pwc A·F·FERGUSON&Co.

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Al Baraka Bank (Pakistan) Limited

Report on review of Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Al Baraka Bank (Pakistan) Limited ("the Bank") as at June 30, 2026 and the related condensed interim statement of profit and loss account, the condensed interim statement of comprehensive income, condensed interim statement of changes in equity, and condensed interim cash flow statement, and notes to the condensed interim financial statements for the half year then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Other Matter

Pursuant to the requirement of BSD Circular No. 01 of 2004, only cumulative figures for the half year, presented in the second quarter accounts are subject to a limited scope review by the statutory auditors of the Bank. Accordingly, the figures of the condensed interim statement of profit and loss account and condensed interim statement of comprehensive income for the quarter ended June 30, 2026 have not been reviewed by us.

The engagement partner on the audit resulting in this independent auditor's report is **Junaid Mesia**.

AFerguson&Co

A.F. Ferguson & Co.
Chartered Accountants
Place: Karachi
Dated: August 27, 2026
UDIN: RR202610611I4Gt0JiVh

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network, State Life Building No. 1-C, I. I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan
Tel: +92 (21) 32426682-6/32426711-5; Fax: +92 (21) 32415007

AL BARAKA BANK (PAKISTAN) LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2026

	Note	30 June 2026 (Un-audited)	31 December 2025 (Audited)
		----------- (Rupees in '000') -----------	
ASSETS			
Cash and balances with treasury banks	8	14,852,610	25,614,941
Balances with other banks	9	2,191,557	1,724,589
Due from financial institutions	10	1,165,701	15,996,408
Investments	11	113,441,214	103,674,169
Islamic financing and related assets - net	12	125,676,533	135,966,429
Property and equipment	13	3,820,901	3,621,690
Right-of-use assets	14	3,333,409	3,273,573
Intangible assets	15	1,207,249	1,227,535
Deferred tax assets	16	3,612,985	3,720,563
Other assets	17	17,022,937	17,103,232
Total assets		286,325,096	311,923,129
LIABILITIES			
Bills payable	18	13,974,548	8,546,764
Due to financial institutions	19	14,555,597	4,377,721
Deposits and other accounts	20	219,909,869	259,643,089
Lease Liabilities	21	3,758,257	3,606,386
Subordinated Mudaraba	22	3,124,241	3,124,241
Deferred tax liabilities		-	-
Other liabilities	23	8,666,243	10,572,072
Total liabilities		263,988,755	289,870,273
NET ASSETS		22,336,341	22,052,856
REPRESENTED BY			
Share capital - net		14,500,490	14,500,490
Reserves		2,701,535	2,561,694
Surplus on revaluation of assets	24	177,279	373,879
Unappropriated profit		4,957,037	4,616,793
		22,336,341	22,052,856
CONTINGENCIES AND COMMITMENTS	25		

The annexed notes 1 to 42 form an integral part of these condensed interim financial statements.

Chief Executive Officer	Chief Financial Officer	Chairman	Director	Director

AL BARAKA BANK (PAKISTAN) LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE HALF YEAR AND QUARTER ENDED 30 JUNE 2026

	Note	Half year ended 30 June 2026	Half year ended 30 June 2025	Quarter ended 30 June 2026	Quarter ended 30 June 2025
		-------- (Rupees in '000) --------		-------- (Rupees in '000) --------	
Profit / return earned	26	12,875,472	14,409,324	6,829,104	6,956,532
Profit / return expensed	27	(7,568,720)	(8,259,873)	(4,080,279)	(4,138,477)
Net profit / return		5,306,752	6,149,451	2,748,825	2,818,055
OTHER INCOME					
Fee and commission income	28	511,324	526,052	256,658	260,231
Dividend income		-	-	-	-
Foreign exchange income		560,001	705,911	329,888	276,854
Income / (loss) from shariah compliant alternative of forward foreign exchange contracts		-	-	-	-
Gain on securities - net	29	29,845	123,581	35,449	7,699
Net gains / (losses) on derecognition of financial assets measured at amortised cost		-	-	-	-
Other (loss) / income	30	(411)	8,975	(6,828)	5,312
Total other income		1,100,759	1,364,519	615,167	550,096
Total income		6,407,511	7,513,970	3,363,992	3,368,151
OTHER EXPENSES					
Operating expenses	31	(5,772,066)	(5,070,045)	(2,988,465)	(2,549,255)
Workers welfare fund		(35,244)	(54,589)	(7,181)	(16,008)
Other charges	32	(375)	(553)	(160)	(300)
Total other expenses		(5,807,685)	(5,125,187)	(2,995,806)	(2,565,563)
Profit before credit loss allowance / provisions		599,826	2,388,783	368,186	802,588
Reversal of / (charge against) credit loss allowance / provisions and write offs - net	33	1,127,114	286,056	(16,335)	(18,212)
Extra ordinary / unusual items		-	-	-	-
PROFIT BEFORE TAXATION		1,726,940	2,674,839	351,851	784,376
Taxation	34	(1,027,733)	(1,339,666)	(204,919)	(335,935)
PROFIT AFTER TAXATION		699,207	1,335,173	146,932	448,441
		------------- (Rupees) --------------		------------- (Rupees) --------------	
Basic / diluted earnings per share	35	0.51	0.97	0.11	0.32

The annexed notes 1 to 42 form an integral part of these condensed interim financial statements.

Chief Executive Officer	Chief Financial Officer	Chairman	Director	Director

AL BARAKA BANK (PAKISTAN) LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE HALF YEAR AND QUARTER ENDED 30 JUNE 2026

	Half year ended		Quarter ended	
	30 June 2026	30 June 2025	30 June 2026	30 June 2025
	--------- (Rupees in '000) ---------		--------- (Rupees in '000) ---------	
Profit after taxation	699,207	1,335,173	146,932	448,441
Other comprehensive loss				
Items that may be reclassified to the statement of profit and loss account in subsequent periods:				
Movement in surplus on revaluation of debt investments through FVOCI - net of tax	(171,234)	(801,633)	23,989	(137,596)
Gain on sale of debt investments carried at FVOCI – reclassified to the statement of profit and loss account - net of tax	(7,583)	(47,867)	(9,892)	(5,713)
	(178,817)	(849,500)	14,097	(143,309)
Items that will not be reclassified to the statement of profit and loss account in subsequent periods:				
Movement in deficit on revaluation of equity investments through FVOCI - net of tax	4,170	-	4,170	-
Movement in surplus on revaluation of non-banking assets - net of tax	(21,953)	-	(21,953)	-
	(17,783)	-	(17,783)	-
Total comprehensive income	502,607	485,673	143,246	305,132

The annexed notes 1 to 42 form an integral part of these condensed interim financial statements.

Chief Executive Officer **Chief Financial Officer** **Chairman** **Director** **Director**

AL BARAKA BANK (PAKISTAN) LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 30 JUNE 2026

	Share capital			Statutory reserve*	Reserves		Unappropriated profit	Total
					Surplus / (deficit) on revaluation of			
	Issued subscribed and paidup capital	Capital support fund	Discount on issue of shares		investments	non-banking assets		
	(Rupees in '000')							
Balance as at 1 January 2025 (Audited)	13,739,628	1,393,628	(632,766)	2,187,858	933,489	294,444	3,702,132	21,618,413
Impact of adoption of IFRS - 9	-	-	-	-	(22,087)	-	12,554	(9,533)
Balance as at 1 January 2025 after adoption of IFRS 9 (Restated)	13,739,628	1,393,628	(632,766)	2,187,858	911,402	294,444	3,714,686	21,608,880
Profit after taxation for the half year ended 30 June 2025	-	-	-	-	-	-	1,335,173	1,335,173
Other comprehensive income - net of tax								
Movement in surplus on revaluation of debt investments through FVOCI - net of tax	-	-	-	-	(801,633)	-	-	(801,633)
Gain on sale of debt investments carried at FVOCI – reclassified to the statement of profit and loss account - net of tax	-	-	-	-	(47,867)	-	-	(47,867)
Total other comprehensive loss - net of tax	-	-	-	-	(849,500)	-	-	(849,500)
Transfer to statutory reserve	-	-	-	267,035	-	-	(267,035)	-
Transactions with owners, recorded directly in equity								
Final cash dividend for the year ended 31 December 2024 @ Rupee 0.38 per share	-	-	-	-	-	-	(522,106)	(522,106)
Balance as at 1 July 2025 (Un-audited)	13,739,628	1,393,628	(632,766)	2,454,893	61,902	294,444	4,260,718	21,572,447
Profit after taxation for the half year ended 31 December 2025	-	-	-	-	-	-	534,009	534,009
Other comprehensive income - net of tax								
Movement in surplus on revaluation of debt investments through FVOCI - net of tax	-	-	-	-	(86,171)	-	-	(86,171)
Movement in deficit on revaluation of equity investments through FVOCI - net of tax	-	-	-	-	(1,231)	-	-	(1,231)
Gain on sale of debt investments carried at FVOCI – reclassified to the statement of profit and loss account - net of tax	-	-	-	-	39,611	-	-	39,611
Movement in surplus on revaluation of non-banking assets - net of tax	-	-	-	-	-	65,324	-	65,324
Remeasurement loss on defined benefit obligations - net of tax	-	-	-	-	-	-	(71,133)	(71,133)
Total other comprehensive income / (loss) - net of tax	-	-	-	-	(47,791)	65,324	(71,133)	(53,600)
Transfer to statutory reserve	-	-	-	106,801	-	-	(106,801)	-
Balance as at 31 December 2025 (Audited)	13,739,628	1,393,628	(632,766)	2,561,694	14,111	359,768	4,616,793	22,052,856
Impact of adoption of IFRS - 9 (note 5.1)	-	-	-	-	-	-	(632)	(632)
Balance as at 1 January 2026 after adoption of IFRS 9	13,739,628	1,393,628	(632,766)	2,561,694	14,111	359,768	4,616,161	22,052,224
Profit after taxation for the half year ended 30 June, 2026	-	-	-	-	-	-	699,207	699,207
Other comprehensive income - net of tax								
Movement in surplus on revaluation of debt investments through FVOCI - net of tax	-	-	-	-	(171,234)	-	-	(171,234)
Gain on sale of debt investments carried at FVOCI – reclassified to the statement of profit and loss account - net of tax	-	-	-	-	(7,583)	-	-	(7,583)
Movement in surplus on revaluation of non-banking assets - net of tax	-	-	-	-	-	(21,953)	21,953	-
Movement in deficit on revaluation of equity investments through FVOCI - net of tax	-	-	-	-	4,170	-	-	4,170
Total other comprehensive (loss) / income - net of tax	-	-	-	-	(174,647)	(21,953)	21,953	(174,647)
Transfer to statutory reserve	-	-	-	139,841	-	-	(139,841)	-
Transactions with owners, recorded directly in equity								
Final cash dividend for the year ended 31 December 2025 @ Rupee 0.175 per share	-	-	-	-	-	-	(240,443)	(240,443)
Balance as at 30 June 2026 (Un-audited)	13,739,628	1,393,628	(632,766)	2,701,535	(160,536)	337,815	4,957,037	22,336,341

* This represents reserve created under section 21(i)(a) of the Banking Companies Ordinance ,1962.

The annexed notes 1 to 42 form an integral part of these condensed interim financial statements.

Chief Executive Officer | **Chief Financial Officer** | **Chairman** | **Director** | **Director**

AL BARAKA BANK (PAKISTAN) LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED 30 JUNE 2026

	Note	Half year ended 30 June 2026	30 June 2025
		------------ (Rupees in '000)	------------
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		1,726,940	2,674,839
Less: Dividend income		-	-
		1,726,940	2,674,839
Adjustments:			
Net profit / return - excluding finance charge on lease liability		(5,578,035)	(6,382,683)
Depreciation	31	206,569	154,663
Depreciation on right-of-use assets	31	393,193	372,650
Amortisation	31	69,960	74,004
Depreciation - non-banking assets	31	39,575	19,681
Reversal in credit loss allowance / provisions and write offs - net	33	(1,127,114)	(286,056)
Gain on sale of property and equipment - net	30	(2,644)	(805)
Finance charge on lease liability against right-of-use assets	27	271,283	233,232
Unrealised gain on revaluation of securities classified as FVTPL	29	(10,520)	(2,982)
Workers welfare fund		35,244	54,589
		(5,702,489)	(5,763,707)
		(3,975,549)	(3,088,868)
Decrease / (increase) in operating assets			
Due from financial institutions		14,834,297	(2,432,821)
Securities classified as FVTPL		9,620,032	104,353
Islamic financing and related assets - net		11,578,318	(3,202,558)
Others assets (excluding advance taxation and profit receivable)		(670,050)	283,319
		35,362,597	(5,247,707)
(Decrease) / increase operating liabilities			
Bills payable		5,427,784	3,187,782
Due to financial institutions		10,177,876	302,151
Deposits and other accounts		(39,733,220)	10,757,621
Other liabilities (excluding advance taxation and profit payable)		(1,558,004)	(611,916)
		(25,685,564)	13,635,638
Profit / return received		13,355,902	16,074,355
Profit / return paid		(7,730,910)	(8,745,586)
Income tax paid		(612,350)	(2,045,165)
Net cash flows generated from operating activities		10,714,126	10,582,667
CASH FLOWS FROM INVESTING ACTIVITIES			
Net investments in securities classified as FVOCI		(19,732,470)	(470,989)
Net investments in securities classified as FVTPL		-	104,353
Investments in property and equipment		(490,749)	(654,993)
Proceeds from sale of property and equipment		5,120	812
Net cash used in investing activities		(20,218,099)	(1,020,817)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of lease liability against right-of-use assets		(572,441)	(518,043)
Dividend paid		(218,734)	(79,995)
Net cash used in financing activities		(791,175)	(598,038)
(Decrease) / increase in cash and cash equivalents		(10,295,148)	8,963,812
Credit loss allowance on cash and cash equivalent		417	(1)
Impact of adoption of IFRS 9		(632)	-
Cash and cash equivalents at the beginning of the period		27,339,530	20,635,657
Cash and cash equivalents at the end of the period		17,044,167	29,599,468

The annexed notes 1 to 42 form an integral part of these condensed interim financial statements.

Chief Executive Officer | **Chief Financial Officer** | **Chairman** | **Director** | **Director**

AL BARAKA BANK (PAKISTAN) LIMITED
NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED 30 JUNE 2026

1 STATUS AND NATURE OF BUSINESS

1.1 Al Baraka Bank (Pakistan) Limited (the Bank) was incorporated in Pakistan on 20 December 2004 (under the name of Emirates Global Islamic Bank Limited). The name of the Bank was subsequently changed to Al Baraka Bank (Pakistan) Limited on 29 October 2010 as a public limited company. The Bank was granted an Islamic Banking License BL(I)-01(07), issued by the Banking Policy and Regulations Department of the State Bank of Pakistan (SBP) on 18 January 2007. Subsequently, the Bank was also granted approval for commencement of business as a scheduled bank with effect from 13 February 2007. Upon merger of the Pakistan branches of Al Baraka Islamic Bank B.S.C. (c) with and into the Bank, fresh license no. BL(i)-01(2011) was issued by SBP on 12 March 2011, effective from close of business on 29 October 2010. The main objective of the Bank is to carry on Islamic banking business in Pakistan in accordance with and in conformity with Shariah principles.

The Bank is a subsidiary of Al Baraka Islamic Bank B.S.C. (c) (Parent Bank) which is incorporated and domiciled in Bahrain, which is 92.81% (2025: 92.81%) owned by Al Baraka Group B.S.C. (Ultimate Parent).

1.2 During the year 2016, the shareholders of the Bank in their extra ordinary general meeting held on 22 August 2016 had approved the merger of the Bank with Burj Bank Limited under a "Scheme of Amalgamation" (the Scheme). Further, the State Bank of Pakistan, through its letter no. BPRD (R&P-02)/2016/24373 dated 14 October 2016, had also approved the scheme of amalgamation and granted a sanction order for the amalgamation of Ex Burj Bank Limited with and into the Bank. As of the effective date of amalgamation, the entire undertaking of Ex Burj Bank Limited including all the properties, assets and liabilities and all the rights and obligations, without any further act, action or deed and notwithstanding the terms of any contract or other document or any rule of law, stood amalgamated with and vested in the Bank and as a consequence, Ex Burj Bank Limited stood amalgamated with and into the Bank.

The Bank's registered office is located at 162, Bangalore Town, Main Shahrah-e-Faisal, Karachi. The Bank has 185 branches (31 December 2025: 196 branches) in Pakistan.

1.3 Based on the annual audited financial statements of the Bank for the year ended 31 December 2025, VIS Credit Rating Company Limited (VIS) has reaffirmed the Bank's medium to long-term rating as 'AA-' and maintained short-term rating as 'A1' on 30 June 2026 (2025: 'AA-' and 'A1' dated 27 June 2025).

1.4 During the year 2019, Al Baraka Islamic Bank, B.S.C (c) (the Parent Bank) injected a temporary Capital Support Fund amounting to Rs 1.394 billion (USD 9 million) which is allowable capital for the purposes of Capital Adequacy Ratio (CAR), Minimum Capital Requirement (MCR) and Leverage ratio. These funds can only be remitted back after prior approval of SBP. Currently, the Bank is in the process of seeking approval for converting the Capital Support Fund into Additional Tier I Capital.

As at 30 June 2026, the Minimum Capital Requirement (MCR) and Capital Adequacy Ratio (CAR) stood at Rs. 14.5 billion and 18.46% respectively.

2 BASIS OF PRESENTATION

These condensed interim financial statements have been prepared in conformity with the format of financial statements prescribed by the SBP vide BPRD Circular Letter No. 02 dated 09 February 2023 and the requirements of International Accounting Standard 34, "Interim Financial Reporting".

2.1 STATEMENT OF COMPLIANCE

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

- International Accounting Standard 34, "Interim Financial Reporting" issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the Companies Act, 2017;
- Provisions of, 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 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 IAS 34 or IFAS, the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 and the said directives and notifications shall prevail.

mel

The SBP has deferred the applicability of International Accounting Standard (IAS) 40, 'Investment Property' for banking companies through BSD Circular Letter No. 10 dated 26 August 2002 till further instructions. The SBP through BPRD Circular No. 04 of 2015 dated 25 February 2015 has also deferred the applicability of Islamic Financial Accounting Standard-3 for Profit and Loss Sharing on Deposits (IFAS - 3) issued by the Institute of Chartered Accountants of Pakistan (ICAP) and notified by the SECP, vide their SRO No. 571 of 2013 dated 12 June 2013 for Institutions offering Islamic Financial Services (IIFS). Accordingly, the requirements of these standards have not been considered in the preparation of these condensed interim financial statements.

2.1.2 These condensed interim financial statements do not include all the information and disclosures required for annual financial statements and should be read in conjunction with the annual audited financial statements of the Bank for the year ended 31 December 2025.

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

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

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

- IFRS 7, 'Financial Instruments: Disclosures' - SECP through S.R.O. 742(1)/2025 dated 16 April 2025 has required disclosures regarding the significance of financial instruments to the Bank's financial position and performance, as well as the nature, extent, and management of risks arising from such instruments. Accordingly, the Bank will include such disclosures in its annual financial statements for the year ending 31 December 2026. However, disclosure requirements of IFRS 7 do not apply to these condensed interim financial statements except for those specified in paragraph 16A(j) of IAS 34, 'Interim Financial Reporting' which have been disclosed in these condensed interim financial statements.

- Certain amendments to IFRS 7 'Financial Instruments: Disclosures' and IFRS 9 'Financial Instruments' have become applicable on the Bank which clarify the date of recognition and derecognition of a financial asset or financial liability.

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

2.3.1 There are certain new and amended standards, issued by the International Accounting Standards Board (IASB), interpretations and amendments that are mandatory for the Bank's accounting periods beginning on or after 01 January 2027 but are considered not to be relevant or will not have any material effect on the Bank's condensed interim financial statements except for:

- The new standard - IFRS 18 'Presentation and Disclosure in Financial Statements' (published in April 2024) with an applicability date of 01 January 2027. The application of IFRS 18 will impact the presentation of the 'Statement of Profit and Loss Account' with certain additional disclosures as and when instructed by the SBP.

3 BASIS OF MEASUREMENT

3.1 Accounting convention

These condensed interim financial statements have been prepared under the historical cost convention except for non-banking assets acquired in satisfaction of claims which are stated at revalued amounts; investments classified at fair value through profit or loss and fair value through other comprehensive income; commitments in respect of foreign exchange contracts which are measured at fair value; defined benefit obligations are carried at present value; right-of-use assets and related lease liabilities which are measured at present value on initial recognition and staff financing is measured at fair value on initial recognition.

4 FUNCTIONAL AND PRESENTATION CURRENCY

Items included in these condensed interim financial statements are measured using the currency of the primary economic environment in which the Bank operates. The condensed interim financial statements are presented in Pakistani Rupees, which is the Bank's functional and presentation currency.

5 MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies applied in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual audited financial statements of the Bank for the year ended 31 December 2025 except for changes mentioned in note 5.1 to these condensed interim financial statements.

5.1 IFRS 9 - 'Financial Instruments'

5.1.1 The Bank adopted IFRS 9 effective from 1 January 2024, except for certain relaxations and extensions issued by the SBP from time to time. The impact of these relaxations and extensions were incorporated in the annual audited financial statements of the Bank for the years ended 31 December 2024 and 2025, with the modified retrospective approach as permitted under IFRS 9.

5.1.2 In addition, the SBP, through a separate instruction vide BPRD/RPD/822456/25 dated 22 January, 2025, allowed an extension for the application of the Effective Profit Rate (EPR) up to 31 December 2025. During the current period, in accordance with the aforementioned instruction, the Bank has applied EPR on financial instruments except Islamic financing and related assets. The resulting impact has been taken into account and is reflected in note 26.1 to these condensed interim financial statements. Accordingly, the information presented as of 31 December 2025 and for the six months period ended 30 June 2025 respectively has not been restated.

5.1.2.1 The following table reconciles the carrying amounts of financial instruments reported in accordance with the previous financial reporting framework with the carrying amounts reported under the new financial reporting framework.

Financial Assets / Liabilities	Carrying amount as at 31 December 2025	Impact of EPR	Carrying amount as at 01 January 2026
	---------- (Rupees in '000)		----------
Cash and balances with treasury banks	25,614,941	-	25,614,941
Balances with other banks	1,724,589	-	1,724,589
Due from financial institutions	15,996,408	-	15,996,408
Investments	103,674,169	-	103,674,169
Islamic financing and related assets - net	135,966,429	-	135,966,429
Other assets *	14,599,067	(6,495)	14,592,572
Total financial assets	297,575,603	(6,495)	297,569,108
Bills payable	8,546,764	-	8,546,764
Due to financial institutions	4,377,721	-	4,377,721
Deposits and other accounts	259,643,089	-	259,643,089
Subordinated Mudaraba	3,124,241	-	3,124,241
Lease liabilities	3,606,386	-	3,606,386
Other liabilities *	10,054,371	(5,179)	10,049,192
Total financial liabilities	289,352,572	(5,179)	289,347,393
Net financial assets	8,223,031	(1,316)	8,221,715
Net non-financial assets	10,109,262	-	10,109,262
Deferred tax assets	3,720,563	(684)	3,719,879

Reconciliation of unappropriated profit

The impact of EPR on unappropriated profit as at 01 January 2026 is as follows:

	(Rupees in '000)
Unappropriated profit	
Closing balance as at 31 December 2025 - as reported	22,052,856
Impact of EPR	(1,316)
Less: related tax	684
Opening balance as at 01 January 2026 - as restated	22,052,224

** This represents financial assets and financial liabilities recorded in other assets and other liabilities respectively.*

5.1.3 The SBP has directed the Banks through its BPRD Circular Letter No. 01 dated 22 January 2025 to continue applying the existing revenue recognition methodology, including the requirements of Islamic Financial Accounting Standards (IFAS), IFAS 1 and IFAS 2 until further instructions. Had IFRS 9 been adopted in its entirety for revenue recognition from Islamic financing, profit / return earned on Islamic financing and related assets in the condensed interim statement of profit and loss account for the period ended 30 June 2026 would have been higher by Rs. 68.7 million on net basis and taxation would have been higher by Rs. 35.7 million. Further, unappropriated profit in the condensed interim statement of changes in equity would have been higher by Rs. 32.9 million.

Furthermore, the SBP has instructed the Bank to disclose the impact of EPR on Islamic financing and related assets. The resulting impact has been taken into account and is reflected in note 26.1.1 to these condensed interim financial statements.

6 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of these condensed interim financial statements in conformity with the accounting and reporting standards as applicable in Pakistan requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and income and expenses as well as in the disclosure of contingent liabilities. It also requires management to exercise judgment in application of its accounting policies. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. These estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised, if the revision affects only that period, or in the period of revision and in future periods if the revision affects both current and future periods.

The significant judgments made by the management in applying the Bank's accounting policies and the key sources of estimation were the same as those applied in the preparation of annual audited financial statements for the year ended 31 December 2025 except for matters related to IFRS 9 which have been disclosed in note 5.1 to these condensed interim financial statements.

7 FINANCIAL RISK MANAGEMENT

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

	Note	30 June 2026 (Un-audited)	31 December 2025 (Audited)
8 CASH AND BALANCES WITH TREASURY BANKS		---------- (Rupees in '000)	----------
In hand			
Local currency		3,728,436	4,252,359
Foreign currencies		670,156	779,559
		4,398,592	5,031,918
With State Bank of Pakistan in			
Local currency current account		8,263,678	17,854,267
Foreign currency current account		1,511,081	1,930,773
	8.1	9,774,759	19,785,040
With National Bank of Pakistan in			
Local currency current accounts		679,318	798,441
		679,318	798,441
Less: Credit loss allowance held against cash and balances with treasury banks		(59)	(458)
Cash and balances with treasury banks - net of credit loss allowance		14,852,610	25,614,941

8.1 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.

	Note	30 June 2026 (Un-audited)	31 December 2025 (Audited)
9 BALANCES WITH OTHER BANKS		---------- (Rupees in '000)	----------
In Pakistan			
In current accounts		100	100
In deposit accounts	9.1	10,020	11,649
		10,120	11,749
Outside Pakistan			
In current accounts		1,862,307	688,913
In deposit accounts	9.1	319,176	1,023,991
		2,181,483	1,712,904
Less: Credit loss allowance held against balances with other banks		(46)	(64)
Balances with other banks - net of credit loss allowance		2,191,557	1,724,589

9.1 These represent balances in the remunerative accounts maintained with financial institutions in Pakistan. The expected return on remunerative deposits ranges from 2.5% to 4% (31 December 2025: 2.75% to 4%) per annum.

		Note	30 June 2026 (Un-audited)	31 December 2025 (Audited)
10.	**DUE FROM FINANCIAL INSTITUTIONS**		---------- (Rupees in '000)	----------
	Musharaka placements			
	- with scheduled bank / financial institution			
	- unsecured	10.1 & 10.4	-	14,500,000
	Wakalah placements			
	- with scheduled bank / financial institution			
	- unsecured	10.1 & 10.4	1,165,703	1,500,000
		10.2	1,165,703	16,000,000
	Less: Credit loss allowance held against due from financial institutions	10.3	(2)	(3,592)
	Due from financial institutions - net of credit loss allowance		1,165,701	15,996,408

10.1 The effective return on these placements range from 2% - 3% (31 December 2025: 10.4% - 10.6%) per annum. These placements will mature by July 2026 (31 December 2025: January 2026).

		30 June 2026 (Un-audited)	31 December 2025 (Audited)
10.2	**Particulars of due from financial institutions**	---------- (Rupees in '000)	----------
	In local currency	-	16,000,000
	In foreign currencies	1,165,703	-
		1,165,703	16,000,000

10.3 Due from financial institutions - Particulars of credit loss allowance

		30 June 2026 (Un-audited)		31 December 2025 (Audited)	
		Due from financial institutions	Credit loss allowance	Due from financial institutions	Credit loss allowance
		---------- (Rupees in '000)	----------	----------	----------
Domestic					
Performing	Stage 1	-	-	16,000,000	3,592
Under performing	Stage 2	-	-	-	-
Non-performing	Stage 3				
Substandard		-	-	-	-
Doubtful		-	-	-	-
Loss		-	-	-	-
		-	-	-	-
		-	-	16,000,000	3,592
Overseas					
Performing	Stage 1	1,165,703	2	-	-
Under performing	Stage 2	-	-	-	-
Non-performing	Stage 3				
Substandard		-	-	-	-
Doubtful		-	-	-	-
Loss		-	-	-	-
		-	-	-	-
		1,165,703	2	-	-

10.4 No securities have been held as collateral against placements due from financial institutions.

Mee

11 INVESTMENTS

11.1 Investments by type:

	30 June 2026 (Un-audited)				31 December 2025 (Audited)			
	Cost / amortised cost	Credit loss allowance	Surplus / (deficit)	Carrying value	Cost / amortised cost	Credit loss allowance	Surplus / (deficit)	Carrying value
	(Rupees in '000')							
Classified / measured at FVTPL								
Federal Government securities	11,241	-	(489)	10,752	9,631,274	-	(4,464)	9,626,810
Listed shares	163,822	-	(110,000)	53,822	163,822	-	(116,546)	47,276
Non-government debt securities	100,000	-	-	100,000	100,000	-	-	100,000
	275,063	-	(110,489)	164,574	9,895,096	-	(121,010)	9,774,086
Classified / measured at FVOCI								
Federal Government securities	111,337,945	-	(285,022)	111,052,923	91,241,589	-	83,789	91,325,378
Unlisted shares	135,986	-	(39,896)	96,090	136,043	-	(48,579)	87,464
Non-government debt securities	875,889	(124,039)	675	752,525	1,237,384	(132,146)	13,027	1,118,265
Foreign securities	1,385,746	(434)	(10,210)	1,375,102	1,388,080	(266)	(18,838)	1,368,976
	113,735,566	(124,473)	(334,453)	113,276,640	94,003,096	(132,412)	29,399	93,900,083
Total investments	114,010,629	(124,473)	(444,942)	113,441,214	103,898,192	(132,412)	(91,611)	103,674,169

11.2 Investments by segment:

	30 June 2026 (Un-audited)				31 December 2025 (Audited)			
	Cost / amortised cost	Credit loss allowance	Surplus / (deficit)	Carrying value	Cost / amortised cost	Credit loss allowance	Surplus / (deficit)	Carrying value
	(Rupees in '000')							
Debt instruments								
Classified / measured at FVOCI								
Federal Government securities	111,337,945	-	(285,022)	111,052,923	91,241,589	-	83,789	91,325,378
Non-government debt securities	875,889	(124,039)	675	752,525	1,237,384	(132,146)	13,027	1,118,265
Foreign securities	1,385,746	(434)	(10,210)	1,375,102	1,388,080	(266)	(18,838)	1,368,976
	113,599,580	(124,473)	(294,557)	113,180,550	93,867,053	(132,412)	77,978	93,812,619
Classified / measured at FVTPL								
Federal Government securities	11,241	-	(489)	10,752	9,631,274	-	(4,464)	9,626,810
Non-government debt securities	100,000	-	-	100,000	100,000	-	-	100,000
	111,241	-	(489)	110,752	9,731,274	-	(4,464)	9,726,810
Equity instruments								
Classified / measured at FVOCI (non-reclassifiable)								
Shares								
Unlisted companies	135,986	-	(39,896)	96,090	136,043	-	(48,579)	87,464
	135,986	-	(39,896)	96,090	136,043	-	(48,579)	87,464
Classified / measured at FVTPL								
Shares								
Listed companies	163,822	-	(110,000)	53,822	163,822	-	(116,546)	47,276
	163,822	-	(110,000)	53,822	163,822	-	(116,546)	47,276
Total investments	114,010,629	(124,473)	(444,942)	113,441,214	103,898,192	(132,412)	(91,611)	103,674,169

11.3 Particlurs of credit loss allowance - against debt securities

	30 June 2026 (Un-audited)				31 December 2025 (Audited)			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	(Rupees in '000)							
Non-government debt securities	2,446	19,380	102,213	124,039	2,690	27,243	102,213	132,146
Foreign securities	434	-	-	434	266	-	-	266
	2,880	19,380	102,213	124,473	2,956	27,243	102,213	132,412

11.3.1 Credit loss allowance against investments

	30 June 2026 (Un-audited)	31 December 2025 (Audited)
	(Rupees in '000')	
Opening balance	132,412	159,399
Charge / (reversals)		
Charge for the period / year	168	-
Reversal for the period / year	(8,107)	(26,987)
	(7,939)	(26,987)
Closing balance	124,473	132,412

11.4 Particulars of credit loss allowance against debt securities - FVOCI

		30 June 2026 (Un-audited)		31 December 2025 (Audited)	
		Outstanding amount	Credit loss allowance held	Outstanding amount	Credit loss allowance held
		(Rupees in '000')			
Domestic					
Performing	Stage 1	330,057	2,445	397,585	2,690
Underperforming	Stage 2	422,468	19,381	553,922	27,243
Non-performing	Stage 3				
Substandard		-	-	-	-
Doubtful		-	-	-	-
Loss		102,213	102,213	102,213	102,213
		102,213	102,213	102,213	102,213
Total		854,738	124,039	1,053,720	132,146
Overseas					
Performing	Stage 1	1,385,746	434	1,369,241	266
Underperforming	Stage 2	-	-	-	-
Non-performing	Stage 3				
Substandard		-	-	-	-
Doubtful		-	-	-	-
Loss		-	-	-	-
		-	-	-	-
Total		1,385,746	434	1,369,241	266

11.5 No investments were given as collatertal as at 30 June 2026 (31 December 2025: Nil).

12. ISLAMIC FINANCING AND RELATED ASSETS - NET

	Note	Performing		Non-performing		Total	
		30 June 2026 (Un-audited)	31 December 2025 (Audited)	30 June 2026 (Un-audited)	31 December 2025 (Audited)	30 June 2026 (Un-audited)	31 December 2025 (Audited)
		---- (Rupees in '000) ----					
- Murabaha financing		1,317,807	1,099,831	1,722,252	1,744,518	3,040,059	2,844,349
- Advance against murabaha financing		294,399	95,978	124,120	124,120	418,519	220,098
- Export refinance under Islamic scheme		50,000	75,000	14,936	11,451	64,936	86,451
- Advance against export refinance under Islamic scheme		604,000	2,194,500	52,385	137,585	656,385	2,332,085
- Inventory against export refinance under Islamic scheme		1,329,500	315,900	-	-	1,329,500	315,900
- Diminishing musharaka and Ijarah financing		65,345,925	59,145,668	2,053,931	2,404,675	67,399,856	61,550,343
- Advance against diminishing musharaka finance		1,227,217	1,636,530	-	-	1,227,217	1,636,530
- Running musharaka		23,791,585	22,765,622	-	-	23,791,585	22,765,622
- Tijarah finance		565,000	6,653,023	18,772	12,850	583,772	6,665,873
- Advance against tijarah		1,236,782	2,924,780	171,959	171,959	1,408,741	3,096,739
- Tijarah inventory		2,010,409	188,000	15,500	15,500	2,025,909	203,500
- Over-due acceptances		42,290	-	408,252	468,726	450,542	468,726
- Payment against guarantee		3,776	3,776	29,581	29,581	33,357	33,357
- Payment against documents		103,672	4,476	-	-	103,672	4,476
- Salam financing		3,446,005	1,308,062	19,600	70,978	3,465,605	1,379,040
- Advance against salam		850,597	3,001,066	1,807,987	1,901,467	2,658,584	4,902,533
- Salam inventory		1,276,737	1,158,735	646,780	537,776	1,923,517	1,696,511
- Rahnuma travel financing		21,016	35,362	-	-	21,016	35,362
- Istisna finance		4,150,024	6,715,980	1,056,835	1,178,690	5,206,859	7,894,670
- Advance against istisna		12,344,948	22,783,519	1,567,425	2,317,721	13,912,373	25,101,240
- Istisna inventory		6,191,502	4,304,094	584,324	538,923	6,775,826	4,843,017
- Qarz-e-Hasna		56,921	55,310	62,190	61,513	119,111	116,823
Islamic financing and related assets - gross	12.1	126,260,112	136,465,212	10,356,829	11,728,033	136,616,941	148,193,245
Credit loss allowance / provision against Islamic financing and related assets							
- Stage 1		(251,900)	(216,828)	-	-	(251,900)	(216,828)
- Stage 2		(302,219)	(308,096)	-	-	(302,219)	(308,096)
- Stage 3		(59,781)	(81,947)	(9,584,133)	(10,877,570)	(9,643,914)	(10,959,517)
		(613,900)	(606,871)	(9,584,133)	(10,877,570)	(10,198,033)	(11,484,441)
- General provision	12.3	(742,375)	(742,375)	-	-	(742,375)	(742,375)
Islamic financing and related assets - net of credit loss allowance		124,903,837	135,115,966	772,696	850,463	125,676,533	135,966,429

12.1 Particulars of Islamic financing and related assets (Gross)

	30 June 2026 (Un-audited)	31 December 2025 (Audited)
	-------- (Rupees in '000') --------	
In local currency	131,122,349	143,563,510
In foreign currencies	5,494,592	4,629,735
	136,616,941	148,193,245

12.2 Islamic financing and related assets include Rs. 10,356.828 million (31 December 2025: Rs. 11,728.033 million) which have been placed under non-performing / Stage 3 status as detailed below:

Category of classification in Stage 3	30 June 2026 (Un-		31 December 2025 (Audited)	
	Non-performing Islamic financing and related assets	Credit loss allowance	Non-performing Islamic financing and related assets	Credit loss allowance
	---- (Rupees in '000') ----			
Domestic				
Stage 3				
- Other assets especially mentioned (OAEM)	198,971	132,077	199,302	133,964
- Substandard	111,815	46,577	81,985	35,382
- Doubtful	410,062	273,596	670,737	441,466
- Loss	9,635,981	9,131,883	10,776,009	10,266,758
	10,356,829	9,584,133	11,728,033	10,877,570

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

	30 June 2026 (Un-audited)						31 December 2025 (Audited)					
	Stage 1	Stage 2	Stage 3	Specific	General	Total	Stage 1	Stage 2	Stage 3	Specific	General	Total
	(Rupees in '000')						(Rupees in '000')					
Opening balance	216,828	308,096	10,959,517	-	742,375	12,226,816	285,772	603,950	12,119,107	-	592,375	13,601,204
Charge for the period / year	151,656	173,894	606,476	-	-	932,026	170,530	212,740	1,207,785	-	150,000	1,741,055
Reversals for the period / year	(116,067)	(178,729)	(1,925,369)	-	-	(2,220,165)	(237,379)	(509,173)	(1,699,311)	-	-	(2,445,863)
	35,589	(4,835)	(1,318,893)	-	-	(1,288,139)	(66,849)	(296,433)	(491,526)	-	150,000	(704,808)
Amounts charged off	-	-	-	-	-	-	-	-	(682,482)	-	-	(682,482)
Provision / amounts charged off - agriculture financing	(517)	(1,042)	3,290	-	-	1,731	(2,095)	579	14,418	-	-	12,902
Closing balance	251,900	302,219	9,643,914	-	742,375	10,940,408	216,828	308,096	10,959,517	-	742,375	12,226,816

12.3.1 The above provision against non-performing Islamic financing has been computed after considering allowable forced sale value (FSV) of collateral amounting to Rs. 1,222.419 million (31 December 2025: Rs. 1,874.042 million). The FSV benefit recognised is not allowed for distribution of cash or stock dividend to shareholders and bonus to employees. The cumulative net FSV benefit recognised while computing the credit loss allowance against Islamic financing and related assets amounted to Rs. 626.681 million (31 December 2025: Rs. 634.089 million) and the amount net of tax is Rs. 313.34 million (31 December 2025: Rs. 298.022 million).

12.3.2 The Bank has maintained a general provision of Rs. 742.375 million (31 December 2025: Rs. 742.375 million) against financing made on a prudent basis, in view of prevailing economic conditions. This general provision is in addition to the requirements of Prudential Regulations and IFRS 9. This general provision can be maintained till 31 December, 2026 as allowed by SBP vide BPRD circular letter no. 1 dated 22 January 2025.

12.4 Islamic financing and related assets - Particulars of credit loss allowance

	30 June 2026 (Un-audited)					31 December 2025 (Audited)				
	Expected credit loss allowance			General	Total	Expected credit loss allowance			General	Total
	Stage 1	Stage 2	Stage 3			Stage 1	Stage 2	Stage 3		
	(Rupees in '000')					(Rupees in '000')				
Opening balance - current year	216,828	308,096	10,959,517	742,375	12,226,816	285,772	603,950	12,119,107	592,375	13,601,204
New Islamic financing	139,806	103,763	493,800	-	737,369	167,633	112,877	58,823	150,000	489,333
Financing derecognised or repaid	(99,711)	(115,484)	(1,915,756)	-	(2,130,951)	(227,956)	(431,264)	(1,231,889)	-	(1,891,109)
Transfer to stage 1	59,870	(58,835)	(1,035)	-	-	46,717	(46,717)	-	-	-
Transfer to stage 2	(12,994)	15,663	(2,669)	-	-	(21,176)	21,748	(572)	-	-
Transfer to stage 3	(107)	(3,977)	4,084	-	-	(773)	(23,543)	24,316	-	-
	86,864	(58,870)	(1,421,576)	-	(1,393,582)	(35,555)	(366,899)	(1,149,322)	150,000	(1,401,776)
Amounts written off / charged off	-	-	-	-	-	-	-	(682,482)	-	(682,482)
Changes in risk parameters	(51,792)	52,993	105,973	-	107,174	(33,389)	71,045	672,214	-	709,870
Closing balance	251,900	302,219	9,643,914	742,375	10,940,408	216,828	308,096	10,959,517	742,375	12,226,816

Ayrel

12.5 Islamic financing and related assets - Category of classification

Category of classification		30 June 2026 (Un-audited) Outstanding amount	30 June 2026 (Un-audited) Credit loss allowance held	31 December 2025 (Audited) Outstanding amount	31 December 2025 (Audited) Credit loss allowance held
		(Rupees in '000)			
Domestic					
Performing	Stage 1	98,855,336	251,901	110,362,078	216,828
Underperforming	Stage 2	27,242,269	302,218	25,890,142	308,096
Underperforming (under cool off period)	Stage 3	162,507	59,781	212,992	81,947
Non-performing	Stage 3				
Other assets especially mentioned (OAEM)		198,971	132,077	199,302	133,964
Substandard		111,815	46,577	81,985	35,382
Doubtful		410,062	273,596	670,737	441,466
Loss		9,635,981	9,131,883	10,776,009	10,266,758
		10,356,829	9,584,133	11,728,033	10,877,570
General provision		-	742,375	-	742,375
Total		136,616,941	10,940,408	148,193,245	12,226,816

13 PROPERTY AND EQUIPMENT

	Note	30 June 2026 (Un-audited)	31 December 2025 (Audited)
		(Rupees in '000')	
Capital work-in-progress	13.1	284,767	715,796
Property and equipment		3,536,134	2,905,894
		3,820,901	3,621,690

13.1 Capital work-in-progress

	30 June 2026 (Un-audited)	31 December 2025 (Audited)
Advances to suppliers and contractors for:		
- civil works	220,679	483,445
- computer hardware	64,088	232,351
Advance for purchase of property - related party	251,680	251,680
Provisions for impairment against advance for purchase of property	(251,680)	(251,680)
	-	-
Total capital work-in-progress	284,767	715,796

13.2 Additions to property and equipment

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

	30 June 2026	30 June 2025
	(Un-audited)	
	(Rupees in '000')	
Capital work-in-progress	74,939	173,274
Property and equipment		
Building on leasehold land	295,061	84,671
Furniture and fixture	98,257	75,372
Electrical office and computer equipment	478,728	314,856
Vehicles	-	23,100
	872,046	497,999
Total	946,985	671,273

mel

	30 June 2026	30 June 2025
	----------- (Un-audited) -----------	
13.3 Disposal of property and equipment	--------- (Rupees in '000') --------	

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

Building on leasehold land	2,274	-
Furniture and fixture	96	-
Electrical office and computer equipment	107	7
Total	2,477	7

	30 June 2026 (Un-audited)	31 December 2025 (Audited)
14 RIGHT-OF-USE ASSETS	--------- (Rupees in '000') --------	
At 1 January		
Cost	5,206,933	3,810,005
Accumulated depreciation	(1,933,360)	(1,512,077)
Net carrying amount at 1 January	3,273,573	2,297,928
Additions during the period / year	575,767	1,775,789
Depreciation charge during the period / year	(393,193)	(771,678)
Derecognition during the period / year	(67,546)	(29,445)
Modification during the period / year	(55,192)	979
Closing net carrying amount	3,333,409	3,273,573

14.1 These rental agreements pertain to the branches that are operating throughout Pakistan.

15 INTANGIBLE ASSETS

Computer software	180,035	196,133
Advance to suppliers against computer software	277,202	246,290
Core deposits	23,400	58,500
Brand	383,145	383,145
Goodwill	396,117	396,117
	1,259,899	1,280,185
Provision against advance to suppliers	(52,650)	(52,650)
	1,207,249	1,227,535

	30 June 2026	30 June 2025
	----------- (Un-audited) -----------	
15.1 Additions to intangible assets	--------- (Rupees in '000') --------	

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

Advance to suppliers against computer software	49,225	20,638
Computer software	18,768	101,816
	67,993	122,454

15.2 There were no disposals of intangible assets during the periods ended 30 June, 2026 and 30 June, 2025.

Mtel

	Note	30 June 2026 (Un-audited)	31 December 2025 (Audited)
		--------- (Rupees in '000') --------	

16 DEFERRED TAX ASSETS

	Note	30 June 2026	31 December 2025
Deductible temporary differences on:			
- Fair value / credit loss allowance against assets		3,265,825	3,594,324
- Deficit on revaluation of equity securities measured at FVTPL		57,454	62,925
- Deficit on revaluation of equity securities measured at FVOCI		20,746	25,261
- Deficit on revaluation of debt securities measured at FVOCI		153,170	-
- Right-of-use assets		512,153	472,793
- Workers welfare fund		271,640	253,313
		4,280,988	4,408,616
Taxable temporary differences on:			
- Surplus on revaluation of debt securities measured at FVOCI		-	(40,549)
- Surplus on revaluation of non-banking assets		(365,967)	(389,750)
- Accelerated tax depreciation		(302,036)	(257,754)
		(668,003)	(688,053)
		3,612,985	3,720,563

17 OTHER ASSETS

	Note	30 June 2026	31 December 2025
Profit / return accrued in local currency		4,413,056	4,909,140
Profit / return accrued in foreign currency		54,578	38,924
Advances, deposits, advance rent and other prepayments		794,106	620,249
Advance taxation (payments less provision)		614,070	708,205
Non-banking assets acquired in satisfaction of claims		2,035,642	1,194,698
Branch adjustment account		-	48,555
Mark to market gain on forward foreign exchange contracts		61,044	117,499
Acceptances		2,298,035	3,145,823
Fair value impact on financing		3,005,440	3,075,132
Stamps and stationery		1,010	1,049
Settlement account with State Bank of Pakistan		2,410,354	904,549
Alternate delivery channel (ADC) settlement accounts		716,459	669,818
Others		241,689	1,140,210
		16,645,483	16,573,851
Less: Credit loss allowance / provision held against other assets	17.1	(326,328)	(220,137)
Other assets (Net of credit loss allowance / provision held)		16,319,155	16,353,714
Surplus on revaluation of non-banking assets acquired in satisfaction of claims		703,782	749,518
Other assets - total		17,022,937	17,103,232

17.1 Credit loss allowance / provision held against other assets

17.1.1 Credit loss allowance / provision held against other assets

	30 June 2026	31 December 2025
Profit receivable	18,619	25,383
Acceptances	1,169	1,622
	19,788	27,005

17.1.2 Provision held against other assets

	30 June 2026	31 December 2025
Fraud and forgeries	181,582	181,582
Non-performing receivables	84,958	11,550
Others	40,000	-
	306,540	193,132
	326,328	220,137

17.2 Movement in credit loss allowance / provision held against other assets

	30 June 2026	31 December 2025
Opening balance	220,137	243,396
Charge for the period / year	126,637	17,923
Reversal for the period / year	(14,897)	(38,688)
	111,740	(20,765)
Amount written off	(5,549)	(2,494)
Closing balance	326,328	220,137

Mee

		Note	30 June 2026 (Un-audited)	31 December 2025 (Audited)
			--------- (Rupees in '000')	--------
18	**BILLS PAYABLE**			
	In Pakistan		13,974,548	8,546,764

		Note	30 June 2026 (Un-audited)	31 December 2025 (Audited)
19	**DUE TO FINANCIAL INSTITUTIONS**			
	Secured			
	Borrowings from State Bank of Pakistan			
	- Under Islamic export refinance scheme	19.1	2,289,500	3,037,400
	- Under Islamic temporary economic refinance facility for plant and machinery	19.2	994,038	1,088,431
	- Under Islamic refinance facility for combating COVID-19	19.3	4,921	9,841
	- Under Islamic financing facility for renewable energy	19.4	133,373	138,493
	- Under Islamic refinance and credit guarantee scheme for Women entrepreneurs	19.5	11,719	14,275
	- Under Islamic financing facility for storage of agricultural produce	19.6	122,046	89,281
	Total Secured		3,555,597	4,377,721
	Unsecured			
	- Under Shariah compliant Musharaka arrangement	19.7	10,000,000	-
	- Under Shariah compliant Wakala arrangement	19.8	1,000,000	-
	Total Unsecured		11,000,000	-
			14,555,597	4,377,721

19.1 The range of profit rates on these borrowings is 6.5% to 7.5% per annum (31 December 2025: 6.5% to 7% per annum). The maximum limit approved by SBP to the Bank under the Islamic export refinance scheme is Rs. 3,927 million (31 December 2025: Rs. 4,167 million). The Bank's current revolving refinance limit will be phased out from SBP to reach Rs. 2,263 million by the end of FY 2026. These contracts will mature between August 2026 to November 2026 (31 December 2025: January 2026 to June 2026).

19.2 SBP vide its Circular No. 02 of 2020 had introduced an Islamic temporary economic refinance facility to support sustainable economic growth. The facility aims to provide concessionary finance for setting up of new industrial units through purchase of new imported and locally manufactured plant and machinery. The profit rate on these borrowings is 1% (31 December 2025: 1%) per annum. The maximum limit approved by SBP to the Bank under this scheme is Rs. 2,000 million (31 December 2025: Rs. 2,000 million). These contracts will mature between June 2028 to December 2033 (31 December 2025: February 2026 to December 2033).

19.3 SBP vide its Circular No. 04 of 2020 had introduced an Islamic refinance facility to combat the impact of COVID-19. The facility aims to provide long term finance for purchase of new imported and locally manufactured medical equipments to be used for combating COVID-19 by hospitals and medical centers registered with provincial / federal agencies. The maximum limit approved by SBP to the Bank under this scheme is Rs. 75 million (31 December 2025: Rs. 75 million). These contracts will mature between September 2026 to December 2026 (31 December 2025: September 2026 to December 2026).

19.4 The profit rate on these borrowings is 2% (31 December 2025: 2%) per annum. The maximum limit approved by SBP to the Bank is Rs. 168 million (31 December 2025: Rs. 168 million). Further, these contracts will mature between September 2031 to November 2035 (31 December 2025: September 2031 to November 2035).

19.5 SBP vide its IH&SMEFD Circular No. 05 of 2017 had introduced a refinance and credit guarantee scheme to improve access to finance for women entrepreneurs in the underserved areas of the country. The maximum limit approved by SBP to the Bank under this scheme is Rs. 100 million (31 December 2025: Rs. 100 million). These contracts will mature between May 2028 to June 2029 (31 December 2025: May 2028 to June 2029).

19.6 SBP vide its IH&SMEFD Circular No. 08 of 2010 had introduced a Financing Facility for Storage of Agricultural Produce (FFSAP) to encourage private sector to establish silos, warehouses and cold storages. The profit rate on these borrowings are 2% to 3.25% (31 December 2025: 2% to 3.25%) per annum. The maximum limit approved by SBP to the Bank under this scheme is Rs. 150 million (31 December 2025: Rs. 150 million). The contracts will mature between February 2029 to July 2030 (31 December 2025: February 2029 to July 2030).

19.7 These represent acceptance of funds by the Bank on Musharaka basis. The profit rate on this borrowing is 11.35% (31 December 2025: Nil) per annum and are due to mature by July 2026.

19.8 These represents acceptance of funds by the Bank on Wakala basis. The profit rate on this borrowing is 11.5% (31 December 2025: Nil) per annum and are due to mature by July 2026.

20 DEPOSITS AND OTHER ACCOUNTS

	30 June 2026 (Un-audited)			31 December 2025 (Audited)		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
	(Rupees in '000')					
Customers						
Current deposits	56,059,885	8,763,685	64,823,570	62,829,277	9,168,117	71,997,394
Savings deposits	67,267,766	5,432,894	72,700,660	72,859,434	5,322,208	78,181,642
Term deposits	34,919,293	1,071,972	35,991,265	47,758,493	4,955,254	52,713,747
Margin accounts	5,629,767	-	5,629,767	5,771,623	-	5,771,623
	163,876,711	15,268,551	179,145,262	189,218,827	19,445,579	208,664,406
Financial institutions						
Current deposits	37,457	37,362	74,819	33,327	62,839	96,166
Savings deposits	40,688,634	1,154	40,689,788	50,881,355	1,162	50,882,517
	40,726,091	38,516	40,764,607	50,914,682	64,001	50,978,683
	204,602,802	15,307,067	219,909,869	240,133,509	19,509,580	259,643,089

21 LEASE LIABILITIES

	Note	30 June 2026 (Un-audited)	31 December 2025 (Audited)
		(Rupees in '000')	
Outstanding amount at the start of the period / year		3,606,386	2,476,776
Additions during the period / year		575,768	1,775,789
Finance charge for the period / year		271,283	495,778
Payments made during the period / year		(572,441)	(1,113,491)
Derecognition during the period / year		(58,490)	(29,445)
Modifications made during the period / year		(64,249)	979
Outstanding amount at the end of the period / year		3,758,257	3,606,386

21.1 Liabilities outstanding

Not later than one year	618,796	599,623
Later than one year and upto five years	1,799,683	1,715,930
Over five years	1,339,778	1,290,833
Total at the period / year end	3,758,257	3,606,386

21.1.1 For the purpose of discounting, PKRV rates with a spread of 2.5% have been used.

22 SUBORDINATED MUDARABA

	Note	30 June 2026	31 December 2025
Tier II mudaraba sukuk - third issue	22.1	1,735,000	1,735,000
Additional Tier I capital	22.2	1,389,241	1,389,241
		3,124,241	3,124,241

22.1 In December 2021, the Bank issued regulatory shariah compliant unsecured, subordinated privately placed Tier-II sukuk (third issue) based on mudaraba of Rs. 1.735 billion as instruments of redeemable capital under section 66 of the Companies Act, 2017. A brief description of Tier-II sukuk (third issue) is as follows:

Credit rating	A+ by VIS Credit Rating Company Limited
Issue date	22 December 2021
Maturity date	21 December 2031
Tenor	10 years from the issue date
Profit payment frequency	Semi-annually in arrears
Redemption	Bullet payment at the end of the tenth year
Expected periodic profit amount (mudaraba profit amount)	Mudaraba profit is computed under the general depositors' pool on the basis of Profit Sharing Ratio (PSR) and monthly weightages announced by the Bank. Profit rate is 6 months KIBOR + 1.5% per annum.

Mel

Call option	The Bank may call Tier-II sukuk with prior approval of SBP after completion of five years from the date of issue.
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 (PONV) trigger event as determined by SBP or for any other reason as may be directed by SBP.
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 Bank's Minimum Capital Requirement (MCR) or Capital Adequacy Ratio (CAR) requirement.

22.2 In December 2018, the Bank issued regulatory shariah compliant unsecured, subordinated privately placed Additional Tier-I (ADT-1) capital based on mudaraba of Rs. 1.389 billion. A brief description of Additional Tier-I (ADT-1) capital is as

Credit rating	Not rated
Issue date	26 December 2018
Tenor	Perpetual
Profit payment frequency	Monthly
Redemption	Perpetual
Expected periodic profit amount (mudaraba profit amount)	Mudaraba profit is computed under the general depositors' pool on the basis of Profit Sharing Ratio (PSR) and monthly weightages announced by the Bank. Profit rate is 1 Year KIBOR + 2.50% per annum.
Call option	The Bank may call ADT-1 Capital sukuk with prior approval of SBP after completion of five years from the date of issue.
Loss absorbency	The ADT-1 capital, at the option of the SBP, will be fully and permanently converted into common shares upon the occurrence of a Point of Non-Viability (PONV) trigger event as determined by SBP or for any other reason as may be directed by SBP.
Lock-in-clause	Profit and / or redemption amount can be held back in respect of the ADT-1 capital, if such payment will result in a shortfall in the Bank's minimum Capital Requirement (MCR) or Capital Adequacy Ratio (CAR) requirement.

	Note	30 June 2026 (Un-audited)	31 December 2025 (Audited)
23 OTHER LIABILITIES		--------- (Rupees in '000') --------	
Return on deposits and other dues:			
- payable in local currency		1,412,184	1,805,631
- payable in foreign currencies		28,684	68,710
Unearned income		155,174	116,860
Accrued expenses		723,507	871,278
Advance payments		1,475,249	2,266,971
Acceptances		2,298,035	3,145,823
Dividend payable		242,307	220,598
Mark to market loss on forward foreign exchange contracts		67,506	161,392
Branch adjustment account		285,237	-
Payable to defined benefit plan		565,740	546,907
Charity fund balance		18,022	28,896
Security deposits against ijarah		63,045	64,004
Takaful payable against ijarah and diminishing musharakah assets		311,902	285,164
Workers welfare fund		522,384	487,140
Alternate delivery channel (ADC) settlement accounts		43,767	37,828
Others		359,684	399,750
Credit loss allowance against off-balance sheet obligations	23.1	93,816	65,120
		8,666,243	10,572,072

23.1 Credit loss allowance against off-balance sheet obligations

Opening balance	65,120	135,221
Charge for the period / year	62,608	40,809
Reversals for the period / year	(33,912)	(110,910)
	28,696	(70,101)
Closing balance	93,816	65,120

Mel

		Note	30 June 2026 (Un-audited)	31 December 2025 (Audited)
24	**SURPLUS ON REVALUATION OF ASSETS**		------ (Rupees in '000') ------	
	Surplus on revaluation of:			
	- Securities measured at FVOCI - Debt securities	11.2	(294,557)	77,978
	- Securities measured at FVOCI - Equity security		(39,896)	(48,579)
	- Non-banking assets acquired in satisfaction of claims	17	703,782	749,518
			369,329	778,917
	Deferred tax on surplus on revaluation of:			
	- Securities measured at FVOCI - Debt securities		153,170	(40,549)
	- Securities measured at FVOCI - Equity security		20,746	25,261
	- Non-banking assets acquired in satisfaction of claims		(365,966)	(389,750)
			(192,050)	(405,038)
			177,279	373,879
25	**CONTINGENCIES AND COMMITMENTS**			
	- Guarantees	25.1	14,943,351	16,950,297
	- Commitments	25.2	59,523,765	64,211,245
	- Other contingent liabilities	25.3	8,406,479	8,399,305
			82,873,595	89,560,847
25.1	**Guarantees:**			
	Financial guarantees		51,113	72,228
	Performance guarantees		11,925,641	13,360,950
	Other guarantees		2,966,597	3,517,119
			14,943,351	16,950,297
25.2	**Commitments:**			
	Documentary letters of credit		18,544,643	16,477,605
	Commitments in respect of:			
	- forward foreign exchange contracts	25.2.1	19,408,856	23,893,587
	Commitments for acquisition of:			
	- property and equipment		48,979	105,843
	Other commitments	25.2.2	21,521,287	23,734,210
			59,523,765	64,211,245
25.2.1	**Commitments in respect of forward foreign exchange contracts**			
	Purchase		11,471,446	17,015,945
	Sale		7,937,410	6,877,642
			19,408,856	23,893,587

25.2.1.1 The maturities of the above contracts are spread over the period upto one year.

		Note	30 June 2026	31 December 2025
25.2.2	**Other commitments**			
	Commitments in respect of financing	25.2.2.1	21,521,287	23,734,210

25.2.2.1 These represent commitments that are irrecoverable because they cannot be withdrawn at the discretion of the Bank without the risk of incurring significant penalty or expense.

		30 June 2026 (Un-audited)	31 December 2025 (Audited)
25.3	**Other contingent liabilities**	------ (Rupees in '000') ------	
	Claims against the Bank not acknowledged as debt	5,654,243	5,647,069
	Tax contingencies	2,752,236	2,752,236
		8,406,479	8,399,305

25.4 Tax contingencies

There is no change in the status of contingencies disclosed in note 25.4 to the annual, audited financial statements for the year ended 31 December 2025.

Mee

26 PROFIT / RETURN EARNED

	Half year ended 30 June 2026	Half year ended 30 June 2025
	----------- (Un-audited) -----------	
	----------- (Rupees in '000') -----------	
Profit / return earned on:		
- Islamic financing and related assets - net	7,504,961	6,294,737
- Investments	5,222,616	7,968,029
- Due from financial institutions	147,604	143,872
- Balances with banks	291	2,686
	12,875,472	14,409,324

26.1 Profit / return (calculated using the effective rate method):

	Note	30 June 2026 (Un-audited) (Rupees in '000')
Financial assets measured at amortised cost	26.1.1	7,713,361
Financial assets measured at FVOCI		5,037,627
		12,750,989

26.1.1 This includes an amount of Rs. 88.105 million relating to an adjustment arising from the implementation of the effective profit rate method as per IFRS 9 on Islamic financing and related assets.

27 PROFIT / RETURN EXPENSED

	Note	Half year ended 30 June 2026	Half year ended 30 June 2025
		----------- (Un-audited) -----------	
		----------- (Rupees in '000') -----------	
Profit / return expensed on:			
- Deposits		6,021,406	6,678,692
- Borrowings		786,035	666,090
- Conversion cost against foreign currency deposits / borrowings		143,607	181,478
- Subordinated mudaraba		209,626	223,150
- Finance charge on lease liability against right-of-use assets		271,283	233,232
- SBP Islamic refinance schemes		136,763	277,231
		7,568,720	8,259,873

28 FEE AND COMMISSION INCOME

	Note	30 June 2026	30 June 2025
Branch banking customer fees		92,002	77,846
Consumer finance related fees		42,014	51,574
Debit card related fees and income		124,157	109,734
Investment banking fees		20,137	21,923
Commission on trade		161,839	168,478
Commission on guarantees		37,639	60,651
Commission on cash management		13,803	13,744
Commission on remittances including home remittances		5,603	12,685
Commission on bancatakaful		202	285
Others		13,928	9,132
		511,324	526,052

29 GAIN ON SECURITIES - NET

	Note	30 June 2026	30 June 2025
Realised	29.1	19,325	120,599
Unrealised - measured at FVTPL		10,520	2,982
		29,845	123,581

29.1 Realised gain / (loss) on

	30 June 2026	30 June 2025
Federal Government securities	19,325	120,653
Shares	-	(54)
	19,325	120,599

29.2 Net gain on financial assets measured at FVTPL

	30 June 2026	30 June 2025
Designated upon initial recognition	14,047	21,737
Mandatorily measured at FVTPL	-	-
	14,047	21,737

29.3 Net gain on financial assets measured at FVOCI

	30 June 2026	30 June 2025
Net gain on financial assets measured at FVOCI	15,798	101,844
	29,845	123,581

Mee

		Note	Half year ended 30 June 2026	Half year ended 30 June 2025
			(Un-audited)	(Un-audited)
30	**OTHER (LOSS) / INCOME**		(Rupees in '000')	(Rupees in '000')
	Rent on property		19,669	10,040
	Gain on sale of property and equipment - net		2,644	805
	Gain on sale of non banking assets acquired in satisfaction of claims - net		1,783	-
	Loss on termination of Islamic financing and related assets		(24,507)	(1,870)
			(411)	8,975
31	**OPERATING EXPENSES**			
	Total compensation expense		2,415,823	2,247,725
	Property expense			
	Rent and taxes		55,130	47,175
	Takaful expense		29,279	25,110
	Utilities cost		213,731	188,192
	Security (including guards)	31.1	279,888	242,824
	Repair and maintenance (including janitorial charges)	31.1	119,898	99,770
	Depreciation		40,513	33,239
	Depreciation on right of use assets		393,193	372,650
	Depreciation - non banking assets		39,575	19,681
	Branch license fee		4,125	5,050
			1,175,332	1,033,691
	Information technology expenses			
	Software maintenance		483,317	319,728
	Hardware maintenance		29,955	29,618
	Depreciation		69,457	50,524
	Amortisation		34,860	38,904
	Network charges		71,510	68,615
	Mastercard association fee		150,895	118,966
			839,994	626,355
	Other operating expenses			
	Directors' fees and allowances		39,000	40,950
	Fees and allowances to Shariah Board		4,094	2,600
	Legal and professional charges		74,003	54,098
	Outsourced services costs	31.1	240,344	211,174
	Travelling and conveyance		197,667	158,464
	NIFT clearing charges		17,496	13,328
	Depreciation		96,599	70,900
	Amortisation		35,100	35,100
	Takaful and registration of Ijarah		15,147	11,033
	Training and development		16,829	19,275
	Postage and courier charges		18,351	15,866
	Communication		35,753	31,762
	Stationery and printing	31.1	88,198	102,553
	Marketing, advertisement and publicity		132,905	86,220
	Repair and maintenance		27,766	32,826
	Auditors' remuneration		33,193	24,949
	Depositors' protection		77,160	72,049
	Brokerage, commission and bank charges		89,753	103,293
	Others		101,559	75,834
			1,340,917	1,162,274
			5,772,066	5,070,045

31.1 These amounts include outsourcing services with regards to janitorial services, security services, contractual employees over third party contracts and printing activities.

		Half year ended 30 June 2026	Half year ended 30 June 2025
		(Un-audited)	(Un-audited)
32	**OTHER CHARGES**	(Rupees in '000')	(Rupees in '000')
	Penalties imposed by State Bank of Pakistan	375	553

Aree

	Note	Half year ended 30 June 2026	Half year ended 30 June 2025
		----------- (Un-audited) -----------	
		---------- (Rupees in '000') ----------	

33 (REVERSAL OF) / CHARGE AGAINST CREDIT LOSS ALLOWANCE / PROVISIONS AND WRITE OFFS - NET

	Note	30 June 2026	30 June 2025
Reversal of credit loss allowance against balances with treasury banks		(399)	(92)
(Reversal) / credit loss allowance against balances with other banks		(18)	93
Reversal of credit loss allowance against due from financial institutions		(3,590)	(26)
Reversal of credit loss allowance against investments	11.3.1	(7,939)	(21,656)
Reversal of credit loss allowance against Islamic financing and related assets	12.3	(1,286,408)	(148,929)
Recovery against charged off Islamic financing and related assets		(2,014)	-
Provision against property and equipment		29,185	-
Credit loss allowance / (reversal) against other assets	17.2	106,191	(22,039)
Credit loss allowance / (reversal) against off balance sheet obligations	23.1	28,695	(94,110)
Write off against property and equipment		3,634	-
Write off against other assets		5,549	703
		(1,127,114)	(286,056)

34 TAXATION

	30 June 2026	30 June 2025
Current tax - current period	706,485	1,285,039
- prior period	-	321,706
	706,485	1,606,745
Deferred tax expense / (income)	321,248	(267,079)
	1,027,733	1,339,666

35 BASIC / DILUTED EARNINGS PER SHARE

	30 June 2026	30 June 2025
Profit after taxation for the period	699,207	1,335,173
	----------Number of shares----------	
Weighted average number of ordinary shares	1,373,962,760	1,373,962,760
	-----------------Rupees-----------------	
Basic / diluted earnings per share	0.51	0.97

36 FAIR VALUE MEASUREMENTS

Fair value measurement defines fair value as the price that would be received from the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of quoted securities other than those classified under the hold to collect model, is based on quoted market price. Quoted securities classified under hold to collect model are carried at amortised cost.

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

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

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

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

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

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

36.1 Fair value of financial assets

The following table provides the fair value measurement hierarchy of the Bank's assets:

	30 June 2026 (Un-audited)			
On balance sheet financial instruments	**Level 1**	**Level 2**	**Level 3**	**Total**
	(Rupees in '000')			
Financial assets - measured at fair value				
Investments				
Federal Government securities	27,029,000	84,034,675	-	111,063,675
Non-government debt securities	-	852,525	-	852,525
Shares	53,822	-	96,090	149,912
Foreign securities	-	1,375,102	-	1,375,102
	27,082,822	86,262,302	96,090	113,441,214
Financial assets - disclosed but not measured at fair value				
Investments	-	-	-	-
	-	-	-	-
Off-balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange	-	61,044	-	61,044
Forward sale of foreign exchange	-	67,506	-	67,506

	31 December 2025 (Audited)			
On balance sheet financial instruments	**Level 1**	**Level 2**	**Level 3**	**Total**
	(Rupees in '000')			
Financial assets - measured at fair value				
Investments				
Federal Government securities	25,421,591	75,530,597	-	100,952,188
Non-government debt securities	-	1,218,265	-	1,218,265
Shares	47,276	-	87,464	134,740
Foreign securities	-	1,368,976	-	1,368,976
	25,468,867	78,117,838	87,464	103,674,169
Financial assets - disclosed but not measured at fair value				
Investments	-	-	-	-
	-	-	-	-
Off-balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange	-	117,499	-	117,499
Forward sale of foreign exchange	-	161,392	-	161,392

36.2 Valuation techniques used in determination of fair values

Particulars	Valuation approach and input used
Listed equity securities	The fair value of investments in listed equity securities are valued on the basis of closing quoted market price available on Pakistan Stock Exchange (PSX).
Federal government securities	The fair value of federal government securities are determined on the basis of rates / prices sourced from Reuters. The fair value of GoP Ijarah sukuks listed on Pakistan Stock Exchange has been determined through closing rates of Pakistan Stock Exchange. The fair value of other GoP Ijarah sukuks are derived using PKISRV rates. The PKISRV rates are announced by FMA (Financial Market Association) through Reuters. The rates announced are simple average of quotes received from eight different pre-defined / approved dealers / brokers.
Foreign securities	The fair value of foreign securities are denominated on the basis of rates taken from Bloomberg / Reuters.
Forward foreign exchange contracts	The valuation has been determined by interpolating the mid rates announced by State Bank of Pakistan.
Non-banking assets acquired in satisfaction of claims	The fair value of land and building are derived using the sale comparison approach. The sales value is determined by physically analysing the condition of land and building and by ascertaining the current market value of similar land, which is selling in near vicinity. Moreover, for buildings, the valuer has also considered prevailing current cost of construction for relevant type of civil work carried out thereon, wherever required.
Unquoted equity securities	The fair value of investment in unquoted equity security has been determined using the Market Approach - Comparable Companies Multiple (CCMM) method. A regression analysis was performed on the reported P/B against the latest twelve months (LTM) return on equity of comparable insurance companies to derive the appropriate valuation multiple. In determining fair value, a discount for lack of marketability (DLOM) has been applied to reflect the reduced liquidity of the investment.
Non-government debt securities	The valuation has been determined through closing rates announced by FMA (Financial Market Association) through Reuters.

36.2.1 Fair value of financial assets

a) **Financial instruments in level 1**

Financial instruments included in level 1 comprise of investments in ordinary shares of listed companies, listed GoP ijarah sukuks and listed non-government debt securities traded at Pakistan Stock Exchange.

b) **Financial instruments in level 2**

Financial instruments included in level 2 comprise of GoP Ijarah sukuks, foreign sukuks and non-government debt securities which are valued through FMA.

c) **Financial instruments in level 3**

Financial instruments included in level 3 comprises of unlisted ordinary shares and foreign share. Valuation techniques are mentioned in the table above.

36.2.2 The Bank's policy is to recognise transfers into and out of the different fair value hierarchy levels at the date the event or change in circumstances that caused the transfer occurred.

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

The valuations of land and building, mentioned above, are conducted by the valuation experts appointed by the Bank who are also on the panel of the Pakistan Banks' Association (PBA). The valuation experts use a market based approach to arrive at the fair value of the Bank's properties. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable or similar properties. These values are adjusted to reflect the current condition of the properties. The effect of changes in the unobservable inputs used in the valuations cannot be determined with certainty; accordingly, a quantitative disclosure of sensitivity has not been presented in these condensed interim financial statements.

The sensitivity analysis of the fair value measurement of unquoted equity security due to changes in observable inputs has not been disclosed as the amount is not material and significant.

37 SEGMENT INFORMATION

37.1 Segment details with respect to business activities

	30 June 2026 (Un-audited)						
	Corporate Banking	Commercial and SME Banking	Retail and Consumer Banking	Trading and Sales	Others	Inter-segment Eliminations	Total
	(Rupees in '000')						
Condensed interim statement of profit and loss account							
Net profit / return earned	4,022,534	552,226	(1,674,699)	2,681,446	(274,755)	-	5,306,752
Inter segment revenue - net	-	-	5,896,411	-	533,105	(6,429,516)	-
Other income / (loss)	155,198	59,577	303,611	560,921	21,452	-	1,100,759
Total income	4,177,732	611,803	4,525,323	3,242,367	279,802	(6,429,516)	6,407,511
Segment direct expenses	(447,098)	(311,041)	(4,770,068)	(260,978)	(18,500)	-	(5,807,685)
Inter segment expense allocation	(3,233,432)	(214,673)	-	(2,981,411)	-	6,429,516	-
Total expenses	(3,680,530)	(525,714)	(4,770,068)	(3,242,389)	(18,500)	6,429,516	(5,807,685)
Reversal / (provisions) against credit loss allowance	1,173,713	3,593	(7,838)	3,838	(46,192)	-	1,127,114
Profit / (loss) before tax	1,670,915	89,682	(252,583)	3,816	215,110	-	1,726,940
Condensed interim statement of financial position							
Cash and balances with treasury banks	2,128,099	452,189	9,562,587	2,709,735	-	-	14,852,610
Balances with other banks	-	-	-	2,191,557	-	-	2,191,557
Due from financial institutions	-	-	-	1,165,701	-	-	1,165,701
Investments	828,532	-	-	112,612,682	-	-	113,441,214
Net inter segment lending	-	-	140,887,048	-	-	(140,887,048)	-
Islamic financing and related assets - performing	91,662,171	9,705,717	20,877,121	-	2,658,828	-	124,903,837
- non-performing	334,297	262,776	175,623	-	-	-	772,696
Others	4,261,570	1,215,473	9,564,703	2,148,838	11,806,897		28,997,481
Total assets	99,214,669	11,636,155	181,067,082	120,828,513	14,465,725	(140,887,048)	286,325,096
Bills payable	239,419	-	13,735,129	-	-	-	13,974,548
Due to financial institutions	3,136,813	418,784	-	11,000,000	-	-	14,555,597
Subordinated mudarba	-	-	-	-	3,124,241	-	3,124,241
Deposits and other accounts	31,508,942	6,695,177	141,585,030	40,120,720	-	-	219,909,869
Net inter segment borrowing	54,529,325	2,585,604	20,502,412	57,627,840	5,641,867	(140,887,048)	-
Others	3,063,533	803,660	3,588,734	658,919	4,309,654	-	12,424,500
Total liabilities	92,478,032	10,503,225	179,411,305	109,407,479	13,075,762	(140,887,048)	263,988,755
Equity	6,736,637	1,132,930	1,655,777	11,421,034	1,389,963	-	22,336,341
Total equity and liabilities	99,214,669	11,636,155	181,067,082	120,828,513	14,465,725	(140,887,048)	286,325,096
Contingencies and commitments	41,184,885	13,766,805	106,570	19,463,270	8,352,065	-	82,873,595

	30 June 2025 (Un-audited)						
	Corporate Banking	Commercial and SME Banking	Retail and Consumer Banking	Trading and Sales	Others	Inter-segment Eliminations	Total
	(Rupees in '000')						
Condensed interim statement of profit and loss account							
Net profit / return earned	2,832,930	838,784	(2,252,698)	4,999,109	(268,674)	-	6,149,451
Inter segment revenue - net	-	-	7,550,810	-	489,705	(8,040,515)	-
Other income	165,482	142,831	252,140	804,066	-	-	1,364,519
Total income	2,998,412	981,615	5,550,252	5,803,175	221,031	(8,040,515)	7,513,970
Segment direct expenses	(227,877)	(213,209)	(4,526,166)	(88,220)	(69,715)	-	(5,125,187)
Inter segment expense allocation	(2,041,348)	(312,956)	(1,045,396)	(4,640,815)	-	8,040,515	-
Total expenses	(2,269,225)	(526,165)	(5,571,562)	(4,729,035)	(69,715)	8,040,515	(5,125,187)
Provisions / (reversal) against credit loss allowance	618,134	(201,637)	31,078	2,040	(163,559)	-	286,056
Profit / (loss) before tax	1,347,321	253,813	9,768	1,076,180	(12,243)	-	2,674,839

	31 December 2025 (Audited)						
	Corporate Banking	Commercial and SME Banking	Retail and Consumer Banking	Trading and Sales	Others	Inter-segment Eliminations	Total
	(Rupees in '000)						
Statement of Financial Position							
Cash and balances with treasury banks	2,808,147	710,141	17,396,144	4,700,509	-	-	25,614,941
Balances with other banks	-	-	-	1,724,589	-	-	1,724,589
Due from financial institutions	-	-	-	15,996,408	-	-	15,996,408
Investments	1,218,266	-	-	102,455,903	-	-	103,674,169
Net inter segment lending	-	-	127,800,265	-	-	(127,800,265)	-
Islamic financing and related assets - performing	98,179,967	15,270,258	19,099,209	-	2,566,532	-	135,115,966
- non-performing	394,257	282,728	173,478	-	-	-	850,463
Others	5,425,519	1,503,458	8,605,573	2,015,951	11,396,092	-	28,946,593
Total assets	108,026,156	17,766,585	173,074,669	126,893,360	13,962,624	(127,800,265)	311,923,129
Bills payable	74,564	-	8,472,200	-	-	-	8,546,764
Due to financial institutions	3,819,732	557,989	-	-	-	-	4,377,721
Subordinated mudarba	-	-	-	-	3,124,241	-	3,124,241
Deposits and other accounts	43,424,613	11,219,834	153,779,636	51,219,006	-	-	259,643,089
Net inter segment borrowing	49,345,892	3,612,874	-	66,182,741	8,658,758	(127,800,265)	-
Others	3,723,944	1,119,797	7,621,948	520,297	1,192,472	-	14,178,458
Total liabilities	100,388,745	16,510,494	169,873,784	117,922,044	12,975,471	(127,800,265)	289,870,273
Equity	7,637,411	1,256,091	3,200,885	8,971,316	987,153	-	22,052,856
Total equity and liabilities	108,026,156	17,766,585	173,074,669	126,893,360	13,962,624	(127,800,265)	311,923,129
Contingencies and commitments	42,460,893	14,701,219	73,768	23,893,587	8,431,380	-	89,560,847

38 RELATED PARTY TRANSACTIONS

The Bank has related party transactions with its Parent, employee benefit plans and its directors and Key Management Personnel.

The Banks enters into transactions with related parties in the ordinary course of business and on substantially the same terms as for comparable transactions with person of similar standing. Contributions to and accruals in respect of staff retirement benefits are made in accordance with the actuarial valuations / terms of the contribution plan. Remuneration to the executives / officers is determined in accordance with the terms of their appointment.

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

	30 June 2026 (Un-audited)					31 December 2025 (Audited)				
	Parent	Directors	Key management personnel	Other related parties	Total	Parent	Directors	Key management personnel	Other related parties	Total
	(Rupees in '000')									
Islamic financing and related assets										
Opening balance	-	-	694,808	1,126	695,934	-	-	499,445	1,661	501,106
Addition during the period / year	-	-	29,515	-	29,515	-	-	406,635	-	406,635
Repaid during the period / year	-	-	(32,703)	(215)	(32,918)	-	-	(114,530)	(535)	(115,065)
Transfer in / out	-	-	(114,853)	-	(114,853)	-	-	(96,742)	-	(96,742)
Closing balance	-	-	576,767	911	577,678	-	-	694,808	1,126	695,934
Credit loss allowance / provision held against Islamic financing and related assets	-	-	72	-	72	-	-	83	-	83
Property and equipment										
Property and equipment	-	-	-	251,680	251,680	-	-	-	251,680	251,680
Provision for impairment	-	-	-	251,680	251,680	-	-	-	251,680	251,680
Other assets										
Profit receivable on Islamic financing and related assets	-	-	7,362	5	7,367	-	-	2,808	1	2,809
Credit loss allowance / provision held against other assets	-	-	1	-	1	-	-	-	-	-
Subordinated Mudaraba	1,389,241	-	-	-	1,389,241	1,389,241	-	-	-	1,389,241
Deposits and other accounts										
Opening balance	16,874	91,603	37,759	1,453,010	1,599,246	16,840	71,976	36,505	664,376	789,697
Received during the period / year	6	184,632	206,647	571,818	963,103	46	111,421	539,196	1,538,583	2,189,246
Withdrawn during the period / year	(64)	(177,104)	(213,147)	(310,827)	(701,142)	-	(91,794)	(521,987)	(744,442)	(1,358,223)
Transfer in / out	-	-	(1,577)	-	(1,577)	(12)	-	(15,955)	(5,507)	(21,474)
Closing balance	16,816	99,131	29,682	1,714,001	1,859,630	16,874	91,603	37,759	1,453,010	1,599,246
Other liabilities										
Return payable on deposits	-	1,127	89	13,053	14,269	12	5,287	129	10,003	15,431
Return payable on subordinated mudarba	106,270	-	-	-	106,270	220,039	-	-	-	220,039
Payable in respect of defined benefit plan	-	-	-	-						
benefit plan	-	-	-	347,764	347,764	-	-	-	347,764	347,764
Other liabilities	-	-	-	657	657	-	-	-	657	657

	Half year ended 30 June 2026 (Un-audited)					Half year ended 30 June 2025 (Un-audited)				
	Parent	Directors	Key management personnel	Other related parties	Total	Parent	Directors	Key management personnel	Other related parties	Total
	(Rupees in '000)									
Related party transactions during the period										
Income										
Profit earned on Islamic financing and related assets	-	-	9,446	29	9,475	-	-	6,847	43	6,890
Expense and transactions										
Return on deposits expenses	-	8,666	689	72,472	81,827	-	11,003	867	19,535	31,405
Salaries, allowances and benefits	-	-	317,784	-	317,784	-	-	328,178	-	328,178
Director fee and other allowances	-	39,000	-	-	39,000	-	40,950	-	-	40,950
Commission expense	798	-	-	-	798	-	-	-	-	-
Shariah Board fee	-	-	-	4,094	4,094	-	-	-	2,600	2,600
Rent expense	-	-	-	48,461	48,461	-	-	-	31,084	31,084
Contribution to defined contribution plan	-	-	-	110,752	110,752	-	-	-	89,023	89,023
Contribution to defined benefit plan	-	-	-	111,238	111,238	-	-	-	76,008	76,008
Return on subordinated mudarba	97,922	-	-	-	97,922	102,620	-	-	-	102,620

	30 June 2026 (Un-audited)	31 December 2025 (Audited)
	------ (Rupees in '000') ------	

39 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	30 June 2026 (Un-audited)	31 December 2025 (Audited)
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	14,500,490	14,500,490
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	19,583,748	18,816,017
Eligible Additional Tier 1 (ADT 1) Capital	1,389,241	1,389,241
Total Eligible Tier 1 Capital	20,972,989	20,205,258
Eligible Tier 2 Capital	2,643,294	2,673,792
Total Eligible Capital (Tier 1 + Tier 2)	23,616,283	22,879,050
Risk Weighted Assets (RWAs):		
Credit Risk	95,459,464	99,187,506
Market Risk	2,345,284	2,424,489
Operational Risk	30,127,361	30,127,361
Total	127,932,109	131,739,356
Common Equity Tier 1 Capital Adequacy Ratio	15.31%	14.28%
Tier 1 Capital Adequacy Ratio	16.39%	15.34%
Total Capital Adequacy Ratio	18.46%	17.37%

The minimum capital adequacy ratio required by SBP as at 30 June 2026 is 11.50% (31 December 2025: 11.50%).

	30 June 2026 (Un-audited)	31 December 2025 (Audited)
Leverage Ratio (LR):		
Eligible Tier-1 Capital	20,972,989	20,205,258
Total Exposures	356,112,564	362,414,075
Leverage Ratio	5.89%	5.58%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	112,160,335	135,415,143
Total Net Cash Outflow	95,267,824	94,055,904
Liquidity Coverage Ratio	117.73%	143.97%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	160,182,046	205,551,486
Total Required Stable Funding	105,710,626	126,463,559
Net Stable Funding Ratio	151.53%	162.54%

40 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary, to facilitate comparison and better presentation. There were no significant reclassifications / restatements during the period.

Mel

41 GENERAL

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

42 DATE OF AUTHORISATION

These condensed interim financial statements were authorised for issue on 27-8-2026 by the Board of Directors of the Bank.

Chief Executive Officer	Chief Financial Officer	Chairman	Director	Director