



**CONDENSED INTERIM
FINANCIAL INFORMATION**
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2026

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CORPORATE INFORMATION**As of March 31, 2026****Board of Directors**

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

Managing Director / CEO

Hassan Raza

Shariah Board

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

Board Audit Committee

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

Board Human Resource & Remuneration Committee

Tahir Jawaid	Member
Natasha Jehangir Khan	Member
Osman Asghar Khan	Member

Board Risk Management Committee

Kamran Ahmed Afridi	Member
Muhammed Shahid Sadiq	Member
Hassan Raza	Member

Board I.T Steering Committee

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

Board Compliance Committee

Muhammed Shahid Sadiq
Kamran Ahmed Afridi
Natasha Jehangir Khan
Hassan Raza

Chairman
Member
Member
Member

Chief Financial Officer

Irfan Saleem Awan

Company Secretary

Raza Mohsin Qizilbash

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

24 The Mall, Peshawar Cantt.
UAN# 00-92-91-111 95 95 95
URL: www.bok.com.pk

Auditors

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

Legal Advisors

M/s. Mohsin Tayebaly & Co., Karachi

Registrar and Share Registration Office

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

Directors' Review

On behalf of the Board of Directors of the Bank of Khyber ("The Bank"), I am pleased to present the condensed interim financial information of the Bank for the three month period ended March 31, 2026 (first quarter).

Financial Highlights

The financial results of the Bank (Standalone) for the first quarter are as under:

	(Rs. in Million)	
	As at	
	March 31 2026	December 31 2025
Total Assets	489,205	453,230
Deposits	363,536	378,123
Advances (Gross)	140,940	138,605
Investments (Net)	312,241	274,957

	(Rs. in Million)	
	For the three month period ended	
	March 31 2026	March 31 2025
Operating Profit	1,751	3,285
(Reversal) of Credit Loss allowance	(357)	(118)
Profit before taxation	2,109	3,403
Taxation	1,096	1,800
Profit after tax	1,013	1,603

	(Rupees)	
Earnings Per Share	0.87	1.38

Performance Review

Despite competitive market conditions, the Bank continued to advance its long-term, multi-faceted strategy focusing on all the key areas. For the quarter ended March 31, 2026, the Bank posted a profit before tax of Rs. 2,109 million, while profit after tax for this quarter stood at Rs. 1,013 million, as compared to profit before tax of Rs. 3,403 million and profit after tax of Rs. 1,603 million earned in the corresponding period last year. This decline in comparative profitability was primarily attributable to the lower net interest income and lesser amount of gain on securities earned during the period. Operating expenses remained under control and increased by 8% during the quarter as compared to same period last year.

As a result of strenuous recovery efforts and prudent lending strategy followed by the management, the Bank achieved net reduction in NPLs which reduced from Rs. 12,530 million as of December 31, 2025 to Rs. 12,151 million at the quarter end. Similarly, the Bank achieved net reversal of credit loss allowance (ECL) of Rs. 357 million during the quarter under review which was higher as compared to the net reversal of Rs. 118 million achieved last year in the same period.

The Bank's total assets at the quarter ended increased to Rs. 489,205 million against Rs. 453,300 million as of December 31, 2025. Net advances increased to Rs. 129,368 million at the quarter-end (December 31, 2025: Rs. 126,706 million) while net investments increased to Rs. 312,241 million as compared to Rs. 274,957 million as at December 31, 2025. On the liabilities side, deposits reduced to Rs. 363,536 million at the quarter end (December 31, 2025: Rs. 378,123) while borrowings increased to Rs. 89,515 million as against Rs. 35,698 million as at December 31, 2025.

Continuous work is underway towards implementation of the conversion strategy. At the end of the quarter, the Bank was operating with 254 branches across the country out of which 199 are dedicated Islamic Banking branches. The deposit of Islamic banking operations of the Bank as of March 31, 2026 stood at Rs. 207,155 million thereby reflecting an increase in the proportion of total deposits of the Bank as compared to December 31, 2025.

Update on Subsidiary

On January 19, 2026, the SECP issued certificate of incorporation of the BOK Currency Exchange Company (Pvt.) Limited, a wholly subsidiary of the Bank. In this respect, the Bank has injected an amount of Rs. 1 billion as paid-up capital of the BOK exchange company during the quarter under review. Accordingly, the Bank has separately prepared and presented its first consolidated financial statements for the quarter ended March 31, 2026.

On February 13, 2026, SBP issued "in-principal approval" for operationalization of the BOK Exchange Company. This approval is valid for three months from the date of issuance. Moreover, necessary work by the exchange company is underway to complete the pre-requisites within the stipulated timeframe to the satisfaction of SBP. After completing the requirements, the Exchange Company will apply to SBP to obtain authorization to carry out the foreign exchange business. This strategic initiative of the Bank aims to diversify revenue streams, create operational synergies, and expand business outreach.

Ratings

In June 2025, VIS Credit Rating Company Limited (VIS) upgraded the medium to long term entity rating of the Bank to 'AA-' (Double A Minus) while maintained the short-term rating at 'A1' (Single A One). The medium to long-term rating of 'AA-' denotes high credit quality, with strong protection factors. Outlook on the assigned rating is 'Stable'.

In June 2025, The Pakistan Credit Rating Agency Limited (PACRA) maintained the medium to long term entity rating of the Bank at 'A+' (Single A Plus) and short-term entity rating at 'A-1' (Single A One). Outlook on the assigned rating is 'Stable'.

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

Future Outlook

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

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

Acknowledgment

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

For and on behalf of the Board of Directors



Hassan Raza
Managing Director & CEO

Peshawar: April 25, 2026



Bank of Khyber

Condensed Interim
Unconsolidated Financial Statements
March 31, 2026

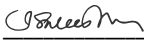
**CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2026**

	(Un-audited) March 31, 2026	(Audited) December 31, 2025
Note	----- Rupees in '000 -----	
ASSETS		
Cash and balances with treasury banks	7 20,220,118	25,398,116
Balances with other banks	8 3,956,843	3,217,067
Lendings to financial institutions	9 131,533	3,438,549
Investments	10 312,241,487	274,956,627
Advances	11 129,368,281	126,705,821
Property and equipment	12 4,758,283	4,796,539
Right-of-use assets	13 1,542,174	1,626,161
Intangible assets	14 370,743	379,645
Deferred tax assets	15 2,203,740	1,032,911
Other assets	16 14,411,886	11,748,178
Total Assets	489,205,088	453,299,614
LIABILITIES		
Bills payable	17 2,029,033	3,212,340
Borrowings	18 89,514,986	35,697,978
Deposits and other accounts	19 363,536,494	378,123,220
Lease liabilities	20 1,757,745	1,757,104
Subordinated debt	-	-
Deferred tax liabilities	-	-
Other liabilities	21 10,929,145	10,832,282
Total Liabilities	467,767,403	429,622,924
NET ASSETS	21,437,685	23,676,690
REPRESENTED BY		
Share capital	22 11,579,360	11,579,360
Reserves	6,431,757	6,229,178
Surplus on revaluation of assets	23 57,431	1,358,853
Unappropriated profit	3,369,137	4,509,299
	21,437,685	23,676,690
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The annexed notes 1 to 41 form an integral part of these condensed interim unconsolidated financial statements.



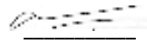
**MANAGING
DIRECTOR**



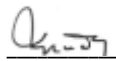
**CHIEF FINANCIAL
OFFICER**



DIRECTOR



DIRECTOR



DIRECTOR

**CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2026**

	January 1 to March 31, 2026	January 1 to March 31, 2025	
Note	----- Rupees in '000 -----		
Mark-up / return / interest earned	25	11,374,268	13,500,282
Mark-up / return / interest expensed	26	7,157,493	8,394,671
Net mark-up / interest income		<u>4,216,775</u>	<u>5,105,611</u>
NON MARK-UP / INTEREST INCOME			
Fee and commission income	27	304,171	228,101
Dividend income		-	-
Foreign exchange income		91,831	72,367
Income / (loss) from derivatives		-	-
Gain on securities	28	66,229	520,715
Net (loss) / gain on derecognition of financial assets measured at amortised cost	29	(29,686)	50,971
Share of profit of associate		2,785	2,968
Other income	30	31,927	24,783
Total non-mark-up / interest income		<u>467,257</u>	<u>899,905</u>
Total income		<u>4,684,032</u>	<u>6,005,516</u>
NON MARK-UP / INTEREST EXPENSES			
Operating expenses	31	2,932,562	2,720,474
Workers Welfare Fund		-	-
Other charges	32	25	130
Total non-mark-up / interest expenses		<u>2,932,587</u>	<u>2,720,604</u>
PROFIT BEFORE CREDIT LOSS ALLOWANCE		<u>1,751,445</u>	<u>3,284,912</u>
(Reversal) of credit loss allowance and write offs - net	33	(357,132)	(117,989)
PROFIT BEFORE TAXATION		<u>2,108,577</u>	<u>3,402,901</u>
Taxation	34	1,095,680	1,800,369
PROFIT AFTER TAXATION		<u>1,012,897</u>	<u>1,602,532</u>
		----- Rupees -----	
Basic and diluted earnings per share	35	<u>0.87</u>	<u>1.38</u>

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




**MANAGING
DIRECTOR**



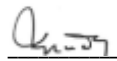
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OFFICER**



DIRECTOR



DIRECTOR



DIRECTOR

**CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2026**

	January 1 to March 31, 2026	January 1 to March 31, 2025
	----- Rupees in '000 -----	
		(restated)
Profit after taxation for the period	1,012,897	1,602,532
Other comprehensive income / (loss)		
Items that may be reclassified to statement of profit and loss account in subsequent periods:		
Movement in deficit on revaluation of debt investments through FVOCI - net of tax	(1,291,341)	(861,034)
Gain on sale of debt investments carried at FVOCI reclassified to profit and loss - net of tax	(31,790)	(244,731)
	(1,323,131)	(1,105,765)
Items that will not be reclassified to statement of profit and loss account in subsequent periods:		
Movement in surplus on revaluation of equity investments - net of tax	23,000	11,207
Share of surplus on revaluation of investment in associate - net of tax	151	1,359
	23,151	12,546
Total comprehensive (loss) / income	(287,083)	509,313

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



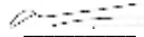
**MANAGING
DIRECTOR**



**CHIEF FINANCIAL
OFFICER**



DIRECTOR



DIRECTOR



DIRECTOR

**CONDENSED INTERIM UNCONSOLIDATED CASH FLOW STATEMENT (UN-AUDITED)
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2026**

	January 1 to March 31, 2026	January 1 to March 31, 2025
Note	----- Rupees in '000 -----	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	2,108,577	3,402,901
Less: Dividend income	-	-
	2,108,577	3,402,901
Adjustments:		
Net mark-up / return / interest income	(4,314,186)	(5,206,071)
Depreciation - Property and equipment	31 253,204	205,041
Depreciation - Non-banking assets acquired in satisfaction of claims	31 13,496	11,178
Depreciation - Right-of-use assets	31 192,153	186,554
Amortization	31 23,416	20,955
(Reversal) of credit loss allowance and write offs - net	33 (357,132)	(117,989)
Gain on securities	28 (66,229)	(520,715)
Net loss / (gain) on derecognition of financial assets measured at amortised cost	29 29,686	(50,971)
Gain on disposal of property and equipment - net	30 (676)	(667)
Financing charges on leased assets	26 97,411	100,460
Unwinding of deferred cost on staff loans	44,805	59,348
Share of profit of associate	(2,785)	(2,968)
	(4,086,837)	(5,315,845)
	(1,978,260)	(1,912,944)
(Increase) / decrease in operating assets		
Lendings to financial institutions	3,307,095	(1,535,164)
Securities classified as FVPL	-	(5,362)
Advances	(2,324,816)	78,493,716
Other assets (excluding advance taxation and mark-up receivable)	898,547	(1,133,977)
	1,880,826	75,819,213
Increase / (decrease) in operating liabilities		
Bills payable	(1,183,307)	(20,523,683)
Borrowings from financial institutions	53,817,008	(58,073,108)
Deposits	(14,586,726)	60,977,994
Other liabilities (excluding current taxation and mark-up payable)	(22,754)	909,862
	38,024,221	(16,708,935)
Mark-up / interest received	8,393,408	9,999,974
Mark-up / interest paid	(9,036,003)	(12,427,528)
Income tax paid	(1,469,705)	(959,564)
	35,814,487	53,810,216
Net cash flow from operating activities		
CASH FLOW FROM INVESTING ACTIVITIES		
Net investments in amortised cost	-	891,211
Net investments in securities classified as FVOCI	(38,986,550)	(49,816,242)
Investment in subsidiary	(1,000,000)	-
Investments in property and equipment	(79,310)	(147,615)
Investments in intangible assets	17,788	(34,286)
Disposal of property and equipment	697	1,023
	(40,047,375)	(49,105,909)
Net cash flow used in investing activities		
CASH FLOW FROM FINANCING ACTIVITIES		
Payments of lease obligations against right-of-use assets	(204,936)	(250,739)
Dividend paid	(321)	3
	(205,257)	(250,736)
Net cash flow used in financing activities		
Effects of credit loss allowance changes on cash and cash equivalents	(77)	(385)
(Decrease) / increase in cash and cash equivalents	(4,438,222)	4,453,186
Cash and cash equivalents at beginning of the period	28,615,183	27,245,369
Cash and cash equivalents at end of the period	24,176,961	31,698,555

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




**MANAGING
DIRECTOR**



**CHIEF FINANCIAL
OFFICER**



DIRECTOR



DIRECTOR



DIRECTOR

**NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2026**

1 STATUS AND NATURE OF BUSINESS

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

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

- 1.2 During the year, the Securities and Exchange Commission of Pakistan (SECP) has issued certificate of incorporation of 'BOK Currency Exchange Company (Private) Limited' dated January 19, 2026 (incorporated as a wholly owned subsidiary of the Bank), and the Bank has injected an amount of Rs. 1,000 million as paid up capital in BOK Exchange Company. The company is in the process of completing necessary formalities after which it will apply to SBP for obtaining the authorization to carry out foreign exchange business.

2 BASIS OF PREPARATION

- 2.1 In accordance with the directives of the Federal Government regarding the shifting of the banking system to Islamic modes, the State Bank of Pakistan (SBP) has issued various circulars from time to time. Permissible forms of trade-related modes of financing include purchase of goods by the banks from their customers and immediate resale to them at appropriate profit in price on deferred payment basis. The purchases and sales arising under the respective arrangements (except for Murabaha financings accounted for under Islamic Financial Accounting Standard - 1 "Murabah") are not reflected in these condensed interim unconsolidated financial statements as such, but are restricted to the amount of facility actually utilized and the appropriate portion of profit thereon.
- 2.2 The Islamic banking branches of the Bank have complied with the requirements as set out in the Islamic Financial Accounting Standards (IFAS), issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the provisions of Companies Act, 2017.
- 2.3 The financial results of the Islamic Banking Branches have been included in these condensed interim unconsolidated financial statements for reporting purposes, after eliminating the effects of inter-branch transactions and balances. Key financial figures of the Islamic Banking Branches are disclosed in note 40 to these condensed interim unconsolidated financial statements.
- 2.4 These condensed interim unconsolidated financial statements have been prepared under the historical cost convention except that certain class of property and equipment and non-banking assets acquired in satisfaction of claims are stated at revalued amounts; certain investments classified at fair value through profit or loss and at fair value through other comprehensive income and derivative financial instruments, if any, are stated at fair value; staff loans are measured at fair value at initial recognition; and the recognition of certain employees benefits, lease liabilities and corresponding right of use assets at present value, as disclosed in their respective notes.
- 2.5 The Bank believes that there is no significant doubt on the Bank's ability to continue as a going concern. Therefore, these condensed interim unconsolidated financial statements have been prepared on a going concern basis.
- 2.6 These condensed interim unconsolidated financial statements have been presented in Pakistani Rupee, which is the Bank's functional and presentation currency. The figures have been rounded off to the nearest thousand rupees, unless otherwise stated.

**NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2026**

3 STATEMENT OF COMPLIANCE

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

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

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

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

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

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

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

3.3 SBP vide BSD Circular Letter No. 10, dated August 26, 2002, has deferred the applicability of International Accounting Standard (IAS) 40, Investment Property for banking companies till further instructions. Moreover, SBP vide BPRD Circular No. 4, dated February 25, 2015, has deferred the applicability of Islamic Financial Accounting Standards (IFAS) 3, Profit and Loss Sharing on Deposits. Further, according to the notification of the SECP issued vide SRO 411(I)/2008 dated April 28, 2008, International Financial Reporting Standard (IFRS) 7, 'Financial Instruments: Disclosures' has not been made applicable for banks. Accordingly, the requirements of these standards have not been considered in the preparation of these condensed interim unconsolidated financial statements.

3.4 Standards, interpretations of and amendments to published approved accounting and reporting standards that are effective in the current period

There are certain new and amended standards, issued by International Accounting Standards Board (IASB), interpretations and amendments that are mandatory for the Bank's accounting periods beginning on or after January 1, 2026 but are considered not to be relevant or do not have any material effect on the Bank's operations and therefore not detailed in these condensed interim unconsolidated financial statements except for IFRS 9 (Financial Instruments) disclosed under note 4.1.

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

There are certain new and amended standards, issued by International Accounting Standards Board (IASB), interpretations and amendments that are mandatory for the Bank's accounting periods beginning on or after January 1, 2027 but are considered not to be relevant or do not have any material effect on the Bank's operations except for:

**NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2026**

4 MATERIAL ACCOUNTING POLICY INFORMATION

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

4.1 IFRS 9 - Financial Instruments

The SBP in a separate instruction vide letter BPRD/RPD/822456/25 dated January 22, 2025 had allowed extension for application of Effective Interest Rate (EIR methodology) under IFRS 9 upto December 31, 2025. Accordingly, w.e.f January 01, 2026, the Bank has implemented the EIR methodology under IFRS 9. To account for the transition, the Bank has adopted the modified retrospective approach as allowed under IFRS 9. Accordingly the cumulative impact (net of tax), amounting to Rs. 16.78 million has been recognized as an adjustment in the equity as at January 01, 2026 in these condensed interim unconsolidated financial statements.

4.2 The SBP has directed the Banks through its BPRD Circular Letter No. 1 dated January 22, 2025 to continue the existing revenue recognition methodology for islamic operations, including the requirements of IFAS 1 and IFAS 2 until further instructions. Had the IFRS been adopted in its entirety for revenue recognition from islamic operations, the profit after tax of the Bank would have been higher by Rs. 78.50 million.

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The basis for accounting estimates adopted in the preparation of these condensed interim unconsolidated financial statements are the same as that applied in the preparation of the financial statements of the Bank for the year ended December 31, 2025 except for the matters related to IFRS 9 which have been disclosed in note 4.1 to these condensed interim unconsolidated financial statements.

6 FINANCIAL RISK MANAGEMENT

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

7 CASH AND BALANCES WITH TREASURY BANKS

	(Un-audited) March 31, 2026	(Audited) December 31, 2025
	----- Rupees in '000 -----	
In hand		
Local currency	7,098,700	7,042,878
Foreign currencies	228,738	142,560
	7,327,438	7,185,438
With State Bank of Pakistan in		
Local currency current accounts	11,579,954	14,897,044
Foreign currency current accounts	44,720	105,018
Foreign currency deposit accounts	271,585	266,202
	11,896,259	15,268,264
With National Bank of Pakistan in		
Local currency current accounts	886,132	2,321,247
Local currency deposit accounts	100,956	612,385
Foreign currency current accounts	8,939	10,442
	996,027	2,944,074
Prize bonds	409	354
Less: Credit loss allowance held against cash and balances with treasury banks	(15)	(14)
Cash and balances with treasury banks - net of credit loss allowance	20,220,118	25,398,116

**NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2026**

	(Un-audited)	(Audited)
	March 31, 2026	December 31, 2025
8 BALANCES WITH OTHER BANKS	----- Rupees in '000 -----	
In Pakistan		
In current accounts	1,369,237	1,010,786
In deposit accounts	310,807	344,727
	1,680,044	1,355,513
Outside Pakistan		
In current accounts	1,600,194	357,530
In deposit accounts	686,821	1,514,164
	2,287,015	1,871,694
Less: Credit loss allowance held against balances with other banks	(10,216)	(10,140)
Balances with other banks - net of credit loss allowance	3,956,843	3,217,067

	Note	(Un-audited)	(Audited)
		March 31, 2026	December 31, 2025
9 LENDINGS TO FINANCIAL INSTITUTIONS		----- Rupees in '000 -----	
Call / clean money lending		-	3,300,000
Placements with financial institutions		217,140	224,236
Less: Credit loss allowance held against lendings to financial institutions	9.1	(85,607)	(85,687)
Lendings to financial institutions - net of credit loss allowance		131,533	3,438,549

	Note	(Un-audited)		(Audited)	
		March 31, 2026		December 31, 2025	
9.1 Lendings to financial institutions - particulars of credit loss allowance		Lending	Credit loss allowance held	Lending	Credit loss allowance held
		----- Rupees in '000 -----			
Domestic					
Performing	Stage 1	-	-	3,300,000	-
Under performing	Stage 2	-	-	-	-
Non-performing	Stage 3				
Substandard		-	-	-	-
Doubtful		-	-	-	-
Loss	9.2	217,140	85,607	224,236	85,687
		217,140	85,607	224,236	85,687
Total		217,140	85,607	3,524,236	85,687
Overseas		-	-	-	-
Total		-	-	-	-

9.2 The credit loss allowance as of March 31, 2026 includes the forced sales value benefit amounting to Rs. 131.53 million (December 31, 2025: Rs. 138.55), availed by the Bank equivalent to the market value of the Pakistan Investment Bonds received by the Bank as part of the settlement agreement against a non performing lending of the Bank. The resulting increase in the unappropriated profit (net of tax) amounting to Rs. 63.13 million (December 31, 2025: Rs. 65.12 million) is not available for the distribution of cash or stock dividend to shareholders or bonus to employees.

**NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2026**

10.3 Credit loss allowance for diminution in value of investments

	(Un-audited) March 31, 2026	(Audited) December 31, 2025
	----- Rupees in '000 -----	
Opening balance	141,631	158,189
Charge / (reversals)		
Charge for the period / year	-	5
Reversal for the period / year	(4,132)	(16,563)
Reversal on disposals / repayment during the period / year	-	-
	(4,132)	(16,558)
Closing balance	137,499	141,631

10.4 Particulars of credit loss allowance against debt securities

	(Un-audited) March 31, 2026		(Audited) December 31, 2025	
	Outstanding amount	Credit loss allowance held	Outstanding amount	Credit loss allowance held
	----- Rupees in '000 -----			
Domestic	2,763,494	5	2,751,408	5
Performing	-	-	-	-
Underperforming	-	-	-	-
Non-performing	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	-	-	-	-
Total	137,499	137,494	141,626	141,626
	137,499	137,494	141,626	141,626
	2,900,993	137,499	2,893,034	141,631
Overseas	-	-	-	-
Total	-	-	-	-

**NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2026**

10.5	Summarised financial information of associate								
10.5.1	Investment in associate - unlisted								
	Taurus Securities Limited								
	Taurus Securities Limited	December 31, 2025 (Audited)	4,050,374	30%	Pakistan	40,504			
		September 30, 2025 (Un-audited)	4,050,374	30%	Pakistan	40,504			
10.5.2	Summary of financial information of associate								
	Based on financial statements:								
	-October 1, 2025 to December 31, 2025	1,630,563	1,229,651	400,912	104,540	9,283	9,283		
	-October 1, 2024 to September 30, 2025	1,560,181	1,168,548	391,633	325,148	37,273	40,470		
10.6	Summarised financial information of subsidiary								
10.6.1	Investment in subsidiary								
	BOK Currency Exchange (Pvt) Ltd.								
		March 31, 2026 (Un-audited)	100,000,000	100%	Pakistan	1,000,000			
10.6.2	Summary of financial information of associate								
	Based on financial statements:								
	-January 1, 2026 to March 31, 2026	1,011,863	8,649	1,003,214	11,863	2,282	2,282		
10.7	The market value of securities classified as amortised cost as at March 31, 2026 amounted to Rs. 9,049,29 million (December 31, 2025: Rs. 9,921,04 million).								

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED) FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2026

11.2 Advances include Rs. 12,151.01 million (December 31, 2025: Rs. 12,530.47 million) which have been placed under non-performing / stage 3 status as detailed below:

Category of classification in stage 3	(Un-audited)		(Audited)	
	March 31, 2026	Credit loss allowance	December 31, 2025	Credit loss allowance
	Non performing loans		Non performing loans	
	----- Rupees in '000 -----			
Domestic				
Other assets especially mentioned (OAEM)	79,512	57,138	151,988	81,548
Substandard	221,314	112,167	774,959	530,827
Doubtful	984,182	667,836	419,689	283,341
Loss	10,865,999	9,746,689	11,183,837	9,904,434
	<u>12,151,007</u>	<u>10,583,830</u>	<u>12,530,473</u>	<u>10,800,150</u>
Overseas	-	-	-	-
Total	<u>12,151,007</u>	<u>10,583,830</u>	<u>12,530,473</u>	<u>10,800,150</u>

**NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2026**

11.3 Particulars of credit loss allowance against advances

	(Un-audited) March 31, 2026			(Audited) December 31, 2025				
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	Credit loss allowance held							
	Rupees in '000							
Opening balance	702,763	395,797	10,800,150	11,898,710	731,140	584,619	11,425,873	12,741,632
Charge for the period / year	158,096	367,770	265,210	791,076	522,484	650,837	1,027,433	2,200,754
Reversals for the period / year	(3,000,931)	(336,760)	(481,530)	(1,119,383)	(550,861)	(839,659)	(1,653,156)	(3,043,676)
	(141,997)	31,010	(216,320)	(321,307)	(28,377)	(188,822)	(625,723)	(842,922)
Amounts written off	-	-	-	-	-	-	-	-
Closing balance	560,766	426,807	10,583,830	11,571,403	702,763	395,797	10,800,150	11,898,710

11.4 Advances - Particulars of credit loss allowance

	(Un-audited) March 31, 2026			(Audited) December 31, 2025				
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	Rupees in '000							
Opening balance	702,763	395,797	10,800,150	11,898,710	731,140	584,619	11,425,873	12,741,632
New advances	117,699	119,313	137,580	374,592	435,680	88,991	88,754	613,425
Advances derecognised or repaid	(92,549)	(268,611)	(250,087)	(611,247)	(170,478)	(94,545)	(1,162,741)	(1,427,764)
Transfer to stage 1	40,397	(40,397)	-	-	86,804	(82,910)	(3,894)	-
Transfer to stage 2	(17,014)	248,457	(231,443)	-	(75,325)	561,846	(486,521)	-
Transfer to stage 3	(1,611)	(8,033)	9,644	-	(8,594)	(132,486)	141,080	-
	46,922	50,729	(334,306)	(236,655)	268,087	340,896	(1,423,322)	(81,339)
Changes in risk parameters (PDs/ LGDs/ EADS)	(188,919)	(19,719)	117,986	(90,652)	(296,464)	(529,718)	797,599	(28,583)
Closing balance	560,766	426,807	10,583,830	11,571,403	702,763	395,797	10,800,150	11,898,710

**NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2026**

	(Un-audited) March 31, 2026		(Audited) December 31, 2025		
	Outstanding amount	Credit loss allowance held	Outstanding amount	Credit loss allowance held	
----- Rupees in '000 -----					
11.4.2 Advances - Category of classification					
Domestic					
Performing	Stage 1	117,400,299	560,766	81,305,726	702,763
Underperforming	Stage 2	11,388,378	426,807	44,768,332	395,797
Non-performing	Stage 3				
Other assets especially mentioned (OAE M)					
Substandard		79,512	57,138	151,988	81,548
Doubtful		221,314	112,167	774,959	530,827
Loss		984,182	667,836	419,689	283,341
		10,865,999	9,746,689	11,183,837	9,904,434
		12,151,007	10,583,830	12,530,473	10,800,150
Total		140,939,684	11,571,403	138,604,531	11,898,710
Overseas		-	-	-	-
Total		-	-	-	-

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

The Bank has adopted IFRS 9 with effect from January 1, 2024. In accordance with the SBP's IFRS 9 Application Instructions (together with BPRD Circular Letter No.16 of 2024 dated July 29, 2024), credit loss allowance against NPLs has been taken at higher of the i) provision as required under SBP's Prudential Regulations; or ii) credit loss allowance computed in accordance with the requirements of the Application Instructions. This has effectively reduced the cumulative FSV benefit availed by the Bank as on period end. As at March 31, 2026, the Bank has availed cumulative benefit of forced sales value of Rs. 957.74 million (December 31, 2025: Rs. 936.19 million). Increase in unappropriated profit amounting to Rs. 459.71 million (December 31, 2025: Rs. 440.00 million) is not available for the distribution of cash or stock dividend to shareholders or bonus to employees.

	Note	(Un-audited)	(Audited)
		March 31, 2026	December 31, 2025
----- Rupees in '000 -----			
12 PROPERTY AND EQUIPMENT			
Capital work-in-progress	12.1	172,898	290,463
Property and equipment		4,585,385	4,506,076
		4,758,283	4,796,539
12.1 Capital work-in-progress			
Civil works		160,926	76,921
Equipment		11,972	212,400
Furniture and fixtures		-	216
Advances to suppliers		-	926
		172,898	290,463

**NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2026**

12.2 Additions to property and equipment

	(Un-audited)	
	For the three months ended	
	March 31, 2026	March 31, 2025
	----- Rupees in '000 -----	
Capital work-in-progress - net additions / (transfers)	(117,565)	20,737
Property and equipment		
Furniture and fixtures	16,234	27,977
Electrical, office and computer equipment	265,319	44,597
Vehicles	-	26,701
Books	10	-
Leasehold improvements	50,972	27,603
	332,535	126,878
Total	214,970	147,615

12.3 Disposal of property and equipment

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

Furniture and fixtures	21	7
Electrical, office and computer equipment	-	349
Leasehold improvements	-	-
Total	21	356

13 RIGHT-OF-USE ASSETS

	(Un-audited)	(Audited)
	March 31, 2026	December 31, 2025
	----- Rupees in '000 -----	
Buildings		
At January 1		
Cost	5,235,628	4,965,179
Accumulated depreciation	(3,609,467)	(2,905,209)
Net carrying amount at January 1	1,626,161	2,059,970
Additions during the period / year	108,166	379,414
Terminations during the period / year - at cost	-	(108,965)
Accumulated depreciation on termination	-	63,251
	-	(45,714)
Depreciation charge for the period / year	(192,153)	(767,509)
Net carrying amount at the period / year end	1,542,174	1,626,161

14 INTANGIBLE ASSETS

Capital work in progress	62,765	53,879
Licenses and computer softwares	307,978	325,766
	370,743	379,645

**NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2026**

		(Un-audited)	
		For the three months ended	
		March 31,	March 31,
		2026	2025
		----- Rupees in '000 -----	
14.1	Additions to intangible assets		
	The following additions have been made to intangible assets during the period:		
	Directly purchased - intangible assets	-	-
	Capital work in progress - net	3,174	1,463
	Total	3,174	1,463
		<hr/> <hr/>	<hr/> <hr/>
14.2	Disposals of intangible assets		
	No intangible assets were disposed off during the periods ended March 31, 2026 and March 31, 2025.		
15	DEFERRED TAX ASSETS	(Un-audited) March 31, 2026	(Audited) December 31, 2025
		----- Rupees in '000 -----	
	Deductible temporary differences on		
	Deficit on revaluation of FVOCI investments - net	424,291	-
	Accelerated accounting depreciation	451,599	409,463
	Credit loss allowance against investments	12,859	15,007
	Unrealised loss on FVPL investments	8,039	8,039
	Credit loss allowance against advances and off balance sheet obligations	1,268,526	1,521,093
	Credit loss allowance against cash and balances with treasury banks	8	8
	Credit loss allowance against balances with other banks	5,312	5,273
	Credit loss allowance against other assets	23,610	23,812
	Islamic pool management reserves	52,361	51,067
	Others	197,232	188,373
		2,443,837	2,222,135
	Taxable temporary differences on		
	Share of profit of associate	(41,481)	(40,033)
	Surplus on revaluation of FVOCI investments - net	-	(984,186)
	Surplus on revaluation of non-banking asset	(55,190)	(56,751)
	Modification of Advances	(20,596)	(14,175)
	Staff loans	(122,830)	(94,079)
		(240,097)	(1,189,224)
	Deferred tax assets - net	2,203,740	1,032,911
		<hr/> <hr/>	<hr/> <hr/>

**NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2026**

	(Un-audited) March 31, 2026	(Audited) December 31, 2025
16 OTHER ASSETS	----- Rupees in '000 -----	
Income / mark-up accrued in local currency	9,503,391	6,522,531
Advances, deposits, advance rent and other prepayments	424,749	373,019
Advance taxation (payments less provisions)	1,161,672	623,647
Non-banking assets acquired in satisfaction of claims	215,965	226,459
Branch adjustment account	-	10,812
Mark to market gain on forward foreign exchange contracts	6,956	8,926
Acceptances	2,173	2,910
Pre-IPO investment	100,000	100,000
Stationary and stamps on hand	185,725	169,411
Clearing and settlement accounts	108,517	1,019,518
Receivable from the State Bank of Pakistan	415,326	477,287
Deferred cost on staff loans	2,168,242	2,111,764
Others	202,879	182,975
	<u>14,495,595</u>	<u>11,829,259</u>
Less: Credit loss allowance held against other assets	16.1 (189,844)	(190,219)
Other assets - net of credit loss allowance	<u>14,305,751</u>	<u>11,639,040</u>
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	23 106,135	109,138
Other assets - total	<u><u>14,411,886</u></u>	<u><u>11,748,178</u></u>
16.1 Credit loss allowance held against other assets		
Income / mark-up accrued in local currency	2,348	2,723
Pre-IPO investment	100,000	100,000
Others	87,496	87,496
	<u>189,844</u>	<u>190,219</u>
16.1.1 Movement in credit loss allowance held against other assets		
Opening balance	190,219	190,357
Charge for the period / year	588	1,250
Reversal for the period / year	(963)	(1,388)
	(375)	(138)
Closing balance	<u>189,844</u>	<u>190,219</u>
17 BILLS PAYABLE		
In Pakistan	2,029,033	3,212,340
Outside Pakistan	-	-
	<u>2,029,033</u>	<u>3,212,340</u>

**NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2026**

18 BORROWINGS		(Un-audited)	(Audited)
		March 31,	December 31, 2025
		2026	
		----- Rupees in '000 -----	
	Secured		
	Borrowings from State Bank of Pakistan (SBP) under:		
	- Export refinance scheme	2,334,700	2,205,700
	- Long term financing facility	2,193,181	2,367,827
	- Refinance and credit guarantee scheme for women entrepreneurs	42,728	46,242
	- Financing facility for renewable energy	190,460	204,448
	- Refinance facility for modernization of Small and Medium Enterprises (SMEs)	127,026	134,449
	- Refinance facility for combating COVID-19	111,830	182,745
	- SME Asaan Scheme (SAAF)	280,841	321,801
	- Financing facility for storage of agriculture produce	102,077	107,538
		5,382,843	5,570,750
	Repurchase agreement borrowings	80,732,114	13,878,200
	Total secured	86,114,957	19,448,950
	Unsecured		
	Call borrowings	3,400,029	16,249,028
	Total	89,514,986	35,697,978

19 DEPOSITS AND OTHER ACCOUNTS

	(Un-audited)			(Audited)			
	March 31, 2026			December 31, 2025			
	In local	In foreign	Total	In local	In foreign	Total	
	currency	currencies		currency	currencies		
	----- Rupees in '000 -----						
	Customers						
	Current deposits	63,357,425	893,635	64,251,060	68,296,014	744,527	69,040,541
	Saving deposits	174,301,731	129,812	174,431,543	176,241,734	116,671	176,358,405
	Term deposits	100,402,016	255,329	100,657,345	107,567,941	601,574	108,169,515
	Others	18,693,817	-	18,693,817	21,709,929	-	21,709,929
		356,754,989	1,278,776	358,033,765	373,815,618	1,462,772	375,278,390
	Financial Institutions						
	Current deposits	659,184	30,851	690,035	1,999,589	30,896	2,030,485
	Saving deposits	4,812,694	-	4,812,694	814,345	-	814,345
		5,471,878	30,851	5,502,729	2,813,934	30,896	2,844,830
		362,226,867	1,309,627	363,536,494	376,629,552	1,493,668	378,123,220

20 LEASE LIABILITIES		(Un-audited)	(Audited)
		March 31,	December 31, 2025
		2026	
		----- Rupees in '000 -----	
	Outstanding amount at the start of the period / year	1,757,104	2,147,700
	Additions during the period / year	108,166	379,414
	Lease payments including interest during the period / year	(204,936)	(1,097,755)
	Interest expense	97,411	390,465
	Terminations / modifications during the period / year	-	(62,720)
		641	(390,596)
	Outstanding amount at the end of the period / year	1,757,745	1,757,104

**NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2026**

	(Un-audited) March 31, 2026	(Audited) December 31, 2025
	----- Rupees in '000 -----	
20.1 Liabilities outstanding		
Not later than one year	689,979	585,565
Later than one year and up to five years	1,067,766	1,171,539
Total at the period / year end	<u>1,757,745</u>	<u>1,757,104</u>

20.2 The Bank mainly has lease contracts for real estate that are used in its operations including branches and other offices. Generally, the Bank is restricted from assigning and subleasing the lease assets. As a practical expedient, management does not separate lease and non-lease components, wherever applicable. The additions to lease obligations during the period have been discounted at rates ranging between 10.40% to 11.22% (December 31, 2025: 10.98% to 12.24%) per annum; being the relevant incremental borrowing rate of the Bank.

	(Un-audited) March 31, 2026	(Audited) December 31, 2025
	----- Rupees in '000 -----	
21 OTHER LIABILITIES		
Mark-up / return / interest payable in local currency	5,428,349	7,389,057
Mark-up / return / interest payable in foreign currencies	1,167	16,380
Unearned commission and income on bills discounted	138,601	150,512
Accrued expenses and supplier payables	1,848,482	1,835,808
Acceptances	2,173	2,910
Unclaimed dividends	112,921	113,242
Dividends payable	1,968,704	-
Mark to market loss on forward foreign exchange contracts	14,570	147
Deferred income on government schemes	1,275	1,275
Deferred income on Islamic financing	703,655	622,651
Islamic pool management reserves	100,694	98,206
Share subscription money refund	1,091	1,091
Retention money	40,088	39,738
Bills payment system over the counter (BPS-OTC)	18	49,502
Charity fund balance	12,483	11,648
Branch adjustment account	7,378	-
Payable to defined benefit plan	42,276	3,499
Security deposits against ijarah	29,383	32,153
Levies and other taxes payable	66,182	38,629
Credit loss allowance against off-balance sheet obligations	17,090	42,406
Others	392,565	383,428
	<u>10,929,145</u>	<u>10,832,282</u>

21.1 Credit loss allowance against off-balance sheet obligations

Opening balance	42,406	44,098
Charge for the period / year	6,898	19,419
Reversal for the period / year	(32,214)	(21,111)
	(25,316)	(1,692)
Closing balance	<u>17,090</u>	<u>42,406</u>

**NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2026**

22 SHARE CAPITAL

22.1 Authorized capital

(Un-audited) March 31, 2026		(Audited) December 31, 2025			(Un-audited) March 31, 2026		(Audited) December 31, 2025	
Number of shares					----- Rupees in '000 -----			
1,500,000,000		1,500,000,000		Ordinary shares of Rs. 10 each	15,000,000		15,000,000	
22.2 Issued, subscribed and paid up								
(Un-audited) March 31, 2026		(Audited) December 31, 2025			(Un-audited) March 31, 2026		(Audited) December 31, 2025	
Number of shares					----- Rupees in '000 -----			
722,698,448		722,698,448		Ordinary shares of Rs. 10 each Fully paid in cash	7,226,984		7,226,984	
435,237,541		435,237,541		Issued as fully paid bonus shares:	4,352,376		4,352,376	
1,157,935,989		1,157,935,989		Closing balance	11,579,360		11,579,360	

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

23 SURPLUS ON REVALUATION OF ASSETS

Surplus / (deficit) on revaluation of:

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

(Un-audited) March 31, 2026	(Audited) December 31, 2025
----- Rupees in '000 -----	
(1,184,942)	1,571,582
(130,540)	(178,456)
900,120	900,120
106,135	109,138
(5,090)	(5,404)
(314,317)	2,396,980

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

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

616,170	(817,223)
(191,879)	(166,963)
(55,190)	(56,751)
2,647	2,810
371,748	(1,038,127)
57,431	1,358,853

**NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2026**

		(Un-audited) March 31, 2026	(Audited) December 31, 2025
	Note	----- Rupees in '000 -----	
24 CONTINGENCIES AND COMMITMENTS			
Guarantees	24.1	33,124,049	44,153,665
Commitments	24.2	34,352,300	27,482,911
		<u>67,476,349</u>	<u>71,636,576</u>
24.1 Guarantees:			
Financial guarantees		300,000	300,000
Performance guarantees		32,817,967	43,847,583
Other guarantees		6,082	6,082
		<u>33,124,049</u>	<u>44,153,665</u>
24.2 Commitments:			
Documentary credits and short-term trade-related transactions			
- Letters of credit		16,254,753	14,495,539
Commitments in respect of:			
- Forward foreign exchange contracts	24.2.1	8,062,558	2,660,236
Commitments for acquisition of:			
- Property and equipment		457,253	396,538
- Intangible assets		60,736	69,828
Undrawn loan commitments	24.2.2	9,517,000	9,860,770
Other commitments		-	-
		<u>34,352,300</u>	<u>27,482,911</u>
24.2.1 Commitments in respect of forward foreign exchange contracts			
Purchase		3,306,173	792,236
Sale		4,756,385	1,868,000
		<u>8,062,558</u>	<u>2,660,236</u>

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

24.2.2 Undrawn loan commitments

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

24.3 Other contingent liabilities

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

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

**NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
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24.3.3 The matters arising from income tax assessments of the Bank up to Tax Year 2025 are detailed below:

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

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

- ii) In respect of Tax Year 2015, Deputy Commissioner Inland Revenue issued an order dated February 23, 2023 creating an additional tax demand along with default surcharge of Rs. 645 million (December 31, 2025: Rs. 645 million) under section 161 of Income Tax Ordinance, 2001, mainly on account of non-deduction of withholding taxes on profit on debt, salaries and wages, advertisement and professional charges etc. Being aggrieved, the Bank filed an appeal before CIRA on March 22, 2023 which is currently pending.
- iii) In respect of Tax Year 2016, Additional Commissioner Inland Revenue issued an order dated June 21, 2022 creating a demand of Rs. 188 million (December 31, 2025: Rs. 188 million) on account of provision for non-performing loans and advances. Being aggrieved the Bank filed an appeal with CIRA on July 22, 2022 which is currently pending.
- iv) In respect of Tax Year 2017, Additional Commissioner Inland Revenue issued an order dated May 29, 2023 creating a demand of Rs. 130 million (December 31, 2025: Rs. 130 million) on account of provision for non-performing loans and advances. Being aggrieved the Bank filed an appeal with CIRA on July 4, 2023 which is currently pending.
- v) In respect of Tax Year 2019, Assistant Commissioner Inland Revenue issued an order dated November 30, 2023 creating a demand of Rs. 962 million (December 31, 2025: Rs. 962 million) along with default surcharge amounting to Rs. 567 million (December 31, 2025: Rs. 567 million) under section 161 of Income Tax Ordinance, 2001, mainly on account of non-deduction of withholding taxes. Being aggrieved, the Bank filed an appeal against the order on January 1, 2024. During the year, Appellate Tribunal Inland Revenue (ATIR) issued an order dated March 7, 2025, remanding the matter back to the assessing officer for a fresh decision after the examination of records.
- vi) In respect of Tax Year 2022, Deputy Commissioner Inland Revenue issued an order dated December 8, 2025 creating a tax demand along with default surcharge of Rs. 6.620 billion under section 161 of Income Tax Ordinance, 2001, mainly on account of non-deduction of withholding taxes on profit on debt, dividend paid, salaries and wages, advertisement, professional and other charges etc. Being aggrieved, the Bank filed an appeal before CIRA on January 9, 2026. Based on the appeal and subsequent reconciliation as at March 31, 2026, the demand was reduced to Rs. 25 million (including default surcharge) vide a favorable appellate order dated April 8, 2026. A further appeal is being filed before the Appellate Tribunal Inland Revenue against the reduced demand of Rs. 25 million.

24.3.4 The Bank's share of contingencies of its associated company i.e. Taurus Securities Limited amounts to Rs. 9.37 million (December 31, 2025: Rs. 9.37 million)

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

**NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2026**

		(Un-audited)	
		For the three months ended	
		March 31, 2026	March 31, 2025
		----- Rupees in '000 -----	
25	MARK-UP / RETURN / INTEREST EARNED	Note	
	Loans and advances	3,392,991	3,399,400
	Investments	4,697,915	6,727,635
	Lendings to financial institutions	53,099	131,852
	Balances with banks	20,899	40,067
	Sukuk bonds	3,209,364	3,201,328
		<u>11,374,268</u>	<u>13,500,282</u>
25.1	Interest income recognized on:		
	Financial assets measured at amortized cost	3,476,086	4,080,229
	Financial assets measured at FVOCI	4,688,818	9,307,122
	Financial assets measured at FVPL	3,209,364	112,931
		<u>11,374,268</u>	<u>13,500,282</u>
26	MARK-UP / RETURN / INTEREST EXPENSED		
	Deposits	5,428,508	6,266,760
	Borrowings	1,631,574	2,027,451
	Lease liability	97,411	100,460
		<u>7,157,493</u>	<u>8,394,671</u>
27	FEE AND COMMISSION INCOME		
	Branch banking customer fees	8,573	5,520
	Consumer finance related fees	-	375
	Card related fees (Debit cards)	177,163	104,704
	Commission on trade	40,032	41,162
	Commission on guarantees	61,058	60,070
	Commission on remittances including home remittances	2,326	2,805
	Rebate from financial institutions	12,384	9,573
	Others	2,635	3,892
		<u>304,171</u>	<u>228,101</u>
28	GAIN ON SECURITIES		
	Realised gain	28.1 66,229	520,715
	Unrealised gain/ (loss) - measured at FVPL	-	-
		<u>66,229</u>	<u>520,715</u>
28.1	Realised gain on:		
	Federal government securities	66,229	520,715
		<u>66,229</u>	<u>520,715</u>

**NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2026**

	(Un-audited)	
	For the three months ended	
	March 31, 2026	March 31, 2025
	----- Rupees in '000 -----	
29 NET GAIN / (LOSS) ON DERECOGNITION OF FINANCIAL ASSETS MEASURED AT AMORTISED COST		
Gain on derecognition of financial assets measured at amortised cost	-	51,333
Loss on derecognition of financial assets measured at amortised cost	(29,686)	(362)
	(29,686)	50,971
30 OTHER INCOME		
Rent on property	609	866
Gain on sale of property and equipment - net	676	667
Postal, swift and other services	30,632	23,250
Service income on Government schemes	10	-
	31,927	24,783
31 OPERATING EXPENSES		
Total compensation expense	1,406,674	1,260,414
Property expense		
Rent and taxes	5,626	3,766
Utilities cost	100,249	98,818
Security (including guards)	94,297	95,132
Repair and maintenance (including janitorial charges)	8,245	7,980
Depreciation - Right of use assets	192,153	186,554
Depreciation - Non banking assets acquired in satisfaction of claims	13,496	11,178
Depreciation - Property and equipment	90,124	98,897
	504,190	502,325
Information technology expenses		
Software maintenance	141,429	114,114
Hardware maintenance	7,974	34,767
Depreciation - Property and equipment	135,746	82,051
Amortization	23,416	20,955
Network charges	2,100	2,097
Connectivity charges	65,105	98,702
ATM charges	27,777	84,582
	403,547	437,268

**NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2026**

Other operating expenses

Directors' fees and allowances	10,181	11,209
Fees and allowances to Shariah Board	4,380	3,858
Legal and professional charges	11,793	13,572
Outsourced service cost	121,553	102,753
Travelling and conveyance	30,196	26,087
NIFT clearing charges	11,925	9,475
Depreciation - Property and equipment	27,334	24,093
Training and development	1,437	6,662
Postage and courier charges	15,249	13,138
Communication	73,113	42,303
Stationery and printing	28,321	30,271
Marketing, advertisement and publicity	127,563	77,213
Auditors' remuneration	5,995	6,748
Entertainment	15,180	13,934
Newspapers and periodicals	439	685
Brokerage and commission	8,598	8,198
Rent and taxes	227	288
Cash carriage charges	30,723	32,075
Repair and maintenance	4,506	24,066
Utilities cost	2,840	2,840
Insurance	11,988	14,760
Fees and subscriptions	2,111	2,489
Deposit protection premium	51,524	32,346
Others	20,975	21,404
	618,151	520,467
	2,932,562	2,720,474

32 OTHER CHARGES

Penalties imposed by State Bank of Pakistan	25	130
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**NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2026**

		(Un-audited)	
		For the Three months ended	
		March 31, 2026	March 31, 2025
		----- Rupees in '000 -----	
33	CREDIT LOSS ALLOWANCE / (REVERSAL) AND WRITE OFFS - NET	Note	
	Credit loss allowance held against cash and balances with treasury banks and balances with other banks (Reversal) of credit loss allowance against lendings to financial institutions	7 & 8	77 385
	(Reversal) of credit loss allowance for diminution in value of investments	9	(79) (6,972)
	(Reversal) of credit loss allowance against advances	10.3	(4,132) (4,132)
	(Reversal) of credit loss allowance against other assets	11.3	(327,307) (74,625)
	(Reversal) of credit loss allowance against off balance sheet obligations	16.1.1	(375) (1,588)
		21.1	(25,316) (31,059)
			<u>(357,132)</u> <u>(117,989)</u>
34	TAXATION		
	Current		931,680 1,626,586
	Deferred		164,000 173,783
			<u>1,095,680</u> <u>1,800,369</u>

		(Un-audited)	
		For the Three months ended	
		March 31, 2026	March 31, 2025
35	BASIC AND DILUTED EARNINGS PER SHARE		
	Profit for the period	1,012,897	1,602,532
		----- (Number of shares) -----	
	Weighted average number of ordinary shares	1,157,935,989	1,157,935,989
		----- (Rupees) -----	
	Basic and diluted earnings per share	0.87	1.38

35.1 There were no dilutive potential ordinary shares outstanding as at March 31, 2026 and March 31, 2025.

36 FAIR VALUE MEASUREMENTS

The fair value of quoted securities other than those classified under amortised cost, is based on quoted market price. Quoted securities classified under amortised cost are carried at cost. The fair value of unquoted equity securities, other than investments in associate and subsidiary, is determined on the basis of valuation methodologies. The fair value of unquoted debt securities, fixed term loans, other assets, other liabilities, fixed term deposits and borrowings cannot be calculated with sufficient reliability due to the absence of current and active market for these assets and liabilities and reliable data regarding market rates for similar instruments.

In the opinion of the management, the fair value of the remaining financial assets and liabilities are not significantly different from their carrying values since assets and liabilities are either short-term in nature or in the case of customer loans and deposits, are frequently re-priced.

36.1 Fair value of financial assets

The Bank measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Fair value measurements using inputs that are not based on observable market data (i.e. unobservable inputs).

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED) FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2026

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

	Carrying value	(Un-audited) March 31, 2026			
		Fair value			
		Level 1	Level 2	Level 3	Total
-----Rupees in '000-----					
On balance sheet financial instruments					
Financial assets - measured at fair value					
Investments					
Federal Government Securities	297,785,735	112,872,029	184,913,706	-	297,785,735
Shares	546,540	255,054	-	291,486	546,540
Non-Government Debt Securities	10,923,941	1,032,646	9,891,295	-	10,923,941
Financial assets - disclosed but not measured at fair value					
Investments					
Federal Government Securities	1,349,221	-	9,049,290	-	9,049,290
Non-Government Debt Securities	515,780	-	515,780	-	515,780
Off-balance sheet financial instruments - measured at fair value					
Forward exchange contracts purchase	3,306,173	-	14,570	-	14,570
Forward exchange contracts sale	4,756,385	-	6,956	-	6,956
(Audited) December 31, 2025					
	Carrying value	Fair value			
		Level 1	Level 2	Level 3	Total
-----Rupees in '000-----					
On balance sheet financial instruments					
Financial assets measured at fair value					
Investments					
Federal Government Securities	260,789,346	84,287,213	176,502,133	-	260,789,346
Shares	498,625	207,139	-	291,486	498,625
Non-Government Debt Securities	3,734,991	1,057,884	2,677,107	-	3,734,991
Financial assets - disclosed but not measured at fair value					
Investments					
Federal Government Securities	9,308,916	-	9,364,123	-	9,364,123
Non-Government Debt Securities	507,259	556,914	-	-	556,914
Off-balance sheet financial instruments - measured at fair value					
Forward exchange contracts purchase	792,236	-	147	-	147
Forward exchange contracts sale	1,868,000	-	8,926	-	8,926

36.2 The Bank measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements. The Bank's policy is to recognize transfers into and out of the different fair value hierarchy levels at the date the event or change in circumstances that caused the transfer occurred. There were no transfers between level 1 and 2 during the period.

36.2.1 Fair value of financial assets

(a) Financial instruments in level 1

Financial instruments included in level 1 comprise of investments in listed ordinary shares.

(b) Financial instruments in level 2

Financial instruments included in level 2 comprise of unquoted equity securities, Sukuks bonds, Pakistan Investment Bonds, Market Treasury Bills, Term Finance Certificates and forward exchange contracts.

(c) Financial instruments in level 3

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

**NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2026**

36.2.2 Fair value of non - financial assets

Certain categories of property and equipment (leasehold land) of Rs. 1,016.28 million (December 31, 2025: Rs. 1,016.28 million) and non banking assets acquired in satisfaction of claims of Rs. 304.15 million (December 31, 2025: Rs. 315.33 million) are carried at revalued amounts (level 3 measurements) determined by professional valuers based on their assessment of the market values. The valuations are conducted by the valuation experts appointed by Bank which are also on panel of State Bank of Pakistan.

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

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

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

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

Pakistan Investment Bonds / Market Treasury Bills

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

Un-listed GOP Ijarah Sukuks

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

Term Finance, Bonds and Sukuk certificates

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

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

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

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

Unquoted equity securities

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

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

Description	Fair value Rupees in '000	Unobservable input	Discount rate	Relationship of unobservable inputs to fair value
Unquoted equity securities	291,486	Discount rate	15%	Increase / (decrease) in discount rate by 1% with all other variables held constant, would (decrease) / increase the fair value by Rs. 8,745 thousand.

**NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2026**

37 SEGMENT INFORMATION

37.1 Segment details with respect to business activities

For the three months ended March 31, 2026 (Un-audited)					
Corporate Finance	Trading and Sales	Retail Banking	Commercial Banking	Total	
----- Rupees in 000 -----					
Profit and loss					
Net mark-up / return / profit	(1,952,104)	6,234,195	(919,813)	854,497	4,216,775
Inter segment revenue - net	2,415,079	(3,374,833)	1,077,395	(117,641)	-
Non mark-up / return / interest income	3,006	210,938	157,256	96,056	467,257
Total income	465,982	3,070,300	314,839	832,911	4,684,032
Segment direct expenses	(1,686,322)	(44,229)	(724,802)	(477,233)	(2,932,587)
Inter segment expense allocation	1,394,581	(1,878,013)	527,689	(44,258)	-
Total expenses	(291,741)	(1,922,242)	(197,113)	(521,491)	(2,932,587)
Credit loss allowance	-	9,085	73,021	275,026	357,132
Profit before tax	174,241	1,157,143	190,746	586,448	2,108,577

As at March 31, 2026 (Un-audited)					
Corporate Finance	Trading and Sales	Retail Banking	Commercial Banking	Total	
----- Rupees in 000 -----					
Balance sheet					
Cash and bank balances	3,026,212	16,076,485	857,848	4,216,416	24,176,961
Investments	9,054,503	302,066,709	-	1,120,276	312,241,487
Net inter segment lending	158,993,578	(223,139,212)	71,586,229	(7,440,595)	-
Lendings to financial institutions	-	131,533	-	-	131,533
Advances - performing	46,725,784	-	15,960,738	65,114,582	127,801,103
Advances - non performing	-	-	157,285	1,409,892	1,567,177
Others	3,151,652	11,033,292	4,102,500	4,999,382	23,286,826
Total assets	220,951,729	106,168,806	92,664,599	69,419,952	489,205,088

Borrowings	5,437,177	80,732,114	-	3,345,695	89,514,986
Deposits and other accounts	208,053,183	7,182,946	89,423,864	58,876,501	363,536,494
Net inter segment borrowing	(159,044,692)	223,314,995	(71,717,885)	7,447,582	-
Others	4,667,098	3,846,507	2,324,804	3,877,513	14,715,922
Total liabilities	59,112,766	315,076,562	20,030,784	73,547,291	467,767,403
Equity	161,838,963	(208,907,755)	72,633,815	(4,127,339)	21,437,685
Total equity and liabilities	220,951,729	106,168,806	92,664,599	69,419,952	489,205,088

Contingencies and commitments	22,589,822	8,416,918	12,166,694	24,302,915	67,476,349

**NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2026**

	For the Three months ended March 25 (Un-audited)				Total
	Corporate Finance	Trading and Sales	Retail Banking	Commercial Banking	
	----- Rupees in 000 -----				
Profit and loss					
Net mark-up / return / profit	(2,706,544)	7,863,470	(1,110,960)	1,059,645	5,105,611
Inter segment revenue - net	3,248,944	(4,930,112)	1,404,869	276,299	-
Non mark-up / return / interest income	1,276	644,341	156,674	97,614	899,905
Total income	543,676	3,577,699	450,583	1,433,558	6,005,516
Segment direct expenses	232,955	(3,121,415)	96,296	71,560	(2,720,604)
Inter segment expense allocation	(479,238)	1,500,731	(300,408)	(721,085)	-
Total expenses	(246,283)	(1,620,684)	(204,112)	(649,525)	(2,720,604)
Credit loss allowance	-	11,101	(62,397)	169,285	117,989
Profit / (loss) before tax	297,393	1,968,116	184,074	953,318	3,402,901

	As at December 31, 2025 (Audited)				Total
	Corporate Finance	Trading and Sales	Retail Banking	Commercial Banking	
	----- Rupees in 000 -----				
Balance sheet					
Cash and bank balances	3,908,003	17,966,414	886,196	5,854,570	28,615,183
Investments	9,816,175	265,022,962	-	117,490	274,956,627
Net inter segment lending	168,242,348	(263,810,079)	77,687,081	17,880,650	-
Lendings to financial institutions	-	3,438,549	-	-	3,438,549
Advances - performing	48,578,815	-	12,994,176	63,402,507	124,975,498
Advances - non performing	-	-	242,664	1,487,659	1,730,323
Others	3,343,288	7,236,330	3,624,791	5,379,025	19,583,434
Total assets	233,888,629	29,854,176	95,434,908	94,121,901	453,299,614
Borrowings	5,570,750	13,878,200	-	16,249,028	35,697,978
Deposits and other accounts	216,876,558	-	91,356,440	69,890,222	378,123,220
Net inter segment borrowing	(168,242,348)	263,810,079	(77,687,081)	(17,880,650)	-
Others	8,012,494	637,338	3,151,465	4,000,429	15,801,726
Total liabilities	62,217,454	278,325,617	16,820,824	72,259,029	429,622,924
Equity	171,671,175	(248,471,441)	78,614,084	21,862,872	23,676,690
Total equity and liabilities	233,888,629	29,854,176	95,434,908	94,121,901	453,299,614
Contingencies and commitments	22,590,344	2,969,298	12,163,032	33,913,902	71,636,576

37.2 Geographical segment

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

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED) FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2026

38 RELATED PARTY TRANSACTIONS

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

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

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

	(Un-audited) As at March 31, 2026					(Audited) As at December 31, 2025				
	Directors	Key management personnel	Subsidiary	Associate	Employee funds	Directors	Key management personnel	Subsidiaries	Associate	Employee funds
----- Rupees in '000 -----										
Investments										
Opening balance	-	-	-	-	-	-	-	-	-	-
Addition during the period / year	-	-	1,000,000	-	-	-	-	-	-	-
Repaid during the period / year	-	-	-	-	-	-	-	-	-	-
Transfer (out) / in - net	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	1,000,000	-	-	-	-	-	-	-
Advances										
Opening balance	-	195,993	-	-	-	-	181,425	-	-	-
Addition during the period / year	-	26,509	-	-	-	-	82,999	-	-	-
Repaid during the period / year	-	20,471	-	-	-	-	37,180	-	-	-
Transfer (out) / in - net	-	(23,855)	-	-	-	-	(11,251)	-	-	-
Closing balance	-	178,176	-	-	-	-	195,993	-	-	-
Credit loss allowance / provision held against advances	-	20	-	-	-	-	19	-	-	-
Deposits and other accounts										
Opening balance	7,239	47,372	-	39,310	4,549,944	148	8,423	-	95,829	3,016,225
Received during the period / year	16,149	26,602	1,003,655	37,506	253,851	26,452	216,680	-	245,663	5,985,394
Withdrawn during the period / year	16,508	29,307	-	41,765	177,500	16,635	169,461	-	302,162	4,451,675
Transfer (out) / in - net	(755)	52	-	-	-	(2,296)	(8,270)	-	-	-
Closing balance	6,125	44,719	1,003,655	35,051	4,626,295	7,239	47,372	-	39,310	4,549,944
Other liabilities										
Interest / mark-up payable	23	963	5,788	377	23,117	4	1,110	-	715	23,869
----- Rupees in '000 -----										
	(Un-audited) For the three months ended March 31, 2026					(Un-audited) For the three months ended March 31, 2025				
	Directors	Key management personnel	Subsidiary	Associate	Employee funds	Directors	Key management personnel	Subsidiaries	Associate	Employee funds
Income										
Mark-up / return / interest earned	-	1,182	-	-	-	-	984	-	-	-
Expense										
Mark-up / return / interest expensed	32	2,211	11,880	1,168	108,172	52	1,032	-	6,747	101,071
Operating expenses - Compensation	17,892	82,394	-	-	-	25,650	64,411	-	-	-

38.1 As of March 31, 2026, the Bank has an equity investment having cost of Rs. 112.50 million (December 31, 2025: Rs. 112.50 million) and carrying value of Rs. 291.48 million (December 31, 2025: Rs. 291.48 million) in Dawood Family Takaful Limited, a related party.

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

Transactions and balances with Government and its related entities, other than those disclosed in the respective notes to these condensed interim financial statements, as at period end includes loans and advances and deposits amounting to Rs. 46,726 (December 31, 2025: Rs. 48,579 million) and Rs. 208.053 million (December 31, 2025: Rs. 216,877 million), respectively.

38.3 An amount of Rs 1,381.92 million and Rs. 408.72 million is payable against dividend to GOKP and Ismail industries respectively as at March 31, 2026.

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

Particulars	Note
Investments	10.1
Shareholding	22

**NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2026**

	(Un-audited) March 31, 2026	(Audited) December 31, 2025
---- Rupees in '000 ----		
39 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS		
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	11,579,360	11,579,360
Capital Adequacy Ratio (CAR):		
Eligible common equity tier 1 (CET 1) capital	19,824,491	21,938,809
Eligible additional tier 1 (ADT 1) capital	-	-
Total eligible tier 1 capital	19,824,491	21,938,809
Eligible tier 2 capital	1,900,263	2,207,478
Total eligible capital (Tier 1 + Tier 2)	21,724,753	24,146,287
Risk weighted assets (RWAs):		
Credit risk	81,405,882	72,981,998
Market risk	15,276,725	12,497,974
Operational risk	34,362,037	34,362,037
Total	131,044,644	119,842,009
Common equity tier 1 capital adequacy ratio	15.13%	18.31%
Tier 1 capital adequacy ratio	15.13%	18.31%
Total capital adequacy ratio	16.58%	20.15%
National minimum capital requirements prescribed by SBP		
CET1 minimum ratio	6.00%	6.00%
ADT-1 minimum ratio	1.50%	1.50%
Tier 1 minimum ratio	7.50%	7.50%
Total capital minimum ratio	10.00%	10.00%
Capital conservation buffer (CCB- consisting of CET1 only)	1.50%	1.50%
Total capital plus CCB	11.50%	11.50%
Leverage Ratio (LR):		
Eligible tier 1 capital	19,824,491	21,938,809
Total exposures	555,306,891	506,810,207
Leverage ratio	3.57%	4.33%
Liquidity Coverage Ratio (LCR):		
Total high quality liquid assets	260,055,967	257,620,116
Total net cash outflow	118,201,247	110,482,513
Liquidity coverage ratio	220.01%	233.18%
Net Stable Funding Ratio (NSFR):		
Total available stable funding	246,638,718	255,767,794
Total required stable funding	129,680,747	116,739,966
Net stable funding ratio	190.19%	219.09%

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

**NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2026**

40 The Bank is operating 199 (December 31, 2025: 199) Islamic banking branches and 55 (December 31, 2025 :55) Islamic banking windows at March 31, 2026.

		(Un-audited) March 31, 2026	(Audited) December 31, 2025
---- Rupees in '000 ----			
STATEMENT OF FINANCIAL POSITION	Note		
ASSETS			
Cash and balances with treasury banks		12,519,972	15,904,625
Balances with other banks		1,048,374	590,967
Investments	40.1	121,557,795	122,278,524
Islamic financing and related assets - net	40.2	92,711,075	85,781,232
Property and equipment		1,159,535	1,163,565
Right-of-use assets		908,614	983,931
Due from head office		-	8,134,954
Other assets		6,894,784	5,084,531
Total Assets		236,800,149	239,922,329
LIABILITIES			
Bills payable		1,088,414	2,026,512
Due to financial institutions		11,115,213	16,702,858
Deposits and other accounts	40.3	207,155,498	202,619,318
Due to head office		37,335	-
Lease liabilities		1,022,220	1,251,641
Sub-ordinated debt		-	-
Other liabilities		10,408,287	10,341,474
Total Liabilities		230,826,967	232,941,803
NET ASSETS		5,973,182	6,980,526
REPRESENTED BY			
Islamic banking fund		1,000,000	1,000,000
Reserves		4,882	4,761
(Deficit) / surplus on revaluation of assets		(290,487)	458,810
Unappropriated profit	40.7	5,258,787	5,516,955
		5,973,182	6,980,526
CONTINGENCIES AND COMMITMENTS	40.4		

**NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2026**

The profit and loss account of the Bank's Islamic banking branches including windows for the three months ended March 31, 2026 is as follows:

		(Un-audited)	
		For the three months ended	
		March 31, 2026	March 31, 2025
		---- Rupees in '000 ----	
PROFIT AND LOSS ACCOUNT	Note		
Profit / return earned	40.5	5,426,340	3,636,648
Profit / return expensed	40.6	2,265,374	1,342,576
Net profit / return		3,160,966	2,294,072
Other income			
Fee and commission income		211,757	88,255
Dividend income		-	-
Foreign exchange income		60,108	28,676
Gain on securities		250	-
Net (loss) / gain on derecognition of financial assets measured at amortized cost		(11,369)	9,063
Other income		27,584	15,553
Total other income		288,330	141,547
Total income		3,449,296	2,435,619
Other expenses			
Operating expenses		1,836,210	1,341,197
Workers Welfare Fund		-	-
Other charges		25	20
Total other expenses		1,836,235	1,341,217
Profit before credit loss allowance		1,613,061	1,094,402
Credit loss allowance and write offs - net		60,812	126,078
Profit before taxation		1,552,249	968,324
Taxation		807,169	513,212
Profit after taxation		745,080	455,112

**NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2026**

		(Un-audited) March 31, 2026			
40.1 Investments by segments	Cost / Amortised cost	Credit loss allowance	Surplus / (Deficit)	Carrying value	
----- Rupees in '000 -----					
Debt Instruments					
Classified / measured at amortised cost					
Federal Government securities					
- GoP ijarah sukuk	5,009,778	-	-	5,009,778	
- Bai Muajal	3,529,453	-	-	3,529,453	
	8,539,231	-	-	8,539,231	
Non-government debt securities	312,998	-	-	312,998	
Classified / measured at fair value through other comprehensive income (FVOCI)					
Federal Government securities					
- GoP ijarah sukuk	112,636,054	-	(298,625)	112,337,428	
Non - government debt securities	360,000	-	8,138	368,138	
	112,996,054	-	(290,487)	112,705,566	
Total investments	121,848,283	-	(290,487)	121,557,795	
(Audited) December 31, 2025					
	Cost / Amortised cost	Credit loss allowance	Surplus / (Deficit)	Carrying value	
----- Rupees in '000 -----					
Debt Instruments					
Classified / measured at amortised cost					
Federal Government securities					
- GoP ijarah sukuk	5,012,834	-	-	5,012,834	
- Bai Muajal	3,429,747	-	-	3,429,747	
	8,442,581	-	-	8,442,581	
Non-government debt securities	304,202	-	-	304,202	
Classified / measured at fair value through other comprehensive income (FVOCI)					
Federal Government securities					
- GoP ijarah sukuk	112,687,931	-	444,571	113,132,502	
- Non - government debt securities	385,000	-	14,239	399,239	
	113,072,931	-	458,810	113,531,741	
Total investments	121,819,714	-	458,810	122,278,524	

**NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2026**

	(Un-audited) March 31, 2026	(Audited) December 31, 2025
	-----Rupees in '000-----	
40.2 Islamic financing and related assets		
Ijarah	80,883	82,512
Murabaha	7,673,405	6,002,101
Diminishing musharaka	19,593,131	18,206,589
Running musharaka	38,989,938	39,715,360
Qarz e Hasna	665,267	463
Istisna	21,328,132	16,306,496
Tijarah	20,522	127,145
Wakalah	-	578,000
Bai Muajjal	7,458,365	7,758,011
Gross Islamic financing and related assets	95,809,643	88,776,677
Impact of fair valuation of Islamic financing and related assets	(726,255)	(692,021)
	95,083,388	88,084,656
 Less: Credit loss allowance against Islamic financing		
- Stage 1	403,898	490,260
- Stage 2	241,159	144,080
- Stage 3	1,727,256	1,669,084
	2,372,313	2,303,424
Islamic financing and related assets - net of credit loss allowance	92,711,075	85,781,232
 40.3 Deposits		
Customers		
Current deposits	48,980,535	53,938,227
Savings deposits	130,139,236	118,580,782
Term deposits	8,878,172	10,836,479
Others	13,985,142	16,662,005
	201,983,085	200,017,493
Financial Institutions		
Current Deposits	478,478	1,909,207
Savings deposits	4,693,935	692,618
	5,172,413	2,601,825
	207,155,498	202,619,318
 40.4 Contingencies and commitments		
Guarantees	19,301,186	16,097,383
Commitments	11,783,265	22,225,306
	31,084,451	38,322,689
 40.5 Profit / return earned on financing, investments and placements		
	(Un-audited) For the three months ended	
	March 31, 2026	March 31, 2025
	----- Rupees in '000 -----	
Profit earned on:		
Financing	2,210,846	442,550
Investments	3,209,364	3,183,013
Placements	2,205	8,037
Balances with banks	3,925	3,048
	5,426,340	3,636,648

**NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2026**

	(Un-audited)	
	For the three months ended	
	March 31, 2026	March 31, 2025
	----- Rupees in '000 -----	
40.6 Profit on deposits and other dues expensed		
Deposits and other accounts	1,910,277	1,284,942
Due to financial institutions	333,635	20,040
Finance charge on lease liability	21,462	37,594
	<u>2,265,374</u>	<u>1,342,576</u>
	(Un-audited)	(Audited)
	March 31, 2026	December 31, 2025
	----- Rupees in '000 -----	
40.7 Islamic banking business unappropriated profit		
Opening balance	5,516,955	7,236,196
Impacts of EIR application	(17,992)	-
Balance after adoption of IFRS 9	<u>5,498,963</u>	<u>7,236,196</u>
Add: Islamic banking profit before taxation for the period / year	1,552,249	5,282,861
Less: Taxation	(807,169)	(2,799,916)
Less: Transferred to head office	(985,256)	(4,202,186)
Closing balance	<u>5,258,787</u>	<u>5,516,955</u>

40.8 Pool management

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

General Pool

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

Special Pools

- | | |
|---|---|
| <ol style="list-style-type: none"> i. Riba Free Special Deposit Pool - 1 ii. Riba Free Special Deposit Pool - 2 iii. Riba Free Special Deposit Pool - Corporate - 1 iv. Riba Free Special Deposit Pool - Corporate - 2 v. Riba Free Special Deposit Pool - Corporate - 3 vi. Riba Free Special Deposit Pool - Corporate - 4 vii. Riba Free Special Deposit Pool - Corporate - 5 viii. Riba Free Special Deposit Pool - Corporate - 6 ix. Riba Free Special Deposit Pool - Corporate - 7 x. Riba Free Special Deposit Pool - Mutual fund / FI xi. Riba Free Special Deposit Pool 2 - Mutual fund / FI xii. RFSD - Daily Product - 1 Pool xiii. RFSD - Daily Product - 2 Pool xiv. RFSD - Daily Product - 3 Pool xv. RFSD - Daily Product - 4 Pool | <ol style="list-style-type: none"> xvi. RFSD - Daily Product - 5 Pool xvii. RFSD - Daily Product - 6 Pool xviii. Khyber Islamic Investment Certificates - 1 xix. Khyber Islamic Investment Certificates - 2 xx. Raast Financial Institutions Pool - 1 xxi. Raast Financial Institutions Pool - 2 xxii. RFSD - Itminan Mahana Certificate - pool xxiii. Riba free special deposit pool - Islamic export refinancing xxiv. Riba free special deposit pool - Profit Equalization Reserves xxv. Riba free special deposit pool - Investment Risk Reserves (IRR) xxvi. RFSD Special Pool (USD) xxvii. RFSD Special Pool 2 (USD) xxviii. RFSD Special Pool FCY (Euro) xxix. RFSD Special Pool FCY (GBP) |
|---|---|

Features of general pool

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

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

**NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2026**

Features of special pools

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

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

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

Key features

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

Risks of the special pools

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

Profit sharing and weightages for distribution of profit

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

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

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

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

As per the Bank's policy, 11% of the distributable income is reserved for customer. However, in line with SBP Circular No. 9 of 2024, 11% may be distributed to saving account depositors or specified categories of customers/investors. During the year, the Bank reduced its share of profit by lowering the Mudarabah fee. Out of the distributable income, Rs. 1,400.513 million (45.03% of total distributable income) was charged as Mudarabah fee, and Hiba amounting to Rs. 243.719 million (14.52% of the Mudarib share limit) was distributed during the period.

Charging expenses

Net income is distributed as per SBP instruction, therefore, all pools shall bear their respective identified expenses. A list of lines of direct expenses are maintained duly vetted from Shariah Board of the Bank. Indirect expenses are borne by Mudarib and are not part of distribution.

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

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The profit equalization reserves amounting to Rs. 4,882 million (2025: Rs. 4.76 million) has been presented in note 21 to these financial statements.

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

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

	(Un-audited)	(Audited)
	March 31, 2026	December 31, 2025
	----- Rupees in '000 -----	
Financings		
Agri business	1,583,836	2,442,413
Chemical and pharmaceuticals	3,839,992	3,320,724
Cement	1,466,896	3,850,921
Textile	14,292,318	13,479,648
Automobile and transportation equipment	3,254,492	3,620,561
Ghee/cooking oil	1,379,480	-
Financial	147,657	-
Food and Beverages	902,450	-
Petro chemical	-	3,078,125
Housing	1,391,677	1,046,544
Manufacturing of match	-	140,000
Miscellaneous manufacturing	11,939,673	9,545,168
Mining	3,040	-
Personal	1,881,040	2,050,481
Construction	199,942	274,225
Tradings	1,914,893	3,677,316
Communication	26,250	28,000
Services	520,176	1,299,630
Auto loans	822,521	441,156
Metal products	959,768	973,688
Commodity finance	32,783,600	20,000,000
CNG station / gas	5,833,898	2,541,592
Consumer finance	1,221,220	640,075
Power	300,000	13,872,582
Sugar	8,944,219	2,169,996
Others	200,606	283,832
Impact of fair valuation of Islamic financing and related	(726,255)	(692,021)
	95,083,388	88,084,656
Investments		
GOP Ijarah Sukuks	117,347,206	118,145,336
Bai Muajjal	3,529,453	3,429,747
Power and electricity	368,138	399,239
Food	312,998	304,202
	121,557,795	122,278,524
	216,641,183	210,363,180

**NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
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Details regarding pools managed by the Bank

Remunerative depositors pools	Profit rate and announcement period	Profit rate return earned - average	Profit sharing ratios		Mudarib share Rupees in '000	Profit rate return distributed to remunerative deposits (saving and fixed) - average	Percentage of Mudarib share transferred through Hiba	Amount of Mudarib share transferred through Hiba Rupees in '000
			Mudarib share	Rab-ul-maal share				
General Pool								
PKR Pool	Monthly	7.90%	48%	52%	1,255,096	1.39%	11.43%	148,009
USD Pool	Monthly	0.62%	77%	23%	238	0.19%	7.41%	19
Special Pools								
Saving & TDRs	Monthly	10.63%	27.84%	72.16%	371,490	1.84%	39.69%	94,490
			Bank	SBP				
IERS Pool	Monthly	9.63%	72.82%	27.18%	24,221	Nil	30.7%	5,002

41 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim unconsolidated financial statements were authorized for issue in the Board of Directors meeting of the Bank held on April 25, 2026.



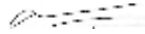
**MANAGING
DIRECTOR**



**CHIEF FINANCIAL
OFFICER**



DIRECTOR



DIRECTOR



DIRECTOR



Bank of Khyber

Condensed Interim
Consolidated Financial Statements
March 31, 2026

**CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2026**

	(Un-audited) March 31, 2026	(Audited) December 31, 2025
Note	----- Rupees in '000 -----	
ASSETS		
Cash and balances with treasury banks	7 20,220,118	25,398,116
Balances with other banks	8 3,956,843	3,217,067
Lendings to financial institutions	9 131,533	3,438,549
Investments	10 311,241,487	274,956,627
Advances	11 129,368,281	126,705,821
Property and equipment	12 4,758,283	4,796,539
Right-of-use assets	13 1,542,174	1,626,161
Intangible assets	14 370,743	379,645
Deferred tax assets	15 2,203,740	1,032,911
Other assets	16 14,403,545	11,748,178
Total Assets	488,196,747	453,299,614
LIABILITIES		
Bills payable	17 2,029,033	3,212,340
Borrowings	18 89,514,986	35,697,978
Deposits and other accounts	19 362,532,839	378,123,220
Lease liabilities	20 1,757,745	1,757,104
Subordinated debt	-	-
Deferred tax liabilities	-	-
Other liabilities	21 10,922,178	10,832,282
Total Liabilities	466,756,781	429,622,924
NET ASSETS	21,439,966	23,676,690
REPRESENTED BY		
Share capital	22 11,579,360	11,579,360
Reserves	6,431,757	6,229,178
Surplus on revaluation of assets	23 57,431	1,358,853
Unappropriated profit	3,371,418	4,509,299
	21,439,966	23,676,690
CONTINGENCIES AND COMMITMENTS		
	24	

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



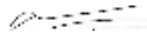
**MANAGING
DIRECTOR**



**CHIEF FINANCIAL
OFFICER**



DIRECTOR



DIRECTOR



DIRECTOR

**CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2026**

	January 1 to March 31, 2026	January 1 to March 31, 2025
	----- Rupees in '000 -----	
Mark-up / return / interest earned	25 11,374,268	13,500,282
Mark-up / return / interest expensed	26 7,145,630	8,394,671
Net mark-up / interest income	4,228,638	5,105,611
NON MARK-UP / INTEREST INCOME		
Fee and commission income	27 304,171	228,101
Dividend income	-	-
Foreign exchange income	91,831	72,367
Income / (loss) from derivatives	-	-
Gain on securities	28 66,229	520,715
Net (loss) / gain on derecognition of financial assets measured at amortised cost	29 (29,686)	50,971
Share of profit of associate	2,785	2,968
Other income	30 31,927	24,783
Total non-mark-up / interest income	467,257	899,905
Total income	4,695,895	6,005,516
NON MARK-UP / INTEREST EXPENSES		
Operating expenses	31 2,941,211	2,720,474
Workers Welfare Fund	-	-
Other charges	32 25	130
Total non-mark-up / interest expenses	2,941,236	2,720,604
PROFIT BEFORE CREDIT LOSS ALLOWANCE	1,754,659	3,284,912
(Reversal) of credit loss allowance and write offs - net	33 (357,132)	(117,989)
PROFIT BEFORE TAXATION	2,111,791	3,402,901
Taxation	34 1,096,613	1,800,369
PROFIT AFTER TAXATION	1,015,178	1,602,532
	----- Rupees -----	
Basic and diluted earnings per share	35 0.88	1.38

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



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**CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2026**

	January 1 to March 31, 2026	January 1 to March 31, 2025
	----- Rupees in '000 -----	
		(restated)
Profit after taxation for the period	1,015,178	1,602,532
Other comprehensive income/ (loss)		
Items that may be reclassified to statement of profit and loss account in		
Movement in deficit on revaluation of debt investments through FVOCI - net of tax	(1,291,341)	(861,034)
Gain on sale of debt investments carried at FVOCI reclassified to profit and loss - net of tax	(31,790)	(244,731)
	(1,323,131)	(1,105,765)
Items that will not be reclassified to statement of profit and loss account in subsequent periods:		
Movement in surplus on revaluation of equity investments - net of tax	23,000	11,207
Share of surplus on revaluation of investment in associate - net of tax	151	1,339
	23,151	12,546
Total comprehensive (loss) / income	(284,802)	509,313

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



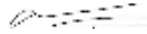
**MANAGING
DIRECTOR**



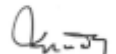
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DIRECTOR



DIRECTOR



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**CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT (UN-AUDITED)
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2026**

	January 1 to March 31, 2026	January 1 to March 31, 2025
Note	----- Rupees in '000 -----	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	2,111,791	3,402,901
Less: Dividend income	-	-
	2,111,791	3,402,901
Adjustments:		
Net mark-up / return / interest income	(4,326,049)	(5,206,071)
Depreciation - Property and equipment	31 253,204	205,041
Depreciation - Non-banking assets acquired in satisfaction of claims	31 13,496	11,178
Depreciation - Right-of-use assets	31 192,153	186,554
Amortization	31 23,416	20,955
(Reversal) of credit loss allowance and write offs - net	33 (357,132)	(117,989)
Gain on securities	28 (66,229)	(520,715)
Net loss / (gain) on derecognition of financial assets measured at amortised cost	29 29,686	(50,971)
Gain on disposal of property and equipment - net	30 (676)	(667)
Finance charges on leased assets	26 97,411	100,460
Unwinding of deferred cost on staff loans	44,805	59,348
Share of profit of associate	(2,785)	(2,968)
	(4,098,700)	(5,315,845)
	(1,986,909)	(1,912,944)
(Increase) / decrease in operating assets		
Lendings to financial institutions	3,307,095	(1,535,164)
Securities classified as FVPL	-	(5,362)
Advances	(2,324,816)	78,493,716
Other assets (excluding advance taxation and mark-up receivable)	907,174	(1,133,977)
	1,889,453	75,819,213
Increase / (decrease) in operating liabilities		
Bills payable	(1,183,307)	(20,523,683)
Borrowings from financial institutions	53,817,008	(58,073,108)
Deposits	(15,590,381)	60,977,994
Other liabilities (excluding current taxation and mark-up payable)	(22,732)	909,862
	37,020,588	(16,708,935)
Mark-up / interest received	8,393,408	9,999,974
Mark-up / interest paid	(9,031,129)	(12,427,528)
Income tax paid	(1,470,923)	(959,564)
Net cash flow from operating activities	34,814,487	53,810,216
CASH FLOW FROM INVESTING ACTIVITIES		
Net investments in amortised cost	-	891,211
Net investments in securities classified as FVOCI	(38,986,550)	(49,816,242)
Investments in property and equipment	(79,310)	(147,615)
Investments in intangible assets	17,788	(34,286)
Disposal of property and equipment	697	1,023
Net cash flow used in investing activities	(39,047,375)	(49,105,909)
CASH FLOW FROM FINANCING ACTIVITIES		
Payments of lease obligations against right-of-use assets	(204,936)	(250,739)
Dividend paid	(321)	3
Net cash flow used in financing activities	(205,257)	(250,736)
Effects of credit loss allowance changes on cash and cash equivalents	(77)	(385)
(Decrease) / increase in cash and cash equivalents	(4,438,222)	4,453,186
Cash and cash equivalents at beginning of the period	28,615,183	27,245,369
Cash and cash equivalents at end of the period	24,176,961	31,698,555

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



**MANAGING
DIRECTOR**



**CHIEF FINANCIAL
OFFICER**



DIRECTOR



DIRECTOR



DIRECTOR

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2026****1 STATUS AND NATURE OF BUSINESS****1.1 Holding Company****Bank of Khyber**

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

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

The Bank is the holding company of BOK Currency Exchange (Private) Limited.

1.2 Subsidiary

BoK Currency Exchange (Private) Limited (the company) is a wholly owned subsidiary of the Bank of Khyber incorporated as a private limited company under the Companies Act 2017 on January 19 2026. The company is in the process of completing necessary formalities after which it will apply to SBP for obtaining the authorization to carry out foreign exchange business.

2 BASIS OF PREPARATION

- 2.1** These condensed interim consolidated financial statements consists of holding company and its subsidiary company for the three month period ended March 31, 2026. These are the first condensed interim consolidated financial statements of the Group. Therefore, corresponding figures of these consolidated financial statements are the same as those presented in the condensed unconsolidated financial statements of the parent.
- 2.2** In accordance with the directives of the Federal Government regarding the shifting of the banking system to Islamic modes, the State Bank of Pakistan (SBP) has issued various circulars from time to time. Permissible forms of trade-related modes of financing include purchase of goods by the banks from their customers and immediate resale to them at appropriate profit in price on deferred payment basis. The purchases and sales arising under the respective arrangements (except for Murabaha financings accounted for under Islamic Financial Accounting Standard - 1 "Murabah") are not reflected in these condensed interim consolidated financial statements as such, but are restricted to the amount of facility actually utilized and the appropriate portion of profit thereon.
- 2.3** The Islamic banking branches of the Bank have complied with the requirements as set out in the Islamic Financial Accounting Standards (IFAS), issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the provisions of Companies Act, 2017.
- 2.4** The financial results of the Islamic Banking Branches have been consolidated in these condensed interim consolidated financial statements for reporting purposes, after eliminating the effects of inter-branch transactions and balances. Key financial figures of the Islamic Banking Branches are disclosed in note 40 to these condensed interim consolidated financial statements.

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2026**

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

3 STATEMENT OF COMPLIANCE

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

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

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

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

- 3.2** The disclosures made in these condensed interim consolidated financial statements have been limited based on the format prescribed by the SBP vide BPRD Circular Letter No. 2 dated February 9, 2023 and IAS 34. These condensed interim consolidated financial statements do not include all the information and disclosures required in the audited annual financial statements, and should be read in conjunction with the audited annual financial statements of the Bank for the year ended December 31, 2025.
- 3.3** SBP vide BSD Circular Letter No. 10, dated August 26, 2002, has deferred the applicability of International Accounting Standard (IAS) 40, Investment Property for banking companies till further instructions. Moreover, SBP vide BPRD Circular No. 4, dated February 25, 2015, has deferred the applicability of Islamic Financial Accounting Standards (IFAS) 3, Profit and Loss Sharing on Deposits. Further, according to the notification of the SECP issued vide SRO 411(I)/2008 dated April 28, 2008, International Financial Reporting Standard (IFRS) 7, 'Financial Instruments: Disclosures' has not been made applicable for banks. Accordingly, the requirements of these standards have not been considered in the preparation of these condensed interim consolidated financial statements.

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2026**

3.4 Standards, interpretations of and amendments to published approved accounting and reporting standards that are effective in the current period

There are certain new and amended standards, issued by International Accounting Standards Board (IASB), interpretations and amendments that are mandatory for the Bank's accounting periods beginning on or after January 1, 2026 but are considered not to be relevant or do not have any material effect on the Bank's operations and therefore not detailed in these condensed interim consolidated financial statements, except for IFRS 9 (Financial Instruments), the impact of which is disclosed index note 4.1.

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

There are certain new and amended standards, issued by International Accounting Standards Board (IASB), interpretations and amendments that are mandatory for the Bank's accounting periods beginning on or after January 1, 2027 but are considered not to be relevant or do not have any material effect on the Bank's operations except for:

IFRS 18 - Presentation and Disclosure in Financial Statements

January 1, 2027

4 MATERIAL ACCOUNTING POLICY INFORMATION

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

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2026**

4.1 IFRS 9 - Financial Instruments

The SBP in a separate instruction vide letter BPRD/RPD/8224/56/25 dated January 22, 2025 had allowed extension for application of Effective Interest Rate (EIR methodology) under IFRS 9 upto December 31, 2025. Accordingly, w.e.f January 01, 2026, the Bank has implemented the EIR methodology under IFRS 9. To account for the transition, the Bank has adopted the modified retrospective approach as allowed under IFRS 9. Accordingly the cumulative impact (net of tax), amounting to Rs. 16.78 million has been recognized as an adjustment in the equity as at January 01, 2026 in these condensed interim consolidated financial statements.

4.2 The SBP has directed the Banks through its BPRD Circular Letter No. 1 dated January 2022, 2025 to continue the existing revenue recognition methodology for islamic operations, including the requirements of IFAS 1 and IFAS 2 until further instructions. Had the IFRS been adopted in its entirety for revenue recognition from islamic operations. The profit after tax of the group would have been higher by Rs. 78.50 million.

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The basis for accounting estimates adopted in the preparation of these condensed interim consolidated financial statements are the same as that applied in the preparation of the financial statements of the Bank for the year ended December 31, 2025 except for the matters related to IFRS 9 which have been disclosed in note 4.1 to these condensed interim consolidated financial statements.

6 FINANCIAL RISK MANAGEMENT

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

	(Un-audited)	(Audited)
	March 31,	December 31,
	2026	2025
	-----	-----
	Rupees in '000	
7 CASH AND BALANCES WITH TREASURY BANKS		
In hand		
Local currency	7,098,700	7,042,878
Foreign currencies	228,738	142,560
	7,327,438	7,185,438
With State Bank of Pakistan in		
Local currency current accounts	11,579,954	14,897,044
Foreign currency current accounts	44,720	105,018
Foreign currency deposit accounts	271,585	266,202
	11,896,259	15,268,264
With National Bank of Pakistan in		
Local currency current accounts	886,132	2,321,247
Local currency deposit accounts	100,956	612,385
Foreign currency current accounts	8,939	10,442
	996,027	2,944,074
Prize bonds	409	354
Less: Credit loss allowance held against cash and balances with treasury banks	(15)	(14)
Cash and balances with treasury banks - net of credit loss allowance	20,220,118	25,398,116

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2026**

		(Un-audited) March 31, 2026	(Audited) December 31, 2025
	Note	----- Rupees in '000 -----	
8	BALANCES WITH OTHER BANKS		
	In Pakistan		
	In current accounts	1,369,237	1,010,786
	In deposit accounts	310,807	344,727
		1,680,044	1,355,513
	Outside Pakistan		
	In current accounts	1,600,194	357,530
	In deposit accounts	686,821	1,514,164
		2,287,015	1,871,694
	Less: Credit loss allowance held against balances with other banks	(10,216)	(10,140)
	Balances with other banks - net of credit loss allowance	<u>3,956,843</u>	<u>3,217,067</u>
9	LENDINGS TO FINANCIAL INSTITUTIONS		
	Call / clean money lending	-	3,300,000
	Placements with financial institutions	217,140	224,236
	Less: Credit loss allowance held against lendings to financial institutions	9.1 (85,607)	(85,687)
	Lendings to financial institutions - net of credit loss allowance	<u>131,533</u>	<u>3,438,549</u>
9.1	Lendings to financial institutions - particulars of credit loss allowance	(Un-audited) March 31, 2026	(Audited) December 31, 2025
		Lending	Credit loss allowance held
		Lending	Credit loss allowance held
		----- Rupees in '000 -----	
	Domestic		
	Performing	Stage 1	3,300,000
	Under performing	Stage 2	-
	Non-performing	Stage 3	-
	Substandard		-
	Doubtful		-
	Loss		-
		9.2 217,140	85,607
		217,140	224,236
	Total	<u>217,140</u>	<u>85,687</u>
		217,140	224,236
	Total	<u>217,140</u>	<u>85,687</u>
	Overseas	-	-
	Total	-	-

- 9.2** The credit loss allowance as of March 31, 2026 includes the forced sales value benefit amounting to Rs. 131.53 million (December 31, 2025: Rs. 138.55), availed by the Bank equivalent to the market value of the Pakistan Investment Bonds received by the Bank as part of the settlement agreement against a non performing lending of the Bank. The resulting increase in the unappropriated profit (net of tax) amounting to Rs. 63.13 million (December 31, 2025: Rs. 65.12 million) is not available for the distribution of cash or stock dividend to shareholders or bonus to employees.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED) FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2026

		(Un-audited) March 31, 2026			
10 INVESTMENTS		Cost / amortised cost	Credit loss allowance	Surplus / (deficit)	Carrying value
10.1 Investments by type:		-----Rupees in '000-----			
Fair value through profit or loss (FVPL)					
Non-Government Debt Securities		1,364,680	-	(15,459)	1,349,221
Fair value through other comprehensive income (FVOCI)					
Federal Government Securities		298,844,498	-	(1,058,763)	297,785,735
Shares		677,080	-	(130,540)	546,540
Non-Government Debt Securities		2,648,886	(137,494)	(126,179)	2,385,213
		302,170,464	(137,494)	(1,315,482)	300,717,488
Amortised cost (AC)					
Non-Government Debt Securities		8,538,728	-	-	8,538,728
Non-Government Debt Securities		515,780	(5)	-	515,775
		9,054,508	(5)	-	9,054,503
Associate					
		120,275	-	-	120,275
Total investments		312,709,927	(137,499)	(1,330,941)	311,241,487
(Audited) December 31, 2025					
		Cost / amortised cost	Credit loss allowance	Surplus / (deficit)	Carrying value
		-----Rupees in '000-----			
Fair value through profit or loss (FVPL)					
Non-Government Debt Securities		1,364,680	-	(15,459)	1,349,221
Fair value through other comprehensive income (FVOCI)					
Federal Government Securities		259,127,494	-	1,661,852	260,789,346
Shares		677,081	-	(178,456)	498,625
Non-Government Debt Securities		2,617,666	(141,626)	(90,270)	2,385,770
		262,422,241	(141,626)	1,393,126	263,673,741
Amortised cost (AC)					
Federal Government Securities		9,308,916	-	-	9,308,916
Non-Government Debt Securities		507,264	(5)	-	507,259
		9,816,180	(5)	-	9,816,175
Associate					
		117,490	-	-	117,490
Total investments		273,720,591	(141,631)	1,377,667	274,956,627
(Un-audited) March 31, 2026 (Audited) December 31, 2025					
10.2 Investments given as collateral	Note	----- Rupees in '000 -----			
Market Treasury Bills		69,000,000	-	-	-
Pakistan Investment Bonds	10.2.1	18,300,000	-	-	13,878,200
Ijara Sukuks		-	-	-	-
		87,300,000	-	-	13,878,200
10.2.1 The market value of securities given as collateral is Rs.81,284.77 million (December 31, 2025: Rs. 13,871.20 million).					

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2026**

10.3 Credit loss allowance for diminution in value of investments

	(Un-audited) March 31, 2026	(Audited) December 31, 2025
	----- Rupees in '000 -----	
Opening balance	141,631	158,189
Charge / (reversals)		
Charge for the period / year	-	5
Reversal for the period / year	(4,132)	(16,563)
Reversal on disposals / repayment during the period / year	-	-
	(4,132)	(16,558)
Closing balance	<u>137,499</u>	<u>141,631</u>

10.4 Particulars of credit loss allowance against debt securities

Category of classification	(Un-audited) March 31, 2026		(Audited) December 31, 2025	
	Outstanding amount	Credit loss allowance held	Outstanding amount	Credit loss allowance held
	----- Rupees in '000 -----			
Domestic	2,763,494	5	2,751,408	5
Performing	-	-	-	-
Underperforming	-	-	-	-
Non-performing	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	-	-	-	-
Total	<u>137,499</u>	<u>137,494</u>	<u>141,626</u>	<u>141,626</u>
	<u>2,900,993</u>	<u>137,499</u>	<u>2,893,034</u>	<u>141,631</u>
Overseas	-	-	-	-
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2026**

10.5 Summarised financial information of associate

10.5.1 Investment in associate - unlisted

	Period / year ended	Number of shares	Percentage of holding	Country of incorporation	Cost Rupees in '000
Taurus Securities Limited	December 31, 2025 (Audited)	4,050,374	30%	Pakistan	40,504
Taurus Securities Limited	September 30, 2025 (un-audited)	4,050,374	30%	Pakistan	40,504
Assets	Liabilities	Equity	Revenue	Profit after taxation	Total comprehensive income

10.5.2 Summary of financial information of associate

	Rupees in '000				
Assets	1,630,563	1,229,651	400,912	104,540	9,283
Liabilities	1,560,181	1,168,548	391,633	325,148	37,273
Equity					
Revenue					
Profit after taxation					
Total comprehensive income					

Based on financial statements:

- October 1, 2025 to December 31, 2025
- October 1, 2024 to September 30, 2025

10.6 The market value of securities classified as amortised cost as at March 31, 2026 amounted to Rs. 9,04,929 million (December 31, 2025: Rs. 9,921,04 million).

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2026**

11.2 Advances include Rs. 12,151.01 million (December 31, 2025: Rs. 12,530.47 million) which have been placed under non-performing / stage 3 status as detailed below:

Category of classification in stage 3	(Un-audited) March 31, 2026		(Audited) December 31, 2025	
	Non performing loans	Credit loss allowance	Non performing loans	Credit loss allowance
	----- Rupees in '000 -----			
Domestic				
Other assets especially mentioned (OAEM)	79,512	57,138	151,988	81,548
Substandard	221,314	112,167	774,959	530,827
Doubtful	984,182	667,836	419,689	283,341
Loss	10,865,999	9,746,689	11,183,837	9,904,434
	12,151,007	10,583,830	12,530,473	10,800,150
Overseas	-	-	-	-
Total	12,151,007	10,583,830	12,530,473	10,800,150

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2026**

11.3 Particulars of credit loss allowance against advances

	(Un-audited) March 31, 2026			(Audited) December 31, 2025				
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	----- Rupees in '000 -----							
	Credit loss allowance held							
Opening balance	702,763	395,797	10,800,150	11,898,710	731,140	584,619	11,425,873	12,741,632
Charge for the period / year	158,096	367,770	285,210	791,076	522,484	650,837	1,027,433	2,200,754
Reversals for the period / year	(300,093)	(336,760)	(481,530)	(1,118,383)	(550,861)	(839,659)	(1,653,156)	(3,043,676)
	(141,997)	31,010	(216,320)	(327,307)	(28,377)	(188,822)	(625,723)	(842,922)
Amounts written off	-	-	-	-	-	-	-	-
Closing balance	560,766	426,807	10,583,830	11,571,403	702,763	395,797	10,800,150	11,898,710

11.4 Advances - Particulars of credit loss allowance

	(Un-audited) March 31, 2026			(Audited) December 31, 2025				
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	----- Rupees in '000 -----							
	Credit loss allowance held							
Opening balance	702,763	395,797	10,800,150	11,898,710	731,140	584,619	11,425,873	12,741,632
New advances	117,699	119,313	137,580	374,592	435,680	88,991	88,754	613,425
Advances derecognised or repaid	(92,549)	(268,611)	(250,087)	(611,247)	(170,478)	(94,545)	(1,162,741)	(1,427,764)
Transfer to stage 1	40,397	(40,397)	-	-	86,804	(82,910)	(3,894)	-
Transfer to stage 2	(17,014)	248,457	(231,443)	-	(75,325)	561,846	(486,521)	-
Transfer to stage 3	(1,611)	(8,033)	9,644	-	(8,594)	(132,486)	141,080	-
	46,922	50,729	(334,306)	(236,655)	268,087	340,896	(1,423,322)	(814,339)
Changes in risk parameters (PDs / LGDs / EADs)	(188,919)	(19,719)	117,986	(90,652)	(296,464)	(529,718)	797,599	(28,583)
Closing balance	560,766	426,807	10,583,830	11,571,403	702,763	395,797	10,800,150	11,898,710

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2026**

		(Un-audited) March 31, 2026		(Audited) December 31, 2025	
		Outstanding amount	Credit loss allowance held	Outstanding amount	Credit loss allowance held
----- Rupees in '000 -----					
11.4.2 Advances - Category of classification					
Domestic					
Performing	Stage 1	117,400,299	560,766	81,305,726	702,763
Underperforming	Stage 2	11,388,378	426,807	44,768,332	395,797
Non-performing	Stage 3				
Other assets especially mentioned (OAEM)		79,512	57,138	151,988	81,548
Substandard		221,314	112,167	774,959	530,827
Doubtful		984,182	667,836	419,689	283,341
Loss		10,865,999	9,746,689	11,183,837	9,904,434
		12,151,007	10,583,830	12,530,473	10,800,150
Total		140,939,684	11,571,403	138,604,531	11,898,710
Overseas		-	-	-	-
Total		-	-	-	-

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

The Bank has adopted IFRS 9 with effect from January 1, 2024. In accordance with the SBP's IFRS 9 Application Instructions (together with BPRD Circular Letter No.16 of 2024 dated July 29, 2024), credit loss allowance against NPLs has been taken at higher of the i) provision as required under SBP's Prudential Regulations; or ii) credit loss allowance computed in accordance with the requirements of the Application Instructions. This has effectively reduced the cumulative FSV benefit availed by the Bank as on period end. As at March 31, 2026, the Bank has availed cumulative benefit of forced sales value of Rs. 957.74 million (December 31, 2025: Rs. 936.19 million). Increase in unappropriated profit amounting to Rs. 459.71 million (December 31, 2025: Rs. 440.00 million) is not available for the distribution of cash or stock dividend to shareholders or bonus to employees.

		(Un-audited)	(Audited)
		March 31, 2026	December 31, 2025
----- Rupees in '000 -----			
12 PROPERTY AND EQUIPMENT	Note		
Capital work-in-progress	12.1	172,898	290,463
Property and equipment		4,585,385	4,506,076
		4,758,283	4,796,539
12.1 Capital work-in-progress			
Civil works		160,926	76,921
Equipment		11,972	212,400
Furniture and fixtures		-	216
Advances to suppliers		-	926
		172,898	290,463

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2026**

12.2 Additions to property and equipment

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

	(Un-audited)	
	For the three months ended	
	March 31, 2026	March 31, 2025
	----- Rupees in '000 -----	
Capital work-in-progress - net additions / (transfers)	(117,565)	20,737
Property and equipment		
Furniture and fixtures	16,234	27,977
Electrical, office and computer equipment	265,319	44,597
Vehicles	-	26,701
Books	10	-
Leasehold improvements	50,972	27,603
	332,535	126,878
Total	214,970	147,615

12.3 Disposal of property and equipment

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

Furniture and fixtures	21	7
Electrical, office and computer equipment	-	349
Leasehold improvements	-	-
Total	21	356
	(Un-audited)	(Audited)
	March 31,	December 31,
	2026	2025
	----- Rupees in '000 -----	

13 RIGHT-OF-USE ASSETS

Buildings

At January 1

Cost	5,235,628	4,965,179
Accumulated depreciation	(3,609,467)	(2,905,209)
Net carrying amount at January 1	1,626,161	2,059,970

Additions during the period / year

108,166 379,414

Terminations during the period / year - at cost

Accumulated depreciation on termination	-	(108,965)
	-	63,251
	-	(45,714)

Depreciation charge for the period / year

(192,153) (767,509)

Net carrying amount at the period / year end

1,542,174 **1,626,161**

14 INTANGIBLE ASSETS

Capital work in progress

62,765 53,879

Licenses and computer softwares

307,978 325,766

370,743 **379,645**

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2026**

		(Un-audited)	
		For the three months ended	
14.1	Additions to intangible assets	March 31, 2026	March 31, 2025
		----- Rupees in '000 -----	
	The following additions have been made to intangible assets during the period:		
	Directly purchased - intangible assets	-	-
	Capital work in progress - net	3,174	1,463
	Total	3,174	1,463

14.2 Disposals of intangible assets

No intangible assets were disposed off during the periods ended March 31, 2026 and March 31, 2025.

		(Un-audited)	(Audited)
		March 31, 2026	December 31, 2025
		----- Rupees in '000 -----	
15	DEFERRED TAX ASSETS		
	Deductible temporary differences on		
	Deficit on revaluation of FVOCI investments - net	424,291	-
	Accelerated accounting depreciation	451,599	409,463
	Credit loss allowance against investments	12,859	15,007
	Unrealised loss on FVPL investments	8,039	8,039
	Credit loss allowance against advances and off balance sheet obligations	1,268,526	1,521,093
	Credit loss allowance against cash and balances with treasury banks	8	8
	Credit loss allowance against balances with other banks	5,312	5,273
	Credit loss allowance against other assets	23,610	23,812
	Islamic pool management reserves	52,361	51,067
	Others	197,232	188,373
		2,443,837	2,222,135
	Taxable temporary differences on		
	Share of profit of associate	(41,481)	(40,033)
	Surplus on revaluation of FVOCI investments - net	-	(984,186)
	Surplus on revaluation of non-banking asset	(55,190)	(56,751)
	Modification of Advances	(20,596)	(14,175)
	Staff loans	(122,830)	(94,079)
		(240,097)	(1,189,224)
	Deferred tax assets - net	2,203,740	1,032,911

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2026**

	(Un-audited) March 31, 2026	(Audited) December 31, 2025
Note	----- Rupees in '000 -----	
16 OTHER ASSETS		
Income / mark-up accrued in local currency	9,503,391	6,522,531
Advances, deposits, advance rent and other prepayments	424,749	373,019
Advance taxation (payments less provisions)	1,161,958	623,647
Non-banking assets acquired in satisfaction of claims	215,965	226,459
Branch adjustment account	-	10,812
Mark to market gain on forward foreign exchange contracts	6,956	8,926
Acceptances	2,173	2,910
Pre-IPO investment	100,000	100,000
Stationary and stamps on hand	185,725	169,411
Clearing and settlement accounts	108,517	1,019,518
Receivable from the State Bank of Pakistan	415,326	477,287
Deferred cost on staff loans	2,168,242	2,111,764
Others	194,252	182,975
	<u>14,487,254</u>	<u>11,829,259</u>
Less: Credit loss allowance held against other assets	16.1 (189,844)	(190,219)
Other assets - net of credit loss allowance	<u>14,297,410</u>	<u>11,639,040</u>
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	23 106,135	109,138
Other assets - total	<u><u>14,403,545</u></u>	<u><u>11,748,178</u></u>
16.1 Credit loss allowance held against other assets		
Income / mark-up accrued in local currency	2,348	2,723
Pre-IPO investment	100,000	100,000
Others	87,496	87,496
	<u>189,844</u>	<u>190,219</u>
16.1.1 Movement in credit loss allowance held against other assets		
Opening balance	190,219	190,357
Charge for the period / year	588	1,250
Reversal for the period / year	(963)	(1,388)
	(375)	(138)
Closing balance	<u>189,844</u>	<u>190,219</u>
17 BILLS PAYABLE		
In Pakistan	2,029,033	3,212,340
Outside Pakistan	-	-
	<u>2,029,033</u>	<u>3,212,340</u>

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2026**

18	BORROWINGS	(Un-audited)	(Audited)
		March 31, 2026	December 31, 2025
		----- Rupees in '000 -----	
	Secured		
	Borrowings from State Bank of Pakistan (SBP) under:		
	- Export refinance scheme	2,334,700	2,205,700
	- Long term financing facility	2,193,181	2,367,827
	- Refinance and credit guarantee scheme for women entrepreneurs	42,728	46,242
	- Financing facility for renewable energy	190,460	204,448
	- Refinance facility for modernization of Small and Medium Enterprises (SMEs)	127,026	134,449
	- Refinance facility for combating COVID-19	111,830	182,745
	- SME Asaan Scheme (SAAF)	280,841	321,801
	- Financing facility for storage of agriculture produce	102,077	107,538
		5,382,843	5,570,750
	Repurchase agreement borrowings	80,732,114	13,878,200
	Total secured	86,114,957	19,448,950
	Unsecured		
	Call borrowings	3,400,029	16,249,028
	Total	89,514,986	35,697,978

19	DEPOSITS AND OTHER ACCOUNTS	(Un-audited)			(Audited)		
		March 31, 2026			December 31, 2025		
		In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
		----- Rupees in '000 -----					
	Customers						
	Current deposits	63,357,425	893,635	64,251,060	68,296,014	744,527	69,040,541
	Saving deposits	174,301,731	129,812	174,431,543	176,241,734	116,671	176,358,405
	Term deposits	100,402,016	255,329	100,657,345	107,567,941	601,574	108,169,515
	Others	18,693,817	-	18,693,817	21,709,929	-	21,709,929
		356,754,989	1,278,776	358,033,765	373,815,618	1,462,772	375,278,390
	Financial Institutions						
	Current deposits	659,184	30,851	690,035	1,999,589	30,896	2,030,485
	Saving deposits	3,809,039	-	3,809,039	814,345	-	814,345
		4,468,223	30,851	4,499,074	2,813,934	30,896	2,844,830
		361,223,212	1,309,627	362,532,839	376,629,552	1,493,668	378,123,220

20	LEASE LIABILITIES	(Un-audited)	(Audited)
		March 31, 2026	December 31, 2025
		----- Rupees in '000 -----	
	Outstanding amount at the start of the period / year	1,757,104	2,147,700
	Additions during the period / year	108,166	379,414
	Lease payments including interest during the period / year	(204,936)	(1,097,755)
	Interest expense	97,411	390,465
	Terminations / modifications during the period / year	-	(62,720)
		641	(390,596)
	Outstanding amount at the end of the period / year	1,757,745	1,757,104

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2026**

	(Un-audited) March 31, 2026	(Audited) December 31, 2025
	----- Rupees in '000 -----	
20.1 Liabilities outstanding		
Not later than one year	689,979	585,565
Later than one year and up to five years	1,067,766	1,171,539
Total at the period / year end	<u>1,757,745</u>	<u>1,757,104</u>

20.2 The Bank mainly has lease contracts for real estate that are used in its operations including branches and other offices. Generally, the Bank is restricted from assigning and subleasing the lease assets. As a practical expedient, management does not separate lease and non-lease components, wherever applicable. The additions to lease obligations during the period have been discounted at rates ranging between 10.40% to 11.22% (December 31, 2025: 10.98% to 12.24%) per annum; being the relevant incremental borrowing rate of the Bank.

	(Un-audited) March 31, 2026	(Audited) December 31, 2025
	----- Rupees in '000 -----	
21 OTHER LIABILITIES		
Mark-up / return / interest payable in local currency	5,421,360	7,389,057
Mark-up / return / interest payable in foreign currencies	1,167	16,380
Unearned commission and income on bills discounted	138,601	150,512
Accrued expenses and supplier payables	1,848,504	1,835,808
Acceptances	2,173	2,910
Unclaimed dividends	112,921	113,242
Dividends payable	1,968,704	-
Mark to market loss on forward foreign exchange contracts	14,570	147
Deferred income on government schemes	1,275	1,275
Deferred income on Islamic financing	703,655	622,651
Islamic pool management reserves	100,694	98,206
Share subscription money refund	1,091	1,091
Retention money	40,088	39,738
Bills payment system over the counter (BPS-OTC)	18	49,502
Charity fund balance	12,483	11,648
Branch adjustment account	7,378	-
Payable to defined benefit plan	42,276	3,499
Security deposits against ijarah	29,383	32,153
Levies and other taxes payable	66,182	38,629
Credit loss allowance against off-balance sheet obligations	17,090	42,406
Others	392,566	383,428
	<u>10,922,178</u>	<u>10,832,282</u>

21.1 Credit loss allowance against off-balance sheet obligations

Opening balance	42,406	44,098
Charge for the period / year	6,898	19,419
Reversal for the period / year	(32,214)	(21,111)
	<u>(25,316)</u>	<u>(1,692)</u>
Closing balance	<u>17,090</u>	<u>42,406</u>

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2026**

22 SHARE CAPITAL

22.1 Authorized capital

(Un-audited) March 31, 2026	(Audited) December 31, 2025		(Un-audited) March 31, 2026	(Audited) December 31, 2025
Number of shares			----- Rupees in '000 -----	
1,500,000,000	1,500,000,000	Ordinary shares of Rs. 10 each	15,000,000	15,000,000
22.2 Issued, subscribed and paid up				
(Un-audited) March 31, 2026	(Audited) December 31, 2025		(Un-audited) March 31, 2026	(Audited) December 31, 2025
Number of shares			----- Rupees in '000 -----	
Ordinary shares of Rs. 10 each				
722,698,448	722,698,448	Fully paid in cash	7,226,984	7,226,984
435,237,541	435,237,541	Issued as fully paid bonus shares:	4,352,376	4,352,376
<u>1,157,935,989</u>	<u>1,157,935,989</u>	Closing balance	<u>11,579,360</u>	<u>11,579,360</u>

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

23 SURPLUS ON REVALUATION OF ASSETS

Surplus / (deficit) on revaluation of:

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

(Un-audited) March 31, 2026	(Audited) December 31, 2025
----- Rupees in '000 -----	
(1,184,942)	1,571,582
(130,540)	(178,456)
900,120	900,120
106,135	109,138
(5,090)	(5,404)
(314,317)	2,396,980

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

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

616,170	(817,223)
(191,879)	(166,963)
(55,190)	(56,751)
2,647	2,810
371,748	(1,038,127)
57,431	1,358,853

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2026**

		(Un-audited) March 31, 2026	(Audited) December 31, 2025
	Note	----- Rupees in '000 -----	
24 CONTINGENCIES AND COMMITMENTS			
Guarantees	24.1	33,124,049	44,153,665
Commitments	24.2	34,352,300	27,482,911
		<u>67,476,349</u>	<u>71,636,576</u>
24.1 Guarantees:			
Financial guarantees		300,000	300,000
Performance guarantees		32,817,967	43,847,583
Other guarantees		6,082	6,082
		<u>33,124,049</u>	<u>44,153,665</u>
24.2 Commitments:			
Documentary credits and short-term trade-related transactions			
- Letters of credit		16,254,753	14,495,539
Commitments in respect of:			
- Forward foreign exchange contracts	24.2.1	8,062,558	2,660,236
Commitments for acquisition of:			
- Property and equipment		457,253	396,538
- Intangible assets		60,736	69,828
Undrawn loan commitments	24.2.2	9,517,000	9,860,770
Other commitments		-	-
		<u>34,352,300</u>	<u>27,482,911</u>
24.2.1 Commitments in respect of forward foreign exchange contracts			
Purchase		3,306,173	792,236
Sale		4,756,385	1,868,000
		<u>8,062,558</u>	<u>2,660,236</u>

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

24.2.2 Undrawn loan commitments

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

24.3 Other contingent liabilities

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

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

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2026**

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

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

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

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

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

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

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

- vi) In respect of Tax Year 2022, Deputy Commissioner Inland Revenue issued an order dated December 8, 2025 creating a tax demand along with default surcharge of Rs. 6.620 billion under section 161 of Income Tax Ordinance, 2001, mainly on account of non-deduction of withholding taxes on profit on debt, dividend paid, salaries and wages, advertisement, professional and other charges etc. Being aggrieved, the Bank filed an appeal before CIRA on January 9, 2026. Based on the appeal and subsequent reconciliation as at March 31, 2026, the demand was reduced to Rs. 25 million (including default surcharge) vide a favorable appellate order dated April 8, 2026. A further appeal is being filed before the Appellate Tribunal Inland Revenue against the reduced demand of Rs. 25 million.

24.3.4 The Bank's share of contingencies of its associated company i.e. Taurus Securities Limited amounts to Rs. 9.37 million (December 31, 2025: Rs. 9.37 million).

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

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2026**

		(Un-audited)	
		For the three months ended	
		March 31, 2026	March 31, 2025
		----- Rupees in '000 -----	
25	MARK-UP / RETURN / INTEREST EARNED	Note	
	Loans and advances	3,392,991	3,399,400
	Investments	4,697,915	6,727,635
	Lendings to financial institutions	53,099	131,852
	Balances with banks	20,899	40,067
	Sukuk bonds	3,209,364	3,201,328
		11,374,268	13,500,282
25.1	Interest income recognized on:		
	Financial assets measured at amortized cost	3,476,086	4,080,229
	Financial assets measured at FVOCI	4,688,818	9,307,122
	Financial assets measured at FVPL	3,209,364	112,931
		11,374,268	13,500,282
26	MARK-UP / RETURN / INTEREST EXPENSED		
	Deposits	5,416,645	6,266,760
	Borrowings	1,631,574	2,027,451
	Lease liability	97,411	100,460
		7,145,630	8,394,671
27	FEE AND COMMISSION INCOME		
	Branch banking customer fees	8,573	5,520
	Consumer finance related fees	-	375
	Card related fees (Debit cards)	177,163	104,704
	Commission on trade	40,032	41,162
	Commission on guarantees	61,058	60,070
	Commission on remittances including home remittances	2,326	2,805
	Rebate from financial institutions	12,384	9,573
	Others	2,635	3,892
		304,171	228,101
28	GAIN ON SECURITIES		
	Realised gain	28.1 66,229	520,715
	Unrealised gain/ (loss) - measured at FVPL	-	-
		66,229	520,715
28.1	Realised gain on:		
	Federal government securities	66,229	520,715
		66,229	520,715

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2026**

		(Un-audited)	
		For the three months ended	
		March 31, 2026	March 31, 2025
		----- Rupees in '000 -----	
29	NET GAIN / (LOSS) ON DERECOGNITION OF FINANCIAL ASSETS MEASURED AT AMORTISED COST		
	Gain on derecognition of financial assets measured at amortised cost	-	51,333
	Loss on derecognition of financial assets measured at amortised cost	(29,686)	(362)
		(29,686)	50,971
30	OTHER INCOME		
	Rent on property	609	866
	Gain on sale of property and equipment - net	676	667
	Postal, swift and other services	30,632	23,250
	Service income on Government schemes	10	-
		31,927	24,783
31	OPERATING EXPENSES		
	Total compensation expense	1,406,696	1,260,414
	Property expense		
	Rent and taxes	5,626	3,766
	Utilities cost	100,249	98,818
	Security (including guards)	94,297	95,132
	Repair and maintenance (including janitorial charges)	8,245	7,980
	Depreciation - Right of use assets	192,153	186,554
	Depreciation - Non banking assets acquired in satisfaction of claims	13,496	11,178
	Depreciation - Property and equipment	90,124	98,897
		504,190	502,325
	Information technology expenses		
	Software maintenance	141,429	114,114
	Hardware maintenance	7,974	34,767
	Depreciation - Property and equipment	135,746	82,051
	Amortization	23,416	20,955
	Network charges	2,100	2,097
	Connectivity charges	65,105	98,702
	ATM charges	27,777	84,582
		403,547	437,268

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2026

Other operating expenses

Directors' fees and allowances	10,181	11,209
Fees and allowances to Shariah Board	4,380	3,858
Legal and professional charges	11,793	13,572
Outsourced service cost	121,553	102,753
Travelling and conveyance	30,196	26,087
NIFT clearing charges	11,925	9,475
Depreciation - Property and equipment	27,334	24,093
Training and development	1,437	6,662
Postage and courier charges	15,249	13,138
Communication	73,113	42,303
Stationery and printing	28,321	30,271
Marketing, advertisement and publicity	127,563	77,213
Auditors' remuneration	5,995	6,748
Entertainment	15,180	13,934
Newspapers and periodicals	439	685
Brokerage and commission	8,598	8,198
Rent and taxes	227	288
Cash carriage charges	30,723	32,075
Repair and maintenance	4,506	24,066
Utilities cost	2,840	2,840
Insurance	11,988	14,760
Fees and subscriptions	10,738	2,489
Deposit protection premium	51,524	32,346
Others	20,975	21,404
	626,778	520,467
	2,941,211	2,720,474

32 OTHER CHARGES

Penalties imposed by State Bank of Pakistan	25	130
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**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2026**

		(Un-audited)	
		For the Three months ended	
		March 31, 2026	March 31, 2025
		----- Rupees in '000 -----	
33	CREDIT LOSS ALLOWANCE / (REVERSAL) AND WRITE OFFS - NET	Note	
	Credit loss allowance held against cash		
	and balances with treasury banks and balances with other banks	7 & 8	77 385
	(Reversal) of credit loss allowance against lendings		
	to financial institutions	9	(79) (6,972)
	(Reversal) of credit loss allowance for diminution in		
	value of investments	10.3	(4,132) (4,132)
	(Reversal) of credit loss allowance against advances	11.3	(327,307) (74,623)
	(Reversal) of credit loss allowance against other assets	16.1.1	(375) (1,588)
	(Reversal) of credit loss allowance against		
	off balance sheet obligations	21.1	(25,316) (31,059)
			<u>(357,132)</u> <u>(117,989)</u>
34	TAXATION		
	Current		932,613 1,626,586
	Deferred		164,000 173,783
			<u>1,096,613</u> <u>1,800,369</u>
		(Un-audited)	
		For the Three months ended	
		March 31, 2026	March 31, 2025
35	BASIC AND DILUTED EARNINGS PER SHARE		
	Profit for the period		<u>1,015,178</u> <u>1,602,532</u>
			----- (Number of shares) -----
	Weighted average number of ordinary shares		<u>1,157,935,989</u> <u>1,157,935,989</u>
			----- (Rupees) -----
	Basic and diluted earnings per share		<u>0.88</u> <u>1.38</u>
35.1	There were no dilutive potential ordinary shares outstanding as at March 31, 2026 and March 31, 2025.		

36**FAIR VALUE MEASUREMENTS**

The fair value of quoted securities other than those classified under amortised cost, is based on quoted market price. Quoted securities classified under amortised cost are carried at cost. The fair value of unquoted equity securities, other than investments in associates, is determined on the basis of valuation methodologies. The fair value of unquoted debt securities, fixed term loans, other assets, other liabilities, fixed term deposits and borrowings cannot be calculated with sufficient reliability due to the absence of current and active market for these assets and liabilities and reliable data regarding market rates for similar instruments.

In the opinion of the management, the fair value of the remaining financial assets and liabilities are not significantly different from their carrying values since assets and liabilities are either short-term in nature or in the case of customer loans and deposits, are frequently re-priced.

36.1**Fair value of financial assets**

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

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

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED) FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2026

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

Carrying value	(Un-audited) March 31, 2026				Total
	Fair value				
	Level 1	Level 2	Level 3		
----- Rupees in '000 -----					
On balance sheet financial instruments					
Financial assets - measured at fair value					
Investments					
Federal Government Securities	297,785,735	112,872,029	184,913,706	-	297,785,735
Shares	546,540	255,054	-	291,486	546,540
Non-Government Debt Securities	10,923,941	1,032,646	9,891,295	-	10,923,941
Financial assets - disclosed but not measured at fair value					
Investments					
Federal Government Securities	1,349,221	-	9,049,290	-	9,049,290
Non-Government Debt Securities	515,780	-	515,780	-	515,780
Off-balance sheet financial instruments - measured at fair value					
Forward exchange contracts purchase	3,306,173	-	14,570	-	14,570
Forward exchange contracts sale					
	4,756,385	-	6,956	-	6,956

Carrying value	(Audited) December 31, 2025				Total
	Fair value				
	Level 1	Level 2	Level 3		
----- Rupees in '000 -----					
On balance sheet financial instruments					
Financial assets measured at fair value					
Investments					
Federal Government Securities	260,789,346	84,287,213	176,502,133	-	260,789,346
Shares	498,625	207,139	-	291,486	498,625
Non-Government Debt Securities	3,734,991	1,057,884	2,677,107	-	3,734,991
Financial assets - disclosed but not measured at fair value					
Investments					
Federal Government Securities	9,308,916	-	9,364,123	-	9,364,123
Non-Government Debt Securities	507,259	-	556,914	-	556,914
Off-balance sheet financial instruments - measured at fair value					
Forward exchange contracts purchase	792,236	-	147	-	147
Forward exchange contracts sale	1,868,000	-	8,926	-	8,926

36.2 The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements. The Group's policy is to recognize transfers into and out of the different fair value hierarchy levels at the date the event or change in circumstances that caused the transfer occurred. There were no transfers between level 1 and 2 during the period.

36.2.1 Fair value of financial assets

(a) Financial instruments in level 1

Financial instruments included in level 1 comprise of investments in listed ordinary shares.

(b) Financial instruments in level 2

Financial instruments included in level 2 comprise of unquoted equity securities, Sukuku bonds, Pakistan Investment Bonds, Market Treasury Bills, Term Finance Certificates and forward exchange contracts.

© Financial instruments in level 3

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

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2025**

36.2.2 Fair value of non - financial assets

Certain categories of property and equipment (leasehold land) of Rs. 1,016.28 million (December 31, 2025: Rs. 1,016.28 million) and non banking assets acquired in satisfaction of claims of Rs. 304.15 million (December 31, 2025: Rs. 315.33 million) are carried at revalued amounts (level 3 measurements) determined by professional valuers based on their assessment of the market values. The valuations are conducted by the valuation experts appointed by Bank which are also on panel of State Bank of Pakistan.

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

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

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

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

Pakistan Investment Bonds / Market Treasury Bills

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

Un-listed GOP Ijarah Sukuks

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

Term Finance, Bonds and Sukuk certificates

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

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

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

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

Unquoted equity securities

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

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

Description	Fair value Rupees in '000	Unobservable input	Discount rate	Relationship of unobservable inputs to fair value
Unquoted equity securities	291,486	Discount rate	15%	Increase / (decrease) in discount rate by 1% with all other variables held constant, would (decrease) / increase the fair value by Rs. 8,745 thousand.

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2026**

37 SEGMENT INFORMATION

37.1 Segment details with respect to business activities

For the three months ended March 31, 2026 (Un-audited)					
Corporate Finance	Trading and Sales	Retail Banking	Commercial Banking	Total	
----- Rupees in 000 -----					
Profit and loss					
Net mark-up / return / profit	(1,953,716)	6,248,748	(920,657)	854,263	4,228,638
Inter segment revenue - net	2,416,682	(3,377,203)	1,078,110	(117,589)	-
Non mark-up / return / interest income	3,007	210,940	157,256	96,054	467,257
Total income	465,972	3,082,484	314,710	832,729	4,695,895
Segment direct expenses	(1,696,149)	(44,229)	(729,026)	(471,832)	(2,941,236)
Inter segment expense allocation	1,404,293	(1,886,443)	531,912	(49,761)	-
Total expenses	(291,856)	(1,930,673)	(197,114)	(521,593)	(2,941,236)
Credit loss allowance	-	9,100	73,021	275,012	357,132
Profit before tax	174,117	1,160,911	190,616	586,148	2,111,791

As at March 31, 2026 (Un-audited)					
Corporate Finance	Trading and Sales	Retail Banking	Commercial Banking	Total	
----- Rupees in 000 -----					
Balance sheet					
Cash and bank balances	3,033,078	16,112,961	859,793	4,171,129	24,176,961
Investments	9,054,503	302,066,709	-	120,275	311,241,487
Net inter segment lending	158,998,283	(223,157,666)	71,588,756	(7,429,373)	-
Lendings to financial institutions	-	131,533	-	-	131,533
Advances - performing	46,725,784	-	15,960,738	65,114,582	127,801,103
Advances - non performing	-	-	157,285	1,409,893	1,567,177
Others	3,070,535	11,076,518	4,113,523	5,017,908	23,278,485
Total assets	220,882,183	106,230,055	92,680,094	68,404,413	488,196,747
Borrowings	5,382,843	80,732,114	-	3,400,029	89,514,986
Deposits and other accounts	208,053,183	7,182,946	89,423,864	57,872,846	362,532,839
Net inter segment borrowing	(158,998,283)	223,157,666	(71,588,756)	7,429,373	-
Others	4,679,891	3,849,374	2,329,969	3,849,723	14,708,956
Total liabilities	59,117,634	314,922,100	20,165,077	72,551,970	466,756,781
Equity	161,764,549	(208,692,045)	72,515,018	(4,147,557)	21,439,966
Total equity and liabilities	220,882,183	106,230,055	92,680,094	68,404,413	488,196,747
Contingencies and commitments	22,589,973	8,417,722	12,166,737	24,301,917	67,476,349

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2026**

	For the Three months ended March 25 (Un-audited)				Total
	Corporate Finance	Trading and Sales	Retail Banking	Commercial Banking	
	----- Rupees in 000 -----				
Profit and loss					
Net mark-up / return / profit	(2,706,544)	7,863,470	(1,110,960)	1,059,645	5,105,611
Inter segment revenue - net	3,248,944	(4,930,112)	1,404,869	276,299	-
Non mark-up / return / interest income	1,276	644,341	156,674	97,614	899,905
Total Income	543,676	3,577,699	450,583	1,433,558	6,005,516
Segment direct expenses	232,955	(3,121,415)	96,296	71,560	(2,720,604)
Inter segment expense allocation	(479,238)	1,500,731	(300,408)	(721,085)	-
Total expenses	(246,283)	(1,620,684)	(204,112)	(649,525)	(2,720,604)
Credit loss allowance	-	11,101	(62,397)	169,285	117,989
Profit / (loss) before tax	297,393	1,968,116	184,074	953,318	3,402,901

	As at December 31, 2025 (Audited)				Total
	Corporate Finance	Trading and Sales	Retail Banking	Commercial Banking	
	----- Rupees in 000 -----				
Balance sheet					
Cash and bank balances	3,908,003	17,966,414	886,196	5,854,570	28,615,183
Investments	9,816,175	265,022,962	-	117,490	274,956,627
Net inter segment lending	168,242,348	(263,810,079)	77,687,081	17,880,650	-
Lendings to financial institutions	-	3,438,549	-	-	3,438,549
Advances - performing	48,578,815	-	12,994,176	63,402,507	124,975,498
Advances - non performing	-	-	242,664	1,487,659	1,730,323
Others	3,343,288	7,236,330	3,624,791	5,379,025	19,583,434
Total assets	233,888,629	29,854,176	95,434,908	94,121,901	453,299,614
Borrowings	5,570,750	13,878,200	-	16,249,028	35,697,978
Deposits and other accounts	216,876,558	-	91,356,440	69,890,222	378,123,220
Net inter segment borrowing	(168,242,348)	263,810,079	(77,687,081)	(17,880,650)	-
Others	8,012,494	637,338	3,151,465	4,000,429	15,801,726
Total liabilities	62,217,454	278,325,617	16,820,824	72,259,029	429,622,924
Equity	171,671,175	(248,471,441)	78,614,084	21,862,872	23,676,690
Total equity and liabilities	233,888,629	29,854,176	95,434,908	94,121,901	453,299,614
Contingencies and commitments	22,590,344	2,969,298	12,163,032	33,913,902	71,636,576

37.2 Geographical segment

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

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED) FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2026

38 RELATED PARTY TRANSACTIONS

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

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

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

	(Un-audited) As at March 31, 2026				(Audited) As at December 31, 2024			
	Key		Associate	Employee funds	Key		Associate	Employee funds
	Directors	management personnel			Directors	management personnel		
	----- Rupee s in '000 -----							
Advances								
Opening balance	-	195,993	-	-	-	181,425	-	-
Addition during the period / year	-	26,509	-	-	-	62,999	-	-
Repaid during the period / year	-	20,471	-	-	-	37,180	-	-
Transfer (out) / in - net	-	(23,855)	-	-	-	(11,251)	-	-
Closing balance	-	178,176	-	-	-	195,993	-	-
Credit loss allowance / provision held against advances	-	20	-	-	-	19	-	-
Deposits and other accounts								
Opening balance	7,239	47,372	39,310	4,549,944	148	8,423	95,829	3,016,225
Received during the period / year	16,149	26,602	37,506	253,851	26,452	216,680	245,663	5,985,394
Withdrawn during the period / year	16,508	29,307	41,765	177,500	16,635	169,461	302,182	4,451,675
Transfer (out) / in - net	(755)	52	-	-	(2,726)	(8,270)	-	-
Closing balance	6,125	44,719	35,051	4,626,295	7,239	47,372	39,310	4,549,944
Other liabilities								
Interest / mark-up payable	-	10	699	58,594	4	1,110	715	23,869
	(Un-audited) For the three months ended March 31, 2026				(Un-audited) For the three months ended March 31, 2025			
	Directors	Key management personnel	Associate	Employee funds	Directors	Key management personnel	Associate	Employee funds
	----- Rupee s in '000 -----							
Income								
Mark-up / return / interest earned	-	1,182	-	-	-	984	-	-
Expense								
Mark-up / return / interest expensed	32	2,211	1,168	108,172	52	1,032	6,747	101,071
Operating expenses - Compensation	17,914	82,394	-	-	25,650	64,411	-	-

38.1 As of March 31, 2026, the Bank has an equity investment having cost of Rs. 112.50 million (December 31, 2025: Rs. 112.50 million) and carrying value of Rs. 291.48 million (December 31, 2025: Rs. 291.48 million) in Dawood Family Takaful Limited, a related party.

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

Transactions and balances with Government and its related entities, other than those disclosed in the respective notes to these condensed interim financial statements, as at period end includes loans and advances and deposits amounting to Rs. 46,726 (December 31, 2025: Rs. 48,579 million) and Rs. 208,053 million (December 31, 2025: Rs. 216,877 million), respectively.

38.3 An amount of Rs 1,381.92 million and Rs. 408.72 million is payable against dividend to GOKP and Ismail industries respectively as at March 31, 2026.

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

Particulars	Note
Investments	10.1
Shareholding	22

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2026**

	(Un-audited) March 31, 2026	(Audited) December 31, 2025
	---- Rupees in '000 ----	
39 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS		
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	11,579,360	11,579,360
Capital Adequacy Ratio (CAR):		
Eligible common equity tier 1 (CET 1) capital	20,909,258	21,938,809
Eligible additional tier 1 (ADT 1) capital	-	-
Total eligible tier 1 capital	20,909,258	21,938,809
Eligible tier 2 capital	975,756	2,207,478
Total eligible capital (Tier 1 + Tier 2)	21,885,014	24,146,287
Risk weighted assets (RWAs):		
Credit risk	79,036,247	72,981,998
Market risk	15,276,725	12,497,974
Operational risk	34,362,037	34,362,037
Total	128,675,009	119,842,009
Common equity tier 1 capital adequacy ratio	16.25%	18.31%
Tier 1 capital adequacy ratio	16.25%	18.31%
Total capital adequacy ratio	17.01%	20.15%
National minimum capital requirements prescribed by SBP		
CET1 minimum ratio	6.00%	6.00%
ADT-1 minimum ratio	1.50%	1.50%
Tier 1 minimum ratio	7.50%	7.50%
Total capital minimum ratio	10.00%	10.00%
Capital conservation buffer (CCB- consisting of CET1 only)	1.50%	1.50%
Total capital plus CCB	11.50%	11.50%
Leverage Ratio (LR):		
Eligible tier 1 capital	20,909,258	21,938,809
Total exposures	554,970,777	506,810,207
Leverage ratio	3.77%	4.33%
Liquidity Coverage Ratio (LCR):		
Total high quality liquid assets	260,055,967	257,620,116
Total net cash outflow	118,201,247	110,482,513
Liquidity coverage ratio	220.01%	233.18%
Net Stable Funding Ratio (NSFR):		
Total available stable funding	246,638,718	255,767,794
Total required stable funding	129,680,747	116,739,966
Net stable funding ratio	190.19%	219.09%

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

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2026**

40 The Bank is operating 199 (December 31, 2025: 199) Islamic banking branches and 55 (December 31, 2025 :55) Islamic banking windows at March 31, 2026.

		(Un-audited) March 31, 2026	(Audited) December 31, 2025
---- Rupees in '000 ----			
STATEMENT OF FINANCIAL POSITION			
	Note		
ASSETS			
Cash and balances with treasury banks		12,519,972	15,904,625
Balances with other banks		1,048,374	590,967
Investments	40.1	121,557,795	122,278,524
Islamic financing and related assets - net	40.2	92,711,075	85,781,232
Property and equipment		1,159,535	1,163,565
Right-of-use assets		908,614	983,931
Due from head office		-	8,134,954
Other assets		6,894,784	5,084,531
Total Assets		236,800,149	239,922,329
LIABILITIES			
Bills payable		1,088,414	2,026,512
Due to financial institutions		11,115,213	16,702,858
Deposits and other accounts	40.3	206,151,843	202,619,318
Due to head office		1,040,989	-
Lease liabilities		1,022,220	1,251,641
Sub-ordinated debt		-	-
Other liabilities		10,402,595	10,341,474
Total Liabilities		230,821,274	232,941,803
NET ASSETS		5,978,875	6,980,526
REPRESENTED BY			
Islamic banking fund		1,000,000	1,000,000
Reserves		4,882	4,761
(Deficit) / surplus on revaluation of assets		(290,487)	458,810
Unappropriated profit	40.7	5,264,480	5,516,955
		5,985,045	6,980,526
CONTINGENCIES AND COMMITMENTS		40.4	

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2026**

The profit and loss account of the Bank's Islamic banking branches including windows for the three months ended March 31, 2026 is as follows:

		(Un-audited)	
		For the three months ended	
		March 31,	March 31,
		2026	2025
		---- Rupees in '000 ----	
PROFIT AND LOSS ACCOUNT	Note		
Profit / return earned	40.5	5,426,340	3,636,648
Profit / return expensed	40.6	2,253,511	1,342,576
Net profit / return		3,172,829	2,294,072
Other income			
Fee and commission income		211,757	88,255
Dividend income		-	-
Foreign exchange income		60,108	28,676
Gain on securities		250	-
Net (loss) / gain on derecognition of financial assets measured at amortized cost		(11,369)	9,063
Other income		27,584	15,553
Total other income		288,330	141,547
Total income		3,461,159	2,435,619
Other expenses			
Operating expenses		1,836,210	1,341,197
Workers Welfare Fund		-	-
Other charges		25	20
Total other expenses		1,836,235	1,341,217
Profit before credit loss allowance		1,624,924	1,094,402
Credit loss allowance and write offs - net		60,812	126,078
Profit before taxation		1,564,112	968,324
Taxation		813,338	513,212
Profit after taxation		750,774	455,112

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2026**

		(Un-audited) March 31, 2026			
40.1 Investments by segments	Cost / Amortised cost	Credit loss allowance	Surplus / (Deficit)	Carrying value	
----- Rupees in '000 -----					
Debt Instruments					
Classified / measured at amortised cost					
Federal Government securities					
- GoP ijarah sukuku	5,009,778	-	-	5,009,778	
- Bai Muajjal	3,529,453	-	-	3,529,453	
	8,539,231	-	-	8,539,231	
Non-government debt securities	312,998	-	-	312,998	
Classified / measured at fair value through other comprehensive income (FVOCI)					
Federal Government securities					
- GoP ijarah sukuku	112,636,054	-	(298,625)	112,337,428	
Non - government debt securities	360,000	-	8,138	368,138	
	112,996,054	-	(290,487)	112,705,566	
Total investments	121,848,283	-	(290,487)	121,557,795	
		(Audited) December 31, 2025			
	Cost / Amortised cost	Credit loss allowance	Surplus / (Deficit)	Carrying value	
----- Rupees in '000 -----					
Debt Instruments					
Classified / measured at amortised cost					
Federal Government securities					
- GoP ijarah sukuku	5,012,834	-	-	5,012,834	
- Bai Muajjal	3,429,747	-	-	3,429,747	
	8,442,581	-	-	8,442,581	
Non-government debt securities	304,202	-	-	304,202	
Classified / measured at fair value through other comprehensive income (FVOCI)					
Federal Government securities					
- GoP ijarah sukuku	112,687,931	-	444,571	113,132,502	
Non - government debt securities	385,000	-	14,239	399,239	
	113,072,931	-	458,810	113,531,741	
Total investments	121,819,714	-	458,810	122,278,524	

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2026**

	(Un-audited) March 31, 2026	(Audited) December 31, 2025
	-----Rupees in '000-----	
40.2 Islamic financing and related assets		
Ijarah	80,883	82,512
Murabaha	7,673,405	6,002,101
Diminishing musharaka	19,593,131	18,206,589
Running musharaka	38,989,938	39,715,360
Qarz e Hasna	665,267	463
Istisna	21,328,132	16,306,496
Tijarah	20,522	127,145
Wakalah	-	578,000
Bai Muajjal	7,458,365	7,758,011
Gross Islamic financing and related assets	95,809,643	88,776,677
Impact of fair valuation of Islamic financing and related assets	(726,255)	(692,021)
	95,083,388	88,084,656
 Less: Credit loss allowance against Islamic financing		
- Stage 1	403,898	490,260
- Stage 2	241,159	144,080
- Stage 3	1,727,256	1,669,084
	2,372,313	2,303,424
Islamic financing and related assets - net of credit loss allowance	92,711,075	85,781,232
 40.3 Deposits		
Customers		
Current deposits	48,980,535	53,938,227
Savings deposits	130,139,236	118,580,782
Term deposits	8,878,172	10,836,479
Others	13,985,142	16,662,005
	201,983,085	200,017,493
Financial Institutions		
Current Deposits	478,478	1,909,207
Savings deposits	3,690,280	692,618
	4,168,758	2,601,825
	206,151,843	202,619,318
 40.4 Contingencies and commitments		
Guarantees	19,301,186	16,097,383
Commitments	11,783,265	22,225,306
	31,084,451	38,322,689
	(Un-audited)	
	For the three months ended	
	March 31,	March 31,
	2026	2025
 40.5 Profit / return earned on financing, investments and placements		
	----- Rupees in '000 -----	
Profit earned on:		
Financing	2,210,846	442,550
Investments	3,209,364	3,183,013
Placements	2,205	8,037
Balances with banks	3,925	3,048
	5,426,340	3,636,648

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2026**

		(Un-audited)	
		For the three months ended	
		March 31, 2026	March 31, 2025
		----- Rupees in '000 -----	
40.6	Profit on deposits and other dues expensed		
	Deposits and other accounts	1,898,413	1,284,942
	Due to financial institutions	333,635	20,040
	Finance charge on lease liability	21,462	37,594
		<u>2,253,511</u>	<u>1,342,576</u>
		(Un-audited)	(Audited)
		March 31,	December 31,
		2026	2025
		----- Rupees in '000 -----	
40.7	Islamic banking business unappropriated profit		
	Opening balance	5,516,955	7,236,196
	Impacts of EIR application	(17,992)	-
	Balance after adoption of IFRS 9	<u>5,498,963</u>	<u>7,236,196</u>
	Add: Islamic banking profit before taxation for the period / year	1,564,112	5,282,861
	Less: Taxation	(813,338)	(2,799,916)
	Less: Transferred to head office	(985,256)	(4,202,186)
	Closing balance	<u>5,264,480</u>	<u>5,516,955</u>
40.8	Pool management		

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

General Pool

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

Special Pools

- | | |
|---|---|
| <ol style="list-style-type: none"> i. Riba Free Special Deposit Pool - 1 ii. Riba Free Special Deposit Pool - 2 iii. Riba Free Special Deposit Pool - Corporate - 1 iv. Riba Free Special Deposit Pool - Corporate - 2 v. Riba Free Special Deposit Pool - Corporate - 3 vi. Riba Free Special Deposit Pool - Corporate - 4 vii. Riba Free Special Deposit Pool - Corporate - 5 viii. Riba Free Special Deposit Pool - Corporate - 6 ix. Riba Free Special Deposit Pool - Corporate - 7 x. Riba Free Special Deposit Pool - Mutual fund / FI xi. Riba Free Special Deposit Pool 2 - Mutual fund / FI xii. RFSD - Daily Product - 1 Pool xiii. RFSD - Daily Product - 2 Pool xiv. RFSD - Daily Product - 3 Pool xv. RFSD - Daily Product - 4 Pool | <ol style="list-style-type: none"> xvi. RFSD - Daily Product - 5 Pool xvii. RFSD - Daily Product - 6 Pool xviii. Khyber Islamic Investment Certificates - 1 xix. Khyber Islamic Investment Certificates - 2 xx. Raast Financial Institutions Pool - 1 xxi. Raast Financial Institutions Pool - 2 xxii. RFSD - Itminan Mahana Certificate - pool xxiii. Riba free special deposit pool - Islamic export refinance xxiv. Riba free special deposit pool - Profit Equalization Reserves xxv. Riba free special deposit pool - Investment Risk Reserves (IRR) xxvi. RFSD Special Pool (USD) xxvii. RFSD Special Pool 2 (USD) xxviii. RFSD Special Pool FCY (Euro) xxix. RFSD Special Pool FCY (GBP) |
|---|---|

Features of general pool

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

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

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED) FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2026

Features of special pools

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

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

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

Key features

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

Risks of the special pools

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

Profit sharing and weightages for distribution of profit

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

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

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

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

As per the Bank's policy, the profit is distributed to all eligible customers in the form of SBP Certificate. For the year 2025, 11% profit is distributed to saving account depositors or specified categories of customers/investors. During the year, the Bank reduced its share of profit by lowering the Mudarabah fee. Out of the distributable income, Rs. 1,400.513 million (45.03% of total distributable income) was charged as Mudarabah fee, and Hiba amounting to Rs. 243.719 million (14.52% of the Mudarib share limit) was distributed during the period.

Charging expenses

Net income is distributed as per SBP instruction, therefore, all pools shall bear their respective identified expenses. A list of lines of direct expenses are maintained duly vetted from Shariah Board of the Bank. Indirect expenses are borne by Mudarib and are not part of distribution.

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

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2026**

The profit equalization reserves amounting to Rs. 4,882 million (2025: Rs. 4.76 million) has been presented in note 21 to these financial statements.

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

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

	(Un-audited)	(Audited)
	March 31, 2026	December 31, 2025
	----- Rupees in '000 -----	
Financings		
Agri business	1,583,836	2,442,413
Chemical and pharmaceuticals	3,839,992	3,320,724
Cement	1,466,896	3,850,921
Textile	14,292,318	13,479,648
Automobile and transportation equipment	3,254,492	3,620,561
Ghee/cooking oil	1,379,480	-
Financial	147,657	-
Food and Beverages	902,450	-
Petro chemical	-	3,078,125
Housing	1,391,677	1,046,544
Manufacturing of match	-	140,000
Miscellaneous manufacturing	11,939,673	9,545,168
Mining	3,040	-
Personal	1,881,040	2,050,481
Construction	199,942	274,225
Tradings	1,914,893	3,677,316
Communication	26,250	28,000
Services	520,176	1,299,630
Auto loans	822,521	441,156
Metal products	959,768	973,688
Commodity finance	32,783,600	20,000,000
CNG station / gas	5,833,898	2,541,592
Consumer finance	1,221,220	640,075
Power	300,000	13,872,582
Sugar	8,944,219	2,169,996
Others	200,606	283,832
Impact of fair valuation of Islamic financing and related	(726,255)	(692,021)
	95,083,388	88,084,656
Investments		
GOP Ijarah Sukuks	117,347,206	118,145,336
Bai Muajjal	3,529,453	3,429,747
Power and electricity	368,138	399,239
Food	312,998	304,202
	121,557,795	122,278,524
	216,641,183	210,363,180

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2026**

Details regarding pools managed by the Bank

Remunerative depositors pools	Profit rate and announcement period	Profit rate return earned - average	Profit sharing ratios		Mudarib share Rupees in '000	Profit rate return distributed to remunerative deposits (saving and fixed) - average	Percentage of Mudarib share transferred through Hiba	Amount of Mudarib share transferred through Hiba Rupees in '000
			Mudarib share	Rab-ul-maal share				
General Pool								
PKR Pool	Monthly	7.90%	48%	52%	1,255,096	1.39%	11.43%	148,009
USD Pool	Monthly	0.62%	77%	23%	238	0.19%	7.41%	19
Special Pools								
Saving & TDRs	Monthly	10.63%	27.84%	72.16%	371,490	1.84%	39.69%	94,490
			Bank	SBP				
IERS Pool	Monthly	9.63%	72.82%	27.18%	24,221	Nil	30.7%	5,002

41 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim unconsolidated financial statements were authorized for issue in the Board of Directors meeting of the Bank held on April 25, 2026.



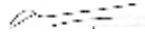
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DIRECTOR**



**CHIEF FINANCIAL
OFFICER**



DIRECTOR



DIRECTOR



DIRECTOR



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