



MCB Islamic Bank Ltd.



MCB
Islamic



Annual Report 2025

From Conventional to Digital
The Journey of
Evolution

Annual Report 2025



بابرکتے پینکاری،
ہمارے ذمہ داری

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بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ



From Conventional to Digital The Journey of Evolution

We believe that banking is not about transactions; it is about the journey. From the very first handshake in our branches to the latest tap on a screen, our evolution has been driven by one single emotion: Devotion. We have embraced change, moving from conventional to digital, not just to innovate, but to become an integral part of your life. This report is a tribute to that evolution, a journey of carrying our soul into the light of the digital age, making your life simpler, your faith stronger, and your future brighter.



The Speed of **Trust**

In today's world, convenience speaks louder than words. We've reimagined our processes to deliver speed without compromise, ensuring that care, accuracy, and trust travel alongside every digital interaction.



Your World, **Our Priority**

We've transformed our conventional expertise into a digital ecosystem built around you. Every service, every solution, is designed to empower your choices, respect your time, and align with the rhythm of your life.

The Future is Personal

Our digital evolution is a promise: to deliver banking experiences as personal as the human touch, as intuitive as your expectations, and as thoughtful as a conversation in our branches. With every innovation, we strive to make your journey simpler, smoother, and personally yours.



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About Us



MCB Islamic Bank Limited (the “Bank”) is the wholly owned subsidiary of MCB Bank Limited and commenced its operations in 2015 with a nation-wide network of branches.

The aim of MCB Islamic Bank Limited is to be the first choice Shari’ah compliant financial services provider for the customers and to carry out business purely in accordance with Shari’ah principles with full conviction and devotion.

Alhamdulillah, the Bank currently operates to provide Shari’ah compliant value added and innovative banking solutions for customers under the supervision of a Shari’ah Board chaired by the renowned Islamic scholar Professor Mufti Munib-Ur-Rehman.

The Bank focuses on building strong and lasting relationships as well as delivering an experience that satisfies all types of customers across Corporate, Commercial, SME, Consumer, Agriculture and Micro sectors. The Bank offers wide range of Riba Free and Shari’ah compliant products for both personal and business needs.

The Bank is using world’s renowned Core Banking Software solution. Different services and products offered by the bank are available to customers through a branch network of 320 plus branches backed by 320 Plus ATMs (Onsite & Offsite). The Bank offers EMV enabled Debit Cards, IOS and Android based native Mobile Apps and Internet Banking services. Moreover, the Bank has also developed its suite of Cash Management services, including Payment upon Identification (PUI), Cash & Instrument Collection, Cash in Transit Services (CIT), Corporate Internet Banking by acquiring Oracle Banking Digital Experience (OBDX) and has also developed product suite of Employee Banking for our Corporate Customers.

The Bank is committed to share in the mutual benefits with the customers, staff and shareholders who participate in our business success under the highly skilled and seasoned management with the prime objective of ensuring our customers’ satisfaction.



What is Islamic Banking

Islamic banking is defined as a banking system, which is in consonance with the spirit, ethos and value system of Islam and governed by the principles laid down by the Shari'ah. Interest free banking is a narrow concept denoting a number of banking instruments or operations which avoid interest.

Islamic banking, the more general term, is based not only to avoid interest-based transactions prohibited in Shari'ah but also to avoid unethical and un-social practices. In practical sense, Islamic Banking is the transformation of conventional money lending into transactions based on tangible assets and real services.

The model of Islamic banking system leads towards the achievement of a system which helps achieve economic prosperity.



Mission

- To provide innovative Shari'ah compliant financial solutions and quality services to our customers.
- To maximize returns in Halal manners for our shareholders.
- To nurture an internal environment of qualified professionals and cutting-edge technology.

Vision

To be the leading provider of Shari'ah Compliant Innovative financial products with a focus on service quality and providing superior value for our customers, shareholders, employees and the community.

Values

We are Shari'ah driven

Following the Shari'ah we will conduct our activity in a fair, ethical and socially responsible manner.

Dedicated and Dependable

We will build strong, enduring relationships, delivering an experience that delights our customers.

Aspirational

We will be professional and fulfil our commitments, delivering high quality products and services.

Corporate Strategy

MCB Islamic Bank's corporate strategy consists of the following multi-dimensional elements, which are being pursued concurrently:

- Customer oriented business growth with focus on Shari'ah based high tech innovative product development, service excellence to attain customer satisfaction, and prudent network expansion.
- Optimum capital utilization through effective risk management, developing quality asset portfolio and maximum return.
- Attain operational efficiency by effective cost management and ensuring compliance with all the applicable regulatory requirements.
- Development of motivated human resource having Islamic Banking skills, while ensuring the transparent market based remuneration practices.

Corporate Information

Board of Directors

Mr. Raza Mansha (Chairperson)	Non-Executive Director
Mr. Jawaid Iqbal	Independent Director
Ms. Nabeela Waheed	Independent Director
Mr. Ahmed Ebrahim Hasham	Non-Executive Director
Mr. Ibrahim Shamsi	Non-Executive Director
Mr. Omair Safdar *	Non-Executive Director
Mr. Hammad Khalid *	President & CEO

Board Audit Committee

Mr. Jawaid Iqbal	Chairperson
Ms. Nabeela Waheed	Member
Mr. Ibrahim Shamsi	Member
Mr. Omair Safdar *	Member
Mr. Hammad Khalid *	Member

Human Resource & Remuneration Committee

Mr. Jawaid Iqbal	Chairperson
Mr. Raza Mansha	Member
Mr. Omair Safdar *	Member

Risk Management & Portfolio Review Committee

Mr. Omair Safdar *	Chairperson
Mr. Ahmed Ebrahim Hasham	Member
Ms. Nabeela Waheed	Member
Mr. Jawaid Iqbal	Member
Mr. Zargham Khan Durrani *	Member

Board Evaluation Committee

Ms. Nabeela Waheed	Chairperson
Mr. Hammad Khalid *	Member

Business Strategy & Service Quality Review Committee

Mr. Ahmed Ebrahim Hasham	Chairperson
Mr. Ibrahim Shamsi	Member
Mr. Hammad Khalid *	Member
Mr. Omair Safdar *	Member
Mr. Zargham Khan Durrani *	Member

Board I.T. Committee

Mr. Ibrahim Shamsi	Chairperson
Mr. Jawaid Iqbal	Member
Mr. Hammad Khalid *	Member
Mr. Zargham Khan Durrani *	Member

Shari'ah Board

Prof. Mufti Munib-ur-Rehman	Chairperson
Mufti Syed Sabir Hussain	Resident Shari'ah Board Member
Mufti Nadeem Iqbal	Shari'ah Board Member

Chief Financial Officer & Acting Company Secretary

Syed Iftikhar Hussain Rizvi

Head of Internal Audit

Mr. Muhammad Imran Siddique

Legal Advisor

M/s Imtiaz Siddiqui & Associates, Advocates & Solicitor

Auditors

M/s A.F. Fergusons & Co. Chartered Accountants

Registered Office

59-T Block, Phase-II, DHA, Lahore

Website

www.mcbislamicbank.com

* Mr. Zargham Khan Durrani completed his tenure as President & CEO (Director) on February 20, 2026 and Mr. Hammad Khalid was subsequently appointed as President & CEO (Director) with effect from February 21, 2026. In addition, Mr. Omair Safdar resigned from the position of Director with effect from January 27, 2026. Consequently, two (02) Non-Executive Director positions fall casually vacant.

Credit Rating

Short Term **A1**

Long Term **A⁺**



Products & Services

MCB Islamic offers a wide array of Halal and RIBA free Islamic Banking products and services to meet the requirements of individuals and businesses alike.



Deposit Products

- MCB Islamic Hidayat**
Current Account (PKR, USD, GBP, EUR & JPY)
- MCB Islamic Exporter's Special Hidayat**
Current Account (USD, GBP, EUR & JPY)
- MCB Islamic Basic Banking**
Current Account (PKR) | Individuals Only
- MCB Islamic Imaan**
Saving Accounts (PKR, USD, GBP, EUR & JPY)
- MCB Islamic Barkat Saving**
Saving Account (PKR)
- MCB Islamic Barkat Saving Plus**
Saving Account (PKR)
- MCB Islamic Barkat Saving Premium**
Saving Account (PKR)
- MCB Islamic Barkat Super Saving**
Saving Account (PKR)
- MCB Islamic Rozana Bachat Saving**
Saving Account (PKR)
- MCB Islamic Rozana Bachat Saving Plus**
Saving Account (PKR)
- MCB Islamic Rozana Bachat Saving Premium**
Saving Account (PKR)
- MCB Islamic Rozana Bachat Super Saving**
Saving Account (PKR)
- MCB Islamic Juniors Club**
Saving Account (PKR) | Kids / Minors Only
- MCB Islamic Aasodgi**
Saving Account (PKR) | Senior Citizens, Widows & Persons With Disabilities Only
- MCB Islamic Financial Institutions**
Saving Account (PKR) | Financial Institutions Only
- MCB Islamic Asaan**
Current & Saving Accounts (PKR) | Individuals Only
- MCB Islamic Asaan Remittance**
Current & Saving Accounts (PKR) | Individuals Only
- MCB Islamic Asaan Digital**
Current & Saving Accounts (PKR) | Individuals Only
- MCB Islamic Asaan Digital Remittance**
Current & Saving Accounts (PKR) | Individuals Only
- MCB Islamic Niswaan**
Current & Saving Accounts (PKR) | Females Only
- MCB Islamic Shandaar**
Current & Saving Accounts (PKR)
- MCB Islamic Prime**
Current & Saving Accounts (PKR) | High Net-Worth Individuals Only
- MCB Islamic Parvaan**
Current & Saving Accounts (PKR) | Youth Only
- MCB Islamic Pensioner**
Current & Saving Accounts (PKR) | Pensioners Only
- MCB Islamic PayFlex**
Current & Saving Accounts (PKR) | Salaried Individuals Under Employee Banking
- MCB Islamic Freelancer**
Current & Saving Accounts (PKR) | Freelancers Only
- MCB Islamic Na'mat Term Deposit**
1, 3 & 6 month(s) and 1, 2, 3 & 5 year(s)
- MCB Islamic Na'mat Plus Term Deposit**
1, 2, 3 & 6 month(s) and 1, 2, 3 & 5 year(s)
- MCB Islamic Na'mat Premium Plus Term Deposit**
1 & 3 year(s)
- MCB Islamic Aasodgi Term Deposit**
1 year | Senior Citizens, Widows & Persons With Disabilities Only
- MCB Islamic Financial Institutions Term Deposit**
1, 3 & 6 month(s) and 1 year | Financial Institutions Only
- MCB Islamic Na'mat Plus Foreign Currency Term Deposit**
1, 3 & 6 month(s) and 1, 2 and 3 year(s) (USD, GBP & EUR)
- MCB Islamic Niswaan Term Deposit**
6 month(s), 1 and 3 year(s) | Female Accountholders Only

Consumer and Micro Finance Products

- MICAR**
Shariah Compliant Auto Financing
- Rihayesh Finance**
Shariah Compliant Home Financing
- Solar Financing**
Shariah Compliant Solar Financing Solution
- Murabaha Microfinance**
Shariah Compliant Micro Financing facility for fulfilling crop input needs for small farmers backed up by corporate guarantees

Financing Products for SME, Commercial & Corporate Customers

- Murabaha – Local Purchase & Import**
Short, Medium and Long-term Working Capital financing for purchase of raw materials / goods / assets.
- Finished Goods Murabaha**
Short, Medium and Long-term Financing Facility to meet working capital requirements for traders and exporters.
- Murabaha – Advance Against Future Murabaha**
Short, Medium and Long-term Working Capital financing for purchase of raw materials / goods / assets.
- Musawamah - Local Purchase & Import**
Short, Medium and Long-term Working Capital financing for purchase of raw materials / goods / assets.
- Musawamah – Advance Against Future Musawamah (Local / Import)**
Short, Medium and Long-term Working Capital financing for purchase of raw materials / goods / assets.
- Finished Goods Financing (Under Musawamah Mode)**
Short-term Facility to meet working capital requirements for traders and exporters.
- Ijarah**
Medium and Long-term financing for CAPEX and BMR requirement
- Diminishing Musharakah**
Medium and Long-term facility for CAPEX and BMR requirement
- Musharakah Running Finance**
Short-term Shirkat-ul-Aqd based working capital financing
- Musharakah Term Financing**
Short-term Shirkat-ul-Aqd based post shipment bill financing
- Istisna**
Short-term Facility to meet working capital requirements for manufacturers, traders and exporters.
- Commodity Salam**
Short-term Facility to meet working capital requirements for farmers, traders and exporters
- Currency Salam**
Short-term Working Capital financing for post shipment
- Bank Guarantee**
Short, Medium and Long-term Kafalah based performance guarantee and performance bonds
- Supply Chain Financing**
Short-term Working Capital financing arrangement for Local corporates along with suppliers & distributors
- Letter of Credit - Murabaha**
Non-Funded Murabaha based import arrangement
- Letter of Credit - Musawamah**
Non-Funded Musawamah based import arrangement
- Letter of Credit - Wakalah**
Non-Funded Wakalah based import arrangement
- Wakalah Financing**
Short-term Working Capital Financing based on investment agency
- Electronic Warehouse Receipt Financing (EWRf)**
Short-term collateralized commodity transaction as Working Capital Financing
- Guidelines for Financing of Housing Units in Under-construction Projects**
Long-term Facility for Financing of Housing Units in Under-construction Projects

SBP Refinancing Schemes

- Islamic Export Refinance Scheme**
Short-term scheme to facilitate working capital requirements for export oriented businesses
- Islamic Long Term Financing Facility for Plant and Machinery**
Long-term Scheme to facilitate exporters for purchase of plant and machinery for their export oriented projects
- Islamic Financing Facility for Storage of Agricultural Produce**
Long-term Scheme to construct & develop Warehouses & Cold Storage
- Islamic Refinance Scheme for Working Capital Financing of Small Enterprises and Low-End Medium Enterprises**
Short-term Scheme to offer local currency finance for working capital requirements of specified SMEs
- Islamic Refinance Facility for Modernization of SMEs**
Long-term Scheme for purchase of new imported / local plant & machinery for BMR of existing units and, for setting up new SME units
- Islamic Refinance and Credit Guarantee Scheme for Women Entrepreneurs**
Medium and Long-term Financing facilities to women entrepreneurs
- Tractor Financing**
Long-Term Diminishing Musharakah Based financing to individuals involved in farming activities

Treasury & Liquidity Management Products

- Mudarabah based Acceptance / Placement**
Short-term Treasury based Placement & Acceptance
- Musharakah based Acceptance / Placement**
Short-term Treasury based Placement & Acceptance
- Wakalah based Acceptance / Placement**
Short-term Treasury based Placement & Acceptance
- Foreign Currency Transactions**
Ready & Forward based upon Wa'ad (unilateral promise)
- Bai Muajjal**
Short-term Treasury based Conventional Bank Placement & Acceptance

Government Schemes

- Prime Minister's Youth Business & Agriculture Finance Scheme**
Short to Long-Term Poverty reducing GoP scheme to provide concessional financing for establishing or extending business opportunities / enterprises
- Mark-up Subsidy and Risk Sharing Scheme for Farm Mechanization**
Medium and Long-term 'Mark-up Subsidy and Risk Sharing Scheme for Farm Mechanization' (MSRSSFM) for farmers / processors engaged in agriculture crop production
- Mera Ghar - Mera Ashiana**
subsidized housing finance scheme launched to help low-to-middle-income citizens buy or build their first home
- Fan Replacement Program**
scheme by SBP for transfer you home with energy- efficient Fans and help reduce Pakistan Electricity Demand
- Zarkhez-e**
aimed at providing collateral-free Financing to small and marginalized farmers.

Digital Channels

- MCB Islamic SUBUK App**
- MCB Islamic SUBUK Business**
- MCB Islamic ATMs**
- MCB Islamic Alerts**
- MCB Islamic Debit Cards - PayPak, Visa, UnionPay International**
- MCB Islamic Discounts & Alliances**
- MCB Islamic Phone Banking**
- MCB Islamic Digital Onboarding**
- POS & e-Gateway**

Transaction & Employee Banking

- Payment Services**
a) Bulk Payment Services b) Payment upon Identification (cash payments against CNIC)
- Collection Services**
Customized collection solution digitally and over bank counters
- Employee Banking**
Payroll Management
- Merchant Acquiring**
POS, Gateway Services, P2M QR Code

FID & Home Remittance

- Home Remittance Payout and Account Credit**
- Correspondent Banking and Trade Advisory**

Wealth Management

- 1. BANCATAKAFUL**
 - a. Adamjee Life-WTO: Muhafiz Plus Takaful Plan| Life coverage
 - b. Adamjee Life-WTO: Munafa Plus Takaful Plan| Life coverage
 - c. Dawood Family Takaful: DFT Saleeqa Takaful Plan | DFT Sarwat Takaful Plan
 - d. Jubilee General Insurance-WTO | Individual Health Plan
 - e. Jubilee General Insurance-WTO | Family Health Plan
- 2. MUTUAL FUNDS**
Shari'ah Compliant Investment Schemes/Funds (belong to MCB Funds/MCB Investment Management LTD (MCB-IML):
 - a. Alhamra Islamic Income Fund| Medium Risk
 - b. Alhamra Daily Dividend Fund| Medium Risk
 - c. Alhamra Islamic Money Market Fund| Low Risk
 - d. Alhamra Cash Management Optimizer| Low Risk
 - e. Alhamra Islamic Asset Allocation Fund| High Risk
 - f. Alhamra Smart Portfolio (Islamic Active Allocation Fund) | Medium Risk
 - g. Alhamra Wada Plan: (Wada VII & VIII) | Very Low Risk
 - h. Alhamra Islamic Stock Fund| High Risk

Board of Directors



HAMMAD KHALID
President & CEO



RAZA MANSHA
Chairman



NABEELA WAHEED
Director



IBRAHIM SHAMSI
Director



JAWAID IQBAL
Director



AHMED EBRAHIM
Director



Raza Mansha
Chairman

Mr. Raza Mansha has more than 30 years diversified professional experience in various business sectors including Banking, Textile, Power, Cement, Insurance, Hotels, Properties, Natural Gas, Agriculture, Dairy etc. He received his Bachelor degree from the University of Pennsylvania, USA. Currently he is on the Board of:

Director/Chief Executive Officer

- D. G. Khan Cement Company Limited
- Nishat Paper Products Co. Limited
- Nishat Developers (Pvt.) Limited

Director

- MCB Islamic Bank Limited
- Nishat Hotels & Properties Limited
- Nishat (Raiwind) Hotels and Properties Ltd.
- Nishat (Aziz Avenue) Hotels and Properties Ltd
- Nishat Dairy (Pvt.) Limited
- Euronet Pakistan (Pvt.) Limited
- Nishat Agriculture Farming (Pvt.) Limited
- Hyundai Nishat Motor (Pvt.) Limited
- Nishat Agrotech Farms (Pvt) Limited
- NexGen Auto (Pvt.) Limited



Nabeela Waheed

Director (Independent)

Ms. Nabeela Waheed has over 35 years of experience in the Banking sector working with MCB Bank Limited where she served as Group Head Risk Management with oversight over Credit Review (both conventional and Islamic), Credit Policy, Market / Operational / Credit / Information Security Risk across the Bank's local and international operations.

Ms. Waheed has a Master's in Business Administration (MBA) from the University of Punjab and currently holds directorship with Security General Insurance Company Ltd.

Jawaid Iqbal

Director (Independent)

Mr. Jawaid Iqbal has been serving on the Board of MCB Islamic Bank Limited since 2021. He is a renowned business leader with over two decades of board-level experience across diverse sectors including banking, power, cement, textiles, corporate finance, and the food industry. He possesses strong expertise in corporate governance, strategic planning, and financial leadership, with a proven track record of guiding organizations toward sustainable growth, operational excellence, and long-term stakeholder value. He is widely recognized as a trusted independent director contributing to regulatory compliance, board governance, and effective risk oversight in leading listed companies.

He currently serves as Director of Haji Ali Muhammed Foundation (HAMF) and Chief Executive Officer of Zubaida Medical Centre, a project of HAMF. He is also Chairman & Chief Executive Officer of Metro Storage & Services (Private) Limited. In addition, he serves on the Boards of Metro Power Company Limited, Metro Wind Power Limited, and Metro Solar Power Limited. He is also a Board Member of Alliance Francaise Karachi, Pakistan, a cultural center and non-profit organization.

Previously, he has served as Director on the Boards of Lalpir Power Limited, Fauji Cement Company Limited, Gul Ahmed Textile Mills Limited, National Foods Limited, and Mybank Limited.

Mr. Jawaid Iqbal holds a Bachelor's degree from the University of Pennsylvania, Philadelphia, USA, and is a Certified Director from the Institute of Chartered Accountants of Pakistan (ICAP).





Ibrahim Shamsi

Director

Mr. Ibrahim Shamsi has strong experience of modern management and effective control management. He is Chief Executive of Joyland, Lahore and also Chairman of Cotton Web (Pvt.) Limited. He is also serving his responsibilities as the Director of on the Board of Adamjee Insurance Company Limited the largest insurance company of Pakistan. By qualification Mr. Shamsi is Master of Business Administration from LUMS Lahore. He Joined Siddiqsons Tin Plate Limited Board in 1997.



Ahmed Ebrahim Hasham

Director

Mr. Ahmed Ebrahim Hasham has been serving as an Executive Director of the Hasham Group for the past 26 years. He serves as the CEO of Mehran Sugar Mills Limited and is a Board Member of Unicol Ltd, PMC Ltd, Engro Holdings Limited and MCB Islamic Bank Limited.

Under his leadership at Mehran, the company was ranked among the **Top 25 Companies of the Pakistan Stock Exchange in 2020**. Its associated company Unicol limited started a greenfield ethanol project and became one of the countries Top 100 exporters in 2019. He played an instrumental role in the sale of the associated company, Unifoods Ltd., and in facilitating Unicol's acquisition of a sugar mill in Punjab in 2022.

Ahmed is responsible for the Groups public equities and real estate portfolio which has a long term objective of compounding capital. He has previously served as the Chairman of the PSMA Sindh Zone as well as on the Board of Adamjee Insurance and YPO Pakistan. He is actively involved in the family CSR activities through his Board contribution at UIT University. UITU specialies in Electric Engineering and Computer Sciences. He served on the Board of Usman Memorial Hospital, where he was involved between 2018-2020 in the complete rebuilding of the Hospital into a 90-bed modernised secondary care hospital.

He is a Graduate in International Relations and Economics from Tufts University and a certified PICG Director. In his quest for continual learning, he remains an avid reader and continues to attend international courses and conferences with a focus on sugar, ethanol and value investing.

Hammad Khalid

President & CEO

Mr. Hammad Khalid brings over 19 years of extensive experience in the banking and financial services industry. Prior to joining MCB Islamic Bank Limited, he served as the Chief Financial Officer of MCB Bank Limited.

He has a proven track record of translating strategic vision into measurable outcomes and brings strong leadership experience in financial management, governance, and institutional growth. Mr. Khalid is a member of the Institute of Chartered Accountants of Pakistan (ICAP) and possesses significant expertise in financial control and regulatory environments.

During his tenure at MCB Bank Limited, key functions including Financial Reporting, Taxation, Budgeting & Strategy, and Investor Relations fell under his purview. He also represented the Bank at various national and international forums and played an instrumental role in strengthening the institution's financial governance and strategic direction. Prior to joining MCB Bank Limited, he worked with M/s A.F. Ferguson & Company, Chartered Accountants. He also serves on the Board of TLINK (Pvt.) Ltd., MCB NBCO Azerbaijan and MCB Exchange.

Mr. Khalid assumed the role of President & Chief Executive Officer of MCB Islamic Bank Limited on February 21, 2026.



Corporate Governance

Corporate Governance at MCB Islamic Bank Limited ("the "Bank") refers to the rights and responsibilities among different stakeholders of the Bank through a set of rules, policies and practices keeping focus on proper delegation, transparency and accountability in the organization as a whole. The success of the Bank relies on upholding high standards of corporate governance.

BOARD COMPOSITION

Category	Name
Independent Directors	Ms. Nabeela Waheed Mr. Jawaid Iqbal
Non-Executive Directors	Mr. Raza Mansha Mr. Ahmed Ebrahim Hasham Mr. Omair Safdar * Mr. Ibrahim Shamsi
Director (President & CEO)	Mr. Hammad Khalid
Female Director	Ms. Nabeela Waheed

* CHANGE IN DIRECTORS

Mr. Zargham Khan Durrani completed his tenure as President & CEO (Director) on February 20, 2026 and Mr. Hammad Khalid was subsequently appointed as President & CEO (Director) with effect from February 21, 2026. In addition, Mr. Omair Safdar resigned from the position of Director with effect from January 27, 2026. Consequently, two (02) Non-Executive Director positions fall casually vacant.

DIRECTORS' PROFILE

Directors' profile has been incorporated in the "Board of Directors" section.

BOARD COMMITTEES

The Board of Directors has formed following six sub-committees to oversee relevant specialized functions of the Bank:

- Board Audit Committee (BAC)
- Human Resource and Remuneration Committee (HR&RC)
- Risk Management and Portfolio Review Committee (RM&PRC)
- Business Strategy and Service Quality Review Committee (BSSQRC)
- Board Information Technology Committee (BITC)
- Board Evaluation Committee (BEC)

BOARD AUDIT COMMITTEE

Composition:

1. Mr. Jawaid Iqbal – Chairperson
2. Ms. Nabeela Waheed - Member
3. Mr. Ibrahim Shamsi - Member
4. Mr. Omair Safdar – Member *
5. Mr. Hammad Khalid – Member *

Meetings held **04**

Terms of Reference:

1. Facilitate Board in establishing an unambiguous & observable 'tone at the top' for strong and effective system of internal controls based on & supported by strong ethical practices, culture, comprehensive policies, procedures, processes and technological systems. Review and recommend for BOD approval, comprehensive policies, procedures, in line with International Auditing Standards.
2. Review and approve Internal Audit Charter (IAC) in accordance with SBP guidelines.
3. Determination of appropriate measures to safeguard the bank's assets.
4. Reviewing of quarterly, half-yearly and annual financial statements of the bank, prior to their approval by the Board of Directors, focusing on:
 - Major judgmental areas;
 - Significant adjustments resulting from the audit;
 - The going concern assumption;
 - Any changes in accounting policies and practices;
 - Compliance with applicable accounting standards, regulatory requirements and Shari'ah rulings; and
 - All related party transactions.
5. Reviewing of preliminary announcements of results prior to publication.
6. Facilitating the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight (in the absence of management, where necessary).
7. Reviewing of Client Service Report / Management Letter issued by external auditors and management's response thereto.
8. Ensuring coordination between the internal and external auditors of the bank.
9. Making recommendation to the Board of Directors for the appointment of external auditors including External Shari'ah Auditor(s), their removal, audit fees, the provision by the external auditors of any permissible service to the bank in addition to audit of its financial statements, measures for redressal and rectification of non-compliances with the Regulations.
10. Reviewing of the scope and extent of internal audit/Shari'ah audit, reporting framework and procedures and ensuring that the internal audit function has adequate resources and is appropriately placed within the bank.
11. Consideration of major findings of internal investigations of activities characterized by fraud, corruption and abuse of power and management's response thereto.
12. Ascertaining that the internal control systems including financial and operational controls, accounting systems for timely and appropriate recording of purchases and sales, receipts and payments, assets and liabilities and the reporting structure are adequate and effective.
13. Reviewing of the bank's statement on internal control systems prior to endorsement by the Board of

Directors and Internal Audit and Shari'ah Audit Reports.

14. Instituting special projects, value for money studies or other investigations on any matter specified by the Board of Directors, in consultation with the CEO and/or Shari'ah Board (if required) and to consider remittance of any matter to the external auditors or to any other external body.
15. Review of arrangement for staff and management to report to BAC in confidence, concerns, if any, about actual or potential improprieties in financial and other matters and recommend instituting remedial and mitigating measures
16. Determination of compliance/Shari'ah compliance with relevant statutory requirements.
17. Monitoring compliance with the requirements of CCG regulations and identification of significant violations thereof.
18. Consideration of any other issue or matter as may be assigned by the Board of Directors.
19. Approval of Shari'ah audit Plan after review by the Shari'ah Board.
20. Approval of Internal Audit plan and budgets pertaining to Audit & RAR Group.
21. Receive and review summary of reported violations identified through internal audit activities and follow-up actions taken by management to ensure that audit observations/recommendations receive proper and timely attention by senior management. The BAC will also review the trends of audit observation from multiple dimensions to have deep insights into state of internal controls and must set specific, time bound action points/indicators to monitor improvements.
22. Report to board any significant matters identified by IAF/external auditors that warrant board's immediate attention.
23. Review effectiveness of whistle blowing procedures for receiving (through internal or external sources) complaints/concerns regarding business ethics/conduct practices, governance & risk management practices, controls over financial reporting, auditing practices etc. The BAC will ensure that such concerns are treated confidentially and that the reporting employee(s) are protected and not penalized in any manner whatsoever. The BAC will ensure that employees remain aware of i) existence of such procedures, ii) the procedure to utilize it and iii) are encouraged to be a 'whistleblower'.
24. Provide its fullest support to IAF and internal auditors to perform their mandated activities independently and in objective manner.
25. Review and approve Audit & RAR's Risk Assessment Policy (RAP) in line with SBP's Guidelines.
26. Approve the appointment/re-hiring/renewal of contract and removal of Group Head Audit & RAR; and approve his/her remuneration, allied benefits, promotion/demotion and other terms of employment.
27. Approve key performance indicators of GH Audit including but not limited to adherence to annual budget, completion of annual audit plan, reporting to BAC, training & capacity building of audit staff, and formulation and review of policies & procedures etc.
28. Review and approve appraisal of GH-Audit in line with bank's policies and procedures.

HUMAN RESOURCE & REMUNERATION COMMITTEE

Composition:

1. Mr. Jawaid Iqbal - Chairperson
2. Mr. Raza Mansha - Member
3. Mr. Omair Safdar * - Member

Meetings held **02**

Terms of Reference:

The main tasks of the Committee are to ensure that:

1. The human resource policies are reviewed periodically, and, if necessary are revised & recommended to the Board of Directors for its approval, in order to attract and retain highly qualified & skilled employees.
2. To ensure implementation of Bank's Remuneration Policy.
3. To ensure that appropriate criteria are adopted for annual performance appraisal of the President & his direct reports.
4. To ensure that key hierarchical organizational structure supports the business strategy & plan and, if deemed appropriate, approve any changes upon the recommendations of the President.
5. HRRC may periodically review MCB Islamic Bank's HR Policies through peer analysis either through in house resource or any external consultant
6. To review selection, evaluation, compensation (including retirement benefits if any) and succession planning of the CEO and these will be recommended to the Board for approval.
7. The HRRC shall review and recommend Training and development budget (which is part of an overall budget document of the bank) to the BOD; and subsequently monitor the implementation of the same.
8. HRRC shall monitor implementation of approved training & development policy.
9. The selection, evaluation, compensation (including retirement benefits) and succession planning of the CFO, Company Secretary and Internal Audit and recommend to the Board.

RISK MANAGEMENT & PORTFOLIO REVIEW COMMITTEE

Composition:

1. Mr. Omair Safdar * - Chairperson
2. Mr. Ahmed Ebrahim Hasham - Member
3. Ms. Nabeela Waheed - Member
4. Mr. Jawaid Iqbal - Member
5. Mr. Zargham Khan Durrani * - Member

Meetings held **04**

Terms of Reference:

1. Review the bank's risk related policies/ Strategy for management of financing, market, operational, Compliance and other risks, in light of internal developments, guidelines issued by the regulatory bodies and international best practices, on as and when required basis and recommend the same to Board for review and approval.

2. Monitor bank's progress towards risk management related projects on as and when required basis.
3. Review and recommend to Board, bank's Risk Appetite Statement and Compliance Program as and when required.
4. Review various reports pertaining to risk in the bank's portfolio prepared by the Risk Management Group. The Committee shall also consider comments of the relevant senior management while reviewing such reports and communicate the planned/executed corrective actions to the Board, if required.
5. Review Minutes of Compliance Committee of Management (CCM) to ascertain its effectiveness in Managing Compliance Risk
6. Review the Compliance Issues and information and progress in implementing remedial action taken with respect to instances of Non-Compliance /Control weaknesses identified by Compliance & Controls Group and evaluate the effectiveness of Bank's overall Management of Compliance Risk, including seeking assurances from Senior Management on implementation and effectiveness of Compliance Risk Controls.
7. To engage with CCO on Half Yearly basis, to discuss issues faced by the Compliance Function in the implementation of board approved Compliance Program.
8. To recommend the Appointment, any disciplinary action or termination of CCO and ensure that position of CCO does not remain vacant for more than 60 days.
9. To ensure that CCO has proper stature, authority, resources, support, independence and capacity to offer his objective opinions to Senior Management and Board on Compliance Risks.

BUSINESS STRATEGY & SERVICE QUALITY REVIEW COMMITTEE

Composition:

1. Mr. Ahmed Ebrahim Hasham - Chairperson
2. Mr. Ibrahim Shamsi - Member
3. Mr. Hammad Khalid * - Member
4. Mr. Omair Safdar * - Member
5. Mr. Zargham Khan Durrani * - Member

Meetings held **05**

Terms of Reference:

1. Review the Bank's policies including but not limited to finance, treasury, compliance, Service Quality and other policies of the Bank (excluding Human Resource, Risk Management, Audit & IT related policies), in light of internal developments, guidelines issued by the regulatory bodies and international best practices, on as and when required basis and recommend the same to Board for approval.
2. Review the strategies, policy and procedures/frameworks related to the bank's strategic initiatives, service quality, customers' complaint management, and fair treatment of customers
3. To review Bank's Annual Budget prepared by the management and recommend it for approval by the BOD.
4. To monitor the performance of the bank against approved strategy / budget on a quarterly basis.
5. Recommend policy changes to align service delivery with expectations of the customers, vision of the bank and innovations in the market.
6. Provide policy guidance (0 inculcate values those recognize the importance of customer orientation at all phases of product design and service lifecycle.

7. Provide strategic direction to instill a culture that recognizes the importance of complaints as an opportunity to improve and take corrective measures.
8. Monitor the bank's progress towards achieving its objectives in terms of service delivery and customer satisfaction.
9. Receive periodic reports on issues and achievement on Conduct Assessment Framework.
10. Receive annual assessment of Conduct Assessment Framework for review and approval, along with proposed as well as actual improvements introduced.
11. Receive periodic reports on service health of the bank, including:
 - a) Statistic on and analysis of customer complaints
 - b) Measurement of key service indicators and key processes
 - c) Summary of customer feedback received through surveys

BOARD IT COMMITTEE

Composition:

1. Mr. Ibrahim Shamsi - Chairperson
2. Mr. Jawaid Iqbal - Member
3. Mr. Hammad Khalid * - Member
4. Mr. Zargham Khan Durrani * - Member

Meetings held **04**

Terms of Reference:

01. The Board IT Committee shall have a minimum of three (03) directors as its members, one of whom shall be an independent director and at least one member shall have relevant qualification or experience of IT.
02. The committee shall be responsible for formulation of IT strategy and its different framework, review and implementation of IT strategy and policy framework, guiding the management for necessary course of action, oversight of IT performance and aligning IT with business needs.
03. The committee shall receive appropriate information from IT, lines of business, and external sources. Additionally, it shall coordinate and monitor the institution's IT resources.
04. The committee shall be mainly responsible for advising and reporting to the board on the status of technology activities and digital initiatives in the Bank. These reports shall enable the board to make decisions without having to be involved in routine activities.
05. The committee shall review IT and Digital strategies and relevant policies before submission to the board.
06. The committee shall ensure that risk management strategies are designed and implemented to achieve resilience, such as the ability to effectively respond to wide-scale disruptions, including cyber-attacks and attacks on multiple critical infrastructures.
07. The committee may also review and determine the adequacy of the institution's training plan including cyber security training, for the staff.
08. The committee shall receive periodic updates from IT Steering Committee to monitor all technology related projects approved by the board.
09. The committee shall ensure that technology procurements are aligned with the IT strategy approved by the board.
10. If deemed necessary, the committee may seek expert opinion from independent sources.

BOARD EVALUATION COMMITTEE

Composition:

1. Ms. Nabeela Waheed - Chairperson
2. Mr. Hammad Khalid * - Member

Meetings held **NIL**

Terms of Reference:

The Board Evaluation Committee shall undertake the following tasks:

1. Formulation of criteria for performance evaluation of overall Board, its Committees, Individual Directors, Independent Directors, Chairperson and the President in the form of a framework.
2. Carrying out performance evaluation of the overall Board, its Committees, Independent Directors, Individual Directors, Chairperson and the President.
3. Identifying weak areas required to improve Board's and Board Committee effectiveness.
4. Recommending to the Board for its consideration and approval on the size and composition of the Board taking into account the available and needed diversity and balance in terms of experience, knowledge and skills (as and when required).
5. Reviewing (as and when required), the composition of the existing Board and its Sub-Committees and recommending amendment to the composition.
6. Assisting the Board of Directors by helping to identify individuals qualified to become members of the Board and its Committees.
7. Review nominations of potential director candidates who will strengthen the Board and remedy any perceived deficiencies in its fulfillment of the specific criteria identified above.
8. Ensuring that the specific criteria outlining the skills, experience, expertise, backgrounds and other characteristics identified by the State Bank of Pakistan in its Fit & Proper Test criteria are duly met before it recommends the proposed director for nomination.
9. The Committee will review candidate qualifications in light of the needs of the Board and the Company, considering the current mix of director attributes and other pertinent factors (specific qualities, skills and professional experience required will vary depending on the Company's specific needs at any point in time).
10. The Committee will consider the diversity of the existing Board, so that the Board maintains a body of directors from diverse professional and personal backgrounds.
11. Any nominee shall duly meet the requirements set forth by the State Bank of Pakistan for directorship.
12. Any nominee should be an individual of the highest character and integrity and have an inquiring mind, vision and the ability to work well with others.
13. Any nominee should be free of any conflict of interest which would violate any applicable law or regulation or interfere with the proper performance of the responsibilities of a director.
14. Any nominee should possess substantial and significant experience which would be of value to MCB Islamic Bank Limited in the performance of the duties of a director.
15. Any nominee should have sufficient time available to devote to the affairs of MCB Islamic Bank Limited in order to carry out the responsibilities of a director.

* Mr. Zargham Khan Durrani completed his tenure as President & CEO (Director) on February 20, 2026 and Mr. Hammad Khalid was subsequently appointed as President & CEO (Director) with effect from February 21, 2026. In addition, Mr. Omair Safdar resigned from the position of Director with effect from January 27, 2026. Consequently, two (02) Non-Executive Director positions fall casually vacant.

Following are the details of directors' status and membership of the above committees:

Directors	Status		Membership					
			BAC	HR & RC	RM & PRC	BITC	BEC	BSSQRC
Raza Mansha	Non-Executive	Male	-	Yes	-	-	-	-
Ibrahim Shamsi	Non-Executive	Male	Yes	-	-	Yes	-	Yes
Omair Safdar	Non-Executive	Male	Yes	Yes	Yes	-	-	Yes
Ahmed Ebrahim Hasham	Non-Executive	Male	-	-	Yes	-	-	Yes
Hammad Khalid	Non-Executive	Male	Yes	-	-	Yes	Yes	Yes
Jawaid Iqbal	Independent	Male	Yes	Yes	Yes	Yes	-	-
Nabeela Waheed	Independent	Female	Yes	-	Yes	-	Yes	-
Zargham Khan Durrani	President & CEO	Male	-	-	Yes	Yes	-	Yes

Directors' Participation/Attendance in Board and Committee Meetings Held During 2025

Details for the meetings of the BOD and sub-committees held during the Year 2025 along with attendance are as below:

Directors	Attendance						
	BOD*	BAC	HR & RC	RM & PRC	BITC	BEC**	BS&SQRC
Raza Mansha	5/5	-	2/2	-	-	-	-
Ibrahim Shamsi	4/5	3/4	-	-	2/4	-	4/5
Omair Safdar	5/5	4/4	2/2	4/4	-	-	5/5
Ahmed Ebrahim Hasham	4/5	-	-	2/4	-	-	3/5
Hammad Khalid	4/5	3/4	-	-	4/4	-	4/5
Jawaid Iqbal	5/5	4/4	2/2	4/4	4/4	-	-
Nabeela Waheed	5/5	4/4	-	4/4	-	-	-
Zargham Khan Durrani	5/5	4/4	2/2	4/4	4/4	-	5/5

* Total 05 meetings of BOD were held during the year 2025.

** No Board Evaluation Committee meeting held in 2025.

(*) Special Invitation.

PERFORMANCE EVALUATION OF THE BOARD OF DIRECTORS

The Board of Directors of MCB Islamic Bank Limited strive to ensure that the Bank is on track to achieve its long-term objectives while adhering to regulatory requirements. The Board of Directors and its Committees comprise of qualified and experienced members, having diverse experience whose contributions are invaluable in defining the overall direction of the organization.

The Board of Directors recognizes that along with numerous other functions and responsibilities, it also has a duty of care and loyalty towards the Bank, to act honestly in the interests of the Bank and exercise its role with complete integrity and care. The Board therefore constituted a Board Evaluation Committee in 2015 to evaluate the performance of the overall Board, its Committees, performance of the Chairperson, Independent Directors and Individual Directors and of the President once in a calendar year with the help of a detailed criteria formulated in line with the requirements of the State Bank of Pakistan and the Securities & Exchange Commission of Pakistan (SECP).

CRITERIA FOR PERFORMANCE EVALUATION

Evaluation is carried out through a structured questionnaire covering various aspects of the Board's functioning such as size, composition of the Board and Committees, adequacy of Independent Directors, frequency of meetings, mixture of diversity of knowledge, expertise & skills of directors, attendance at meetings, preparation for meetings and valuable contribution etc. All parameters set for evaluation are rated through a Rating Scale (1-5) against each question as follows:

- "1" represents as **Strong**
- "2" represents as **Satisfactory**
- "3" represents as **Fair**
- "4" represents as **Marginal**
- "5" represents as **Un-satisfactory**

EVALUATION BY BOARD EVALUATION COMMITTEE

As per the requirements of SBP Guidelines on Performance Evaluation of Board of Directors, evaluation of the overall Board, its Committees, individual directors, Independent directors, Chairperson and the President for the year 2025 was undertaken by the Board Evaluation Committee, appointed by the Board for the purpose.

Accordingly, it was concluded that the overall performance of the Board, including effectiveness of the role played by the Board in achieving the Bank's objectives, was found to be generally satisfactory.

DIRECTOR'S TRAINING PROGRAM

Till Dec 31, 2025, the following directors on the Board of Directors of MCB Islamic Bank have attended the Director's Training Program from SECP approved institutions:

- Mr. Jawaid Iqbal
- Mr. Ahmed Ebrahim Hasham
- Mr. Omair Safdar
- Ms. Nabeela Waheed
- Mr. Hammad Khalid
- Mr. Zargham Khan Durrani

Mr. Raza Mansha & Mr. Ibrahim Shamsi are exempt from the requirements of the Director's Training Program in view of their experience.

ACCESSIBILITY OF ANNUAL REPORT 2025:

Annual Report – 2025 and other information of the Bank are accessible on Bank's website:

www.mcbislamicbank.com

MANAGEMENT



Hammad Khalid

President & CEO

Mr. Hammad Khalid brings over 19 years of extensive experience in the banking and financial services industry. Prior to joining MCB Islamic Bank Limited, he served as the Chief Financial Officer of MCB Bank Limited.

He has a proven track record of translating strategic vision into measurable outcomes and brings strong leadership experience in financial management, governance, and institutional growth. Mr. Khalid is a member of the Institute of Chartered Accountants of Pakistan (ICAP) and possesses significant expertise in financial control and regulatory environments.

During his tenure at MCB Bank Limited, key functions including Financial Reporting, Taxation, Budgeting & Strategy, and Investor Relations fell under his purview. He also represented the Bank at various national and international forums and played an instrumental role in strengthening the institution's financial governance and strategic direction. Prior to joining MCB Bank Limited, he worked with M/s A.F. Ferguson & Company, Chartered Accountants. He also serves on the Board of 1LINK (Pvt.) Ltd., MCB NBCO Azerbaijan and MCB Exchange.

Mr. Khalid assumed the role of President & Chief Executive Officer of MCB Islamic Bank Limited on February 21, 2026.



SYED IFTIKHAR HUSSAIN RIZVI

Chief Financial Officer



Syed Iftikhar Hussain Rizvi leads Bank's Strategic and Financial Management functions and responsible to develop, implement and control all financial-related activities of the bank in line with its business strategy.

Mr. Rizvi is a 'Certified Professional of Islamic Banking' and a 'Fellow Member of the Institute of Chartered Accountants of Pakistan' and has over 40 years of well diversified experience in the accounts and finance disciplines with added exposure in HR & corporate governance. Prior to joining the MCB Islamic, he worked with MCB Bank for 20 years in various capacities, lastly as Head – Centralized Accounts. His professional career began at Khalid Majid Hussain Rahman & Co., Chartered Accountants.

MUHAMMAD TARIQ GONDAL

Group Head - Compliance & Controls



Mr. Muhammad Tariq Gondal is a business graduate from Lahore University of Management Sciences (LUMS) along with Masters in Statistics from GC University Lahore. He is a Certified Internal Auditor (CIA), also holds Banking Diploma and Post graduate diploma in Islamic Banking & Insurance along with certification in Islamic Banking from NIBAF. Mr. Gondal has a diversified experience of more than 30 years in areas of audit & inspection, risk, compliance and operations both in Central and Commercial Banking.

OMER KHALID LASHARIE

Group Head – Corporate, Investment Banking & FI

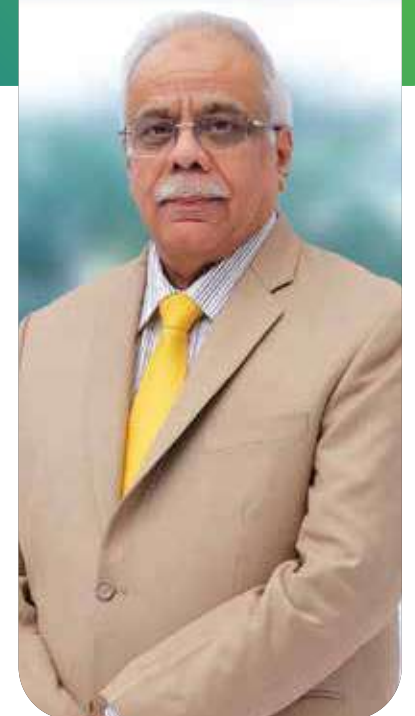


Mr. Omer Khalid's experience spans over 31 years in Corporate & Investment Banking, Cash management, Home remittances, FI etc. at major financial institutions of Pakistan. He has been instrumental in building asset's book and maximizing institution's profitability through effectively managing financing portfolio, actively participating/handling investment banking, project finance and structured finance deals. Under his dynamic leadership with extensive experience and understanding of the international banking landscape, the bank has been able to establish relationships with leading Money Service Business providers and banks around the globe to nurture remittance and trade finance business according to the vision of the bank.

Prior to joining MCB Islamic Bank Limited; he has worked in leading institutions like MCB Bank Limited and UBL. His major assignments with MCB Bank were as Corporate Head Central and Head of Transaction Banking Division where he efficiently led one of the largest cash management portfolio and vibrantly devised strategies to maximize remittance flows. He holds MBA degree from Lahore University of Management Sciences (LUMS).

MUHAMMAD SAEED RAJA

Group Head – Back Office Governance & Special Projects



Mr. M. Saeed Raja serves as Head of the Back Office Governance & Special Projects Group at MCB Islamic Bank Ltd.. He leads strategically critical portfolio encompassing Centralized Account Opening & Maintenance, Centralized Trade Operations and Trade Compliance, Centralized Reconciliation, Vendor Management and Outsourcing Arrangements, Cash Processing Centers, Centralized Inward Clearing, Counter Operations, Business Continuity Management, Internal Control over Financial Reporting (ICFR) Documentation, the General Services Division, Contract Management and Price Negotiation, as well as Quality Assurance and Standardization.

Saeed brings over 36 years of diversified banking experience spanning Retail and Corporate Banking, Trade Finance Operations, centralization initiatives, and process automation. Prior to joining MCB Islamic Bank Ltd., he served at MCB Bank Ltd. as Country Head Islamic Banking Operations, Systems & Controls. His services and contributions toward advancing the MCB Bank's strategic objectives were recognized at the highest level, and he was twice conferred with the prestigious President's Excellence Award.

He holds an Executive MBA in Banking & Finance, graduating as a Gold Medalist, and is a Certified Islamic Banker from the National Institute of Banking & Finance.



SALMAN QUTB

Group Head – Human Resource Management

Mr. Salman Qutb holds a Master of Business Administration from Lahore University of Management Sciences (LUMS) and a Bachelor of Engineering from the University of Engineering and Technology, Lahore.

As Group Head – Human Resource Management at MCB Islamic Bank, he leads the Bank’s human capital strategy, focusing on building organizational capability, strengthening leadership pipelines, and aligning talent development with the Bank’s long-term strategic objectives.

Prior to this role, he served as Head of Credit Risk Management at MCB Bank Ltd., where he spent over a decade in risk leadership. His extensive experience provided him with deep insight into the Bank’s risk architecture, governance framework, and broader business dynamics. This strong foundation enables him to bring a strategic and risk-aware perspective to human resource management—ensuring that people strategy remains closely aligned with institutional priorities and sustainable growth.

Mr. Qutb is a member of the Bank’s Management Committee, Service Council, Compliance Committee of Management, Purchase Committee, and Disciplinary Action Committee. His transition from risk management to human resources reflects the MCB Group’s commitment to developing internal leadership talent and leveraging cross-functional expertise to drive organizational excellence.



ABRAR ALEEM

Chief Information Officer / Group Head ITG

As an experienced and accomplished IT professional, Mr. Abrar Aleem has demonstrated a remarkable ability to develop and implement strategic IT initiatives and deliver exceptional projects with high value. With around three decades of intensive experience in the Banking and Manufacturing sector, he brings a wealth of knowledge and expertise to the table. Before joining MCB Islamic Bank Ltd, he spent more than 27 years in the industry, making significant contributions in various areas. Notably, Abrar Aleem has excelled in the planning, implementation, and management of large-scale IT infrastructure, Core Banking systems, Digital banking platforms, and Middleware Applications, including data strategies.

In addition, he stays ahead of the curve by staying well-informed about upcoming technologies, showcasing a strong commitment to innovation. Furthermore, Abrar Aleem possesses a profound understanding of Cyber Security, Compliance, and IT Risk Management, ensuring a secure and compliant IT environment. With extensive experience and a comprehensive skill set, he is poised to make a transformative impact as a CIO in the banking and financial sector.

HAMID YASIN

Group Head – Consumer Finance

Mr. Hamid Yasin is a business graduate from the Institute of Business Administration (IBA), Karachi and has over 31 years of banking experience in Consumer Finance, Risk Management, Retail and Corporate Banking. Before joining MCB Islamic in 2018, he served Samba Financial Group (SFG) at the Head Office in Riyadh, Saudi Arabia for over eight years in the capacity of Assistant General Manager in the Risk Management Group. Prior to SFG, Hamid served MCB Bank for more than 14 years – starting as a Management Trainee in 1994 and progressively moving on to such diverse functions as Retail and Corporate credit risk management at branch and regional levels, branch operations, Basel II Project Management and bank-wide Operational and Credit risk management.



MUHAMMAD SAQIB SAJJAD

Group Head – Treasury & FXG

Mr. Muhammad Saqib Sajjad is presently serving as the Group Head of Treasury & FXG at MCB Islamic Bank. He brings over two decades of progressive experience of working in Treasury, Capital Markets, Financial Institutions, financial inclusion, and International Banking. Mr. Sajjad has previously held key positions at prestigious organizations including BOP, KASB Securities (partners with BofA Merrill Lynch), and Invisor Securities.

Mr. Sajjad holds a BBA from the National University of Sciences and Technology (NUST). He has further honed his expertise in leadership, Treasury & Capital Markets, sustainable finance, credit, and ESG principles through advanced programs at Erasmus University, UOL, LUMS, and NED.



AZHAR NAZIR
Group Head – Centralized Operations



Mr. Azhar is a seasoned professional with over 25 years of experience across multiple domains, including Information Technology, Digital Banking, Core Banking Implementation, Banking Operations, and Risk Management. He is currently leading the Centralized Operations Group. He is a graduate of the International Islamic University and holds professional qualifications as a Cost and Management Accountant (ICMAP), Financial Risk Manager (FRM – GARP), DAIBP, and CPIB (IIFII).

SALMAN NASEER
Group Head – Risk Management



Mr. Salman Naseer has been part of MCB Islamic Bank since 2015. His experience spans 20 years in various areas covering the credit risk spectrum, and has managed corporate, commercial, SME, agriculture, consumer and special assets portfolios. His leadership has been pivotal in steering the bank's asset growth over the last 10 years while ensuring the sustained quality and vitality of the financing portfolio.

Prior to joining MCB Islamic Bank Limited, he has worked in Faysal Bank Limited and the Bank of Punjab. He is a certified Islamic Banking professional from NIBAF, and also holds IBP's diploma for banking professionals. He is a Bachelor of Computer Sciences from FAST – NU.

MUHAMMAD IMRAN SIDDIQUE
Group Head – Audit & RAR



Mr. Imran has over 25 years of extensive experience in audit and inspection with a strong focus on risk management processes, operations and regulatory compliance with highly esteemed banks such as SBP, HBL, RBS, and ABL. He is an Associate Member of Institute of Financial Accountants of UK and holds notable professional certifications, including Certified Internal Control Auditor (CICA), Certification in Risk Management Assurance (CRMA), Certified in Risk & IS Control (CRISC) and Certified Shari'ah Auditor (CSA); alongside academic qualifications such as MS-Islamic Banking & Finance, M.Com and Affiliate Financial Accountant (AFA)- ICMAP. Additionally, Mr. Imran has obtained certification in Islamic Banking from NIBAF, further enriching his expertise in the banking sector.

ASHAR IQBAL
Head Retail Banking Group (North)



Mr. Ashar Iqbal is an accomplished banking professional with an extensive experience of 23 years of retail and commercial banking. He is currently working as Head Retail Banking (North). In this role, Ashar is jointly responsible for overseeing the Retail Banking, Commercial Banking, Business Development Channel and Wealth Management, catering to mass market, commercial, and SME clients in Pakistan.

Before joining MCB Islamic, he served at MCB Bank in the capacity of Regional Head and General Manager – Karachi. He has also worked at Habib Metropolitan Bank, Habib Bank, Bank Alfalah and Prime Bank, where he served in various leadership positions at different regional and functional levels. He is also a member of the MCB Islamic Management Committee.



OMAIR UL HAQUE
Head Retail Banking Group - South

Mr. Omair ul Haque is Head Retail Banking Group (South). In this role he is jointly responsible for overseeing the Retail Banking and Commercial Banking, catering to mass market, commercial, and SME clients in Pakistan. Omair also leads Transaction & Employee Banking of MCB Islamic Bank Ltd which offers Transaction Banking and Institutional Sales solutions to its Corporate and Commercial/Retail Banking Customers.

Omair joined MCB Islamic Bank in 2021 as General Manager – Karachi & Interior Sindh. He has also worked at MCB Bank Ltd. in various senior roles such as Regional Head – Commercial Branch Banking Group, General Manager – Retail Banking Group, Head of Commercial Assets – Karachi, and Department Head of Institutional Sales – Retail Banking Group. Additionally, he has gained valuable experience in Consumer Banking and Branch Banking management roles at Standard Chartered Bank.

Omair's professional journey spans over 22 years with vast experience in Retail & Commercial Branch Banking, Operations, Commercial & SME Lending, Trade Finance, institutional Sales & Wealth Management. He is also a member of MCB Islamic Management Committee.

DR. MUFTI SYED SABIR HUSSAIN
Resident Shari'ah Board Member/
Head-Shari'ah Compliance Department

Dr. Mufti Syed Sabir Hussain, working with MCB Islamic Bank Ltd. since September 2015, is a prominent Shari'ah Scholar and learned Islamic Banker with 26 years of teaching, 21 years of Fatāwā and Islamic banking experience. He holds Shahadat-Al-Alimiyah & Takhassus-Fil-Fiqh, M.A Islamic Studies, M.Phil. in Islamic Banking & Finance and M.S (I.T) degrees. He holds a PhD in Islamic Banking and Finance from International Islamic University, Islamabad.

He is ex-member of Shari'ah Advisory Board of SECP, Member of the Committee on Accounting and Auditing Standards of ICAP, invitee participant of Shari'ah Advisory Committee of State Bank of Pakistan and Member of several committees constituted by SBP on AAOIFI Shari'ah standards. He is also the member of working group "Fast Track adoption of International Standards constituted under the Committee for Transformation of Conventional Banking into Islamic. Further, he was member of review committee for Urdu translation of AAOIFI Shari'ah standards. He is author of 34 books on Islamic economics & banking and other social issues. Additionally, his research articles have been published in various HEC recognized journals. He also delivers lectures at various Dar-ul-Ulooms and universities, especially at the National Institute of Banking and Finance (NIBAF) and National Institute of Public Administration (NIPA). His articles regarding burning issues are also published in prominent newspapers and magazines.



KEY EXECUTIVES

HAMMAD KHALID
President & CEO

OMER KHALID LASHARIE
Group Head – Corporate, Investment Banking & FI

SYED IFTIKHAR HUSSAIN RIZVI
Chief Financial Officer & Acting Company Secretary

MUHAMMAD TARIQ GONDAL
Group Head – Compliance & Controls

MUHAMMAD HAMID YASIN
Group Head – Consumer Finance

MUHAMMAD SAEED RAJA
Group Head – Back Office Governance & Special Projects

SALMAN QUTB
Group Head – Human Resource Management

ABRAR ALEEM
Chief Information Officer / Group Head - IT

AZHAR NAZIR
Group Head - Centralized Operations

MUHAMMAD SAQIB SAJJAD
Group Head – Treasury & FXG

ASHAR IQBAL
Head Retail Banking Group - North

OMAIR UI HAQUE
Head Retail Banking Group - South

MUHAMMAD IMRAN SIDDIQUE
Group Head – Audit & RAR

SALMAN NASEER
Group Head – Risk Management

DR. MUFTI SYED SABIR HUSSAIN
Resident Shari'ah Board Member / Head-Shari'ah Compliance Department



MCB Islamic Bank Sharī'ah Board

PROF. MUFTI MUNIB-UR-REHMAN

Chairperson Sharī'ah Board

Prof. Mufti Munib-ur-Rehman, working with MCB Islamic Bank since September 2015, is a renowned Sharī'ah scholar with a vast 53 years' teaching and 38 years' fatāwā issuance experience. He remained the member of Sharī'ah Advisory Board of Securities and Exchange Commission of Pakistan (SECP) for three terms and the member of the Council of Islamic Ideology Pakistan (CIIP), he rendered voluntary services for the country since 2001 to 2020 as Chairman Central Moon Sighting Committee Pakistan. He served as a Director of Islamic Studies, Hong Kong in 1985. He is the president of Tanzeem-ul-Madaris Ahle Sunnat Pakistan & Secretary General of Ittihad-e-Tanzeemat-e-Madaris Pakistan. He participated in international seminars in Saudi Arabia, UK, Norway, USA, Canada, Kazakhstan, Turkey and other Countries.

Government of Pakistan bestowed the prestigious Sitara-e-Imtiaz to him in 2024, in recognition of his services for the country and Muslim Ummah. He remained member of the Board of Studies of University of Karachi, Federal Urdu University & Board of Intermediate Karachi. He remained member of the syndicate of University of Karachi & PMAS Arid University, Rawalpindi. He is the member of National Curriculum Pakistan & National Education Task Force. He was Sharī'ah Adviser of Federal Shariat Court Pakistan. The 14 Volumes of his fatāwā have already published and have vast acceptability amongst Ulama. He is the Principal & Managing Trustee of Jamia Naeemia Karachi. He is a Chairman Sharī'ah Advisory Committee of Dawood Family Takaful Ltd and remained Chairman Sharī'ah Board of Burj Bank Ltd. for more than a decade.

DR. MUFTI SYED SABIR HUSSAIN

Resident Sharī'ah Board Member/
Head-Sharī'ah Compliance Department

Dr. Mufti Syed Sabir Hussain, working with MCB Islamic Bank Ltd. since September 2015, is a prominent Sharī'ah Scholar and learned Islamic Banker with 26 years of teaching, 21 years of Fatāwā and Islamic banking experience. He holds Shahadat-Al-Alimiyah & Takhassus-Fil-Fiqh, M.A Islamic Studies, M.Phil. in Islamic Banking & Finance and M.S (I.T) degrees. He holds a PhD in Islamic Banking and Finance from International Islamic University, Islamabad.

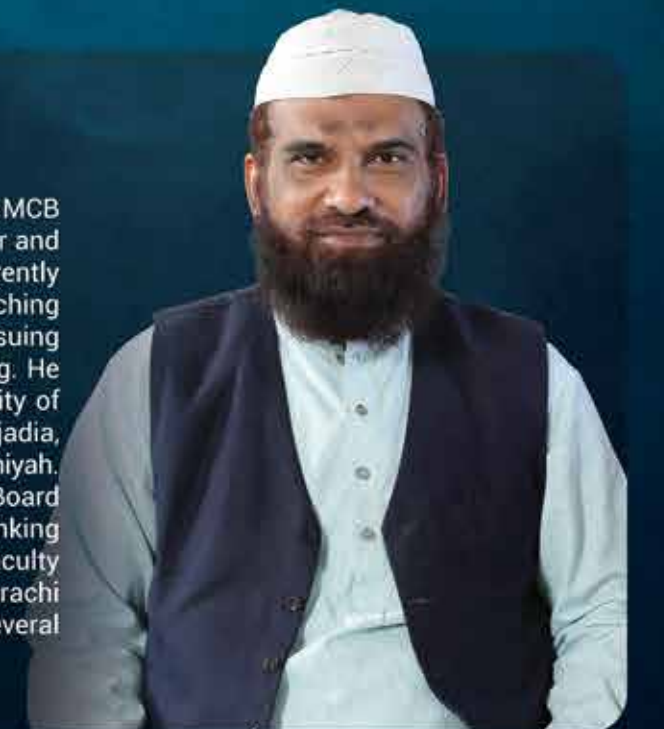
He is ex-member of Sharī'ah Advisory Board of SECP, Member of the Committee on Accounting and Auditing Standards of ICAP, invitee participant of Sharī'ah Advisory Committee of State Bank of Pakistan and Member of several committees constituted by SBP on AAOIFI Sharī'ah standards. He is also the member of working group "Fast Track" adoption of International Standards constituted under the Committee for Transformation of Conventional Banking into Islamic. Further, he was member of review committee for Urdu translation of AAOIFI Sharī'ah standards. He is author of 34 books on Islamic economics & banking and other social issues. Additionally, his research articles have been published in various HEC recognized journals. He also delivers lectures at various Dar-ul-Ulooms and universities, especially at the National Institute of Banking and Finance (NIBAF) and National Institute of Public Administration (NIPA). His articles regarding burning issues are also published in prominent newspapers and magazines.



MUFTI NADEEM IQBAL

Sharī'ah Board Member

Mufti Nadeem Iqbal is the Sharī'ah Board Member at MCB Islamic Bank since October, 2018. He is a senior teacher and Mufti at Dar-ul-Uloom Amjadia, Karachi and currently heading Dar-ul-Ifta. He has 34 years' experience of teaching Islamic Jurisprudence and 22 years' experience of issuing Fatāwā. He has 20 years' experience in Islamic Banking. He holds Master's Degree in Islamic Studies from University of Karachi, Takhusus-Fil-Fiqh from Dar-ul-Uloom Amjadia, Karachi, Fazil Dars-e-Nizami, and Fazil Shahadat-Al-Alimiyah. He gave his services as Resident Sharī'ah Board Member/Sharī'ah Advisor at Soneri Bank's Islamic Banking Division for 13 years. He has served as visiting faculty member at Sheikh Zayed Islamic Centre, University of Karachi and Hamdard University, Karachi. He is a writer of several books including Islamic Jurisprudence.



Role of Sharī'ah Board



As per Shari'ah Governance Framework issued by State Bank of Pakistan, role of Shari'ah Board is as under:

- i. The Sharī'ah Board (SB) shall advise the BOD and the executive management of the MCB Islamic Bank Ltd. (The Bank) on all Sharī'ah related matters. All the SB's Decisions/Rulings/Fatāwā shall be binding on the Bank whereas the Sharī'ah Board shall be responsible and accountable for all its Sharī'ah decisions and Fatāwā.
- ii. The SB shall cause to develop a comprehensive Sharī'ah compliance framework for all areas of operations of the Bank and shall approve all products/services to be offered and/or launched by the Bank.
- iii. The SB shall review and approve all the procedure manuals, product programs/structures, process flows, related agreements, broader parameters pertaining to sales/marketing so that they are in conformity with the rules and principles of Sharī'ah. The Executive Management while seeking the SB's decision on any proposal shall ensure provision of all necessary information, details and documents so as to enable the SB to have proper understanding of the product, its process flows, business and economic outcomes and Sharī'ah injunctions and legitimacy of the decisions.
- iv. The Sharī'ah Board shall have unhindered access to all records, documents and information from all sources including professional advisors and Bank's employees in discharge of its duties.
- v. Considering the importance of the SB's decisions and their binding nature, the SB shall rigorously deliberate on the proposals before giving any decision/ fatwā; all such deliberations and rationale for allowing or disallowing a particular product/service etc. shall be duly recorded and documented.
- vi. Summaries/key findings of the reports of Internal Sharī'ah Audit and Sharī'ah compliance reviews and complete report of External Sharī'ah Audit and SBP Sharī'ah compliance assessment shall be submitted to SB for consideration and prescribing appropriate corrective/enforcement actions. The SB shall take up the unresolved issues with management and shall include all significant outstanding issues in its annual report on the Sharī'ah compliance environment of the Bank. Moreover, the Head of SCD/ RSBM shall discuss both the significant and unresolved issues with SBP assessment team during their on-site assessment.
- vii. The SB shall also specify the process/procedures for changing, modifying or revisiting Fatāwā/Rulings/Guidelines etc. already issued by SB.

MEETINGS OF SHARĪ'AH BOARD HELD IN 2025

Quarter	Date of Meeting	Meeting Attend (Yes / No)		
		Chairperson	Member	RSBM
1	24-Mar-25	Yes	Yes	Yes
2	25-Jun-25	Yes	Yes	Yes
3	25-Sep-25	Yes	Yes	Yes
4	16-Dec-25	No	Yes	Yes

MEETINGS OF SHARĪ'AH BOARD-BOARD OF DIRECTORS HELD IN 2025

Sr. No	Half Year	Date of Meeting	Meeting Attend (Yes / No)		
			Chairperson	Member	RSBM
1	1st	21-April-25	No	Yes	Yes
2	2nd	20-Oct-25	No	Yes	Yes

NUMBER OF BOARD MEMBERSHIPS

Sr. No	Name of Members	Date of Joining / Leaving the Board	Status of Member- Chairperson/Resident member/ Non Resident Member	Number of Other Board Memberships along with name of companies
1	Mufti Munib-ur-Rehman	15-Sep-15	Chairperson	1) Chairman Shari'ah Supervisory Board ■ Dawood Family Takaful
2	Mufti Syed Sabir Hussain	16-Sep-15	Resident Member	1) Shari'ah Supervisory Board Member /Consultancy ■ Dawood Family Takaful
3	Mufti Nadeem Iqbal	15-Oct-18	Non Resident Member	No other engagement

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Chairman's *Message*

It is my privilege to present the Annual Report of MCB Islamic Bank Limited (the Bank) for the year ended December 31, 2025. During the year, the Board of Directors remained focused on providing effective strategic oversight to ensure that the Bank's growth trajectory continues to be supported by strong governance, prudent risk management and strict Shari'ah compliance.

Despite a relatively challenging earnings environment, the Bank delivered **Profit Before Tax of Rs. 4.91 billion** for 2025, reflecting management's continued focus on balance sheet optimization, strengthening of the deposit franchise and operational discipline. The Board remains satisfied that the Bank is progressing on a sustainable and well-governed growth path.

The Board continues to play a central role in setting the strategic direction of the Bank while upholding the highest standards of corporate governance. During the year, the Board Evaluation Committee conducted its annual assessment, which reaffirmed the Board's effectiveness in discharging its fiduciary and oversight responsibilities.

Governance and risk management remain key priorities. The Board, through its specialized committees, maintains close oversight of strategy, risk, audit and technology functions. This structured governance framework enables the Bank to respond proactively to emerging risks while capturing growth opportunities in a disciplined manner.

During 2025, the Bank made notable progress in advancing its digital transformation agenda, including the successful launch of the **SUBUK Mobile Banking App** and continued investment in technology infrastructure. These initiatives are aligned with the Board's strategic objective of building a modern, efficient and customer-centric Islamic banking franchise.

The Islamic banking industry in Pakistan continues to demonstrate encouraging growth, supported by improving regulatory frameworks and increasing customer preference for Shari'ah-compliant financial solutions. The Board is confident that the Bank is well positioned to benefit from these structural trends while maintaining full compliance with regulatory and Shari'ah requirements.

On behalf of the Board, I extend our sincere appreciation to the **State Bank of Pakistan**, the **Securities and Exchange Commission of Pakistan** and other regulatory authorities, as well as our respected **Shari'ah Board**, for their continued guidance and support. I also thank our valued shareholders for their trust, our customers for their confidence and our management and employees for their continued dedication and professionalism.

Looking ahead, the Board remains committed to strengthening governance, supporting innovation and ensuring sustainable growth while creating long-term value for all stakeholders. With a strong strategic foundation and disciplined leadership, **MCB Islamic Bank Limited** is well positioned to navigate evolving market dynamics and pursue sustainable growth in the years ahead, **In Sha Allah**.

Looking ahead to 2026, the Board remains committed to strengthening governance, supporting innovation and ensuring sustainable growth while creating lasting value for all stakeholders. With a strong strategic foundation and disciplined leadership, MCB Islamic Bank Limited is well positioned to navigate future challenges and pursue long-term success, **In Sha Allah**.

Raza Mansha
Chairman



President 's *Message*

The global economy remained broadly resilient during 2025, supported by moderating inflation and gradual monetary easing across major economies. Nonetheless, growth dynamics remained uneven amid geopolitical uncertainties and structural challenges in emerging markets. In Pakistan, macroeconomic stability improved during the year, supported by fiscal discipline, strengthening external balances and continued engagement with international financial institutions, contributing to improved investor confidence.

Against this backdrop, **MCB Islamic Bank Limited (the Bank)** remained focused on disciplined execution of its strategy, with emphasis on balance sheet optimization, deposit mobilization and operational efficiency. Despite a relatively compressed earnings environment following the decline in SBP policy rates and evolving dynamics within the Islamic banking sector, the Bank delivered a resilient performance, reporting **Profit Before Tax of Rs. 4.91 billion** and **Profit After Tax of Rs. 2.28 billion** for the year ended December 31, 2025, Alhamdulillah.

The Bank's balance sheet continued to expand on a healthy trajectory. **Total assets increased by 10% to Rs. 337.30 billion**, while **deposits grew by 29% to Rs. 268.93 billion**, reflecting focused business development and strengthened customer engagement. The deposit mix further improved, with **CASA reaching 87%** and **non-remunerative deposits rising to 35%**, reinforcing a stable and cost-efficient funding base.

Net Islamic financing stood at Rs. 125.39 billion, reflecting prudent risk management and disciplined underwriting standards, while **investments increased to Rs. 155.82 billion** in line with the Bank's balanced asset allocation strategy. Operating expenses increased primarily due to branch expansion and strategic investments in technology infrastructure to support long-term growth.

The Bank's capital position remained strong, with a **Capital Adequacy Ratio of 17.50%**, comfortably above regulatory requirements, underscoring the resilience of the balance sheet and the effectiveness of the Bank's risk management framework.

During the year, the Bank accelerated its digital transformation journey. The successful launch of the **Oracle-based SUBUK Mobile Banking App** along with the **Visa Debit Card** enhanced customer convenience and digital accessibility. In parallel, the Core Banking System upgrade progressed to advanced stages, establishing a robust technological foundation for scalable growth and improved service delivery. These initiatives mark an important step toward positioning the Bank as a future-ready, **digitally enabled Islamic Bank**.

Reflecting continued confidence in the Bank's financial strength and governance standards, **The Pakistan Credit Rating Agency (PACRA)** maintained the Bank's long-term rating at **"A+"** and short-term rating at **"A1"** with a Stable Outlook.

Looking ahead, the Bank remains committed to strengthening profitability through disciplined asset allocation, continued mobilization of low-cost deposits and sustained investment in digital capabilities. As the Islamic banking industry continues to evolve under enhanced regulatory and governance frameworks, we remain focused on innovation, customer-centric solutions and operational excellence to create sustainable value for our stakeholders.

I extend my sincere appreciation to the Chairman and the Board of Directors for their continued guidance and strategic oversight. I also acknowledge the support of the State Bank of Pakistan, the Securities and Exchange Commission of Pakistan, our Shari'ah Board and other regulatory authorities. Above all, I thank our valued customers for their trust and our dedicated employees whose commitment and professionalism continue to drive the Bank's progress.

With a clear strategic direction, strong governance framework and a committed team, the Bank is well positioned to navigate evolving market dynamics and deliver sustainable growth in the years ahead, **In Sha Allah**.

Hammad Khalid
President / CEO



Directors' Report To The Members

On behalf of the Board of Directors, we are pleased to present the financial statements of MCB Islamic Bank Limited (the Bank) for the year ended December 31, 2025.

Rupees in Million

Statement of Financial Position	Dec 31, 2025	Dec 31, 2024	Growth
Deposits	268,934	209,109	29%
Total Assets	337,298	307,344	10%
Investments – net	155,824	146,596	6%
Islamic Financing – net	125,390	119,353	5%
Shareholders' Equity (including revaluations)	27,768	25,946	7%
Profit & Loss Account	Jan – Dec 2025	Jan – Dec 2024	Growth
Operating income	17,367	19,911	-13%
Operating and other expenses	12,327	10,259	20%
Credit loss allowance and write offs – net	-132	-543	-76%
Profit before taxation	4,908	9,109	-46%
Profit after taxation	2,279	4,239	-46%
Basic / diluted earnings per share - Rs.	1.466	2.726	-46%

PERFORMANCE REVIEW

Despite macroeconomic and geopolitical challenges, the Bank remained focused on **balance sheet optimization, deposit mobilization and operational efficiency**. Through disciplined execution, the Bank achieved a **Profit Before Tax (PBT) of Rs. 4.91 billion** and a **Profit After Tax (PAT) of Rs. 2.28 billion**, compared to **Rs. 9.11 billion and Rs. 4.24 billion, respectively, in the corresponding period last year, Alhamdulillah**. **Earnings per share (EPS)** stood at **Rs. 1.466**, versus **Rs. 2.726** last year.

As at **December 31, 2025**, the Bank's **total assets** increased to **Rs. 337.30 billion (+10%)**, while **deposits** rose to **Rs. 268.93 billion (+29%)**. This growth was supported by a strong **CASA ratio of 87%** and **non-remunerative deposits of 35%**, compared to **79% and 31%**, respectively, in 2024, reflecting a notable improvement in deposit quality. The **investment portfolio** reached **Rs. 155.82 billion**, while **net Islamic financing** stood at **Rs. 125.39 billion**, reflecting **prudent credit risk management and asset quality discipline**.

Operating income amounted to **Rs. 17.37 billion**, with a **net spread of 5.28%** and a **return on earning assets of 11.41%**. **Operating and other expenses** increased by **20%**, mainly due to **branch network expansion and technology infrastructure upgrades**; however, the cost base continues to be closely managed to support sustainable profitability.

The Bank's **Capital Adequacy Ratio (CAR)** remained strong at **17.50%**, well above the regulatory minimum, underscoring its **resilient capital position and sound risk management practices**.

During the year, the Bank achieved key milestones in its **digital transformation journey**, including the launch of the **Oracle-based 'SUBUK' Mobile Banking App** and **Visa Debit Card**, significantly enhancing customer experience and engagement. In parallel, the **Core Banking System upgrade** is in advanced stages of implementation. These **initiatives reinforce the Bank's commitment to innovation, operational efficiency and future-ready digital capabilities**, while strengthening its foundation for a **high-performance, digitally oriented Islamic bank**.

CREDIT RATING

The Pakistan Credit Rating Agency (PACRA) maintained the Bank's **long-term credit rating to 'A+' and the short-term at 'A1'**, with a Stable Outlook.

ECONOMIC REVIEW

Pakistan's economy demonstrated **improving stability** during the year, supported by **tight monetary conditions, fiscal consolidation and recovery in external balances**. While **inflationary pressures** persisted due to flood-related supply disruptions and a challenging global environment, the **current account position strengthened** alongside a rise in **foreign exchange reserves**, easing external financing pressures. Progress in **structural reforms**, particularly in **revenue mobilization and the energy sector**, further strengthened macroeconomic discipline.

In **December 2025**, completion of the **second International Monetary Fund (IMF) review under the Extended Fund Facility** enabled the disbursement of approximately **USD 1 billion**, along with about **USD 200 million** under the **Resilience and Sustainability Facility**, providing critical foreign exchange inflows and reinforcing **market confidence**.

Inflation increased to **5.6% (December 2025)** from **4.1% (December 2024)**, while **foreign exchange reserves** improved to **USD 20.7 billion** from **USD 15.9 billion**. The **IMF and World Bank** estimate **FY 2025 GDP growth at 3.0% and 2.7%**, respectively, indicating continued economic recovery.

State Bank of Pakistan (SBP) reduced the **policy rate by 250 basis points to 10.5%** during the year, while maintaining a **positive real interest rate stance** to anchor inflation expectations and support sustainable growth. The **KSE-100 Index** closed at **174,054 points** by December 2025, reflecting a significant improvement in **investor confidence and market sentiment**.

The **Islamic banking sector** continued its growth trajectory, with **total assets of Rs. 12.68 trillion** and **deposits of Rs. 9.85 trillion** as of **September 2025**. The sector's **market share** in assets and deposits reached **21.6% and 26.5%**, respectively, reaffirming its expanding role in Pakistan's financial system.

RISK MANAGEMENT

The Bank operates under a comprehensive **Risk Management Framework** aligned with the Board's strategy and **SBP guidelines**, supported by strong governance, policies and monitoring systems to ensure effective management of all material risks.

The **Risk Management & Portfolio Review Committee**, a subcommittee of the Board, provides oversight of **credit, market, operational and fraud risks**, while **market and liquidity risks** are managed through **ICAAP, stress testing and Asset Liability Management (ALM)** processes under the supervision of **Management Finance Committee and the Asset & Liability Committee**.

Operational, fraud and IT security risks are mitigated through structured loss data monitoring, a dedicated **24/7 fraud surveillance function**, automated security controls and continuous oversight by the **Security Operations Centre (SOC)**.

Shari'ah Non-Compliance Risk is managed under the supervision of the **Shari'ah Board** and specialized Shari'ah control functions, ensuring full compliance with **Shari'ah principles** and regulatory requirements.

STATEMENT ON INTERNAL CONTROL

The **Board fully supports Management's Statement on Internal Control**, including the assessment of **Internal Control over Financial Reporting (ICFR)**. Management's detailed statement on internal control is included in the **Annual Report**.

STATEMENT UNDER CODE OF CORPORATE GOVERNANCE AND SECTION 227 OF THE COMPANIES ACT, 2017

The Board remains fully committed to ensuring compliance with the **Code of Corporate Governance** issued by the Securities and Exchange Commission of Pakistan (**SECP**) and the requirements of **Section 227 of the Companies Act, 2017**. The Directors are pleased to report that:

- The **financial statements** present a true and fair view of the Bank's **state of affairs, results, cash flows and changes in equity** and **proper books of account** have been maintained.
- **Appropriate accounting policies** have been consistently applied, with **prudent judgment and estimates**, in accordance with International Financial Reporting Standards (**IFRS**) applicable in Pakistan, with any departures duly disclosed.
- There has been **no material departure from best practices of Corporate Governance** and there are **no significant doubts about the Bank's ability to continue as a going concern**.
- A sum of **Rs. 455.90 million** has been transferred to the **Statutory Reserve** for the year 2025.
- The Bank maintains a **sound and effective system of internal control**.
- **MCB Bank Limited (Parent Bank)** held **1,554,999,993 shares** of the Bank as at **December 31, 2025**, with **non-executive directors holding 07 shares each**.
- The **Statement of Compliance with the Code of Corporate Governance** forms part of the **Annual Report** and details relating to the **Board's composition, Committees, Terms of Reference and meetings** (including Directors' attendance) are disclosed in the **Corporate Governance Section**.
- The **remuneration of the Chairman, President/CEO and Non-Executive Directors** (including Independent Directors) is disclosed in **Note 39 to the financial statements** and non-executive directors are remunerated reasonably for meeting attendance only.
- Information relating to **directors' training programs, key operating and financial data for the last five years** and **names of Directors serving during the year** is disclosed in the **Annual Report**.
- The **Provident Fund investment value** stood at **Rs. 1,056.6 million** (unaudited) as at **December 31, 2025**.
- There were **no overdue statutory payments** in respect of **taxes, duties, levies or other charges**.

CHARITY FUNDS MANAGEMENT

Charity remains a core value in promoting a just and inclusive society and the Bank continues to uphold its commitment in line with the Islamic principle of **Ihsan**.

In accordance with Shari'ah requirements, amounts arising from late payment charges and any income identified during **Shari'ah audits** as not compliant with approved Shari'ah principles are transferred to the **charity account** to prevent misuse. During 2025, an amount of **Rs. 31.4 million** was disbursed from the charity account on behalf of customers to support **approved charitable causes**, as disclosed in **Note 21.2 to the Financial Statements**.

TRADING OF SHARES OF THE BANK

As the Bank is a **non-listed entity**, **no transactions** in the shares of the Bank were carried out by the **Directors, executives or their spouses and minor children** during the year 2025.

AUDITORS

In accordance with the Code of Corporate Governance, the External Auditors, **M/s A. F. Ferguson & Company, Chartered Accountants**, shall **retire** upon completion of their **five-year tenure** as Statutory Auditors of the Bank.

Upon the recommendation of the Board Audit Committee (BAC), the Board has approved and recommended to the shareholders the appointment of **M/s KPMG Taseer Hadi & Company, Chartered Accountants**, as the **Statutory Auditors of the Bank** for the financial year ending **December 31, 2026**, in place of the retiring auditors.

FUTURE OUTLOOK

Looking ahead, Pakistan's macroeconomic framework is expected to remain supported by **continued policy discipline**, with **fiscal consolidation and prudent monetary management** underpinning stability into **2026**. External financing is expected to remain available through ongoing reviews under the **Extended Fund Facility**.

(EFF) and the Resilience and Sustainability Facility (RSF), providing balance of payments support. However, climate-related risks, global economic uncertainties and the need for deeper structural reforms may moderate growth prospects, underscoring the importance of sustained policy implementation and resilience-building measures.

Economic growth in FY 2025 exceeded earlier expectations; however, recent floods are expected to moderate the growth outlook for FY 2026, with GDP growth projected at 3.2% by the IMF. Financial conditions and external balances remain supportive, with Pakistan recording its first current account surplus in 14 years in FY 2025, alongside a continued rebuilding of foreign exchange reserves.

SBP amendments to the Profit and Loss Distribution and Pool Management frameworks have strengthened transparency and governance in the Islamic banking sector. While these measures have a structural impact on profitability, the Bank has aligned its strategy and systems to ensure full compliance and long-term sustainability.

APPRECIATION AND ACKNOWLEDGEMENTS

The Board of Directors extends its sincere appreciation to the Bank's customers and shareholders and to the regulators, including the State Bank of Pakistan, the Securities and Exchange Commission of Pakistan and the Shari'ah Board, for their continued guidance and support. The Board also acknowledges the dedication, professionalism and commitment of the Bank's employees, whose collective efforts continue to support sustainable growth in a challenging operating environment.

For and on behalf of the Board of Directors



ZARGHAM KHAN DURRANI
President & CEO

Date: February 02, 2026



RAZA MANSHA
Chairman

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ممبران کے لیے ڈائریکٹرز کی رپورٹ

بورڈ آف ڈائریکٹرز (بورڈ) کی جانب سے، ہم انتہائی مسرت کے ساتھ ایم سی بی اسلامک بینک لمیٹڈ (بینک) کی سالانہ رپورٹ برائے سال منحصہ 31 دسمبر 2025ء پیش کر رہے ہیں۔

ملین روپے

موضوع	31 دسمبر 2024	31 دسمبر 2025	مالیاتی سٹیٹمنٹس کی حیثیت (پوزیشن)
ڈیپازٹس	209,109	268,934	29%
کل اثاثہ جات	307,344	337,298	10%
سرمایہ کاری۔ خالص	146,596	155,824	6%
اسلامی فنانسنگ۔ خالص	119,353	125,390	5%
حصص یافتگان کی ایکویٹی (سرمایہ) بشمول تخمینہ نو	25,946	27,768	7%
موضوع	جنوری۔ دسمبر 2024	جنوری۔ دسمبر 2025	نفع و نقصان کا اکاؤنٹ
آپریٹنگ (کاروباری) آمدنی	19,911	17,367	-13%
آپریٹنگ (کاروباری) و دیگر اخراجات	10,259	12,327	20%
کریڈٹ لاس الاؤنس اور رائٹ آف۔ خالص	(543)	(132)	-76%
نفع قبل از ٹیکس	9,109	4,908	-46%
نفع بعد از ٹیکس	4,239	2,279	-46%
بنیادی / تحلیل شدہ نفع فی شیئر (حصص) روپے	2.726	1.466	-46%

کارکردگی کا جائزہ

کلاں معاشی اور جغرافیائی و سیاسی چیلنجز کے باوجود، بینک نے اپنی توجہ بیلنس شیٹ کی بہتری، ڈیپازٹس کے حصول کی تحریک اور کاروباری کارکردگی پر مرکوز رکھی۔ ایک منظم و مربوط عمل درآمد کی بناء پر بینک نے 4.91 بلین روپے کا منافع قبل از ٹیکس اور 2.28 بلین روپے کا منافع بعد از ٹیکس حاصل کیا، الحمد للہ۔ جبکہ، اس کے تناسب میں گزشتہ تقابلی سال میں ان کا حجم بالترتیب 9.11 بلین روپے اور 4.24 بلین روپے تھا۔ فی حصص آمدنی گزشتہ برس کی 2.726 روپے فی حصص کی سطح کے مقابلے میں 1.466 روپے فی حصص پر درج ہوئی۔

31 دسمبر 2025ء تک بینک کے کل اثاثہ جات 337.30 بلین روپے (+10 فیصد) تک بڑھ گئے جبکہ، ڈیپازٹس کی افزائش 268.93 بلین روپے (+29 فیصد) تک پہنچ گئی۔ اس نمو کو کاسا کی 87 فیصد کی مضبوط شرح اور غیر پیداواری ڈیپازٹس کی 35 فیصد کی شرح کا تعاون بھی حاصل رہا۔ اس کے تناسب میں سال 2024ء میں یہ شرحیں بالترتیب 79 فیصد اور 31 فیصد پر درج ہوئی تھیں، جو کہ ڈیپازٹس کے معیار میں قابل ذکر بہتری کا مظہر ہیں۔ سرمایہ کاری کا پورٹ فولیو 155.82 بلین روپے پر پہنچ گیا۔ اس کے ساتھ خالص اسلامک فنانسنگ کا حجم 125.39 بلین روپے پر درج ہوا جو کہ، کریڈٹ رسک کے دانشمندانہ انتظام اور اثاثہ جات کے منظم معیار کی عکاسی کرتا ہے۔

کاروباری آمدنی 17.37 بلین روپے پر جا پہنچی۔ اسی مماثلت میں خالص سپریڈ 5.28 فیصد اور پیداواری اثاثہ جات کی آمدنی کی شرح 11.41 فیصد پر شمار ہوئی۔ کاروباری اور دیگر اخراجات میں برانچ نیٹ ورک میں توسیع اور ٹیکنالوجی انفراسٹرکچر کی اپ گریڈیشن کی بدولت 20 فیصد کا اضافہ دیکھا گیا۔ تاہم، پائیدار منافع کے حصول کی خاطر لاگت کی بنیاد پر کڑی نظر رکھی جاتی ہے۔

بینک کے سرمائے کی معقولیت (CAR) کی شرح 17.50 فیصد کی سطح پر برقرار رہی جو کہ مطلوبہ ضوابطی شرح سے خاصی بلند ہے۔ اور بینک کے سرمائے کی مضبوطی اور خدشات کے تدارک کے توانا طریقہ کار کی غماز ہے۔

سال کے دوران، بینک نے اپنی ڈیجیٹل ہیٹ سازی کے سفر میں کئی اہم سنگ میل عبور کئے ہیں۔ جن میں جدید ترین موبائل بینکنگ ایپ۔ "سَبک" (SUBUK) اور ویزا ڈیٹ کارڈ کا اجراء شامل ہے۔ جس سے صارفین کے تجربے اور سہولت میں نمایاں بہتری آئی ہے۔ اس کے مساوی، کور بینکنگ سسٹم کا اپ گریڈ بھی اپنی تکمیل اور نفاذ کے آخری مراحل میں ہے۔ یہ اقدامات، بینک کی جدت، کاروباری استعداد کار اور مستقبل کے تقاضوں سے ہم آہنگ ڈیجیٹل صلاحیتوں کے بارے میں عزم کو مزید تقویت فراہم کرنے کے ساتھ ساتھ ایک اعلیٰ کارکردگی کے حامل اور ڈیجیٹل اسلامک بینک کے تشخص کے اظہار کے ساتھ اس کی بنیاد کو مضبوط بناتے ہیں۔

کریڈٹ ریٹنگ:

پاکستان کریڈٹ ریٹنگ ایجنسی (پاکرا) نے ایک مستحکم پیش بینی کے ساتھ بینک کی طویل المدت کریڈٹ ریٹنگ کو (+A) اے پلس اور قلیل المدت ریٹنگ کو (A1) اے ون کی سطح پر برقرار رکھا ہے۔

معاشی جائزہ:

پاکستان کی معیشت نے سال کے دوران، کڑی مالیاتی شرائط، مالی جامعیت اور بیرونی توازن میں بہتری کی بدولت، استحکام کا مظاہرہ کیا۔ سیلاب سے متعلقہ رسد کی رکاوٹوں اور مشکل عالمی صورتحال کی بناء پر افراط زر کے دباؤ کے تسلسل کے باوجود، غیر ملکی زرمبادلہ کے ذخائر میں اضافے کی بدولت کرنٹ اکاؤنٹ کی پوزیشن مضبوط ہوئی جس سے بیرونی قرضہ جات کے دباؤ میں بھی قدرے آسانی واقع ہوئی۔ ڈھانچہ جاتی اصلاحات میں پیش رفت، بالخصوص آمدنی کے حصول اور توانائی کے شعبے میں کی جانے والی اصلاحات، سے کلاں معاشی نظم و ضبط کو مزید تقویت حاصل ہوئی۔

دسمبر 2025ء میں، بین الاقوامی مالیاتی فنڈ (آئی ایم ایف) کے ایکسیٹنڈڈ فنڈ فسیلیٹی (Extended Fund Facility) کے تحت دوسرے جائزے کی تکمیل سے تقریباً 1 بلین امریکی ڈالر اور اس کے ساتھ ریزرٹ کی ایٹن اینڈ سسٹین ایبلٹی فسیلیٹی (Resilience & Sustainability Facility) کے تحت 200 ملین امریکی ڈالر کی وصولی نے غیر ملکی زرمبادلہ مبادلہ کا ناگزیر بھاء فراہم کیا اور مارکیٹ کے اعتماد کی ایک نئی روح چھونکی ہے۔

افراط زر کی شرح 4.1 فیصد (دسمبر 2024ء) سے بڑھتے ہوئے 5.6 فیصد (دسمبر 2025ء) پر درج ہوئی۔ جبکہ، غیر ملکی زرمبادلہ کے ذخائر 15.9 بلین امریکی ڈالر سے بڑھ کر 20.7 بلین امریکی ڈالر پر جا پہنچے۔ آئی ایم ایف اور عالمی بینک کے تخمینے کے مطابق مالی سال 2025ء میں جی ڈی پی کی شرح بالترتیب 3.0 فیصد اور 2.7 فیصد تک رہنے کی توقع ہے جو کہ معاشی بحالی کے تسلسل کو ظاہر کرتی ہے۔

سال کے دوران، اسٹیٹ بینک آف پاکستان نے پالیسی ریٹ میں 250 بیسیس پوائنٹس کی کمی کرتے ہوئے اس کی شرح 10.5 فیصد پر مقرر کی ہے۔ جبکہ، افراط زر کی توقعات میں ٹھہراؤ اور پائیدار نمو کے حصول کے لیے اپنے مثبت حقیقی انٹرسٹ ریٹ کے بیانے کو برقرار رکھا ہے۔ کے ایس ای۔ 100 انڈیکس، دسمبر 2025ء تک 174,054 پوائنٹس پر بند ہوا جو سرمایہ کاروں کے اعتماد اور مارکیٹ کے رجحان میں نمایاں بہتری کا مظہر ہے۔

اسلامی بینکنگ کا شعبہ، مسلسل نمو کی اپنی راہ پر گامزن ہے۔ جس میں ستمبر 2025ء تک اسکے کل اثاثہ جات کا شمار 12.68 ٹریلین روپے اور ڈیپازٹس کا حجم 9.85 ٹریلین روپے پر درج ہوا۔ اثاثہ جات اور ڈیپازٹس میں اس شعبے کا مارکیٹ شیئر بالترتیب 21.6 فیصد اور 26.5 فیصد پر ریکارڈ ہوا جو کہ پاکستان کے مالیاتی نظام میں اس کے وسیع ہوتے کردار کی تصدیق کرتا ہے۔

خدشات کا انتظام: (Risk Managment)

بینک، بورڈ کی حکمت عملی اور اسٹیٹ بینک آف پاکستان کی جانب سے فراہم کردہ رہنما اصولوں سے ہم آہنگ خدشات کے انتظام کے ایک جامع فریم ورک کے تحت کام کرتا ہے۔

جس کو مضبوط گورننس، پالیسیوں اور نگرانی کے ایسے نظام جو تمام اہم خدشات کا موثر انتظام کر سکے، کا تعاون بھی حاصل ہے۔

رئیس مینجمنٹ اینڈ پورٹ فولیو ریویو کمیٹی (Risk Management & Portfolio Review Committee)، جو کہ بورڈ کی ایک ذیلی کمیٹی ہے، کریڈٹ، مارکیٹ، آپریشنل اور فراڈ کے خدشات کے بارے رہنمائی کے اصول وضع کرتی ہے۔ جبکہ مارکیٹ اور سیالیت کے خدشات، مینجمنٹ فنانس کمیٹی (Management Finance Committee) اور ایسٹ لائیبلٹی کمیٹی (Asset Liability Committee) کی زیر نگرانی ICAAP (سرمائے کی معقولیت کی جانچ کے داخلی طریقہ کار)، اسٹریٹجی ٹیسٹنگ اور اثاثہ جات و واجبات کی انتظامی عمل کے ذریعے کی جاتی ہیں۔

آپریشنل، فراڈ اور آئی ٹی سیکورٹی کے خدشات کا تدارک و انتظام، منظم نقصان (اسٹریٹجی ڈلاس) کے اعداد و شمار کی مانیٹرنگ، فراڈ کی 7/24 نگرانی کے ایک مخصوص نظام، خود کار سیکورٹی کنٹرولز اور سیکورٹی آپریشنز سینٹر (ایس او سی) کی مسلسل نگرانی کے ذریعے کیا جاتا ہے۔

شریعت کی عدم تعمیل کے خدشات کا انتظام شرعی اصولوں کی مکمل پاسداری اور ضوابطی مطالبات کو یقینی بناتے ہوئے، شریعہ بورڈ اور شریعہ کنٹرول کے خصوصی نظام کے تحت کیا جاتا ہے۔

انٹرنل کنٹرول (اندرونی انضباط) کا بیانیہ:

بورڈ بینک کی انتظامیہ کے داخلی کنٹرول کے بیانیے جس میں مالیاتی رپورٹنگ پر داخلی کنٹرول (ICFR) کا جائزہ بھی شامل ہے، کی مکمل تائید کرتا ہے۔ داخلی کنٹرول کے بارے انتظامیہ کا تفصیلی بیانیہ سالانہ رپورٹ میں شامل ہے۔

کوڈ آف کارپوریٹ گورننس اور کمپنیز ایکٹ 2017 کے سیکشن 227 کے تحت بیانیہ

سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (ایس ای سی پی) کی جانب سے جاری کردہ کوڈ آف کارپوریٹ گورننس اور کمپنیز ایکٹ 2017 کے سیکشن 227 کی تعمیل کی یقینی بنانے کے لیے بورڈ مکمل طور پر عزم ہے۔ ڈائریکٹرز نہایت مسرت سے پورٹ کرتے ہیں کہ:

- فن انفل اسٹیٹمنٹس بینک کے معاملات، نتائج، نقدی کے بہاؤ (کیش فلوز) اور ایکویٹی میں تبدیلیوں اور بینک کے اکاؤنٹس کی مکمل دستاویزات کا درست اور منصفانہ اظہار کرتی ہیں۔
- اکاؤنٹنگ کی موزوں پالیسیاں، پاکستان میں قابل اطلاق انٹرنیشنل اکاؤنٹنگ اسٹینڈرڈز کو مد نظر رکھتے ہوئے، دانشمندانہ فیصلوں اور تخمینوں کے ساتھ مستقل طور پر لاگو کی گئی ہیں اور اس سے کسی بھی انحراف کو وضاحت کے ساتھ بیان کیا گیا ہے۔
- کارپوریٹ گورننس کے بہترین معیار اور ضابطہ عمل سے کوئی قابل ذکر انحراف نہیں کیا گیا ہے اور بطور ادارہ بینک کے کام جاری رکھنے کی اہلیت میں کسی شک و شبہ کی گنجائش نہیں ہے۔
- 455.90 ملین روپے کا منافع سال 2025ء کے قانونی (statutory) ریزرو میں منتقل کیا گیا ہے۔

بینک اندرونی انضباط کے مضبوط نظام کو برقرار رکھے ہوئے ہے

31 دسمبر 2025ء تک ایم سی بی بینک لمیٹڈ (ملکی کمیٹی) کے پاس 1,554,999,993 حصص، جبکہ نان ایگزیکٹو ڈائریکٹرز کی ملکیت میں فی کس کے حساب سے 7 حصص رہے۔

کوڈ آف کارپوریٹ گورننس کی تعمیلات کا بیانیہ سالانہ رپورٹ میں شامل ہے اور بورڈ کی تشکیل، کمیٹیوں اور اسکے دائرہ کار اور منعقد شدہ اجلاسوں بشمول ہر ڈائریکٹر کی شرکت کی تفصیل کو سالانہ رپورٹ کے کارپوریٹ گورننس کے سیکشن میں تحریر کیا گیا ہے۔

■ چیئر مین، پریزیڈنٹ / چیف ایگزیکٹو آفیسر (سی ای او) اور نان ایگزیکٹو ڈائریکٹرز بشمول آزاد ڈائریکٹرز کو دیئے گئے معاوضہ کی تفصیل نوٹ 39 میں مہیا کی گئی ہے اور نان ایگزیکٹو ڈائریکٹرز کو تمام اجلاسوں میں صرف انکی شرکت کے عوض نہایت معقول اور مناسب معاوضہ دیا جاتا ہے۔

■ ڈائریکٹرز کے ٹریننگ پروگرام کی تفصیل، گزشتہ 5 سال کا نمایاں کاروباری اور مالیاتی ڈیٹا اور سال کے دوران اپنی خدمات فراہم کرنے والے ڈائریکٹرز کے نام سالانہ رپورٹ میں درج کیے گئے ہیں۔

■ 31 دسمبر 2025ء تک پروویڈنٹ فنڈ کی سرمایہ کاری کی قدر بھرتی غیر آڈیٹڈ کاؤنٹس 1,056.6 ملین روپے رہی۔

■ بینک کے ذمہ کسی طرح کا کوئی ٹیکس / محصول، ڈیوٹی یا اس سے متعلقہ دیگر اخراجات واجب الادا نہیں ہیں۔

خیراتی فنڈ کا انتظام:

خیرات معاشرے کی ترقی و بود و باش کے فروغ میں بنیادی ستون کی حیثیت کی حامل ہے اور بینک بلا واسطہ یا بلا واسطہ دونوں طریقوں سے احسان کے اصول سے مکمل ہم آہنگی کے ساتھ اس عزم کا اعادہ کرتا ہے کہ معاشرے میں اس امر کو تقویت حاصل ہو۔

شریعت کے تقاضوں کے مطابق، ادائیگیوں میں تاخیر کے چار جزا اور شریعہ آڈٹ کے دوران دریافت ہونے والی ایسی کوئی بھی آمدنی، جو کہ مروجہ اور منظور کردہ شرعی اصولوں سے انحراف کرتی ہو، کو خیراتی اکاؤنٹ میں منتقل کر دیا جاتا ہے تاکہ اس کے کسی بھی غلط استعمال سے بچا جاسکے۔ سال 2025ء کے دوران، صارفین کی جانب سے خیراتی اکاؤنٹ سے 31.4 ملین روپے کی رقم منظور شدہ خیراتی مقاصد کی حمایت اور مدد کے لیے جاری کی گئی۔ جس کی تفصیل مالیاتی اسٹیٹمنٹس کے نوٹ 21.2 میں مہیا کی گئی ہے۔

بینک کے حصص کی تجارت:

چونکہ بینک ایک غیر لسٹڈ ادارہ ہے۔ لہذا اس کے ڈائریکٹرز، عہدہ داران اور ان کے شریک حیات اور نابالغ بچوں میں سے کسی نے بھی سال 2025ء کے دوران شیئرز کی خرید و فروخت سے متعلق کوئی لین دین نہیں کیا۔

آڈیٹرز:

کوڈ آف کارپوریٹ گورننس کے مطابق، میسرز ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹینٹس، اپنی 5 سال کی مدت پوری کرنے کے بعد بینک کے قانونی آڈیٹرز کی حیثیت سے ریٹائر ہو جائیں گے۔

بورڈ آڈٹ کمیٹی کے سفارش کے عین مطابق، بورڈ، میسرز کے پی ایم جی (KPMG) تاثیر ہادی اینڈ کمپنی، چارٹرڈ اکاؤنٹینٹس، کو ریٹائرنگ آڈیٹرز کی جگہ، 31 دسمبر 2026ء پر اختتام پذیر سال کیلئے قانونی (Statutory) آڈیٹر تعینات کرنے کی منظوری دیتا ہے۔

مستقبل کی پیش بینی:

مستقبل پر نگاہ ڈالیں تو پاکستان کے کلاں معاشی فریم ورک کو پالیسی کے نظم و نسق کے تسلسل کی اعانت حاصل رہے گی اور اس کے ساتھ مالیاتی جامعیت اور دانشمندانہ مالیاتی انتظام، سال 2026ء میں استحکام کے فروغ کا باعث بن سکے گا۔ ایکسٹینڈڈ فنڈ فیسیلٹی اور ریزرو ایسٹس اینڈ سٹریٹجی کے تحت جاری جائزوں کے ذریعے بیرونی قرضہ جاتی کی دستیابی برقرار رکھنے کی توقع ہے۔ جو ادائیگیوں کے توازن میں مددگار ثابت ہو سکے۔ تاہم، موسمیات سے جڑے خدشات، عالمی معاشی غیر یقینی اور گہری ڈھانچہ جاتی اصلاحات کی ضرورت، نمو کی توقعات کو معتدل کر سکتی ہے۔ جس سے پائیدار پالیسی کے نفاذ اور معاشی مدافعت کو بڑھانے کے اقدامات کے اہمیت اُجاگر ہوتی ہے۔


سال 2025ء میں معاشی نمو کی شرح سابقہ توقعات کی نسبتاً زیادہ رہی۔ تاہم، حالیہ سیلاب سے مالی سال 2026ء کے لیے نمو کی پیش بینی کی رفتار میں سست روی واقع ہوئی ہے۔ آئی ایم ایف کے مطابق، جی ڈی پی کی نمو کی شرح 3.2 فیصد پر توقع کی گئی ہے۔ مالی صورتحال اور بیرونی توازن کے تسلسل کی مدد سے پاکستان نے گزشتہ 14 سال کے دوران، مالی سال 2025ء میں پہلی بار کرنٹ اکاؤنٹ میں سرپلس کا اندراج کیا ہے۔ جس کے ساتھ ساتھ غیر ملکی زرمبادلہ کے ذخائر میں تعمیر نو و اضافے کا عمل بھی مسلسل جاری ہے۔

اسٹیٹ بینک آف پاکستان کی جانب سے نفع و نقصان کی تقسیم اور پُول مینجمنٹ فریم ورکس میں ترمیم نے اسلامی بینکاری کے شعبے میں شفافیت اور گورننس کو مضبوط کیا ہے۔ اگرچہ، یہ اقدامات منافع پر منظم اثرات رکھتے ہیں، تاہم، بینک نے انکی مکمل تعمیل اور طویل المدت پائیداری کو یقینی بناتے ہوئے، اپنی حکمت عملی اور نظام کو ان تبدیلیوں سے ہم آہنگ کر لیا ہے۔


تسلیم و تحسین:

بورڈ آف ڈائریکٹرز کی جانب سے ہم اپنے معزز صارفین اور شیئر ہولڈرز کے تہہ دل سے مشکور ہیں اور انضباطی اداروں بشمول اسٹیٹ بینک آف پاکستان، سیکیورٹی اینڈ اینڈ ایکسچین کمیشن آف پاکستان اور شریعہ بورڈ کی جاری معاونت اور رہنمائی پر مشکور ہیں۔ بورڈ، بینک کے ملازمین کی خدمات کا پُر خلوص اعتراف کرتا ہے جبکہ لگن، پیشہ ورانہ مہارت اور عزم کی بدولت ادارے نے مشکل کاروباری ماحول میں بھی شاندار ترقی کی ہے۔

منجانب و برائے بورڈ آف ڈائریکٹرز:


ضرغام خان درانی
 چیئر مین / سی ای او

02 فروری 2026ء


رضا منشاء
 چیئر مین

FINANCIAL SUMMARY

	2025	2024	2023	2022	2021	2020
FINANCIAL DATA						
Rupees in thousands						
STATEMENT OF FINANCIAL POSITION						
Total assets - net	337,298,018	307,343,628	266,999,705	199,039,573	161,267,393	141,170,886
Cash and balances with treasury banks	21,000,952	18,114,511	19,529,055	13,906,238	11,309,285	9,872,197
Balances with other banks	2,115,091	962,093	2,803,425	1,238,320	3,696,073	4,996,602
Due from financial institutions	8,741,090	2,000,000	2,500,000	6,170,000	1,650,000	828,790
Investments - net	155,824,222	146,596,201	132,544,302	72,668,657	33,475,816	27,617,997
Islamic financing and related assets - net	125,389,510	119,353,143	89,347,415	90,301,709	96,308,562	84,896,191
Operating fixed assets and others	24,227,153	20,317,680	20,275,508	14,754,649	14,827,657	12,959,109
Total liabilities - net	309,530,037	281,397,622	244,963,453	182,692,691	150,662,838	130,443,114
Bills payable	5,515,318	11,594,493	2,175,473	3,737,482	1,896,801	2,470,821
Due to financial institutions	22,370,495	48,422,293	25,813,546	14,670,759	16,472,906	20,596,773
Deposits and other accounts	268,934,274	209,108,581	204,460,158	154,001,460	122,747,778	99,253,161
Other liabilities	12,709,950	12,272,255	12,514,276	10,282,990	9,545,353	8,122,359
Net assets	27,767,981	25,946,006	22,036,252	16,346,882	10,604,555	10,727,772
Share capital	15,550,000	15,550,000	15,550,000	15,550,000	11,550,000	11,550,000
Shareholders' equity	26,709,858	24,428,277	21,101,608	15,946,052	10,356,191	10,254,456
PROFIT AND LOSS ACCOUNT						
Profit / return earned	32,684,154	45,874,654	35,942,266	18,553,458	9,202,716	9,616,051
Profit / return expensed	17,953,631	27,934,135	18,758,603	10,031,975	5,008,845	5,280,989
Net spread earned	14,730,523	17,940,519	17,183,663	8,521,483	4,193,871	4,335,062
Fee and commission income	1,308,421	955,789	741,288	508,147	408,113	331,002
Dividend income and gain/(loss) on sale of securities-net	537,423	304,582	31,107	28,946	71,199	47,703
Income from dealing in foreign currencies	579,496	418,991	735,118	429,289	113,571	209,888
Other income	211,132	290,716	229,820	153,235	200,473	161,322
Total income	17,366,995	19,910,597	18,920,996	9,389,904	4,393,291	5,099,251
Operating and other expenses	12,327,575	10,259,275	7,649,451	6,046,215	4,815,361	4,690,902
Profit / (loss) before provisions	5,039,420	9,651,322	11,271,545	3,343,689	(422,070)	408,349
Proviion / (reversal of provision)	131,765	542,989	704,007	141,149	(647,121)	15,270
Profit / (loss) before taxation	4,907,655	9,108,333	10,567,538	3,202,540	225,051	393,079
Taxation	(2,628,165)	(4,869,661)	(5,414,203)	(1,654,411)	(124,619)	(184,763)
Profit / (loss) after taxation	2,279,490	4,238,672	5,153,335	1,548,129	100,432	208,316
OTHERS						
Imports	135,511,913	104,638,095	100,716,024	99,280,888	76,051,925	42,267,418
Exports	91,079,178	83,537,601	76,964,260	34,663,644	15,268,921	16,037,417
KEY RATIOS						
Capital adequacy ratio	17.50%	20.49%	23.79%	20.41%	12.09%	12.01%
Profit / (loss) before tax ratio	15.02%	19.85%	29.40%	17.26%	2.45%	4.09%
Profit / (loss) after tax ratio	6.97%	9.24%	14.34%	8.34%	1.09%	2.17%
Income / expense ratio	117.15%	125.91%	144.10%	121.29%	108.92%	103.79%
Return of average equity (ROE)	8.92%	18.62%	27.70%	11.77%	0.97%	2.05%
Return of average assets (ROA)	0.71%	1.48%	2.31%	0.86%	0.07%	0.17%
Return of average earning assets	11.65%	18.49%	17.69%	11.62%	7.96%	9.83%
Cost of deposit	5.65%	11.10%	9.82%	6.53%	3.70%	4.82%
Cost of fund	6.13%	10.70%	9.18%	6.24%	3.84%	4.88%
Gross Financing to Deposit ratio	47.88%	58.63%	44.33%	59.02%	78.61%	85.60%
Infection ratio	1.90%	2.11%	2.16%	1.85%	0.73%	0.89%
CASA to Deposit ratio	86.85%	79.14%	74.07%	72.47%	74.50%	78.37%
Book value per share including revaluation surplus	17.86	16.69	14.17	10.51	9.18	9.29
Basic / diluted earnings / (loss) per share after tax-Rupees	1.466	2.726	3.314	1.125	0.087	0.180
NON-FINANCIAL DATA						
No. of employees (excluding outsourced)	2,792	2,644	2,132	2,057	1,855	1,633
No. of financing customers (excluding staff)	6,241	6,932	6,821	7,318	7,147	5,746
No. of deposit accounts	561,524	483,486	386,235	334,933	313,446	290,535

Service Quality



We at MCB Islamic Bank are Shariah driven and conduct our activity in a fair, ethical and responsible manner. Our Bank's vision and mission statement revolves around providing quality services and superior value to our customers.

Ensuring the fair treatment of customers remains a top priority for the Bank, aligned with both Shariah principles and the guidelines set by the State Bank of Pakistan (SBP). Through employee training and customer awareness initiatives, the Bank aims to identify service gaps and drive ongoing improvements in this area.

To support this commitment, the Bank has implemented a comprehensive scorecard system at multiple levels, focusing on customer fairness and embedding service excellence into all customer-facing processes. These processes are consistently reviewed and enhanced using a well-established framework that leverages design thinking, process optimization, and performance measurement against defined benchmarks.

In pursuit of service excellence, the Service Quality Department works in close coordination with various departments to promote a culture of continuous improvement. This collaboration, facilitated through workshops, forums, and regular engagement, ensures that customer feedback is actively incorporated and that the principles of Service Excellence are upheld throughout the organization.

The Bank has a Service Quality Review Committee, chaired by the President & CEO along with senior management of the Bank to assess the branch network, phone banking and complaint management functions of the Bank. The committee offers supervision, direction and leadership to address and improve service delivery.

Fair Treatment of Customer (FTC) is also core function of Service Quality. Through FTC, we ensure that our customers enjoy a great degree of trust and confidence while dealing with MCB Islamic Bank. Our aim is to be recognized as a fair, honest and ethical Shari'ah Compliant Financial Institution and to nurture a culture of practicing fair treatment towards our customers to enable them to make the right decisions based on better financial knowledge. Service Quality is responsible for capturing customer experience through various service initiatives and improve bank's processes/policies in conjunction with industry norms and SBP requirements. By amassing and analyzing all this information, we attempt to periodically improve our customer services which was done by revamping our Service Quality manual based on RATER model. This comprehensive approach aims to enhance SQ through strategic initiatives, ensuring our well rounded understanding and commitment to exceptional service delivery.

A dedicated specialized Complaint Management Unit is in place to resolve grievances of our valued consumers. All our customers have the option of registering their complaints and providing their feedback at any of our branches across the country, via 24/7 phone banking department, website, letter/fax, email, Social Media, Internet Banking and Mobile App. We focus heavily on staff training and emphasize the importance of recording complaints through all available mediums in the Bank, mainly (but not limited to):

ATM screens, website & through awareness SMS and emails; along with brochures available in our branches.

MCB Islamic Bank actively engages with stakeholders to ensure timely resolution of customer concerns and dissatisfaction. Dedicated departments are responsible for managing complaints, disputes, and fraud-related matters.

The Complaint Management Unit within the Service Quality Department (SQD) handles and responds to inquiries and complaints received via info@mcbislamicbank.com and quality.service@mcbislamicbank.com. Complaint management process at the Bank is kept as transparent as possible through registration, acknowledgement, and interim response where applicable, resolution and root cause analysis of recurring complaints. Our Bank has a complaint escalation Mechanism as well whereby all complaints are escalated to the senior management if not resolved within the stipulated timeline. Further, 24,919 complaints were received by the Bank in 2025 and total 24,869 complaints were resolved as of 31 December 2025 and the average time taken to resolve those complaints was 5 working days .

Delivering exceptional service is a core value embedded in the Bank's culture, alongside Shariah-compliance and integrity.

The Bank strives to position itself as a leading customer-centric financial institution, with a strong focus on ensuring service excellence across all touchpoints. To uphold and monitor this commitment, a Service Board—chaired by the President & CEO and comprising senior leadership from key business and support functions—holds regular sessions to evaluate service delivery across the organization. This board is responsible for implementing strategic initiatives aimed at elevating the overall banking experience.

A specialized Service Quality (SQ) team conducts regular assessments of branch performance in line with defined service benchmarks. The evaluation includes service quality audits, customer satisfaction surveys, and mystery shopping exercises, all designed to gather actionable feedback for enhancing the Bank's offerings.

In addition, service excellence is reinforced through ongoing staff training and public awareness initiatives. These efforts enable the Bank to proactively identify service gaps and promote fairness in customer dealings. To ensure service delivery accountability, a robust scorecard system is in place at various levels, measuring adherence to customer service standards and reinforcing a culture of continuous enhancement.

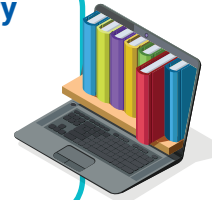


Product Knowledge Catalogue

Product knowledge catalogue was designed and rolled for the entire bank to get easy access to product information instantly. A printed version of the handbook was sent to each branch.

Creation of Knowledge Repository

The knowledge repository was developed to house all MCB Islamic bank products and services and be placed both on the intranet portal and on all bank desktops. updated versions of the manual dispatched to branches are also housed here with revised content circulated digitally through corporate communications.



Shukriya

Recognizing Our employees who have gone an extra mile in taking ownership to extend and build the image of the bank are recognized and appreciated for their dedication.

Marhaba Customer week



An entire week of celebrating customers with each day having a different activity to express a warm welcome.



48 Hours Account Opening Process

Process implemented and analysis conducted daily, remarkable effort to achieve 48 hour TAT: 53,095 individual accounts opened 95% of the debit cards and 100% of the cheque books applied we're dispatched within TAT.

E2E Account Opening

Own a branch

Where Sq field team was enhanced to minimize logistics and lodging and be able to visit Branches at an increased Frequency in order to enhance communication, conduct role plays, help identify to close the gap by demonstrating real life scenarios. Besides Karachi, Lahore and Islamabad field visit officers deployed in Multan, Faisalabad, Gujranwala, Peshawar, Hyderabad and Bahawalpur.



Monthly Meetings



AAJ Ka Mezbhan

The entire branch is groomed to champion branch outlook and host customers in line with the scheduled roaster for branch staff to manage the floor at all times.

Khush Amdeed Muhim!



An initiative introduced to enhance and inculcate "Greeting Culture" in the branch. This endorsement has ensured that customers are acknowledged and welcomed from the minute they arrive in the parking premises of the branch.



Customer Services Handbook

Minimilistic yet comprehensive Guide to Empowering Customer Service by branch staff. The handbook is a well thought through depiction of how to deliver personalized customer services seamlessly.

CSO Refresher Orientation

CSO's Refresher orientation program has been initiated too in this regard.



CSO Refresher Orientation

CSS & MSP Revised Frequency

Enhancing the frequency of Customer Satisfaction Surveys and Mystery shopping. Extract results and individually share with the network for them to gauge their performance through the videos recorded during the research. Periodically share overall performance through corporate communications to help recognize and appreciate existing position.

Back Office Highlights

Additional visit of SQ for Back office health check with GSD to improve office premises.

Live Watch



Currently more than 50% of the branches are monitored centrally by a team to evaluate branches and staff covering Branch Exterior, Security, ATM Vestibule, Branch Ambiance, Customer Experience & SQ Programs.

Masha'Allah Story

The initiative applauds outstanding efforts, aiming to position MCB Islamic Bank as a sustainable and customer oriented institution.

Samjho Kahani



Unveiling impactful case studies to share valuable learnings for improved customer experience.

H2H 'Happy to Help Hour'

Ensuring top-notch customer service.

MCB Counters

Robust mechanism of handling customer complaint and addressing the concern instantly of customers being facilitated at MCB Bank counters. This helpdesk is active 9 to 5 to facilitate customers for their transactions and services processing.

ABEP Checklist

A modified new detailed ABEP Checklist has been initiated covering (Branch exterior, ATM Area, Lobby Area, Locker, Cash Counter, Mandatary electronic amenities, washroom & kitchen security controls, Staff related, Shariah Requirements & PWD/ senior citizen requirements) before opening a new branch

ABEP Checklist

OUTSOURCING ARRANGEMENTS - MCB ISLAMIC BANK LTD

To meet new & complex challenges like innovation in technology, increasing competition, economies of scale and improvement in quality of service to its customers, MCB Islamic Bank has outsourced following activities/functions.

- **SWIFT Connectivity from EastNets**
(GWCP-Gateway Connectivity Pack with DR)
- **Statement Rendition & Dispatch of Customers Intimation Letters**
(Printing, Stuffing, Distribution of Account Statements, Customer Intimation Letters {Dormancy & CNIC expiry} & Other Correspondence)
- **Outsourced Services**
(Tea Boys/Office boys/Messengers/Riders)
- **Guarding/Monitoring/Patrolling Services**
(Provision of Security Guards/Electronic Monitoring with response for all & Patrolling Services for Guard less Branches)
- **IT Support & Services**
(Hardware/Software Support for Branches & Regional Offices)
- **Co-Managed SOC L2,L3/CERT**
(L2/L3 Security Operation Centre/Cyber Emergency Response Threat)
- **RAAST Services**
(Instant Payment System for Electronic Payments to Facilitate and Promote Digital Payments)
- **MCB Counter Project**
(MCB Islamic Bank's Customers Facilitation through MCB Bank's Counters)

Material Outsourcing Arrangement - MCB Islamic Bank Ltd						
Sr. No.	Nature of Services		Name of Service Provider	Country of 3rd Party Service Provider	Estimated Cost	
	System/Process/Activity Name	System Description			One-Time	Annual Recurring (2025)
1	SWIFT Connectivity through EastNet (GWCP-Gateway Connectivity Pack with DR)	SAG, HSM, SNL & VPN	EastNets FZ-LLC	UAE - Dubai	N/A	USD 12,867.28
2	Statement Rendition & Dispatch of Customers Intimation Letters (CNIC Expiry & Dormancy etc)	N/A	TCS Private Limited	Pakistan	N/A	PKR 16,554,198.00
			Leopards Courier Services (Pvt) Ltd	Pakistan	N/A	PKR 0.00
3	Co-Managed SOC L2,L3/CERT (L2/L3 Security Operation Centre/Cyber Emergency Response Threat)	N/A	Arwen Tech Pvt Ltd	Pakistan	N/A	PKR 4,556,000/-
4	RAAST Services (Instant Payment System for Electronic Payments to Facilitate and Promote Digital Payments)	N/A	Paysys Labs Pvt Ltd	Pakistan	PKR 11,495,151.00	PKR 26,309,630.00
5	MCB Counter Project MCB Islamic Bank's Customers Facilitation through MCB Bank's Counters.	N/A	MCB Bank Ltd.	Pakistan	N/A	PKR 2,703,309.00

REMUNERATION STRATEGY AND POLICY FRAMEWORK

MCB Islamic Bank remains dedicated to a human resource and compensation philosophy that bridges our strategic goals with our organizational values. We prioritize a fair, effective framework that supports both the Bank's needs and our employees' professional aspirations.

Policy Objectives and Compliance

Our Remuneration Policy is engineered to cultivate a risk-aware culture of transparency. By aligning economic viability with stakeholder expectations, the policy ensures we can attract and keep top-tier talent. This framework applies to our entire workforce, institutionalizing a **pay-for-performance** ethos. It strictly adheres to international best practices and the State Bank of Pakistan's "Revised Guidelines on Remuneration Practices of Banking Companies – 2017." Key elements include the identification of Material Risk Takers (MRTs) and Material Risk Controllers (MRCs), the use of balanced scorecards, and the implementation of deferral mechanisms.

Governance and Oversight

The **Board of Directors** maintains ultimate authority over the approval of the Remuneration Policy. They are supported by the **Board Human Resource and Remuneration Committee (HRRC)**, which advises on the policy's structure, composition, and mechanics. Operational implementation of these board-approved strategies is managed by the Human Resources function.

Composition of Compensation

Total compensation at the Bank is divided into two distinct categories:

- **Fixed Remuneration:** Encompassing basic salary, allowances, and benefits, this is dictated by objective criteria such as professional qualifications, experience, role criticality, and industry benchmarks.
- **Variable Remuneration:** This is strictly performance-driven. It is tied to qualitative and quantitative metrics, including business growth, financial health, profitability, and cost management. This category includes performance bonuses, commissions, and specific incentives.

Risk Management: MRTs and MRCs

The Bank has designated specific roles as **Material Risk Takers (MRTs)**-including the President/CEO and Key Executives, **Material Risk Controllers (MRCs)**, **Branch front office staff (BFOS)**, **Branch Back office staff (BBOS)** and **Other staff (OS)**

- **MRCs** operate with the necessary autonomy to mitigate risks without interference from the business units they oversee.
- To safeguard this independence, the performance appraisals for MRC staff are conducted entirely outside the influence of the risk-taking functions they monitor.

Performance Evaluation and Deferrals

Variable pay is differentiated based on individual ratings, employee category, and seniority. This ensures that bonuses are a direct reflection of a staff member's specific contribution to the Bank.

- **Balanced Scorecards:** All MRTs and MRCs are evaluated via Balanced Scorecards that outline clear KPIs and financial/non-financial targets.
- **Merit Increases:** Fixed salary adjustments are calculated via a matrix formula, while variable pay is derived from the achievement of these pre-defined KPIs.
- **Mandatory Deferrals:** To promote long-term stability and align staff interests with those of our stakeholders, a portion of variable pay is deferred. This period is **two years for MRCs** and **three years for MRTs**, reinforcing our commitment to sustainable performance.

GREEN BANKING INITIATIVES

MCB Islamic Bank remains steadfast in its commitment to sustainable and responsible banking, fully aligned with the State Bank of Pakistan's (SBP) Green Banking Guidelines (2017) and the Environmental and Social Risk Management (ESRM) Implementation Manual. As a Shari'ah-compliant institution, we integrate environmental, social and governance (ESG) principles into our operations, financing and risk management frameworks, ensuring all initiatives adhere to Islamic values.

ADOPTION AND IMPLEMENTATION STATUS

In 2025, the Bank achieved full alignment with SBP's Green Banking Guidelines across its three pillars: Policy & Strategy, Internal Environment Management and Green Finance. Environmental and Social Due Diligence (ESDD) was applied to 100% of financing proposals, supported by the ESRM Rating Model (categorized as Low/Medium/High risk). Oversight is maintained through the Risk Management Group (RMG) and Shari'ah Compliance Department, with quarterly reporting to SBP and internal dashboards tracking key ESG KPIs.

KEY INITIATIVES AND ACHIEVEMENTS IN 2025

1. Digital Transformation and Paperless Banking: We accelerated the shift to digital channels, resulting in significant environmental benefits. Key statistics include:

- Active digital users: 147,173
- Digital transaction volume: 29,856,396
- User authentication success rate: 99%
- Digital service uptime: 99.99%
- Launch of the All-in-One SUBUK App with a new carbon footprint tracking feature for transactions, promoting sustainable customer behavior.
- High percentage of paperless transactions, contributing to reduced paper consumption and estimated CO₂ emissions avoided through lower branch usage and travel.

Achievements

- Successful launch of the All-in-One SUBUK App, featuring carbon footprint tracking for transactions to encourage sustainable behavior.
- High percentage of paperless transactions, yielding energy savings and CO₂ emissions avoided via reduced branch visits and paper use.

These advancements supported internal environmental management and customer empowerment in a low-carbon economy.

2. Learning & Development Integration: Aligned with Green Banking, the Learning and Development (L&D) Department prioritized eco-conscious practices. Extensive Zoom-based sessions, E-learning modules, and online assessments/feedback forms minimized paper use, travel-related fuel consumption, and the Bank's carbon footprint. Mobile learning via the Learning Management System (LMS) enabled anytime-anywhere access for dispersed employees. Recorded training videos simulated real branch scenarios to build competencies in sales, compliance, and product handling.

Periodic trainings for sensitizing the staff are also organized for capacity building of staff to develop a better sense of Green Banking and inculcating awareness among customers regarding environmental and social risks.

3. Green Financing and Community Engagement:

The Bank ardently believes in providing financing to transform the economy into a resource efficient and climate resilient one, consequently reducing the vulnerability of the bank from risks arising from the environment. In this regard, green products have been introduced to promote green financing.

In pursuit of this vision, the Bank has introduced and expanded targeted green products that promote green financing while fully adhering to Islamic principles of ethical investment, risk-sharing, asset-backing, and avoidance of harm (e.g., prohibiting activities detrimental to creation and future generations). These products are structured under modes such as **Diminishing Musharakah** and aligned with State Bank of Pakistan (SBP) refinancing schemes, ensuring concessional terms where applicable.

KEY GREEN PRODUCTS IN 2025

- **Solar Energy Solution Finance (under Rihayesh Finance – Renovation)** A dedicated Shari'ah-compliant financing facility enabling individuals—primarily self-employed professionals, businesspersons, and salaried persons—to install solar systems for personal/domestic use.
- **Islamic Financing Facility for Renewable Energy (IFRE)** Offered through SBP's concessional refinancing schemes, this facility supports both large-scale renewable energy power projects and small-scale solutions (e.g., solar and wind installations).

These green products are embedded within the Bank's comprehensive Environmental and Social Due Diligence (ESDD) and ESRM Rating Model frameworks, ensuring 100% screening for environmental and social risks (e.g., biodiversity, labor standards, and climate vulnerability). High-impact sectors (e.g., coal/oil) face strict restrictions, while priority is given to climate-resilient and sustainable projects.

4. Own Impact Reduction

MCB Islamic Bank is committed to internal environmental management as a core pillar of SBP Green Banking Guidelines. In 2025, we accelerated operational efficiencies to minimize our direct environmental footprint, focusing on resource conservation, waste reduction, and digital transformation.

KEY IMPACT REDUCTION MEASURES AND OUTCOMES

- **Digital and Paperless Shift:**
 - Active digital users reached 147,173, with 29,856,396 digital transactions processed.
 - High digital service uptime (99.99%) and authentication success rate (99%).
 - Launch of All-in-One SUBUK App with carbon footprint tracking feature for customer transactions, encouraging sustainable behavior.
 - Predominant paperless transactions reduced physical document usage, branch visits, and associated travel emissions.
- **Operational Efficiencies:**
 - Shift to e-statements, mobile app services, and digital workflows reduced paper consumption and energy use in branches.
 - Integration of ESDD and ESRM monitoring via internal dashboards tracked ESG KPIs quarterly.
 - High staff training completion (E-learning + workshops, including Shari'ah-ESG modules) fostered a green culture bank-wide.

These initiatives significantly lowered the Bank's overall carbon footprint, energy consumption, and waste generation, reinforcing environmental stewardship as an internal priority.



Shari'ah Board Report

For the year ended
December 31, 2025

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

الْحَمْدُ لِلَّهِ رَبِّ الْعَالَمِينَ وَالصَّلَاةُ وَالسَّلَامُ عَلَى خَاتَمِ الْأَنْبِيَاءِ وَالْمُرْسَلِينَ وَعَلَى آلِهِمْ وَصَحْبِهِمْ أَجْمَعِينَ أَمَّا بَعْدُ

By the grace of Almighty Allah, the year under review marked the 10th year of Islamic Banking of MCB Islamic Bank Limited (hereinafter referred to as 'the Bank'). The Board of Directors and the Executive Management are fully responsible for ensuring that the Bank's operations are conducted at all times in compliance with Sharī'ah principles. The scope of this report covers all affairs of the Bank's operations and other activities from Sharī'ah perspective and guidelines issued by State Bank of Pakistan (SBP) through Sharī'ah Governance Framework (SGF).

In line with SGF, the Sharī'ah Board hereby presents its annual report on the affairs of the Bank. Sharī'ah Board (SB) of the Bank was constituted in September, 2015 after its commencement. Currently, Sharī'ah Board comprises of respected Prof. Mufti Munib-ur-Rehman, Dr. Mufti Syed Sabir Hussain and Mufti Nadeem Iqbal, chairperson, Resident Sharī'ah Board Member and Member Sharī'ah Board respectively. All Sharī'ah Board members remained available year-round, and meetings were conducted via audio as well as video conferencing. Additionally, four formal meetings of the SB were held during the year 2025 on the following dates to review various matters, which include new products and services, product modifications, transactions, structures, processes and other issues, referred to Sharī'ah Board:

■ First Sharī'ah Board Meeting	–	March 24, 2025
■ Second Sharī'ah Board Meeting	–	June 25, 2025
■ Third Sharī'ah Board Meeting	–	September 25, 2025
■ Fourth Sharī'ah Board Meeting	–	December 16, 2025

SHARĪ'AH GOVERNANCE AND COMPLIANCE:

The key factor that distinguishes the governance of Islamic banking institutions with conventional system is the insight of SB over organs of the Bank, which plays an additional role in the governance of these institutions. Furthermore, Sharī'ah Compliance & control mechanism ensures the implementation of SB's instructions and guidelines not only in products and services but also in overall environment of the Islamic bank, which could have a positive impact on performance of it. All decisions, rulings, instructions & guidelines and fatāwā of the SB are binding on the Bank and policy of zero tolerance adhere here.

In order to assist the SB to supervise all these matters throughout the year, the Sharī'ah Compliance Department (SCD), apart from the SB meetings, closely coordinated with it. Sharī'ah Compliance is a backbone of any Islamic Financial Institution. It is an ongoing process carried out throughout the year. Through SCD, SB continuously involves in the Sharī'ah affairs of the Bank and enabling them to approve various matters in a timely manner. It also helps minimize Sharī'ah non-compliance risk and ensures that the bank's income is not directed to the charity account. It is important to note that channeling income derived from Sharī'ah non-compliance into the charity account not only reflects a lapse in the bank's compliance but also results in indirect detriment to both shareholders and depositors.

ROLE OF BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT:

The Board of Directors oversees and evaluates the entity's overall performance, ensuring alignment with strategic objectives and long-term sustainability. Executive management is responsible for executing strategies efficiently and driving the entity's operational and financial performance. In Islamic banking, the Board of Directors and Executive Management play an additional role in ensuring that the Bank's operations are conducted in a manner that complies with Sharī'ah principles at all times. Board of Directors should also have a thorough understanding of its fiduciary responsibilities, especially towards Investment Account Holders/ Profit and Loss Sharing Depositors, who assume risks similar to those of shareholders. The Executive Management of the Bank is also responsible for implementation of the SGF. To keep the BOD informed regarding Sharī'ah compliance, the Sharī'ah Board is required to submit a report on the overall

Shari'ah compliance environment of the Bank. During the year 2025, Shari'ah Board – Board of Directors' Meetings held on the following dates:

- First Shari'ah Board – Board of Directors' Meeting – April 21, 2025
- Second Shari'ah Board – Board of Directors' Meeting – October 20, 2025

Shari'ah Board praises and encourages the continuous, comprehensive & profound efforts and commitment of the Bank's Board of Directors and the Management regarding implementation of all Fatāwá and instructions & guidelines issued by the Shari'ah Board. It is also assumed that the BOD and management will increase their efforts in the future to ensure Shari'ah compliance.

SHARI'AH COMPLIANCE DEPARTMENT

The Shari'ah Governance Framework (SGF) empowers and strengthens the Shari'ah Compliance Department (SCD) as key pillar of the Bank's Shari'ah compliance environment. In this regard, the Bank's SCD continued to perform its responsibilities effectively and maintained a satisfactory level of Shari'ah compliance across the Bank. To form our opinion as expressed in this report, the Shari'ah Compliance Department (SCD) of the Bank carried out reviews of each type of transactions on sample basis, products, process flows/ modus operandi and concepts under the supervision of RSBM/Head Shari'ah Compliance. SCD kept Shari'ah Board informed regarding Shari'ah compliance review of branches and back offices of the Bank. In this regard, 195 branches were reviewed for Shari'ah compliance, and satisfactory compliance was observed across non-branch entities in accordance with the Shari'ah Compliance Program approved by the SB. To ensure the compliance of IBD Circular No. 02 of 2018, RSBM/Head-SCD and SCD's staff made surprise visits to 49 branches at South and North regions to ensure regulatory and Shari'ah compliance. Subsequently, report presented to Board of Directors and Shari'ah Board.

Islamic Banks are fundamentally very different from their traditional counterparts out of a variety of angles. The basic rule for Islamic bank is adherence to Shari'ah, and in case of divergence from it, raises the probability of Shari'ah Non-Compliance that is very important besides observance of banking regulations. Therefore, to maintain and increase the confidence of customers, Shari'ah compliance plays a vital role in this regard. So far, to ensure the overall environment of the bank in terms of Shari'ah rulings, six (6) Instructions & Guidelines and Nine (9) Fatāwá have been issued by the Shari'ah Board of the Bank. The Bank is implementing these requirements in true letter and spirit.

SCD with the coordination of management and under the supervision of RSBM/Head Shari'ah Compliance has reviewed various Product documents. SCD conducted Shari'ah compliance reviews of back offices to ensure that the Bank's operations are in line with Shari'ah principles. SB has reviewed and approved 92 modus operandi pertain to Corporate Commercial and SME Banking. Main modes of financing are Diminishing Mushārah, Murāba ah, Ijārah, Istisnā' and Mushārah Running Finance.

SCD has taken all necessary required actions in order to comply with the SBP-IBD Circular No. 01 of 2021, Dated: June 14, 2021, Shari'ah Non-Compliance Risk Management (SNCRM). It has ensured that SNCRM should be an essential element of Bank's overall Risk Management Framework. Further, it shall report all Shari'ah Non-Compliance events and transactions to the Risk Management & Portfolio Review Committee of the Board & Shari'ah Non-Compliance Risk Management Committee as well as to the Shari'ah Board on a quarterly basis. Shari'ah Non-Compliance Risk Management Committee of the Bank is responsible for close monitoring of Shari'ah Non-Compliance Risk at the operational/management level. Regular meetings of all committees are being conducted and SCD reported all Shari'ah Non-Compliance events and transactions to the said committees. Strict adherence to Shari'ah principles across all areas of the bank, there have been no charity due to void transactions in the year 2025, by the grace of Almighty Allah

CAPACITY ENHANCEMENT AND AWARENESS SESSIONS:

SCD has also facilitated Islamic Banking training sessions for the front and back offices staff of the Bank in order to comply with regulatory instructions. In order to enhance the level of knowledge on Islamic Banking and Finance of Bank's staff; Shari'ah trainings were made mandatory for entire staff of the Bank with the coordination of Learning & Development Department (L&D – HRG). L&D not only arranged classroom sessions but also arranged virtual sessions through different available modes. Online Islamic Banking training modules were also available at Learning Management Systems (LMS) for the easy access of Islamic Banking knowledge to staff. L&D found determined to

adhere with the regulatory requirement on training of staff on Islamic Banking & Finance. Therefore, number of session were arranged for the capacity enhancement of staff with the facilitation of SCD. A combination of both Classroom & Virtual sessions were adopted to fulfill the needs of outreach branches for Islamic Banking trainings.

Moreover, L&D-HRG has taken initiatives to establish an effective and comprehensive Islamic Banking training mechanism in compliance with IBD Circular No. 02 of 2018, Dated: Jun 29, 2018, "Enhanced Training & Capacity Building Measures for Islamic Banking Institutions (IBIs)" issued by Islamic Banking Department, State Bank of Pakistan, for the Bank's front and back offices staff at all levels. SCD's staff facilitated as internal trainers on the Shari'ah related training initiatives during the year. Furthermore, alongside regulatory requirements of executive management's Shari'ah trainings, L&D and SCD have jointly developed Islamic Banking & Finance Module and AAOIFI Shari'ah Standards Module for capacity building of Executive Management.

Additionally, SCD facilitated multiple awareness seminars and road shows for the public to enhance understanding and remove misconceptions regarding Islamic banking. This activity is performed with the coordination of L&D and Marketing Department. A total of 21 sessions were organized across various small and large cities nationwide for scholars, professors and students from colleges, universities, madaris/ jamiat as well as for the customers. The role of RSBM and SCD is appreciated in this regard. For the development of any organization, having strong and practical ethical values is extremely important. Alongside other training sessions, regular trainings based on the standards issued by AAOIFI, the 'Code of Ethics,' are being initiated with the aim of further highlighting ethical values among the staff, in order to improve both the internal and external environment of the bank.

TREATMENT OF CHARITY FUND:

As far as Charity fund is concerned, separate liability account (non-chequing) is opened in separate General Ledgers for each type of Charity Fund Collection:

- a. Charity due to late payment,
- b. Charity against other Non-Shari'ah compliant income
- c. Dividend purification amount.

Funds cumulated in above mentioned each type of "Charity Collection Fund Account" is maintained in Shari'ah Compliant remunerative account at the discretion of Shari'ah Board/Resident Shari'ah Board Member.

Charity Fund is utilized for charitable, social welfare, religious, educational or any other purposes approved by Charity Committee / Shari'ah Board. The Bank has a comprehensive charity policy and all charities are being distributed in compliance with approved policy.

In the year 2025, the addition in the amount of Charity was PKR 36.928 million from different heads which was instructed to transfer to the Charity Account. A profit of PKR 1.599 million was earned on the charity account.

Additions in Charity account during the year	Rupees (in 000)
▪ Received from customers against late payment	30,243
▪ Dividend purification amount	742
▪ Charity against other Non-Shari'ah compliant income.	000
▪ Violation of any financial commitment	4,344
▪ Profit on charity saving account	1,599
Total additions in Charity account during the year	36,928

The Bank has disbursed the Charity amount to Shari'ah approved charitable organizations as per Bank's charity policy and SBP's guidelines. Details of Charity account are available in the note # 19.2.1. Shari'ah Board appreciates the maintenance of a strong Shari'ah compliance environment by SCD. Shari'ah Board would like to praise Shari'ah Compliance Department/RSBM for efforts made by SCD during the year.

RECOMMENDATIONS:

Based on the observations made through Shari'ah review reports and Shari'ah Compliance checks, it is recommended that:

- i. It is emphasized that all staff clearly understand that efforts for the growth of Islamic banking are to be undertaken primarily with a view to achieving compliance with the doctrines of Shari'ah.
- ii. As 2026 has started and now only two years are remaining for Islamization of whole economy of the country as mentioned in the verdict of Federal Shariat Court issued on 28th of April 2022 as well as Article 38(f) of Constitution of Pakistan 1973, it is recommended to actively contribute to the Islamization of economy as a whole, SB is ready for providing any assistance and guidance for this noble cause.
- iii. Shari'ah Board reiterates the offering of Shari'ah advisory services to non-banking financial institutions and other entities including government institutions to Islamize their operations to contribute in Islamization of whole economy.
- iv. Given the ongoing transformation in the banking industry and the increasing demands, efforts should be directed toward enhancing staff capacity to enable them to guide customers appropriately on Islamic Banking.
- v. More focus is needed on the practical aspects and document execution of products in the Treasury, Corporate, Commercial & SME, and Trade Operations of the Bank. It is also strongly recommended to ensure mandatory Product & Shari'ah trainings of the back office.
- vi. It is recommended to increase awareness in general public, and particularly among Ulema, arrange awareness programs such as seminars, workshops, and question-and-answer sessions through the Bank's platform to build the true image of Islamic Banking and Finance, as well as to create awareness and remove misconceptions about Islamic banking.
- vii. As usual, Shari'ah Board again recommends the participation of representatives of all groups of Bank including President/CEO and Shari'ah Board in national & international conferences which will be beneficial for the Bank's brand image and capacity enhancement of the Bank's staff.
- viii. Continuity of Shari'ah trainings of the Bank's higher management. Further, it is also recommended to L&D for arrangement of group discussion between Shari'ah Board/SCD and higher management regarding spirit of Islamic banking and Economics system. It would be helpful to achieve the main objective of Islamic banking & economics i.e. welfare maximization not profit maximization.
- ix. As far as internal environment of the Bank is concerned, all staff members of front and back offices are strongly recommended to follow the proper dress code strictly, which should be in line with the Bank Dress Code Policy, cultural norms, and reflect due modesty as required by the dictates of Shari'ah. The Shari'ah Board observes a deficiency in certain departments in this regard. It is recommended to take disciplinary action in case of violation of Dress Code Policy.
- x. It is suggested to consider transitioning the significant customer portfolio to Takāful, which adheres the Shari'ah rulings.
- xi. We encourage for the broader implementation of Green Banking practices across the bank.
- xii. It is encouraged to use FinTech solutions to automate Shari'ah-compliant processes, enhance transparency, improve governance oversight, and deliver efficient banking services.
- xiii. It is recommended to have more focus on social and environmental sustainability by supporting charitable activities and projects that align with Shari'ah values, and providing financial support for underprivileged part of society.
- xiv. Marketing plays a vital role in shaping the bank's image, especially in Islamic banking. Therefore, this department should exercise extra care when carrying out this activity.
- xv. It is also recommended to establish escalation levels and define turnaround times for the collection of charity to ensure the transparency.
- xvi. It is urged to collect the outstanding charities with different customers or obtain formal Shari'ah Board approval in case of exemption and deferral as per approved charity policy of the bank

CONCLUSION:

Shari'ah Board has reviewed & advised corrective measures on SBP Inspection Report. The External & Internal Shari'ah Audit & Shari'ah Compliance Inspection reports and is of the view that:

- i. The Bank has adhered to Shari'ah rules and principles, in accordance with the fatwās, instructions, and guidelines provided by the Shari'ah Board.
- ii. The Bank has complied with SBP Inspection report in true letter and spirit.
- iii. The Bank has complied with directives, regulations, instructions and guidelines related to Shari'ah compliance issued by SBP in accordance with the rulings of SBP's Shari'ah Advisory Committee.
- iv. The Bank has a comprehensive mechanism in place to ensure Shari'ah Compliance in their overall operations.
- v. The Bank has complied with the SBP instructions on profit and loss distribution and pool management.
- vi. The Bank is actively making efforts to organize awareness seminars for students, Ulema, customers, and the general public to increase awareness about Islamic banking. The role of Learning & Development and Marketing Departments is appreciated.
- vii. Improvement is required to enhance the level of awareness and knowledge regarding Islamic Banking among the staff, management and the BOD through enhanced training mechanism for each level. Top management and the BOD have made sincere efforts and appreciated the importance of Shari'ah compliance in overall operations of the Bank.
- viii. The Shari'ah Board has been provided adequate resources enabling it to discharge duties effectively.

Shari'ah Board praises and acknowledges the efforts of Shari'ah Compliance Department/RSBM of the Bank that besides Shari'ah Compliance environment of the bank in regulatory inspection there was no instance regarding Non-compliance of regulatory requirements as far as Shari'ah Governance Framework is concerned.

Shari'ah Board would like to take this opportunity to offer praise to Almighty Allah and seek His guidance and Tauwfeeq, and to express its wishes for further progress, development and prosperity of Islamic Banking, under the sincere efforts of senior management, and Islamic Banking Industry in Pakistan as a whole.

وَاللَّهُ سُبْحَانَهُ وَتَعَالَى أَعْلَمُ



Professor Mufti Munib-ur-Rehman
Chairperson Shari'ah Board



Dr. Mufti Syed Sabir Hussain
Resident Shari'ah Board Member



Mufti Nadeem Iqbal
Member Shari'ah Board

Date of Report: February 18, 2026

شریعی بورڈ رپورٹ (مالی سال اختتام پذیر 31 دسمبر 2025ء)

بِسْمِ اللّٰهِ الرَّحْمٰنِ الرَّحِیْمِ

اَلْحَمْدُ لِلّٰهِ رَبِّ الْعَالَمِیْنَ وَالصَّلَاةُ وَالسَّلَامُ عَلٰی خَاتَمِ النَّبِیّیْنَ وَالْمُرْسَلِیْنَ وَعَلٰی اٰلِهِمْ وَصَحْبِهِمْ اَجْمَعِیْنَ اَمَّا بَعْدُ

شریعی بورڈ ایم سی بی اسلامک بینک لمیٹڈ کے امور سے متعلق اپنی سالانہ رپورٹ پیش کرتا ہے، جو کہ درج ذیل ہے:

بجہ اللہ تعالیٰ، زیر جائزہ سال ایم سی بی اسلامی بینک لمیٹڈ کے اسلامی بینکاری کے قیام کے دسویں سال کی تکمیل کا مظہر ہے۔ بینک کے بورڈ آف ڈائریکٹرز اور ایگزیکٹو مینجمنٹ اس امر کے مکمل طور پر ذمہ دار ہیں کہ بینک کے تمام امور اور آپریشنز شریعت مطہرہ کے اصولوں کے عین مطابق انجام دیے جائیں۔ اس رپورٹ کا دائرہ کار شریعت کے نقطہ نظر سے بینک کے تمام آپریشنز اور دیگر سرگرمیوں تک وسیع ہے، نیز اس میں اسٹیٹ بینک آف پاکستان (SBP) کی جانب سے جاری کردہ شریعی گورننس فریم ورک (SGF) کے تحت دی گئی ہدایات کو بھی مد نظر رکھا گیا ہے۔

شریعی گورننس فریم ورک کی ہدایت کے پیش نظر ایم سی بی اسلامک بینک کا شریعی بورڈ ستمبر 2015ء کو تشکیل پایا، موجودہ شریعی بورڈ پروفیسر مفتی منیب الرحمن چیئرمین شریعی بورڈ، ڈاکٹر مفتی سید صابر حسین ریزیڈنٹ شریعی بورڈ ممبر اور مفتی ندیم اقبال، ممبر شریعی بورڈ پر مشتمل ہے۔ 2025ء میں پورا سال شریعی بورڈ کی خدمات ادارے کو حاصل رہیں، بینک کے معاملات کے حوالے سے شریعی بورڈ نے ٹیلی فون اور ویڈیو کانفرنس کالز کے ذریعے فوری حل طلب معاملے پر گفتگو کرنے کی غرض سے کئی اہم ملاقاتیں کیں۔ علاوہ ازیں 2025ء میں شریعی بورڈ کے ۴ رسمی اجلاس درج ذیل تاریخوں میں منعقد ہوئے، جن میں دیگر امور کے علاوہ نئی پراڈکٹس اور خدمات کے ساتھ ساتھ مر وچ پراڈکٹس اور خدمات میں ترامیم کا شرعی جائزہ لیا گیا۔

شریعی بورڈ کا پہلا اجلاس،	24 مارچ 2025ء
شریعی بورڈ کا دوسرا اجلاس،	25 جون 2025ء
شریعی بورڈ کا تیسرا اجلاس،	25 ستمبر 2025ء
شریعی بورڈ کا چوتھا اجلاس،	16 دسمبر 2025ء

شریعی گورننس اینڈ کمپلائنس

شریعی بورڈ ایک ایسا بنیادی میکانزم ہے، جو اسلامی اور روایتی بینکوں کی گورننس میں امتیاز قائم کرتا ہے، جبکہ شریعی کمپلائنس کا میکانزم اس چیز کو یقینی بناتا ہے کہ بینک کے جملہ معاملات شریعی بورڈ کے فتاویٰ جات اور ہدایات پر مبنی ہیں۔ اسلامی بینک میں معاملات شریعی کے مطابق ہونے سے اس کی کارکردگی پر مثبت اثرات مرتب ہوتے ہیں۔ لہذا کسی بھی اسلامی بینک کے لئے لازم ہے کہ وہ شریعی بورڈ کے فراہم کردہ تمام فتاویٰ جات اور ہدایات پر سختی کے ساتھ کاربند ہو۔

مندرجہ بالا شریعی بورڈ کی مجالس کے علاوہ سال بھر تمام امور کی نگرانی میں شریعی کمپلائنس ڈیپارٹمنٹ نے اس کے ساتھ ہم آہنگی کو یقینی بنایا۔ شریعی کمپلائنس اسلامی مالیاتی ادارے کی ریڈھ کی ہڈی ہے۔ مزید برآں شریعی کمپلائنس کو پورے سال مد نظر رکھا جاتا ہے، جس کے نتیجے میں شریعی بورڈ کی بینک کے شرعی امور میں مستقل شمولیت اور مواصلاتی طریقہ کار کو بروئے کار لاتے ہوئے بینک کے مختلف النوع معاملات کی بروقت منظوری کو یقینی بنایا گیا۔ شریعی کمپلائنس ڈیپارٹمنٹ، شریعی نان کمپلائنس کے خطرات کو کم کرنے میں بھی معاون ہوتا ہے اور یہ یقینی بناتا ہے کہ بینک کی آمدنی حتیٰ الامکان چیرٹی اکاؤنٹس نہ جائے۔ واضح رہے کہ شریعی نان کمپلائنس کی وجہ سے حاصل شدہ آمدنی کا چیریٹی اکاؤنٹ میں جانا ایک جانب بینک کی کمپلائنس کی کمزوری کی جانب اشارہ کرتا ہے، تو دوسری جانب ٹیلیئر ہولڈرز اور ڈیپازٹرز کو بھی بالواسطہ نقصان ہوتا ہے۔

بورڈ آف ڈائریکٹرز اور ایگزیکٹو مینجمنٹ کا کردار

بورڈ آف ڈائریکٹرز ادارے کی مجموعی کارکردگی پر موثر نگرانی اور اس کا باقاعدہ جائزہ لیتے ہیں، اور اس امر کو یقینی بناتے ہیں کہ ادارے کی کارکردگی اس کے اسٹریٹجک

مقاصد اور طویل المدتی کارکردگی کے اہداف سے ہم آہنگ رہے۔ ایگزیکٹو مینجمنٹ منظور شدہ حکمت عملیوں کے موثر اور بروقت نفاذ کی ذمہ دار ہوتی ہے اور ادارے کی عملیاتی (operational) و مالی کارکردگی کو بہتر بنانے میں کلیدی کردار ادا کرتی ہے۔ اسلامی بینکاری کے تناظر میں، بورڈ آف ڈائریکٹرز اور ایگزیکٹو مینجمنٹ پر یہ اضافی ذمہ داری عائد ہوتی ہے کہ ایم سی بی اسلامک بینک لمیٹڈ کے جملہ معاملات شریعی کے اصولوں کے مطابق ہوں۔ بورڈ آف ڈائریکٹرز کو انویسٹمنٹ اکاؤنٹ ہولڈرز (IAH) کے متعلق اپنی مستحکم اور عائد ذمہ داریوں کا مکمل اور جامع فہم حاصل ہونا چاہیے، جو ٹیلیئر ہولڈرز ہی کی طرح مالی خطرات کا سامنا کرتے ہیں۔ مزید برآں، بینک کی ایگزیکٹو مینجمنٹ شریعی گورننس فریم ورک کے مکمل اور موثر نفاذ کی ذمہ دار ہے، تاکہ شریعی کے اصولوں اور ہدایات کی تعمیل یقینی بنائی جاسکے۔ لہذا ہم (شریعی بورڈ) بحیثیت مجموعی ایم سی بی اسلامک بینک لمیٹڈ کے شریعی کمپلائنس کی مجموعی صورت حال کے بارے میں ایک رپورٹ جمع کرانے کے پابند ہیں۔ ۲۰۲۵ء میں شریعی بورڈ کے بورڈ آف ڈائریکٹرز کے ساتھ رسمی اجلاس درج ذیل تاریخوں میں منعقد ہوئے:

شریعی بورڈ - بورڈ آف ڈائریکٹرز کا پہلا اجلاس،	21 اپریل 2025ء
شریعی بورڈ - بورڈ آف ڈائریکٹرز کا دوسرا اجلاس،	20 اکتوبر 2025ء

شریعی بورڈ اپنی جاری کردہ ہدایات و لائحہ عمل پر عملدرآمد کے اعتبار سے بینک کے منتظمین کی مسلسل اور جامع کوششوں کی تعریف اور حوصلہ افزائی کرتا ہے۔

شریعی کمپلائنس ڈیپارٹمنٹ

شریعی گورننس فریم ورک شریعی کمپلائنس ڈیپارٹمنٹ کو بینک کے شریعی کے مطابق آپریشنز ماحول میں ایک کلیدی ستون کے طور پر بااختیار اور مستحکم بنانا ہے۔ اس ضمن میں، بینک کے شریعی کمپلائنس ڈیپارٹمنٹ نے اپنی ذمہ داریوں کو نہ صرف موثر طور پر اور بروقت ادا کیا بلکہ بینک کے تمام شعبوں میں شریعی کے مکمل تعمیل کو یقینی بناتے ہوئے ایک تسلی بخش معیار بھی برقرار رکھا۔ رپورٹ میں ظاہر کردہ امور کے مطابق اپنی رائے دیتے ہوئے عرض یہ ہے کہ ایم سی بی اسلامک بینک کے شریعی کمپلائنس ڈیپارٹمنٹ نے ریزیڈنٹ شریعی بورڈ ممبر/ہیڈ شریعی کمپلائنس ڈیپارٹمنٹ کی زیر نگرانی تمام قسم کے مالی معاملات، ان کے جملہ مراحل، پراڈکٹس اور اختیار کئے گئے نظریات کا نمونے کی بنیاد پر جائزہ لیا ہے۔ شریعی کمپلائنس ڈیپارٹمنٹ نے شریعی بورڈ کو بینک کے فرنٹ اور بیک آفسز کی شرعی تعمیل کا جائزہ لینے کے معاملات سے آگاہ رکھا۔ اس سلسلے میں ۱۹۵ برانچوں کا شرعی معائنہ کیا گیا ہے اور جہاں تک بیک آفسز کے شرعی جائزے کا تعلق ہے، تو اس کے لیے شریعی بورڈ کی منظور شدہ فہرست کی تعمیل کو یقینی بنایا گیا۔ مزید برآں آرایس بی ایم/ہیڈ - شریعی کمپلائنس ڈیپارٹمنٹ اور اس کے اسٹاف نے ریگولیٹری اور شرعی تقاضوں کی تعمیل کو یقینی بنانے کے لیے جنوبی اور شمالی ریجن کی ۳۹ شاخوں کا جائزہ دورہ کیا۔ اور اس کی باقاعدہ رپورٹ شریعی بورڈ اور بورڈ آف ڈائریکٹرز کو پیش بھی کی گئی۔

اسلامی بینکنگ بنیادی طور پر مختلف جہتوں سے روایتی بینکوں سے جدا ہیں، ان کا بنیادی اصول شریعت پر کاربند ہونا ہے۔ اگر وہ شریعت پر کاربند نہیں ہوتے تو غیر شرعی معاملات کا احتمال بڑھ جاتا ہے۔ چنانچہ کسٹمر کے اعتماد کو بحال رکھنے کے لئے مضبوط و مستحکم بنیادوں پر شریعی کمپلائنس کی موجودگی ضروری ہے۔ اسی چیز کو مد نظر رکھتے ہوئے ایم سی بی اسلامک بینک لمیٹڈ کے شریعی بورڈ کی جاری کردہ چھ ہدایات و لائحہ عمل اور فتاویٰ جات بھی موجود ہیں۔ ایم سی بی اسلامک بینک لمیٹڈ میں شریعی بورڈ کی جاری کردہ تمام ہدایات و لائحہ عمل اور فتاویٰ جات پر عملدرآمد کو ان کی اصل روح کے مطابق کرنے کا بھرپور اہتمام کیا جاتا ہے۔

بینک کے منتظمین کے تعاون سے شریعی کمپلائنس ڈیپارٹمنٹ نے ریزیڈنٹ شریعی بورڈ ممبر/ہیڈ شریعی کمپلائنس ڈیپارٹمنٹ کی زیر نگرانی ۲۰۲۵ء میں تمام پراڈکٹس کی دستاویزات کا جائزہ لیا۔ شریعی کمپلائنس ڈیپارٹمنٹ نے شرعی اصولوں کی پاسداری کی غرض سے مختلف برانچز اور بیک آفسز کا معائنہ کیا۔ شریعی بورڈ نے ۹۲ فائنل سٹنگ کے لائحہ عمل کی دستاویزات، جن میں کارپوریٹ، کمرشل اور آرایس ایم ای بینکاری شامل ہیں، کے لائحہ عمل کا بھی جائزہ لیا اور ان کی منظوری دی۔ جہاں تک پراڈکٹس کا تعلق ہے، تو شریعی بورڈ نے شرکت متناقصہ، تیار شدہ مال پر مارجن اور مارجن لائمر بالشرع، اجارہ، استصناع اور مشارکہ رنگ فائنل کی پراڈکٹس کی اس سال منظوری دی۔

شریعی کمپلائنس ڈیپارٹمنٹ نے اسٹیٹ بینک آف پاکستان کے اسلامی بینکاری ڈیپارٹمنٹ کی جانب سے جاری کردہ سرکلر (نمبر 1/2021، تاریخ 14 جون 2021)، شریعی نان کمپلائنس رسک مینجمنٹ SNCRM کی تعمیل کے لیے تمام ضروری اقدام کئے ہیں۔ ڈیپارٹمنٹ نے یقینی بنایا ہے کہ SNCRM بینک کے مجموعی رسک مینجمنٹ فریم ورک کا ایک لازمی عنصر ہونا چاہیے۔ مزید برآں ڈیپارٹمنٹ تمام شرعی عدم تعمیل کے معاملات اور لین دین کی رپورٹ بورڈ کی رسک مینجمنٹ اور پورٹ فولیو ریویو کمیٹی (portfolio review committee) اور شریعی نان کمپلائنس رسک مینجمنٹ کمیٹی کے ساتھ ساتھ شریعی بورڈ کو سہ ماہی بنیادوں پر پیش کرے گا۔ شریعی نان کمپلائنس رسک مینجمنٹ کمیٹی آپریشنل/انتظامی سطح پر شرعی عدم تعمیل کے رسک کی کڑی نگرانی کے لیے ذمہ دار ہے۔ تمام کمیٹیوں کی باقاعدہ میٹنگز کا انعقاد کیا

جا رہا ہے اور شریعہ کمپلائنس ڈیپارٹمنٹ تمام شرعی عدم تعمیل کے معاملات اور لین دین کی رپورٹ مذکورہ کمیٹیوں کو دیتا ہے۔ بینک کے تمام شعبوں میں شریعت کے اصولوں کی مکمل پابندی کو یقینی بناتے ہوئے، بھرمِ تعالیٰ، 2025 میں کسی بھی ٹرانزیکشن کو باطل (Void) قرار نہیں دیا گیا اور اس وجہ سے کوئی چیرٹی واجب نہیں ہوئی۔

پروگرامز برائے تربیت و آگاہی

شریعہ کمپلائنس ڈیپارٹمنٹ (SCD) نے بینک کے فرنٹ اور بیک آفس عملے کے لیے اسلامی بینکاری کے تربیتی سیشنز کا اہتمام کیا، تاکہ ریگولیٹری ہدایات کی تعمیل کی جا سکے۔ لرننگ اینڈ ڈیولپمنٹ ڈیپارٹمنٹ (L&D-HRG) کے تعاون سے بینک کے عملے کی اسلامی بینکاری اور مالیات کے بارے میں آگاہی کو بڑھانے کے لیے؛ شریعہ ٹریننگز کو بینک کے تمام عملے کے لیے لازمی قرار دیا گیا۔

شریعہ کمپلائنس ڈیپارٹمنٹ نے اسٹیٹ بینک آف پاکستان کی جانب سے جاری کردہ ہدایات پر عملدرآمد کو یقینی بنانے کے لئے بینک کے فرنٹ اور بیک آفس اسٹاف کے لئے اسلامی بینکاری کی ٹریننگ کے کئی پروگرامز منعقد کئے۔ L&D نے اسٹاف کی اسلامی بینکاری اور مالیاتی نظام کی معلومات تک آسان رسائی کے لئے کلاس روم سیشنز کا بھی انعقاد کیا اور ساتھ ہی لرننگ مینجمنٹ سسٹم (LMS) کے تحت آن لائن اسلامک بینکنگ ٹریننگ ماڈیولز بھی آپ لوڈ کیے۔ L&D نے اس حوالے سے تربیت کا عزم مضمم کیا ہوا ہے، لہذا اس سال بھی L&D نے شریعہ کمپلائنس ڈیپارٹمنٹ کے تعاون سے عملے کی استعداد کار میں اضافے کی غرض سے تمام رجسٹرز میں سیشنز منعقد کئے۔ شریعہ ٹریننگ سیشنز کلاس روم اور وچرل سیشنز دونوں کا مجموعہ تھے، جس کی وجہ سے جغرافیائی رکاوٹوں سے نکل کر اسٹاف کے لئے سیکھنے کے بہترین مواقع میسر ہوئے۔

اسٹیٹ بینک آف پاکستان کے اسلامی بینکاری ڈیپارٹمنٹ کی جانب سے جاری کردہ سرکلر (نمبر ۲۰۱۸/۲ بتاریخ ۲۹ جون ۲۰۱۸) پر عملدرآمد کو یقینی بنانے کے لئے بینک کی جانب سے مؤثر اور جامع اقدامات کئے گئے۔ لہذا ایک مؤثر اور جامع پروگرام L&D-HRG کی طرف سے ترتیب دیا گیا، جس کے تحت بینک کے ہر درجہ کے فرنٹ اور بیک آفس اسٹاف کو اسلامی بینکاری کی ٹریننگ دی گئی۔ شریعہ کمپلائنس ڈیپارٹمنٹ کے اسٹاف ممبر نے شریعہ ٹریننگز کے لئے پورا سال اپنی خدمات پیش کیں۔ مزید برآں، ایگزیکٹو مینجمنٹ کی شریعہ ٹریننگ کی ریگولیٹری ضروریات کے ساتھ ساتھ، شریعہ کمپلائنس ڈیپارٹمنٹ اور L&D نے ایگزیکٹو مینجمنٹ کی مہارت میں مزید نکھار پیدا کرنے کی غرض سے اسلامی بینکاری اور شرعی معیارات، اکاؤنٹنٹ اینڈ آرگنائزیشن برائے اسلامی مالیاتی ادارے (AAOIF) کے کورسز تیار کئے، جنہیں شروع کر دیا گیا ہے۔ کسی بھی ادارے کی ترقی کے لئے مضبوط اور عملی اخلاقی اقدار کا ہونا انتہائی ضروری ہے۔ دیگر ٹریننگ سیشنز کے ساتھ ساتھ اسٹاف میں اخلاقی اقدار کو مزید اجاگر کرنے کی سوچ کے ساتھ ایوئی (AAOIF) کے جاری کردہ معیار ”Code of Ethics“ پر باقاعدہ ٹریننگز کا آغاز ہو رہا ہے، تاکہ بینک کے اندرونی اور بیرونی ماحول کو مزید بہتر بنایا جاسکے۔

اس کے علاوہ، شریعہ کمپلائنس ڈیپارٹمنٹ نے عوام میں اسلامی بینکنگ کے بارے میں آگاہی کو فروغ دینے اور اس کے بارے میں پائی جانے والی غلط فہمیوں، تحفظات اور اعتراضات کو دور کرنے کے لیے متعدد سیمینارز اور روڈ شو کے انعقاد میں کردار ادا کیا۔ یہ سرگرمی ایل اینڈ ڈی اور مارکیٹنگ ڈیپارٹمنٹ کے باہمی تعاون سے انجام دی گئی۔ ملک بھر کے مختلف چھوٹے بڑے شہروں میں علماء کرام، کالج، یونیورسٹیز، مدارس اور جامعات کے پروفیسرز و طلباء کرام اور عام کسٹمرز کے لیے مجموعی طور پر 21 سیشنز کا اہتمام کیا گیا۔ ان سیمینارز کے انعقاد میں شریعہ کمپلائنس ڈیپارٹمنٹ کے تمام ممبران بالخصوص آرائس بی ایم کے کردار کو سراہا جاتا ہے۔

چیرٹی فنڈ کا نظم و نسق

جہاں تک چیرٹی فنڈ کا تعلق ہے، درج ذیل چیرٹی جمع کرنے کے لئے علیحدہ نان چیکنگ، لائسنس یافتہ اکاؤنٹ کھولے جاتے ہیں:

i. ادائیگی میں تاخیر یا کسی بھی مالیاتی وعدہ کی خلاف ورزی کی وجہ سے چیرٹی،

ii. باطل معاملات کی وجہ سے چیرٹی،

iii. منافع (Dividend) میں سے غیر شرعی منافع منہا کرنے کی وجہ سے چیرٹی۔

عام طور پر مذکورہ بالا تمام مدت میں جمع شدہ رقم اپنے اپنے "شریعہ کمپلائنس نفع بخش چیرٹی کو لیکشن فنڈ اکاؤنٹ" میں شریعہ بورڈ / ریزرو فنڈ شریعہ بورڈ ممبر کی صوابدید پر جمع کی جاتی ہیں، چیرٹی فنڈ، چیرٹی کمیٹی / شریعہ بورڈ کے منظور شدہ کسی خیراتی، معاشرتی، بہبود، مذہبی یا تعلیمی مقاصد کے لئے استعمال ہوتا ہے۔ بینک کی جامع چیرٹی پالیسی کے تحت، تمام چیرٹی شریعت کے اصولوں اور منظور شدہ پالیسی کے مطابق بروقت اور شفاف انداز میں تقسیم کی جاتی ہے۔

سال 2025ء میں چیرٹی فنڈ کی مختلف مدت میں جمع شدہ رقم میں کل اضافہ 36,928 ملین رہا، جس کو چیرٹی اکاؤنٹ میں منتقل کرنے کی ہدایت کی گئی۔ چیرٹی اکاؤنٹ پر 1,599 ملین کا منافع حاصل ہوا۔

روپے (000) میں	اسلام چیرٹی فنڈ میں اضافہ
30,243	صارف کی طرف سے ادائیگی میں تاخیر کی وجہ سے
742	منافع (Dividend) میں سے غیر شرعی منافع منہا کرنے کی وجہ سے
000	باطل معاملات کی وجہ سے
4,344	کسی بھی مالیاتی وعدہ کی خلاف ورزی کی وجہ سے
1,599	چیرٹی سیونگ اکاؤنٹ پر منافع
36,928	اسلام چیرٹی فنڈ میں کل اضافہ

بینک نے چیرٹی کی رقم شریعہ سے منظور شدہ رہنما اداروں کو ایم سی بی اسلامک بینک لمیٹڈ کی چیرٹی پالیسی اور اسٹیٹ بینک کی ہدایات و لائحہ عمل کے مطابق فراہم کی ہے۔ چیرٹی اکاؤنٹ کی تفصیلات نوٹ نمبر 19.2.1 میں دستیاب ہیں۔ شریعہ بورڈ بینک کے شریعہ کمپلائنس ڈیپارٹمنٹ کی طرف سے ایک مضبوط شریعہ کمپلائنس ماحول کو برقرار رکھنے کے عمل کو سراہتا ہے۔ مزید برآں سال 2025ء کے دوران شریعہ کمپلائنس ڈیپارٹمنٹ / RSBM کی طرف سے کی گئی کوششوں کی تعریف بھی کرتا ہے۔

سفارشات

شریعہ بورڈ شرعی اعتبار سے کئے گئے جائزوں کی جانچ پڑتال کے بعد درج ذیل سفارشات پیش کرتا ہے:

الف۔ اس بات پر زور دیا جاتا ہے کہ تمام عملہ بخوبی یہ سمجھ لے کہ اسلامی بینکاری کے فروغ کے لیے کی جانے والی تمام کوششیں بنیادی طور پر شریعت کے اصولوں کی پابندی کے حصول کے پیش نظر ہونی چاہئیں۔

ب۔ چونکہ سال 2026ء کا آغاز ہو چکا ہے اور ملک کی پوری معیشت کے اسلامائزیشن کے لیے اب صرف دو سال باقی رہ گئے ہیں، جیسا کہ وفاقی شرعی عدالت کے 28 اپریل 2022 کے فیصلے اور آئین پاکستان 1973 کے آرٹیکل 38 (ف) میں درج ہے، اس لیے سفارش کی جاتی ہے کہ مجموعی طور پر ملکی معیشت کی اسلامائزیشن کے لیے فعال کردار ادا کیا جائے۔ اس سلسلے میں شریعہ بورڈ اس نیک مقصد کے لیے ہر ممکن معاونت اور رہنمائی فراہم کرنے کے لیے تیار ہے۔ یہ نہ صرف دینی بلکہ ملی اور قومی فائدہ بھی ہے۔

ج۔ شریعہ بورڈ یہ تجویز کرتا ہے کہ غیر مالیاتی اداروں اور دیگر اداروں بشمول حکومتی اداروں کو ان کے امور کو اسلامائز کرنے کے لیے شریعہ ایڈوائزری کی خدمات فراہم کی جائیں تاکہ معیشت کی مکمل اسلامائزیشن میں حصہ ڈالا جاسکے۔

د۔ بینکاری صنعت میں جاری تبدیلیوں اور بڑھتے ہوئے تقاضوں کو مد نظر رکھتے ہوئے، اس امر کی ضرورت ہے کہ عملے کی صلاحیتوں میں اضافہ کرنے پر توجہ دی جائے تاکہ وہ اسلامی بینکاری کے حوالے سے صارفین کی مؤثر اور مناسب رہنمائی کر سکیں۔

ه۔ کارپوریٹ، ٹریڈ، کمرشل، ٹریڈ، ایس ایم ای بینکاری کی پراڈکٹس اور شریعہ کی ٹریننگز پر زیادہ توجہ دینے کی ضرورت ہے، لہذا بھرپور سفارش کی جاتی ہے کہ عملے کی شرعی اصولوں کے تناظر میں پراڈکٹس کی تربیت کو یقینی بنایا جائے۔

و۔ عوام الناس اور علماء کرام کے مابین آگاہی کے فروغ کے لیے یہ سفارش کی جاتی ہے کہ بینک کے پلیٹ فارم سے منظم آگاہی پروگرامز، بشمول سیمینارز، ورکشاپس اور سوال و جواب کے سیشنز، منعقد کیے جائیں تاکہ اسلامی بینکاری و مالیات کی حقیقی حیثیت کو مؤثر انداز میں اجاگر کیا جاسکے، نیز اسلامی بینکاری سے متعلق موجود غلط فہمیوں کے ازالے اور عوامی شعور کی بیداری کو یقینی بنایا جاسکے۔

ز۔ شریعہ بورڈ قومی اور بین الاقوامی کانفرنسز میں نہ صرف شریعہ بورڈ کے ممبران کی بلکہ دیگر شعبوں کے نمائندگان بالخصوص صدر / چیف ایگزیکٹو آفیسر کی شرکت کی سفارش کرتا ہے، یہ بینک کے برانڈ امیج اور بینک کے عملے کی صلاحیت میں اضافے کے لیے فائدہ مند ثابت ہوگا۔

ج- بینک کی اعلیٰ انتظامیہ کے لیے شریعہ ٹریننگز کے تسلسل کو یقینی بنایا جائے۔ مزید برآں، لرننگ اینڈ ڈیولپمنٹ (L&D) ڈیپارٹمنٹ کو یہ بھی سفارش کی جاتی ہے کہ شریعہ بورڈ / شریعہ کمپلائنس ڈیپارٹمنٹ (SCD) اور اعلیٰ انتظامیہ کے مابین اسلامی بینکاری اور معاشی نظام کی روح کے حوالے سے گروپ ڈسکشنز کا اہتمام کیا جائے۔ اس سے اسلامی بینکاری و معاشیات کا بنیادی مقصد، یعنی منافع کے زیادہ سے زیادہ حصول (profit maximization) کے بجائے فلاح عامہ (welfare maximization) کے فروغ، کے حصول میں مدد ملے گی۔

ط- جہاں تک بینک کے داخلی ماحول کا تعلق ہے، تو فرنٹ اور بیک آفسز کے تمام عملے کو ڈریس کوڈ کی سختی سے پیروی کرنے کی بھرپور تاکید کی جاتی ہے۔ شریعہ بورڈ بعض ڈیپارٹمنٹس میں اس حوالے سے کمی محسوس کرتا ہے، جس کا ازالہ عملی اقدامات کی صورت میں کرنے کی اشد ضرورت ہے۔ اسٹاف کا لباس ایم سی بی اسلامک بینک ڈریس کوڈ پالیسی، ثقافتی اصولوں اور شرعی تقاضوں کے مطابق شرم و حیا کی عکاسی کرتا ہو۔ اس کی خلاف ورزی کی صورت میں تادیبی کارروائی کی سفارش بھی کی جاتی ہے۔

ی- یہ تجویز دی جاتی ہے کہ زیادہ سے زیادہ کسٹمر پورٹ فولیو کو کفائل میں منتقل کیا جائے تاکہ مرؤجہ انشورنس میں شرعی اعتبار سے موجود خرابیوں سے بچا جائے۔

ک- ہم بینک کے اندر گرین بینکنگ کے طریقوں کے وسیع تر نفاذ کی بھرپور حوصلہ افزائی کرتے ہیں۔

ل- شریعت کے تقاضوں کے مطابق عمل درآمد کو خود کار بنانے، شفافیت میں اضافہ کرنے، گورننس کی مؤثر نگرانی کو یقینی بنانے، اور بینکنگ خدمات کی استعداد و معیار کو بڑھانے کے لیے فین ٹیک (FinTech) حل کے اطلاق کی بھرپور سفارش کی جاتی ہے۔

م- یہ سفارش کی جاتی ہے کہ اسلامی اقدار سے ہم آہنگ چیریٹی کی سرگرمیوں اور منصوبوں کی حمایت کے ذریعے سماجی اور ماحولیاتی پائیداری پر مزید توجہ مرکوز کی جائے، اور معاشرے کے غریب طبقے کے لیے مالی معاونت فراہم کی جائے۔

ن- مارکیٹنگ بینک کی ساکھ قائم کرنے اور عوامی تاثر کی تشکیل میں کلیدی حیثیت رکھتی ہے، بالخصوص اسلامی بینکاری کے تناظر میں۔ اس لیے اس شعبے پر لازم ہے کہ وہ اس سرگرمی کو انتہائی احتیاط، پیشہ ورانہ مہارت اور شریعت کے اصولوں کی مکمل پاسداری کے ساتھ انجام دے۔ اور اس حوالے سے شریعہ کی اجازت کے بغیر کسی بھی معاملے کو کرنے کی حوصلہ شکنی کی جاتی ہے، جیسا کہ ماضی میں بعض معاملات مشاہدے میں آئے ہیں۔

س- یہ بھی تجویز کیا جاتا ہے کہ چیریٹی کی وصولیابی کے لئے زیادہ سے زیادہ مدت کا تعین کیا جائے، تاکہ عمل کی شفافیت، کارکردگی اور اثريت کو بروقت یقینی بنایا جاسکے۔

ف- تاخیر سے ادائیگی کی وجہ سے عائد چیریٹی فنڈ کو وصول کیا جائے یا اس میں مستثنیٰ (exempt) اور مؤخر (deferrer) کی درخواست پر بینک کی چیریٹی پالیسی کے مطابق شریعہ بورڈ سے منظور لی جائے۔

خلاصہ کلام

شریعہ بورڈ نے ایس بی پی معائنہ رپورٹ، بیرونی اور داخلی شریعہ آڈٹ اور شریعہ کمپلائنس کی رپورٹس کو دیکھنے کے بعد اصلاحی اقدامات کے لئے ہدایات دیں، لہذا شریعہ بورڈ کے مطابق:

- الف- ایم سی بی اسلامک بینک نے بحیثیت مجموعی شریعہ بورڈ کے جاری کردہ فتاویٰ جات اور ہدایات و لائحہ عمل کے مطابق شرعی اصول و ضوابط کو پورا کیا ہے۔
- ب- ایم سی بی اسلامک بینک نے حقیقی معنوں میں اصل روح کو مدنظر رکھتے ہوئے ایس بی پی انسپیکشن رپورٹ پر عملدرآمد کیا ہے۔
- ج- ایم سی بی اسلامک بینک، ایسٹ بینک آف پاکستان کے احکامات، قوانین و ہدایات اور لائحہ عمل (جو ایسٹ بینک آف پاکستان کے شریعہ ایڈوائزری کمیٹی کے احکام کے مطابق ہیں) سے ہم آہنگ ہے۔
- د- بینک کے پاس اپنے مجموعی آپریشنز میں شریعہ کمپلائنس کو یقینی بنانے کے لیے ایک جامع طریقہ کار موجود ہے۔
- ھ- ایم سی بی اسلامک بینک کے نفع و نقصان کی تقسیم اور پول کی انتظام کاری ایسٹ بینک آف پاکستان کی ہدایات کے مطابق ہے۔
- و- ایم سی بی اسلامک بینک، اسلامک بینکنگ کے بارے میں آگاہی بڑھانے کے لیے طلباء، علماء، کسٹمرز اور عوام الناس کے لیے آگاہی سیمینارز کے انعقاد کے لیے فعال

کوششیں کر رہا ہے۔ اس ضمن میں لرننگ اینڈ ڈیولپمنٹ اور مارکیٹنگ ڈیپارٹمنٹس کے کردار کو بھرپور سراہا جاتا ہے۔

ز- اسلامی بینکنگ کے بارے میں اسٹاف، انتظامیہ اور بورڈ آف ڈائریکٹرز میں آگاہی اور علم کی سطح کو بہتر بنانے کے لیے تربیتی نظام کو مزید مستحکم کرنے کی ضرورت ہے۔ مزید برآں اعلیٰ انتظامیہ اور بورڈ آف ڈائریکٹرز نے شریعہ کمپلائنس کے حوالے سے سنجیدہ کوششیں کی ہیں اور بینک کے مجموعی معاملات میں اس کی اہمیت کو بخوبی تسلیم کیا ہے۔

ح شریعہ بورڈ کو اپنی ذمہ داریوں سے عہدہ برآہونے کے لئے خاطر خواہ وسائل فراہم کئے گئے ہیں۔

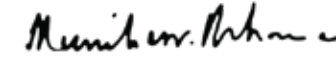
شریعہ بورڈ، ایم سی بی اسلامی بینک لمیٹڈ کے شریعہ کمپلائنس ڈیپارٹمنٹ / ریزولوشن بورڈ ممبر کی کاوشوں کا اعتراف کرتے ہوئے اس قابل ذکر امر کی تعریف کرتا ہے کہ شریعہ کمپلائنس ڈیپارٹمنٹ / ریزولوشن بورڈ ممبر نے بینک کے شریعہ کمپلائنس ماحول کو برقرار رکھتے ہوئے شریعہ گورننس فریم ورک کی تعمیل کو یقینی بنایا ہے۔

شریعہ بورڈ اللہ تعالیٰ کی بارگاہ میں اس کی تعریف پیش کرنے، اس کی ہدایت و توفیق اور سینئر منتظمین و اسلامی بینکاری انڈسٹری کی مخلصانہ کوششوں سے اسلامی بینکاری نظام کی مزید پیشرفت، ترقی اور خوشحالی کا متمنی ہے۔

وَاللّٰهُ سُبْحٰنَهُ وَتَعَالٰى اَعْلَمُ



مفتی ندیم اقبال
شریعہ بورڈ ممبر



پروفیسر مفتی ندیم الرحمن
چیئر پرسن شریعہ بورڈ



ڈاکٹر مفتی سید صابر حسین
ریزیڈنٹ شریعہ بورڈ ممبر

تاریخ اجراء: 18 فروری 2026ء

NOTICE OF 12TH ANNUAL GENERAL MEETING OF MCB ISLAMIC BANK LIMITED

Notice is hereby given that the 12th Annual General Meeting of MCB Islamic Bank Limited (the 'Bank') will be held on Thursday, March 26, 2026 at 11:00 AM at 14-A Jail Road, Gulberg, Lahore and through Video Conferencing Facility to transact the following businesses:

Ordinary Business:

1. To confirm the minutes of the 11th Annual General Meeting held on March 27, 2025.
2. To receive, consider and adopt the Annual Audited Financial Statements of the Bank for the year ended December 31, 2025 together with Directors' and Auditors' Reports thereon and Chairman's Review Report.
3. To appoint auditors of the Bank for the year ending December 31, 2026 and to fix their remuneration. The notice is hereby given to members that Audit Committee and the Board of Directors have recommended the name of M/s. KPMG Taseer Hadi & Company, Chartered Accountants, as auditors of the Bank in place of retiring auditors M/s. A.F Ferguson & Co. Chartered Accountants.

By Order of the Board



Syed Iftikhar Hussain Rizvi
Acting Company Secretary

Date: March 04, 2026
Lahore

NOTES:

1. Members whose names appear in the register of members on March 26, 2026 shall be entitled to attend, speak and vote at the meeting.
2. A member is entitled to appoint another member as his/her proxy to attend, speak and vote instead of him/her at the meeting. Corporate entities can appoint a person who is not a member in terms of Section 138 of the Companies Act, 2017.
3. The instrument appointing a proxy should be signed by the member or his/her attorney duly authorized in writing. If the member is a corporate entity, its official stamp should be affixed on the instrument.
4. The instrument appointing a proxy, together with Power of Attorney, if any, under which it is signed or a notarially certified copy thereof, shall be deposited, with the Company Secretary, MCB Islamic Bank Limited, 59, T-Block, DHA Phase II, Lahore not less than 48 hours before the time of holding the meeting.
5. If a member appoints more than one proxy, and more than one instrument of proxy is deposited by a member, all such instruments of proxy shall be rendered invalid.
6. The Bank has placed its audited financial statements for the year ended 31 December, 2025 along with directors' report and other relevant material on its website: www.mcbislamicbank.com

REPORT OF THE BOARD AUDIT COMMITTEE

The Board Audit Committee comprises of experienced and qualified directors. The directors have diversified experience of banking and industry. The Chairman of Board Audit Committee is an independent director.

The Head of Internal Audit has direct access to the Board Audit Committee. The Board Audit Committee ensures staffing of the internal audit function with personnel of sufficient internal audit acumen, and that the function is equipped with the necessary resources and authority to execute their responsibilities independently and objectively.

Board Audit Committee remained actively engaged in the review of the Bank's financial statements as well as audit activities in accordance with the requirements of Code of Corporate Governance and that of Charter of the Board Audit Committee, duly approved by the Board of Directors. Board Audit Committee held four meetings, during the year 2025. Significant agenda items of the meetings were:

- Review of the Bank's periodic financial statements, including disclosure of related party transactions prior to their approval by the Board of Directors (BOD).
- Review of status of compliance against observations highlighted by internal and external auditors, including regular updates on the rectification actions taken by the management in response to the audit findings.
- Review of significant issues highlighted by internal auditors during audits / reviews of branches and other functions of the Bank.
- Review of the Bank's Internal Audit Charter.
- Review, approval and oversight of Annual Audit Plan and budget along with resource requirements of Audit & RAR Group.
- Performance appraisal of Head of Internal Audit & RAR.
- Review of Management Letter issued by External Auditors along with management response.
- Recommendation of scope and appointment of external auditors, including finalization of audit and consultancy fee.
- Review of Statement on Internal Controls, prior to endorsement by the BOD.
- Review of the "Independent External Assessment of the Bank's Internal Audit Function" report issued during the year in line with the Regulatory requirements as well as Internal Auditing Standards issued by Institute of Internal Auditors (USA).
- Review of resolution status of complaints lodged under the Bank's Whistle Blowing Program.

Lahore
Date: February 02, 2026



Chairman Board Audit Committee
MCB Islamic Bank Limited

STATEMENT ON INTERNAL CONTROLS - YEAR 2025

The Management of MCB Islamic Bank (the "Bank"), under the guidance of the Board of Directors, acknowledges its responsibility for establishing and maintaining an adequate and effective **Internal Control System** to ensure the **effectiveness and efficiency of operations, reliability of financial reporting and compliance with applicable laws and regulations.**

The **Internal Control System** comprises processes designed to **identify, evaluate and mitigate risks** of failure and to support the achievement of the Bank's overall business objectives. All **significant policies and procedural manuals** are in place and are periodically **reviewed, updated and enhanced** to remain aligned with evolving business activities and emerging challenges. As part of an effective control framework, the Board has established a **formal organizational structure** that ensures **clear reporting lines, defined responsibilities, appropriate segregation of duties and accountability.** Authority limits have been defined at each level of the Bank for approval of **asset acquisition and disposal, credit limits, write-offs and expenditures.**

The **Internal Control System is continuously evolving** and is therefore subject to **ongoing evaluation.** This statement is based on management's **assessment of the system** across its various dimensions. The system is designed to **manage and minimize risks rather than eliminate them** and accordingly provides **reasonable, but not absolute, assurance** against material misstatement or loss.

Implementation of the **State Bank of Pakistan (SBP) Guidelines on Internal Controls** has remained a **key priority** of the Bank. **Concerted efforts** have been undertaken across all Groups to strengthen the control environment at the **grassroots level** through continuous review and streamlining of procedures, as well as through **staff training initiatives.** The Bank has completed all stages of the **Internal Controls over Financial Reporting (ICFR) roadmap.** External Auditors' **Long Form Reports (LFRs)** on ICFR for the years **2017, 2018 and 2019** were submitted to SBP. From **2020 onwards,** SBP granted the Bank an **exemption from external ICFR assessment.** The Bank continues to follow SBP guidelines for **managing significant risks** and remains committed to **further strengthening** its control framework.

The **Board's Audit Committee (BAC),** empowered by the Board of Directors, oversees the **adequacy and effectiveness** of the Bank's Internal Control System. **Significant and material findings** of internal and external auditors, as well as **regulatory observations,** are addressed on a **priority basis** by management and their status is **periodically reported** to the BAC. The BAC is supported by the **Audit & RAR Group,** which operates **independently of management** and forms an integral part of the **governance framework.** The Audit & RAR Group provides **reasonable assurance** through a **systematic and disciplined approach** and offers **value-added recommendations** regarding the effectiveness of internal controls and compliance with **internal policies, procedures and regulatory requirements.** Periodic updates on its activities and significant issues are submitted by the Audit & RAR Group to the BAC.

The **Back Office Governance and Special Projects Group (BOG & SPG)** is responsible for maintaining **documentation of internal controls** over significant **financial, operational and compliance risk areas,** together with their **mitigating controls,** in coordination with all stakeholders. **Business Continuity Planning** is also coordinated by BOG & SPG to ensure **uninterrupted business operations.**

Continuous efforts are undertaken by all Groups to **strengthen the control environment** through regular review

and refinement of procedures, **prevention and rectification of control lapses** and **capacity-building through training.** The **Compliance & Control Group (CCG),** through specialized teams and centralized automated solutions, monitors **compliance with regulatory requirements,** with particular focus on **Anti-Money Laundering (AML), Combating Financing of Terrorism (CFT) and Countering Proliferation Financing (CPF).** CCG conducts **on-site and off-site reviews** and facilitates **training programs** for staff in these areas. In addition, CCG has implemented components of the **Compliance Risk Management Guidelines** issued by the regulator, including **automated systems** for managing compliance risk. The **Compliance Committee of Management** oversees compliance risk management and supports implementation of relevant policies, processes and procedures. **Remediation of control deficiencies** identified by Internal and External Auditors, CCG and **Shari'ah Compliance teams** is carried out by management.

The Bank's **Risk Management function** contributes to the continuous strengthening of the Internal Control System through **operational risk data collection, Risk and Control Self-Assessment (RCSA)** exercises on a **bank-wide basis** and **cybersecurity controls.** The Bank applies a **top-down approach to risk assessment** and has adopted the **COSO Integrated Framework on Internal Controls** in line with SBP guidelines. Risk Management also promotes **risk awareness** through training programs in the areas of **Operational Risk.** Further, **Fraud Risk awareness** is conducted by CCG team.

Based on the results of **ongoing testing of financial reporting controls** and **internal audits** conducted during the year, management considers that the Bank's Internal Control System is **adequate** and has been **effectively implemented and monitored.** The Bank will continue to enhance its control coverage and compliance with **SBP Guidelines** and further strengthen its control environment on an **ongoing basis.**

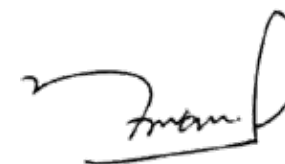
Based on the above, the **Board of Directors has duly endorsed management's evaluation of internal controls, including ICFR,** in the Directors' Report.



Muhammad Saeed Raja
Group Head - Back Office Governance and Special Projects



Salman Naseer
Group Head - Risk Management



Muhammad Imran Siddique
Group Head - Audit & RAR



Muhammad Tariq Gondal
Group Head - Compliance & Controls



Syed Iftikhar Hussain Rizvi
Group Head - Finance / CFO

Date: January 26, 2026

STATEMENT OF COMPLIANCE

with Listed Companies (Code of Corporate Governance) Regulations, 2019 MCB Islamic Bank Limited For The Year Ended December 31, 2025

This statement is being presented in accordance with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019 ("Regulations") issued by the Securities and Exchange Commission of Pakistan (the "Commission"), as required under Regulation No. G-I of the Prudential Regulations for Corporate / Commercial Banking issued by the State Bank of Pakistan (SBP).

MCB Islamic Bank Limited ("the Bank") has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are 8 as per the following:

A	Male	7
B	Female	1

2. The composition of the Board is as follows:

Sr.No.	Category	Name of Directors
A	Independent Directors*	Mr. Jawaid Iqbal Ms. Nabeela Waheed
B	Non-Executive Directors	Mr. Raza Mansha Mr. Ahmed Ebrahim Hasham Mr. Ibrahim Shamsi Mr. Omair Safdar Mr. Hammad Khalid
C	Executive Director (President & CEO)	Mr. Zargham Khan Durrani
D	Female Director	Ms. Nabeela Waheed

Subsequent Changes

Tenure of Mr. Zargham Khan Durrani as President & CEO (Director) will be completing on February 20, 2026 and Mr. Hammad Khalid has been appointed to assume the position with effect from February 21, 2026. Further, Mr. Omair Safdar resigned from the position of Director with effect from January 27, 2026. Consequently, two (02) Non-Executive Director positions fall casually vacant.

* The Board has appointed two independent directors and the fraction one-third number was not rounded up to one as the two independent directors had requisite competencies, skills, knowledge and experience to fulfil their obligations as per the requirements of the applicable laws and regulations and hence, appointment of third independent director was not warranted.

- The directors have confirmed that none of them is serving as a director on more than seven listed companies, including the Bank.
- The Bank has prepared a 'Code of Conduct' and has ensured that appropriate steps have been taken to disseminate it throughout the Bank along with its supporting policies and procedures.
- The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Bank. The Board has ensured that complete record of particulars of significant policies along with their date of approval or updating has been maintained by the Bank.
- All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by Board / Shareholders as empowered by the relevant provisions of the Companies Act, 2017 (the "Act") and the Regulations.
- The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected

by the Board for this purpose. The Board has complied with the requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of Board.

- The Board of Directors has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and the Regulations.
- The following Board Members have attained Directors' Training Program till date:
 - Mr. Hammad Khalid (Non-Executive Director)
 - Mr. Omair Safdar (Non-Executive Director)
 - Mr. Ahmed Ebrahim Hasham (Non-Executive Director)
 - Ms. Nabeela Waheed (Independent Director)
 - Mr. Jawaid Iqbal (Independent Director)
 - Mr. Zargham Khan Durrani (President & CEO)

The following directors are exempt from the Director's Training Program on the basis of their education and experience:

- Mr. Raza Mansha (Chairman)
 - Mr. Ibrahim Shamsi (Non-executive Director)
- The Board has approved appointment of the Chief Financial Officer, the Company Secretary and the Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with the relevant requirements of the Regulations.
 - The CFO and the President & Chief Executive Officer ("CEO") duly endorsed the financial statements before approval of the Board.
 - The Board has formed following Committees comprising of members given below:

A Board Audit Committee	
Mr. Jawaid Iqbal	Chairperson
Ms. Nabeela Waheed	Member
Mr. Omair Safdar *	Member
Mr. Ibrahim Shamsi	Member
Mr. Hammad Khalid *	Member
B Human Resource & Remuneration Committee	
Mr. Jawaid Iqbal	Chairperson
Mr. Raza Mansha	Member
Mr. Omair Safdar *	Member
C Business Strategy & Service Quality Review Committee	
Mr. Ahmed Ebrahim Hasham	Chairperson
Mr. Ibrahim Shamsi	Member
Mr. Omair Safdar *	Member
Mr. Hammad Khalid *	Member
Mr. Zargham Khan Durrani *	Member
D Risk Management & Portfolio Review Committee	
Mr. Omair Safdar *	Chairperson
Ms. Nabeela Waheed	Member
Mr. Ahmed Ebrahim Hasham	Member
Mr. Jawaid Iqbal	Member
Mr. Zargham Khan Durrani *	Member

E Board Information Technology Committee	
Mr. Ibrahim Shamsi	Chairperson
Mr. Jawaid Iqbal	Member
Mr. Hammad Khalid *	Member
Mr. Zargham Khan Durrani *	Member
F Board Evaluation Committee	
Ms. Nabeela Waheed	Chairperson
Mr. Hammad Khalid *	Member

* Mr. Zargham Khan Durrani is scheduled to complete his tenure as **President & CEO (Director)** on **February 20, 2026**, and **Mr. Hammad Khalid** has been appointed to assume the position with effect from **February 21, 2026**. Further, **Mr. Omair Safdar** resigned from the position of **Director** with effect from **January 27, 2026**.

- The Terms of Reference ("TORs") of the aforesaid Committees have been formed, documented and advised to the respective committee for compliance.
- The number of meetings of the below committees held during the year were as per the following table:

Name of Committee	No. of Meetings
Board Audit Committee	Four
Human Resource & Remuneration Committee	Two
Business Strategy & Service Quality Review Committee	Five
Risk Management & Portfolio Review Committee	Four
Board IT Committee	Four
Board Evaluation Committee	NIL

- The Board has set up an effective Internal Audit function which is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Bank.
- The statutory auditors of the Bank have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan ("ICAP") and registered with Audit Oversight Board of Pakistan, that they and all of their partners are in compliance with International Federation of Accountants ("IFAC") guidelines on code of ethics as adopted by the ICAP and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the President & CEO, CFO, Head of Internal Audit, Company Secretary or Director of the Bank.
- The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, the regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
- We confirm that all requirements of the regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.

Zargham Khan Durrani
President & CEO
MCB Islamic Bank Limited
February 02, 2026

Raza Mansha
Chairman
MCB Islamic Bank Limited
February 02, 2026

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INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF MCB ISLAMIC BANK LIMITED

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

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

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

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

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

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



A. F. Ferguson & Co.

Chartered Accountants
Lahore

Date: March 5, 2026

UDIN: CR202510092Ek1P5JulA

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MCB ISLAMIC BANK LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

We have audited the annexed financial statements of MCB Islamic Bank Limited (the Bank), which comprise the statement of financial position as at December 31, 2025, and the statement of profit and loss account and the statement of comprehensive income, the statement of changes in equity and the cash flow statement for the year then ended, along with the unaudited certified returns received from the branches except for 28 branches which have been audited by us and notes to the financial statements, including material accounting policy information and other explanatory information and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

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

BASIS FOR OPINION

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

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditors' report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our

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knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF MANAGEMENT AND THE BOARD OF DIRECTORS FOR THE FINANCIAL STATEMENTS

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

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we



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conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.

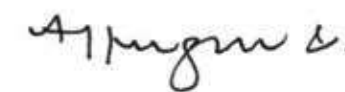
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements

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

The engagement partner on the audit resulting in this independent auditor's report is **Hammad Ali Ahmad**.



A. F. Ferguson & Co.
Chartered Accountants

Lahore

Date: March 05, 2026

UDIN: AR2025100929Hs3rcuLz






Financial Statements



STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2025

	Note	2025	2024
Rupees in thousands			
ASSETS			
Cash and balances with treasury banks	6	21,000,952	18,114,511
Balances with other banks	7	2,115,091	962,093
Due from financial institutions	8	8,741,090	2,000,000
Investments - net	9	155,824,222	146,596,201
Islamic financing and related assets - net	10	125,389,510	119,353,143
Property and equipment	11	6,270,982	5,191,117
Right-of-use assets	12	2,791,945	2,355,818
Intangible assets	13	1,806,009	1,044,088
Deferred tax assets	14	767,724	30,797
Other assets	15	12,590,493	11,695,860
Total Assets		337,298,018	307,343,628
LIABILITIES			
Bills payable	17	5,515,318	11,594,493
Due to financial institutions	18	22,370,495	48,422,293
Deposits and other accounts	19	268,934,274	209,108,581
Lease liabilities	20	3,505,778	3,018,262
Sub-ordinated debt		-	-
Deferred tax liabilities	14	-	-
Other liabilities	21	9,204,172	9,253,993
Total Liabilities		309,530,037	281,397,622
NET ASSETS		27,767,981	25,946,006
REPRESENTED BY			
Share capital	22	15,550,000	15,550,000
Reserves	23	2,732,118	2,276,220
Surplus on revaluation of assets-net	24	1,058,123	1,517,729
Accumulated profit		8,427,740	6,602,057
		27,767,981	25,946,006
CONTINGENCIES AND COMMITMENTS	25		






The annexed notes 1 to 48 form an integral part of these financial statements.

 SYED IFTIKHAR HUSSAIN RIZVI
Chief Financial Officer
  ZARGHAM KHAN DURRANI
President & CEO
  JAWAID IQBAL
Director
  HAMMAD KHALID
Director
  NABEELA WAHEED
Director

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

	Note	2025	2024
Rupees in thousands			
Profit / return earned	26	32,684,154	45,874,654
Profit / return expensed	27	17,953,631	27,934,135
Net Profit / return		14,730,523	17,940,519
OTHER INCOME			
Fee and commission income	28	1,308,421	955,789
Dividend income		45,386	-
Foreign exchange income		579,496	418,991
Gain on securities - net	29	492,037	304,582
Other income	30	211,132	290,716
Total other income		2,636,472	1,970,078
Total income		17,366,995	19,910,597
OTHER EXPENSES			
Operating expenses	31	12,196,675	10,064,465
Workers welfare fund		100,577	191,519
Other charges	32	30,323	3,291
Total other expenses		12,327,575	10,259,275
Profit before credit loss allowance		5,039,420	9,651,322
Credit loss allowance and write offs - net	33	131,765	542,989
PROFIT BEFORE TAXATION		4,907,655	9,108,333
Taxation	34	2,628,165	4,869,661
PROFIT AFTER TAXATION		2,279,490	4,238,672
Rupees			
Basic and diluted earnings per share	35	1.466	2.726






The annexed notes 1 to 48 form an integral part of these financial statements.

 SYED IFTIKHAR HUSSAIN RIZVI
Chief Financial Officer
  ZARGHAM KHAN DURRANI
President & CEO
  JAWAID IQBAL
Director
  HAMMAD KHALID
Director
  NABEELA WAHEED
Director

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

	2025	2024
Rupees in thousands		
Profit after taxation for the year	2,279,490	4,238,672
Other comprehensive income / (loss)		
Items that may be reclassified to profit and loss account in subsequent periods:		
Movement in surplus on revaluation of debt investments through FVOCI - net of tax	(663,466)	587,666
Items that will not be reclassified to profit and loss account in subsequent periods:		
Movement in surplus on revaluation of property and equipment - net of tax	205,951	(5,861)
Total comprehensive income	1,821,975	4,820,477

The annexed notes 1 to 48 form an integral part of these financial statements.

				
SYED IFTIKHAR HUSSAIN RIZVI Chief Financial Officer	ZARGHAM KHAN DURRANI President & CEO	JAWAID IQBAL Director	HAMMAD KHALID Director	NABEELA WAHEED Director

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

	Share Capital	Statutory Reserve	Surplus / (deficit) on revaluation of		Accumulated Profit	Total
			Investments	Property and Equipment		
Rupees in thousands						
Balance as at January 01, 2024	15,550,000	1,428,486	471,462	466,553	3,209,028	21,125,529
Profit after taxation for the year ended December 31, 2024	-	-	-	-	4,238,672	4,238,672
Movement in surplus on revaluation of property and equipment - net of tax	-	-	-	(5,861)	-	(5,861)
Movement in surplus / (deficit) on revaluation of investments in debt instruments - net of tax	-	-	587,666	-	-	587,666
	-	-	587,666	(5,861)	4,238,672	4,820,477
Transfer to statutory reserve	-	847,734	-	-	(847,734)	-
Transfer from surplus on revaluation of property and equipment to unappropriated profit in respect of incremental depreciation - net of tax	-	-	-	(2,091)	2,091	-
Transactions with owners, recorded directly in equity	-	-	-	-	-	-
Issue of share capital	-	-	-	-	-	-
Balance as at December 31, 2024	15,550,000	2,276,220	1,059,128	458,601	6,602,057	25,946,006
Profit after taxation for the year ended December 31, 2025	-	-	-	-	2,279,490	2,279,490
Movement in surplus on revaluation of property and equipment - net of tax	-	-	-	205,951	-	205,951
Movement in surplus / (deficit) on revaluation of investments in debt instruments - net of tax	-	-	(663,466)	-	-	(663,466)
	-	-	(663,466)	205,951	2,279,490	1,821,975
Transfer to statutory reserve	-	455,898	-	-	(455,898)	-
Transfer from surplus on revaluation of property and equipment to unappropriated profit in respect of incremental depreciation - net of tax	-	-	-	(2,091)	2,091	-
Transactions with owners, recorded directly in equity	-	-	-	-	-	-
Issue of share capital	-	-	-	-	-	-
Balance as at December 31, 2025	15,550,000	2,732,118	395,662	662,461	8,427,740	27,767,981

The annexed notes 1 to 48 form an integral part of these financial statements.

				
SYED IFTIKHAR HUSSAIN RIZVI Chief Financial Officer	ZARGHAM KHAN DURRANI President & CEO	JAWAID IQBAL Director	HAMMAD KHALID Director	NABEELA WAHEED Director

CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2025

Note	2025	2024
Rupees in thousands		
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	4,907,655	9,108,333
Less: Dividend income	45,386	-
	4,862,269	9,108,333
Adjustments:		
Net Profit / return	(15,175,037)	(18,313,564)
Depreciation on property and equipment	11.2 800,193	650,122
Depreciation on right-of-use assets	12 834,737	631,479
Depreciation on Ijarah assets under IFAS 2	10.4.1 348,841	370,047
Amortisation	13.1 109,386	178,573
Unwinding of lease liability against right-of-use assets	27 444,514	373,045
Credit loss allowance and write offs - net	33 131,765	542,989
Unrealized (profit) / loss on forward foreign exchange contracts - net	(138,817)	156,882
Gain on sale of property and equipment - net	30 (1,248)	(22,863)
Gain on termination of lease liability against right-of-use asset	30 -	(7,804)
Gain on conversion of Ijarah agreements	30 (5,871)	(9,762)
Unrealised (gain) / loss on revaluation of FVTPL securities	29 (152,972)	13,048
Gain on sale of securities - net	29 (339,065)	(317,630)
	(13,143,574)	(15,755,438)
	(8,281,305)	(6,647,105)
(Increase) / decrease in operating assets		
Due from financial institutions	(6,741,090)	500,000
Securities classified as FVTPL	(1,516,228)	1,326,619
Islamic financing and related assets	(6,520,388)	(30,917,162)
Other assets (excluding advance taxation)	(2,137,463)	(2,071,027)
	(16,915,169)	(31,161,570)
Increase / (decrease) in operating liabilities		
Bills payable	(6,079,175)	9,419,020
Due to financial institutions	(26,229,496)	22,608,747
Deposits and other accounts	59,825,693	4,648,423
Other liabilities (excluding current taxation)	1,095,316	638,752
	28,612,338	37,314,942
	3,415,864	(493,733)
Profit / return received	34,423,589	48,175,766
Profit / return paid	(18,599,584)	(27,317,295)
Income tax paid	(3,075,394)	(6,139,998)
Net cash flow from operating activities	16,164,475	14,224,740
CASH FLOW FROM INVESTING ACTIVITIES		
Net investments in securities classified as FVOCI	(8,607,203)	(21,789,448)
Net divestments in amortised cost securities	5,226	8,004,203
Dividends received	45,386	-
Investments in property and equipment	(1,649,000)	(2,095,501)
Disposal of property and equipment	2,026	32,526
Investments in intangible assets	(871,307)	(689,815)
Net cash flow used in investing activities	(11,074,872)	(16,538,035)
CASH FLOW FROM FINANCING ACTIVITIES		
Payment of lease liability against right-of-use asset	(1,227,862)	(942,581)
Net cash flow used in financing activities	(1,227,862)	(942,581)
Increase / (decrease) in cash and cash equivalents	3,861,741	(3,255,876)
Cash and cash equivalents at the beginning of the year	19,076,604	22,332,480
Cash and cash equivalents at the end of the year	36 22,938,345	19,076,604

The annexed notes 1 to 48 form an integral part of these financial statements.

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

1 STATUS AND NATURE OF BUSINESS

1.1 MCB Islamic Bank Limited (the Bank) was incorporated in Pakistan as an unlisted public limited company on May 15, 2014 under the Companies Ordinance, 1984 (repealed after the enactment of the Companies Act, 2017) to carry out the business of an Islamic Commercial Bank in accordance and in conformity with the principles of Islamic Shari'ah and in accordance with regulations and guidelines of the State Bank of Pakistan. The Securities and Exchange Commission of Pakistan granted "Certificate of Commencement of Business" to the Bank on January 30, 2015. The Bank is a wholly owned subsidiary of MCB Bank Limited (MCB).

1.2 The State Bank of Pakistan (SBP) granted a "Certificate of Commencement of Banking Business" to the Bank on September 14, 2015 under Section 27 of the Banking Companies Ordinance, 1962. The Bank formally commenced operations as a Scheduled Islamic Commercial Bank with effect from October 15, 2015 upon receiving notification in this regard from SBP under section 37 of the State Bank of Pakistan Act, 1956. Currently, the Bank is engaged in corporate, commercial, consumer, micro finance, investment and retail banking activities.

1.3 The Bank is operating through 323 branches including two sub branches in Pakistan as at December 31, 2025 (December 31, 2024: 303 branches including two sub branches in Pakistan). The Registered Office of the Bank is situated at 59 Block T, Phase II, DHA, Lahore Cantt and Principal Office is situated at 14-A Main Jail Road, Gulberg, Lahore.

1.4 Pakistan Credit Rating Agency (PACRA) has maintained our Bank's medium to long-term rating to "A+" and short-term rating as "A-1" with stable outlook.

2 BASIS OF PRESENTATION

2.1 The Bank provides Islamic financing and related assets mainly through Shari'ah compliant financing products mainly through Murabaha, Istisna, Salam, Ijarah, Diminishing Musharaka and Running Musharaka. The Bank also provides refinance facilities under various refinance schemes of the State Bank of Pakistan including Islamic Export Refinance Scheme.

2.2 The purchases and sales arising under these arrangements are not reflected in these financial statements as such but are restricted to the amount of facility actually utilised and the appropriate portion of profit thereon. The income on such Islamic financing is recognised in accordance with the principles of Islamic Shari'ah and in accordance with regulations and guidelines of the State Bank of Pakistan. However, income, if any, received which does not comply with the principles of Islamic Shari'ah is recognised as charity payable if so directed by the Shari'ah Board of the Bank.

2.3 Adoption of new forms for the preparation of annual financial statements

The SBP, vide its BPRD Circular No. 02 dated February 09, 2023, issued the revised forms for the preparation of the annual financial statements of the Banks. The implementation of the revised forms has resulted in certain changes to the presentation and disclosures of various elements of the annual financial statements. Right of use assets and corresponding lease liability are now presented separately on the face of the Statement of financial position. Previously, these were presented under property and equipment (earlier titled as fixed assets) and other liabilities respectively. There is no impact of this change on the annual financial statements in terms of recognition and measurement of assets and liabilities.


SYED IFTIKHAR HUSSAIN RIZVI
Chief Financial Officer


ZARGHAM KHAN DURRANI
President & CEO


JAWAID IQBAL
Director


HAMMAD KHALID
Director


NABEELA WAHEED
Director

3 STATEMENT OF COMPLIANCE

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

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

The State Bank of Pakistan has deferred the applicability of International Accounting Standards 40, 'Investment Property' for Banking Companies through BSD Circular No. 10 dated August 26, 2002 and International Accounting Standard 39 'Financial Instruments: Recognition and Measurement' (IAS 39) through BSD Circular Letter No. 10, dated August 26, 2002. The Securities and Exchange Commission of Pakistan (SECP) has deferred applicability of IFRS-7 "Financial Instruments: Disclosures" on banks through S.R.O 411(1) /2008 dated April 28, 2008. Accordingly, the requirements of these standards have not been considered in the preparation of these financial statements.

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

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, 2025 but are considered not to be relevant or do not have any material effect on the Bank's operations and therefore are not detailed in these financial statements.

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

The following other standards, amendments and interpretations of approved accounting standards are effective for accounting periods beginning on or after January 1, 2026:

	Effective date (annual periods beginning on or after)
Amendments to IFRS 9 and IFRS 7 - Classification and Measurement of Financial Instruments	January 1, 2026
IFRS S1, 'General requirements for disclosure of sustainability - related financial information' and IFRS S2, 'Climate - related disclosures'	January 1, 2026
IFRS 18 – Presentation and Disclosure in Financial Statements	January 1, 2027

4 BASIS OF MEASUREMENT

4.1 These financial statements have been prepared under the historical cost convention, except that certain classes of property and equipment are stated at revalued amounts and certain investments, foreign currency balances and commitments in respect of certain foreign exchange contracts have been marked to market and carried at fair value in accordance with the requirements of the SBP. In addition, obligations in respect of lease liabilities are carried at present value and right-of-use assets which are initially measured at an amount equal to the corresponding lease liability and depreciated over the respective lease terms.

Measurement of fair values

The Bank has an established control framework with respect to the measurement of fair values. The management regularly reviews significant observable and unobservable inputs and valuation adjustments. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques. The valuation of financial assets and financial liabilities are categorized and disclosed in note 40.

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

5 MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies applied in the preparation of these financial statements are consistent with those of the previous financial year.

5.1 Critical accounting estimates and judgments

The preparation of financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Bank's accounting policies. Estimates and judgments are continually evaluated and are based on historical experiences, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods. Critical accounting estimates and judgements applied in application of IFRS 9 have been disclosed under note 5.2. Other major areas where various assumptions and estimates are significant to the Bank's financial statements or where judgment was exercised in the application of accounting policies are as follows:

a) Taxation

In making the estimates for income taxes currently payable by the Bank, the management considers the current income tax laws. Judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

b) Depreciation, amortization and revaluation of property and equipment

In making estimates of the depreciation / amortization method, the management uses the method which reflects the pattern in which economic benefits are expected to be consumed by the Bank. The method applied is reviewed at each financial year end and if there is a change in the expected pattern of consumption of the future economic benefits embodied in the assets, the method is changed to reflect the changed pattern. Such change is accounted for as change in accounting estimates in accordance with International Accounting Standard (IAS) 8 "Accounting Policies, Changes in Accounting Estimates and Errors". Further, the Bank estimates the revalued amount of land and buildings on a regular basis. The estimates are based on valuations carried out by independent professional valuers under the market conditions.

c) Lease term

The Bank applies judgment to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Bank is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year.

5.2 IFRS 9 - 'Financial Instruments'

As per the SBP BPRD Circular Letter No. 07 dated April 13, 2023, IFRS 9 'Financial Instruments' is applicable on banks with effect from January 01, 2024. The standard addresses recognition, classification, measurement and derecognition of financial assets and financial liabilities. The standard also introduces a new impairment model for financial assets which requires recognition of impairment charge based on a forward looking 'Expected Credit Losses' (ECL) approach rather than the 'incurred credit losses' approach as previously followed. The ECL approach has an impact on all assets of the Bank which are exposed to credit risk.

The State Bank of Pakistan (SBP), through BPRD Circular Letter No. 16 dated July 19, 2024 and BPRD Circular Letter No. 01 dated January 22, 2025, has introduced amendments and provided clarifications on the implementation timelines of IFRS 9 to address industry concerns and ensure compliance. These circulars offer guidance on the measurement of unquoted equity securities, modification accounting and the maintenance of general provisions beyond Expected Credit Losses (ECL).

In accordance with the directives outlined in the aforementioned circulars, the Bank has incorporated the prescribed treatment in these financial statements. Furthermore, SBP has permitted Islamic Banking Institutions (IBIs) to continue applying Islamic Financial Accounting Standards (IFAS) 1 and 2 for revenue recognition where applicable, while maintaining the existing accounting methodology for other Islamic products subject to disclosure of the impact had IFRS 9 has been fully adopted.

In case of performing loans and debt securities the income is recognized on a time proportion basis or using the effective interest rate (EIR) method, in accordance with contractual terms and as permitted by SBP. However, in view of industry-wide concerns relating to income recognition, profit distribution and compatibility with IFAS and AAQIF standards, the bank obtained specific approval from SBP, vide its letter No. BPRD/RPD/822456/25 dated January 22, 2025, to defer implementation of EIR methodology until December 31, 2025.

Accordingly, for the year ended December 31, 2025 the bank recognized income and expense on Islamic financing, investment and liability products based on contractual profit rates in accordance with IFAS and SBP instructions. The Bank has initiated alignment of its Islamic banking products with an EIR-based profit recognition framework, which will be applied prospectively from January 1, 2026.

The financial impact of adoption of EIR method has not been incorporated in these financial statements. The Bank is in the process of finalizing the impact of EIR.

5.2.1 Classification and Measurement

Financial Assets

The classification and measurement of financial assets is based on the business model within which they are held and their contractual cash flow characteristics. Financial assets that do not meet the solely payments of principal and interest (SPPI) criteria are measured at fair value through profit or loss ('FVTPL') regardless of the business model in which they are held. The Bank's business model in which financial assets are held determines whether the financial assets are measured at amortised cost ('AC'), fair value through other comprehensive income ('FVOCI') or fair value through profit or loss ('FVTPL').

Financial Liabilities

Financial liabilities are being carried at amortised cost except for derivatives which are being measured at fair value.

5.2.2 Business model assessment

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

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

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

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

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

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

5.2.3 Assessments whether contractual cash flows are solely payments of principal and profit (SPPI)

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

5.2.4 Application to the Bank's financial assets

Debt based financial assets

Debt based financial assets held by the Bank include: advances, lending to financial institutions, investment in federal government securities, corporate bonds and other private sukuks, cash and balances with treasury banks, balances with other banks, and other financial assets.

a) These are measured at amortised cost if they meet both of the following conditions and are not designated as FVTPL:

- the asset are held within a business model whose objective is achieved by both collecting contractual cash flows ; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and profit on the principal amount outstanding.

b) Debt based financial assets are measured at FVOCI only if these meet both of the following conditions and are not designated as FVTPL:

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

5.2.5 Initial recognition and subsequent measurement

Financial assets and financial liabilities are recognised when the entity becomes party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on trade date, the date on which the Bank purchases or sells the asset. Other financial assets and liabilities like advances, lending to financial institutions, deposits etc. are recognised when funds are transferred to the customers' account or financial institutions. However, for cases, where funds are transferred on deferred payment basis, recognition is done when underlying asset is purchased.

a) Amortised cost (AC)

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

b) Fair value through other comprehensive income (FVOCI)

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

c) Fair value through profit or loss (FVTPL)

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

5.2.6 Derecognition

Financial assets

The Bank derecognises a financial asset when:

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

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

Financial liabilities

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

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

5.2.7 Modification

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

5.2.8 Expected Credit Loss (ECL)

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

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

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

The Bank has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. The Bank uses a number of qualitative and quantitative measures in assessing SICR. Quantitative measures relate to deterioration of Obligor Risk Ratings (ORR) or where principal and / or interest payments are 60 days or more past due. Qualitative factors include unavailability of financial information and pending litigations. Based on the level of increase in credit risk, the Bank shall calculate 12mECL for assets which did not have a SICR i.e., stage 1 or a LTECL for the life of the asset (for assets which demonstrated a SICR) i.e., stage 2.

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

- | | |
|----------|---|
| Stage 1: | When financial instruments are first recognised, the Bank recognises an allowance based on 12mECLs. Stage 1 financial instruments also include facilities where the credit risk has improved and these have been reclassified from Stage 2. The 12mECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Bank calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast Exposure At Default (EAD) and multiplied by the expected LGD and discounted by an approximation to the original Effective Interest Rate (EIR). This calculation is made for all the scenarios. |
| Stage 2: | When a financial instrument has shown a significant increase in credit risk (SICR) since origination, the Bank records an allowance for the LTECLs. Stage 2 also includes facilities, where the credit risk has improved and the instrument has been reclassified from Stage 3. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs are applied over the lifetime of the instrument. The expected cash flows are discounted by an approximation to the original EIR. |
| Stage 3: | For financial instruments considered credit-impaired, the Bank recognises the LTECLs for these instruments. The Bank uses a PD of 100% and LGD as computed for each portfolio / segment. |

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

The Bank calculates ECLs based on a three probability-weighted scenarios to measure the expected cash flows, discounted at an approximation to the EIR. The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

- | | |
|-----------------------------|---|
| Probability of default (PD) | The probability that a counterparty will default, calibrated over the 12 months from the reporting date (stage 1) or over the lifetime of the product (stage 2) and incorporating forward looking information. |
| Exposure at default (EAD) | the expected balance sheet exposure at the time of default, incorporating expectations on drawdowns, amortisation, pre-payments and forward-looking information where relevant. |
| Loss given default (LGD) | It is an estimate of magnitude of loss sustained on any facility upon default by a customer. It is expressed as a percentage of the exposure outstanding on the date of classification of an obligor. It is the difference between contractual cash flows due and those that the Bank expects to receive, including any form of collateral. |

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

As per BPRD Circular No. 03 of 2022 dated July 05, 2022 and BPRD Circular Letter No.16 of 2024 dated July 29, 2024, ECL of Stage 1 and Stage 2 is calculated as per IFRS 9, while ECL of Stage 3 has been calculated based on higher of either the Prudential Regulations or IFRS 9 at borrower / facility level.

Effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liabilities to the gross carrying amount of a financial asset or to the amortised cost of a financial liability.

When estimating the ECLs, the Bank considers three scenarios (a base case, an upside, a downside). Each of these is associated with different PDs.

The Bank's management has only considered cash, liquid securities, and Government of Pakistan guarantees as eligible collaterals, while calculating EADs.

The credit exposure (in local currency) that have been guaranteed by the Government and Government Securities are exempted from the application of ECL calculation.

Definition of default

The concept of 'impairment or default' is critical to the implementation of IFRS 9 as it drives determination of risk parameters, i.e. PD, LGD and EAD. The Bank has defined that an exposure with regards to a particular obligor will be treated as having defaulted when either one or both of the following two events have taken place:

- If a customer fails to service mark-up and / or principal within days past due (dpd) criteria as prescribed by SBP from time to time;
- The Bank considers that the obligor is unlikely to pay its credit obligations to the Bank in full, without recourse by the Bank to actions such as realizing security (if held).

Write-offs

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

5.3 Cash and cash equivalents

Cash and cash equivalents include cash and balances with treasury banks and balances with other banks in current (net of overdrawn Nostro balances) and deposit accounts.

5.4 Funds due to / from financial institutions

Bai Mu'ajjal

In Bai Mu'ajjal, the Bank sells sukuk on deferred basis to other financial institutions. The deferred price is agreed at the time of sale and such proceeds are received at the end of the deferral period. Bai Muajjal with the Federal Government is classified as investment.

Musharaka / Mudaraba / Wakala

In Musharaka / Mudaraba / Wakala, the Bank invests in the Shariah compliant business pools of the financial institutions at the agreed profit and loss sharing ratio / fees.

Musharaka from the SBP under Islamic Export Refinance Scheme (IERS)

Under IERS, the Bank accepts funds from the SBP under Shirkat-ul-Aqd to constitute a pool for investment in Export Refinance portfolio of the Bank under the guidelines issued by the SBP. The profit of the pool is shared as per the agreed profit sharing ratio between the partners.

Mudaraba investment from the SBP under various long term Islamic refinance schemes

Under various long term Islamic refinance schemes of the SBP, the Bank accepts funds from the SBP which are received on Mudaraba basis for investment in general pool of the Bank. The profit of the pool is shared as per the announced profit sharing ratio of the pool and the weightages assigned to these investments.

5.5 Investments

Investments include Federal Government securities and non-Government securities. Classification and measurement of investments has been detailed in note 5.2

5.6 Islamic financing and related assets

- 5.6.1** These are financial products offered by the Bank and are stated net of specific and general provision against non performing Islamic financing and related assets, if any. A brief description of the products are given below:

Murabaha

In Murabaha transactions, the Bank purchases the goods through its agent or client and after taking the possession, sells them to the customer on cost plus profit basis either in a spot or credit transaction.

Under Murabaha financing, funds disbursed for purchase of goods are recorded as 'Advance against Murabaha finance'. On culmination of Murabaha i.e. sale of goods to customers, Murabaha financing are recorded at the deferred sale price. Goods purchased but remained unsold at the statement of financial position date are recorded as inventories. Deferred income on Murabaha financing is adjusted against Murabaha receivable.

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

Istisna

In Istisna financing, the Bank places an order to purchase some specific goods / commodities from its customers to be delivered to the Bank within an agreed time. The goods are then sold by the customer on behalf of the Bank and the amount hence financed along with profit is paid back to the Bank.

Salam

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

Ijarah

In Ijarah financing, the Bank provides the asset on pre-agreed rentals for specific tenors to the customers. Ijarah assets are stated at cost less depreciation and are disclosed as part of 'Islamic financing and related assets'.

The rental on Ijarah under Islamic Financial Accounting Standard - 2 Ijarah (IFAS 2) are recorded as income / revenue. The Bank charges depreciation from the date of recognition of Ijarah of respective assets to Mustajir. Ijarah assets are depreciated over the period of Ijarah using the straight line method.

Impairment of Ijarah assets is determined in accordance with the Prudential Regulations issued by the SBP. The provision for impairment of Ijarah assets is shown as part of 'Islamic financing and related assets'.

The significant Ijarah contracts entered into by the Bank are with respect to vehicles, plant and machinery and equipment and are for periods ranging from 1 to 7 years.

Diminishing Musharaka

In Diminishing Musharaka based financing, the Bank enters into Musharaka based on Shirkat-ul-Milk for financing and agreed share of property and equipment (example: house, land, plant, machinery or vehicle) with its customers and enters into period profit payment agreement for the utilization of the Bank's Musharaka share by the customer.

Running Musharaka

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

Bai Mu'ajjal

In Bai Mu'ajjal, the Bank sells goods on deferred basis to customers. The deferred price is agreed at the time of sale and such proceeds are received at the end of the deferral period.

5.6.2 Provision

Islamic Financing is stated net of credit loss allowance and general reserves / provisions. Credit loss allowance against Islamic financing have been made in accordance with the requirements of Prudential Regulations, IFRS 9 application instructions and various circulars issued by the SBP from time to time. The Bank also maintains a general reserve against loans and advances, over and above the IFRS 9 based ECL, in accordance with the stipulations of SBP's BPRD Circular Letter No. 01 dated January 22, 2025 and details have been disclosed in note 10.

5.7 Property and Equipments and Intangible assets

5.7.1 Capital work-in-progress

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

5.7.2 Property and equipment

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

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

Depreciation on all property and equipment is charged using the straight line method in accordance with the rates specified in note 11.2 to these financial statements and after taking into account residual value, if any. The residual values, useful lives and depreciation methods are reviewed and adjusted, if appropriate, at each balance sheet date.

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

Surplus on revaluation of land and buildings is credited to the surplus on revaluation account. Revaluation is carried out with sufficient regularity to ensure that the carrying amount of assets does not differ materially from the fair value. To the extent of the incremental depreciation charged on the revalued assets, the related surplus on revaluation of land and buildings (net of deferred taxation) is transferred directly to unappropriated profit.

Gains / losses on sale of property and equipment are credited / charged to the profit and loss account, except the related surplus on revaluation of land and buildings (net of deferred taxation) which is transferred directly to unappropriated profit.

5.7.3 Intangible assets

5.7.3.1 Advance against purchase of software

Advance against purchase of software is stated at cost less accumulated impairment losses, if any. These are transferred to computer software as and when the related asset is received.

5.7.3.2 Computer software

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

5.8 Impairment

The carrying amount of assets are reviewed at each balance sheet date for impairment whenever events or changes in circumstances indicate that the carrying amounts of the assets may not be recoverable. If such indication exists and where the carrying value exceeds the estimated recoverable amount, assets are written down to their recoverable amounts. Recoverable amount is the greater of fair value and value in use. The resulting impairment loss is taken to the profit and loss account except for impairment loss on revalued assets, which is adjusted against the related revaluation surplus to the extent that the impairment loss does not exceed the surplus on revaluation of that asset.

5.9 IFRS 16 - Lease liability and right-of-use assets

The liability in respect of Ijarah (leases) of Musta'jir (lessee) are initially measured at the present value of the remaining Ijarah payments, discounted using the Bank's incremental borrowing rate. The Bank (being an Islamic bank) may acquire funds, if required, from other financial institution(s) under Shari'ah compliant modes. The Ijarah liability is subsequently measured at amortised cost using the effective borrowing rate and charged to profit and loss account. The carrying amount is remeasured / adjusted if there are changes in the future cash flows or the lease term.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the Ijarah liability, adjusted for, as applicable, any Ujrah (lease) payments made at or before the commencement date. On subsequent measurement, right-of-use assets are stated at cost less any accumulated depreciation / accumulated impairment losses and are adjusted for any remeasurement of the Ijarah liability.

Right-of-use assets are depreciated on a straight line basis over the Ijarah term as this method closely reflects the expected pattern of consumption of future economic benefits and charged to profit and loss account. Carrying amount of the Ijarah liability is derecognised upon termination of the Ijarah contract with corresponding adjustment to right-of-use asset. Gain or loss on termination of Ijarah contract is recognised in the profit and loss account. The right-of-use assets are presented within note 12 and are subject to impairment in line with the Bank's policy as described in note 5.8.

The Bank has elected not to recognize a right-of-use asset and the corresponding Ijarah liability for short-term Ijarahs with terms of 12 months or less and Ijarahs of low-value assets. Payments associated with these Ijarah are recognized as an expense in the profit or loss account on a straight-line basis.

However, accounting for Ijarah of Muj'ir (lessors) remains the same as required under IFAS 02 i.e. Muj'ir continue to present assets subject to Ijarah according to the nature of the asset, distinguished from the assets in own use.

5.10 Deposits

Deposits are generated on the basis of two modes i.e. Qard and Mudaraba. Deposits are recorded at the proceeds received. The cost of deposits is recognized as an expense in the period in which this is incurred.

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

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

Profits are distributed from the pool such that the depositors (remunerative) only bear the risk of assets in the pool during the profit calculation period. In case of loss in a pool during the profit calculation period, the loss is distributed among the depositors (remunerative) according to their ratio of Investments.

Asset pools may be created at the Bank's discretion and the Bank may add, amend, and transfer an asset to any other pool in the interests of the deposit holders.

5.11 Pool Management

The Bank operates general and specific pools for deposits and inter-bank funds accepted / acquired under Mudaraba, Musharaka and Wakala modes.

Under the general deposits pool, the Bank accepts funds on Mudaraba basis from depositors (Rab-ul-Maal) where the Bank acts as Manager (Mudarib) and invests the funds in the Shari'ah Compliant modes of financings, investments and placements. When utilising investing funds, the Bank prioritizes the funds received from depositors over the funds generated from own sources.

Specific pools may be operated for funds acquired / accepted from the SBP and other banks for Islamic Export Refinance to Bank's customers and liquidity management respectively under the Musharaka / Mudaraba modes. The Bank also maintains an Equity Pool which consists of Bank's equity and funds accepted on Qard (non-remunerative current deposit account) basis.

The profit of each deposit pool is calculated on all the remunerative assets booked by utilising the funds from the pool after deduction of expenses directly incurred in earning the income of such pool, if any. The directly related costs comprise of depreciation on Ijarah assets, takaful premium, documentation charges etc. No general or administrative expense is charged to pool. No provision against any non-performing asset of the pool is passed on to the pool except on the actual loss / write-off of such non-performing asset. The profit of the pool is shared between equity and other members of the pool on the basis of Musharaka at gross level (before charging of Mudarib fee) as per the investment ratio of the equity. The profit of the pool is shared among the members of the pool on pre-defined mechanism based on the weightages announced before the profit calculation period after charging of Mudarib fee. During the year, the Bank has given Hiba to the depositors of General Pool, keeping in view the prescribed guidelines of Pool Management provided by the SBP and with the approval of the Bank's Shariah Board. However, Hiba are given at the sole discretion of the Bank without any contractual commitment and can be withdrawn or reduced by the Bank at its sole discretion.

The deposits and funds accepted under the above mentioned pools are provided to diversified sectors and avenues of the economy / business as mentioned in the notes and are also invested in Government of Pakistan backed Ijarah Sukuks. Staff financings are exclusively financed from the equity pool.

The risk characteristic of each pool mainly depends on the assets and liability profile of each pool.

5.12 Taxation

Current and prior year

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

Deferred

Deferred tax is recognised using the balance sheet liability method on all temporary differences between the amounts attributed to assets and liabilities for financial reporting purposes and amounts used for taxation purposes. The Bank records deferred tax assets / liabilities using the tax rates, enacted or substantively enacted by the balance sheet date expected to be applicable at the time of its reversal. Deferred tax assets are reviewed at each reporting date and are recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised. The Bank also recognises deferred tax asset / liability on deficit / surplus on revaluation of securities and deferred tax liability on surplus on revaluation of property and equipment which is adjusted against the related deficit / surplus in accordance with the requirements of International Accounting Standard (IAS) 12 'Income Taxes'.

In making the estimates for current and deferred taxes, the management considers the income tax law and the decisions of appellate authorities on certain issues in the past.

5.13 Staff retirement benefits

Defined contribution plan

The Bank operates a recognised contributory provident fund scheme for all its permanent employees. Equal monthly contributions are made both by the Bank and its permanent employees, to the Fund at the rate of 8.33% of the basic salaries of employees. However, an employee has an option to increase his/her contribution upto 15% but the Bank will still contribute 8.33% of the employee's basic salary. The Bank has no further payment obligation once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due.

5.14 Acceptances, guarantees and letters of credit

Acceptances comprise of undertakings by the Bank to pay bills of exchange drawn on customers. Acceptances are recognized as financial liability in the statement of financial position with a contractual right of reimbursement from the customer as a financial asset.

The Bank issues guarantees and letters of credit. These are disclosed in the statement of financial position as part of contingencies and commitments.

5.15 Provisions and contingent assets and liabilities

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

Contingent assets are not recognised, and are also not disclosed unless an inflow of economic benefits is probable. Contingent liabilities are disclosed unless the probability of an outflow of resources embodying economic benefit is remote.

5.16 Foreign currencies

5.16.1 Transactions and balance

Transactions in foreign currencies (other than the results of operations of foreign operations) are translated to Rupees at the foreign exchange rates ruling on the transaction date. Monetary assets and liabilities in foreign currencies are expressed in Rupee terms at the rates of exchange prevailing at the balance sheet date. Foreign bills purchased and forward foreign exchange contracts (unilateral wa'ad) other than those relating to foreign currency deposits are valued at the rates applicable to their respective maturities. Translational gains / losses and any change in fair value of forward exchanges contracts are credited / charged to profit and loss account.

5.16.2 Commitments

Commitments for outstanding forward foreign exchange contracts are disclosed in these financial statements at committed amounts. Contingent liabilities / commitments for letters of credit and letters of guarantee denominated in foreign currencies are expressed in Rupee terms at the rates of exchange prevailing at the date of the statement of financial position.

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

5.17 Revenue recognition

- Profit on investments in Sukuks is recognised on accrual basis. Where Sukuks (excluding those classified as held for trading) are purchased at a premium or discount, such premiums / discounts are amortised through the profit or loss account using the effective yield method, as permitted by SBP.
- Profit from Musharaka placements with financial institutions is recognised on accrual basis.
- Profit from Bai-Mu'ajjal is recognised on accrual basis.
- Profit from Murabaha financing is accounted for on culmination of the Murabaha transaction. Profit on Murabaha is recognised on time proportion basis. Profit on Murabaha transactions for the period from the date of disbursement to the date of culmination of Murabaha is recognised immediately on the later date.
- Rental income from Ijarah financing is recognised on an accrual basis. Depreciation on Ijarah asset is charged to income (net of with rental income) over the period of Ijarah using the straight line method.
- Profit on Diminishing Musharaka is recognised on an accrual basis.
- Profit on Running Musharaka financing is booked on an accrual basis and is subject to adjustment (if any) upon declaration of profit by Musharaka partners.
- Profit on Istisna financing is recognised on accrual basis.
- Profit on Salam financing is recognised on accrual basis.
- The Bank earns fee and commission income from certain non-funded banking services. The related fee and commission income is recognised at an amount that reflects the consideration to which the Bank expects to be entitled in exchange for providing the services. The Bank recognises fees earned on transaction-based arrangements at a point in time when the Bank has fully provided the service to the customer. Where the contract requires services to be provided over time, the income is recognised on a systematic basis over the life of the related service. Unearned fees and commissions are included under Other liabilities.

- Dividend income is recognised when the Bank's right to receive dividend is established.
- Gain or loss on sale of investments is recognised in the profit and loss account in the year to which it arises.
- Gain or loss on disposal of property and equipment, intangible assets, ijarah assets and musharaka assets is taken to the profit and loss account in the period in which they arise.
- Profit suspended in compliance with the Prudential Regulations issued by the SBP is recognized on receipt basis. Profit on rescheduled / restructured financing and investments is recognised as permitted by the SBP.

5.18 Assets acquired in satisfaction of claims

The Bank occasionally acquires assets in settlement of certain financings. These are stated at lower of the carrying value or current fair value of such assets.

5.19 Financial instruments

5.19.1 Financial assets and financial liabilities

Financial instruments carried on the statement of financial position includes cash and balances with treasury banks, balances with other banks, due from financial institutions, investments, Islamic financing and related assets (excluding inventories), other assets (excluding balances related to tax), bills payables, due to financial institutions, deposits and other liabilities (excluding balances related to tax). The particular recognition methods adopted for significant financial assets and liabilities are disclosed in the individual policy statements associated with these assets and liabilities.

5.19.2 Offsetting

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

5.20 Dividend distribution and appropriation

Dividend declared and other appropriations (other than appropriations required by law) approved subsequent to the balance sheet date are considered as non-adjusting events and are not recorded in the financial statements. However, a separate disclosure of the fact is made in the financial statements.

5.21 Earnings per share

The Bank presents basic and diluted Earnings Per Share (EPS). Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Bank by the weighted average number of ordinary shares outstanding during the year.

5.22 Segment reporting

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

5.22.1 Business segments

- Retail

It includes commercial and SME financing, deposits, trade business and other banking services.

- Corporate

It includes financing to large and medium sized public and private sector entities, investment banking, corporate advisory, cash management, trade finance, guarantees and transaction with financial institutions.

- Consumer

It includes financing and other banking services to individual customers other than those classified under Micro Finance.

- Microfinance

It represents financing operations to low income individuals including agriculture sector financing.

- Treasury operations

It includes inter-bank placements / acceptances, capital market operations and foreign exchange transactions and reserves management.

- Head office

It includes functions which cannot be classified in any of the above segments.

5.22.2 Geographical segments

The Bank operates only in Pakistan.

6 CASH AND BALANCES WITH TREASURY BANKS

In hand

- local currency

- foreign currencies

With the State Bank of Pakistan (SBP) in

- local currency current account

- foreign currency current accounts

cash reserve account

special cash reserve account

USD clearing account

With National Bank of Pakistan in

- local currency current accounts

Prize bonds

Less: Credit loss allowance held against cash and

balances with treasury banks

Cash and balances with treasury banks - net of credit loss allowance

Note	2025	2024
Rupees in thousands		
	4,243,186	4,136,600
	574,649	711,238
	4,817,835	4,847,838
6.2	14,565,898	12,029,270
6.3	417,664	359,608
6.4	493,017	428,967
	113,429	63,223
	1,024,110	851,798
	595,751	401,311
6.5	-	615
6.1	(2,642)	(16,321)
	21,000,952	18,114,511

6.1 Cash And Balances With Treasury Banks - Particulars of Credit Loss Allowance

		December 31, 2025		December 31, 2024	
		Cash and Balances with Treasury Banks	Credit loss allowance held	Cash and Balances with Treasury Banks	Credit loss allowance held
Rupees in thousands					
Domestic					
Impact of adoption of IFRS 9		-	-	-	(17,928)
Performing	Stage 1	1,024,110	(2,642)	851,798	1,607
Under performing	Stage 2	-	-	-	-
Non-performing	Stage 3	-	-	-	-
Substandard		-	-	-	-
Doubtful		-	-	-	-
Loss		-	-	-	-
		<u>1,024,110</u>	<u>(2,642)</u>	<u>851,798</u>	<u>(16,321)</u>

6.2 The local currency current account is maintained with SBP under the Cash Reserve Requirement of section 22 of Banking Companies Ordinance, 1962. This section requires banking companies to maintain a local currency cash reserve in the current account opened with the SBP at a sum not less than such percentage of its time and demand liabilities in Pakistan as prescribed by the SBP from time to time.

6.3 As per BSD Circular No. 15 dated June 21, 2008, cash reserve of 5% is required to be maintained with the SBP on deposits held under the New Foreign Currency Accounts Scheme (FE-25 deposits). This account is non-remunerative in nature.

6.4 Special Cash Reserve of 6% is required to be maintained with the SBP on FE-25 deposits as specified in BSD Circular No. 15 dated June 21, 2008. This account is non-remunerative in nature.

6.5 These represent the national prize bonds received from customers for onward surrendering to SBP. The Bank, as a matter of Shari'ah principle, does not deal in prize bonds.

7 BALANCES WITH OTHER BANKS

	Note	2025	2024
Rupees in thousands			
In Pakistan			
- current account		28,301	26,007
- deposit account	7.2	11,997	1,629
Outside Pakistan			
- current account		2,075,897	937,692
Less: Credit loss allowance held against balances with other banks	7.1	(1,104)	(3,235)
Balances with other banks - net of credit loss allowance		<u>2,115,091</u>	<u>962,093</u>

7.1 Balances with other banks - Particulars of credit loss allowance

		December 31, 2025		December 31, 2024	
		Balances with other banks	Credit loss allowance held	Balances with other banks	Credit loss allowance held
Rupees in thousands					
Domestic					
Impact of adoption of IFRS 9		-	-	-	(4,025)
Performing	Stage 1	2,116,195	(1,104)	965,328	790
Under performing	Stage 2	-	-	-	-
Non-performing	Stage 3	-	-	-	-
Substandard		-	-	-	-
Doubtful		-	-	-	-
Loss		-	-	-	-
		<u>2,116,195</u>	<u>(1,104)</u>	<u>965,328</u>	<u>(3,235)</u>

7.2 This represents saving accounts carrying profit at expected rates ranging from 2.76% to 7.42% per annum (2024: 3.45% to 12.20% per annum).

	Note	2025	2024
Rupees in thousands			
8 DUE FROM FINANCIAL INSTITUTIONS			
Unsecured			
Musharaka arrangements	8.2	5,500,000	2,000,000
Bai mu'ajjal		3,241,138	-
Less: Credit loss allowance held against due from financial institutions	8.1	(48)	-
		<u>8,741,090</u>	<u>2,000,000</u>

8.1 Due from Fis - Particulars of credit loss allowance

December 31, 2025		December 31, 2024	
Due from Fis	Credit loss allowance held	Due from Fis	Credit loss allowance held
Rupees in thousands			
Domestic			
Impact of adoption of IFRS 9	-	-	(1)
Reversal of provision	-	-	1
Performing	8,741,138	(48)	2,000,000
Under performing	-	-	-
Non-performing	-	-	-
Substandard	-	-	-
Doubtful	-	-	-
Loss	-	-	-
	<u>8,741,138</u>	<u>(48)</u>	<u>2,000,000</u>

8.2 This represents Musharaka placements with various financial institutions carrying average profit rate ranging from 10.50% to 10.69% per annum (2024: 13.0% per annum) and having maturity till July 24, 2028.

	2025	2024
Rupees in thousands		
8.3 Particulars of due from financial institutions		
- Local currency	8,741,138	2,000,000
- Foreign currencies	-	-
	<u>8,741,138</u>	<u>2,000,000</u>

9 INVESTMENTS

9.1 Investments by type:

**Debt Instruments
Classified / Measured at FVTPL**

Federal Government securities
Non Government securities

Classified / Measured at FVOCI

Federal Government securities
Non Government securities

Classified / Measured at amortised cost

Federal Government securities
Non Government securities

**Equity Instruments
Classified / Measured at FVTPL**

Shares

Total Investments

2025			
Fair value / Amortised cost	Credit Loss Allowance	Surplus / (Deficit)	Carrying Value
Rupees in thousands			
-	-	-	-
670,000	-	(7,009)	662,991
670,000	-	(7,009)	662,991
124,462,093	-	824,296	125,286,389
-	-	-	-
124,462,093	-	824,296	125,286,389
28,207,501	-	-	28,207,501
-	-	-	-
28,207,501	-	-	28,207,501
1,516,228	-	151,113	1,667,341
<u>154,855,822</u>	<u>-</u>	<u>968,400</u>	<u>155,824,222</u>

**Debt Instruments
Classified / Measured at FVTPL**

Federal Government securities
Non Government securities

Classified / Measured at FVOCI

Federal Government securities
Non Government securities

Classified / Measured at amortised cost

Federal Government securities
Non Government securities

**Equity Instruments
Classified / Measured at FVTPL**

Shares

Total Investments

2024			
Fair value / Amortised cost	Credit Loss Allowance	Surplus / (Deficit)	Carrying Value
Rupees in thousands			
-	-	-	-
670,000	-	(8,867)	661,133
670,000	-	(8,867)	661,133
115,515,825	-	2,206,516	117,722,341
-	-	-	-
115,515,825	-	2,206,516	117,722,341
28,212,727	-	-	28,212,727
-	-	-	-
28,212,727	-	-	28,212,727
-	-	-	-
<u>144,398,552</u>	<u>-</u>	<u>2,197,649</u>	<u>146,596,201</u>

9.2 Investments by segments:

	2025			
	Cost / Amortised cost	Credit Loss Allowance for diminution	Surplus / (Deficit)	Carrying Value
Rupees in thousands				
Federal Government securities				
Government of Pakistan (GOP) Ijarah Sukuks	152,669,594	-	824,296	153,493,890
Shares				
Listed companies	1,516,228	-	151,113	1,667,341
Non Government securities				
Listed	-	-	-	-
Unlisted	670,000	-	(7,009)	662,991
Total Investments	154,855,822	-	968,400	155,824,222
2024				
	Cost / Amortised cost	Credit Loss Allowance for diminution	Surplus / (Deficit)	Carrying Value
Rupees in thousands				
Federal Government securities				
Government of Pakistan (GOP) Ijarah Sukuks	143,728,552	-	2,206,516	145,935,068
Shares				
Listed companies	-	-	-	-
Non Government securities				
Unlisted	670,000	-	(8,867)	661,133
Total Investments	144,398,552	-	2,197,649	146,596,201

9.2.1 Investments given as collateral

	2025	2024
Government of Pakistan (GOP) Ijarah Sukuks	-	6,134,850

9.3 Particulars of credit loss allowance

	2025	2024
Opening balance	-	-
Charge for the year	-	-
Reversal on disposals	-	-
Closing balance	-	-

9.4 Quality of securities

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

	2025	2024
	Cost	
Rupees in thousands		
Federal Government Securities - Government guaranteed		
Government of Pakistan (GOP) Ijarah Sukuks	124,462,093	115,515,825
Shares		
Listed	-	-
Unlisted	-	-
Non Government Debt Securities		
Unlisted	-	-
	124,462,093	115,515,825

2025	2024
Cost	
Rupees in thousands	
28,207,501	28,212,727
28,207,501	28,212,727

9.5 Particulars relating to securities classified Under "Held to Collect" model
Federal Government Securities - Government guaranteed
Government of Pakistan (GOP) Ijarah Sukuks

9.5.1 The market value of securities classified as held-to-collect as at December 31, 2025 amounted to Rs.28,542 million (December 31, 2024: Rs. 29,165 million).

10 ISLAMIC FINANCING AND RELATED ASSETS - NET

	Performing		Non performing		Total	
	2025	2024	2025	2024	2025	2024
Rupees in thousands						
10.1 Murabaha	24,072,546	17,966,225	46,456	46,456	24,119,002	18,012,681
10.2 Musawamah	1,458,171	531,196	-	-	1,458,171	531,196
10.3 Istisna	15,469,818	8,928,030	414,460	510,679	15,884,278	9,438,709
Salam	99,998	-	-	-	99,998	-
Ijarah	2,136,623	1,514,863	1,424	2,388	2,138,047	1,517,271
Running Musharaka	40,075,104	44,233,477	353,211	200,000	40,428,315	44,433,477
Diminishing Musharaka	40,820,601	30,956,613	1,632,934	1,829,033	42,453,535	32,786,646
Staff finance	1,916,402	1,529,774	-	-	1,916,402	1,529,774
Bai Mu'ajjal	-	14,350,949	-	-	-	14,350,949
Wakala finance	11,950	-	-	-	11,950	-
Forced Qard	27,440	-	-	-	27,440	-
Forced PAD - Inland	240,000	-	-	-	240,000	-
Islamic financing and related assets - gross	126,328,653	120,011,147	2,448,485	2,588,556	128,777,138	122,599,703
Less: Credit loss allowance against Islamic financing and related assets	(207,717)	(595,926)	-	-	(207,717)	(595,926)
- Stage 1	(324,242)	(437,561)	-	-	(324,242)	(437,561)
- Stage 2	(642,545)	(282,294)	(2,213,124)	(1,930,779)	(2,855,669)	(2,659,823)
- Stage 3	-	-	-	-	-	-
- General	-	-	-	-	-	-
- Specific	(1,174,504)	(1,315,781)	(2,213,124)	(1,930,779)	(3,387,628)	(3,246,560)
Islamic financing and related assets - net of credit loss allowance	125,151,149	118,695,366	235,361	657,777	125,386,510	119,353,143
Note						
10.1						
10.2						
10.3						
10.4						
10.5						
10.6						
10.7						
10.10						

10.1 Murabaha

	2025	2024
Murabaha financing	11,510,042	8,359,749
Murabaha inventory	12,351,930	9,372,948
Advances against Murabaha financing	187,030	209,964
Murabaha financing under Islamic export refinance scheme (IERS)	-	-
Advances against Murabaha financing under IERS	70,000	70,000
Murabaha inventory under SBP's Islamic Refinance Scheme for Payment of Wages and Salaries (IRSPWS)	-	-
	24,119,002	18,012,681

10.1.1

	2025	2024
Murabaha receivable - gross	12,234,203	8,996,275
Less: Deferred Murabaha income	(724,161)	(636,526)
Murabaha financing	11,510,042	8,359,749

Note	2025	2024
	Rupees in thousands	
10.1.2 Movement in Murabaha receivable during the year:		
Opening balance	8,996,275	6,217,953
Sales during the year	60,072,937	42,731,213
Adjusted during the year	(56,835,009)	(39,952,891)
Closing balance	12,234,203	8,996,275
10.1.3 Murabaha sale price during the year	60,072,937	42,731,213
Murabaha purchase price during the year	(56,843,319)	(38,933,515)
	3,229,618	3,797,698
10.1.4 Deferred Murabaha income		
Opening balance	636,526	650,354
Arising during the year	3,229,618	3,797,697
Recognised during the year	(3,141,983)	(3,811,525)
Closing balance	724,161	636,526
10.2 Musawamah		
- Musawamah Financing	1,462,075	524,082
- Musawamah financing under IERS	23,300	23,869
- Deferred Musawamah Income	(27,204)	(16,755)
	1,458,171	531,196
10.3 Istisna		
- Istisna financing	5,049,377	1,973,927
- Istisna inventory	1,446,949	622,541
- Advances against Istisna financing	9,362,952	6,800,241
- Istisna financing under IERS	-	26,370
- Advances against Istisna financing under IERS	25,000	15,630
	15,884,278	9,438,709
10.4 Ijarah financing and related assets		
- Net book value of assets in Ijarah under IFAS 2	10.4.1	1,511,505
- Advances against Ijarah		626,542
		2,138,047
		1,517,271

10.4.1 Net book value of assets in Ijarah under IFAS 2

	2025						Book value as at December 31, 2025
	Cost			Depreciation			
	As at January 1, 2025	Additions / (disposal)	As at December 31, 2025	As at January 1, 2025	Charge / (disposal)	As at December 31, 2025	
	Rupees in thousands						
Vehicles	2,177,074	569,455	2,331,914	735,103	337,441	826,747	1,505,167
		(414,615)			(245,797)		
Equipment and Plant and Machinery	63,376	-	63,376	45,638	11,400	57,038	6,338
		-			-		
	2,240,450	569,455	2,395,290	780,741	348,841	883,785	1,511,505
		(414,615)			(245,797)		
	2024						
	Cost			Depreciation			Book value as at December 31, 2024
	As at January 1, 2024	Additions / (disposal)	As at December 31, 2024	As at January 1, 2024	Charge / (disposal)	As at December 31, 2024	
	Rupees in thousands						
Vehicles	2,633,837	384,702	2,177,074	986,002	354,274	735,103	1,441,971
		(841,465)			(605,173)		
Equipment and Plant and Machinery	542,904	-	63,376	446,704	15,773	45,638	17,738
		(479,528)			(416,839)		
	3,176,741	384,702	2,240,450	1,432,706	370,047	780,741	1,459,709
		(1,320,993)			(1,022,012)		

10.4.2 Future Ijarah payments receivable

	2025			
	Not later than 1 year	Later than 1 year and not later than 5 years	Over Five years	Total
	Rupees in thousands			
Ijarah rental receivables	389,214	471,045	-	860,259
	2024			
	Not later than 1 year	Later than 1 year and not later than 5 years	Over Five years	Total
	Rupees in thousands			
Ijarah rental receivables	583	952,840	8,714	962,137

	2025	2024
Rupees in thousands		
10.5 Running Musharaka		
- Running Musharaka financing	38,321,315	41,463,477
- Running Musharaka financing under IERS	2,107,000	2,970,000
	<u>40,428,315</u>	<u>44,433,477</u>
10.6 Diminishing Musharaka		
- Diminishing Musharaka financing	35,110,919	20,660,611
- Advances against Diminishing Musharaka financing	2,756,047	6,596,859
- Diminishing Musharaka financing under SBP's IRSPWS	-	-
- Advances against Diminishing Musharaka under SBP's ILTFF	1,459,802	1,708,470
- Advances against Diminishing Musharaka under SBP's IFRE	177,579	277,284
- Advances against Diminishing Musharaka under SBP's ITERF	2,949,188	3,542,422
	<u>42,453,535</u>	<u>32,785,646</u>
10.7 Staff finance		
- Staff vehicle finance under Diminishing Musharaka	899,046	631,855
- Staff Solar Finance	18,666	18,847
- Staff housing finance under Diminishing Musharaka	2,261,158	1,788,737
- Staff Subsidized Finance	(1,262,468)	(909,665)
	<u>1,916,402</u>	<u>1,529,774</u>
10.8 Particulars of Islamic financing and related assets - gross		
In local currency	128,777,138	122,599,703
In foreign currency	-	-
	<u>128,777,138</u>	<u>122,599,703</u>
10.8.1 Advances to women, women-owned and managed enterprises		
Women	1,140,349	858,602
Women owned and managed enterprises	2,008,641	415,839
	<u>3,148,990</u>	<u>1,274,441</u>
10.8.2 Gross loans disbursed to women Rs. 1,530.044 million (December 31, 2024: Rs. 1,817.753 million), women-owned and managed enterprises Rs. 12,570.742 million (December 31, 2024: Rs. 4,370.195 million).		

10.9 Islamic financing and related assets include Rs. 2,448,485 million (2024: Rs. 2,588,556 million) which have been placed under non-performing status as detailed below.

Category of Classification	2025		2024	
	Non-performing Islamic financing and related assets	Credit loss allowance held	Non-performing Islamic financing and related assets	Credit loss allowance held
Domestic				
Other Assets Especially Mentioned	-	-	14,366	9,568
Substandard	185,232	175,626	36,410	21,516
Doubtful	264,365	260,457	479,181	387,593
Loss	1,998,888	1,777,041	2,056,599	1,512,102
	<u>2,448,485</u>	<u>2,213,124</u>	<u>2,588,556</u>	<u>1,930,779</u>

10.10 Particulars of credit loss allowance against Islamic financing and related assets

	2025				2024			
	Stage 1	Stage 2	Stage 3	General	Stage 1	Stage 2	Stage 3	General
Opening balance	595,926	437,561	1,930,779	282,294	-	-	745,250	542,951
Impact of adoption of IFRS-9	-	-	-	-	-	-	-	-
Charge for the year	141,923	275,133	446,128	360,251	296,995	593,954	1,059,178	(542,951)
Reversals	(530,132)	(388,452)	(163,793)	-	(195,812)	(255,635)	(563,583)	282,294
Amounts written off	(388,209)	(113,319)	282,345	360,251	298,931	(156,393)	126,351	282,294
Closing balance	207,717	324,242	2,213,124	642,545	595,926	437,561	1,930,779	282,294

10.11 Particulars of credit loss allowance

	2025				2024			
	Stage 1	Stage 2	Stage 3	General	Stage 1	Stage 2	Stage 3	General
Gross carrying amount- Current year	113,970,982	6,040,164	2,588,557	-	51,450,262	36,974,056	2,211,298	-
Impact of fair value of subsidized loans	-	-	-	-	(2,170,448)	-	-	-
Balance as at January 01 after adoption of IFRS 9	113,970,982	6,040,164	2,588,557	-	49,279,814	36,974,056	2,211,298	-
New advances	76,360,500	5,994,371	27,719	-	95,927,887	1,441,141	618,434	-
Derecognised or repaid	(76,245,072)	(1,459,296)	(383,961)	-	(31,008,312)	31,645,334	460,779	-
Transfer to Stage 1	2,167,601	(2,187,365)	(236)	-	1,729,046	(1,727,468)	(1,578)	-
Transfer to Stage 2	(12,036,054)	12,047,012	(10,958)	-	(1,523,913)	1,524,982	(1,069)	-
Transfer to Stage 3	(25,861)	(389,189)	415,050	-	(10,705)	(204,055)	214,760	-
Amounts written off	(9,778,886)	14,025,533	47,614	-	65,114,003	32,679,934	1,291,326	-
Change in risk parameters	947,711	1,123,149	(187,686)	-	(422,835)	(63,613,826)	(914,067)	-
Closing balance	105,139,807	21,188,846	2,448,485	-	113,970,982	6,040,164	2,588,557	-

10.11.2 Islamic financing and related assets- Credit loss allowance

	2025			2024			Total				
	Stage 1	Stage 2	Stage 3	General	Total	Stage 1		Stage 2	Stage 3	General	Total
Opening balance	595,926	437,561	1,930,779	282,294	3,246,560	-	-	-	745,250	542,951	1,288,201
Impact of adoption of IFRS-9	-	-	-	-	-	296,995	593,954	1,059,178	(542,951)	1,407,176	-
New advances	139,886	253,177	25,872	-	418,935	451,632	30,385	467,936	-	949,953	-
Derecognised or repaid / reversal of provision	(257,859)	(34,095)	(31,024)	-	(322,978)	(137,391)	(46,753)	(406,563)	-	(590,707)	-
Transfer to Stage 1 / charge for the year	963	(963)	-	360,251	360,251	10,473	(10,413)	(60)	282,294	282,294	-
Transfer to Stage 2	(20,596)	20,673	(77)	-	-	(57,713)	58,043	(330)	-	-	-
Transfer to Stage 3	(18,462)	(387,320)	405,782	-	-	(7,302)	(202,833)	210,135	-	-	-
Amounts written off	(156,066)	(148,528)	400,553	360,251	456,208	259,699	(171,571)	271,118	282,294	641,540	-
Change in risk parameters	(232,141)	35,209	(118,207)	-	(315,139)	39,232	15,178	(144,767)	-	-	(90,357)
Closing balance	207,717	324,242	2,213,125	642,545	3,387,629	595,926	437,561	1,930,779	282,294	3,246,560	-

Islamic financing and related assets- Credit loss allowance details

Internal / External rating / stage classification

Outstanding gross exposure

Performing - Stage 1

Under Performing - Stage 2

Non-performing - Stage 3

	2025			2024			Total				
	Stage 1	Stage 2	Stage 3	General	Total	Stage 1		Stage 2	Stage 3	General	Total
OAEM	105,139,807	-	-	-	105,139,807	113,970,982	-	-	-	113,970,982	-
Substandard	-	21,188,846	-	-	21,188,846	-	6,040,164	-	-	6,040,164	-
Doubtful	-	-	-	-	-	-	-	-	-	-	-
Loss	-	-	-	-	-	-	-	-	-	-	-
Total	105,139,807	21,188,846	2,448,485	-	128,777,138	113,970,982	6,040,164	2,588,556	-	122,599,702	-

Corresponding Expected Credit Loss Allowance

Stage 1 and stage 2

Stage 3

General Provision

	2025			2024			Total				
	Stage 1	Stage 2	Stage 3	General	Total	Stage 1		Stage 2	Stage 3	General	Total
Stage 1 and stage 2	207,717	324,242	-	-	531,959	595,926	437,561	-	-	1,033,487	-
Stage 3	-	-	2,213,125	-	2,213,125	-	-	1,930,779	-	1,930,779	-
General Provision	-	-	-	642,545	642,545	-	-	-	282,294	282,294	-
Total	207,717	324,242	2,213,125	642,545	3,387,629	595,926	437,561	1,930,779	282,294	3,246,560	-

10.12 State Bank of Pakistan vide BSD Circular No. 02 dated January 27, 2009, BSD Circular No. 10 dated October 20, 2009, BSD Circular No. 02 of 2010 dated June 03, 2010 and BSD Circular No. 01 of 2011 dated October 21, 2011 has allowed benefit of Forced Sale Value (FSV) of Plant & Machinery under charge, pledged stock and mortgaged residential, commercial & industrial properties (land and building only) held as collateral against NPLs for five years from the date of classification. Had the benefit not been taken by the Bank, the specific provision against non-performing Islamic financing and related assets would have been higher by Rs. 165,977 million (December 31, 2024; Rs. 531,299 million). The additional benefit on the Bank's profit and loss account arising from availing the FSV benefit - net of tax amounts to Rs. 78,01 million (December 31, 2024; Rs. 255.02 million). However, the additional impact on profitability arising from availing the benefit of forced sales value is not available for payment of cash or stock dividends to shareholders.

10.13 In addition, the Bank has also maintained an unencumbered general provision of Rs. 979.4 million (December 31, 2024; Rs. 282.3 million) against financing made in accordance with the prevailing circumstances as mentioned in Note 44.1. This general provision is in addition to the requirements of Prudential Regulations.

10.14 Particulars of credit loss allowance against Islamic financing and related assets

	2025			2024			Total			
	Stage 1	Stage 2	Stage 3	General	Total	Stage 1		Stage 2	Stage 3	General
					Rupees in thousands					
In local currency	207,717	324,242	2,213,124	642,545	3,387,628	595,926	437,561	1,930,779	282,294	3,246,560
In foreign currency	-	-	-	-	-	-	-	-	-	-
Total	207,717	324,242	2,213,124	642,545	3,387,628	595,926	437,561	1,930,779	282,294	3,246,560

10.15 Particulars of Write Offs

	Note	2025	2024
		Rupees in thousands	
Against provisions	10.10	-	-
Directly charged to Profit and Loss account		-	-
Write offs of Rs. 500,000 and above		-	-
- Domestic		-	-
- Overseas		-	-
Write Offs of below Rs. 500,000		-	-

10.17 The bank has measured subsidized staff loans at fair value in line with the BPRD Circular Letter No. 16 of 2024. The financial effect of this results in writing down the staff loans by Rs. 1,262,466 million (Dec 31, 2024; Rs. 909,665 million).

10.18 The bank has measured ITERF Islamic financing at fair value in line with the BPRD Circular Letter No. 16 of 2024. The financial effect of this results in writing down the ITERF financing by Rs. 884,936 million (Dec 31, 2024; Rs.1,895,801 million).

11 PROPERTY AND EQUIPMENT

Capital work-in-progress

	2025	2024
	Rupees in thousands	
Property and equipment	453,960	483,905
	5,817,022	4,707,212
Total	6,270,982	5,191,117

Capital work-in-progress

Civil works

Advance to suppliers and contractors	131,147	101,555
Electrical and computer equipment	159,265	156,019
	163,548	226,331
Total	453,960	483,905

11.2 Property and equipment

	2025						Total
	Freehold land	Buildings on freehold land	Lease hold Improvements	Furniture and fixtures	Electrical, office and computer equipments	Vehicles	
Rupees in thousands							
At January 01, 2025							
Cost / revalued amount	868,333	542,300	1,699,573	386,191	3,772,717	220,783	7,489,897
Accumulated depreciation	-	(26,185)	(881,964)	(150,851)	(1,619,765)	(103,920)	(2,782,685)
Net book value	868,333	516,115	817,609	235,340	2,152,952	116,863	4,707,212
Year ended December 2025							
Opening net book value	868,333	516,115	817,609	235,340	2,152,952	116,863	4,707,212
Additions	554,949	7,308	338,786	77,630	683,337	16,935	1,678,945
Movement in surplus on assets revalued during the year	182,057	49,779	-	-	-	-	231,836
Adjustments							
Cost	-	-	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-	-	-
Disposals	-	-	-	(216)	(562)	-	(778)
Depreciation charge	-	(13,249)	(265,297)	(39,911)	(450,287)	(31,449)	(800,193)
Closing net book value	1,605,339	559,953	891,098	272,843	2,385,440	102,349	5,817,022
At December 31, 2025							
Cost / revalued amount	1,605,339	559,953	2,038,359	463,118	4,450,690	237,718	9,355,177
Accumulated depreciation	-	-	(1,147,261)	(190,275)	(2,065,250)	(135,369)	(3,538,155)
Net book value	1,605,339	559,953	891,098	272,843	2,385,440	102,349	5,817,022
Rate of depreciation (%)		2 to 3	20	10	10 to 25	20	
2024							
	Freehold land	Buildings on freehold land	Lease hold Improvements	Furniture and fixtures	Electrical, office and computer equipments	Vehicles	Total
Rupees in thousands							
At January 01, 2024							
Cost / revalued amount	868,208	529,485	1,241,102	264,095	2,317,832	211,564	5,432,286
Accumulated depreciation	-	(13,272)	(654,760)	(121,141)	(1,322,548)	(79,795)	(2,191,516)
Net book value	868,208	516,213	586,342	142,954	995,284	131,769	3,240,770
Year ended December 2024							
Opening net book value	868,208	516,213	586,342	142,954	995,284	131,769	3,240,770
Additions	125	12,815	454,683	126,729	1,522,657	9,219	2,126,228
Movement in surplus on assets revalued during the year	-	-	-	-	-	-	-
Adjustments							
Cost	-	-	3,787	(3,754)	(33)	-	-
Accumulated depreciation	-	-	(3,179)	3,159	20	-	-
Disposals	-	-	-	(168)	(9,496)	-	(9,664)
Depreciation charge	-	(12,913)	(224,024)	(33,580)	(355,480)	(24,125)	(650,122)
Closing net book value	868,333	516,115	817,609	235,340	2,152,952	116,863	4,707,212
At December 31, 2024							
Cost / revalued amount	868,333	542,300	1,699,573	386,191	3,772,717	220,783	7,489,897
Accumulated depreciation	-	(26,185)	(881,964)	(150,851)	(1,619,765)	(103,920)	(2,782,685)
Net book value	868,333	516,115	817,609	235,340	2,152,952	116,863	4,707,212
Rate of depreciation (%)		2 to 3	20	10	10 to 25	20	

11.2.1 The land and buildings of the Bank were revalued in December 31, 2025 by independent valuer (Medallion Services Private Limited) on the basis of market value. Surplus against revaluation of property and equipment net of deferred tax as at December 31, 2025 amounts to Rs. 662.461 million (2024: Rs. 458.601 million).

Had the land and buildings not been revalued, the total carrying amounts of revalued properties as at reporting dates would have been as follows:

	2025	2024
Rupees in thousands		
Land	1,079,919	501,420
Buildings on freehold land	299,966	325,103

11.2.2 The gross carrying amount (cost) of fully depreciated assets that are in use as at reporting dates are as follows:

	2025	2024
Rupees in thousands		
Lease hold Improvements	532,080	478,431
Electrical, office and computer equipments	780,944	707,723
Furniture and fixtures	31,829	21,630
Vehicles	79,935	78,136

11.2.3 Carrying amount of temporarily idle property of the Bank is Rs. 60.000 million (2024: Rs. 46,895 million).

11.2.4 The information relating to disposal of property and equipment to related parties are as follows:

Description	Cost/ revalued amount	Accumulated depreciation	Book value	Sales proceeds	Mode of disposal	Particulars of buyers
Rupees in thousands						
Mobile Phone	380	364	16	40	As per Bank's policy	President / CEO
Mobile Phone	100	100	-	10	As per Bank's policy	Omer Khalid Lashari
	480	464	16	50		

12 RIGHT-OF-USE ASSETS

	2025	2024
Rupees in thousands		
Cost at the start of period/ year	5,057,777	4,129,982
Accumulated Depreciation	(2,701,959)	(2,102,191)
Net carrying amount at the start of period/ year	2,355,818	2,027,791
Additions / other adjustments during the year	1,270,864	971,449
Deletion during the year	-	(11,943)
Depreciation charge for the year	(834,737)	(631,479)
Balance as at December 31	2,791,945	2,355,818
Useful life	5- 10 years	5- 10 years

Note	2025	2024
Rupees in thousands		

13 INTANGIBLE ASSETS

Advance against purchase of software	915,852	692,983
Computer software	890,157	351,105
	1,806,009	1,044,088

13.1 Computer software

At January 01

Cost	1,442,604	1,350,263
Accumulated amortisation	(1,091,499)	(912,927)
Net book value	351,105	437,336

Year ended December

Opening net book value	351,105	437,336
Additions:		
- directly purchased	648,438	92,342
Amortisation charge	(109,386)	(178,573)
Other adjustment	-	-
Closing net book value	890,157	351,105

At December 31

Cost	2,091,043	1,442,604
Accumulated amortisation	(1,200,886)	(1,091,499)
Net book value	890,157	351,105
Rate of amortisation	14.29% -33.33%	14.29% -33.33%
Useful life	3 -7 Years	3 -7 Years

13.1.1 This includes core banking system of the Bank at carrying value of Rs. 38.781 million (2024: Rs. 1) and having remaining useful life of 7 years. (2024: NIL years).

13.1.2 The gross carrying amount (cost) of fully amortized intangible assets that are still in use as at December 31, 2025 is Rs. 792.788 million (2024: Rs.752.109 million).

14 DEFERRED TAX ASSETS / (LIABILITIES) - NET

2025				
	At Jan 01, 2025	Recognised in P&L A/C	Recognised in OCI	At Dec 31, 2025
Rupees in thousands				
Deductible temporary differences on:				
Tax losses carried forward	-	-	-	-
Minimum tax	-	-	-	-
Credit loss allowance against Islamic financing and related assets, balances with other banks and off balance sheet	1,229,238	(439,940)	-	789,298
Deferred Tax on leases	-	469,380	-	469,380
Workers Welfare Fund	263,420	52,300	-	315,720
	1,492,658	81,740	-	1,574,398
Taxable temporary difference				
Surplus on revaluation of property and equipment	(99,326)	2,265	(25,885)	(122,946)
Surplus on revaluation of investments	(1,147,388)	-	718,754	(428,634)
Accelerated tax depreciation	(215,147)	(39,947)	-	(255,094)
	(1,461,861)	(37,682)	692,869	(806,674)
	30,797	44,058	692,869	767,724

2024				
	At Jan 01, 2024	Recognised in P&L A/C	Recognised in OCI	At Dec 31, 2024
Rupees in thousands				
Deductible temporary difference on:				
Tax losses carried forward	-	-	-	-
Minimum tax	-	-	-	-
Credit loss allowance against Islamic financing and related assets, balances with other banks and off balance sheet	2,686	348,304	878,248	1,229,238
Deferred Tax on leases	-	-	-	-
Workers Welfare Fund	154,378	109,042	-	263,420
	157,064	457,346	878,248	1,492,658
Taxable temporary difference				
Surplus on revaluation of property and equipment	(95,730)	2,265	(5,861)	(99,326)
Surplus on revaluation of investments	(449,734)	-	(697,654)	(1,147,388)
Accelerated tax depreciation	(56,891)	(158,256)	-	(215,147)
	(602,355)	(155,991)	(703,515)	(1,461,861)
	(445,291)	301,355	174,733	30,797

Note	2025	2024
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Rupees in thousands

15 OTHER ASSETS

Profit / return accrued in local currency	5,510,320	7,249,755
Advances, deposits, advance rent and other prepayments	1,652,760	1,233,908
Advance taxation (payments less provisions)	428,306	25,135
Receivable under RAAST	2,197,724	374,280
Branch adjustment account	-	370,000
Clearing and settlement account	1,822,902	603,064
Receivable under home remittances	10,759	19,762
Mark to market gain on forward foreign exchange contracts	24,458	-
Acceptances	753,997	1,612,699
Others	211,180	282,382
	12,612,406	11,770,985
Less: Credit loss allowance held against other assets	15.1 (21,913)	(75,125)
	12,590,493	11,695,860

15.1 Credit loss allowance held against other assets

Profit / return accrued in local currency	15.1.1	21,913	75,125
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15.1.1 Movement in credit loss allowance held against other assets

Opening balance	75,125	-
Impact of adoption of IFRS-9	-	87,483
Charge for the year	-	-
Reversals	(53,212)	(12,358)
Amount written off	-	-
Closing balance	21,913	75,125

16 CONTINGENT ASSETS

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

	Note	2025	2024
Rupees in thousands			
17	BILLS PAYABLE		
	In Pakistan	5,515,318	11,594,493
	Outside Pakistan	-	-
		<u>5,515,318</u>	<u>11,594,493</u>
18	DUE TO FINANCIAL INSTITUTIONS		
	In Pakistan	22,192,797	48,422,293
	Outside Pakistan	177,698	-
		<u>22,370,495</u>	<u>48,422,293</u>
18.1	Particulars of due to financial institutions with respect to currencies		
	In local currency	22,192,797	48,422,293
	In foreign currencies	177,698	-
		<u>22,370,495</u>	<u>48,422,293</u>
18.2	Details of due to financial institutions - Secured / unsecured		
	Secured		
	With the State Bank of Pakistan		
	Musharaka under Islamic Export Refinance Scheme (IERS)	18.2.1 1,905,153	3,005,721
	Investment under Islamic Long Term Financing Facility (ILTFF)	18.2.2 1,459,627	1,712,675
	Investment under Islamic Temporary Economic Refinance Facility (ITERF) for Plant and Machinery	18.2.3 2,181,118	1,855,531
	Investment under Islamic Refinance Facility for Storage of Agriculture Produce (IFFSAP)	21,065	-
	Investment under Islamic Financing Facility for Renewable Energy (IFRE)	18.2.4 188,042	337,356
	Investment under Shariah Compliant Open Market Operations	-	6,072,476
	Unsecured		
	Musharaka arrangements with financial institutions	18.2.5 16,247,596	35,237,500
	Musharaka arrangements with other institution	18.2.6 190,196	201,034
	Overdrawn nostro accounts	36 177,698	-
		<u>22,370,495</u>	<u>48,422,293</u>

18.2.1 These Musharaka arrangements are on a profit and loss sharing basis maturing between January 19, 2026 to October 15, 2026 (2024: February 25, 2025 to June 28, 2025) and are secured against demand promissory notes executed in favour of the SBP. A limit of Rs. 2,016 million (2024: Rs. 3,696 million) has been allocated to the Bank by SBP under Islamic Export Refinance Scheme.

18.2.2 These arrangements are on a profit and loss sharing basis maturing between June 09, 2030 to September 05, 2032 (2024: June 09, 2030 to September 05, 2032).

18.2.3 These arrangements are on a profit and loss sharing basis maturing between March 21, 2026 to September 01, 2032 (2024: April 22, 2025 to September 01, 2032).

18.2.3.1 The bank has measured borrowing from State Bank of Pakistan on account of ITERF at fair value in line with the BPRD Circular Letter No. 16 of 2024. The financial effect of this results in writing down the ITERF borrowing Rs. 768 million.

18.2.4 These arrangements are on a profit and loss sharing basis maturing between April 26, 2026 to March 28, 2034 (2024: March 01, 2025 to March 28, 2034).

18.2.5 This represents Musharaka arrangements with banks carrying profit at expected rates ranging from 9.35% to 10.45% per annum (2024: 11.25% to 13.65% per annum) and having maturities till May 25, 2026. These Musharaka arrangements includes Musharaka acceptances with MCB Bank Limited amounting to Rs. 8,747 million (2024: NIL).

18.2.6 These Musharaka are on profit and loss sharing basis. Under the arrangement, a limit of Rs. 500 million (2024: Rs. 500 million) has been allocated to the Bank by the Karandaaaz.

19 DEPOSITS AND OTHER ACCOUNTS

	2025			2024		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
Rupees in thousands						
Customers						
Current deposits	78,228,783	3,558,868	81,787,651	56,768,093	2,896,728	59,664,821
Savings deposits	94,547,723	1,107,542	95,655,265	79,933,904	1,723,078	81,656,982
Term deposits	32,722,422	2,522,396	35,244,818	42,577,032	1,040,741	43,617,773
Others	11,157,301	-	11,157,301	5,062,483	-	5,062,483
	<u>216,656,229</u>	<u>7,188,806</u>	<u>223,845,035</u>	<u>184,341,512</u>	<u>5,660,547</u>	<u>190,002,059</u>
Financial Institutions						
Current deposits	291,887	375	292,262	383,026	-	383,026
Savings deposits	44,682,977	-	44,682,977	18,718,496	-	18,718,496
Term deposits	114,000	-	114,000	5,000	-	5,000
	<u>45,088,864</u>	<u>375</u>	<u>45,089,239</u>	<u>19,106,522</u>	<u>-</u>	<u>19,106,522</u>
	<u>261,745,093</u>	<u>7,189,181</u>	<u>268,934,274</u>	<u>203,448,034</u>	<u>5,660,547</u>	<u>209,108,581</u>

	2025	2024
Rupees in thousands		
19.1 Composition of deposits		
Individuals	87,674,151	73,077,318
Government (Federal and Provincial)	12,739,924	9,100,655
Public Sector Entities	5,387,862	8,950,850
Banking Companies	21,833	24,809
Non-Banking Financial Institutions	45,117,406	19,081,713
Private Sector	117,993,098	98,873,236
	<u>268,934,274</u>	<u>209,108,581</u>

19.2 This includes deposits eligible to be covered under takaful arrangements amounting to Rs. 122,963.258 million (2024: Rs. 113,266.588 million).

	2025	2024
Rupees in thousands		
20 LEASE LIABILITIES		
Outstanding amount at the start of the period	3,018,262	2,636,096
Additions during the period	1,270,864	971,449
Disposed off during the period	-	(19,747)
Payment of lease liability against right of use asset	(1,227,862)	(942,581)
Unwinding of lease liability against right of use asset	444,514	373,045
Outstanding amount at the end of the period	<u>3,505,778</u>	<u>3,018,262</u>

20.1 Liabilities Outstanding		
Not later than one year	862,749	618,661
Later than one year and upto five years	2,119,958	1,935,201
Over five years	523,071	464,400
Total at the year end	<u>3,505,778</u>	<u>3,018,262</u>

	Note	2025	2024
Rupees in thousands			
21 OTHER LIABILITIES			
Profit / return payable in local currency	21.1	2,263,951	3,361,903
Profit / return payable in foreign currencies		20,433	12,948
Accrued expenses		1,444,595	1,283,573
Unearned income		104,956	170,974
Acceptances	15	753,997	1,612,699
Branch adjustment account		296,655	-
Payable under RAAST		953,509	264,282
Advance receipt against Islamic financing and related assets		84,135	56,669
Charity fund balance	21.2	31,844	26,310
Security deposits against Ijarah financing		908,566	809,538
Withholding tax, Federal Excise Duty and other payable	-	56,335	45,334
Mark to market loss on forward foreign exchange contracts		-	114,359
Credit loss allowance against off-balance sheet obligations	21.2.3	143,960	84,271
Workers Welfare Fund	21.2.4	608,212	507,635
Others		1,533,024	903,498
		<u>9,204,172</u>	<u>9,253,993</u>

21.1 It includes Rs. 55.783 million (2024: Rs. 128.049 million) in respect of profit / return accrued on Musharaka with SBP under Islamic Export Refinance Scheme and Rs 59.645 million (2024: Rs 98.110 million) in respect of return accrued on acceptances from the SBP under various Islamic Refinance Schemes.

	Note	2025	2024
Rupees in thousands			
21.2 Reconciliation of charity fund balance			
Opening balance		26,310	23,238
Additions during the year			
- Received from customers against late payment		30,243	23,269
- Dividend purification amount		742	-
- Charity against other Non-Shariah compliant income		4,344	-
- Profit on charity saving account		1,599	1,303
		<u>36,928</u>	<u>24,572</u>
Charity paid during the year	21.2.1		
- Welfare		9,000	8,000
- Health		15,500	11,000
- Education		6,894	2,500
		<u>31,394</u>	<u>21,500</u>
Closing balance		<u>31,844</u>	<u>26,310</u>

	2025	2024
Rupees in thousands		
21.2.1 Charity was paid to the following institutions:		
Al-Khidmat Foundation Pakistan	1,000	-
Aziz Jehan Begum Trust for the Blind	1,000	1,000
CEIF - IMSciences	1,394	-
Center For Islamic Finance (CIF) - Lums	2,000	-
Family Welfare Society	1,000	1,000
Hasan Suleman Foundation	2,000	-
Indus Hospital	2,000	1,500
Infaq Memorial Trust	1,000	1,000
Mind Organization	500	500
Saleem Memorial Trust Hospital	5,000	4,000
Saylani Welfare Trust	5,000	4,000
The Citizens Foundation	1,500	1,000
The Lahore Hospital Welfare Society	500	500
Akhuwat Foundation	-	-
Sindh Institute of Urology & Transplantation	1,500	1,500
Shifa Tameer e Millat University	1,000	500
Shaukat Khanam Memorial Cancer Hospital	1,500	1,500
Pakistan Children Heart Foundation	500	500
Faizan Global Relief Foundation	1,000	1,000
Edhi Foundation	1,000	1,000
Progressive Education Network	1,000	1,000
	<u>31,394</u>	<u>21,500</u>

21.2.2 Charity was not paid to any staff of the Bank or to any individual / organisation in which a Director or his spouse had any interest at any time during the year.

	Note	2025	2024
Rupees in thousands			
21.2.3 Credit loss allowance against off-balance sheet obligations			
Opening balance		84,271	-
Impact of adoption of IFRS-9		-	77,675
Charge for the year	33	59,689	6,596
Reversals		-	-
		<u>59,689</u>	<u>6,596</u>
Amount written off		-	-
Closing balance		<u>143,960</u>	<u>84,271</u>

21.2.4 The Supreme Court of Pakistan, vide its order dated November 10, 2016, held that the amendments introduced by the Federal Government for the levy of Workers Welfare Fund (WWF) were not lawful. The Federal Board of Revenue has filed review petitions against this order, which are currently pending.

In light of these developments and the pending review petitions, the judgment may not currently be treated as conclusive. Accordingly, the Bank has maintained its provision in respect of WWF.

22 SHARE CAPITAL

22.1 Authorised capital

	2025	2024	Note	2025	2024
Number of shares				Rupees in thousands	
	<u>2,000,000,000</u>	<u>2,000,000,000</u>		<u>20,000,000</u>	<u>20,000,000</u>
					Ordinary shares of Rs. 10/- each

22.2 Issued, subscribed and paid up capital

	2025	2024	Ordinary shares	2025	2024
Number of shares				Rupees in thousands	
			Fully paid in cash		
	1,555,000,000	1,555,000,000	Balance at beginning of the year	15,550,000	15,550,000
	-	-	Issued during the year	-	-
	<u>1,555,000,000</u>	<u>1,555,000,000</u>	Balance at end of the year	<u>15,550,000</u>	<u>15,550,000</u>

22.3 The Bank's shares are 100 % (2024: 100%) held by MCB Bank Limited (MCB) - the parent company and its nominee Directors.

	2025	2024
Rupees in thousands		
23 RESERVES		
Statutory reserves	<u>2,732,118</u>	<u>2,276,220</u>

23.1 Statutory reserve represents amount set aside as per the requirements of section 21 of the Banking Companies Ordinance, 1962.

	Note	2025	2024
Rupees in thousands			
24 SURPLUS ON REVALUATION OF ASSETS - NET			

Surplus / (deficit) arising on revaluation of:

- Property and equipment	24.1	785,407	557,927
- Securities measured at FVOCI-Debt	24.2	824,296	2,206,516
		<u>1,609,703</u>	<u>2,764,443</u>

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

- Property and equipment	24.1	(122,946)	(99,326)
- Securities measured at FVOCI-Debt	24.2	(428,634)	(1,147,388)
		<u>(551,580)</u>	<u>(1,246,714)</u>
		<u>1,058,123</u>	<u>1,517,729</u>

24.1 Surplus on revaluation of property and equipment - net of tax

Surplus on revaluation of property and equipment as January 01		557,927	562,283
Recognised during the year		231,836	-
Realised on disposal during the year - net of deferred tax		-	-
Related deferred tax liability on surplus realised on disposals		-	-
Transferred to unappropriated profit in respect of incremental depreciation charged during the year - net of deferred tax		(2,091)	(2,091)
Related deferred tax liability on incremental depreciation charged during the year		(2,265)	(2,265)
Surplus on revaluation of property and equipment as at December 31		<u>785,407</u>	<u>557,927</u>
Less: Related deferred tax liability on:			
revaluation as at January 01		99,326	95,730
opening liability remeasurement		-	5,861
recognised during the year		25,885	-
surplus realised on disposal during the year		-	-
incremental depreciation charged during the year		(2,265)	(2,265)
		<u>(122,946)</u>	<u>(99,326)</u>
		<u>662,461</u>	<u>458,601</u>

	Note	2025	2024
24.2 Surplus / (deficit) on revaluation of securities measured at FVOCI - net of tax		Rupees in thousands	
Securities measured at FVOCI- Debt			
Sukuks		824,296	2,206,516
Related deferred tax (liability) / asset		(428,634)	(1,147,388)
		<u>395,662</u>	<u>1,059,128</u>
25 CONTINGENCIES AND COMMITMENTS			
Guarantees	25.1	39,390,813	26,352,135
Commitments	25.2	75,307,013	32,704,291
Other contingent liabilities	25.3	159,195	1,114,251
		<u>114,857,021</u>	<u>60,170,677</u>
25.1 Guarantees:			
Performance guarantees		16,137,217	11,647,516
Other guarantees		23,253,596	14,704,619
		<u>39,390,813</u>	<u>26,352,135</u>
25.2 Commitments:			
Documentary credits and short-term trade-related transactions			
Letters of credit		22,375,731	14,443,462
Commitments in respect of:			
Forward foreign exchange contracts	25.2.1	50,748,434	14,993,231
Commitments for acquisition of:			
Intangible assets		251,823	312,828
Property and equipment		105,547	155,336
Other commitments	25.2.2	1,825,478	2,799,434
		<u>75,307,013</u>	<u>32,704,291</u>
25.2.1 Commitments in respect of forward foreign exchange contracts			
Purchase		26,551,486	9,344,175
Sale		24,196,948	5,649,056
		<u>50,748,434</u>	<u>14,993,231</u>
25.2.2 Other Commitments			
Commitments to extend financing	25.2.2.1	1,825,478	2,799,434
25.2.2.1 These represent commitments that are irrevocable because they cannot be withdrawn at the discretion of the Bank without the risk of incurring significant penalty or expense.			
25.2.2.2 Other than those stated above, the Bank makes commitment(s) to extend credit in the normal course of business including related parties but these being revocable commitments do not attract any penalty or expense if the facility is unilaterally withdrawn.			

	2025	2024	
25.3 Other contingent liabilities	Rupees in thousands		
25.3.1 Claims against the Bank not acknowledged as debt	159,195	1,114,251	
<p>This includes claim by different parties against the bank amounting to Rs. 159.195 million (December 31, 2024: Rs. 688.431 million) which is pending before the court. Based on legal advice and / or internal assessments, management is confident that the matters will be decided in the Bank's favour and the possibility of any adverse outcome is remote. Accordingly, no provision has been made in these financial statements.</p>			
25.3.2 The Income Tax Department has amended the deemed assessment for Tax Year 2019 and disallowed certain expenses, resulting in a tax impact of Rs. 425.51 million (2024: Nil). The Bank has filed an appeal before the Commissioner Inland Revenue (Appeals) against the said order. The management is confident that the disallowance will be reversed by the appellate authorities. Accordingly, no provision has been recognized in the financial statements in this regard.			
<p>The Tax Authority has initiated proceedings under Sections 161 and 205 of the Income Tax Ordinance, 2001 for Tax Year 2019 and raised an arbitrary demand of Rs. 16.179 million (2024: Rs. Nil). The Bank has filed an appeal before the Commissioner Inland Revenue (Appeals) against the said demand. The management believes that the demand is unjustified and expects a favorable outcome. Therefore, no provision has been made in the financial statements.</p>			
	Note	2025	2024
26 PROFIT / RETURN EARNED		Rupees in thousands	
Financings		14,297,012	17,677,258
Investments in			
- Financial assets measured at amortised cost		3,489,989	6,650,791
- Financial assets measured at fair value through OCI		14,290,262	20,875,795
- Financial assets measured at fair value through P&L		87,573	1,160
		<u>17,867,824</u>	<u>27,527,746</u>
Musharaka arrangements with financial institutions		257,043	445,944
Deposits with financial institutions		1,533	1,670
IFRS 9 adjustment for staff loan-notional		260,742	222,036
		<u>32,684,154</u>	<u>45,874,654</u>
26.1 Profit / return earned recorded on financial assets measured at:			
Financial assets measured at amortised cost		18,306,319	24,997,699
Financial assets measured at fair value through OCI.		14,290,262	20,875,795
Financial assets measured at fair value through P&L		87,573	1,160
		<u>32,684,154</u>	<u>45,874,654</u>
27 PROFIT / RETURN EXPENSED			
Deposits and other accounts		13,082,301	24,009,882
Musharaka and other arrangements with the State Bank of Pakistan		2,172,184	1,363,198
Musharaka arrangements with other financial institutions		2,225,384	2,156,200
Musharaka arrangements with other institutions		26,174	28,439
Unwinding of lease liability against right-of-use assets	27.1	444,514	373,045
Deferred bonus		3,074	3,371
		<u>17,953,631</u>	<u>27,934,135</u>
27.1 Profit expensed calculated using effective profit rate method		444,514	373,045
Other financial liabilities		17,509,117	27,561,090
		<u>17,953,631</u>	<u>27,934,135</u>
27.2 Ijarah of Musta'jir meeting the criteria prescribed by IFRS 16 "Leases" are presented as on-balance sheet item.			

	Note	2025	2024
28 FEE & COMMISSION INCOME		Rupees in thousands	
Branch banking customer fees		20,284	23,355
Consumer finance related fees		29,726	17,248
Card related fees		505,220	332,840
Credit related fees		39,423	61,838
Digital banking fees		178,994	92,372
Commission on trade		224,255	194,280
Commission on guarantees		103,423	86,335
Commission on cash management		47,938	32,519
Commission on remittances including home remittances		55,426	47,043
Commission on banca takaful		65,392	42,233
Locker rent		35,695	24,227
Others		2,645	1,499
		<u>1,308,421</u>	<u>955,789</u>
29 GAIN ON SECURITIES - NET			
Realised gain	29.1	339,065	317,630
Unrealised - Reclassification due to business model and SPPI assessment		-	(8,867)
Unrealised - Measured at FVTPL		152,972	(4,181)
		<u>492,037</u>	<u>304,582</u>
29.1 Realised gain on:			
Federal Government Securities - Sukuk certificates		6,267	317,630
Shares		332,798	-
		<u>339,065</u>	<u>317,630</u>
30 OTHER INCOME			
Gain on sale of property and equipment - net		1,248	22,863
Fees and charges recovered		15,895	15,042
Gain on conversion of Ijarah agreements		5,871	9,762
Gain on termination of lease liability against right-of-use assets		-	7,804
Commission on arrangement with financial institutions		188,118	235,245
		<u>211,132</u>	<u>290,716</u>

	Note	2025	2024
31 OPERATING EXPENSES		Rupees in thousands	
Total compensation expense	31.2	5,749,153	4,737,605
Property expense			
Rent and taxes		109,784	114,174
Takaful expenses		50,770	48,114
Utilities cost		420,349	417,608
Security (including guards)		682,204	511,032
Repair and maintenance (including janitorial charges)		329,083	290,535
Depreciation on right-of-use assets	31.5	834,737	631,479
Depreciation		520,712	427,530
		<u>2,947,639</u>	<u>2,440,472</u>
Information technology expenses			
Software maintenance		499,413	430,153
Hardware maintenance		129,183	55,659
Takaful expenses		7,971	3,143
Depreciation		248,032	198,467
Amortisation	13.1	109,386	178,573
Network charges		234,109	196,289
		<u>1,228,094</u>	<u>1,062,284</u>
Other operating expenses			
Directors' fees and allowances	39.2	13,000	16,600
Remuneration to Shariah Board		17,431	15,646
Legal and professional charges		77,123	74,703
Takaful expenses		248,864	206,992
Fee and subscription		5,031	5,017
Outsourced services costs	37.1	271,886	211,081
Travelling and conveyance		257,079	246,501
Repair and maintenance of vehicles		9,406	6,531
NIFT clearing charges		59,066	43,841
Brokerage, commission and bank charges		62,429	52,804
Depreciation		31,449	24,125
Training and development		30,597	19,541
Postage and courier charges		66,676	57,445
Communication		254,843	174,294
Stationery and printing		193,732	190,854
Marketing, advertisement and publicity		273,256	156,795
Auditors' remuneration	31.4	22,619	23,093
Entertainment		111,002	103,086
Others		266,300	195,155
		<u>2,271,789</u>	<u>1,824,104</u>
		<u>12,196,675</u>	<u>10,064,465</u>

31.1 Total cost for the year included in other operating expenses relating to outsourced activities is Rs. 65.223 million (2024: Rs. 46.097 million). Out of this cost, Rs. 61.619 million (2024: Rs. 42.684 million) pertains to companies incorporated in Pakistan and Rs. 3.604 million (2024: Rs. 3.413 million) pertains to companies incorporated outside Pakistan. This includes payments other than outsourced services costs, which are disclosed above. Outsourcing shall have the same meaning as specified in Annexure-I of BPRD Circular No. 06 of 2017.

	Note	2025	2024
Rupees in thousands			
31.2 Total compensation expense			
Managerial Remuneration			
i) Fixed		2,078,476	1,620,262
ii) Variable			
a) Cash awards		1,058	1,038
b) Accrual for staff bonus		748,080	798,571
Contribution to defined contribution plan		129,483	98,076
Rent and house maintenance		870,796	656,249
Utilities		190,923	143,747
Medical		54,046	44,857
Conveyance and fuel		684,115	564,002
Special allowances		555,162	429,993
Leave encashment		-	-
Sales commission		21,989	40,809
Staff takaful		150,366	116,382
Sign-on Bonus	31.3	2,454	715
IFRS 9 adjustment for staff loan-notional		260,742	222,036
Others		1,463	868
		<u>5,749,153</u>	<u>4,737,605</u>
31.3	Sign-on bonus has been given to 4 employees during the year.		
31.4 Auditors' remuneration			
Audit fee		5,500	5,500
Fee for interim review		2,000	2,000
Fee for other statutory certifications		2,500	3,000
Tax services		9,000	9,000
Sales tax on services		950	950
Out-of-pocket expenses		2,669	2,643
		<u>22,619</u>	<u>23,093</u>

31.5 Ijarah of Musta'jir meeting the criteria prescribed by IFRS 16 "Leases" are presented as on-balance sheet item.

	Note	2025	2024
Rupees in thousands			
32 OTHER CHARGES			
Penalties imposed by the State Bank of Pakistan		30,323	3,291
		<u>30,323</u>	<u>3,291</u>
33 CREDIT LOSS ALLOWANCE & WRITE OFFS - NET			
Credit loss allowance against cash and balances with treasury banks	6.1	(13,679)	(1,607)
Credit loss allowance against Islamic financing and related assets	10.10	(219,183)	268,890
Credit loss allowance against due from financial institutions		47	-
Credit loss allowance against balances with other banks		(2,131)	(790)
Credit loss allowance against off balance sheet obligations		59,689	6,596
Credit loss allowance against Other Assets		(53,212)	(12,358)
General provision charge for the year		360,251	282,294
Bad debts written off directly		-	-
Recovery of written off / charged off bad debts		(17)	(36)
		<u>131,765</u>	<u>542,989</u>
34 TAXATION			
Current		2,672,223	5,171,016
Prior years		-	-
Deferred	14	(44,058)	(301,355)
		<u>2,628,165</u>	<u>4,869,661</u>
34.1 Relationship between tax expense and accounting profit			
Profit before taxation		4,907,655	9,108,333
Tax at the applicable rate		43%	44%
Tax on profit		2,110,291	4,007,667
Effect of:			
- permanent differences		16,071	1,777
- rate difference		-	(63,991)
- super tax @ 10% (2024:10%)		490,765	910,833
- others		11,037	13,375
		<u>517,874</u>	<u>861,994</u>
Tax charge for the year		<u>2,628,165</u>	<u>4,869,661</u>

	2025	2024
Rupees in thousands		
35 BASIC AND DILUTED EARNING PER SHARE		
Profit after taxation	2,279,490	4,238,672
Number of shares - in thousands		
Weighted average number of ordinary shares	1,555,000	1,555,000
Rupees		
Basic / diluted earning per share - after tax	1.466	2.726

35.1 Diluted earnings per share has not been presented separately as the Bank does not have any convertible instruments in issue at the reporting dates.

	Note	2025	2024
Rupees in thousands			
36 CASH AND CASH EQUIVALENTS			
Cash and balances with treasury banks	6	21,000,952	18,114,511
Balances with other banks	7	2,115,091	962,093
Overdrawn nostro accounts	18.2	(177,698)	-
		<u>22,938,345</u>	<u>19,076,604</u>

	2025	2024
Numbers		
37 STAFF STRENGTH		
Permanent	2,433	2,233
On Bank contract	359	411
Bank's own staff strength at end of the year	<u>2,792</u>	<u>2,644</u>

37.1 In addition to the above, 412 (2024: 396) employees of outsourcing services companies were assigned to the Bank as at the end of the year to perform services other than guarding and janitorial services. All of these employees were working with the Bank domestically in current and prior year.

38 DEFINED CONTRIBUTION PLAN

The Bank operates an approved contributory provident fund for 1,938 (2024: 1,648) employees. Equal monthly contributions are made both by the Bank and its permanent employees to the Fund at the rate of 8.33% of the basic salaries of employees. However, an employee has an option to increase his / her contribution upto 15% but the Bank will still contribute 8.33% of the employee's basic salary.

	2025	2024
Rupees in thousands		
Contribution made by the Bank	129,769	98,334
Contribution made by the employees	134,457	101,183
	<u>264,226</u>	<u>199,517</u>

39 COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

39.1 Total Compensation Expense

Items	2025					
	Chairman	Directors Executives (other than CEO)	Members Shariah Board	President / CEO	Key Management Personnel	Other Material Risk Takers/ Controllers
	Rupees in thousands					
Fees and Allowances etc.	2,200	-	-	-	-	-
Managerial Remuneration	-	10,800	-	-	-	-
i) Fixed	-	-	10,758	38,710	110,605	96,293
ii) Variable of which:	-	-	1,920	34,750	64,889	50,521
a) Cash bonus / awards	-	-	286	3,226	9,217	8,172
Contribution to defined contribution plan	-	-	1,542	17,419	49,772	44,232
Rent and house maintenance	-	-	343	3,871	11,060	9,829
Utilities	-	-	-	-	-	105
Medical	-	-	-	-	-	46,955
Conveyance	-	-	2,153	-	49,558	3,639
Rental Subsidy (Rent Paid Residence)	-	-	-	-	2,400	6,498
Special Pay	-	-	397	-	7,934	2,159
Charge allowance	-	-	-	-	276	114
Fuel Allowance	-	-	-	-	-	-
Leave Fare Assistance (LFA)	-	-	-	-	-	-
Sales Commission	-	-	-	-	-	1,780
Dealing Allowance	-	-	-	-	-	-
Others	-	-	33	-	-	3,445
Total	2,200	10,800	17,432	97,976	305,711	275,742
Number of Persons	1	7	3	1	16	33

Items	2024					Other Material Risk Takers/ Controllers
	Directors		Members Shariah Board	President / CEO	Key Management Personnel	
	Chairman	Executives (other than CEO)				
Rupees in thousands						
Fees and Allowances etc.	2,400	-	14,200	-	-	-
Managerial Remuneration	-	-	-	-	-	-
i) Fixed	-	-	9,372	34,839	87,235	77,689
ii) Variable of which:						
a) Cash bonus / awards	-	-	1,469	27,000	44,661	37,025
Contribution to defined contribution plan	-	-	258	2,903	6,705	6,054
Rent and house maintenance	-	-	1,392	15,677	36,278	33,385
Utilities	-	-	309	3,483	8,062	7,419
Medical	-	-	-	-	-	136
Conveyance	-	-	2,153	-	41,125	39,738
Rental Subsidy (Rent Paid Residence)	-	-	-	-	2,400	3,036
Special Pay	-	-	397	-	6,644	5,292
Charge allowance	-	-	-	-	218	1,883
Fuel Allowance	-	-	296	-	4,244	5,055
Leave Fare Assistance (LFA)	-	-	-	-	-	-
Sales Commission	-	-	-	-	-	1,568
Dealing Allowance	-	-	-	-	-	144
Others	-	-	-	-	-	1,669
Total	2,400	-	14,200	15,646	83,902	237,572
Total	2,400	-	14,200	15,646	83,902	237,572
Number of Persons	1	-	7	3	1	17
						24

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

Sr. No.	Name of Director	2025								Total Amount Paid	
		Meeting fees and allowances paid									
		For Board Meetings	Audit Committee (AC)	HR & RC	RM & PRC	BS & SQRC	BIT	BEC	Total Amount Paid		
Rupees in thousands											
1	Raza Mansha	2,000	-	200	-	-	-	-	-	-	2,200
2	Ibrahim Shamsi	1,600	300	-	-	400	200	-	-	-	2,500
3	Omair Safdar	-	-	-	-	-	-	-	-	-	-
4	Ahmed Ebrahim Hasham	1,600	-	-	200	300	-	-	-	-	2,100
5	Jawaid Iqbal	2,000	400	200	400	-	400	-	-	-	3,400
6	Nabeela Waheed	2,000	400	-	400	-	-	-	-	-	2,800
7	Hammad Khalid	-	-	-	-	-	-	-	-	-	-
8	Zargham Khan Durrani	-	-	-	-	-	-	-	-	-	-
	Total Amount Paid	9,200	1,100	400	1,000	700	600	-	-	-	13,000

Sr. No.	Name of Director	2024								Total Amount Paid	
		Meeting fees and allowances paid									
		For Board Meetings	Audit Committee (AC)	HR & RC	RM & PRC	BS & SQRC	BIT	BEC	Total Amount Paid		
Rupees in thousands											
1	Raza Mansha	2,000	-	300	-	-	-	-	-	-	2,400
2	Ahmed Ebrahim Hasham	1,200	-	-	300	400	-	-	-	-	1,900
3	Omair Safdar	1,200	200	200	200	200	-	-	-	-	2,100
4	Jawaid Iqbal	2,400	400	400	400	-	400	-	-	-	4,100
5	Nabeela Waheed	400	-	-	-	-	-	-	-	-	400
6	Hammad Khalid	1,200	200	-	-	200	200	-	-	-	1,900
7	Ibrahim Shamsi	2,400	400	-	400	100	400	-	-	-	3,800
8	Zargham Khan Durrani	-	-	-	-	-	-	-	-	-	-
	Total Amount Paid	10,800	1,200	900	1,300	900	1,000	500	-	-	16,600

39.3 Remuneration paid to Shariah Board Members

Items	2025		2024	
	Chairman	Resident Member	Chairman	Non-Resident Member(s)
a. Meeting Fees and Allowances				
b. Other Heads				
Basic salary	4,140	3,427	3,720	3,094
House rent	-	1,542	-	1,392
Utilities	-	343	-	309
Conveyance	-	2,153	-	2,153
Fuel	-	-	-	296
Special pay	-	397	-	397
Bonus	-	1,920	-	1,429
PF Employer	-	286	-	258
Medical	-	33	-	40
Total Amount	4,140	10,101	3,720	9,368
Total number of persons	1	1	1	1

39.4 Deferred cash bonus / remuneration for MRT's and MRC's for the year 2024 is Rs. 15,461 million (2023: Rs. 11,049 million) whereas the total payments made during the year amounting to Rs. 7,407 million out of bonus deferred in 2023, 2022 and 2021. The total outstanding balance as at December 31, 2025 amounts to Rs. 24,102 million which pertains to 2022, 2023 and 2024.

39.5 The Chief Executive and three key management personnel have been provided with the Bank's maintained cars.

40 FAIR VALUE MEASUREMENT

The fair value of quoted securities other than those classified as held to maturity, is based on quoted market price. Quoted securities classified as held to maturity are carried at cost. The fair value of unquoted equity securities, is determined on the basis of the break-up value of these investments as per their latest available audited financial statements.

The fair value of unquoted securities, placements, Islamic financing and related assets, other assets, other liabilities, fixed term deposits and acceptances cannot be calculated with sufficient reliability due to the absence of a current and active market for these assets and liabilities and reliable data regarding market rates for similar instruments.

The repricing profile with effective rates and maturity are stated in notes 44.2.5 and 44.4.1 respectively.

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

40.1 Fair value of financial asset

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

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

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

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

The table below analyses the financial and non-financial assets carried at fair values, by valuation methods. For financial assets, the Bank essentially carries its investments in Sukuk and equity securities at fair values. Valuation of investments is carried out as per guidelines specified by the SBP. In case of non-financial assets, the Bank has adopted revaluation model (as per IAS 16) in respect of land and building.

The Bank's policy is to recognise transfers into and out of the different fair value hierarchy levels at the date the event or change in circumstances that caused the transfer occurred. There were no transfers between levels 1, 2 and 3 during the year.

On-balance sheet financial instruments
Financial assets measured at fair value

	2025				Total
	Carrying value	Level 1	Level 2	Level 3	
Investments					
Federal Government Securities	125,286,389	86,249,920	39,036,469	-	125,286,389
Shares	1,667,341	1,667,341	-	-	1,667,341
Non-Government Securities	662,991	-	662,991	-	662,991
	127,616,721	87,917,261	39,699,460	-	127,616,721
Investments	28,207,501	-	28,207,501	-	28,207,501
Property and equipment (land and building)	2,165,292	-	2,165,292	-	2,165,292
Foreign exchange contracts purchase	26,551,486	-	25,844,477	-	25,844,477
Foreign exchange contracts sale	24,196,948	-	23,885,582	-	23,885,582

Financial assets - disclosed
but not measured at fair value

Fair value of non-financial assets

Off-balance sheet financial
instruments measured at fair value

Foreign exchange contracts purchase	26,551,486	-	25,844,477	-	25,844,477
Foreign exchange contracts sale	24,196,948	-	23,885,582	-	23,885,582

On-balance sheet financial instruments
Financial assets measured at fair value

	2024				Total
	Carrying value	Level 1	Level 2	Level 3	
Investments					
Federal Government Securities	117,722,341	53,331,130	64,391,211	-	117,722,341
Shares	-	-	-	-	-
Non-Government Securities	661,133	-	661,133	-	661,133
	118,383,474	53,331,130	65,052,344	-	118,383,474

Financial assets - disclosed
but not measured at fair value

Investments	28,212,727	-	28,212,727	-	28,212,727
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Fair value of non-financial assets

Property and equipment (land and building)	1,384,447	-	1,384,447	-	1,384,447
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Off-balance sheet financial instruments

Foreign exchange contracts purchase	8,787,315	-	8,686,214	-	8,686,214
Foreign exchange contracts sale	5,509,671	-	5,522,929	-	5,522,929

- (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 Sukuks, forward foreign exchange contracts and operating fixed assets.
- (c) **Financial instruments in level 3**
Currently, no financial instrument is classified in level 3.

Valuation techniques and inputs used in determination of fair values

Item	Valuation techniques and input used
Fully paid-up ordinary shares	Fair values of investments in listed equity securities are valued on the basis of closing quoted market prices available at the Pakistan Stock Exchange.
Ijarah Sukuks (GOP Ijarah Sukuks and other Ijarah Sukuks)	The fair value of GOP Ijarah sukuks listed on Pakistan Stock Exchange has been determined through closing rates of Pakistan Stock Exchange. The fair value of other GOP Ijarah sukuks are derived using PKISRV rates. The PKISRV rates are announced by FMA (Financial Market Association) through Reuters. The rates announced are simple average of quotes received from eight different pre-defined / approved dealers / brokers.
Foreign exchange contracts	The valuation has been determined by mark-to-market currency rates announced by the State Bank of Pakistan.
Operating fixed assets (land and building)	Land and buildings are revalued every three years using professional valuers on the panel of Pakistan Banker's Association. The valuation is based on their assessment of market value of the properties.

41 SEGMENT INFORMATION

41.1 Segment Details with respect to Business Activities

	2025								
	Retail	Corporate	Consumer	Micro Finance	Treasury	Head Office	Sub-total	Elimination	Total
	Rupees in thousands								
Profit & Loss									
Net Profit / return	(9,366,588)	8,503,127	1,162,914	75,449	13,258,554	1,097,067	14,730,523	-	14,730,523
Inter segment revenue - net	18,330,288	(8,094,107)	(668,784)	(57,661)	(10,383,539)	873,803	-	-	-
Other income	1,085,933	334,988	30,909	4,730	1,177,881	2,031	2,636,472	-	2,636,472
Total Income	10,049,633	744,008	525,039	22,518	4,052,896	1,972,901	17,366,995	-	17,366,995
Segment direct expenses	(6,526,331)	(265,155)	(275,502)	(2,744)	(70,214)	(5,187,629)	(12,327,575)	-	(12,327,575)
Inter segment expense allocation	(2,053,482)	(18,120)	(36,628)	(278)	(2,724)	2,111,232	-	-	-
Total expenses	(8,579,813)	(283,275)	(312,130)	(3,022)	(72,938)	(3,076,397)	(12,327,575)	-	(12,327,575)
Credit loss allowance	12,611	(287,320)	(12,654)	-	15,779	139,819	(131,765)	-	(131,765)
Profit / (loss) before tax	1,482,431	173,413	200,255	19,496	3,995,737	(963,677)	4,907,655	-	4,907,655
	2025								
	Retail	Corporate	Consumer	Micro Finance	Treasury	Head Office	Sub-total	Elimination	Total
	Rupees in thousands								
Balance Sheet									
Cash and bank balances	5,413,556	-	-	30	17,674,114	28,343	23,116,043	-	23,116,043
Investments	-	-	-	-	155,824,222	-	155,824,222	-	155,824,222
Net inter segment placements	179,328,117	-	-	-	-	9,694,978	189,023,095	(189,023,095)	-
Due from financial institutions	-	-	-	-	8,741,090	-	8,741,090	-	8,741,090
Financing - performing	24,045,164	88,319,938	8,814,937	588,646	-	3,385,464	125,154,149	-	125,154,149
- non-performing	27,614	155,023	52,724	-	-	-	235,361	-	235,361
Others	3,836,215	1,251,727	355,234	50,169	3,047,292	15,686,516	24,227,153	-	24,227,153
Total Assets	212,650,666	89,726,688	9,222,895	638,845	185,286,718	28,795,301	526,321,113	(189,023,095)	337,298,018
Bills payable	5,515,318	-	-	-	-	-	5,515,318	-	5,515,318
Due to financial institutions	190,196	5,755,005	-	-	16,425,294	-	22,370,495	-	22,370,495
Deposits & other accounts	202,075,777	21,744,501	908,468	-	44,203,797	1,731	268,934,274	-	268,934,274
Net inter segment acceptances	-	61,397,728	7,246,868	618,682	119,759,817	-	189,023,095	(189,023,095)	-
Others	3,386,945	656,041	867,305	667	77,777	7,721,215	12,709,950	-	12,709,950
Total liabilities	211,168,236	89,553,275	9,022,641	619,349	180,466,685	7,722,946	498,553,132	(189,023,095)	309,530,037
Equity	1,482,430	173,413	200,254	19,496	4,820,033	21,072,355	27,767,981	-	27,767,981
Total Equity & liabilities	212,650,666	89,726,688	9,222,895	638,845	185,286,718	28,795,301	526,321,113	(189,023,095)	337,298,018
Contingencies & Commitments	37,067,545	26,860,817	22,855	-	50,748,434	357,370	114,857,021	-	114,857,021

	2024								
	Retail	Corporate	Consumer	Micro Finance	Treasury	Head Office	Sub-total	Elimination	Total
	Rupees in thousands								
Profit & Loss									
Net Profit / return	(16,517,208)	11,433,855	1,516,225	121,005	21,419,224	(32,582)	17,940,519	-	17,940,519
Inter segment revenue - net	30,267,841	(11,155,810)	(1,221,488)	(107,736)	(19,065,851)	1,283,044	-	-	-
Other income	771,908	304,283	19,235	5,927	836,588	32,137	1,970,078	-	1,970,078
Total Income	14,522,541	582,328	313,972	19,196	3,189,961	1,282,599	19,910,597	-	19,910,597
Segment direct expenses	(5,142,140)	(214,313)	(258,904)	(2,614)	(36,542)	(4,604,762)	(10,259,275)	-	(10,259,275)
Inter segment expense allocation	(1,666,492)	(15,822)	(31,059)	(669)	(2,425)	1,716,467	-	-	-
Total expenses	(6,808,632)	(230,135)	(289,963)	(3,283)	(38,967)	(2,888,295)	(10,259,275)	-	(10,259,275)
Credit loss allowance	(12,517)	(109,423)	5,505	-	2,397	(428,951)	(542,989)	-	(542,989)
Profit / (loss) before tax	7,701,392	242,770	29,514	15,913	3,153,391	(2,034,647)	9,108,333	-	9,108,333

	2024								
	Retail	Corporate	Consumer	Micro Finance	Treasury	Head Office	Sub-total	Elimination	Total
	Rupees in thousands								
Balance Sheet									
Cash and bank balances	4,786,240	-	-	30	13,832,512	457,822	19,076,604	-	19,076,604
Investments	-	-	-	-	146,596,201	-	146,596,201	-	146,596,201
Net inter segment placements	161,775,482	-	-	-	-	6,238,905	168,014,387	(168,014,387)	-
Due from financial institutions	-	-	-	-	2,000,000	-	2,000,000	-	2,000,000
Financing - performing	32,933,675	74,153,189	7,213,715	717,520	-	1,088,484	116,106,583	-	116,106,583
- non-performing	35,016	2,910,625	51,406	10,728	-	238,785	3,246,560	-	3,246,560
Others	1,882,886	2,545,885	487,760	101,441	4,704,477	10,595,231	20,317,680	-	20,317,680
Total Assets	201,413,299	79,609,699	7,752,881	829,719	167,133,190	18,619,227	475,358,015	(168,014,387)	307,343,628
Bills payable	11,594,493	-	-	-	-	-	11,594,493	-	11,594,493
Due to financial institutions	201,034	6,911,283	437,500	-	40,872,476	-	48,422,293	-	48,422,293
Deposits & other accounts	177,935,326	11,897,859	512,744	-	18,761,139	1,513	209,108,581	-	209,108,581
Net inter segment acceptances	-	59,175,825	5,959,420	813,139	102,066,003	-	168,014,387	(168,014,387)	-
Others	3,981,054	1,381,962	813,703	667	82,533	6,012,336	12,272,255	-	12,272,255
Total liabilities	193,711,907	79,366,929	7,723,367	813,806	161,782,151	6,013,849	449,412,009	(168,014,387)	281,397,622
Equity	7,701,392	242,770	29,514	15,913	5,351,039	12,605,378	25,946,006	-	25,946,006
Total Equity & liabilities	201,413,299	79,609,699	7,752,881	829,719	167,133,190	18,619,227	475,358,015	(168,014,387)	307,343,628
Contingencies & Commitments	21,935,876	22,763,788	9,619	-	14,993,231	468,163	60,170,677	-	60,170,677

41.2 Segment details with respect to geographical locations

The Bank operates in Pakistan only.

42 RELATED PARTY TRANSACTIONS

The Bank has related party relationship with its parent company, employee benefit plans and its directors and key management personnel and their close family members.

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 staff retirement benefits are made in accordance with the terms of the contribution plan. Remuneration to the executives / officers is determined in accordance with the terms of their appointment.

42.1 The details of transactions with related parties and balances with them are given below:

	2025				2024			
	Parent	Directors	Key management personnel	Other related parties	Parent	Directors	Key management personnel	Other related parties
	Rs. in thousands				Rs. in thousands			
Balances with other banks								
In current accounts	57,476	-	-	-	56,477	-	-	-
	57,476	-	-	-	56,477	-	-	-
Credit loss allowance held against balance with other banks	508	-	-	-	547	-	-	-
Islamic financing and related assets								
Opening balance	-	6,982	94,610	1,590,654	-	15,000	102,049	1,877,558
Additions during the year	-	-	88,880	2,321,910	-	-	36,449	2,404,125
Repaid during the year	-	(6,399)	(73,080)	(1,912,435)	-	(8,018)	(43,888)	(2,691,029)
Transfer in / (out) - net	-	-	-	-	-	-	-	-
Closing balance	-	583	110,410	2,000,129	-	6,982	94,610	1,590,654
Credit loss allowance held against Islamic financing	-	-	25	7,363	-	-	168	7,943
Property and equipment - Capital work in progress								
Right-of-use asset	203,652	-	-	-	290,764	-	-	-
Advance paid against purchase of property	20,000	-	-	-	20,000	-	-	-
	223,652	-	-	-	310,764	-	-	-
Other assets								
Profit receivable	-	-	7,088	31,216	-	-	6,603	22,619
Prepaid expenses	-	-	500	-	-	-	1,020	-
Receivable under scheme of merger	11,282	-	-	-	11,282	-	-	-
Receivable under home remittance	10,760	-	-	-	19,818	-	-	-
Other receivables	-	-	-	-	7,352	-	-	-
	22,042	-	7,588	31,216	38,452	-	7,623	22,619
Due to financial institutions								
Opening balance	-	-	-	-	9,000,000	-	-	-
Addition during the year	105,742,434	-	-	-	76,600,000	-	-	-
Repaid during the year	(96,994,838)	-	-	-	(85,600,000)	-	-	-
Closing balance	8,747,596	-	-	-	-	-	-	-
Deposits								
Opening balance	-	52,720	107,131	3,633,162	-	120,633	76,726	4,504,246
Addition during the year	-	4,081,665	566,290	21,204,844	-	5,974,650	543,306	48,108,319
Withdrawn during the year	-	(4,078,682)	(554,338)	(21,519,350)	-	(6,042,563)	(513,704)	(48,979,403)
Transfer in / (out) - net	-	-	(1,553)	(2,558,389)	-	-	803	-
Closing balance	-	55,703	117,530	760,267	-	52,720	107,131	3,633,162
Other liabilities								
Profit payable	80,670	311	717	4,283	-	708	815	16,060
Accrued expenses	-	-	-	53,501	-	-	-	47,978
Unearned Income	-	-	-	2,373	-	-	-	2,107
Lease liability against right-of-use-asset	240,021	-	-	-	313,048	-	-	-
Meeting fee payable to Directors	-	194	-	-	-	194	-	-
Other payables	2,977	-	-	-	-	-	-	-
	323,668	505	717	60,157	313,048	902	815	66,145
Contingencies and Commitments								
Letter of Credit	-	-	-	651,380	56,178	-	-	464,120
Letter of Guarantee	137,913	-	-	1,825,539	178,575	-	-	1,759,995
Forward exchange contract								
Purchase	1,120,840	-	-	-	-	-	-	-
Sale	-	-	-	-	-	-	-	-
Transactions during the year								
Income								
Profit return earned	-	203	8,622	168,275	-	534	5,264	305,416
Commission income	-	-	-	69,592	-	-	-	38,524
Rental income	-	-	-	-	-	-	-	-
Other income	-	24	10	-	-	-	19	-
	-	227	8,632	237,867	-	534	5,283	343,940
Expense								
Profit return expensed	299,384	8,649	8,004	47,749	415,075	39,969	15,041	363,466
Rental expense	-	-	-	-	-	-	-	-
Takaful expense	-	-	-	176,168	-	-	-	270,289
Security expense	-	-	-	-	-	-	-	-
Depreciation on right-of-use asset	102,228	-	-	-	68,147	-	-	47,978
Unwinding of lease liability against right-of-use asset	41,276	-	-	-	33,922	-	-	2,107
Rent and Taxes	-	-	-	-	-	-	-	-
Meeting fee to Directors	-	13,000	-	-	-	16,600	-	-
Utility and other operating expense of shared branch	-	-	-	-	-	-	-	-
Other expenses	2,754	-	-	401	2,387	-	-	2,385
	445,642	21,649	8,004	224,318	519,531	56,569	15,041	636,140
Other transactions during the year								
Meeting fee paid to Directors	-	13,000	-	-	-	16,600	-	-
Managerial remuneration including bonus paid	-	97,976	323,142	-	-	83,903	253,217	-
Contribution paid to provident fund	-	-	-	264,069	-	-	-	199,517
Re-imbursement under home remittance payments	4,869,373	-	-	-	4,441,954	-	-	-
Proceeds under scheme of merger	-	-	-	-	5,000,788	-	-	-
Proceeds from sale of property and equipment	-	40	10	-	-	-	24	-
Purchase of property and equipment	-	-	-	-	-	-	-	-
Disbursement made against advance salary	-	-	-	-	-	-	-	-
Repayment made against advance salary	-	-	-	-	-	-	-	-
Payment made against expenses	139,519	-	-	401	93,129	-	-	99,001
Foreign currency purchase	35,832,759	-	-	-	4,002,614	-	-	-
Foreign currency sale	36,782,544	-	-	-	4,280,039	-	-	-
Letter of Credit issued	-	-	-	7,775,689	56,178	-	-	2,436,414
Letter of Guarantee issued	17,962	-	-	200,418	58,353	-	-	679,288

2025	2024
Rupees in thousands	

43 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

Minimum Capital Requirement (MCR):

Paid-up capital (net of losses)	23,977,740	22,152,057
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Capital Adequacy Ratio (CAR):

Eligible Common Equity Tier 1 (CET 1) Capital	24,903,849	23,384,189
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	24,903,849	23,384,189
Eligible Tier 2 Capital	2,258,334	2,665,336
Total Eligible Capital (Tier 1 + Tier 2)	27,162,183	26,049,525
Risk Weighted Assets (RWAs):		
Credit Risk	111,004,758	91,808,522
Market Risk	9,593,524	5,243,153
Operational Risk	34,615,196	30,094,034
Total	155,213,478	127,145,709
Common Equity Tier 1 Capital Adequacy Ratio	16.04%	18.39%
Tier 1 Capital Adequacy Ratio	16.04%	18.39%
Total Capital Adequacy Ratio	17.50%	20.49%

Statutory minimum capital requirement and Capital Adequacy Ratio (CAR)

The capital adequacy ratio of the Bank was subject to the Basel III capital adequacy guidelines stipulated by the State Bank of Pakistan through its BPRD Circular No. 06 of 2013 dated August 15, 2013. These instructions were effective from December 31, 2013 in a phased manner with full implementation intended by December 31, 2019.

Phase-in arrangement and full implementation of the minimum capital requirements:

Ratio	Year End December 31						
	2013	2014	2015	2016	2017	2018	2019
CET1	5.00%	5.50%	6.00%	6.00%	6.00%	6.00%	6.00%
ADT-1	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
Tier 1	6.50%	7.00%	7.50%	7.50%	7.50%	7.50%	7.50%
Total Capital	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%
*CCB	0%	0%	0.25%	0.65%	1.275%	1.90%	2.50%
Total Capital plus CCB	10.00%	10.00%	10.25%	10.65%	11.275%	11.90%	12.50%

* Capital Conservation Buffer (CCB) Consisting of CET1 only

SBP vide its BPRD Circular Letter No. 12 of 2020 dated March 26, 2020 has reduced the Capital Conservation Buffer (CCB) from 2.50% to 1.50%. The Minimum Capital Requirement of the Bank stands at Rs.10 Billion at the respective reporting dates and is in compliance with the required capital adequacy ratio including CCB (11.50% of the risk-weighted assets). Banking operations are categorized as either trading book or banking book and risk-weighted assets are determined according to specified requirements of the State Bank of Pakistan that seek to reflect the varying levels of risk attached to assets and off-balance sheet exposures. The total risk-weighted exposures comprise of the credit risk, market risk and operational risk.

The Bank has adopted Standardized Approach to measure Credit risk regulatory capital charge in compliance with Basel-III requirements. The Bank measures and manages Market Risk by using conventional methods i.e. notional amounts, sensitivity and combinations of various limits. Beside conventional methods, the Bank also uses VaR (Value at Risk) technique for market risk assessment of positions assumed by its Treasury and FX Group. In-house based solutions are used for calculating mark to market value of positions and generating VaR (value at risk) and sensitivity numbers. Thresholds for different positions are established to compare the expected losses at a given confidence level and over a specified time horizon. Currently, the Bank is reporting operational risk capital charge under Basic Indicator Approach (BIA).

Leverage Ratio (LR):

In order to avoid building-up excessive on and off-balance sheet leverage in the banking system, monitoring of Leverage Ratio is in place as per SBP directives with the following objectives:

- constrain the build-up of leverage in the banking sector which can damage the broader financial system and the economy; and
- reinforce the risk based requirements with an easy to understand and a non-risk based measure.

A minimum Tier 1 leverage ratio of 3% has been prescribed both at solo and consolidated level.

	2025	2024
	Rupees in thousands	
Leverage Ratio (LR):		
Eligible Tier-1 Capital	24,903,849	23,384,189
Total Exposures	389,825,057	340,543,011
Leverage Ratio	6.39%	6.87%

Liquidity Coverage Ratio (LCR)

The objective of Liquidity Coverage Ratio (LCR) is to ensure short-term resilience of the liquidity risk profile of the bank by ensuring availability of adequate High Quality Liquid Assets to survive a significant stress scenario lasting for 30 calendar days. LCR should be kept above 100% as per SBP guidelines.

	2025	2024
	Rupees in thousands	
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	134,890,843	115,376,414
Total Net Cash Outflow	98,796,998	84,363,737
Liquidity Coverage Ratio	136.53%	136.76%

Net Stable Funding Ratio (NSFR)

The objective of Net Stable Funding Ratio (NSFR) is to reduce funding risk over a longer time horizon by requiring banks to fund their activities with sufficiently stable sources of funding on ongoing basis. Banks are required to maintain NSFR of at least 100% as per SBP guidelines.

	2025	2024
	Rupees in thousands	
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	214,965,789	196,834,500
Total Required Stable Funding	147,014,785	138,624,310
Net Stable Funding Ratio	146.22%	141.99%

43.1 The full disclosures on the "CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS" as per SBP instructions issued from time to time are available at <https://www.mcbislamicbank.com/investor-relations/financial-reports/financial-reports-2025/>.

44 RISK MANAGEMENT

Risk is an inherent part of banking business activities. The risk management framework and governance structure at the MCB Islamic Bank Limited helps to mitigate and counter any foreseeable risk in its various lines of business. Risk awareness forms an integral part of strategic and operational activities of risk management. Through its risk management policy the Bank sets the best course of action to counter uncertainty by identifying, prioritizing, mitigating and monitoring risk issues, with the goal of enhancing shareholders' value. Bank's risk management structure is based on the following five guiding principles while conforming to the prescribed Shari'ah guidelines:

- Optimizing risk/return in a controlled manner
- Establishing clear responsibility and accountability
- Establishing independent and properly resourced risk management function.
- Promoting open risk culture
- Adopting international best practices in risk management

Keeping in view dynamics of internal and external environment, the bank regularly reviews and updates policy manuals / frameworks and procedures in accordance with domestic regulatory environment and international standards.

The Bank executes its risk strategy and undertakes controlled risk-taking activities within its risk management framework and Annual Risk Appetite and Strategy document. The Board of Directors and its relevant committee, i.e. the Risk Management & Portfolio Review Committee (RM & PRC), the senior management and its relevant committees, i.e. the Management Finance Committee (MFC), Asset Liability Committee (ALCO), etc., are responsible to ensure formulation and implementation of a comprehensive Risk Management Framework. The framework combines core policies, procedures and process designs with broad oversight and is supported by an efficient monitoring mechanism across the Bank to ensure that risks are kept within an acceptable level.

The Bank ensures that not only the relevant risks are identified but their implications are also considered and the basis provided for managing and measuring the risks. Through Internal Control units, the Bank ensures that effective controls are in place to mitigate each of the identified risks.

Independent from business groups, Chief Risk Officer reports functionally to the Risk Management & Portfolio Review Committee (RM & PRC) and administratively to the President; the RM & PRC convenes regular meetings to evaluate the Bank's risk and portfolio concentrations. The Risk Management Group performs the following critical functions:

- Credit Risk Management (including Credit Risk Review & Control)
- Market Risk Management
- Liquidity Risk Management
- Operational Risk Management
- Cyber Security Risk Management
- Fraud Risk Management

44.1 Credit Risk

Credit risk arises from our dealings with individuals, corporate clients, financial institutions, sovereigns etc. The Bank is exposed to credit risk through its financing and investment activities. It stems from the Bank's both, on and off-balance sheet activities. Credit risk makes up the largest part of the Bank's exposure. Purpose of Credit Risk Management function is to identify, measure, manage, monitor and mitigate credit risk. Organizational structure of this function ensures pre and post-facto management of credit risk. While, Credit Review function provides pre-fact evaluation of counterparties, the Credit Risk Control (CRC) performs post-fact evaluation of financing facilities and reviews clients' performance on an ongoing basis.

The Bank has adopted Standardized Approach to measure Credit risk regulatory capital charge in compliance with Basel-III requirements. The approach mainly takes into account the assessment of external credit rating agencies. In line with SBP guidelines on Internal Credit Risk Rating Systems, the Bank has developed rating systems and all its corporate and commercial financing customers are internally rated. The Bank is in the process of continuously improving the system and bringing it in line with the Basel framework requirements.

In order to manage the Bank's credit risk, following policies and procedures are in place:

- Individuals who take or manage risks clearly understand them in order to protect the Bank from avoidable risks;
- Credit facility or material change to the credit facility is allowed subject to credit review;
- Approval and review process is reviewed by RM&PRC and internal audit;

As a part of credit assessment the Bank uses an internal rating framework as well as the ratings assigned by the external credit rating agencies, wherever available.

In compliance to State Bank of Pakistan instructions, the bank has developed an indigenous model to calculate score of an obligor based on trade based money laundering risk during the year. The model covers various risk parameters to assess risk. The bank also has in place a scoring model to capture environmental risk.

Ongoing administration of the credit portfolio is an essential part of the credit process that supports and controls extension and maintenance of credit. The Bank's Credit Risk Control, being an independent function from the business and operations group, is responsible for performing the following activities:

- Credit disbursement authorization;
- Collateral coverage and monitoring;
- Compliance of loan covenants/ terms of approval;
- Maintenance/ custody of collateral and security documentation.

Credit Risk Monitoring is based on a comprehensive reporting framework. Continuous monitoring of the credit portfolio and the risks attached thereto are carried out at different levels including businesses, Audit & Risk Assets Review, Credit Risk Control, Credit Risk Management Division, etc.

To ensure a prudent distribution of asset portfolio, the Bank manages its financing and investment activities within an appropriate limits framework. Per party exposure limit is maintained in accordance with SBP Prudential Regulation R-1.

The Bank creates specific provision against Non- Performing Financings (NPFs) in accordance with the Prudential Regulations and other directives issued by the SBP and charged to the profit and loss account. Provisions are held against identified as well as unidentified losses. Provisions against unidentified losses include general provision against consumer, small entities and micro financings made in accordance with the requirements of the Prudential Regulations issued by SBP on financings.

Stress Testing

Credit Risk stress testing is a regular exercise. Bank's all credit exposures including funded and non-funded facilities are subject to stress test. This exercise is conducted on a quarterly basis through assigning shocks to all assets of the Bank and assessing its resulting affect on capital adequacy inline with SBP requirements.

The Bank is regularly conducting assessments of the financing portfolio, with robust post disbursement review mechanism to identify borrowers most likely to be affected in the challenging business and economic environment. Bank is confident that it has more than sufficient risk bearing capacity to with-stand these difficult times.

Particulars of Bank's significant on-balance sheet and off-balance sheet credit risk in various sectors are analysed as follows:

44.1.1 Due from financial institutions

Credit risk by public / private sector

	Gross Placements		Non-performing		Credit Loss Allowance Held	
	2025	2024	2025	2024	2025	2024
	Rupees in thousands					
Public / Government	3,241,138	-	-	-	-	-
Private	5,500,000	2,000,000	-	-	-	-
	<u>8,741,138</u>	<u>2,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

44.1.2 Investment in debt securities

Credit risk by industry sector

	Gross Investments		Non-performing		Credit Loss Allowance Held	
	2025	2024	2025	2024	2025	2024
	Rupees in thousands					
Power (electricity), Gas, Water, Sanitary	-	-	-	-	-	-
Financial including government securities	154,156,881	146,596,201	-	-	-	-
	<u>154,156,881</u>	<u>146,596,201</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Credit risk by public / private sector

Public / Government	153,493,890	145,935,068	-	-	-	-
Private	662,991	661,133	-	-	-	-
	<u>154,156,881</u>	<u>146,596,201</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

44.1.3 Islamic financing and related assets

Credit risk by industry sector

	Gross Financing		Non-performing		Credit Loss Allowance Held	
	2025	2024	2025	2024	2025	2024
	Rupees in thousands					
Agriculture, Forestry, Hunting and Fishing	627,305	745,113	251,700	290,300	251,700	290,300
Textile	10,562,608	10,509,212	-	-	-	-
Chemical and Pharmaceuticals	12,389,376	6,864,826	-	-	-	-
Cement	3,457,522	4,120,539	-	-	-	-
Sugar	19,560,279	12,032,494	-	-	-	-
Footwear and Leather garments	46,944	2,749	-	-	-	-
Automobile and transportation equipment	216,690	11,296	-	-	-	-
Electronics and electrical appliances	2,447,007	921,014	-	-	-	-
Construction	2,854,224	1,524,512	-	23,024	-	12,611
Power (electricity), Gas, Water, Sanitation	9,214,159	8,807,849	-	-	-	-
Wholesale and Retail Trade	6,044,999	4,632,372	100,001	164,251	4,253	1,706
Transport, Storage and Communication	3,492,500	222,557	-	-	-	-
Financial	1,711,950	16,050,949	-	-	-	-
Insurance	-	-	-	-	-	-
Services	12,158,608	16,284,169	-	-	-	-
Food, Beverages, Tobacco and personal products	12,412,548	11,118,864	430,964	373,973	403,350	11,611
Paper	3,323,859	3,005,697	-	-	-	-
Steel	3,356,792	3,787,374	568,041	581,521	568,041	581,521
Shipbreaking	929,723	991,242	929,723	991,242	929,723	991,242
Oil Refinery	6,000,000	2,000,000	-	-	-	-
Plastic	5,724,736	8,257,265	-	-	-	-
Individuals	8,829,050	8,278,205	108,782	104,970	56,057	41,788
Manufacturing	1,587,720	728,409	-	-	-	-
Others	1,828,539	1,702,996	59,274	59,275	-	-
	<u>128,777,138</u>	<u>122,599,703</u>	<u>2,448,485</u>	<u>2,588,556</u>	<u>2,213,124</u>	<u>1,930,779</u>

Credit risk by public / private sector

Public / Government	7,000,000	209,084	-	-	-	-
Private	121,777,138	122,390,619	2,448,485	2,588,556	2,213,124	1,930,779
	<u>128,777,138</u>	<u>122,599,703</u>	<u>2,448,485</u>	<u>2,588,556</u>	<u>2,213,124</u>	<u>1,930,779</u>

44.1.4 Contingencies and Commitments

Credit risk by industry sector

	2025	2024
	Rupees in thousands	
Agriculture, Forestry, Hunting and Fishing	56,498	51,524
Textile	3,645,914	3,972,083
Chemical and Pharmaceuticals	3,833,269	3,317,927
Cement	437,257	250,174
Sugar	849,615	1,849,302
Footwear and Leather garments	-	6,852
Automobile and transportation equipment	7,447,992	1,913,558
Electronics and electrical appliances	701,019	1,437,252
Construction	6,538,545	7,520,134
Power (electricity), Gas, Water, Sanitation	397,372	1,006,274
Wholesale and Retail Trade	6,560,183	5,257,777
Transport, Storage and Communication	121,803	62,517
Financial	136,564	232,557
Glassware	172,004	146,991
Insurance	-	-
Services	19,978,846	6,990,080
Food, Beverages and Tobacco	4,204,554	2,652,052
Paper	116,715	53,111
Steel	4,034,282	3,044,183
Shipbreaking	32,469	32,469
Oil Refinery	5,757	2,200
Plastic	1,618,369	1,770,852
Individuals	21,038	8,384
Shipyards	945,208	438,301
Manufacturing	587,657	1,099,995
Others	1,149,092	904,302
	<u>63,592,022</u>	<u>44,020,851</u>
Credit risk by public / private sector		
Public / Government	963,380	449,277
Private	62,628,642	43,571,574
	<u>63,592,022</u>	<u>44,020,851</u>

44.1.5 Concentration of Islamic financing and related assets

The bank top 10 exposures on the basis of total (funded and non-funded exposures) aggregated to Rs. 49,658.581 million (2024: Rs. 51,581.001 million) are as following:

	2025	2024
	Rupees in thousands	
Funded	27,100,527	40,810,869
Non Funded	22,558,054	10,770,132
Total Exposure	<u>49,658,581</u>	<u>51,581,001</u>

The sanctioned limits against these top 10 exposures aggregated to Rs. 51,395 million (2024: Rs. 53,560 million).

Total funded classified therein

	2025		2024	
	Amount	Credit loss allowance held	Amount	Credit loss allowance held
	Rupees in thousands			
OAEM	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	-	-	-	-
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

44.1.6 Islamic financing and related assets - Province / Region - wise Disbursement & Utilization

Province / Region	2025						
	Disbursements	Utilization					
		Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
	Rupees in thousands						
Punjab	361,051,801	360,072,080	784,041	43,754	-	144,632	7,294
Sindh	255,403,170	2,878,331	252,508,049	-	5,392	6,703	4,695
KPK including FATA	1,848,270	1,113,848	-	707,998	2,037	23,191	1,196
Balochistan	55,450	-	2,944	-	52,506	-	-
Islamabad	74,865,951	4,121,505	6,048	3,337	-	70,735,061	-
AJK including Gilgit-Baltistan	40,362	6,100	-	5,946	-	1,102	27,214
Total	<u>693,265,004</u>	<u>368,191,864</u>	<u>253,301,082</u>	<u>761,035</u>	<u>59,935</u>	<u>70,910,689</u>	<u>40,399</u>
Province / Region	2024						
	Disbursements	Utilization					
		Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
	Rupees in thousands						
Punjab	417,367,050	416,225,898	935,889	44,737	-	154,430	6,096
Sindh	180,671,258	3,027,170	177,632,389	-	44	8,656	2,999
KPK including FATA	484,076	23,651	-	439,304	1,523	16,590	3,008
Balochistan	45,571	2,879	3,651	-	39,041	-	-
Islamabad	28,395,504	1,595,712	-	2,521	1,685	26,795,586	-
AJK including Gilgit-Baltistan	-	-	-	-	-	-	-
	31,348	4,839	-	-	-	2,694	23,815
Total	<u>626,994,807</u>	<u>420,880,149</u>	<u>178,571,929</u>	<u>486,562</u>	<u>42,293</u>	<u>26,977,956</u>	<u>35,918</u>

44.2 Market Risk

Market Risk arises from changes in market rates such as Profit / Yield Rates, Foreign Exchange Rates, Equity Prices, and / or commodity prices as well as their correlations and volatilities resulting in a loss to earnings and capital. The Bank is exposed to market risk primarily through its trading activities, which are centered in Treasury and FX Group.

The Bank's Market Risk Management structure consists of Risk Management & Portfolio Review Committee (RM&PRC) of the Board, Management Finance Committee of management and ALCO. There is an independent Market Risk Management Division reporting directly to Group Head Risk Management. Market Risk is an independent risk management function that works in close partnership with the business segments to identify and monitor market risks throughout the Bank and to define market risk policies and procedures. Market Risk seeks to facilitate efficient risk/return decisions, reduce volatility in operating performance and provide transparency into the Bank's market risk profile for senior management, the Board of Directors and regulators. Market risk authority, including both approval of market risk limits and approval of market risks is vested in the ALCO.

In line with regulatory requirements, the Bank has clearly defined, in its Risk Management policy, the positions which shall be subject to market risk. The definition covers the accounting classifications as well as positions booked by different business groups under "Available for Sale" category. The assets subject to trading book treatment are frequently, mostly on daily basis, valued and actively managed. The positions which do not fulfill the criteria of Trading book falls under the Banking Book and are treated as per SBP requirements.

The Bank measures and manages Market Risk by using conventional methods i.e. notional amounts, sensitivity and combinations of various limits. Bank has established a specific Market Risk Limit Policy providing guideline for assuming controlled market risk, its monitoring and management.

Beside conventional methods, the Bank also uses VaR (Value at Risk) technique for market risk assessment of positions assumed by its treasury and capital market groups. In-house based solutions are used for calculating mark to market value of positions and generating VaR (value at risk) and sensitivity numbers. Thresholds for different positions are established to compare the expected losses at a given confidence level and over a specified time horizon.

A framework of stress testing, scenario analysis and reverse stress tests of both banking and trading books as per SBP guidelines is also in place. The results of the stress tests are reviewed by senior management and also reported to the SBP.

44.2.1 Balance sheet split by trading and banking books

	2025			2024		
	Banking book	Trading book	Total	Banking book	Trading book	Total
	Rupees in thousands					
Cash and balances with treasury banks	21,000,952	-	21,000,952	18,114,511	-	18,114,511
Balances with other banks	2,115,091	-	2,115,091	962,093	-	962,093
Due from financial institutions	8,741,090	-	8,741,090	2,000,000	-	2,000,000
Investments	153,493,890	2,330,332	155,824,222	28,212,727	118,383,474	146,596,201
Islamic financing and related assets	125,389,510	-	125,389,510	119,353,143	-	119,353,143
Property and equipment	6,270,982	-	6,270,982	5,191,117	-	5,191,117
Right-of-use assets	2,791,945	-	2,791,945	2,355,818	-	2,355,818
Intangible assets	1,806,009	-	1,806,009	1,044,088	-	1,044,088
Deferred tax assets	767,724	-	767,724	30,797	-	30,797
Other assets	12,590,493	-	12,590,493	11,695,860	-	11,695,860
	334,967,686	2,330,332	337,298,018	188,960,154	118,383,474	307,343,628

44.2.2 Foreign Exchange Risk

Foreign exchange risk exposes the bank to changes in the values of current holdings and future cash flows denominated in currencies other than home currency due to the exchange rate fluctuation and volatility. The types of instruments exposed to this risk include foreign currency-denominated financing, foreign currency-denominated deposits, future cash flows in foreign currencies arising from foreign exchange transactions, etc.

The core objective of foreign exchange risk management is to ensure the foreign exchange exposure of the Bank remains within defined risk appetite and insulate the Bank against undue losses that may arise due to volatile movements in foreign exchange rates or profit rates.

	2025			
	Foreign Currency Assets	Foreign Currency Liabilities	Off-balance sheet items	Net foreign currency exposure
	Rupees in thousands			
United States Dollar	3,268,351	5,703,962	1,858,557	(577,054)
Great Britain Pound Sterling	770,872	770,471	-	401
Euro	677,880	714,731	32,885	(3,966)
Japanese Yen	7,672	18	-	7,654
Other currencies	75,765	-	-	75,765
	4,800,540	7,189,182	1,891,442	(497,200)

	2024			
	Foreign Currency Assets	Foreign Currency Liabilities	Off-balance sheet items	Net foreign currency exposure
	Rupees in thousands			
United States Dollar	2,138,915	4,782,611	2,560,196	(83,500)
Great Britain Pound Sterling	344,911	819,694	489,588	14,804
Euro	451,532	449,102	87,025	89,455
Japanese Yen	1,331	18	-	1,313
Other currencies	80,175	16	-	80,159
	3,016,864	6,051,441	3,136,809	102,231

	2025		2024	
	Banking book	Trading book	Banking book	Trading book

Rupees in thousands

Impact of 1% change in foreign exchange rates on

- Profit and loss account	(4,972)	-	1,022	-
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44.2.3 Equity position risk

Bank's proprietary positions in the equity instruments expose it to the equity price risk in its trading and banking books. Equity price risk is managed by applying trading limit, scrip-wise and portfolio wise nominal limits. VaR analysis and stress testing of the equity portfolio are also performed and reported to senior management. The stress test for equity price risk assesses the impact of the fall in the stock market index using internal based assumptions.

	2025		2024	
	Banking book	Trading book	Banking book	Trading book

Rupees in thousands

Impact of 5% change in equity prices on

- Profit and loss account	-	83,383	-	-
- Other comprehensive income	-	-	-	-

44.2.4 Yield / Profit Rate Risk in the Banking Book - Basel II Specific

Yield rate sensitivity position for on-balance sheet instruments is based on the earlier of contractual re-pricing or maturity date and for off-balance sheet instruments is based on settlement date. Yield risk occurs when there is a mismatch between positions, which are subject to profit rate alterations within a particular time period. The Bank's financing, placement and investment activities give rise to profit rate risk. The effect of changes in profit rate is on the Bank's income, and resultant impact is on the Bank's net worth.

Profit rate risk is primarily managed by monitoring the rate sensitive gaps and by having the pre-approved limits for repricing buckets. ALCO is the supervising body for adherence with these, complemented by the monitoring of sensitivity of the Bank's financial assets and liabilities to various scenarios.

	2025		2024	
	Banking book	Trading book	Banking book	Trading book

Rupees in thousands

Impact of 1% change in profit rates on

- Profit and loss account	95,817	396,588	121,976	361,476
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44.2.5 Mismatch of Profit Rate Sensitive Assets and Liabilities

Effective Yield / Profit rate %	2025										Non-profit bearing financial instruments	
	Exposed to Yield / Interest risk											
	Total	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years		
	Rupees in thousands											
	21,000,952	-	-	-	-	-	-	-	-	-	-	21,000,952
2.76 to 7.42	2,115,091	11,997	-	-	-	-	-	-	-	-	-	2,103,094
12.30	8,741,090	5,499,952	-	-	-	-	3,241,138	-	-	-	-	-
12.29	155,824,222	14,420,270	21,271,834	118,464,777	-	-	-	-	-	-	-	1,667,341
13.13	92,464,986	3,309,988	45,701,031	8,444,739	4,758,732	-	-	-	-	-	-	30,250,496
	12,590,493	-	-	-	-	-	-	-	-	-	-	12,590,493
	292,736,834	23,242,207	66,972,865	126,909,517	4,758,732	-	3,241,138	-	-	-	-	67,612,376
	5,515,318	-	-	-	-	-	-	-	-	-	-	5,515,318
12.91	22,370,495	11,296,373	5,564,883	2,872,857	247,174	487,689	486,947	924,368	312,506	-	-	177,698
5.65	268,934,274	186,854,361	-	-	-	-	-	-	-	-	-	82,079,913
	-	-	-	-	-	-	-	-	-	-	-	-
	3,505,278	73,375	149,248	180,673	459,452	774,201	689,352	656,406	372,972	150,099	-	9,204,172
	9,204,172	-	-	-	-	-	-	-	-	-	-	-
	309,530,037	198,224,109	5,714,131	3,053,531	706,626	1,261,890	1,176,299	1,580,774	685,478	150,099	96,977,101	(29,364,725)
	(16,793,203)	(174,981,902)	61,258,734	123,855,986	4,052,106	(1,261,890)	2,064,839	(1,580,774)	(685,478)	(150,099)	(29,364,725)	-
	2,354,540	(1,486,703)	(1,335,815)	5,177,058	-	-	-	-	-	-	-	-
	2,354,540	(1,486,703)	(1,335,815)	5,177,058	-	-	-	-	-	-	-	-
	(176,468,605)	59,922,919	129,033,045	4,052,106	(1,261,890)	2,064,839	(1,580,774)	(685,478)	(150,099)	-	-	-
	(176,468,605)	(116,545,686)	12,487,359	16,539,465	15,277,575	17,342,414	15,761,640	15,076,162	14,926,063	-	-	-

On-balance sheet financial instruments

Assets

Cash and balances with treasury banks
Balances with other banks
Due from financial institutions
Investments
Islamic financing and related assets
Other assets

Liabilities

Bills payable
Due to financial institutions
Deposits and other accounts
Liabilities against assets subject to finance lease
Subordinated debt
Lease Liabilities
Other liabilities

On-balance sheet gap

Off-balance sheet financial instruments

Commitments in respect of:
- forward foreign exchange contracts

Off-balance sheet gap

Total Yield / Profit Risk Sensitivity Gap

Cumulative Yield / Profit Risk Sensitivity Gap

Effective Yield / Profit rate %	2024										Non-profit bearing financial instruments	
	Exposed to Yield / Interest risk											
	Total	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years		
	Rupees in thousands											
	18,114,511	-	-	-	-	-	-	-	-	-	-	18,114,511
3.45 to 12.20	962,093	27,637	-	-	-	-	-	-	-	-	-	934,456
13	2,000,000	2,000,000	-	-	-	-	-	-	-	-	-	-
20.53	146,596,201	17,711,421	19,241,500	109,643,280	-	-	-	-	-	-	-	-
1.00 to 30.71	95,339,234	175,837	39,302,877	5,265,830	5,002,849	-	-	-	-	-	-	45,591,840
	9,485,280	-	-	-	-	-	-	-	-	-	-	9,485,280
	272,497,319	19,914,895	58,544,377	114,909,111	5,002,849	-	-	-	-	-	-	74,126,087
	11,594,493	-	-	-	-	-	-	-	-	-	-	11,594,493
1.00 to 15.50	48,422,293	37,639,696	3,980,882	4,538,438	472,074	875,035	297,434	512,087	105,647	-	-	60,047,847
0.00 to 18.75	209,108,581	149,060,734	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
	3,016,262	62,900	102,086	126,823	326,851	653,129	579,710	702,364	464,399	-	-	9,208,659
	9,208,659	-	-	-	-	-	-	-	-	-	-	-
	281,352,288	186,763,331	4,082,968	4,665,261	798,925	1,529,163	877,144	1,214,451	570,046	-	-	80,850,999
	(8,854,970)	(168,848,435)	54,461,409	110,243,850	4,203,924	(1,529,163)	(877,144)	(1,214,451)	(570,046)	-	-	(6,724,912)
	3,247,865	(431,542)	2,314,876	1,253,475	-	-	-	-	-	-	-	-
	3,247,865	(431,542)	2,314,876	1,253,475	-	-	-	-	-	-	-	-
	(167,279,977)	56,776,285	111,497,326	4,203,924	(1,529,163)	(877,144)	(1,214,451)	(570,046)	-	-	-	-
	(167,279,977)	(110,503,692)	993,633	5,197,557	3,868,394	2,791,250	1,576,799	1,006,752	1,006,752	-	-	-

Reconciliation of assets and liabilities exposed to yield / profit rate risk with total assets and liabilities

Total financial assets as per note 44.2.5
Add: Non financial assets

Islamic financing and related assets
Property and equipment
Right of use assets
Intangible assets
Deferred tax assets
Other assets

Total assets as per Statement of Financial Position

Total financial liabilities as per note 44.2.5
Add: Non financial liabilities

Deferred tax liability
Other liability

Total liabilities as per Statement of Financial Position

	2025	2024
Rupees in thousands		
Total financial assets as per note 44.2.5	292,736,834	272,497,319
Add: Non financial assets	32,924,524	24,013,908
Islamic financing and related assets	6,270,982	5,191,117
Property and equipment	2,791,945	2,355,818
Right of use assets	1,806,009	1,044,088
Intangible assets	767,724	30,797
Deferred tax assets	-	2,210,581
Other assets	337,298,018	307,343,628
Total assets as per Statement of Financial Position	309,530,037	281,352,288
Total financial liabilities as per note 44.2.5	-	-
Add: Non financial liabilities	309,530,037	281,397,622
Deferred tax liability	-	45,334
Other liability	-	-
Total liabilities as per Statement of Financial Position	309,530,037	281,397,622

44.3 Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people, and systems or from external events. This definition includes legal risks but excludes strategic and reputational risks.

The Bank's operational risk management framework, as laid down in the operational risk policy, duly approved by the Board of Directors (BOD), is flexible enough to implement in stages and permits the overall risk management approach to evolve in the light of organizational learning and the future needs of the Bank. Operational loss events are reviewed and appropriate corrective actions are taken on an ongoing basis, including measures to improve control procedures with respect to design and operative effectiveness.

An independent Operational Risk Management Function has also been established within the Risk Management Group, as per the requirements of SBP Basel Framework and in line with the international best practice. This function is responsible to ensure that management of operational risk in the Bank is carried out in accordance with the bank's approved policies and frameworks.

Operational Risk Management helps the Bank understand risks and improve mitigating controls so as to minimize operational risks that are inherent in almost all areas of the Bank. Going forward, the Bank will further strengthen its risk function, policies and procedures to facilitate its operations and improve quality of assets to safeguard interest of depositors.

The key elements in the operational risk management process are:

- Risk Identification & Assessment
- Risk Monitoring & Reporting
- Risk Control & Mitigation

Operational Risk identification at the Bank is based on utilization of diversified tools including but not limited to internal and external loss / control breach / near miss incidents data collection, process reviews, internal / external audit / regulatory inspection observations, expert judgment and self-assessment etc. Since scope of operational risk spreads across different functions of the bank, roles and responsibilities regarding operational risk management also spread across all the groups in the bank. Governance structure involved in management of operational risk is as follows:

- Board of Directors
- Risk Management and Portfolio Review Committee (RM&PRC)
- President
- Risk Management Group (RMG)
- All Business and Support Groups

Based on the analysis of operational risks through maintenance of operational risk database, a periodic reporting of operational losses and significant risk events is being done for review of RM&PRC on quarterly basis. The strong control environment encompasses documented policies / procedures and systems in all key areas as effective risk mitigation tools.

The Bank is focusing on the following risk mitigation tools:

- Business Continuity Management / Disaster Recovery Planning
- Takaful
- Outsourcing

Continuous monitoring of the effectiveness of mitigants has been ensured through regular compliance reviews and independent validation by Internal / External Audit inspections.

Operational risk covers a broad range of risks and is useful to sub-divide operational risk into two main categories i.e. Internal Risks and External Risks.

Operational risk event types are further divided into seven types which are as under;

- Internal Fraud
- External Fraud
- Damage to Physical Assets
- Execution, delivery and process management
- Business disruption and system failure
- Employment practices and workplace safety
- Clients, products and business practices

Operational Risk-Disclosures Basel II Specific

Since the Bank currently being at infancy stage, is using Basic Indicator Approach (BIA) for allocation of capital charge for operational risk as the corner stone of capital allocation under advanced approaches of Basel II is the historical time series of operational loss data.

Operational loss data pertaining to key risk events is also collected on bank-wide basis. Periodic review and analysis will be prepared for senior management and Risk Management and Portfolio Review Committee (RM&PRC) of the Board. Such reports will cover the significant risk events with root cause analysis and recommendations for further improvements.

Business Continuity Planning & Health, Safety & Environment:

A comprehensive Business Continuity Plan is in place whereby all Branches & Head Office functions have developed their Alternate Sites which will be operational in case of emergency.

We have established minimum safety standards that all businesses, offices and branches of the Bank must adhere to and encourages all employees to promote the safety of their fellow employees and customers.

Fraud Risk Management:

Fraud Risk Management Division has been formed under Risk management group to ensure appropriate protection of financial and reputational interest of the bank and core responsibilities are:

- Compliance on SBP directives for policies, procedures and internal / external reporting.
- 24/7 Monitoring of Digital Banking & Alternate Delivery Channel (ADC) transactions.
- Fraud training awareness.
- Handling frauds related complaints and their resolution as per SBP directives including FDTH affairs.

Information Technology Security:

An independent IT Security division is in place to counter cyber security threats. However, this is a dynamic area and the bank is in the process of acquiring more solutions & implementing more controls. Broadly speaking, IT Security covers the following main areas in accordance with Board approved policy:

- Implement information security policy and associated process and controls
- Implement Access and Authentication controls
- Periodically conduct access review of privilege users.
- Periodically conduct Risk Assessment of critical information assets
- Periodically conduct internal / external vulnerability assessment and penetration testing of critical information assets.
- Information / cyber security awareness to be created amongst staff members.
- Incident response and lesson learned.
- Continuous communication to stakeholders
- Continuous improvement

Shari'ah Non Compliance Risk (SNCR):

The Bank is fully acquainted with SNCR and its potential implications on the reputation and business of the Bank. Therefore the Bank shall take adequate measures to address SNCR and ensure conformity of its operations with Shari'ah principles.

In addition to the Shari'ah Compliance Department, exclusively overseeing SNCR risk, the RM&PRC and senior management shall also play their role in monitoring the same.

All Shari'ah non-compliance events and transactions are reported to Shari'ah Non Compliance Risk Management Committee (SNCRMC), RM&PRC and BOD on quarterly basis by Shari'ah Compliance Department (SCD).

44.4 Liquidity Risk

Liquidity risk is the potential for loss to the Bank arising from either its inability to meet its obligations or to fund increases in assets as they fall due without incurring an unacceptable cost. The Bank's Board of Directors sets Bank's policy for managing liquidity risk and entrusts accountability for supervision of the implementation of this strategy to senior management. Senior management exercises its responsibilities for managing market & liquidity risk through various committees including the Asset & Liability Management Committee (ALCO). Treasury department manages the Bank's liquidity position on a daily basis. The Bank's main approach of managing the liquidity risk is to make certain that it will always have adequate liquidity to meet its liabilities when they are due in normal and stressed scenarios without incurring any untoward expenditure or risking reputational harm. ALCO monitors the maintenance of liquidity ratios, depositor's concentration both in terms of the overall funding mix and avoidance of undue reliance on large individual deposits. Regular liquidity stress testing is conducted under a variety of scenarios covering both normal and more severe market conditions. There is an Asset Liability Management Framework in place for focused handling of Liquidity. This framework also incorporates early warning indicators.

44.4.1 Maturities of assets and liabilities

44.4.1.1 Maturities of Assets and Liabilities - based on contractual maturity

	2025													
	Total	Upto 1 Day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 Month	Over 1 to 2 Months	Over 2 to 3 months	Over 3 to 6 months	Over 6 to 9 months	Over 9 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Above 5 years
Rupees in thousands														
Assets														
Cash and balances with treasury banks	21,000,952	5,250,238	5,250,238	5,250,238	5,250,238	-	-	-	-	-	-	-	-	-
Balances with other banks	2,115,091	528,773	528,773	528,773	528,773	-	-	-	-	-	-	-	-	-
Due from financial institutions	8,741,090	-	5,489,952	-	-	-	-	-	-	-	-	3,241,138	-	-
Investments - net	155,824,222	-	-	-	100,040	100,040	100,040	5,088,410	15,233,165	40,800,636	26,388,384	62,886,205	-	-
Islamic financing and related assets - net	125,389,510	3,389,461	3,776,387	3,771,598	10,711,447	9,436,265	5,411,264	19,875,137	11,957,634	9,202,249	11,857,909	10,914,302	12,297,813	13,408,044
Property and equipment	6,270,982	-	-	-	88,745	73,665	73,755	218,668	216,516	217,065	822,028	686,992	999,504	2,864,044
Right-of-use assets	2,791,945	2,432	14,592	17,024	41,345	75,334	74,681	220,206	214,623	206,855	699,896	514,381	487,191	223,385
Intangible assets	1,806,009	-	-	-	14,572	14,575	14,575	44,006	47,726	73,861	284,061	277,177	500,088	535,368
Deferred tax assets	767,724	276	1,614	1,931	4,772	8,665	8,857	(15,194)	24,903	135,610	841,531	88,713	(223,304)	(110,650)
Other assets	12,590,493	1,507,334	1,589,611	1,542,018	1,541,155	1,556,716	1,289,412	1,185,651	1,184,288	1,184,298	-	-	-	-
	337,298,018	10,678,514	16,651,167	10,510,719	18,281,950	11,265,260	6,972,584	21,628,514	18,744,110	26,253,103	55,306,061	42,121,087	76,947,497	21,937,453
Liabilities														
Bills payable	5,515,318	1,378,830	1,378,830	1,378,830	1,378,828	-	-	-	-	-	-	-	-	-
Due to financial institutions	22,370,495	378,052	4,592,121	4,532,319	1,971,579	115,156	5,449,727	2,872,857	113,464	133,710	487,889	486,947	924,368	312,506
Deposits and other accounts	268,934,274	8,345,817	7,810,424	4,396,677	13,316,404	6,433,619	5,383,269	17,974,578	3,283,660	3,331,763	49,676,042	49,707,794	49,638,464	49,635,763
Liabilities against assets subject to finance lease	3,505,778	2,367	14,202	16,569	40,238	73,905	75,343	180,673	213,570	245,883	774,201	689,352	656,406	523,069
Sub-ordinated debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Lease liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities *	9,204,172	2,114,466	2,206,743	2,148,287	2,255,792	372,418	105,113	-	-	-	-	-	-	-
	309,530,037	12,219,532	16,002,320	12,472,682	18,962,841	6,995,098	11,013,452	21,029,461	3,610,694	3,711,356	50,937,932	50,884,093	51,219,238	50,471,338
Net assets	27,767,981	(1,541,018)	648,847	(1,961,963)	(680,890)	4,270,162	(4,040,868)	589,053	15,133,416	22,541,747	4,368,129	(8,763,006)	25,728,258	(28,533,886)
Share capital	15,550,000													
Reserves	2,732,118													
Surplus on revaluation of assets - net of tax	1,056,123													
Accumulated profit	8,427,740													
	27,767,981													

* These contain maturity analysis of lease liabilities based on contractual maturities which is shown below:

	2024													
	Total	Upto 1 Day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 Month	Over 1 to 2 Months	Over 2 to 3 months	Over 3 to 6 months	Over 6 to 9 months	Over 9 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Above 5 years
Rupees in thousands														
Lease liability against right of use assets	3,505,778	2,367	14,202	16,569	40,238	73,905	75,343	180,673	213,570	245,883	774,201	689,352	656,406	523,071

Lease liability against right of use assets

Assets

	2024													
	Total	Upto 1 Day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 Month	Over 1 to 2 Months	Over 2 to 3 months	Over 3 to 6 months	Over 6 to 9 months	Over 9 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Above 5 years
Rupees in thousands														
Cash and balances with treasury banks	18,114,511	4,528,628	4,528,628	4,528,628	4,528,628	-	-	-	-	-	-	-	-	-
Balances with other banks	962,093	240,524	240,523	240,523	240,523	-	-	-	-	-	-	-	-	-
Due from financial institutions	2,000,000	-	2,000,000	-	-	-	-	-	-	-	-	-	-	-
Investments - net	146,596,201	-	-	-	-	-	6,030,488	3,149,415	802,950	21,264,970	41,182,914	66,410,332	7,755,133	-
Islamic financing and related assets - net	119,353,143	1,309,681	2,389,120	1,824,454	7,013,541	22,090,162	8,313,623	3,928,201	10,123,431	11,916,228	11,467,469	13,019,973	13,425,491	-
Property and equipment	5,191,117	-	-	80,488	66,446	67,365	203,799	202,258	199,631	757,311	670,604	925,476	2,015,739	-
Right-of-use assets	2,355,818	1,919	11,513	13,432	32,620	59,309	57,463	169,028	162,586	156,414	573,028	455,751	461,247	201,511
Intangible assets	1,044,088	-	-	8,388	-	9,009	30,892	38,235	41,732	177,842	159,362	286,165	283,152	-
Deferred tax assets	1,492,658	-	-	-	-	-	-	-	101,453	1,391,205	-	-	-	-
Other assets	11,695,860	1,283,112	1,380,899	1,450,272	1,537,299	1,796,316	1,014,328	1,217,002	1,008,316	1,008,316	-	-	-	-
	308,805,489	7,363,864	10,550,683	8,057,309	13,441,487	24,022,161	9,463,171	20,182,977	8,489,011	12,433,927	36,080,594	53,936,100	81,103,193	23,681,026
Liabilities														
Bills payable	11,594,493	2,898,623	2,898,623	2,898,623	2,898,623	-	-	-	-	-	-	-	-	-
Due to financial institutions	48,422,293	174,221	27,307,273	4,027,930	6,130,272	3,727,366	253,516	4,538,438	223,854	248,220	876,035	297,434	512,087	105,647
Deposits and other accounts	209,108,581	3,730,425	9,313,966	5,379,531	11,158,291	6,873,924	978,499	5,433,733	6,269,992	7,480,590	38,194,378	38,135,585	38,081,385	38,078,285
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sub-ordinated debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred tax liabilities	1,461,861	51	355	355	760	1,520	1,673	19,627	15,987	9,090	62,184	389,431	688,802	272,028
Lease liabilities	3,018,262	2,029	12,174	14,203	34,494	57,434	44,652	126,823	133,819	193,032	653,129	579,710	702,364	464,389
Other liabilities *	9,253,994	1,933,040	2,030,827	2,100,201	2,187,228	787,989	6,013	208,686	-	-	-	-	-	-
	282,859,485	8,738,389	41,563,218	14,420,843	22,409,668	11,448,243	1,284,353	10,327,307	6,643,652	7,930,932	39,785,726	39,402,160	39,984,638	38,920,359
Net assets	25,946,004	(1,374,525)	(31,012,535)	(6,363,534)	(8,988,181)	12,573,918	8,178,818	9,855,670	1,845,389	4,502,997	(3,705,142)	14,533,940	41,118,554	(15,239,333)
Share capital	15,550,000													
Reserves	2,276,220													
Surplus on revaluation of assets - net of tax	1,517,729													
Accumulated profit	6,602,057													
	25,946,006													

* These contain maturity analysis of lease liabilities based on contractual maturities which is shown below:

	2024													
	Total	Upto 1 Day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 Month	Over 1 to 2 Months	Over 2 to 3 months	Over 3 to 6 months	Over 6 to 9 months	Over 9 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Above 5 years
Rupees in thousands														
Lease liability against right of use assets	3,018,262	2,029	12,174	14,203	34,494	57,434	44,652	126,823	133,819	193,032	653,129	579,710	702,364	464,389

44.4.1.2 Maturities of assets and liabilities based on expected maturities

2025										
Rupees in thousands										
Total	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years	
Assets										
Cash and balances with treasury banks	21,000,952	-	-	-	-	-	-	-	-	-
Balances with other banks	2,115,091	-	-	-	-	-	-	-	-	-
Due from financial institutions	8,741,090	5,499,952	-	-	-	3,241,138	-	-	-	-
Investments - net	155,824,222	100,040	200,081	100,040	40,800,636	26,388,384	62,886,205	4,767,260	250,000	5,525,445
Islamic financing and related assets - net	125,389,510	21,028,893	14,847,529	19,875,137	21,159,883	10,914,302	12,297,813	7,882,599	-	-
Property and equipment	6,270,982	88,745	147,420	218,668	433,581	696,992	999,504	2,864,044	-	-
Right-of-use assets	2,791,945	75,394	150,015	220,206	421,478	514,381	487,191	223,384	-	-
Intangible assets	1,806,009	14,572	29,150	44,006	121,587	284,061	500,088	535,368	-	-
Deferred tax assets*	767,724	8,593	17,521	(15,194)	160,513	88,713	(223,304)	(110,649)	-	-
Other assets	12,590,493	6,190,118	2,846,127	1,185,651	2,368,597	-	-	-	-	-
	337,298,018	56,122,350	18,237,843	21,628,514	44,997,215	42,121,087	76,947,497	16,162,006	5,775,445	-
Liabilities										
Bills payable	5,515,318	-	-	-	-	-	-	-	-	-
Due to financial institutions	22,370,495	11,474,071	5,564,883	2,872,857	247,174	487,689	924,368	312,506	-	-
Deposits and other accounts	268,934,274	33,869,322	11,816,889	17,974,578	6,615,422	49,707,794	49,638,464	49,635,763	-	-
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-
Sub-ordinated loans	-	-	-	-	-	-	-	-	-	-
Deferred tax liability*	-	-	-	-	-	-	-	-	-	-
Lease liabilities	3,505,778	73,375	149,248	180,673	459,453	774,201	656,406	372,972	150,099	-
Other liabilities**	9,204,172	8,725,288	477,531	1,353	-	-	-	-	-	-
	309,530,037	59,657,374	18,008,551	21,029,461	7,322,049	50,937,932	51,219,238	50,321,241	150,099	-
Net assets	27,767,981	(3,535,024)	229,292	599,053	37,675,166	4,368,129	(8,763,006)	25,728,259	(34,159,235)	5,625,346
Share capital	15,550,000	-	-	-	-	-	-	-	-	-
Reserves	2,732,118	-	-	-	-	-	-	-	-	-
Surplus on revaluation of assets - net of tax	1,058,123	-	-	-	-	-	-	-	-	-
Accumulated profit	8,427,740	-	-	-	-	-	-	-	-	-
	27,767,981	-	-	-	-	-	-	-	-	-

* These have been presented collectively in the statement of financial position.

** These contain maturity analysis of lease liabilities based on contractual maturities which is shown below:

2025										
Rupees in thousands										
Total	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years	
Assets										
Lease liability against right of use assets	73,375	149,248	180,673	459,453	774,201	689,352	656,406	372,972	150,099	-

2024										
Rupees in thousands										
Total	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years	
Assets										
Cash and balances with treasury banks	18,114,511	-	-	-	-	-	-	-	-	-
Balances with other banks	962,093	-	-	-	-	-	-	-	-	-
Due from financial institutions	2,000,000	-	-	-	-	-	-	-	-	-
Investments - net	146,596,201	-	6,030,488	3,952,365	21,264,970	41,182,914	66,410,332	7,505,133	250,000	6,229,497
Islamic financing and related assets - net	119,353,143	12,536,797	30,403,785	14,051,632	11,916,228	11,487,469	13,019,973	7,195,995	-	-
Property and equipment	5,191,117	80,488	135,811	203,799	401,889	670,604	925,476	2,015,739	-	-
Right-of-use assets	2,355,818	59,483	116,771	169,028	319,000	455,751	461,247	201,511	-	-
Intangible assets	1,044,088	8,388	18,320	30,892	79,967	177,842	286,165	283,152	-	-
Deferred tax assets*	1,492,658	-	-	101,453	1,391,205	-	-	-	-	-
Other assets	11,695,860	5,651,582	2,810,643	1,217,002	2,016,632	-	-	-	-	-
	308,805,489	39,413,342	33,485,330	20,182,977	20,922,938	36,080,584	81,103,193	17,201,530	6,479,497	-
Liabilities										
Bills payable	11,594,493	-	-	-	-	-	-	-	-	-
Due to financial institutions	48,422,293	3,980,882	4,538,438	472,074	876,035	297,434	512,087	105,647	-	-
Deposits and other accounts	209,108,581	29,582,212	7,852,423	5,433,733	13,750,582	38,135,585	38,081,385	19,039,142	-	-
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-
Sub-ordinated loans	-	-	-	-	-	-	-	-	-	-
Deferred tax liability*	1,461,861	1,520	3,193	19,627	25,077	389,431	688,802	272,028	-	-
Lease liabilities	3,018,262	62,900	102,086	126,823	326,851	579,710	702,364	464,399	-	-
Other liabilities	9,253,993	8,251,296	794,012	208,686	653,129	-	-	-	-	-
	282,859,484	87,132,117	12,732,596	10,327,307	14,574,584	39,785,726	39,402,160	39,984,638	19,881,216	19,039,142
Net assets	25,946,005	(47,718,775)	20,752,734	9,855,670	6,348,353	(3,705,142)	14,533,940	41,118,566	(2,679,687)	(12,559,646)
Share capital	15,550,000	-	-	-	-	-	-	-	-	-
Reserves	2,276,220	-	-	-	-	-	-	-	-	-
Surplus on revaluation of assets - net of tax	1,517,729	-	-	-	-	-	-	-	-	-
Accumulated profit	6,602,057	-	-	-	-	-	-	-	-	-
	25,946,006	-	-	-	-	-	-	-	-	-

2024										
Rupees in thousands										
Total	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years	
Assets										
Lease liability against right of use assets	62,900	102,086	126,823	326,851	653,129	579,710	702,364	464,399	-	-

2024										
Rupees in thousands										
Total	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years	
Assets										
Lease liability against right of use assets	62,900	102,086	126,823	326,851	653,129	579,710	702,364	464,399	-	-

2024										
Rupees in thousands										
Total	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years	
Assets										
Lease liability against right of use assets	62,900	102,086	126,823	326,851	653,129	579,710	702,364	464,399	-	-

* These have been presented collectively in the statement of financial position.

** These contain maturity analysis of lease liabilities based on contractual maturities which is shown below:

2024										
Rupees in thousands										
Total	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years	
Assets										
Lease liability against right of use assets	62,900	102,086	126,823	326,851	653,129	579,710	702,364	464,399	-	-

Liquidity Gap Reporting

Regarding behavior of non-maturity deposits (non-contractual deposits), the Bank conducted a behavioral study using value at risk methodology. On the basis of its findings 15% of current accounts and saving accounts are bucketed into Upto 1 - year maturity while 85% of current accounts saving accounts are bucketed in over 1 year maturity.

45 PROFIT / (LOSS) DISTRIBUTION TO DEPOSITORS' AND SPECIFIC POOLS

45.1 The Bank is maintaining the following types of pools for profit declaration and distribution:

- 1 General Pool
- 2 IERS Musharaka Pool
- 3 Treasury Musharaka / Mudaraba Pools
- 4 Special Musharaka Pool
- 5 Equity Pool

Features, risks and rewards of each pool are given below:

1 General Pool

The Bank manages one general pool for its depositors' (Rabbul Mal) maintaining deposits under Mudaraba in both local and foreign currencies and also commingled its equity in this pool. The income (gross income less direct expenses) generated from the pool is distributed between Bank's equity and depositors' fund in proportion to their respective share in the pool. Under the Mudaraba mechanism, the income so distributed to depositors' fund is shared between the Bank (Mudarib) and depositors' (Rabbul Mal) according to the pre-agreed profit sharing ratios and assigned weightages.

The deposits and funds accepted under the General Pool are deployed to diversified sectors and avenues of the economy / business mainly to 'Agriculture, Forestry & Fishing', 'Textile & Allied', 'Food & Allied', 'Distribution & Trade', 'Investment in Government of Pakistan Ijarah Sukuk', etc.

Parameters associated with risk and rewards

Following are the consideration attached with risk and reward of general pool:

- Period, return, safety, security and liquidity of investment.
- Financing proposals under process at various stages and likely to be extended in the near future.
- Expected amount of procurement of deposit during coming days as a result of concerted marketing efforts of the Bank.
- Element of risk attached to various types of investments.
- SBP rules and Shari'ah clearance.

2 Islamic Export Refinance Scheme (IERS) Musharaka Pool

The Bank manages IERS Musharaka Pool for funds accepted from SBP under IERS. Under the PLS mechanism, the Bank generates revenues from the pool funds which are shared with the SBP according to the pre-agreed profit sharing ratios. Musharaka investments from the SBP under IERS are channeled towards the export sector of the economy and other financings as per SBP guidelines.

3 Treasury Musharaka / Mudaraba Pools

The Bank accepts funds from other banks to manage its liquidity under Musharaka / Mudaraba mode. The funds accepted are tagged to remunerative assets having maturity on or after the period for which funds are accepted. The revenue generated from the pool asset is shared between the bank and other member of the pool according to pre-agreed profit sharing ratios or assigned weightages accordingly.

4 Special Musharaka Pool

The Bank also accepts funds / deposits (other than Banks) under Musharaka mode. The comingled funds under this arrangement are deployed in remunerative assets as per the terms of agreement. The revenue generated from these assets are then shared as per pre-agreed profit sharing ratio.

5 Equity Pool

The Equity Pool consists of Bank's equity and funds accepted on Qard (non-remunerative current deposit account) basis. The funds of this pool are invested in various assets or ventures which are higher in risk or having longer funding period. In addition to that all staff financings are financed by this pool. The risk of assets in the pool is borne by the Bank.

Charging of expenses

Direct expenses are being charged to respective pools, while indirect expenses such as general and administrative expenses are being borne by the Bank as Mudarib. No provision expense is charged to the pool unless it is written off. The direct expenses charged to the pool may include depreciation of Ijarah assets, premium amortization on Sukuk, impairment losses due to physical damages to specific assets in pools etc. However, this is not an exhaustive list; the Bank's pool management framework and the respective pool creation memo may identify and specify these and any other similar expenses to be charged to the pool.

45.2 Following are the detail of profit distribution among different pool maintained by the Bank:

2025							
Pool Description	Profit Rate & weightage announcement period	Profit Rate Earned	Profit Sharing Ratio of Mudarib	Mudarib Fee	Profit Rate distributed	General Hiba	Amount of General Hiba
		%	%	Rupees in thousands	%	%	Rupees in thousands
General pool	Monthly	12.75	50.00	7,768,189	7.94	5.82	480,069
Islamic Export Refinance (IERS) Pool	Monthly	10.26	-	-	7.92	-	-
Treasury Musharaka/ Mudaraba Pool	As required	13.59	-	-	12.05	-	-
Special Musharaka Pool	Monthly / As required	11.52	-	-	9.83	-	-
Equity Pool	Monthly	2.98	-	-	-	-	-

2024							
Pool Description	Profit Rate & weightage announcement period	Profit Rate Earned	Profit Sharing Ratio of Mudarib	Mudarib Fee	Profit Rate distributed	General Hiba	Amount of General Hiba
		%	%	Rupees in thousands	%	%	Rupees in thousands
General pool	Monthly	19.83	50.00	9,501,883	13.34	19.13	2,247,688
Islamic Export Refinance (IERS) Pool	Monthly	18.51	-	-	16.93	-	-
Treasury Musharaka/ Mudaraba Pool	As required	19.03	-	-	17.59	-	-
Special Musharaka Pool	Monthly/ As required	20.03	-	-	18.15	-	-
Equity Pool	Monthly	13.76	-	-	-	-	-

46 GENERAL

46.1 TRUST ACTIVITIES

The Bank undertakes trustee and other fiduciary activities that result in the holding or placing of assets on behalf of individuals and other organisations. These are not assets of the Bank and, therefore, are not included as such in these financial statements. Assets held under trust in Investor Portfolio Securities Accounts (IPS) accounts are shown in the table below:

Category	Government of Pakistan Ijarah Sukuk (Face Value)			
	2025		2024	
	Rupees in thousands			
	Number of IPS Accounts	Amount	Number of IPS Accounts	Amount
Insurance Companies	1	610,000	2	810,000
Pension & Employee Funds	2	492,950	2	193,000
Total	3	1,102,950	4	1,003,000

46.2 Figures have been rounded off to the nearest thousand of Pakistani Rupees unless otherwise stated.

46.3 Comparative information has been re-classified and re-arranged in these financial statements wherever necessary to facilitate comparison and better presentation.

47 EVENTS AFTER THE REPORTING DATE

There is no significant subsequent event to report as at the date of authorization of the financial statements.

48 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on February 02, 2026 by the Board of Directors of the Bank.

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SYED IFTIKHAR HUSSAIN RIZVI
Chief Financial Officer

ZARGHAM KHAN DURRANI
President & CEO

JAWAID IQBAL
Director

HAMMAD KHALID
Director

NABEELA WAHEED
Director



Global
Acceptance



Secure
Transactions



Contactless
Convenience



No Exchange
Rate Worries



Enhanced
Limits



UP TO
50%
Exclusive
Discounts

320⁺ Branches

Across Pakistan



BRANCH NETWORK

FEDERAL CAPITAL, AZAD KASHMIR & GB

Sr. #	Branch Name	Address	City	Contact Number
1	Dadyal AJK Branch	Plot # 99, Sector 1, Ward # 2, Dadyal, District Mirpur AJK	Dadyal	042-34501000 Ext. 2301
2	Jutial Branch	Shahrah-e-Quaid-e-Azam, Near NHA Office, Jutial Gilgit	Gilgit	05811-450751 05811-450754
3	Jinnah Avenue, Blue Area Branch	52 East, Dodhy Plaza, Jinnah Avenue Islamabad	Islamabad	051-2875091 051-2604677
4	F-10 Markaz Branch	Plot # 7-Q, F-10 Markaz, Islamabad	Islamabad	051-2114301-4
5	G-11 Markaz Branch	Shop No. 7,8,25,26, Plot No. 33, G-11 Markaz, Islamabad	Islamabad	051-2360067 051-2361302
6	Bahria Town Phase IV Branch	Shop No G-9-10, Bahria Heights II, Ext Bahria Town, Phase- IV, Islamabad	Islamabad	051-5146025 051-5146050 051-5146012
7	DHA Phase II - Tulip Road Branch	Plaza # 8, Street # A/62, Tulip Road, Sector A, DHA Phase-II, Islamabad	Islamabad	051-5147175 051-5147164 051-5147163
8	F-7 Markaz, Post Mall Branch	Plot # 3, F-7 Markaz, Post Office, Mall Building, Islamabad	Islamabad	051-2653583 051-2653428
9	F-8 Markaz Branch	Shop # 12 & 13, Al-Babar Center, F-8 Markaz, Islamabad	Islamabad	051-2852653 051-2852655 051-2818246
10	F-11 Markaz Branch	Plot # 18, Trade Centre, Main Double Road, F-11 Markaz, Islamabad	Islamabad	051-2107862-4
11	E-11/3 Branch	Commercial Plot No. 2, Sector E-11/3, Islamabad Garden, Islamabad	Islamabad	051-2375345-6
12	I-8 Markaz Branch	MB City Mall, Plot No. 34, I-8 Markaz, Islamabad	Islamabad	051-4862287 051-4862289
13	PWD Employees Society Branch	40-B, Block-B, Commercial Area (Extension), PWD Employees Housing Society, Lohi Bhair, Islamabad Highway, Islamabad	Islamabad	051-5194302 051-5957422
14	I-10 Markaz Branch	I-10 Markaz Branch, Islamabad	Islamabad	051-462441-42
15	G-13/2 Branch	Plot No. 4-A Bazaar No. 4, G-13/2, Islamabad	Islamabad	051-2769270-71
16	Gulberg Green Branch	Block D, Markaz, Gulberg Green, Islamabad	Islamabad	051-5915350-51
17	Bahria Enclave Branch	Plot No. 11, Street No. BEA, Sector-C, Bahria Enclave Avenue, Bahria Enclave, Islamabad	Islamabad	042-34501000 Ext. 2255
18	Soan Garden Branch	Commercial Plot AC-3 & AC-5, Phase-1 Accounts Group Officers Co-Operative Housing Society, Soan Garden, Islamabad	Islamabad	042-34501000 Ext. 2272

BRANCH NETWORK FEDERAL CAPITAL, AZAD KASHMIR & GB

Sr. #	Branch Name	Address	City	Contact Number
19	DHA Phase V Islamabad Branch	Plot # 4, Lak Boulevard, Central Commercial, Phase V, DHA, Islamabad	Islamabad	042-34501000 Ext: 2283
20	Ghuri Town Branch	Ground Floor, Bin Khurshid Plaza, Main Commercial No. 14, Street No. 9-B, Ghouri Town, Phase V, Islamabad	Islamabad	051-2156432 051-2156434
21	Mirpur AJK Branch	Bank Square, Allama Iqbal Road, Mirpur, Azad Kashmir	Mirpur A.K.	05827-442840 05827-447683 05827-442886 05827-442118
22	Muzaffarabad AJK Branch	Plot No. 26-1, Ghari Phan Chowk, Domel Syedan, Muzaffarabad, Azad Kashmir	Muzaffarabad	05822-921137-38 05822-920455

BRANCH NETWORK PUNJAB

Sr. #	Branch Name	Address	City	Contact Number
1	Ahmedpur Sharqia Branch	Qanchi Mor, Dera Nawab Road, Ahmedpur Sharqia	Ahmedpur Sharqia	042-34501000 Ext. 2295
2	Ghalla Mandi Arifwala Branch	Ghalla Mandi Road, Arifwala	Arifwala	042-34501000 Ext. 2275
3	Burq Road Branch	Shop # B-III/37, C-152, Dr. Ghulam Gillani Burq Road, Attock City	Attock	057-2700903 057-2700909
4	Bahawalnagar Branch	Khewat # 2145, Khatooni # 2240, Mouza Town Bahawalnagar	Bahawalnagar	063-2277914-17
5	Dunga Bunga Branch	Mouza Dunga Bashunian, Main Bahawalnagar-Haroonabad Road, Opposite Rural Health Centre, Dunga Bunga, Tehsil & District Bahawalnagar	Bahawalnagar	063-2360040 063-2360041
6	Model Town Block A Branch	30 - Model Town-B, Block A Bahawalpur	Bahawalpur	062-2888768
7	General Bus Stand Branch	Mouza Bindra, Multan Road, Near General Bus Stand, Bahawalpur	Bahawalpur	062-2881904
8	Bewal Branch	Khewat # 152, Khatooni # 437, 438, Bewal, Tehsil Gujjar Khan, District Rawalpindi	Bewal	042-34501000 Ext: 2284
9	Bhakkar Branch	Property # 632/1 & 633/1, Jhang Road, Bhakkar	Bhakkar	0453-510670-73
10	Bhalwal City Branch	Chak No. 11/NB, Sargodha-Gujrat Road, Bhalwal City, District Sargodha	Bhalwal	048-6642620 048-6642621
11	Arabia Islamia Road Branch	Plot No.98 Block-A, Arabia Islamia Road, Burewala	Burewala	067-3351281-85
12	Chungi No. 5 Branch	Mouza 439/E.B, Chungi No. 5, Burewala, District Vehari	Burewala	067-3351123 067-3351124
13	Chak Jhumra Branch	Khewat No. 100, Khatooni No. 446, Khasra No. 25/6, Chak No.187, Near Police Station Chak Jhumra, Faisalabad	Chak Jhumra	042-35501000 Ext. 2313
14	Talagang Road Branch, Chakwal	B1-1/1634/1, B-1-1635, Talagang Road, Chakwal	Chakwal	0543-600684 0543-602050
15	Chichawatni Branch	Railway Road, Chichawatni	Chichawatni	040-5480401-02
16	Jhang Road Branch	Shan Plaza, Opposite NADRA Office, Faisalabad Road, Chiniot	Chiniot	047-6333566 047-6333577
17	Highway Road Branch, Chishtian	Highway Road, Chishtian	Chishtian	063-2507633-34

BRANCH NETWORK PUNJAB

Sr. #	Branch Name	Address	City	Contact Number
18	Bank Road Daska Branch	Plot # 91, 92 & 95, Muslim Market, Bank Road, Daska	Daska	052-6618822-23
19	Depalpur Branch	Okara Road, Depalpur	Depalpur	044-4544449 044-4544492 044-4542121 044-4540717
20	Kachehri Road, DG Khan Branch	Ashraf Palaza, Block # 2, Kachehri Road, D. G. Khan	Dera Ghazi Khan	064-2460258 064-2460256
21	G.T Road Branch, Dina	G.T Road, Dina	Dina	042-34501000 Ext. 2258
22	Dinga Branch	Khewat # 1330-1331, Khatooni # 2677-2678, Khasra # 4050,4161, Dina City, Tehsil Kharian, District Gujrat	Dinga	053-7400115-16
23	Peoples Colony Branch	668-1, Block A, Peoples Colony No. 1, Faisalabad	Faisalabad	041-8556601-02 041-8544394
24	Millat Chowk Branch	156-B, Millat Chowk, Gulistan Colony, Faisalabad	Faisalabad	041-8782965 041-8782968
25	Canal Road Branch	204 RB East, Canal Road Faisalabad	Faisalabad	041-2421890-91 041-2421889
26	Kotwali Road Branch	P-64 Taj Plaza, Kotwali Road, Faisalabad	Faisalabad	041-2604940 041-2604935
27	Susan Road Branch	Plot # 101, P-12, Main Susan Road, Faisalabad	Faisalabad	041-8502858-61
28	Sitara Colony Branch	Khewat No. 10427, Khatooni No. 10728, P-9 A, Fawara Chowk, Sitara Colony, Faisalabad	Faisalabad	042-35501000 Ext. 2306
29	Regency Arcade Branch	Shop No. 10, 11, 41 & 42, Ground Floor, Regency Arcade, Faisalabad	Faisalabad	041-2604875 041-2604877
30	Fateh Jang Branch	Fateh Jhang Rawalpindi Road, Opposite General Bus Stand, Fateh Jang	Fateh Jang	042-34501000 Ext. 2257
31	Ghalla Mandi Maroot Branch	Plot No. 35, Ghalla Mandi Maroot, Tehsil Fort Abbas, District Bahawalnagar	Fort Abbas	063-2570255 063-2570254
32	G.T Road Branch, Ghakhar	Near Main Bazar Ghalla Mandi, GT Road, Ghakhar	Ghakhar	055-3886660-1 055-3886665
33	Tehsil Road Branch, Gojra	Tehsil Office Road, Gojra	Gojra	046-3515426 046-3515427-28
34	G.T Road Branch, Gujar Khan	Commercial Property # BIII 379 & BIII 377, G.T. Road (Near MCB), Gujar Khan	Gujar Khan	051-3510156 051-3510158

BRANCH NETWORK PUNJAB

Sr. #	Branch Name	Address	City	Contact Number
35	G.T. Road Branch, Sharifpura Chowk	Sharifpura Chowk G.T Road Gujranwala	Gujranwala	055-3251916-17
36	Satellite Town Branch	Satellite Town Branch, 529-C Satellite Town, Gujranwala	Gujranwala	055-3825781 055-3825786
37	Wapda Town Branch	Plot # MM 33, Main Market B Block, Wapda Town Employees Housing Society, Gujranwala	Gujranwala	042-34501000 Ext. 2276
38	Bhimber Road Branch	Khewat # 143, Khatooni # 341, Bhimber Road, Gujrat, Tehsil & District Gujrat	Gujrat	053-3601781 -82
39	G.T Road Branch, Hussain Plaza	Khasra No. 625, Hussain Plaza, Chowk GTS, G.T Road, Gujrat	Gujrat	053-3517542 053-3530287
40	Hafizabad Branch	Royal Guest House, Gujranwala Road, Hafizabad	Hafizabad	0547-583492 0547-583494
41	Harnoli Branch	Mouza Harnoli, Tehsil Piplan, District Mianwali	Harnoli	0459-296006
42	Haronabad Branch	Plot # 193, Block C, Near Ghalla Mandi, Bangla Road, Haroonabad	Haronabad	063-2251072-73 063-2251076-77
43	Hasilpur Branch	Commerical Property 212-F, Baldia Road, Main Bazar, Hasilpur	Hasilpur	062-2334481-84
44	Waisa Branch	Zakir Market, Village Waisa, Tehsil Hazro, District Attock	Hazro	057-2550253
45	Jalalpur Bhattian Branch	Khewat # 322/315, Khatooni # 616, Jalalpur Bhattian, Tehsil Pindi Bhattian, District Hafizabad	Jalalpur Bhattian	042-34501000 Ext. 2287
46	Jalalpur Jattan Branch	Main Bazaar, Jalalpur Jattan	Jalalpur Jattan	0533-592774-75
47	Main Hassan Road Branch	Main Hassan Road, Jaranwala	Jaranwala	041-4310931-33
48	Lahore-Jaranwala Road Branch	Chak No. 240 More GB, Lahore Road, Jaranwala	Jaranwala	041-4311410
49	Yousuf Shah Road Branch	Khewat # 698, Khatooni # 203, Yousuf Shah Road, District Jhang (Opposite District Courts Jhang)	Jhang	047-7629590-1 047-7629594
50	Shandar Chowk Branch	Model Colony, Shandar Chowk, Jhelum	Jhelum	0544-627128 0544-628677 0544-627286
51	G.T Road Branch, Kamoke	G.T Road Kamoke	Kamoke	055-6816623 055-6816923

BRANCH NETWORK PUNJAB

Sr. #	Branch Name	Address	City	Contact Number
52	G.T Road Branch, PAC Chowk	Shop No. 75, Mini Plaza, PAC Chowk, G.T Road, Kamra Cantt	Kamra	057-2642521 057-2551198 057-2551200
53	M.A. Jinnah Road Kasur Branch	M.A. Jinnah Road, Kasur	Kasur	049-2771010-11
54	Adda Khaliqabad Tulamba Branch	Adda Khaliqabad Tulamba, District Khanewal	Khanewal	042-34501000 Ext. 2196
55	Niazi Chowk Branch	Chak No. 42/10-R, Niazi Chowk, District Khanewal	Khanewal	0300-7304414 0326-8281562
56	Model Town Khanpur Branch	Main Bazaar, Model Town, Khanpur	Khanpur	068-5575116-19
57	G.T Road Branch, Kharian	Bilal Plaza, G.T.Road, Kharian	Kharian	053-7601357 053-7601358
58	Jabbi Sharif Branch	Village & PO Jabbi Sharif, District Khushab	Khushab	0454-898060
59	Liberty Market Branch, Gulberg	9-C, Commercial Liberty Market, Gulberg Lahore	Lahore	042-35789831-34
60	DHA Phase III, Z Block Branch	339-Z (Commercial) Ground Floor, Phase III, Defence Housing Authority, Lahore	Lahore	042-35692901 042-35746675
61	Shahalam Market Branch	12-13-6 Block-A, Shah Alam Market, Lahore	Lahore	042-37667813-14
62	Allama Iqbal Town Branch	132 Jahanzaib Block, Main Boulevard, Allama Iqbal Town, Lahore	Lahore	042-37813680 042-37813682-3-4-7
63	Maulana Shaukat Ali Road Branch, Johar Town	87-E, Madina Heights, Maulana Shaukat Ali Road, Johar Town, Lahore	Lahore	042-35222674-77
64	Main Boulevard Branch, Gulberg	58 Main Boulevard Gulberg Lahore	Lahore	042-35760954-58 042-35777477
65	New Garden Town Branch	Shop No 12, 13, 14, Shan Arcade, Civic Centre, Garden Town, Lahore	Lahore	042-35941840-41 042-35941790-91
66	Cavalry Ground Branch	Plot No 7, Cavalry Ground Commercial Area, Walton Lahore Cantt	Lahore	042-36672180 042-36672183
67	Dream Gardens Branch	Shop No.08 & 09, Block C, Dream Garden Housing Society, 1.5 KM Defence Road, Off Raiwind Road, Lahore	Lahore	042-35469652 042-35469696
68	G-1 Market, Johar Town Branch	435 G-1 Market, Johar Town, Lahore	Lahore	042-35468415-17 042-35468495

BRANCH NETWORK PUNJAB

Sr. #	Branch Name	Address	City	Contact Number
69	PIA Housing Society Branch	Plot No. 8, Block D, Phase I, PIA Housing Scheme, Wapda Town, Lahore	Lahore	042-35463994-98
70	Main Boulevard Branch, Faisal Town	35-A, Main Boulevard, Faisal Town, Lahore.	Lahore	042-35202200 042-35202202-04
71	DHA Rahbar Branch	Defence Road, DHA Rahbar, Lahore	Lahore	042-35447910-11
72	Sarwar Road Cantt. Branch	Plot No. 05, Survey No.52/C-5, Sarwar Road Cantt. Lahore	Lahore	042-37177096 042-36682075-76-78
73	Samanabad Branch	Property 22-7-17/1 & 22-S-17/2, Main Samanabad, Lahore	Lahore	042-37590152-53
74	Gulshan-e-Ravi Branch	159-A, Main Boulevard, Gulshan Ravi, Lahore	Lahore	042-37401870-74 042-37401890
75	Nila Gumbad Branch	Plot # 12, McLagan Road, Nila Gumbad, Lahore	Lahore	042-37360129-32
76	Shahrah-e-Aiwan-e-Tijarat, China Chowk Branch	14-A (Ground Floor), Shahrah-e-Aiwan-e-Tijarat, Old Race Course Road, Lahore	Lahore	042-36282790 -91-93-94-95
77	Davis Road Branch	Aftab Centre, 30-Davis Road, Lahore	Lahore	042-36287027 042-36287029 042-36286965
78	C Block, Model Town Branch	Shop No.10 and 11, Commercial Market, C-Block, Model Town, Lahore	Lahore	042-35915402 -406-408
79	DHA Phase II, Commercial Area Branch	Commercial Plot # 12, Block CCA, Phase II, DHA, Lahore	Lahore	042-35749481 042-35749485
80	Bahria Town Sector C Branch	65-A, Sector-C, Bahria Town, Lahore	Lahore	042-37861591-94
81	Thokar Niaz Baig Branch	171-A Ali Town, Main Raiwind Road, Lahore	Lahore	042-35297829-31
82	Ichra Branch	Shop # 158, Mohalla Rasool Pura, Ichra, Main Ferozepura Road, Lahore.	Lahore	042-37426801-05
83	Shahdara Branch	Shahdara, Main Sheikhpura Road, Jiya Musa, Lahore	Lahore	042-37919160 0423-7940888-891
84	Baghbanpura Branch	266, G.T. Road, Baghbanpura, Lahore	Lahore	042-36844011-13 042-36844015
85	Ravi Road, Timber Market Branch	NWIII.R.78/5/A, Timber Market, Lahore	Lahore	042-37709233

BRANCH NETWORK PUNJAB

Sr. #	Branch Name	Address	City	Contact Number
86	Babar Center, Circular Road Branch	Babar Center, 51-Circular Road, Outside Akbari Gate, Lahore	Lahore	042-37641201-02 042-37379250
87	Badami Bagh Branch	93-Grain Market Badami Bagh, Lahore	Lahore	042-37706366 042-37706086 042-37720696 04237706086
88	DHA Phase VI Branch	Plot No. 12, Main Boulevard Phase VI, DHA Lahore	Lahore	042-37180316-17-18
89	DHA EME Sector Branch	Plot# 408, Block-J, Commercial Area, DHA, EME Sector, Multan Road, Lahore	Lahore	042-37512400-1-2
90	Attari Ferozepur Road Branch	Plot # S-86-R-800/C/Hall, Sobra Attari Ferozepur Road, Lahore	Lahore	042-35923686-88
91	Al Kabir Town Phase II Branch	Plot No. 16 Commercial Area, Block B Al Kabir Town, Phase II, Lahore	Lahore	042-34501000 Ext. 2232
92	Sundar Industrial Estate Branch	Mull Chowk, Opposite Sundar Industrial Estate Gate 1, Rawind Road, Lahore	Lahore	042-37860171-74
93	Mughalpura Branch	165 Shalimar Link Road, Mughalpura, Lahore	Lahore	042-37130764-67
94	DHA Phase IV Branch	Plot # 224, Block CCA, Commercial Area, Phase IV, DHA, Lahore	Lahore	042-37192138-39
95	Lake City Branch	Plot # 30-7, Opposite Lake City Mall, Lake City, Lahore	Lahore	042-34501000 Ext. 2282
96	Shadman Market Branch	116 Commercial, Shadman Colony, Lahore	Lahore	042-35960330-31 042-35960360-61
97	McLeod Road Branch	Property # SE-10-R-2/13/RH, McLeod Road, Lahore	Lahore	042-36284141
98	Multan Road Branch	Property No S-94 R-302-304-306/6, Multan Road Near Mandi Stop Manza Kakyzai, Lahore	Lahore	042-35501000 Ext. 2307
99	Valencia Town Branch	Commercial Plaza # 7, Block-A, Valencia Town, Lahore	Lahore	042-35501000 Ext. 2311
100	Manga Mandi Branch	Main Manga Mandi, Link Multan Road, Lahore	Lahore	042-35383200
101	Lalamusa Branch	Sabri Mohallah G.T. Road, Lalamusa	Lalamusa	053-511811-15
102	G.T Road Branch, Latifabad	Khata No 77/78 Khotooni No.174, G.T Road Latifabad, Gujar Khan, District Rawalpindi	Latifabad	042-35501000 Ext. 2312
103	Chobara Road Branch	Near MCB Bank, Chobara Road, Layyah	Layyah	0606-410691-93

BRANCH NETWORK PUNJAB

Sr. #	Branch Name	Address	City	Contact Number
104	Ghalla Mandi Liaquatpur Branch	Plot # 129, Chak # 19/A, Mandi Liaquatpur, District Rahim Yar Khan	Liaquatpur	068-5795051-53 068-5792051
105	Adda Chamb Morr Branch	M97 Highway Road (M-5) Adda Chamb Morr, Lodhran	Lodhran	042-34501000 Ext. 2228
106	Fawara Chowk Branch	Khewat No. 319, 320, 346, Khatooni No. 879, 880, 909, Near Fawara Chowk, Multan Road, Lodhran	Lodhran	042-35501000 Ext. 2310
107	Mailsi Branch	Khewat No. 66/64, Khatooni No. 90, Khasra No. 82/2/2, Colony Road Mailsi, District Vehari	Mailsi	042-34501000 Ext 2303
108	Ghalla Mandi Branch	Plot # 7/211, Ward # 7, Ghalla Mandi, Mandi Bahauddin	Mandi Bahauddin	0546-509554 0546-509551-2
109	JK Sugar Mills Branch	JK Sugar Mills, Chak No. 84/15L Mian Channu	Mian Channu	042-34501000 Ext. 1972
110	G.T Road Branch, Mian Channu	Amin Trade Center, GT Road, Mian Channu	Mian Channu	065-2660166-67
111	Miani Branch	Khewat 319, khatooni 634, Gondal Road, Miani	Miani	048-6796605-06
112	Moazzamabad Branch	Khewat No. 182, Khatooni No.18, (Near Bilal Petroleum) Moazzamabad, Tehsil Kot Momin, District Sargodha	Moazzamabad	042-35501000 Ext. 2302
113	Shah Rukn-e-Alam Colony Branch	17-F Chowk Shah Rukn e Alam Colony, Multan	Multan	061-6560451-57
114	Nawan Shehar Branch	Plot No. 741-F, Ward No.9, Muslim Mouza Ismail, Chowk Nawan Shehar, Multan	Multan	061-4573032 061-4573035
115	Model Town Branch, Multan	Plot # 1, 2 Block B, Model Town, Multan	Multan	061-6216391-94
116	Bosan Road Branch	Bosan Road, Multan	Multan	061-6224414-15 061-6224271-72
117	Muridke Branch	Muhalla Bilal Park, GT Road, Muridke	Muridke	042-37166582
118	Muzaffargarh Branch	Jhang Road, Muzaffargarh	Muzaffargarh	066-2902475-76
119	Ghalla Mandi Branch	Ghala Mandi, Nankana Sahib	Nankana Sahib	056-2876562-63
120	Narowal Branch	Circular Road, Narowal	Narowal	054-2410581 054-2410581
121	Okara Branch	M.A. Jinnah Road, Okara	Okara	044-2510124-25

BRANCH NETWORK PUNJAB

Sr. #	Branch Name	Address	City	Contact Number
122	PakPattan Branch	Khewat # 1088, Khatooni # 1171, Khasra # 2056/1/5, Ghalla Mandi Road, Pakpattan	Pakpattan	0457-352455-58
123	Pattoki Branch	Khewat # 1077, Khatooni # 3013, Chak # 35, Main Road, Pattoki	Pattoki	049-4425485
124	Lillah Town Branch	Khushab Road, Lillah Town, Tehsil Pind Dadan Khan, District Jhelum	Pind Dadan Khan	0544-217145
125	Rahim Yar Khan Branch	29-Model Town, City Centre, City Park Chowk, Rahim Yar Khan	Rahim Yar Khan	068-5876049 068-5876059
126	Thalli Chowk Branch	Main Bypass Thalli Chowk, Rahim Yar Khan	Rahim Yar Khan	068-5870989 068-5870990
127	Chak No.140-P Branch	Chak No.140-P, PO Bunglow Manthar, Rahim Yar Khan	Rahim Yar Khan	068-5774022
128	Fazilpur Branch	Mohallah Pir Atta Muhammad, Near Faisal Hospital, Indus Highway, Fazilpur, Tehsil & District Rajanpur	Rajanpur	0604-681250
129	Bank Road, Saddar Branch	Shahbaz Plaza, Bank Road, Saddar, Rawalpindi	Rawalpindi	051-5525434 051-5700105
130	Chaklala Scheme III Branch	Plot No. 16, Commercial Area, Chaklala Scheme III, Rawalpindi Cantt.	Rawalpindi	051-5766233 051-5766235-36
131	Murree Road Branch	North Star Plaza, 20-B, Murree Road, Satellite Town, Rawalpindi	Rawalpindi	051-4426976 051-4572370
132	Bahria Town Phase VII Branch	Plot No.6, Mini River View Commercial Mall Extension - II, Bahria Town Phase VII, Rawalpindi	Rawalpindi	051-5400185 051-5400180-183
133	Kallar Syedan Branch	Mouza kallar Sagwal, Tehsil Kallar Syedan, District Rawalpindi	Rawalpindi	051-3570650-52
134	Bahria Town Phase VIII Branch	Plot No. 43/C, Business Junction, Circulation Strip, Bahria Town, Phase VIII, Rawalpindi	Rawalpindi	042-34501000 Ext. 2208
135	Top City 1 Branch	Orion Business Square, Top City, Rawalpindi	Rawalpindi	042-34501000 Ext. 2223
136	Old Airport Road Branch	Bismillah Tower, Faisal Colony Near Gulzar-e-Quaid, Old Airport Road, Rawalpindi	Rawalpindi	051-5707804-06
137	Chak Beli Khan Branch	Chak Beli Road, Bhumbli Stop, Rawalpindi	Rawalpindi	042-34501000 Ext. 2254
138	Chakri Road Branch	Charki Road, Near Al-Haram City, Rawalpindi	Rawalpindi	042-34501000 Ext. 2256

BRANCH NETWORK PUNJAB

Sr. #	Branch Name	Address	City	Contact Number
139	NASTP Branch	NASTP Alpha Techno Square, Old Airport, Chaklala Cantt, Rawalpindi	Rawalpindi	042-34501000 Ext. 2260
140	Kahuta Branch	Arshad Plaza, Rawalpindi Road, Near Kallar Chowk, Kahuta, District Rawalpindi	Rawalpindi	051-3313601 051-3313602
141	Tehsil Bazar Branch, Sadiqabad	19/20-D, Tehsil Bazar, Sadiqabad	Sadiqabad	068-5802242-44
142	Farid Town Branch	Plot # 23, Khewat # 7854, Khatooni # 7907, Khasra No. 776-23-j, Farid Town, Sahiwal, Tehsil & District Sahiwal	Sahiwal	040-4270713-15
143	Samundri Branch	Grain Market, Samundri	Samundri	041-3420214-17
144	G.T Road Branch, Sarai Alamgir	Al Awan Plaza, near Military College, Main GT Road, Sarai Alamgir	Sarai Alamgir	0544-654929 0544-654927
145	Club Road Branch	73, Club Road, Civil Line, Sargodha	Sargodha	048-3768634 048-3768638 048-3768633
146	Raza Garden Branch	Main Sillanwali Road, Raza Garden Sargodha	Sargodha	048-3218620 048-3218622
147	Mian Khan Road Branch	110 Mian Khan Road, Block 5, Sargodha	Sargodha	048-3768856 048-3729623
148	Chowk Halalpur Noon Branch	Chowk Halalpur Noon, Tehsil Kot Momin, District Sargodha	Sargodha	048-6873029 048-6873027
149	33 Phatak Branch	Khewat No. 69/66, Khatuni No. 185 to 206, Qitat 231, Chak No 33 Phatak, Sargodha	Sargodha	042-34501000 Ext. 2250
150	Shahkot Branch	Khewat 332, Khatooni 917 to 948 Main Bazar, Shahkot	Shahkot	056-3711281-82
151	Sargodha Road Branch	Shop No. 1, Ground Floor, Al-Hamd Plaza, Batti Chowk, Sargodha Road, Sheikhupura	Sheikhupura	056-3545724 0563547707 0563547882
152	Shorkot Branch	Jhang Road, Shorkot	Shorkot	042-34501000 Ext. 2252
153	Kashmir Road Branch	155/A, BIII-12S, Sublime Chowk, Kashmir Road, Sialkot	Sialkot	052-3241490-1 052-3241292
154	Shahabpura Road Branch	BIII-85-322, Shahabpura Road, Sialkot	Sialkot	052-3550103-04
155	Hajipura Branch	Commercial Property No. BV-4S-2-1/a/1/RH, Daska Road Hajipura, Chand Chowk, Sialkot	Sialkot	042-35501000 Ext. 2305

BRANCH NETWORK PUNJAB

Sr. #	Branch Name	Address	City	Contact Number
156	Talagang Branch	Rawalpindi Road, Talagang	Talagang	0543-414200
157	Faisal Hills Branch	Plot No. 22, MB Square, MR-01, Executive Block, Faisal Hills, Main GT Road, Taxila	Taxila	051-4500037-39
158	Mall Godam Road Branch	Plot No. 359, Mall Godam Road, Toba Tek Singh	Toba Tek Singh	046-2517327
159	Ghalla Mandi Vehari Branch	A-Block Karkhana Bazar, Ghalla Mandi, Vehari	Vehari	067-3360334-35
160	Wah Cantt Branch	Plot No. 10, Shahwali Colony, Moza Bhabra, Wah Cantt	Wah Cantt	051-4902231 051-4530260-61
161	Hajipura Branch	Hajipura, adjacent Doctors Hospital, Wazirabad	Wazirabad	0555-6601611-12
162	Dolmen Mall Branch	Outlet No. LG-11, Dolmen Mall, DHA Phase 6 Sector A, Lahore	Lahore	042-36412005 042-36412006 042-34501000 Ext. 2317
163	Walton Road Branch	Zaman Colony, Main Walton Road, Lahore	Lahore	042-36626352 042-34501000 Ext: 2318
164	Raiwind City Branch	Raiwind, Lahore	Raiwind	042-34502319 042-34501000 Ext: 2319
165	Bahria Orchard Branch	Plot No. 34, Block-C, Category Boulevard, Bahria Orchard, Lahore	Lahore	042-3545199 042-35451509 042-34501000 Ext: 2232
166	Kamalia Branch	Muouza Kamalia , Tehsil Kamalia, Disctict Toba Tek Singh	Kamalia	042-34501000 Ext: 2324
167	High Street Branch	Jinnah Road, High Street, District Sahiwal	Sahiwal	042-34501000 Ext: 2325
168	Khanewal Road Branch	Mohallah Juma Khaisa Inside Commercial Area Multan	Multan	042-34501000 Ext: 2326
169	Ballo Khel Road Mianwali Branch	Mouza Yaro Khel, Pakka Mohallah Khanki Khel, Ballo Khel Road, Mianwali	Mianwali	042-34501000 Ext: 2330
170	Satyana Road Branch	Plot # 679, Ghouari Arcade DGM Block, Batala Colony, Faisalabad	Faisalabad	042-34502331 042-34501000 Ext: 2331
171	Sambrial Branch	Cheema Plaza, Wazirabad Road, Sambrial	Sambrial	042-34501000 Ext: 2332

BRANCH NETWORK SINDH

Sr. #	Branch Name	Address	City	Contact Number
1	Thandi Sarak Branch	Ground Floor, Shop No.6 &7, River View Apartments, Thandi Sarak, Hyderabad	Hyderabad	022-2785632 022-2101172
2	Main Saddar Bazaar Branch	Qasr-e-Fatima 90-1-2, Main Saddar Bazaar, Hyderabad	Hyderabad	022-27315646-48
3	Latifabad Branch	Shop No. 1, 2 & 3, United Plaza, Opposite American Hospital, Main Road, Unit # 7, Taluka Latifabad, District Hyderabad	Hyderabad	022-3821861 022-3818439
4	Qasimabad Branch	Shop No. 6 & 7, Raheel Heights, 267/2, Deh Sari, Wadhu Wah Road, Qasimabad, Hyderabad	Hyderabad	022-2675334 022-2675337
5	Wadhu Wah Road Branch	Plot No. 6, R.S. No. 141/1, Shop No. 1, 2 & 3, Shafey Arcade, Momin Nagar Housing Scheme, Phase-II, Main Wadhu Wah Road, Qasimabad, Hyderabad	Hyderabad	022-2114223-24
6	Jamshoro Branch	Survey No. 265, Deh Railo, Tappa Bada, Near Bismillah Centre, Jamshoro	Jamshoro	-
7	Shahrah-e-Faisal Branch	Ground Floor, Nice Trade Orbit, Nursery stop, Main Shahrah-e-Faisal, Karachi	Karachi	021-34328472
8	Rashid Minhas Road Branch	Plot# LM-10, Block-10-A, Near Pizza Hut, Main Rashid Minhas Road, Karachi	Karachi	021-34817623
9	New Challi Branch	Shop No G-2, Muhammadi Trade tower, Altaf Hussani road, New Challi, Karachi	Karachi	021-32371195
10	S.I.T.E Branch	C 18-A, East Avenue, S.I.T.E, Karachi	Karachi	021-32552192 021-32552193
11	Khalid-Bin-Waleed Road Branch	Al-Haram Corner, Plot No. 167-A, PECHS Block-3, Khalid Bin Waleed Road, Karachi	Karachi	021-34323052
12	Korangi Industrial Area Sector 23 Branch	Plot # 1-A, Sector 23, Korangi Industrial Area, Karachi	Karachi	021-35122312
13	North Nazimabad, Block H Branch	Shop # 1 & 2 Jasmine Heights Plot # SC-21-A Block H North Nazimabad, Karachi	Karachi	021-36641762
14	F.B. Industrial Area Branch	Sector no 22, KDA Scheme 16, FB Industrial Area Karachi	Karachi	021-36834441
15	Gulshan-e-Iqbal Branch	Shop No. 1&2, Al- Sammad Tower 13- Gulshan-e-Iqbal, Main University Road, Karachi	Karachi	021-34971513
16	Zainab Market, Saddar Branch	PB No. 272-1, Ground Floor State Life Building No.11, Abdullah Haroon Road, Saddar Karachi	Karachi	021-35681852
17	Muhammad Ali Society Branch	12-C/B Muhammad Ali Society, Karachi	Karachi	021-34320831

BRANCH NETWORK SINDH

Sr. #	Branch Name	Address	City	Contact Number
18	Model Colony Branch	H.No. 4/95, Affandi House, Liaquat Ali Khan Road, Model Colony, Karachi	Karachi	021-34110334
19	Madras Chowk Branch	Shop # S-8, S-9 & S-10, Pioneer Tower Survey No. 22 & 24, Deh Songal Gujro, Sector 16-A, Scheme, Karachi	Karachi	021-34645754 021-34645755
20	Faizan-e-Madina Branch	Shop No. 22, Alami Madani Markaz, Faizan-e-Madina, Mohalla Saudagran Old Sabzi Mandi Karachi	Karachi	021-34910376
21	Korangi Industrial Area Sector 7-A Branch	Plot No. 251, Sector 7-A, Korangi Industrial Area, Karachi	Karachi	021-35151195
22	Malir Cantt Branch	Shop No. 75, 4 Dots Shopping Complex C/O HQ 4 Air Defence Division, 31 Bostan Lines, Malir Cantonment, Karachi	Karachi	021-34901140
23	North Napier Road Branch	Marium Manzil, Plot # 161, Survey Sheet # MR-1, Market Quarters, North Napier Road, Karachi	Karachi	021-32473166
24	I.I. Chundrigar Road Branch	Gul Tower, Main I.I Chundrigar Road, Karachi	Karachi	021-324210471
25	Cloth Market Branch	Plot # 21/1, Puri Building, Cloth Market, Karachi	Karachi	021-32471726
26	Jodia Bazar Branch	MR 6/2, Market Quarters, Virjee Street, Jodia Bazar, Karachi	Karachi	021-32443758
27	Javed Arcade Branch	Javed Arcade, Plot # SB-1, Block # 17, KDA Scheme # 36, Gulistan-e-Jauhar, Karachi	Karachi	021-34636747
28	Shershah Branch	Plot # M-II-E-606, Shershah, Karachi	Karachi	021-32587583
29	Shaheed-e-Millat Road Branch	Bismillah Blessings, Plot No. 7-A/228, SS No. 35-P/1, Block-3, DMCHS, Main Shaheed-e-Millat Road, Karachi	Karachi	021-24943888
30	Business Arcade Branch	Plot # 27-A, Business Arcade, Block-6, P.E.C.H.S., Shahrah-e-Faisal, Karachi	Karachi	021-34374220
31	EOBI House Branch	Plot No. ST-1/A-1, KDA Commercial Complex, Scheme 1, B, Ground Floor, EOBI House, Shahrah-e-Faisal, Karachi	Karachi	021-34330172
32	Allama Iqbal Road Branch	Plot No.683-C Ground Floor & Mezzanine Floor, Block-2, PECHS, Allama Iqbal Road, Karachi	Karachi	021-34301815
33	DHA Phase V Ext., Saba Avenue Branch	Saba Avenue, Plot # 8-C, Badar Commercial, Street # 6, Phase V Ext, DHA, Karachi	Karachi	021-35341673
34	DHA Phase V, Zamzama Lane Branch	17-E, 6th Commercial Lane, DHA Phase-V, Karachi	Karachi	021-35295210

BRANCH NETWORK SINDH

Sr. #	Branch Name	Address	City	Contact Number
35	Kulsoom Court Branch	Kulsoom Court, Shop # 2, 3, 5A & 6, Plot DC-3, KDA Scheme # 5, Block-9, Clifton, Karachi	Karachi	021-35837018
36	DHA Phase IV 9th Commercial Branch	Ground Floor, Plot # 99-E, 9th Commercial Street, Phase-IV, DHA, Karachi	Karachi	021-35885719
37	Paper Market Branch	Plot # 11/2, Sheet SR-9, Seraj Quarters, Anjarwala Bakery Sharah-e-Liaquat Karachi	Karachi	021-322126368
38	U.P. More Branch	Shop no. 1&2, Ground Floor, Plot Bearing No. A976, Sector 11-B, U.P More, North Karachi	Karachi	021-36416681
39	DHA Phase II Ext. Branch	Plot No. 47-E, 21st Commercial Street, Phase II-Extension. D.H.A, Karachi	Karachi	021-35392202
40	SMCHS Branch	Plot # 21-22, Sub Block D, Block A, Sindhi Muslim Cooperative Housing Society, Karachi	Karachi	021-34300712
41	Bahria Town Jinnah Avenue Branch	Dominion Business-1, Plot No: B-34, Jinnah Avenue Commercial, Bahria Town, Karachi	Karachi	021-37188142
42	F.B Industrial Area, Water Pump Branch	PMJ Square, Phase-1, Shop # 1 to 4, Block 14, Naseerabad, F.B Industrial Area, Karachi	Karachi	021-36377051
43	Sheikh Sultan Trust Branch	Survey No. 25, Survey Sheet No. CL-10, Building No. 1, Sheikh Sultan Trust, Beaumont Road, Civil Lines, Karachi	Karachi	021-35210179
44	Lady Dufferin Hospital Branch	Chand Bibi Road, Adhumal Oodharam Quarter, Opposite Civil Hospital, Karachi	Karachi	021-32373702
45	Gulshan-e-Iqbal Block 3 Branch	Shop # C-3/II, C-3/III, C-4/III, Plot # FI-2, Block 3, Gulshan-e-Iqbal, KDA Scheme # 24, Karachi	Karachi	021-34960499
46	Tariq Road Branch	Shop # 3, 4 Plot # 3/19 Delhi Co-operative Housing Society, Amber Arcade, Tariq Road, Karachi	Karachi	021-34543488
47	Electronics Market Branch	Shop # S-1, G-1, Ground Floor, Plot # Pr-2/25, Sheet # 2, Kohinoor Electronics Centre, Preedy Quarter, Saddar, Karachi	Karachi	021-32762242
48	North Nazimabad, Block F Hayderi Branch	Shop # 1, Plot # D 2, LA Grande, Block F, Hayderi, North Nazimabad, Karachi	Karachi	042-34501000 Ext. 2273
49	Shah Faisal Colony No. 2 Branch	House # A-60, Shah Faisal Colony No. 2, Near Noor Masjid, Karachi	Karachi	021-34591062
50	Safoora Goth Branch	Plot No. SB 15, Block No. 7, Scheme No. 36, Gulshan-e-Jauhar, Karachi	Karachi	042-35501000 Ext. 2308
51	Nazimabad Branch	Shop No.1, Plot No. 20, Sub-block B, Block # 3 Nazimabad, Karachi	Karachi	042-35501000 Ext. 2309

BRANCH NETWORK SINDH

Sr. #	Branch Name	Address	City	Contact Number
52	Eidgah Branch	Eidgah, Opp. Khaliq Dina Hall, M.A. Jinnah Road, Karachi	Karachi	021-32610092 021-32627462
53	Pakistan Steel Mill Branch	Pakistan Steel Mills, Bin Qasim, Karachi	Karachi	021-32111068
54	Ghosia Colony Gulbahar Branch	Plot No. 346 & 346/1, Ghosia Colony, Gulbahar, Karachi	Karachi	021-36605586 021-36608945
55	North Karachi Branch	Plot No. AS-09, (ST-03), Sector 5-H, North Karachi, Township, Karachi	Karachi	021-36910264
56	Sharfabad Branch	Plot No. 12/23, Shop No. 4 & 5, Block-3, Karachi Memon Co-operative Housing Society, Sharfabad, Alamgir Road, Karachi	Karachi	021-34893671
57	Khayaban-e-Ittehad Branch	Plot No. 7-C/III, Survey No. 26, Khayaban-e-Ittehad, Phase VII, Pakistan Defence Officers Housing Authority, Karachi	Karachi	021-35310576 021-35310574
58	Dastagir Branch	R-50, Block-15, Dastagir Society, Federal 'B' Area, Karachi	Karachi	021-36370267 021-36370268
59	Stadium Road Branch	Shops No. 2 & 3, Ground Floor, Plot No. SC-45, Chandni Chowk, KDA Scheme No. 7, Stadium Road, Karachi	Karachi	021-34946680 021-34932338
60	Orangi Town Branch	Plot No. LS-17, Sector 6-E, Orangi Town, Karachi	Karachi	021-36762506
61	Bahadurabad (Sub Branch Javed Arcade)	Head Office Saylani Welfare Internatioanl Trust, Bahadurabad Chowrangi, Karachi	Karachi	021-34920171
62	Katchery Road Branch	Property No. B-2442/T-2013, Muhalla Ali Murad, Katchery Road, Khairpur	Khairpur	0243-715000 0243-715500 0243-714550 0243-714155
63	Bank Road Deh Garaho Branch	Plot No. 9, Block No. 263/4 Deh Garaho City, Bank Road, Kunri	Kunri	0238-558013-14
64	Lakha Road Branch	PO Lakha Road, Tehsil Mehrabpur, District Naushahro Feroze	Mehrabpur	0242-510010
65	Umerkot Road Branch	Plot City Survey Number 862/4. PM Colony, Mirpur Khas	Mirpur Khas	0233-873454-57
66	Mirpur Khas Branch	Ground Floor, City Survey No. 709, 710, Ward "A", Mohallah Khari Quarters, Mirpur Khas	Mirpur Khas	0233-875327 0233-844148
67	Sanghar Road Branch	Ground Floor, Shop Nos. 1 & 2, Plot No. 20, Survey No. 164/3, Deh-86, Nusrat Chaudhry Centre, Sanghar Road, Nawabshah	Nawabshah	0244-385117 0244-385118
68	New Hala Branch	Plot # 156, Behzad bypass Town, Phase I, Deh Sandhal, New Hala, District Matiari	New Hala	042-34501000 Ext. 2228

BRANCH NETWORK SINDH

Sr. #	Branch Name	Address	City	Contact Number
69	Ranipur Branch	Shop No. 555-556, National Highway, Ranipur, District Khairpur	Ranipur	0243-630242
70	Sanghar Branch	Plot # Bearing City Survey No. 9501111, Ward A, Sanghar	Sanghar	042-34501000 Ext. 2265
71	Shaheed Fazil Rahoo Branch	Plot No. A-3, Deh Barudari, Main Bazar Bank Road, Shaheed Fazil Rahoo, District Badin	Shaheed Fazil Rahoo	029-7853743
72	Lakhi Ghulam Shah Branch	Plot No. 443, Near National Highway, Lakhi Ghulam Shah, District Shikarpur	Shikarpur	072-6573215
73	Bunder Road Branch	Shop/ Plot/ Khasra/ Khatooni/ Khawat # Plot # B-1623, Bunder Road, Sukkur	Sukkur	071-5620756 071-5620752
74	Hyderabad Road Branch	Plot No.1, Survey No. 272-1 Deh Taluka Hyderabad Road, Tando Allah Yar	Tando Allahyar	022-3891600 022-3891567
75	Ubauro Branch	Survey No. 772 & 714, Deh & Tapo Ubauro, Taluka Ubauro, District Ghotki	Ubauro	072-3688454-55
77	Kharadar Branch	GK 2/8/2, Kalia Center, Nawab Mahabat Khanji Road, Kharadar	Karachi	042-34501000 Ext 2314
78	Urdu Bazar Branch	Shop N. 6 & 10 Tayyab Ali Building RB-10, Rambagh Quarters, Karachi	Karachi	042-34501000 Ext: 2315
79	Landhi TowShip Branch	Shop No. 172-173 Sector 2-1, Babar Market, Landhi Township, Karachi	Karachi	042-34501000 Ext: 2316
80	Alamgir Road Sharfabad Branch	Shop No.1 Berar Cooperative Housing Society, Block No.3, Alamgir Road, Sharfabad, Karachi	Karachi	042-34501000 Ext: 2320
81	Samnabad Gulberg Branch	Plot No. 94/A, Block 18, Federal B Area, KDA Scheme no 16 Samanabad Gulberg, Karachi	Karachi	042-34501000 Ext: 2321
82	Tando Muhammad Khan Branch	Commeical Plot No 16, C.S No. 1876/16, Ward-B, Madina City Housing Scheme, Jinnah Block, Sujawal to Tando Muhammad Khan Road	Tando Muhammad Khan	042-34501000 Ext: 2333

BRANCH NETWORK KHYBER PAKHTUNKHWA

Sr. #	Branch Name	Address	City	Contact Number
1	Mansehra Road Branch	GM Tower, near Sethi Masjid, Mansehra Road, Abbottabad	Abbottabad	0992-408301-04
2	Railway Road Branch	Plot# 376/A, Railway Road, Bannu City, Bannu	Bannu	0928-660404-6 0928-660414
3	Pak Haider Market Branch	Shop No 1 to 6, Pak Haider Market, Near Zafar Park, next to Malakand CNG, GT Road, Batkhela District Malakand	Batkhela	0932-410670-73
4	Battagram Branch	Opposite Police Station, Karokaram Highway, Battagram	Battagram	0997-310470-74
5	Swari Bazar Branch	Sawari Main Bazar, Mardan Road, Buner	Buner	0939-555125-26
6	Mardan Road Branch	Main Mardan Road, Charsadda	Charsadda	091-6515703-04 091-6515706 091-6515708
7	Ataliq Bazar, Bypass Road Branch	Ataliq Bazar Bypass Road Near Bus Adda, Chitral	Chitral	0943-414389 0943-414316
8	Darra Adam Khel Branch	Main Bazaar, Kohat Road, Darra Adam Khel	Darra Adam Khel	042-34501000 Ext. 2240
9	Dera Ismail Khan Branch	Plot # 3, Survey # 68, Circular Road, Dera Ismail Khan	Dera Ismail Khan	0966-719934-36
10	GT Road Haripur Branch	Khata # 327, Khatooni # 388, Mouza Pandak 172, GT Road, Haripur	Haripur	099-5613353
11	Hunza Branch	Ground Floor, New Jubilee Market, KKH Road, Aliabad, Hunza	Hunza	0581-3455101
12	Shahkas Branch	Spinzer Market, Wazir Dhand, Main Jamrud Road, Shahkas Jamrud, District Khyber Agency	Jamrud	091-3021760-61
13	Kabal Branch	Khasra No. 2262, Khata No. 901, Khatooni No. 1176, Hassan Plaza, Kabal Chowk, Kabal, District Swat	Kabal	0946-755592-95
14	Karak Branch	Bannu Road, Karak	Karak	0927-210650-51
15	Khawazakhela Branch	Khawazakhela Bazaar, Swat	Khawaza Khela	0946-746700-01
16	Bannu Road Branch	Shop # T-663, 664, Bezari, Chakkar Kot, Main Bazaar, Bannu Road, Kohat	Kohat	0922-866155-56
17	Main Bazaar Kumbar Branch	Old Adda, Main Bazaar, Kumbar, District Lower Dir	Lower Dir	0945-888007-009
18	Mansehra Branch	Main Bazaar, near Fouji Foundation, Manshera	Manshera	0997-391801-803
19	Shamsi Road Branch	RS Plaza Shamsi Road, Tehsil and District Mardan	Mardan	0937-870751 0937-870753

BRANCH NETWORK KHYBER PAKHTUNKHWA

Sr. #	Branch Name	Address	City	Contact Number
20	Matta Branch	Khatooni No. 28-50, Khasra No.2309, Mehran Khan Plaza, Main Matta Khareri, Matta Swat	Matta	0946-790612-15
21	Mingora Branch	Opposite Bank Square Main Bazar Mingora Swat	Mingora	0946-725372-74
22	Nowshehra Branch	Unit # 04-CB Mall-1, G.T Road Near Shauba Market, Nowshehra Cantt	Nowshehra	042-34501000 Ext 2304
23	Odigram Branch	Main Bazaar Odigram, Lower Dir	Odigram	0945-890022-26
24	Tasneem Plaza, Saddar Road Branch	Tasneem Plaza, 6 Saddar Road, Peshawar Cantt	Peshawar	091-5272180-83
25	Dalazak Road Branch	Malik Sardar Plaza, Near Yousafabad Canal, Dalazak Road, Peshawar	Peshawar	091-2244041-42 091-2583838
26	Hayatabad Branch	B-1, Phase V, Hayatabad, Peshawar	Peshawar	091-5825305 091-5825278-79
27	Gulbahar Branch	Malik Arcade, Anam Sanam Chowk, Gulbahar Road, Peshawar	Peshawar	091-2606113 091-2590422
28	Ring Road Branch	Khata # 23/22/1, Khasra # 507/2, Achini Payan Ring Road, Peshawar	Peshawar	042-34501000 Ext. 2278
29	Saidu Sharif Branch	Marghuzar Road, Saidu Sharif, Swat	Saidu Sharif	0946-726642-43 0946-728671
30	Shergarh Branch	Main Road, Bazar Shergarh, Tehsil Takht Bhai, District Mardan	Shergarh	0937-830507
31	Skardu Branch	Plot # 69, Yadgar Chowk, Skardu	Skardu	042-34501000 Ext. 1853
32	Marghuz Branch	Main Bazar, Garh Road, Marghuz, Mauza Marghuz Akakhel, Hadbast No. 23, Tehsil & District Swabi	Swabi	0938-550101 0938-550104
33	Airport Road Swat Branch	Airport Road, Swat	Swat	0946-812063-64
34	Timergara Branch	Zeb plaza main balambat Road Timergara District Lower Dir	Timargara	0945-825571-73
35	Qambar Branch	Moazza Balogram, Tehsil Babozai, Qambar, Swat	Swat	042-34501000 Ext: 2327
36	G.T Road Branch	Rahat Tower, Main G.T Road Opposite Al-Khidmat Foundation, Peshawar	Peshawar	042-34501000 Ext: 2328
37	Mall Lara Branch	Mardan Road, Mall Lara, Opposite Trauma Center Naway Kali, Swabi	Swabi	042-34501000 Ext: 2329

BRANCH NETWORK BALOCHISTAN

Sr. #	Branch Name	Address	City	Contact Number
1	Taj Road Branch	Taj Road Chaman, Balochistan	Chaman	082-6615429-30
2	Main Airport Road Branch	Main Airport Road, Gwadar, Balochistan	Gawadar	086-4210290 086-4210294
3	Tehsil Road Branch, Loralai	Shop # 372, House # 425, Tehsil Road Loralai, Balochistan	Loralai	082-4660400-01
4	Muslim Bagh Branch	Station Road, Muslim Bagh, Balochistan	Muslim bagh	0823-669214-5
5	M.A Jinnah Road Branch	M.A. Jinnah Road, Quetta, Balochistan	Quetta	081-2824977 081-2822705-06
6	Hazara Town Branch	Lilak Shopping Centre, Barma Road, Aliabad, Hazara Town, Quetta, Balochistan	Quetta	081-2853124 081-2853127
7	Sirki Road Branch	Plot No. 136-14-32, Akram Plaza, Sirki Road, Quetta, Balochistan	Quetta	081-2452931-32
8	Choharmal Road Branch	Choharmal Road, Quetta, Balochistan	Quetta	081-2843640-650
9	Mannan Chowk Branch	2-11/6-303, Mannan Chowk, M.A. Jinnah Road, Quetta	Quetta	081-2836204-05
10	Main Road Branch, Turbat	Main Road Turbat, Balochistan	Turbat	085-2411150 085-2413001
11	Hazar Ganji Branch	Shop No.C-29 Sabzi Mandi, Hazarganji, Quetta	Quetta	042- 34501341 042-34501000 Ext: 2322



MCB Islamic Bank customers can conveniently **deposit cash** into their MCB Islamic account at **1400+** branches of MCB Bank

MCB Islamic Bank customers can conveniently **withdraw cash** from their MCB Islamic account at **1400+** branches of MCB Bank

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MCB Islamic Bank customers can conveniently get MCB Bank **Cheque Credited** directly into their accounts at **1400+** MCB Bank branches

MCB Islamic Bank customers can avail **Cheque Clearing** services of any bank at over **1400+** MCB Bank branches

PATTERN OF SHAREHOLDING AS OF DECEMBER 31, 2025

No. of Shareholders	Shareholdings		Total Shares Held
	From	To	
7	1	100	7
-	101	500	-
-	501	1,000	-
-	1001	5,000	-
-	5001	10,000	-
-	10,001	50,000	-
-	50,001	100,000	-
-	100,001	500,000	-
-	500,001	1,000,000	-
-	1,000,001	5,000,000	-
-	5,000,001	10,000,000	-
-	10,000,001	15,000,000	-
-	15,000,001	25,000,000	-
1	25,000,001	Above	1,554,999,993
8			1,555,000,000

CATEGORIES OF SHAREHOLDERS AS OF DECEMBER 31, 2025

Categories of Shareholders	Shares Held	Percentage
Directors, Chief Executive Officer, and their spouse and minor children	7	0.0000006%
Associated Companies, undertakings and related parties	1,554,999,993	99.9999994%
NIT and ICP	-	-
Banks Development Financial Institutions, Non-Banking Financial Institutions	-	-
Insurance Companies	-	-
Modarabas and Mutual Funds	-	-
Shareholders holding 10%	-	-
General Public Local	-	-
General Public Foreign	-	-
Others	-	-
Grand Total	1,555,000,000	100.0000000%





MCB ISLAMIC
FREELANCER
ACCOUNT



Freelancers

Your work is global
Your payments should be too
with Your **FCY** Debit Card



Global Online
Payments



Meta, Google &
Apple Payments



No Exchange
Rate Worries



Upto 25%
Discount



Int'l Payments
& Withdrawals

FORM OF PROXY

THE COMPANY SECRETARY,
MCB ISLAMIC BANK LIMITED,
59-T BLOCK, PHASE-II, DHA, LAHORE

I/We _____ s/w/d of _____

r/o _____ being member(s) of MCB Islamic Bank Limited

("the Company"), holding _____ Ordinary shares, do hereby appoint

_____ s/w/d of _____

r/o _____ who is also a Member of the Company, as my

/ our proxy to vote for me / us, and on my / our behalf at the Annual General Meeting of the Company to be held on Thursday, March 26, 2026 at 11:00 AM at 14-A Jail Road, Gulberg Lahore through video-link facility and at any adjournment thereof.

As witness my / our hand this _____ day of _____ 2026.

**Member's Signatures on a
Revenue stamp of Rs. 5**

Witness No. 1: _____

Witness No. 2: _____

Name: _____

Name: _____

C.N.I.C. No./Passport No: _____

C.N.I.C. No./Passport No: _____

Address: _____

Address: _____

NOTES

1. A member is entitled to appoint a proxy to attend and vote for him/her. No person shall act as a proxy, who is not a member of the Company, except corporate entity which can/may appoint a person who is not a member.
2. The instrument appointing a proxy should be signed by the member or his/her attorney duly authorized in writing. If the member is a corporate entity, its official stamp should be affixed on the instrument.
3. The instrument appointing a proxy, together with Power of Attorney, if any, under which it is signed or a notarially certified copy thereof, should be deposited, with the Company Secretary, MCB Islamic Bank Limited, 59-T Block, Phase II, DHA, Lahore not less than 48 hours before the time of holding the meeting.
4. If a member appoints more than one proxy and more than one instrument of proxy is deposited by a member, all such instruments of proxy shall be rendered invalid.

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young, responsible spenders.

گواہ نمبر 1 : _____

گواہ نمبر 2 : _____

نام : _____

نام : _____

شناختی کارڈ/پاسپورٹ نمبر : _____

شناختی کارڈ/پاسپورٹ نمبر : _____

پتہ : _____

پتہ : _____

نوٹ

A- جنرل/(متفرق)

- 1- اجلاس میں شرکت اور ووٹ دینے کا اہل رکن / ممبر، اس امر کا حق رکھتا ہے کہ وہ اپنی جگہ کسی دوسرے رکن / ممبر کو اپنا پراکسی نامزد کر سکے جو اسکی جانب سے اجلاس میں شرکت اور ووٹ ڈال سکے۔ کوئی بھی ایسا شخص جو کمپنی کا رکن / ممبر نہ ہو پراکسی کے طور پر نامزد نہیں ہو سکتا سوائے کسی کارپوریٹ ادارے کے جو کسی غیر رکن / غیر ممبر شخص کو اپنا پراکسی نامزد کر سکتا ہے۔
- 2- کسی پراکسی کو نامزد کرنے کی دستاویز پر متعلقہ رکن / ممبر یا اسکے وکیل، جس کو تحریری اجازت دی گئی ہو، کے دستخط ہوں گے۔ اگر کوئی رکن / ممبر ایک کارپوریٹ ادارہ ہے تو اس دستاویز پر اسکی عام سیل آویزاں ہونا ضروری ہے۔
- 3- پراکسی کی نامزدگی کی دستاویز اور اس کے ساتھ مختار عام، اگر کوئی ہو تو، جس کے تحت اس دستاویز پر دستخط کئے گئے ہیں یا اسکی تصدیق شدہ کاپی کو اجلاس کے منعقد ہونے کے کم از کم 48 (اڑتالیس گھنٹے پہلے کمپنی سیکرٹری، ایم سی بی اسلامک بینک لمیٹڈ 59-ٹی بلاک، فیز II، ڈی ایچ اے، لاہور، میں جمع کروائی جائیں گی۔
- 4- اگر کوئی رکن / ممبر ایک سے زیادہ پراکسی نامزد کرے اور رکن / ممبر کی جانب سے ایک سے زیادہ پراکسی دستاویز جمع کروائی گئی ہوں تو ایسی تمام پراکسی دستاویز کا عدم تصور ہوگی۔

پراکسی فارم

کمپنی سیکرٹری

ایم سی بی اسلامک بینک لمیٹڈ

59-ٹی، بلاک فیئر- II، ڈی ایچ اے

لاہور

میں / ہم _____ ولد / زوجہ / دختر _____

ساکن _____

بحیثیت رکن / ممبر ایم سی بی اسلامک بینک لمیٹڈ (کمپنی) اور _____ عام حصص کا / کے مالک کے طور پر

مسما / مسما _____ ولد / زوجہ / دختر _____

ساکن _____

جو کہ کمپنی کارکن / ممبر بھی ہے، کو اپنا پراکسی مقرر کرتا / کرتی / کرتے ہوں / ہیں تاکہ وہ کمپنی کے سالانہ عام اجلاس جو بروز جمعرات مورخہ 26 مارچ 2026ء کو 11:00 بجے صبح 14-A، جیل روڈ، لاہور سے بذریعہ ویڈیو لنک منعقد ہو رہا ہے، اس میں یا اس کے کسی ملتوی شدہ اجلاس میں میری / ہماری جگہ شرکت کر سکے اور ووٹ دے سکے۔

گواہ کے طور میرے / ہمارے لیے یہ _____ 2026ء کا دن ہے۔

ممبر کے دستخط
5 روپے کی رسیدی ٹکٹ پر