

**Dubai Islamic Bank
Pakistan Limited**

Financial Statements
for the year ended
December 31, 2025



KPMG Taseer Hadi & Co.
Chartered Accountants
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INDEPENDENT AUDITOR'S REPORT

To the members of Dubai Islamic Bank Pakistan Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **Dubai Islamic Bank Pakistan Limited** ("the Bank"), which comprise the statement of financial position as at 31 December 2025, and the statement of profit and loss account, the statement of comprehensive income, the statement of changes in equity and cash flow statement for the year then ended, along with unaudited certified returns received from the branches except for twenty eight 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, the statement of profit and loss account, the statement of comprehensive income, the 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 31 December 2025 and of the profit, the 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 Chairman's review and Director's report for the year ended 31 December 2025 but does not include the financial statements and our auditor's report thereon.



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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of 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 accounting and reporting standards as applicable in Pakistan, the requirements of Banking Companies Ordinance, 1962 and the Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of 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.



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- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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.

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

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, 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



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- d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Bank and deposited in the Central Zakat Fund established under section 7 of that Ordinance.
2. We confirm that for the purpose of our audit we have covered more than sixty per cent of the total Islamic financing and related assets of the Bank.

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

Date: 19 February 2026

Karachi

UDIN: AR202510188FO9eSEKtq

**KPMG Taseer Hadi & Co.
Chartered Accountants**

Dubai Islamic Bank Pakistan Limited

Statement of Financial Position

As at December 31, 2025

		2025	2024
	Note	--- Rupees in '000 ---	
ASSETS			
Cash and balances with treasury banks	5	24,941,865	30,433,179
Balances with other banks	6	4,599,109	1,354,671
Due from financial institutions	7	35,206,184	41,494,389
Investments	8	106,409,465	143,838,506
Islamic financing and related assets	9	237,283,278	203,870,582
Property and equipment	10	5,173,934	2,180,568
Right of use assets	11	9,661,871	5,588,241
Intangible assets	12	666,929	615,657
Deferred tax assets	13	6,453,402	5,517,172
Other assets	14	16,713,213	18,258,858
Total assets		447,109,250	453,151,823
LIABILITIES			
Bills payable	15	8,026,514	7,103,423
Due to financial institutions	16	15,942,938	24,008,644
Deposits and other accounts	17	334,680,949	346,872,762
Lease liabilities	18	10,729,757	6,347,022
Subordinated sukuks	19	7,120,000	7,120,000
Other liabilities	20	22,431,159	16,753,413
Total liabilities		398,931,317	408,205,264
NET ASSETS		48,177,933	44,946,559
REPRESENTED BY			
Share capital	21	11,652,288	11,652,288
Reserves	22	7,371,990	6,553,983
(Deficit) / surplus on revaluation of investments	23	(215,889)	651,615
Unappropriated profit		29,369,544	26,088,673
		48,177,933	44,946,559
CONTINGENCIES AND COMMITMENTS	24		

The annexed notes 1 to 47 and Annexure I form an integral part of these financial statements.

President & Chief Executive

Chief Financial Officer

Director

Director

Director

Dubai Islamic Bank Pakistan Limited

Statement of Profit and Loss Account

For the year ended December 31, 2025

	Note	2025 --- Rupees in '000 ---	2024
Profit / return earned	25	46,597,532	68,066,963
Profit / return expensed	26	(25,017,545)	(37,703,586)
Net Profit / return		21,579,987	30,363,377
OTHER INCOME			
Fee and commission income	27	3,020,321	2,614,353
Dividend income		-	-
Foreign exchange income		1,278,079	1,331,927
Gain on securities		-	-
Net loss on derecognition of financial assets measured at amortised cost		-	(119,843)
Other income	28	50,265	34,324
Total other income		4,348,665	3,860,761
Total income		25,928,652	34,224,138
OTHER EXPENSES			
Operating expenses	29	(17,960,566)	(15,858,800)
Workers welfare fund		(188,889)	(363,501)
Other charges	30	(152,748)	(84,973)
Total other expenses		(18,302,203)	(16,307,274)
Profit before credit loss allowance		7,626,449	17,916,864
Credit loss allowance and write offs - net	31	1,817,995	(3,613,824)
PROFIT BEFORE TAXATION		9,444,444	14,303,040
Taxation	32	(5,354,409)	(7,631,445)
PROFIT AFTER TAXATION		4,090,035	6,671,595
--- Rupees ---			
Basic & diluted earnings per share	33	3.51	5.73

The annexed notes 1 to 47 and Annexure I form an integral part of these financial statements.

President & Chief Executive

Chief Financial Officer

Director

Director

Director

Dubai Islamic Bank Pakistan Limited

Statement of Comprehensive Income

For the year ended December 31, 2025

	2025	2024
	--- Rupees in '000 ---	
Profit after taxation for the year	4,090,035	6,671,595
Other comprehensive income		
<i>Items that may be reclassified to profit and loss account in subsequent periods:</i>		
Movement in revaluation of investments through FVOCI - net of tax	(867,504)	965,965
<i>Items that will not be reclassified to profit and loss account in subsequent periods:</i>		
Remeasurement gain on defined benefit obligations - net of tax	8,843	53,187
Total comprehensive income	<u>3,231,374</u>	<u>7,690,747</u>

The annexed notes 1 to 47 and Annexure I form an integral part of these financial statements.

President & Chief Executive

Chief Financial Officer

Director

Director

Director

Dubai Islamic Bank Pakistan Limited
Statement of Changes in Equity
For the year ended December 31, 2025

	Share capital	Statutory reserve	(Deficit) / surplus on revaluation of investments	Unappropriated profit	Total
	----- Rupees in '000 -----				
Closing balance as at December 31, 2023	11,652,288	5,219,664	(314,350)	20,607,283	37,164,885
Impact of adoption of IFRS 9 - net of tax				90,927	90,927
Opening balance as at January 01, 2024	11,652,288	5,219,664	(314,350)	20,698,210	37,255,812
Profit after taxation for the year ended December 31, 2024	-	-	-	6,671,595	6,671,595
Other comprehensive income - net of tax					
Movement in revaluation of investments - net of tax	-	-	965,965	-	965,965
Remeasurement loss on defined benefit obligations - net of tax	-	-	-	53,187	53,187
	-	-	965,965	53,187	1,019,152
Transfer to statutory reserve	-	1,334,319	-	(1,334,319)	-
Opening balance as at January 01, 2025	11,652,288	6,553,983	651,615	26,088,673	44,946,559
Profit after taxation for the year ended December 31, 2025	-	-	-	4,090,035	4,090,035
Other comprehensive income - net of tax					
Movement in revaluation of investments - net of tax	-	-	(867,504)	-	(867,504)
Remeasurement gain on defined benefit obligations - net of tax	-	-	-	8,843	8,843
	-	-	(867,504)	8,843	(858,661)
Transfer to statutory reserve	-	818,007	-	(818,007)	-
Closing Balance as at December 31, 2025	11,652,288	7,371,990	(215,889)	29,369,544	48,177,933

The annexed notes 1 to 47 and Annexure I form an integral part of these financial statements.

President & Chief Executive

Chief Financial Officer

Director

Director

Director

Dubai Islamic Bank Pakistan Limited

Cash Flow Statement

For the year ended December 31, 2025

	Note	2025 ----- Rupees in '000 -----	2024
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		9,444,444	14,303,040
Adjustments:			
Net profit / return		(23,957,055)	(33,254,639)
Net loss on derecognition of financial assets measured at amortised cost		-	119,843
Depreciation	10.2	651,471	655,378
Depreciation on non-banking assets acquired in satisfaction of claims	14.3.1	572	238
Depreciation on right of use assets	11.1	1,291,151	1,052,481
Amortisation	12.1	184,396	172,106
Finance charges on leased assets	26	1,038,733	737,909
Gain on sale of property and equipment	28	(20,838)	(15,110)
Gain on termination of lease obligations against right of use assets	28	(29,427)	(19,214)
Credit loss allowance and write offs - net	31	(1,817,995)	3,613,824
		(22,658,992)	(26,937,184)
		(13,214,548)	(12,634,144)
Decrease / (increase) in operating assets:			
Due from financial institutions		6,289,150	(38,600,000)
Net investment in securities classified under FVTPL		1,601,262	2,070,625
Islamic financing and related assets		(31,537,722)	35,846,424
Others assets (excluding current taxation)		(67,511)	(1,992,040)
		(23,714,821)	(2,674,991)
(Decrease) / increase in operating liabilities:			
Bills payable		923,091	2,708,225
Due to financial institutions		(7,860,054)	(10,105,841)
Deposits and other accounts		(12,191,813)	21,995,986
Other liabilities		6,098,129	(973,698)
		(13,030,647)	13,624,672
Profit / return received		48,696,569	72,960,180
Profit / return paid		(23,085,082)	(36,249,255)
Income tax paid		(6,147,715)	(11,170,078)
Net cash flow (used in) / generated from operating activities		(30,496,244)	23,856,384
CASH FLOW FROM INVESTING ACTIVITIES			
Net investment in securities classified under FVOCI		34,026,473	(22,583,171)
Investments in property and equipment		(3,427,786)	(1,061,158)
Proceeds from sale of property and equipment		83,787	30,251
Investments in intangibles		(235,668)	(117,294)
Net cash inflow / (used in) investing activities		30,446,806	(23,731,372)
CASH FLOW FROM FINANCING ACTIVITIES			
Payments of lease obligations against right of use assets		(1,991,352)	(1,428,890)
Decrease in cash and cash equivalents		(2,040,790)	(1,303,878)
Cash and cash equivalents at beginning of the year	34	31,583,012	32,886,890
Cash and cash equivalents at end of the year	34	29,542,222	31,583,012

The annexed notes 1 to 47 and Annexure I form an integral part of these financial statements.

President & Chief Executive

Chief Financial Officer

Director

Director

Director

Dubai Islamic Bank Pakistan Limited

Notes to the Financial Statements

For the year ended December 31, 2025

1 STATUS AND NATURE OF BUSINESS

- 1.1 Dubai Islamic Bank Pakistan Limited (the Bank) was incorporated in Pakistan as an unlisted public limited company on May 27, 2005 under the repealed Companies Ordinance 1984 (now Companies Act, 2017) to carry out the business of an Islamic Commercial Bank in accordance with the principles of Islamic Shari'a.
- 1.2 The State Bank of Pakistan (the SBP) granted a "scheduled Islamic commercial bank" license to the Bank on November 26, 2005 and subsequently the Bank received the certificate of commencement of business from the Securities and Exchange Commission of Pakistan (the SECP) on January 26, 2006. The Bank commenced its operations as a scheduled Islamic Commercial Bank with effect from March 28, 2006 on receiving certificate of commencement of business from the SBP. The Bank is principally engaged in corporate, commercial, consumer, investing and retail banking activities.
- 1.3 VIS Credit Rating Company Limited on June 30, 2025 has maintained the Bank's medium to long-term rating at 'AA' (Double A) and the short term rating at 'A1+' (A One Plus) with improvement in outlook from stable to positive.
- 1.4 The Bank is operating through 310 branches as at December 31, 2025 (2024: 235 branches). The registered office of the Bank is situated at Hassan Chambers, DC-7, Block-7 Kehkashan, Clifton, Karachi. The Bank is a wholly owned subsidiary of Dubai Islamic Bank PJSC, UAE (the Holding Company).

2 BASIS OF PRESENTATION

The Bank provides Islamic financing and makes investments mainly through Murabaha, Musharaka, Running Musharaka, Shirkatulmilk, Istisna cum Wakala, Wakala Istithmar and export refinance under Islamic export refinance schemes as well as various long term refinancing facility of the SBP respectively as briefly explained in the notes to these financial statements. The transactions of purchases, sales and leases executed under these arrangements are not reflected in these financial statements as such but are restricted to the amount of facility actually utilized and the appropriate portion of rental / profit thereon. The income on such Islamic financing and related assets is recognised in accordance with the principles of Shari'a. However, income if any, received which does not comply with the principles of Shari'a is recognised as charity payable if so directed by the Shari'a Board / Resident Shari'a Board Member of the Bank.

2.1 Statement of Compliance

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 (if applicable);
- Provisions of, directives and notifications issued under the Banking Companies Ordinance, 1962 and the Companies Act, 2017; and
- Directives issued by the State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan (SECP)

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

The SBP has adopted requirements of IFRS 9 along with the application instructions through BPRD Circular No. 07 of 2023, dated April 13, 2023, but deferred certain requirements. Islamic banking institutions have been allowed to follow Islamic Financial Accounting Standards (IFAS) 1 & 2 where applicable and continue existing accounting practices for other Islamic products until further instructions. However, if this relaxation had not been granted by the SBP, the profit after tax for the year ended December 31, 2025 would have increased by Rs. 56.593 million excluding any Effective Profit Rate (EIR) impact.

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

There are certain interpretations and amendments that are mandatory for the Bank's accounting periods beginning January 1, 2025. However, these are not considered to be relevant or do not have any significant effect on the Bank's operations and therefore have not been detailed in these financial statements.

	Effective from Accounting period beginning on or after
- IAS 21 - Lack of exchangeability (amendments)	January 01, 2025

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

The following amendments are only effective for accounting periods, beginning on or after the date mentioned against each of them:

Annual Improvements to IFRS Accounting Standards – Amendments to:	
- IFRS 1 First-time Adoption of International Financial Reporting Standards;	
- IFRS 7 Financial Instruments: Disclosures and its accompanying Guidance on implementing IFRS 7;	January 01, 2026
- IFRS 9 Financial Instruments;	
- IFRS 10 Consolidated Financial Statements; and	
- IAS 7 Statement of Cash flows	
- Amendments to IFRS 9 - Financial Instruments Classification and Measurement and IFRS 7 - Disclosures	January 01, 2026
- Amendments to IAS 21 - Hyperinflationary presentation currency	January 01, 2026
- Adoption of IFRS 18 and IFRS 19	January 01, 2026
- Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	January 01, 2026
- IFRS 9 - Certain requirements of IFRS 9 were deferred by the SBP and their impact is explained below	January 01, 2026

Profit / return earned and Profit / return expensed

The SBP has deferred the application of IFRS 9 requirements relating to adoption of the EIR method for the income and expense recognition until December 31, 2025. Consequently, these deferred requirements have not been considered in the preparation of these annual financial statements. As required under the IFRS 9 requirement, the profit / return earned and profit / return expensed are recognised in the statement of profit and loss account under the EIR method. The EIR is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

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

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

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

For financial assets that were credit-impaired on initial recognition, profit income is calculated by applying the credit-adjusted effective yield rate to the amortized cost of the asset. The calculation of profit income does not revert to a gross basis, even if the credit risk of the asset improves.

The total estimated adjustment (net of tax) of the adoption of EIR on the opening balance of the Bank's equity at January 1, 2026 is immaterial.

SECP vide S.R.O. 742 (I)/2025 (dated April 16, 2025) notified that International Financial Reporting Standard (IFRS)-7, 'Financial Instruments: Disclosures' shall be followed by Banks, for the preparation of financial statements, from the annual reporting periods beginning on or after January 1, 2026 (earlier application is permitted).

Except for the certain requirements of IFRS 9 deferred by the SBP as mentioned above, the Bank expects that amendments to other applicable and existing accounting and reporting standards, effective from the annual periods beginning on or after 01 January 2026, will not have a material effect on its financial statements in the period of initial application.

2.4 Critical accounting estimates and judgments

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

Except for the above, the Bank expects that amendments to other applicable and existing accounting and reporting standards, effective from the annual periods beginning on or after January 1, 2026, will not have a material effect on its financial statements in the period of initial application.

- i) Classification of financial assets (Note 4.1.1, 4.1.2 & 4.1.3)
- ii) Valuation and Impairment of financial instruments (Note 4.1.9 & 4.1.2)
- iii) Valuation and depreciation of property and equipment (Note 4.6.1 & 10)
- iv) Valuation and depreciation of right of use assets and related lease liabilities (Note 4.7, 11 & 18)
- v) Valuation and amortization of intangible assets (Note 4.6.3 & 12)
- vi) Valuation of non-banking assets acquired in satisfaction of claims (Note 4.9 & 14.1)
- vii) Valuation of defined benefit plan (Note 4.16.1 & 36)
- viii) Taxation (Note 4.8, 13 & 32)

3 BASIS OF MEASUREMENT

3.1 Accounting convention

These financial statements have been prepared under the historical cost convention, except that certain financial instruments that are carried at fair value. Further, net obligations in respect of defined benefit schemes and ijarah (lease) liabilities which are carried at their present values.

3.2 Functional and presentation currency

These financial statements have been presented in Pakistani Rupees, which is the Bank's functional and presentation currency

4 MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies adopted in the preparation of these financial statements are consistent with those followed in the preparation of the financial statements for the year ended December 31, 2024.

4.1 Financial instruments

4.1.1 Classification and measurement

Classification and measurement of financial assets depends on how these are managed based on business model and their contractual cash flow characteristics. Financial assets that do not meet the Solely Payment of Principal and Profit (SPPI) criteria are required to be measured at fair value through profit and loss (FVTPL) regardless of the business model in which they are held.

Recognition and initial measurement

Investment securities issued are initially recorded when they are originated. All other financial assets and financial liabilities are initially recognised when the Bank becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at transaction price. If the Bank determines that the fair value on initial recognition differs from the transaction price then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognized in statement of profit and loss account on an appropriate basis over the life of the asset but no later than when the valuation is wholly supported by observable market data, or the transaction is closed out.

Classification

Financial assets

On initial recognition, a financial asset is classified as measured at cost / amortised cost, FVOCI or FVTPL. A financial asset is measured at amortised cost if the asset is held within a business model whose objective is to hold assets to collect contractual cash flows.

Financial assets are not reclassified subsequent to their initial recognition unless the Bank changes its business models for managing financial assets, in which cases all affected financial assets are reclassified on the first day of the first reporting period following changes in the business model.

IFRS 9 allows entities to irrevocably designate, at initial recognition, a financial asset as measured at FVTPL if doing so eliminates or significantly reduces any 'accounting mismatch' that would otherwise arise from measuring assets or liabilities or recognizing gains and losses on them on different basis. SBP instructions state that banks may apply the fair value option if, in addition to the IFRS 9 criterion, (a) it is consistent with a documented risk management strategy, and (b) fair values are reliable at inception and throughout the life of the instrument. Nonetheless, banks should avoid this option for financial instruments that are categorized as Level 3 in terms of the IFRS 13 hierarchy.

Financial liabilities

Financial liabilities are either classified as fair value through profit and loss (FVTPL), when they are held for trading purposes, or at cost / amortised cost. Financial liabilities classified as FVTPL are measured at fair value and all the fair value changes are recognised in statement of profit and loss account. Financial liabilities classified at amortised cost are initially recorded at their fair value and subsequently measured using the effective profit rate method. Profit expense and foreign exchange gains and losses are recognised in statement of profit and loss account. Any gain or loss on derecognition is also recognised in statement of profit and loss account.

4.1.2 Business model assessment

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

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

4.1.3 Assessments whether contractual cash flows are Solely Payments of Principal and Profit (SPPI)

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

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

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

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

4.1.4 Subsequent measurement

The following accounting policies apply to the subsequent measurement of financial assets:

FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any profit is recognised in statement of profit and loss account.
Amortised cost	These assets are subsequently measured at amortised cost. The amortised cost is reduced by impairment losses. profit, foreign exchange gains and losses and impairment are recognised in statement of profit and loss account.
Islamic financing at cost	Islamic financing and related assets are carried at cost, net of expected credit loss allowance, excluding staff financing, Islamic Temporary Economic Refinance Facility (ITERF), and Modified financial assets which are measured at amortised cost net of expected credit loss allowance.
FVOCI	These assets are subsequently measured at fair value and is assessed for impairment under the new ECL model. Profit income is calculated using the effective profit rate method and includes amortization of premiums and accretion of discount, foreign exchange gains and losses and impairment are recognised in statement of profit and loss account. Other net gains and losses are recognised in statement of other comprehensive income. On derecognition, for debt securities, gains and losses accumulated in OCI are reclassified to statement of profit and loss account.

4.1.5 Amortised cost and gross carrying amount

The Bank classifies its debt based financial assets at amortised cost only if both of the following criteria are met and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect 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 (SPPI test) on the principal amount outstanding.

Financial assets under amortised cost category are initially recognised at fair value plus transaction cost.

After initial measurement, these financial instruments are subsequently measured at amortised cost using the Effective Profit Rate (EIR), less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the EIR. The amortisation is included in "Profit Income" in the Statement of Profit and Loss Account.

Staff and Temporary Economic Refinance Facility (TERF) financing are recognized at fair value at the time of disbursement. The fair value is determined by discounting the expected future cash flows using the prevailing market rates for instruments.

Financial liabilities are either classified as fair value through profit and loss account (FVTPL), when they are held for trading purposes, or at amortized cost. Financial liabilities classified as FVTPL are measured at fair value and all the fair value changes are recognized in statement of profit and loss account.

Financial liabilities classified at amortized cost are initially recorded at their fair value and subsequently measured using the effective profit rate method. Profit expense and foreign exchange gain and losses are recognised in statement of profit and loss account. Any gain or loss on derecognition is also recognised in statement of profit and loss account.

The 'gross carrying amount of a financial asset' is the amortised cost of a financial asset before adjusting for any expected credit loss allowance.

4.1.6 Calculation of profit income and expense

Income on financial assets, comprising performing islamic financing and related assets, debt securities and other financial assets, is recognized on a time proportion basis as per the terms of the contract. However, where debt securities, classified as investments in the financial statements, are purchased at premium or discount, such premium / discount including the transaction cost is amortized through the statement of profit and loss account over the remaining maturity of the debt security using the effective profit rate method. Similarly, income recoverable on classified financing and investments (debt securities), is recognized on a receipt basis.

Income on rescheduled / restructured Islamic financing is suspended for credit impaired assets. Accordingly income on the basis of effective profit rate method is only recognized if it is in excess of profit income accrued on the basis of contractual rates.

Profit expense on financial liabilities (comprising deposits, subordinated debts, and due to financial institutions) is recognized on an accrual basis in the period in which it is incurred, based on their contractual rates.

Islamic Banking Institutions (IBIs) are allowed to follow Islamic Financial Accounting Standards (IFAS) 1 & 2 where applicable and continue the existing accounting methodology on other Islamic products until issuance of further instruction in this regard.

Presentation

Profit earned as presented in the statement of profit and loss account includes profit income calculated using the effective profit rate method as presented in sub note which includes:

- Profit on financial assets and financial liabilities measured at amortised cost;
- Profit on debt instruments measured at FVOCI;

Profit expense as presented in the profit and loss account includes profit expense calculated using the effective profit rate method as presented in sub note which includes financial liabilities measured at amortised cost.

Profit income and expense on all trading assets and liabilities are considered to be incidental to the Bank's trading operations and are presented together with all other changes in the fair value of trading assets and liabilities in net trading income.

Profit income and expense on other financial assets and financial liabilities at FVTPL are presented in net income from other financial instruments at FVTPL.

Under IFRS 9 profit earned on non-performing financial assets is determined by using the credit adjusted effective profit rate. However, in accordance with the application instructions the unrealized profit earned on non-performing assets are kept in a memorandum account and are not credited to statement of profit and loss account. However, the Banks are advised to recognize income on non-performing assets (financing classified under PRs i.e., OAEM and Stage 3) on a receipt basis in accordance with the requirements of Prudential Regulations issued by SBP.

4.1.7 Derecognition

The Bank derecognises a financial asset when

- the contractual rights to the cash flows from the financial asset expire; or
- 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 the financial asset.

On derecognition of a financial asset in its entirety, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognized), and the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognized in OCI is recognized in the statement of profit and loss account.

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.

4.1.8 Modification

Financial assets

The Bank sometimes renegotiates or otherwise modifies the contractual cash flows of financing to its customers. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value plus any eligible transaction costs.

If cash flows are modified when the customer is in financial difficulties, then the objective of the modification is usually to maximise recovery of the original contractual terms rather than to originate a new asset with substantially different terms. If the bank plans to modify a financial asset in a way that would result in forgiveness of cash flows, then it first considers whether a portion of the asset should be written off before the modification takes place. This approach impacts the result of the quantitative evaluation and means that the derecognition criteria are not usually met in such cases.

Where derecognition of financial assets is appropriate, the newly recognised residual financing are assessed to determine whether the assets should be classified as purchased or originated credit-impaired assets (POCI).

If the modification of a financial asset measured at amortised cost or FVOCI does not result in derecognition of the financial asset, then the bank first recalculates the gross carrying amount of the financial asset using the original effective profit rate of the asset and recognise the resulting adjustment as a modification gain or loss in statement of profit and loss account.

If such a modification is carried out because of financial difficulties of the borrower then the gain or loss is presented together with impairment losses. In other cases, it is presented as profit income calculated using the effective profit rate method.

Financial liabilities

The Bank derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability recognised and consideration paid is recognised in statement of profit and loss account. Consideration paid includes non-financial assets transferred, if any, and the assumption of liabilities, including the new modified financial liability.

If the modification of a financial liability is not accounted for as derecognition, then the amortised cost of the liability is recalculated by discounting the modified cash flows at the original effective profit rate and the resulting gain or loss is recognised in statement of profit and loss account. For floating-rate financial liabilities, the original effective profit rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification.

4.1.9 Impairment

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

Measurement of ECL

ECL are a probability-weighted estimate of credit losses. They are measured as follows:

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Bank expects to receive);
- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows;
- undrawn financing commitments: as the present value of the difference between the contractual cash flows that are due to the Bank if the commitment is drawn down and the cash flows that the Bank expects to receive; and
- financial guarantee contracts: the expected payments to reimburse the holder less any amounts that the Bank expects to recover.

Restructured financial assets

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognised and ECL are measured as follows:

- If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset.

- If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective profit rate of the existing financial asset.

Financial assets where 12-month ECL is recognised are in 'Stage 1'; financial assets that are considered to have experienced a significant increase in credit risk are in 'Stage 2'; and financial assets for which there is objective evidence of impairment, so are considered to be in default or otherwise credit impaired, are in 'Stage 3'.

Non-performing financial assets

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

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the restructuring of a financing by the Bank on terms that the Bank would not consider otherwise;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

A financing that has been renegotiated due to a deterioration in the customer's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment.

Under the IFRS 9 Application instructions, the Bank is not required to compute ECL on Government Securities and on Government guaranteed credit exposure in local currency. The Bank calculates the ECL against corporate, commercial & SME financing portfolios as higher of PR and ECL under IFRS 9 at customer level, whereas against the retail customers the Bank calculates ECL at higher of PR and ECL under IFRS 9 at product basis as instructed under Annexure-A of BPRD Circular letter no 16 of 2024 dated July 29, 2024.

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

- PD: The probability that a counterparty will default over the next 12 months from the reporting date (12-month ECL, Stage 1) or over the lifetime of the product (lifetime ECL, Stage 2). PD is estimated using internal rating classes and are based on the Bank's internal risk rating. The bank has used Transition Matrix approach for estimation of PD for each internal rating. The bank has used roll-rate method using the days past due (DPD) criteria to estimate PD for its retail portfolio. PD are then adjusted with forward looking information for calculation of ECL.
- EAD: The expected balance sheet exposure at the time of default, incorporating expectations on drawdowns, amortisation, pre-payments and forward-looking information where relevant. The Bank estimates EAD for financial assets carried at an amortised cost equal to principal plus profit. Each repayment date is assumed to be default point in the model and the ECL is calculated on EAD at each reporting date and discounted at the effective profit rate. Further, cash and cash equivalent collaterals that the Bank holds against the non-retail facilities are adjusted from the EAD.
- LGD: An estimate of the loss incurred on a facility upon default by a customer. LGD is calculated as a difference of discounted recoveries and cost that incurred to recover. Recoveries can be through liquidation of any form of collateral, cash recoveries, etc. It is expressed as a percentage of the exposure outstanding on the date of classification of an obligor.

Purchase or Originated Credit Impaired Financial Assets

Purchase or Originated Credit Impaired (POCI) financial assets are assets that are credit-impaired on initial recognition. Expected credit loss for these assets is not recognized in a separate loss ECL on initial recognition, as the lifetime expected credit loss is inherent within the gross carrying amount of the instruments. Consequently, POCI assets do not carry an impairment allowance on initial recognition. The amount recognized as a loss allowance after initial recognition is equal to the changes in lifetime ECL since the initial recognition of the asset

Presentation of allowance for Expected Credit Loss in the Statement of Financial Position

Loss allowances for ECL are presented in the Statement of Financial Position as follows:

- Financial assets measured at amortized cost: as a deduction from the gross carrying amount of the assets.
- Commitments and financial guarantee promises: as a provision in Other Assets / Liabilities.
- Where a financial instrument includes both a drawn and an undrawn component, and the Bank does not identify the ECL on the financing commitment component separately from those on the drawn component and instead presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a ECL; and

- Debt instruments measured at FVOCI: no loss allowance is recognized in the statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and is recognized in retained earnings.

4.1.10 Significant Increase in Credit Risk (SICR)

A SICR is assessed in the context of an increase in the risk of a default occurring over the life of the financial instrument when compared to that expected at the time of initial recognition. The Bank used several qualitative and quantitative measures in assessing SICR. Quantitative measures relate to deterioration of Obligor Risk Ratings (ORR) or where principal and / or profit payments are more than specified days past due. Qualitative factors include unavailability of financial information, pending litigations, watchlist, restructuring and delayed operations.

As required by the Application Instructions, financial assets may be reclassified out of stage 3 if they meet the requirements of PR issued by SBP. Financial assets in stage 2 may be reclassified to stage 1 if the conditions that led to a SICR no longer apply. However, a minimum period of 12 months for Non-Retail & 6 months for Retail from initial downgrade is required before facility is moved back to Stage 1 from Stage 2. For a facility to move back from Stage 3 to Stage 2, it should meet the criteria defined under the respective Prudential Regulations for de-classification of account / facility. An exposure cannot be upgraded from Stage 3 to Stage 1 directly and should be upgraded to Stage 2 initially.

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

4.1.11 Write-offs

Financial assets are written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Bank determines that the customer does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level.

Recoveries of amounts previously written off are included in 'impairment losses on financial instruments' in the statement of profit and loss account and OCI.

Financial assets that are written off could still be subject to enforcement activities in order to comply with the Bank's procedures for recovery of amounts due.

4.1.12 Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Bank currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

4.1.13 Undrawn financing commitments and guarantees:

Financial guarantees' are contracts that require the Bank to make specified payments to reimburse the holder for a loss that it incurs because a specified debtor fails to make payment when it is due in accordance with the terms of a debt instrument. 'Financing commitments' are firm commitments to provide credit under pre-specified terms and conditions.

When estimating lifetime ECL for undrawn financing commitments, the Bank estimates the expected portion of the financing commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected cash flows if the financing are drawn down, based on a probability-weighting of the three scenarios (best, worst and base).

4.1.14 Governance, ownership and responsibilities

The Bank has adopted a governance framework requiring the Risk, Finance, Operations, Internal Audit & IT functions to effectively work together to ensure input from all business lines. IFRS 9 requires robust credit risk models that can predict Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD).

The Bank's Risk Management Division has developed Models/ methodologies for PD and LGD. These models shall be validated on annual basis considering the following aspects:

- Qualitative Validation: Expected credit loss (ECL) model design validation, data quality validation and benchmarking with external best practices.
- Quantitative Validation: Calibration testing which ensures the accuracy of the observed PDs.

The Bank defines the staging criteria for the new impairment model and takes ownership of all models, methodologies and the ECL calculation approach.

The Bank performs ECL calculation and assesses the financial impact, meets the financial reporting requirements and further monitors the impact on the financial ratios. The Bank also presents quarterly progress report to its Board Risk Management Committee.

The Bank identifies, prepares and extracts the data required for the risk parameters modelling and ECL calculations. Bank also supports project owners for system development and upgrades.

Maturity and rate sensitivity gap reporting

Assets and liabilities with contractual maturities are reported according to their remaining maturity, whereas assets and liabilities which do not have contractual maturities are reported based on their expected maturities.

The expected maturities of non-contractual assets and liabilities are calculated based on an objective and systematic behavioral study. The study is duly documented and approved by ALCO on an annual basis.

Re-pricing period of rate-sensitive assets and liabilities are reported as per their remaining period to the next repricing time, i.e., the point at which the Bank has the option, and the ability, to revise the applicable profit rate.

4.2 Cash and cash equivalents

Cash and cash equivalents for the purpose of cash flow statements comprise of cash, balances with treasury banks, balances with other banks in current and deposit accounts and overdrawn nostro accounts.

4.3 Due to / from financial institutions

Commodity Murabaha

In Commodity Murabaha, the Bank sells commodities on credit to other financial institutions. The credit price is agreed at the time of sale and such proceeds are received at the end of the credit period.

Bai Muajjal

In Bai Muajjal, the Bank sells sukuk on credit to other financial institutions. The credit price is agreed at the time of sale and such proceeds are received at the end of the credit period.

Musharaka / Mudaraba / Wakalah

In Musharaka / Mudaraba / Wakalah, the Bank invests in the shari'a compliant business or pools of the financial institutions at the agreed profit and loss sharing ratio.

Wakalah bil Isitithmar

In Wakalah, the Bank places funds with Islamic Financial Institution (IFI) and appoints IFI as its Wakeel (Agent) for investment in Shariah compliant transactions

Musharaka from 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 guidelines issued by the SBP. The profit of the pool is shared as per the agreed weightages between the partners.

Mudaraba investments from the SBP under Islamic Long Term Financing Facility and other refinance schemes

The Bank accepts funds from the SBP for financial assistance 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.

4.4 Investments

Investments include Federal Government securities, non Government securities and foreign securities. The classification and measurement of these investments have been disclosed in Note 4.1.

4.5 Islamic financing and related assets

The products originated by the Bank principally/generally comprise of Murabaha, Musawamah, Istisna cum Wakala, Tijarah cum Wakala, Salam cum Wakala, Wakala bil Istithmar, Diminishing Musharakah, Shirkatulmilk cum Ijarah and Running Musharakah.

Murabaha is a sale contract where the seller discloses its cost and profit to the buyer. Murabaha to the purchase orderer means a sale wherein the bank, upon request by the customer, purchases an item from another party and sells the same after getting its possession to the customer on cost plus profit on spot or deferred payment basis.

Import Murabaha is a product used to finance a commercial transaction which consists of purchase by the Bank (generally through an undisclosed agent) the goods from the foreign supplier and selling them to the customer after getting the title to and possession of the goods. Murabaha financing is extended to all types of trade transactions i.e. under Documentary Credits (LCs) and Documentary Collections.

In Musawamah financings, the Bank purchases the goods and after taking the possession, sells them to the customer either in spot or credit transaction, without disclosing the cost.

Istisna' is a contract of sale of specified items to be manufactured or constructed and delivered by the manufacturer or builder (contractor) to the bank upon completion. Islamic banks after getting the delivery of the manufactured goods, sell the goods normally, through their agents in the market.

Tijarah is used for providing financing facility in transactions where final / transformed goods are available for sale. This facility enables our corporate customers to sell their finished goods, meet their working capital requirements and enjoy the benefits of cash sales. Tijarah facility can be availed by trading and manufacturing concerns.

Bai Salam is the purchase of a commodity for deferred delivery in exchange for immediate payment. It is a type of sale in which the price is paid at the time of contracting while the delivery of the item to be sold is deferred. Islamic banks after getting the delivery of the manufactured goods, sell the goods normally, through their agents in the open market.

Wakala Istithmar (investment agency) is a contract where the customer acts as the investment agent of the Bank. This medium is used to cater customer's financial needs i.e. help the customer to bridge the gap between the commencement of the manufacturing process and the dispatch of goods to the ultimate buyer / buyers.

Diminishing Musharakah is a form of partnership, which ends with the complete ownership of a partner (customer) who purchases the share (in the form of Units) of another partner (Bank) in that project by a redeeming mechanism agreed between both of them. During the financing tenor, the bank charges rental from the customer in lieu of usage of its share by the customer in the asset. This product is most commonly used for the financing of fixed and movable assets, long term projects, etc.

In Shirkat-ul-Milk, the Bank and the customer become co-owners in certain identified assets by acquiring the same from a third party or by purchase of an undivided share of an asset from the customer by the Bank. Thereafter, the customer / co-owner undertakes to purchase the share of the Bank from the Bank in a manner that the Bank would recover its cost plus the desired profit over a period of time (i.e. till the maturity of the facility). At the end of the facility term the Bank at its own discretion may sell its share to the customer at a nominal price.

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

Inventory

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

4.6 Property & Equipment and Intangibles

4.6.1 Property and equipment

These assets are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is charged to income by applying the straight line method over the estimated useful lives of the assets, using the rates specified in the annual audited financial statements. The depreciation charge for the year is calculated after taking into account residual value, if any.

The assets residual values, if significant, and their useful lives are reviewed and adjusted, if appropriate, at each reporting

Maintenance and normal repairs are charged to Statement of Profit and Loss Account as and when incurred. Subsequent costs are included in the asset's carrying amount or are recognised 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.

Gains and losses on disposal of property and equipment, if any, are taken to the statement of profit and loss account.

4.6.2 Capital work-in-progress

Capital work-in-progress is stated at cost less accumulated impairment losses, if any.

4.6.3 Intangible assets

Intangible assets having a finite useful life are stated at cost less accumulated amortisation and accumulated impairment losses, if any. Such intangible assets are amortised using the straight-line method over their estimated useful lives. The useful lives and amortisation method are reviewed and adjusted, if appropriate at each reporting date. Intangible assets having an indefinite useful life are stated at acquisition cost, less impairment loss, if any. Amortisation is charged from the month of acquisition and upto the month preceding the month of deletion using the rates specified in the annual audited financial statements.

4.6.4 Impairment of non financial assets

The Bank assesses at each reporting date whether there is any indication that the Property Equipment and intangibles may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amounts. Where carrying values exceed the respective recoverable amounts, assets are written down to their recoverable amounts and the resulting impairment charge is recognised in the statement of profit and loss account.

4.7 Right of Use (RoU) assets

At the commencement date of the lease, the right-of-use asset is initially measured at the present value of lease liability. Subsequently, RoU assets are measured at cost, less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities and prepayments. RoU assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

4.8 Taxation

Income tax expense comprises of current, prior and deferred tax. Income tax expense is recognised in the statement of profit and loss account except to the extent that it relates to items recognised in other comprehensive income, in which case it is recognised in other comprehensive income accordingly.

Current

Provision for current taxation is based on taxable income for the year, at current rates of taxation, after taking into consideration available tax credits, rebates and tax losses as required under the Seventh schedule to the Income Tax Ordinance, 2001. The charge for current tax also includes adjustments, where considered necessary relating to prior years, which arises from assessments / developments made during the year.

Deferred

Deferred tax is recognised using the liability method on all major temporary differences between the carrying amounts of assets and liabilities used for financial reporting purposes and amounts used for taxation purposes. Deferred tax is calculated using the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted at the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

The carrying amount of the deferred tax asset is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be utilised.

4.9 Non-banking assets acquired in satisfaction of claims

Non-banking assets acquired in satisfaction of claims are carried at revalued amounts less accumulated depreciation. These assets are revalued regularly by professionally qualified valuers to ensure their net carrying values do not materially differ from fair value. Any surplus arising on revaluation is credited to the 'surplus on revaluation of assets' account in other comprehensive income, while any deficit is directly charged to the statement of profit and loss account. Depreciation is calculated on a straight-line basis over the assets' useful lives and charged to the statement of profit and loss account. All direct costs, including legal fees and transfer costs associated with acquiring property titles, are expensed in the statement of profit and loss account. The useful lives of these assets are reviewed annually and adjusted if necessary. Upon derecognition, any cumulative gain or loss previously reported in other comprehensive income is transferred to unappropriated profit in the statement of changes in equity.

4.10 Deposits

Deposits are generated on the basis of two modes i.e. Qard and Mudaraba.

Deposits taken on Qard basis are classified as 'Current accounts' and deposits generated on Mudaraba basis are classified as 'Savings deposits' and 'Fixed deposits'. No profit or loss is passed on to current account depositors other than current remunerative account (Itmenan Account), a current account based on mudaraba where bank offers profit to the customer. 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 realised in common pool are distributed between the Bank and the depositors in proportion to their profit sharing ratio in the pool. Mudarabah based deposits are invested in the Common Pool to produce returns for them. In case where the Bank is unable to utilise all funds available for investment, priority is given to the depositors (account holders). Rab-ul-Maal share is distributed among depositors according to weightages assigned at the inception of profit calculation period.

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.

When foreign currency deposits are swapped for investment in local currency, the swap element is separated from foreign exchange income and is charged to profit / return expensed directly.

4.11 Pool Management

The Bank operates general and specific pools for depositors and other fund providers.

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 Shariah compliant modes of Islamic financings and related assets, investments and placements. When utilising investing funds, the Bank prioritises the funds received from depositors over the funds generated from own sources after meeting the regulatory requirement relating to such deposits.

Specific pools are operated for:

- Funds received from the State Bank of Pakistan under the Refinance Schemes under the Musharaka mode.
- Funds acquired from Islamic Financial Institutions for liquidity management under either Musharaka or Wakala modes.
- Funds accepted on Mudaraba basis from high net-worth / special deposit customers who demand higher rate of return on their investments.

The Bank shall pay profit on its PKR saving deposits (excluding deposits of financial institutions, public sector enterprises and public limited companies) equivalent to at least 75% or the weighted average gross yield of all pools of the Bank. For the purpose of determining the gross yield of each pool, the monthly gross earnings of the pool shall be divided by the monthly average assets of the pool as per the SBP guidelines on profit and loss distribution and pool management. The profit of each deposit pool is calculated on all the remunerative assets by utilising the funds from the pool after deduction of expenses directly incurred in earning the income of such pool, if any. The ECL created against non-performing assets as per relevant SBP regulations, write-offs and loss on sale of investments shall be charged to respective pool along with other direct expenses. In case of reversal of ECL / value in investments, the benefit shall be allocated to the same pool. 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.

The deposits and funds under the above mentioned pools are provided to diversified sectors and avenues of the economy / business and are also invested in Government of Pakistan backed ijara sukuk and other sovereign securities. Musharaka investments from the State Bank of Pakistan under Islamic Export Refinance Schemes are channeled towards the export sector of the economy.

Islamic Export Refinance - Musharaka Pool

The IERS pool assets comprise of Sovereign Guarantee Sukuk, and financing to / sukuk of blue chip companies and exporters as allowed under the applicable laws and regulations, and as such are exposed to lower credit risk. In this Scheme, the SBP enters into a Musharaka arrangement with the Bank for onward financing to exporters and other blue chip companies on the basis of Shari'a compliant modes such as Murabaha, Istisna, etc. Under the scheme, the SBP is required to share in statement of profit and loss account of the Bank's IERS Musharaka pool.

Interbank Musharaka / Mudaraba / Wakala Pools

The pool assets generally comprise of Sovereign Guarantee Sukuk only and the related liability of the Financial Institution (FI) pool comprise of Musharaka/Mudaraba/Wakala from other banks and financial institutions. These pools are created to meet the liquidity requirements of the Bank.

Key features and risk & reward characteristics of all pools

The risk characteristics of each pool mainly depends on the assets and liability profile of each pool. As per the Bank's policy, relatively low risk / secured financing transactions and assets are allocated to general depositors pool. The Bank maintains General Pool, Special Pools, IERS pool and Equity pool. The general pool are exposed to general credit risk, asset ownership risk and profit rate risk of the underlying assets involved.

The pool is exposed to Asset Risk which is the risk that is associated with Islamic mode of finance(s) applied / used under the transaction structure(s). The Bank is well equipped to identify and properly mitigate such risk. The Bank also analyses transaction structure of each customer to further ensure proper safeguard of depositors' interest. The review is done by a team of professionals having considerable experience in the field of Islamic banking and finance. Nevertheless since Islamic banking is a growing industry, we believe that the process of further improvement will continue as the business grows.

Credit Risk is the risk which is associated with financing that is mitigated by placing safeguards through available standards within Shari'a guidelines as disclosed in the annual audited financial statements .

Gross income (Revenue less cost of goods sold and after deduction of other direct expenses), generated from relevant assets is calculated at the end of the month. The income is shared between the Bank and the depositors as per agreed profit sharing ratio after deduction of commingled Bank's equity share on pro rata basis. The residual is shared among depositors as per agreed weightages. These weightages and profit sharing ratios are declared by the Bank in compliance with the requirements of the SBP and Shari'a.

The allocation (of income and expenses to different pools) is based on pre-defined basis and accounting principles / standards. The ECL created against non-performing assets as per relevant SBP regulations will be charged to the respective pool.

4.12 Subordinated Sukuk

The Bank records subordinated sukuk initially at the amount of proceeds received. Profit accrued on subordinated sukuk is charged to the statement of profit and loss account.

4.13 Ijarah (lease) Liability

At the commencement date of the ijarah (lease), the Bank recognises ijarah (lease) liability measured at the present value of the consideration (ijarah payments) to be made over the ijarah (lease) term. The lease payments are discounted using the effective rate implicit in the ijarah (lease), unless it is not readily determinable, in which case the Mustajir (lessee) may use the incremental rate of financing. After the commencement date, the carrying amount of ijarah (lease) liability is increased to reflect the accretion of finance cost and reduced for the ijarah (lease) payments made.

4.14 Government Grant

Government grants are recognized when there is reasonable assurance of receipt and compliance with attached conditions. Asset-related grants are either recorded as deferred income or deducted from the asset's carrying amount, while income grants are systematically recognized in statement of profit and loss account. In line with IAS 20, government funding at below-market rates are treated as grants, with the benefit measured as the difference between the funding's fair value and the proceeds received. The State Bank of Pakistan (SBP) has introduced temporary refinancing schemes to provide economic relief, which qualify as government grants. These are accounted for by bifurcating the liability into a financial liability under IFRS 9, measured at fair value, and a deferred grant liability representing the benefit received. The deferred grant liability is recognized in statement of financial position, at inception is initially offset against the fair value loss on below market rate financing provided to customers. The remaining portion is subsequently amortized over the tenure of financing, aligning with the unwinding difference between SBP refinance and customer financing.

4.15 Earnings Per Share

Basic EPS is calculated by dividing the profit attributable to ordinary shareholders of the Bank by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, if any.

4.16 Staff Retirement Benefits

4.16.1 Defined benefit plan

The Bank operates an approved funded gratuity scheme for its permanent employees. The liability recognised in the statement of financial position in respect of defined benefit gratuity scheme, is the present value of the defined benefit obligation at the reporting date less the fair value of plan assets. Contributions to the fund are made on the basis of actuarial recommendations. The defined benefit obligation is calculated periodically by an independent actuary using the projected unit credit method.

Amounts arising as a result of remeasurements, representing the actuarial gains and losses and the difference between the actual investment returns and the return implied by the net cost are recognised in the statement of financial position immediately, with a charge or credit to other comprehensive income in the years in which they occur.

4.16.2 Defined contribution plan

The Bank operates an approved funded contributory provident fund for all its permanent employees to which equal monthly contributions are made both by the Bank and the employees at the rate of 10% per annum of basic salary. The Bank has no further payment obligations once the contributions have been paid. The contributions made by the Bank are recognised as employee benefit expense when they are due.

4.17 Revenue Recognition

- Profit from Murabaha is accounted for on consummation of Murabaha transaction. However, profit on the portion of revenue not due for payment is deferred by accounting for unearned Murabaha income with a corresponding credit to deferred Murabaha income which is recorded as a liability. Deferred profit arising from Murabaha transactions is recognized as revenue on a time-proportionate basis over the tenure of the Murabaha contract, commencing after the asset has been acquired and sold to the customer. Under Murabaha arrangements, the Bank purchases goods, takes possession of them, and subsequently sells these goods to the customer at cost plus an agreed profit margin, either on a spot basis or through deferred payment terms.
- Profit from Istisna cum wakala and salam financings is recorded on an accrual basis commencing from the delivery of Istisna goods.
- Profit on Shirkatulmilk is recognised on the basis of the reducing balance method on a time apportioned basis that reflects the effective return / profit on the asset.
- Profit on Wakala is accounted for on a time apportioned basis that reflects the effective yield on the asset.
- Profit on Running Musharaka financing is recognised on an accrual basis. Actual profit / (loss) on Musharaka and mudaraba financing is adjusted after declaration of profit / (loss) by Musharaka partner / mudarib or at liquidation of Musharaka / mudaraba.
- Profit on Bai Muajjal transaction is recognised on an accrual basis.
- Gains and losses on sale of investments are included in the statement of profit and loss account.
- Profit on Sukuk is recognised on an accrual basis. Where Sukuk, excluding fair value through profit and loss (FVTPL), are purchased at a premium or discount, those premiums / discounts are amortised through the statement of profit and loss account over the remaining maturity, using the effective yield method.
- Commission on letters of credit, acceptances and guarantees is recognised on receipt basis.
- Dividend income is recognised when the right to receive dividend is established.
- 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.
- Profit suspended in compliance with the Prudential Regulations issued by the SBP is recorded on receipt basis. Profit on rescheduled / restructured financings and investments are recognised as per the guidance in prudential regulations.

IFRS 9 as adopted by SBP requires to recognize revenue on EIR. However, as mentioned in note 2.3, it has been deferred.

4.18 Fiduciary Assets

Assets held in a fiduciary capacity are not treated as assets of the Bank in these financial statements.

4.18.1 Acceptances

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

4.18.2 Foreign currency transactions and balances

Foreign currency transactions are recorded in rupees at exchange rates prevailing on the date of transaction. Monetary assets, monetary liabilities and contingencies and commitments in foreign currencies, except commitments for forward promises, at the year end are converted in Rupees through exchange rates prevalent on the reporting date.

Forward promises relating to foreign currency contracts are valued at forward rates applicable to the respective maturities of the relevant foreign exchange promises.

4.19 Translation gains and losses

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

4.20 Commitments

Commitments for outstanding forward foreign exchange promises are disclosed at agreed rates. Contingent liabilities / commitments for letters of credit and letters of guarantee denominated in foreign currencies are expressed in rupee terms at the exchange rates prevalent on the reporting date.

4.21 Provisions and Contingent Assets and Liabilities

Provisions are recognised when the Bank has a present legal or constructive obligation arising as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Provisions are reviewed at each reporting 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 and contingent liabilities are disclosed unless the probability of an outflow of resources embodying economic benefits is remote.

4.22 Segment Reporting

A segment is a distinguishable component of the Bank that is engaged in business activities (business segment), within a particular economic environment (geographical segment). Performance of each segment is reviewed on a periodic basis.

4.23 Business segments

Corporate Banking

Principally handling financing, other credit facilities, deposits, current accounts, cash management and risk management products for corporate and institutional customers.

SME & Commercial Banking

Principally handling financing, other credit facilities, deposits, current accounts, cash management and risk management products for customers of small and medium enterprises and commercial enterprises.

Consumer banking

Principally handling individual customers' deposits, providing consumer musawamah, home finance, car finance and other banking products.

Treasury

Principally responsible for managing the Bank's overall liquidity and market risk and provides treasury services to customers.

Others

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

Geographical segment

The Bank operates only in Pakistan.

5 CASH AND BALANCES WITH TREASURY BANKS

In hand

- local currency
- foreign currencies

	2025	2024
	----- Rupees in '000 -----	
	5,352,499	5,632,785
	1,000,061	1,443,795
	6,352,560	7,076,580

With State Bank of Pakistan in

- local currency current accounts
- foreign currency current accounts
- foreign currency deposit accounts
 - cash reserve account
 - special cash reserve account

5.1

	13,807,149	18,898,997
	135,294	234,969
	1,818,139	1,721,578
	2,181,960	2,065,250
	17,942,542	22,920,794

With National Bank of Pakistan in

- local currency current accounts

	647,409	436,407
	24,942,511	30,433,781

Less: Credit loss allowance - stage 1

(646) (602)

Cash and bank balances with treasury banks - net

24,941,865	30,433,179
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5.1 These include local and foreign currency amounts required to be maintained by the Bank with the SBP under the Banking Companies Ordinance, 1962 and / or stipulated by the SBP. These accounts are non-remunerative in nature.

8 INVESTMENTS

8.1 Investments by type

	2025				2024			
	Amortised cost	Credit loss allowance	Surplus / (deficit)	Carrying value	Amortised cost	Credit loss allowance	Surplus / (deficit)	Carrying value
	----- Rupees in '000 -----							
FVTPL securities								
Federal Government securities	781,157	-	-	781,157	2,382,419	-	-	2,382,419
Non-Government securities	432,992	-	(432,992)	-	432,992	-	(432,992)	-
	1,214,149	-	(432,992)	781,157	2,815,411	-	(432,992)	2,382,419
FVOCI securities								
Federal Government securities	82,622,690	-	441,421	83,064,111	80,060,275	-	2,194,505	82,254,780
Non-Government securities	1,336,566	(89,456)	12,214	1,259,324	37,983,566	(89,494)	851,029	38,745,101
Foreign securities	22,211,727	(3,450)	(903,404)	21,304,873	22,153,615	(9,406)	(1,688,003)	20,456,206
	106,170,983	(92,906)	(449,769)	105,628,308	140,197,456	(98,900)	1,357,531	141,456,087
Total investments	107,385,132	(92,906)	(882,761)	106,409,465	143,012,867	(98,900)	924,539	143,838,506

8.2 Investments by segments

	2025				2024			
	Amortised cost	Credit loss allowance	Surplus / (deficit)	Carrying value	Amortised cost	Credit loss allowance	(Deficit) / surplus	Carrying value
	----- Rupees in '000 -----							
Federal Government securities								
GOP Ijarah sukuk	82,622,690	-	441,421	83,064,111	80,060,275	-	2,194,505	82,254,780
Islamic Naya Pakistan Certificates	781,157	-	-	781,157	2,382,419	-	-	2,382,419
	83,403,847	-	441,421	83,845,268	82,442,694	-	2,194,505	84,637,199
Non-Government securities								
Listed	912,250	(122)	12	912,140	37,264,250	-	844,600	38,108,850
Unlisted	857,308	(89,334)	(420,790)	347,184	1,152,308	(89,494)	(426,563)	636,251
	1,769,558	(89,456)	(420,778)	1,259,324	38,416,558	(89,494)	418,037	38,745,101
Foreign securities								
Government securities	7,369,621	(1,379)	(664,699)	6,703,543	7,328,499	(1,004)	(1,001,149)	6,326,345
Non-Government securities	14,842,106	(2,071)	(238,705)	14,601,330	14,825,116	(8,402)	(686,854)	14,129,861
	22,211,727	(3,450)	(903,404)	21,304,873	22,153,615	(9,406)	(1,688,003)	20,456,206
Total investments	107,385,132	(92,906)	(882,761)	106,409,465	143,012,867	(98,900)	924,539	143,838,506

8.2.1 This includes 43,299,196 unlisted redeemable, non-convertible and cumulative preference shares at the rate of Rs. 10 per share with limited voting rights, issued on December 23, 2024 by Agritech Limited (AGL) under the Scheme of Arrangement sanctioned by Honorable Lahore High Court dated June 03, 2022 for settlement of long term exposure as at December 31, 2013. Accordingly, in 2024 the amount was reclassified from Islamic financing and related assets to investments measured at fair value through profit and loss, with a fair value assessed as zero.

8.2.2 Investments given as collateral

No investments given as collateral as at December 31, 2025 (2024: Nil).

8.3 Particulars of credit loss allowance

	2025			2024		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
	----- Rupees in '000 -----					
8.3.1 FVOCI securities - exposure						
Opening balance	140,108,140	-	89,316	-	-	-
Impact of adoption of IFRS 9	-	-	-	117,524,969	-	89,316
Investments made during the year	41,584,151	-	-	36,660,276	-	-
Investments derecognised or repaid	(75,610,624)	-	-	(14,077,105)	-	-
Closing balance	106,081,667	-	89,316	140,108,140	-	89,316
8.3.2 FVOCI securities - credit loss allowance						
Opening balance	9,584	-	89,316	-	-	-
Impact recognized on adoption of IFRS 9	-	-	-	3,686	-	89,316
New investments	121	-	-	-	-	-
Reversal during the year	(6,489)	-	-	(154)	-	-
Changes in risk parameters	374	-	-	6,052	-	-
Closing balance	3,590	-	89,316	9,584	-	89,316

9 ISLAMIC FINANCING AND RELATED ASSETS

		2025			2024		
		Performing / under performing	Non Performing	Total	Performing / under performing	Non Performing	Total
	Note	----- Rupees in '000 -----					
Murabaha	9.1	10,088,957	2,137,056	12,226,013	7,717,982	2,318,515	10,036,497
Musawamah	9.2	5,272,147	338,199	5,610,346	5,299,104	330,809	5,629,913
Tijarah cum wakala	9.3	11,902,809	881,731	12,784,540	12,047,615	811,731	12,859,346
Istisna cum Wakala	9.4	14,833,296	1,115,588	15,948,884	16,130,050	791,288	16,921,338
Islamic Export Refinance Scheme - SBP	9.5	8,111,084	68,963	8,180,047	10,581,790	-	10,581,790
Other Islamic Refinance Schemes - SBP	9.6	9,137,785	792,356	9,930,141	11,219,881	837,975	12,057,856
Wakala Istithmar		17,804,441	2,589,164	20,393,605	20,887,146	2,647,164	23,534,310
Running Musharaka financing		68,845,380	852,841	69,698,221	34,217,186	852,841	35,070,027
Shirkatulmilk - Housing	9.7	14,359,821	648,409	15,008,230	14,223,154	713,969	14,937,123
Shirkatulmilk - Autos	9.8	14,644,196	226,108	14,870,304	13,513,629	252,200	13,765,829
Shirkatulmilk - Fleet financing	9.9	3,827,692	95,617	3,923,309	3,695,288	155,477	3,850,765
Shirkatulmilk - Others	9.10	6,785,234	5,272,989	12,058,223	5,023,017	6,704,717	11,727,734
Diminishing Musharaka		48,157,954	4,358,611	52,516,565	46,935,889	4,495,119	51,431,008
Staff financing		2,677,647	-	2,677,647	2,145,082	-	2,145,082
Islamic financing and related assets - gross		236,448,443	19,377,632	255,826,075	203,636,813	20,911,805	224,548,618
Less: Credit loss allowance	9.14						
-Stage 1		(419,635)	-	(419,635)	(436,397)	-	(436,397)
-Stage 2		(1,162,165)	(18,778)	(1,180,943)	(2,017,964)	(12,805)	(2,030,769)
-Stage 3		-	(16,942,219)	(16,942,219)	-	(18,210,870)	(18,210,870)
		(1,581,800)	(16,960,997)	(18,542,797)	(2,454,361)	(18,223,675)	(20,678,036)
Islamic financing and related assets - net		234,866,643	2,416,635	237,283,278	201,182,452	2,688,130	203,870,582

		Note	2025	2024
			--- Rupees in '000 ---	
9.1 Murabaha				
Financing		9.1.2	3,155,181	3,353,964
Inventory			5,780,778	6,537,682
Advance			3,290,054	144,851
			<u>12,226,013</u>	<u>10,036,497</u>
9.1.1 Murabaha receivable - gross		9.1.2	3,155,181	3,353,964
Less: Deferred murabaha income		9.1.4	(141,868)	(378,234)
Profit receivable			(141,883)	(229,668)
Murabaha financing			<u>2,871,430</u>	<u>2,746,062</u>
9.1.2 The movement in Murabaha financing during the year is as follows:				
Opening balance			3,353,964	14,773,626
Sales during the year			15,535,883	18,005,018
Received during the year			(15,734,666)	(29,424,680)
Closing balance			<u>3,155,181</u>	<u>3,353,964</u>
9.1.3 Murabaha sale price			15,535,883	18,005,018
Murabaha purchase price			(14,462,310)	(16,623,275)
			<u>1,073,573</u>	<u>1,381,743</u>
9.1.4 Deferred murabaha income				
Opening balance			378,234	1,276,033
Arising during the year			1,073,573	1,381,743
Less: Recognised during the year			(1,309,939)	(2,279,542)
Closing balance			<u>141,868</u>	<u>378,234</u>
9.2 Musawamah				
Financing		9.2.2	5,510,627	5,545,899
Advance			99,719	84,014
			<u>5,610,346</u>	<u>5,629,913</u>
9.2.1 Musawamah receivable		9.2.2	5,510,627	5,545,899
Less: Deferred musawama income		9.2.4	(1,364,594)	(1,522,698)
Profit receivable			(85,408)	(90,936)
Musawamah financings			<u>4,060,625</u>	<u>3,932,265</u>
9.2.2 The movement in Musawamah financing during the year is as follows:				
Opening balance			5,545,899	5,818,080
Sales during the year			3,522,204	3,201,053
Received during the year			(3,557,476)	(3,473,234)
Closing balance			<u>5,510,627</u>	<u>5,545,899</u>
9.2.3 Musawamah sale price			3,522,204	3,201,053
Musawamah purchase price			(2,292,416)	(1,926,297)
			<u>1,229,788</u>	<u>1,274,756</u>
9.2.4 Deferred Musawamah income				
Opening balance			1,522,698	1,635,038
Arising during the year			1,229,788	1,274,756
Less: Recognised during the year			(1,387,892)	(1,387,096)
Closing balance			<u>1,364,594</u>	<u>1,522,698</u>

	2025	2024
	--- Rupees in '000 ---	
9.3 Tijarah cum wakala		
Financing	12,587,811	12,462,566
Inventory	196,729	396,780
	<u>12,784,540</u>	<u>12,859,346</u>
9.4 Istisna cum Wakala		
Financing	8,947,174	7,598,173
Advance	7,001,710	9,323,165
	<u>15,948,884</u>	<u>16,921,338</u>
9.5 Islamic Export Refinance Scheme - SBP		
Running Musharaka - Financing	6,857,182	7,025,354
Wakala Istithmar - Financing	1,322,865	3,556,436
	<u>8,180,047</u>	<u>10,581,790</u>
9.6 Other Islamic Refinance Schemes - SBP		
Islamic Long Term Financing Facility - Diminishing Musharaka - Financing	1,673,625	2,467,141
Payment of Wages and Salaries Refinance Scheme - Shirkatulmilk - Financing	7,500	7,500
- Murabaha - Financing	515	515
	8,015	8,015
Islamic Financing Facility for Combating COVID 19 - Musharaka - Financing	193,585	313,280
Islamic Finance Facility For Renewable Energy - Diminishing Musharaka - Financing	705,208	827,863
Islamic Temporary Economic Refinance Facility - Musharaka - Financing	153,542	230,313
- Shirkatulmilk - Financing	6,178,751	7,392,829
	6,332,293	7,623,142
Islamic Financing for Women Entrepreneurs - Shirkatulmilk - Financing	8,300	-
Other Islamic Refinance Facilities - Musharaka - Financing	1,009,115	818,415
	<u>9,930,141</u>	<u>12,057,856</u>
9.7 Shirkatulmilk - Housing		
Financing	14,869,050	14,792,513
Advance	139,180	144,610
	<u>15,008,230</u>	<u>14,937,123</u>
9.8 Shirkatulmilk - Autos		
Financing	14,216,240	13,467,029
Advance	654,064	298,800
	<u>14,870,304</u>	<u>13,765,829</u>
9.9 Shirkatulmilk - Fleet financing		
Financing	3,567,787	3,695,334
Advance	355,522	155,431
	<u>3,923,309</u>	<u>3,850,765</u>
9.10 Shirkatulmilk - Others		
Financing	12,037,350	11,722,276
Advance	20,873	5,458
	<u>12,058,223</u>	<u>11,727,734</u>
9.11 Particulars of Islamic financing and related assets (gross)		
In local currency	253,104,815	222,101,842
In foreign currencies	2,721,260	2,446,776
	<u>255,826,075</u>	<u>224,548,618</u>
9.11.1 Islamic financing and related assets to Women, Women-owned and Managed Enterprises		
Women	1,450,529	841,742
Women Owned and Managed Enterprises	119,649	300,070
	<u>1,570,178</u>	<u>1,141,812</u>

9.12 Islamic financing and related assets include Rs. 19,377.63 million (2024: Rs. 20,911.81 million) which have been placed under non-performing status including stage 3 as detailed below:

Category of Classification	Note	2025		2024	
		Non-Performing	Credit loss allowance	Non-Performing	Credit loss allowance
----- Rupees in '000 -----					
Domestic		101,669	18,778	59,595	12,805
Other Assets Especially Mentioned (OAEM) - stage 2		99,937	41,391	151,736	57,686
Substandard - stage 3		567,423	367,336	370,339	173,264
Doubtful - stage 3		18,608,603	16,533,492	20,330,135	17,979,920
Loss - stage 3		19,275,963	16,942,219	20,852,210	18,210,870
	20.4	<u>19,377,632</u>	<u>16,960,997</u>	<u>20,911,805</u>	<u>18,223,675</u>

9.13 Particulars of credit loss allowance

9.13.1 Islamic financing and related assets - exposure	2025			2024		
	Stage 3	Stage 2	Stage 1	Stage 3	Stage 2	Stage 1
	----- Rupees in '000 -----					
Gross carrying amount	20,852,210	69,655,145	134,041,263	15,930,398	61,745,722	181,219,740
Fresh disbursements	560,006	39,755,405	120,398,070	2,586,949	53,908,935	66,711,286
Amount derecognised or repaid	(3,168,793)	(52,306,557)	(73,980,409)	(2,893,666)	(43,770,404)	(110,330,995)
Transfer to stage 1	-	(3,725,642)	3,725,642	-	(4,695,301)	4,695,301
Transfer to stage 2	(12,095)	4,260,955	(4,248,860)	(14,234)	7,889,257	(7,875,023)
Transfer to stage 3	1,024,900	(953,978)	(70,922)	5,802,110	(5,423,064)	(379,046)
	(1,595,982)	(12,969,817)	45,823,521	5,481,159	7,909,423	(47,178,477)
Others (write-off / charged-off / transfer)	19,735	-	-	(559,347)	-	-
Net change in exposure	-	-	-	-	-	-
Closing balance	19,275,963	56,685,328	179,864,784	20,852,210	69,655,145	134,041,263

9.13.2 Islamic financing and related assets - credit loss allowance	2025			2024				
	Stage 3	Stage 2	Stage 1	Stage 3	Stage 2	Stage 1	Specific	General
	----- Rupees in '000 -----							
Opening balance	18,210,870	2,030,769	436,397	-	-	-	15,527,356	3,173,171
Impact on adoption of IFRS 9	-	-	-	15,600,025	1,862,361	596,602	(15,527,356)	(3,173,171)
Fresh disbursements	391,792	583,548	272,781	5,768	45,246	78,479	-	-
Amount derecognised or repaid	(2,727,308)	(1,426,119)	(286,921)	(2,216,117)	(487,675)	(208,176)	-	-
Transfer to stage 1	-	(8,760)	8,760	-	(16,986)	16,986	-	-
Transfer to stage 2	(1,353)	24,640	(23,287)	(896)	116,529	(115,633)	-	-
Transfer to stage 3	183,449	(182,364)	(1,085)	785,021	(781,840)	(3,181)	-	-
	(2,153,420)	(1,009,055)	(29,752)	(1,426,224)	(1,124,726)	(231,525)	-	-
Others (write-off/charged-off/transfer)	19,735	-	-	(919,290)	-	-	-	-
Changes in risk parameters	865,034	159,229	12,990	4,956,359	1,293,134	71,320	-	-
Closing balance	16,942,219	1,180,943	419,635	18,210,870	2,030,769	436,397	-	-

9.13.3 Islamic financing and related assets - stage classification	2025		2024	
	Outstanding amount	Credit loss allowance	Outstanding amount	Credit loss allowance
	----- Rupees in '000 -----			
Domestic				
Performing - Stage 1	179,864,784	419,635	134,041,263	436,397
Underperforming - Stage 2	56,583,659	1,162,165	69,595,550	2,017,964
Non-Performing				
OAEM	101,669	18,778	59,595	12,805
Substandard - stage 3	99,937	41,391	151,736	57,686
Doubtful - stage 3	567,423	367,336	370,339	173,264
Loss - stage 3	18,608,603	16,533,492	20,330,135	17,979,920
Total	255,826,075	18,542,797	224,548,618	20,678,036

9.14 Particulars of credit loss allowance

Note	2025			2024		
	Stage 3	Stage 2	Stage 1	Stage 3	Stage 2	Stage 1
	----- Rupees in '000 -----					
Opening balance	18,210,870	2,030,769	436,397	-	-	-
Impact on adoption of IFRS 9	-	-	-	15,600,025	1,862,361	596,602
	18,210,870	2,030,769	436,397	15,600,025	1,862,361	596,602
Charge for the year	1,440,276	767,416	294,532	5,747,147	1,454,909	166,785
Reversals during the year	(2,728,662)	(1,617,242)	(311,294)	(2,217,012)	(1,286,501)	(326,990)
	(1,288,386)	(849,826)	(16,762)	3,530,135	168,408	(160,205)
Recoveries against written-off / (amount written-off)	5,872	-	-	(85,895)	-	-
Recoveries against charged-off / (amount charged-off)	13,863	-	-	(473,452)	-	-
Amount transferred	-	-	-	(359,943)	-	-
Closing balance	16,942,219	1,180,943	419,635	18,210,870	2,030,769	436,397

9.14.1 Credit loss allowances

The above impacts have been determined in accordance with IFRS 9 Application Instructions (as disclosed in note 4.1.9). Had these amounts been measured solely in accordance with IFRS 9 and the relevant SBP Prudential Regulations, the resulting impacts would have been as follows:

	2025				2024			
	Provision under SBP Prudential Regulations		Expected credit loss under IFRS 9		Provision under SBP Prudential Regulations		Expected credit loss under IFRS 9	
	Charge for the year	Reversals during the year	Charge for the year	Reversals during the year	Charge for the year	Reversals during the year	Charge for the year	Reversals during the year
	----- Rupees in '000 -----							
Stage 1	-	-	294,532	311,294	-	-	166,785	326,990
Stage 2	-	-	767,416	1,617,242	-	-	1,454,909	1,286,501
Stage 3	-	-	1,069,144	2,388,323	-	-	5,526,675	1,156,848
Sub-standard	12,565	6,409	-	-	15,301	8,960	-	-
Doubtful	129,251	26	-	-	51,569	864	-	-
Loss	1,141,047	2,423,660	-	-	4,420,282	2,248,383	-	-
Total	1,282,863	2,430,095	2,131,092	4,316,859	4,487,152	2,258,207	7,148,369	2,770,339

9.14.2 Particulars of credit loss allowance against Islamic financing and related assets in respect of currencies:

	2025			2024		
	Stage 3	Stage 1 & 2	Total	Stage 3	Stage 1 & 2	Total
	----- Rupees in '000 -----					
In local currency	16,942,219	1,567,589	18,509,808	18,210,870	2,446,277	20,657,147
In foreign currency	-	32,989	32,989	-	20,889	20,889
	16,942,219	1,600,578	18,542,797	18,210,870	2,467,166	20,678,036

9.14.3 As allowed by the SBP, the Bank has availed benefit of Forced Sale Value (FSV) amounting to Rs.1,910.30 million (2024: Rs. 2,136.58 million) in determining the provisioning against non performing Islamic financings as at December 31, 2025. The additional profit arising from availing the FSV benefit - net of tax as at December 31, 2025 which is not available for distribution as either cash or stock dividend to shareholders amounted to Rs. 897.84 million (2024: Rs. 979.99 million).

	2025	2024
	--- Rupees in '000 ---	
9.15 Particulars of write offs:		
9.15.1 Against provisions	(5,872)	85,895
Directly charged to profit & loss account	-	-
	<u>(5,872)</u>	<u>85,895</u>
9.15.2 Write Offs of Rs. 500,000 and above - Domestic	(4,129)	85,895
Write Offs of Below Rs. 500,000	(1,743)	-
	<u>(5,872)</u>	<u>85,895</u>

9.16 Details of Islamic finance and related assets write off of Rs. 500,000/- and above

In term of sub-section (3) of section 33A of the Banking Companies Ordinance, 1962, the Statement in respect of written off financing or any other financial relief of five hundred thousand rupees or above allowed to any person during the year ended December 31, 2025 is given as Annexure 1.

9.17 Particulars of charged offs:	Note	No. of Borrowers		Amount	
		2025	2024	2025	2024
		----- Numbers -----		--- Rupees in '000 ---	
Opening balance		8	-	473,452	-
Charge-off during the year		-	8	-	473,452
Sub total		8	8	473,452	473,452
Recoveries made during the year against already charged-off cases	9.17.1	-	-	(13,863)	-
Amount written off from already charged off loans		-	-	-	-
Closing balance		8	8	459,589	473,452

9.17.1 During the year, partial recoveries were made from 3 customers out of the 8 customers that were charged-off in the previous year. No additional customers were charged-off in 2025.

10 PROPERTY AND EQUIPMENT	Note	2025	2024
		--- Rupees in '000 ---	
Capital work-in-progress	10.1	481,032	71,701
Property and equipment	10.2	4,692,902	2,108,867
		<u>5,173,934</u>	<u>2,180,568</u>
10.1 Capital work-in-progress			
Civil works		372,097	54,295
Equipment		54,861	17,406
Vehicle		54,074	-
		<u>481,032</u>	<u>71,701</u>

10.2 Property and equipment

2025					
Building	Furniture and fixture	Electrical, office and computer equipment	Vehicles	Leasehold Improvements	Total

----- Rupees in '000 -----

As at January 01,

Cost	-	443,943	3,734,325	189,297	1,890,045	6,257,610
Accumulated depreciation	-	(252,507)	(2,366,085)	(72,781)	(1,457,370)	(4,148,743)
Net book value	-	191,436	1,368,240	116,516	432,675	2,108,867

Year ended December 31,

Opening net book value	-	191,436	1,368,240	116,516	432,675	2,108,867
Additions	280,000	283,425	1,231,582	248,983	1,254,465	3,298,455
Cost of assets disposed off	-	(29,490)	(150,950)	(76,143)	(1,937)	(258,520)
	280,000	253,935	1,080,632	172,840	1,252,528	3,039,935
Depreciation charge	(11,667)	(33,535)	(481,266)	(31,000)	(94,003)	(651,471)
Accumulated depreciation of disposals	-	29,463	149,169	15,036	1,903	195,571
	(11,667)	(4,072)	(332,097)	(15,964)	(92,100)	(455,900)
Closing net book value	268,333	441,299	2,116,775	273,392	1,593,103	4,692,902

As at December 31,

Cost	280,000	697,878	4,814,957	362,137	3,142,573	9,297,545
Accumulated depreciation	(11,667)	(256,579)	(2,698,182)	(88,745)	(1,549,470)	(4,604,643)
Net book value	268,333	441,299	2,116,775	273,392	1,593,103	4,692,902

Rate of depreciation

5%	10%	10% to 33.33%	25%	5% to 15%
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2024					
Building	Furniture and fixture	Electrical, office and computer equipment	Vehicles	Leasehold Improvements	Total

----- Rupees in '000 -----

As at January 01,

Cost	-	506,964	3,418,697	129,332	1,722,976	5,777,969
Accumulated depreciation	-	(373,831)	(2,235,923)	(75,977)	(1,374,499)	(4,060,230)
Net book value	-	133,133	1,182,774	53,355	348,477	1,717,739

Year ended December 31,

Opening net book value	-	133,133	1,182,774	53,355	348,477	1,717,739
Additions	-	88,280	707,140	96,956	169,271	1,061,647
Cost of assets disposed-off	-	(151,301)	(391,512)	(36,991)	(2,202)	(582,006)
	-	(63,021)	315,628	59,965	167,069	479,641
Depreciation charge	-	(29,131)	(515,161)	(26,397)	(84,689)	(655,378)
Accumulated depreciation of disposals	-	150,455	384,999	29,593	1,818	566,865
	-	121,324	(130,162)	3,196	(82,871)	(88,513)
Closing net book value	-	191,436	1,368,240	116,516	432,675	2,108,867

As at December 31,

Cost	-	443,943	3,734,325	189,297	1,890,045	6,257,610
Accumulated depreciation	-	(252,507)	(2,366,085)	(72,781)	(1,457,370)	(4,148,743)
Net book value	-	191,436	1,368,240	116,516	432,675	2,108,867

Rate of depreciation

-	10%	10% to 20%	25%	5% to 15%
---	-----	------------	-----	-----------

10.2.1 The cost of fully depreciated property and equipment that are still in use:

	2025	2024
	--- Rupees in '000 ---	
Furniture and fixture	162,019	161,421
Electrical, office and computer equipment	1,777,558	1,572,157
Vehicles	34,371	33,713
Leasehold Improvements	1,226,104	1,145,754
	3,200,052	2,913,045

10.2.2 Details of disposal of fixed assets to related party is as follows:

Particulars	Cost	Net book value	Sale price	Mode of disposal	Particulars of buyer
	----- Rupees in '000 -----				
Vehicle	70,000	59,878	59,878	As per Contract	Junaid Ahmed (Ex- CEO)*
Laptop	545	88	88	As per Policy	Junaid Ahmed (Ex- CEO)*
Laptop	200	80	80	As per Policy	Naveed Malik*
Laptop	122	4	4	As per Policy	M. Talha Bilal Siddiqui

* Resigned during the year.

	Note	2025 --- Rupees in '000 ---	2024
11 RIGHT OF USE ASSETS			
Building on leasehold land	11.1	<u>9,661,871</u>	<u>5,588,241</u>
11.1 Right-of-use assets - building on leasehold land			
At January 01,			
Cost		10,954,172	8,944,102
Accumulated depreciation		<u>(5,365,931)</u>	<u>(4,313,450)</u>
Net carrying amount		<u>5,588,241</u>	<u>4,630,652</u>
Year ended December 31,			
Opening net book value		5,588,241	4,630,652
Additions during the year		5,602,402	2,089,450
Deletion during the year		<u>(237,621)</u>	<u>(79,380)</u>
Depreciation charge for the year		<u>(1,291,151)</u>	<u>(1,052,481)</u>
Net carrying amount		<u>9,661,871</u>	<u>5,588,241</u>
At December 31,			
Cost		16,318,953	10,954,172
Accumulated depreciation		<u>(6,657,082)</u>	<u>(5,365,931)</u>
Net book value		<u>9,661,871</u>	<u>5,588,241</u>
12 INTANGIBLE ASSETS			
Capital work-in-progress - Advance to suppliers		171,630	132,758
Computer software	12.1	<u>495,299</u>	<u>482,899</u>
		<u>666,929</u>	<u>615,657</u>
12.1 Intangible assets - computer software			
At January 01,			
Cost		1,963,459	1,816,379
Accumulated amortisation		<u>(1,480,560)</u>	<u>(1,308,454)</u>
Net book value		<u>482,899</u>	<u>507,925</u>
Year ended December 31,			
Opening net book value		482,899	507,925
Additions - directly purchased		196,796	147,080
Amortisation expense		<u>(184,396)</u>	<u>(172,106)</u>
Closing net book value		<u>495,299</u>	<u>482,899</u>
At December 31,			
Cost		2,160,255	1,963,459
Accumulated amortisation		<u>(1,664,956)</u>	<u>(1,480,560)</u>
Net book value		<u>495,299</u>	<u>482,899</u>
Rate of amortisation		<u>11.11% to 33.33%</u>	<u>11.11% to 33.33%</u>
Useful life (years)		<u>3 to 9</u>	<u>3 to 9</u>
12.2	The cost of fully amortised intangible assets still in use amounts to Rs.1,210.13 million (2024: Rs. 985.05 million).		

13 DEFERRED TAX ASSETS	2025			
	At Jan 1, 2025	Recognised in P&L	Recognised in OCI	At Dec 31, 2025
	----- Rupees in '000 -----			
Deductible temporary differences on:				
Credit loss allowance against Islamic financing and related assets	6,180,706	(810,946)	-	5,369,760
Deficit on revaluation of investments	(705,916)	-	939,796	233,880
Deficit on defined benefit plan	28,806	-	(9,580)	19,226
Lease agreements under IFRS 16	-	1,057,446	-	1,057,446
Others	9,029	(1,771)	-	7,258
	5,512,625	244,729	930,216	6,687,570
Taxable temporary differences on:				
Accelerated tax depreciation and amortisation	4,547	(238,715)	-	(234,168)
	5,517,172	6,014	930,216	6,453,402

	2024			
	At Jan 1, 2024	Recognised in P&L	Recognised in OCI	At Dec 31, 2024
	----- Rupees in '000 -----			
Deductible temporary differences on:				
Credit loss allowance against Islamic financing and related assets	4,003,006	2,177,700	-	6,180,706
Accelerated tax depreciation and amortisation	(1,352)	5,899	-	4,547
Deficit on defined benefit plan	76,648	-	(47,842)	28,806
Others	9,546	(517)	-	9,029
	4,087,848	2,183,082	(47,842)	6,223,088
Taxable temporary differences on:				
Deficit on revaluation of investments	302,023	-	(1,007,939)	(705,916)
	4,389,871	2,183,082	(1,055,781)	5,517,172

14 OTHER ASSETS	Note	2025	2024
		--- Rupees in '000 ---	
Profit / return accrued in local currency - net	14.1	6,045,596	8,128,789
Profit / return accrued in foreign currencies - net	14.2	231,968	247,812
Advances, deposits and other prepayments		806,127	791,814
Mark to market gain on forward foreign exchange promises		101,491	201,769
Acceptances		4,999,261	5,231,926
Advance taxation (payments less provisions)		1,954,017	1,166,725
Non-banking assets acquired in satisfaction of claims	14.3	84,135	84,707
Commission receivable		632,845	157,277
Deferred cost on staff financing	14.4	1,798,078	1,662,868
Others		64,147	586,524
		16,717,665	18,260,211
Less: Credit loss allowance held against other assets	14.5	(4,452)	(1,353)
		16,713,213	18,258,858

14.1 This includes financial asset under stage 1 amounting to Rs. 4,894.16 million and under stage 2 Rs. 1,136.81 million.

14.2 This includes financial asset under stage 1 amounting to Rs. 201.18 million and under stage 2 Rs. 30.79 million.

14.3 **Market value of Non-banking assets acquired in satisfaction of claims** 84,135 84,707

Market value of the non-banking assets acquired in satisfaction of claims has been carried out by an independent valuers, M/s. KGT (Pvt) Ltd. based on prevailing market values determined through independent market inquiries from local active realtors as more detailed in note 39.2. The valuer is listed on the panel of Pakistan Banks' Association.

14.3.1 Movement in Non-banking assets acquired in satisfaction of claims	2025	2024
	--- Rupees in '000 ---	
Opening Balance	84,707	-
Additions during the year	-	84,945
Depreciation during the year	(572)	(238)
Closing Balance	84,135	84,707

14.4 This refers to notional deferred cost on subsidized staff financing at fair value.

	2025	2024
	--- Rupees in '000 ---	
14.5 Movement in credit loss allowance held against other assets		
Opening balance	1,353	-
Impact of adoption of IFRS 9	-	14,090
Charge for the year	3,834	-
Reversals during the year	(735)	(931)
Amount written-off	-	(11,806)
Closing balance	<u>4,452</u>	<u>1,353</u>

14.5.1 Particulars of credit loss allowance held against other assets - financial assets

	2025		2024	
	Outstanding amount	Credit loss allowance	Outstanding amount	Credit loss allowance
	----- Rupees in '000 -----			
Stage 1	675,935	13	238,732	25
Stage 2	3,130	37	5,076	69
Stage 3	10,646	4,402	5,215	1,259
	<u>689,711</u>	<u>4,452</u>	<u>249,023</u>	<u>1,353</u>

Note
2025
--- Rupees in '000 ---
2024

15 BILLS PAYABLE

In Pakistan	8,019,874	7,096,854
Outside Pakistan	6,640	6,569
	<u>8,026,514</u>	<u>7,103,423</u>

16 DUE TO FINANCIAL INSTITUTIONS

Secured

Musharaka from the State Bank of Pakistan under Islamic Export Refinance Scheme	16.1	7,137,085	9,566,792
Investment from the State Bank of Pakistan under Islamic Long Term Financing Facility	16.2	1,652,213	2,470,862
Islamic Financing Facility for Combating COVID 19	16.3	55,996	214,332
Islamic Finance Facility For Renewable Energy	16.4	306,264	378,174
Islamic Temporary Economic Refinance Facility	16.5	5,902,540	7,362,689
Other Islamic Refinance Facilities	16.6	788,840	810,143
		<u>15,842,938</u>	<u>20,802,992</u>
Musharaka from other financial institutions	16.7	-	3,000,000
Total Secured		<u>15,842,938</u>	<u>23,802,992</u>
Unsecured			
Musharaka acceptance		100,000	-
Overdrawn nostro account		-	205,652
Total unsecured		<u>100,000</u>	<u>205,652</u>
		<u>15,942,938</u>	<u>24,008,644</u>

- 16.1** These Musharaka are on a profit and loss sharing basis having maturity between January 02, 2026 to June 24, 2026 (2024: January 19, 2025 to June 25, 2025) and are secured against demand promissory notes executed in favor of the SBP. Last announced profit rates on these investment ranges from 1% to 7% (2024: 1% to 16.5%) per annum.
- 16.2** These are on a profit and loss sharing basis having maturity between January 01, 2026 to November 20, 2031 (2024: January 01, 2025 to November 20, 2031) and are secured against demand promissory notes executed in favor of the SBP. Last announced profit rate on these investment ranges from 2% to 7.5% (2024: 2% to 7.5%) per annum.
- 16.3** These are on a profit and loss sharing basis having maturity between January 18, 2026 to October 06, 2026 (2024: June 07, 2025 to June 26, 2031) and are secured against demand promissory notes executed in favor of the SBP. Last announced profit rate on these investment is 0.04% (2024: 0.04%) per annum.
- 16.4** These are on a profit and loss sharing basis having maturity between February 03, 2026 to June 28, 2034 (2024: February 03, 2026 to June 28, 2034) and are secured against demand promissory notes executed in favor of the SBP. Last announced profit rate on these investments ranges from 2% to 3% (2024: 2% to 3%) per annum.
- 16.5** These are on a profit and loss sharing basis having maturity between January 16, 2026 to July 22, 2033 (2024: December 14, 2025 to July 22, 2033) and are secured against demand promissory notes executed in favor of the SBP. Last announced profit rate on these investment is 1% (2024: 1%) per annum.
- 16.6** These are on a profit and loss sharing basis having maturity latest by March 21, 2026 to April 12, 2035 (2024: March 21, 2026 to June 14, 2034) are secured against demand promissory notes executed in favor of the SBP. Last announced profit rate on these investments ranges from 0.04% to 3.5% (2024: 2%) per annum.
- 16.7** These are on profit and loss sharing basis with Pakistan Mortgage Refinance Company matured on March 07, 2025. The expected profit rate on these Musharaka agreements are Nil (2024: 10.06%) per annum.

	2025	2024
	--- Rupees in '000 ---	
16.8 Particulars of due to financial institutions with respect to currencies		
In local currency	15,942,938	23,802,992
In foreign currency	-	205,652
	<u>15,942,938</u>	<u>24,008,644</u>

17 DEPOSITS AND OTHER ACCOUNTS

Note	2025			2024		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
	----- Rupees in '000 -----					
Customers						
	67,666,616	18,527,727	86,194,343	77,817,530	17,664,582	95,482,112
	143,382,941	11,793,271	155,176,212	145,363,500	10,748,045	156,111,545
	37,978,631	25,009,317	62,987,948	35,351,933	27,580,768	62,932,701
17.1	7,880,512	-	7,880,512	8,857,746	-	8,857,746
	256,908,700	55,330,315	312,239,015	267,390,709	55,993,395	323,384,104
Financial institutions						
	1,312,162	84,071	1,396,233	935,804	611,052	1,546,856
	19,870,148	-	19,870,148	20,793,767	-	20,793,767
	1,174,550	-	1,174,550	824,050	-	824,050
17.1	1,003	-	1,003	323,985	-	323,985
	22,357,863	84,071	22,441,934	22,877,606	611,052	23,488,658
	279,266,563	55,414,386	334,680,949	290,268,315	56,604,447	346,872,762

17.1 This includes deposits in respect of margin accounts and call deposit receipts.

17.2	Composition of deposits	2025	2024
		---- Rupees in '000 ----	
	Individuals	144,317,729	164,639,841
	Government (Federal and Provincial)	22,562,974	17,496,834
	Public Sector Entities	2,321,564	2,663,844
	Banking Companies	50,189	33,128
	Non-Banking Financial Institutions	22,391,745	23,455,530
	Private Sector	143,036,748	138,583,585
		334,680,949	346,872,762

17.3 This includes deposits eligible to be covered under takaful arrangements amounting to Rs. 89,615.81 million (2024: Rs. 94,090.87 million).

18	LEASE LIABILITIES	2025	2024
		---- Rupees in '000 ----	
	Opening balance	6,347,022	5,047,147
	Additions during the year	4,837,948	1,796,217
	Lease payments	(1,493,946)	(1,234,251)
	Finance charges on leased assets	1,038,733	737,909
	Closing balance	10,729,757	6,347,022

18.1 Contractual maturity of lease liabilities

Short term lease liabilities			
- Within one year		993,585	634,774
Long-term lease liabilities			
- 1 to 5 years		3,787,277	3,577,986
- 5 to 10 years		5,948,895	2,134,262
		9,736,172	5,712,248
Total lease liabilities		10,729,757	6,347,022

19 SUBORDINATED SUKUKS

Additional Tier I Sukuk	19.1	3,120,000	3,120,000
Tier II Sukuk	19.2	4,000,000	4,000,000
		7,120,000	7,120,000

- 19.1** In December 2018, the Bank issued regulatory Shari'a compliant perpetual, unsecured, subordinated privately placed Additional Tier I Sukuk based on Mudaraba of Rs. 3,120 million as instrument of redeemable capital under section 66 of the Companies Act, 2017. The brief description of sukuk is as follows:

Credit rating	A+ (Single A - Plus) by VIS Credit Rating Company Limited.
Tenor	Perpetual
Profit payment frequency	Monthly in arrears
Redemption	Perpetual
Expected periodic profit amount (Mudaraba profit amount)	The Mudaraba Profit is computed under General Pool on the basis of profit sharing ratio and monthly weightages announced by the Bank under the SBP guidelines of pool management. Last announced profit rate on the Sukuk is 12.82% per annum.
Call option	The Bank may call Additional Tier I Sukuk with prior approval of SBP on or after five years from the date of issue.
Lock-in-clause	Profit and/or redemption amount can be held back in respect of the Additional Tier I Sukuk, if such payment will result in a shortfall in the Issuer's minimum capital or capital adequacy ratio requirement.
Loss absorbency	The Additional Tier I Sukuk, at the option of the SBP, will be fully and permanently converted into common shares upon the occurrence of a point of non-viability trigger event as determined by SBP or for any other reason as may be directed by SBP.

- 19.2** In December 2022, the Bank issued regulatory Shariah compliant unsecured, subordinated privately placed Tier II Sukuk based on Mudaraba of Rs. 4,000 million as instrument of redeemable capital under section 66 of the Companies Act, 2017. The brief description of sukuk is as follows:

Credit rating	AA- (Double AA - Minus) by VIS Credit Rating Company Limited.
Tenor	10 years from the issue date
Profit payment frequency	Semi-annually in arrears
Redemption	On the tenth anniversary from the issue date of sukuk.
Expected periodic profit amount (Mudaraba profit amount)	The Mudaraba Profit is in accordance with the agreed profit sharing ratios / weightages assigned by the Bank from time-to-time coinciding with the relevant profit distribution frequency for the relevant profit distribution period. Last announced profit rate on the sukuk is 11.89% per annum.
Call option	The Bank may call Tier II Sukuk with prior approval of SBP on or after five years from the date of issue.
Lock-in-clause	Profit and/or redemption amount can be held back in respect of the Tier II Sukuk, if such payment will result in a shortfall in the Issuer's minimum capital or capital adequacy ratio requirement.
Loss absorbency	The Tier II Sukuk, at the option of the SBP, will be fully and permanently converted into common shares upon the occurrence of a point of non-viability trigger event as determined by SBP or for any other reason as may be directed by SBP.

	Note	2025 --- Rupees in '000 ---	2024
20 OTHER LIABILITIES			
Profit / return payable in local currency		2,056,128	2,469,818
Profit / return payable in foreign currencies		203,545	234,460
Deferred income		1,674,658	1,909,172
Accrued expenses		2,113,232	1,398,891
Service fee to Holding Company - related party	20.1	1,668,226	1,032,094
Advance from financing customers		1,076,990	1,166,538
Acceptances		4,999,261	5,231,926
Mark to market loss on forward foreign exchange promises		299,345	188,180
Charity payable	20.2	2,573	2,120
Workers welfare fund payable	20.3	1,647,276	1,458,387
Payable to Employees Old Age Benefit Institution (EOBI)		217,329	206,707
Payable to SBP, exporter and other creditors		5,120,756	449,055
Credit loss allowance against off-balance sheet obligations	20.4	602,506	262,121
Others		749,334	743,944
		<u>22,431,159</u>	<u>16,753,413</u>

20.1 In 2024, the Bank has signed service level agreement with the Holding Company with respect to certain support services rendered by them as per the agreement. Accordingly, the Bank has accrued the service fee invoiced by the Holding Company.

	Note	2025 --- Rupees in '000 ---	2024
20.2 Charity payable			
Opening balance		2,120	951
Additions during the year			
Received from customers on account of delayed payment		6,644	16,658
Shariah non-compliant income		25,283	37,016
Profit on charity fund		776	745
		<u>32,703</u>	<u>54,419</u>
Payments during the year	20.2.1		
Health		(22,750)	(35,750)
Education		(9,500)	(17,500)
		<u>(32,250)</u>	<u>(53,250)</u>
		<u>2,573</u>	<u>2,120</u>

20.2.1 During the year, charity from the Charity Fund of the Bank was paid to the following organisations:

	2025 --- Rupees in '000 ---	2024
Sindh Institute of Urology and Transplantation	4,500	8,000
Baitussalam Welfare Trust	4,000	6,000
Patients Aid Foundation - JPMC	4,000	2,000
Shaukat Khanum Memorial Trust	4,000	4,000
The Indus Hospital	4,000	7,000
The Citizen Foundation	3,000	5,000
Aga Khan Hospital and Medical College Foundation	2,500	500
Institute of Business Administration	1,500	-
Child Aid Association	1,000	2,500
Family Educational Services Foundation	1,000	1,500
Karachi Down Syndrome Program	1,000	2,000
MAP Welfare Trust	1,000	-
Dow University of Health Sciences Hospital Collection	750	-
Afzaal Memorial Thalassemia Foundation	-	1,500
Akhuwat	-	3,000
Hayat e Nou	-	2,500
Kiran Hospital	-	1,000
Layton Rahmatulla Benevolent Trust	-	2,500
National Institute of Child Health	-	1,500
Pakistan Kidney & Liver Institute & Research Center	-	2,000
Patel Hospital Patel Foundation	-	750
	<u>32,250</u>	<u>53,250</u>

20.2.2 Charity was not paid to any active 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.

20.3 Workers Welfare Fund

Supreme Court of Pakistan vide its order dated November 10, 2016 has held that the amendments made in the law introduced by the Federal Government in respect of levy of Workers Welfare Fund (WWF) were not lawful. The Federal Board of Revenue (FBR) challenged the said order by way of review petition before Supreme Court. While the petition is still pending, however, the outcome is expected to be in favor of the Bank.

Further, consequent to the 18th amendment to the Constitution, the Government of Sindh levied its WWF (Sindh WWF) which was effective from January 01, 2014. The definition of industrial undertakings under the aforesaid Sindh WWF law covers banks and financial institutions as well. The Bank challenged applicability of the said law on Banks before the Sindh High Court. During the year 2025, Sindh High Court disposed of in favor of the Banks which has been challenged before Honorable Supreme Court by Sindh Revenue Board.

20.4 Credit loss allowance against off-balance sheet obligations

	Note	2025 --- Rupees in '000 ---	2024
Opening balance		262,121	-
Impact of adoption of IFRS 9		-	196,692
Charge for the year		461,957	200,763
Reversals for the year		(121,572)	(135,334)
	20.4.3	340,385	65,429
Amount written off		-	-
Closing balance		602,506	262,121

20.4.1 Stage wise credit loss allowance against off-balance sheet obligations

	2025		2024	
	Outstanding amount	Credit loss allowance	Outstanding amount	Credit loss allowance
	----- Rupees in '000 -----			
Stage 1	99,255,019	28,154	56,004,560	52,475
Stage 2	17,017,108	73,377	14,514,055	67,247
Stage 3	711,118	500,975	198,476	142,399
	116,983,245	602,506	70,717,091	262,121

20.4.2 Corresponding figures have been re-arranged and reclassified from Islamic financing and related assets to other liabilities to facilitate comparisons and for better presentation.

20.4.3 The impacts have been determined in accordance with the application instructions of IFRS 9 (as disclosed in note 4.1.9). Had these amounts been measured in accordance with the relevant SBP Prudential Regulations, the resulting impacts would have been nil.

21 SHARE CAPITAL

21.1 Authorised Capital

	2025 ----- Number of shares -----	2024		2025 ---- Rupees in '000 ----	2024
	1,800,000,000	1,800,000,000	Ordinary shares of Rs.10 each	18,000,000	18,000,000

21.2 Issued, subscribed and paid up

	2025 ----- Number of shares -----	2024		2025	2024
	1,165,228,776	1,165,228,776	Ordinary shares Fully paid in cash	11,652,288	11,652,288

21.2.1 The Bank's shares are held 100 percent by Dubai Islamic Bank PJSC, UAE – the Holding Company and its nominee directors.

22 RESERVES

	2025 ---- Rupees in '000 ----	2024
Statutory reserve	7,371,990	6,553,983

22.1 Under section 21 of the Banking Companies Ordinance, 1962 an amount of not less than 20% of the profit is to be transferred to create a reserve fund till such time the reserve fund and the share premium account equal the amount of the paid up capital. Thereafter, an amount of not less than 10 percent of the profit is required to be transferred to such reserve fund.

	2025 ---- Rupees in '000 ----	2024
Investment securities measured at FVOCI	(449,769)	1,357,531
Less: Related deferred tax assets / (liabilities)	233,880	(705,916)
	(215,889)	651,615

23 (DEFICIT) / SURPLUS ON REVALUATION OF INVESTMENTS

	Note	2025 --- Rupees in '000 ---	2024
24 CONTINGENCIES AND COMMITMENTS			
Guarantees	24.1	57,601,893	46,373,063
Commitments	24.2	127,401,402	81,326,787
Other contingent liabilities	24.3	251,124	505,057
		<u>185,254,419</u>	<u>128,204,907</u>

24.1 Guarantees

Performance guarantees		11,618,394	12,379,226
Other guarantees		45,983,499	33,993,837
	24.1.1 & 24.1.2	<u>57,601,893</u>	<u>46,373,063</u>

24.1.1 The Bank issued various guarantees totaling Rs. 382.77 million during 2017 on behalf of a contractor in favor of the Project Director, Balochistan Integrated Water Resources Management and Development Project (BIWRMDP). Subsequently, the contracts were terminated by BIWRMDP and the guarantees were invoked. The Bank declined the encashment on the grounds that the relevant conditions have not been complied with. Currently no cash margin is maintained against the subject guarantees. BIWRMDP filed a civil suit seeking enforcement of the guarantees along with profit. The Civil Court had ruled the case in favor of BIWRMDP, directing the Bank to settle the claim. The Bank had filed an appeal before the Honorable High Court, Quetta against the order of the Civil Court. The Honorable High Court, Quetta has recently passed an order upholding the decision of the civil court. Although, the Bank has provided the guarantees, however, based on legal advice, the Bank has also decided to file an appeal before the Honorable Supreme Court of Pakistan against the judgment.

24.1.2 During 2024, the Bank issued various guarantees amounting to Rs. 333.41 million on behalf of a customer in favour of the Collector of Customs for the provisional release of imported consignments. Following the final assessment by Customs and the dismissal of Constitutional Petition No. D-3915/2025 by the Honorable High Court of Sindh on October 29, 2025, notices for encashment of the said guarantees were received by the Bank. Subsequently, the Honorable High Court of Sindh - vide order dated October 30, 2025, restrained the Bank from taking any further action on the basis of notice of encashment and from encashing any pay-order already issued by the Bank. The matter is currently pending before the Honorable High Court of Sindh.

	Note	2025 --- Rupees in '000 ---	2024
24.2 Commitments			
Documentary credits and short-term trade-related transactions			
- Letters of credit		15,286,640	22,806,754
Commitments in respect of:			
- Forward foreign exchange promises	24.2.1	65,687,924	56,292,308
- Islamic financing and related assets		44,094,712	1,537,274
Commitments for acquisition of:			
- Property and equipment		982,614	407,549
- Intangible assets		1,349,512	282,902
		<u>127,401,402</u>	<u>81,326,787</u>

24.2.1 Commitments in respect of forward foreign exchange promises

Purchase	45,539,146	40,027,756
Sale	20,148,778	16,264,552
	<u>65,687,924</u>	<u>56,292,308</u>

24.3 Other contingent liabilities

24.3.1 The income tax authorities have amended assessment orders of the Bank for prior years including the tax year 2023. The issues contested mainly include charge/reversals of provision against financing and investments, initial allowance and Workers Welfare Fund amounting to Rs.251.12 million. The Bank has filed appeals before the various appellate forums against these amendments. The management of the Bank is confident that the appeals will be decided in favor of the Bank in respect of the aforementioned matters.

25 PROFIT / RETURN EARNED	Note	2025 --- Rupees in '000 ---	2024
Islamic financing and related assets		29,907,964	44,343,910
Investments		15,973,963	22,539,732
Due from financial institutions		715,605	1,183,321
		<u>46,597,532</u>	<u>68,066,963</u>
26 PROFIT / RETURN EXPENSED			
Deposits and other accounts		19,192,639	29,643,293
Subordinated sukuk		935,391	1,538,585
Due to financial institutions		2,512,447	3,630,446
Finance charges on leased assets		1,038,733	737,909
Cost of foreign currency swaps		1,338,335	2,153,353
		<u>25,017,545</u>	<u>37,703,586</u>
27 FEE & COMMISSION INCOME			
Branch banking customer fees		91,578	87,308
Consumer finance related fees		468,891	506,063
Card related fees		520,996	412,043
Credit related fees		51,877	84,984
Investment banking fees		43,393	48,675
Commission on trade		322,121	479,017
Commission on guarantees		1,228,854	568,370
Commission on cash management		120,967	133,060
Commission on bancassurance		24,274	20,094
Rebate income		112,828	161,585
Others		34,542	113,154
		<u>3,020,321</u>	<u>2,614,353</u>
28 OTHER INCOME			
Gain on termination of lease obligations against right of use assets	28.1	29,427	19,214
Gain on sale of property and equipment - net		20,838	15,110
		<u>50,265</u>	<u>34,324</u>

28.1 Corresponding figures have been re-arranged and reclassified from operating expenses to other income to facilitate comparisons and for better presentation.

29 OPERATING EXPENSES	Note	2025 --- Rupees in '000 ---	2024
Total compensation expense	29.1	6,971,469	6,090,009
Property expense			
Utilities cost		924,904	909,012
Security		470,825	426,522
Repair & maintenance (including janitorial charges)		327,620	290,524
Takaful charges		2,649	2,257
Depreciation		105,670	84,689
Depreciation on right of use assets	11.1	1,291,151	1,052,481
Depreciation on non-banking assets acquired in satisfaction of claims	14.3.1	572	238
		<u>3,123,391</u>	<u>2,765,723</u>
Information technology expenses			
Software maintenance		1,294,816	898,599
Hardware maintenance		363,200	354,293
Depreciation		328,924	263,876
Amortisation	12.1	184,396	172,106
Networking and connectivity charges		209,064	193,315
Outsourced services cost		104,697	76,200
Takaful charges		5,010	3,443
Others		9,541	11,246
		<u>2,499,648</u>	<u>1,973,078</u>

		2025	2024
		--- Rupees in '000 ---	
Other operating expenses			
Directors' fee and allowances	38.1	30,744	21,639
Fees and allowances to Sharia'h Board members	38.1	23,215	18,909
Legal & professional charges		125,098	134,133
Service fee to the Holding Company - related party	20.1	636,132	1,032,094
Outsourced services cost	29.2	299,110	253,756
Travelling & conveyance		77,487	72,920
NIFT clearing charges		48,861	47,880
Depreciation		216,877	306,813
Training & development		64,763	53,107
Postage & courier charges		52,617	61,629
Communications		1,000,661	717,540
Stationary and printing		366,458	260,512
Marketing, advertising and publicity		743,550	363,758
Auditors' remuneration	29.3	19,085	15,075
Brokerage, commission and bank charges		438,457	444,056
Tracker related charges		126,527	126,795
Cash transportation charges		401,964	457,734
Repair and maintenance		196,169	160,650
Subscription fees		48,344	41,189
Takaful charges		61,691	42,741
Deposit premium cost		150,545	146,100
Others		237,703	250,960
		5,366,058	5,029,990
		17,960,566	15,858,800

29.1 Total compensation expense

Managerial remuneration			
(i) fixed		2,388,767	2,028,934
(ii) variable (including bonus)		391,699	400,958
Allowances		1,757,508	1,593,346
Contribution to provident fund	37	208,461	181,983
Contribution to gratuity fund	36.8.1	119,669	115,954
Rent & house maintenance		965,726	820,330
Utilities		241,145	204,846
Medical		75,866	69,448
EOBI - employer contribution		8,851	20,391
Staff takaful expense		110,375	101,805
Outsourced services - third party staff		487,309	406,427
Staff antecedent verification		16,237	6,228
Accretion of cost against staff financing		199,856	139,359
		6,971,469	6,090,009

29.2 Total cost for the year included in other operating expenses relating to outsourced activities pertaining to companies incorporated in Pakistan is Rs. 57.55 million (2024: Rs. 61.72 million). This includes payments other than outsourced services costs, which are disclosed above.

		2025	2024
		--- Rupees in '000 ---	
29.3 Auditors' remuneration			
Audit / limited reviews fee		14,025	10,475
Other audit reviews and certifications		5,060	4,600
		19,085	15,075

	Note	2025 --- Rupees in '000 ---	2024
30 OTHER CHARGES			
Penalties imposed by State Bank of Pakistan		<u>152,748</u>	<u>84,973</u>
31 CREDIT LOSS ALLOWANCE AND WRITE OFFS - NET			
Credit loss allowance / (reversal) against:			
- Cash and balances with treasury banks		44	(76)
- Balances with other banks		390	(413)
- Due from financial institutions	7.4	(945)	5,579
- Investments	8.3.2	(5,994)	5,898
- Islamic financing and related assets	9.14	(2,154,974)	3,538,338
- Other assets	14.5	3,099	(931)
- Off balance sheet	20.4	340,385	65,429
		<u>(1,817,995)</u>	<u>3,613,824</u>
32 TAXATION			
Current		4,272,026	9,814,527
Deferred		838,059	(1,937,497)
Prior years			
- Current		1,088,397	-
- Deferred		(844,073)	(245,585)
		<u>5,354,409</u>	<u>7,631,445</u>
32.1	During the period, the Honorable Supreme Court of Pakistan issued an order disallowing the adjustment of minimum tax under Section 113(2)(c) of the Income Tax Ordinance, 2001 for Tax Year 2015. Consequently, the Bank has recorded a prior year tax provision amounting to Rs. 202.49 million in the these financial statements.		
	Pursuant to an amendment introduced through the Finance Act, 2025 to Rule 1 of the Seventh Schedule, the Bank has also recognized prior year income tax of Rs. 762.18 million along with a corresponding deferred tax asset of Rs. 733.95 million, resulting in a net impact of Rs. 28.23 million. This adjustment arises from the disallowance of depreciation on right-of-use assets and related finance costs under IFRS 16 – “Leases” and the consequent allowability of actual rent expenses incurred in the respective tax years.		
32.2 Relationship between tax charge and accounting profit		2025	2024
		--- Rupees in '000 ---	
Profit before taxation		<u>9,444,444</u>	<u>14,303,040</u>
Effect of:			
Tax at the applicable rate of 53% (2024: 54%)		5,005,555	7,723,642
Permanent differences		104,529	153,388
Prior year		244,325	(245,585)
Tax charge for the year		<u>5,354,409</u>	<u>7,631,445</u>
33 BASIC AND DILUTED EARNINGS PER SHARE			
Profit for the year		<u>4,090,035</u>	<u>6,671,595</u>
		----- (Number) -----	
Weighted average number of ordinary shares		<u>1,165,228,776</u>	<u>1,165,228,776</u>
		----- (Rupees) -----	
Earning per share - basic and diluted		<u>3.51</u>	<u>5.73</u>
34 CASH AND CASH EQUIVALENTS	Note	2025	2024
		--- Rupees in '000 ---	
Cash and balance with treasury banks	5	24,942,511	30,433,781
Balance with other banks	6	4,599,711	1,354,883
Overdrawn nostro account	16	-	(205,652)
		<u>29,542,222</u>	<u>31,583,012</u>

35 STAFF STRENGTH	2025	2024
	----- Number of staff -----	
Permanent	2,936	2,798
On Bank contract	13	10
Others - third party staff	911	966
Bank's own staff strength at the end of the year	<u>3,860</u>	<u>3,774</u>

35.1 In addition to the above, 37 (2024: 36) employees of outsourcing services companies were assigned to the Bank as at the end of the year to perform services other than security and janitorial services.

36 DEFINED BENEFIT PLAN

36.1 General description

As mentioned in note 4.16.1, the Bank operates a funded gratuity scheme for all its permanent employees. The benefits under the gratuity scheme are payable on retirement at the age of 60 years or earlier cessation of service, in lump sum. The benefit is equal to one month's last drawn basic salary for each year of eligible service with the Bank subject to a minimum qualifying period of service of three years.

36.2 Number of employees under the scheme

The number of employees covered under the defined benefit scheme are:

	2025	2024
	----- (Number) -----	
Gratuity fund	<u>2,932</u>	<u>2,794</u>

36.3 Principal actuarial assumptions

The actuarial valuations were carried out at the year end using the following significant assumptions:

	2025	2024
	----- Per annum -----	
Discount rate	11.75%	12.00%
Expected rate of return on plan assets	11.75%	12.00%
Expected rate of salary increase	9.75%	10.00%

36.4 Reconciliation of payable to / (receivable from) defined benefit plan

	<i>Note</i>	2025	2024
		--- Rupees in '000 ---	
Present value of obligations	36.5	918,504	874,157
Fair value of plan assets	36.6	(917,333)	(939,232)
Payable / (receivable)		<u>1,171</u>	<u>(65,075)</u>

	Note	2025 --- Rupees in '000 ---	2024
36.5	Movement in defined benefit obligation		
	Obligation at beginning of the year	874,157	731,640
	Current service cost	129,578	118,466
	Cost of funds	94,894	115,234
	Benefits paid	(166,760)	(87,349)
	Actuarial gain on obligation	(13,365)	(3,834)
	Obligations at the end of the year	<u>918,504</u>	<u>874,157</u>
36.6	Movement in fair value of plan assets		
	Fair value at beginning of the year	939,232	681,640
	Expected return on plan assets	104,803	117,746
	Bank's contribution to the fund made during the year	35,000	130,000
	Benefits paid by the bank	(166,760)	(87,349)
	Actuarial gain on plan assets	5,058	97,195
	Fair value at end of the year	<u>917,333</u>	<u>939,232</u>
36.7	Movement in payable to / (receivable from) defined benefit scheme		
	Opening balance	(65,075)	50,000
	Charge for the year	36.8.1 119,669	115,954
	Re-measurements recognised in OCI during the year	36.8.2 (18,423)	(101,029)
	Bank's contribution to the fund made during the year	(35,000)	(130,000)
	Closing balance	<u>1,171</u>	<u>(65,075)</u>
36.8	Charge for defined benefit plan		
36.8.1	Cost recognised in statement of profit and loss account		
	Current service cost	129,578	118,466
	Net return	(9,909)	(2,512)
		<u>119,669</u>	<u>115,954</u>
36.8.2	Re-measurements recognised in OCI during the year		
	Gain on obligation - Experience adjustment	(13,365)	(3,834)
	Actuarial gain on plan assets	(5,058)	(97,195)
	Total re-measurements recognised in OCI	<u>(18,423)</u>	<u>(101,029)</u>
36.9	Components of plan assets		
	Cash and cash equivalents	254,645	148,164
	Government securities	662,688	791,068
		<u>917,333</u>	<u>939,232</u>

36.9.1 Risks

Through its defined benefit plan, the Bank is exposed to a number of risks, the most significant of which are detailed below:

Investment risk

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

Longevity risks

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

Salary increase risk

The risk arises when the actual increase is higher than expectation and impacts the liability accordingly.

Withdrawal risk

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

36.10 Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	2025
	Rupees in '000
1% increase in discount rate	<u>857,139</u>
1% decrease in discount rate	<u>988,220</u>
1 % increase in expected rate of salary increase	<u>988,892</u>
1 % decrease in expected rate of salary increase	<u>855,552</u>
1 year increase in Life expectancy / Withdrawal rate	<u>912,494</u>
1 year decrease in Life expectancy / Withdrawal rate	<u>913,747</u>
36.11 Expected contributions to be paid to the funds in the next financial year	<u>148,414</u>
36.12 Expected charge for the next financial year	<u>147,243</u>

36.13 Maturity profile

The weighted average duration of the defined benefit obligation is 7.92 years.

36.14 Funding Policy

The activities of the gratuity scheme are governed by Dubai Islamic Bank Pakistan Limited Gratuity Fund established in 2006 under the provisions of a trust deed. Plan assets held in trust are governed by the Trust Deed as is the nature of the relationship between the Bank and the trustees and their composition. Responsibility for governance of the plan including the investment decisions lies with the Trustees. Funding levels are monitored on an annual basis and are based on actuarial recommendations.

36.15 Following are the significant risks associated with the gratuity fund scheme:

Asset volatility	The plan assets includes cash and cash equivalents and sukuku. The Fund believes that due to long-term nature of the plan liabilities and the strength of the Bank's support, the current investment strategy manages this risk adequately.
Inflation risk	The majority of the plans' benefit obligations are linked to inflation, and higher inflation will lead to higher liabilities. However, plan assets are based on variable rate and are re-priced at regular intervals to off-set inflationary impacts.
Life expectancy / Withdrawal rate	The majority of the plans' obligations are to provide benefits on severance with the Bank on achieving retirement. Any change in life expectancy / withdrawal rate would impact plan liabilities.

37 DEFINED CONTRIBUTION PLAN (PROVIDENT FUND)

The Bank operates a contributory provident fund scheme for permanent employees. The number of employees eligible for the scheme at the end of the reporting year is 2,289 (2024: 2,163). The employer and employee both contribute 10% of the basic salaries to the funded scheme every month. Equal monthly contribution by employer and employees during the year amounted to Rs. 208.46 million (2024: Rs. 181.98 million) each.

38 COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

38.1 Total Compensation Expense

	2025						
	Directors			Members Shariah Board	President / CEO	Key Management Personnel	Other Material Risk Takers / Controllers
	Chairman	Executives (other than CEO)	Non- Executives				
----- Rupees in '000 -----							
Fees and allowances	-	-	30,744	23,215	-	-	-
Managerial remuneration - fixed	-	-	-	3,374	55,215	175,514	286,310
Managerial remuneration - variable (including bonus)	-	-	-	1,000	30,775	60,475	61,352
Contribution to provident fund	-	-	-	320	4,331	15,603	26,581
Contribution to gratuity fund	-	-	-	267	3,609	13,002	22,151
Rent & house maintenance	-	-	-	1,280	17,325	62,415	106,331
Utilities	-	-	-	320	4,326	15,586	26,553
Medical	-	-	-	35	-	450	1,570
Conveyance	-	-	-	1,699	994	41,697	115,287
	-	-	30,744	31,510	116,575	384,742	646,135

	----- (Number) -----						
Number of persons	1	-	7	4	2	14	62

	2024						
	Directors			Members Shariah Board	President / CEO	Key Management Personnel	Other Material Risk Takers / Controllers
	Chairman	Executives (other than CEO)	Non- Executives				
----- Rupees in '000 -----							
Fees and allowances	-	-	21,639	18,909	-	-	-
Managerial remuneration - fixed	-	-	-	3,553	36,881	148,844	248,453
Managerial remuneration - variable (including bonus)	-	-	-	299	38,306	88,190	51,976
Contribution to provident fund	-	-	-	312	3,404	13,978	22,980
Contribution to gratuity fund	-	-	-	260	2,837	11,648	19,150
Rent & house maintenance	-	-	-	1,248	13,619	57,836	91,927
Utilities	-	-	-	312	3,401	13,963	22,956
Medical	-	-	-	35	-	400	1,908
Conveyance	-	-	-	1,540	2,400	25,682	58,557
	-	-	21,639	26,468	100,848	360,541	517,907

	----- (Number) -----						
Number of persons	1	-	7	5	1	16	58

The Chief Executive and certain Executives are provided with club membership and mobile telephone facilities and the Chief Executive is also provided with bank maintained car in accordance with the Bank's service rules.

38.2 Fees and allowances to Directors for participation in Board and Committee meetings

2025								
Sr. No.	Name of Director	Meeting Fees						Total Amount
		For Board Meetings	For Board Committees					
			Audit Committee	Risk Monitoring Committee	Nominations and Remuneration Committee	IT Committee	BCIC	
----- Rupees in '000 -----								
1	Shabbir Ahmed Shaikh	2,248	2,800	800	2,000	1,200	-	9,048
2	Faaria Rehman Salahuddin	2,248	400	3,200	1,600	400	4,400	12,248
3	Abbas Saifuddin Bhujwala*	2,248	-	3,200	-	-	4,000	9,448
		<u>6,744</u>	<u>3,200</u>	<u>7,200</u>	<u>3,600</u>	<u>1,600</u>	<u>8,400</u>	<u>30,744</u>

* Appointed: January 16, 2025.

2024								
Sr. No.	Name of Director	Meeting Fees						Total Amount
		For Board Meetings	For Board Committees					
			Audit Committee	Risk Monitoring Committee	Nomination and Remuneration Committee	IT Committee	BCIC	
----- Rupees in '000 -----								
1	Shabbir Ahmed Shaikh	2,245	1,294	2,211	1,553	-	-	7,303
2	Faaria Rehman Salahuddin	2,245	-	1,811	-	1,035	1,694	6,785
3	Shabnam Faqir Mohammad *	2,245	-	-	1,294	1,035	-	4,574
4	Muhammad Saleem *	1,684	-	-	-	-	1,293	2,977
		<u>8,419</u>	<u>1,294</u>	<u>4,022</u>	<u>2,847</u>	<u>2,070</u>	<u>2,987</u>	<u>21,639</u>

* Retired: October 30, 2024.

38.3 Remuneration paid to Shariah Board Members

	2025			2024		
	Chairman	Resident Member	Non-Resident Member(s)	Chairman	Resident Member	Non-Resident Member(s)
----- Rupees in '000 -----						
Fees and allowances	5,900	-	17,315	4,188	-	14,721
Managerial remuneration - fixed	-	3,374	-	-	3,120	-
Managerial remuneration - variable (including bonus)	-	1,000	-	-	299	-
Contribution to provident fund	-	320	-	-	312	-
Contribution to gratuity fund	-	267	-	-	260	-
Rent & house maintenance	-	1,280	-	-	1,248	-
Utilities	-	320	-	-	312	-
Medical	-	35	-	-	35	-
Conveyance	-	1,699	-	-	840	-
Others	-	-	-	-	1,133	-
	<u>5,900</u>	<u>8,295</u>	<u>17,315</u>	<u>4,188</u>	<u>7,559</u>	<u>14,721</u>
----- (Number) -----						
Number of persons	<u>1</u>	<u>1</u>	<u>2</u>	<u>1</u>	<u>1</u>	<u>3</u>

40 SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

	2025						
	Corporate Banking	SME & Commercial Banking	Consumer Banking	Treasury	Others	Inter-segment Elimination	Total
	----- Rupees in '000 -----						
Statement of profit and loss account							
Net profit earned	11,695,831	712,187	(6,523,562)	15,376,797	318,734	-	21,579,987
Inter segment revenue - net	(8,499,502)	1,413,075	20,384,030	(13,155,006)	(142,597)	-	-
Other income	742,251	563,075	1,664,784	1,357,727	20,828	-	4,348,665
Total income	3,938,580	2,688,337	15,525,252	3,579,518	196,965	-	25,928,652
Segment direct expenses	(1,127,579)	(1,401,030)	(12,706,975)	(272,620)	(2,793,999)	-	(18,302,203)
Inter segment expense allocation	(338,543)	(557,906)	(1,575,811)	(121,884)	2,594,144	-	-
Total expenses	(1,466,122)	(1,958,936)	(14,282,786)	(394,504)	(199,855)	-	(18,302,203)
Credit loss allowance	1,432,894	278,188	97,513	6,510	2,890	-	1,817,995
Profit before tax	3,905,352	1,007,589	1,339,979	3,191,524	-	-	9,444,444
Statement of Financial Position							
Cash and bank balances	-	-	6,352,560	4,599,109	18,589,305	-	29,540,974
Due from financial institutions	-	-	-	35,206,184	-	-	35,206,184
Investments	-	-	-	106,409,465	-	-	106,409,465
Net inter segment placements	-	13,080,772	187,125,145	-	31,216,153	(231,422,070)	-
Islamic financings and related assets - performing	168,186,286	26,179,950	37,831,249	-	2,669,158	-	234,866,643
- non-performing	1,337,348	667,726	411,561	-	-	-	2,416,635
Others	6,261,209	3,638,300	18,462,128	1,632,311	8,675,401	-	38,669,349
Total Assets	175,784,843	43,566,748	250,182,643	147,847,069	61,150,017	(231,422,070)	447,109,250
Due to financial institutions	12,516,083	3,326,855	-	100,000	-	-	15,942,938
Deposits & other accounts	73,860,789	38,245,299	222,443,658	131,203	-	-	334,680,949
Net inter segment acceptances	84,089,248	-	-	147,332,822	-	(231,422,070)	-
Subordinated sukuk	-	-	-	-	7,120,000	-	7,120,000
Others	5,318,723	1,994,594	27,738,985	498,933	5,636,195	-	41,187,430
Total liabilities	175,784,843	43,566,748	250,182,643	148,062,958	12,756,195	(231,422,070)	398,931,317
Equity	-	-	-	(215,889)	48,393,822	-	48,177,933
Total Equity and liabilities	175,784,843	43,566,748	250,182,643	147,847,069	61,150,017	(231,422,070)	447,109,250
Contingencies and							
Commitments	96,506,020	20,483,003	2,317,973	65,696,298	251,125	-	185,254,419

2024

	Corporate Banking	SME & Commercial Banking	Consumer Banking	Treasury	Other	Inter-segment Elimination	Total
----- Rupees in '000 -----							
Statement of profit and loss account							
Net profit earned	15,779,698	417,382	(9,026,993)	22,947,651	245,639	-	30,363,377
Inter segment revenue - net	(12,766,486)	6,292,376	27,262,762	(20,673,526)	(115,126)	-	-
Other income	772,030	666,624	1,498,603	888,711	34,793	-	3,860,761
Total income	3,785,242	7,376,382	19,734,372	3,162,836	165,306	-	34,224,138
Segment direct expenses	(948,486)	(2,613,358)	(9,237,510)	(246,356)	(3,261,564)	-	(16,307,274)
Inter segment expense allocation	(462,791)	(580,347)	(1,900,870)	(158,983)	3,102,991	-	-
Total expenses	(1,411,277)	(3,193,705)	(11,138,380)	(405,339)	(158,573)	-	(16,307,274)
Provisions	(3,738,806)	244,762	(101,570)	(11,477)	(6,733)	-	(3,613,824)
Profit before tax	(1,364,841)	4,427,439	8,494,422	2,746,020	-	-	14,303,040
Statement of Financial Position							
Cash and bank balances	-	943,225	6,133,355	1,354,671	23,356,599	-	31,787,850
Due from financial institutions	-	-	-	41,494,389	-	-	41,494,389
Investments	-	-	-	143,838,506	-	-	143,838,506
Net inter segment placements	-	49,706,485	157,866,811	-	20,944,399	(228,517,695)	-
Islamic financings and related assets - performing	134,503,386	27,920,129	36,628,340	-	2,130,597	-	201,182,452
- non-performing	1,551,645	692,013	444,472	-	-	-	2,688,130
Others	7,456,249	4,478,153	8,982,786	2,919,938	8,323,370	-	32,160,496
Total Assets	143,511,280	83,740,005	210,055,764	189,607,504	54,754,965	(228,517,695)	453,151,823
Due to financial institutions	15,958,611	4,844,380	-	3,205,653	-	-	24,008,644
Deposits & other accounts	78,845,083	71,710,451	196,033,376	283,852	-	-	346,872,762
Net inter segment acceptances	43,406,606	-	-	185,111,089	-	(228,517,695)	-
Subordinated sukuk	-	-	-	-	7,120,000	-	7,120,000
Others	5,300,980	7,185,174	14,022,388	355,295	3,340,021	-	30,203,858
Total liabilities	143,511,280	83,740,005	210,055,764	188,955,889	10,460,021	(228,517,695)	408,205,264
Equity	-	-	-	651,615	44,294,944	-	44,946,559
Total Equity and liabilities	143,511,280	83,740,005	210,055,764	189,607,504	54,754,965	(228,517,695)	453,151,823
Contingencies and Commitments	46,026,415	24,698,811	681,418	56,293,206	505,057	-	128,204,907

41 TRUST ACTIVITIES

The Bank commonly acts as trustee and in other fiduciary capacities that result in the holding or placing of assets on behalf of individuals, trusts, retirement benefit plans and other institutions including on behalf of certain related parties. These are not assets of the Bank and, therefore, are not included in the Statement of Financial Position. The following is the list of assets held under trust:

Category	Security type	Number of securities		--- Rupees in '000 ---	
		2025	2024	Face Value	
				2025	2024
Financial institution - related party	Shares	-	3,347,600	-	33,476
Asset Management Company	Sukuk	5,562,000	18,812,000	556,200	1,881,200
Funds	Sukuk	-	2,351,000	-	235,100
Funds - related party	Sukuk	10,500,000	4,000,000	1,050,000	400,000
		16,062,000	28,510,600	1,606,200	2,549,776

42 RELATED PARTY TRANSACTIONS

The Bank has related party relationship with Dubai Islamic Bank P.J.S.C, U.A.E, the holding company, directors, related group companies, associated companies, key management personnel and Staff Retirement Funds.

A number of banking transactions are entered into with related parties in the normal course of business. These include financing and deposit transactions. These transactions are executed substantially on the same terms including profit rates and collateral, as those prevailing at the time for comparable transactions with unrelated parties and do not involve more than a normal risk. Contributions to staff retirement benefit plan are made in accordance with the terms of the contribution plan. Remuneration and other benefits to the executives are determined in accordance with the terms of their appointment.

Usual transactions with related parties include deposits, financing, returns and provision of other banking services. Transactions with executives are undertaken at terms in accordance with employment agreements and service rules.

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

	2025					2024				
	Holding Company	Directors	Key management personnel	Others**	Total	Holding Company	Directors	Key management personnel	Others**	Total
----- Rupees in '000 -----										
Balances with other banks										
As at January 1,	202,004	-	-	-	202,004	85,403	-	-	-	85,403
Deposited during the year	53,704,113	-	-	-	53,704,113	66,025,180	-	-	-	66,025,180
Withdrawals during the year	(53,813,403)	-	-	-	(53,813,403)	(65,908,552)	-	-	-	(65,908,552)
Credit loss allowance	(13)	-	-	-	(13)	(27)	-	-	-	(27)
Closing balance	92,701	-	-	-	92,701	202,004	-	-	-	202,004
Islamic financing and related assets										
As at January 1,	-	-	284,191	-	284,191	-	-	166,181	-	166,181
Disbursed during the year	-	-	84,993	-	84,993	-	-	127,714	-	127,714
Repaid during the year	-	-	(51,933)	-	(51,933)	-	-	(79,250)	-	(79,250)
Adjustments *	-	6,080	(26,088)	-	(20,008)	-	-	70,049	-	70,049
Credit loss allowance	-	(47)	(519)	-	(566)	-	-	(503)	-	(503)
Closing balance	-	6,033	290,644	-	296,677	-	-	284,191	-	284,191
Deposits and other accounts										
As at January 1,	32,829	951	172,583	379,576	585,939	145,402	18,886	188,776	490,036	843,100
Received during the year	4,964,222	7,995	869,026	3,898,273	9,739,516	4,636,563	26,041	1,227,936	2,800,253	8,690,793
Withdrawals during the year	(4,947,290)	(8,221)	(769,326)	(3,426,504)	(9,151,341)	(4,749,136)	(29,900)	(1,196,770)	(2,910,713)	(8,886,519)
Adjustments *	-	8,360	(114,432)	-	(106,072)	-	(14,076)	(47,359)	-	(61,435)
Closing balance	49,761	9,085	157,851	851,345	1,068,042	32,829	951	172,583	379,576	585,939
Other Liability										
As at January 1,	1,032,094	-	36,518	-	1,068,612	-	-	33,060	-	33,060
Addition during the year	636,132	-	9,974	-	646,106	1,032,094	-	20,436	-	1,052,530
Paid during the year	-	-	(7,215)	-	(7,215)	-	-	(15,072)	-	(15,072)
Adjustments *	-	-	(21,470)	-	(21,470)	-	-	(1,906)	-	(1,906)
Closing balance	1,668,226	-	17,807	-	1,686,033	1,032,094	-	36,518	-	1,068,612
----- Rupees in '000 -----										
Transactions during the year										
Profit earned on financings	-	1,130	8,265	-	9,395	-	-	11,884	-	11,884
Profit expensed on deposits	-	58	10,825	76,329	87,212	-	102	85,027	141,550	226,679
Profit expensed on other liability	-	-	2,273	-	2,273	-	-	6,632	-	6,632
Other income	-	-	-	-	-	-	-	4,267	-	4,267
Fees and allowances	-	30,744	23,215	-	53,959	-	21,639	18,909	-	40,548
Service fee	636,132	-	-	-	636,132	1,032,094	-	-	-	1,032,094
Remuneration to key management personnel (including bonus)	-	-	509,612	-	509,612	-	-	468,948	-	468,948
Contribution made to gratuity fund	-	-	-	119,669	119,669	-	-	-	115,954	115,954
Contribution made to provident fund	-	-	-	208,461	208,461	-	-	-	181,983	181,983
Contingencies and commitments										
Foreign currency purchase promises	10,275,171	-	-	-	10,275,171	7,164,992	-	-	-	7,164,992
Foreign currency sale promises	10,275,171	-	-	-	10,275,171	7,164,992	-	-	-	7,164,992
Other guarantees	766,266	-	-	-	766,266	6,113	-	-	-	6,113

* Primarily relates to those directors, associates and key management personnel who are no longer related parties or have become related parties of the Bank as at December 31, 2025.

** Represents Dubai Islamic Bank Pakistan Limited's Provident & Gratuity Funds.

43 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

2025 **2024**
--- Rupees in '000 ---

Minimum Capital Requirement (MCR):

Paid-up capital	11,652,288	11,652,288
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Capital Adequacy Ratio (CAR):

Eligible Common Equity Tier I (CET I) Capital	44,324,239	42,218,852
Eligible Additional Tier I (ADT I) Capital	3,120,000	3,120,000
Total Eligible Tier I Capital	47,444,239	45,338,852
Eligible Tier II Capital	5,591,354	6,862,762
Total Eligible Capital (Tier I + Tier II)	53,035,593	52,201,614

Risk Weighted Assets (RWAs):

Credit Risk	196,188,651	176,891,762
Market Risk	9,678,598	1,087,802
Operational Risk	58,990,126	57,116,214
Total	264,857,375	235,095,778

Common Equity Tier I Capital Adequacy ratio

16.74% 17.96%

Tier I Capital Adequacy Ratio

17.91% 19.29%

Total Capital Adequacy Ratio

20.02% 22.20%

43.1 Capital management

Capital Management aims to safeguard the Bank's ability to continue as a going concern so that it could continue to provide adequate returns to shareholders by pricing products and services commensurately with the level of risk. For this the Bank ensures strong capital position and efficient use of capital as determined by the underlying business strategy i.e. maximizing growth on continuing basis. The Bank maintains a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The impact of the level of capital on shareholders' return is also recognised and the Bank recognises the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position.

The State Bank of Pakistan (SBP) has prescribed guidelines with respect to disclosure of capital adequacy related information in the financial statements of banks. These guidelines are based on the requirements of Basel III which were introduced earlier by the SBP in August 2013 for implementation by banks in Pakistan. The disclosures below have been prepared on the basis of the SBP's guidelines.

43.2 Goals of managing capital

The goals of managing capital of the Bank are as follows:

- To be an appropriately capitalised institution, considering the requirements set by the regulators of the banking markets where the Bank operates;
- Maintain strong ratings and to protect the Bank against unexpected events; and
- Ensure availability of adequate capital at a reasonable cost so as to enable the Bank to operate adequately and provide reasonable value addition for the shareholders and other stakeholders.

43.3 Statutory minimum Capital Adequacy Ratio requirement:

In implementing current capital requirements the State Bank of Pakistan requires banks to maintain minimum Capital Adequacy Ratio (CAR) of 12.50%, whereas since COVID the requirement has been reduced to 11.50% and CAR stood at 20.02% at the year ended December 31, 2025.

43.4 Capital Structure

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

- Tier I capital (going concern capital) which is sub divided into:
 - a) Common Equity Tier I (CET I), which includes fully paid up capital, reserve for bonus issue, general reserves and un-appropriated profits (net of losses), etc. after regulatory deductions for investment in own shares, and book value of intangibles.
 - b) Additional Tier I capital (AT I), which includes perpetual, unsecured, sub-ordinated, non-cumulative and contingent convertible Sukuk instrument issued by the Bank.
- Tier II capital, which includes sub-ordinated sukuk, general provisions (upto a maximum of 1.25% of credit risk weighted assets), reserves on revaluation of available for sale investments after deduction of indirect holding of own capital.

Banking operations are categorised in either the trading book or the banking book and risk weighted assets are determined according to the specified requirements that seek to reflect the varying levels of risk attached to assets and off balance sheet exposures.

	2025	2024
	---- Rupees in '000 ----	
Leverage Ratio (LR):		
Eligible Tier I Capital	47,444,239	45,338,852
Total Exposures	<u>536,612,708</u>	<u>516,372,631</u>
Leverage Ratio	<u>8.84%</u>	<u>8.78%</u>
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	156,087,323	144,794,461
Total Net Cash Outflow	<u>73,494,621</u>	<u>58,540,196</u>
Liquidity Coverage Ratio	<u>212.38%</u>	<u>247.34%</u>
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	305,974,741	314,906,814
Total Required Stable Funding	<u>214,856,591</u>	<u>204,779,739</u>
Net Stable Funding Ratio	<u>142.41%</u>	<u>153.78%</u>

43.5 The full disclosures on the capital adequacy, leverage ratio & liquidity requirements as per SBP instructions issued from time to time is available at <https://www.dibpak.com/index.php/financials>.

44 RISK MANAGEMENT

The wide variety of the Bank's business activities require the Bank to identify, assess, measure, aggregate and manage risks effectively which are constantly evolving as the business activities expand in response to the Bank's strategy and growth. The Bank manages the risk through a framework of risk management encompassing policies and procedures, organisational structures, risk measurement and monitoring processes and techniques that are closely aligned with business activities of the Bank.

In the currently competitive banking market the Bank's rate of return is greatly influenced by its risk management capabilities as "Banking is about managing risk and return". Success in the banking business is not to eliminate or avoid risk altogether but to proactively assess and manage risks for the organization's strategic advantage.

Risk Framework

The Bank's Risk management framework is based on three pillars; (a) Risk Principles and Strategies, (b) Organizational Structures and Procedures and (c) Prudent Risk Measurement and Monitoring Processes which are closely aligned with the activities of the Bank so as to give maximum value to the shareholders while ensuring that risks are kept within an acceptable level / risk appetite.

The Board determines the overall risk appetite and philosophy for the Bank. The overall risk is monitored by the Board Risk Monitoring Committee (BRMC). The terms of reference of BRMC have been approved by the Board. Various Management Committees such as Risk Management Committee (RMC), Management Credit Committee (MCC), Asset and Liability Committee (ALCO) and Control and Compliance Committee to support these goals.

The Chief Executive Officer (CEO) and Chief Risk Officer (CRO), in close coordination with all businesses / support functions, ensure that the Risk Management Framework approved by the Board is implemented in true spirit and risk limits are communicated and adhered for quantifiable risks by those who accept risks on behalf of the Bank. Further, they also ensure that the non-quantifiable risks are communicated as guidelines and adhered to in management business decisions.

Risk Appetite

Risk management across the Bank is based on the risk appetite and philosophy set by the Board and the associated risk committees. The Board establishes the parameters for risk appetite for the Bank through:

- Setting strategic direction;
- Contributing to, and ultimately approving plans for each division; and
- Regularly reviewing and monitoring the Bank's performance in relation to risk through related reports.

It is to be ensured that the risk remains within the acceptable level and sufficient capital is available as a buffer to absorb all the risks. It forms the basis of strategies and policies for managing risks and establishing adequate systems and controls to ensure that overall risk remain within acceptable level.

Risk Organisation

The nature of the Bank's businesses requires it to identify, measure and manage risks effectively. The Bank manages these risks through a framework of risk vision, mission, strategy, policies, principles, organizational structures, infrastructures and risk measurement and monitoring processes that are closely aligned with the activities of the Bank. The Bank Risk Management function is independent of the business areas.

In line with best practices, the Bank exercises adequate oversight through the Risk Management Committee and the Bank's Risk Management Group and has developed an elaborate risk identification measurement and management framework.

Along with the above, business heads are also specifically responsible for the management of risk within their respective businesses. As such, they are responsible for ensuring that they are in compliance with appropriate risk management frameworks in line with the standards set by the Bank.

Business heads are supported by the Risk Management Group and the Credit Approval. An important element that underpins the Bank's approach to the management of all risk is independence, where the risk monitoring function is independent of the risk taking function.

The Bank also has credit risk, market risk, liquidity risk, operational risk, and investment policies in place.

44.1 Credit Risk

Credit risk arises from the potential that an obligor is either unwilling to perform on an obligation or its ability to perform such obligation is impaired resulting in economic loss to the Bank. The credit risk arises mainly from both direct financing activities as well as contingent liabilities. The objective of credit risk management framework / policies for the Bank is to achieve sustainable and superior risk versus reward performance whilst maintaining credit risk exposure in line with the approved risk appetite.

The Bank has adopted Standardised Approach for calculation of capital charge against credit risk. Therefore, risk weights for the credit risk related assets (on-balance sheet and off-balance sheet - market and non-market related exposures) are assigned taking into consideration external rating(s) of counterparty(s) for the purpose of calculating Risk Weighted Assets.

The Bank has its own credit rating system (Moody's) in place which takes into account both quantitative and qualitative aspects. In addition, pro-active credit risk management is undertaken through risk concentration, counterparty limits, counterparty group limits and industry concentration limits, defining minimum risk acceptance criteria for each industry. Periodic review process and risk asset review coupled with policies on internal watch listing are capable of identifying problem financings at an early stage. In addition a full-fledged Special Assets Management (SAM) department has also been set up for dealing with problem accounts.

44.1.1 Due from financial institutions

Credit risk by public / private sector

	Gross		Non-performing		Credit loss allowance held					
					Stage 1		Stage 2		Stage 3	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
	Rupees in '000									
Public / Government	711,850	-	-	-	-	-	-	-	-	-
Private	34,499,000	41,500,000	-	-	4,666	5,611	-	-	-	-
	35,210,850	41,500,000	-	-	4,666	5,611	-	-	-	-

44.1.2 Investment

Credit risk by industry sector

	Gross		Non-performing		Credit loss allowance held					
					Stage 1		Stage 2		Stage 3	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
	Rupees in '000									
Construction	7,320,558	7,148,551	-	-	1,040	1,324	-	-	-	-
Financial	8,064,000	9,398,755	-	-	1,031	7,078	-	-	-	-
Government	83,064,111	82,228,156	-	-	-	-	-	-	-	-
Other Sovereign	6,704,922	6,327,349	-	-	1,379	1,004	-	-	-	-
Power (Electricity, Gas, Water)	378,464	38,745,279	-	-	18	178	-	-	-	-
Chemical and Pharmaceuticals	881,000	-	-	-	122	-	-	-	-	-
Textile	89,316	89,316	89,316	89,316	-	-	-	-	89,316	89,316
	106,502,371	143,937,406	89,316	89,316	3,590	9,584	-	-	89,316	89,316

Credit risk by public / private sector

	Gross		Non-performing		Credit loss allowance held					
					Stage 1		Stage 2		Stage 3	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
	Rupees in '000									
Public / Government*	83,845,268	120,617,319	-	-	-	-	-	-	-	-
Private	22,657,103	23,320,087	89,316	89,316	3,590	9,584	-	-	89,316	89,316
	106,502,371	143,937,406	89,316	89,316	3,590	9,584	-	-	89,316	89,316

*This represents government and government guaranteed securities carried at FVOCI on which ECL has not been calculated.

44.1.3 Islamic Financing and related assets

Credit risk by industry sector

	Gross		Non-performing		Credit loss allowance held					
					Stage 1		Stage 2		Stage 3	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
	Rupees in '000									
Agriculture, Forestry, Hunting and Fishing	88,845	542,605	-	481,799	783	420	134	63	-	471,402
Automobile and Transportation equipment	6,207,259	3,073,139	1,027,518	849,462	9,284	7,185	56,244	106,209	826,728	647,686
Cement	3,036,572	5,232,925	286,446	827,510	545	167	70,625	103,752	201,798	593,708
Chemical and Pharmaceuticals	16,262,748	13,988,603	459,278	201,483	10,231	43,769	100,954	67,253	453,130	201,483
Construction	24,341,200	13,520,698	14,669	2,331	13,142	20,782	116	6,575	11,023	2,331
Electronics and Electrical appliances	2,258,355	3,306,143	509,899	1,199,001	1,223	987	6,881	44,114	375,998	863,017
Food and Beverages	24,768,670	28,051,083	5,344,935	5,369,434	31,300	50,156	213,052	354,333	4,464,356	4,642,533
Footwear and Leather garments	405,076	298,308	-	-	1,088	118	-	2,057	-	-
Individuals	38,490,953	37,422,671	1,212,716	1,296,979	102,047	119,278	179,273	163,464	782,377	839,701
Iron / Steel	8,541,262	12,855,285	4,286,871	5,087,744	6,786	10,791	48,092	79,090	4,080,509	4,791,209
Mining and Quarrying	1,318,604	2,497,104	-	-	4,182	11,600	-	-	-	-
Paper, Board and Packaging	3,279,118	951,407	30,776	32,276	7,034	604	57,262	57,752	30,776	32,276
Power (Electricity, Gas, Water)	35,012,763	30,500,027	-	-	11,777	12,468	14,095	100,495	-	-
Real Estate	260,114	755,118	-	-	293	1,197	5,844	51,304	-	-
Rubber and Plastic	5,357,369	4,897,693	902,115	948,205	5,057	1,948	14,414	78,475	902,115	944,001
Services	4,107,208	7,191,378	121,228	129,408	9,479	13,866	12,328	99,165	121,228	129,408
Textile	44,742,398	35,216,184	1,408,111	1,180,971	141,459	89,683	352,904	612,456	1,313,595	1,151,922
Transport, Storage and Communication	18,247,943	8,080,266	93,285	95,522	25,823	11,140	16,302	65,318	93,285	95,523
Wholesale and Retail Trade	16,363,034	15,667,851	3,644,985	3,209,680	31,758	39,548	28,642	37,829	3,260,785	2,804,670
Others	2,736,584	500,130	34,800	-	6,344	690	3,781	1,065	24,516	-
	255,826,075	224,548,618	19,377,632	20,911,805	419,635	436,397	1,180,943	2,030,769	16,942,219	18,210,870

Credit risk by public / private sector

	Gross		Non-performing		Credit loss allowance held					
					Stage 1		Stage 2		Stage 3	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
	Rupees in '000									
Public / Government*	17,449,522	7,414,836	-	-	-	-	-	-	-	-
Private	238,376,553	217,133,782	19,377,632	20,911,805	419,635	436,397	1,180,943	2,030,769	16,942,219	18,210,870
	255,826,075	224,548,618	19,377,632	20,911,805	419,635	436,397	1,180,943	2,030,769	16,942,219	18,210,870

*This represents exposure in government and government guaranteed entities on which ECL has not been calculated.

44.1.4 Contingencies and Commitments

	2025	2024
	---- Rupees in '000 ----	
Credit risk by industry sector		
Automobile and Transportation equipment	530,707	693,584
Cement	1,171,406	384,758
Chemical and Pharmaceuticals	2,778,477	3,878,639
Construction	5,688,821	8,551,178
Electronics and Electrical appliances	813,240	646,775
Financial	89,763,184	56,292,308
Food and Beverages	2,610,852	5,263,565
Footwear and Leather garments	48,961	45,142
Iron / Steel	1,971,595	8,461,282
Paper, Board and Packaging	768,847	212,959
Power (Electricity, Gas, Water)	49,185,147	7,385,505
Rubber and Plastic	328,871	821,158
Services	911,595	17,968,692
Textile	7,522,324	3,532,074
Transport, Storage and Communication	3,017,012	631,708
Wholesale, Retail and Trade	649,331	-
Others	14,910,799	12,240,072
	<u>182,671,169</u>	<u>127,009,399</u>
Credit risk by public / private sector		
Public / Government	55,253,184	7,922,080
Private	127,417,985	119,087,319
	<u>182,671,169</u>	<u>127,009,399</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. 128,224 million (2024: Rs. 79,434 million) are as following:

	2025	2024
	---- Rupees in '000 ----	
Funded	67,229,625	51,945,822
Non Funded	60,994,383	27,487,965
Total Exposure	<u>128,224,008</u>	<u>79,433,787</u>

The sanctioned limits against these top 10 exposures aggregated to Rs. 147,550 million (2024: Rs. 99,974 million). Further, none of the top 10 customers have been placed under non-performing status as at December 31, 2025 and December 31, 2024.

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
	----- Rupees in '000 -----						
Punjab	116,613,183	116,022,238	-	192,869	-	5,000	393,077
Sindh	225,484,607	22,105,498	197,717,371	537,534	4,155,734	909,398	59,072
KPK including FATA	-	-	-	-	-	-	-
Balochistan	-	-	-	-	-	-	-
Islamabad	27,443,726	909,553	-	2,391,461	281,200	23,861,511	-
AJK	-	-	-	-	-	-	-
Total	<u>369,541,516</u>	<u>139,037,289</u>	<u>197,717,371</u>	<u>3,121,864</u>	<u>4,436,934</u>	<u>24,775,909</u>	<u>452,149</u>
	2024						
Province / Region	Disbursements	Utilization					
		Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK
	----- Rupees in '000 -----						
Punjab	91,908,900	89,655,470	1,155,800	843,873	-	13,978	239,779
Sindh	247,275,753	33,907,843	207,895,995	264,255	4,272,873	905,911	28,876
KPK including FATA	-	-	-	-	-	-	-
Balochistan	-	-	-	-	-	-	-
Islamabad	14,726,713	1,494,490	-	520,168	733,982	11,978,073	-
AJK	-	-	-	-	-	-	-
Total	<u>353,911,366</u>	<u>125,057,803</u>	<u>209,051,795</u>	<u>1,628,296</u>	<u>5,006,855</u>	<u>12,897,962</u>	<u>268,655</u>

44.1.7 Forward-looking information contained in ECL

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

The Bank uses historic and forecasted data to determine the impact of macroeconomic factors to estimate Probability of Default (PD) and Loss Given Default (LGD) etc. Further, statistical models based on historical correlation is performed to identify most significant macro-economic variable(s) that have been recognized as contributors to the default performance of any portfolio. The macro-economic variables (including KSE 100 Index, Consumer Price Index and Crude Oil Price) used in the ECL calculation are fetched from the World Bank and International Monetary Fund (IMF) database and the relevant macro-economic variables are selected based on sensitivity of each of the portfolios to specific macro-economic variables. Three macroeconomic scenarios have been developed base, best, and worst with assigned scenario probability weightings of 55%, 15%, and 30% respectively.

The Bank conducted a sensitivity analysis on macro-economic indicators which are utilized for forward-looking calculations. As of December 31, 2025, when the macro-economic indicators in the neutral scenario was adjusted upwards or downwards by 30%, the ECL showed the following variation:

Segment	Upwards	Downwards
Corporate	-0.2047%	0.2310%
SME	-0.4280%	0.2439%
Retail	-1.1171%	0.2276%

44.1.8 Sensitivity of ECL to Future Economic Conditions

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

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

Segment	2025						
	Base		Worse		Best		
	Total ECL after sensitivity analysis	Increase / decrease in %	Total ECL after sensitivity analysis	Increase / decrease in %	Total ECL after sensitivity analysis	Increase / decrease in %	
Corporate	17,231,692	17,225,990	-0.03%	17,609,387	2.19%	16,431,119	-4.65%
SME	249,592	249,051	-0.22%	258,117	3.42%	231,465	-7.26%
Retail	1,061,513	1,057,687	-0.36%	1,121,906	5.69%	906,085	-14.64%
	18,542,797	18,532,728	-0.05%	18,989,410	2.41%	17,568,669	-5.25%

44.2 Market Risk

Market risk is the risk that the value of the on and off balance sheet positions of the Bank will be adversely affected by movements in market rates or other underlying risk factors.

The Bank manages the market risk in its portfolios through its Market Risk Management framework and methodologies set out in its Board approved Market Risk Policy as per the SBP guidelines. A separate market risk monitoring function has also been set up.

Market Risk at the Bank is controlled by:

- Identifying the relevant market risk factors for a particular product, portfolio or business proposition;
- Applying an appropriate limit structure; and
- Setting and monitoring appropriate levels of limits.

These are adequately supported by stringent operational controls and standards and compliance with internal and regulatory policies.

Standard risk management techniques and tools have been adopted by the risk management group, including the SBP mandated stress testing methodology to monitor and manage market risk. The Bank has adopted Standardised Approach for calculation of capital charge against market risk charge.

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 '000			Rupees in '000		
Cash and balances with treasury banks	24,941,865	-	24,941,865	30,433,179	-	30,433,179
Balances with other banks	4,599,109	-	4,599,109	1,354,671	-	1,354,671
Due from financial institutions	35,206,184	-	35,206,184	41,494,389	-	41,494,389
Investments	79,221,231	27,188,234	106,409,465	141,456,087	2,382,419	143,838,506
Islamic financing and related assets	237,283,278	-	237,283,278	203,870,582	-	203,870,582
Property and equipment	5,173,934	-	5,173,934	2,180,568	-	2,180,568
Right-of-use assets	9,661,871	-	9,661,871	5,588,241	-	5,588,241
Intangible assets	666,929	-	666,929	615,657	-	615,657
Deferred tax assets	6,453,402	-	6,453,402	5,517,172	-	5,517,172
Other assets	16,713,213	-	16,713,213	18,258,858	-	18,258,858
	419,921,016	27,188,234	447,109,250	450,769,404	2,382,419	453,151,823

44.2.2 Foreign Exchange Risk

Currency risk is the risk of loss arising from the fluctuations of exchange rates.

In the normal course of conducting commercial banking business, which ranges from intermediation only to taking on principal risk as dealer or as counterparty, the Bank purchases or sells currencies in today / ready and gives or receives unilateral promises for sale or purchase of foreign exchange at future dates in a long or short position in different currency pairs. These positions expose the Bank to foreign exchange risk. To control this risk, the Bank primarily uses principal limits at various levels to control the open position, and ultimately the residual foreign exchange risk of the Bank. The Bank also strictly adheres to all associated regulatory limits.

The following is a summary of the assets of the Bank subject to foreign exchange risk:

	2025				2024			
	Foreign Currency Assets	Foreign Currency Liabilities	Off-balance sheet items	Net foreign currency exposure	Foreign Currency Assets	Foreign Currency Liabilities	Off-balance sheet items	Net foreign currency exposure
	Rupees in '000							
United States Dollar	33,368,491	(47,624,707)	15,353,943	1,097,727	34,510,666	(52,211,006)	17,245,998	(454,342)
Great Britain Pound	696,864	(2,676,915)	1,983,924	3,873	996,624	(2,400,944)	1,408,775	4,455
Japanese Yen	2,045	-	-	2,045	3,269	-	-	3,269
Euro	503,407	(4,629,108)	4,120,614	(5,087)	530,692	(2,138,306)	1,606,541	(1,073)
Swiss Franc	6,241	-	-	6,241	1,574	-	-	1,574
U.A.E Dirham	351,898	(3,634,740)	3,279,864	(2,978)	627,289	(4,231,877)	3,602,220	(2,368)
Australian Dollar	4,036	-	-	4,036	4,450	-	-	4,450
Canadian Dollar	10,481	(5,565)	-	4,916	4,987	(1,831)	-	3,156
Saudi Riyal	4,118	(504)	-	3,614	71,154	(879)	(74,142)	(3,867)
Chinese Yen	10,554	-	-	10,554	2,987	-	-	2,987
Singapore Dollar	7,567	-	-	7,567	7,060	-	-	7,060
	34,965,702	(58,571,539)	24,738,345	1,132,508	36,760,752	(60,984,843)	23,789,392	(434,699)

Impact of 1% change in foreign exchange rates on	Trading book		Banking book	
	2025	2024	2025	2024
	--- Rupees in '000 ---		--- Rupees in '000 ---	
- Statement of profit and loss account	4,720	16,107	15,639	(3,574)
- Statement of comprehensive income	-	-	(9,034)	(16,880)

44.2.3 Equity position Risk

The Bank had no exposure to equities as at the reporting date.

44.2.4 Yield / Profit Rate Risk

All products dealt in by the Bank are duly approved by the Bank's Shari'a Board / Resident Shari'a Board Member and the Bank does not conduct any business in interest related products.

The objective of yield / profit rate risk monitoring is to manage the resultant impact on the Bank's statement of financial position due to changes in profit / return on investment and financing products. Yield / profit rate risk review of the statement of financial position is also done monthly in ALCO meetings. Various ratios as prescribed by the SBP are also monitored. The Bank also uses Gap Analysis and Notional Principal Limits to monitor the risks.

	2025	2024	
	Banking Book	Trading Book	Banking Book
	Rupees in '000		
	1,129,269	7,812	1,121,540
			23,824

Impact of 1% change in profit rates on
- Statement of profit and loss account

44.2.5 Mismatch of Yield Rate Sensitive Assets and Liabilities

Effective Yield / profit rate	Total	2025 Exposed to Yield / Profit risk									Non-profit bearing financial instruments	
		Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years		
		Rupees in '000										
On-balance sheet financial instruments												
<i>Assets</i>												
Cash and balances with treasury banks	-	24,941,865	-	-	-	-	-	-	-	-	-	24,941,865
Balances with other banks	-	4,599,109	-	-	-	-	-	-	-	-	-	4,599,109
Due from financial institutions	10.05%	35,206,184	34,499,000	-	-	-	-	711,850	-	-	-	(4,666)
Investments	10.95%	106,409,465	905,782	5,827,762	56,728,294	25,100,597	-	11,145,700	-	6,704,924	-	(3,594)
Islamic financing and related assets- net	12.59%	237,283,278	91,797,027	67,557,471	47,353,364	4,819,618	5,554,972	7,358,368	2,263,843	7,011,170	640,045	2,927,400
Other assets	-	13,885,847	-	-	-	-	-	-	-	-	-	13,885,847
		422,325,748	127,201,809	73,385,233	104,081,658	29,920,215	5,554,972	19,215,918	2,263,843	13,716,094	640,045	46,345,961
<i>Liabilities</i>												
Bills payable	-	8,026,514	-	-	-	-	-	-	-	-	-	8,026,514
Due to financial institutions	6.23%	15,942,938	1,313,677	1,234,868	6,077,531	1,174,014	2,082,513	1,599,713	1,545,699	914,923	-	-
Deposits and other accounts	5.76%	334,680,949	239,208,858	-	-	-	-	-	-	-	-	95,472,091
Lease liabilities	13.64%	10,729,756	27,842	111,917	119,715	734,110	1,180,923	1,003,551	1,602,803	5,948,895	-	-
Subordinated sukuk	13.20%	7,120,000	3,120,000	-	4,000,000	-	-	-	-	-	-	-
Other liabilities	-	19,146,368	-	-	-	-	-	-	-	-	-	19,146,368
		395,646,525	243,670,377	1,346,785	10,197,246	1,908,124	3,263,436	2,603,264	3,148,502	6,863,818	-	122,644,973
On-balance sheet gap		26,679,223	(116,468,568)	72,038,448	93,884,412	28,012,091	2,291,536	16,612,654	(884,659)	6,852,276	640,045	(76,299,012)
Off-balance sheet financial instruments												
Commitments in respect of:												
Guarantees		57,601,893	-	-	-	-	-	-	-	-	-	57,601,893
Forward purchase		45,539,146	-	-	-	-	-	-	-	-	-	45,539,146
Forward sale		20,148,778	-	-	-	-	-	-	-	-	-	20,148,778
Import letters of credit		15,286,640	-	-	-	-	-	-	-	-	-	15,286,640
Islamic financing and related assets		44,094,712	-	-	-	-	-	-	-	-	-	44,094,712
Commitments for acquisition of:												
- Property and equipment		982,614	-	-	-	-	-	-	-	-	-	982,614
- Intangible assets		1,349,512	-	-	-	-	-	-	-	-	-	1,349,512
Other contingent liabilities		251,124	-	-	-	-	-	-	-	-	-	251,124
Off-balance sheet gap		185,254,419	-	-	-	-	-	-	-	-	-	185,254,419
Total yield / profit rate risk sensitivity gap			(116,468,568)	72,038,448	93,884,412	28,012,091	2,291,536	16,612,654	(884,659)	6,852,276	640,045	(261,553,431)
Cumulative Yield / Profit Rate Risk Sensitivity Gap			(116,468,568)	(44,430,120)	49,454,292	77,466,383	79,757,919	96,370,573	95,485,914	102,338,190	102,978,235	(158,575,196)

2024

Effective Yield / profit rate	Total	Exposed to Yield / Profit risk									Non-profit bearing financial instruments		
		Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years			
----- Rupees in '000 -----													
On-balance sheet financial instruments													
<u>Assets</u>													
Cash and balances with treasury banks	-	30,433,179	-	-	-	-	-	-	-	-	-	30,433,179	
Balances with other banks	-	1,354,671	-	-	-	-	-	-	-	-	-	1,354,671	
Due from financial institutions	10.56%	41,494,389	41,494,389	-	-	-	-	-	-	-	-	-	
Investments	17.20%	143,838,506	4,780,099	14,878,672	87,354,529	16,369,000	14,129,861	-	-	6,326,345	-	-	
Islamic financing and related assets- net	19.98%	203,870,582	64,159,000	65,777,901	50,868,123	6,596,131	3,977,862	4,617,803	2,424,218	2,056,299	516,853	2,876,392	
Other assets	-	15,746,782	-	-	-	-	-	-	-	-	-	15,746,782	
		436,738,109	110,433,488	80,656,573	138,222,652	22,965,131	18,107,723	4,617,803	2,424,218	8,382,644	516,853	50,411,024	
<u>Liabilities</u>													
Bills payable	-	7,103,423	-	-	-	-	-	-	-	-	-	7,103,423	
Due to financial Institutions	11.34%	24,008,644	918,486	2,549,624	10,695,769	1,333,234	2,424,191	1,976,488	2,340,739	1,770,113	-	-	
Deposits and other accounts	9.23%	346,872,762	240,662,062	-	-	-	-	-	-	-	-	106,210,700	
Lease Liabilities	13.90%	6,347,022	-	97,772	77,757	459,246	819,735	995,460	1,762,791	2,134,261	-	-	
Subordinated sukuk	21.67%	7,120,000	3,120,000	-	4,000,000	-	-	-	-	-	-	-	
Other liabilities	-	14,582,118	-	-	-	-	-	-	-	-	-	14,582,118	
		406,033,969	244,700,548	2,647,396	14,773,526	1,792,480	3,243,926	2,971,948	4,103,530	3,904,374	-	127,896,241	
On-balance sheet gap		30,704,140	(134,267,060)	78,009,177	123,449,126	21,172,651	14,863,797	1,645,855	(1,679,312)	4,478,270	516,853	(77,485,217)	
Off-balance sheet financial instruments													
Commitments in respect of:													
Guarantees		46,373,063	-	-	-	-	-	-	-	-	-	46,373,063	
Forward purchase		40,027,756	-	-	-	-	-	-	-	-	-	40,027,756	
Forward sale		16,264,552	-	-	-	-	-	-	-	-	-	16,264,552	
Import letters of credit		22,806,754	-	-	-	-	-	-	-	-	-	22,806,754	
Islamic financing and related assets		1,537,274	-	-	-	-	-	-	-	-	-	1,537,274	
Acquisition of:													
- Fixed assets		407,549	-	-	-	-	-	-	-	-	-	407,549	
- Intangible assets		282,902	-	-	-	-	-	-	-	-	-	282,902	
Other contingent liabilities		505,057	-	-	-	-	-	-	-	-	-	505,057	
Off-balance sheet gap		128,204,907	-	-	-	-	-	-	-	-	-	128,204,907	
Total yield / profit rate risk sensitivity gap			(134,267,060)	78,009,177	123,449,126	21,172,651	14,863,797	1,645,855	(1,679,312)	4,478,270	516,853	(205,690,124)	
Cumulative Yield / Profit Rate Risk Sensitivity Gap			(134,267,060)	(56,257,883)	67,191,243	88,363,894	103,227,691	104,873,546	103,194,234	107,672,504	108,189,357	(97,500,767)	
----- Rupees in '000 -----													
Total financial asset												422,325,748	436,738,109
Add: Non-financial assets												5,173,934	2,180,568
Fixed asset												9,661,871	5,588,241
Right-of-use assets												666,929	615,657
Intangibles												6,453,402	5,517,172
Deferred tax assets												2,827,366	2,512,076
Other asset													
Total assets as per statement of financial position												447,109,250	453,151,823
Total financial liabilities												395,646,525	406,033,969
Add: Non-financial liabilities												3,284,792	2,171,295
Other liabilities												398,931,317	408,205,264
Total liabilities as per statement of financial position												398,931,317	408,205,264

45. PROFIT / (LOSS) DISTRIBUTION TO DEPOSITOR'S POOL & SPECIFIC POOLS

45.1 The Bank managed following general and specific pools during the year:

2025							
General Depositors Mudaraba Pool	Profit rate and weightages announcement period	Profit rate return earned	Profit Sharing Ratio of Mudarib	Mudarib Share ('000)	Mudarib Share transferred to the depositors through Hiba ('000)	Mudarib Share transferred to the depositors through Hiba (%)	Profit rate return distributed to remunerative deposits (Saving and Term)
Common mudaraba pool	Monthly	7.80%	50.00%	2,364,676	955,452	40.41%	5.46%
2024							
General Depositors Mudaraba Pool	Profit rate and weightages announcement period	Profit rate return earned	Profit Sharing Ratio of Mudarib	Mudarib Share ('000)	Mudarib Share transferred to the depositors through Hiba ('000)	Mudarib Share transferred to the depositors through Hiba (%)	Profit rate return distributed to remunerative deposits (Saving and Term)
Common mudaraba pool	Monthly	10.97%	50.00%	3,262,967	1,248,275	38.26%	7.66%
2025							
Specific Pools	Profit rate and weightages announcement period	Profit rate return earned	Profit Sharing Ratio of Mudarib	Mudarib Share ('000)	Mudarib Share transferred to the depositors through Hiba ('000)	Mudarib Share transferred to the depositors through Hiba (%)	Profit rate return distributed
Islamic Export Refinance - Musharaka Pool	Monthly	10.99%	40.00%	351,615	128,110	36.43%	8.18%
Inter-bank Wakala / Musharaka borrowing pool	As required	10.72% - 17.03%	*	*	N/A	-	8.75% - 13.00%
Other Mudaraba Pools **	As required	3.5% - 26.99%	*	11,972,573	5,775,960	48.24%	0.25% - 19.50%
2024							
Specific Pools	Profit rate and weightages announcement period	Profit rate return earned	Profit Sharing Ratio of Mudarib	Mudarib Share ('000)	Mudarib Share transferred to the depositors through Hiba ('000)	Mudarib Share transferred to the depositors through Hiba (%)	Profit rate return distributed
Islamic Export Refinance - Musharaka Pool	Monthly	21.13%	40.00%	929,124	496,291	53.41%	17.18%
Inter-bank Wakala / Musharaka borrowing pool	As required	15.56% - 27.67%	*	*	N/A	-	10.80% - 23.00%
Other Mudaraba Pools **	As required	2.09% - 25.02%	*	12,606,549	4,814,065	38.19%	0.25% - 21.25%

* The profit sharing ratio and the investment ratio varies case to case basis.

** The number of pools maintained by the Bank is 97 (2024: 128).

46 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on February 11, 2026 by the Board of Directors of the Bank.

47 GENERAL

47.1 Figures have been rounded off to the nearest thousand Rupees, unless otherwise stated.

President & Chief Executive

Chief Financial Officer

Director

Director

Director

DUBAI ISLAMIC BANK PAKISTAN LIMITED
STATEMENT SHOWING WRITTEN-OFF ISLAMIC FINANCING AND RELATED ASSETS OR
ANY OTHER FINANCIAL RELIEF OF RUPEES 500,000/- OR ABOVE
DURING THE YEAR ENDED DECEMBER 31, 2025

S. No.	Name and address of the customer		Father/Husband Name	CNIC No.	Outstanding Liabilities at beginning of year				Principal written-off/ (recovered)	Profit written-off / waived	Other financial relief provided (Early Settlement charges , etc)	Total (10+11+12)
	Name	Address			Principal	Profit	Others (Early Settlement charges, etc)	Total (6+7+8)				
1	2	3	4	5	6	7	8	9	10	11	12	13
----- Rupees in '000 -----												
1	Abbas ALI	HOUSE NO. 397 BLOCK NO. 6 SECTOR B-1 TOWNSHIP LAHORE	LAL DIN	35202-5806260-3	23,688	4,045	-	27,733	-	3,685	-	3,685
2	Hafeez Ahmad	HABIB SONS SHOP NO SE 11 20 1 CHOWK REHMAN GALI NO 4 OPPOSITE AL HADEED BAZAR LAHORE	HABIB AHMED	35202-2802521-7	14,153	4,090	-	18,243	-	3,395	-	3,395
3	RASHID MAHMOOD	BISMA CATERE AND DECORATOR HOUSE NO V 25 STREET NO 16 E EAST PHASE 1 DHA BEHIND GOLD MARK II SHOPPING CENTRE KARACHI	IRSHAD ALI KHAN	42101-0815118-5	39,044	5,693	-	44,737	-	2,763	-	2,763
4	AAMIR TAJ	HOUSE # 164 BLOCK E ALFALAH TOWN BE DIAN ROAD LAHORE	TAJ MUHAMMAD	35301-0561261-9	12,416	2,384	-	14,800	-	2,762	-	2,762
5	AFNAN AHMED BHUTTO	HOUSE NO 50 BLOCK 7/8 CP BARAR SOCIETY NEAR TAHIR MEDICAL CENTER DHORAJI COLONY JAMSHED TWN KHI	MUHSMMSD ASLAM BHUTTO	42201-7607749-5	9,695	2,195	-	11,890	-	2,342	-	2,342
6	MUHAMMAD IRFAN MEMON	HOUSE NO F/194 SECTOR F MOLACHAND BUILDING LAJPAT ROAD PK	MUHAMMAD SULEMAN MEMON	41303-7007692-9	33,791	1,605	-	35,396	-	2,263	-	2,263
7	MUHAMMAD NAVEED AFZAL GILL	HOUSE # 218, BLOCK C, PHASE 1, STATE ENTERPRISES OFFICERS CO-OPERATIVE HOUSING SOCIETY LIMITED, MARGHZAR, LAHORE	MUHAMMAD AFZAL GILL	35202-4068731-5	10,131	2,127	-	12,258	-	1,708	-	1,708
8	MALIK MUHAMMAD MUDASSAR ABBAS KHAR	H # 766, BLOCK Q, PHASE 7, DHA LAHORE	MALIK FATEH MUHAMMAD KHAR	32303-0810057-1	14,721	4,737	-	19,458	-	1,668	-	1,668
9	NAEEM MASOOD	P-44 BLOCK A PEOPLES COLONY NO 01 FAISALABAD PK	MASOOD JAVEED	33100-8562922-7	2,405	246	-	2,651	-	1,199	-	1,199
10	ALI ASHFAQ	HOUSE NO 227 GULSHAN BLOCK ALLAMA I QBAL TOWN LAHORE PK	MUHAMMAD ASHFAQ	33102-9314685-1	24,680	7,841	-	32,522	-	3,100	-	3,100
11	MUHAMMAD MUMTAZ ABBASI	H# 09 ITEHAD COLONY BEHIND AUDITOR GENERAL OFFICE GULBERG 3 LAHORE	MANZOOR AHMAD KHAN ABBASI	35202-2989487-1	-	-	-	-	(912)	-	-	(912)
12	MIAN ABDUL SATTAR AHMED	H#21/C ST#33 SHAUKAT STREET BANK COLONY FAISAL ROAD SAMNABAD LAHORE	MIAN MUHAMMAD SHAFI	35202-2323232-7	-	-	-	-	(1,000)	-	-	(1,000)
13	USMAN YAMIN SIDDIQUI	H# 4 / 8 NEAR DARUL SHIFA CHOWK SHA H JAMAL ROAD LAHORE PK	M YAMIN SIDDIQUI	33202-4071497-1	-	-	-	-	(868)	-	-	(868)
14	NASIR KHAN	H NO 84 STREET NO 9 AMIN PARK BUND ROAD AFTAB CHOWK LAHORE	NASIR ULLAH KHAN	35202-2976474-9	-	-	-	-	(1,349)	-	-	(1,349)
					184,725	34,963	-	219,687	(4,129)	24,887	-	20,758