

Dubai Islamic Bank Pakistan Limited
Capital Adequacy, Leverage Ratio & Liquidity Requirements Disclosures
As at December 31, 2025

1 Capital Adequacy

1.1 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 SBP has specified a transitional period till 2018 for implementation of Basel III. The disclosures below have been prepared on the basis of the SBP's guidelines.

1.2 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.

1.3 Statutory Minimum Capital requirement and Management of Capital

The State Bank of Pakistan (SBP) vide circular no.7 dated April 15, 2009 had set the Minimum Capital Requirement (MCR) for banks of Rs 10 billion to be achieved in a phased manner by December 31, 2013. The paid up capital of the Bank for the year ended December 31, 2025 stands at Rs. 11.65 billion (2024: Rs. 11.65 billion) and is in compliance with the SBP requirement for the said year. The Bank has met its minimum capital requirement by conversion of FCY sub-ordinated debt from the sponsors placed in non-remunerative deposit account with SBP to paid up capital. The capital adequacy ratio (CAR) of the Bank is subject to the Basel III capital adequacy guidelines stipulated by the State Bank of Pakistan through its BPRD Circular No. 06 of 2013 dated August 15, 2013. The Capital Adequacy Ratio (CAR) requirement as of December 31, 2025 is 11.50% whereas DIBPL's CAR stood at 20.02%

1.4 Capital Structure

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

- Tier 1 capital (going concern capital) which is sub divided into:
 - a) Common Equity Tier 1 (CET1), which includes fully paid up capital, reserve for bonus issue, general reserves and unappropriated profits (net of losses), etc after deductions for investments in the equity of subsidiary companies engaged in banking and financial activities (to the extent of 50%), reciprocal crossholdings and deficit on revaluation of available for sale investments and deduction for book value of intangibles.
 - b) Additional Tier 1 capital (AT1), which includes instruments issued by the Bank which meet the specified criteria after deduction of remaining 50% investment in the equity of subsidiary companies engaged in banking and financial activities and other specified deductions.
- Tier II capital, which includes general provisions for loan losses (upto a maximum of 1.25% of credit risk weighted assets), reserves on revaluation of fixed assets and available for sale investments after deduction of deficit on available for sale

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.

1.5 Capital adequacy ratio

The capital to risk weighted assets ratio, calculated in accordance with the SBP guidelines on capital adequacy, under Basel III and Pre-Basel III treatment using Standardised Approach for Credit and Market Risk and Basic Indicator Approach for Operational Risk is presented below:

	2025	2024
	----- (Rupees in '000) -----	
Common Equity Tier 1 capital (CET1): Instruments and reserves		
Fully Paid-up Capital/ Capital deposited with SBP	11,652,288	11,652,288
Balance in Share Premium Account	-	-
Reserve for issue of Bonus Shares	-	-
Discount on Issue of shares	-	-
General / Statutory Reserves	7,371,990	6,553,983
Gain / (Losses) on derivatives held as Cash Flow Hedge	-	-
Unappropriated profits	29,369,544	26,088,673
Minority Interests arising from CET1 capital instruments issued to third party by consolidated bank subsidiaries (amount allowed in CET1 capital of the consolidation group)	-	-
CET 1 before Regulatory Adjustments	48,393,822	44,294,944
Total regulatory adjustments applied to CET1 (Note 39.5.1)	4,069,583	2,076,093
Common Equity Tier 1 (a)	44,324,239	42,218,851
Additional Tier 1 (AT 1) Capital		
Qualifying Additional Tier-1 instruments plus any related share premium of which:	3,120,000	3,120,000
- classified as equity	-	-
- classified as liabilities	3,120,000	3,120,000
Additional Tier-1 capital instruments issued to third parties by consolidated subsidiaries (amount allowed in group AT 1)	-	-
- of which: instrument issued by subsidiaries subject to phase out	-	-
AT1 before regulatory adjustments	3,120,000	3,120,000
Total of Regulatory Adjustment applied to AT1 capital (Note 39.5.2)	-	-
Additional Tier 1 capital after regulatory adjustments	3,120,000	3,120,000
Additional Tier 1 capital recognised for capital adequacy (b)	3,120,000	3,120,000
Tier 1 Capital (CET1 + admissible AT1) (c=a+b)	47,444,239	45,338,851
Tier 2 Capital		
Qualifying Tier 2 capital instruments under Basel III plus any related share premium	4,000,000	4,000,000
Tier 2 capital instruments subject to phase out arrangement issued under pre-Basel III rules	-	-
Tier 2 capital instruments issued to third parties by consolidated subsidiaries (amount allowed in group tier 2)	-	-
- of which: instruments issued by subsidiaries subject to phase out	-	-
General Provisions or general reserves for loan losses-up to maximum of 1.25% of Credit Risk Weighted Assets	1,591,354	2,211,147
Revaluation Reserves (net of taxes)	-	651,615
of which:	-	-
- Revaluation reserves on property	-	651,615
- Unrealized gains/losses on AFS	-	-
Foreign Exchange Translation Reserves	-	-
Undisclosed / Other Reserves (if any)	-	-
T2 before regulatory adjustments	5,591,354	6,862,762
Total regulatory adjustment applied to T2 capital (note 39.5.3)	-	-
Tier 2 capital (T2) after regulatory adjustments	5,591,354	6,862,762
Tier 2 capital recognised for capital adequacy	5,591,354	6,862,762
Portion of Additional Tier 1 capital recognized in Tier 2 capital	-	-
Total Tier 2 capital admissible for capital adequacy (d)	5,591,354	6,862,762
TOTAL CAPITAL (T1 + admissible T2) (e=c+d)	53,035,593	52,201,613
Total Risk Weighted Assets (RWA) (i) [Note 39.9]	264,857,367	235,095,778

	2025	2024
	----- (Rupees in '000) -----	
Capital Ratios and buffers (in percentage of risk weighted assets)		
CET1 to total RWA (a/i)	16.74%	17.96%
Tier-1 capital to total RWA (c/i)	17.91%	19.29%
Total capital to total RWA (e/i)	20.02%	22.20%
Bank specific buffer requirement (minimum CET1 requirement plus capital conservation buffer plus any other buffer requirement) of which:	7.50%	7.50%
- capital conservation buffer requirement	1.50%	1.50%
- countercyclical buffer requirement	0%	0%
- D-SIB or G-SIB buffer requirement	0%	0%
CET1 available to meet buffers (as a percentage of risk weighted assets)	9.24%	10.46%
National minimum capital requirements prescribed by SBP		
CET1 minimum ratio	6.00%	6.00%
Tier 1 minimum ratio	7.50%	7.50%
Total capital minimum ratio	11.50%	11.50%

1.5.1 Common Equity Tier 1 capital: Regulatory adjustments

	2025		2024	
	Amount	Pre-Basel III treatment*	Amount	Pre-Basel III treatment*
	----- (Rupees in '000) -----			
Goodwill (net of related deferred tax liability)	-	-	-	-
All other intangibles (net of any associated deferred tax liability)	2,016,441	-	898,559	-
Shortfall of provisions against classified assets (Note 39.6.2.1)	-	-	-	-
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	-	-	-
Defined-benefit pension fund net assets	-	-	-	-
Reciprocal cross holdings in CET1 capital instruments of banking, financial and insurance entities	-	-	-	-
Cash flow hedge reserve	-	-	-	-
Investment in own shares / CET1 instruments	-	-	-	-
Securitization gain on sale	-	-	-	-
Capital shortfall of regulated subsidiaries	-	-	-	-
Deficit on account of revaluation from bank's holdings of property / AFS	215,889	-	-	-
Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	-	-	-
Significant investments in the common stocks of banking, financial and insurance entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-	-	-	-
Deferred Tax Assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	1,837,253	-	1,177,534	-
Amount exceeding 15% threshold of which:				
- significant investments in the common stocks of financial entities	-	-	-	-
- deferred tax assets arising from temporary differences	-	-	-	-
National specific regulatory adjustments applied to CET1 capital	-	-	-	-
Investment in TFCs of other banks exceeding the prescribed limit	-	-	-	-
Any other deduction specified by SBP	-	-	-	-
Adjustment to CET1 due to insufficient AT1 and Tier 2 to cover deductions	-	-	-	-
Total regulatory adjustments applied to CET1	4,069,583	-	2,076,093	-

* This column highlights items that are still subject to Pre Basel III treatment during the transitional period

	2025		2024	
	Amount	Pre-Basel III treatment*	Amount	Pre-Basel III treatment*
	----- (Rupees in '000) -----			
1.5.2 Additional Tier 1 Capital: regulatory adjustments				
Investment in mutual funds exceeding the prescribed limit (SBP specific adjustment)	-	-	-	-
Investment in own AT1 capital instruments	-	-	-	-
Reciprocal cross holdings in Additional Tier 1 capital instruments of banking, financial and insurance entities	-	-	-	-
Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	-	-	-
Significant investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation	-	-	-	-
Portion of deduction applied 50:50 to Tier-1 and Tier-2 capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from additional tier-1 capital	-	-	-	-
Adjustments to Additional Tier 1 due to insufficient Tier 2 to cover deductions	-	-	-	-
Total of Regulatory Adjustment applied to AT1 capital	-	-	-	-

1.5.3 Tier 2 Capital: regulatory adjustments

Portion of deduction applied 50:50 to Tier-1 and Tier-2 capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from tier-2 capital	-	-	-	-
Reciprocal cross holdings in Tier 2 instruments of banking, financial and insurance entities	-	-	-	-
Investment in own Tier 2 capital instrument	-	-	-	-
Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	-	-	-
Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	-	-	-	-
Total regulatory adjustment applied to T2 capital	-	-	-	-

* This column highlights items that are still subject to Pre Basel III treatment during the transitional period

	2025	2024
	----- (Rupees in '000) -----	
1.5.4 Risk Weighted Assets subject to pre-Basel III treatment		
Risk weighted assets in respect of deduction items (which during the transitional period will be risk weighted subject to Pre-Basel III Treatment) of which:	-	-
- <i>Deferred tax assets</i>	-	-
- <i>Defined-benefit pension fund net assets</i>	-	-
- Recognized portion of investment in capital of banking, financial and insurance entities where holding is less than 10% of the issued common share capital of the entity	-	-
Recognized portion of investment in capital of banking, financial and insurance entities where holding is more than 10% of the issued common share capital of the entity	-	-
Amounts below the thresholds for deduction (before risk weighting)		
Non-significant investments in the capital of other financial entities	-	-
Significant investments in the common stock of financial entities	-	-
Deferred tax assets arising from temporary differences (net of related tax liability)	-	-
Applicable caps on the inclusion of provisions in Tier 2		
Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardized approach (prior to application of cap)	1,591,354	2,586,889
Cap on inclusion of provisions in Tier 2 under standardized approach	1,591,354	2,211,147
Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	-	-
Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	-	-

2 Leverage ratio

According to Basel III instructions issued by State Bank of Pakistan (BPRD circular # 06 dated August 15, 2013), it is mandatory for all the banks to calculate and report the Leverage Ratio on a quarterly basis with the minimum benchmark of 3%.

The leverage ratio of the Bank for the year ended December 31, 2025 stood at 8.84% (2024: 8.78%) above the minimum requirement set by SBP.

	2025	2024
	----- (Rupees in '000) -----	
On balance sheet exposures		
1 On-balance sheet items (excluding derivatives but including collateral)	445,522,855	435,174,033
2 Derivatives	106,616	237,013
3 Total On balance sheet exposures	445,629,471	435,411,046
Off balance sheet exposures		
4 Off-balance sheet items (excluding derivatives)	90,387,153	80,899,125
5 Commitment in respect of derivatives (derivatives having negative fair value are also included)	596,084	62,460
6 Total Off balance sheet exposures	90,983,237	80,961,585
Capital and total exposures		
7 Tier 1 capital (Note 39.5)	47,444,239	45,338,851
8 Total exposures (sum of lines 3 and 6)	536,612,708	516,372,631
Basel III leverage ratio	8.84%	8.78%

3 Capital Structure Reconciliation

3.1 Reconciliation of each financial statement line item to item under regulatory scope of reporting - Step 1

	Balance sheet as in published financial statements	Under regulatory scope of consolidation
	----- (Rupees in '000) -----	
Assets		
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	35,206,184	35,206,184
Investments	106,409,465	106,409,465
Islamic financing and related assets	237,283,278	237,283,278
Property and equipment	5,173,934	5,173,934
Right-of-use assets	9,661,871	9,661,871
Intangible assets	666,929	666,929
Deferred tax assets	6,453,402	6,453,402
Other assets	16,713,213	16,713,213
Total assets	447,109,250	447,109,250
Liabilities and Equity		
Bills payable	8,026,514	8,026,514
Due to financial institutions	15,942,938	15,942,938
Deposits and other accounts	334,680,949	334,680,949
Lease Liabilities	10,729,757	10,729,757
Sub-ordinated loans	7,120,000	7,120,000
Deferred tax liabilities	-	-
Other liabilities	22,431,159	22,431,159
Total liabilities	398,931,317	398,931,317
Share capital	11,652,288	11,652,288
Reserves	7,371,990	7,371,990
Unappropriated/ Unremitted profit/ (losses)	29,369,544	29,369,544
Minority Interest	-	-
Surplus/(Deficit) on revaluation of assets	(215,889)	(215,889)
Total liabilities and equity	447,109,250	447,109,250

3.2 Reconciliation of balance sheet to eligible regulatory capital - Step 2

	Reference	Balance sheet as in published financial statements	Under regulatory scope of consolidation
----- (Rupees in '000) -----			
Assets			
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		35,206,184	35,206,184
Investments		106,409,465	106,409,465
<i>of which:</i>			
- non-significant capital investments in capital of banking, financial and insurance entities exceeding 10% threshold	a	-	-
- significant capital investments in capital instruments issued by banking, financial and insurance entities exceeding regulatory threshold	b	-	-
- mutual Funds exceeding regulatory threshold	c	-	-
- reciprocal crossholding of capital instrument (separate for CET1, AT1, T2)	d	-	-
- others	e	-	-
Islamic financing and related assets		237,283,278	237,283,278
- shortfall in provisions / excess of total EL amount over eligible provisions under IRB (Note 39.6.2.1)	f	-	-
- general provisions reflected in Tier 2 capital	g	1,591,354	1,591,354
Operating fixed assets		15,502,734	15,502,734
- of which: Intangibles	k	666,929	666,929
Deferred tax assets		6,453,402	6,453,402
<i>of which:</i>			
- DTAs that rely on future profitability excluding those arising from temporary differences	h	-	-
- DTAs arising from temporary differences exceeding regulatory threshold	i	1,837,253	1,837,253
Other assets		16,713,213	16,713,213
<i>of which:</i>			
- goodwill	j	-	-
- defined-benefit pension fund net assets	l	-	-
Total assets		447,109,250	447,109,250
Liabilities and Equity			
Bills payable		8,026,514	8,026,514
Due from financial institutions		15,942,938	15,942,938
Deposits and other accounts		334,680,949	334,680,949
Sub-ordinated loans of which:		7,120,000	7,120,000
- eligible for inclusion in AT1	m	3,120,000	3,120,000
- eligible for inclusion in Tier 2	n	4,000,000	4,000,000
Liabilities against assets subject to finance lease		10,729,757	10,729,757
Deferred tax liabilities of which:		-	-
- DTLs related to goodwill	o	-	-
- DTLs related to intangible assets	p	-	-
- DTLs related to defined pension fund net assets	q	-	-
- other deferred tax liabilities	r	-	-
Other liabilities		22,431,159	22,431,159
Total liabilities		398,931,317	398,931,317
Share capital			
- of which: amount eligible for CET1	s	11,652,288	11,652,288
- of which: amount eligible for AT1	t	-	-
Reserves of which:		7,371,990	7,371,990
- portion eligible for inclusion in CET1 - Statutory reserve	u	7,371,990	7,371,990
- portion eligible for inclusion in CET1 - General reserve		-	-
- portion eligible for inclusion in Tier 2	v	-	-
Unappropriated profit	w	29,369,544	29,369,544
Minority Interest of which:		-	-
- portion eligible for inclusion in CET1	x	-	-
- portion eligible for inclusion in AT1	y	-	-
- portion eligible for inclusion in Tier 2	z	-	-
Surplus on revaluation of assets of which:		(215,889)	(215,889)
- Revaluation reserves on Property	aa	-	-
- Unrealized Gains/Losses on AFS		-	-
- In case of Deficit on revaluation (deduction from CET1)	ab	(215,889)	(215,889)
Total liabilities and Equity		447,109,250	447,109,250

3.3 Basel III Disclosure (with added column) - Step 3

	Source based on reference number from step 2	Component of regulatory capital reported by bank (Rupees in '000)
Common Equity Tier 1 capital (CET1): Instruments and reserves		
1 Fully Paid-up Capital/ Capital deposited with SBP	(s)	11,652,288
2 Balance in Share Premium Account		-
3 Reserve for issue of Bonus Shares		-
4 General / Statutory Reserves	(u)	7,371,990
5 Gain / (Losses) on derivatives held as Cash Flow Hedge		-
6 Unappropriated / unremitted profits	(w)	29,369,544
7 Minority Interests arising from CET1 capital instruments issued to third party by consolidated bank subsidiaries (amount allowed in CET1 capital of the consolidation group)	(x)	-
8 CET 1 before Regulatory Adjustments		48,393,822
Common Equity Tier 1 capital: Regulatory adjustments		
9 Goodwill (net of related deferred tax liability)	(i) - (o)	-
10 All other intangibles (net of any associated deferred tax liability)	(k) - (p)	2,016,441
11 Shortfall of provisions against classified assets (Note 39.6.2.1)	(f)	-
12 Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	{(h) - (r)} * x%	-
13 Defined-benefit pension fund net assets	{(l) - (q)} * x%	-
14 Reciprocal cross holdings in CET1 capital instruments	(d)	-
15 Cash flow hedge reserve		-
16 Investment in own shares / CET1 instruments		-
17 Securitization gain on sale		-
18 Capital shortfall of regulated subsidiaries		-
19 Deficit on account of revaluation from bank's holdings of property / AFS	(ab)	215,889
20 Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	(a) - (ac) - (ae)	-
21 Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	(b) - (ad) - (af)	-
22 Deferred Tax Assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	(i)	1,837,253
23 Amount exceeding 15% threshold of which: - significant investments in the common stocks of financial entities - deferred tax assets arising from temporary differences		-
24 National specific regulatory adjustments applied to CET1 capital of which: - Investment in TFCs of other banks exceeding the prescribed limit - Any other deduction specified by SBP (mention details)		-
25 Regulatory adjustment applied to CET1 due to insufficient AT1 and Tier 2 to cover deductions		-
26 Total regulatory adjustments applied to CET1 (Sum 9 to 25)		4,069,583
27 Common Equity Tier 1		44,324,239
Additional Tier 1 (AT 1) Capital		
28 Qualifying Additional Tier-1 instruments plus any related share premium of which:		3,120,000
29 - Classified as equity	(t)	-
30 - Classified as liabilities	(m)	3,120,000
31 Additional Tier-1 capital instruments issued by consolidated subsidiaries and held by third parties (amount allowed in group AT 1)	(y)	-
32 - of which: instrument issued by subsidiaries subject to phase out		-
33 AT1 before regulatory adjustments		3,120,000

	Source based on reference number from step 2	Component of regulatory capital reported by bank (Rupees in '000)
Additional Tier 1 Capital: regulatory adjustments		
34		-
35		-
36		-
37		-
	(ac)	-
38		-
	(ad)	-
39		-
40		-
41		-
42		-
43		3,120,000
44		47,444,239
Tier 2 Capital		
45	(n)	4,000,000
46		-
47		-
	(z)	-
48		-
	(g)	1,591,354
49		-
50	(aa)	-
51		-
52	(v)	-
53		-
54		-
		5,591,354
Tier 2 Capital: regulatory adjustments		
55		-
56		-
57		-
58		-
	(ac)	-
59		-
	(af)	-
60		-
61		5,591,354
62		5,591,354
63		-
64		5,591,354
		53,035,593

4 Main features of Regulatory Capital Instruments

	Main Features	Common Shares	Additional Tier I Sukuk	Tier II Sukuk
1	Issuer	Dubai Islamic Bank Pakistan Limited	Dubai Islamic Bank Pakistan Limited	Dubai Islamic Bank Pakistan Limited
2	Unique identifier (eg KSE Symbol or Bloomberg identifier etc.)	DIBPL - CDC Symbol	DIBPL - Additional Tier I Sukuk	DIBPL - Tier II Mudaraba Sukuk
3	Governing law(s) of the instrument	Banking Companies Ordinance, 1962 and the Directives issued by SBP	Banking Companies Ordinance, 1962 and the Directives issued by SBP	Banking Companies Ordinance, 1962 and the Directives issued by SBP
	Regulatory treatment			
4	Transitional Basel III rules	Common Equity Tier 1	Additional Tier I	Tier II
5	Post-transitional Basel III rules	Common Equity Tier 1	Additional Tier I	Tier II
6	Eligible at solo/ group/ group&solo	Solo	Solo	Solo
7	Instrument type	Ordinary shares	Subordinated debt	Subordinated debt
8	Amount recognised in regulatory capital (Currency in PKR thousands, as of reporting date)	Rs. 11,652,288	Rs. 3,120,000	Rs. 4,000,000
9	Par value of instrument	Rs. 10	Rs. 5,000	Rs. 1,000,000
10	Accounting classification	Shareholders' equity	Liability - Subordinated Sukuk	Liability - Subordinated Sukuk
11	Original date of issuance	March 21, 2006	December 24, 2018	December 2, 2022
12	Perpetual or dated	Perpetual	Perpetual	Dated
13	Original maturity date	N/A	N/A	December 2032
14	Issuer call subject to prior supervisory approval	No	Yes	Yes
15	Optional call date, contingent call dates and redemption amount	N/A	Callable with prior approval of SBP on or after five years from the date of issue	Callable with prior approval of SBP on or after five years from the date of issue
16	Subsequent call dates, if applicable	N/A	N/A	N/A
	Coupons / dividends			
17	Fixed or floating dividend/ coupon	N/A	Floating coupon	Floating coupon
18	coupon rate and any related index/ benchmark	N/A	Last profit rate on the Sukuk is 12.82% per annum	Last profit rate on the sukuk is 11.89% per annum.
19	Existence of a dividend stopper	No	N/A	N/A
20	Fully discretionary, partially discretionary or mandatory	Fully discretionary	Partially discretionary	Partially discretionary
21	Existence of step up or other incentive to redeem	No	No	No
22	Noncumulative or cumulative	Noncumulative	Non-Cumulative	Cumulative
23	Convertible or non-convertible	Nonconvertible	Convertible	Convertible
24	If convertible, conversion trigger (s)	N/A	Occurrence of a non-viability trigger event (the "PONV")	Occurrence of a non-viability trigger event (the "PONV")
25	If convertible, fully or partially	N/A	Fully/partially	Fully
26	If convertible, conversion rate	N/A	It will be converted into ordinary shares of the Bank and the number of shares to be issued to Sukuk holders at the time of conversion will be equal to the 'Outstanding value of the Sukuk' (Face value minus attributable profit/loss) divided by the market value per share of the Bank's common share on the date of PONV as declared by SBP	As per SBP BPRD circular 6 of 2013 the conversion pricing formula is linked to the Fair Value per share of the common shares on the day preceding the date of PONV trigger event or, incase where market price is not available, the break up value of share duly certified by the independent auditor and the fair value of the sukuk.
27	If convertible, mandatory or optional conversion	N/A	Option of SBP	Option of SBP
28	If convertible, specify instrument type convertible into	N/A	Ordinary Shares	Common Shares
29	If convertible, specify issuer of instrument it converts into	N/A	DIBPL	DIBPL
30	Write-down feature	No	No	No
31	If write-down, write-down trigger(s)	N/A	N/A	N/A
32	If write-down, full or partial	N/A	N/A	N/A
33	If write-down, permanent or temporary	N/A	N/A	N/A
34	If temporary write-down, description of write-up mechanism	N/A	N/A	N/A
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument	Residual interest	Residual interest	Residual interest
36	Non-compliant transitioned features	No	No	No
37	If yes, specify non-compliant features	N/A	N/A	N/A

5 Risk-weighted Exposures

	Capital requirements		Risk weighted assets	
	2025	2024	2025	2024
Credit Risk	----- (Rupees in '000) -----			
Portfolios subject to on-balance sheet exposure (Simple Approach)				
Cash and cash equivalents	-	-	-	-
Sovereign	611,127	397,135	5,314,147	3,453,344
Banks	1,551,449	1,405,017	13,490,858	12,217,543
Public sector entities	553,389	41,045	4,812,080	356,916
Corporate	11,172,403	11,260,984	97,151,333	97,921,603
Retail	2,190,622	2,010,196	19,048,888	17,479,961
Residential mortgage	691,425	710,507	6,012,391	6,178,319
Past due loans	145,090	158,849	1,261,649	1,381,294
Deferred Tax Assets	1,327,143	1,247,646	11,540,373	10,849,096
Operating fixed assets	1,706,118	893,413	14,835,805	7,768,809
All other assets	488,235	348,317	4,245,524	3,028,847
Portfolios subject to off-balance sheet exposure - non market related (Simple approach)				
Financial guarantees	806,013	112	7,008,806	975
Acceptances	511,287	812,100	4,445,975	7,061,737
Performance related commitments	409,186	583,400	3,558,142	5,073,041
Trade related commitments	226,268	401,692	1,967,547	3,492,977
Commitments in respect of asset	113,001	46,868	982,614	407,549
Other Commitments	28,879	-	251,124	-
Portfolios subject to off-balance sheet exposures - market related (Current exposure method)				
Banks	27,242	19,710	236,883	171,396
Customers	2,819	5,561	24,511	48,355
Market Risk				
Interest rate risk	683,041	50,092	8,538,018	626,153
Equity position risk	-	-	-	-
Foreign Exchange risk	91,246	36,932	1,140,572	461,649
Market risk-weighted exposures	774,287	87,024	9,678,590	1,087,802
Capital Requirement for portfolios subject to Standardised Approach				
Operational Risk				
Capital requirement for operational risk	4,719,210	4,569,297	58,990,126	57,116,214
TOTAL	28,055,193	24,998,873	264,857,367	235,095,777
Capital Adequacy Ratio				
	December 31, 2025		December 31, 2024	
	Required	Actual	Required	Actual
CET1 to total RWA	6.00%	16.74%	6.00%	17.96%
Tier-1 capital to total RWA	7.50%	17.91%	7.50%	19.29%
Total capital to total RWA	11.50%	20.02%	11.50%	22.20%
Leverage ratio	3.00%	8.84%	3.00%	8.78%

6 Risk Management

The Bank was granted a certificate to commence business in March 2006. The Bank is progressively implementing the guidelines issued by the SBP on risk management while keeping in sight the current and future scale and scope of its activities. Today, for the Bank, Risk Management is a structured approach to manage uncertainty related to an outcome. It is a sequence of activities including: risk assessment, policies, procedures and strategies development which are put in place to identify, measure, monitor and control the risk faced and mitigation of risk using adequate and relevant resources.

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), Operational Risk Management Committee (ORMC), Management Credit Committee (MCC) and Asset and Liability Committee (ALCO) support these goals.

The Chief Executive Officer (CEO) and Chief Risk Officer (CRO), in close coordination with all business / 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 organization. Further, they also ensure that the non-quantifiable risks are communicated as guidelines and adhered to in management business decisions.

7.1 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.

7.2 Risk Organization

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 Monitoring 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 Finance Department. 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.

7.3 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 (Credit Lens) 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.

The Bank also uses various Management Information System generated on regular basis to monitor and control past dues, irregularities, shortfalls etc., and also to view the composition of the portfolio and address any concentration issues in terms of segment, risk ratings, tenor, geography etc.

8 Liquidity Risk

Liquidity risk is defined as the potential loss arising from the Bank's inability to meet in an orderly way its contractual obligations when due. Liquidity risk arises in the general funding of the Bank's activities and in the management of its assets. The Bank maintains sufficient liquidity to fund its day-to-day operations, meet customer deposit withdrawals either on demand or at contractual maturity, meet customers' demand for new financings, participate in new investments when opportunities arise, and to meet any other commitments. Hence, liquidity is managed to meet known as well as unanticipated cash funding needs.

Liquidity risk is managed within a framework of liquidity policies, controls and limits. These policies, controls and limits ensure that the Bank maintains well diversified sources of funding, as well as sufficient liquidity to meet all its contractual obligations when due. The management of liquidity is carried out using a prudent strategic approach to manage the Bank's funding requirements.

It is the policy of the Bank to maintain adequate liquidity at all times and for all currencies and hence to be in a position, in the normal course of business, to meet all its obligations, to repay depositors, to fulfill commitments, to finance and to meet any other commitments made.

The management of liquidity risk within the Bank is undertaken within limits and other policy parameters set by ALCO, which meets monthly and reviews compliance with policy parameters. Day to day monitoring is done by the treasury while overall compliance is monitored and coordinated by the ALCO and includes reviewing the actual and planned strategic growth of the business and its impact on the statement of financial position from a statement of financial position integrity and sustainability perspective and monitoring the Bank's liquidity profile and associated activities.

8.1 Liquidity Coverage Ratio

The Bank calculates the Liquidity Coverage Ratio (LCR) on monthly basis as per Basel III Liquidity Standards issued under BPRD Circular No.08 dated June 23, 2016. The objective of the LCR is to promote the short-term resilience of the liquidity risk profile of the Bank and this standard requires Bank to maintain sufficient High Quality Liquid Assets (HQLA) to meet stressed cash outflows over a prospective 30-calendar days period.

Main drivers of LCR results are High Quality Liquid Assets and Net Cash outflows. Outflows are mainly deposit outflow net of cash inflows which consist of inflows from financing and money market placements upto 1 month. The inputs for calculation of LCR are as prescribed by the regulator.

High Quality Liquid Assets composed of Level-1 Assets which can be included in the stock of liquid assets at 100% of their market value and Bank has taken Cash & treasury balances and Investments GoP Ijara Sukuk. Furthermore, Level 2A and 2B assets have been taken by the Bank which can meet the SBP criteria.

Liquidity Coverage Ratio	2025		2024	
	Total Unweighteda Value (Average)	Total Weightedb Value (Average)	Total Unweighteda Value (Average)	Total Weightedb Value (Average)
	---(Rupees in '000)---	---(Rupees in '000)---	---(Rupees in '000)---	---(Rupees in '000)---
High Quality Liquid Assets				
1 Total high quality liquid assets (HQLA)	164,368,886	156,087,322	145,237,950	144,794,461
Cash Outflows				
2 Retail deposits and deposits from small business customers of which:	164,577,118	15,434,975	179,218,939	16,996,440
2.1 stable deposit	25,657,421.8	1,317,514	17,830,566	971,148
2.2 Less stable deposit	138,919,696	14,117,461	161,388,373	16,025,293
3 Unsecured wholesale funding of which:	122,467,575	64,393,903	99,176,642	53,975,804
3.1 Operational deposits (all counterparties)	-	-	-	-
3.2 Non-operational deposits (all counterparties)	97,198,966	37,595,312	75,854,699	31,120,573
3.3 Unsecured debt	25,268,609	26,798,591	23,321,943	22,855,231
4 Secured wholesale funding	3,013,918	-	2,479,055	-
5 Additional requirements of which:	529,119,685	41,155,670	375,458,225	32,948,528
5.1 Outflows related to derivative exposures & other collateral requirements	41,365,714	37,496,467	28,527,240	29,505,189
5.2 Outflows related to loss of funding on debt products	-	-	-	-
5.3 Credit and Liquidity facilities	487,753,971	3,659,203	346,930,985	3,443,339
6 Other contractual funding obligations	13,304,499	1,262,827	4,689,222	390,255
7 Other contingent funding obligations	1,532,689	1,501,084	2,418,527	2,317,520
8 Total Cash Outflows		123,748,459		106,628,548
Cash Inflows				
9 Secured lending	-	-	-	-
10 Inflows from fully performing exposures	14,143,335	12,779,921	24,040,066	18,710,860
11 Other Cash inflows	43,106,181	37,473,917	31,502,985	29,377,492
12 Total Cash Inflows		50,253,838		48,088,352
Total High Quality Liquid Assets (HQLA)		156,087,322		144,794,461
Total Net Cash Outflows		73,494,621		58,540,196
Liquidity Coverage Ratio		212.38%		247.34%

a. Unweighted values must be calculated as outstanding balances maturing or callable within 30 days (for inflows and outflows).

b. Weighted values must be calculated after the application of respective haircuts (for HQLA) or inflow and outflow rates (for inflows and outflows).

8.2 Net Stable Funding Ratio

The objective of Net Stable Funding Ratio (NSFR) is to reduce funding risk over a longer time horizon by requiring banks to fund their activities with sufficiently stable sources of funding in order to mitigate the risk of future funding stress.

	2025				Weighted Value
	Unweighted Value by Residual Maturity				
	No Maturity	< 6 months	6 months to < 1 yr	≥ 1 yr	
----- (Rupees in '000) -----					
Available Stable Funding					
1 Capital:					
2 Regulatory capital	48,393,822				48,393,822
3 Other capital instruments	8,711,354				8,711,354
4 Retail deposits & deposit from small business customers:					
5 Stable deposits	26,943,743				25,596,556
6 Less stable deposits	135,499,051	15,096,991	1,052,275	2,196,447	138,679,932
7 Wholesale funding:					
8 Operational deposits					-
9 Other wholesale funding	83,770,330	24,928,133	6,320,404	17,362,160	74,871,593.41
10 Other liabilities:					
11 NSFR derivative liabilities		299,345			-
12 All other liabilities & equity not included in other categories	75,918,836	-	242,926	9,600,021	9,721,483.92
13 Total ASF					305,974,741
Required Stable Funding					
14 Total NSFR high-quality liquid assets (HQLA)					5,105,730
15 Deposits held at other financial institutions for operational purposes		4,599,109			2,299,555
16 Performing loans and securities:					
17 Performing loans to financial institutions secured by Level 1 HQLA		-	-	-	-
Performing loans to financial institutions secured by non-					
18 Level 1 HQLA and unsecured performing loans to financial institutions		34,494,334	-	-	5,174,150
Performing loans to non- financial corporate clients, loans					
19 to retail and small business customers, and loans to sovereigns, central banks and PSEs, of which:					
20 With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		90,114,808	15,402,510	48,527,066	94,006,665.47
21 Securities that are not in default and do not qualify as HQLA including exchange-traded equities.		12,521,150	8,047,000	61,835,908	50,477,415.16
22 Other assets:					
23 Physical traded commodities, including gold					
24 Assets posted as initial margin for derivative contracts					
25 NSFR derivative assets				-	-
26 NSFR derivative liabilities before deduction of variation margin posted		59,869			59,869
27 All other assets not included in the above categories	37,997,541	547,025	1,671,465	-	39,106,786
28 Off-balance sheet items		57,029,743	18,596,305	7,658,240	14,361,402
29 Total RSF					214,855,892
30 Net Stable Funding Ratio (%)					142.41%

2024

	Unweighted Value by Residual Maturity				Weighted Value
	No Maturity	< 6 months	6 months to < 1 yr	≥ 1 yr	
(Rupees in '000)					
Available Stable Funding					
1 Capital:					
2 Regulatory capital	44,294,944				44,294,944
3 Other capital instruments	9,982,762				9,982,762
4 Retail deposits & deposit from small business customers:					
5 Stable deposits	24,200,119				22,990,113
6 Less stable deposits	142,895,523	13,133,683	3,447,448	293,112	143,822,101
7 Wholesale funding:					
8 Operational deposits					-
9 Other wholesale funding	87,791,865	22,675,177	8,912,376	20,538,798	80,228,506.77
10 Other liabilities:					
11 NSFR derivative liabilities				188,180	-
12 All other liabilities & equity not included in other categories	70,281,151	-	371,007	13,402,884	13,588,387.72
13 Total ASF					314,906,814
Required Stable Funding					
14 Total NSFR high-quality liquid assets (HQLA)					6,410,202
15 Deposits held at other financial institutions for operational purposes		1,354,671			677,336
16 Performing loans and securities:					
17 Performing loans to financial institutions secured by Level 1 HQLA		-	-	-	-
18 Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions		41,494,389	-	-	6,224,158
19 Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs, of which:					
20 With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		72,856,362	12,722,306	54,436,749	89,060,570.24
21 Securities that are not in default and do not qualify as HQLA including exchange-traded equities.		5,028,892	5,789,381	52,693,861	39,660,145.84
22 Other assets:					
23 Physical traded commodities, including gold					
24 Assets posted as initial margin for derivative contracts					
25 NSFR derivative assets				13,589	13,589.09
26 NSFR derivative liabilities before deduction of variation margin posted				37,636	37,636
27 All other assets not included in the above categories	28,114,864	1,360,399	2,766,144	-	30,178,135
28 Off-balance sheet items		54,419,671	13,027,354	3,270,066	24,548,007
29 Total RSF					204,779,739
30 Net Stable Funding Ratio (%)					153.78%