
Decreased during the year	-	-	-	-	(6,250,100)	-	-	-	-	(2,079,500)
Closing balance	-	80,000	45,000	-	30,407,700	-	-	45,000	-	24,182,000
Sale of government securities	-	-	298,867	-	11,605,921	-	-	2,548,399	-	6,567,514
Purchase / sale of foreign currencies (cross currency)	-	-	4,140,124	-	-	-	-	1,058,857	-	-



44.1 Related Party Transactions

	2025					2024				
	Directors	Key management personnel	Subsidiaries	Associates	Other related parties	Directors	Key Management personnel	Subsidiaries	Associates	Other related parties
	(Rupees in '000)									
Income										
Mark-up / return / interest earned	566	28,991	53,351	-	108,444	1	20,169	77,193	-	177,365
Fee and commission income	332	1,349	1,303	324	61,250	247	1,530	205	166	16,142
Dividend income	-	-	-	608,385	140,847	-	-	-	506,770	156,492
Net gain on sale / redemption of securities / mutual fund	-	-	-	165,720	4	-	-	-	-	-
Rental income	-	-	34,109	-	-	-	-	16,955	-	-
Other income	-	20	764	-	400	-	-	2,569	-	305
Expense										
Mark-up / return / interest expensed	40,270	72,031	100,249	764,482	380,753	133,494	115,624	183,460	1,239,737	2,538,760
Operating expenses	-	-	-	-	1,450,544	-	-	420	-	1,304,439
Brokerage commission	-	-	24,234	-	-	-	-	15,016	-	-
Salaries and allowances	-	1,614,756	-	-	-	-	1,307,411	-	-	-
Bonus	-	257,930	-	-	-	-	352,547	-	-	-
Contribution to defined contribution plan	-	57,076	-	-	-	-	50,573	-	-	-
Contribution to defined benefit plan	-	258,082	-	-	-	-	187,057	-	-	-
Staff provident fund	-	-	-	-	1,423,904	-	-	-	-	1,228,900
Staff gratuity fund	-	-	-	-	1,258,156	-	-	-	-	1,205,128
Directors' fees	68,990	-	-	-	-	41,520	-	-	-	-
Donation	-	-	-	-	114,000	-	-	-	-	36,000
Insurance premium paid	-	-	-	-	282,652	-	-	-	-	266,549
Insurance claims settled	-	-	-	-	170,227	-	-	-	-	126,974



45. CAPITAL ADEQUACY, LEVERAGE RATIO AND LIQUIDITY REQUIREMENTS

	2025	2024
	(Rupees in '000)	
Minimum Capital Requirement (MCR):		
Paid-up capital	11,114,254	11,114,254
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	147,597,060	138,304,943
Eligible Additional Tier 1 (ADT 1) Capital	13,026,476	13,085,236
Total Eligible Tier 1 Capital	160,623,536	151,390,179
Eligible Tier 2 Capital	52,182,666	43,326,725
Total Eligible Capital (Tier 1 + Tier 2)	212,806,202	194,716,904
Risk Weighted Assets (RWAs):		
Credit Risk	873,780,066	794,269,649
Market Risk	69,227,982	26,015,518
Operational Risk	305,193,173	267,347,656
Total	1,248,201,221	1,087,632,823
	2025	2024
	(Percentage)	
Common Equity Tier 1 Capital Adequacy Ratio	11.82%	12.72%
Tier 1 Capital Adequacy Ratio	12.87%	13.92%
Total Capital Adequacy Ratio	17.05%	17.90%

Minimum Capital Requirement (MCR)

The MCR standard sets the paid-up capital that the Bank is required to hold at all times. As of the statement of financial position date, the Bank's paid-up capital stands at Rs. 11.114 billion as against the required MCR of Rs.10 billion.

Minimum Capital Adequacy Ratio (CAR)

The CAR on the basis of above framework works out to be as follows:

	2025	2024
	(Percentage)	
Required CAR	11.50%	11.50%
CAR on Bank level	17.05%	17.90%

The Bank calculates capital requirement as per Basel III regulatory framework, using the following approaches:

Credit Risk	Standardised Approach
Market Risk	Standardised Approach
Operational Risk	Basic Indicator Approach



	2025 (Rupees in '000)	2024
Leverage Ratio (LR):		
Eligible Tier-1 Capital	160,623,536	151,390,179
Total Exposures	<u>3,829,478,348</u>	<u>3,781,832,541</u>
Leverage Ratio	<u>4.19%</u>	<u>4.00%</u>
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	1,365,295,341	1,240,825,598
Total Net Cash Outflow	<u>480,920,313</u>	<u>455,977,522</u>
Liquidity Coverage Ratio	<u>283.89%</u>	<u>272.12%</u>
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	2,631,738,714	2,345,924,658
Total Required Stable Funding	<u>1,366,097,618</u>	<u>1,268,607,420</u>
Net Stable Funding Ratio	<u>192.65%</u>	<u>184.92%</u>

45.1 The full disclosures on the **CAPITAL ADEQUACY, LEVERAGE RATIO AND LIQUIDITY REQUIREMENTS** as per SBP instructions issued from time to time have been placed on the Bank's website. The link to the full disclosure is available at <https://www.bankalhabib.com/capitaladequacy/leverage/liquidityratio-banklevel2025>.

The Bank has applied transitional approach under IFRS 9 as prescribed in SBP Circular. CAR and LR would be 16.48% & 4.03% respectively, if full impact of IFRS 9 is applied.

46. RISK MANAGEMENT

The Bank has a risk management framework commensurate with its size and the nature of its business. The Board of Directors has approved risk management policies covering key areas of activities for the guidance of management and committees of the Board, management committees, and divisions / departments of the Bank.

This section presents information about the Bank's exposure to and its management and control of risks, in particular the primary risks associated with its use of financial instruments.

46.1 Credit Risk

Credit risk is the risk of loss arising from failure by a client or counterparty to meet its contractual obligation. It emanates from loans and advances, commitments to lend, contingent liabilities such as letters of credit and guarantees, and other similar transactions both on and off-balance sheet.

The objective of credit risk management is to keep credit risk exposure within permissible level, relevant to the Bank's risk capital, to maintain the soundness of assets and to ensure returns commensurate with risk.

Credit risk of the Bank is managed through the credit policy approved by the Board, a well-defined credit approval mechanism, prescribed documentation requirement, post disbursement administration, review and monitoring of all credit facilities, and continuous assessment of credit worthiness of counterparties. Decisions regarding the credit portfolio are taken mainly by the Central Credit Committee. Credit Risk Management Committee of the Board provides overall guidance in managing the Bank's credit risk.

Counterparty exposure limits are approved in line with the Prudential Regulations and the Bank's own policies by taking into account both qualitative and quantitative criteria. There is an established system for continuous monitoring of credit exposures and follow-up of any past due loans with the respective business units. All past due loans, including trade bills, are reviewed on fortnightly basis and pursued for recovery. Any non-performing loans are classified and provided for as per Prudential Regulations and IFRS 9.



The Bank has also established a mechanism for independent post - disbursement review of large credit risk exposures. Credit facilities, both fund based and non-fund based, extended to large customer groups and industrial sectors are regularly monitored. The Bank has concentration of credit in textiles which is the largest sector of Pakistan's economy. Concentration risk is managed by diversification within sub - sectors like spinning, weaving and composites etc.

Credit Administration Department (CAD) is primarily responsible for custody, monitoring, and maintenance of security that underlies the banks' credit portfolio. CAD is also responsible for ensuring that all required terms and conditions as per approvals are properly reflected in customer documentation.

The Bank has implemented its own internal risk rating system for the credit portfolio, as per guidelines of SBP. Credit ratings by external rating agencies, if available, are also considered.

Generally, the Bank primarily lends against cash flows, which is considered the primary source of repayment. However, if cash flows of a borrower deteriorate and are insufficient to service debt obligations, collateral serves as the secondary recourse of repayment.

Provisions for the credit portfolio are determined in accordance with IFRS 9 and SBP's Prudential Regulations. Details of credit loss allowance against advances are provided in note 9.6.

The Bank uses the standardised approach to calculate capital charge for credit risk as per Basel regulatory framework, with comprehensive approach for credit risk mitigation.

Stress testing for credit risk is carried out regularly to estimate the impact of increase in non-performing loans and downward shift in these categories.



46.1.1 Lendings to financial institutions

Credit risk by public / private sector	Gross lendings		Non-performing lendings		Credit loss allowance					
	2025	2024	2025	2024	Stage 1 (Rupees in '000)		Stage 2		Stage 3	
Public / Government	-	9,990,000	-	-	-	1,349	-	-	-	-
Private	24,457,210	28,956,800	-	-	3,302	3,909	-	-	-	-
	<u>24,457,210</u>	<u>38,946,800</u>	<u>-</u>	<u>-</u>	<u>3,302</u>	<u>5,258</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

46.1.2 Investment in debt securities

Credit risk by industry sector	Gross investments		Non-performing investments		Credit loss allowance					
	2025	2024	2025	2024	Stage 1 (Rupees in '000)		Stage 2		Stage 3	
Financial	29,962,918	38,062,889	100,000	6,117,298	31,388	12,358	3,367,187	4,165,292	100,000	2,631,155
Iron and steel	680,000	680,000	680,000	680,000	-	-	-	-	680,000	680,000
Wholesale and retail trade	312,500	625,000	-	-	44	-	-	92	-	-
Others	125,000	212,814	-	4,481	-	-	25	38	-	4,481
	<u>31,080,418</u>	<u>39,580,703</u>	<u>780,000</u>	<u>6,801,779</u>	<u>31,432</u>	<u>12,358</u>	<u>3,367,212</u>	<u>4,165,422</u>	<u>780,000</u>	<u>3,315,636</u>

Credit risk by public / private sector	Gross investments		Non-performing investments		Credit loss allowance					
	2025	2024	2025	2024	Stage 1 (Rupees in '000)		Stage 2		Stage 3	
Public / Government	23,623,477	30,873,196	-	5,917,378	30,305	11,591	3,365,265	4,164,145	-	2,431,235
Private	7,456,941	8,707,507	780,000	884,401	1,127	767	1,947	1,277	780,000	884,401
	<u>31,080,418</u>	<u>39,580,703</u>	<u>780,000</u>	<u>6,801,779</u>	<u>31,432</u>	<u>12,358</u>	<u>3,367,212</u>	<u>4,165,422</u>	<u>780,000</u>	<u>3,315,636</u>



46.1.3 Advances

Credit risk by industry sector	Gross advances		Non-performing advances		Credit loss allowance					
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
					Stage 1		Stage 2		Stage 3	
	(Rupees in '000)									
Agriculture, forestry, hunting and fishing	38,252,983	30,436,306	1,510,510	1,397,611	316,490	146,139	101,782	62,510	1,161,722	1,311,621
Mining and quarrying	286,106	63,600	-	-	5,214	197	35	224	-	-
Textile	277,395,219	279,535,911	9,817,293	9,266,173	2,995,129	3,309,801	3,520,416	3,460,313	9,409,661	9,101,754
Chemical and pharmaceuticals	30,584,229	25,071,337	229,703	383,133	289,658	252,779	161,524	281,836	227,410	371,041
Cement	2,870,678	3,560,077	68,955	68,959	16,507	18,869	25,840	61,077	68,955	68,959
Sugar	6,465,075	10,593,003	-	-	99,779	99,387	-	37,122	-	-
Footwear and leather garments	5,404,858	6,051,558	3,048	-	85,593	56,091	28,151	104,150	1,057	-
Automobile and transportation equipment	7,274,614	5,447,641	80,112	80,112	92,650	73,853	54,508	113,506	79,700	79,668
Electronics and electrical appliances	6,556,792	4,083,051	281,761	572,275	91,065	27,682	18,552	153,990	281,674	572,275
Construction	17,732,373	17,575,354	833,303	890,720	103,862	94,753	324,626	467,085	826,892	861,826
Power (electricity), gas, water, sanitary	61,661,065	39,865,457	811,646	848,240	253,903	286,790	56,262	182,584	-	2,800
Wholesale and retail trade	93,068,079	96,653,910	7,445,583	8,308,915	898,389	691,081	621,328	1,225,726	7,242,966	7,414,747
Transport, storage and communication	14,462,958	10,343,854	602,838	612,101	181,488	55,765	47,236	105,646	530,109	487,139
Financial	37,617,523	267,365,984	101,949	101,949	105,565	229,224	17,882	221,150	63,978	85,989
Insurance	306,606	196,621	61,180	61,180	-	860	2,124	-	61,180	61,180
Services (other than financial services)	25,562,433	19,468,077	151,854	105,630	249,730	244,538	429,040	151,527	70,020	36,979
Individuals	28,591,174	24,653,122	182,716	138,785	19,008	39,622	34,403	44,560	147,289	120,244
Food and allied	106,797,094	45,489,730	4,825,899	3,798,700	779,228	547,942	383,695	347,260	4,565,034	3,658,326
Iron and steel	35,681,234	38,026,178	6,598,618	7,338,470	303,685	282,056	787,994	388,248	6,324,893	7,099,229
Petroleum products	3,479,454	2,735,196	-	-	21,996	24,834	57,020	77,654	-	-
Paper and board	4,691,567	5,016,716	1,675	2,515	98,523	90,802	6,165	41,332	1,675	2,515
Plastic products	12,285,029	11,609,233	1,016,984	257,220	138,662	198,483	101,053	245,707	831,544	257,220
Others	22,432,413	15,470,752	1,159,237	1,276,719	269,010	398,777	168,186	695,195	1,150,446	1,230,230
	839,459,556	959,312,668	35,784,864	35,509,407	7,415,134	7,170,325	6,947,822	8,468,402	33,046,205	32,823,742
Credit risk by public / private sector										
Public / Government	104,018,423	26,160,761	-	-	7,604	3,164	-	374,080	-	-
Private	735,441,133	933,151,907	35,784,864	35,509,407	7,407,530	7,167,161	6,947,822	8,094,322	33,046,205	32,823,742
	839,459,556	959,312,668	35,784,864	35,509,407	7,415,134	7,170,325	6,947,822	8,468,402	33,046,205	32,823,742



46.1.4 Contingencies and Commitments

Credit risk by industry sector	2025	2024
	(Rupees in '000)	
Agriculture, forestry, hunting and fishing	5,050,190	1,856,485
Mining and quarrying	1,345	7,916
Textile	101,453,810	111,541,131
Chemical and pharmaceuticals	30,026,919	21,092,627
Cement	802,258	786,096
Sugar	920,122	1,516,510
Footwear and leather garments	2,306,463	3,057,128
Automobile and transportation equipment	45,050,108	22,302,448
Electronics and electrical appliances	18,804,779	13,030,473
Construction	20,184,349	20,438,937
Power (electricity), gas, water, sanitary	38,608,800	42,775,147
Wholesale and retail trade	82,969,101	75,816,829
Transport, storage and communication	4,290,136	1,666,977
Financial	28,940,545	19,233,695
Insurance	721,393	10,775
Services (other than financial services)	14,330,740	14,656,513
Individuals	403,670	144,204
Food and allied	87,579,720	66,206,487
Iron and steel	27,313,074	20,812,357
Petroleum products	23,363,470	21,542,732
Paper and board	7,094,153	7,291,045
Plastic products	27,493,395	21,103,816
Others	30,029,606	21,813,889
	<u>597,738,146</u>	<u>508,704,217</u>
Credit risk by public / private sector		
Public / Government	69,906,645	61,658,641
Private	527,831,501	447,045,576
	<u>597,738,146</u>	<u>508,704,217</u>

46.1.5 Concentration of Advances

The Bank's top 10 exposures on the basis of total (funded and non-funded exposures) aggregated to Rs. 233,298 million (2024: Rs. 376,794 million) are as following:

	2025	2024
	(Rupees in '000)	
Funded	149,005,814	294,635,930
Non Funded	84,292,615	82,158,411
Total Exposure	<u>233,298,429</u>	<u>376,794,341</u>

The sanctioned limits against these top 10 exposures aggregated to Rs.261,023 million (2024: Rs.403,255 million). Provision against top 10 exposures amounts to Nil. (2024: Nil).



46.1.6 Advances - Province / Region - wise Disbursement and Utilisation

Province / Region	2025						
	Disbursements		Utilisation				AJK including Gilgit- Baltistan
	Punjab	Sindh	KPK including FATA (Rupees in '000)	Balochistan	Islamabad		
Punjab	354,612,000	346,952,879	2,579,487	853,120	41,381	4,144,505	40,628
Sindh	366,524,140	818,243	362,471,360	2,748,163	441,875	1,201	43,298
KPK including FATA	10,141,943	37,216	569,976	8,998,089	67,381	469,281	-
Balochistan	1,799,040	3,720	242,484	22,519	1,530,317	-	-
Islamabad	65,814,327	1,022,471	40,679,298	32,381	-	24,079,231	946
AJK including Gilgit - Baltistan	643,238	1,580	-	32,403	-	116,853	492,402
Total	799,534,688	348,836,109	406,542,605	12,686,675	2,080,954	28,811,071	577,274

Province / Region	2024						
	Disbursements		Utilisation				AJK including Gilgit- Baltistan
	Punjab	Sindh	KPK including FATA (Rupees in '000)	Balochistan	Islamabad		
Punjab	261,951,472	256,949,484	1,951,005	716,104	29,621	2,268,626	36,632
Sindh	571,223,896	450,982	569,240,921	294,623	1,172,915	17,352	47,103
KPK including FATA	7,162,974	26,780	468,166	6,305,013	39,203	323,812	-
Balochistan	1,260,818	4,669	273,006	12,106	971,037	-	-
Islamabad	33,672,778	972,297	1,209,243	68,852	-	31,422,386	-
AJK including Gilgit - Baltistan	681,432	4,245	-	36,843	-	21,582	618,762
Total	875,953,370	258,408,457	573,142,341	7,433,541	2,212,776	34,053,758	702,497

46.1.7 Forward-looking information contained in Expected Credit Loss (ECL)

The assessment of Expected Credit Loss (ECL) calculation incorporates forward looking information. Forward-looking aspect introduces an extra dimension, which is often captured by relating expected losses to the macro-economic variables. The incorporation of macroeconomic factors increases the accuracy of the results produced and makes it more reliable to predict / estimate future results more accurately.

The Bank uses historic and forecasted data to determine the impact of macroeconomic factors to estimate Probability of Default (PD) and Loss Given Default (LGD) etc. Further, statistical models based on historical correlation is performed to identify most significant macro-economic variable(s) that have been recognised as contributors to the default / performance of any portfolio. The macro-economic variables [including Gross Domestic Product (GDP), Unemployment, Import, Export, Exchange rate and Consumer Price Index (CPI)] used in the ECL calculation are fetched from the Economist Intelligence Unit (EIU) and International Monetary Fund (IMF) database and the relevant macro-economic variables are selected based on sensitivity of each of the portfolios to specific macro-economic variables. Three macro-economic scenarios have been developed base, improved, and worst with assigned scenario probability weightings of 80%, 10%, and 10% respectively.



The Bank conducted a sensitivity analysis on macro-economic indicators which are utilised for forward-looking calculations. As of 31 December 2025, when the macro-economic indicators in the neutral scenario was adjusted upwards or downwards by 10%, the ECL showed the following variation:

Segment	Upwards	Downwards
Corporate	(0.356%)	0.360%
Small and Medium Enterprise	3.109%	(2.937%)
Agriculture	0.610%	(0.598%)
Credit Card	(0.237%)	0.239%
Consumer Auto	(0.255%)	0.260%
Consumer House	0.628%	(0.618%)
Consumer Personal	(0.138%)	0.140%

46.1.8 Sensitivity of ECL to Future Economic Conditions

The ECL are sensitive to judgements and assumption made regarding formulation of forward-looking scenarios and how much such scenarios are incorporated into calculations. The Bank performs sensitivity analysis on the ECL recognised on each of its segments.

The table below shows the loss allowance on each segment assuming each forward-looking scenario (e.g. central, upside and downside) were weighted 100 percent instead of applying scenario probability across the three scenarios.

	Total ECL as per FS	Upside (Improve)		Central (Base)		Downside (Worst)	
		Total ECL after sensitivity analysis	Increase / decrease in %	Total ECL after sensitivity analysis	Increase / decrease in %	Total ECL after sensitivity analysis	Increase / decrease in %
		(Rupees in '000)		(Rupees in '000)		(Rupees in '000)	
Corporate	36,720,499	35,706,163	(2.762%)	36,712,376	(0.022%)	37,799,814	2.939%
Small and Medium Enterprise	3,555,837	2,552,592	(28.214%)	3,490,529	(1.837%)	5,081,544	42.907%
Agriculture	1,621,627	1,561,352	(3.717%)	1,620,841	(0.048%)	1,688,195	4.105%
Credit Card	14,857	11,771	(20.771%)	14,620	(1.595%)	19,843	33.560%
Consumer Auto	41,669	38,858	(6.746%)	41,445	(0.538%)	46,268	11.037%
Consumer House	104,562	100,215	(4.157%)	104,521	(0.039%)	109,236	4.470%
Consumer Personal	41,332	40,800	(1.287%)	41,320	(0.029%)	41,962	1.524%

46.2 Market Risk

Market risk is the risk of loss arising from movements in market rates or prices, such as interest rates, foreign exchange rates, and equity prices.

The Bank takes positions in securities for the purpose of investment and not to run a trading book, except to a very limited extent for trading in equities. However, certain investments have been categorised as FVPL in accordance with the IFRS 9 requirements. As regards foreign exchange positions, the purpose is to serve the needs of clients. Except as aforesaid, the Bank does not engage in trading or market making activities.

Market risk is managed through the Market Risk Policy and Treasury and Investment Policy approved by the Board, approval of counterparty and dealer limits, specific senior management approval for each investment and regular review and monitoring of the investment portfolio by the Asset Liability Management Committee (ALCO). A key element of the Bank's market risk management is to balance safety, liquidity, and income in that order of priority. Another key element is separation of functions and reporting lines for the Treasury Division and Equity Market Department, which undertake dealing activities within the limits and parameters set by ALCO, Settlements Department which confirms and settles the aforesaid deals, and Middle Office which independently monitors and analyses the risks inherent in treasury operations. Risk Management Committee of the Board provides overall guidance in managing the Bank's market risk.



Dealing activities of the Bank include investment in government securities, term finance certificates, sukuks / bonds, shares and mutual funds, money market transactions and foreign exchange transactions catering to the needs of its customers. All such activities are carried out within the prescribed limits. Any excess over limits noted by the Settlements Department and / or the Middle Office is reported to senior management and ALCO. Stress testing is performed as per guidelines of SBP as well as Bank's internal policy. Portfolio risks arising in banking book are also measured through Value at Risk (VAR).

46.2.1 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	189,466,913	-	189,466,913	201,532,248	-	201,532,248
Balances with other banks	7,196,550	-	7,196,550	5,836,908	-	5,836,908
Lendings to financial institutions	24,453,908	-	24,453,908	38,941,542	-	38,941,542
Investments	2,018,966,545	9,513,586	2,028,480,131	1,917,390,421	7,342,492	1,924,732,913
Advances	792,050,395	-	792,050,395	910,850,199	-	910,850,199
Property and equipment	82,542,745	-	82,542,745	75,939,019	-	75,939,019
Right-of-use assets	16,828,865	-	16,828,865	13,679,198	-	13,679,198
Intangible assets	63,301	-	63,301	129,154	-	129,154
Deferred tax assets	-	-	-	4,535,942	-	4,535,942
Other assets	162,681,089	-	162,681,089	143,858,082	-	143,858,082
	<u>3,294,250,311</u>	<u>9,513,586</u>	<u>3,303,763,897</u>	<u>3,312,692,713</u>	<u>7,342,492</u>	<u>3,320,035,205</u>

46.2.2 Foreign exchange risk

Foreign exchange risk is the risk of loss from adverse changes in currency exchange rates. The Bank's foreign exchange exposure comprises forward contracts, purchase of foreign bills, foreign currency loans and investments, foreign currency cash in hand, balances with banks abroad, foreign currency deposits and foreign currency placements with SBP and other banks. Focus of the Bank's foreign exchange activities is on catering to the needs of its customers, both in spot and forward markets.

Foreign exchange risk exposures of the Bank are controlled through dealer limits, open foreign exchange position limits, counterparty exposure limits, and country limits. The Bank manages its foreign exchange exposure by matching foreign currency assets and liabilities within strict limits. The net open position in any single currency and the overall foreign exchange exposure are both managed within the statutory limits as prescribed by SBP as well as the internal limits set by the Bank itself. Stress testing for foreign exchange risk is carried out regularly to estimate the impact of adverse changes in foreign exchange rates.

	2025			
	Foreign currency assets	Foreign currency liabilities	Off-balance sheet items	Net foreign currency exposure
	(Rupees in '000)			
United States Dollar	163,234,435	203,006,401	62,436,334	22,664,368
Great Britain Pound	2,155,191	17,609,221	12,037,668	(3,416,362)
Japanese Yen	41,836	1,620	(47,133)	(6,917)
Euro	7,294,913	11,792,385	3,958,033	(539,439)
Other currencies	1,000,896	2,564,442	(339,674)	(1,903,220)
	<u>173,727,271</u>	<u>234,974,069</u>	<u>78,045,228</u>	<u>16,798,430</u>



	2024			
	Foreign currency assets	Foreign currency liabilities	Off-balance sheet items	Net foreign currency exposure
	(Rupees in '000)			
United States Dollar	167,903,456	181,346,766	32,590,474	19,147,164
Great Britain Pound	2,671,108	14,907,620	9,364,712	(2,871,800)
Japanese Yen	53,075	309	(47,058)	5,708
Euro	5,538,114	11,140,402	4,062,438	(1,539,850)
Other currencies	1,541,290	2,617,819	(1,297,932)	(2,374,461)
	<u>177,707,043</u>	<u>210,012,916</u>	<u>44,672,634</u>	<u>12,366,761</u>

	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	–	–	–	–
– Other comprehensive income	6,298	–	4,992	–

46.2.3 Equity position risk

Equity position risk is the risk of loss from adverse movements in equity prices. The Bank's policy is to take equity positions for investment purposes and not to run a trading book, except to a very limited extent for trading in equities.

Equity position risk of the Bank is controlled through equity portfolio limits, sector limits, scrip limits, and future contracts limits. Direct investment in equities and mutual funds is managed within the statutory limits as prescribed by SBP as well as the internal limits set by the Bank itself. Stress testing for equity price risk is carried out regularly to estimate the impact of decline in stock prices. The Bank invests mainly in blue chip securities.

	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	–	619,001	–	70,189
– Other comprehensive income	42,364	–	38,080	–

46.2.4 Yield / Interest Rate Risk in the Banking Book (IRRBB) - Basel II Specific

Interest rate risk is the risk of loss from adverse movements in interest rates. Asset Liability Management Committee (ALCO) monitors and manages the interest rate risk with the objective of limiting the potential adverse effects on the profitability of the Bank arising from fluctuation in the market interest rates and mismatching or gaps in the amount of financial assets and financial liabilities in different maturity time bands.

The Bank's interest rate exposure is calculated by categorising its interest Sensitive Assets (ISA) and Interest Sensitive Liabilities (ISL) into various time bands based on the earlier of their contractual repricing or maturity dates.



Interest rate risk exposures of the Bank are controlled through dealer limits, counterparty exposure limits and (when necessary) type-of-instrument limits. Outright purchase and sale of securities are also approved by ALCO. Duration and modified duration of various types of debt securities as well as their entire portfolio are also calculated, and the impact of adverse change in interest rates on the market value of the securities is estimated. Stress testing for interest rate risk is carried out regularly to estimate the impact of adverse changes in the interest rates.

Interest rate / yield risk in the banking book – Basel Specific

The Bank holds financial assets and financial liabilities with different maturities or repricing dates and linked to different benchmark rates, thus creating exposure to unexpected changes in the level of interest rates. Interest rate risk in the banking book refers to the risk associated with interest-bearing financial instruments that are not held in the trading book of the Bank.

Repricing gap analysis presents the Bank's ISA and ISL, categorised into various time bands based on the earlier of their contractual repricing or maturity dates (or settlement dates for off-balance sheet instruments). Deposits with no fixed maturity dates (for example, savings deposits and treasurer's call deposits) are included in the lowest, one-month time band, but these are not expected to be payable within a one-month period. The difference between ISA and ISL for each time band signifies the gap in that time band, and provides a workable framework for determining the impact on net interest income.

The Bank reviews the repricing gap analysis periodically to monitor and manage interest rate risk in the banking book.

	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	–	–	–	–
– Other comprehensive income	10,588,096	–	7,035,705	–



46.2.5 Mismatch of interest rate sensitive assets and liabilities

2025												
Effective yield / interest rate	Total	Exposed to yield / interest risk									Non-interest bearing financial instruments	
		Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years		
(Rupees in '000)												
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks	3.00%	189,466,913	12,850,430	-	-	-	-	-	-	-	-	176,616,483
Balances with other banks	3.99%	7,196,550	3,177,055	-	-	-	-	-	-	-	-	4,019,495
Lendings to financial institutions	10.68%	24,453,908	24,453,908	-	-	-	-	-	-	-	-	-
Investments	11.73%	2,028,480,131	214,699,056	185,021,761	1,361,535,197	(3,850,434)	76,125,485	69,598,404	79,215,144	16,166,781	1,821,031	28,147,706
Advances	8.95%	792,050,395	388,066,982	173,091,276	116,288,525	39,038,054	22,897,597	5,636,800	19,351,170	8,442,555	19,017,156	220,280
Other assets	-	112,044,940	-	-	-	-	-	-	-	-	-	112,044,940
		3,153,692,837	643,247,431	358,113,037	1,477,823,722	35,187,620	99,023,082	75,235,204	98,566,314	24,609,336	20,838,187	321,048,904
Liabilities												
Bills payable	-	59,749,478	-	-	-	-	-	-	-	-	-	59,749,478
Borrowings	7.12%	290,260,824	198,366,684	17,159,215	21,990,495	6,417,767	11,710,899	10,205,391	16,581,560	7,700,094	128,719	-
Deposits and other accounts	9.08%	2,599,087,013	1,460,192,911	49,371,926	55,800,199	92,975,218	3,491,803	1,020,679	1,399,557	3,056	7,189	934,824,475
Lease liabilities	13.70%	20,845,724	241,078	284,539	284,442	724,496	1,788,914	2,107,327	3,971,323	8,781,919	2,661,686	-
Subordinated debt	12.25%	25,983,600	-	4,992,000	20,991,600	-	-	-	-	-	-	-
Other liabilities	-	86,608,188	-	-	-	-	-	-	-	-	-	86,608,188
		3,082,534,827	1,658,800,673	71,807,680	99,066,736	100,117,481	16,991,616	13,333,397	21,952,440	16,485,069	2,797,594	1,081,182,141
On-balance sheet gap		71,158,010	(1,015,553,242)	286,305,357	1,378,756,986	(64,929,861)	82,031,466	61,901,807	76,613,874	8,124,267	18,040,593	(760,133,237)
Off-balance sheet financial instruments												
Documentary credits and short term trade related transactions		320,900,787	129,815,006	133,188,080	33,820,068	17,036,355	7,041,278	-	-	-	-	-
Commitments in respect of:												
Forward purchase of foreign exchange contracts		147,981,083	27,383,743	50,502,939	55,350,605	14,743,796	-	-	-	-	-	-
Forward sale of foreign exchange contracts		(69,935,855)	(40,293,457)	(26,473,434)	(3,168,964)	-	-	-	-	-	-	-
Forward commitments to extend credit		26,364,468	261,288	-	-	-	26,103,180	-	-	-	-	-
Off-balance sheet gap		104,409,696	(12,648,426)	24,029,505	52,181,641	14,743,796	26,103,180	-	-	-	-	-
Total yield / interest risk sensitivity gap			(898,386,662)	443,522,942	1,464,758,695	(33,149,710)	115,175,924	61,901,807	76,613,874	8,124,267	18,040,593	(760,133,237)
Cumulative yield / interest risk sensitivity gap			(898,386,662)	(454,863,720)	1,009,894,975	976,745,265	1,091,921,189	1,153,822,996	1,230,436,870	1,238,561,137	1,256,601,730	496,468,493



2024

Effective yield / interest rate	Total	Exposed to yield / interest risk									Non-interest bearing financial instruments	
		Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years		
(Rupees in '000)												
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks	4.26%	201,532,248	11,975,011	-	-	-	-	-	-	-	-	189,557,237
Balances with other banks	3.67%	5,836,908	1,437,147	-	-	-	-	-	-	-	-	4,399,761
Lendings to financial institutions	12.72%	38,941,542	38,941,542	-	-	-	-	-	-	-	-	-
Investments	14.32%	1,924,732,913	279,220,086	250,118,222	1,196,858,147	90,829,488	3,458,639	63,430,604	19,813,328	4,715,187	2,188,366	14,100,846
Advances	11.79%	910,850,199	554,046,141	135,738,975	94,628,513	24,468,024	26,339,674	21,974,208	24,722,549	13,496,736	15,400,380	34,999
Other assets	-	117,642,942	-	-	-	-	-	-	-	-	-	117,642,942
		3,199,536,752	885,619,927	385,857,197	1,291,486,660	115,297,512	29,798,313	85,404,812	44,535,877	18,211,923	17,588,746	325,735,785
Liabilities												
Bills payable	-	52,263,043	-	-	-	-	-	-	-	-	-	52,263,043
Borrowings	11.01%	667,043,213	557,636,918	15,247,515	29,236,236	7,677,876	12,858,907	12,058,902	17,315,027	14,733,907	277,925	-
Deposits and other accounts	12.28%	2,278,956,911	1,251,788,000	56,583,504	58,144,662	83,595,955	1,446,659	3,382,016	1,604,427	3,502	7,112	822,401,074
Lease liabilities	14.61%	16,848,698	216,460	356,120	85,751	606,001	1,555,345	1,685,202	3,611,626	6,753,025	1,979,168	-
Subordinated debt	14.75%	25,988,400	-	4,994,000	20,994,400	-	-	-	-	-	-	-
Other liabilities	-	83,673,751	-	-	-	-	-	-	-	-	-	83,673,751
		3,124,774,016	1,809,641,378	77,181,139	108,461,049	91,879,832	15,860,911	17,126,120	22,531,080	21,490,434	2,264,205	958,337,868
On-balance sheet gap		74,762,736	(924,021,451)	308,676,058	1,183,025,611	23,417,680	13,937,402	68,278,692	22,004,797	(3,278,511)	15,324,541	(632,602,083)
Off-balance sheet financial instruments												
Documentary credits and short term trade related transactions		291,149,845	127,845,426	119,057,177	28,527,902	6,587,634	8,765,085	366,621	-	-	-	-
Commitments in respect of:												
Forward purchase of foreign exchange contracts		145,237,825	20,601,943	58,431,694	58,237,549	7,966,639	-	-	-	-	-	-
Forward sale of foreign exchange contracts		(100,565,191)	(71,686,110)	(26,056,581)	(2,822,500)	-	-	-	-	-	-	-
Forward commitments to extend credit		3,217,813	717,883	2,417,435	82,495	-	-	-	-	-	-	-
Off-balance sheet gap		47,890,447	(50,366,284)	34,792,548	55,497,544	7,966,639	-	-	-	-	-	-
Total yield / interest risk sensitivity gap			(846,542,309)	462,525,783	1,267,051,057	37,971,953	22,702,487	68,645,313	22,004,797	(3,278,511)	15,324,541	(632,602,083)
Cumulative yield / interest risk sensitivity gap			(846,542,309)	(384,016,526)	883,034,531	921,006,484	943,708,971	1,012,354,284	1,034,359,081	1,031,080,570	1,046,405,111	413,803,028



46.2.5.1 Reconciliation of financial assets and liabilities

	2025	2024
	(Rupees in '000)	
Assets as per statement of financial position	3,303,763,897	3,320,035,205
Less:		
Property and equipment	82,542,745	75,939,019
Right-of-use assets	16,828,865	13,679,198
Intangible assets	63,301	129,154
Deferred tax assets	-	4,535,942
Advances, deposits, advance rent and other prepayments	15,915,979	13,351,070
Advance taxation	22,683,333	4,616,189
Non-banking assets acquired in satisfaction of claims	4,167,967	4,047,060
Stationery and stamps on hand	1,647,545	2,161,940
Branch adjustment account	6,221,325	2,038,881
	50,636,149	26,215,140
Interest rate sensitive assets	3,153,692,837	3,199,536,752
Liabilities as per statement of financial position	3,132,495,546	3,168,046,585
Less:		
Deferred tax liabilities	1,479,140	-
Unearned commission income	3,801,833	3,030,064
Clearing and settlement account	28,831,290	26,422,784
Credit loss allowance against off-balance sheet obligations	4,756,981	4,742,981
Provision for compensated absences	2,638,376	1,960,780
Workers' welfare fund	8,453,099	7,115,960
	48,481,579	43,272,569
Interest rate sensitive liabilities	3,082,534,827	3,124,774,016

46.3 Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people, and systems or from external events. This definition includes legal risk but excludes strategic and reputational risks. The Bank classifies operational loss / near miss incidents into seven loss incidents types, which are Internal Fraud, External Fraud, Employment Practice & Workplace Safety, Client, Product & Business Practice, Damage to Physical Assets, Business Disruption & System Failure, and Execution, Delivery & Process Management.

Operational risk is managed through the Operational Risk Policy, Internal Control System and Internal Audit Policy, Compliance Policy & Programme, Information Technology (I.T.) Policy, I.T. Governance and Risk Management Framework, I.T. Security Policy, Human Resource Policy, Consumer Protection Framework, KYC / CDD Policy, AML / CFT and CPF Policy, Fraud Prevention Policy, Digital Fraud Prevention Policy, Service Quality and Consumer Grievance Handling Policy, Business Continuity & Disaster Recovery Policy and Outsourcing Policy approved by the Board, along with the operational manuals and procedures issued from time to time; system of internal controls; Business Continuity Plan, Disaster Recovery Plan for I.T.; and regular audit of the branches and divisions. Operational risk related matters are discussed in the operations committee, compliance committee of management and I.T. steering committee. Audit Committee of the Board provides overall guidance in managing the Bank's operational risk.

The Bank's operational risk management framework, as laid down in the operational risk policy, permits the overall risk management approach to evolve in the light of organisational learning and the future needs of the Bank.



The Bank places a high priority on conducting all business dealings with integrity and fairness, as laid down in the Code of Conduct, which is required to be complied with by all employees.

Internal controls are an essential feature of risk reduction in operational risk management and the Bank continues to improve its internal controls.

Business Continuity Planning (BCP) of the Bank pays special attention to identify potential threats and associated risks by carrying out Business Impact Analysis and Risk Assessment processes to minimise financial losses, serve customers with minimal disruptions, and mitigate negative effects on business operations, including those that are dependent on third parties. It also identifies alternate mechanisms for timely resumption of services, with a special focus on critical business processes, location of off-site backup and regular review and testing of the BCP plan.

The Bank's internet banking platform, both web and mobile based applications offer various digital products and services to the customers and are being regularly enhanced with new features to provide better customer experience and security.

The Bank has zero tolerance for Cybersecurity risks and non-compliance to regulations. Monitoring controls and processes have been implemented to identify and appropriately address Cybersecurity risks. Long term measures are defined in Cyber Security Strategy that is supported by a complementing Action Plan. While Information Security Risk Management plan covers measures for identifying the risks posed to Information Systems in alignment with Bank's strategy, the Bank has developed a cyber secure environment by implementing various technical and administrative controls to ensure security and privacy of customers' data residing with the Bank. In this regard, Bank has also implemented industrial standards and best practices for Information Security assurance including payment card security standard (i.e. PCI - DSS v4.0).

46.3.1 Operational Risk-Disclosures Basel II Specific

The Bank uses Basic Indicator Approach to calculate capital charge for operational risk as per Basel regulatory framework. This approach is considered to be most suitable in view of the business model of the Bank which relies on an extensive network of branches to offer one - stop, full – service banking to its clients. The Bank has developed and implemented an Operational Loss Database. Operational loss and "near miss" events are reviewed and appropriate corrective actions taken on an ongoing basis, including measures to improve security and control procedures. Key Risk Indicators have also been developed along with thresholds which are being closely monitored for breaches. Risk Evaluation exercise is carried out for new products, processes and systems or any significant change in the existing product, processes and systems as per the operational risk policy of the Bank.

46.4 Liquidity Risk

Liquidity risk is the risk of loss to a bank arising from its inability to meet obligations as they fall due or to fund growth in assets, without incurring unacceptable cost or losses.

Key elements of the Bank's liquidity risk management are as follows:

- To maintain a comfortable margin of excess liquidity in the form of cash and readily marketable assets to meet the Bank's funding requirements at any time.
- To keep a strong focus on mobilisation of low-cost core deposits from customers.
- To maintain a realistic balance between the behavioral maturity profiles of assets and liabilities.
- To maintain excellent credit rating (as borrowing cost and ability to raise funds are directly affected by credit rating).
- To have a written contingency funding plan to address any hypothetical situations when access to normal sources of funding is constrained.



46.4.1 Liquidity Coverage Ratio

SBP issued BPRD Circular No. 08 dated June 23, 2016 advising implementation of Basel III liquidity standards that constitute two ratios, i.e., Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR), and five monitoring tools.

LCR is the measure of conversion capability of the Bank's High Quality Liquid Assets (HQLAs) into cash to meet immediate liquidity requirements over a 30 days horizon.

The Bank calculates Liquidity Coverage Ratio (LCR) on monthly basis as per the guidelines given in the above mentioned circular. The objective of LCR is to ensure the short-term resilience of the liquidity risk profile which requires the Bank to maintain sufficient HQLAs to meet stressed cash outflows over a prospective 30 calendar days period. As of 31 December 2025, the Bank's LCR stood at 277.74% against SBP's minimum requirement of 100%.

46.4.2 Governance of Liquidity Risk Management

Liquidity risk is managed through the liquidity risk policy approved by the Board. The Bank has "zero tolerance" for liquidity risk and will continue to maintain a comfortable margin of excess liquidity in the form of cash and readily marketable assets to meet its funding requirements at any time.

Management of liquidity risk is accomplished through a formal structure which includes:

- Board of Directors (BOD)
- Risk Management Committee (RMC)
- Asset Liability Management Committee (ALCO)
- Treasury Division
- Risk Management Division and Middle Office
- Finance Division
- Information Technology Division

The BOD approves the liquidity risk policy and ensures, through quarterly reviews by the RMC of the Board, that the Bank's liquidity risk is being managed prudently. RMC of the Board provides overall guidance in managing the Bank's liquidity risk. Liquidity position is monitored daily by the Treasury Division and the Middle Office and reviewed regularly by ALCO.

46.4.3 Funding Strategy

The Bank's prime source of liquidity is the customers' deposit base. Within deposits, the Bank strives to maintain core deposit base in form of current and saving deposits and avoids concentration in particular products, tenors and dependence on large fund providers. As a general rule, the Bank will not depend on borrowings in the inter-bank market, including repos, to be a part of its permanent pool of funds for financing of loans, but will use these as a source for obtaining moderate amounts of additional funds to meet temporary liquidity needs in the normal course of business or for money market operations.

46.4.4 Liquidity Risk Mitigation Techniques

Various tools and techniques are used to measure and monitor the possible liquidity risk. These include monitoring of different liquidity ratios like core deposits to total deposits, advances to deposits, liquid assets to total deposits, Interbank borrowing to total deposits, which are monitored on regular basis against limits. Further, the Bank also prepares the maturity profile of assets and liabilities to monitor the liquidity gaps over different time bands. For maturity analysis, behavioral study is carried out to determine the behavior of non - contractual assets and liabilities. The Bank also ensures that statutory cash and liquidity requirements are maintained at all times.

In addition, LCR, NSFR and Monitoring Tools of Basel III framework further strengthen liquidity risk management of the Bank.

46.4.5 Liquidity Stress Testing

As per SBP FSD Circular No. 01 of 2020, Liquidity stress testing is being conducted under various stress scenarios. Shocks include the withdrawals of deposits, withdrawals of wholesale / large deposits & interbank borrowing, withdrawal of top deposits, etc. Results of stress testing are presented to ALCO and Risk Management Committee. The Bank's liquidity risk management addresses the goal of protecting solvency and the ability to withstand stressful events in the market place. Stress testing for liquidity as prescribed in the liquidity risk policy is carried out regularly to estimate the impact of decline in liquidity on the ratio of liquid assets to deposits plus borrowings.



46.4.6 Contingency Funding Plan

Contingency Funding Plan (CFP) is a part of liquidity risk policy of the Bank which identifies the trigger events that could cause a liquidity contingency and describes the actions to be taken to manage it. The contingency funding plan highlights liquidity management actions that needs to be taken to deal with the contingency. Responsibilities and response levels are also incorporated in order to tackle the contingency. Moreover, CFP highlights possible funding sources, in case of a liquidity contingency.

46.4.7 Main Components of LCR

Main components of LCR are High Quality Liquid Assets and Net Cash Outflows. Outflows are mainly deposit outflows net of cash inflows which consist of inflows from financing and money market placements up to 1 month. The inputs for calculation of LCR are based on SBP BPRD Circular No. 08 dated 23 June 2016.

46.4.8 Composition of High Quality Liquid Assets (HQLAs)

High Quality Liquid Assets (HQLAs) consist of Level 1 Assets which are included in the stock of liquid assets at 100% weightage of their market value i.e., Cash & Treasury balances, Conventional Government Securities, GOP Ijarah Sukuks, Foreign Currency Sukuks & Bonds issued by sovereigns. While Level 2 Assets comprise all equity shares (excluding shares of Financial Institutions) listed on PSX 100.

46.4.9 Concentration of Funding Sources

The Bank relies on customers' deposits as its key source of funding, especially current and savings deposits and time deposits of small / medium denominations, and avoids concentration of large deposits. Share of core deposits in total deposits and of large deposits in total deposits are regularly monitored. In particular the Bank does not depend on large depositors or borrowings from SBP and financial institutions to meet its funding requirements.

46.4.10 Currency Mismatch in the LCR

About 90% of the Bank's assets and liabilities are in local currency. Currency mismatch in other currencies is regularly monitored.

46.4.11 Centralisation of Liquidity Management

Overall liquidity management of the Bank is centralised in Treasury Division at Principal Office. The Bank mobilises deposits through its branch network. It also uses the branch network to grant loans to customers. Branches that have more deposits than loans, transfer ("lend") their excess deposits to the Principal Office. Branches that do not have enough deposits to fund their loans, acquire ("borrow") additional funds from the Principal Office.

46.4.12 Other Inflows and Outflows

Benefit of pledged deposits (deposits under lien) are not accounted for in calculation of LCR.

46.4.13 Net Stable Funding Ratio (NSFR)

NSFR is the ratio of the amount of Available Stable Funding (ASF) - source of funds, capital and liabilities relative to the amount of Required Stable Funding (RSF) - use of funds, assets and off-balance sheet exposures.

The objective of NSFR is to ensure the availability of stable funds that a bank must hold to enable it to build and maintain its assets, investments and off-balance sheet portfolio on an ongoing basis for longer term, i.e., over a one year horizon. NSFR reduces maturity mismatches between the asset and liability items on the balance sheet and thereby reduces funding and roll - over risk. The Bank's NSFR stood at 192.65% as on 31 December 2025.



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

The following maturity profile is based on contractual maturities for assets and liabilities that have a contractual maturity. Assets and liabilities that do not have a contractual maturity have been categorised in the shortest maturity band.

	Total	2025												
		Upto 1 day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 month	Over 1 to 2 months	Over 2 to 3 months	Over 3 to 6 months	Over 6 to 9 months	Over 9 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 years
(Rupees in '000)														
Assets														
Cash and balances with treasury banks	189,466,913	189,466,913	-	-	-	-	-	-	-	-	-	-	-	-
Balances with other banks	7,196,550	7,196,550	-	-	-	-	-	-	-	-	-	-	-	-
Lendings to financial institutions	24,453,908	-	24,453,908	-	-	-	-	-	-	-	-	-	-	-
Investments	2,028,480,131	49,440,791	4,626,554	(435,226)	(1,049,052)	128,049,884	(1,863,875)	180,578,210	11,649,538	46,607,221	139,294,020	344,195,383	469,939,999	657,446,684
Advances	792,050,395	118,172,040	20,174,444	15,441,612	68,912,617	78,662,668	85,717,056	158,675,532	37,821,860	19,220,897	53,020,315	26,012,280	37,883,861	72,335,213
Property and equipment	82,542,745	41,400,228	-	-	685,774	669,056	665,680	1,975,141	1,931,066	1,861,554	6,746,938	5,631,542	5,979,303	14,996,463
Right-of-use assets	16,828,865	-	-	-	253,584	250,763	248,430	713,512	675,678	657,049	2,470,557	2,245,508	3,533,268	5,780,516
Intangible assets	63,301	-	-	-	11,188	11,190	11,190	22,778	3,524	2,332	1,099	-	-	-
Deferred tax assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	162,681,089	41,398,464	4,697,504	12,991,533	16,453,080	15,102,751	7,696,618	26,704,032	25,143,722	529,147	1,534,746	1,253,554	2,084,880	7,091,058
	3,303,763,897	447,074,986	53,952,410	27,997,919	85,267,191	222,746,312	92,475,099	368,669,205	77,225,388	68,878,200	203,067,675	379,338,267	519,421,311	757,649,934
Liabilities														
Bills payable	59,749,478	59,749,478	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings	290,260,824	2,533,739	172,966,504	3,328,159	13,542,556	11,245,262	11,909,679	21,990,495	2,986,358	3,431,409	11,710,899	10,205,391	16,581,560	7,828,813
Deposits and other accounts	2,599,087,013	2,339,305,445	21,820,383	10,476,785	23,414,773	18,700,513	30,671,413	55,800,199	49,626,839	43,348,379	3,491,803	1,020,679	1,399,557	10,245
Lease liabilities	20,845,724	-	-	-	241,078	168,011	116,528	284,442	331,748	392,748	1,788,914	2,107,327	3,971,323	11,443,605
Subordinated debt	25,983,600	-	-	-	-	-	1,000	1,400	1,000	1,400	4,800	4,800	9,600	25,959,600
Deferred tax liabilities	1,479,140	(1,812,202)	-	-	142,317	135,682	135,682	410,381	394,575	394,575	1,334,093	1,100,631	246,262	(1,002,856)
Other liabilities	135,089,767	73,327,671	4,477,070	4,243,099	9,210,340	12,559,267	8,179,258	7,765,633	7,594,419	2,859,306	1,572,315	166,460	377,825	2,757,104
	3,132,495,546	2,473,104,131	199,263,957	18,048,043	46,551,064	42,808,735	51,013,560	86,252,550	60,934,939	50,427,817	19,902,824	14,605,288	22,586,127	46,996,511
Net assets														
	171,268,351	(2,026,029,145)	(145,311,547)	9,949,876	38,716,127	179,937,577	41,461,539	282,416,655	16,290,449	18,450,383	183,164,851	364,732,979	496,835,184	710,653,423
Share capital	11,114,254													
Reserves	35,220,243													
Surplus on revaluation of assets	29,514,238													
Unappropriated profit	95,419,616													
	171,268,351													



	Total	2024												
		Upto 1 day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 month	Over 1 to 2 months	Over 2 to 3 months	Over 3 to 6 months	Over 6 to 9 months	Over 9 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 years
(Rupees in '000)														
Assets														
Cash and balances with treasury banks	201,532,248	201,532,248	-	-	-	-	-	-	-	-	-	-	-	-
Balances with other banks	5,836,908	5,419,083	-	-	417,825	-	-	-	-	-	-	-	-	-
Lendings to financial institutions	38,941,542	-	38,941,542	-	-	-	-	-	-	-	-	-	-	-
Investments	1,924,732,913	21,502,422	(153,646)	(116,754)	(435,577)	(1,147,215)	(1,056,585)	253,200,470	123,134,392	41,300,165	298,525,614	127,847,344	540,610,169	521,522,114
Advances	910,850,199	53,152,905	14,745,260	15,168,833	48,050,459	73,274,608	75,420,481	242,221,995	174,644,301	32,713,475	53,899,804	42,433,852	40,707,110	44,417,116
Property and equipment	75,939,019	40,069,725	-	-	559,560	545,526	542,002	1,613,450	1,572,142	1,521,014	5,558,898	4,398,215	5,057,712	14,500,775
Right-of-use assets	13,679,198	-	-	-	208,706	206,481	397,771	399,248	565,609	548,398	2,080,375	1,856,963	3,064,240	4,351,407
Intangible assets	129,154	-	-	-	7,853	7,853	7,853	22,741	21,486	21,028	40,340	-	-	-
Deferred tax assets	4,535,942	7,411,617	-	-	(113,875)	(107,867)	(107,867)	(328,132)	(313,030)	(313,030)	(1,074,863)	(742,155)	(160,094)	385,238
Other assets	143,858,082	46,271,281	9,326,022	4,680,161	14,167,039	14,646,759	7,459,191	31,141,058	5,182,877	320,733	1,023,673	947,359	1,790,775	6,901,154
	3,320,035,205	375,359,281	62,859,178	19,732,240	62,861,990	87,426,145	82,662,846	528,270,830	304,807,777	76,111,783	360,053,841	176,741,578	591,069,912	592,077,804
Liabilities														
Bills payable	52,263,043	52,263,043	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings	667,043,213	3,038,945	121,203,285	2,101,777	402,683,077	10,671,814	13,937,244	48,484,527	3,522,713	4,155,163	12,858,907	12,058,902	17,315,027	15,011,832
Deposits and other accounts	2,278,956,911	2,018,151,111	8,751,276	11,444,699	35,841,988	22,700,553	33,882,951	58,144,662	52,044,266	31,551,689	1,446,659	3,382,016	1,604,427	10,614
Lease liabilities	16,848,698	-	-	-	216,460	133,657	222,463	85,751	275,403	330,598	1,555,345	1,685,202	3,611,626	8,732,193
Subordinated debt	25,988,400	-	-	-	-	-	1,000	1,400	1,000	1,400	4,800	4,800	9,600	25,964,400
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	126,946,320	75,229,206	4,176,878	2,942,582	10,480,764	10,957,456	5,775,133	5,118,668	835,140	685,075	3,220,180	3,219,998	2,134,995	2,170,245
	3,168,046,585	2,148,682,305	134,131,439	16,489,058	449,222,289	44,463,480	53,818,791	111,835,008	56,678,522	36,723,925	19,085,891	20,350,918	24,675,675	51,889,284
Net assets	151,988,620	(1,773,323,024)	(71,272,261)	3,243,182	(386,360,299)	42,962,665	28,844,055	416,435,822	248,129,255	39,387,858	340,967,950	156,390,660	566,394,237	540,188,520
Share capital	11,114,254													
Reserves	32,050,356													
Surplus on revaluation of assets	21,604,223													
Unappropriated profit	87,219,787													
	151,988,620													



46.6 Maturities of assets and liabilities - based on expected maturities of the assets and liabilities of the Bank

For assets and liabilities that have a contractual maturity, the expected maturity is considered to be the same as contractual maturity. Assets and liabilities that do not have a contractual maturity have been categorised on the basis of expected maturities as determined by ALCO. In case of savings and current accounts, their historical net withdrawal pattern over the next one year was reviewed, based on year - end balances for the last three years. Thereafter, taking a conservative view, ALCO categorised these deposits in various maturity bands. Other assets and liabilities have been categorised on the basis of assumptions / judgements that are believed to be reasonable.

	Total	2025								
		Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years
(Rupees in '000)										
Assets										
Cash and balances with treasury banks	189,466,913	189,466,913	-	-	-	-	-	-	-	-
Balances with other banks	7,196,550	7,196,550	-	-	-	-	-	-	-	-
Lendings to financial institutions	24,453,908	24,453,908	-	-	-	-	-	-	-	-
Investments	2,028,480,131	3,863,069	126,432,226	181,398,573	78,532,453	140,818,750	348,531,391	475,943,842	659,668,808	13,291,019
Advances	792,050,395	222,700,713	164,379,724	158,675,532	57,042,757	53,020,315	26,012,280	37,883,861	52,853,278	19,481,935
Property and equipment	82,542,745	1,876,603	1,545,496	25,441,841	5,759,232	7,371,963	5,631,542	5,979,303	3,115,727	25,821,038
Right-of-use assets	16,828,865	253,584	499,193	713,512	1,332,727	2,470,557	2,245,508	3,533,268	4,883,386	897,130
Intangible assets	63,301	11,188	22,380	22,778	5,856	1,099	-	-	-	-
Deferred tax assets	-	-	-	-	-	-	-	-	-	-
Other assets	162,681,089	69,722,568	23,074,005	27,115,986	26,814,995	1,536,611	1,253,554	2,084,880	4,131,927	6,946,563
	3,303,763,897	519,545,096	315,953,024	393,368,222	169,488,020	205,219,295	383,674,275	525,425,154	724,653,126	66,437,685
Liabilities										
Bills payable	59,749,478	59,749,478	-	-	-	-	-	-	-	-
Borrowings	290,260,824	192,370,958	23,154,941	21,990,495	6,417,767	11,710,899	10,205,391	16,581,560	7,700,094	128,719
Deposits and other accounts	2,599,087,013	292,845,938	282,946,531	289,374,804	326,549,824	353,853,711	351,382,587	351,761,465	350,364,964	7,189
Lease liabilities	20,845,724	241,078	284,539	284,442	724,496	1,788,914	2,107,327	3,971,323	8,781,919	2,661,686
Subordinated debt	25,983,600	-	1,000	1,400	2,400	4,800	4,800	9,600	11,959,600	14,000,000
Deferred tax liabilities	1,479,140	(20,960,468)	420,173	6,953,962	1,159,608	2,127,004	3,355,364	3,368,276	1,254,077	3,801,144
Other liabilities	135,089,767	90,195,254	20,738,525	7,765,633	10,453,725	1,572,315	166,460	377,825	-	3,820,030
	3,132,495,546	614,442,238	327,545,709	326,370,736	345,307,820	371,057,643	367,221,929	376,070,049	380,060,654	24,418,768
Net assets	171,268,351	(94,897,142)	(11,592,685)	66,997,486	(175,819,800)	(165,838,348)	16,452,346	149,355,105	344,592,472	42,018,917
Share capital	11,114,254									
Reserves	35,220,243									
Surplus on revaluation of assets	29,514,238									
Unappropriated profit	95,419,616									
	171,268,351									



	Total	2024								
		Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years
(Rupees in '000)										
Assets										
Cash and balances with treasury banks	201,532,248	201,532,248	-	-	-	-	-	-	-	-
Balances with other banks	5,836,908	5,836,908	-	-	-	-	-	-	-	-
Lendings to financial institutions	38,941,542	38,941,542	-	-	-	-	-	-	-	-
Investments	1,924,732,913	1,400,297	(2,203,862)	253,693,096	175,293,201	302,120,715	128,845,683	543,651,405	512,493,836	9,438,542
Advances	910,850,199	131,117,457	148,695,089	242,221,995	207,357,776	53,899,804	42,433,852	40,707,110	25,909,544	18,507,572
Property and equipment	75,939,019	1,089,228	1,558,032	3,578,798	4,821,034	27,658,868	4,398,215	5,057,712	2,932,344	24,844,788
Right-of-use assets	13,679,198	208,706	604,252	399,248	1,114,007	2,080,375	1,856,963	3,064,240	3,760,229	591,178
Intangible assets	129,154	7,853	15,706	22,741	42,514	40,340	-	-	-	-
Deferred tax assets	4,535,942	17,169,688	(237,237)	(621,527)	(1,657,376)	(9,399,720)	(1,271,274)	(1,771,949)	3,764,569	(1,439,232)
Other assets	143,858,082	68,304,124	22,466,320	31,681,610	6,586,851	1,226,592	947,359	1,790,775	3,846,912	7,007,539
	3,320,035,205	465,608,051	170,898,300	530,975,961	393,558,007	377,626,974	177,210,798	592,499,293	552,707,434	58,950,387
Liabilities										
Bills payable	52,263,043	52,263,043	-	-	-	-	-	-	-	-
Borrowings	667,043,213	529,027,084	24,609,058	48,484,527	7,677,876	12,858,907	12,058,902	17,315,027	14,733,907	277,925
Deposits and other accounts	2,278,956,911	259,989,370	258,161,249	259,722,407	285,173,700	303,813,276	305,748,633	303,971,045	302,370,119	7,112
Lease liabilities	16,848,698	216,460	356,120	85,751	606,001	1,555,345	1,685,202	3,611,626	6,753,025	1,979,168
Subordinated debt	25,988,400	-	1,000	1,400	2,400	4,800	4,800	9,600	11,964,400	14,000,000
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-
Other liabilities	126,946,320	91,852,988	16,732,589	5,118,668	1,520,215	3,220,180	3,219,998	2,134,995	-	3,146,687
	3,168,046,585	933,348,945	299,860,016	313,412,753	294,980,192	321,452,508	322,717,535	327,042,293	335,821,451	19,410,892
Net assets	151,988,620	(467,740,894)	(128,961,716)	217,563,208	98,577,815	56,174,466	(145,506,737)	265,457,000	216,885,983	39,539,495
Share capital	11,114,254									
Reserves	32,050,356									
Surplus on revaluation of assets	21,604,223									
Unappropriated profit	87,219,787									
	151,988,620									



47. EVENTS AFTER THE REPORTING DATE

Subsequent to the year end, the Board of Directors proposed a final cash dividend of Rs. 4.50 per share. This is in addition to Rs. 10.50 per share already paid during the year, bringing the total dividend for the year to Rs.15.00 per share (2024: Rs. 17.00 per share). These unconsolidated financial statements do not include the effect of this appropriation, which will be accounted for subsequent to the year end.

48. GENERAL

48.1 Captions in respect of which there are no amounts, have not been reproduced in these unconsolidated financial statements, except for captions of the statement of financial position and statement of profit and loss account.

48.2 Figures have been rounded off to the nearest thousand rupees, unless otherwise stated.

48.3 Comparative information has been re-classified, re-arranged or additionally incorporated in these unconsolidated financial statements wherever necessary to facilitate comparison and better presentation.

49. DATE OF AUTHORISATION

These unconsolidated financial statements were authorised for issue in the Board of Directors' meeting held on 11 February 2026.

MANSOOR ALI KHAN
Chief Executive

ASHAR HUSAIN
Chief Financial Officer

MOHAMMAD RAFIQUDDIN MEHKARI
Director

SYED MOHAMMED HUSSAIN
Director

ABBAS D. HABIB
Chairman



Annexure I

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

(Rupees in '000)

S. No.	Name and address of the borrower(s)	Name of individuals / partners / directors with CNIC no.s	Father's / Husband's name	Outstanding liabilities at the beginning of the year				Principal written off	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
1	Muhammad Kashif B-134 / II, Khayaban-e-Badar, DHA Phase VII, Karachi.	Muhammad Kashif (CNIC: 42201-0703476-7)	Abdul Khaliq	100,389	16,271	-	116,660	3,485	16,271	-	19,756
2	HT Inks and Coatings (Private) Limited Plot No. A1/E1, SITE Area, Karachi.	Ayyad Haji Yakoob (CNIC: 42201-0806724-1) Muhammad Kashif (CNIC: 42201-0703476-7)	Yakoob Hamdani Abdul Khaliq	60,723	59,373	-	120,096	60,723	59,373	-	120,096
3	Timberland Industries (Private) Limited 25-A/IV, Multan Industrial Estate, Multan.	Muhammad Adil Mian (CNIC: 42000-2887900-5) Hafiz Muhammad Iqbal (CNIC: 42301-0852745-5)	Mian Muhammad Rafi Abdul Rehman	75,000	38,155	-	113,155	-	13,155	-	13,155
4	Pifcom (Private) Limited Plot No. ALY-17/3/4, Faqeer Mohammed Road Usmanabad, Karachi.	Ashraf Ali Vazir (CNIC: 42301-0967217-1) Muhammad Hassan Sharif (CNIC: 42301-0824917-5)	Akbar Ali Vazir Sharif Hassan	-	13,662	-	13,662	-	3,322	-	3,322
5	Rainbow Hi Tech Engineering Co. (Private) Limited Plot No. A/10-B, Sindh Industrial Trading Estate Limited, Kotri, Jamshoro.	Muhammad Asif Memon (CNIC: 41303-9159073-3) Noor Ud Din Momin (CNIC: 41303-1549687-5)	Muhammad Iqbal Dost Muhammad Momin	404,304	65,314	-	469,618	-	31,629	-	31,629
			Total	640,416	192,775	-	833,191	64,208	123,750	-	187,958



Annexure II

ISLAMIC BANKING BUSINESS

The Bank is operating with 392 (2024: 276) Islamic Banking branches and 08 (2024: 10) Islamic Banking windows at the end of the year.

	Note	2025 (Rupees in '000)	2024
ASSETS			
Cash and balances with treasury banks		27,400,433	24,097,793
Balances with other banks		9,480	8,635
Due from financial institutions	1	17,997,570	25,996,490
Investments	2	329,585,390	256,341,204
Islamic financing and related assets - net	3	151,674,885	103,587,096
Property and equipment		3,976,043	2,571,153
Right-of-use assets		6,521,920	4,411,645
Intangible assets		—	—
Due from Head Office		—	—
Other assets		18,529,413	25,734,467
Total Assets		555,695,134	442,748,483
LIABILITIES			
Bills payable		1,249,578	848,638
Due to financial institutions		24,160,152	30,561,246
Deposits and other accounts	4	413,425,416	317,595,744
Due to Head Office		8,509,501	6,016,955
Lease liabilities		7,886,845	5,386,354
Subordinated debt		—	—
Other liabilities		18,353,839	14,820,648
Total Liabilities		473,585,331	375,229,585
NET ASSETS		82,109,803	67,518,898
REPRESENTED BY			
Islamic Banking Fund		7,600,000	7,600,000
Reserves		—	—
Surplus on revaluation of assets		3,033,370	5,852,746
Unappropriated profit	6	71,476,433	54,066,152
		82,109,803	67,518,898
CONTINGENCIES AND COMMITMENTS	7		



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

	Note	2025 (Rupees in '000)	2024
Profit / return earned	8	49,117,583	61,542,046
Profit / return expensed	9	(22,245,858)	(29,236,000)
Net profit / return		26,871,725	32,306,046
Other income			
Fee and commission income		2,236,229	1,766,995
Dividend income		61,831	47,617
Foreign exchange income		270,399	245,182
(Loss) / gain on securities - net		(6,974)	20,277
Total other income		2,561,485	2,080,071
Total income		29,433,210	34,386,117
Other expenses			
Operating expenses		(11,793,400)	(9,139,544)
Other charges		(851)	(551)
Total other expenses		(11,794,251)	(9,140,095)
Profit before credit loss allowance		17,638,959	25,246,022
Credit loss allowance and write offs - net		(228,678)	(1,722,564)
Profit for the year		17,410,281	23,523,458

1. Due from financial institutions

	2025 (Rupees in '000)	2024
In local currency:		
Musharaka placements	18,000,000	26,000,000
Less: Credit loss allowance		
Stage 1	(2,430)	(3,510)
Due from financial institutions - net of credit loss allowance	17,997,570	25,996,490



	2025				2024			
	Cost / amortised cost	Credit loss allowance	Surplus / (deficit)	Carrying value (Rupees in '000)	Cost / amortised cost	Credit loss allowance	Surplus / (deficit)	Carrying value
2. Investments								
Investments by segments:								
ebt instruments								
mortised cost								
Federal Government Securities - Bai Muajjal	24,383,389	-	-	24,383,389	-	-	-	-
P								
Federal Government Securities - Naya Pakistan Certificates	886,072	-	-	886,072	2,642,542	-	-	2,642,542
CI								
Federal Government Securities - Ijarah Sukuks	297,726,212	-	3,037,050	300,763,262	221,990,413	-	5,664,287	227,654,700
- Neelum helum Hydropower Co. Ltd. Sukuk	288,750	-	17,293	306,043	866,250	-	8,840	875,090
- Pakistan Energy Sukuk - Listed	-	-	-	-	21,101,875	-	209,125	21,311,000
Non Government Debt Securities								
- Listed	1,122,000	(680,424)	2,855	444,431	1,122,000	(680,227)	534	442,307
- Unlisted	2,360,500	(634)	(23,828)	2,336,038	2,973,000	(524)	(30,040)	2,942,436
	301,497,462	(681,058)	3,033,370	303,849,774	248,053,538	(680,751)	5,852,746	253,225,533
Investments mandatorily classified / measured at P								
Units of Mutual Funds	273,129	-	(6,974)	266,155	252,242	-	20,887	273,129
ssociates								
AL Habib Islamic Cash Fund	100,000	-	-	100,000	100,000	-	-	100,000
AL Habib Islamic Savings Fund	100,000	-	-	100,000	100,000	-	-	100,000
	200,000	-	-	200,000	200,000	-	-	200,000
Total Investments	327,240,052	(681,058)	3,026,396	329,585,390	251,148,322	(680,751)	5,873,633	256,341,204

2.1 Particulars of credit loss allowance

	2025				2024			
	Stage 1	Stage 2	Stage 3	Total (Rupees in '000)	Stage 1	Stage 2	Stage 3	Total
Non Government Debt Securities	614	444	680,000	681,058	384	367	680,000	680,751



	Note	2025	2024
(Rupees in '000)			
3. Islamic financing and related assets			
Ijarah	3.1	3,960,126	3,296,372
Murabaha	3.2	12,896,466	21,393,302
Diminishing Musharaka		32,362,289	14,901,120
Istisna		6,870,106	4,744,263
Islamic Long Term Financing Facility (ILTFF)		4,301,121	4,343,370
Islamic Refinance for Renewable Energy (IFRE)		2,916,460	3,177,094
Islamic Refinance for Temporary Economic Refinance Facility (ITERF)		2,028,789	5,217,018
Islamic Refinance Facility for Modernisation of SMEs (IRFSME)		133,037	166,650
Islamic Financing Facility for Storage of Agricultural Produce (IFFSAP)		99,457	127,131
Islamic Export Refinance - Istisna (IERF)		399,500	70,000
Musawamah		4,775,840	4,188,383
Running Musharaka		1,844,473	2,844,245
Islamic Export Refinance - Running Musharaka		13,963,641	8,903,641
Financing against Bills - Musawamah		6,919,778	3,823,394
Export Finance Scheme (EFS) - Discounting		8,405,335	8,207,289
Staff Financing		5,933,903	1,098,884
Musawamah Inventory		4,430,963	2,673,423
Advance against Istisna		11,524,724	14,364,368
Advance against Istisna - IERF		3,807,743	818,500
Advance against Ijarah		589,164	250,250
Advance against Diminishing Musharaka		4,706,521	1,788,091
Advance against IFRE		-	198,663
Advance against Bai Muajjal		22,038,007	-
Advance against IRFSME		64,196	-
Gross Islamic financing and related assets		154,971,639	106,595,451
Less: credit loss allowance against Islamic financings			
- Stage 1		(1,088,425)	(1,071,897)
- Stage 2		(839,919)	(1,061,392)
- Stage 3		(1,368,410)	(875,066)
		(3,296,754)	(3,008,355)
Islamic financing and related assets - net of credit loss allowance		151,674,885	103,587,096

3.1 Ijarah

	2025						
	Cost			Accumulated depreciation			Book value
	As at 01 January	Additions / (deletions)	As at 31 December	As at 01 January	Charge for the year / (deletions)	As at 31 December	as at 31 December
	(Rupees in '000)						
Plant and machinery	64,556	-	64,556	58,100	-	58,100	6,456
Vehicles	4,909,678	2,378,763 (1,286,654)	6,001,787	1,620,585	1,102,510 (667,596)	2,055,499	3,946,288
Equipment	4,118	65,585	69,703	3,295	59,026	62,321	7,382
Total	4,978,352	2,444,348 (1,286,654)	6,136,046	1,681,980	1,161,536 (667,596)	2,175,920	3,960,126



	2024						
	Cost			Accumulated depreciation			Book value
	As at 01 January	Additions / (deletions)	As at 31 December	As at 01 January	Charge for the year / (deletions)	As at 31 December	as at 31 December
	(Rupees in '000)						
Plant and machinery	71,383	– (6,827)	64,556	63,930	316 (6,146)	58,100	6,456
Vehicles	4,269,795	1,915,568 (1,275,685)	4,909,678	1,199,069	951,798 (530,282)	1,620,585	3,289,093
Equipment	4,118	– –	4,118	3,296	5,087 (5,088)	3,295	823
Total	4,345,296	1,915,568 (1,282,512)	4,978,352	1,266,295	957,201 (541,516)	1,681,980	3,296,372

3.1.1 Future ijarah payments receivable

	2025			2024		
	Not later than 1 year	Later than 1 year and less than 5 years	Total	Not later than 1 year	Later than 1 year and less than 5 years	Total
	(Rupees in '000)					
Ijarah rental receivables	1,501,964	2,706,348	4,208,312	1,462,615	2,370,956	3,833,571
			Note	2025	2024	
				(Rupees in '000)		

3.2 Murabaha

Murabaha financing	3.2.1	8,210,655	11,615,954
Advances for murabaha		4,685,811	9,777,348
		12,896,466	21,393,302
3.2.1 Murabaha receivable - gross			
Less: deferred murabaha income	3.2.2	8,793,885	12,509,478
Profit receivable shown in other assets	3.2.4	(344,133)	(552,558)
Murabaha financings		(239,097)	(340,966)
		8,210,655	11,615,954
3.2.2 The movement in murabaha financing during the year is as follows:			
Opening balance		12,509,478	11,140,005
Sales during the year		53,456,519	63,782,383
Adjusted during the year		(57,172,112)	(62,412,910)
Closing balance		8,793,885	12,509,478
3.2.3 Murabaha sale price		8,793,885	12,509,478
Murabaha purchase price		(8,210,655)	(11,615,954)
		583,230	893,524
3.2.4 Deferred murabaha income			
Opening balance		552,558	559,242
Arising during the year		1,808,423	3,412,411
Less: recognised during the year		(2,016,848)	(3,419,095)
Closing balance		344,133	552,558



4. Deposits and other accounts

	2025			2024		
	In local currency	In foreign currencies	Total (Rupees in '000)	In local currency	In foreign currencies	Total
Customers						
Current deposits	153,023,602	4,706,024	157,729,626	110,301,302	6,635,819	116,937,121
Savings deposits	216,913,567	6,903,394	223,816,961	152,982,120	5,684,736	158,666,856
Term deposits	20,525,375	21,009	20,546,384	20,269,782	-	20,269,782
	<u>390,462,544</u>	<u>11,630,427</u>	<u>402,092,971</u>	<u>283,553,204</u>	<u>12,320,555</u>	<u>295,873,759</u>
Financial institutions						
Current deposits	65,431	-	65,431	48,799	-	48,799
Savings deposits	11,267,014	-	11,267,014	21,673,186	-	21,673,186
	<u>11,332,445</u>	<u>-</u>	<u>11,332,445</u>	<u>21,721,985</u>	<u>-</u>	<u>21,721,985</u>
	<u>401,794,989</u>	<u>11,630,427</u>	<u>413,425,416</u>	<u>305,275,189</u>	<u>12,320,555</u>	<u>317,595,744</u>

	2025 (Rupees in '000)	2024
4.1 Composition of deposits		
- Individuals	255,444,383	201,186,566
- Government / Public Sector Entities	9,750,411	1,866,511
- Banking Companies	60	57
- Non-Banking Financial Institutions	11,332,385	21,721,928
- Private Sector	136,898,177	92,820,682
	<u>413,425,416</u>	<u>317,595,744</u>

4.1.1 Deposits include eligible deposits covered under deposit protection mechanism as required by the Deposit Protection Act, 2016 amounting to Rs. 345,875.588 million (2024: Rs. 262,805.982 million).

	2025 (Rupees in '000)	2024
5. Charity Fund		
Opening balance	83,726	59,665
Additions during the year		
Received from customers on account of delayed payment	21,544	28,456
Charity accrued but not yet received	53,447	30,372
Other Non - Shariah compliant income	-	632
Profit on charity saving account	8,765	9,101
	<u>83,756</u>	<u>68,561</u>
Payments / utilisation during the year		
Health	(29,704)	(24,500)
Social welfare	(14,850)	(14,000)
Education	(10,700)	(6,000)
	<u>(55,254)</u>	<u>(44,500)</u>
Closing balance	<u>112,228</u>	<u>83,726</u>



	2025	2024
	(Rupees in '000)	
5.1	Detail of charities are as follows:	
Afzaal Memorial Thalassemia Foundation	2,050	2,000
Agha Welfare Trust	–	1,000
Al Mustafa Trust	1,050	1,000
Al Zohra Welfare Association	600	–
ASF Foundation	–	1,400
Bait-ul-Sukoon	1,600	1,500
Child Aid Association	2,100	2,000
Dar-ul-Sukun	2,650	2,600
Dawood Global Foundation	1,500	–
Deaf Welfare Awareness Foundation	250	–
Fatmiyah Hospital	654	–
Green Crescent Trust	3,050	3,000
Hajira Hamza Foundation	–	1,000
Huzaiifa Durrani Shaheed Foundation	500	500
Hyderabad Relief & Rehabilitation Trust / Osmania Hospital	1,550	1,500
IDA RIEU Welfare Association	1,600	1,500
Indus Hospital	2,100	2,000
Jinnah Foundation	3,000	2,000
Karachi Down Syndrome Program	1,100	1,000
Karachi Institute of Kidney Diseases Association	500	1,000
Lady Dufferin Hospital	1,600	1,500
Luminary Learning Circle Foundation	2,100	–
Mama Baby Foundation	1,000	–
Markaz-e-Umeed	2,050	2,000
Murshid Hospital & Health Care Centre	2,050	2,000
National Institute of Child Health	1,100	1,000
Network of Organisations Working for People with Disabilities Pakistan	1,050	1,000
Orange Tree Foundation	2,500	1,000
Pakistan Children's Heart Foundation	2,100	2,000
Pakistan Foundation Fighting Blindness	1,050	1,000
Panah Trust	1,500	1,000
Sindh Institute of Urology & Transplantation	3,500	3,000
SOS Children's Village	1,050	1,000
The Cancer Foundation	2,100	2,000
The Kidney Centre	3,000	1,000
The Layton Rahmatulla Benevolent Trust	1,650	–
	<u>55,254</u>	<u>44,500</u>
6.	Islamic Banking Business Unappropriated Profit	
Opening balance	54,066,152	30,550,762
Add: Islamic Banking profit for the year	17,410,281	23,523,458
Loss on sale of equity investment - FVOCI	–	(8,068)
Closing balance	<u>71,476,433</u>	<u>54,066,152</u>
7.	Contingencies and Commitments	
Guarantees	27,884,693	19,198,384
Commitments	40,230,243	34,016,915
	<u>68,114,936</u>	<u>53,215,299</u>
8.	Profit / Return Earned on Financings, Investments and Placements	
Profit earned on:		
Financings	11,119,837	16,843,648
Investments	36,693,195	44,457,005
Placements	1,304,551	241,393
	<u>49,117,583</u>	<u>61,542,046</u>



	2025	2024
	(Rupees in '000)	
9. Profit on Deposits and Other Dues Expensed		
Deposits and other accounts	19,279,807	24,352,075
Due to financial institutions	1,671,355	3,032,563
Due to Head Office	319,447	1,206,775
Finance charges on lease liabilities	975,249	644,587
	22,245,858	29,236,000

10. Profit and Loss Distribution and Pool Management

10.1 The number and nature of pools maintained by the Islamic Banking branches along with their key features and risk and reward characteristics

General Pool PKR (Mudaraba)

Deposits which assume minimal risk of loss due to diversified assets being tagged thereto are parked in the general pool. In case of loss in general pool, the loss will be borne by the general pool members.

Special Pool(s) PKR (Mudaraba)

Special Pool(s) are created where the customers desire to invest in high yield assets. In case of loss in a special pool the loss will be borne by the special pool members.

General Pool FCY (Mudaraba)

In FCY Pool, all FCY deposits and Investments are parked to share the return among the FCY deposit holders. In case of loss in a FCY General Pool, the loss will be borne by the FCY General Pool members.

Special Pool(s) FCY (Mudaraba)

Special Pool(s) are created where the customers desire to invest in high yield assets. In case of loss in a special pool the loss will be borne by the special pool members.

Islamic Export Refinance Scheme (IERS) Pool PKR (Musharaka)

Islamic Export Refinance Scheme (IERS) pool is required by SBP to facilitate the exporters under IERS.

Equity Pool

Investments with relatively higher risks such as investment in shares and mutual funds are tagged to the equity pool to safeguard the interest of depositors. Furthermore, operating fixed assets as well as subsidised financing facilities to employees are also financed from equity as per SBP guidelines.

Special Mudaraba Financing Facility (SMFF) Pool - Open Market Operations (OMO) Injections

Special Mudaraba Financing Facility (SMFF) Pool for Open Market Operations (OMO) Injection is created to invest the funds exclusively raised from SBP through Islamic Open Market Operations in High Quality Assets including securities that are eligible as approved securities for maintaining Statutory Liquidity Requirement.

Parameters associated with risk and rewards:

Following are the key considerations attached with risk and reward of the pool:

- Period, return, safety, security and liquidity of investment.
- Maturities of funds obtained from Principal Office, Islamic Banking Institutions and Shariah compliant organisations as regulated in Pakistan.
- Element of risk attached to various types of investments.
- SBP rules and Shariah clearance.

10.2 Avenues / sectors of economy / business where Mudaraba based deposits have been deployed

The Mudaraba based funds have been deployed in the following avenues / sectors / businesses:

- Chemical and pharmaceuticals
- Agribusiness
- Textile
- Sugar
- Shoes and leather garments
- Investment in sukuks, bai muajjal and shariah compliant mutual funds
- Production and transmission of energy



- Food and allied except sugar
- Cement
- Financial
- Wheat
- Individuals
- Others (domestic whole sale, engineering goods, plastic product, etc.)

10.3 Parameters used for allocation of profit, charging expenses and provisions etc. along with a brief description of their major components

The Bank's Islamic Banking Division (IBD) is accepting Term Deposits and Savings Deposits under Mudaraba arrangements, wherein the Bank is Mudarib, and depositors are Rab-ul-Maal. The Bank with the prior approval of Depositors also commingles its funds with those of depositors.

The funds so generated are invested by the Bank in Shariah compliant modes of financing and investments such as Murabaha, Ijarah, Istisna, Diminishing Musharakah, Running Musharakah, Musawama, Shares, Mutual Funds, Sukuks and Bai Muajjal etc.

The Bank calculates the profit of the pool every month. Profit is distributed at the net income level. Net income is calculated after deducting direct costs such as cost of murabaha, cost of takaful, depreciation on ijarah assets, and amortisation of premium on sukuks and loss of investments directly incurred in deriving that Income. The provisions created against non-performing assets as per relevant SBP regulations, write-offs and loss on sale of investments may be charged to the respective pool along with other direct expenses. In case of any reversal of the provision expense / value in investment, the benefit shall be allocated to the same pool.

The net income / loss is being allocated between the Bank's equity and the depositors' fund in proportion to their respective share in pool.

The Bank's profit sharing ratio during the year was 50% (2024: 50%) of net income and the depositors' profit sharing ratio was 50% (2024: 50%) of net income.

After the allocation of Income between mudarib (the Bank) and depositors (Rab-ul-Maal) the profit is distributed among the depositors on the basis of predetermined weightages, announced by the Bank at least three working days before the beginning of the month based on their respective category / tiers. In case of loss, Rab-ul-Maal has to bear the loss in the ratio of its investment.

The credit loss allowance under IFRS 9 and diminution in the value of investments as under Prudential Regulations and other SBP directives shall be borne by the IBIs as Mudarib.

10.4 Mudarib share and HIBA distributed to depositor's pool and specific pool

	2025				
	Distributable Income (Rupees in '000)	Mudarib Share	Mudarib Share (Percentage)	HIBA Amount (Rupees in '000)	HIBA (Percentage)
LCY Pool	26,976,199	12,543,656	46.50%	5,150,953	41.06%
FCY Pool	442,837	362,010	81.75%	55,128	15.23%
	2024				
LCY Pool	34,421,848	14,189,946	41.22%	6,110,080	43.06%
FCY Pool	469,376	353,798	75.38%	51,419	14.53%

10.5 Profit rate earned vs. profit rate distributed to the depositors during the year

	2025 (Percentage)	2024
Profit rate earned	11.58%	18.49%
Profit rate distributed	5.57%	9.69%



Disclosure on Complaint Handling in Annual Accounts-2025

The Customer Services function takes contentment in serving as custodian of Complaint Management which is primarily in control of upholding the FTC (Fair Treatment of Consumers) standards by promptly resolving complaints and providing fair resolutions to customers.

Service to Customers is one of the Core Values of Bank AL Habib Limited. To promote customer centricity in the culture and dynamics of BAHL, we have developed a comprehensive policy for handling customer complaints that is established on the values of fairness, transparency, promptness, visibility, and accessibility. Bank AL Habib Limited take complaints as an effective measure to improve its services instead of considering complaints as root cause for customer dissatisfaction.

Customers can register complaints through multiple channels including call center, branches, digital platforms and written correspondence as well as via Sunwai, SBP and BMP. These complaints are swiftly recorded and acknowledged through the Complaint Management System and followed-up until resolution. Bank also has a defined escalation matrix for timely resolution of the complaints.

As a post resolution activity, the complaint trends and analysis are shared with Board Members, Senior Management, FTC Committee and Business segments. Based on the findings, root cause analysis is conducted and communicated timely with the relevant departments for reduction of customer grievance.

Key Highlight: In 2025, the Bank received 343,241 complaints which were investigated and closed within an average turnaround time of 3.7 working days.

Gender Pay Gap as on 31 December 2025

The mean and median pay for the women is around 16% and 15% higher than that of men.



Sustainability at Bank AL Habib Limited

Bank AL Habib Limited (the Bank) remains committed to sustainable banking by integrating environmental stewardship, social responsibility and robust governance across its operations. The Bank advances climate-conscious financing, responsible business practices and inclusive growth, aligned with globally recognized sustainability frameworks. Strengthened ESG governance, active employee engagement and targeted initiatives to reduce environmental impact underscore the Bank's contribution to Pakistan's sustainable development objectives.

Integrating Sustainability Across Business Operations

The Bank has made substantial progress in integrating environmental and social considerations into its core business operations through a structured Environmental and Social Risk Management (ESRM) framework. Today, customer due diligence and environmental and social risk screening are fully system-driven and digitized, strengthening efficiency, risk identification and portfolio monitoring for both new and existing clients.

Resource Efficiency and Environmental Stewardship

As part of its environmental stewardship agenda, the Bank is scaling a comprehensive set of initiatives ranging from digital monitoring platforms to renewable energy deployment to decarbonize operations, optimize resource use and strengthen performance transparency.

- Central to this approach is an in-house developed, centralized KPI Portal for Resource Consumption, deployed across the branch network. The platform standardizes monthly reporting across eight key resource categories, enabling accurate carbon footprint measurement, data-driven target setting and compliance with regulatory requirements of SBP while reinforcing internal governance and accountability.
- Renewable energy expansion remains a core pillar of the Bank's decarbonization strategy. As of 2025, 131 branches have been solarized with a combined installed capacity exceeding 1.85060 MW, reflecting a 139% year-on-year increase while 131 ATMs operate on solar power. Further solarization and efficiency investments are planned for 2026.
- The Bank continues to institutionalize sustainable workplace practices through its Green Office and Branch Certification program. Following Green Office Certification of its Lahore office by WWF Pakistan, additional certifications are underway, validating energy-efficient practices and CO₂ reduction efforts. Complementing this is the expansion of the Green Branch Network, with designated Green Branches actively monitoring and reducing paper, fuel, electricity, water, and waste consumption.
- Enhanced waste management and recycling practices, implemented through strategic partnerships with sustainable vendors, further support responsible waste handling and circular economy principles.

Collectively, these initiatives demonstrate the Bank's integrated, data-driven approach to embedding sustainability into core operations while delivering measurable environmental impact.

Employee Engagement and Sustainability Capacity Building

Employee engagement remains a strategic pillar of the Bank sustainability transformation. In 2025, the Bank advanced its internal capability-building agenda, with over 6,000 employees completing 80+ structured training sessions covering Green Banking frameworks, SBP-aligned Green Taxonomy and Environmental & Social Risk Management. These initiatives strengthened expertise in sustainable finance origination, climate risk literacy, and responsible lending, embedding environmental and social risk considerations into core operational and credit evaluation processes.

To institutionalize sustainability awareness, the Bank launched a mandatory, in-house Learning Management System (LMS) module featuring immersive video content and knowledge assessment, establishing a consistent baseline of environmental literacy across the workforce.



In parallel, the Bank continues to foster a green organizational culture through regular Green Marketing bulletins and ESG-focused communication campaigns. ESG, climate governance, and environmental risk assessment modules have also been embedded into the Trainee Officer curriculum, equipping future leaders with the technical capability to advance ESG advocacy.

Alignment with United Nations Sustainable Development Goals	
The Bank's sustainability initiatives align with the United Nations' SDGs aiming to create a more sustainable future by 2030.	
	<p>No Poverty</p> <p>The Bank is committed to fostering financial inclusion, and providing accessible banking solutions to empower underserved communities and help reduce poverty.</p>
	<p>Zero Hunger</p> <p>Through strategic financing and support for sustainable agricultural and food-based enterprises, the Bank contributes to enhancing food security and supporting livelihoods.</p>
	<p>Good Health and Well-Being</p> <p>In 2025, the Bank reinforced its focus on employee well-being by organizing workshops on stress management, emotional intelligence, Thalassemia awareness, and health initiatives covering breast cancer and diabetes awareness.</p> <p>Health, Safety, and Environment (HSE) remain a critical operational priority. Regular fire drills and safety training sessions are conducted across all premises, equipping employees with essential emergency response skills and fostering a strong culture of safety.</p>
	<p>Quality Education</p> <p>We invest in education by promoting financial literacy, offering internships to underserved communities and supporting skill-building programs that empower individuals to achieve their full potential.</p>
	<p>Gender Equality</p> <p>The Bank actively promotes gender equality through inclusive hiring practices and initiatives such as "Banking on Equality." To support women entrepreneurs, the Bank launched the AL Habib Kamyab Khatoon Zarai Finance scheme, providing tailored financing solutions for female agri-entrepreneurs.</p> <p>The AL Habib Woman ApniCar Auto Finance Facility further enhances financial inclusion by enabling women to access vehicle financing on favorable terms. Awareness initiatives such as International Women's Day and Women's Week reinforce the Bank's commitment to women's empowerment.</p>



<p>6 CLEAN WATER AND SANITATION</p> 	<p>Clean Water & Sanitation</p> <p>The Bank champions access to clean water and sanitation through financing community projects and initiatives that ensure sustainable water resources for all.</p>
<p>7 AFFORDABLE AND CLEAN ENERGY</p> 	<p>Affordable and Clean Energy</p> <p>In 2025, the Bank solarized over 131 branches with installed capacity of over 1.85060 MW, marking a 139% increase from the previous year. The Bank will continue to further scale its solarization initiatives in 2026.</p>
<p>8 DECENT WORK AND ECONOMIC GROWTH</p> 	<p>Decent Work and Economic Growth</p> <p>The Bank drives workforce development through targeted recruitment programs for youth, women, and marginalized communities. The Bank offers competitive benefits, leadership development programs and enhanced financial inclusion through expanded digital banking services. By providing tailored financial solutions to SMEs and women entrepreneurs, the Bank has fostered foster job creation and support economic development.</p>
<p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p> 	<p>Industry, Innovation & Infrastructure</p> <p>By supporting innovative solutions, infrastructure projects, and technology-driven initiatives, we contribute to building resilient industries and fostering sustainable economic growth.</p>
<p>10 REDUCED INEQUALITIES</p> 	<p>Reduced Inequalities</p> <p>The Bank champions financial inclusion by employing over 150 persons with disabilities (PWDs) and retrofitting 31 branches to ensure accessibility. Key adaptations include wheelchair-friendly entrances, ATM cabins, and cash counters, with ramps, railings, and tactile flooring for improved mobility. Dedicated counters, token systems, and help desks provide additional support, while designated parking spaces ensure ease of access.</p> <p>The Bank also trained staff on effective communication with PWDs and has made provisions for wheelchair-friendly door designs, signage and Braille materials at its branches. To promote ongoing awareness, the Training & Management Development Division conducts sensitization sessions and offers Sign Language training. Additionally, an e-learning module, "AL Habib i Learn," has been introduced to further educate employees on PWD sensitivities. Nearly 98% of the Bank 's branches are now accessible, reinforcing its strong commitment to reducing inequalities and fostering an inclusive environment for both employees and customers.</p>



<p>11 SUSTAINABLE CITIES AND COMMUNITIES</p> 	<p>Sustainable Cities & Communities</p> <p>We support the creation of sustainable, safe and inclusive urban communities by financing smart urban projects and initiatives that improve quality of life.</p>
<p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p> 	<p>Responsible Consumption and Production</p> <p>Through green branches that monitor and reduce paper, water, fuel and electricity use and through green procurement strategies emphasizing sustainability, the Bank supports responsible resource use.</p>
<p>13 CLIMATE ACTION</p> 	<p>Climate Action</p> <p>The Bank provides Smart Climate Agriculture financing, designed to support resource-efficient operations, technologies and methodologies across both agricultural and non-agricultural sectors. This product offers funding for alternative energy solutions, alongside innovative water management strategies and precision agriculture practices, fostering sustainability and operational efficiency in the agricultural value chain.</p> <p>Environmental and Social Risk Management (ESRM) is integrated into credit screening to mitigate environmental and social risk in lending and the Bank finances smart climate-sensitive agriculture and alternative energy systems, advancing climate action in operations and financing.</p>
<p>17 PARTNERSHIPS FOR THE GOALS</p> 	<p>Partnerships for the Goals</p> <p>The Bank engages with external partners, consultancies, think tanks and participates in national and international sustainability summits, supporting collective action toward SDGs. The Bank has consistently published articles on key topics such as green taxonomy, sustainable supply chains, and carbon markets in prominent English, Urdu and Sindhi newspapers.</p>



Report of Shari'ah Board for the year ending December 31, 2025

In the name of Allah, the Beneficent, the Merciful

1. While the Board of Directors and Executive Management are solely responsible to ensure that the operations of Bank AL Habib – Islamic Banking Division (BAHL-IBD) are conducted in a manner that comply with Shari'ah principles and guidelines issued by the Shari'ah Board of the BAHL-IBD at all times. The Shari'ah Governance Framework issued by the State Bank of Pakistan, required from the Shari'ah Board (SB) to submit a report on the overall Shari'ah compliance environment of BAHL-IBD.
2. To form the opinion as expressed in this report, the Shari'ah Compliance Department carried out Shari'ah Reviews, on test check basis, of each class of transactions, the relevant documentation and process flows. Further, during the last year, Shari'ah Board reviewed the Internal Shari'ah Audit and External Shari'ah Audit Reports. Based on above, we are of the view that:
 - I. BAHL-IBD has complied with Shari'ah rules and principles in the light of fatawa, rulings and guidelines issued by its Shari'ah Board.
 - II. BAHL-IBD has complied with directives, regulations, instructions and guidelines i.e. related to Shari'ah compliance issued by SBP in accordance with the rulings of SBP's Shari'ah Board.
 - III. BAHL-IBD has complied with the SBP instructions on profit and loss distribution and Pool Management. On recommendations of Shari'ah Board measures are being taken to further strengthen the Pool Management system.
 - IV. BAHL-IBD has a comprehensive mechanism in place to ensure Shari'ah Compliance in its overall operations.
 - V. The Shari'ah Board appreciates the view and commitment of BOD towards ensuring the Shari'ah Compliance in the products, processes and operations of the BAHL-IBD. Improvement is required in level of awareness of Islamic Banking staff as well Executive Management in order to improve their understanding on the importance of Shari'ah Compliance in their respective areas, particularly improvement is required in Foreign Trade Department.
 - VI. The Management has committed to provide further human resource to Shari'ah Compliance Department enabling them to discharge their duties effectively.
 - VII. The Bank has a well-defined mechanism in place which is sound enough to ensure that any earnings identified from sources or by means prohibited by Shari'ah have been credited to charity account and are being properly utilized. In year 2025, charity amount of Rs. 51.915 Million has been realized. An amount of Rs. 55.254 Million has been granted to various charitable institutions from available charity fund.

Mufti Sher Ali
Resident Shari'ah Board Member

Mufti Mohib ul Haq Siddiqui
Shari'ah Board Member

Mufti Muhammad Hamza
Shari'ah Board Member

Mufti Ismatullah
Chairman Shari'ah Board



Notice of Annual General Meeting

Notice is hereby given that the Thirty-fifth Annual General Meeting of Bank AL Habib Limited (the Bank) will be held at the Bank's premises located at 128-C, Old Bahawalpur Road, Multan, on Monday, March 30, 2026, at 10:30 a.m. to transact the following business. The shareholders may also attend the meeting through electronic means as advised by Securities and Exchange Commission of Pakistan (SECP).

1. To receive and adopt the Audited Annual Accounts and Consolidated Accounts of the Bank for the year ended December 31, 2025, together with the Reports of Chairman, Directors and Auditors.

As required under section 223(6) of the Companies Act, 2017 (the "Act"), and pursuant to S.R.O. 389(I)/2023 dated March 21, 2023, the Annual Report of the Bank has been uploaded on the website of the Bank which can be downloaded from the following weblink and QR enabled code.

Weblink: <https://www.bankalhabib.com/files/download/reports/Annual-Report-2025.pdf>



2. To consider and approve payment of Final Cash Dividend @ 45%, i.e., Rs. 4.50 per share of Rs. 10/- each, in addition to Rs. 10.50 per share i.e., 105% Interim Cash Dividends already paid to the shareholders of the Bank, thus, total 150% i.e. Rs. 15.00 per share for the year ended December 31, 2025.
3. To appoint auditors for the year 2026 and to fix their remuneration. KPMG Taseer Hadi & Co., Chartered Accountants, being eligible, offer themselves for re-appointment.
4. To consider any other business of the Bank with the permission of the Chair.

Special Business

5. To consider and approve remuneration payable to Executive Director of the Bank.

For Item No. 5 statement under Section 134(3) of the Companies Act, 2017 in respect of special business is annexed.

By order of the Board

Karachi: March 09, 2026

MOHAMMAD TAQI LAKHANI
Company Secretary



Notes:

1. Participation in the Annual General Meeting (AGM) through Electronic Means:

The entitled shareholders who are interested to attend AGM through electronic means and whose names appeared in the Books of the Bank by the close of business on March 13, 2026 are hereby requested to get themselves registered with the Company Secretary Office by providing the following details at the earliest but not later than 48 hours before the time of AGM (no account shall be taken of any part of the day that is not a working day) at email: agm@bankalhabib.com

Name of Shareholder	CNIC No.	Folio Number / CDC Account No.	Cell Number	Email Address

Upon receipt of the above information from interested shareholders, the Bank will send the login details at their email addresses. On the AGM day, shareholders will be able to login and participate in the AGM proceedings through their smartphones or computer devices from any convenient location.

The login facility will be opened 30 minutes before the meeting time to enable the participants to join the meeting after identification and verification process.

The entitled shareholders (whose names appeared in the Books of the Bank by the close of business on March 13, 2026) along with the details mentioned above may send their comments/suggestions for the proposed Agenda items at the above email address at least 48 hours before the time of AGM (no account shall be taken of any part of the day that is not a working day).

- The share transfer books of the Bank will remain closed from March 16, 2026 to March 30, 2026 (both days inclusive). Transfers received in order at the office of our Share Registrar, CDC Share Registrar Services Limited, located at CDC House, 99-B, Block B, S.M.C.H.S., Main Shakra-e-Faisal, Karachi – 74400, by the close of business on March 13, 2026 will be treated in time for payment of Final Cash Dividend (subject to approval of the members). Members are requested to promptly communicate any change in their postal or email addresses to our above-mentioned Share Registrar.
- A member entitled to attend and vote at this meeting is entitled to appoint a proxy to attend, speak and vote on his/her behalf. A proxy (except for a corporate entity) must be a member of the Bank. Proxy form, in order to be effective, must be received at the Registered Office of the Bank located at 126-C, Old Bahawalpur Road, Multan, duly stamped and signed not less than 48 hours before the time of the meeting. In case of a corporate entity, the Board of Directors' Resolution/Power of Attorney with specimen signatures shall also be submitted along with Proxy Form in the Bank. (no account shall be taken of any part of the day that is not a working day).
- The entitled shareholders are requested to keep with them their original Computerized National Identity Cards (CNICs) / Passport along with their folio numbers / participant(s) ID numbers and CDC account numbers at the time of attending the Annual General Meeting in order to facilitate identification of the respective shareholders. The proxy shall also produce his/her original CNIC or Passport at the time of the meeting.



5. Payment of Cash Dividend through Electronic Mode

Under the provision of Section 242 of Companies Act, 2017 and Companies (Distribution of Dividends) Regulations, 2017, it is mandatory for a listed company to pay cash dividend to their shareholders only through electronic mode directly into the bank account designated by the entitled shareholders instead of issuing physical dividend warrants.

In order to receive cash dividend directly into the designated bank account, members who have not yet provided the bank account details are requested to fill and sign the “E-Dividend Bank Mandate Form” available on the Bank’s website link, <https://www.bankalhabib.com/download-forms> and send to the relevant Participants / Investor Account Services of the CDC/Share Registrar of the Bank (as the case may be) latest by March 13, 2026 along with a copy of their valid CNICs. The aforesaid form is also available in the Annual Report of the Bank.

In case of non-receipt or incorrect International Bank Account Number (IBAN) with other related details or non-availability of valid CNICs, the Bank will withhold cash dividend of such members.

6. As per Section 150 of the Income Tax Ordinance 2001, different rates are prescribed for deduction of withholding tax on the amount of cash dividend paid by the companies / banks. These tax rates are as follows:

- | | | |
|-----|---|-----|
| (a) | Persons appearing in Active Taxpayer List | 15% |
| (b) | Persons not appearing in Active Taxpayer List | 30% |

To enable the Bank to make tax deduction on the amount of cash dividend @ 15% instead of 30% all the shareholders whose names are not entered into the Active Tax-payers List (ATL) provided on the website of Federal Board of Revenue (FBR), despite the fact that they are filers, are advised to make sure that their names are entered into ATL before the date of payment of cash dividend i.e., March 30, 2026; otherwise tax on their cash dividend will be deducted @ 30% instead of 15%.

In case of joint shareholding, withholding tax applicability for principal & joint shareholder(s) will be ascertained separately on the basis of appearance/non-appearance of their respective names in ATL. Members that hold shares with joint-shareholder(s) are requested to provide shareholding proportions of principal shareholder and joint-shareholder(s) in respect of shares held by them to the Bank’s Share Registrar in writing in the following format:

Bank Name	Folio/CDC Account No.	Total Shares	Principal Shareholder		Joint-Shareholder(s)	
			Name and CNIC No.	Shareholding Proportion (No. of Shares)	Name and CNIC No.	Shareholding Proportion (No. of Shares)

In case the required information is not provided to our Share Registrar latest by March 13, 2026, it will be assumed that the shares are equally held by them.

In case of corporate entity, withholding tax exemption from dividend income shall only be allowed if copy of valid tax exemption certificate is made available to our Share Registrar latest by March 13, 2026.



As per instructions of SECP and Central Depository Company of Pakistan (CDC) circular No. 6 of 2018, the shareholders are hereby informed that the CDC has developed Centralized Cash Dividend Register (CCDR) on eServices Web Portal which contains details of cash dividend such as either paid or unpaid, withheld by the Bank, total amount of cash dividend, tax and zakat deductions and net amount credited into designated bank account of shareholders. The shareholders are requested to register themselves to CDC's eServices Web Portal link, <https://csp.cdcaccess.com.pk> to obtain the aforesaid information.

7. Audited Financial Statements through e-mail

In pursuant to Section 223(6) of the Companies Act 2017 and SECP S.R.O. 389 (I) 2023 dated March 21, 2023, Annual Report 2025 which includes Auditors' Report along with Audited Financial Statements, Directors' Report, Chairman's Review Report and Notice of Annual General Meeting are being e-mailed to the members who have provided their e-mail addresses. Members are also requested to intimate change (if any) in their registered e-mail addresses to the relevant Participants / Investor Account Services of the CDC / Share Registrar of the Bank (as the case may be) for the aforesaid purpose. Members of the Bank who wish to receive the hard copy of Annual Report are requested to send standard request form to our Share Registrar or Shares Department of the Bank. The standard request form can be downloaded from the Bank's website link, <https://www.bankalhabib.com/download-forms>

8. Procedure for Electronic-Voting and Voting Through Postal Ballot:

In accordance with the Companies (Postal Ballot) Regulations, 2018 ("the Regulations") the right to vote through electronic voting facility and voting by post shall be provided to members of every listed company for all business classified as special business under the Companies Act, 2017, ("the Act") in the manner and subject to conditions contained in the Regulations.

i) Electronic-Voting

- a. 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 13, 2026.
- b. The web address and login details will be communicated to members via email. The security codes will be communicated to members through SMS from the web portal of e-voting service provider.
- c. Identity of the members intending to cast vote through e-voting shall be authenticated through electronic signature or authentication for login.
- d. Members shall cast vote online at any time from March 27, 2026, at 09:00 a.m. and shall close on March 29, 2026, at 5:00 p.m. Once the vote on the resolution is cast by a member, he/she shall not be allowed to change it subsequently.

ii) Voting Through Postal Ballot

The members shall ensure that the duly filled and signed ballot paper (blank ballot paper attached), along with a copy of CNIC should reach the Chairman of the meeting through post at the Bank's principal office, Bank AL Habib Limited, 3rd Floor, Mackinnons Building, I. I. Chundrigar Road, Karachi or email at chairmanagm@bankalhabib.com one business day before the AGM, i.e. on Friday, March 27, 2026, during office hours. This Postal Ballot Paper is also available for download from the website of the Bank, www.bankalhabib.com.



- a. The signature on the Ballot Paper should match with signature on the CNIC.
- b. In case of foreign members and representatives of a body corporate, corporation and Federal Government, acceptability of other identification documents in lieu of CNIC should be approved by the board of that body corporate/company.
- c. Incomplete, unsigned, incorrect, defaced, torn, mutilated, overwritten ballot papers will be rejected.

Additional Information for Shareholders:

a. Unclaimed / Unpaid Cash dividend and Share Certificates:

In compliance with Section 244 of the Act, the Bank has already requested through individual letters to shareholders and also through newspaper to collect their unclaimed shares / unpaid cash dividend, if any. Shareholders are once again requested to lodge a claim for unclaimed shares / unpaid cash dividends with the Bank's Share Registrar i.e. CDC Share Registrar Services Limited.

b. Deposit / Conversion of Physical Shares into Book-Entry form:

The shareholders having physical share certificates of the Bank are advised to place / convert their physical shares into Book-Entry form in CDC as required under the provisions of Section 72 of the Companies Act, 2017.

c. Restriction on Distribution of Gifts:

In accordance with the directives issued by the SECP vide its SRO 452(I)/2025 dated March 17, 2025, and as per Bank's existing practice, no gifts will be distributed at the AGM.



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

The statement is annexed to the Notice of the Thirty-fifth (35th) Annual General Meeting of Bank AL Habib Limited at which a special business is to be transacted. The purpose of this statement is to set forth the material fact concerning such special business.

Item No.5 of the Agenda

As recommended by the Board of Directors in their meeting held on February 11, 2026, it is intended to propose the following resolution to be passed as an Ordinary Resolution:

“RESOLVED THAT the remuneration of Mr. Qumail R. Habib, Executive Director shall not exceed Rs. 6,050,000/- per month exclusive of perquisites, benefits and other allowances to which he is entitled under the terms of his employment.”



Bank AL Habib Limited

Postal Ballot Paper

**Voting through post for Special Business at the Annual General Meeting
to be held on March 30, 2026 @ 10:30 a.m. at Multan**

This postal ballot paper is also available for download from the website of Bank AL Habib Limited at www.bankalhabib.com. Further, the designated email address of the Chairman of the meeting at which the duly filled ballot paper may be sent : chairmanagm@bankalhabib.com

Folio / CDC Account #	
Name of Shareholder / Joint Shareholder(s)	
Registered Address	
Number of shares held	
NICOP /Passport (in case of foreigner) / CNIC Number (Copy to be attached)	
Additional Information and enclosures (In case of representative of body corporate, corporation and Federal Government)	
Name of Authorized Signatory	
NICOP /Passport (in case of foreigner) / CNIC No. of Authorized Signatory (copy to be attached)	

I/we hereby exercise my/our vote in respect of the following resolution through postal ballot paper by conveying my/our assent or dissent to the following resolution by placing tick (✓) mark in the appropriate box below

Serial No.	Nature and Description of Resolution	No. of ordinary shares for which vote cast	I/We assent to the Resolution (FAVOR)	I/We dissent to the Resolution (AGAINST)
1	“RESOLVED THAT the remuneration of Mr. Qumail R. Habib, Executive Director shall not exceed Rs.6,050,000/- per month exclusive of perquisites, benefits and other allowances to which he is entitled under the terms of his employment.”			

Place: _____

Date: _____

Signature of Shareholder(s) / Authorized Person

Notes:

1. Duly filled postal ballot paper should be sent to Mr. Abbas. D. Habib, Chairman of the Bank AL Habib Limited, at Mackinnons Building, I. I. Chundrigar Road, Karachi or email at chairmanagm@bankalhabib.com.
2. Copy of NICOP/ Passport (in case of foreigner) / CNIC should be enclosed with the Postal Ballot Paper.
3. Postal Ballot Paper should reach chairman of the meeting on or before Friday, March 27, 2026. Any Postal Ballot Paper received after this date will not be considered for voting.
4. Signature on Postal Ballot Paper should match with signature on CNIC.
5. Incomplete, unsigned, incorrect, defaced, torn, mutilated, overwritten Ballot Paper will be rejected.
6. BOD resolution / POA along with list of signatories and valid copy of CNIC of authorized signatory(ies).
7. The shareholders may download the Postal Ballot Paper from the Bank’s website or use the original / photocopy as published in newspaper.



بینک الحیب لمیٹڈ پوسٹل بیلٹ پیپر

سالانہ اجلاس عام میں خصوصی امور کے لئے بذریعہ ڈاک ووٹنگ ۳۰ مارچ ۲۰۲۶ء بوقت ۱۰:۳۰ بجے ملتان میں کی جائے گی۔

پوسٹل بیلٹ پیپر بینک الحیب لمیٹڈ کی ویب سائٹ www.bankalhabib.com پر بھی ڈاؤن لوڈ کرنے کیلئے دستیاب ہے۔ مزید برآں اجلاس کے چیئرمین کا نامزد کردہ ای میل ایڈریس جس پر باقاعدہ پُر شدہ بیلٹ پیپر ارسال کیے جاسکتے ہیں chairmanagm@bankalhabib.com

فیلو/سی ڈی سی اکاؤنٹ نمبر	
شیر ہولڈر/جوائنٹ شیر ہولڈر (ز) کا نام	
رجسٹرڈ ایڈریس	
موجودہ شیرز کی تعداد	
این آئی سی او پی/پاسپورٹ (غیر ملکی ہونے کی صورت میں)/سی این آئی سی نمبر (کاپی منسلک کی جائے)	
اضافی معلومات اور منسلک دستاویزات (ہاڈی کارپوریٹ، کارپوریشن اور وفاقی حکومت کے نمائندے کی صورت میں)	
مجاز دستخط کنندہ کا نام	
این آئی سی او پی/پاسپورٹ (غیر ملکی ہونے کی صورت میں)/مجاز دستخط کا سی این آئی سی نمبر (کاپی منسلک کریں)	

میں/ہم پوسٹل بیلٹ کے ذریعے درج ذیل قرارداد کے سلسلے میں اپنا/ہمارا ووٹ استعمال کرتے ہوئے درج ذیل مناسب خانے کے نشان (✓) لگا کر اس قرارداد کیلئے اپنی/ہماری رضامندی یا غیر رضامندی ظاہر کر رہے ہیں۔

نمبر شمار	قرارداد کی نوعیت اور تفصیلات	عمومی شیرز کی مجموعی تعداد جن کیلئے ووٹ کاسٹ ہوا	میں/ہم قرارداد پر رضامند ہیں (FAVOR)	میں/ہم قرارداد پر اختلاف کرتے ہیں (AGAINST)
۱	”قرار پایا کہ جناب گمیل آر حبیب، ایگزیکٹو ڈائریکٹر کا معاوضہ -/۶,۰۵۰,۰۰۰ روپے ماہانہ علاوہ مروجہ مراعات، فوائد اور دیگر الاؤنسز، جس کے وہ اپنی ملازمت کی شرائط کے تحت حقدار ہیں، سے زائد نہ ہوگا۔“			

مقام:

شیر ہولڈر (ز) کے دستخط/مجاز فرد

تاریخ:

۱۔ باقاعدہ پُر شدہ پوسٹل بیلٹ پیپر جناب عباس ڈی۔ حبیب، چیئرمین، بینک الحیب لمیٹڈ، میکینز بلڈنگ، آئی آئی چندریگر روڈ، کراچی یا ای میل chairmanagm@bankalhabib.com پر ارسال کریں۔

۲۔ این آئی سی او پی/پاسپورٹ کی کاپی (غیر ملکی ہونے کی صورت میں)/سی این آئی سی پوسٹل بیلٹ پیپر کے ساتھ منسلک کی جائے۔

۳۔ پوسٹل بیلٹ پیپر اجلاس کے چیئرمین کو بروز جمعہ ۲۷ مارچ ۲۰۲۶ء تک یا اس سے قبل موصول ہو جائیں۔ اس تاریخ کے بعد موصول کوئی بھی پوسٹل بیلٹ پیپر ووٹنگ کیلئے قابل غور نہ ہوگا۔

۴۔ پوسٹل بیلٹ پیپر پر دستخط سی این آئی سی پر موجود دستخط سے مماثل ہونے چاہئیں۔

۵۔ نامکمل، غیر دستخط شدہ، غیر واضح، کٹے پھٹے، اوور رائٹنگ کے حامل بیلٹ پیپر مسترد کر دیئے جائیں گے۔

۶۔ بی ڈی سی کی قرارداد/پی او اے بشمول مجاز دستخط کنندہ (کنندگان) کے دستخطوں کی فہرست اور سی این آئی سی کی کارآمد کاپی۔

۷۔ شیر ہولڈرز پوسٹل بیلٹ پیپر کو بینک کی ویب سائٹ سے ڈاؤن لوڈ کر سکتے ہیں یا اخبار میں شائع شدہ اصل/اس کی فوٹو کاپی کا استعمال کر سکتے ہیں۔



Pattern of Shareholding as at December 31, 2025

Number of Shareholders	Size of Shareholding				Total Shares Held
1,875	From	1	To	100	59,246
1,326	From	101	To	500	390,582
764	From	501	To	1,000	614,368
1,990	From	1,001	To	5,000	5,319,929
560	From	5,001	To	10,000	4,224,968
330	From	10,001	To	15,000	4,114,455
1,064	From	15,001	To	20,000	19,505,363
106	From	20,001	To	25,000	2,423,941
82	From	25,001	To	30,000	2,288,669
49	From	30,001	To	35,000	1,605,165
86	From	35,001	To	40,000	3,231,442
75	From	40,001	To	50,000	3,460,886
56	From	50,001	To	60,000	3,062,507
80	From	60,001	To	80,000	5,618,410
73	From	80,001	To	100,000	6,734,717
85	From	100,001	To	150,000	10,458,374
70	From	150,001	To	200,000	12,240,852
38	From	200,001	To	250,000	8,482,298
33	From	250,001	To	300,000	9,111,065
24	From	300,001	To	350,000	7,856,137
74	From	350,001	To	600,000	34,463,814
51	From	600,001	To	1,000,000	40,288,964
152	From	1,000,001	To	100,000,000	925,869,264
9,043					1,111,425,416

Categories of Shareholders	Number of Shareholders	Number of Shares Held	Percentage
Individuals	8,716	610,671,168	54.95%
Investment & Insurance Companies	15	96,884,529	8.72%
Joint Stock Companies	120	205,512,722	18.49%
Financial Institutions	11	6,794,782	0.61%
Modaraba & Mutual Funds	29	76,156,391	6.85%
Foreign Companies	21	40,229,153	3.62%
Pension Funds	24	13,890,715	1.25%
Others	107	61,285,956	5.51%
TOTAL	9,043	1,111,425,416	100.00%



Pattern of Shareholding as at December 31, 2025 Additional Information

Shareholders' Category	Number of Shareholders	Number of Shares Held
Associated Companies		
Habib Insurance Co. Ltd.	1	1,000,000
Mutual Funds		
CDC - TRUSTEE ALFALAH MTS FUND - MT	1	558
TRI-STAR MUTUAL FUND LIMITED	1	1,904
CDC - TRUSTEE FAYSAL ASSET ALLOCATION FUND	1	2,500
SAFEWAY FUND (PVT) LTD.	1	5,001
CDC - TRUSTEE ABL PENSION FUND - EQUITY SUB FUND	1	8,400
CDC - TRUSTEE NBP FINANCIAL SECTOR INCOME FUND - MT	1	10,960
CDC - TRUSTEE ALFALAH FINANCIAL VALUE FUND-II	1	17,900
CDC - TRUSTEE ALFALAH GHP INCOME MULTIPLIER FUND	1	18,000
CDC - TRUSTEE NBP PAKISTAN GROWTH EXCHANGE TRADED FUND	1	31,365
CDC - TRUSTEE ALFALAH GHP VALUE FUND	1	69,400
CDC - TRUSTEE ALFALAH GHP DEDICATED EQUITY FUND	1	71,015
CDC - TRUSTEE NBP SARMAVA IZAFSA FUND	1	80,613
CDC - TRUSTEE JS GLOBAL BANKING SECTOR EXCHANGE TRADED FUND	1	129,870
CDC - TRUSTEE NBP BALANCED FUND	1	154,400
CDC - TRUSTEE UBL ASSET ALLOCATION FUND	1	170,000
CDC - TRUSTEE APF-EQUITY SUB FUND	1	197,175
CDC - TRUSTEE AKD INDEX TRACKER FUND	1	288,687
CDC - TRUSTEE UBL RETIREMENT SAVINGS FUND - EQUITY SUB FUND	1	354,781
CDC - TRUSTEE NBP FINANCIAL SECTOR FUND	1	468,416
CDC - TRUSTEE PAKISTAN INCOME ENHANCEMENT FUND	1	530,000
CDC - TRUSTEE ABL STOCK FUND	1	619,230
CDC - TRUSTEE ALFALAH GHP ALPHA FUND	1	675,092
CDC - TRUSTEE UBL FINANCIAL SECTOR FUND	1	1,766,778
CDC - TRUSTEE MCB PAKISTAN STOCK MARKET FUND	1	2,200,000
CDC - TRUSTEE ALFALAH GHP STOCK FUND	1	2,416,579
CDC - TRUSTEE UBL STOCK ADVANTAGE FUND	1	3,111,072
CDC - TRUSTEE ATLAS STOCK MARKET FUND	1	3,116,931
CDC - TRUSTEE NBP STOCK FUND	1	4,348,136
CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST - (53,850,383 Shares) National Bank Of Pakistan Trustee Department - (1,000 Shares) NITPF Equity Sub-Fund - (40,000 Shares) NIT Pakistan Gateway Exchange Traded Fund - (45,756 Shares) NIT Asset Allocation Fund - (85,000 Shares) NIT-Equity Market Opportunity Fund - (1,269,489 Shares)	1	55,291,628



Shareholders' Category	Number of Shareholders	Number of Shares Held
Directors		
Abbas D. Habib	1	24,964,174
Qumail R. Habib	1	17,522,296
Anwar Haji Karim	1	6,349,159
Mohammad Rafiquddin Mehkari	1	1,000
Humayun Bashir	1	10,000
Farhana Mowjee Khan	1	25,180
Qasim Habib	1	10,923,465
Chief Executive Officer		
Mansoor Ali Khan	-	NIL
Directors' Spouses		
Mrs. Niamet Fatima W/o. Mr. Abbas D. Habib	1	11,060,177
Executives	51	16,718,474
Joint Stock Companies and Corporations	120	205,512,722
Banks, Development Financial Institutions, Non - Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds	48	43,134,872
Shareholders holding five percent or more voting rights State Life Insurance Corporation of Pakistan	1	73,435,154
Individuals	8,657	523,097,243
Others (including foreign companies)	128	101,515,109
TOTAL	9,043	1,111,425,416



Consolidated Financial Statements

Bank AL Habib Limited

and

Subsidiary Companies



Bank AL Habib Limited and its Subsidiary Companies
Directors' Report on Audited Consolidated Financial Statements

The Directors are pleased to present the Audited Consolidated Financial Statements of Bank AL Habib Limited and the Bank's Subsidiaries AL Habib Capital Markets (Private) Limited, AL Habib Asset Management Limited and AL Habib Exchange Company (Private) Limited for the year ended December 31, 2025.

	(Rupees in '000)
Profit for the year before tax	68,202,523
Taxation	(35,735,299)
Profit for the year after tax	32,467,224
Share of profit attributable to Non-controlling interest	(24,672)
Profit attributable to shareholders of Holding Company	32,442,552
Un-appropriated profit brought forward	90,259,109
Impact of fair valuation of unquoted equity securities	26,333
Transfer from surplus on revaluation of fixed assets-net of tax	211,078
Loss on sale of equity investments - FVOCI	(11,390)
Other comprehensive income - net of tax	(705,627)
	89,779,503
Profit available for appropriation	122,222,055
Appropriations:	
Transfer to Statutory Reserve	(3,063,741)
Cash dividend – 2024	(7,224,265)
Cash dividend – 2025	(11,669,967)
	(21,957,973)
Un-appropriated profit carried forward	100,264,082
Earnings per share (after tax) – Holding Company	Rs. 29.19

Pattern of Shareholding

The pattern of shareholding as at December 31, 2025, is annexed with the financial statements of Bank AL Habib Limited.

MANSOOR ALI KHAN
Chief Executive

ABBAS D. HABIB
Chairman
Board of Directors

Karachi: February 11, 2026



INDEPENDENT AUDITOR'S REPORT

To the members of **Bank AL Habib Limited**

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the annexed consolidated financial statements of **Bank AL Habib Limited** (the Bank) and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated profit and loss account, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including a summary of material accounting policies 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 31 December 2025 and of its consolidated financial performance and its consolidated cash flow statement for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

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

Key Audit Matter

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



Following is the Key Audit Matter:

S.No.	Key Audit Matter	How the matter was addressed in our audit
1	<p>Provision against advances (Refer note 9 & 21 to the consolidated financial statements)</p>	
	<p>As at 31 December 2025 the Group's Credit loss allowance against advances and against off-balance sheet items are amounting to Rs. 47.409 billion and Rs. 4.757 billion respectively.</p> <p>The Group recognizes estimation of expected credit losses ("ECL") in accordance with the application instruction issued by SBP on advances and off balance sheet exposure. The estimation of ECL on advances including off balance sheet exposure, involves judgement and complexity.</p> <p>The key areas which are subject to management judgement in the estimation of ECL are:</p> <ul style="list-style-type: none"> • Model estimations – judgmental modelling and assumption are used to estimate ECL which involves determining Probability of Default ("PD"), Loss Given Default ("LGD"), and Exposure at Default ("EAD"). Respective model assumption is a key driver of complexity and uncertainty and are required in the application of these model for calculation of the ECL estimate. • Economic scenarios – IFRS 9 requires the Bank to measure ECL on an unbiased forward-looking basis reflecting a range of future economic conditions. Management's judgement is applied in determining the forward-looking economic scenarios used as an input to calculate ECL, the associated scenario probability weightings, and the key economic variables that drive the scenarios. • Qualitative criteria – the criteria selected to identify SICR involves judgment and can lead to unreliable ECL recognized for certain portfolios. <p>In line with the applications instructions on IFRS 9, the Group must compare the ECL for Stage 3 advances with the provision determined under the Prudential Regulations "PR" issued by the SBP. The PR requires specific provisioning against the advances on the basis of time-based criteria which should be supplemented by a subjective evaluation of the Bank's credit portfolio. The determination of provision against advances, therefore, involves use of management's judgement, on a case-to-case basis, taking into account factors such as the economic and business conditions, borrowers' repayment behaviors and realizability of collateral held by the Group.</p>	<p>Our audit procedures, amongst others, included the following:</p> <ul style="list-style-type: none"> • Performing risk assessment procedures over the credit loss allowance against advances and off-balance sheet exposure within the Group's consolidated financial statement. As part of these risk assessment procedures, identifying the portfolios associated with a risk of material misstatement including those arising from judgements over the estimation of ECL either due to inputs, methods or assumptions. • Assessing the design, implementation and operating effectiveness of key controls established by the Group over measurement of ECL and provision calculated as per PR; • We involved in-house specialist who assisted in the following: <ul style="list-style-type: none"> - Evaluating the Group's impairment methodologies for compliance with application instruction issued by SBP for IFRS 9; - Assessing the reasonableness of the Group's methodology and models for determining the economic scenarios used and the probability weightings applied to them by independently validating and challenging the assumptions, methodologies, and outputs of the models; - Assessing the reasonableness of macro-economic variable and economic forecasts by comparing these to external sourced data extracted; and - Performing independent testing of the Expected Credit Loss (ECL) allowance on a sample basis. • Performing testing on sample basis over key inputs into the ECL calculations with their respective source documents; • Performing sensitivity analysis on the key assumption, that is probability weighted economic scenarios, to assess reasonableness and the risk of biasness by changing weights assigned to each economic scenario;



Following is the Key Audit Matter:

S.No.	Key Audit Matter	How the matter was addressed in our audit
	<p>Because of the high degree of estimation uncertainty and judgement involved in the calculation of ECL, we considered valuation of advances as a key audit matter.</p>	<ul style="list-style-type: none"> • In accordance with the PR, we sampled at least sixty percent of the total advances portfolio and performed credit review through the following substantive procedures: <ul style="list-style-type: none"> - verifying repayments of advances/ mark-up installments and checked that non-performing advances have been correctly classified and categorized based on the number of days overdue; - examining watch list accounts and, based on review of the individual facts and circumstances, discussions with management and our assessment of financial conditions of the borrowers, formed a judgement as to whether classification of these accounts as performing was appropriate. - Assessing the accuracy of specific provision made against non-performing advances in accordance with the criteria prescribed under the PR by performing recalculation; • Assessing the appropriateness of SICR criteria applied by the Group by ensuring that the SICR criteria and staging methodology are consistent with the application instructions. • Assessing the higher of Expected Credit Loss (ECL) and provision as per Prudential Regulations (PR) to ensure appropriate recognition for stage 3 loans; and • Evaluating the adequacy of the disclosures, including disclosures of key assumptions, judgements and sensitivities in the consolidated financial statements.

Information other than the Consolidated Financial Statements and Auditor’s Report Thereon

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

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



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

Responsibilities of Management and the Board of Directors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with 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.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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



- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

KPMG Taseer Hadi & Co.
Chartered Accountants

Date: 28 February 2026
Karachi

UDIN: AR202510106KNxugaH1B



**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2025**

	Note	2025	2024
		(Rupees in '000)	
ASSETS			
Cash and balances with treasury banks	5	190,063,529	201,935,630
Balances with other banks	6	7,552,576	5,887,584
Lendings to financial institutions	7	24,453,908	38,941,542
Investments	8	2,031,294,437	1,926,109,064
Advances	9	791,490,864	910,279,117
Property and equipment	10	82,711,235	76,057,034
Right-of-use assets	11	16,869,099	13,731,222
Intangible assets	12	166,943	237,024
Deferred tax assets		–	4,529,802
Other assets	13	164,906,911	145,422,433
Total Assets		3,309,509,502	3,323,130,452
LIABILITIES			
Bills payable	15	59,749,478	52,263,043
Borrowings	16	290,299,002	667,043,213
Deposits and other accounts	17	2,597,997,148	2,277,961,527
Lease liabilities	18	20,889,071	16,897,021
Subordinated debt	19	25,983,600	25,988,400
Deferred tax liabilities	20	1,514,392	–
Other liabilities	21	136,724,806	127,773,646
Total Liabilities		3,133,157,497	3,167,926,850
NET ASSETS		176,352,005	155,203,602
REPRESENTED BY			
Share capital	22	11,114,254	11,114,254
Reserves		35,220,243	32,050,356
Surplus on revaluation of assets	23	29,560,277	21,624,360
Unappropriated profit		100,264,082	90,259,109
Equity attributable to the shareholders of the Holding Company		176,158,856	155,048,079
Non-controlling interest	24	193,149	155,523
Total Equity		176,352,005	155,203,602
CONTINGENCIES AND COMMITMENTS	25		

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

MANSOOR ALI KHAN
Chief Executive

ASHAR HUSAIN
Chief Financial Officer

MOHAMMAD RAFIQUDDIN MEHKARI
Director

SYED MOHAMMED HUSSAIN
Director

ABBAS D. HABIB
Chairman



**CONSOLIDATED STATEMENT OF PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2025**

	Note	2025 (Rupees in '000)	2024
Mark-up / return / interest earned	27	337,428,319	478,116,610
Mark-up / return / interest expensed	28	(206,457,848)	(321,646,563)
Net mark-up / interest income		130,970,471	156,470,047
NON MARK-UP / INTEREST INCOME			
Fee and commission income	29	22,041,148	21,944,301
Dividend income		391,016	363,501
Foreign exchange income		7,436,075	3,911,135
Income / (loss) from derivatives		—	—
(Loss) / gain on securities - net	30	(252,137)	142,133
Net gain / (loss) on derecognition of financial assets measured at amortised cost		—	—
Share of profit from associates		1,417,475	1,400,547
Other income	31	925,774	1,106,400
Total non mark-up / interest income		31,959,351	28,868,017
Total income		162,929,822	185,338,064
NON MARK-UP / INTEREST EXPENSES			
Operating expenses	32	(95,632,314)	(81,595,801)
Workers' welfare fund		(1,384,919)	(1,761,365)
Other charges	33	(99,546)	(310,073)
Total non mark-up / interest expenses		(97,116,779)	(83,667,239)
Profit before credit loss allowance		65,813,043	101,670,825
Credit loss allowance and write-offs - net	34	2,389,480	(14,890,895)
Other income / expenses items		—	—
PROFIT BEFORE TAXATION		68,202,523	86,779,930
Taxation	35	(35,735,299)	(44,862,535)
PROFIT AFTER TAXATION		32,467,224	41,917,395
Attributable to:			
Shareholders of the Holding Company		32,442,552	41,901,765
Non-controlling interest		24,672	15,630
		32,467,224	41,917,395
(Rupees)			
Basic and diluted earnings per share attributable to equity holders of the Holding Company	36	29.19	37.70

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

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Chief Executive

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Chief Financial Officer

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Director

SYED MOHAMMED HUSSAIN
Director

ABBAS D. HABIB
Chairman



**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2025**

	2025	2024
	(Rupees in '000)	
Profit after taxation for the year	32,467,224	41,917,395
Other comprehensive income		
<i>Items that may be reclassified to the statement of profit and loss account in subsequent periods:</i>		
Effect of translation of net investment in foreign branches	106,146	(120,735)
Movement in surplus on revaluation of investment in debt instruments classified as FVOCI - net of tax	5,921,473	6,112,645
	6,027,619	5,991,910
<i>Items that will not be reclassified to the statement of profit and loss account in subsequent periods:</i>		
Remeasurement (loss) / gain on defined benefit obligations - net of tax	(705,627)	61,809
Movement in surplus / (deficit) on revaluation of investment in equity instruments classified as FVOCI - net of tax	345,972	(386,790)
Movement in surplus on revaluation of property and equipment - net of tax	124,012	(614,568)
Movement in surplus on revaluation of non-banking assets - net of tax	56,085	(34,294)
	(179,558)	(973,843)
Total comprehensive income	38,315,285	46,935,462
Attributable to:		
Shareholders of the Holding Company	38,277,659	46,905,475
Non-controlling interest	37,626	29,987
	38,315,285	46,935,462

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

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Chief Executive

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Chief Financial Officer

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Director

SYED MOHAMMED HUSSAIN
Director

ABBAS D. HABIB
Chairman



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2025

	Attributable to shareholders of the Holding Company											
	Share Capital	Statutory Reserve	Foreign Currency Translation Reserve	Revenue Reserves		Surplus / (deficit) on revaluation of			Unappropriated Profit	Sub Total	Non-controlling Interest	Total
				Special Reserve	General Reserve	Investments	Property and Equipment	Non Banking Assets				
Balance as at 01 January 2024	11,114,254	22,700,012	4,818,360	126,500	540,000	(648,755)	16,433,449	200,858	70,085,020	125,369,698	125,536	125,495,234
Profit after taxation	-	-	-	-	-	-	-	-	41,901,765	41,901,765	15,630	41,917,395
Other comprehensive income - net of tax	-	-	(120,735)	-	-	-	-	-	-	(120,735)	-	(120,735)
Effect of translation of net investment in foreign branches	-	-	(120,735)	-	-	-	-	-	-	(120,735)	-	(120,735)
Movement in surplus on revaluation of investment in debt instruments - net of tax	-	-	-	-	-	6,112,607	-	-	-	6,112,607	38	6,112,645
Remeasurement gain on defined benefit obligations - net of tax	-	-	-	-	-	-	-	-	61,809	61,809	-	61,809
Movement in surplus on revaluation of investment in equity instruments - net of tax	-	-	-	-	-	(401,109)	-	-	-	(401,109)	14,319	(386,790)
Movement in surplus on revaluation of property and equipment - net of tax	-	-	-	-	-	-	(614,568)	-	-	(614,568)	-	(614,568)
Movement in surplus on revaluation of non-banking assets - net of tax	-	-	-	-	-	-	-	(34,294)	-	(34,294)	-	(34,294)
Total other comprehensive income - net of tax	-	-	(120,735)	-	-	5,711,498	(614,568)	(34,294)	61,809	5,003,710	14,357	5,018,067
Transfer to statutory reserve	-	3,986,219	-	-	-	-	-	-	(3,986,219)	-	-	-
Loss on sale of equity instruments - FVOCI	-	-	-	-	-	826,620	-	-	(826,620)	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-	(249,947)	(501)	250,448	-	-	-
Transactions with owners, recorded directly in equity	-	-	-	-	-	-	-	-	-	-	-	-
Final cash dividend (Rs. 5.0 per share) - December 2023	-	-	-	-	-	-	-	-	(5,557,127)	(5,557,127)	-	(5,557,127)
Interim cash dividend (Rs. 3.5 per share) - March 2024	-	-	-	-	-	-	-	-	(3,889,989)	(3,889,989)	-	(3,889,989)
Interim cash dividend (Rs. 3.5 per share) - June 2024	-	-	-	-	-	-	-	-	(3,889,989)	(3,889,989)	-	(3,889,989)
Interim cash dividend (Rs. 3.5 per share) - September 2024	-	-	-	-	-	-	-	-	(3,889,989)	(3,889,989)	-	(3,889,989)
	-	-	-	-	-	-	-	-	(17,227,094)	(17,227,094)	-	(17,227,094)
Balance as at 31 December 2024	11,114,254	26,686,231	4,697,625	126,500	540,000	5,889,363	15,568,934	166,063	90,259,109	155,048,079	155,523	155,203,602



Attributable to shareholders of the Holding Company

	Share Capital	Statutory Reserve	Foreign Currency Translation Reserve	Revenue Reserves		Surplus / (deficit) on revaluation of			Unappropriated Profit	Sub Total	Non-controlling Interest	Total
				Special Reserve	General Reserve	Investments	Property and Equipment	Non Banking Assets				
Balance as at 31 December 2024	11,114,254	26,686,231	4,697,625	126,500	540,000	5,889,363	15,568,934	166,063	90,259,109	155,048,079	155,523	155,203,602
Impact of fair valuation of unquoted equity securities	-	-	-	-	-	1,701,017	-	-	26,333	1,727,350	-	1,727,350
Profit after taxation	-	-	-	-	-	-	-	-	32,442,552	32,442,552	24,672	32,467,224
Other comprehensive income - net of tax												
Effect of translation of net investment in foreign branches	-	-	106,146	-	-	-	-	-	-	106,146	-	106,146
Movement in surplus on revaluation of investment in debt instruments - net of tax	-	-	-	-	-	5,917,608	-	-	-	5,917,608	3,865	5,921,473
Remeasurement loss on defined benefit obligations - net of tax	-	-	-	-	-	-	-	-	(705,627)	(705,627)	-	(705,627)
Movement in surplus on revaluation of investment in equity instruments - net of tax	-	-	-	-	-	336,883	-	-	-	336,883	9,089	345,972
Movement in surplus on revaluation of property and equipment - net of tax	-	-	-	-	-	-	124,012	-	-	124,012	-	124,012
Movement in surplus on revaluation of non-banking assets - net of tax	-	-	-	-	-	-	-	56,085	-	56,085	-	56,085
Total other comprehensive income - net of tax	-	-	106,146	-	-	6,254,491	124,012	56,085	(705,627)	5,835,107	12,954	5,848,061
Transfer to statutory reserve	-	3,063,741	-	-	-	-	-	-	(3,063,741)	-	-	-
Loss on sale of equity instruments - FVOCI	-	-	-	-	-	11,390	-	-	(11,390)	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-	(210,948)	(130)	211,078	-	-	-
Transactions with owners, recorded directly in equity												
Final cash dividend (Rs. 6.5 per share) - December 2024	-	-	-	-	-	-	-	-	(7,224,265)	(7,224,265)	-	(7,224,265)
Interim cash dividend (Rs. 3.5 per share) - March 2025	-	-	-	-	-	-	-	-	(3,889,989)	(3,889,989)	-	(3,889,989)
Interim cash dividend (Rs. 3.5 per share) - June 2025	-	-	-	-	-	-	-	-	(3,889,989)	(3,889,989)	-	(3,889,989)
Interim cash dividend (Rs. 3.5 per share) - September 2025	-	-	-	-	-	-	-	-	(3,889,989)	(3,889,989)	-	(3,889,989)
	-	-	-	-	-	-	-	-	(18,894,232)	(18,894,232)	-	(18,894,232)
Balance as at 31 December 2025	11,114,254	29,749,972	4,803,771	126,500	540,000	13,856,261	15,481,998	222,018	100,264,082	176,158,856	193,149	176,352,005

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

MANSOOR ALI KHAN
Chief Executive

ASHAR HUSAIN
Chief Financial Officer

MOHAMMAD RAFIQUDDIN MEHKARI
Director

SYED MOHAMMED HUSSAIN
Director

ABBAS D. HABIB
Chairman



**CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2025**

CASH FLOW FROM OPERATING ACTIVITIES

Profit before taxation
Less: dividend income

Adjustments:

Net mark-up / interest income
Depreciation
Depreciation on non-banking assets acquired in satisfaction of claims
Depreciation on right-of-use assets
Amortisation
Workers' welfare fund
Credit loss allowance and write-offs - net
Gain on sale of property and equipment - net
Gain on termination of leases - net
Share of profit from associates
Unrealised loss / (gain) on revaluation of securities classified as FVPL
Charge for compensated absences

Decrease / (increase) in operating assets

Lendings to financial institutions
Securities classified as FVPL
Advances
Other assets (excluding advance taxation and mark-up receivable)

(Decrease) / increase in operating liabilities

Bills payable
Borrowings
Deposits and other accounts
Other liabilities (excluding mark-up payable)

Interest received
Interest paid
Income tax paid

Net cash flow generated from operating activities

CASH FLOW FROM INVESTING ACTIVITIES

Net investments in amortised cost securities
Net investments in securities classified as FVOCI
Net investments in associates
Dividends received
Investments in property and equipment
Investments in intangible assets
Proceeds from sale of property and equipment
Effect of translation of net investment in foreign branches
Net cash flow used in investing activities

CASH FLOW FROM FINANCING ACTIVITIES

Payments of subordinated debt
Dividend paid
Payments of lease obligations against right-of-use assets
Net cash flow used in financing activities

(Decrease) / increase in cash and cash equivalents

Cash and cash equivalents at beginning of the year
Cash and cash equivalents at end of the year

Note	2025	2024
	(Rupees in '000)	
	68,202,523	86,779,930
	(391,016)	(363,501)
	67,811,507	86,416,429
	(130,970,471)	(156,470,047)
	7,694,321	5,632,847
	608	1,747
	2,927,488	2,484,168
	179,609	172,041
	1,384,919	1,761,365
	(2,389,480)	14,890,895
	(807,870)	(1,015,118)
	(117,904)	(91,282)
	(1,417,475)	(1,400,547)
	283,430	(461,853)
	677,439	243,693
	(122,555,386)	(134,252,091)
	(54,743,879)	(47,835,662)
	14,489,590	(37,297,084)
	(2,454,524)	3,074,653
	117,700,417	(65,488,857)
	(13,039,598)	(18,454,171)
	116,695,885	(118,165,459)
	7,486,435	4,179,940
	(376,408,550)	188,617,113
	320,035,621	344,230,246
	6,512,771	19,170,854
	(42,373,723)	556,198,153
	19,578,283	390,197,032
	349,338,175	492,236,760
	(205,176,928)	(319,894,221)
	(55,183,650)	(57,510,286)
	108,555,880	505,029,285
	(50,435,032)	(27,097,045)
	(25,427,161)	(379,969,903)
	(6,007,789)	(1,836,429)
	391,016	363,501
	(14,400,005)	(14,043,781)
	(109,528)	(196,374)
	859,353	1,050,046
	106,146	(120,735)
	(95,023,000)	(421,850,720)
	(4,800)	(3,996,800)
	(18,662,664)	(17,009,566)
	(4,605,832)	(3,815,117)
	(23,273,296)	(24,821,483)
	(9,740,416)	58,357,082
37	205,641,643	147,284,561
37	195,901,227	205,641,643

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

MANSOOR ALI KHAN
Chief Executive

ASHAR HUSAIN
Chief Financial Officer

MOHAMMAD RAFIQUDDIN MEHKARI
Director

SYED MOHAMMED HUSSAIN
Director

ABBAS D. HABIB
Chairman



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

1. STATUS AND NATURE OF BUSINESS

1.1 The Group comprises of:

Holding Company

- Bank AL Habib Limited

Subsidiaries

- AL Habib Capital Markets (Private) Limited
- AL Habib Asset Management Limited
- AL Habib Exchange Company (Private) Limited

1.2 Bank AL Habib Limited (the Bank) is a banking company incorporated in Pakistan on 15 October 1991 as a public limited company under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017) having its registered office at 126-C, Old Bahawalpur Road, Multan with principal place of business at 2nd Floor, Mackinnons Building, I.I. Chundrigar Road, Karachi. Its shares are listed on Pakistan Stock Exchange Limited. It is a scheduled bank principally engaged in the business of commercial banking with a network of 1,323 branches (2024: 1,207 branches), Nil sub-branches (2024: 14 sub-branches), 03 representative offices (2024: 04 representative offices) and 12 booths (2024: 12 booths). The branch network of the Bank includes 02 overseas branches (2024: 02 overseas branches) and 392 Islamic Banking branches (2024: 276 Islamic Banking branches).

1.3 The Bank has invested in 66.67% shares of AL Habib Capital Markets (Private) Limited. The Company was incorporated in Pakistan on 23 August 2005 as a private limited company under the Companies Act, 2017. The Company is a corporate member of the Pakistan Stock Exchange Limited and is engaged in equity, money market and foreign exchange brokerage services, equity research, corporate financial advisory and consultancy services.

1.4 The Bank has invested in 100% shares of AL Habib Asset Management Limited. The Company was incorporated in Pakistan on 30 September 2005 as an unquoted public limited company under the Companies Act, 2017. The Company has been issued a license by the Securities and Exchange Commission of Pakistan (SECP) to undertake asset management services as a Non-Banking Finance Company. The principal business of the Company is to provide Investment Advisory Services and Asset Management Services.

1.4.1 The Company is managing following funds:

Conventional Mutual Funds

- AL Habib Asset Allocation Fund
- AL Habib Cash Fund
- AL Habib Fixed Return Fund
- AL Habib GOKP Pension Fund
- AL Habib Government Securities Fund
- AL Habib Income Fund
- AL Habib Money Market Fund
- AL Habib Pension Fund
- AL Habib Stock Fund
- AL Habib Sovereign Income Fund

Islamic Mutual Funds

- AL Habib Islamic Cash Fund
- AL Habib Islamic GOKP Fund
- AL Habib Islamic Income Fund
- AL Habib Islamic Munafa Fund
- AL Habib Islamic Pension Fund
- AL Habib Islamic Savings Fund
- AL Habib Islamic Stock Fund



1.5 The Bank has invested in 100% shares of AL Habib Exchange Company (Private) Limited. The Company was incorporated in Pakistan on 24 November 2023 as a private limited company under the Companies Act, 2017. The Company has been issued a license by the State Bank of Pakistan (SBP) to undertake currency exchange services. The principal business of the Company is to provide foreign exchange services.

2. BASIS OF PRESENTATION

2.1 In accordance with the directives of the Federal Government regarding the shifting of the banking system to Islamic modes, the State Bank of Pakistan (SBP) has issued various circulars from time to time. Permissible forms of trade-related modes of financing includes purchase of goods by banks from customers and immediate resale to them at an appropriate mark-up in price on deferred payment basis. The purchases and resales arising under these arrangements are not reflected in these consolidated financial statements as such, but are restricted to the amount of facility actually utilised and the appropriate portion of mark-up thereon. However, the Islamic Banking branches of the Bank have complied with the requirements set out under the Islamic Financial Accounting Standards (IFAS), issued by the Institute of Chartered Accountants of Pakistan (ICAP), as are notified under the provisions of the Companies Act, 2017.

2.2 Key financial information of the Islamic Banking branches is disclosed in Annexure II to these consolidated financial statements.

2.3 These consolidated financial statements are presented in Pak Rupees, which is the Group's functional and presentation currency.

2.4 The Group believes that there is no significant doubt on the Group's ability to continue as a going concern. Therefore, these consolidated financial statements continue to be prepared on the going concern basis.

2.5 Statement of compliance

2.5.1 These consolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards comprise of:

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

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

2.5.2 The disclosures made in these consolidated financial statements have been based on a format prescribed by SBP vide BPRD Circular No. 02 dated 09 February 2023 with further addition made vide BPRD Circular Letter No. 13 of 2024, dated 01 July 2024 and IFRS accounting standards as applicable in Pakistan.

2.5.3 SBP has deferred the applicability of International Accounting Standard (IAS) 40, 'Investment Property' for Banking Companies in Pakistan through BSD Circular Letter No. 10 dated 26 August 2002 till further instructions. Also, SECP has deferred the applicability of IFRS 7, 'Financial Instruments: Disclosures' through its notification S.R.O 411 (I) / 2008 dated 28 April 2008. Accordingly, the requirements of these standards have not been considered in the preparation of these consolidated financial statements.



2.5.4 SBP has deferred the applicability of IFAS 3 'Profit and Loss Sharing on Deposits' for Islamic Banking Institutions (IBIs) through BPRD Circular No. 4 of 2015 dated 25 February 2015 till further instructions. The disclosures requirements relating to annual and quarterly financial statements have been based on a format prescribed by SBP vide BPRD Circular No. 02 dated 09 February 2023.

2.5.5 IFRS 10, 'Consolidated Financial Statements' was made applicable from period beginning on or after 01 January 2015 vide S.R.O 633 (I) / 2014 dated 10 July 2014 by SECP. However, SECP has directed through S.R.O 56 (I) / 2016 dated 28 January 2016 that the requirement of consolidation under section 228 of the Companies Act, 2017 and IFRS 10, 'Consolidated Financial Statements' is not applicable in case of investment by companies in mutual funds established under trust structure.

2.5.6 All Islamic products are governed by the product manual approved by the Shariah Board of the Bank. The related accounting and revenue recognition policies are outlined in notes 4.6.3, 4.17.2 and 4.17.3 of these consolidated financial statements, respectively. However, in case of Ijarah and Murabaha, the Bank has also complied with the requirements of IFAS 1 and IFAS 2. Other than the products disclosed in the aforementioned notes, all remaining Islamic products are accounted for under IFRS 9.

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

There are certain new standards, interpretations and amendments that are mandatory for the Group's accounting periods beginning 01 January 2025. However, these are not considered to be relevant or do not have any significant effect on the Group's operations and therefore have not been detailed in these consolidated financial statements except for requirements of IFRS 9 - 'Financial instruments' as explained in note 4.1.

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

Further, the following IFRS as notified under the Companies Act, 2017 and the amendments thereto will be effective for future periods and not early adopted:

Standards and amendments	Effective date (accounting periods beginning on or after)
- Amendments to Classifications and Measurement of Financial Instruments - Amendments to IFRS 9 and IFRS 7	01 January 2026
- Annual improvement to IFRS Accounting Standards - Volume 11	01 January 2026
- IFRS S1 - General Requirements for Disclosure of Sustainability - related Financial Information	01 January 2026
- IFRS S2 - Climate - related disclosure	01 January 2026
- IFRS 18 Presentation and Disclosure in Financial Statements	01 January 2027

Standard	IASB effective date (accounting periods beginning on or after)
- IFRS 1 – First-time Adoption of International Financial Reporting Standards	01 January 2004

The above standards are either not applicable to the Group or are not expected to have any material impact on the Group's financial statements. However, SECP vide S.R.O 742 (I) / 2025 (dated 16 April 2025) notified that International Financial Reporting Standard IFRS 7 - 'Financial Instruments: Disclosures' shall be followed by Banks, for the purpose of financial statements, from the annual reporting periods beginning on or after 01 January 2026 (earlier application is permitted).

2.5.9 Critical accounting estimates, judgements and assumptions

The preparation of consolidated financial statements in conformity with accounting and reporting standards as applicable in Pakistan requires the use of certain accounting estimates. It also requires the management to exercise judgement in the process of applying the Group's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. These estimates affect the reported amounts of assets, liabilities, income, and expenses.



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

	Note
- Classification, valuation and provision of investments	4.5, 4.23 & 8
- Classification of investment in associates	4.5
- Valuation and depreciation of property and equipment	4.7 & 10
- Determination of lease term and the discount rate for recognition of lease liabilities and depreciation on related right-of-use assets	4.8, 11 & 18
- Valuation of non-banking assets acquired in satisfaction of claims	4.9 & 13
- Valuation of employees' benefit	4.12, 21 & 39
- Valuation of derivatives financial instruments	4.14 & 26
- Taxation	4.18, 13, 20 & 35
- Valuation of expected credit loss	4.23 & 34

Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

3. BASIS OF MEASUREMENT

These consolidated financial statements have been prepared under the historical cost convention except for certain investments and derivatives which are carried at fair value. Lands and buildings classified under property and equipment and non-banking assets acquired in satisfaction of claims are carried at revalued amount less accumulated depreciation. Net obligation in respect of defined benefit plan, right-of-use assets and their related lease liabilities are measured at present value.

4. MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies adopted in the preparation of these consolidated financial statements are consistent with those followed in the preparation of the consolidated financial statements for the year ended 31 December 2024, except as disclosed in note 4.1 below.

4.1 Changes in accounting policies

4.1.1 IFRS 9 - 'Financial Instruments' - Unlisted equity securities

In accordance with BPRD Circular Letter No. 16 dated 29 July 2024, SBP instructed the Banks to measure unlisted equity securities at fair value, as required under IFRS 9 application instructions effective from 01 January 2025. The Bank measures the fair value of unlisted equity securities using appropriate valuation techniques and fair valuation models in accordance with IFRS 13 - Fair Value Measurement. The Bank has taken the impact of fair value adjustment to equity at the beginning of the current accounting period as allowed under modified retrospective approach for restatement permitted under IFRS 9. The impact of application as at 01 January 2025 is shown below:

	(Rupees in '000)
Increase in investments - unlisted equity securities	3,598,960
Increase in deferred tax liabilities	1,871,610
Increase in revaluation of assets	1,701,017
Increase in unappropriated profit	26,333

4.1.2 IFRS 9 - 'Financial Instruments' - Effective Interest Rate (EIR)

The Bank has received deferment of recording income and expense at EIR via letter from SBP till 31 December 2025. Consequently, these deferred requirements of IFRS 9 have not been considered in the preparation of these consolidated financial statements. Nevertheless, the Bank has performed a preliminary assessment of the potential impact of adoption of these deferred requirement based on its consolidated statement of financial position as at 31 December 2025. The impact of changes in accounting policy on adoption of EIR will be as follows:

Profit / return earned and profit / return expensed

Profit / return earned and profit / return expensed are recognised in consolidated statement of profit and loss account under the EIR. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.



When calculating the EIR for financial instruments other than purchased or originated credit-impaired assets, the Bank estimates future cash flows considering all contractual terms of the financial instrument, but not ECL. For purchased or originated credit impaired financial assets, a credit-adjusted EIR is calculated using estimated future cash flows including ECL.

The calculation of the EIR includes transaction costs and fees and points paid or received that are an integral part of the EIR. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

The cumulative estimated adjustment, net of tax, arising from the adoption of the EIR method as at 01 January 2026 is not material and, accordingly, has not been disclosed in these consolidated financial statements.

4.2 Basis of consolidation

These consolidated financial statements include the financial statements of the Holding Company and its subsidiaries.

The financial statements of the subsidiaries are included in these consolidated financial statements from the date the control commences until the date the control ceases. In preparing consolidated financial statements, the financial statements of the Holding Company and subsidiaries are consolidated on a line by line basis by adding together like items of assets, liabilities, income and expenses. Significant inter-company transactions have been eliminated.

Non-controlling interest are part of results of operations and net assets of the subsidiary companies attributable to interests which are not owned by the Holding Company. Interest in the equity of the subsidiaries not attributable to the Holding Company is reported in the consolidated statement of changes in equity as non-controlling interest. Profit or loss attributable to non-controlling interest is reported in the consolidated statement of profit and loss account as profit or loss attributable to non-controlling interest.

4.3 Cash and cash equivalents

Cash and cash equivalents as referred to in the consolidated cash flow statement comprise cash and non restricted balances with treasury and other banks less overdrawn nostro accounts. Restricted balances not available for use, if any, are excluded from cash and cash equivalents.

4.4 Lendings to / borrowings from financial institutions

The Bank enters into transactions of lendings and borrowings at contracted rates for a specified period of time. These are recorded as under:

Sale under repurchase obligation

Securities sold with a simultaneous commitment to repurchase at a specified future date (repos) continue to be recognised in the consolidated statement of financial position and are measured in accordance with accounting policies for investments. Amounts received under these agreements are recorded as repurchase agreement borrowings. The difference between sale and repurchase price is amortised as an expense over the term of the repo agreement. These are initially recognised at amount of funds received and subsequently reported as payable under the contractual terms.

Purchase under resale obligation

Securities purchased with a corresponding commitment to resale at a specified future date (reverse repos) are not recognised as investments in the consolidated statement of financial position. Amounts paid under these arrangements are included in repurchase agreement lendings. The difference between purchase and resale price is accrued as income over the term of the reverse repo agreement. These are initially recognised at amount of funds disbursed and subsequently reported as receivable under the contractual terms.

Musharaka placements

In Musharaka, the Bank invests / accepts in the Shariah compliant business pools of / from the financial institutions as per the Shariah principles of profit and loss sharing.



Other borrowings

Other borrowings include borrowings from SBP and unsecured call borrowings which are recorded at the amount equivalent to proceeds received. Mark-up is charged on such borrowings to the consolidated statement of profit and loss account over the period of borrowing using effective interest rate method.

Bai Muajjal

Bai Muajjal transactions involve the sale of sukuks on a deferred payment basis. These are recorded under lendings to financial institutions, except for transactions conducted directly with the Government of Pakistan (GoP), which are classified as investments. The difference between the deferred payment amount receivable and the carrying value at the time of sale is accrued and recorded as income over the life of the transaction.

4.5 Investments

On initial recognition, investments, except for associates, are classified as; amortised cost, FVOCI or FVPL.

An investment is measured at amortised cost if it meets both of the following conditions and is not designated as at FVPL:

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

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

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

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

4.5.1 Business model assessment

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

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

4.5.2 Assessment of Solely Payments of Principal and Interest (SPPI)

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

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



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

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

The Bank holds a portfolio of long-term fixed-rate loans for which the Bank has the option to propose to revise the interest rate at periodic reset dates. These reset rights are limited to the market rate at the time of revision. The borrowers have an option to either accept the revised rate or redeem the loan at par without penalty. The Bank has determined that the contractual cash flows of these loan are SPPI because the option varies the interest rate in a way that is consideration for the time value of money, credit risk, other basic lending risks and costs associated with the principal amount outstanding.

4.5.3 Subsequent measurement

The following accounting policies apply to the subsequent measurement of investments:

Investments classified as FVPL are subsequently measured at fair value. Net gains and losses, including any markup or dividend income, are recognised in consolidated statement of profit and loss account.

Investments classified as amortised cost are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Markup, foreign exchange gains and losses and impairment are recognised in consolidated statement of profit and loss account.

Debt Investments classified as FVOCI are subsequently measured at fair value and is assessed for impairment under the ECL model. Markup income is calculated using the effective interest method and includes amortisation of premiums and accretion of discount, foreign exchange gains and losses and impairment are recognised in profit and loss account. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to consolidated statement of profit and loss account.

Equity investments classified as FVOCI are subsequently measured at fair value. Dividends are recognised as income in consolidated statement of profit and loss account unless the dividend clearly represents a recovery of part of the cost of the investment, in which case they are adjusted from the carrying value of investment. Other net gains and losses are recognised in OCI and are never reclassified to profit and loss account.

4.5.4 Derecognition

The Group derecognises an investment when:

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

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

4.5.5 Associates

Associates are all entities over which the Group has significant influence but not control. Associates are accounted for using equity method in these consolidated financial statements.



Certain mutual funds are managed by AL Habib Asset Management Limited (AHAML), the subsidiary company of the Holding Company. As stipulated under Regulation 38 of Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Asset Management Company (AMC) is entrusted with fiduciary duties towards the unit holders of the funds. This fiduciary obligation requires AMC to act in the best interests of its unit holders, refraining from exploiting opportunities for its own benefit or that of its related parties, group companies, or employees, to the detriment of the unit holders.

In some cases, the holding of these investments is exceeding 50%. However, due to the exemption provided through SRO 56(i) of 2016, for the purpose of determining subsidiary relation, the definition provided under the Companies Act, 2017 is not considered rather the definition under IFRS 10 is used. As per IFRS 10, these are not considered subsidiary due to the legal trust structure of the entity, the Group does not have the ability to affect returns through its power over the investee. Further, under this trust structure, the trusteeship is separate from the management, and the independent trustees play a key role in overseeing the activities of the AMC.

The Group has significant influence over mutual funds where it has holding percentage of more than 50% and less than 20% due to power to participate in the investee's policy-making processes via the AHAML and investment in such mutual funds is considered as investment in associates.

4.6 Advances

4.6.1 Loans and advances

Advances other than staff loans and Temporary Economic Refinance Facility (TERF) loans and advances pertaining to overseas operations are initially measured at transaction price i.e., the amount of loan disbursed at disbursement date.

Staff loans and TERF loans and advances pertaining to overseas operations are recognized at fair value at the time of disbursement. The fair value is determined by discounting the expected future cash flows using the prevailing market rates for instruments. The difference between the disbursed amount and the fair value at initial recognition is recorded as a prepayment.

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

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

4.6.3 Islamic financing and related assets

Ijarah finance

Ijarah assets are stated at cost less depreciation and impairment, if any, and are disclosed as part of 'Islamic financing and related assets'. Ijarah assets are depreciated over the period of Ijarah using the straight line method.

Murabaha

Funds disbursed under murabaha arrangements for purchase of goods are recorded as advance for murabaha. On culmination of murabaha i.e. sale of goods to customers, murabaha receivables are recorded at the sale price net of deferred income. Goods purchased but remaining unsold at the reporting date are recorded as inventories.

Inventory

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



Istisna

In Istisna financing, the Bank places an order to purchase the goods which need to be manufactured against a fixed price (istisna price). Istisna price may be paid in advance, in installment or at the time of delivery of goods. Once the goods are delivered within the agreed time, the goods are sold by the customer on behalf of the Bank and the amount hence financed along with profit amount realised net of agency fee and incentives is paid to the Bank.

Diminishing Musharaka

In Diminishing Musharaka financing, the Bank enters into Musharaka based on Shirkat-ul-milk for financing an agreed share of fixed asset (e.g. house, land, plant or machinery) with its customers and enters into periodic rental payment agreement for the utilisation of the Bank's Musharaka share by the customer. The customer purchases the Bank's share gradually as per his undertaking.

Running Musharaka

In Running Musharaka financing, the Bank enters into financing with the customer based on Shirkat-ul-Aqd or Business Partnership in customers operating business. Under this mechanism, the customer can withdraw and return funds to the Bank subject to their Running Musharakah Financing limit during the Musharakah period. At the end of each quarter / half year, the customer pays the provisional profit as per the desired profit rate which is subject to final settlement based on the relevant quarterly / half-yearly / annual accounts of the customer.

Musawama

Under this product, the Bank purchases identified goods from client at an agreed purchase price. Once the goods are delivered, the goods are sold by the customer on behalf of the Bank and the amount hence financed along with profit amount realised net of agency fee and incentives is paid to the Bank.

4.7 Property, equipment and depreciation

Capital work in progress

Capital work in progress is stated at cost less impairment loss, if any and consists of expenditures incurred and advances made in the course of their construction and installation. Transfers are made to relevant asset category as and when assets are available for intended use.

Property and equipment - owned

Property and equipment other than land and buildings are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Buildings are carried at revalued amount less any accumulated depreciation and subsequent impairment losses, if any. Land is carried at revalued amount less any subsequent impairment losses, if any.

Depreciation on property and equipment (excluding land which is not depreciated) is charged using the straight line method in accordance with the rates specified in note 10.2 to these consolidated financial statements after taking into account residual value. The assets' residual values and useful lives are reviewed and adjusted, if required, at each reporting date.

Land and buildings are revalued by professionally qualified valuers with sufficient regularity to ensure that the net carrying amount does not differ materially from their fair value. In case of buildings, relevant portion of the revaluation reserve is transferred to retained earnings as the asset is depreciated or on its disposal. Valuation techniques and inputs used are disclosed in note 42 of these consolidated financial statements.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains / losses on disposal of property and equipment, if any, are taken to the consolidated statement of profit and loss account in the period in which these arise except that the related surplus on revaluation of property and equipment (net of deferred taxation).



4.8 Leases

Group as a lessee

The Group enters into lease arrangements principally in respect of office space for its operations. The Group assesses at contract inception whether a contract is, or contains, a lease.

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

Right-of-use assets

Right-of-use assets are initially measured at cost being the present value of lease payments, initial direct costs, any lease payments made at or before the commencement of the lease as reduced by any incentives received. These are subsequently measured at cost less accumulated depreciation and accumulated impairment losses, if any and adjusted for certain remeasurements of the lease liability. Right-of-use assets are depreciated on a straight-line basis over the lease term. The right-of-use assets are presented within note 11 of these consolidated financial statements.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments not paid at the time of commencement of lease. The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control that affects its ability to exercise or not to exercise the option to renew or to terminate. The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate to measure lease liabilities. 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 lease modification. The interest expense is recorded in consolidated statement of profit and loss account using effective interest rate method. Gains and losses on termination of lease contracts are recognised through the profit and loss account when these are realised.

4.9 Non-banking assets acquired in satisfaction of claims

Non-banking assets acquired in satisfaction of claims are initially measured at settlement amount and upon revaluation, are carried at revalued amounts less accumulated depreciation and impairment losses, if any. The useful lives and depreciation method are reviewed annually and adjusted, if appropriate. As per SBP's requirement, desktop valuation is carried out on annual basis and full-scope valuation after every three years by independent professionally qualified valuers to ensure that their net carrying value does not differ materially from their fair value. A surplus arising on revaluation of assets is credited to the 'surplus on revaluation of Non-banking assets acquired in satisfaction of claims' account and any deficit arising on revaluation is taken to consolidated statement of profit and loss account directly. Legal fees, transfer costs and direct costs of acquiring title of assets is charged to profit and loss account and not capitalised. The policy for depreciation is stated in note 4.7 of these consolidated financial statements.

4.10 Borrowings / deposits

Borrowings / deposits are recorded at the amount of proceeds received. The cost of borrowings / deposits is recognised on an accrual basis as an expense in the period in which it is incurred.

Deposits mobilised under Islamic Banking operations are generated under two modes i.e. "Qard" and "Modaraba". Deposits taken on Qard basis are classified as 'Current accounts' and deposits generated on Modaraba basis are classified as 'Savings deposits' and 'Term deposits'.



4.11 Subordinated debt

Subordinated debt is initially recorded at the amount of proceeds received and subsequently reported at outstanding amounts as a financial liability. Mark-up accrued on subordinated debt is recognised separately as part of other liabilities and is charged to the consolidated statement of profit and loss account over the period on an accrual basis.

4.12 Employees' benefits

Defined benefit plan

The Bank operates an approved gratuity fund for all its confirmed employees, which is administered by the Trustees. The Bank's costs and contributions are determined based on actuarial valuation carried out at each year end using Projected Unit Credit Actuarial Method. All actuarial gains and losses are recognised in 'other comprehensive income' as they occur and are not reclassified to consolidated statement of profit and loss in subsequent periods. The actuarial valuations involve assumptions about discount rates, expected rates of return on assets and future salary increases as disclosed in note 39 to these consolidated financial statements. Due to the long term nature of these plans, such estimates are subject to significant uncertainty.

AL Habib Asset Management Limited operates an approved defined benefits gratuity scheme for all its eligible employees. The gratuity fund is governed under the Sindh Trust Act, 2020, Trust Deed and Rules of the Fund, the Companies Act, 2017, the Income Tax Ordinance, 2001 and the Income Tax Rules, 2002. Responsibility for governance of fund, including investment decisions and contribution schedule lies with Board of Trustees of the fund. The latest actuarial valuation of the scheme was carried out as at 31 December 2025, using the Projected Unit Credit Actuarial Method. Provisions / contribution will be made annually on the basis of actuarial valuation carried out every year. Actuarial gains / losses are recognised in other comprehensive income in the period of occurrence. The actuarial valuations involve assumptions about discount rates, expected rates of return on assets and future salary increases as disclosed in note 39.16 to these consolidated financial statements. Due to the long term nature of these plans, such estimates are subject to significant uncertainty.

Defined contribution plan

The Bank operates an approved provident fund scheme for all its regular permanent employees, administered by the Trustees. Equal monthly contributions are made both by the Bank and its employees to the fund at the rate of 10% of the basic salary in accordance with the terms of the scheme.

AL Habib Capital Markets (Private) Limited provides provident fund benefits to all its permanent employees. Equal monthly contributions are made by the Company and the employees at the rate of 10% of the basic salary in accordance with the terms of scheme.

AL Habib Asset Management Limited operates approved funded contributory provident fund for all its permanent employees. Equal monthly contributions are made both by the Company and the employees which is equivalent to one basic salary of employees in accordance with the terms of scheme.

AL Habib Exchange Company (Private) Limited operates an approved provident fund scheme for all its regular permanent employees, administered by the Trustees. Under the scheme, both the Company and its employees contribute equally on a monthly basis at the rate of 10% of basic salary.

Compensated absences

The Bank accounts for all accumulating compensated absences when employees render services that increases their entitlement to future compensated absences. The liability is determined based on actuarial valuation carried out using the Projected Unit Credit Method.

4.13 Financial assets and liabilities

Financial assets and financial liabilities are recognised at the time when the Group becomes a party to the contractual provision of the instrument. Financial assets are derecognised when the contractual right to future cash flows from the asset expires or is transferred along with the risk and reward of ownership of the asset. Financial liabilities are derecognised when obligation is discharged, cancelled or expired. Any gain or loss on derecognition of the financial asset and liability is recognised in the consolidated statement of profit and loss account of the current period.



Income / mark-up / profit accrued on financial assets are classified under 'Other Assets' and mark-up / return / interest payable on financial liabilities are classified under 'Other Liabilities', wherever applicable, in accordance with the format prescribed by SBP.

4.14 Derivative financial instruments

Derivative instruments comprise of forward foreign exchange contracts and currency swaps, hereinafter referred as "contracts". These contracts are initially recognised at their fair value on the date on which the contract is entered into and are subsequently remeasured at fair value. All contracts are carried as asset when fair value is positive and liabilities when fair value is negative. Any change in the value of contract is taken to the consolidated profit and loss account. The input and the valuation techniques used for valuation of contracts is stated in note 42 of these consolidated financial statements.

4.15 Off - balance sheet obligations

The Bank in the ordinary course of business, issues letters of credit, guarantees, bid bonds, performance bonds etc. The commission against such contracts is recognised in the consolidated statement of profit and loss account under "fee and commission income" over the period of contracts. The Bank's liability under such contracts is measured at the higher of the amount representing unearned commission income at the reporting date and the best estimate of the amount expected to settle any financial obligation arising under such contracts.

4.16 Foreign currency transactions and translation

Transactions in foreign currencies are translated into the respective functional currency of the Group at the exchange rates at the dates of transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of transaction. Foreign currency differences are recognised in consolidated statement of profit and loss account.

Foreign operations

Assets and liabilities of foreign operations are translated into rupees at the exchange rate prevailing at the reporting date. The results of foreign operations are translated at the average rates of exchange for the year.

Translation gains and losses arising on revaluations of net investment in foreign operations are taken to Foreign Currency Translation Reserve in the consolidated statement of comprehensive income until the disposal of the net investment, at which time these are recognised in the profit and loss account.

4.17 Revenue recognition

- 4.17.1** (a) Mark-up / return / interest on advances - other than Islamic financing which is disclosed in Note 4.17.2 and 4.17.3 and investments is recognised on accrual basis, except in case of advances classified under the Prudential Regulations on which mark-up is recognised on receipt basis. Mark-up / return / interest on rescheduled / restructured loans and advances and investments is recognised as permitted by the regulations of SBP. Income from advances except for staff loans and TERF loans is recognized in consolidated statement of profit and loss account using contractual rate. The interest income on staff loans and TERF loans and advances pertaining to overseas operations is recognized in line with the EIR.
- (b) Dividend income is recognised when the right to receive is established.
- (c) The Group earns fee and commission income from a banking service to retail and corporate customer. Fee and commission income is recognised at an amount that reflects the consideration to which the Group expects to be entitled in exchange for providing the services.



The Bank recognises fees earned on transaction-based arrangements at a point in time when the Bank has provided the service to the customer which includes, card-related fees (e.g., debit and credit card transaction fees), trade commission (e.g., fees on letters of credit, guarantees, and trade finance transactions), cash management commission (e.g., transaction processing fees for cash handling and payments), investment banking fees (e.g., advisory fees for mergers, acquisitions, and underwriting), consumer finance-related fees (e.g., loan processing and disbursement fees), commission on home remittances (e.g., fees on inward or outward remittances), other transaction-based banking service fees (e.g., ATM withdrawal fees, funds transfer charges).

Revenue from account service and servicing fees is recognised over time as the services are provided. Unearned fee and commission are included under other liabilities, this includes, account maintenance fees, annual credit/debit card service fees, loan servicing fees, other recurring banking service charges.

The fees pertaining to banking service to retail and corporate customer are based on schedule of charges reviewed semi-annually by the Bank.

4.17.2 Revenue recognition under IFAS 2

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

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

- (a) Income from murabaha is accounted for on a time proportionate basis over the period of murabaha transaction.
- (b) Income from istisna and musawama is recognised on time proportionate basis commencing from the time of sale of goods till the realisation of sale proceeds.
- (c) Income from diminishing musharaka is recognised on time proportionate basis over the term of contract.
- (d) Income from running musharaka financing is recognised on time proportionate basis and is subject to adjustment upon declaration of profit by musharaka partners.

4.17.4 Revenue from Islamic products would have increased by Rs. 627.013 million, if IFRS 9 had been adopted in its entirety.

4.18 Taxation

Income tax expense comprises current and deferred tax. The Group recognises income and deferred tax in accordance with the requirements of IAS 12 "Income Taxes".

Provision for current tax is based on the taxable income for the year computed in accordance with tax laws in Pakistan, using tax rates enacted or substantively enacted at the statement of financial position date and any adjustments to the tax payable in respect of previous years. Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to taxation authorities. Deferred tax assets and liabilities are recognised on all taxable / deductible temporary differences as of the statement of financial position date.

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

4.19 Dividend and reserves

Dividends on ordinary shares are recognised as a liability and deducted from equity when they are approved by the Bank's shareholders. Interim dividends are deducted from equity when they are declared by the Board of Directors.



4.20 Statutory / special reserve

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

Special reserve was created to meet regulatory requirements.

4.21 Clients' assets

The Bank provides services that result in the holding of assets on behalf of its clients. Such assets are not reported in the consolidated financial statements, as they are not the assets of the Bank.

4.22 Acceptances

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

4.23 Expected credit loss (ECL)

4.23.1 The impairment requirements apply to financial assets measured at amortised cost, and FVOCI (other than equity instruments), advances at cost and certain loan commitments and financial guarantee contracts. At initial recognition, an impairment allowance (or provision in the case of commitments and guarantees) is required for expected credit losses ('ECL') resulting from default events that are possible within the next 12 months ('12-month ECL'). In the event of a significant increase in credit risk, a provision is required for ECL resulting from all possible default events over the expected life of the financial instrument ('lifetime ECL').

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

Under SBP's IFRS 9 Application Instructions, the Bank is not required to compute ECL on Government Securities and on Government guaranteed credit exposures in local currency. The Bank is required to calculate ECL on its non-performing financial assets as higher of provision under Prudential Regulations (PR) and ECL under IFRS 9. Further, the Banks are advised to recognise income on impaired assets (loans classified under PRs i.e., OAEM and Stage 3 loans) on a receipt basis in accordance with the requirements of Prudential Regulations issued by SBP.

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

Based on the requirements of IFRS 9 Application Instructions, the Bank has performed an ECL assessment considering the following key elements:

- PD: The probability that a counterparty will default over the next 12 months from the reporting date (12-month ECL, Stage1) or over the lifetime of the product (lifetime ECL, Stage 2). PD is estimated using internal rating classes and are based on the Bank's internal risk rating.
- EAD: The expected balance sheet exposure at the time of default, and this includes the potential risk of losing the undrawn amount in the case of overdraft facilities, off-balance sheet exposures etc. The Bank estimates EAD for financial assets carried at an amortised cost and carried at cost equal to principal plus profit. Further, cash and cash equivalent collaterals that the Bank holds against the facilities are adjusted from the EAD.
- LGD: An estimate of the loss incurred on a facility upon default by a customer. LGD is calculated as the difference between contractual cash flows due and those that the Bank expects to receive, including from the liquidation of any form of collateral. It is expressed as a percentage of the exposure outstanding on the date of classification of an obligor.



4.23.2 Significant increase in credit risk (SICR)

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

As required by the Application Instructions, financial assets may be reclassified out of Stage 3 if they meet the requirements of the Prudential Regulations (PR) issued by SBP. Financial assets in Stage 2 may be reclassified to Stage 1 if the conditions that led to a SICR no longer apply. However, a minimum period of 3 months from the downgrade is required before any facility can be moved back to Stage 1 from Stage 2. Facility moves back from Stage 3 to Stage 2, a probation period of 6 months should be observed. Furthermore, an exposure cannot be upgraded directly from Stage 3 to Stage 1 it should be upgraded to Stage 2 initially.

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

4.24 Segment reporting

The Group's primary format of reporting is based on business segments.

4.25 Business segments

Retail banking

It consists of retail lending, deposits and banking services to private individuals and small businesses. The retail banking activities include provision of banking and other financial services, such as current and savings accounts, credit cards, consumer banking products etc., to individual customers, small merchants and small and medium enterprises.

Commercial banking

Commercial banking represents provision of banking services including treasury and international trade related activities to large corporate customers, multinational companies, government and semi government departments and institutions and small and medium enterprises treated as corporate under the Prudential Regulations.

Islamic banking

Islamic banking represents islamic banking operations of the Bank.

Retail brokerage

Retail brokerage activities include the business of equity, money market and foreign exchange brokerage, equity research and corporate financial advisory and consultancy services.

Asset management

It includes asset management activities through the subsidiary AL Habib Asset Management Limited.

Currency exchange

It includes currency exchange activities through the subsidiary AL Habib Exchange Company (Private) Limited.

4.26 Geographical segments

The Group operates in three geographic regions, being:

- Pakistan
- Middle East
- Asia Pacific



	Note	2025 (Rupees in '000)	2024
5. CASH AND BALANCES WITH TREASURY BANKS			
In hand:			
Local currency		46,918,971	45,870,590
Foreign currencies		4,124,512	3,091,419
		51,043,483	48,962,009
With State Bank of Pakistan in:			
Local currency current accounts	5.1	95,535,579	117,236,148
Local currency current accounts - Islamic Banking	5.1	16,529,627	16,299,959
Foreign currency deposit accounts			
Cash reserve account	5.1	5,854,573	5,501,362
Cash reserve / special cash reserve account - Islamic Banking	5.1 & 5.2	1,303,412	1,035,649
Special cash reserve account	5.1 & 5.2	11,709,146	11,002,725
Local collection account	5.3	430,332	407,387
		131,362,669	151,483,230
With National Bank of Pakistan in:			
Local currency current accounts		7,567,621	1,332,163
Prize bonds		89,756	158,228
Cash and balances with treasury banks		190,063,529	201,935,630

- 5.1** These deposits and reserves are maintained by the Bank to comply with the statutory requirements.
- 5.2** The special cash reserve carries interest rates ranging from 2.86% to 3.35% (2024: 3.53% to 4.35%) per annum.
- 5.3** This represents foreign currencies collection account maintained with SBP.

	Note	2025 (Rupees in '000)	2024
6. BALANCES WITH OTHER BANKS			
In Pakistan:			
In current accounts		316,580	252,439
In deposit accounts	6.1	120,824	18,806
		437,404	271,245
Outside Pakistan:			
In current accounts	6.2	7,171,133	5,129,043
In deposit accounts	6.3	76,018	488,243
		7,247,151	5,617,286
Less: credit loss allowance against balances with other banks	6.4	7,684,555 (131,979)	5,888,531 (947)
Balances with other banks - net of credit loss allowance		7,552,576	5,887,584

- 6.1** These carry expected profit rates ranging from 3.52% to 11.44% (2024: 5.00% to 20.75%) per annum.
- 6.2** These carry interest rates ranging from 1.13% to 3.14% (2024: 1.55% to 3.83%) per annum.
- 6.3** These carry interest rates ranging from 0.05% to 3.14% (2024: 3.58% to 4.33%) per annum.



	Note	2025 (Rupees in '000)	2024
6.4 Credit Loss Allowance - Stage 1			
Opening balance		947	3,612
Charge / (reversal):			
Charge for the year		155,993	75
Reversal for the year		(24,963)	(2,738)
		131,030	(2,663)
Foreign exchange adjustments		2	(2)
Closing balance		131,979	947
7. LENDINGS TO FINANCIAL INSTITUTIONS			
In local currency:			
Musharaka placements	7.1	18,000,000	26,000,000
Repurchase agreement lendings (reverse repo)	7.2	6,457,210	12,946,800
		24,457,210	38,946,800
Less: credit loss allowance against lendings to financial institutions	7.4	(3,302)	(5,258)
Lendings to financial institutions - net of credit loss allowance		24,453,908	38,941,542
7.1 Musharaka placements carry mark-up rates ranging from 10.40% to 10.50% (2024: 11.50% to 12.75%) per annum.			
7.2 Repurchase agreement lendings carry mark-up rate at 11.40% (2024: 13.00% to 13.95%) per annum.			
7.2.1 Securities held as collateral against repurchase agreement lendings			
		2025	2024
		Held by Bank	Held by Bank
		Further given as collateral	Further given as collateral
		Total	Total
		(Rupees in '000)	
Pakistan Investment Bonds		6,457,210	12,946,800
		-	-
		6,457,210	12,946,800
7.3 Lendings to Financial Institutions - Category of classification			
		2025	2024
		Outstanding amount	Credit loss allowance
		(Rupees in '000)	
Domestic			
Performing - Stage 1		24,457,210	3,302
		2024	
		Outstanding amount	Credit loss allowance
		(Rupees in '000)	
Domestic			
Performing - Stage 1		38,946,800	5,258



7.4 Lendings to Financial Institutions - Particulars of credit loss allowance

	2025 (Rupees in '000)	2024
Credit loss allowance - Stage 1		
Opening balance	5,258	223
New financial assets originated or purchased	872	5,258
Financial assets that have been derecognised	(2,963)	(223)
	(2,091)	5,035
Changes in risk parameters	135	-
Closing balance	3,302	5,258

8. INVESTMENTS

Note	2025				2024			
	Cost / amortised cost	Credit loss allowance	Surplus / (deficit)	Carrying value	Cost / amortised cost	Credit loss allowance	Surplus / (deficit)	Carrying value
	(Rupees in '000)							
8.1 Investments by type:								
Debt instruments								
Amortised cost								
8.5								
Federal Government Securities	445,888,960	(14,547)	-	445,874,413	395,460,837	(851,234)	-	394,609,603
Others	-	-	-	-	4,481	(4,481)	-	-
	445,888,960	(14,547)	-	445,874,413	395,465,318	(855,715)	-	394,609,603
FVOCI								
8.4								
Federal Government Securities	1,520,997,318	(1,380,069)	22,684,593	1,542,301,842	1,492,727,676	(3,312,910)	10,909,607	1,500,324,373
Non Government Debt Securities	7,456,941	(783,075)	(33,959)	6,639,907	8,703,026	(881,964)	(138,403)	7,682,659
Foreign Securities	7,165,210	(2,000,953)	1,323,895	6,488,152	8,682,791	(2,442,827)	1,127,593	7,367,557
	1,535,619,469	(4,164,097)	23,974,529	1,555,429,901	1,510,113,493	(6,637,701)	11,898,797	1,515,374,589
FVPL								
Federal Government Securities	886,072	-	-	886,072	2,642,542	-	-	2,642,542
Equity instruments								
FVOCI - Non-reclassifiable								
8.4								
Shares								
- Listed Companies	196,403	-	732,059	928,462	187,060	-	619,128	806,188
- Unlisted Companies	154,501	-	4,133,774	4,288,275	192,467	(50,811)	-	141,656
	350,904	-	4,865,833	5,216,737	379,527	(50,811)	619,128	947,844
Investments mandatorily classified / measured at FVPL								
Units of Mutual Funds	8,910,944	-	(283,430)	8,627,514	4,238,097	-	461,853	4,699,950



Note	2025				2024			
	Cost / amortised cost	Credit loss allowance	Surplus / (deficit)	Carrying value	Cost / amortised cost	Credit loss allowance	Surplus / (deficit)	Carrying value
	(Rupees in '000)							
Associates	8.6							
AL Habib Money Market Fund	768,662	-	-	768,662	651,984	-	-	651,984
AL Habib Islamic Cash Fund	105,270	-	-	105,270	182,375	-	-	182,375
AL Habib Islamic Savings Fund	1,881,644	-	-	1,881,644	109,038	-	-	109,038
AL Habib Income Fund	413,655	-	-	413,655	428,131	-	-	428,131
AL Habib Stock Fund	4,495,259	-	-	4,495,259	71,087	-	-	71,087
AL Habib Cash Fund	3,559,302	-	-	3,559,302	3,686,086	-	-	3,686,086
AL Habib Islamic Stock Fund	2,057,478	-	-	2,057,478	16,181	-	-	16,181
AL Habib Islamic Income Fund	497,024	-	-	497,024	27,647	-	-	27,647
AL Habib Asset Allocation Fund	182,236	-	-	182,236	103,330	-	-	103,330
AL Habib Pension Fund Equity Sub Fund	162,066	-	-	162,066	108,303	-	-	108,303
AL Habib Pension Fund Debt Sub Fund	53,578	-	-	53,578	48,093	-	-	48,093
AL Habib Pension Fund Money Market Sub Fund	52,173	-	-	52,173	47,100	-	-	47,100
AL Habib Islamic Pension Fund Equity Sub Fund	143,826	-	-	143,826	105,776	-	-	105,776
AL Habib Islamic Pension Fund Debt Sub Fund	49,242	-	-	49,242	45,283	-	-	45,283
AL Habib Islamic Pension Fund Money Market Sub Fund	48,483	-	-	48,483	44,277	-	-	44,277
AL Habib Government Securities Fund	24	-	-	24	2,060,394	-	-	2,060,394
AL Habib Fixed Return Fund Plan-10	-	-	-	-	11,830	-	-	11,830
AL Habib Fixed Return Fund Plan-15	-	-	-	-	10,359	-	-	10,359
AL Habib Fixed Return Fund Plan-16	-	-	-	-	5,393	-	-	5,393
AL Habib Fixed Return Fund Plan-19	5,528	-	-	5,528	-	-	-	-
AL Habib Fixed Return Fund Plan-20	5,421	-	-	5,421	-	-	-	-
AL Habib Fixed Return Fund Plan-22	5,318	-	-	5,318	-	-	-	-
AL Habib Fixed Return Fund Plan-23	78,501	-	-	78,501	-	-	-	-
AL Habib Fixed Return Fund Plan-24	1,039	-	-	1,039	-	-	-	-
AL Habib Fixed Return Fund Plan-25	1,028	-	-	1,028	-	-	-	-
AL Habib Fixed Return Fund Plan-26	5,034	-	-	5,034	-	-	-	-
AL Habib Government Money Market Fund	40,076	-	-	40,076	35,699	-	-	35,699
AL Habib Government Islamic Money Market Fund	39,117	-	-	39,117	36,170	-	-	36,170
AL Habib Sovereign Income Fund Plan 1	74,479	-	-	74,479	-	-	-	-
AL Habib Sovereign Income Fund Plan 2	423,493	-	-	423,493	-	-	-	-
AL Habib Sovereign Income Fund Plan 3	105,812	-	-	105,812	-	-	-	-
AL Habib Islamic Munafa Fund Plan 5	5,032	-	-	5,032	-	-	-	-
	15,259,800	-	-	15,259,800	7,834,536	-	-	7,834,536
Total Investments	2,006,916,149	(4,178,644)	28,556,932	2,031,294,437	1,920,673,513	(7,544,227)	12,979,778	1,926,109,064

8.2 Investments by segments:

Federal Government Securities

Market Treasury Bills	72,065,552	-	202,075	72,267,627	458,024	-	-	458,024
Pakistan Investment Bonds	1,555,368,171	-	18,200,976	1,573,569,147	1,620,893,917	-	3,352,556	1,624,246,473
Foreign Currency Bonds	13,653,576	(808,608)	578,080	13,423,048	19,400,479	(3,438,538)	1,183,423	17,145,364
Ijarah Sukuks	297,726,212	-	3,037,050	300,763,262	243,092,289	-	5,873,411	248,965,700
Sukuks	288,750	-	17,292	306,042	866,250	-	8,840	875,090
Foreign Currency Sukuks	2,804,691	(586,008)	635,209	2,853,892	2,789,926	(725,606)	491,377	2,555,697
Bai Muajjal	24,383,389	-	-	24,383,389	-	-	-	-
Naya Pakistan Certificates	886,072	-	-	886,072	2,642,542	-	-	2,642,542
Term Finance Certificates - Unlisted	595,937	-	13,911	609,848	687,628	-	-	687,628
	1,967,772,350	(1,394,616)	22,684,593	1,989,062,327	1,890,831,055	(4,164,144)	10,909,607	1,897,576,518



	2025				2024			
	Cost / amortised cost	Credit loss allowance	Surplus / (deficit)	Carrying value	Cost / amortised cost	Credit loss allowance	Surplus / (deficit)	Carrying value
(Rupees in '000)								
Shares								
Listed Companies	196,403	-	732,059	928,462	187,060	-	619,128	806,188
Unlisted Companies	154,501	-	4,133,774	4,288,275	192,467	(50,811)	-	141,656
	350,904	-	4,865,833	5,216,737	379,527	(50,811)	619,128	947,844
Non Government Debt Securities								
Listed	4,746,441	(682,354)	(11,191)	4,052,896	5,030,106	(681,455)	(108,200)	4,240,451
Unlisted	2,710,500	(100,721)	(22,768)	2,587,011	3,672,920	(200,509)	(30,203)	3,442,208
	7,456,941	(783,075)	(33,959)	6,639,907	8,703,026	(881,964)	(138,403)	7,682,659
Units of Mutual Funds	8,910,944	-	(283,430)	8,627,514	4,238,097	-	461,853	4,699,950
Others								
Unlisted Company	-	-	-	-	4,481	(4,481)	-	-
Foreign Securities								
Government Securities	7,165,210	(2,000,953)	1,323,895	6,488,152	8,682,791	(2,442,827)	1,127,593	7,367,557
Associates								
AL Habib Money Market Fund	768,662	-	-	768,662	651,984	-	-	651,984
AL Habib Islamic Cash Fund	105,270	-	-	105,270	182,375	-	-	182,375
AL Habib Islamic Savings Fund	1,881,644	-	-	1,881,644	109,038	-	-	109,038
AL Habib Income Fund	413,655	-	-	413,655	428,131	-	-	428,131
AL Habib Stock Fund	4,495,259	-	-	4,495,259	71,087	-	-	71,087
AL Habib Cash Fund	3,559,302	-	-	3,559,302	3,686,086	-	-	3,686,086
AL Habib Islamic Stock Fund	2,057,478	-	-	2,057,478	16,181	-	-	16,181
AL Habib Islamic Income Fund	497,024	-	-	497,024	27,647	-	-	27,647
AL Habib Asset Allocation Fund	182,236	-	-	182,236	103,330	-	-	103,330
AL Habib Pension Fund Equity Sub Fund	162,066	-	-	162,066	108,303	-	-	108,303
AL Habib Pension Fund Debt Sub Fund	53,578	-	-	53,578	48,093	-	-	48,093
AL Habib Pension Fund Money Market Sub Fund	52,173	-	-	52,173	47,100	-	-	47,100
AL Habib Islamic Pension Fund Equity Sub Fund	143,826	-	-	143,826	105,776	-	-	105,776
AL Habib Islamic Pension Fund Debt Sub Fund	49,242	-	-	49,242	45,283	-	-	45,283
AL Habib Islamic Pension Fund Money Market Sub Fund	48,483	-	-	48,483	44,277	-	-	44,277
AL Habib Government Securities Fund	24	-	-	24	2,060,394	-	-	2,060,394
AL Habib Fixed Return Fund Plan-10	-	-	-	-	11,830	-	-	11,830
AL Habib Fixed Return Fund Plan-15	-	-	-	-	10,359	-	-	10,359
AL Habib Fixed Return Fund Plan-16	-	-	-	-	5,393	-	-	5,393
AL Habib Fixed Return Fund Plan-19	5,528	-	-	5,528	-	-	-	-
AL Habib Fixed Return Fund Plan-20	5,421	-	-	5,421	-	-	-	-
AL Habib Fixed Return Fund Plan-22	5,318	-	-	5,318	-	-	-	-
AL Habib Fixed Return Fund Plan-23	78,501	-	-	78,501	-	-	-	-
AL Habib Fixed Return Fund Plan-24	1,039	-	-	1,039	-	-	-	-
AL Habib Fixed Return Fund Plan-25	1,028	-	-	1,028	-	-	-	-
AL Habib Fixed Return Fund Plan-26	5,034	-	-	5,034	-	-	-	-
AL Habib GO P Money Market Fund	40,076	-	-	40,076	35,699	-	-	35,699
AL Habib GO P Islamic Money Market Fund	39,117	-	-	39,117	36,170	-	-	36,170
AL Habib Sovereign Income Fund Plan 1	74,479	-	-	74,479	-	-	-	-
AL Habib Sovereign Income Fund Plan 2	423,493	-	-	423,493	-	-	-	-
AL Habib Sovereign Income Fund Plan 3	105,812	-	-	105,812	-	-	-	-
AL Habib Islamic Munafa Fund Plan 5	5,032	-	-	5,032	-	-	-	-
	15,259,800	-	-	15,259,800	7,834,536	-	-	7,834,536
Total Investments	2,006,916,149	(4,178,644)	28,556,932	2,031,294,437	1,920,673,513	(7,544,227)	12,979,778	1,926,109,064



8.2.1 Investments given as collateral

2025
2024
(Rupees in '000)

Pakistan Investment Bonds	163,763,100	518,019,000
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8.3 Particulars of credit loss allowance

2025
2024

8.3.1 Investments - exposure

Stage 1 Stage 2 Stage 3 Stage 1 Stage 2 Stage 3
(Rupees in '000)

Opening balance	7,483,929	25,301,107	6,845,445	6,851,543	37,172,403	7,216,548
New Investments	-	-	-	-	-	835,790
Investments derecognised or repaid	(2,471,505)	(6,148,084)	(148,067)	(1,096,094)	(8,937,338)	-
Transfer to Stage 1	4,840,872	(4,840,872)	-	2,830,252	(2,830,252)	-
Transfer to Stage 2	-	5,917,378	(5,917,378)	(1,079,470)	1,079,470	-
Transfer to Stage 3	-	-	-	-	(780,000)	780,000
	2,369,367	(5,071,578)	(6,065,445)	654,688	(11,468,120)	1,615,790
Amounts written off / charged off	-	-	-	-	-	(1,882,162)
Foreign exchange adjustments	57,602	159,991	-	(22,302)	(403,176)	(104,731)
Closing balance	9,910,898	20,389,520	780,000	7,483,929	25,301,107	6,845,445

8.3.2 Investments - credit loss allowance

2025
2024

Stage 1 Stage 2 Stage 3 Stage 1 Stage 2 Stage 3
(Rupees in '000)

Opening balance	12,358	4,165,422	3,366,447	36,687	5,977,647	3,644,152
Impact of fair valuation of unquoted securities	-	-	(50,811)	-	-	-
Opening balance - restated	12,358	4,165,422	3,315,636	36,687	5,977,647	3,644,152
New Investments or charge	-	296,816	-	2,405	-	30,000
Investments derecognised or repaid or reversal	(1,282,840)	(2,275,640)	(104,401)	(24,799)	(1,756,793)	-
Transfer to Stage 1	1,289,845	(1,289,845)	-	130	(130)	-
Transfer to Stage 2	-	2,431,235	(2,431,235)	(33)	33	-
Transfer to Stage 3	-	-	-	-	(60)	60
	7,005	(837,434)	(2,535,636)	(22,297)	(1,756,950)	30,060
Amounts written off / charged off / reclassified	-	-	-	-	-	(1,046,371)
Changes in risk parameters	338	763	-	(137)	1,095	779,940
Foreign exchange adjustments	11,731	38,461	-	(1,895)	(56,370)	(41,334)
Closing balance	31,432	3,367,212	780,000	12,358	4,165,422	3,366,447



8.3.3 Particulars of credit loss allowance against debt securities

		2025		2024	
		Outstanding amount	Credit loss allowance	Outstanding amount	Credit loss allowance
		(Rupees in '000)			
Domestic					
Performing	Stage 1	4,280,895	1,127	4,718,515	767
Under-performing	Stage 2	2,396,046	1,948	3,104,591	1,277
Non-performing - loss	Stage 3	780,000	780,000	884,401	884,401
Overseas					
Performing	Stage 1	5,630,003	30,305	2,765,411	11,591
Under-performing	Stage 2	17,993,474	3,365,264	22,190,407	4,164,145
Non-performing - loss	Stage 3	—	—	5,917,378	2,431,235
Total		31,080,418	4,178,644	39,580,703	7,493,416

8.3.4 Under the IFRS 9 Application instructions, the Bank is not required to compute ECL on Government Securities and on Government guaranteed credit exposures in local currency.

8.4 Quality of FVOCI Securities

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

		Cost	
		2025	2024
		(Rupees in '000)	
8.4.1 Federal Government Securities - Government guaranteed			
Market Treasury Bills		71,756,225	—
Pakistan Investment Bonds		1,136,290,796	1,230,269,218
Foreign Currency Bonds		11,534,707	15,022,365
Ijarah Sukuks		297,726,212	243,092,289
Sukuks		288,750	866,250
Foreign Currency Sukuks		2,804,691	2,789,926
Term Finance Certificates - Unlisted		595,937	687,628
		1,520,997,318	1,492,727,676
8.4.2 Shares			
8.4.2.1 Listed companies			
Securities Companies		13,713	4,370
Sugar and Allied Industries		182,690	182,690
		196,403	187,060
8.4.2.2 Unlisted companies			
Khushhali Microfinance Bank Limited		30,000	30,000
Pakistan Export Finance Guarantee Agency Limited		5,700	5,700
Society for Worldwide Interbank Financial Telecommunication (SWIFT)		18,536	18,536
Pakistan Mortgage Refinance Company Limited		50,000	50,000
1LINK (Private) Limited		50,000	50,000
Mutual Fund Association of Pakistan (MUFAP)		265	265
Pakistan Corporate Restructuring Company Limited		—	37,966
		154,501	192,467



As required under IFRS 9 application instructions, with effective from 01 January 2025, the Bank has measured unlisted equity securities at fair value. The Bank measures the fair valuation of unlisted equity securities using appropriate valuation techniques and fair valuation models in accordance with IFRS 13 - Fair Value Measurement. The Bank has taken the impact of fair value adjustment to equity at the beginning of the current accounting period as allowed under modified retrospective approach for restatement permitted under IFRS 9.

	Cost	
	2025	2024
	(Rupees in '000)	
8.4.3 Non Government Debt Securities		
8.4.3.1 Listed		
AA+	1,470,695	1,470,695
AA	299,700	499,820
AA-	1,696,046	1,904,591
A+	200,000	75,000
A	400,000	400,000
Unrated	680,000	680,000
	<u>4,746,441</u>	<u>5,030,106</u>
8.4.3.2 Unlisted		
AAA	1,498,000	1,798,000
AA+	1,012,500	950,000
AA-	-	625,000
A+	100,000	-
A	-	100,000
B	100,000	199,920
	<u>2,710,500</u>	<u>3,672,920</u>
8.4.4 Foreign Securities	2025	2024
	Cost	Cost
	(Rupees in '000)	(Rupees in '000)
	Rating	Rating
Government Securities		
Egypt	-	1,395,453
Sri Lanka	5,770,041	5,917,378
Turkiye	1,395,169	1,369,960
	<u>7,165,210</u>	<u>8,682,791</u>
8.5 Particulars relating to securities classified under "Held to Collect" are as follows:		
	Cost	
	2025	2024
	(Rupees in '000)	
Federal Government Securities - Government guaranteed		
Pakistan Investment Bonds	419,077,375	390,624,699
Market Treasury Bills	309,327	458,024
Foreign Currency Bonds	2,118,869	4,378,114
Bai Muajjal	24,383,389	-
	<u>445,888,960</u>	<u>395,460,837</u>
Others		
Pakistan Corporate Restructuring Company Limited (PCRCL)	-	4,481
8.5.1		
The market value of securities classified as amortised cost at 31 December 2025 amounted to Rs. 456,472 million (2024: Rs. 397,393 million).		



8.6 Associates

2025	2024	Name of funds	2025	2024
Number of units			(Rupees in '000)	
7,275,908	6,000,000	AL Habib Money Market Fund	768,662	651,984
1,000,000	1,690,329	AL Habib Islamic Cash Fund	105,270	182,375
17,850,025	1,000,000	AL Habib Islamic Savings Fund	1,881,644	109,038
3,845,202	3,845,202	AL Habib Income Fund	413,655	428,131
25,067,929	439,912	AL Habib Stock Fund	4,495,259	71,087
33,307,275	33,307,275	AL Habib Cash Fund	3,559,302	3,686,086
11,151,719	100,929	AL Habib Islamic Stock Fund	2,057,478	16,181
4,650,119	250,421	AL Habib Islamic Income Fund	497,024	27,647
1,394,055	659,775	AL Habib Asset Allocation Fund	182,236	103,330
300,000	300,000	AL Habib Pension Fund Equity Sub Fund	162,066	108,303
300,000	300,000	AL Habib Pension Fund Debt Sub Fund	53,578	48,093
300,000	300,000	AL Habib Pension Fund Money Market Sub Fund	52,173	47,100
300,000	300,000	AL Habib Islamic Pension Fund Equity Sub Fund	143,826	105,776
300,000	300,000	AL Habib Islamic Pension Fund Debt Sub Fund	49,242	45,283
300,000	300,000	AL Habib Islamic Pension Fund Money Market Sub Fund	48,483	44,277
223	18,750,694	AL Habib Government Securities Fund	24	2,060,394
-	107,932	AL Habib Fixed Return Fund Plan - 10	-	11,830
-	100,000	AL Habib Fixed Return Fund Plan - 15	-	10,359
-	50,000	AL Habib Fixed Return Fund Plan - 16	-	5,393
51,843	-	AL Habib Fixed Return Fund Plan - 19	5,528	-
51,365	-	AL Habib Fixed Return Fund Plan - 20	5,421	-
50,468	-	AL Habib Fixed Return Fund Plan - 22	5,318	-
754,995	-	AL Habib Fixed Return Fund Plan - 23	78,501	-
10,000	-	AL Habib Fixed Return Fund Plan - 24	1,039	-
10,000	-	AL Habib Fixed Return Fund Plan - 25	1,028	-
50,000	-	AL Habib Fixed Return Fund Plan - 26	5,034	-
300,000	300,000	AL Habib GOKP Money Market Fund	40,076	35,699
300,000	300,000	AL Habib GOKP Islamic Money Market Fund	39,117	36,170
706,511	-	AL Habib Sovereign Income Fund Plan 1	74,479	-
4,014,059	-	AL Habib Sovereign Income Fund Plan 2	423,493	-
1,002,489	-	AL Habib Sovereign Income Fund Plan 3	105,812	-
50,000	-	AL Habib Islamic Munafa Fund Plan 5	5,032	-
			15,259,800	7,834,536

8.6.1 Movement of investments in associates

Opening balance	7,834,536	5,998,107
Share of profit	1,417,475	1,400,547
Investment - net	6,996,173	1,202,215
Dividend received	(623,047)	(600,820)
Capital gain	(365,337)	(165,513)
Closing balance	15,259,800	7,834,536

8.6.2 Movement of investments in material associates

Opening balance	3,686,086	3,419,077
Share of profit	381,271	636,967
Dividend received	(498,076)	(359,520)
Capital gain	(9,979)	(10,438)
Closing balance	3,559,302	3,686,086



8.7 Summary of financial information of associates

	2025						
	Percentage of holding	Net asset value	Assets	Liabilities	Revenue	Profit after taxation	Total comprehensive income
		(Rupees)			(Rupees in '000)		
Associates							
AL Habib Money Market Fund	0.99%	105.64	77,896,328	183,985	7,008,679	6,356,411	6,356,411
AL Habib Islamic Cash Fund	0.40%	105.27	26,594,283	67,068	2,583,803	2,393,670	2,393,670
AL Habib Islamic Savings Fund	8.40%	105.41	22,457,519	59,762	2,379,723	2,205,847	2,205,847
AL Habib Income Fund	1.64%	107.58	25,301,145	64,141	2,158,511	1,955,423	1,955,423
AL Habib Stock Fund	22.14%	179.32	20,636,313	334,052	4,262,722	3,913,162	3,913,162
AL Habib Cash Fund	4.62%	106.86	77,264,555	203,539	9,266,941	8,334,371	8,334,371
AL Habib Islamic Stock Fund	18.51%	184.50	11,380,272	263,069	2,583,873	2,286,267	2,286,267
AL Habib Islamic Income Fund	3.31%	106.88	15,072,920	37,336	1,911,489	1,759,628	1,759,628
AL Habib Asset Allocation Fund	10.02%	130.72	1,826,688	7,384	243,871	221,228	221,228
AL Habib Pension Fund Equity Sub Fund	20.40%	540.22	796,645	2,234	231,383	217,027	217,027
AL Habib Pension Fund Debt Sub Fund	16.12%	178.59	332,632	324	33,933	31,058	31,058
AL Habib Pension Fund Money Market Sub Fund	12.16%	173.91	429,300	387	41,777	38,243	38,243
AL Habib Islamic Pension Fund Equity Sub Fund	38.93%	479.42	371,817	2,350	81,072	73,255	73,255
AL Habib Islamic Pension Fund Debt Sub Fund	20.28%	164.14	243,054	250	19,121	17,100	17,100
AL Habib Islamic Pension Fund Money Market Sub Fund	19.59%	161.61	247,815	279	22,015	20,532	20,532
AL Habib Government Securities Fund	0.01%	105.67	15,657,056	94,783	2,728,064	2,462,701	2,462,701
AL Habib Fixed Return Fund Plan - 19	6.40%	106.63	86,486	131	9,265	9,078	9,078
AL Habib Fixed Return Fund Plan - 20	0.28%	105.54	1,971,191	15,526	170,663	167,822	167,822
AL Habib Fixed Return Fund Plan - 22	0.24%	105.37	2,235,266	1,837	138,178	134,901	134,901
AL Habib Fixed Return Fund Plan - 23	2.39%	103.98	3,284,829	567	109,695	108,261	108,261
AL Habib Fixed Return Fund Plan - 24	0.04%	103.91	2,715,270	2,469	91,019	87,808	87,808
AL Habib Fixed Return Fund Plan - 25	0.01%	102.75	15,648,239	6,207	348,889	340,335	340,335
AL Habib Fixed Return Fund Plan - 26	0.13%	100.69	3,792,342	790	15,561	14,771	14,771
AL Habib GOKP Money Market Fund	85.24%	173.58	61,245	150	5,559	5,205	5,205
AL Habib GOKP Islamic Money Market Fund	69.04%	130.39	56,927	269	4,839	4,495	4,495
AL Habib Sovereign Income Fund Plan 1	12.58%	105.42	592,779	581	12,970	12,519	12,519
AL Habib Sovereign Income Fund Plan 2	37.85%	105.50	1,122,794	3,811	64,224	62,872	62,872
AL Habib Sovereign Income Fund Plan 3	91.15%	105.55	116,241	156	6,209	6,071	6,071
AL Habib Islamic Munafa Fund Plan 5	0.09%	100.64	5,801,037	198	4,651	4,453	4,453

8.7.1 All of the above associate funds are incorporated in Pakistan and are managed by AL Habib Asset Management Limited (the subsidiary company).

8.7.2 The above information is based on financial statements as on 31 December 2025.



9. ADVANCES

	Note	Performing		Non-Performing		Total	
		2025	2024	2025	2024	2025	2024
		(Rupees in '000)					
Loans, cash credits, running finances, etc.	9.1	590,545,117	756,193,227	34,009,817	34,261,459	624,554,934	790,454,686
Islamic financing and related assets		153,585,947	105,734,671	1,385,692	860,780	154,971,639	106,595,451
Bills discounted and purchased		58,984,097	61,304,281	389,355	387,168	59,373,452	61,691,449
Advances - gross		803,115,161	923,232,179	35,784,864	35,509,407	838,900,025	958,741,586
Less : credit loss allowance							
- Stage 1		7,415,134	7,170,325	-	-	7,415,134	7,170,325
- Stage 2		6,947,822	8,468,402	-	-	6,947,822	8,468,402
- Stage 3		-	-	33,046,205	32,823,742	33,046,205	32,823,742
		14,362,956	15,638,727	33,046,205	32,823,742	47,409,161	48,462,469
Advances - net of credit loss allowance		788,752,205	907,593,452	2,738,659	2,685,665	791,490,864	910,279,117

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	Total	Not later than one year	Later than one and less than five years	Total
	(Rupees in '000)					
Lease rentals receivable	14,459,029	21,936,016	36,395,045	11,069,444	13,834,065	24,903,509
Residual value	4,173,528	13,552,233	17,725,761	3,144,448	7,972,018	11,116,466
Minimum lease payments	18,632,557	35,488,249	54,120,806	14,213,892	21,806,083	36,019,975
Financial charges for future periods	(3,208,277)	(2,909,333)	(6,117,610)	(2,654,004)	(2,230,885)	(4,884,889)
Present value of minimum lease payments	15,424,280	32,578,916	48,003,196	11,559,888	19,575,198	31,135,086

9.2 Particulars of advances (Gross)

	2025	2024
	(Rupees in '000)	
In local currency	719,183,150	828,913,441
In foreign currencies	119,716,875	129,828,145
	838,900,025	958,741,586

9.2.1 Advances to women, women - owned and managed enterprises

Women	2,111,481	1,502,878
Women - owned and managed enterprises	4,937,627	2,613,943
	7,049,108	4,116,821

9.2.2 Gross loans disbursed to women, women-owned and managed enterprises during the year amount to Rs. 22,316.928 million (2024: Rs. 10,633.940 million).



9.4 Advances - category of classification

		2025		2024	
		Outstanding amount	Credit loss allowance	Outstanding amount	Credit loss allowance
(Rupees in '000)					
Domestic					
Performing	Stage 1	666,771,393	7,298,564	751,933,464	7,092,623
Under-performing	Stage 2	104,829,666	6,937,251	144,794,684	8,051,593
Non-performing					
Other assets especially mentioned (OAEM)	Stage 3	259,898	177,151	280,847	280,847
Substandard	Stage 3	2,932,248	2,204,657	2,295,656	1,161,603
Doubtful	Stage 3	3,361,018	2,488,492	2,823,252	2,216,478
Loss	Stage 3	23,866,013	22,810,218	23,572,777	23,331,415
		802,020,236	41,916,333	925,700,680	42,134,559
Overseas					
Performing	Stage 1	30,856,427	116,570	19,107,083	77,702
Under-performing	Stage 2	657,675	10,571	7,396,948	416,809
Non-performing - loss	Stage 3	5,365,687	5,365,687	6,536,875	5,833,399
		36,879,789	5,492,828	33,040,906	6,327,910
Total		838,900,025	47,409,161	958,741,586	48,462,469
Corresponding ECL					
Stage 1		697,627,820	7,415,134	771,040,547	7,170,325
Stage 2		105,487,341	6,947,822	152,191,632	8,468,402
Stage 3		35,784,864	33,046,205	35,509,407	32,823,742
		838,900,025	47,409,161	958,741,586	48,462,469

9.5 Advances include Rs. 35,784.864 million (2024: Rs. 35,509.407 million) which have been placed under non-performing status as detailed below:

Category of classification - Stage 3

		2025		2024	
		Non performing loans	Credit loss allowance	Non performing loans	Credit loss allowance
(Rupees in '000)					
Domestic					
Other assets especially mentioned (OAEM)		259,898	177,151	280,847	280,847
Substandard		2,932,248	2,204,657	2,295,656	1,161,603
Doubtful		3,361,018	2,488,492	2,823,252	2,216,478
Loss		23,866,013	22,810,218	23,572,777	23,331,415
		30,419,177	27,680,518	28,972,532	26,990,343
Overseas					
Loss		5,365,687	5,365,687	6,536,875	5,833,399
Total		35,784,864	33,046,205	35,509,407	32,823,742



9.6 Particulars of credit loss allowance against advances

	Note	2025			2024		
		Stage 1 & 2	Stage 3	Total	Stage 1 & 2	Stage 3	Total
(Rupees in '000)							
Opening balance		15,638,727	32,823,742	48,462,469	13,074,192	21,355,055	34,429,247
Charge / (reversals) for the year							
Charge for the year		11,945,258	5,653,822	17,599,080	14,148,553	14,523,355	28,671,908
Reversals for the year		(13,232,537)	(3,278,707)	(16,511,244)	(11,582,597)	(2,951,993)	(14,534,590)
		(1,287,279)	2,375,115	1,087,836	2,565,956	11,571,362	14,137,318
Amounts written off	9.7	–	(64,492)	(64,492)	–	(3,537)	(3,537)
Amounts charged off	9.9	–	(2,136,310)	(2,136,310)	–	–	–
Foreign exchange adjustments		11,508	48,150	59,658	(1,421)	(99,138)	(100,559)
Closing balance		14,362,956	33,046,205	47,409,161	15,638,727	32,823,742	48,462,469

9.6.1 Particulars of credit loss allowance against advances

	2025			2024		
	Stage 1 & 2	Stage 3	Total	Stage 1 & 2	Stage 3	Total
(Rupees in '000)						
In local currency	14,152,754	27,271,735	41,424,489	14,272,367	25,042,892	39,315,259
In foreign currencies	210,202	5,774,470	5,984,672	1,366,360	7,780,850	9,147,210
	14,362,956	33,046,205	47,409,161	15,638,727	32,823,742	48,462,469

9.7 Particulars of write offs

	Note	2025	2024
		(Rupees in '000)	
9.7.1 Against credit loss allowance		64,492	3,537
Directly charged to Profit and Loss account		–	–
		64,492	3,537
9.7.2 Against credit loss allowance - Domestic			
Write Offs of below Rs. 500,000		284	–
Write Offs of Rs. 500,000 and above	9.8	64,208	3,537
		64,492	3,537



9.8 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 is given in Annexure I.

9.9 Charged-off non performing loans

In compliance with SBP's BPRD Circular No. 02 of 2024 dated 22 July 2024, the Bank has charged-off certain fully provisioned non-performing loans. Such charged-offs do not constitute any financial relief to the borrowers, and the Bank's rights to recover the outstanding amounts remain fully intact. The details of these charged-off loans are presented below:

	2025 (Rupees in '000)
Charged-off during the year	2,153,321
Recoveries made during the year	(20,162)
Foreign exchange adjustments	3,151
Closing balance of charged-off	2,136,310
Number of borrowers	3

Note	2025	2024
	(Rupees in '000)	

10. PROPERTY AND EQUIPMENT

Capital work-in-progress	10.1	5,753,282	4,644,267
Property and equipment	10.2	76,957,953	71,412,767
		82,711,235	76,057,034

	2025	2024
	(Rupees in '000)	

10.1 Capital work-in-progress

Civil works	2,817,161	1,946,354
Advance payment for purchase of equipments	406,091	494,841
Advance payment towards suppliers, contractors and property	2,474,531	2,159,615
Consultants' fee and other charges	55,499	43,457
	5,753,282	4,644,267



10.2 Property and Equipment

	2025						
	Leasehold land	Buildings on leasehold land	Furniture and fixture	Electrical, office and computer equipment (Rupees in '000)	Vehicles	Improvements to leasehold buildings	Total
At 01 January 2025							
Cost / revalued amount	24,348,442	28,383,977	3,713,206	22,208,011	10,371,263	7,241,547	96,266,446
Accumulated depreciation	-	(1,347,055)	(1,484,439)	(12,893,118)	(4,856,793)	(4,272,274)	(24,853,679)
Net book value	<u>24,348,442</u>	<u>27,036,922</u>	<u>2,228,767</u>	<u>9,314,893</u>	<u>5,514,470</u>	<u>2,969,273</u>	<u>71,412,767</u>
Year ended 31 December 2025							
Opening net book value	24,348,442	27,036,922	2,228,767	9,314,893	5,514,470	2,969,273	71,412,767
Additions	663,945	968,208	625,792	6,910,993	2,942,829	1,179,223	13,290,990
Disposals	-	-	(4,121)	(13,967)	(23,185)	(10,210)	(51,483)
Depreciation charge	-	(892,396)	(336,959)	(3,508,745)	(1,935,250)	(1,020,971)	(7,694,321)
Other adjustments / transfers	-	-	-	-	-	-	-
Closing net book value	<u>25,012,387</u>	<u>27,112,734</u>	<u>2,513,479</u>	<u>12,703,174</u>	<u>6,498,864</u>	<u>3,117,315</u>	<u>76,957,953</u>
At 31 December 2025							
Cost / revalued amount	25,012,387	29,352,185	4,284,949	28,616,864	12,693,803	8,345,264	108,305,452
Accumulated depreciation	-	(2,239,451)	(1,771,470)	(15,913,690)	(6,194,939)	(5,227,949)	(31,347,499)
Net book value	<u>25,012,387</u>	<u>27,112,734</u>	<u>2,513,479</u>	<u>12,703,174</u>	<u>6,498,864</u>	<u>3,117,315</u>	<u>76,957,953</u>
Rate of depreciation (percentage)	-	2% - 25%	10%	20% - 33.33%	20%	20%	
				2024			
At 01 January 2024							
Cost / revalued amount	23,978,190	25,739,604	2,817,975	17,487,274	7,024,113	5,494,658	82,541,814
Accumulated depreciation	-	(495,006)	(1,217,008)	(10,647,468)	(3,321,198)	(3,540,152)	(19,220,832)
Net book value	<u>23,978,190</u>	<u>25,244,598</u>	<u>1,600,967</u>	<u>6,839,806</u>	<u>3,702,915</u>	<u>1,954,506</u>	<u>63,320,982</u>
Year ended 31 December 2024							
Opening net book value	23,978,190	25,244,598	1,600,967	6,839,806	3,702,915	1,954,506	63,320,982
Additions	370,252	2,577,876	899,422	4,739,240	3,350,822	1,755,451	13,693,063
Disposals	-	-	(4,191)	(18,503)	(3,672)	(8,562)	(34,928)
Depreciation charge	-	(852,049)	(267,431)	(2,245,650)	(1,535,595)	(732,122)	(5,632,847)
Other adjustments / transfers	-	66,497	-	-	-	-	66,497
Closing net book value	<u>24,348,442</u>	<u>27,036,922</u>	<u>2,228,767</u>	<u>9,314,893</u>	<u>5,514,470</u>	<u>2,969,273</u>	<u>71,412,767</u>
At 31 December 2024							
Cost / revalued amount	24,348,442	28,383,977	3,713,206	22,208,011	10,371,263	7,241,547	96,266,446
Accumulated depreciation	-	(1,347,055)	(1,484,439)	(12,893,118)	(4,856,793)	(4,272,274)	(24,853,679)
Net book value	<u>24,348,442</u>	<u>27,036,922</u>	<u>2,228,767</u>	<u>9,314,893</u>	<u>5,514,470</u>	<u>2,969,273</u>	<u>71,412,767</u>
Rate of depreciation (percentage)	-	2% - 25%	10%	20% - 33.33%	20%	20%	

10.3 In accordance with the Bank's accounting policy, the Bank's leasehold land and buildings on leasehold land were revalued at 01 June 2023. The revaluation was carried out by an independent valuer, M/s. Harvester Services (Private) Limited on the basis of prices and other relevant information generated by market transactions involving identical, comparable or similar properties. The revaluation resulted in surplus of Rs. 21,709.624 million over the book value of the respective properties.



Had the leasehold land and buildings on leasehold land not been revalued, the total carrying amounts of revalued properties as at 31 December 2025 would have been as follows:

	2025	2024
	(Rupees in '000)	
Leasehold land	<u>13,066,480</u>	<u>13,066,480</u>
Buildings on leasehold land	<u>12,178,512</u>	<u>12,660,168</u>
10.4 The cost of fully depreciated property and equipment that are still in use is as follows:		
Furniture and fixture	438,488	366,890
Electrical, office and computer equipment	8,230,542	7,291,071
Vehicles	1,461,269	1,094,090
Improvements to leasehold buildings	2,839,954	2,495,679
	<u>12,970,253</u>	<u>11,247,730</u>
10.5 Details of disposal of property and equipment to related party:		
	2025	
Particulars	Cost	Book value
		Insurance claim
	(Rupees in '000)	
Habib Insurance Company Limited		
Furniture and fixture	1,679	679
Electrical, office and computer equipment	9,620	2,867
Vehicles	29,740	9,139
		36,206
11. RIGHT-OF-USE ASSETS	Note	2025
		(Rupees in '000)
Buildings	11.1	16,866,928
Vehicles	11.2	2,171
		<u>16,869,099</u>
		2024
		13,724,709
		6,513
		<u>13,731,222</u>
11.1 Buildings		
At 01 January,		
Cost		21,557,775
Accumulated depreciation		(7,833,066)
Net carrying amount		<u>13,724,709</u>
Additions during the year		6,313,249
Deletions during the year		(277,059)
Depreciation charge for the year		(2,923,146)
Foreign exchange adjustments		167
Other adjustments / transfers		29,008
Net carrying amount at 31 December		<u>16,866,928</u>
		11,969,724
		4,445,498
		(230,800)
		(2,479,826)
		(757)
		20,870
		<u>13,724,709</u>
11.2 Vehicles		
At 01 January,		
Cost		21,710
Accumulated depreciation		(15,197)
Net carrying amount		<u>6,513</u>
Depreciation charge for the year		(4,342)
Net carrying amount at 31 December		<u>2,171</u>
		10,855
		(4,342)
		6,513



	2025			
	Computer software	TRE certificates	Management rights	Total
	(Rupees in '000)			
12. INTANGIBLE ASSETS				
At 01 January,				
Cost	2,415,732	2,500	80,670	2,498,902
Accumulated amortisation	(2,261,878)	-	-	(2,261,878)
Net book value	<u>153,854</u>	<u>2,500</u>	<u>80,670</u>	<u>237,024</u>
Year ended 31 December,				
Opening net book value	153,854	2,500	80,670	237,024
Additions - directly purchased	109,528	-	-	109,528
Amortisation charge	(179,609)	-	-	(179,609)
Closing net book value	<u>83,773</u>	<u>2,500</u>	<u>80,670</u>	<u>166,943</u>
At 31 December,				
Cost	2,525,260	2,500	80,670	2,608,430
Accumulated amortisation	(2,441,487)	-	-	(2,441,487)
Net book value	<u>83,773</u>	<u>2,500</u>	<u>80,670</u>	<u>166,943</u>
Rate of amortisation (percentage)	<u>50%</u>	-	-	
Useful life	<u>2 years</u>	-	-	
	2024			
	Computer software	TRE certificates	Management rights	Total
	(Rupees in '000)			
At 01 January,				
Cost	2,219,358	2,500	80,670	2,302,528
Accumulated amortisation	(2,089,837)	-	-	(2,089,837)
Net book value	<u>129,521</u>	<u>2,500</u>	<u>80,670</u>	<u>212,691</u>
Year ended 31 December,				
Opening net book value	129,521	2,500	80,670	212,691
Additions - directly purchased	196,374	-	-	196,374
Amortisation charge	(172,041)	-	-	(172,041)
Closing net book value	<u>153,854</u>	<u>2,500</u>	<u>80,670</u>	<u>237,024</u>
At 31 December,				
Cost	2,415,732	2,500	80,670	2,498,902
Accumulated amortisation	(2,261,878)	-	-	(2,261,878)
Net book value	<u>153,854</u>	<u>2,500</u>	<u>80,670</u>	<u>237,024</u>
Rate of amortisation (percentage)	<u>50%</u>	-	-	
Useful life	<u>2 years</u>	-	-	

12.1 As at 31 December 2025, the cost of fully amortised intangible assets still in use amounted to Rs. 2,220.993 million (2024: Rs. 2,193.846 million).



13. OTHER ASSETS	Note	2025	2024
(Rupees in '000)			
Income / mark-up accrued in local currency - net		57,188,588	68,965,986
Income / mark-up accrued in foreign currencies - net		895,470	1,027,928
Advances, deposits, advance rent and other prepayments		15,941,362	13,388,608
Advance taxation		22,613,202	4,627,218
Non-banking assets acquired in satisfaction of claims	13.1	3,847,614	3,841,737
Mark to market gain on forward foreign exchange contracts		905,333	751,223
Acceptances		41,733,362	35,827,371
Stationery and stamps on hand		1,647,545	2,161,940
Receivable against home remittance		10,701,413	10,757,793
Branch adjustment account		6,221,325	2,038,881
Others		3,211,263	2,408,796
		<u>164,906,477</u>	<u>145,797,481</u>
Less: credit loss allowance / provision against other assets	13.2	<u>(319,919)</u>	<u>(580,371)</u>
Other Assets (net of credit loss allowance / provision)		<u>164,586,558</u>	<u>145,217,110</u>
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	13.1	<u>320,353</u>	<u>205,323</u>
Other Assets-total		<u>164,906,911</u>	<u>145,422,433</u>
13.1 Market value of non-banking assets acquired in satisfaction of claims		<u>4,213,818</u>	<u>4,033,449</u>

Market value of the non-banking assets acquired in satisfaction of claims has been carried out by independent valuers, M/s. K.G.Traders (Private) Limited, M/s. BFA (Private) Limited, M/s MYK Associates (Private) Limited and M/s Oceanic Surveyors (Private) Limited. Fair value calculation was based on present physical condition and location of non-banking assets. Fair values were ascertained by the independent valuers under market approach through various enquiries conducted by them at site from real estate agents and brokers.

13.1.1 Non-banking assets acquired in satisfaction of claims	Note	2025	2024
(Rupees in '000)			
Opening balance		4,047,060	4,115,304
Revaluations		115,300	-
Additions / transfers		6,215	(66,497)
Depreciation		(608)	(1,747)
Closing balance		<u>4,167,967</u>	<u>4,047,060</u>
13.2 Credit loss allowance / provision against other assets			
Mark-up accrued		296,098	566,002
Modification		14,431	6,444
Other - receivable against consumer loans		9,390	7,925
	13.2.1	<u>319,919</u>	<u>580,371</u>



	2025	2024
	(Rupees in '000)	
13.2.1 Movement in credit loss allowance / provision against other assets		
Opening balance	580,371	472,179
Foreign exchange adjustments	37	1,552
ECL charge for the year	35,893	102,380
ECL reversal for the year	(305,834)	(1,663)
Modification charge	14,431	6,444
Charge for the year	3,468	2,480
Reversals for the year	(2,003)	(2,795)
	(254,045)	106,846
Modification reversal	(6,444)	-
Amount written off	-	(206)
Closing balance	<u>319,919</u>	<u>580,371</u>

13.2.2 Particulars of credit loss allowance / provision against other assets

	2025		2024	
	Outstanding amount	Credit loss allowance	Outstanding amount	Credit loss allowance
	(Rupees in '000)			
Stage 1	13,003,680	128,451	20,904,866	294,209
Stage 2	2,814,397	167,647	4,673,421	271,793
Stage 3 / others	23,821	23,821	14,369	14,369
	<u>15,841,898</u>	<u>319,919</u>	<u>25,592,656</u>	<u>580,371</u>

14. CONTINGENT ASSETS

There were no contingent assets of the Group as at 31 December 2025 (2024: Nil).

	2025	2024
	(Rupees in '000)	
15. BILLS PAYABLE		
In Pakistan	<u>59,749,478</u>	<u>52,263,043</u>



	Note	2025 (Rupees in '000)	2024
16. BORROWINGS			
Secured			
Borrowings from the State Bank of Pakistan under:			
Export refinance scheme	16.1	52,594,474	72,607,266
Renewable energy	16.2	15,086,050	17,895,611
Long term financing for imported and locally manufactured plant and machinery	16.3	19,931,484	25,306,703
Modernisation of small and medium enterprises	16.4	1,143,308	1,259,381
Women entrepreneurship	16.5	127,457	86,827
Financing facility for storage of agricultural produce	16.6	578,558	795,240
Temporary economic refinance facility	16.7	21,779,323	26,107,166
Refinance facility for combating COVID-19	16.8	55,558	100,001
Repurchase agreement borrowings	16.9	120,111,600	462,964,000
		231,407,812	607,122,195
Repurchase agreement borrowings	16.9	43,000,000	54,953,000
Borrowings from financial institutions	16.10	14,044,333	2,785,500
Total secured		288,452,145	664,860,695
Unsecured			
Overdrawn nostro accounts		1,846,857	2,182,518
		290,299,002	667,043,213
16.1	These carry mark-up rates ranging from 1.0% to 7.0% (2024: 1.0% to 14.5%) per annum, payable quarterly at the time of partial payment or upon maturity of loan, whichever is earlier.		
16.2	These carry mark-up rates ranging from 2.0% to 3.0% (2024: 2.0% to 3.0%) per annum having maturity periods over ten years.		
16.3	These carry mark-up rates ranging from 2.0% to 7.5% (2024: 2.0% to 8.0%) per annum having maturity periods upto seven years.		
16.4	These carry mark-up rate of 2.0% (2024: 2.0%) per annum having maturity periods upto seven years.		
16.5	These carry mark-up rate of Nil (2024: Nil) per annum having maturity periods upto five years.		
16.6	These carry mark-up rates ranging from 2.00% to 3.50% (2024: 2.00% to 3.25%) per annum having maturity periods upto five years.		
16.7	These carry mark-up rate of 1.0% (2024: 1.0%) per annum having maturity periods upto ten years.		
16.8	These carry mark-up rate of Nil (2024: Nil) per annum having maturity periods upto two years.		
16.9	These repurchase agreement borrowings are secured against Pakistan Investment Bonds. These carry effective mark-up rates ranging from 10.53% to 11.40% (2024: 13.04% to 13.20%) per annum, having maturity periods upto one month.		
16.10	These carry mark-up rates ranging from 5.14% to 5.22% (2024: 6.92%) per annum having maturity periods upto one month. It also includes borrowing which carries mark-up rate at 3 months average KIBOR+1.5% per annum having maturity period upto one year.		



16.11 Particulars of borrowings with respect to currencies

	2025	2024
	(Rupees in '000)	
In local currency	274,445,990	662,075,195
In foreign currencies	15,853,012	4,968,018
	<u>290,299,002</u>	<u>667,043,213</u>

17. 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	826,582,359	58,898,969	885,481,328	705,137,306	57,423,924	762,561,230
Savings deposits	963,196,380	51,000,729	1,014,197,109	876,689,075	45,898,830	922,587,905
Term deposits	192,437,159	69,023,162	261,460,321	200,255,916	61,604,086	261,860,002
Current deposits - remunerative	301,441,838	6,035,937	307,477,775	204,592,225	4,207,345	208,799,570
Others	20,448,737	14,894,784	35,343,521	21,169,067	20,343,029	41,512,096
	<u>2,304,106,473</u>	<u>199,853,581</u>	<u>2,503,960,054</u>	<u>2,007,843,589</u>	<u>189,477,214</u>	<u>2,197,320,803</u>
Financial institutions						
Current deposits	12,953,168	842,116	13,795,284	15,983,752	2,063,465	18,047,217
Savings deposits	10,545,918	-	10,545,918	22,246,047	-	22,246,047
Term deposits	1,340,000	540,638	1,880,638	793,000	526,460	1,319,460
Current deposits - remunerative	66,545,031	1,221,903	67,766,934	37,036,871	1,953,119	38,989,990
Others	48,320	-	48,320	38,010	-	38,010
	<u>91,432,437</u>	<u>2,604,657</u>	<u>94,037,094</u>	<u>76,097,680</u>	<u>4,543,044</u>	<u>80,640,724</u>
	<u>2,395,538,910</u>	<u>202,458,238</u>	<u>2,597,997,148</u>	<u>2,083,941,269</u>	<u>194,020,258</u>	<u>2,277,961,527</u>

	2025	2024
	(Rupees in '000)	
17.1 Composition of deposits		
- Individuals	1,674,768,445	1,529,418,514
- Government (Federal and Provincial)	150,501,229	85,554,239
- Public Sector Entities	20,629,454	10,245,354
- Banking Companies	194,683	1,825,031
- Non-Banking Financial Institutions	93,842,411	78,815,693
- Private Sector	658,060,926	572,102,696
	<u>2,597,997,148</u>	<u>2,277,961,527</u>

17.2 Deposits include eligible deposits covered under deposit protection mechanism as required by the Deposit Protection Act, 2016 amounting to Rs. 1,939,835.056 million (2024: Rs. 1,739,128.493 million).



	2025	2024
	(Rupees in '000)	
18. LEASE LIABILITIES		
Opening balance	16,897,021	14,441,482
Additions during the year	6,313,249	4,455,838
Lease payments including interest	(4,605,832)	(3,815,117)
Finance charges on lease liabilities	2,650,409	2,116,823
Deletions during the year	(394,963)	(322,083)
Foreign exchange adjustments	179	(792)
Other adjustment	29,008	20,870
Closing balance	<u>20,889,071</u>	<u>16,897,021</u>

18.1 Contractual maturity of lease liabilities

Short-term lease liabilities - within one year	1,545,238	1,272,772
Long-term lease liabilities		
- 1 to 5 years	7,900,228	6,891,969
- 5 to 10 years	8,781,919	6,753,111
- More than 10 years	2,661,686	1,979,169
	<u>19,343,833</u>	<u>15,624,249</u>
Total	<u>20,889,071</u>	<u>16,897,021</u>

18.2 This carries average effective rate upto 13.70% (2024: 14.61%) per annum.

		2025	2024
	Note	(Rupees in '000)	
19. SUBORDINATED DEBT - Unsecured			
Term Finance Certificates (TFCs) - VI	19.1	7,000,000	7,000,000
Term Finance Certificates (TFCs) - VIII	19.2	4,992,000	4,994,000
Term Finance Certificates (TFCs) - IX	19.3	7,000,000	7,000,000
Term Finance Certificates (TFCs) - X	19.4	6,991,600	6,994,400
		<u>25,983,600</u>	<u>25,988,400</u>



19.1 Term Finance Certificates - VI

Issue amount	Rupees 7,000 million
Issue date	December 2017
Maturity date	Perpetual
Rating	AA+
Profit payment frequency	semi-annually
Redemption	No fixed or final redemption date.
Mark-up	Payable six monthly at six months KIBOR (ask side) plus 1.50% without any floor or cap. The issuer will have full discretion over the amount and timing of profit distribution and waiver of any profit distribution or other payment will not constitute an event of default.
Call option	On or after five years with prior SBP approval. As per SBP's requirement, the Bank shall not exercise call option unless the called instrument is replaced with capital of same or better quality.
Lock-in-clause	No profit may be paid if such payment will result in shortfall (or increase the shortfall) in the Bank's Minimum Capital Requirement ("MCR"), Leverage Ratio ("LR") or Capital Adequacy Ratio ("CAR").
Loss absorbency clause	The instrument will be subject to loss absorption and / or any other requirements under SBP's Basel III Capital Rules. Upon the occurrence of a point of non-viability event as defined by SBP's Basel III Capital Rules, SBP may at its option, fully and permanently convert the TFCs into common shares of the Bank (subject to a cap) at a price equivalent to the market value of shares of the Bank on the date of trigger, and / or have them immediately written off (either partially or in full).

19.2 Term Finance Certificates - VIII

Issue amount	Rupees 5,000 million
Issue date	September 2021
Maturity date	September 2031
Rating	AAA
Profit payment frequency	semi-annually
Redemption	6th - 108th month: 0.02% per each semi-annual period; 114th and 120th month: 49.82% each.
Mark-up	6 - Months KIBOR (ask side) + 0.75% per annum.
Call option	On or after five years with prior SBP approval.
Lock-in-clause	Neither profit nor principal may be paid if such payments will result in shortfall (or increase the shortfall) in the Bank's Minimum Capital Requirement ("MCR"), Leverage Ratio ("LR") or Capital Adequacy Ratio ("CAR").
Loss absorbency clause	The instrument will be subject to loss absorption and / or any other requirements under SBP's Basel III Capital Rules. Upon the occurrence of a point of non-viability event as defined by SBP's Basel III Capital Rules, SBP may at its option, fully and permanently convert the TFCs into common shares of the Bank (subject to a cap) at a price equivalent to the market value of shares of the Bank on the date of trigger, and / or have them immediately written off (either partially or in full).



19.3 Term Finance Certificates - IX

Issue amount	Rupees 7,000 million
Issue date	April 2022
Maturity date	Perpetual
Rating	AA+
Profit payment frequency	semi-annually
Redemption	No fixed or final redemption date.
Mark-up	Payable six monthly at six months KIBOR (ask side) plus 1.65% without any floor or cap. The issuer will have full discretion over the amount and timing of profit distribution and waiver of any profit distribution or other payment will not constitute an event of default.
Call option	On or after five years with prior SBP approval. As per SBP's requirement, the Bank shall not exercise call option unless the called instrument is replaced with capital of same or better quality.
Lock-in-clause	No profit may be paid if such payment will result in shortfall (or increase the shortfall) in the Bank's Minimum Capital Requirement ("MCR"), Leverage Ratio ("LR") or Capital Adequacy Ratio ("CAR").
Loss absorbency clause	The instrument will be subject to loss absorption and / or any other requirements under SBP's Basel III Capital Rules. Upon the occurrence of a point of non-viability event as defined by SBP's Basel III Capital Rules, SBP may at its option, fully and permanently convert the TFCs into common shares of the Bank (subject to a cap) at a price equivalent to the market value of shares of the Bank on the date of trigger, and / or have them immediately written off (either partially or in full).

19.4 Term Finance Certificates - X

Issue amount	Rupees 7,000 million
Issue date	December 2022
Maturity date	December 2032
Rating	AAA
Profit payment frequency	semi-annually
Redemption	6th - 108th month: 0.02% per each semi-annual period; 114th and 120th month: 49.82% each.
Mark-up	6 - Months KIBOR (ask side) + 1.35% per annum.
Call option	On or after five years with prior SBP approval.
Lock-in-clause	Neither profit nor principal may be paid if such payments will result in shortfall (or increase the shortfall) in the Bank's Minimum Capital Requirement ("MCR"), Leverage Ratio ("LR") or Capital Adequacy Ratio ("CAR").
Loss absorbency clause	The instrument will be subject to loss absorption and / or any other requirements under SBP's Basel III Capital Rules. Upon the occurrence of a point of non-viability event as defined by SBP's Basel III Capital Rules, SBP may at its option, fully and permanently convert the TFCs into common shares of the Bank (subject to a cap) at a price equivalent to the market value of shares of the Bank on the date of trigger, and / or have them immediately written off (either partially or in full).



20. DEFERRED TAX LIABILITIES / (ASSETS)

	2025					
	As at 01 January	Impact of adoption of IFRS 9	As at 01 January (Revised)	Recognised in profit and loss account	Recognised in other comprehensive income	As at 31 December
	(Rupees in '000)					
Taxable temporary differences on						
Accelerated tax depreciation	2,883,358	–	2,883,358	429,929	–	3,313,287
Surplus on revaluation of FVOCI investments	6,618,488	1,847,131	8,465,619	–	6,495,454	14,961,073
Surplus on revaluation of property and equipment	6,509,788	–	6,509,788	(228,527)	(124,012)	6,157,249
Lease liabilities	–	–	–	4,676,646	–	4,676,646
Surplus on revaluation of non-banking assets	39,260	–	39,260	(140)	59,215	98,335
Other	34,847	–	34,847	31,549	–	66,396
	16,085,741	1,847,131	17,932,872	4,909,457	6,430,657	29,272,986
Deductible temporary differences on						
Credit loss allowance against diminution in the value of investments	(3,995,990)	24,479	(3,971,511)	1,798,616	–	(2,172,895)
Credit loss allowance against loans and advances, off-balance sheet etc.	(13,056,485)	–	(13,056,485)	283,629	–	(12,772,856)
Unrealised net loss on fair value of refinancing	–	–	–	(559,790)	–	(559,790)
Deficit on revaluation of securities classified as FVPL	227,386	–	227,386	(392,166)	–	(164,780)
Right-of-use assets	–	–	–	(7,674,868)	–	(7,674,868)
Workers' welfare fund	(3,790,454)	–	(3,790,454)	(622,951)	–	(4,413,405)
	(20,615,543)	24,479	(20,591,064)	(7,167,530)	–	(27,758,594)
	(4,529,802)	1,871,610	(2,658,192)	(2,258,073)	6,430,657	1,514,392

2024

Taxable temporary differences on						
Accelerated tax depreciation	2,130,590	–	2,130,590	752,768	–	2,883,358
Surplus on revaluation of FVOCI investments	1,085,712	(1,703,861)	(618,149)	–	7,236,637	6,618,488
Surplus on revaluation of securities classified as FVPL	(17,396)	582,145	564,749	(337,363)	–	227,386
Surplus on revaluation of property and equipment	6,130,312	–	6,130,312	(281,853)	661,329	6,509,788
Surplus on revaluation of non-banking assets	52,325	–	52,325	(567)	(12,498)	39,260
Others	18,686	–	18,686	16,161	–	34,847
	9,400,229	(1,121,716)	8,278,513	149,146	7,885,468	16,313,127
Deductible temporary differences on						
Credit loss allowance against diminution in the value of investments	(5,851,622)	1,121,172	(4,730,450)	734,460	–	(3,995,990)
Credit loss allowance against loans and advances, off-balance sheet etc.	(5,743,307)	(8,130,346)	(13,873,653)	817,168	–	(13,056,485)
Workers' welfare fund	(2,648,408)	–	(2,648,408)	(1,142,046)	–	(3,790,454)
	(14,243,337)	(7,009,174)	(21,252,511)	409,582	–	(20,842,929)
	(4,843,108)	(8,130,890)	(12,973,998)	558,728	7,885,468	(4,529,802)



	Note	2025 (Rupees in '000)	2024
21. OTHER LIABILITIES			
Mark-up / return / interest payable in local currency		5,564,062	6,938,590
Mark-up / return / interest payable in foreign currencies		939,066	934,027
Unearned commission income		3,801,833	3,030,064
Accrued expenses		4,690,295	5,334,307
Acceptances		41,733,362	35,827,371
Unclaimed / dividend payable		1,371,065	1,139,497
Mark to market loss on forward foreign exchange contracts		1,294,874	2,069,960
Payable to defined benefit plan		3,631,177	2,065,715
Charity payable		112,228	83,726
Credit loss allowance against off-balance sheet obligations	21.1	4,756,981	4,742,981
Security deposits against leases / ijarah		18,543,826	11,733,771
Provision for compensated absences	21.2	2,638,376	1,960,780
Other security deposits		1,062,926	976,441
Workers' welfare fund		8,505,080	7,168,876
Payable to SBP / NBP		3,403,149	12,326,744
Insurance payable		651,987	480,521
Payable against sale of marketable securities on behalf of customers		1,377,675	653,161
ATM switch, clearing and settlement account	21.3	28,831,290	26,422,784
Others		3,815,554	3,884,330
		136,724,806	127,773,646
21.1 Credit loss allowance against off-balance sheet obligations			
Opening balance		4,742,981	3,130,550
Charge for the year		1,358,339	1,644,514
Reversal for the year		(1,345,720)	(31,866)
		12,619	1,612,648
Foreign exchange adjustments		1,381	(217)
Closing balance		4,756,981	4,742,981
21.1.1 Particulars of credit loss allowance against off-balance sheet obligations			
		2025	2024
		Outstanding amount	Outstanding amount
		Credit loss allowance	Credit loss allowance
		(Rupees in '000)	
Stage 1		569,577,400	454,102,733
Stage 2		85,300,221	94,730,836
Stage 3		876,905	1,100,847
		655,754,526	549,934,416
		4,756,981	4,742,981
21.1.2 Credit loss allowance against off-balance sheet obligations include ECL in respect of letter of credit, letter of guarantees, shipping guarantees, acceptances and commitments against forward lendings etc.			



21.2 Provision for compensated absences has been determined on the basis of independent actuarial valuation. The significant assumptions used for actuarial valuation were as follows:

	2025	2024
	(% per annum)	
Discount rate	<u>11.50%</u>	<u>12.25%</u>
Expected rate of increase in salary in future years	<u>14.00%</u>	<u>15.00%</u>

21.3 The ATM switch, clearing and settlement account serves as a clearing account for processing ATM and other transactions.

22. SHARE CAPITAL

22.1 Authorised capital

2025	2024		2025	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	2024		2025	2024
Number of shares				
30,000,000	30,000,000	Fully paid in cash	300,000	300,000
1,081,425,416	1,081,425,416	Issued as bonus shares	10,814,254	10,814,254
<u>1,111,425,416</u>	<u>1,111,425,416</u>		<u>11,114,254</u>	<u>11,114,254</u>

22.3 As of statement of financial position date, 121,715,407 (2024: 241,346,935) ordinary shares of Rs.10/- each were held by the related parties.

Note	2025	2024
	(Rupees in '000)	

23. SURPLUS ON REVALUATION OF ASSETS

Surplus on revaluation of:

- Securities measured at FVOCI - debt	23.1.1	23,973,995	11,902,128
- Securities measured at FVOCI - equity	23.1.2	4,843,339	605,723
- Property and equipment	23.2	21,709,624	22,149,099
- Non-banking assets acquired in satisfaction of claims	23.3	320,353	205,323
		50,847,311	34,862,273

Deferred tax on surplus on revaluation of:

- Securities measured at FVOCI - debt	23.1.1	12,465,922	6,311,663
- Securities measured at FVOCI - equity	23.1.2	2,495,151	306,825
- Property and equipment	23.2	6,227,626	6,580,165
- Non-banking assets acquired in satisfaction of claims	23.3	98,335	39,260
		21,287,034	13,237,913
		29,560,277	21,624,360



	2025	2024
	(Rupees in '000)	
23.1 Investments		
23.1.1 Securities measured at FVOCI - debt	23,974,529	11,898,797
Non-controlling interest - (gain) / loss	(534)	3,331
	23,973,995	11,902,128
Less: related deferred tax	12,465,922	6,311,663
	11,508,073	5,590,465
23.1.2 Securities measured at FVOCI - equity	4,865,833	619,128
Non-controlling interest - gain	(22,494)	(13,405)
	4,843,339	605,723
Less: related deferred tax	2,495,151	306,825
	2,348,188	298,898
23.2 Surplus on revaluation of property and equipment		
Surplus on revaluation of property and equipment as at 01 January	22,149,099	22,634,109
Transfer from non-banking assets	-	46,793
Transferred to unappropriated profit in respect of incremental depreciation charged during the year	(439,475)	(531,803)
Surplus on revaluation of property and equipment as at 31 December	21,709,624	22,149,099
Less: related deferred tax liability on:		
- Revaluation as at 01 January	6,580,165	6,200,660
- Adjustment / revaluation recognised during the year	(124,012)	638,432
- Transfer from non-banking assets	-	22,929
- Incremental depreciation charged during the year	(228,527)	(281,856)
	6,227,626	6,580,165
	15,481,998	15,568,934
23.3 Surplus on revaluation of non-banking assets acquired in satisfaction of claims		
Surplus on revaluation of non-banking assets as at 01 January	205,323	253,183
Surplus on revaluation of non-banking assets during the year	115,300	-
Transfer to property and equipment	-	(46,793)
Transferred to unappropriated profit in respect of incremental depreciation charged during the year	(270)	(1,067)
Surplus on revaluation of non-banking assets as at 31 December	320,353	205,323
Less: related deferred tax liability on:		
- Revaluation as at 01 January	39,260	52,325
- Adjustment / revaluation recognised during the year	59,215	10,430
- Transfer to property and equipment	-	(22,929)
- Incremental depreciation charged during the year	(140)	(566)
	98,335	39,260
	222,018	166,063



23.4 This includes investments securities which will not be recycled to consolidated statement of profit and loss account and are disclosed in note 8.

	Note	2025	2024
(Rupees in '000)			
24. NON-CONTROLLING INTEREST			
Opening balance		155,523	125,536
Profit attributable to non-controlling interest		24,672	15,630
Profit on equity attributable to non-controlling interest - debt		3,865	38
Profit on equity attributable to non-controlling interest - equity		9,089	14,319
Closing balance		<u>193,149</u>	<u>155,523</u>
25. CONTINGENCIES AND COMMITMENTS			
- Guarantees	25.1	276,837,359	217,554,372
- Commitments	25.2	568,900,717	542,967,594
- Other contingent liabilities	25.3	4,396,720	3,504,960
		<u>850,134,796</u>	<u>764,026,926</u>
25.1 Guarantees:			
Financial guarantees		38,127,822	32,113,828
Performance guarantees		238,709,537	185,440,544
		<u>276,837,359</u>	<u>217,554,372</u>
25.2 Commitments:			
Documentary credits and short-term trade-related transactions:			
- letters of credit		320,900,787	291,149,845
Commitments in respect of:			
- forward foreign exchange contracts	25.2.1	218,501,551	245,803,016
- forward lending	25.2.2	26,364,468	3,217,813
Commitments for acquisition of:			
- operating property and equipment		3,133,911	2,796,920
		<u>568,900,717</u>	<u>542,967,594</u>
25.2.1 Commitments in respect of forward foreign exchange contracts			
Purchase		147,981,083	145,237,825
Sale		70,520,468	100,565,191
		<u>218,501,551</u>	<u>245,803,016</u>
The maturities of above contracts are spread over the periods upto one year.			
25.2.2 Commitments in respect of forward lending		<u>26,364,468</u>	<u>3,217,813</u>

These represent commitments that are irrevocable because they cannot be withdrawn at the discretion of the Bank without the risk of incurring significant penalty or expense.



25.3 Other contingent liabilities

2025 2024
(Rupees in '000)

25.3.1 Claims against the Bank not acknowledged as debts	4,396,720	3,504,960
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25.3.2 Tax related contingent liabilities

Income tax returns of the Bank have been submitted upto and including the Bank's financial year 2024 (Tax Year 2025) including Azad Kashmir and Gilgit Baltistan operations. The income tax assessments of the Bank (excluding Azad Kashmir operations) have been finalised up to and including Tax Year 2024. The Income tax assessments of Azad Kashmir operations have been finalised upto and including Tax Year 2023.

Matters of disagreement exist between the Bank and tax authorities for various Tax Years and are pending with the Commissioner Inland Revenue (Appeals) and Income Tax Appellate Tribunal (ITAT). These issues mainly relate to addition of general provision (specific), reversal of provision for non-performing loans, charge for defined benefit plan and provision for compensated absences.

Income Tax Appellate Tribunal (ITAT) has passed orders for Tax Year 2011 confirming disallowance of amortisation of intangible assets and deleted the other provisions. This resulting in an aggregate net tax impact of Rs. 2.131 million.

Appellate Tribunal Inland Revenue (ATIR) has passed orders for Tax Year 2012 and 2013 (Accounting Year 2011 and 2012) confirming disallowance of general provision and reversal of substandard category. This resulting in an aggregate net impact of Rs. 341.945 million.

Commissioner Inland Revenue (Appeals) passed an appellate order against Deputy Commissioner Inland Revenue (DCIR) order for Tax Year 2014 (Accounting Year 2013) by allowing certain expenses resulting in an impact of Rs. 25.300 million and remanded back certain expenses to DCIR. The resulted aggregate net tax impact stands at Rs. 125.469 million. The Bank has filed an appeal before Income Tax Appellate Tribunal (ITAT) against the above mentioned order.

Commissioner Inland Revenue (Appeals) passed an appellate order against Additional Commissioner Inland Revenue (ACIR) order for Tax Year 2015 (Accounting Year 2014) by allowing certain expenses and remanded back to ACIR for other matters. During the year, certain expenses were allowed by ACIR. This resulted in an allowable amount of Rs. 154.201 million. The resulted aggregate net tax impact stands at Rs. 147.655 million. The Bank has filed an appeal before Income Tax Appellate Tribunal (ITAT) against the above mentioned order.

Commissioner Inland Revenue (Appeals) passed an appellate order against Additional Commissioner Inland Revenue (ACIR) order for Tax Year 2016 (Accounting Year 2015) by allowing certain expenses and remanded back to ACIR for other matters. During the year, certain expenses were allowed by ACIR. This resulted in an allowable amount of Rs. 224.622 million. The resulted aggregate net tax impact stands at Rs. 80.557 million. The Bank has filed an appeal before Income Tax Appellate Tribunal (ITAT) against the above mentioned order.

Commissioner Inland Revenue (Appeals) passed an appellate order against Additional Commissioner Inland Revenue (ACIR) order for Tax Year 2018 (Accounting Year 2017) by allowing certain expenses resulting in an impact of Rs. 65.722 million. The resulted aggregate net tax impact stands at Rs. 194.376 million. The Bank has filed an appeal before Income Tax Appellate Tribunal (ITAT) against the above mentioned order.

Additional Commissioner Inland Revenue (ACIR) has finalised order for Tax Year 2020 (Accounting Year 2019) by disallowing certain expenses resulting in an impact of Rs. 873.437 million. The Bank has filed an appeal before Commissioner Inland Revenue (Appeals) against the above mentioned order. After promulgation of Tax Law (Amendment) Act 2024, this appeal has been transferred to Income Tax Appellate Tribunal (ITAT).



Appellate Tribunal Inland Revenue (ATIR) has passed order for Tax Year 2021 (Accounting year 2020) confirming disallowance of general provision. This resulting in an aggregate net impact of Rs. 848.953 million.

Additional Commissioner Inland Revenue (ACIR) has finalised order for Tax Year 2023 (Accounting Year 2022) by disallowing certain expenses resulting in an impact of Rs. 734.799 million. The Bank has filed an appeal before Commissioner Inland Revenue (Appeals) against the above mentioned order.

Additional Commissioner Inland Revenue (ACIR) has finalised order for Tax Year 2024 (Accounting Year 2023) by disallowing certain expenses resulting in an impact of Rs. 1,738.875 million. The Bank has filed an appeal before Appellate Tribunal Inland Revenue against the above mentioned order.

Commissioner Inland Revenue (Appeals), Mirpur AJ&K has annulled the amendments made by Assistant Commissioner Inland Revenue, Mirpur AJ&K for Tax Year 2014 to 2018. Appellate Tribunal Inland Revenue, AJ&K has also dismissed departmental appeal against annulled order resulting a favorable aggregate net tax impact of Rs. 93.443 million. The tax department has filed an appeal in High Court of Azad Kashmir.

Commissioner Inland Revenue (Appeal), Mirpur AJ&K has passed an appellate order against Assistant Commissioner Inland Revenue, Mirpur AJ&K for Tax Year 2019, 2020, 2021 & 2022 by allowing certain expenses. This resulted an allowable amount of Rs. 60.396 million. The resulted aggregate net tax impact stands at Rs. 58.358 million. The Bank has filed an appeal before Income Tax Appellate Tribunal (ITAT), Mirpur AJ&K against the above mentioned orders.

Assistant Commissioner Inland Revenue, Mirpur AJ&K has finalised audit of the Bank's Azad Kashmir operations for Tax Year 2023 by disallowing certain expenses resulting in an impact of Rs. 17.294 million. The Bank has filed an appeal before Commissioner Inland Revenue (Appeals), Mirpur AJ&K.

Commissioner Inland Revenue (Appeals) has remanded back the order of Deputy Commissioner Inland Revenue (DCIR) against Federal Excise Duty levy on certain items for the period January 2013 to December 2015. The resulted aggregate net tax impact stands at Rs. 80.766 million.

Deputy Commissioner Inland Revenue (DCIR) has passed order against Federal Excise Duty levy on certain items for the period from January 2018 to December 2019. The resulted aggregate net tax impact stands at Rs. 17.524 million. The Bank has filed an appeal before Commissioner Inland Revenue (Appeals) against the above mentioned order.

Deputy Commissioner Inland Revenue (DCIR) has passed an order against Federal Excise Duty levy on certain items pertaining to accounting year 2020 and 2021. This has resulted in aggregate net tax impact of Rs. 52.403 million. The Bank has filed an appeal before Commissioner Inland Revenue (Appeals) against the above mentioned orders.

Commissioner (HQ), Punjab Revenue Authority has passed order for the period from January to December 2016 levying Punjab Sales Tax on services on certain items resulting in an impact of Rs. 112.641 million. Appellate Tribunal – Punjab Revenue Authority has remanded back the order of Commissioner (HQ), Punjab Revenue Authority.

Deputy Commissioner, Sindh Revenue Board (SRB) has passed Sindh Sales Tax on services order for the Year 2016 and 2017. This resulted a Sindh Sales Tax demand of Rs. 43.400 million. The Bank has filed an appeal before Commissioner Appeals, Sindh Revenue Board (SRB).

The management, based on the opinion of its tax advisor, is confident about the favorable outcome of the above matters.



	Note	2025	2024
		(Rupees in '000)	
27. MARK-UP / RETURN / INTEREST EARNED			
Loans and advances		95,435,227	127,499,360
Investments		239,678,648	349,217,846
Lendings to financial institutions		1,304,084	240,431
Deposits with financial institutions		664,205	773,134
Securities purchased under resale agreements		346,155	385,839
		<u>337,428,319</u>	<u>478,116,610</u>
27.1 Interest income recognised on:			
Financial assets measured at:			
- Amortised cost		58,147,674	77,249,057
- FVOCI		188,888,853	279,738,662
- FVPL		109,351	232,258
- Cost		90,282,441	120,896,633
		<u>337,428,319</u>	<u>478,116,610</u>
28. MARK-UP / RETURN / INTEREST EXPENSED			
Deposits		148,598,832	237,316,929
Borrowings		5,979,281	12,305,167
Subordinated debt		3,501,633	6,078,012
Cost of foreign currency swaps against deposits / borrowings		4,912,630	5,661,096
Repurchase agreement borrowings		40,815,063	58,168,536
Finance charges on lease liabilities		2,650,409	2,116,823
		<u>206,457,848</u>	<u>321,646,563</u>
29. FEE AND COMMISSION INCOME			
Branch banking customer fees		2,937,299	2,602,691
Investment banking fees		77,879	82,444
Consumer finance related fees		72,123	49,991
Card related fees (debit and credit cards)		6,842,506	5,099,455
Credit related fees		316,006	401,729
Commission on trade		7,064,414	7,641,416
Commission on guarantees		1,206,693	1,075,340
Commission on cash management		247,753	268,623
Commission on home remittances		323,022	2,165,464
Management fee		2,421,644	2,206,232
Others		531,809	350,916
		<u>22,041,148</u>	<u>21,944,301</u>
30. (LOSS) / GAIN ON SECURITIES - NET			
Realised	30.1	31,293	(319,720)
Unrealised - measured at FVPL	8.1	(283,430)	461,853
	30.2	<u>(252,137)</u>	<u>142,133</u>



		2025	2024
		(Rupees in '000)	
30.1 Realised gain / (loss) on:			
Federal Government Securities		(118,591)	(338,463)
Units of Mutual Funds		148,771	18,615
Shares		1,113	128
		31,293	(319,720)
30.2 Net (loss) / gain on financial assets measured			
Net gain on investments in securities mandatorily measured at FVPL		(133,546)	480,596
Net loss on financial assets measured at FVOCI		(118,591)	(338,463)
		(252,137)	142,133
31. OTHER INCOME			
Gain on sale of property and equipments - net		807,870	1,015,118
Gain on termination of leases - net		117,904	91,282
		925,774	1,106,400
	Note	2025	2024
		(Rupees in '000)	
32. OPERATING EXPENSES			
Total compensation expenses	32.1	42,470,171	39,304,739
Property expenses			
Rent and taxes		272,574	276,901
Insurance		27,892	33,817
Utilities cost		3,577,875	3,916,540
Security (including guards)		2,904,632	2,416,162
Repair and maintenance (including janitorial charges)		991,899	802,321
Depreciation		1,913,367	1,584,171
Depreciation on non-banking assets acquired in satisfaction of claims		608	1,747
Depreciation on right-of-use assets		2,927,488	2,484,168
		12,616,335	11,515,827
Information technology expenses			
Software maintenance		4,868,092	3,573,792
Hardware maintenance		1,617,835	1,290,234
Depreciation		1,835,873	1,184,321
Amortisation		179,609	172,041
Network charges		833,875	963,400
		9,335,284	7,183,788



	Note	2025	2024
		(Rupees in '000)	
Other operating expenses			
Directors' fees and allowances		92,565	44,195
Fees and allowances to Shariah board		43,036	32,986
Insurance		1,283,711	965,972
Legal and professional charges		565,204	498,765
Outsourced services costs	32.2	4,540,682	3,476,758
Travelling and conveyance		949,153	678,973
NIFT and other clearing charges		359,409	295,413
Depreciation		3,945,081	2,864,355
Repair and maintenance		2,860,369	2,523,612
Training and development		213,068	133,708
Postage and courier charges		405,409	438,083
Communication		2,962,711	2,917,009
Stationery and printing		1,925,418	1,795,455
Marketing, advertisement and publicity		4,790,053	1,227,464
Donations	32.3	539,000	424,941
Auditors' remuneration	32.4	38,059	31,887
Commission and brokerage		1,939,810	1,590,257
Entertainment and staff refreshment		903,103	786,614
Vehicle running expenses		275,392	250,236
Subscriptions and publications		353,140	377,923
CNIC verification charges		381,980	338,147
Security charges		1,093,914	972,848
Others		750,257	925,846
		31,210,524	23,591,447
		95,632,314	81,595,801
32.1 Total compensation expenses			
Fees and allowances etc.		4,662,156	3,468,072
Managerial remuneration		25,802,871	25,816,423
Charge for defined benefit plan		1,322,285	1,205,128
Contribution to defined contribution plan		1,448,186	1,242,661
Rent and house maintenance		6,272,434	5,334,908
Utilities		660,216	1,035,020
Medical		1,571,627	923,479
Charge for employees compensated absences		677,439	243,693
Social security		12,037	13,543
Staff indemnity		40,920	21,812
		42,470,171	39,304,739

The compensation provided by the Group to employees is composed of fixed pay structures and do not include any variable element that varies based on performance benchmarks or targets.



32.2 Total cost for the year included in other operating expenses relating to material outsourced activities is Rs. 78.223 million (2024: Rs. 74.948 million) paid to a company incorporated outside Pakistan. Material outsourcing arrangements are as follows:

S.No.	Name of material outsourced activity	Name of service provider	Nature of service
1.	Point of Sale (POS) Acquiring	M/s. Wemsol (Private) Limited	Terminal Management & Merchant on-boarding
2.	Vision Plus - Credit Card System	M/s. Arab Financial Services	Credit Card
3.	Integrated Credit Card System	M/s. Euronet Pakistan (Private) Limited	Credit Card

2025 **2024**
(Rupees in '000)

32.3 The detail of donations is given below:

Al-Sayyeda Benevolent Trust	6,000	6,000
Childlife Foundation	50,000	20,000
Family Education Service Foundation	16,200	16,200
Ghulaman-e-Abbas Educational & Medical Trust	6,000	6,000
Habib Education Trust*	18,000	6,000
Habib Medical Trust*	42,000	6,000
Masoomen Hospital Trust**	54,000	18,000
Patients' Aid Foundation	133,000	75,000
The Citizens Foundation	13,000	10,400
The Indus Hospital	200,000	260,825
IFTA Welfare Trust	800	516
	539,000	424,941

* Mr. Qumail R. Habib, Executive Director, is Managing Trustee of Habib Education Trust and Trustee of Habib Medical Trust.

** Mr. Abbas D. Habib, Chairman, is Trustee of Masoomen Hospital Trust.

2025 **2024**
(Rupees in '000)

32.4 Auditors' remuneration

Audit fee	15,714	13,738
Half yearly review	3,870	3,094
Other certifications	12,304	10,076
Gratuity fund	427	284
Out of pocket expenses / sales tax	5,744	4,695
	38,059	31,887

33. OTHER CHARGES

Penalties imposed by the State Bank of Pakistan	99,546	310,073
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	Note	2025 (Rupees in '000)	2024
34. CREDIT LOSS ALLOWANCE AND WRITE-OFFS - NET			
Charge / (reversal) against balance with other banks	6.4	131,030	(2,663)
(Reversal) / charge against lendings to financial institutions	7.4	(1,956)	5,035
Reversal against investments	8.3.2	(3,364,964)	(968,289)
Charge against loans and advances - net	9.6	1,087,836	14,137,318
(Reversal) / charge against other assets - net	13.2.1	(254,045)	106,846
Charge against off-balance sheet items - net	21.1	12,619	1,612,648
		(2,389,480)	14,890,895
35. TAXATION			
Current		35,639,181	44,307,521
Prior years		2,354,191	(3,714)
Deferred		(2,258,073)	558,728
		35,735,299	44,862,535
35.1 Relationship between tax expense and accounting profit			
Profit before taxation		68,202,523	86,779,930
Tax at the applicable rates in the Group		28,910,414	37,631,636
Tax effects of:			
Items that are not deductible in determining taxable income		(1,554,612)	5,056
Effect of change in tax rates		(660,739)	(1,035,379)
Tax effect of super tax		6,765,936	8,263,762
Prior years		2,354,191	(3,714)
Others		(79,891)	1,174
		35,735,299	44,862,535

35.1.1 The Group has recognised taxation impact on the basis of deemed tax return to be file on applicable tax rate with tax authorities, which are as follows:

	Note	Tax Rates %	
		2025	2024
Bank AL Habib Limited	35.1.2	53%	54%
AL Habib Capital Markets (Private) Limited		29%	29%
AL Habib Asset Management Limited		29%	29%
AL Habib Exchange Company (Private) Limited		29%	29%

35.1.2 By virtue of the Income Tax Ordinance, 2021, the Federal Government has reduced the corporate tax rate for banking companies to 43%. The current year overall tax rate is 53% which includes 10% super tax.



	2025	2024
	(Rupees in '000)	
36. BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE HOLDING COMPANY		
Profit for the year - attributable to equity holders of the Holding Company	<u>32,442,552</u>	<u>41,901,765</u>
	(Number)	
Weighted average number of ordinary shares	<u>1,111,425,416</u>	<u>1,111,425,416</u>
	(Rupees)	
Basic and diluted earnings per share	<u>29.19</u>	<u>37.70</u>

	Note	2025	2024
		(Rupees in '000)	
37. CASH AND CASH EQUIVALENTS			
Cash and balances with treasury banks	5	190,063,529	201,935,630
Balances with other banks	6	7,684,555	5,888,531
Overdrawn nostro accounts	16	(1,846,857)	(2,182,518)
		<u>195,901,227</u>	<u>205,641,643</u>

	2025		
	Subordinated debt	Lease liabilities	Dividend payable
	(Rupees in '000)		
37.1 Reconciliation of movement of liabilities to cash flows arising from financing activities			
Balance as at 01 January 2025	25,988,400	16,897,021	1,139,497
Changes from financing cash flows			
Payment against subordinated debt	(4,800)	-	-
Payment against lease liabilities - net	-	(4,605,832)	-
Dividend paid	-	-	(18,662,664)
Total changes from financing cash flows	(4,800)	(4,605,832)	(18,662,664)
Other changes			
Addition to lease liabilities - net	-	5,947,473	-
Finance charges on lease liabilities	-	2,650,409	-
Final cash dividend (Rs. 6.5 per share) - December 2024	-	-	7,224,265
Interim cash dividend (Rs. 3.5 per share) - March 2025	-	-	3,889,989
Interim cash dividend (Rs. 3.5 per share) - June 2025	-	-	3,889,989
Interim cash dividend (Rs. 3.5 per share) - September 2025	-	-	3,889,989
	-	8,597,882	18,894,232
Balance as at 31 December 2025	<u>25,983,600</u>	<u>20,889,071</u>	<u>1,371,065</u>



	2024		
	Subordinated debt	Lease liabilities (Rupees in '000)	Dividend payable
Balance as at 01 January 2024	29,985,200	14,441,482	921,969
Changes from financing cash flows			
Payment against subordinated debt	(3,996,800)	–	–
Payment against lease liabilities - net	–	(3,815,117)	–
Dividend paid	–	–	(17,009,566)
Total changes from financing cash flows	(3,996,800)	(3,815,117)	(17,009,566)
Other changes			
Addition to lease liabilities - net	–	4,153,833	–
Finance charges on lease liabilities	–	2,116,823	–
Final cash dividend (Rs. 5.0 per share) - December 2023	–	–	5,557,127
Interim cash dividend (Rs. 3.5 per share) - March 2024	–	–	3,889,989
Interim cash dividend (Rs. 3.5 per share) - June 2024	–	–	3,889,989
Interim cash dividend (Rs. 3.5 per share) - September 2024	–	–	3,889,989
	–	6,270,656	17,227,094
Balance as at 31 December 2024	25,988,400	16,897,021	1,139,497

	2025	2024
	(Number)	
38. STAFF STRENGTH		
Permanent	18,740	17,606
Temporary / on contractual basis	267	249
Group's own staff at end of the year	19,007	17,855
Outsourced	3,856	3,745
Total staff strength	22,863	21,600
38.1 Domestic	22,817	21,553
Abroad	46	47
	22,863	21,600

39. DEFINED BENEFIT PLAN

39.1 General description

The Bank operates an approved gratuity fund for all its confirmed employees, which is administered by the Trustees. The benefits under the gratuity scheme are payable on retirement at the age of 60 years or on earlier cessation of service as under:

Number of years of eligible service completed:

Less than 5 years
5 years or more but less than 10 years
10 years or more but less than 15 years
15 years or more

Amount of gratuity payable:

Nil
1/3rd of basic salary for each year served
2/3rd of basic salary for each year served
Full basic salary for each year served

The Bank's costs and contributions are determined based on actuarial valuation carried out at each year end using Projected Unit Credit Actuarial Method. All actuarial gains / losses are recognised in 'other comprehensive income' as they occur and are not reclassified to consolidated statement of profit and loss account in subsequent periods.



39.2 Number of employees under the scheme

The number of employees covered under the defined benefit scheme are 18,363 (2024: 17,377).

39.3 Principal actuarial assumptions

The latest actuarial valuation of the scheme was carried out on 31 December 2025 and the significant assumptions used for actuarial valuation were as follows:

		2025	2024
Discount rate		11.50%	12.25%
Expected rate of return on plan assets		11.50%	12.25%
Expected rate of salary increase : Year 1		14.00%	15.00%
Year 2		12.50%	12.25%
Mortality rates (for death in service)		SLIC(2001-05)-1	SLIC(2001-05)-1
Rates of employee turnover		Moderate	Moderate
	Note	2025	2024
		(Rupees in '000)	
39.4 Reconciliation of payable to defined benefit plan			
Present value of obligations		14,092,408	10,708,177
Fair value of plan assets		<u>(10,525,360)</u>	<u>(8,642,462)</u>
Payable		<u>3,567,048</u>	<u>2,065,715</u>
39.5 Movement in defined benefit obligations			
Obligation at the beginning of the year		10,708,177	8,964,117
Current service cost		1,013,810	874,213
Interest cost		1,337,950	1,399,628
Benefits paid during the year		(499,584)	(620,075)
Remeasurement loss		1,532,055	90,294
Obligation at the end of the year	39.8.2	<u>14,092,408</u>	<u>10,708,177</u>
39.6 Movement in fair value of plan assets			
Fair value at the beginning of the year		8,642,462	6,764,034
Interest income on plan assets		1,093,604	1,068,713
Contribution by the Bank - net		1,258,156	1,205,128
Actual benefits paid during the year		(499,584)	(620,075)
Remeasurement gain on plan assets	39.8.2	30,722	224,662
Fair value at the end of the year		<u>10,525,360</u>	<u>8,642,462</u>
39.7 Movement in payable under defined benefit scheme			
Opening balance		2,065,715	2,200,083
Charge for the year		1,258,156	1,205,128
Contribution by the Bank		(1,258,156)	(1,205,128)
Remeasurement loss / (gain) recognised in Other Comprehensive Income (OCI) during the year	39.8.2	1,501,333	(134,368)
Closing balance		<u>3,567,048</u>	<u>2,065,715</u>
39.8 Charge for defined benefit plan			
39.8.1 Cost recognised in profit and loss			
Current service cost		1,013,810	874,213
Net interest on defined benefit liability		244,346	330,915
		<u>1,258,156</u>	<u>1,205,128</u>



	2025 (Rupees in '000)	2024
39.8.2 Re-measurements loss / (gain) recognised in OCI during the year		
Loss on obligation		
- Financial assumptions	1,524,367	105,833
- Experience assumptions	7,688	(15,539)
	1,532,055	90,294
Actuarial gain on plan assets	(30,722)	(224,662)
Total remeasurement loss / (gain) recognised in OCI	<u>1,501,333</u>	<u>(134,368)</u>
39.9 Components of plan assets		
Cash and cash equivalents - net	88,053	585,861
Government securities	10,437,307	8,056,601
Total fair value of plan assets	<u>10,525,360</u>	<u>8,642,462</u>
39.10 Sensitivity analysis		2025 (Rupees in '000)
1% increase in discount rate		<u>12,749,785</u>
1% decrease in discount rate		<u>15,663,659</u>
1% increase in expected rate of salary increase		<u>15,564,702</u>
1% decrease in expected rate of salary increase		<u>12,806,832</u>
		2026 (Rupees in '000)
39.11 Expected contributions to be paid to the fund in the next financial year		<u>1,746,050</u>
39.12 Expected charge for the next financial year		<u>1,746,050</u>
		2025 (Rupees in '000)
39.13 Maturity profile		
The weighted average duration of the obligation is 10.28 years.		
Distribution of timing of benefit payments		
Within the next 12 months (next annual reporting period)		643,423
Between 1 and 5 years		4,839,565
Between 6 and 10 years		12,047,791
		<u>17,530,779</u>
39.14 Funding policy		
The Bank will fund the yearly contribution to the defined benefit plan each year, as per the amount calculated by the valuer.		
39.15 Significant risk		
Asset volatility		
The Defined Benefit Gratuity Fund is almost entirely invested in Government Bonds with mostly floating income bonds. Almost 99.16% of the total investments (Rs. 10.437 billion) is invested in PIBs. This gives rise to significant reinvestment risk.		
The asset class is volatile with reference to the yield on PIBs. This risk should be viewed together with change in the bond yield risk.		



Changes in bond yields

There are two dimensions to the changes in bond yields: first, as described above; second, the valuation of the gratuity liability is discounted with reference to these bond yields. So any increase in bond yields will lower the gratuity liability and vice versa, but, it will also lower the asset values.

Inflation risk

The salary inflation is the major risk that the gratuity fund liability carries. In a general economic sense and in a longer view, there is a case that if bond yields increase, the change in salary inflation generally offsets the gains from the decrease in discounted gratuity liability. But viewed with the fact that asset values will also decrease, the salary inflation does, as an overall affect, increases the net liability of the Bank.

Life expectancy / withdrawal rate

The gratuity is paid off at the maximum of age 60. The life expectancy is in almost minimal range and is quite predictable in the ages when the employee is in the accredited employment of the Bank for the purpose of the gratuity. Thus, the risk of life expectancy is almost negligible. However, had a post retirement benefit been given by the Bank like monthly pension, post retirement medical etc., this would have been a significant risk which would have been quite difficult to value even by using advance mortality improvement models.

The withdrawal risk is dependent upon the benefit structure, age and retention profile of the staff, the valuation methodology, and long-term valuation assumptions.

Other risks

Though, not imminent and observable, over long term there are some risks that may crystallise. This includes:

Model risk

The defined benefit gratuity liability is usually actuarially valued each year. Further, the assets in the gratuity fund are also marked to market. This two-tier valuation gives rise to the model risk.

Retention risk

The risk that employee will not be motivated to continue the service or start working with the Bank if no market comparable retirement benefit is provided.

Final salary risk

The risk, for defined benefit gratuity, that any disproportionate salary merit increases in later service years will give rise to multiplicative increase in the gratuity liability as such increase is applicable to all the past years of service.

Operational risk related to a separate entity

Retirement benefits are funded through a separate trust fund which is a different legal entity than the Bank.

Generally, the protocols, processes and conventions used throughout the Bank are not applicable or are not actively applied to the retirement benefit funds. This gives rise to some specific operational risks.

Compliance risk

The risk that retirement benefits offered by the Bank does not comply with minimum statutory requirements.

Legal / political risk

The risk that the legal / political environment changes and the Bank is required to offer additional or different retirement benefits than what the Bank projected.



39.16 AL Habib Asset Management Limited (AHAML)

39.16.1 General description

AHAML operates an approved defined benefits gratuity scheme for all its eligible employees.

39.16.2 Principal actuarial assumptions

	2025
Discount rate	11%
Expected rate of salary increase	11%
Mortality rate	SLIC (2001-05)-1
Rate of employee turnover	Moderate
Total number of employees	79

39.16.3 Amount recognised in the statement of financial position

Present value of defined obligation	2025 (Rupees in '000)
	64,129

39.16.4 Analysis of present value of defined benefit obligation

Vested / Non-vested	
Vested benefits	49,992
Non-vested benefits	14,137
Total	64,129
Type of benefits earned to date	
Accumulated benefit obligation	25,357
Amounts attributed to future salary increases	38,772
Total	64,129

39.16.5 Maturity profile

The weighted average duration of the obligation is 9.21 years.

Distribution of timing of benefit payments

Within the next 12 months (next annual reporting period)	2,190
Between 1 and 5 years	23,673
Between 6 and 10 years	117,245
	143,108

39.16.6 Sensitivity analysis

1% increase in discount rate	58,596
1% decrease in discount rate	70,466
1% increase in expected rate of salary increase	70,722
1% decrease in expected rate of salary increase	58,285

40. DEFINED CONTRIBUTION PLAN

The general description of the plan is included in note 4.12.

Contributions made during the year:	2025 (Rupees in '000)
Employer's contribution	1,448,566
Employees' contribution	1,448,566

The number of employees covered under the defined contribution plan are 16,955 (2024: 16,011).



41. COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

41.1 Total Compensation Expense

Items	2025						
	Directors			Members Shariah Board	Chief Executive	Key Management Personnel	Other Risk Takers / Controllers
	Chairman	Executives (other than CE)	Non- Executives				
	(Rupees in '000)						
Fees and allowances etc.	14,065	–	73,950	–	1,450	3,100	–
Managerial remuneration	–	53,667	–	40,456	143,333	1,052,434	2,550,442
Charge for defined benefit plan	–	–	–	–	–	175,517	286,139
Contribution to defined contribution plan	–	–	–	380	–	63,346	200,102
Rent and house maintenance	–	17,200	–	1,520	46,133	321,339	836,716
Utilities	–	–	–	36	–	4,614	51,003
Medical	–	4,300	–	380	11,533	82,801	209,115
Others	–	–	–	264	–	8,924	549,251
Total	14,065	75,167	73,950	43,036	202,449	1,712,075	4,682,768
Number of persons	1	1	11	4	1	52	1,493
	2024						
Fees and allowances etc.	11,620	–	32,000	–	200	375	–
Managerial remuneration	–	54,375	–	24,487	138,133	858,482	2,495,905
Charge for defined benefit plan	–	–	–	–	52,134	153,229	265,205
Contribution to defined contribution plan	–	–	–	280	2,157	52,733	174,290
Rent and house maintenance	–	15,450	–	6,335	38,933	244,496	720,903
Utilities	–	2,196	–	1,482	5,507	36,462	124,848
Medical	–	1,667	–	138	4,227	27,772	101,966
Others	–	–	–	264	–	17,328	475,814
Total	11,620	73,688	32,000	32,986	241,291	1,390,877	4,358,931
Number of persons	1	1	9	4	1	42	1,352



Chief Executive, Executive Director, Members Shariah Board, Key Management Personnel and Other Risk Takers / Controllers are entitled to Group's maintained cars with fuel in accordance with the terms of their employment and are entitled to medical and life insurance benefits in accordance with the policy of the Group. In addition, the Chief Executive and Executive Director are also provided with drivers, security arrangements and payment of travel bills in accordance with their terms of employment.

Chairman of the Board is also entitled to Bank's maintained cars with fuel, security guard services, payment of utility bills, club and entertainment bills, travelling bills, appropriate office, staff, and administrative support.

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

		2025								
		Meeting Fees								
		For Board Committees								
S.No.	Name of Director	For Board Meetings	Audit Committee	Human Resource & Remuneration Committee	Risk Management Committee	Credit Risk Management Committee	IFRS 9 Committee	IT Committee	Islamic Banking Conversion Committee	Total Amount Paid
(Rupees in '000)										
1.	Mr. Abbas D. Habib	5,425	-	4,800	-	-	-	3,840	-	14,065
2.	Mr. Anwar Haji Karim	2,650	2,500	-	1,250	-	-	-	-	6,400
3.	Ms. Farhana Mowjee Khan	3,450	3,500	2,250	250	1,500	250	-	1,750	12,950
4.	Syed Mazhar Abbas	250	500	250	-	250	-	-	-	1,250
5.	Mr. Murtaza H. Habib	250	-	250	-	250	-	-	-	750
6.	Mr. Arshad Nasar	250	500	250	-	250	250	250	-	1,750
7.	Mr. Adnan Afridi	3,450	3,000	-	1,750	1,500	-	500	-	10,200
8.	Mr. Mohammad Rafiquddin Mehkari	3,450	3,500	-	1,750	1,750	-	-	1,750	12,200
9.	Mr. Humayun Bashir	3,450	-	2,000	-	-	-	1,750	1,750	8,950
10.	Mr. Qasim Habib	3,200	-	-	1,500	1,500	-	1,500	-	7,700
11.	Mr. Shahid Iqbal	3,200	-	2,000	1,500	-	-	-	1,500	8,200
12.	Mr. Tariq Iqbal Khan	1,600	1,000	1,000	-	-	-	-	-	3,600
		30,625	14,500	12,800	8,000	7,000	500	7,840	6,750	88,015



2024

Meeting Fees

For Board Committees

S.No.	Name of Director	For Board Meetings	Audit Committee	Human Resource & Remuneration Committee	Risk Management Committee	Credit Risk Management Committee	IFRS 9 Committee	IT Committee	Islamic Banking Conversion Committee	Total Amount Paid
(Rupees in '000)										
1.	Mr. Abbas D. Habib	3,940	–	3,840	–	–	–	3,840	–	11,620
2.	Mr. Anwar Haji Karim	1,000	1,750	–	1,000	–	–	–	–	3,750
3.	Ms. Farhana Mowjee Khan	1,000	2,000	1,000	1,000	–	1,000	–	–	6,000
4.	Syed Mazhar Abbas	750	1,500	750	–	750	–	–	–	3,750
5.	Mr. Murtaza H. Habib	1,000	–	1,000	–	1,000	–	–	–	3,000
6.	Mr. Arshad Nasar	1,000	2,000	1,000	–	1,000	1,000	1,000	–	7,000
7.	Mr. Adnan Afridi	1,000	–	1,000	–	–	–	–	–	2,000
8.	Mr. Mohammad Rafiquddin Mehkari	1,000	2,000	1,000	1,000	–	–	–	–	5,000
9.	Mr. Javed Iqbal	250	–	–	–	–	–	250	–	500
10.	Mr. Humayun Bashir	500	–	–	–	–	–	500	–	1,000
		11,440	9,250	9,590	3,000	2,750	2,000	5,590	–	43,620

41.3 Remuneration paid to Shariah Board Members

Items	2025			2024		
	Chairman	Resident Member	Non-Resident Members	Chairman	Resident Member	Non-Resident Members
(Rupees in '000)						
Managerial remuneration	19,840	5,063	15,553	12,116	4,287	8,084
Contribution to defined contribution plan	–	380	–	–	280	–
Rent and house maintenance	–	1,520	–	3,075	1,120	2,140
Utilities	–	36	–	769	178	535
Medical	–	380	–	–	138	–
Others	–	264	–	–	264	–
Total	19,840	7,643	15,553	15,960	6,267	10,759
Number of persons	1	1	2	1	1	2



42. FAIR VALUE MEASUREMENTS

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

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

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

There were no transfers between levels 1 and 2 during the year.

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

	2025			
	Level 1	Level 2 (Rupees in '000)	Level 3	Total
On balance sheet financial instruments				
Financial assets - measured at fair value				
Investments				
Federal Government Securities	-	1,542,301,842	-	1,542,301,842
Shares	928,462	160,375	4,127,900	5,216,737
Non-Government Debt Securities	-	6,639,907	-	6,639,907
Foreign Securities	-	6,488,152	-	6,488,152
Units of Mutual Funds	-	8,627,514	-	8,627,514
Financial assets - disclosed but not measured at fair value				
Investments				
Federal Government Securities	-	456,472,166	-	456,472,166
Off-balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange contracts	-	147,047,803	-	147,047,803
Forward sale of foreign exchange contracts	-	71,064,207	-	71,064,207
	2024			
	Level 1	Level 2 (Rupees in '000)	Level 3	Total
On balance sheet financial instruments				
Financial assets - measured at fair value				
Investments				
Federal Government Securities	-	1,500,324,373	-	1,500,324,373
Shares	806,188	-	-	806,188
Non-Government Debt Securities	-	7,682,659	-	7,682,659
Foreign Securities	-	7,367,557	-	7,367,557
Units of Mutual Funds	-	4,699,950	-	4,699,950
Financial assets - disclosed but not measured at fair value				
Investments				
Federal Government Securities	-	397,392,944	-	397,392,944
Off-balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange contracts	-	143,574,254	-	143,574,254
Forward sale of foreign exchange contracts	-	100,910,025	-	100,910,025



42.2 Valuation techniques used in determination of fair values

Item	Valuation Approach	Input Used
Federal Government Securities	Federal Government Securities includes Pakistan Investments Bonds (PIBs), Market Treasury Bills (MTBs) and Government Ijarah Sukuks (GISs) at fixed rate and floating rate. The fair value of fixed rates PIBs and MTBs are derived from PKRV and PKFRV rates. The fair value of GISs are revalued using PKISRV rates. Where PKISRV rates are not available for specific sukuks GISs, the average of available PKISRV rates for similar GISs are applied.	<ul style="list-style-type: none"> - PKRV rates - PKFRV rates - PKISRV rates
Term Finance Certificates (TFCs)	These are valued using the Mutual Funds Association of Pakistan (MUFAP) rate, if available, or the income approach. Future cash flows are estimated based on prevailing KIBOR rates as of the valuation date. These cash flows are then discounted using PKRV rate, adjusted for an instrument-specific credit spread to reflect the individual credit risk associated with each TFC.	<ul style="list-style-type: none"> - KIBOR - PKRV rates - Term sheets - MUFAP rates
Sukuks	Corporate Sukuks are valued using MUFAP rate, if available, or the income approach. Expected cash flows are projected based on the current KIBOR rate. These cash flows are then discounted using the PKISRV rate, adjusted for credit spreads to reflect the risk profile of each instrument.	<ul style="list-style-type: none"> - KIBOR - PKISRV rates - Term sheets - MUFAP rates
Foreign Securities	Fair values of investments in foreign securities are valued on the basis of closing quoted market prices available at the Mashreq Bank PSC and Reuters.	<ul style="list-style-type: none"> - Market price as per Mashreq Bank PSC - Reuters
Ordinary shares - listed	The fair value of investments in listed equity securities are valued on the basis of closing quoted market price available at the Pakistan Stock Exchange (PSX).	<ul style="list-style-type: none"> - Fair value as per PSX
Units of Mutual Funds	Fair values of investments in units of mutual funds are determined based on redemption prices disclosed at MUFAP as at the close of the business days.	<ul style="list-style-type: none"> - Net Assets Value as per MUFAP



Item	Valuation Approach	Input Used
Ordinary shares - unlisted	<p>The valuation of unlisted companies varies for each company, as explained below;</p> <ul style="list-style-type: none"> - SWIFT is valued using the market approach. Valuation is based on its latest published share price in euros, converted to PKR using the exchange rate prevailing on the valuation date. - Pakistan Mortgage Refinance Company Limited (PMRC) has been valued based on price-to-book ratio of comparable market data. - 1LINK (Private) Limited have been valued based on discounted cash flows. Future cash flows were projected based on reasonable assumptions aligned with the company's historical performance. The discount rate was derived using the Capital Asset Pricing Model (CAPM), given that the company is currently unlevered. The CAPM inputs included the equity risk premium (ERP), PKRV rates, and the ungeared beta of comparable companies, adjusted for Pakistan's country risk premium (CRP). 	<ul style="list-style-type: none"> - Euro / Pak exchange rate - PKRV rates - Comparable company information - Historical PSX returns - Financials of the investee company
Forward Foreign Exchange Contracts	The valuation has been determined by interpolating the foreign exchange revaluation rates announced by SBP.	- Foreign exchange revaluation rates announced by SBP.
Property and Equipment - Land and Building	The valuation experts used a market based approach to arrive at the fair value of the Bank's properties. The market approach used prices and other relevant information generated by market transactions involving identical, comparable or similar properties.	- Prices and other relevant information generated by market transactions involving identical, comparable or similar properties.
Non - Banking Assets acquired in Satisfaction of Claims		

42.3 The following table shows reconciliation of investments held at Level 3 fair value movement:

	2025 (Rupees in '000)
Opening balance	100,000
Impact of adoption of IFRS 9	3,496,078
Balance as at 01 January after adopting IFRS 9	3,596,078
Remeasurement recognised in OCI	531,822
Closing balance	4,127,900



42.4	Ordinary shares in unlisted companies	Unobservable Input	Fair Value (Rupees in '000)	Input	Relationship of unobservable inputs to fair value
	Pakistan Mortgage Refinance Company Limited	Discounts for lack of marketability (DLOM)	80,186	20%	Increase / (decrease) in DLOM by 1% by all other variables held constant would (decrease) / increase the fair value by Rs. 1.0 million.
	1LINK (Private) Limited	Discounts for lack of marketability (DLOM)	4,047,714	28%	Increase / (decrease) in DLOM by 1% by all other variables held constant would (decrease) / increase the fair value by Rs. 56.2 million.

43. 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 the consolidated financial statements. Assets held under trust are shown in the table below:

Category	2025 Securities Held (Face Value)						Total
	IPS Accounts	Market Treasury Bills	Pakistan Investment Bonds	Sukuks	Naya Pakistan Certificates	Bonds	
	(Number)					(Rupees in '000)	
Asset Management Companies	1	15,631,295	-	-	-	-	15,631,295
Employee Funds	27	1,291,900	30,275,200	825,000	-	-	32,392,100
Insurance Companies	3	-	1,354,200	-	-	-	1,354,200
Companies	23	6,333,890	3,631,200	48,000	-	-	10,013,090
Individuals	791	958,450	274,100	-	18,920,236	1,049,061	21,201,847
NGO's / Charitable Institutions / Trust	27	3,989,700	4,595,000	120,000	-	-	8,704,700
Others	5	1,681,000	-	-	-	-	1,681,000
Total	877	29,886,235	40,129,700	993,000	18,920,236	1,049,061	90,978,232

Category	2024 Securities Held (Face Value)						Total
	IPS Accounts	Market Treasury Bills	Pakistan Investment Bonds	Sukuks	Naya Pakistan Certificates	Bonds	
	(Number)					(Rupees in '000)	
Asset Management Companies	6	54,745,150	1,000,000	267,000	-	-	56,012,150
Employee Funds	27	1,948,475	23,186,700	715,000	-	-	25,850,175
Insurance Companies	3	-	1,204,200	-	-	-	1,204,200
Companies	25	4,346,350	258,414,700	48,000	-	69,638	262,878,688
Individuals	618	1,011,250	657,100	-	14,783,214	3,454,020	19,905,584
NGO's / Charitable Institutions / Trust	21	3,361,370	985,200	120,000	-	-	4,466,570
Others	4	1,529,710	-	-	-	-	1,529,710
Total	704	66,942,305	285,447,900	1,150,000	14,783,214	3,523,658	371,847,077



44. SEGMENT INFORMATION

44.1 Segment details with respect to business activities

The segment analysis with respect to business activity is as follows:

	2025						Total
	Commercial banking	Retail banking	Islamic banking	Retail brokerage	Asset management	Currency exchange	
	(Rupees in '000)						
Statement of profit and loss account							
Mark-up / return / profit	262,365,026	25,533,985	49,117,583	112,972	5,605	293,148	337,428,319
Inter segment revenue - net	251,467	92,364,249	-	-	-	-	92,615,716
Non mark-up / return / interest income	5,555,085	20,442,552	2,561,485	261,093	2,914,583	224,553	31,959,351
Total income	268,171,578	138,340,786	51,679,068	374,065	2,920,188	517,701	462,003,386
Segment direct expenses	(149,377,740)	(118,873,069)	(34,040,109)	(266,919)	(681,786)	(335,004)	(303,574,627)
Inter segment expense allocation	(92,364,249)	-	-	(6,967)	(48,900)	(195,600)	(92,615,716)
Total expenses	(241,741,989)	(118,873,069)	(34,040,109)	(273,886)	(730,686)	(530,604)	(396,190,343)
Credit loss allowance and write-offs - net	2,616,693	1,465	(228,678)	-	-	-	2,389,480
Profit before tax	29,046,282	19,469,182	17,410,281	100,179	2,189,502	(12,903)	68,202,523
Statement of financial position							
Cash and bank balances	152,050,737	16,112,946	27,409,913	702,412	2,830	1,337,267	197,616,105
Investments	1,695,617,390	-	329,585,390	190,685	4,144,270	1,756,702	2,031,294,437
Net inter segment lending	3,856,851	1,416,629,585	-	-	-	-	1,420,486,436
Lendings to financial institutions	6,456,338	-	17,997,570	-	-	-	24,453,908
Advances - performing	576,168,547	60,926,055	151,657,603	-	-	-	788,752,205
- non-performing net of credit loss allowance	2,683,652	37,725	17,282	-	-	-	2,738,659
Others	210,912,134	22,190,049	29,027,376	1,735,529	629,862	159,238	264,654,188
Total assets	2,647,745,649	1,515,896,360	555,695,134	2,628,626	4,776,962	3,253,207	4,729,995,938
Borrowings	265,541,141	-	24,160,152	597,709	-	-	290,299,002
Subordinated debt	25,983,600	-	-	-	-	-	25,983,600
Deposits and other accounts	779,766,696	1,404,805,036	413,425,416	-	-	-	2,597,997,148
Net inter segment borrowing	1,416,629,585	-	-	106,851	750,000	3,000,000	1,420,486,436
Others	73,765,005	107,332,234	35,999,763	1,451,494	271,526	57,725	218,877,747
Total liabilities	2,561,686,027	1,512,137,270	473,585,331	2,156,054	1,021,526	3,057,725	4,553,643,933
Equity	86,059,622	3,759,090	82,109,803	472,572	3,755,436	195,482	176,352,005
Total equity and liabilities	2,647,745,649	1,515,896,360	555,695,134	2,628,626	4,776,962	3,253,207	4,729,995,938
Contingencies and commitments	529,219,540	403,670	68,114,936	-	-	-	597,738,146



2024

	Commercial banking	Retail banking	Islamic banking	Retail brokerage	Asset management	Currency exchange	Total
(Rupees in '000)							
Statement of profit and loss account							
Mark-up / return / profit	400,586,482	15,672,611	61,542,046	73,833	5,271	236,367	478,116,610
Inter segment revenue - net	376,460	130,592,116	-	-	-	-	130,968,576
Non mark-up / return / interest income	6,729,905	17,043,952	2,080,071	246,086	2,710,508	57,495	28,868,017
Total income	407,692,847	163,308,679	63,622,117	319,919	2,715,779	293,862	637,953,203
Segment direct expenses	(229,673,702)	(136,480,583)	(38,376,095)	(249,170)	(332,623)	(201,629)	(405,313,802)
Inter segment expense allocation	(130,593,984)	-	-	(13,897)	(72,139)	(288,556)	(130,968,576)
Total expenses	(360,267,686)	(136,480,583)	(38,376,095)	(263,067)	(404,762)	(490,185)	(536,282,378)
Credit loss allowance and write-offs - net	(13,168,016)	(315)	(1,722,564)	-	-	-	(14,890,895)
Profit / (loss) before tax	34,257,145	26,827,781	23,523,458	56,852	2,311,017	(196,323)	86,779,930
Statement of financial position							
Cash and bank balances	172,571,850	9,695,495	24,106,428	573,128	27,909	848,404	207,823,214
Investments	1,664,960,047	-	256,341,204	147,805	2,558,473	2,101,535	1,926,109,064
Net inter segment lending	3,894,477	1,355,459,875	-	-	-	-	1,359,354,352
Lendings to financial institutions	12,945,052	-	25,996,490	-	-	-	38,941,542
Advances - performing	761,305,976	42,705,903	103,581,573	-	-	-	907,593,452
- non-performing net of credit loss allowance	2,641,855	38,287	5,523	-	-	-	2,685,665
Others	194,451,250	11,031,008	32,717,265	1,029,150	591,648	157,194	239,977,515
Total assets	2,812,770,507	1,418,930,568	442,748,483	1,750,083	3,178,030	3,107,133	4,682,484,804
Borrowings	635,910,884	-	30,561,246	571,083	-	-	667,043,213
Subordinated debt	25,988,400	-	-	-	-	-	25,988,400
Deposits and other accounts	648,874,999	1,311,490,784	317,595,744	-	-	-	2,277,961,527
Net inter segment borrowing	1,355,459,875	-	-	144,477	750,000	3,000,000	1,359,354,352
Others	63,872,170	105,090,753	27,072,595	712,450	134,887	50,855	196,933,710
Total liabilities	2,730,106,328	1,416,581,537	375,229,585	1,428,010	884,887	3,050,855	4,527,281,202
Equity	82,664,179	2,349,031	67,518,898	322,073	2,293,143	56,278	155,203,602
Total equity and liabilities	2,812,770,507	1,418,930,568	442,748,483	1,750,083	3,178,030	3,107,133	4,682,484,804
Contingencies and commitments	455,344,714	144,204	53,215,299	-	-	-	508,704,217



44.2 Segment details with respect to geographical locations

The segment analysis with respect to geographical segment activity is as following:

	2025			
	Pakistan	Middle East	Asia Pacific	Total
	(Rupees in '000)			
Statement of profit and loss account				
Mark-up / return / profit	332,258,918	3,568,136	1,601,265	337,428,319
Non mark-up / return / interest income	31,525,386	285,198	148,767	31,959,351
Total income	363,784,304	3,853,334	1,750,032	369,387,670
Segment direct expenses	(299,538,862)	(2,720,593)	(1,315,172)	(303,574,627)
Credit loss allowance and write-offs - net	(1,649,486)	2,234,665	1,804,301	2,389,480
Profit before tax	62,595,956	3,367,406	2,239,161	68,202,523
Statement of financial position				
Cash and bank balances	197,395,859	130,824	89,422	197,616,105
Investments	2,008,529,342	11,440,239	11,324,856	2,031,294,437
Net inter segment lending	12,605,540	24,888,937	588,259	38,082,736
Lendings to financial institutions	24,453,908	-	-	24,453,908
Advances - performing	757,365,243	21,069,535	10,317,427	788,752,205
- non-performing net of credit loss allowance	2,738,659	-	-	2,738,659
Others	257,094,978	2,264,126	5,295,084	264,654,188
Total assets	3,260,183,529	59,793,661	27,615,048	3,347,592,238
Borrowings	290,299,002	-	-	290,299,002
Subordinated debt	25,983,600	-	-	25,983,600
Deposits and other accounts	2,550,916,729	34,225,294	12,855,125	2,597,997,148
Net inter segment borrowing	19,314,488	13,193,798	5,574,450	38,082,736
Others	211,573,563	1,987,403	5,316,781	218,877,747
Total liabilities	3,098,087,382	49,406,495	23,746,356	3,171,240,233
Equity	162,096,147	10,387,166	3,868,692	176,352,005
Total equity and liabilities	3,260,183,529	59,793,661	27,615,048	3,347,592,238
Contingencies and commitments	585,674,012	10,746,808	1,317,326	597,738,146



	2024			
	Pakistan	Middle East	Asia Pacific	Total
	(Rupees in '000)			
Statement of profit and loss account				
Mark-up / return / profit	474,002,176	1,843,096	2,271,338	478,116,610
Non mark-up / return / interest income	28,033,931	525,233	308,853	28,868,017
Total income	502,036,107	2,368,329	2,580,191	506,984,627
Segment direct expenses	(401,851,082)	(2,154,908)	(1,307,812)	(405,313,802)
Credit loss allowance and write-offs - net	(16,174,135)	611,744	671,496	(14,890,895)
Profit before tax	84,010,890	825,165	1,943,875	86,779,930
Statement of financial position				
Cash and bank balances	207,097,839	667,407	57,968	207,823,214
Investments	1,899,034,584	14,783,025	12,291,455	1,926,109,064
Net inter segment lending	10,027,800	21,350,858	1,392,750	32,771,408
Lendings to financial institutions	38,941,542	–	–	38,941,542
Advances - performing	881,583,932	15,817,117	10,192,403	907,593,452
- non-performing net of credit loss allowance	1,982,189	–	703,476	2,685,665
Others	238,645,579	996,756	335,180	239,977,515
Total assets	3,277,313,465	53,615,163	24,973,232	3,355,901,860
Borrowings	667,043,213	–	–	667,043,213
Subordinated debt	25,988,400	–	–	25,988,400
Deposits and other accounts	2,228,898,956	33,024,109	16,038,462	2,277,961,527
Net inter segment borrowing	15,334,178	11,420,550	6,016,680	32,771,408
Others	195,766,504	967,811	199,395	196,933,710
Total liabilities	3,133,031,251	45,412,470	22,254,537	3,200,698,258
Equity	144,282,214	8,202,693	2,718,695	155,203,602
Total equity and liabilities	3,277,313,465	53,615,163	24,973,232	3,355,901,860
Contingencies and commitments	505,004,246	2,992,733	707,238	508,704,217

45. RELATED PARTY TRANSACTIONS

Related parties of the Group comprise of associates, directors, key management personnel and other related parties.

Transactions with related parties of the Group are carried out on substantially the same terms as for comparable transactions with others. The transactions with employees of the Group are carried out in accordance with the terms of their employment.



Transactions with related parties, other than those disclosed in note 10.5, 22.3 and 41 are summarised as follows:

	2025				2024			
	Directors	Key management personnel	Associates	Other related parties	Directors	Key management personnel	Associates	Other related parties
	(Rupees in '000)							
Investments								
Opening balance	-	-	7,834,536	811,604	-	-	5,998,107	654,086
Investment made during the year	-	-	23,199,239	-	-	-	10,760,249	130,000
Investment adjusted / redeemed / disposed off during the year	-	-	(15,773,975)	(182,690)	-	-	(8,923,820)	-
Surplus on revaluation	-	-	-	3,438,799	-	-	-	157,518
Credit loss allowance	-	-	-	30,000	-	-	-	(130,000)
Closing balance	-	-	15,259,800	4,097,713	-	-	7,834,536	811,604
Advances								
Opening balance	1,674	391,567	-	1,109,581	4,048	345,035	-	1,680,782
Addition during the year	130,940	605,791	-	42,247,630	16,933	440,830	-	32,611,576
Repaid during the year	(125,348)	(544,278)	-	(42,330,680)	(19,277)	(394,084)	-	(33,100,534)
Credit loss allowance	(43)	22	-	50,420	(30)	(214)	-	(82,243)
Closing balance	7,223	453,102	-	1,076,951	1,674	391,567	-	1,109,581
Right-of-use assets	-	-	-	11,959	-	-	-	1,022
Other assets								
Interest / mark-up accrued	-	517	-	46,017	-	454	-	14,716
Credit loss allowance on accrued mark-up	-	1	-	721	-	2	-	521
Remuneration receivable from funds	-	-	538,814	-	-	-	544,645	-
Other receivable	-	-	-	5,266	-	-	-	1,549
Subordinated debt								
Opening balance	-	-	-	244,000	-	-	-	194,000
Issued / purchased during the year	-	-	-	-	-	-	-	50,000
Closing balance	-	-	-	244,000	-	-	-	244,000
Deposits and other accounts								
Opening balance	1,106,745	854,460	11,795,080	15,445,734	771,493	794,349	19,349,124	9,409,202
Received during the year	10,183,847	6,909,437	1,208,186,155	398,533,940	8,344,579	6,474,665	582,838,891	405,964,086
Withdrawn during the year	(10,817,343)	(6,929,728)	(1,181,217,638)	(411,000,031)	(8,009,327)	(6,414,554)	(590,392,935)	(399,927,554)
Closing balance	473,249	834,169	38,763,597	2,979,643	1,106,745	854,460	11,795,080	15,445,734
Other liabilities								
Interest / mark-up payable	10	2,361	71,146	6,377	156	669	-	13,995
Credit loss allowance on off-balance sheet	-	-	-	16,910	-	-	-	33,009
Payable to staff gratuity fund	-	-	-	3,631,177	-	-	-	2,065,715
Other liabilities	-	33	-	-	-	75	-	-
Contingencies and commitments	-	-	-	1,195,406	-	-	-	1,617,658
Other transactions - Investor Portfolio Securities								
Opening balance	-	-	-	24,182,000	-	-	-	18,863,500
Increased during the year	-	80,000	-	12,475,800	-	-	-	7,398,000
Decreased during the year	-	-	-	(6,250,100)	-	-	-	(2,079,500)
Closing balance	-	80,000	-	30,407,700	-	-	-	24,182,000
Sale of government securities	-	-	-	11,605,921	-	-	-	6,567,514
Purchase / sale of foreign currencies (cross currency)	-	3,963	-	-	-	4,863	-	-



45.1 Related Party Transactions

	2025				2024			
	Directors	Key management personnel	Associates	Other related parties	Directors	Key Management personnel	Associates	Other related parties
	(Rupees in '000)							
Income								
Mark-up / return / interest earned	566	28,991	-	108,444	1	20,169	-	177,365
Fee and commission income	332	1,349	2,285,243	61,250	247	1,530	2,123,587	16,142
Dividend income	-	-	-	140,847	-	-	-	156,492
Share of profit from associates	-	-	1,417,475	-	-	-	1,400,547	-
Net gain on sale / redemption of securities / mutual fund	-	-	-	4	-	-	-	-
Other income	-	20	-	400	-	-	-	305
Expense								
Mark-up / return / interest expensed	40,270	72,031	764,482	380,753	133,494	115,624	1,239,737	2,538,760
Operating expenses	-	-	-	1,450,544	-	-	-	1,304,439
Salaries and allowances	-	1,716,058	-	-	-	1,381,224	-	-
Bonus	-	267,797	-	-	-	361,547	-	-
Contribution to defined contribution plan	-	61,982	-	-	-	54,998	-	-
Contribution to defined benefit plan	-	258,082	-	-	-	187,057	-	-
Staff provident fund	-	-	-	1,448,566	-	-	-	1,242,941
Staff gratuity fund	-	-	-	1,322,285	-	-	-	1,205,128
Directors' fees	69,615	4,550	-	-	41,620	575	-	-
Donation	-	-	-	114,000	-	-	-	36,000
Insurance premium paid	-	-	-	283,171	-	-	-	266,995
Insurance claims settled	-	-	-	170,351	-	-	-	126,974



46. CAPITAL ADEQUACY, LEVERAGE RATIO AND LIQUIDITY REQUIREMENTS

	2025	2024
	(Rupees in '000)	
Minimum Capital Requirement (MCR):		
Paid-up capital	<u>11,114,254</u>	<u>11,114,254</u>
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	<u>152,337,889</u>	<u>141,233,030</u>
Eligible Additional Tier 1 (ADT 1) Capital	<u>13,105,645</u>	<u>13,125,227</u>
Total Eligible Tier 1 Capital	<u>165,443,534</u>	<u>154,358,257</u>
Eligible Tier 2 Capital	<u>52,152,954</u>	<u>43,252,754</u>
Total Eligible Capital (Tier 1 + Tier 2)	<u>217,596,488</u>	<u>197,611,011</u>
Risk Weighted Assets (RWAs):		
Credit Risk	<u>866,136,477</u>	<u>785,765,223</u>
Market Risk	<u>71,794,356</u>	<u>26,766,888</u>
Operational Risk	<u>310,545,399</u>	<u>270,525,524</u>
Total	<u>1,248,476,232</u>	<u>1,083,057,635</u>
	2025	2024
	(Percentage)	
Common Equity Tier 1 Capital Adequacy Ratio	<u>12.20%</u>	<u>13.04%</u>
Tier 1 Capital Adequacy Ratio	<u>13.25%</u>	<u>14.25%</u>
Total Capital Adequacy Ratio	<u>17.43%</u>	<u>18.25%</u>

Minimum Capital Requirement (MCR)

The MCR standard sets the paid-up capital that the Bank is required to hold at all times. As of the statement of financial position date, the Bank's paid-up capital stands at Rs. 11.114 billion as against the required MCR of Rs.10 billion.

Minimum Capital Adequacy Ratio (CAR)

The CAR on the basis of above framework works out to be as follows:

	2025	2024
	(Percentage)	
Required CAR	<u>11.50%</u>	<u>11.50%</u>
CAR on Bank level	<u>17.05%</u>	<u>17.90%</u>
CAR on Group level	<u>17.43%</u>	<u>18.25%</u>

The Group calculates capital requirement as per Basel III regulatory framework, using the following approaches:

Credit Risk	Standardised Approach
Market Risk	Standardised Approach
Operational Risk	Basic Indicator Approach



	2025 (Rupees in '000)	2024
Leverage Ratio (LR):		
Eligible Tier-1 Capital	165,443,534	154,358,257
Total Exposures	3,834,120,758	3,784,495,954
Leverage Ratio	4.32%	4.08%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	1,365,811,533	1,242,902,496
Total Net Cash Outflow	479,919,850	455,961,129
Liquidity Coverage Ratio	284.59%	272.59%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	2,635,572,489	2,347,965,230
Total Required Stable Funding	1,368,672,616	1,269,603,113
Net Stable Funding Ratio	192.56%	184.94%

46.1 The full disclosures on the **CAPITAL ADEQUACY, LEVERAGE RATIO AND LIQUIDITY REQUIREMENTS** as per SBP instructions issued from time to time have been placed on the Bank's website. The link to the full disclosure is available at <https://www.bankalhabib.com/capitaladequacy/leverage/liquidityratio-grouplevel2025>.

The Group has applied transitional approach under IFRS 9 as prescribed in SBP Circular. CAR and LR would be 16.94% & 4.15% respectively, if full impact of IFRS 9 is applied.

47. RISK MANAGEMENT

The Group has a risk management framework commensurate with its size and the nature of its business. The Board of Directors has approved risk management policies covering key areas of activities for the guidance of management and committees of the Board, management committees, and divisions / departments of the Group.

This section presents information about the Group's exposure to and its management and control of risks, in particular the primary risks associated with its use of financial instruments.

47.1 Credit Risk

Credit risk is the risk of loss arising from failure by a client or counterparty to meet its contractual obligation. It emanates from loans and advances, commitments to lend, contingent liabilities such as letters of credit and guarantees, and other similar transactions both on and off-balance sheet.

The objective of credit risk management is to keep credit risk exposure within permissible level, relevant to the Group's risk capital, to maintain the soundness of assets and to ensure returns commensurate with risk.



Credit risk of the Group is managed through the credit policy approved by the Board, a well-defined credit approval mechanism, prescribed documentation requirement, post disbursement administration, review and monitoring of all credit facilities, and continuous assessment of credit worthiness of counterparties. Decisions regarding the credit portfolio are taken mainly by the Central Credit Committee. Credit Risk Management Committee of the Board provides overall guidance in managing the Group's credit risk.

Counterparty exposure limits are approved in line with the Prudential Regulations and the Group's own policies by taking into account both qualitative and quantitative criteria. There is an established system for continuous monitoring of credit exposures and follow-up of any past due loans with the respective business units. All past due loans, including trade bills, are reviewed on fortnightly basis and pursued for recovery. Any non-performing loans are classified and provided for as per Prudential Regulations and IFRS 9.

The Group has also established a mechanism for independent post - disbursement review of large credit risk exposures. Credit facilities, both fund based and non-fund based, extended to large customer groups and industrial sectors are regularly monitored. The Group has concentration of credit in textiles which is the largest sector of Pakistan's economy. Concentration risk is managed by diversification within sub - sectors like spinning, weaving and composites etc.

Credit Administration Department (CAD) is primarily responsible for custody, monitoring, and maintenance of security that underlies the Group's credit portfolio. CAD is also responsible for ensuring that all required terms and conditions as per approvals are properly reflected in customer documentation.

The Group has implemented its own internal risk rating system for the credit portfolio, as per guidelines of SBP. Credit ratings by external rating agencies, if available, are also considered.

Generally, the Group primarily lends against cash flows, which is considered the primary source of repayment. However, if cash flows of a borrower deteriorate and are insufficient to service debt obligations, collateral serves as the secondary recourse of repayment.

Provisions for the credit portfolio are determined in accordance with IFRS 9 and SBP's Prudential Regulations. Details of credit loss allowance against advances are provided in note 9.6.

The Group uses the standardised approach to calculate capital charge for credit risk as per Basel regulatory framework, with comprehensive approach for credit risk mitigation.

Stress testing for credit risk is carried out regularly to estimate the impact of increase in non-performing loans and downward shift in these categories.



47.1.1 Lendings to financial institutions

Credit risk by public / private sector	Gross lendings		Non-performing lendings		Credit loss allowance					
	2025	2024	2025	2024	Stage 1		Stage 2		Stage 3	
	(Rupees in '000)									
Public / Government	-	9,990,000	-	-	-	1,349	-	-	-	-
Private	24,457,210	28,956,800	-	-	3,302	3,909	-	-	-	-
	<u>24,457,210</u>	<u>38,946,800</u>	<u>-</u>	<u>-</u>	<u>3,302</u>	<u>5,258</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

47.1.2 Investment in debt securities

Credit risk by industry sector	Gross investments		Non-performing investments		Credit loss allowance					
	2025	2024	2025	2024	Stage 1		Stage 2		Stage 3	
	(Rupees in '000)									
Financial	29,962,918	38,062,889	100,000	6,117,298	31,388	12,358	3,367,187	4,165,292	100,000	2,631,155
Iron and steel	680,000	680,000	680,000	680,000	-	-	-	-	680,000	680,000
Wholesale and retail trade	312,500	625,000	-	-	44	-	-	92	-	-
Others	125,000	212,814	-	4,481	-	-	25	38	-	4,481
	<u>31,080,418</u>	<u>39,580,703</u>	<u>780,000</u>	<u>6,801,779</u>	<u>31,432</u>	<u>12,358</u>	<u>3,367,212</u>	<u>4,165,422</u>	<u>780,000</u>	<u>3,315,636</u>

Credit risk by public / private sector

Public / Government	23,623,477	30,873,196	-	5,917,378	30,305	11,591	3,365,265	4,164,145	-	2,431,235
Private	7,456,941	8,707,507	780,000	884,401	1,127	767	1,947	1,277	780,000	884,401
	<u>31,080,418</u>	<u>39,580,703</u>	<u>780,000</u>	<u>6,801,779</u>	<u>31,432</u>	<u>12,358</u>	<u>3,367,212</u>	<u>4,165,422</u>	<u>780,000</u>	<u>3,315,636</u>



47.1.3 Advances

Credit risk by industry sector	Gross advances		Non-performing advances		Credit loss allowance					
	2025	2024	2025	2024	Stage 1		Stage 2		Stage 3	
					2025	2024	2025	2024	2025	2024
	(Rupees in '000)									
Agriculture, forestry, hunting and fishing	38,252,983	30,436,306	1,510,510	1,397,611	316,490	146,139	101,782	62,510	1,161,722	1,311,621
Mining and quarrying	286,106	63,600	-	-	5,214	197	35	224	-	-
Textile	277,395,219	279,535,911	9,817,293	9,266,173	2,995,129	3,309,801	3,520,416	3,460,313	9,409,661	9,101,754
Chemical and pharmaceuticals	30,584,229	25,071,337	229,703	383,133	289,658	252,779	161,524	281,836	227,410	371,041
Cement	2,870,678	3,560,077	68,955	68,959	16,507	18,869	25,840	61,077	68,955	68,959
Sugar	6,465,075	10,593,003	-	-	99,779	99,387	-	37,122	-	-
Footwear and leather garments	5,404,858	6,051,558	3,048	-	85,593	56,091	28,151	104,150	1,057	-
Automobile and transportation equipment	7,274,614	5,447,641	80,112	80,112	92,650	73,853	54,508	113,506	79,700	79,668
Electronics and electrical appliances	6,556,792	4,083,051	281,761	572,275	91,065	27,682	18,552	153,990	281,674	572,275
Construction	17,732,373	17,575,354	833,303	890,720	103,862	94,753	324,626	467,085	826,892	861,826
Power (electricity), gas, water, sanitary	61,661,065	39,865,457	811,646	848,240	253,903	286,790	56,262	182,584	-	2,800
Wholesale and retail trade	93,068,079	96,653,910	7,445,583	8,308,915	898,389	691,081	621,328	1,225,726	7,242,966	7,414,747
Transport, storage and communication	14,462,958	10,343,854	602,838	612,101	181,488	55,765	47,236	105,646	530,109	487,139
Financial	37,057,992	266,794,903	101,949	101,949	105,565	229,224	17,882	221,150	63,978	85,989
Insurance	306,606	196,621	61,180	61,180	-	860	2,124	-	61,180	61,180
Services (other than financial services)	25,562,433	19,468,077	151,854	105,630	249,730	244,538	429,040	151,527	70,020	36,979
Individuals	28,591,174	24,653,122	182,716	138,785	19,008	39,622	34,403	44,560	147,289	120,244
Food and allied	106,797,094	45,489,730	4,825,899	3,798,700	779,228	547,942	383,695	347,260	4,565,034	3,658,326
Iron and steel	35,681,234	38,026,178	6,598,618	7,338,470	303,685	282,056	787,994	388,248	6,324,893	7,099,229
Petroleum products	3,479,454	2,735,196	-	-	21,996	24,834	57,020	77,654	-	-
Paper and board	4,691,567	5,016,716	1,675	2,515	98,523	90,802	6,165	41,332	1,675	2,515
Plastic products	12,285,029	11,609,233	1,016,984	257,220	138,662	198,483	101,053	245,707	831,544	257,220
Others	22,432,413	15,470,751	1,159,237	1,276,719	269,010	398,777	168,186	695,195	1,150,446	1,230,230
	838,900,025	958,741,586	35,784,864	35,509,407	7,415,134	7,170,325	6,947,822	8,468,402	33,046,205	32,823,742
Credit risk by public / private sector										
Public / Government	104,018,423	26,160,761	-	-	7,604	3,164	-	374,080	-	-
Private	734,881,602	932,580,825	35,784,864	35,509,407	7,407,530	7,167,161	6,947,822	8,094,322	33,046,205	32,823,742
	838,900,025	958,741,586	35,784,864	35,509,407	7,415,134	7,170,325	6,947,822	8,468,402	33,046,205	32,823,742



47.1.4 Contingencies and Commitments

Credit risk by industry sector	2025	2024
	(Rupees in '000)	
Agriculture, forestry, hunting and fishing	5,050,190	1,856,485
Mining and quarrying	1,345	7,916
Textile	101,453,810	111,541,131
Chemical and pharmaceuticals	30,026,919	21,092,627
Cement	802,258	786,096
Sugar	920,122	1,516,510
Footwear and leather garments	2,306,463	3,057,128
Automobile and transportation equipment	45,050,108	22,302,448
Electronics and electrical appliances	18,804,779	13,030,473
Construction	20,184,349	20,438,937
Power (electricity), gas, water, sanitary	38,608,800	42,775,147
Wholesale and retail trade	82,969,101	75,816,829
Transport, storage and communication	4,290,136	1,666,977
Financial	28,940,545	19,233,695
Insurance	721,393	10,775
Services (other than financial services)	14,330,740	14,656,513
Individuals	403,670	144,204
Food and allied	87,579,720	66,206,487
Iron and steel	27,313,074	20,812,357
Petroleum products	23,363,470	21,542,732
Paper and board	7,094,153	7,291,045
Plastic products	27,493,395	21,103,816
Others	30,029,606	21,813,889
	<u>597,738,146</u>	<u>508,704,217</u>
Credit risk by public / private sector		
Public / Government	69,906,645	61,658,641
Private	<u>527,831,501</u>	<u>447,045,576</u>
	<u>597,738,146</u>	<u>508,704,217</u>

47.1.5 Concentration of Advances

The Bank's top 10 exposures on the basis of total (funded and non-funded exposures) aggregated to Rs. 233,298 million (2024: Rs. 376,794 million) are as following:

	2025	2024
	(Rupees in '000)	
Funded	149,005,814	294,635,930
Non Funded	<u>84,292,615</u>	<u>82,158,411</u>
Total Exposure	<u>233,298,429</u>	<u>376,794,341</u>

The sanctioned limits against these top 10 exposures aggregated to Rs. 261,023 million (2024: Rs. 403,255 million). Provision against top 10 exposures amounts to Nil (2024: Nil).



47.1.6 Advances - Province / Region-wise Disbursement & Utilisation

Province / Region	2025						
	Disbursements		Utilisation				AJK including Gilgit- Baltistan
	Punjab	Sindh	KPK including FATA (Rupees in '000)	Balochistan	Islamabad		
Punjab	354,612,000	346,952,879	2,579,487	853,120	41,381	4,144,505	40,628
Sindh	366,524,140	818,243	362,471,360	2,748,163	441,875	1,201	43,298
KPK including FATA	10,141,943	37,216	569,976	8,998,089	67,381	469,281	-
Balochistan	1,799,040	3,720	242,484	22,519	1,530,317	-	-
Islamabad	65,814,327	1,022,471	40,679,298	32,381	-	24,079,231	946
AJK including Gilgit - Baltistan	643,238	1,580	-	32,403	-	116,853	492,402
Total	799,534,688	348,836,109	406,542,605	12,686,675	2,080,954	28,811,071	577,274

Province / Region	2024						
	Disbursements		Utilisation				AJK including Gilgit- Baltistan
	Punjab	Sindh	KPK including FATA (Rupees in '000)	Balochistan	Islamabad		
Punjab	261,951,472	256,949,484	1,951,005	716,104	29,621	2,268,626	36,632
Sindh	571,223,896	450,982	569,240,921	294,623	1,172,915	17,352	47,103
KPK including FATA	7,162,974	26,780	468,166	6,305,013	39,203	323,812	-
Balochistan	1,260,818	4,669	273,006	12,106	971,037	-	-
Islamabad	33,672,778	972,297	1,209,243	68,852	-	31,422,386	-
AJK including Gilgit - Baltistan	681,432	4,245	-	36,843	-	21,582	618,762
Total	875,953,370	258,408,457	573,142,341	7,433,541	2,212,776	34,053,758	702,497

47.1.7 Forward-looking information contained in Expected Credit Loss (ECL)

The assessment of Expected Credit Loss (ECL) calculation incorporates forward looking information. Forward-looking aspect introduces an extra dimension, which is often captured by relating expected losses to the macro-economic variables. The incorporation of macroeconomic factors increases the accuracy of the results produced and makes it more reliable to predict / estimate future results more accurately.

The Group uses historic and forecasted data to determine the impact of macroeconomic factors to estimate Probability of Default (PD) and Loss Given Default (LGD) etc. Further, statistical models based on historical correlation is performed to identify most significant macro-economic variable(s) that have been recognised as contributors to the default / performance of any portfolio. The macro-economic variables [including Gross Domestic Product (GDP), Unemployment, Import, Export, Exchange rate and Consumer Price Index (CPI)] used in the ECL calculation are fetched from the Economist Intelligence Unit (EIU) and International Monetary Fund (IMF) database and the relevant macro-economic variables are selected based on sensitivity of each of the portfolios to specific macro-economic variables. Three macro-economic scenarios have been developed base, improved, and worst with assigned scenario probability weightings of 80%, 10%, and 10% respectively.



The Group conducted a sensitivity analysis on macro-economic indicators which are utilised for forward-looking calculations. As of 31 December 2025, when the macro-economic indicators in the neutral scenario was adjusted upwards or downwards by 10%, the ECL showed the following variation:

Segment	Upwards	Downwards
Corporate	(0.356%)	0.360%
Small and Medium Enterprise	3.109%	(2.937%)
Agriculture	0.610%	(0.598%)
Credit Card	(0.237%)	0.239%
Consumer Auto	(0.255%)	0.260%
Consumer House	0.628%	(0.618%)
Consumer Personal	(0.138%)	0.140%

47.1.8 Sensitivity of ECL to Future Economic Conditions

The ECL are sensitive to judgements and assumption made regarding formulation of forward-looking scenarios and how much such scenarios are incorporated into calculations. The Bank performs sensitivity analysis on the ECL recognised on each of its segments.

The table below shows the loss allowance on each segment assuming each forward-looking scenario (e.g. central, upside and downside) were weighted 100 percent instead of applying scenario probability across the three scenarios.

	Total ECL as per FS	Upside (Improve)		Central (Base)		Downside (Worst)	
		Total ECL after sensitivity analysis	Increase / decrease in %	Total ECL after sensitivity analysis	Increase / decrease in %	Total ECL after sensitivity analysis	Increase / decrease in %
		(Rupees in '000)		(Rupees in '000)		(Rupees in '000)	
Corporate	36,720,499	35,706,163	(2.762%)	36,712,376	(0.022%)	37,799,814	2.939%
Small and Medium Enterprise	3,555,837	2,552,592	(28.214%)	3,490,529	(1.837%)	5,081,544	42.907%
Agriculture	1,621,627	1,561,352	(3.717%)	1,620,841	(0.048%)	1,688,195	4.105%
Credit Card	14,857	11,771	(20.771%)	14,620	(1.595%)	19,843	33.560%
Consumer Auto	41,669	38,858	(6.746%)	41,445	(0.538%)	46,268	11.037%
Consumer House	104,562	100,215	(4.157%)	104,521	(0.039%)	109,236	4.470%
Consumer Personal	41,332	40,800	(1.287%)	41,320	(0.029%)	41,962	1.524%

47.2 Market Risk

Market risk is the risk of loss arising from movements in market rates or prices, such as interest rates, foreign exchange rates, and equity prices.

The Group takes positions in securities for the purpose of investment and not to run a trading book, except to a very limited extent for trading in equities. However, certain investments have been categorised as FVPL in accordance with the IFRS 9 requirements. As regards foreign exchange positions, the purpose is to serve the needs of clients. Except as aforesaid, the Group does not engage in trading or market making activities.

Market risk is managed through the Market Risk Policy and Treasury and Investment Policy approved by the Board, approval of counterparty and dealer limits, specific senior management approval for each investment and regular review and monitoring of the investment portfolio by the Asset Liability Management Committee (ALCO). A key element of the Group's market risk management is to balance safety, liquidity, and income in that order of priority. Another key element is separation of functions and reporting lines for the Treasury Division and Equity Market Department, which undertake dealing activities within the limits and parameters set by ALCO, Settlements Department which confirms and settles the aforesaid deals, and Middle Office which independently monitors and analyses the risks inherent in treasury operations. Risk Management Committee of the Board provides overall guidance in managing the Group's market risk.



Dealing activities of the Group include investment in government securities, term finance certificates, sukuk / bonds, shares and mutual funds, money market transactions and foreign exchange transactions catering to the needs of its customers. All such activities are carried out within the prescribed limits. Any excess over limits noted by the Settlements Department and / or the Middle Office is reported to senior management and ALCO. Stress testing is performed as per guidelines of SBP as well as Group's internal policy. Portfolio risks arising in banking book are also measured through Value at Risk (VAR).

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	190,063,529	-	190,063,529	201,935,630	-	201,935,630
Balances with other banks	7,552,576	-	7,552,576	5,887,584	-	5,887,584
Lendings to financial institutions	24,453,908	-	24,453,908	38,941,542	-	38,941,542
Investments	2,021,780,851	9,513,586	2,031,294,437	1,918,766,572	7,342,492	1,926,109,064
Advances	791,490,864	-	791,490,864	910,279,117	-	910,279,117
Property and equipment	82,711,235	-	82,711,235	76,057,034	-	76,057,034
Right-of-use assets	16,869,099	-	16,869,099	13,731,222	-	13,731,222
Intangible assets	166,943	-	166,943	237,024	-	237,024
Deferred tax assets	-	-	-	4,529,802	-	4,529,802
Other assets	164,906,911	-	164,906,911	145,422,433	-	145,422,433
	<u>3,299,995,916</u>	<u>9,513,586</u>	<u>3,309,509,502</u>	<u>3,315,787,960</u>	<u>7,342,492</u>	<u>3,323,130,452</u>

47.2.2 Foreign exchange risk

Foreign exchange risk is the risk of loss from adverse changes in currency exchange rates. The Group's foreign exchange exposure comprises forward contracts, purchase of foreign bills, foreign currency loans and investments, foreign currency cash in hand, balances with banks abroad, foreign currency deposits and foreign currency placements with SBP and other banks. Focus of the Group's foreign exchange activities is on catering to the needs of its customers, both in spot and forward markets.

Foreign exchange risk exposures of the Group are controlled through dealer limits, open foreign exchange position limits, counterparty exposure limits, and country limits. The Group manages its foreign exchange exposure by matching foreign currency assets and liabilities within strict limits. The net open position in any single currency and the overall foreign exchange exposure are both managed within the statutory limits as prescribed by SBP as well as the internal limits set by the Group itself. Stress testing for foreign exchange risk is carried out regularly to estimate the impact of adverse changes in foreign exchange rates.

	2025			
	Foreign currency assets	Foreign currency liabilities	Off-balance sheet items	Net foreign currency exposure
	(Rupees in '000)			
United States Dollar	163,422,989	203,006,401	62,999,524	23,416,112
Great Britain Pound	2,167,288	17,609,221	12,037,668	(3,404,265)
Japanese Yen	42,504	1,620	(47,133)	(6,249)
Euro	7,308,187	11,792,385	3,979,456	(504,742)
Other currencies	1,488,245	2,564,442	(339,674)	(1,415,871)
	<u>174,429,213</u>	<u>234,974,069</u>	<u>78,629,841</u>	<u>18,084,985</u>



Interest rate risk exposures of the Group are controlled through dealer limits, counterparty exposure limits and (when necessary) type-of-instrument limits. Outright purchase and sale of securities are also approved by ALCO. Duration and modified duration of various types of debt securities as well as their entire portfolio are also calculated, and the impact of adverse change in interest rates on the market value of the securities is estimated. Stress testing for interest rate risk is carried out regularly to estimate the impact of adverse changes in the interest rates.

Interest rate / yield risk in the banking book – Basel Specific

The Group holds financial assets and financial liabilities with different maturities or repricing dates and linked to different benchmark rates, thus creating exposure to unexpected changes in the level of interest rates. Interest rate risk in the banking book refers to the risk associated with interest-bearing financial instruments that are not held in the trading book of the Group.

Repricing gap analysis presents the Group's ISA and ISL, categorised into various time bands based on the earlier of their contractual repricing or maturity dates (or settlement dates for off-balance sheet instruments). Deposits with no fixed maturity dates (for example, savings deposits and treasurer's call deposits) are included in the lowest, one-month time band, but these are not expected to be payable within a one-month period. The difference between ISA and ISL for each time band signifies the gap in that time band, and provides a workable framework for determining the impact on net interest income.

The Group reviews the repricing gap analysis periodically to monitor and manage interest rate risk in the banking book.

	2025		2024	
	Banking book	Trading book (Rupees in '000)	Banking book	Trading book
Impact of 1% change in interest rates on				
– Profit and loss account	–	–	–	–
– Other comprehensive income	10,551,099	–	7,168,337	–



47.2.5 Mismatch of interest rate sensitive assets and liabilities

2025												
Effective yield / interest rate	Total	Exposed to yield / interest risk									Non-interest bearing financial instruments	
		Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years		
(Rupees in '000)												
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks	3.00%	190,063,529	12,850,430	-	-	-	-	-	-	-	-	177,213,099
Balances with other banks	3.99%	7,552,576	3,288,398	-	-	-	-	-	-	-	-	4,264,178
Lendings to financial institutions	10.68%	24,453,908	24,453,908	-	-	-	-	-	-	-	-	-
Investments	11.73%	2,031,294,437	214,699,056	185,331,086	1,361,535,197	(3,850,434)	76,226,770	70,376,760	79,215,144	16,835,778	1,821,031	29,104,049
Advances	8.95%	791,490,864	387,507,451	173,091,276	116,288,525	39,038,054	22,897,597	5,636,800	19,351,170	8,442,555	19,017,156	220,280
Other assets	-	114,315,510	-	-	-	-	-	-	-	-	-	114,315,510
		3,159,170,824	642,799,243	358,422,362	1,477,823,722	35,187,620	99,124,367	76,013,560	98,566,314	25,278,333	20,838,187	325,117,116
Liabilities												
Bills payable	-	59,749,478	-	-	-	-	-	-	-	-	-	59,749,478
Borrowings	7.12%	290,299,002	198,366,684	17,159,215	21,990,495	6,455,945	11,710,899	10,205,391	16,581,560	7,700,094	128,719	-
Deposits and other accounts	9.08%	2,597,997,148	1,459,127,156	49,371,926	55,800,199	92,975,218	3,491,803	1,020,679	1,399,557	3,056	7,189	934,800,365
Lease liabilities	13.70%	20,889,071	241,078	284,539	284,442	733,167	1,797,583	2,115,996	3,979,992	8,790,588	2,661,686	-
Subordinated debt	12.25%	25,983,600	-	4,992,000	20,991,600	-	-	-	-	-	-	-
Other liabilities	-	88,191,246	-	-	-	-	-	-	-	-	-	88,191,246
		3,083,109,545	1,657,734,918	71,807,680	99,066,736	100,164,330	17,000,285	13,342,066	21,961,109	16,493,738	2,797,594	1,082,741,089
On-balance sheet gap		76,061,279	(1,014,935,675)	286,614,682	1,378,756,986	(64,976,710)	82,124,082	62,671,494	76,605,205	8,784,595	18,040,593	(757,623,973)
Off-balance sheet financial instruments												
Documentary credits and short term trade related transactions		320,900,787	129,815,006	133,188,080	33,820,068	17,036,355	7,041,278	-	-	-	-	-
Commitments in respect of:												
Forward purchase of foreign exchange contracts		147,981,083	27,383,743	50,502,939	55,350,605	14,743,796	-	-	-	-	-	-
Forward sale of foreign exchange contracts		(70,520,468)	(40,878,070)	(26,473,434)	(3,168,964)	-	-	-	-	-	-	-
Forward commitments to extend credit		26,364,468	261,288	-	-	-	26,103,180	-	-	-	-	-
Off-balance sheet gap		103,825,083	(13,233,039)	24,029,505	52,181,641	14,743,796	26,103,180	-	-	-	-	-
Total yield / interest risk sensitivity gap		(898,353,708)	443,832,267	1,464,758,695	(33,196,559)	115,268,540	62,671,494	76,605,205	8,784,595	18,040,593	(757,623,973)	
Cumulative yield / interest risk sensitivity gap		(898,353,708)	(454,521,441)	1,010,237,254	977,040,695	1,092,309,235	1,154,980,729	1,231,585,934	1,240,370,529	1,258,411,122	500,787,149	



2024

	Effective yield / interest rate	Total	Exposed to yield / interest risk								Non-interest bearing financial instruments	
			Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years		Above 10 years
(Rupees in '000)												
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks	4.26%	201,935,630	11,975,011	-	-	-	-	-	-	-	-	189,960,619
Balances with other banks	3.67%	5,887,584	1,447,311	-	-	-	-	-	-	-	-	4,440,273
Lendings to financial institutions	12.72%	38,941,542	38,941,542	-	-	-	-	-	-	-	-	-
Investments	14.32%	1,926,109,064	279,220,086	250,118,222	1,196,864,808	91,280,851	3,458,639	63,525,602	19,813,328	6,156,835	2,188,366	13,482,327
Advances	11.79%	910,279,117	553,475,058	135,738,975	94,628,513	24,468,024	26,339,674	21,974,208	24,722,549	13,496,736	15,400,380	35,000
Other assets	-	119,158,726	-	-	-	-	-	-	-	-	-	119,158,726
		3,202,311,663	885,059,008	385,857,197	1,291,493,321	115,748,875	29,798,313	85,499,810	44,535,877	19,653,571	17,588,746	327,076,945
Liabilities												
Bills payable	-	52,263,043	-	-	-	-	-	-	-	-	-	52,263,043
Borrowings	11.01%	667,043,213	557,636,918	15,247,515	29,236,236	7,677,876	12,858,907	12,058,902	17,315,027	14,733,907	277,925	-
Deposits and other accounts	12.28%	2,277,961,527	1,250,792,616	56,583,504	58,144,662	83,595,955	1,446,659	3,382,016	1,604,427	3,502	7,112	822,401,074
Lease liabilities	14.61%	16,897,021	216,460	356,120	85,751	622,109	1,571,453	1,701,310	3,611,626	6,753,025	1,979,167	-
Subordinated debt	14.75%	25,988,400	-	4,994,000	20,994,400	-	-	-	-	-	-	-
Other liabilities	-	84,448,161	-	-	-	-	-	-	-	-	-	84,448,161
		3,124,601,365	1,808,645,994	77,181,139	108,461,049	91,895,940	15,877,019	17,142,228	22,531,080	21,490,434	2,264,204	959,112,278
On-balance sheet gap		77,710,298	(923,586,986)	308,676,058	1,183,032,272	23,852,935	13,921,294	68,357,582	22,004,797	(1,836,863)	15,324,542	(632,035,333)
Off-balance sheet financial instruments												
Documentary credits and short term trade related transactions		291,149,845	127,845,426	119,057,177	28,527,902	6,587,634	8,765,085	366,621	-	-	-	-
Commitments in respect of:												
Forward purchase of foreign exchange contracts		145,237,825	20,601,943	58,431,694	58,237,549	7,966,639	-	-	-	-	-	-
Forward sale of foreign exchange contracts		(100,565,191)	(71,686,110)	(26,056,581)	(2,822,500)	-	-	-	-	-	-	-
Forward commitments to extend credit		3,217,813	717,883	2,417,435	82,495	-	-	-	-	-	-	-
Off-balance sheet gap		47,890,447	(50,366,284)	34,792,548	55,497,544	7,966,639	-	-	-	-	-	-
Total yield / interest risk sensitivity gap			(846,107,844)	462,525,783	1,267,057,718	38,407,208	22,686,379	68,724,203	22,004,797	(1,836,863)	15,324,542	(632,035,333)
Cumulative yield / interest risk sensitivity gap			(846,107,844)	(383,582,061)	883,475,657	921,882,865	944,569,244	1,013,293,447	1,035,298,244	1,033,461,381	1,048,785,923	416,750,590



47.2.5.1 Reconciliation of financial assets and liabilities

	2025	2024
	(Rupees in '000)	
Assets as per statement of financial position	3,309,509,502	3,323,130,452
Less:		
Property and equipment	82,711,235	76,057,034
Right-of-use assets	16,869,099	13,731,222
Intangible assets	166,943	237,024
Deferred tax assets	-	4,529,802
Advances, deposits, advance rent and other prepayments	15,941,362	13,388,608
Advance taxation	22,613,202	4,627,218
Non banking assets in satisfaction of claims	4,167,967	4,047,060
Stationery and stamps on hand	1,647,545	2,161,940
Branch adjustment account	6,221,325	2,038,881
	50,591,401	26,263,707
Interest rate sensitive assets	3,159,170,824	3,202,311,663
Liabilities as per statement of financial position	3,133,157,497	3,167,926,850
Less:		
Deferred tax liabilities	1,514,392	-
Unearned commission income	3,801,833	3,030,064
Clearing and settlement	28,831,290	26,422,784
Credit loss allowance against off-balance sheet obligations	4,756,981	4,742,981
Provision for compensated absences	2,638,376	1,960,780
Workers' welfare fund	8,505,080	7,168,876
	48,533,560	43,325,485
Interest rate sensitive liabilities	3,083,109,545	3,124,601,365

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. This definition includes legal risk but excludes strategic and reputational risks. The Group classifies operational loss / near miss incidents into seven loss incidents types, which are Internal Fraud, External Fraud, Employment Practice & Workplace Safety, Client, Product & Business Practice, Damage to Physical Assets, Business Disruption & System Failure, and Execution, Delivery & Process Management.

Operational risk is managed through the Operational Risk Policy, Internal Control System and Internal Audit Policy, Compliance Policy & Programme, Information Technology (I.T.) Policy, I.T. Governance and Risk Management Framework, I.T. Security Policy, Human Resource Policy, Consumer Protection Framework, KYC / CDD Policy, AML / CFT and CPF Policy, Fraud Prevention Policy, Service Quality and Consumer Grievance Handling Policy, Business Continuity and Disaster Recovery Policy and Outsourcing Policy approved by the Board, along with the operational manuals and procedures issued from time to time; system of internal controls; Business Continuity Plan, Disaster Recovery Plan for I.T.; and regular audit of the branches and divisions. Operational risk related matters are discussed in the operations committee, compliance committee of management and I.T. steering committee. Audit Committee of the Board provides overall guidance in managing the Group's operational risk.

The Group's operational risk management framework, as laid down in the operational risk policy, permits the overall risk management approach to evolve in the light of organisational learning and the future needs of the Group.



The Group places a high priority on conducting all business dealings with integrity and fairness, as laid down in the Code of Conduct, which is required to be complied with by all employees.

Internal controls are an essential feature of risk reduction in operational risk management and the Group continues to improve its internal controls.

Business Continuity Planning (BCP) of the Group pays special attention to identify potential threats and associated risks by carrying out Business Impact Analysis and Risk Assessment processes to minimise financial losses, serve customers with minimal disruptions, and mitigate negative effects on business operations, including those that are dependent on third parties. It also identifies alternate mechanisms for timely resumption of services, with a special focus on critical business processes, location of off-site backup and regular review and testing of the BCP plan.

The Bank's internet banking platform, both web and mobile based applications offer various digital products and services to the customers and are being regularly enhanced with new features to provide better customer experience and security.

The Group has zero tolerance for Cybersecurity risks and non-compliance to regulations. Monitoring controls and processes have been implemented to identify and appropriately address Cybersecurity risks. Long term measures are defined in Cyber Security Strategy that is supported by a complementing Action Plan. While Information Security Risk Management plan covers measures for identifying the risks posed to Information Systems in alignment with Group's strategy, the Group has developed a cyber secure environment by implementing various technical and administrative controls to ensure security and privacy of customers' data residing with the Group. In this regard, Group has also implemented industrial standards and best practices for Information Security assurance including payment card security standard (i.e. PCI - DSS v4.0).

47.3.1 Operational Risk-Disclosures Basel II Specific

The Group uses Basic Indicator Approach to calculate capital charge for operational risk as per Basel regulatory framework. This approach is considered to be most suitable in view of the business model of the Group which relies on an extensive network of branches to offer one - stop, full – service banking to its clients. The Group has developed and implemented an Operational Loss Database. Operational loss and "near miss" events are reviewed and appropriate corrective actions taken on an ongoing basis, including measures to improve security and control procedures. Key Risk Indicators have also been developed along with thresholds which are being closely monitored for breaches. Risk Evaluation exercise is carried out for new products, processes and systems or any significant change in the existing product, processes and systems as per the operational risk policy of the Group.

47.4 Liquidity Risk

Liquidity risk is the risk of loss to the Group arising from its inability to meet obligations as they fall due or to fund growth in assets, without incurring unacceptable cost or losses.

Key elements of the Group's liquidity risk management are as follows:

- To maintain a comfortable margin of excess liquidity in the form of cash and readily marketable assets to meet the Group's funding requirements at any time.
- To keep a strong focus on mobilisation of low-cost core deposits from customers.
- To maintain a realistic balance between the behavioral maturity profiles of assets and liabilities.
- To maintain excellent credit rating (as borrowing cost and ability to raise funds are directly affected by credit rating).
- To have a written contingency funding plan to address any hypothetical situations when access to normal sources of funding is constrained.



47.4.1 Liquidity Coverage Ratio

SBP issued BPRD Circular No. 08 dated June 23, 2016 advising implementation of Basel III liquidity standards that constitute two ratios, i.e., Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR), and five monitoring tools.

LCR is the measure of conversion capability of the group's High Quality Liquid Assets (HQLAs) into cash to meet immediate liquidity requirements over a 30 days horizon.

The Group calculates Liquidity Coverage Ratio (LCR) on monthly basis as per the guidelines given in the above mentioned circular. The objective of LCR is to ensure the short-term resilience of the liquidity risk profile which requires the Bank to maintain sufficient HQLAs to meet stressed cash outflows over a prospective 30 calendar days period. As of 31 December 2025, the Group's LCR stood at 278.40% against SBP's minimum requirement of 100%.

47.4.2 Governance of Liquidity Risk Management

Liquidity risk is managed through the liquidity risk policy approved by the Board. The Group has "zero tolerance" for liquidity risk and will continue to maintain a comfortable margin of excess liquidity in the form of cash and readily marketable assets to meet its funding requirements at any time.

Management of liquidity risk is accomplished through a formal structure which includes:

- Board of Directors (BOD)
- Risk Management Committee (RMC)
- Asset Liability Management Committee (ALCO)
- Treasury Division
- Risk Management Division and Middle Office
- Finance Division
- Information Technology Division

The BOD approves the liquidity risk policy and ensures, through quarterly reviews by the RMC of the Board, that the Group's liquidity risk is being managed prudently. RMC of the Board provides overall guidance in managing the Group's liquidity risk. Liquidity position is monitored daily by the Treasury Division and the Middle Office and reviewed regularly by ALCO.

47.4.3 Funding Strategy

The Group's prime source of liquidity is the customers' deposit base. Within deposits, the Group strives to maintain core deposit base in form of current and savings deposits and avoids concentration in particular products, tenors and dependence on large fund providers. As a general rule, the Group will not depend on borrowings in the inter-bank market, including repos, to be a part of its permanent pool of funds for financing of loans, but will use these as a source for obtaining moderate amounts of additional funds to meet temporary liquidity needs in the normal course of business or for money market operations.

47.4.4 Liquidity Risk Mitigation Techniques

Various tools and techniques are used to measure and monitor the possible liquidity risk. These include monitoring of different liquidity ratios like core deposits to total deposits, advances to deposits, liquid assets to total deposits, Interbank borrowing to total deposits, which are monitored on regular basis against limits. Further, the Group also prepares the maturity profile of assets and liabilities to monitor the liquidity gaps over different time bands. For maturity analysis, behavioral study is carried out to determine the behavior of non - contractual assets and liabilities. The Group also ensures that statutory cash and liquidity requirements are maintained at all times.

In addition, LCR, NSFR and Monitoring Tools of Basel III framework further strengthen liquidity risk management of the Group.

47.4.5 Liquidity Stress Testing

As per SBP FSD Circular No. 01 of 2020, Liquidity stress testing is being conducted under various stress scenarios. Shocks include the withdrawals of deposits, withdrawals of wholesale / large deposits & interbank borrowing, withdrawal of top deposits, etc. Results of stress testing are presented to ALCO and Risk Management Committee. The Group's liquidity risk management addresses the goal of protecting solvency and the ability to withstand stressful events in the market place. Stress testing for liquidity as prescribed in the liquidity risk policy is carried out regularly to estimate the impact of decline in liquidity on the ratio of liquid assets to deposits plus borrowings.



47.4.6 Contingency Funding Plan

Contingency Funding Plan (CFP) is a part of liquidity risk policy of the Group which identifies the trigger events that could cause a liquidity contingency and describes the actions to be taken to manage it. The contingency funding plan highlights liquidity management actions that needs to be taken to deal with the contingency. Responsibilities and response levels are also incorporated in order to tackle the contingency. Moreover, CFP highlights possible funding sources, in case of a liquidity contingency.

47.4.7 Main Components of LCR

Main components of LCR are High Quality Liquid Assets and Net Cash Outflows. Outflows are mainly deposit outflows net of cash inflows which consist of inflows from financing and money market placements up to 1 month. The inputs for calculation of LCR are based on SBP BPRD Circular No. 08 dated 23 June 2016.

47.4.8 Composition of High Quality Liquid Assets (HQLAs)

High Quality Liquid Assets consist of Level 1 Assets which are included in the stock of liquid assets at 100% weightage of their market value i.e., Cash and Treasury balances, Conventional Government Securities, GOP Ijarah Sukuks, Foreign Currency Sukuks and Bonds issued by sovereigns. While Level 2 Assets comprise all equity shares (excluding shares of Financial Institutions) listed on PSX 100.

47.4.9 Concentration of Funding Sources

The Group relies on customers' deposits as its key source of funding, especially current and savings deposits and time deposits of small / medium denominations, and avoids concentration of large deposits. Share of core deposits in total deposits and of large deposits in total deposits are regularly monitored. In particular the Group does not depend on large depositors or borrowings from SBP and financial institutions to meet its funding requirements.

47.4.10 Currency Mismatch in the LCR

About 90% of the Group's assets and liabilities are in local currency. Currency mismatch in other currencies is regularly monitored.

47.4.11 Centralisation of Liquidity Management

Overall liquidity management of the Group is centralised in Treasury Division at Principal Office. The Group mobilises deposits through its branch network. It also uses the branch network to grant loans to customers. Branches that have more deposits than loans, transfer ("lend") their excess deposits to the Principal Office. Branches that do not have enough deposits to fund their loans, acquire ("borrow") additional funds from the Principal Office.

47.4.12 Other Inflows and Outflows

Benefit of pledged deposits (deposits under lien) are not accounted for in calculation of LCR.

47.4.13 Net Stable Funding Ratio (NSFR)

NSFR is the ratio of the amount of Available Stable Funding (ASF) - source of funds, capital and liabilities relative to the amount of Required Stable Funding (RSF) - use of funds, assets and off-balance sheet exposures.

The objective of NSFR is to ensure the availability of stable funds that a group must hold to enable it to build and maintain its assets, investments and off-balance sheet portfolio on an ongoing basis for longer term, i.e., over a one year horizon. NSFR reduces maturity mismatches between the asset and liability items on the balance sheet and thereby reduces funding and roll - over risk. The Group's NSFR stood at 192.56% as on 31 December 2025.



47.5 Maturities of assets and liabilities - based on contractual maturity of the assets and liabilities of the Group

The following maturity profile is based on contractual maturities for assets and liabilities that have a contractual maturity. Assets and liabilities that do not have a contractual maturity have been categorised in the shortest maturity band.

	Total	2025												
		Upto 1 day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 month	Over 1 to 2 months	Over 2 to 3 months	Over 3 to 6 months	Over 6 to 9 months	Over 9 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 years
(Rupees in '000)														
Assets														
Cash and balances with treasury banks	190,063,529	190,063,529	-	-	-	-	-	-	-	-	-	-	-	-
Balances with other banks	7,552,576	7,552,576	-	-	-	-	-	-	-	-	-	-	-	-
Lendings to financial institutions	24,453,908	-	24,453,908	-	-	-	-	-	-	-	-	-	-	-
Investments	2,031,294,437	49,440,791	4,626,554	(435,226)	(1,049,052)	128,049,884	(1,554,550)	180,578,210	11,649,538	51,446,549	139,395,305	344,973,739	469,939,999	654,232,696
Advances	791,490,864	117,612,509	20,174,444	15,441,612	68,912,617	78,662,668	85,717,056	158,675,532	37,821,860	19,220,897	53,020,315	26,012,280	37,883,861	72,335,213
Property and equipment	82,711,235	41,403,212	-	-	688,405	671,689	668,313	1,983,040	1,938,965	1,869,453	6,778,534	5,663,138	6,042,495	15,003,991
Right-of-use assets	16,869,099	-	-	-	254,253	251,434	249,101	715,524	677,690	659,061	2,478,604	2,253,555	3,549,361	5,780,516
Intangible assets	166,943	-	-	-	12,041	12,043	12,043	25,337	6,083	4,891	11,335	-	-	83,170
Deferred tax assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	164,906,911	43,660,684	4,699,944	12,991,533	16,453,818	15,102,751	7,696,618	26,734,587	25,073,591	529,147	1,534,746	1,253,554	2,084,880	7,091,058
	3,309,509,502	449,733,301	53,954,850	27,997,919	85,272,082	222,750,469	92,788,581	368,712,230	77,167,727	73,729,998	203,218,839	380,156,266	519,500,596	754,526,644
Liabilities														
Bills payable	59,749,478	59,749,478	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings	290,299,002	2,571,917	172,966,504	3,328,159	13,542,556	11,245,262	11,909,679	21,990,495	2,986,358	3,431,409	11,710,899	10,205,391	16,581,560	7,828,813
Deposits and other accounts	2,597,997,148	2,338,215,580	21,820,383	10,476,785	23,414,773	18,700,513	30,671,413	55,800,199	49,626,839	43,348,379	3,491,803	1,020,679	1,399,557	10,245
Lease liabilities	20,889,071	-	-	-	241,078	168,011	116,528	284,442	331,748	401,419	1,797,583	2,115,996	3,979,992	11,452,274
Subordinated debt	25,983,600	-	-	-	-	-	1,000	1,400	1,000	1,400	4,800	4,800	9,600	25,959,600
Deferred tax liabilities	1,514,392	(1,812,202)	-	-	142,317	135,682	135,682	410,381	429,827	394,575	1,334,093	1,100,631	246,262	(1,002,856)
Other liabilities	136,724,806	73,428,154	5,858,566	4,243,099	9,242,139	12,563,362	8,179,258	7,772,731	7,652,504	2,911,289	1,572,315	166,460	377,825	2,757,104
	3,133,157,497	2,472,152,927	200,645,453	18,048,043	46,582,863	42,812,830	51,013,560	86,259,648	61,028,276	50,488,471	19,911,493	14,613,957	22,594,796	47,005,180
Net assets														
	176,352,005	(2,022,419,626)	(146,690,603)	9,949,876	38,689,219	179,937,639	41,775,021	282,452,582	16,139,451	23,241,527	183,307,346	365,542,309	496,905,800	707,521,464
Share capital	11,114,254													
Reserves	35,220,243													
Surplus on revaluation of assets	29,560,277													
Unappropriated profit	100,264,082													
Non-controlling interest	193,149													
	176,352,005													



	Total	2024												
		Upto 1 day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 month	Over 1 to 2 months	Over 2 to 3 months	Over 3 to 6 months	Over 6 to 9 months	Over 9 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 years
(Rupees in '000)														
Assets														
Cash and balances with treasury banks	201,935,630	201,935,630	-	-	-	-	-	-	-	-	-	-	-	-
Balances with other banks	5,887,584	5,469,759	-	-	417,825	-	-	-	-	-	-	-	-	-
Lendings to financial institutions	38,941,542	-	38,941,542	-	-	-	-	-	-	-	-	-	-	-
Investments	1,926,109,064	17,619,437	(153,646)	(116,754)	(435,577)	(1,147,215)	(1,056,585)	253,207,131	123,585,755	44,564,633	298,525,614	127,942,342	540,610,169	522,963,760
Advances	910,279,117	52,581,822	14,745,260	15,168,833	48,050,459	73,274,608	75,420,481	242,221,995	174,644,301	32,713,475	53,899,804	42,433,852	40,707,110	44,417,117
Property and equipment	76,057,034	40,069,725	-	-	561,200	547,166	543,642	1,618,369	1,577,061	1,525,933	5,578,575	4,417,892	5,097,066	14,520,405
Right-of-use assets	13,731,222	-	-	-	208,706	206,481	397,771	399,248	565,609	558,803	2,090,780	1,867,368	3,085,049	4,351,407
Intangible assets	237,024	-	-	-	7,853	7,853	7,853	22,741	21,486	29,261	48,573	8,233	-	83,171
Deferred tax assets	4,529,802	7,411,617	-	-	(113,875)	(107,867)	(107,867)	(328,132)	(319,170)	(313,030)	(1,074,863)	(742,155)	(160,094)	385,238
Other assets	145,422,433	47,818,408	9,326,022	4,680,161	14,169,547	14,646,759	7,459,191	31,141,058	5,193,906	324,418	1,023,673	947,359	1,790,775	6,901,156
	3,323,130,452	372,906,398	62,859,178	19,732,240	62,866,138	87,427,785	82,664,486	528,282,410	305,268,948	79,403,493	360,092,156	176,874,891	591,130,075	593,622,254
Liabilities														
Bills payable	52,263,043	52,263,043	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings	667,043,213	3,038,945	121,203,285	2,101,777	402,683,077	10,671,814	13,937,244	48,484,527	3,522,713	4,155,163	12,858,907	12,058,902	17,315,027	15,011,832
Deposits and other accounts	2,277,961,527	2,017,155,727	8,751,276	11,444,699	35,841,988	22,700,553	33,882,951	58,144,662	52,044,266	31,551,689	1,446,659	3,382,016	1,604,427	10,614
Lease liabilities	16,897,021	-	-	-	217,802	134,999	223,805	89,778	279,430	334,625	1,571,453	1,701,310	3,611,626	8,732,193
Subordinated debt	25,988,400	-	-	-	-	-	1,000	1,400	1,000	1,400	4,800	4,800	9,600	25,964,400
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	127,773,646	75,337,686	4,830,039	2,942,582	10,486,113	10,962,975	5,775,133	5,118,668	835,140	685,075	3,273,096	3,219,998	2,134,995	2,172,146
	3,167,926,850	2,147,795,401	134,784,600	16,489,058	449,228,980	44,470,341	53,820,133	111,839,035	56,682,549	36,727,952	19,154,915	20,367,026	24,675,675	51,891,185
Net assets	155,203,602	(1,774,889,003)	(71,925,422)	3,243,182	(386,362,842)	42,957,444	28,844,353	416,443,375	248,586,399	42,675,541	340,937,241	156,507,865	566,454,400	541,731,069
Share capital	11,114,254													
Reserves	32,050,356													
Surplus on revaluation of assets	21,624,360													
Unappropriated profit	90,259,109													
Non-controlling interest	155,523													
	<u>155,203,602</u>													



47.6 Maturities of assets and liabilities - based on expected maturities of the assets and liabilities of the Group

For assets and liabilities that have a contractual maturity, the expected maturity is considered to be the same as contractual maturity. Assets and liabilities that do not have a contractual maturity have been categorised on the basis of expected maturities as determined by ALCO. In case of savings and current accounts, their historical net withdrawal pattern over the next one year was reviewed, based on year - end balances for the last three years. Thereafter, taking a conservative view, ALCO categorised these deposits in various maturity bands. Other assets and liabilities have been categorised on the basis of assumptions / judgements that are believed to be reasonable.

	Total	2025								
		Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years
(Rupees in '000)										
Assets										
Cash and balances with treasury banks	190,063,529	190,063,529	-	-	-	-	-	-	-	-
Balances with other banks	7,552,576	7,552,576	-	-	-	-	-	-	-	-
Lendings to financial institutions	24,453,908	24,453,908	-	-	-	-	-	-	-	-
Investments	2,031,294,437	3,863,069	126,741,551	181,398,573	83,371,781	140,920,035	349,309,747	475,943,842	660,337,805	9,408,034
Advances	791,490,864	222,141,182	164,379,724	158,675,532	57,042,757	53,020,315	26,012,280	37,883,861	52,853,278	19,481,935
Property and equipment	82,711,235	1,882,220	1,550,760	25,449,740	5,775,030	7,403,559	5,663,138	6,042,495	3,122,893	25,821,400
Right-of-use assets	16,869,099	253,584	499,193	713,512	1,340,774	2,478,604	2,253,555	3,549,361	4,883,386	897,130
Intangible assets	166,943	12,041	24,086	25,337	10,974	11,335	-	-	-	83,170
Deferred tax assets	-	-	-	-	-	-	-	-	-	-
Other assets	164,906,911	71,979,542	23,082,429	27,146,541	26,744,864	1,536,611	1,253,554	2,084,880	4,131,927	6,946,563
	3,309,509,502	522,201,651	316,277,743	393,409,235	174,286,180	205,370,459	384,492,274	525,504,439	725,329,289	62,638,232
Liabilities										
Bills payable	59,749,478	59,749,478	-	-	-	-	-	-	-	-
Borrowings	290,299,002	192,409,136	23,154,941	21,990,495	6,417,767	11,710,899	10,205,391	16,581,560	7,700,094	128,719
Deposits and other accounts	2,597,997,148	291,756,073	282,946,531	289,374,804	326,549,824	353,853,711	351,382,587	351,761,465	350,364,964	7,189
Lease liabilities	20,889,071	241,078	284,539	284,442	733,167	1,797,583	2,115,996	3,979,992	8,790,588	2,661,686
Subordinated debt	25,983,600	-	1,000	1,400	2,400	4,800	4,800	9,600	11,959,600	14,000,000
Deferred tax liabilities	1,514,392	(20,960,468)	420,173	6,953,962	1,159,608	2,127,004	3,355,364	3,368,276	1,254,077	3,836,396
Other liabilities	136,724,806	91,709,034	20,742,620	7,765,633	10,570,889	1,572,315	166,460	377,825	-	3,820,030
	3,133,157,497	614,904,331	327,549,804	326,370,736	345,433,655	371,066,312	367,230,598	376,078,718	380,069,323	24,454,020
Net assets	176,352,005	(92,702,680)	(11,272,061)	67,038,499	(171,147,475)	(165,695,853)	17,261,676	149,425,721	345,259,966	38,184,212
Share capital	11,114,254									
Reserves	35,220,243									
Surplus on revaluation of assets	29,560,277									
Unappropriated profit	100,264,082									
Non-controlling interest	193,149									
	<u>176,352,005</u>									



	2024									
	Total	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years
(Rupees in '000)										
Assets										
Cash and balances with treasury banks	201,935,630	201,935,630	-	-	-	-	-	-	-	-
Balances with other banks	5,887,584	5,887,584	-	-	-	-	-	-	-	-
Lendings to financial institutions	38,941,542	38,941,542	-	-	-	-	-	-	-	-
Investments	1,926,109,064	1,400,297	(2,203,862)	253,699,757	179,009,032	302,120,715	128,940,681	543,651,405	513,935,484	5,555,555
Advances	910,279,117	130,546,374	148,695,089	242,221,995	207,357,776	53,899,804	42,433,852	40,707,110	25,909,544	18,507,573
Property and equipment	76,057,034	1,090,868	1,561,311	3,583,717	4,830,872	27,678,545	4,417,892	5,097,066	2,951,252	24,845,511
Right-of-use assets	13,731,222	208,706	604,252	399,248	1,124,412	2,090,780	1,867,368	3,085,049	3,760,229	591,178
Intangible assets	237,024	7,853	15,706	22,741	50,747	48,573	8,233	-	-	83,171
Deferred tax assets	4,529,802	17,169,688	(237,237)	(621,527)	(1,663,516)	(9,399,720)	(1,271,274)	(1,771,949)	3,764,569	(1,439,232)
Other assets	145,422,433	69,857,444	22,466,320	31,681,610	6,597,880	1,226,592	947,359	1,790,775	3,846,912	7,007,541
	3,323,130,452	467,045,986	170,901,579	530,987,541	397,307,203	377,665,289	177,344,111	592,559,456	554,167,990	55,151,297
Liabilities										
Bills payable	52,263,043	52,263,043	-	-	-	-	-	-	-	-
Borrowings	667,043,213	529,027,084	24,609,058	48,484,527	7,677,876	12,858,907	12,058,902	17,315,027	14,733,907	277,925
Deposits and other accounts	2,277,961,527	259,889,832	258,061,711	259,622,869	285,074,162	303,634,107	305,569,464	303,781,922	302,320,350	7,110
Lease liabilities	16,897,021	216,460	356,120	85,751	622,109	1,571,453	1,701,310	3,611,626	6,753,025	1,979,167
Subordinated debt	25,988,400	-	1,000	1,400	2,400	4,800	4,800	9,600	11,964,400	14,000,000
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-
Other liabilities	127,773,646	92,619,979	16,738,108	5,118,668	1,520,215	3,273,096	3,219,998	2,134,995	-	3,148,587
	3,167,926,850	934,016,398	299,765,997	313,313,215	294,896,762	321,342,363	322,554,474	326,853,170	335,771,682	19,412,789
Net assets	155,203,602	(466,970,412)	(128,864,418)	217,674,326	102,410,441	56,322,926	(145,210,363)	265,706,286	218,396,308	35,738,508
Share capital	11,114,254									
Reserves	32,050,356									
Surplus on revaluation of assets	21,624,360									
Unappropriated profit	90,259,109									
Non-controlling interest	155,523									
	155,203,602									



48. EVENTS AFTER THE REPORTING DATE

Subsequent to the year end, the Board of Directors proposed a final cash dividend of Rs. 4.50 per share. This is in addition to Rs. 10.50 per share already paid during the year, bringing the total dividend for the year to Rs.15.00 per share (2024: Rs. 17.00 per share). These consolidated financial statements do not include the effect of this appropriation, which will be accounted for subsequent to the year end.

49. GENERAL

49.1 Captions in respect of which there are no amounts, have not been reproduced in these consolidated financial statements, except for captions of the statement of financial position and statement of profit and loss account.

49.2 Figures have been rounded off to the nearest thousand rupees, unless otherwise stated.

49.3 Comparative information has been re-classified, re-arranged or additionally incorporated in these consolidated financial statements wherever necessary to facilitate comparison and better presentation.

50. DATE OF AUTHORISATION

These consolidated financial statements were authorised for issue in the Board of Directors' meeting held on 11 February 2026.

MANSOOR ALI KHAN
Chief Executive

ASHAR HUSAIN
Chief Financial Officer

MOHAMMAD RAFIQUDDIN MEHKARI
Director

SYED MOHAMMED HUSSAIN
Director

ABBAS D. HABIB
Chairman



Annexure I

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

(Rupees in '000)

S. No.	Name and address of the borrower(s)	Name of individuals / partners / directors with CNIC no.s	Father's / Husband's name	Outstanding liabilities at the beginning of the year				Principal written off	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
1	Muhammad Kashif B-134 / II, Khayaban-e-Badar, DHA Phase VII, Karachi.	Muhammad Kashif (CNIC: 42201-0703476-7)	Abdul Khaliq	100,389	16,271	-	116,660	3,485	16,271	-	19,756
2	HT Inks and Coatings (Private) Limited Plot No. A1/E1, SITE Area, Karachi.	Ayyad Haji Yakoob (CNIC: 42201-0806724-1) Muhammad Kashif (CNIC: 42201-0703476-7)	Yakoob Hamdani Abdul Khaliq	60,723	59,373	-	120,096	60,723	59,373	-	120,096
3	Timberland Industries (Private) Limited 25-A/IV, Multan Industrial Estate, Multan.	Muhammad Adil Mian (CNIC: 42000-2887900-5) Hafiz Muhammad Iqbal (CNIC: 42301-0852745-5)	Mian Muhammad Rafi Abdul Rehman	75,000	38,155	-	113,155	-	13,155	-	13,155
4	Pifcom (Private) Limited Plot No. ALY-17/3/4, Faqeer Mohammed Road Usmanabad, Karachi.	Ashraf Ali Vazir (CNIC: 42301-0967217-1) Muhammad Hassan Sharif (CNIC: 42301-0824917-5)	Akbar Ali Vazir Sharif Hassan	-	13,662	-	13,662	-	3,322	-	3,322
5	Rainbow Hi Tech Engineering Co. (Private) Limited Plot No. A/10-B, Sindh Industrial Trading Estate Limited, Kotri, Jamshoro.	Muhammad Asif Memon (CNIC: 41303-9159073-3) Noor Ud Din Momin (CNIC: 41303-1549687-5)	Muhammad Iqbal Dost Muhammad Momin	404,304	65,314	-	469,618	-	31,629	-	31,629
			Total	640,416	192,775	-	833,191	64,208	123,750	-	187,958



Annexure II

ISLAMIC BANKING BUSINESS

The Bank is operating with 392 (2024: 276) Islamic Banking branches and 08 (2024: 10) Islamic Banking windows at the end of the year.

	Note	2025 (Rupees in '000)	2024
ASSETS			
Cash and balances with treasury banks		27,400,433	24,097,793
Balances with other banks		9,480	8,635
Due from financial institutions	1	17,997,570	25,996,490
Investments	2	329,585,390	256,341,204
Islamic financing and related assets - net	3	151,674,885	103,587,096
Property and equipment		3,976,043	2,571,153
Right-of-use assets		6,521,920	4,411,645
Intangible assets		—	—
Due from Head Office		—	—
Other assets		18,529,413	25,734,467
Total Assets		555,695,134	442,748,483
LIABILITIES			
Bills payable		1,249,578	848,638
Due to financial institutions		24,160,152	30,561,246
Deposits and other accounts	4	413,425,416	317,595,744
Due to Head Office		8,509,501	6,016,955
Lease liabilities		7,886,845	5,386,354
Subordinated debt		—	—
Other liabilities		18,353,839	14,820,648
Total Liabilities		473,585,331	375,229,585
NET ASSETS		82,109,803	67,518,898
REPRESENTED BY			
Islamic Banking Fund		7,600,000	7,600,000
Reserves		—	—
Surplus on revaluation of assets		3,033,370	5,852,746
Unappropriated profit	6	71,476,433	54,066,152
		82,109,803	67,518,898
CONTINGENCIES AND COMMITMENTS	7		



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

	Note	2025 (Rupees in '000)	2024
Profit / return earned	8	49,117,583	61,542,046
Profit / return expensed	9	(22,245,858)	(29,236,000)
Net profit / return		26,871,725	32,306,046
Other income			
Fee and commission income		2,236,229	1,766,995
Dividend income		61,831	47,617
Foreign exchange income		270,399	245,182
(Loss) / gain on securities - net		(6,974)	20,277
Total other income		2,561,485	2,080,071
Total income		29,433,210	34,386,117
Other expenses			
Operating expenses		(11,793,400)	(9,139,544)
Other charges		(851)	(551)
Total other expenses		(11,794,251)	(9,140,095)
Profit before credit loss allowance		17,638,959	25,246,022
Credit loss allowance and write offs - net		(228,678)	(1,722,564)
Profit for the year		17,410,281	23,523,458

1. Due from financial institutions

	2025 (Rupees in '000)	2024
In local currency:		
Musharaka placements	18,000,000	26,000,000
Less: Credit loss allowance		
Stage 1	(2,430)	(3,510)
Due from financial institutions - net of credit loss allowance	17,997,570	25,996,490



	2025				2024			
	Cost / amortised cost	Credit loss allowance	Surplus / (deficit)	Carrying value	Cost / amortised cost	Credit loss allowance	Surplus / (deficit)	Carrying value
2. Investments								
Investments by segments:								
Debt instruments								
Amortised cost								
Federal Government Securities								
- Bai Muajjal	24,383,389	-	-	24,383,389	-	-	-	-
P								
Federal Government Securities								
- Naya Pakistan Certificates	886,072	-	-	886,072	2,642,542	-	-	2,642,542
CI								
Federal Government Securities								
- Ijarah Sukuks	297,726,212	-	3,037,050	300,763,262	221,990,413	-	5,664,287	227,654,700
- Neelum Helum Hydropower Co. Ltd. Sukuk	288,750	-	17,293	306,043	866,250	-	8,840	875,090
- Pakistan Energy Sukuk - Listed	-	-	-	-	21,101,875	-	209,125	21,311,000
Non Government Debt Securities								
- Listed	1,122,000	(680,424)	2,855	444,431	1,122,000	(680,227)	534	442,307
- Unlisted	2,360,500	(634)	(23,828)	2,336,038	2,973,000	(524)	(30,040)	2,942,436
	301,497,462	(681,058)	3,033,370	303,849,774	248,053,538	(680,751)	5,852,746	253,225,533
Investments mandatorily classified / measured at P								
Units of Mutual Funds	273,129	-	(6,974)	266,155	252,242	-	20,887	273,129
Associates								
AL Habib Islamic Cash Fund	100,000	-	-	100,000	100,000	-	-	100,000
AL Habib Islamic Savings Fund	100,000	-	-	100,000	100,000	-	-	100,000
	200,000	-	-	200,000	200,000	-	-	200,000
Total Investments	327,240,052	(681,058)	3,026,396	329,585,390	251,148,322	(680,751)	5,873,633	256,341,204

2.1 Particulars of credit loss allowance

	2025				2024			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
(Rupees in '000)								
Non Government Debt Securities	614	444	680,000	681,058	384	367	680,000	680,751



	Note	2025	2024
(Rupees in '000)			
3. Islamic financing and related assets			
Ijarah	3.1	3,960,126	3,296,372
Murabaha	3.2	12,896,466	21,393,302
Diminishing Musharaka		32,362,289	14,901,120
Istisna		6,870,106	4,744,263
Islamic Long Term Financing Facility (ILTFF)		4,301,121	4,343,370
Islamic Refinance for Renewable Energy (IFRE)		2,916,460	3,177,094
Islamic Refinance for Temporary Economic Refinance Facility (ITERF)		2,028,789	5,217,018
Islamic Refinance Facility for Modernisation of SMEs (IRFSME)		133,037	166,650
Islamic Financing Facility for Storage of Agricultural Produce (IFFSAP)		99,457	127,131
Islamic Export Refinance - Istisna (IERF)		399,500	70,000
Musawamah		4,775,840	4,188,383
Running Musharaka		1,844,473	2,844,245
Islamic Export Refinance - Running Musharaka		13,963,641	8,903,641
Financing against Bills - Musawamah		6,919,778	3,823,394
Export Finance Scheme (EFS) - Discounting		8,405,335	8,207,289
Staff Financing		5,933,903	1,098,884
Musawamah Inventory		4,430,963	2,673,423
Advance against Istisna		11,524,724	14,364,368
Advance against Istisna - IERF		3,807,743	818,500
Advance against Ijarah		589,164	250,250
Advance against Diminishing Musharaka		4,706,521	1,788,091
Advance against IFRE		-	198,663
Advance against Bai Muajjal		22,038,007	-
Advance against IRFSME		64,196	-
Gross Islamic financing and related assets		154,971,639	106,595,451
Less: credit loss allowance against Islamic financings			
- Stage 1		(1,088,425)	(1,071,897)
- Stage 2		(839,919)	(1,061,392)
- Stage 3		(1,368,410)	(875,066)
		(3,296,754)	(3,008,355)
Islamic financing and related assets - net of credit loss allowance		151,674,885	103,587,096

3.1 Ijarah

	2025						Book value as at 31 December
	Cost			Accumulated depreciation			
	As at 01 January	Additions / (deletions)	As at 31 December	As at 01 January	Charge for the year / (deletions)	As at 31 December	
(Rupees in '000)							
Plant and machinery	64,556	-	64,556	58,100	-	58,100	6,456
Vehicles	4,909,678	2,378,763 (1,286,654)	6,001,787	1,620,585	1,102,510 (667,596)	2,055,499	3,946,288
Equipment	4,118	65,585	69,703	3,295	59,026	62,321	7,382
Total	4,978,352	2,444,348 (1,286,654)	6,136,046	1,681,980	1,161,536 (667,596)	2,175,920	3,960,126



	2024						Book value as at 31 December
	Cost			Accumulated depreciation			
	As at 01 January	Additions / (deletions)	As at 31 December	As at 01 January	Charge for the year / (deletions)	As at 31 December	
	(Rupees in '000)						
Plant and machinery	71,383	- (6,827)	64,556	63,930	316 (6,146)	58,100	6,456
Vehicles	4,269,795	1,915,568 (1,275,685)	4,909,678	1,199,069	951,798 (530,282)	1,620,585	3,289,093
Equipment	4,118	- -	4,118	3,296	5,087 (5,088)	3,295	823
Total	4,345,296	1,915,568 (1,282,512)	4,978,352	1,266,295	957,201 (541,516)	1,681,980	3,296,372

3.1.1 Future ijarah payments receivable

	2025			2024		
	Not later than 1 year	Later than 1 year and less than 5 years	Total	Not later than 1 year	Later than 1 year and less than 5 years	Total
	(Rupees in '000)					
Ijarah rental receivables	<u>1,501,964</u>	<u>2,706,348</u>	<u>4,208,312</u>	<u>1,462,615</u>	<u>2,370,956</u>	<u>3,833,571</u>
			Note	2025	2024	
				(Rupees in '000)		

3.2 Murabaha

Murabaha financing	3.2.1	8,210,655	11,615,954
Advances for murabaha		4,685,811	9,777,348
		12,896,466	21,393,302
3.2.1 Murabaha receivable - gross			
Less: deferred murabaha income	3.2.2	8,793,885	12,509,478
Profit receivable shown in other assets	3.2.4	(344,133)	(552,558)
Murabaha financings		(239,097)	(340,966)
		8,210,655	11,615,954
3.2.2 The movement in murabaha financing during the year is as follows:			
Opening balance		12,509,478	11,140,005
Sales during the year		53,456,519	63,782,383
Adjusted during the year		(57,172,112)	(62,412,910)
Closing balance		8,793,885	12,509,478
3.2.3 Murabaha sale price		8,793,885	12,509,478
Murabaha purchase price		(8,210,655)	(11,615,954)
		583,230	893,524
3.2.4 Deferred murabaha income			
Opening balance		552,558	559,242
Arising during the year		1,808,423	3,412,411
Less: recognised during the year		(2,016,848)	(3,419,095)
Closing balance		344,133	552,558



4. Deposits and other accounts

	2025			2024		
	In local currency	In foreign currencies	Total (Rupees in '000)	In local currency	In foreign currencies	Total
Customers						
Current deposits	153,023,602	4,706,024	157,729,626	110,301,302	6,635,819	116,937,121
Savings deposits	216,913,567	6,903,394	223,816,961	152,982,120	5,684,736	158,666,856
Term deposits	20,525,375	21,009	20,546,384	20,269,782	–	20,269,782
	<u>390,462,544</u>	<u>11,630,427</u>	<u>402,092,971</u>	<u>283,553,204</u>	<u>12,320,555</u>	<u>295,873,759</u>
Financial institutions						
Current deposits	65,431	–	65,431	48,799	–	48,799
Savings deposits	11,267,014	–	11,267,014	21,673,186	–	21,673,186
	<u>11,332,445</u>	<u>–</u>	<u>11,332,445</u>	<u>21,721,985</u>	<u>–</u>	<u>21,721,985</u>
	<u>401,794,989</u>	<u>11,630,427</u>	<u>413,425,416</u>	<u>305,275,189</u>	<u>12,320,555</u>	<u>317,595,744</u>

	2025 (Rupees in '000)	2024
4.1 Composition of deposits		
- Individuals	255,444,383	201,186,566
- Government / Public Sector Entities	9,750,411	1,866,511
- Banking Companies	60	57
- Non-Banking Financial Institutions	11,332,385	21,721,928
- Private Sector	136,898,177	92,820,682
	<u>413,425,416</u>	<u>317,595,744</u>

4.1.1 Deposits include eligible deposits covered under deposit protection mechanism as required by the Deposit Protection Act, 2016 amounting to Rs. 345,875.588 million (2024: Rs. 262,805.982 million).

	2025 (Rupees in '000)	2024
5. Charity Fund		
Opening balance	83,726	59,665
Additions during the year		
Received from customers on account of delayed payment	21,544	28,456
Charity accrued but not yet received	53,447	30,372
Other Non - Shariah compliant income	–	632
Profit on charity saving account	8,765	9,101
	<u>83,756</u>	<u>68,561</u>
Payments / utilisation during the year		
Health	(29,704)	(24,500)
Social welfare	(14,850)	(14,000)
Education	(10,700)	(6,000)
	<u>(55,254)</u>	<u>(44,500)</u>
Closing balance	<u>112,228</u>	<u>83,726</u>



	2025	2024
	(Rupees in '000)	
5.1		
Detail of charities are as follows:		
Afzaal Memorial Thalassemia Foundation	2,050	2,000
Agha Welfare Trust	–	1,000
Al Mustafa Trust	1,050	1,000
Al Zohra Welfare Association	600	–
ASF Foundation	–	1,400
Bait-ul-Sukoon	1,600	1,500
Child Aid Association	2,100	2,000
Dar-ul-Sukun	2,650	2,600
Dawood Global Foundation	1,500	–
Deaf Welfare Awareness Foundation	250	–
Fatmiyah Hospital	654	–
Green Crescent Trust	3,050	3,000
Hajira Hamza Foundation	–	1,000
Huzafa Durrani Shaheed Foundation	500	500
Hyderabad Relief & Rehabilitation Trust / Osmania Hospital	1,550	1,500
IDA RIEU Welfare Association	1,600	1,500
Indus Hospital	2,100	2,000
Jinnah Foundation	3,000	2,000
Karachi Down Syndrome Program	1,100	1,000
Karachi Institute of Kidney Diseases Association	500	1,000
Lady Dufferin Hospital	1,600	1,500
Luminary Learning Circle Foundation	2,100	–
Mama Baby Foundation	1,000	–
Markaz-e-Umeed	2,050	2,000
Murshid Hospital & Health Care Centre	2,050	2,000
National Institute of Child Health	1,100	1,000
Network of Organisations Working for People with Disabilities Pakistan	1,050	1,000
Orange Tree Foundation	2,500	1,000
Pakistan Children's Heart Foundation	2,100	2,000
Pakistan Foundation Fighting Blindness	1,050	1,000
Panah Trust	1,500	1,000
Sindh Institute of Urology & Transplantation	3,500	3,000
SOS Children's Village	1,050	1,000
The Cancer Foundation	2,100	2,000
The Kidney Centre	3,000	1,000
The Layton Rahmatulla Benevolent Trust	1,650	–
	<u>55,254</u>	<u>44,500</u>
6. Islamic Banking Business Unappropriated Profit		
Opening balance	54,066,152	30,550,762
Add: Islamic Banking profit for the year	17,410,281	23,523,458
Loss on sale of equity investment - FVOCI	–	(8,068)
Closing balance	<u>71,476,433</u>	<u>54,066,152</u>
7. Contingencies and Commitments		
Guarantees	27,884,693	19,198,384
Commitments	40,230,243	34,016,915
	<u>68,114,936</u>	<u>53,215,299</u>
8. Profit / Return Earned on Financings, Investments and Placements		
Profit earned on:		
Financings	11,119,837	16,843,648
Investments	36,693,195	44,457,005
Placements	1,304,551	241,393
	<u>49,117,583</u>	<u>61,542,046</u>

	2025 (Rupees in '000)	2024
9. Profit on Deposits and Other Dues Expensed		
Deposits and other accounts	19,279,807	24,352,075
Due to financial institutions	1,671,355	3,032,563
Due to Head Office	319,447	1,206,775
Finance charges on lease liabilities	975,249	644,587
	<u>22,245,858</u>	<u>29,236,000</u>

10. Profit and Loss Distribution and Pool Management

10.1 The number and nature of pools maintained by the Islamic Banking branches along with their key features and risk and reward characteristics

General Pool PKR (Mudaraba)

Deposits which assume minimal risk of loss due to diversified assets being tagged thereto are parked in the general pool. In case of loss in general pool, the loss will be borne by the general pool members.

Special Pool(s) PKR (Mudaraba)

Special Pool(s) are created where the customers desire to invest in high yield assets. In case of loss in a special pool the loss will be borne by the special pool members.

General Pool FCY (Mudaraba)

In FCY Pool, all FCY deposits and Investments are parked to share the return among the FCY deposit holders. In case of loss in a FCY General Pool, the loss will be borne by the FCY General Pool members.

Special Pool(s) FCY (Mudaraba)

Special Pool(s) are created where the customers desire to invest in high yield assets. In case of loss in a special pool the loss will be borne by the special pool members.

Islamic Export Refinance Scheme (IERS) Pool PKR (Musharaka)

Islamic Export Refinance Scheme (IERS) pool is required by SBP to facilitate the exporters under IERS.

Equity Pool

Investments with relatively higher risks such as investment in shares and mutual funds are tagged to the equity pool to safeguard the interest of depositors. Furthermore, operating fixed assets as well as subsidised financing facilities to employees are also financed from equity as per SBP guidelines.

Special Mudaraba Financing Facility (SMFF) Pool - Open Market Operations (OMO) Injections

Special Mudaraba Financing Facility (SMFF) Pool for Open Market Operations (OMO) Injection is created to invest the funds exclusively raised from SBP through Islamic Open Market Operations in High Quality Assets including securities that are eligible as approved securities for maintaining Statutory Liquidity Requirement.

Parameters associated with risk and rewards:

Following are the key considerations attached with risk and reward of the pool:

- Period, return, safety, security and liquidity of investment.
- Maturities of funds obtained from Principal Office, Islamic Banking Institutions and Shariah compliant organisations as regulated in Pakistan.
- Element of risk attached to various types of investments.
- SBP rules and Shariah clearance.

10.2 Avenues / sectors of economy / business where Mudaraba based deposits have been deployed

The Mudaraba based funds have been deployed in the following avenues / sectors / businesses:

- Chemical and pharmaceuticals
- Agribusiness
- Textile
- Sugar
- Shoes and leather garments
- Investment in sukuks, bai muajjal and shariah compliant mutual funds
- Production and transmission of energy



شریعی بورڈ رپورٹ بمطابق ۳۱ دسمبر ۲۰۲۵ء

بورڈ آف ڈائریکٹرز اور انتظامیہ ہی کی ذمہ داری ہے کہ وہ اس بات کو یقینی بنائے کہ بینک الحیب اسلامک بینکنگ ڈویژن کی سرگرمیاں ہمیشہ شریعت کے اصولوں اور شریعی بورڈ کی ہدایات کے مطابق ہوں۔ بینک دولت پاکستان کی جانب سے جاری کردہ شریعی گورننس فریم ورک کے تحت بینک الحیب اسلامک بینکنگ ڈویژن کا شریعی بورڈ اس بات کا پابند ہے کہ وہ مجموعی شریعی کمپلائنس ماحول پر ایک رپورٹ جمع کروائے۔

رائے تشکیل دینے کیلئے جیسا کہ اس رپورٹ میں بیان کیا گیا ہے، شریعی کمپلائنس ڈپارٹمنٹ نے ہر قسم کے معاملے سے متعلقہ دستاویزات اور ترتیب عمل کے کاغذات کے آزمائشی بنیادوں پر جائزے لیے۔ شریعی بورڈ نے پچھلے سال کے دوران شریعی کمپلائنس اور اندرونی و بیرونی شریعی آڈٹ کی رپورٹس کا جائزہ لیا اور ان کی بنیاد پر ہماری رائے یہ ہے کہ:

- ۱- بینک الحیب اسلامک بینکنگ ڈویژن نے شریعی بورڈ کے فتاویٰ، احکامات اور ہدایات کی روشنی میں شرعی اصول و ضوابط کو پورا کیا۔
- ۲- بینک الحیب اسلامک بینکنگ ڈویژن نے بینک دولت پاکستان اور اس کے شریعی بورڈ کے شریعی کمپلائنس کے حوالے سے جاری کردہ قوانین اور ہدایات و احکامات کی پاسداری کی۔
- ۳- بینک الحیب اسلامک بینکنگ ڈویژن نے نفع نقصان کی تقسیم اور پول مینجمنٹ سے متعلق بینک دولت پاکستان کے احکامات پر عمل کیا۔ شریعی بورڈ کی تجویز پر پول مینجمنٹ کو مزید مضبوط بنانے کے لئے اقدامات کیے جا رہے ہیں۔
- ۴- بینک الحیب اسلامک بینکنگ ڈویژن میں تمام معاملات میں شرعی اصولوں کی پاسداری کو یقینی بنانے کے لئے جامع لائحہ عمل موجود ہے۔
- ۵- شریعی بورڈ پراڈکٹس طریقہ ہائے کار اور تعامل میں شریعت کی پاسداری کے حوالے سے بورڈ آف ڈائریکٹرز کے نظریے اور عزم کو سراہتا ہے۔ اسلامک بینکنگ کے عملی اور اعلیٰ انتظامیہ کی آگاہی کا معیار بہتر کرنے کی ضرورت ہے تاکہ متعلقہ شعبوں میں شریعت کی پاسداری کی فہم بہتر ہو سکے۔ خصوصاً بیرونی تجارت کے شعبے میں۔
- ۶- بینک کی انتظامیہ نے یہ عزم کیا ہے کہ شریعی کمپلائنس ڈپارٹمنٹ کو اپنی ذمہ داریوں سے بہتر طریقے سے عہدہ برآ ہونے کیلئے مزید عملہ فراہم کریں گے۔
- ۷- بینک میں ایک مناسب وضع شدہ نظام ہے جو اس قابل ہے کہ کسی بھی غیر شرعی ذریعے یا طریقے سے حاصل کیے گئے منافع کی نشاندہی کی صورت میں اس کو صدقہ کے اکاؤنٹ میں ڈالنے اور بطریق احسن صدقہ کی مد میں لگانے کو یقینی بنا سکے۔ ۲۰۲۵ء میں صدقہ کی مد میں 51.915 ملین روپے جمع ہوئے۔ تقریباً 55.254 ملین روپے موجودہ خیرات فنڈ سے مختلف خیراتی اداروں کو ادا کئے گئے۔

مفتی عصمت اللہ حمد اللہ
چیئر مین شریعی بورڈ

مفتی حُب الحق صدیقی
ممبر شریعی بورڈ

مفتی محمد حمزہ
ممبر شریعی بورڈ

مفتی شیر علی
ریزیڈنٹ شریعی بورڈ ممبر

کراچی 30 جنوری 2026ء



بینک الحیب اور اس کی ذیلی کمپنیاں آڈٹ شدہ مجموعی مالیاتی حسابات پر ڈائریکٹرز کی رپورٹ

بینک الحیب کے ڈائریکٹرز کیلئے اس کی ذیلی کمپنیوں الحیب کیپیٹل مارکیٹس (پرائیویٹ) لمیٹڈ، الحیب ایسٹ منجمنٹ لمیٹڈ اور الحیب ایکسچینج کمپنی (پرائیویٹ) لمیٹڈ کے آڈٹ شدہ مجموعی مالیاتی حسابات برائے ۳۱ دسمبر ۲۰۲۵ء کو ختم ہونے والے سال کیلئے پیش کرنا باعث مسرت ہے:

(000 روپے میں)

68,202,523

(35,735,299)

32,467,224

(24,672)

32,442,552

90,259,109

26,333

211,078

(11,390)

(705,627)

89,779,503

122,222,055

(3,063,741)

(7,224,265)

(11,669,967)

(21,957,973)

100,264,082

29.19 روپے

سالانہ منافع قبل از ٹیکس

ٹیکسیشن

سالانہ منافع بعد از ٹیکس

غیر اختیاری مفاد سے منسوب شدہ منافع

ہولڈنگ کمپنی کے شیئر ہولڈرز سے منسوب شدہ منافع

گزشتہ غیر مختص شدہ منافع

غیر درج شدہ ایکویٹی ملکیت کی منصفانہ قدر کے اثرات

فکسڈ اثاثہ جات کی ریویلویشن کے اضافہ میں سے منتقلی۔ بعد از ٹیکس

ایکویٹی سرمایہ کاری کی فروخت پر نقصان۔ ایف وی اوسی آئی

دیگر جامع آمدنی۔ بعد از ٹیکس

تخصیص کیلئے دستیاب منافع

تخصیص:

اسٹیپنڈی ریزرو میں منتقلی

نقد منافع منقسمہ - ۲۰۲۴ء

نقد منافع منقسمہ - ۲۰۲۵ء

غیر مختص شدہ منافع

فی شیئر آمدنی (بعد از ٹیکس)۔ ہولڈنگ کمپنی

شیئر ہولڈنگ کی ساخت

شیئر ہولڈنگ کی ساخت برطابق ۳۱ دسمبر ۲۰۲۵ء بینک الحیب لمیٹڈ کے مالیاتی حسابات کے ساتھ منسلک ہے۔

عباس ڈی۔ حبیب

چیئرمین

بورڈ آف ڈائریکٹرز

منصور علی خان

چیف ایگزیکٹو

کراچی: ۱۱ فروری ۲۰۲۶ء



۸۔ پروویڈنٹ فنڈ اور گریجویٹ فنڈ کے آڈٹ شدہ مالیاتی حسابات کی بنیاد پر ان اسکیموں کی سرمایہ کاریوں کی مالیت برطانیہ ۳۱ دسمبر ۲۰۲۳ء درج ذیل ہیں:

(000 روپے میں)

18,347,665	پروویڈنٹ فنڈ
7,896,494	گریجویٹ فنڈ

۹۔ شیئر ہولڈنگ کی ساخت اور اس سے متعلق اضافی معلومات صفحات 162، 163 اور 164 پر درج ہیں۔

۱۰۔ بورڈ نے اپنی کارکردگی کی جانچ کیلئے ایک باقاعدہ طریقہ کار منظور کیا ہے۔ بینک نے بورڈ کی جانچ کیلئے اندرون خانہ طریقہ کار اور اعدادی تکنیک مع اسکور شدہ سوال نامے کا انتخاب کیا ہے۔ بورڈ کی جانچ کے دائرہ کار میں مکمل بورڈ، انفرادی ڈائریکٹرز، بورڈ کی کمیٹیاں، چیئرمین اور چیف ایگزیکٹو شامل ہیں۔ مجموعی نتائج حاصل شدہ معلومات سے متعلقہ پارٹیوں کو آگاہ کیا جائے گا۔ جانچ کے دوران اگر کسی شعبے میں بہتری کی گنجائش نظر آئی تو اس کیلئے مناسب اقدامات کئے جائیں گے۔ ہر تقویمی سال کے لئے جانچ کا عمل آئندہ سال ۳۱ مارچ تک مکمل کیا جائے گا۔ مزید برآں بورڈ کی کارکردگی کا جائزہ کم از کم ہر تیسرے سال ایک ایکسٹرنل انڈیپنڈنٹ جائزہ کار کے ذریعے لیا جائے گا۔ ہم نے پاکستان انسٹی ٹیوٹ آف کارپوریٹ گورننس (پی آئی سی جی) کو بورڈ کی کارکردگی کی ایکسٹرنل انڈیپنڈنٹ جائزہ کے لئے نامزد کیا ہے۔

بینک کی جانب سے منتخب کئے گئے ماہرین اور کسی بورڈ ممبر یا کلیدی ایگزیکٹو کے درمیان مفادات کا کوئی تضاد نہیں ہے۔

۱۱۔ ڈائریکٹرز، ای او، ایف او، انٹرنل آڈٹ کے سربراہ، کمپنی سیکریٹری اور ایگزیکٹوز اور ان کے شریک حیات اور نابالغ بچوں کی جانب سے بینک کے شیئرز میں سال کے دوران کوئی تجارت نہیں کی گئی، سوائے درج ذیل کے:

- 9,500 شیئرز ایک ڈائریکٹر کی جانب سے خریدے گئے۔
- 6,985 شیئرز تین ایگزیکٹوز کی جانب سے خریدے گئے۔
- 32,744 شیئرز چار ایگزیکٹوز کی جانب سے فروخت کئے گئے۔

اس ضمن میں 'ایگزیکٹوز' کی تعریف میں پاکستان اسٹاک ایکسچینج کی رول بک میں درج شدہ افسران کے علاوہ بینک کے اسسٹنٹ جنرل منیجرز اور اس سے بالا عہدیداران کو بھی شامل کیا گیا ہے۔

عمومی

ہم اپنے کسٹمرز کے مسلسل اعتماد اور تائید، مقامی و غیر ملکی مالیاتی اداروں کے بھروسے اور تعاون، اور اسٹیٹ بینک آف پاکستان کے ان کی رہنمائی پر، بے حد مشکور ہیں۔ ہم اپنے تمام اسٹاف ممبران کا بھی ان کے خلوص، لگن اور انتھک محنت پر ان کا شکریہ ادا کرتے ہیں۔

عباس ڈی۔ حبیب

چیئرمین

بورڈ آف ڈائریکٹرز

منصور علی خان

چیف ایگزیکٹو

کراچی: ۱۱ فروری ۲۰۲۶ء



- بینک کی جانب سے براہ راست ٹیکسز کے ذریعے سال کے دوران قومی خزانے میں 54.44 بلین روپے جمع کرائے گئے۔ مزید برآں 72.15 بلین روپے سے زیادہ کی اضافی رقم ود ہولڈنگ ٹیکسز، فیڈرل ایکسائز ڈیوٹیز اور سروسز پریبلز ٹیکس کی مد میں بینک کے ذریعے منہا/ وصول کی گئی اور حکومت پاکستان/ صوبائی حکومتوں کو ادا کی گئی۔

کارپوریٹ اور فنانشل رپورٹنگ پرائیٹمنٹ

- 1- بینک کی جانب سے تیار کئے گئے مالیاتی حسابات، اس کے تمام کاروباری امور، اس کے آپریشنز کے نتائج، کیش فلوز اور ایکویٹی میں تبدیلیوں کے معاملات کو شفاف انداز میں واضح کرتے ہیں۔
- 2- بینک کی جانب سے باقاعدہ حساب کتاب رکھا گیا ہے۔
- 3- مالیاتی حسابات کی تیاری میں موزوں اور درست اکاؤنٹنگ پالیسیاں مستقل طور پر لاگو کی گئی ہیں۔ اگر اس میں کوئی تبدیلی کی گئی تو اس کو واضح انداز میں بیان کیا گیا اور اکاؤنٹنگ کے تخمینہ جات موزوں ترین اور محتاط فیصلوں پر مبنی ہیں۔
- 4- مالیاتی حسابات کی تیاری میں انٹرنیشنل فنانشل رپورٹنگ اسٹینڈرز اور اسلامک فنانشل اکاؤنٹنگ اسٹینڈرز، جو کہ پاکستان میں رائج ہیں، ان پر عمل کیا گیا اور ان سے اگر کسی حد تک روگردانی کی گئی تو اس کو واضح انداز میں بیان کیا گیا ہے۔
- 5- انٹرنل کنٹرولز کا جامع نظام تیار کیا گیا ہے اور یہ موثر طور پر نافذ العمل ہے اور اس کی نگرانی بھی کی جاتی ہے۔ بورڈ کی جانب سے فنانشل رپورٹنگ پر انٹرنل کنٹرولز سے متعلق انتظامیہ کی جانچ بشمول مجموعی انٹرنل کنٹرولز کی توثیق صفحہ 35 پر درج ہے۔
- 6- بینک کے لئے ”چلتے ہوئے کاروباری ادارے“ کا تصور مناسب ہے۔ اس ضمن میں بے یقینی کا کوئی امکان موجود نہیں ہے جو بینک کے ”چلتے ہوئے کاروباری ادارے“ کے تصور پر شکوک پیدا کرے۔
- 7- گزشتہ 6 سالوں کے اہم آپریٹنگ اور مالیاتی اعداد و شمار کا خلاصہ درج ذیل ہے:

(بلین روپے میں)

2020	2021	2022	2023	2024	2025	
1,099,686	1,309,823	1,568,138	1,934,037	2,278,957	2,599,087	صارفین کے مجموعی ڈپازٹس
510,252	733,799	813,535	869,459	910,850	792,050	مجموعی ایڈوانسز
28,581	30,273	32,884	71,128	83,841	65,520	منافع قبل از ٹیکس
17,812	18,702	16,570	35,319	39,862	30,637	منافع بعد از ٹیکس
69,570	83,569	94,344	111,895	130,384	141,754	شیئرز ہولڈرز کی ایکویٹی (بغیر ری ویلیویشن)
16.03	16.83	14.91	31.78	35.87	27.57	ٹی شیئر آمدنی (روپے)
45	70	70	140	170	150	نقد منافع منقسمہ (%)



ماحولیاتی، سماجی اور گورننس

سال کے دوران بینک الحیب لمیٹڈ نے پائیدار اور ذمہ دارانہ بینکاری سے متعلق ریگولیٹری تقاضوں کی تعمیل کو مزید مستحکم کیا اور ماحولیاتی، سماجی اور گورننس کے عوامل کو اپنے آپریٹنگ، رسک مینجمنٹ اور کریڈٹ پروسیسز میں منظم انداز میں شامل رکھا۔ اسٹیٹ بینک آف پاکستان کی گرین بینکنگ اور ماحولیاتی سماجی رسک مینجمنٹ کی ہدایات کے مطابق، بینک نے اپنے کریڈٹ ایپلوکیشن فریم ورک میں ماحولیاتی اور سماجی خطرات کی جانچ کو باقاعدہ طور پر شامل کر لیا۔ بینک نے اسٹریٹجک کیمپسٹی بلڈنگ، ڈیجیٹائزڈ ریسورس مانیجنگ، قابل تجدید توانائی کے استعمال میں توسیع اور آزادانہ سسٹین ایبلٹی ایڈوائزری معاونت کے ذریعے گورننس، ڈسکلوزر اور نفاذ کی موثریت کو مزید بہتر بنایا۔ قومی سطح کے ای ایس جی فورم میں فعال شرکت اور صنعتی اعزازات کے حصول سے نفاذ کی پختگی اور ریگولیٹری ہم آہنگی میں پیش رفت کی عکاسی ہوتی ہے۔ مجموعی طور پر یہ اقدامات بینک کی تعمیلی ضروریات، رسک سے نمٹنے کی صلاحیت اور قومی پائیداری کے اہداف میں کردار کو مضبوط بناتے ہیں، جبکہ محتاط ترقی اور طویل المدتی مالی استحکام کی حمایت بھی کرتے ہیں۔

ڈائیورسٹی، ایکویٹی اور انکلوژن (ڈی ای اینڈ آئی)

ڈائیورسٹی، ایکویٹی اور انکلوژن (ڈی ای اینڈ آئی) اس یقین اور اعتماد کا بنیادی ستون ہیں کہ تمام اسٹاف ایک خاندان کے رکن ہیں جو عزت و احترام، اعتماد اور شراکت کردہ اقدار کے ذریعے ایک دوسرے سے جڑے ہوئے ہیں۔ بینک ایک مشترکہ اور محفوظ کام کے مقام کو فروغ دیتا ہے جہاں شفافیت، احترام اور مساوی مواقع موجود ہوتے ہیں اور انفرادی اختلافات کو استحکام کا ایک عنصر تسلیم کیا جاتا ہے۔ عوام کی مرکزیت کے کلچر شفاف اور میرٹ کی بنیاد پر انسانی وسائل کو ترجیح دینے اور مشترکہ قیادت کے ذریعے معاونت ملتی ہے اور ہر ایک ملازم کی مستحکم شراکت اور مستقل طور پر مسلسل کم شرح استعفیٰ کو فروغ دیتی ہے۔ بینک کا اپنے عملے سے وابستگی کے احساس کو فروغ دینے اور ان کے ساتھ طویل مدتی تعلقات استوار کرنے کا عزم، ادارہ جاتی استحکام، پائیدار ترقی اور ہماری اس شناخت کو مضبوط بنانا ہے کہ ہم ایک اعلیٰ اقدار پر مبنی بینک ہیں۔

ادارتی سماجی ذمہ داری

آپ کا بینک مکمل طور پر ادارتی سماجی ذمہ داری کے تصور پر کاربند ہے اور اس ضمن میں وسیع تر سرگرمیوں کے ذریعے اپنی اس ذمہ داری کو پورا کر رہا ہے جس میں درج ذیل شامل ہیں:

- سال کے دوران صحت، سماجی اور تعلیمی ترقی اور عوام کی فلاح و بہبود کے لئے عطیات اور خیرات کی صورت میں 756.16 ملین روپے کی فراہمی۔
- توانائی کا بہتر استعمال، غیر ضروری بجلی جلانے پر پابندی اور ماحول کو محفوظ اور صحت مند بنانے کے لئے انسدادِ تمباکو نوشی کے قانون پر عملدرآمد اور ”نوا سموکنگ زون“ کا قیام۔
- کاروباری ضابطہ اخلاق اور انسدادِ بدعنوانی کے اقدامات کے تحت تمام اسٹاف ممبران کے لئے بینک کے ضابطہ اخلاق ”کوڈ آف کنڈکٹ“ اور ”اینٹی۔ براہیری اینڈ کرپشن پالیسی“ پر لازمی عملدرآمد۔
- صارفین کے تحفظ کے اقدامات اور اس ضمن میں بینک کی پروڈکٹس اور خدمات پر لاگو شیڈول آف چارجز اور شرائط و ضوابط کی تشہیر۔
- اسٹاف کے ساتھ خوشگوار تعلقات، میرٹ اور کارکردگی کا اعتراف، دوران ملازمت اور باقاعدہ تربیتی پروگراموں کے ذریعے اسٹاف کیلئے سیکھنے اور ترقی کے مواقع۔
- مذہب، ذات پات اور لسانی امتیاز کے بغیر ایک شفاف طریقہ کار کے ذریعے روزگار کے مساوی مواقع کی فراہمی، بشمول برائے خصوصی افراد۔
- دیہی علاقوں کیلئے بینک کے برانچ نیٹ ورک میں توسیع جس سے دیہی ترقی میں مدد ملے۔



رسک مینجمنٹ فریم ورک

بینک ہمیشہ اپنے حجم اور اس کے کاروبار کی نوعیت کے مطابق رسک مینجمنٹ فریم ورک کا حامل رہا ہے۔ یہ فریم ورک کئی سالوں میں تشکیل دیا گیا اور اس میں مزید بہتری لانے کا سلسلہ جاری ہے۔ بینک کا ایک اہم رہنما اصول، ڈپازٹرز کی رقومات کو بطور امانت تحفظ فراہم کرنا ہے۔ یہی وجہ ہے کہ بینک بزنس رسک سے نمٹنے کے لئے معتدل اور محتاط رویہ اپناتا ہے۔ بینک کے رسک مینجمنٹ فریم ورک کی نمایاں خصوصیات درج ذیل ہیں:

- کریڈٹ رسک کا انتظام بورڈ کی جانب سے منظور کردہ کریڈٹ پالیسیز؛ بہتر کریڈٹ منظوری کا طریقہ کار؛ انٹرنل رسک ریٹنگز کا استعمال؛ مقرر کردہ دستاویزی ضروریات؛ پوسٹ ڈسبرسمنٹ کریڈٹ ایڈمنسٹریشن پروسیس؛ کریڈٹ سہولتوں کا جائزہ و نگرانی، اور کسٹمرز کی کریڈٹ اہلیت کی مستقل جانچ پر مشتمل ہے۔ کریڈٹ تشخیص کے عمل کے دوران ممکنہ اثرات کو کم کرنے کیلئے، ماحولیاتی اور سماجی خطرات کا جائزہ لیا جاتا ہے۔ بینک نے بڑے کریڈٹ رسک کے پیش نظر خود مختار پوسٹ ڈسبرسمنٹ جائزے کیلئے بھی طریقہ کار تشکیل دیا ہے۔ کریڈٹ پورٹ فولیو سے متعلق فیصلے بنیادی طور پر سینٹرل کریڈٹ کمیٹی کرتی ہے۔ بورڈ کی کریڈٹ رسک مینجمنٹ کمیٹی مجموعی طور پر بینک کے کریڈٹ رسک کے انتظام کی رہنمائی کرتی ہے۔
 - مارکیٹ رسک کا انتظام بورڈ کی جانب سے منظور کردہ مارکیٹ رسک پالیسی اور ٹریڈری اینڈ انویسٹمنٹ پالیسی، کسٹمرز اور ڈیلرز کی لمٹس کی منظوری، سرمایہ کاریوں کیلئے سینئر انتظامیہ کی منظوری اور بینک کی ایسیٹ لائیکٹیٹی مینجمنٹ کمیٹی (ALCO) کی جانب سے سرمایہ کاری کے پورٹ فولیو کے باقاعدہ جائزے اور نگرانی کے ذریعے کیا جاتا ہے۔ علاوہ ازیں لیکوڈیٹی رسک پالیسی بینک کی لیکوڈیٹی پوزیشن کے انتظام میں رہنمائی فراہم کرتی ہے جس کی نگرانی ٹریڈری اور مڈل آفس کے ذریعے روزانہ کی بنیاد پر کی جاتی ہے۔ انویسٹمنٹ پورٹ فولیو سے متعلق فیصلے زیادہ تر (ALCO) کی جانب سے لیے جاتے ہیں۔ بورڈ کی رسک مینجمنٹ کمیٹی بینک کے مارکیٹ اور لیکوڈیٹی رسک، کیپٹل ایڈیکویٹی اور مر بوط رسک مینجمنٹ (جسے انٹرنل رسک مینجمنٹ بھی کہا جاتا ہے) کے انتظام کی رہنمائی کرتی ہے۔ بینک کے مر بوط رسک پروفائل کی جانچ پوسٹل فریم ورک، کلیدی خطرات کے اشاروں، اندرونی کیپٹل ایڈیکویٹی کا عمل، اسٹریٹجی ٹیسٹنگ اور ریکوری پلان کے تحت کی جاتی ہے جس کا جائزہ سالانہ بنیاد پر لیا جاتا ہے۔ بینک کو ایس بی پی کی جانب سے سال ۲۰۲۵ء میں بھی گزشتہ سالوں کی طرح "D-SIB" کے طور پر منتخب کیا گیا۔
 - آپریشنل رسک کا انتظام بورڈ کی جانب سے منظور کردہ آڈٹ پالیسی، آپریشنل رسک پالیسی، کمپلائنس پالیسی اینڈ پروگرام، آئی ٹی اور آئی ٹی سکیورٹی پالیسیز، ہیومن ریسورس پالیسی، کنزیومر پروٹیکشن فریم ورک اور بورڈ کی جانب سے منظور شدہ آڈٹ سورسنگ پالیسی کے ذریعے کیا جاتا ہے اور اس کے ساتھ فراڈ سے تحفظ کی پالیسی، اور کنزیومر کی شکایات سے نمٹنے کی پالیسی، کو بھی مد نظر رکھا جاتا ہے۔ آپریشنل مینوکلز و طریقہ کار، انٹرنل کنٹرولز اور اہم ٹرانزیکشن کی حفاظت داری کے لئے دوہرے اختیارات کا نظام؛ کاروبار جاری رکھنے کا پلان بشمول آئی ٹی کیلئے ڈیزاسٹر ریکوری پلان اور برانچوں اور ڈویژنز کے آڈٹ کے ذریعے کیا جاتا ہے۔ کلیدی خطرات کے اشارے، پروڈکٹس اور پروسیجرز کے خطرات کی جانچ اور آپریشنل اعداد و شمار کے نقصان کے نظام کو کلیدی ٹولز کے طور پر آپریشنل خطرات کی نگرانی اور انتظام کے لیے استعمال کیا جاتا ہے۔ بورڈ کی آڈٹ کمیٹی بینک کے آپریشنل رسک کے انتظام کے سلسلے میں رہنمائی فراہم کرتی ہے۔
 - بینک نے ماحولیاتی اثرات، سماجی خطرے کے انتظام، اور وسائل کے استعمال کو بہتر بنانے کیلئے گرین بینکنگ کو اپنانے کیلئے مختلف اقدامات کئے ہیں۔
- اس کے علاوہ رسک مینجمنٹ پالیسی، رسک ٹالرنس اسٹینڈنٹ اور کنٹری رسک مینجمنٹ پالیسی بینک کو درپیش ممکنہ رسک کا بندوبست کرنے میں مزید رہنمائی فراہم کرتی ہیں۔



مستقبل کا جائزہ

مالی سال ۲۰۲۵ء کے دوران پاکستان کی مجموعی معاشی صورتحال میں مزید بہتری آئی، جہاں مجموعی قومی پیداوار (جی ڈی پی) کی شرح نمو 3.1% رہی جو مالی سال ۲۰۲۳ء میں 2.6% تھی۔ اس ترقی کی معاونت صنعتی شعبے نے کی، جس میں 5.3% نمو ریکارڈ کی گئی، جبکہ گزشتہ سال اسی شعبے میں 0.9% کی منفی نمو رہی تھی۔ سروسز کے شعبے میں شرح نمو 3.1% رہی، جو پچھلے سال 2.3% تھی۔ تاہم زرعی شعبے کی ترقی کم رہی اور یہ 1.5% تک محدود رہی، جبکہ اس سے قبل یہ 6.4% تھی۔ اس کمی کی بنیادی وجہ اہم فصلوں کی پیداوار میں سست روی رہی۔ مالیاتی صورتحال میں نمایاں بہتری دیکھنے میں آئی، جہاں مالیاتی خسارہ مجموعی قومی پیداوار کے 6.9% سے کم ہو کر 5.4% تک آ گیا، جو گزشتہ نو برسوں کی کم ترین سطح ہے۔ مالی سال کے دوران چودہ برسوں میں پہلی مرتبہ کرنٹ اکاؤنٹ بیلنس میں 1.9 بلین امریکی ڈالر کا سرپلس ریکارڈ کیا گیا، جس کی بنیادی وجوہات ورکرز کی ترسیلات زر اور آئی سی ٹی برآمدات میں اضافہ تھا، جس نے تجارتی خسارے میں اضافے کے اثرات کو کم کیا۔ اسی عرصے میں اسٹیٹ بینک آف پاکستان کے زرمبادلہ کے ذخائر میں 50% سے زائد اضافہ ہوا اور یہ 14.5 بلین امریکی ڈالر تک پہنچ گئے جبکہ امریکی ڈالر کے مقابلے میں پاکستانی روپیہ مجموعی طور پر مستحکم رہا۔ مہنگائی جون ۲۰۲۳ء میں 12.6% سے کم ہو کر جون ۲۰۲۵ء میں 3.2% رہ گئی۔ اسٹیٹ بینک آف پاکستان نے جون ۲۰۲۳ء میں 20.50% کی پالیسی ریٹ کو کم کر کے جون ۲۰۲۵ء تک 11.00% کر دیا۔ KSE-100 انڈیکس نے اپنی بڑھتی ہوئی رفتار برقرار رکھی اور سال ۲۰۲۵ء کے دوران تقریباً 50% اضافہ ریکارڈ کیا جبکہ پاکستان اسٹاک ایکسچینج دنیا کی بہترین کارکردگی دکھانے والی اسٹاک مارکیٹس میں شامل رہی۔

سرمایہ جی ڈی پی کے حالیہ اعداد و شمار سے ظاہر ہوتا ہے کہ معیشت نے اپنی ترقی کی رفتار برقرار رکھی ہے، جہاں مالی سال ۲۰۲۶ء کی پہلی سہ ماہی میں مجموعی شرح نمو 3.7% رہی، جو گزشتہ سال اسی مدت میں 1.6% تھی۔ اس پیش رفت کے نتیجے میں اسٹیٹ بینک آف پاکستان نے مالی سال کے لیے جی ڈی پی کی شرح نمو کا تخمینہ پہلے کے 3.25% تا 4.25% سے بڑھا کر 3.75% تا 4.75% کر دیا ہے۔ دسمبر ۲۰۲۵ء میں پالیسی ریٹ کو کم کر کے 10.50% کرنے سے، جنوری ۲۰۲۶ء میں بینکوں کے لئے کیش ریزرو ریکوائزمنٹ کو 6.0% سے کم کر کے 5.0% کرنے اور روپے کا مسلسل مستحکم ہونا، معاشی اور کاروباری سرگرمیوں کیلئے مزید معاون ثابت ہونے کی توقع ظاہر کرتی ہے۔ تاہم، مالی سال ۲۰۲۶ء کے پہلے نصف میں کرنٹ اکاؤنٹ خسارے اور مہنگائی میں اضافے، موجودہ جغرافیائی و سیاسی حالات اور عالمی تجارتی غیر یقینی صورتحال کے باعث چیلنجز بدستور موجود ہیں۔ اسی دوران گزشتہ 18 ماہ میں پالیسی ریٹ میں نمایاں کمی کے باعث بینکوں کے خالص سودی مارجن اور منافع دباؤ میں رہ سکتے ہیں۔

مجموعی طور پر، ہم مستقبل کے حوالے سے پُر امید ہیں اور انشاء اللہ آئندہ سال کے دوران بینک کی پائیدار ترقی اور پیش رفت کے منتظر ہیں، جبکہ ہم اپنی آزمودہ اصولوں، دانشمندی اور مستعدی کی روشنی میں اپنے سفر کو جاری رکھیں گے۔

آڈیٹرز

موجودہ آڈیٹرز کے پی ایم جی تاثیر ہادی اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، ریٹائر ہو رہے ہیں اور انہوں نے خود کو دوبارہ تقرری کیلئے پیش کیا ہے۔ آڈٹ کمیٹی کی تجویز پر بورڈ آف ڈائریکٹرز نے ۳۱ دسمبر ۲۰۲۶ء کو ختم ہونے والے سال کے لئے باہمی طور پر طے کئے جانے والے معاوضے پر ان کی بحیثیت بینک کے آڈیٹرز دوبارہ تقرری کی سفارش کی ہے۔



ڈائریکٹرز کا ٹریڈنگ پروگرام

تمام ڈائریکٹرز نے یا تو مطلوبہ ٹریڈنگ حاصل کر لی ہے یا انہیں اس سے مستثنیٰ حاصل ہے، سوائے ایک ڈائریکٹر کے جو مذکورہ ٹریڈنگ پروگرام کیلئے پہلے ہی رجسٹرڈ ہو چکے ہیں۔

ڈائریکٹرز کی ری میونریشن پالیسی

بینک کے شیئر ہولڈرز نے ”ڈائریکٹرز کی ری میونریشن کو متعین کرنے کے لئے پالیسی اور طریقہ کار“ کی منظوری دی ہے جس میں واضح کیا گیا ہے کہ:

- بورڈ اور کمیٹی کے اجلاسوں میں شرکت کیلئے نان۔ ایگزیکٹو ڈائریکٹرز کی ری میونریشن کا فیصلہ بورڈ کی جانب سے اسٹیٹ بینک کی طرف سے وقتاً فوقتاً مقرر کردہ زیادہ سے زیادہ حد کے اندر کیا جائے گا۔
- بورڈ کے چیئرمین، بورڈ اور اس کی کمیٹیوں کے اجلاس میں شرکت کیلئے مقرر کردہ ری میونریشن کے علاوہ 20 فیصد اضافی فیس کے حقدار ہوں گے جو چیئرمین کی وسیع تر قابلیت، تجربے، باشعور فیصلوں کی اہلیت اور مارکیٹ روابط کو مد نظر رکھتے ہوئے طے کیا گیا ہے۔ بورڈ کی جانب سے چیئرمین، بینک کے کاروباری پلان پر عملدرآمد اور بینک کی انتظامیہ کی کارکردگی پر نگاہ رکھیں گے۔
- کل وقتی ڈائریکٹر وہ معاوضہ حاصل کریں گے جو کہ ممبران (شیئر ہولڈرز) نے ان کیلئے طے کیا ہے۔
- اگر ڈائریکٹر/چیئرمین کی مجموعی کارکردگی مسلسل 2 سالوں کے لئے بورڈ ممبران کی سالانہ کارکردگی کی جانچ پڑتال رپورٹ کے مطابق ”بہتری کی ضرورت“ کی کٹیگری میں رہی ہو تو (انفرادی ڈائریکٹرز کی صورت میں) بورڈ کے چیئرمین اور (بورڈ کے چیئرمین کی صورت میں) انڈیپنڈنٹ ڈائریکٹرز و دیگر ڈائریکٹرز کم کارکردگی کے حامل ڈائریکٹر/چیئرمین کی ری میونریشن پر از سر نو غور کریں گے۔

ڈائریکٹرز اور چیف ایگزیکٹو آفیسر کے معاوضے کی تفصیلات آڈٹ شدہ مالی بیانات کے نوٹس 40.1 اور 40.2 میں ظاہر کی گئی ہیں۔

کریڈٹ ریٹنگ

الحمد للہ، پاکستان کریڈٹ ریٹنگ ایجنسی لمیٹڈ (PACRA) نے طویل مدت کے لئے بینک کی ریٹنگ کو AAA (ٹرپل اے) اور مختصر مدت کے لئے A1+ (اے ون پلس) برقرار رکھی ہیں۔ یہ طویل مدتی کریڈٹ ریٹنگ AAA (ٹرپل اے) بینک کے بہترین کریڈٹ کے معیار، کم ترین کریڈٹ رسک کی توقع اور بروقت مالی ذمہ داریوں سے عہدہ براء ہونے کی غیر معمولی صلاحیت کو ظاہر کرتی ہے۔

ہمارے انسٹیٹیوٹ، سہارڈ بینڈ ٹرم فنانس سرٹیفکیٹس کی ریٹنگ کو AAA (ٹرپل اے) برائے TFC-2021 اور TFC-2022 اور AA+ (ڈبل اے پلس) برائے TFC-2017 (پریچپول) اور TFC-2022 (پریچپول) ہیں۔ یہ ریٹنگ کریڈٹ رسک کی بہت کم توقع ظاہر کرتی ہیں، جس کی وجہ مالی ذمہ داریوں سے عہدہ براء ہونے کی بہت مضبوط صلاحیت ہے۔ مزید برآں TFC-2022 اور TFC-2022 (پریچپول) جو کہ 2022 میں الٹو ہوئے پی ایس ایکس رول بک کے باب 5C کے مطابق پاکستان اسٹاک ایکسچینج لمیٹڈ پر لسٹڈ کئے گئے۔



کمیٹی کے اجلاس

لسڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 اور اسٹیٹ بینک آف پاکستان (ایس بی پی) ریگولیشنز کے تحت یہ ضروری ہے کہ بورڈ کی تمام کمیٹیوں یعنی آڈٹ کمیٹی، ہیومن ریسورس اینڈ ری میونریشن کمیٹی، کریڈٹ رسک مینجمنٹ کمیٹی، رسک مینجمنٹ کمیٹی، آئی ٹی کمیٹی اور اسلامک بینکنگ کنورژن کمیٹی کی تشکیل کو ظاہر کیا جائے۔

سال کے دوران آڈٹ کمیٹی کے 18 اجلاس، ہیومن ریسورس اینڈ ری میونریشن کمیٹی کے 15 اجلاس، کریڈٹ رسک مینجمنٹ کمیٹی، رسک مینجمنٹ کمیٹی، آئی ٹی کمیٹی، اسلامک بینکنگ کنورژن کمیٹی کے 14 اجلاس منعقد ہوئے اور آئی ایف آر ایس-9 کمیٹی کا 11 اجلاس منعقد ہوا اور ان میں ممبران کی حاضری درج ذیل رہی:

آڈٹ کمیٹی	ہیومن ریسورس اینڈ ری میونریشن کمیٹی	کریڈٹ رسک مینجمنٹ کمیٹی	رسک مینجمنٹ کمیٹی	آئی ٹی کمیٹی	اسلامک بینکنگ کنورژن کمیٹی	آئی ایف آر ایس-9 کمیٹی	
8	5	4	4	4	4	1	منعقدہ اجلاسوں کی تعداد
							ڈائریکٹرز کے نام
-	5	-	-	4	-	-	جناب عباس ڈی۔ حبیب
6	-	-	3	-	-	-	جناب انور حاجی کریم
8	5	3	1	-	4	1	محترمہ فرحانہ ماڈی خان **
-	4	-	-	4	4	-	جناب ہمایوں بشیر ***
8	-	4	4	-	4	-	جناب محمد رفیق الدین مہکری
-	-	3	3	3	-	-	جناب قاسم حبیب ****
-	-	4	4	4	-	1	جناب نسیم آری۔ حبیب
-	-	-	-	4	-	-	جناب منصور علی خان، چیف ایگزیکٹو
2	1	1	-	1	-	1	جناب ارشد ناصر *****
-	1	1	-	-	-	-	جناب مرتضیٰ ایچ۔ حبیب *****
2	1	1	-	-	-	-	سید مظہر عباس *****
2	2	-	-	-	-	-	جناب طارق اقبال خان *****
6	-	3	4	1	-	-	جناب عدنان آفریدی *****
-	4	-	3	-	3	3	جناب شاہد اقبال بلوچ *****
* بورڈ کی جانب سے تشکیل کردہ IFRS 9 کمیٹی ۳۰ جنوری ۲۰۲۵ کو چیک میں IFRS 9 کا مابانی کے ساتھ نافذ کرنے پر متفق کر دی گئی۔							
** محترمہ فرحانہ ماڈی خان نے ۱۱۳ پر ۲۰۲۵ کو اپنی نامزدگی کے بعد کریڈٹ رسک مینجمنٹ کمیٹی کے اجلاسوں میں شرکت کی۔ وہ مذکورہ تاریخ کے بعد رسک مینجمنٹ کمیٹی کی ممبر کے حیثیت سے سبکدوش ہو گئی۔							
*** جناب ہمایوں بشیر نے ۱۱۳ پر ۲۰۲۵ کو اپنی نامزدگی کے بعد ہیومن ریسورس اینڈ ری میونریشن کمیٹی کے اجلاسوں میں شرکت کی۔							
**** جناب قاسم حبیب نے ۱۱۳ پر ۲۰۲۵ کو اپنی نامزدگی کے بعد اپنی تمام بورڈ کمیٹیوں کے اجلاسوں میں شرکت کی۔							
***** جناب ارشد ناصر، جناب مرتضیٰ ایچ۔ حبیب اور سید مظہر عباس گزشتہ سالانہ اجلاس عام منعقدہ ۲۷ فروری ۲۰۲۵ء میں مستعفی ہوئے، انہوں نے اپنی رکنیت کے دوران تمام کمیٹیوں کے اجلاسوں میں شرکت کی۔							
***** جناب طارق اقبال خان ستمبر ۲۰۲۵ء میں مستعفی ہوئے۔ جناب عدنان آفریدی اور جناب شاہد اقبال بلوچ دسمبر ۲۰۲۵ء میں مستعفی ہوئے۔							



بورڈ کی تشکیل درج ذیل ہے:

جناب ہمایوں بشیر جناب محمد رفیق الدین بہکری سید محمد حسین	انڈینینٹ ڈائریکٹرز
جناب عباس ڈی۔ حبیب جناب عامر امین* جناب انور حاجی کریم جناب شہب جاوید حسین جناب قاسم حبیب	نان۔ ایگزیکٹو ڈائریکٹرز
جناب گمیل آر۔ حبیب	ایگزیکٹو ڈائریکٹر
محترمہ فرحانہ ماہوجی خان	خاتون ڈائریکٹر۔ نان ایگزیکٹو

* اسٹیٹ بینک آف پاکستان کی جانب سے فٹ اینڈ پروٹیکٹ کیئرٹس کے منتظر ہیں۔
جناب منصور علی خان بینک کے چیف ایگزیکٹو ہیں۔ بحیثیت بینک کے سی ای او، وہ بینک کے ڈائریکٹرز تصور کئے جاتے ہیں۔

بورڈ کے اجلاس

سال کے دوران بورڈ کے 5 اجلاس منعقد ہوئے اور ان میں ڈائریکٹرز کی شرکت درج ذیل رہی:

شرکت کردہ اجلاس	منعقدہ اجلاس	ڈائریکٹر کا نام
5	5	جناب عباس ڈی۔ حبیب
4	5	جناب انور حاجی کریم
5	5	محترمہ فرحانہ ماہوجی خان
5	5	جناب ہمایوں بشیر
5	5	جناب محمد رفیق الدین بہکری
4	5	جناب قاسم حبیب*
5	5	جناب گمیل آر۔ حبیب
5	5	جناب منصور علی خان، چیف ایگزیکٹو
1	5	جناب ارشد ناصر**
1	5	جناب مرتضیٰ ایچ۔ حبیب**
1	5	سید مظہر عباس**
5	5	جناب عدنان آفریدی***
4	5	جناب شاہد اقبال بلوچ***
2	5	جناب طارق اقبال خان***
* جناب قاسم حبیب نے گزشتہ سال 2024ء فروری 2025ء میں بحیثیت بینک کے ڈائریکٹر منتخب ہونے کے بعد تمام اجلاسوں میں شرکت کی۔		
** جناب ارشد ناصر، جناب مرتضیٰ ایچ۔ حبیب اور سید مظہر عباس گزشتہ سال 2024ء فروری 2025ء میں بورڈ سے سبکدوش ہو گئے۔		
*** جناب عدنان آفریدی، جناب شاہد اقبال بلوچ اور جناب طارق اقبال خان مستعفی ہونے کے بعد بورڈ کے ممبر کی حیثیت سے سبکدوش ہو گئے۔		



ڈائریکٹرز کی رپورٹ

الحمد للہ بینک الحیب کے ڈائریکٹرز کیلئے 35 ویں سالانہ رپورٹ بشمول ۳۱ دسمبر ۲۰۲۵ء کو ختم ہونے والے سال کیلئے بینک کے آڈٹ شدہ مالیاتی حسابات پیش کرنا باعث مسرت ہے۔

آپریٹنگ نتائج اور ان کی تخصیص کے لئے بورڈ کی سفارشات درج ذیل ہیں:

(’000 روپے میں)

65,519,785

(34,882,377)

30,637,408

87,219,787

26,333

(11,390)

211,078

(705,627)

86,740,181

117,377,589

(3,063,741)

(7,224,265)

(11,669,967)

(21,957,973)

95,419,616

27.57 روپے

سالانہ منافع قبل از ٹیکس

ٹیکسیشن

سالانہ منافع بعد از ٹیکس

گزشتہ غیر مختص شدہ منافع

غیر درج شدہ ایکویٹی ملکیت کی منصفانہ قدر کے اثرات

ایکویٹی سرمایہ کاری کی فروخت پر نقصان (ایف وی اوسی آئی)

غیر مختص شدہ اثاثہ جات کی ری ویلویویشن کے اضافے میں سے منتقلی۔ بعد از ٹیکس

دیگر جامع آمدنی۔ بعد از ٹیکس

تخصیص کیلئے دستیاب منافع

تخصیص:

اسٹیپنڈی ریزرو میں منتقلی

نقد منافع منقسمہ۔ ۲۰۲۳ء

نقد منافع منقسمہ۔ ۲۰۲۵ء

غیر مختص شدہ منافع

بنیادی/معتدل فی شیئر آمدنی۔ بعد از ٹیکس

۳۱ دسمبر ۲۰۲۵ء کو ختم ہونے والے سال کیلئے بورڈ آف ڈائریکٹرز نے 45% حتمی نقد منافع منقسمہ یعنی 4.50 روپے فی شیئر تجویز کیا ہے۔ جو کہ پہلے سے ادا کئے جانے والے 105% یعنی 10.50 روپے فی شیئر عبوری نقد منافع منقسمہ کے علاوہ ہے، اس طرح مجموعی نقد منافع منقسمہ 150% یعنی 15.00 روپے فی شیئر کی ادائیگی تجویز کی گئی ہے۔

کارکردگی کا جائزہ

الحمد للہ آپ کے بینک کی کارکردگی سال کے دوران اطمینان بخش رہی۔ ڈپازٹس ایک سال قبل کے 2.28 ٹریلین روپے کے مقابلے میں بڑھ کر 2.60 ٹریلین روپے ہو گئے جبکہ ایڈوانسز 910.9 بلین روپے سے کم ہو کر 792.1 بلین روپے ہو گئے۔ سال کے دوران بینک کا غیر ملکی تجارتی کاروباری حجم 3.5 ٹریلین روپے رہا۔ سالانہ منافع قبل از ٹیکس 65.5 بلین روپے رہا جبکہ گزشتہ سال یہ منافع 83.8 بلین روپے تھا، جبکہ سالانہ منافع بعد از ٹیکس گزشتہ سال کے 39.9 بلین روپے کے مقابلے میں 30.6 بلین روپے رہا۔

بینک کے منافع میں کمی کی بنیادی وجہ گزشتہ 2 سالوں کے دوران شرح سود میں نمایاں کمی اور بینک کے کرنٹ ڈپازٹس میں سست گروتھ ہے۔

سال کے دوران بینک نے 102 نئی برانچیں قائم کیں۔ بینک کا موجودہ نیٹ ورک 1,326 دفاتر پر مشتمل ہے جس میں 1,323 برانچیں ہیں۔ (بشمول 392 اسلاک بینکنگ برانچیں اور 2 اوور سیز برانچیں، بحرین اور ملائیشیا) اور 3 نمائندہ دفاتر، دبی، استنبول اور بیجنگ شامل ہیں۔ بینک کی جانب سے نیٹ ورک میں توسیع کا سلسلہ جاری رہے گا۔



بورڈ کی مجموعی کارکردگی پر چیئرمین کی جانب سے جائزہ رپورٹ

الحمد للہ، میں بمسرت بورڈ کی مجموعی کارکردگی اور بینک کے اغراض و مقاصد کے حصول کے سلسلے میں بورڈ کی جانب سے ادا کیے جانے والے موثر کردار پر رپورٹ پیش کر رہا ہوں۔

بورڈ نے اپنی اور ذیلی کمیٹیوں، انفرادی ڈائریکٹرز، چیئرمین اور چیف ایگزیکٹو کی کارکردگی کی جانچ کے لئے ایک باقاعدہ طریقہ کار منظور کیا ہے۔ بینک نے بورڈ کی جانچ کے لئے اندرون خانہ طریقہ کار اور اعدادی تیکنیک مع اسکور شدہ سوال نامے کا انتخاب کیا ہے۔ مزید برآں، ریگولیٹری تقاضوں کے مطابق، بورڈ کی کارکردگی کا جائزہ ہر تین سال کے بعد ایک بیرونی تشخیص کار کے ذریعے بھی کیا جاتا ہے۔

اس حوالے سے سال 2025 کے بورڈ کی کارکردگی کی جانچ بورڈ کے منظور کردہ طریقہ کار کے مطابق کی گئی۔ بورڈ نے اپنے ہر ممبر کی کارکردگی پر تبادلہ خیال کیا، اور اس کے بعد نتیجہ اخذ کیا گیا کہ بورڈ کی مجموعی کارکردگی بشمول بینک کے مقاصد کے حصول کیلئے بورڈ اور اس کی کمیٹیوں کا موثر کردار بالعموم باعث اطمینان ہے۔

بورڈ کی اس کارکردگی کی جانچ کا مجموعی مقصد درج ذیل شعبوں پر توجہ مرکوز کرتے ہوئے بینک کی دیرپا توسیع و ترقی کو یقینی بنانا ہے۔

- اے۔ بورڈ کی تشکیل اور اس کے امور
- بی۔ کارپوریٹ اسٹریٹجی اور بزنس پلان
- سی۔ بینک کی کارکردگی کی نگرانی
- ڈی۔ انٹرنل آڈٹ اور انٹرنل کنٹرول
- ای۔ رسک مینجمنٹ اور کمپلائنس
- ایف۔ ضروری معلومات کی تشہیر
- جی۔ بہتری کے لئے تجاویز

عباس ڈی۔ حبیب

چیئرمین

بورڈ آف ڈائریکٹرز

کراچی: ۱۱ فروری ۲۰۲۶ء



Branch Network

The Bank has a network of 1323 branches including, 02 overseas branches and 392 Islamic Banking branches. The Bank also has 03 representative offices and 12 booths. The Bank has branches / sub-branches / representative offices in the following cities:

- 18 Hazari
- 90-More (Farid Nagar)
- Aadha
- Abbottabad
- Abdul Hakeem
- Adda Bosan
- Adda Ghulam Hussain
- Adda Lar
- Adda Mirza Tahir
- Adda Pahrianwali
- Ahmed Nagar
- Ahmed Pur East
- Ajnala
- Akbarpura
- Akhtar Abad
- Ali Pur Chatta
- Ali Pur, Islamabad
- Aliabad
- Alipur
- Alpuri
- Amandara
- Amin Pur Bangla
- Arif Wala
- Asbanr
- Attock
- Badin
- Bagh (A.K.)
- Bagh-o-Bahar
- Bahawalnagar
- Bahawalpur
- Bahtar
- Baka Khel
- Balakot
- Balkassar
- Bampokha
- Bandhi
- Bangla Juana
- Bannu
- Bara
- Bara Kahu
- Barikot
- Barnala
- Basti Malook
- Batkhela
- Battagram
- Bela
- Besham
- Bewal
- Bhagawal Kalan
- Bhagwal
- Bhakkar
- Bhalwal
- Bhan Saeedabad
- Bhaun
- Bhawana
- Bhera
- Bhimber
- Bhiria Road
- Bhoja Hassan
- Bhopalwala
- Bhroat Gala (A.K.)
- Bucheki
- Burewala
- Chahan
- Chak Beli Khan
- Chak Bhoun
- Chak Daulat
- Chakdara
- Chakian
- Chakora Adherwal
- Chaksawari (A.K.)
- Chakwal
- Chaman
- Chamber
- Charbagh
- Charsadda
- Chenab Nagar
- Chichawatni
- Chillas
- Chiniot
- Chishtian
- Chitral
- Chiwanda
- Choa Saidu Shah
- Chota Sahiwal Sargodha
- Chowk Bahadurpur
- Chowk Bhatta
- Chowk Sarwar Shaheed
- Chowk Sureli
- Chowki
- Chuhar Jamali
- Chunian
- Chuprial
- Dadu
- Dadyal (A.K.)
- Daharki
- Dahranwala
- Dalbandin
- Dalowali
- Danyour
- Dara Adam Khel
- Dargai
- Dari Dholay Wali
- Darman
- Darora
- Darya Khan
- Darya Khan Mari
- Daska
- Daulat Nagar
- Deh 75 Nusrat
- Deh Noonari
- Deh Taib
- Dehla
- Deolai
- Deona Mandi
- Depalpur
- Dera Ghazi Khan
- Dera Ismail Khan
- Dera Murad Jamali
- Derianwala
- Dhamtal
- Dhok Amb
- Dhudhial
- Digri
- Dina
- Dinga
- Dir
- Doaba
- Dokri
- Domala
- Duki
- Dunyapur
- Dureji
- Ellahabad
- Eshanpur
- Faisalabad
- Faqirwali
- Farooqabad
- Fateh Jang
- Fateh More, Malana
- Fatehpur
- Fazil Pur
- Feroza
- Ferozewatoan
- Fort Abbas
- Gaggo Mandi
- Gamba
- Gambat
- Garh Mor
- Garha Mor
- Gawadar
- Ghakhar
- Gharo
- Ghazi
- Ghorghushti
- Ghotki
- Ghulmat
- Gilgit
- Gojra
- Gojra, Mandi Bahuddin
- Golarchi
- Gondal
- Gorakhpur
- Gujar Khan
- Gujranwala
- Gujrat
- Gulyana
- Habib Chowk
- Hafizabad
- Haidra
- Hala
- Halani
- Halla
- Hangu
- Harapa
- Haripur
- Haroonabad
- Hasan Abdal
- Hasilpur
- Hattar
- Havellian
- Hazro
- Head Bakaini
- Head Rajkan
- Hingorja
- Hub
- Hyderabad
- Inayat Kalay
- Islamabad
- Islamgarh (A.K.)
- Islampur
- Islampur Jabbar
- Jacobabad
- Jahanian
- Jalalpur Bhattian
- Jalalpur Jattan
- Jalalpur Pirwala
- Jalalpur Sibtian
- Jalozi
- Jampur
- Jamrud
- Jamshoro
- Jand
- Jandanwala
- Jaranwala
- Jatlan (A.K.)
- Jatoi
- Jaurah
- Jehangira
- Jhang
- Jhelum
- Jhuddo
- Joharabad
- Kabal
- Kabirwala
- Kacha Pakka
- Kahna Nau
- Kahrur Pacca
- Kahuta
- Kala Shah Kaku
- Kalakot
- Kalam
- Kalat
- Kalaya
- Kallar Syedan
- Kallur Kot
- Kamalia
- Kamar Mushani
- Kamoke
- Kamra
- Kandhkot
- Kandiyari
- Kandiaro
- Kanju
- Kankowai
- Karachi
- Karak
- Karianwala
- Karor Lal Esan
- Kashmore
- Kassowal
- Kasur
- Katlang
- Khairpur Mirs
- Khairpur Nathan Shah
- Khairpur Tamewali
- Khal
- Khan Bela
- Khanewal
- Khanpur
- Khaplu
- Khar, Bajaur Agency
- Kharan
- Kharian
- Khichiwala
- Khipro
- Khoi Ratta (A.K.)
- Khudian Khas
- Khurrianwala
- Khushab
- Khutiayala Sheikhan
- Khuzdar
- Khwazakhela
- Killa Saifullah
- Kingra More
- Kohat
- Kohlu
- Kot Abdul Malik
- Kot Addu
- Kot Chutta
- Kot Ghulam Muhammad
- Kot Radha Kishan
- Kot Samaba
- Kota
- Kota, Swabi
- Kotla Arab Ali Khan
- Kotli (A.K.)
- Kotri



Branch Network

- Koz Shawar
- Kumb
- Kumbar
- Kunjah
- Kunri
- Kuza Bandai
- Ladhaywala
- Lahore
- Lala Musa
- Laliyan
- Landi Kotal
- Lar Bagh
- Larkana
- Latifabad
- Layyah
- Liaquatpur
- Liaquatabad Thal
- Lodhran
- Loralai
- Machi Goth
- Madina Sugar Mills, Chiniot
- Madyan
- Maisi
- Maizai Adda
- Malakwal
- Malka
- Mamoon Kanjan
- Manawala
- Mandi Bahauddin
- Mandi Faizabad
- Mandi Shah Jewna
- Mandiala Tegah
- Mandra
- Manga Mandi
- Mangochar
- Mangowal
- Mankera
- Mankiala
- Mansehra
- Mardan
- Maroot
- Mastung
- Mathani Changan
- Matiyari
- Matli
- Mattani
- Mayar
- Mehar
- Mehrabpur
- Mian Channu
- Miana Gondal
- Miani Adda
- Mianwali
- Michni
- Minchinabad
- Mingora
- Mirpur (A.K.)
- Mirpur Mathelo
- Mirpur Sakro
- Mirpurkhas
- Mirwah Gorchani
- Mithi
- More Eminabad
- More Khunda
- Moro
- Mulhal Mughlan
- Multan
- Multan Khurd
- Munda
- Muradabad
- Muridke
- Murree
- Musafir Khana
- Muslim Bagh
- Mustafabad
- Muzaffarabad (A.K.)
- Muzaffargarh
- Naal
- Naar (A.K.)
- Naguman
- Nankana Sahib
- Narang
- Narang Mandi
- Narowal
- Naseerabad
- Nassarpur
- Naukot
- Naushahro Feroze
- Naushehra
- Nawabshah
- Nawakalay
- Nawan Kot
- New Saeedabad
- Noonawali
- Nooriabad
- Noushki
- Nowshera
- Nowshera Virkan
- Oghi
- Okara
- Ormara
- Pabbi
- Paigah
- Painsera
- Pakpattan
- Panjgur
- Panu Aqil
- Parachinar
- Pasni
- Pasrur
- Pattoki
- Peshawar
- Phalia
- Phool Nagar
- Pinanwal
- Pind Dadan Khan
- Pindi Bhattian
- Pindi Bohri
- Pindi Gheb
- Pir Baba
- Pir Mahal
- Pishin
- Pull Kharan
- Pull Manda (A.K.)
- Pull Sunny
- Qaboola
- Qalandarabad
- Qambar Swat
- Qamber Ali Khan
- Qasba Gujrat
- Qazi Ahmed
- Qila Didar Singh
- Quaidabad
- Quetta
- Radhan
- Raghagan
- Rahim Yar Khan
- Rahwali
- Raiwind
- Raja Ram
- Rajana
- Rajanpur
- Rajawala
- Rajjar
- Rakhni
- Rangpur Adda
- Ranipur
- Rasool Nagar
- Rawalakot (A.K.)
- Rawalpindi
- Renala Khurd
- Rohaillan Wali
- Rohri
- Sadda
- Sadiqabad
- Sahib Nagar
- Sahiwal
- Sakhakot
- Sakrand
- Saleh Khana
- Samar Bagh
- Sambrial
- Sammundry
- Samote
- Sanawan
- Sanghar
- Sanghoi
- Sangla Hill
- Sanjarpur
- Sara e Alamgir
- Sarai Naurang
- Sardar Garh
- Sargodha
- Sarwar Wali
- Satyana Bangla
- Sehansa (A.K.)
- Sehwan
- Shabqadar
- Shah Jamal
- Shahdadkot
- Shahdadpur
- Shaheer Sultan
- Shahi Wala
- Shahkas
- Shahkot
- Shahpur Chakar
- Shakargarh
- Shakrila
- Shamozi
- Sharaqpur
- Sheikh Wahan
- Sheikhupura
- Sheringal
- Shewa Adda
- Shikarpur
- Shinkhari
- Shorkot
- Shujabad
- Sialkot
- Sibi
- Sir Sube Shah
- Sirsina
- Skardu
- Sobodero
- Sohawa
- Sorab
- Sowari
- Sujawal
- Sukkur
- Sultan Colony
- Swabi
- Takhtbhai
- Talagang
- Talash
- Talbani
- Talhar
- Talwandi Musa Khan
- Tanda
- Tandlianwala
- Tando Adam
- Tando Allahyar
- Tando Bago
- Tando Jam
- Tando Muhammad Khan
- Tangi
- Tank
- Taranada Muhammad Pannah
- Tarnol
- Tarpatar
- Tataypur
- Tausna Sharif
- Taxila
- Thana
- Thari Mirwah
- Tharu Shah
- Thatta
- Thikrian
- Thull
- Tibba Sultanpur
- Timergara
- Toba Tek Singh
- Tootano Bandai
- Tootkay
- Torwarsak
- Tulamba
- Turbat
- Ubauro
- Uch Sharif
- Ugoki
- Umerkot
- Usman Shah Huri
- Usta Muhammad
- Uthal
- Vehari
- Wah Cantt
- Warri
- Watkay
- Wazirabad
- Winder
- Yar Hussain
- Yazman
- Zafarwal
- Zahir Pir
- Zaida
- Zhob

Overseas Branches

- Manama (Bahrain)
- Labuan (Malaysia)

Representative Offices

- Beign, China
- Dubai, U.A.E
- Istanbul, Turkiye

Principal Office

Mackinnons Building, I. I. Chundrigar Road, Karachi.
 Phones: (92-21) 32412421, 32446916 & 111-786-110
 Fax: (92-21) 32419752

Registered Office

126-C, Old Bahawalpur Road, Multan.
 Phones: (92-61) 4580314-16, & 111-786-110
 Fax: (92-61) 4582471

SWIFT CODE : BAHLPKKA website : www.bankalhabib.com



Form of Proxy

The Company Secretary
Bank AL Habib Limited
126-C, Old Bahawalpur Road,
MULTAN.

I/We _____ of _____

being a member(s) of Bank AL Habib Limited and holding _____

ordinary shares, as per Register Folio No./CDC Account and Participant's I.D. No. _____

do hereby appoint _____ Folio No./CDC Account and Participant's I.D.

No. _____ of _____

or failing him/her _____ Folio No./CDC Account and Participant's I.D.

No. _____ of _____

another member of the Bank as my/our proxy to vote for me/us and on my/our behalf at the Thirty-fifth Annual General Meeting of the Bank to be held on Monday, March 30, 2026 and at any adjournment thereof.

As witness my/our hand this _____ day of _____ 2026.

REVENUE
STAMP
RS. 5

SIGNATURE OF MEMBER (S)

(The signature of the shareholder should agree with the specimen signature registered with the Bank or as per CNIC / Passport in case the share(s) is / are registered in CDC account).

Witnesses:

1. Signature _____	2. Signature _____
Name _____	Name _____
Address _____	Address _____
CNIC/Passport No. _____	CNIC/Passport No. _____

A member entitled to attend the Annual General Meeting is entitled to appoint a proxy to attend, speak and vote instead of him/her. No person shall act as proxy (except for a corporation) unless he/she is entitled to be present and vote in his/her own right.

CDC account holder or sub-account holder appointing a proxy should furnish attested copies of his / her own as well as the proxy's CNIC / Passport with the proxy form. The proxy shall also produce his / her original CNIC / Passport at the time of the meeting. In case of corporate entity, the Board of Directors resolution / power of attorney with specimen signature shall be submitted along with proxy form.

The instrument appointing a proxy should be signed by the member or by his/her attorney duly authorised in writing. If the member is a corporation, its common seal (if any) should be affixed to the instrument.

The proxy forms, together with the power of attorney (if any), under which it is signed or a notarially certified copy thereof, shall be deposited at the Registered Office of the Bank not less than 48 hours before the time of the meeting (no account shall be taken of any part of the day that is not a working day).



مختار نامہ (پراسی فارم)

میں / ہم _____ ساکن _____ بحیثیت ممبر (رکن) بینک الحبیب لمیٹڈ اور حامل
عام حصص، بمطابق شیئر رجسٹر فولیو نمبر / سی ڈی سی اکاؤنٹ اور پارٹیسپنٹ آئی ڈی نمبر _____
ممبر (رکن) محترم / محترمہ _____ فولیو نمبر / سی ڈی سی اکاؤنٹ اور پارٹیسپنٹ آئی ڈی نمبر _____ کو
یا ان کی غیر حاضری میں ممبر (رکن) محترم / محترمہ _____ فولیو نمبر / سی ڈی سی اکاؤنٹ اور پارٹیسپنٹ آئی ڈی نمبر _____
کو اپنے / ہمارے ایما پر بروز پیر ۳۰ مارچ ۲۰۲۶ء کو بینک الحبیب لمیٹڈ کے آفس میں منعقد ہونے والے بینک کے چینیسیویں سالانہ اجلاس عام
میں حق رائے دہی استعمال کرنے یا کسی بھی التواء کی صورت میں اپنا / ہمارا بطور مختار (پراسی) مقرر کرتا کرتی ہوں / کرتے ہیں۔
آج بروز _____ تاریخ _____ ۲۰۲۶ء کو دستخط کئے گئے۔

پانچ روپے مالیت کا
رسیدی ٹکٹ پر دستخط

دستخط ممبر (رکن)

ممبر (رکن) کے دستخط بینک میں رجسٹرڈ شدہ دستخط سے مماثلت رکھتے ہوں اور سی ڈی سی اکاؤنٹ ہولڈرز کے دستخط ان کے کمپیوٹرائزڈ قومی شناختی کارڈ
یا پاسپورٹ کے نمونہ دستخط سے مماثل ہونا ضروری ہے۔

گواہان:

۱۔ دستخط _____ ۲۔ دستخط _____
نام _____ نام _____
پتہ _____ پتہ _____
کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ نمبر _____ کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ نمبر _____
ممبر (رکن) جو اجلاس میں شرکت اور ووٹ دینے کا مجاز ہوا اپنی جگہ کسی اور ممبر (رکن) کو بطور مختار (پراسی) شرکت کرنے، بولنے اور ووٹ دینے کا حق تفویض کر سکتا ہے۔
سی ڈی سی اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر کو مختار نامہ (پراسی فارم) کے ہمراہ کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی مصدقہ نقول بھی منسلک کرنی ہوگی۔
مختار (پراسی) کو اجلاس کے وقت اپنا اصل کمپیوٹرائزڈ قومی شناختی کارڈ یا اصل پاسپورٹ پیش کرنا ہوگا۔ کارپوریٹ ادارہ ہونے کی صورت میں بحیثیت ممبر (رکن)،
بورڈ آف ڈائریکٹرز کی منظور شدہ قرارداد / پاور آف اٹارنی بمعہ نمونہ دستخط ہمراہ مختار نامہ (پراسی فارم) جمع کرانا ہوئے۔
مختار نامہ (پراسی فارم) پر ممبر (رکن) یا ان کے اٹارنی کے دستخط ہونا لازمی ہے۔ کارپوریٹ ادارہ ہونے کی صورت میں مختار نامہ (پراسی فارم) پر کمپنی کی مہر ہونا
بھی ضروری ہے۔
مختار نامہ (پراسی فارم) بمعہ نامزد کرنے والے شخص کی تصدیق شدہ پاور آف اٹارنی (حسب ضرورت) بینک کے رجسٹرڈ آفس میں اجلاس کے مقررہ وقت سے کم از کم
۲۸ گھنٹے قبل جمع کرنا ضروری ہے (اس دن کا کوئی بھی حصہ اس میں شامل نہ ہوگا اگر وہ ایام کار نہ ہو)۔