

MCB ISLAMIC BANK LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2026

		(Unaudited) March 31, 2026	(Audited) December 31, 2025
	Note	Rupees in thousands	
ASSETS			
Cash and balances with treasury banks	8	22,244,099	21,000,952
Balances with other banks	9	1,122,547	2,115,091
Due from financial institutions	10	8,741,090	8,741,090
Investments - net	11	158,808,372	155,824,222
Islamic financing and related assets - net	12	134,674,839	125,389,510
Property and equipment	13	6,259,426	6,270,982
Right-of-use assets	14	2,721,914	2,791,945
Intangible assets	15	1,802,675	1,806,009
Deferred tax assets	16	1,548,829	767,724
Other assets	17	15,524,709	12,590,493
		353,448,500	337,298,018
LIABILITIES			
Bills payable	19	2,292,259	5,515,318
Due to financial institutions	20	27,516,980	22,370,495
Deposits and other accounts	21	283,973,159	268,934,274
Lease liabilities	22	3,425,279	3,505,778
Subordinated debts		-	-
Deferred tax liabilities	16	-	-
Other liabilities	23	8,853,978	9,204,172
		326,061,655	309,530,037
NET ASSETS		<u>27,386,845</u>	<u>27,767,981</u>
REPRESENTED BY			
Share capital	24	15,550,000	15,550,000
Reserves	25	2,790,618	2,732,118
Surplus on revaluation of assets - net of tax	26	383,940	1,058,123
Accumulated profit		8,662,287	8,427,740
		<u>27,386,845</u>	<u>27,767,981</u>
CONTINGENCIES AND COMMITMENTS	27		

The annexed notes 1 to 44 form an integral part of these condensed interim financial statements.


 Chief Financial Officer


 President/Chief Executive


 Director


 Director


 Director

MCB ISLAMIC BANK LIMITED

**CONDENSED INTERIM STATEMENT OF PROFIT AND LOSS ACCOUNT (UNAUDITED)
FOR THE QUARTER ENDED MARCH 31, 2026**


	Note	Quarter ended March 31 2026	Quarter ended March 31 2025
Rupees in thousands			
Profit / return earned	28	7,427,360	7,955,993
Profit / return expensed	29	4,251,652	4,277,264
Net profit / return		<u>3,175,708</u>	<u>3,678,729</u>
OTHER INCOME			
Fee and commission income	30	349,937	273,369
Dividend income		837	13,779
Foreign exchange income		198,396	96,870
Gain on securities	31	49,146	44,012
Other income	32	59,422	42,755
Total other income		<u>657,738</u>	<u>470,785</u>
Total income		<u>3,833,446</u>	<u>4,149,514</u>
OTHER EXPENSES			
Operating expenses	33	3,208,925	2,650,226
Workers welfare fund		14,181	30,525
Other charges	34	465	4,257
Total other expenses		<u>3,223,571</u>	<u>2,685,008</u>
Profit before credit loss allowance		<u>609,875</u>	<u>1,464,506</u>
Credit loss allowance and write offs - net	35	-	149,983
Extra ordinary / unusual items		-	-
PROFIT BEFORE TAXATION		<u>609,875</u>	<u>1,314,523</u>
Taxation	36	317,377	701,019
PROFIT AFTER TAXATION		<u>292,498</u>	<u>613,504</u>
-----Rupees-----			
Basic and diluted earnings per share	37	<u>0.188</u>	<u>0.395</u>

The annexed notes 1 to 44 form an integral part of these condensed interim financial statements.


Chief Financial Officer


President / Chief Executive


Director


Director


Director

MCB ISLAMIC BANK LIMITED

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE QUARTER ENDED MARCH 31, 2026

	Quarter ended	Quarter ended
	March 31	March 31
	2026	2025
	Rupees in thousands	
Profit after taxation for the period	292,498	613,504
Other comprehensive (loss) / income		
Items that may be reclassified to profit and loss account in subsequent periods:		
Movement in deficit on revaluation of debt investments through FVTOCI- net of tax	(673,634)	(172,223)
Items that will not be reclassified to profit and loss account in subsequent periods:		
Movement in surplus / (deficit) on revaluation of property and equipment - net of tax	-	-
Total comprehensive (loss) / income for the period	<u>(381,136)</u>	<u>441,281</u>

The annexed notes 1 to 44 form an integral part of these condensed interim financial statements.


Chief Financial Officer


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Director


Director

MCB ISLAMIC BANK LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE QUARTER ENDED MARCH 31, 2026

	Share Capital	Statutory Reserve	Surplus / (deficit) on revaluation of		Accumulated Profit	Total
			Investments	Property & Equipment		
Rupees in thousands						
Balance as at December 31, 2024	15,550,000	2,276,220	1,059,128	458,601	6,602,057	25,946,006
Total comprehensive income / (loss) for the quarter ended March 31, 2025 - net of tax						
Profit after taxation for the quarter ended March 31, 2025	-	-	-	-	613,504	613,504
Other comprehensive loss	-	-	(767,205)	-	-	(767,205)
	-	-	(767,205)	-	613,504	(153,701)
Transfer to statutory reserve	-	122,701	-	-	(122,701)	-
Transfer from surplus on revaluation of property and equipment to unappropriated profit in respect of incremental depreciation - net of tax	-	-	-	(523)	523	-
Transactions with owners, recorded directly in equity						
Issue of right shares	-	-	-	-	-	-
Balance as at March 31, 2025 (Unaudited)	15,550,000	2,398,921	291,923	458,078	7,093,383	25,792,305
Total comprehensive income / (loss) for the nine months period ended December 31, 2025 - net of tax						
Profit after taxation for the nine months period ended December 31, 2025	-	-	-	-	1,665,986	1,665,986
Other comprehensive income	-	-	103,739	205,951	-	309,690
	-	-	103,739	205,951	1,665,986	1,975,676
Transfer to statutory reserve	-	333,197	-	-	(333,197)	-
Transfer from surplus on revaluation of property and equipment to unappropriated profit in respect of incremental depreciation - net of tax	-	-	-	(1,568)	1,568	-
Balance as at December 31, 2025 (Audited)	15,550,000	2,732,118	395,662	662,461	8,427,740	27,767,981
Total comprehensive income / (loss) for the quarter ended March 31, 2026 - net of tax						
Profit after taxation for the quarter ended March 31, 2026	-	-	-	-	292,498	292,498
Other comprehensive loss	-	-	(673,634)	-	-	(673,634)
	-	-	(673,634)	-	292,498	(381,136)
Transfer to statutory reserve	-	58,500	-	-	(58,500)	-
Transfer from surplus on revaluation of property and equipment to unappropriated profit in respect of incremental depreciation - net of tax	-	-	-	(549)	549	-
Balance as at March 31, 2026 (Unaudited)	15,550,000	2,790,618	(277,972)	661,912	8,662,287	27,386,845

The annexed notes 1 to 44 form an integral part of these condensed interim financial statements.


Chief Financial Officer


President / Chief Executive


Director


Director


Director

MCB ISLAMIC BANK LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)
FOR THE QUARTER ENDED MARCH 31, 2026


	Note	Quarter ended March 31 2026	Quarter ended March 31 2025
Rupees in thousands			
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		609,875	1,314,523
Less: Dividend income		(837)	(13,779)
		609,038	1,300,744
Adjustments			
Net Profit / return		(3,289,283)	(3,779,704)
Depreciation on fixed assets	33	222,320	195,831
Depreciation on right-of-use assets	33	232,960	180,005
Depreciation on ijarah assets under IFAS 2		84,992	84,992
Amortization	33	44,473	28,309
Unwinding of liability against right of use assets	29	113,575	100,975
Credit loss allowance and write offs - net	35	-	149,983
Unrealized loss / (gain) on forward foreign exchange contracts - net		141,367	(117,011)
Gain on sale of property and equipment - net	32	(399)	(253)
Unrealised loss / (gain) on revaluation of FVTPL securities	31	234,217	(8,867)
Gain on sale of securities - net	31	(283,363)	(35,145)
		(2,499,141)	(3,200,885)
		(1,890,103)	(1,900,141)
(Increase) / decrease in operating assets			
Due from financial institutions		-	2,000,000
Securities classified as FVPL		1,235,227	(1,193,261)
Islamic financing and related assets		(9,469,190)	12,198,958
Other assets (excluding advance taxation)		(233,580)	(4,856,243)
		(8,467,543)	8,149,454
Increase / (decrease) in operating liabilities			
Bills payable		(3,223,059)	(9,900,093)
Due to financial institutions		5,287,253	(6,162,203)
Deposits		15,038,885	17,395,109
Other liabilities (excluding current taxation)		113,571	(434,828)
		17,216,650	897,985
		6,859,004	7,147,298
Profit / return received		4,772,806	6,372,083
Profit / return paid		(4,621,184)	(4,027,833)
Income tax paid		(437,949)	(1,095,212)
Net cash flow generated from operating activities		6,572,677	8,396,336
CASH FLOW FROM INVESTING ACTIVITIES			
Net (investments) in securities classified as FVTOCI		(5,594,029)	(4,914,805)
Net divestments in amortised cost securities		20,394	12,692
Dividends received		837	12,927
Investments in property and equipment	13.2	(211,043)	(944,608)
Disposal of property and equipment		678	449
Investments in intangible assets	15.1	(41,140)	(176,952)
Net cash flow used in investing activities		(5,824,303)	(6,010,297)
CASH FLOW FROM FINANCING ACTIVITIES			
Payment of lease liability against right-of-use asset		(357,003)	(274,182)
Net cash flow used in financing activities		(357,003)	(274,182)
Increase in cash and cash equivalents during the period		391,371	2,111,857
Cash and cash equivalents at the beginning of the period		22,938,345	19,076,604
Cash and cash equivalents at the end of the period	38	23,329,716	21,188,461

The annexed notes 1 to 44 form an integral part of these condensed interim financial statements.


 Chief Financial Officer


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 Director


 Director

MCB ISLAMIC BANK LIMITED

**NOTES TO AND FORMING PART OF THESE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE QUARTER ENDED MARCH 31, 2026**

1 STATUS AND NATURE OF BUSINESS

- 1.1 MCB Islamic Bank Limited (the Bank) was incorporated in Pakistan on May 15, 2014 as an unlisted public limited company under the Companies Act, 2017 (previously Companies Ordinance, 1984) 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 2 sub branches in Pakistan (December 31, 2025: 323 branches including 2 sub branches). 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 the short-term rating as "A1" with stable outlook.

2 BASIS OF PRESENTATION

- 2.1 These condensed interim financial statements have been prepared in conformity with the format of interim financial statements prescribed by the State Bank of Pakistan (SBP) vide BPRD Circular No. 2 dated February 09, 2023.
- 2.2 The Bank provides financing 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.
- 2.3 The purchases and sales arising under these arrangements are not reflected in these condensed interim 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.

3 STATEMENT OF COMPLIANCE

- 3.1 These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:
- International Accounting Standard (IAS) 34 "Interim Financial Reporting" and International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as 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 and directives issued under the Banking Companies Ordinance, 1962 and the Companies Act, 2017;
 - Directives issued by the State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan (SECP).

Whenever the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 or the directives issued by the SBP and the SECP differ with the requirements of IAS 34, IFRS or IFAS, the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 and the said directives shall prevail.

The SBP has deferred the applicability of International Accounting Standard (IAS) 40, 'Investment Property' for banking companies through BSD Circular Letter No. 10 dated August 26, 2002 till further instructions. Further, the SECP has deferred the applicability of International Financial Reporting Standard (IFRS) 7, 'Financial Instruments: Disclosures' on banks through its notification S.R.O 411(I)/2008 dated April 28, 2008. The State Bank of Pakistan through BPRD Circular No. 04 of 2015 dated February 25, 2015 has deferred the applicability of Islamic Financial Accounting Standard-3 for Profit and Loss Sharing on Deposits (IFAS-3) issued by the Institute of Chartered Accountants of Pakistan (ICAP) and notified by the SECP, vide their SRO No. 571 of 2013 dated June 12, 2013 for Institutions offering Islamic Financial Services (IIFS). Accordingly, the requirements of these standards have not been considered in the preparation of these condensed interim financial statements.

The disclosures made in these condensed interim financial statements have been limited based on a format prescribed by the SBP vide BPRD Circular Letter No. 2 dated February 09, 2023 and the requirements of IAS 34 "Interim Financial Reporting". They do not include all the information and disclosures required in preparation of annual financial statements, and should be read in conjunction with the annual audited financial statements for the year ended December 31, 2025.

The Bank believes that there is no significant doubt on the Bank's ability to continue as a going concern. Therefore, the condensed interim financial statements have been prepared on a going concern basis.

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

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

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

There are certain new and amended standards, issued by International Accounting Standards Board (IASB), interpretations and amendments that are mandatory for the Bank's accounting periods beginning on or after January 01, 2026 but are considered not to be relevant or will not have any material effect on the Bank's financial statements except for:

- the new standard - IFRS 18 'Presentation and Disclosure in Financial Statements' (IFRS 18) (published in April 2024) with applicability date of January 1, 2027 by IASB. IFRS 18 is yet to be adopted in Pakistan. IFRS 18 when adopted and applicable shall impact the presentation of 'Statement of Profit and Loss Account' with certain additional disclosures in the financial statements.

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 39.

- 4.2 These condensed interim financial statements are presented in Pakistani Rupees, which is the Bank's functional and presentation currency. The amounts are rounded off to the nearest thousand rupees except as stated otherwise.

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The significant judgments made by management in applying its accounting policies and the key sources of estimation uncertainty were the same as those applied to the financial statements of the Bank for the year ended December 31, 2025.

6 MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies adopted in the preparation of these condensed interim financial statements are consistent with those applied in the preparation of the financial statements of the Bank for the year ended December 31, 2025.

7 FINANCIAL RISK MANAGEMENT

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

		(Unaudited) March 31, 2026	(Audited) December 31, 2025
		Rupees in thousands	
8	CASH AND BALANCES WITH TREASURY BANKS		
	In hand		
	- local currency	5,674,027	4,243,186
	- foreign currencies	679,746	574,649
		<u>6,353,773</u>	<u>4,817,835</u>
	With the State Bank of Pakistan in		
	- local currency current account	14,289,051	14,565,898
	- foreign currency current accounts		
	cash reserve account	8.2	417,664
	special cash reserve account	8.3	493,017
	USD clearing account	82,746	113,429
		<u>990,274</u>	<u>1,024,110</u>
	With National Bank of Pakistan in		
	- local currency current account	613,634	595,751
	Prize bonds	8.4	-
	Less: Credit loss allowance held against cash and balances with treasury banks	(2,633)	(2,642)
	Cash and balances with treasury banks - net of credit loss allowance	<u>22,244,099</u>	<u>21,000,952</u>

8.1 CASH AND BALANCES WITH TREASURY BANKS- Particulars of credit loss allowance

		(Unaudited) March 31, 2026		(Audited) December 31, 2025	
		Cash and Balance with Treasury Banks	Credit loss allowance held	Cash and Balance with Treasury Banks	Credit loss allowance held
		Rupees in thousands			
Domestic					
Performing	Stage 1	990,274	(2,633)	1,024,110	(2,642)
Under performing	Stage 2	-	-	-	-
Non-performing	Stage 3				
Substandard		-	-	-	-
Doubtful		-	-	-	-
Loss		-	-	-	-
		<u>990,274</u>	<u>(2,633)</u>	<u>1,024,110</u>	<u>(2,642)</u>

8.2 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.

8.3 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.

8.4 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.

	(Unaudited) March 31, 2026	(Audited) December 31, 2025
	Rupees in thousands	
9 BALANCES WITH OTHER BANKS		
In Pakistan		
- current account	61,577	28,301
- deposit account	2,366	11,997
Outside Pakistan		
- current account	1,060,558	2,075,897
Less: Credit loss allowance held against balances with other banks	(1,954)	(1,104)
Balances with other banks - net of credit loss allowance	<u>1,122,547</u>	<u>2,115,091</u>

9.1 Balances with other banks- Particulars of credit loss allowance

		(Unaudited) March 31, 2026		(Audited) December 31, 2025	
		Balances with other banks	Credit loss allowance held	Balances with other banks	Credit loss allowance held
Rupees in thousands					
Domestic					
Performing	Stage 1	1,124,501	(1,954)	2,116,195	(1,104)
Under performing	Stage 2	-	-	-	-
Non-performing	Stage 3				
Substandard		-	-	-	-
Doubtful		-	-	-	-
Loss		-	-	-	-
		<u>1,124,501</u>	<u>(1,954)</u>	<u>2,116,195</u>	<u>(1,104)</u>

	(Unaudited) March 31, 2026	(Audited) December 31, 2025
	Rupees in thousands	
10 DUE FROM FINANCIAL INSTITUTIONS		
Unsecured		
Musharaka arrangements	5,500,000	5,500,000
Bai muajjal	3,241,138	3,241,138
Less: Credit loss allowance held against due from financial institution	(48)	(48)
	<u>8,741,090</u>	<u>8,741,090</u>

10.1 Due from FIs- Particulars of credit loss allowance

		(Unaudited) March 31, 2026		(Audited) December 31, 2025	
		Due from FIs	Credit loss allowance held	Due from FIs	Credit loss allowance held
Rupees in thousands					
Domestic					
Reversal of provision		-	(48)	-	(48)
Performing	Stage 1	8,741,138	-	8,741,138	-
Under performing	Stage 2	-	-	-	-
Non-performing	Stage 3				
Substandard		-	-	-	-
Doubtful		-	-	-	-
Loss		-	-	-	-
		<u>8,741,138</u>	<u>(48)</u>	<u>8,741,138</u>	<u>(48)</u>

11 INVESTMENTS

11.1 Investments by type:

Debt Instruments

Classified / Measured at FVTPL

Federal Government securities
Non Government securities

March 31, 2026 (Unaudited)			
Fair value / Amortised cost	Credit loss allowance	Surplus / (Deficit)	Carrying Value

Rupees in thousands

-	-	-	-
670,000	-	84	670,084
670,000	-	84	670,084

Classified / Measured at FVOCI

Federal Government securities
Non Government securities

130,339,485	-	(579,109)	129,760,376
-	-	-	-
130,339,485	-	(579,109)	129,760,376

Classified / Measured at amortised cost

Federal Government securities

28,187,107	-	-	28,187,107
28,187,107	-	-	28,187,107

Equity Instruments

Classified / Measured at FVTPL

Shares

281,001	-	(90,196)	190,805
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Total Investments

159,477,593	-	(669,221)	158,808,372
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December 31, 2025 (Audited)

Fair value / Amortised cost	Credit loss allowance	Surplus / (Deficit)	Carrying Value
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Rupees in thousands

Debt Instruments

Classified / Measured at FVPL

Federal Government securities
Non Government securities

-	-	-	-
670,000	-	(7,009)	662,991
670,000	-	(7,009)	662,991

Classified / Measured at FVOCI

Federal Government securities
Non Government securities

124,462,093	-	824,296	125,286,389
-	-	-	-
124,462,093	-	824,296	125,286,389

Classified / Measured at amortised cost

Federal Government securities

28,207,501	-	-	28,207,501
28,207,501	-	-	28,207,501

Equity Instruments

Classified / Measured at FVTPL

Shares

1,516,228	-	151,113	1,667,341
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Total Investments

154,855,822	-	968,400	155,824,222
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11.1.1 The market value of securities given as collateral as at March 31, 2026 amounted to Rs. 14,979.0 million (December 31, 2025: Rs. NIL).

11.1.2 The market value of securities classified as held-to-collect as at March 31, 2026 amounted to Rs. 28,317 million (December 31, 2025: Rs. 28,542 million).

12 ISLAMIC FINANCING AND RELATED ASSETS - NET

	Note	Performing		Non performing		Total	
		(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
		March 31, 2026	December 31, 2025	March 31, 2026	December 31, 2025	March 31, 2026	December 31, 2025
		Rupees in thousands					
Murabaha	12.1	33,160,237	24,072,546	46,456	46,456	33,206,693	24,119,002
Musawamah	12.2	2,696,010	1,458,171	-	-	2,696,010	1,458,171
Istisna	12.3	13,567,743	15,469,818	414,460	414,460	13,982,203	15,884,278
Salam		99,994	99,998	-	-	99,994	99,998
Ijarah	12.4	2,094,300	2,136,623	1,424	1,424	2,095,724	2,138,047
Running Musharaka	12.5	39,297,722	40,075,104	353,211	353,211	39,650,933	40,428,315
Diminishing Musharaka	12.6	42,673,192	40,820,601	1,626,525	1,632,934	44,299,717	42,453,535
Staff finance	12.7	2,003,112	1,916,402	-	-	2,003,112	1,916,402
Bai Mu'ajjal		-	-	-	-	-	-
Wakala finance		51,950	11,950	-	-	51,950	11,950
Forced Qard		-	27,440	-	-	-	27,440
Forced PAD - Inland		75,000	240,000	-	-	75,000	240,000
Islamic financing and related assets - gross		135,719,260	126,328,653	2,442,076	2,448,485	138,161,336	128,777,138
Less: Credit loss allowance against islamic financing and related assets							
- Stage 1		(273,518)	(207,717)	-	-	(273,518)	(207,717)
- Stage 2		(307,854)	(324,242)	-	-	(307,854)	(324,242)
- Stage 3		-	-	(2,245,292)	(2,213,124)	(2,245,292)	(2,213,124)
- General		(659,833)	(642,545)	-	-	(659,833)	(642,545)
- Specific		-	-	-	-	-	-
	12.1	(1,241,205)	(1,174,504)	(2,245,292)	(2,213,124)	(3,486,497)	(3,387,628)
Islamic financing and related assets - net of credit loss allowance		134,478,055	125,154,149	196,784	235,361	134,674,839	125,389,510
						(Unaudited) March 31, 2026	(Audited) December 31, 2025
						Rupees in thousands	
12.1 Murabaha							
- Murabaha financing						9,094,547	11,510,042
- Murabaha inventory						23,936,386	12,351,930
- Advances against Murabaha financing						105,760	187,030
- Advances against Murabaha financing - Islamic Export Refinance Scheme (IERS)						70,000	70,000
- Murabaha financing - Islamic Export Refinance Scheme (IERS)						-	-
- Murabaha inventory - Islamic Refinancing Scheme for Payment of Wages and Salaries (IRSPWS)						-	-
						<u>33,206,693</u>	<u>24,119,002</u>
12.2 Musawamah							
- Musawamah Financing						2,721,123	1,462,075
- Musawamah Financing under IERS						23,770	23,300
- Deferred Musawamah Income						(48,883)	(27,204)
- Musawamah inventory						-	-
						<u>2,696,010</u>	<u>1,458,171</u>
12.3 Istisna							
- Istisna financing						6,027,377	5,049,377
- Istisna inventory						1,833,655	1,446,949
- Advances against Istisna financing						6,121,171	9,362,952
- Istisna financing - Islamic Export Refinance Scheme (IERS)						-	-
- Advances against Istisna financing - Islamic Export Refinance Scheme (IERS)						-	25,000
						<u>13,982,203</u>	<u>15,884,278</u>
12.4 Ijarah financing and related assets							
- Net book value of assets in Ijarah under IFAS 2						2,027,674	1,511,505
- Advances against Ijarah						68,050	626,542
						<u>2,095,724</u>	<u>2,138,047</u>
12.5 Running Musharaka							
- Running Musharaka financing						37,836,933	38,321,315
- Running Musharaka financing - Islamic Export Refinance Scheme (IERS)						1,814,000	2,107,000
						<u>39,650,933</u>	<u>40,428,315</u>
12.6 Diminishing Musharaka							
- Diminishing Musharaka financing						36,491,973	35,110,919
- Advances against Diminishing Musharaka financing						3,448,498	2,756,047
- Advances against Diminishing Musharaka under SBP's ILTFE						1,410,976	1,459,802
- Advances against Diminishing Musharaka under SBP's IFRE						149,390	177,579
- Advances against Diminishing Musharaka under SBP's ITERF						2,798,880	2,949,188
						<u>44,299,717</u>	<u>42,453,535</u>

	(Unaudited) March 31, 2026	(Audited) December 31, 2025
	Rupees in thousands	
12.7 Staff finance		
- Staff vehicle finance under Diminishing Musharaka	955,469	899,046
- Staff Solar Finance	20,872	18,666
- Staff housing finance under Diminishing Musharaka	2,480,005	2,261,158
- Staff Subsidized Finance	(1,453,234)	(1,262,468)
	<u>2,003,112</u>	<u>1,916,402</u>
12.8 Particulars of Islamic financing and related assets - gross		
In local currency	138,161,336	128,777,138
In foreign currency	-	-
	<u>138,161,336</u>	<u>128,777,138</u>
12.8.1 Advances to Women, Women-owned and Managed Enterprises		
Women	1,184,797	1,140,349
Women Owned and Managed Enterprises	840,485	2,008,641
	<u>2,025,282</u>	<u>3,148,990</u>
12.8.2 Gross loans disbursed to women Rs. 368.190 million (December 31, 2025: Rs. 1,530.044 million), women-owned and managed enterprises Rs. 2,993.021 million (December 31, 2025: Rs. 12,570.742 million).		

12.9 Islamic financing and related assets include Rs. 2,442,076 million (December 31, 2025: Rs. 2,448,485 million) which have been placed under non-performing / stage 3 status as detailed below:

Category of Classification - Stage 3 under IFRS 9	(Unaudited)		(Audited)	
	March 31, 2026	Credit loss allowance	December 31, 2025	Credit loss allowance
	Non-performing Islamic financing and related	Non-performing Islamic financing and related	Non-performing Islamic financing and related	Credit loss allowance
	Rupees in thousands			
Domestic	1,757	1,757	-	-
Other Assets Especially Mentioned	29,633	23,351	185,232	175,626
Substandard	423,961	418,503	264,365	260,457
Doubtful	1,986,725	1,801,681	1,998,888	1,777,041
Loss	2,442,076	2,245,292	2,448,485	2,213,124

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

	March 31, 2026 (Unaudited)					December 31, 2025 (Audited)				
	Stage 1	Stage 2	Stage 3	General	Total	Stage 1	Stage 2	Stage 3	General	Total
	Rupees in thousands									
Opening balance	207,717	324,242	2,213,124	642,545	3,387,628	595,926	437,561	1,930,779	282,294	3,246,560
Charge for the period / year	96,905	94,207	49,776	17,288	258,176	141,923	275,133	446,128	360,251	1,223,435
Reversals	(31,104)	(110,595)	(17,608)	-	(159,307)	(530,132)	(388,452)	(163,783)	-	(1,082,367)
	65,801	(16,388)	32,168	17,288	98,869	(388,209)	(113,319)	282,345	360,251	141,068
Amounts written off	-	-	-	-	-	-	-	-	-	-
Closing balance	273,518	307,854	2,245,292	659,833	3,486,497	207,717	324,242	2,213,124	642,545	3,387,628

12.11 Particulars of credit loss allowance

12.11.1 Islamic financing and related assets - Credit loss allowance

	March 31, 2026 (Unaudited)					December 31, 2025 (Audited)				
	Opening balance	207,717	324,242	2,213,124	642,545	3,387,628	595,926	437,561	1,930,779	282,294
New advances	43,920	84,683	-	-	128,603	139,886	253,177	25,872	-	418,935
Derognised or repaid / reversal of provision	(25,031)	(3,575)	(1,114)	-	(29,720)	(257,859)	(34,095)	(31,024)	-	(322,978)
Transfer to Stage 1 / charge for the year	35,858	(35,858)	-	17,288	17,288	963	(963)	-	360,251	360,251
Transfer to Stage 2	(524)	524	-	-	-	(20,596)	20,673	(77)	-	-
Transfer to Stage 3	(8,751)	(3,356)	12,107	-	-	(18,462)	(387,320)	405,782	-	(0)
	45,472	42,418	10,993	17,288	116,171	(156,068)	(148,528)	400,553	360,251	456,208
Amounts written off	-	-	-	-	-	-	-	-	-	-
Changes in risk parameters	20,329	(58,806)	21,175	-	(17,302)	(232,141)	35,209	(118,208)	-	(315,140)
Closing balance	273,518	307,854	2,245,292	659,833	3,486,497	207,717	324,242	2,213,124	642,545	3,387,628

12.11.2 Islamic Financing and related assets - Category of Classification

	(Unaudited)		(Audited)	
	March 31, 2026	Credit loss allowance / General Provision held	December 31, 2025	Credit loss allowance / General Provision held
Domestic				
Performing Stage 1	129,951,890	273,518	105,139,807	207,717
Underperforming Stage 2	5,767,370	307,854	21,188,846	324,242
Non-Performing Stage 3				
OAEM	1,757	1,757	-	-
Substandard	29,633	23,351	185,232	175,626
Doubtful	423,961	418,503	264,365	260,457
Loss	1,986,725	1,801,681	1,998,888	1,777,041
	2,442,076	2,245,292	2,448,485	2,213,124
General Provision	-	659,833	-	642,545
	138,161,336	3,486,497	128,777,138	3,387,628

12.12 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. 135,840 million (December 31, 2025: Rs. 165,977 million). The additional benefit on the Bank's profit and loss account arising from availing the FSV benefit - net of tax amounts to Rs. 65,203 million (December 31, 2025: Rs. 78,01 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.

12.13 In addition, the Bank has also maintained an unencumbered general provision of Rs. 659.8 million (December 31, 2025: Rs. 642.5 million) against financing made in accordance with the prevailing circumstances. This general provision is in addition to the requirements of Prudential Regulations.

	(Unaudited) March 31, 2026	(Audited) December 31, 2025
	Rupees in thousands	
13 PROPERTY AND EQUIPMENT		
Capital work-in-progress	522,793	453,960
Property and equipment	5,736,633	5,817,022
	<u>6,259,426</u>	<u>6,270,982</u>
13.1 Capital work-in-progress		
Civil works	212,447	131,147
Advance to suppliers and contractors	44,127	159,265
Electrical and computer equipment	266,219	163,548
	<u>522,793</u>	<u>453,960</u>
	(Unaudited) March 31, 2026	(Unaudited) March 31, 2025
	Rupees in thousands	
13.2 Additions to property and equipment		
The following additions have been made to property & equipments during the period:		
Capital work-in-progress	170,293	800,465
Property and equipment		
Building on freehold land	-	1,717
Leasehold improvements	15,387	59,759
Furniture and fixtures	2,262	4,325
Electrical, office and computer equipment	23,101	78,342
Vehicles	-	-
	<u>40,750</u>	<u>144,143</u>
	<u>211,043</u>	<u>944,608</u>
13.3 Disposal of property and equipment		
The net book value of property & equipments disposed off during the period is as follows:		
Furniture and fixtures	-	88
Electrical, office and computer equipment	280	107
Vehicles	-	-
	<u>280</u>	<u>195</u>
	(Unaudited) March 31, 2026	(Audited) December 31, 2025
	Rupees in thousands	
14 RIGHT-OF-USE ASSETS		
Cost at the start of period/ year	5,706,881	5,057,777
Accumulated Depreciation	(2,914,936)	(2,701,959)
Net carrying amount at the start of period/ year	<u>2,791,945</u>	<u>2,355,818</u>
Addition during the period	162,929	1,270,864
Deletion during the period	-	-
Depreciation charge for the period	(232,960)	(834,737)
Net carrying amount at the end of the period / year	<u>2,721,914</u>	<u>2,791,945</u>
Useful life	<u>5- 10 years</u>	<u>5- 10 years</u>
15 INTANGIBLE ASSETS		
Advance against purchase of software	936,724	915,852
Computer software	865,951	890,157
	<u>1,802,675</u>	<u>1,806,009</u>

(Unaudited) (Unaudited)
March 31, **March 31,**
2026 **2025**

Rupees in thousands

15.1 Additions to intangible assets

The following additions have been made to intangible assets during the period:

Capital work-in-progress	20,872	171,796
Directly purchased	20,268	5,156
	41,140	176,952

16 DEFERRED TAX ASSETS / (LIABILITY) - NET

March 31, 2026 (Unaudited)			
At Jan 01, 2026	Recognised in P&L A/C	Recognised in OCI	At March 31, 2026
Rupees in thousands			
Deductible temporary difference			
Credit loss allowance against Islamic financing and related assets, balances with other banks and off balance sheet	789,298	55	-
Deficit on revaluation of investments	-	-	301,137
Deferred Tax on leases	469,380	5,638	-
Workers Welfare Fund	315,720	7,374	-
	1,574,398	13,067	301,137
			1,888,602
Taxable temporary difference			
Surplus on revaluation of property & equipments	(122,946)	594	-
Surplus on revaluation of investments	(428,634)	-	428,634
Accelerated tax depreciation	(255,094)	37,673	-
	(806,674)	38,267	428,634
	767,724	51,334	729,771
			1,548,829
December 31, 2025 (Audited)			
At Jan 01, 2025	Recognised in P&L A/C	Recognised in OCI	At Dec 31, 2025
Rupees in thousands			
Deductible temporary difference			
Credit loss allowance against Islamic financing and related assets, balances with other banks and off balance sheet	1,229,238	(439,940)	-
Deferred Tax on leases	-	469,380	-
Workers Welfare Fund	263,420	52,300	-
	1,492,658	81,740	-
			1,574,398
Taxable temporary difference			
Surplus on revaluation of property and equipment	(99,326)	2,265	(25,885)
Surplus on revaluation of investments	(1,147,388)	-	718,754
Accelerated tax depreciation	(215,147)	(39,947)	-
	(1,461,861)	(37,682)	692,869
	30,797	44,058	692,869
			767,724

		(Unaudited) March 31, 2026	(Audited) December 31, 2025
	Note	Rupees in thousands	
17 OTHER ASSETS			
Profit / return accrued in local currency		8,164,874	5,510,320
Advances, deposits, advance rent and other prepayments		1,934,932	1,652,760
Advance taxation (payments less provisions)		497,544	428,306
Clearing and settlement account		2,106,770	1,822,902
Receivable under home remittances		10,115	10,759
Receivable under RAAST		1,461,861	2,197,724
Un-realized mark to market gain on forward foreign exchange contracts		-	24,458
Acceptances	23	1,156,524	753,997
Others		211,859	211,180
		<u>15,544,479</u>	<u>12,612,406</u>
Less: Credit loss allowance held against other assets	17.1	<u>(19,770)</u>	<u>(21,913)</u>
		<u>15,524,709</u>	<u>12,590,493</u>
17.1 Credit loss allowance held against other assets			
Profit / return accrued in local currency	17.1.1	<u>19,770</u>	<u>21,913</u>
17.1.1 Movement in credit loss allowance held against other assets			
Opening balance		21,913	75,125
Charge for the period / year		(2,143)	-
Reversals		-	(53,212)
Closing balance		<u>19,770</u>	<u>21,913</u>
18 CONTINGENT ASSETS			
There were no contingent assets of the Bank as at March 31, 2026 (December 31, 2025: Nil).			
19 BILLS PAYABLE			
In Pakistan		2,292,259	5,515,318
Outside Pakistan		-	-
		<u>2,292,259</u>	<u>5,515,318</u>
20 DUE TO FINANCIAL INSTITUTIONS			
Details of due to financial institutions - Secured / Unsecured			
Secured			
Musharaka with the State Bank of Pakistan -			
Islamic Export Refinance Scheme (IERS)		1,837,634	1,905,153
Investment under - Islamic Long Term Financing Facility (ILTF)		1,410,784	1,459,627
Investment under - Islamic			
Temporary Economic Refinancing Facility (ITERF) for Plant and Machinery		2,086,429	2,181,118
Investment under - Islamic			
Investment under Islamic Refinance Facility for			
Storage of Agriculture Produce (IFFSAP)		20,255	21,065
Refinancing facility for combating COVID-19 (IRFCC)		-	-
Investment under - Islamic			
Financing Facility for Renewable Energy (IFRE)		159,228	188,042
Investment under Shariah Compliant Open Market Operation		14,973,992	-
Unsecured			
Musharaka arrangements with financial institutions		6,814,416	16,247,596
Musharaka arrangements with other institution		177,312	190,196
Overdrawn nostro accounts		36,930	177,698
		<u>27,516,980</u>	<u>22,370,495</u>

21 DEPOSITS AND OTHER ACCOUNTS

	March 31, 2026 (Unaudited)			December 31, 2025 (Audited)		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
Rupees in thousands						
Customers						
Current deposits - non-remunerative	83,851,416	3,521,446	87,372,862	78,228,783	3,558,868	81,787,651
Savings deposits	108,619,421	1,183,729	109,803,150	94,547,723	1,107,542	95,655,265
Term deposits	29,490,711	2,310,301	31,801,012	32,722,422	2,522,396	35,244,818
Others	13,615,134	-	13,615,134	11,157,301	-	11,157,301
	235,576,682	7,015,476	242,592,158	216,656,229	7,188,806	223,845,035
Financial Institutions						
Current deposits - non-remunerative	118,082	1,075	119,157	291,887	375	292,262
Savings deposits	41,123,680	164	41,123,844	44,682,977	-	44,682,977
Term deposits	138,000	-	138,000	114,000	-	114,000
	41,379,762	1,239	41,381,001	45,088,864	375	45,089,239
	276,956,444	7,016,715	283,973,159	261,745,093	7,189,181	268,934,274

	Note	(Unaudited)	(Audited)
		March 31, 2026	December 31, 2025
Rupees in thousands			
22 LEASE LIABILITIES			
Outstanding amount at the start of the period		3,505,778	3,018,262
Addition during the period		162,929	1,270,864
Disposed off during the period		-	-
Payment of lease liability against right of use asset		(357,003)	(1,227,862)
Unwinding of lease liability against right of use asset		113,575	444,514
Outstanding amount at the end of the period		<u>3,425,279</u>	<u>3,505,778</u>
22.1 Liabilities Outstanding			
Not later than one year		872,452	862,749
Later than one year and upto five years		2,049,963	2,119,958
Over five years		502,864	523,071
Total at the year end		<u>3,425,279</u>	<u>3,505,778</u>
23 OTHER LIABILITIES			
Profit / return payable in local currency	23.1	1,782,388	2,263,951
Profit / return payable in foreign currencies		18,889	20,433
Accrued expenses		942,384	1,444,595
Unearned income		80,468	104,956
Acceptances	17	1,156,524	753,997
Branch adjustment account		629,212	296,655
Payable under RAAST		1,157,032	953,509
Advance receipt against Islamic financing and related assets		67,712	84,135
Charity fund balance		42,809	31,844
Security deposits against Ijarah financing		899,912	908,566
Withholding tax, Federal Excise Duty and other payable		72,412	56,335
Mark to market loss on forward foreign exchange contracts		116,909	-
Credit loss allowance against off-balance sheet obligations		46,393	143,960
Workers Welfare Fund	23.2	622,393	608,212
Others		1,218,541	1,533,024
		<u>8,853,978</u>	<u>9,204,172</u>

23.1 It includes Rs. 42.252 million (December 31, 2025: Rs. 55.783 million) in respect of profit / return accrued on Musharaka with SBP under Islamic Export Refinance Scheme and Rs 59.855 million (December 31, 2025: Rs 59.645 million) in respect of return accrued on acceptances from the SBP under various Islamic Refinance Schemes.

23.2 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.

23.2 Credit loss allowance against off-balance sheet obligations

	(Unaudited) March 31, 2026	(Audited) December 31, 2025
	Rupees in thousands	
Opening balance	143,960	84,271
Charge for the period / year	(97,567)	59,689
Reversals	-	-
	(97,567)	59,689
Amount written off	-	-
Closing balance	<u>46,393</u>	<u>143,960</u>

24 SHARE CAPITAL

Authorised capital

	(Unaudited) March 31, 2026	(Audited) December 31, 2025		20,000,000	20,000,000
Number of shares			Ordinary shares of Rs. 10/- each		
	<u>2,000,000,000</u>	<u>2,000,000,000</u>			

24.1 Issued, subscribed and paid up capital

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

24.2 The Bank's shares are 100 % (December 31, 2025: 100%) held by MCB Bank Limited (MCB) - the parent company and its nominee Directors.

		(Unaudited) March 31, 2026	(Audited) December 31, 2025
		Rupees in thousands	
25	RESERVES		
	Statutory reserves	2,790,618	2,732,118
25.1	Statutory reserve represents amount set aside as per the requirements of section 21 of the Banking Companies Ordinance, 1962.		
		(Unaudited) March 31, 2026	(Audited) December 31, 2025
		Rupees in thousands	
26	SURPLUS ON REVALUATION OF ASSETS - NET OF TAX	Note	
	Surplus arising on revaluation of:		
	- Property and equipment	784,264	785,407
	- Securities measured at FVOCI-Debt	(579,109)	824,296
		205,155	1,609,703
	Deferred tax on surplus on revaluation of:		
	- Property and equipment	(122,352)	(122,946)
	- Securities measured at FVOCI-Debt	301,137	(428,634)
		178,785	(551,580)
		383,940	1,058,123
27	CONTINGENCIES AND COMMITMENTS		
	Guarantees	27.1 41,502,981	39,390,813
	Commitments	27.2 68,604,208	75,307,013
	Other contingent liabilities	27.3 109,194	159,195
		110,216,383	114,857,021
27.1	Guarantees		
	Performance guarantees	15,528,287	16,137,217
	Other guarantees	25,974,694	23,253,596
		41,502,981	39,390,813
27.2	Commitments		
	Documentary credits and short-term trade-related transactions		
	Letters of credit	18,783,131	22,375,731
	Commitments in respect of:		
	Forward foreign exchange contracts	27.2.1 48,289,860	50,748,434
	Commitments for acquisition of:		
	Intangible assets	257,186	251,823
	property & equipments	103,793	105,547
	Other commitments	27.2.2 1,170,238	1,825,478
		68,604,208	75,307,013
27.2.1	Commitments in respect of forward foreign exchange contracts		
	Purchase	26,178,849	26,551,486
	Sale	22,111,011	24,196,948
		48,289,860	50,748,434

		(Unaudited) March 31, 2026	(Audited) December 31, 2025
	Note	Rupees in thousands	
27.2.2	Other commitments		
	Commitments to extend financing	1,170,238	1,825,478

27.2.2.1 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.

27.2.2.2 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.

		(Unaudited) March 31, 2026	(Audited) December 31, 2025
		Rupees in thousands	
27.3	Other contingent liabilities		
	Claims against the Bank not acknowledged as debt	109,194	159,195

27.3.1 This includes claim by different parties against the bank amounting to Rs. 109.194 million (December 31, 2025: Rs. 159.195 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.

27.3.2 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 (2025: Rs. 425.51 million). 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.

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 (2025: Rs. 16.179). 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.

		(Unaudited) March 31, 2026	(Unaudited) March 31, 2025
		Rupees in thousands	
28	PROFIT / RETURN EARNED		
	Financing	3,190,225	3,028,646
	Investments in securities	4,102,413	4,909,310
	Musharaka arrangements with financial institutions	131,026	8,084
	Deposits with financial institutions	370	682
	IFRS 9 adjustment for staff loan-notional	3,326	9,271
		<u>7,427,360</u>	<u>7,955,993</u>

28.1 Profit / return earned recorded on financial assets measured at:

Financial assets measured at amortised cost	4,075,523	3,989,767
Financial assets measured at fair value through OCI.	3,332,177	3,966,226
Financial assets measured at fair value through P&L	19,660	-
	<u>7,427,360</u>	<u>7,955,993</u>

	Note	(Unaudited) March 31, 2026	(Unaudited) March 31, 2025
		Rupees in thousands	
29	PROFIT / RETURN EXPENSED		
	Deposits and other accounts	3,472,547	2,910,588
	Musharaka and other arrangements with the State Bank of Pakistan	228,761	501,136
	Musharaka arrangements with other financial institutions	436,060	763,716
	Musharaka arrangements with other institutions	-	-
	Unwinding of lease liability against right-of-use asset	113,575	100,975
	Deferred bonus	709	849
		<u>4,251,652</u>	<u>4,277,264</u>
30	FEE AND COMMISSION INCOME		
	Branch banking customer fees	5,886	4,728
	Consumer finance related fees	7,470	5,711
	Card related fees	156,365	94,528
	Credit related fees	3,800	2,383
	Digital banking fees	53,069	27,618
	Commission on trade	61,455	54,276
	Commission on guarantees	26,581	23,962
	Commission on cash management	9,992	15,096
	Commission on remittances including home remittances	3,903	15,190
	Commission on banca takaful	10,849	21,761
	Locker rent	10,021	7,438
	Others	546	678
		<u>349,937</u>	<u>273,369</u>
31	GAIN / (LOSS) ON SECURITIES		
	Realised	283,363	35,145
	Unrealised - Reclassification due to business model and SPPI assessment	-	8,867
	Unrealised - Measured at FVTPL	(234,217)	-
		<u>49,146</u>	<u>44,012</u>
31.1	Realised Gains - net on:		
	Federal Government Securities - Sukuk certificates	-	6,540
	Shares	283,363	28,605
		<u>283,363</u>	<u>35,145</u>
32	OTHER INCOME		
	Rental income	-	-
	Gain on sale of property & equipments	399	253
	Fees and charges recovered	10,281	789
	Commission on arrangement with financial institutions	47,527	39,455
	Gain on termination of lease liability against right of use assets	-	-
	Gain on conversion of Ijarah agreements	1,215	2,258
		<u>59,422</u>	<u>42,755</u>

OPERATING EXPENSES

	(Unaudited) March 31, 2026	(Unaudited) March 31, 2025
	Rupees in thousands	
Total compensation expense	1,578,945	1,274,126
Property expense		
Rent and taxes	27,768	40,832
Takaful expenses	12,889	13,142
Utilities cost	79,988	73,479
Security (including guards)	208,327	163,116
Repairs and maintenance (including janitorial charges)	72,850	71,607
Depreciation on right-of-use assets	232,960	180,005
Depreciation	146,256	129,298
	781,038	671,479
Information technology expenses		
Software maintenance	127,346	65,633
Hardware maintenance	51,624	18,668
Takaful expenses	1,420	1,649
Depreciation	69,824	60,899
Amortization	44,473	28,309
Network charges	63,912	40,550
	358,599	215,708
Other operating expenses		
Directors' fees and allowances	2,700	2,600
Fees and allowances to Shari'ah Board	6,276	5,792
Legal and professional charges	16,416	13,025
Takaful expenses	61,454	55,763
Fee and subscription	501	1,420
Outsourced services costs	74,056	64,671
Travelling and conveyance	54,139	51,968
Repairs and maintenance of vehicles	1,534	3,127
NIFT clearing charges	15,113	13,304
Brokerage, commission and bank charges	16,951	13,672
Depreciation	6,240	5,634
Training and development	3,446	7,150
Postage and courier charges	16,887	13,623
Communication	62,430	48,220
Stationery and printing	41,951	49,934
Marketing, advertisement and publicity	26,334	54,699
Auditors' remuneration	5,483	5,483
Entertainment	22,792	24,121
Others	55,640	54,707
	490,343	488,913
	<u>3,208,925</u>	<u>2,650,226</u>

		(Unaudited) March 31, 2026	(Unaudited) March 31, 2025
	Note	Rupees in thousands	
34	OTHER CHARGES		
	Penalties imposed by the State Bank of Pakistan	465	4,257
		<u>465</u>	<u>4,257</u>
35	CREDIT LOSS ALLOWANCE & WRITE OFFS - NET		
	Credit loss allowance against cash and balances with treasury banks	(9)	105
	Credit loss allowance against balances with other banks	850	338
	Credit loss allowance against off balance sheet obligations	(97,567)	10,884
	Credit loss allowance against due from financial institutions	-	(1)
	Credit loss allowance against general provision	17,288	128,741
	Credit loss allowance / Provision against Islamic financing and related assets	81,581	7,707
	Credit loss allowance against Other Assets	(2,143)	2,226
	Bad debts written off directly	-	-
	Recovery of write offs / bad debts	-	(17)
		<u>-</u>	<u>149,983</u>
36	TAXATION		
	Current	368,711	808,914
	Deferred	(51,334)	(107,895)
		<u>317,377</u>	<u>701,019</u>
37	BASIC AND DILUTED EARNINGS PER SHARE		
	Profit after taxation	<u>292,498</u>	<u>613,504</u>
		Number of shares - in thousands	
	Weighted average number of ordinary shares	<u>1,555,000</u>	<u>1,555,000</u>
		Rupees	
	Basic and diluted earnings per share	<u>0.188</u>	<u>0.395</u>
		(Unaudited) March 31, 2026	(Unaudited) March 31, 2025
		Rupees in thousands	
38	CASH AND CASH EQUIVALENTS		
	Cash and balances with treasury banks	8 22,244,099	17,839,070
	Balances with other banks	9 1,122,547	3,681,231
	Overdrawn nostro accounts	(36,930)	(331,840)
		<u>23,329,716</u>	<u>21,188,461</u>

39 FAIR VALUE MEASUREMENTS

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

The fair value of unquoted 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.

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

39.1 Fair value of financial / non-financial assets

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

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

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

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

The table below analyses 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.

March 31, 2026 (Unaudited)					
Carrying value	Level 1	Level 2	Level 3	Total	
Rupees in thousands					
On-balance sheet financial instruments					
Financial assets measured at fair value					
Investments					
Federal Government Securities	81,687,350	48,073,026			129,760,376
Shares	190,805	190,805			190,805
Non-Government Securities	670,084	670,084			670,084
	130,621,265	81,878,155	48,743,110	-	130,621,265
Financial assets - disclosed but not measured at fair value					
Investments		28,187,107			28,187,107
Fair value of non-financial assets					
Operating fixed assets					
(land and building)	2,161,906		2,161,906		2,161,906
Off-balance sheet financial instruments					
Foreign exchange contracts purchase	26,178,849		25,995,544		25,995,544
Foreign exchange contracts sale	22,111,011		22,060,008		22,060,008
December 31, 2025 (Audited)					
Carrying value	Level 1	Level 2	Level 3	Total	
Rupees in thousands					
On-balance sheet financial instruments					
Financial assets measured at fair value					
Investments					
Federal Government Securities	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
Financial assets - disclosed but not measured at fair value					
Investments		28,207,501			28,207,501
Fair value of non-financial assets					
Operating fixed assets					
(land and building)	2,165,292		2,165,292		2,165,292
Off-balance sheet financial instruments					
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

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 to occur. There were no transfers between levels 1 and 2 during the period.

(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 sukuku listed on Pakistan Stock Exchange has been determined through closing rates of Pakistan Stock Exchange. The fair value of other GoP Ijarah sukuku 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 property & equipments (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.

40 SEGMENT INFORMATION**40.1 Segment details with respect to business activities**

March 31, 2026 (Unaudited)

	Retail	Corporate	Consumer	Micro Finance	Treasury	Head Office	Sub-total	Elimination	Total
Rupees in thousands									
Profit and Loss									
Net Profit / return	(2,090,582)	1,869,805	308,236	9,062	2,821,263	257,924	3,175,708	-	3,175,708
Inter segment revenue - net	4,451,353	(2,005,395)	(175,846)	(6,999)	(2,325,619)	62,506	-	-	-
Other income	281,526	81,620	8,609	211	285,395	377	657,738	-	657,738
Total Income	2,642,297	(53,970)	140,999	2,274	781,039	320,807	3,833,446	-	3,833,446
Segment direct expenses	(1,664,583)	(67,924)	(79,750)	(156)	(16,811)	(1,394,347)	(3,223,571)	-	(3,223,571)
Inter segment expense allocation	(597,706)	(5,951)	(10,571)	(10)	(898)	615,136	-	-	-
Total expenses	(2,262,289)	(73,875)	(90,321)	(166)	(17,709)	(779,211)	(3,223,571)	-	(3,223,571)
Credit loss allowance / reversals	(24)	28,220	(18,455)	2,246	(841)	(11,146)	-	-	-
Profit / (loss) before tax	379,984	(99,625)	32,223	4,354	762,489	(469,550)	609,875	-	609,875
Balance Sheet									
Cash and bank balances	6,967,378	-	-	30	16,337,661	61,577	23,366,646	-	23,366,646
Investments	-	-	-	-	158,808,372	-	158,808,372	-	158,808,372
Net inter segment lending	194,597,213	-	-	4,916	-	13,196,665	207,798,794	(207,798,794)	-
Due from financial institutions	-	-	-	-	8,741,090	-	8,741,090	-	8,741,090
Islamic Financing - performing	28,454,701	93,911,634	9,476,955	-	-	2,634,763	134,478,053	-	134,478,053
- non-performing	27,614	136,760	32,412	-	-	-	196,786	-	196,786
Others	2,820,853	1,457,882	396,887	75	5,273,896	17,907,960	27,857,553	-	27,857,553
Total Assets	232,867,759	95,506,276	9,906,254	5,021	189,161,019	33,800,965	561,247,294	(207,798,794)	353,448,500
Bills payable	2,292,259	-	-	-	-	-	2,292,259	-	2,292,259
Due to financial institutions	177,312	5,514,330	-	-	21,825,338	-	27,516,980	-	27,516,980
Deposits & other accounts	226,607,273	16,655,015	351,535	-	40,357,106	2,230	283,973,159	-	283,973,159
Net inter segment borrowing	-	72,382,420	8,675,797	-	126,740,577	-	207,798,794	(207,798,794)	-
Others	3,410,931	1,054,137	846,698	667	54,617	6,912,207	12,279,257	-	12,279,257
Total liabilities	232,487,775	95,605,902	9,874,030	667	188,977,638	6,914,437	533,860,449	(207,798,794)	326,061,655
Equity	379,984	(99,626)	32,224	4,354	183,381	26,886,528	27,386,845	-	27,386,845
Total Equity & liabilities	232,867,759	95,506,276	9,906,254	5,021	189,161,019	33,800,965	561,247,294	(207,798,794)	353,448,500
Contingencies & Commitments	40,497,402	20,961,110	107,032	-	48,289,860	360,979	110,216,383	-	110,216,383

March 31, 2025 (Unaudited)

	Retail	Corporate	Consumer	Micro Finance	Treasury	Head Office	Sub-total	Elimination	Total
Rupees in thousands									
Profit & Loss									
Net Profit / return	(1,516,381)	1,816,867	294,676	25,355	3,118,954	(60,741)	3,678,729	-	3,678,729
Inter segment revenue - net	4,476,652	(2,299,146)	(183,270)	(14,727)	(2,244,456)	264,947	0	-	0
Other income	250,993	60,145	7,938	-	150,673	1,036	470,785	-	470,785
Total Income	3,211,264	(422,134)	119,343	10,627	1,025,171	205,242	4,149,514	-	4,149,514
Segment direct expenses	(1,471,528)	(62,983)	(67,384)	(718)	(12,794)	(1,069,601)	(2,685,008)	-	(2,685,008)
Inter segment expense allocation	(452,431)	(4,306)	(8,554)	(74)	(578)	465,943	-	-	-
Total expenses	(1,923,959)	(67,289)	(75,938)	(793)	(13,372)	(603,658)	(2,685,008)	-	(2,685,008)
Provisions / (reversal) write off	17,993	(7,145)	(14,703)	-	-	(146,128)	(149,983)	-	(149,983)
Profit / (loss) before tax	1,305,298	(496,568)	28,702	9,835	1,011,799	(544,543)	1,314,523	-	1,314,523

December 31, 2025 (Audited)

	Retail	Corporate	Consumer	Micro Finance	Treasury	Head Office	Sub-total	Elimination	Total
Rupees in thousands									
Balance Sheet									
Cash & 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 lending	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
Islamic 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 borrowing	-	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	26,660,817	22,855	-	50,748,434	357,370	114,857,021	-	114,857,021

40.2 Segment details with respect to geographical locations

The Bank operates in Pakistan only.

41 RELATED PARTY TRANSACTIONS

The Bank has related party relationship with its parent company, associates, 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 benefit plan are made in accordance with the terms of the contribution plan. Remuneration to the executives / officers including financing provided to them is determined in accordance with the terms of their appointment.

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

	(Unaudited) March 31, 2026	(Audited) December 31, 2025
	Rupees in thousands	
42 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS		
Minimum Capital Requirement (MCR):		
Paid - up capital (net of losses)	24,212,287	23,977,740
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	25,200,230	24,903,849
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	25,200,230	24,903,849
Eligible Tier 2 Capital	1,649,551	2,258,334
Total Eligible Capital (Tier 1 + Tier 2)	26,849,781	27,162,183
Risk Weighted Assets (RWAs):		
Credit Risk	122,348,262	111,004,758
Market Risk	5,510,000	9,593,524
Operational Risk	34,615,196	34,615,196
Total	162,473,458	155,213,478
Common Equity Tier 1 Capital Adequacy ratio	15.51%	16.04%
Tier 1 Capital Adequacy Ratio	15.51%	16.04%
Total Capital Adequacy Ratio	16.53%	17.50%
Leverage Ratio (LR):		
Eligible Tier-1 Capital	25,200,230	24,903,849
Total Exposures	409,027,230	389,825,057
Leverage Ratio	6.16%	6.39%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	144,181,425	134,890,843
Total Net Cash Outflow	100,090,823	98,796,998
Liquidity Coverage Ratio	144.05%	136.53%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	257,129,801	214,965,789
Total Required Stable Funding	145,010,183	147,014,785
Net Stable Funding Ratio	177.32%	146.22%

43 GENERAL

43.1 Comparative information has been reclassified, rearranged or additionally incorporated in these condensed interim financial statements for the purposes of better presentation.

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

44 DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on April 21, 2026 by the Board of Directors of the Bank.


Chief Financial Officer


President / Chief Executive


Director


Director


Director